

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, October 26, 2021
2:00 p.m.

Meetings are open to the public. Attendance is noted below.

CALL TO ORDER: President Douglas B. Miller called the meeting to order at 2:00 p.m. as advertised.

PRESENT: Douglas B. Miller - President, Randy L. Knowles - Vice President, and Dan G. Gunkel - Secretary

STAFF PRESENT: Jim Smith - General Manager, Isabelle Carroll - AP Clerk, Brandy Myers - Customer and Accounting Services Manager, Mike DeMott - Director of Finance and Power Management, Brandon Johnson - Engineering Supervisor, Anita Clever - Energy Services Specialist, Mark Garner - Engineering Supervisor, Ron Ihrig - Interim Operations Manager, Ron Schultz - Engineering Manager, and Luann Mata - Executive Assistant

Via teleconference: April Greenlaw - Operations Support Assistant, Courtney Collins - Engineering Support Assistant, Geoffrey Lacefield - System Engineer, Robbie Cacy - Buyer, Kevin Ricks - Renewable Energy Assets Manager, and Jeff Thayer - Purchasing Manager

GUESTS: Larry Hoctor and Elizabeth Canavan

PLEDGE: The Pledge of Allegiance was recited by those present.

MINUTES: MOTION was made by Commissioner Gunkel to approve the October 12, 2021 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Presented by Isabelle Carroll. Vouchers were audited and certified by the auditing officer as required by RCW 42.24.080, and all expense reimbursement claims presented were certified as required by RCW 42.24.090 and were recorded on a listing made available to the board this 26th day of October, 2021.

MOTION was made by Commissioner Knowles to approve accounts payable vouchers and payroll in the amounts as listed:

- Accounts Payable Voucher Nos. 211615 through 211749 in the total amount of \$892,292.86; Wire and Automated Clearing House (ACH) transaction Nos. 8801542 through 8801548, along with Electronic Funds Transfer (EFT) transaction Nos. 279 through 284 in the total amount of \$1,674,704.11 for the period ending October 26, 2021; and
- Payroll Warrant No. 211614 and ACH Direct Deposit Payroll transactions 208025 through 208111 in the total amount of \$230,677.32 for the payroll period ending October 10, 2021.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Water/Wastewater update - Sharon Blodgett presented highlights of the September report. Staff met with Yakama Nation Ecology representatives and toured the Glenwood water facilities including the emergency well source, springs and reservoir to support our request for water rights to provide additional water service connections in Glenwood. We will continue to follow Department of Health reporting requirements. If anything were to transition to tribal jurisdiction, DOH indicates

that tribal follows Environmental Protection Agency requirements; which are actually less stringent than Washington State DOH requirements. As mentioned in the report with the multiple booster pump equipment failures experienced in Wishram, the department will seek a pump specialist to evaluate pump application in an effort to determine why the pumps continue to fail. For emergency preparedness we have added an electrical contractor to the budget to install emergency electrical outlets at wells currently not equipped with universal outlets for generators. We have submitted applications to increase capacity at Ponderosa, Rimrock, and Roosevelt. Lastly, staff will be attending Master Meter training to assist with understanding electronic tools available relating to the radio read water meters installed in all KPUD owned water systems.

Commissioner Miller asked if the radio read meters have the ability to assist with leak detection. Sharon stated that it helps to determine leaks that are on the customer's side as the handheld device can be used to find high reads within the system when SCADA alarms can indicate high pumping volume. It will not assist in unaccounted water loss within the system that is not behind a water meter.

Engineering September update - Brandon Johnson, Mark Garner and Ron Schultz presented the September update.

Brandon discussed that the Advanced Metering Infrastructure program is still moving forward. We were scheduled for a pilot project to begin in September, this date was pushed to January and may get pushed further due to COVID related material lead times and supply chain issues. Meters with chips are currently listed at 30-50 weeks for delivery. Customer Service Representative Courtney Collins was awarded a support position in Engineering. This position will work with Engineering, Operations and the Water/Wastewater departments. She is currently training with April Greenlaw and Sharon Blodgett. Brandon also discussed the E.E. Clouse expansion project meeting with Bonneville Power Administration. The current project scope is to install a 115/69 transformer in the EE Clouse substation, reroute the John Day transmission feed into the substation and then feed back to the Goldendale substation. This project is completely reimbursable by BPA over 15 years. The next meeting will determine where the point of delivery demarcations should be set.

Ron Schultz discussed the Husum Substation Glenwood breaker failure. This breaker has been unreliable and repaired multiple times over the past several years. The breaker opens fine when a fault occurs, but closing the breaker was where the challenges lie. Our staff and crews completed the breaker replacement and the construction required for installing the SF6 breaker. The BPA Rock Creek 14-day outage in October was successful. During the switching outage we experienced some challenges and the first switching outage ran longer than expected. These issues were fixed and at the end of the 14-day outage, we were able to successfully switch back to normal without disrupting our customers' service at all. BPA has stated they plan to have a 10-day Rock Creek outage again next year. We are now set up to complete this switching with BPA without customer outages. The two open Metershop positions have been filled. Jeremy Kerns will pick up work vacated by Tim Madsen's resignation and Riley Van Belle will fill the position created with Darren Shattuck's promotion to Metershop foreman.

Mark Garner provided the report on customer engineering. We currently have one staking engineer in Goldendale. Jared Balcom has accepted the Goldendale staking engineer position but is assisting in White Salmon and Goldendale where he can while the position is being filled for White Salmon. Interviews are scheduled. Goldendale has two customer jobs ready for construction, and there are 11 jobs pending customer requirements. White Salmon is looking close to the same and there are 19 pending jobs, most of which are temp to perm installations. The contractors working on Echo Glen were pulled off to provide mutual aid assistance to other utilities impacted by last weekend's high wind event. We expect them back on the property Thursday. Titan Electric, the dock crew, is now off the property.

They did not complete the removal of the line off of Sand Ridge Road, so this will be a winter project for our crews. Phillip McMillen is working on acquiring imagery for vegetation management to be added to our maps. He is also working on the Futura Field Pro Inspection implementation process.

Operations September update - Ron Ihrig and Mark Garner presented the September update. There were 3,493 outage hours in September. An outage on the Bickleton transmission which impacted service to the Goodnoe and Cleveland substations comprised of most of these hours. The outage was caused by a broken insulator. The equipment was evaluated and it was determined that this issue would not have been visually detectable from routine inspections. Our reliability rate is currently 99.95% and we are out of hours to meet our 2021 goal. The crews are spreading their time between customer work and maintenance. Our 230kV transmission inspections are being completed now as well. Current schedules extend out two weeks in Goldendale and a little less than that in White Salmon. Vegetation management efforts in September yielded removal of 209 trees and contractors cleared approximately 2 miles of rights-of way. The new crew, working on Satus, will be complete this week. We will then move this crew to the Glenwood Fish Hatchery tap. The October safety meeting consisted of a crew walk-through at the BPA Goldendale, Bald Mountain and Bingen substations. BPA and PacifiCorp staff were on site for discussions as well. Ron Schultz will complete a follow up with PacifiCorp staff on switching and notification requirements to assure everyone has working knowledge of the agreement and an understanding of contact requirements.

Ron Ihrig also discussed that he would like to advertise a two year Pole Test and Treat bid as well as a two year Vegetation Management bid. The two year bids should yield more competitive pricing and mitigate some deadlines to allow the new Operations Manager time to learn our system and processes. The board concurred that the proposed two year option would be appropriate at this juncture.

Energy Services Annual update - Anita Clever presented the accomplishments of the Energy Services program for the EEI Budget cycle 10/2019-9/2021. She began the budget cycle with \$878,929.92, which included receiving \$158,941 in additional funding from other utilities who were unable to spend down their budgets. After all of the approved projects this biennium, we will carry over \$15,345.08 into the next fiscal cycle. Commissioner Knowles commended Anita on working to distribute these funds to our customers and noted that acquiring the additional \$160,000 from other utilities is a great accomplishment. The new biennium already has \$131,000 in scheduled projects along with a long list of potential projects. Conservation loans have continued to reduce. This is mainly due to the 0% interest loans that can be offered by lending agencies.

The legacy Net Metering incentives ended in 2021 leaving 28 participants in the current state incentive program. The reimbursement average is around 16 cents a kilowatt hour. There are currently 204 customers enrolled in the Net Metering program. We estimate that we are about 1MW away from meeting the 4% peak load requirements. Lastly, Anita mentioned that there were multiple buildings identified by the state as requiring energy efficiency updates. None of our buildings were identified in this listing. Commissioner Miller asked if Anita could put together a YouTube video to post on our website and refer customers to for all of the different program offerings.

Clean Energy Transformation Act (CETA) update - Anita Clever, Brandy Myers, and Mike DeMott presented a report outlining milestones to be met under CETA legislation with a focus on upcoming interim reporting deadlines. Major milestones to be met under CETA include the 2025 no coal standard, the 2030 greenhouse gas neutral standard and finally, the 100% Clean standard by 2045. As required under CETA by January 1, 2022, all utilities must have submitted their Clean Energy Implementation Plans (CEIP) to the state, demonstrating how they plan to reach these goals. It was noted that KPUD currently has a largely carbon-free energy portfolio so the CEIP is not likely to contain major items to accomplish. Under

the CEIP there are public meeting and information gathering requirements so opportunity for public comment will be made available to KPUD customers over the next several weeks. Anita will move forward with posting of the required customer surveys and advertising of the program and meetings.

A discussion on rule making, reporting, program implementation, costs and penalties for not meeting deadlines ensued. The Commissioners wanted to make sure that staff has the understanding that this program could have the ability to adversely impact rate making authority, are sensitive to this issue and that we bring related issues to their attention. By 2030, energy assistance funding levels need to meet 60% of the 2018 energy assistance dollars or the assessed energy need, whichever is greater, which increases over time until it reaches 90%. The Department of Commerce has utilized census data to establish a baseline for those numbers. The board instructed staff to engage an outside consultant, if needed, when it comes time to determine the need. Commissioner Gunkel stated that Klickitat County is a relatively disadvantaged county over all, so the cost shifts will impact rates and ultimately all of our customers will be affected. It is also difficult to understand how a determination by Utilities and Transportation Commission (UTC) can impact public utilities since they have no regulatory authority over the public power industry. Ending the discussion, the Commissioners asked that staff be very sensitive to cost shifts and rate impacts associated with this legislation and pay close attention to any and all grant funding options available regarding the clean energy programs. We already support and fund the Low Income Elderly discount program every year. If the program costs come in as high as they have potentially estimated, it may mean that we would have to forego funding our own established programs, like this elderly discount. It could also put additional pressure on economic development as power cost could disproportionately impact new commercial growth.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller attended the pre-audit phone call with the State Auditor on October 19. He will also attend the Washington Public Utility District Association call on November 2, along with our state representatives, to discuss capacity issues.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles attended the Public Utility Risk Management Services meeting October 25. He will also attend the PURMS Annual and Executive meetings being held on November 3-4. These will be the first in person meetings of 2021. Commissioner Knowles will work with PURMS staff to schedule a fire mitigation plan presentation for one of the 2022 meetings.

COMMISSIONER DAN GUNKEL - Commissioner Gunkel discussed the latest Columbia Generating Station report. The project ran stable this year, and is meeting its cost per hour and generation goals.

GENERAL MANAGER - **The following items are additions to the GM report.**

The complete report can be found at:

http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx

Public Power Council - the PPC efforts regarding the efforts to insert public power into the federal case will be \$15,000 per utility not the \$1,500 as mentioned last meeting.

California System Capacity - Governor Newsom has now issued 3 separate emergency orders providing for the suspension of air permitting requirements, expediting amendments to existing requirements, and issuing new licenses for temporary generators.

Columbia River Basin Dam Breaching Study - Senator Murray and Governor Inslee issued statements that they are organizing a task force to review the impacts that can or cannot be mitigated if the Lower Snake River dams were breached. It is not clear how this fits with the current Governor's Four State review process of this issue that is already underway.

AGENDA ITEMS:

- A. BID AWARD: MA COLLINS SUBSTATION EXPANSION CONSTRUCTION - **MOTION** was made by Commissioner Gunkel to approve the Award for the MA Collins Expansion construction to Palouse Power for the bid award amount of \$1,011,567.09 including tax. Motion carried.**

- B. BID AWARD: MA COLLINS SUBSTATION MODULAR CONTROL BUILDING - **MOTION** was made by Commissioner Gunkel to approve the Award for the MA Collins Modular Control enclosure to Electrical Power Products, Inc. (EP2) in the amount of \$324,310.58 including tax. Motion carried.**

- C. CREDIT FACILITY RENEWAL - **MOTION** was made by Commissioner Knowles to authorize the General Manager to sign the Bank of the West Terms and Conditions as provided. Motion carried.**

- D. 2021 BUDGET PROCESS REVIEW DISCUSSION - Brandy Myers provided an update on our current budget timeline and summarized the 2022 process. Individual departments have completed expense, labor and capital budget documents. Accounting and finance have held many productive discussions relating to the foundation on which the budget is built. Accounting staff is actively working on pulling together the final figures for the proposed 2022 KPUD Budget. Additionally staff is working with the Port of Klickitat and Klickitat County to provide budget information for their respective systems. The accounting group has undergone some role adjustments and the entire department is learning the process. This change is developing new perspectives and engagement.**

The first draft of the budget will be available for review at the November 9 Commission meeting. We are confident that there will be plenty of time to review and revise as needed before the hearing in December, and we are also keeping the last Tuesday in November open in case additional review is needed. Commissioner Knowles asked that irrigation rates be reviewed to ensure our cost of service is equitable as we have postponed this review the past few years due to financial impacts of COVID on our customers. He stated that he will not support large expenditures to serve irrigation load until we have addressed cost of service issues. Mike DeMott will provide an update on previously reviewed rate scenarios at the next meeting.

Adjourned - There being no further business, the meeting adjourned at 4:02 p.m.

/S/
Douglas B. Miller, President

/S/
Randy L. Knowles, Vice President

/S/
Dan G. Gunkel, Secretary
Date Approved: November 9, 2021

/s/
Luann Mata, Executive Assistant