

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
**Tuesday, August 09, 2022**  
**2:00pm**

**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 (via teleconference)

**STAFF PRESENT:** Gwyn Miller - Assistant General Manager, Mike Nixon - Operations Manager, Kevin Ricks - Renewable Energy Asset Manager, Cara Smith - AP/Accounting Clerk, Jeff Thayer - Materials Manager, Mike DeMott - Director of Finance and Power Management, Cynthia Bruce - Accountant, Sharon Blodgett - Water-Wastewater Coordinator, Mark Garner - Engineering Supervisor, Brandon Johnson - Engineering Manager, Sohn Kartes - Mechanic, and Luann Mata - Executive Assistant.

Via teleconference: Jim Smith - General Manager, Courtney Collins - Engineering Support Assistant, Brandy Myers - Customer and Accounting Services Supervisor, Alex Casimiro - RNG Support Assistant, and April Greenlaw - Operations Support Assistant.

**GUESTS:** Larry Hoctor

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

**MINUTES:** **MOTION** was made by Commissioner Gunkel to approve the July 26, 2022 meeting minutes as presented. Motion carried.

**CLAIMS & PAYROLL:** Presented by Cara Smith. 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 09<sup>th</sup> day of August, 2022.

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

- Accounts Payable Voucher Nos. 213928 through 213930 and 213932 through 214034 in the total amount of \$900,524.03; Wire and Automated Clearing House (ACH) transaction Nos. 8801685 through 8801686 and 8801688, along with Electronic Funds Transfer(EFT) transaction Nos. 370 through 372 in the total amount of \$329,500.72 for the period ending August 9, 2022; and
- Payroll Warrant Nos. 213931 and ACH Direct Deposit Payroll transactions 209865 through 209953 in the total amount of \$234,777.99 for the payroll period ending July 31, 2022.

Motion carried.

**PUBLIC COMMENTS:**

**REPORTS:**

**Renewable Energy update** - Kevin Ricks presented the department report for July. Production dipped slightly the end of July during the heat wave, but has quickly rebounded. Republic is beginning their well field expansion project next week. This project includes the installation of 20 new wells. The August outage was postponed until the week of October 3, due to the Department of Ecology testing of Republic Services facility in July. There was one reported safety condition discussed. A step ladder was used to gain access to a valve and the employee slipped. No injury

was incurred, but the solution will be to build a platform for future access to these valves. RNG staff upgraded a portion of the filtration system, this upgrade will increase filter lifespan.

Kevin has participated in discussions with Kevin Nordt regarding small modular nuclear reactors. Grant PUD is moving forward with presenting their recommendations to their board this week. Kevin will bring back discussion items at a future meeting.

**Finance and Power Management update** - Mike DeMott presented the department report for July. July Mid-C wholesale market pricing settled under budget. The July day ahead pricing fluctuated from roughly \$40-\$135 MWh. Our peak load in July was 86.38MW, our large Dallesport customer was 8.5 MW of this peak. Excluding the Dallesport customer our July peak was 8 MW higher than previous peaks over the 2012-2021 period. Our super peak election resulted in approximately \$60,000 BPA savings for July. A review of our AMI command center program reports show that on residential accounts that currently have AMI meters, normal average peak usage was roughly 6 or 7 kW and some the larger peaks were 15 - 19 kW.

BPA has proposed a BP-24 rate settlement package for consideration. Initial discussion indicates that rates would remain roughly flat. Final results including impact on Tier 2 rates is not yet known. The BPA Post 2028 current contract timeline is to execute contracts between September and December 2025. The recently released BPA Concept Paper indicates the core Load Following product to remain similar to the current offering with a contract timeline of 20 years from 2025-2045. BPA has proposed a fixed system size is 7000 aMW. Mike provided other highlights from the Concept Paper for consideration. He will continue to update the board as the process continues.

The White Creek Wind sale to Excelsior is nearing completion. The project budget will be reviewed at the meeting in September at Cowlitz PUD. The off takers are requesting a meeting next Monday, the topics of discussion are what the refurbishment plan entails and sales of output. Staff is concerned the refurbishment plan may increase reimbursable project costs for the purpose of extending the project life beyond the term of our existing contracts. If this is the case, we would dispute the project budget if there is not offsetting benefit to the Energy Purchasers.

**Financial update** - Cynthia Bruce presented the current financial update. Revenues across all categories are favorable, with year-end forecasts about \$2,500,000 more than budgeted. The forecast does include additional revenues for water rights from the water supply agreement for the pumped storage project totaling \$340,000 to the Cliffs Water System. Increased rate revenues are partially offset with increased power purchases. Combined with additional depreciation and tax expenses, good cost control within departments, expenses are anticipated to be below budget by approximately \$400,000. Our debt service coverage is forecast to be 1.77 at year-end. Cynthia discussed increases to capital spending. While most departments have minimal increases anticipated, additional transformer purchases at increased prices are increasing spending by approximately \$1,500,000. Based on this model, we forecast to end the year with 215 days cash on hand.

Staff is still working with the Department of Revenue on the RNG M&E tax reimbursement audit. No formal determination has yet been issued, though we still are of the opinion that this exemption meets the RCW requirements. DOR has implied that they do not agree, this process will likely result in requiring an appeal of the DOR assessment, for which interest would continue to accrue during the appeal process. We have a meeting August 11, 2022 to discuss further. Lastly, we will kick off the 2023 budget process on August 10, 2022.

**COMMISSIONER DOUGLAS MILLER** - Commissioner Miller will attend the Dallesport Community meeting on August 8 and the Klickitat County Dallesport community meeting the following week.

**COMMISSIONER RANDY KNOWLES** - Commissioner Knowles, Jim Smith and Mike DeMott attended a meeting, August 4, with the White Salmon LAB board. They provided some interesting questions and during the time provided were only able to address about 30% of the submitted questions. They will meet with them in September to complete review of the remaining questions.

**COMMISSIONER DAN GUNKEL** - Commissioner Gunkel did not have a report.

**ASSISTANT GENERAL MANAGER**- Gwyn Miller presented the current operational update.

- Glenwood Water - close of day August 2, calls began coming in regarding water quality issue. Crews were dispatched found elevated chlorine readings and began working through the system to determine the cause. Crews found problems with the chlorine injection system. They worked through the night to flush the water system piping. Customers were notified not to use their water and staff was authorized to purchase bottled water and delivered it to the area for customers to access. Once chemical readings were back to normal, customers were advised to flush their systems and dump ice from ice makers. The Department of Health was kept advised of the situation. There is a debrief meeting scheduled on August 11 and staff will provide an update to customers and a relief proposal for the billing impact related to flushing their systems. Relief options were discussed for consideration.
- Snow Cat - Mike Nixon and Sohn Kartes visited the Tucker manufacturing plant in Medford Oregon. This manufacture has the capability of providing a vehicle for utility use that will carry a crew of four and materials to a location in inclement weather. This is an unbudgeted vehicle, but as demonstrated in January, our current equipment is underpowered for the elements that it faced. Budgeted vehicle replacements are not available for purchase this year due to manufacture delays, so these funds could be reallocated for this item without having an impact on the 2022 budget. The costs incurred to rent a snow cat that could gain the required access was not insignificant and the outage time due to waiting for the availability of this vehicle would have been eliminated. This would be a significant purchase but would provide benefit for many years, including gaining access to remote radio sites to support communications systems. Tucker is the only manufacturer that provides a complete solution for utility service vehicles. Staff received board consensus to move forward with this purchase as well as purchasing a trailer to haul this vehicle. The board requested that multiple staff be trained on proper operation of this vehicle.
- Utility Updates - The IT department is archiving all email accounts. This is to meet cyber security requirements for the transition to office 365. We have taken a phased approach and the transition has been fairly seamless so far. The Klickitat County Fair booth sign-up sheet is available in the staff break room.
- Mile Marker 28 - We will need to hold an executive session to discuss mediation.

**GENERAL MANAGER** - The complete report can be found at:  
[http://www.klickitatpud.com/topicalMenu/commissioners/GM\\_Reports.aspx](http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx)



