

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
**Tuesday, October 10, 2023**  
**2:00pm**

**CALL TO ORDER:** President Randy Knowles called the meeting to order at 2:00 p.m. as advertised.

**PRESENT:** Randy L. Knowles - President (via teleconference), Dan G. Gunkel - Vice-President and Douglas B. Miller - Secretary

**STAFF PRESENT:** Gwyn Miller - Assistant GM, Cara Smith - Accounting Clerk, Sharon Blodgett - W/WW Coordinator, Brandon Walter - W/WW Superintendent, Mike DeMott - Director of Finance and Power Management, Kevin Ricks - Renewable Energy Assets Manager, Sarah Honkala - Accounting Clerk, and Luann Mata - Executive Assistant/Clerk of the Board.

Via teleconference:

Jim Smith - General Manager, Mark Garner - Engineering Supervisor, Patrick Carroll - KPUD Contractor, Anita Clever - Energy Services Specialist, Andrew Jaekel - Buyer, Brandy Myers - Customer and Accounting Services Manager, Cynthia Bruce - Accountant, Sohn Kartes - Materials Manager, and Courtney Collins - Engineering Support Assistant.

**GUESTS:** Jeff Speelman

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

**MINUTES: MOTION** was made by Commissioner Miller to approve the September 26, 2023 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 10<sup>th</sup> day of October, 2023.

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

- Accounts Payable Voucher Nos. 217432 through 217545 in the total amount of \$633,761.33; Electronic Funds Transfer (EFT) transaction Nos. 517 through 521 and Wire and Automated Clearing House (ACH) Nos. 8801855 through 8801862 in the total amount of \$1,022,423.31 for the period ending October 10, 2023; and
- Payroll ACH Direct Deposit Payroll transactions 212680 through 212765 in the total amount of \$228,631.53 for the payroll period ending September 24, 2023.

Motion carried.

**PUBLIC COMMENTS:** Jeff Speelman addressed the board with his question of why KPUD management does not want him to work on the property. Gwyn Miller addressed Mr. Speelman's questions clearly and directly. The commissioners clarified that these are staff decisions and they stand behind staff's recommendations. Commissioner Gunkel thanked Mr. Speelman for voicing his question.

## **REPORTS:**

**Water-Wastewater August/September Update** - Sharon Blodgett and Brandon Walter presented the September/October report. We have a letter of intent from a solar developer to use the Bickleton water system for bulk water supply for construction water for a two-year term starting in 2024. The water supply volumes appear feasible and should provide a net benefit to the water system. There is no contract in place at this time. The Department of Health (DOH) proposed corrections to the Ponderosa small water system management plan. These revisions will be submitted by October 18. The Roosevelt evaporation pond inspection is complete. One small tear was located and repaired. The Department of Ecology (DOE) received several Dallesport wastewater treatment plant complaints from an anonymous source. DOE completed a review of the complaints and completed a site inspection. They did not find any deficiencies and complemented staff on their efforts.

Klickitat County received a CERB funding and provided the Port of Klickitat a \$1,000,000 loan to begin construction on a space within the Dallesport Industrial Park in support of a distillery being located within the industrial area. Brandon and Sharon are meeting with the county public works department tomorrow on this project and Dallesport Wastewater system budget.

Lastly, Brandon stated that the Wishram treatment plant loan is paid in full.

**Renewable Energy Asset Update** - Kevin Ricks presented the September report. Gas production was 113,118 Dth for the month, which is a daily average of 4,528. Kevin reviewed the improvement and maintenance projects completed during the outage. McMillen Jacobs has provided options for potential hydro projects for our review. With the passing of Washington State legislation requiring the diversion of organic materials from landfills, we are working with Republic and are reviewing a proposal to evaluate development of a project to process food waste into energy. These are very preliminary discussions. The annual Utilities and Transportation Commission RNG gas pipeline inspection is complete. No deficiencies were noted. To conclude, Kevin provided a staffing update.

**Power and Finance Update** – Mike DeMott presented the September report. 2023 peak pricing is down \$10 from prices used to set the 2023 budget. With declining power prices, our summer hedges have settled out of the money. Currently the BPA Tier 2 pricing for BP-24 and BP-25 is \$20/MWh lower than forward market prices.

Mike recommended that we elect to take the 2024 White Creek Wind excess output as we did in 2023. We are required to provide this notice before the end of October. Current December 2024 forward price curve indicates HLH pricing will be \$121.20 and \$99.50 LLH which is substantially higher than the Excess Output surcharge of roughly \$40/MWh. The board concurred with taking the excess output.

Mike also reviewed the 2024 WCW sales contract that has been executed with TEA. He has reached out to Mason PUD 3 who has agreed to allow for replacement RECs. This contract amendment is pending. This allows WCW RECs to be sold with the energy as a bundled product at a higher value.

We have received the funds from the 3<sup>rd</sup> quarter CCA allowance auction. The state estimates for allowances in 2024-2026 remain unchanged. Remaining 2023 allowances have been consigned to be sold during the 4<sup>th</sup> quarter CCA auction to take place in December.

The Dallesport large service customer has reduced load as agreed upon expiration of their Industrial Rate contract. They will maintain a large general service connection.

**August Financials Review** - Sarah Honkala presented the August Financials. Retail rate revenue is under budget as expected. RNG generation revenue remains above budget. McNary RECs sold for double the amount budgeted, and intertie margin was significantly reduced in the forecast based on recent markets. RNG expense forecast was increased back to the budgeted amount. Operations expense

increased due to sustained levels for vegetation management contractors. There were no changes to items of cash significance. We have 207 days cash on hand. Our Washington State accountability audit is underway.

Commissioner Knowles inquired about recent interest rate movements and the impact on future bond evaluations. Jim Smith stated that staff has already engaged with Scott Bauer of NW Municipal Advisors and Barclays to provide these updates. After 2024 budgets are evaluated a capital financing plan will be developed in conjunction with the board.

**COMMISSIONER RANDY KNOWLES** - Commissioner Knowles attended an audit risk assessment phone discussion with the state auditor October 3.

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

**COMMISSIONER DOUGLAS MILLER** - Commissioner Miller did not have a report.

**ASSISTANT GENERAL MANAGER** -

- Health Fair - This was a very successful event. We had 70 employees sign up for the health fair along with 16 others, including retirees, who are on our health plan.
- Annual meeting - This was a very successful team building event day. The morning was very collaborative and the demonstration of teamwork and collaborative knowledge of our system was truly impressive. The meeting ended around 3:00 p.m. and staff returned to work.

**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)

In addition to the written report, Jim Smith presented the following information:

- Washington Public Utility District Association has awarded Liz Anderson the Executive Director position.
- Commissioner Gunkel, Gwyn and Jim will attend a meeting with Yakama Power on Thursday in Toppenish. An update will be provided at the next meeting.

**AGENDA ITEMS:**

- PREQUALIFICATION OF PROFESSIONAL SERVICES - MOTION** was made by Commissioner Miller to approve the addition of the firms presented and agree to add them to the Professional Services roster for the 2023 period. Motion carried.
- CARBON FREE POWER SOURCE, SMALL MODULAR NUCLEAR REACTOR INVESTIGATION** - ENW submitted a request to BPA for \$10,000,000 to continue to advance evaluations of their carbon free Small Modular Nuclear project. The PPC executive committee supported this request. PPC staff will support the ENW request.

**Adjourned** - There being no further business, the meeting adjourned at 3:00 p.m.

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Randy L. Knowles, President

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Dan G. Gunkel, Vice President

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Douglas B. Miller, Secretary  
Date Approved: \_\_\_\_\_

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Luann Mata, Executive Assistant