

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
**Tuesday, June 11, 2024**  
**2:00pm**

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

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

**STAFF PRESENT:** Jim Smith - General Manager, Gwyn Miller - Assistant General Manager, Mike DeMott - Director of Finance and Power Management, Brandy Myers - Accounting and Customer Services Supervisor, Shelby Manka - Accounts Payable Clerk, Cynthia Bruce - Accounting Supervisor, and Luann Mata - Executive Assistant/Clerk of the Board.

**VIA TELECONFERENCE:** April Greenlaw - Operations Administrative Assistant, Ocean Barrett - W/WW Support Assistant, Mark Garner - Engineering Supervisor, Seth Jones - Buyer, Sarah Honkala - Accountant, Courtney Collins - Support Assistant.

**GUESTS:** Larry Hoctor

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

**MINUTES:** **MOTION** was made by Commissioner Miller to approve the May 28, 2024 meeting minutes as presented. Motion carried.

**CLAIMS & PAYROLL:** Presented by Shelby Manka 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 11<sup>th</sup> day of June, 2024.

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

- Accounts Payable Voucher Nos. 219594 through 219740 in the total amount of \$838,955.08; Electronic Funds Transfer (EFT) transaction Nos. 611 through 617 and Wire and Automated Clearing House (ACH) 8801976 through 8801983 in the total amount of \$867,711.70 for the period ending June 11, 2024; and
- ACH Direct Deposit Payroll transactions 214208 and 214291 in the total amount of \$242,105.31 for the payroll period ending June 2, 2024.

Motion carried.

**PUBLIC COMMENTS:** None

**REPORTS:**

**Power and Finance Update** - Mike DeMott delivered the report for May, highlighting long term power election options being discussed during the BPA Post-2028 process. For 2028 forward our Tier One contract high water mark (CHWM) will be locked in and not fluctuate. The ACHWM (above contract high water mark) load calculations for the next contract period will fluctuate based on KPUD loads. Options for serving ACHWM loads in the next BPA contract are in development and initial proposed options were reviewed. These include utilization of long or short term Tier 2 BPA products along with non-federal resources. BPA is reviewing their resource

planning criteria. KPUD's perspective along with other utilities is that their planning is sub-par and they are not evaluating the actual load projections. They are basing their need off of outdated planning criteria. They are also not accounting for extreme weather events when load requirements may surpass availability and renewable resources are not producing, as we experienced in January. BPA is also evaluating the transfer of risks, but essentially BPA's customers – utilities are the ones at risk. There will be more discussion to come on this topic. Commissioner Gunkel stated that if BPA is passing along risk to their customers, then they need to open the contract to allow their customers to cover their own risk. Commissioner Miller spoke about BPA reducing buffering capacity to accommodate for CETA. Jim Smith added that their modeling does not seem to plan for risks or costs for additional transmission builds required by their resource alternatives.

Mike also reviewed the nearly final BP-26 contract which will go into effect in October 1, 2025. Our Tier 1 share is going down slightly. It has been 36.659 and will be 36.088. This is a three year rather than a two year contract, which will take us to October 1, 2028. System shape is changing and resources are looking scares now, but will be worse in the future.

Fitch is putting out a notice regarding carbon reduction policies are potentially too aggressive and may put downward ratings pressure on the utility sector.

**COMMISSIONER RANDY KNOWLES** - Commissioner Knowles reported on PURMS meeting. Wildfire is still the major focus. Costs continue to increase and policy maximums are reducing. He noted that it does not seem reasonable that insurance premiums do not look at work done to mitigate risk.

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

**COMMISSIONER DOUGLAS MILLER** - Commissioner Miller reported that he attended the safety banquet and felt there was a good turnout.

**ASSISTANT GENERAL MANAGER** - Gwyn Miller shared the PURMS 2026 projections. AEGIS will be on site and visit our facilities as part of their insurance process.

The final arbitration session with IBEW 125 was held June 4.

**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:

- Low Income Assistance Program - Jim Smith reviewed a Low Income Assistance program alternative being crafted by WPUA. The Department of Commerce will be making recommendations to the legislature on low income program alternatives prior to the next legislative session.
- Regional market update - The Public Power Council (PPC) is providing input not acceptance of the BPA proposals. Regarding demand and energy considerations, BPA is focusing on reducing reliance on surplus energy and adopting a more conservative approach in forecasting surplus, which could lead to higher rates. There is ongoing discussion about charging demand rates to a marginal cost rate. While there is disagreement about paying for marginal costs, the proposal includes initially crediting demand, with additional load being charged at the marginal rate in the future. This would eventually eliminate the credit, requiring customers to pay for their actual usage incrementally over time. The current irrigation rate discount, based on 1996 figures, is due for evaluation and update. Additionally, changes to the low-density discount, currently amounting to 1% of PF rates or \$40 million, are being considered. The proposal includes removing the ACHWM load from the calculation, which could significantly impact utilities with a large AHW load.

- Department of Revenue - A settlement counter proposal from the Department of Revenue (DOR) was received regarding renewable tax credits on the construction of the RNG facility. Jim will reject the counter proposal and DOR will then restart its claims process.

**AGENDA ITEMS:**

A. PRE-QUALIFICATION OF CONTRACTORS - MOTION was made by Commissioner Gunkel to approve the addition of the contractors presented. Motion carried.

B. POLICY BULLETIN NO. 21 – ELECTRIC CUSTOMER SERVICE POLICY ADDENDUM 1 ADVANCED METERING PROVISIONS REVIEW - Brandy Myers provided an overview of the AMI project and the sunset clause in the Policy 21 Addendum 1 regarding the Opt out options for customers. The addendum states that the Opt-Out application period will end at project completion or not later than June 2024. After discussion, the opt-out application period will end June 30, 2024 as stipulated in policy. No action was taken.

**Adjourned** - There being no further business, the meeting adjourned at 3:21 p.m.

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/S/  
Randy L. Knowles, President

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/S/  
Dan G. Gunkel, Vice President

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/S/  
Douglas B. Miller, Secretary

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/s/  
Luann Mata, Executive Assistant/Clerk  
of the Board

Date Approved: June 25, 2024