

Amended

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, June 25, 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, Kevin Ricks - Renewable Energy Assets Manager, Sharon Blodgett - Water/Wastewater Coordinator, Brandy Myers - Customer and Accounting Services Supervisor, Brandon Johnson - Engineering Manager, Mike Nixon - Operations Manager, Sarah Honkala - Accountant, Shelby Manka - Accounting Clerk, Russ Patton - Project Engineer, and Luann Mata - Executive Assistant.

Via teleconference: Cynthia Bruce - Accounting Supervisor, Mark Garner - Engineering Supervisor, Patrick Carroll - Consultant, and Courtney Collins - Engineering Support Assistant.

GUESTS: Bjorn Hedges - White Creek Wind, Dan Arai and Bayunt Ollek - Sapere Consulting,

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

MINUTES: **MOTION** was made by Commissioner Miller to approve the June 11, 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 25th 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. 219741 through 219833 in the total amount of \$615,028.00; Electronic Funds Transfer (EFT) transaction Nos. 618 through 621 and Wire and Automated Clearing House (ACH) 8801984 through 8801990 in the total amount of \$2,148,125.34 for the period ending June 25, 2024; and
- ACH Direct Deposit Payroll transactions 214292 and 214377 in the total amount of \$249,318.85 for the payroll period ending June 16, 2024.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Renewable Energy Assets Update - Kevin Ricks presented production and outage information for May. The month ended 5,192 dekatherms under budget due to forced outages. May 6th, Bonneville Power Administration experienced equipment failure at their Rock Creek Substation, which forced an outage at the renewable natural gas plant powering equipment down without preparation. The system experienced compressor damage from the hard shutdown that took approximately 4.5 days to reestablish production. Above budget production during the rest of the month

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mitigated some of the loss caused by outages. Reliability slipped 0.1% with these outage events, however the wellfield output continues to trend upward.

Water Wastewater Report - Sharon Blodgett presented the department report for May highlighting the status of new employee Joseph Randall. The water service extension for Dan Hathaway in Glenwood is underway. The bid opening for the Glenwood lift station will be held on June 27.

On June 2, the town of Lyle experienced a low water event. It was determined that the control system locked up allowing the reservoir to empty without sending notifications to alert staff of the reservoir levels. Operators have restored the system to full functionality and will continue, at a minimum, to check it at the end of every day until the upgrades are in place and tested. We are upgrading the communications system to improve the reliability and simplifying the control system logic. We are also adding monitoring equipment in our headquarters so if there is a communications problem, we will know about it and we can have operators physically check the water reservoir as required. Lastly, we are replacing the variable speed drive on the pump.

Staff requested the Dallesport Wastewater Clarifier project be sole sourced through Treatment Equipment Company (TEC) based upon the fact the two clarifiers in the treatment plant are manufactured by Walker Process Equipment, TEC is the only authorized representative for Walker products and they have previously supplied one replacement unit in 2020 with the equivalent Walker product. To maintain equipment consistency, staff recommends replacing the aging unit with like equipment from the same manufacturer. Thus, staff requested that the board authorize staff to sole source the clarifier project work to TEC.

MOTION was made by Commissioner Gunkel to authorize Treatment Equipment Company (TEC) as the sole source contractor for the Dallesport Clarifier Project. Motion carried.

Operations Report - Mike Nixon presented the department report for May. Customer work has been limited and crews are assisting with AMI meter installations and focusing on maintenance and capital projects. Three Kemp West crews are on-site completing tree trimming. John Starr is completing inspections. In May, Dale Stelter concentrated on mulching efforts. Commissioner Knowles inquired about the status of the trimming cycle, and Mike estimated that around 75% of the heavily treed areas on the system have been trimmed to date. Gwyn Miller suggested bringing Mark Garner in to review our map based records on vegetation management. Mike was asked to analyze the cost effectiveness of owning and operating the mulcher verses contracting this work. Commissioner Gunkel asked about chemical application post-mulching. Mike stated we contract with Juan Randall to complete chemical applications throughout the district.

Commissioner Miller inquired about the Dallesport bird mitigation upgrades. DJ's Electrical Inc. is installing equipment coverings in identified areas. This project is grant funded. Staff is meeting weekly to monitor fire risk potential. The National Weather Service issued a fire watch advisory on June 21, leading us to place some of our reclosers on one shot. We have notified customers in these areas.

Engineering Report - Brandon Johnson presented the department report for May. There are a total of 276 AMI meters remaining to exchange, of which 139 are residential meters. The target is to complete all residential meter exchanges by the end of the week. Staff is averaging 40-50 meter installations per day. The EE Clouse project was reviewed and Brandon thanked operations staff for their assistance keeping the project moving forward. As mentioned in the Operations report, customer activity is low, and Engineering staff has focused on keeping Operations provided with maintenance and capital projects. We are on schedule to complete two miles of transmission line replacement, along with preparation work for Fenton substation. Phillip McMillan is working on drone inspections and the White Salmon staking engineers are finishing up on the Bingen round about project. Router

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deployments continue and fire conditions are being reviewed weekly or as weather advisories are issued.

April Financial Report - Sarah Honkala presented the financial update for April. Rate revenue came in under budget for April but remains above budget year-to-date. Carbon allowances revenue received in April were slightly above budget. White Creek Wind revenues have dropped below budget through April. However, staff is working to increase revenues through remarketing of our White Creek Renewable energy credits. RNG revenue continues to be above budget, and the year-end forecast has been adjusted accordingly. Pole contacts have been invoiced and are anticipated to exceed the budget due to our previously approved rate change.

Expenses for transmission are under budget through April due to an operating reserve billing correction with BPA that has not yet been applied. This payment will start in November. Operations department expenses are below budget through April, partially due to the timing of the tree trimming budget. The year-end forecasted debt service coverage (DSC) is 2.10, compared to the budgeted DSC of 2.02. EE Clouse and AMI capital spending are trending above budget through April but are still forecasted to end the year at budget. Electric, water/wastewater, and RNG are all under budget through April. Our forecasted year-end days cash on hand is currently 306.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles did not have a report.

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

COMMISSIONER DOUGLAS MILLER - Commissioner Miller asked for a review of talking points before the next EDA meeting.

ASSISTANT GENERAL MANAGER - Gwyn Miller reported that Aegis Insurance group is including an inspection of water and wastewater facilities as well as electric.

GENERAL MANAGER - The complete report can be found at:

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

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

- WS Community Council Meeting - We attended the city council meeting last week, provided a brief update on KPUD reliability, power costs and resources. We were asked to schedule a future workshop with the council outside of a regular meeting to allow time for discussion of the issues.
- BPA Rock Creek Substation Reliability - Commissioner Gunkel asked staff to evaluate this substation's reliability after the last outage. Brandon Johnson will bring back information from BPA, as well as some analysis and ideas with his next report in a month.
- Bond Issuance - Staff is working on our official statement for bond revenue ratings. The current schedule is to provide the statement to the ratings agencies in August and bond financing in September. Staff will review with the board at a future meeting.
- Jim reviewed an announcement made by the White House Council on Environmental Quality (CEQ) on June 18 about the formation of a Columbia Basin Task Force. The task force is primarily made up of federal agencies, and does not include BPA. The task force is to administer the US Government's recent agreement and MOU with six sovereign parties that was forged in December, 2023. PPC along with other public power associations are assessing next steps. ~~He also stated that he discussed the Satus Pass feeder rights of ways with the General Manager of Yakama Power.~~ **Jim Smith told the Board that he intended on sending a request to the General Manager at Yakama Power to transfer the portion of the Satus Pass feeder on the reservation and**

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outside of Klickitat County to Yakama Power. We have not been able to renew easements and they have expressed interest in the line to attach fiber at some point. The Board agreed on sending the request.

AGENDA ITEMS:

- A. **WHITE CREEK WIND PROJECT UPDATE:** Bjorn Hedges, White Creek Wind site manager along with Dan Arai and Bayunt Ollek of Sapere Consulting were present to provide an update on the White Creek project. Major topics included the 2023 and 2024 budgets, production numbers, upgrades made by Excelsior and the main areas of maintenance being carried out. Bjorn ended by discussing the contract end date process and expressed thanks of the KPUD meter shop, especially Jim Brokaw, for keeping the site notified of BPA outage notices.
- B. **PREQUALIFICATION OF PROFESSIONAL SERVICES CONSULTANTS:** **MOTION** was made by Commissioner Miller to approve the addition of the consultants presented and agree to add them to the professional services roster for the 2024 period. Motion carried.
- C. **LETTER OF CREDIT WAIVERS:** **MOTION** was made by Commissioner Gunkel to authorize staff to waive the letter of credit requirements for Cowlitz PUD and Lewis PUD as they have met the requirements as stated in the applicable Transmission Service Agreement of each party. Motion carried.
- D. **PREQUALIFICATION OF CONTRACTOR:** **MOTION** was made by Commissioner Gunkel to approve the addition of the contractors presented and agree to add them to their referenced works rosters for the 2024 period. Motion carried.
- E. **TREATMENT EQUIPMENT COMPANY (TEC) WASTEWATER CLARIFIER PROJECT CONTRACT:** **MOTION** was made by Commissioner Gunkel to authorize the General Manager or his delegate to sign the necessary documentation to award the contract to Treatment Equipment Company (TEC) as recommended by staff. Motion carried.
- F. **EXECUTIVE SESSION: Lease or Purchase of Real Estate per RCW 42.30.110(1)(c)** - President Knowles called for an Executive Session at 3:35 p.m. per RCW 42.30.110 (1)(c) noting that the session would last for 25 minutes until 4:00 p.m. for the purpose of discussing minimum offering price for the sale or lease of real estate. Reopened public session at 4:00 p.m. and extended the executive session for 15 minutes until 4:15 p.m. The session ended at 4:15 p.m. No action was taken.

RCW 42.30.110 – Executive Session.

(1) Nothing contained in this chapter may be construed to prevent a governing body from holding an executive session during a regular or special meeting:

Adjourned - There being no further business, the meeting adjourned at 4:15 p.m.

/S/
Randy L. Knowles, President

/S/
Dan G. Gunkel, Vice President

/S/
Douglas B. Miller, Secretary
Date Approved: July 9, 2024

/s/
Luann Mata, Executive Assistant