

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
**Tuesday, July 9, 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, Cynthia Bruce - Accounting Supervisor, Brandy Myers - Customer and Accounting Services Supervisor, Sarah Honkala - Accountant, Cara Smith - Accounting Clerk, Shelby Manka - Accounting Clerk, Russ Patton - Project Engineer, and Luann Mata - Executive Assistant.

Via teleconference: Brandon Johnson - Engineering Manager, Brandon Walter - Water/Wastewater Superintendent, Ocean Barrett - Water/Wastewater Support Assistant, Kevin Ricks - Renewable Energy Assets, Mark Garner - Engineering Supervisor, Alex Casimiro - RNG Support Assistant, Seth Jones - Buyer, Patrick Carroll - Consultant, and Courtney Collins - Engineering Support Assistant.

**GUESTS:** Ayde Alvarado - Moss Adams (via teleconference) and Tracy McCune.

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

**MINUTES:** **MOTION** was made by Commissioner Gunkel to approve the June 25, 2024 meeting minutes as amended. 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 9<sup>th</sup> day of July, 2024.

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

- Accounts Payable Voucher Nos. 219834 through 219964 in the total amount of \$1,284,253.16; Electronic Funds Transfer (EFT) transaction Nos. 622 through 624 and Wire and Automated Clearing House (ACH) 8801991 through 8801995 in the total amount of \$375,891.11 for the period ending July 9, 2024; and
- ACH Direct Deposit Payroll transactions 214378 and 214463 in the total amount of \$255,170.30 for the payroll period ending June 30, 2024.

Motion carried.

**PUBLIC COMMENTS:** Tracy McCune was present to discuss smoke cameras, radio grants and our FEMA process for our January storms.

**REPORTS:**

**Power and Finance Update** - Mike DeMott reviewed Mid-C current and forward pricing, noting that on-peak pricing is currently at \$84 / MWh for 2024. During current heat event, day ahead and real time pricing has exceeded \$100 per MWh, but supply has not been a concern, unlike in January when pricing exceeded \$1000 per

MWh. Our BPA Tier 2 contract price is still substantially below what it would be if we were subject to market pricing. Mike also noted that during this heat event, wind and solar were once again relatively low contributors to the BPA supply.

Mike is beginning the COSA data collection process, focusing on AMI demand information, to inform future rate designs. Electric vehicle and electrification impacts on customer demand will be part of the COSA effort.

Bank of the West will not be reissuing the line of credit we used to secure power trades upon expiration in November, as we will not agree to commit to a larger banking relationship with them. This line has never seen a draw and was in place to enable posting of financial security if required when conducting financial hedging. With moving from market purchases to our BPA Tier 2 contract and resulting reduction in market exposure to power price volatility, we will not be renewing or replacing this line of credit.

The BP-26 Integrated Resource Planning (IRP) process is underway. Initial documents put out by BPA's power services and transmission have indicated that upwards of 13% increases could be coming. It is very early in their process and they have said this does not include potential revenues from secondary sales which would tend to decrease this number.

**May Financials** - Sarah Honkala presented the financial update for May. The interest income forecast has increased again to adjust for current interest rates. Remaining labor costs for the Advanced Metering Infrastructure project charges will be transitioned to expense.

The year-end forecasted debt service coverage (DSC) is 2.11, compared to the budgeted DSC of 2.02 and our forecasted year-end days cash on hand is currently 307.

**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 will not attend the WPUA Commissioners meeting next week and he discussed a Seattle Times article outlining the adversity involved in small hydro projects in the Pacific Northwest. This reinforces the decision the board made not to pursue acquisition of a small hydro project by KPUD.

**ASSISTANT GENERAL MANAGER** - Gwyn Miller did not have a report.

**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:

- **KPUD Bond refinance review** - Staff has been busy developing documents for issuing bonds for financing and refinancing purposes according to our 2024 budget. Jim said that staff, NW Municipal Advisors, Barclays and Pacifica Law Group would review the bond markets, financing opportunities and recommendations, as well as a draft Bond Resolution at the next board meeting on July 23. If we move forward, we will present final Bond Resolution documents for final decisions and approval at the August 14 board meeting. The current schedule calls for holding calls with Bond Ratings Agencies the week of August 22, with bond sales anticipated the second week of September. After discussion, Doug Miller will be the commissioner representative on these calls if we move forward.
- Jim requested board action to declare an emergent condition to allow direct negotiation with Divco Inc., our regularly contracted HVAC O&M servicer, to

complete repairs of the Goldendale Office HVAC failure during the extreme heat condition this week.

**MOTION** was made by Commissioner Gunkel to declare an emergent condition and authorize staff to direct negotiate repairs with Divco Inc., who is our normal HVAC vendor, during the extreme heat conditions. Motion carried.

Commissioner Gunkel requested clarification of the cost cap put in place by the House Appropriations Subcommittee for the Environment and Water on the US Government and six sovereigns settlement agreement on Columbia River Systems Operations litigation. Jim confirmed that the \$300 million cost cap is in addition to the fish and wildlife mitigation plans already in place.

**AGENDA ITEMS:**

- A. **MOSS ADAMS AUDIT PRESENTATION:** Ayde Alvarado of Moss Adams presented the board with the 2023 Financial Audit results. This is an independent financial audit report completed in concert with the State financial compliance audit. They reported that Klickitat PUD received a clean audit with no findings and no material weaknesses reported. There were two proposed adjustments. They were not material and were not implemented at the discretion of the District. Ayde also recognized the professionalism and support they received from District staff during the audit process and thanked the board for their work. Commissioner Knowles stated he appreciated the recognition of staff's performance.
- B. **BID REJECTION - GLENWOOD LIFT STATION:** **MOTION** was made by Commissioner Gunkel to reject all bids received from the Glenwood Lift Station project, as none of the bid received were responsive. Motion carried.
- C. **PREQUALIFICATION OF CONTRACTOR:** **MOTION** was made by Commissioner Miller to approve the addition of the contractors presented and agree to add them to their referenced works rosters for the 2024 period. Motion carried.

**Adjourned** - There being no further business, the meeting adjourned at 3:13 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  
Date Approved: July 23, 2024

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/s/  
Luann Mata, Executive Assistant