

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, July 23, 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, Kevin Ricks - Renewable Energy Assets, Mike DeMott - Director of Finance and Power Management, Mike Nixon - Operations Manager, Cynthia Bruce - Accounting Supervisor, Sarah Honkala - Accountant, Shelby Manka - Accounting Clerk, Brandon Johnson - Engineering Manager, Justin Beierle - Engineering Superintendent, Sharon Blodgett - WWW Coordinator, Brandon Walter - WWW Superintendent, and Luann Mata - Executive Assistant.

Via teleconference: Brandy Myers - Customer and Accounting Services Manager, Mark Garner - Engineering Supervisor, Alex Casimiro - RNG Support Assistant, Ocean Barrett- WWW Support Assistant, Seth Jones - Buyer, and Courtney Collins - Support Assistant.

GUESTS: Scott Bauer, Northwest Municipal Advisors; Sean Keatts, Barclays; Valentina Rodriguez, Barclays; and Deanna Gregory (all via teleconference) and Larry Hoctor.

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

MINUTES: **MOTION** was made by Commissioner Miller to approve the July 9, 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 23rd 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. 219965 through 220087 in the total amount of \$1,375,184.89; Electronic Funds Transfer (EFT) transaction Nos. 625 through 632 and Wire and Automated Clearing House (ACH) 8801996 through 8802005 in the total amount of \$2,200,521.56 for the period ending July 23, 2024; and
- ACH Direct Deposit Payroll transactions 214464 and 214551 in the total amount of \$267,047.24 for the payroll period ending July 14, 2024.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Renewable Energy Assets Update - Kevin Ricks reviewed current plant operations, noting that there were two external forced outages, and a curtailment due to Republic's flare testing June 5 until the end of the month. These outages resulted in a loss of 7,438 dekatherms. However, even with these outages and

curtailments, sales year-to-date are 7,052 dekatherms above budget. Republic continues to work on expansion of the well field adding 5 new wells and 6 re-drilled wells coming back online within the next week. They also installed 5 horizontal wells, three of which will be online soon, with others by end of year. Kevin addressed a question from Commissioner Miller regarding recent legislation concerning landfills. Kevin does not believe this legislation will affect us as Republic is already in compliance with the new requirements. Commissioner Miller also asked how many landfills are in Washington. Kevin said there are 20 or so, however only 2 have renewable projects associated with them. Commissioner Gunkel asked Kevin to expand his report to include a capacity factor graph with a rolling average capacity factor.

Water/Wastewater June Report - Sharon Blodgett and Brandon Walter reviewed the status of the systems noting that water staff is still working on improvements at the water reservoir in Lyle. The variable frequency drive (VFD) has arrived and installation will be scheduled for next week. Staff ordered an extra pump and motor for backup. Two effluent pumps were also replaced in the Glenwood wastewater system. The pumps are running, but due to missing pieces are not yet at capacity. The parts have arrived and will be installed.

The commissioners inquired if the fire was affecting the water system in Bickleton. Brandon stated not at this time, the water tankers are pulling water from the landfill. Neither Bickleton nor Roosevelt were impacted so far.

Operations June Report - Mike Nixon reviewed the June report. Outages have been minimal and customer work is beginning to pick up in Goldendale, but is still slow in White Salmon. Vegetation management is moving through the hard bid portion quickly and KPUD's tree crew has been diligently working to remove hazard trees. 275 trees were removed in June. The Big Horn Fire has taken precedence over regularly scheduled work this week. As of today, we have identified 10 poles that need to be changed out. The June safety meeting covered shoring and trenching. The Industrial Fire Precaution Level (IFPL) changed to level 3 today.

Engineering June Update - Brandon Johnson and Justin Beierle reviewed June statistics. Brandon noted the Trout Lake property survey is complete and was recorded last week. Staff is planning our annual substation outages. The outage work will include a switch replacement in Husum, general maintenance in Klickitat and Western Electricity Coordinating Council (WECC) testing for Dooley, Willis and Energizer substations. The EE Clouse substation construction of foundations, piers, and spill containment are going well. However, the EE Clouse transformer testing has now failed three quality control tests. We have asked them to stop work and provided a list of things required to move forward. This transformer delay will push us out to second quarter 2025 for completion. We will be transferring load off the John Day transmission line in October and transfer it back to Chenoweth. Staff is preparing for the Wishram transformer replacement project.

Brandon researched a question from Commissioner Gunkel regarding the reliability of the Rock Creek Substation. He provided detail on the number of planned and unplanned outages over the past 10 years that have occurred on this line, then compared them to the Bickleton and Benton PUD feeds. Brandon's results demonstrated that the Rock Creek line is in fact the most reliable option for unplanned outages. Brandon also noted that we have made improvements to the Linden Substation to allow KPUD to switch and supply power to the White Creek Substation from Harvalum, bypassing Rock Creek during planned outages. At such times, generation would be curtailed, however power supply to Roosevelt and the RNG project would continue.

Justin finished the report by reviewing jobs the staking engineers are completing. Staff has been busy coordinating road bores and customer work, along with capital maintenance. We will be completing several miles of pole replacement and 3-phase upgrades throughout the county. They are also actively obtaining easements on pole line relocates. The White Salmon staff is busy working on make ready surveys for the Trout Lake fiber project. There are 34 tickets covering around 600 poles.

June Financials - Sarah Honkala presented the financial update for June, introducing the new format for monthly financial reporting. She highlighted that carbon allowance revenue received was better than budget and expenses were \$450,000 less than budget for June. In August, we will present an updated year-end financial forecast. The board liked the new format.

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 stated he would be attending the Klickitat County Economic Development Association (KCEDA) meeting tonight. There was a review of the Dallesport water district history.

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:

Jim Smith discussed the White Creek valuation and Harvest ownership project. We have entered into a memorandum of understanding (MOU) with a large power user for a potential data center. He also provided summaries of the recently completed agreement in principle between the United States and Canada regarding the Columbia River Treaty.

Jim attended a BPA resource plan meeting to voice concerns over BPA's current timeline for above high-water mark Tier 2 power purchases. The current acquisition timeline has post 2028 contracts signed in 2025 and resource acquisition starting in 2026 for 2028 delivery. Jim's position is this is much too short of a timeline to allow for cost effective resource acquisition.

AGENDA ITEMS:

- A. **KPUD MARKET AND FINANCING OPPORTUNITIES UPDATE PRESENTATION:** Scott Bauer, Northwest Municipal Advisors and Sean Keatts of Barclays presented the board with options for refinancing bonds.
- B. **BOND RESOLUTION PRESENTATION REVIEW:** Deanna Gregory of Pacifica Law Group, our Bond Counsel, presented the board with a high-level review of the proposed bond resolution.
- C. **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.
- D. **PREQUALIFICATION OF PROFESSIONAL SERVICES:** **MOTION** was made by Commissioner Miller to approve the addition of Procure Power and agree to add them to the Professional Services roster for the 2024 period. Motion carried.

Adjourned - There being no further business, the meeting adjourned at 4:23 p.m.

/S/
Randy L. Knowles, President

Absent
Dan G. Gunkel, Vice President

/S/
Douglas B. Miller, Secretary
Date Approved: August 13, 2024

/s/
Luann Mata, Executive Assistant