

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, August 13, 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(via teleconference), and Douglas B. Miller – Secretary.

STAFF PRESENT: Jim Smith - General Manager, Cara Smith - Accounting Clerk, Gwyn Miller - Assistant General Manager, Kevin Ricks - Renewable Energy Assets Manager, Cynthia Bruce - Accounting Supervisor, Mike DeMott - Director of Finance and Power Management, Mike Nixon - Operations Manager, Brandon Johnson - Engineering Manager, Justin Beierle - Engineering Superintendent, Mark Garner - Engineering Supervisor, Nathaniel Hill - Staking Engineer, Jared Balcom - Staking Engineer, Vicente Fuentes - Project Engineer, Phillip McMillen - GIS Specialist, April Castillo - Operations Administrative Assistant, Brandy Myers - Customer and Accounting Services Manager and Luann Mata - Executive Assistant.

Via teleconference: Patrick Carroll - IT Consultant, Sarah Honkala - Accountant, Seth Jones - Buyer, and Courtney Collins - Support Assistant.

GUESTS: Robert Johnson - Wishram Community Council and Stoner Bell.

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

MINUTES: **MOTION** was made by Commissioner Miller to approve the July 23, 2024 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 13th day of August, 2024.

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

- Accounts Payable Voucher Nos. 220088 through 220249 in the total amount of \$2,047,066.29; Electronic Funds Transfer (EFT) transaction Nos. 633 through 639 and Wire and Automated Clearing House (ACH) 8802006 through 8802017 in the total amount of \$1,088,857.43 for the period ending August 13, 2024; and
- ACH Direct Deposit Payroll transactions 214552 through 214636 in the total amount of \$277,647.11 for the payroll period ending July 28, 2024.

Motion carried.

PUBLIC COMMENTS: Robert Johnson, representing the Wishram Community Council, introduced himself to the board and provided an update on the recent reestablishment of the council. Mr. Johnson expressed council interest in the PUD attending a council meeting regarding streetlights, trees, and outages. They will reach out to coordinate a meeting date.

REPORTS:

Renewable Energy Assets Update - Kevin Ricks reviewed the August production of 141,754 dekatherms(DTH), approximately 8,000 DTH better than budget. Year to

date, plant output is 37,000 DTH above budget. There were two forced outages during the month: one due to well field construction and the other was an internal forced outage on July 26 caused by a loose wire on the O2 reactor skin temperature probes. These probes were added for historical data collection purposes, but were not intended to be added to the protection scheme. The protection scheme has been modified to exclude the temperature probe data. The outage resulted in 1,100 DTH of production loss. Kevin advised the board that the site superintendent has resigned and he is assuming those duties.

LoCI is currently in negotiations with an interested party to purchase up to 39,414 Voluntary Carbon Credits generated by installation of the system. Gas production continues to rise, with 12 more wells expected to come online soon. Commissioner Miller asked how much of an impact the lost Republic contracts will have on the project. Kevin noted that the lost municipal solid waste contracts could result in an 8% revenue decline without any changes, however, Kevin is optimistic that we will continue to improve the collection efficiency of the well field and can largely negate the effects of the lost contracts. Commissioner Knowles asked if we are actively working with Republic ahead of the next contract renewals. Kevin stated that we will stay involved in upcoming contract negotiations, ensuring that their customers are aware of the superior environmental attributes provided by the KPUD H.W. Hill RNG facility are known and properly recognized in their solid waste RFPs. Commissioner Knowles also mentioned that an outreach to Klickitat County citizens making them aware of the projects' greater benefits to Klickitat County taxpayers would be worth exploring.

Budget Forecast Review - Cynthia Bruce reviewed the June financials and year end forecast. Operating revenues are forecast at \$850,000 above the 2024 budget. Offsetting this, operating expenses are forecast to be \$830,000 above budget by yearend. Non-operating revenue and expenses are forecast to be \$1,200,000 better than budget. Capital expenditures are forecast to be under budget by \$4,900,000 by yearend. Half of this amount is due to delays in the EE Clouse substation project. Those projects that will be brought forward in 2025 or completed in 2025, will be part of the 2025 budget approval process. Debt service coverage is forecast at 2.35 versus a budget of 2.02 and days cash is forecast at 299 versus a budget of 289.

Finance and Power Management Report - The bond sale is scheduled to occur on September 26 if staff is directed to move forward. Rates right now are down 30 basis points from the original models presented to the board. This reduction was not reflected in the provided report. Mike provided three potential new money structuring scenarios. A level structure that pays down the new bonds at the same amount each year over the 20 years, a wrapped structure with debt paid at the end and a hybrid scenario that balances annual debt repayment with low interest costs. The level scenario carries a debt service of \$29,600,000, the hybrid \$30,300,000 and the wrapped \$35,900,000. Commissioner Knowles verified that the level strategy option works with our original thought process, Mike confirmed this also noting that the hybrid version works within our original scope as well. Mike stated that delaying financing until early in 2025 works as well, if things do not change. However, days cash will reduce to a level that could pose issues if we do not then finance these bonds until later in 2025. After discussion about the implications, risks and benefits of proceeding with the bond sale as planned or delaying until spring,

MOTION was made by Commissioner Gunkel to proceed with the bond sale as planned, following the timeline presented by staff. The motion was passed with 2 votes in favor and 1 opposed. Commissioner Knowles opposed the motion. Motion carried.

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 attended the Klickitat County Economic Development Authority meeting July 23. He also noted that he received a

customer question regarding the irrigators discount from BPA. The customer was unaware of fact that their current rate is subsidized. Customer was concerned with future rate adjustments. Commissioner Miller suggested that we utilize this topic for a Ruralite article.

ASSISTANT GENERAL MANAGER - Gwyn Miller reminded staff and commissioners that it was the Klickitat County Fair week and that we would have a booth and three crew demonstrations. Aegis was on site July 24 – 26 completing insurance audits of our electric and water / waste water systems. The audit was less intensive than the last audit. We are awaiting their report.

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:

Advanced Metering Infrastructure (AMI) Project - Jim Smith reported that the AMI Project is nearing completion, with fewer than 20 meters remaining to be installed. This project has been a significant, utility-wide effort, involving thorough billing system audits and the inspection and replacement of every meter within the county.

Initially, 150 customers expressed interest in opting out of the radio frequency (RF) meters. Of these, 35 completed the opt-out process. Some of these customers modified their services to qualify for the option. Two customers chose to go off-grid and some customers opted to relocate their services at their own expense, as they did not qualify for the opt-out program.

Currently, four customers have made formal requests for accommodations to the board. Two have 400-amp services that do not qualify for the opt out option and two are 200-amp services that qualify for the opt out option. Staff requested guidance on addressing these requests for accommodations and in completing these meter exchanges.

The AMI Project Committee was present and provided input to the board. Gwyn Miller discussed the definition of "accommodation," while Jim Smith discussed that any decisions should be equitable to existing as well as new customers. The decision should also consider the specific requests made for accommodation and provide staff clear guidance now and in the future.

After discussion, the board provided guidance that in these four cases, there are reasonable options available to them under the policy as approved.

The Commissioners expressed their support for staff and the efforts made in implementing the policy. They emphasized the importance of continuing to educate customers while ensuring that standards are applied fairly and equitably.

Public Power Council Update - PPC Executive Board approved a motion to support BPA on funding phase 2 of the Southwest Power Pool Markets+ process. All PPC members voted in support except two.

AGENDA ITEMS:

- A. 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.
- B. PREQUALIFICATION OF PROFESSIONAL SERVICES: **MOTION** was made by Commissioner Miller to approve the addition of the consultants provided and agree to add them to the Professional Services roster for the 2024 period. Motion carried.
- C. RESOLUTION 1856- KLINKITAT PUD ELECTRIC SYSTEM REVENUE BONDS: **MOTION** was made by Commissioner Miller to adopt Resolution No.

