

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, September 24, 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, Shelby Manka - Accounting Clerk, Sharon Blodgett - Water/Wastewater Coordinator, Brandon Walter - Water/Wastewater Superintendent, Mike Nixon - Operations Manager, Brandon Johnson - Engineering Manager, Mark Garner - Engineering Supervisor, Justin Beierle - Engineering Superintendent, Sarah Honkala - Accountant, Brandy Myers - Customer and Accounting Services Supervisor, and April Castillo - Operations Administrative Assistant.

Via teleconference: Kevin Ricks - Renewable Energy Assets Manager and Courtney Collins - Engineering Support Assistant.

GUESTS: Stoner Bell via teleconference

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

MINUTES: **MOTION** was made by Commissioner Miller to approve the September 10, 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 24th day of September, 2024.

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

- Accounts Payable Voucher Nos. 220483 through 220586 in the total amount of \$927,916.77; Electronic Funds Transfer (EFT) transaction Nos. 652 through 656 and Wire and Automated Clearing House (ACH) 8802037 through 8802049 in the total amount of \$3,233,784.80 for the period ending September 24, 2024; and
- ACH Direct Deposit Payroll transactions 214812 and 214896 and Payroll check 220482 in the total amount of \$262,810.21 for the payroll period ending September 8, 2024.

Motion carried.

PUBLIC COMMENTS: None.

REPORTS:

Water Wastewater Report - Sharon Blodgett and Brandon Walter presented the department report for August. The department thanked Sohn Kartes for his assistance restoring operations for the Glenwood Effluent Pump. The Aspect Consulting documents regarding Klickitat Water are under review. Ponderosa Park customers were impacted by a water leak. One customer specifically called to commend the crew for their quick response, which was facilitated by alerts from the SCADA system.

The Landfill Gas Infrastructure Fund contributed \$200,000 to the Dallesport Clarifier Project. Commissioner Knowles inquired about the potential for private ownership to take over the Dallesport system, to which Commissioner Gunkel responded that the Dallesport Water Association is a public entity, ensuring ongoing eligibility for funding from the LFG Infrastructure Fund.

It was determined to maintain the current reporting structure for the Glenwood systems until formally notified of any changes in authority. Lastly, the Red Cedar Project is projected to cost approximately \$600,000, with \$300,000 funded by the LFG Infrastructure Fund and the remainder financed through loans.

MOTION was made by Commissioner Gunkel to approve the signing of loan DWL29321-0 for the Ponderosa water system Red Cedar project. Motion carried.

Operations Report - Mike Nixon presented the department report for August, noting that there were no significant outages during the month. However, he does not anticipate meeting the department's goals for the year. Crews are currently dividing their time equally between customer work and maintenance tasks, scheduling one week for customer projects followed by one week for maintenance. Kemp West is operating with only two crews working on the property in August, trimming approximately 15 miles of vegetation management. To expand vegetation documentation, a new line has been added to indicate when lines have been inspected and found to require no trimming.

Engineering Report - Brandon Johnson and Justin Beierle presented the department report for August, highlighting several ongoing projects. Brandon expressed appreciation for the line and meter shop crew's teamwork in successfully exchanging challenging breakers in the substation. The meter shop has also completed the replacement of several high-side fuses at the MA Collins and Glenwood Substations. A voltage regulator is being installed at the end of Horseshoe Bend to enhance voltage support during peak winter loading. Additionally, the department is launching the Operations Analytics module for NISC, which will help identify loading issues and identify selective replacements or upgrades to the system.

Currently, only one meter remains to be replaced with an AMI meter, pending scheduling with the meter shop. Phase balancing has been conducted in Thompson Meadows with the dock crew. The dock transmission line crew is mobilizing this week to start work on the EE Clouse Substation. We have scheduled switching for October to take down the John Day Substation, which will be alternately fed from Wishram. In the coming weeks, the feed to Wishram will be switched to the John Day Substation while the transformer at Wishram is replaced with a refurbished unit.

Mark Garner and Brandon are engaged in discussions with BPA regarding various issues with the Chenoweth line, focusing on options for the double circuit on the Columbia River crossing. The BPA Goldendale property is currently being appraised as part of the SAG process for valuation.

On the PacifiCorp front, BPA has expressed interest in purchasing the line crossing the river; however, PacifiCorp has been unresponsive to inquiries. Recently, PacifiCorp informed us that they will no longer honor the switching agreement due to Public Safety Power Shutoff (PSPS) and will not allow for KPUD switching. We are considering how to respond, and are seeking board direction on this matter. A decision is not required immediately.

We extended an offer to an instrument controls technician, set to begin next Monday, who will be a valuable asset to the meter shop and water/wastewater teams.

In Goldendale, 11 projects were completed this month, including 2,600 feet of primary underground work for customer projects. The mandatory underground requirements are not hindering customer progress. White Salmon completed 10 customer projects with 1,600 feet of underground work, and two new developments

have emerged within the White Salmon district. Capital projects remain active, with 56 pole holes drilled on Dot Road, only three of which encountered solid rock. The Goldendale crew is finishing the Hwy 142 Pit undergrounding project. We currently have several dock crews on the property, with The Bristol to Tunnel Road project utilizing one crew and an additional crew in High Prairie, along with a DJ's engineer conducting a make-ready survey for Klick Networks' pole contact pricing. We expect to receive tree wire materials within the next month to prevent weather-related delays.

Additionally, 6.5 miles of single-phase to three-phase conversion is underway, with 2.5 miles remaining this year. Another 3 miles of transmission will also be completed. Mark reported on the Goldendale Community Preparedness Microgrid, funded by a \$9.82 million FEMA grant and a \$1.53 million Climate Commitment Act match. This project aims to connect KVH and three local school district buildings, featuring a 1 MW of solar installation shared among the sites and a 1 MW battery system with 8 MWh of capacity for KVH. The plan includes creating two microgrids with primary metering—one for KVH and one for the school district, with the potential for interconnection to provide power during major disasters. A 1 MW diesel backup will also be installed. Jim expressed interest in determining ownership of the high-voltage tie between customers to maintain some control over this emerging trend of parallel grids within our service territory. Further discussions on this topic will be coming.

July Financials Report - Sarah Honkala presented the July Financials Report, indicating that total operating revenue is expected to exceed budget primarily due to revenue from RNG. However, White Creek Wind is projected to be higher than budgeted due to increased expenses. The forecast for debt service coverage (DSC) remains stable, and days cash on hand is estimated at 306. The monthly net margin has shown improvement from April through June. Accounting is currently working on budgets and preparing for the state accountability audit scheduled to begin in October.

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

COMMISSIONER DAN GUNKEL - Commissioner Gunkel provided a brief report on a meeting with the pump storage group and Kevin Ricks, which included a tour of the top end of the site, the old aluminum smelter site, and the water intake section. The tour featured participation from both financial and construction project personnel, as well as representatives from Klickitat County's Economic Development and the mayor. Projections indicate that the next decision point from FERC is expected within 6 to 7 months, followed by up to a year of geotechnical work before construction can officially begin. Progress is being made, although Jim continues to receive information that once the FERC license is issued, it is likely to face an appeal. If the issues raised in the appeal are the same as previously addressed, the project can move forward as issued; however, if new issues arise, it will initiate a new review.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller did not have a report.

ASSISTANT GENERAL MANAGER - Brandy provided an update on the Washington Families Clean Energy Credit Program funds used within Klickitat County. With assistance from PROMISE, we were able to distribute \$490,000 in energy assistance funds to 2,456 households and are eligible to seek reimbursement of administrative fees associated with the grant.

Gwyn also reminded the board of the Annual Meeting on taking place at the Goldendale Grange on October 14.

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:

- Cliff's Ground Water Right - The water right was revisited, and the original certificates were located. Staff is in the process of putting together two water rights for both potable and non-potable uses.
- Fire legislation - Investor-owned utilities are actively seeking a legislative solution to reduce their liability. They propose establishing a fund that would allow for disbursements funded by ratepayers, aimed at alleviating the financial burden on investors. A group of PUDs, including Grant, Chelan, Seattle, and Snohomish PUD, is currently discussing this issue with the Washington Public Utility Districts Association (WPUDA).
- Large Use Industrial Power Contracts - We have two industrial customers whose costs are based on pass-through charges from BPA Tier I, along with various overheads. Mike DeMott proposed sending a letter to SDS and PSE one year before their contract expiration, informing them that the new rate will be determined based on what other large loads are charged. The board agreed to proceed in this direction.
- Public Generating Pool study - In 2019, the Public Generating Pool (PGP) invested \$400,000 in a resource adequacy study and is now seeking to update it with more current information. Jim requested the board's support to contribute \$100,000 toward this updated study. The board agreed to provide the funding.
- McNary Update - The Army Corps of Engineers contacted Northern Wasco PUD about temporarily removing part of the electric infrastructure for maintenance over a five-week period. While this project is necessary, it cannot be completed during the winter due to load considerations or in the summer due to fish passage. As a result, our maintenance project will be postponed.

AGENDA ITEMS:

- A. 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.
- B. RESOLUTION 1860 – LOW INCOME ELDERLY DISCOUNT PROGRAM 2024-2025: MOTION was made by Commissioner Miller to adopt Resolution No. 1860 thereby authorizing the annual approval of the low-income elderly discount program not to exceed \$75,000. Motion carried.
- C. EXECUTIVE SESSION per RCW 42.30.110(1)(b): Commissioner Knowles called for an executive session at 3:40 p.m. to discuss the lease or purchase of real estate, where disclosure could likely increase pricing, noting the session would last 45 minutes until 4:25 p.m. 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

/s/
April Castillo, Operations
Administrative Assistant

Date Approved: October 8, 2024