

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners Meeting**  
**Tuesday, October 22, 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 and Douglas B. Miller - Secretary.

**STAFF PRESENT:** Jim Smith - General Manager (via teleconference), Gwyn Miller - Assistant General Manager, Shelby Manka - Accounting Clerk, Mike Nixon - Operations Manager, Mark Garner - Engineering Supervisor, Justin Beierle – Engineering Superintendent, Sarah Honkala - Accountant, Brandy Myers - Customer and Accounting Services Manager, Kevin Ricks - Renewable Energy Assets Manager, Cynthia Bruce - Accounting Supervisor, Mike DeMott - Director of Finance and Power Management, and April Castillo - Operations Administrative Assistant.

Via teleconference: Seth Jones - Buyer, Patrick Carroll - IT Consultant, Luann Mata - Executive Assistant, and Courtney Collins - Engineering Support Assistant.

**GUESTS:** None

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

**MINUTES:** **MOTION** was made by Commissioner Miller to approve the October 8, 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 22<sup>nd</sup> day of October, 2024.

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

- Accounts Payable Voucher Nos. 220758 through 220890 in the total amount of \$ 1,616,467.76; Electronic Funds Transfer (EFT) transaction Nos. 662 through 668 and Wire and Automated Clearing House (ACH) 8802056 through 8802065 in the total amount of \$2,141,863.55 for the period ending October 22, 2024; and
- ACH Direct Deposit Payroll transactions 214986 and 215072 in the total amount of \$280,790.45 for the payroll period ending October 6, 2024.

Motion carried.

**PUBLIC COMMENTS:** None

**REPORTS:**

**Operations Report** - Mike Nixon presented the department report for September. The Industrial Fire Precaution Level (IFPL) has dropped to zero and the burn ban is set to be lifted tonight. We plan on reverting settings for devices placed on one-shot for fire season starting next week. We are currently focusing on maintenance and have minimal customer work.

Line apprentice Cort Ladiges journeyed out on September 20. We have received the third crew from Kemp West and are exceeding our vegetation plan mileage goal for the year. Dale Stelter and Keifer Kastl have been addressing more hazard trees, with mulching taking place as well. We are transitioning to AIDash for vegetation

management tracking and Mark Garner will present this to the board during the second November meeting.

The safety training for winter outage preparedness went smoothly, and BPA walkthroughs are scheduled for this Thursday.

The new signage for the gate at the warehouse has arrived, and we will begin a 24/7 closure on the warehouse yard. Commissioner Miller mentioned it was great to see everyone at the annual meeting and appreciated the strong participation.

**Engineering Report** - Mark Garner and Justin Beierle reviewed the September report. EPC Services completed testing the protection and line up at the EE Clouse substation. The new 115KV line has been strung to the BPA switch at the Goldendale substation. All is nearing completion and we are waiting for the new transformer arrival in February. DJ's will mob out and return in February to commission the transformer. Commissioner Miller inquired about weight restrictions for the transformer delivery in February. Mark confirmed that engineering will follow-up on this with the transport company.

The John Day transmission maintenance has been completed and the John Day substation is feeding load for Wishram as we have the Wishram substation deenergized to replace the Wishram transformer. The meter shop is working with a DJ's contract crew to retrofit the replacement transformer and EPC Services will return to test it. We will then revert Wishram feeds back to normal.

The meter shop also completed WECC testing at Energizer, Willis and Dooley substations. The White Salmon crew completed the Gilmer switch at the Husum substation. Phillip McMillen completed drone inspections on the John Day 115KV line and the Wishram 69KV line prior to our switching. The Harvest Wind to White Creek, White Creek to Rock Creek, and Rock Creek to Energizer inspections are taking place. We hired a new contractor, AmpJack, for lattice tower inspections on the five KPUD lattice towers to get a baseline on fastener corrosion or other degradation. Commissioner Knowles inquired if we have the ability to fly the drone out of sight. Mark reported that this is possible, however the waiver is very restrictive and specific and we have not taken that on.

Customer work has dwindled quite a bit so engineering is completing staking for maintenance and capital projects. We had six customer jobs completed in Goldendale, with an additional six pending. White Salmon completed twelve customer installations and have eight pending customers. Nathaniel Hill has been working with a Dallesport commercial development on a design layout just south of the airport. Aaron Estey is working with the Bingen development and Under Canvas. White Salmon is working through maintenance including phase 1 of Hwy 142 undergrounding, getting the worst taken care of.

The stakers are applying for \$4.5M of grants from Washington State Department of Commerce. Mark said this grant could pay for some of our capital maintenance projects. Justin added that the work focuses on areas such as system hardening, system resilience, and fire mitigation efforts. Commissioner Miller inquired how much is left on the Dot Road project. Justin said 2.5 transmission miles and 7.5 miles of distribution remain. Commissioner Miller complimented the engineering department's flexibility to pivot when there are delays impacting specific projects.

**August Financials** - Sarah Honkala presented the financial highlights for August. RNG, White Creek, and Generation Sales are projected to end the year above budget expectations. Our Debt Service Coverage (DSC) is 2.49 compared to a budget of 2.02 and our forecasted Days Cash on Hand was 313. The cash flow statement forecast remains unchanged, except for interest income which was increased. Our cumulative net margin was \$7.5 million year to date and the year-end forecast is \$8.4 million.

The state accountability audit is scheduled for Thursday afternoon.

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

**COMMISSIONER DAN GUNKEL** - Commissioner Gunkel was not present for a report.

**COMMISSIONER DOUGLAS MILLER** - Commissioner Miller will be attending the Klickitat County Economic Development Administration (EDA) meeting following today's commission meeting.

**ASSISTANT GENERAL MANAGER** - Gwyn Miller proposed changing the call-in date for the second meeting in December to the 23<sup>rd</sup> instead of Christmas Eve. Commissioner Miller agreed with this date. Gwyn will forward PURMS meeting dates to Commissioner Knowles, and expressed her thanks to the board for attending the annual meeting.

**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:

- Jim Smith had nothing to add to his written report.

### **AGENDA ITEMS:**

- A. **2025 KLICKITAT PUD OPERATIONAL BUDGET 1<sup>ST</sup> DRAFT REVIEW:** Brandy Myers, Mike DeMott, and Cynthia Bruce presented the first summary review of the budget.

No actions were taken.

- B. **2025 KLICKITAT PUD RATE PROJECTIONS REVIEW:** Brandy Myers, Mike DeMott, and Cynthia Bruce reviewed the draft proposal. The draft 2025 electric rate proposal shows a revenue requirement for a 4.5% rate increase. 3% of this is the third installment of the 9% increase due to wholesale power costs increasing in 2023. Starting in 2021, we began applying rate increases by class instead of an overall rate increase across all classes. This is to ensure that our rates accurately reflect the cost to serve each rate class and we made these adjustments guided by the current Cost of Service Assessment.

Staff is also making a recommendation to reduce the kWh charge for residential customers and add a demand component to the residential rate. Net metering are part of the standard residential rate class. The proposal is for a \$2 / kW monthly peak demand to be charged only during high load hours, which are 6:00 AM to 10:00 PM. Implementation of a residential demand will require education and conversation with the public. Commissioner Knowles encouraged a very graphic representation of demand charges for public education. Commissioner Miller expressed concerns about the peak hour period of 6:00 AM until 10:00 PM, Monday through Saturday as being too restrictive. He discussed potentially splitting the peak into an AM and PM peak timeframe.

No actions were taken.

- C. **PREQUALIFICATION OF CONTRACTORS:** **MOTION** was made by Commissioner Miller to approve the contractors as presented and agreed to add them to their respective rosters for the 2024 period. Motion carried.

**Adjourned** - There being no further business, the meeting adjourned at 3:33 p.m.

/S/

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Randy L. Knowles, President

Absent

Dan G. Gunkel, Vice President

/S/

Douglas B. Miller, Secretary

Date Approved: November 12, 2024

/s/

April Castillo, Administrative Assistant