

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, November 12, 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, Gwyn Miller - Assistant General Manager, Shelby Manka - Accounting Clerk, Anita Clever - Energy Services Specialist, 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, April Castillo - Operations Administrative Assistant, Doug Strathdee - LFG Gas Field Tech Lead, and Luann Mata - Executive Assistant/Clerk of the Board.

Via teleconference: Ocean Barrett - W/WW Support Assistant, Mike Nixon - Operations Manager, Brandon Johnson - Engineering Manager, Mark Garner - Engineering Supervisor, Seth Jones - Buyer, Patrick Carroll - IT Consultant, Alex Casimiro - LFG O&M Tech Trainee, and Courtney Collins - Engineering Support Assistant.

GUESTS: Peter Quigley, LoCI Controls CEO and Chairman of the Board; Nicole Neff, LoCI Controls Director of Environmental Attributes

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

MINUTES: **MOTION** was made by Commissioner Miller to approve the October 22, 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 12th day of November, 2024.

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

- Accounts Payable Voucher Nos. 220891 through 221041 in the total amount of \$ 1,428,934.99; Electronic Funds Transfer (EFT) transaction Nos. 669 through 677 and Wire and Automated Clearing House (ACH) 8802066 through 8802077 in the total amount of \$4,343,813.32 for the period ending November 12, 2024; and
- ACH Direct Deposit Payroll transactions 215073 through 215245 in the total amount of \$505,328.50 for the payroll periods ending October 20, 2024 and November 3, 2024.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Renewable Energy Assets October Report - Kevin Ricks presented the department report for October. There were two internal and one external forced outages in October, but the production was still 10,000 dekatherms better than

budget. Reliability factor declined from 95.1% to 95% and the capacity factor fell slightly to 88.9%. One of the LFG Tech Trainee's tendered his resignation this month thus we are currently recruiting for trainee positions. Kevin and Loren Davido attended a Perry Tech Career Fair and have a tour at RNG scheduled on November 22 for three perspective applicants. Commissioner Knowles inquired about the Williams Pipeline metering discrepancies which are currently under review.

Power and Finance Update- Mike DeMott reviewed 2024 Mid-C pricing including forward pricing for the remainder of the year. With the exception of January, 2024 prices have come in below budget. 2025 forward pricing has remained consistent with that in the 2025 proposed budget.

The BP-26 initial contract proposal is expected this week which will contain proposed BPA rates for the 10/1/25 to 9/30/28 period. The BPA post 2028 contract drafts are expected in March 2025, final drafts in June, offers to customers in September with execution expected by December of 2025. We won't know our contract high water mark (CHWM) until the contract is actually issued, although we expect an increase of about 2 aMW. Customers are to make their above CHWM / Tier 2 service election by July 2026 under the current schedule.

The Energy Authority (TEA) manages our John Day to COB transmission intertie. 2024 has been the best year yet and we expect \$900,000 in revenue for the year with \$680,000 in net revenue after expense. From 2025-2029 we are proposing more conservative revenue projections given changes expected in markets.

White Creek project owners have approached energy purchasers who hold an asset purchase option for the project.

September Financials - Sarah Honkala presented the financial highlights for September. We continue to project that RNG, White Creek, and Generation Sales will end the year above budget expectations, however the forecast for total operating revenue is down slightly from August. Our year end forecasted Debt Service Coverage (DSC) remains 2.49 compared to a budget of 2.02 and our forecasted Days Cash on Hand has increased to 319.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles attended annual Public Utilities Risk Management System (PURMS) meeting last week. Overall, insurance costs are rising, especially for fire coverage, and coverages are reducing. There is an initiative to explore utilities and PURMS members creating a new, larger insurance pool. Gwyn Miller added that Brown and Brown representatives attended the meetings. We are still under the 2-year grace period, however she expects coverage changes will be implemented when that grace period ends. Costs are 13-18% higher for overall health and welfare. Our cyber security systems are under insurance review.

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

COMMISSIONER DOUGLAS MILLER - Commissioner Miller confirmed that he attended the Klickitat County Economic Development Administration meeting. He also noted he will attend the WPUA meetings Wednesday and Thursday by zoom.

ASSISTANT GENERAL MANAGER - Gwyn Miller provided an insurance update in conjunction with Commissioner Knowles PURMS report.

GENERAL MANAGER - The complete report can be found at:
http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx

- Jim Smith did not have additional updates.

AGENDA ITEMS:

- A. LOCI CONTROLS PROJECT REVIEW - Peter Quigley, LoCI Controls CEO and Chairman of the Board, Nicole Neff, LoCI Controls Director of Environmental Attributes along with Doug Strathdee, KPUD's RNG Field Tech Lead, reviewed the LoCI Controls program installation, well field operation and improvements made over the past several years on the Roosevelt landfill. The control units continuously monitor each well and adjust each unit in small increments as needed to maximize gas quality and collection. This automation allows for faster response to the changing elements in the gas field than by tuning manually. The board was presented with a check symbolizing the value LoCI and KPUD have achieved through carbon credits created during 2023. The system has generated carbon credits that are the equivalent of removing the emissions from 15,000 passenger vehicles this year alone.
- B. RHINE VILLAGE MULTI-FAMILY NET METER AGGREGATION CONTRACT REVISION - **MOTION** was made by Commissioner Miller to approve the revised Addendum to the Rhine Village Multi-Family Net Metering Aggregation Contract #2023-2026-V2 as requested. Motion carried.
- C. PREQUALIFICATION OF CONTRACTORS - **MOTION** was made by Commissioner Miller to approve the addition of the contractors presented and agree to add them to their perspective rosters for the 2024 period. Motion carried.
- D. PREQUALIFICATION OF PROFESSIONAL SERVICES - **MOTION** was made by Commissioner Miller to approve the addition of the firms presented and agree to add them to the Professional Services roster for the 2024 and 2025 periods. Motion carried.
- E. 2025 KLICKITAT PUD OPERATIONAL BUDGET DRAFT 2nd REVIEW - Brandy Myers, Mike DeMott, and Cynthia Bruce presented the updated summary for review. They reviewed the budget assumptions noting the revenue requirement is still projected to be 4.5%. We now know that the BP-2026 power supply costs will increase in the range of 8.5%. This increase will go into effect 4th quarter of 2025, but is not yet finalized. We are still including the last 3% of the 9% increase in our above high-water mark wholesale power purchases we saw in 2023 that is being spread out over 2023, 2024 and 2025. Specific budget line items were reviewed. Staff will bring back the updated adjustments at the next meeting.

No action was taken.

- F. 2025 KLICKITAT PUD RATE PROJECTIONS 2nd REVIEW - Brandy Myers, Mike DeMott, and Cynthia Bruce reviewed the updated draft 2025 electric rate proposal. There were no revisions to the first proposal.

Discussion was held on the residential rate redesign to include a demand component. Commissioner Knowles reiterated the need for a strong education component to precede the demand charge implementation. Commissioner Miller reemphasized his concerns about the peak demand hours being restrictive and felt that if we proceed, we should apply a small value to the demand component in January, so we can prompt conversation, prior to a proposed April implementation of the demand component. He was also supportive of demonstrating the reduction in the kWh charge when a demand assessment is added. Staff will bring back a model of this request. Commissioner Miller also proposed that no rate increase be applied to the Small General Service and Standard Irrigation rate classes as the COSA demonstrates that these two rate classes are already covering their costs of service.

No actions were taken.

- G. SET THE PUBLIC HEARING DATE- 2025 KLICKITAT PUD OPERATING BUDGET - MOTION was made by Commissioner Miller to authorize staff to advertise for the 2025 Klickitat PUD Operating Budget hearing to be held on December 10, 2024, beginning at 3:00 p.m. in the Klickitat PUD Meeting room. Motion carried.
- H. SET THE PUBLIC HEARING DATE- 2025 KLICKITAT PUD ELECTRIC RATE ADJUSTMENT - MOTION was made by Commissioner Miller to authorize staff to advertise for the 2025 Klickitat PUD Electric Rate Adjustment hearing to be held on December 10, 2024, beginning at 3:00 p.m. in the Klickitat PUD Meeting room in conjunction with the 2025 KPUD Operating Budget hearing. Motion carried.
- I. POLICY 26- KLICKITAT PUD LOGO WEAR PROGRAM - MOTION was made by Commissioner Miller to approve the revisions to Policy 26. Motion carried.
- J. EXECUTIVE SESSION: REVIEW THE PERFORMANCE OF A PUBLIC EMPLOYEE PER RCW 42.30.110 (1)(g) - President Knowles called for an Executive Session at 5:30 p.m. per RCW 42.30.110 (1)(g) noting that the session would last for 15 minutes until 5:45 p.m., for the purpose of beginning the annual performance review of the General Manager. The session ended at 5:45. No action was taken.

Adjourned - There being no further business, the meeting adjourned at 5:45 p.m.

/S/
Randy L. Knowles, President

/S/
Dan G. Gunkel, Vice President

/S/
Douglas B. Miller, Secretary
Date Approved: November 26, 2024

/s/
Luann Mata, Executive Assistant