

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, December 10, 2024
2:00pm

CALL TO ORDER: Vice President Dan G. Gunkel called the meeting to order at 2:00 p.m. as advertised.

PRESENT: 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, Sarah Honkala - Accountant, Brandy Myers - Customer and Accounting Services Manager, Cynthia Bruce - Accounting Supervisor, Mike DeMott - Director of Finance and Power Management, Mike Nixon - Operations Manager, and Luann Mata - Executive Assistant/Clerk of the Board.

Via teleconference: Brandon Johnson - Engineering Manager, April Castillo - Operations Administrative Assistant, Mark Garner - Engineering Supervisor, Anita Clever - Energy Services Specialist, Kevin Ricks - Renewable Energy Assets Manager, Ocean Barrett - W/WW Support Assistant, Patrick Carroll - IT Consultant, and Courtney Collins - Engineering Support Assistant.

GUESTS: Tracy McCune via phone

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

MINUTES: **MOTION** was made by Commissioner Miller to approve the November 26, 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 10th day of December, 2024.

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

- Accounts Payable Voucher Nos. 221209 through 221312 in the total amount of \$ 1,412,243.53; Electronic Funds Transfer (EFT) transaction Nos. 683 through 688 and Wire and Automated Clearing House (ACH) 8802090 through 8802097 in the total amount of \$481,091.30 for the period ending December 10, 2024; and
- ACH Direct Deposit Payroll transactions 215331 through 215412 in the total amount of \$248,052.67 for the payroll period ending December 01, 2024.

Motion carried.

PUBLIC COMMENTS: Tracy McCune inquired about our review of the Landis+Gyr meter standard she provided last meeting. On November 26th Commissioner Knowles stated that he would have staff review the information, provide their feedback, then he would follow up with Ms. McCune directly. She also inquired about locating the manager's reports on our website. These reports are attached to the agendas when posted on website and we will update the link referenced on the meeting minutes to provide a clear path to them.

REPORTS:

Power and Finance Update - Mike DeMott reported that actual 2024 Mid-C pricing has been trending under what was included in the 2024 budget. 2025 forward pricing was reviewed.

The initial BP-26 rate proposal was reviewed but Mike noted it is not yet approved and is subject to change. The current proposal includes an average 10% Tier 1 increase, an 11% demand increase and 10% increase to Tier 2. They are also proposing a 20% increase in NT Transmission rates. The NR Rate proposal for new large single loads (NLSL's) is a 40% increase. The cost would be \$123/MWh for these large loads. Mike projects that our BPA power rate impact will be around 6% for the next rate period. Commissioner Gunkel inquired if customers utilizing the NR rate are being provided a carbon free product. Mike does not believe that product can claim to be carbon free.

We are still working on the White Creek valuation and have not received anything from Excelsior at this time. Mike discussed the contract end-of-term timelines and the deadline dates. The commissioners asked if the timeline actually works. That is yet to be determined, but the timeline seems very tight. Commissioner Miller asked if a pumped storage project would be interested in buying a wind project to help regulate the availability of their product.

Climate Commitment Act auctions allowances were discussed. Our 2025 allocations are in a holding account, and if we intend to sell during the Q1 auction, we are required to submit that by December 20. Pricing right now is fluctuating between \$35 and \$60. Prices from the most recent auction have not been published yet. Mike asked for board direction on selling allowances during 2025. After discussion, **MOTION** was made by Commissioner Miller to delegate to the General Manager the authority to sell all or a portion of our 2025 carbon credit allowances at his discretion if current market conditions expect to yield a price of \$40 or higher. Motion carried

October Financials Update - Sarah Honkala presented the report. Retail revenue is forecasted to end the year \$1,900,000 better than budget. Expenses are also forecasted to end the year \$140,000 better than budget.

The current debt service coverage (DSC) is 2.53, compared to budgeted 2.02, and the days cash on hand is 332, compared to budgeted 289. We are forecasted to end the year in a positive net position of \$8,200,000. The total cash balance for October was just under \$56,000,000.

The Washington State Accountability Audit is complete and we are beginning our Moss Adams financial audit process.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles was not present for the meeting.

COMMISSIONER DAN GUNKEL - Commissioner Gunkel did not have a report.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller attended the Washington State Accountability Audit exit conference. A few recommendations were discussed. Commissioner Miller felt these recommendations should be evaluated internally to determine best practice and that we only make the changes that benefit our customers. He also reviewed an article regarding PGE buying 1GW of Montana wind and building a transmission corridor out of the Dakotas. He questioned if this happened, would it cause issues for us. Jim's understanding is that it would actually help with congestion as the electrons would actually flow to load on the eastern end of BPA's service territory, but it is not clear if it would impact capacity at critical load times or not.

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

Satus Pass Distribution Line - Jim Smith reported that he continues to work on the Satus line liability issues.

Public Power Council - Jim has been elected to the post of Vice-Chair of the PPC Long Range Planning committee. His intent is for the committee to focus on the BPA resource planning process and BPA's implementation process to complete transmission projects that address preference customers' transmission system reliability and load growth needs. These issues align directly with Klickitat's needs as well.

AGENDA ITEMS:

- A. RESOLUTION 1862 SURPLUS OF VEHICLES - **MOTION** was made by Commissioner Miller to adopt Resolution 1862 authorizing staff to surplus vehicles 123,160,189,293, and 298. Motion carried.
- B. TREE TRIMMING CONTRACT EXTENSION - **MOTION** was made by Commissioner Miller to authorize staff to execute the 1-year extension to the 2024 Tree Trimming Bid contract in the amount of \$2,332,000 to Kemp West for the 2025 period. Motion carried.
- C. RESOLUTION 1863 CANCELLATION OF UNCLAIMED WARRANTS - **MOTION** was made by Commissioner Miller to adopt Resolution 1863 authorizing the cancellation of unclaimed warrants for 2023 in the amount of \$62,909.21 per RCW 36.22.100. Motion carried
- D. POLICY 23-PURCHASING POLICY - **MOTION** was made by Commissioner Miller to approve the revisions to Policy 32 as presented. Motion carried
- E. RESOLUTION 1864 ADOPTION OF PURCHASING AND ROSTER PROGRAM - **MOTION** was made by Commissioner Miller to adopt Resolution 1864 authorizing changes to our purchasing process and transitioning our works roster administration to the Washington State Municipal Research Services Center of Washington (MRSC) roster system. Motion carried.
- F. RESOLUTION 1865 ADOPTION OF CERTIFYING OFFICER AND AGENTS - **MOTION** was made by Commissioner Miller to adopt Resolution 1865 authorizing the certifying officer and agents as presented. Motion carried.
- G. 2023 ANNUAL WRITE-OFFS - Our write-offs for 2023 are 0.139% of the 2023 total sales. Brandy recognized the diligent effort of customer service staff which resulted in the significant reduction in write-offs, cutting it by nearly half of the 2022 total write-offs. **MOTION** was made by Commissioner Miller to accept the write-off list as recommended by staff. Motion carried.
- H. 2025 KLICKITAT PUD OPERATIONAL BUDGET HEARING - Commissioner Gunkel opened the budget hearing at 3:00 p.m. as advertised.
- I. 2025 KLICKITAT PUD ELECTRIC RATE HEARING - Commissioner Gunkel opened the rate hearing at 3:00 p.m. as advertised.

Cynthia Bruce, Brandy Myers and Mike DeMott presented the 2025 Operating Budget and the 2025 Electric Rate recommendations. There were no material changes to the budget and rate proposals from those presented at the November 28, 2024 board meeting. The average electric rate revenue increase is 4.5%. The individual rate class increases vary and the residential rate increase is still 3.55% to all rate components. At the end of the presentation the floor was opened for Public Comment.

Tracy McCune, a resident from Lyle agreed that rate adjustments seemed reasonable to her and she asked for clarification on street light rates. Brandy

