

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, June 22, 2021
2:00 p.m.

Due to the office closure associated with COVID-19 precautionary standards, in person attendance is still restricted. Attendance is noted below.

CALL TO ORDER: President Douglas B. Miller called the meeting to order at 2:00 p.m. as advertised.

PRESENT: Douglas B. Miller - President and Randy L. Knowles - Vice President

STAFF PRESENT: Jim Smith - General Manager, Gwyn Miller - Assistant General Manager, Alex Casimiro - AP Clerk, Sharon Blodgett - Water/Wastewater Coordinator, Ron Schultz - Engineering Manager, Brandon Johnson - Engineering Tech, Mark Garner - Customer Engineering Supervisor, Cynthia Bruce - Accounting Clerk, Beth Schroder - Accountant and Luann Mata - Executive Assistant

Via teleconference: Kevin Ricks - Renewable Energy Assets Manager, Mike DeMott - Director of Finance and Power Management, April Greenlaw - Operations Support Assistant, Brandon Walter - Water/Wastewater Superintendent, Brandy Myers - Customer and Accounting Services Manager.

GUESTS: No one identified themselves.

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

MINUTES: MOTION was made by Commissioner Knowles to approve the June 8, 2021 meeting minutes. Motion carried.

CLAIMS & PAYROLL: Presented by Alex Casimiro. 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 22nd day of June, 2021.

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

- Accounts Payable Voucher Nos. 210563 through 210703 in the total amount of \$946,772.49; Wire and Automated Clearing House (ACH) transaction Nos. 8801489 through 8801494, along with Electronic Funds Transfer (EFT) transaction Nos. 245 through 250 in the total amount of \$1,623,640.40 for the period ending June 22, 2021; and
- Payroll Warrant No. 210562 and ACH Direct Deposit Payroll transactions 207219 through 207301 in the total amount of \$202,093.41 for the payroll period ending June 6, 2021.

Motion carried.

PUBLIC COMMENTS: None.

REPORTS:

Water/Wastewater May update – Sharon Blodgett discussed the May Report. Staff responded to a dig in on Lakeside Road. A contractor working without a locate damaged a water line, repairs were completed and the contractor will be billed for the cost of repairs. The GPS information for this water line is being sent to our GIS Specialist to be added to the mapping program for future reference. Sharon also

recognized that the newer operators are beginning to find their niche, providing support and innovative suggestions. After board direction for the Glenwood water system connection process, we had eleven applicants in the queue. We received payment from seven applicants for service. Four of these now have meters installed, the other three require a line extension for service. Of the four remaining applicants in the queue, three have backed out and one requires site visit. Staff has been in discussions with the Klickitat School District regarding irrigation best practices to help with source production during summer months. The project in the Wishram Heights subdivision is moving forward rapidly. They have expressed their plan to have all of the meters installed by the end of 2021. The Lyle radio water meter installation and GPS project is nearly complete.

Operations May update - Mark Garner provided the May Operations Report. May's reliability figures and crew construction projects were discussed. Construction work in the Goldendale area has increased. Crews are also completing right of way clearing one week a month. They have also upgraded a few reclosers for units with non-reclose capability and moved one recloser to a better location in preparation of fire season. The contractor tree crews and faller are working in the Klickitat area.

Engineering May update - Mark Garner, Ron Schultz and Brandon Johnson reviewed their Engineering department update for May. Data center inquiries are still coming in. One of these entities has paid to complete a new feasibility study at the Energizer Substation. We have hired an engineering intern for the summer as part of a program sponsored through Energy Northwest. Programs like this will assist us in our efforts to grow our own staff. Ron is focused on development of a staff training plan. Engineers are very busy with new installation inquiries. With all of the maintenance projects and right of way work, new installations are scheduled out several weeks. Engineers are also concentrating on fire mitigation planning efforts.

May financial update - Cynthia Bruce and Beth Schroder presented the financial report for the month of May. Finance committee reviewed our financial performance through May. Renewable Natural Gas revenues remain below budget through May, offset by White Creek wind revenue. Retail rate revenue and Aid in Construction revenue are above budget. Net revenue is above budget year to date. With the uncertainty of when LOCI production increases may be realized, forecasted revenues for the RNG project have been reduced by \$300k. Year-to-date expenses continue to be under-budget. The year-end expense forecast has been decreased by \$500,000. The 2nd quarter year-end forecast will be provided in August, allowing the completion of June financial reports to be included in the review by staff. We are working through the final M&E tax exemption reimbursement submission for RNG. Anticipated funds are at least \$300,000. Our current year-end forecasted debt service coverage is 1.79. This increase from budget is due to the refinance as the budget did not include the refinancing. To help with this, we have added new budgeted numbers for DSC and for Days Cash on Hand that take the refinancing into account so we can see a truer picture of our financial performance during the year. Capital spending is under budget. Staff will evaluate capital projects as we move through the second half of the year. The accelerated debt repayment expense has been added to the financial reporting. Current year-end forecast includes a payment of \$1,000,000. This will continue to be evaluated as we move through the year. Lastly, we are forecasting to have 241 days cash on hand at year-end.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller stated he would attend the Washington Public Utility District Water quarterly water meeting teleconference.

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

COMMISSIONER DAN GUNKEL - Commissioner Gunkel was absent from this meeting.

GENERAL MANAGER – The following items are additions to the GM report.

The complete report can be found at:

http://www.klickitatpud.com/topicalMenu/commissioners/GM_Reports.aspx

- COVID update - Jim said that with state plans to open up at the end of June, our intention is to open our offices at the same time. We will open our lobbies in Goldendale and White Salmon on June 30, however White Salmon will operate under a reduced schedule due to coverage. We will also open our commission meetings up to the public again. We are completing work this week to finalize the room audio-video updates and will rearrange the room to accommodate customer attendance. Our plan is to keep the WebEx functions and phone available for the next meeting, then will reevaluate meeting options for future meetings.
- Pumped Storage update - Department of Ecology has notified us that the project's 401C Water Quality application was denied without prejudice. The project proponents, Free Flow Power (FFP) filed this application early, in part because their expedited FERC application process required it. They were not actually ready to file this application and many of the details were lacking. As FERC has now rejected their request for the expedited licensing process, they will refile this application when they are ready.
- Weekly Fire Risk Meetings - we are holding weekly meetings to discuss DNR's Industrial Fire precaution Level (IFPL) levels as well as the national weather service's weather watch warnings. From this and other local information, we are taking actions as appropriate with reclosers, vegetation management work and crew notifications.
- Vegetation Management Software – staff is evaluating software used by some utilities to help us improve our vegetation management. The software potentially will help us with improving determination of vegetation encroachment in our rights of ways, identify hazard trees and forest health, provide a tool to prioritize and track our vegetation management work as well as build local growth patterns to help us determine trimming cycles.
- Potential Water Service request - Scott Tillman of NSC is evaluating construction of a mobile home park on the East end of the Aluminum plant property. This application would take significant infrastructure construction but may provide opportunities for the Cliffs Water System, so Jim will engage Tom McDonald in our response.

AGENDA ITEMS:

- RESOLUTION 1805: MISCELLANEOUS SURPLUS SALE - MOTION** was made by Commissioner Knowles to approve Resolution 1805 authorizing staff to surplus the items referenced in the packet. Motion carried.
- LARGE LOAD POLICY UPDATE - MOTION** was made by Commissioner Knowles to adopt the recommended changes to Policies 16- Line Extension, 20- Transmission Service Generation Interconnection, 21- Customer Service-Electric and Policy 43- Electrical Interconnection Requirements as presented by staff. Motion carried.
- BID AWARD ECHO GLEN TO BRISTOL RD REBUILD - MOTION** was made by Commissioner Knowles to approve the bid award to Magnum Power in the amount of \$510,407.00 as the low successful bidder. Motion carried.
- PREQUALIFICATION OF PROFESSIONAL SERVICES - MOTION** was made by Commissioner Knowles to approve the addition of Radio Service Solutions, LLC and AiDash and agree to add them to the Professional Services roster for the 2021 period. Motion carried.

Adjourned - There being no further business, the meeting adjourned at 4:07 p.m.

Public Utility District No. 1 of Klickitat County
Water and Wastewater Rate Hearing
Tuesday, June 22, 2021
6:00 p.m.

CALL TO ORDER: President Douglas B. Miller opened the rate hearing at 6:00 p.m. as advertised.

PRESENT: Douglas B. Miller - President and Randy L. Knowles - Vice President (via teleconference).

STAFF PRESENT: Jim Smith - General Manager, Gwyn Miller - Assistant General Manager, Sharon Blodgett - Water/Wastewater Coordinator, April Greenlaw - Operations Support Assistant, and Luann Mata - Executive Assistant

PUBLIC PRESENT (VIA TELECONFERENCE): Rex Maurer, Robert Ransier, and name not provided when requested.

Jim Smith opened the hearing stating that each of these systems are financially stand-alone systems. This means that each system has to sustain themselves, so if there are required maintenance projects or upgrades, those costs are born by the individual system customers. Any excess funds are also retained within that particular system.

Jim then reviewed the proposed rate adjustments, referring to the individual letters sent to each water and waste water system customer to present the rationale behind the recommended rate adjustment for each system. The summary rate sheet and these letters are attached to these minutes to document information presented to the Board.

Upon completion of the individual water and waste water system rate reviews and staff rate adjustment recommendations, the floor was opened to the public for comment and questions.

Public Comment Period opened at 6:15 p.m.

Rex Maurer - made a statement regarding his concern that there may be impact to the Rimrock Water Source by proposed developments in the area surrounding the Rimrock Water System. Robert Ransier - was unable to connect his audio, but he entered "no comment" in the chat screen. Name not provided - stated they did not have a comment at this time.

Public comment ended at 06:22 p.m.

AGENDA ITEMS CONT.:

- E.** Water/Wastewater Public Rate Hearing After hearing the public comments, **MOTION** was made by Commissioner Knowles to approve the 2021 Water and Wastewater rates as recommended by staff. Therefore published rates become effective on June 30, 2021. Motion carried.

Adjourned - There being no further business, the meeting adjourned at 6:25 p.m.

Douglas B. Miller, President

Randy L. Knowles, Vice President

ABSENT

Dan G. Gunkel, Secretary
Date Approved: _____

Luann Mata, Executive Assistant