

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, September 28, 2021
2:00 p.m.

Meetings are now open to the public, teleconference was offered during this meeting as we transition back to in person attendance. 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, Randy L. Knowles - Vice President, and Dan G. Gunkel - Secretary

STAFF PRESENT: Jim Smith - General Manager, Alex Casimiro - AP Clerk, Isabelle Carroll - AP Clerk, Mark Garner - Engineering Supervisor, Ron Ihrig - Interim Operations Manager, Sharon Blodgett - Water/Wastewater Coordinator, Brandy Myers - Customer and Accounting Services Manager, Mike DeMott - Director of Finance and Power Management, and Luann Mata - Executive Assistant.

Via teleconference: April Greenlaw - Operations Support Assistant, Brandon Walter - Water/Wastewater Superintendent, Geoffrey Lacefield - System Engineer, Sarah Honkala - Accounting Clerk, Brandon Johnson - Engineering Supervisor, Jeff Thayer - Purchasing Manager, and Cynthia Bruce - Accountant.

GUESTS: Beth Schroder

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

MINUTES: MOTION was made by Commissioner Knowles to approve the September 14, 2021 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Presented by Alex Casimiro and Isabelle Carroll. 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 28th day of September, 2021.

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

- Accounts Payable Voucher Nos. 211380 through 211486 in the total amount of \$622,953.37; Wire and Automated Clearing House (ACH) transaction Nos. 8801530 through 8801535, along with Electronic Funds Transfer (EFT) transaction Nos. 271 through 276 in the total amount of \$2,290,845.75 for the period ending September 28, 2021; and
- Payroll Warrant No. 211379 and ACH Direct Deposit Payroll transactions 207844 through 207937 in the total amount of \$238,116.04 for the payroll period ending September 12, 2021.

Motion carried.

PUBLIC COMMENTS: None

REPORTS:

Water/Wastewater July update - Sharon Blodgett discussed the August Report. Mike Krause was hired on September 13 as an Operator Trainee.

A large leak was located in the Glenwood water system on Hanson Road. There was a 12" split across the top of a 2" water main. The estimated water loss was 324,000 gallons.

Rimrock water system has one remaining Department of Health (DOH) approved water connection. Staff is actively pursuing water leaks in this system and evaluating the option of additional connections with Department of Health. While the crew was lowering a waterline on Adams Loop, they noticed the shut off valve appeared to be leaking. They estimated that they were losing 2-3 gallons per minute and that this leak has been ongoing for some time. With the location of this leak, staff considered canceling the leak detection service scheduled for September 23. Additional discussions determined that continuing with this service would still be beneficial. This testing was completed last week, no report yet. Once we have completed these leak evaluations and get our water use efficiency numbers back down, staff will then pursue additional system connections.

We are completing an emergency source investigation for the Bickleton water system. The original thought was to use the Bickleton School well, however, this past year they have experienced productivity issues. This has lead staff to pursue additional options. Greg & Jennifer Wilson may consider allowing their well for this service if our testing efforts establish their source is viable. Staff did ask the Board to consider their thoughts on whether or not they would allow the Wilson's to continue to use their well if it were agreed upon to be the Bickleton Water System emergency source.

After discussions with DOH, regarding the unsatisfactory source test results in Ponderosa, we will need to complete a capacity test and provide a construction report to DOH prior to upgrading the pump for well #1. Russ Patton is working on the details.

Operations August update - Ron Ihrig and Mark Garner presented the August update. Ron began the report stating that as of August we are still not meeting our reliable goal and cannot meet it by year end. Yesterday, we had a transmission outage toward Cleveland. It is common that the first rains of the fall season will bring on outages due to the moisture. Ron then complimented the crews and office staff for their outage response efforts. The crew found the problem, changed out the transmission pole and had everyone back in service within 4 hours.

Schedules - The Goldendale crew is scheduled two weeks out. Tim Garrigus has returned to work in his serviceman position. This allows the rotating temporary service man to return to the crew. The White Salmon crew is scheduled three weeks out at this point. They have around a week of customer work and have two weeks of work within the Husum substation to complete during this time.

Vegetation management - With the termination of the Asplundh contract, we have brought on a new Northwest Line Clearance crew to continue the work on the Satus line. We have two Northwest Line Clearance crews in the White Salmon area working near Loop Road. Rick Slawson is working a few weeks a month falling trees with Dale Stelter. In July there were 281 trees removed. In August that number was 151 trees. Ron has been evaluating our vegetation management projections for future work. His recommendation was to try and utilize three crews the rest of this year and in 2022. This would likely be two crews working feeders from beginning to end and one crew working on identified hot spots. He also recommended continuing to contract the tree removal effort as well. Lastly he mentioned that once we have gathered a few years of data the AI Dash and mapping technology we are implementing, should assist with making our vegetation clearing efforts more efficient in the future. Commissioner Miller inquired if we should consider undergrounding lines in these higher risk areas. Ron stated that right now, the material costs are challenging, but that it could be a philosophy to consider in the future. Commissioner Knowles would like to see a cost comparison of the vegetation management contractor costs vs. undergrounding line, staff will bring back an evaluation.

Lastly, we experienced a break-in at the Goldendale warehouse last night. Northwest Line Clearance had a vehicle parked at our warehouse. They did not have one of their bins locked on their truck and a chainsaw stolen. This incident was reported to the police department.

Engineering July update - Mark Garner provided the August update.

Mark and Brandon Johnson attended a call with Mid-Columbia Economic Development District. The discussion was focused on the potential to bring dark fiber from Benton County to provide redundancy in the fiber service to the Gorge. MCEDD stated there is federal and regional interest. There is also grant funding available for potential funding options. Our contribution was to state that, if the project was funded, we would be willing to provide and maintain the dark fiber infrastructure. However, we do not have the interest or staffing to provide last mile fiber service to homes. The Commissioners were supportive of evaluating the potential to supply the back-bone main fiber line if funding was provided, but reinforced that we are not set up to provide last mile service. Staff will bring back information as discussions develop.

MA Collins substation construction material bids are running into potential lead time issues. We have a short construction window for this project. The plan was to purchase a prefabricated control building to minimize construction times, but the lead times are still in question. The Bonneville Power Administration's Rock Creek outage is scheduled for October 4-14, the initial switching will take down Renewable Natural Gas and the town of Roosevelt for a few hours. RNG plans to come back online before the 14th. Engineering is working with BPA to evaluate the possibility that an outage may not be necessary when they switch back to normal operation.

The Husum substation equipment installation and commissioning will be complete tomorrow. There is a night outage scheduled for Friday, October 8 beginning at 11:30 p.m. to 3:00 or 4:00 a.m. Saturday, October 9. The PacifiCorp operating agreement is signed and in place for future operations.

Staffing - Jim Brokaw is now the Metershop Superintendent. He has moved his desk location to the main office. Darren Shattuck was awarded the vacated Metershop Foreman position and there are offers extended to two wireman applicants.

Customer engineering has remained steady in August. The fall rush is beginning to pick up. White Salmon still has one customer four weeks out, but they are waiting for their electrician, not us. The Dock Crew is still working in Bickleton. They are rebuilding and conductoring the Sand Ridge Rd. project. This should be wrapped up at the end of next week. Once the removal project is complete, they will leave the property; we may bring them back to complete a 3 phase customer project in the Garrison Road area, if construction work in Goldendale increases.

Customer Service COVID-19 program and account status update - Brandy Myers provided an update on the available programs and staff efforts in preparation of the impending end to the disconnection moratorium. She stated her appreciation of the board's support and staffs efforts reaching out to customers who could benefit from our current programs. The programs have been promoted since July, with additional promotion over the next two months. We have assisted 537 customers, which equates to \$95,168 worth of assistance provided to date. Staff has increased their efforts to develop or reestablish key community partnerships. Informational pamphlets are being distributed now through those community partners. We have advertised at the local bank branches and provided information at local businesses. Unless the disconnect moratorium changes, it is scheduled to end September 30. In preparation of the lifting of the moratorium, we have had staff out placing door hangers this past week. This effort has provided a dual purpose; it meets the requirements for proceeding with disconnects, as well as provides us an opportunity to reach out with flyers promoting the assistance programs. Staff has distributed over one hundred door hangers this week. Additionally, over 500 outgoing customer calls are scheduled for this week. With this moratorium ending we are preparing to

once again reinstate late fees and penalties as well. Once we begin the disconnections we do not plan to provide after hour reconnection options at this point.

Our accounts receivable revenue continues to increase. The 20-21 collection balances continue to increase as well, but the number of costumers contributing to that collection balance have not changed much. Fortunately we are not as far behind as we had originally projected. The account write-offs between 2021- 2022 will continue to increase. We expect the overall “Over 91 days” uncollected to drop, however, we anticipate that the “inactive accounts” will increase.

Facilities - Brandy discussed the White Salmon hours of operation. She requested that we continue the business hours of Monday through Thursday 8:00 a.m. to 5:00 p.m. with the office remaining closed on Friday to provide staff time for training, collection activities and preparation for the remodel. Brandy also proposed that the board approve closing the White Salmon office during the upcoming project remodel. The construction proposals have been received and construction time is estimated from January to March. By closing the office it will also allow for completion in stages: demolition, then electrical, walls, etc. the total demolition and construction would be uninhibited by our normal business requirements. Jeff Thayer stated that the construction quotes estimate 8-10 weeks for construction. Commissioner Miller asked if contractor work will impact Estes Avenue in any way, Jeff stated that all materials will be stored and disposed of in the back of the building, so there are not any traffic impacts projected. Brandy stated there would be a drop box off of Estes Avenue. She also stated that once the remodel is complete White Salmon business hours would return to 8:00a.m. - 5:00p.m. Monday through Friday.

Brandy will bring back information on our Senior/low-income discount and the Clean Energy Transformation Act team will track the program for updates and report on next month.

Power Supply discussion - Mike DeMott had a follow on discussion of the current and future power supply markets as a continued discussion to our last meeting. Also discussed was our decision is to make our elections for power supply source options for the BPA 4th purchase period election, which is for FY2025-2028. This decision is due September 30, 2021. Various counterparties have been contacted for possible power supply and we are finding the future market is not as liquid as in previous periods. Power pricing has also been higher with more volatility in forward price curves. Our initial 4th purchase period election doesn't necessarily lock us in if we make an election that maintains our ability to investigate options in the future. Our initial election for non-federal power supply in our BPA contract can be zero, with BPA supplying all of our Tier II needs for all loads above Tier I. We have the ability to increase our Non-federal elections by specified BPA's notice deadlines in the future and decrease our BPA Tier II elections for supply accordingly. This means we really have a year from today to decide if we do something different with our non-federal election, but it would also provide us with time to conduct analysis before finalizing that election.

MOTION made by Commissioner Knowles to make our elections for the BPA 4th purchase period election for FY2025-2028 an election of 0 for our non-federal allocation. Motion carried.

Mike also mentioned that we made a super peak election over a year ago. We had until June 30, 2021 to present a super peak schedule to BPA. We utilized the sample schedule that was provided from BPA at that time to finalize our submission. We also spoke with previous and current account executives before submitting the information. About a week ago, BPA notified us that our schedule as previously submitted does not reflect the fine print requirements of the contract. We went back and reviewed our arrangement for power supply with The Energy Authority (TEA) to review the consequences of updating the schedule. For super peak hours the adjustment was approximately \$0.50 per hour. This equated to nearly \$35,000-\$40,000 costs to us. This is not in the overall picture a significant increase, but it is

still an increase. Mike still feels there is still value in pursuing the super peak election. Mike will need to update this schedule by Thursday if we choose to move forward. Board provided verbal support to move forward.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller participated in the WPUDA water training session as a presenter. There was a committee of three individuals who spoke with future and present operators about water and wastewater systems.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles attended a Public Utility Risk Management Systems meeting last week. Cyber coverage costs have increased by 200%-300% percent. There will be more detailed analysis provided at the November meeting. There was also an excess liability presentation. Cost projections for utility excess liability for fire coverage demonstrate a substantial coverage cost increase with a reduction in coverage maximums. They are also considering the maximum benefit be a lifetime aggregate benefit. This would mean if you claim the max benefit at some point, then the individual utility would bear all future losses. Commissioner Gunkel asked if prevention factors or mitigation planning could potentially reduce the premiums. At this point it did not look like it was a consideration. Commissioner Knowles will continue to bring back updates to this discussion.

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

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

Executive Session - this meeting has been moved to October 14, 2021; Noon - 3:00 p.m.

Mc Nary/Northern Wasco PUD - Northern Wasco is working to estimate the cost of replacing the stairs at the Mc Nary project. Kevin Ricks and Mike have reviewed the proposals and reviewed the engineering reports and discussed these with the Board. Commissioner Gunkel asked if a meeting with Northern Wasco should be scheduled so we can walk through the project proposals and discuss the differences of approach to work required. Jim will follow up.

Inventory- 2022 and beyond - Jeff Thayer is reviewing costs and delivery times on our general inventory. We are seeing increases in costs and lead times across the board. The upcoming budget proposal reflects a significant increase in total inventory dollars. An example Jeff provided was that in the past six months he has seen a 300%-400% increase in the cost of PVC. There has been a significant delivery date increase for wire. If ordered now the estimated delivery is April/May 2022. We are proposing that in 2022 we increase our inventory costs from \$1.6 to \$2.2 million. Some of this increase reflects inflation and some is due to delivery lead times and some would reflect procuring long lead time items for capital projects early. Commissioner Knowles agreed that this will be our reality for some period of time and it is a prudent thought to carry some overage in inventory to meet our demand.

Customer Update - Sharon Blodgett and Brandon Walter went to Glenwood to speak with a water customer. They both felt that this meeting was valuable as it brought to light an educational opportunity for our customer as well as for our staff. The customer's concerns were addressed.

Energy Northwest - as you know the Engineering department participated in the ENW intern program. Jim has been requested to participate in a panel discussion to promote the program and discuss the talent pools and industry challenges. This discussion will be held October 28.

AGENDA ITEMS: NONE

Adjourned - There being no further business, the meeting adjourned at 3:55 p.m.

/S/
Douglas B. Miller, President

/S/
Randy L. Knowles, Vice President

/S/
Dan G. Gunkel, Secretary
Date Approved: October 12, 2021

/S/
Luann Mata, Executive Assistant