

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, January 11, 2022
2:00pm

Meetings are open to the public; teleconference is also available. 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, Gwyn Miller - Assistant General Manager, Isabelle Carroll - AP Clerk, Cynthia Bruce - Accountant, Brandy Myers - Customer and Accounting Services Manager, Mike DeMott - Director of Finance and Power Management, Kevin Ricks - Renewable Energy Assets Manager, Ron Ihrig - Interim Operations Manager, and Luann Mata - Executive Assistant.

Via teleconference: Ron Schultz - Engineering Manager, Jeff Thayer - Purchasing Manager, April Greenlaw - Operations Support Assistant, Brandon Walter - Water-Wastewater Superintendent, Robbie Cacy - Buyer, Courtney Collins - Engineering Support Assistant, Anita Clever - Energy Services Specialist, Mark Garner - Engineering Supervisor, Geoffrey Lacefield - System Engineer, and Brandon Johnson - Engineering Supervisor.

GUESTS: Larry Hoctor

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

MINUTES: **MOTION** was made by Commissioner Gunkel to approve the December 28, 2021 meeting minutes as presented. Motion carried.

CLAIMS & PAYROLL: Presented by 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 11th day of January, 2022.

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

- Accounts Payable Voucher Nos. 212281 and 212283 through 212390 in the total amount of \$628,454.98; Wire and Automated Clearing House (ACH) transaction Nos. 8801572 through 8801578, along with Electronic Funds Transfer (EFT) transaction Nos. 302 through 304 in the total amount of \$227,758.21 for the period ending January 11, 2022; and
- Payroll Warrant No. 212282 and ACH Direct Deposit Payroll transactions 208552 through 208639 in the total amount of \$248,548.30 for the payroll period ending January 2, 2022.

Motion carried.

PUBLIC COMMENTS: none.

REPORTS:

Renewable Energy Assets Manager December update and Year-end project summary - Kevin Ricks presented the department report for December. With the

outage in December the plant fell to 94.7%, slightly below the year-end goal of 95% reliability factor. He discussed the outage challenges faced in December and staffs' efforts making repairs and solving contractor challenges. The amine system operation continues to be the challenging section of the plant. Staff continues to look for opportunities to improve its operation.

Kevin spoke with Solar Gas Turbine engineers when he attended the Renewable Natural Gas Coalition's annual meeting last month. They are still adamant that the combustion turbines require rebuilding. We are evaluating changing out components to allow for operation off RNG fuel. This will allow KPUD to provide capacity product sales opportunities. Staff is still evaluating this as a potential future revenue opportunity and we continue discussions with other turbine rebuilding resources. We will need to reapply for our air operating permit if we choose to move forward with this project.

We have installed FRP composite grating on the RNG skid. This has significantly decreased the slips, trips and falls hazards that have been experienced during inclement weather.

Lastly, Kevin discussed the Loci project. Gas output is increasing; they have added an extra site technician, and the system seems to be operating well, but there are still operating issues that need to be resolved if the system is to meet our requirements. Cell communications in this area is challenging, so we are working with Loci staff on cellular booster options. Commissioner Gunkel suggested investigating the option of running fiber back to a cell booster. Staff will investigate fiber options. Well head monitor batteries are solar charged and with the lack of sunlight, cloud cover and fog that can last for multiple days, battery backup is also an area of immediate focus.

Power and Finance December update and Hedging Annual update - Mike DeMott presented the department report. He provided a 2021 recap of actual Mid-C market prices vs market prices at the time of setting the 2021 budget. Long-term forward market prices for Mid-C power continues to be monitored and was presented. Our 2021 power pricing hedging efforts provided benefit to wholesale power purchases when compared to outcome of unhedged power costs as market pricing increased during 2021. This pricing movement yielded a positive impact to revenues received from White Creek Wind related sales. 2022 hedges and were reviewed. We have not hedged any 2023 hours yet.

The 2021 White Creek Wind generation was reviewed and it was discussed that actual sold volumes lagged KPUD's tier 1 share of metered output. Commissioner Gunkel asked who would benefit from this margin. Mike will investigate further and report back.

Discussion was held on the topic of the current White Creek asset purchase option contract and the potential sales of the project. Long-term revenue provided by our 230kV transmission system was discussed and staff is aware of pending expiration of revenue producing contracts. Replacement contracts are a priority item.

Mike provided a Super Peak update. In November, BPA transitioned to a new vendor for meter data. We are trying to work through this transition to ensure our information is reporting correctly, but at this time it appears that the super peak elections yielded roughly \$30,000 in savings over the Oct-Dec period. We modeled this program to break even, so this is positive so far.

Lastly, we have begun to prepare for a 2022 Cost of Service Analysis. We would like to dive deeper this year and complete a full evaluation of several options which were presented. The board agreed that the options presented included areas of focus they have considered important.

November Financial update - Cynthia Bruce reviewed the November financial statement. Minimal changes to the year-end forecasted revenues were made. These changes included removing additional COVID grant reimbursement, which will be recognized in 2022, as well as decreased RNG generation revenue. Year-end expenses were also adjusted to include additional spending expected for McNary, as well as increased labor costs to both O&M and Customer Service based on latest month's trends. Our debt service coverage is 1.83. We have updated our other miscellaneous cash flow adjustments to reflect 0, as well as decreased anticipated capital spending due to projects that will not be completed prior to year-end. The removed projects were re-budgeted in future years. Day's cash on hand was 270.

COMMISSIONER DOUGLAS MILLER - Commissioner Miller discussed the Washington Public Utility District Association bill tracking summary.

COMMISSIONER RANDY KNOWLES - Commissioner Knowles stated that he has a meeting scheduled with Dan Spatz, a resident from the Snowden community, to discuss high speed internet opportunities for the Snowden area. A review will be provided at a future meeting.

COMMISSIONER DAN GUNKEL - Commissioner Gunkel discussed the Columbia Generation Stations' year-end statistics. They are operating at 100% power and running well. All areas are measuring in the green. This is a significant improvement from 12 years ago.

ASSISTANT GENERAL MANAGER - Gwyn Miller presented the current operational update.

- Emergency Declaration - Gwyn Miller discussed the outage circumstances that staff endured over the past week, the mutual aid crews on the property and the significant number of outages reported. Gwyn requested that the commissioners deem this period a major disaster. **MOTION** was made by Commissioner Gunkel to declare a major disaster due to significant damage to KPUD equipment and services that caused extensive outages from January 2nd, through January 9th, 2022. Motion carried.

Ron Ihrig complimented staff for their dedication, response to the situation and professionalism addressing our customers' concerns. He stated that the new resources such as the drone program and the NISC outage management program have elevated our ability to assess, prioritize and respond appropriately. He also complimented the two Cowlitz PUD crews for their response efforts and dedication to get the work completed.

- Staffing - We have two open positions at this time; a lineman and an entry level IT position. Our apprenticeship program is growing and we will have two apprentices topping out in August. We also have an additional two employees who were indentured into the apprentice program in October. Commissioner Knowles asked if we still participate in high school vocational programs and job fairs. We continue to participate, but COVID has significantly restricted opportunities. Commissioner Knowles suggested we consider a local scholarship for the lineman trade.
- Long-term care - The state has not clarified and completed the implementation of this program, so we have not started employee deduction yet. If required, we will make this retroactive once the program parameters are clearly defined.
- Delayed customer billing - Brandy Myers discussed the impact weather has had on customer billings and asked that the board grant extensions and not charge penalty fees due to delayed mail delivery services for the month of January. **MOTION** was made by Commissioner Gunkel to suspend the delinquent process and subsequent fees and penalties notices for the month of January in response to the severe weather conditions that delayed postal

services and impacted timely delivery and receipt of customer bills and payments. Motion carried.

- COVID Relief program summary - Brandy discussed the highlights of the program. We successfully utilized the entire \$245,000 awarded under the Coronavirus Emergency Supplemental Funds grant. Every dollar was credited to customer accounts. We provided assistance to 908 different customers. Jim noted that this is 8% of our customer base. We actually provided assistance to 100 customers more than anticipated and incurred \$10,000 in KPUD-provided assistance costs. Brandy asked the board for their support to honor the additional \$10,000 in customer relief that was above the amount funded by the CESF grant. She also stated that we continue to receive requests for assistance and staff helps customers by directing them to other community assistance programs. The Commissioners agreed to support staff's decision to honor the additional \$10,000 customer relief assistance which ended December 21, 2021. Staff will continue to watch for grant-funded opportunities to assist our customers going forward. Jim mentioned that the current draft of the state appropriations bill has funding specifically for utility arrearages. We will continue to monitor legislative action.

GENERAL MANAGER - The complete report can be found at:

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

In addition to the written report, Jim Smith presented the following information:

- Legislative Session 2022 - Jim Smith provided a general update on a few of the Washington legislative bills under review this week. HB1623 is focused on grid reliability and SB5803 is a new bill that is focused on electric utility wildfire liability.
- New Solar projects - We received notification that there is potentially 350MW of solar being installed south of Bickleton, within the Energy Overlay Zone. The active projects are Lund Hill Solar, which is a 150MW project already under construction and the Blue Bird 100MW solar project which is going through the permitting process. We are also hearing about another 100MW project proposed in this area as well. All of these proposals will deliver power over privately owned transmission lines.

AGENDA ITEMS:

- A. EXECUTIVE SESSION: Review of a public employee - President Miller called for an Executive Session at 3:48 per RCW 42.30.110 (1)(g) noting the session would last 30 minutes. The session ended at 4:10 p.m. No action was taken.

Adjourned - There being no further business, the meeting adjourned at 4:11 p.m.

/S/

Douglas B. Miller, President

ABSENT

Randy L. Knowles, Vice President

/S/

Dan G. Gunkel, Secretary

Date Approved: January 25, 2022

/s/

Luann Mata, Executive Assistant