



# Public Utility District No. 1 of Klickitat County

79 Years of Service \* 1938-2017

## GENERAL MANAGER'S REPORT TO THE BOARD

For the **January 09, 2018** Meeting

### AGENDA ITEMS

- A. **NET METERING PROGRAM DISCUSSION**- Mike and Anita will bring back research focus and discuss program goals and discuss possible rate structure scenarios.
- B. **BID AWARD: Pole Inspection and Treating Project**- Mark has reviewed the bids and recommends that we award the Pole Inspection and Treating Project bid to TK Contractors, LLC. They are the successful bidder and the fiscal impact is \$91,746.08.
- C. **BID AWARD: Tree Trimming and Right of Way Clearing**- Mark has reviewed the bids and recommends that we award the Tree Trimming and Right of Way Trimming bid to Asplundh Tree Expert, LLC. They are the successful bidder and the fiscal impact is \$346,125.28.

### NON-AGENDA ITEMS

- 1. WPUA voting delegate – Designate Jim Smith as eligible to vote for the PUD at the Friday, January 12<sup>th</sup> WPUA Board Meeting.
- 2. Moss Adams Audit and Nonattest Services - We have signed the “Engagement Letter” to retain Moss Adams for another year to complete our 2017 financial audit.(Attachment)
- 3. Governor Inslee has proposed a Bill Request to promote renewable natural gas (RNG) – we are looking at the request, which contemplates incentives, tax breaks, a fuel quality standard as well as direction to the WSU Extension Energy Program to complete a Biomethane/RNG Roadmap for Washington which is to include policy options for promoting RNG. The proposal directs the Department and WSU to submit policy recommendations to the Governor’s Office and the Legislature by September 2018. We will reach out to Commerce and the Extension office and provide input as we can.(Attachment)
- 4. 2018 Goal Setting – we are completing our 2017 performance review process and are developing our 2018 departmental goals to support our strategic plan. Performance reviews will be completed by January 19<sup>th</sup>.
- 5. John Day Pumped Storage Project- Jim will provide an update on discussions with National Grid and Rye Energy at the meeting. Brian Skeahan may be here to offer his thoughts as well.

MANAGER'S  
REPORT  
PCMB



**PUBLIC POWER  
COUNCIL**

Bringing public power together

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DEC 28 2017

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BY: LM

2018 Dues \$15,602.00

December 19, 2017

**RE: Dues Invoice for 2018 and PPC Value - 2017 Annual Report**

Dear PPC JIM Member:

Thank you very much for your involvement in the Public Power Council. Your support, along with the combined strength of the PPC membership, allows us to work hard for you every day on critical issues impacting your power supply and transmission costs.

Attached you will find the *dues invoice* for the Public Power Council for 2018 per the budget sent to all members and approved at our Annual Meeting this month. Please let us know if you have any questions regarding the invoice or the dues formula and data. We are excited to hit the ground running in 2018 on the many issues on our plate this year.

For highlights of our accomplishments last year, included here is the *2017 Annual Report*. PPC and its members were very effective not only in providing useful information for your decision-making, but also in applying our technical, legal, and political expertise to make a difference in 2017.

- PPC worked with BPA and Energy Northwest to identify total reductions of \$189 million (\$126 million Power, \$63 million Transmission) that reduced the level of rate increases that BPA had projected while retaining key services. We look to provide value that is orders of magnitude greater than your dues amount.
- PPC led the fight against another round of attacks on BPA and other power marketing administrations (PMAs) in Administration Budget proposals and reorganizations.
- PPC prevailed on several issues in the rate case including rate design on the Southern Intertie and preservation of the Montana Intertie rate.
- PPC helped lead the effort to push for the State Department to formally engage with Canada to update the lopsided Columbia River Treaty, and we worked on several other matters relating to energy legislation.

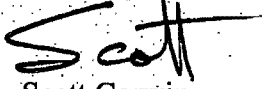
There is a lot of work ahead regarding BPA's costs and its competitiveness as a power supplier when current contracts expire in 2028. With PPC members representing most of the Tier 1 BPA power purchases, we work collectively on the power and transmission cost exposure that utilities face. We also help coordinate efforts by utilities and other organizations to limit redundancy. We provide the base support on the larger and more consensus issues, and that allows the sub-organizations to focus on their more specific issues.

In addition to the cost and rates value noted above, there are several other things PPC gives to you through our emails, publications, and meetings. As the umbrella group representing preference power and transmission customers of BPA, we are uniquely positioned with the staff, expertise, and a broad and diverse membership to take the lead on matters impacting BPA's costs, rates, and contracts. Some of the benefits include:

- Extensive information on power supply and transmission issues, with access to our staff expertise at any time you wish. We send our information electronically so you stay informed regardless of how often you can make it to Portland.
- Networking opportunities to compare notes with other utility and agency leaders. PPC meets every month (all members are welcome and encouraged to attend) to gather our diverse members in the same room to address federal power and transmission issues.
- Representation of ratepayer interests in technical and regulatory processes that impact power and transmission rates.
- Leadership on relevant regional and national legal and political matters.
- Coordination among other organizations working on federal and regional issues so that your dues dollars are spent in the most effective manner possible.

In 2018, we would like to set aside more time to *visit with individual members* to better gauge your priorities as we get nearer to the end of the BPA contract period. We will reach out to you; or, please contact me if you know of a time that might work well to schedule a visit. And, remember that our staff is at always at your disposal if you need assistance or have a question. Again, thank you very much for supporting and participating in PPC!

Sincerely,

  
Scott Corwin  
Executive Director

Attachments:

PPC Dues Invoice 2018  
PPC 2017 Annual Report



MOSSADAMS

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805 SW Broadway  
Suite 1200  
Portland, OR 97205

December 5, 2017

Jim Smith, General Manager  
Public Utility District No.1 of Klickitat County  
1313 S. Columbus Avenue  
Goldendale, WA 98620

Re: Audit and Nonattest Services

Dear Mr. Smith:

Thank you for the opportunity to provide services to Public Utility District No.1 of Klickitat County. This engagement letter ("Engagement Letter") and the attached Professional Services Agreement, which is incorporated by this reference, confirm our acceptance and understanding of the terms and objectives of our engagement, and limitations of the services that Moss Adams LLP ("Moss Adams," "we," "us," and "our") will provide to Public Utility District No.1 of Klickitat County ("you," "your," and "District").

**Scope of Services – Audit**

You have requested that we audit the District's combined financial statements, which comprise the statement of net position as of December 31, 2017, and the related combined statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the combined financial statements.

**Scope of Services and Limitations – Nonattest**

We will provide the District with the following nonattest services:

- 1) Assist you in drafting the combined financial statements and related footnotes as of and for the year ended December 31, 2017.

Our professional standards require that we remain independent with respect to our attest clients, including those situations where we also provide nonattest services such as those identified in the preceding paragraphs. As a result, District management must accept the responsibilities set forth below related to this engagement:

- Assume all management responsibilities.
- Oversee the service by designating an individual, preferably within senior management, who possesses skill, knowledge, and/or experience to oversee our nonattest services. The individual is not required to possess the expertise to perform or reperform the services.
- Evaluate the adequacy and results of the nonattest services performed.



- Accept responsibility for the results of the nonattest services performed.

It is our understanding that Jim Moss has been designated by the District to oversee the nonattest services and that in the opinion of the District he is qualified to oversee our nonattest services as outlined above. If any issues or concerns in this area arise during the course of our engagement, we will discuss them with you prior to continuing with the engagement.

### **Timing**

Keith Simovic is responsible for supervising the engagement and authorizing the signing of the report. We expect to begin our audit on approximately March 26, 2018, complete fieldwork on approximately March 30, 2018, and issue our report no later than April 30, 2018. As we reach the conclusion of the audit, we will coordinate with you the date the audited combined financial statements will be available for issuance. You understand that (1) you will be required to consider subsequent events through the date the combined financial statements are available for issuance, (2) you will disclose in the notes to the combined financial statements the date through which subsequent events have been considered, and (3) the subsequent event date disclosed in the footnotes will not be earlier than the date of the management representation letter and the date of the report of independent auditors.

Our scheduling depends on your completion of the year-end closing and adjusting process prior to our arrival to begin the fieldwork. We may experience delays in completing our services due to your staff's unavailability or delays in your closing and adjusting process. You understand our fees are subject to adjustment if we experience these delays in completing our services.

### **Fees**

We estimate that our fees for the services will be \$48,000. You will also be billed for expenses.

Our ability to provide services in accordance with our estimated fees depends on the quality, timeliness, and accuracy of the District's records, and, for example, the number of general ledger adjustments required as a result of our work. To assist you in this process, we will provide you with a Client Audit Preparation Schedule that identifies the key work you will need to perform in preparation for the audit. We will also need your accounting staff to be readily available during the engagement to respond in a timely manner to our requests. Lack of preparation, poor records, general ledger adjustments and/or untimely assistance will result in an increase of our fees.

### **Reporting**

We will issue a written report upon completion of our audit of the District's combined financial statements. Our report will be addressed to the Board of Commissioners of the District. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. Our services will be concluded upon delivery to you of our report on your combined financial statements for the year ended December 31, 2017.



**Additional Services**

You may request that we perform additional services not contemplated by this Engagement Letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. It is our practice to issue a separate agreement covering additional services. However, absent such a separate agreement, all services we provide you shall be subject to the terms and conditions in the Professional Services Agreement.

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We appreciate the opportunity to be of service to you. If you agree with the terms of our engagement as set forth in the Agreement, please sign the enclosed copy of this letter and return it to us with the Professional Services Agreement.


Very truly yours,

Julie Desimone, Partner, for  
Moss Adams LLP

Enclosures

**Accepted and Agreed:**

This Engagement Letter and the attached Professional Services Agreement set forth the entire understanding of Public Utility District No.1 of Klickitat County with respect to this engagement and the services to be provided by Moss Adams LLP:

Signature:  \_\_\_\_\_

Print Name: Jim Smith

Title: GENERAL MANAGER

Date: 12/29/17

Client: #612611  
v. 9/1/2017