



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the September 22, 2020 Meeting

AGENDA ITEMS:

- A. Cliffs Water Trust Discussion - Tom McDonald will be present via phone to discuss a request by Ecology that we complete a water right trust agreement for the Cliffs water rights.
- B. Policy 25 - Net Metering Revision Adoption - Anita Clever is asking for approval of Policy 25 and the supporting appendices. We discussed these policy changes on September 8. Therefore, staff will be requesting approval of the policy as presented.
- C. Bid Award - Cable in Conduit - We received two bids for the Underground 15kV CIC bid request. Our wire contract is for one year. General Pacific was the low successful bidder. The bid approval amount that staff is requesting is \$165,000 excluding tax.
- D. Resolution 1793 - Electronic Signature - Gwyn Miller discussed with the board the need to have an electronic signature option available, to be utilized if physical availability is not an option. Staff has been evaluating options for implementation and is requesting the board approve Resolution 1793 authorizing staff to conduct business electronically so as not to disrupt daily operations.
- E. Resolution 1794 - Appointment of Auditor and Deputy Auditor - Gwyn will also be requesting approval to appoint Beth Schroder as auditor and appoint Nichole Lantau as deputy auditor along with adding Assistant General Manager as an authorized signer on the district's behalf. This change is requested as Jim Moss, our appointed auditor, is retiring at the end of the month.
- F. Review of Draft Strategic Plan - We held our two planning sessions with managers, supervisors and key staff to develop long-term goals and strategies for the Customer and Organizational Capacity categories as requested by the board. The results of these sessions are included for your review in the attached draft strategic plan document.

NON-AGENDA ITEMS:

- 1. Legislation Impacting Grid Reliability - Commissioner Gunkel has suggested that KPUD be more involved with applying pressure on legislators so that they may recognize the

potential impacts that the current carbon related policies would likely have on electric grid reliability. Given the recent rolling blackouts in California, there is an opportunity that the region should take to prevent our state from slipping into third world status. I provided Representative Mosbrucker's legislative assistant with documents and studies that detail this potential problem.

Commissioner Miller suggested that we follow up with our various associations to ensure they are taking necessary steps towards this goal as well.

I also reached out to Benton PUD, who has done some work that borders on this subject. Attached is an email that Benton PUD sent out to some in the region and a report they created that we might want to leverage. They are agreeable to us using their work and I think they created a very comprehensive product. However, while discussing the looming capacity shortage, their intent is not exactly the same. They focus more on opposing wind projects in their service territories for all the reasons they describe. They are also a slice customer, so some of their concerns are not the same as ours as a BPA load-following customer. However, they are taking a stance and I wanted to provide you this information as it could help us develop a position and documentation if you would like us to consider that path.

2. Regional Public Power Position on Removal of Snake River Dams - I have been involved with PPC and a few others on some concerning positions that are being implied regarding the Snake River dams. As you know, the Columbia River Environmental Impact Statement (EIS) has been released and it concluded that retaining the Snake River dams is in the best public interest. There have been "suggestions" that the future of the dams be turned over to a four regional state governor process. I believe that this is not appropriate or necessary. The EIS was completed utilizing the best available science and an incredible amount of public input. This should be the process that dictates the future of these facilities. Turning this over to state politics is just wrong.

I want to ensure I am representing the board correctly in this as this might become a bit vocal.

3. DNR Wildland Fire Prevention Task Force - We held what is supposed to be our second to last meeting this week. My major concern is that the proposed master agreement for ROWs between utilities and DNR is nothing more than how DNR has always done business. Mark Pritchard is a member of the sub-committee tasked with drafting this agreement and he has told you that DNR is not listening to utility input on just letting us take out hazard trees. The real estate/trust folks in DNR are so concerned about process and ensuring no impact on the value of a particular tree, that they have completely ignored the risk of fires that is being propagated with their attitude. They just can't see the forest for the trees...

After discussions with Mark, I provided detailed feedback in writing on the document to the committee and I stated, in the meeting, my position that the subcommittee needs to go back and start again. I believe that the solution is relatively simple. If there are trees in

the ROW, they come out as we find them. If there are hazard trees outside the ROW, they come out as we find them. DNR wants a long, complicated process so they can decide if a hazard tree needs to be removed while “protecting the value for the trust”. Meanwhile we carry the liability and state residents are exposed to increased risk of fires.

DNR stated that they will take further input this next week and we will likely require further meetings. Their report to the legislature is due December 1, although they did acknowledge that getting a good report is more important than delivering on that date. I have a discussion with DNR tomorrow that should give me a better perspective if DNR leadership will listen to the input and force departments within DNR to make changes, even if that requires policy or legislative changes, or whether the status quo will prevail. If nothing changes, I would suggest we run further legislation this year that requires DNR to make changes necessary to reduce fire risk.

4. Dark Fiber - Chris Evans confirmed via CenturyLink that the only fiber into the Gorge is via Hood River and that this feed is a radial line that frequently is subject to damage and interruptions. I just wanted to plant the seed with you that there may be significant value to our area of a loop feed from the east via our interconnection with Benton PUD.
5. 2021 Operating Budget - We have compiled the first rough budgets and are reviewing them. Attached is the budget schedule we will be trying to follow, leading to a budget hearing on December 8 or December 22.

From: [Rick Dunn](#)
To: [Jim Smith](#)
Subject: Wind, Solar and Nuclear Links
Date: Thursday, September 17, 2020 11:39:46 AM

Jim,

I just sent these links out to a few folks and thought you would appreciate them as a resource. If you have 17 minutes, the Michael Shellenberger TEDx Talks is a comprehensive but concise review of the negative impacts of wind and solar while establishing solid support for nuclear energy.

Rick

-

Michael Shellenberger TEDx Talks on YouTube

“Why renewables can’t save the planet”

<https://www.youtube.com/watch?v=N-yALPEpV4w>

-

PragerU on YouTube

Michael Shellenberger

“Do We Have to Destroy the Earth to Save It?”

<https://www.youtube.com/watch?v=Rc5AlFo3zTk>

Mark Mills, Senior Fellow at the Manhattan Institute

“What’s Wrong With Wind and Solar?”

<https://www.youtube.com/watch?v=RqppRC37Ogl>

Alex Epstein of the Center for Industrial Progress

“Can We Rely on Wind and Solar Energy?”

<https://www.youtube.com/watch?v=ObvdSmPbdLg>

-----Original Message-----

From: Rick Dunn

Sent: Thursday, September 17, 2020 10:25 AM

To: Jim Smith <JSmith@klickpud.com>

Subject: Poll regarding nuclear power's unpopularity

Jim,

The poll regarding nuclear power's unpopularity doesn't surprise me; we have an uphill battle for sure. I think the answer to your question is climate change hysteria and political tribalism.

Have you read Michael Shellenberger's book "Apocalypse Never - Why Environmental Alarmism Hurts Us All"? Shellenberger was one of the forces behind the precursor to the Green New Deal under the Obama administration. He has seen the light and now runs a non-profit group in Berkley, California called Environmental Progress (EP). And get this, EP is strongly against wind and solar and a huge supporter of nuclear. Shellenberger's book starts out a little slow but it is a comprehensive review of environmental issues with some great insights into climate change hysteria and how the developing world is being crippled by environmental virtue signalers in the West. He also does a great job on why he supports nuclear. Shellenberger has some great TedTalks on YouTube and just made a short video for PragerU which talks about the negative environmental impacts of wind and solar.

Regards,
Rick

-----Original Message-----

From: Jim Smith <JSmith@klickpud.com>
Sent: Thursday, September 17, 2020 8:35 AM
To: Rick Dunn <dunnr@bentonpud.org>
Subject: Re: [E] RE: Benton PUD's Wind Power and Clean Energy Policy Perspectives Report

Hi Rick. I saw this about nuclear power, but there is an interesting chart that show 67% of people support natural gas generation. So, if that is the case, then why are legislators banning new natural gas?

<https://morningconsult.com/2020/09/09/nuclear-energy-polling/>

I also saw statistics (maybe from PGP?) that showed that at Marin CCA, only 6% of customers participate in 100% clean. The rest are buying their 60% clean product. If they affluent enough and care enough to create a CCA, they are likely the aggressive ones and only 6% want 100% clean. Again, so shy are legislator pushing 100% clean?

From: Jim Smith
Sent: Monday, September 14, 2020 7:49:42 AM
To: Rick Dunn
Subject: Re: [E] RE: Benton PUD's Wind Power and Clean Energy Policy Perspectives Report

Thanks Rick, really appreciate it. I'll let you know what we end up doing. Let's also keep in touch on reliability provisions. Got to be a way to use what happened in CA to our advantage. I would like to utilize WPUDA, but last couple bills I used a Dave Warren and WPUDA kind of ride along, which I am good with.

.....jim

On Sep 12, 2020, at 2:33 PM, Rick Dunn <dunnr@bentonpud.org> wrote:

Jim,
Yes, please feel free to use our work in any way you see fit. It will however cost you a beer at some point.

I am currently thinking about our next steps which include possible recommendations for changes to CETA. CETA does have a fair amount of language regarding compliance with reliability standards and even provides CETA compliance off-ramps if the governor becomes convinced a reliability problem exists. My point is that utilities are already saying a reliability problem exists but the governor and legislators don't believe us. They seem to be blinded by their devotion to their beloved wind and solar technologies and the fantasy that grid-scale batteries will fix our zero to five-year problem.

Furthermore, the CETA language around reliability sounds good on paper but is not supported by the reality we are currently operating in. I plan to personally scrutinize CETA and will keep you in the loop as I formulate our strategy. As far as something way higher than the power council's LOLP standards, I need to think more about this; but my hunch is that a Loss-of-Load-Expectation standard like E3 used for our study is a better way to go.

You may recall, the greater northwest grid as it existed in 2018 does not meet an LOLE of 1 in 10; see slide below. Imagine what the LOLE will be as coal-fired power shuts down.

Thank you for reaching out and for your support.

Rick

<image006.jpg>

From: Jim Smith <JSmith@klickpud.com>
Sent: Friday, September 11, 2020 4:42 PM
To: Rick Dunn <dunnr@bentonpud.org>
Subject: [E] RE: Benton PUD's Wind Power and Clean Energy Policy Perspectives Report

My Commissioners are talking along these lines too. You okay if we utilize some of your work? I think they might be interested in something very similar, but if I know them, an abridged version.

We have also discussed proposing legislation that would require some level of system reliability being required as the current carbon policies are written and rolled out. Something way higher than the power council's suggestions / numbers. Thoughts there?

From: Rick Dunn [<mailto:dunnr@bentonpud.org>]
Sent: Friday, September 11, 2020 4:30 PM
To: Jim Smith
Subject: FW: Benton PUD's Wind Power and Clean Energy Policy Perspectives Report

Jim,

Per our discussion; this is the email we have been sending out along with our report. Great talking with you.
Rick

From: Jodi Henderson <HENDERSJ@bentonpud.org<<mailto:HENDERSJ@bentonpud.org>>>
Sent: Thursday, September 3, 2020 9:30 AM
To: Troy Berglund <TroyB@bentonrea.org<<mailto:TroyB@bentonrea.org>>>; Kelly Haugh <khaugh@bbec.org<<mailto:khaugh@bbec.org>>>; Sandi Edgemon (sedgemon@ci.richland.wa.us<<mailto:sedgemon@ci.richland.wa.us>>>; Mike Gonzalez <mgonzalez@franklinpud.com<<mailto:mgonzalez@franklinpud.com>>>; Herbert, James (Jason) C. <jcherbert@energy-northwest.com<<mailto:jcherbert@energy-northwest.com>>>; Carla Martinez (cjmartinez@energy-northwest.com<<mailto:cjmartinez@energy-northwest.com>>>) <cjmartinez@energy-northwest.com<<mailto:cjmartinez@energy-northwest.com>>>; zabelld@pasco-wa.gov<<mailto:zabelld@pasco-wa.gov>>>; whiter@pasco-wa.gov<<mailto:whiter@pasco-wa.gov>>>; martinezcouncil@pasco-wa.gov<<mailto:martinezcouncil@pasco-wa.gov>>>; Whitney, Clinton <CWhitney@CI.RICHLAND.WA.US<<mailto:CWhitney@CI.RICHLAND.WA.US>>>; Lori Mattson <Lori.Mattson@tricityregionalchamber.com<<mailto:Lori.Mattson@tricityregionalchamber.com>>>; Stephanie Swanberg <Stephanie.Swanberg@tricityregionalchamber.com<<mailto:Stephanie.Swanberg@tricityregionalchamber.com>>>; chastings@pascochamber.org<<mailto:chastings@pascochamber.org>>>; Randy Hayden (rhayden@portofpasco.org<<mailto:rhayden@portofpasco.org>>>) <rhayden@portofpasco.org<<mailto:rhayden@portofpasco.org>>>; Karl Dye <kdye@tridec.org<<mailto:kdye@tridec.org>>>; David Reeploeg <dreeploeg@tridec.org<<mailto:dreeploeg@tridec.org>>>; Therese Hampton <thampton@publicgeneratingpool.com<<mailto:thampton@publicgeneratingpool.com>>>; Tashiana Wangler

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Cc: Melina Conover <conoverm@bentonpud.org<<mailto:conoverm@bentonpud.org>>>; Rick Dunn
<dunnr@bentonpud.org<<mailto:dunnr@bentonpud.org>>>
Subject: Benton PUD's Wind Power and Clean Energy Policy Perspectives Report

Benton PUD commissioners recently approved Wind Power and Clean Energy Policy Perspectives, a report intended to initiate a dialog on the importance of considering the environmental and economic tradeoffs of all electrical energy technologies. Attached, for your information, is a copy of Wind Power and Clean Energy Policy Perspectives, which includes a high-level executive summary.

Our goal in adopting this report was to raise awareness regarding power-generation resource adequacy concerns as well as the environmental and land use impacts associated with wind project development. We saw the effects of a broken resource adequacy program in California with recent rolling blackouts. Regulators were warned of reliability issues in August of 2019 by the President/CEO of the California Independent system Operator Corporation (CAISO) – the grid operator - and they did not take the actions necessary to mitigate California’s over dependence on solar and wind power.

We are continuing to sound the alarm regarding the unacceptably high risk of power grid blackouts in the Pacific Northwest being precipitated by overly aggressive clean energy policies and deepening dependence on wind power to replace retiring coal plants. Benton PUD is calling on Governor Inslee and our state legislators to learn from California’s experience and to believe what utilities in Washington State are telling them. Rolling blackouts jeopardize the health, safety and well-being of all citizens and cannot be accepted in a region that, thanks to hydropower, is the envy of the nation when it comes to clean and low-cost electricity.

Our report provides Benton PUD’s perspective on why we do not support further wind power development in the Pacific Northwest. Benton PUD Commissioners believe that large-scale wind farm development in the Northwest will:

1. Contribute very little to keeping the regional power grid reliable and will not help Benton PUD solve our seasonal energy deficit problems;
2. Contribute to the devaluation of hydro-generation assets and put upward pressure on retail rates Benton PUD and other utilities charge our customers;
3. Risk underinvestment in needed dispatchable capacity today and future investments in visionary advancements in nuclear energy technology;
4. Further sacrifice scenic hillsides, canyons and desert vistas in our region for little if any net environmental benefit.

Instead, Benton PUD commissioners believe the best long-term, sustainable and environmentally responsible strategy to meet the state clean energy goals is to move from coal power to natural gas and natural gas to nuclear.

If you have you have questions or concerns about the report or would like to discuss it further, please let me know.

Jodi Henderson
Manager of Communications & Governmental Relations
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**PUD No. 1 of Klickitat County
Annual Operating Budget Timeline**

2021 Budget

*****Timeline subject to revision if needed**

Description	2020 Due Date
Budget Kick-Off Email	7/16/20 Email
Budget Templates Distributed	Available Now
- Department Expenses	Available Now
- Department Narratives	Available Now
- Capital	Available Now
- Headcount	Available Now
Budget Templates Distributed	Available Now
- Revenue - Electric	ASAP
- Revenue - Water/Wastewater	ASAP
Department Budgets Due	
-Headcount - Please complete first and send email when ready	ASAP
- Department Expenses	08/17/20
- Department Narratives	08/17/20
- Capital	08/17/20
Labor Budget Review	08/26/20
Revenue Budget Due	08/17/20
- Electric	
Dallesport Water and Waste Water Budget Due	08/17/20
- Revenue	
- Department Expenses	
- Capital	
Calculate Transportation Cost Amounts for Miles/Hours for Budget	08/28/20
Review of Training & Travel Budgets	09/09/20
Preliminary Revenue, Departmental Expense and Capital Budget Reviews	09/09/20
Department Reveiws	TBD
Budget Review with General Manager	09/23/20
Review of WWW Rate Studies and Rate Setting	09/23/20
Dallesport Water Budget Due to Port of Klickitat	10/05/20
Proposed Dallesport Wastewater Budget due to County	10/05/20
Budget Workshop with Senior Staff	09/30/20
Submit Budget Book as 1st Draft for Commissioners Packet	10/08/20
Review Budget 1st Draft with Commissioners (Budget Workshop)	10/13/20
Review 2nd Draft Budget with Senior Staff (Commissioner proposed changes)	10/28/20
*Discuss capital projects that have not been completed in 2020	
Submit Budget 2nd Draft for Commissioners Packet	11/05/20
Review 2nd Draft with Commissioners and set Budget Hearing	11/10/20
Review Final budget with Senior Staff (any Commissioner proposed changes)	11/18/20
Submit FINAL Budget for Commissioners Packet	12/03/20
2021 Budget Hearing	12/08/20
2021 FINAL Budget Adoption	12/08/20