



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the February 22, 2022 Meeting

AGENDA ITEMS:

- A. Call for Bid: EE Clouse Power Transformer Bid 2022 - Brandon Johnson will be requesting that the board authorize staff to call for bid for the EE Clouse Power Transformer.
- B. Professional Services Prequalification - Addition of professional services. Ron Schultz is requesting approval of five firms to be added to the professional services roster for the 2022 period.
- C. Resolution 1813 Authorizing the Issuance of Credit Card for Mike Nixon, Operations Manager.
- D. Resolution 1814 Rescinding Authorization of the Issuance of a Visa Credit Card to Ron Ihrig, Interim Operations Manager.
- E. Executive Session per RCW 42.30.110(1)(g) review of performance of a public employee

NON-AGENDA ITEMS:

- 1. Glenwood Water Right Update - Sharon will touch on this in her report, but I wanted to let you all know that the final application to the Yakama Nation is being submitted right now for an additional 164 ac-ft per year. This is a 10 year load growth estimate based on the last 4 years. The existing water right is 135 ac-ft per year. The water right request is additive and we are asking it be a system water right, available from either the existing springs, or the emergency well when it is put on line. We are not asking to increase the existing 501 GPM at the springs, but we are asking for an additional (additive) 400 GPM at the well.

We believe this will allow us to increase our existing 232 connects approved by Health to approximately 350 connects. At this time, our approved connects are still through the Washington State Department of Health and we are still reporting on water quality to them.

2. Supply Chain and Inventory - I have asked engineering and operations staff to be on hand to discuss the current status of supply chain issues, as well as our response to those issues and expected impacts on new customers. We will talk about communications with new customers, developers and I would like to discuss other proactive communications we may want to undertake.
3. Pumped Storage Contract Status - FFP is restarting efforts and is planning on working with us to complete negotiating and executing the water supply contract along with signing the asset purchase agreement soon. Kevin and I will run through the next draft with Commissioner Knowles and if we have addressed his areas of concern, we will share them in an executive session with you.
4. Legislative Bills update -
 - a. 1799 - This is a Fitzgibbon's sponsored bill focused on managing organic food waste. It incentivizes alternatives to landfills for organic waste and requires local governments to provide separate organic material collection services among other things by January 1, 2027. There are exclusions for rural areas, small waste streams etc. The goal is reducing organic waste to landfills to 75% of 2015 levels by 2030. This is not a good bill for us and Dave Warren has been working on it since the beginning of January without much impact. It is out of the House (56 – 42) and is in the Senate now.
 - b. 1623 - This is the Representative Mosbrucker's Reliability Study Bill. It passed out of the House (93 – 0) and is on to the Senate.
 - c. 5803 - This is the Rolfe's Wildfire Risk Mitigation bill, formerly the Presumed Wildfire Liability Bill. This was an all hands on deck issue for about 10 straight days over a weekend with WPUA, many individual PUDs and the IOUs. The bill was amended 4 times before being passed by the Senate 49 – 0. Almost all the language proposed by the utility group was adopted. The bill authorizes development of best practices guidelines and requires that electric utilities provide their wildfire mitigation plans to the state in order to promote public transparency and to obtain review of the plans for inclusion of applicable best practices guidelines. The plans are still going to be run through the Department of Commerce for review that they include the best practices. There is no assumption of liability by Commerce. I think it got to a pretty good place.
 - d. 1663 - This is a Duerr / Fitzgibbon bill aimed at reducing methane release at landfills. The substance of the bill is that it will require landfill owner / operators to surface test for methane, depending on size and performance. It passed out of the House (57 – 40).

While targeted at landfill owner / operators, there are potential implications to us. The wording does not differentiate between a landfill owner /operator and a beneficial use project owner / operator. It is therefore not clear who is responsible for what. It also still maintains the old language where an electrical generation facility using recovered

methane is considered a carbon emitting source, even though it is considered zero emitting and qualifies for RECs. Dave Warren and Kevin have been working on this bill.

5. Puget Sound Energy RNG Contract - Mike and Kevin have been working with Ralph Epling on increasing the value of our RNG contract with Puget. The concept is revenue sharing for increased PSE revenue in some of their off sales of our RNG. Kevin started this effort with Ralph at the last RNG conference. As you know, our sales are to PSE and they can do what they want with the RNG. However, establishing and maintaining fuel pathways is something that only we can do as the producer. It is time intensive and is not required in our contracts. With this in mind, Ralph has brokered a deal for KPUD to provide and maintain pathways within Washington State and for PSE to share a percentage of the upside for RINs generated by selling our RNG into the Washington State transportation market. This is a limited market, but there is enough volume to make the efforts worthwhile. There is also language in the contract that provides for future discussions on revenue sharing from LCFS credits in Washington State if that program develops. Lastly, SEV has asked that we agree that RNG contractual payments to SEV be assigned to a subsequent entity. Provided SEV provides the necessary agreements and acknowledgements, we have agreed to this request.