

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, May 12, 2020

A G E N D A

ONE TIME USE Call in number option: 888-387-8686 (Participant Pin No. 7737637#)

Due to the office closure associated with COVID-19 precautionary standards, we will not have public present at our meeting.

Time: KPUD Commission Meeting Start Time - 2:00 p.m. as Advertised

Location: 1313 S. Columbus Ave. - Goldendale, WA

AGENDA ITEMS -

➤ **PLEDGE OF ALLEGIANCE**

➤ Approval of Minutes - 04/28/2020 Meeting

➤ Approval of Claims / Vouchers for period ending 05/12/2020 (*Cynthia Bruce*)

➤ Approval of Payroll for period ending 04/26/2020 (*Cynthia Bruce*)

➤ **PUBLIC COMMENT PERIOD**

REPORTS - 10 min. each:

- Finance and Power Management update
(*Mike DeMott*)
- Renewable Energy Assets update (*Kevin Ricks*)
- Commissioners' Reports
- Assistant General Manager Report (*Gwyn Miller*)
- Manager's Bi-Monthly Report (*Jim Smith*)
-(see attached report)

GUESTS:

AGENDA ITEMS - (see Manager's Report for further details)

A. Professional Services Consultants Approval (*Ron Schultz*)

B. Policy Bulletin No. 03, Attach. A - Comparison Utilities (*Gwyn Miller*)

C. Call for Bid- RNG Nitrogen Removal Unit Plate-Fin Heat Exchanger Spare (*Kevin Ricks*)

ADJOURNMENT

FOR THE GOOD OF THE ORDER:

Commission Position Filing Dates - May 11-15 (mailed filings accepted after April 27, 2020)

Note: Agenda is subject to last-minute revisions, which may include the Board calling for an executive session.



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the **May 12, 2020 Meeting**

AGENDA ITEMS:

- A. Professional Services Consultants Prequalification - Ron Schultz is requesting that we authorize the addition of three professional services consulting firms. If approved these firms will be added to our 2020 roster. Electrical Consultants Inc./EPC Services have been on our roster in past years. National Information Solutions Cooperative (NISC) has been on our roster in past years. We are requesting to maintain their approval for future system updates. Northwest Safety Services, LLC is a new company that provides safety education services. They responded to our request for proposals and we have chosen to transition our safety program education services from Columbia REA to Northwest Safety Services.
- B. Policy 3 - Compensation of Non-Union Employees Attachment C - Gwyn Miller will provide an update to Policy 3 Attachment C. Updates to Attachment C will be provided at the meeting.
- C. RNG Nitrogen Removal Unit Plate-Fin Heat Exchanger Spare - Kevin Ricks will be requesting approval of the call for bid to purchase a spare NRU heat exchanger. This is a critical component with a long lead-time to procure a replacement. A failure of this unit could potentially lead to a 6-12 month outage.

NON-AGENDA ITEMS:

- 1. **COVID-19 Update** - Gwyn will be providing an AGM update that will cover these and other day to day items.
- 2. **Republic Services Leachate Issues** - Don Tibbets contacted me as a result of the letter we sent to Republic Services regarding their intention to stop the re-injection of leachates into the wellfiled. He offered a proposal, which I think we would support and he is currently running that through his organization. I continue to be impressed with Don's efforts to support us as partners.
- 3. **Letter to the Director of the Department of Ecology, Laura Watson** - At the request of Republic Services, I am attaching a draft letter for your consideration. I recommend that

Dan sign this letter supporting Republic Service's bid to change the way carbon emissions are applied to landfills when they install best available technologies for collection systems and beneficial use projects at their sites. We also included the opportunity to try to address one other RNG related carbon issue.

4. **PSE/KPUD Joint Press Release and Associated Communications** - We have exchanged a draft joint press release with PSE. Our goal with PSE is to issue this release the week of the Commission meeting. We intend on releasing this to the local papers Friday so they are in a position to include it in their Wednesday editions next week. The press release is attached for your reference.
5. **Communications to Water and Wastewater Customers** - Sharon is working on drafting letters to all of our water and wastewater customers. The intent is to send these out the week of May 11th.
6. **Avangrid Utility Scale Solar Project North of Roosevelt** - we had a request for assistance with water rights from a developer working on a grid scale solar project in the east end of our county. This project is in the contracting stages.
7. **Bickleton Water System DNR Lease** – A few weeks ago, Sharon and I talked with DNR regarding the current lease of 1.5 acres of ground for the Bickleton well and reservoir. The current lease is \$650 a year and escalates. When we built the system, it was the best contract we could obtain from the Southeast DNR region and still get the system built for the community.

As far as we can tell, grazing leases in that area are in the order of \$2 an acre per year and leases used for high value crops where water is available run about this value. We are making them an offer that provides a water service for stock watering for the remainder of their parcel in exchange for the lease on the 1.5 acres, but ultimately I believe we will need the help of legislators in accomplishing this. Ron tried this back when the system was being developed. The alternative for the PUD is to purchase the property from DNR and pay all fees. I am not sure this will be economical as they stated their fees alone could be \$5,000. I will keep you posted and we may request your help in moving this forward if our proposal is rejected.

8. **COVID-19 Small Business Assistance Program** - We are doing our best to spread the word and the program has been well received by many. Lots of appreciative customers, but plenty of room to improve over the next few weeks. The White Salmon and Goldendale chambers of commerce have notified their distribution lists. Subcontractors have reached out applauding the program (per Ron Schultz) and fellow PUDs are reaching out inquiring about this program. That is all since Friday night....

As of Thursday, we have had 31 businesses apply and we will continue to monitor and report. This influx was largely due to Klickitat County sending out letters Friday to those businesses who didn't receive state funding, offering this opportunity to them.

Customer service is working on the logistics to bill the appropriate discounts at this point. Once we get our first "batch" of recommended awards from Klickitat County, we will refine the process to ensure adequate controls are in place. At this point, customers are identifying their start-up date or using 3/2020 if there was not a mandated closure. Within

the survey, we have asked some specific questions to ensure audit compliance. Specifically “What is the public benefit of your business being in the customer assistance program?” There are options for applicants to check for ease of completion.

9. **Elliott Mainzer Public Power Council Update, May 7, 2020** – Bonneville Power Administration intends to start staging their return to work on May 25th with field workers and operators. They have 3,800 employees currently working from home. Capital work has essentially been suspended. Their return plans are being developed with the Department of Ecology and other power marketing administrations for consistent standards. Maintaining the business and keeping people focused is the day-to-day challenge.

COVID-19 will have impacts and BPA will consider the impacts on their customers. They have had discussions on their reserve policies as customers are concerned about rate impacts.

The next rate case modeling is starting. They will maintain their focus on cost management.

Columbia River Treaty status: 55,000 comments were received during the Environmental Impact Statement public outreach. The final EIS will be on the street the end of July and the record of decision in September.

Elliott stated “even with COVID...” BPA is 5 years into their 10-year strategic plan and is reviewing their progress. I found that statement interesting as we have found we are actually more focused on strategic plan related work as customer interaction has declined. I am very happy with our accomplishments and this is an indication we are doing well. As they review strategic plan implementation, they will focus on transmission effectiveness and fire risk.

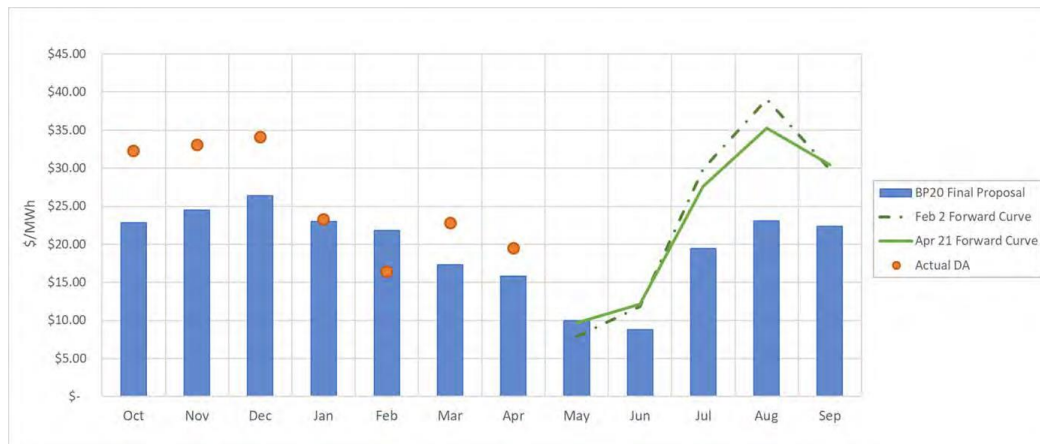
Culture – safety, leadership, diversity and responsiveness to customers is their mantra. They will also try to leverage the current situation to increase borrowing authority, but he acknowledges that they must maintain cost control as an increase is not a license to spend. He believes that the Northwest market options to CAISO are very limited as surrounding investor owned utilities are already gone. I do not agree with this and think it may come back to this yet.

CAISO market issues – governance progress has slowed with leadership changes and COVID-19 related impacts on the workforce.

10. **BPA 2020 Finance Outlook**

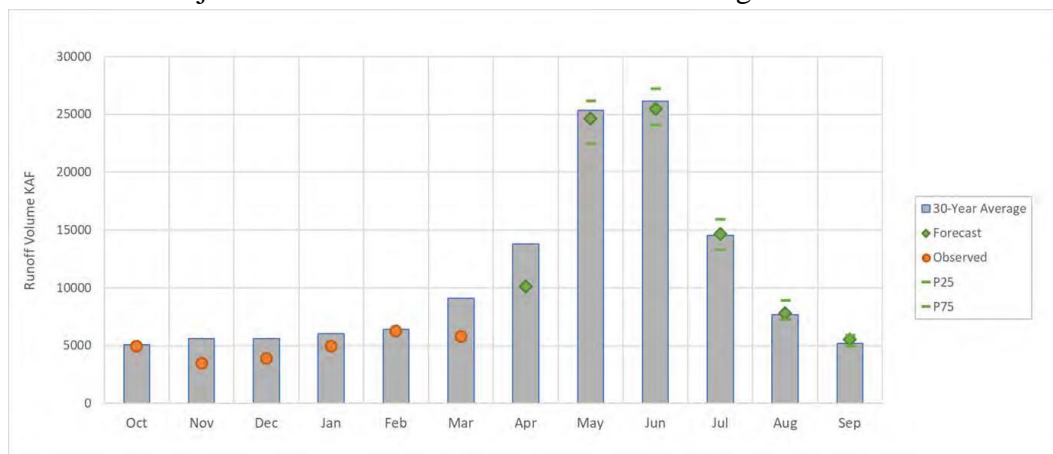
- Michael Dean offered the following information for BPA’s 2020 Financial Outlook:

Mid-Columbia Price Actuals and Forward Curve vs. BP-20 Rate Case



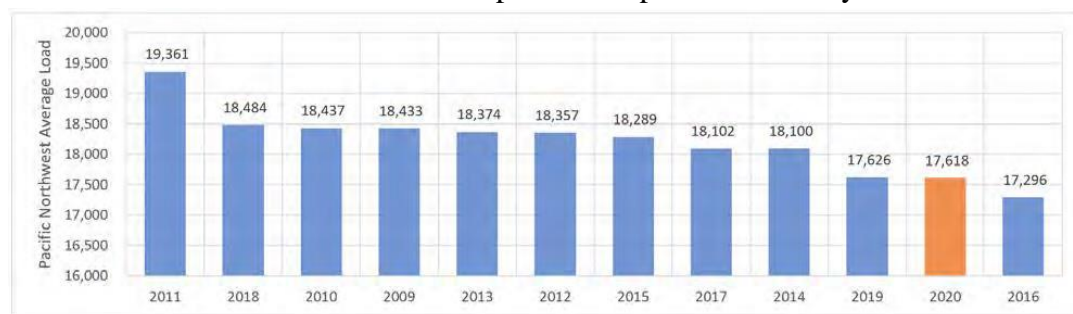
- He concludes from this data that market prices are at or above those in rate case.

Actual and Projected Streamflow at The Dalles vs. Average



- He concludes that water supply is as expected.
- Putting these together, Mike said he believes that secondary sales should be as expected, so he does not see a large impact good or bad on net secondary revenues.

Historic On-Peak Pacific Northwest April 1st – April 21st Load by Year



Expected Load and Actual Pacific Northwest Load



- Between April 7th and April 21st, load in the Pacific Northwest appeared to be on average of roughly 4.5% below what we would expect given temperatures, holidays and seasonality. There are impacts here, but sales could just shift to secondary sales.
- Mike concludes that he does not expect a CRAC for 2020.

11. BPA Financial Reserves Surcharge Policy Relief

PPC will be drafting a letter requesting BPA to roll back this policy for 2020. The 2020 surcharge amounts to a 1.8% impact on BPA rates (\$30 million). This is a risk-based policy. It is not a cost recovery policy. PPC is not asking that BPA repeal the policy, just that they not implement a surcharge this year. PPC agrees that the financial policy direction is reasonable, even if they have disagreed with BPA on the implementation. The trigger is 60 days cash on hand, or \$300 million for power services. They are projecting \$265 million at year-end.

PPC's position is that transferring cash from customers to BPA is not prudent at this time with current COVID-19 impacts on all customers. BPA is not the only entity being impacted here.

12. Columbia River Treaty Update

PPC asked for and received approval from the PPC Executive Committee to fund studies into how Canadian operations would likely proceed without the treaty and what that would mean to the U.S. The region believes this will put credible information on treaty benefits to Canada for the U.S. delegation to utilize.

The study includes two parts: 1) economic modeling conducted by Energy and Environmental Economics (E3) and, 2) hydro-regulation modeling performed by staff at the Northwest Power Pool. The economic modeling is expected to cost \$230,000. The hydro-regulation modeling is expected to cost \$70,000. A key element of this effort is transparency. By funding this modeling effort, there is intent that participants, like PPC, will have direct access to the results. These results are expected to be critical to the U.S. for

negotiations relative to the future of the treaty power operation and Canadian Entitlement.

PPC will fund \$24k, which is proportional along the lines of other regional entities in other work. It will also allow PPC staff to develop expertise in hydro regulation.