

Public Utility District No. 1 of Klickitat County  
**Board of Commissioners' Meeting**  
Tuesday, February 13, 2018

**AGENDA**

Time: **KPUD Commission Regular Meeting Start Time – 2:00pm**

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

➤ **Pledge of Allegiance**

- Approval of Minutes – 1/23/2018 Meeting
- Approval of Claims / Vouchers for period ending 2/13/2018 (*Cynthia*)
- Approval of Payroll for period ending 01/21/18 and 2/04/2018 (*Cynthia*)

➤ **PUBLIC COMMENT PERIOD**

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

- A. RESOLUTION NO. 1754- Surplus Vehicles 18, 40,57,66, and 78 [*Jeff*]
- B. 2017 CUSTOMER SERVICE SURVEY RESULTS [*Brandy*]
- C. NET METERING UPDATE [*Mike/Anita*]

- **REPORTS – 10 min. each:**

- Generation Assets (*Kevin*).
- Power Management –(*Mike*)
- Commissioners' Reports
- Manager's Bi-Monthly Report (*Jim Smith*)  
-(*see attached report*)

**GUESTS:**

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

- D. POLICY BULLETIN 7- Credit Sales Collections Service Charges update [*Mike*]
- E. AUDIT ENGAGEMENT LETTER- [*Jim*]
- F. EXECUTIVE SESSION: Per RCW42.30.110 (1)(g) - To Review Performance of a Public Employee
- G. ADJOURNMENT

**FOR THE GOOD OF THE ORDER:**

**2/14-16 – WPUDA Meetings**

**2/20 – Irrigators' Meeting, 1:30pm, Centerville Grange, Centerville**

**2/27 – Irrigators' Meeting, 9:30am, Aldercreek Grange, Bickleton**

**02/27 KCPEDA Quarterly Meeting 5:30 dinner, meeting to follow in the Commissioner's Chambers (RSVP by 02/21)**



# Public Utility District No. 1 of Klickitat County

79 Years of Service \* 1938-2017

## GENERAL MANAGER'S REPORT TO THE BOARD

For the **February 13, 2018** Meeting

### AGENDA ITEMS

- A. RESOLUTION NO. 1754- Surplus Vehicles 18,40,57,66. And 78.
- B. 2017 CUSTOMER SERVICE SURVEY RESULTS – Brandy Meyers will discuss the results from the 2017 customer Survey. Unfortunately the response was very low and it makes me question whether there is any statistical validity on the survey. That said, there is still feedback here and we will discuss it on Tuesday.
- C. NET METERING UPDATE
- D. POLICY BULLETIN 7 - Credit Sales Collections Service Charges.
- E. AUDIT ENGAGEMENT LETTER - Moss Adams.
- F. EXECUTIVE SESSION: Per RCW 42.30.110(1)(g)- To review performance of a Public Employee. This is for the Board to work on Jim Smith's 2017 performance review.

### NON-AGENDA ITEMS

1. 2018 District Goals – In preparation to roll out our Strategic Plan, department heads and I have set department goals that support the focus areas of the strategic plan. The intent is that managers and supervisors then set goals for their staff to support those department goals. This will allow us to draw a line from individual goals to the District's strategic direction. I have compiled and attached these goals, separated into each of the focus areas identified on the strategic plan. The goals are not perfect yet as this is our first run through with this process, but I think is a great start on developing a process that will lead to strong support of the direction you all have set for us. There are 46 discrete departmental goals, however many of these address more than one focus area. If you add up the total number of overlapping goals, they support the focus areas in 93 ways.

Given that our financial situation appears to be improving, we are getting to a point where we can be more proactive in pursuing our long term goals as we have a more stable base to work from. My intent is to ensure I am acting and working in a manner

the Board supports. I am asking for your thoughts on high level direction, and that you consider what MY goals should be for 2018. That could be anything from lower debt and lower rates in 5 years, to accomplishing some percentage of the goals listed to accomplishing specific important issues you want me to address. I would like to talk about this as part of my performance review on Tuesday.

2. 2018 Legislative Session – as expected there were large numbers of renewable and carbon related initiatives in the legislature this year. There are currently 3 electric sector only carbon / renewable bills still alive, along with the “governor’s” carbon tax bill. The three bills contemplate renewable portfolio standards (RPS) in some form and are opposed by WPUDA as a result. WPUDA has taken action that they agree with the District’s and the Public Generating Pool’s (PGP) position that least cost carbon planning should be undertaken. There is a legitimate concern that if the Governor’s carbon bill does not pass, then there may be a push to pass one of these RPS bills. With respect to carbon pricing and the governors bill (SB6203), the Governor was in Chelan PUD last week and engaged Steve Wright in a discussion regarding the PGP sponsored E3 carbon study. It seems to fit his goal and the Governor has planned further meetings with Therese Hampton, Executive Director of PGP as result of those discussions. I believe that this is potentially very supportive for least cost carbon planning.

There are many other bills being tracked and I am attaching the WPUDA summary, but I have not been focused on bills other than carbon related and the RNG support bill. That bill, if it passes, will provide general support for renewable natural gas markets in general, but unfortunately we do not think it will directly affect us at this time. I am also attaching PGP testimony that was submitted to committee on SSB6253 regarding renewable energy standards to give you an idea of the tack being taken with respect to least cost carbon planning.

3. Public Power Council (PPC) Notes -

Washington D.C. – Marty Kanner reported that discussions continue in D.C. about the privatization of the Power Marketing Administrations (PMAs) like the Bonneville Power Administration (BPA). The model centers around privatizing the transmission assets and then using those funds to potentially make infrastructure improvements. It is not clear to me whether those improvements are other federal infrastructure or the ones just privatized. Apparently this was done in Australia and the funds were earmarked for smart grids, storage and other such initiatives. Seems an interesting model to use Federal funds to upgrade private infrastructure. Does not appear imminent to me.

BPA is reporting that after their first quarter financial review (December 31, 2017), they are forecasting a 70% chance of a Cost Recovery Adjustment Clause (CRAC) triggering in 2018.

I have not yet seen the size of the CRAC being considered but will provide information as this is further evaluated. Michael Deen at PPC said it appears to him as though some level of CRAC in 2018 is “likely”. I respect Michael’s opinion very much.

BPA is also reporting that their most recent analysis suggests that joining the CAISO Energy Imbalance Market (EIM) shows both qualitative and quantitative benefits. The primary source of this value would come from the ability to capture value from the in-hour flexibility of the hydro system. There is also consideration that the EIM will evolve into a day-ahead capacity market. How this works with entities such as ours who are not Balancing Authorities is unknown at this time. If this does develop, I think there is significant value for BPA and potentially for Klickitat if it helps develop actual capacity markets and capacity value that we could participate in.

Renewable Natural Gas Taxation – we have been engaged in reviews with our General Counsel on the tax treatment of both the sales tax on the new equipment being installed and the tax treatment of the sales of the product itself.

4. Representative McCabe – when I was in Olympia a few weeks back I offered to support the Representative with respect to electric industry related bills. For information, I supplied the following comments to her staffer, Ben Tindall after one such request.
5. District Department Meetings – this past month I completed 10 meeting with the various departments and work groups. I also met with retirees in Goldendale and in White Salmon. The intent was small groups to foster open discussions about the utility, what we are doing, how we are doing and why are doing it. This covered electric rates and our rate history and performance, 2016 & 2017 budgets performance, the 2018 budget and five year financial forecast, our strategic planning rollout, along with the business case behind RNG. I thought the meetings were well attended and our employees were engaged and asked great questions. The shortest meeting was an hour and a half and the longest was 3 hours. I am planning on continuing these meetings each quarter.
6. Community Meetings – it is getting to be that time of year to talk with the communities where we provide water and waste water services about their WWW rates and systems, as well as other community and service group meetings. I anticipate that these meetings will start early March and wanted to talk about Commissioner involvement.
7. John Day Pumped Storage Project – We are continuing work on a revised MOU with National Grid and Rye Energy and we are working towards a meeting with them and with Scott Tillman from the aluminum plant together to discuss how this project may move forward.