



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the August 24, 2021 Meeting

AGENDA ITEMS:

- A. Resolution 1809: Authorization and issuance of Visa Credit Cards - we are requesting authorization of issuance of credit cards to Brandy Myers and Ronald Ihrig to be used for KPUD business transactions.

- B. Call for Bid: M.A. Collins Construction - Brandon Johnson has been working with Electrical Consultants, Inc. to design the required upgrades to replace the temporary mobile transformer with a permanent power transformer and associated infrastructure to meet the capacity requirements at the M.A. Collins substation in the Alderdale Road area. The additional load appears to be permanent and this improvement supports the local load growth.

NON-AGENDA ITEMS:

1. Fitch Discussion - Fitch is starting their rate review of KPUD and will be working with Mike DeMott and accounting through September. Mike thinks that our likely outcome will be either no change or a change from A- stable to A- with a positive outlook.

Once concluded, Mike has suggested a review of key bond rating agency rating drivers and a comparison with utilities who have achieved AA ratings. This would help inform a path towards AA rating goal set forth in Strategic Plan. However, Mike has also pointed out to me that we will likely find tension between this goal and other goals which should result in a board conversation around priorities of a couple of the Strategic Plan goals.

2. Lyle Fire Investigation - Department of Natural Resources Chief Wildland Fire Investigator Gary Margheim and Senior Wildland Fire Investigator Terry Liebrecht met with us last week to review the failed 12 kV underground cable from the Lyle Town feed riser pole. Dan Short also attended. There was good dialogue between us and I believe that the DNR investigation will support our conclusion that the underground cable failed in the riser pole as a result of age or material defect.

3. White Salmon Office Security Renovation Construction Request for Quotations - Jeff wanted you all to know that the construction RFQ will be going out shortly. The project will be done through our large works roster so there will not be a formal bid process.
4. DNR Master Agreement WPUDA - I reviewed the draft master agreement on a Zoom call set up by WPUDA. I will compile comments and forward to DNR on behalf of the group. Feedback was practical and helpful and the general consensus was that we have accomplished more than the group thought likely. I was very happy with that.
5. Goldendale Energy Center Pumped Storage Agreements - Commissioner Knowles is reviewing the draft Free Flow Power (FFP) Goldendale Pumped Storage Water Supply and Asset Purchase Agreements prior to issuing these versions back to FFP. Once we agree on the terms, we will start discussions with Scott Tillman at NSC on the required agreements to support serving the project. Parallel agreements will need to be developed with NSC that align with these agreements and resolve all outstanding issues between NSC and KPUD.
6. Mid-Columbia Economic Development District/ Benton PUD Broadband - Rick Dunn, General Manager at Benton PUD, asked me about the potential to tie dark fiber from the west end of their service territory to the east end of ours. They are looking to expand their fiber network west to serve their customers. The opportunity for us is the potential for a redundant path for fiber service to the Gorge from the east and the west. The entire Gorge is currently served from the west and this has created reliability problems for many customers, including us. We are talking next week with MCEDD about potential partnerships and funding sources to see if there is the opportunity to complete a project like this by leveraging and adding to KPUD fiber assets. I am intending on limiting this discussion to construction of dark fiber assets for long haul purposes, and not discussing retail service.
7. Lyle Water Rights - Russ and Tom McDonald have almost completed work to transfer water rights from the Railroad Well to the Lower Well in Lyle. Department of Ecology is planning on issuing a certificate for the transfer, not a permit so this would eliminate the current development schedule.