



# Public Utility District No. 1 of Klickitat County

80 Years of Service \* 1938-2018

## GENERAL MANAGER'S REPORT TO THE BOARD For the February 12, 2019 Meeting

### AGENDA ITEMS:

- A. Professional Services Approval - In December, we published our request for proposals. We have received a response from seven additional firms requesting a renewal for 2019. Staff is requesting approval of the attached listing of firms.
- B. Resolution 1770- Surplus of Domnick-Hunter Siloxane Removal System- Siloxanes are now being removed as part of the Morrow Brother's equipment and he sees no need to retain the equipment. By removing the systems no longer utilized with RNG, it will provide for expansion and optimization of the new RNG facility.
- C. Resolution 1771- Surplus of Sulfa Treat System Tanks- With the RNG expansion project we have installed a regenerable iron-chelate H<sub>2</sub>S removal system. Rendering the sulfa treat tank system obsolete. By removing the systems no longer utilized with RNG, it will provide for expansion and optimization of the new RNG facility.
- D. Open Public Meeting Act Training- RCW 42.30.205 requires that governing bodies take open public meeting training every four years. The last training was in 2015. This training can be completed on line, but would like to provide some time during the meeting to complete the training.
- E. Executive Session- RCW 42.30.110 (1)(g) Review of Performance of a Public Employee

### NON-AGENDA ITEMS:

1. **Dallesport Tribal Housing** – our staking engineers met with the developer last week. They reported that they intend on submitting the require applications to the County February 8<sup>th</sup>, which is a deadline for an April 15<sup>th</sup> County review. I wanted to make you aware that we have also been contacted by an electrical contractor regarding 66 net metering accounts for each of the units. They asked whether we would consider a community solar project. We informed them that we currently do not do community solar projects. I wanted to make you aware of the situation.
2. **Klickitat PUD Bills in the Legislature** – our Renewable Natural Gas Tax Bill is out of the House Environment Committee and is in Fiscal review. I talked with their staff regarding the revenue implications to State revenues last week. We believe that as the RNG is currently being sold as a transportation fuel, there is no fiscal impact. The Bill is being held in the Senate Committee until the Fiscal review is complete. We have received support from at least three of the natural gas pipeline companies.

The DNR Fire Risk Bills have support of DNR staff and the Lands Commissioner as well. They are

both still in Committee.

3. **100% Clean Energy Bill** – I am attaching a summary of the Governor’s bill that was put together by PGP. Although the bill sponsors moved very quickly to move it out of Committee, they have since backed off due to input received. WPUDA reported that most of the changes they suggested were included in recent bill revisions. I think the key changes are that the 2030 requirement is 80% clean, which is reasonable given the studies PGP and E3 have conducted and the 100% by 2045 is now a GOAL, not a requirement. That allows technology changes to influence the future and allows time to discuss things like 100% NET clean power supply that could make the program much more cost efficient than what was originally proposed. The revisions also include a change to the definition of RNG, which will be beneficial to us in the future.

I have also heard that there is a cap and trade proposal floating around out there that would be “compatible” with other cap and trade mechanisms in the West. The Carbon Tax proposal is still out there as well. Neither has been introduced.

4. **Douglas PUD Renewable Hydrogen Bill** – Douglas PUD is in the early stages of exploring the production of Renewable Hydrogen. Renewable Hydrogen is defined as hydrogen produced from a renewable feedstock using renewable energy. Dave Warren is working with Douglas PUD and worked on the definition of Renewable Hydrogen with engineers from Toyota as they are very interested in Renewable Hydrogen as a fuel source for their fuel cell vehicles. The importance to us of the wording that they arrived at is that it covers two methods of Hydrogen production. First is an electrolysis production method that Douglas is considering, which would utilize water as the feedstock and excess hydro as the energy source. The second method it also covers is a steam reformation process, which could use RNG as the fuel source. That could provide additional markets of RNG in the future if fuel cells come to prominence. The original definitions would have covered Douglas’ needs, but not ours.

Dave is continuing to work very well with our staff and advocate for us to assist us with our strategic goals. WPUDA is neutral on the Douglas bill and we can talk about that at the meeting.

5. **Marty Kanner, Consultant with Public Power Council** – Marty reported that Senator Maria Cantwell has moved to the Senate Committee on Commerce, Science and Transportation as the Ranking member. Congressman Peter DeFazio is the ranking Member of the Transportation and Infrastructure Committee. A re-occurring issue is the cost allocation for the federal dams. Historically, power users pay for 100% of power related costs, as well as 75% of the joint costs of the federal system. This has remained the same, despite a quoted 30% reduction in hydro available due to fish & wildlife and other issues as well as increases in other “beneficial” use from the dams for other purposes. He also reported the climate change is included in the priorities of three separate Committees. Congresswoman Alexandria Ocasio-Cortez appears to be leading this push with the “Green New Deal”, which calls for 100% carbon free in all sectors by 2035.
6. **The Columbia River Treaty** – negotiations with Canada started in earnest in May of 2018 and the time schedule at that time was 18 months. Elliott Mainzer reported that significant data and models have been exchanged and that the US is still pushing holding this timeline. He did however state that the next meetings will determine where each sides really is and that he is still concerned the Canadians are still working on a slower timeline.
7. **Lisa Brown Appointed as Director of Commerce** – Brown served the State House of Representatives from 1993 to 1997 and the State Senate from 1997 to 2013, where she served as the first female Majority Leader from 2005 to 2013. She also served as chair for the ways and means

committee, rules committee, as well as the energy, technology and telecommunications committee. Following her time in the capitol, she served as chancellor for the Spokane campus of Washington State University primarily working in health sciences. Brown holds a Ph. D., a master's degree in economics from the University of Colorado and a bachelor's degree from the University of Illinois. Her appointment is effective on February 11th, 2019.

8. **Pacific Gas & Electric Bankruptcy** – I am sure you have heard of the filing. A quick summary of what I have heard.
  - The filing will allow PG&E to continue operation while it comes up with a plan to pay its debts.
  - PG&E's electricity and natural gas will continue uninterrupted for its 16 million customers, as they have lined up at least \$5.5 billion from several banks to fund operations for what it expects could be a two-year legal process.
  - The utility company's stock has lost more than 80% of its value since the 2017 fires broke out, and its credit rating has been downgraded to junk status.
  - In the chapter 11 filing, PG&E listed \$71.4 billion in assets and nearly \$51.7 billion in total debts, and recently estimated its potential wildfire liabilities at \$30 billion or more.
  - In addition to the likelihood of higher electricity rates and lower payouts for wildfire victims, PG&E's bankruptcy could affect California's ability to meet its climate change goals. PG&E has suggested it could seek to nullify existing contracts to buy power from solar and wind farms, or to slash payments under those deals.
  - Some PG&E critics have called for the Legislature and Gov. Gavin Newsom to break the company into smaller pieces or convert it into a public entity.
  - San Francisco has said it will study the possibility of acquiring PG&E's electrical infrastructure in the city.
  
9. **Wind to Pass Hydro as Top Renewable** – I read this article with interest as it shows the effects of national studies versus regional studies. It provides some perspective on the national view of the electric system, versus our situation here in the Pacific Northwest. In it, the article states that hydro power provides 7.4% of national energy production, while wind is forecast to produce 8% by the end of 2019. Solar produces only 1.3% of national electrical energy production. Also puts the clean energy production goals of the west coast into perspective in just how much cleaner than the rest of the country we already are. Article is attached.

[https://www.greencarreports.com/news/1121141\\_blowing-away-dirty-energy-wind-to-pass-hydro-as-top-renewable-in-2019](https://www.greencarreports.com/news/1121141_blowing-away-dirty-energy-wind-to-pass-hydro-as-top-renewable-in-2019)