

Public Utility District No. 1 of Klickitat County
Board of Commissioners' Meeting
Tuesday, March 9, 2021

AGENDA

ONE TIME USE - *Regular Meeting* 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.

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

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

➤ **PLEDGE OF ALLEGIANCE**

➤ Approval of Minutes - 02/23/2021 Meeting

➤ Approval of Claims/Vouchers for period ending 03/09/2021 *(Alex Casimiro)*

➤ Approval of Payroll for period ending 02/28/2021 *(Alex Casimiro)*

➤ **PUBLIC COMMENT PERIOD**

➤ **AGENDA ITEMS**

A. Department of Ecology Wastewater Treatment Plant Awards *(Mark Pritchard)*

REPORTS – 10 min. each:

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

GUESTS:

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

B. Resolution 1801 RNG Debt Refinance *(Mike DeMott)*

C. Executive Sessions-Review of a Public Employee Per RCW 42.30.110(1)(g)

ADJOURNMENT

FOR THE GOOD OF THE ORDER:

- PDC F1 reporting due by **April 15, 2021**



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the **March 9, 2021 Meeting**

AGENDA ITEMS:

- A. **Department of Ecology Wastewater Treatment Plant Awards** – Mark will be presenting the awards for wastewater plant operational excellence. We have been holding these for months hoping Ecology could present them, but decided we will go ahead and present them ourselves now. Mark is bringing in the operators for this.
- B. **Resolution 1801 RNG Debt Refinance** - Mike DeMott is requesting that we approve the Resolution to affect the refinancing of RNG debt as previously evaluated through North Cascades Bank. There are no material changes in terms.
- C. **Executive Session - Review of a Public Employee** – This executive session is for you to take your individual reviews on the usual forms from last week, and compile the average numbers as a board and discuss them with me as you see fit.

NON-AGENDA ITEMS:

- 1. **WPUDA Virtual Day on The Hill** – This virtual event replaces the PUD Day on the Hill BBQ lunch reception that WPUDA usually holds during session in the Legislative Building. It will be a Zoom call. WPUDA will arrange for delivery of lunches to legislators/legislative staff working remotely. For those legislators/legislative staff working on the capital campus, WPUDA will provide a gourmet box lunch that will be distributed at a convenient drive-up pickup at the WPUDA building the morning of the event from 6:30 a.m. until 8:30 a.m. (they can swing by and pick up lunches on the way to work).

Commissioner Miller “attended” this event last year and I am looking to see if anyone will attend for KPUD this year. It is scheduled for March 23. WPUDA is asking us to confirm attendance by March 20.

- 2. **McNary Hydroelectric Generation Project Elevator Replacement Update** – Kevin will be giving you an update as part of his report.

3. **BPA Net Secondary Sales Forecasts** – BPA is forecasting \$330 million in net secondary sales in the BP22 rate case. Without this credit, rates would be 20% higher. This is a bit less than BPA achieved in 2020. PPC staff has concluded this is a reasonable forecast for expected value in the years of the rate case. As a full requirements customer, we receive any credit in the form of lower rates. Slice customers receive the energy directly. I am very pleased that PPC is beginning to focus specifically on BPA maximizing the value of net secondary sales as an independent focus area.
4. **PPC BP22 Rate Process Proposed Rebuttal Testimony** – PPC is focusing their comments on revenue financing, fish and wildlife issues, allocation of the Grid Modernization and EIM costs, allocation of BPA Power Services EIM benefits, how BPA handles their balancing reserve calculations and allocations, and costs associated with the Eastern Intertie. As you will note, many are ongoing issues that are looked at every year, although there are definitely new dynamics involved. If you would like the background information, I will get it to you directly. You will recall the confidentiality concerns at PPC that were addressed last year.

5. **BPA Financial Status** – the following is PPC’s summary:

After a weather delay, BPA held a Quarterly Business Review technical workshop on February 23 to provide detailed information on Q1 financial results for FY 2021. Both business lines are forecasting better than rate case expectations for net revenues, but there is still substantial uncertainty remaining in the year. The current forecast for January through July water supply at The Dalles is 95-98% of normal, but timing and shape of the runoff can be as impactful as volume in determining financial performance for secondary energy sales.

Transmission Services is forecasting net revenues of \$21 million higher than rate case and Power Services for \$92 million. However, the Power Services net revenue projection is partially due to accrual items that will not materialize as cash in FY 2021. Overall, BPA is forecasting no probability of any surcharge triggers for FY 2022 rates and a very small chance of a Reserves Distribution Clause for Power Services. Capital execution continues to be a concern, in part driven by ongoing COVID-19 impacts. Overall capital expenditures are forecasted to be \$142 million below the rate case expectation of \$853 million for FY 2021.

6. **Strategic Plan Organizational Development Discussions with Staff** – I have been meeting with staff over the past few weeks in small groups talking about where we are going from an organizational perspective. The focus is on the fact we are finally in a better place than we have been over the past 10 years, and while budgets will continue to be tight, I believe them to be sustainable and we are going to focus more on developing our team. My notes are attached for your review.
7. **Pacific Northwest Electric Grid Reliability** – as we discussed last meeting, Senator Tim Sheldon introduced a budget proviso to fund the Department of Commerce convening a meeting of stakeholders to produce a report on our electric grid reliability. This includes identifying the causes of the rolling blackouts in California and Texas and

determining if these situations exist in the Pacific Northwest, or will be created by the clean energy transformation impacts on our electric grid. The language is attached for your review. There is not a specific dollar figure at this time.

8. **Representative Simpson Regional Proposal** – I can give you an update at the meeting.