



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the **January 12, 2021 Meeting**

AGENDA ITEMS:

- A. **Election of Officers** - We are pleased to recognize the re-election of Commissioner Dan Gunkel for his sixth consecutive session. Dan is starting his 31st year of service and we welcome back his wealth of knowledge, experience and leadership. His re-election makes Dan the longest serving PUD commissioner in our history. That is a big milestone at the PUD, as we traditionally have had long tenured commissioners. In fact, we have only had 16 Commissioners in our 83 years of service.

Our traditional process is to re-align positions on the board every even year, which follows an election cycle. I am proposing that current Vice President Doug Miller move to the President position, that Secretary Knowles move to the Vice-Chair position and that Commissioner Gunkel move into the Secretary position.

NON-AGENDA ITEMS:

1. **Utility Rate Comparison** - We reviewed the current residential rates of our utilities comparison list over the holidays. We have moved from #5 to #6 on the list as other utilities have increased rates in 2020 and KPUD did not. That summary is attached.
2. **Fuel Cell Demonstration Project** - Representative Mosbrucker is still working on an appropriation for a local project supporting Klickitat Valley Health's replacement of a portion of their generation back-up that is antiquated. The ideas of community heating and micro-grid projects have gone away.

We have Dave Warren engaged with the project in potentially adding a fuel cell demonstration project as part of that back-up package and as part of the appropriations. Actually, he is involving us, as we are not driving this initiative. The idea is the fuel cell addition would make the overall appropriation request more likely to be included in the budget. We would potentially act as owner/operator of the fuel cell portion to support our strategic plan in evaluating future clean energy alternatives. The proposal would include funding to cover our costs.

3. **DNR Electric Utility Wildland Taskforce Report** - I think we ended up in a good place with the report to the legislature. We did not resolve all of the issues, but we have commitment in writing that task forces and committees will continue to work together. I think we will get a good master agreement with DNR and I am hopeful we can turn that

into legislative support to expand that agreement into application for other land ownerships. It is also very apparent that DNR is interested in engaging with utilities in ensuring that we do not end up where California is. It is also apparent that there is significant support from the Land Commissioner. The report is attached for your reference.

4. **Condit Transmission** - Ron Schultz will discuss where we are with Pacific Corp discussions with respect to the Condit to Powerdale 69 kV transmission line.
5. **Starlink Internet** - at least six employees have recently connected to the Space-X Starlink satellite internet service beta test. This service is provided by low-level satellites that provide a low latency internet service.

The Feedback I have from everyone is extremely positive. My service went from about 10 MBPs download and less than 1 MBPs upload, to over 120 MBPs download and 15 MBPs upload speeds. Latency went from above 100 ms to less than 10 ms. We can do a zoom call and stream two movies at the same time.

This is everything we need from a broadband service for our residence. Whether this is sufficient for all internet service needs is still a question we should think about and discuss. By that, I mean there is likely still a need for very high bandwidth fiber connections for very high usage businesses, schools and service providers such as ourselves.

6. **Bonneville Power Administration (BPA) Initial BP-22 Rate Case** - as Mike DeMott has shared with you, the initial rate proposal from BPA includes a 0% power rate adjustment and an 11% transmission rate adjustment. As in past years, this is the AVERAGE impact on customers, but some will win and some will lose given their load shapes.

What I want to discuss is our position on how BPA is using surplus secondary revenue funds. In 2020, BPA exceeded their surplus revenues forecast by over \$100 million due to the changing California marketplace and load/resource balance. The BP-22 rate case has significant secondary revenue increase that creates a \$95 million surplus with that 0% rate adjustment. The PPC position is to push back on costs as it always does, but it includes a potential for a request for some measure of refund to customers and/or a rate decrease. I want to discuss with you funding rate reductions from surplus revenues versus debt repayment and what input I should provide to the Public Power Council in the rate process.