



Public Utility District No. 1 of Klickitat County

75 Years of Service

1938-2013

GENERAL MANAGER'S REPORT TO THE BOARD

For the June 23, 2015 Meeting

AGENDA ITEMS

- A. BOND REFINANCING – Alan Dashen will be in attendance to discuss our proposed refunding of our current 2006B bonds. A draft of his presentation is attached. Also attached in the Board packet for your review is the latest draft of the Resolutions required to sell the 2015 bonds during the refunding. There is nothing substantially different from previous bond issues. John Janney will also be in Goldendale and will be attending the meeting.
- B. RECORDS MANAGEMENT PROGRAM – Staff is submitting policies and a resolution for your approval. The purpose is to implement a formal records management program for the district and establish protocols for scanning and disposing of non-archival records that meet the requirements of RCW 40.14. The District is already complying with most of the proposed policy provisions, and we will be implementing the remainder of the requirements after approval.
- C. RESOLUTION No. 1691 – we are submitting a resolution for the board's adoption to authorize the issuance of a credit card for Anita Thompson, Accounting Manager, to be used for KPUD business only. This resolution also rescinds previous resolutions that provided for credit card authority for Holly Dohrman and Shannon Crocker as they no longer work for the district. The actual cards for these individuals were deactivated when their employment ended.
- D. FINANCIAL POLICY – we have been working on overall financial plans and risk policy issues and complete rewrites are not yet complete. However, I am submitting some of these revisions to Policy Bulletin No. 9 for your consideration. Given the ratings presentations coming up and given that we have already utilized the specific changes I am proposing in our rate setting process, I would like to revise the Financial Policy so that we can utilize your current direction to staff with outside agencies.

NON-AGENDA ITEMS

1. I have been in the office the last two weeks and most of my time during the last two weeks was spent on staffing issues with respect to our employee changes, RNG and refinancing.
2. Renewable Natural Gas Project – I anticipate that we will have a Letter of Intent signed for exclusive negotiations with the leading candidates in our RFP process next week. This represents agreement in principle on the business structure and how the costs, value and risks are apportioned. We will then begin the detailed due diligence phase that, if successful, would result in contracts for your consideration. We will

discuss drafts of those contracts, the RNG business model and the resulting impacts on the PUD Financial Outlook as we work through this process. We are working to have this completed by the end of September at the latest. The goal would allow for enough time to meet a January 1, 2017 commercial operation date if we can close the deal.

3. Staffing Update – Andrea Keffeler joined the PUD this week and Shelby Manka will be starting on Monday. Andrea is a Customer Service Representative Trainee and Shelby is a Customer Service Representative. Both will be working up front in Customer Service area in the Goldendale office. Tami Whitner also started this week and is working through Barrett's on a temporary basis to cover Accounts Payable while Brandy Myers is covering the Customer Service Supervisor position. Mike is now covering the Power Manager position while we posting this position. I want to note the efforts from staff in multiple departments that are working very well together to provide coverage and training as we transition our new staff.
4. Power Management – we completed a purchase for 10MWs for the balance of the month of June. We have commented the last few months that low water levels have not increased pricing, but that is changing as the water flow forecasts continue to decline. We see a potential for a significant price increases on an hourly basis as the month continues. The trades were completed at \$49.50 for high load hours and \$32.50 for low load hours with Citigroup. So far, July and August net positions look okay.
5. Safety Meeting Presentation – attached is a presentation / talk I engaged in with staff at this month's safety meeting. Last month I talked about our electric rate increases and the underlying financial condition of the PUD, as well as our "five year financial plan" that we have been working under since 2010. This presentation was the follow-up discussion that talks about what are doing strategically to address the depressed electric and REC markets. We moved safety meetings to Wednesdays so that I can attend and talk about PUD issues on a more regular basis. My outside the County traveling for Public Power Council and the Pubic Generating Pool both happen on Thursdays.
6. Public Works Trust Fund – attached is an email from John Kounts and letters that I sent from KPUD in support of the Fund to our legislators for your information.