



# Public Utility District No. 1 of Klickitat County

75 Years of Service

1938-2013

## GENERAL MANAGER'S REPORT TO THE BOARD

For the August 11, 2015 Meeting

### AGENDA ITEMS

- A. RESOLUTION No. 1698 "Designation of Certifying Officers" – We are presenting Resolution 1698 for the Board's consideration in adopting, thereby appointing the Chief Operating Officer (Ron Ihrig) as Certifying Agent, General Manager (Jim Smith) as Deputy Certifying Officer, and authorize the Materials Manager (Jeff Thayer) to certify vouchers and sign the blanket certification for such vouchers. These changes are due to the retirement of Gene Ewing-Materials Manager, and the moving of Jeff Thayer from the Operations Manager position to Materials Manager position.
- B. BOND SALE – The bond sale will take place in New York the morning of our August 11<sup>th</sup> Board meeting. I will provide you with the results of the sale via teleconference.

### NON-AGENDA ITEMS

1. Bonneville Power Administration 2015 – 2017 Rate Announcement – Attached (1.1-1.7) is a Public Power Council (PPC) staff review of the BPA final record of decision regarding electric rates for October 2015 through September 2017.

Also attached (1.8-1.15) for your review is a PPC staff review of BPA's ongoing efforts to address long term cost competitiveness (titled BPA Budget & Finance). I have a meeting scheduled with Mark Gendron September 2<sup>nd</sup> to discuss our thoughts and provide direct feedback to BPA senior management. If you have thoughts, I would appreciate hearing them so I can take them with me. My ideas are the same ones we have talked about in the past, namely that BPA management needs to manage, not just add up submitted budgets. My suggestion to PPC and BPA has been that senior management, probably the CFO, needs to have the authority to take the general direction and targets established by the Administrator and ensure that the organization's budgets and plans adhere to that direction and meets those targets. The push back from BPA is that this creates a need for a "public process," which makes no sense to me at all.

I also believe there are three areas that need more specific direction to the BPA's senior management team: (1) Capital spending should have a long term prioritized plan that considers their borrowing limits and stays within that limit. If that includes Energy Northwest (ENW) and refinancing that is fine, provided there is a plan for staff to follow. (2) BPA needs to address its long term asset value and move to protect and enhance that value. The California "seams" issues and Energy Imbalance Markets (EIM) are the prime examples of BPA responding to market design by others

outside the region, rather than acting as a driving force behind a cohesive Pacific Northwest marketplace that does not allow CAISO to extract value from our region and hence our rate payers. So far, I believe the CAISO is performing extremely well and, as a region, we are not. (3) BPA needs to be proactively challenging Fish and Wildlife costs, which are already past statutory requirements in my opinion. This is fully 1/3 of BPA's budget and needs to be aggressively managed.

2. Pumped Storage - LFG Infrastructure Funds – The infrastructure funding request will be placed on the September 1<sup>st</sup> Board of County Commissioners' meeting agenda for consideration.
3. McNary Hydro Project Update – Bob Guidinger with Northern Wasco PUD and Don Jarrett will be at our Board meeting on August 25<sup>th</sup> to provide an update on the installation of the runner at the McNary site.
4. Staffing Update – We are moving forward with preliminary interviews with 4 external and 1 internal candidate for the Power Manager position. We also issued responses to 4 candidates for the Engineering and Operations Manager position. None of them met the job requirements and our other needs for that position.