



Public Utility District No. 1 of Klickitat County

75 Years of Service

1938-2013

GENERAL MANAGER'S REPORT TO THE BOARD

For the September 22, 2015 Meeting

AGENDA ITEMS

- A. RESOLUTION No. 1700 - "Low Income Elderly Discount"—Brandy Myers is presenting the Board with Resolution No. 1700 for adoption, thereby approving the continuation of Klickitat PUD's low-income elderly discount program , to be effective on billings issued December 2015 through May 2016. No revisions to the program are being recommended at this time.
- B. WALKEY SCHOLARSHIP – We have received 5 names from our employees who will have a high school graduate in 2016 of which we will be presenting to you on Tuesday for the annual drawing, to select Klickitat PUD's nominee for the \$1,000 Walkley Scholarship drawing. All of the WPUDA members have the opportunity of submitting a nominee to represent their Districts. The official drawing will be held by Washington PUD Association's selection committee sometime in November. The winner will be honored at the Annual WPUDA meeting in December.
- C. POLICY BULLETIN No. 23 - "Purchasing" – Ron Ihrig is presenting the Board with proposed revisions to Policy 23 for approval, as included in your packets.
- D. WA STATE RENEWABLE ENERGY INCENTIVE PROGRAM – Mike DeMott will be reviewing this program with you again on Tuesday, and answering your questions from the previous Board meeting. He is recommending that the Board authorize staff to prorate customer incentive payments. Additional information is included in your packets.

NON-AGENDA ITEMS

1. I have spent most of the last two weeks on staffing, organizational development and budgeting processes.
2. Power Manager Position – We interviewed two candidates and elected not to offer the position to either. We will continue with our process.
3. White Creek Finance Managers Meeting – John Janney and I attended a planning session with other W.C. off-takers to talk about the option to purchase the project for years 2021 to 2030. We used that as an opportunity to talk about the underlying financial models and about some key issues. The key issues Power Management will be delving into are decommissioning costs, price of tier II power during years 11 – 20, and the buy-back language itself, along with our own strategies. The first option to purchase is the end of 2017.

4. Public Generating Pool – A couple of interesting bits of information, the Northwest Power and Conservation Council’s drafts for the seventh power plan show no additional need for energy resources in the pacific northwest through 2021. Any additional needs are being offset with conservation and demand side management acquisitions. It also shows that in any scenario, additional renewables are the most expensive resources in the PNW and any additions would therefore be driven by RPS standards, not economics. I am attaching the current draft of the seventh power plan for your reading. For managers, here is a link to the draft if you are interested in the plan: <http://www.nwcouncil.org/media/7149539/6.pdf>

It appears as though there is widely held consensus that if California goes to a 50% RPS requirement, there will not be any change to its restrictions on out-of-state renewables. The sentiment is that there will be a strong “jobs in CA” component to any increase in renewable requirements.

I have not seen a formal announcement, but I have heard that Idaho Power is pulling out of the Northwest Power Pool (NWPP) Energy Imbalance Market Initiative (EIM) process as they are actually located much better to fit into a CAISO marketplace than PNW. It is widely expected that Portland General Electric will follow suit. With Idaho in the group, PGE’s comparative modelling indicated a financial indifference to CAISO or the NWPP EIM, but they lose significant value if Idaho leaves the group. This leaves BPA, BC Hydro, Avista, Balancing Area of Northern California, Chelan PUD, Tacoma Power, Snohomish PUD and Seattle City Light, along with a few others.

5. Leadership Training – I have been accepted for executive leadership training at the Center for Creative Leadership (CCL) in Colorado Springs. My class is tentatively the week of November 16th. CCL ranks No. 4 overall in the *Financial Times* worldwide survey of executive education. Of the more than 85 institutions ranked by the *Financial Times*, CCL remains the only one focused exclusively on leadership development. CCL has earned a Top 10 ranking in the survey for 14 consecutive years. The center has also been a leader in executive training research for over 30 years.

The program, Leadership at the Peak, was highly recommended. We have talked about this several times in the past, and I think the time is right to take this on. If you are interested, their website is <http://www.ccl.org/Leadership/index.aspx>