

Public Utility District No. 1 of Klickitat County
Board of Commissioners Meeting
Tuesday, September 8, 2020

A G E N D A

ONE TIME USE 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.

Time: KPUD Commission Meeting Start Time - 2:00 p.m. as advertised

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

➤ **PLEDGE OF ALLEGIANCE**

➤ Approval of Minutes - 8/25/2020 Meeting

➤ Approval of Claims/Vouchers for period ending 9/08/2020 (*Cynthia Bruce*)

➤ Approval of Payroll for period ending 8/30/2020 (*Cynthia Bruce*)

➤ **PUBLIC COMMENT PERIOD**

REPORTS - 10 min. each:

- Renewable Energy Asset Update (*Kevin Ricks*)
- Power and Finance Report (*Mike DeMott*)
- Energy Services Update (*Anita Clever and Brandy Myers*)
- Commissioners' Reports
- Assistant General Manager Operational Report (*Gwyn Miller*)
- Manager's Bi-Monthly Report (*Jim Smith*)
(see attached report)

GUESTS:

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

- A. Net Metering Discussion - (*Anita Clever/Brandy Myers*)

ADJOURNMENT

FOR THE GOOD OF THE ORDER:

NWPPA 80th Annual meeting- to be held virtually on September 10.

WPUDA Educational Scholarship Drawing

Quarterly Meetings with Klickitat Board of County Commissioners - September 22

Note: Agenda is subject to last-minute revisions, which may include the board calling for an executive session.



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the September 08, 2020 Meeting

AGENDA ITEMS:

- A. NET METERING DISCUSSION - Anita Clever and Brandy Myers will discuss Policy 25. They will also discuss the changes that have affected this policy over the past few years and provide the board with suggested updates to the policy.

NON-AGENDA ITEMS:

1. Strategic Planning - attached are the draft long-term goals and strategies. Staff is working on revisions to the strategies and setting annual goals this week. We will bring back a final draft for your acceptance as soon as it is completed. I envision that the long-term goals and the strategies are the strategic plan and the annual goals and action plans are part of our normal goal setting and performance review process.



2. Water Trust Issues - Tom McDonald will be participating next meeting via phone to discuss recent changes to the Department of Ecology's water trust rules.
3. DNR Wildfire Mitigation Task Force - our next committee meeting is September 16. I just wanted to let you know that the more we seem to accomplish in the task force, the more I am hearing that contentious recommendations are likely to be disregarded by parties within DNR. I guess I should not be surprised. The legislation calls for DNR to report to the legislature by December 1, 2020. It does NOT call for the task force to report to the legislature. Our report goes to DNR. It is not clear to me whether the report completed by the task force will be the same report submitted to the legislature, but you can see my concerns. I will keep you posted.
4. Capacity from BPA's Chenoweth Substation - we are working on load studies with BPA in conjunction with BPA's request that we move their 115kV to 69kV substation into our EE Clouse substation. We plan to undertake this study work at our cost, as we do not understand the load constraints from Chenoweth. These constraints are hampering our

ability to work with potential new customers.

5. Public Power Council - First, I would like your support to submit a nomination for myself, with Gwyn as alternate, for the PPC Executive Board once again.

Second, BPA held its executive level Quarterly Business Review webinar and associated technical workshop during August. Overall, BPA is in good financial condition.

Transmission Services' net revenues are projected to end the year at \$24 million higher than rate case expectations. This is driven primarily by lower net interest expense due to lower than forecasted interest rates and lower capital investment levels. Power Services' net revenues are \$119 million above rate case expectations, but about \$41 million of this is due to changes in accounting treatment of non-federal assets (primarily related to Energy Northwest) that has no cash impact. Power Services' overall strong performance is driven by a combination of strong surplus sales and lower operation and maintenance expenses.

BPA's capital expenditures are down significantly, in part as a result of COVID-19. Power Services is projected to spend \$67 million less than its rate case budget of \$305 million. Transmission Services is projected to end the year at \$177 million below the rate case forecast of \$529 million.

Because the Financial Reserves Policy (FRP) surcharge has been suspended and reserve levels are robust with no probability of a Cost Recovery Adjustment Clause (CRAC) event, no surcharges will trigger for FY 2021 rates. There is some probability of a modest Reserves Distribution Clause for transmission rates, with a modeled expected value of \$2.8 million.

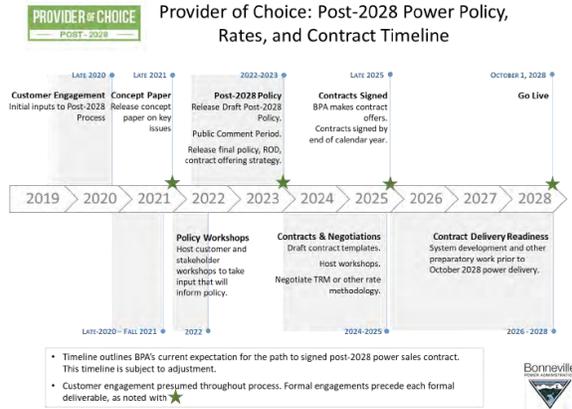
6. John Hairston BPA Interim Administrator - John talked at the PPC virtual meeting this month. It seemed to me like he has more focus on secondary revenues and Environment, Fish and Wildlife costs than Elliott did. That gives me hope for their long-term rates. Although, as we discussed in our strategic planning session, who knows what else they may be hit with.

He also talked about post-2028 contracts. Attached is their "Provider of Choice" initiative for your reference. This is brand new, so we will talk with you more as we learn more. Note that they are thinking of a record of decision in 2023 and contract negotiations by 2025. This aligns with our strategic goal to understand our wholesale power supply options by 2023.

Post-2028 Contracts



- BPA has formally kicked off its “Provider of Choice” (post-2028 contracts) initiative.
- **Customer-Centric Engagement:** Initial phase of conversations served to identify elements of current contracts that are working well, identify elements that bear improvement, and gain insight into what customers value most in future contracts.
- **Summary Report:** BPA is evaluating feedback and will compile findings in a “Summary Report” to be released this fall. Continued customer conversations will confirm/clarify findings and take feedback from customers we have not yet heard from.
- **Website Launch with Educational Materials:** Developing a series of fact sheets to help customer leadership better understand today’s products and services. Materials and other resources are available on BPA’s new “Provider of Choice” website: <https://www.bpa.gov/providerofchoice/Pages/provider-of-choice.aspx>
- **Next Steps:** Early 2021, begin formulation of a policy framework. A “concept paper” is targeted for late 2021. From there, BPA will plan for a path toward contract offers in 2025.



7. **BPA Administrator Process** – DOE has informally stated that they want to complete the hiring process by the end of October. There are currently three internal BPA candidates. If the qualified pool is all existing BPA employees, this could happen. If the process opens up, then it will likely take longer given Federal security and background check issues. Current candidates are John Hairston, current Interim BPA Administrator, Michele Manery, current VP of Transmission Marketing and Sales and Joel Cook, current Senior VP of Power Services.