



# Public Utility District No. 1 of Klickitat County

79 Years of Service \* 1938-2017

## GENERAL MANAGER'S REPORT TO THE BOARD

For the **May 23, 2017** Meeting

### AGENDA ITEMS

- A. RNG PROJECT MANAGMENT: Kevin has asked Don Jarret & Joe Carson with McMillin Jacobs along with Dan Waineo with ES Engineering to present drafts of the project construction schedules and budgets for your review and discussion. Mike will also provide an update on project financing and modeling. As part of this discussion, I will be asking that you consider authorizing me to approve initial payments for several major critical path vendor contracts. The payments will be in accordance with those contracts. Future payments will be run through our normal invoicing and approval process.
- B. BID AWARD: Wishram Wellhouse & Booster Pump Improvements: Bids were opened on May 11, 2017 at 1:30pm as advertised. Ron Schultz will be presenting the results of the bids and making an award recommendation on the low, compliant bid.
- C. RESOLUTION No. 1741: A Resolution to Rescind Credit Card Authority due to retirement resolution no. 1581 authorized the issuance of a business credit card for and on behalf of Kathryn Loveland, Executive Assistant; Resolution no. 1741 will rescind the authority due to her retirement on May 26, 2017.
- D. Water-WW Public Rate Hearing: The public rate hearing will be convened at 3:00pm as advertised. We have met with representatives from the communities where we provide water and wastewater system services. The exception is Roosevelt, where we could not arrange a meeting but sent letters to each customer to make them aware of rate changes. As you know, many small communities are struggling with keeping community councils active. I have no concerns to bring from discussions we have had in any of the communities. There were good discussions, but there are no concerns about the rate proposals that I know of. I will be presenting rate recommendations during the hearing.
- E. RESOLUTION No. 1742: Following the rate hearing, I will be asking for the Board to adopt Resolution No. 1742, thereby approving the various water and wastewater system rates as presented by staff, or modified per your requests pending public comment at the rate hearing.

## NON-AGENDA ITEMS

1. GM Meeting Attendance:

May 08 – Goodnoe Station Infrastructure work session  
May 09 – Rimrock Customer meeting  
May 11 – Bickleton Customer meeting  
May 13 – Ponderosa Park Customer meeting  
May 16 – NISC On-Site Demonstration  
May 17 – Republic Services, Seattle  
May 18 – PGP Meeting, Seattle

2. Bonneville Power Administration: BPA Administrator Elliott Mainzer said this week that the Cost Recovery Adjustment Clause (CRAC) will not be implemented in 2017. He said they have taken about \$46 million in expenditures out of the 2017 budget. They are still very concerned about future years, given that their reserves have fallen several hundred million dollars the past several years due to lower surplus power sales revenues. He also reported that they are cancelling the I-5 corridor transmission project, in part because of the costs, which have grown to \$1.2 billion, but also due to their belief that they need to find other ways to supply transmission service. This may include other utilities stepping up and providing alternative paths. Elliott said that they really are trying to address their financial issues and cancelling this project helps, especially in light of their debt-to-equity ratio being the second highest in the nation at 93%.

3. Republic Services: We have been making significant progress with Republic Services and our Gas Optimization Agreement. I believe that we have the understandings in place for this agreement to support the work that Kevin and Mike have been doing on the RNG project. We had flagged this as an issue in previous meetings and I wanted you to know we are making very good progress. We will report back again in the coming months as we track performance.

4. John Day Pumped Storage Project: Erik Steimle, who has been involved with previous environmental work on the project through ERM, is now with Rye Energy which is the leading developer of hydro-electric projects in the United States. His firm is working with National Grid on attempting to ascertain if the Washington State Department of Ecology will support the development of the project on the site if the boundaries are adjusted, to avoid specific areas on the NSC properties over which we have real estate options. This has become an issue for both National Grid and Rye, who are considering involvement in the project. As part of the due diligence that National Grid is carrying out with our MOU, National Grid or Rye will be funding exploratory work with ecology with our agreement. Brian Skeahan has been involved in the discussions and I support his recommendation that we allow National Grid to move forward with this investigation and I have given them the okay to do so.

We are also planning for National Grid and Rye to attend a Board meeting, potentially on June 13<sup>th</sup>, to discuss the results of National Grid's due diligence and potential next steps in moving the project forward.

5. Renewable Natural Gas Project: I have had inquiries from Roger Nichols who did an interview for business beat on Y102 and from the White Salmon Enterprise regarding the project. I also presented the business case to our employees, focused on what we are doing and why we are doing it and wrote a *Ruralite* back page article on the project. We are currently compiling this information for posting on our web site so there is a consistent message regarding our work.

I am also drafting letters to Representative Norm Johnson and Senator Curtis King to let them know their support in passing our RNG bill in Olympia was instrumental in our being able to move forward with this exciting project.