

Public Utility District No. 1 of Klickitat County
Board of Commissioners' Meeting
Tuesday, February 9, 2021

AGENDA

ONE TIME USE- **Regular Meeting** 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.

KPUD Commission Meeting Start Time – 1:00 p.m. as Advertised;

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

AGENDA ITEMS:

A. Executive Session: MM28 Per RCW 42.30.110 (1)(i) Potential Litigation

Regular meeting will begin at 2:00 p.m.

➤ **PLEDGE OF ALLEGIANCE**

➤ Approval of Minutes - 01/26/2021 Meeting

➤ Approval of Claims/Vouchers for period ending 2/09/2021 *(Alex Casimiro)*

➤ Approval of Payroll for period ending 01/31/2021 *(Alex Casimiro)*

➤ **PUBLIC COMMENT PERIOD**

REPORTS – 10 min. each:

- Renewable Energy January update *(Kevin Ricks)*
- Purchasing Report- Scrap Metal update *(Jeff Thayer)*
- Commissioners' Reports
- Assistant General Manager Report *(Gwyn Miller)*
- Manager's Bi-Monthly Report *(Jim Smith)*
-*(see attached report)*

GUESTS:

- Jena MacLean - Perkins Coie
- Meredith Weinberg - Perkins Coie

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

- B. Call for Bid: Tree Trimming and Right-of-Way Clearing *(Mark Pritchard/Jeff Thayer)*
- C. Prequalification of Contractors *(Mark Pritchard/Jeff Thayer)*
- D. Professional Services *(Ron Schultz)*
- E. Debt Restructuring Discussion *(Mike DeMott)*

ADJOURNMENT

FOR THE GOOD OF THE ORDER:

- WPUDA meeting 02/17-02/19
- PDC F1 reporting due by **April 15, 2021**



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the February 9, 2021 Meeting

AGENDA ITEMS:

- A. **Executive Session MM28 litigation** - Perkins Coie will be on the phone to update the board on litigation efforts.
- B. **Call for Bid Tree Trimming and Right-of-Way Clearing** - Mark Pritchard is requesting that we advertise a new bid request for tree trimming and right-of-way clearing. Our current bid is not expired and does allow for an extension.
- C. **Prequalification of Contractors** - We received an additional submission and request the addition of Proper Plumbing Solutions LLC. They have met the requirements for being added to the works roster.
- D. **Debt Restructuring Discussion** - Mike DeMott has answers to your questions from the last meeting and will recommend a course of action. At this time, we will be looking for your agreement to proceed in finalizing terms and conditions with lending agencies so we can develop the resolutions that will come back to you for your approval.

NON-AGENDA ITEMS:

1. **Legislative Update** - As you know, there are several carbon-related bills being considered, including carbon tax, carbon cap and trade and low carbon fuel standards. We continue to work with Dave Warren so that we are well positioned, or at least as well positioned as we can be, for future opportunities regardless of the outcome.

I have heard that the Governor's request Cap and Trade bill, SB 5126, has been exempted from time limits from passing from committees and the house and senate. This would allow for negotiations right up to the end and makes you think that this is the Governor's desired solution. Clearly something will be passed with the majorities in the house and senate. My read is that there are more revenues likely to accrue to the state from carbon cap and trade program that is aligned with other state and provincial programs than the alternatives. Given the current budget shortfalls expected in Olympia, Steve Taylor from PGP said "my money is on the money". That sounds right to me, so my prediction is cap and trade it will likely be.

2. **Pumped Storage SEPA Public Hearings** - Washington State Department of Ecology held two public meetings on the SEPA process for the Goldendale Energy Center the past couple of weeks. At the first meeting on January 27, three individuals provided oral

testimony, all in support of the project. We do not know how many were on the call that did not provide oral comment. At the second meeting held February 3, there were 4 oral comments, also all supporting the project and 36 attendees were on the call. Written comments will be accepted until February 12.

There was clarification on the water supply necessary. Tom McDonald and Brian Skeahan confirmed that municipal water will be supplying the project as some documents still referred to a lease of water rights. This was corrected in the Ecology documents and Tom confirmed this with Ecology and Alan Reichman, senior counsel with the Washington State Attorney General's Office.

3. **Grid Scale Solar Debate in the County** - we have had some interesting and informative discussions with our customers regarding net metering and the value of solar over the past few years. Recently, a group called Citizens Educated About Solar Energy (CEASE) sent communications in the county expressing feelings against grid scale solar development within Klickitat County. Dana Peck, Executive Director of the Goldendale Chamber of Commerce, issued a response to the group.

I am attaching both letters for your reference so that you are current on issues within our county.

As you know, there is a solar project being constructed north of Bickleton called Lund Hill. We recently met for the first time with a solar project developer working on a site west of Goldendale called Cypress Creek, intended to interconnect to BPA's Knight Road substation. They have not yet started a permitting process. Our understanding is that the only project currently permitted, or currently in the permit process with the county, is Lund Hill.

4. **Republic Leachate Reinjection Process** - we met with Republic Services last week and discussed leachate reinjection and water concerns at the Roosevelt landfill site. This was an excellent meeting and both parties learned new information. There is more to the leachate reinjection and moisture content issue on the Roosevelt site than we knew. There is definitely developing knowledge and theories on landfill health as regional landfills grow in size and depth. We were not aware of this information. Kevin and local Republic Services staff have been charged with more fully exploring these issues in the shared interests of increasing methane collection at the site.

Kevin will discuss the latest thinking on leachates, water management in landfills and how that relates to the Roosevelt landfill and our RNG production as part of his report.

5. **Capital Review Process** - I do not have an update, but I wanted you to know that staff is actively involved in discussions regarding capital spending. Participation is not just from the engineering department, but from operations, accounting and finance. There is considerable interest in developing tools for us to utilize.

6. **Regional Grid Reliability** - Just a thought for you guys to consider as when I heard it, it made me sit up and take notice. Elliott Mainzer, who is now CEO of the California Independent System Operator (CAISO), attended our last Public Generating Pool (PGP) meeting via Zoom. In the discussions on markets, resource adequacy and capacity, he made this observation. This is not a quote, it is the gist of what he said.

When I was at Bonneville, I, of course, worried about our grid reliability and our capacity to reliably meet load in the region. I was also thankful we weren't yet in the position California was in. Then once I got to CAISO I realized that however messed up the current Resource Adequacy market is, at least we have one. The Pacific Northwest doesn't even have that.

Scary and, yes, Commissioner Gunkel, you are right to be thinking about and pushing on these issues.

7. **Public Power Council** - Lindsay Slater, chief of staff for U.S. Representative Mike Simpson (R, Idaho) presented the congressman's wide ranging proposal to the region for ending the salmon wars, limiting the continually increasing Columbia River Federal Hydro System litigation and fish costs, while at the same time removing the four Lower Snake River Dams and replacing their energy and capacity. At first blush, this is a very slippery slope and massive in scope, but I was impressed with the thought put into the idea and intrigued by the possibilities. It does cover impacts to other industries, including irrigators, agriculture and local economies.

The congressman has 17 slides that will be released this next week and he is currently presenting this to our regional delegation. There is no legislation planned. He believes that the region has an opportunity for funding and support. Funding could be part of the contemplated multiple trillion dollar relief funding. Support could come from the regional delegation, who are in key positions. Lindsay said the congressman is presenting a path to solutions, but believes that if we are ever going to move on from the wasted money being spent and the litigation that has been raging for more than 20 years, the region needs to take bold steps. He is trying to bring forward potential solutions and has offered a road map that has been developed over 3 years, in over 300 meetings with stakeholders. He said this is just a road map for consideration. He also said they believe that the power industry has most risk going forward doing nothing. He also said that Judge Simmons CAN'T take the dams out, but he can certainly increase the pain and costs to achieve his ends.

He believes that the Biden Administration wants: 1. clean energy jobs, 2. tribal equity (in charge of fish) and, 3. ESA recovery. Their proposal checks those boxes for funding. Delegations and states are being briefed right now and they then intend to sit back and listen. If they hear back from delegations, then we can all work on what's next. Congressman is a huge proponent of SMRs.

This is a heads up that this is going to be a very large discussion issue in the region over

the coming months. I will compile available information for you as it is released.

8. **Governor's Four State Process on the Columbia River Basin** - For background, there is an existing four state task force called the Columbia Basin Partnership Task Force. It was convened in 2017 by NOAA to establish common goals for the Columbia Basin and its salmon and steelhead. The makeup included the diverse membership you would expect, including Columbia Basin tribes, fishing, agriculture, conservation, river transportation, port, and hydropower interests, and the states of Idaho, Montana, Washington, and Oregon.

The Four State Governor's Agreement is an extension of that process and adds the weight of the governors and is now being referred to as the Columbia Basin Collaborative. Northwest Power and Conservation Council Montana representative, Guy Norman, was a driving force in taking the task force and escalating it to the 4 state process.

The intent is that if the Columbia Basin discussion is expanded past just the dams and power, there is an expansion of funding sources to resolve these issues. The issues are larger than power or the LSRDs. Solutions need to be bigger than that or they will fail.

This could provide the type of process that would fit with developing Congressman Simpson's ideas more fully. I can only assume this is not a coincidence and it is a significant opportunity for the region. Fraught with risks of course, but the current situation is fraught with risks as well.