



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the June 11, 2019 Meeting

AGENDA ITEMS:

- A. Call for Bid-RNG Blower- On June 12, 2018, KPUD made a proposal to Republic Services to upgrade the RDC Blower complex to increase capacity, reliability and add redundancy where none exists. This proposal will raise discharge pressure from the Republic Services complex by up to 10 psi, increasing the capacity and efficiency of the existing KPUD Cleaning and Compression System. Republic Services agreed to the proposal on a cost-sharing basis with the KPUD. The design includes the addition of two multi-stage blowers and motors. These blowers are long-lead time items and will be incorporated into a common skid to be built under a separate call for bid. This expenditure is part of the approved 2019 RNG Project capital spending plan.
- B. Policy 26- KPUD Logo Wear- This policy previously listed Browning's as the approved locations to obtain embroidery services for our logo wear program. With the retirement of Browning's and a few other changes locally for embroidery options, we felt it was prudent to update the policy to reflect the area locations where this service could be obtained.
- C. Bond Refinance Discussion- Staff has sought options for Board consideration concerning the refinancing of existing debt and availability of restricted funds for debt reduction. Recent findings will be discussed during this meeting with future presentation by Barclays to occur 6/25 for detailed review if necessary.
- D. Executive Session- EXECUTIVE SESSION: Per RCW42.30.110 (1)(b) - To consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price. Tom McDonald will call in for this item.

NON-AGENDA ITEMS:

- 1. **Dave Warren** – will be here to talk about his views of the coming rule-making in Olympia following the passage of the 100% Clean Energy bill 5116. We will also outline strategies we intend on focusing on related to carbon issues leading up to and through the next legislative session. Those areas include the proposed low carbon fuel standards, carbon cap and trade and carbon tax bills specifically.
- 2. **RNG Update** – Kevin will be in Midland Texas meeting with BCKK regarding the dehydration beds in the nitrogen removal system provided by BCKK. I will give you an update on plant performance.
- 3. **Financial Audit** – your copies of the 2018 Moss Adams financial audit will be available to you at the meeting. A couple of key 2018 year end numbers are:

- a. An increase in net position from 2017 of \$2.7 million to \$102 million
 - b. Total long term debt of \$149 million, including RNG
 - c. Total plant in service of \$369 million
 - d. Net capital assets after depreciation \$250 million
4. **Republic Services** – we have had three separate Republic caused outages at RNG in the past few weeks. They have ranged from a couple of hours to 36 hours. I spoke with the Roosevelt General Manger and we will be addressing these as well as a few other operational issues we have had. I am pleased with their response so far, but what really matters are actual changes that need to be implemented.
 5. **Utility Fire Mitigation Planning** – as required by Senate Bill 5305, DNR has started the process to begin the task force work regarding wildland fire prevention. The bill requires meetings resulting in a draft report delivered to the legislature in December of 2019 and a final report delivered by December of 2020. We will be revising the WPUDA Action Plan that Colin Willenbrock from Pend Oreille and I have been sponsoring to work this through WPUDA to continue with obtaining WPUDA support through this process.
 6. **Pacific Power Fire Liability Operations** – Jeff King, Director of the County Department of Emergency Management forwarded us a letter from Pacific Power informing them that in times of dire fire risk, they will be de-energizing lines that are under fire risk. They received the letter as they are emergency services and the outages could affect power to their communications sites. We have received no such notification. We will follow up with Pacific Power on the scope they intend. I am attaching the letter for discussion at the Board meeting.
 7. **BPA Energy Imbalance Market (EIM) Decision** – BPA is moving ahead with the process to participate in the California run EIM. They will not make any formal moves until the process is complete following public announcement, planned for June 17th, and a record of decision issued this fall. The Public Power Council has been following and has been working with BPA. The Executive Committee members have already developed feedback to respond the public input request to BPA. I am supportive as the upgrades need to be done for them to be competitive in the whole-sale power markets going forward, irrespective of the “modelled” EIM \$ benefits. This may give White Creek access to better markets as well. If you recall, we are selling WC output at a discount to market as it is not a reliable or shaped product. Go live if the Record of Decision is positive will not be until 2022.
 8. **BPA New Large Single Load** – PPC has been exploring areas that could provide BPA the potential to increase their competitiveness. One of these areas is BPA’s new large single load provision. It is part of the federal Northwest Pubic Power Act. It was originally put into the Act by Congressman Dingle of Michigan to protect his area from losing load to the Pacific Northwest by setting restrictions to BPA serving new large loads with federal power. It is a very cumbersome clause and Northern Wasco PUD has been struggling to serve Google under these rules. However, it really does take an act of Congress to change.

I bring this up as we have a customer who is scheduled to be receiving power this July that was very close to triggering this clause and could be an impediment to serving larger loads in the future.

9. **Port of Klickitat** – Mark Thornsbury has asked that we meet to discuss the operations and maintenance contract under which we operate the Dallesport Industrial water system that belongs to the Port. The meeting is scheduled for Monday, so I will fill you in if there is anything we

need to discuss.