



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the February 11, 2020 Meeting

AGENDA ITEMS:

- A. Professional Services Approval: Mark Pritchard will be asking for approval of the addition of Environmental Resources Management (ERM), HDR, Inc., Montrose Environmental, and Pioneer Surveying. HDR, who is a multi-discipline engineering company, and ERM, who is a hydro permitting and environmental consultant company. Both are engaged in the pumped storage licensing work being funded by the Department of Commerce. This is a renewal for all four firms for 2020.
- B. Prequalification of contractors- Mark will also be requesting the approval of Granite Construction Company from Yakima and Rebuild-it Services Group. Upon approval, we will add these contractors to the Small Works roster for 2020. All contractors have met all of our submission requirements.
- C. Call for Bid- RNG Blower Gas Aftercooler 2020- The RNG project has a need for increased capacity and discharge pressure of LFG blowers and has developed a set of plans and specifications pertaining to this project to upgrade the LFG gas blowers to meet the need.
- D. Call for Bid- RNG Blower Variable Frequency Drives 2020- The RNG project has a need for increased capacity and discharge pressure of LFG blowers and has developed a set of plans and specifications pertaining to this project. The purchase of the variable frequency drives will allow for optimal operation of the RNG Blower.
- E. Executive Session- Collective bargaining update per *RCW 42.30.140*

NON-AGENDA ITEMS:

1. **Legislative Update** - status as of mid-day Friday, February 7th.

HB 2413 Wildfire Prevention and Preparedness – this is the bill requiring a premium on insurance fees to cover wildfire prevention and improvement in forest health. As of today, it is still in committee. Today is the cutoff, so all bills not out of their committee of origin

today, will not move this year.

HB 2922 Pole Contacts - this bill would specify a specific pole attachment calculation method. It is still in committee. WPUDA is looking into who is behind the bill and why.

HB 1110 Low Carbon Fuel Standard - The bill passed out of the House on party lines. I hear it is unlikely to make it out of the Senate, but there are many discussions on “if not this carbon bill, then what carbon bill?” SB 5981, the Cap and Trade bill is still in the Committee. I have not heard anything on the Carbon Tax bill.

HB 2819 / SB 6578 Designating Pumped Storage as a Project of Significance - this bill passed unanimously through the House February 6th.

HB 2629 Concerning waiving utility connection charges for certain properties - this bill is still in Committee. This would require utilities to waive connection fees in cities or counties in which a state of emergency has been declared relative to homelessness.

HB 2495 Concerning allowing the incineration of municipal solid waste in King County, and the subsequent energy to be deemed renewable - I have heard there is NO chance of passing and is still in Committee, but it is a bill of relevance.

There will be a new WPUDA Bill Status Report out on Monday and we will have a copy of that for you at the meeting.

2. Legislative Session Key Dates-

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| February, 7- | Last day to read in committee reports (pass bills out of committee) in house of origin, except House fiscal committees and Senate Ways & Means and Transportation committees. |
| February, 11- | Last day to read in committee reports (pass bills out of committee) from House fiscal committees and Senate Ways & Means and Transportation committees in house of origin. |
| February, 19- | Last day to consider (pass) bills in house of origin (5 p.m.). |
| February, 28- | Last day to read in committee reports (pass bills out of committee) from opposite house, except House fiscal committees and Senate Ways & Means and Transportation committees. |
| March, 2- | Last day to read in opposite house committee reports (pass bills out of committee) from House fiscal committees and Senate Ways & Means and Transportation committees. |
| March, 6- | Last day to consider (pass) opposite house bills (5 p.m.) (except initiatives and alternatives to initiatives, budgets and matters necessary to implement |

budgets, differences between the houses, and matters incident to the interim and closing of the session).

March, 12- Last day allowed for regular session under state constitution.

3. **Customer Adjustment-** I approved a credit adjustment in the amount of \$2,108.70 this week for a water meter being served at the Republic landfill site. Authority for this adjustment is given under Policy 7. The adjustment is in conjunction with a meter size issue. Arrangements have been made for collection of arrears and staff recommended to me that this is an equitable resolution. This is just for information, no action is necessary.
4. **Wildlife and Fish Issues** - I am attaching a PPC memo that does a good job is summarizing the status of current issues.
5. **Cost Allocations for Hydro Projects on the Columbia River System** - last year the Federal Energy and Water Appropriations bill directed the US Army Corps of Engineers, the Bureau of Reclamation and BPA to develop a joint plan to reassess how costs are shared between the benefiting parties. Benefits are divided into things like power, flood control, irrigation, recreation, municipal water supply etc. The impetus was the belief that power users, through BPA, are now carrying a disproportionate share of the costs. Marty Kanner reported at PPC that the first level of reviews of the Willamette projects, indicate that there may be \$5 to \$10 million in annual costs that should be shifted from power users and as much as \$300 million in capital. The development of the process is supposed to be complete May 15, 2020. That is the process, not the actual changes to the cost allocations.

The potential impacts to irrigators have been discussed. Marty reported that irrigators on the east side of Washington and Oregon apparently have been in contact with the process and there is likely a path where impacts on them are limited. In the Willamette example above, there would no impacts to irrigators outside that region.

6. **Lower Snake River Dams** - PPC staff did a quick “replacement cost’ analysis on the impacts of removing the four lower snake dams. The data used was publically verifiable information from the Corps of Engineers, BPA and the Northwest Power Planning Council.

I am attaching the memo, but the summary is that the dams provide a levelized \$400 million a year benefit compared to commercially available alternatives. This evaluation only considers power impacts, not other economic impacts.