



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the February 25, 2020 Meeting

AGENDA ITEMS:

- A. Bid Award - Tree Trimming 2020 - Mark Pritchard will be requesting approval of the 2020 Tree Trimming Bid and will bring information to the meeting to discuss the approval.
- B. Professional Services Approval - Staff is requesting that the Board approve the addition of Anderle CPA PLLC and Odell Engineering and agree to add them to the 2020 Professional Service roster.
- C. Rejection of Bids - RNG Blower Project Electrical Components: We called for bids January 14, 2020. We are requesting that the Board reject all bids as they exceeded the engineer's estimates by more than more than 15%. Staff will be pursuing options for available to us as per RCWs and purchasing policies.
- D. Executive Sessions - Review of a Public Employee Per RCW 42.30.110(1)(g) - General Manager Annual evaluation.

NON-AGENDA ITEMS:

1. **NISC Patronage reimbursement** - We paid NISC \$115,604 in 2019 for monthly maintenance fees. We received our patronage reimbursement notification in January where they referenced a patronage allocation of \$11,128.69. They reimbursed us \$3,338.61 and withheld \$7,790.08 for future system development.
2. **Moody's downgrades BPA from Aa1/Stable to Aa2/Stable** - On February 12, 2020, Moody's downgraded Bonneville Power Administration's (BPA) issuer rating to Aa2 from Aa1. The outlook remains stable. This affects \$6.4 billion in debt, which covers the Energy Northwest Regional debt. As of May 2019, BPA had a total of \$7.3 billion in federal debt and \$7.7 billion in non-federal debt.

Moody's stated the downgrade "reflects the steady erosion of BPA's internal and external liquidity since 2015 and expectation of continued declines." BPA's liquidity has slowly been trending downward over the past four years.

Moody's believes that BPA's cash on hand will continue to decrease through 2021. There is no suggested change to the credit limit at this time as the Moody's rating is still one-notch above the S&P rating.

I included the Moody's credit opinion in your reading materials.

- 3. Carbon Related Bills** – the Low Carbon Fuel Standards bill (E2SHB 1110 Fitzgibbon) moved from the House and is sitting in the Senate Transportation Committee. Dave Warren reported that there has been very little movement on the cap and trade (SB 5981 Boehnke) and carbon tax bills. He also reported that the Clear Air Rule gap amendments did not move out of committee. His thought is that there will be movement on transportation carbon related bills the first week of March as the budget will need completing by about March 9th to allow time for the resulting bill changes to flow by the end of session on March 12th. I also think there will be something carbon related on transportation, although I do not have any feeling for what it will be.

His focus remains on ensuring changes to ensure RNG is a non-emitting resource in all bills.

For info, HB 2819 regarding pumped storage as a project of significance is in Senate Committee. I hear there are discussions happening with the Yakama Tribe.

- 4. WPUA 3-2-1 Weekly Bill Report** – the report is attached.

Items that I noted are:

HB 2922 regarding pole contacts did not make it out of the House Committee.

HB 2413 regarding Wildfire Prevention and Preparedness did not make it out of the House Committee.

HB 2495 regarding the incineration of municipal solid waste-King County did not make it out of the House Committee.

SHB 2629 (Walen) regarding waiving of utility connection fees, made it out of the House and is in the Senate Committee.

SSB 6012 (Hawkins) regarding promoting renewable energy through modifying tax incentives, is out of the Senate and in the House committee.

SSB 6135 (Sheldon) regarding system reliability during the lean energy transformation act implementation, is out of the Senate and in the House Committee.

SHB 2603 / SSB 6494 (Springer / Rolfes) regarding trust water rights, is now a study

only bill.

- 5. Organization Goals** – my focus in developing departmental goals with managers was to support our Strategic Plan. The highest value areas are a fixed price RNG offtake contract and increased output from the Republic landfill. Our ultimate goal is #15 on the residential electric rate comparison list, and this takes work in many areas.

Individual department goals cover areas that include: continued improvement of our safety program, employee development, long term stable revenues from our projects, reducing fire risk and liability, developing better debt management tools, increasing communications with our customers, maintaining system reliability and development of a long term, stable electric rate design structure.