



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the January 08, 2019 Meeting

AGENDA ITEMS:

- A. ELECTION OF OFFICERS-*(Jim)* Historically, the first meeting of the year following each election year, the Board Officer elections are held. This is done as there is the opportunity for new Board member to be elected. The rotation established is that the newly elected official would enter the Board at the Secretary position, the sitting Secretary would move to the Vice-President position and the sitting Vice-President of the Board would move to the President position.
- B. PROFESSIONAL SERVICES APPROVAL- *(Jim)* Staff is requesting the board authorize the addition of Garner and Associates, Inc. and agree to add them to our Professional Services roster for 2019.
- C. POLICY 9- Financial Policy-Discussion- *(Mike)* Staff has prepared a notated draft of Policy 9 for purposes of prompting discussion with the Board. Items for discussion include inclusion of Policy statements related to future Operating Lines (s) of credit and review of terms contained in Equity to Assets metric.

NON-AGENDA ITEMS:

1. **Moody's Bond Rating Report** – Moody's affirmed our A3 rating with a stable outlook. I am attaching their report. As expected, delivering our financial forecasts is the key going forward. The metrics I noted are that an upgrade would require a consistent DSC of 1.75 and a downgrade could occur with a consistent DSC of 1.25 and days cash on hand falling to 100 days. There report is attached.

We have not heard from Fitch.
2. **HW Hill Water Right** – we had transferred some water rights from Cliffs to LFG (35 ac-ft per year) for use in electrical generation, methane generation and dust control. We did not use the water to the extent expected as the water use calculations for the various processes were conservative and we did not quite get to full capacity during the summer heat. As such, we have not yet met the development requirements under the Permit. Given we are now transitioning to RNG, but intend on trying to develop capacity products from the combustion turbines, we want to maintain the Permit in case it is necessary for air operating permit or other requirements. Cascadia Law assisted us with a two-year extension request to allow time for further development. The request was submitted January 2, 2019.
3. **PTO Policy Exemption** – I am asking that the Board waive the Policy EE requirement that PTO be taken for 5 consecutive days for Gwyn Miller for this 12 month period.
4. **RNG Tax Bill** – Representatives Mosbrucker (R) & Fitzgibbons (D) signed on as primary sponsors for the proposed House Bill HB1070. Senators King (R) & McCoy (D) are primary sponsors for the

Senate Bill. Dave Warren will be filing the senate bill shortly.

5. **Goldendale Chamber of Commerce RNG Support** – I am planning to contract with the Goldendale Chamber of Commerce to assist the PUD in our efforts to enhance the future value from our Renewable Natural Gas (RNG) and Landfill Gas (LFG) facilities. The scope of work will be completed between February 1, 2019 through June 30, 2019. The contract will be for \$1,000 per month, inclusive of expenses.

The scope of work covers: 1. advising the PUD on increasing the economic development potential for the RNG & LFG facility, 2. advising the PUD on development strategies and opportunities for enhanced alternative fuel markets in Washington State and 3. coordinating with the Governor's office on the RNG ribbon cutting to support local development and interest in our RNG & LFG facilities.

6. **WPUDA Olympia Meeting January 16 & 17** – I am planning on attending this month's WPUDA meetings as the session is starting on the 8th.
7. **NISC Conversion Status** – go live dates for the billing system is January 7th. NISC staff will be here starting Saturday, January 5th to work with our staff for that weekend and the first week of operations with the new system. The accounting system is still planned for January 22nd.
8. **Performance Reviews & 2019 Goals** – We are completing our 2018 performance reviews and goal setting for 2019. Gwyn will be providing my performance review paperwork for you to complete. I would ask that we discuss the process and that you complete your review after the second meeting in January if possible. That would be January 22nd.