



Public Utility District No. 1 of Klickitat County

78 Years of Service * 1938-2016

GENERAL MANAGER'S REPORT TO THE BOARD

For the November 08, 2016 Meeting

AGENDA ITEMS

- A. PROFESSIONAL SERVICES APPROVAL – Staff is presenting Sierra Research and McMillen Jacobs Associates for the Board's approval to be added to the Professional Services Consultant listing for the 2016 period as they have met the District's qualification requirements.
- B. 2017 OPERATING BUDGET – The first draft of the 2017 operating budget is being presented for Board review and input. Included in the packet are two scenarios, 1. Rebuilding the turbines and continuing to run LFG and 2. Shutting down LFG at the end of 2017. We have shown each of these two scenarios with and without the 101 Bar / Cliffs water rights mitigation revenues and costs for your consideration. We did not include a Renewable Natural Gas (RNG) scenario as part of the Budget process at this point as we are still determining feasibility and working through our costs, contracts and other issues.

At the meeting we will run through an assumptions table, much like we used last year, as well as provide you with an organizational membership proposal for discussion.

There are further details in the Agenda Item cover sheet.

- C. H.W. HILL LANDFILL GAS / RNG UPDATE – Staff is continuing with the due diligence process per the Board's direction. We will discuss progress with contracts, financing as well as budget and schedule development.

NON-AGENDA ITEMS

- GM Meeting Attendance –
 - WPUDA Manager's meeting Tri-Cities Oct 26 & 27
 - PPC meeting November 3. I am on the elected Executive Committee for 2016 – 2018. I informed Scott Corwin that I do not wish to be considered for Chair or Vice-Chair for the group during this time period as I want to ensure I am focusing here at the shop.
- The majority of my time was once again spent on Budgets, RNG and supporting staff. This report is pretty light as a result.
- WPUDA Annual Meeting – The annual meeting is scheduled for November 30th thru December 2nd in Vancouver, WA. If you plan to attend let me know so we can get you registered.
- National Environmental Protection Act process on Northwest Hydro Dams – as discussed previously, there is a series of public meetings for the Corps to take public comment on the

value and impact of the Columbia and Snake River dams. The entire NEPA process is expected to take 5 years to complete. Attached are talking points put together by the Northwest River Partners and others on the value of the dams to our region from a utility perspective. I am planning on attending the session at The Dalles on December 3.

Dave Ponganis, Regional Director of Programs for the Northwestern Division of the US Army Corps of Engineers stated point blank that investigations on breaching has been directed by judge Simon and it will be considered and evaluated so comments are important for either perspective. I read this as a clear message to mean speak now or forever hold your peace.

The second concurrent proceed is the revising of the Biological Opinion, which addresses species on the Endangered Species Act (ESA) listings. That process is expected to take two years to complete.

5. Strategic Planning – I met with Therese Hampton and she is working on the scope for this project after the discussion at the last Board meeting. The starting point will be determined depending on the outcome of our discussions on the Renewable Natural Gas project.