



# Public Utility District No. 1 of Klickitat County

80 Years of Service \* 1938-2018

## GENERAL MANAGER'S REPORT TO THE BOARD

For the **May 08, 2018** Meeting

### AGENDA ITEMS

- A. Bid Award RNG Electrical Contract – Kevin and Robbie extended the bid opening for one week and will be asking the Board to recess this meeting at the end of the Agenda for a week to allow us to award the bid with only a one week delay, rather than incurring a two week delay until the next Board meeting. Kevin can discuss details with you on Tuesday.
- B. Draft Electric Industrial Rate 3A8 – as discussed last meeting, attached is a draft of the proposed rate changes. After discussions, we concluded that primary metering is a Policy issue, not a rate class issue and Ron Schultz is looking at our various policies in respect to primary metering. No action required.

### NON-AGENDA ITEMS

- 1. HR 3144 – as discussed last week this bill passed out of the House. For background, Marty Kanner reported at Public Power Council (PPC)\_ this week it is very unlikely to pass in the Senate, unless attached to some other “must pass” bill. Senator Maria Cantwell has publicly stated that she opposes this bill. Representative Jaime Herrera Beutler supported the bill in the House. If it does not pass, that would leave the BiOp decisions in the hands of the US District court and Judge Simon, which is likely going to mean more spill and higher costs, for no increased fish passage (in my opinion).
- 2. Bonneville Power Administration – BPA’s second quarterly business report, released yesterday, indicates a year-end cash reserve in their Power Business line forecast of \$40 million. This is up from last quarters year-end forecast of -\$40 million. The changes are attributed to increased runoff and increased river flows, funds received as a result of the settlement of litigation issues in California, cost savings and a slight reduction due to decreased surplus power prices. They are estimating the chance of a Cost Recovery Adjustment Clause (CRAC) at 8%, although I did not see a dollar amount afixed to that probability.
- 3. Salmon Predation – Jaime Herrera Beutler introduced a Federal bill to allow management of sealions who are actively eating salmon in the Columbia River and its tributaries. State and tribal members would be authorized to lethally remove sealions

with specific rules and take amounts. Estimates are that sealions are eating upwards of 10% of the returning salmon and steel head. Relocating the most active of the sealions has not proved effective. In fact, sealions relocated to Northern California last year reappeared in the same locations on the Columbia that they were removed from within 3 weeks of relocation.

4. White Creek Owners Representative – Tom Svendsen has asked formally that the White Creek oftakers actively look for a replacement for him as the oftaker representative. Due to health issues, he wants to back out of that role. Mike DeMott is taking that on, along with Gary Huhta from Cowlitz PUD.
5. Lyle Well replacement – We opened the bids for the Lyle well drilling and the bids were higher than the original budget. They still fell within 15% of our engineering estimates, but only just. This is further evidence of a very busy construction sector in general and higher well drilling costs specifically. Given the system needs, we are proceeding with the well drilling and are discussing cost impacts.
6. Community Solar – Filing requirements are not as straight forward as first thought. Mike and Anita will discuss specifics, but while I still believe this is something we should pursue further and I support moving forward with further investigations of the potential for public systems, I do not think we can deliver within the June 2018 deadline. I suggest we move forward with being in a position to bring you a proposal as soon as practical if we can make things work with Klickitat Valley Health.
7. Active Shooter Drill – Brandy Myers has been working on security improvements and Jeff Thayer has started working on physical building changes. In addition, the Safety Committee reviewed safety issues with a public service building and proposed that we include an Active Shooter exercise to help emphasize the importance of these issues and help identify improvements we should be making. I want to support the changes to our safety committee and I think they are being very proactive. I support this initiative and the exercise has been scheduled for May 18<sup>th</sup> in Goldendale. We will be closing the office at 3:00pm this date. Staff will notify customers. We may also include White Slamon , but we are going to take one step at a time.
8. Mile Marker 28 Fire – It was suggested to me that as the State claims on the Mile Marker 28 fire have been settled, we should consider asking Perkins Coie to take over the lead Counsel duties on the Federal claims that are outstanding. It is my belief that they are more qualified for this process. Paine Hamblen should remain as key players on the team, but many issues now are process as opposed to fire related.
9. KVH Health Fair Month – KVH will be at the Goldendale office on May 16<sup>th</sup> from 7:30am-9:00am. We will be contacting retiree's and inviting them to participate in the

health fair blood draw.

10. Carbon Initiative Measure 1631 – this is the active voters initiative that will appear on the ballots this fall. Public Generating Pool (PGP) is in the process of having E3 include their proposal into the resolve model, but initial results suggest very similar results to the Governor’s carbon tax proposal in the original study. There are many differing details, but in general, the initiative is similar to the Governor’s carbon tax bill. I am in the process of getting more perspective on the detailed impacts, but we will be preparing information for us to discuss to ascertain if we can take a position, or support PGP taking a position on the initiative. The complicating factor here is that although this will likely result in a better overall result for KPUD than the expanded Renewable Portfolio Standard requirements, environmental groups pushing 100 % clean energy in the electric sector may still push that even if the carbon initiative is passed. The 100% clean initiative as is currently proposed, is a very expensive proposal without significantly improved carbon emission requirements.
11. Priest Rapids Dam leak – Grant PUD officials drilled test holes at Priest Rapids as a precautionary measure following the discovery of a crack in a spillway support at Wanapum Dam in 2014. Water leaked into the test holes and PUD officials lowered the water behind the dam as a result. The dam, which sits directly upstream from the Hanford cleanup site, is stable and no movement has been detected. However, it’s leaking up to four gallons of water per minute at four lift joints, which are areas between concrete blocks poured at different times. There is no emergency, but they are drilling to relieve pressure and they are looking at repair options to seal these leaks.
12. Snohomish PUD cancels Sunset Falls Hydro Project – I just mention this for information as we have had discussions with Snohomish in the past about the purchase of output from LFG as an alternative to building this hydro project. It appears the SNO Pud is reducing expenditures in exploring some local renewable generation options due to higher expense and they may be scaling back on research into battery technology and alternative energy production.