



Public Utility District No. 1 of Klickitat County

79 Years of Service * 1938-2017

GENERAL MANAGER'S REPORT TO THE BOARD

For the **October 10, 2017** Meeting

AGENDA ITEMS

- A. **POLICY 9-Financial Plan revision:** Mike has reviewed Policy 9. He has adjusted the Policy to include the Rate Stabilization Fund wording that was removed from Policy 45. He also suggests that we modify the Leverage Ratio calculation slightly to make the derivation of the ratio very clear from numbers in our audited financials.
- B. **CUSTOMER SERVICE SURVEY DRAWING:** *[Brandy]*
- C. **PREQUALIFICATION OF CONTRACTORS:** Jeff would like the board to approve the addition of Northwest Drilling and Boring, Inc. out of Molalla OR and agree to add them to the small works roster.

NON-AGENDA ITEMS

1. **Annual General Meeting:** A reminder that our Annual General Meeting is being held on Monday October 9th, from 9:15 till about 3:00 at the Grange Hall in Goldendale. The agenda is attached for you review.
2. **2018 Budget Process:** We have completed our first drafts of departmental labor, expense and capital budgets. Accounting is compiling these drafts and we will be working through these as a team in the next few weeks. Our schedule is to present the first draft of the budget to you November 10th. As in past years, this gives us a month to work with you on our recommendations and develop a final budget for public review and your approval. I anticipate that 2018 electric rate discussions will be a part of this process. I am not saying we need to change rates, just that electric rates will be a part of our review. Our goal for that is December 12, 2017. A copy of the schedule is attached.
3. **Water Rights:** Tom McDonald is scheduled to be visiting us tomorrow (Friday the 6th) to discuss our water rights issues, strategies to maximize the value of water rights and visit some of the systems we have been working with him on.
4. **Radio Communications:** We signed the agreement with ADCOMM communications for our radio system improvements and Ron Schultz is working with them and EMS on the implementation of the second phase of the radio work. This will result in multi-cast

radio improvements at our base stations, repeaters sites, as well as maintenance and reprogramming of our mobile radios in our vehicles. We will be using the EMS communications systems backbone for this system as well. The target is to be completed by the end of this year. The contract is \$128,000.

5. **Renewable Natural Gas Project:** We received our Air Operating Permit last week, which is another significant milestone reached. Kevin and Mike may have more in their reports and the normal monthly report will be next Board meeting.
6. **Winter Preparedness:** In preparation for the winter season, our various departments are working together to review our outage procedures and processes, office employee outage coverage and phone systems. We are also doing update training for our outage tracking systems and including our new employees into the outage resource pool and in the training. Our goal is to be completed with training by the end of November.
7. **Federal House Resolution 3144:** Commissioner Miller had asked about this bill last meeting. The intent of H.R. 3144 is that the existing Columbia River operations be extended until the court ordered NEPA and BiOp processes on river operations are completed in 2022. The existing river operations are defined by the Supplemental Biological Opinion by NOAA, dated January 17, 2014. Judge Simon in the U.S. District Court of Oregon rejected the 2014 BiOp which is currently being followed and ruled more options need to be reviewed. The Bill is not intended to modify any parts of the current river operations with respect to irrigation, industrial or electrical generation use, rather it is intended to preserve them as they were arrived at with the best available science. The bill has been supported by WPUDA and I do not think further action by District staff is necessary at this time.
8. **John Day Pumped Storage project:** Brian Skeahan and I have a call scheduled with National Grid and Rye Energy on October 16th to discuss their response to our proposal. We also had a call with BPA regarding the Interconnection Feasibility study. It has been reworked and we are expecting the report for interconnection into John Day 500kV to be complete in a couple of weeks. BPA did not pass along additional costs to us.