



# Public Utility District No. 1 of Klickitat County

79 Years of Service \* 1938-2017

## GENERAL MANAGER'S REPORT TO THE BOARD

For the **November 28, 2017** Meeting

### AGENDA ITEMS

- A. RNG Update-** *[Don Jarrett]*
- B. BID AWARD- Renewable Natural Gas (RNG) Pipeline-** The bid opening is planned for November 22<sup>nd</sup>. Due to the holiday schedule, Kevin and Don will evaluate the bids and Don will bring the team's Award recommendation information to the Board meeting on the 28<sup>th</sup>.
- C. KPUD SCHEDULE 8- KPUD ELECTRIC SERVICE RATE REDUCTION HEARING** Mike DeMott reviewed our current Klickitat PUD services power rates and determined that they were not an accurate representation of costs. He has included a red-lined copy of the proposed rate reduction and would like the board to approve the changes.
- D. BUDGET- 2<sup>nd</sup> Budget Review***[Nichole/Beth]* Attached is a summary of each change that has been made to the first draft presented at the November 14th Board meeting. These changes are a result of confirming costs and such and do not materially affect the overall budget. We will be providing the required updated pages for your budget books at the meeting.

### NON-AGENDA ITEMS

#### **1. G.M. Meetings:**

PGP Meeting, Seattle WA November 16. We focused on the PGP rollout of the E3 carbon study.

WPUDA Board Meeting, Olympia WA November 17. The focus for me was the PGP presentation of the E3 carbon study to the WPUDA Board. The presentation was very successful in that there was a definite change in perspectives on the relative impacts of increased RPS standards versus a cost on carbon option for trying to meet carbon reduction goals. The 2 key issues that hit home were 1. RPS standard achieves half the carbon emissions reductions at twice the price when compared to carbon pricing alternatives (11 million metric tons vs 22 million metric tons / year and \$2.5 billion vs \$1.6 billion / year INCREMENTAL costs); 2. The difference in BPA rates from an increased RPS and carbon pricing is \$20 / MWh. Given BPA's 2028 forecast of \$42 /

MWh, the Commissioners noticed. That said, there are still sensitivities to carbon pricing and its effects on customers and rural areas.

The Board directed the GMs to develop an action plan for their review. We have already started this (I am working with Dave Ward from Grays Harbor) and we will be discussing at a special GM meeting at the WPUA Annual Meeting November 29<sup>th</sup>.

2. **Answering Service:** Mark Pritchard reported that our goal of transitioning to the new service the week of November 27<sup>th</sup> has been pushed back. Staff plans to meet with the new service the week of the 27<sup>th</sup> to review specific information and their support capabilities. So transition isn't expected until the first portion of December.
3. **DNR – Patterson Water System Project:** I spoke with Dave Warren and Rick Roeder of DNR again this week and my take away was that they are unlikely to provide a guarantee that will meet our requirements, due to their lack of authority to bind future State budgets. I think their solution is a private owner / operators who build the infrastructure as they are likely able to construct the facilities cheaper and could monetize the depreciation. DNR may also try to obtain some governmental grant funding, as they need to perfect the water rights on specific properties, or they will lose the rights altogether. That could provide value back to the State in the long term.
4. **John Day Pumped Storage Tour:** Brian, Dave McClure and I will be touring a staffer from Renewables northwest through White Creek, LFG and the JDPS site December 1<sup>st</sup>. This group may be at odds with our least cost carbon options to carbon reductions, but I am very interested in how we may use this tour to gauge their position.