



Public Utility District No. 1 of Klickitat County

GENERAL MANAGER'S REPORT TO THE BOARD For the **September 24, 2024 Meeting**

AGENDA ITEMS:

- A. Prequalification of Contractors - Cynthia Bruce is requesting approval of one contractor noting that they have submitted the required documentation to be added to the roster.
- B. Resolution 1860- Low Income Elderly Discount Program - we are recommending that we adopt Resolution 1860. This annual discount program has been a positive benefit for our community members since 1979 when it was established. Brandy has included two options for your review.
- C. Executive Session per RCW 42.30.110(1)(b) consideration of minimum price for lease or purchase of real estate

NON-AGENDA ITEMS:

- 1. Cliffs Ground Water Right - we have been working with the various parties for water supply from the Cliffs water system. In doing so we are working with both the surface water right and the ground water right.

At the advice of Counsel, on September 10, 2024 staff sent a letter to the Director of the Office of Columbia River, stating that KPUD intends to exercise ground water G4-01130C and that the use would not exceed 144 acre-feet/yr. Staff and Counsel believe that the notion that the water right being 1,440 acre-feet/yr was a typographic error. Staff believes this stems from a March 26, 1974 letter from Department of Ecology letter referring to the water right as 1,440 afy, but this 1974 letter is preceded by the March 18, 1969 Certificate of Water Right. The original water right certificate is attached.

Staff received a reply from the Director of OCR acknowledging that KPUD intends to put the water right to use “for the authorized purposes, in the authorized place of use and for the authorized quantity of 144 afy.”.

- 2. Fire Legislation update - I will update you on the status of the various discussions and bills being contemplated for the next session. As it is a long session, there will almost certainly be bills introduced. WPUDA is trying to establish pro-active positions on

liability and local control related issues.

3. Industrial Rate Discussion - Mike will be away, but I will review a conceptual proposal regarding an industrial rate contract on his behalf. The contract and various amendments expire September 30, 2025.
4. Public Generating Pool E3 Grid Reliability Study - we have been asked to participate in a relatively large study being contemplated by PGP, PSE, PGE, Avista, NIPCC and several other PUDs not part of PGP. This is a study like PGP completed in 2019, but the scope is much more rigorous. My initial recommendation was a smaller scope, but the consensus after how many entities were interested in the work was to make it rigorous enough to try and withstand the scrutiny these studies face. The September 13, 2024 Clearing Up contains an article titled "West Cannot Stumble in Adding New Resources, Experts Tell WUTC". It is one of many indications that concerns are being elevated, but it does not address solutions. However, it still suggests that variable, renewable generation and storage will work. This study will shed more light on the implications of the current course, as well as the alternative courses on reliability, cost and carbon emissions.

The request is for the District to participate for \$20,000 of the total of \$925,000 for the study. I have reviewed the scope of work and recommend we participate. I am looking for your input on participation in this study.

5. BPA New Load and Resource Study update.
6. Smith Creek Hydro - John Janney reached out to Kevin to let him know that they are passing on this project as well. Their conclusions very closely matched ours, including their ultimate valuation.