



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the **June 22, 2021 Meeting**

AGENDA ITEMS:

- A. **Resolution 1805** - Jeff will be bringing another resolution on surplus sale as he and his team continue to clean up our facilities and yards.
- B. **Large Load Policies** - Brandon Johnson will be bringing revisions to policies related to the connection of large electric intensive loads. The changes are designed to ensure that we are recovering costs from new applicants for not just our basic services, but also engineering / design costs and replacing electrical system capacity in situations where this is appropriate. Most of the cost changes are generic for all applicants. One specific change for you all to think about is a change from “customer” to “applicant.” Our perspective is that those applying for service are not customers yet. This distinction is being made as part of a philosophy on ensuring we are placing our existing customers forefront in all the decisions we make with respect to costs collection, as well as project scheduling.
- C. **Bid Award Echo Glen to Bristol Road** - Mark Garner will be bringing the bid results for your approval and award. Contractor availability continues to be very tight, including the resources for the right of way work included in the project.
- D. **Prequalification of Professional Services** - Ron will be bringing recommendations for professional service providers for your approval.
- E. **Water/Wastewater Rate Public Hearing** - the public hearing is planned as a WebEx meeting. We had originally intended that this hearing might be our first in person meeting with customers, however when we discussed this when we set the public hearing details, we were in the midst of the spike in COVID cases, so this hearing will not be open to the public. It will however, be an actual WebEx meeting and our customers will have a link to the WebEx screens if they wish to participate in that fashion. They can also just call in. My intent to run through the content in each of the letters we sent to customers for each water and wastewater system. That should provide a good high level summary of the rate

proposals. If there are specific questions for customers, we will be able to call up information as necessary and discuss those questions.

NON-AGENDA ITEMS:

1. Mile Marker 28 - Department of Justice will be on site the week of the board meeting (June 22 – 24) and we will be removing the section of line in question. We will have the same team present as we had when we looked at the line in 2014. We discussed protocols and strategy June 17th.
2. Northwest Public Power Council (NWPCC) - NWPCC recently released study work relating to resource adequacy in the Pacific Northwest. It is in conflict with every study that has been completed in recent years by utilities. At the highest level, it says there is a capacity shortfall between now and 2025. After that, magically there are no capacity issues. They put forth the conclusion that the solution to the potential capacity shortfalls is to ensure there are more operating reserves by providing the appropriate pricing signals and must run market requirements. They contend that existing capacity isn't online during peak periods due to pricing so they are not available for capacity ramps during peak load hours. Load growth will be flat. Needless to say, there is going to be a lot of pressure put on them through the various power associations, so we will see where this all goes. I am bringing this forward as Commissioner Gunkel had stated a few meetings ago that the NWPCC is a political animal and will propose solutions that fit the Governor's goals, not necessarily the most cost efficient solutions for the issues we are facing. This would support that perspective.
3. Fire Mitigation - we are continuing our work preparing for fire season. Mark Garner discussed the draft plan and we talked about expectations for this summer. Input was great and we will be spending time with crews to incorporate the appropriate input into both what we are doing right now while we complete the plan, but also into the plan itself. As we discussed, we are actively working on system improvements and veg management while the plan is still being developed. Gwyn is working with staff on communications plans and we will also be training employees to assist with line patrol in the event of larger outages.
4. Pumped Storage Water Supply and Facilities Transfer Agreements - Copenhagen Infrastructure Partner's response to providing commercial service as agreed in the MOU was disappointing. We told them that given their response, we do not believe they are working in good faith. As a result, we will not be putting resources to further develop agreements unless we see some reasonable response. If this is not forthcoming, we have communicated that we will have no recourse but to ensure FERC understands that the project does not in fact have water supply from a municipal source.

5. Request for Municipal Service in Cliffs - the holders of the aluminum company property, NSC, have asked about water service to a potential mobile home park to be constructed for housing for workers on a construction project they envision on their property. The issue is the site location is 5 miles from the current water system, so there are pros and cons. This is very preliminary and I would like to discuss the issues and get your input.