Note: City of Richland Resolution No. 100-20 temporarily designates virtual locations for all municipal meetings until such time as Benton County moves into a phase of the Safe Start reopening plan that authorizes public gatherings and the opening of public facilities. For this meeting, the Utility Advisory Committee will meet remotely via *Zoom*. The public may attend this meeting through telephonic access by calling the phone number provided.

Agenda
Utility Advisory Committee Meeting
Tuesday, November 10, 2020 - 3:00 p.m.
Via Zoom – (253) 215-8782
Meeting ID: 979 8712 2375
Passcode: 308122

Committee Members: Chair Sanders and Committee Members Porter, LoPresti, Anderson and Gregoire, Campbell and Felton

Liaisons: Council Liaison Lemley
Staff Liaison Energy Services Director Whitney

Regular Meeting – 3:00 p.m.

Call to Order / Attendance:

Approval of Agenda: (Approved by Motion)

Approval of Minutes: (Approved by Motion)

Approval of September 8, 2020 Meeting Minutes

Public Comments:

Items of Business:

1. Status - Each City Utility (40 minutes)
   - Clint Whitney, Energy Services Director
     Pete Rogalsky, Public Works Director
     Tom Huntington, Fire & Emergency Services Director

2. FY22 Wholesale Power Market Transfer Agreement (10 minutes)
   - Clint Whitney, Energy Services Director

3. Horn Rapids Solar, Storage and Training Project Update (10 minutes)
   - Clint Whitney, Energy Services Director

Unfinished Business:

Other Informational Items:

1. Energy Services Capital Work Plan
   - Clint Whitney, Energy Services Director

2. Energy Northwest - Advanced Reactor Demonstration Program
   - Clint Whitney, Energy Services Director

3. Forward Planning Agenda
   - Clint Whitney, Energy Services Director

Adjournment

The next Utility Advisory Committee Meeting is January 12, 2021.

Richland Public Library is ADA accessible with special parking and access available at the entrance facing Northgate Drive. Requests for sign interpreters, audio equipment, and/or other special services must be received 48 hours prior to the Utility Advisory Committee Meeting by calling the City Clerk's Office at 942-7389.

UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 11/10/2020

Agenda Category: Approval of Minutes

Prepared By: Clint Whitney, Energy Services Director

Subject:

Approval of September 8, 2020 Meeting Minutes

Department:

Energy Services

Recommended Motion:

Summary:

Fiscal Impact:

None.

Attachments:

1. 2020.09.08 UAC Meeting Minutes

MINUTES DRAFT

UTILITY ADVISORY COMMITTEE REGULAR MEETING

Go To Meeting ~ Access Code: 357-117-973
September 8, 2020 ~ 3:00 p.m.

CALL TO ORDER:

Chair Sanders called the meeting to order at 3:00 p.m.

ATTENDANCE:

Chair James Sanders, Vice Chair Graham Parker, Committee Members Dave Larkin, Charles LoPresti, Dan Porter, and Don Gregoire were present. Committee Member Amy Anderson was absent. Also present were Council Liaison Lemley, Staff Liaison and Energy Services Director Whitney, Public Works Director Rogalsky, Public Works Capital Projects Manager Marlow, Business Services Manager Edgemon, and Administrative Assistant II Grimes.

APPROVAL OF THE AGENDA:

MEMBER LARKIN MOVED AND MEMBER PARKER SECONDED THE MOTION TO APPROVE THE AGENDA AS PUBLISHED. THE MOTION CARRIED 6-0.

APPROVAL OF MINUTES:

MEMBER PARKER MOVED AND MEMBER GREGOIRE SECONDED THE MOTION TO APPROVE THE JULY 14, 2020 MEETING MINUTES AS AMENDED. THE MOTION CARRIED 6-0.

PUBLIC COMMENTS:

There were no public comments.

ITEMS OF BUSINESS:

1. Status – Each City Utility

Staff Report: Directors from Energy Services and Public Works presented.

Director Whitney provided an update about impacts of the COVID-19 pandemic to the electric utility. After normalizing for weather, the consumption in 2020 when compared to the 5-year average has increased 3% and 10% when compared to 2019. There is a small positive revenue benefit to the utility due to increased residential energy use because customers are spending more time at home. He anticipates a rate increase will be needed in early 2022.

Director Whitney reported that capital work has continued and expenses are tracking with the 2020 capital improvement budget. System reliability continues to be very good. There was an outage due to high winds September 7, and crews restored power quickly to the few customers affected.

Director Whitney referred committee members to the Bonneville Power Administration (BPA) informational item about Administrator Elliot Mainzer stepping down at the end of August to be California ISO's CEO and President.

Director Whitney reported that California experienced issues with resource adequacy causing rolling blackouts for several days in August due to a heatwave.

The UAC Members asked several clarifying questions and stated their views. Discussion included how the Governor's moratorium of disconnects for non-pay is affecting revenue. Director Whitney summarized the Governor's moratorium for utility disconnects and charging late payment fees. He reiterated that current financial information indicates that the electric utility's revenue has not been significantly affected.

Director Rogalsky reported that the 2021 budget proposals for the Public Works utilities' operations will duplicate 2020's budget to limit and reduce the effects of the COVID-19 pandemic by keeping all citywide budgets flat.

For capital work, the water utility and sewer utility rate models and capital financing strategies will be refreshed due to substantial changes in capital costs. For the water utility, three major projects contributed to the 2017 rate study and capital financing strategy. These were 1) Duportail pipeline for water reliability; 2) Water intake screening features at the Snyder Street water intake pumping plant; and 3) Advanced metering infrastructure (AMI). Projects 1 and 2 had significant savings while Project 3 has increased costs. Additionally, the capital financing strategy established in 2017 called for bond issues in 2017 and 2019. Because of a healthy fund balance, the City did not execute the 2019 bond sale.

For the sewer utility, there have been several large mechanical equipment replacements at the plant. There is another large mechanical equipment replacement planned in 2021. A possible debt financing strategy and rate model could be brought to the UAC to be evaluated in the first or second quarter of 2021.

For the solid waste facility, this week marks the first waste disposal in the new landfill cell. The original landfill was permitted in the early 1970's and is near its final disposition of waste.

Ms. Grimes relayed information from Chief Huntington in his absence. The Fire and Emergency Services (FES) Department is making progress on the strategic plan, and he anticipates a first draft review at the November UAC meeting. In addition, Finance and FES have identified several policy decisions to address and will update the Richland Municipal Code accordingly.

2. Solid Waste Rate Structure and Landfill Services

Staff Report: Director Rogalsky presented proposed changes to the rate structure at the Horn Rapids Landfill. The cost of service analysis (COSA) showed that no general rate increases are needed for collection services due to operational efficiency improvements and a significant increase in revenue associated with construction debris received at the landfill in 2019. Director Rogalsky recommended the following rate adjustments to recover actual costs associated with handling specific materials. These were updated after the staff memo was published:

- Richland Commercial Un-contaminated Rock/Soil – Current rate $25 per ton. Recommended rate $12 per ton.
- Richland Commercial Concrete/Asphalt (Inert) – Current rate $25 per ton. Recommended rate $18 per ton.
- Non-Richland Commercial Un-contaminated Rock/Soil – Current rate $25 per ton. Recommended rate $20 per ton.
- Non-Richland Commercial Concrete/Asphalt (Inert) – Current rate $25 per ton. Recommended rate $35 per ton.

The recommended rate changes are due to un-contaminated rock/soil requiring very little onsite processing and its beneficial use at the landfill.

Director Rogalsky presented two proposals. The first proposal is to add a new landfill service allowing self-service loading and purchase of City-produced compost by residential customers. The second proposal is to implement the second of a two-step increase in curbside recycling rates.

Director Rogalsky reported that the 2021 utility operational plan includes a consideration to update the green waste service from biweekly to weekly. Approximately 10% of green waste is being diverted to the gray cans in the non-pickup weeks. This increase in service will be done without an increase in fleet or staff.

The UAC Members asked several clarifying questions and stated their views on the topic. Discussion included how a load is defined for self-serve compost, if this is the first time the City would do a self-serve option, and if a trial period should be implemented before making it a permanent service.

MEMBER GREGOIRE MOVED AND MEMBER LARKIN SECONDED THE MOTION TO SUPPORT STAFF'S RECOMMENDED RATE ADJUSTMENTS AND THAT THE SELF-SERVE COMPOST SERVICE BEGIN WITH A TRIAL RUN FOR A YEAR.

THE MOTION CARRIED 5-0 WITH MEMBER PARKER ABSTAINING.

3. **Horn Rapids Solar, Storage and Training Project (HRSST) Status and Virtual Tour**

Staff Report: Director Whitney provide a project update while showing a time-lapse video of HRSST project construction. HRSST project costs are $4.5M to date, which includes $1.4M of the total $3M grant proceeds expected. Remaining project costs are estimated to be an additional $1.5M. The solar system is expected to be online by September 30, 2020, and the battery operation is expected by October 5, 2020.

Project delays occurred due to COVID-19 response, which slowed the production of project materials from international vendors. COVID-19 response also prevented BPA from installing meter equipment due to its stopping all non-mission-critical construction. In an effort to address the meter installation delay and enable the system to be energized, BPA agreed to have Energy Services install the meters so BPA could use them temporarily.

HRSST enables the City to diversify its power supply with renewable energy and contributes towards meeting its carbon-free generation requirements.

BPA will be shaping the HRSST generation into a flat block of energy for the City's load.

The UAC Members had several clarifying questions and stated their views on the topic. Discussion included possible fire threats on the site due to the location being near rangeland, whether the public has access to the site, and how the project's generation fluctuation might affect the renewable energy credits (RECs) the utility can claim.

OTHER INFORMATION:

1. **Energy Services Monthly Capital Work Plan**
2. **Bonneville Power Administration Highlights**
3. **Forward Planning Agenda**

The UAC Members discussed when the new BPA Administrator might be selected.

Chairman Sanders thanked Committee Members Parker and Larkin for their years of service on the UAC. Several UAC members expressed their appreciation for Mr. Larkin's long-term commitment to citizens and both Mr. Larkin and Mr. Parker for using their expertise to advise the City Council on effective utility policies.

Director Whitney reported that City Council approved the UAC subcommittee's recommendation and appointed Charlton Campbell and Larry Felton to the committee. He gave a brief overview of their experience.

ADJOURNMENT

Chair Sanders adjourned the meeting at 4:30 p.m.

Respectfully submitted: ____

Sandi Edgemon, Business Services Manager

Reviewed by: ____

Clinton R. Whitney, Energy Services Director

Date Approved:

Date Published:

UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 11/10/2020

Agenda Category: Items of Business

Prepared By: Clint Whitney, Energy Services Director

Subject:

Status - Each City Utility (40 minutes)

Department:

Energy Services

Recommended Motion:

Summary:

A representative from each of the five utilities will present a status summary.

Fiscal Impact:

Attachments:

UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Richland Washington

Meeting Date: 11/10/2020

Agenda Category: Items of Business

Prepared By: Clint Whitney, Energy Services Director

Subject:

FY22 Wholesale Power Market Transfer Agreement (10 minutes)

Department:

Energy Services

Recommended Motion:

Summary:

On October 26, 2020, the City and Columbia REA completed an agreement to transfer 2aMW of non-federal resource for the federal fiscal year 2022 period. The transfer secures the wholesale energy at $29.30/MWh, which is less than the current market rate.

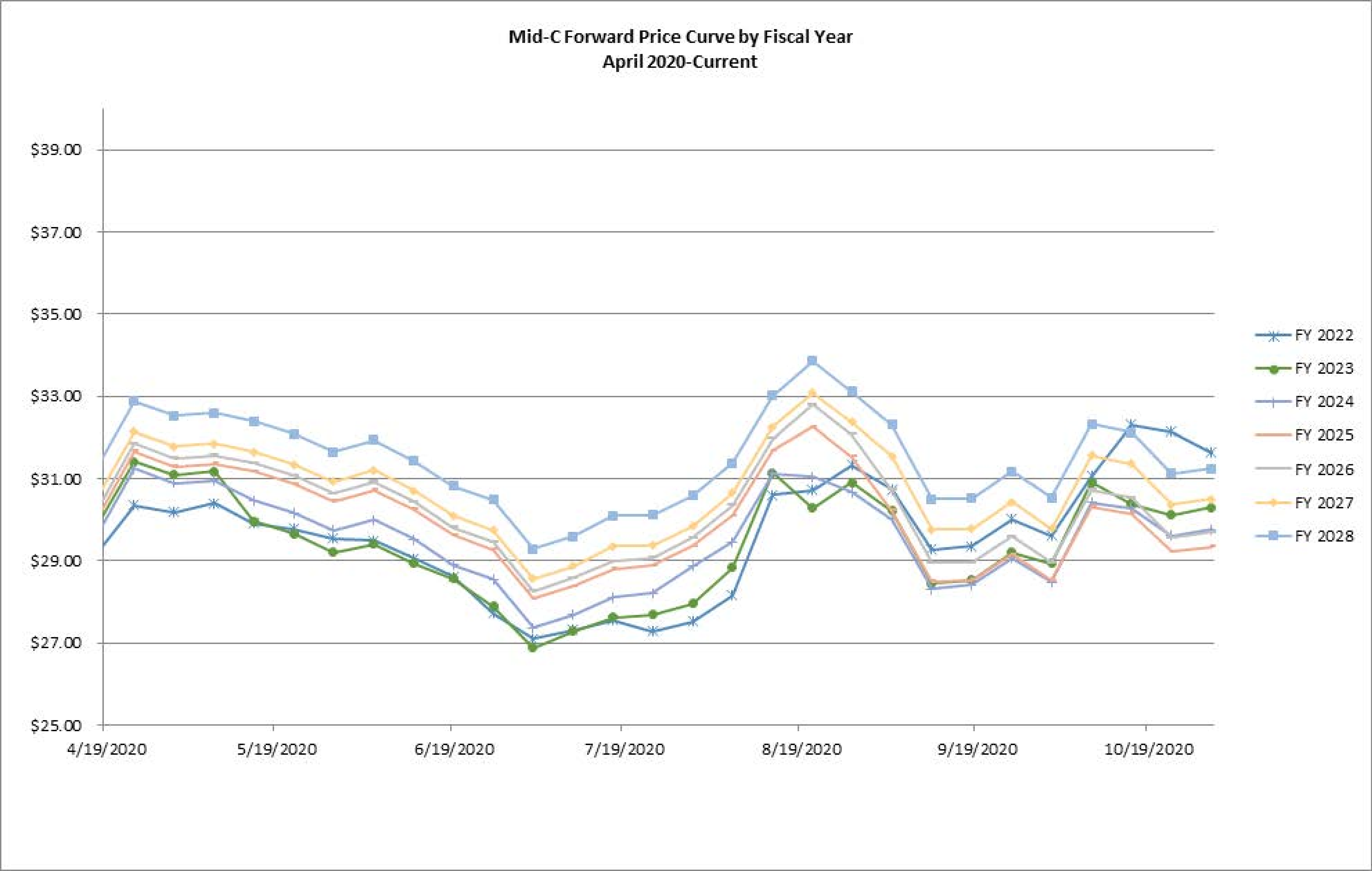
As of October 30, 2020, the forward Mid-C price summary for FY22 was $31.64. Attached is a recent price curve provided by Northwest Energy Management Services (NEMS). This transfer agreement saves the City approximately $40k for FY22 compared to current market rates.

The transfer agreement was available as Columbia REA's load forecasts have not materialized as expected while the City continues to have above high water Tier 2 wholesale resource needs. With this transfer, the City has secured all non-federal resource needs for FY22.

Fiscal Impact:

Attachments:

1. Mid-C Forward Price Curve 103020
2. FY22 Resource Transfer Agreement


Mid-C Forward Price Curve by Fiscal Year
April 2020-Current
$39.00
$37.00
$35.00
$33.00
$31.00
$29.00
$27.00
$25.00
4/19/2020
5/19/2020
6/19/2020
7/19/2020
8/19/2020
9/19/2020
10/19/2020
FY 2022
FY 2023
FY 2024
FY 2025
FY 2026
FY 2027
FY 2028

RESOURCE TRANSFER AGREEMENT

This Resource Transfer Agreement ("Agreement") shall be by and between City of Richland ("CITY"), and Columbia REA ("CREA"). CITY and CREA may be referred to herein individually as a "Party" or collectively as the "Parties." The Parties hereby agree as follows:

WHEREAS, CITY is a party to a Joint Resource Planning and Acquisition Agreement ("JRPAA") with Northwest Intergovernmental Energy Supply ("NIES") and with Northwest Energy Management Services ("NEMS"); and

WHEREAS, CREA is a party to a Joint Resource Planning and Acquisition Agreement ("JRPAA") with Northwest Energy Supply Cooperative ("NESC") and with Northwest Energy Management Services ("NEMS"); and

WHEREAS, Pursuant to the terms of the JRPAA, CREA authorized and directed NESC to execute a master power purchase agreement with Shell Energy ("Shell"); and

WHEREAS, CREA is a party to a Master Resource Agreement with NESC; and

WHEREAS, CREA directed NESC under Master Resource Agreement, Transaction #2017-01 to confirm a transaction with Shell pursuant to which, NESC has purchased 7 MW at a price of $29.00/MWh for October 1, 2021 through September 30, 2022; and

WHEREAS, CREA has determined that they will not need all of the power currently purchased from NESC pursuant to Master Resource Agreement, Transaction #2017-01 to serve their respective retail loads from October 1, 2021 through September 30, 2022, and CITY has determined that it will need additional power to serve its retail load from October 1, 2021 through September 30, 2022; and

WHEREAS, Subject to the terms and conditions of the JRPAA, CITY wishes to purchase 2 MW at $29.30/MWh for FY 2022 ("FY22 Transfer Price") from October 1, 2021 through September 30, 2022; and

WHEREAS, the purchases described as "FY22 Transfer Price" are hereinafter referred to as the "CITY Purchase Transactions."

NOW THEREFORE, for good and valuable consideration, the Parties hereby agree as follows:

I. RESOURCE TRANSFER TRANSACTIONS

a. **Amendment of Master Resource Agreement between NESC and CREA.** Upon execution of this agreement, CREA and NESC shall execute an amendment to the Master Resource Agreement whereby, from October 1, 2021 through September 30, 2022, CREA's purchase obligation shall be reduced by 2 MW.

b. **Master Resource Agreement between NIES and CITY.** Upon execution of this Agreement, the obligation of NIES to purchase 2 MW on behalf of CITY under the Master Resource Agreement shall be satisfied, whereby CITY will purchase 2 MW from NIES at the Shell Price from October 1, 2021 through September 30, 2022.

II. RESOURCE TRANSFER PAYMENTS

If and when each of the Resource Transfer Transactions described above (in Section I) has been executed by all necessary parties, then CITY agrees to reimburse CREA for the difference between the Shell Price and the FY 22 Transfer Price. Specifically, CITY shall make a monthly Resource Transfer Payment to NIES, in the amounts set forth below, for each month that CITY purchases power from NIES under its Master Resource Agreement described in Section I(b).

a. **Resource Transfer Payments from CITY to CREA.** CITY shall remit payment in accordance with the Invoice and Payment procedures in section III(b) each month in the amount listed in the following table:

Month	MWh	Price	Payment Amount
October 2021	1488	$29.30	$43,598.40
November 2021	1442	$29.30	$42,250.60
December 2021	1488	$29.30	$43,598.40
January 2022	1488	$29.30	$43,598.40
February 2022	1344	$29.30	$39,379.20
March 2022	1486	$29.30	$43,539.80
April 2022	1440	$29.30	$42,192.00
May 2022	1488	$29.30	$43,598.40
June 2022	1440	$29.30	$42,192.00
July 2022	1488	$29.30	$43,598.40
August 2022	1488	$29.30	$43,598.40
September 2022	1440	$29.30	$42,192.00

b. **Resource Transfer Payment to CREA.** CREA's monthly Shell Price purchase obligation shall be reduced by the total sum of transfer payments received from CREA listed in II(a):

Month	MWh	Price	Payment Amount
October 2021	1488	$29.30	$43,598.40
November 2021	1442	$29.30	$42,250.60
December 2021	1488	$29.30	$43,598.40
January 2022	1488	$29.30	$43,598.40

February 2022	1344	$29.30	$39,379.20
March 2022	1486	$29.30	$43,539.80
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June 2022	1440	$29.30	$42,192.00
July 2022	1488	$29.30	$43,598.40
August 2022	1488	$29.30	$43,598.40
September 2022	1440	$29.30	$42,192.00

III. BILLING

a. **NEMS Authorized to Provide Billing Services.** The Parties shall authorize NEMS to provide all necessary accounting and billing services for the purchase obligation and Resource Transfer Payments or Credits and as otherwise necessary to implement the terms and the intent of this Agreement.

b. **Invoice and Payment.** The Parties will direct and authorize NEMS, beginning in October of 2021, to send by email a written invoice to all Parties on or before the fifth day of each month for which deliveries are made. The invoice shall set forth each Parties' purchase obligation with Shell and their respective Resource Transfer Payment or Credit amount for the billing cycle. On or after the tenth of the month, each Party authorizes NEMS to perform an ACH funds transfer to withdraw from their respective bank accounts their Purchase Obligation and their Resource Transfer Payment or Credit amount as set forth on the invoices.

IV. DEFAULT

In the event that CITY fails to make the Resource Transfer Payment as required by this Agreement, and subject to the Limitations of Liability set forth below, then CREA shall have the following remedies against the defaulting Party:

a. **Recover Unpaid Amounts with Interest**: A defaulting Party shall continue to be liable for all Resource Transfer Payments due and owing under this Agreement, plus interest on the delinquent amount at the lesser of the maximum amount allowed by law or an annual rate equal to the Prime Rate plus 6% as listed in the Wall Street Journal on the date of default, adjusted quarterly, and compounded monthly, calculated from the date the payment was originally due until paid.

b. **Other Lawful Remedies**: CREA shall be entitled to all other available legal and equitable remedies against the defaulting Party.

V. LIMITATIONS OF LIABILITY

a. **NESC and NIES Not Obligated for Resource Transfer Payments**. NESC and NIES shall have no obligation or liability for payment of the Resource Transfer Payments. CREA shall release and hold NESC and NIES and their members (except CITY, pursuant to the terms of this Agreement) harmless from any liability for the Resource Transfer Payments.

b. **No Liability for Power Purchase Default by Other Party**. CREA shall not be liable for an event of default by CITY under its Master Resource Agreement with NESC, regardless of whether or not the Resource Transfer Payment has been made. CITY shall indemnify and hold harmless CREA against such liability, damages, costs, expenses, fees or other monetary obligation. Likewise, CITY shall not be liable for an event of default by CREA under its Master Resource Agreement with NESC. CREA shall indemnify CITY against such liability.

c. **CITY Indemnity of CREA.** Pursuant to this Agreement and the obligations set forth herein, CITY shall indemnify and hold harmless CREA from all payment obligations incurred through the CITY Purchase Transactions (as defined herein) which are the sole responsibility of CITY.

d. **No Consequential Damages**. To the fullest extent permitted by law, no Party shall be liable to any other Party for any indirect consequential, multiple or punitive damages.

VI. MISCELLANEOUS PROVISIONS

a. **Effective Date.** The effective date of this Agreement shall be the later of 10/20/2020 or the date that each of the Resource Transfer Transactions have been executed.

b. **Termination Date.** Notwithstanding the survival of any outstanding obligations arising under this Agreement prior to the termination date, this Agreement shall terminate on September 30, 2022.

c. **Binding Effect; Assignment**. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. No Party may make any transfer or assignment of this Agreement, other than an assignment for security, without the prior written consent of each of the other Parties. Any assignment made without a consent required hereunder shall be void and of no force or effect.

d. **Amendments**. This Agreement may be amended by agreement between the Parties, but no such amendment to this Agreement shall be effective unless it is in writing, executed by each Party.

e. **Final Agreement**. This Agreement constitutes the final agreement between the Parties, and supersedes all prior representations, whether oral or written, relating to the subject matter specifically addressed by the terms of this Agreement.

f. **Other Agreements.** The Parties further agree to cooperate and to prepare and execute and any additional documents or agreements as may be necessary in order to implement the intent of the Agreement.

g. **Severability**. If any part, term, or provision of this Agreement is held by a court of competent jurisdiction to be unenforceable, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if this Agreement did not contain the particular part, term, or provision held to be unenforceable.

h. **Governing Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Oregon.

i. **Counterparts**. This Agreement may be executed in multiple counterparts to be construed as one.

Columbia REA	City of Richland
By: Scott Peters	By: Cindy Reents
Its: CEO	Its: City Manager
Date: 10/26/20	Date: October 20, 2020

UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 11/10/2020

Agenda Category: Items of Business

Prepared By: Clint Whitney, Energy Services Director

Subject:
Horn Rapids Solar, Storage and Training Project Update (10 minutes)

Department:
Energy Services

Recommended Motion:

Summary:

On November 10, 2020 the City participated with Horn Rapids Solar, Storage and Training (HRSST) project partners in a ribbon cutting ceremony. The project partners included Energy Northwest, Potelco, Tucci Energy Services, Pacific Northwest National Laboratory and the City of Richland.

While construction began in February, delays from COVID-19 impacted material deliveries and construction schedules. The solar portion of the project began energy production on October 21, and the energy storage system began commissioning on October 26. Final energy storage commissioning is scheduled for November 6 with BPA scheduled to install their redundant meter installation on November 19.

The HRSST project is a 4MW solar and 1MW/4MWh energy storage site which includes training collaboration. It is a $6.5M project, not including a $3M grant from Washington State Department of Commerce, with a 25-year expected renewable generation capability.

HRSST will help the City meet Washington State's renewable and carbon-free energy standards outlined in the Clean Energy Transformation Act (CETA), which commits Washington to an electrical supply free of greenhouse gas emissions by 2045.

This is an amazing state-of-the-art facility that shows how partnerships and collaboration can lead to a successful project.

Fiscal Impact:

Attachments:

UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 11/10/2020

Agenda Category: Other Informational Items

Prepared By: Clint Whitney, Energy Services Director

Subject:
Energy Services Capital Work Plan

Department:
Energy Services

Recommended Motion:
This is an informational item.

Summary:
See the attached September 2020 Capital Work Plan Report and 2021 Capital Work Plan.

Fiscal Impact:

Attachments:
1. RES CWP REPORT-SEPTEMBER
2. 2021 Capital Work Plan

Richland Energy Services

Capital Work Plan

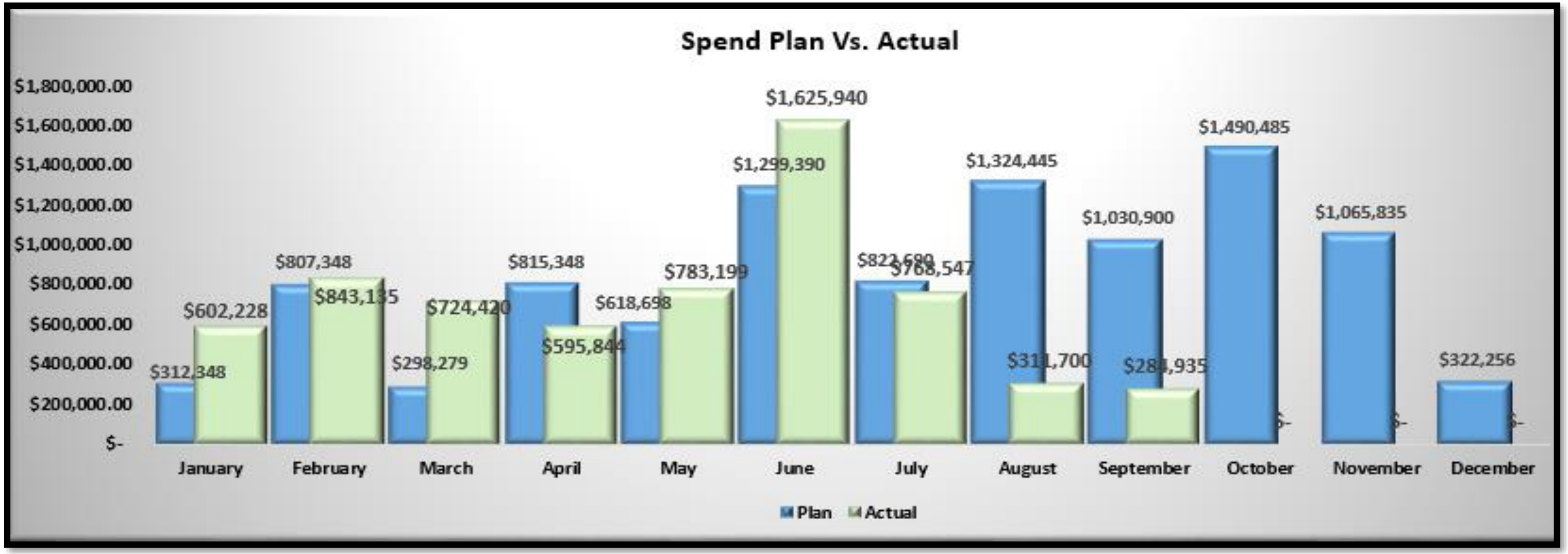
September 2020

CWP Costs for September

	Approved 2020	Total Project Costs	Actual	Sum of Remaining	September
⊞ Leslie Rd. Substation	$ 1,421,900	$ -	$ 140	$ (140)	$0.00
⊞ Line Extensions	$ 1,288,000	$ 1,288,000	$ 789,397	$ 498,603	$7,118.51
⊞ Smart Grid - Advanced Metering Infrastructure	$ 3,771,000	$ 1,176,312	$ 280,016	$ 896,296	$71,745.49
⊞ System Improvements	$ 4,384,000	$ 3,730,352	$ 2,819,034	$ 911,318	$102,255.84
⊞ Renewal and Replacement	$ 1,934,200	$ 3,091,658	$ 2,535,033	$ 556,625	$69,570.84
⊞ Gateway Substation	$ 1,112,000	$ 562,700	$ 270,328	$ 292,372	$32,220.66
⊞ Purchase Southwest Service Area Infrastructure	$ 359,000	$ 359,000	$ 8,256	$ 350,744	$2,023.56
Grand Total	$ 14,270,100	$ 10,208,022	$ 6,702,203	$ 3,505,819	$284,934.90

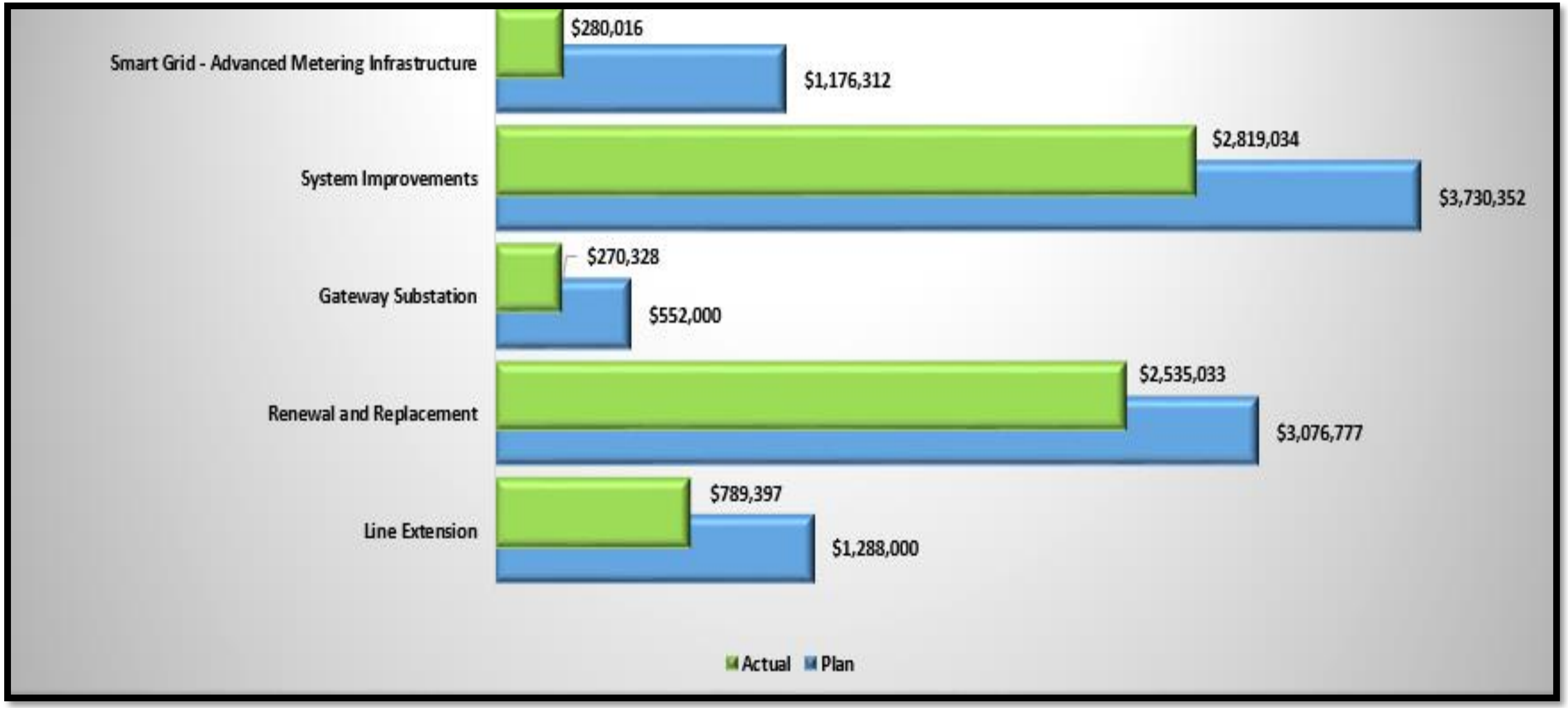
Cost Performance YTD:	**$6,702,203**
Cost Performance remaining:	**$3,505,819**
YTD % Complete	**66%**

CWP Monthly Spend Vs. Actuals

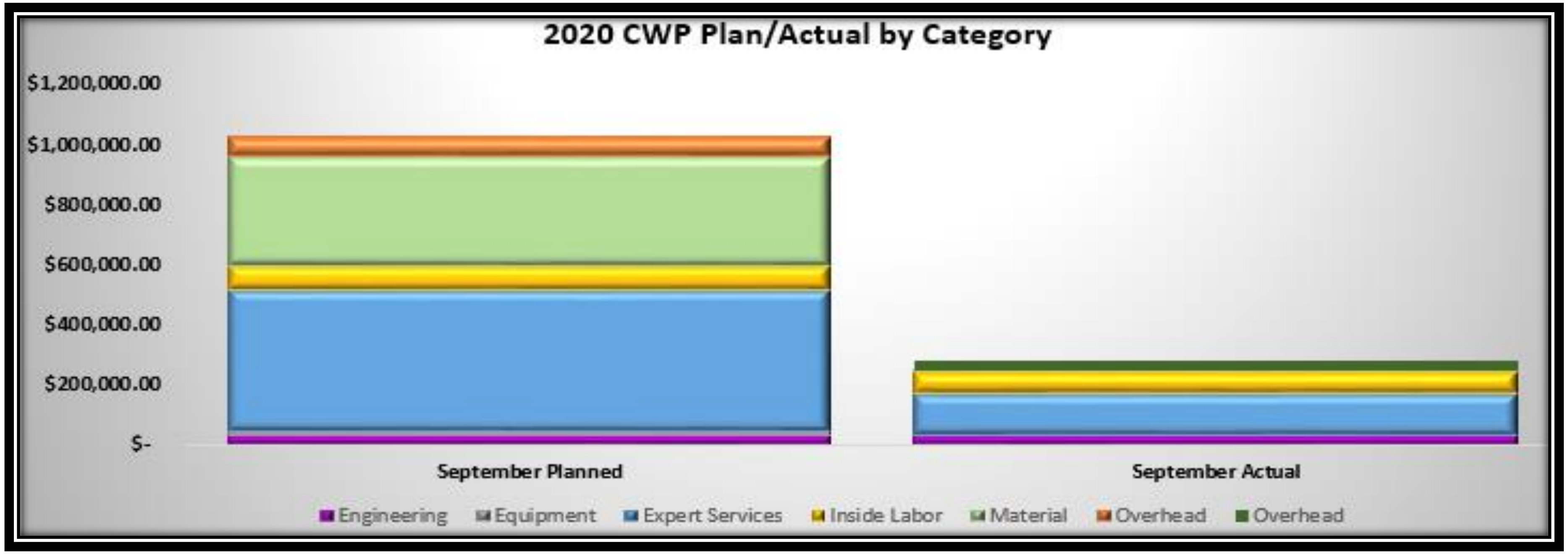


% Complete of Overall Spend Plan		
To-Date Projected	$	7,329,446
To-Date Actual	$	6,702,203
Variance	**($627,243)**	**91%**

Costs by Category



CWP Cost Types



Cost Type	September Planned	September Actual
Engineering	$ 31,370.38	$ 29,771.37
Equipment	$ 12,713.12	$ -
Expert Services	$ 466,703.70	$ 140,653.77
Inside Labor	$ 90,364.90	$ 73,020.02
Material	$ 360,599.76	$ 8,577.74
Overhead	$ 69,148.14	$ 32,912.00
Total	**$ 1,030,900.00**	**$ 284,934.90**

CWP Project Costs for September

	Approved 2020 Budget	Total Project Costs	Actual	Sum of Remaining	September
Leslie Rd. Substation	**$ 1,421,900**	**$ -**	**$ 140**	**$ (140)**	**$0.00**
Line Extensions	**$ 1,288,000**	**$ 1,288,000**	**$ 789,397**	**$ 498,603**	**$7,118.51**
Smart Grid - Advanced Metering Infrastructure	**$ 3,771,000**	**$ 1,176,312**	**$ 280,016**	**$ 896,296**	**$71,745.49**
System Improvements	**$ 4,384,000**	**$ 3,730,352**	**$ 2,819,034**	**$ 911,318**	**$102,255.84**
System Improvements					
M&O Horn Rapids Solar Storage and Training project.	$ 3,500,000	$ 2,500,000	$ 1,239,686	$ 1,260,314	$0.00
METER INSTALLATION MATERIALS	$ 74,000	$ 74,000	$ 177,968	$ (103,968)	$24,311.53
NEW & ALT SVCS - UNDERGROUND	$ 405,000	$ 405,000	$ 415,180	$ (10,180)	$35,515.73
Relocation of electrical facilities for the Duportail Bridg	$ 112,000	$ 311,352	$ 374,505	$ (63,153)	$29,978.87
Relay Replacement	$ 293,000	$ 293,000	$ 87,232	$ 205,768	$2,237.95
Renewal and Replacement	**$ 1,934,200**	**$ 3,091,658**	**$ 2,535,033**	**$ 556,625**	**$69,570.84**
Renewal and Replacement	$ 859,200	$ 635,090	$ 779,625	$ (144,535)	$27,762.62
Pole Replacement Program	$ 864,000	$ 257,000	$ -	$ 257,000	$0.00
2020 Boring					
Quailwood Apartment Complex-R&R~750	$ -	$ 196,604	$ 164,437	$ 32,167	$0.00
MAPLE RIDGE/WINDSONG UG R&R	$ -	$ 709,573	$ 590,825	$ 118,748	$41,808.22
GARDEN PARK #3-UG R&R (Deffered)	$ 211,000	$ 472,139	$ 393,131	$ 79,008	$0.00
Dock Crew					
RIVERCREST UG R&R	$ -	$ 261,248	$ 146,313	$ 114,935	$0.00
WASHINGTON PARK 2&3 UG R&R	$ -	$ 216,350	$ 178,645	$ 37,705	$0.00
LYNNWOOD TERRACE - UG R&R	$ -	$ 297,640	$ 276,162	$ 21,478	$0.00
THAYER/MC MURRY, UG R&R	$ -	$ 46,014	$ 5,895	$ 40,119	$0.00
Gateway Substation	**$ 1,112,000**	**$ 562,700**	**$ 270,328**	**$ 292,372**	**$32,220.66**
Purchase Southwest Service Area Infrastructure	**$ 359,000**	**$ 359,000**	**$ 8,256**	**$ 350,744**	**$2,023.56**
Grand Total	$ 14,270,100	$ 10,208,022	$ 6,702,203	$ 3,505,819	$284,934.90

2021 Capital Work Plan

Energy Services

625 Swift Blvd.
Richland, WA 99352

p. (509) 942-7403
f. (509) 942-7405

www.ci.richland.wa.us
www.ci.richland.wa.us/EnergyServices

Table of Contents

Executive Summary

Purpose

The purpose of this report is to provide an overview of the 2021 Capital Work Plan (CWP) Projects and how Richland Energy Services (RES) intends to strategically meet its improvement objectives, performance and operational goals while focusing on preserving infrastructure for increased reliability and ensuring the efficient use of rate payer money.

Description

The 2021 CWP includes seven categories of capital improvements. These categories include types of projects contributing to RES' overall goals and improvements servicing the community. These projects are strategically evaluated and prioritized based on the City's Strategic Leadership Plan and the RES Long Range Plan (LRP).

2021 CWP Categories and Descriptions:

Substation Improvements:
A variety of major improvement projects within the nine existing electric utility substation sites.

System Improvements:
These are new improvements to the electric utility infrastructure.

Renewal and Replacements (R&R):
Capital improvements extending the life of existing electric utility infrastructure and replacing infrastructure or equipment that has met its life expectancy.

Advanced Metering Infrastructure Utilities Project
Detailed design and implementation of an electrical utility smart grid program to cost-effectively improve utility operations and provide customers with information to control power consumption and usage patterns.

Gateway Substation: Horn Rapids Industrial Area- Design and Construction
Plan, design, and construct the new Gateway Substation connecting into the transmission system grid operated by Bonneville Power Administration (BPA). This category also includes planning, design and construction of primary overhead and underground distribution feeders from the new Gateway Substation to the City's electrical distribution system.

Southwest Service Area Infrastructure Acquisition:
This includes the purchase of Benton PUD facilities.

Line Extensions-New Developments
Capital improvement projects for the purpose of extending electrical utility infrastructure to new developer requested loads. Line Extensions utilize facility fee contributions for project funding.

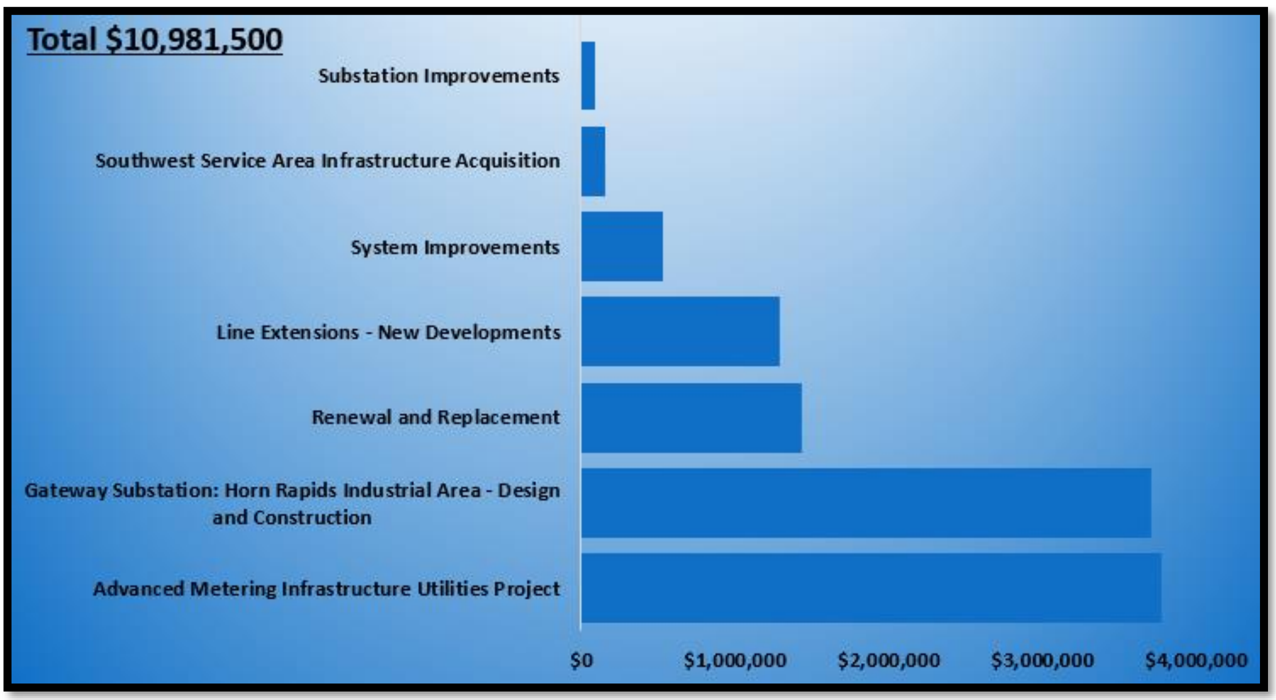
Highlights

The CWP has an estimate to perform approximately $11 million of capital work in 2021. This amount is being presented for Council consideration in November 2020 as part of the City's 2021 Budget and Capital Improvement Plan (CIP).

In addition to the 2021 planned estimate, some CWP funds not expended in 2020 may be carried over into 2021 to complete encumbered 2020 projects.

Each category of work has an overall project estimate consisting of material, equipment, overhead, engineering, expert services and inside or outside labor costs. These totaled costs for each category of work equal the CWP overall estimate.

Below is a graph representing dollars associated for each work category.



Project Information

Purpose and Project Selection

The driving purpose for developing and implementing a capital work plan is to maintain reliable power at the lowest responsible cost to Richland's electric utility customers. Programmed investment in utility infrastructure avoids unplanned service outages and costly repairs.

The selection of 2020 CWP projects are intended to align with the City's Strategic Leadership Plan and the Electric Utility Long Range Plan (LRP). The projects result from evaluation of required maintenance, aging infrastructure, system capacity, reliability, and economic development opportunities.

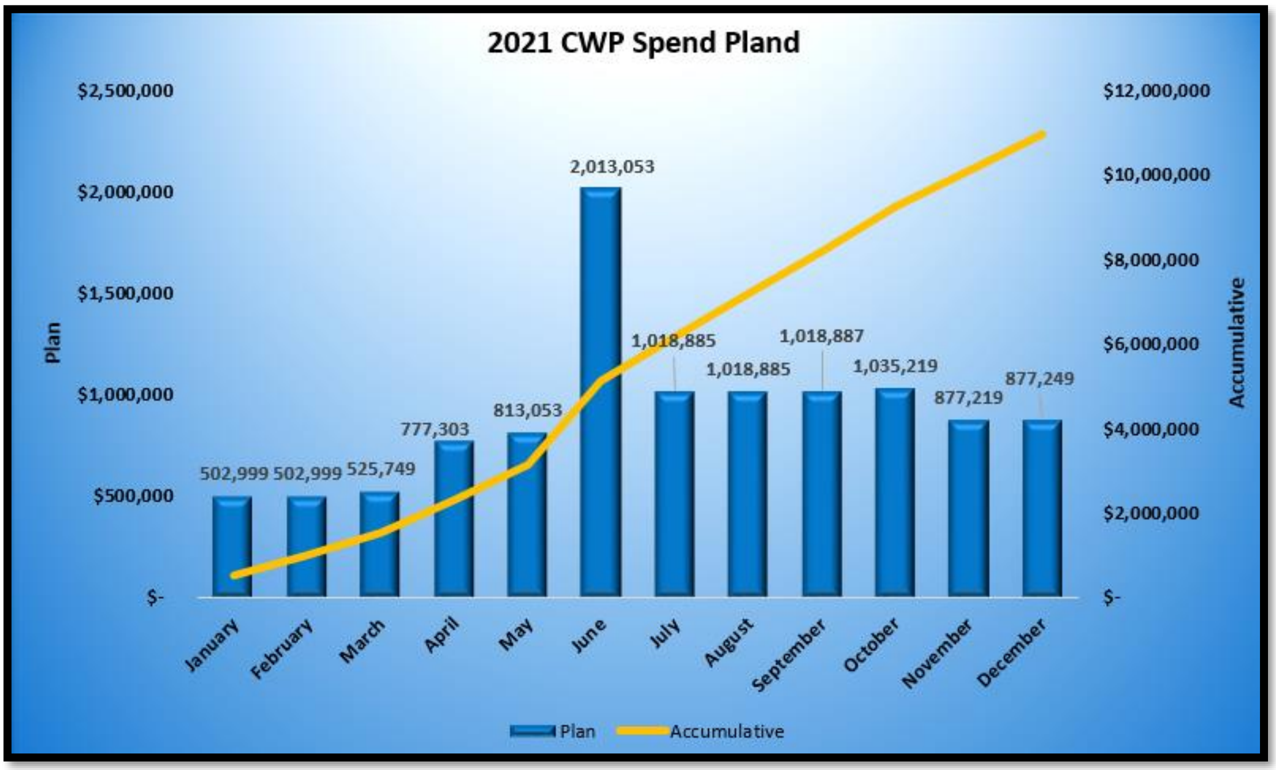
Projects by Category

Project	Total
⊟Advanced Metering Infrastructure Utilities Project	**$3,771,000**
Advanced Metering Ingrastructure Utilities Project	$3,771,000
⊟Gateway Substation: Horn Rapids Industrial Area - Design and Construction	**$3,710,000**
Gateway Feeder 1	$425,000
Gateway Substation	$3,285,000
⊟Renewal and Replacement	**$1,438,000**
Meter Replacement and Upgrade	$74,000
Underground Cable Replacement	$916,000
⊟Line Extensions - New Developments	**$1,288,000**
Line Extensions - New Developments	$1,288,000
⊟System Improvements	**$533,500**
Relay Replacements	$128,500
New Services	$405,000
⊟Southwest Service Area Infrastructure Acquisition	**$158,000**
Southwest Service Area Infrastucture Acquistion	$158,000
⊟Substation Improvements	**$83,000**
Grand Total	**$10,981,500**

Project Spend Plan

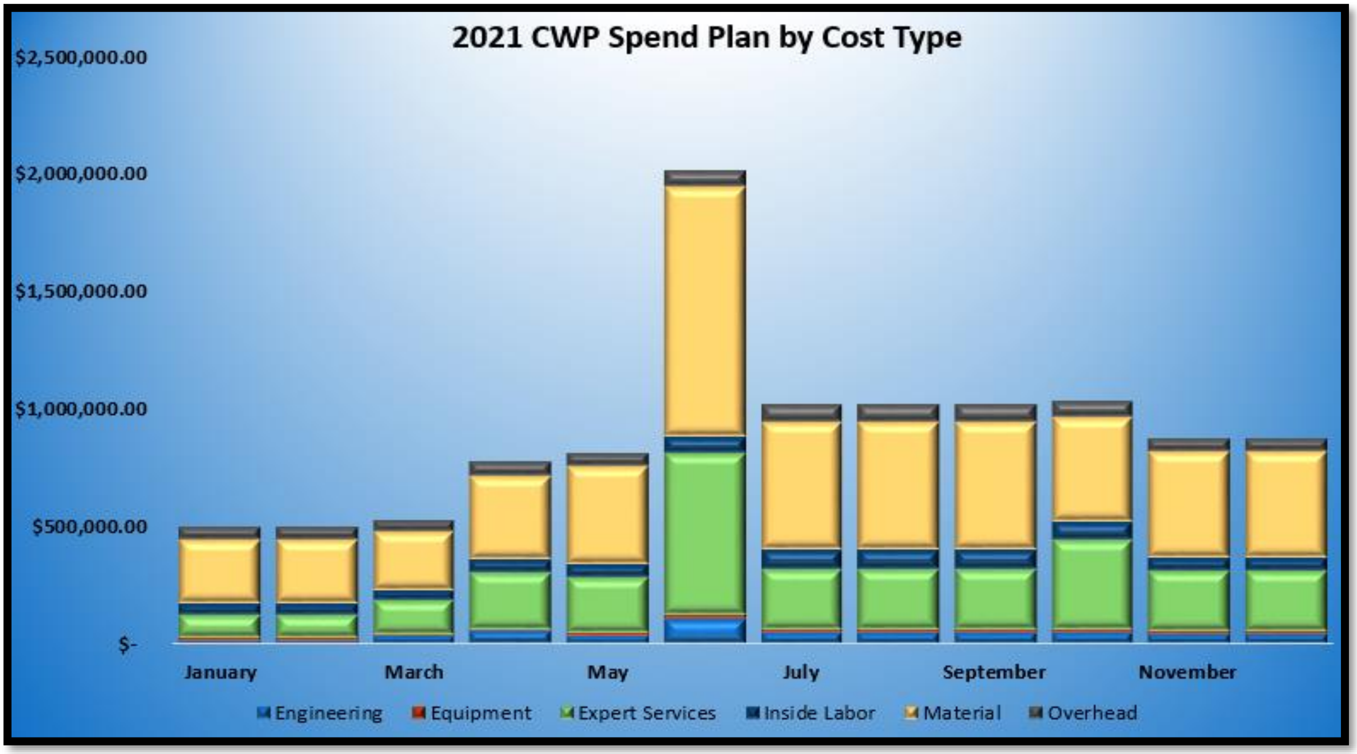
The 2021 Spend Plan is based on projected costs relating to the performance of the CWP Projects on a monthly basis. The project schedule and its associated costs drive the values listed on the Spend Plan. RES intends to perform $10.9 million of work by end of December 2021.

Below is a graph to recognize the anticipated costs per month as well as the accumulation overall.



Spend Plan by Cost Type

The following graph shows the type of costs allocated by month.

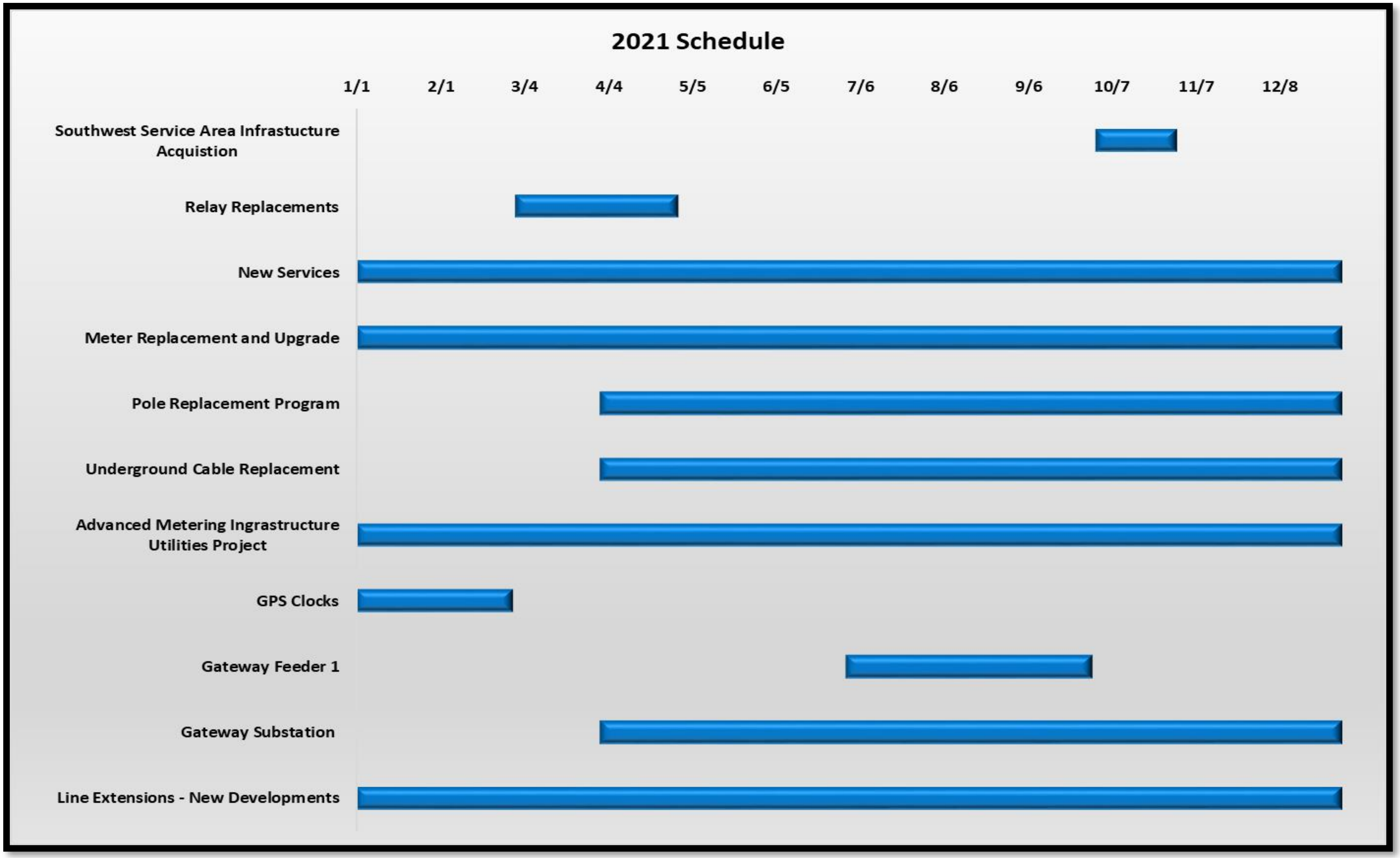


Project Schedule

Schedule

The 2021 Project Schedule is strategically planned and evaluated by RES based on internal and external factors. Internal factors include: availability of staffing resources, materials and equipment. External factors include: availability of consultant and contractor support, projects that are developer driven, projects with time restraints and deliverable dates, as well as weather conditions.

Project Schedule



UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 11/10/2020

Agenda Category: Other Informational Items

Prepared By: Clint Whitney, Energy Services Director

Subject:
Energy Northwest - Advanced Reactor Demonstration Program Funding

Department:
Energy Services

Recommended Motion:
This is an informational item.

Summary:
See the attached announcement.

Fiscal Impact:

Attachments:

1. Energy Northwest ARDP Announcement

GM Update on ARDP

On Oct. 13, the Department of Energy announced it selected X-energy and TerraPower-GE Hitachi for its ***Advanced Reactor Demonstration Program***, which provides initial funding for two domestic advanced nuclear reactor projects. Energy Northwest was listed as a utility partner on both applications and is excited DOE has chosen these two promising technologies. The Energy Services & Development team has been working with X-energy and TerraPower-GE Hitachi on this effort and DOE's award is validation of this hard work. TerraPower and X-energy were each awarded $160 million in initial funding to test, license, and build their advanced reactors under this aggressive timeframe. Pending future appropriations by Congress, DOE will be investing $3.2 billion over 7 years in these projects that will be matched by the industry teams under a 50-50 cost-share agreement. Once the details of the award agreement have been reached, each project is expected to commence licensing immediately with the goal of commercial operations by 2027. Preliminary information about each project are provided below:

TerraPower - Natrium

- Single reactor facility utilizing sodium-cooled fast reactor technology
- Net generation 336 MWe, with optional molten salt storage system to complement renewables and support net generation upwards of 500 MWe
- Preliminary targeted power costs with ARDP funding support ~$50-55/MWh with the estimated potential to reduce to < $40/MWh with salt storage
- Primary planned siting location is Site 4, next to Columbia Generating Station here in Richland. Alternate location is at Idaho National Lab.

X-energy - Xe-100

- Four reactor facility utilizing high temperature gas (Helium) reactor technology
- Total net generation 320 MWe (80 MWe/reactor unit)
- Preliminary targeted power costs with ARDP funding support $40-45/MWh
- Planned siting location is Site 1, next to Columbia Generating Station here in Richland

Although Energy Northwest has made no formal commitments to ownership of either project at this time, this presents an exciting opportunity to move new nuclear forward in the region and the country and sets us up for a formal decision in the 2022-2024 timeframe. Grant County PUD has emerged as a significant partner in the X-energy project, expressing strong interest in performing a detailed due diligence evaluation of the nuclear technology options. We will continue to provide more detailed updates to those utilities that have expressed interest to this point and to any others who would like to learn more.

You'll hear more about this exciting development at the Public Power Forum on October 22!

Register for the Public Power Forum!

Energy Northwest
3000 George Washington Way
Richland, WA 99354

Tim Nies
Tmnies@energy-northwest.com
509-372-5364

UTILITY ADVISORY COMMITTEE AGENDA ITEM COVERSHEET

Meeting Date: 11/10/2020

Agenda Category: Other Informational Items

Prepared By: Clint Whitney, Energy Services Director

Subject:

Forward Planning Agenda

Department:

Energy Services

Recommended Motion:

Summary:

January 2021

Advanced Metering Infrastructure Policies (RES)

March 2021

Review and Recommendations for Rates (RES)

Water and Wastewater Capital Programs Funding Strategies (PW)

May 2021

Review and Recommendations for Bonds (RES)

July 2021

Reliability Analysis (RES)

September 2021

UAC Applicant Interviews

Fiscal Impact:

This is an informational item only.

Attachments: