

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
January 22, 2008

President Judy Ridge presiding, the Public Utility District No. 1 of Asotin County Meeting was called to order at 5:30 p.m. at the PUD Office at 1500 Scenic Way.

ROLL CALL: PRESENT Commissioners: Judy Ridge, Gary Hicks and Don Nuxoll.

PUD Staff: General Manager Tim Simpson, Treasurer Bob Sischo and Board Secretary Roberta Tilden.

Members of the public were present.

MINUTES OF MEETING AND VOUCHER APPROVAL:

MOTION by Commissioner Don Nuxoll seconded by Commissioner Gary Hicks to approve the consent agenda giving approval of the minutes of the January 8, 2008 Regular Meeting and payment of the Transaction Voucher covering vouchers 863EFT through 877EFT in the amount of \$22,203.25 and Blanket Transaction Voucher Approval Document covering vouchers #25404 through #25439, and Electronic Transaction Voucher #20080117, #20080118, and #20080122 in the amount of \$32,785.37. The question was called for on the motion. Passed 3-0

ENERGY NORTHWEST

Jim Oakley, Energy Northwest (ENW) representative provided a reported on recent activities. Mr. Oakley stated that due to the devaluation of the dollar and the fact that the wind turbines come from Denmark the power purchase price for the Reardon Wind Project became too expensive. The project and its site have been put up for sale by ENW. Two parties are interested in the site and ENW should recoup all costs associated with the project.

The Pacific Mountain Energy Center (PMEC), the proposed 650 plus megawatt Integrated Combined Cycle Generation Project has been rejected by the state environmental council due to the inability of the project to sequester CO2. ENW has decided to continue the project but will focus primarily on natural gas and petroleum coke for power production. There is an outside possibility that the site and project could be sold. The project is still viable and people in the area are very supportive of it. This area and the state are in need of a firm power project.

The calibration services department has been expanded. The third stage of the Nine Mile Canyon Project is now up and running.

BONNEVILLE POWER ADMINISTRATION

Mike Normandeau, Bonneville Power Administration (BPA) Power Sales Account Executive, briefed the board on the Residential Exchange Program, Interim Payment Proposal and the Regional Dialogue.

BPA continues to deal with the Ninth Circuit Court decision that ruled BPA did not correctly develop the Residential Exchange Program (REP) for Investor Owned Utilities (IOU) as established by the Northwest Power Act. BPA suspended payments but is still collecting money from public utilities. A regional agreement is currently under development which would set benefits to IOUs, provide financial relief to public utilities and provide future certainty to the REP.

BPA Administrator Steve Wright has proposed an interim payment to public utilities until the REP agreement is finalized. The Asotin PUD portion is approximately \$16,000.00. Several PUDs have stated they would not take the payment until the issue is settled and BPA follows the letter of the law and court ruling. Discussions about the interim payments will be ongoing.

BPA has begun the Regional Dialogue process which includes decisions about rates for the next 20 years. The PUD has a contract with BPA for power sales through 2011. The rate case would set contracts for 20 years. BPA will offer a 2-tier contract. Tier 1 will include current load at wholesale rates. Tier 2 will include load growth at a market based rate. Contracts are scheduled to be available in the 4th quarter of this year. Part of the Regional Dialogue includes discussions about what the Direct Service Industries (aluminum manufacturers) will receive as a benefit. Typically they have received money without having to purchase any power. There are 4 to 5 DSIs in the region.

OLD BUSINESS

Standby Generator Project

The electrical wire for the standby generator has been installed. Startup of the generator is preliminarily scheduled for the first or second week in February. The generator still needs a double-walled one thousand gallon fuel tank. The PUD has received one bid for \$16,000.00. The representative from Energy Northwest said he would try to locate a fuel tank for us.

Port of Wilma Water Sales

The general manager spoke with Joe Poire, Executive Director of the Port of Whitman County about the Port of Wilma water system. The Port is considering raising their consumptive rates to the same as the PUD. The Port has discussed shutting off their wells and using PUD water for Port tenants. Mr. Poire has stated that this will save the Port several thousand dollars a year in fixed costs. Bennett Lumber, their biggest customer, has recently cut their water use in half by installing a more efficient sprinkler system. The reduction of water use has prompted the Port to seek a rate increase and other alternatives for providing water.

In the most recent discussion the manager stated that Mr. Poire and his commission are discussing the possibility of turning over the system to the PUD. They are considering moving their water rights to the Pullman area where the Hawkins development is being considered. The manager stated that they are only using about 10 to 15 percent of their water rights at this time and they can only transfer what they've put to beneficial use in the last 5 years. The manager told Mr. Poire that he would research the water rights transfer for the Port. Commissioner Nuxoll suggested that the general manager find out how much water right the Port has and if they can move them.

NEW BUSINESS

Consultant Agreement – Watershed Hydro Geological Study

The general manager presented a Consultant Agreement for Professional Services between the PUD and HDR Engineering for Phase 1 of the Watershed Planning Unit's grant funded Hydro Geological Study. The Phase 1 budget is for \$100,000.00. The study will focus on groundwater in the Asotin sub-basin with efforts concentrated in the Anatone and Cloverland areas. The total cost of the project will be \$260,000.00. Members of the Watershed Planning Unit subcommittee who have been involved in the development of the scope of work for the study support the agreement with HDR.

MOTION by Gary Hicks, seconded by Don Nuxoll approving the Professional Services Agreement between HDR Engineering and the Asotin County PUD for the Department of Ecology funded Watershed Planning Unit Hydro Geological Study and authorizing the general manager to execute the agreement. The question was called for on the motion.
Passed 3-0

Adopt Water Use Efficiency Plan and Goals

The manager presented the final draft of the PUD Water Use Efficiency (WUE) Plan and Goals. The WUE Plan and Goals are being considered as a requirement of the rule adopted on January 22, 2007 by the Department of Health. The rule is a result of the 2003 Municipal Water Law. As required by the rule a public forum was held during the last January 8, 2008 Board meeting. At the forum the public was introduced to the proposed WUE plan and goals. No comments were received as a result of the presentation and no comments were received from the posting on the PUD website.

The manager provided a brief overview of the PUD goals. The PUD looked at conservation rates and water reclamation but will not be making any changes in these areas right now. The Rule requires that the Commission adopt the goals by January 22, 2008 the date of today's meeting. Commissioner Hicks suggested that the PUD get involved in landscape planning perhaps with some help from Don Brigham. The general manager stated that Mr. Brigham was asked to help design an irrigation system for Vineland Cemetery. The PUD could also create a demonstration area at the office and also at Well No 1.

MOTION by Gary Hicks, seconded by Don Nuxoll approving the Water Use Efficiency Plan and Goals and authorizing the general manager to implement the plan. The question was called for on the motion. Passed 3-0.

EXECUTIVE SESSION:

The Board of Commissioners entered into executive session at 6:45 p.m. to discuss the sale and acquisition of real property and personnel issues. Commissioner Ridge stated that the Executive Session would last approximately twenty (20) minutes.

Commissioner Ridge reconvened the meeting at 7:00 p.m. No decisions were made.

MANAGER'S REPORT:

Bill Print and Mailing Outsourcing – the beginning of outsourcing for the bill printing and mailing has been postponed again until March. Each member of the board was given a sample bill to look over. Commissioner Hicks stated that he wants to see the gallons used listed on the bill. It was also mentioned that the PUD is looking into the feasibility of E-bills in the future.

COMMISSIONER'S REPORT:

Commissioner Hicks will be attending the Washington PUD Association meetings January 30 – February 1st in Olympia, Washington

Commissioner Nuxoll will be attending the Watershed Planning Unit meeting on January 24th in Pomeroy, Washington.

Commissioner Ridge will be attending Energy Northwest meetings January 23rd and 24th in Richland, Washington.

ADJOURNMENT

There being no further business the meeting was adjourned at 7:05 pm.