

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
May 26, 2009

President Gary Hicks presiding, the Public Utility District No. 1 of Asotin County Meeting was called to order at 6:00 p.m. at the PUD Office at 1500 Scenic Way.

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

PUD Staff: General Manager Tim Simpson, Treasurer Bob Sischo and Attorney Scott Broyles.

Members of the public were present.

MINUTES OF MEETING AND VOUCHER APPROVAL:

MOTION by Commissioner Judy Ridge and seconded by Commissioner Don Nuxoll to approve the consent agenda giving approval of the minutes of the May 12, 2009 Regular Meeting and payment of the Transaction Vouchers covering vouchers #1345EFT through #1357EFT in the amount of \$19,247.27 and Blanket Transaction Voucher Approval Document covering vouchers #26899 through #26937, and Electronic Transaction Voucher #20090521, #09052001, #09052101, #09052601, #09052602, #09052603 and #09060301 in the amount of \$120,515.44. The question was called for on the motion. Passed 3-0

ENERGY NORTHWEST

Energy Northwest (ENW) representative Jim Oakley provided an overview of ENW activities. Mr. Oakley stated that in order to meet the standards under the renewable Initiative No. 937 both the Centralia and the Boardman coal fired plants would be shut down. Shutdown of these plants will leave the region energy deficient. It is predicted that the region will be 2,500 megawatts short of meeting demand in the near future.

Mr. Oakley stated that a letter was sent to members requesting support in the amount of \$25,000 for a study on the 40 megawatt modular nuclear plants. The Nuclear Regulatory Commission likes the design but will not start the licensing process unless there is commitment from ENW members. The study will help develop commitment to the project. Radar Ridge, the only wind site on the west side of the state is getting more attention since State Senator Hatfield helped pass a joint memorial to President Obama seeking more resources for renewable for the state. Letters seeking interest in the output of the proposed Kalama 600-760 megawatt gas fired plant have been sent. The price range is estimated to be in the \$40 per megawatt hour range based on current gas prices.

Mr. Oakley stated that the Columbia Generating Station is in the middle of its refueling outage. One third of the fuel rods will be replaced. Fuel rods are used for six years before they are removed and replaced. ENW is managing 1,800 temporary employees who are working two twelve hour shifts, seven days a week for 33 days. He stated that the refueling is a couple of days behind schedule.

OLD BUSINESS

Wastewater System Condition Assessment and Feasibility Study Update

The Manager reported that the Asotin County Commissioners have agreed to a joint meeting on Monday June 8th beginning at 5:30 pm at the PUD. The purpose of the meeting is to hear a report from Keller Associates on the County's wastewater system condition assessment and feasibility study. The public will be invited to the meeting and will have the opportunity to discuss the report.

Port of Whitman County – Port of Wilma Contract Fees Moratorium Request

The Manager stated that as directed by the Board he contacted Joe Poire, Executive Director of the Port of Whitman County to set a date for a meeting to discuss the operations contract and the option of the transfer of ownership of the Port of Wilma water system to the PUD. The meeting will be held at the PUD office on Wednesday June 3rd at 1:00 pm. Representatives from the PUD will include the Manager, Board President Gary Hicks and PUD counsel Scott Broyles. The Port of Whitman County meeting attendees will be Joe Poire, a Port Commissioner and their attorney.

NEW BUSINESS

2008 Fiscal Year Audit

The Manager reported that the Washington State Auditors completed their review of the 2008 fiscal year. An audit exit conference was held with Commissioner Hicks in attendance. The Manager presented the Board with an Audit Exit Conference document. He reported that 2008 was another clean audit with no findings, no management letter and only one minor recommendation. The recommendation was that the District should ensure the established controls over the preparation and review of the financial statements operate properly. The issue or event which prompted the review and the audit recommendation was minor edits to the financial statements and notes to the financial statements by the auditor. The Manager stated that additional review of the financial statements and notes will be performed by both the Treasurer and the General Manager to ensure statements and notes are prepared in accordance with state audit guidelines. Commissioner Hicks congratulated the Treasurer and Manager on clean audit.

MANAGER'S REPORT

Well 6 Motor and Shaft – The Manager stated that vibration and analysis tests were performed on the Well No. 6 motor and shaft to determine what is causing the rotor to fail. The motor has been removed and the rotor repaired each year since 2005. It was determined through the analysis that the first 10 to 20 feet of shaft is out of alignment or out of round by approximately 4 times the normal tolerances of three to seven thousandths of an inch. The Manager stated that this may be the cause of the rotor wear and damage. The motor will be pulled on Monday June 1st and the first 20 feet of the shaft will be removed. The shaft will either be heated and bent back into the correct tolerances or replaced.

Solar Energy Project – The Manager stated that he is waiting for a call from a specialist at Avista Utilities to conduct a site assessment and provide information to the Board about the potential of developing a solar energy project. He stated that during the Washington PUD Association Manager's meeting they were able to tour the Infinia Corporation solar plant. They have developed what looks like a satellite dish that concentrates solar energy to an engine that generates up 3 kilowatts of energy. The units are 24% efficient and the motors have a 20-year life. The Manager has contacted the company for information regarding the potential purchase of one of these units.

Sanitary Survey – The Manager stated that the State Department of Health is on site to conduct a sanitary survey of the PUD and City of Asotin water system

New PUD Website – The Manager stated that the new PUD website has been activated. He said that it is brighter, more user friendly, provides good information and features pictures of our area. The Manager encouraged the Commissioners to review the site.

COMMISSIONER'S REPORT

Commissioner Ridge attended the Washington PUD Association meetings in Kennewick on May 13-15, 2009 and Energy Northwest (ENW) meetings that occurred during the same time. She stated that PUD Association members and ENW are exploring the pooling of resources to help fund infrastructure projects. Lynn Melby is being sought to provide executive search services to replace the retiring Association's Executive Director Steve Johnson. Mr. Johnson's retirement is planned for May of 2010.

Commissioner Ridge reported that most Association meetings for the remainder of 2009 have been changed to the Olympia office to save resources. The Puget Sound Energy complaint to the Public Disclosure Commission has not been resolved. PSE filed a complaint stating that the PUD Association is a public entity and therefore could not support PUD campaigns. The PUD's stance is that they are a private non-profit and can

contribute to campaigns. They have contributed to campaigns as directed by the Association board for many years. Commissioner Ridge stated that representatives from the PUD Association will meet with the State Auditor's Office on Thursday, May 28th to discuss issues regarding commissioner compensation and per diem. The Association is working on drafting a governance policy that will guide the Association's Board of Directors. Commissioner Ridge stated that the policy is not without controversy.

Commissioner Ridge attended the Northwest Public Power Association Annual Conference in Boise, Idaho on May 17-21, 2009. She reported that 80% of China's energy production comes from coal. She participated in a meeting regarding the importance of dialogue by PUD staff and commissioners with customers.

Commissioner Nuxoll attended the Regional Stormwater Meeting on Tuesday May 19th. He stated that Asotin County and the cities of Asotin and Clarkston will coordinate their efforts on stormwater through an intergovernmental agreement. Commissioner Nuxoll stated that a public hearing is scheduled for Tuesday, June 2nd at the Clarkston High School Auditorium from 5:30 to 7:00 pm to review the draft Illicit Discharge Detection and Elimination Ordinances that each participating entity will adopt.

Commissioner Nuxoll attended the Watershed Planning Unit Meeting on Wednesday May 20. The purpose of the meeting was to hear a report on the draft Hydro Geological Study. Landowner's from Asotin County attended the meeting to hear the report and ask questions. The report show little if any interaction of groundwater with the surface water.

Commissioner Nuxoll will be attending the Asotin County Ordinance Update meeting on Monday, June 2, 2009 and the Regional Stormwater IDDE Hearing on Tuesday June 2, 2009.

Commissioner Hicks will be attending a meeting with the Port of Whitman County on Wednesday, June 3, 2009 to discuss the Port of Wilma operations and maintenance agreement and potential ownership of the water system.

ADJOURNMENT

MOTION by Commissioner Don Nuxoll and seconded by Commissioner Judy Ridge to adjourn the meeting to Monday, June 8, 2009 at 5:30 pm at the PUD office in order to meet jointly with the Asotin County Board of Commissioners to hear a presentation of the Draft Asotin County Wastewater System Condition Assessment and Feasibility Study. The question was called for on the motion. Passed 3-0

There being no further business the meeting was adjourned at 7:15 pm.