

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
December 14, 2010

President Gary Hicks 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: Gary Hicks, Don Nuxoll and Judy Ridge.

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

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 November 23, 2010 Regular Meeting and payment of the Transaction Vouchers covering vouchers #1700 and #1701 and vouchers #1857EFT through #1871EFT in the amount of \$27,897.04 and Blanket Transaction Voucher Approval Document covering vouchers #28568 through #28638, and Electronic Transaction Vouchers #10120301, #10120601, #10110503, #10120201, #10120202, #10122201, #10122701 and #10122801 in the amount of \$198,025.48. The question was called for on the motion. The motion passed 3-0.

OLD BUSINESS

Water Rights Change Application

The manager reported that he spoke with Dan Tolleson and Keith Stoffel of the Washington State Department of Ecology regarding reinitiating our water rights change application submitted in 2007. The application processing was put on hold in 2008 due to a challenge to the 2003 Municipal Water Law. A recent Supreme Court ruling upheld the law.

The manager reported that Mr. Tolleson's first response was that there is no staff left to work on water rights issues. He stated that he is the only one person left in the office that does permit writing. Mr. Tolleson stated that more cuts will occur before July 1, 2011 and he will be left to carry the load for those who will be cut. The manager stated that he told him that there is really not much to do expect dust off the file and start the process. Mr. Tolleson stated that Ecology administration is currently reviewing the Supreme Court ruling and that they will give direction to staff on whether to proceed with processing of applications that were put hold because of the initial unfavorable ruling. He stated that based on his experience this will take about 6 months before he gets word.

The manager stated that he asked Mr. Tolleson about the report on the change application. He stated that since the application processing was put on hold new report forms were developed and he would have to transfer the information to the new forms. Mr. Tolleson told the manager that he should contact Keith Stoffel, section manager and discuss our request to proceed with him.

The manager reported that Mr. Stoffel told him about the cut in staffing levels and the difficulty they would have processing the application. He stated that they will be looking at more cuts in 2011. He told the manager that they were told to only do priority processing for those applications that deal with critical health and safety issues. Mr. Stoffel stated that they have only been able to process a few since the moratorium and they have not completed any for a while. The manager stated that he reminded Mr. Stoffel about our mutual goal to get our application process completed before the next water system plan was ready for completion. The manager stated that the next water system plan is due in 2012.

Mr. Stoffel told the manager that although our application is at the front of the line in our watershed they would not be getting to "regular" applications for some time. The manager reported that after further discussion Mr. Stoffel stated that the good news is that headquarters is looking at moving people around the state to accommodate the lack of staff and he will see staff being added in Spokane.

The manager reported that he and Mr. Stoffel talked about where we left off in 2008. He stated that he would talk with Mr. Tolleson to see exactly where we left off and have him send us a copy of the "informal" draft report for our review. We spoke about using the cost reimbursement method to get things moving but he stated that there was not much left to do and the cost, if any, would be minimal. He stated that it would be easy for Mr. Tolleson to complete the new report forms. The manager reported that by the end of the discussion Mr. Stoffel moved from a position of not processing our application to a more positive position, one of possibly processing our application. Mr. Stoffel told the manager that he would get back with him after he spoke with Mr. Tolleson.

Energy Cost Savings

The manager presented a spreadsheet showing the energy costs savings from 1998 to November 2010. The savings represent the cost for the purchase of energy from Bonneville Power Administration (BPA) and the federal river system for our water production facilities versus what it would have cost the PUD if we were still received energy from Avista Utilities. The manager reported that we have realized a net savings of \$1.52 million. He stated that based on our investment of \$80,000 for the three mile underground that serves Quail Ridge Golf Course has been astonishing. In addition, he stated that we have netted approximately \$65,000 from our sales of energy. The manager stated that the Board of Commissioner's decision to enter into the electrical business in 1993 has saved our customer/owners significant rate increases.

NEW BUSINESS

Resolution 10-360 – Sole Source Purchase of Sensus AMR Meters

The manager presented Resolution 10-360 which waives the bidding requirements allowing for the Sole Source purchase of Sensus electronic meters and radio frequency meter reading units from United Pipe and Supply, Inc., an authorized Sensus Metering Systems dealer. The manager stated that the 2010 budget provides \$210,000 toward the purchase of radio read meters.

The manager stated that in 2011 we are planning to replace and/or retrofit approximately 810 meters. By the end of the year approximately 6,240 meters or nearly 89% of our customer base will be on the automated radio meter reading system.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Don Nuxoll approving Resolution 10-360 waiving the competitive bidding requirements and authorizing the sole source purchase of Sensus electronic radio meters and equipment from United Pipe and Supply. The question was called for on the motion. The motion passed 3-0.

Asotin County Utility Easement Agreement – Port of Clarkston Sewer Line

The manager presented a proposed Utility Easement Agreement between the PUD and Asotin County. The easement is for the wastewater system line that the Port of Clarkston will be constructing to serve Phase I and II of their proposed industrial/business park. A map of where the line will be constructed and drawings and descriptions of the utility easement was also presented to the Commission. The manager stated that the line will cross county owned land directly north of the land fill along 6th Avenue. The manager stated that the PUD will assume ownership of the wastewater line after it is constructed per our standards along with the utility easement. He said that rather than the County dealing with the Port for the utility easement that will transfer to the PUD upon acceptance of the line, he suggested that the County deal directly with us.

MOTION by Commissioner Don Nuxoll and seconded by Commissioner Judy Ridge approving the Utility Easement Agreement with Asotin County for the Port of Clarkston wastewater system line and authorizing the General Manager to execute the Agreement. The question was called for on the motion. The motion passed 3-0.

Latecomer's Agreement – Grumpy's Restaurant STEP System Main Line Installation

The manager presented a Wastewater Collection System Main Construction Latecomer's Agreement between the PUD and Grumpy's Restaurant located at 2315 Appleside Boulevard. The manager stated that Grumpy's septic system drain field failed for the second and final time and the county Health Department required them to connect to the

sewer system. Since there is no sanitary sewer system nearby the most feasible option was to construct a pressurized sewer main from Grumpy's 680 feet south to a manhole located near Westwind Village to serve their Septic Tank Effluent Pump (STEP) system. The project was completed in late November and is operational.

The manager stated that the total Grumpy's spent on this project was over \$35,000.00 but their reimbursable cost is \$13,115.98 for the 540 feet of wastewater collection main line from the southwest corner of their property going south to the manhole near Westwind. He stated that customers who connect to the wastewater collection main line will pay a cost based upon their frontage multiplied by the cost per foot. Grumpy's will be reimbursed upon receipt of payment for connection.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Don Nuxoll approving the Wastewater Collection System Main Extension Latecomer's Agreement with CJ Nelson Enterprises, doing business as Grumpy's Restaurant, and authorizing the General Manager to execute the Agreement. The question was called for on the motion. The motion passed 3-0.

Review of Rate Resolution 08-338

The manager presented information regarding Resolution 08-338 which provides for Water Service Rates, Charges and Fees. The resolution was adopted by the Board of Commissioners on October 14, 2008 and set the rates at the time of adoption and provided direction for rate, charges and fees through January 2012.

Commissioner Hicks stated that he needed more time to review the information and would like to wait until the meeting on December 28th to discuss the water rates, charges and fees. Commissioner Ridge stated that she had a couple of things that she would like to discuss now but was acceptable to carrying the conversation forward to the next meeting. Commissioner Nuxoll concurred with discussing some aspects of our rates.

Discussion ensued regarding rates, debt obligations that would be paid off in 2011 and 2012 and the need for significant investment into capital improvements and water system infrastructure. There was additional discussion regarding the use of available funds in 2012 to pay off debt with higher interest rates. Commissioner's discussed the need to be fiscally responsible and how the rate structure should look in the future. Commissioner Hicks stated that further discussion of rates will occur at our December 28th meeting.

MANAGER'S REPORT

Watershed Planning Unit Funding – the manager reported that state legislators met in a special session on Saturday, December 11, 2010 to deal with budget shortfalls. Watershed Planning Unit funding was reduced but funding through June 30, 2011 will remain. Further cuts will be addressed during the 2011 legislative session.

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COMMISSIONER'S REPORT

There were no reports by the Commissioners.

ADJOURNMENT

There being no further business the meeting was adjourned at 6:10 pm.