

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
January 10, 2012

President Don Nuxoll presiding, the Public Utility District No. 1 of Asotin County Meeting was called to order at 4:00 p.m. at the PUD Office at 1500 Scenic Way.

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

PUD Staff: General Manager Tim Simpson and Treasurer Bob Sischo.

Members of the public were present.

MINUTES OF MEETING AND VOUCHER APPROVAL:

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks to approve the consent agenda approving the minutes of the December 27, 2011 Regular Meeting and payment of the Transaction Vouchers covering vouchers #1742 through #1743 and vouchers #2234EFT through #2248EFT in the amount of \$27,879.44 and Blanket Transaction Voucher Approval Document covering vouchers #29809 through #29861, and Electronic Transaction Vouchers #12010901, #12012001, and #12012701 in the amount of \$119,383.71. The question was called for on the motion. The motion passed 3-0.

OLD BUSINESS

Amending Commissioner Redistricting Decision and Resolution 11-375

The manager stated that upon review of the Board's adoption of Resolution 11-375 addressing the review of the most recent federal decennial census and setting of commissioner district boundaries, counsel stated that his research concluded that our deviation between the highest and lowest population in the three commissioner districts was beyond the acceptable deviation limit. Counsel stated that we will need to ensure that the deviation is less than 1 percent. The manager stated that he contacted Sammamish Data and asked them to divide the commissioner districts into as equal a population as possible being mindful of the less than 1% deviation. He stated that they responded with a map outlining the commissioner districts and set the total population of 19,264 in our PUD service territory at 6,432 for District 1 – Judy, 6,422 for District 2 – Don and 6,410 for District 3 – Gary. The manager stated that the deviation between the highest and lowest population is .0034 percent. The manager stated that Sammamish is developing legal descriptions for each district and an amendment of Resolution 11-375 will be provided at the next regular meeting for the Board's consideration.

Port of Wilma Water and Sanitary Sewer Systems Transfer Agreement

The manager reported that after the last regular meeting of the Board he contacted Port of Whitman County Executive Director Joe Poire and their counsel Bruce Ensley regarding the Port's proposed Transfer Agreement which outlines the transfer of ownership of the water and sewer systems in the Port of Wilma to the PUD. He stated to Mr. Poire and Mr. Ensley that section 3(c) of the Transfer Agreement where the Port dictates to the PUD how to rates will be set after the transfer is not acceptable. The manager told them that the language could be constructed in such a way that identifies the need to set rates for industrial customers in the Port and ease into the PUD rate structure for non-industrial customers without outlining our the PUD Commission will set rates.

The manager stated that they understood and were acceptable our position on the issue and will modify the Agreement to address our concerns. The manager stated that in the same communication he requested detailed information about the water and sewer system in order to evaluate the financial soundness and condition of both systems before deciding whether to agree on taking over ownership. Mr. Poire stated that he would gather all of the necessary information and provide the information as soon as possible.

The manager stated that in a separate communication, Mr. Poire requested that the PUD consider if we are prepared at a minimum to accept a transfer that would provide that water rates at Wilma that will not exceed the rates charged in the city of Clarkston. Mr. Poire stated that the reason for the request is that the Port has lease obligations that are tied to the Clarkston rates. The manager responded stating that the PUD would accept a transfer with these conditions.

NEW BUSINESS

Resolution 12-376 – Water Service Rates, Charges and Fees

The manager presented Resolution 12-376 which provides for the setting of water service rates, charges and fees. He stated that the purpose of this Resolution is not to increase rates charges and fees rather the purpose is to add the following language: "These rates and charges will be subject to a state utility tax at the current rate of 5.029% multiplied by and added to the total of all rates and charges for services provided." The manager stated that the language is being inserted to clarify how state utility tax impacts the cost of service and how it is calculated on the total sum of consumptive rates, monthly minimum charges and other specific fees. He stated that this has never been an issue with customers but we feel it would be prudent to have the utility tax identified in the rate resolution showing how it is a cost of service since it appears on our billing statements.

MOTION by Commissioner Gary Hicks and seconded by Commissioner Judy Ridge to approve Resolution 12-376 setting the water service rates, charges and fees and repealing Resolution 11-362. The question was called for on the motion. The motion passed 3-0.

Resolution 12-377 – Sewer Service Rates, Charges and Fees

The manager presented Resolution 12-377 which provides for the setting of sewer service rates, charges and fees. He stated that like the previous resolution the purpose of this Resolution is not to increase rates charges and fees rather the purpose is to add the following language: “These rates and charges will be subject to a state utility tax at the current rate of 3.852% multiplied by and added to the total of all rates and charges for services provided.” The manager reiterated that the language is being inserted to clarify how state utility tax impacts the cost of service and how it is calculated on the total sum of consumptive rates, monthly minimum charges and other specific fees. He stated that he felt it would be prudent to have the utility tax identified in the rate resolution showing how it is a cost of service since it appears on our billing statements.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks to approve Resolution 12-377 setting the sewer service rates, charges and fees and repealing Resolution 09-349. The question was called for on the motion. The motion passed 3-0.

Resolution 12-378 – General Electric Service Rates, Charges and Fees

Resolution 12-379 – Irrigation Electric Service Rates, Charges and Fees

Resolution 12-380 – Pumping Load Electric Service Rates, Charges and Fees

The manager presented Resolutions 12-378, 12-379 and 12-380 all of which provide for the setting of electric service rates, charges and fees for the three (3) categories of electric accounts. He stated that the Resolutions provide for an approximate 15% increase in rates and charges for each class of customer spread over the next two years. In addition, the resolutions repeal previous resolutions which established electrical rates.

The manager stated that the increases are in response to our increase in energy purchase costs from the Bonneville Power Administration (BPA). He stated that in September 2011 we received word after BPA’s rate process that our energy purchases costs would increase 30% on October 1, 2011. He stated that it would seem unreasonable to only increase our electric customer rates 15% when our energy purchase costs increased 30% however based on the dollar amount of increase of \$2,500 to \$3,000 per year for power purchased from BPA for our customer we can make up that difference with the 15% increase in retail rates. The manager stated that our last rate increase for our retail customer, Quail Ridge Golf Course, was a 5% increase effective on January 1, 2007 and increasing 5% per year in 2008 and 2009. He stated that the proposed Resolutions are only the second rate increase resolution since rates were established in 1994 and 1995. He stated that rates charged are still well below the rate Avista Utilities would charge.

MOTION by Commissioner Gary Hicks and seconded by Commissioner Judy Ridge to approving Resolutions 12-378, 12-379 and 12-380 setting the electric service rates, charges and fees and repealing Resolutions 06-314, 06-315 and 06-316. The question was called for on the motion. The motion passed 3-0.

Asotin County Work for Others Interlocal Agreement – No. 08-12

The manager presented an Interlocal Agreement No. 08-12 with Asotin County which allows the County's Road Department to provide work for the PUD upon request. He stated that each time the PUD needs assistance on a project or other operational issue a County Request For Work Form will need to be completed and submitted to the County for approval. He stated that this annual Agreement replaces the one that expired on December 31, 2011.

MOTION by Commissioner Gary Hicks and seconded by Commissioner Judy Ridge approving the Asotin County Work For Others Interlocal Agreement No. 08-12 and authorizing the General Manager to execute the Agreement. The question was called for on the motion. The motion passed 3-0.

Change the Tuesday January 24, 2012 meeting to Monday, January 23, 2012

The manager stated that due to commissioner travel to meetings he is requesting that the the meeting scheduled for Tuesday, January 24, 2012 be changed to Monday, January 23, 2012 begin at 5:30 pm.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks to change the next regular meeting from Tuesday, January 24, 2012 to Monday, January 23, 2012 to begin at 5:30 pm. The question was called for on the motion. The motion passed 3-0.

MANAGER'S REPORT

2012 Capital Improvement Projects – the manager reported that staff continues to work on developing the bid packet for capital improvement projects scheduled for 2012. Staff is currently identifying work that needs to be completed on the identified projects and our GIS Coordinator Craig Riehle is developing the design drawings. The manager stated that staff will be meeting with Murray, Smith and Associates on Friday January 20th to review design plans and continue the development of bid contract documents. He stated that the goal is to have the project bid packets ready for distribution by March 1st.

Water System Plan Update – the manager reported that the draft update of our Comprehensive Water System Plan is nearly complete. He stated that he has reviewed all draft documents and requested minor changes. He stated that next week draft copies of the Plan will be sent to the Washington State Department of Health and Department of Ecology for review. He stated that Ecology has 60 days to review the plan and Health has 90 days. The manager stated that after agency review the PUD will address questions and comments and return for a final review. He stated that the goal is to have the plan finalized and approved by the Board by June of this year.

COMMISSIONER'S REPORT

Commissioner Ridge will be attending the Washington PUD Association meetings on January 11 through January 13, 2012 in Olympia Washington.

EXECUTIVE SESSION

Commissioner Nuxoll adjourned in Executive Session at 4:35 pm. He stated that the Board would be discussing personnel issues and stated that the executive session would last ten (10) minutes.

Commissioner Nuxoll reconvened the regular meeting at 4:45 pm. He stated that no decisions were made.

The Commissioners directed the manager to set the date of the Revenue Bond Payoff Celebration for Tuesday, January 31, 2012. They stated that the celebration will be an open house for customers from 1:30 to 3:30 pm and will be held in the PUD conference room with a ceremonial bond-burning taking place at 2:30 pm.

ADJOURNMENT

There being no further business the meeting was adjourned at 4:50 p.m.