

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
November 27, 2012

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President Don Nuxoll 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.

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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 Gary Hicks and seconded by Commissioner Judy Ridge to approve the consent agenda approving the minutes of the November 15, 2012 Regular Meeting and payment of the Transaction Vouchers covering vouchers #2554EFT through #2568EFT in the amount of \$26,719.44 and Blanket Transaction Voucher Approval Document covering vouchers #30864 through #30903, and Electronic Transaction Vouchers #12112001, #12112301, #12112701 and #12120401 in the amount of \$198,575.45. The question was called for on the motion. The motion passed 3-0.

OLD BUSINESS

Port of Wilma Progress Report for Water and Sewer System Upgrades

That manager reported that work on upgrading both the water and sewer systems in the Port of Wilma prior to PUD acceptance of these systems is continuing. He stated that staff has begun installation of the larger 8 inch meters. The larger meters are approximately 6 to 8 feet underground. In the process of installing the first meter they found that a nearby fire hydrant does not have a required valve. The hydrant is in bad shape also. The hydrant will be replaced, a valve will be installed and then the meter will be set. Concerns regarding backflow prevention was raised and will be discussed as a part of the meter replacement. The manager stated that backflow prevention wasn't an issue of concern when the system was built but it will need to be addressed given the businesses located in the Port. The manger stated that the Port received a "Blue" category water system operating permit from the state Department of Health (DOH). The manager stated that a "Blue" rating means that the system did not meet system design approval standards or it has exceeded the number of approved connections established. The manager stated that he received this information from the Port late in the day and he will follow with DOH regarding the Port of Wilma's current categorization.

The manager stated that on the sewer system the city of Lewiston completed the flushing of the sewer main last week and this week began videoing the line to assess the pipe condition and see if there are any issues that need resolution. The manager stated that he is still waiting for word from Port of Whitman County officials regarding the failed drain field lines and septic tank before proceeding further. A meeting with the Whitman County Health Department and the Port will be necessary in order to assess the drain field and determine the next steps.

Bonneville Power Administration 2013-2014 Rate Case Proposed Energy Rate Increases

The manager stated that at the November 15th meeting he presented the Commission with information he received regarding proposed rate increases from the Bonneville Power Administration (BPA) under current Rate Case for the 2013-2014 periods. He reported that both the power supply and transmission service account executives from BPA informed him of the potential impact of the rate case on our energy rates. Power rates for the PUD are proposed to go up 3.98% but both the power supply and transmission cost for the General Transfer Agreement will go up a proposed 245%. The reason for the significant increase is BPA will be going away from a Transmission System Peak to a Customer Load Individual System Peak.

The manager stated that after being presented with this information the Board requested an analysis to determine if we would be better off receiving power directly from Avista Utilities based on their current rates rather than continuing to receive energy from BPA over Avista lines. The manager presented the Board with an Electrical Rate Comparison spreadsheet showing what the PUD has paid and will pay BPA versus what we would be paying Avista. The manager calculated the rate comparison through 2014 estimating the last three months of 2012 and estimating power costs in 2013 and 2014 based on our experience. In the comparison Avista rates were increased 4% for 2013 and 2014. They are also a BPA customer and will see an increase in rates as well.

The manager stated that as the Board will note that we have saved a significant amount of money by spending the \$80,000 to get into the electrical business. He stated that that the \$80,000 has provided an approximate \$2.1 million return on our investment in energy cost savings resulting in lower water rates for our customers. He also stated to the Board that they should also clearly see that staying with BPA as our energy provider is least-cost option. The PUD will continue to realize a savings in cost versus what we would have to pay Avista even when you subtract out the fee of approximately \$25,000 we pay annually to send energy over Avista lines. The manager recommended staying with BPA as our energy provider for our water production facilities.

NEW BUSINESS

There was no New Business was presented.

MANAGER'S REPORT

Water Projects Update – the manager reported that contractor M.L. Albright & Sons (Albright) continues to work on Highland Avenue. Albright has completed main line installation up to the intersection of Highland Avenue and 13^h Street. The main line has been chlorinated; pressure tested and is waiting a satisfactory Coliform Bacteria test result. Once that is received services will be tied over to the new line including those that serve Tri-State Hospital. Work at tying in the new main at the intersection is pending. The manager stated that while the intersection is open valves will be replaced and work will occur to prepare for future replacement of the mains on 13th street going north.

The final project is scheduled for Riverside Drive. This project provides for extending the water main down Riverside Drive and tying it into the water main in Highway 129. The reason for this work is due to the abandonment of a leaking steel main on 20th Avenue that provides the link to the line on the highway. It was not feasible to replace this line in its current location. Albright has scheduled to bore under the highway to Riverside Drive on Monday and Tuesday December 3rd and 4th.

Sewer Projects Update – the manager stated that the 25th – 26th Streets and 8th Avenue sewer project experienced a 1 ½ week delay due to the contractor being pulled away to completed other projects. This delay as set the project back meaning it will likely not get completed this year. Concerns about the asphalt plant closing on December 14th have been raised and contractors are trying to get large sections installed and paved prior to the winter asphalt plant shutdown. Asotin County personnel stated that the road can be left in gravel over the winter if it is maintained properly.

The manager reported that the Valleyview Drive sewer system expansion project got underway with the contractor tying into the main on Scenic Way and installing two manholes at near the bike path. After going 70 feet heading south up the hill to Valleyview the contractor ran into a significant basalt rock shelf. They brought in an excavator with a rock drill and were able to remove some rock but found that the basalt flow was continuing to follow their ditch line as they moved up the hill. This issue prompted staff to decide to go back downhill to the second manhole and reset the line at a higher grade and place a third manhole where the rock began. The realignment of the grade of the sewer main will allow them to continue at a depth above the basalt flow. The manager stated that this issue will result in an increase in costs for the project.

Martin Luther King Day Training – the manager stated that our PUD remains open on the Martin Luther King federal holiday. In speaking to other PUDs Treasurer Bob Sischo found that PUDs who remain open for this holiday close their doors to the public and use the day for training and other business purposes. Our bank is closed, the Postal Service is closed and we get very little foot traffic and bill payments. Upon the Board's approval the manager stated that he would like to use this day in similar fashion as other PUDs. We would provide various staff training events and have an employee appreciation lunch.

COMMISSIONER'S REPORT

Commissioner Ridge stated that she will be attending the Washington PUD Association Annual Meeting December 5-7 in Vancouver Washington.

Commissioner Ridge will be attending Energy Northwest board meetings on December 12-13 in Richland Washington.

Commissioner Hicks stated that he will be attending the Washington PUD Association Annual Meeting December 5-7 in Vancouver Washington.

ADJOURNMENT

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