

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
July 8, 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 and Attorney
Scott Broyles.

MINUTES OF MEETING AND VOUCHER APPROVAL:

MOTION by Commissioner Don Nuxoll and seconded by Commissioner Gary Hicks to approve the consent agenda giving approval of the minutes of the June 24, 2008 Regular Meeting and payment of the Transaction Vouchers covering vouchers #1636 through #1638 and 1033EFT through 1048EFT in the amount of \$26,784.88 and Blanket Transaction Voucher Approval Document covering vouchers #25932 through #25978, and Electronic Transaction Voucher #208070201, #2008070701, and #2008070702, in the amount of \$87,203.74. The question was called for on the motion. Passed 3-0

BONNEVILLE POWER ADMINISTRATION

Mike Normandeau, Power Sales Executive with the Bonneville Power Administration (BPA) presented information regarding BPA's Regional Dialogue process, the current rate case and the pending power sales contracts. Mr. Normandeau provided a handout to the Board and manager titled "BPA Regional Dialogue Update".

Mr. Normandeau stated the new 20-year contracts will be available by mid to late September. BPA's goal is to have all contracts signed by December 1, 2008. Power sales delivery under the contract will begin in 2012. He stated that rates will stay the same in 2009. There will be an approximate 10% increase in 2010 due to the need to invest in infrastructure, maintenance and upgrades at the Columbia Generating Station and other factors. BPA is modifying how they calculate rates. They are moving away from an energy charge and going to a fixed charge. The demand rate will go up from \$2.00 to \$8.00. The reason for the increase is a price signal to encourage off-peak use and conservation.

BPA will structure their energy sales under a Tier 1 and Tier 2 format. Tier 1 will represent historical use or the high water mark. The PUD needs to place online any electrical load prior to the determination of the high water mark before 2012.

Tier 2 will be market based rates for entities that grow beyond their high water mark. The Federal River System and CGS generates a maximum of 7,400 megawatts at critical high load. Use beyond this amount has to be purchased on the market.

OLD BUSINESS

Water Right Change Applications

The general manager reported that he spoke with Department of Ecology staff member, Dan Tolleson regarding their position about municipal water right change applications. Ecology management has put a hold on the processing of all municipal water right change applications in response to a judge's June 11, 2008 ruling questioning the legality of the 2003 Municipal Water Law after being challenged by tribes and environmental groups. This week Ecology has stated that they will challenge the judge's ruling which will likely take the issue to the Washington State Supreme Court. In the meantime, Attorney Joe Brogan will complete the update of our chronology on the surface water rights and submit these to Ecology for future use.

The manager also spoke to Mr. Tolleson regarding the opportunity to move forward with adding the City of Asotin and Atlas Sand and Rock wells as points of diversion on our wells. Mr. Tolleson will be meeting with other Ecology staff to address the issue. He stated that there might be an opportunity to process a seasonal use of our water rights with these entities. The manager stated that if such a proposal would put our water rights in jeopardy then the process will not be pursued.

Standby Generator

The manager reported that issues brought up by the state electrical code inspector during inspection are closer to resolution. Energy Northwest (ENW) has been waiting for the transfer switch contractor EC Power Systems to resolve an Underwriters Laboratory (UL) Code Listing issue with the state electrical inspector. The transfer switch came out of the factory without the UL label affixed which caused concern with the state inspector. The switch was properly tested at the factory but application of the label was missed. According to the electrical inspector, the only resolution is to hire a UL certified contractor to come out in the field and test for UL compliance. ENW has hired a UL certified contractor to complete the field inspection. This inspection should also resolve an issue the state electrical inspector had regarding an adequate disconnect switch in the event of an emergency. The manager reported that the sound attenuation material was applied to the inside of the generator cover last week. A contractor was paid for the service and Diesel Service and Supply who the generator was purchased from will reimburse the PUD for the cost of this service. The cost was \$1,000.

NEW BUSINESS

CH2M HILL Motor Starter Evaluation Engineering Services Agreement

The manager stated that after several revisions the Professional Services Agreement with CH2MHILL, Inc. is ready for Board approval. PUD Counsel Scott Broyles approved the contract language as revised and recommended approval by the Board. CH2M Hill Inc. was selected from a Request for Qualifications for consulting services to provide services for the evaluation and recommendation of a new soft start motor starter for Well No. 7. The current motor starter will run and operate the well motor when the standby generator is in operation. CH2M HILL provided a standard and scope of work and budget. The total cost of the service is \$9,323.00.

MOTION by Commissioner Gary Hicks and seconded by Commissioner Don Nuxoll approving the Professional Services Agreement between CH2MHILL, Inc. and the PUD and authorizing the General Manager to execute the agreement. The question was called for on the motion. Passed 3-0.

Vehicle Storage Building Quotes

The manager presented the quotes received for the construction of a 34 x 70 Vehicle Storage building on PUD property near the entrance to Pomeroy Gulch. Using the Small Works Roster process staff solicited quotes from several firms. Two companies responded to the request. Mike's Pole Barn submitted a bid in the amount of \$53,175.00 and Baldwin Building Company submitted a bid in the amount of \$48,672.78. Both bids were reviewed for compliance with the specifications and contractor qualifications. Based upon the review the manager recommended acceptance and approval of the bid from Baldwin Building Company, the lowest qualified bidder.

MOTION by Commissioner Gary Hicks and seconded by Commissioner Don Nuxoll to award the bid for the construction of a 34 x 70 Vehicle Storage Building to Baldwin Building Company in the amount of \$48,672.78. The question was called for on the motion. Passed 3-0.

Change July 22, 2008 Meeting Date

Commissioner Ridge requested that, due to meeting conflicts, the Tuesday, July 22, 2008 meeting be changed to Monday, July 21, 2008 at 5:30 pm.

MOTION by Gary Hicks, seconded by Don Nuxoll, to change the Tuesday, July 22, 2008 meeting to Monday, July 21, 2008 at 5:30 pm. The question was called for on the motion. Passed 3-0.

MANAGER'S REPORT

Copier Quotes – quotes for a new copy machine have been received. The quotes received are well below what was budgeted and are at prices below what we paid for the current copier in 2000. Staff will review the copier specifications and quotes and recommend a model.

Custodial Service Quotes – quotes have been received from several firms interested in providing custodial services. Staff will review the quotes and recommend a firm.

Crew Shirts – for safety purposes and better visibility to motorists while working in the roadway, the crew shirts have been changed from a royal blue to a lime green.

COMMISSIONER'S REPORT:

Commissioner Hicks will be attending the Washington PUD Association meetings in Wenatchee at Douglas County PUD on July 16-18, 2008.

ADJOURNMENT

There being no further business the meeting was adjourned at 6:26 pm.