

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
September 13, 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

Guests: Jan Dimke, Bennett Lumber Company, John Love, Port of Whitman County Commissioner and Joe Poire, Port of Whitman County Executive Director

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 August 24, 2010 Regular Meeting and payment of the Transaction Vouchers covering vouchers #1693 through #1695 and vouchers #1770EFT through #1784EFT in the amount of \$27,588.60 and Blanket Transaction Voucher Approval Document covering vouchers #28308 through #28362, and Electronic Transaction Voucher #504, #10090201, #10090202, #10090301 and #10092001 in the amount of \$182,035.48. The question was called for on the motion. The motion passed 3-0.

OLD BUSINESS

Port of Wilma Water System

Commissioner Gary Hicks welcomed Jan Dimke of Bennett Lumber Company, John Love, Port of Whitman County Commissioner and Joe Poire, Port of Whitman County Executive Director. The manager provided a background for the discussion by stating that last year the Port of Whitman County approached the PUD about taking over ownership of the Port of Wilma Water system. He stated that talks were initiated and that a document providing for the transfer of ownership was developed but was never executed. The manager stated that Mr. Poire contacted him in June of this year seeking to begin discussion again about PUD ownership of the water system. He stated that the PUD Board agreed to renew the discussion but requested a meeting with Bennett Lumber owner Jan Dimke to seek her input on the subject and discuss the prospect of Bennett Lumber becoming fully operation in the future. Bennett Lumber is the Port's largest tenant and water customer.

Mr. Poire stated that the Port has limited capacity to operate water systems and that the Port does not have the same authority as a water purveyor. Mr. Poire stated that he is concerned about the Department of Ecology and potential future decisions about the Port's water rights and the loss of those rights. The manager stated that the Port has two wells and 2,000 acre feet of water rights.

Mrs. Dimke stated that Bennett Lumber has every intention of starting back up but due to the lack of new home starts and a pending second round of foreclosures it is difficult for a finished lumber company to become fully operational until the economy turns around. She stated that they are performing maintenance on the mill and attending timber sales but becoming fully operational is on hold until new home starts pick up. Mrs. Dimke stated that she would like the PUD to take over the water system but is concerned about the cost of water. She stated that they use a lot of water for logs to keep them from checking and would appreciate the Board's consideration of an industrial rate if the PUD takes over ownership.

Commissioner Hicks stated that an industrial rate would be considered if the PUD assumes ownership of the system. He stated that the current revenue bond covenants do not allow for rate variations. He stated that the revenue bond will be retired in December 2011. At that time, if the PUD has taken over ownership of the system, the Board will consider an industrial rate. Port Commissioner John Love stated that the Port of Whitman County Board of Commissioners support the change in ownership and stated that the Port and the PUD could work toward developing a memorandum of understanding and toward an industrial rate. He stated that they have potential future business that will need an industrial rate. Commissioner Nuxoll stated that the PUD is not interested in purchasing the system and asked how Commissioner Love felt about that. Commissioner Love stated that the Port is open to negotiate for a transfer that is mutually beneficial to all parties involved.

Commissioner Ridge stated that there are perception issues with our constituents regarding the prospect of a reduced rate to Port of Whitman County and Port of Wilma tenants and not one for the Port of Clarkston tenants. Mr. Poire stated that there are no industries in Asotin County like Bennett and a rate would only be for industrial companies. Mrs. Dimke stated that the perception is incorrect because the Port pays taxes in Asotin County including supporting the local school district. She stated that employees of their business live in Asotin County and pay water bills and taxes as well.

Commissioner Hicks directed the manager to restart negotiations with the Port of Whitman County working toward assumption of the Port of Wilma water system and a possible industrial rate for Bennett Lumber.

NEW BUSINESS

Ecology Watershed Planning Unit Grant Agreement – Amendment No. 7

The manager presented Amendment No. 7 to our Department of Ecology Watershed Planning Phase 4 Grant Agreement. He stated that the grant agreement amendment provides \$100,000 for Year 3 of Phase 4 of the WRIA 35 Watershed Planning Unit's plan implementation and oversight of watershed planning unit activities. A portion of the funding will be used for administration, a portion for stream gauge monitoring and the remaining funds used for on-the-ground projects identified by the Planning Unit. The effective date of the grant amendment is July 1, 2010 to June 30, 2011.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Don Nuxoll to approve Amendment No. 7 to our Watershed Planning Unit Grant Agreement with the Department of Ecology and authorize the General Manager to execute the Agreement. The question was called for on the motion. The motion passed 3-0.

Bonneville Power Transmission Services Contract Amendment – Revision No. 1

The manager presented a proposed Amendment to our Transmission Services Agreement with the Bonneville Power Administration (BPA). The amendment is Revision No. 1 to Table 1 of Exhibit A of the Agreement incorporating the provisions for Network Transmission. He stated that the revisions are necessary to capture updates to metering descriptions, points of delivery and add Asotin's Regional Dialogue Agreement No. 09PB-13003 as a network resource.

MOTION by Commissioner Don Nuxoll and seconded by Commissioner Judy Ridge to approve Revision No. 1 to Table 1 of Exhibit A amending our Transmission Services Contract with the Bonneville Power Administration and authorize the General Manager to execute the Agreement. The question was called for on the motion. The motion passed 3-0.

Change the Tuesday September 28, 2010 Meeting Date to Monday September 27, 2010

The manager stated that due to a scheduling conflict with the Washington PUD Association Water Workshop he is requesting that the meeting scheduled for Tuesday, September 28, 2010 be changed to Monday, September 27, 2010 beginning at 5:30 pm.

MOTION by Commissioner Don Nuxoll and seconded by Commissioner Judy Ridge to change the Board of Commissioner meeting date from Tuesday, September 14, 2010 to Monday, September 13, 2010 beginning at 5:30 pm. The question was called for on the motion. The motion passed 3-0.

MANAGER'S REPORT

City of Asotin Intertie Project – the manager reported that a preliminary 2011 Budget was placed in file before September 1st. He stated that the 2011 Budget is still under development and will be available to the Board for review prior to the budget hearing which is scheduled for October 4, 2010, the first Monday in October.

City of Asotin Intertie Project – The manager reported that the PUD crew has tapped into our main on Clemans Road and ML Albright has connected and extended the 8” High Density Polyethylene (HDPE) pipe over the bluff down to Highway 129. The pipe will be anchored and cover will be placed over the pipe. The PUD will then install a vault, meter and backflow prevention device and then begin installing main along highway 129 towards the City of Asotin Bridge. The first goal is to connect fire hydrants near JetCo and charge the main to that point so that JetCo can occupy their new building. The manager stated that the line will eventually be connected to the line on the north side of the bridge at the entrance of the City.

BPA Rate Case – The manager presented a letter sent to Bonneville Power Administration Vice President Mark Gendron expressing our concerns regarding the high percentage rate increase that is proposed for the PUD under the current rate case.

Army Corp of Engineers – The manager reports that he contacted Dan Tolleson with the Department of Ecology to discuss any potential impact to the Snake River surface water rights if the Army Corp of Engineers utilizes our Snake River Pump Station located under the Southway Bridge for irrigation of the Swallows Nest Park and the surrounding park and bike trail areas. Mr. Tolleson stated to the manager that there would be no affect to our water rights if the Corp utilized the facility. He did state that our water rights would be affected if the structure was torn down.

Wastewater Facilities Plan Amendment Approval – The manager presented a letter from the Department of Ecology which approves the PUDs amendment to the Asotin County 2005 Water Facilities Plan. He stated that the primary driver in amending the plan was the Port of Clarkston's proposed development of an business park on the west side of Evans Road. The County's 2005 Plan only provided for a service area up to the east side of Evans road. The approved amendment provides for a wastewater service area which includes the proposed park area extending further to the west and north to Highway 12. Updating the population served and the ownership of the system also became part of the amendment once the wastewater collection system was transferred to the PUD.

Wastewater Facilities SCADA – The manager reported that work is being evaluated on updating the sewer lift stations with telemetry so that each site can communicate with our current Supervisory Control and Data Acquisition (SCADA) system. The current system assumed from the County uses a dialup program and is ineffective.

Parcel Mapping – The manager reported that a meeting with the County Assessor, County Public Works staff, city, emergency services and other key agencies has been scheduled to discuss developing an electronic parcel mapping system that will be beneficial to the PUD and other agencies involved.

COMMISSIONER'S REPORT

Commissioner Nuxoll will be attending a PURMS Board meeting being held in Burien on Thursday, September 23, 2010.

Commissioner Ridge will be attending the Washington PUD Association meetings being held in Olympia on September 15-17, 2010. Commissioner Ridge will be attending Energy Northwest meetings in Richland on September 22-23, 2010.

Commissioner Hicks will be attending the Washington PUD Association meetings being held in Olympia on September 15-17, 2010.

ADJOURNMENT

There being no further business the meeting was adjourned at 6:30 pm.