

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
September 26, 2011

President Don Nuxoll presiding, the Public Utility District No. 1 of Asotin County Meeting was called to order at 4:30 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, Treasurer Bob Sischo and Counsel Scott Broyles.

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 September 12, 2011 Regular Meeting and payment of the Transaction Vouchers covering #2133EFT through #2146EFT in the amount of \$23,803.22 and Blanket Transaction Voucher Approval Document covering vouchers #29461 through #29500, and Electronic Transaction Vouchers #110401, #110930, #1110301, #11092001, #11092201 and #11092601 in the amount of \$138,691.14. The question was called for on the motion. The motion passed 3-0.

OLD BUSINESS

No Old Business was presented.

NEW BUSINESS

Proposed 2012 Budget Review

The manager provided an overview of the 2012 Budget resources and expenditures. The manager reviewed the resources that compromise PUD revenue and reviewed specific expenditures for 2012. The manager stated that revenue would remain stable in 2012 and that based upon the retirement of the 2003 Water Revenue Bond and the reduction of other debt he is recommending that rates remain that same with no increases in any of the rates charges and fees for both water and sewer. The manager stated that based upon the budget for 2012 and the current Comprehensive Water System Plan update rates should remain unchanged for several years in the foreseeable future.

The manager highlighted 2012 expenditures with the payoff of the Sewer Public Works Trust Fund Loan in July 2011 and the final payment on December 1, 2011 of the Water Revenue Bonds that were used to purchase the water system after formation, condemnation and the start of operations on April 1, 1987. The manager stated that in July of 2012 the 1992 Public Works Trust Fund Loan will be retired. In order to reduce debt further the manager recommended using the \$481,000 set aside for reserve as part of the Water Revenue Bond, to retire three (3) other loans early. The early retirement will save the PUD a significant amount in interest costs. The manager stated if early payoff of these loans is not possible the reserve can be used for annual payments leaving funding in the budget to complete capital improvement projects. The commissioners directed the manager to ask those holding the debt if these loans can be paid off early.

The manager stated that with the proposed upgrade of the City of Clarkston's Wastewater Treatment Plant (WWTP) costs of operations in our sewer utility will increase in 2013 and 2014. The debt that the City has incurred to complete the upgrades will be passed on the PUD through the WWTP operations budget. The manager stated that the PUD wastewater collection system represents approximately 40% of flow into the WWTP. He stated that the PUD pays 40% of the annual operations budget of the WWTP. The manager concluded discussion of the 2012 Budget by stating that due to the reduction of debt specifically the retirement of the water revenue bond he has recommended dedicating \$975,000 towards capital improvements for the replacement of steel water mains primarily in the City of Clarkston area. He stated that we are finally at a place financially to make a significant investment into our infrastructure without using debt to finance these improvements.

Commissioner Hicks stated that he is happy to be here to see the day when the revenue bond that bought the water system from General Water will be finally retired. He stated that this is a good day for the PUD and for the customers who own this system. He stated that the PUD is in good shape financially, there are adequate cash reserves in the bank and the rates have been stable and remain the lowest in the region.

2012 Budget – Set Hearing Date and Time

The manager stated that the proposed budget for the 2012 calendar year has been developed and was placed in file on September 1, 2011. He stated that the Revised Code of Washington states that a budget hearing is required to be held the first Monday in October. The manager stated that October 3rd is the first Monday. The manager stated that the hearing will be advertised.

MOTION by Commissioner Judy Ridge and seconded by Commissioner Gary Hicks to set a 2012 Budget Hearing for Monday, October 3, 2011 beginning at 5:30 pm. The question was called for on the motion. The motion passed 3-0.

MANAGER'S REPORT

Water Rights Change Application – the manager reported that he spoke with Ecology staff Dan Tolleson who reported that Ecology did not receive any comments on the Draft Reports of Examination (ROE). The Draft ROEs were posted on August 15, 2011 by the Department of Ecology with the last day for comments on Thursday, September 15th. Mr. Tolleson stated that the final ROE for each affected water right will be completed by the end of the month or early October and then put out for appeal for a period of 30 days. The manager stated that we are at the threshold of finally completing the processing of our water right change application and the process that began in 1998.

Watershed Funding – the manager reported that he received word from Ecology that they will continue to fund stream flow gauge monitoring in our watershed through June 2013. Ecology provided \$24,000 towards this effort for the next two years. A contract will be developed and presented to the Board in October. Funding for this project will have a start date of October 1, 2011. The manager reported that we did not receive the funding we requested for watershed planning efforts or projects.

Stage Area Fencing – the manager reported that the storage area above the PUD office building has been fenced. He stated that the project cost \$7,300.

COMMISSIONER'S REPORT

Commissioner Hicks attended the Washington PUD Association meetings in Long Beach, Washington on Tuesday September 13-16, 2011. He reported that the Executive Director for the Association and the key commissioners are working on updating the Association's Strategic Plan. He stated a full copy of the draft will be made available to all PUD commissioners and managers for review with discussion and adoption of the strategic plan via conference call in October.

Commissioner Hicks will be attending the Washington PUD Association Water Workshop in Leavenworth which begins on Wednesday, September 28 and concludes on Friday, September 30.

Commissioner Ridge attended the Energy Northwest Executive Board meeting in Richland on September 20-21, 2011. She reported that the Radar Ridge wind project is heading for likely termination in October. Environmental activists and other issues have halted the project. She stated that ENW has approximately \$4 million invested in the project. Commissioner Ridge reported that the Executive Board discussed Chief Executive Officer Incentives. The Board agreed to provide top executives with a base salary and provide for at risk compensation and other incentives based upon performance. Commissioner Ridge reported that the Columbia Generating Station (CGS) was scheduled to restart by the weekend of September 24th but due to unforeseen issues was postponed to Thursday September 29th.

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Commissioner Ridge will be attending the Washington PUD Association Water Workshop in Leavenworth which begins on Wednesday, September 28 and concludes on Friday, September 30.

Commissioner Nuxoll will be attending a PURMS Executive Committee with Treasurer Bob Sischo on Thursday, September 29th in Burien Washington.

ADJOURNMENT

There being no further business the meeting was adjourned at 5:20 pm.