

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
October 14, 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, Treasurer Bob Sischo, Board Secretary Roberta Tilden and Attorney Scott Broyles.

Members of the public were present.

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 September 22, 2008 Regular Meeting and payment of the Transaction Vouchers covering vouchers #1643 through #1644 and #1126EFT through #1141EFT in the amount of \$25,938.77 and Blanket Transaction Voucher Approval Document covering vouchers #26209 through #26276, and Electronic Transaction Voucher #8100301, #20081003, #20081006, and #2008100601 in the amount of \$125,565.97. The question was called for on the motion. Passed 3-0

The General Manager spent a few minutes explaining the PUD'S history and function to the attending students and scout troop.

OLD BUSINESS

Property Acquisition

The General Manager reported that the storage units that have been considered for purchase for use as an operations shop are for sale again. The owner stated that he would be willing to meet the price offered in the amount of \$220,000. To avoid capital gains tax the owner wants \$20,000 down with the balance paid over 10 year at an interest rate of 6%. The Manager reported that the interest from the bank for the loan to purchase the property above the PUD would be approximately 5.5%. He stated that there are eighteen small and two large storage units in the complex. The two large units total 4,000 square feet of space. After discussion of the interest rate, payments over the 10-year term and whether a PUD could enter into an agreement for purchase of the storage units, the Board directed the Manager to contact the State Auditor's Office and ask if a public utility can enter into a loan agreement with a private individual.

Architect Services Agreement-Operations Shop Design

The General Manager stated that because we made a budget decision to not build an operations shop, the Architect Services Agreement approved by the Board at the last regular meeting will not be moving forward at this time. Requests for Proposals will be sought once again if the Board decides to build the operations shop in the future.

NEW BUSINESS

Resolution 08-337 – 2009 Fiscal Year Budget

The Manager presented the 2009 Fiscal Year Budget. A budget Hearing was held on Monday, October 6, 2008 to discuss the budget. The Board directed the manager to reevaluate the budget based upon the consensus of the board to increase rates and to cut costs where necessary. Based upon the Board's direction, the Manager presented a balanced budget. The manager explained that expenses, capital projects, the operations shop and the meter program have all been cut due to the downturn in revenue projections and the significant increase in expenses. The Manager also presented projected budgets for the years 2010 through 2012. The Manager stated that he and staff will continue to look for other opportunities to cut costs. He stated that organizational structure and staffing needs will continue to be evaluated.

Commissioner Hicks remarked that there will be a rate hike in 2009 that will amount to about twelve to fifteen dollars a year for the average rate payer. This is necessary because costs have risen dramatically in the last year and income has fallen.

MOTION by Don Nuxoll, seconded by Gary Hicks to approve and adopt the 2009 Fiscal Year Budget. The question was called for on the motion. Passed 3-0.

Resolution 08-338 – Rates, Fees and Charges

The Manager presented Resolution 08-338 which sets rates, fees and charges increasing water consumption rates and installation charges 8% for the year 2009 and 5% per year through 2012. He reported on several changes to the rates and fees. Fees and charges added were: a hydrant meter use minimum charge of \$50.00, a hydrant installation charge of \$5,000, and a water main tapping fee of \$500.00. The conference room rent has been increased to \$5.00 and the returned check fee is now \$35.00.

MOTION by Gary Hicks, seconded by Don Nuxoll adopting Resolution 08-338 which establishes the Rates, Fees and Charges for the District. The question was called for on the motion. Passed 3-0.

Bonneville Power Administration – Power Sales Agreement

The Manager presented a proposed Bonneville Power Administration (BPA) Power Sales Agreement. He stated that the new agreement provides for the purchase of Load Following Product for the period of October 1, 2011 through September 30, 2028. The agreement also provides for a Tier 1 and Tier 2 rate structure. The Tier 1 rates will be factored based upon our High Water Mark (HWM) or our highest current usage. The HWM has been adjusted slightly higher to compensate for seasonal fluctuations and minimum potential growth. Tier 2 rates will be based upon the market and will apply if we experience load growth or add several additional facilities to our service contract.

There will be an approximate 10% increase in 2010 due to BPA's need to invest in infrastructure, maintenance and upgrades at the Columbia Generating Station and other facilities. 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. The Manager stated that Counsel has reviewed the agreement.

MOTION by Don Nuxoll, seconded by Gary Hicks approving the Bonneville Power Administration Power Sales Agreement and authorizing the General Manager to execute the Agreement. The question was called for on the motion. Passed 3-0.

MANAGER'S REPORT

Vineland Cemetery – All the material for the project has been purchased. The rest of the installation of lateral sprinkler lines has been put on hold until after the election.

Election – there will be an election information meeting at Walla Walla Community College on October 15, 2008 beginning at 7:00 pm. The Manager will be presenting information on the PUD sewer ballot proposition.

Records – Bob Sischo went to a meeting to learn more about proper records maintenance and storage. A records auditor will be coming from Spokane to look over our records and policies. Grant funding is available to assist us in construction of a records retention area.

Identity Theft – The PUD is developing an Identity Theft Prevention Program policy as required under the Fair and Accurate Credit Transaction Act (FACT Act) which was signed into law in 2003. The FACT Act includes utilities. A proposed policy will be presented at the next meeting. The law requires adoption on or before November 1st.

Energy Northwest – The annual Energy Northwest Forum will be held in Richland on October 23-24, 2008.

PUD Association Annual Meeting – The PUD Association’s annual meeting will be held in Seattle from December 3 to December 5 in Seattle.

Public Records/Open Public Meetings Workshop – The PUD Association and other state associations are sponsoring Public Meeting – Open Public Meetings workshops throughout the state. The purpose of the workshops is to update and educate commissioners and staff about public records and open public meeting laws. There will be a workshop in Spokane on November 18, 2008.

Watershed Planning –The General Manager will be attending a Watershed Planning meeting in Pomeroy on October 16, 2008.

COMMISSIONER’S REPORT:

Commissioner Nuxoll will be attending a Watershed Planning meeting in Pomeroy on October 16, 2008. Commissioner Nuxoll requested that the November 11th meeting be moved to Monday, November 10 because he will be attending at a PURMS meeting on November 11. The Manager stated that November 11th is Veteran’s Day and a PUD holiday. The changing of the November meeting date will occur at the next regular meeting on October 28th.

Commissioner Hicks will be attending the Energy Northwest Forum in Richland on October 23 and 24, 2008

ADJOURNMENT

There being no further business the meeting was adjourned at 6:20 pm.