

PUBLIC UTILITY DISTRICT NO. 1
OF ASOTIN COUNTY, WASHINGTON
MEETING MINUTES
August 24, 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, Treasurer Bob Sischo and Counsel Scott Broyles

Guests: Jim Oakley, Energy Northwest Representative

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 10, 2010 Regular Meeting and payment of the Transaction Vouchers covering vouchers #1756EFT through #1769EFT in the amount of \$22,078.01 and Blanket Transaction Voucher Approval Document covering vouchers #28276 through #28307, and Electronic Transaction Voucher #10082002, #10082003, #10082301 and #10090101 in the amount of \$58,252.74. The question was called for on the motion. The motion passed 3-0.

ENERGY NORTHWEST REPORT

Representative Jim Oakley provided an update of activities and projects taking place at Energy Northwest (ENW). Mr. Oakley stated that interim CEO Mark Reddeman was appointed to the position of CEO of ENW by the Executive Board. He stated that Mr. Reddeman brings a lot of experience to ENW where he worked early in his career. Mr. Oakley reported that the Columbia Generating Station (CGS) is on day 284 of its current run. He stated that the next refueling outage is scheduled for April 2011. The CGS ended the fiscal year \$6.9 million under budget. The CGS is currently undergoing repairs to the two cooling towers. He stated that the cost of the project is \$4.8 million.

Mr. Oakley reported that the Packwood hydro project finished the year with lower than expected revenues due to a low water year however he stated that the project operated at 100 percent availability. Mr. Oakley reported that the Radar Ridge wind project has completed the avian studies but still cannot get permits from the state to begin the project. He stated that Grays Harbor PUD has asked to have their share in the project bought out because they do not feel they project will ever get permitted and they have secured their state required renewable energy through a local biomass project. He stated that ENW will continue to pursue the project. He reported that the Nine Canyon wind project finished the fiscal year with generation 8.6 percent lower than the previous year.

Mr. Oakley reported that the Kalama Energy project is moving forward. The project originally design to handle several different forms of fuel for energy production will focus on a 326 megawatt gas combined cycle plant. Steam waste from the gas generation will turn turbines to generate energy. He stated that the permit for the plant will be completed by year end and the project will get underway next year. Mr. Oakley reported the two solar energy projects located in Oregon are proceeding and should be permitted by the end of the year. He stated that each project will generate 5 megawatts of energy. The project takes up 60 acres and has 23,000 panels. The estimated cost of the energy is \$115 per megawatt hour. The panels are made of poly-crystalline.

OLD BUSINESS

There was no old business presented.

NEW BUSINESS

BPA Power Sales Agreement Amendment – Revision No. 1 to Exhibit F

The manager presented a proposed Amendment to our Power Sales Agreement with the Bonneville Power Administration (BPA). The amendment is Revision No. 1 to Exhibit F of the Agreement incorporating the provisions for Transmission Curtailment Management Service. The manager stated that the revisions are necessary to capture contract provisions relating to Transmission Curtailment Management Service as a part of the ongoing Regional Dialogue process and the discussions regarding Transmission Scheduling Services.

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

Columbia Conservation District Watershed Planning Project Agreement

The manager presented a Watershed Planning Project Agreement between the PUD and the Columbia Conservation District. The manager stated that the agreement will provide \$32,000.00 in funding for a Tucannon River Off-Set Dike project. The Columbia Conservation District will sponsor the project which targets early action elements for an off-set dike project and will include silo removal, tree removal and establishment of new pivot pad as part of the site modifications for the relocation of 1 existing pivot and establishment of 1 new pivot. The Watershed Planning Unit has approved support of the project with funding from our Phase 4 – Year 3 grant from the Department of Ecology.

MOTION by Commissioner Don Nuxoll and seconded by Commissioner Judy Ridge to approve the Agreement with the Columbia Conservation District for a Watershed Planning Unit funded project 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 14, 2010 Meeting Date to Monday September 13, 2010

The manager stated that due to a scheduling conflict he is requesting that the meeting scheduled for Tuesday, September 14, 2010 be changed to Monday, September 13, 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

BPA Rate Case – The manager reported that he received word from our Power Sales Account Executive, Ken Hustad that the preliminary results of the current Bonneville Power Administration rate case show Asotin PUDs costs for power costs increasing between 24.20% and 40.22%. The manager stated that at the extreme this would increase our energy costs approximately \$60,000 a year. The proposed new rates would take effect in October 2011. The manager stated that the increase is a primarily a result of a change in how demand charges are calculated. Asotin will see the highest percentage increase than any other electric utility. The manager stated that there is a mechanism to express our concerns regarding the high percentage rate increase and that he will complete the form and formally submit our vote against the substantial increase in the demand and energy cost increase.

Energy for Clarkston WWTP – The manager reported that he spoke with Ken Hustad at Bonneville Power requesting that BPA look into the City of Clarkston Wastewater Treatment Plant becoming the PUDs customer and the PUD providing power to the Plant at our cost. Mr. Hustad reviewed the request and stated that Avista would need to agree to give up the loads voluntarily, BPA would likely require that Asotin build distribution facilities to physically connect the loads to the low side of area Avista or BPA substations and that under the new tiered rates any new load that BPA preference customers, including Asotin, add to their systems after this fiscal year, FY2010, will almost certainly be served at a market based rate. The manager stated that despite the information provided he would continue pursue adding the Clarkston Treatment Plant as a customer of the PUD. He stated that the energy costs savings would be substantial and would result in lower operational costs for both the City and the PUD.

Clarkston WWTP Upgrade Funding – The manager reported that the City of Clarkston Wastewater Treatment Plant proposed upgrade has made the funding list for the Public Works Trust Fund in the amount of ten million dollars. This is good news for the City however, it is tempered with the fact the legislature would still need to approve the funding for all projects in 2011. The manager stated that in 2009 the legislature swept all of the funding for the Public Works Trust fund loans into the state's general fund because of the budget deficit. The manager stated that the deficit still looms and the potential for the legislature to sweep the funding again is high.

City of Asotin Intertie Project – The manager reported that the intertie project between the PUD and the City of Asotin will not get underway until September. The contractor is involved in other projects and will not be available until mid to late September. The PUD will begin their portion of the project when the contractor begins work on his portion.

Army Corp of Engineers – The manager reported that the Army Corp of Engineers has completed a site visit to the Snake River Pump Station No. 1. The Corp has expressed an interest in utilizing this site for their Swallows Nest park and levy irrigation system. The pump is in place and they would like to utilize it. The manager expressed concern regarding jeopardizing the PUD water rights if the Corp was allowed to use this facility for their irrigation system. The manager will contact Dan Tolleson with the Department of Ecology regarding any potential impact to the Snake River surface water rights. He will follow up this discussion with water rights attorney Joe Brogan.

Port of Wilma Water System – The manager reported that Port of Whitman County Executive Director Joe Poire contacted and ask the PUD to take water samples for a few months at the Port of Wilma during an employee transition. Their current staff is leaving at the end of August and they have not hired a replacement. The manager stated that the Port will be charged for our time and overhead for assisting them.

COMMISSIONER'S REPORT

Commissioner Nuxoll attended a City of Clarkston Council meeting on Monday, August 23rd where the Regional Stormwater Program was the topic of interest. He stated that City Fire Chief told him that the City would be cited for illicit discharge if they exercise hydrants without proper containment of the runoff. The manager stated that he would look into the issue.

Commissioner Ridge will be attending the Washington PUD Association meetings on September 15-17, 2010. She will also be attending the Washington PUD Association Water Workshop on September 29 through October 1, 2010.

Meeting Minutes
August 24, 2010
Page 5

Commissioner Hicks will be attending the Washington PUD Association meetings on September 15-17, 2010. She will also be attending the Washington PUD Association Water Workshop on September 29 through October 1, 2010.

ADJOURNMENT

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