

Skamania County Public Utility District #1
Rate Hearing, Budget Hearing & Regular Meeting of the Board of Commissioners

October 3rd, 2011

The Rate Hearing for the Electric System and Underwood Water System was called to order at 9:00 a.m. by President Dennis Gale at the PUD office in Carson, WA. The following persons were present: Commissioner Clyde Leach; Commissioner Curt Esch; Commissioner Dennis Gale; Interim Manager, Robert Gentry; Auditor, Jasen McEathron; Attorney, Ken Woodrich; Work Order Specialist/HR Coordinator, Shonna Taylor.

Commissioner Leach, District #3 would also like a Rate Hearing for the Underwood Water System held in Underwood at the Underwood Community Center. After discussion Commissioner Esch made a **motion** to have a second Underwood Water Rate Hearing in Underwood on October 17, 2011 at 6:30 p.m. at the Underwood Community Center. Commissioner Leach **seconded** the motion and the motion was **approved unanimously**. This rate hearing will be an extension of the Regular Meeting of the Board of Commissioners on October 17, 2011.

The Rate Hearing for the Electric System began at 9:15 a.m. Commissioner Gale discussed the cost of wholesale power and the recent 13.8% rate increase from Bonneville Power and would like staff recommendations. Manager Gentry explained that the ultimate decision would be the Board and discussed the Retail Rate Design Options prepared by Steven Anderson of EES showing different scenarios of options and rate increases ranging from 4.2% to 6.9%. Staff prepared Proposed Rate Adjustment Options comparing the current rates with new proposals and these were reviewed. Manager Gentry further spoke about the last BPA rate increase of 7.5% in 2009 and the utility responded with a 3% increase to the rate payers 14 months later and the importance of the revenue needed to cover the costs of running the utility.

The Rate Hearing was opened to the public at 9:30 a.m.

- Charles Pace – Spoke about protecting reserves, environmental issues, tier 1 rates and wind generation.
- Commissioner Leach thinks we need to raise the rates higher than 4.2% and does not want all the District's reserves used.
- Commissioner Esch does not feel the 4.2% rate increase is enough and is leaning towards 5.5%
- Bill Fowlie - Spoke about current economics and those with fixed incomes.
- Liz Green – Spoke about protection of District reserves and rate setting.
- Charles Pace – Spoke about current economic times and preserving utility reserves.
- Commissioner Gale explained the importance of protecting the integrity of the utility to keep the system functioning in a stable manner.
- Bill Fowlie – Inquired about reserve funds to cover the rate increase.
- Sherry Esch – Spoke about internal cost control.

The Electric Rate Hearing was closed at 10:27 a.m.

Break until 10:35 a.m.

The Underwood Water Rate Hearing began at 10:35 a.m.

- Loreley Drach from Underwood spoke about state requirements on the Underwood Water and the 6-year plan.

- Manager Gentry explained the District’s plan for leak detection and the importance of getting this done due to compliance issues with the Department of Health. The District is in the process of hiring a contractor to do this work. Once the leaks are detected the water crew will begin repairs. Manager Gentry also spoke about emails received from Underwood Water customers.
- Commissioner Gale referenced emails concerning the rates from John Kraus, Bob and Regina Snyder, Lynn Weyand, Stacy Birch, and Arlene and Don Bradford.

The Underwood Water Rate Hearing was closed at 10:55 a.m. and the Regular Meeting of Board of Commissioners began.

MINUTES

Commissioner Leach made a **motion** to approve the Special Meeting Minutes of September 8, 2011. Commissioner Esch **seconded** the motion and the minutes were **approved unanimously**.

Commissioner Esch made a **motion** to approve the September 19, 2011 minutes as corrected. Commissioner Leach **seconded** the motion and the minutes were **approved unanimously**.

Commissioner Leach made a **motion** to approve the September 23, 2011 Special Meeting Minutes. Commissioner Esch **seconded** the motion and minutes were **approved unanimously**.

PUBLIC COMMENT

- Liz Green spoke about the May 24, 2011 meeting.
- Sherry Esch spoke about the May 24, 2011 meeting.
- Charles Pace spoke about wind generation, rule making, policies suits in the 9th Circuit Court relating to public power.

NEW BUSINESS

- **Resolution No. 2378; Electric System Rates:** After discussion, Commissioner Esch made a **motion** to approve Resolution No. 2378 with a 5.5% rate increase both on the basic and energy use as shown in the attached Schedule “A” to the resolution effective October 1, 2011. Commissioner Leach **seconded** the motion and the motion was **approved unanimously**.
- **Resolution No. 2379; Underwood Water Rates:** This resolution will be deferred until after the rate hearing on October 17, 2011 at 6:30 p.m. in Underwood.
- **Resolution No. 2373; 2012 Property Tax Levy:** Commissioner Esch made a **motion** to approve Resolution No. 2373. Commissioner Leach **seconded** the motion and the motion was **approved unanimously**.
- **Resolution No. 2380; Senior/Disabled Electric Rebates:** Auditor Jasen McEathron explained the changes on the proposed electric rebate. After discussion and review Commissioner Leach made a **motion** to approve Resolution No. 2380. Commissioner Esch **seconded** the motion and the motion was **approved unanimously**.

MANAGER REPORT

- Manager Gentry reported that advertising for the Special Project Coordinator position has been initiated.

AUDITOR'S REPORT

- Auditor Jasen McEathron presented the August 2011 system financial reports on the Electric System, Carson Water and Underwood Water.
- Bad Debts in the amount of \$3,619.19 were also presented. Auditor McEathron explained to the Board that open delinquent accounts are being monitored on deposit amounts. Those accounts with insufficient deposits are being increased and accounts with no deposits are being added in increments.

ATTORNEY REPORT

- Attorney Ken Woodrich gave a report on the recent meeting held with the Wind River Nursery, Manager Gentry, Port Manager, John McSherry, Tom Vance and the US Forest Service in regards to water rights. The next is step to meet with the Department of Ecology.

Entered into Executive Session to discuss potential litigation (RCW 42.30.110 (1)(i)) at 12:10 p.m. for 10 minutes.

Executive Session extended 5 minutes.

Regular Meeting reconvened at 12:28 p.m.

Break for Lunch at 12:30 p.m. for 45 minutes.

The Meeting reconvened at 1:15 p.m. and Commissioner Gale opened the Budget Hearing.

Discussion was held on the Electric System Budget.

PUBLIC COMMENT

- Sherry Esch spoke about footnotes on the budget and the special project coordinator position.
- Liz Green extended her appreciation to staff and commission.

The Budget Hearing was closed to public comment at 1:38 p.m. and the regular meeting reconvened.

NEW BUSINESS CONTINUED

- **Resolution No. 2377; Adoption of 2012 Budgets:** - Commissioner Leach made a **motion** to adopt Resolution No. 2377 to adopt the 2012 Budgets for the Electric System, Carson Water System and Underwood Water System. The Underwood Water System Budget was adopted without any rate increase pending the outcome of the rate hearing scheduled for October 17, 2011 at 6:30 p.m.. Commissioner Esch **seconded** the motion and the motion was **approved unanimously**.

VOUCHER APPROVAL:

Commissioner Esch made a **motion** to approve the vouchers.

Voucher	Number	Amount
Electric System	46852-46893	\$ 428,904.27
Carson Water	5827-5833	\$ 4,927.32
Underwood Water	3457-3461	\$ 2,991.17

Commissioner Leach **seconded** the motion, and the **motion was carried unanimously.**

The calendar was reviewed; October 6, 2011 is the next PPC meeting.

Gary Leonard was honored by the Board and Staff for the Employee of the Quarter.

Meeting adjourned at 2:35 p.m.

Dennis Gale, President

Curt Esch, Secretary

The next regular scheduled Board of Commissioner's Meeting will be:
Tuesday, October 17th, 2011 at 9:00 a.m.

Meeting will be extended to 6:30 p.m. for a Rate Hearing on the Underwood Water System to be held at the Underwood Community Center