

**PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY  
327 N WENATCHEE AVENUE  
WENATCHEE WA 98801**

**REGULAR COMMISSION MEETING**

**SEPTEMBER 5, 2023**

**STUDY SESSION**

**10:00 AM**

1. Pledge of Allegiance and Safety/HPI Minute – Lacy Stockton
2. Approval of the Agenda
3. Quarterly Electric Load Growth Update
4. PURPA Public Hearing Set
5. Public Comment  
*Time reserved for public comments or questions related to matters not covered by the agenda*

**BUSINESS SESSION**

**Consent Agenda**

6. Minutes of the August 21, 2023 Regular Meeting
7. Vouchers: Accounts Payable Summary Report dated August 29, 2023:
  - a. Vouchers totaling \$27,844,109.47;
  - b. Approval of Customer Deposit Returns and Conservation Incentive payments for the period August 15, 2023 through August 28, 2023 in the amount of \$73,134.68.
  - c. Approval of the net Payroll, Warrant Nos. 238240 through 238254 and Advice Nos. 761627 through 762468 for the pay period ending August 13, 2023 in the amount of \$2,602,312.63.
  - d. Approval of Warrant Nos. 29986 through 30066 totaling \$32,021.14 for claim payments from the workers' compensation self-insurance fund for the period ending August 28, 2023.
  - e. Approval of Parks Reservation System customer refunds for the period August 15, 2023 through August 28, 2023 in the amount of \$3,395.00.

**Regular Agenda**

8. A RESOLUTION ADOPTING AND ESTABLISHING A UNIFORM METHOD OF CHARGING IN LIEU OF ASSESSMENT FOR PROPERTIES REQUESTING CONNECTION TO LOCAL UTILITY DISTRICTS AND RESCINDING AND SUPERCEDING ALL PRIOR RESOLUTIONS TO THE EXTENT THEY ARE INCONSISTENT HEREWITH

9. Manager Items

10. Commissioner Travel

11. Commission Items

a. 2024 Board Meeting Schedule

Proposed motion: To approve the modified regular Board meeting schedule for calendar year 2024 to accommodate holidays and industry meetings by moving the following meetings:

- January 2, 2024 to January 8, 2024
- January 15, 2024 to January 22, 2024

All meetings to be held in the service center board room, 203 Olds Station Road, Wenatchee, WA and all to commence at 10:00 am unless further modified by future Board action.

12. Follow-up on Delegation of Action Items from Previous Board Meeting

13. Delegation of Action Items

14. Additional Public Comment

15. Matters of general business as may necessarily come before the Commission

16. Executive Session: To discuss with legal counsel agency enforcement actions, litigation, potential litigation to which the District or its board is, or is likely to become, a party, and/or legal risks, as authorized by RCW 42.30.110(1)(i) and to consider the minimum price at which real estate will be offered for sale or lease when public knowledge regarding such consideration would cause the likelihood of decreased price, as authorized by RCW 42.30.110(1)(c) for \_\_\_ minutes

This agenda and resolutions (if any) may be revised by the Commission as appropriate.

## RESOLUTION NO. \_\_\_\_\_

A RESOLUTION ADOPTING AND ESTABLISHING A UNIFORM METHOD OF CHARGING IN LIEU OF ASSESSMENT FOR PROPERTIES REQUESTING CONNECTION TO LOCAL UTILITY DISTRICTS AND RESCINDING AND SUPERCEDING ALL PRIOR RESOLUTIONS TO THE EXTENT THEY ARE INCONSISTENT HEREWITH

**FACTUAL BACKGROUND AND REASONS FOR ACTION**

Public Utility District No. 1 of Chelan County (District) is authorized Pursuant to Chapter 54.16 RCW to form Local Utility Districts (LUD). Resolution No. 08-13410 describes the procedures the District follows when establishing an LUD. Section 6 of Resolution No. 08-13410, reserves to the Commission the discretion of establishing and adopting a method of charging in lieu of assessment as it deems appropriate for the properties outside of the LUD that request connection to the improvements.

The District has established several LUDs, some of which establish methods of charging in lieu of assessment for properties outside of the LUD requesting connection. The majority of LUDs have not established a method of charging in lieu of assessment for properties outside of the LUD and requesting connection. The established methodologies for charges in lieu of assessment are inconsistent, complicated for customers and staff to understand and administer, and discourage connections to established improvements that would benefit the District systems and customer owners.

Staff believes that the District and its customer owners would benefit from establishing a standardized method for determining charges in lieu of assessment for all LUDs that are consistent and clear for customers and staff, encourage new utility connections, and improve the ability for the systems to remain financially sustainable. Staff recommends establishing a calculation methodology for each LUD based on a declining balance approach that is consistent with the terms from the associated LUD assessments. This aligns the charges in lieu of assessment with the related LUD assessments and reflects the declining useful life of the related improvements.

The declining balance methodology would establish charges in lieu of assessment for each LUD in the following manner. To set the charge in lieu of assessment schedule for the life of the LUD, the District will use a calculation method similar to a level payment loan amortization based on the total LUD assessments, interest rate, units of measure, duration and other related terms from the final adopted assessment rolls for the related LUD. A hypothetical example of this is shown in Attachment "A".

Pursuant to Title 54 RCW the District may also contribute to the cost of establishing an LUD. Resolution No. 95-10327 provided for the construction and installation of a domestic water system in the Sleepy Hollow area of the District's

service territory; LUD No. 5. Resolution No. 96-10473 provided for District participation in the construction of LUD No. 5 by funding \$350,000 of the improvements to be recouped from benefitted properties outside of LUD No. 5. In establishing the declining balance methodology, the Commission amends and discharges the \$350,000 repayment expectation described in Resolution No. 96-10473. The Commission believes that the District and its customer owners benefit by encouraging and establishing connections to the assets. The Commission believes that is best accomplished by establishing the consistent charge in lieu methodology described herein.

District staff recommends that it is in the best interest of the District to establish the uniform declining balance method of charging in lieu of assessment for the properties outside of an LUD that request connection to the improvements described herein.

The General Manager has reviewed staff's recommendation and concurs in the same.

### **ACTION**

IT IS RESOLVED BY THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, as follows:

Section 1. Consistent with Section 6 of Resolution No. 08-13410, the Commission hereby adopts and establishes the uniform declining balance method of charging in lieu of assessment for the connection to an LUD by properties outside of the LUD described herein. Staff is directed to calculate and establish charges in lieu of assessment amounts for all currently active and any future established LUDs to be available on request by customers seeking to connect.

Section 2. The \$350,000 repayment expectation described in Resolution No. 96-10473 is discharged.

Section 3. All prior resolutions are hereby rescinded and superseded to the extent inconsistent herewith.

Dated this 5th day of September 2023.

ATTEST: \_\_\_\_\_  
President

\_\_\_\_\_  
Vice President Secretary

\_\_\_\_\_  
Commissioner Commissioner

Seal

Attachment “A”

<b>Hypothetical factors per the related LUD assessment roll:</b>				
Total Assessment Amount			\$	100,000
Measurement units (i.e ERU or other)				50
Amount per unit of measure			\$	2,000
Assessment duration				20 years
Interest rate				5%
<b>Hypothetical Schedule:</b>				
Year	Amortization	Interest	Principal (Declining Balance)	Charge per Unit Of Measure
1	(Initial Balance)			\$ 2,000.00
2	\$ 160.49	\$ 100.00	\$ 60.49	\$ 1,939.51
3	160.49	96.98	63.51	1,876.00
4	160.48	93.80	66.68	1,809.32
5	160.49	90.47	70.02	1,739.30
6	160.49	86.97	73.52	1,665.78
7	160.49	83.29	77.20	1,588.58
8	160.49	79.43	81.06	1,507.52
9	160.49	75.38	85.11	1,422.41
10	160.48	71.12	89.36	1,333.05
11	160.48	66.65	93.83	1,239.22
12	160.48	61.96	98.52	1,140.70
13	160.49	57.04	103.45	1,037.25
14	160.48	51.86	108.62	928.63
15	160.48	46.43	114.05	814.58
16	160.49	40.73	119.76	694.82
17	160.48	34.74	125.74	569.08
18	160.48	28.45	132.03	437.05
19	160.48	21.85	138.63	298.42
20	160.48	14.92	145.56	152.86
No Charge In Lieu of Assessment Thereafter				