Water & Wastewater

1. Executive Summary

Chelan County PUD began providing retail water and wastewater service in 1974 and 1981, respectively. Washington State law authorizes public utility districts to "conserve the water and power resources of the State of Washington for the benefit of the people thereof, and to supply public utility service, including water and electricity for all uses." Over the years, Chelan PUD has extended water and wastewater services into some rural areas of Chelan County at the request of its customer-owners. By 2014, the water utility served over 14,000 people (about 19 percent of Chelan County's population) and the wastewater utility served over 1,200 people (less than 2 percent of Chelan County's population). The cost of service in rural areas is relatively high, and Chelan PUD has struggled to collect sufficient revenue to cover expenses despite charging some of the highest rates in the region.

If Chelan PUD achieves its expected financial scenario, over the next strategic planning horizon there is an opportunity for the utility to update and define its future role in water and wastewater utility services. As part of Chelan PUD's Strategic Planning process for 2015 and beyond, a Water and Wastewater Topic Team (WWTT) evaluated over 100 ideas generated by the public and the WWTT itself, and subsequently narrowed these down to five final options for future study. Three options would have a direct impact on Chelan PUD's existing water and wastewater services. In addition, two complementary options suggest how Chelan PUD might further contribute to water quality and system infrastructure improvements in Chelan County. However, Chelan PUD authority would have to be specifically reviewed depending on the exact nature of future options. The ideas support the direction the WWTT was given under the Strategic Planning process to select ideas that "do the best, for the most, for the longest."

Table 1, Water & Wastewater Topic Team "Top-5 Ideas" At a Glance

Top-5 Ideas	
Options Directly Impacting Chelan PUD Water and Wastewater Services	
Maintain existing service levels	Improve sustainability of water and wastewater utilities. Develop financial sustainability plans for Chelan PUD's water and wastewater systems to provide a high level of service at a reasonable cost. (Estimated cost $10-$20 million)
Expand Services	Expand wastewater service. Collaborate with the city of Wenatchee to extend its wastewater service into the core of the Sunnyslope urban growth area. A potential limitation on this option is Chelan PUD's authority to fund utility systems it does not own. (Estimated cost: $20-$50 million)
Transfer services	Regionalize water and sewer systems. Explore the appetite of Chelan PUD water and wastewater customer-owners for transferring ownership and operation of Chelan PUD retail systems to other utilities, thus forming regional water and sewer systems. (Estimated cost: $10-$20 million)
Complementary Options	
Improve surface water quality	Fund improvements for surface water quality. Recognize the economic value of clean water and fund improvements that sustain or improve surface water quality. In addition to funding improvements to Chelan PUD wastewater systems, implement riparian area improvements within the Wenatchee watershed that protect and enhance

	habitat and water quality. A potential limitation on this option is Chelan PUD's authority to fund improvements to lands it does not own. (Estimated cost: $5-$10 million)
Establish revolving loan program	Establish a revolving loan program for public water, sewer and irrigation projects. This program would supplement (for Chelan County) the Washington Public Works Trust Fund, which has suffered in recent years in the state's budget. A potential limitation on this option is that Chelan PUD does not have the express authority to provide these loans. (Estimated cost: $10 - $100 million)

2. Water & Wastewater Topic Team – Charter and Special Considerations

The Water & Wastewater Topic Team (WWTT) was chartered with considering the future role of Chelan PUD in providing water and wastewater utility services in Chelan County. This task was particularly challenging for the WWTT due to differences in opinion among county residents regarding Chelan PUD's involvement in activities outside the integrated electric utility.

Under RCW 54.16.030, Washington Public Utility Districts (PUDs) have express authority to construct, operate and maintain water and irrigation works; and have express authority to construct, operate and maintain sewage systems under RCW 54.16.230 after majority vote by referendum of Chelan County residents, which occurred in 1975. The WWTT considered how a "public power benefit" might be directed to improve the sustainability of these services. At the same time, the WTTT recognized there is some public opinion that Chelan PUD may not be the best possible water and wastewater service provider available in Chelan County. For example, a code city like Wenatchee (under RCW 35A) and water/sewer districts, such as the Peshastin Water District, and the Lake Wenatchee Water District are also authorized by law to own, operate and manage water and sewer utilities. Therefore, the WWTT also developed ideas around divesting the water and wastewater businesses altogether.

3. WWTT Evaluation Process

The WWTT held five meetings over the course of three months and evaluated over 100 ideas from the public and the WWTT itself. To manage the volume of input, the WWTT created overarching categories to capture similar ideas. These categories included maintaining water and wastewater services, expanding services and divesting services. This process also helped identify general comments or ideas that better fit with one of the other five Topic Teams. These were either forwarded to the appropriate Topic Team or otherwise recorded in the tracking documents. See *Attachment A, WWTT Categorization of Similar Ideas*.

Out of over 100 initial ideas, categorization and combining similar ideas produced 29 ideas for further consideration. These ideas were discussed in detail to insure a thorough and consistent understanding amongst the WWTT. Next, the WWTT members (not including Chelan PUD employees) each selected their top three ideas. This process reduced the number of ideas from 29 to 9. Through further evaluation and discussion, the WWTT recognized similarities that supported combining several of the remaining ideas into a single idea. In the end, the WWTT recommended its top five ideas. The top five ideas were evaluated using the attributes and scaling definitions in the *Strategic Planning Valuation Criteria* table (see Introduction). The results of this evaluation are illustrated in Figure 1, *Strategic Planning Evaluation Tool –Top 5 Water and Wastewater Ideas.*

The biggest lesson learned from the WWTT evaluation process is that a wide variety of expertise and background of team participants was critical. This diversity helped shape the eventual top five ideas into options that were not specific to one part of the county. The process of narrowing down the ideas was also very iterative due to the volume of ideas. Narrowing ideas into categories required conscious decisions about why a particular idea was included in a given category. WWTT discussions helped flesh out the final top five ideas to attempt to meet the goal of the best, for the most, for the longest. Finally, WWTT members were very candid about their views and their potential biases and positions. This frankness was helpful because it built trust and facilitated the necessary back-and-forth exchanges needed to garner support for the recommendations included in this report.

Figure 1: Strategic Planning Evaluation Tool - Top 5 Water & Wastewater Ideas

	Direct Impacts				Indirect Impacts						
Idea Description	**Financial Impact**	**Customer Equity**	**PUD Authority**	**Workforce Capability**	**Jobs**	**Economic Impact**	**Recreation**	**Health**	**Education**	**Community**	**Environment**
Improve financial sustainability of water and wastewater utilities	1	3	3	5	0	1	0	0	0	3	0
Expand wastewater service	1	2	3	4	0	2	1	1	0	2	2
Regionalize water and sewer systems	1	4	4	3	0	4	0	0	0	5	0
Fund improvements to wastewater systems and riparian areas that sustain or improve surface water quality	2	5	2	2	0	2	3	1	3	3	3
Establish a revolving loan program for public water, sewer and irrigation projects	1	2	1	4	0	4	0	0	0	2	2

Option Description – Improve the sustainability of Chelan PUD's water and wastewater utilities

Develop financial sustainability plans for the water and wastewater systems to provide a high level of service at a reasonable cost to customer-owners. (Estimated cost $10-$20 million)

Discussion of Relevant Factors

Wastewater

Small, rural wastewater systems are costly to operate and maintain at economic levels in-step with municipal wastewater systems. Chelan PUD's three separate wastewater systems (Peshastin, Dryden

and Lake Wenatchee) combined serve less than 500 connections. Current residential rates ($61.80 per month) do not cover existing costs. In addition, significant capital improvements required by increasing governmental and environmental regulations result in rate requirements well in excess of a Department of Ecology guideline of 2% of median household income for most Peshastin and Dryden residents and some Lake Wenatchee residents. Future capital improvements needed to address environmental regulations are projected to cost over $6 million. Even if external grant money is received for eligible portions of these projects, required rates would exceed $100 per month to fully cover costs.

The largest of the future capital projects is improvement of the Peshastin and Dryden wastewater systems to comply with a 2009 order from the Washington State Department of Ecology. The order requires phosphorus discharges from the Dryden system be eliminated and discharges from Peshastin reduced approximately 99 percent. The current plan for complying with this order involves pumping wastewater from the Dryden system to Peshastin, and upgrading the Peshastin treatment plant to provide the required treatment. This plan would enable continued wastewater service within the existing Dryden service area and Peshastin urban growth area (UGA). Much of the land within the Peshastin UGA south of the Wenatchee River is zoned for commercial and industrial development. Wastewater service would support development of these lands at urban level density and improve the sustainability of the Peshastin and Dryden systems by increasing the number of connections. It is important to note that the Peshastin Water District is planning a project to extend water service south across the Wenatchee River into the Peshastin UGA. Coordination between CHelan PUD, Peshastin Water District and Chelan County Public Works would decrease public inconvenience during construction and reduce construction costs.

Also contributing to the financial position of the wastewater system is the service take rate. For example, the Lake Wenatchee wastewater service area includes approximately 500 land parcels with less than 300 receiving service. Some parcels are vacant and others are served by individual on-site septic systems. Individual drainfields in close proximity to the lake have the potential to threaten surface water quality. Incenting new connections to utilize existing system capacity will provide additional monthly revenue and could improve the financial sustainability of the systems. In addition, treating wastewater that would otherwise be indirectly discharged to ground and surface waters is expected to enhance water quality over time. The environmental benefit would not be limited to wastewater ratepayers, but would be extended to all residents of Chelan County that enjoy clean waters of Lake Wenatchee and the Wenatchee River.

In order to incent connections and enhance participation in the wastewater system, the WWTT recommended Chelan PUD consider reducing initial connection charges to promote connections to the system. The current cost to connect to the Peshastin and Lake Wenatchee systems exceeds $16,000. This amount includes costs to install a septic tank effluent pump (STEP) system and a system development charge (SDC, or plant investment fee). The SDC (currently $4,796 per residential equivalent) is not a direct cost incurred by Chelan PUD associated with connection, but represents the value of collection and treatment infrastructure previously installed to serve the property. Additionally, establishing a defined, predictable rate plan in line with that of other wastewater systems could provide the necessary assurance to motivate connection to the Chelan PUD wastewater system. The WWTT was not in favor of system expansion into areas away from surface waters or outside existing service areas.

To establish a defined, predictable rate plan, the WWTT acknowledged that small annual rate increases should be considered to cover typical growth in operations and maintenance costs, and prevent the gap

between revenues and expenses from growing excessively over time. Where relatively large rate increases would be needed to cover expenses and resulting rates would create hardship for customer-owners, the WWTT endorsed allocating public power benefit to offset system expenses. This sentiment was expressed particularly in relation to the size of the wastewater systems in relation to power generation revenues and the overall Chelan PUD budget. In summary, the WWTT endorsed a balanced strategy (i.e. increase rates and also provide some public power benefit) which is similar to the strategy set by the Board of Commissioners on June 11, 2007.

In response, staff has developed the following options for a level of public power benefit that, when combined with associated levels of rate action and continued cost control, would bring the systems to a sustainable financial position.

Public power benefit funded	**Remaining customer funded to achieve sustainability**			
Customer benefit	**Annual revenue increase required**	**Pays for**	**Rate impacts**	**Combined average rate per ERU by 2019 (current: $61.80/mo)**
A. $0 per year public power benefit				
n/a	$150,000	Existing operating shortfall	Increase to $80 by 2019	$102.50/mo – Lake Wenatchee $117/mo – Peshastin, Dryden
	$37,000	LW existing debt service	$7.50/mo per ERU - LW	
	$75,000	LW future debt service (Lagoon Project)	$15/mo per ERU - LW	
	$140,000	P-D future debt service (Treatment Plant)	$37/mo per ERU - P&D	
B. $150,000 per year public power benefit				
Addresses operating shortfall, building rate stability	$37,000	LW existing debt service	$7.50/mo per ERU - LW	$84.30/mo – Lake Wenatchee $98.80/mo – Peshastin, Dryden
	$75,000	LW future debt service	$15/mo per ERU - LW	
	$140,000	P-D future debt service	$37/mo per ERU - P&D	
C. $252,000 per year public power benefit				
Provides support for existing and future debt service (capital projects)	$150,000	Operating shortfalls	Increase to $80 by 2019	$80/mo - all
D. $402,000 per year public power benefit				
Resolve shortfall and capital requirements without significant impact to customer rates	~$8,000	Ensuring operating shortfall does not increase with CPI	~1.5% annual CPI adjustment	$66.58/mo - all

For comparison purposes, the following are rates of other local sewer service providers. The cities of Wenatchee and Chelan rates are considerably less than those of Cashmere and Leavenworth. The lower rates are primarily due to (1) the larger cities have more connections among which to spread costs; and (2) Wenatchee and Chelan discharge treated effluent to the Columbia River with less stringent regulations than those cities that discharge to the Wenatchee River.

Entity	**Residential Rate**	**Discharge location**	**Notes**

City of Cashmere	In-city	$83.92/mo per ERU, increasing to $99.95 by 1/1/17	Wenatchee River Watershed	Includes capital debt service for improvements to comply with Wenatchee River Watershed discharge requirements
	Out-of-city	$125.88/mo per ERU, increasing to $149.93 by 1/1/17		
City of Leavenworth	In-city	$53.50/mo per ERU	Wenatchee River Watershed	Required to meet discharge requirements but capital improvements have not yet been initiated
	Out-of-city	$66.88/mo per ERU		
City of Chelan	All	29.87/mo per ERU, increasing to $38.49 by 2019	Columbia River	n/a
City of Wenatchee	In-city	$23.22/mo per ERU	Columbia River	n/a
	Out-of-city	$34.86/mo per ERU		

Water

Compared to typical water systems serving urban areas, Chelan PUD's water system requires a large amount of infrastructure to serve a small quantity of customers, particularly in low density, rural areas. Steep topography requires expensive pump stations and reservoirs to meet fire flow and pressure requirements. Construction, operation, and maintenance of Chelan PUD's water system is very costly compared to local urban water systems. For example, the plant value of Chelan PUD's water system is similar to that of the East Wenatchee Water District. However, Chelan PUD's system serves about 5,700 connections compared to over 9,400 served by the East Wenatchee Water District. While water system revenues are very close to covering existing expenses, additional revenue will be needed in future years to maintain and replace aging infrastructure and continue to provide a high level of service to customer-owners.

The WWTT acknowledged that small annual rate increases for water should be considered to cover typical growth in operations and maintenance costs, and prevent the gap between revenues and expenses from growing excessively over time. The WWTT endorsed allocating public power benefit to support the system, especially given the system size in relation to power generation revenues and the overall Chelan PUD budget.

In response, staff has developed the following options for a level of public power benefit that, when combined with associated levels of rate action and continued cost control, would bring the system to a sustainable financial position.

Public power benefit funded	**Remaining customer funded to achieve sustainability**			
Customer benefit	**Annual revenue increase required**	**Pays for**	**Rate impacts**	**Combined average rate per residential connection by 2019 (current rate: $51.84/month for 7,500 gallons of water)**
A. $0 per year public power benefit				
n/a	~$77,000	Ensuring operating shortfall does not increase with CPI	~1.5% annual CPI adjustment	$56/mo – average residential customer (7,500 gallons of water)
B. $300,000 per year public power benefit				

Proactive replacements of water main in leak prone areas. Funding of work mandated by external parties (i.e. relocation for road improvement).	~$77,000	Ensuring operating shortfall does not increase with CPI	~1.5% annual CPI adjustment	$56/mo – average residential customer (7,500 gallons of water)

C. $500,000 per year public power benefit

Payment of debt service through year 2033 for existing internal loan ($5.5 million, 5% interest), stabilizing cash reserves and ensuring future rate stability	~$77,000	Ensuring operating shortfall does not increase with CPI	~1.5% annual CPI adjustment	$56/mo – average residential customer (7,500 gallons of water)

The water business line is forecasted to operate with a positive operating income through 2018. To prevent a reduction in operating income over time, Option A considers a 1.5% annual rate adjustment consistent with typical consumer price index (CPI). Although the operating income would remain positive, forecasted capital requirements would not be met without depleting cash reserves.

Option B also considers a 1.5% annual rate adjustment consistent with CPI. In addition, $300,000 per year in public power benefit would be made available to fund forecasted capital programs. Forecasted capital includes ongoing water main replacements and mandated relocations required to accommodate city/county right-of-way projects.

Option C also considers a 1.5% annual rate adjustment consistent with CPI. In addition, $500,000 per year in public power benefit would be made available to make debt payments on an existing internal loan through the year 2033. Alternatively, the District could simply forgive the approximately $5.5 million 5% interest rate loan. In addition to funding forecasted capital programs (similar to Option B) additional money made available by this option would replenish cash reserves and offer improved rate stability for the water ratepayers. Financially, the water system would operate as a stand-alone business.

Conclusion

It is important to recognize that the benefits of Chelan PUD's water and wastewater systems extend far beyond the ratepayers these systems serve. Reliable water and wastewater service has supported the development of land that would have otherwise not been possible. For example, the total value of all properties within the Lake Wenatchee wastewater service area in 1994 following installation of the wastewater system was $35,550,100. Provision of wastewater service has supported considerable development around Lake Wenatchee over the years. The total market assessed value of properties within the service area (502 parcels) in 2014 was $ 179,952,729. The economic benefit to Chelan County is significant. In most cases, local contractors are hired to develop properties and build homes. Residents and visitors spend money that benefits local merchants. Chelan County enjoys the continuous benefit of both property tax and sales tax revenues. Much of this benefit would not have been possible had Chelan PUD not installed the wastewater system.

Similar benefit is returned to the County by Chelan PUD's water system. Prior to the year 2000, development of the Sunnyslope area was at a standstill due to inadequate water supply. Chelan PUD

upgraded the water system and today hundreds of high-end homes occupy the Sunnyslope hills. Similar to the Lake Wenatchee area, local contractors are hired to develop properties and build homes. Residents and visitors shop locally and Chelan County enjoys the continuous benefit of both property tax and sales tax revenues. Much of this benefit would have not been possible without PUD water.

Finally, it was Chelan PUD that extended both water and wastewater service into Olds Station that was necessary to support the commercial and industrial development of the area. The overall economic value of Olds Station is well recognized and may play a key role in the city of Wenatchee's financial sustainability should the area be annexed into the city's corporate limits. Much of this value would not have been realized had Chelan PUD not taken the initiative to install the water and wastewater systems.

Option Description – Expand Wastewater Service
Collaborate with the city of Wenatchee to extend its wastewater service into the core of the Sunnyslope urban growth area (UGA). A potential limitation on this option is Chelan PUD's authority to fund utility systems it does not own. (Estimated cost: $20-$50 million)
Discussion of Relevant Factors
Much of the Sunnyslope area north of Wenatchee is part of the Wenatchee UGA and includes development lands, presently vacant or in orchard, zoned for commercial, medium density and high density residential use. Previous attempts by the city of Wenatchee to extend service have been unsuccessful due to opposition within developed single family residential neighborhoods with functional drainfield system investments now in place, compounded by the problematic financial position of the city. The WWTT recommends wastewater service be extended from the city of Wenatchee's system in the Olds Station area to support development at urban level densities to align long-term planning goals with Growth Management Act requirements. The WWTT recommended the Chelan PUD should only support extension of service, and not be the owner of that service.

Option Description - Regionalize water and sewer systems
Explore the appetite of Chelan PUD water and wastewater customer-owners for transferring ownership and operation of Chelan PUD retail systems to other utilities, thus forming regional water and sewer systems. (Estimated cost: $10-$20 million)
Discussion of Relevant Factors
There can be potential benefits of regionalizing smaller water and wastewater systems and forming larger regional utilities. Typically, a combined utility can be properly operated and managed using fewer resources (personnel, equipment, etc.) than the sum of individual utilities. Reduced resource requirements can equal reduced costs with savings passed along to utility ratepayers. Larger utilities can spread costs amongst a greater number of ratepayers, offering rate stability, economies of scale and consistent governmental compliance not typical for smaller single utilities.

Earlier in 2014, City of Wenatchee Mayor Frank Kunz assembled a committee of business and community leaders to recommend options for getting the city back on solid financial ground. In a report dated June 9, 2014, the committee recommended the city "enter into discussions with the Chelan County PUD to explore opportunities to combine water systems, keeping in mind the ultimate goal is to strive for a regional solution that is in the best interest of existing water customers of both entities, as well as the city and the PUD." The WWTT endorsed the study concept to evaluate the potential benefits of merging Chelan PUD's water system with the City of Wenatchee's water system.

In a joint resolution dated July 26, 2012, five water associations approved a merger of operations with the Lake Wenatchee Water District. The Alpine Water District also operates a separate system serving residences around Fish Lake. In Washington State, water districts operate under RCW Title 57, which provides express authority for such districts to also own, operate and manage sewer utilities. The WWTT recommended that Chelan PUD assess whether Lake Wenatchee citizens are interested in merging the Lake Wenatchee Wastewater system with one of the existing area water districts. The WWTT also recommends exploring a similar merger of the PUD's Peshastin wastewater system, Dryden water system and Ollala Canyon water system with the Peshastin Water District.

Option Description – Fund improvements to wastewater systems and riparian areas that sustain or improve surface water quality
Recognize the economic value of clean water and fund improvements that sustain or improve surface water quality. In addition to funding improvements to Chelan PUD wastewater systems, implement riparian area improvements within the Wenatchee watershed that protect and enhance habitat and water quality. A potential limitation on this option is Chelan PUD's authority to fund improvements to lands it does not own. (Estimated cost: $5-$10 million)
Discussion of Relevant Factors
All lands, waters, and associated plants and animals provide natural benefits that economists refer to as ecosystem services. Over the past decade the acceptance of forests, wetlands, and other ecosystems as vital economic assets has led to an increase in studies calculating the value of these natural benefits in regions including the Everglades, the Mississippi Delta, the Puget Sound and the Chesapeake. A report published in October, 2014 found that cleaning up the Chesapeake would increase the economic value of the natural ecosystem by $22.5 billion annually.[1] Although the magnitude of benefit in the Wenatchee watershed would be considerably less than that of the Chesapeake, the overall economic value of a healthy ecosystem and clean water cannot be ignored. Chelan PUD is currently planning improvements to its Lake Wenatchee, Peshastin and Dryden wastewater systems. These improvements are mandated by the Department of Ecology to improve water quality within the Wenatchee watershed. In addition to these mandated improvements, the WWTT recognizes an opportunity exists to remove contaminants from runoff that enters the Wenatchee River through proper use of riparian buffers. Riparian buffers are lightly used zones of native vegetation along streams, lakes and wetlands. The entire shoreline of the Wenatchee River need not be converted

[1] The Economic Benefits of Cleaning up the Chesapeake, Chesapeake Bay Foundation, October 2014

to riparian buffers to realize significant benefit in surface water quality. Chelan PUD could focus efforts on its own land, and/or collaborate with property owners interested in restoring barren shorelines into well-established riparian buffer zones. A local example of shoreline restoration is easily viewed in the Rock Island Ponds area habitat investments, which were made concurrently with the raising of the Rock Island pool in the late 1970's.

An example of a potential riparian improvement model that could align with the mandated Peshastin/Dryden wastewater project would be to utilize reclaimed wastewater to irrigate riparian areas and reduce or eliminate discharge to the river. As the Peshastin and Dryden areas continue to grow and wastewater flows and loadings increase, a time may come when treatment technology can not reduce effluent phosphorus to the level required by the Department of Ecology for year-round discharge to the Wenatchee River. One or more discharge locations out of the river (i.e. to land) may be needed to insure the long term sustainability of the system. A properly designed and managed land treatment system could provide reliable and sustainable wastewater service long term, beyond 2034 (the current 20-year planning period) for the current proposal to combine the Peshastin and Dryden wastewater systems. Chelan PUD could collaboratively investigate, with other local entities, potential sites to combine wastewater treatment requirements with riparian area improvements. The project could be created in a manner to demonstrate effective stewardship of water resources in the Wenatchee Valley.

Option Description – Establish a revolving loan program for public water, sewer and irrigation projects
This program would supplement (for Chelan County) the Washington Public Works Trust Fund, which has suffered in recent years in the state's budget. A potential limitation on this option is that Chelan PUD does not have the express authority to provide these loans. (Estimated cost: $10 - $100 million)
Discussion of Relevant Factors
Low-interest financing that has historically been available to public entities has become scarce, making it difficult for these entities to execute needed infrastructure projects. The Washington State Public Works Trust Fund, the primary source for such projects with interest rates as low as 0.5%, has been redirected to other state programs in recent years. Under this option, Chelan PUD might consider establishing a self-sustaining revolving loan fund available to public entities in Chelan County for capital water, sewer or irrigation projects. Recipients would repay the loans with interest to the Fund. A potential limitation on this option is that Chelan PUD does not have the express authority to provide these loans. Including this option and urging the Board of Commissioners and Chelan PUD management to find other methods of meeting the same objective within Chelan PUD's statutory authority is preferable to the WWTT than abandoning or removing this option from the "top-five" list.

4. Conclusion

The Water & Wastewater Topic Team (WWTT) was chartered with considering the future role of Chelan PUD in providing water and wastewater utility services in Chelan County. This task was particularly challenging for the WWTT due to differences in opinion amongst customer-owners regarding the PUD's involvement in activities outside the integrated electric utility. Some feel Chelan PUD may not be the

best possible water and wastewater service provider available in Chelan County and that other entities may be better positioned to provide these services. Others feel Chelan PUD should continue to take an active role in water and wastewater management due to its expertise and stewardship role for many types of water resources. The WWTT reviewed over 100 ideas generated by the public and team members. Some ideas proposed using public power benefits to enhance water and wastewater service, while others involved reducing services or divesting the water and wastewater systems. The WWTT narrowed the initial 100 ideas to five options for further consideration by the Strategic Partners and the public. These options include three alternatives for the future of the systems: 1) improving the sustainability of the existing water and wastewater systems; 2) expanding the wastewater system through additional connections; or 3) or transferring the water and wastewater systems to other entities with authority to provide these services. Two complementary options should also be studied, even though there may be concerns with PUD authority: participating in a funding mechanism to support water/wastewater infrastructure in the county; and sponsoring projects that enhance surface water quality with an eye toward riparian habitat protection.

Contact Information

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Attachment A – WWTT Categorization of Similar Ideas

Water

Reduce	Maintain	Expand
• Find an alternate owner/operator • Consolidate Wenatchee area water service (non-PUD owned/operated)	• Incentive program for water conservation; improve conservation efforts • Implement small rate increases to make system self-sustaining • Use public power benefit to ensure high quality & sustainable service • Fund apprenticeship program and improve employee safety training	• Consolidate Wenatchee area water service (Chelan PUD owned/operated) • Create an irrigation distribution utility • Evaluate water supply, water quality and customer appetite for PUD water service county-wide • Provide fluoridation • Provide low interest capital financing for non-PUD owned water, wastewater and irrigation projects

Wastewater

Reduce	Maintain	Expand
• Create Lake Wenatchee water & Sewer District and Peshastin area water & sewer District • Divest Dryden system (install individual septic systems) • Purchase Dryden properties and relocate ratepayers • Find an alternate owner/operator	• Implement small rate increases to make system self-sustaining • Use public power benefit to ensure high quality & sustainable service • Decentralize/build remote effluent processing stations • Incorporate the Peshastin Mill Site into the Peshastin/Dryden wastewater treatment strategy	• Extend service to Sunnyslope • Utilize reclaimed water for irrigating Riverfront Park & other uses • Expand Lake Wenatchee service area • Invest in riparian buffer zones • Incentive program for septic system inspections/maintenance • Reduce non-point pollution • Provide service to outlying areas • Expand public sewer to eliminate individual septic systems; promote grey water usage • Identify and resolve septic/ sewage treatment and disposal issues county-wide • Develop a wastewater system from Leavenworth to Malaga; Regionalize with East Wenatchee and Rock Island