

WAHKIAKUM PUD

Commissioners

Eugene L. Healy
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March 18, 2025

Daniel E. Kay, P.E., Manager
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Councilmembers
Town of Cathlamet
PO Box 68
Cathlamet WA 98612

Dear Councilmembers,

The PUD Board of Commissioners appreciates the efforts of the Town Council believing consolidation has merit to move forward (1). The PUD believes through the Town Council's action item that they acknowledge consolidation acquisition is the appropriate next course of action (2).

We want to begin with a key interest to us. The ONLY reason the PUD would consider this acquisition is keeping the residents as the highest priority. The PUD is in the business of serving our community, in fact, that is why it was established in 1937.

We believe, as do our State agencies, that this acquisition is a lifeline to the Town of Cathlamet as a means to rehabilitate their water and wastewater systems. The PUD would be taking a proactive approach to a problem that has been looming for many years.

Additionally, there are several fundamental aspects of public utilities:

1. Local Control

A principal aspect of public utilities is local control. This principal aspect is engrained in RCW 54. The citizens of this county have elected the PUD Commission to guide the PUD and in turn set policies and rates as we, the Commission, see fit. The PUD Commission will not relinquish any control over to the Town for rate setting or policies in relation to the acquisition of the assets. This is no different than it is today for those customers of the PUD. To be clear, only the elected PUD Commissioners will have control and direction over the PUD.

2. System Management and Ownership

Another fundamental aspect is that the public – the residents and customers – of our communities own all of the assets. These citizens have been paying for all the assets, rights, and

The mission of Public Utility District No. 1 of Wahkiakum County is to provide the most reliable electric and water service at the most reasonable cost along with quality customer service to the District's ratepayers. This institution is an equal opportunity provider and employer.

privileges that go along with the systems. This is not the same as a for-profit company acquiring another company. With the acquisition, the Town would relinquish any interest in the systems and customers.

3. Representation

All PUD customers are represented by the commission they elect. From the Town report dated June 27, 2024, the Town customer base is 1,155 – 726 water and 429 wastewater, respectively. From the report, fifty-six (56) percent of the Town's water customers live outside Town limits and have no representation. Similarly, thirty-two (32) percent of Town's waste water customers have no representation. With the acquisition, all of the Town's customers would have representation regardless of where they live and take service.

4. Financial Implications

There is a tremendous amount of work that will be needed to improve the Town's utility systems.

There is a significant amount of financial and physical resources needed to even begin tackling the extensive list of projects listed in the TOC Water System Plan and the Consolidation Feasibility Studies.

From the Town meeting on February 18, 2025, it was reported the Town's principal loan amounts are \$981K for water and \$4.2M for waste water. Any reserves should follow the customers over to the PUD to help with the current debt service.

At the joint meeting on January 22, 2025, the Town's reported \$3 million in reserves (8). On March 10, 2025, the utility reserves make up forty-seven (47) percent or \$1,463,237.57 of the reserves. This further breaks down into \$629,990.33 and \$833,247.24 for water and waste water respectively.

The Town currently collects utility tax from the PUD for water and electric services. The current Town water customers would be expected to pay the utility tax if they became PUD water customers.

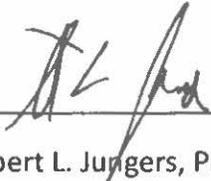
Again, the Town's customers have paid for the assets – water rights, water plants, tanks, pipes, etc. – and we do not believe it is appropriate to ask them to pay for them again. This is reiterated in the request to pay for water rights, any amount for the Town's perceived value of the systems, and any monthly amounts above and beyond the utility tax that would continue to be collected and remitted to the Town.

Additionally, there has been disinformation regarding the gifting of public funds for the transfer of assets. The PUD has prepared contract documents based on similar acquisitions between the local PUD and the local City (3) which show this is not the case.

Conclusion

In conclusion, the PUD Commission believes the Town Council is acknowledging the acquisition is the correct path forward and would be in the best interests of the community. The citizens of Cathlamet have already paid for the water and wastewater systems and should not be charged again for those same assets. ***The PUD would agree to acquire the Town's water and wastewater systems, all reserves and debt as described above, and would prepare the acquisition papers and handle all transfer materials with the State agencies. The Town relinquishes all rights and interests in the systems and will have no input in local control policy and procedures governed by the PUD. Very simply, the PUD acquires the water and waste water systems and the Town customers become PUD customers. It seems like this is the most logical and reasonable path moving forward for all the customers involved.***

Respectfully,



Robert L. Jungers, President
Wahkiakum PUD Commissioner

References:

- (1) Joint meeting minutes February 26, 2025
- (2) TOC motion from January 21, 2025 – item 7
- (3) Contract documents City of Clarkston and Asotin PUD. Also, City of Anacortes and Skagit PUD.