

Minutes
Seattle Water Supply System Operating Board
June 27, 2013
2:00 – 4:00 p.m.

Mercer Island Council Chambers
9611 SE 36th Street
Mercer Island, WA 98040
Phone: (206) 236-5300

<u>Board Members</u>	<u>Board Alternates</u>	<u>Wholesale Utility Representatives</u>	<u>SPU Attendees</u>	<u>Other Attendees</u>
Nancy Ahern Matt Everett Dave Hilmoe Ron Little Byron Murgatroyd Ron Sheadel Ray Hoffman	Lynne Danielson	Mike Harris Ken Howe Steve Leniszewski Terry Olson Mark Parsons Diane Pottinger Terry Smith Dick Swaab Margaret Wiggins	Terri Gregg Regina Carpenter Wylie Harper Eugene Mantchev	Walt Canter Denny Clouse Jerry Thornton Steve Pfaff Jim Rick Rick Chatterton Amy Sutherland Alan Hartmann

- **Welcome and Introductions**
- **Minutes/Agenda**
 - The June 6, 2013 minutes were approved as amended.
 - The agenda for the June 27, 2013 meeting was approved as written.
- **New Business**
 - **2012 Wholesale Financial True-up Report** **(Attachment 2)**
Regina Carpenter (SPU) and Alan Hartmann (Moss Adams) presented the draft 2012 Wholesale Statements and Independent Accountant's Report on Applying the Agreed upon Procedures (True-up). Byron Murgatroyd, Small Category OB member noted the procedures are being asked to be approved without enough time to fully review them. Ms. Carpenter noted the results were impacted by an error in entering cost data used in the rate study for the Hatchery project (\$5Kk vs. \$5M), and that the Maple Leaf Reservoir covering project closed earlier than was assumed in the rate study, both of which caused asset costs to be higher than expected. Mr. Murgatroyd was concerned about the error and its impact to rates. Ms. Carpenter will bring to the September OB

meeting the potential rate impact due to the error and the demand report. Mr. Murgatroyd motioned to approve the procedures as written and Ron Sheadel, Medium ~~member~~ Category Member second the motion. OB approved the procedures 6-0.

- **Water Quality Regulations and Water Quality Division Restructure**

Wylie Harper, Drinking Water Quality Manager gave a power point presentation on Drinking Water Quality Division and regulations. Highlights included; staffing changes within the Water Quality Section and d an update on water quality conditions which were reported as very good. There were not any positive samples in May within the Wholesale service area. The source water quality and closed water quality have also all been good. This year's algae bloom *Cyclotella* peaked earlier this year than previous years and SPU has been off by-pass since June 15th. SPU conducted its lead and copper rule sampling this year and were within the 90th percentile value for lead and copper. The regulatory UCMR3 sampling has begun for many Wholesale customers.

- **Non-Revenue Water Subcommittee Report**

Eugene Mantchev, SPU Business Area Manager presented on the Non-Revenue Water Subcommittee's report for resolving non-revenue water issues. The goals of the committee were to include; fairness, consistency, predictability and cost management. The report concluded a recommendation of one or more of the following: a monthly oversight and an annual meter review, maintenance and replacement program. The monthly oversight process would require the need or the existence of a second meter downstream of SPU's billing meters and would require readings from both meters to be taken on the same day. A monthly review process would continue to include a review and estimate of consumption during a known meter malfunction until the meter is repaired. In an annual review process if Wholesale customers DSL is below 4% or if the DSL is much lower than a prior year's trend for the particular customer a review process will occur based on the DSL methodology. This process would occur in the 1st quarter of the following year under question.

The meter maintenance and replacement strategies would incorporate the annual confidence testing and re-certification of Khrono meters. The FMCT Protectus and Compound meters would continue with their annual testing and SPU will begin testing the top 10 meters twice a year. However, when the UME on these types of meters fails SPU will notify the Wholesale customer and replace the entire meter with an electronic meter. A gradual phase out of these types of meters is currently being considered. The Rockwell and Sensus Turbine meters generally function well but are a big problem when they fail. These meters have UME's made of leaded brass that will be impacted by the new no-lead brass rule that goes into effective in 2014. SPU is planning a phase out of these meters beginning in 2014 – 2015.

After some brief discussions but due to time constraints Ron Sheadel motioned that SPU come back in September and tee up the conversation again. A further request was made to clarify the direction for which the OB was to make a decision on the process. Ken Howe requested a monthly scenario be provided with options on how all the members would benefit from cost sharing of meter replacements to ensure the overall health of the system. Matt Everett, second the motion for SPU to return in September for future discussions. OB approved 6-0.

- **Executive Summaries and Other Business**

Lake Youngs Algae Update – Terri Gregg shared that SPU went off by-pass operations on June 15th

Strategic Business Plan Update – Nancy Ahern shared the committee had been chosen and they were currently in the process of reviewing each of the lines of business at SPU. More updates will occur at future meetings.

- **Future Meetings**

- September 5, 2015

- October 3, 2013 – Reminder tour of Landsburg Sockeye Hatchery and OB meeting to follow after tour

- **For the Good of the Order**

- **Public Comment Period**

No comments provided

- **Material Presented:**

7. Board Meeting Adjourned @ 4:08 PM

Approved by:

Chair, Matt Everett
Seattle Water Supply System Operating Board

Date