



New 1.85 million gallon water tank installed this spring will serve unincorporated Suncrest, the largest community in Stevens County.

# Stevens PUD

## takes on the challenges of water & sewer

By Dean Boyer

**W**hile residents in Skagit and Jefferson counties are urging their local public utility districts to become electric providers, a PUD on the other side of the state sold its electric system more than 50 years ago and has since become a model water-service utility for rural areas of the state.

The Stevens County PUD owns and operates 17 water systems in Stevens and northern Spokane counties, with a total of nearly 4,500 connections. It also owns and operates seven community sewer systems in Stevens County, with more than 1,440 connections, and recently opened the first septage disposal and reuse facility in the largely rural county.

“When people say we’re a model water-service utility, I hope what they mean is that we do what the community asks us to do,” said Stevens PUD General Manager Dick Price, who also serves as chairman of the Washington PUD Association’s Water Committee.

“We’ve been pretty good at solving problems and we have motivated employees who know how to get the job done,” Price added. “That’s the way I see the PUD.”

When Price was hired in 1982, the Stevens PUD operated just three small water systems with a total of 278 connections – Addy, which it acquired in 1939 from the Great Northern Railway Company, and two newer acquisitions, Morgan Park (1978) and Waitts Lake (1980). Price, a former partner in an

Idaho consulting firm with a degree in civil engineering from Iowa State University, was brought in not only to manage the public utility district, but also to design the PUD’s first sewer system at Loon Lake.

Although that never happened – the Loon Lake community formed its own local sewer district instead – with mounting state and local regulations and demand for safe drinking water, the PUD soon found itself involved in a number of other projects. Over the next 15 years, the PUD acquired or built 39 small water or sewer systems, stretching approximately 80 miles from Kettle Falls, near the Canadian border, to Spokane Lake Park, just a few miles north of Spokane.

This spring, the Stevens PUD began a feasibility study for a sewer system serving the unincorporated community of Suncrest, on the Stevens County side of Lake Spokane.

Lake Spokane is a 25-mile long reservoir created by the 70-megawatt Long Lake hydroelectric dam, one of five dams on the Spokane River operated by Avista Utilities, which forms much of the boundary between Stevens and Spokane counties.

According to the Department of Ecology, Lake Spokane, also known as Long Lake, and the Spokane River are among the state’s most polluted bodies of water. In 2004, American Rivers, a national advocacy group, named the Spokane River, which flows from Lake Coeur d’Alene in Idaho to Lake Roosevelt in Washington, one of the country’s 10 most endangered rivers.

The PUD has provided drinking water to Suncrest, the largest community in the

county, since 1982, and recently installed a new 1.85 million gallon storage tank to serve a growing population. However, all 2,000 homes are still on septic systems.

The PUD expects the feasibility study to take more than a year, but the utility has already purchased 160 acres in the hills above Suncrest from the state Department of Natural Resources as a possible site for several lagoons to treat and store sewage pumped from the community. The treated effluent would be used to fertilize fields, rather than be discharged into the reservoir and eventually flow into Lake Roosevelt and the Columbia River.

Once the feasibility study is completed, the PUD will hold public meetings to determine if Suncrest property owners want to proceed with the design and installation of a community sewer system.

Similarly, in 1989, the Stevens PUD responded to requests from residents of Deer Lake, another community of both year-round homes and summer cabins, to build a sewer system.

The PUD already provided water service to homes along the south end of the 1,100-acre lake, about 34 miles north of Spokane. After securing nearly \$4.5 million in low-interest federal loans and a \$500,000 Community Development Block Grant, the PUD broke ground on the project in October 1990, eventually tying the system into the existing nearby Loon Lake treatment facility.

The new countywide septage reuse facility was an entirely new venture for the PUD.

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Around 1998, the last privately owned site in the county for disposing of waste pumped from homeowners' septic tanks shut down, forcing pumpers to haul the septage to the Spokane municipal wastewater treatment plant. As a result, pumping rates more than doubled to as much as \$600, many homeowners put off having their septic tanks serviced and more septic systems failed. The Stevens PUD was asked to come up with a solution.

"The challenge was finding the funding," Price said.

In essence, the PUD would be building a facility that would only indirectly serve the public, providing a service instead to private septic system pumping companies. Complicating matters, the PUD would have no say over how much those septic companies charged their customers.

"The theory is – and I think it's right – that as the pumpers' costs go down, competition will force down rates," Price said. "It's also a facility that serves the public by protecting the environment."

In celebration of Earth Day 2005, the U.S.

Department of Agriculture presented the PUD with a check for \$1.3 million to construct a septage treatment facility near the PUD's Waitts Lake wastewater treatment lagoons in central Stevens County.

The Stevens County Septage Reuse Facility, which opened May 6, consists of an automatic screening system; a covered, million-gallon concrete storage tank, and a series of pumps, pipes, and drag hoses to an adjacent 100-acre field where the septage will be injected directly into the ground. It is designed to handle 1.7 million gallons of septage a year.

Ironically, much of the good the PUD has accomplished over the past half century in providing drinking and wastewater services to the people of Stevens County might not have happened if the PUD hadn't sold its electric distribution system in 1955.

When the PUD was formed in 1936 with 61 percent of the vote, the goal – as it was for most public utility districts – was to

provide electricity to rural residents.

But less than two decades later, at the height of what was referred to as the "Public Power Wars," Stevens County would become the scene of what The New York Times called "[o]ne of the grimmest combats in the history of public power development in the Pacific Northwest now being waged."

The Stevens County Rural Electric Cooperative, with a federal grant from the Rural Electric Association, first provided electrical service beyond the small urban areas of the county, beginning in 1940. But Spokane-based Washington Water Power, now the Avista Corp., which had acquired the Colville-based Stevens Power & Light Co. in 1930, soon began picking off the co-ops most easily reached customers, eventually

leaving it to serve only the most inaccessible areas of the county.

In 1952, the fledgling Stevens County PUD agreed to acquire the Stevens County Rural Electric Cooperative.

The year before, the American Power & Light Co. – a Chicago-based holding company – had also agreed to sell Washington Water Power to three PUDs – Chelan, Stevens and Pend Oreille – for \$65 million.

However, local executives at Washington Water Power vehemently opposed the sale and, eventually, AP&L was forced to distribute Washington Water Power stock among AP&L shareholders – once again making Washington Water Power a privately held company on its own.

In 1953, the Stevens County PUD filed a condemnation suit to acquire the Washington Water Power distribution facilities in the county. That set off a war of words and a fierce political struggle between the Stevens County PUD and Washington Water Power.

In 1954, Kinsey Robinson, then president of Washington Water Power, sent a letter offering to buy out the PUD for \$2.4 million. In return, the PUD asked Washington Water Power to set a price on its Stevens County electric distribution system for possible purchase by the PUD. Robinson valued the Washington Water Service distribution system – minus a generating plant – at \$4 million. He also

announced that farmers could expect a 50 percent rate decrease if Washington Water Power bought out the PUD.

At the same time, Washington Water Power helped orchestrate a local petition drive demanding that county residents be given a vote on whether to sell their electric PUD. Washington Water Power eventually maneuvered the PUD into accepting an all-or-nothing offer: Put the matter on the ballot and if the voters were in favor of the PUD acquiring Washington Power, the company would agree to sell its holdings for \$3.1 million. But if 60 percent favored private power, Washington Water Power would buy out the PUD for \$200,000.

A joint statement issued by Joe Garvey, then PUD chairman, and Alan G. Paine, chief counsel for Washington Water Power, noted, "[I]t is no longer feasible or economical for two competing systems to serve the county. This agreement provides a fair way to resolve the differences between the WWP and the PUD and puts it squarely up to the people of Stevens County who shall supply their electrical service."

In "People, Politics & Public Power," the late Ken Billington, who was then executive director of the Washington Public Utility Districts Association, says he took one look at the arrangement and knew the PUD had already lost.

At the time, Billington noted, Stevens PUD had only recently taken over the electric cooperative and was serving mostly rural areas of the county. The PUD maintained 1,200 miles of power lines to serve 2,300 customers; Washington Water Power served 2,900 customers in Stevens County with 400 miles of power lines. As a result, Washington Water Power customers in Colville, the county seat with about 3,500 residents, and other small towns were paying much lower rates.

In addition, Washington Water Service owned and operated a hydroelectric plant on the Spokane River in the southern end of the county. Although none of the power from that facility went to Stevens County, Washington Water Power paid more than \$6,000 a year in taxes to the county, far more than the PUD paid.

What ensued was an all-out campaign by Washington Water Power – billboards, pamphlets, newspaper ads and contributions to the local "Power Vote Committee" – to convince voters they would be better off with an investor-owned utility than public power. Billington noted the company

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also used “every known Reddy Kilowatt ‘gimmick’ such as phonograph records for the kids; earrings, sachets and hand lotion for the ladies; [and] cookie cutters, balloons and candy.”

In addition, The New York Times reported, “Some twenty-five of the most personable and intelligent young employees of Washington Water Power – assistant branch managers, supervisors, accountants, linemen – have combed Stevens County. Attired in outdoor clothing and armed with figures, arguments, enthusiasm and rugged constitutions, they have worked long hours, sometimes in sub-zero temperatures or in snowstorms.”

The PUD answered the best it could within the strict restrictions on political campaigning placed on public utility districts by state law, running informational ads in local weekly newspapers countering what it felt were false or misleading statements by Washington Water Power.

In addition, the Washington State Grange had been instrumental in getting the PUD law passed in 1930, and Charles W. Hodde, then a Stevens County farmer and overseer (vice president) of the state Grange, and three Grange deputy masters spent two months campaigning in favor of public power.

Letters in the county’s weekly newspapers replayed the arguments of 20 years earlier whether public power amounted to socialism. The PUD responded that public power is no more socialistic “than publicly owned water system ... or public roads, bridges, public ferries, public docks, or public schools. These are common throughout the nation, yet at one time all these services were provided by private companies. Utility services like these are closely tied in with the welfare of the people, and the people in many cases have decided they would be operated more in the public interest if publicly owned.”

In the end, however, the voters of Stevens County voted overwhelming – 5,009 to 2,028 – against public power.

At the time, Billington noted the election “was not a vote between a \$100 million private monopoly corporation with all its resources serving mainly urban areas and a \$2.5 million publicly owned utility serving a very rural area. It was a vote (in this one particular county) where lower rates, greater

**Service from Your PUD is Like Buying a Home ... While Service from a Private Company is Like Paying Rent!**

**“TENANT”**  
When you pay your electric bill at the PUD, you are not only paying for electricity, but also part of the purchase price of the system, which becomes the property of the people in Stevens County. **IT'S LIKE BUYING A FARM.**  
When you buy electricity from a private company, you contribute to stockholder's profit, but nothing to your own equity. Like **TENANT FARMERS you never own it.**

**“PROUD OWNER”**  
When your PUD's debt is reduced the interest burden is smaller, and this always means lower rates than are possible under private ownership.  
That's why electricity is so much cheaper in Seattle, Tacoma and Grays Harbor, Cowitz, Pacific, Okanogan and Benton Counties where public power is well established.

**“PEOPLE OF SNOHOMISH COUNTY PUD OWN DEBT FREE \$4,380,967 OF THEIR ELECTRIC PLANT.”**

**PUBLIC PROGRESS UTILITY UNDER DISTRICT DEMOCRACY**

**STEVENS COUNTY**

Joe Garvey, President  
John Aston, Commissioner  
J. E. Potter, Secretary

*Stevens PUD ad in Colville Statesman-Examiner, April 22, 1955.*

local tax payments, and a better line extension policy fell on the side of private power... Only time will prove the choice right or wrong in the long run, in view of ever growing public power benefits.”

In 1955, the Stevens County PUD’s electric system was sold to Washington Water Power. The proceeds were put into a fund that, years later, enabled the PUD to begin acquiring and building water systems, beginning in 1978 with the Morgan Park water system at Loon Lake. In 1976, Stevens County residents also voted to give their PUD the authority to own and operate sewer systems. The PUD acquired its first sewer system, which had been built by a developer to serve a small portion of Deer Lake, in 1984.

Now, more than half a century after those rancorous times, Price said the community has moved on. There has been no effort to reestablish the Stevens PUD as an electric provider. “In the 26 years I’ve been here, I’ve heard very little about it from the public,” Price said.

But the old-timers remember.

K.O. “Ken” Rosenberg, who has been a Stevens County PUD commissioner since 1991, was serving as a state representative

in 1955 and recalls his bitter disappointment when Washington Water Power bought out the PUD.

“Washington Water Power just didn’t want to deal with the farmers,” said Rosenberg, who still lives on the same family farm outside of Addy. “They didn’t want to bother with us.”

He said Washington Water Power wanted \$1,000 in the early 1950s – the equivalent of almost \$9,000 today – to run a line a quarter of a mile to the farmhouse. But after the co-op began stringing lines, Washington Water Power began offering electric service for 90 cents a month.

“That’s what made the fight so bitter,” Rosenberg said. “Washington Water Power didn’t care about us until the co-op and the PUD

tried to provide service. It was a bitter deal, but there wasn’t much we could do about it.”

Still, the Stevens County PUD had in one way accomplished its original mission – getting electric service to rural areas of the county – by forcing Washington Water Power to take notice of the growing demand.

In his famous 1932 “Portland speech” in support of public power, then-presidential candidate Franklin D. Roosevelt argued that consumer-owned electric utilities are the “yardstick” against which investor-owned utilities should be measured. “I might call the right of the people to own and operate their own utility something like this,” Roosevelt said, “a ‘birch rod’ in the cupboard to be taken out and used only when the ‘child’ gets beyond the point where a mere scolding does no good.”

Since turning over its electric franchise to Washington Water Power, Stevens County PUD has focused on another mission – providing water and wastewater services in a county that still encompasses some of the most rural areas of the state, as well as rapidly developing bedroom communities to Spokane. ■