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April 23, 2018

Mr. Daniel I. Peterson
President
Public Utility District of Pend Oreille County No. 1
130 North Washington Avenue
Newport, Washington 99156

RE: Illegal Land Sale to HiTest

Dear Mr. Peterson:

This letter is sent on behalf of our clients, Citizens Against the Newport Silicon Smelter ("CANSS") and Responsible Growth *Northeast Washington ("RG*NEW), regarding the purchase and sale of land by the Pend Oreille Public Utility District ("PUD").

The PUD finalized the purchase of Parcel #19182 from Pend Oreille County on August 2, 2017. The PUD then authorized the sale of Parcel #19182 and subsequently sold it to HiTest Sand, Inc., a Canadian Corporation, a few days later, along with three other parcels of land then owned by the PUD.

The purchase and sale of real property by a PUD is governed by the Revised Code of Washington. These statutes are clear and unambiguous. A PUD may purchase land only for the purposes which fall within the scope of a PUD, i.e. "generating and delivering electric energy."

Contrary to clear statutory mandate, the PUD purchased Parcel #19182 solely for the purpose of selling that parcel of land to HiTest Sand, Inc. This land purchase does not fall within the statutory scope of land purchases for PUDs. The PUD did not have legal authority under the Revised Code of Washington to purchase land solely for the purpose of selling it to a private corporation.

A PUD may sell property if (1) it is declared surplus by the PUD and then disposed of in a manner which satisfies procedural requirements of the Revised Code of Washington, or if (2) the PUD receives authorization (through a vote) of three fifths of the constituents within that District to sell the proposed land.

The sale of Parcel #19182 by the PUD to HiTest Sand, Inc. also failed to follow the appropriate statutory mandates. Parcel #19182 was never declared surplus, nor were the constituents of the PUD allowed to vote on the disposal of Parcel #19182. Denying our clients and the citizens of the PUD their right to vote is a serious violation of their fundamental rights. The PUD acted outside its statutory authority when it failed to adhere to the statutory mandate set forth in the Revised Code of Washington.

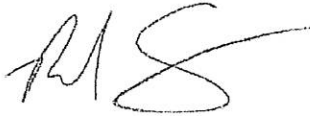
"Gonzaga Law students pursuing justice. Finding solutions."

Mr. Daniel I. Peterson
April 24, 2018
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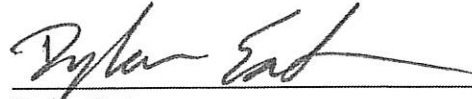
The purchase of Parcel 19182 by the PUD from Pend Oreille County was illegal. The sale of Parcel #19182 from the PUD to HiTest Sand, Inc. was illegal. The PUD, in one transaction, sold Parcel #19182 to HiTest coupled with three other parcels, thus the entire four parcel sale from PUD to HiTest was illegal. We, as the representatives of these two citizen groups demand the PUD take immediate curative action to void these land transactions. If, within thirty days, the PUD has not taken curative actions to return the title to Parcel #19182 back to Pend Oreille County, and to regain its title to the other three parcels, we will begin legal proceedings against you. We are hopeful that this issue can be resolved in a non-confrontational manner as that would be best for all parties involved. With that being said, we are not going to allow these transgressions by the PUD to stand.

Do not hesitate to contact us with regards to this letter.

Regards,



Rick Eichstaedt
Counsel for RG*NEW
University Legal Assistance



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cc: Dolly Hunt, Pend Oreille County Prosecutor
Rod Brown, Cascadia Law