



TUOLUMNE UTILITIES DISTRICT

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August 22, 2011

The Honorable Eric L. DuTemple
Superior Court of California
County of Tuolumne
60 North Washington Street
Sonora, CA 95370

FILED
AUG 23 2011
Superior Court of California
County of Tuolumne
BY *Joyce Barnes*
Clerk

Re: Response to 2010-2011 Grand Jury Report

Dear Judge DuTemple:

This is in response to your letter dated June 23, 2011 regarding the findings in the 2010-2011 Grand Jury Report.

Recommendation R1:

In order to make a decision to have Tuolumne City Sanitary District, (TCSD) dissolve and Tuolumne Utilities District, (TUD), become the operator of the TCSD system an evaluation of the condition of TCSD must be made to reduce any potential impact to existing TUD customers.

There is no known benefit to the existing TUD sewer customers in taking on the TCSD system.

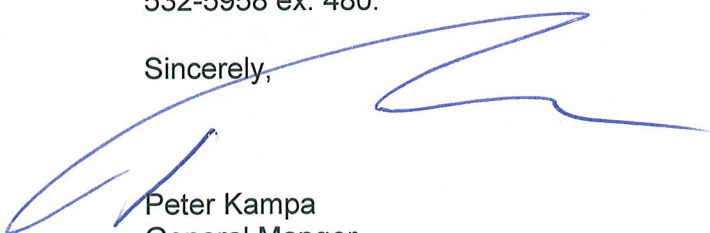
TUD staff has begun to review the financial, technical and personnel condition of the TCSD to determine TCSD's viability and what would be the impact, if any, to TUD customers. To date TUD staff has;

- Met with staff members of the Regional Water Quality Control Board to ascertain the possible conditions of the yet to be written State permit for the wastewater treatment plant and the reclamation system.
- Reviewed portions of the financial information that is available.
- Reviewed portions of the technical documents on the new wastewater treatment plant, the reclamation system and the collection system.
- Begun to review the staffing level that is in place at TCSD.
- Reviewed portions of the 2009 agreement with Tuolumne Economic Development Authority.

Although no "fatal flaws" have been found to date much additional work is needed to determine if the dissolution of TCSD will not harm the customers of TUD.

If you have any questions or if you would like additional information please contact me at (209) 532-5958 ex. 480.

Sincerely,


Peter Kampa
General Manger

Cc: TUD Board of Directors