

**MINUTES**  
**LASSEN MUNICIPAL UTILITY DISTRICT**  
**REGULAR BOARD MEETING**  
**OCTOBER 17, 2006**  
**5:30 P.M.**

---

**ITEM NO. 1:        CALL TO ORDER, FLAG SALUTE AND ROLL CALL:**

The Regular Board meeting of the Lassen Municipal Utility District was called to order at 5:36 PM by President Langston.

Board Members Present: Wayne Langston (President), Fred Nagel (Vice-President), George Sargent (Treasurer), Nancy Cardenas (Director) and Darrell Wood (Director).

Also Present: General Manager Frank Cady, Legal Counsel Jaimee Richey, Director of Engineering & Operations Ray Luhring, Controller Bill Stewart, Electric Superintendent Steve Trevino, Facilities Manager Paul Glau, Business Office Manager Keri Richards, Public Benefits Specialist Theresa Boucher, Executive Assistant Karen Rollings, and Board Secretary Jerri Kresge.

**ITEM NO. 2:        APPROVAL OF AGENDA:**

A motion was made and seconded to approve the agenda as presented. Floor opened for public comment. No comment. Motion passed unanimously.

**ITEM NO. 3:        INVITATION FOR PUBLIC COMMENT:**

*[President Langston opens the floor for public comment after pointing out the Rules for Public Comment.]*

➤ None.

**ITEM NO. 4:        INFORMATION ITEMS:**

**A.     Board and Staff Response (if any) to Public Comment.**

➤ None.

**B.     Board/Staff Items.**

- Director Nagel commented on the NCPA Annual Meeting he attended in September along with other District personnel. He said agenda topics included Climate Change Issues; Transmission Projects in the West; Power & Water Coordination in the West; and Renewables.

**C. Public Benefits Report. Public Benefits Specialist Boucher reported on:**

- Update on SB1037 Reporting Requirements – E-3 Tool. Public Benefits Specialist Boucher stated that SB1037 requires all publicly owned utilities to track Public Benefits energy efficiency measures and expenditures. LMUD has been working with the NCPA Public Benefits Committee to create a standardized reporting system to meet this requirement. The result of this combined effort is called the “E-3 Tool”. E-3 is an Excel spreadsheet which will provide continuity in reporting throughout the public power community.
- Ground Source Heat Pump Demonstration Project. Ms. Boucher stated that LMUD has been working with a local non-profit organization to install a ground source heat pump demonstration on their property. The GSHP will run side-by-side with this organization’s existing natural gas system. The purpose of this project is to give LMUD customers a “hands on” demonstration of ground sources versus natural gas.

Board discussion ensued. Public Benefits Specialist Boucher responded to the Board of Directors’ questions.

**D. General Manager’s Report. General Manager Cady reported on:**

- Meetings Attended:
  - California Energy 2006 – New directions for policies and transactions, September 25<sup>th</sup> & 26<sup>th</sup>.
  - NCPA Annual Meeting, September 27<sup>th</sup> – 29<sup>th</sup>. During this time, General Manager Cady stated he also met with PG&E and

Western executives to discuss projects in which the District is involved.

- APPA Management & Leadership Workshop, October 2<sup>nd</sup> – 4<sup>th</sup>. The workshop content focused on the role and responsibilities of public power CEO's and senior managers.
- Independent Energy Producers Annual Meeting, October 8<sup>th</sup> – 10<sup>th</sup>. Agenda topics included Transmission & Market Design; Resource Adequacy, Reliability, Risks and Markets; Global Climate Change; and the California Energy Outlook.
- Met with PG&E and Sierra Pacific regarding transmission lines.
- Met with members of the Transmission Association of Northern California to discuss the possibility of LMUD becoming a member of TANC.
- Attended the NCPA Utility Director's Meeting in Roseville on October 12<sup>th</sup>.

- Cost of Service Study. General Manager stated that EES Consulting was given the additional information they requested to incorporate into the Cost of Service Study. He expects another draft from them shortly.
- There were no reportable outages for the month of September.

**E. Accountant's Report. Accountant Stewart reported on:**

- The August 31<sup>st</sup> and September 30<sup>th</sup>, 2006 Financial Reports.
- Check Register for September 5<sup>th</sup> through October 11<sup>th</sup>, 2006.

Board discussion ensued. Accountant Stewart responded to the Board of Directors' questions.

**ITEM NO. 5: ACTION ITEMS:**

**A. CONSENT AGENDA:**

1. Approval of Minutes from the September 19, 2006 Special Board Meeting (3 PM) and the September 19, 2006 Regular Board Meeting (5:30 PM).
2. Consideration and Approval of Abandonment of Overhead Easement. Director of Engineering & Operations Luhring stated this overhead utility easement has been negated by the installation of underground service, hence the overhead easement has been deemed unnecessary. The current owner of the property has requested that the easement be abandoned by the District.
3. Consideration of (1) Ratification of Agreements from which Demands arose; (2) Receipt of Certification from Controller regarding Propriety of Payment of Demands; and (3) Approval of Payment of Demands.

A motion was made and seconded to approve the Consent Agenda as presented. Floor opened for public comment. No comment. Motion passed unanimously.

**B. Discussion of NCPA and reconsideration of the Third Phase Agreement with NCPA regarding the NCPA Green Power Pool.**

- General Manager Cady stated that the concerns he had with the Third Phase Agreement of the NCPA Green Power Pool have now been satisfied after talking with key NCPA personnel who clarified the areas of concern. He recommended to the Board that authorization be given to him to sign the Agreement. He also recommended that no changes be made to the District's membership status with NCPA.
- Director Nagel agreed that LMUD's membership with NCPA should not change. He did have reservations with the Third Phase Agreement and questioned what dollar amount it would take for LMUD to stay in the Green Power Pool. General Manager Cady stated that administrative costs had not been determined, as NCPA does not know how many participants will be in the Pool. After this number is known, the participants will approve a budget setting forth administrative costs.
- Director Cardenas was concerned about projects LMUD did not want to get involved in. General Manager Cady stated that, initially, the concern

was involvement in projects without capacity, but there is no interest in these types of projects being part of the Agreement.

*The Board tabled this item until after Item 5C was heard.*

C. Discussion of Business Expansion Opportunities. General Manager Cady stated the District needs to expand its horizons and be proactive. He commented on the following potential business opportunities as an informational item for the Board:

- Fiber optic cable on utility poles. This would be a very lucrative undertaking. LMUD could offer a very competitive price since most of the infrastructure was already in place. Expanding into telecommunications and the internet would definitely broaden the District's horizons.
- The County has had discussions about putting together a recreation complex which would include a pool program. LMUD staff and County personnel are planning to meet and discuss options to see what the District could offer such as solar installations using Public Benefits money, etc. He will bring back more detailed information as this project unfolds.
- Director Cardenas agreed with the recreation complex, stating we need this to keep people here, as well as, attract people to our area.
- Director Langston liked the idea of LMUD getting involved in other business opportunities and ultimately increasing District revenues.

No Board action was taken.

**At this point, discussion on Item 5B resumed.**

- Director Wood made a motion to approve the District's participation in the NCPA Green Power Pool and to authorize the General Manager to sign the Third Phase Agreement. Director Sargent seconded the motion. Floor opened for public comment. No comment. Directors Nagel, Cardenas and Langston voted against the motion. Motion did not pass.

- President Langston stated it is apparent that the Board needs more time to review the Third Phase Agreement. He requested that the Board read the Agreement thoroughly and communicate their concerns, questions, etc. to Legal Counsel and General Manager Cady.
- Director Nagel said he wanted to be sure the Board had all the information they needed to make the right decision.
- The Board will give any questions they have regarding the Agreement to Legal Counsel who will address them in a written document. General Manager Cady will ask NCPA if any further information is available and stated that NCPA had offered to explain the Agreement and field questions from the Board.

*This Item was tabled for a future Board meeting.*

**ITEM NO. 6:      CLOSED SESSION:**

The Board adjourned to Closed Session at 6:57 PM

A. Conference with Legal Counsel:

(1) Significant exposure to litigation pursuant to Government Code §54956.9(b) – (3 cases).

B. (1) Real Property:

AT&T Equipment Site at the Intersection of Smoke Creek Road and US 395. APN 109-010-04  
 Agency Negotiators: General Manager, Ray Luhring, Paul Glau and/or Jaimee Richey.  
 Negotiating Parties: AT&T and BLM Designees.  
 Under Negotiation: Price and Terms.

The Board returned to Open Session at 7:06 PM.

**ITEM NO. 7:      REPORT OF ACTION TAKEN (IF ANY) IN CLOSED SESSION:**

The following was orally reported on Closed Session Items 6A & 6B:

- No reportable action was taken.

**ITEM NO. 8:      ADJOURN:**

There being no further business, the meeting was adjourned at 7:07 PM.