

MINUTES
LASSEN MUNICIPAL UTILITY DISTRICT
SPECIAL BOARD MEETING
March 14, 2007
5:30 P.M.

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

The Special Board meeting of the Lassen Municipal Utility District was called to order at 5:33 PM by Vice-President Nagel.

Board Members Present: Wayne Langston (President) – (arrived at 5:40 PM), Fred Nagel (Vice-President), Nancy Cardenas (Treasurer), George Sargent (Director) and Darrell Wood (Director)

Also Present: General Manager Frank Cady, Director of Engineering & Operations Ray Luhring, Controller Bill Stewart, Business Office Manager Keri Richards, Facilities Manager Paul Glau, Public Benefits Specialist Theresa Boucher, IT/GIS Coordinator Mike Malone, District Counsel Jaimee Jones, Energy Advisor Don Battles and Board Secretary Jerri Kresge.

ITEM NO. 2: APPROVAL OF AGENDA:

A motion was made and seconded to approve the agenda as presented and also to add Addendum Item 5E – *Consideration and approval of Resolution appointing Ray Luhring as Member Representative to UAMPS*. Floor opened for public comment. No comment. Motion passed unanimously.

Note: The Addendum to the agenda was posted in the timeframe required by law for a special meeting (5:30 PM on 3/13/07) 24 hours before the meeting.

ITEM NO. 3: INVITATION FOR PUBLIC COMMENT:

[Vice-President Nagel 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. 1. Board/Staff Items.

- None.

2. Board Members' Meetings Attended Report.

- Director Sargent reported on the Science Bowl in Redding held on March 3, 2007. LMUD sponsored two teams from Lassen High School and Mr. Sargent accompanied the students who participated in the event. The students did well, but not good enough to get to the final round. Students wore costumes and the Lassen teams dressed up like Ninjas and won best costume and best school spirit.

3. Update on installation of security system at LMUD Business Office.

- Facilities Manager, Paul Glau, reported that the security system at the LMUD Business Office is online and meets the requirements for protection of District property from vandalism and intrusion.

At this point, Vice-President Nagel turned the meeting over to President Langston.

4. Report from Assistant General Manager Luhring.

- UAMPS/IPP3 Meeting in February. AGM Luhring attended the UAMPS Project Management Committee meeting and reported that financing of the IPP3 Project was discussed as well as the fact that some UAMPS members are backing out on their shares, while others are saying they want more shares. This in no way will affect the financing of the IPP3 Project. In regards to the litigation against the IPP3 Project regarding air quality, one company has withdrawn their claim and it appears the air quality issue may become a moot issue. UAMPS General Manager Dave Hunter will give a presentation on UAMPS and the IPP3 Project at the Board meeting on April 24, 2007.

- 12 KV Switchover. Three sections have been completed. There have been problems with the Form 6 controls (wiring issues). Cooper Power Systems will be here April 3rd to check on this problem.
- Meadowview Substation has been de-energized and is being fed off of the Chestnut Substation. Director Nagel asked what, if any, were the plans for the Meadowview property. Mr. Luhring replied that the District, for the present time, will keep the property for a possible trade, etc.
- Westwood Substation. The mobile sub is still online in Westwood. Staff has been in contact with the insurance company regarding replacing the damaged substation, and they are requiring that some additional testing be done. Buying a reconditioned transformer is being considered. The cost for a reconditioned sub ranges from \$49,500 to \$180,000; for a new sub the cost ranges from \$250,000 to \$300,000. There is no estimated time for completion of this project, but every effort is being made to speed up the process.

Board discussion ensued. AGM Luhring responded to the Board of Directors' questions.

C. General Manager Cady reported on:

- The Power Delivery Cost Analysis (PDCA) was reviewed by the PDCA Ad Hoc Committee and it has been determined that District revenues are holding steady and the scheduled rate adjustment, in line with the PDCA formula, is not necessary at this time.
- GM Cady stated he gave a Power Point presentation to the CEC at a workshop held on Monday, March 5th regarding designation of energy corridors (SB 1059). During the presentation, GM Cady pointed out LMUD's service territories, and discussed LMUD's involvement in potential and existing wind generation projects and transmission, and how they fit into the overall picture regarding energy corridors.

- Northern Tier Transmission Group (NTTG) is putting together a transmission study group. They have a web site with the goal of being a “clearing house” for transmission issues.
- IPP entities continue to have meetings on power generation (wind development).

D. Accountant’s Report. Accountant Stewart reported on:

- The Cash Position Reports of 12/31/06 and 01/31/07; and the Balance Sheet and Income Statement of 12/31/06.
- Check Register from 2/12/07 to the end of February.

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

E. Outage Report.

- AGM Luhring reported on the Outage Report that was included in the Board packet. He discussed the major power outage experienced at the end of February which affected all of LMUD’s service area. Due to bad weather, PG&E lost their main transmission line (Caribou) due to downed trees on the line. The outage began the evening of February 26th, and full power was restored to all customers by early morning on February 28th. AGM Luhring said that LMUD personnel did a great job during the outage, whether it was working to restore power or assisting customers at the business office. There was nothing but praise from the public for the LMUD team. Numerous thank you cards and letters were received from area schools written by students, as well as, from LMUD customers. Students from New Horizons School had their picture taken with LMUD linemen and were featured in the March *Ruralite* with the “thank you banner” they had made for the linemen.

F. Incident Activity Report.

- President Langston commented on the pictures handed out to the Board and the public regarding

the recent vandalism to the fence surrounding the Westwood Substation. He cautioned that the District needs to make every effort to prevent access to substations, as LMUD could be held liable for damages and bodily harm if a substation is not secured properly and can be easily accessed. Facilities Manager Glau explained that what was shown in the pictures was only a temporary fix and will be corrected permanently. Communications/Public Benefits Specialist Boucher stated that there was an article in the local newspaper from AGM Luhring addressing the dangers associated with entering energized substations.

ITEM NO. 5: ACTION ITEMS:

A. CONSENT AGENDA:

1. Approval of Minutes from the December 15, 2006 and December 26, 2006 Special Board Meetings; and the January 16, 2007 Regular Board Meeting.
2. 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.
3. Consideration and Approval of Janitorial Contract with Devon's Janitorial Service.

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

B. Consideration and Approval of the American Public Power Association (APPA) Mutual Aid Agreement.

- AGM Luhring explained that this Mutual Aid Agreement will allow District personnel to travel anywhere in the United States to assist during emergencies. It also places LMUD on a list in Washington, D.C. so that APPA can help LMUD find assistance whenever needed. Most public utilities are members and there is no cost to join.

Board discussion ensued. AGM Luhring responded to the Board of Directors' questions. There being no further discussion, a motion was made and seconded to approve the District's participation in the APPA Mutual Aid Agreement. Floor opened for public comment. No comment. Motion passed unanimously.

C. Consideration and Approval of participation in the UAMPS Resource Project.

- GM Cady reported that UAMPS has allocated \$100,000 in its F/Y 2007-08 budget for the review of renewable resources and conservation programs that would benefit all its members. The \$100,000 will be allocated among the members. LMUD's share is \$1,526.

Board discussion ensued. GM Cady and AGM Luhring responded to the Board of Directors' question. There being no further Board discussion, a motion was made and seconded to approve the District's participation in the UAMPS Resource Project. Floor opened for public comment. No comment. Motion passed unanimously.

D. Discussion regarding canceling and rescheduling the regular Board meeting scheduled for March 27, 2007.

- GM Cady explained that key staff members will be out of town on March 27th attending the CMUA Conference. He suggested canceling this meeting and scheduling a special board meeting if necessary. It was the consensus of the Board to cancel the March 27th meeting and schedule a special board meeting if necessary. If not, the next regularly scheduled Board meeting would be held on April 24, 2007. No further action was taken.

E. Consideration and Approval of Resolution appointing a Member Representative to UAMPS.

- GM Cady explained that since LMUD is a member of UAMPS, it seems appropriate that a member representative be appointed to represent the District. He suggested that AGM Luhring be appointed as the member representative for LMUD, since he is attending the monthly UAMPS meetings and has the expertise to deal with all

matters associated with LMUD's involvement in UAMPS' projects.

A motion was made and seconded to approve the UAMPS' Resolution and appoint AGM Luhring as the District's Member Representative to UAMPS and GM Cady as the Alternate. Floor opened for public comment. No comment. Motion passed unanimously.

ITEM NO. 6: CLOSED SESSION:

The Board adjourned to Closed Session at 6:40 PM

- A. Conference with Legal Counsel:
 - (1) Significant exposure to litigation pursuant to Government Code §54956.9(b) – (3 cases).

- B. Conference with Labor Negotiator (Pursuant to Government Code §54957.6).
Agency Designated Representatives: Frank Cady, Jaimee Jones, Bill Stewart, Stacey Sheston and Don Battles.
Employee Organization: IBEW

- C. Public Employee Discipline/Dismissal/Release pursuant to Government Code §54957.

The Board returned to Open Session at 7:50 PM.

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

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

- No reportable action was taken.

ITEM NO. 8: ADJOURN:

There being no further business, the meeting was adjourned at 7:52 PM.