

MINUTES
LASSEN MUNICIPAL UTILITY DISTRICT
SPECIAL BOARD MEETING

June 21, 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 5:40 PM by President Langston.

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

Absent: Director Cardenas.

Also Present: General Manager Frank Cady, Assistant General Manager Ray Luhring, General Counsel Jaimee Jones, Accounting & Finance Manager Bill Stewart, Facilities Manager Paul Glau, Business Office Manager Keri Richards, Energy Services & Compliance Specialist Theresa Boucher, IT/GIS Coordinator Mike Malone, Executive Assistant Karen Rollings, Assistant Administrative Chris Yarbrough, 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.]

- Todd Swickard, local rancher, commented on the possibility of wind generation in Lassen County (Agenda Item 4G). He said there is a lot of hype regarding “green” energy and felt it was overrated and sounded like a political ploy. He felt wind generation farms would have a negative impact on property values and land uses, be a threat to wildlife and destroy the natural beauty of the Lassen County area. He said the parties involved in negotiations of wind generation in Lassen County need to

put more time and research into this proposed generation project.

- John Kegg, representing a group of concerned residents of the Willow Creek area, commented that this group was formed to investigate the impact of wind generation in Lassen County and, at this point, are opposing any project of this kind. They feel there would be an adverse effect on the health of Lassen County residents and their quality of life would be compromised. He said this citizens group will be doing further studies and investigating every aspect of wind generation in Lassen County. He agreed with Mr. Swickard's comments, and felt that IPP's (Independent Power Producers) are looking at the Lassen County area for wind generation with only one thought in mind and that is to make money regardless of the consequences.

ITEM NO. 4: INFORMATION ITEMS:

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

- Director Nagel understood the public's concerns regarding wind generation in Lassen County, but procuring "green" energy has been mandated by the State of California and entities are looking for ways to comply with this law. Speaking on behalf of the Board, he stated that they would like the community to benefit from any form of power generation projects that would be developed in the Lassen County area.
- President Langston stated that all parties involved should keep an open mind regarding any proposed wind generation projects. It is the Board's obligation to look at all power generation projects that could potentially benefit LMUD ratepayers and the County as a whole.
- General Manager Cady felt that the LMUD Board was not political, but business people whose top priority is the well being of the District they represent and the District's ratepayers. The Board's decisions are based on what is best for the next generation, not what is best for the next election.

B. 1. Board/Staff Items.

- None.

2. Board Members' Meetings Attended Report:

- None.

C. AGM Luhring reported on:

- UAMPS/IPP3 Meeting for June, 2007. UAMPS, PacifiCorp, the Southern Nevada Water Authority, six California cities and the IPA (Intermountain Power Agency) will meet tomorrow (June 22nd) in Los Angeles to discuss common facilities.
- Westwood Substation. AGM Luhring and Facilities Manager Glau traveled to South Dakota to the facility that is preparing the transformer for the Westwood Sub. This facility is a first class operation and all the employees were very cooperative and happy to answer their questions. Tentative delivery of the transformer will be mid-July.
- Outage Report. AGM Luhring stated the Milwood problem, related to a differential relay, has been isolated and steps are being taken to correct the problem.

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

D. Accounting & Finance Manager Stewart reported on:

- Financial Report for month ending 4/30/07.
- Check Register from 5/18/07 – 6/19/07.

Board discussion ensued. A&F Manager Stewart responded to the Board of Directors' questions.

E. Incident Activity Report:

- AGM Luhring reported on a recent underground pumping job in the vicinity of Buffum Lane. At the close of the workday, the crew tied down the cable and left for the day. The next morning the worksite had been vandalized, cutting the cable, which, if it had been energized, would have created a very unsafe condition for the perpetrator.

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

F. General Manager Cady reported on:

- His attendance at the Western Area Power Administration's training center regarding Fundamentals of Electric Power Systems.
- Update on LMUD's Options regarding Provisions of Broadband Services.
- Presentation of LMUD Rate Scorecard (residential rate comparison with other power entities).
- NERC requirements and how they apply to load serving entities.
- Lightning storms predicted for the weekend weather. GM Cady alerted everyone to be prepared for outages, evacuations, etc.
- Problems with dissemination of information to employees. GM Cady stated that, oftentimes, District materials that are distributed to the employees are not always being read. It is the employee's responsibility to read these materials and educate themselves on the operations of the District. A misinformed employee only opens the door to rumors and dissension.
- WECC's Northern California to British Columbia Project (NC2BC). This is a huge transmission project which will tap into all Northern California renewable energy sources ending in the British Columbia area. GM Cady presented a Power Point Presentation depicting the NC2BC Transmission Project.

John Kegg asked where the transmission project would be located in Lassen County. GM Cady stated, at this point, it is not specific where it would be, but the Ravendale area is a strong possibility.

G. Presentation and discussion of issues regarding current interest in wind generation in, or adjacent to, LMUD territory and LMUD's duties and obligations regarding renewables, transmission, open access, etc.

- To open this agenda item, GM Cady presented a slide show showing different power line structures and the various energy voltages that flow through the lines. Also depicted were wind turbines on different landscapes. GM

Cady showed maps related to the ongoing work by federal agencies on potential energy corridors in Northeastern California and Northwestern Nevada. Lassen County has been identified as an area for wind generation. GM Cady discussed the pros and cons regarding wind generation as it relates to Lassen County and its residents, as well as the benefits for LMUD. These Pros and Cons were included in the board meeting packet.

Board discussion ensued. General Manager Cady responded to the Board of Directors' questions.

H. Update on SB 1059 – Electric Transmission Corridors, Lead Agency for CEQA & NEPA. SB 1059 process versus local process – who should be CEQA Lead Agency.

- GM Cady referenced the section of the California Environmental Quality Act (CEQA) Guidelines included in the board packet that pertained to Lead Agencies. He stated that since there is the possibility of wind generation project activity in LMUD's territory, the District should posture itself for what may happen. He asked the Board for authority to pursue LMUD becoming a Lead Agency.

Board discussion ensued. General Manager Cady responded to the Board of Directors' questions. There being no further discussion, a motion was made and seconded to give General Manager Cady the authority to pursue LMUD becoming a Lead Agency. Floor opened for public comment. No comment. Motion passed unanimously.

I. FYI – Presentation of General Manager Administrative Procedure (GMAP) 2006-12 regarding Public Health and Equipment Maintenance and implementation of Resolution 2007-03 and Policy No. 2195 regarding Smoking on District Property.

- GM Cady wanted the Board to be aware that materials relating to Resolution 2007-03 and Policy No. 2195 regarding Smoking on District Property, which the Board previously approved, had been distributed to all District employees along with

GMAP 2006-12 regarding Public Health &
Equipment Maintenance.

ITEM NO. 5: ACTION ITEMS

A. CONSENT AGENDA:

1. Approval of the Minutes from the April 24, 2007 Regular Board Meeting and the May 17, 2007 Special Board Meeting.
2. (If needed): 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 Resolution 2007-04 authorizing the inter-branch transfers of LMUD funds for use by First Tier Administrators, LMUD's Third Party Administrator, for the payment of costs and expenses incurred under LMUD's Medical Benefit Plan.

A motion was made and seconded to approve the Consent Agenda as presented (Items 5A1 and 5A3). There was nothing to report for Item 5A2.

B. Discussion of APPA's FTTH (Fiber to the Home) Conference, July 29 – August 1, 2007 in Portland, Oregon.

- GM Cady stated that this conference was too advanced to attend in light of where the District is currently on this subject. He recommended not attending this conference at this time. The Board concurred. No further Board action was taken.

C. Consideration and approval of Client Participation Agreement between Universal Health Network and Lassen Municipal Utility District.

- Accountant Stewart explained that Preferred Provider Networks (PPO's) help save money for the District's medical plan. United Health Network (LMUD's current PPO Network) has established a relationship with Hygeia which will expand the network of providers available to the District.

Board discussion ensued. Accountant Stewart responded to the Board of Directors' questions. There being no further Board discussion, a

motion was made and seconded to approve the Client Participation Agreement between Universal Health Network and Lassen Municipal Utility District and to authorize Accountant Stewart to sign the Agreement. Floor opened for public comment. No comment. Motion passed unanimously.

D. Consideration of Request from CMUA to pay Supplemental Assessment for FY July 1, 2007 – June 30, 2008 in the amount of \$8,900,00 for California Municipal Utilities Association Electric Projects Assessment (Green Projects Mandates & Compliance).

- GM Cady reported that CMUA's costs and expenses have increased substantially due to the rising number of green initiatives that CMUA is working on.

Board discussion ensued. GM Cady responded to the Board of Directors' questions. There being no further discussion, a motion was made and seconded to pay the Supplemental Assessment for FY July 1, 2007 – June 30, 2008 in the amount of \$8,900.00. Floor opened for public comment. No comment. Motion passed unanimously.

E. Consideration and approval of new and/or updated job descriptions for both bargaining and non-bargaining positions; and market compensation adjustments for non-bargaining personnel.

- **Job Descriptions:** GM Cady stated that due to time constraints, the only job description before the Board at this meeting was the Accounting Technician Position which was previously approved by the Board. This position's education requirements have been revised and it is before the Board again for consideration and approval of the updated job description.

A motion was made and seconded to approve the updated job description for the Accounting Technician Position. Floor opened for public comment.

- Union Steward, JoAnn Villalovos commented that Management and the Union are scheduled to "meet & confer" regarding the possibility of the A/P and Payroll duties, which are currently performed by Business Office personnel, being moved to this position in the Accounting Department. GM Cady said he sent the Union an e-mail regarding this matter but has not heard back. Ms.

Villalovos said she would check on the status of this request.

There being no further discussion, the motion passed unanimously.

- **Market Compensation Adjustments for Non-Bargaining Personnel:** GM Cady stated that the proposed adjustments to non-bargaining personnel salaries are geared toward internal equity and external competitiveness. He said he would be doing job evaluations periodically and market value comparisons with other like utilities for any future salary adjustments for non-bargaining personnel. He asked that these proposed adjustments be retroactive to January, 2007.

Board discussion ensued. GM Cady responded to the Board of Directors' questions. There being no further discussion, a motion was made and seconded to approve the salary adjustments for non-bargaining personnel, retroactive to January, 2007. Floor opened for public comment. No comment. Motion passed unanimously.

F. Consideration and approval of FY 2007/08 Operating and Capital Budget Plan.

- Accountant Stewart stated that the Budget is a tool and a guide for Operations and Capital Improvement Projects.
- Directors Langston and Nagel, members of the Budget Ad Hoc Committee, felt very comfortable with the Budget and said it adequately reflected what the District is striving for and its goals for completion of capital improvement projects.

There being no further discussion, a motion was made and seconded to approve the FY 2007/08 Operating and Capital Budget Plan. Floor opened for public comment. No comment. Motion passed unanimously.

ITEM NO. 6: CLOSED SESSION

- A. Conference with Legal Counsel:
 - (1) Significant exposure to litigation pursuant to Government Code §54956.9(b) – (3 cases).
 - *Closed Session was removed by Legal Counsel Jones.*

ITEM NO.7 : ADJOURN:

There being no further business, the meeting was adjourned at 9:27 PM.