

MINUTES
LASSEN MUNICIPAL UTILITY DISTRICT
SPECIAL BOARD MEETING/PUBLIC HEARING
OCTOBER 19, 2005
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 5:30 PM by President Cardenas. Mrs. Cardenas led the flag salute.

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

Also Present: General Manager Frank Cady, Interim Attorney Jaimee Richey, Accountant Bill Stewart, Customer Relations Manager Keri Richards, Operations Manager Steve Trevino, and Board Secretary, Jerri Kresge.

ITEM NO. 2: APPROVAL OF AGENDA:

President Cardenas requested that Action Item 5C (Public Hearing), be heard before Action Item 5B (High Sierra Generation Project), in order to give members of the public the opportunity to attend another public hearing slated to start at 7:30 PM. A motion was made and seconded to approve the agenda with this change. Floor opened for public comment. No comment. Motion passed unanimously.

ITEM NO. 3: INVITATION FOR PUBLIC COMMENT:

[Mrs. Cardenas opens the floor for public comment after pointing out the Rules for Public Comment.]

- Eileen Spencer commented on the High Sierra Generation Project.
- Morris Ward commented on the pay off given to former General Manager Evelene Twitchell.

ITEM NO. 4: INFORMATION ITEMS:

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

- General Manager Cady responded to the public's comments.

B. Board/Staff Items:

- None.

ITEM NO. 5: ACTION ITEMS:

A. CONSENT AGENDA:

1. None.

C. Public Hearing and Action on Proposed Increase to LMUD's "Basic Charge" and Establishment of a Reconnect Fee. (Taken out of sequence per Board's Approval).

- Reported by General Manager Cady. Board discussion ensued. Director Langston felt it would be most efficient for the Board to hear all the public's comments first and then for the Board to respond if applicable. The Board concurred with this procedure. The Board also concurred that each member of the public would be allowed three minutes to speak.
- General Manager Cady recommended that the proposed increase to the Basic Charge should be done in increments, perhaps starting at \$12.00 and increased quarterly and then adjusted according to the CPI. Board discussion ensued. General Manager Cady responded to the Board of Directors' questions.
- Director Langston stated that the proposed Reconnect Fee should not be a part of non-payment accounts.
- Director Wood asked if idle meters are checked by the Meter Readers. Office Manager Richards stated meters are checked each month for vandalism and the condition of the meter.
- Director Sargent asked if the District had customers who read their own meters. Office

Manager Richards responded that, under certain conditions, meters are self-read, but problems arise when the customer forgets to read their meter. This causes additional work for the District.

- President Cardenas opened the public hearing at 5:50 PM and read the public hearing procedures. She asked Board Secretary, Jerri Kresge, if the public hearing had been advertised according to law. Ms. Kresge responded that it had.

THE FOLLOWING COMMENTS WERE RECEIVED BY THE PUBLIC:

OPPONENTS:

- Mike Ratkey commented that he had five meters and asked if the District was going to charge a separate fee for all five meters? The District should charge per account, not per meter.
- Martin Balding read from a prepared report. He suggested LMUD should follow the cost-based schedule adopted by the City of Pasadena.
- Lester Allen objected to the proposed increase to the Basic Charge. He has several meters and felt this increase was unreasonable.
- Bill Feierbend felt fees should be based on Kwh used. He felt people who used the system the least should not be penalized.
- Jack Helsel commented on the General Manager's PUC §14401 Report to the Board. If the Basic Charge is going to be increased, then the Kwh charge should be decreased.
- Bill Houck stated the Basic Charge should not be increased as he felt the cost of doing business was already factored into the Kwh charge. He agreed with the establishment of a Reconnect Fee as well as charging contractors for LMUD's services.

NO PROPONENTS:

- President Cardenas read the letters received from the public into the record.
- President Cardenas closed the public hearing at 7:15 PM.

RESPONSES FROM THE BOARD:

- Director Nagel liked the idea of charging per account, not per meter as he had a concern about multiple meters. LMUD is operating in the red and reserves are being depleted. The cost of power is at an all time high. The District is researching ways to increase revenues without creating a hardship for the ratepayers.
- Director Sargent was also concerned about multiple meters.
- Director Wood commented on the seasonal meters in rural areas. There are many ratepayers who will be affected that have multiple meters.
- President Cardenas asked if the proposed increase affected all rate schedules. General Manager Cady responded that the schedules affected were 10, 20, 23, 24 & 30.

Board discussion ensued regarding increasing the Basic Charge and what amount to set for the Reconnect Fee. A motion was made and seconded to increase the Basic Charge to \$8.00 on all rate schedules except schedule 30 and raise the fee \$1.00 each fiscal year starting July 1, 2006 with a five year cap; and establish a Reconnect Fee of \$20.00. Floor opened for public comment.

- The public felt this was a reasonable decision by the Board.
- Bill Houck stated the District needed a rate schedule for multiple meters to be fair to ratepayers.
- Paul Glau felt that a \$20.00 Reconnect would not cover all expenses.

Director Wood amended the original motion to change the Reconnect Fee to \$25.00 and increase the Basic Charge to \$8.00 without an escalator, to include all rate schedules proposed by the General Manager. The amended motion was seconded. The original motion and second concurred with this amended motion. Floor opened for public comment.

- Comments made by Cathy Potter who questioned if any work was actually done for a disconnect/reconnect.

- Office Manager Richards responded to the public's comments and stated that LMUD personnel go out to take a final reading and complete all applicable paperwork.

There being no further discussion, the amended motion passed unanimously.

- General Manager Cady stated that the increase to the Basic Charge would be effective with the October 24th billing cycle.

President Cardenas called a recess at 7:35 PM. The meeting reconvened at 7:45 PM.

B. High Sierra Generation Project: NCPA Request for Additional Funding for RFQ and RFP. (Taken out of sequence per Board's Approval).

- Reported by General Manager Cady. General Manager Cady recommended that the District opt out entirely from further participation in The High Sierra Generation Project.
- Director Nagel agreed, stating Consultant fees had doubled and the State had not given a solid answer to the District questions.
- A motion was made and seconded for LMUD to opt out in its entirety from further participation in The High Sierra Generation Project. Floor opened for public comment.
 - Jim Lovercheck asked if LMUD would be reimbursed for monies already spent.
 - General Manager Cady responded that if Plumas-Sierra REA goes through with the project and bonding, LMUD will be reimbursed.

There being no further discussion, the motion passed unanimously.

ITEM NO. 6: ADJOURN:

There being no further business, the meeting was adjourned at 7:50 PM.