

**MINUTES
LASSEN MUNICIPAL UTILITY DISTRICT
REGULAR BOARD MEETING**

July 22, 2008

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 5:30 PM by President Bowden.

Roll Call by Board Secretary Jerri Kresge:

Director Nagel – present
Director Dow – present
Director Lavacot – present
Director Bowden – present
Director Langston - absent

Also Present: General Manager Ray Luhring, Electric Operations Manager Dave Folce, General Counsel Jaimee Jones, Accounting & Finance Manager Bill Stewart, Facilities Manager Paul Glau, Business Office Manager Keri Richards, Energy Services and Compliance Specialist Theresa Boucher, IT/GIS Coordinator Mike Malone, Engineering Technician Liz Griffin, Accounting Technician Cady Schroeder, Executive Assistant Karen Rollings, Administrative Assistant Chris Yarbrough, and Board Secretary Jerri Kresge.

ITEM NO. 2: APPROVAL OF AGENDA:

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

ITEM NO. 3: INVITATION FOR PUBLIC COMMENT:

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

- Eddie and Jennifer Bauer, local homeowners, commented on LMUD's \$250.00 application fee for new service and stated they should not have to pay this fee. They felt that their property was not subject to the requirements of LMUD's Application for Residential Electrical Service, i.e., the property is not a new residential project, nor is the service being replaced or upgraded as stated in the application. The Bauers presented pictures of the subject property to the Board to further illustrate their request to waive the \$250.00 application fee.
- General Manager Luhring stated that the property in question had been empty since 1996. In 2003, LMUD removed the electrical service wire to the property because of vandalism and safety issues. The Bauers subsequently purchased the property and have requested that the power be reinstated. LMUD considers this a new service request and all applicable fees would apply.
- General Counsel Jones stated that the Board could not take action on this issue tonight, as any action by the Board requires that an item be agendaized properly. She suggested leaving the pictures of the property with staff and agendaize for the next board meeting (August 26, 2008). Everyone was in agreement with General Counsel's recommendation.

ITEM NO. 4: STAFF MEMBERS' REPORTS:

- Facilities Manager Paul Glau gave an update on the soil contamination on property owned by LMUD located at 1545 Chestnut Street in Susanville. He said that the preliminary site report prepared by the consultant states in part that, "Further site investigation is necessary to fully evaluate the extent of the hydrocarbons in the soil and groundwater. The report goes on to say that, "After the site characterization assessment is complete, options should be developed for remedial action alternatives to address the hydrocarbons in the soil and possibly in the groundwater". Mr. Glau stated that the County Health Department will be given the opportunity to be the lead agency

in the remediation effort. If they decline, the Lahontan Regional Water Quality Control Board may become the lead agency.

- Board Secretary Jerri Kresge gave an overview of the NWPPA Administrative Assistants/Executive Secretaries' Workshop which she and Administrative Assistant Chris Yarbrough attended in Folsom, California July 8-10. All the classes were very informative, and included in the workshop, was a tour of the Western Area Power Administration facilities in Folsom and a visit to Western's "War Room" where power usage is monitored 24/7. Ms. Yarbrough, who is on the planning committee for next year, reported that the workshop site for next year will be Eugene, Oregon and hopefully include a tour of two power plants.

ITEM NO. 5: BOARD MEMBERS' REPORTS:

- None.

a. Board Members' Meetings Attended:

- No Report.

ITEM NO. 6: PUBLIC HEARING AND ACTION ON PROPOSED INCREASE TO LASSEN MUNICIPAL UTILITY DISTRICT'S FACILITY CHARGE.

- President Bowden declared the Public Hearing in session at 5:48 PM. He asked Board Secretary Jerri Kresge if the Public Hearing had been advertised according to law. Ms. Kresge replied that it had been advertised according to law.
- General Manager Luhring made reference to his PUC §14401 which was received by the Board at their 6/19/08 Special Board Meeting. He stated that the proposed facility charge increase from \$8.00 to \$10.00 would apply to approximately 99.4% of LMUD customers.
- Director Dow asked if staff had looked closely at cutting costs before charges are increased and said the District needs to focus on operating more efficiently.

- General Manager Luhring felt that the District is being very conservative and cannot cut costs any further. He stated that the Budget Ad Hoc Committee had looked at cost savings very closely and that all department heads had already made cuts to their budgets as much as they could.
- Director Nagel said the bottom line is that the District needs a certain amount of money to operate and stay solvent.

OPPONENTS TO THE PROPOSED FACILITY CHARGE INCREASE:

- Westwood resident, Delva Huss, asked how many more increases will there be before the District solves their problems. First the power rates were increased and now the facility charge.
- President Bowden replied that there is no way to predict what the future holds, but the present indicates that increases are necessary.

PROPONENTS TO THE PROPOSED FACILITY CHARGE INCREASE:

- None.
- President Bowden closed the Public Hearing at 6:18 PM.
- Director Dow stated that a Strategic Planning Workshop is needed on (1) securing stable power rates; (2) tactics to keep rates down; and (3) pricing power. President Bowden agreed that the District needs a plan for the future, but as the cost of doing business increases, the District must find ways to increase revenues.

A motion was made by Director Dow and seconded by Director Nagel to approve Resolution 2008-04 to increase the Facility Charge for Rate Schedules 1010, 1023, 1024, 1110, 1020, 1120, 1030 and SIR Rates from \$8.00 to \$10.00. Floor opened for public comment. No comment. A call for the vote was as follows:

Director Nagel – aye
 Director Dow – aye
 Director Bowden – aye
 Director Lavacot – aye

Motion passed unanimously.

ITEM NO. 7: CONSENT AGENDA:

A motion was made by Director Dow and seconded by Director Lavacot to approve the Consent Agenda as presented.

- General Manager Luhring was asked by the Board to explain the Union Job Descriptions, Consent Agenda Item 7b. GM Luhring stated that Union and Management had been working on expanding the Union Job Descriptions for sometime, as the existing job descriptions were very vague. These updated job descriptions are more detailed and capture the job restrictions for each position. General Counsel Jones stated that there is one more job description to be completed.

There being no further Board discussion, the floor was opened for public comment. No comment. A call for the vote was as follows:

Director Nagel – aye
Director Dow – aye
Director Bowden – aye
Director Lavacot – aye

Motion passed unanimously.

ITEM NO. 8: ACCOUNTING & FINANCE MANAGER REPORTS:

- Accounting & Finance Manager Stewart reported on the Cash Position Report, the Balance and Income Statement and the Check Register included in the board packet.

Board discussion ensued. Accounting & Finance Manager Stewart responded to the Board of Directors' questions.

- Power Delivery Cost Adjustment Ad Hoc Committee Report and Action. Accounting & Finance Manager Stewart reported that the PDCA Ad Hoc Committee comprised of Directors Lavacot and Nagel, General Manager Luhring, Business Office Manager Keri Richards and himself had met to review the PDCA worksheet and, according to the calculations, a \$.0005 rate increase was

determined to be necessary. This increase will be effective with the July, 2008 billing cycle.

ITEM NO. 9: REPORTS FROM GENERAL MANAGER:

➤ Meetings attended:

- No update on the IPP3 litigation.
- GM Luhring facilitated a meeting at the July UAMPS meeting between UAMPS and Invenergy regarding a proposed 100 MW wind farm at Idaho Falls
- The American Public Power Association conference in New Orleans June 23-25 was very informative. Breakout sessions were conducted which included several topics that are relevant to the power industry.

➤ Upcoming Meetings and Conferences:

- Accounting & Finance Manager Stewart will be attending the WAPA rate hearing meeting tomorrow (7/23). These meetings are very interesting as they include (1) how money is being allocated; (2) WAPA's billing methods for their customers; and (3) how pricing is developed on kilowatt hours.
- Ad Hoc Committee meeting on 7/23/08 with Invenergy to discuss the Interconnection Agreement.
- UAMPS Member Conference August 18-20. GM Luhring and President Bowden are attending.

➤ Other GM Reports:

- All the necessary paperwork for NERC compliance has been completed and submitted.
- About 250 people attended the Customer Appreciation Day on June

20th. Thank you to all the employees who helped make this event a success, especially Theresa Boucher who coordinated the activities.

- LMUD participated in the annual Lassen County Fair Parade on July 19th and took 2nd place in the commercial vehicle division. Thank you to all the employees who helped and to those who rode in the truck.
- On August 16th a company picnic will be held at the Fairgrounds. Employee Service Awards will be presented. Theresa Boucher and Karen Rollings are coordinating the event.
- Kelley Holmes, who has been on Workman Comp, is back working part time in the Engineering Department.
- Travis Fitzpatrick was awarded the Laborer position. He has been working as a temporary laborer.

**ITEM NO. 10: REPORTS FROM ELECTRIC OPERATIONS
MANAGER:**

- Outage Report: All the outages on this month's report were planned and included, (1) the changeover from 4 KV to 12 KV in the downtown area; (2) replacing of a regulator in the Standish Substation; and (3) moving power poles for bike lane on Hwy. 36.
- Capital Projects Update: (1) The design work is set and work almost complete for the replacement of the 150 transmission line in the Milwood Substation; and (2) Design work is progressing to take the Mapes Sub out of service and switch to the Standish Sub.

**ITEM NO. 11: CONSIDERATION OF EMPLOYEE
PERFORMANCE EVALUATION POLICY:**

- General Manager Luhring stated that LMUD has no formal adopted Performance Appraisal Policy and it is important to have guidelines in place in order to do employee performance evaluations in a timely and efficient manner.

A motion was made by Director Lavacot and seconded by Director Nagel to approve the Performance Evaluation Policy. Floor opened for public comment. No comment. Motion passed unanimously.

ITEM NO. 12: FUTURE BOARD MEETING SCHEDULE:

- The next regularly scheduled board meeting will be held on August 26, 2008 at 5:30 PM in the LMUD Boardroom located at 65 S. Roop Street, Susanville, CA.

ITEM NO. 13: ADJOURN:

There being no further business, the meeting was adjourned at 6:56 PM.