

MINUTES
LASSEN MUNICIPAL UTILITY DISTRICT
REGULAR BOARD MEETING
MARCH 25, 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.

Board Members Present: Bud Bowden (President), Jay Dow (Vice-President), Matt Lavacot (Treasurer), and Fred Nagel (Director).

Absent: Director Langston.

Also Present: Acting General Manager Ray Luhring, Engineering & 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 Nagel 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.]

➤ None.

ITEM NO. 4: STAFF MEMBERS' REPORTS:

- Business Office Manager Richards reported on the CMUA Customer Services Committee she attended in conjunction with the CMUA Annual Conference held in Monterey, California March 12 -14, 2008. She stated that, in addition to the many activities this Committee is involved in, they are very proactive in keeping abreast of legislation relating to customer service issues. The Committee holds three meetings each year.

ITEM NO. 5: BOARD MEMBERS' REPORTS:

- Director Nagel asked if the on-line Ethics training course met the legal training requirements for local agency officials. General Counsel Jones replied that it did.
- Director Dow stated that Brown Act Training for the Board is very important and should be done as soon as possible. He felt the District can consolidate costs by inviting other entities to the training. General Counsel Jones replied that, due to time constraints, Brown Act training could be held in June, 2008, when follow up training is due.

a. Board Members' Meetings Attended:

- Director Dow reported on his attendance at the CMUA Annual Conference held March 12 – 14, 2008. He felt the networking was invaluable, as he met many people in the public power industry who have similar interests and goals.
- President Bowden and Director Lavacot also attended the CMUA Annual Conference and agreed with Director Dow that the conference was very interesting and informative.

ITEM NO. 6: CONSENT AGENDA:

- A motion was made by Director Dow and seconded by Director Lavacot to approve the Consent Agenda as presented. Floor opened for public comment. No comment. Motion passed as follows: March 4, 2008 Board Minutes – 3 ayes and one abstention by Director Nagel as he was not present at this board meeting; and unanimously for Service Contract 2008-002.

ITEM NO. 7: 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.

- Accounting & Finance Manager Stewart reported on the following Demand for Payment included in the board packet:
 - Law Office of Nielsen, Merksamer, et al, for \$4,205.32.
- General Counsel Jones stated that this law firm will not negotiate on the amount of their bill as previously requested by the Board.

Board discussion ensued. General Counsel Jones responded to the Board of Directors' questions. There being no further Board discussion, a motion was made by Director Dow and seconded by Director Nagel to pay the Demand from the Law Office of Nielsen, Merksamer, et al, in the amount of \$4,205.32. Floor opened for public comment. No comment. Motion passed unanimously.

ITEM NO. 8: REPORTS FROM ACTING GENERAL MANAGER:

- Meetings attended: CMUA Annual Conference. AGM Luhring stated that the conference was very informative and a great

opportunity for the new Board Members to get acquainted with other power industry members.

- UAMPS/IPP3: March Meeting.
 - Approval of the air permit for the IPP3 Project will be due in a month. UAMPS has filed a motion to intervene for a time extension on this approval order.
 - It has been requested that the IPA (Intermountain Power Agency) extend the development agreements further out. IPA owns the ground on which the IPP3 Power Plant will be built. The outcome of this request is unknown at this time.
 - PacifiCorp and UAMPS filed a motion to consolidate both cases which was granted, but no hearing date has been set.

- Upcoming Meetings and Conferences:
 - Meeting on March 26th with Steve Hollabaugh of Truckee Donner PUD to discuss strategies regarding NERC compliance.
 - Ad Hoc Committee meeting with management staff and the Union on April 1st.
 - NERC Workshop in Reno on April 2nd & 3rd.
 - UAMPS on April 14th & 15th.

ITEM NO. 9: REPORTS FROM ENGINEERING & OPERATIONS MANAGER:

- Westwood Substation: The installation of the new transformer has been completed with no problems. Engineering & Operations Manager Folce thanked the Westwood customers for their patience and understanding. He pointed out that the rental cost for the temporary substation from

the Western Area Power Administration was not included in the breakdown of project costs included in the board packet.

- Outage Report: The only outage listed was the planned outage for the installation of the Westwood transformer.

**ITEM NO. 10: CONSIDERATION OF ADVERTISING FOR
GENERAL MANAGER POSITION:**

- Director Dow felt it was prudent that the District advertise for a General Manager. He expects AGM Luhring to apply and hopefully be selected. He stated that the search should be short and simple with minimal costs to the District. General Counsel's advice will be needed on how to proceed. Director Dow felt that there should be distinct deadlines for the entire process.
- Director Lavacot asked Director Dow what his reasoning was for advertising for the GM position. Director Dow responded that usually, when a company is hiring for an upper management position, it is advertised to stay competitive and to see what is out there.
- President Bowden did not see the need to fly the position. He stated that the Board is not bound by law to do this. He said the District has a knowledgeable person who is currently performing the general manager duties and it is good practice to promote from within. President Bowden stated that the general manager serves at the pleasure of the Board and felt that Mr. Luhring should continue in this position.
- Director Lavacot agreed with President Bowden, stating he had worked for a large corporation and they hired from within whenever possible. He felt the District was heading in the right direction and advertising the GM position was not necessary.

- Director Nagel stated the District should defer from advertising for a general manager. He said that he has been through the advertising process in the past and it is not an easy task. He felt that LMUD did not offer a competitive salary to attract qualified applicants. Director Nagel said that Mr. Luhring has stated in the past that he was interested in the general manager's position and he should be given the opportunity to continue in this position.
- Director Dow said it is not his intent to be judgmental toward Mr. Luhring. He feels the District should advertise for the general manager position and he wants this to be part of the record.

There being no further Board discussion, Director Dow made a motion that the District advertise for the general manager position. There was no second to the motion. Motion died.

No further Board action was taken.

ITEM 11: CONSIDERATION OF IMPLEMENTATION OF INCENTIVES FOR AGRICULTURAL CUSTOMERS:

- Director Dow would like to see a program that would entice new load from both agricultural and industrial customers at essentially no cost to LMUD (revenue neutral). Basically, the customer would pay all the "fixed costs" up front such as the line extension charges, materials and labor, etc., and then be credited back a portion of these costs over a period of time. He asked that a special board meeting be held within the next two weeks in order to give staff time to present a more detailed analysis.
- President Bowden asked if residential customers would be included in this program. Director Dow responded that these customers already have incentives in place such as the Energy Conservation Assistance

Program (ECAP) and rebates through the Public Benefits Program.

- President Bowden felt that a conflict of interest could potentially exist. Director Dow said he is not the only person that would benefit from this program.
- Director Lavacot said the potential impact to the District should be looked at closely.
- An Ad Hoc Committee was formed to study this proposal before it is presented to the Board. Directors Dow and Nagel were appointed committee members. Accounting & Finance Manager Stewart will coordinate the Ad Hoc Committee meeting time and date.

There being no further discussion, a Special Board Meeting to consider the Incentive Program for Agricultural and Industrial customers was scheduled for Tuesday, April 8, 2008, at 5:30 PM in the LMUD Boardroom.

No further Board action was taken.

ITEM NO. 12: FUTURE BOARD MEETING SCHEDULE:

- President Bowden stated that a Special Board Meeting will be held on Tuesday, April 8, 2008 at 5:30 PM; and the next Regular Board Meeting will be held on April 22, 2008, at 5:30 PM. Both meetings will be in the LMUD Boardroom located at 65 S. Roop Street, Susanville, CA.

ITEM NO. 13: CLOSED SESSION:

- President Bowden read the Closed Session Item.

The Board adjourned to Closed Session at 6:43 PM.

A. Public Employee Appointment – Title: (Interim) General Manager.

ITEM NO. 14: REPORT OF ACTION TAKEN (IF ANY) IN CLOSED SESSION:

The Board returned to Open Session at 6:59 PM.

The following was orally reported for Closed Session Item 13A:

- No reportable action was taken.

ITEM NO. 15 ADJOURN:

There being no further business, the meeting was adjourned at 7:03 PM.