

MINUTES
LASSEN MUNICIPAL UTILITY DISTRICT
REGULAR BOARD MEETING
JANUARY 26, 2010
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 Nagel.

Roll Call by Board Secretary Jerri Kresge:

Director Bowden – present
Director Dow – present
Director Nagel – present
Director Langston – present
Director Vial - present

Also Present: General Manager Ray Luhring, Electric Operations Manager Dave Folce, Legal Counsel Eugene Chittock, Business Office Manager Keri Richards, Energy Services Manager Theresa Phillips, Engineering Technician Liz Griffin, Accounting Technician Cady Schroeder, Executive Assistant Karen Rollings and Board Secretary Jerri Kresge.

ITEM NO. 2: APPROVAL OF AGENDA:

Director Dow made a motion to approve the agenda as presented. Director Bowden seconded the motion. Floor opened for public comment. No Comment. Motion passed unanimously.

ITEM NO. 3: INVITATION FOR PUBLIC COMMENT:

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

➤ None.

ITEM NO. 4: STAFF MEMBERS' REPORTS:

- Information on Lost Revenue: Business Office Manager Keri Richards stated that at the last board meeting, the Board asked if staff could pinpoint, in the allowances for bad debt, the amount attributed to both commercial and residential accounts. This information would be difficult to retrieve as it is spread over several years and the billing systems have changed during this time. Ms. Richards stated that she did some other research on what is going on right now and what staff needs to be looking at. She handed out a report and explained its contents which show the billings for the different classes of customers that she sends quarterly to the California Energy Commission (CEC).
- General Manager Luhring said that staff will present a plan to the Board at their February 23, 2010 meeting regarding customer deposits. He felt that commercial accounts should automatically pay a deposit regardless of their credit rating. Ms. Richards agreed, stating this would help protect the District against potential risks involving lost revenue.

Board discussion ensued. General Manager Luhring and Business Office Manager Richards responded to the Board of Directors' questions.

Board Comments:

- Deposits are part of the start up costs for a business.
- Quantify write-offs by rate groups to see where the problems exist.
- Review accounts for the past 2 years to obtain a percentage showing the type of accounts and lost revenue amounts.
- Review and possibly change the method used in determining what deposit amounts are charged to commercial and residential customers.
- Review timeframes and criteria for, (1) returning deposits; and (2) for disconnecting customers for non-pay.
- Possibly change the grace period for overdue accounts.

Public Comment:

- Senior Customer Service Clerk, JoAnn Villalovos, said that business customers do not like the fact that LMUD does not pay interest on deposits.

The Board agreed to hold a workshop in March to address this matter further. Director Dow felt that the Customer Service Clerks should attend the workshop, if possible, as they deal directly with the customers and can provide valuable input. Board Secretary Jerri Kresge will coordinate the date and time for the workshop. No further action was taken by the Board.

ITEM NO. 5: BOARD MEMBERS' REPORTS:

- Director Bowden complimented all the District's employees for their outstanding job during the recent power outage.
- Board Members' Meetings Attended: No Report.

ITEM NO. 6: APPROVAL OF THE MINUTES FROM THE DECEMBER 22, 2009 REGULAR BOARD MEETING:

Director Dow made a motion to approve the Minutes as presented. Director Vial seconded the motion. Floor opened for public comment. No comment. A call for the vote was as follows:

- Director Bowden – aye
- Director Dow – aye
- Director Nagel – abstained (did not attend 12/22/09 meeting)
- Director Langston – aye
- Director Vial – aye

Motion passed.

ITEM NO. 7: ACCOUNTING & FINANCE MANAGER REPORTS:

- In the absence of Accounting & Finance Manager Stewart, General Manager Luhring reported on (1) the Cash Position Report at 12/31/09; and (2) the Check Register from December 18, 2009 – January 15, 2010.

Board discussion ensued. General Manager Luhring and Accounting Technician Schroeder responded to the Board of Directors' questions.

ITEM NO. 8: REPORTS FROM GENERAL MANAGER:

General Manager Luhring reported on:

- Meetings Attended:
 - a. GM Luhring and Electric Operations Manager Folce met with developers regarding existing geothermal projects.
 - b. GM Luhring and Energy Services Manager Theresa Phillips met with Tom Miller, Utility Director for the City of Shasta Lake, regarding LMUD's Public Benefits Program. Mr. Miller is very interested in developing a similar program for Shasta Lake.

- c. GM Luhring and Accounting & Finance Manager Stewart attended a Western Area Power Administration (WAPA) customer meeting on 1/14/10.
- d. GM Luhring, Electric Operations Manager Folce and Accounting & Finance Manager Stewart met with Bob Marshall, General Manager of Plumas Sierra Rural Electric Cooperative (PSREC) on 1/15/10 to discuss the different projects the utilities are involved in including PSREC's gas reciprocating engine project at the local prison and LMUD's proposed 230 KV transmission line project.

➤ Status of LMUD Transmission Tariff:

- a. Staff's review of the transmission tariff is ¾'s complete. The proposed 230 KV transmission line project will be dependent on this tariff.

➤ Upcoming Meetings and Conferences:

- a. GM Luhring, Electric Operations Manager Folce and Accounting & Finance Manager Stewart will meet with, (1) Mick Baird from Invenergy on 1/27/10 to discuss Invenergy's participation in the proposed 230 KV transmission line project and the interconnection studies for the Horse Lake Project; and (2) with NV Energy on 2/2/10 in regard to a proposal to interconnect with the RAT line.
- b. GM Luhring and Electric Operations Manager Folce will attend a Sierra Sub-Regional Planning Group meeting on 2/18/10 to do a presentation on the proposed 230 KV transmission line project. Members of this Group include WAPA, TANC, NV Energy, SMUD and LMUD.
- c. The Municipal Utility Financing Authority will meet on 1/27/10 at 1:00 PM in the LMUD Boardroom.

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

ITEM NO. 9: REPORTS FROM ELECTRIC OPERATIONS MANAGER:

- Outage Report: General Manager Luhring said he was very proud of all the employees that worked during the outage that began at approximately 4:30 PM on 1/21/10 and lasted until approximately 4:30 AM on 1/22/10. The outside crews did a great job; and front office personnel worked long hours during the evening to make sure those customers who called the office could talk with someone personally.

- The following is a sequence of events regarding the outage presented by Electric Operations Manager Folce:
- PG&E's Caribou facilities were lost (due to severe weather) causing breakers to trip in the substations which caused the power outage.
 - LMUD was switched over to PG&E's Hat Creek facilities restoring power.
 - Thursday evening (1/21/10) at 4:30 PM the Hat Creek facilities were lost. Caribou was still down. PG&E did not have an estimate on how long their facilities would be down.
 - Contact was made with Ralph Sanders from Honey Lake Power (HLP) about the possibility of LMUD switching to HLP.
 - Received switching orders from PG&E to isolate from them and connect with HLP.
 - Once LMUD was on-line with HLP, power restoration was completed in increments for each substation which took approximately 3 ½ hours. Power was fully restored on 1/22/10 at 4:30 AM.

Board discussion ensued. General Manager Luhring and Electric Operations Manager Folce responded to the Board of Directors' questions.

- OSHA Inspection: Electric Operations Manager Folce made reference to the information in the meeting materials regarding the District's citation and notification of penalty from OSHA. He explained that when OSHA was on District property responding to a complaint they had received, they also discovered that the District's automatic eye wash stations did not meet OSHA's guidelines. The original complaint was deemed unfounded by OSHA, but the District was fined \$450.00 for the eye washes. Five eye washes were replaced and the District paid the fine. The District's Service Technician will now be responsible for maintenance of the eye washes.

Board discussion ensued. Electric Operations Manager Folce responded to the Board of Directors' questions.

- Electric Operations Manager Folce stated that the Notice of Bid Proposal for the Chestnut Street soil remediation project was published in the local paper according to the law and the bid opening was scheduled for Noon on Friday, February 5, 2010.

ITEM NO. 10: DISCUSSION AND INFORMATION ON LMUD'S NEW WEB SITE:

- Energy Services Manager Theresa Phillips gave a presentation of LMUD's re-designed web site. As she navigated through the different pages of the web site, Ms. Phillips explained their content and discussed the other information that remains to be added to the web site. The new design is a 100% improvement from the existing web site and should go-live to the public on February 8, 2010.

Board discussion ensued. Energy Services Manager Phillips responded to the Board of Directors' questions.

ITEM NO. 11: ELECTION OF BOARD OFFICERS FOR 2010:

Board President:

- Director Bowden nominated Director Langston for President. There being no other nominations, a call for the vote was as follows.
 - Director Bowden – aye
 - Director Dow – aye
 - Director Nagel – aye
 - Director Langston - aye
 - Director Vial – aye

Director Langston elected Board President.

Board Vice-President:

- Director Langston nominated Director Bowden for Vice-President. Director Vial nominated Director Dow for Vice- President. There being no further nominations, a call for the vote was as follows for Director Bowden:
 - Director Bowden – aye
 - Director Dow – no
 - Director Nagel – aye
 - Director Langston – aye
 - Director Vial – no

Director Bowden elected as Vice-President by a majority of the Board. *(Due to a majority vote of the Board for Director Bowden, a call for the vote for Director Dow's nomination was not taken).*

Board Treasurer:

- Director Bowden nominated Director Vial as Board Treasurer. There being no further nominations, a call for the vote was as follows:

- Director Bowden – aye
- Director Dow – aye
- Director Nagel – aye
- Director Langston – aye
- Director Vial – aye

➤ Director Vial elected Board Treasurer.

Slate of Board Officers for 2010:

- Director Langston – President
- Director Bowden – Vice-President
- Director Vial – Treasurer
- Director Nagel – Director
- Director Dow – Director
 - Jerri Kresge – Board Secretary

ITEM NO. 12: FUTURE BOARD MEETING SCHEDULE:

➤ Regular Board Meeting on February 23, 2010 at 5:30 PM.

ITEM NO. 13: CLOSED SESSION:

The Board adjourned to Closed Session at 7:15 PM.

- A. Review current Memorandum of Understanding between Lassen Municipal Utility District and IBEW Local Union 1245.
- B. Conference with Legal Counsel: Real Property: Kinross Gold Hayden Hill Mine Site. 69 KV Transmission Line located on County Road A-2 and State Route 139. Update on Notice of Exemption.

The Board returned to Open Session at 7:59 PM.

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

The following was orally reported for Closed Session Items 13-A & 13-B:

➤ No reportable action was taken.

ITEM NO. 15: ADJOURN:

There being no further business, the meeting was adjourned at 8:00 PM.