

MINUTES
LASSEN MUNICIPAL UTILITY DISTRICT
REGULAR BOARD MEETING
MARCH 23, 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 Vice-President Bud Bowden.

Roll Call by Board Secretary Jerri Kresge:

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

Also Present: General Manager Ray Luhring, Electric Operations Manager Dave Folce, Accounting & Finance Manager Bill Stewart, Legal Counsel Eugene Chittock, Business Office Manager Keri Richards, Energy Services Manager Theresa Phillips, Accounting Technician Cady Schroeder, Executive Assistant Karen Rollings, Administrative Assistant Chris Yarbrough and Board Secretary Jerri Kresge.

ITEM NO. 2: APPROVAL OF AGENDA:

Energy Services Manager Phillips requested that sub-items a & b, in her Staff Member Report (Agenda Item 4), be heard in reverse order. Director Dow made a motion to approve the agenda as amended. Director Vial seconded the motion. Floor opened for public comment. No comment. Motion passed unanimously.

ITEM NO. 3: INVITATION FOR PUBLIC COMMENT:

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

➤ No public comment.

ITEM NO. 4: STAFF MEMBERS' REPORTS:

- a. Redding Regional Science Bowl Update:
Energy Services Manager Phillips stated that Lassen High School students participate in the Science Bowl in Redding each year. Lassen Municipal Utility District has sponsored teams in the past and did the same this year. Ms. Phillips introduced Kevin McCullough, Lassen High School Science Teacher, who accompanied the students to the Science Bowl. Mr. McCullough stated that Lassen High sent two teams to Redding to compete. He introduced the students who participated and thanked LMUD for their sponsorship which was a big help. He stated the students competed with other larger valley schools in the field of math and science. The competition was stiff, but the students did very well. One of the students was wearing a commemorative t-shirt with the logos of the sponsors on the back including LMUD. General Manager Luhring congratulated the students and thanked them for representing Lassen County.
- b. SB 1037 Energy Efficiency Report, 2010:
Energy Services Manager Phillips handed out copies of LMUD's Energy Efficient Status Report she prepared. She explained that the report is sent to the California Energy Commission every year and is a reporting requirement for all publicly owned utilities (POU's) per Senate Bill 1037. LMUD exceeded its energy efficiency goals by 91% which is quite an accomplishment. The report can be viewed on LMUD's web site at www.lmud.org. The entire report for all POU's can be viewed at www.ncpa.com. General Manager Luhring stated that exceeding energy efficiency goals by 91% is a real credit to Ms. Phillips, the District and its customers. The Board congratulated Ms. Phillips on a job well done.

ITEM NO. 5: BOARD MEMBERS' REPORTS: None.

**ITEM NO. 6: APPROVAL OF THE MINUTES FROM THE
FEBRUARY 23, 2010 REGULAR BOARD MEETING:**

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

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

Motion passed.

ITEM NO. 7: ACCOUNTING & FINANCE MANAGER REPORTS:

- Accounting & Finance Manager Stewart reported on the Cash Position Report at 2/28/10 and the Check Register from February 18 – March 15, 2010.

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

ITEM NO. 8: REPORTS FROM GENERAL MANAGER:

General Manager Luhring reported on:

- Meetings Attended:
 - a. (1) Met with Invenergy to discuss proposed projects. Their Plan of Development (POD) for a proposed Wind Farm Project in the Horse Lake area was accepted by the Bureau of Land Management; (2) gave a presentation on the proposed 230 KV transmission line project to TANC's Board of Commissioners which was received very well; (3) met with solar developers who have submitted a 20 MW request. An interconnection agreement will be necessary; and (4) Senator Dave Cox and Assemblyman Dan Logue are working on setting up a meeting with the California Energy Commission in Sacramento regarding the siting and permitting of a transmission line to access renewables.
- Upcoming Meetings and Conferences:
 - a. (1) Meeting at the end of April with the law firm of Duncan, Weinberg, Genzer & Pembroke in Sacramento to discuss large and small generator agreements and LMUD's open access transmission tariff (OATT). A workshop will probably be held before the May board meeting to familiarize the Board with the OATT; (2) The Municipal Utility Financing Authority will meet on 3/24/10 at 1:00 PM in the LMUD Boardroom; and (3) General Manager Luhring and Electric Operations Manager Folce will attend the APPA Engineering & Operations Conference, April 26-30, 2010.

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

ITEM NO. 9: REPORTS FROM ELECTRIC OPERATIONS MANAGER:

- Outage Report: Electric Operations Manager Folce stated that there was one planned outage in the Janesville area for upgrades to create a second feed (looped lines). This upgrade will greatly improve reliability.

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

ITEM NO. 10: RESOLUTION 2010-02: AMENDING AND RE-ADOPTING LASSEN MUNICIPAL UTILITY DISTRICT'S PUBLIC BENEFITS POLICY:

- Energy Services Manager Phillips stated it had been 5 years since the Public Benefits Policy was updated. She felt the updated policy, minus the mechanics, was more of a procedural policy and straight-forward in its content.

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

There being no further discussion, Director Dow made a motion to approve Resolution 2010-02 amending and re-adopting Lassen Municipal Utility District's Public Benefits Policy. Director Nagel seconded the motion. Floor opened for public comment. No comment. A call for the vote was as follows:

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

Motion passed.

ITEM NO. 11: AUDIT OF THE DISTRICT'S FINANCIAL STATEMENTS:

- Accounting & Finance Manager Stewart stated that the District's three-year contract for auditing services expired with last year's audit. Mr. Stewart highly recommended that the contract with the current auditing firm be renewed for another three years, as they are experts in the field of utility auditing. If the Board agrees, Mr. Stewart will secure a new proposal from this firm and present it to the Board at a future board meeting

Board discussion ensued. Accounting & Finance Manager Stewart responded to the Board of Directors' questions. There being no further discussion, the Board directed Mr. Stewart to proceed with obtaining a proposal from the auditing firm as stated above.

No further action was taken by the Board.

ITEM NO. 12: QUARTERLY REVIEW OF THE DISTRICT'S KWH CHARGE AS DETERMINED BY THE POWER & DELIVERY COST ANALYSIS (PDCA) WORKSHEET:

- Accounting & Finance Manager Stewart presented the PDCA Worksheet and recommended its adoption as presented. He stated that mechanically and with raw data, there was an indicated decrease in rates. However, due to Board decisions to transfer funds from previously unrestricted funds into restricted funds, it was important to replenish those unrestricted funds. In addition, substantial savings for components of system improvement projects have presented themselves. Accordingly, leaving rates at the present level will accomplish the accumulation of necessary cash. He recommended leaving rates as is so cash reserves will not be jeopardized. He felt it is best to be cautious and emphasized that there are many factors in the industry that could impact District revenues.

Board discussion ensued. Accounting & Finance Manager Stewart responded to the Board of Directors' questions. There being no further discussion, Director Nagel made a motion to approve the PDCA Worksheet as presented, leaving rates at their present level. Director Dow seconded the motion. Floor opened for public comment. No comment. A call for the vote was as follows:

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

Motion passed.

ITEM NO. 13: RESOLUTION 2010-01 IN OPPOSITION OF PROPOSITION 16:

- General Manager Luhring stated that Proposition 16 is being called “The Taxpayers Right to Vote” and is sponsored by PG&E. The proposition is very misleading and is a ruse by PG&E to eliminate the competition from other electric utilities. A lawsuit has been filed to take this proposition off the ballot. LMUD has been asked to oppose the proposition by way of a resolution.

Board discussion ensued. General Manager Luhring responded to the Board of Directors' questions. There being no further discussion, Director Vial made a motion to approve Resolution 2010-01 opposing Proposition 16. Director Dow seconded the motion. Floor opened for public comment. No comment. A call for the vote was as follows:

- Director Dow – aye
- Director Bowden – aye
- Director Nagel – abstain

- Director Vial – aye.

Motion passed.

ITEM NO. 14: FUTURE BOARD MEETING SCHEDULE:

- Regular Board Meeting on April 27, 2010 at 5:30 PM.

ITEM NO. 15: CLOSED SESSION:

The Board adjourned to Closed Session at 7:10 PM. Director Nagel abstained from discussion of Item B.

- A. Review current Memorandum of Understanding between Lassen Municipal Utility District and IBEW Local Union 1245.
- B. General Counsel update on present litigation status, i.e. employee matter.
- C. General Counsel update on Spencer Litigation attorney fee collection matter.
- D. General Counsel update on Hayden Hill negotiations.

The Board returned to Open Session at 8:10 PM.

ITEM NO. 16: ACTION TAKEN (IF ANY) IN CLOSED SESSION:

The following was reported for Closed Session Items 15-A, 15-B, 15-C and 15-D:

- No reportable action was taken.

ITEM NO. 17: ADJOURN:

There being no further business, the meeting was adjourned at 8:11 PM.