

MINUTES
LASSEN MUNICIPAL UTILITY DISTRICT
SPECIAL BOARD MEETING
JUNE 29, 2010
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 Langston.

Roll Call by Board Secretary Jerri Kresge:

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

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, and Board Secretary Jerri Kresge.

ITEM NO. 2: APPROVAL OF AGENDA:

President Langston requested that Items 16 and 17 be heard after the Public Hearing (Item 4), as they directly relate to the Public Hearing. He also requested that Item 5, Staff Members' Reports, be heard before Item 4 so that members of the public who are present specifically for Item 5 do not have to wait for the Public Hearing to be conducted. Director Dow made a motion to approve the agenda with the requested changes. Director Bowden seconded the motion. Floor opened for public comment. No comment. Motion passed unanimously.

ITEM NO. 3: INVITATION FOR PUBLIC COMMENT:

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

- William Tiffin, a resident of Janesville, thanked the Board for their positive approach in handling District business. He handed out a statement

regarding what he felt was a problem with LMUD's billing procedures and recommended ways this problem could be resolved to be fair to all ratepayers.

**ITEM NO. 5:
(Out of sequence)**

STAFF MEMBERS' REPORTS:

- Soaring Eagle Blue Star Mothers. Energy Services Manager Theresa Phillips introduced LMUD Troubleman, Craig Lima who, along with Apprentice Lineman, Adam Hull, was instrumental in helping the Soaring Eagle Blue Star Mothers hang banners along Main Street in Susanville of our service men and women serving in the military. Several parents expressed their gratitude to the Board for allowing LMUD employees to help with this project using District equipment. Mr. Lima said that this project was very close to his heart as his son was in Afghanistan and had recently returned home. Lassen County Supervisor, Jim Chapman thanked the Board and said that this project would not have been possible without their support. He also noted that the local UPS store was making the banners at half the cost which has been a tremendous help. President Wayne Langston said he appreciates everyone's comments, but the thanks should go to the parents and all those serving in the military who are putting themselves in harms way.

**ITEM NO. 4:
(Out of sequence)**

**PUBLIC HEARING:
PROPOSED INCREASE TO LASSEN
MUNICIPAL UTILITY DISTRICTS'
RECONNECTION CHARGES FOR ALL
CUSTOMER CLASSIFICATIONS:**

- President Wayne Langston declared the public hearing in session at 6:02 PM. He read the public hearing guidelines and asked Board Secretary, Jerri Kresge, if the hearing had been advertised according to the law. Ms. Kresge replied that it had.
- General Manager Luhring explained his PUC §14401 Report regarding reconnection charges and deposit amounts that was presented to the Board for review at the May board meeting. He stated that the need to raise reconnect fees was to

keep up with inflationary costs; and to also collect additional deposits if necessary.

President Langston opened the public comment portion of the Public Hearing:

OPPONENTS: NONE.

PROPONENTS: NONE.

President Langston closed the public comment portion of the Public Hearing at 6:07 PM.

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

ITEM NO. 16: RESOLUTION 2010-03: UPDATED SERVICE, BILLING AND COLLECTION POLICY:
(Out of sequence)

Director Dow made a motion to adopt Resolution 2010-03. Director Bowden seconded the motion. Floor opened for public comment. No comment. A call for the vote was as follows:

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

Motion passed.

ITEM NO. 17: NEW RECONNECTION CHARGES IN THE SERVICE, BILLING AND COLLECTION POLICY:
(Out of sequence)

Director Nagel made a motion to approve the new reconnection charges in the Service, Billing and Collection Policy. Director Vial seconded the motion. Business Office Manager Keri Richards requested an effective date for the new reconnection charges since it would take 4 to 6 weeks to obtain updated business forms. Director Nagel amended his original motion to include, "new reconnection charges to become effective August 1, 2010." The second to the original motion concurred with this amendment. Floor opened for public comment. No comment. A call for the vote was as follows:

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

Motion passed.

**ITEM NO. 6: BOARD MEMBERS’ REPORTS AND MEETINGS
ATTENDED: None.**

**ITEM NO. 7: APPROVAL OF THE MINUTES FROM THE MAY 25,
2010 REGULAR BOARD MEETING AND JUNE 10,
2010 SPECIAL BOARD MEETING:**

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

Motion passed.

ITEM NO. 8: ACCOUNTING & FINANCE MANAGER REPORTS:

- Accounting & Finance Manager Stewart reported on the Cash Position Report at 5/31/10 and the Check Register from May 21 – June 15, 2010.

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

ITEM NO. 9: REPORTS FROM GENERAL MANAGER:

General Manager Luhring reported on:

- Meetings Attended:
 - (1) Met with TANC and WAPA regarding the proposed 230 KV transmission project. The California Transmission Planning Group (CTPG) recently made comments that they doubted viable renewable resources existed in Northern California. The Governor’s Energy Staff feels differently and has offered their help regarding this issue;
 - (2) The Budget Workshop on June 10th went very well;
 - (3) attended the APPA Conference in Florida along with Accounting & Finance

Manager Bill Stewart. The networking was invaluable and there was extensive discussion about climate change and the pending carbon tax which could be very costly.

➤ Upcoming Meetings and Conferences:

- a. (1) Meeting on August 6th with Invenery and BLM regarding status of pending projects; (2) WAPA Customer Dinner on July 27th. This is the same day as the regular board meeting. GM Luhring will explain further when Item 19 is heard (Future Board Meeting Schedule).

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

ITEM NO. 10: REPORTS FROM ELECTRIC OPERATIONS
MANAGER:

- Outage Report: Electric Operations Manager Dave Folce explained that the outage in Janesville on June 2nd was caused by conductor failure. The conductor appeared to be shot. A 60 KV phase came down into a 12 KV line creating a high voltage situation which can cause damage to electronic equipment. The District has received damage claims from customers in the affected area of the outage. Business Office Manager Keri Richards said meters were also damaged and will be replaced.

Board discussion ensued. Electric Operations Manager Folce and Business Office Manager Richards responded to the Board of Directors' questions.

ITEM NO. 11: UPDATE SOLAR REBATE PROGRAM
GUIDELINES:

- Energy Services Manager Theresa Phillips stated that it had been a year since the solar rebates were reviewed by the Board. Reporting mandates and requirements for SB 1 compliant photovoltaic rebate programs have been modified pursuant to Senate Bill 1, the California Solar Initiative. The updated Photovoltaic System Guidelines before the Board outlines the new system requirements and brings LMUD's program into compliance. The changes reflect stricter field verifications and system production verification. Also proposed is limiting the size of the solar systems to 50 KW, reducing rebate amounts and eliminating Private Power Agreements (PPA's) as they "prospect" customers for their own benefit because, currently, LMUD has one of the highest rebates available.

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

- Director Dow felt the proposed updates to the Solar Rebate Program did not offer much for commercial projects and said the rebate limits should be raised.
- Director Langston stated that the program should be geared toward residential customers as they are the majority of LMUD's ratepayers.

There being no further discussion, Director Bowden made a motion to approve the updated guidelines for the Photovoltaic Buy-Down Program. Director Nagel seconded the motion. Floor opened for public comment. No comment. A call for the vote was as follows:

- Director Vial – aye
- Director Nagel – aye
- Director Langston - aye
- Director Bowden – aye
- Director Dow – no

Motion passed.

ITEM NO. 12: APPA SAFETY MANUAL

- Electric Operations Manager Folce explained that the District's current Safety Manual is geared more toward line crews than all employees and/or departments. Staff has reviewed a number of other available safety manuals and the APPA manual stands out as a more appropriate choice for the District. The District's Safety Committee has also reviewed the APPA Manual and feels it would be a beneficial change.

Board discussion ensued. Electric Operations Manager Folce responded to the Board of Directors questions. There being no further discussion, Director Nagel made a motion to adopt the APPA Safety Manual. Director Bowden seconded the motion. Floor opened for public comment. No comment. A call for the vote was as follows:

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

Motion passed.

ITEM NO. 13: AMENDMENT OF 401K PLAN:

- Accounting & Finance Manager Stewart stated that the amendment to the 401k Plan is a language change only to comply with the Safe Harbor Plan under IRS criteria.

Board discussion ensued. Accounting & Finance Manager Stewart responded to the Board of Directors' questions. Floor opened for public comment. No comment. A call for the vote was as follows:

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

Motion passed.

ITEM NO. 14: PROPERTY AND CASUALTY INSURANCE PROGRAM:

- Accounting & Finance Manager Stewart presented to the Board a property & casualty insurance renewal proposal underwritten by the Tennessee Valley Public Power Association (TVPPA). He pointed out the premium matrix for 2010 which is slightly higher than in the past. He felt this was a very comprehensive proposal and recommended approval of the insurance contract for July 1, 2010 through July 1, 2011.

Board discussion ensued. Accounting & Finance Manager Stewart responded to the Board of Directors' questions. There being no further discussion, Director Dow made a motion to approve the property & casualty insurance contract for 7/1/10 – 7/1/11 as recommended by staff. Director Bowden seconded the motion. Floor opened for public comment. No comment. A call for the vote was as follows:

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

Motion passed.

ITEM NO. 15: QUARTERLY REVIEW OF THE DISTRICT'S KWH CHARGE AS DETERMINED BY THE POWER & DELIVERY COST ANALYSIS (PDCA) WORKSHEET:

- Accounting & Finance Manager Stewart explained the PDCA Worksheet and stated that it did indicate a rate decrease validating the Board's previous action to reduce rates. He recommended approval of the worksheet as presented.

Board discussion ensued. Accounting & Finance Manager Stewart responded to the Board of Directors' questions. Director Dow made a motion to approve

the PDCA Worksheet as presented. Director Bowden seconded the motion. Floor opened for public comment. No comment. A call for the vote was as follows:

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

Motion passed.

(ITEMS 16 & 17 HEARD PREVIOUSLY).

ITEM NO. 18: FY 2010/11 OPERATING BUDGET:

- Accounting & Finance Manager Stewart stated that the budget before the Board was as proposed and discussed at the budget workshop in June. He pointed out the new wage component which indicated a zero wage increase across the board. He stated that the solar parking lot structure was kept in the budget as a “concept” and would be brought back to the Board for their review and possible approval before construction could begin. Energy Services Manager Phillips has applied for grant money for this project.

Board discussion ensued. Accounting & Finance Manager Stewart responded to the Board of Directors’ questions. Director Bowden made a motion to approve the FY 2010/11 Operating Budget as presented. Director Vial seconded the motion.

Floor opened for public comment. No comment. A call for the vote was as follows:

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

Motion passed.

ITEM NO. 19: FUTURE BOARD MEETING SCHEDULE:

- Regular Board Meeting July 27, 2010 at 5:30 PM. General Manager Luhning stated that he would like to attend the WAPA Customer Dinner which is on the same day as the July board meeting. Tim Meeks and Tom Boyko from WAPA will be at this meeting and Mr. Luhning did not want to pass up the opportunity to meet with them, as they have been

instrumental in helping LMUD with the proposed 230 KV transmission project and obtaining Transmission Infrastructure Project (TIP) money. General Manager Luhring presented the following options to the Board: (1) reschedule the meeting; (2) have Electric Operations Manager Folce conduct the board meeting; or (3) he would not attend the WAPA meeting.

- President Langston felt Mr. Luhring should not pass up an invitation like this. Director Bowden suggested rescheduling the meeting. Director Nagel asked about the agenda for the 7/27 meeting. Mr. Luhring said it would not be overwhelming. President Langston stated that Electric Operations Manager Folce, as acting general manager, can conduct the meeting and to not change the meeting date. The Board agreed

ITEM NO. 20: CLOSED SESSION:

President Langston read the Closed Session Items.

The Board adjourned to Closed Session at 7:34 PM. Directors Langston and Nagel recused themselves from discussion of Item D.

- A. Review current Memorandum of Understanding between Lassen Municipal Utility District and IBEW Local Union 1245.
- B. Update on Hayden Hill Transmission Line Negotiations with Kinross Gold.
- C. Conference with Legal Counsel: Pending Litigation – Eileen Spencer.
- D. Conference with Legal Counsel: Existing Litigation, Subdivision (a) of §54956.9 of the Government Code. Federal Case No. 2:10-CV-00286-MCE-DAD.

The Board returned to Open Session at 8:07 PM.

ITEM NO. 21: ACTION TAKEN (IF ANY) IN CLOSED SESSION:

The following was reported for Closed Session Items 16-A, 16-B, 16-C & 16-D:

- No reportable action was taken.

ITEM NO. 22: ADJOURN:

There being no further business, the meeting was adjourned at 8:09 PM.