

**MINUTES**  
**LASSEN MUNICIPAL UTILITY DISTRICT**  
**REGULAR BOARD MEETING**  
**September 22, 2009**  
**5:30 P.M.**

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**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 – absent  
Director Nagel – present  
Director Langston – present  
Director Vial - present

Also Present: General Manager Ray Luhring, Electric Operations Manager Dave Folce, Accounting & Finance Manager Bill Stewart, Legal Counsel Hal Gartner, Business Office Manager Keri Richards, 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:**

Director Bowden made a motion to approve the agenda as presented. Director Vial 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:**

- None.

**ITEM NO. 5:        BOARD MEMBERS' REPORTS:**

- Director Nagel mentioned the renewable energy developers' meeting he attended on September 10<sup>th</sup> sponsored by LMUD; and that General Manager Luhring would give more information regarding this meeting during his General Manager's Report.

**ITEM NO. 6:        APPROVAL OF MINUTES FROM THE AUGUST 25, 2009 REGULAR BOARD MEETING:**

- A motion was made by Director Bowden and seconded by Director Langston to approve the minutes as presented. Floor opened for public comment. No comment. Motion passed unanimously.

**ITEM NO. 7:        ACCOUNTING & FINANCE MANAGER REPORTS:**

- Accounting & Finance Manager Stewart reported on the Cash Position Report at 8/31/09 and the Check Register dated September 16, 2009.

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. Western Area Power Administration (WAPA) on-site customer meeting with LMUD staff on 9/9/09.
  - b. Renewables Developer Meeting on 9/10/09. A power point presentation prepared by LMUD staff was given to the developers which gave the formation history of LMUD; and depicted the groundwork necessary for possible renewable

generation projects in LMUD's service territory by using existing transmission lines. LMUD has asked for letters of intent from interested developers.

- c. Meeting on 9/11/09 with Paul Hauser from Redding Electric to discuss strategies on how to approach renewable projects. Also discussed LMUD's transmission tariff and compliance with industry mandates.

➤ Status of LMUD Transmission Tariff:

- a. Lisa Gast, from the law firm of Duncan, Weinberg, et al, will have a draft transmission tariff ready in two weeks.

➤ Upcoming Meetings and Conferences:

- a. Northern California Power Association (NCPA) Conference September 23-25. GM Luhring, Accounting & Finance Manager Stewart and Business Office Manager Richards will attend.
- b. Meeting on September 29<sup>th</sup> with PG&E to show presentation given at the Renewables Developer meeting.
- c. Utah Associated Municipal Power Systems (UAMPS) Board of Directors' Retreat, October 5<sup>th</sup> and 6<sup>th</sup>.
- d. Meeting with Dan Logue and the Governor's Energy Staff on October 14<sup>th</sup> at the Capitol in Sacramento to show presentation given at the Renewables Developer Meeting.

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 reported that a system-wide outage was caused by a pole that broke off and caused a domino effect, breaking two other poles. Three new poles were set. Another outage, which affected commercial

customers, occurred when a breaker opened in the Milwood Substation. There appears to be a coordination problem with the breakers as the usual procedure to close the breaker did not work. Staff is investigating and will report back to the Board when the cause is found.

**ITEM NO. 10: CONSIDERATION OF APPROVAL OF RESOLUTION 2009-12: PARTICIPATION OF THE LASSEN MUNICIPAL UTILITY DISTRICT IN THE LASSEN COUNTY OPERATIONAL AREA EMERGENCY MANAGEMENT ORGANIZATION:**

- General Manager Luhring explained that LMUD is already a member of the Lassen County Operational Area Emergency Management Organization (“LOAEMO”). The original Resolution No. 96-06 is outdated and needs to be revised. Resolution 2009-12 cleans up the language using titles, instead of specific names.

Board discussion ensued. General Manager Luhring responded to the board of Directors questions. There being no further discussion, Director Langston made a motion to approve Resolution 2009-12. Director Bowden seconded the motion. Floor opened for public comment. No comment. A call for the vote was as follows:

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

Motion passed.

**ITEM NO. 11: IDENTIFY THEFT PREVENTION POLICY ANNUAL REVIEW:**

- General Manager Luhring stated that when the Identify Theft Prevention Policy was approved by the Board last year, there was a stipulation that the Board review the policy each year. The heading of the policy has been changed to conform to existing and future District policies.

- Business Office Manager Richards stated that the policy is working well for the District and recommends no changes at this time.

There being no further discussion, Director Bowden made a motion to accept the Identify Theft Prevention Policy for the next calendar year. Director Langston seconded the motion. Floor opened for public comment. No comment. A call for the vote was as follows:

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

Motion passed.

**ITEM NO. 12: CONSIDERATION AND POSSIBLE ACTION TO ADJUST THE DISTRICT'S KWH CHARGE AS DETERMINED BY THE POWER & DELIVERY COST ANALYSIS (PDCA) WORKSHEET (NO CHANGES RECOMMENDED):**

- Accounting & Finance Manager Stewart stated that the PDCA requires the District to analyze costs on a quarterly basis. The worksheet before the Board tonight is for the period ending June 30, 2009 with information through September 17, 2009. The worksheet indicates that there is no need to increase rates at this time.

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

- Director Langston stated that the District is doing something right and gave credit to staff and management and also to the Board for making smart decisions as to the District's financial future. He said it is good to give credit where credit is due.
- Director Nagel commented on the suspension of contributions to the Rate Stabilization Fund approved by the Board and said that contributions should start up again when the District is financially able to do this.

There being no further discussion, Director Langston made a motion to not increase rates at this time. Director Bowden seconded the motion. Floor opened for public comment. No comment. A call for the vote was as follows:

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

Motion passed.

**ITEM NO. 13:      PRESENTATION TO THE BOARD OF THE  
POWERPOINT PRESENTATION GIVEN AT THE  
RENEWABLE DEVELOPER'S MEETING ON  
SEPTEMBER 10, 2009 HOSTED BY LMUD:**

- General Manager Luhring stated that this presentation regarding renewable energy projects in LMUD's service territory using existing transmission lines and right-of-ways owned by LMUD was very well received by energy developers at the meeting on September 10<sup>th</sup>. The timing will never be better, as there is a large potential for energy development in Lassen County with LMUD serving as the transmitter of this energy, not the promoter of the projects. Costs for the projects will be entirely the responsibility of the developers, not LMUD. If feasible, LMUD may enter into a Power Purchase Agreement (PPA) with a developer somewhere down the road.

Board discussion ensued. General Manager Luhring and Electric Operations Manager Folce responded to the Board of Directors' questions. Director Bowden complimented staff on a job well done.

No further action was taken by the Board.

**ITEM NO. 14:      FUTURE BOARD MEETING SCHEDULE:**

- Regular board meeting on October 27, 2009 at 5:30 PM.

**ITEM NO. 15:     CLOSED SESSION:**

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

A. Conference with Legal Counsel – Existing Litigation (Subdivision (a) of Government Code §54956.9).

1. Eileen Spencer vs. Lassen Municipal Utility District, California Court of Appeal, 3<sup>rd</sup> Appellate District, Case #36791, C048829, C0 47584.

The Board returned to Open Session at 7:35 PM.

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

The following was orally reported for Closed Session Item 15 A-1:

No reportable action was taken.

**ITEM NO. 17:     ADJOURN:**

There being no further business, the meeting was adjourned at 7:36 PM.