

**PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON**

**MINUTES OF MEETING OF COMMISSIONERS  
Regular Meeting of February 26, 2008  
PUD Auditorium**

**Present:**

**Commissioners:**

Merritt "Buz" Ketcham, President

Mark McCrady, Secretary

**Staff:**

Brian Skeahan, General Manager

Gerry Miller, General Counsel

Don McMaster, Chief Operating Officer

Pat Lloyd, Auditor

Royce Hagelstein, Dir. of Acctg. & Finance

Gary Huhta, Director of Power Management

Rick Syring, Director of Engineering

Monte Roden, Director of Operations

Dave Andrew, Mgr. Comm. & Govt. Affairs

Doug Wood, Director of IS

Sandy Willman, Admin. Asst. to the General Mgr.

Diana MacDonald, Mgr. Environmental &  
Regulatory Services

Nancy Appleton, CIS Administrator

Marilyn Miller, Treasurer/Risk Manager

**Guest:**

Paul Murphy, Murphy & Buchal, LLP

**Media:**

Betty Wilson, KLTV

**Call to Order** – Pursuant to published Notice, the regular meeting of the Commissioners of Public Utility District No. 1 of Cowlitz County, Washington was called to order at 2:00 p.m. by Commissioner Ketcham.

**Motion** was made by Commissioner McCrady to excuse Commissioner Piper from the day's proceedings to attend the APPA Legislative Rally in Washington, D.C. and seconded by Commissioner Ketcham. Motion carried.

**Approval of the Minutes** – The minutes of the Regular Board Meeting of February 12, 2008 were approved as published.

**Approval of Vouchers of \$20,554,237.15** – The Commission reviewed vouchers audited and certified by Auditor Pat Lloyd as required by RCW 42.24.080 and RCW 42.24.090 for which warrants were issued on February 26, 2008, under provisions of Resolution No. 1421. Motion was made by Commissioner McCrady to approve the vouchers and seconded by Commissioner Ketcham. Motion carried. Warrants drawn to cover said vouchers are as follows:

<u>Fund</u>	<u>Voucher Nos.</u>	<u>Amount</u>
Electric Revenue	04114 – 04262	\$18,465,515.89
Swift Revenue	02107 – 02112	1,666,356.49
Payroll	1731	422,364.77

### Reports (Informational, Non-Action)

**Brian Skeahan, General Manager** – Reported to the Board that the District has officially received for Board approval the Residential Exchange Interim Agreement from BPA. Cowlitz PUD shall receive under this Agreement a partial credit of \$14,662,528.00 sometime in early April 2008 subject to true-up at a later date. The partial credit is based on our proportionate share of BPA P.F. revenue from October 1, 2006 to September 30, 2007. Commissioner Ketcham stated the Board is in agreement to have refund checks mailed to our customers. Brian has scheduled a meeting with key staff to discuss the matter of processing the refund amount to our customers. Brian introduced Paul Murphy, consulting attorney on behalf of the District. Paul reported, per BPA, that \$22.6 million is due to Cowlitz PUD and there is a very small possibility that any of the money would be given back to BPA in the true-up payment amount. In his opinion it does not make sense to challenge the Agreement and that there is no down side to approving the Agreement, only an up side. The 2007 supplemental rate case of October 1, 2001 to September 30, 2009 will be studied in three separate segments from 2001 – 2006, 2007 – 2008 and October 1, 2008 to 2009. Paul said BPA admitted they collected higher rates during that period caused by the way they handled the residential exchange. The initial briefs need to be filed by June 11, 2008. BPA will put out a “Draft Record of Decision” by July 29 and by August 18 will put out a “Record of Decision.” This document will determine how much to be refunded for 2007 – 2008, and power rates for 2009. Cowlitz’s effort will be guided by two criteria: How important is the issue and do we have a reasonable chance of prevailing on the issue. Using that criteria, we will focus on certain aspects of BPA’s 7(b)2 proposal such as adjustments to loads, costs of conservation and changes associated with DSI loads. We will also address some issues associated with the load reduction agreements. Commissioner Ketcham said we need to find common ground and not let Congress upset the settlement.

Brian also briefed the Board on the third phase of the White Creek wind project. The new name for that Project is Harvest Wind.

### Staff / Director’s Reports

**Royce Hagelstein, Director of Accounting & Finance** – Presented the January Board report. Royce stated January was a very good month due to more power sold than budgeted.

**Gary Huhta, Director of Power Management** – Presented the January Board report. Gary stated that Phase I of White Creek generated more power than forecast. He also said The Energy Authority (TEA) is doing a very good job on the District’s behalf.

**Dave Andrew, Mgr. Comm. & Govt. Affairs** – Provided the legislative session update. Dave reported Climate Change SB 6308 has passed out of the Senate and is now in the House Committee on Ecology and Parks. Pole Attachments SHB 2533 has been amended to establish a standard formula for determining pole attachment costs and sets a reasonable timeline to acknowledge applications and to approve/reject applications. The bill is now in the Senate and will be presented to the WET committee. Public Records/Open Meetings Act Bill HB 3292 died in the House. Dave also reported the ribbon cutting for White Creek is scheduled for May 7<sup>th</sup> and 8<sup>th</sup>.

### Board Reports

**Commissioner Ketcham** – None  
**Commissioner Piper** – None  
**Commissioner McCrady** – None

## Agenda Action Items

### Motion:

**That** the Board of Commissioners authorizes the General Manager to sign the BPA Residential Exchange Interim Agreement essentially in the form thereof.

Following a report from the General Manager and Paul Murphy, Commissioner McCrady moved to authorize the General Manager to sign the Agreement and seconded by Commissioner Ketcham. Motion carried.

### Staff Recommendations:

#### **No. 7/2/26 – AAC Utility Partners Contract**

Royce Hagelstein reported the IS Steering Committee was formed in early 2007 consisting of a number of key employees from management, departmental employees and system users. The Committee was established to start the process of replacing the District's financial information system developed in the 1970's and the customer information system, which is no longer supported by the vendor. The Committee through their process determined the best approach was to hire a firm to conduct a software search. Proposals were solicited and six software selection consultants made presentations. After considering all factors, the Committee recommended the District execute a contract with AAC Utility Partners. Doug Wood, Director of IS, will provide a quarterly progress report to the Board. Commissioner McCrady moved to approve this recommendation and seconded by Commissioner Ketcham. Motion carried.

#### **No. 8/2/26 – Electric System Interconnection Procedures & Requirements**

Rick Syring reported except for the Net Metering Policy applicable to generators 100 kW or less, the District has no policy or standards governing over 100 kW. The proposed Procedures and Requirements also addresses WECC, BPA, and others coordination concerns and requirements applicable to new electrical facilities as well as fulfills the requirements of NERC Reliability Standard FAC-001-0. The adoption of this Procedures and Requirements will not add to the Budget and all costs will be recovered. Commissioner McCrady moved to adopt this Procedures and Requirements and seconded by Commissioner Ketcham. Motion carried.

**Other Business:** None

### Comments:

**From the General Public:** None  
**From the General Manager:** None  
**From the Commissioners:** None

**Adjournment** – The next regular Board meeting of the Commission would be held Tuesday, March 11, 2008 at 2:00 p.m. in the PUD Auditorium. Meeting was adjourned at 5:35 p.m.

Mark Mac Crosby

Secretary

Attest:

Merrett Kelala

President

Edward M. A.

Vice President

Prepared by \_\_\_\_\_  
Sandra Willman, Administrative Assistant to  
the General Manager