

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

**MINUTES OF MEETING OF COMMISSIONERS  
Regular Meeting of May 26, 2009  
PUD Auditorium**

**Present:****Commissioners:**

Edward "Ned" Piper, President  
Mark McCrady, Vice President

Merritt "Buz" Ketcham, Secretary

**Staff:**

Brian Skeahan, General Manager  
Dave Andrew, Mgr. Comm. & Govt. Affairs  
Monte Roden, Director of Operations  
Gary Huhta, Director of Power Resources  
Doug Wood, Director of IS  
Royce Hagelstein, Director of Acctg. & Finance  
Tom Loback, Director of Customer Services  
Russ Noble, WECC Compliance Engineer

Paul Brachvogel, General Counsel  
Pat Lloyd, Auditor  
Bob Essex, Sr. Power Resources Engineer  
Rick Syring, Director of Engineering  
Sandy Willman, Executive Assistant  
Tim Johnston, Engineering Substation Mgr.  
Mark Kirby, Facilities Supervisor  
Diana MacDonald, Mgr. Environmental & Regulatory Services

**Public:**

John Searing

**Media:**

Betty Wilson, KYLK

**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 Piper.

**Approval of the Minutes** – The minutes of the regular Board Meeting of May 12, 2009 and the Special Board Meeting of May 22, 2009 were approved as published.

**Approval of Vouchers of \$14,218,781.80** – 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 May 26, 2009, under provisions of Resolution No. 1421. Motion was made by Commissioner Ketcham to approve the vouchers and seconded by Commissioner McCrady. Motion carried. Warrants drawn to cover said vouchers are as follows:

<u>Fund</u>	<u>Voucher Nos.</u>	<u>Amount</u>
Electric Revenue	10813 – 11018	\$13,679,780.13
Swift Revenue	02269 – 02273	74,044.10
Payroll	1763	464,957.57

**Introduction of New Employees** – Doug Wood introduced Brent Bradley. Brent began employment on May 11<sup>th</sup> as Systems, Database & Web Administrator. Tim Johnston introduced Davis Jelusich and Anna Whiteman, Engineering Interns. Davis began his employment on May 18<sup>th</sup>. Anna returned to the District on May 18<sup>th</sup>.

**Reports (Informational, Non-Action)**

**Brian Skeahan, General Manager** – Recently met with one of the developers of a biomass related project of the Mint Farm location with another meeting scheduled soon with a different

developer. He also recently met with a representative from Summit to hear a proposal for a 5 MW solar project. The cost per MWH is still very high in spite of some good federal incentives. At some point in time a Board workshop will be scheduled.

Brian participated in a meeting between Weyerhaeuser and BPA a week ago. Topics discussed were residential exchange issues, a proposed significant energy efficiency project and business viability. The meeting went very well. A similar meeting will be scheduled for Longview Fibre.

### **Staff / Director's Reports**

**Royce Hagelstein, Director of Accounting & Finance** – Presented the April Board report. Royce included a budget reduction exercise on this year's budget. The objective was to reach approximately a ten percent reduction in the non-power supply, non-capital portions of the budget. The intention was to provide an idea of what reductions might look like given the anticipated BPA increase for next year. This was a challenge considering the budget is 90% fixed.

**Gary Huhta, Director of Power Management** – Presented the April Board report.

### **Agenda Action Items**

#### **Staff Recommendations:**

**No. 14/5/26** – Authorization to enter into contracts with Equachlor (Tab 3, Board Packet)

Bob Essex, Sr. Power Resource Engineer reported recently Equachlor successfully exited Chapter 11 bankruptcy proceedings restructured as Equachlor, Inc. Since they are out of bankruptcy and power prices are low, they're requesting a one-year fixed price retail contract and power supply. The District has a security deposit being held as payment assurance adequate enough to cover the District's risk in the event Equachlor should default. Commissioner McCrady moved to authorize the District to enter into a one-year contract with Equachlor and seconded by Commissioner Ketcham. Motion carried.

**No. 15/5/26** – White Creek Wind Project – Proposed Fixed-Price Forward Sale (Tab 4, Board Packet)

Director of Power Management Gary Huhta reported the District's Supply Risk Management Committee recommends diversifying the District's White Creek market sales by putting some of the sales in the forward market at a fixed price and the balance in the market at an index price. By doing so, a portion of the revenue will be subject only to plant production risk while the remaining portion of the revenue will be subject to both production risk and market price. Given the current conditions, the Committee continues to recommend diversifying our sales portfolio in this manner. The District has been in discussions with Shell Energy which is fairly confident that a California utility would buy the power at a price in excess of the prevailing Northwest market price. The District's Supply Risk Management Committee recommended the District proceed with a transaction under these terms. Commissioner McCrady moved to authorize the District to enter into such a contract and seconded by Commissioner Ketcham. Motion carried.

**No. 16/5/26** – Bid Award - Security Project Proposal (Tab 5, Board Packet)

Mark Kirby, Facilities Manager and Russell Noble, WECC Compliance Engineer reported the bid proposal was mailed out to 34 security contractors. Six contractors submitted bid proposals.

The bidders were evaluated based on total pricing, completeness of proposal, demonstrated understanding of the project needs, prior experience and references and proximity to the project site. Cochran, Inc. was the lowest bidder and met this criterion. Commissioner Ketcham moved to award the bid to Cochran, Inc. and seconded by Commissioner McCrady. Motion carried.

**Board Reports and Discussions:** None

**Other Business:** None

**Comments:**

**From the General Manager:** None

**From the Commissioners:** None


**From the Chief Operating Officer:** None

**Executive Session:**

Motion was made by Commissioner McCrady and seconded by Commissioner Ketcham that the meeting be adjourned to Executive Session for the purpose of discussing the annual performance evaluation of the General Manager and a potential real estate purchase for a period not to exceed approximately 40 minutes duration. No action will be taken as a result of the Executive Session. The Motion was carried and the meeting was adjourned to Executive Session at 4:11 p.m.

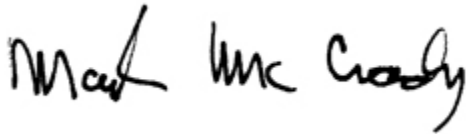
Following Executive Session, the meeting was reconvened at 4:59 p.m. with no action required.

**Adjournment** – The next regular Board meeting of the Commission would be held Tuesday, June 9, 2009 at 2:00 p.m. in the PUD Auditorium. The meeting was adjourned at 5:00 p.m.

  
\_\_\_\_\_  
Secretary

Attest:

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Vice President

Prepared by \_\_\_\_\_  
Sandra Willman, Clerk of the Board