

PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

**MINUTES OF MEETING OF COMMISSIONERS
Regular Meeting of January 27, 2009
PUD Auditorium**

Present:**Commissioners:**

Merritt "Buz" Ketcham, President
Edward M. "Ned" Piper, Vice President

Mark McCrady, Secretary

Staff:

Brian Skeahan, General Manager
Don McMaster, Chief Operating Officer
Pat Lloyd, Auditor
Royce Hagelstein, Dir. of Acctg. & Finance
Sandy Willman, Executive Assistant
Diana MacDonald, Mgr. Environmental &
Regulatory Services

Paul Brachvogel, General Counsel
Dave Andrew, Mgr. Comm. & Govt. Affairs
Steve Lafady, Human Resources Mgr.
Monte Roden, Director of Operations
Gary Huhta, Director of Power Management
Rick Syring, Director of Engineering
Russ Noble, WECC Compliance Officer

Media:

Betty J. Wilson, KLTv

Public:

Mike Kayser
Douglas Irvine

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 January 13, 2009 were approved as published.

Approval of Vouchers of \$16,285,277.44 – 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 January 27, 2009, under provisions of Resolution No. 1421. Motion was made by Commissioner Piper 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	08892 – 09127	\$15,729,887.62
Swift Revenue	02224 – 02230*	30,441.43
Payroll	1755	524,948.39

* Voucher No. 02230 voided

Reports (Informational, Non-Action)

Brian Skeahan, General Manager – Reported with the current issues of public power at the State and Federal legislative areas, the District is considering contracting with Strategy 360 for

outside assistance. The purpose of hiring an outside consultant would be to focus on the issues that are mostly unique to the District and hopefully are not significantly contrary to those of our associations. This expenditure was included in the 2009 budget.

Brian and Gary Huhta met with Longview Fibre earlier today regarding their request to BPA to place their entire load on BPA and be free to market their generation. A meeting is scheduled for February 17 with BPA, Longview Fibre and the District.

An update was given on BPA's power rate increase. The Federal Register Notice is expected by February 4. An increase effective in October is virtually unavoidable.

BPA and Alcoa did not execute a post-2011 contract. Due to where the economy is heading, Alcoa didn't want the obligation and pulled their request from BPA. Commissioner McCrady remarked that we need to do everything possible for our larger customers for our community.

Staff / Director's Reports

Royce Hagelstein, Director of Accounting & Finance – Presented the December and 2008 year-end Board report.

Gary Huhta, Director of Power Management – Presented the December and 2008 year-end Board report.

Russ Noble, WECC Compliance Officer – Presented the WECC quarterly Board report. At this time the District is in complete compliance.

Dave Andrew, Mgr. Comm. & Govt. Affairs – Reported the 105-day 2009 Legislative session began on January 12 and ends on April 26. At this time no bill has been dropped addressing climate change, however that could possible change as the Governor introduces cap and trade legislation at a press conference on Thursday. Updates were given on HB 1133 - Amendments to I-937, HB 1610 and SB 5441 - Black Liquor and Biomass, and SB 5505 - Hydro as a Renewable.

Board Discussion

Commissioner McCrady brought up for discussion the employees compensation article that was published recently in The Daily News (TDN). Commissioner McCrady and Steve Lafady, Human Resources Manager, are scheduled to have a meeting with TDN on Wednesday, January 28th to explain the District's compensation policy. Commissioner Ketcham stated he would like to oppose this decision. Commissioner Piper stated this meeting needs to happen and should have happened sooner. Commissioner McCrady put in order the following Motion:

That Commissioner McCrady and Human Resources Manager Steve Lafady represent the District in a meeting with The Daily News on January 28, 2009 for the purpose of explaining the District's compensation policy.

The Motion was seconded by Commissioner Piper. Commissioner Ketcham was opposed. Motion carried.

Discussion occurred regarding the shipping of the towers for the Harvest Wind project out of the Port of Vancouver vs. the Port of Longview. It is the decision of the transporter for the towers which Port is used, not Siemens. Commissioner Piper asked Brian if the District could have

some influence with Siemens to use the Port of Longview. Brian recently met with the Port of Longview regarding this matter and he will continue to work with the Port. Brian will be having lunch with Siemens following the next Harvest and White Creek Wind meetings on February 23.

Board Report

Commissioner Ketcham – Reported he attended Energy Northwest meetings last week. Energy Northwest will be visiting the District within the next six months to introduce modular nuclear reactor farms.

Agenda Action Items

Travel Authorization No. T-243:

Travel Authorization for Commissioner Piper to attend APPA's 2009 Legislative Rally scheduled for February 23 – 25, 2009 in Washington, D.C.

Motion was made by Commissioner Ketcham to approve the travel authorization and seconded by Commissioner McCrady. Motion carried.

Resolution No. 2613:

A RESOLUTION deferring White Creek Wind Project net margins from date of commercial operation, 2008 net Residential Exchange Program settlement proceeds from the Bonneville Power Administration and establishing a Rate Stabilization Fund.

General Manager Brian Skeahan reported this reflects effectively a rate action by the Board and the funds will be controlled by the Board as provided for in its rate making authority. Commissioner McCrady moved to adopt the resolution and seconded by Commissioner Ketcham. Motion carried.

Other Business: None

Comments:

From the General Manager: Reported staff should have LEED building costs within the next two weeks.

From the Commissioners: None

From the Chief Operating Officer: None

Adjournment – The next regular Board meeting of the Commission would be held Tuesday, February 10, 2009 at 2:00 p.m. in the PUD Auditorium. Meeting was adjourned at 4:35 p.m.

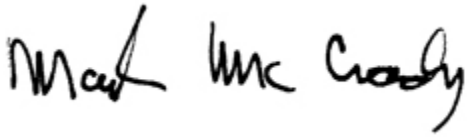


Secretary

Attest:



President



Vice President

Prepared by _____
Sandra Willman, Clerk of the Board