

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

**MINUTES OF MEETING OF COMMISSIONERS  
Regular Meeting of June 23, 2009  
PUD Auditorium**

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

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

Merritt "Buz" Ketcham, Secretary

**Staff:**

Brian Skeahan, General Manager  
Don McMaster, Chief Operating Officer  
Gary Huhta, Dir. of Power Management  
Dave Andrew, Mgr. Comm. & Govt. Affairs  
Doug Thomas, Engineer Property Supervisor  
Royce Hagelstein, Director of Acctg. & Finance  
Johnston, Mgr. Substation Engineering

Paul Brachvogel, General Counsel  
Pat Lloyd, Auditor  
Tom Loback, Director of Customer Services  
Monte Roden, Director of Operations  
Rick Syring, Director of Engineering  
Sandy Willman, Executive Assistant  
Tim Diana MacDonald, Mgr. Environmental & Regulatory Services

**Public:**

John Searing  
Mike Kayser

**Media:**

Betty Wilson, KYLK

**Guest:**

Christine Reynolds, Orrick

**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 June 9, 2009 were approved as published.

**Approval of Vouchers of \$15,697,694.64** – 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 June 9, 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	11264 – 11475	\$15,064,938.23
Swift Revenue	02279 – 02283	90,493.28
Payroll	1765	542,263.13

**Introduction of New Employee** – Royce Hagelstein introduced new employee Lucie Camfield. Lucy began employment on June 15th as an Accountant 1.

## Agenda Action Items

### Resolution No. 2620:

**A RESOLUTION** of the Board of Commissioners of Public Utility District No. 1 of Cowlitz County, Washington, amending and restating Resolution No. 2619 in its entirety, creating a system and plan of financing and refinancing the acquisition and construction of and certain additions, betterments and improvements to the electric production system, establishing a taxable non-revolving junior lien credit facility of the electric production system and providing for the issuance and sale of short-term taxable revenue note in the aggregate principal amount of not to exceed \$60,000,000 to evidence the taxable non-revolving junior lien credit facility; providing the form and terms of the taxable non-revolving junior lien credit facility and short-term taxable revenue note; declaring intent to reimburse expenditures; delegating authority; and authorizing related matters.

Director of Accounting & Finance Royce Hagelstein reported Orrick, Herrington & Sutcliffe, LLP conducted an internal review after the adoption of Resolution No. 2619. They found some minor inconsistencies and made a decision to rescind and restate the resolution. Commissioner McCrady moved to adopt the resolution and seconded by Commissioner Ketcham. Motion carried.

### Resolution No. 2621:

**A RESOLUTION** setting forth the Commission's determination regarding 2007 Standards under the Public Utility Regulatory Practices Act (PURPA), Section 111(d) et. seq., as amended by the Energy Independence and Security Act of 2007.

The Public Hearing was opened for comments. General Counsel Paul Brachvogel reported the PURPA standards concerning IRP, Rate Design Modifications to Promote Energy Investments, Smart Grid Investments and Smart Grid Information have already been met or exceeded by the policies and practices currently implemented by the District. Therefore, the statutory objectives have been met through these practices rather than a formal adoption of a federal standard, which may not take into consideration the local needs of the customers of the District. Therefore, it was recommended to not implement PURPA standards. There were no comments from the general public. Commissioner McCrady moved to not adopt the PURPA standards and seconded by Commissioner Ketcham. Motion carried.

### Staff Recommendation:

#### **No. 18/6/23** – Purchase of Supervisory Control and Data Acquisition System

Tim Johnston, Manager of Substation Engineering, reported seven vendors responded to the District's request for proposal. After evaluations and demonstrations by the top two evaluated vendors, the Monarch system from Open Systems International (OSI) was selected. Commissioner Ketcham moved to approve the bid award to OSI and seconded by Commissioner McCrady. Motion carried.

## Reports (Informational, Non-Action)

**Brian Skeahan, General Manager** – Reported that we received good news from Senator Patty Murray's office in Washington, D.C. stating that the \$400,000 State and Tribal Assistance Grant (STAG) that the District and Beacon Hill Sewer District applied for had been chosen to receive funds. This grant will cover a large portion of the construction costs for upgrading the Alderwood pump station and the Williams Finney pump station.

The 2010 Budget schedule is being prepared. The schedule is a month earlier than previous years. This additional time will allow more time to consider our financial performance of year-to-date and the questions raised by the proposed BPA rate increase.

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

**Royce Hagelstein, Director of Accounting & Finance** – Presented the May Board report.

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

**Dave Andrew, Manager of Communications & Government Affairs** – Gave an update on the final legislative activities of 2009 and the District's upcoming community events. The District and its employees will be participating in the Fourth of July parade, Bingo at the Cowlitz County Fair, American Cancer Society Relay for Life, Babe Ruth World Series and United Way Day-of-Caring.

**Break: 4:00 p.m.**

**Reconvened: 4:10 p.m.**

### **Board Reports and Discussions**

**Discussion** – Brian brought up for discussion the District's property lease with Parr's Cars. Pat mentioned we are trying to raise the lease payment within 80% of the going rates. Randy Parr is contesting the increase. Commissioner McCrady stated we should advise Randy to seek another appraisal at his expense and, based on that information, the District will review the lease payment. If not, termination of the agreement will begin. Brian agreed and stated we would be happy to give Randy time to obtain the appraisal. All Commissioners were in agreement. Pat will follow up with a letter to Parr's Cars.

**Commissioner Ketcham** – Commented that while attending the APPA National Conference last week, he saw firsthand that Cowlitz PUD and General Manager Brian Skeahan are recognized as a leader in the utility world. The District is ahead on its utilization of technology and renewables, and it is being noticed.

**Other Business:** None

#### **Comments:**

**From the General Manager:** None

**From the Commissioners:** None

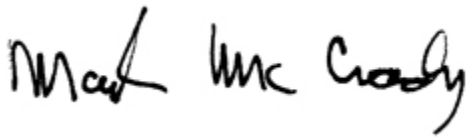
**From the Chief Operating Officer:** Gave update reports on Project FOCUS and FEMA efforts.

**Adjournment** – The next regular Board meeting of the Commission would be held Tuesday, July 14, 2009 at 2:00 p.m. in the PUD Auditorium. The meeting was adjourned at 4:45 p.m.

  
\_\_\_\_\_  
Secretary

Attest:

  
\_\_\_\_\_  
President

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

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