

PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

MINUTES OF MEETING OF COMMISSIONERS

Regular Meeting of July 28, 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
Royce Hagelstein, Director of Acctg. & Finance
Dave Andrew, Mgr. Comm. & Govt. Affairs
Doug Thomas, Engineer Property Supervisor
Sandy Willman, Executive Assistant
Tim Johnston, Mgr. of Substation Engineering

Pat Lloyd, Auditor
Jeff Moses, Purchasing Manager
Tom Loback, Director of Customer Services
Doug Wood, Director of IS Department
Gary Huhta, Director of Power Management
Diana MacDonald, Mgr. Environmental &
Regulatory Services

Public:

Matt Swanson

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 July 14, 2009 were approved as published.

Approval of Vouchers of \$9,800,520.61 – 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 July 28, 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	11798 – 11988	\$ 9,234,860.24
Swift Revenue	02288 – 02295	87,740.64
Payroll	1768	477,919.73

Comments from the General Public – Customer Matt Swanson addressed the Commissioners regarding the District's minimum billing policy. He requested that the District modify the policy by doing away with a minimum billing fee in favor of a base fee plus utility consumption. Brian stated that this will be addressed soon as such minimum charge vs. a flat monthly fee per customer. Most utilities have been changing to the flat monthly fee. Commissioner McCrady added that come October it will be addressed and once AMI is operating fully, many things will change. He thanked the customer for attending.

Reports (Informational, Non-Action)

Brian Skeahan, General Manager – Reported a tentative decision was needed to be made today as to the fundamental financing approach for the Harvest Wind project. A discussion followed regarding the various options of the financing structures. The Board agreed on Option 2B, Utility Owned Project – Lease to Third Party.

Break: 3:00 p.m.
Reconvened: 3:05 p.m.

Staff / Director's Reports

Royce Hagelstein, Director of Accounting & Finance – Presented the June Board report. The Capital Improvement Plan was discussed. Brian asked if the Commissioners would like a workshop scheduled to talk about the changes in the Plan. The Commissioners agreed to have these updates discussed in a Board meeting and that a workshop is not necessary.

Gary Huhta, Director of Power Management – Presented the June Board report. An update was given on White Creek market sales, which was authorized by the Commissioners at the May 26, 2009 Board meeting. To date, these transactions have not been executed and it is still being discussed with staff, with the understanding that, based on previous Board discussion and Risk Committee action, staff is authorized to close the possible transaction.

Agenda Action Items

Staff Recommendations:

No. 20/7/28 – Acquisition of Real Estate, Proposed West Longview Substation (Tab 3, Board packet)

Jon Cox, Property / Right-of-Way Agent, reported the proposed West Longview substation site located at 9070 Ocean Beach Highway in Longview has been assessed by TriAxis Engineering, Inc. In summary, they found this to be an exceptional substation site with no environmental or geotechnical reason not to proceed with the acquisition of the property.

Commissioner McCrady moved to authorize the purchase and seconded by Commissioner Ketcham. Motion carried.

No. 21/7/28 – Bid Award, Replacement of District Software (Tab 4, Board packet)

Doug Wood, Director of Information Services, reported the Project FOCUS core team along with AAC Utility Partners had completed the contract and price negotiations with Cayenta. The Cayenta solution will replace the District's aging legacy applications for financial, human resources, payroll, work management and customer information system.

Commissioner Ketcham moved to authorize the General Manager to execute the contract and seconded by Commissioner McCrady.

No. 22/7/28 – Bid Award, Distribution Addition at Swift No. 2 Substation (Tab 5, Board packet)

Tim Johnston, Substation Engineering Manager, reported the District received five bids for the civil and electrical construction required for the addition of an electric distribution service at the

Swift No. 2 substation. The addition will provide for much needed reliability and load growth in the Cougar area. All bidders were found to have submitted bids that conformed to the requirements set forth by the District. It was recommended to accept the lowest bid from J.H. Kelly, LLC who has experience building substations for the District.

Commissioner McCrady moved to award the bid to J.H. Kelly, LLC and seconded by Commissioner Ketcham. Motion carried.

No. 23/7/28 – Bid Award, Washington Way Substation Rebuild Construction (Tab 6, Board packet)

Tim Johnston, Substation Engineering Manager, reported the District received four bids for the civil construction required for the upgrade of the Washington Way substation from 69 kV to 115 kV. This upgrade is part of the District's seven year plan. All bidders were found to have submitted bids that conformed to the requirements set forth by the District. It was recommended to accept the lowest bid from J.H. Kelly, LLC who has experience building substations for the District.

Commissioner McCrady moved to award the bid to J.H. Kelly, LLC and seconded by Commissioner Ketcham. Motion carried.

Resolution No. 2623: (Tab 7, Board packet)

A RESOLUTION of the Public Utility District No. 1 of Cowlitz County, Washington, accepting a proposal from Bank of America, N.A. to extend an existing Letter of Credit Facility in connection with the obligations of the District under its Transmission Service Agreement with Public Utility District No. 1 of Klickitat County, Washington and authorizing and approving the execution and delivery of a first amendment to the Reimbursement Agreement in connection therewith; designating Authorized Officers and delegating authority; and authorizing related matters.

Royce Hagelstein, Director of Accounting and Finance, reported under the Transmission Service Agreement (TSA) beginning August 1, 2010 the District may petition KPUD to waive the requirement for a LOC provided the District maintains a debt service coverage ratio greater than 1.5. It was recommend the District accept B of A's proposal but for a term of one year only and then pursue a waiver for the LOC from KPUD after one year. Commissioner Ketcham moved to adopt the resolution and seconded by Commissioner McCrady. Motion carried.

Board Reports and Discussions

Commissioner Ketcham – Reported the CEO at Energy Northwest announced his retirement.

Commissioner Piper – Reported he represented the PUD this afternoon at the Lower Columbia Contractors Association Membership Appreciation BBQ. He was asked to deliver the District's refund check from the L & I premiums of the Return on Industrial Insurance program in the amount of \$12,000.

Other Business: None

Comments:

From the General Manager: None

From the Commissioners: None

From the Chief Operating Officer: Reported the Red Flag required training is due this Friday, August 1st.

Adjournment – The next regular Board meeting of the Commission would be held Tuesday, August 11, 2009 at 2:00 p.m. in the PUD Auditorium. The meeting was adjourned at 4:45 p.m.

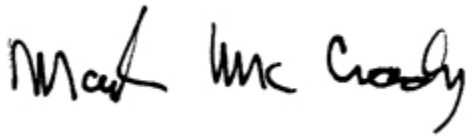


Secretary

Attest:



President



Vice President

Prepared by _____
Sandra Willman, Clerk of the Board