

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

**MINUTES OF MEETING OF COMMISSIONERS**

December 13, 2011

John Searing Auditorium

**Present:**

**Commissioners:**

Mark McCrady, President

Edward 'Ned' Piper, Secretary

Merritt "Buz" Ketcham, Vice President

**Staff:**

Brian Skeahan, General Manager

Paul Brachvogel, General Counsel

Sandra Willman, Executive Assistant

Don McMaster, Chief Operating Officer

Bruce McLean, Deputy Auditor

Gary Huhta, Dir. of Power Management

Robbie Berg, Human Resources Manager

Rick Syring, Interim Director of Operations

Trent Martin, Dir. of Accounting & Finance

Ray Johnson, Interim Dir. of Engineering

Eugene Rosolie, Conservation Manager

Doug Wood, Dir. of Information Services

Dave Andrew, Dir. of Customer Services

Treana Storie, Operations Admin. Assistant

Diana MacDonald, Mgr. Environmental &  
Regulatory Services

Jeff Moses, Purchasing Manager

Chris Marlowe, Superintendent

Michelle Drew, Buyer

**Guests:**

Frank Wille, Employer Support of the Guard & Reserve

T.J. Rosengarth, Northwest Hardwoods

Ted Sprague, Cowlitz Economic Development

Scot Walstra, Cowlitz Economic Development

**Public:**

Gene Frymire

Angela Wastradowski

Grant Sawyer

Jim Hedges

**Media:**

Betty Wilson, KLTV

Erik Olson, TDN

**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 McCrady.

**Approval of the Minutes** – The minutes of the regular Board meeting of November 22, 2011 were approved as published.

**Approval of Vouchers of \$4,523,155.75** – The Commission reviewed vouchers audited and certified by Deputy Auditor Bruce McLean as required by RCW 42.24.080 and RCW 42.24.090 for which warrants were issued on December 13, 2011, under provisions of Resolution No. 1421. Motion was made by Commissioner Ketcham to approve the vouchers and seconded by Commissioner Piper. Motion carried. Warrants drawn to cover said vouchers are as follows:

<u>Fund</u>	<u>Warrant Nos.</u>	<u>Amount</u>
Accounts Payables	8633 – 9362*	\$4,166,368.10
Payroll	12-02-11	356,787.65

\* Warrant No. 9015 was voided.

**Presentation of Patriotic Employer Award** – Mr. Frank Wille of Employer Support of the Guard and Reserve presented a plaque acknowledging the District's support of employees in the Guard and Reserves. Employee Rachel Rojas, Warehouse Helper, nominated the District for the award. She has been in the Reserves for 12 years and recently returned from active duty. Rachel stated she loves the Reserves and her job at Cowlitz PUD and was thankful to be able to have both.

**Comments from the General Public for Non-Agenda Items:** Customers Angela Wastradowski, Gene Frymire and Jim Hedges commented on not having the bills pro-rated with the November 1, 2011 rate increase. Customer Grant Sawyer urged that people look at conservation seriously. He mentioned there are amazing conservation programs available to help lower consumption. All comments were acknowledged by the Commissioners. Commissioner McCrady apologized for not communicating better to the public and in the future it would be clearer.

### **Presentations and Reports from Staff / Directors** (Informational, Non-Action)

**Brian Skeahan, General Manager** – Provided an update on environmental redispach litigation. Brian is a participant in the settlement discussions. The IOUs and wind developers have filed in both the Ninth Circuit and at FERC over the BPA environmental redispach policy. FERC's action was in favor of the petitioners. It continues to be an ongoing process.

**Don McMaster, Chief Operating Officer** – Provided updates on the Washington Way transmission line sale to BPA and the under frequency load agreement.

**Doug Wood, Director of Information Services** – Presented the November Project FOCUS Board report.

**Rick Syring, Interim Director of Operations & Ray Johnson, Interim Director of Engineering** – Presented the November Board Reports.

**Dave Andrew, Director of Customer Services** – Presented the November Board Report. Also effective January 1<sup>st</sup> the customer meter card reads will be discontinued. Letters will be mailed out the last week of December to most of the 1,180 customers on card read. With the new AMI meter system in place, the District will be able to read most these meters remotely.

### **Agenda Action Items**

#### **Staff Recommendation No. 33/12/13 – Adoption of Economic Development Rates Schedules 8 & 9**

Director of Accounting & Finance Trent Martin reported under Section IV of the District's Economic Development Policy No. AD-3, the District may offer a customer a contract rate for new or expanded loads which directly results in new jobs in Cowlitz County. The term of the contract rate will not exceed 24 months after which the customer shall return to the applicable rate schedule. Staff recommended the Board adopt rates schedules 8 and 9, discounted by not-to-exceed 20%. Commissioner Piper moved to adopt the rates schedules and seconded by Commissioner Ketcham. Motion carried.

#### **Staff Recommendation No. 34/12/13 – Approval of Economic Development Rate Application**

Brian Skeahan recommended adopting a rate incentive for Northwest Hardwoods in accordance with the District's Economic Development Policy No. AD-3, Section V. The District and the

Economic Development Council understood that approval of the request would provide two years worth of certainty that those jobs would be preserved when they otherwise could be at risk. Commissioner Piper moved to adopt the rate incentive for Northwest Hardwoods and seconded by Commissioner Ketcham. Motion carried.

**Resolution No. 2653:**

**A RESOLUTION** authorizing the adoption of ten-year conservation resource potential and biennial conservation target as required by RCW 19.285.040 and WAC 194-37-070.

Conservation Manager Eugene Rosolie recommended the adoption of the District's updated ten-year conservation potential of 42 aMW for 2012-2021 and an updated biennial target 8.4 aMW for 2012-2013. The ten-year conservation potential was developed using methodologies consistent with those of the Northwest Power and Conservation Council. Commissioner Ketcham moved to adopt the resolution and seconded by Commissioner Piper. Motion carried.

**Resolution No. 2654:**

**A RESOLUTION** of the Board of Commissioners rescinding Resolution No. 2392, establishing its Commissioner District boundaries, and authorizing the Cowlitz County Auditor to reference said boundaries for official use.

General Counsel Paul Brachvogel reported that a public hearing was held November 22, 2011 to consider public comments in accordance with RCW 29A.76.010(4) and (5). The new District boundaries were changed utilizing the 2010 Census information. Commissioner Ketcham moved to approve the new District boundaries and seconded by Commissioner Piper. Motion carried.

**Break:** 3:39 p.m.

**Reconvened:** 3:45 p.m.

**Motion:**

**That** the Board of Commissioners adopts the 2012 Budget and SEPA Compliance.

General Manager Brian Skeahan reported in anticipation of a continued slow economy the 2012 budget includes less than 1% load growth in the forecast. The Capital Improvement Plan budget has been reduced 28% from 2011. It is 58% down from 2008-2011. Labor and benefits was reduced 3.24% from 2011, the third year of flat labor and benefits. Commissioner Ketcham moved to adopt the 2012 Electric Budget and SEPA Compliance and seconded by Commissioner Piper. Motion carried.

**Staff Recommendation No. 35/12/13 – Adoption of Revised Purchasing Policy and Procedures**

Staff recently completed a review and update of the District's purchasing policy and procedures. The policy changes continue to keep the District within the guidelines established under the Revised Code of Washington. The District's General Counsel will review all necessary bid contract information prior to bid award / contract signature. In addition all bid and performance bonds will be reviewed by General Counsel. Commissioner Ketcham moved to adopt the revised Policy and seconded by Commissioner Piper. Motion carried.

**Staff Recommendation No. 36/12/13 – Acceptance of 2010-2011 Underground Distribution System Small Projects Contract No. UC1510**

The District entered into Contract No. UC1510 with Richard Lee Construction to perform day-to-day underground construction work on October 15, 2010. This Contract was completed on November 20, 2011. The Contract provided two possible annual extensions. On November 8, 2011 the Commissioners approved the first annual extension, Contract No. UC1541. Commissioner Ketcham moved to accept Contract No. UC1510 as complete and seconded by Commissioner Piper. Motion carried.

**Motion:**

Commissioner Ketcham moved and seconded by Commissioner Piper that the Regular Board meeting of December 27, 2011 be cancelled. 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**

**Motion:**

Motion was made by Commissioner Ketcham and seconded by Commissioner Piper that the meeting be recessed to Executive Session for the purpose of potential litigation matters pursuant to RCW 42.30.119(1)(i) for a period not to exceed approximately 30 minutes duration. No action will be taken as a result of the Executive Session. The Motion carried and the meeting was recessed to Executive Session at 4:25 p.m. In attendance were Commissioners McCrady, Ketcham, Piper, Brian Skeahan, Paul Brachvogel and Don McMaster.

**Adjournment** – The next regular Board meeting of the Commission would be held Tuesday, January 10, 2012 at 2:00 p.m. in the John Searing Auditorium. The meeting was adjourned at 5:00 p.m.

Secretary

Attest:

President

Vice President

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