

PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

**MINUTES OF MEETING OF COMMISSIONERS
Regular Meeting of September 27, 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
Trent Martin, Dir. of Accounting & Finance
Dave Andrew, Mgr. Comm. & Govt. Affairs
Gary Huhta, Director of Power Management
Tim Johnston, Interim Dir. of Engineering
Ray Johnson, Operations Superintendent

Don McMaster, Chief Operating Officer
Royce Hagelstein, Auditor
Rick Syring, Director of Engineering
Robbie Berg, HR Manager
Diana MacDonald, Mgr. Environmental &
Regulatory Services
Heather Allen, Risk Manager

Media:

Betty J. Wilson, KLTV

General Public:

Rick Parker
Monte Roden

Guest:

Jim Oakley of Energy Northwest

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 September 13, 2011 were approved as published.

Approval of Vouchers of \$14,944,144.52 – The Commission reviewed vouchers audited and certified by Auditor Royce Hagelstein as required by RCW 42.24.080 and RCW 42.24.090 for which warrants were issued on September 27, 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	6901 – 7376*	\$14,610,864.94
Payroll	9-16-11	333,279.58

* Warrant Nos. 6900, 6947, 6948, 6949 and 7137 were voided.

Agenda Action Items

Public Rate Hearing – The Commission had set the Regular Commission meeting of September 27, 2011 at 2:00 p.m. to hold a Public Hearing regarding the new proposed Rate

Schedule 25 for Major Industrial Service Transmission Voltage Delivery and revised Rate Schedule 62 for Direct Access Delivery Charge Transmission Voltage Delivery. Auditor Royce Hagelstein presented the financial outlook and Cost of Services Analysis (COSA) results. The rates and charges were developed from the COSA. I-937 was the basis of the new rates. COSA will be updated annually and Exhibit D will be amended as needed annually. The Rate Schedules will be effective October 1, 2011. There were no public comments. Following the Public Hearing, Resolution No. 2649 was presented for approval.

Resolution No. 2649:

A RESOLUTION of the Board of Commissioners of Public Utility District No. 1 of Cowlitz County, Washington, Adopting Rate Schedules 25, 62 and Exhibit D of Contracts and Rescinding Resolution No. 2635 in Part. Commissioner Ketcham moved to adopt the Resolution and seconded by Commissioner Piper. Motion carried.

Resolution No. 2650:

A RESOLUTION of the Board of Commissioners of Public Utility District No. 1 of Cowlitz County, Washington, Rescinding Resolution No. 2644 and Authorizing the Deposit of \$3,500,000 into the Rate Stabilization Fund.

Director of Accounting and Finance Trent Martin reported the Rate Stabilization Fund was established in 2009 to provide a reserve that can be utilized should the District experience shortfalls in revenues or unanticipated changes in budgeted costs. Resolution No. 2644 was adopted by the Commissioners on July 26, 2011 authorizing the withdrawal of \$3,500,000 from the Fund in order to comply with the bond covenants for the year ending December 31, 2010. After discussing with financial advisors, it was ultimately discovered that the amount was not necessary to comply with the bond covenants. Resolution No. 2650 authorized \$3,500,000 be deposited into the Rate Stabilization Fund. Commissioner Ketcham moved to adopt Resolution No. 2650 and seconded by Commissioner Piper. Motion carried.

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

Brian Skeahan, General Manager – Provided updates on the California PUC wind sales contract, development of the Smart Grid Business Case, US Forest Service Spirit Lake Highway electrical system and 2012 budget information. A Board budget workshop was scheduled for September 28 at 11 a.m. The Commissioners were given copies of the 2012–2014 revised Capital Improvement Plan.

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

Trent Martin, Director of Accounting & Finance – Presented the August Financial Board report.

Royce Hagelstein, Auditor – A PowerPoint presentation was given on the 2012 rates information and 2012 budget.

Comments from the General Public for Non-Agenda Items – None

Board Reports and Discussions – None

Other Business – None

Guest – Jim Oakley of Energy Northwest provided an update on the Columbia Generating Station. It is back on line as of September 27 following the maintenance outage with 100 percent power in about ten days. After Japan's earthquake, every plant in the nation had to be tested. The plant is prepared for a four hour battery backup in case of outage such as occurred in Japan. It will be increased to eight hours in a couple of years. Other updates were provided on their projects.

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 4:00 p.m. In attendance were Commissioners McCrady, Ketcham, Piper, Brian Skeahan and Paul Brachvogel.

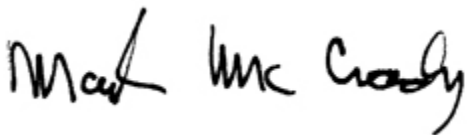
Following Executive Session, the regular meeting of the Commission was reconvened at approximately 4:35 p.m. No action was required following the Executive Session.

Adjournment – The next regular Board meeting of the Commission would be held Tuesday, October 11, 2011 at 2:00 p.m. in the John Searing Auditorium. The meeting was adjourned at 4:40 p.m.



Secretary

Attest:



President



Vice President

Prepared by _____
Sandra Willman, Clerk of the Board