

PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

MINUTES OF MEETING OF COMMISSIONERS

Regular Meeting of August 11, 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
Gary Huhta, Director of Power Management
Sandy Willman, Executive Assistant
Ray Johnson, Operations Superintendent
Steve Lafady, Human Resources Manager

Pat Lloyd, Auditor
Jeff Moses, Purchasing Manager
Tom Loback, Director of Customer Services
Bob Essex, Power Resources Engineer
Monte Roden, Director of Operations
Paul Brachvogel, General Counsel
Rick Syring, Director of Engineering

Public:

Steve Casciato

Media:

Betty Wilson, KYLK

Guest:

Sheila Girt, CAP
Pete St. Denis, Propel Insurance

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 28, 2009 were approved as published.

Approval of Vouchers of \$3,801,767.06 – 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 August 11, 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	11989 – 12234	\$ 2,841,998.29
Swift Revenue	02296 – 02300	467,900.05
Payroll	1769	491,336.72
Water	06540	532.00

Comments from the General Public – Customer Steve Casciato approached the Commissioners. His residence is next to the Olive Way substation, which has been under construction. He has not been pleased with the construction. He presented photos of before and after of his back yard and requested to be compensated. Brian explained it was a major

construction project and the expansion was necessary. Mr. Casciato said he knew that the PUD owned the property when he purchased the residence and that the substation existed. The District is within the confines of its property. Don McMaster will follow up.

Guest – Pete St. Denis of Propel Insurance presented a proposal for the District's property insurance. The insurance renewal is due August 30, 2009. The proposal will be an action item at the August 25th Board meeting.

Reports (Informational, Non-Action)

Brian Skeahan, General Manager – Gave an update on the Harvest Wind project. Construction is in full action with the first structure being installed this week. He also gave an update on Wind Integration and Ancillary Services Rate Decision in the Final Record of Decision.

Staff / Director's Reports

Tom Loback, Director of Customer Services – Presented the July Board report.

Monte Roden, Director of Operations and Rick Syring, Director of Engineering – Presented their July Board reports. Operations Superintendent Ray Johnson gave an update on the 2009 Plow project. He reported of the 20 miles to be replaced, 63% has been completed.

Don McMaster, Chief Operating Officer – Reported he has been working with WECC consultants to help us meet standards. This is dovetailed with security upgrades, AML and record management.

The permit work has begun for the Lewis River upgrades and substation. The goal is to have it completed before the major weather begins.

Presentation of Proceeds from the charity Bingo event – Dave Andrew reported PUD employees, friends and families volunteered at the four day charity Bingo event at the Cowlitz County Fair, which raised \$4,040. A check for \$2,020 was presented to Jean Bagnell for proceeds to the American Cancer Society Relay for Life and the other half of the proceeds was given to Sheila Girt of Lower Columbia CAP for the Warm Neighbor program.

Agenda Action Items

Staff Recommendations:

No. 24/8/11 – Review of 2009 Low-income Discount Programs (Tab 3, Board packet)

In 2004 the Commissioners requested that these programs be reviewed annually. Dave Andrew, Manager of Communications & Government Affairs, reported that with the PUD likely facing a rate increase this fall, it was suggested increasing the discounts from 10% and 20% to 15% and 25% respectively. Also added is a third income category, based on 175% of the federal poverty standards, and extending that group a 5% discount. Another level of household size was added. Previously the highest income level allowed was for a household of 4+. This has been changed to a level of 5+. Commissioner Ketcham moved to approve the changes and seconded by Commissioner McCrady. Motion carried.

No. 25/8/11 – Bid Award for Swift No. 2 Wasteway Concrete Repair Project (Tab 4, Board packet)

Director of Power Management Gary Huhta reported the District's project engineer and FERC recommended the Swift No. 2 Wasteway concrete be repaired as there are substantial cracks, deteriorated concrete surfaces and voids that exist beneath the slab. It was proposed to place two new concrete overlay slabs on the east and west ends of the Wasteway. The District advertised for bids on June 26, 2009. Three bids were received. All of the bids were found to be complete. J.H. Kelly, LLC submitted the lowest bid. They have the necessary experience to complete this work in accordance with the plans and specifications. Commissioner Ketcham moved to accept the J.H. Kelly, LLC bid and seconded by Commissioner McCrady. Motion carried.

No. 26/8/11 – Contract No. UC1447, Amendment No. 2 – Underground Dock Crew (Tab 5, Board packet)

Operations Superintendent Ray Johnson reported the District's existing underground dock crew contractor that completes the District's day to day trenching, plowing and boring work currently has a \$10,000 per job limitation provision in the contract. State law has recently increased this limit from \$10,000 to \$25,000 per job. It was recommended that the District amend the contract to be in line with the new changes in the state's RCWs. Commissioner Ketcham moved to approve the amendment and seconded by Commissioner McCrady. Motion carried.

No. 27/8/11 – TEA Amended and Restated Resource Management Agreement (Tab 6, Board packet)

Power Resources Engineer Bob Essex reported this Amendment and Agreement between the District and The Energy Authority (TEA) accomplished a number of factors. It carries forward previous task orders under the name of the current organization (TEA) as opposed to the prior PRM, updates the Agreement and incorporates the new Activity 2 and Exhibit C services, which are both necessary to prepare for and implement the Slice resource on October 1, 2011. Commissioner Ketcham moved to authorize the execution of the Amendment and Agreement and seconded by Commissioner McCrady. Motion carried.

No. 29/8/11 – Memorandum-of-Understanding with Rappaport Energy Consulting, Inc.

Director of Power Management Gary Huhta reported the District has been in discussions with Rappaport Energy Consulting, Inc. regarding an integrated biorefinery project that Rappaport desires to develop on Swanson Bark and Wood Products property in Longview. The project would involve converting waste wood to a synthesis gas in a gasifier, the high temperature syngas would pass through a heat exchanger to extract the majority of the heat to produce steam and then electricity, the lower temperature syngas would then be converted to a liquid ethanol through a microbial process. Rappaport is seeking funding from Washington State for a feasibility study and a pilot project. However the application requires demonstration that an organization is committed to providing matching funds in case funds are awarded by the State. The District is in favor to construct a pilot project. The Memorandum of Understanding (MOU) does not fully commit the District or its resources to this project but demonstrates the District's support. This project would be very positive for the local community. Commissioner Ketcham authorized the execution of the MOU and seconded by Commissioner McCrady. Motion carried.

Board Reports and Discussions

Board Discussion – Gary Huhta has had discussions recently with Siemens Building Technologies, Inc. regarding developing a landfill gas generation facility on property located at the Cowlitz County Landfill in Longview. Cowlitz County, owner of the landfill, released a Request for Proposals in October 2008 seeking proposals to complete a project for the beneficial use of the methane gas generated by the landfill. Cowlitz County accepted Siemens proposal. Siemens had asked the District to sign a Memorandum of Understanding (MOU) demonstrating our support. The MOU does not fully commit the District or its resources to this project but demonstrates the District's support. The Board agreed this would be a nice community base project.

The Washington PUD Association leadership and Commissioners' compensation was discussed.

Other Business: None

Comments:

From the General Manager: None

From the Commissioners: None

From the Chief Operating Officer: None

Adjournment – The next regular Board meeting of the Commission would be held Tuesday, August 25, 2009 at 2:00 p.m. in the PUD Auditorium. The meeting was adjourned at 5:40 p.m.




Secretary

Attest:



President



Vice President

Prepared by _____
Sandra Willman, Clerk of the Board