

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

**MINUTES OF MEETING OF COMMISSIONERS  
Regular Meeting of March 24, 2009  
PUD Auditorium**

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

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

Merritt "Buz" Ketcham, Secretary

**Staff:**

Brian Skeahan, General Manager  
Dave Andrew, Mgr. Comm. & Govt. Affairs  
Pat Lloyd, Auditor  
Royce Hagelstein, Dir. of Acctg. & Finance  
Sandy Willman, Executive Assistant  
Jeff Moses, Purchasing Manager  
Chris Marlowe, Superintendent  
Ray Johnson, Superintendent

Paul Brachvogel, General Counsel  
Monte Roden, Director of Operations  
Rick Syring, Director of Engineering  
Gary Huhta, Director of Power Management  
Steve Lafady, Human Resources Manager  
Diana MacDonald, Mgr. Environmental &  
Regulatory Services  
Marilyn Miller, Treasurer / Risk Manager

**Media:**

Betty Wilson, KLTV

**Public:**

John Searing  
Dan Wilson

**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 March 10, 2009 were approved as published.

**Approval of Vouchers of \$23,209,287.34** – 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 March 24, 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 | 09819 – 10024*      | \$22,733,751.18 |
| Swift Revenue    | 02246 – 02249*      | 5,927.96        |
| Payroll          | 1759                | 469,608.20      |

\*Vouchers Nos. 09861, 09909 and 02247 are voided.

**Reports (Informational, Non-Action)**

**Brian Skeahan, General Manager** – Reported a group of utilities have been working on the formation of the Central Washington Power Authority as another alternative regarding power supply projects. A cost share agreement will be executed among the participating utilities with Grant PUD serving as the coordinating utility. The District's estimated cost under the agreement will be \$5,000 with costs being shared equally by the group.

Brian and Gary Huhta will be traveling to The Energy Authority (TEA) corporate office in Jacksonville, Florida on March 29<sup>th</sup> to meet with their senior staff. TEA is responsible for certain power scheduling and trading activities on behalf of the District. TEA is interested in the District being an equity member and sitting on the Board. Brian and Gary will be exploring their business of services and opportunities of being on the Board. Proposed changes in wind integration costs and scheduling requirements, coupled with the Slice contract makes this relationship of growing importance.

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

**Diana MacDonald, Manager of Environmental & Regulatory Services** – Provided updates on Swift No. 2 license implementation, environmental compliance, PacifiCorp communications, climate change and the District's Environmental Sustainability Policy.

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

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

**Dave Andrew, Mgr. Comm. & Govt. Affairs** – Provided the legislative update.

### **Agenda Action Items**

#### **Staff Recommendations:**

#### **No. 3/3/24 – Bid Award for Vegetation Management Contract**

Chris Marlowe, Operations Superintendent, reported the District advertised for bid to perform its vegetation management services for a three-year contract in addition to mailing out 20 bid packages to potential contractors. Asplundh Tree Expert Company was the only sealed bid received. Their bid was well within the engineer's estimate. Commissioner McCrady moved to approve the bid award to Asplundh Tree Expert Company and seconded by Commissioner Ketcham. Motion carried.

#### **No. 4/3/24 – Acceptance of 2008 Plow Project, Contract No. UC1433**

Ray Johnson, Operations Superintendent, reported under Contract No. UC1433, Henkels & McCoy, Inc. has replaced approximately 30 miles of underground cable. There were a total of 19 separate roads impacted by the work with the majority in Castle Rock and Woodland areas. Commissioner McCrady moved to approve the contract as complete and seconded by Commissioner Ketcham. Motion carried.

#### **Resolution No. 2615:**

**A RESOLUTION** Authorizing and Directing a Loan be made from the Swift No. 2 System to the Electric Distribution System for Developing the Harvest Wind Project; and Providing for Repayment Thereof and Fixing the Term and the Rate of Interest.

Royce Hagelstein, Director of Accounting & Finance, reported it was determined to be significantly more cost effective to develop the Harvest Wind Project without the use of a commercial construction lender. The Project is quickly moving along and the need to meet cash payments is growing. He recommended that the Electric Distribution System receive a loan of up to \$25 million from the Swift No. 2 system, that \$9 million be made available immediately to cover the turbines payment to Siemens and that we establish a 4.5% interest rate for the loan.

The loan will be repaid no later than when the District receives reimbursement for the Project costs. This should occur when the Project commences commercial operation and is sold to equity investors. Commissioner Ketcham moved to approve the resolution and seconded by Commissioner McCrady. Motion carried.

**Motion:**

Motion was made by Commissioner Ketcham and seconded by Commissioner McCrady that the Board of Commissioners authorizes Commissioner Piper to sign a letter to FEMA in an attempt to secure partial reimbursement for expenses associated with the snow storm in December 2008. Motion carried.

**Board Reports and Discussions**

**Commissioner Ketcham** – None  
**Commissioner McCrady** – None

**Commissioner Piper** – Reported at the WPUDA meetings last week, a presentation was given on hydrogen hubs that are being installed at wind farms. It is in the experimental stage however, we will be hearing more on this when they begin to look for partners and funding to proceed.

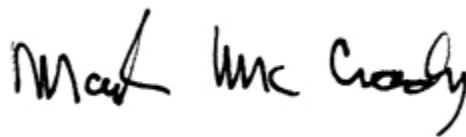
**Other Business:** None

**Comments:**

**From the General Public:** Customer Dan Wilson stated he found the Board meeting to be very interesting.

**From the General Manager:** None  
**From the Commissioners:** None

**Adjournment** – The next regular Board meeting of the Commission would be held Tuesday, April 14, 2009 at 2:00 p.m. in the PUD Auditorium. The meeting was adjourned at 4:30 p.m.



Secretary

Attest:



President



Vice President

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