

PUBLIC UTILITY DISTRICT NO. 1 OF COWLITZ COUNTY, WASHINGTON

**MINUTES OF MEETING OF COMMISSIONERS
Regular Meeting of December 9, 2008
PUD Auditorium**

Present:**Commissioners:**

Merritt "Buz" Ketcham, President
Edward M. "Ned" Piper, Vice President

Mark McCrady, Secretary

Staff:

Brian Skeahan, General Manager
Don McMaster, Chief Operating Officer
Pat Lloyd, Auditor
Royce Hagelstein, Dir. of Acctg. & Finance
Sandy Willman, Admin. Asst. to the General Mgr.

Paul Brachvogel, General Counsel
Dave Andrew, Mgr. Comm. & Govt. Affairs
Rick Syring, Director of Engineering
Sherry Crayne, Dir. of Customer Services
Monte Roden, Director of Operations

Media:

Betty J. Wilson, KLTV
Erik Poulsen, The Daily News

Guest:

Jim Oakley, 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 Ketcham.

Approval of the Minutes – The minutes of the Regular Board Meeting of November 25, 2008 were approved as published.

Approval of Vouchers of \$2,755,719.49 – 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 December 9, 2008, under provisions of Resolution No. 1421. Motion was made by Commissioner Piper 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	08204 – 08432	\$ 2,754,993.97
Swift Revenue	02215 – 02216	481.52
Water Revenue	06531	244.00

Reports (Informational, Non-Action)

Introduction of new employees – Superintendent Tim Fromm introduced our new Substation Wireman Todd Richardson who began employment on December 1, 2008.

Jim Oakley of Energy Northwest – Reported the Kalama generation project is still moving forward. They have recently begun negotiations with a new interested company. If those negotiations do not evolve, there is another company expressing an interest. In the future, Jim

stated Energy Northwest will make improvements in their communication process. The Radar Ridge wind project is continuing to progress with a beginning construction date of May 2011.

Brian Skeahan, General Manager – Reported that Klickitat PUD is in the planning process of expanding their landfill gas project. Several months ago we had expressed our desire to participate in the expansion. Recently Brian has had several discussions with their staff and at this juncture it is worth continuing with the dialogue. The Commissioners stated this would give us another renewable resource and agreed we should proceed.

The Harvest Wind project continues to move forward. The next meeting is scheduled for December 10.

The Auditor and General Counsel are working on clarification of the Commissioners' per diem compensation. Paul has requested from the State Auditor their explanation of the compensation statute before proceeding further.

Staff / Director's Reports

Don McMaster, Chief Operating Officer – Don and appropriate staff will be meeting with Propel Insurance on Thursday, December 11 to review pending claims. He has also scheduled a meeting for Friday, December 12 with the City of Longview to further discuss the interlocal agreement of sharing resources for fleet maintenance. The protection system for the south end of the county's power has been moving forward. The fiber optic was installed over Interstate 5 last Sunday.

Sherry Crayne, Director of Customer Services – Presented the November Board Report.

Monte Roden, Director of Operations and Rick Syring, Director of Engineering – The November Operations and Engineering reports were given. Rick reported they have met their goal of having 11,000 AMI meters installed by the end of November. Our large key commercial customers have been assigned an engineer for a contact point. If one of those customers is affected by a power outage, the dispatcher will contact the engineer who in turn will contact the customer. Brian mentioned Dave Andrew and he have been planning for the first part of the year to invite all of our larger customers to the PUD to meet appropriate staff and discuss their needs.

Board Reports

Commissioner Ketcham – None

Commissioner Piper – Reported the Board is pleased that their nomination of Benton PUD Commissioner Jeff Hall prevailed for the WPUDA president.

Commissioner McCrady – Asked the General Manager for his recommendation on the second round of DSI issues. Brian reported BPA has released the specific contract and there will be some assistance to Alcoa. He believes we should file our own comments and follow PPC's lead because of its views on the contracts.

Commissioner McCrady asked Brian for his recommendation regarding BPA Administrator Steve Wright's position. Brian said Steve plans on continuing to work until he is told differently. He feels we should support Steve. All three Commissioners concurred. Brian will follow through.

Commissioner McCrady congratulated Dave Andrew and Commissioner Ketcham for the outstanding legislative forum yesterday. He asked for general direction on how to orchestrate staff and others in Olympia to make sure we are all working together with our message. Brian said the Board should give us general direction and then it will be taken from there.

Agenda Action Items

Resolution No. 2611:

A RESOLUTION of the Commission of Public Utility District No. 1 of Cowlitz County, Washington (the District), Beginning Consideration of Standards in the Energy Independence and Security Act of 2007.

General Counsel Paul Brachvogel reported the PURPA standards were put in place in 1978. This resolution is a formality formed by PURPA to consider five new standards. Motion was made by Commissioner McCrady to adopt the Resolution and seconded by Commissioner Piper. Motion carried.

Motion:

That the Board of Commissioners adopts the 2009 Budget and SEPA Compliance.

Director of Accounting and Finance Royce Hagelstein presented the 2009 proposed Electric Budget. Commissioner McCrady stated that the most important fact is rates remaining stable, noting the District has the same rates today as it had in 2003. Brian said the size of BPA's wholesale power costs projected for October 2009 will determine if a local rate increase is needed late next year. Commissioner Ketcham mentioned over the last four months we have been working on the proposed budget with our strategic planning outcomes in mind. He feels we have accomplished a great deal and thanked staff for all their hard work. Commissioner Piper moved to approve the 2009 Budget and seconded by Commissioner McCrady. Motion carried.

Motion:

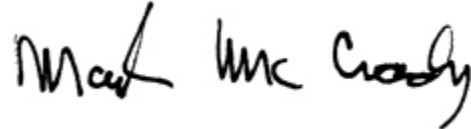
That the regular Board meeting of Tuesday, December 23, 2008 be cancelled and that a supplemental Board meeting be scheduled for December 16, 2008 beginning at 5:30 p.m. in the PUD Auditorium. Commissioner McCrady moved to cancel the regular Board meeting of Tuesday, December 23 and schedule a supplemental meeting for December 16. It was seconded by Commissioner Piper. Motion carried.

Other Business: None

Comments:

From the General Public: None
From the General Manager: None
From the Chief Operating Officer: None
From the Commissioners: None

Adjournment – The next regular Board meeting of the Commission would be held Tuesday, December 16, 2008 at 5:30 p.m. in the PUD Auditorium. Meeting was adjourned at 3:55 p.m.



Secretary

Attest:



President



Vice President

Prepared by _____
Sandra Willman, Administrative Assistant to
the General Manager