

Minutes of the Regular Meeting of the Board of Directors of the Kings River Conservation District held April 8, 2008.

President McKean called the meeting to order at 1:35 P.M.

DIRECTORS PRESENT

Mark C. McKean, President
Brent L. Graham, Vice President
Ceil W. Howe, Jr.
Gildo Nonini
Alvin J. Quist
Norman B. Waldner
Masaru Yoshimoto

DIRECTORS ABSENT

NONE

OTHERS PRESENT

KRCD Staff:

Margaret Clayton
Lynden Garver
Rick Hoelzel
Randy McFarland
John Moore
David Orth
Donna Pepper
Jim Richards
Randy Shilling
Sandra Soares
Brian Trevarrow
Cristel Tufenkjian

Others:

Jeff Adolph, Pacific Gas & Electric Co.
Stephanie Beall, NAWC
Lisa Bischel, Madrid-Salazar Marketing & PR
Steve Haugen, KRWA
David Yorty, NAWC

ADDITIONS TO OR DELETIONS FROM THE AGENDA

NONE

PUBLIC PRESENTATIONS

NONE

MINUTES

It was moved by Director Nonini, seconded by Director Yoshimoto and unanimously carried that the Minutes of the March 11, 2008 Regular Board meeting be approved, as presented.

WATER CONDITIONS

Steve Haugen, KRWA, summarized a report on water conditions stating storage in the Pine Flat Reservoir (Reservoir) as of 2400 hours on April 7, 2008 was 367,459 acre-feet with vacant space of 826,541 acre-feet. On that date, the calculated natural inflow to the Reservoir was 2,194 C.F.S.

Mr. Haugen reported on the eight (8) Kings River snow sensors currently operational, with readings as of April 7, 2008 as follows:

SENSOR	ELEV.	WATER CONTENT (INCHES)	APRIL 1 AVERAGE (INCHES)	PERCENT APRIL 1 AVERAGE
Big Meadows	7600	29.0	25.9	112.0%
West Woodchuck	8800	28.9	32.8	88.1%
Upper Burnt	9700	31.8	34.6	91.9%
Mitchell Meadow	9900	37.7	32.9	114.6%
State Lakes	10300	33.7	29.0	116.2%
Black Cap Basin	10300	34.0	34.3	99.1%
Charlotte Lakes	10400	30.1	27.5	109.5%
Bishop Pass	11200	20.8	34.0	61.2%
Snow Sensor Average		30.8	31.4	98.0%

DIRECTORS' REPORTS

Director Quist and Director Waldner reported on their attendance at the Kings River Water Association Annual Dinner held on March 21, 2008. Director Quist also reported he would attend the ACWA/JPIA's Board of Directors' meeting to be held on May 5, 2008 in which there will be an Executive Committee election, and asked for support from the Board as he will place a vote on behalf of the District.

KINGS RIVER WEATHER MODIFICATION PROGRAM

Stephanie Beall, North American Weather Consultants (NAWC) provided a report of operations for the month of March 2008, noting there were no seeding flights and no ground based generator event, creating a total generator hours of 291.25 for the season.

GENERAL MANAGER'S REPORT

David Orth, General Manager, reported he received notice that retired Board of Director Hugh V. Johns passed away. Mr. Orth stated Mr. Johns served 36 years as a Director for the Kings River Conservation District.

Mr. Orth then directed the Board to the General Manager's monthly status report for the month of March 2008 and highlighted the following:

Community Choice Aggregation (CCA): Mr. Orth reported the settlement negotiations with PG&E to resolve the San Joaquin Valley Power Authority (SJVPA) complaint regarding Pacific Gas & Electric Company (PG&E) marketing conduct continued throughout the month,

with meetings at the California Public Utilities Commission (CPUC) on March 5, 2008. Mr. Orth further reported SJVPA and PG&E counsel are presently drafting a settlement agreement to reflect agreed upon terms and principles developed during these negotiations, and further discussions will be held in the closed session portion of the agenda.

Mr. Orth reported the February approval by the Board of the Electric Supply Agreement (ESA) and the Electricity Remarketing Agreement (ERA) negotiated with Citigroup Energy was followed by two SJVPA public hearings and several weeks of public review with limited participation and comments. Mr. Orth further reported PG&E and Southern California Edison (SCE) have indicated their analysis continues and comments are forthcoming. Upon the completion of the public hearing process the SJVPA Board of Directors will refer the agreements to its Executive Committee to determine compliance with the Power Supply Agreement.

Mr. Orth recalled on August 14, 2007 the Board approved Resolution No. 07-17 authorizing the filing of a Private Letter Ruling with the United States Treasury Department (Treasury). Mr. Orth reported further that under terms set forth in the ESA, the District may issue debt to finance the prepayment of a portion of the cost of providing electricity to the SJVPA and issuance of tax exempt debt to finance such prepayments are generally authorized under the federal tax code. The District requested a private letter ruling on the matter and has received the preliminary decision which is favorable, and Bond Counsel to the District, Doug Brown of Stradling Yocca Carlson & Rauth is reviewing the private and confidential decision, after which the Treasury will publicly post the ruling.

Mr. Orth reported that both PG&E and SCE (Utilities) continue to represent that each San Joaquin Valley Power Authority (SJVPA) member should be jointly and severally liable for obligations of the SJVPA, particularly any obligations created by failure of the SJVPA and return of its customers to bundled Utility service. Mr. Orth explained a petition to modify the Utility Service Agreement establishing this requirement was filed with the California Public Utilities Commission by the SJVPA in December 2007. Mr. Orth further reported on March 26, 2008 a Proposed Decision of the Administrative Law Judge was issued and concludes that the joint and several liability requirements of the Utilities interferes with local government authority to create joint powers agency agreements that exempt the members of the joint powers agency from joint and several liability for the debts, liabilities, and obligations of the joint powers agency, and further that Utility tariffs may not impede the intent of the Legislature with regard to the rights and authority of local governments. Mr. Orth stated that the Proposed Decision would direct PG&E, SCE, and San Diego Gas & Electric Company to remove any requirement that imposes joint and several liability on the members of a joint powers agency for the debts and obligations of that joint powers agency that is created for the purpose of undertaking CCA as described in Assembly Bill 117 and related statutes. Mr. Orth then reported CPUC Commissioner Michael R. Peevey, published a proposed scoping memorandum that denied PG&E's motion to seek hearing on the issue which would effectively delay resolution of the matter. Mr. Orth explained the decisions are in the public review process, and final CPUC action is expected in May 2008.

Mr. Orth stated he had been invited to speak to the Marin County CCA task force on March 6, 2008 and there he provided an overview of KRCD and SJVPA experience to-date in forming a CCA program. Marin County and communities are exploring the development of a JPA and preparation of a CCA implementation plan by the end of 2008. Mr. Orth also participated in a conference call with Marin County representatives on March 26, 2008 to discuss in further detail KRCD's experiences with CCA.

Irrigated Lands Program (ILP): Mr. Orth reported work to develop a joint powers agency (JPA) to provide direction and oversight of the ILP for Kings River landowners has produced a final draft agreement that will be distributed to water agencies within the Kings River area. Execution of the JPA agreement will create a new entity that essentially manages the ILP, that entity will enter into an agreement with KRCD staff to provide fiscal and agency representation which will allow KRCD to take a cooperative role in the program.

LEGISLATION

David Orth, General Manager, reported the Kings River Legislative Committee reviewed several legislative issues as follows:

AB 2065 (Hancock) Invasive Aquatic Species: This bill would require any private entity, state or local agency, district, authority, or other governing body that owns or manages a water storage reservoir or waterway to assess the vulnerability of the reservoir or waterway for the introduction of nonnative mussel species and to develop and implement a monitoring and control program to prevent the introduction of that species, thereby imposing a state-mandated local program. Mr. Orth reported the Kings River Legislative Committee referred to the Kings River Fish and Game Committee and a formal letter of opposition was submitted.

AB 2175 (Laird) Water Conservation: Existing law requires the Department of Water Resources to convene an independent technical panel to provide information to the department and the Legislature on new demand management measures, technologies, and approaches. "Demand management measures" means those water conservation measures, programs, and incentives that prevent the waste of water and promote the reasonable and efficient use and reuse of available supplies. This bill would require the department to establish a statewide target to achieve a 20% reduction in urban per capita water use in California by December 31, 2020. Mr. Orth reported the Kings River Legislative Committee will submit a formal letter of opposition before the bill goes to hearing April 15, 2008.

SB 1520 (Kehoe) Water Quality: SB 1520 will amend Section 13369 of the Water Code, relating to water quality and would ignore the benefits of watershed monitoring, general management plans and practices developed through the existing Irrigated Lands Management program by proposing burdensome monitoring and reporting requirements upon the regulatory agencies and individual landowners that would not improve watershed quality. These proposed alternatives would only add a tremendous administrative and regulatory burden to agencies and individuals already burdened with regulatory compliance costs. Mr. Orth reported the Kings River Legislative Committee has submitted formal letter of opposition.

SB 1176 (Perata) Water Quality Regional Boards: This bill would restructure the Regional Water Quality Board to establish regional boards of seven members, to be appointed by the Governor. Each member would be required to be appointed on the basis proven ability in the field of water quality, water pollution prevention, water pollution control, and related water resource management problems in their region. Mr. Orth reported the Kings River Legislative Committee has submitted formal letter of opposition.

PUBLIC INFORMATION

Cristel Tufenkjian, Manager, Community and Public Relations, provided a status report on activities for April 2008 and distributed copies of an announcement in which KRCD was awarded by the First 5 Fresno County as being a company that supports its employees who are

parents and incorporates a work culture that helps to balance home and work life. Ms. Tufenkjian also presented an audio recording of a NPR radio interview with David Orth, General Manager, on The California Report regarding the CCA program.

CORRESPONDENCE, MEETINGS AND CONFERENCES

There was no correspondence, meetings, or conferences.

STAFF STATUS REPORTS AND PRESENTATIONS

Water/Environmental Resources and Flood Control: Rick Hoelzel, Manager of Water Resources and Flood Control Maintenance, reported on March activities and provided an overview of the Groundwater Reports for 2004-2006 and also reported the draft of the Groundwater Report for 2007 is being completed.

Power Resources: James T. Richards, P.E., Manager of Power Resources, reported generation from the Jeff L. Taylor Pine Flat Power Plant began on March 2, 2008 and all units were available for the month. Mr. Richards further reported Unit 1 was online for 620.5 hours, Unit 3 was online for 143.02 hours, and Unit 2 was on standby the entire month.

John Moore, Manager of Hydro Generation, provided an overview of the Hydro Generation Benchmarking Program study conducted by GKS Hydro and the results as they relate to the Pine Flat Power Plant. Mr. Moore reported the study included a review of 356 stations predominately in the United States and Canada and representing more than 93,000 MW of installed capacity. Mr. Moore reported further those functions benchmarked included operations, plant maintenance, waterways and dam maintenance, building and ground maintenance, investment, support, regulatory and public affairs and engineering services.

Finance and Administration: Randy Shilling, Deputy General Manager of Finance and Administrative Services, presented an expenditure to budget comparison report for the period ending March 31, 2008.

It was moved by Director Quist, seconded by Director Nonini and unanimously carried, bills in the amount of \$3,676,516.13 as presented in the schedule of Disbursements and Current Accounts Payable, were approved and ordered paid.

RESOLUTION 08-03

President Mark McKean stated Lynden Garver retired from the District effective March 21, 2008, having served for 20 years. Mr. McKean stated further Mr. Garver served the District and District Staff with exemplary commitment. Mr. McKean requested the Board adopt Resolution No. 08-04 commending Lynden Garver for his service to the District.

It was moved by Director Waldner, seconded by Director Yoshimoto and unanimously carried to adopt Resolution No. 08-04, commending Lynden Garver for his service to the District.

CLOSED SESSION

The Board adjourned to Closed Session at 3:05 P.M. to:

- a) Pursuant to Government Code Section 54956.9(b), conference with Legal Counsel on threatened or anticipated litigation.
- b) Pursuant to the Government Code Section 54956.9 (b)(1), the Board may adjourn to Closed Session to confer with Legal Counsel on pending litigation in the matter of San Joaquin Valley Power Authority v Pacific Gas & Electric Company before the California Public Utilities Commission.

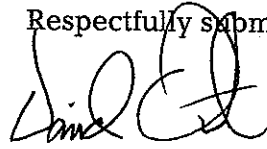
RECONVENE TO OPEN SESSION

President McKean reconvened to Open Session at 4:30 P.M. and disclosed the Board met in closed session with legal counsel and that no action was taken in closed session.

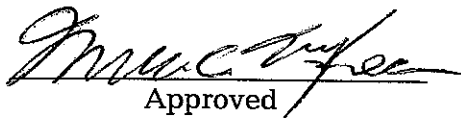
ADJOURNMENT

There being no further business, President McKean adjourned the meeting at 4:35 P.M.

Respectfully submitted,



David Orth
Secretary



Approved