

Minutes of the Regular Meeting of the Board of Directors of the Kings River Conservation District held March 10, 2009.

President McKean called the meeting to order at 1:33 P.M.

DIRECTORS PRESENT

Mark C. McKean, President
Brent L. Graham, Vice President
David Cehrs, PhD
Ceil Howe Jr.
Gildo Nonini
Norman B. Waldner
Mike Yoshimoto

DIRECTORS ABSENT

None

OTHERS PRESENT

KRCD Staff & Consultants:

Margaret Clayton
David Cone
Ed Dittenbir, KRWA
Randy McFarland
John Moore
David Orth
Donna Pepper
Randy Shilling
Steve Stadler
Brian Trevarrow
Cristel Tufenkjian

Others:

Jeff Adolph, Pacific Gas & Electric Co.
Lisa Bischel, Madrid-Salazar Marketing & PR
Shannon Koontz, Pacific Gas & Electric Co.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

There were no additions to or deletions from the Agenda.

PUBLIC PRESENTATIONS

None

APPROVAL OF MINUTES

It was moved by Director Cehrs, seconded by Vice President Graham and unanimously carried that the Minutes of the February 10, 2009 Regular Board meeting be approved, as presented.

WATER CONDITIONS

Ed Dittenbir, KRWA, summarized a report on water conditions stating storage in the Pine Flat Reservoir (Reservoir) as of 2400 hours on March 9, 2009 was 310,834 acre-feet with vacant space of 689,166 acre-feet. On that date, the calculated natural inflow to the Reservoir was 1,354 C.F.S.

Mr. Dittenbir reported on the eight (8) Kings River snow sensors currently operational, with readings as of March 9, 2009 as follows:

SENSOR	ELEV	WATER CONTENT (INCHES)	APRIL 1 AVERAGE (INCHES)	PERCENT APRIL 1 AVERAGE
Big Meadows	7600	25.1	25.9	96.9%
West Woodchuck	8800	23.8	32.8	72.6%
Upper Burnt	9700	29.6	34.6	85.5%
Mitchell Meadow	9900	27.5	32.9	83.6%
State Lakes	10300	24.2	29.0	83.4%
Black Cap Basin	10300	30.0	34.3	87.5%
Charlotte Lakes	10400	25.0	27.5	90.9%
Bishop Pass	11200	N/R	34.0	
Snow Sensor Average		26.5	31.0	85.3%

DIRECTORS' REPORTS

Director Cehrs distributed information to the Board on climate change observations and projections as reported by several publications. Director Cehrs reported these projections support the District's research of projects to sustain income from sources other than water resources.

Director Waldner reported on his attendance to the retirement and recognition ceremony of William Loudermilk, Regional Manager for the California Department of Fish and Game (CDFG). Director Waldner further reported Loudermilk's replacement, Dr. Jeffrey R. Single, previously the Region 4 Terrestrial Program Manager for CDFG was also a member of the KRCD biology staff in past years.

GENERAL MANAGER'S REPORT

David Orth directed the Board to the General Manager's monthly status report for the month of February 2009 and highlighted the following:

Community Choice Aggregation (CCA): Mr. Orth presented an overview of the activities of San Joaquin Valley Power Authority (Authority) beginning with a slide presentation and brief description of the forming of the Authority, the current status of the CCA program, and the Implementation Plan.

Mr. Orth reported the energy markets have significantly deteriorated since November 2008, and the discussions with CitiGroup Energy, Inc. (CEI) relating to an Electric Supply Agreement ended in November 2008 as CEI recognized they would not be able to meet the negotiated terms and objectives of that agreement. As a result of changed market conditions, launch of the program as identified in the Implementation Plan would be very challenging; however Orth reported there are significant reasons to move ahead. Mr. Orth further reported

direction has been given by the Authority Board to research the possibility of restructuring and focusing on short term opportunities and accelerate local renewable energy goals, noting specifically action on February 26, 2009 by the Authority approving Resolution 09-01 authorizing Modification No. 3 to the San Joaquin Valley Power Authority Community Choice Aggregation Implementation Plan be submitted to the California Public Utilities Commission.

Energy Resources: Mr. Orth reported substantial time was spent in coordinating and preparing proposals to the California Energy Commission (CEC) Renewable-based Energy Secure Communities (RESCO) grant program. Mr. Orth further reported two (2) proposals were submitted February 27, 2009 on behalf of the San Joaquin Valley Power Authority to explore renewable technologies for the Community Choice Aggregation program.

Irrigated Lands Regulatory Program (ILRP): Mr. Orth reported the Southern San Joaquin Valley Water Quality Coalition (Coalition) continues to develop a response to the comments provided by the Regional Water Quality Control Board (Regional Board) staff on the proposed Monitoring and Reporting Program document prepared by the Coalition. Mr. Orth also reported responses are being developed and will be submitted by May 8, 2009.

Organization: Mr. Orth reported he had received a letter from Edward J. Tiedemann of Kronnick, Moskovitz, Tiedemann & Girard, announcing his withdrawal from the firm after his 80th birthday. Mr. Tiedemann has assisted the District's progress and growth for well over 25 years in such matters as water rights, power, labor relations and financing.

Mr. Orth also noted that Mickey Powell had passed away. Mr. Powell was a leader in the Public Advisory Group of the Fisheries Management Program (FMP) and was instrumental in the development of the framework agreement of the FMP which continues to serve as model of resources management.

LEGISLATION

Mr. Orth reported the State of California fiscal budget for 2008-09 has now been approved. Mr. Orth further reported the discussion issue of property tax shifting away from local government seems to have been avoided for the time being.

Mr. Orth reported the Association of California Water Agencies (ACWA) has formally adopted policy principles supporting the goal of reducing per capita water use by 20% statewide by 2020 and committing to aggressively support water conservation and water use efficiency as part of a comprehensive solution to the state's water challenges.

Mr. Orth further reported the Valley Ag Water Coalition (VAWC) worked to implement the concept of water use efficiency which is what the standard agricultural irrigation industry has used for a number of years. The ACWA Board adopted those policy principals and then immediately began meeting with a legislator to talk about potential legislation and now the outcome is uncertain.

Mr. Orth reported U.S. Senator Barbara Boxer has begun discussions of reintroducing the Wild and Scenic Rivers Act to include portions of the Kings River.

PUBLIC INFORMATION

Cristel Tufenkjian, Manager of Community and Public Relations, provided a status report on activities for February 2009 and an overview of the many public outreach programs concerning water resources that staff are involved in.

CORRESPONDENCE, MEETINGS AND CONFERENCES

There was no report.

STAFF STATUS REPORTS AND PRESENTATIONS

Water/Environmental Resources and Flood Control: David Cone, Deputy General Manager, Water/Environmental Resources and Flood Control presented an overview of the activities of the Water Resources Division. Mr. Cone reported staff is working with NRCS personnel to prepare an application for a partnership agreement to administer grant funds under the Agricultural Water Enhancement Program (AWEP). The program will provide financial and technical assistance to farmers to support them in applying for agricultural water enhancement activities that conserve groundwater and surface water and to improve water quality on agricultural lands. KRCD involvement will increase the likelihood that the area will receive the grant. Mr. Cone also reported the program is for a 5-year period.

Power Resources: Mr. John Moore, Manager of Power Generation, presented an overview of operations at the Jeff L. Taylor Pine Flat Power Plant reporting no generation at the plant during the month of February. Mr. Moore reported the Pine Flat Reservoir began the month at an elevation of 790.81 feet (ft.) and storage of 286,995 acre-feet (AF), and there was no turbine discharge for the month. Discharge through the turbine bypass system was 6,399 AF, and flow from Mill and Hughes Creeks was 1,579 AF, and spill from the dam was 38 AF.

Mr. Moore also presented an overview of operations at the Malaga Peaking Plant reporting the plant was dispatched for 11 days in February 2009, and the plant generated a total of 5,075 MWh.

COMMUNITY CHOICE AGGREGATION DEVELOPMENT COSTS AND START-UP COSTS CERTIFICATION:

Mr. Orth presented for the Board's consideration an accounting of the total costs of the CCA program from its beginning to December 31, 2008. Mr. Orth recounted the District has studied and developed the Community Choice Aggregation (CCA) program since 2003. Costs incurred in this pursuit as of December 31, 2008, total \$2,670,436.91.

The District and the San Joaquin Valley Power Authority (Authority) entered into a Power Services Agreement effective October 23, 2007. Under the terms of that agreement, the Authority has agreed that the District has the right to recover Community Choice Aggregation (CCA) Program Development and Start-up Costs from CCA customers in the generation rates charged by the CCA.

After discussion it was moved by Director Howe, seconded by Director Yoshimoto and unanimously carried to certify to the San Joaquin Valley Power Authority the amount of Community Choice Aggregation Development Costs and Start-up Costs as of December 31, 2008, so that the Authority can design generation rates to recover those costs and repay the District over time.

MODIFICATION OF THE KRCD MALAGA PEAKING PLANT POWER PURCHASE AGREEMENT

Mr. Orth presented and overview of the Power Purchase Agreement for the Malaga Peaking Plant reported the California Independent System Operator (CAISO) is scheduled to implement its long-delayed "Market Redesign and Technology Update (MRTU)" effective April 1, 2009. The new process will change the way energy is traded in California.

Mr. Orth reported further the Department of Water Resources (CDWR) has presented the District with some proposed additions to the Power Purchase Agreement to incorporate the changes caused by MRTU. These changes need to be in place before MRTU begins, therefore by April 1, 2009.

Mr. Orth also reported legal counsel has been consulted regarding the changes proposed by CDWR, and final language for the changes has not been drafted although the general terms of the agreement have been agreed to in principle.

After discussion it was moved by Director Howe, seconded by Director Waldner and unanimously carried authorizing the General Manager to execute and deliver, upon review and approval of District legal counsel, a modification to the Amended and Restated Power Purchase Agreement dated August 18, 2004, between the California Department of Water Resources and the District, in connection with the KRCD Malaga Peaking Plant, consistent with the attached term sheet.

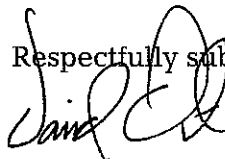
FINANCE AND ADMINISTRATION

Randy Shilling presented an expenditure to budget comparison report for the period ending February 28, 2009.

It was moved by Director Cehrs, seconded by Director Waldner and unanimously carried, bills in the amount of \$1,514,828.29 as presented in the schedule of Disbursements and Current Accounts Payable, were approved and ordered paid.

ADJOURNMENT

There being no further business, President McKean adjourned the meeting at 3:20 P.M.

Respectfully submitted,

 David Orth
 Secretary


 Approved

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KINGS RIVER CONSERVATION DISTRICT
 Schedule of Disbursements and Current Accounts Payable
 Presented April 14, 2009
 (For Expenditures in the Month Ending March 31, 2009)

Employee Payroll	03/04/09	80,594.66	
Director's Payroll	03/10/09	4,779.69	
Employee Payroll	03/18/09	74,739.57	
Employee Payroll	03/31/09	1,902.78	
			162,016.70
Accounts Payable (KRCD)		1,009,915.39	1,009,915.39
	Sub-Total		1,171,932.09
Ready-Tax Electronic Funds Transfers:			
Employee Tax Deposits	03/11/09		35,803.99
Director's Tax Deposits	03/13/09		2,201.72
Employee Tax Deposits	03/25/09		31,498.27
	TOTAL		<u>1,241,436.07</u>