

**San Joaquin Valley Power Authority
Minutes
Regular Board Meeting
October 25, 2007**

Minutes of the Regular Meeting of the Board of Directors (Board) of the San Joaquin Valley Power Authority (Authority) held October 25, 2007.

Authority Board Chair Thomas Haglund, City of Hanford, called the meeting to order at 2:01 p.m.

ROLL CALL

Board Chair Haglund requested the official roll call of Authority Board Members.

MEMBERS PRESENT

CITY OF CLOVIS

Alternate Director Robert Ford

CITY OF CORCORAN

Director Ron Hoggard arrived at 2:04 p.m. after roll call

CITY OF DINUBA

Absent

CITY OF HANFORD

Director Thomas J. Haglund

CITY OF KERMAN

Director Ron Manfredi

CITY OF KINGSBURG

Director Don Pauley

KINGS COUNTY

Absent

CITY OF LEMOORE

Alternate Director Jeff Britz

CITY OF PARLIER

Director Lou Martinez

CITY OF REEDLEY

Alternate Director Rocky Rogers

CITY OF SANGER

Alternate Director John Mulligan

CITY OF SELMA

Alternate Director Judy Bier

TULARE COUNTY

Alternate Director Lynn Gregory

Margaret Clayton, Kings River Conservation District (KRCD), reported ten (10) of the thirteen (13) Authority Member Agencies were present for a total of 79.11% voting shares under the Joint Powers Agreement (JPA). (Adjusted to eleven (11) of the thirteen (13) Authority Member Agencies present for a total of 84.63% voting shares upon arrival of Corcoran after Approval of Minutes.)

OTHERS PRESENT

Scott Blaising, Braun & Blaising, P.C.
Margaret Clayton, Kings River Conservation District
Shannon Koontz, Pacific Gas & Electric Company
Jane Luckhardt, Downey, Brand, Seymour and Rohwer, LLP
Daniel Morales
Patrick Mealoy, Navigant Consulting Inc.
Toni Munoz-Woods, Kings River Conservation District
David Orth, Kings River Conservation District
Randy Shilling, Kings River Conservation District
Steve Stadler, Kings River Conservation District
Brian Thoburn, Southern California Edison
Brian Trevarrow, Kings River Conservation District
Cristel Tufenkjian, Kings River Conservation District

ADDITIONS TO OR DELETIONS FROM THE AGENDA

There were no additions to or deletions from the agenda.

CONSENT CALENDAR

It was moved by Alternate Director Rocky Rogers, City of Reedley, seconded by Alternate Director Robert Ford, City of Clovis, and approved on a voice vote (voting shares: 79.11% approved, 20.89% absent, 0% opposed) to approve the Consent Calendar, which consisted of Financial Statements for the month ending September 30, 2007.

PUBLIC PRESENTATIONS

There were no public presentations.

APPROVAL OF MINUTES

It was moved by Director Ron Manfredi, City of Kerman, seconded by Alternate Director Judy Bier, City of Selma, and approved on a voice vote (voting shares: 79.11% approved, 20.89% absent, 0% opposed) to adopt the Minutes of the October 15, 2007 Authority Special Board Meeting as distributed.

REPORT FROM THE DIRECTORS

Alternate Director Robert Ford, City of Clovis, on behalf of the ad hoc Notification Committee reported that by the next Board meeting, they will have specific recommendations concerning notices of public meetings to be held in Kings, Tulare and Fresno County.

Alternate Director Rocky Rogers, City of Reedley, shared that he and Director Don Pauley, City of Kingsburg, attended a One Voice meeting addressing water issues. It was suggested that Community Choice could be a topic for a future meeting and referred them to contact Dave Orth, KRCD. They also suggested for other water issue discussions, they could include the Upper Kings Water Forum Integrated Regional Water Management Plan.

Director Ron Manfredi, City of Kerman, reported the he and Director Larry Spikes, Kings County, and David Orth, KRCD, attended a meeting requested by the Tulare County Board of

Supervisors Chairman Allen Ishida at PG&E's Fresno Offices on October 12 to provide clarification to PG&E's assertions of Authority liability.

Board Chair Haglund reported that he, General Manager David Orth, and Cristel Tufenkjian, KRCD, attended the Tulare County Board of Supervisors' meeting on October 16, 2007, at which Alternate Director Lynn Gregory, Tulare County, gave a staff report and David Orth, KRCD, gave a presentation on the status of CCA, with County Counsel able to further illustrate issues regarding obligations to the Board. Board Chair Haglund asked Jane Luckhardt, General Counsel, to provide a memo to each Authority member that clearly articulates where the obligations lie and how the underlying entities are being protected throughout this process.

Board Chair Haglund reported that he had recently attended an Energy Outlook presented by SCE and commented favorably on the manner in which it was structured. SCE was professional and factual providing very useful and understandable information with honesty and integrity. Chair Haglund suggested SJVPA use a similar style for the upcoming community outreach events. Chair Haglund also commented on the differences between the positive actions and comments of SCE toward the CCA compared to those of PG&E who is not accurately describing key terms of the SJVPA CCA Program.

Director Ron Manfredi, City of Kerman, requested that the status of Investor Owned Utility (PG&E and SCE) cooperation be included on the KRCD monthly report to the Board. Mr. Orth, KRCD, responded that item will be added to future agendas, as well as explaining that a matrix of those cooperation issues has been created and will be maintained.

KINGS RIVER CONSERVATION DISTRICT REPORT

David Orth, General Manager of KRCD, reported on the recent Pete Mehas editorial in The Fresno Bee stating that Dr. Mehas had obviously been misadvised and unfortunately had not communicated with anyone from KRCD for accurate information.

Submission of CPUC Registration Packet: Scott Blaising, Braun & Blaising, P.C., provided an update on the issues relating to the Registration Packet. The first item is the Service Agreement between the Authority and each of the two investor owned utilities, Southern California Edison and PG&E. The second item is the security bond, if required. We have disputed matters with the utilities, specifically, whether it is appropriate to include joint and several liability in the Service Agreement, as well as the scope and terms associated with the security bond. Resolution of these issues by the CPUC is required.

Status of Agreements: David Orth, KRCD, reported that the Authority Board took action on October 15, 2007 to approve the Resolution and authorize the signing of the Power Services Agreement (PSA). He reported that the Kings River Conservation District took action at a Special Meeting on October 19, 2007 to approve the PSA and authorize execution. The PSA has now been signed by both parties and dated October 23, 2007, followed by the Commencement Notice being mailed to each of the members with an effective date of October 23, 2007.

Mr. Orth further stated that more accurate accounting of Development Costs, as defined in the PSA, reflect that \$1,585,000 has been incurred by KRCD, not including KRCD salaries (which will not be included) beginning with the fiscal year ended September 30, 2003 through September 20, 2007. Mr. Orth reported that he believed some of those costs may be determined by KRCD to be related to more general studies of power solutions for the region and not reimbursable as Development Costs under the PSA.

Full Electricity Requirements Power Supply Agreement with Citigroup Energy Inc.: Mr. Orth said the agreement(s) with Citigroup and Citigroup Energy Inc. is at the review stage, with independent legal analysis in progress. He believes those agreements will be ready close to the end of October, for review by the KRCD ad hoc Power Committee and KRCD Board of Directors, before going to the Authority. These agreements should be approved and in place by the end of November, or first part of December for the February start date.

Renewable Projects: Mr. Orth stated that KRCD has entered into a MOU with Clean Tech Energy for the development of a large solar facility to potentially serve this program. Agreements are being developed and will be reviewed by the KRCD Board before finally going to the Authority Board. Another solar provider WorldWater and Solar with experience in the valley, has requested a MOU with KRCD to jointly explore projects.

Baseload Project: Patrick Mealoy, Navigant Consulting Inc., gave a presentation on greater Fresno Area generation and transmission issues. With the recent shortage of water and snow in our area, the hydro facilities cannot provide enough power generation. It was been since 1984 when the Helm project was built since PG&E has added a generation facility to this area. For the last six years, PG&E has been looking at, and just announced they will be bringing in, a 500 kv transmission line as a proposed project to the region. Mr. Mealoy explained that although PG&E denies intentions to build a gas-fired baseload generation plant, contracts and permits filed indicate otherwise. Director Don Pauley, City of Kingsburg, requested a copy of Mr. Mealoy's presentation.

APPOINTMENTS

Director Manfredi, City of Kerman, nominated Director Don Pauley, City of Kingsburg, as Secretary, with second by Alternate Director Judy Bier, City of Selma, and approved on a voice vote (voting shares: 84.63% approved, 15.37% absent, 0% opposed) to appoint Director Don Pauley, City of Kingsburg as Secretary of the Authority Board.

Board Chair Haglund, City of Hanford, suggested the Board designate an Assistant Secretary, and suggested Jane Luckhardt, General Counsel, be nominated. Alternate Director Jeff Briltz, City of Lemoore, nominated Ms. Luckhardt as Assistant Secretary, with second by Director Don Pauley, City of Kingsburg, and approved on a voice vote (voting shares: 84.63% approved, 15.37% absent, 0% opposed) to appoint Jane Luckhardt, General Counsel as Assistant Secretary of the Authority Board.

Director Manfredi, City of Kerman, nominated Alternate Director Robert Ford, City of Clovis, as At-Large Member of the Executive Committee, with second by Director Don Pauley, City of Kingsburg, and approved on a voice vote (voting shares: 84.63% approved, 15.37% absent, 0% opposed) to appoint Alternate Director Robert Ford, City of Clovis as At-Large Member to the Executive Committee.

After discussion to appoint a new voting member to the San Joaquin Valley Clean Energy Organization (SJVCEO), it was decided to carryover this matter to the next meeting. Cristel Tufenkjian, KRCD, will gather more information as to the days and times of future meetings and report back.

NEXT MEETING DATE

The Authority Board established November 27, 2007 at 2:00 p.m. as the next meeting of the

Board, since the 4th Thursday in November is Thanksgiving.

CLOSED SESSION

Pursuant to Government Code Section 54956.9 (b), the Authority Board adjourned to Closed Session at 3:15 p.m. to confer with Legal Counsel on case C.07-06-025 Complaint of the Power Authority against PG&E.

RECONVENE TO OPEN SESSION

The Board reconvened into Open Session at 3:40 p.m. General Counsel Jane Luckhardt disclosed the Board met in closed session and received an update on proceeding C.07-06-025, Complaint of SJVPA against PG&E.

ADJOURNMENT

There being no further business, Board Chair Haglund adjourned the meeting at 3:41 p.m.

Respectfully submitted,

Secretary

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