

Minutes of the Special Meeting of the Board of Directors of the Kings River Conservation District held September 29, 2009.

President McKean called the meeting to order at 2:03 P.M.

DIRECTORS PRESENT

Mark C. McKean, President
David Cehrs, PhD
Ceil Howe Jr.
Gildo Nonini
Norman B. Waldner

DIRECTORS PRESENT VIA TELECONFERENCE

Brent L. Graham, Vice President
Mike Yoshimoto

DIRECTORS ABSENT

None

OTHERS PRESENT

KRCD Staff & Consultants:
David Orth
Donna Pepper
Randy Shilling
Steve Stadler
Cristel Tufenkjian

Others:
Jeff Adolph, Pacific Gas & Electric Co.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

There were no additions to or deletions from the Agenda.

PUBLIC PRESENTATIONS

None

KRCD COMMUNITY POWER PLANT APPLICATION FOR CERTIFICATION

President McKean reported the purpose of the meeting is to discuss the status of the proposed KRCD Community Power Plant and to provide direction to the General Manager and KRCD special legal counsel, Scott Galati, regarding the pending Application of Certification (AFC) before the California Energy Commission (CEC). President McKean requested a status report from the General Manager.

Mr. Orth presented an overview of KRCD's efforts regarding the proposed Community Power Plant, which began in 2002 with a study of local area infrastructure conducted by Navigant Consulting. Mr. Orth stated the KRCD Board proposed to construct a base-load power plant to provide a variety of valuable benefits to the greater Fresno region that included increased regional energy supplies, and lower cost energy due to KRCD's non-profit, tax-exempt structure.

Mr. Orth reported that after several years of study and evaluation of potential sites for development of generation project to serve the region, KRCD filed an AFC for the Community Power Plant with the CEC on September 27, 2007. Data Adequacy of the AFC was achieved on December 5, 2007. Since that time, KRCD has worked with CEC staff, members of the public and land owners to permit the Community Power Plant in an environmentally and neighbor-friendly manner.

Mr. Orth continued reporting KRCD requested a six-month suspension in processing of the AFC in April 2009, citing various regulatory and financial challenges, and additional time needed to develop local emission reduction credits. On May 2, the CEC signed an order granting suspension of the proceeding until October 30, 2009.

Mr. Orth noted delays in implementation of Community Choice, ongoing economic conditions, continued limitations in the credit markets, and fiscal issues affecting local governments have all impacted the ability to move forward with this Project. Mr. Orth reported the ad hoc Power Committee met with the General Manager and KRCD staff numerous times to evaluate options. The committee also met with several potential investors interested in developing additional generation capacity in California. Unfortunately, despite strong feelings from interested parties that the proposed project is a good project, none of these investors are interested in moving forward with the Community Power Plant at this time.

Mr. Orth reported based on the advice of special legal counsel, Scott Galati, the ad hoc Power Committee recommends that the AFC with the CEC be withdrawn. Mr. Galati feels that enough time has elapsed so as to require significant modification, or re-filing, of the AFC in the future when we are able to proceed with the Project. Mr. Galati also believes that continued "suspension" or deferral of the AFC would create an administrative burden upon KRCD and the CEC without any benefit in return.

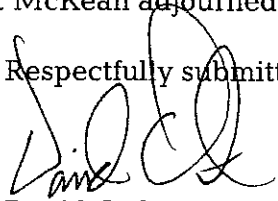
Mr. Orth noted, in the future, as conditions improve, it may be possible to proceed with development of the proposed Project or a similar facility to support the greater Fresno area. The ad hoc Power Committee recognizes that KRCD has a strong record of developing resource projects and programs to serve our constituency. Mr. Orth encouraged the Board to continue that mission.

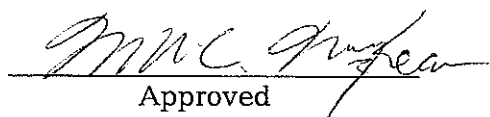
It was moved by Director Waldner, seconded by Director Howe and unanimously carried that the Board authorize the General Manager and KRCD special legal counsel, Scott Galati, to take necessary action to withdraw the Application for Certification for the proposed Community Power Plant before the California Energy Commission. (Vice-President Graham and Director Yoshimoto abstained from voting via telephone.)

ADJOURNMENT

There being no further business, President McKean adjourned the meeting at 2:10 P.M.

Respectfully submitted,


David Orth
Secretary


Approved