

**PAGE ELECTRIC UTILITY
REGULAR BOARD MEETING
FEBRUARY 13, 2007**

- CALL TO ORDER:** The regular meeting of the Page Electric Utility Board was called to order at 5:30 p.m. on February 13, 2007 by Chairman Brynn Johns. The meeting was held in the conference room of Page Electric Utility, 19 Poplar Street, Page, Arizona.
- ROLL CALL:** Board members present: Chairman Johns, Bob Talbot, Rick Yanke, Tony Ferrando, Scott Sadler and Vice Mayor John Cook.
- Staff present: General Manager, Bryan Hill; and Executive Secretary, Donna M. Roberts.
- Also present: City Attorney, Rick Olson.
- MOMENT OF SILENCE:** The Board observed a moment of silence.
- APPROVAL OF MINUTES:** Motion by Sadler, seconded by Ferrando to approve the minutes of the January 9, 2006 Regular meeting.
- The motion carried with a unanimous vote.
- AUDIENCE AND COMMUNICATION:** None.
- Motion by Yanke, seconded by Talbot, to enter into executive session at 5:33 p.m.
- EXECUTIVE SESSION:** UAMPS - Cost Recovery Charge/Payson-NEBO - Pursuant to A.R.S. §38-431.03(A)(3), the Board may vote to go into executive session for discussion with the Attorney for the Board for the purpose of consultation for discussion of legal advice relating to the UAMPS Cost Recovery Charge/Payson-NEBO.
- The motion carried unanimously.
- Reconvene:** Chairman Johns reconvened the regular meeting at 6:01 p.m.
- UNFINISHED BUSINESS:** Discussion/Possible Action – UAMPS Cost Recovery Charge/ Payson-NEBO: No discussion.
- Discussion/Possible Action – SPPR Operation Agreement & Amendment to Planning Agreement: Bryan updated the Board on the status of the SPPR agreement. He explained that both Rick Olson and Scott Rhodes have reviewed the agreement and added that Scott has

forwarded it to the Jennings, Strouss & Salmon law firm in Washington, DC for their review.

NEW BUSINESS:

Discussion – Loss Control Consultation Documents: Chairman Johns wanted to extend his congratulations to the crew because the loss control consultant complimented the PEU safety program.

Discussion – PEU Preliminary Budget 2007-2008: Bryan explained this was the first draft of the budget which included the LGIP sub-funds. Chairman Johns mentioned that he would like to know the lead time and approximate cost of the transformer for the substation upgrade. Bryan said they will present two scenarios for the budget – one with the existing rates to zero out without a transformer and rates to zero out with a transformer.

There was brief discussion regarding the electric rates and the audit. Vice Mayor Cook indicated he would be adding an item to the Council agenda.

Discussion/Possible Action – Approval of Insurance Quotes & Coverage: Bryan reviewed the insurance proposal and mentioned his concern regarding contamination coverage for fuel storage. He explained that the boiler and machinery coverage is for the substations and generators. Bryan said that pollution liability has been added which is one we have never had before.

Motion by Yanke and second by Ferrando to approve the insurance quote and coverage as presented by Milne BNC in the amount of \$91,677, and to include the hazardous materials additional cost of \$5,000+.

The motion carried with a unanimous vote.

Discussion – Mandatory Reliability Standards: Chairman Johns read from an article the following: “failure to comply with the reliability standards could result in monetary penalties of as much as a million dollars per day per violation.” He explained that the new reliability standards that FERC is seeking to impose on all the members of the system on the grid.

The Board reviewed a letter from Michael Curtis with regard to NERC filing requirements and came to the consensus that Page does not need to register at this time.

Vice Mayor Cook
& Rick Olson:

Vice Mayor John Cook and Rick Olson left the meeting at 7:03 p.m.

REPORTS:

General Manager's Reports: Bryan reviewed the January General Manager's Report.

Financial Report: The December financial report was briefly reviewed.

Committee Reports: None.

Chairman's Report: Chairman Johns reported that he and Talbot have a conflict on the April Board meeting date. After discussion, the April meeting is tentatively scheduled for April 11th.

EXECUTIVE SESSION:

SPPR Operating Agreement & Amendment to Planning Agreement - Pursuant to A.R.S. §38-431.03(A)(3), the Board may vote to go into executive session for discussion with the Attorney for the Board for the purpose of consultation for discussion of legal advice relating to SPPR Operating Agreement & Amendment to Planning Agreement.
Not held.

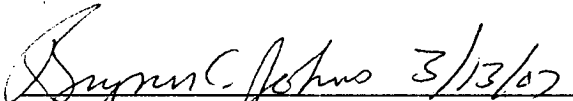
ANNOUNCEMENTS:

None.

ADJOURNMENT:

Chairman Johns adjourned the meeting at 7:21p.m.

APPROVED:


3/13/07
Chairman, Page Electric Utility Board