

**Minutes of Regular Meeting  
Grand River Dam Authority  
Board of Directors  
Vinita, Oklahoma  
February 10, 2010**

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at Grand River Dam Authority Administration Headquarters, Vinita, Oklahoma, on February 10, 2010. Notice was given pursuant to 25 O.S.A. § 301 et seq. by submitting a schedule of regular monthly meetings to the Secretary of State on December 2, 2009, at 3:33 p.m.; by posting the agenda with the Craig County Clerk's office on February 9, 2010, at 9:34 a.m.; and by posting said agenda at the principal office of GRDA at least 24 hours prior to the meeting.

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Chair Kerns called the meeting to order at 10:34 a.m. The Secretary called the roll; all members were present with the exception of Directors Bartlett, Frost, and Gay. Chair Kerns declared a quorum. Ms. Moore introduced guests.

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**BOARD MEMBERS**

Betty Kerns, Chair	Present
David J. Chernicky, Chair-Elect	Present
Dewey F. Bartlett, Jr.	Absent
Gerald H. Gay	Absent
Terry G. Frost	Absent
W. Brent LaGere	Present
Stephen R. Spears	Present

**ADMINISTRATIVE**

Kevin A. Easley, General Manager/CEO	Present
Michael Kiefner, Chief Operating Officer	Absent
Gretchen Zumwalt-Smith, General Counsel	Present
Charles J. Barney, AGM Thermal Generation	Present
Carolyn Dougherty, AGM Market Analysis/Strategic Development	Present
Dale Willis, AGM Transmission and Engineering	Absent
Donna M. Jones, Secretary	Present

Others present were as follows: Harold Robertson and Robert Echenrode, NEOEC; Randy Bundy, KAMO; Gary Pruet, Pryor MUB; Mike Doublehead, SADA; Mike Shook, City of Coffeyville; Chris Broyles and Don Karnes, CYTE; Galen Brittingham of Atkinson, Haskins, et al.; Kim Boston, TransCanada; Randy Krehbiel, Tulsa World; Kathy Parker, Pryor Daily Times; Justin Alberty, Melanie Earl, Holly Moore, Tamara Jahnke, Mike Herron, Mike Stafford, Darrell Townsend, and Dave McCollaum, GRDA.

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- a. Nominations for Treasurer
  - b. Election of Treasurer
  - c. Nominations for Secretary
  - d. Election of Secretary

Chair Kerns declared nominations open for treasurer and secretary. Director Chernicky moved to nominate Carolyn Dougherty for treasurer and Donna Jones for Secretary, seconded by Director LaGere. There being no other nominations, the nominations were voted upon as follows: Chernicky, Kerns, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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**1. Board Minutes of January 13, 2010**

**2. December Claims, \$45,575,579.02; January Claims, \$37,407,312.02**

**4.a. Resolutions of Commendation for:**

- (1) Joyce L. Morgan
- (2) Judith A. Floyd
- (3) Kenni L. Morton
- (4) H. Wayne Mills

**4.b. Declare Surplus and Not Necessary to the Business of the District  
a Transformer and an Oil Circuit Breaker (OCB)**

**5.b. Purchase Order Report**

<i>Number</i>	<i>Vendor</i>	<i>Amount</i>
19063	Uniferst Holdings Inc.	\$24,321.00
19138	EIMCO Water Technologies	349,428.00
19153	KC Utility Packaging Inc.	304,354.12
19166	Weir Valves & Controls c/o Herbst & Associates	100,516.00
19300	Alcatel-Lucent USA	83,306.70
19303	Infrastruct Security Inc.	223,173.00
19341	Infrastruct Security Inc.	98,825.00
19347	Taprogge America Corporation	<u>143,400.00</u>
<i>Total Standard</i>		<b>\$1,327,323.82</b>

11884	Standley Systems Inc.	\$473.23
12461	ABB Inc.	9,250.50
17794	Alcatel-Lucent USA Inc.	<u>(7,432.00)</u>
<b>Total Change Orders</b>		<b>\$2,291.73</b>
18322	Square D Company / Schneider Electric	\$76,241.00
19008	V & S Clark Substations	144,571.06
19260	Dis-Tran Steel Fabrication LLC	75,354.00
19320	Southern States LLC	<u>73,928.00</u>
<b>Total Emergency Orders</b>		<b>\$370,094.06</b>
<b>(1) Addendum to Purchase Order Report:</b>		
19154	Williams Scotsman Inc.	\$7,917.00
19191	Summit Mailing and Shipping Systems, Inc.	5,665.68
19423	Atkinson Industries Inc.	<u>138,398.00</u>
<b>Total Addendum Orders</b>		<b>\$151,980.68</b>
<b>Grand Total Purchases</b>		<b><u>\$1,851,690.29</u></b>

#### 5.c. Work Order Report

<i>Number</i>	<i>Title</i>	<i>Amount</i>
RF009-00390	Perimeter Fence Monitoring System-Trans. HQ	\$123,348.00
RF009-00391	Upgrade Unit 1 Control and Monitoring Systems	460,000.00
CF075-00000	Filters for Water Supply of Coal-Fired Complex	<u>990,000.00</u>
<b>Grand Total Work Orders</b>		<b><u>\$1,573,348.00</u></b>

Regarding item 4.b, the items were listed in a Surplus Property Transfer Form from Dewey Epps dated February 4, 2010. Mr. Easley asked that this item be removed from the consent agenda as it requires five votes.

Director Chernicky moved to approve the consent agenda, with the removal of the surplus property, seconded by Director LaGere, and voted upon as follows: Kerns, LaGere, Spears, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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## REGULAR AGENDA

### 3. Unfinished Business

#### 3.a. Progress Reports

Regarding the **Monthly Video Update**, Media Services presented a video entitled "GRDA February 2010 Update" that included footage spotlighting some cost-saving, in-house repairs to the Stacker Reclaimer at the Coal-Fired Complex.

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#### **4. New Business**

##### **4.c. Assets Committee Recommendations:**

**4.c.1. Request by Robert Hamm to Appeal a Decision Regarding His Application to Dredge on Grand Lake, Delaware County Oklahoma.**

**4.c.2. Recommendation to Board of Directors on Adoption of Amendments to Administrative Rules:**

**(a) OAC Title 300, Chapter 35: Lake Rules**

**4.c.3. Request by TransCanada Keystone Pipeline, LP, for Perpetual Easement and Right-of-Way and Temporary Work Space for Purposes of Oil, Natural Gas, Hydrocarbon, Petroleum Products, and Other Byproducts Pipeline in Payne County Oklahoma.**

**4.c.4. Settlement Agreement Regarding Compliance Violations of the Landings Marina LLC Located on Monkey Island, Grand Lake, Delaware County Oklahoma.**

Regarding item 4.c.1., Director Spears reported this request was withdrawn by the applicant. No action was taken.

Regarding item 4.c.2., Director Spears reported this item was continued by the Assets Committee.

Regarding item 4.c.3., Director Spears reported the Assets Committee recommends approval of the easement with TransCanada with the modification that the pipeline easement be a non-exclusive easement limited to one pipeline and no above-ground structures be allowed other than the pipeline markers.

Regarding item 4.c.4., Director Spears reported no action was required on this item. It was advisory only of potential settlement agreement.

Regarding item 4.c.3., Director Spears moved to approve the request, subject to the conditions noted above, seconded by Director Chernicky, and voted upon as follows: LaGere, Spears, Chernicky, Kerns, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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#### **4.d. Proposed Revisions of Electric Rate Schedules**

##### **(1) WP-OCA – Whole Power Service Outside Control Area**

##### **(2) GS-C – General Service Commercial**

##### **(3) LGS – Large General Service-Industrial**

##### **(4) LGS-C – Large General Service-Commercial**

Ms. Dougherty reported that when the Board approved the rate increase, the numbers were presented in tables and not actually in the rate schedules with the wording. These changes are to update the rate schedules. Schedule WP-OCA covers Paragould, Poplar Bluff, KMEA, OMPA and Western Farmers. The Board had limited the amount that can be sold to 500 MW and limited the amount to any one customer to 100 MW. Staff would like to get some short-term contracts and raise the 100-MW limit to a 150-MW limit. One customer has expressed the desire to take 150 MW, and this would allow the customer to do that. Other minor wording changes make the schedule more consistent with rate schedules adopted since this schedule was first approved in 2005. Schedule GS-C became no longer applicable to new loads after August 2005. Ten commercial customers still have older contracts. The primary change is to adjust the rate to recover fixed metering and other costs. The newer SGS-C schedule includes

a \$25 monthly metering charge in addition to an energy charge of \$0.0735 per kWh. Schedule LGS-C is a new rate schedule. The standardized industrial contract has to be renewed every three years. This tariff adds a middle tariff for customers with a size ranging from 100 kW up to 750 kW. This change will aid contract administration and reduce costs, as well as make it easier for customers to contract with GRDA. Schedule LGS changes the wording on the industrial contract rate schedule to indicate it applies to customers greater than 750 kW rather than the current 100 kW. Ms. Dougherty recommended approving the changes. Director Spears moved to approve the recommended changes to Schedules WP-OCA, GS-C, and LGS as presented and approve as presented the new Schedule LGS-C, and that the rates become effective April 1, 2010, seconded by Director Chernicky, and voted upon as follows: Spears, Chernicky, Kerns, LaGere, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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#### **4.e. Second Amendment to the Power Purchase and Sale Agreement with Kansas Municipal Energy Agency (KMEA)**

Ms Dougherty reported GRDA has been serving KMEA since 2000. KMEA was the first customer to sign the new standardized contract in 2005. At that time, GRDA contracted with KMEA for 84 MW, contingent on KMEA's getting firm transmission service by May 2009. However, they had only received firm transmission for 63 MW, so their contract was automatically lowered to the 63 MW of approved transmission service. This fall, KMEA was able to get an additional 4 MW that will start June 1, 2010. The Board amended KMEA's contract to increase the quantity to 67 MW. Their contract goes to 2026. The Second Amendment would increase the quantity up to the original contract amount of 84 MW, provided KMEA has received firm transmission from SPP on

or before June 1, 2011. The amendment also includes an updated list of KMEA's city members. Director Chernicky moved that the Second Amendment to the KMEA Purchase and Sale Agreement be approved as presented, seconded by Director LaGere, and voted upon as follows: Chernicky, Kerns, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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#### **4.f. Formula Rate for Southwest Power Pool (SPP) Transmission Service**

Ms. Dougherty reported GRDA participates in the SPP Regional Transmission Organization (RTO). SPP incorporates GRDA's transmission revenue requirements into SPP's tariff, and SPP administers, collects, and remits GRDA's transmission revenues to GRDA. GRDA filed a tariff before 2000. The tariffs were updated by C. H. Guernsey in 2007 and filed with SPP. As a result, GRDA has been collecting about \$3 million in gross revenues from the SPP tariff administration. Since that time, GRDA has been actively working on new transmission projects. GRDA asked Guernsey to revise the rates to reflect current transmission costs and capital additions through 2009. As a result, the point-to-point rate is expected to increase from \$30.71 to about \$39.02. Theoretically, that should amount to about \$600,000 per year in additional SPP revenues; however, there are several factors which impact the SPP calculations, so that might or might not be an accurate estimate. SPP reports that 9 of the 16 utilities have filed formula rates with SPP and FERC. The new rate will allow for more timely recovery of actual costs and quicker recovery of expenditures when large projects are completed. Guernsey created a template for GRDA's rate. This rate will get filed with SPP and will go through the FERC approval process. GRDA will just have to update its information annually. Director Spears moved that the formula rate template for SPP transmission

service calculating annual transmission revenue requirement for network transmission service, transmission rates for point-to-point transmission service, and base plan revenue requirement be approved as presented, seconded by Director Chernicky, and voted upon as follows: Kerns, LaGere, Spears, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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#### **4.g. Redispatch Agreement between GRDA and the City of Coffeyville, Kansas**

Mr. Stafford reported this agreement is in conjunction with Coffeyville's transmission request to the Southwest Power Pool (SPP). It is an oasis request 1352193. It was submitted for an aggregate study. The term is June 1, 2008, through June 1, 2042, the same as their GRDA contract term. The study indicated overloads on the transmission system that would need upgrades prior to allowing the request. The deferred date that was given by SPP without redispatch was June 1, 2012, through June 1, 2046. With a redispatch, Coffeyville would be able to get its transmission service starting November 1, 2009, through January 1, 2043. The City of Coffeyville presented a redispatch agreement to GRDA. Exhibit A shows redispatch pairs. It is generation on the Coffeyville 138-kV. The increased and decreasing generation is on GRDA's Salina Pumped Storage 161-kV. The redispatch could only be performed if both units were on line, and GRDA would be reimbursed by the City of Coffeyville for any additional generation cost incurred by the redispatch. The delivery period for this agreement is until May 31, 2012, which the upgrades on the transmission would be performed at that time, so they could be allowed the transmission without the redispatch. Mr. Stafford recommending accepting the agreement with the City of

Coffeyville. In response to a question by Director Spears, Mr. Stafford stated the Coffeyville generation would be put on, and GRDA would lower the Salina generation, and Coffeyville would pay GRDA the difference in the cost. Director Spears moved to approve the redispach agreement, seconded by Director LaGere, and voted upon as follows: LaGere, Spears, Chernicky, Kerns, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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#### **4.h. Bid Award Recommendation for Contract 17859, Insulation Services**

Mr. Barney reported GRDA's coal-fired plant Unit 1 is scheduled for a major overhaul in five weeks. Many miles of pipe, equipment, and insulation will be disturbed during that time, so it is necessary to perform repairs to the high-temperature insulation. GRDA has an existing contract that is expiring, so the contract was placed for competitive bid. Three good bids were received from competent companies in the Tulsa area. Phoenix Industrial Insulation Services was the low bidder. They took no exceptions to GRDA's contract terms. They also hold the past contract and have been doing an acceptable job. The proposed contract will have a one-year term and will be automatically renewed in one-year increments (maximum of four renewals). Director Chernicky moved to award the contract to Phoenix Industrial Insulation Services in the amount of \$282,391.60, seconded by Director LaGere, and voted upon as follows: Spears, Chernicky, Kerns, LaGere, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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**4.i. Report of Recommendations by Hearing Officer Related to  
Administrative Proceedings Concerning  
Private and Commercial Dock Permit Revocations:**

- (1) Commercial Dock Installers Permit No. CG 267 in the Name of Action E-Z Dock LLC**
- (2) Commercial Dock Installers Permit No. CG 7 in the Name of Baker Construction**
- (3) Commercial Dock Permit No. CH 316 in the Name of Holiday Village Marina**
- (4) Private Dock Permit No. PG 2616 in the Name of Lynn & Sharon Ashford**
- (5) Private Dock Permit No. PG 4482 in the Name of Harold Bruton**
- (6) Private Dock Permit No. PG 2553 in the Name of Eron L. Gibson**
- (7) Private Dock Permit No. PG 789 in the Name of Ervin B. Hamilton**
- (8) Private Dock Permit No. PG 1435 in the Name of Roger & Patsy Lawrence**
- (9) Private Dock Permit No. PH 377 in the Name of Tandy Cooper**
- (10) Private Dock Permit No. PG 5281 in the Name of George & Linda Savage**
- (11) Private Dock Permit No. PG 2204 in the Name of Jess Tibbs**
- (12) Private Dock Permit No. PG 265 in the Name of Emmett Hines**
- (13) Private Dock Permit No. PG 5969 in the Name of John L. Nair**
- (14) Private Dock Permit No. PG 3989 in the Name of Roy Kerr**
- (15) Private Dock Permit No. PG 2276 in the Name of James Lee Wakeland**
- (16) Private Dock Permit No. PG 600 in the Name of T. Ried Young**
- (17) Private Dock Permit No. PG 2294 in the Name of Cleo Mills**

Ms. Jahnke reported GRDA's codified lake rules provide administrative hearings are held prior to the revocation of any permit. GRDA held hearings on January 15 for both private and commercial permits for unpaid fees and dilapidated docks. GRDA has

recovered approximately \$58,000 in revenue through this process. Prior to the hearings, the dock owners receive notice by receiving two invoices in the mail, follow-up phone calls from staff, a demand letter from the Legal Department, and a notice of hearing by certified mail. There is also a publication in three newspapers, three different times. This year the notices were published in the *Daily Times*, *Grove Sun*, and *Miami News Record*. Finally, the notice of hearing is posted on each dock that is a subject of a proceeding. Todd Kolczun was the hearing officer this year, and his recommendations have been provided to the Board. Ms. Jahnke showed some slides of dilapidated docks subject to the hearings. If the reports of the hearing officer are approved, the final order will be posted on the dock, and GRDA will continue its collection or removal efforts within 30 days. In response to a question by Director Spears, Ms. Jahnke stated GRDA can sue the dock owners in court and get a judgment and record the judgment against any land the dock owners owns. Director Chernicky moved to approve the recommendations of the hearing officer, seconded by Director Spears, and voted upon as follows: Chernicky, Kerns, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained)*.

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#### **4.j. Change Order #3 to Contract 16737, Pensacola to Kerr Dam Feeder #4 Reconstruction, to Delete Structure 1 from the Project**

Mr. Herron reported this change order is a deduction. A modification of the planned line entry at the Pensacola substation will result in the deletion of one dead end structure. GRDA will save that structure as a spare. The per-unit prices were quoted by KDM in its bid, and those prices were used to determine the deduction of \$38,745. Director Chernicky moved to approve Change Order #3 to Contract #16737 to delete

installation of Structure #1 from the scope of the contract because it is no longer needed, seconded by Director Spears, and voted upon as follows: Kerns, LaGere, Spears, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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#### **4.k. Other New Business**

There was no other new business.

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### **5. Reports**

#### **5.a. Board of Directors Committee Reports**

1. **Assets Committee:** Director Kerns had no further report.
2. **Audit Committee:** Director LaGere had no report.
3. **Coal Committee:** Director Chernicky had no report.
4. **Marketing Committee:** There was no report.
5. **Policies and Procedures Committee:** Director LaGere reported the Committee met this morning regarding the following items:
  - (a) Action on Board of Directors Policy Manual:
    - (i) Second reading and adoption of amendments to Board Policy No. 5-2, *Investment of Funds*;
    - (ii) Second reading and adoption of new Board Policy No. 5-4, *Policy on Bond Issue Tax Code and Securities Law Compliance*;
    - (iii) Second reading and adoption of amendment to Board Policy No. 2-5, *Expense Allowances for Official Business – Board of Directors*.

Director LaGere moved the Board adopt the proposed Policies 5-2, 5-4, and 2-5, seconded by Director Chernicky, and voted upon as follows: LaGere, Spears, Chernicky, Kerns, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

(b) Recommendation to the Board of Directors on Adoption of Amendments to Administrative Rules:

(i) OAC Title 300, Chapter 20: Purchasing Rules

(ii) OAC Title 300, Chapter 35: Lake Rules

Chair Kerns reported these items were passed until next month, so no action was taken.

**6. Long-Range Planning Committee:** There was no report.

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**6. Executive Session Concerning Possible Action to Be Filed Against the Corps of Engineers.**

**7. Executive Session Concerning Possible Action Regarding Non-Public Information.**

**8. Executive Session to Discuss Purchase or Appraisal of Real Property for Transmission Line Easements Located in Rogers County Oklahoma.**

Director Chernicky moved to go into executive session at 11:11 a.m., seconded by Director Spears, and voted upon as follows: Spears, Chernicky, Kerns, LaGere, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Director Chernicky moved to return to regular session at 12:38 p.m., seconded by Director LaGere, and voted upon as follows: Chernicky, Kerns, LaGere, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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## 9. Action on Executive Session Items

Regarding items 6 and 7, no action was deemed necessary at this time.

Regarding item 8, Director Spears moved the Board authorize offers to be made for the acquisition of easements for transmission lines, as discussed in executive session, seconded by Director Chernicky, and voted upon as follows: Kerns, LaGere, Spears, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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Director Chernicky moved for adjournment at 12:39 p.m., seconded by Director LaGere, and voted upon as follows: LaGere, Spears, Chernicky, Kerns, yes. *Motion passed (4-yes, 0-no, 0-abstained).*



Donna M. Jones, Secretary

DATE APPROVED:

March 25, 2010  
GRDA Board of Directors