

**Minutes of Regular Meeting  
Grand River Dam Authority  
Board of Directors  
Vinita, Oklahoma  
January 12, 2011**

A regular meeting of the Board of Directors of the Grand River Dam Authority was held at the Grand River Dam Authority Administration Headquarters, Vinita, Oklahoma, on January 12, 2011. 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, 2010, at 2:24 p.m.; by posting the agenda with the Craig County Clerk's office on December 11, 2011, at 8:39 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 Chernicky called the meeting to order at 11:16 a.m. The Secretary called the roll; all members were present with the exception of Directors Chernicky, Frost, and Kerns. Chair-Elect Spears declared a quorum. Ms. Moore introduced guests.

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**BOARD MEMBERS**

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

**ADMINISTRATIVE**

Kevin A. Easley, General Manager/CEO	Present
Michael Kiefner, Chief Operating Officer	Present
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	Absent
Mike Herron, AGM Engineering, System Operations, & Reliability	Present
Donna M. Jones, Secretary	Present

Others present were as follows: Harold Robertson and Robert Echenrode, NEOEC; Gary Pruett, Pryor MUB; David Rountree, Joe Walden, and Ryan Powell, City of Miami; Mike Doublehead, Stilwell Utilities; Kathy Parker, Pryor Daily Times; Ron Tabor, BMI; Justin Alberty, Tamara Jahnke, Chuck Atkins, Holly Moore, Darrell Townsend, Dave McCollaum, and Bob Scudder, GRDA.

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**1. Regular Board Minutes of December 8, 2010**

**2. Claims, \$38,274,919.21**

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

**(1) Terry D. McKinney**

**4.b. Declare Surplus and Not Necessary to the Business of the District:**

**(1) Kubota Riding Lawn Mower**

**(2) Mini Refrigerator**

**(3) WM6X Paper Shredder**

**(4) Kenmore Under-Counter Refrigerator, NEC Projector, and Da-Lite Projector Screen**

**(5) One Transformer and Eleven Oil Circuit Breakers (OCBs)**

**4.c. Power Purchase and Sale Agreement by and between GRDA and The Mannford Public Works Authority**

**5.b. Purchase Order Report (\* Denotes Addenda Items)**

<i>Number</i>	<i>Vendor</i>	<i>Amount</i>
26063	Areva T&D	\$50,260.00
26089	Warren Power	160,000.00
26133	Alcatel-Lucent USA	11,351.41
26212	Dowley Security Systems	157,106.31
26214	Konecranes Inc	100,960.00
26256	Flo Trend Systems	68,900.00
26277	Furmanite America Inc	63,070.00
26411	Telvent USA	287,756.00
26430	K A Steel	60,400.00
26463	Airgas	34,442.26
26539	NERC	240,000.00
26561	GE Energy Management	64,600.00
26569	AT&T	250,000.00
26583	APPA	90,000.00
26648*	NESCO	<u>126,000.00</u>
<i>Total Standard</i>		<b>\$1,764,845.98</b>
23087	Harlo Corporation	<u>\$411,780.00</u>
<i>Total Change Orders</i>		<b>\$411,780.00</b>
26388	Telvent USA	\$114,560.00

26293 Pelco Structural	<u>251,121.00</u>
<i>Total Emergency Orders</i>	<u>\$365,681.00</u>
 <i>Grand Total Purchases</i>	 <u><u>\$2,542,306.98</u></u>

<b>5.c. Work Order Report</b>		
<i>Number</i>	<i>Title</i>	<i>Amount</i>
RF010-00426	NERC Standard EOP-008 Project	\$207,375.00
RF010-00428	RTU Upgrade Project	<u>387,719.00</u>
	<i>Grand Total Work Orders</i>	<u><u>\$595,094.00</u></u>

Regarding item 4.b, the items were listed in a Surplus Property Transfer Forms from (1) John Zibert dated October 26, 2010; (2) Sam Ziara dated December 21, 2010; (3) Monica Fowler dated December 22, 2010; (4) Monica Fowler dated January 4, 2011; and Dewey Epps dated January 6, 2011. Mr. Easley asked that this item be removed from the consent agenda as it requires five votes.

Director Bartlett moved to approve the consent agenda with the removal of item 4.b. (surplus), seconded by Director Spears, and voted upon as follows: Chernicky, Meyers, Spears, Bartlett, 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**, this item was passed to the next meeting.

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### 3.b. Bid Award Recommendation for Contract 24948, LiDAR Mapping, PLS-CADD Modeling, and Thermal Rating Analysis for Transmission System above 100 KV

Mr. Herron reported this item was presented at the last meeting. This item is the result of a NERC "alert" issued on October 7, 2010, that requires GRDA to measure

heights of transmission lines (clearance to ground) for transmission systems above 100 kV. The original request required submittal of a plan by December 15, 2010, with all discrepancies identified by April 7, 2011. There was such an uproar from the industry that NERC backed off and gave a later date of April 18, 2011, to make the assessment and December 31, 2011, to give the discrepancy report. Completion of remediation of problem locations is required within one year of identification; if longer than one year, it must be approved by the Regional Entity in a formal mitigation plan. Although not mandated by NERC, the assessment requires LiDAR (Light Detection and Ranging) aerial survey. PLS-CADD modeling is then used to determine each span of transmission line, and thermal rating is used to determine actual clearances. Nationally, there are about 450,000 miles of line requiring analysis; GRDA has 584 miles that qualify. GRDA has prepared bids on this project twice already. The first request for proposals (RFP) got no responses. The second RFP got one response from Network Mapping, Inc., Wilmington, Delaware. Their quote is in the amount of \$935,000 (about \$1,600 per mile) with payment milestones of 20 percent on contract award, 50 percent on completion of data acquisition, and 30 percent on completion of contract. They plan to fly it within two weeks and that it will take approximately six months to give GRDA the data in pieces. At the last board meeting, the Board requested staff to check with other companies to compare prices. TVA has been using this process for the last six or seven years, and they are spending \$1,800 per mile for basic LiDAR services and \$2,400 per mile for LiDAR including modeling and thermal ratings. American Transmission Company is paying \$1,000 to \$2,000 per mile for basic LiDAR services and \$2,600 to \$3,600 for LiDAR including modeling and thermal ratings. ERCOT is paying \$1,500 for

basic LiDAR services and \$4,000 for LiDAR including modeling and thermal ratings. Director Spears moved the Board approve award of RFP 24948 to Network Mapping, Inc., for a quoted price of \$935,000 payable per the listed milestones; seconded by Director Meyers, and voted upon as follows: Meyers, Spears, Bartlett, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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

##### **4.d. Change Order #5 to Contract 20748, Substation Construction Services, Kerr Dam Substation, with BBC Electrical Services Inc., for Installation Services for 15 Control Cabinets**

Mr. Herron reported GRDA relay crews were going to install control cabinets in the new Kerr Substation control house. The work load in other areas has delayed GRDA; the cabinets arrived, but GRDA personnel were not able to get them installed. The contractor needs the cabinets in place to continue his cable installation work. The contractor quoted \$437 each to haul the 15 cabinets from GRDA's warehouse location and install them at the substation site. The total cost is \$6,555, bringing the change order total to \$65,122.10 or 4.48 percent of the original contract amount of \$1,452,812. Director Chernicky moved the Board approve Change Order #5 to Contract 20748 because work planned for GRDA crews cannot be completed in time and must be done to avoid delaying the contractor, seconded by Director Spears, and voted upon as follows: Spears, Bartlett, Chernicky, Meyers, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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**4.e. Change Order #2 to Work Authorization 10342  
with Electrical Consultants, Inc., for Additional Expenses  
to Complete Designs for Kerr Dam Substation Modifications**

Mr. Herron reported Electrical Consultants, Inc. (ECI), is the company that did the design work on the Kerr Dam substation. ECI is the design engineering firm for the Kerr Dam substation upgrade project. The original not-to-exceed cost was \$440,000; that was approved January 14, 2009. The scope of services was expanded in Change Order #1 on April 14, 2010, for \$85,000. GRDA received a change request letter from ECI dated November 24, 2010, for an additional \$122,000 for three items. Item 1 was for reworking control drawings to standard form and format in the amount of \$28,000. GRDA's original specifications and scope of services did not specify which drawing style GRDA wanted. Modifications were required to use the GRDA standard layout. Staff recommends approval of the \$28,000 to bring the drawings to GRDA's standards. Item 2 is for engineering required on the generation breakers in the amount of \$16,000. Staff believes these designs were required in the Change Order #1 scope. ECI did have to convert GRDA drawings to a usable format. Staff recommends approval of \$2,000 for drawing conversion work. Item 3 is for engineering required for control panels in the amount of \$78,000. Staff believes most of these panel designs were required in the Change Order #1 scope. However, two additional panels were needed for metering and annunciator equipment that were not in the original scope. Staff recommends approval of \$12,000 for design of two additional panels. The total for Change Order #2 would be \$42,000. This would bring the new total of the work authorization to \$567,000. ECI has agreed to the changes. Director Chernicky moved that the Board approve Change Order #2 for Work Authorization 10342 to Electrical Consultants, Inc., to provide

additional engineering services to complete designs for the Kerr Dam Switchgear Replacement and Substation Build-Out project; seconded by Director Meyers, and voted upon as follows: Bartlett, Chernicky, Meyers, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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**4.f. Change Order #2 to Contract 22118, Sallisaw Interconnect Transformer Addition, with Irby Construction Company, for Added Work, Materials, and Material Handling and for Extension of Completion Date**

Mr. Herron reported this change order came to him in December and consists of four parts. Part A consists of file drawings that showed an incorrect depth of rock under the transformer. The contractor was required to remove an additional five inches of rock (about ten yards), and the total for that work is \$3,630.80. He also had to pour additional concrete to make up the five-inch difference that was not in the specifications, and that cost was \$1,023.50. The total for part A is \$4,564. Part B involves two steel structures that had "fit" problems which were not obvious until assembly. FWT (the steel supplier) incorrectly fabricated the steel. The contractor had to remove the pieces, so they could be modified (by GRDA welders) and reinstalled. The total for Part B is \$1,633.86. Part C involves the contractor hauling materials from the Pryor warehouse to the Sallisaw construction site. The contractor included hauling services for one major shipment. Not all equipment and materials were available when the contractor started. The contractor was issued an incorrect high-voltage switch, and it required return. The contractor made four additional trips that amounted to \$2,269.25. FWT shorted delivery on 60 anchor bolts. GRDA provided the contractor with available old anchor bolts for part of those required. The bolts were not galvanized. The contractor spent 29 man hours wire brushing the bolts, so they could be used. That cost was \$2,632.33. The total for part C

is \$4,901.58. Part D involves a request by the contractor for extension of the completion deadline by 20 calendar days. Staff recommends approval of the extension. The total for Change Order #2 is \$11,189.44 or 6.06 percent of the original contract amount of \$224,796. Director Meyers moved the Board approve Change Order #2 to Contract 22118 to provide for extra digging and concrete around the transformer, to account for added time in removing and reinstalling two structures, to reimburse the contractor for additional material hauling trips, and to extend the contract completion date due to conditions beyond the contractor's control; seconded by Director Spears; and voted upon as follows: Chernicky, Meyers, Spears, Bartlett, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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**4.g. Work Authorization #26546 with Burns & McDonnell for Three-Stage Proposal to Stabilize Pensacola West Abutment**

Mr. Atkins reported this work authorization involves a safety and operating challenge that has been facing Hydro for a number of years. This cost-effective solution is supported by the amount as allocated in the 2008 bond issue. The West Abutment is a bluff (145 feet high and 150 feet long) comprised of limestone. Weathering continuously forms a talus pile at the slope's base. The pile has buried and destroyed the concrete walkway at the base and partially buried the 30-inch bypass pipe that can be used for lake releases when the units are not generating. The project undergoes 9th Part 12 and yearly inspections by FERC and Burns & McDonnell, an independent consultant. Their recommendation is that GRDA find a way to address the situation and reduce or eliminate future weathering of the bluff face. GRDA budgeted \$2 million for this project in the 2008 bond issue. This item involves a four-phase solution using Burns

& McDonnell, subcontractors, and GRDA's in-house engineering support for services. The four phases include (1) geotechnical exploration and report, (2) final design and preparation of construction documents, (3) approval process, and (4) bid, construction, and post-construction services. The \$207,000 total services fee includes a savings of \$131,100 or 39 percent for using GRDA's in-house engineering support. Director Chernicky moved the Board approve the amount of \$207,000 for Burns and McDonnell, subcontractors and GRDA personnel to perform geotechnical exploration and report, final design and preparation of construction documents, and bid, construction, and post-construction services; seconded by Director Bartlett, and voted upon as follows: Meyers, Spears, Bartlett, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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**4.h. Bid Award Recommendation for Contract 25327 for Consulting Services to Complete the FERC-Mandated Five-Year Relicensing Process for the Salina Pumped Storage Project No. 2524**

Dr. Townsend reported this item is for consulting services. It is a five-year FERC-mandated process that GRDA must follow for relicensing the project. The Integrated Licensing Process (ILP) has only been implemented at the FERC level for the last couple of years. GRDA requested quotes for consulting services for the license renewal, to conduct post-PAD filing activities, to develop pre- and post-application documents compliance plan, to coordinate a proposed study plan, to file the initial and final study report, and to draft preliminary and final licensing application with FERC. Mr. Townsend demonstrated the lengthy ILP process and where GRDA is currently at in the process. GRDA's license is due November 30, 2015, which means that by November 30, 2009, GRDA had to file a notice of intent and a pre-application document. That set in motion the timelines GRDA must meet in the relicensing process. In February, GRDA will be

hosting the first of the FERC meetings associated with the stakeholders and resource agencies. The contract for consulting services is to make sure GRDA is meeting all the responses needed. A proposal evaluation was used in evaluating the consulting services. Two proposals were received. HDR's proposal was in the amount of \$515,200 or about \$103,000 per year. They scored 167. LongView Associates, Inc., scored the highest, and their proposal was in the amount of \$349,069 or about \$70,000 per year. Director Meyers moved that the Board approve and award RFP 25327 to LongView Associates, Inc., for consulting services relevant to the relicensing of the Salina Pumped Storage FERC Project No. 2524, seconded by Director Bartlett, and voted upon as follows: Spears, Bartlett, Chernicky, Meyers, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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**4.i. Recommendation for Approval of the Agreement of Representation between GRDA and KAMO for the Mandatory Reporting of Greenhouse Gases Rule Promulgated under the Clean Air Act**

Dr. Townsend reported this is a formality between GRDA and KAMO that has to do with approving an Agreement of Representation for greenhouse gas mandatory reporting required by the Environmental Protection Agency (EPA). Currently, there is in place both a designated and alternate designated representative with the Acid Rain Program that was implemented in 2003. This particular agreement is associated with the 2009 EPA implementation of the Greenhouse Gas Rule. Director Chernicky moved to ensure continuity and maintain compliance with the Green House Gas reporting rule at Title 40 of the Code of Federal Regulations, Section 98, the Board approve the Agreement of Representation between GRDA and KAMO for the appointment of the Designated and the Alternate Designated Representatives required by the mandatory

reporting of the Greenhouse Gases Rule promulgated under the Clean Air Act; seconded by Director Spears; and voted upon as follows: Bartlett, Chernicky, Meyers, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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#### **4.j. Approval of Workers' Compensation Insurance for Policy Period February 1, 2011, through February 1, 2012**

Ms. Jahnke reported GRDA's workers' compensation policy is due February 1. GRDA's experience mod did not change a lot from last year. It was 1.61, and it is now 1.59, so it is heading in the right direction. Although GRDA approached seven markets for quotes, GRDA did not receive any quotes besides CompSource. The CompSource renewal quote this year is down from last year by about \$20,000. The quote this year was for \$1,156,083. A \$500 medical deductible option would give an extra discount of \$46,317. GRDA averages about 47 claims a year, so the \$500 medical deductible is beneficial to GRDA. That discount would reduce GRDA's premium further to \$1,109,766. Staff recommends renewal and to elect the \$500 medical deductible option. Mr. Easley added that he had spoken to Director LaGere, and he was pleased with this proposal. Director Spears commended staff for this premium going the right direction and for the workers working safely. Director Spears moved to renew the Workers' Compensation policy with CompSource with the \$500 medical deductible option and approve premiums in the amount of \$1,109,766, seconded by Director Bartlett, and voted upon as follows: Chernicky, Meyers, Spears, Bartlett, 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:** There was no report.
2. **Audit Committee:** There was no report.
3. **Coal Committee:** Director Chernicky had no report.
4. **Marketing Committee:** There was no report.
5. **Policies and Procedures Committee:** Director Bartlett had no report.
6. **Long-Range Planning Committee:** There was no report.

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**6. Executive Session Concerning the Appraisal of Real Property  
Located in Grove, Delaware County Oklahoma.**

**7. Executive Session Related to *GRDA v. Oklahoma Municipal Power  
Authority*, in the District Court of Craig County, Case No. CJ-2010-122**

Director Chernicky moved to go into executive session at 11:51 a.m., seconded by Director Meyers, and voted upon as follows: Meyers, Spears, Bartlett, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Director Chernicky moved to return to regular session at 12:09 p.m., seconded by Director Bartlett, and voted upon as follows: Spears, Bartlett, Chernicky, Meyers, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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**8. Action on Executive Session Items**

- a. **Transfer of Title of Real Property Located in Grove, Delaware County Oklahoma.**
- b. **Termination of Bulk Transmission Service Agreement Dated March 20, 1985, between GRDA and OMPA**

**c. Amendment to Unit Power Sales Agreement Dated March 20, 1985, between GRDA and OMPA**

Regarding item a, no action was taken.

Regarding item b, Director Chernicky moved the Board approve the termination of the Bulk Transmission Service Agreement dated March 20, 1985, between GRDA and Oklahoma Municipal Power Authority; seconded by Director Meyers; and voted upon as follows: Bartlett, Chernicky, Meyers, Spears, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

Regarding item c, Director Chernicky moved the Board approve the Amendment No. 2 to the Unit Power Sales Agreement between GRDA and Oklahoma Municipal Power Authority, seconded by Director Spears, and voted upon as follows: Chernicky, Meyers, Spears, Bartlett, yes. *Motion passed (4-yes, 0-no, 0-abstained).*

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Director Chernicky moved for adjournment at 12:10 p.m., seconded by Director Meyers, and voted upon as follows: Meyers, Spears, Bartlett, Chernicky, yes. *Motion passed (4-yes, 0-no, 0-abstained).*



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Donna M. Jones, Secretary

DATE APPROVED:

March 9, 2011  
GRDA Board of Directors