

**PUBLIC UTILITY DISTRICT NO. 1 OF BENTON COUNTY  
PUBLIC HEARING - 2012 PROPOSED BUDGET**

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Date: October 3, 2011

Time: 6:00 p.m.

Place: Kennewick Administration Office, Auditorium

***Present:***

Commissioners Hall, Sanders, and Bertsch

General Manager Sanders

Assistant General Manager Bartram

Legal Counsel Hultgren

Director of Power Management Bickford

Director of Engineering Dunn

Director of Operations Hunter

Manager of Treasury and Risk Management White

Manager of Accounting Meyer

Manager of Human Resources Walsh

Manager of Customer Service Ball

Manager of Communications and Governmental Relations Miller

Manager of Products and Services Johnson

Manager of Applications and Integration Folta

Manager of Information Systems Swanson

Supervisor of Information Systems Mills

Financial Analyst Pryor

Administrative Assistant – Finance and Business Services Henderson

Supervisor of Executive Administration Cole

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President Bob Bertsch welcomed those in attendance and stated the purpose of the Public Hearing was to give a presentation on the proposed 2012 Budget and open the public comment period.

General Manager reviewed the agenda for the Public Hearing and the upcoming budget development schedule, and briefly reviewed performance areas for 2011 as power supply, distribution/broadband systems, financial stewardship and customer rates and satisfaction. Identified strategic issues were noted as lower sales for resale, rising BPA wholesale rates, Energy Independence Act implications, local economy, technology, increased regulations, and retail rates.

Assistant General Manager briefly reviewed 2008-2011 financial highlights, upward pressures on retail rates and retail revenue adjustments. Average bill comparisons by customer class were shown. Budget assumptions for liquidity and debt service coverage were discussed and general budget assumptions were reviewed. Changes in net assets and revenues were shown, and expenditures by major budget category, net power and gross power, were discussed.

Director of Power Management reviewed the 2012 proposed budget for power supply and net power costs. It was reported that power costs are headed upward due to lower sales for resale, increased BPA wholesale rates and more expensive renewable power. Each issue was individually reviewed. The impacts of the Energy Independence Act were reviewed, showing existing resources versus load requirements, and the cost of new resources. Budget assumptions in power supply and expenses were reviewed.

Assistant General Manager reviewed proposed operating and maintenance expenditures for 2012. Authorized staffing, changes in salaries and wages and employee benefits were reviewed.

Director of Engineering reviewed capital projects by category that were anticipated for 2012. The proposed 2012 broadband budget was briefly reviewed, noting a workshop on broadband will be held on October 28, 2011.

Manager of Treasury and Risk Management reviewed the five-year financial forecast assumptions. Cash and investment reserves and debt service coverage and debt service schedule were briefed.

General Manager summarized the presentations, noting increasing net power costs as a key driver in the budget.

General Manager stated the proposed 2012 budget meets the District's financial policy requirements, and provides the necessary resources to achieve strategic objectives. Staff will continue to search for efficiencies and cost reductions in the ensuing months.

General Manager stated that public comments will be accepted until October 25, 2011, at which time the public comment period will be closed. Staff will review any comments received and present an updated budget at the November 22, 2011 commission meeting. The final budget will be brought for Commission consideration on December 13, 2011.

#### **Commission Question and Answer Period**

General Manager asked the Commission for any questions or concerns regarding the presentation of the proposed 2012 budget.

Commissioner Lori Sanders asked for a history of the capital budget, excluding fiber, showing as a percentage of retail revenues or of the total budget from a pre-recession year to present, including no capital contributions. Assistant General Manager acknowledged that information would be provided at a future meeting.

#### **Public Hearing/Public Comment**


At 7:30 p.m., President Robert Bertsch announced that the Public Hearing was now open for public comment.

Mr. Robert Gretzinger asked about transmission and wind power costs and how those costs impacted the District, and General Manager responded to those questions.


No other comments were received by the public.

President Robert Bertsch stated that the public comment period for comments on the proposed 2012 budget would remain open until October 25, 2011, and the public can submit comments through the District's web site, by mail, or by contacting the Supervisor of Executive Administration. A document showing contact information is provided for use in the foyer area of the Auditorium.

Hearing no objection, President Robert Bertsch adjourned the Public Hearing at 7:35 p.m.

  
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Robert E. Bertsch, President

ATTEST:

  
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Lori Kays-Sanders, Secretary