

**PUBLIC UTILITY DISTRICT NO. 1  
OF  
BENTON COUNTY**

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Date: January 10, 2012  
Time: 9:00 a.m.  
Place: 2721 West 10<sup>th</sup> Avenue, Kennewick, Washington

***Present-Benton PUD:***

Commissioners Bertsch and Hall  
Commissioner Lori Sanders, partial attendance  
General Manager Sanders  
Legal Counsel Hultgrenn  
Assistant General Manager Bartram  
Director of Operations Hunter  
Director of Power Management Bickford  
Manager of Risk Management and Treasury White  
Manager of Communications and Governmental Relations Miller  
Manager of Accounting Meyer  
Manager of Products and Services Johnson  
Manager of Contracts and Purchasing Ochweri  
Manager of Human Resources Walsh  
Manager of Customer Service Ball  
Supervisor of System Engineering Scherer  
Distribution Designer Roe  
Supervisor of Executive Administration Cole

***Excused:*** Commissioner Lori Sander excused until 10:45 a.m.

***Guests:*** Kathy Merrill-Holle, Community Action Connection; Mark Reddemann, Energy Northwest

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Manager of Accounting led the pledge of allegiance.

President Robert Bertsch excused Commissioner Lori Sanders from attendance at today's commission meeting.

President Robert Bertsch announced that it was Commissioner Jeff Hall's ten year anniversary as a commissioner for Benton PUD and congratulated him for his years of service. General Manager announced that on behalf of the staff, he would like to thank Commissioner Hall for his time, contributions and involvement in the work of the District and public utility issues. Commissioner Hall was presented with a plaque and gift certificate. Commissioner Hall expressed his appreciation and stated how much he enjoys working with public power and the District as a commissioner.

Assistant General Manager asked Manager of Customer Service to give an update on the District's annual Helping Hands drive. Manager of Customer Service described this year's holiday fundraising drive for the Helping Hands Program consisted of selling links to a chain for \$1 each. Kathy Merrill-Holle of Community Action Connection was presented with a check for \$6,816 donated by employees and customers to assist those in need with their electric bills. The two top sellers of the links, Shawnee Lanphear and Rose Ray, were recognized and thanked for their work in helping to raise the funds. Ms. Merrill-Holle expressed her appreciation of the District's employee fundraising activities and noted the dollars would help approximately 68 families with an approximate donation of \$100 for each.

Mr. Mark Reddemann, CEO of Energy Northwest, addressed the Commission. Mr. Reddemann gave a review of activities relating to the Columbia Generating Station outage, upcoming work relating to relicensing, as well as miscellaneous goals of Energy Northwest. Mr. Reddemann stated he is fulfilling an obligation he made to members when he became CEO to meet with each member's governing board and key staff members and appreciated the opportunity to speak today. Assistant General Manager expressed his appreciation for certain Energy Northwest employees for their assistance in developing the District's Enterprise Risk Management program. General Manager thanked Mr. Reddemann, noting that Energy Northwest is well represented at the Public Power Council as well as locally, and recognized the work and positive changes that have been observed at Energy Northwest.

### **Treasurer's Report**

The Treasurer reviewed the December 2011 Treasurer's Report. The Commission accepted the December 2011 Treasurer's Report. The counterparty credit and sector reports were reviewed.

### **Management Reports**

#### *General Manager:*

1. A Bonneville Power Administration (BPA) news release on Environmental Redispatch was distributed and a brief discussion was held.
2. An update on Northwest Open Access Network (NoaNet) was provided. At the last NoaNet board meeting the NoaNet board rescinded a motion to proceed with pursuing retail authority because there was not unanimous interest in that direction. Dave Siburg has distributed a questionnaire to members asking for their ideas of the future direction of NoaNet. A brief discussion was held on General Manager's recommended response. No additions or changes to the responses to the questionnaire were received by the Commission.
3. The Commission was reminded that Director of Engineering, Rick Dunn, has left employment of the District effective Friday, January 6, 2012, in order to pursue another job opportunity. Steve Hunter, Director of Engineering, is taking on the additional responsibilities of Director of Engineering, for the interim period while discussions are held regarding the open position.

#### *Director of Power Management:*

1. The Frederickson report for December 2011 was discussed.
2. The final fuel report for 2010 by the State has been received and was distributed.

*Director of Operations:*

1. The Port of Kennewick has requested a relocation of electrical lines in the Clover Island area. Due to the amount of work involved, the Port is being asked to reimburse the District for the costs of contracting with an engineering firm to do a feasibility study. We are awaiting a response from the Port before taking further action.
2. It was noted that Consent Agenda No. 5k, the fuel bid that was rejected at the December 13, 2011 meeting has been successfully re-bid.

*Manager of Communications and Governmental Relations:*

1. An update was provided on legislative activities during the special session called in December. The Governor's staff requested a meeting with stakeholders related to I-937. Over 100 people attended, including legislators, utilities, environmental groups, and business organizations. Mr. Clif Finch, Aequus Inc., was one of the six people representing public utilities, as well as representing Benton PUD. General consensus was that changes are needed to provide more flexibility without changing the overall intent of the Initiative. Later, the Governor announced she will not introduce a bill related to I-937 and will continue to focus on the State budget. The utility group is still working on potential bills, and the District's two bills are included in those discussions.
2. An article on possible legislation related to I-937 from The Washington State Wire website was distributed.

*Assistant General Manager/Manager of Treasury and Risk Management/Manager of Customer Service:*

1. Contract negotiations have begun with Bank of America for banking services, merchant services and the line of credit. The Commission was briefed on concerns relating to banks being downgraded and the potential impact on the District's line of credit with Bank of America. Manager of Treasury and Risk Management stated that an agreement to enter into merchant services will be brought to the next commission meeting with an expected reduction in fees charged by Bank of America of approximately one-third. Staff continues to work on preliminary pricing relating to banking services, and anticipates bringing a contract for consideration on February 14, 2012.
2. A discussion was held on renewing the three year contract for a line of credit. A concern was noted regarding the impacts of a future downgrade of Bank of America related to two counterparty contracts. Staff continues to work on this issue.
3. The Commission was informed that at the next meeting a presentation will be held on the top twenty risks identified by the Enterprise Risk Management team, and a draft policy will be reviewed.
4. Manager of Customer Service summarized the Helping Hands Program funding for 2011, noting that donations increased over 2010, with a few substantial single donations. New Northwest Broadcasters was the top single donor, donating \$1,000 toward the Helping Hands Program.
5. It was noted that LIHEAP funding levels were recently increased by Congress. CAC will now have just over \$1.2 million to disburse to utilities in Benton and Franklin counties. This is significant for Benton PUD customers, since about 50% of LIHEAP funds are distributed to Benton PUD.

## Consent Agenda

Motion by Jeff Hall, seconded by Robert Bertsch to approve the Consent Agenda as follows:

- a) Approving the minutes of the Commission Meeting of December 13, 2011.
- b) Approved Travel Report dated January 10, 2012.
- c) Approving Vouchers audited and certified by the auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing made available to the Commission. As of this date, the Commission does approve the following for payment: Accounts Payable Automated Clearing House (ACH) payments 7738-7874 in the total amount of \$1,180,254.02, Warrants (CHK) 50832-50859, 50861-50898, 50915-50976 in the total amount of \$632,897.61, Electronic Fund Transfer (EFT) payments 2592-2608 in the total amount of \$6,609,951.56, Customer Refund (ERM) payments 50860, 50899-50914, 50977-50992 in the total amount of \$5,518.52; Residential Conservation Rebates, Credits on Customer Accounts in the total amount of \$1,115.00; Payroll Direct Deposit Advice 12/8/11, 31884-32042 in the total amount of \$292,859.96 and Direct Deposit Advice 12/22/11, 32043-32203 in the total amount of \$297,693.72 for a grand total of \$9,020,290.39. For December 2011, voided ERM in the total amount of \$94.07 were included in the report.
- d) Amending the Designation of Representatives to Various Organizations for 2012 as follows: removing Rick Dunn as the District's member representative to the Northwest Open Access Network, and adding Robert E. Bertsch as the member representative and James W. Sanders as the alternate.

Authorizing the following to act in the capacity as identified: removing Rick Dunn as the alternate member representative to Benton County Emergency Services Executive Board and adding Gary Splattstoesser, removing Rick Dunn as the District member representative to the Washington State University Advisory Board and adding Steve Hunter, and authorizing James W. Sanders to act in the capacity of Chair of the Board of TRIDEC effective January 1, 2012.

- e) Reviewing Conservation Rebate Report for 4<sup>th</sup> Quarter 2011.
- f) Reviewing Hanson Consulting Report for 4<sup>th</sup> Quarter 2011.
- g) Reviewing Contract Activity Report for 4<sup>th</sup> Quarter 2011.
- h) Reviewing Broadband Service Orders for 4<sup>th</sup> Quarter 2011.
- i) Approving Work Order No. 111388 to construct a second circuit at Irrigro Substation providing electrical service to Easterday Farms.
- j) Awarding the contract for a cab and chassis, Bid Package No. 11-11 to Jim's Pacific Garage, Inc. of Pasco, Washington, for the total amount of \$134,347.00, plus Washington State sales tax, in accordance with RCW 54.04.080.
- k) Awarding the contract for re-bid Fuel, Bid Package No. 11-07 to Wondrack Distributing, Inc. of Kennewick, Washington, with a profit margin on \$0.02 per gallon on the average OPIS price of fuel on the day of delivery from the Pasco tank farm.
- l) Authorizing the General Manager, on behalf of the District, to sign Change Order No. 1 of Contract No. 10-46-04 with NoaNet, to extend internet services contract term to December 31, 2012, on a month to month basis and increase the not-to-exceed amount by \$158,400.00, bringing the new not-to-exceed amount of the contract to \$567,509.46.

MOTION CARRIED.

**Resolution No. 2155, Revising the 2012 Prequalification of Contractors**

Manager of Contracts and Purchasing recommended the Commission adopt Resolution No. 2155 revising the 2012 Prequalification of Contractors. The resolution adds Utility Pole Technologies, a subsidiary of Asplundh Tree Expert Company.

Motion by Jeff Hall, seconded by Robert Bertsch adopting Resolution No. 2155, revising the 2012 Prequalification of Contractors.

MOTION CARRIED.

**Battelle, Contract Change Order, Modification 4 of Battelle Sub-Recipient Cooperative Agreement**

Supervisor of System Engineering recommended the Commission sign a change order for modification 4 of the Battelle Sub-Recipient Cooperative Agreement. Modification 4 will authorize the funding necessary for the District to continue District participation in the Pacific Northwest Smart Grid Demonstration Project.

Motion by Jeff Hall, seconded by Robert Bertsch authorizing the General Manager, on behalf of the District, to sign Change Order No. 4 of Contract No. 10-21-04 with Battelle Memorial Institute, Pacific Northwest Division, for Modification 4 of Battelle Sub-Recipient Cooperative Agreement No. 115492.

MOTION CARRIED.

**Resource Associates International, Contract Change Order, Smart Grid Demonstration Project**

Supervisor of System Engineering recommended the Commission approve Change Order No. 4 with Resource Associates International. The existing contract has reached its not-to-exceed amount and a change order is required to proceed. The change order is related to the scope of work associated with the Smart Grid Demonstration Project and the sub-project cooperative agreement with Battelle.

Motion by Jeff Hall, seconded by Robert Bertsch to authorize the General Manager, on behalf of the District, to sign Change Order No. 4 of Contract No. 10-21-03 with Resource Associates International, to increase the not-to-exceed amount by \$183,000.00, bringing the new not-to-exceed amount to \$574,000.00.

MOTION CARRIED.

**Relay Application Innovation, Inc., Contract Award Recommendation, Miscellaneous Engineering Services**

Supervisor of System Engineering recommended the Commission award a contract with Relay Application Innovation, Inc. for miscellaneous engineering services, for a three year period.

Motion by Jeff Hall, seconded by Robert Bertsch authorizing the General Manager, on behalf of the District, to sign a three year contract with Relay Application Innovation, Inc., Contract No. 12-21-01, to provide miscellaneous engineering services for a not-to-exceed amount of \$142,000.00 with an expiration date of December 31, 2014.

MOTION CARRIED.

At 10:30 a.m., President Robert Bertsch announced that the commission meeting would recess for 10 minutes.

At 10:40 a.m., President Robert Bertsch announced that the commission meeting would reconvene into regular open public session.


**November 2011 Financial Statements**

Commission Lori Sanders joined the commission meeting at 10:45 a.m. Manager of Accounting reviewed the November 2011 financial statements.

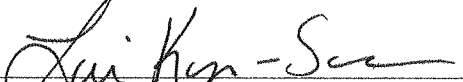
**Future Planning**

Assistant General Manager discussed Commission availability for a 2013 Strategic Planning workshop and several dates were discussed. Jeff Tarbert from the American Public Power Association is a desired speaker for the workshop depending upon date availability.

Hearing no objection, President Robert Bertsch adjourned the Commission Meeting at 10:55 a.m.

  
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Robert Bertsch, President

ATTEST:

  
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Lori Kays-Sanders, Secretary