

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

Date: June 28, 2011
Time: 9:00 a.m.
Place: 2721 West 10th Avenue, Kennewick, Washington

Present-Benton PUD:

Commissioners Bertsch, Hall and Sanders
General Manager Sanders
Assistant General Manager Bartram
Legal Counsel Hultgrenn
Director of Engineering Dunn
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 Human Resources Walsh
Manager of Contracts and Purchasing Ochweri
Distribution Designer Vosahlo
Financial Analyst Smith
Supervisor of Executive Administration Cole

Guests: Rich Nall, Northwest Open Access Network; Larry Felton, Bonneville Power Administration

Assistant General Manager led the pledge of allegiance.

Management Reports

General Manager:

1. General Manager briefly reviewed past discussions on State requirements regarding email and public records. Since the Commission was provided District email addresses, all commissioner email relating to District business is now recommended to be sent and received through the District's systems. Two options are available for filing public record email in the District's systems: 1) allow capture of all email into the document management system, and authorize staff review and filing of applicable state retainable email, or 2) individual commissioner responsibility for filing sent and received email considered to be State retainable. After a brief discussion all three commissioners agreed to Option 1 of all sent and received email going into the District DMS system, and allowing review and filing of applicable email records by the Public Records Officer. Limited access and confidentiality controls will be set within the District system.

Director of Engineering:

1. Director announced the deployment of over 43,000 AMI residential meters. A District-wide celebration of this milestone is planned for this Thursday. Approximately 180 residential meters are yet to be installed, and the District is awaiting shipment on those meters. The balance of meters to be installed are multi-phase commercial and irrigation accounts. A software upgrade is required before these meter types will operate in accordance with specifications. The Thursday celebration includes a barbeque with District staff as well as some Sensus project managers and management. Commissioners were invited to attend.
2. The Northwest Open Access Network (NoaNet) refunding bonds was successful with better savings than was originally projected, with a total principle refunding in the amount of \$13,165,000.
3. In preparation for tomorrow's broadband discussion during the Strategic Planning workshop, Director outlined discussion items as: the original purpose of broadband, the original business plan and amended business plan, what does success look like and are we on the same page, short and long term goals – different ways to accomplish each. Options to explore included continue with the status quo, develop an aggressive legacy investment plan, and looking at partnerships or selling assets.

Manager of Communications and Governmental Relations:

1. Staff recommended the District hold a customer public hearing, joint with Franklin PUD, on Senate Bill 5964 and House Bill 2124, to gather public comments relating to the legislation in response to the requirements of the Energy Independence Act. The Commission concurred to have a joint customer public hearing on the above legislation.
2. A brief discussion was held on the Obama Administration's nomination for the Assistant Secretary for Fish, Wildlife and Parks at the Department of Interior.

Manager of Human Resources:

1. The Commission was updated on RFP responses for the administration of the District's retirement plans. Interviews of the top two respondents will occur in July, and following that a recommendation will be forthcoming for commission consideration.

Consent Agenda

Motion by Jeff Hall, seconded by Lori Sanders to approve the Consent Agenda as follows:

- a) Approving the minutes of the regular Commission Meeting of June 14, 2011.
- b) Approving the Travel Report dated June 28, 2011.
- 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: Automated Clearing House (ACH) Payments 6846-6936 in the total amount of \$946,819.53, Warrants 49183-49214 and 49218-49254 in the total amount of \$255,089.28; Electronic Fund Transfer (EFT) Payments 2502-2509 in the total amount of \$6,068,105.54; Customer Refund (ERM) Payments 49215-49217 and 49255-49281 in the total amount of \$2,759.69; Residential Conservation Rebates Credits on Customer Accounts in the total amount of \$485.00; Payroll Direct Deposit Advice 06/09/11 29791-29949 in the total amount of \$289,627.91 and Warrants 504226 in the total amount of \$60.50 for a grand total of \$7,562,947.45.

- d) Approving conveying to the owner of record an easement recorded under Auditor's File No. AF-420493, records of Benton County, Washington, located in Section 8, Township 8 North, Range 29 East, W.M., records of Benton County, State of Washington.
 - e) Reviewing Aequus Legislative Session Report for 2011.
 - f) Amending Designation of Representatives to Various Organizations for 2011, changing Energy Northwest Nine Canyon Wind Project Purchaser's Committee Representative to Chris Johnson and Alternate to Dan Bickford, and changing Energy Northwest Packwood Purchaser's Committee Representative to Chris Johnson and Alternate to Dan Bickford.
- MOTION CARRIED.

Washington State University Power Systems Engineering Program

General Manager recommended the Commission approve annual expenditures to Washington State University in support of the Power Systems Engineering Program. WSU is taking a proactive step regarding an identified labor problem relating to the engineering field by supporting the program. The value to the District as a member investor includes priority access to student resumes and an online venue for job postings and internships. The District is also able to promote job openings through WSU material and alumni connections. The District and other participating members also receive a position on the advisory board, reserve space at college careers fairs and other connections to the program and the university.

Commissioner Lori Sanders asked for an additional review of the District's support of this program, and President Robert Bertsch asked for a list of other entities being asked to support the program.

Motion by Lori Sanders, seconded by Robert Bertsch to support the Washington State University Power Systems Engineering Program and to authorize the General Manager, on behalf of the District, to expend \$8,000 annually for up to five years, for annual membership dues.

MOTION CARRIED.

Resolution No. 2128, Broadband Service Order Approvals

Director of Engineering recommended the Commission adopt a resolution identifying broadband service order approval levels and ratifying three service orders previously approved. The broadband business growth over time has resulted in an increase in the dollar amount and terms of services being contracted. Staff identified the need to align broadband service order approvals with contracting, requisitions and work order approvals. A quarterly report will be brought for Commission approval of service orders entered into, consistent with the District's processes for work orders and contracts. The Commission was informed that a service order with PNNL and two with NoaNet, previously signed, were in excess of the authorities granted in the proposed resolution.

Motion by Lori Sanders, seconded by Jeff Hall, adopting Resolution No. 2128, authorizing the General Manager, on behalf of the District, to approve Broadband Service Orders for the purchase of services totaling up to \$300,000 under the condition contract terms do not exceed five years and annual expenses are no greater than \$100,000; and to ratify any existing Service Orders that were signed prior to this resolution.

MOTION CARRIED.

Resolution No. 2130, Authorizing A Collective Bargaining Agreement between Benton PUD and IBEW Local No. 77

Manager of Human Resources recommended the Commission approve the Collective Bargaining Agreement (CBA) for a three year term commencing on June 6, 2011. The August budget amendment process will include adjustments, if necessary, to ensure sufficient funding for all new provisions.

Motion by Jeff Hall, seconded by Lori Sanders adopting Resolution No. 2130, authorizing the General Manager, on behalf of the District, to enter into a Collective Bargaining Agreement (CBA) between Public Utility District No. 1 of Benton County and International Brotherhood of Electrical Workers, Local No. 77, for a term of approximately three years, commencing on June 6, 2011 and concluding on March 31, 2014.

MOTION CARRIED.

May 2011 Financial Statements

Financial Analyst reviewed the May 2011 financial statements.

Future Planning

Assistant General Manager distributed the proposed agenda for the Strategic Planning Workshop scheduled for Wednesday and briefly reviewed the schedule for the day.

Meeting Reports

General Manager and Commissioner Jeff Hall reviewed possible membership changes at the Washington PUD Association due to potential loss of memberships by some PUDs.

Executive Session

At 10:25 a.m., President Robert Bertsch announced that the Commission would go into Executive Session with legal counsel for 10 minutes for the purpose of discussing potential litigation.

At 10:35 a.m., President Robert Bertsch announced that the Commission would reconvene into regular open public session.

Motion by Jeff Hall, seconded by Lori Sanders authorizing the General Manager, or his designee, on behalf of the District, to enter into a Settlement Agreement with the City of Prosser relating to the District's claim for over-payment of city utility occupation tax in substantially the form presented.

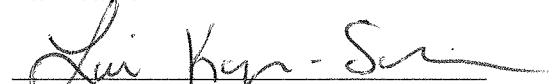
MOTION CARRIED.

Hearing no objection, President Robert Bertsch adjourned the Commission Meeting at 10:40 a.m.



Jeff Hall, Vice-President

ATTEST:



Lori Kays-Sanders, Secretary