

**PUBLIC UTILITY DISTRICT NO. 1 OF BENTON COUNTY
SPECIAL COMMISSION WORKSHOP**

FINANCIAL PLANNING

Date: May 31, 2005

Time: 9:00 a.m.

Place: Benton PUD - 2721 W 10th Avenue, Kennewick, Washington

Present: Commissioners Hall, Bertsch, and Sanders, General Manager Sanders, Assistant General Manager/Director of Operations Long, Director of Finance and Administrative Services Bartram, Director of Power Management Gregg, Director of Engineering Hunter, Manager of Risk Management and Treasury Operations Bickford, Manager of Accounting White, Manager of Communications and Governmental Relations Miller, Director of Retail Services Revell, Human Resources Manager Walsh, Senior Accountant Hawkey, Senior Accountant Pryor, Manager of Products and Services Johnson, Manager of Development and Special Projects McCollum, Senior Secretary – Administration Scrimsher

The Special Commission Workshop was called to order at 9:00 a.m. on May 31, 2005, by Commission President Jeff Hall. This meeting was called in accordance with RCW 42.30.080.

The General Manager briefly outlined the agenda for the workshop.

Manager of Accounting reviewed in detail the District's financial statements for April 2005.

Auditor/Director of Finance and Administrative Services noted that each fiscal quarter, District staff presents an updated five year financial forecast in order to keep the Commission apprised of updates in the forecast due to revised financial assumptions.

The District's financial policies were then reviewed with the Commission. An overview of budget assumptions and the importance of strong financial policies and processes were discussed. The 2006 budgeting timeline was presented to the Commission and the levels of financial reporting detailed.

Further clarification was provided by Director of Power Management, at the request of Commissioner Bertsch, as to the various Cost Recovery Adjustment Clauses levied by the Bonneville Power Administration (BPA), and the budgetary planning impact to the District. The power supply budgeting challenges, due to BPA cost uncertainties, were discussed.

Manager of Accounting reviewed several key financial indicators providing a perspective on the District's Historical Financial Performance from 2002 through 2004.

Discussion was held regarding rate classes and the costs associated with the various classifications. The difficulty, due to varying business model methodologies among utilities, in doing true comparisons with other utilities' Broadband costs/rates, was also discussed.

Manager of Risk Management and Treasury Operations stated the Commission on the 2005 Bond refunding and the District's current ratings with Moody's, Fitch, and Standards & Poor's. The District's long range financial forecast and assumptions were also reviewed in detail. Director of Power Management mentioned that the forecast did not take into account the impacts of Judge Redden's rejection of the 2004 Biological Opinion or a BPA rate increase in FY 2007 due to a lack of information. As this information becomes available, the forecasts will be updated.

Commissioner Hall stated that the information presented today, as well as the financial statements presented monthly, are wonderful tools and extremely helpful. He then thanked staff for an informative presentation and the great effort put forth.

No action was taken at the workshop.

President Hall adjourned the Commission Workshop at 11:40 a.m.

/s/
Jeffrey D. Hall, President

Attest:

/s/
Lori Kays-Sanders, Secretary