

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

2006 PROPOSED BUDGET

Date: October 3, 2005
Time: 6:00 p.m.
Place: Kennewick Administration Office, Auditorium

Present:

Commissioners Hall, Bertsch and Sanders
General Manager Sanders
General Counsel Hultgrenn
Assistant General Manager/Director of Operations Long
Director of Finance and Administrative Services/Auditor Bartram
Director of Power Management Gregg
Director of Engineering Hunter
Director of Retail Services Revell
Manager of Risk Management and Treasury Operations Bickford
Products and Services Manager Johnson
Manager of Information Systems Swanson
Manager – Development and Special Projects McCollum
Manager of Communications and Governmental Relations Miller
Administrative Assistant Hurst
Human Resources Manager Walsh
Senior Accountant Pryor
Senior Accountant Meyer
Dept. Assistant II – Finance and Administration Hough

President Hall welcomed those in attendance and introduced the members of the Commission and the General Manager. President Hall briefly discussed the agenda for a workshop and public hearing as follows: he would be the hearing officer for tonight's meeting, the workshop is staff's first formal presentation to the Commission on the proposed 2006 budget, and that following any commission questions to staff, a public hearing would be held to allow for public input. It was announced that the public comment period will remain open until November 22, 2005 and the final adoption of the 2006 budget will be adopted on December 13, 2005.

Staff Presentation

The General Manager reviewed 2005 accomplishments, including achievements reached through the performance measurement process. It was noted that operating and capital cost projections are below budget, power cost projections are below budget and a 3.0% revenue reduction is planned for November 2005. Challenges for 2006 were discussed, including shaping the future of BPA contracts, managing power supply volatility, controlling costs and increasing efficiencies and managing human capital issues.

Presentation on the Proposed 2006 Budget

Auditor/Director of Finance and Administrative Services gave a presentation on the District's historical financial results, the 2006-2010 financial forecast, and reviewed assumptions used in the development of the proposed 2006 budget. The 2006 proposed budget contains \$134.9 million (net of contributions in aid of construction) in estimated expenditures and \$128 million in revenues (excluding contributions). It provides for a significant investment in District facilities and systems. Included within the proposed budget is funding for a new Prosser facility, a new south Kennewick substation, a geographical information system, a trouble-call outage management system, and an upgrade to the customer information system. The budget also contains funds for a broadband over power lines demonstration project. Special topics of the presentation were a review of District credit ratings, bill comparisons, benchmarking and a broadband status report.

General Manager summarized that the 2006 proposed budget meets financial policy requirements, stated that power supply expenditures within the budget are based on conservative assumptions, and the proposal provides the necessary resources to achieve strategic objectives.

Commission Question and Answer Period

A brief question and answer period between the Commission and staff took place.

Public Hearing

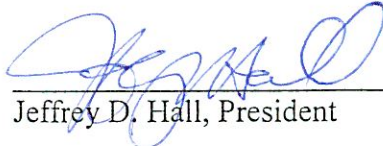
At 7:10 p.m., President Hall announced that the public hearing was now open for public comments. It was noted that although no outside public was in attendance, the Benton PUD staff was part of the public. No public input was received at the meeting.

The public was invited to address questions to staff or to make comments related to the 2006 proposed budget, with all questions and answers to be posted on Benton PUD's website at www.bentonpud.org.

President Hall closed the Budget Hearing at 7:12 p.m., leaving the public comment period open until 9:00 a.m. on November 22, 2005.

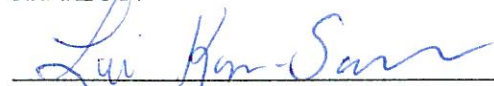
General Manager stated that public comments on the proposed 2006 budget would be accepted until November 22, 2005 at which time the public comment period would close. The final budget, with changes as directed by the Commission in the ensuing months, would be brought for Commission consideration at the December 13, 2005 Commission Meeting.

Hearing no objection, President Hall adjourned the Commission Workshop and Public Hearing at 7:20 p.m.



Jeffrey D. Hall, President

ATTEST:



Lori Kays-Sanders, Secretary

RESOLUTION NO. 1853
October 11, 2005

A RESOLUTION DECLARING CERTAIN EQUIPMENT SURPLUS TO DISTRICT NEEDS

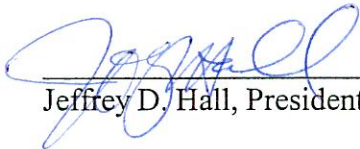
WHEREAS, Public Utility District No. 1 of Benton County is desirous of disposing of certain surplus equipment that is unserviceable, obsolete, worn out, unfit, inadequate and/or no longer necessary, material to, and useful in its operations, and

WHEREAS, the laws of the State of Washington, Title 54, Revised Code of Washington, Chapter 54 Section 16.180, provided the necessary authority for the District to dispose of said equipment, Now, Therefore,

BE IT HEREBY RESOLVED, that the Commission of Public Utility District No. 1 of Benton County declare the equipment listed below surplus because it is unserviceable, obsolete, worn out, unfit, inadequate and/or no longer necessary, material to, and useful in the District's operations, and

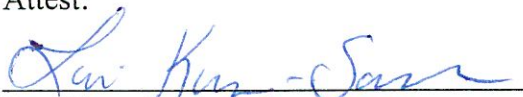
BE IT FURTHER RESOLVED, that the Manager is authorized to dispose of this equipment per District policies.

SURPLUS EQUIPMENT – AS SHOWN ON ATTACHED LIST.



Jeffrey D. Hall, President

Attest:



Lori Kays-Sanders, Secretary