

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

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Date: August 28, 2007

Time: 9:00 a.m.

Place: 2721 West 10<sup>th</sup> Avenue, Kennewick, Washington

***Present:***

Commissioners Hall, Sanders, and Bertsch

General Manager Sanders

Assistant General Manager/Director of Operations Long

Auditor/Director of Finance and Business Services Bartram

General Counsel Hultgrenn

Director of Power Management Gregg

Director of Engineering Hunter

Manager of Risk Management & Treasury Bickford

Manager of Communications and Governmental Relations Miller

Manager of Key Accounts McAloon

Manager of Customer Service Ball

Manager of Accounting White

Manager of Human Resources Walsh

Manager of Engineering Dunn

Manager of Contracts and Purchasing

Financial Analyst II Hawkey

Financial Analyst II Pryor

Senior Broadband Network Engineer Nall

Senior Engineer II Gottschalk

Commission Relations Specialist/Executive Assistant Hurst

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General Counsel led the Pledge of Allegiance.

**Management Report**

*Assistant General Manager:*

1. General Manager is attending a conference call and will join the Commission Meeting at a later time.

*Director of Power Management:*

1. The mark to market report was distributed and discussed.
2. Elements of an extension to the slice block contract Exhibit N settlement that was executed for FY 07 were reviewed. It is anticipated the amended contract will be brought for Commission consideration in September of 2007.
3. There may be an opportunity to sell the District's interest in the remaining Canadian gas pipeline. The Energy Authority is working on negotiations that could result in an assumption of the District's remaining contractual interest. Pending Commission concurrence, staff will continue with negotiations and bring to the Commission for further consideration at a future meeting. The Commission expressed no concern with moving forward on the negotiations.

4. The Commission was informed of the Klondike Wind Farm accident which resulted in a fatality to a worker at the site. The accident is under review at this time. The District does not participate in the Klondike Wind Farm.
5. Senior Engineer II discussed issues from a recent Packwood purchaser's meeting. The Commission was updated on a slide that occurred during a rain storm in November of 2006 resulting in no damage to the Packwood facilities, but some damage to the supporting earth holding the piping. The slide damage is eligible for FEMA and State relief. Insurance coverage for certain incidents of this nature was reviewed.

*Director of Finance and Business Services:*

1. Director announced the achievement of a key milestone yesterday – the electronic bill presentment and bill payment system went live to the District's customers. Director expressed his appreciation to Jon Meyer and other members of the Team on implementing a very complex and challenging project for the District. This effort will result in increased efficiencies and provide additional options for the District's customers.

Manager of Customer Service noted that testing of the system was successful last week with the District's employees who utilized the service, and 76 payments have already been received since it went live with the District's customers. The Commission was briefed on planned communications for the District's customers.

Director noted that the next goal included taking a closer look at how the District presents certain unique transactions on its bill, including deposits and special adjustments. Staff plans to work on this project later in the year of 2007.

*Assistant General Manager:*

1. As previously discussed with the Commission in March of this year, the District is placing an ad this week asking for bids on the remodel of certain areas of the District's administration building. A map of current plans for the remodel was distributed and reviewed. Director of Finance and Business Services noted the new Plan will result in a better customer service experience, should reduce noise levels, and will consolidate a call center area for better telephone customer service.

**Consent Agenda**

Motion by Lori Sanders, seconded by Robert Bertsch to approve the Consent Agenda as follows:

- a) Approving the minutes of the regular Commission Meeting of August 14, 2007.
- b) Approving the minutes of the Special Commission Meeting of August 15, 2007.
- c) Approving the District Travel Report dated August 28, 2007.
- d) 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 Warrants 30735/30798 – 30939/30998 in the total amount of \$624,706.35, Customer Refunds 30799-30938 in the total amount of \$16,970.21, Automated Clearing House Payments 514-565 in the total amount of \$616,803.46, Electronic Fund Transfer Payments 1675-1687 in the total amount of \$1,165,110.04; Payroll Direct Deposit Advice 08/09/07 14282-14421 in the total amount of \$243,941.65, Warrants 08/09/07 502956-502989 in the total amount of \$55,686.18, for a grand total of \$2,723,217.89. Void ACH Payroll for August 2007 in the total amount of \$7,789.41 was included in the report.

e) Review of Jobs Report to Commission dated August 17, 2007.

MOTION CARRIED.

**Work Order – Nine Canyon Wind Farm Phase III**

Motion by Lori Sanders, seconded by Robert Bertsch approving Work Order No. 21426 for construction of the Nine Canyon, Phase III, 35kV Distribution System of the wind generation project.  
MOTION CARRIED.

**Project Design of New Substation near Plymouth – Contract Award Recommendation**

Director of Engineering recommended the Commission approved a contract with D. Hittle and Associates for project design of a new substation near the City of Plymouth to help power the Ethanol Plant and future development in the Agri Northwest corn dryer area.

Motion by Robert Bertsch, seconded by Lori Sanders authorizing the General Manager, on behalf of the District, to sign Contract No. 07-21-09 with D. Hittle and Associates, for the project design of a new substation, for a not-to-exceed amount of \$95,200, plus Washington State sales tax, in accordance with RCW 54.04.080.

MOTION CARRIED.

**Temporary Broadband Rate Adjustment, Residential and Business Fixed Wireless**

Assistant General Manager recommended the Commission approve a temporary adjustment to the residential and business fixed wireless non-recurring charge. Excellent sales success has been experienced in the past with temporary rate adjustments. The District anticipates adding an additional 20 customers, and to experience payback of the promotional costs within 15 months. A discussion was held with the Commission, and Senior Broadband Network Engineer confirmed that the Retail Service Providers are passing the savings onto their customers during the temporary rate adjustment period.

Motion by Robert Bertsch, seconded by Lori Sanders authorizing the General Manager, on behalf of the District, to waive the \$100 non-recurring charge on residential and business fixed wireless connections for a period not-to-exceed 60 days as part of a temporary adjustment to broadband rates authorized for the period of September 1, 2007 through October 31, 2007.

MOTION CARRIED.

**Temporary Broadband Rate Adjustment, Multi-Tenant Building with Fiber and Buildings with Broadband Over Powerlines**

Assistant General Manager recommended the Commission approve a temporary adjustment to the rate for multi-tenant buildings with fiber and for facilities with Corinex Broadband over Powerlines. The District currently has fiber in four multi tenant buildings and BPL available in eight facilities.

Motion by Robert Bertsch, seconded by Lori Sanders authorizing the General Manager, on behalf of the District, to authorize a temporary rate for multi-tenant buildings with fiber and for facilities with Corinex Broadband over Powerline (BPL) equipment for a period not-to-exceed one (1) year, beginning September 1, 2007, and ending September 31, 2008.

MOTION CARRIED.

**Resolution No. 1962, providing a Policy and Procedures for Declaration of Surplus and Disposal of Certain District Personal Property**

Manager of Contracts and Purchasing recommended the Commission adopt Resolution No. 1962. The resolution establishes a policy for declaring surplus and disposal the District's personal property.

Motion by Robert Bertsch, seconded by Lori Sanders adopting Resolution No. 1962, providing a policy and procedure for declaration of surplus and disposal of certain District personal property.  
MOTION CARRIED.

### **Resolution No. 1963, Adopting 2007 Budget Amendments**

Manager of Risk Management and Treasury recommended the Commission adopt Resolution No. 1963, amending the 2007 budget. The proposed budget amendments were reviewed in detail.

Motion by Lori Sanders, seconded by Robert Bertsch adopting Resolution No. 1963, approving the 2007 budget amendments.  
MOTION CARRIED.

### **File Proposed 2008 Budget/Set Public Hearing on 2008 Budget**

Director of Finance and Business Services reviewed the purpose of filing the District's proposed budget in accordance with interpretations of RCW 54.16.080, and reviewed key dates toward the eventual adoption of the 2008 budget in December of 2007. Director provided a review of the highlights of the preliminary budget, and stated the District has now adopted the Monte Carlo analysis approach in developing its power supply budget.

General Manager joined the Commission Meeting at 10:05 a.m.

Motion by Robert Bertsch, seconded by Lori Sanders to file the Proposed 2008 Budget in the District's records and set the Public Hearing on the Proposed 2008 Budget for October 1, 2007 at 6:00 p.m. at the District's Administration Office located at 2721 West 10<sup>th</sup> Avenue, Kennewick, Washington, and directing the General Manager to have notice of filing of the Proposed 2008 Budget and the date and location of the Hearing published in accordance with RCW 54.16.080.  
MOTION CARRIED.

At 10:10 a.m., President Jeff Hall announced that the Commission Meeting would recess for 10 minutes.

At 10:20 a.m., President Jeff Hall reconvened the Commission Meeting into regular open public session.

### **2008 Draft Strategic Plan**

Assistant General Manager gave a presentation on the draft 2008 Strategic Plan, and introduced a recommended new Strategic Position entitled, "Be a Steward of the Environment". Actions associated with the positions were briefly reviewed and Strategic Issues needing further review were discussed. After discussion, it was determined that outstanding Strategic Issues, as recommended after the presentation, could be discussed and reviewed with the Commission either during a regularly scheduled meeting or in a special meeting of the commission. Staff was urged to provide ample advance notice of any issues discussion. Strategic issues sheets were distributed that discuss what the District is currently focused on and what may require focus in the future. The Commission will be provided additional information on time and availability to review the four strategic issues identified prior to final consideration of the 2008 Strategic Plan.

### **July Financial Statements**

Manager of Accounting reviewed the July financial statements.

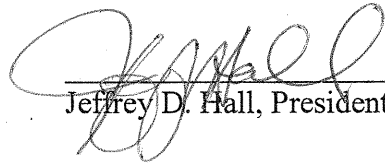
**Executive Session**

At 11:00 a.m., President Jeff Hall announced that the Commission Meeting would go into Executive Session with the District's legal counsel for 50 minutes for the purpose of discussing potential litigation to which the District is likely to become a party, and separately to review the performance of two public employees.


At 11:50 a.m., President Jeff Hall announced that the Commission Meeting would reconvene into regular open public session.

General Manager discussed the restructuring and change in reporting responsibilities of certain departments within the District due to the retirement of two employees and the decision to not replace the positions.

Hearing no objection, President Jeff Hall adjourned the Commission Meeting at 12:00 p.m.

  
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Jeffrey D. Hall, President

ATTEST:

  
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Robert E. Bertsch, Secretary

