

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

SPECIAL COMMISSION MEETING

Date: August 5, 2008

Time: 8:00 a.m.

Place: Columbia Center Red Lion Hotel, 1101 North Columbia Center Blvd., Kennewick,
Washington

Present:

Commissioners Hall, Sanders and Bertsch

General Manager Sanders

Assistant General Manager/Director of Finance Bartram

Legal Counsel Hultgrenn

Director of Power Management Gregg

Director of Operations Hunter

Director of Engineering Dunn

Manager of Human Resources Walsh

Manager of Information Systems Swanson

Manager of Communications and Governmental Relations Miller

Manager of Customer Service Ball

Supervisor of Broadband Nall

Administrative Assistant II - Operations Schlekewey

Executive Assistant to the AGM Scrimsher

Commission Relations Specialist/Executive Assistant Hurst

Guest: Pat Tucker

President Jeff Hall called the Special Meeting of the Commission to order at 8:00 a.m. and announced the purpose of the meeting was to discuss strategic planning issues in preparation for the District's 2009 Strategic Plan. It was announced that the workshop was intended to allow discussion between Commission and staff relating to strategic planning issues, and no public comments would be taken at today's workshop.

General Manager and Assistant General Manager provided a brief review of the megatrends identified in the District's 2008 Strategic Plan and discussed the plans for today's meeting.

Manager of Information Systems gave a presentation on the District's plans for technology integration, noting the importance of utilizing technologies to gain efficiencies in business processes. Major technologies reviewed were a document management system, geographical information system (GIS)/outage management system (OMS), advanced metering infrastructure (AMI), and meter data management system (MDMS). Proposed budget analysis and project timelines were reviewed. Project evaluation included utilizing net present value (NPV) methodology, and a discussion was held on standards for using this methodology.

At 10:45 a.m., President Jeff Hall announced that the Special Commission Meeting would recess for 15 minutes.

At 11:00 a.m., President Jeff Hall reconvened the Special Commission Meeting into regular open public session.

A discussion was held concerning AMI implementation and the ability and recommendation by staff to deploy 40,000 meters which would impact staffing at the District. After a discussion on staffing impact and mitigating measures under discussion by the Manager of Human Resources, Commission concurred with staff's recommendation regarding deployment of 40,000 meters. Staff noted a recommendation on the deployment of AMI would be forthcoming at a September commission meeting.

General Manager provided a presentation on the history of the District's broadband.

At 12:00 p.m., President Jeff Hall announced that the Special Commission Meeting would recess for 20 minutes.

At 12:20 p.m., President Jeff Hall announced that the Special Commission Meeting would reconvene into regular open public session.

Director of Engineering and Supervisor of Broadband gave a presentation on the current status of the District's broadband service and discussed plans going forward, including proposed fiber network expansion plans. A broadband pro forma summary was reviewed in detail, noting that interest expense and original investments were not included in the pro forma under NPV methodology. Commissioner Lori Sanders expressed concern with not including past interest expense in the NPV and the need to present those expenses to ensure commission visibility which in turn could result in more aggressive actions to improve the broadband financial outlook.

General Manager held a discussion with the Commission on looking forward for potential broadband needs in order to more aggressively impact the financial outlook of broadband. At the conclusion of discussion, General Manager stated that staff would bring additional analysis on broadband to a future commission meeting.

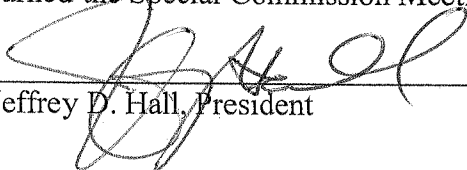
Director of Power Management gave a presentation on power supply issues and reviewed the results from the Electric Power Research Institute on electricity technology in a carbon-constrained future. A presentation was given on Frederickson, including energy markets and load uncertainties which could affect the future value of Frederickson.

At 2:50 p.m., President Jeff Hall announced the Special Commission Meeting would recess for 5 minutes.

At 2:55 p.m., President Jeff Hall reconvened the Special Commission Meeting into regular open public session.

Assistant General Manager concluded by noting the need to begin customer communications relating to AMI to ensure a positive public experience with the implementation. The Commission concurred that communications about AMI would be appropriate. Commissioner Lori Sanders requested an opportunity to visit an AMI site in the event that the Commission awarded a contract. Commissioner Lori Sanders also provided input regarding ideas for consideration in the 2010 Strategic Plan.

Hearing no objection, President Jeff Hall adjourned the Special Commission Meeting at 3:20 p.m.



Jeffrey D. Hall, President

ATTEST:



Robert E. Bertsch, Secretary