

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

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Date: February 12, 2008  
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  
Legal Counsel Hultgrenn  
Auditor/Director of Finance and Business Services Bartram  
Director of Power Management Gregg  
Director of Engineering Hunter  
Manager of Risk Management & Treasury Bickford  
Manager of Accounting White  
Manager of Products and Services Johnson  
Manager of Communications and Governmental Relations Miller  
Manager of Human Resources Walsh  
Manager of Customer Service Ball  
Manager of Key Accounts McAloon  
Products and Services Analyst I Philipp  
Financial Analyst III Meyer  
Electrical Engineer I Colby  
Electrical Engineer II Scherer  
Power Management Analyst II Bender  
Broadband Account Rep I Tier  
Commission Relations Specialist/Executive Assistant Hurst

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Manager of Accounting led the Pledge of Allegiance.

**Treasurer's Report**

Treasurer reviewed the January 2008 Treasurer's Report. The Commission approved the January 2008 Treasurer's Report. The investment list and counterparty credit reports were briefed. A brief discussion was held on bonds that could be available for refinancing and staff's determination that a re-financing was not preferable at this time.

**Public Comment**

President Jeff Hall recognized Mr. Bill Hartley in attendance and stated the public comment portion of the meeting would now be held to allow Mr. Hartley the opportunity to address the Commission.

Mr. Hartley stated his concerns as follows: 1) the District should notify a landlord prior to disconnection of a tenant -- stressing his responsibility for pipes freezing at a tenant address, 2) the Sunday reconnection fee of \$150 charged to him could have been avoided if landlord notification had occurred prior to disconnection, 3) the District's policy of disconnecting customers until a temperature threshold of 25 degrees is concerning for customers with children, health risk reasons or those who are out of town. At the conclusion of Mr. Hartley's statements, he stated that he would

rather be responsible for certain payments of his tenants in lieu of their residential service being disconnected for non-pay.

Staff responded to each of Mr. Hartley's concerns, and the Commission directed the General Manager to further research the issues addressed and bring back a recommendation to the Commission at a later commission meeting.

### **Management Report**

#### *General Manager:*

1. A workshop notification from the Northwest Public Power Association (NWPPA) was distributed.

#### *Director of Finance and Business Services:*

1. The Commission was briefed on current bond insurance issues related to municipal securities in general, and a matrix of bond insurers and rating agencies was distributed. It was noted that the District's two bond insurers have not been downgraded; however one has been placed on credit watch.
2. Staff confirmed April 16, 2008 as the date for the economic development workshop. More information will be forthcoming.
3. Treasurer informed the Commission that a request for proposals to replace or reissue the District's \$10M line of credit will occur at the end of March. The results will be brought to the Commission at a future meeting.

#### *Manager of Communications and Governmental Relations:*

1. An update was provided on legislative bills of importance to public utilities.
2. A schedule of events for the American Public Power Association (APPA) Legislative Rally was distributed. Talking points and white papers are being prepared in preparation for attendance at the Rally.

#### *Director of Power Management:*

1. The mark to market report was distributed and briefly discussed.
2. The Frederickson report was distributed and briefly discussed.
3. The Bonneville Power Administration (BPA) filed its initial proposal on the supplemental WP07 rate case on Friday. A letter from Steve Wright on the initial proposal was distributed. Director reviewed the major points of the proposal.
4. Program levels identified by Energy Northwest were reviewed. Director noted concern regarding the impact of increasing operations and maintenance costs relating to the budget previously adopted by BPA. Staff recommended that ENW show BPA rate case program levels on all presentation of budgets and actuals.
5. The Commission was briefed on the Port of Benton's pursuit for a location to develop an ag-waste power plant. Commissioner Lori Sanders asked if a tour could be provided when the site is developed.

#### *Legal Counsel:*

1. The District was served with a lawsuit identified as Patrick Augerlavoie, et.al. regarding a vehicle accident. Representation of the lawsuit is through PURMS.

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

At 10:25 a.m., President Jeff Hall announced that the Commission Meeting would reconvene into regular open public session.

### **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 January 22, 2008.
- b) Approving the District Travel Report dated February 12, 2008.
- 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: Accounts Payable Automated Clearing House (ACH) Payments 1131-1165 in the total amount of \$609,494.71, Warrants (CHK) 33165/33250-33283/33390 in the total amount of \$923,088.28, Electronic Fund Transfer (EFT) Payments 1802-1822 in the total amount of \$8,614,278.76, and Customer Refund (ERM) Payments 33251/33282-33391/33398 in the total amount of \$127,321.82; Payroll Direct Deposit Advice 01/24/08 15910-16046 in the total amount of \$221,940.68 and Warrants 01/24/08 503368-503397 in the total amount of \$40,138.13, for a grand total of \$10,536,262.38. Voided ACH Payment for January 2008 in the total amount of \$20,899.00 and voided Customer Refund Payment for January 2008 in the total amount of \$106.93 were included on the report.
- d) Reviewing Jobs Report to Commission dated February 4, 2008.
- e) Authorizing the General Manager, on behalf of the District, to sign a three year contract with Hanson Consulting Services, Contract No. 08-21-01, to perform utility related consulting services for a not-to-exceed amount of \$48,000 per year for a total of \$144,000 with an expiration date of February 28, 2011.
- f) Authorizing the General Manager, on behalf of the District, to sign Change Order No. 3 of Contract No. 07-21-05 with Manpower, to increase the not-to-exceed amount by \$65,000, bringing the new not-to-exceed amount to \$129,500, and extending the contract date to December 31, 2008.
- g) Awarding Contract No. 08-02 for transformers to Howard Industries of Laurel, Mississippi, in the dollar amount of \$57,600, plus Washington State sales tax, in accordance with RCW 54.04.080.
- h) Awarding a contract for #2 15kV URD Cable, Bid Package No. 08-03 for Option (a), Item 1 to WESCO/Okonite of Portland, Oregon, for the total amount of \$152,700, plus Washington State sales tax, and Item 2 to HD Supply/Kerite of Portland, Oregon, for the total amount of \$60,520, plus Washington State sales tax in accordance with RCW 54.04.080.
- i) Awarding Contract No. 08-01 for a 1.0 Cubic Yard 4WD Loader with an 18-foot extendable backhoe to Central Machinery Sales, Inc. of Pasco, Washington, for the total amount of \$77,000, plus Washington State sales tax in accordance with RCW 54.04.080.
- j) Approving Contract Completion and Acceptance for CT Plant site demolition by Pro Cut Concrete Cutting, Inc. for Contract No. 07-38-04, (CPO 16955), in the amount of \$59,543.34, including tax.
- k) Authorizing the General Manager, on behalf of the District, to sign Change Order No. 2 of Contract No. 06-01 with Asplundh Tree Expert Co., to extend the tree trimming contract to February 29, 2009, with a not-to-exceed amount of \$480,000, for the third year.
- l) Approving Contract Completion and Acceptance for Nine Canyon Phase III Substation Construction by MOZA Construction, Inc. for Contract No. 07-09, (CPO #16094), in the amount of \$288,781.67.

MOTION CARRIED.

### **Delegation Agreement with The Energy Authority – NERC Reliability Standard Compliance Activities**

Power Management Analyst II recommended the Commission approve the Delegation Agreement, and noted only minor changes were made to the document already provided in the commission packets. Under the Agreement, TEA will perform activities identified in Schedule A, including participating in compliance audits and providing information and records to NERC and/or WECC as requested. It was noted that the District is responsible for certain compliance reporting and filings, including any sanctions or monetary penalties imposed for TEA's violation of any requirements applicable to their activities.

Motion by Robert Bertsch, seconded by Lori Sanders authorizing the General Manager or his designee, on behalf of the District, to sign, in substantially the form presented today, a Delegation Agreement with The Energy Authority (TEA), BPUD Contract No. 08-51-05, for TEA's performance of NERC reliability standard compliance activities on behalf of the District as a NERC registered Purchasing and Selling Entity.

MOTION CARRIED.

### **Western Renewable Electricity Generation Information System**

Manager of Products and Services and Products and Services Analyst I recommended the Commission authorize entering into a contract with the Western Renewable Electricity Generation Information System (WREGIS). WREGIS is currently recommended by the Community Trade and Economic Development Association as a tracking and validating entity for I-937 rules requirements. The Commission held a brief discussion on the State of California recognizing hydro power as renewable energy and any ability for the District to sell Renewable Energy Credits into the California market.

Motion by Robert Bertsch, seconded by Lori Sanders authorizing the General Manager or designee, on behalf of the District, to enter into a contract with the Western Renewable Electricity Generation Information System (WREGIS).

MOTION CARRIED.

### **Cancellation of February 26, 2008 Commission Meeting**

General Manager recommended the Commission cancel the regularly scheduled commission meeting of February 26, 2008 due to scheduling conflicts with commissioner attendance at the American Public Power Association (APPA) Legislative Rally.

Motion by Robert Bertsch, seconded by Lori Sanders cancelling the regularly scheduled Commission Meeting of February 26, 2008, and directing the General Manager to provide notification to the public of such cancellation.

MOTION CARRIED.

### **2008 Internal Audit Plan & Report on 2007 Internal Audits**

Director of Finance and Business Services reviewed internal audit areas for 2008, and provided a report on the results of the 2007 internal audits. General Manager expressed his appreciation with the results of the 2007 internal audit, noting the District's employees are good stewards of the public's assets.

### **Quarterly Performance Measurement Report**

Director of Finance and Business Services reported that 16 of the 19 performance measures were rated as having positive performance with a positive outlook and/or exceeding the quarterly

expectation. Staff reported on seven performance measures for the fourth quarter of 2007 as follows: measures showing green were customer satisfaction, electronic payments, O&M costs per customer, and training and development; telephone service levels were reported as red, and billing error rate and electric system outages were reported as yellow.

### **Continuation of Promotional One-Time Five Dollar Electronic Bill Credit**

Financial Analyst III recommended the Commission extend the one-time five dollar credit for customers who sign-up for electronic bill credit due to the success of the program and strong customer enrollment. The current promotion is scheduled to expire on February 29, 2008.

Motion by Lori Sanders, seconded by Robert Bertsch to authorize continuation of a one-time five dollar credit through August 31, 2008, for customers who enroll in electronic billing.

MOTION CARRIED.

### **December 2007 Financial Statements**

Manager of Accounting reviewed the December financial statements.

It was noted the District's annual state audit is anticipated to begin the last week in February. The entrance audit with the Commission will be scheduled in March.

### **Broadband Quarterly Sales Report – Year-end**

Broadband Account Representative gave a presentation on final 2007 broadband sales results. Total broadband revenue generated during 2007 increased 69% from total sales billed during 2006. The District finished the year with 26 new connections and 4 significant upgrades from existing connections.

### **Equipment Surplus – Cisco 3005 VPN Concentrator**

Assistant General Manager recommended the Commission surplus one Cisco 3005 VPN Concentrator that is no longer suitable for the District's needs.

Motion by Robert Bertsch, seconded by Lori Sanders to adopt Resolution No. 1980 declaring certain equipment surplus to District needs according to the laws of the State of Washington, Title 54, RCW 54.16.180, and authorizing the General Manager, on behalf of the District, to dispose of same.

MOTION CARRIED.

### **Future Planning**

General Manager informed the Commission that Anita Decker, Chief Operating Officer for the Bonneville Power Administration (BPA) will be attending the March 11, 2008 Commission Meeting, to discuss efficiency improvements and other requested topics.

### **Meeting Reports**

Commissioners Lori Sanders and Robert Bertsch reported attendance at a power supply workshop and discussions amongst those in attendance on generation issues.

A brief discussion was held on the new Infinia technology. The Commission expressed their desire for a tour or presentation when available.

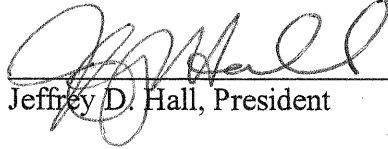
### **Executive Session**

At 11:50 a.m., President Jeff Hall announced the Commission Meeting would go into Executive Session with legal counsel for 30 minutes to discuss legal risks of a proposed action that may result in

an adverse legal consequence, and to plan a strategy or position to be taken during the course of collective bargaining negotiations.

At 12:20 p.m., President Jeff Hall reconvened the Commission Meeting into regular open public session.

Hearing no objection, President Jeff Hall adjourned the Commission Meeting at 12:21 p.m.

  
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Jeffrey D. Hall, President

ATTEST:

  
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Robert E. Bertsch, Secretary