

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

Date: July 8, 2008
Time: 9:00 a.m.
Place: 2721 West 10th Avenue, Kennewick, Washington

Present:

Commissioners Hall, Sanders, and Bertsch
General Manager Sanders
Assistant General Manager/Director of Finance and Business Services Bartram
Director of Operations Hunter
Director of Power Management Gregg
Director of Engineering Dunn
Manager of Risk Management & Treasury Bickford
Manager of Accounting White
Manager of Communications and Governmental Relations Miller
Manager of Engineering Gottschalk
Manager of Key Accounts McAloon
Manager of Products and Services Johnson
Manager of Human Resources Walsh
Administrative Assistant - Power Management Baur
Power Management Analyst II Bender
Commission Relations Specialist/Executive Assistant Hurst

Guests: Pat Tucker, customer; Larry Felton, Bonneville Power Administration

Manager of Accounting led the Pledge of Allegiance.

Treasurer's Report

Treasurer reviewed the June 2008 Treasurer's Report. The Commission approved the June 2008 Treasurer's Report. The investment list and counterparty credit reports were briefed.

Management Report

General Manager:

1. Due to the recent reorganization affecting several director positions, a new Succession of Authority in the absence of the General Manager was reviewed and signed by the President of the Commission. General Manager stated staff is working on a seamless transition of strategic goals and job responsibilities between director positions affected by the reorganization.

Assistant General Manager/Director of Finance and Business Services:

1. A draft agenda outline for the upcoming strategic planning workshop of August 5, 2008 was distributed. Topics planned for discussion at the workshop are technology integration, NoaNet, broadband and power supply.

Director of Power Management:

1. The mark to market report was distributed and briefly reviewed.
2. The Frederickson report was distributed and briefly reviewed.
3. Staff submitted a non-binding expression of interest in the Energy Northwest Radar Ridge Wind Project located in Pacific County, Washington. Staff continues to analyze the project and will bring a recommendation on continued participation to a future meeting.

Manager of Products and Services:

1. A survey being sent to the District's commercial customers was distributed. The survey is intended to assist staff in determining target areas relating to Initiative 937 requirements.

Director of Operations:

1. Director reported on outages that occurred last weekend in the Rancho Reata/Badger Canyon area and in the McNary area due to lightning strikes.
2. The Commission was updated on discussions with the Department of Energy regarding access to Rattlesnake Mountain, and a letter from TRIDEC to Congressman Doc Hastings regarding the Rattlesnake issue was distributed.

Public Comments

Mr. Pat Tucker discussed his concerns with the District's determination on how to apply the recent customer rate credit, and stressed that he had no personal gain relating to his interest in this issue. Mr. Tucker asked what percentage of the rate credit was intended to be returned to the customer during the first phase, and stated he calculated the percentage at 33%, not 50% of the \$6.4 million rate credit. After a brief discussion, General Manager stated that staff would review the assumptions that led to the rate credit recommendation and provide that information at the July 22, 2008 commission meeting.

Mr. Tucker concluded his comments by noting that he continues to have concern with the continuance of the District's high reserve levels.

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 June 24, 2008.
- b) Approving the District Travel Report dated July 8, 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 1683-1717 in the total amount of \$354,490.74, Warrants (CHK) 35185/35265-35300/35385 in the total amount of \$551,684.26, Electronic Fund Transfer (EFT) Payments 1932-1943 in the total amount of \$6,584,083.52, and Customer Refund (ERM) Payments 35266/35299-35386 in the total amount of \$2,686.03; Payroll Direct Deposit Advice 06/26/08 17432-17570 in the total amount of \$237,366.23 and Warrants 06/26/08 503690-503822 in the total amount of \$66,469.21, for a grand total of \$7,796,779.99. Voided Warrants for June 2008 in the total amount of \$60.00, voided EFT Payments for June 2008 in the total amount of \$200,000.00 and voided ERM Payments for June 2008 in the total amount of \$145.70 were included in the report.

- d) Adopting Resolution No. 2002, 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.

Resolution No. 2001, Amended Governance of the Benton PUD Commission

General Manager recommended the Commission approve Resolution No. 2001, amending the Governance of the Benton PUD Commission.

Motion by Lori Sanders, seconded by Robert Bertsch adopting Resolution No. 2001, the amended "Governance of the Benton PUD Commission".

MOTION CARRIED.

At 9:30 a.m., President Jeff Hall announced the Commission Meeting would recess for 10 minutes.

At 9:40 a.m., President Jeff Hall announced the Commission Meeting would reconvene into regular open public session.

Preliminary Draft Recommendation – BPA Product Decision

Director of Power Management gave a presentation on the BPA product decision section of the Integrated Resource Plan (IRP), including updated background on BPA products, updated analysis, and a preliminary staff recommendation to select the Slice/Block product. It was noted the first action of the Commission will be needed on August 12, sending to BPA a good faith request of the Slice product and the percentage desired. The final contract will require signature in December of 2008. The BPA product decision will be for the time period of 2011-2028. A brief discussion was held on high water marks and BPA cost controls.

Future Planning

General Manager noted that the July 22, 2008 Commission Meeting may extend into the lunch hour.

Meeting Reports

General Manager and Assistant General Manager reported on attendance at the American Public Power Association Annual Meeting. Highlights from the meeting included conservation issues for utilities outside of the Pacific Northwest and climate change. Assistant General Manager attended a session on cost of service and rate setting now and in the future and noted new federal requirements effective November 1, 2008 relating to the Fair and Accurate Credit Transactions Act.

Hearing no objection, President Jeff Hall adjourned the Commission Meeting at 10:50 a.m.



Jeff J. Hall, President

ATTEST:



Robert E. Bertsch, Secretary