

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

Date: October 28, 2008
Time: 9:00 a.m.
Place: 2721 West 10th Avenue, Kennewick, Washington

Present:

Commissioners Hall and Bertsch
General Manager Sanders
Assistant General Manager/Director of Finance and Business Services Bartram
Legal Counsel Hultgrenn
Manager of Treasury and Risk Management Bickford
Director of Engineering Dunn
Director of Operations Hunter
Manager of Accounting White
Manager of Communications and Governmental Relations Miller
Manager of Human Resources Walsh
Manager of Customer Service Ball
Manager of Key Accounts McAloon
Manager of Products and Services Johnson
Supervisor of Broadband Nall
Administrative Assistant-Executive Administration Preddie
Commission Relations Specialist Hurst

Guests: Pat Tucker; Larry Felton, Bonneville Power Administration

Absent: Commissioner Lori Sanders

Commissioner Robert Bertsch led the pledge of allegiance.

Motion by Robert Bertsch, seconded by Jeff Hall excusing Commissioner Lori Sanders from attendance at today's commission meeting.

MOTION CARRIED.

Management Report

Manager of Treasury and Risk Management:

1. Credit reports dated October 9, 2008 and October 28, 2008 were distributed and certain counterparty credit limits were discussed. It was noted that staff has reviewed Sempra and has verified that they are a solidly rated counterparty. General Manager acknowledged The Energy Authority's and staff's review, stating Sempra was found to be a solid counterparty with acceptable risk, and informed the Commission that their credit limit was adjusted as discussed at the last commission meeting.

General Manager:

1. The mark to market report is essentially the same as reported from the last commission meeting.
2. Staff has reviewed the District's needs regarding participating in Energy Northwest's Radar Ridge project. Staff will continue to monitor the project; however a recommendation to participate will not be presented at this time.
3. General Manager noted he was asked to participate on the TRIDEC Board beginning in 2009, and is up for election at their annual meeting. A nomination has also been sent to the Public Power Council nominating the General Manager to the Public Power Council Executive Committee.

Manager of Customer Service/Assistant General Manager:

1. Manager of Customer Service briefed the Commission on an article in the Tri-City Herald on customer disconnections. The District's credit dashboard was distributed and reviewed, and it was noted that the District's disconnections were down – against the national trend of moving upward. Manager of Customer Service reviewed the District's policy regarding urgent notices and pre-disconnect procedures utilized to contact customers prior to disconnection. A revision to the District's credit policies and timelines in the last couple of years is believed to be a contributing factor to the lower disconnection rates shown on the dashboard. District write-offs as a percentage of revenues have declined significantly as well.

Consent Agenda

Motion by Robert Bertsch, seconded by Jeff Hall to approve the Consent Agenda as follows:

- a) Approving the minutes of the regular Commission Meeting of October 14, 2008.
- b) Approving the minutes of the Public Hearing on 2009 Proposed Budget of October 13, 2008.
- c) Approving the District Travel Report dated October 28, 2008.
- d) 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 2074-2133 in the total amount of \$415,977.57, Warrants (CHK) 36680/36730-36809/36858 in the total amount of \$442,115.02, Electronic Fund Transfer (EFT) Payments 2006-2013 in the total amount of \$3,392,042.00, Customer Refund (ERM) Payments 36731-36808 in the total amount of \$7,016.79; Payroll Direct Deposit Advice 10/16/08 18556-18701 in the total amount of \$245,765.87 and Warrants 10/16/08 504028-504053 in the total amount of \$34,425.07 for a grand total of \$4,537,342.32. Voided ACH for October 2008 in the total amount of \$1,976.48 and voided ERM for October 2008 in the amount of \$84.67 were included in the report.
- e) Reviewing the Quarterly Strategic Plan Report.
- f) Reviewing Jobs Report to Commission dated October 28, 2008.
- g) Approving Work Order No. 22163, installing underground primary to extend and interconnect Orchard View and Vista Substation feeders.
- h) Authorizing the General Manager, on behalf of the District, to sign Change Order No. 1 of Contract No. 08-02-01 with Milliman, Inc., extending the term of the contract to December 31, 2009, increasing the not-to-exceed amount of the contract by \$12,000 for a new not-to-exceed amount of \$65,000, and changing the scope of work to include updating of market data to 2008 survey data, and providing additional analysis of competitive utility market pay.

MOTION CARRIED.

Resolution No. 2009, Create Rural Economic Development Revolving Fund/Execute Agreement with Benton-Franklin Council of Governments (BFCOG)

Assistant General Manager reported that additional information concerning internal controls was obtained from the BFCOG at the request of Commissioner Lori Sanders. A verbal report was provided to Commissioner Lori Sanders in advance of the meeting with outstanding questions resolved. Assistant General Manager recommended the Commission adopt Resolution No. 2009. The resolution establishes the District's Economic Development Revolving Fund, authorizes the General Manager to execute an agreement with the Benton Franklin Council of Governments to serve as the board of directors to administer the Fund, and authorizes the District Auditor to process a payment of \$50,000 to the BFCOG and take a public utility tax credit of \$25,000. Manager of Accounting noted that a District broadband project could conceivably qualify for a loan under this program.

Motion by Robert Bertsch, seconded by Jeff Hall to adopt Resolution No. 2009 to establish the Rural Economic Development Revolving Fund, to authorize the General Manager to execute an agreement with the Benton-Franklin Council of Governments (BFCOG), and to appoint the BFCOG as the Board to oversee and direct the activities of the revolving fund.

MOTION CARRIED.

Resolution No. 2011, Benton PUD Identity Theft Protection and Prevention Program

Manager of Key Accounts recommended the Commission adopt Resolution No. 2011. The resolution creates the Identity Theft Protection and Prevention Policies of the District, and meets the FACT Act compliance requirements.

Motion by Robert Bertsch, seconded by Jeff Hall to adopt Resolution No. 2011 creating the Identity Theft Protection and Prevention Policies of the District.

MOTION CARRIED.

Resolution No. 2012, Low Income and Senior Discount Program Modification

General Manager informed the Commission that this agenda item was discussed with Commissioner Lori Sanders in advance of today's meeting due to her planned absence. He noted that no concerns have been expressed to him from Commissioner Lori Sanders concerning this agenda item. It was noted that the District's annual Senior Day is planned for November at which time changes to these programs could be implemented if adopted.

Manager of Customer Service gave a history of the two discount programs currently in place at the District and distributed a hand-out showing benchmarking results with other utilities that have senior and low income programs. Three options for modifying the programs were reviewed, and staff recommended Option 2 as described in detail in the proposed resolution.

Motion by Robert Bertsch, seconded by Jeff Hall adopting Resolution No. 2012, establishing a rate discount for qualified low income senior and disabled citizens.

MOTION CARRIED.

September Financials

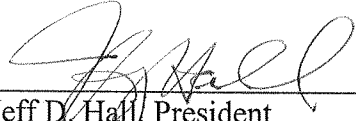
Manager of Accounting reviewed the September financial statements.

Future Planning

General Manager discussed the possible cancellation of the December 23, 2008 commission meeting, and the rescheduling of the January 13, 2009 commission meeting to January 6, 2009. The


Commission was informed that a presentation will be given during the November 12, 2008 commission meeting on decisions relating to the Bonneville Power Administration (BPA) upcoming contract decision. Due to a December 1, 2008 deadline, a recommendation on the BPA contract will be brought to the November 25, 2008 commission meeting.

Hearing no objection, President Jeff Hall adjourned the Commission Meeting at 10:00 a.m.



Jeff D. Hall, President

ATTEST:



Robert E. Bertsch, Secretary