

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

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Date: June 23, 2009  
Time: 9:00 a.m.  
Place: 2721 West 10<sup>th</sup> Avenue, Kennewick, Washington

***Present:***

Commissioners Sanders, Bertsch and Hall  
General Manager Sanders  
Assistant General Manager/Director of Finance and Business Services Bartram  
Legal Counsel Hultgren  
Manager of Treasury and Risk Management White  
Director of Engineering Dunn  
Director of Operations Hunter  
Manager of Communications and Governmental Relations Miller  
Manager of Human Resources Walsh  
Supervisor of Broadband Nall  
Manager of Products and Services Johnson  
Financial Analyst Hawkey  
Power Management Analyst II Bender  
Supervisor of Executive Administration Hurst  
Administrative Assistant – Executive Preddie

Guests: Larry Felton, Account Executive, Bonneville Power Administration

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Manager of Treasury and Risk Management led the pledge of allegiance.

**Management Reports**

*General Manager:*

1. A copy of the Washington PUD Association climate change/greenhouse gas reduction policy was distributed. The policy was recently shared with Washington D.C. delegates.
2. Draft minutes from the June 18<sup>th</sup> Special Commission Meeting on the District's financial policies was distributed. Approval of the minutes will be recommended under Other Business at today's meeting. General Manager provided clarification that staff's recommended goal for the financial policies is to have minimum reserve levels by 2012.

*Manager of Products and Services:*

1. The mark to market report was distributed and briefly discussed.
2. A handout was distributed providing an overview of the District's residential energy efficiency program. The program more closely aligns with Franklin PUD than in past years. Conservation efforts relating to the requirements of I-937 will ramp up in 2010.

*General Manager / Director of Engineering:*

1. Director provided an overview of current wind projects being proposed in an area between Benton City and Prosser. These include the Mustang Ridge project by Energy Northwest (ENW) and an adjacent project being developed by Clipper Windpower. Expressions of interest are due to ENW in the mid-July timeframe. General Manager noted staff continues to work with Central Washington Power Authority on requests for proposals for wind, biogas, and other options. A discussion was held on the District's future power supply needs taking into consideration legislative requirements. Commissioner Lori Sanders questioned how the District could determine what its customers thought of future needs in the area of power supply.

**Public Comments**

Mr. Robert Gretzinger discussed an article in USA Today regarding wind power in Mexico.

**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 June 9, 2009.
- b) Approving the District Travel Report dated June 23, 2009.
- 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 3106-3174 in the total amount of \$1,154,379.52, Warrants (CHK) 39528/39584-39667/39685 in the total amount of \$308,358.49, Electronic Fund Transfer (EFT) Payments 2131-2133 in the total amount of \$277,332.88, Customer Refund (ERM) Payments 39585/39666 in the total amount of \$10,263.75; Payroll Direct Deposit Advice 06/11/2009 21305-21471 in the total amount of \$344,516.11, Warrants 06/11/2009 504148 for \$0, for a grand total of \$2,094,850.75. Voided ACH for June 2009 in the total amount of \$1,108.16, voided Warrants for June 2009 in the total amount of \$1,587.49 and voided ERM Warrant for June 2009 in the total amount of \$62.42 were included on the report.
- d) Approving Work Order No. 102530 to relocate and underground a section of line along Steele Road in Prosser.
- e) Approving conveying to the owner of record an easement recorded under Auditor's File No. 2009-003074, records of Benton County, state of Washington, located in Section 16, Township 8 North, Range 29 East, W.M.
- f) Authorizing the General Manager, on behalf of the District, to sign change order #2 of Contract #07-45-03 with JACO Environmental, Inc. to amend the term of the contract to March 31, 2010.

MOTION CARRIED.

**NuScale Modular Nuclear Reactor Project – Support for Energy Northwest Predevelopment Work**

Power Management Analyst II recommended the Commission approve funding to Energy Northwest to support the pre-development work on a NuScale Modular Nuclear Reactor Project. A Participant's Committee, made up of one representative from each funding entity, will determine whether there is sufficient interest to pursue the combined operating license for the project. Most utilities expect to be seeking additional resources to serve load by the time the NuScale Modular Nuclear Reactor Project could be brought online – in the 2018 plus time period. Supporting the project could help provide District customers with an alternate source of energy in the future when energy supplies are low. President Lori Sanders asked to be a District representative on the Participant's Committee along with a District staff member.

Motion by Robert Bertsch, seconded by Jeff Hall approving funding in the amount of \$25,000 to Energy Northwest to support the undertaking of pre-development work on a NuScale Modular Nuclear Reactor Project.  
MOTION CARRIED.

**Bonneville Power Administration Flex PF Program Early Termination**

Manager of Products and Services recommended the Commission approve revisions to Exhibits A & D of the Bonneville Power Administration (BPA) Power Sales Agreement, modifying the term of the Flexible PF Rate. BPA has determined that it does not need to retain the right to trigger the Flex PF program for the remainder of the fiscal year.

Motion by Jeff Hall, seconded by Robert Bertsch authorizing the General Manager, on behalf of the District, to sign Bonneville Power Administration (BPA) revisions to Exhibits A & D of Power Sales Agreement, Contract No. 00PB-12180 – BPUD Contract #02-51-16, modifying the end date of the term of the Flexible (Flex) PF Rate from September 30, 2009 to June 30, 2009.  
MOTION CARRIED.

**Washington Military Department Service Order, Fiber Services to Three Emergency Management Sites**

Supervisor of Broadband and Director of Engineering recommended the Commission sign a service order with the Washington Military Department for fiber optic system installation to three emergency management sites. Construction of the fiber optic system will allow the District to support its electrical operations including SCADA and AMI data backhaul from radio equipment located at Joe and Prosser Buttes, and will enable the District to offer wholesale broadband services to entities that have facilities at the three sites.

Motion by Jeff Hall, seconded by Robert Bertsch authorizing the General Manager, on behalf of the District, to sign a \$300,000 Service Order with Washington Military Department for fiber-optic system installation to three Emergency Management Sites.  
MOTION CARRIED.

**Paramount Communications, Fiber Optic Cable, Contract Award Recommendation**

Supervisor of Broadband and Director of Engineering recommended the Commission authorize the General Manager to sign a contract with Paramount Communications for installation of fiber optic cable to Joe Butte. Approval of the contract will fulfill the District's commitments to Emergency Management to provide requested fiber optic services.

Motion by Robert Bertsch, seconded by Jeff Hall authorizing the General Manager, on behalf of the District, to sign a contract with Paramount Communications, Inc. of Kennewick, Washington, Contract No. 09-46-05 for installation of fiber optic cable for a not-to-exceed amount of \$222,171, plus Washington State sales tax in accordance with RCW 54.04.080.  
MOTION CARRIED.

**Paramount Communications, Phase 3 of Richland to Prosser Dark Fiber**

Supervisor of Broadband and Director of Engineering recommended the Commission authorize the General Manager to sign change orders for Paramount Communications, Contract No. 09-06, up to \$179,813.00 cumulatively, to allow approval of costs relating to the project during the tight project schedule required to complete construction of the fiber optic line by August 11, 2009. Currently there are \$145,000 in change orders toward the completion of the project.

Motion by Robert Bertsch, seconded by Jeff Hall authorizing the General Manager, on behalf of the District, to approve and sign change orders to Paramount Communications, Inc. of Kennewick, Washington, for Contract No. 09-06, up to \$179,813.00 cumulatively; increasing the total not-to-exceed amount of the contract to \$1.75M.

MOTION CARRIED.

**Setting Special Meeting of the Commission – 2010 Strategic Planning**

Assistant General Manager recommended the Commission set a special meeting on July 7, 2009 for the purpose of discussing 2010 Strategic Planning.

Motion by Robert Bertsch, seconded by Jeff Hall setting a special meeting of the Benton PUD Commission for July 7, 2009, at 9:00 a.m., at the Benton PUD Prosser Office, 250 North Gap Road, Prosser, Washington, for the purpose of discussing strategic planning for 2010.

MOTION CARRIED.

**Resolution No. 2040, Establishing Emergency Response & Restoration Policies**

Assistant General Manager reviewed the requirements of FEMA relating to reimbursement of expenses in the event of certain declared emergencies, and noted the District's current Emergency Restoration Plan has been modified to meet both the needs of the District and its customers, and also the requirements of FEMA. The recommended policy was reviewed, and it was noted that the policy requires advance authority in certain instances for the General Manager to declare an emergency, which in turn could activate internal procedures outside of normal business processes. One specific change to normal business processes was identified as possible overtime for certain exempt employees. A brief discussion was held on the District's current mutual aid agreement with other utilities.

Motion by Jeff Hall, seconded by Robert Bertsch adopting Resolution No. 2040, establishing Emergency Response & Restoration Policies.

MOTION CARRIED.

At 10:06 a.m., President Lori Sanders announced that the Commission Meeting would recess for 10 minutes.

At 10:16 a.m., President Lori Sanders announced that the Commission Meeting would reconvene into regular open public session.

**May 2009 Financials**

Manager of Treasury and Risk Management reviewed the May 2009 financial statements.

**Other Business**

Motion by Jeff Hall, seconded by Robert Bertsch amending the Designation of Representatives to Various Organizations for 2009, adding Janet White as the alternate to the Public Utility Risk Management Services, and deleting Dan Bickford as the alternate.

MOTION CARRIED.

Motion by Robert Bertsch, seconded by Jeff Hall approving the minutes of the Special Commission Meeting of June 18, 2009.  
MOTION CARRIED.


### Meeting Reports

Commissioner Jeff Hall reported on his participation on the Executive Director Search Committee of the Washington PUD Association.

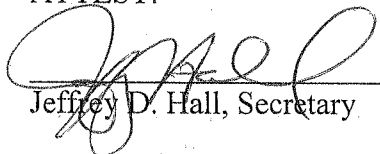
Commissioner Robert Bertsch reported on his attendance at the Benton Franklin Council of Governments Meeting, and discussions held with Congressman Doc Hastings regarding climate change, hydro power, salmon and renewable energy.

Mr. Larry Felton, BPA, noted that wind requirements are impacting the lower Snake River dams. General Manager stated that BPA and the Corps of Engineers are re-working a wind integration study.

Hearing no objection, President Lori Sanders adjourned the Commission Meeting at 10:47 a.m.

  
Robert E. Bertsch, Vice-President

ATTEST:

  
Jeffrey D. Hall, Secretary