

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

Date: June 9, 2009
Time: 9:00 a.m.
Place: 2721 West 10th Avenue, Kennewick, Washington

Present:

Commissioners Sanders, Bertsch and Hall
Assistant General Manager Bartram
Legal Counsel Hultgrenn
Director of Engineering Dunn
Director of Operations Hunter
Director of Power Management/Treasurer Bickford
Manager of Accounting White
Manager of Communications and Governmental Relations Miller
Manager of Key Accounts McAloon
Manager of Customer Service Ball
Manager of Products and Services Johnson
Manager of Contracts and Purchasing Ochweri
Manager of Prosser Branch Sullivan
Financial Analyst Hawkey
Supervisor of Broadband Nall
Supervisor of Executive Administration Hurst
Administrative Assistant – Executive, Preddie

Absent: Jim Sanders, General Manager

Assistant General Manager led the pledge of allegiance.

Treasurer's Report

Treasurer reviewed the May 2009 Treasurer's Report. The Commission approved the May 2009 Treasurer's Report. The counterparty credit report was distributed and briefly discussed. It was noted that annual privilege taxes have been paid.

Management Report

Assistant General Manager:

1. General Manager is traveling to Washington D.C. with representatives from the Washington PUD Association (WPUDA) on issues relating to the Association.
2. Mr. Dan Bickford, the District's Manager of Risk Management and Treasury, was congratulated on being selected as the District's new Director of Power Management.
3. A list of candidates for the American Public Power Association (APPA) board was distributed.

Director of Power Management:

1. It was reported that the firm of MBIA, which provides surety for the District's bond reserves, is restructuring, and a brief discussion was held.

2. A news article on Chelan PUD's recent rating from Moody's was distributed, and a discussion was held on the change in outlook received by Chelan noting one reason as their unwillingness to raise rates to levels deemed necessary by the rating agency.
3. A letter from the Bonneville Power Administration (BPA) was distributed. The letter discusses its determination that it does not need to retain the right to trigger the Flexible PF program for the remainder of its fiscal year. Manager of Products and Services will bring a recommendation to the next commission meeting to amend Exhibits A & D of the District's Power Sales Agreement with BPA.
4. The mark to market report was distributed and briefly discussed.
5. The Frederickson report was distributed and briefly discussed.
6. A letter from Energy Northwest regarding the NuScale Project was distributed. A recommendation will be brought to the Commission for consideration before the deadline of June 23, 2009.

Director of Engineering:

1. The Commission was updated on the PNNL project, and noted contractors were on the job site south of Prosser. It was reported that farming is occurring in the road right-of-way in that area and that trenching for fiber optic cable will occur in some areas where wheat has been planted. Property owners will be contacted to ensure they are informed of the planned excavation activity.
2. Wind energy development of 165MW in the area between Benton City and Prosser was discussed. The District has been contacted by Clipper Windpower regarding their development and a request to enter into a mutual confidentiality agreement. Energy Northwest is asking for an expression of interest in their Mustang Ridge project, with a response due by July 17, 2009.

Manager of Communications and Governmental Relations:

1. An update on activities relating to the bi-op and the Northwest RiverPartners was discussed.
2. Talking points on the Waxman-Market climate-energy bill were distributed and briefly discussed.

Public Comments

Mr. Lloyd Finley provided a letter from Silk Road Environmental to the Commission that provides for services Mr. Finley could not provide during the last refrigerator recycling bid, as discussed at a past commission meeting. Manager of Products and Services stated the District's refrigeration recycling program would be reviewed prior to the next public bid.

Mr. Rex Gest stated that incinerating garbage for energy was becoming an issue again and mentioned a tour he had of the Nine Canyon Wind Farm.

Consent Agenda

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

- a) Approving the minutes of the regular Commission Meeting of May 26, 2009.
- b) Approving the District Travel Report dated June 9, 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 3032-3105 in the total amount of \$619,771.89, Warrants (CHK) 39370/39417-39455/39525 in the total amount of \$394,841.63, Electronic Fund Transfer (EFT) Payments 2120-2130 in the total amount of \$8,304,333.05, and Customer Refund (ERM) Payments 39418/39454-39526/39527 in the total amount of \$3,024.83; Payroll Direct

Deposit Advice 05/28/09 21136-21304 in the total amount of \$299,066.47 and Warrants 05/28/09 504147-504147 for the total amount of -0-, for a grand total of \$9,621,037.87.

MOTION CARRIED.

Setting Special Commission Meeting for June 18, 2009 on financial policies

Assistant General Manager recommended the Commission set a special meeting on June 18, 2009 for the purpose of discussing the District's financial policies. The meeting is anticipated to conclude around 11:30 a.m.

Motion by Robert Bertsch, seconded by Jeff Hall setting a special meeting of the Benton PUD Commission for June 18, 2009, at 9:00 a.m., at the Benton PUD Administration Office located at 2721 West 10th Avenue, Kennewick, Washington, for the purpose of discussing the District's financial policies.

MOTION CARRIED.

Amending Resolution No. 1978 – Prosser Office Customary Office Hours

Prosser Branch Manager recommended the Commission amend Resolution No. 1978 to allow for the same office hours as the Kennewick office, opening at 8:30 a.m. instead of the current opening of 8:00 a.m. This change in the Kennewick office has been successful, allows for additional organizational effectiveness and allows for increased security during cash balancing in the morning hours prior to opening.

Motion by Robert Bertsch, seconded by Jeff Hall amending Resolution No. 1978: Organizational Statement and Establishing Rules for Inspection and Copying of Public Records, to read, "The customary office hours for the Kennewick and Prosser Administration Office are 8:30 a.m. to 5:00 p.m., and delete the sentence, "The customer office hours for the Prosser Administration Office are 8:00 a.m. to 5:00 p.m., Monday through Friday excluding holidays.

MOTION CARRIED.

Temporary Suspension of Additional \$50 Deposit Assessment Due to Nonpayment Disconnection

Manager of Customer Service recommended the Commission approve a temporary suspension of the \$50 deposit assessment upon service disconnection through December 31, 2009, as defined in Section 8 of the District's Customer Policies and Rates. Over the last two years, the District has achieved a significant reduction in losses from non-payment as a result of improved deposit and collection practices. Given the current economic recession, assessing the additional \$50 deposit is a financial hardship for many customers who have been disconnected. If approved, staff will update the Commission prior to December 31, 2009 and recommend if the suspension should be continued.

Motion by Jeff Hall, seconded by Robert Bertsch approving a temporary suspension of the assessment of an additional \$50 deposit for each incidence of disconnection for non-payment which will end December 31, 2009.

MOTION CARRIED.

April 2009 Financial Statements

Manager of Accounting reviewed the April 2009 financial statements.

Other Business

Director of Engineering recommended the Commission approve a letter of commitment be sent to BPA committing District resources and funds up to \$248,000 for a regional smart grid demonstration

project, if selected. The Commission was previously informed that a letter of interest was sent to BPA on May 15, 2009, and the District has been selected for the "short list". The District may choose to withdraw from the process. The Letters of commitment and the first draft of the District's proposal material and budget are due on June 22, 2009, prior to the next commission meeting. Total costs have been estimated to be \$496,000, including \$138,400 of District labor. If selected for the project, the District would be eligible for a 50% matching contribution from the Department of Energy stimulus funds.

Motion by Robert Bertsch, seconded by Jeff Hall authorizing the General Manager, on behalf of the District, to submit a Letter of Commitment to the Bonneville Power Administration committing District resources and funds up to \$248,000 for a Regional Smart Grid Demonstration project.
MOTION CARRIED.

Future Planning

President Lori Sanders stated she would not be in attendance at the July 28, 2009 commission meeting, and confirmed the attendance of Commissioners Robert Bertsch and Jeff Hall.

At 10:00 a.m., President Lori Sanders announced that the Commission Meeting would recess for 10 minutes.

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

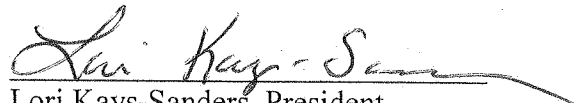
At 10:10 a.m., President Lori Sanders announced that the commission meeting would go into Executive Session for 10 minutes for the purpose of reviewing the qualifications of an applicant for public employment.

At 10:20 a.m., President Lori Sanders announced that the commission meeting would reconvene into regular open public session.

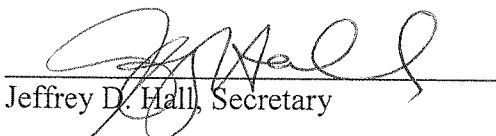
A brief discussion was held on staff's recommendation to appoint Janet White, the District's current Manager of Accounting, to the Treasurer position, replacing Dan Bickford, recently promoted to Director of Power Management.

Motion by Robert Bertsch, seconded by Jeff Hall adopting Resolution No. 2039, appointing a person as Treasurer of the District.
MOTION CARRIED.

Hearing no objection, President Lori Sanders adjourned the Commission Meeting at 10:21 a.m.


Lori Kays-Sanders, President

ATTEST:


Jeffrey D. Hall, Secretary