

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

---

Date: May 12, 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 Hultgrenn  
Manager of Treasury and Risk Management Bickford  
Director of Engineering Dunn  
Director of Operations Hunter  
Director of Power Management Gregg  
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 Human Resources Walsh  
Manager of Information Systems Swanson  
Supervisor of Broadband Nall  
Power Management Analyst Bender  
Broadband Account Representative Tier  
Commission Relations Specialist Hurst

***Guests:*** Brad Langdell, consultant; Larry Felton, Bonneville Power Administration Account Executive; Mark Beauchamp, Utility Financial Solutions

---

Manager of Customer Service led the pledge of allegiance.

**Treasurer's Report**

Treasurer reviewed the April 2009 Treasurer's Report. The Commission approved the April 2009 Treasurer's Report. The counterparty credit report was distributed and briefly discussed.

**Management Report**

*General Manager and Manager of Communications:*

1. Talking points debunking the "Bright Futures" publication was distributed and briefly discussed.
2. The "Plan Today, Power Tomorrow" campaign was reviewed. Utilities throughout the region will utilize the campaign to help educate and update customers about energy issues and how these challenges impact utilities delivery of affordable power in the future.

*Director of Engineering:*

1. It was announced that 3,837 AMI meters have been installed and that we are automatically billing more than 1,000 meters; ahead of the May 29 schedule for this milestone. It was also reported there has been very little need to use contracted electrical services to make repairs to meter bases.
2. Staff is currently working on a bid package for installation of fiber-optic cable between Kennewick and Prosser. Contractors from the state DIS list will be invited to bid. Installation of this cable is the final phase of the work established in the PNNL Inter-Cooperative Agreement (ICA). An addendum to the ICA and contract bid award for the fiber-optic cable installation are expected to be presented for commission consideration on May 26, 2009.

*Director of Power Management:*

1. The mark to market report was distributed and briefly reviewed.
2. At the May 26, 2009 commission meeting, a proposal will be submitted to increase the authority of the District's Risk Management Committee to set maximum counterparty (CP) credit limit to a level of \$3 million for CP's rated at \$15 million or higher by TEA.
3. The final IPR Report from BPA was distributed and briefly discussed.
4. BPA high water mark current projections for 2012-2014 for all customers were distributed and briefly discussed.
5. Staff is reviewing information relating to a combined cycle combustion turbine site being considered by Energy Northwest.
6. Manager of Products and Services reviewed positive feedback received from the state auditors relating to I-937 conservation plans.

*Assistant General Manager:*

1. The Commission was reminded that the Key Customer Meeting was scheduled for May 21<sup>st</sup> in the District's auditorium, and it was noted that commissioner comments received at the last commission meeting were incorporated into the financial portion of the presentation. Commissioner Lori Sanders discussed how the proposed financial options were planned to be presented to the attendees and asked that both projected rate actions and bond issues be characterized as draft with no final decisions made by the commission.
2. Manager of Accounting informed the commission that the Benton Franklin Council of Governments approved a loan application from the District's revolving fund in the amount of \$35,000, combined with a regional revolving fund for a total loan application of \$85,000, for a business located in Prosser, Washington. The business is a customer of the District.
3. Manager of Information Systems informed the commission that, at the District's request, a second information technology security audit is being performed by an independent consultant. The District has made changes after recommendations from the last audit. Additional information will be provided to the commission upon audit completion.
4. Manager of Customer Service updated the commission on information obtained from attendance at an AMI utility peer group committee meeting. A brief discussion was held on the Credit and Collections Dashboard provided to the commission in the commission packets. Manager of Customer Service noted that disconnect activity continues to be down compared to the first quarter of last year, and pre-collect balances are lower than the national averages and reports provided in 2008.

**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 April 28, 2009.
- b) Approving the District Travel Report dated May 12, 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 2913-2970 in the total amount of \$271,642.37, Warrants (CHK) 39068/39126-39161/39199 in the total amount of \$441,250.34, Electronic Fund Transfer (EFT) Payments 2109-2117 in the total amount of \$5,992,919.44, Customer Refund (ERM) Payments 39127-39160 in the total amount of \$3,772.70; Payroll Direct Deposit Advice 04/30/09 20803-20969 in the total amount of \$307,508.85, Warrants 04/30/09 504145-504145 in the total amount of -0- for a grand total of \$7,017,093.70.
- d) Approving Work Order No. 102762 for Highlands Substation Getaway Cable Replacement in the amount of \$155,890.74.
- e) Approving Work Order No. 102173 for new Feeder R4 from Reata Substation in the amount of \$127,985.39.
- f) Approving Work Order 22142 for the replacement of the Highlands Bay No. 2 Switchgear at Highlands Substation in the amount of \$372,600.00.
- g) Authorizing the General Manager, on behalf of the District, to sign the Satisfaction of Line Extension Contract, and approving the Satisfaction of Mortgage No. 99-08, recorded under Auditor's File No. 1999-037063, records of Benton County, state of Washington.

MOTION CARRIED.

At 10:00 a.m., President Lori Sanders announced that the Commission Meeting would recess for 15 minutes.

At 10:15 a.m., President Lori Sanders announced that the Commission Meeting would reconvene into regular open public session.

#### **Line Extension Report**

Director of Engineering introduced Mr. Mark Beauchamp, of Utility Financial Solutions, contracted with the District to provide consulting services to the District regarding the development of a methodology and analysis that provides a foundation for our line extension policy and credits offered. Mr. Beauchamp reviewed in detail the executive summary of his report. Director of Engineering provided an overview of the District's current line extension policy and fees. The timeline for further review and consideration by the Commission of changes to the policy was reviewed along with other key issues that will be considered; including whether the District should develop estimates based on average optimal pricing versus full-cost recovery, how to deal with fees and costs associated with economic development and how to deal with the increased costs associated with underground facilities desired by community planners. Staff is continuing review of the proposed changes to the line-extension policy and anticipates bringing back for commission consideration in October 2009, with any changes to the existing policy taking effect January 2010. A brief discussion was held regarding impacts to commercial customers.

#### **Temporary Broadband Rate Adjustment**

Broadband Account Representative recommended the commission approve two promotional rate adjustments in 2009. Past fixed wireless promotions have proven to increase broadband connections. The temporary adjustment to broadband rates will be implemented twice during the 2009 calendar year for a period not-to-exceed 60 days during each period in order to stimulate sales and increase long-term revenue opportunities.

Motion by Jeff Hall, seconded by Robert Bertsch authorizing the General Manager, on behalf of the District, to waive the \$100.00 non-recurring charge on residential and business fixed wireless for two 60-day periods during the 2009 calendar year.

MOTION CARRIED.

### **Broadband Sales Update**

Broadband Account Representative reviewed the first quarter 2009 sales results. It was noted that three new customer connections were achieved in the first quarter, as well as two upgrades.

### **White Creek 2008 Budget and Performance Update**

Manager of Products and Services gave a presentation on the 2008 budget and performance of the White Creek wind project. It was noted that New York Life is stepping in for Lehman Brothers, and that the District would be joining White Creek Public LLC. After a brief discussion, Commissioner Lori Sanders requested that the Commission be kept apprised of warranty issues relating to the wind farm.

### **Utility Contract High Water Mark Conservation Adjustment from FY 2007 and FY 2008**

Manager of Products and Services gave a presentation on the regional Utility Contract High Water Mark (CHWM) conservation adjustment from FY 2007 and FY 2008. At the conclusion of the presentation, it was noted that the District's conservation from FY 2007-2008 is less than our share of regional load because Scientific Irrigation Scheduling (SIS) is not included in the attached analysis, but when including SIS we are approximately equal to our share of the regional load. Manager of Products and Services stated that the District expects to nearly double conservation over the next two years which could increase our CHWM share within the region, but other utilities are also expected to increase their conservation as well.

### **Performance Measurement – First Quarter 2009 Report**

Assistant General Manager stated that 16 of the 22 performance measures were rated as having positive performance with a positive outlook and/or exceeding the quarterly expectation. Of the remaining measures three were under construction, one was blue, and two yellow. The following measures were reviewed: operating reserve levels, days cash on hand, broadband network reliability, and day ahead power price vs ICE were green, and safety and electric system outages were yellow.

### **Future Planning**

Assistant General Manager distributed a timeline of upcoming planning meeting dates. June 18<sup>th</sup> was confirmed for the financial planning special meeting, and July 7<sup>th</sup> was confirmed as a special meeting on strategic planning to be held in Prosser, Washington. Consultant Sue Dicile has been contracted to facilitate the July 7<sup>th</sup> strategic planning, and the commission was informed of her background and experience. Additional meetings in preparation for the August rating agency meetings were reviewed.

General Manager distributed the Washington PUD Association (WPUDA) agenda for the week and the Participants Review Board agenda.

### **Meeting Reports**

Commissioner Robert Bertsch briefed the commission on his attendance at an American Public Power Association (APPA) meeting in Minneapolis.

At 11:45 a.m., President Lori Sanders announced that the commission meeting would recess for 5 minutes.

At 11:50 a.m., President Lori Sanders announced that the commission meeting would reconvene into regular open public session.

At 11:50 a.m., President Lori Sanders announced that the commission meeting would go into Executive Session for 25 minutes for the purpose of discussing the performance of the General Manager.


At 12:15 p.m., President Lori Sanders announced that the commission meeting would reconvene into regular open public session.

A brief discussion was held regarding the General Manager's performance for 2008.

Motion by Jeff Hall, seconded by Robert Bertsch adopting Resolution No. 2037, approving a compensation adjustment for the General Manager.

MOTION CARRIED.

Hearing no objection, President Lori Sanders adjourned the Commission Meeting at 12:25 p.m.

  
Lori Kays-Sanders, President

ATTEST:

  
Jeffrey D. Hall, Secretary

Robert E. Bertsch Vice President