

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

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Date: November 24, 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 Bartram  
Legal Counsel Hultgrenn  
Director of Operations Hunter  
Director of Engineering Dunn  
Director of Power Management Bickford  
Manager of Communications and Governmental Relations Miller  
Manager of Risk Management and Treasury White  
Manager of Accounting Meyer  
Manager of Products and Services Johnson  
Manager of Customer Service Ball  
Manager of Key Accounts McAloon  
Manager of Human Resources Walsh  
Financial Analyst II Pryor  
Engineering Consultant Langdell  
Marketing Specialist Sparks  
Supervisor of Executive Administration Cole

***Guests:*** Larry Felton, Bonneville Power Administration Account Executive

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Director of Operations led the pledge of allegiance.

**Report from Management**

*General Manager:*

1. Information on the Harvest Clean Energy conference was distributed.
2. Tom Karier, Northwest Power and Conservation Council, asked for endorsement on his re-application to the Council, and the Commission concurred with the General Manager's recommendation on his endorsement.
3. A draft Designation of Representatives to Various Organizations was distributed for Commission review prior to the December 8, 2009 commission meeting.
4. Commissioner Bertsch's one-year term on the At Large position on the American Public Power Association's (APPA) Policy Makers Council is ending. Commissioner Bertsch requested his name be submitted for another term on the Council, and Commissioners Sanders and Hall concurred.
5. Finance staff was congratulated on receiving GFOA's *Certificate of Achievement for Excellence in Financial Reporting* on the 2008 Comprehensive Annual Financial Report.

6. The Telecom committee of the Washington PUD Association (WPUDA) has developed a suggested strategy on moving towards retail authority. A paper on the draft strategy was distributed.

*Manager of Communications and Governmental Relations:*

1. Manager of Communications stated she and the Director of Engineering attended a conference call with the Department of Energy regarding the announcement of the Northwest Smart Grid Test Bed award and funding.

2. The Commission was updated on a Judge Redden Hearing held yesterday.

3. Benton PUD's Annual Senior Day is scheduled for December 2<sup>nd</sup> in Kennewick and December 3<sup>rd</sup> in Prosser.

4. District employees are encouraging Helping Hands donations during the holiday season, and are selling paper ornaments to cover the walls in the front lobby when donations to the fund are received.

5. An upcoming luncheon with the Ports and the First Elected Officials luncheon were briefly discussed.

*Assistant General Manager:*

1. Jenny Sparks and her husband were recently announced as Co-volunteers of the Year by the United Way Young Leaders Society.

2. A brief discussion was held on an article in the APPA monthly public power newsletter on bond ratings.

3. Additional information on the proposed bond issuance will be brought to the December 8, 2009 commission meeting.

*Director of Power Management:*

1. Contractor's sales tax calculations relating to payments on customer conservation projects have been reviewed due to concerns raised at other utilities. No concerns were found at the District. The contractors were appropriately calculating the sales tax on the gross project cost before rebate payment.

2. Funds distributed from the Enron settlement in the approximate amount of \$87,000 are being applied for and will be used for conservation projects.

**Public Comments**

Mr. Rex Gest asked about the status of the Columbia Generating Station (CGS). A brief discussion was held on a report provided by Energy Northwest (ENW) on outages at CGS. Mr. Gest expressed his opinion that the evening rate workshop went well and discussed cybe security fire-wall issues reported on the news.

Mr. Larry Felton congratulated the District and staff on the smart grid project. Mr. Felton noted that BPA recognizes CGS as a very important resource and is working with ENW on issues relating to the plant.

**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 November 10, 2009.
- b) Approving the Special Commission Meeting minutes, Conservation Plan, of November 10, 2009.
- c) Approving the Special Commission Meeting minutes, Rates Workshop, of November 10, 2009.
- d) Approving the District Travel Report dated November 24, 2009.

e) 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 3809-3868 in the total amount of \$654,761.07, Warrants (CHK) 41653/41814-41723/41879 in the total amount of \$226,064.41, Electronic Fund Transfer (EFT) Payments 2210-2213 in the total amount of \$350,923.27, Customer Refund (ERM) Payments 41724/41880-41813/41880 in the total amount of \$7,777.81; Payroll Direct Deposit Advice 11/12/09 23127-23298 in the total amount of \$291,590.06, Warrants 11/12/09 504159-504159 in the total amount of \$-0- for a grand total of \$1,531,116.62. Stopped ERM for November 2009 in the total amount of \$439.04 was included on the report.

f) Reviewing Jobs Report to Commission dated November 16, 2009.

g) Adopting Resolution No. 2062, the Final 2010 Strategic Plan.

MOTION CARRIED.

### **CFL Mailing Services, Contract Award Recommendation**

Manager of Products and Services recommended the Commission award a contract for CFL mailing services. A new Appendix B to the proposed contract was distributed.

Motion by Jeff Hall, seconded by Robert Bertsch awarding Contract No. 09-45-35 for CFL Mailing Services to AM Conservation Group, Inc. of Charleston, South Carolina, for the total not-to-exceed amount of \$692,757, plus Washington State sales tax in accordance with RCW 54.04.080.

MOTION CARRIED.

At 9:45 a.m., President Lori Sanders announced that the Commission Meeting would recess for 15 minutes.

At 10:00 a.m., President Lori Sanders announced that the Commission Meeting would reconvene into regular open public session.

### **Resolution No. 2061, Amending Retail Electric Rate Schedules**

General Manager summarized discussions held at the Rates Workshop the evening of November 10<sup>th</sup>, and also the Key Accounts meeting held on November 16<sup>th</sup>. Communications received from participants were: 1) the District has been consistently wrong in the customer's opinion in past forecasts and has always done better than predicted. General Manager noted staff takes a conservative forecasting approach, which has led to the last five rate decreases and an upgrade in the District's bond rating. 2) The District should consider not having such pessimistic forecasts and be willing to have more frequent rate adjustments. 3) A request was made that we use reserve levels differently and borrow funds where necessary for capital projects. 4) One overall suggestion was to find ways to bring the average rate increase to zero. Suggestions made at the Rates Workshop were to break out the electric bill in some manner to show what customers are paying for.

Manager of Products and Services distributed a cost of service summary analysis, noting the staff recommendation was to provide for a 6% revenue increase effective January 1, 2010, with individual customer class allocations as shown on the COSA Option 2.

President Lori Sanders noted a discussion held with a member of the public, recognizing that a big driver of power costs related to sales for resale. The Commission held a discussion on possible review of sales for resale impacts mid-year in 2010, stating that future rates could be adjusted depending on what was occurring in the market and additional staff analysis.

Motion by Robert Bertsch, seconded by Jeff Hall adopting Resolution No. 2061, amending Retail Electric Rates Schedules effective January 1, 2010, and directing the General Manager to report to the Commission in September of 2010 with a review of the sales for resale assumptions made so future rates may be adjusted as needed.

MOTION CARRIED.

**Amending Fee Schedule A of Customer Service Policies, Line Extension Credit Modification**

Director of Engineering reviewed the history of the District's current line extension policy and an analysis of the methodology. A review of Mark Beauchamp's report on line extension fees was provided, and Director recommended the District discontinue the current practice of charging fees for service installation and clearance and meter poles. Director noted that extreme growth in the area would not alter the recommendation.

Motion by Robert Bertsch, seconded by Jeff Hall to amend Exhibit A of Resolution No. 2043, effective January 1, 2010, removing fees listed under "Service Installation Fee" and "Clearance and Meter Poles".

MOTION CARRIED.

At 10:35 a.m., President Lori Sanders announced that the Commission Meeting would go into Executive Session with General Counsel for 15 minutes for the purpose of discussing potential litigation.

At 10:50 a.m., President Lori Sanders announced that the Commission Meeting would reconvene into regular open public session.

**Co-Location and Indemnity Agreement with Energy Northwest**

Director of Operations recommended the Commission approve a co-location and indemnity agreement with Energy Northwest in substantially the form presented today.

Motion by Robert Bertsch, seconded by Jeff Hall authorizing the General Manager, on behalf of the District, to enter into a Co-Location and Indemnity Agreement, Number X-40477 (BPUD No. 09-33-02) with Energy Northwest, in substantially the form presented today, giving the District responsibilities to contract with sub-tenants, with a term of November 24, 2009 through January 1, 2052; in addition, pay operating and maintenance fees to Energy Northwest in the not-to-exceed amount of \$16,000 annually.

MOTION CARRIED.

**Rattlesnake Communication Facility – Sub-Tenant Agreements**

Director of Operations recommended the Commission approve entering into multiple sub-tenant agreements with entities leasing space on Rattlesnake Mountain. As primary tenant, the District has the responsibility to collect and forward fees for the sub-tenants to ENW. Staff anticipates approximately twelve sub-tenant agreements.

Motion by Jeff Hall, seconded by Robert Bertsch authorizing the General Manager, on behalf of the District, to enter into multiple sub-tenant agreements in substantially the form presented today, with entities leasing space in the Combined Community Communications Facility on Rattlesnake Mountain where the District has signed a co-location and indemnity agreement, No. X-40477 (BPUD No. 09-33-02) with Energy Northwest.

MOTION CARRIED.

Director of Operations updated the Commission on discussions held with ENW on the amateur radio group request for racks to enable them to continue communications, noting ENW is working with them on their request.

#### **Summary of Proposed 2010 Budget**

Manager of Risk Management and Treasury reviewed a summary of the proposed budget with changes made since the preliminary document was prepared in September. It was noted that no public comments have been received on the budget since the October 5, 2009 Public Hearing. The final budget will be presented to Commission for consideration on December 8, 2009.

#### **October Financial Statements**

Manager of Accounting reviewed the October financial statements.

#### **Other Business**

The Commission held a discussion on customer communications relating to displaying cost breakdowns associated with their bill, noting that an alternative could be showing a percentage of total costs instead of an actual cost per customer bill.

General Manager stated staff would review the issue and provide a recommendation at a future meeting.

#### **Future Planning**

General Manager stated that with Commission concurrence staff would prepare a motion to cancel the last meeting of the Commission scheduled for December 22, 2009. The Commission concurred to prepare the motion for the December 8, 2009 commission meeting.

#### **Meeting Reports**

Commissioner Jeff Hall reported on a WPUDA meeting regarding a new executive director of that organization.

Commissioner Robert Bertsch reported on his attendance at a Participants Review Board Meeting of Energy Northwest, and discussions held on Columbia Generating Station outages.

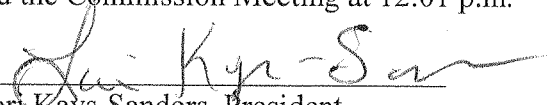
At 11:25 a.m., President Lori Sanders announced that the Commission Meeting would recess for 5 minutes.

At 11:30 a.m., President Lori Sanders announced that the Commission Meeting would reconvene into regular open public session.


At 11:30 a.m., President Lori Sanders announced that the Commission Meeting would go into Executive Session for 30 minutes to review the performance of a public employee.

At 12:00 p.m., President Lori Sanders reconvened the Commission Meeting into regular open public session.

Hearing no objection, President Lori Sanders adjourned the Commission Meeting at 12:01 p.m.

  
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Lori Kays-Sanders, President

ATTEST:

  
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Jeffrey D. Hall, Secretary