

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

Date: October 27, 2009
Time: 9:00 a.m.
Place: 2721 West 10th 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
Deputy Treasurer Pryor
Manager of Human Resources Walsh
Manager of Communications and Governmental Relations Miller
Manager of Accounting Meyer
Manager of Products and Services Johnson
Manager of Broadband Nall
Manager of Customer Service Ball
Manager of Key Accounts McAloon
Products and Services Analyst II Schumacher
Supervisor of Executive Administration Cole

Guest: Jim Oakley, Energy Northwest

Mr. Oakley led the pledge of allegiance.

Management Reports

Director of Operations:

1. The operations area of the District's property has been broken into three times over the last month, primarily with theft of copper wire and miscellaneous scrap. A discussion was held on security and new measures have been put in place and/or are being considered. The thefts were reported to the police.

Deputy Treasurer:

1. At the last PURMS meeting, it was reported that member insurance assessments will be increasing due to some significant property claims that have been incurred.

Manager of Products and Services:

1. The Commission was briefed on responses received from the compact fluorescent lightbulb request for proposals. Staff is reviewing and anticipates bringing a contract award recommendation to the November 24, 2009 commission meeting. It was noted that the CFL program is part of a larger conservation plan being prepared to meet the requirements of I-937.

2. Manager of Products and Services distributed a draft of the District's Conservation Plan and gave a brief explanation of its contents. He stated that staff will review the Plan with the Commission and any public at a special meeting that is planned to be held the morning of November 10, 2009 before the regular commission meeting. A motion will be brought under Other Business today to consider setting the special meeting.

Manager of Communications and Governmental Relations:

1. The Commission was updated on discussions held with the I-937 work group in preparation for bills that may be introduced in the upcoming legislative session regarding I-937. A smaller group will meet to further develop the list of issues and then a communications plan will be done.
2. Ms. Terry Flores is the scheduled speaker at the Tri-City Regional Chamber luncheon scheduled for November 18, 2009.

Manager of Human Resources:

1. The Commission was informed that the Central Washington Public Utilities (CWPU) group is working on amendments to the Interlocal Agreement and Trust. The documents are anticipated to be brought to the next commission meeting for consideration. The Commission was briefed on significant changes being proposed.

Director of Engineering:

1. An update was provided on the AMI project. Manager of Human Resources noted the District will be posting the first severance opportunity for a meter reader. Details of the severance package were reviewed.

Manager of Broadband:

1. The Commission was updated on discussions held at the last Northwest Open Access Network (NoaNet) board meeting. Benton PUD's message to the board regarding our position on the Third Repayment Agreement and the building of cash reserves was well received by the chairman. District staff will work on a draft cash reserve policy for inclusion in the overall financial policies currently being developed by NoaNet staff.

General Manager:

1. General Manager distributed information on a business model created by TRIDEC committees on resources currently available and how to attract funding for research. The Tri-City Regional Chamber has guest speakers discussing smart energy issues and goals at the luncheon scheduled for October 28, 2009.
2. General Manager summarized past discussions held with the Commission on financial forecasting, the proposed bond sale in 2010, and other information relating to District finances, budgeting and future forecasts. Assistant General Manager is working with Christine Hein Pihl, financial advisor for the District, who is reviewing bond issues, restructuring of debt, etc. A presentation will be provided to the Commission on November 10, 2009. General Manager stated that no action on any large budgeted items for 2010 will begin without commission discussion until the commission approves the direction staff should follow on capital expenditures and rate action.

Public Comment

Mr. Gest noted environmentalists appear to be changing their views on nuclear energy, and asked the Director of Operations for information regarding services on Rattlesnake Mountain.

Motion by Robert Bertsch, seconded by Jeff Hall setting a Special Commission Meeting for November 10, 2009, at 6:00 p.m. at the Administration Offices of Benton PUD located at 2721 West 10th Avenue, Kennewick, Washington, for the purpose of holding a rates workshop, and directing the General Manager to provide notification to the public of such special meeting.

MOTION CARRIED.

Resolution No. 2057, Wholesale Customer Service Policy, Rates, Terms and Conditions of Service for Telecommunications

Manager of Broadband recommended the Commission adopt Resolution No. 2057. The significant change to the policy was an increase in bandwidth for multi tenant buildings and an increase in business fixed wireless. Wholesale rates remain the same.

Motion by Robert Bertsch, seconded by Jeff Hall adopting Resolution No. 2057 revising wholesale customer service policy, rates, terms and conditions of service for telecommunications.

MOTION CARRIED.

Pandemic Preparedness Plan

Assistant General Manager reviewed specific areas of the District's Pandemic Preparedness Plan and thanked the employees who participated on a cross-departmental team to establish the Plan. It was noted that IBEW Local 77 was also consulted regarding the suspension of certain policies in the event a Pandemic Emergency is declared. Reviewed in detail were Sections 7; telecommuting; 8, work schedules; and 9, personal protective equipment.

September 2009 Financial Statements

Manager of Accounting reviewed the September 2009 Financial Statements and distributed the NoaNet Contingent Liability Quarterly Report.

A discussion was held on unfunded liabilities that could be included in future NoaNet assessments, such as pension obligations of NoaNet, and Assistant General Manager stated this information could be obtained.

Other Business

Mr. Oakley, Energy Northwest, provided an update on the proposed Radar Ridge wind farm and discussions regarding the Bonneville Power Administration rate case. The commission was briefed on outages at the Columbia Generating Station and the four levels of outages that can occur.

General Manager recommended the Commission set a public hearing to review the District's proposed conservation plan distributed earlier in today's meeting, noting the Plan includes conservation measures to meet the criteria set forth in I-937.

Motion by Robert Bertsch, seconded by Jeff Hall setting a Special Commission Meeting for November 10, 2009, at 8:30 a.m. at the Administration Offices of Benton PUD located at 2721 West 10th Avenue, Kennewick, Washington, for the purpose of reviewing and accepting public comment on Benton PUD's ten-year cost effective conservation resource potential that will establish 10-year and biennial targets, and directing the General Manager to provide notification to the public of such special meeting.

MOTION CARRIED.

Future Planning

General Manager noted that no second commission meeting in December is anticipated unless requested by the commission or a business need is identified.

Meeting Reports

President Lori Sanders discussed a strategic planning meeting held by Energy Northwest and a survey to gain information relating to future products and services. General Manager noted staff would discuss the survey with the Commission when it is received by the District sometime in early 2010.


Executive Session

At 11:20 a.m., President Lori Sanders announced that the commission meeting would go into executive session with legal counsel for 25 minutes for the purpose of discussing potential litigation.

At 11:45 a.m., President Lori Sanders announced that the commission meeting would continue in executive session for an additional 25 minutes for the same purpose.

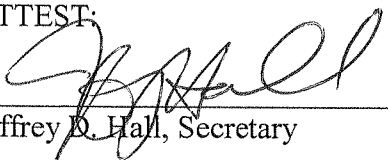
At 12:10 p.m., President Lori Sanders reconvened the commission meeting into regular open public session.

Hearing no objection, President Lori Sanders adjourned the Commission Meeting at 12:10 p.m.



Lori Kays-Sanders, President

ATTEST:



Jeffrey D. Hall, Secretary