

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

Date: September 22, 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
Manager of Risk Management and Treasury White
Director of Operations Hunter
Director of Engineering Dunn
Director of Power Management Bickford
Manager of Communications and Governmental Relations Miller
Manager of Human Resources Walsh
Manager of Accounting Meyer
Manager of Products and Services Johnson
Manager of Information Systems Swanson
Manager of Broadband Nall
Manager of Engineering Gottschalk
Financial Analyst Smith
Supervisor of Executive Administration Hurst

Guest: Larry Felton, Account Executive, Bonneville Power Administration

Legal Counsel led the pledge of allegiance.

Management Reports

Director of Power Management:

1. A Cost of Service Analysis (COSA) schedule leading to possible rate action in January 2010 was distributed, and a discussion was held on the possibility of holding either a commission public meeting or a customer informational meeting the evening of November 10, 2009. General Manager noted additional discussion would be forthcoming.
2. A letter from BPA was distributed on FY 2010 Slice-Block Contract Exhibits that would require Commission approval. Drafts of the exhibits will be reviewed by staff, and the exhibits will be brought for Commission consideration the first meeting in October.

Director of Operations:

1. An update was provided on the Rattlesnake Mountain Tenancy Group and the District's involvement. Benton PUD has been identified as a primary tenant of the facility. Each tenant is responsible for operations and maintenance charges. A committee will be formed to provide for an annual review of operations and maintenance costs. It was noted that Commissioners Bertsch and Sanders were unable to attend the recent tour of the facility, and an additional tour was requested.

Director of Engineering/Manager of Broadband:

1. An update was given on the PNNL project which began in February of 2006. It was reported that fiber-optic cable installation has been completed and that fiber strands have been turned over to PNNL for their testing and ultimate use. A discussion was held on broadband services in the Benton City area, and it was noted that fiber-optic cable should be installed there by the end of this year with ultimate plans to extend facilities to the industrial park area.

Manager of Communications and Governmental Relations:

1. A group of Washington generating public utilities has been meeting throughout the summer discussing the upcoming legislative session relating to I-937 requirements. General Manager discussed upcoming changes at the Washington PUD Association and the future needs of the association due to evolving changes in the industry.

2. The salmon biological opinion has been published and includes a plan for a study. Dam breaching remains in the Opinion as a contingency of last resort.

3. PNUCC's campaign, Plan Today Power Tomorrow, is being used to get information to customers. General Manager stated information from the campaign is having an impact, including comments found in the 6th Power Plan.

4. The Commissioners were reminded to attend the District's Annual Employee Recognition Dinner on Thursday, September 25th.

General Manager:

1. A customer letter thanking the District for flying a U.S. Flag by the highway on September 11th was read. The District also received thank you e-mails and telephone calls on the display of the flag.

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 September 8, 2009.
- b) Approving the District Travel Report dated September 22, 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 3509-3587 in the total amount of \$378,777.95, Warrants (CHK) 40782-40933 in the total amount of \$1,114,273.34, Electronic Fund Transfer (EFT) Payments 2180-2185 in the total amount of \$1,128,473.22 and Customer Refund (ERM) Payments 40934-40990 in the total amount of \$4,886.84; Payroll Direct Deposit Advice 09/03/09 22298-22462 in the total amount of \$292,794.78 and Warrants 09/03/09 504154-504154 in the total amount of -0-, for a grand total of \$2,919,206.13.
- d) Reviewing Jobs Report to Commission dated September 22, 2009.
- e) Authorizing the General Manager, on behalf of the District, to sign Change Order No. 1 with Columbia REA, Contract No. 08-31-04, modifying the Scope of Service to comply with FEMA rules, extending the term of the contract to September 21, 2010, and authorizing a not-to-exceed amount of \$50,000 for the new contract term, for a total contract not-to-exceed amount of \$105,000.
- f) Adopting Resolution No. 2051, declaring certain vehicles surplus to District needs according to the laws of the State of Washington, Title 54, RCW 54.16.180, and authorizing the General Manager, on behalf of the District, to dispose of same.

- g) Adopting Resolution No. 2052, declaring certain equipment surplus to District needs according to the laws of the State of Washington, Title 54, RCW 54.16.180, and authorizing the General Manager, on behalf of the District, to dispose of same.

MOTION CARRIED.

Bonneville Power Administration Energy Conservation Agreement

Manager of Products and Services recommended the Commission authorize the General Manager to sign the BPA Energy Conservation Agreement for conservation project funding. Signing the contract provides a transition opportunity for the District between rate periods and an additional funding resource for conservation funds after the CRC has been spent.

Motion by Robert Bertsch, seconded by Jeff Hall to authorize the General Manager, on behalf of the District, to sign the attached BPA Energy Conservation Agreement (ECA), Contract No. 90ES-11131, Benton PUD Contract No. 09-51-12, in the amount of \$500,000 for conservation project funding transitions between rate periods, and or in excess of the CRC funding.

MOTION CARRIED.

Broadband Service Order Contract with Century Tel

Manager of Broadband recommended the Commission authorize the General Manager to sign a six year service order with Century Tel for services to the Kennewick School District.

Motion by Robert Bertsch, seconded by Jeff Hall authorizing the General Manager, on behalf of the District, to sign a six year service order with Century Tel for services to Kennewick School District beginning October 1, 2009.

MOTION CARRIED.

District Radio Communications

Director of Operations recommended the Commission approve the purchase of new motorola radios. The 800 MHz radio communication system is essential to the day to day safe operation of the electrical system. Upgrading the District's radios will provide better communication along the south Columbia River area and in Badger Canyon. Cell phone usage is not considered dependable during an emergency, and does not have the mass broadcasting availability that radio communications provides.

Motion by Robert Bertsch, seconded by Jeff Hall approving the purchase of 76 digital 800 MHz Motorola radios from Day Wireless; utilizing pricing from State of Washington Contract No. 02702 for a total of \$158,978.15 (\$174,178.15 less \$15,200 credit for existing radios) including Washington state sales tax in accordance with RCW 54.04.080.

MOTION CARRIED.

Resolution No. 2053, Amending the Merit-Based Salary Administration Plan

Manager of Human Resources recommended the Commission adopt Resolution No. 2053 amending the merit-based salary administration plan, changing position titles of the Distribution Engineer I and Distribution Engineer II to Distribution Designer I and Distribution Designer II.

Motion by Jeff Hall, seconded by Robert Bertsch adopting Resolution No. 2053, amending the Salary Administration Plan.

MOTION CARRIED.

Resolution No. 2054, Designating Deputy Auditors for the District

Assistant General Manager introduced Jenny Smith, the District's new Financial Analyst, and recommended changes to the Deputy Auditor designations.

Motion by Robert Bertsch, seconded by Jeff Hall adopting Resolution No. 2054, designating Deputy Auditors for the District.

MOTION CARRIED.

Resolution No. 2055, Approving the Authority to Issue Checks or Warrants & Initiate Electronic Funds Transfers

Manager of Risk Management and Treasury recommended the Commission approve a resolution due to changes in staffing.

Motion by Jeff Hall, seconded by Robert Bertsch adopting Resolution No. 2055, approving the authority to issue checks or warrants and initiate electronic funds transfers (EFTs) by District employees and Commission appointed positions.

MOTION CARRIED.

Resolution No. 2056, Authorizing the General Manager to Declare a Pandemic Emergency Event and Establishing General Manager authorities

Assistant General Manager noted that the Pandemic Emergency plan is an element of the District's overall business continuity plan. The resolution brought before the Commission is intended for Commission discussion today and possible adoption. The resolution authorizes the General Manager to declare a Pandemic Emergency and suspend certain policies as the need is determined in order to conduct the business of the District during such emergency event. Examples of such policies that could be suspended include office hours, alternate work schedules and employee travel. In preparation for a possible pandemic event, the District is sponsoring flu shots for all District employees and family members, and is preparing for possible telecommuting of certain employees on an as-needed basis.

Motion by Jeff Hall, seconded by Robert Bertsch adopting Resolution No. 2056, authorizing the General Manager to declare a Pandemic Emergency Event and establishing authorities for the General Manager during a Pandemic Emergency Event.

MOTION CARRIED.

At 10:10 a.m., President Lori Sanders announced that the commission meeting would recess for 15 minutes.

At 10:25 a.m., President Lori Sanders announced that the commission meeting would reconvene into regular open public session.

Proposed 2010 Budget

Manager of Risk Management and Treasury reviewed each section of the budget binders distributed for the commission in preparation for the October 5, 2009 public hearing on the proposed 2010 budget.

August 2009 Financial Statements

Manager of Accounting reviewed the August 2009 financial statements.

Other Business

Motion by Robert Bertsch, seconded by Jeff Hall approving Work Order No. 103719.
MOTION CARRIED.

Meeting Reports

Commissioner Jeff Hall provided an update on activities relating to the replacement of the executive director of the Washington PUD Association and the future needs of the organization.

Executive Session

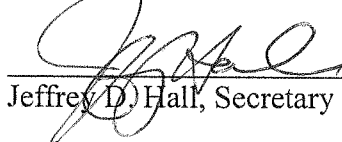
At 10:55 a.m., President Lori Sanders announced that the commission meeting would go into executive session for 20 minutes for the purpose of evaluating a public employee.

At 11:15 a.m., President Lori Sanders reconvened the commission meeting into regular open public session.

Hearing no objection, President Lori Sanders adjourned the Commission Meeting at 11:16 a.m.


Lori Kays-Sanders, President

ATTEST:


Jeffrey D. Hall, Secretary