

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

Date: September 8, 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 Hultgren
Director of Operations Hunter
Director of Engineering Dunn
Director of Power Management Bickford
Manager of Risk Management and Treasury White
Manager of Communications and Governmental Relations Miller
Manager of Human Resources Walsh
Manager of Accounting Meyer
Manager of Products and Services Johnson
Manager of Contracts and Purchasing Ochweri
Manager of Broadband Nall
Products and Services Analyst Philipp
Executive Assistant to the AGM Scrimsher
Supervisor of Executive Administration Hurst

Guest: Larry Felton, Account Executive, Bonneville Power Administration

Manager of Risk Management and Treasury led the pledge of allegiance.

Treasurer's Report

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

Management Reports

Director of Power Management:

1. The mark to market report was distributed and briefly reviewed.
2. The Frederickson report was distributed and briefly reviewed.
3. A summary of the draft 6th Power Plan from the Public Power Council was distributed and it was noted that staff is currently reviewing the conservation requirements. News releases from PNUCC were distributed. General Manager noted the schedule for public hearings was not yet finalized.

Director of Engineering:

1. Total installed AMI meters are currently at 10,699. An update was provided on the Smart Grid project, and TRIDEC's interest in creating a common vision for the Tri-Cities area was discussed. A discussion was held on Section 1306 grant funding requirements.

Assistant General Manager/Manager of Risk Management and Treasury:

1. Moody's Investors Service has affirmed the A2 rating of the District. The rating reflects the District's stable service area, healthy debt service coverage, well-maintained financial operations, stable power supply and satisfactory legal provisions. Staff is awaiting information from Standard & Poors and Fitch regarding their rating determinations.
2. Manager of Risk Management provided an update on the economic development revolving fund being managed by the Benton-Franklin Council of Governments. It was noted there have been 55 inquiries into the loan programs since the first of the year, six of which could have qualified for the District's funds. One possible loan was not finalized due to collateral requirements, two applicants did not have adequate credit ratings, and three loans are currently being worked. It was noted that when the population density exceeds 100 persons per square mile, the District will no longer qualify for the public utility tax credit which supports the rural revolving loan program. As previously authorized by the Commission, an additional \$50,000 will be added to the fund, for a total of \$100,000 in District revolving fund contributions. This contribution will be partially funded by a public utility tax credit of \$25,000 which will be taken after the contribution has been made to the revolving fund.

Manager of Communications and Governmental Relations:

1. The Commission was informed that the Dam Rally discussed at the last commission meeting will not occur. Representatives from the local chambers, TRIDEC and other organizations met to discuss the overall strategy of promoting the benefits of the dams. A letter to the editor has been submitted to the Tri-City Herald from Jim Sanders regarding the recent bill proposed by Rep. McDermott. 2. A proposed TV spot on promoting public power and hydro power as a renewable resource was shown. It will be shown at an upcoming Washington PUD Association meeting.

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 August 25, 2009.
- b) Approving the District Travel Report dated September 8, 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 3439-3508 in the total amount of \$538,339.05, Warrants (CHK) 40564/40610 40614/40693 40759/40781 in the total amount of \$466,635.58, Electronic Fund Transfer (EFT) Payments 2172-2179 in the total amount of \$1,725,284.56, and Customer Refund (ERM) Payments 40611/40613 40694/40758 in the total amount of \$5,945.31; Payroll Direct Deposit Advice 08/20/09 22134-22297 in the total amount of \$292,063.14 and Warrants 08/20/09 504153-504153 in the total amount of -0- for a grand total of \$3,028,267.64.
- d) Approving conveying to the owner of record, a portion of the easement located in Lot 2 of Highlands Plat M, recorded under Auditor's File Number 344445, records of Benton County, Washington, located in Section 2, Township 8 North, Range 29 East, W.M.

MOTION CARRIED.

Resolution No. 2047, Amending the 2009 Budget

Manager of Risk Management and Treasury recommended the Commission adopt Resolution No. 2047, and a brief review was provided of budgeted areas to be amended.

Motion by Robert Bertsch, seconded by Jeff Hall adopting Resolution No. 2047, amending the 2009 Budget.

MOTION CARRIED.

Setting Special Budget Hearing on October 5, 2009

Manager of Risk Management and Treasury stated the Public Hearing on the District's proposed 2010 Budget is planned for the first Monday in October.

Motion by Jeff Hall, seconded by Robert Bertsch setting a Public Hearing on the Proposed 2010 Budget for October 5, 2009, at 6:00 p.m., at the District's Administration Office located at 2721 West 10th Avenue, Kennewick, Washington, and directing the General Manager to publish the notice of the public hearing date, time and location.

MOTION CARRIED.

Resolution No. 2048, Establishing an Energy Conservation Plan and Authorizing General Manager Approval

Manager of Products and Services recommended the Commission adopt a resolution authorizing the General Manager to establish an Energy Conservation Plan. The District's current authority on Public Purpose Programs will be superseded by the new Energy Conservation Plan, and the Plan will be developed to comply with the requirements of I-937, and will allow the General Manager to enter into and approve conservation agreements up to \$100,000.

Motion by Robert Bertsch, seconded by Jeff Hall adopting Resolution No. 2048, authorizing the General Manager to establish an Energy Conservation Plan and authorizing General Manager approval.

MOTION CARRIED.

Resolution No. 2049, Updating Retail Energy Sales Ten-Year Forecast 2009-2019

Products and Services Analyst reviewed changes to the District's Retail Energy Sales Ten-Year Forecast 2009-2019, and recommended approval of the amended forecast to more accurately reflect current economic conditions, reduction of customer counts and potential conservation savings.

Motion by Jeff Hall, seconded by Robert Bertsch adopting Resolution No. 2049, approving the Updated Retail Energy Sales Ten-Year Forecast 2009-2019.

MOTION CARRIED.

Resolution No. 2050, Staff Procedure for Procurement of Certain Materials, Equipment, Supplies, Services, Public Works and Personal Services

Manager of Contracts and Purchasing recommended the Commission adopt a resolution, increasing the dollar limits for small works roster projects.

Motion by Robert Bertsch, seconded by Jeff Hall approving Resolution No. 2050 providing a revised staff procedure for procurement of certain materials, equipment, supplies, services, public works, and personal services.

MOTION CARRIED.

Draft 2010 Strategic Plan

Assistant General Manager reviewed strategic actions placed under the three strategic anchors. Commission priority actions were discussed and the District's annual planning cycle was reviewed.

General Manager noted the final Strategic Plan document was scheduled for commission consideration on November 10, 2010.

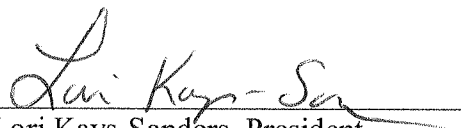
BPA Stepped Rate Options for 2010-2011

Director of Power Management reviewed BPA's stepped rate option, noted staff has reviewed the option, and concluded that the Stepped Rate Option did not have a real benefit to the District.

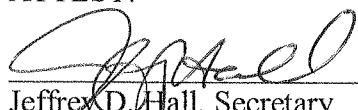
Meeting Reports

President Lori Sanders noted she was on an Energy Northwest committee formed to search for a new CEO.

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


Lori Kays-Sanders, President

ATTEST:


Jeffrey D. Hall, Secretary