

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

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Date: November 23, 2010  
Time: 9:00 a.m.  
Place: 2721 West 10<sup>th</sup> Avenue, Kennewick, Washington

***Present-Benton PUD:***

Commissioners Sanders, Bertsch and Hall  
General Manager Sanders  
Assistant General Manager Bartram  
Legal Counsel Hultgrenn  
Director of Engineering Dunn  
Director of Operations Hunter  
Director of Power Management Bickford  
Manager of Accounting Meyer  
Manager of Communications and Governmental Relations Miller  
Manager of Contracts & Purchasing Ochweri  
Manager of Human Resources Walsh  
Manager of Key Accounts McAloon  
Manager of Products and Services Johnson  
Manager of Risk Management & Treasury White  
Manager of Broadband Nall  
Rates Analyst Murray  
Financial Analyst Pryor  
Administrative Assistant – Finance and Business Services Henderson  
Customer Service Department Specialist Mendoza  
Supervisor of Executive Administration Cole

***Guest:*** Larry Felton, Bonneville Power Administration

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President Lori Sanders led the pledge of allegiance.

**Management Reports**

*General Manager:*

1. A press release from the Bonneville Power Administration on their upcoming rate action proposal was distributed.
2. NWPPA has announced the availability of a seat on the Board of Trustees and is accepting nominations until February 18, 2010. Information regarding a proposed nomination will be brought to a future commission meeting.
3. A brief update was provided on a presentation and panel discussions at a recent Washington PUD Association (WPUDA) meeting regarding the residential exchange.
4. A review of the District's governance policy will soon begin, and recommendations to amend the policy will be brought for commission consideration in the first quarter of 2011.

5. A brief discussion was held on any changes needed to the annual Designation of Representatives to Various Organizations. The listing will be brought to the December 14, 2010 commission meeting for consideration.

*Manager of Communications and Governmental Relations:*

1. Upcoming legislative issues anticipated for the 2011 legislative session was briefly discussed.
2. The District's employees are again helping to promote the Helping Hands Program for the third year with a chain link in the front office area for every dollar donated toward the Helping Hands Program for District customers.

*Manager of Human Resources*

1. A hand-out was provided on the final Employee Insurance Advisory Committee ("EIAC") recommendations. Small group meetings will be held with employees to review the recommendations.

*Director of Operations:*

1. A break-in and theft of some partial reels at the Kennewick Substation was reported to the police. It was noted the value of the reels was minimal.

**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 November 9, 2010.
- b) Approving the Travel Report dated November 23, 2010.
- 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 5582-5681 in the total amount of \$518,713.04, Warrants (CHK) 47161-47197, 47281-47318 in the total amount of \$427,045.73, Electronic Fund Transfer (EFT) payments 2393-2400 in the total amount of \$5,625,788.02, Customer Refund (ERM) payments 47198-47280 in the total amount of \$7,696.45, Residential Conservation Rebates, credits on customer accounts in the total amount of \$1,940.00, Payroll Direct Deposit Advice 11/10/10 27396-27556 in the total amount of \$284,733.64, for a grand total of \$6,865,916.88.
- d) Reviewing Jobs Report to Commission dated November 15, 2010.
- e) Reviewing 2010 Strategic Plan – Third Quarter Report
- f) Authorizing the General Manager, on behalf of the District, to sign Change Order No. 3 of Contract No. 09-45-16 with Perfection Glass, Inc., to increase the not-to-exceed amount by \$100,000, bringing the new not-to-exceed amount to \$300,000.

MOTION CARRIED.

**Columbia Colstor Conservation Project**

Manager of Products and Services recommended the Commission approve work relating to a large conservation project that will result in a large customer rebate. Under the Washington State Energy Independence Act (EIA) the District is required to pursue all available conservation that is cost-effective, reliable and feasible. Staff has determined that Columbia Colstor qualifies

under EIA, and recommended conservation measures will contribute to the District's biennial target of Mwh savings towards the EIA requirements.

Motion by Robert Bertsch, seconded by Jeff Hall to authorize the General Manager, or his designee, to sign an authorization to proceed with work that will result in a rebate paid to the customer for an amount not-to-exceed \$300,000 for conservation projects to be completed at Columbia Colstor, Inc. by Cascade Energy Engineering through the Bonneville Power Administration Energy Smart Industrial Program.

MOTION CARRIED.

**Resolution No. 2109, Establishing Benton PUD's 2010 Integrated Resource Plan**

Director of Power Management recommended the Commission adopt the 2010 Integrated Resource Plan (IRP). The IRP was developed consistent with the requirements of RCW 19.280.30, and approved by the Commission in 2008. The RCW requires an IRP be developed every four years with an update of that IRP two years later. The 2010 draft IRP was presented to the Commission on August 24, 2010 and submitted to the Washington State Department of Commerce. The 2010 IRP provides information and analysis to assist the District's Commission in determining a long-term resource portfolio strategy.

Motion by Jeff Hall, seconded by Robert Bertsch adopting Resolution No. 2109, establishing Benton PUD's 2010 Integrated Resource Plan.

MOTION CARRIED.

**Resolution No. 2110, amending Retail Electric Rate Schedules effective January 1, 2011**

Manager of Products and Services recommended the Commission adopt Resolution No. 2110, amending retail electric rate schedules, effective January 1, 2011. It was noted that revenue requirements for 2011 show an 11.8% increase in revenue, however this can be partially mitigated through the drawdown of cash reserves by \$3.5 million. The net revenue requirement result is an 8% increase. Talking points and FAQs for rate communications to the public were distributed.

Motion by Robert Bertsch, seconded by Jeff Hall adopting Resolution No. 2110, amending Retail Electric Rate Schedules effective January 1, 2011.

MOTION CARRIED.

**Resolution No. 2111, adopting the Final 2011 Strategic Plan**

Assistant General Manager recommended the Commission adopt the Final 2011 Strategic Plan. The Plan builds upon the initiatives identified as priorities by the Commission and Leadership Team during 2010, and focuses on the opportunities and challenges associated with implementation of the Smart Grid. A position statement was adopted that defines the District's approach to investing in smart grid technology and is also included in the Plan.

Motion by Jeff Hall, seconded by Robert Bertsch adopting Resolution No. 2111, approving the 2011 Strategic Plan.

MOTION CARRIED.

### **Network Coordinated Services Contract – NoaNet**

Manager of Broadband and Director of Engineering reviewed the Network Coordinated Services Contract and noted a few changes are still expected to the agreement. The proposed expansion of the contract with NoaNet would maintain the District's original and ongoing mission of "bridging the digital divide" in the communities while sharing in the benefits of NoaNet's broadband market momentum gained through their improving business operations and success in acquiring BTOP grants. Approving the recommended motion will allow the District and NoaNet to reduce their respective costs by providing labor resources more optimally aligned with the work efforts while continuing to expand the scope and quality of broadband services.

Director of Engineering stated that this contract will result in the elimination of three positions at the District.

Motion by Robert Bertsch, seconded by Jeff Hall authorizing the General Manager, to sign a three year contract in substantially the form presented today, with Northwest Open Access Network, Contract No. 10-46-09, for Network Coordinated Services (NCS), beginning January 1, 2011, for a total not-to-exceed amount of \$1,026,000, plus three percent of District Broadband monthly sales revenue.

MOTION CARRIED.

### **Washington State Emergency Management Change Order and Benton County Emergency Services – Interlocal Agreement, Amendment 2**

Director of Operations recommended the Commission authorize the General Manager to relinquish the District's first right of refusal to purchase the Microwave Network from Washington State Emergency Management. The relinquishment would be contingent upon Benton County Emergency Services assuming ownership of the system and entering into an interlocal cooperative agreement with the District wherein the District partners with BCES in developing the future direction of the Network, including voting rights on the board.

Motion by Robert Bertsch, seconded by Jeff Hall to authorize the General Manager, on behalf of the District, to relinquish the District's first right of refusal to purchase the Microwave Network from Washington State Emergency Management (WSEM) contingent upon Benton County Emergency Services assuming ownership of the System, and entering into the Interlocal Cooperative Agreement No. 10-33-10.

MOTION CARRIED.

Motion by Robert Bertsch, seconded by Jeff Hall authorizing the General Manager, on behalf of the District, to sign Contract No. 10-33-10, Amendment 2, in substantially the form presented today, with Benton County Emergency Services (BCES) to provide for the effective and economical county-wide operations of emergency services only as it relates to the Microwave System.

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.

**Draft Resolution Adopting the 2011 Budget**

Manager of Risk Management and Treasury reviewed the process that has been followed to date in the 2011 Budget development, including the public hearing on October 4, 2010. Reductions and deferrals to the Proposed 2011 Budget in operating and maintenance expenses and capital expenditures totaling \$2.2 million were reviewed with the Commission on October 26, 2010, and no further changes have been made to the budget since that time. It was noted that the budget would be revised for the NoaNet Coordinated Services Contract which was just approved, but that net power costs would not be adjusted as staff needs more time to evaluate the recent BPA rate announcements and the impact of BPA's new billing methodology on the District. The final budget will be brought for Commission consideration at the first commission meeting in December.

**October Financial Statements**

Manager of Accounting reviewed the October 2010 financial statements.

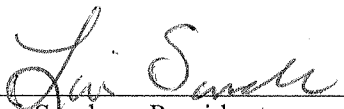
**Future Planning**

A motion to cancel the last commission meeting in December will be brought for consideration at the December 14, 2010 commission meeting.


**Meeting Reports**

Commissioner Jeff Hall discussed the WPUDA committee status regarding a search for an executive director, and noted the committee hopes to have the position filled by mid-February 2011.

Hearing no objection, President Lori Sanders adjourned the Commission Meeting at 10:30 a.m.

  
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Lori Sanders, President

ATTEST:

  
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Jeffrey D. Hall, Secretary