

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

Date: September 28, 2010
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 Engineering Dunn
Director of Power Management Bickford
Director of Operations Hunter
Manager of Accounting Meyer
Manager of Key Accounts McAloon
Manager of Customer Service Ball
Manager of Human Resources Walsh
Manager of Communications and Governmental Relations Miller
Manager of Products and Services Johnson
Financial Analyst Pryor
Administrative Assistant – Power Management Bergum
Supervisor of Executive Administration Cole

Guest: Larry Felton, Bonneville Power Administration

Supervisor of Executive Administration led the pledge of allegiance.

Management Reports

General Manager:

1. A copy of the publication, Energy Today, was distributed. Benton PUD was one of the utilities featured in the publication.
2. A copy of the new bylaws and organizational structure of the Washington PUD Association was distributed. One key change in the reorganization is the more prominent role of the manager's committee in carrying out the organization's strategy. The General Manager is recommending to the association that Dan Bickford, Director of Power Management, be on the Energy Committee, and Karen Miller, Manager of Communications, be on the Government Relations Committee and Communications Committee.
3. Beginning at the end of September, the Bonneville Power Administration will look back at high water marks and make corrections as needed. Mr. Felton stated that results from the look back should be available no later than January of 2011.
4. A customer rate information meeting will be held in the Auditorium tonight. Talking points were distributed to the Commission.
5. Information on community education being held by TRIDEC was distributed.
6. The District's annual employee recognition dinner will be held tomorrow evening, September 29, 2010.

7. The Prosser Economic Development Association has asked the District to support the county seat remaining in Prosser, and General Manager recommended the District stay neutral on the issue. The Commission concurred with the General Manager's recommendation.

Director of Engineering:

1. An update was provided on the stand-down of AMI meter installation efforts due to a performance problem with a communication-module component used in the residential-class meters shipped to the District this past spring. The problem affects the last ten thousand meters received with approximately 2,500 units installed in the field and approximately 7,500 units in inventory. Staff is waiting for a root cause analysis and report before plans to re-start meter installations can be developed.

Assistant General Manager:

1. Assistant General Manager and Manager of Accounting reviewed how overhead rates and allocations were determined. It was noted that overhead rate determinations do impact charges and fees collected by the District. Talking points on overhead rate determinations were distributed.

Consent Agenda

Motion by Robert Bertsch, seconded by Jeff Hall to approve the Consent Agenda as amended:

- a) Approving the minutes of the regular Commission Meeting of September 14, 2010.
- b) Approving the Travel Report dated September 28, 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 5277-5354 in the total amount of \$426,804.01, Warrants (CHK) 46442-46486, 46551-46587, and 46590 in the total amount of \$251,977.48; Electronic Fund Transfer (EFT) Payments 2362-2369 in the total amount of \$7,053,378.01, Customer Refund (ERM) Payments 46487-46550 and 46588-46589 in the total amount of \$6,189.27; Residential Conservation Rebates: credits on customer accounts in the total amount of \$2,900.00; Payroll Direct Deposit Advice 09/16/10 26741-26906 in the total amount of \$305,098.04 for a grand total of \$8,046,346.81. For September 2010, stopped warrants in the total amount of \$106.96 and voided ACH in the total amount of \$10,200.00 were included in the report.
- d) Adopting Resolution No. 2102 declaring certain transformers, reclosers, regulators, bushings and a current transformer 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.
- e) Adopting Resolution No. 2103 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.
- f) Approving Work Order No. 22435 for the installation of a padmount capacitor bank at Berrian Substation.
- g) Approving Work Order No. 22434 for the installation of a padmount capacitor bank at H2F1 River Substation.
- h) Approving Work Order No. 22410 for the installation of a circuit switcher and associated relay panel at Kennewick Substation.

MOTION CARRIED.

Resolution No. 2104, Merit-Based Salary Administration Plan

Manager of Human Resources recommended the Commission adopt the amended Salary Administration Plan due to a restructuring of the Engineering and Information Systems departments. The new titles include Compliance and Power Settlements Administrator II, Manager of IT Infrastructure, and Manager of Applications and Integration.

Motion by Jeff Hall, seconded by Robert Bertsch amending the Salary Administration Plan to include the position title of Compliance and Power Settlements Administrator II in Grade 5 and the position titles of Manager of Applications and Integration and Manager of IT Infrastructure in Grade 8.
MOTION CARRIED.

Proposed 2011 Budget

Manager of Risk Management and Treasury distributed the proposed 2011 budget binders to each Commissioner and stated that a presentation on the proposed budget would take place at the public hearing scheduled for Monday, October 4, 2010. A brief discussion was held on the average term of bond issues (20 vs. 30 years) within the public utility industry.

August Financials

Manager of Accounting gave a presentation on the August 2010 financial statements.

BPA Funded Fish and Wildlife Programs Cost

General Manager stated staff has been reviewing methods to best present to customers how costs associated with fish and wildlife programs affect their individual bills.

Director of Power Management gave a presentation on costs associated with fish and wildlife, showing overall breakdowns of costs by different cost categories and customer classes. Staff options for informing customers of costs were 1) provide information via monthly customer bill, which would entail a reformat of the current bill to show various cost categories; 2) provide customers with semi-annual bill inserts and include information in newsletters and on-line. Manager of Customer Services stated that staff's recommendation is the second option, and distributed a sample bill insert using the residential rate class as an example.

President Lori Sanders asked if the website could track how many people are accessing the information, and Manager of Communications stated she would look into that availability.

The Commission concurred with staff recommendation to use Option 2 presented today to provide cost breakdown information for fish and wildlife programs to customers and the public. The first semi-annual bill insert would occur no later than second quarter 2011.

At 10:30 a.m., President Lori Sanders announced that the Commission Meeting would recess for 10 minutes.

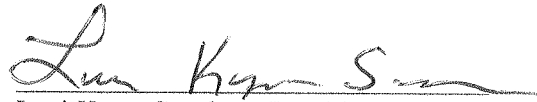
At 10:40 a.m., President Lori Sanders announced that the Commission Meeting would reconvene into regular open public session.

At 10:40 a.m., President Lori Sanders announced that the Commission would go into executive session with legal counsel for 10 minutes for the purpose of discussing potential litigation.


At 10:50 a.m., President Lori Sanders reconvened the meeting into regular open public session and announced that the executive session would continue for an additional 20 minutes.

At 11:10 a.m., President Lori Sanders reconvened the meeting into regular open public session.

Hearing no objection, President Lori Sanders adjourned the Commission Meeting at 11:10 a.m.


Lori Kays-Sanders, President

ATTEST:


Jeffrey D. Hall, Secretary