

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

Date: July 27, 2010
Time: 9:00 a.m.
Place: 2721 West 10th Avenue, Kennewick, Washington

Present:

Commissioners Bertsch and Hall
Assistant General Manager Bartram
Legal Counsel Hultgrenn
Manager of Risk Management and Treasury White
Director of Engineering Dunn
Director of Operations Hunter
Director of Power Management Bickford
Manager of Accounting Meyer
Manager of Products and Services Johnson
Manager of Communications and Governmental Relations Miller
Manager of Key Accounts McAloon
Manager of Broadband Nall
Manager of Contracts and Purchasing Ochweri
Manager of Human Resources Walsh
Financial Analyst II Hawkey
Administrative Assistant – Finance and Business Services Henderson
Broadband Account Representative Tier
Supervisor of Executive Administration Cole

Guest: Larry Felton, Bonneville Power Administration

Absent: President Lori Kays-Sanders; General Manager James W. Sanders

Mr. Rex Gest, customer, led the pledge of allegiance.

Commissioner Robert Bertsch excused President Lori Kays-Sanders from attendance at today's commission meeting.

Management Reports

Assistant General Manager:

1. It was noted that the General Manager was on vacation for the week.
2. A new timeline showing key dates for the 2011 budget and rate setting communications was distributed. The August 10, 2010 commission meeting will be utilized to review the District's cost of service analysis (COSA) processes and tiered rates setting. An updated long-range forecast will also be provided. It was noted that staff is currently anticipating a larger net loss than last reported, noting retail sales are down, the challenges with power supply, and that these factors may result in a \$2-3 million loss for 2010.
3. The timeline shows meetings planned in September for an all customer meeting and a large customer, key accounts meeting. Commissioners are not required to attend the customer meetings but are welcome.

Manager of Treasury and Risk Management:

1. A corrected Treasurer's Report for June 2010 was distributed. Due to a spreadsheet reconciling error, the Treasurer's Report originally submitted for June 2010 showed a cash balance of \$3 million less than the corrected report.

Director of Power Management:

1. The City of Kennewick is looking at their streetlight program and doing a conservation analysis that could include a rebate from the District of \$.5 million. If they are successful, payments for the rebate would be provided in the years 2011 and 2012 timeframe. Staff is also holding discussions with the City to consolidate all the streetlights under city ownership and thus surplus and transfer ownership of the District-owned light to the City in accordance with state laws. The District would continue to do the maintenance of the lights for the City unless different arrangements are made.

Director of Engineering:

1. The Commission was informed that approximately 34,000 AMI meters have been installed. A suspension of installation is currently in effect due to meter communication issues identified with a new shipment of meters. The vendor is working in cooperation with District staff to resolve the problem.

Director of Operations:

1. The transfer of service to the new CRC call center has been delayed to September due to security connection issues being resolved. The Kelly's answering service will continue to be utilized in the interim.

Manager of Accounting:

1. The Commission was informed that staff will begin providing residential rebates to customers through a credit on their bill instead of administering warrants in the August timeframe. A supplemental detail report will be included on the voucher report to the Commission identifying customer rebate adjustments.

Manager of Communications and Governmental Affairs:

1. A summary of the District's phone customer survey was distributed and briefly discussed. Assistant General Manager stated that information obtained from the report relating to AMI will be reviewed as part of the August 3, 2010 strategic planning session.

Consent Agenda

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

- a) Approving the minutes of the regular Commission Meeting of July 13, 2010.
- b) Approving the Travel Report dated July 27, 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 4929-5003 in the total amount of \$460,204.03, Warrants (CHK) 45633-45698, 45701-45735, and 45801 in the total amount of \$279,755.54, Electronic Fund Transfer (EFT) Payments 2330-2334 in the total amount of \$5,267,924.28, Customer Refund (ERM) Payments 45699-45700 and 45736-45800 in the total amount of \$7,182.34; Payroll Direct Deposit Advice 07/08/10 25916-26080 in the total amount of \$296,331.95 for a grand total of \$6,311,398.14. Stopped warrants for July 14, 2010 in the total amount of \$72.87 were included on the report.

d) Authorizing the General Manager, on behalf of the District, to sign Change Order No. 2 of Contract No. 08-06 with Sun Pacific Energy, for fuel, per the option in the contract to extend on an annual basis for up to 3 years and increasing the contract by \$200,000 for the third year.

e) Adopting Resolution No. 2096 approving the authority to issue checks or warrants and initiate electronic funds transfers (EFTs) by District employees and Commission appointed positions.

f) Reviewing the second quarter 2010 report to the Commission on program rebate offerings in excess of \$50,000.

MOTION CARRIED

BPA Power Sales Agreement Amendments Authority

Director of Power Management recommended the General Manager be delegated the authority to execute amendments to the Bonneville Power Administration Power Sales Agreement that are administrative and not substantive in nature. All major changes or changes with major impacts to the agreement will continue to be brought to the Commission for specific approval prior to execution.

Motion by Jeff Hall, seconded by Robert Bertsch delegating to the General Manager, or his designee, on behalf of the District, the authority to execute amendments to the Bonneville Power Administration Power Sales Agreement, BPA Contract No. 09PB-13005, that are inconsequential and minor administrative or corrective in nature, and to periodically provide notification of such amendments to the Commission.

MOTION CARRIED.

Block/Slice Exhibit C Submission to Bonneville Power Administration

Director of Power Management recommended the Commission approve submitting to BPA the District's total retail load forecast for 2011 and other load reporting requirements.

Motion by Jeff Hall, seconded by Robert Bertsch authorizing the General Manager, on behalf of the District, to submit the District's Forecast of Total Retail Load to BPA for BPA Fiscal Year 2011, and to notify BPA that it is expected that Snohomish PUD will continue to purchase the District's 14% share of Packwood Hydro Project output through FY2011.

MOTION CARRIED.

Broadband Sales Update – Second Quarter

Broadband Account Representative reviewed the second quarter Broadband sales update. It was noted that by the end of the second quarter, 65 quotes were completed, 14 new end users were connected and five existing connections were upgraded. Revenue continues to be higher than projected with second quarter sales being \$34,000 over projections.

June Financial Reports

Manager of Accounting reviewed the June 2010 financial reports.

Future Planning


Assistant General Manager distributed reading material in preparation for the upcoming Strategic Planning Workshop on information relating to smart grid. The Commission was reminded that the special meeting is scheduled for 10:00 a.m. on August 3, 2010 at the District's Prosser Office. The meeting is scheduled to conclude around 3:00 p.m.

Meeting Reports

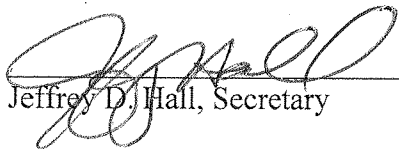
Commissioner Jeff Hall noted he would be President of the Board of the Washington PUD Association in 2011 and updated the Commission on recent discussions regarding the rebuilding of the Association. He also noted he was the Chair of the hiring committee for the new executive director.

Commissioner Robert Bertsch gave an update on discussions held during the American Public Power Association's (APPA) policymaker's council meeting last week in Washington D.C. Commissioner Bertsch stressed the need to build customer awareness that PUDs do pay taxes.

Hearing no objection, Vice-President Robert Bertsch adjourned the Commission Meeting at 9:55 a.m.


Robert E Bertsch, Vice-President

ATTEST:


Jeffrey D. Hall, Secretary