

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

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Date: June 8, 2010  
Time: 9:00 a.m.  
Place: 2721 West 10<sup>th</sup> 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 Human Resources Walsh  
Manager of Accounting Meyer  
Manager of Customer Service Ball  
Manager of Products and Services Johnson  
Manager of Communications and Governmental Relations Miller  
Marketing Specialist Jenny Sparks  
Administrative Assistant-Executive Preddie

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Commissioner Robert Bertsch led the pledge of allegiance.

**Treasurer's Report**

Treasurer reviewed the May 2010 Treasurer's Report. The Commission approved the May 2010 Treasurer's Report. The counterparty credit report was distributed and briefly discussed. The credit exposure by sector was distributed and briefly discussed.

Commissioner Lori Sanders requested a breakdown of the privilege tax to take to the June or July Benton-Franklin Council of Governments meeting.

**Management Reports**

*General Manager:*

1. It was noted that the deadline for candidate filing was this week. President Sanders noted that she filed as the incumbent candidate in the upcoming elections.
2. Commissioner compensation changes effective June 10, 2010 were distributed to commissioners. Manager of Accounting was thanked for preparing the calculations.
3. A discussion was held on scheduling of upcoming commission meetings. Two commissioners confirmed attendance at the July 27, 2010 commission meeting, and all three commissioners confirmed attendance at the August 10, 2010 meeting.

*Assistant General Manager:*

1. Assistant General Manager and Manager of Risk Management and Treasury distributed and reviewed a history of bond ratings and informed the Commission of an upcoming meeting with

Fitch to discuss the District's rating. This will be a one-hour conference call meeting scheduled for Monday, June 28, 2010 at 2 pm.. President Lori Sanders confirmed her availability for this meeting. Assistant General Manager noted that a presentation is being prepared. It was also confirmed with President Lori Sanders to have a pre-meeting at 12:00 noon on June 28, 2010 to review the presentation materials.

*Director of Power Management:*

1. The Frederickson Operations Report was distributed and briefly reviewed.
2. The June 2010 Mark to Market report was distributed and briefly discussed.
3. Director of Power Management discussed issues regarding the Packwood operation. The Energy Northwest Packwood Purchaser's Committee has a new manager. This committee has agreed to have quarterly meetings and has asked Energy Northwest to provide monthly reports. Updates will be provided at future meetings.
4. The Cost of Service Analysis (COSA) workshop is tentatively scheduled for July 19, 2010. Director of Power Management requested specifics or areas of interest to include in the workshop. President Lori Sanders noted she would prefer a policy regarding new loads prior to the workshop. Commissioner Robert Bertsch stated he would not be available for the July 19, 2010 workshop, and General Manager noted this would be further addressed under Future Planning.

President Lori Sanders requested Business Agenda Item 6a, Cancellation of Regular Commission Meeting of June 22, 2010, be placed on the Consent Agenda.

**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 May 11, 2010.
- b) Approving the Travel Report dated June 8, 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 4592-4752 in the total amount of \$1,926,930.54, Warrants (CHK) 44552-44641 and 44728-44809 and 44811-44884 and 44917-45039 in the total amount of \$660,207.61, Electronic Fund Transfer (EFT) Payments 2302-2318 in the total amount of \$9,725,330.41, Customer Refund (ERM) Payments 44642-44727 and 44810 and 44885-44916 and 45040-45041 in the total amount of \$14,271.34; Payroll Direct Deposit Advice 05/13/2010 25256-25422 in the total amount of \$289,422.56; Payroll Direct Deposit Advice 05/27/10 25423-25586 in the total amount of \$294,184.02 for the grand total of \$12,910,346.48. For May 2010, stopped ERM in the total amount of \$93.26, voided ERM in the total amount of \$248.84, voided ACH in the total amount of \$100.00, Voided Warrants in the total amount of \$242.42, and voided EFT in the total amount of \$311,688.54 were included on the report.
- d) Authorizing the General Manager, on behalf of the District, to sign Change Order No. 2 of Contract No. 09-45-12 with Dayco Heating & Air, to increase the not to exceed amount by \$100,000.00 bringing the new not to exceed amount to \$200,000.00
- e) Authorizing the General Manager, on behalf of the District, to sign a contract with Fluid Marketing Strategies, Inc., Contract No. 10-45-15, for the Simple Steps, Smart Savings program for a not to exceed amount of \$130,000.00 and an expiration date of September 30, 2011.
- f) Awarding the contract for Conductor, 556 AAC, Code Dahlia, Bid Package No. 10-09 to General Pacific/Alcan of Fairview, Oregon for a total amount of \$47,840.00 plus Washington State sales tax in accordance with RCW 54.04.080.

- g) Authorizing the General Manger, on behalf of the District, to sign Change Order No. 2 of Contract No. 09-33-02 with Energy Northwest, that revises Clause 13.0 Indemnity and Clause 14.00 Insurance.
- h) Review of Jobs Report to Commission dated June 1, 2010.
- i) Adopting Resolution No. 2091, naming administrators to the Aviva Life and Annuity Company Life Insurance Program.
- j) Adopting Resolution No. 2092 authorizing the General Manager, or his designee, on behalf of the District, to sign an ISDA agreement (BPUD Contract No. 10-51-13) with J P Morgan Ventures Energy Corporation (J P Morgan) for financial hedging of physical power and gas positions.
- k) Adopting Resolution No. 2093 authorizing the General Manager, or his designee, on behalf of the District, to sign an ISDA agreement (BPUD Contract No. 10-51-04) with Iberdrola Renewables Inc., (Iberdrola) for financial hedging of physical power and gas positions.
- l) Reviewing 2010 Strategic Plan – First Quarterly Report.

Business Agenda Item 6a) Cancelling the District's regular commission meeting scheduled for 9:00 am on June 22, 2010, and directing the General Manager to provide notification to the public of such cancellation.

MOTION CARRIED

**Amend Resolution No. 2061, Rate Schedule 22, Eliminating Declining Block Rate Structure effective January 2011**

Motion by Robert Bertsch, seconded by Jeff Hall to amend Resolution No. 2061, Rate Schedule 22, by adding the following sentence, "The District intends to eliminate the declining block rate structure effective January 1, 2011."

MOTION CARRIED

**Resolution No. 2094 adopting Customer Service Policies**

Manager of Customer Service and Marketing Specialist reviewed the significant changes to the Customer Service Policies. The proposed changes to residential deposit requirements, identity validation and determination of credit worthiness will streamline the Customer Service business processes, enhance the District's ongoing effort to decrease write-offs and enable continued compliance with the Fair and Accurate Credit Transactions Act (FACTA).

Motion by Jeff Hall, seconded by Robert Bertsch adopting Resolution No. 2094 adopting Customer Service Policies effective June 8, 2010.

MOTION CARRIED

**April 2010 Financial Statements**

Manager of Accounting reviewed the April 2010 financial statements. The Washington State Auditor's Financial Statements Audit Report and the Accountability Audit Report were distributed. The Benton PUD 2009 Comprehensive Annual Financial Report was also distributed.

**Other Business**

President Lori Sanders indicated her absence at several recent PURMS meetings because of scheduling conflicts, and stated the Manager of Risk Management and Treasury has been attending. Manager of Risk Management and Treasury will provide a full report at the next meeting.

Motion by Jeff Hall, seconded by Robert Bertsch amending the representatives on the Designation of Representatives to Various Organizations for 2010 as follows: change APPA representative to Robert Bertsch and alternate to Lori Sanders, and change the APPA Legislative and Resolutions

Committee representative to Robert Bertsch and alternates to Lori Sanders and Karen Miller, and change 2010 Participants Review Board representative to Robert Bertsch and alternate to Jeff Hall.

MOTION CARRIED

President Lori Sanders inquired about the status of PSE's request for proposals. Director of Power Management noted staff will keep the Commission current on Frederickson's proposed transfer.

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.

#### **Future Planning**

The General Manager recommended the Commission meeting on COSA (tiered rates discussion) be held on August 10, 2010 from 9:00 am to 2:00 pm during the regular meeting of the commission. Lunch would be provided.

#### **Executive Session**

At 10:16 a.m., President Lori Sanders announced that the Commission Meeting would go into Executive Session with legal counsel for 30 minutes for the purpose of discussing litigation to which the District is a party.

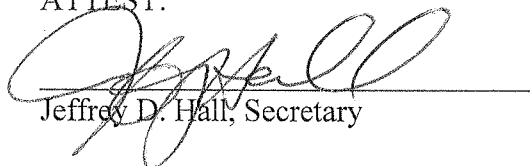
At 10:46 a.m., President Lori Sanders reconvened the Commission Meeting into regular open public session.

Hearing no objection, President Lori Sanders adjourned the Commission Meeting at 10:46 a.m.



Lori Kays-Sanders, President

ATTEST:



Jeffrey D. Hall, Secretary