

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

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Date: January 25, 2011  
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 Hultgren  
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 Risk Management & Treasury White  
Senior Engineer II Gottschalk  
Manager of IT Infrastructure Mills  
Manager of Information Systems Swanson  
Supervisor of Executive Administration Cole

***Guests:*** Rich Nall, Northwest Open Access Network (NoaNet); Jim Oakley, Energy Northwest

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Mr. Rich Nall led the pledge of allegiance.

At 9:05 a.m., President Robert Bertsch announced that the Commission would go into Executive Session with legal counsel for 30 minutes for the purpose is discussing potential litigation.

At 9:35 a.m., President Robert Bertsch announced that the Executive Session would continue for the same purpose for an additional 15 minutes.

At 9:50 a.m., President Robert Bertsch reconvened the Commission Meeting into regular open public session.

**Management Reports**

*Assistant General Manager:*

1. The Accounting staff was congratulated for achieving their 8<sup>th</sup> Certificate of Excellence in Financial Reporting from the Government Finance Officers Association.

*General Manager:*

1. It was reported that no quarterly conservation report would be provided for the last quarter of 2010 because no payments requiring reporting were made.

*Director of Engineering:*

1. Director stated that it is anticipated that 40,000 AMI meters will be installed by June 2011. Poly-phase meters are in the testing phase. Sensus has asked the District to demo a new technology called MetPods. These are devices connected to a distribution line that provide information on power flow in conjunction with Sensus smart meters. The District has installed MetPod units at one location on a Reata substation feeder and will be mailing letters to selected customers in the Rancho Reata area to notify them that 36 customers will be selected for a smart meter upgrade. The upgraded units are the same design as those deployed in our AMI project with an additional software capability that will allow operation that is complimentary to the data gathered from the MetPods.

2. The District is transitioning the AMI system from the status of project management to system operations and has reorganized certain staff who support the system to report to the Manager of Information Systems.

*Director of Power Management:*

1. The Commission was informed that the Bonneville Power Administration (BPA) has published an energy efficiency post-2011 implementation proposal and is currently touring and reviewing the proposal with its customers. There is a meeting in the Auditorium tomorrow from 11:00-2:00 p.m. BPA is asking for comments by mid-February.

*Manager of Human Resources:*

1. A proposed health reimbursement arrangement was briefly reviewed, and it was noted that a white paper is being developed on this topic which will be shared with the Commission at a future date.

2. The District is reviewing a potential change to the current deferred compensation plans including formation of a Retirement Benefits Committee responsible for plan administration which would involve investment fund structure, fee negotiations, and other administrative responsibilities. In addition, the District is reviewing the possibility of engaging a consultant with expertise in the area of public sector retirement plans to assist the committee in conducting an RFP for a plan administration vendor. It was noted that the current vendor, ICMA, would be included in the RFP invitation. A resolution will be brought to a future commission meeting recommending the Commission establish the committee and approve payment for the services of a consultant to initiate the RFP process.

*General Managers:*

1. TRIDEC is hosting the Regional Economic Outlook Forum on February 2<sup>nd</sup> – the Commission was urged to attend.

*Assistant General Manager:*

1. A discussion was held on commissioner technology issues relating to efficiencies and records management. Staff proposed providing each Commissioner with their own District e-mail address, linked through the District's e-mail and electronic calendar system (Outlook). The system would be web-based, and could be accessed where web access was available, and would allow records to be held within the District's systems. In addition, the Commission was asked to review their possible desire of having a District laptop computer for use for District business and

committees related to District business. An air card for internet access would be provided with the computers. Additional information will be forthcoming in February, 2011.

**Public Comments:**

Mr. Jim Oakley, Energy Northwest representative, provided the Commission with information on the upcoming condenser outage and other projects. The January 2011 "Keeping Current" and relicensing brochure from Energy Northwest was distributed.

**Consent Agenda**

Motion by Lori Sanders, seconded by Jeff Hall to approve the Consent Agenda as follows:

- a) Approving the minutes of the regular Commission Meeting of January 11, 2011.
- b) Approving the Travel Report dated January 25, 2011.
- 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 5960-6050 in the total amount of \$619,451.94, Warrants (CHK) 47873-47920, 47927-47966 in the total amount of \$448,636.53, Electronic Fund Transfer (EFT) payments 2427-2430 in the total amount of \$5,908,863.60, Customer Refund (ERM) payments 47921-47926, 47967-48011 in the total amount of \$6,825.90, Residential Conservation Rebates, credits on customer accounts in the total amount of \$3,215.00, Payroll Direct Deposit Advice 01/06/11 28041-28197 in the total amount of \$285,433.47, for a grand total of \$7,272,426.44. For January 2011, stopped ERM in the total amount of \$142.65 and voided warrants in the total amount of \$934.00 were included on the report.
- d) Approving Work Order No. 22518 for the installation of a bored sleeve highway crossing under Highway 395 at Ridgeline Boulevard.
- e) Awarding Contract No. 10-15-12 for Information Technology Infrastructure Maintenance to CompuNet, Inc. of Grangeville, Idaho, with a not-to-exceed amount of \$50,000.00 per year for a total of \$150,000.00, plus Washington State sales tax in accordance with RCW 54.04.080, with an expiration date of January 25, 2014.
- f) Adopting Resolution No. 2115, declaring certain instrument transformers 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.
- g) Adopting Resolution No. 2116, declaring certain equipment, meters, 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.
- h) Reviewing waiver of conflict of interest with K&L Gates dated September 15, 2010.

MOTION CARRIED.

**Governance of the Benton PUD Commission – Code of Conduct Acknowledgement**

Each Commissioner individually acknowledged that they understood their conflict of interest disclosure responsibilities as defined in RCW 42.23 and as stated and adopted under the Governance of the Benton PUD Commission, Policy No. 6, Code of Conduct.

**Director of Engineering:**

Director recommended the Commission adopt Resolution No. 2117. The rates reflect new internet rates negotiated with NoaNet and lower the District's cost per meg. The increased bandwidth allows the District to sell more internet capacity to retail service providers at a reduced cost per meg, and provides additional bandwidth for future sales and growth.

Motion by Lori Sanders, seconded by Jeff Hall, adopting Resolution No. 2117, the revised Wholesale Customer Service Policy, Rates, Terms and Conditions of Service for Telecommunications.

MOTION CARRIED.

**Meeting Reports**

Commissioner Lori Sanders stated she would be absent from the first commission meeting in April 2011.

General Manager stated he would be absent from the first commission meeting in February 2011.

Commissioner Jeff Hall stated that he would be attending interviews this week with the three finalists for the Executive Director position with the Washington PUD Association.

At 10:45 a.m., President Robert Bertsch announced that the Commission Meeting would adjourn until 11:00 a.m., at which time the Commission Meeting would reconvene in the District's Auditorium.

At 11:00 a.m., President Robert Bertsch reconvened the Commission Meeting in the District's Auditorium and welcomed Franklin PUD commission and staff.

Attendance from Franklin PUD: Commissioners Bill Gordon, Stu Nelson and Roger Wright, Ed Brost, General Manager, Steve Palmer, General Counsel, Linda Esparza, Director of Power Management and Richard Sargent, Power Analyst.

Franklin PUD President Bill Gordon introduced fellow commissioners Stuart Nelson and Roger Wright, and announced the opening of the Franklin PUD public commission meeting.

General Manager Jim Sanders introduced Paul Murphy of Murphy & Buchal. Mr. Murphy reviewed his background relating to work associated with the 9<sup>th</sup> Circuit and BPA rate-making decisions. Mr. Murphy provided a presentation on the Proposed Residential Exchange settlement. Mr. Murphy reviewed in detail Figure 1: REP Benefits Extreme Scenarios as shown in his memo provided to the Commission dated January 18, 2011. General Manager Brost asked and Mr. Murphy acknowledged that all the scenarios shown have some assumptions built in. Also reviewed were a provision on binding arbitration, dispute resolution and a legislation provision. Mr. Murphy stated the Agreement must be signed by 91% and about 6% have currently declined to sign. March 15<sup>th</sup> is the deadline for signing.

Hearing no objection, President Robert Bertsch adjourned the Benton PUD Commission Meeting at 12:40 p.m. Franklin PUD President Gordon adjourned the Franklin PUD Commission Meeting.

  
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Robert E. Bertsch, President

ATTEST:

  
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Lori Kays-Sanders, Secretary