

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

Date: March 22, 2011
Time: 9:00 a.m.
Place: 2721 West 10th Avenue, Kennewick, Washington

Present-Benton PUD:

Commissioners Sanders, Bertsch and Hall
General Manager Sanders
Assistant General Manager Bartram
Legal Counsel Hultgrenn
Director of Engineering Dunnrtd
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
Manger of Customer Service Ball
Manager of Human Resources Walsh
Manager of Key Accounts McAloon
Manager of Products and Services Johnson
Manager of Risk Management & Treasury White
Marketing Specialist II Sparks
Administrative Assistant Preddie

Guest: Larry Felton, Bonneville Power Administration

Manager of Risk Management & Treasury led the pledge of allegiance.

Management Reports

General Manager:

1. General Manager distributed the draft revisions to the Governance of the Benton PUD Commission Policy to provide the Commission opportunity to review amendments to the policy. General Manager stated the policy would be brought to the April 26, 2011 Commission Meeting.
2. General Manager informed the Commission that two hydropower bills have been introduced in the U.S. Senate.

Director of Power Management:

1. The mark to market report was distributed and briefly reviewed.

Assistant General Manager:

1. Assistant General Manager, Manager of Customer Service and Marketing Specialist II provided Commission an update on Online Utility Exchange (OUE). Online Utility Exchange was implemented in July 2010 and provides identity verification for new customers and uses a customer's credit history to determine deposit requirements. Commissioners were provided with samples of the reports provided by OUE. The Commission thanked staff for their good work.

Manager of Communications

1. Manager of Communications and Governmental Relations shared some feedback from the two focus groups on customer messaging including the bill component insert. Staff recommended the bill component insert be held until the recap of the focus groups and customer survey is reviewed. The bill component calculator is on the District's website and will be promoted in the next newsletter. Manager of Communications will provide further information at a future Commission meeting.

Public Comment

Benton PUD Customer, Mr. Rex Gest, expressed interest in nuclear information as it relates to the recent events in Japan. Commissioner Lori Sanders provided information about the design of the Columbia Generating Station for withstanding an earthquake. Manager of Communications and Governmental Relations provided information from Energy Northwest.

Consent Agenda

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

- a) Approving the minutes of the regular Commission Meeting of March 8, 2011.
- b) Approving the Travel Report dated March 22, 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 6307-6411 in the total amount of \$750,016.03, Warrants (CHK) 48364-48409, 48411-48458 in the total amount of \$336,155.58, Electronic Fund Transfer (EFT) payments 2455-2462 in the total amount of \$5,751,799.65, Customer Refund (ERM) payments 48410, 48459-48491 in the total amount of \$2,286.20; Residential Conservation Rebates credits on customer accounts in the total amount of \$2,640.00, Payroll Direct Deposit Advice 03/03/11 28668-28825 in the total amount of \$286,241.56, for a grand total of \$7,129,139.02. For March 2011, Stopped Warrants the total amount of \$25,370.00 were included on the report and Stopped ERM the total amount of \$35.51 were included on the report.
- d) Reviewing Jobs Report to Commission dated March 14, 2011.
- e) Authorizing the General Manager, on behalf of the District, to award the contract for the purchase of 15kV Triplex Cable, Bid Package #11-02 to the lowest responsible bidder.
- f) Authorizing the General Manager, on behalf of the District, to award the contract for the purchase of seven (7) Padmount Switchgear units, Bid Package #11-03 to the lowest responsible bidder.
- g) Approving Work Order No. 107054, for installation of single phase electrical facilities to provide service to BNSF Railway relay repeater.

h) Authorizing the General Manager, on behalf of the District, to sign a Change Order No. 2 of contract #10-45-01 with JACO Environmental, Inc., to extend the term of the contract to March 8, 2012, change the price reimbursed to JACO per qualifying refrigerator in Appendix B to \$105.00, change the contract work manager to Tom Schumacher and increase the not-to-exceed amount by \$10,000.00 bringing the new not-to-exceed amount to \$80,000.

MOTION CARRIED.

Department of Energy Richland Operations - Memorandum of Understanding

Director of Engineering reviewed the Memorandum of Understanding (MOU) between the District and Department of Energy-Richland Operations (DOE) which describes shared responsibilities to construct and operate fiber-optic facilities. A map showing key landmarks along a proposed new fiber-optic cable route was distributed. Director reviewed the MOU in detail and noted this is a good opportunity to partner with the City of Richland and provide the District with opportunities for increased broadband revenue in the future.

Motion by Lori Sanders, seconded by Jeff Hall authorizing the General Manager, on behalf of the District, to sign a Memorandum of Understanding with Department of Energy-Richland Operations for the right to construct and share the use of telecommunications fiber plant.

MOTION CARRIED.

At 9:56 a.m., President Bob Bertsch announced that the Commission Meeting would recess for 10 minutes.

At 10:06 a.m., President Bob Bertsch reconvened the Commission Meeting into regular open public session.

At 10:06 a.m., President Bob Bertsch announced that the Commission would go into Executive Session with the District's legal counsel for 20 minutes for the purpose of discussing potential litigation to which the agency is or is likely to become a party.

At 10:26 a.m., President Bob Bertsch reconvened the Commission Meeting into regular open public session.

Bonneville Power Administration (BPA) Residential Exchange Settlement Agreement

General Manager and Director of Power Management provided a brief summary of the BPA Residential Exchange Settlement Agreement. On November 18, 2010, BPA started their rate case and on December 16, 2010 they started the process to consider the Residential Exchange Settlement Agreement. Public utilities have until April 15 to sign the agreement. Director of Power Management highlighted the benefits of signing the agreement. Commissioners Bob Bertsch and Lori Sanders attended a workshop on the Residential Exchange Settlement Agreement last week. Commissioner Lori Sanders expressed serious concerns about the ratification process and risks associated with opening it to Legislative action.

Motion by Jeff Hall, seconded by Bob Bertsch authorizing the General Manager, on behalf of the District, to sign Contract #11-51-07, Residential Exchange Settlement Agreement with Bonneville Power Administration (Contract No. 11PB-12322), in substantially the form presented. Commissioner Lori Sanders opposed signing the agreement.

MOTION CARRIED.

Resolution No. 2120, Staff Procedure for Procurement

Manager of Contracts and Purchasing recommended the Commission adopt Resolution No. 2120 which revises Contracting Procedures included in the District's Procurement Policy to incorporate Section 9.H-Emergency Response & Restoration Procurement.

Motion by Jeff, seconded by Lori, approving Resolution No. 2121 providing revised staff procedure for procurement of certain materials, equipment, supplies, services, public works, and personal services.

MOTION CARRIED.

Review of Final Draft for 2010 Annual Financial Report

Assistant General Manager and Manager of Accounting gave a presentation on the District's year-end financial statements and note disclosures, Management Discussion and Analysis (MD&A), statistical section, and letter of transmittal with the Commission prior to completion of the annual audit by the State Auditor's Office and publication of the Comprehensive Annual Financial Report.

February 2011 Financials

Manager of Accounting reviewed the February 2011 financial statements.

Other Business

No other business.

Future Planning

Assistant Manager confirmed with the Commissioners the Strategic Planning Workshop scheduled for June 29, 2011.

Commissioner Lori Sanders noted she will not be in attendance at the April 12, 2011 Commission Meeting. Commissioner Bob Bertsch will attend Benton-Franklin Council of Governments meeting in her absence.

Meeting Reports

Commissioner Hall reported that George Caan, the new Executive Director of Washington PUD Association, will begin next Tuesday, March 29.


At 11:39 a.m., President Bob Bertsch announced that the Commission Meeting would recess for 6 minutes.

At 11:45 a.m., President Bob Bertsch reconvened the Commission Meeting into regular open public session.

At 11:45 a.m., President Bob Bertsch stated that the Commission Meeting would go into Executive Session for 25 minutes to discuss issues relating to the collective bargaining agreement negotiations and for the purpose of reviewing the performance of a public employee.


At 12:10 p.m., President Bob Bertsch reconvened the Commission Meeting into regular open public session.

Hearing no objection, President Bob Bertsch adjourned the Commission Meeting at 12:10 p.m.



Robert Bertsch, President

ATTEST:



Jeff Hall, Vice President