

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

Date: February 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 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 Key Accounts McAloon
Manager of Products and Services Johnson
Manager of Risk Management & Treasury White
Supervisor of Executive Administration Cole

Guest: Larry Felton, Bonneville Power Administration

Mr. Robert Gretzinger, customer, led the pledge of allegiance.

Management Reports

General Manager:

1. Draft resolutions to be considered at the American Public Power Association (APPA) conference were distributed. General Manager noted that upon review there were no known issues relating to the draft resolutions that District staff had concerns with.

Assistant General Manager:

1. Manager of Treasury and Risk Management and Assistant General Manager reported on an APPA webinar that discussed rating agency outlooks for public power and a general discussion was held.

Public Comment

Mr. Robert Gretzinger gave an update on regulations in California that may force public utilities to buy power from private companies, and how green power is being handled.

Consent Agenda

Motion by Lori Sanders, seconded by Robert Bertsch to approve the Consent Agenda as follows:

- a) Approving the minutes of the regular Commission Meeting of February 8, 2011.
- b) Approving the Travel Report dated February 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 6126-6224 in the total amount of \$526,363.84, Warrants (CHK) 48125-48176, 48179-48220 in the total amount of \$284,083.85, Electronic Fund Transfer (EFT) payments 2441-2446 in the total amount of \$6,538,954.65, Customer Refund (ERM) payments 48177-48178, 48221-48251 in the total amount of \$2,819.87; Residential Conservation Rebates credits on customer accounts in the total amount of \$1,630.00, Payroll Direct Deposit Advice 02/03/11 28355-38511 in the total amount of \$25,841.13, for a grand total of \$7,379,693.34. For February 2011, Stopped ERM in the total amount of \$38.61 were included on the report.
- d) Reviewing Jobs Report to Commission dated February 14, 2011.
- e) Authorizing the General Manager, on behalf of the District, to sign a contract with IRZ Consulting, Contract No. 11-45-02, to administer the District's Scientific Irrigation Scheduling (SIS) Program for a not-to-exceed amount of \$133,360.00 with an expiration date of December 31, 2011.

MOTION CARRIED.

President Robert Bertsch requested information on the IRZ Contract approved on the Consent Agenda, and a brief discussion was held on the terms of the contract and those who sign up to participate.

Designation of Representatives to Various Organizations – Changing District Representative to Washington PUD Association

General Manager noted that because Commissioner Jeff Hall is the WPUA President for 2011, the Commission should consider a representative that can act on the District's behalf since Commissioner Hall was the District's representative for 2011.

Motion by Jeff Hall, seconded by Lori Sanders amending the Designation of Representatives to Various Organizations for 2011, removing Jeff Hall as the District's representative and adding James W. Sanders.

MOTION CARRIED.

Work Order No. 107836, Southridge Blvd., between West 27th and West 36th - Undergrounding

Director of Engineering recommended the Commission approve both Work Order No. 107836 and Work Order No. 108976, undergrounding the areas as shown. The City of Kennewick has requested the existing overhead distribution lines be converted to underground in 2011, originally to coincide with the City's widening and improvement of Southridge Boulevard. Both projects will not begin construction until a final commitment on the improvement project with the City is accomplished. Commissioner Lori Sanders asked if some of the costs associated with the underground can be found through the economic development grant monies acquired and being utilized by the Benton-Franklin Council of Governments. Manager of Treasury and Risk

Management noted the funds were placed in a revolving loan fund, and this request would need to be reviewed and discussed at a later meeting.

Motion by Jeff Hall, seconded by Lori Sanders approving Work Order No. 107836 to convert existing distribution line along Southridge Boulevard in Kennewick between West 27th Avenue and West 36th Avenue from overhead to underground construction.

MOTION CARRIED.

Work Order No. 108976, West 36th Avenue and Ridgeline Drive undergrounding

Motion by Jeff Hall, seconded by Lori Sanders approving Work Order No. 108976 to convert existing distribution line along Southridge Boulevard in Kennewick between West 36th Avenue and Ridgeline Drive from overhead to underground construction.

MOTION CARRIED.

Resolution No. 2118, Extend the District's Electric System Revenue Note – 2008

Manager of Risk Management and Treasury recommended the Commission adopt Resolution No. 2118, amending Resolution No. 1994 to extend the District's Electric System Revenue Note, 2008 with Bank of America. A one-year extension of the line of credit (LOC) allows the District time to conduct a competitive process during 2011 for banking services, including merchant services and the LOC.

Motion by Lori Sanders, seconded by Jeff Hall adopting Resolution No. 2118, which amends Resolution No. 1994 to extend the term and change the interest rate on the District's Electric System Revenue Note, 2008.

MOTION CARRIED.

Resolution No. 2119, Formation of Employer Committee for Administration and Oversight of Deferred Compensation and Retirement Health Savings Plans

Manager of Human Resources recommended the Commission adopt Resolution No. 2119. The resolution authorizes the development of an employer committee for administration and oversight of the District's deferred compensation and retirement health savings plans. The resolution does not represent any delegation of authorities including amendments to the Plans beyond what is already approved by the Commission.

A brief discussion was held on committee authorities allowed within the by-laws, and Manager of Human Resources stated a copy of the by-laws would be provided to the Commission.

Motion by Jeff Hall, seconded by Lori Sanders adopted Resolution No. 2119, authorizing the formation of an Employer Committee for the purpose of administration and oversight of the District's Deferred Compensation and Retirement Health Savings Plans

MOTION CARRIED.

Hyas Group, Consulting Services Agreement, Deferred Compensation and Retirement Health Savings Plans

Manager of Human Resources recommended the Commission approve a contract with Hyas Group to prepare and finalize a request for proposal regarding the deferred compensation and

retirement health savings plans. The Hyas Group will assist with or provide committee training and education, plan review, analysis, benchmarking and design; RFP design and execution, investment policy development and maintenance, vendor selection, employee communication and training and implementation.

Motion by Lori Sanders, seconded by Jeff Hall authorizing the General Manager, on behalf of the District, to sign a contract with Hyas Group, Contract No. 11-02-01, to prepare and finalize a Request for Proposal for the District's Deferred Compensation and Retirement Health Savings Plans, for a not-to-exceed amount of \$30,000.00, with an expiration date of December 31, 2012.

MOTION CARRIED.

At 9:50 a.m., President Robert Bertsch announced that the Commission Meeting would recess for 10 minutes.

At 10:00 a.m., President Robert Bertsch announced that the Commission Meeting would reconvene into regular open public session.

At 10:00 a.m., President Robert Bertsch announced that the Commission Meeting would go into executive session with legal counsel for 25 minutes for the purpose of discussing potential litigation.

At 10:25 a.m., President Robert Bertsch reconvened the Commission Meeting into regular open public session.

Discussion on Load Growth and BPA Tiered Rates

Manager of Key Accounts gave a presentation on BPA Tiered Rate Methodology and its impact on an economic development decision. At the conclusion of the presentation, staff recommended moving forward with additional research on Policy No. 4. It was noted that staff's recommendation could change after additional review on Policy No. 4 is accomplished.

Commissioner Sanders stated she would like to hold a public hearing when staff is ready with additional information prior to the Commission making a final decision. The Commission concurred with staff's recommendation to continue looking at Policy No. 4 and bring back additional information at a future meeting.

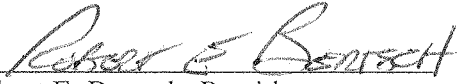
2010 Strategic Plan – 2010 Accomplishments of Benton PUD

General Manager reviewed staff accomplishments for 2010 in the areas of smart grid implementation, electric system, broadband, power supply and conservation, technology implementations, financial stewardship and customer relations/image. Focus areas for 2011 were provided.


At 11:10 a.m., President Robert Bertsch stated that the Commission Meeting would go into executive session for 20 minutes to discuss issues relating to collective bargaining agreement negotiations.

At 11:30 a.m., President Robert Bertsch reconvened the Commission Meeting into regular open public session.

Hearing no objection, President Robert Bertsch adjourned the Commission Meeting at 11:30 a.m.


Robert E. Bertsch, President

ATTEST:


Lori Kays-Sanders, Secretary