

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

Date: April 12, 2011
Time: 9:00 a.m.
Place: 2721 West 10th Avenue, Kennewick, Washington

Present-Benton PUD:

Commissioners 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 Meyerjlm
Manager of Communications and Governmental Relations Miller
Manager of Contracts & Purchasing Ochweri
Manger of Customer Service Ball
Manager of Human Resources Walsh
Manager of Products and Services Johnson
Manager of Information Services Swanson
Financial Analyst II Pryor
Rates Analyst III Murray
Administrative Assistant Preddie

Director of Operations led the pledge of allegiance.

President Robert Bertsch stated that Commissioner Lori Sanders was excused from attendance at today's commission meeting.

Audit Entrance Conference for 2010 Audit

Assistant General Manager introduced Lisa Noland and Teresa Hanford of the Washington State Auditor's Office. Ms. Noland reviewed in detail the scope of the 2010 audit, and asked for any additional areas the Commission would like included in the audit scope. Ms. Noland stated she anticipated an exit conference with the Commission at the conclusion of the audit in May.

Treasurer's Report

Financial Analyst II reviewed the March 2011 Treasurer's Report. The Commission approved the March 2011 Treasurer's Report. The list of investments held and the counterparty credit exposure information were reviewed.

Management Reports

General Manager:

1. General Manager reported the census data has been received from the State, and redistricting of commissioner districts will be prepared and brought for review and consideration later in the year.
2. Utilities have until April 15, 2011 to sign the Residential Exchange Settlement Agreement.
3. An invitation to the 2011 Downtowner Banquet was distributed.

Manager of Communications:

1. Manager of Communications & Assistant General Manager shared customer questions regarding AMI radio frequency electromagnetic fields (EMF), and noted that the Frequently Asked Questions have been updated to respond to those questions. The FAQs are on the District's website along with additional resources which provide more detail.

Assistant General Manager:

1. Assistant General Manager discussed the latest assessment from NoaNet related to the Third Repayment Agreement.
2. The Commission was provided a copy of FIN IDP No. 2 – Travel and Living Expense – Employee Business Trips, and a review of the changes were provided.
3. Assistant General Manager and Manager of Information Services provided an update on the Customer Care and Billing project. The “go live” date is still scheduled for September 2011. The CC&B Project Manager has recently accepted a job offer with another firm and will be leaving the District. Staff is evaluating options related to project management duties and will present recommendations in May.

Director of Power Management:

1. The quarterly conservation rebate report was distributed and briefly reviewed.
2. The mark to market report was distributed and briefly reviewed.
3. An update was provided on Frederickson operations.

Consent Agenda

Motion by Jeff Hall, seconded by Bob Bertsch to approve the Consent Agenda as follows:

- a) Approving the minutes of the regular Commission Meeting of March 22, 2011.
- b) Approving the Travel Report dated April 12, 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 6412-6516 in the total amount of \$944,525.84, Warrants (CHK) 45492-48539, 48542-48579, 48613-48655 in the total amount of \$415,136.99, Electronic Fund Transfer (EFT) payments 2463-2471 in the total amount of \$2,035,294.57, Customer Refund (ERM) payments 48540-48541, 48580-48612, 48656-48658 in the total amount of \$7,545.62; Residential Conservation Rebates credits on customer accounts in the total amount of \$4,050.00, Payroll Direct Deposit Advice 03/17/11 28826-28984 in the total amount of \$303,105.04, Payroll Direct Deposit Advice 03/31/11 28985-29143 in the total amount of \$299,576.64, for a

grand total of \$4,009,234.70. For March 2011, Stopped Warrants the total amount of \$99.40 were included on the report, Voided ERM the total amount of \$110.58 were included on the report and Voided Warrants the total amount of \$2,695.38 were included on the report.

d) Reviewing Quarterly Contract Activity Report to Commission dated April 12, 2011.

e) Authorizing the General Manager, on behalf of the District, to sign Change Order No. 1 of Contract No. 10-45-15 with Fluid Marketing Strategies, to increase the not-to-exceed amount by \$170,000.00, bringing the new not-to-exceed amount to \$300,000.00.

f) Authorizing the General Manager, on behalf of the District, to refund \$815.67 in charges that were incorrectly billed to Cherry Blossom Meadow Homeowners Association (HOA) during the period of July 14, 2005 through January 10, 2011, under Account No. 6344816703 and bill Creekstone Homeowners Association (HOA) in the amount of \$815.67 for the same time period.

g) Adopting Resolution No. 2121 declaring certain transformers and regulators 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) Approving payment to PeopleSoft/Oracle in the amount of \$155,512.06, plus tax, for annual license and support fees for the period April 16, 2011 through April 15, 2012.

i) Authorizing the General Manager, on behalf of the District, to refund \$4,336.56 in charges that were incorrectly billed to Charter Communications (Charter) during the period of May 30, 2006 through January 26, 2011 under Account No. 8592883369.

j) Reviewing Hanson Consulting Report for the first quarter of 2011.

MOTION CARRIED.

Renewable Energy Credits (REC) Activity

Director of Power Manager, Manager of Products and Services and Rates Analyst III reviewed the Renewable Energy Credits (REC) Activity Report for 2010. Benton PUD has sufficient RECs under contract to satisfy the 3% I-937 target for 2012-2015. It was noted that surplus 2009 and 2010 RECs can be sold. Beginning in 2016, the target increases to 9%. Based on the current load forecast, Benton PUD anticipates being short beginning in 2016, and staff will bring back to the Commission at a future meeting a discussion on how to bridge the gap. President Robert Bertsch raised the question about the 4% cost cap. General Manager and Assistant General Manager reported further clarification would be forthcoming through the Washington PUD Association.

Administrative Directive No. 50, Business Continuity Plan

Assistant General Manager & Manager of Information Services reviewed the District's draft directive on Business Continuity Plan. The plan identifies procedures that may be followed in response to a loss of District facilities needed to support the business functions required for the efficient, on-going delivery of electricity and broadband services to District customers.

At 9:57 a.m., President Robert Bertsch announced that the Commission Meeting would recess for eight minutes.

At 10:05 a.m., President Robert Bertsch reconvened the Commission Meeting into regular open public session.

At 10:05 a.m., President Robert Bertsch announced that the Commission would go into Executive Session with the District's legal counsel for 30 minutes for the purpose of discussing potential litigation to which the agency is likely to become a party.

At 10:35 a.m., President Robert Bertsch reconvened the Commission Meeting into regular open public session.

Motion by Robert Bertsch, seconded by Jeff Hall authorizing the General Manager, or his designee, to enter into a Settlement Agreement with the City of Kennewick relating to the District's claim for over-payment of city utility occupation tax in substantially the form presented today.

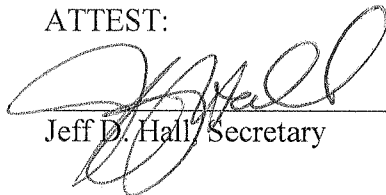
MOTION CARRIED.

Hearing no objection, President Bob Bertsch adjourned the Commission Meeting at 10:36 a.m.



Robert E. Bertsch, President

ATTEST:



Jeff D. Hall, Secretary