

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

Date: March 8, 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 BartramCBB
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 Millerkmm
Manager of Contracts & Purchasing Ochweri
Manager of Products and Services Johnson
Manager of Human Resources Walsh
Manager of Risk Management & Treasury WhiteJSW
Administrative Assistant Preddie

Guest: Larry Felton, Bonneville Power Administration

Director of Engineering led the pledge of allegiance.

Treasurer's Report

Treasurer reviewed the February 2011 Treasurer's Report. The Commission approved the February 2011 Treasurer's Report. The counterparty credit and credit exposure by sector reports were distributed and briefly discussed.

Management Reports

Manager of Risk Management & Treasury

1. A follow-up discussion was held on whether economic development loan funds could be used for undergrounding power lines in the Southridge area. The definitions for qualifying projects under State law were reviewed. The Southridge project does not meet the requirements of a qualifying project, and any disbursements from the fund would need to be made in the form of a loan with repayment terms and interest.

Manager of Communications and Governmental Relations:

1. Manager of Communications and Governmental Relations gave an update on Olympia legislative bills. The Commission was informed there will be an I-937 workshop held next week in Olympia.

2. A final draft of the customer bill breakout was distributed. These inserts will start going out in bills in the next two to three weeks.

Director of Power Management:

1. Director of Power Management distributed the final draft of the Residential Exchange Program Settlement Agreement. General Manager Sanders indicated the agreement would be brought to the next commission meeting for action. Commissioner Lori Sanders inquired if work was being done to meet the 91 percent threshold. General Manager Jim Sanders responded that it is around 93-95 percent. Director of Power Management noted that other entities are holding regional meetings and provided the Commission with information on an upcoming workshop in Portland, Oregon on March 16, 2011. Commissioner Lori Sanders and Commissioner Robert Bertsch noted they would attend the workshop. General Manager distributed a transmittal letter on the residential exchange and inquired what additional information the Commissioners would like. Commissioner Lori Sanders requested information on ratification process and risks associated with the proposed agreement.
2. The Frederickson report was distributed and briefly discussed. It was noted the Plant did not run in February of 2011 and was not currently running

General Manager:

General Manager Sanders reported that he will be giving a presentation to the Nuclear Engineering Society on March 15, 2011. Commissioner Lori Sanders indicated this group would be interested in high water, high wind information.

Public Comments:

Mr. Bob Gretzinger commended Benton PUD on the good job they are doing.

Mr. Larry Felton reminded the Commission that the Contract High Water Mark (CHWM) is coming up on Friday, March 11, 2011, and will be emailed to staff. March 14, 2011 will open the two-week public comment period with a public workshop on March 17.

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 February 22, 2011.
- b) Approving the Travel Report dated March 8, 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 6225-6306 in the total amount of \$1,067,892.88, Warrants (CHK) 48252-48283, 48285-48326 in the total amount of \$240,766.80, Electronic Fund Transfer (EFT) Payments 2447-2454 in the total amount of \$1,407,134.47, Customer Refund (ERM) Payments 48284, 48327-48363 in the total amount of \$2,960.69, Residential Conservation Rebates credits on customer accounts \$2,235.00, Payroll Direct Deposit Advice 02/17/11 28512-28667 in the total amount of \$287,001.31, for a grand total of \$3,007,991.15.
- d) Approving Work Order No. 108951 to remove a portion of an existing overhead distribution line along State Highway 240 on the Hanford Reservation.

e) Authorizing the General Manager, on behalf of the District, to sign a contract with Paramount Communications, Inc of Kennewick, WA, Contract No. 11-46-01, for installation of fiber optic cable for a total not-to-exceed amount of \$127,504.75, with an expiration date of June 30, 2011.

MOTION CARRIED.

2011 Internal Audit Plan and Report on 2010 Internal Audits

Assistant General Manager and Manager of Accounting reported on the 2011 internal audit plan. Manager of Accounting reviewed internal audit results from 2010 in detail.

Manager of Accounting noted the District's annual state audit will take place beginning this week through April. The entrance conference with the Commission will be scheduled accordingly.

January Financials

Manager of Accounting reviewed the January 2011 financial statements.

Future Planning

Assistant General Manager reported a Strategic Planning Workshop with the Commission has been tentatively scheduled for June 29, 2011.

Meeting Reports

President Robert Bertsch reported on his recent attendance to the American Public Power Association (APPA) Legislative Rally held in Washington, D.C. Meetings were held with Senators Murray and Cantwell's staff. Commissioner Robert Bertsch indicated all legislators were focused primarily on the budget. Commissioner Robert Bertsch complimented the General Manager on his outstanding comments.

Manager of Communications and Governmental Relations noted that Karen Zanooff, Morgan Meguire, has retired and Deborah Silz is doing a good job.

Commissioner Robert Bertsch indicated George Caan, Washington PUD Association's new director, attended the rally and met with delegates and staff.

Executive Session

At 10:00 a.m., President Robert Bertsch recessed the Commission Meeting for 10 minutes.

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

At 10:10 a.m., President Bertsch announced that the Commission would go into Executive Session for 15 minutes with legal counsel for the purpose of discussing performance of a public employee and potential litigation.

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

Motion by Jeff Hall, seconded by Robert Bertsch authorizing payment of \$25,370 to Connections for Conservation for work relating to the District's commercial energy efficiency program. Commissioner Lori Sanders abstained from voting.

MOTION CARRIED

Motion by Jeff Hall, seconded by Robert Bertsch authorizing payment of \$520 for a lighting conservation measure, in excess of Bonneville Power Administration's standard refund amount, to Kiona-Benton School District, for work relating to the District's commercial energy efficiency program. Commissioner Lori Sanders abstained from voting.

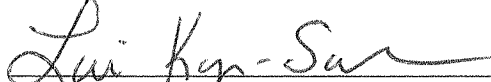
MOTION CARRIED

Hearing no objection, President Robert Bertsch adjourned the Commission Meeting at 10:30 a.m.



Robert E. Bertsch, President

ATTEST:



Lori Kays-Sanders, Secretary