

**PUBLIC UTILITY DISTRICT NO. 1 OF BENTON COUNTY  
COMMISSION WORKSHOP AND PUBLIC HEARING**

**2008 PROPOSED BUDGET**

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Date: October 1, 2007

Time: 6:00 p.m.

Place: Kennewick Administration Office, Auditorium

***Present:***

Commissioners Hall, Sanders, and Bertsch

General Manager Sanders

General Counsel Hultgren

Assistant General Manager/Director of Operations Long

Director of Finance and Administrative Services/Auditor Bartram

Director of Power Management Gregg

Director of Engineering Hunter

Manager of Risk Management and Treasury Operations Bickford

Manager of Information Systems Swanson

Manager of Accounting White

Manager of Human Resources Walsh

Manager of Communications and Governmental Relations Miller

Manager of Products and Services Johnson

Supervisor of Information System Mills

Financial Analyst II Pryor

Commission Relations Specialist/Executive Assistant Hurst

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President Jeff Hall welcomed those in attendance, stated the purpose of the Public Hearing, and introduced the members of the Commission and the General Manager. It was noted that this Public Hearing is required by law, and the Commission plans to adopt the final 2008 budget at the December 11, 2007 Commission Meeting.

General Manager reviewed the agenda for the Workshop and Public Hearing. The Commission was provided highlights of the following 2007 accomplishments: January rate reduction, new Prosser facility opening, conservation program, sale of the Finley combustion turbine, broadband Vista loop completed to Amazon, Zephyr Heights Substation, Nine Canyon Substation, and three major information system projects. Selected strategic actions for 2008 were briefly reviewed.

**Staff Presentation**

Director of Finance and Business Services reviewed the schedule for adoption of the District's proposed 2008 budget, and stated that final budget questions would be accepted from the public until November 13, 2007 at which time the public comment period would close. Director gave a presentation on changes in net assets, budget assumptions, 2008 revenues, and expenditures by major budget category.

Director of Power Management provided a presentation on the District's power supply, reviewing changes in the methodology of the power cost risk model, power supply expenses, possible scenarios, and power expense by source.

Director of Finance and Business Services reviewed anticipated operating and capital expenditures, authorized staffing, salaries/wages and benefits, operations and maintenance variance analysis and capital cost by category. Specific identified capital projects were discussed in distribution, general plant, information systems, transmission and broadband. Debt service and taxes were briefed.

Manager of Risk Management and Treasury Operations reviewed the District's financial forecast and key assumptions, and a review was provided of unrestricted cash and investments, debt service coverage ratio and debt service schedule.

Director of Finance and Business Services reviewed special topics, including credit ratings, utility bill comparisons, broadband, benchmarking and historical cost/staffing trends. 2008 budgetary risks and mitigating factors were briefly reviewed.

General Manager summarized that the 2008 proposed budget meets financial policy requirements, that power supply expenditures were based on Risk Model and conservative assumptions, that the proposed budget provides the necessary resources to achieve strategic objectives, and that staff will continue to search for efficiencies and cost reductions through benchmarking and incorporation of best practices.

#### **Commission Question and Answer Period**

General Manager asked for Commission questions or concerns regarding the staff presentations. An explanation was provided on how the Monte Carlo method was utilized and what it means, and a discussion was held on the market demand for the Frederickson combustion turbine.

The Commission expressed their gratitude, and stated they were pleased with the information provided and the clear presentation given at the Public Hearing.

#### **Public Hearing/Public Comment**

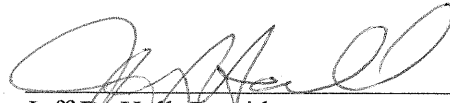
At 7:35 p.m., President Jeff Hall announced that the Public Hearing was now open for public comments.

Mr. Robert Gretzinger thanked the staff for the informative presentation and asked for information relating to transmission costs and their inclusion in the District's rates. General Manager replied to Mr. Gretzinger's question. No further questions were received.

#### **Next Steps**

General Manager reviewed next steps in the budget adoption process, stating that the public comment period would remain open until 9:00 a.m., November 13, 2007. At the December 11, 2007 Commission Meeting, the Commission will be asked to adopt the District's 2008 Budget.


Hearing no objection, President Jeff Hall adjourned the Commission Workshop and Public Hearing at 7:40 p.m.



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Jeff D. Hall, President

ATTEST:



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Robert E. Bertsch, Secretary

