

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

**SPECIAL COMMISSION MEETING  
PROPOSED STRATEGIC TECHNOLOGY PLAN AND FIVE YEAR CAPITAL PLAN**

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Date: September 27, 2006  
Time: 8:00 a.m.  
Place: Kennewick Main Office

***Present:***

Commissioners Bertsch, Hall and Sanders  
General Manager Sanders  
Assistant General Manager Long  
Auditor/Director of Finance and Business Services Bartram  
Manager of Risk Management and Treasury Bickford  
Director of Engineering Hunter  
Director of Power Management Gregg  
Manager of Information Systems Swanson  
Manager of Human Resources Walsh  
Manager of Broadband McCollum  
Manager of Customer Service Ball  
Manager of Accounting White  
Manager of Communications and Governmental Relations Miller  
Manager of Geographic Information Systems Folta  
Manager of Products and Services Johnson  
Senior Broadband Network Engineer Nall  
Financial Analyst II Meyer  
Executive Assistant to the AGM Schlekewey  
Commission Relations Specialist/Executive Assistant Hurst

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President Robert Bertsch opened the Special Commission Meeting at 8:00 a.m. and welcomed staff in attendance.

**Proposed Strategic Technology Plan discussion**

General Manager stated the purpose of today's meeting was to affirm the direction of the District's overall approach to technological advancement, and review the proposed five year capital plan. A brief explanation of smart grid technology was provided. General Manager stated staff has determined it is not a matter of "if" we do smart grid, but rather "when" we do smart grid.

Mr. Ali Ipakchi and Mr. M.L. Chan, representatives from KEMA, were introduced.

Mr. Ipakchi provided a presentation on the current utility business environment and identified key business drivers, including improved operational efficiencies, improved supply reliability, improved service quality, regulatory compliance, enhanced community benefits, and support of energy efficiency.

Following Mr. Ipakchi's presentation, Commission and staff held a brief discussion on industry standards for smart grid applications.

Mr. Chan gave a presentation on "smart grid" technology, including enterprise level integration, utility applications and integration and technology synergies. Smart grid opportunities and enablers were reviewed.

Commission and staff held a discussion on applications of smart grid, comparing the use of small versus large pipe capacity.

Manager of Information Systems reviewed the District's proposed Technology Plan and business processes that can be utilized with smart grid. A proposed strategic roadmap was reviewed, including information contained and currently absent in the District's Five Year Capital Plan.

Director of Engineering reviewed the cash flow analysis of AMI costs and benefits, followed by Director of Finance and Business Services' discussion on an approach for cost/benefit analysis going forward.

At 12:00 p.m., President Robert Bertsch recessed the Commission Meeting for 30 minutes.

At 12:30 p.m., President Robert Bertsch reconvened the Commission Meeting into regular open public session.

Assistant General Manager recommended the Commission consider smart grid as the technology direction for Benton PUD. Assistant General Manager further recommended the Commission concur with staff developing a request for proposals (RFP) to allow for assessment of proven technologies and capabilities and their associated costs and benefits. The RFP outcomes will assist in determining the use of proven systems that have demonstrated reliable technology.

Assistant General Manager reviewed potential results that could be considered after review of RFP information.

General Manager recommended the Commission concur with staff's recommendation to develop an RFP to gather information needed to assist the staff and Commission in making a decision on smart grid application and future technologies.

The Commission and staff held a discussion on small versus large pipe capabilities, and opportunities to enter into joint projects with other entities. At the conclusion of the discussion, the Commission concurred with staff's recommendation to gather information regarding smart grid technologies through an RFP, and to provide the results of the information gathered to the Commission for further consideration.

**Five Year Capital Plan discussion**

Director of Finance and Business Services stated the workshop was a good opportunity to review the five year capital plan and explain how capital projects are placed on the Plan.

Each Director reviewed their area of responsibilities for capital projects currently shown on the Plan.

A discussion was held on broadband labor and overhead costs shown as capitalized on the report, and a brief explanation was provided by staff. Commissioner Lori Sanders asked how much aide to construction was included in the broadband budget. Director of Finance and Business Services noted aide to construction is not currently shown for broadband in the budget, but the anticipated dollars would be added to the proposed 2007 budget for review at the upcoming public hearing.


The Commission asked for clarification on broadband capital expenditures that were deferred and why the significant increase to O&M in the 2006 budget. Assistant General Manager noted the issue is being reviewed and the Commission will be provided with an explanation.

After further Commission discussion on the broadband portion of the capital plan, General Manager stated additional time for review of the broadband expenses will be scheduled for the October 24, 2006 Commission Meeting.

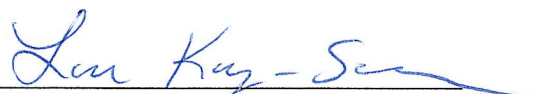
Commissioner Lori Sanders asked for an explanation of why dollars for capital projects are set aside from reserves. Manager of Risk Management and Treasury Operations reviewed the impact of leaving the dollars in reserves to the cost of service analysis and rate determinations.

General Manager confirmed no further questions were outstanding.

Hearing no objection, President Robert Bertsch adjourned the Special Commission Meeting at 2:30 p.m.

  
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Jeffrey D. Hall, Vice-President

ATTEST:

  
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Lori Kays-Sanders, Secretary