

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

**REGIONAL POWER SUPPLY**

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Date: July 13, 2005

Time: 9:00 a.m.

Place: Benton PUD, 2721 West 10th Avenue, Kennewick, Washington

Present: Commissioners Hall, Bertsch, and Sanders, General Manager Sanders, General Counsel Hultgren, Assistant General Manager/Director of Operations Long, Director of Finance and Administrative Services Bartram, Director of Power Management Gregg, Director of Engineering Hunter, Manager of Risk Management and Treasury Operations Bickford, Manager of Communications and Governmental Relations Miller, Director of Retail Services Revell, Human Resources Manager Walsh, Manager of Products and Services Johnson, Senior Secretary – Power Management Bender, Executive Secretary Schlekewey, and Administrative Assistant Hurst

Guests: Loren Baker, Power Resource Managers; Terry Mundorf, Debbie Bone-Harris, Linda Boomer, Franklin PUD; Ed Brost, Bonneville Power Administration; Teresa Long, New Edge; Steve Johnson, Washington PUD Association; and Marty Kanner, American Public Power Association (via telephone conference)

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The Special Commission Workshop was called to order at 9:00 a.m. on July 13, 2005, by Commission President Jeff Hall. The meeting was called in accordance with RCW 42.30.080.

General Manager introduced today's presentation and Director of Power Management reviewed the scheduled agenda.

Mr. Johnson, Washington PUD Association, presented information on the history of public power, specifically IOU's and publics, preference, local control, a history of the Washington Public Power Supply System, now known as Energy Northwest, and the Washington PUD Association's position on allocation issues.

Mr. Mundorf discussed issues surrounding the Bonneville Power Administration (BPA) and the Regional Act. Discussions were held concerning BPA's obligation to meet regional load by melding, BPA's experience in resource acquisition, the IOU exchange, DSI power sales and other miscellaneous issues.

At 10:15 a.m., President Hall announced that the Commission Meeting would recess for 15 minutes.

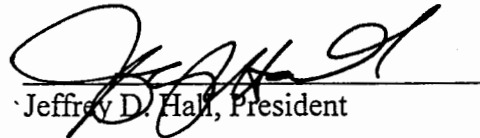
At 10:30 a.m., President Hall reconvened the Commission Meeting into regular open public session.

Mr. Kanner, American Public Power Association (APPA), joined the Commission Meeting via telephone conference, and held a discussion on national issues facing public power. Areas of interest discussed were Regional Transmission Organizations (RTOs), Grid West, and the Transmission Issues Group (TIG), and the current energy bill. Legislation to change BPA's responsibilities were discussed, including approval of new contracts with cost control and adding a board of directors.

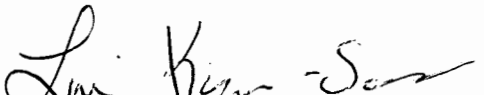
Director of Power Management noted Benton PUD's interests in the following areas: allocations to publics, treatment of new publics in allocation, cost control and dispute resolution in new contracts, benefits to IOU's and DSI's and the future of conservation and renewables.

After discussion, the Commission concurred with the following interests: 1) continue to advocate for the Public Power Council (PPC) allocation proposal and expanded cost control/dispute resolution with BPA, 2) Support the formation of new publics, with some limits on the amount of power during the allocation period, 3) Commission should begin to educate the delegation on the residential rates of the northwest publics versus the IOUs, 4) BPA should end its conservation and renewable programs in the post 2011 period, but consideration would be given to contract language requiring publics to provide some level of support for conservation and renewables, and 5) staff and commission should continue to advocate for congressional ratification of long-term contracts that contain the above listed interests.

Hearing no objection, President Hall adjourned the Commission Meeting at 12:30 p.m.

  
Jeffrey D. Hall, President

Attest:

  
Lori Kays-Sanders, Secretary