

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

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Date: June 14, 2005  
Time: 9:00 a.m.  
Place: Kennewick Main Office

***Present:***

Commissioners Hall, Bertsch and Sanders  
Assistant General Manager/Director of Operations Long  
General Counsel Hultgrenn  
Manager of Risk Management and Treasury Operations Bickford  
Auditor/Director of Finance and Administrative Services Bartram  
Director of Power Management Gregg  
Director of Retail Services Revell  
Director of Engineering Hunter  
Manager of Accounting White  
Manager of Customer Service Ball  
Manager of Development and Special Projects McCollum  
Engineering Specialist Langdell  
Human Resources Manager Walsh  
Senior Broadband Support Specialist Nall  
Business Analyst Hahn  
Supervisor of Information Systems Mills  
Retail Services – Secretary Baur  
Administrative Assistant Hurst

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**Treasurer's Report**

Treasurer reviewed the May 2005 Treasurer's Report. The Commission approved the May 2005 Treasurer's Report. The counterparty listing was reviewed. Credit Concentration limits were discussed.

**Report from Management**

*Assistant General Manager/Director of Operations:*

1. Assistant General Manager noted that the General Manager was in Washington D.C. with representatives from the Public Power Council.
2. A letter from the American Public Power Association (APPA) was distributed, congratulating the District for exemplary environmental stewardship and financial performance. The letter specifically noted the District's Tree Line USA Award and the Certificate of Excellence in Financial Reporting received from the Government Finance Officer's Association.
3. Manager of Communications and Governmental Relations is in Olympia today meeting with a group of representatives on boundary dispute issues.
4. The Commissioners were invited to an employee barbeque on Wednesday, June 22. The event is scheduled during employee lunchtimes, and is intended to celebrate the many successes achieved by the District in recent months and in recognition of the employees for their hard work and dedication.

*Director of Power Management:*

1. The mark to market report was distributed and discussed.
2. BPA's draft slice report was distributed and discussed. BPA developed five principles for the slice product before it was offered, and the report concluded slice has conformed to all five. The report went on to bring up some vague policy and technical "concerns." Staff from slice utilities are drafting a detailed response on policy and technical issues.
3. A letter to Steve Wright from the eleven slice utilities that expressed concern with the content and delivery of the slice report was distributed.
4. Press releases were distributed from the Washington PUD Association (WPUDA) and the Coalition for Smart Salmon Recovery regarding Judge Redden's decision ordering more spill.

*Director of Engineering/Supervisor of Information Systems:*

1. The new phone system implementation went well. A brief review of the implementation process was discussed. Assistant General Manager congratulated Supervisor of Information Systems and his team on the switch-over to the new system. A special thanks was given to Cisco's network engineer Jim Sweden, the District's Executive Secretary Diane Schlekewey, and the I.S. department for assisting in making the installation a success.
2. The first transfer of facilities to Richland occurred on Thursday to customers located on Canyon Street.

*Human Resources Manager:*

1. The Commission was briefed on the annual open enrollment period. At the next Commission Meeting, a recommendation will be provided for the VEBA plan.

**Consent Agenda**

Motion by Sanders, seconded by Bertsch to approve the Consent Agenda as follows:

- a) Approving the minutes of the regular Commission Meeting of May 24, 2005.
- b) Approving the minutes of the Commission Financial Planning Workshop of May 31, 2005.
- c) Approving the District Travel Report dated June 14, 2005.
- d) 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: Customer Refunds and Warrants 425144 through 425161 in the total amount of \$1,310.90, Customer Refunds and Warrants 425162 through 425176 in the total amount of \$864.70, Accounts Payable Electronic Fund Transfers 000960 through 000985 in the total amount of \$5,823,814.13, Accounts Payable Warrants 20426 through 20656 in the total amount of \$1,477,005.90, Payroll Directive Deposit Advice 6535 through 6793 in the total amount of \$375,257.85, Payroll Warrants 500413 through 500608 in the total amount of \$159,819.16, for a grand total of \$7,838,072.64. The following voided warrant numbers were provided on the report, 020500, 020502, 020537 in the total amount of \$3,016.94.
- e) Approving June 2005 Write-Offs in the total amount of \$79,279.87.
- f) Approving Contract Completion and Acceptance for Off the Dock Contract Work by International Line Builders, Inc. for Contract No. 03-03, (CPO 9853), in the amount of \$785,212.82, including tax.

MOTION CARRIED.

President Hall announced that Agenda Item 10 would be moved to the next item on the agenda due to staff time constraints.

**Enterprise Revenue Management System Upgrade**

Business Analyst discussed the need to update the District's customer information system which was installed in 2001. The upgrade will allow the District to receive continued vendor support and implement new features and functionality. A consulting firm will be engaged to assist with the upgrade beginning the third quarter of 2005, with an expected completion time of the second quarter of 2006. A request for qualifications will be distributed soon. More information will be provided for Commission review at a later time.

**Resolution No. 1839, Approving the Collective Bargaining Agreement with IBEW**

**Local No. 77**

Assistant General Manager noted the tentative agreements with IBEW Local No. 77 were an appropriate settlement in the interests of Central Washington Public Utilities, the District, and IBEW Local No. 77. Human Resources Manager reviewed changes to the agreements since the last commission review on February 22, 2005.

Motion by Sanders, seconded by Bertsch adopting Resolution No. 1839, authorizing the General Manager, on behalf of the District, to enter into the Collective Bargaining Agreement between Public Utility District No. 1 of Benton County and International Brotherhood of Electrical Workers, Local No. 77.

MOTION CARRIED.

**Broadband Sales Tax Agreement with Department of Revenue**

Manager of Accounting recommended the Commission authorize the General Manager to execute an agreement with the Department of Revenue related to the collection of retail sales tax on broadband tax revenues. No changes are anticipated in current business practices regarding the collection and remittance of retail sales tax for broadband. The District has correctly billed and collected retail sales tax from internet service providers and remitted to the Department of Revenue on the monthly excise tax return. It was noted that minor corrections to the agreement may continue to be received.

Motion by Bertsch, seconded by Sanders to execute an agreement, in substantially the form presented today, with the Washington State Department of Revenue related to collection of retail sales tax on the District's broadband tax revenues.

MOTION CARRIED.

**Amending the Designation of Representatives to Various Organizations for 2005, Adding a Representative and Naming a Trustee to Prosser Tower Site, Inc.**

Assistant General Manager/Director of Operations recommended the Commission amend the Designation of Representatives, authorizing Steve Mantle to represent the District to the Prosser Tower Site, Inc. Director further recommended the Commission authorize Steve Mantle to act as trustee to the organization if elected at its upcoming annual meeting. Prosser Tower Site, Inc. is important to the District because the District owns a building and communication tower at the site. The District has agreements with Washington State Emergency Management and SECOM that have equipment in the facility that provides the District access to the 800 MHz radio system and microwave connections to Prosser and the SCADA system.

Motion by Sanders, seconded by Bertsch amending the Designation of Representatives to Various Organizations for 2005, adding Steve Mantle as representative and trustee, if elected, to the Prosser Tower Site, Inc.

MOTION CARRIED.

**Prosser Facility Project Design, Architectural-Engineering Contract Award Recommendation**

Director of Engineering recommended the Commission approve a contract with Dillman-Luvaas Architects for the project design of the new Prosser facility. A discussion was held regarding total cost of the project, public perception in the Prosser area regarding the design and size of the facility, and the future needs of the facility.

Motion by Bertsch, seconded by Sanders authorizing the General Manager, on behalf of the District, to sign Contract No. 05-21-04 with Dillman-Luvaas Architects for the project design of the new Prosser facility for a not-to-exceed amount of \$252,056.

MOTION CARRIED.

**Lockheed Martin, Contract Change Order**

Manager of Development and Special Projects recommended the Commission authorize a 30-day extension to the Lockheed Martin Contract for broadband services. Senior Broadband Support Specialist noted that the 30-day extension will allow for time necessary to complete negotiations for the A&E agreement for broadband services.

Motion by Sanders, seconded by Bertsch to authorize the General Manager, on behalf of the District, to sign Change Order No. 6 of Contract No. 04-46-01 with Lockheed Martin Information Technology extending the consulting services contract to July 15, 2005.

MOTION CARRIED.

**Other Business**

Motion by Bertsch, seconded by Sanders approving the June 9, 2005 minutes of the Special Commission Workshop on 2006 Strategic Planning.

MOTION CARRIED.

Motion by Bertsch, seconded by Sanders setting a special meeting on June 23, 2005, beginning at 1:00 p.m., at the District's Administration Office located at 2721 West 10th Avenue, Kennewick, Washington, for the purpose of holding a workshop on the District's rates development process, and directing the General Manager to provide notification to the public of such meeting in accordance with RCW 42.30.080.

MOTION CARRIED.

At 10:05 a.m., President Hall announced that the Commission would go into Executive Session for 45 minutes with the District's General Counsel for the purpose of discussing potential litigation.

At 10:50 a.m. President Hall reconvened the Commission Meeting into regular open public session.

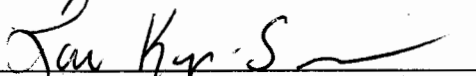
**Future Planning**

Director of Retail Services noted that a draft cost of service analysis summary would be provided for Commission review prior to the June 23rd workshop.

Hearing no objection, President Hall adjourned the Commission Meeting at 10:58 a.m.

  
Jeffrey D. Hall, President

ATTEST:

  
Lori Kays-Sanders, Secretary