PUBLIC UTILITY DISTRICT NO. 1
OF
BENTON COUNTY

Date: June 12, 2018
Time: 9:00 a.m.
Place: 2721 West 10th Avenue, Kennewick, Washington

Attendees:
Commissioners Bush, Sanders and Hall
General Manager Bartram
Assistant General Manager Hunter
Legal Counsel Hultgrenn
Senior Director of Engineering and Power Management Dunn
Director of Finance Meyer
Director of Customer Programs and Services Ball
Manager of Business Applications Holbrook
Manager of Power Resources Johnson
Manager of Information Technology Folta
Manager of Communications and Governmental Relations Miller
Manager of Contracts and Purchasing Ochweri
Manager of Risk Management & Treasury White
Manager of Human Resources Wenner
Manager of Accounting Zirker
Supervisor of System Engineering Edwards
Supervisor of Executive Administration Cole
Engineering Technician Morris
Power & Energy Programs Analyst Dykes
Power & Energy Programs Analyst Mapes
Communications Specialist Henderson

Guests: Rich Nall, Northwest Open Access Network (NoaNet)

The Pledge of Allegiance was given.

Safety Minute
Engineering Technician Morris gave a one minute for safety presentation on boating safety.

Public Comment
A customer in attendance reported his recent power outage experience.

Treasurer's Report

Manager of Risk Management & Treasury reviewed the May 2018 Treasurer's Report. The Commission accepted the May 2018 Treasurer's Report. The cash investment summary and counterparty credit and sector reports were distributed and briefly reviewed.

Manager of Human Resources distributed a new page 3 to replace what was provided in the packet, for Consent Agenda Item 5i, the Merit-Based Salary Administration Plan.

Commissioner Lori Sanders asked if Consent Agenda Item 5g, Resolution No. 2452, Use of District Vehicles and Reimburse Certain District Personnel for Tax Costs associated with Assigned Use was amended because of tax changes, and Director of Finance stated the resolution was brought back for review as part of the District's periodic review of resolutions process, and no significant tax changes.

Commissioner Lori Sanders asked about the change to Consent Agenda Item 5l, Revision to Energy Independence Act Report to State of Washington for 2018, and Manager of Power Resources noted that the MWh savings were not changed, but portions of the program cost for labor were double counted in the report and affected no other reports.

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 May 8, 2018.

b) Approving periodic travel report dated June 12, 2018.

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 (DD) payments 68605-68671 68826-68891 69047-69075 in the total amount of $1,765,219.02, Checks & Customer Refund Payments (CHK) 73557-73778 in the total amount of $987,452.60, Electronic Fund Transfer (WIRE) payments 4500-4536 in the total amount of $11,122.029.11; Residential Conservation Rebates: Credits on Customer Accounts in the total amount of $1,740.00; Purchase Card Detail for April 2018; Payroll: Direct Deposit 05/03/18 68451-68604 in the total amount of $344,298.55, Direct Deposit 05/17/18 68672-68825 in the total amount of $339,392.25, Direct Deposit 05/31/18 68892-69046 in the total amount of $342,978.25 for a grand total of $14,903,109.78. Voided Checks for May 2018 in the total amount of $579.57 were included on the report.

d) Reviewing Jobs Reports to the Commission dated June 12, 2018.

e) Approving refunds in the amounts of $9,775.98 and $16,878.14 for overbilling the power factor penalty for two Large Irrigation customers.

f) Adopting Resolution No. 2451, authorizing Nonstandard Discretionary Compensation and Benefits.

g) Adopting Resolution No. 2452, authorizing the General Manager to assign use of District vehicles and compensate certain District personnel for tax costs associated with assigned use.

h) Adopting Resolution No. 2453, declaring certain remaining equipment at CT Plant surplus to District needs according to the laws of the State of Washington, Title 54, RCW 54.16.180, and authorizing the General Manager, on behalf of the District, to dispose of same.

i) Adopting Resolution No. 2454, Amending the Merit-Based Salary Administration Plan.

j) Authorizing the General Manager, on behalf of the District, to sign Change Order No. 3 of Contract No. 16-33-02 with Benton County Emergency Services, to increase the not-to-exceed amount by $28,957.20; bringing the new not-to-exceed amount of the contract to $72,230.28.

k) Declaring Versalift Northwest, LLC., non-responsive and awarding the contract for Cab and Chassis with Hydraulic Digger Derrick to Altec Industries, Inc. of Dixon, California, Bid Package No. 18-13, for a total amount of $318,510.00, plus Washington State sales tax in accordance with RCW 54.04.080.

l) Revising the 2018 Energy Independence Act (EIA) Conservation Report as it was initially presented to the Commission on May 8, 2018, to correct 2017 utility expenditures.

MOTION CARRIED UNANIMOUSLY.

Report from Management

General Manager/Senior Director of Engineering and Power Management:

1. General Manager distributed an article from the New York Times entitled, "Trump Orders a Lifeline for Struggling Coal and Nuclear Plants," and it was discussed. Reliability and resiliency is being discussed at the national and northwest levels.

2. General Manager distributed an article from Clearing Up on addressing potential resource shortfalls and a discussion was held.

3. Senior Director of Engineering and Power Management stated the Public Generating Pool (PGP) is proposing a new E3 study to examine northwest power grid reliability. The study will focus on reliability issues during drought years, examine the capacity contribution of wind, solar and energy storage as a function of penetration and will examine the current institutions and resource planning in the Pacific Northwest. The study will also recommend improvements to reliability measurement and resource adequacy standards. Senior Director recommended the District participate in the study in an amount up to $15,000 and the Commission concurred.

4. Rich Nall, NoaNet, gave a mid-year report on the District's broadband line extension credit promotion. Mr. Nall stated that since January of 2018, 149 quote requests have been received and they have responded to 142. There is a take rate of 41% when the construction costs are under $10,000. He further stated 43 new contracts have been signed this year for access internet, with 37 of those requiring new builds. The average build cost is approximately $5,500.

5. Senior Director updated the Commission on possible small cell deployment involving the District's broadband fiber network and collaboration with the City of Kennewick.

6. Senior Director discussed recent record level wind curtailments due to low loads and high levels of hydro-electric generation resulting from high river flows, and the recent announcements regarding the scheduled completion of the 2018 Biological Opinion by the end of the year. He also indicated that Snake River Dam removal was continuing to be studied as part of the required environmental impacts study ordered by Judge Simon.

7. Senior Director stated the Bonneville Power Administration has been active in regional meetings and has proposed absorbing approximately $80 million in costs to keep program costs flat for the fiscal year 2020-2021 rate period, and they have proposed removing $20 million from the agency's fish and wildlife program 2019 fiscal year budget.

8. Senior Director distributed a draft amendment to the District's line extension and facilities construction policy and reviewed a need to update the policy relating to direct-buried service cable repairs and/or replacement. The policy will be brought back for consideration at a later date.

9. Senior Director distributed a letter co-signed by Franklin PUD, City of Pasco, Franklin County and the Port of Pasco to TRIDEC regarding Bitcoin mining and their collective recommendation that TRIDEC not use economic development resources to pursue Bitcoin mining entities. Senior Director stated the District has 11 Electricity Intensive Load (EIL) customers at this time. The line extension policy will be amended to address EIL customers and will be brought back at a later time.

8. Graphs showing the electricity consumption pattern at the new Electric Vehicle Charging Station located at Southridge was distributed and discussed.

At 10:25 a.m., Commission President Barry Bush announced that the commission meeting would recess for 10 minutes.

At 10:35 a.m., Commission President Barry Bush reconvened the commission meeting into regular open public session.

Discussion with Northwest RiverPartners

Manager of Communications introduced Ms. Terry Flores of Northwest RiverPartners who gave a presentation on Salmon and Dams Co-existing. At the conclusion of her presentation Ms. Flores discussed the future direction of Northwest RiverPartners and the benefit of the District's membership.

Management Report continuing

Assistant General Manager:

1. The Commission was briefed on an outage that occurred in Finley on June 11, 2018 due to a squirrel.

Manager of Communications and Governmental Relations:

1. The Commission was updated on Initiative 1631. Isaac Kastama of Water Street Public Affairs will be attending the upcoming commission meeting to discuss what the initiative means in general, and staff will discuss the possible impact to Benton PUD.

Director of Finance:

1. The Commission was informed that the Office of Financial Management has submitted changes to commissioner salaries and per diem effective July 1, 2018, and that the District will be implementing those changes for all three commissioners in accordance with the requirements of RCW 54.12.080.

2. A draft of changes to the Large Industrial Rate Schedule 34 was distributed and it was noted that Schedule 34 will be brought to a future commission meeting for consideration.
3. A draft Street Lighting Schedule 51 was distributed and discussed. Changes are needed due to different types of lights being installed by the City of Kennewick.
4. The District's draft rate strategy was distributed and a discussion was held, including recommended boundary targets to gradually move each rate class's projected revenue within 90% and 110% of the rate class's revenue requirement over a period of time, recommended as a 10 year period by staff. The Commission each concurred with the draft rate strategy document, and Commissioner Bush expressed that he would prefer a 5 year period but was agreeable to a 10 year period.

Director of Customer Programs and Services:
1. Construction is underway in the lobby areas of the Kennewick and Prosser offices to accommodate the installation of payment kiosks. The kiosks, which will be located near the entrance of each facility, will be accessible by customers on a 24X7 basis. Construction should be completed by the end of June, with the kiosks going live the first part of July. Following installation of the kiosks, staff will begin to work on implementation of prepay services. Initially, a prepay pilot will be conducted using employee accounts associated with remote disconnect/reconnect meters located on shops and other secondary buildings.

April 2018 Financial Statements
General Manager asked that the Financial Statements be deferred until the next meeting due to time constraints and the Commission concurred.

Other Business
Supervisor of System Engineering recommended the Commission reject all bids for Bid Package No. 18-07 for a Chevron power transformer due to a delay in finalizing an agreement to share costs.

Motion by Lori Sanders, seconded by Jeff Hall rejecting all bids received for Bid Package No. 18-07, Chevron Power transformer.
MOTION CARRIED UNANIMOUSLY.

At 11:50 a.m., Commission President Barry Bush announced that the Commission would go into executive session with legal counsel for 10 minutes for the purpose of discussing potential litigation.

At 12:00 p.m., Commission President Barry Bush announced that the Commission would continue in executive session an additional 5 minutes for the same purpose as previously announced.

At 12:05 p.m., Commission President Barry Bush reconvened the commission meeting into regular open public session.

General Manager briefly discussed the stipulated order that was filed by Benton PUD to ensure adequate assurance of payment in the Kennewick Public Hospital District (Trios) Chapter 9 bankruptcy.

Hearing no objection, President Barry Bush adjourned the Commission Meeting at 12:10 p.m.

Barry A. Bush, President

ATTEST:

Lori Kays-Sanders, Secretary