AGENDA
BENTON COUNTY PUBLIC UTILITY DISTRICT NO. 1
COMMISSION MEETING

Tuesday *June 26, 2018* *9:00 a.m.*
2721 West 10th Ave., Kennewick

1. Pledge of Allegiance

2. Public Comment
(Public in attendance should read the "Guidelines for Public Participation at Commission Meetings", available the day of the meeting, or at www.bentonpud.org, Guidelines.

3. **APPROVAL OF CONSENT AGENDA**
(All matters listed within the Consent Agenda have been distributed to each member of the Commission for reading and study, are considered to be routine, and will be enacted by one motion of the Commission with no separate discussion. If separate discussion is desired by any member of the Commission, that item will be removed from the Consent Agenda and placed on the Regular Agenda by request.)

a) Commission Meeting Minutes dated June 12, 2018. *(pg.2)*
b) Periodic Travel Report dated June 26, 2018. *(pg.8)*
c) Vouchers dated June 26, 2018. *(pg.9)*
d) Resolution No. 2455, Authorizing a Safety Incentive Program. *(pg.30)*
e) Resolution No. 2456, Amending the Large Industrial Retail Electric Rate Schedule 34. *(pg.33)*
f) Resolution No. 2457, Amending the Street Lighting Retail Electric Rate Schedule 51. *(pg.39)*
g) Resolution No. 2458, Amending Rate Strategy of the District. *(pg.45)*
h) Amending Contract Award for Bid Package No. 18-03, 15kV Metal-Clad Switchgears – Leslie Road and Orchard View Bay 2. *(pg.71)*
i) Benton County Emergency Services, Amended and Restated Interlocal Agreement. *(pg.74)*

4. **REPORT FROM MANAGEMENT**

5. **BUSINESS AGENDA**

a) Resolution No. 2459, Revising Power Risk Management and Trading Policies
Action Item/Rick Dunn *(pg.92)*

b) 2018 Integrated Resource Plan Project Update
Info Only/Rick Dunn *(pg.140)*

c) Information – Initiative No. 1631, "The Protect Washington Act"
Info. Only/Isaac Kastama, Water Street Public Affairs/Staff *(pg.141)*

d) May 2018 Financial Statements
Info. Only/Kent Zirker *(pg.142)*

6. Future Planning
7. Meeting Reports
8. Executive Session

(To request an accommodation to attend a commission meeting due to a disability, contact wennerm@bentonpud.org, or call (509) 582-1227, and the District will make every effort to reasonably accommodate identified needs.)

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.

DRAFT

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.

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Barry A. Bush, President

ATTEST:

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Lori Kays-Sanders, Secretary

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Periodic Travel Report - June 26, 2018

Date Start	Business Days	Name	City	Purpose
6/7/2018	1	Decker, Colby	Ephrata, WA	EMPLOYEE INSURANCE ADVISORY COMMITTEE (EIAC)
6/7/2018	1	Diaz, Jesus	Ephrata, WA	EMPLOYEE INSURANCE ADVISORY COMMITTEE (EIAC)
6/18/2018	2	Folta, Chris	Boise, ID	SENSUS DATA CENTER SITE VISIT / NAAS CONTRACT NEGOTIATIONS
6/18/2018	2	Crum, Duane	Boise, ID	SENSUS DATA CENTER SITE VISIT / NAAS CONTRACT NEGOTIATIONS
6/18/2018	2	Ochweri, Michelle	Boise, ID	SENSUS DATA CENTER SITE VISIT / NAAS CONTRACT NEGOTIATIONS
6/21/2018	1	Bartram, Chad	Seattle, WA	PGP MEETING
6/27/2018	2	Scherer, Blake	Portland, OR	SURVALENT - ENABLING NEXT GENERATION GRID AUTOMATION AND CONTROL SEMINAR
7/11/2018	1	Frost, Stephen	Spokane, WA	NWPPA E & O COMMITTEE

PAYMENT APPROVAL
June 26, 2018

The vouchers presented on this Payment Approval Report for approval by the Board of Commissioners have been audited and certified by the auditing officer as required by RCW 42.24.080, and those expense reimbursement claims by officers and employees have been certified as required by RCW 42.24.090.

Type of Payment	Starting #		Ending #	Page #	Amount
Accounts Payable:					
Automated Clearing House (DD) Payments	69076 69251	- -	69094 69278	1 - 3 3 - 6	$ 854,436.77
Checks & Customer Refund Payments (CHK)	73779	-	73845	7 - 12	$ 153,970.66
Electronic Fund Transfer (WIRE) Payments	4541	-	4543	13 - 14	$ 292,217.28
Residential Conservation Rebates:					
Credits on Customer Accounts				15	$ 70.00
Purchase Card Detail:	May 2018			16 - 20	
Payroll:					
Direct Deposit - 06/14/18	69095	-	69250		$ 333,447.64
TOTAL					**$ 1,634,142.35**
Void DD					
Void Checks	June 2018				$ 10,117.73
Void Wires					

I, the undersigned Auditor of Public Utility District No. 1 of Benton County, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered, or the labor performed as described, or that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claims identified in this report are just, due and unpaid obligations against the District and that I am authorized to authenticate and certify to said claims.

Jon L. Meyer, Auditor *Date*

Reviewed by:

Chad B. Bartram, General Manager

Approved by:

Barry A. Bush, President

Jeffrey D. Hall, Vice-President

Lori Kays-Sanders, Secretary

Accounts Payable
Check Register

06/04/2018 To 06/17/2018

Bank Account: 1 - Benton PUD ACH/Wire

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
69076	06/06/2018	DD	3570	JUSTIN ALDRICH	CDL Endorsement		102.00
69077	06/06/2018	DD	963	ANIXTER INC.	Omni Switch		14,504.62
					Material		135.75
						Total for Check/Tran - 69077:	14,640.37
69078	06/06/2018	DD	811	AUS WEST LOCKBOX	Weekly svc		44.24
					weekly svc		40.61
					weekly svc		30.52
					weekly svc		42.53
						Total for Check/Tran - 69078:	157.90
69079	06/06/2018	DD	613	CAMPBELL & COMPANY	REEP		600.00
					REEP		600.00
					REEP		600.00
						Total for Check/Tran - 69079:	1,800.00
69080	06/06/2018	DD	3750	CLIFF THORN CONSTRUCTION, LLC	misc repairs/upgrades		10,881.72
69081	06/06/2018	DD	57	CONSOLIDATED ELECTRICAL DISTRIB	Bend 45 S/80 2" 36 R, belled		621.19
					Pulling Lube, 5 Gal Pail, Poly		539.26
						Total for Check/Tran - 69081:	1,160.45
69082	06/06/2018	DD	412	ERMCO	Transformer, 75 kVA, single ph		8,470.80
					Transformer, 300kVA 3ph Triplex		36,645.98
						Total for Check/Tran - 69082:	45,116.78
69083	06/06/2018	DD	3175	FRONTIER COMMUNICATIONS NW INC.	monthly billing		2,399.78
69084	06/06/2018	DD	79	GENERAL PACIFIC, INC.	Tubing, Raychem # BPTM 15/6-AU		2,660.70
					Ty Rap Cable Tie #TY29MX		933.96
						Total for Check/Tran - 69084:	3,594.66
69085	06/06/2018	DD	2087	H2 PRECAST, INC.	Vault Base/Lid		8,307.90
69086	06/06/2018	DD	214	JACOBS & RHODES	REEP		600.00
69087	06/06/2018	DD	120	OSMOSE, INC.	O-Calc Maintenance 2018		2,573.82

Accounts Payable
Check Register

06/04/2018 To 06/17/2018

Bank Account: 1 - Benton PUD ACH/Wire

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference	Amount
69088	06/06/2018	DD	3837	PLANETERIA MEDIA LLC	PSA	200.00
69089	06/06/2018	DD	2154	SENSUS USA, INC.	professional svc	7,602.00
69090	06/06/2018	DD	3696	SUMMIT LAW GROUP, PLLC	Labor & Employemnt Law Advisory Svc	518.50
69091	06/06/2018	DD	1163	TYNDALE ENTERPRISES, INC.	Clothing-Bradshaw	222.09
69092	06/06/2018	DD	3098	US BANK CORPORATE PAYMENT SYST	Cramer - Veg Mgmt Training	177.84
					Inman - Hotel Booking Chrg - E/W Ops Mtg	7.99
					Schelekewey - APPA E&O conf	901.48
					White - PURMS	236.39
					White - EUIC 2018 - Res Demand Charge	513.60
					Homer - WA Public Treasures Assoc	447.03
					Folta - WA State Cybersecurity 2018	353.40
					Miller - PPC Utility Grp Mtg	350.00
					Demory - Credit - Shuttle - WAPRO	-50.00
					Demory - Agent Fee - WAPRO	35.00
					Cole/Demory - Shuttle - WAPRO	56.00
					Cole - Credit- Shuttle - WAPRO	-6.00
					Cole - Credit - Shuttle - WAPRO	-6.00
					Cole - Air Credit - WAPRO	-327.30
					Hall - Enterprise - WPUDA	116.93
					Hall - Enterprise - NoaNet	77.83
					Storm Card 10 - Fuel	246.29
					Storm Card 10 -Kennewick Arbor Day Trees	691.70
					Communications & Gov Rel PCard 05/18	4,509.91
					Human Resources PCard 05/18	9,851.90
					Fin & Bus Svc PCard 05/18	768.64
					Cust Svc Prg Mgr PCard 05/18	2,046.80
					Contracts & Purchasing PCard 05/18	1,707.17
					Eng Prg Mrg PCard 05/18	6,585.08
					Info Svc Prg Mgr PCard 05/18	5,314.01

06/04/2018 To 06/17/2018

Bank Account: 1 - Benton PUD ACH/Wire

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
					Ops Superindentent PCard 05/18		530.86
					Ops Prg Mgr PCard 05/18		1,000.39
					Meter Shop PCard 05/18		5,238.33
					Transformer Shop PCard 05/18		1,544.51
					Maintenance 1 PCard 05/18		110.78
					Maintenance PCard 05/18		4,839.23
					Warehouse Prg Mgr 05/18		17,413.61
					Prosser PCard 05/18		212.04
					Power Mgmt Prg Mgr PCard 05/18		285.70
					Auto Shop PCard 05/18		20,050.30
					Admin Prg Mgr PCard 05/18		710.16
						Total for Check/Tran - 69092:	86,541.60
69093	06/06/2018	DD	182	WESCO DISTRIBUTION	Material		364.37
69094	06/06/2018	DD	3415	KEVIN K WHITE	PURMS Semi-Annual Operations Comm Mtg		64.08
69251	06/12/2018	DD	1736	A W REHN & ASSOCIATES, INC.	Flex Spending Health Care		2,356.82
					Flex Spending Dependent Care		639.87
						Total for Check/Tran - 69251:	2,996.69
69252	06/12/2018	DD	475	ABM JANITORIAL SERVICES	carpet cleaning - admin bldg		266.22
					carpet cleaning - admin bldg		985.38
					cleaning for VIP'S		74.45
					cleaning for VIP'S		275.55
					extra cleaning - VIP's		67.90
					extra cleaning - VIP's		251.30
						Total for Check/Tran - 69252:	1,920.80
69253	06/12/2018	DD	963	ANIXTER INC.	Conn,LV,CMC#RLS500-4ASLIUH / 4		341.66
					CLEVIS THIMBLEYE JO 554		343.18
					Novagard Silicone Compound G600 Series		867.93
					Credit Inv #3855263-03, 3855263-05		-8,421.93
					Platform		6,252.10

Accounts Payable
Check Register

06/04/2018 To 06/17/2018

Bank Account: 1 - Benton PUD ACH/Wire

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
					Channel and Hardware Kit		2,169.83
					Platforms with Kit		8,421.93
						Total for Check/Tran - 69253:	9,974.70
69254	06/12/2018	DD	811	AUS WEST LOCKBOX	weekly svc		44.24
					weekly svc		55.81
					weekly svc		30.52
					weekly svc		41.35
						Total for Check/Tran - 69254:	171.92
69255	06/12/2018	DD	34	BENTON PUD-ADVANCE TRAVEL	NWPPA Staking Cert Prg		345.70
69256	06/12/2018	DD	613	CAMPBELL & COMPANY	REEP		600.00
69257	06/12/2018	DD	2680	CO-ENERGY	gasoline svc		539.90
69258	06/12/2018	DD	2972	COMPUNET, INC.	Cisco Equipment and Support		198,839.54
					Cisco Equipment and Support		1,230.38
						Total for Check/Tran - 69258:	200,069.92
69259	06/12/2018	DD	57	CONSOLIDATED ELECTRICAL DISTRIB	Material		9,469.92
69260	06/12/2018	DD	3742	EMPLOYMENT SCREENING SERVICES, I	Employment Screeing Svc		239.50
69261	06/12/2018	DD	3487	TERRA FLORES	NWPPA Staking Cert Prg		349.05
69262	06/12/2018	DD	3175	FRONTIER COMMUNICATIONS NW INC.	monthly billing		89.22
69263	06/12/2018	DD	79	GENERAL PACIFIC, INC.	Bracket		364.18
					Cable Junction Pedestal Top		343.18
					Wrap Lock Tie		1,659.41
					Credit - Inv #1305386		-2,307.75
						Total for Check/Tran - 69263:	59.02
69264	06/12/2018	DD	88	GRAYBAR ELECTRIC CO, INC.	CABLE SUPPORTS, DUCT PLUG 4"		120.59
69265	06/12/2018	DD	3171	JODI HENDERSON	PPC / Utility Grp Mtg		325.85
69266	06/12/2018	DD	724	HERITAGE PROFESSIONAL LANDSCAPI	landscaping svc		1,298.52

Accounts Payable
Check Register

06/04/2018 To 06/17/2018

Bank Account: 1 - Benton PUD ACH/Wire

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
					landscaping svc		262.11
					landscaping svc		291.12
					landscaping svc		300.44
					landscaping svc		793.50
					landscaping svc		232.06
					landscaping svc		788.40
					landscaping svc		335.66
						Total for Check/Tran - 69266:	4,301.81
69267	06/12/2018	DD	3018	HRA VEBA TRUST	MSA / VEBA Trust - ER		23,433.33
69268	06/12/2018	DD	1818	IBEW LOCAL 77	IBEW Part-Time Dues Assessment		37.22
					IBEW BA Dues Assessment		5,244.63
					IBEW A Dues Assessment		3,084.82
						Total for Check/Tran - 69268:	8,366.67
69269	06/12/2018	DD	103	KENNEWICK, CITY OF	Occupation Tax 05/18		367,988.24
69270	06/12/2018	DD	2027	KUFFEL, HULTGRENN, KLASHKE AND	Professional Svc		3,274.34
69271	06/12/2018	DD	3343	MOSS ADAMS, LLP	Auditing Svc		3,800.00
69272	06/12/2018	DD	950	MSA VEBA TRUST	Retiree Subsidy		1,080.00
					VEBA PL Cash Out		8,372.39
						Total for Check/Tran - 69272:	9,452.39
69273	06/12/2018	DD	919	NOANET	Archibalds dig up emergency		421.37
					Vineyard emergency		7,799.30
						Total for Check/Tran - 69273:	8,220.67
69274	06/12/2018	DD	1163	TYNDALE ENTERPRISES, INC.	Clothing - Bradshaw		71.19
					Credit - Inv 1460473		-69.67
						Total for Check/Tran - 69274:	1.52
69275	06/12/2018	DD	1048	UNITED WAY OF BENTON & FRANKLIN	EE United Way Contribution		841.96
69276	06/12/2018	DD	4168	WALKER & ASSOCIATES INC.	Coax Cable 3/8 in, 3 ft Jumper		499.56

Accounts Payable
Check Register

06/04/2018 To 06/17/2018

Bank Account: 1 - Benton PUD ACH/Wire

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
69277	06/12/2018	DD	182	WESCO DISTRIBUTION	CONN FARGO AP GA 9520 GL		2,811.65
					Wire Rider		6,837.46
					Total for Check/Tran - 69277:		9,649.11
69278	06/12/2018	DD	3415	KEVIN K WHITE	PURMS		486.37
					Total Payments for Bank Account - 1 :	(47)	854,436.77
					Total Voids for Bank Account - 1 :	(0)	0.00
					Total for Bank Account - 1 :	(47)	854,436.77

Accounts Payable
Check Register

06/04/2018 To 06/17/2018

Bank Account: 2 - BPUD Accounts Payable Warrants

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
73495	04/18/2018	CHK	99999	RICKY ANDREWS	Temp Service Refund		125.00VOID
73651	05/16/2018	CHK	21	HJ ARNETT INDUSTRIES, L.L.C.	ferrule, Unshrouded CU For#2(pair)		39.19VOID
					Retest of used gloves		1,034.80VOID
					Retest of odd size Blanket		144.00VOID
					Retest of 36x36 Blanket		31.50VOID
					Portable Bypass Jumper Cable repair labo		75.67VOID
					Portable Bypass Jumper Cable Visual insp		20.00VOID
					Multivolt Drop and Dielectric Test of Ca		1,140.00VOID
					Heat Shrink 1" for Cable assembly		17.97VOID
					Gloves,Class 2,14" Red/Black, sz 9.5		193.34VOID
					Gloves,Class 2, 14" Red/Black, Sz 9		911.99VOID
					Gloves,Class 2, 14" Red/Black, Sz 8.5		182.40VOID
					Gloves,Class 2, 14" Red/Black, Sz 11		364.79VOID
					Gloves,Class 2, 14" Red/Black, Sz 10		3,093.39VOID
					Gloves,Class 0,11"Black, Sz11		204.05VOID
					Gloves class 0,11"Black,sz 9		1,020.25VOID
					Gloves class 0,11"Black,sz 10		884.22VOID
					Gloves Class 0,11" Black,Size 8		68.02VOID
					Acceptance Test of new gloves		567.15VOID
						Total for Check/Tran - 73651:	9,992.73VOID
73779	06/06/2018	CHK	506	A-CORE OF WASHINGTON	flat sawing		347.52
73780	06/06/2018	CHK	3572	A-ONE REFRIGERATION & HEATING, IN	REEP		500.00
73781	06/06/2018	CHK	35	BENTON PUD - CUSTOMER ACCOUNT D	monthly billing		444.46
73782	06/06/2018	CHK	614	BOB RHODES HEATING & AC, INC.	REEP		600.00
73783	06/06/2018	CHK	3344	BOYD'S TREE SERVICE, LLC	Tree Trimming Svc		7,465.48
					Tree Trimming Svc		5,572.32
						Total for Check/Tran - 73783:	13,037.80
73784	06/06/2018	CHK	2988	BRUCE HEATING & AIR CONDITIONING	Replaced motor & compacitor/not cooling		-3.44

Accounts Payable
Check Register

06/04/2018 To 06/17/2018

Bank Account: 2 - BPUD Accounts Payable Warrants

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
					Replaced motor & compacitor/not cooling		274.22
					repaired leak		-3.44
					repaired leak		503.63
						Total for Check/Tran - 73784:	770.97
73785	06/06/2018	CHK	8627	CASTORINA II, LLC	Commercial Energy Efficiency Prg		4,653.00
73786	06/06/2018	CHK	3715	CLEARESULT CONSULTING, INC	Simple Steps 04/18		15,281.02
73787	06/06/2018	CHK	3029	DELTA HEATING & COOLING, INC.	REEP		600.00
73788	06/06/2018	CHK	75	FRANKLIN PUD	Membership Assessment		4.31
					Membership Assessment		17.06
						Total for Check/Tran - 73788:	21.37
73789	06/06/2018	CHK	4947	KENNEWICK CITY OF	Catalytic Partner Sustainability Forum		1,000.00
73790	06/06/2018	CHK	99	KIE SUPPLY CORP	Material		636.39
					Bend 90 S/40, 4" 24R, belled a		567.98
						Total for Check/Tran - 73790:	1,204.37
73791	06/06/2018	CHK	2176	PACIFIC OFFICE AUTOMATION, INC.	monthly billing		748.98
					monthly billing		141.99
					monthly billing		60.19
						Total for Check/Tran - 73791:	951.16
73792	06/06/2018	CHK	962	PACIFIC POWER	monthly billing		332.23
73793	06/06/2018	CHK	128	PERFECTION GLASS, INC.	REEP		146.91
					REEP		230.70
					REEP		113.58
					Low Income REEP		3,058.20
						Total for Check/Tran - 73793:	3,549.39
73794	06/06/2018	CHK	135	PROSSER, CITY OF	Monthly Billing		1.03
					Monthly Billing		9.60
					Monthly Billing		1,200.79

Accounts Payable
Check Register

06/04/2018 To 06/17/2018

Bank Account: 2 - BPUD Accounts Payable Warrants

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
					Monthly Billing		753.58
						Total for Check/Tran - 73794:	1,965.00
73795	06/06/2018	CHK	10212	QCL, INC.	Enrollment - US DOT FMCSA Prg		750.00
73796	06/06/2018	CHK	1304	US CELLULAR	monthly billing		111.95
73797	06/06/2018	CHK	992	VERIZON NORTHWEST	monthly billing		856.52
					monthly billing		147.00
						Total for Check/Tran - 73797:	1,003.52
73798	06/06/2018	CHK	100	WASTE MANAGEMENT OF WASHINGT	monthly billing		845.62
					monthly billing		259.34
						Total for Check/Tran - 73798:	1,104.96
73799	06/06/2018	CHK	99999	ANDREA ALVAREZ INIESTA	Credit Balance Refund		152.44
73800	06/06/2018	CHK	99999	HOLLY A CLARK	Credit Balance Refund		129.38
73801	06/06/2018	CHK	99999	MARIA HERNANDEZ	Credit Balance Refund		106.02
73802	06/06/2018	CHK	99999	VERNON HUBBARD	Credit Balance Refund		23.83
73803	06/06/2018	CHK	99999	NICKI LAUREANTI	Credit Balance Refund		100.45
73804	06/06/2018	CHK	99999	AIMEE LORK	Credit Balance Refund		70.97
73805	06/06/2018	CHK	99999	MARCEDES LOVE	Credit Balance Refund		88.18
73806	06/06/2018	CHK	99999	KHAIKHAM OUTHIBCHAMPORN	Credit Balance Refund		350.73
73807	06/06/2018	CHK	99999	SIERRA PADILLA	Credit Balance Refund		149.57
73808	06/06/2018	CHK	99999	JOSE L RAMOS	Credit Balance Refund		455.94
73809	06/06/2018	CHK	99999	ALYSSA SILVA	Credit Balance Refund		15.43
73810	06/12/2018	CHK	2425	AT&T MOBILITY	monthly billing		66.66
73811	06/12/2018	CHK	259	BENTON FRANKLIN COMMUNITY ACTI	Helping Hands 06/11/18		4,117.99
73812	06/12/2018	CHK	3344	BOYD'S TREE SERVICE, LLC	Tree Trimming Svc		7,465.48
					Tree Trimming Svc		5,572.32

Accounts Payable
Check Register

06/04/2018 To 06/17/2018

Bank Account: 2 - BPUD Accounts Payable Warrants

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
					Tree Trimming Svc		789.16
						Total for Check/Tran - 73812:	13,826.96
73813	06/12/2018	CHK	10166	BYRNES OIL COMPANY, INC.	monthly billing		8,461.93
					monthly billing		5,804.00
						Total for Check/Tran - 73813:	14,265.93
73814	06/12/2018	CHK	32	CITY OF BENTON CITY	Occupation Tax 05/18		9,003.19
73815	06/12/2018	CHK	2831	CORRECTIONAL INDUSTRIES	Desk		3,263.65
					Chair		370.33
						Total for Check/Tran - 73815:	3,633.98
73816	06/12/2018	CHK	3029	DELTA HEATING & COOLING, INC.	Low Income REEP		4,300.00
					REEP		600.00
						Total for Check/Tran - 73816:	4,900.00
73817	06/12/2018	CHK	3439	DJ'S ELECTRICAL, INC.	NESC Compliance / Cable Replacement		2,775.01
					NESC Compliance / Cable Replacement		589.74
						Total for Check/Tran - 73817:	3,364.75
73818	06/12/2018	CHK	243	FEDERAL EXPRESS CORP	Mailing svc		24.18
					Mailing svc		15.80
					Mailing svc		13.93
					Mailing svc		16.63
						Total for Check/Tran - 73818:	70.54
73819	06/12/2018	CHK	99	KIE SUPPLY CORP	Conduit		9,304.85
73820	06/12/2018	CHK	3933	KIM FETROW PHOTOGRAPHY	photography		1,498.68
73821	06/12/2018	CHK	128	PERFECTION GLASS, INC.	REEP		396.00
73822	06/12/2018	CHK	135	PROSSER, CITY OF	Occupation Tax 05/18		32,677.64
73823	06/12/2018	CHK	141	RICHLAND, CITY OF	Occupation Tax 05/18		1,011.03
73824	06/12/2018	CHK	1808	ROYAL SWITCHGEAR MFG. CO.	worm gear/mounting bracket		-133.71
					worm gear/mounting bracket		1,688.52

06/04/2018 To 06/17/2018

Bank Account: 2 - BPUD Accounts Payable Warrants

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
						Total for Check/Tran - 73824:	1,554.81
73825	06/12/2018	CHK	3961	SIERRA ELECTRIC, INC.	meter base change out		255.67
73826	06/12/2018	CHK	149	SMITH INSULATION, INC.	Low Income REEP		800.00
					Low Income REEP		267.80
						Total for Check/Tran - 73826:	1,067.80
73827	06/12/2018	CHK	193	UNITED PARCEL SERVICE OF AMERICA	maliing svc		107.79
73828	06/12/2018	CHK	437	WASH STATE DEPT SUPPORT REGIST	Garnishment - Child Support		604.50
73829	06/12/2018	CHK	99999	MIRELLA M BANDA	Credit Balance Refund		25.16
73830	06/12/2018	CHK	99999	ADRIANA CARDENAS	Credit Balance Refund		74.93
73831	06/12/2018	CHK	99999	RUBY COOK	Credit Balance Refund		219.36
73832	06/12/2018	CHK	99999	CREW CONSTRUCTION	Credit Balance Refund		450.00
73833	06/12/2018	CHK	99999	KOHNE INVESTMENTS LLC	Credit Balance Refund		162.71
73834	06/12/2018	CHK	99999	ANA MONTIEL	Credit Balance Refund		132.29
73835	06/12/2018	CHK	99999	SAVANNAH R MOORE	Credit Balance Refund		13.23
73836	06/12/2018	CHK	99999	BEN NOYES	Credit Balance Refund		51.75
73837	06/12/2018	CHK	99999	GABRIELA PEREZ	Credit Balance Refund		87.84
73838	06/12/2018	CHK	99999	STEVEN PIXLER	Credit Balance Refund		224.72
73839	06/12/2018	CHK	99999	MARK W ROSENBERRY	Credit Balance Refund		116.92
73840	06/12/2018	CHK	99999	SALESTICK LLC	Credit Balance Refund		154.37
73841	06/12/2018	CHK	99999	SECURED HOLDINGS LLC	Credit Balance Refund		176.59
73842	06/12/2018	CHK	99999	MA SHOW	Credit Balance Refund		142.29
73843	06/12/2018	CHK	99999	WALTER STECK	Credit Balance Refund		18.00
73844	06/12/2018	CHK	99999	THE DAVE SHOULTS AGENCY LLC	Credit Balance Refund		146.01
73845	06/12/2018	CHK	99999	JAMES R THOELKE	Credit Balance Refund		174.06

Accounts Payable
Check Register

06/04/2018 To 06/17/2018

Bank Account: 2 - BPUD Accounts Payable Warrants

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
Total Payments for Bank Account - 2 :						(67)	153,970.66
Total Voids for Bank Account - 2 :						(2)	10,117.73
Total for Bank Account - 2 :						(69)	164,088.39
Grand Total for Payments :						(114)	1,008,407.43
Grand Total for Voids :						(2)	10,117.73
Grand Total :						(116)	1,018,525.16

Accounts Payable
Check Register

ALL

Bank Account: 1 - Benton PUD ACH/Wire

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference		Amount
4541	06/14/2018	WIRE	171	WASH STATE DEPT RETIREMENT SYS	PERS Plan 3B 6% Age 35-45		97.39
					PERS Plan 3E 10% All Ages		592.96
					PERS Plan 3D 7% All Ages		64.11
					PERS Plan 3C 8.5% Age 45+		217.57
					PERS Plan 3A 5% All Ages		1,668.21
					PERS Plan 2		35,011.59
					PERS - ER		65,888.23
						Total for Check/Tran - 4541:	103,540.06
4542	06/14/2018	WIRE	1567	ICMA RETIREMENT CORP	Plan A 457(b) Employee Contribution		76.32
					Plan C 457(b) Employee Contribution		6,498.91
					Plan C 401(a) Option 5, Step 4 EE Contri		1,621.39
					Plan C 401(a) Option 4, Step 4 EE Contri		668.52
					Plan C 401(a) Option 4, Step 3 EE Contri		390.78
					Plan C 401(a) Option 4, Step 2 EE Contri		592.65
					Plan C 401(a) Option 4, Step 1 EE Contri		144.61
					Plan C 401(a) Option 2 EE Contribution		1,922.41
					Plan C 401(a) Option 1 EE Contribution		3,252.92
					Plan C 401(a) EE Contribution		1,215.87
					Plan B 457(b) Employee Contribution		20,181.03
					Plan A 457(b) Employee Contribution		3,934.52
					457(b) Roth EE Contribution		1,698.13
					457(b) Leave EE Contribution		1,380.57
					Deferred Comp - ER		9,383.12
						Total for Check/Tran - 4542:	52,961.75
4543	06/14/2018	WIRE	2205	UNITED STATES TREASURY	Social Security - Employer		324.05
					Social Security - Employee		324.05
					Medicare - Employer		75.79
					Medicare - Employee		75.79
					Federal Income Tax		556.76
					Social Security - Employer		32,537.24

ALL

Bank Account: 1 - Benton PUD ACH/Wire

Check / Tran	Date	Pmt Type	Vendor	Vendor Name	Reference			Amount
					Social Security - Employee			32,537.24
					Medicare - Employer			7,609.55
					Medicare - Employee			7,609.55
					Federal Income Tax			54,065.45
						Total for Check/Tran - 4543:		135,715.47
						Total for Bank Account - 1 :	(3)	292,217.28
						Grand Total :	(3)	292,217.28

BENTON PUD - RESIDENTIAL CONSERVATION REBATE DETAIL

Date	Customer	Rebate Amount	Rebate Description
06/12/2018	Mensinger, Tim	$ 20.00	Rebate - Energy Star Clothes Washer
06/12/2018	Mensinger, Tim	$ 50.00	Rebate - Energy Star Clothes Dryer

$	70.00

Payment Date	Department	Payment Amount	Vendor Name	Description	Transaction Amount	GL Account	Dept	Activity
2018/05/15	AUTO SHOP	$135.52	PASCO A-PTS 0027915	#169, tube steps	$135.52	184.12 37	16	
2018/05/15	AUTO SHOP	$42.47	PASCO A-PTS 0027915	filters & def	$42.47	184.12 37	16	
2018/05/15	AUTO SHOP	$43.39	IN *FREDDIES TRADING POST	#179, canopy brake light	$43.39	184.12 37	16	
2018/05/15	AUTO SHOP	$62.11	PASCO A-PTS 0027915	#116, fan	$62.11	184.12 37	16	
2018/05/15	AUTO SHOP	$1,254.33	AMERICAN WEST CHROME INC	#149, repair hyd cylinder	$1,254.33	184.12 37	16	
2018/05/15	AUTO SHOP	$5.70	DESERT BUICK GMC INC	#120, plug	$5.70	184.12 37	16	
2018/05/15	AUTO SHOP	$512.45	SIX ROBBLEES NO 5	trailer hitches & light socket	$512.45	184.12 37	16	
2018/05/15	AUTO SHOP	$1,453.25	MORROW COUNTY GRAIN GROW	#195, glass, roof & hinges	$1,453.25	184.12 37	16	
2018/05/15	AUTO SHOP	$47.78	CENTRAL MACHINERY - PASCO	rattle can paint	$47.78	184.12 37	16	
2018/05/15	AUTO SHOP	$51.74	PASCO A-PTS 0027915	#99 filters	$51.74	184.12 37	16	
2018/05/15	AUTO SHOP	$223.63	PASCO A-PTS 0027915	#190, engine oil	$223.63	184.12 37	16	
2018/05/15	AUTO SHOP	$1,092.15	COMMERCIAL CENTER	6-17" tires	$1,092.15	184.12 37	16	
2018/05/15	AUTO SHOP	$49.61	CENTRAL HOSE & FITTINGS,	pressure washer hose	$49.61	184.12 37	16	
2018/05/15	AUTO SHOP	$102.39	PASCO A-PTS 0027915	#99, shocks	$102.39	184.12 37	16	
2018/05/15	AUTO SHOP	$461.55	JIMS PACIFIC GARAGES	#99 air ride drivers seat	$461.55	184.12 37	16	
2018/05/15	AUTO SHOP	$99.98	PASCO A-PTS 0027915	filters & DEF	$99.98	184.12 37	16	
2018/05/15	AUTO SHOP	$154.20	PASCO A-PTS 0027915	#112, battery	$154.20	184.12 37	16	
2018/05/15	AUTO SHOP	$86.86	HARBOR FREIGHT TOOLS 49	hose reels	$86.86	184.12 37	16	
2018/05/15	AUTO SHOP	$184.29	TRUCK PRO	TR1107, hub & drum kit	$184.29	184.12 37	16	
2018/05/15	AUTO SHOP	$212.10	TRUCK PRO	TR1107, hub & drum kit	$212.10	184.12 37	16	
2018/05/15	AUTO SHOP	$33.96	THE HOME DEPOT #4739	plywood	$33.96	184.12 37	16	
2018/05/15	AUTO SHOP	($184.29)	TRUCK PRO	credit, parts return	($184.29)	184.12 37	16	
2018/05/15	AUTO SHOP	$170.00	CORWIN FORD TRI-CITIES	#196, filter	$170.00	184.12 37	16	
2018/05/15	AUTO SHOP	$1,437.13	COMMERCIAL CENTER	2-22.5" tires & 4-16" tires	$1,437.13	184.12 37	16	
2018/05/15	AUTO SHOP	($25.86)	M & M BOLT CO	credit, return	($25.86)	184.12 37	16	
2018/05/15	AUTO SHOP	$50.17	CENTRAL MACHINERY - PASCO	#112, door strut	$50.17	184.12 37	16	
2018/05/15	AUTO SHOP	$28.80	PASCO A-PTS 0027915	#131, oil seal	$28.80	184.12 37	16	
2018/05/15	AUTO SHOP	$261.00	TRUCK PRO	#131, diff rebuild kit	$261.00	184.12 37	16	
2018/05/15	AUTO SHOP	$70.38	LITHIA CJD OF TRI CITIES	#171, axle seal	$70.38	184.12 37	16	
2018/05/15	AUTO SHOP	$309.84	LITHIA CJD OF TRI CITIES	#171, alternator	$309.84	184.12 37	16	
2018/05/15	AUTO SHOP	$20.35	FARMERS EXCHANGE	saw tune-up kit	$20.35	184.12 37	16	
2018/05/15	AUTO SHOP	$257.79	BOBCAT OF PASCO	#116, latches & spring	$257.79	184.12 37	16	
2018/05/15	AUTO SHOP	$269.33	SIX ROBBLEES NO 3	TR1158, utv tie down	$269.33	184.12 37	16	
2018/05/15	AUTO SHOP	($24.71)	CENTRAL MACHINERY - PASCO	credit, return	($24.71)	184.12 37	16	
2018/05/15	AUTO SHOP	$518.24	CENTRAL MACHINERY - PASCO	#117, hub seals	$518.24	184.12 37	16	
2018/05/15	AUTO SHOP	$218.39	PASCO A-PTS 0027915	#126, swaw bar links	$218.39	184.12 37	16	
2018/05/15	AUTO SHOP	$167.61	PASCO A-PTS 0027915	filters & DEF	$167.61	184.12 37	16	
2018/05/15	AUTO SHOP	$4.87	THE HOME DEPOT #4739	#161, gate latch	$4.87	184.12 37	16	
2018/05/15	AUTO SHOP	$25.90	AUTOBAHN AUTO CARE CENTER	car wash, #180, 179 & 193	$25.90	184.12 37	16	
2018/05/15	AUTO SHOP	$1,068.99	SOL*SNAP-ON INDUSTRIAL	scanner update	$1,068.99	184.12 37	14	
2018/05/15	AUTO SHOP	$374.67	COLUMBIA RIGGING CORP	#167, new wire winch rope	$374.67	184.12 37	16	
2018/05/15	AUTO SHOP	$281.27	TMS*CRYSTAL CLEAR AUTO	#160, new windshield	$281.27	184.12 37	16	
2018/05/15	AUTO SHOP	$3.38	PASCO A-PTS 0027915	#139, filter	$3.38	184.12 37	16	
2018/05/15	AUTO SHOP	$62.11	PASCO A-PTS 0027915	#139, fan	$62.11	184.12 37	16	
2018/05/15	AUTO SHOP	$40.49	PASCO A-PTS 0027915	#134, led light	$40.49	184.12 37	16	
2018/05/15	AUTO SHOP	$1,389.74	COMMERCIAL CENTER	4-22.5 tires	$1,389.74	184.12 37	16	
2018/05/15	AUTO SHOP	$34.15	PASCO A-PTS 0027915	#62, headlight restoration	$34.15	184.12 37	16	
2018/05/15	AUTO SHOP	$523.59	SQ *HUXHOLD ENTERPR	bull wheel reair parts	$523.59	184.12 37	16	
2018/05/15	AUTO SHOP	$203.73	JIMS PACIFIC GARAGES	#119, strobe light	$203.73	184.12 37	16	
2018/05/15	AUTO SHOP	$342.09	COLUMBIA RIGGING CORP	#191, new wire winch rope	$342.09	184.12 37	16	
2018/05/15	AUTO SHOP	($266.11)	PASCO A-PTS 0027915	credit, parts return	($266.11)	184.12 37	16	
2018/05/15	AUTO SHOP	$292.13	TMS*CRYSTAL CLEAR AUTO	#52, windshield replace	$292.13	184.12 37	16	
2018/05/15	AUTO SHOP	$291.62	PASCO A-PTS 0027915	#56, shocks & atf filter/fluid	$291.62	184.12 37	16	
2018/05/15	AUTO SHOP	$270.28	PASCO A-PTS 0027915	#56, shocks	$270.28	184.12 37	16	
2018/05/15	AUTO SHOP	$96.08	PASCO A-PTS 0027915	#56, gear oil & atf	$96.08	184.12 37	16	

Payment Date	Department	Payment Amount	Vendor Name	Description	Transaction Amount	GL Account		Dept	Activity
2018/05/15	AUTO SHOP	$13.99	THE HOME DEPOT #4739	#195, tie down	$13.99	184.12	37	16	
2018/05/15	AUTO SHOP	$1,113.39	COMMERCIAL CENTER	6-16" trailer tires	$1,113.39	184.12	37	16	
2018/05/15	AUTO SHOP	$48.70	SIX ROBBLEES NO 3	#184, bin latch	$48.70	184.12	37	16	
2018/05/15	AUTO SHOP	$42.35	TMS*CRYSTAL CLEAR AUTO	#134, chip repair	$42.35	184.12	37	16	
2018/05/15	AUTO SHOP	$19.94	PASCO A-PTS 0027915	#56, silicone sealant	$19.94	184.12	37	16	
2018/05/15	AUTO SHOP	$530.16	PASCO A-PTS 0027915	DEF, batteries & filters	$530.16	184.12	37	16	
2018/05/15	AUTO SHOP	$21.61	GRIGGS ACE KENNEWICK	poly tubing	$21.61	184.12	37	16	
2018/05/15	AUTO SHOP	$177.55	SIX ROBBLEES NO 5	trailer plugs & hitches	$177.55	184.12	37	16	
2018/05/15	AUTO SHOP	$17.53	PASCO A-PTS 0027915	#119, tailgate cable	$17.53	184.12	37	16	
2018/05/15	AUTO SHOP	$7.08	PASCO A-PTS 0027915	air fresheners	$7.08	184.12	37	16	
2018/05/15	AUTO SHOP	$53.50	JIFFY CAR WASH	carv washes	$53.50	184.12	37	16	
2018/05/15	AUTO SHOP	$270.41	TMS*CRYSTAL CLEAR AUTO	#76, windshield	$270.41	184.12	37	16	
2018/05/15	AUTO SHOP	$100.25	CORWIN FORD TRI-CITIES	#175, window switch	$100.25	184.12	37	16	
2018/05/15	AUTO SHOP	$694.87	COMMERCIAL CENTER	#9, front tires	$694.87	184.12	37	16	
2018/05/15	AUTO SHOP	$1,501.47	COMMERCIAL CENTER	TR1140, 8-17.5" tires	$1,501.47	184.12	37	16	
2018/05/15	AUTO SHOP	$544.89	COMMERCIAL CENTER	TR1138, 2-16.5" tires	$544.89	184.12	37	16	
2018/05/15	PROSSER BRANCH	$100.11	OFFICE DEPOT #1078	Office Supplies	$100.11	903	42	33	
2018/05/15	PROSSER BRANCH	$68.26	SHYS PIZZA CONNECTION	Lineman appreciation Lunch	$68.26	588	42	43	
2018/05/15	PROSSER BRANCH	$40.00	MUSTANG GRILL AND SKATING	Interview lunch	$40.00	588	42	43	
2018/05/15	PROSSER BRANCH	$3.67	COOKS ACE HARDWARE	Industrial Strength Velcro	$3.67	588	42	14	
2018/05/15	COMMUNICATIONS GOV REL	$208.89	SQ *FIVE STAR PROMOTIONS	Power Day supplies	$208.89	921	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$10.77	WM SUPERCENTER #2101	Education Programs	$10.77	921	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$91.05	THE HOME DEPOT #4739	Education prog - power day	$91.05	921	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$466.32	OFFICE DEPOT #1078	office depot - printer supplie	$466.32	921	15	29	
2018/05/15	COMMUNICATIONS GOV REL	$210.87	TREASURE VALLEY COFFEE CO	Commission Room Supplies	$210.87	921	1	33	
2018/05/15	COMMUNICATIONS GOV REL	$146.58	COSTCO WHSE #0486	Commission Room Supplies	$146.58	921	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$116.05	SQ *FIVE STAR PROMOTIONS	Education Program Supplies	$116.05	921	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$72.00	TOWN @ COUNTRY ADVERTI	Prosser Record - memorial day	$72.00	910	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$21.93	OTC BRANDS, INC.	education programs supplies	$21.93	921	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$434.03	SUBWAY 00999912	Power Day supplies	$434.03	921	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$6.37	FRED-MEYER #0163	Education Programs Supplies	$6.37	910	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$63.68	OFFICE DEPOT #1078	office depot - supplies	$63.68	921	1	33	
2018/05/15	COMMUNICATIONS GOV REL	$14.95	FACEBK 6APG8F6HH2	facebook ads	$14.95	910	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$14.40	COSTCO WHSE #0486	Commission Room Supplies	$14.40	910	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$1,100.00	PROJECT ENERGY SAVERS (KE	safety brochures	$1,100.00	921	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$21.96	AMAZON MKTPLACE PMTS WWW	Riverfest 2018	$21.96	921	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$23.21	SQ *FIVE STAR PROMO	Atomic - Education prog	$23.21	921	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$51.89	FRANKLINCOVEYPRODUCTS	office supplies	$51.89	921	1	33	
2018/05/15	COMMUNICATIONS GOV REL	$275.00	CABIN FEVER ENT	Tidbits ad	$275.00	910	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$445.91	MUSTANG SIGN GROUP	EVITA ribbon cutting	$445.91	921	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$36.97	OTC BRANDS, INC.	Riverfest 2018 Hydro education	$36.97	921	12	119	
2018/05/15	COMMUNICATIONS GOV REL	$677.08	HALO BRANDED SOLUTIONS	Halo - EVITA Ribbon Supplies	$677.08	910	12	119	
2018/05/15	CONTRACTS-PURCHASING	$1,704.58	OFFICE DEPOT #1078	Paper	$1,704.58	588	17	33	
2018/05/15	CONTRACTS-PURCHASING	($1,704.58)	OFFICE DEPOT #1078	Paper	($1,704.58)	588	17	33	
2018/05/15	CONTRACTS-PURCHASING	$1,704.58	OFFICE DEPOT #1078	Paper	$1,704.58	588	17	33	
2018/05/15	CONTRACTS-PURCHASING	$2.59	INFINITE CONFERENCING INC	Conf. Call for Bid #18-10	$2.59	586.1	31	61	
2018/05/15	FINANCE & BUSINESS SVCS	$1.94	OFFICE DEPOT #977	Office Supplies	$1.94	921	11	33	
2018/05/15	FINANCE & BUSINESS SVCS	$54.29	OFFICE DEPOT #1078	Office Supplies	$54.29	921	11	33	
2018/05/15	FINANCE & BUSINESS SVCS	$95.00	EUCI	White - Demand Charges Conf	$95.00	921	16	43	
2018/05/15	FINANCE & BUSINESS SVCS	$299.00	WASHINGTON SOCIETY OF CPA	Herrington - Membership	$299.00	921	14	72	
2018/05/15	FINANCE & BUSINESS SVCS	$299.00	WASHINGTON SOCIETY OF CPA	Meyer - Membership	$299.00	921	11	72	
2018/05/15	FINANCE & BUSINESS SVCS	$19.41	OFFICE DEPOT #1078	Office Supplies	$19.41	921	11	33	
2018/05/15	MAINTENANCE	$33.43	A & M SUPPLY INC	Freight	$33.43	935	38	38	
2018/05/15	MAINTENANCE	$30.43	WW GRAINGER	pliers	$30.43	598.1	38	14	
2018/05/15	MAINTENANCE	$16.97	WW GRAINGER	Tool bag replacement	$16.97	598.1	38	39	

Payment Date	Department	Payment Amount	Vendor Name	Description	Transaction Amount	GL Account	Dept	Activity
2018/05/15	MAINTENANCE	$39.64	3627 CED	J-box for gum street sub.	$39.64	592 35		17
2018/05/15	MAINTENANCE	$211.54	IRRIGATION SPECIALISTS IN	customer repairs PVC lines	$211.54	598.1 38		17
2018/05/15	MAINTENANCE	$7.37	WW GRAINGER	toggle switch	$7.37	598.1 38		38
2018/05/15	MAINTENANCE	($16.97)	WW GRAINGER	Credit for tool bag replacemen	($16.97)	598.1 38		39
2018/05/15	MAINTENANCE	$716.74	AMAZON MKTPLACE PMTS	AC for Prosser substation	$716.74	592 35		17
2018/05/15	MAINTENANCE	$346.98	SQ *COOK SECURITY GROUP,	Headset for Drive thru	$346.98	903 43		33
2018/05/15	MAINTENANCE	$505.00	KING SOFT WATER CO	Cooling tower main & chemical	$505.00	935 38		38
2018/05/15	MAINTENANCE	$257.93	INTEGRITY THREE HEATING	control computer	$257.93	598.1 42		38
2018/05/15	MAINTENANCE	$257.93	INTEGRITY THREE HEATING	control computer Overcharge	$257.93	598.1 42		38
2018/05/15	MAINTENANCE	$130.46	WW GRAINGER	warehouse ceiling fan	$130.46	598.1 38		38
2018/05/15	MAINTENANCE	$70.59	3627 CED	replacement lens for light	$70.59	598.1 38		38
2018/05/15	MAINTENANCE	$1,676.74	THERMAL SUPPLY 21	mini split ele. for room 139	$1,676.74	935 38		38
2018/05/15	MAINTENANCE	$90.79	WW GRAINGER	mini split pad and disconnect	$90.79	935 38		38
2018/05/15	MAINTENANCE	$234.94	POSGLOBAL.COM INC	Prox card reader	$234.94	598.1 38		38
2018/05/15	MAINTENANCE	$123.81	LAWSON PRODUCTS	Hose clamps	$123.81	598.1 38		38
2018/05/15	MAINTENANCE	$82.75	IRRIGATION SPECIALISTS IN	repair PVC parts	$82.75	598.1 38		37
2018/05/15	MAINTENANCE	$123.81	LAWSON PRODUCTS	Hose clamps	$123.81	598.1 38		38
2018/05/15	MAINTENANCE	$156.28	THERMAL SUPPLY 21	Line set covers	$156.28	935 38		38
2018/05/15	MAINTENANCE	($257.93)	INTEGRITY THREE HEATING	Credit for wrong billing	($257.93)	598.1 42		38
2018/05/15	MAINTENANCE 1	$43.01	TWIN CITY METALS INC	Metal for Mezzanne,rails	$43.01	598.1 38		37
2018/05/15	MAINTENANCE 1	$7.59	THE HOME DEPOT #4739	Concrete for irrigation stand	$7.59	598.1 38		37
2018/05/15	MAINTENANCE 1	$14.24	TACOMA SCREW PRODUCTS PA	stainless screws for signs	$14.24	935 38		38
2018/05/15	MAINTENANCE 1	$45.94	MILNE NAIL, POWER TOOL &	Jig saw repair	$45.94	935 38		39
2018/05/15	METER SHOP	$1,727.74	3627 CED	Strut, brackets,bolts, wire	$1,727.74	597 34		124
2018/05/15	METER SHOP	$563.81	MEGGER AVO TRAINING INST	2 Relay test plugs	$563.81	592 34		14
2018/05/15	METER SHOP	$641.66	B&H PHOTO 800-606-6969	Wire Labels	$641.66	592 34		124
2018/05/15	METER SHOP	$30.34	MOUSER ELECTRONICS INC	RS 485 Termination Resistors	$30.34	592.4 34		127
2018/05/15	METER SHOP	$552.09	LAWSON PRODUCTS	Crimp Terminals, Screws	$552.09	597 34		124
2018/05/15	METER SHOP	$251.87	3627 CED	Strut and spring nuts	$251.87	597 34		124
2018/05/15	METER SHOP	$288.88	WW GRAINGER	Wire	$288.88	597 34		124
2018/05/15	METER SHOP	$1,138.63	WW GRAINGER	Wire	$1,138.63	597 34		124
2018/05/15	METER SHOP	$43.31	THE HOME DEPOT #4739	Sanding discs	$43.31	597 34		14
2018/05/15	CUST SRVCE PROG MNGR	$26.00	NNA SERVICES LLC	Notary Journal	$26.00	903 44		33
2018/05/15	CUST SRVCE PROG MNGR	$690.70	FP MAILING SOLUTIONS	FP Rental	$690.70	903 44		30
2018/05/15	CUST SRVCE PROG MNGR	$112.83	OFFICE DEPOT #1078	Paper Rolls/Calc Tape	$112.83	903 44		33
2018/05/15	CUST SRVCE PROG MNGR	$577.75	IN *APS, INC.	Ink Cartridge Set	$577.75	903 44		30
2018/05/15	CUST SRVCE PROG MNGR	$182.32	OFFICE DEPOT #1078	CS Colored paper	$182.32	903 44		33
2018/05/15	CUST SRVCE PROG MNGR	$24.98	IN *APS, INC.	FP Meter Tapes	$24.98	903 44		30
2018/05/15	CUST SRVCE PROG MNGR	$101.85	OFFICE DEPOT #1078	Binders for QA	$101.85	903 44		33
2018/05/15	CUST SRVCE PROG MNGR	$209.99	CHAIR-MATS.COM	Chair mat	$209.99	903 44		33
2018/05/15	CUST SRVCE PROG MNGR	$120.38	OFFICE DEPOT #1078	Headset Batteries	$120.38	903 44		33
2018/05/15	ENGINEERING PROG MNGR	$73.90	OFFICE DEPOT #1078	Brooks & Archey business cards	$73.90	588 21		33
2018/05/15	ENGINEERING PROG MNGR	$210.90	PRINT PLUS	conduit trench inspections	$210.90	588 22		33
2018/05/15	ENGINEERING PROG MNGR	$410.00	NWPPA	Archey-sizing xfmrs/conductors	$410.00	588 22		43
2018/05/15	ENGINEERING PROG MNGR	$507.00	J HARLEN CO INC	Lang-40' measuring stick	$507.00	588 22		134
2018/05/15	ENGINEERING PROG MNGR	$18.99	COSTCO WHSE #0486	Johnson's 25th anniversary	$18.99	557 51		33
2018/05/15	ENGINEERING PROG MNGR	$152.03	TIMBER PRODUCTS INSPECTIO	UPD West inspections	$152.03	588 21		61
2018/05/15	ENGINEERING PROG MNGR	$4,522.65	COAST ALUMINUM AND ARCHI	500'-3" sch 40 pipe	$4,522.65	183 21		121
2018/05/15	ENGINEERING PROG MNGR	$689.61	SCHWEITZER ENGINEERING LA	SEL card kit/SEL-2431 controls 380.90	$689.61	107.1 21		128
2018/05/15	INFO SRVCS PROG MNGR	$174.56	PROJECTOR LAMP GENIE	replacement bulb for projector	$174.56	921 15		26
2018/05/15	INFO SRVCS PROG MNGR	$147.20	AMAZON MKTPLACE PMTS	Cables and Adapters	$147.20	921 15		26
2018/05/15	INFO SRVCS PROG MNGR	$1,400.00	TABLEAU SOFTWARE	Tableau training (zones)	$1,400.00	921 18		43
2018/05/15	INFO SRVCS PROG MNGR	$116.28	CHARTER COMM	Backup internet	$116.28	921 15		50
2018/05/15	INFO SRVCS PROG MNGR	$196.82	NPI/RAM MOUNTS	Mount for Jon Williams	$196.82	921 15		26
2018/05/15	INFO SRVCS PROG MNGR	$999.88	CDW GOVT #MMQ8097	6 monitors	$999.88	921 15		26

Payment Date	Department	Payment Amount	Vendor Name	Description	Transaction Amount	GL Account	Dept	Activity
2018/05/15	INFO SRVCS PROG MNGR	$269.62	IN *IVOXY CONSULTING, LLC	NetApp Flashdrive renewal	$269.62	921	15	25
2018/05/15	INFO SRVCS PROG MNGR	$50.48	DATACOMM CABLES INC	Long Cat5 cables	$50.48	921	15	26
2018/05/15	INFO SRVCS PROG MNGR	$194.63	AMAZON MKTPLACE PMTS	Cables and Flash drives	$194.63	921	15	26
2018/05/15	INFO SRVCS PROG MNGR	$91.22	CBT NUGGETS	Online training (homer)	$91.22	921	15	43
2018/05/15	INFO SRVCS PROG MNGR	$326.91	DMI* DELL K-12/GOVT	Laptop batteries	$326.91	921	15	26
2018/05/15	INFO SRVCS PROG MNGR	$1,090.00	MICRO-TEL INC	Support renewal (MicroCall)	$1,090.00	921	15	25
2018/05/15	INFO SRVCS PROG MNGR	$206.10	AMAZON MKTPLACE PMTS WWW	car chargers	$206.10	588	15	26
2018/05/15	INFO SRVCS PROG MNGR	$50.31	AMAZON MKTPLACE PMTS	Canned air	$50.31	921	15	26
2018/05/15	OPERATIONS PROG MNGR	$6.49	COSTCO WHSE #0486	Ops EE Appreciation Day	$6.49	588	31	104
2018/05/15	OPERATIONS PROG MNGR	$172.89	COSTCO WHSE #0486	Ops EE Appreciation Day	$172.89	588	31	104
2018/05/15	OPERATIONS PROG MNGR	($5.29)	SIGNS AND BANNERS TODAY	SCADA Board Signs	($5.29)	588	33	17
2018/05/15	OPERATIONS PROG MNGR	$78.19	LA POSADA MEXICAN GRILL	Service Award/Sunford	$78.19	588	31	104
2018/05/15	OPERATIONS PROG MNGR	$6.51	OFFICEMAX/DEPOT 6525	Office Supplies/Ops	$6.51	588	31	33
2018/05/15	OPERATIONS PROG MNGR	$106.91	OFFICE DEPOT #1078	Office Supplies/Ops	$106.91	588	31	33
2018/05/15	OPERATIONS PROG MNGR	$77.43	OFFICE DEPOT #1078	Office Supplies/Ops	$77.43	588	31	33
2018/05/15	OPERATIONS PROG MNGR	$180.08	OFFICE DEPOT #1078	Office Supplies/Ops	$180.08	588	31	33
2018/05/15	OPERATIONS PROG MNGR	$341.36	OFFICE DEPOT #1078	Toner/Dispatch	$341.36	588	15	29
2018/05/15	OPERATIONS PROG MNGR	$35.82	OFFICE DEPOT #1078	Office Supplies/Ops	$35.82	588	31	33
2018/05/15	POWER MGMT PROG MNGR	$285.70	OFFICE DEPOT #1078	Toner for Sharon's printer	$285.70	921	51	29
2018/05/15	POWER MGMT PROG MNGR	$0.00	OFFICE DEPOT #1078	Floor mats-Robert/Nancy	$0.00	557	51	33
2018/05/15	WAREHOUSE PROG MNGR	$140.64	DT *DULUTH TRADING CO	KNEE PADS	$140.64	588	39	104
2018/05/15	WAREHOUSE PROG MNGR	$622.59	ASSOCIATED BAG COMPANY	WHITE DRAWSTRING BAGS & TAGS	$622.59	921	39	14
2018/05/15	WAREHOUSE PROG MNGR	$195.04	WAGNER SMITH EQUIPMENT HI	LITEBOX DC TRUCK MOUNT	$195.04	163	32	14
2018/05/15	WAREHOUSE PROG MNGR	$360.08	WAGNER SMITH EQUIPMENT HI	TOOL REPAIR	$360.08	598.1	32	39
2018/05/15	WAREHOUSE PROG MNGR	$589.00	WAGNER SMITH EQUIPMENT HI	TOOL REPAIR	$589.00	598.1	32	39
2018/05/15	WAREHOUSE PROG MNGR	$35.27	THE HOME DEPOT #4739	GAP FILLER & 1 3/8" RAIL END	$35.27	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$172.67	THE HOME DEPOT #4739	LITHIUM-ION HIGH CAP BATTERIES	$172.67	594.1	42	14
2018/05/15	WAREHOUSE PROG MNGR	$379.01	HOMEDEPOT.COM	IMPACT WRENCH & RECIP SAW	$379.01	594.1	42	14
2018/05/15	WAREHOUSE PROG MNGR	$376.87	FULL SOURCE LLC	SAFETY GLASSES	$376.87	588	39	104
2018/05/15	WAREHOUSE PROG MNGR	$531.80	HJ ARNETT	FG CABLE SLICER	$531.80	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$274.44	ALMETEK INDUSTRIES	1" TAGS	$274.44	594.1	39	17
2018/05/15	WAREHOUSE PROG MNGR	$15.70	M & M BOLT CO	MISC WASHERS & NUTS	$15.70	163	39	13
2018/05/15	WAREHOUSE PROG MNGR	$113.76	COLUMBIA GRAIN AND FEED	CHAINS	$113.76	598.1	32	39
2018/05/15	WAREHOUSE PROG MNGR	$94.58	WAGNER SMITH EQUIPMENT HI	UNIV BRONZE DISCONNECT	$94.58	593.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$711.01	WW GRAINGER	MATERIAL BOXES FOR WAREHOUSE	$711.01	163	39	17
2018/05/15	WAREHOUSE PROG MNGR	$668.56	NPC*NEW PIG CORP	ENVIRONMENTAL WASTE BAGS	$668.56	598.1	38	38
2018/05/15	WAREHOUSE PROG MNGR	$33.49	WW GRAINGER	SOCKET ADAPTER	$33.49	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$77.15	WW GRAINGER	SOCKET BITS	$77.15	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$53.36	WW GRAINGER	SOCKET BITS	$53.36	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$1,002.08	WAGNER SMITH EQUIPMENT HI	CABLE CUTTER	$1,002.08	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$0.00	WAGNER SMITH EQUIPMENT HI	CLIMBERS & INSERTS	$0.00	593.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$573.99	WW GRAINGER	MISC SMALL TOOLS	$573.99	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$0.00	WW GRAINGER	SPORTS DRINK	$0.00	588	39	104
2018/05/15	WAREHOUSE PROG MNGR	$257.27	THE HOME DEPOT #4739	MISC SMALL REPAIR ITEMS	$257.27	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$117.18	SOL*SNAP-ON INDUSTRIAL	MISC SMALL TOOLS	$117.18	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$119.25	THE HOME DEPOT #4739	LEVEL & FLIP KNIVES	$119.25	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$1,454.24	HJ ARNETT	SUPERSQUEEZE & SKINNING KNIVES	$1,454.24	593.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$0.00	HJ ARNETT	KNIVES WITH PLASTIC HANDLE	$0.00	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$435.62	HJ ARNETT	CAPACITOR DISCHARGE TOOL	$435.62	595	35	14
2018/05/15	WAREHOUSE PROG MNGR	$56.45	HJ ARNETT	CHANCE TOOL DISCONNECT HEAD	$56.45	593.2	32	14
2018/05/15	WAREHOUSE PROG MNGR	$2,066.03	WAGNER SMITH EQUIPMENT HI	MISC SMALL TOOLS	$2,066.03	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$257.38	HERITAGE PROFESSIONAL LAN	DELIVERY TOP SOIL 598.10	$257.38	107.1	32	18
2018/05/15	WAREHOUSE PROG MNGR	$293.17	PLATT ELECTRIC 006	LEATHER TOOL BUCKET	$293.17	592	35	14
2018/05/15	WAREHOUSE PROG MNGR	$42.94	LOWES #00249*	SOD	$42.94	598.1	32	17
2018/05/15	WAREHOUSE PROG MNGR	$43.44	BENNETT RENTALS	SOD CUTTER 598.10	$43.44	107.1	32	17

Payment Date	Department	Payment Amount	Vendor Name	Description	Transaction Amount	GL Account	Dept	Activity
2018/05/15	WAREHOUSE PROG MNGR	$64.37	WW GRAINGER	LEVELS	$64.37	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$452.86	RJM EQUIPMENT SALES	SIGNAL INDUCTION CLAMP	$452.86	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$95.24	FRED-MEYER #0163	BOTTLED WATER	$95.24	921	12	119
2018/05/15	WAREHOUSE PROG MNGR	$0.00	FRED-MEYER #0163	SUN SCREEN	$0.00	588	39	104
2018/05/15	WAREHOUSE PROG MNGR	$290.33	PLATT ELECTRIC 006	TOOL BAG	$290.33	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$76.73	PLATT ELECTRIC 006	PVC 6" ADAPTERS	$76.73	594.1	39	13
2018/05/15	WAREHOUSE PROG MNGR	$43.65	WW GRAINGER	FLAGGING TAPE	$43.65	163	39	17
2018/05/15	WAREHOUSE PROG MNGR	$626.59	ALMETEK INDUSTRIES	#12 TAGHOLDERS	$626.59	594.1	39	17
2018/05/15	WAREHOUSE PROG MNGR	$293.21	MILNE NAIL, POWER TOOL &	BATTERY OPERATED CHAIN SAW	$293.21	593.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$44.09	BLEYHL #31 PASCO	FENCE STAPLES	$44.09	163	39	17
2018/05/15	WAREHOUSE PROG MNGR	$113.60	AMAZON.COM	HARD HAT BANDS	$113.60	588	39	104
2018/05/15	WAREHOUSE PROG MNGR	$257.84	WAGNER SMITH EQUIPMENT HI	MISC SMALL TOOLS	$257.84	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$129.23	THE HOME DEPOT #4739	CORDLESS RECIPROCATING SAW	$129.23	594.1	39	14
2018/05/15	WAREHOUSE PROG MNGR	$54.78	THE HOME DEPOT #4739	30PC DRILL BIT SET	$54.78	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$0.00	THE HOME DEPOT #4739	MISC ITEMS FOR FENCE REPAIR	$0.00	593.1	32	17
2018/05/15	WAREHOUSE PROG MNGR	$34.54	WAGNER SMITH EQUIPMENT HI	SCREWDRIVERS	$34.54	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$216.11	HOMEDEPOT.COM	CORDLESS IMPACT DRIVER	$216.11	594.1	39	14
2018/05/15	WAREHOUSE PROG MNGR	$25.50	STELLAR INDUSTRIAL SUPPLY	HARD HAT LAMPS	$25.50	163	32	14
2018/05/15	WAREHOUSE PROG MNGR	$1,096.71	HJ ARNETT	BASHLIN TAPE SLINGS	$1,096.71	163	39	14
2018/05/15	WAREHOUSE PROG MNGR	$0.00	HJ ARNETT	BASHLIN NYLON INSERTS	$0.00	588	31	104
2018/05/15	WAREHOUSE PROG MNGR	$347.61	WW GRAINGER	HARD HAT SUPPLIES	$347.61	588	39	104
2018/05/15	WAREHOUSE PROG MNGR	$593.65	GILLESPIE GRAPHICS	PROPERTY OF BPUD NAMEPLATES	$593.65	593.2	39	13
2018/05/15	WAREHOUSE PROG MNGR	$160.89	HJ ARNETT	BOLT CUTTERS	$160.89	594.1	32	14
2018/05/15	WAREHOUSE PROG MNGR	$30.00	WA PROFESSIONAL LICENSE	NOTARY RENEWAL LICENSE	$30.00	588	31	72
2018/05/15	WAREHOUSE PROG MNGR	$202.02	WAGNER SMITH EQUIPMENT HI	TOOL BAG AND WORK LIGHTS	$202.02	594.1	32	14
2018/05/15	ADMIN PROGRAM MANAGER	$152.50	LMI NOTARY SERVICE	notary - marshall	$152.50	921	1	72
2018/05/15	ADMIN PROGRAM MANAGER	$40.00	NWPPA	NWPPA - bartram	$40.00	921	1	42
2018/05/15	ADMIN PROGRAM MANAGER	$50.00	TRIDEC TRI CITY DEVELOPME	TRIDEC - bartram	$50.00	921	1	42
2018/05/15	ADMIN PROGRAM MANAGER	$0.00	TRIDEC TRI CITY DEVELOPME	tridec - henderson	$0.00	921	12	42
2018/05/15	ADMIN PROGRAM MANAGER	$1,035.00	TRI CITIES AREA JOURNAL	TC JOB - two ads	$1,035.00	910	12	119
2018/05/15	ADMIN PROGRAM MANAGER	$25.00	TRIDEC TRI CITY DEVELOPME	TRIDEC - Sanders	$25.00	930.2	1	42
2018/05/15	ADMIN PROGRAM MANAGER	$157.66	INFINITE CONFERENCING INC	Portland group - miller	$157.66	921	12	42
2018/05/15	ADMIN PROGRAM MANAGER	($750.00)	NWPPA	NWPPA credit - Bush	($750.00)	930.2	1	42
2018/05/15	HUMAN RESOURCES	$249.00	LOURDES OCC HEALTH	Recruiting-Assessments	$249.00	921	2	44
2018/05/15	HUMAN RESOURCES	$2,495.30	HEALTH ENHANCEMENT SYSTEM	Local Wellness Activity/Event	$2,495.30	921	2	104
2018/05/15	HUMAN RESOURCES	$242.40	LINKEDIN-304*8055686	Recruiting-Advertising	$242.40	921	2	44
2018/05/15	HUMAN RESOURCES	$65.14	LOWES #00249*	Misc. Supplies & Expenses	$65.14	921	2	33
2018/05/15	HUMAN RESOURCES	($65.14)	LOWES #00249*	Misc. Supplies & Expenses	($65.14)	921	2	33
2018/05/15	HUMAN RESOURCES	$2,693.28	MILLIMAN COMPENSATION	Salary Survey - Milliman	$2,693.28	921	2	45
2018/05/15	HUMAN RESOURCES	$1,000.00	NWPPA	Business Expense & Travel	$1,000.00	921	2	42
2018/05/15	HUMAN RESOURCES	$593.64	TRI-CITY HERALD ADVERT	Recruiting-Advertising	$593.64	921	2	44
2018/05/15	HUMAN RESOURCES	$565.00	YOURMEMBER-CAREERS	Recruiting-Advertising	$565.00	921	2	44
2018/05/15	HUMAN RESOURCES	$725.12	THE SPOKESMAN REVIEW	Recruiting-Advertising	$725.12	921	2	44
2018/05/15	HUMAN RESOURCES	$31.60	LINKEDIN-307*5674806	Recruiting-Advertising	$31.60	921	2	44
2018/05/15	HUMAN RESOURCES	$115.00	NWPPA	Recruiting-Advertising	$115.00	921	2	44
2018/05/15	HUMAN RESOURCES	$650.52	TRI-CITY HERALD ADVERT	Recruiting-Advertising	$650.52	921	2	44
2018/05/15	HUMAN RESOURCES	$441.04	THE SPOKESMAN REVIEW	Recruiting-Advertising	$441.04	921	2	44
2018/05/15	HUMAN RESOURCES	$25.00	CBSHRM	Business Expense & Travel	$25.00	921	2	42
2018/05/15	HUMAN RESOURCES	$25.00	CBSHRM	Business Expense & Travel	$25.00	921	2	42
2018/05/15	TRANSFORMER SHOP	$472.63	WW GRAINGER	COVER ALLS FOR SPRAYING	$472.63	595	35	17
2018/05/15	TRANSFORMER SHOP	$90.70	WW GRAINGER	RUBBER GLOVES FOR SPRAYING	$90.70	595	35	17
2018/05/15	TRANSFORMER SHOP	$66.02	THE HOME DEPOT #4739	TOOLS FOR TRUCK 78	$66.02	595	35	14
2018/05/15	TRANSFORMER SHOP	$650.47	PLATT ELECTRIC 006	ELEC. PARTS FOR SHOP	$650.47	595	35	17
2018/05/15	TRANSFORMER SHOP	$173.74	KENNEWICK RANCH & HOME	FR PANTS FOR BRANDON	$173.74	595	35	17
2018/05/15	TRANSFORMER SHOP	$52.11	CLEARWATER NAPA	clamps for grounds	$52.11	595	35	17
2018/05/15	TRANSFORMER SHOP	$38.84	CLIFFS SEPTIC	toilet cleaning	$38.84	595	35	17
2018/05/15	OPS SUPERINTENDENT	$530.86	INT CONCRETE & ASPHALT	Gravel For Metaline Job	$530.86	107.1	32	18

BENTON P.U.D

- [ ] *Business Agenda*
- [ ] *Second Reading*
- [x] *Consent Agenda*
- [ ] *Info Only/Possible Action*
- [ ] *Info Only*

COMMISSION MEETING AGENDA ITEM

Subject:	Resolution No. 2455, Authorizing a Safety Incentive Program	
Agenda Item No:	3d	
Meeting Date:	June 26, 2018	
Presented by:	Melina Wenner MW	*Staff Presenting Item*
Approved by (dept):	Chad B. Bartram	*Director/Manager*
Approved for Commission review:	Chad B. Bartram	*General Manager/Asst GM*

Motion for Commission Consideration:
Motion to adopt Resolution No. 2455, Authorizing a Safety Incentive Program.

Recommendation/Background
On September 9, 2014, the Commission adopted Resolution 2290, Supporting an Environment and Culture of Safety. The Resolution directed the General Manager to maintain a comprehensive safety program which promotes a healthful and safe work environment.

The District learned within the last year that the Occupational Safety and Health Administration (OSHA) prohibits safety incentive programs based solely on lagging indicators that have the potential to cause non-reporting of injuries and can lead to OSHA citations. The District had in the past year a safety incentive program based on no lost-time awards, which was discontinued effective November 2017.

OSHA does not prohibit safety incentive programs that target leading indicators. The District is committed to focusing on leading indicators and proactive approaches to reduce incidents and injuries and a safety culture that actively involves and empowers all employees.

Management recommends recognizing and rewarding employees for safe work contributions to reinforce that we are more successful when everyone does their part to promote and support a safe workplace.

The attached resolution authorizes the General Manager to develop and implement a safety incentive program and issue safety awards based on leading indicators.

Summary
Recommend the Commission adopt Resolution No. 2455, Authorizing a Safety Incentive Program, effective June 26, 2018.

Fiscal Impact
No fiscal impact. All changes are within the budget.

Resolution No. 2455

June 26, 2018

A RESOLUTION AUTHORIZING A SAFETY INCENTIVE PROGRAM

WHEREAS, Resolution No. 2290 directed the General Manager to maintain a comprehensive safety program in order to promote a healthful and safe work environment; AND,

WHEREAS, The District is committed to a safety culture that actively involves and empowers all employees; AND,

WHEREAS, The District promotes safety not only as a shared responsibility but as a core value within each individual to help identify and resolve safety issues and concerns; AND,

WHEREAS, the District was apprised within the last year that the Occupational Safety and Health Administration (OSHA) prohibits incentive programs based solely on lagging indicators (lost-time injuries) and violations can lead to OSHA citations; AND,

WHEREAS, the District in the past year had a safety incentive program based on lagging indicators, which was discontinued effective November 2017; AND

WHEREAS, OSHA does not prohibit safety incentive programs that target leading indicators; AND,

WHEREAS, Individual and group participation is vital to the success of the District's safety culture and program; AND,

WHEREAS, The District strives to focus on leading indicators and proactive approaches to reduce incidents and injuries; AND,

WHEREAS, The District desires to reward employees for safe work contributions in four areas (Learn, Serve, Help and Teach) to reinforce that we are more successful when everyone does their part to contribute to a safe workplace.

NOW THEREFORE BE IT RESOLVED That the General Manager is hereby authorized to develop and implement a safety incentive program based on employee participation and point earnings to promote and reinforce employee individual and group contributions to a safe workplace.

BE IT FURTHER RESOLVED That the General Manager is authorized to issue safety awards based on employee individual and group participation and performance expectations criteria not to exceed two hundred fifty dollars ($250) in value per qualified employee, annually.

BE IT FURTHER RESOLVED That the General Manager is authorized to issue on an annual basis an additional safety award not to exceed one hundred dollars ($100) in value to one person randomly selected from a list of individuals who have exceeded the highest point value in recognition of their efforts to engage in additional safety actions and contributions representing substantial engagement in the District's safety program.

ADOPTED by the Commission of Public Utility District No. 1 of Benton County, Washington, at an open public meeting this 26th day of June, 2018.

_____
Barry A. Bush, President

Attest:

_____
Lori Kays-Sanders, Secretary

BENTON P·U·D

☐	*Business Agenda*
☐	*Second Reading*
✓	*Consent Agenda*
☐	*Info Only/Possible Action*
☐	*Info Only*

COMMISSION MEETING AGENDA ITEM

Subject:	Resolution No. 2456 Amending the Large Industrial Retail Electric Rate Schedule 34	
Agenda Item No:	3e	
Meeting Date:	June 26, 2018	
Presented by:	Kevin White KW	*Staff Presenting Item*
Approved by (dept):	Jon Meyer	*Director/Manager*
Approved for Commission review:	Chad Bartram CBB	*General Manager/Asst GM*

Motion for Commission Consideration

Motion to adopt Resolution No. 2456 Amending the Large Industrial Retail Electric Rate Schedule 34.

Background

Staff recently reviewed the Large Industrial rate schedule and determined amendments were required to provide more specific criteria for qualifying for the Large Industrial rate. Staff reviewed the recommended changes and additions with the Commission at the June 12, 2018 meeting.

Summary

Resolution No. 2456 amends the Large Industrial Retail Electric Rate Schedule 34.

Fiscal Impact

None

RESOLUTION NO. 2456

June 26, 2018

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF BENTON COUNTY AMENDING THE LARGE INDUSTRIAL RETAIL ELECTRIC RATE SCHEDULE 34

WHEREAS, District staff reviewed the Large Industrial rate schedule and determined amendments were required to provide more specific criteria for qualifying for the Large Industrial rate; AND

WHEREAS, District staff reviewed the draft Large Industrial rate schedule with the Commission at the June 12, 2018 meeting;

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Benton County that the attached amended Large Industrial Retail Electric Rate Schedule 34 be approved effective June 26, 2018.

FURTHER BE IT RESOLVED That the adopted Large Industrial Retail Electric Rate Schedule 34 rates will be applied to a qualifying customer's account for their first full billing cycle beginning on or after June 26, 2018.

FURTHER BE IT RESOLVED That this Resolution supersedes Resolution No. 2420 effective October 1, 2017 pertaining to the same rate schedules and replaces all other Resolutions pertaining to the same rate schedule herein.

APPROVED AND ADOPTED By the Commission of Public Utility District No. 1 of Benton County at an open meeting, with notice of such meeting being given as required by law, this 26th day of June, 2018.

_____
Barry A. Bush, President

ATTEST:

_____
Lori Kays-Sanders, Secretary

SCHEDULE 34
LARGE INDUSTRIAL

AVAILABLE: In all territory served by the District.

APPLICABLE: To existing or new large industrial loads greater than 3,500 kW demand and no more than 10,000 kW demand. In order to qualify for this rate schedule a customer must submit prior to initiation of service a District approved electrical capacity and energy consumption plan which shows the customer will be eligible for this rate within the first three months of service. If such a plan is submitted showing that a customer will meet the eligibility for this rate, then regardless of actual consumption, the customer will be billed using this rate schedule. After the first three months, the customer will be billed each month using the current billed month demand as the criteria to determine the appropriate rate schedule. A customer that has established eligibility for this rate class for a previous twelve month time period may remain on this rate schedule up to six months without needing to meet the criteria solely at the District's discretion. This rate schedule may apply to Electricity Intensive Loads (EILs – See Customer Service Policies) but is subject to limitations based on the District's assessment of available distribution system capacity.

CHARACTER OF SERVICE: Sixty hertz alternating current of such phase and voltage as the District may have available.

RATE:

Daily System Charge:

$7.54 per day

Monthly Energy Charge:

$0.0384 per kWh

Monthly Demand Charge:

$8.53 per kilowatt billing demand per billing period

MINIMUM MONTHLY BILL: Shall be the daily system charge before any applicable adjustments.

BILLING DEMAND: The billing demand shall be the measured demand for the month, and will adjusted for power factor if the average power factor is less than 95%.

DELIVERY POINT: For purposes of meeting the criteria for this rate schedule, the aggregated load of a customer's entire industrial campus or property will be used to determine eligibility. All separately metered services located in the industrial property will be billed separately using this rate schedule. Customer loads at multiple campuses or properties may not be aggregated for purposes of qualifying for this rate schedule.

DETERMINATION OF DEMAND: Demand measurement shall be made by suitable instruments at the point of delivery. Demand for any month shall be defined as the average kilowatt delivery during the one-hour period in which the consumption of energy is the greatest during the month for which

determination is made.

POWER FACTOR ADJUSTMENT:

If the average power factor at which power is delivered to the customer during the billing period is 95% or more, no adjustment will be made in the registered kilowatt demand.

If the average power factor is less than 95%, then the registered kilowatt demand (KW) shall be adjusted. This adjustment will consist of:

1. Calculate the average power factor using the formula below
2. Subtract the average power factor from 95%
3. Multiply the average power factor difference by the registered KW, rounded up to nearest whole number
4. Multiply the product by the Monthly Demand Charge rate to determine the Power Factor Adjustment.

The average power factor will be determined by measurement of kilowatt-hours and reactive kilovolt-ampere-hours during the Billing Period using the following formula:

$$pf = \frac{kWh}{\sqrt{(kWh)^2+(kvarh)^2}}$$

Where pf = Average Power Factor
Where kWh = Kilowatt-Hours
Where kvarh = Reactive-Kilovolt-Ampere Hours

The meter measuring reactive volt-ampere-hours shall be ratcheted to prevent reverse rotation when the power factor of the load is leading.

GENERAL TERMS AND CONDITIONS: Service under this classification is subject to the Customer Service Policies of the District or as specified in a special power sales contract. The District may require a contribution from the Customer for the Customer's requested special facilities investment.

SCHEDULE 34
LARGE INDUSTRIAL

AVAILABLE: In all territory served by the District.

APPLICABLE: To existing or new large industrial loads greater than 3,500 kW demand and no more than 10,000 kW demand. In order to qualify for this rate schedule a customer must submit prior to initiation of service a District approved electrical capacity and energy consumption plan which shows the customer will be eligible for this rate within the first three months of service. If such a plan is submitted showing that a customer will meet the eligibility for this rate, then regardless of actual consumption, the customer will be billed using this rate schedule. After the first three months, the customer will be billed each month using the current billed month demand as the criteria to determine the appropriate rate schedule. A customer that has established eligibility for this rate class for a previous twelve month time period may remain on this rate schedule up to six months without needing to meet the criteria solely at the District's discretion. This rate schedule may apply to Electricity Intensive Loads (EILs – See Customer Service Policies) but is subject to limitations based on the District's assessment of available distribution system capacity.

CHARACTER OF SERVICE: Sixty hertz alternating current of such phase and voltage as the District may have available.

RATE:

Daily System Charge:

$7.54 per day

Monthly Energy Charge:

$0.0384 per kWh

Monthly Demand Charge:

$8.53 per kilowatt billing demand per billing period

MINIMUM MONTHLY BILL: Shall be the daily system charge before any applicable adjustments.

BILLING DEMAND: The billing demand shall be the measured demand for the month, and will adjusted for power factor if the average power factor is less than 95%.

DELIVERY POINT: For purposes of meeting the criteria for this rate schedule, the aggregated load of a customer's entire industrial campus or property will be used to determine eligibility. All separately metered services located in the industrial property will be billed separately using this rate schedule. Customer loads at multiple campuses or properties may not be aggregated for purposes of qualifying for this rate schedule. ~~The above rates are based upon the supply of service to the entire premises through a single delivery and metering point. Separate supply for the same customer at other points of consumption shall be separately metered and billed. Services located at the same industrial property as the service qualifying for the large industrial rate will also be billed using the above rates.~~

DETERMINATION OF DEMAND: Demand measurement shall be made by suitable instruments at the point of delivery. Demand for any month shall be defined as the average kilowatt delivery during the one-hour period in which the consumption of energy is the greatest during the month for which determination is made.

POWER FACTOR ADJUSTMENT:

If the average power factor at which power is delivered to the customer during the billing period is 95% or more, no adjustment will be made in the registered kilowatt demand.

If the average power factor is less than 95%, then the registered kilowatt demand (KW) shall be adjusted. This adjustment will consist of:

1. Calculate the average power factor using the formula below
2. Subtract the average power factor from 95%
3. Multiply the average power factor difference by the registered KW, rounded up to nearest whole number
4. Multiply the product by the Monthly Demand Charge rate to determine the Power Factor Adjustment.

The average power factor will be determined by measurement of kilowatt-hours and reactive kilovolt-ampere-hours during the Billing Period using the following formula:

$$pf = \frac{kWh}{\sqrt{(kWh)^2+(kvarh)^2}}$$

Where pf = Average Power Factor
Where kWh = Kilowatt-Hours
Where kvarh = Reactive-Kilovolt-Ampere Hours

The meter measuring reactive volt-ampere-hours shall be ratcheted to prevent reverse rotation when the power factor of the load is leading.

GENERAL TERMS AND CONDITIONS: Service under this classification is subject to the Customer Service Policies of the District or as specified in a special power sales contract. The District may require a contribution from the Customer for the Customer's requested special facilities investment.

BENTON P.U.D

	Business Agenda
	Second Reading
✓	*Consent Agenda*
	Info Only/Possible Action
	Info Only

COMMISSION MEETING AGENDA ITEM

Subject:	Resolution No. 2457 Amending the Street Lighting Retail Electric Rate Schedule 51	
Agenda Item No:	3f	
Meeting Date:	June 26, 2018	
Presented by:	Kevin White KW	*Staff Presenting Item*
Approved by (dept):	Jon Meyer	*Director/Manager*
Approved for Commission review:	Chad Bartram CBB	*General Manager/Asst GM*

Motion for Commission Consideration

Motion to adopt Resolution No. 2457 Amending the Street Lighting Retail Electric Rate Schedule 51.

Background

Recently, a major customer in the Street Lighting customer class has changed their street light standards to light-emitting diode (LED) technology. The existing Street Lighting rate schedule did not have rates associated with specific lights and wattages they will be installing. District staff has developed new rates to accommodate the new lights. The draft rate schedule was reviewed with the Commission at the June 12, 2018 meeting.

Summary

Resolution No. 2457 amends the Street Lighting Retail Electric Rate Schedule 51.

Fiscal Impact

None

RESOLUTION NO. 2457

June 26, 2018

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF BENTON COUNTY AMENDING THE STREET LIGHTING RETAIL ELECTRIC RATE SCHEDULE 51

WHEREAS, from time-to-time, Street Lighting customers will adopt new technology for street light standards, such as light-emitting diode (LED); AND

WHEREAS, recently, District staff learned that a major customer within the Street Lighting class has changed their street light standards to the LED technology and will begin installing three different wattages of LED lights based on the location of the street lights; AND

WHEREAS, District staff has developed new rates to accommodate billing for future installations of the new street lights; AND

WHEREAS, District staff reviewed the draft Street Lighting rate schedule with the Commission at the June 12, 2018 meeting;

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 1 of Benton County that the attached amended Street Lighting Retail Electric Rate Schedule 51 be approved effective June 26, 2018.

FURTHER BE IT RESOLVED That the adopted Street Lighting Retail Electric Rate Schedule 51 rates will be applied to a qualifying customer's account for their first full billing cycle beginning on or after June 26, 2018.

FURTHER BE IT RESOLVED That this Resolution supersedes Resolution No. 2420 effective October 1, 2017 pertaining to the same rate schedules and replaces all other Resolutions pertaining to the same rate schedule herein.

APPROVED AND ADOPTED By the Commission of Public Utility District No. 1 of Benton County at an open meeting, with notice of such meeting being given as required by law, this 26th day of June, 2018.

_____
Barry A. Bush, President

ATTEST:

_____
Lori Kays-Sanders, Secretary

SCHEDULE 51
STREET LIGHTING

AVAILABLE: In all territory served by the District.

APPLICABLE: To governmental agencies and municipal corporations upon receipt of an authorized application for the supply of lighting facilities or energy and maintenance of lighting systems for public streets, alleys, thoroughfares, grounds and parks.

TYPES OF LIGHTING: Lighting systems installed and owned by the District shall consist of mast arms and luminaries mounted on poles. Customer-owned systems will be supplied at voltages specified by the District.

MONTHLY RATES:

	District-Owned Facilities		Customer-Owned Facilities	
Type and Size of Lamp	Metered	Unmetered	Metered (See Small General Service Rates)	Unmetered
50w. Ind. / LED				$2.02
135w. Ind. / LED				$3.37
200w. Ind. / LED				$4.46
42w. LED	$2.14	$3.99		$1.86
53w. LED	$2.14	$4.48		$2.34
54w. LED				$2.38
101w. LED	$2.14	$5.50		$3.36
110w. LED				$3.39
139w. LED	$2.14	$5.57		$3.43
180w. LED				$4.43
220w. LED				$5.08
260w. LED				$5.72
100w.H.P.S.	$5.92	$7.51		$4.20
150w.H.P.S.		$8.35		$5.01
200w.H.P.S.	$5.94	$9.40		$6.07
250w.H.P.S.	$5.96	$10.34		$7.02
400w.H.P.S.	$5.97	$12.62		$9.30
*175w.Mer.Vap.	$5.62	$8.49		$5.18
*250w.Mer.Vap.	$5.83	$10.22		$6.91

The rate for District-owned systems includes routine maintenance and replacement of light emitting diode (LED), high pressure sodium (HPS), and Mercury Vapor lamps, photocells and luminaries. The monthly rate for Customer-owned Induction (IND) and LED type lighting does not include routine maintenance and replacement. Routine maintenance and replacement of these lights is the customers' responsibility. The rate does not cover unusual damage or failure of the system requiring major component replacements. Maintenance of the system will be performed during normal District working hours. It is the customer's responsibility to provide ingress/egress easements for the District to perform any necessary repairs. Customer will provide trench and backfill for installation or replacement of underground conditions. The cost of additional District-owned poles (wood or metal) including installation is to be collected by the District at the time of construction.

GENERAL TERMS AND CONDITIONS: Service under this classification is subject to the Customer Service Policies of the District.

* No longer available after March 1, 1982.

SCHEDULE 51
STREET LIGHTING

AVAILABLE: In all territory served by the District.

APPLICABLE: To governmental agencies and municipal corporations upon receipt of an authorized application for the supply of lighting facilities or energy and maintenance of lighting systems for public streets, alleys, thoroughfares, grounds and parks.

TYPES OF LIGHTING: Lighting systems installed and owned by the District shall consist of mast arms and luminaries mounted on poles. Customer-owned systems will be supplied at voltages specified by the District.

MONTHLY RATES:

	District-Owned Facilities		Customer-Owned Facilities	
Type and Size of Lamp	Metered	Unmetered	Metered (See Small General Service Rates)	Unmetered
50w. Ind. / LED				$2.02
135w. Ind. / LED				$3.37
200w. Ind. / LED				$4.46
42w. LED	$2.14	$3.99		$1.86
53w. LED	$2.14	$4.48		$2.34
54w. LED				$2.38
101w. LED	$2.14	$5.50		$3.36
110w. LED				$3.39
139w. LED	$2.14	$5.57		$3.43
180w. LED				$4.43
220w. LED				$5.08
260w. LED				$5.72
100w.H.P.S.	$5.92	$7.51		$4.20
150w.H.P.S.		$8.35		$5.01
200w.H.P.S.	$5.94	$9.40		$6.07
250w.H.P.S.	$5.96	$10.34		$7.02
400w.H.P.S.	$5.97	$12.62		$9.30
*175w.Mer.Vap.	$5.62	$8.49		$5.18
*250w.Mer.Vap.	$5.83	$10.22		$6.91

The rate for District-owned systems includes routine maintenance and replacement of light emitting diode (LED), high pressure sodium (HPS), and Mercury Vapor lamps, photocells and luminaries. The monthly rate for Customer-owned Induction (IND) and LED type lighting does not include routine maintenance and replacement. Routine maintenance and replacement of ~~Induction lighting~~these lights is the customers' responsibility. The rate does not cover unusual damage or failure of the system requiring major component replacements. Maintenance of the system will be performed during normal District working hours. It is the customer's responsibility to provide ingress/egress easements for the District to perform any necessary repairs. Customer will provide trench and backfill for installation or replacement of underground conditions. The cost of additional District-owned poles (wood or metal) including installation is to be collected by the District at the time of construction.

GENERAL TERMS AND CONDITIONS: Service under this classification is subject to the Customer Service Policies of the District.

* No longer available after March 1, 1982.

BENTON P·U·D

☐	*Business Agenda*
☐	*Second Reading*
✓	*Consent Agenda*
☐	*Info Only/Possible Action*
☐	*Info Only*

COMMISSION MEETING AGENDA ITEM

Subject:	Resolution No. 2458 Amending Rate Strategy of the District	
Agenda Item No:	3g	
Meeting Date:	June 26, 2018	
Presented by:	Kevin White KW	*Staff Presenting Item*
Approved by (dept):	Jon Meyer JM	*Director/Manager*
Approved for Commission review:	Chad Bartram CB	*General Manager/Asst GM*

Motion for Commission Consideration

Motion to adopt Resolution No. 2458 Amending Rate Strategy of the District.

Background

During 2013 and 2014, District staff conducted a comprehensive retail rate design process that concluded with a District Rate Strategy adopted by the Commission on May 27, 2014. As part of the development of the District's Rate Strategy, District staff consulted with NewGen Strategies and Solutions, LLC to help facilitate Stakeholder Panel meetings to gather targeted customer feedback on key rate strategy elements to be incorporated into the Rate Strategy. This process provided valuable input to the Commission from a diverse set of customers to help develop a longer-term view of the District's Rate Strategy for rate design.

In May 2017, District staff initiated discussion with the Commission about establishing a cost of service analysis (COSA) boundary target and utilizing the concept of gradualism to provide a longer-term approach for moving each rate class within the targeted range. District staff provided a COSA boundary target recommendation to the Commission in March 2018 and had further discussion on potential impacts to specific rate classes in April, May and June 2018.

District staff has incorporated the recommended COSA boundary target previously discussed with the Commission and other minor revisions to better align the Rate Strategy with the District's current Strategic Plan and provide more clarity where needed.

Summary

Resolution No. 2458 amends the Rate Strategy of the District.

Fiscal Impact

None

RESOLUTION NO. 2458

June 26, 2018

A RESOLUTION OF THE COMMISSION OF PUBLIC UTILITY DISTRICT NO. 1 OF BENTON COUNTY AMENDING RATE STRATEGY OF THE DISTRICT

WHEREAS, Public Utility District No. 1 of Benton County (the "District") recognizes the importance of a formal retail Rate Strategy in providing principles for developing rates for current and future years; AND

WHEREAS, The District developed and followed informal principles and guidelines for establishing retail rates between August 2006 and May 2014; AND

WHEREAS, Significant changes within the electric utility industry made it prudent and necessary to develop a comprehensive retail Rate Strategy that aligns the District's values with those of its customers and communities; AND

WHEREAS, District staff developed a Rate Strategy that incorporated the views of customers as well as industry best practices as recommended by an independent rate consultant; AND

WHEREAS, The retail Rate Strategy was intended to support the District's operational and financial objectives, and provide overarching guidance for a rate design that would fairly and equitably collect revenue to cover the District's costs; AND

WHEREAS, The District must comply with state and federal laws and regulations, Commission adopted policies, and financial covenants made to bondholders that can influence rates; AND

WHEREAS, Rates should be developed to ensure long-term financial stability and integrity through an adequate and sustainable revenue stream; AND

WHEREAS, Rates should be fair and equitable by rate class through the allocation of costs in the cost of service analysis (COSA) process; AND

WHEREAS, The District will comply with energy efficiency and renewable energy requirements while supporting customer choice, distributed renewable energy, and conservation options; AND

WHEREAS, The District will continue to maintain a high level of system reliability and service at competitive rates and utilize gradualism when faced with significant rate or customer related changes; AND

WHEREAS, It is important to continue offering discounts to low-income senior and low income disabled customers and evaluate customer bill impacts when changing rates and/or rate structures; AND

WHEREAS, Stakeholder engagement is valuable to foster communication, support transparency, educate, develop ideas, and encourage input and feedback; AND

WHEREAS, The District should support the community by accommodating growth in the District's service area and at the same time minimize impacts to existing rate payers; AND

WHEREAS, The Stakeholder Panel utilized in the initial development of the Rate Strategy was part of a longer-term view and will be reconvened as determined by the Commission; AND

WHEREAS, District staff provided recommendations to the Commission on establishing COSA boundary targets to gradually move each rate class's projected revenue within 90% and 110% of the rate class's revenue requirement over a ten (10) year period; AND

WHEREAS, The main purpose for amending the District's Rate Strategy is to incorporate the recommended COSA boundary targets within the Equity and Fairness section of the Rate Strategy; AND

WHEREAS, Other minor revisions were also made to better align with the District's current Strategic Plan and provide more clarity where needed;

NOW, THEREFORE, BE IT RESOLVED By the Commission of Public Utility District No. 1 of Benton County that the attached amended Rate Strategy of the District be adopted for purposes of planning and developing rates.

FURTHER BE IT RESOLVED That this Resolution supersedes Resolution No. 2276 effective June 26, 2018.

ADOPTED By the Commission of Public Utility District No. 1 of Benton County at a regular open public meeting this 26th day of June 2018.

_____

Barry A. Bush, President

ATTEST:

_____

Lori Kays-Sanders, Secretary

Rate Strategy

June 26, 2018

BENTON P·U·D

Prepared in consultation with:

NewGen Strategies & Solutions

Table of Contents

Benton PUD Rate Strategy **1**
Introduction and Purpose 1
Alignment with Benton PUD Strategic Plan and Direction 2
Rate Strategy 3
Comply with Commission Policy and Regulations 3
Financial Stability 4
Equity and Fairness 4
Comply with Conservation and Renewable Energy Requirements While Offering Customer Choice 5
Accomplish Change through Gradualism and Maintain High Value Services 6
Consideration for Low or Fixed Income Customers 7
Engage Stakeholders and Communication 8
Accommodating Growth 8
Summary of Rate Strategy Key Points ..... Attachment A

BENTON PUD RATE STRATEGY

Introduction and Purpose

Benton PUD is a publicly owned electric distribution utility and wholesale broadband service provider that is governed by an elected three member Board of Commissioners. Electric distribution services are provided to approximately 53,000 retail customers in Kennewick, Prosser, Benton City, and others in Benton County. Benton PUD's primary power supplier is Bonneville Power Administration (BPA), in addition to several other purchase power agreements. The majority of its purchased power contracts rely on hydroelectric generation. Other purchased power resources include nuclear, natural gas, wind, and open market purchases. The electric system is comprised of 98 miles of transmission lines, 1,688 miles of distribution lines (53 percent underground) and 37 substations with 20 of these substations on the Columbia River serving large farms. The utility has a mix of residential, commercial, industrial, and agricultural customers within a 939 square mile service territory.

While Benton PUD has a long history of providing competitive, reliable power to its customers, the utility, similar to others across the country, is facing significant changes and challenges. The electric industry and market is changing like no other time in the past 50 years. Technological advancements such as advanced metering, heightened customer interest in renewable energy, energy efficiency, sustainability, and other environmental concerns are driving significant change in the operation of the power grid, utility systems, and customer expectations. These changes result in increasing the cost of power supply and distribution operating and capital costs while lowering overall power sales per customer.

As the business environment is becoming increasingly complex and uncertain, utilities must identify and successfully manage their business risk through a variety of strategies that encompass power supply, conservation, renewables, energy efficiency and demand response options, while continuing to be our customers' Trusted Energy Partner. To be successful, Benton PUD must send a consistent message to customers aligning the values of the community and utility to the corresponding customer incentives. Rate design is the most important customer incentive or pricing signal given to Benton PUD customers. To successfully support utility strategies over the long-term, pricing signals must align with desired changes in customer behavior and utility financial objectives.

The purpose of this document is to describe Benton PUD's financial objectives and rate design strategies to successfully achieve the utility's long range goals and objectives.

Together, Benton PUD's rate design strategies and financial objectives are known as the Rate Strategy. Due to the increasingly complicated and changing business environment, having a clear Rate Strategy, which is integrated with a robust stakeholder engagement process, is becoming a best practice for high performing utilities. The development of the initial Rate Strategy was facilitated by NewGen Strategies and Solutions (NewGen) and included internal and external stakeholder engagement.

In 2013, an internal Benton PUD team was created with representatives across the organization including finance, power management/rates, communications/marketing, customer service, and engineering. This allowed for collaborative communication of ideas

and issues affecting each area of the organization. External stakeholder engagement included the development of a Stakeholder Panel for targeted customer feedback in addition to public meetings to provide all customers an opportunity for input to provide community and customer insight and feedback. The Stakeholder Panel focused on gathering input from an assortment of community representatives. Participants included residential, agricultural, large commercial, local school district, and homeowners' association representatives. The benefits of the Stakeholder Panel included providing valuable input and feedback, fostering open dialogue, providing a forum to test decisions, and creating a common understanding about the issues and business environment the utility is facing. Additionally, the Stakeholder Panel can help create advocates in the community and gain endorsement of recommendations presented to the broader public. This process also allowed the Rate Strategy recommendations to be vetted prior to presentation and review by the Board of Commissioners.

Stakeholder Panel Participants

- Local Chamber of Commerce/ Small Business Association
- School District(s)
- Large Commercial/Industrial Accounts – Key Accounts
- Agricultural Representatives
- Low/Fixed Income or Subsidized Housing Organizations
- Residential Representatives
- Housing/Commercial Developers
- Local Government
- Other Non-Government Organizations

Alignment with Benton PUD Strategic Plan and Direction

Benton PUD's financial strategy, service offerings, and rate structure must complement the existing strategic direction. Rate structures that do not align with strategic objectives can adversely impact initiatives taken by the utility to achieve those objectives and ultimately harm the overall financial stability of the utility. Additionally, misalignment between rates and strategic direction may send contradictory or confusing price signals to customers or negate incentives provided to support energy efficiency and conservation or other emerging technologies the utility supports. The lack of consistency with strategic direction would erode trust by both internal and external stakeholders.

For these reasons, the Rate Strategy is aligned with and supports the broader Benton PUD strategy and vision. Benton PUD's Strategic Plan outlines the utility's overall strategy and vision by defining the guiding principles for the utility to ensure it is well positioned for the future. These principles include customer value, reliability and resiliency, stewardship, safety and skilled workforce as follows:

- **Value** includes providing cost effective, efficient, and quality service.
- **Reliability and Resiliency** includes providing products and services that are essential to the quality of life.
- **Stewardship** involves maintaining the public's trust with the responsibility of overseeing and protecting the utility's assets, care for the environment, and regulatory and legislative compliance.

- **Safety** includes cultivating an enriched safety culture which actively involves all employees in identifying issues that could impact workplace and public safety, and empowers them to take actions to prevent and correct safety deficiencies.
- **Skilled Workforce** includes recruiting, developing, motivating, and retaining a highly skilled, resilient, and diverse workforce and foster a healthy, safe, well-equipped and productive work environment for our employees, their families, and the public.

The Rate Strategy utilizes financial strategy and rate design best practices that advances Benton PUD toward fulfilling its obligations to the economic aspect of these strategic principles. In addition to the Strategic Plan, Benton PUD is focused on being proactive with customers and within the market. The utility wants to be prepared as the business model is changing.

For instance, Benton PUD wants to be cognizant of changes and trends in the industry and to be positioned to take advantage of opportunities for its customers. This includes being a "fast follower" to adopt and leverage prudent and proven new technologies. Being proactive and a fast follower does not include becoming the first adopters of new technology. However, Benton PUD would like to remain innovative and at the forefront of proven technologies. The Rate Strategy was developed to assist and support Benton PUD in pursuit of these strategic principles and objectives.

Rate Strategy

In order to guide the long-term development of financial strategy and rates, Benton PUD is adopting central principles that are intended to stand the test of time, help Benton PUD navigate the ever-changing electric market, and align rate making with community values and desires. Finally, while the Rate Strategy acts to guide current and future rate and cost of service analysis (COSA) related decisions, the final approval and direction for rate changes remains with the Board of Commissioners. Each of the central principles of the Rate Strategy are discussed below.

Comply with Commission Policy and Regulations

Benton PUD must comply with state and federal laws and regulations, policies adopted by its Commission and financial covenants made to bondholders. These policies and laws include:

- Policies adopted by the Board of Commissioners

- Washington State Laws (e.g., Energy Independence Act (EIA) Conservation and Renewable Portfolio Standards)

In addition, Benton must meet the requirements set forth in any outstanding bond covenants related to reserve funding level and debt service coverage.

Financial Stability

The development of rates that ensure long-term fiscal integrity via an adequate and sustainable revenue stream is important to the future of Benton PUD. Dynamic market changes and customer usage patterns directly impact the ability to satisfy this principle and necessitate state of the art approaches. Without financial stability, Benton PUD could face severe financial consequences, including the inability to execute its fundamental business objectives.

The Rate Strategy incorporates the following items to align with these principles:

- Use of utility's financial policies as the foundation for the financial planning and rate update process. These policy targets are based on staff's recommendation of maintaining an A+ bond rating which is the median rating of public power distribution utilities. The following are key financial metrics included in the financial policies:
  - Debt Service Coverage Ratios
  - Fixed Charge Coverage Ratio
  - Debt to Capitalization Ratio
  - Minimum Cash Reserves
- Financial Planning – the utility will prepare annually a multi-year financial plan that communicates to the Commission and stakeholders the current and projected financial condition of the utility.
- An evaluation of implementing a power cost adjustment (PCA) charge could be conducted in the future if market conditions change significantly; however, with low power market prices and Benton PUD being long on resources, an evaluation is not necessary at this time. The unbundled COSA framework and model will provide information and flexibility needed to develop a PCA if or when needed in the future.
- Continue using the cash basis for developing the revenue requirements and COSA, as it is a standard approach and industry practice for public utilities.
- Support transparency by periodically communicating financial performance and metrics to the Board of Commissioners and stakeholders including the use and application of reserves to manage rate changes and support gradualism.

Equity and Fairness

While the concept of fairness is subject to interpretation, a COSA provides the basis for developing fair and equitable rates among different customer types. At the same time, selectively deviating from the strict COSA results may be necessary to support the strategic objectives of the utility and values and needs of the community. When deviating from the

strict COSA results, the concept of fairness should be applied to determine how best to distribute those costs among customers, such as the case with accommodations for low income and other disadvantaged groups while balancing the principle of minimizing inter/intra-class subsidization. The Rate Strategy incorporates the following items to align with these principles:

- Gradually aligning rates with COSA results, including aligning fixed and variable costs with fixed and variable components of the rates. The unbundled COSA will provide Benton PUD flexibility, accuracy, and transparency in allocating costs and developing rates.
- Gradualism equates to a commitment to changing rates in smaller increments over time rather than larger, one-time adjustments. This concept reduces volatility in rates and the potential for rate shock by smoothing rate changes over multiple periods.
- Decrease and eliminate inter-class subsidization where material or deemed significant and keep transparency in instances where this occurs or where guided by community values (e.g. low income).
- COSA allocation methodologies should be in line with the cost incurrence in order to fairly and equitably allocate costs to the appropriate rate classes. These methodologies should be defendable and follow industry standards and guidelines.
- Customer class criteria and class assignments should be evaluated to ensure customers with similar size, consumption requirements and characteristics are grouped together appropriately, thus reducing intra-class subsidizations.
- COSA boundary targets should be established to gradually move each rate class's projected revenue within 90% and 110% of the rate class's revenue requirement over a ten (10) year period.
- Meter aggregation may be offered in specific situations where meters are within a defined property (e.g. large industrial manufacturing facility that has multiple meters/services at the same location), at Benton PUD's discretion. Additionally, meter aggregation will not be offered when there is the potential for certain customers to gain unwarranted discounts and potential subsidizations.
- Allocation of system-wide, regulatory related, and customer distributed renewable energy costs will follow COSA and industry practices.
- Design easy to understand rates that send clear pricing or behavioral signals to customers.

Comply with Conservation and Renewable Energy Requirements While Offering Customer Choice

Conservation and renewable programs provide environmental benefits to the community. Benton PUD has conservation and renewable energy target requirements under the EIA. Rate structures can be developed that promote conservation and consumption patterns that promote the efficient use of resources by sending pricing signals to customers, particularly those customers with high consumption and/or inefficient consumption patterns. To encourage conservation, rates may be structured in blocks where the costs increase as consumption rises (i.e., tiered or inclining block rates). Additionally, demand charges and

time-of-use pricing structures can be considered as long-term objectives to provide pricing signals to shift consumption to times when it costs less to produce and deliver the resource. Such rate structures empower customers to better manage their consumption and potentially lower their bills.

However, such rate structures tend to reduce overall system load growth and can increase volatility in revenue stream. In order to lessen the negative impacts of growth decline, some utilities are recovering a greater portion of fixed costs through fixed charges. This is also in alignment with the COSA results and the objective of preserving the financial stability of the utility. Benton PUD will follow a strategy of compliance with regard to energy efficiency and renewable energy purchases while supporting customer choice in rates, distributed renewables, and conservation. Customer rates, distributed renewable energy, and energy conservation options will use the COSA results as a guide in addition to the Commission's direction.

The Rate Strategy incorporates the following items to align with these principles:

- Comply with applicable state regulations for energy conservation and renewable energy requirements. Maintain current renewable energy compliance strategy.
- Promote distributed generation and renewables through marketing and technical expertise.
- Conservation practices are implemented to comply with requirements. Conservation oriented rates are not the current focus of the Rate Strategy as Benton PUD is meeting its conservation goals.
- Offer voluntary / customer choice options for the purchase of renewable energy and conservation where desired or financially justified.
- Properly recover fixed infrastructure costs from all customers, including distributed generation participants. Gradually increase the customer base charge toward COSA levels to better align the fixed and variable costs with the fixed and variable components of the rates and target the customer base charge to be near the median of benchmark utilities.
- Using information from Benton PUD's advanced meter infrastructure (AMI) investment, the COSA model will include the flexibility to develop alternative rate options where desired or financially justified.

Accomplish Change through Gradualism and Maintain High Value Services

Benton PUD recognizes the need to maintain high value utility services for all customers. In some stakeholders' minds, the terms "high value" and "affordable" are synonymous. However, the term affordable is subjective and may at times conflict with the need to raise rates to meet rising costs. Given these economic realities and Benton PUD's strategic objectives, a focus on *high value,* which includes elements such as customer service levels, reliability, choice and cost, is more appropriate. This can be viewed as providing the right level of quality and service at the right price.

The high value objective can be accomplished through clearly understanding stakeholder needs/perceptions and providing consistent customer education, as well as by phasing-in rate structure changes. The latter concept is known as gradualism and avoids "rate shock." With rate structure changes, bills can change gradually over time even as rates increase, thus supporting the objective of delivering high value.

In addition, gradualism allows for a "no regrets" approach to each decision and action; this is a sound method for reducing unintended consequences. Such unintended consequences potentially include having to undo actions taken previously due to customer misunderstanding and push back. An example of such an unintended consequence would be to institute an electric rate change now (e.g., tiered rates) when the longer-term strategy may lead to another approach (e.g., time of use pricing).

The Rate Strategy incorporates the following items to align with these principles:

- Utilize gradualism when faced with significant rate or customer related changes in maintaining high value services to customers.
- Respond to customer choice and flexibility by providing new rate structure options with the implementation of meter data management system where desired or financially justified.
- Develop rates in response to emerging technology and/or customer preference (e.g. electric vehicles, green/carbon free rates, etc.).
- Compare rates to benchmark utilities to ensure competitiveness and demonstrate affordability.

Consideration for Low or Fixed Income Customers

Benton PUD is a municipal corporation that is owned by the community it serves and thus its policies and programs reflect the values and social concerns of that community. The utility takes its obligation to provide electric service to all members of the community seriously, including low-income and disadvantaged customers. Benton PUD has historically offered assistance and discounts to income-eligible senior or disabled customers in accordance with RCW 74.38.070. It is important that these policies continue in the future business environment with the development of new rate structures and exploration of opportunities to enhance services.

The Rate Strategy incorporates the following items to align with these principles:

- Consider offering a customer prepay option that allows residential customers to pay for specified amounts of power ahead of time thus providing certain benefits and flexibility over the traditional monthly billing system.
- Continue senior / disabled low-income policy and assistance that provides qualified customers a monthly discount.
    - Evaluate senior and/or disabled low-income customer bill impacts from rate changes, particularly if the customer base charge may be increased toward COSA levels.
    - Consider allocating senior / disabled low-income assistance cost to all rate classes.

- Low-income customers not qualified under Benton PUD's program can receive assistance from various sources such as the Benton Franklin Community Action Committee (CAC) which receives most of its funding from the Federal Government low-income home energy assistance program (LIHEAP) as well as funding from customer and employee donations.

Engage Stakeholders and Communication

The Rate Strategy involves internal and external stakeholder engagement to foster communication, support transparency, educate, develop ideas, and encourage input and feedback. Leveraging stakeholder engagement mechanisms, groups, or key accounts are necessary to ensure proper representation and input to the Rate Strategy and ratemaking process. External stakeholders include community leaders and local representatives. This targeted engagement ensures broader participation, feedback, and eventual support of the Rate Strategy and future rate changes. Benton PUD engages customers and provides education on rates periodically when rates need to be adjusted and reconvenes broader focused stakeholder panels as needed.

Accommodating Growth

As a matter of policy, Benton PUD implements practices that allow growth to cover the costs of new, expanded, or upgraded infrastructure. This is the current practice, thus the financial strategy and rate design work needs to align with this principle in both concept and practice.

The Rate Strategy incorporates the following items to align with these principles:

- Costs associated with significant infrastructure extensions and investments supporting specific customer growth shall be borne by new customer through a combination of upfront payments and rates for service over time.
- New large industrial customer's energy costs shall be developed considering Benton PUD's current power portfolio as well as marginal energy costs to serve the new load.
- Consider economic development benefits to the community including being able to spread Benton PUD's fixed costs among a larger revenue base and risks of stranded investments when evaluating and developing rates and agreements with new large loads.

Attachment A

Summary of Rate Strategy Key Points

Equity and Fairness

- Annually perform a cost of service analysis, which allocates costs based on cost-causation principles.
- Minimize inter- and intra-class subsidization.
- As warranted, gradually increase the customer base charge toward COSA levels to better align the fixed and variable costs with the fixed and variable components of the rates and target the customer base charge to be near the median of benchmark utilities.
- Develop rate structures that are easy to understand.

Gradualism

- Utilize gradualism when making changes between rate classifications.
- Phase in overall rate adjustments over time when possible.

Financial Stability

- Strong financial policies should be established and followed.
- Maintain transparency of financial policies, multi-year plans, and financial results.

Conservation and Renewables

- Comply with applicable state regulations for energy conservation and renewable energy requirements. Maintain current renewable energy compliance strategy.
- Recover fixed infrastructure costs from all customers, including distributed generation participants.

Flexibility

- Using information from Benton PUD's advanced meter infrastructure (AMI) investment, the COSA model will include the flexibility to develop alternative rate options where desired or financially justified.
- Develop rates in response to emerging technology and/or customer preference (e.g. electric vehicles, green/carbon free rates, etc.).

Low Income Support

- Maintain, and consider expanding, the existing senior and disabled low-income program.
- Consider allocating the senior and disabled low-income program cost to all rate classes.

Engage Stakeholders and Communication

- Utilize internal and external stakeholder engagement to foster communication, education, transparency, and to encourage input and feedback.

Accommodate Growth

- To the extent allowed by law, support economic development when there are benefits to existing customers.

~~Final Report | May 27, 2014~~

Rate Strategy

June 26, 2018

Prepared ~~by~~in consultation with:

NewGen Strategies & Solutions

Table of Contents

Benton PUD Rate Strategy **1**
Introduction and Purpose 1
Alignment with Benton PUD Strategic Plan and Direction 2
Rate Strategy 3
Comply with Commission Policy and Regulations 3
Financial Stability 4
Equity and Fairness 5
Comply with Conservation and Renewable Energy Requirements While Offering Customer Choice 6
Accomplish Change through Gradualism and Maintain High Value Services 6
Consideration for Low or Fixed Income Customers 8
Engage Stakeholders and Communication 8
Accommodating Growth 9
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BENTON PUD RATE STRATEGY

Introduction and Purpose

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The purpose of this document is to describe Benton PUD's financial objectives and rate design strategies to successfully achieve the utility's long range goals and objectives.

Together, Benton PUD's rate design strategies and financial objectives are known as the Rate Strategy. Due to the increasingly complicated and changing business environment, having a clear Rate Strategy, which is integrated with a robust stakeholder engagement process, is becoming a best practice for high performing utilities. The development of ~~this~~ the initial Rate Strategy was facilitated by NewGen Strategies and Solutions (NewGen) and included internal and external stakeholder engagement.

In 2013, ~~A~~an internal Benton PUD team was created with representatives across the organization including finance, power management/rates, communications/marketing, customer service, and engineering. This allowed for collaborative communication of ideas

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Stakeholder Panel Participants

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- School District(s)
- Large Commercial/Industrial Accounts – Key Accounts
- Agricultural Representatives
- Low/Fixed Income or Subsidized Housing Organizations
- Residential Representatives
- Housing/Commercial Developers
- Local Government
- Other Non-Government Organizations

Alignment with Benton PUD Strategic Plan and Direction

Benton PUD's financial strategy, service offerings, and rate structure must complement the existing strategic direction. Rate structures that do not align with strategic objectives can adversely impact initiatives taken by the utility to achieve those objectives and ultimately harm the overall financial stability of the utility. Additionally, misalignment between rates and strategic direction may send contradictory or confusing price signals to customers or negate incentives provided to support energy efficiency and conservation or other emerging technologies the utility supports. The lack of consistency with strategic direction would erode trust by both internal and external stakeholders.

For these reasons, the Rate Strategy is aligned with and supports the broader Benton PUD strategy and vision. Benton PUD's Strategic Plan outlines the utility's overall strategy and vision by defining the guiding principles for the utility to ensure it is well positioned for the future. These principles include customer value, reliability and resiliency, stewardship, safety and ~~reliability~~ skilled workforce as follows:

- **Value** includes providing cost effective, efficient, and quality service.
- **Reliability and Resiliency** includes providing products and services that are essential to the quality of life.
- **Stewardship** involves maintaining the public's trust with the responsibility of overseeing and protecting the utility's assets, care for the environment, and regulatory and legislative compliance.

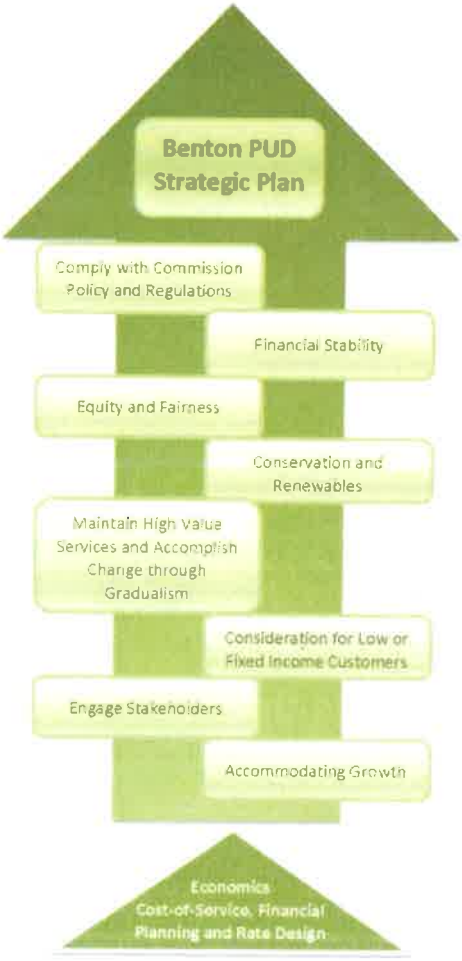
- **Safety** includes cultivating an enriched safety culture which actively involves all employees in identifying issues that could impact workplace and public safety, and empowers them to take actions to prevent and correct safety deficiencies.
- ~~**Reliability** in providing high standards of products and services that are essential to the quality of life.~~
- **Skilled Workforce** includes recruiting, developing, motivating, and retaining a highly skilled, resilient, and diverse workforce and foster a healthy, safe, well-equipped and productive work environment for our employees, their families, and the public.

The Rate Strategy utilizes financial strategy and rate design best practices that advances Benton PUD toward fulfilling its obligations to the economic aspect of these strategic principles. In addition to the Strategic Plan, Benton PUD is focused on being proactive with customers and within the market. The utility wants to be prepared as the business model is changing.

For instance, Benton PUD wants to be cognizant of changes and trends in the industry and to be positioned to take advantage of opportunities for its customers. This includes being a "fast follower" to adopt and leverage prudent and proven new technologies. Being proactive and a fast follower does not include becoming the first adopters of new technology. However, Benton PUD would like to remain innovative and at the forefront of proven technologies. The Rate Strategy was developed to assist and support Benton PUD in pursuit of these strategic principles and objectives.

Rate Strategy

In order to guide the long-term development of financial strategy and rates, Benton PUD is adopting central principles that are intended to stand the test of time, help Benton PUD navigate the ever-changing electric market, and align rate making with community values and desires. Finally, while the Rate Strategy acts to guide current and future rate and cost of service analysis (COSA) related decisions, the final approval and direction for rate changes remains with the Board of Commissioners. Each of the central principles of the Rate Strategy are discussed below.



Comply with Commission Policy and Regulations

Benton PUD must comply with state and federal laws and regulations, policies adopted by its Commission and financial covenants made to bondholders. These policies and laws include:

- Policies adopted by the Board of Commissioners
- Washington State Laws (e.g., Energy Independence Act (EIA) Conservation and Renewable Portfolio Standards)

In addition, Benton must meet the requirements set forth in any outstanding bond covenants related to reserve funding level and debt service coverage.

Financial Stability

The development of rates that ensure long-term fiscal integrity via an adequate and sustainable revenue stream is important to the future of Benton PUD. Dynamic market changes and customer usage patterns directly impact the ability to satisfy this principle and necessitate state of the art approaches. Without financial stability, Benton PUD could face severe financial consequences, including the inability to execute its fundamental business objectives.

The Rate Strategy incorporates the following items to align with these principles:

- Use of utility's financial policies as the foundation for the financial planning and rate update process. These policy targets are based on staff's recommendation of maintaining an A+ bond rating which is the median rating of public power distribution utilities. The following are key financial metrics included in the financial policies:
  - Debt Service Coverage Ratios
  - Fixed Charge Coverage Ratio
  - Debt to Capitalization Ratio
  - Minimum Cash Reserves
- Financial Planning – the utility will prepare annually a multi-year financial plan that communicates to the Commission and stakeholders the current and projected financial condition of the utility.
- An evaluation of implementing a power cost adjustment (PCA) charge could be conducted in the future if market conditions change significantly; however, with low power market prices and Benton PUD being long on resources, an evaluation is not necessary at this time.~~and high water mark cost allocation may be necessary once Benton exceeds its Tier 1 levels with its BPA wholesale power purchase contracts.~~ The unbundled COSA framework and model will provide information and flexibility needed to develop a PCA if or when needed in the future.
- Continue using the cash basis for developing the revenue requirements and COSA, as it is a standard approach and industry practice for public utilities.
- Support transparency by periodically communicating financial performance and metrics to the Board of Commissioners and stakeholders including the use and application of reserves to manage rate changes and support gradualism.

Equity and Fairness

While the concept of fairness is subject to interpretation, a COSA provides the basis for developing fair and equitable rates among different customer types. At the same time, selectively deviating from the strict COSA results may be necessary to support the strategic objectives of the utility and values and needs of the community. When deviating from the strict COSA results, the concept of fairness should be applied to determine how best to distribute those costs among customers, such as the case with accommodations for low income and other disadvantaged groups. ~~Closely associated with this principle is the idea that cross-subsidization should be minimized~~ while balancing the principle of minimizing inter/intra-class subsidization.

The Rate Strategy incorporates the following items to align with these principles:

- Gradually aligning rates with COSA results, including aligning fixed and variable ~~portions~~ components of the rates. The unbundled COSA will provide Benton PUD flexibility, accuracy, and transparency in allocating costs and developing rates.
- Gradualism equates to a commitment to changing rates in smaller increments over time rather than larger, one-time adjustments. This concept reduces volatility in rates and the potential for rate shock by smoothing rate changes over multiple periods.
- Decrease and eliminate inter-class subsidization where material or deemed significant and keep transparency in instances where this occurs or where guided by community values (e.g. low income).
- COSA allocation methodologies should be in line with the cost incurrence in order to fairly and equitably allocate costs to the appropriate rate classes. These methodologies should be defendable and follow industry standards and guidelines.
- Customer class criteria and class assignments should be evaluated to ensure customers with similar size, consumption requirements and characteristics are grouped together appropriately, thus reducing intra-class subsidizations.
- COSA boundary targets should be established to gradually move each rate class's projected revenue within 90% and 110% of the rate class's revenue requirement over a ten (10) year period.
- Meter aggregation may be offered in specific situations where meters are within a defined ~~geographic area~~property (e.g. large industrial manufacturing facility that has multiple meters/services at the same location), at Benton PUD's discretion. Additionally, meter aggregation will not be offered when there is the potential for certain customers to gain unwarranted discounts and potential subsidizations.
- Allocation of system-wide, regulatory related, and customer distributed renewable energy costs will follow COSA and industry practices.
- Design easy to understand rates that send clear pricing or behavioral signals to customers.

Comply with Conservation and Renewable Energy Requirements While Offering Customer Choice

Conservation and renewable programs provide environmental benefits to the community. Benton PUD has conservation and renewable energy target requirements under the EIA. Rate structures can be developed that promote conservation and consumption patterns that promote the efficient use of resources by sending pricing signals to customers, particularly those customers with high consumption and/or inefficient consumption patterns. To encourage conservation, rates may be structured in blocks where the costs increase as consumption rises (i.e., tiered or inclining block rates). Additionally, demand charges and time-of-use pricing structures can be considered as long-term objectives to provide pricing signals to shift consumption to times when it costs less to produce and deliver the resource. Such rate structures empower customers to better manage their consumption and potentially lower their bills.

However, such rate structures tend to reduce overall system load growth and can increase volatility in revenue stream. In order to lessen the negative impacts of growth decline, some utilities are recovering a greater portion of fixed costs through fixed charges. This is also in alignment with the COSA results and the objective of preserving the financial stability of the utility. Benton PUD will follow a strategy of compliance with regard to energy efficiency and renewable energy purchases while supporting customer choice in rates, distributed renewables, and conservation. Customer rates, distributed renewable energy, and energy conservation options will use the COSA results as a guide in addition to the Commission's direction.

The Rate Strategy incorporates the following items to align with these principles:

- Comply with applicable state regulations for energy conservation and renewable energy requirements. Maintain current renewable energy compliance strategy.
- Promote distributed generation and renewables through marketing and technical expertise.
- Conservation practices are implemented to comply with requirements. Conservation oriented rates are not the current focus of the Rate Strategy as Benton PUD is meeting its conservation goals.
- Offer voluntary / customer choice options for the purchase of renewable energy and conservation where desired or financially justified.
- Properly recover fixed infrastructure costs from all customers, including distributed generation participants. Gradually increase the customer base charge ~~to~~ toward COSA levels to better align the fixed and variable costs with the fixed and variable ~~portions~~ components of the rates and target the customer base charge to be near the median of benchmark utilities.
- Using information from Benton PUD's ~~smart meter~~advanced meter infrastructure (AMI) investment, the COSA model will include the flexibility to develop alternative rate options where desired or ~~as~~ financially justified.

~~Maintain High Value Services and~~ Accomplish Change through Gradualism and Maintain High Value Services

Benton PUD recognizes the need to maintain high value utility services for all customers. In some stakeholders' minds, the terms "high value" and "affordable" are synonymous. However, the term affordable is subjective and may at times conflict with the need to raise rates to meet rising costs. Given these economic realities and Benton PUD's strategic objectives, a focus on *high value,* which includes elements such as customer service levels, reliability, choice and cost, is more appropriate. This can be viewed as providing the right level of quality and service at the right price.

The high value objective can be accomplished through clearly understanding stakeholder needs/perceptions and providing consistent customer education, as well as by phasing-in rate structure changes. The latter concept is known as gradualism and avoids "rate shock." With rate structure changes, bills can change gradually over time even as rates increase, thus supporting the objective of delivering high value.

In addition, gradualism allows for a "no regrets" approach to each decision and action; this is a sound method for reducing unintended consequences. Such unintended consequences potentially include having to undo actions taken previously due to customer misunderstanding and push back. An example of such an unintended consequence would be to institute an electric rate change now (e.g., tiered rates) when the longer-term strategy may lead to another approach (e.g., time of use pricing).

The Rate Strategy incorporates the following items to align with these principles:

- Utilize gradualism when faced with significant rate or customer related changes in maintaining high value services to customers.
- Respond to customer choice and flexibility by providing new rate structure options with the implementation of meter data management system where desired ~~as~~or financially justified.
- Develop rates in response to emerging technology and/or customer preference (e.g. electric vehicles, green/carbon free rates, etc.).
- Compare rates to benchmark utilities to ensure competitiveness and demonstrate affordability.

Consideration for Low or Fixed Income Customers

Benton PUD is a municipal corporation that is owned by the community it serves and thus its policies and programs reflect the values and social concerns of that community. The utility takes its obligation to provide electric service to all members of the community seriously, including low-income and disadvantaged customers. Benton PUD has historically offered assistance and discounts to income-eligible senior or disabled customers in accordance with RCW 74.38.070. It is important that these policies continue in the future business environment with the development of new rate structures and exploration of opportunities to enhance services.

The Rate Strategy incorporates the following items to align with these principles:

- Consider offering a customer prepay option that allows residential customers to pay for specified amounts of power ahead of time thus providing certain benefits and flexibility over the traditional monthly billing system.
- Continue senior / disabled low-income policy and assistance that provides qualified customers a monthly discount.
    - Evaluate senior and/or disabled low-income customer bill impacts from rate changes, particularly if the customer base charge may be increased ~~to~~ toward COSA levels.
    - Consider allocating senior / disabled low-income assistance cost to all rate classes.
    - Low-income customers not qualified under Benton PUD's program can receive assistance from various sources such as the Benton Franklin Community Action Committee (CAC) which receives most of its funding from the Federal Government low-income home energy assistance program (LIHEAP) as well as funding from customer and employee donations.

Engage Stakeholders and Communication

The Rate Strategy involves internal and external stakeholder engagement to foster communication, support transparency, educate, develop ideas, and encourage input and feedback. Leveraging stakeholder engagement mechanisms, groups, or key accounts are necessary to ensure proper representation and input to the Rate Strategy and ratemaking process. External stakeholders include community leaders and local representatives. This

targeted engagement ensures broader participation, feedback, and eventual support of the Rate Strategy and future rate changes. Benton PUD engages customers and provides education on rates periodically when rates need to be adjusted and reconvenes broader focused stakeholder panels as needed.

Accommodating Growth

As a matter of policy, Benton PUD implements practices that allow growth to cover the costs of new, expanded, or upgraded infrastructure. This is the current practice, thus the financial strategy and rate design work needs to align with this principle in both concept and practice.

The Rate Strategy incorporates the following items to align with these principles:

- Costs associated with significant infrastructure extensions and investments supporting specific customer growth shall be borne by new customer through a combination of upfront payments and rates for service over time.
- New large industrial customer's energy costs shall be developed considering Benton PUD's current power portfolio as well as ~~represent the~~ marginal energy costs to serve the new load.
- Consider economic development benefits to the community including being able to spread Benton PUD's fixed costs among a larger revenue base and risks of stranded investments when evaluating and developing rates and agreements with new large loads.

Attachment A

Summary of Rate Strategy Key Points

Equity and Fairness

- Annually perform a cost of service analysis, which allocates costs based on cost-causation principles.
- Minimize inter- and intra-class subsidization.
- As warranted, gradually increase the customer base charge ~~to~~ toward COSA levels to better align the fixed and variable costs with the fixed and variable ~~portions~~ components of the rates and target the customer base charge to be near the median of benchmark utilities.
- Develop rate structures that are easy to understand.

Gradualism

- Utilize gradualism when making changes between rate classifications.
- Phase in overall rate adjustments over time when possible.

Financial Stability

- Strong financial policies should be established and followed.
- Maintain transparency of financial policies, multi-year plans, and financial results.

Conservation and Renewables

- Comply with applicable state regulations for energy conservation and renewable energy requirements. Maintain current renewable energy compliance strategy.
- Recover fixed infrastructure costs from all customers, including distributed generation participants.

Flexibility

- Using information from Benton PUD's advanced meter infrastructure (AMI)~~smart meter~~ investment, the COSA model will include the flexibility to develop alternative rate options where desired or ~~as~~ financially justified.
- Develop rates in response to emerging technology and/or customer preference (e.g. electric vehicles, green/carbon free rates, etc.).

Low Income Support

- Maintain, and consider expanding, the existing senior and disabled low-income program.
- Consider allocating the senior and disabled low-income program cost to all rate classes.

Engage Stakeholders and Communication

- Utilize internal and external stakeholder engagement to foster communication, education, transparency, and to encourage input and feedback.

Accommodate Growth

- To the extent allowed by law, support economic development when there are benefits to existing customers.

	Business Agenda
	Second Reading
X	*Consent Agenda*
	Info Only/Possible Action
	Info Only

COMMISSION MEETING AGENDA ITEM

Subject:	Amending Contract Award for Bid Package #18-03, 15kV Metal-Clad Switchgears – Leslie Road and Orchard View Bay 2	
Agenda Item No:	3d	
Meeting Date:	June 26, 2018	
Presented by:	Michelle Ochweri	*Staff Presenting Item*
Approved by (dept):	Jon Meyer	*Director/Manager*
Approved for Commission review:	Chad B. Bartram	*General Manager/Asst GM*

Motion for Commission Consideration

Motion to amend the contract award on April 24, 2018 for 15kV Metal-Clad Switchgears – Leslie Road and Orchard View Bay 2, Bid Package #18-03, to Powergrid Solutions, Inc. of Oshkosh, WI for the corrected total amount of $838,310.00, plus Washington State sales tax in accordance with RCW 54.04.080, and to correct the minutes to reflect this amendment.

Background

The original award for Contract went to Commission on April 24, 2018 with an error on the actual motion and contract amount of $848,310.00. The correct amount for the contract amount should have been $838,310.00; this was found during the contractor signing of the contract process and was found to be an administrative error.

Summary

With the correction of this agenda item, the corrected contract will be able to signed and proceed with the purchase of the Switchgears.

Fiscal Impact

This corrected contract will have no additional fiscal impact on the District.

CONTRACT

Contract #18-03

This agreement is made and entered into on the 15th day of May, 2018, by and between:

PUBLIC UTILITY DISTRICT NO. 1 OF BENTON COUNTY, hereinafter referred to as "the District",

AND

POWERGRID SOLUTIONS, INC., hereinafter referred to as "the Contractor"

WITNESSETH:

That the Contractor, for the consideration hereinafter fully set out, and the District, for the consideration of material furnished, agrees that:

1. SCOPE OF WORK: Furnish 15Kv Metal –Clad Switchgears – Leslie Rd. & Orchard View Bay 2 per specifications in Bid Pkg. #18-03, P.O. #51611, and award letter dated April 24, 2018.

2. DELIVERY & ACCEPTANCE:

The Contractor shall deliver the 15Kv Metal –Clad Switchgears – Leslie Rd. & Orchard View Bay 2 FOB destination to Benton PUD as follows; Line Item #1 shall be delivered FOB August 14, 2018 and Line Item #2 shall be delivered FOB January 10, 2019; failure to do so may result in damage to the District.

Testing and Acceptance of conforming items by Benton PUD shall occur within the number of days after delivery as specified in the bid specification (if applicable). Items that fail to meet acceptance criteria as specified in the bid specifications shall be rejected. Acceptance or rejection by the District to the Contractor shall be in writing.

3. PAYMENT:

Payment will be made within thirty days of Acceptance by the District or receipt of a valid invoice from the Contractor, whichever occurs later.

The District agrees to pay the Contractor for the material/equipment the sum of Eight Hundred Thirty Eight Thousand Three Hundred Ten Dollars ($838,310.00), plus applicable Washington State Sales Tax.

4. GUARANTEE:

The Contractor guarantees the 15Kv Metal –Clad Switchgears – Leslie Rd. & Orchard View Bay 2 against all defects in workmanship, materials, and in design as stated on the warranty provided by Powergrid Solutions, Inc.

5. PERFORMANCE BOND:

The Contractor shall furnish, in favor of the District, a Performance Bond as required by the Contract Documents, and this Contract shall not obligate the District until such Performance Bond has been tendered.

POWERGRID SOLUTIONS, INC.	**PUBLIC UTILITY DISTRICT NO. 1 OF BENTON COUNTY**
_____	Chad B. Bartram, General Manager
Authorized by: (Print name & title)	Authorized by: (Print name & title)
Signature: _____	Signature: _____
Date: _____	Date: April 24, 2018
UBI No. _____	

BENTON P·U·D

	Business Agenda
	Second Reading
X	*Consent Agenda*
	Info Only/Possible Action
	Info Only

COMMISSION MEETING AGENDA ITEM

Subject:	Contract Recommendation for Contract #10-33-10 – Benton County Emergency Services	
Agenda Item No:	3c	
Meeting Date:	June 26, 2018	
Presented by:	Stephen B. Hunter	*Staff Presenting Item*
Approved by (dept):	Stephen B. Hunter	*Director/Manager*
Approved for Commission review:	Chad B. Bartram	*General Manager/Asst GM*

Motion for Commission Consideration

Motion to authorize the General Manager on behalf of the District to sign the Amended and Restated Interlocal Agreement with Benton County Emergency Services, Contract #10-33-10, to provide effective county wide operations of the microwave systems.

Background

This Interlocal Agreement between Benton County, Cities of Kennewick, Richland, West Richland, Prosser, Benton City, and Benton County Fire Districts Nos. 1, 2, and 4 provides the framework for these entities to work together to provide county-wide operation of emergency management.

This agreement allows the District to partner with BCES in developing the future direction of the Microwave Network. Amendment 2 of this Agreement provides the District a vote exclusively for microwave related issues including those related to the annual microwave system assessment.

Summary

This Second Amended and Restated Interlocal Agreement includes the expansion of BCES membership to include Franklin County and the City of Pasco. This Interlocal Agreement has been reviewed by Dan Hultgrenn and while there are many new and redrafted provisions and recitals, there are no substantive changes that affect the District's role, voting rights, or membership within this organization.

Fiscal Impact

None.

WHEN RECORDED RETURN TO:

City of Richland
Attn: City Attorney
505 Swift Boulevard MS-07
Richland, WA 99352

SECOND AMENDED AND RESTATED INTERLOCAL AGREEMENT FOR BENTON COUNTY EMERGENCY SERVICES

THIS SECOND AMENDED AND RESTATED INTERLOCAL AGREEMENT is made and entered into by and between the following entities (collectively, the "Parties"):

Benton County, a political subdivision of the State of Washington;

Franklin County, a political subdivision of the State of Washington;

City of Kennewick, a Washington municipal corporation;

City of Richland, a Washington municipal corporation;

City of West Richland, a Washington municipal corporation;

City of Prosser, a Washington municipal corporation

City of Benton City, a Washington municipal corporation;

City of Pasco, a Washington municipal corporation;

Benton County Fire Protection District Nos. 1, 2, and 4, all of which are Washington special purpose districts; and

Public Utility District #1 of Benton County, a Washington special purpose district.

I. RECITALS

WHEREAS, the Interlocal Cooperation Act, Chapter 39.34 RCW, authorizes public agencies to make the most efficient use of their powers by enabling them to cooperate with each other based on mutual advantage, and to collectively exercise the rights and powers they hold individually through the execution of an interlocal cooperative agreement; and

WHEREAS, RCW 38.52.070 authorizes and directs each county, city and town within the State of Washington to establish a local organization for emergency management in accordance with the State Emergency Management Plan and Program, and permits the State Director of Emergency Management to authorize two or more counties, cities and towns to join in the establishment and operation of a local organization for emergency management; and

WHEREAS, Benton County Emergency Services ("BCES") is such a local organization created in 1996 pursuant to the Interlocal referenced in Section 7, and the Parties to this Agreement wish to continue that organization under the terms of this Second Amended and Restated Interlocal Agreement; and

WHEREAS, in addition to emergency management services, Benton County Emergency Services, through establishment of the Southeast Communications Center, has also provided communication and dispatching for public safety and emergencies for some jurisdictions located in incorporated and unincorporated Benton County, and for any agencies contracting for such services; and

WHEREAS, the cities of Kennewick, Richland, West Richland, Prosser, Benton City, Benton County and Benton County Fire District Nos. 1, 2 and 4, and with limited participation by Benton County Public Utility District #1 ("Benton PUD") (collectively, the "Existing Partners") intend to continue to provide county-wide operation of emergency dispatch services under the terms of this Agreement, and, along with the city of Pasco and Franklin County (the "New Partners"), all Parties to this Agreement now intend to provide bi-county operation of emergency dispatch services, with each Party participating to the extent identified herein; and

WHEREAS, the Existing Parties have operated BCES pursuant to the Amended and Restated Interlocal Cooperation Agreement for Benton County Emergency Services effective January 23, 2012 ("2012 BCES Interlocal Agreement"); and

WHEREAS, BCES has established a digital 800MHz radio system that provides and will continue to provide viable public safety communications for many years into the future; and

WHEREAS, Benton County, the cities of Kennewick and Richland, and Benton PUD provide a single microwave system exclusively located in Benton County (hereinafter "Benton County Microwave System"); and

WHEREAS, Benton PUD is a limited voting member of the BCES Executive Board authorized to vote exclusively on the Benton County Microwave System and related funding issues and in return for such rights it agreed in the 2012 BCES Interlocal Agreement not to exercise its right of first refusal to acquire ownership of microwave equipment from the State of Washington that are part of the Benton County Microwave System; and

WHEREAS, Franklin County and public safety agencies within that county operate under a separate microwave system exclusively located in Franklin County (hereinafter "Franklin County Microwave System").

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and in accordance with RCW 39.34, RCW 38.52 and Section 6 of the 2012 BCES Interlocal Agreement, the Parties hereto agree to this Second Amended and Restated Interlocal Agreement as follows:

II. AGREEMENT

1. INCORPORATION OF RECITALS

The recitals set forth above are hereby incorporated into this Agreement by reference.

2. PURPOSE

The purpose of this Agreement is to provide for the effective and economical operations of Benton County Emergency Services (BCES), a local administrative entity and joint venture between the above-referenced Parties (also referred to as the "Organization").

3. ORGANIZATIONAL STRUCTURE

Benton County Emergency Services consists of two (2) divisions: Benton County Emergency Management (BCEM) and Southeast Communications Center (SECOMM).

A. General. The Organization shall consist of an Executive Board, Strategic Advisory Team, Customer Agency Groups and various committees as created by the Executive Board.

1. Appointment of Administrative Jurisdiction; Duration. An Administrative Jurisdiction shall be designated by the Executive Board. The Administrative Jurisdiction shall serve unless or until such service is terminated by the Executive Board, or until the Administrative Jurisdiction withdraws after having provided a minimum of nine (9) month's written notice of intent to withdraw. The City of Richland is currently designated as the Administrative Jurisdiction. All employees staffing BCES shall be employees of the Administrative Jurisdiction.

2. Duties of Administrative Jurisdiction. The Administrative Jurisdiction shall have full responsibility for the operation of the Organization, and shall provide all necessary support for the Organization. The Administrative Jurisdiction shall perform its duties pursuant to a contractual agreement with Benton County Emergency Services that shall automatically renew every five (5) years, subject to any renegotiations between the Administrative Jurisdiction and the Executive Board. This contractual agreement shall be fully executed by December 1, 2017. The Administrative Jurisdiction shall appoint a BCES Director, which appointment shall be subject to confirmation by the Executive Board. The BCES Director shall be removed only at the direction of the Administrative Jurisdiction.

3. Governing Policies. BCES shall follow the policies established by the Administrative Jurisdiction for all efforts related to Finance, Human Resources, Legal, Risk & Safety, and Purchasing. To ease future transition between Administrative Jurisdictions, BCES shall operate and maintain an independent email system.

B. Executive Board Duties; Membership; Voting. The Executive Board shall be the governing body of the administrative entity known as Benton County Emergency Services, and shall be responsible for approving BCES-specific policies, contracts, the annual budget, and confirmation of the Administrative Jurisdiction's appointment of the BCES Director. The Executive Board shall also be responsible for ensuring the Parties' compliance with the legal requirements of RCW 38.52.

1. Subject to the voting procedures and restrictions set forth herein, the Executive Board shall consist of one representative from the Benton County Commissioner's Office, one representative from the Franklin County Commissioner's Office, one representative from each of the cities of Kennewick, Richland, Prosser, West Richland, Benton City, and Pasco, a single representative collectively representing Benton County Fire Protection District Nos. 1, 2 and 4, and one representative from Benton PUD.

2. Whenever they are entitled to vote, Benton County, Franklin County and the cities of Kennewick, Pasco and Richland shall be allowed two (2) votes each. Whenever they are entitled to vote, West Richland, Prosser, Benton City and Benton PUD shall have one (1) vote each. Whenever they are entitled to vote, Benton County Fire Protection District Nos. 1, 2 and 4 shall collectively share a single vote. Benton PUD is only entitled to vote on the annual Benton County Microwave System assessment, the cost of Benton County Microwave System operations, replacement of Benton County Microwave System equipment, and Benton County Microwave System expansion or reduction. Specifically, but without limitation, the Benton PUD representative shall not have voting rights for matters relating to the BCES organizational structure and operations.

3. A simple majority of the number of members of the Executive Board shall be a quorum, and a simple majority of votes shall prevail unless otherwise set forth herein. Attendance or non-attendance of the Benton PUD's representative shall not be counted or considered with respect to quorum determination.

4. The following are the only representatives authorized to vote on matters associated with Southeast Communications Center (SECOMM):
   - Representatives for the cities of Kennewick, Richland, Pasco, and West Richland* and Prosser*;
   - Representatives for the counties of Benton and Franklin;
   - The representative for Benton County Fire Protection District Nos. 1, 2 and 4 casting a single vote for the three entities.*

   **Note*: No future contracted subscribers to SECOMM shall be entitled to vote.

5. The following are the only representatives authorized to vote on matters related to the 800MHz system:
   - Representatives for the cities of Kennewick and Richland;
   - The representative for the county of Benton.

6. The following are the only representatives authorized to vote on matters associated with operation and maintenance of the Benton County Microwave System and related funding:
    - Representatives for the cities of Kennewick and Richland;
    - The representative for the county of Benton;
    - The representative for Benton PUD.

7. The following are the only representatives authorized to vote on items associated with Benton County Emergency Management (BCEM):
    - Representatives for the cities of Kennewick, Richland, West Richland, Prosser and Benton City;
    - The representative for the county of Benton.

8. For items not specifically associated with the Benton County Microwave System, the 800 MHz system, Southeast Communications Center, or Benton County Emergency Management, all representatives, except the Benton PUD representative, may vote.

9. Absence of a representative at a meeting where such a representative is entitled to vote on an issue will result in forfeiture of voting rights for that meeting.

C. Strategic Advisory Team. Working directly with BCES leadership, the Strategic Advisory Team (SAT) will assist in developing strategies for addressing issues such as establishing standardized procedures and incorporating changes in technology. To facilitate the policy-making role of the Executive Board, it may assign to the SAT certain policy reviews, projects, and tasks. The Strategic Advisory Team may consist of one (1) representative from each of the following:

- Kennewick Fire Department
- Kennewick Police Department
- Richland Police Department
- Richland Fire Department
- West Richland Police Department
- Benton County Sheriff's Office
- Franklin County Sheriff's Office
- Franklin County Fire Protection Districts 1, 2, 3, 4 & 5 (1 Rep)
- Connell Police Department
- Connell Fire Department
- Pasco Police Department
- Pasco Fire Department
- West Benton Fire and Rescue
- North Franklin County Hospital District
- City of Prosser
- Benton County Fire Protection Districts 1, 2, 4, 5 & 6 (1 Rep)

The SAT representative will be the agency Chief or Sheriff and a senior level executive from the City of Prosser.

D. Customer Agency Group. The Customer Agency Group (CAG) is established to allow customers of BCES to communicate suggestions, ideas, or concerns regarding service, operational policies, and/or procedural issues. The CAG will be comprised of two divisions: Law Enforcement and Fire/EMS. Each division will elect a chairperson to represent the concerns of their division to the BCES Director or at joint CAG meetings. The Customer

Agency Group may consist of one (1) representative from each of the following:

- Kennewick Police Department
- Kennewick Fire Department
- Richland Police Department
- Richland Fire Department
- West Richland Police Department
- Benton County Sheriff's Office
- Franklin County Sheriff's Office
- City of Benton City
- Franklin County Fire Protection Districts 1, 2, 3, 4 & 5 (1 Rep)
- Walla Walla Fire Protection District 5
- Connell Police Department
- Connell Fire Department
- Pasco Police Department
- Pasco Fire Department
- West Benton Fire and Rescue
- North Franklin County Hospital District
- City of Prosser Police Department
- Benton PUD
- Benton County Fire Protection Districts 1, 2, 4, 5, & 6 (1 Rep)

1. Issues that impact only one division will be communicated to the BCES Director from the chair of the division. Any recommendations made by either division must be approved by a majority of the agencies before they can be submitted to the Director for consideration. Items for which there is no majority support will require the use of the agency input process.

2. Should an issue be relevant to both divisions, a meeting may be called by the BCES Director or either division chairperson. Attendees to such meeting will be limited to the BCES Director, the SECOMM Communications Manager and/or Emergency Management Manager, and both division chairpersons.

3. Working groups or sub-committees may be created by either division to address operational issues for which operational-level employees or subject matter experts should be involved. These groups and/or sub-committees will report directly to their division chairperson. Additionally, to expedite the development of recommendations that are sound and have the greatest likelihood of success, recommendations will be vetted with a senior subject matter expert dispatcher for additional input. The dispatcher would have no vote in the process of moving forward with an issue.

E. BCES Director. The Director, under direction of the Administrative Jurisdiction, shall maintain and operate Benton County Emergency Services, and shall be responsible for the implementation of the directives of the Executive Board and the policies and procedures of the Executive Board or the Administrative Jurisdiction, as the case may be. The Director shall be responsible for developing, organizing, and coordinating emergency preparedness planning, training and implementation. The Director shall be responsible for organizing, developing and coordination of E-911 and bi-county communication systems, and shall have such other duties and responsibilities as the Administrative Jurisdiction designates from time to time.

F. Notice to Benton PUD. Benton PUD shall receive notice and an informational packet for all Executive Board Meetings. Packets will be provided electronically the week prior to a

scheduled Executive Board Meeting, and will identify the issues that Benton PUD may vote upon. Should there be a matter upon which Benton PUD is entitled to vote at the scheduled meeting, Benton PUD must have a representative present at that meeting. Benton PUD may vote only on matters upon which Benton PUD is entitled to vote pursuant to section 3(B)(6) of this Agreement. No voting will occur for any matters set forth in Section 3(B)(6) without advance notice to Benton PUD as provided herein. If Benton PUD believes it is entitled to vote on a matter identified in an Executive Board packet, but such packet does not so indicate, Benton PUD must raise the issue at the upcoming Executive Board meeting, or it will be deemed to have waived any voting rights not exercised at that meeting.

4. FINANCES

Benton County Emergency Services maintains four separate funds consisting of:

- One (1) fund for Benton County Emergency Management;
- One (1) fund for Southeast Communications Center;
- One (1) fund for the acquisition, maintenance and operation of the 800MHz; and
- One (1) fund for the maintenance and operation of the Benton County Microwave System.

These funds are maintained and administered by the Administrative Jurisdiction in lieu of the Treasurer of the City of Kennewick, the most populous entity. All monies received for the benefit and use of Benton County Emergency Services, including financial contributions by the Parties to this Agreement in accordance herewith, shall be deposited into the appropriate fund.

A. Benton County Emergency Management (EM Operations) Fund. Except for Benton PUD, Pasco, and Franklin County, each Party to this Agreement shall contribute to the cost of emergency management upon such fair and equitable basis as shall be determined by the Executive Board. If, in any case, the Executive Board is unable to agree upon the proper contributions by the Parties hereto, the decisions shall be referred to the State Emergency Management Council for arbitration, and the Council's decision shall be final and binding upon the Parties hereto. Except for Benton PUD, Franklin County and Pasco, each party shall pay its share of the cost of emergency management into the Benton County Emergency Management Fund which is maintained and administered by the Administrative Jurisdiction. The Executive Board shall have the authority to proportionately levy, by percentage of total budget responsibility, additional fees to cover unexpected liabilities, including uninsured civil judgments. If the cost overrun or liability is the result of a single agency, the entire cost will be borne by that agency.

B. Southeast Communications Center (SECOMM Operations) Fund. SECOMM shall be financed by the proceeds of a telephone excise tax that shall be imposed at the same rate by both Benton and Franklin counties, an annual levy upon the Parties, except for Benton PUD and City of Benton City, and by contract fees paid by contracting agencies as determined by the Executive Board. Each Party hereto shall contribute its share of the costs of the typical and customary

operation and administration of SECOMM as established by the Executive Board. Such contributions shall be determined annually by the Executive Board for inclusion in the Parties' annual budgets. The assessment for any user or member entering SECOMM mid-budget year shall be determined by the Executive Board and pro-rated relative to the months of service remaining in the existing budget year. In the first annual budget developed after BCES begins providing Franklin County and Pasco with communication and dispatching for public safety and emergencies, the SECOMM budget funding model will substitute population data for calls for service data wherever calls for service data has been used to allocate agency assessments. Funding models for subsequent SECOMM budgets shall be determined by the Executive Board. Assessments shall be paid in periodic installments on a schedule determined by the Executive Board. In the event an unforeseen exigent circumstance or uninsured civil judgment results in costs to the Organization in excess of the budgeted expenses for operation and administration, the Executive Board is authorized to proportionately levy, by percentage of total budget responsibility, additional fees to cover the unexpected liability. Such excess costs shall be promptly remitted, upon demand, to Benton County Emergency Services. If the cost overrun is attributable to a single agency's action or inaction, the entire cost overrun shall be borne by that agency.

C. 800MHz Fund. The 800MHz Fund shall be used for the maintenance and operation of any 800MHz radio system, whether analog or digital, utilized by BCES. The Executive Board is authorized to levy annual radio assessments upon all Parties who use radios under the 800MHz system, and to impose contract fees upon any contracting agencies for use of the same. Assessments shall be determined annually by the Executive Board for inclusion in the Parties' annual budgets. Assessments shall be paid in periodic installments on a schedule determined by the Executive Board. In the event an unforeseen exigent circumstance or uninsured civil judgment results in costs to the Organization in excess of the budgeted expenses for operation and administration of the 800MHz system, the Executive Board is authorized to proportionately levy, by percentage of the Parties' total 800 MHz budget responsibility, additional fees to cover the unexpected liability. Such excess costs shall be promptly remitted, upon demand, to Benton County Emergency Services. If the cost overrun is attributable to a single agency's action or inaction, the entire cost overrun shall be borne by that agency.

D. Benton County Microwave System Fund. The Benton County Microwave System Fund shall be used for the maintenance and operation of the Benton County Microwave System utilized by BCES. The Executive Board is authorized to levy annual assessments upon all Parties who use the Benton County Microwave System, and to impose contract fees upon any contracting agencies. Such assessments shall be determined annually by the Executive Board for inclusion in the Parties' annual budgets. Assessments shall be paid in periodic installments on a schedule determined by the Executive Board. In the event an unforeseen exigent circumstance or uninsured civil judgment results in costs to the Organization in excess of the budgeted expenses for maintenance and operation of the Benton County Microwave System, the Executive Board is authorized to proportionately levy, by percentage of the Parties' total Benton County Microwave System budget responsibility, additional fees to cover the unexpected liability.

Such excess costs shall be promptly remitted, upon demand, to Benton County Emergency Services. If the cost overrun is attributable to a single agency's action or inaction, the entire cost overrun shall be borne by that agency. Neither Franklin County nor any of the Parties to this Agreement located therein shall acquire or be deemed to have acquired any ownership interest whatsoever in any property or equipment that comprises the Benton County Microwave System.

1. Franklin County Microwave System. Although the Benton County Microwave System and the Franklin County Microwave System are technically interconnected and create a Bi-County Microwave System utilized by BCES, Benton County and those Parties to this Agreement who are located therein are the only Parties obligated to contribute to the Benton County Microwave System as provided under Section 4.D above. Franklin County shall be solely responsible for all costs associated with maintenance, operation and improvements to the Franklin County Microwave System. Neither Benton County nor any of those Parties to this Agreement located therein shall acquire any ownership interest whatsoever in any property or equipment that comprises the Franklin County Microwave System. Franklin County shall defend, indemnify and hold harmless Benton County and those Parties to this Agreement who are located therein for all claims related in any way to, Franklin County's maintenance or operation of the Franklin County Microwave System as it presently exists or is modified in the future. "Claim" means any loss, claim, suit, action, liability, damage or expense of any kind or nature whatsoever, including but not limited to attorneys' fees and costs, attributable to personal or bodily injury, sickness, disease or death, or injury to or destruction of property, including the loss of uses resulting therefrom.

E. The BCES Director, upon approval by the Executive Board, is authorized to make expenditures on behalf of the Organization in accordance with the policies and procedures of the Administrative Jurisdiction.

F. An annual budget for the Organization shall be prepared by the BCES Director in accordance with the policies and procedure of the Administrative Jurisdiction. The annual budget requires Executive Board approval.

G. Contribution to SECOMM Fund. Within thirty (30) calendar days of the date of execution of this Agreement by all Parties, Franklin County and Pasco shall each make an irrevocable contribution of Five Hundred Thousand Dollars ($500,000) to the SECOMM Fund. Failure to make the contributions as provided herein shall result in suspension of services to the non-compliant Party by BCES.

H. Radio System Upgrade (SUA). Beginning with the first annual BCES budget developed after BCES begins providing Franklin County and Pasco with communication and dispatching for public safety and emergencies, and continuing with each successive BCES budget thereafter, the allocation of costs to support the trunked radio system shall be equally divided between

Benton County, Franklin County, and the cities of Kennewick, Pasco and Richland. Contributions made by Franklin County and Pasco shall not create, nor be construed to create, any ownership interest in the trunked radio system.

5. PROPERTY AND EQUIPMENT

A. Ownership Interests Maintained. Except as authorized by the Executive Board with respect to transfer by FEMA of ownership of assets acquired with CSEPP funds, the digital 800MHz radio system, and the Benton County Microwave System Fund, the ownership interests in property, equipment, or funds acquired by or through Benton County Emergency Management shall continue to be shared by Benton County and the cities of Kennewick, Richland, West Richland, Prosser, and Benton City in proportion to the financial and in-kind contribution of each party in the year such property, equipment, or monies was acquired, unless provided otherwise herein. Franklin County and Pasco shall take no ownership interest whatsoever in any property, equipment or monies belonging to BCES as of the effective date of this Agreement. Any ownership interest acquired thereafter by Franklin County and/or city of Pasco shall be only as provided herein.

B. Benton PUD Property Interests. Buildings and towers owned by Benton PUD, and site or ground leasehold interests held by Benton PUD at the Prosser site, the Joe Butte Site, and the Umatilla Ridge site will remain in their ownership or leasehold interests. Benton PUD agrees that, in return for the rights granted under this Agreement, it will not exercise its right of first refusal to acquire any microwave system or parts thereof from the State, and agrees to allow the State to transfer such assets to the joint ownership of Benton County and the cities of Kennewick and Richland in the following percentages: fifty percent (50%) to Benton County; twenty-five percent (25%) to Kennewick; twenty-five percent (25%) to Richland. Benton PUD will not have a right to or ownership in any BCES assets, including the Benton County Microwave System, unless this Agreement is amended so as to grant Benton PUD ownership interests in particular assets.

C. Specific Properties Owned Solely By Benton County, Richland and Kennewick. All Parties hereto acknowledge that the federal government may have ownership interests or rights with respect to equipment purchased with funds provided by the federal government. All Parties further acknowledge and agree that the digital 800MHz radio system, the real property and improvements located at 651 Truman Avenue in Richland, Washington, the leasehold interest and 800 MHz equipment used by Benton County Emergency Services and the Parties hereto at the several existing sites and the Benton County Microwave System used by Benton County Emergency Services shall be owned exclusively by Benton County, and the cities of Richland and Kennewick as follows: fifty percent (50%) ownership by Benton County; twenty-five percent (25%) ownership by Kennewick; twenty-five percent (25%) ownership by Richland. The contributions by Pasco and Franklin County required pursuant to section 4.G above do not create any ownership interests in the above assets by those entities.

D. Ownership Interests – SECOMM Fund. Property, equipment, or monies acquired through the Southeast Communications Center Fund on and after the day following the effective date of this Agreement shall be owned in equal shares by Benton County, Franklin County and the cities of Kennewick, Richland and Pasco, except to the extent acquired through revenue of E911 taxes as set forth below. Benton County, Franklin County and the cities of Kennewick, Pasco and Richland are the only Parties to this Agreement responsible for contributing toward capital expenditures in the budget process.

E. Ownership Interests – E911 Taxes. Property, equipment, or monies acquired through the receipt of E911 taxes prior to and after the effective date of this Agreement shall be the property of Benton and Franklin Counties based on the percentage of E911 tax funds contributed by each county toward said property, equipment or monies.

6. PUBLIC RECORDS REQUESTS

A. To comply with BCES's obligation to respond to public records requests, and to minimize legal risk to the Parties, the Parties agree that all original records prepared, owned, used, or retained by BCES shall be provided to and maintained by the Administrative Jurisdiction.

B. When a public records request is received by BCES under the Washington State Public Records Act, Chapter 42.56 RCW, staff assigned to support BCES will complete a search for responsive records and respond to the request pursuant to the Public Records policy established by the Administrative Jurisdiction. To the extent legal review is needed to respond to a request, the City Attorney for the Administrative Jurisdiction will provide the review. The Parties acknowledge that the Administrative Jurisdiction has ultimate authority to release or withhold records pursuant to the Washington State Public Records Act.

7. DURATION OF AGREEMENT; TERMINATION

This Agreement shall become effective only upon execution by all Parties and filing with each County Auditor in compliance with RCW 39.34.040. Upon the effective date, this Agreement shall replace all prior oral agreements, contracts, interlocals and amendments thereto, including those agreements that have been recorded with the Benton County Auditor, and shall specifically, but without limitation, supersede the Interlocal Agreement for Benton County Emergency Services recorded with the Benton County Auditor on October 1, 1996, the Interlocal Agreement for Benton County Emergency Services Interlocal Cooperation Agreement effective September 1, 2006, Amendment 1 thereto dated May 11, 2009, and the 2012 BCES Interlocal Agreement. The initial term of this Agreement shall be ten (10) years, after which this Agreement shall automatically extend for successive five (5) year terms unless one or more Parties objects to extending the Agreement no later than six (6) months prior to expiration. Objections to extension of this Agreement shall be submitted in writing to the Executive Board.

8. AMENDMENTS

Amendments to this Agreement shall only be made upon an affirmative vote of at least twelve (12) votes in favor of amendment, without any vote by Benton PUD, which shall not have a vote on amendments. This section shall not affect how the Board operates and conducts its business.

9. WITHDRAWALS

Any Party may withdraw from this Agreement upon providing six (6) month's advanced written notice to the Executive Board. A withdrawing Party shall remain liable for obligated payments, and shall be refunded any payments made but not obligated prior to the date of actual withdrawal. Any Party so withdrawing shall be responsible for complying with Washington State law regarding its obligations to provide emergency management and dispatch services. Upon the act of withdrawing from this Agreement, the withdrawing Party shall be deemed to have forfeited and released all ownership interest it may have in any property, equipment or monies it may have or otherwise been eligible to receive under this Agreement.

10. ALLOCATION OF LIABILITY; INDEMNIFICATION

A. Each party shall be solely responsible for its own wrongful or negligent conduct. Each party promises to indemnify and hold harmless and release all other Parties from any loss, claim or liability arising from or out of the negligent tortious actions or inactions of its employees, officers and officials. Such liability shall be apportioned among the Parties or other at-fault persons or entities in accordance with the laws of the State of Washington. Nothing herein shall be interpreted to:

1. Waive any defense arising out of RCW Title 51.

2. Limit the ability of a Party to exercise any right, defense, or remedy which a Party may have with respect to third parties or the employee(s) whose action or inaction gave rise to loss, claim or liability, including, but not limited to, an assertion that the employee(s) acted beyond the scope of employment.

3. Cover or require indemnification or payment of any judgment against any individual or agency for intentionally wrongful conduct outside the scope of employment of any individual, or for judgment for punitive damages against any individual or agency. Payment of punitive damage awards, fines or sanctions shall be the sole responsibility of the individual against whom said judgment is rendered and/or his or her agency employer, should that employer voluntarily elect to make said payment. This Agreement does not require indemnification of any punitive damage awards or for any order imposing fines or sanctions.

11. SEVERABILITY

If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, to the extent possible and practicable, the remaining parts of the Agreement shall remain in effect and be binding upon all Parties hereto.

12. NO SEPARATE LEGAL ENTITY

No separate legal entity is created upon execution of this Interlocal Agreement.

13. GOVERNING LAW; VENUE

Jurisdiction and venue for any action relating to the interpretation, enforcement, or any dispute arising from this Agreement shall be in Benton County Superior Court. This Agreement shall be construed in accordance with the laws of the State of Washington.

14. WAIVER

No waiver by any Party hereto of any terms or conditions of this Agreement shall be deemed or construed to be a waiver of any other term or condition, nor shall the waiver of any breach be deemed or construed to constitute a waiver of any subsequent breach, whether of the same or any other term or condition of this Agreement.

15. NO THIRD PARTY RIGHTS

Nothing in this Agreement shall create or be deemed to create any rights in any person or entity not a party to this Agreement.

[*Signature Page to Follow*]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates identified next to their signatures below.

BENTON COUNTY, WASHINGTON

By: James Beaver Date
Chairman, Benton County Commission

By: Jerome Delvin Date
Benton County Commissioner

By: Shon Small Date
Benton County Commissioner

Attest:

Clerk of the Board

Approved as to Form:

Ryan Brown
Chief Deputy Prosecuting Attorney, Civil

FRANKLIN COUNTY, WASHINGTON

By: Robert Koch Date
Chairman, Franklin County Commission

By: Brad Peck Date
Franklin County Commissioner

By: Rick Miller Date
Franklin County Commissioner

Attest:

Clerk of the Board

Approved as to Form:

By:
Franklin County Deputy Prosecutor

[*Signatures Continue Below*]

CITY OF PASCO

By: Dave Zabell Date
Pasco City Manager

Attest:

Daniela Erickson, City Clerk

Approved as to Form:

Lee Kerr, Pasco City Attorney

CITY OF RICHLAND

By: Cynthia D. Reents, ICMA-CM Date
Richland City Manager

Attest:

Marcia Hopkins, City Clerk

Approved as to Form:

Heather Kintzley, Richland City Attorney

CITY OF KENNEWICK

By: Marie E. Mosley Date
Kennewick City Manager

Attest:

Terry Wright, City Clerk

Approved as to Form:

Lisa Beaton, Kennewick City Attorney

CITY OF WEST RICHLAND

By: Brent Gerry Date
Mayor

Attest:

City Clerk Julie Richardson

Approved as to Form:

Bronson Brown
West Richland City Attorney

[*Signatures Continue Below*]

CITY OF PROSSER

By: Randy Taylor Date
Mayor

Attest:

Rachel Shaw, City Clerk

Approved as to Form:

Howard Saxton, Prosser City Attorney

CITY OF BENTON CITY

By: Linda Lehman Date
Mayor

Attest:

Stephanie Haug, City Clerk

Approved as to Form:

Lee Kerr, City Attorney for Benton City

BENTON COUNTY FIRE PROTECTION DISTRICTS 1, 2, AND 4

By: Jerry F. Morris, Commission Chair
BCFPD #1

Date: _____

Attest: _____

By: Barry Orth, Commission Chair
BCFPD #2

Date: _____

Attest: _____

By: A.J. Hill, Commission Chair
BCFPD #4

Date: _____

Attest: _____

[*Signatures Continue Below*]

PUBLIC UTILITY DISTRICT #1 OF BENTON COUNTY (BENTON PUD)

_____ *Attest*: _____

By: Chad Bartram
General Manager

Date: _____

X	*Business Agenda*
	Second Reading
	Consent Agenda
	Info Only/Possible Action
	Info Only

COMMISSION MEETING AGENDA ITEM

Subject:	Resolution No. 2459 Revising Power Risk Management and Trading Policies	
Agenda Item No:	5a	
Meeting Date:	June 26, 2018	
Presented by:	Rick Dunn	*Staff Presenting Item*
Approved by (dept):	Rick Dunn	*Director/Manager*
Approved for Commission review:	Chad Bartram	*General Manager/Asst GM*

Motion for Commission Consideration:

Motion adopting Resolution No. 2459, revising the District's Power Risk Management and Trading Policies and directing staff to follow and implement said Policies.

Recommendation/Background

The District manages a Bonneville Power Administration (BPA) Slice/Block Power Sales Agreement which runs through September 30, 2028 and a Transmission Agreement which runs through September 30, 2031. These Agreements were selected by the District as they provide power supply flexibility and an opportunity for the District to more directly manager our power supply related costs. The Slice/Block product includes primarily hydro-electric generation resources associated with Columbia and Snake River dams along with Energy Northwest's Columbia Generating Station nuclear plant. In addition, the District has power purchase agreements for natural-gas fired electricity from Frederickson 1 Generating Station, wind power from the Nine Canyon and White Creek projects and hydro-electric power from the Packwood Lake project.

A fundamental feature of the Slice of the System (Slice) product component is the inherent variability of hydro-electric generation that occurs seasonally and annually as a function of river flows. Slice variability along with the variability of wind resources results in energy surpluses and deficits when the District attempts to balance generation resources to match variable load levels. In order to dispose of surplus energy, acquire energy when short on supply and optimize the economics of other generation resources, the District participates in wholesale power markets. To manage exposure to wholesale energy market commodity prices the District buys and sells electric power and transmission; environmental attributes; and natural gas in the wholesale markets.

To limit the risks inherent with performing these types of activities, the District and its agent The Energy Authority, Inc. (TEA), follow Commission approved Power Risk Management and Trading Policies (PRMT Policies). These PRMT Policies are administered by the District's Risk Management Committee (RMC) and were last updated by Commission approval of Resolution 2398 on March 7, 2017.

In addition to Resolution 2398 and its predecessors, the District approved Resolution 1983 on March 11, 2008 approving and adopting a Special Counterparty Credit Limit (SCCL) for TEA of not to exceed $7,000,000 to support TEA trading as principal on behalf of the District. On May 21, 2018 the RMC determined that based on relatively low wholesale market prices and reduced trading volume, the SCCL should be reduced to $3,500,000 to more reasonably represent the District's potential financial exposure. Furthermore, the RMC is recommending the SCCL be included in the Risk Management and Credit Policies section of the PRMT Policies and that Resolution 1983 be superseded by Resolution No. 2459. Including the SCCL value in the PRMT Policies will consolidate information in a single document for easier administration and reference.

Finally, recent organizational changes at the District require updates to the roles and responsibilities identified in the PRMT Policies. Responsibilities of the Manager of Power Resources will be assumed by the Senior Director of Engineering and Power Management and the Manager of Power Contracts and Analytics.

Summary

The recommended updates to the Power Risk Management and Trading Policies are required to ensure Risk Management Committee roles and responsibilities are accurately represented and that TEA credit limits when trading on behalf of the District are clearly defined and reasonable.

Fiscal Impact

The $3,500,000 Special Counterparty Credit Limit for TEA trading as principal helps the District's Risk Management Committee manage financial exposure to TEA trading activities performed on behalf of the District.

RESOLUTION NO. 2459

June 26, 2018

A RESOLUTION OF THE COMMISSION
OF PUBLIC UTILITY DISTRICT NO. 1 OF BENTON COUNTY
REVISING POWER RISK MANAGEMENT AND TRADING POLICIES AND DIRECTING
STAFF TO FOLLOW AND IMPLEMENT SAID POLICIES

WHEREAS, Public Utility District No. 1 of Benton County, Washington (the "District") has signed a Block/Slice Power Sales Agreement, and Point-to-Point Transmission Services Agreement with the Bonneville Power Administration (BPA); AND

WHEREAS, the District has signed Power Purchase and Sale Agreements with several additional resources, including Frederickson Power LP, Nine Canyon Wind Project, White Creek Wind Project and Packwood Lake Hydro-Electric Project; AND

WHEREAS, in order to prudently manage the inherent risk associated with these Agreements, the District must actively buy and sell products and services in wholesale markets; AND

WHEREAS, buying and selling electric power and transmission; environmental attributes; and natural gas in wholesale markets introduces commercial risk to the District; AND

WHEREAS, to mitigate commercial risk, the District must engage in risk management strategies and practices using conservative parameters to allow for predictability of power costs, cash reserves, and retail rates; AND

WHEREAS, the District will not engage in speculative commodity trading and will limit commodity trading within established conservative parameters; AND

WHEREAS, the use of derivatives including but not limited to forward swaps, puts, calls, collars, etc., is an important element of an effective utility power risk management policy and has, in the state of Washington been determined to be allowable and prudent, and reduces the operational threat of being physically short of supply; AND

WHEREAS, the Commission approved Resolution No. 1951 on June 26, 2007 authorizing the General Manager, or his designee, to sell short-term power, environmental attributes, and natural gas within certain prescribed limits; AND

WHEREAS, the Commission approved Resolution No. 2378 on September 27, 2016, authorizing the General Manger, or his designee, to purchase short-term electric energy, capacity, renewable energy certificates and natural gas within certain prescribed limits; AND

WHEREAS, TEA trading as principal for both power and transmission has been allocated a credit limit as outlined in paragraph VI.B.3 of the Power Risk Management and Trading Policies; AND

WHEREAS, the Commission adopted Resolution No. 2398 revising the Risk Management and Trading Policies on March 7, 2017 and the Commission now recognizes the need to amend such policies.

NOW, THEREFORE, BE IT RESOLVED THAT:

The Commission adopts the revised Power Risk Management and Trading Policies dated June 26, 2018.

The Commission directs staff to follow and implement said policies as may be amended from time to time by the Commission.

APPROVED AND ADOPTED by the Commission of Public Utility District No. 1 of Benton County at an open meeting, with notice of such meeting being given as required by law, this 26th day of June 2018.

This resolution supersedes Resolution No. 1983 and 2398.

_____

Barry A. Bush, President

ATTEST:

_____

Lori Kays-Sanders, Secretary

Power Risk Management and Trading Policies

Benton PUD

I. Preamble

Effective October 1, 2001, Public Utility District No.1 of Benton County, Washington ("BPUD") began purchasing its net requirements wholesale power supply from the Bonneville Power Administration ("BPA") under a 10-year Slice/Block Power Purchase Agreement. The District signed a follow-on 20 year Slice/Block contract in 2008 which extends the term of the BPA power sales contract to September 30, 2028. The Slice of the System ("Slice") product component of this agreement requires BPUD to participate in wholesale power markets, both spot and forward, much more actively than was previously the case. Unlike the requirements contract BPUD held prior to October 2001, Slice generation availability is not a function of BPUD's load. Slice generation is a function of conditions on the Columbia and Snake River systems and Columbia Generating Station availability. This feature of the Slice product results in surpluses and deficits of energy as compared to the loads served by BPUD. BPUD is required to use the wholesale power market to "shape" Slice generation to load and dispose of surplus power.

Effective May 31, 1997, BPUD entered into a Point-to-Point Transmission Service Agreement, Contract 97TX-10041, with BPA which provided for transmission services that from time to time may be in excess of BPUD requirements and that BPUD may resell the excess.

Additionally, it is apparent that long-term demand for low-cost Federal Power is far in excess of supply. BPUD does not expect that it will have access to low-cost Federal Power for all of its net requirements in future years. Therefore, BPUD entered into a 20-year purchase commitment from a natural gas-fired combined cycle combustion turbine (CCCT), under which it purchases 50 MW of capacity. The term of BPUD's purchase from the Frederickson project is September 1, 2002 through August 31, 2022. The Frederickson project is expected to be surplus to BPUD's load requirements during a significant number of hours during the term of the agreement. Surplus energy will need to be sold into the wholesale power market. This natural gas-fired generation also will require BPUD to purchase and sell natural gas.

Both BPUD and The Energy Authority, Inc. ("TEA"), its agent, have recognized the need for formalized and installed risk management processes and controls related to the increase in trading activities. To that end, BPUD wishes to document these policies and procedures. The present document speaks directly to the policies of BPUD in managing its exposure to wholesale energy commodity market prices and governing TEA's trading activities in that regard. It reflects lessons learned to date, and these comprehensive policies and procedures comprise guidelines and requirements to be employed in managing the market risk inherent in BPUD's trading activities.

II. Mission and Goal

We contribute high value to our community and customers by providing energy and related services using reliable and efficient delivery systems. Our goal is to serve the electric loads of

our customer-owners in a reliable and economically efficient manner, acting to optimize the value of our supply assets in order to minimize rates consistent with the fiscal health of the District.

III. Risk Philosophy

BPUD has purchased the Slice product because BPUD wants to assume control of managing the risks of procuring a wholesale power supply to meet the electrical requirements of its consumer/owners rather than rely on BPA to perform this function on its behalf. BPUD frequently finds itself with a net long physical electricity position which requires hedging of risk inherent to that long position. It is necessary for BPUD to accept reasonable exposure to power and natural gas market price volatility in order to optimize the benefits of its power supply portfolio. In managing that exposure, BPUD will not engage in speculative commodity trading and will limit commodity trading within established conservative parameters.

The use of derivatives (financial trades) including, but not limited to, forward swaps, puts, calls, collars, etc., is an important element of an effective utility power risk management policy. Financial trades (derivatives) are often preferred over "physical electricity" trades which involve the selling of physical power because:

- BPA has challenging legal limitations on selling "physical electricity" forward beyond the current month;
- Forward physical trades create additional power scheduling requirements which can be challenging
- Forward financial trades (selling beyond the current month) have become more liquid than physical trades: in other words, for a forward-month, it's easier to sell a financial contract and therefore get a better price.
- There is significant financial and operational threat of being physically short of supply.

BPUD and TEA recognize the inherent supply risk of the Slice product, particularly in forecasting hydro generation levels in the early months of a given water year. Varying percentile levels (e.g., lowest water level is 1% and highest water level is 99%) of historic stream flows has been shown to shift BPUD's net position from being in load/resource balance on an annual average basis to having significant amounts of surplus power. A balance must be struck between the risk of being short in critical and near-critical water years, with the risk of being long and losing favorable forward sale opportunities in the preponderance of years.

IV. Goals of BPUD's Risk Management Program

A. Manage the price and volume risk of its net position consistent with the risk tolerance of the BPUD Board of Commissioners ('the Board");
B. Manage the credit risk of its receivables and movements in the forward market price (mark-to-market) for power, transmission and natural gas;
C. Provide the requisite information to BPUD's officers given the responsibility for oversight of power management and the risks inherent in it;
D. Allow those officers to proactively represent to the Board that appropriate diligence is being exercised regarding oversight of power supply activities.

V. Roles and Responsibilities of BPUD

A. Board of Commissioners – the Board of Commissioners of BPUD reserve to themselves the approval of Policy for the District. By their approval of the risk management program they also undertake the following responsibilities:

1. Understand the nature of the risks encountered in managing BPUD's resource portfolio;
2. Understand the methods and procedures that will be employed to manage that risk;
3. Approve amendments to these policies and risk limits;
4. Be updated periodically as to policy effectiveness.
5. Delegate the oversight of the risk management program to the BPUD Risk Management Committee (RMC); and
6. Approve transactions with a performance term longer than 12 months or forward transactions that extend more than 36 months into the future from the time the transaction is executed. The specific transaction authorities granted to the General Manager, or his designee, by the Board of Commissioners is provided in Appendix A. The specific types of transactions that the District may enter into are provided in Appendix B.

B. Risk Management Committee (RMC) – the Risk Management Committee has primary operational risk oversight for BPUD. The RMC shall be comprised of the following voting members; BPUD's General Manager, Director of Finance and Business Services, Senior Director of Engineering and Power Management, Manager of Power Contracts and Analytics, and Manager/Supervisor of Risk Management and Treasury Operations. The RMC will meet at least monthly and will prepare and approve meeting minutes. Any tie votes shall be decided by the General Manager's vote. TEA's Client Services Manager and trading and or analytics staff will attend as non-voting members. Other BPUD and TEA staff may also be asked to attend meetings from time-to-time, as the RMC deems necessary. The Board shall delegate to the RMC ongoing maintenance and enforcement of BPUD's approved policies and procedures for trading and risk management including edits to Appendix C. The responsibilities of the RMC shall be:

1. Monitor the market price and counterparty (CP) risk of BPUD's individual portfolio to ensure that such risks are within tolerable limits and being managed in a manner consistent with these documented policies and procedures;
2. Receive monthly reports of performance against agreed upon benchmarks;
3. Approve procedural changes as recommended by TEA, and recommend policy changes to the Board;
4. Monitor any new counterparties and their credit limits, as recommended by TEA;
5. Review new products consistent with the District's New Product Approval procedures, and recommend new products to the Board;
6. From time to time, and no less than once every four years, direct a third-party or occasional internal review of trading and risk management practices of the District, and TEA as it pertains to activities undertaken on behalf of the District,

against the policies and procedures contained herein; review the results of that review and enforce compliance;

7. Once every four years (two years apart from the third party review in B.6), sponsor an internal or external review of BPUD's practices, as well as TEA's practices that pertain to trading activities undertaken on behalf of the District.
8. From time to time, and no less than once a year, review the District's Risk Management and Trading Policies for suitability;
9. Following the reviews in 5 through 8 above, represent to the Board the sufficiency of TEA's trading and risk management infrastructure and its overall compliance with the District's policy and procedures.

C. **BPUD Director of Finance and Business Services** – BPUD's Director of Finance and Business Services (Director of Finance) functions as the chief control officer of BPUD. In this capacity, the Director of Finance carries the chief responsibility for the establishment and maintenance of risk management within BPUD. To that end, the Director of Finance shall act as co-chair with the Manager of Power Contracts and Analytics of the RMC, being responsible for the assurance of due diligence in its operation. To further strengthen day-to-day control over risk management activities, the Director of Finance has delegated specific responsibilities to BPUD's Manager/Supervisor of Risk Management and Treasury Operations. Acting as the primary representative of BPUD in the financial aspects of trading and risk management, the Director of Finance, in conjunction with the BPUD's Manager/Supervisor of Risk Management and Treasury Operations will assure that the following responsibilities are carried out:

1. As a Member of the RMC, authorize and from time to time modify specific risk and trading limits as well as hedging methodologies;
2. Develop credit policies for BPUD; oversee negotiation of the requisite contracts;
3. Participate in the RMC with the purpose of understanding BPUD's risk position and the means to mitigate it;
4. Assume responsibility for the results of the activities undertaken on BPUD's behalf;
5. Monitor risk reports between RMC meetings in conjunction with BPUD's Senior Director of Engineering and Power Management;
6. Ensure that compliance with all policies and limits is maintained; represent that fact to the Board.

D. **BPUD Senior Director of Engineering and Power Management** – the Senior Director of Engineering and Power Management will work closely with the Manager of Power Contracts and Analytics and the Director of Finance to establish, implement and monitor BPUD's risk management program. The Senior Director of Engineering and Power Management will act together with the Manager of Power Contracts and Analytics as the primary representatives of BPUD in the operational aspects of trading and risk management. In this capacity, the Senior Director of Engineering and Power Management will have the following duties and responsibilities:

1. Transaction approval when beyond TEA's limits;
2. Monitor risk reports between RMC meetings in conjunction with BPUD's Director of Finance;
3. Along with the Director of Finance, assume responsibility for the results of activities undertaken on BPUD's behalf.
4.

E. **BPUD Manager of Power Contracts and Analytics** – the Manager of Power Contracts and Analytics will serve as co-chair with the Director of Finance of the RMC and work closely with the Senior Director of Engineering and Power Management and the Director of Finance to establish, implement and monitor BPUD's risk management program. The Manager of Power Contracts and Analytics will act together with the Senior Director of Engineering and Power Management as the primary representatives of BPUD in the operational aspects of trading and risk management. In this capacity, the Manager of Power Contracts and Analytics will have the following duties and responsibilities:

1. Review of trade tickets, beyond preschedule, received from TEA;
2. Receive and execute deal confirmations; TEA shall direct counterparties to send deal confirmations either (1) directly to the Manager of Power Contracts and Analytics rather than to TEA for subsequent transmittal to BPUD when deals are paper confirmed or (2) to load electronically confirmed deals to Intercontinental Exchange's eConfirm platform;
3. Serve as the District's Contract Administrator of the Resource Management Agreement between BPUD and TEA. A copy of TEA's transaction authorities and responsibilities is included in Appendix C.

VI. Risk Management and Credit Policies

A. Risk Policies

1. The approved scope of market participation by BPUD is limited to those activities required to capture optimum value from BPUD's resource portfolio without engaging in speculative trading activity (see Appendix B for a list of approved transactions). Within the constraints of this policy, BPUD recognizes that while the application of expertise must be employed in managing BPUD's resource portfolio, staff can exercise some discretion on timing. It is not the intent of this policy to restrain the legitimate application of analysis to the optimization of resources. It is, however, the express intent to prohibit the acquisition of additional exposure to price and volume risk beyond that encountered in the efficient optimization of BPUD's resource portfolio.

Specifically, Benton acknowledges that engaging in intra-day and intra-week (up to 10 days) price arbitrage trading strategies utilizing Slice storage flexibilities is consistent with this policy.

Given the uncertainty in forecasting generation output from BPUD's resource portfolio, particularly as it relates to uncertainty in Slice generation, BPUD recognizes the basic tension between maximizing the value of surplus power through forward power sales and the potential cost of being caught short if resources perform below expectations due to poor hydroelectric conditions and/or thermal generation unit outages. BPUD has chosen to balance the risk of being caught short as a result of selling too much power forward with the risk of not optimizing the value of surplus generation.

The RMC has approved the use of TEA's current probabilistic model (TEA Model) of BPUD's net power costs under changing Slice generation, BPUD load, and market price scenarios as the basis for the following guidelines:

- BPUD will not sell physically forward surplus Slice generation beyond a 10% Slice generation level based on the most recent Multi-year study completed by BPA until it has information about likely water supply conditions for a particular year.
- BPUD will not sell financially forward surplus Slice generation beyond 10% Slice generation unless the TEA model demonstrates a significant increase in the likelihood of lower net power costs.
- Financial hedging strategies, such as purchase of put options or forward sales with equivalent call options purchased as back-up, will be employed to execute forward sale decisions beyond a 10% Slice generation level.
- Once definitive information about likely water supply conditions is available, generally in December of the prior year, physical or financial forward sales in excess of the above may be approved by the RMC.

2. TEA will inform the RMC at least monthly of a range of percentile values of net power costs from the TEA Model.

3. Slice Book net position limits will be observed for the following times and situations as additionally described in Appendix B:
   a. Maximum long and short physical positions for preschedule through delivery: <= storage capacity
   b. Maximum long and short net positions for the delivery month: *10% of load short, 15% of load long;*
   c. Maximum long and short net positions for the front forward month: *10% of load short, 20% of load long;*
   d. Maximum long and short net positions for the next two forward months:*15% of load short, 25% of load long;*

e. Maximum long and short positions in each of forward months 4 – 12: *25% of load short, 50% load long;*

4. All physical forward transactions will be consistent with BPA's 5(b)9(c) policy.
5. Financial derivatives will be used solely for purposes of hedging physical position.
6. Natural gas purchases will be executed only to the extent necessary to support a forward wholesale power sale, or an expected retail power sale, from BPUD's thermal generation, or executed as part of a simultaneous gas purchase at a receipt point and resale at a delivery point to capture value from BPUD's transportation capacity, or to meet minimum gas storage requirements.
7. Only transmission service rights that are excess to BPUD needs can be resold.
8. In an effort to improve the marketability and liquidity of gas hedges beyond six months, the District may enter into a financial hedge at Henry Hub in lieu of Sumas/Huntingdon. In order to mitigate the basis risk between Henry Hub and Sumas, the District will convert Henry Hub hedges to Sumas hedges, either through physical or through financial methods, no later than 6-months before delivery. Staff will promptly notify the Commission of all instances where such hedges are not in place within 6-months of delivery.

B. Credit Policy – BPUD recognizes the potential for significant losses due to events of financial default or the failure to perform regarding contracted takes and deliveries. In order to manage that credit risk, BPUD has established the following policies:

1. All physical transactions must be executed under an approved master agreement (e.g., WSPP, EEI). All financial transactions must be executed under an ISDA. Enabling agreements for transmission sales and purchases are not required with BPA transmission customers. However, the BPA transmission customer must have a master agreement in place.
2. Commodity transactions, both physical and financial, will be entered into with creditworthy CP's only.
3. Recognizing all the BPUD power transactions in day ahead and real time are traded as principal with TEA at a credit limit of $3,500,000, BPUD has agreed to utilize TEA's credit limit and enabling contracts for these transactions. The CP credit limits discussed below shall not apply to these transactions. However, TEA will provide reports to the RMC that show the credit exposure to all CP's from trading as principal. The RMC will monitor these reports and can notify TEA at any time to cease trading with a CP.
4. BPUD will utilize TEA's system for establishing the creditworthiness and credit limits for CP's for all transactions, physical and financial, not traded as principal. BPUD's credit limits will be scaled from TEA's limits as follows:
   - CP's with a TEA credit limit of $15M or greater, will be allocated a $3M Benton credit limit.
   - CP's with a TEA credit limit from$6M to$15M will be allocated a$2.25M Benton credit limit.
   - CP's with a TEA credit limit less than $6M, will be allocated a credit limit based on the following scaled equation:
     - $2.25M multiplied by TEA's credit limit, divided by $6M.

5. TEA will continuously scan national information on creditworthiness of CP's and BPUD's credit limits will immediately change based on changes made by TEA.
6. BPUD will not take action that would incur a credit exposure with any CP greater than $3M, without Board approval. (However, market price changes can cause CP credit exposure to increase beyond $3M.)The Board recognizes that credit concentration limits are generally a good method to help reduce BPUD risk. But, the Board also recognizes that with the limited number of active CP's available to BPUD, concentration limits do not function properly. The RMC should diversify its exposure as much a practical.
7. The RMC shall provide oversight regarding credit matters in lieu of the Board. As required, a review of new credit and credit documentation issues will be included at each monthly RMC meeting. The Board will receive monthly reports on CP credit status.
8. When the sum of CP's net mark-to-market, unbilled trading activity and payables/receivables balance reaches 85% of its Counterparty Credit Limit, it will be placed on Credit Watch. At that point, the RMC will designate action, which shall be taken if the CP reaches its Credit Limit. The Board will be routinely informed of credit status actions taken by the RMC.
9. The status of credit risk will be tracked by CP and the information made available in a timely manner to both the trading organizations and those responsible for risk oversight; credit reporting will be on a daily basis;
10. BPUD shall not intentionally exceed the Counterparty Credit Limit or the Counterparty Credit Concentration Limit, if any, with any CP without the approval of the RMC; the RMC may grant TEA the authority to make short-term exceptions as necessary to accommodate operational requirements. Similarly the RMC understands that changes in MTM value can result in credit exposures beyond the assigned credit limit.
11. BPUD or TEA, as agent, may not provide credit intermediation ("sleeving") services for wholesale commodity market participants.
12. Due to the absence of credit risk, real-time purchases can be made from any CP whether or not the CP has been approved for trading by the RMC.
13. BPUD understands that transacting over the counter (OTC) swaps carries an additional Commodity Futures Trading Commission (CFTC) reporting function. Once required by the CFTC, BPUD will report on how BPUD generally meets its financial obligations associated with entering into non-cleared swaps in a manner acceptable to the CFTC.
14. Sales to any party if the water would otherwise be spilled resulting in no sale.

C. **New Product Approval Policy** – As markets evolve, the District may consider using new products offered by an approved CP to hedge volume, price, and/or credit risk. All new products must be approved by the District's Commission upon a recommendation from the RMC. Prior to approving and executing a new product, the RMC is responsible for ensuring that each new product meets the following criteria which will be documented in the RMC minutes

1. All risks and rewards that may result from the new product are identified and understood by the RMC and TEA. This assessment will include both quantitative and qualitative analysis of the risks and benefits associated with the new product;
2. The product can be priced through market discoveries and/or financial models maintained by the District or TEA. The methodology relied upon for pricing the product shall be explained to, and understood by, the District's RMC;
3. A system is in place for capturing the transaction, and for providing ongoing valuation and risk monitoring of the product;
4. Accounting policies associated with the product have been identified and can be implemented by the District;
5. Contract terms are unambiguous and have been reviewed and approved by the District's legal counsel, if applicable;
6. Support staff (District and TEA) involved in transaction processing (confirmations, scheduling, settlements, and accounting) have received adequate training and can demonstrate an understanding of the product.

D. **Reporting** – the following reports will be produced on the indicated schedule for the guidance of the RMC and TEA staff involved in trading and risk management:

1. A monthly net position report, showing BPUD's surplus (deficit) in average megawatts across the balance of the month and 12 forward months;
2. A daily mark-to-market report showing the Net Power Cost (NPC - the projected net of all wholesale power costs minus all wholesale power revenues using year-to-date actuals consistent with financial statements and forecasts based on expected slice generation and forward gas and electricity prices) for the current year;
3. A daily mark-to-market report showing the NPC for the prompt year;
4. A daily credit report showing the sum of receivables (payables) and mark-to-market benefit (cost) by CP;
5. A daily report showing purchase and sale activity from trading as principal for the current month and prompt month;
6. A daily report showing all CP's with 85% of credit limit including exposure from trading as principal when Benton has a contract and approved credit limit for that CP.

Revision History:

Resolution No. 2398, 3/07/17, Revising Power Risk Management and Trading Policies

Resolution No. 2371, 8/09/16, *Revising Power Risk Management and Trading Policies*

Resolution No. 2367, 6/28/16, *Revising Power Risk Management and Trading Policies*

Resolution No. 2320, 6/23/15, *Revising Power Risk Management and Trading Policies*

Resolution No. 2275, 5/27/14, *Revising Power Risk Management and Trading Policies*

Resolution No. 2237, 8/27/13, *Revising Power Risk Management and Trading Policies*

Resolution No. 2231, 4/23/13, *Revising Power Risk Management and Trading Policies*

Resolution No. 2083, 3/23/10, *Revising Risk Management and Trading Policies for Power, Environmental Attributes, Transmission, and Natural Gas*

Resolution No. 1954, 6/26/07, *Revising Risk Management and Trading Policies for Power, Environmental Attributes, and Natural Gas*

Resolution No. 1933, 2/27/07, *Revising Risk Management and Trading Policies for Power and Natural Gas*

Resolution No. 1888, 4/25/06, *Revising Risk Management and Trading Policies - Swing Swaps of Natural Gas*

Resolution No. 1820, 1/25/05, *Revising Risk Management and Trading Policy for Power and Natural Gas Sales & Purchases*

Resolution No. 1770, 12/09/03, *Risk Management and Trading Policies for Slice*

Resolution No. 1664, 8/14/01, *Adopting Risk Management and Trading Policies for Slice and Directing Staff to Follow and Implement Said Policies*

Appendix A
Transaction Approval Authorities Granted to General Manager

Long standing utility practice and the general course of business for energy transactions in the western United States marketplace require immediate action by the District's power management staff and/or its agent (TEA) in order to capture short-term market sale and purchase opportunities. There is insufficient time for adoption of a separate Commission resolution for each transaction. Failure to adopt a mechanism for District staff to take immediate action creates the potential for the District to be economically disadvantaged.

To enable the District to consummate transactions within the time constraints required by the energy marketplace, the following transaction approval authorities are granted to the General Manager. The Commission recognizes that the General Manager has delegated, as identified, the following authorities and requirements:

- Short-term transactions are defined as shorter than balance of month and are typically done on an hour ahead or preschedule basis. Exhibit B to the TEA Resource Management Agreement, dated September 28, 2011, delegates authority to TEA, to buy and sell from/to BPUD trading as principal as follows:

    - TEA is authorized to establish preschedules for the wholesale power needs of the District. Such preschedules are normally for a period of 24 to 72 hours but may be for a period of up to 120 hours (Thanksgiving schedule: Thursday through Monday).

    - TEA is authorized to commit the District to daily sales and purchases of electricity, transmission and natural gas for a term of up to 120 hours. TEA will provide electronically to the District information on all transactions entered into the day they are made.

    - TEA is authorized to commit the District to sales and purchases of electric transmission service and associated ancillary services for a term of up to 120 hours. TEA will email to (or deliver by other agreed upon means) the District all transactions entered into the day they are made.

- Long-term transactions are defined as transactions that have duration equal to the balance of the current month or longer. TEA will act as the District's agent under all long term transactions except for transmission which may be traded as principal. The following policies and procedures will govern the execution of long-term transactions:

    - TEA is authorized to commit the District to forward sales and purchases of electricity and natural gas as necessary to stay within risk limits set forth in the District's risk management policies and procedures. The term of any forward purchase or sale transaction shall not exceed 65 days from the date on which the forward transaction occurs. Additionally, the amount of electricity purchased or sold forward shall not

exceed 25 MW per hour or 10,800 MWh, and the amount of natural gas purchased or sold forward shall not exceed 15,520 Decatherms (Dth)/day or 482,000 Dth total, without the prior approval of the District's General Manager or authorized designee. Any and all purchases or sales of electricity and natural gas beyond the aforementioned parameters will be forwarded to the District for approval by the General Manager or authorized designee.

- TEA is authorized to commit the District to transmission and associated ancillary services, purchases and sales for a term of up to 31 days. TEA is authorized to enter into such transmission and ancillary services purchase or sale with any BPA Transmission Customer, regardless of the existence of any transmission or ancillary services trading enabling agreement between the District and such BPA Transmission Customer.

- The District's General Manager or designee is authorized to commit the District to electric energy, capacity, and natural gas transactions, for contemporary or future delivery, without further action or approval by the Board of Commissioners provided that no transaction shall be for a duration in excess of one year, and the term of the agreement does not extend beyond three years into the future at the time the agreement is executed. In addition, transmission resale transactions can be executed for up to a maximum of 6 months from the date of execution.

- Strategies for long-term transactions will require approval of the District's RMC.

- Documentation of each long-term transaction authorized by the District shall be via email or fax or approved by a vote of the RMC. The RMC minutes will include documentation of approved transactions. The email/fax by the District authorizing TEA to transact shall be printed and held until the confirm and TEA trade ticket is completed. For paper confirmed transactions, the printed authorizing email/fax will be filed along with the confirm and trade ticket. For counterparties that are electronically confirming, the Manager of Power Contracts and Analytics will receive, compare to the trade ticket, and verify the information in the confirmation file created by TEA's Risk Control Group prior to loading into ICE's eConfirm. The printed authorizing email/fax, trade ticket, and screen capture of the eConfirm will be filed.

- Documentation of each transaction (composed of trade ticket, email/fax approval and confirm) shall include the following pre- and post-transaction information:

  - Description of the transaction
  - Effective date and term
  - Quantity
  - Financial or Physical transaction
  - Price targets or thresholds set by the District, if applicable
  - Evidence of District approval by email or fax
  - Actual transaction price

- Settlement terms
- Buy or sell
- Delivery point
- For options, option type, strike and execution instructions;
- For financial swaps, the reference index;
- Starting delivery date and hour;
- Ending delivery date and hour;
- Product type;
- Any other date, hour and/or capacity data needed to define a shaped product;
- Broker or electronic trading site and fee, if applicable;
- If the trade is a swap;
- Reporting Counterparty;
- Exemptions if any to clearing.

The General Manager is further authorized to execute on behalf of the District any necessary or appropriate enabling agreements setting general terms and conditions for short term electrical energy, capacity, Environmental Attributes, transmission or natural gas transactions provided that they comply with the guidelines and procedures contained herein.

Commodity	Physical or Financial *	Approved Products	Delivery Location	Duration
Electricity (including related transmission services)	Physical	Same day purchases and sales	BPA Main Grid; other points subject to procurement of transmission from source to sink	Next hour to balance of day
	Physical	Next day purchases and sales	BPA Main Grid; other points subject to procurement of transmission from source to sink	Preschedule period
	Physical Financial	Forward purchases and sales Fixed for Floating swaps	BPA Main Grid; other points subject to procurement of transmission from source to sink Mid C	Up to 36 months into future provided the term of any transaction does not exceed 12 months
	Physical	Energy exchanges	BPA Main Grid; other points subject to procurement of transmission from source to sink	Up to 36 months into future provided the term of any transaction does not exceed 12 months
	Physical	Purchase or sale of capacity or load factoring products (energy deliveries net to 0 MWh over a pre-established time period)	BPA Main Grid; other points subject to procurement of transmission from source to sink	Up to 36 months into future provided the term of any transaction

Commodity	Physical or Financial *	Approved Products	Delivery Location	Duration
				does not exceed 12 months
	Physical Financial Financial Financial Financial	Purchase of quarterly, monthly and daily call and put options Purchase of daily call and put options Purchase of quarterly and monthly call and put options Purchase of quarterly and monthly call and put swaptions Purchase of dual-trigger call options	BPA Main Grid MidC MidC MidC MidC (Power) Pasco, Walla Walla, Spokane, or Yakima (Temperature)	Up to 36 months into future provided the term of any transaction does not exceed 12 months
	Physical or Financial	Sale of tolling products indexed to performance of Frederickson	BPA Main Grid; other points subject to procurement of transmission from source to sink	Up to 36 months into future provided the term of any transaction does not exceed 12 months
Transmission Services Only	Physical	Short-term transmission capacity	Any point from which the District has sourced power to a point where the District will sink power.	Forecast excess for any period up to 6 months from transaction date
Natural Gas	Physical	Same day purchases and sales	Points on Northwest and Westcoast	Balance of day

Commodity	Physical or Financial *	Approved Products	Delivery Location	Duration
			Pipelines from which District has procured transportation capacity from receipt to delivery	
	Physical	Next day purchases and sales	Points on Northwest and Westcoast Pipelines from which District has procured transportation capacity from receipt to delivery	Preschedule period
	Physical	Forward purchases and sales	Points on Northwest and Westcoast Pipelines from which District has procured transportation capacity from receipt to delivery	Up to 36 months into future provided the term of any transaction does not exceed 12 months
	Financial	Fixed for Floating swaps	Sumas/Huntingdon and Henry Hub	All Henry Hub swaps are to be converted to Sumas basis no later than 6-months before delivery
	Financial	Swing swaps	Sumas/Huntingdon	
	Financial	Basis swaps	Sumas/Huntingdon and Henry Hub	

Commodity	Physical or Financial *	Approved Products	Delivery Location	Duration
	Physical	Purchase of Pipeline Transportation Capacity Assignment of Pipeline Transportation Capacity	Northwest and Westcoast Pipelines	Up to 36 months into future provided the term of any transaction does not exceed 12 months
	Financial	Foreign currency swaps relating to managing the exchange rate risk associated with natural gas commodity or transportation transactions denominated in Canadian dollars.	U.S. $ / Canadian $ exchange rate risk only.	Up to 36 months into future provided the term of any transaction does not exceed 12 months
	Physical Financial Financial Financial Financial	Purchase of quarterly, monthly and daily call and put options Purchase of daily call and put options Purchase of quarterly and monthly call and put options Purchase of quarterly and monthly call and put swaptions Purchase of dual-trigger call options	Sumas/Huntingdon, Frederickson Sumas/Huntingdon Sumas/Huntingdon Sumas/Huntingdon Sumas/Huntingdon (Gas) Pasco, Walla Walla, Spokane, or Yakima (Temperature)	Up to 36 months into future provided the term of any transaction does not exceed 12 months
Environmental	Financial	Sale of environmental	Not applicable	Any historical

Commodity	Physical or Financial *	Approved Products	Delivery Location	Duration
Attributes		attributes ("green tags") that accrue to the District as a result of a renewable resource purchase and that are surplus to the District's statutory and/or regulatory requirements. Purchase of environmental attributes ("green tags") to meet the District's statutory and/or regulatory requirements.		and up to 36 months into future provided the term of any transaction does not exceed 12 months; trades beyond 36 months in duration must be approved by the Commission

Appendix B
Summary of Position Limits

The net position limits shown in the table below shall apply only to the District's "Slice Book" as defined in the net position reports provided to the District's RMC. Frederickson generation available to the Slice Book will be included in the calculation only to the extent that the District has procured fixed priced natural gas for that portion of Frederickson generation expected to be used by the Slice Book. Furthermore, the net position limits shall be measured against the District's net heavy load hour position and its net all hour position (weighted average of the net heavy and light load hour positions). The net position limits will not apply to light load hours only.

Period	*Long Position*	*Short Position*	*Comments*
Preschedule	<= storage	<= storage	The total net daily long or short position established during the preschedule shall not exceed the ability to increase or decrease the Slice generation schedule during the active day to accommodate the imbalance.
Delivery Month	15% of load	10% of load	Based on TEA's Expected Slice Generation Forecast.
Forward Month 1	20% of load	10% of load	Based on TEA's Expected Slice Generation Forecast
Forward Months 2 – 3	25% of load	15% of load	Based on TEA's Expected Slice Generation Forecast
Forward Months 4 – 12	50% of load	25% of load	Based on TEA's Contingency Slice Generation Forecast. When the period extends into the next water year, the Contingency Slice forecast will be deemed to be 90% EXD generation absent an alternative decision made by the RMC.

Appendix C

Swap Transaction Representative Selection and Monitoring

Effective Date: January 1, 2013
Type: Mandatory Policy
Applicable Departments: District wide

Purpose:
To ensure that BPUD, a Special Entity under the Dodd-Frank Financial Reform Act, selects a Qualified Independent Representative ("Representative") to provide advice and guidance when entering into swap transactions with Swap Dealers or Major Swap Participants.

Definitions:
Swap Dealer – A swap market participant that acts as a dealer in commodity swaps. The term "Swap Dealer" is further defined in 7 U.S.C. 1a(49) and further interpreted in 17 C.F.R. 1.3(ggg).
Special Entity – A swap transaction counterparty that includes a state agency, city, county, municipality or other political subdivision of a state, or any instrumentality, department, or a corporation of or established by a State or political subdivision of a State. The term "Special Entity" is further defined in 7 U.S.C. 6s(h)(2)(C) and further interpreted in 17 C.F.R. 23.401(C).
Major Swap Participant – A swap market participant that maintains substantial positions in swaps such that the level of swap activity creates substantial counterparty exposure. The term "Major Swap Participant" is further defined in 7 U.S.C. 1a(33) and further interpreted in 17 C.F.R. 1.3(hhh).
Trade Option Exemption – An exemption from most Dodd-Frank swap regulations granted to certain physical commodity options. Recordkeeping and reporting requirement still apply. The requirements for the trade option exemption can be found in 17 C.F.R. 32.3.
End-User Exception – An exception from clearing granted to certain swap transaction used for hedging or mitigating commercial risk. The end-user exception is only available to non-financial entities. The requirements for the exception are outlined in 7 U.S.C. 2(h)(7)(A) and further interpreted in 17 C.F.R. 50.50.
Swap – In general terms, a swap includes most financially settled transactions not including futures or options on futures. The term "Swap" is further defined in 7 U.S.C. 1a(47) and further interpreted in 17 C.F.R. 1.3(xxx).
Qualified Independent Representative – a representative required of Special Entities before transacting swaps with Swap Dealers or Major Swap Participants. Among other tasks, the representative is required to evaluate fair pricing for the swap transaction, make timely disclosures to the Special Entity and act in the best interest of the Special Entity. An exhaustive list of the requirements for the representative can be found in 17 C.F.R. 23.450(b).

Policy:

Selection: BPUD shall endeavor to seek and employ an individual or entity that will voluntarily act as a Representative for all energy commodity swap transactions between BPUD and any Swap Dealer or Major Swap Participant. The Representative must meet the following qualifications identified in 17 C.F.R. 23.450(b):

(i) Has sufficient knowledge to evaluate the transaction and risks;

(ii) Is not subject to a statutory disqualification;

(iii) Is independent of the swap dealer or major swap participant;

(iv) Undertakes a duty to act in the best interests of the Special Entity it represents;

(v) Makes appropriate and timely disclosures to the Special Entity;

(vi) Evaluates, consistent with any guidelines provided by the Special Entity, fair pricing and the appropriateness of the swap; and

(vii) In the case of a Special Entity as defined in § 23.401(c)(2) or (4), is subject to restrictions on certain political contributions imposed by the Commission, the Securities and Exchange Commission, or a self-regulatory organization subject to the jurisdiction of the Commission or the Securities and Exchange Commission; provided however, that this paragraph (b)(1)(vii) of this section shall not apply if the representative is an employee of the Special Entity.

The Representative and BPUD shall enter into a legal agreement that binds the Representative to comply with items (i) through (vii) in this policy.

BPUD shall annually review the performance of the Representative to ensure compliance with items (i) through (vii) in this policy.

RESOLUTION NO. 2459

June 26, 2018

A RESOLUTION OF THE COMMISSION
OF PUBLIC UTILITY DISTRICT NO. 1 OF BENTON COUNTY
REVISING POWER RISK MANAGEMENT AND TRADING POLICIES AND DIRECTING
STAFF TO FOLLOW AND IMPLEMENT SAID POLICIES

WHEREAS, Public Utility District No. 1 of Benton County, Washington (the "District") has signed a Block/Slice Power Sales Agreement, and Point-to-Point Transmission Services Agreement with the Bonneville Power Administration (BPA); AND

WHEREAS, the District has signed Power Purchase and Sale Agreements with several additional resources, including Frederickson Power LP, Nine Canyon Wind Project, White Creek Wind Project and Packwood Lake Hydro-Electric Project; AND

WHEREAS, in order to prudently manage the inherent risk associated with these Agreements, the District must actively buy and sell products and services in wholesale markets; AND

WHEREAS, buying and selling electric power and transmission; environmental attributes; and natural gas in wholesale markets introduces commercial risk to the District; AND

WHEREAS, to mitigate commercial risk, the District must engage in risk management strategies and practices using conservative parameters to allow for predictability of power costs, cash reserves, and retail rates; AND

WHEREAS, the District will not engage in speculative commodity trading and will limit commodity trading within established conservative parameters; AND

WHEREAS, the use of derivatives including but not limited to forward swaps, puts, calls, collars, etc., is an important element of an effective utility power risk management policy and has, in the state of Washington been determined to be allowable and prudent, and reduces the operational threat of being physically short of supply; AND

WHEREAS, the Commission approved Resolution No. 1951 on June 26, 2007 authorizing the General Manager, or his designee, to sell short-term power, environmental attributes, and natural gas within certain prescribed limits; AND

WHEREAS, the Commission approved Resolution No. 2378 on September 27, 2016, authorizing the General Manger, or his designee, to purchase short-term electric energy, capacity, renewable energy certificates and natural gas within certain prescribed limits; AND

WHEREAS, TEA trading as principal for both power and transmission has been allocated a credit limit as outlined in paragraph VI.B.3 of the Power Risk Management and Trading Policies; AND

WHEREAS, the Commission adopted Resolution No. 2398 revising the Risk Management and Trading Policies on March 7, 2017 and the Commission now recognizes the need to amend such policies.

NOW, THEREFORE, BE IT RESOLVED THAT:

The Commission adopts the revised Power Risk Management and Trading Policies dated June 26, 2018.

The Commission directs staff to follow and implement said policies as may be amended from time to time by the Commission.

APPROVED AND ADOPTED by the Commission of Public Utility District No. 1 of Benton County at an open meeting, with notice of such meeting being given as required by law, this 26th day of June 2018.

This resolution supersedes Resolution No. 1983 and 2398.

_____

Barry A. Bush, President

ATTEST:

_____

Lori Kays-Sanders, Secretary

Power Risk Management and Trading Policies

Benton PUD

I. Preamble

Effective October 1, 2001, Public Utility District No.1 of Benton County, Washington ("BPUD") began purchasing its net requirements wholesale power supply from the Bonneville Power Administration ("BPA") under a 10-year Slice/Block Power Purchase Agreement. The District signed a follow-on 20 year Slice/Block contract in 2008 which extends the term of the BPA power sales contract to September 30, 2028. The Slice of the System ("Slice") product component of this agreement requires BPUD to participate in wholesale power markets, both spot and forward, much more actively than was previously the case. Unlike the requirements contract BPUD held prior to October 2001, Slice generation availability is not a function of BPUD's load. Slice generation is a function of conditions on the Columbia and Snake River systems and Columbia Generating Station availability. This feature of the Slice product results in surpluses and deficits of energy as compared to the loads served by BPUD. BPUD is required to use the wholesale power market to "shape" Slice generation to load and dispose of surplus power.

Effective May 31, 1997, BPUD entered into a Point-to-Point Transmission Service Agreement, Contract 97TX-10041, with BPA which provided for transmission services that from time to time may be in excess of BPUD requirements and that BPUD may resell the excess.

Additionally, it is apparent that long-term demand for low-cost Federal Power is far in excess of supply. BPUD does not expect that it will have access to low-cost Federal Power for all of its net requirements in future years. Therefore, BPUD entered into a 20-year purchase commitment from a natural gas-fired combined cycle combustion turbine (CCCT), under which it purchases 50 MW of capacity. The term of BPUD's purchase from the Frederickson project is September 1, 2002 through August 31, 2022. The Frederickson project is expected to be surplus to BPUD's load requirements during a significant number of hours during the term of the agreement. Surplus energy will need to be sold into the wholesale power market. This natural gas-fired generation also will require BPUD to purchase and sell natural gas.

Both BPUD and The Energy Authority, Inc. ("TEA"), its agent, have recognized the need for formalized and installed risk management processes and controls related to the increase in trading activities. To that end, BPUD wishes to document these policies and procedures. The present document speaks directly to the policies of BPUD in managing its exposure to wholesale energy commodity market prices and governing TEA's trading activities in that regard. It reflects lessons learned to date, and these comprehensive policies and procedures comprise guidelines and requirements to be employed in managing the market risk inherent in BPUD's trading activities.

II. Mission and Goal

We contribute high value to our community and customers by providing energy and related services using reliable and efficient delivery systems. Our goal is to serve the electric loads of

our customer-owners in a reliable and economically efficient manner, acting to optimize the value of our supply assets in order to minimize rates consistent with the fiscal health of the District.

III. Risk Philosophy

BPUD has purchased the Slice product because BPUD wants to assume control of managing the risks of procuring a wholesale power supply to meet the electrical requirements of its consumer/owners rather than rely on BPA to perform this function on its behalf. BPUD frequently finds itself with a net long physical electricity position which requires hedging of risk inherent to that long position. It is necessary for BPUD to accept reasonable exposure to power and natural gas market price volatility in order to optimize the benefits of its power supply portfolio. In managing that exposure, BPUD will not engage in speculative commodity trading and will limit commodity trading within established conservative parameters.

The use of derivatives (financial trades) including, but not limited to, forward swaps, puts, calls, collars, etc., is an important element of an effective utility power risk management policy. Financial trades (derivatives) are often preferred over "physical electricity" trades which involve the selling of physical power because:

- BPA has challenging legal limitations on selling "physical electricity" forward beyond the current month;
- Forward physical trades create additional power scheduling requirements which can be challenging
- Forward financial trades (selling beyond the current month) have become more liquid than physical trades: in other words, for a forward-month, it's easier to sell a financial contract and therefore get a better price.
- There is significant financial and operational threat of being physically short of supply.

BPUD and TEA recognize the inherent supply risk of the Slice product, particularly in forecasting hydro generation levels in the early months of a given water year. Varying percentile levels (e.g., lowest water level is 1% and highest water level is 99%) of historic stream flows has been shown to shift BPUD's net position from being in load/resource balance on an annual average basis to having significant amounts of surplus power. A balance must be struck between the risk of being short in critical and near-critical water years, with the risk of being long and losing favorable forward sale opportunities in the preponderance of years.

IV. Goals of BPUD's Risk Management Program

A. Manage the price and volume risk of its net position consistent with the risk tolerance of the BPUD Board of Commissioners ('the Board");
B. Manage the credit risk of its receivables and movements in the forward market price (mark-to-market) for power, transmission and natural gas;
C. Provide the requisite information to BPUD's officers given the responsibility for oversight of power management and the risks inherent in it;
D. Allow those officers to proactively represent to the Board that appropriate diligence is being exercised regarding oversight of power supply activities.

V. Roles and Responsibilities of BPUD

A. Board of Commissioners – the Board of Commissioners of BPUD reserve to themselves the approval of Policy for the District. By their approval of the risk management program they also undertake the following responsibilities:

1. Understand the nature of the risks encountered in managing BPUD's resource portfolio;
2. Understand the methods and procedures that will be employed to manage that risk;
3. Approve amendments to these policies and risk limits;
4. Be updated periodically as to policy effectiveness.
5. Delegate the oversight of the risk management program to the BPUD Risk Management Committee (RMC); and
6. Approve transactions with a performance term longer than 12 months or forward transactions that extend more than 36 months into the future from the time the transaction is executed. The specific transaction authorities granted to the General Manager, or his designee, by the Board of Commissioners is provided in Appendix A. The specific types of transactions that the District may enter into are provided in Appendix B.

B. Risk Management Committee (RMC) – the Risk Management Committee has primary operational risk oversight for BPUD. The RMC shall be comprised of the following voting members; BPUD's General Manager, Director of Finance and Business Services, Senior Director of Engineering and Power Management, ~~Manager of Power Resources~~Manager of Power Contracts and Analytics, and Manager/Supervisor of Risk Management and Treasury Operations. The RMC will meet at least monthly and will prepare and approve meeting minutes. Any tie votes shall be decided by the General Manager's vote. TEA's Client Services Manager and trading and or analytics staff will attend as non-voting members. Other BPUD and TEA staff may also be asked to attend meetings from time-to-time, as the RMC deems necessary. The Board shall delegate to the RMC ongoing maintenance and enforcement of BPUD's approved policies and procedures for trading and risk management including edits to Appendix C. The responsibilities of the RMC shall be:

1. Monitor the market price and counterparty (CP) risk of BPUD's individual portfolio to ensure that such risks are within tolerable limits and being managed in a manner consistent with these documented policies and procedures;
2. Receive monthly reports of performance against agreed upon benchmarks;
3. Approve procedural changes as recommended by TEA, and recommend policy changes to the Board;
4. Monitor any new counterparties and their credit limits, as recommended by TEA;
5. Review new products consistent with the District's New Product Approval procedures, and recommend new products to the Board;
6. From time to time, and no less than once every four years, direct a third-party or occasional internal review of trading and risk management practices of the District, and TEA as it pertains to activities undertaken on behalf of the District,

against the policies and procedures contained herein; review the results of that review and enforce compliance;

7. Once every four years (two years apart from the third party review in B.6), sponsor an internal or external review of BPUD's practices, as well as TEA's practices that pertain to trading activities undertaken on behalf of the District.
8. From time to time, and no less than once a year, review the District's Risk Management and Trading Policies for suitability;
9. Following the reviews in 5 through 8 above, represent to the Board the sufficiency of TEA's trading and risk management infrastructure and its overall compliance with the District's policy and procedures.

C. **BPUD Director of Finance and Business Services** – BPUD's Director of Finance and Business Services (Director of Finance) functions as the chief control officer of BPUD. In this capacity, the Director of Finance carries the chief responsibility for the establishment and maintenance of risk management within BPUD. To that end, the Director of Finance shall act as co-chair with the Manager of Power Contracts and Analytics~~Resources~~ of the RMC, being responsible for the assurance of due diligence in its operation. To further strengthen day-to-day control over risk management activities, the Director of Finance has delegated specific responsibilities to BPUD's Manager/Supervisor of Risk Management and Treasury Operations. Acting as the primary representative of BPUD in the financial aspects of trading and risk management, the Director of Finance, in conjunction with the BPUD's Manager/Supervisor of Risk Management and Treasury Operations will assure that the following responsibilities are carried out:

1. As a Member of the RMC, authorize and from time to time modify specific risk and trading limits as well as hedging methodologies;
2. Develop credit policies for BPUD; oversee negotiation of the requisite contracts;
3. Participate in the RMC with the purpose of understanding BPUD's risk position and the means to mitigate it;
4. Assume responsibility for the results of the activities undertaken on BPUD's behalf;
5. Monitor risk reports between RMC meetings in conjunction with BPUD's ~~Manager of Power Resources~~Senior Director of Engineering and Power Management;
6. Ensure that compliance with all policies and limits is maintained; represent that fact to the Board.

D. **BPUD Senior Director of Engineering and ~~Manager of~~ Power Management~~Resources~~** – the Senior Director of Engineering and ~~Manager of~~ Power Management~~Resources~~ will ~~serve as co-chair with the Director of Finance of the RMC and~~ work closely with the Manager of Power Contracts and Analytics and the Director of Finance to establish, implement and monitor BPUD's risk management program. The Senior Director of Engineering and ~~Manager of~~ Power Management~~Resources~~ will act together with the Manager of Power Contracts and Analytics as the primary representatives of BPUD in the operational aspects of

trading and risk management. In this capacity, the Senior Director of Engineering and ~~Manager of~~ Power Management~~Resources~~ will have the following duties and responsibilities:

1. Transaction approval when beyond TEA's limits;
2. ~~Review of trade tickets, beyond preschedule, received from TEA;~~
3. ~~Receive and execute deal confirmations; TEA shall direct counterparties to send deal confirmations either (1) directly to the Manager of Power Resources rather than to TEA for subsequent transmittal to BPUD when deals are paper confirmed or (2) to load electronically confirmed deals to Intercontinental Exchange's eConfirm platform;~~
4.2. Monitor risk reports between RMC meetings in conjunction with BPUD's Director of Finance;
5.3. Along with the Director of Finance, assume responsibility for the results of activities undertaken on BPUD's behalf;.
4. ~~Serve as the District's Contract Administrator of the Resource Management Agreement between BPUD and TEA. A copy of TEA's transaction authorities and responsibilities is included in Appendix C.~~

E. **BPUD Manager of Power Contracts and Analytics** – the Manager of Power Contracts and Analytics will serve as co-chair with the Director of Finance of the RMC and work closely with the Senior Director of Engineering and Power Management and the Director of Finance to establish, implement and monitor BPUD's risk management program. The Manager of Power Contracts and Analytics will act together with the Senior Director of Engineering and Power Management as the primary representatives of BPUD in the operational aspects of trading and risk management. In this capacity, the Manager of Power Contracts and Analytics will have the following duties and responsibilities:

1. Review of trade tickets, beyond preschedule, received from TEA;
2. Receive and execute deal confirmations; TEA shall direct counterparties to send deal confirmations either (1) directly to the Manager of Power Contracts and Analytics rather than to TEA for subsequent transmittal to BPUD when deals are paper confirmed or (2) to load electronically confirmed deals to Intercontinental Exchange's eConfirm platform;
1.3. Serve as the District's Contract Administrator of the Resource Management Agreement between BPUD and TEA. A copy of TEA's transaction authorities and responsibilities is included in Appendix C.

VI. Risk Management and Credit Policies

A. Risk Policies

1. The approved scope of market participation by BPUD is limited to those activities required to capture optimum value from BPUD's resource portfolio without engaging in speculative trading activity (see Appendix B for a list of approved transactions). Within the constraints of this policy, BPUD recognizes that while the application of expertise must be employed in managing BPUD's resource portfolio, staff can exercise some discretion on timing. It is not the intent of this policy to restrain the legitimate application of analysis to the optimization of

resources. It is, however, the express intent to prohibit the acquisition of additional exposure to price and volume risk beyond that encountered in the efficient optimization of BPUD's resource portfolio.

Specifically, Benton acknowledges that engaging in intra-day and intra-week (up to 10 days) price arbitrage trading strategies utilizing Slice storage flexibilities is consistent with this policy.

Given the uncertainty in forecasting generation output from BPUD's resource portfolio, particularly as it relates to uncertainty in Slice generation, BPUD recognizes the basic tension between maximizing the value of surplus power through forward power sales and the potential cost of being caught short if resources perform below expectations due to poor hydroelectric conditions and/or thermal generation unit outages. BPUD has chosen to balance the risk of being caught short as a result of selling too much power forward with the risk of not optimizing the value of surplus generation.

The RMC has approved the use of TEA's current probabilistic model (TEA Model) of BPUD's net power costs under changing Slice generation, BPUD load, and market price scenarios as the basis for the following guidelines:

- BPUD will not sell physically forward surplus Slice generation beyond a 10% Slice generation level based on the most recent Multi-year study completed by BPA until it has information about likely water supply conditions for a particular year.
- BPUD will not sell financially forward surplus Slice generation beyond 10% Slice generation unless the TEA model demonstrates a significant increase in the likelihood of lower net power costs.
- Financial hedging strategies, such as purchase of put options or forward sales with equivalent call options purchased as back-up, will be employed to execute forward sale decisions beyond a 10% Slice generation level.
- Once definitive information about likely water supply conditions is available, generally in December of the prior year, physical or financial forward sales in excess of the above may be approved by the RMC.

2. TEA will inform the RMC at least monthly of a range of percentile values of net power costs from the TEA Model.

3. Slice Book net position limits will be observed for the following times and situations as additionally described in Appendix B:
   a. Maximum long and short physical positions for preschedule through delivery: <= storage capacity
   b. Maximum long and short net positions for the delivery month: *10% of load short, 15% of load long;*
   c. Maximum long and short net positions for the front forward month: *10% of load short, 20% of load long;*

d. Maximum long and short net positions for the next two forward months:*15% of load short, 25% of load long;*
e. Maximum long and short positions in each of forward months 4 – 12: *25% of load short, 50% load long;*

4. All physical forward transactions will be consistent with BPA's 5(b)9(c) policy.
5. Financial derivatives will be used solely for purposes of hedging physical position.
6. Natural gas purchases will be executed only to the extent necessary to support a forward wholesale power sale, or an expected retail power sale, from BPUD's thermal generation, or executed as part of a simultaneous gas purchase at a receipt point and resale at a delivery point to capture value from BPUD's transportation capacity, or to meet minimum gas storage requirements.
7. Only transmission service rights that are excess to BPUD needs can be resold.
8. In an effort to improve the marketability and liquidity of gas hedges beyond six months, the District may enter into a financial hedge at Henry Hub in lieu of Sumas/Huntingdon. In order to mitigate the basis risk between Henry Hub and Sumas, the District will convert Henry Hub hedges to Sumas hedges, either through physical or through financial methods, no later than 6-months before delivery. Staff will promptly notify the Commission of all instances where such hedges are not in place within 6-months of delivery.

B. Credit Policy – BPUD recognizes the potential for significant losses due to events of financial default or the failure to perform regarding contracted takes and deliveries. In order to manage that credit risk, BPUD has established the following policies:

1. All physical transactions must be executed under an approved master agreement (e.g., WSPP, EEI). All financial transactions must be executed under an ISDA. Enabling agreements for transmission sales and purchases are not required with BPA transmission customers. However, the BPA transmission customer must have a master agreement in place.
2. Commodity transactions, both physical and financial, will be entered into with creditworthy CP's only.
3. Recognizing all the BPUD power transactions in day ahead and real time are traded as principal with TEA at a credit limit of $3,500,000, BPUD has agreed ~~by Commission Resolution~~ to utilize TEA's credit limit and enabling contracts for these transactions. The CP credit limits discussed below shall not apply to these transactions. However, TEA will provide reports to the RMC that show the credit exposure to all CP's from trading as principal. The RMC will monitor these reports and can notify TEA at any time to cease trading with a CP.
4. BPUD will utilize TEA's system for establishing the creditworthiness and credit limits for CP's for all transactions, physical and financial, not traded as principal. BPUD's credit limits will be scaled from TEA's limits as follows:
   - CP's with a TEA credit limit of $15M or greater, will be allocated a $3M Benton credit limit.
   - CP's with a TEA credit limit from$6M to$15M will be allocated a$2.25M Benton credit limit.

- CP's with a TEA credit limit less than $6M, will be allocated a credit limit based on the following scaled equation:
  - $2.25M multiplied by TEA's credit limit, divided by $6M.

5. TEA will continuously scan national information on creditworthiness of CP's and BPUD's credit limits will immediately change based on changes made by TEA.
6. BPUD will not take action that would incur a credit exposure with any CP greater than $3M, without Board approval. (However, market price changes can cause CP credit exposure to increase beyond $3M.)The Board recognizes that credit concentration limits are generally a good method to help reduce BPUD risk. But, the Board also recognizes that with the limited number of active CP's available to BPUD, concentration limits do not function properly. The RMC should diversify its exposure as much a practical.
7. The RMC shall provide oversight regarding credit matters in lieu of the Board. As required, a review of new credit and credit documentation issues will be included at each monthly RMC meeting. The Board will receive monthly reports on CP credit status.
8. When the sum of CP's net mark-to-market, unbilled trading activity and payables/receivables balance reaches 85% of its Counterparty Credit Limit, it will be placed on Credit Watch. At that point, the RMC will designate action, which shall be taken if the CP reaches its Credit Limit. The Board will be routinely informed of credit status actions taken by the RMC.
9. The status of credit risk will be tracked by CP and the information made available in a timely manner to both the trading organizations and those responsible for risk oversight; credit reporting will be on a daily basis;
10. BPUD shall not intentionally exceed the Counterparty Credit Limit or the Counterparty Credit Concentration Limit, if any, with any CP without the approval of the RMC; the RMC may grant TEA the authority to make short-term exceptions as necessary to accommodate operational requirements. Similarly the RMC understands that changes in MTM value can result in credit exposures beyond the assigned credit limit.
11. BPUD or TEA, as agent, may not provide credit intermediation ("sleeving") services for wholesale commodity market participants.
12. Due to the absence of credit risk, real-time purchases can be made from any CP whether or not the CP has been approved for trading by the RMC.
13. BPUD understands that transacting over the counter (OTC) swaps carries an additional Commodity Futures Trading Commission (CFTC) reporting function. Once required by the CFTC, BPUD will report on how BPUD generally meets its financial obligations associated with entering into non-cleared swaps in a manner acceptable to the CFTC.
14. Sales to any party if the water would otherwise be spilled resulting in no sale.

C. New Product Approval Policy – As markets evolve, the District may consider using new products offered by an approved CP to hedge volume, price, and/or credit risk. All new products must be approved by the District's Commission upon a recommendation from the RMC. Prior to approving and executing a new product,

the RMC is responsible for ensuring that each new product meets the following criteria which will be documented in the RMC minutes

1. All risks and rewards that may result from the new product are identified and understood by the RMC and TEA. This assessment will include both quantitative and qualitative analysis of the risks and benefits associated with the new product;
2. The product can be priced through market discoveries and/or financial models maintained by the District or TEA. The methodology relied upon for pricing the product shall be explained to, and understood by, the District's RMC;
3. A system is in place for capturing the transaction, and for providing ongoing valuation and risk monitoring of the product;
4. Accounting policies associated with the product have been identified and can be implemented by the District;
5. Contract terms are unambiguous and have been reviewed and approved by the District's legal counsel, if applicable;
6. Support staff (District and TEA) involved in transaction processing (confirmations, scheduling, settlements, and accounting) have received adequate training and can demonstrate an understanding of the product.

D. Reporting – the following reports will be produced on the indicated schedule for the guidance of the RMC and TEA staff involved in trading and risk management:

1. A monthly net position report, showing BPUD's surplus (deficit) in average megawatts across the balance of the month and 12 forward months;
2. A daily mark-to-market report showing the Net Power Cost (NPC - the projected net of all wholesale power costs minus all wholesale power revenues using year-to-date actuals consistent with financial statements and forecasts based on expected slice generation and forward gas and electricity prices) for the current year;
3. A daily mark-to-market report showing the NPC for the prompt year;
4. A daily credit report showing the sum of receivables (payables) and mark-to-market benefit (cost) by CP;
5. A daily report showing purchase and sale activity from trading as principal for the current month and prompt month;
6. A daily report showing all CP's with 85% of credit limit including exposure from trading as principal when Benton has a contract and approved credit limit for that CP.

Revision History:

Resolution No. 2398, 3/07/17, Revising Power Risk Management and Trading Policies

Resolution No. 2371, 8/09/16, *Revising Power Risk Management and Trading Policies*

Resolution No. 2367, 6/28/16, *Revising Power Risk Management and Trading Policies*

Resolution No. 2320, 6/23/15, *Revising Power Risk Management and Trading Policies*

Resolution No. 2275, 5/27/14, *Revising Power Risk Management and Trading Policies*

Resolution No. 2237, 8/27/13, *Revising Power Risk Management and Trading Policies*

Resolution No. 2231, 4/23/13, *Revising Power Risk Management and Trading Policies*

Resolution No. 2083, 3/23/10, *Revising Risk Management and Trading Policies for Power, Environmental Attributes, Transmission, and Natural Gas*

Resolution No. 1954, 6/26/07, *Revising Risk Management and Trading Policies for Power, Environmental Attributes, and Natural Gas*

Resolution No. 1933, 2/27/07, *Revising Risk Management and Trading Policies for Power and Natural Gas*

Resolution No. 1888, 4/25/06, *Revising Risk Management and Trading Policies - Swing Swaps of Natural Gas*

Resolution No. 1820, 1/25/05, *Revising Risk Management and Trading Policy for Power and Natural Gas Sales & Purchases*

Resolution No. 1770, 12/09/03, *Risk Management and Trading Policies for Slice*

Resolution No. 1664, 8/14/01, *Adopting Risk Management and Trading Policies for Slice and Directing Staff to Follow and Implement Said Policies*

Appendix A
Transaction Approval Authorities Granted to General Manager

Long standing utility practice and the general course of business for energy transactions in the western United States marketplace require immediate action by the District's power management staff and/or its agent (TEA) in order to capture short-term market sale and purchase opportunities. There is insufficient time for adoption of a separate Commission resolution for each transaction. Failure to adopt a mechanism for District staff to take immediate action creates the potential for the District to be economically disadvantaged.

To enable the District to consummate transactions within the time constraints required by the energy marketplace, the following transaction approval authorities are granted to the General Manager. The Commission recognizes that the General Manager has delegated, as identified, the following authorities and requirements:

- Short-term transactions are defined as shorter than balance of month and are typically done on an hour ahead or preschedule basis. Exhibit B to the TEA Resource Management Agreement, dated September 28, 2011, delegates authority to TEA, to buy and sell from/to BPUD trading as principal as follows:

    - TEA is authorized to establish preschedules for the wholesale power needs of the District. Such preschedules are normally for a period of 24 to 72 hours but may be for a period of up to 120 hours (Thanksgiving schedule: Thursday through Monday).

    - TEA is authorized to commit the District to daily sales and purchases of electricity, transmission and natural gas for a term of up to 120 hours. TEA will provide electronically to the District information on all transactions entered into the day they are made.

    - TEA is authorized to commit the District to sales and purchases of electric transmission service and associated ancillary services for a term of up to 120 hours. TEA will email to (or deliver by other agreed upon means) the District all transactions entered into the day they are made.

- Long-term transactions are defined as transactions that have duration equal to the balance of the current month or longer. TEA will act as the District's agent under all long term transactions except for transmission which may be traded as principal. The following policies and procedures will govern the execution of long-term transactions:

    - TEA is authorized to commit the District to forward sales and purchases of electricity and natural gas as necessary to stay within risk limits set forth in the District's risk management policies and procedures. The term of any forward purchase or sale transaction shall not exceed 65 days from the date on which the forward transaction occurs. Additionally, the amount of electricity purchased or sold forward shall not

exceed 25 MW per hour or 10,800 MWh, and the amount of natural gas purchased or sold forward shall not exceed 15,520 Decatherms (Dth)/day or 482,000 Dth total, without the prior approval of the District's General Manager or authorized designee. Any and all purchases or sales of electricity and natural gas beyond the aforementioned parameters will be forwarded to the District for approval by the General Manager or authorized designee.

- TEA is authorized to commit the District to transmission and associated ancillary services, purchases and sales for a term of up to 31 days. TEA is authorized to enter into such transmission and ancillary services purchase or sale with any BPA Transmission Customer, regardless of the existence of any transmission or ancillary services trading enabling agreement between the District and such BPA Transmission Customer.

- The District's General Manager or designee is authorized to commit the District to electric energy, capacity, and natural gas transactions, for contemporary or future delivery, without further action or approval by the Board of Commissioners provided that no transaction shall be for a duration in excess of one year, and the term of the agreement does not extend beyond three years into the future at the time the agreement is executed. In addition, transmission resale transactions can be executed for up to a maximum of 6 months from the date of execution.

- Strategies for long-term transactions will require approval of the District's RMC.

- Documentation of each long-term transaction authorized by the District shall be via email or fax or approved by a vote of the RMC. The RMC minutes will include documentation of approved transactions. The email/fax by the District authorizing TEA to transact shall be printed and held until the confirm and TEA trade ticket is completed. For paper confirmed transactions, the printed authorizing email/fax will be filed along with the confirm and trade ticket. For counterparties that are electronically confirming, the ~~Manager of Power Resources~~Manager of Power Contracts and Analytics will receive, compare to the trade ticket, and verify the information in the confirmation file created by TEA's Risk Control Group prior to loading into ICE's eConfirm. The printed authorizing email/fax, trade ticket, and screen capture of the eConfirm will be filed.

- Documentation of each transaction (composed of trade ticket, email/fax approval and confirm) shall include the following pre- and post-transaction information:

  - Description of the transaction
  - Effective date and term
  - Quantity
  - Financial or Physical transaction
  - Price targets or thresholds set by the District, if applicable
  - Evidence of District approval by email or fax
  - Actual transaction price

- Settlement terms
- Buy or sell
- Delivery point
- For options, option type, strike and execution instructions;
- For financial swaps, the reference index;
- Starting delivery date and hour;
- Ending delivery date and hour;
- Product type;
- Any other date, hour and/or capacity data needed to define a shaped product;
- Broker or electronic trading site and fee, if applicable;
- If the trade is a swap;
- Reporting Counterparty;
- Exemptions if any to clearing.

The General Manager is further authorized to execute on behalf of the District any necessary or appropriate enabling agreements setting general terms and conditions for short term electrical energy, capacity, Environmental Attributes, transmission or natural gas transactions provided that they comply with the guidelines and procedures contained herein.

Commodity	Physical or Financial *	Approved Products	Delivery Location	Duration
Electricity (including related transmission services)	Physical	Same day purchases and sales	BPA Main Grid; other points subject to procurement of transmission from source to sink	Next hour to balance of day
	Physical	Next day purchases and sales	BPA Main Grid; other points subject to procurement of transmission from source to sink	Preschedule period
	Physical Financial	Forward purchases and sales Fixed for Floating swaps	BPA Main Grid; other points subject to procurement of transmission from source to sink Mid C	Up to 36 months into future provided the term of any transaction does not exceed 12 months
	Physical	Energy exchanges	BPA Main Grid; other points subject to procurement of transmission from source to sink	Up to 36 months into future provided the term of any transaction does not exceed 12 months
	Physical	Purchase or sale of capacity or load factoring products (energy deliveries net to 0 MWh over a pre-established time period)	BPA Main Grid; other points subject to procurement of transmission from source to sink	Up to 36 months into future provided the term of any transaction

Commodity	Physical or Financial *	Approved Products	Delivery Location	Duration
				does not exceed 12 months
	Physical Financial Financial Financial Financial	Purchase of quarterly, monthly and daily call and put options Purchase of daily call and put options Purchase of quarterly and monthly call and put options Purchase of quarterly and monthly call and put swaptions Purchase of dual-trigger call options	BPA Main Grid MidC MidC MidC MidC (Power) Pasco, Walla Walla, Spokane, or Yakima (Temperature)	Up to 36 months into future provided the term of any transaction does not exceed 12 months
	Physical or Financial	Sale of tolling products indexed to performance of Frederickson	BPA Main Grid; other points subject to procurement of transmission from source to sink	Up to 36 months into future provided the term of any transaction does not exceed 12 months
Transmission Services Only	Physical	Short-term transmission capacity	Any point from which the District has sourced power to a point where the District will sink power.	Forecast excess for any period up to 6 months from transaction date
Natural Gas	Physical	Same day purchases and sales	Points on Northwest and Westcoast	Balance of day

Commodity	Physical or Financial *	Approved Products	Delivery Location	Duration
			Pipelines from which District has procured transportation capacity from receipt to delivery	
	Physical	Next day purchases and sales	Points on Northwest and Westcoast Pipelines from which District has procured transportation capacity from receipt to delivery	Preschedule period
	Physical	Forward purchases and sales	Points on Northwest and Westcoast Pipelines from which District has procured transportation capacity from receipt to delivery	Up to 36 months into future provided the term of any transaction does not exceed 12 months
	Financial	Fixed for Floating swaps	Sumas/Huntingdon and Henry Hub	All Henry Hub swaps are to be converted to Sumas basis no later than 6-months before delivery
	Financial	Swing swaps	Sumas/Huntingdon	
	Financial	Basis swaps	Sumas/Huntingdon and Henry Hub	

Commodity	Physical or Financial *	Approved Products	Delivery Location	Duration
	Physical	Purchase of Pipeline Transportation Capacity Assignment of Pipeline Transportation Capacity	Northwest and Westcoast Pipelines	Up to 36 months into future provided the term of any transaction does not exceed 12 months
	Financial	Foreign currency swaps relating to managing the exchange rate risk associated with natural gas commodity or transportation transactions denominated in Canadian dollars.	U.S. $ / Canadian $ exchange rate risk only.	Up to 36 months into future provided the term of any transaction does not exceed 12 months
	Physical Financial Financial Financial Financial	Purchase of quarterly, monthly and daily call and put options Purchase of daily call and put options Purchase of quarterly and monthly call and put options Purchase of quarterly and monthly call and put swaptions Purchase of dual-trigger call options	Sumas/Huntingdon, Frederickson Sumas/Huntingdon Sumas/Huntingdon Sumas/Huntingdon Sumas/Huntingdon (Gas) Pasco, Walla Walla, Spokane, or Yakima (Temperature)	Up to 36 months into future provided the term of any transaction does not exceed 12 months
Environmental	Financial	Sale of environmental	Not applicable	Any historical

Commodity	Physical or Financial *	Approved Products	Delivery Location	Duration
Attributes		attributes ("green tags") that accrue to the District as a result of a renewable resource purchase and that are surplus to the District's statutory and/or regulatory requirements. Purchase of environmental attributes ("green tags") to meet the District's statutory and/or regulatory requirements.		and up to 36 months into future provided the term of any transaction does not exceed 12 months; trades beyond 36 months in duration must be approved by the Commission

Appendix B
Summary of Position Limits

The net position limits shown in the table below shall apply only to the District's "Slice Book" as defined in the net position reports provided to the District's RMC. Frederickson generation available to the Slice Book will be included in the calculation only to the extent that the District has procured fixed priced natural gas for that portion of Frederickson generation expected to be used by the Slice Book. Furthermore, the net position limits shall be measured against the District's net heavy load hour position and its net all hour position (weighted average of the net heavy and light load hour positions). The net position limits will not apply to light load hours only.

Period	*Long Position*	*Short Position*	*Comments*
Preschedule	<= storage	<= storage	The total net daily long or short position established during the preschedule shall not exceed the ability to increase or decrease the Slice generation schedule during the active day to accommodate the imbalance.
Delivery Month	15% of load	10% of load	Based on TEA's Expected Slice Generation Forecast.
Forward Month 1	20% of load	10% of load	Based on TEA's Expected Slice Generation Forecast
Forward Months 2 – 3	25% of load	15% of load	Based on TEA's Expected Slice Generation Forecast
Forward Months 4 – 12	50% of load	25% of load	Based on TEA's Contingency Slice Generation Forecast. When the period extends into the next water year, the Contingency Slice forecast will be deemed to be 90% EXD generation absent an alternative decision made by the RMC.

Appendix C

Swap Transaction Representative Selection and Monitoring

Effective Date: January 1, 2013
Type: Mandatory Policy
Applicable Departments: District wide

Purpose:
To ensure that BPUD, a Special Entity under the Dodd-Frank Financial Reform Act, selects a Qualified Independent Representative ("Representative") to provide advice and guidance when entering into swap transactions with Swap Dealers or Major Swap Participants.

Definitions:
Swap Dealer – A swap market participant that acts as a dealer in commodity swaps. The term "Swap Dealer" is further defined in 7 U.S.C. 1a(49) and further interpreted in 17 C.F.R. 1.3(ggg).
Special Entity – A swap transaction counterparty that includes a state agency, city, county, municipality or other political subdivision of a state, or any instrumentality, department, or a corporation of or established by a State or political subdivision of a State. The term "Special Entity" is further defined in 7 U.S.C. 6s(h)(2)(C) and further interpreted in 17 C.F.R. 23.401(C).
Major Swap Participant – A swap market participant that maintains substantial positions in swaps such that the level of swap activity creates substantial counterparty exposure. The term "Major Swap Participant" is further defined in 7 U.S.C. 1a(33) and further interpreted in 17 C.F.R. 1.3(hhh).
Trade Option Exemption – An exemption from most Dodd-Frank swap regulations granted to certain physical commodity options. Recordkeeping and reporting requirement still apply. The requirements for the trade option exemption can be found in 17 C.F.R. 32.3.
End-User Exception – An exception from clearing granted to certain swap transaction used for hedging or mitigating commercial risk. The end-user exception is only available to non-financial entities. The requirements for the exception are outlined in 7 U.S.C. 2(h)(7)(A) and further interpreted in 17 C.F.R. 50.50.
Swap – In general terms, a swap includes most financially settled transactions not including futures or options on futures. The term "Swap" is further defined in 7 U.S.C. 1a(47) and further interpreted in 17 C.F.R. 1.3(xxx).
Qualified Independent Representative – a representative required of Special Entities before transacting swaps with Swap Dealers or Major Swap Participants. Among other tasks, the representative is required to evaluate fair pricing for the swap transaction, make timely disclosures to the Special Entity and act in the best interest of the Special Entity. An exhaustive list of the requirements for the representative can be found in 17 C.F.R. 23.450(b).

Policy:

Selection: BPUD shall endeavor to seek and employ an individual or entity that will voluntarily act as a Representative for all energy commodity swap transactions between BPUD and any Swap Dealer or Major Swap Participant. The Representative must meet the following qualifications identified in 17 C.F.R. 23.450(b):

(i) Has sufficient knowledge to evaluate the transaction and risks;

(ii) Is not subject to a statutory disqualification;

(iii) Is independent of the swap dealer or major swap participant;

(iv) Undertakes a duty to act in the best interests of the Special Entity it represents;

(v) Makes appropriate and timely disclosures to the Special Entity;

(vi) Evaluates, consistent with any guidelines provided by the Special Entity, fair pricing and the appropriateness of the swap; and

(vii) In the case of a Special Entity as defined in § 23.401(c)(2) or (4), is subject to restrictions on certain political contributions imposed by the Commission, the Securities and Exchange Commission, or a self-regulatory organization subject to the jurisdiction of the Commission or the Securities and Exchange Commission; provided however, that this paragraph (b)(1)(vii) of this section shall not apply if the representative is an employee of the Special Entity.

The Representative and BPUD shall enter into a legal agreement that binds the Representative to comply with items (i) through (vii) in this policy.

BPUD shall annually review the performance of the Representative to ensure compliance with items (i) through (vii) in this policy.

	Business Agenda
	Second Reading
	Consent Agenda
	Info Only/Possible Action
X	*Info Only*

COMMISSION MEETING AGENDA ITEM

Subject:	Benton PUD 2018 Integrated Resource Plan Project Update	
Agenda Item No:	5b	
Meeting Date:	June 26, 2018	
Presented by:	Rick Dunn	*Staff Presenting Item*
Approved by (dept):	Rick Dunn	*Director/Manager*
Approved for Commission review:	Chad Bartram	*General Manager/Asst GM*

Motion for Commission Consideration:

None – Info Only

Recommendation/Background

Chapter 19.280 RCW requires each utility to develop a resource plan. Utilities with more than 25,000 customers that are not full requirements customers are to complete an Integrated Resource Plan (IRP) by September 1, 2008 and an updated plan must be developed at least every four years thereafter. Progress reports reflecting changing conditions must be submitted on a regular basis, at a minimum on intervals of two years.

Staff from the District and The Energy Authority (TEA), are working to develop the updated IRP for the 2019 - 2028 time period. A copy of the IRP must be submitted to the Department of Commerce by September 1, 2018.

Summary

Staff will give a presentation on the development plan for the 2018 IRP and recap results from the 2016 IRP. A resolution to adopt the final 2018 IRP will be brought to Commission by August 28th.

Fiscal Impact

The 2018 IRP cost estimate of $55,000 is included in the $168,000 2018 budget for Activity 2 TEA Consulting Task Order.

BENTON P.U.D

	Business Agenda
	Second Reading
	Consent Agenda
	Info Only/Possible Action
X	*Info Only*

COMMISSION MEETING AGENDA ITEM

Subject:	Initiative 1631 information	
Agenda Item No:	5c	
Meeting Date:	June 26, 2018	
Presented by:	Staff and Isaac Kastama	*Staff Presenting Item*
Approved by (dept):	Chad Bartram	*Director/Manager*
Approved for Commission review:	Chad Bartram	*General Manager/Asst GM*

Motion for Commission Consideration:

None

Recommendation/Background

Initiative 1631, "The Protect Washington Act", has been filed and will be on the November 2018 ballot if the supporters gather enough signatures by July 6, 2018 to qualify it. The ballot title reads as follows: Initiative Measure No. 1631 concerns pollution. This measure would charge pollution fees on sources of greenhouse gas pollutants and use the revenue to reduce pollution, promote clean energy, and address climate impacts, under oversight of a public board. The initiative would enact a carbon emission fee beginning on January 1, 2020, of $15 per metric ton of carbon, increase $2 plus inflation annually.

Summary

Isaac Kastama, Water Street Public Affairs, and staff will review the initiative with the Commission.

Fiscal Impact

None

BENTON P.U.D

☐	*Business Agenda*
☐	*Second Reading*
☐	*Consent Agenda*
☐	*Info Only/Possible Action*
✓	*Info Only*

COMMISSION MEETING AGENDA ITEM

Subject:	May 2018 Financials	
Agenda Item No:	5d	
Meeting Date:	June 26, 2018	
Presented by:	Kent Zirker	*Staff Presenting Item*
Approved by (dept):	Jon Meyer JM	*Director/Manager*
Approved for Commission review:	Chad B. Bartram	*General Manager/Asst GM*

Motion for Commission Consideration:

None

Recommendation/Background

None

Summary

The May financial statements will be reviewed during the Commission meeting.

Fiscal Impact

None