PUBLIC UTILITY DISTRICT NO. 1
OF
BENTON COUNTY

Date: January 8, 2019
Time: 9:00 a.m.
Place: 2721 West 10th Avenue, Kennewick, Washington

Attendees:
Commissioners Hall, Sanders and Bush
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
Director of IT and Broadband Services Folta
Senior Manager of Communications and Governmental Relations Miller
Manager of Customer Service McAloon
Manager of Power Contracts & Analytics White
Manager of Human Resources Wenner
Manager of Conservation & Renewable Energy Programs Johnson
Manager of Contracts & Purchasing Ochweri
Manager of Customer Service – Prosser Branch Sparks
Manager of Business Applications Holbrook
Manager of Accounting Zirker
Manager of Risk Management & Treasury Mercer
Manager of System Engineering Edwards
Senior Engineer Scherer
Customer Service Programs Analyst Demory
Customer Service Programs Analyst Timmerman
Communications Analyst Henderson
Executive Assistant – General Manager Marshall
HR Generalist Sidwell

The Pledge of Allegiance was given.

Safety Minute
Customer Service Programs Analyst Katie Timmerman gave a One Minute for Safety presentation on "Bug out Bags".

Treasurer's Report

Manager of Risk Management & Treasury reviewed the November 2018 Treasurer's report. The Commission accepted the November 2018 Treasurer's Report.

Manager reviewed the 2018 year-end unrestricted reserves and days cash on hand report and recommended 2019 redistribution of undesignated reserves.

Motion by Lori Sanders, seconded by Barry Bush approving setting the unrestricted reserves fund account balances to the following: Designated Special Capital Fund, $12,822,929.05; Designated Customer Deposits Fund, $1,900,00.00; and Undesignated Reserves, $0.00. MOTION PASSED UNANIMOUSLY.

The counterparty credit and sector reports were distributed and briefly reviewed.

Consent Agenda

Motion by Lori Sanders, seconded by Barry Bush approving the Consent Agenda as follows:

a) Approving Commission Meeting Minutes of December 11, 2018.

b) Approving Periodic Travel Report dated January 8, 2019.

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 71904-71926, 72083-72145, and 72329-72359 in the total amount of $1,490,320.49, Checks & Customer Refund payments (CHK) 75421-75554 and 75607-75613 in the total amount of $703,838.93, Electronic Fund Transfer (WIRE) payments 4723-4751 in the total amount of $8,634,949.79; Residential Conservation Rebates: Credits on Customer Accounts in the total amount of $1,220.00; Payroll: Direct Deposit 12/13/18 71927-72082 in the total amount of $359,673.54 and 12/27/19 72173-72328 in the total amount of $355,662.29, for a grand total of $11,545,665.04.

d) Accepting Jobs Report for Commission dated January 1, 2019.

e) Authorizing the General Manager, on behalf of the District, to close Benton PUD's doors to the public on January 21, 2019, to allow for a staff day on safety and records management, and directing the General Manager to provide notification to the public of such closure.

f) Authorizing the General Manager, on behalf of the District, to sign Change Order No. 9 of Contract No. 10-51-06 with GDS Associates, Inc., effective January 1, 2019, to extend the term of the contract to December 31, 2021 and increase the not-to-exceed amount by $77,000.00; bringing the new not-to-exceed amount of the contract to $302,000.00.

g) Authorizing the General Manager, on behalf of the District, to sign a contract for five (5) years with two (2) optional one year extensions with ICMA Retirement Corporation, Contract No. 19-11-01, to be the Third Party Administrator of the District's 457(b) and 401(a) deferred compensation plans.

h) Authorizing the General Manager, on behalf of the District, to sign Contract Completion and Acceptance for Broadband Project – Sunheaven to Level 3 Fiber Build by Saunders Cable, Inc. for Contract #17-17, (CPO No. 51485), in the amount of $237,129.84 including tax.

i) Awarding the contract for Excavation and Trenching Project, Bid Package No. 19-01, to Andrist Enterprises of Kennewick, WA, for the total amount of $69,911.75 plus Washington State sales tax in accordance with RCW 54.04.080.
MOTION CARRIED UNANIMOUSLY.

Report from Management

General Manager:
1. General Manager informed the Commission that the proposed time change of the January 22, 2019 commission meeting would not be needed.
2. General Manager provided an update on the BPA spill settlement. A brief discussion was held on the terms of the agreement and the potential impact to rate payers.

Senior Manager of Communications & Governmental Relations/General Manager:
1. Senior Manager updated the Commission on an upcoming meeting with the Tri-City Herald Editorial Board regarding the Northwest Energy Coalition (NWEC) study. Senior Manager and General Manager will attend from the District, along with staff from Franklin PUD, TRIDEC and the Port of Pasco. The meeting is being held to provide utility expertise and perspective to the Editorial Board on the NWEC Study.
2. A Washington PUD Association (WPUDA) legislator briefing will be held in Olympia on January 30th.
3. Senior Manager provided an update on the 2019 Legislative session and the items that the District will be watching. Senior Manager will continue to keep the Commission updated throughout the session.
4. General Manager will provide a presentation on Snake River Dams to the Kennewick Kiwanis on January 14th.

Assistant General Manager:
1. Assistant General Manager updated the Commission on a west-side wind storm that occurred before Christmas. The District sent one crew over to assist Snohomish PUD from Friday, December 21st to Sunday, December 23rd. Commissioners thanked the District on the crew's availability to help.

Senior Director of Engineering and Power Management:
1. Senior Director provided a presentation on a shortened version of the January 2019 E3 Study, Resource Adequacy in the Pacific Northwest. Senior Director informed the Commission they can find the full presentation as well as a one-page summary on the Public Generating Pool's website. Therese Hampton, PGP, will be presenting at the WPUDA Energy committee meeting next week.
2. Senior Director distributed a map showing a 250 megawatt wind farm project proposed by Scout Clean Energy (Scout) for the Horse Heaven Hills southwest of Kennewick. Discussion was held on Scout's need for a temporary interconnection and their request for the District to consider co-location of their proposed 115-kV transmission line with existing District distribution lines and the District's proposed Sunset-Road-to-Dallas-Road 115-kV transmission

line. Additional discussion was held regarding other approvals Scout needs from the City of Richland and the Bonneville Power Administration (BPA). Staff has asked Scout to work through the proper permitting processes with the Benton County Planning Department, including the steps required by the State Environmental Policy Act (SEPA) prior to the District entering into any co-location agreement. The Commission concurred. Senior Director will return to a future meeting as more information develops.

At 10:28 a.m., Commission President Jeff Hall announced that the commission meeting would recess for 12 minutes.

At 10:40 a.m., Commission President Jeff Hall reconvened the commission meeting into regular open public session.

Manager of Business Applications/Manager of Customer Service:

1. Manager of Customer Service distributed two handouts with proposed changes to the fee schedules within the Customer Service Policies as well as adding language for Immediate Service Restore (ISR). A brief discussion was held on the timeline for implementing ISR. Manager provided a brief update on prepay and the District's approach to use an employee pilot program prior to rolling out to all customers. It was noted that during the pilot, employees who are participating will not be assessed late fees on past due balances that have been purposely allowed to accumulate in order to test the arrears feature of prepay.
2. Manager of Customer Service called into the Customer Service phone line, allowing the Commission to hear how easy it is to pay a bill over the Interactive Voice Response (IVR) system as well as set up an account for auto pay.

Manager of Conservation & Renewable Energy Programs:

1. Manager of Conservation & Renewable Energy Programs provided an EIA update on the conservation portion of the State Audit. The Auditor's office will attend a future commission meeting for their exit audit.

Business Agenda

Resolution No. 2489, Continue Net Metering Program and Increase the Net Metering Cap

Manager of Conservation & Renewable Energy Programs provided a presentation on the history of Net Metering, an update on the current program, and options after legislation. A brief discussion was held on a handout showing average Benton PUD residential customer load profile versus rooftop solar energy production.

Manager recommended adopting Resolution No. 2489, which will allow the District time to assess potential new State legislation related to both Net Metering and the REIP program and will avoid needing to unwind any District billing and administrative process changes that might otherwise be implemented ahead of the anticipated legislation.

Motion by Lori Sanders, seconded by Barry Bush adopting Resolution No. 2489 to continue the District's Net Metering Program through August 1, 2019, or until a new Net Metering Cap of 1.5 percent of the District's 1996 peak demand (5,670 kilowatts) is reached; whichever is first. MOTION CARRIED UNANIMOUSLY.

Resolution No. 2487, Modifying the Low Income Discount Program

Director of Customer Programs and Services provided a presentation on recommended changes to the District's low income discount program, to include income qualified active military and veterans. Director also provided additional information about low income programs and county demographics in response to questions that were asked at the previous commission meeting.

Staff noted that the addition of Veterans and active military to the Low Income Discount Program may result in an increase of about $40,000 annually. A brief discussion was held on the type of documentation that would be required to show veteran status.

Motion by Barry Bush, seconded by Lori Sanders adopting Resolution No. 2487, modifying the Low Income Discount Program.
MOTION CARRIED UNANIMOUSLY.

Manager of Conservation & Renewable Energy Programs provided a follow up presentation on BPA Weatherization Fund reviewing questions that were proposed at a previous commission meeting. Manager reviewed the District's program benefits. A brief discussion was held.

Resolution No. 2488, Amending Customer Service Policies

Manager of Customer Service – Prosser Branch reviewed proposed changes to the Customer Service Policies.

Motion by Barry Bush, seconded by Lori Sanders adopting Resolution No. 2488, amending Customer Service Policies effective January 8, 2019.
MOTION CARRIED UNANIMOUSLY.

Designation of Representatives to Various Organizations for 2019

Motion by Lori Sanders, seconded by Barry Bush that effective January 1, 2019, the Public Utility District No. 1 of Benton County shall be represented at the named organizations by the person(s) designated herein for the year 2019:

AMERICAN PUBLIC POWER ASSOCIATION

Representative: Lori Sanders
Alternate: Jeff Hall

AMERICAN PUBLIC POWER ASSOCIATION LEGISLATIVE & RESOLUTIONS COMMITTEE

Representative: Lori Kays-Sanders
Alternates: Jeff Hall/Jodi Henderson

BENTON CITY ECONOMIC DEVELOPMENT ASSOCIATION

Representative: Christie McAloon
Alternate: Lori Sanders

BENTON FRANKLIN COUNCIL OF GOVERNMENTS

Representative: Lori Sanders
Alternate: Barry Bush

BONNEVILLE POWER ADMINISTRATION SLICE IMPLEMENTATION GROUP

Representative: Rick Dunn
Alternate: The Energy Authority (TEA)

CENTRAL WASHINGTON PUBLIC UTILITIES (CWPU)

Representative: Chad Bartram
Alternate: Steve Hunter

ENERGY NORTHWEST FULL BOARD

Representative: Lori Sanders
Alternate: Barry Bush

ENERGY NORTHWEST NINE CANYON WIND PROJECT PURCHASER'S COMMITTEE

Representative: Chris Johnson
Alternate: Rick Dunn

ENERGY NORTHWEST PACKWOOD PURCHASER'S COMMITTEE

Representative: Chris Johnson
Alternate: Rick Dunn

NORTHWEST OPEN ACCESS NETWORK

Representative: Jeff Hall
Alternate: Chad Bartram

NORTHWEST PUBLIC POWER ASSOCIATION, INC.

Representative: Barry Bush
Alternates: Lori Sanders

PACIFIC NORTHWEST UTILITIES CONFERENCE COMMITTEE (PNUCC)

Representative: Chad Bartram
Alternate: Jeff Hall

PARTICIPANTS REVIEW BOARD 2019 (casting of votes[1])

Representative: Barry Bush
Alternates: Jeff Hall

[1] *for the purpose of casting votes for the 2019 Participants Review Board Elections*

PROSSER CHAMBER OF COMMERCE

Representative: Jenny Sparks
Alternate: Jeff Hall/Christie McAloon

PROSSER ECONOMIC DEVELOPMENT ASSOCIATION

Representative: Jenny Sparks
Alternate: Jeff Hall

PUBLIC GENERATING POOL

Representative: Chad Bartram
Alternate: Rick Dunn

PUBLIC POWER COUNCIL (PPC)

Representative: Chad Bartram

PUBLIC UTILITY RISK MANAGEMENT SERVICES

Representative: Lori Sanders
Alternate: Keith Mercer

TRI-CITY REGIONAL CHAMBER OF COMMERCE

Representative: Jodi Henderson
Alternate: Lori Sanders

VISIT TRI-CITIES

Representative: Jodi Henderson

WASHINGTON PUBLIC UTILITY DISTRICTS ASSOCIATION

Representative: Jeff Hall
Alternate: Barry Bush

WESTERN ELECTRICITY COORDINATING COUNCIL

Representative: Rick Dunn
Alternate: Blake Scherer

WHITE CREEK, LLC./WHITE CREEK PUBLIC, LLC.

Representative: Chris Johnson
Alternate: Rick Dunn

MOTION CARRIED UNANIMOUNSLY.

Motion by Lori Sanders, seconded by Barry Bush that effective January 1, 2019, the following named representative(s) of Benton PUD are authorized to act in the following capacity to the organizations listed for the year 2019:

AMERICAN PUBLIC POWER ASSOCIATION POLICY MAKERS COUNCIL
Board Member: Jeff Hall

BENTON COUNTY EMERGENCY SERVICES EXECUTIVE BOARD
Board Member: Steve Hunter
Alternate: John Schafer

CENTRAL WASHINGTON PUBLIC UTILITIES – UNIFIED INSURANCE PROGRAM
Chair: Melina Wenner
Trustee: Melina Wenner
Alternate Trustee: Jody George

COLUMBIA BASIN COLLEGE, Computer Science/Cyber Security Advisory Committee
Board Member: Chris Folta

NORTHWEST OPEN ACCESS NETWORK BOARD
Board Member: Rick Dunn

PACIFIC NORTHWEST UTILITIES CONFERENCE COMMITTEE (PNUCC) BOARD OF DIRECTORS
Board Member: Chad Bartram

PROSSER CHAMBER OF COMMERCE
Board Member: Jenny Sparks

PROSSER ECONOMIC DEVELOPMENT ASSOCIATION
Board Member: Jenny Spark

PUBLIC GENERATING POOL
Executive Committee Member: Chad Bartram

PUBLIC POWER COUNCIL EXECUTIVE COMMITTEE
Board Member: Rick Dunn

TRI-CITY REGIONAL CHAMBER OF COMMERCE
Board Member: Jodi Henderson

WASHINGTON STATE UNIVERSITY POWER SYSTEMS ENGINEERING PROGRAM ADVISORY BOARD
Representative: Rick Dunn

MOTION CARRIED UNANIMOUNSLY.

Recognition of Conflict of Interest Requirements – Code of Conduct Acknowledgement – Governance of the Benton PUD Commission

General Manager briefly reviewed the Governance of the Benton PUD Commission, Code of Conduct, Policy No. 6, as well as RCW 42.23 relating to conflicts of interest and each commissioner's duty to disclose any known conflicts as defined by law. Each commissioner acknowledged their awareness of both RCW 42.23 requirements and the District's Governance Policy No. 6 requirement. No comments were received.

November 2018 Financial Statements

Commission President Jeff Hall deferred agenda item 7f to a future commission meeting.

Other Business

Senior Manager of Communications & Governmental Relations distributed a copy of a letter in response to Governor Jay Inslee's request for $750,000 to be added to the state's budget to study the associated economic and social impacts, as well as mitigation costs, of the potential breaching or removal of the Lower Snake River dams. The letter was developed by representatives from utilities, ports, TRIDEC and the local chambers for signatures by these organizations and others.

Motion by Lori Sanders, seconded by Barry Bush authorizing Commission President Jeff Hall to sign a letter to Governor Inslee that requests removal of the proposed study associated with the economic and social impacts, as well as mitigation costs, of the potential breaching or removal of the Lower Snake River dams, in substantially the form presented today.
MOTION PASSED UNANIMOUSLY.

Meeting reports

Commission President Jeff Hall discussed a phone call from WPUDA regarding a mentoring opportunity with Jim Waddell, a new PUD Commissioner.

At 12:02 p.m., Commission President Jeff Hall announced that the Commission would go into executive session with legal counsel for 10 minutes for the purpose of discussing potential litigation.

At 12:12 p.m., Commission President Jeff Hall announced that the Commission would continue in executive session with legal counsel for 15 minutes for the continued purpose of discussing potential litigation.

12:27 p.m., Commission President Jeff Hall announced that the Commission would reconvene into regular open public session.

General Manager and Senior Manager of Communications & Governmental Relations held a discussion on the endangered species act process.

Hearing no objection, Commission President Jeff Hall adjourned the Commission Meeting at 12:43pm.

Jeffrey D. Hall, President

ATTEST:

Barry A. Bush, Secretary