

**THE BOARD OF COMMISSIONERS OF PUBLIC  
UTILITY DISTRICT NO. 1 OF FRANKLIN COUNTY, WASHINGTON**

MINUTES OF AUGUST 26, 2008  
REGULAR BOARD MEETING

The regular meeting of the Board of Commissioners of Public Utility District No. 1 of Franklin County was held at 1411 West Clark, Pasco, Washington, August 26, 2008, at 1:00 p.m.

Those present from the District were: Bill Gordon, President; Stuart Nelson, Vice President; Chuck Hall, Secretary; Ed Brost, Interim Manager; Susan Paysse, Director of Human Resources; Tim Nies, Director of Administrative Services; Dale Gutmann, Director of Engineering & Operations; Steve Palmer, General Counsel; Debbie Bone-Harris, Community and Government Relations Manager; Susan Bauer, Executive Assistant; and Colleen Kimsey, Administrative Assistant.

Staff present for part of the meeting were: Jean Ryckman, Manager; Linda Boomer, Power Manager; Darroll Clark, Energy Services Manager; and Rich Sargent, Power Analyst.

Public present for the meeting were: Jim Oakley, Energy Northwest, and Larry Felton, BPA.

Commissioner Gordon called the regular meeting to order at 1:00 p.m.

**COMMENTS FROM THE PUBLIC**

Mr. Oakley, Energy Northwest (ENW), shared current business news from ENW including an occurrence of a temporary shut down at the Columbia Generating Station due to a leak in a hydraulic pipe, and a study being conducted on the effects of the Radar Ridge Wind Project on coastal birds. He also shared a picture of the electrical panel inside a Nine Canyon Wind Project turbine base after a lightning strike which blew a fuse causing a fire. He also responded to a question from Mr. Brost that a small 40 mega-watt nuclear plant is being tested in remote Alaska.

**25-YEAR SERVICE AWARD – DARROLL CLARK**

Mr. Brost presented Mr. Clark with his 25 year service award. Commissioners and staff expressed their appreciation to Mr. Clark for his years of service.

**CONSENT AGENDA**

Commissioner Nelson moved and Commissioner Hall seconded to accept the consent agenda as follows:

1. To approve the minutes of the August 12, 2008, regular meeting.
2. To approve payment of expenditures amounting to \$5,293,973.76, as audited and certified by the auditing officer as required by RCW 42.24.080, and certified by the Interim Manager as required by RCW 54.16.100, and expense reimbursement claims certified as required by RCW 42.24.090 and as listed and made available to the Board for inspection prior to this action, as follows:
  - a.) Automated Warrants amounting to \$1,192,162.58; Voucher Nos. 40354 through 40398, and 40486 through 40550;
  - b.) ACH Vouchers amounting to \$3,364.95; Voucher Nos. 346 through 348, and 350 through 352;
  - c.) Refund Vouchers amounting to \$14,850.75; Voucher Nos. 40400 through 40482, and 40484;
  - d.) Voids in the amount of \$100.00;

e.) Wire transfers totaling \$4,083,695.48 to the following:

◆ Bank of the West – Direct Deposit Payroll	\$510,083.52
◆ Bank of the West – EFTPS (Payroll Taxes)	\$209,902.08
◆ Department of Retirement – PERS 1, 2, and 3	\$100,132.90
◆ ICMA – Deferred Compensation	\$68,784.20
◆ REHN – 125 Plan	\$4,730.88
◆ REHN – VEBA	\$19,281.59
◆ BPA – Slice	\$1,473,675.00
◆ BPA –Transmission	\$423,378.00
◆ BPA – Block	\$388,049.00
◆ Department of Revenue – Excise Tax	\$188,164.12
◆ LL&P Wind – Wind Energy	\$186,293.87
◆ TEA – Power Purchases	\$15,900.00
◆ Benton PUD ICE – Miscellaneous	\$167.00
◆ Shell – Financial Power Swap	\$174,406.00
◆ Frederickson – Energy	\$320,747.32

3. To approve for write-off uncollectible accounts, as listed on the Franklin PUD Customer Write-Off Final report dated 8/08, amounting to \$16,867.54; and
4. To approve for write-off an uncollectible Broadband account amounting to \$3,381.12.

Motion passed unanimously.

**POWER DISCUSSION**

Ms. Boomer led a discussion concerning the current status of the Good Faith Estimate (GFE) involving BPA and their customers, including a proposed letter to Larry Felton, BPA from Franklin PUD, stating the District's decision on the potential slice purchase percentages. Ms. Boomer explained that the District is working with TEA to determine the minimum slice purchase amount. She also explained that there remains a 25% cap on the total amount of slice product BPA will offer and BPA customers are discussing an approach to present to BPA to raise the cap amount. There was discussion concerning ongoing discussions with other utilities regarding reaching a consensus decision regarding the percentage amounts to include in the Good Faith Estimate submittals for all customers. The discussion concluded with a suggested motion from Ms. Boomer.

Commissioner Nelson moved and Commissioner Hall seconded to authorize the Interim Manager or his designee to execute a Good Faith Estimate of Slice purchase letter to BPA, specifying the following percentages:

- Maximum – 70%
- Optimum – 70%
- Minimum – 45% to 60%, based on the outcome of customer discussions.

Motion passed unanimously.

**COMMISSIONER REPORTS**

Commissioner Nelson reported that he attended an Energy Northwest (ENW) meeting where there was discussion concerning ENW strategic planning.

Commissioner Hall reported that he drove the District's electric car in the Benton-Franklin Fair parade and he commended the Conservation department for the solar powered fan that was added to the car. He also attended an appreciation BBQ held for Benton and Franklin employees who volunteered at the District's Special Needs viewing area at the hydro boat races.

Commissioner Gordon heard from a speaker at an Energy Northwest meeting regarding the precautions to take when using vendors to sell proprietary items. He then reported that a representative from Community Trade and Economic Development spoke on climate change issues and Commissioner Gordon expressed his concern regarding the use of funds generated by a cap and trade system. He also reported that six state Senators and perhaps Congressional staffers will tour the Hanford site and Energy Northwest, and Commissioner Gordon believes this will have a positive impact on the area.

**ADOPTION OF RESOLUTION NO. 1106 – APPOINTING EDWARD J. BROST  
GENERAL MANAGER OF FRANKLIN PUD**

Ms. Paysse reminded the Commission that Resolution No. 1106 was introduced at the August 12, 2008 regular Commission meeting and is now coming before the Commission for adoption. The position has been re-titled from Manager to General Manager. Ms. Paysse also gave the Commission a copy of Mr. Brost's offer letter. The offer letter will be signed by both Board President Gordon and Mr. Brost.

Commissioner Hall moved and Commissioner Nelson seconded to adopt Resolution No. 1106 – Appointing Edward J. Brost General Manager of Public Utility District No. 1 of Franklin County, Washington, effective September 1, 2008. Motion passed unanimously.

**RESOLUTION NO. 1110 – APPOINTING JEAN RYCKMAN DIRECTOR OF SPECIAL  
PROJECTS**

Ms. Paysse presented Resolution No. 1110 which changes Jean Ryckman's title from Manager to Director of Special Projects, effective September 1, 2008 and expiring the earlier of January 2, 2009 or the date Ms. Ryckman officially retires.

Commissioner Hall moved and Commissioner Nelson seconded to adopt Resolution No. 1110 – Appointing Jean Ryckman Director of Special Projects, effective September 1, 2008. Motion Passed Unanimously.

**CONTRACT NO. 4698 – BASIN TREE SERVICE AND PEST CONTROL**

Mr. Gutmann explained that Contract No. 4698 provides for labor and equipment needed to annually trim trees under power lines within the District's boundaries. Staff recommends renewing the contract for one year starting September 1, 2008, for \$118,450.00 plus \$4,560.40 for an increase relating to labor escalation costs.

Commissioner Nelson moved and Commissioner Hall seconded to authorize the Interim Manager to renew Contract 4698, Tree Trimming with Basin Tree Services and Pest Control, at a total cost of \$123,010.40. Motion passed unanimously.

**RESOLUTION NO. 1107 – AUTHORIZING THE EXECUTION OF A FOURTH  
REPAYMENT AGREEMENT RELATING TO A LINE OF CREDIT FOR NORTHWEST  
OPEN ACCESS NETWORK (NOANET).**

Mr. Nies explained that NoaNet will be drawing on a line of credit in order to finance improvements to and expand NoaNet facilities as authorized by a resolution adopted by the NoaNet Board of Directors. The line of credit will not exceed \$1,500,000, and, in the event that NoaNet is unable to make any payments on the line of credit, the total obligation to the District will not exceed \$45,000.

Commissioner Hall moved and Commissioner Nelson seconded to adopt Resolution No. 1107 which authorizes the Interim Manager to execute the Fourth Repayment Agreement relating to a line of credit for NoaNet. Motion passed unanimously.

**CLAIMS**

Mr. Nies noted for the Commission that Mr. Palmer would be reporting claims to the Commission rather than Mr. Nies. Mr. Palmer reported there were two claims, the first, in the amount of \$150.00, was filed as the result of a burnt thermostat caused from a power surge after a primary cable failure. The claim has been referred to Federated.

A second claim in the amount of \$ 550.00 was filed by a customer when their television failed to come back on after a power outage. The claim has also been referred to Federated.

**MANAGERS REPORT**

Mr. Brost:

1. Reported that he will travel to Olympia with Randy Gregg, Benton PUD, to give input to Matt Steuerwalt and Janice Adair, Governor's Policy Office, concerning cap and trade and climate change issues.
2. Will attend the WPUDA Association meetings in Port Angeles next month. He will also meet with other CWPU managers to discuss the last labor negotiation, lessons learned, and the future of CWPU.
3. Will be interviewed by KONA Friday of this week, and, along with President Gordon, will be interviewed by Chris Mulick, Tri City Herald, after the meeting today.
4. Reported that he recently was interviewed by the Energy Executive magazine concerning the rapid growth of the area, and the goings on at Franklin PUD. The

magazine has requested vendor names to place ads in the magazine. Mr. Brost and Ms. Bone-Harris have indicated that the PUD will not be a party to soliciting ads and are awaiting a response to determine whether the magazine will proceed with an article and additional interviews.

## STAFF REPORTS

Ms. Paysse:

1. Reported that interviews will be conducted this week for the Metershop Foreman position.
2. Explained that, because of the major projects in the District's future and the changes that it will invoke, staff would like to plan an off-site Employee Day on October 13, 2008, to supply motivational training to and information exchange with employees to assist them during this time. Ms. Paysse recommended that the District be closed this day to allow all employees to take advantage of the opportunity and the Commission agreed.
3. Explained that staff is finalizing a number of issues resulting from labor management meetings, including a request from the Union for alternate work schedules. The preferred schedule is eight-nines and one eight hour day, with every other Friday off. This could result in the District closing to the public on the off Friday if the schedule were to be implemented District-wide. The Commission felt this would not be viewed positively by most customers. Ms. Paysse explained that management agreed to look at options for alternate work schedules, so long as it did not require additional new hires or equipment.

Mr. Nies:

1. Reviewed monthly financial reports. Reminded the Commission that at the next Board meeting, the initial 2009 Operating Budget and Work Plan will be presented and reviewed.
2. Stressed the importance of the AMR project, but questioned whether this is the right time for it now that it would be overlapping with other major projects such as the building remodel and the Cogsdale software conversion. The District's AMR consultant agreed that the AMR project will impact many departments so we must make sure that we have sufficient resources available to implement. The Commission and staff agreed to reevaluate the timing of the project. The District has been collecting funds assuming AMR service, and this policy needs to be a consideration in the decision. Ms. Ryckman pointed out that the District would need to address the issue of limited assignment Meter Readers and that matter has already been raised by Management with the Union.

Mr. Gutmann:

1. Reported that Charles Sweeney, BPA Transmission Account Executive, is addressing one last easement issue associated with the Taylor Flats transmission line. One customer does not want to move part of his back fence to grant the District access. The District has indicated that an additional portion of the fence needs to be removed to be consistent with other resident decisions.
2. Reported that staking has started for the 34.5 Connell/Kahlotus line and they will start ordering materials soon. A final decision on the path for one section of line will be determined after the owners of the two potential routes are contacted.

Ms. Bone-Harris:

1. Reported that the Western Climate Initiative came out with a draft report on July 23, 2008 for a regional cap and trade program. WPUA has submitted comments on the document and will continue to interact with members of the Initiative. Franklin PUD will continue to monitor and stay involved with the Western Climate Initiative.
2. Met with Benton PUD and consultant Randy Ray to discuss a contract for services for the remainder of 2008 and 2009. We have reached a tentative agreement where Benton PUD would pay \$4,000 a month and Franklin PUD would pay \$2,000 a month for services. Mr. Ray has agreed to interact on a regular basis with WPUA staffer Erik Poulsen to monitor, track and influence legislation on areas such as renewable energy and climate change. Mr. Ray suggested that Commissioners from both Benton and Franklin PUD get together to discuss upcoming legislative issues for the 2009 session. Commissioner Gordon would like Mr. Ray to provide specific topics that will be addressed in the 2009 legislative session.
3. Reported that Northwest River Partners (NWRP) will hold an informational Forum in the Tri Cities on Friday, October 10<sup>th</sup> at the Three Rivers Convention Center. Guest speakers include Representative Doc Hastings, Representative Cathy

McMorris-Rodgers, Corp of Engineers staff, Anita Decker, COO for BPA, Terry Flores, Executive Director of NWRP, and a video appearance by Governor Gregoire. Commissioners and staff were encouraged to attend. NWRP is also holding their board meeting on Thursday, October 9, 2008, in Richland and will be hosting a VIP reception afterwards.

4. Reminded the Commission and staff of the Pasco Chamber of Commerce Sunshine Ball being held September 27 at the Red Lion hotel in Pasco, and the Connell parade being held on September 13, 2008.

Mr. Palmer:

1. Reported that BPA just presented a draft Record of Decision (ROD) for the 2007 Supplemental Rate Case (WP-07). The final ROD is likely to be appealed to the Ninth Circuit Court.
2. Reported that the ID Theft committee is moving forward with plans to comply with the FACT ACT.

Mr. Sargent:

1. Reported that House Bill 1010 requires public utilities to submit Integrated Resource Plans (IRP) beginning September 1, 2008. He informed the Commission that the District will complete and submit a cover sheet to the Washington State Electric Resource Planning, and he provided a draft of the cover sheet. TEA has assisted the District in gathering the information.

Mr. Brost informed the Commission that the District would be executing a one year extension of the self-supply of operating reserves agreement. Mr. Brost also reported that Snohomish PUD has agreed to buy all of Packwood output. The Agreement will be for one year with two one-year extensions. Our Block amount will increase by the amount of our total FY-2008 purchase of Packwood. The annual update of the Slice/Block exhibits will be brought to the Commission next month.

Larry Felton shared that BPA may come to our area to conduct a Load Following contract workshop in September, and requested to use our meeting room. He invited us to attend the workshop.

With no further business to come before the Board, Commissioner Gordon adjourned the meeting at 3:15 p.m.

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William Gordon, President

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Stuart Nelson, Vice President

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Charles D. Hall, Secretary