

MINUTES

PUBLIC UTILITY DISTRICT NO. 1 OF BENTON COUNTY REGULAR COMMISSION MEETING

Date: February 13, 2024

Time: 9:00 a.m.

Place: 2721 West 10th Avenue, Kennewick, Washington

Present: Commissioner Barry Bush, President
Commissioner Jeff Hall, Vice-President
Commissioner Lori Kays-Sanders, Secretary
General Manager Rick Dunn
Senior Director of Finance & Customer Services Jon Meyer
Assistant General Manager/Sr. Director Engineering & Operations Steve Hunter
Director of Power Management Chris Johnson
Director of Executive Administration Melina Conover
Director of IT & Broadband Services Chris Folta
Sr. Clerk of the Board/Executive Assistant Cami McKenzie
Records Program Administrator II Nykki Drake
General Counsel Allyson Dahlhauser

Benton PUD employees present during all or a portion of the meeting, either in person or virtually: Manager of System Engineering Evan Edwards; Manager of Risk Management & Treasury Operations Keith Mercer; Manager of Communications & Government Relations Jodi Henderson; Manager of Procurement Michelle Ochweri; Manager of Customer Engagement Jenny Sparks; Manager of Customer Service Annette Cobb; Manager of Human Resources Karen Dunlap; Manager of Business Applications Jennifer Holbrook; Supervisor of Customer Service Kim Maki; Cyber Security Engineer III Paul Holgate; Superintendent of Transportation & Distribution Robert Inman; Senior Engineer Power Management Blake Scherer; Manager of Accounting Kent Zirker; Superintendent of Operations Duane Szendre; Procurement Specialist I Tyson Brown; Supervisor of Energy Programs Robert Frost; Procurement Administrator Levi Lanphear; Communications Specialist II Eric Dahl; System Administrator I Nick Hiatt; Engineering Technician Mary Myers; Finance Coordinator Lurii Blackwell.

Call to Order

General Manager Dunn stated that President Barry Bush would be approximately 15 minutes late. Vice President Hall called the meeting to order at 9:00 a.m. President Bush arrived at 9:13 a.m.

Pledge of Allegiance

The Commission and those present recited the Pledge of Allegiance.

Agenda Review

No changes.

Public Comment

None.

Treasurer's Report

Keith Mercer, Manager of Risk Management & Treasury Operations, reviewed the January, 2024 Treasurer's Report with the Commission as finalized on February 1, 2024.

Consent Agenda

MOTION: Commissioner Sanders moved to approve the Consent Agenda items "a" through "g". Commissioner Hall seconded and upon vote, the Commission unanimously approved the following:

- a. Regular Commission Meeting Minutes of January 23, 2024
- b. Travel Report dated February 13, 2024
- a. Quit Claim Deed – Reata Road – Parcel Nos. 1-0488-200-0005-000; 1-0488-400-0002-001; 1-0488-200-0003-000; 1-0488-200-0002-00
- b. Vouchers (report dated February 13, 2024) 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 and approved as follows for payment:
Accounts Payable: Automated Clearing House (DD) Payments: 101040-101118 and 101274-101298 in the amount of \$2,655,963.95.
Checks & Customer Refund Payments (CHK): 87423-87497 in the amount of \$334,705.80;
Electronic Fund Transfer (WIRE) Payments: 6853-6877 in the amount of \$5,322,977.35;
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$1,069.99;
Payroll: Direct Deposit – 1/18/2024: 100886-101039 in the amount \$443,434.39;
Payroll: Direct Deposit – 2/01/2024: 101119-101273 in the amount \$417,702.62;
Payroll: Check – 2/01/2024: 600196-600227 in the amount of \$53,214.21;
Voided checks (January, 2024) in the amount of \$89.64;
Grand total - \$9,229,068.31
- c. Change Order No. 1 – Sealx, LLC, Contract #22-38-07
- d. Contract Award – Wesco/Anixter for Underground Cable, Contract #24-21-01
- e. Contract Award - Anixter Power Solutions/S&C Electric for Padmount Switchgear, Contract #24-21-03

Management Report

General Manager:

1. Judge Simon Grants Stay of CRSO Lawsuit – General Manager Rick Dunn said that based on the United States Government (USG) commitments and supporting documents released by the Biden Administration on December 14, 2023, Judge Michael Simon granted a legal stay for five years in the CRSO litigation through December 13, 2028. Five intervenor defendants (including the States of Idaho and Montana, Public Power Council (PPC), Northwest RiverPartners, and the Inland Ports and Navigation Group) all filed objections to the stay on the basis the commitments violated federal law. He said it was important to note the Columbia-Snake River Irrigators Association supported the USG Commitments, saying it essentially takes dam breaching off the table, at least for now.
2. PPC Legal Filing – 9th Circuit – General Manager Rick Dunn said the PPC Executive Board, of which he is a member, approved a special financial assessment of PPC member utilities to provide incremental funding necessary for filing a petition for review of the U.S. Government agreement in the 9th Circuit Court of Appeals. The petition will force BPA to bring forward evidence of its actions and decision leading up to the USG commitments agreement and memorandum of understanding. PPC’s petition for review seeks to address critical issues surrounding the lack of transparency and accountability in BPA’s decision-making process to ensure compliance with statutory and regulatory standards.
3. CMR Oversight Hearing Substack Article Filed as Testimony – General Manager Rick Dunn said Benton PUD filed comments (his Substack article entitled “Sawing Off the Branch We’re Sitting On and Deepening our Dependence on Northwest Hydro for Blackout Insurance”) for the oversight hearing held by House Energy and Commerce Committee Chair Cathy McMorris Rodgers and it was one of the letters Chair Rodgers referred to in the hearing.
4. Rooftop Solar Substack – General Manager Rick Dunn said he published a Substack post related to the Washington PUD Association net metering study released in December 2023 which revealed rooftop solar is uneconomical in Washington State. The WPUA study provides a basis for why the state legislature is currently considering a new law to provide consumer protections against predatory rooftop solar sales. General Manager confirmed staff has been promoting his Substack on the District’s social media platforms as part of education and outreach efforts, but he wanted to check in with the Board to be sure they had read his latest post and approved of its promotion. He commented that his Substack articles have generated over 10,000 views so far and that they appear to be having an impact based on the feedback he is getting from regional utility colleagues and others.

Executive Administration:

1. Legislative Update/Government Update – Manager Jodi Henderson updated the Commission on the following bills of interest still moving through session:
 - a. SHB 2156, solar consumer protections. This bill is scheduled for a hearing in the Senate.

- b. 2SHB 2201/E2SSB 6058, linking Washington’s carbon market with California and Quebec and language was included to address BPA’s role. There is a statewide initiative to repeal the CCA and they anticipate this will go to the voters in November.
 - c. SSB 6304, electrification of transportation. Our Commission voluntarily adopted an electrification of transportation plan to support offering an EV rebate and they were working with WPUA on a few amendments, including grandfathering our plan.
 - d. HB 1955, repeals CETA GHG reporting requirement. We continue to support this bill and it is scheduled for a hearing in the Senate.
2. PUD Day on the Hill is February 14. Benton PUD will have its large flag on display and a booth at the luncheon to promote EmPOWERED and Rick Dunn’s Substack articles.
 3. STEM Academy is scheduled for the last week in June and is offered to students entering grades 9-12 in the coming school year. The Steering Committee is working with CBC to offer a credit hour for those attending STEM Academy and the EmPOWERed videos will be incorporated.
 4. Benton PUD provided comments to the Dept. of Commerce on development of a statement low-income program.

Engineering/Operations:

1. Ely Outage – Assistant GM/Director Steve Hunter discussed the Ely outage the morning of Friday, February 9. He said the mobile substation was put in service January 11 and the trip indication was a “high winding temperature” but appeared to be a false trip so they were troubleshooting the control and protection systems. Most customers who were affected had their power back on in two hours. This was the second outage in recent months for customers fed from Ely substation which experienced a short circuit in the switchgear back in December 2023. The mobile substation has been taken offline and will be swapped out using a spare substation transformer next week.

Finance & Customer Services:

1. Customer Letter/Response – Senior Director Jon Meyer presented a letter from a customer and a copy of his responses to his questions and stated that Manager Annette Cobb also spoke to the customer directly.
2. FAQ’s – Senior Director Meyer provided a copy of the District’s updated FAQ’s regarding the demand charge, updated with a more informative graphic showing fixed v. variable costs compared to how revenue is collected from rates, and said it would be updated on the website soon.

Business Agenda

Cancellation of February 27, 2024 Board Meeting

Director Melina Conover stated that both Commissioner Hall and Commissioner Sanders will be attending the WPUA/APPA Legislative Rally in Washington D.C. during the week of February 26,

2024 and would not be present for the regularly scheduled meeting on February 27, 2024. It was confirmed there were no agenda items that need to come before the Commission and recommended the Commission cancel the February 27, 2024 meeting.

Director Conover stated that in the event action is required prior to the next regularly scheduled Commission meeting in March, 2024, a special meeting of the Commission can be called by the President of the Commission.

MOTION: Commissioner Sanders moved to cancel the District’s regular Commission meeting scheduled for 9:00 a.m. on February 27, 2024 and direct the General Manager to provide notification to the public of such cancellation as presented. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

Amending Line Extension & Facilities Construction Policy, Resolution No. 2659

Manager Evan Edwards said that staff was recommending additions to the District’s Line Extension and Facilities Construction Policy to update time frames for re-estimating customer fees, to clarify the Residential Line Extension Credit by identifying customer responsibilities, and to update the fees section for quit claim deeds and customer requested after-hours labor fees.

MOTION: Commissioner Hall moved to approve Resolution No. 2659, Amending the District’s Line Extension and Facilities Construction Policy as presented. Commissioner Sanders seconded, and upon vote, the motion carried unanimously.

Financial Forecast

Senior Director Jon Meyer reviewed the Financial Forecast Update that included the \$25 million bond issue completed in December, 2023 preliminary actual financial results, the adopted 2024 budget, a recommendation for redistribution of reserves, and a financial policy update recommendation. He said the net margin for 2023 took an \$11 million hit due to net power costs. Similar to the forecast shown in October 2023, staff is still projecting a 3.5% rate increase in 2025 and 2026.. He indicated the forecast showed a good financial position looking forward, noting the last rate increase was in 2019. Additionally, impacts of the physical call option were discussed. While providing a net financial benefit to the District from selling the product, it will have an impact of slightly reducing the days cash on hand metric in the short-term.

Redistribution of Reserves

Senior Director Jon Meyer presented recommendations for redistribution of unrestricted and restricted reserve funds established by the District’s financial policies.

MOTION: Commissioner Sanders moved to approve setting the unrestricted reserves fund account balances to the following: Designated Special Capital Fund \$10,766,308.29; Power Market Volatility \$5,000,000.00; Undesignated Reserves \$0.00; and to approve setting the

restricted reserves fund account balances to the following by transferring the funds to the unrestricted reserves: Bond Reserve Account \$0.00. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

Financial Policies Update

Senior Director Jon Meyer presented updated financial policies of the District and stated they were last updated in March 2015. The update included revisions as a result of the District converting its wholesale power contract with BPA from a Slice/Block contract to a Load Following contract; removed reference to the Bond Insurance Replacement Account; clarified the District will develop plans, including a timeline, within three months to restore reserves to the 90 day level if reserves fall below 90 days cash on hand; changed the requirement for maintaining a line of credit and the amount of the line of credit as optional; removed references of the 1.75x debt service coverage metric that removes capital contributions from the equation as it is no longer relevant; and various other edits based on current District practices.

MOTION: Commissioner Sanders moved to adopt Resolution No. 2657 Updating the Financial Policies of the District as presented. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

Amending Retail Electric Rate Schedules

Senior Director Jon Meyer presented an amendment to the Retail Electric Rate Schedules, indicating their largest street light customer had changed out the type of bulbs. The amendment included edits to Schedule 51 (Street Lighting) to address lights being installed but not included in the rate schedule and other miscellaneous housekeeping edits to remove language that expired or was no longer relevant.

MOTION: Commissioner Hall moved to adopt Resolution No. 2658 Amending Retail Electric Rate Schedules effective February 13, 2024 as presented. Commissioner Sanders seconded, and upon vote, the motion carried unanimously.

Performance Measurement – 4th Quarter 2023 Report

Senior Director Jon Meyer presented the Performance Measurement 4th Quarter 2023 Report, stated that 15 of the 17 performance measures were rated green with positive quarterly performance and two were yellow. The following performance measures were highlighted by staff:

- Telephone Service Level (yellow rating) – Annette Cobb said staffing shortages affected 4th Quarter ratings, and it was a green rating overall for 2023 year to date.
- Rate Comparisons (green rating) – Keith Mercer – said the measure compared the District’s rates to others in the Northwest and a green rating was issued if it was below the median. It was noted that several utilities were expecting increased rates in 2024.

- O&M/Capital (green rating) - Kent Zirker reviewed actual O & M expenses v. budget.
- O&M Costs per Customer (green rating) – Kent Zirker indicated this measure tracked non-power O & M costs per customer – actual was \$463.00 v. benchmark of \$493.00 for 4th Quarter.
- Enterprise Application Reliability (yellow rating) – Jennifer Holbrook said the yellow rating was because the third-party vendor that provides SMS texting for District SCADA alarms had two different instances with significant downtime. Staff worked with the vendor and measures have been put in place to avoid these issues in the future.

Net Metering Washington E3 Study

Director Chris Johnson presented information on the December 2023 E3 Study evaluation results of Washington State’s current net metering programs. The study conducted by E3 Consulting was a cooperative effort by the state’s consumer-owned and investor-owned utilities with support from the Washington State Department of Commerce. The study concluded with the following results and information:

- District Net Metering approximately 60% of State required 4% cap with nearly 1,100 systems installed (9.5 MW)
- E3 Studies shows cost exceeds benefits in California and Washington
- Residential customers including low-income are subsidizing net metering customer installations
- Washington solar consumer protection laws currently pending
- Customer demand was not offset by solar installations
- Customer demand increases in morning & evening when solar is not producing
- District residential demand charge - recovers customers’ fixed costs proportionate to their demand incurred

General Manager Dunn discussed posting his rooftop solar Substack article on Benton PUD’s social media. The Commission indicated it would review the article and get back to him with their thoughts.

The Board briefly recessed, reconvening at 10:51 a.m.

BPA Power Supply Work Session Part 2 - Transmission

General Manager Rick Dunn summarized the Work Session Part 1 regarding the current BPA load following contract (expires September, 2028) and BPA’s New Large Single Load (NLSL) policy presented to the Commission in October, 2023. Additionally, he said they would plan for a Work Session (Part 3) at a future meeting to discuss a draft BPA Provider of Choice (post 2028) policy and a summary of these two presentations.

General Manager Dunn presented detailed information regarding the extents and interconnection of the BPA Transmission system; Tri-Cities area transmission capacity and reinforcement projects; constraints affect BPA's transmission system interconnection queues which include requests for generation interconnection, transmission service, and new substations interconnections (line-and-load).

Other Business

Energy Northwest – Outside Director Board Member

Commissioner Sanders said she encouraged Senator Matt Boehnke to apply for this position, and if he was interested, wanted to know if the Board would send an endorsement letter on his behalf. General Manager Dunn said he would contact Senator Boehnke to find out if he was interested.

Future Planning

WPUDA/APPA Legislative Rally

Both Commissioners Hall and Sanders would be attending the WPUDA/APPA legislative rally in Washington D.C. the week of February 26, 2024.

Executive Session – Review Performance of Public Employee

The Commission went into executive session per RCW 42.30.110(h) at 11:51 a.m. for nine minutes with General Manager Dunn and General Counsel Allyson Dahlhauser to review the performance of a public employee. The Commission came out of executive session at 12:02 p.m. and announced it was going back into executive session for an additional 10 minutes. The Commission came out of executive session at 12:12 p.m. No decisions were made in executive session.

Adjournment

Hearing no objection, President Bush adjourned the meeting at 12:12 p.m.

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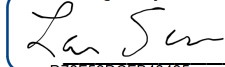


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Barry Bush, President

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Lori Kays-Sanders, Secretary