

MINUTES

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

Date: March 12, 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
Supv. of Executive Administration/Clerk of the Board Cami McKenzie
Records Program Administrator II Nykki Drake
General Counsel Allyson

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 Procurement Michelle Ochweri; Manager of Customer Engagement Jenny Sparks; Manager of Communications & Government Relations Jodi Henderson; Manager of Human Resources Karen Dunlap; Superintendent of Transportation & Distribution Robert Inman; Superintendent of Operations Duane Szendre; Supervisor of Energy Programs Robert Frost; Procurement Specialist I Tyson Brown; Financial Analyst III Katie Grandgeorge; Senior Engineer Power Management Blake Scherer; Cyber Security Engineer III Paul Holgate; Manager of Accounting Kent Zirker; Communications Specialist II Eric Dahl; Senior Engineer Dax Berven.

Call to Order

The meeting was called to order at 9:00 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 February, 2024 Treasurer's Report with the Commission as finalized on March 5, 2024.

Consent Agenda

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

- a. Regular Commission Meeting Minutes of February 13, 2024
- b. Travel Report dated March 12, 2024
- c. Merit-Based Salary Administration Plan – Resolution No. 2660
- d. Amending Benefits for Non Represented Employees and Establishing Additional 401(a) Plan – Resolution No. 2661
- e. Public Participation & Public Comment Guidelines – Resolution No. 2663
- f. Vouchers (report dated March 12, 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: 101299-101319, 101474-101555, and 101708-101741 in the amount of \$3,491,793.61.
Checks & Customer Refund Payments (CHK): 87498-87577 in the amount of \$267,416.67;
Electronic Fund Transfer (WIRE) Payments: 6880-6904 in the amount of \$15,630,582.19;
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$379.98;
Payroll: Direct Deposit – 2/15/2024: 101320-101473 in the amount \$419,059.99;
Payroll: Direct Deposit – 2/29/2024: 101556-101707 in the amount \$433,851.81;
Voided checks (February, 2024) in the amount of \$5,014.03; Grand total - \$20,243,084.25
- g. Surplus of Equipment-Meters & Current Transformers – Resolution No. 2662
- h. Jobs Report – Estimated v. Actuals – Q3 and Q4 2023
- i. Change Order No. 9 – Benton County Emergency Services – Contract #16-33-02
- j. Change Order No. 2 – Electrical Consultants, Inc. – Contract #22-21-20
- k. Lease Agreement – Sturgeon Electric Company, Inc. – Contract #24-33-01

Management Report

General Manager:

General Manager Rick Dunn reported on the following issues:

1. PPC Supports BPA Joining SPP's Market+ Initiative – PPC officially endorsed BPA joining Southwest Power Pool's Market+ Initiative.

2. PNUCC Meeting Update – PNUCC agenda included a review of the transmission congestion rents issue that occurred during the January 2024 polar vortex. This issue has been a big source of controversy given the more than \$120 million in revenues collected by the California Independent System Operator (CAISO) for wheeling power across California transmission lines for delivery to the northwest. This revenue represented 94% of the value of the California-Oregon AC intertie during the cold snap versus 6% that went to northwest utilities. Additionally, the CFO of BPA stated during the Public Power Council Meeting held the day before the PNUCC meeting that BPA had \$300 million in unplanned power purchases during the deeply cold temperatures. While hydro saved the day in terms of grid reliability, the amount of water available for generation was quite low compared to what is possible in most years, which left BPA short of supply. And it wasn't just BPA who was short. The Pacific Northwest grid required nearly 5,000 megawatts of electricity imports from outside the region to avoid blackouts. And the big question being asked is whether this level of imports can be counted on in the future as coal plants are shut down across the western grid without building dependable replacements like natural gas or nuclear.
3. BPA 2023 Transmission Cluster Study Results – BPA identified 14 new transmission projects costing an estimated \$3.9 billion in its 2023 TSR (Transmission Service Request) Study and Expansion Process. Manager Dunn shared a slide summarizing the BPA Generation Interconnection requests by fuel types and location. Randy Hardy, consultant and former BPA administrator was quoted as saying “BPA has done all the easy stuff and has hit a brick wall.” “Almost all of the projects will require new rights of way, because they've exhausted the ability to upgrade lines without having to expand into new rights of way.” Manager Dunn highlighted a transmission line upgrade project identified by BPA from the Grand Coulee dam area to Olympia with a projected cost of \$1.1 billion and projected in service date of 2038. The very high cost of projects like this along with the extended permitting and construction timelines is a huge barrier for developers of wind and solar projects east of the Cascades who are trying to respond to Puget Sound Energy's need for non-emitting generation. Hardy said he just don't see developers being willing to pay their share of such high cost and long-lead time transmission projects.
4. CAISO Postpones New Interconnection Requests – CAISO suspended their new interconnection requests for resources connecting to the grid beyond 2024 due to an unprecedented and unsustainable number of requests.
5. PSE Unprecedented Expansion of Renewables/Rate Increase – Puget Sound Energy needs to add 6,700 MW of zero-emission resources by 2030; a number which could be even higher if demand for electric vehicles and data centers continues to grow. As a consequence, PSE has proposed a rate increase totaling 15.18% for 2025 and 2026 to help cover the costs associated with the clean-energy mandates.
6. PacifiCorp Rate Increases – PacifiCorp is seeking a 17.9% increase in its latest general rate case in Oregon, in part to recover costs associated with increasing insurance premiums and wildlife liability claims. Under the proposal, residential rates would increase 21.6%.
7. OneEnergy Renewables 60 MW Solar – OneEnergy Renewables filed an application with EFSEC to construct a 60 megawatt (MW) solar farm on AgriNorthwest land located in the Plymouth area and is requesting to connect to Benton PUD's transmission system.

OneEnergy is asking the Energy Facility Site Evaluation Council (EFSEC) to preempt Benton County's moratorium on solar projects on land zoned for agriculture. County commissioners adopted the ordinance in 2021. OneEnergy is currently in the "facility study" phase of the BPA generation interconnection process. District staff is working with BPA and will be performing more study and analysis to evaluate possible impacts the solar farm could have on the operations of the District's large irrigation customers. Staff will provide Commissioners with an update regarding options the District has going forward.

8. 9th Circuit Petition Update – PPC announced the Northwest Requirements Utilities (NRU) and Alliance of Western Energy Consumers (AWEC) have also filed a petition for review and joined PPC's 9th Circuit Court of Appeals challenges to force BPA to produce an administrative record regarding its decision to enter into the US Government agreement committing BPA to various obligations.
9. CSRIA/Franklin Conservation District LSRN Removal Study – Columbia Snake River Irrigators Association and Franklin Conservation District completed a study outlining the impacts of what dam breaching would have on irrigators. General Manager Dunn said he has a meeting scheduled with Board Representative Darryll Olsen to discuss his and public power's position regarding the U.S. government memorandum of understanding released last December.
10. NWRP Executive Director – Northwest RiverPartners Board of Directors selected Clark Mather, who previously worked for Tacoma Public Utilities, as the new Executive Director to take over April 1.

Executive Administration:

1. Legislative Update – Manager Jodi Henderson updated the Commission on the following:
 - a. The Legislature adjourned Sine Die on March 7.
 - b. Bills of Interest that passed:
 - a. HB 1955, repealing CETA greenhouse gas requirement to remove duplicative.
 - b. 2SHB 2201, linking Washington's carbon market with California and Quebec and including language to address BPA's role as voluntary FJD. Statewide Initiative 2117 to repeal the CCA did not receive a hearing and will go to the ballot in November.
 - c. SHB 2156, solar consumer protections, including interconnection requirements which are consistent with current practice.
 - d. ESHB 1589, which allows for combined IRP for natural gas/electric service providers servicing over 500,000 customers
 - c. Budget provisos of interest:
 - a. \$25 million allocation for Energy Northwest to support U.S. DOE Loan Program Office Part 2 – this becomes null and void if Initiative passes.
 - b. \$150 million for low-income and moderate-income customers – one-time \$200 credits with the stipulation funds are to be distributed by September 15, 2024. Senior Manager Meyer discussed the participation requirements and said they would know more after the Department of Commerce publishes program requirements in the upcoming months.

- c. \$500,000 allocated for study to determine the value of distributed solar and storage (another net metering study).
2. Amending Nonstandard Compensation – HR Manager Karen Dunlap said with the successful implementation of the four-ten schedule option in 2023, the District and Local IBEW 77 agreed to exchange the Day After Thanksgiving for one additional floating holiday beginning in 2024 and to return to Thanksgiving early release instead of New Year’s Eve. There is no impact to employees who are regularly scheduled to work the Day After Thanksgiving if they choose to use the additional floating holiday and the change benefits the District and customers with the return to past lobby closures of Thursday and Friday. These changes require an amendment to the Resolution, and it will be presented to the Commission at the next meeting.
3. Customer Service Standby – Senior Director Jon Meyer said they made changes to the automated phone attendant to include an option for a customer to talk to someone on Friday or Thursday (if a holiday). A standby program was recently implemented after working with the IBEW (in the system was modeled after standby programs in place at Operations) on a rotation with voluntary trade for the Customer Service Representatives to be available to speak to a customer on those days.

IT & Broadband Services:

1. NoaNet Update – Director Chris Folta updated the Commission on the following:
 - a. Repayment of Legacy Contributions. The NoaNET Board unanimously passed a resolution on 12/13/2023 ensuring members are entitled to repayment of past contributions first in the event of a sale or dissolution.
 - b. Resolution to Equalize Percentage Interests. This resolution is unchanged from what was provided in December and will be considered on 3/13/2024 to equalize ownership percentage interests. This would reduce shared risks, retain one member with one vote for Board of Directors and Member Representatives, and any assessment would be equally attributed to Members.
 - i. Requires 2/3 approval by the Board.
 - ii. If approved, a special meeting will be held for the Member Representatives to vote on the resolution which requires unanimous approval to go into effect.
 - c. Energy NW formally announced its plan to withdraw as an owner of NoaNet effective April 21, 2024, and will rejoin as a non-voting Affiliate Member. Their percentage ownership will be equally divided among the remaining owners; however, they will continue to be responsible for their proportionate share of the current bond obligation.

Finance & Customer Services:

1. General Service Updates - Senior Director Jon Meyer said that a formal annual process to classify General Service accounts in the correct rate schedule was adopted as part of the rate schedules last year and performed for the first time in the first quarter of 2023. Staff is currently performing the annual review for this year and has identified about 100 accounts, out of a total of over 6,000 accounts, that will move to a different rate schedule

in April 2024. Staff is also reviewing General Service rate structures. Staff will give a presentation at a future meeting and provide recommendations regarding rate structure changes that include implementation of a demand charge for small general service, changing the demand charge for medium and large general service, and re-evaluating the relevance of the large general service time of use rate.

The Commission recessed at 10:21 a.m., reconvening at 10:30 a.m.

Business Agenda

Interlocal Agreement – 2024 Tri-Cities STEM Career Academy

Manager Jodi Henderson presented the Interlocal Cooperative Agreement to hold the 2024 Tri-Cities STEM Career Academy in June. This career academy is for local high school students wanting to explore a career in the field of energy, agriculture, or STEM.

MOTION: Commissioner Sanders moved to authorize the General Manger on behalf of the District to sign in substantially the form presented an Interlocal Cooperative Agreement with Benton Conservation District, Franklin Conservation District, City Of Richland, Public Utility District No. 1 Of Franklin County, Energy Northwest, Kennewick School District, and ESD 123, Contract #24-12-02, to hold the 2024 FWEE Tri-Cities STEM Career Academy June 24, 2024 through June 28, 2024. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

Interlocal Agreement – City of Richland – Reata Substation Transmission Line WSDOT Crossing/115kV Switch

Evan Edwards presented the Interlocal Cooperative Agreement with the City of Richland for the Reata Substation Transmission Line WSDOT Crossing and 115kV Switch. The City of Richland constructed a transmission line from its future Dallas Road Substation to just south of the District's Reata Substation, with the intention that this line cross Interstate 82 and land on a new BPA structure located on the north side of Interstate 82. The City's initial line design did not include a sectionalizing switch necessary to isolate the section of line between the District's Reata Substation and the City's future Dallas Road Substation. The District requested to install a 115kv transmission switch at the Reata Substation end of the City's transmission line, intersecting the City's transmission line.

The District will install the transmission crossing on behalf of the City, at the City's expense in the amount of \$21,370.88, and a not to exceed amount of \$26,713.60 and the District will install the 115kv transmission switch and associated structure at the District's expense.

Manager Edwards presented a map of the area where the transmission crossing and switch would be installed. Additionally, he stated that today was the scheduled transfer of the electric distribution facilities to the City of Richland, previously authorized in October, 2023. This would

affect 92 customers, now to be served by the City of Richland, and they would begin the process of replacing the meters.

MOTION: Commissioner Sanders moved to authorize the General Manager on behalf of the District to sign the Interlocal Cooperative Agreement (ILA) with City of Richland, Contract #24-21-09 for Reata Substation Transmission Line WSDOT Crossing and 115kV Switch. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

CETA Audit & CCA Update

Director Chris Johnson presented requirements and results of the Clean Energy Transformation Act (CETA) Audit and gave a CCA update along with related legislation activity. The 2022-2023 CETA State Audit is scheduled for 2024.

Other Business

None.

Future Planning

General Manager Rick Dunn mentioned that PPC was a forming a team to discuss the IOU/Residential Exchange Program issue and he had offered to be on that team.

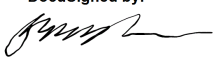
Meeting Reports

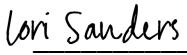
APPA/WPUDA Legislative Rally

Both Commissioner Hall and Commissioner Sanders reported on their attendance in Washington D.C. during the Legislative Rally and said they had good meetings. Commissioner Sanders said their meetings were combined with water utilities, resulting in less time for discussion on power issues, and said she would appreciate if those groups were separated in the future.

Adjournment

Hearing no objection, President Bush adjourned the meeting at 10:58 a.m.

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Barry Bush, President

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Lori Kays-Sanders, Secretary