

MINUTES

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

Date: March 26, 2024

Time: 9:00 a.m.

Place: 2721 West 10th Avenue, Kennewick, Washington

Present: 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
Supervisor of Executive Administration/Clerk of the Board Cami McKenzie
Records Program Administrator II Nykki Drake
General Counsel Allyson Dahlhauser

Absent: Commissioner Barry Bush, President – excused

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 Customer Service Annette Cobb; Manager of Communications & Government Relations Jodi Henderson; Manager of Human Resources Karen Dunlap; Manager of Business Applications Jennifer Holbrook; Superintendent of Transportation & Distribution Robert Inman; Superintendent of Operations Duane Szendre; Supervisor of Energy Programs Robert Frost; Procurement Specialist I Tyson Brown; Senior Engineer Power Management Blake Scherer; Cyber Security Engineer III Paul Holgate; Manager of Accounting Kent Zirker; Communications Specialist II Eric Dahl.

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.

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 March 12, 2024
- b. Travel Report dated March 26, 2024
- c. Amending Nonstandard Discretionary Compensation and Benefits – Resolution No. 2664
- d. Vouchers (report dated March 26, 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: 101742-101767 and 101921-101957 in the amount of \$2,094,536.60.
Checks & Customer Refund Payments (CHK): 87578-87633 in the amount of \$251,851.83;
Electronic Fund Transfer (WIRE) Payments: 6906-6915 in the amount of \$433,402.07;
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$1,090.00; Payroll: Direct Deposit – 3/14/2024: 101768-101920 in the amount \$410,010.96; Voided checks (March 2024) in the amount of \$1,969.98; Grand total - \$3,190,891.46
- e. Jobs Report for Commission
- f. Work Order 691203 – South Hill Manors
- g. Quit Claim – Parcel #1-0488-200-0005-000
- h. Project Completion and Acceptance for Contract #23-38-06 – ATS Inland NW – HVAC Controls Upgrade
- i. Project Completion and Acceptance for Contract #22-18-04 – Absco Solutions
- j. Project Completion and Acceptance for Contract #22-21-29 – DJ’s Electrical, Inc.
- k. Project Completion – McNary-Plymouth Transmission Tie Line – Formal Quote #23-21-21

Management Report

General Manager:

General Manager Rick Dunn reported on the following issues:

1. CAISO Extended Day-Ahead Market (EDAM) – The pace of western power market expansion is picking up with the announcement by Portland General Electric (PGE) they

are planning to join EDAM. PGE joins PacificCorp, the Balancing Authority of Northern California, and the Los Angeles Department of Water & Power, who previously announced their intentions to join the EDAM as well. Idaho Power has announced they are “currently leaning towards” joining the EDAM but have outstanding issues they would like to see resolved.

2. Winter Storm Pushed Northwest Grid to the Brink – ClearingUp published an article featuring a report and analysis completed by Powerex examining the January 2024 winter weather event in the Northwest and how much closer the region was to rolling blackouts than previously revealed by others. Powerex reiterated how inadequate dependable generating capacity was in the Northwest during peak demand hours but also brought to light how insufficient the fuel supply (including water for hydropower) was across the multi-day event. During this event at least one Northwest utility was preparing for rotating outages and four others along with the Alberta Electric system Operator in Canada declared energy emergencies. Manager Dunn shared that the North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) have been warning for a few years now that too much dependence on variable generation resources is increasing the risk of blackouts in the Western power grid and other regions throughout the United States.
3. PGE Rate Increase Insights – Portland General Electric (PGE) rates have increased approximately 33% since December 2022. This includes the 17% increase that took effect on January 1st of this year. The Oregon Citizens’ Utility Board is asking state regulators to dismiss PGE’s most recent General Rate Case filed February 29th seeking another 7.3% rate increase. PGE has stated additional revenue is needed to support transmission and distribution enhancements as well as to recover the costs of two battery storage projects set to go online by mid-2025. Manager Dunn reiterated that big rate increases by PGE as well as Puget Sound Energy are the result of overly aggressive clean energy policies in Oregon and Washington respectively.
4. The NoaNet Board of Directors unanimously passed a resolution to equalize ownership percentages. The resolution will now be considered at a future meeting by the Member Representatives. A unanimous vote by the Member Representatives is needed for the resolution to take effect.
5. Washington Public Utility Districts Association (WPUA) Annual Conference – Rick will not be able to attend the Annual Conference this year. The Energy Authority (TEA) is having a dinner and has invited Commissioners to attend. Rick will share the email invitation with the Commissioners.
6. Director Melina Conover is retiring from the District and her last day of work will be March 28th. General Manager shared how valued Melina was during her time at the PUD and along with Commissioners wished her well in her retirement.

Power Management:

1. BPA Record of Decision - Director of Power Management reported on BPA recently posting their final Provider of Choice Policy which sets the framework for developing new

long-term power sales contracts for supplying products and services that will replace the Districts current contract with BPA beginning October 2028. BPA also released their record of decision (ROD) which explains their rationale to adopt or not adopt policy changes recommended by customers across the region. BPA will now begin a series of policy implementation and contract development workshops that will occur throughout 2024 and work toward their goal of executing contracts by December 2025. Current estimate from BPA shows the District Provider of Choice Contract High Water Mark of 212.3 aMW.

Finance & Customer Services:

1. Monthly Financials – Senior Director Jon Meyer provided the Commission with financial reports for January and February, 2024.

Business Agenda

Contract Award Recommendation for Contract #24-15-01 – Absco Solutions

Manager Jennifer Holbrook presented the contract award for Absco Solutions. The first phase of implementing the enterprise security system was the access control system which was completed in 2023. The second phase for implementation is replacing the physical cameras and video management system in use by the District. Staff has worked with Absco to complete a design that modernizes the cameras and recording devices in use, along with adding cameras to increase coverage in the storage yards on the District campuses. All cameras will be replaced (44 in Kennewick and 19 in Prosser) and several cameras will be added to new locations which will bring Kennewick to 52 cameras and Prosser to 22 cameras total.

The 2024 Capital Budget included \$385,200 to replace and upgrade the camera system. There are additional funds in the budget for the Kennewick Lobby remodel that were included to replace the cameras based on the new design.

MOTION: Commissioner Sanders moved to authorize the General Manager on behalf of the District to sign a contract in substantially the form with Absco Solutions, Contract #24-15-01, upgrade of Districts Camera System in three project phases for a total not-to-exceed amount of \$526,131.00 plus Washington State Sales Tax. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

Review Final Draft of 2023 Annual Financial Report

Senior Director Jon Meyer and Manager Kent Zirker presented the final draft of 2023 Annual Financial Report. It is a best practice to share a draft of the District's Annual Financial Report with the Commission prior to completion. Kent Zirker said March 31st is the target for the financial statement audit to be completed by Moss Adams. This presentation was information only and there will be no action today. Moss Adams (Auditor) will present the audit results at a future commission meeting.

Updating the Helping Hands Low Income Donation Program – Resolution No. 2665

Senior Director Jon Meyer presented the update to the Helping Hands Low Income Donation Program. In 2023 the District was audited by the State Auditor’s Office (SAO) who provided an audit opinion that the District was in compliance with the low-income requirements of CETA. SAO is now interpreting CETA to mean that a customer whose income is below the greater of 80% of Area Median Income (AMI) or 200% of FPL, based on household size, must have access to a low income program offered by the utility. All of the District’s current low-income programs use 225% of FPL. Staff is recommending an update to the income requirements for the Helping Hands program to provide a low-income program that uses income requirements that are in alignment with CETA.

MOTION: Commissioner Sanders moved to approve Resolution No. 2665, Updating the Helping Hands Low Income Donation Program. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

The Commission recessed at 10:03 a.m., reconvening at 10:10 a.m.

COSA Update and General Service Demand Presentation – J. Meyer

Senior Director Jon Meyer presented the COSA Update and General Services Demand Presentation. The 2024 COSA results were reviewed with the Commission, as well as General service (GS) rates by rate class as compared to COSA results. Small general service (SGS) and medium general service (MGS) rates are the furthest out of alignment as compared to COSA. General Service load profiles (as a whole and as individual classes) were also reviewed and together these customer peaks do not coincide with overall system peak, thus reduces the justification for a time-of-day based demand rate for General Service rate classes. SGS is the only GS rate class without a demand charge and the District is recommending implementing a SGS Demand Rate in late 2024 at \$1/kW, add demand charge of \$1/kW for the first 50 kW per month for MGS and large general service (LGS), and remove LGS Time of Use (TOU) Rate Schedule. The SGS demand charge implementation would be similar to how the residential demand charge was implemented, which will include several direct mailings as well as adding frequently asked questions and a rate comparison calculator to the District’s website. This presentation was information only and there will be no action today. This will be brought back to a future commission meeting for approval.

Other Business

One work order and two contracts were walked into the commission meeting:

Work Order# 694356 - Vista Substation Bay #2 Switchgear Replacement

Evan Edwards presented the Work Order# 694356 for Vista Substation Bay #2 Switchgear Replacement.

After researching the history of equipment improvements, Engineering staff determined that the existing metalclad switchgear at Vista Bay 2 is nearing the end of its functional life. To ensure the

functionality of the substation is maintained, replacing the entirety of the switchgear is more beneficial than individual equipment and control replacements. Replacing the metalclad switchgear ensures the long term, dependable operation of Vista Bay 2 by providing equipment that improves system reliability and safety. This new equipment also ensures improved SCADA visibility into Vista Bay 2.

This project is included in the 2024 budget for construction in 2025, at a budgeted cost of \$1,144,502 to account for equipment lead times. The project is expected to take place in fall of 2025 and will be reviewed prior to the adoption of the 2025 budget.

Manager Edwards presented a map of the area where the Metalclad Switchgear Replacement would be installed.

MOTION: Commissioner Sanders moved to authorize the General Manager on behalf of the District to sign the Work Order# 694356 for Vista Substation Bay #2 Switchgear Replacement Commissioner Hall seconded, and upon vote, the motion carried unanimously.

Contract Award, Vista Bay 2 - 15kV Metalclad Switchgear, Bid Package 24-21-04

Evan Edwards presented the Contract Award, Vista Bay 2 - 15kV Metalclad Switchgear, Bid Package 24-21-04.

Bids were opened on Tuesday, March 19, 2024, for the metalclad switchgear for Work Order 694356 at Vista Substation. Central Electric dba Avail Switchgear was the lowest bidder. However, they took exceptions to the specification and do not have firm pricing. States Manufacturing was the next lowest responsive bidder, took no exemptions to the specification, a shorter lead time, and firm pricing.

Work Order 694356 budgeted at \$1,144,502.00. The proposed 2025 Capital Budget reflects the approved estimated cost, including the price of the metalclad switchgear and necessary substation upgrades for the project.

MOTION: Commissioner Sanders moved to declare Central Electric dba Avail Switchgear non-responsive for BID #24-21-04 -Vista Bay 2 15kV Metalclad Switchgear and authorizing the General Manager on behalf of the District to sign Contract #24-21-04 - Vista Bay 2 15kV Metalclad Switchgear to States Manufacturing; for the total amount of \$670,000.00 plus Washington State sales tax in accordance with RCW 54. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

Contract Award Recommendation – Vista Bay 1 – Foundation, Footing & Conduit Construction – Formal Quote #24-21-07

Evan Edwards presented the Contract Award Recommendation – Vista Bay 1 – Foundation, Footing & Conduit Construction – Formal Quote #24-21-07.

Formal quotes were opened at 3:00PM on Thursday, March 21, 2024, for the foundation, footing and conduit construction at Vista Substation as a part of the Vista Bay 1 Metalclad Replacement. Allstar Construction Group was deemed non-responsive as they are not presently approved on the District 2024 Prequalification Roster as able to provide qualified electrical workers. Prater Electric, Inc was deemed lowest responsive, with no exceptions to the District’s scope of work or contract agreement. Staff recommends the District award Contract #24-21-07 to Prater Electric, Inc. Awarding this contract ensures the timely completion of necessary substation reconstruction involved within the Vista Bay 1 Metalclad Replacement project.

Costs of construction for the stated scope of work were included in the original approval of Work Order 653625, Vista Bay 1 Metalclad Replacement. Work Order 653625 was approved September 27, 2022, for the total amount of \$1,058,617.

MOTION: Commissioner Sanders moved to declare Allstar Construction Group non-responsive for Formal Quote # 24-21-07 for the Vista Bay 1 – Foundation, Footing & Conduit Construction and authorize the General Manager on behalf of the District to sign Contract # 24-21-07 with Prater Electric Inc. of Kennewick, WA, in substantially the form presented, for total amount of \$150,000.00 plus Washington State sales tax in accordance with RCW 54.04.080. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

Future Planning

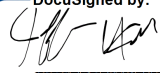
None.


Meeting Reports

March WPUDA Meeting – Jeff shared his concerns at this meeting with the DC Energy Committee and the time constraints that took place.

Adjournment

Hearing no objection, Vice-President Hall adjourned the meeting at 10:47 a.m.

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Jeff Hall, Vice-President

ATTEST:
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Lori Kays-Sanders, Secretary