

MINUTES

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

Date: April 9, 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 & Executive Administration Jon Meyer
Assistant General Manager/Sr. Director Engineering & Operations Steve Hunter
Director of Power Management Chris Johnson
Director of IT & Broadband Services Chris Folta
Director of Customer Service & Treasury Operations Keith Mercer
Supv. of Executive Administration/Clerk of the Board 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 Customer Engagement Jenny Sparks; Manager of Customer Service Annette Cobb; Supervisor of Customer Service Kim Maki; 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; Senior Engineer Power Management Blake Scherer; Manager of IT Infrastructure Duane Crum; Cyber Security Engineer III Paul Holgate; Manager of Accounting Kent Zirker; Levi Lanphear, Procurement Administrator.

Call to Order

Pledge of Allegiance

The Commission and those present recited the Pledge of Allegiance.

Agenda Review

General Manager Rick Dunn said that Consent Agenda Item “c” (Amending Merit-Based Salary Administration Plan) was updated with corrections to job titles included in the Exhibit.

Public Comment

None.

Exit Conference – 2023 Financial Audit with Moss Adams

Keith Simovic and Austin Damron, Moss Adams presented via/MS Teams the 2023 Financial Audit results and discussed the following:

- Services provided, including a report and technical review on financial statements; report of independent auditor on internal controls over financial reporting and compliance with government auditing standards; and communication with the governance board.
- Opinion/Reports provided:
 - Unmodified clean opinion on financial statements;
 - No findings and no material weaknesses

Treasurer’s Report

Keith Mercer, Director of Customer Service & Treasury Operations, reviewed the March 2024 Treasurer’s Report with the Commission as finalized on April 1, 2024.

Consent Agenda

MOTION: Commissioner Sanders moved to approve the Consent Agenda items “a” through “j”, with item “c” (Amending Merit-Based Salary Administration Plan – Resolution No. 2669) as amended. Commissioner Hall seconded and upon vote, the Commission unanimously approved the following:

- a. Regular Commission Meeting Minutes of March 26, 2024
- b. Travel Report dated April 9, 2024
- c. Amending Merit-Based Salary Administration Plan – Resolution No. 2669
- d. Vouchers (report dated April 9, 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: 101958-102004 and 102158-102189 in the amount of \$2,070,769.46;
Checks & Customer Refund Payments (CHK): 87634-87702 in the amount of \$124,501.69;
Electronic Fund Transfer (WIRE) Payments: 6917-6929 in the amount of \$5,267,169.38;
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$350.00;
Payroll: Direct Deposit – 03/28/2024: 102005-102157 in the amount \$424,890.23;
Voided checks (March, 2024) in the amount of \$174.19;
Grand total – \$7,887,680.66
- e. Blair Seven Properties Lots - Work Order 687891
- f. Equipment Surplus – Metalclad Switch Cabinets – Resolution No. 2668
- g. RingCentral, Inc. Change Order No. 1 – Contract #23-15-02

- h. CompuNet, Inc. Change Order No. 3 – Contract #22-15-01
- i. Contract Award for Janitorial Services to SealX, LLC – Contract #24-38-03
- j. Contract Award for Distribution Transformers to MVA Power, Inc. and General Pacific, Bid Package #24-21-05

Management Report

General Manager:

1. Reorganization effective April 8, 2024 – General Manager Rick Dunn updated the Commission on the new organizational structure in response to Melina Conover’s retirement: Keith Mercer promoted to Director of Customer Service & Treasury Operations; Jon Meyer as Senior Director of Finance & Executive Administration; and Cami McKenzie and her team reporting to General Manager. Additionally, General Manager announced Jennifer Holbrook has been promoted to Senior Manager of Applied Technology allowing the District to strategically focus on further convergence of Information Technology and Operational Technology.
2. RP3 (Reliable Public Power) – General Manager Dunn announced the District was awarded a diamond level designation by the American Public Power Association RP3 program for 2024-2027. The District achieved a perfect 100% score for the fourth consecutive time and is one of only six utilities in Oregon, Washington, and Idaho to achieve the diamond designation for high proficiency in reliability, safety, workforce development, and system improvement.
3. BPA Announces SPP Markets Plus Leaning – General Manager Dunn reported that BPA announced it is strongly leaning toward joining the SPP Markets+ day-ahead market and would issue a draft proposed decision in August and a final decision in late November.
4. B2H Transmission Line construction paused by BLM Cultural Studies Audit – General Manager Dunn stated that an Idaho Power representative reported at the PNUCC meeting the Boardman-to-Hemingway (B2H) transmission line project (in consideration since 2006) was delayed by four to six months by BLM requesting a cultural studies audit. The project, planned on a route between Boardman, Oregon and Boise, Idaho was supposed to break ground in early 2024. The Idaho Power spokesman expressed frustration that they had spent more than 90,000 hours on cultural review, and that after 18-years and \$200 million spent, construction of the project had still not started. General Manager reiterated how building wind and solar farms in remote states and then expecting to build countless transmission lines between rural and urban areas in a short time frame is a clean energy vision not grounded in reality.
5. PacifiCorp Updated IRP; extends coal power and scales back renewables – General Manager Dunn reported that PacifiCorp updated its 2023 integrated resource plan to extend the company’s coal power and scale back renewables by thousands of megawatts, delivering customers significant near-term cost savings and avoiding accelerated closures.
6. DOE Finalizes Transformer Efficiency Rule – General Manager Dunn stated that DOE finalized energy-efficiency standards for distribution transformers to provide an extra two years for compliance due to concerns about supply chain constraints.

7. TerraPower Applies for Demo Reactor Permit – General Manager Dunn reported that TerraPower applied for a Nuclear Regulatory Commission construction permit for their Kemmerer, Wyoming coal-replacement project, with plans to begin non-nuclear construction this summer and submit an operating license application in 2026.
8. Report calls LSRDs ‘Giant Methane Factories’ – General Manager Dunn said a report funded by an environmental group called “Tell The Dam Truth” which is funded by Patagonia made hyperbolic claims the four lower Snake River dams emit the equivalent of 1.8 million metric tons (MMT) of carbon dioxide each year, which is equivalent to burning 2 billion pounds of coal or driving 400,000 cars for a year. General Manager did not know the details of the study but reminded commissioners that Washington State emissions across all sectors of the economy are just over 90 MMT per year, and that the U.S. emits more than 5,000 MMT which is dwarfed by China with emissions that have risen to 12,000 MMT thanks to the construction of new coal fired power plants.
9. Other Headlines – General Manager Dunn reported on notable headlines in energy news.
10. Commissioner Cell Phone Stipends – General Manager Dunn said Commissioners are eligible for cell phone stipends and that staff would bring back a resolution for approval at the next meeting.

The Board briefly recessed, reconvening at 10:26 a.m.

Power Management:

1. BPA Post 2028 Tier 1 Allocation Errors/BPA Record of Decision – Director Chris Johnson reported the BPA Record of Decision Contract High Water Mark spreadsheet that was previously shared with commission last month has errors which BPA is aware of and plans to update. The current spreadsheet with these errors shows the District Provider of Choice CHWM at 212.3 aMW.
2. BPA Slice/Block Customer – Director Chris Johnson stated that BPA received three formal requests from Slice/Block customers to consider another product change opportunity under the Regional Dialog Power Sales Agreement. Slice/Block customers must submit requests to BPA by June 30, 2024. Once all customer requests are known, BPA will conduct an analysis and hold a public process similar to their prior product change opportunity which the District participated in for switching to the Load Following product. Assuming BPA approves these pending customer Load Following product changes, customers would switch products effective October 1, 2025 and would continue as Load Following and not be eligible to select Slice/Block for their initial product selection post 2028.

Business Agenda

Withdrawal of Precinct 6322 – Adopting New Commissioner District Boundaries – Resolution No. 2666

Cami McKenzie presented a resolution to withdraw Precinct 6322 and adopt new Commissioner district boundaries. In 2005 the District and City of Richland signed an agreement that defined the process for the City to acquire Benton PUD electrical facilities and per the Agreement, the

City notified the District of their desire to acquire the electrical facilities in Reata Ridge and Sunrise Ridge. The District held a public hearing in October of last year authorizing the surplus and sale of the assets to the City of Richland.

The transfer to the City of Richland took place on March 12, 2024 and the District no longer provides electric service to Precinct 6322, requiring the District to officially withdraw Precinct 6322.

MOTION: Commissioner Sanders moved to approve Resolution No. 2666, Withdrawal of Precinct 6322 and Adopting new Commissioner District Boundaries as presented. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

Amending Retail Electric Rate Schedules – Resolution No. 2667

Sr. Director Jon Meyer presented a Resolution and the following Amended Retail Electric Rate Schedules, previously presented, and recommended to the Commission at the March 26, 2024 meeting:

- Rate Schedule 21 – Small General Service (SGS)
 - Implement a \$1.00 demand charge (currently there is no demand charge for SGS).
 - Decrease the energy rate from \$0.0630 to \$0.0592 per kWh
- Rate Schedule 22 – Medium General Service (MGS)
 - Implement a \$1.00 demand charge on the first 50 kW per month (currently there is no charge for the first 50 kW per month).
 - Decrease the energy rate from \$0.0548 to \$0.0533 per kWh
- Rate Schedule 23 – Large General Service (LGS)
 - Implement a \$1.00 demand charge on the first 50 kW per month (currently there is no charge for the first 50 kW per month).
 - Decrease the energy rate from \$0.0471 to \$0.0469 per kWh
- Rate Schedule 24 – Large General Service – Time-of-Use (LGS TOU)
 - Remove rate schedule and move customers to Rate Schedule 23.

The above changes would be effective for the usage in billing periods starting October 1, 2024 or after and reflected on bills issued in November, 2024. Additionally, once approved, staff will prepare a communication plan which will include several direct mailings to General Service customers as well as adding frequently asked questions and a rate comparison calculator to the District's website.

MOTION: Commissioner Hall moved to adopt Resolution No. 2667 amending Retail Electric Rate Schedules effective April 9, 2024 as presented. Commissioner Sanders seconded, and upon vote, the motion carried unanimously.

Setting Public Hearing – 2024-2043 Conservation Potential Assessment

Director Chris Johnson requested the Commission set a public hearing on the 2024-2043 Conservation Potential Assessment. He said the District previously adopted the 2024-2033 ten year cost effective resource conservation potential and 2024-25 biennial target on November 14, 2023, however the District was advised recently by EES Consulting who conducted the modeling for this target, that they had identified an error in their modeling assumptions. Their modeling did not include the 10% credit to conservation resources according to the Northwest Regional Power Act. All EES Consulting past models conducted since 2012 included this credit. The exclusion of this credit was an oversight by EES and was not something utility staff would have been able to verify/check. Benton PUD along with three other utilities were also affected. A request for an audit extension has been put into place with the State audit that just began and will resume after the Districts amended target is adopted.

MOTION: Commissioner Sanders moved to approve setting a Public Hearing for the purpose of reviewing the 2024 – 2043 Conservation Potential Assessment (CPA) and considering action on the District’s amended 2024 – 2033 Ten-Year Cost-Effective Conservation Potential and 2024 – 2025 biennial target for April 23, 2024 at 9:00 a.m., to be held at the District’s Administration Office located at 2721 West 10th Avenue, Kennewick, Washington, as well as via conference call at 1-323-553-2644, conference ID 730 736 298#, and directing the General Manger to publish the notice of the public hearing date, time and location as presented. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

Other Business

The General Manager and Commission discussed the upcoming WPUDA and APPA annual meetings and who would be attending.

Executive Session – Potential Litigation

The Commission went into executive session at 10:40 a.m. with General Counsel Allyson Dahlhauser to discuss potential litigation for 10 minutes. Also present were Rick Dunn and Cami McKenzie. The Commission came out of executive session at 10:51 a.m. and announced it needed an additional four minutes. The Commission came out of executive session at 10:58 a.m. No decisions were made in executive session.

Adjournment

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

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Barry Bush, President

ATTEST:

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Lori Kays-Sanders, Secretary