

**PUBLIC UTILITY DISTRICT NO. 1
OF
BENTON COUNTY**

Date: March 22, 2022

Time: 9:00 a.m.

Place: 2721 West 10th Avenue, Kennewick, Washington

Attendees:

Commissioners Hall, Sanders and Bush

General Counsel Hultgrenn

General Manager Dunn

Assistant General Manager Hunter

Senior Director of Finance and Customer Services Meyer

Director of Executive Administration Conover

Director of IT & Broadband Services Folta

Director of Power Management White

Manager of Communications and Governmental Relations Henderson

Manager of Risk Management and Treasury Operations Mercer

Manager of Business Applications Holbrook

Manager of Human Resources Dunlap

Manager of Accounting Zirker

Manager of Customer Service McAloon

Manager of Contracts & Purchasing Ochweri

Manager of Conservation & Renewable Energy Programs Johnson

Manager of System Engineering Edwards

Manager of Customer Engagement Sparks

Manager of IT Infrastructure Crum

Senior Engineer Scherer

Superintendent of Transmission & Distribution Inman

Cyber Security Engineer Holgate

Supervisor of Executive Administration/Clerk of the Board Marshall

Dan Hultgrenn, Recognition

General Manager recognized Legal Counsel Dan Hultgrenn on his 19 years of service and upcoming retirement as the District's Legal Counsel on March 31, 2022.

Consent Agenda

Motion by Barry Bush, seconded by Jeff Hall to approve the Consent Agenda as follows:

- a) Approving Commission Meeting Minutes of March 8, 2022.
- b) Approving Travel Report dated March 22, 2022.

- c) Approving Vouchers 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. As of this date, the Commission does approve the following for payment: Accounts Payable: Automated Clearing House (DD) payments 90119-90181 in the total amount of \$752,677.47, Checks & Customer Refund payments (CHK) 83487-83537 in the total amount of \$106,843.72, Electronic Fund Transfer (WIRE) payments 6116-6130 in the total amount of \$7,380,664.78; Residential Conservation Rebates: Credits on Customer Accounts in the total amount of \$1,580.00; Payroll, Direct Deposit 03/03/2022 89965-90118 in the total amount of \$370,878.26, Checks 02/03/2022 Climbing Allowance 600139-600164 in the total amount of \$44,687.67, for a grand total of \$8,612,644.23. Voided Direct Deposit in the total amount of \$79,175.00 and Voided Checks in the total amount of \$924.17 were also included in the report.
- d) Adopting Resolution No. 2594 declaring certain transformers and CTs surplus to District needs according to the laws and the State of Washington, Title 54, RCW 54.16.180, and authorizing the General Manager, on behalf of the District, to dispose of same.
- e) Approving work order #624796 for the replacement of three feeder breakers and associated SCADA control at Angus Bay 2.
- f) Approving work order 631063 to rebuild 6,500 feet of overhead 3-phase primary to the District's wildfire construction standards.
- g) Approving work order 625342 for the installation of underground primary electric facilities to serve Southridge Estates Phase 6 Subdivision consisting of 75 Lots and undergrounding a feeder East of South Sherman St and North of Bob Olson Parkway.
- h) Approving work order 640338 for the relocation of underground primary electric facilities to accommodate a new road in the Sherman Heights Subdivision West of South Sherman St and North of Bob Olson Parkway.
- i) Approving work order 643500 for the replacement of Angus Substation Get-a-way cables for Feeders 5, a portion of 7, and 8.
- j) Authorizing the General Manager on behalf of the District to sign Change Order #1 of Contract #21-38-03 with Heritage Professional Landscaping, to extend the term of the contract to April 30, 2025 and increase the not-to-exceed amount by \$193,404.00; bringing the new not-to-exceed amount to \$257,872.00.
- k) Reviewing Draft of 2021 Annual Financial Report.
- MOTION PASSED UNANIMOUSLY.

Report from Management

General Manager:

1. General Manager provided a Lower Snake River Dam (LSRD) breaching scenario update by reviewing and discussing several documents with commissioners. General Manager reviewed highlighted portions from the Columbia River System Operations (CRSO) Environmental Impact Statement (EIS) executive summary pertaining to Multiple Alternatives option MO3 which studied LSRD breaching. General Manager reviewed the bullet points included in the executive summary of a February 2022 report released by the NW Energy Coalition (NVEC) titled "Smart Planning will Drive Replacing the Power from Lower Snake River

Dams”. General Manager also introduced a rebuttal to NWECC’s report developed by Northwest RiverPartners.

2. General Manager reviewed a recent Seattle Times article regarding the controversy surrounding the proposed restart of the Intalco Aluminum Plant located in Whatcom County and how the Bonneville Power Administration has been characterized as standing in the way of the restart by refusing to provide access to low-cost electricity. General Manager also introduced a rebuttal to the Seattle Times article developed by the Public Power Council which was also published in the Times.

3. General Manager provided an update regarding the possibility of studying pumped-storage hydro power in the Horse Heaven Hills as part of energy related economic development efforts being led by the Tri-City Regional Chamber of Commerce and Tri-City Economic Development Council (TRIDEC). General Manager and the Manager of Customer Engagement have received positive feedback from the District’s largest irrigator customers regarding the pursuit of federal and/or state funding to perform a study. The Commissioners concurred with the General Manager’s recommendation to pursue next steps.

Director of Executive Administration/Manager of Communications and Governmental Relations

1. Director held a discussion on the Governor’s emergency proclamation which remains in effect and requires public agencies to meet remotely with an in-person component optional. Director also reviewed House Bill 1329, concerning changes made to the open public meeting act.

A discussion was held regarding public meetings once the Governor’s emergency proclamation is terminated. Director informed the Commissioners that she would forward copies of two District Resolutions (*Resolution No. 2569 Adopting the Amended Benton PUD Commission Governance Policy and Resolution No. 2392 Providing Guidelines for Public Participation at Commission Meetings*) for their review and would follow up with each commissioner individually for further discussion.

2. Manager of Communications and Governmental Relations provided an update on the State’s Building Code Council which consists of 15 members. One member on the Council includes Mr. Phillip Lemley who is also City Council member for the City of Richland. The Washington PUD Association (WPUDA) had some discussion with representatives of the Building Code Council. They recommended inviting a representative to a monthly member meeting, commissioners concurred with Manager’s plans to reach out to WPUDA about inviting a representative to a future monthly member association meeting.

At 10:08 a.m., Commissioner Lori Sanders announced the commission meeting would recess for 12 minutes.

At 10:20 a.m., Commissioner Lori Sanders announced the commission meeting would reconvene into regular open session.

Senior Director of Finance & Customer Services/Manager of Accounting:

1. Manager of Accounting provided an update on the 2021 financial audit being performed by Moss Adams and reviewed the District's share of Net Pension Liability/Assets. A brief discussion was held on the State's Pension funding.
2. Senior Director reviewed accounts receivable reports there were included in the commission packet. A brief discussion was held on the status of District customer's long-term account arrangements.
3. Senior Director reviewed the State's approved 2022 budget which included \$100 million dollars to assist customer arrearage balances at utilities (gas, water, and electric) incurred during the Pandemic. The Department of Commerce will be implementing the program and putting together a survey to be completed by the end of May which would be used to distribute funding. Senior Director informed the Commissioners staff will stay informed and is planning to complete the survey once available.

Business Agenda

2022 Cost of Service Update

Senior Director of Finance and Customer Services presented the 2022 Cost of Service Analysis results. Senior Director reviewed fundamentals of different rate components including fixed and variable costs versus how rates are currently structured.

General Service Update

Senior Director gave a General Service update presentation. Senior Director informed the Commission of about 300 District customers that are classified in an incorrect General Service rate schedule. Staff's recommendation is to reclassify these customers in April 2023 and notify them this Spring of the potential for a rate schedule change based on 2022 consumption history. A review will be performed at the conclusion of 2022 and further notification will take place prior to changing a customer's rate schedule. Staff is also recommending adding language to the General Service rate schedules to clearly define an annual review and notification process going forward. It is expected that after this initial reclassification in April 2023, changes to rate schedules for customers in future years will be minimal.

The initial reclassification of customers in April 2023 will result in increased overall revenue for the Small and Medium General Service rate classes. As a result, staff is recommending to implement a rate reduction to Small and Medium General Service by reducing the energy and demand charge by 5% also in April 2023 which mitigates impacts to customers.

A brief discussion was held with commissioners on the communications plan to notify these customers of the need to reclassify into a new rate schedule. Staff is planning to bring this item back to the next commission meeting for commission consideration, in order to provide ample notice to the affected customers.

Cyber Security Presentation

Manager of IT Infrastructure Crum introduced Cyber Security Engineer Holgate. Cyber Security Engineer gave the 2022 State of IT Cyber Security presentation. Cyber Security Engineer reviewed the District's External Security Assessment, Security Awareness and Phishing, Security Vulnerability and Response, Cybersecurity Maturity, and 2022 goals and emphasis.

A brief discussion was held on Russia's potential cyber security warfare capabilities given the recent Ukraine-Russia situation. Manager of IT Infrastructure informed the Commissioners that staff is following industry best practices and heeding advice from the nation's leading cyber security agencies such as the Department of Homeland Security (DOH) and the Cybersecurity and Infrastructure Security Agency (CISA).

Manager thanked the Commissioners and General Manager for their continued support as the IT Department faces the continuing development of cyber security risk.


Energy Programs Presentation

Manager of Conservation and Renewable Energy Programs gave an informational update on District offered Energy Programs which included 2020-2021 Conservation Activity, 2020-2021 Solar activity, and 2020-2021 Electric Vehicle activity.

Future Planning

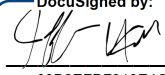
Commissioner Lori Sanders informed the Commissioners that she will be attending via MS Teams for the April 12, 2022 commission meeting.

Hearing no objection, Commission President Lori Sanders adjourned the Commission Meeting at 12:07 p.m.

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Lori Sanders, President

ATTEST:

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Jeffrey D. Hall, Secretary