

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

Date: April 12, 2022

Time: 9:00 a.m.

Place: 2721 West 10th Ave., Kennewick, Washington

Attendees:

Commissioners Sanders, Bush and Hall

General Counsel Dahlhauser

General Manager Dunn

Assistant General Manager Hunter

Senior Director of Finance and Customer Services Meyer

Director of Executive Administration Conover

Director of IT and 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 Accounting Zirker

Manager of Human Resources Dunlap

Manager of Contracts & Purchasing Ochweri

Manager of Customer Service McAloon

Manager of Business Applications Holbrook

Manager of IT Infrastructure Crum

Manager of Customer Engagement Sparks

Manager of Conservation & Renewable Energy Programs Johnson

Manager of System Engineering Edwards

Security Program White

Superintendent of Transmission & Distribution Inman

Senior Engineer Scherer

Electrical Engineer Norton

Supervisor of Executive Administration/Clerk of the Board Manager Marshall

Public:

Chris Jensen

The Pledge of Allegiance was given.

Commissioner Lori Sanders is attending today's commission meeting via virtual attendance.

Treasurer's Report

Manager of Risk Management & Treasury reviewed the March 2022 treasurer's report. The Commission accepted the March Treasurer's Report. The Counterparty and Sector reports were included in the commission packet.

Manager updated the Commission that staff is working with the District's financial advisor on developing and implementing an investment strategy. Manager briefly went over the types of investments and duration of investments allowed by the District's investment policy.

Consent Agenda

Motion by Lori Sanders, seconded by Jeff Hall to approve the Consent Agenda as follows:

- a) Approving Special Commission Meeting Minutes of March 22, 2022.
- b) Approving Commission Meeting Minutes of March 22, 2022.
- c) Approving Travel Report dated April 12, 2022.
- d) 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 90338-90412 90568-90596 in the total amount of \$1,866,584.49, Checks & Customer Refund payments (CHK) 83538-83627 in the total amount of \$424,018.07, Electronic Fund Transfer (WIRE) payments 6132-6159 in the total amount of \$8,730,349.35; Residential Conservation Rebates: Credits on Customer Accounts in the total amount of \$850.00; Payroll, Direct Deposit 3/17/2022 90182-90337 in the total amount of \$375,773.06 and 3/31/2022 90413-90567 in the total amount of \$397,449.19 for a grand total of \$11,795,024.16.
- e) Approving work order #643501, in the amount of \$231,488.00 for the replacement of the remainder of Angus Substation Get-a-way cables for Feeders 6 and 7.
- f) Awarding the contract for a 60' Telescopic Aerial Cab & Chassis and a 60' Aerial Cab & Chassis, Bid Package #22-38-02, in substantially the form presented, to Altec Industries, Inc., for the total amount of \$628,179.00 plus Washington State sales tax in accordance with RCW 54.04.080.
- g) Awarding the contract for Four (4) Drum Pilot Winder, Bid Package #22-38-03, to Sherman & Reilly, Inc., for a total amount of \$213,748.00 plus Washington State sales tax in accordance with RCW 54.04.080.
- h) Authorizing the General Manager on behalf of the District to sign Change Order #1 of Contract #21-18-04 with Information First, Inc., to extend the term of the contract to March 31, 2025 and increase the not-to-exceed amount by \$177,545.96; bringing the new not-to-exceed amount to \$230,797.06.

MOTION PASSED UNANIMOUSLY.

Report from Management

General Manager:

1. General Manager provided an update on the Columbia Basin Collaborative (CBC) and reviewed the Integration/Recommendations group (I/RG) participants list which includes

representatives from tribes, federal agencies, stakeholder groups, and each of the four northwest states. General Manager reviewed a CBC organizational and process diagram and notified commissioners that as an I/RG representative he recently delegated Andrew Gingrich, Natural Resources Supervisor with Douglas PUD, to represent utility interests on what is referred to as the Biological Sub-group (BSG). The purpose of the BSG is to come to agreement on a biological foundation that will feed into Topic Specific Work Groups with the role of providing scientific, technical, and other analysis per assignment from the I/RG. The goal for the BSG is to meet twice and be ready to report to the I/RG during the next CBC meeting in early June.

2. General Manager reviewed a chart developed by staff titled 2022 Preference Customer Load Service Resource Breakdown. The chart shows the categories of generation resources used by the largest Bonneville Power Administration (BPA) preference customers to meet their annual loads. Additionally, the chart shows utilities who currently have contractual rights to more BPA annual energy than they need to serve their loads. This surplus position is referred to as contract 'head room'. A brief discussion was held regarding head room and staff's position that new BPA contracts should be reset with annual energy allocated in a way that eliminates head room or establishes proportionate head room for all preference customers. General Manager also reviewed highlighted portions from the Public Power Council's concept paper regarding BPA's Post-2028 contract.

3. An update was provided on the letter the District sent to BPA in November 2021, regarding the District's request for the option to convert from Slice/Block to Load Following as early as October 2023. Five other utilities have made the same request, including Emerald PUD, Pacific PUD, Grays Harbor PUD, Lewis PUD, and Clark PUD.

4. A discussion was held on the proposed Terra Power nuclear plant which would be built in Wyoming and provide electricity to Pacific Corp. There is concern with this project's fuel supply which is only available from Russia. High Assay Low Enriched Uranium (HALEU) is the new type of fuel needed for advanced reactor designs. General Manager informed the Commissioners of a meeting Clearing Up is hosting regarding Small Modular Reactor's (SMRs).

5. General Manager reviewed a recent White House blog post which increases concerns regarding possible breaching of the Lower Snake River dams.

6. A discussion was held on House Bill 1623, Addressing the Extent to Which Washington Residents are at Risk of Rolling Blackouts and Power Supply Inadequacy Events, which Governor Jay Inslee vetoed in its entirety.

7. General Manager provided a regional transmission update based on questions posed by Commissioner Barry Bush.

Director of Executive Administration/Manager of Communications and Governmental Relations:

1. Director introduced the District's new Security Program Manager, Derek White.

2. Director provided follow up from her previous discussions with each commissioner regarding public meetings and continuing with the hybrid option once the Governor's Emergency Proclamation is lifted. Staff are reviewing the Governance Policy and Public Participation guidelines and will bring to a future commission meeting to review with commissioners.

3. Manager reviewed several upcoming community engagement activities the District is participating in.

Assistant General Manager:

1. Assistant General Manager reviewed a recent outage that occurred on Monday, April 11, 2022, and affected approximately 5,000 Prosser and Benton City customers. Benton City customers were without power for roughly 45 minutes and power was restored as soon as the District was able to switch load to the Sunset Road Substation. Prosser customers were without power for about 2 hours while BPA patrolled the transmission line. Assistant General Manager reminded the Commission of the District's plans to construct a transmission line to Weber Substation in 2025 which will provide a second transmission line into the Prosser area.

At 10:20 a.m., Commissioner Barry Bush announced the commission meeting would recess for 15 minutes.

At 10:35 a.m., Commissioner Barry Bush announced the commission meeting would reconvene into regular open session.

Director of IT and Broadband Services:

1. Director informed the Commission of an NISC technology update that would result in an outage to the system for about six hours on Friday, April 15, 2022. A review of the updates that will be performed on Friday was provided, and Director stated this update would result in about \$60,000 annual cost savings to the District. Staff are planning to return to a future commission meeting to provide a five-year update on NISC cost savings and realized benefits.

2. Director informed the Commissioners of damage to some District-owned infrastructure recently caused by a customer while burning their yard debris. The action resulted in damage to a power pole and attached fiber-optics including a critical point-to-point wireless radio used to provide backhaul communications for Zephyr Heights substation located on South Olympia Street in Kennewick. Director provided some background on the wireless installation on this pole and fiber-optic cable that was installed between it and the substation in the early 2000s. Director also shared that the District had future plans to remove this wireless connection at the damaged pole and install fiber from that location north approximately one mile along South Olympia Street to an interconnection point. While considering the cost to repair the existing installation, the District has decided to extend the fiber optic cable as previously planned and connect the substation to the Broadband network thereby eliminating the wireless infrastructure.

A discussion was held regarding the policies and practices used to collect reimbursable expenses from customer-caused damages to District infrastructure.

Senior Director of Finance and Customer Services:

1. Senior Director reviewed accounts receivable reports that were included in the commission packet.

Business Agenda

Resolution No. 2595, Amending Retail Electric Rate Schedules

Senior Director of Finance and Customer Services briefly summarized the proposed edits within Resolution No. 2595, Amending Retail Electric Rate Schedules. The edits were also reviewed during the March 22, 2022 Public Hearing.

Motion by Jeff Hall, seconded by Lori Sanders adopting Resolution No. 2595 amending Retail Electric Rate Schedules effective April 12, 2022.

MOTION PASSED UNANIMOUSLY.

Resolution No. 2596, Amending Customer Service Policies

Senior Director of Finance and Customer Services recommends the Commission approve Resolution No. 2596, Amending Customer Service Policies. Senior Director informed the Commission updates to the Customer Service Policies would incorporate the edits approved in Resolution No. 2595, Amending Retail Electric Rate Schedules.

Motion by Jeff Hall, seconded by Lori Sanders adopting Resolution No. 2596 Amending Customer Service Polices effective April 12, 2022.

MOTION PASSED UNANIMOUSLY.

Resolution No. 2597, Surplus of District Owned Property

Manager of System Engineering recommended the Commission approve Resolution NO. 2597, Surplus and Sale of a Portion of Vista Substation and allow the General Manager on behalf of the District to sign a Purchase and Sale Agreement, in substantially the form presented, for the sale of the subject property and a Construction Agreement, in substantially the form presented, to reimburse the Districts for modifications to Vista Substation necessary for the subject properties new use as a public road.

Manager informed the Commission that staff was approached in late 2021 by a representative of the City of Richland (COR) about acquiring property inside Vista Substation for their Center Parkway Project. The COR requires a 60' Right of Way passing through the west parcel of Vista Substation. Manager reviewed the appraisal District staff received for the sale of a portion of the property, and reviewed the Construction Agreement repairs and improvements that would be completed as part of the agreement.

Motion by Jeff Hall, seconded by Lori Sanders Approving Resolution No. 2597, Surplus and Sale of a Portion of Vista Substation and allow the General Manager on behalf of the District to sign a Purchase and Sale Agreement, in substantially the form presented, to reimburse the District for modifications to Vista Substation necessary for the subject properties new use as a public road.

MOTION PASSED UNANIMOUSLY.

Contract Award Recommendation for Contract No. 22-21-62, BKI Engineering Services

Manager of System Engineering recommended the Commission authorize the General Manager on behalf of the District, to sign a contract with BKI Engineering Services, Contract #22-21-62, to perform Distribution Design Resources for a not-to-exceed amount of \$214,550.00 with an expiration date of December 31, 2023.

BKI Engineering Services was chosen from the District’s approved Architecture & Engineering roster that is reviewed annually by District staff. Engineering staff has identified four projects that were included in the 2020 Five Year Plan of Service, that BKI will provide design packages that include of the necessary information to put the projects out to bid. Manager reviewed the four projects BKI will assist with; Plan of Service #58, Plan of Service #11, Distribution System Improvements, and Plan of Service Project #13

Motion by Lori Sanders, seconded by Jeff Hall Authorizing the General Manager on behalf of the District, to sign a contract with BKI Engineering Services, Contract #22-21-62, to perform Distribution Design Resources for a not-to-exceed amount of \$214,550.00 with an expiration date of December 31, 2023.

MOTION PASSED UNANIMOUSLY.

Contract Award Recommendation, High Voltage Underground Electrical System Install, Bid Package No. 22-21-29

Manager of System Engineering recommended the Commission declare Titan Electric non-responsive and award the contract for High Voltage Underground Electrical System Install to DJ’s Electrical, Inc., Bid Package #22-21-29, for a total of \$745,084.94 plus Washington State sales tax in accordance with RCW 54.05.080.

Manager reviewed the responses received from four qualified contractors. After evaluation of all four bids, Titan Electrical, Inc. is recommended to be non-responsive for not entering labor costs for all units required on the unit price spreadsheet rendering their bid incomplete. DJ’s Electrical, Inc. is recommended to be the next lowest qualified contractor after the evaluation was completed.

Motion by Lori Sanders, seconded by Jeff Hall Declaring Titan Electric non-responsive and award the contract for High Voltage Underground Electrical System Install to DJ’s Electrical, Inc., Bid Package #22-21-29, for a total of \$745,084.94 plus Washington State sales tax in accordance with RCW 54.05.080.

MOTION PASSED UNANIMOUSLY.

Other Business

Bid Package No. 22-21-47, #2-15kV URD Cable

Manager of System Engineering informed the Commission of a walk-in commission item that was forwarded to the Commissioners yesterday and a copy of the agenda memo can also be found on the District’s website.

Manager recommended the Commission reject all bids received for Bid Package #22-21-47, #2-15kV URD Cable based on the bids submitted exceeded the Engineers Estimate by 15%. Manager informed the Commission that pricing received exceeded the engineer's estimate by greater than 15% and must be rejected.

A discussion was held with Manager of Contracts & Purchasing on the increased trend in material price and inflation costs.

A public comment was received from Mr. Chris Jensen regarding storage of items purchased for future usage.

Motion by Lori Sanders, seconded by Jeff Hall Rejecting all bids received for Bid Package #22-21-47, #2-15kV URD Cable based on the bids submitted exceeded the Engineers Estimate by 15%.

MOTION PASSED UNANIMOUSLY.

Future Planning


The Commissioners held a discussion on the upcoming WPUA elections. Commissioner Jeff Hall will vote on behalf of the District commissioners.

A brief discussion was held on Small Modular Reactors and the fuel source needed from Russia.

Director of Executive Administration discussed the possibility to hold a commission meeting in the Prosser location on an annual basis. Commissioners concurred with staff's recommendations.

A brief discussion was held on commission work sessions scheduled for this year. The commission work session on Grid Modernization will be held during the May 10, 2022 commission meeting.

Hearing no objection, Commission Vice-President Barry Bush concluded the Commission Meeting at 11:26 a.m.

DocuSigned by:

Lori Sanders, President

ATTEST:

DocuSigned by:

Jeffrey D. Hall, Secretary