

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

Date: August 23, 2022

Time: 9:00 a.m.

Place: 2721 West 10th Avenue, Kennewick, Washington

Attendees (in person):

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 & Broadband Services Folta

Director of Power Management Johnson

Manager of Risk Management and Treasury Operations Mercer

Manager of Communications and Governmental Relations Henderson

Senior Engineer Berven

Human Resources Manager Dunlap

Manager of System Engineering Edwards

Manager of Accounting Zirker

Supervisor of Executive Administration/Clerk of the Board Marshall

Executive Administration Assistant Vance

Attendees (virtual):

Manager of Customer Service McAloon

Manager IT Infrastructure Crum

Manager of Business Applications Holbrook

Manager of Customer Engagement Sparks

Manager of Contracts & Purchasing Ochweri

Supervisor of Distribution Design Lang

Cyber Security Engineer Holgate

Superintendent of Transmission & Distribution Inman

Electrical Engineer VanFosson

The pledge of allegiance was given.

No public comment was received.

Consent Agenda

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

- a) Approving Commission Meeting Minutes of August 9, 2022.
- b) Approving Travel Report dated August 23, 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 92612-92671 in the total amount of \$1,123,150.33, Checks & Customer Refund payments (CHK) 84310-84376 in the total amount of \$410,172.14, Electronic Fund Transfer (WIRE) payments 6290-6303 in the total amount of \$4,987,964.74; Residential Conservation Rebates: Credits on Customer Accounts in the total amount of \$1,550.00; Payroll, Direct Deposit 08/04/2022 92453-92611 in the total amount of \$404,072.56, for a grand total of \$6,926,909.77. Voided Checks in the total amount of \$2,069.86 were also included in the report.
- d) Adopting Work Order #656980, Tanglewood Apartments Cable Replacement.
- e) Adopting Resolution No. 2611, Amending the Merit-Based Salary Administration Plan.
- f) Authorizing the General Manager on behalf of the District to sign Change Order #4 of Contract #19-15-01 with Message Technologies, Inc. to extend the term of the contract to August 31, 2023; and increase the not-to-exceed amount by \$50,000.00; bringing the new not-to-exceed amount to \$189,272.50.
- g) Authorizing the General Manager on behalf of the District to sign Change Order #9 of Contract #16-38-02 with Moon Security Inc. (correction), to extend the term of the contract to August 31, 2023, add additional patrols for Administration Building, and increase the not-to-exceed amount by \$26,000.00; bringing the corrected not-to-exceed amount of the contract to \$168,900.00

Report from Management

General Manager:

1. General Manager reminded the Commissioners that Garry Arseneault, WPUDA President along with WPUDA staff will be leading a 20-minute discussion as part of the agenda for the September 13, 2022, commission meeting.
2. General Manager shared topics discussed with BPA Administrator, John Hairston, during a meeting hosting by the District. General managers and staff from Benton REA, Franklin PUD, Richland Energy Services and Big Bend Electric Cooperative also participated in the meeting.
3. General Manager provided a Western Markets Update and that he is pleased to see the Southwest Power Pool (SPP) Markets + effort move forward with BPA's financial support. General Manager emphasized the importance of having a market option as an alternative to the CAISO Extended Day Ahead Market (EDAM) which continues to be hampered by California centric governance and price formation issues.
4. General Manager shared that the Western Resource Adequacy Program (WRAP) is expecting to submit their tariff to the Federal Energy Regulatory Commission (FERC) after the Western Power Pool (WPP) August 23rd board meeting. WPP plans to ask FERC to approve the

tariff for an effective date of January 1, 2023. The District continues to participate in the WRAP effort as part of a group of utilities organized and managed by The Energy Authority.

5. General Manager discussed the McKenny Fire which is burning along the Oregon and California border. A group of homeowners are suing PacifiCorp alleging they “negligently, recklessly, and willfully” failed to properly maintain their equipment. A brief discussion was held regarding the increasing expectation that utilities de-energize power lines during high winds where tree exposure and dry conditions could ignite wildfires. General Manager expressed frustration with the ongoing insistence that more and more transmission lines need to be built in order to accommodate remotely located wind and solar farms while utilities are simultaneously facing ever increasing legal liability for power line caused wildfires.

6. General Manager shared that Terra Power has acquired \$750 million dollars in private equity to help finance their Natrium nuclear reactor demonstration project planned for a retiring coal plant site in Kemmerer, WY.

7. General Manager shared a discussion he recently had with Karl Dye of TRIDEC regarding continued interest by new electricity intensive businesses to locate in Washington which is now being spurred on by the CHIPS Act of 2022 and a goal to increase domestic chip manufacturing. General Manager indicated that Washington State is still selling businesses on the idea that abundant and low-cost hydropower (along with renewables) is still available for industrial development, which is not true as far as BPA customers are concerned. General Manager reiterated that BPA customer loads are already well above the firm capability of the hydro resources marketed by BPA and that the new resource rate for new loads greater than 10 megawatts is already over \$70 per megawatt-hour compared to BPA’s Tier 1 rate of around \$35.

8. General Manager shared of his invitation to speak during a meeting of the Washington State Association of Counties regarding the impacts breaching of the Lower Snake River Dams would have on utilities. The meeting is on September 16th in Yakima and will include Kurt Miller with Northwest RiverPartners.

Director of Power Management:

1. Director presented the Frederickson Contract. Atlantic Power operates and manages the project, The Energy Authority schedules and distributes for Benton PUD; our share is 50 megawatts if this 20-year contract which expires the end of this month. The District has secured a Morgan Stanley capacity product up to 75MW for a 3-year term, at ~\$800K annually. This seasonal capacity product reduces the District’s power supply risk by having a firm, physical resource it can call on if the market does not have adequate supply during the District’s highest deficit months.

At 9:45 a.m., Commission President Lori Sanders announced the commission meeting would recess for five minutes.

At 9:50 a.m., Commission President Lori Sanders announced the commission meeting would reconvene into regular open session.

Manager of Communications & Governmental Relations:

1. Manager shared the District is hosting four community energy forums that will take in September and October in Kennewick, Prosser, and Benton City. Manager reviewed the topics planned for the forums. Each Commissioner confirmed their plans to attend one, or more forums.
2. Manager provided a brief update on Riverfest that is planned for October 8, 2022, at Columbia Park in Kennewick.
3. Manager provided a brief update on the Customer Satisfaction Survey.
4. Manager shared an invitation to the Benton PUD's 75th Anniversary event that is planned for September 12, 2022, from 11:00 a.m. – 2:00 p.m.

Manager of System Engineering:

1. Manager of System Engineering informed the Commission of a new Transmission Line proposed by Bonneville Power Administration (BPA). Manager reviewed options BPA is exploring for the new line.

Manager of Risk Management and Treasury/Senior Director of Finance and Customer Services:

1. Manager of Risk Management and Treasury Operations provided an update on the District's credit rating. Fitch reaffirmed the District's AA- rating with a stable outlook.
2. Senior Director of Finance and Customer Services reviewed July Financial Statements and Accounts Receivable Reports that were also included in the commission packet.

Business Agenda

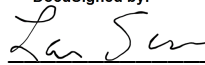
Resolution No. 2612 – 2022 Five Year Plan of Service (2023 – 2027)

Senior Engineer Berven reviewed the 2022 Five Year Plan of Service and recommended the Commission approve the plan.

Motion by Jeff Hall, seconded by Barry Bush approving Resolution No. 2612 adopting the District's 2022 Five Year Plan of Service (2023-2027).

MOTION PASSED UNANIMOUSLY.

Hearing no objection, Commission President Lori Sanders concluded the Commission Meeting at 10:30 a.m.

DocuSigned by:

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Lori Kays-Sanders, President

ATTEST:

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Jeffrey D. Hall, Secretary