

## MINUTES

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

Date: January 9, 2024

Time: 9:00 a.m.

Place: 2721 West 10<sup>th</sup> 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 & Customer Services Jon Meyer  
Director of Power Management Chris Johnson  
Director of IT & Broadband Services Chris Folta  
Sr. Clerk of the Board/Executive Assistant Cami McKenzie  
Records Program Administrator II Nykki Drake  
General Counsel Allyson Dahlhauser

**Absent:** Director of Executive Administration Melina Conover (Excused)  
Assistant GM/Sr. Director Engineering & Operations Steve Hunter (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 Communications & Government Relations Jodi Henderson; Manager of Procurement Michelle Ochweri; Manager of Customer Engagement Jenny Sparks; Manager of Customer Service Annette Cobb; Manager of Human Resources Karen Dunlap; Manager of Business Applications Jennifer Holbrook; Cyber Security Engineer III Paul Holgate; Superintendent of Transportation & Distribution Robert Inman; Senior Engineer Power Management Blake Scherer; Manager of Accounting Kent Zirker; Superintendent of Operations Duane Szendre; Supervisor of Energy Programs Robert Frost; Procurement Specialist I Tyson Brown; Communications Specialist Eric Dahl.

#### **Call to Order**

The President called the meeting to order.

#### **Pledge of Allegiance**

The Commission and those present recited the Pledge of Allegiance.

#### **Agenda Review**

There were no changes to the agenda.

## **Public Comment**

Doug Olsen, Kennewick, said he was a solar customer, and expressed concern about the demand charge on his bill and the method by which it was implemented. Additionally, he said he produced more energy than he used, the District sold his surplus energy, and then zeroed out the bank of excess of generation at the end of the year.

The Board and General Manager explained the demand charge and reasons for its implementation. They also explained that the current method for billing customers with net metering is defined by state law and provides for a retail credit for generation netted against usage and the zeroing of excess generation over usage annually. General Manager Dunn said that it was unusual that a customer has annual generation that greatly exceeds annual usage and is not typical of most solar installations.

Doug Fearing, Kennewick, also a solar customer, asked about the demand charge and wanted to know how the District arrived at the rate to charge. The Board and General Manager explained the formula, the decrease of the kWh charge of 7.39 cents to 6.88 cents, and the demand charge rate being charged to customers.

General Manager Dunn said there were two justifications for the demand charge: costs were going up dramatically in both power and capital costs, and there was a historic misallocation of recovery of fixed costs. The demand charge was a way to rebalance the recovery of fixed costs proportional to each customer and was a better method than raising the monthly base charge which increases every customer's bill by the same amount, as many other utilities have done. The demand charge also prepares customers for the future as capacity costs for peak periods becomes more expensive, by becoming more aware of consumption patterns and having control of their usage during peak times.

## **Treasurer's Report**

Keith Mercer, Manager of Risk Management & Treasury Operations, reviewed the December, 2023 Treasurer's Report with the Commission as finalized on January 3, 2024.

## **Consent Agenda**

**MOTION:** Commissioner Sanders moved to approve the Consent Agenda items "a" through "g". Commissioner Hall seconded and upon vote, the Commission unanimously approved the following:

- a. Regular Commission Meeting Meetings of December 12, 2023
- b. Travel Report dated January 9, 2024
- c. Annual Travel Report - 2024
- d. Vouchers (report dated January 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: 100419–100456 and 100611-100677 in the amount of \$3,263,655.31.

Checks & Customer Refund Payments (CHK): 87158-87365 in the amount of \$300,309.84;

Electronic Fund Transfer (WIRE) Payments: 6817-6840 in the amount of \$5,204,149.76;

Residential Conservation Rebates: Credits on Customer Accounts in the amount \$1,720.00;

Payroll: Direct Deposit – 12/7/2023: 100266-100418 in the amount \$430,865.27;

Payroll: Direct Deposit – 12/21/2023: 100457-100610 in the amount \$435,897.13;

Voided checks (December, 2023) in the amount of \$1,209.11;

Grand total - \$9,636,597.31

- e. Approval of Work Order 692056 – Clearwater North Modification of Existing Facilities
- f. Empire Well Drilling LLC - Project Completion & Acceptance - Contract #23-21-14
- g. Tikka Masonry Inc. - Project Completion & Acceptance - Contract #23-21-17

## **Management Report**

### ***General Manager:***

1. Columbia River System Operations (CRSO) Litigation Update – General Manager Dunn reported that as part of the Biden Administration’s U.S. Government (USG) commitments agreement released on December 14, 2023, federal funds will be used to provide technical assistance and support to a new Pacific Northwest Tribal Energy Program that will develop clean energy resources planned as replacement power for the lower Snake River dams, if Congress authorizes breach in the future. Additionally, he noted that PPC had filed a document in the courts to preserve the right to take legal action regarding the Bonneville Power Administration’s role in developing the USG commitments, so they have options and are in a position to engage legally, if needed.
2. Clearing Up Items
  - a. NERC Reliability Assessment – General Manager Dunn said the North American Electric Reliability Corporation (NERC) which enforces grid reliability standards for operations released a new assessment of the long-term reliability of the North American electricity grid, indicating all regions of the Western Interconnection (except the Canadian province of Alberta) are at an elevated risk for supply shortfalls within a few years. NERC also stated with the expected significant increase in demand and energy over the next 10 years, it is critical for the supply of generation resources to grow and be reliable.
  - b. B.C. Canada Drought & Powerex – General Manager Dunn said drought conditions in B.C. are requiring Powerex to rely heavily on the Western Energy Imbalance Market (WEIM) and imports of electricity. In eight of the past 12 years, Powerex sold more power than it bought, however, it imported more than 1,400 average megawatts (Mw) from WEIM through early December, exceeding the previous annual net import record. General Manager Dunn said this is more energy than is produced by Columbia Generating Station annually and that BC Hydro’s hydropower fleet produces more than 4,900 Mw in a typical year. He also

reiterated the potential problems as we depend more on variable, intermittent power, including hydro which is subject to drought conditions and is highly variable from year-to-year.

- c. FERC approves EDAM/DAME – GM Dunn said that FERC approved a tariff to implement the California Independent System Operator (CAISO) day-ahead market enhancements and extended day-ahead market (DAME and EDAM) and that PacifiCorp has announced they will be joining the expanded market in the spring of 2026; and that they are the only utility that has made a commitment so far.
3. PNUCC Update re: Hydrogen Hubs - General Manager Dunn provided the highlights from Douglas PUD, Puget Sound Energy (PSE) and Portland General Electric who are all working on projects associated with the Pacific Northwest Hydrogen Hub. Dunn said he was particularly interested in hearing about PSE’s efforts to consider developing a hydrogen burning combustion turbine plant in Centralia, Washington. He also indicated none of the project participants would be involved if it weren’t for the large financial contributions from the federal government and that hydrogen is a very popular but expensive proposition.
4. State Energy Bill Assistance Workshops – General Manager Dunn let the Board know there were two workshops on the State Energy Bill Assistance program; one inviting “everyone”, including utilities to provide feedback and comments, and then one for utilities to participate in review of the state’s draft report expected to be finalized this summer.
5. MLK – All-employee safety meeting/training – General Manager Dunn let the Board know the District would be holding an all-employee safety meeting/training from 9:00 a.m. to noon on Martin Luther King Jr. Day, and offices would be closed all morning.

***Executive Administration:***

1. Outages Update Interview – Manager Jenny Sparks said she received an inquiry from KNDU regarding the recent outages and the District’s plans to prevent more outages in the cold weather. Ms. Sparks gave an interview that aired on January 9 and discussed the four most recent outages, and also explained the District’s response and preventative measures. The reporter aired information on outage tips, the outage map, and how to report outages.
2. Introduction of Eric Dahl – Manager Sparks introduced Communications Specialist Eric Dahl, who started as a part-time employee in May and went full-time in November, 2023.
3. Legislative & Government Update – Manager Jodi Henderson updated the Commission on the following issues:
  - a. 2024 Legislative Session
    - i. HB 1955 – repeals the CETA GHG disclosure provision.
    - ii. HB 1948 – addresses method for calculating electric load under EIA so it does not discourage voluntary investments in renewable power.
  - b. Natural gas ban – Ninth Circuit Court of Appeals denied a request to rehear the case challenging the City of Berkley’s natural gas ban.

- c. APPA took the lead on submitting a letter of support for funding domestic transformers and grid component manufacturing.
- d. H.R. 4167, passed by the House Energy & Commerce Committee, would prohibit the Department of Energy (DOE) from increasing distribution transformer conservation standards for five years and will head to the full House for action.

***Engineering/Operations:***

1. Ely Substation Transformer & Mobile Sub Install – General Manager Dunn said there was a short circuit in the Ely substation switchgear that caused an outage on Christmas Eve morning and resulted in damage to the substation transformer. He provided some pictures and said District crews were wiring in our mobile substation to bypass the damaged transformer. Staff are still working to determine whether the transformer can be fixed on-site or if it will need to be shipped out for repair; and that the District does have a spare unit to replace the damaged one.

***IT & Broadband Services:***

1. NoaNet Board of Directors Update – Director Chris Folta updated the Commission on the following Board actions or considerations:
  - a. The Board unanimously passed a resolution on 12/13/2023 ensuring members are entitled to repayment of past contributions in the event of a sale or dissolution;
  - b. A resolution is under consideration to equalize ownership percentage interests of 100% that would have each current member at 10%. This would reduce shared risks, retain one member with one vote for Board of Directors and Member Representatives, and any future assessments would be equally attributed to members. This resolution will be discussed at the February meeting.
  - c. The Board has decided not to consider any Amendments of Bylaws to establish board voting equal to member ownership percentage interest.

Commissioner Bush said he needed more time to consider his position on the issue and expressed concern about giving up the current ownership percentage. Commissioners Hall and Sanders both expressed their support for the By-law amendment to equalize percentage interests. Director Folta further explained the District would only be giving up a potential, theoretical value, in the unlikely event that NoaNet was sold in the future and reminded the Commission that the District has a 20.72% ownership liability for that potential; additionally, the vote would still remain at one vote for one member. He said he would report back to the Commission after the NoaNet Board met in February.

***Finance & Customer Services:***

1. State Auditor Exit Conference – Senior Director Jon Meyer said the State Auditor completed its 2022 accountability report and held their virtual exit conference (with President Bush in attendance). He stated the District received a clean opinion, with only a handful of exit notes that were conveyed to staff.

2. Letter from customer – Senior Director Meyer provided the Commission with a copy of a customer letter with comments and questions related to a smart meter and the demand charge.

## **Business Agenda**

### **Acknowledgement of Conflict of Interest Requirements – Governance Policy of the Benton PUD Commission Code of Conduct**

Clerk of the Board Cami McKenzie presented a copy of the Governance Policy and reminded the Board that under Policy No. 6 - Commission Members' Code of Conduct that each commissioner will annually acknowledge their obligation to disclose conflicts of interest, as defined in RCW 42.23.

Commissioners Bush, Hall, and Sanders each acknowledged they understood their conflict of interest disclosure responsibilities as defined in RCW 42.23 and adopted under the Governance Policy of the Benton PUD Commission.

### **Approval of Work Order 658549 – Replacement of Pole, Framing and Capacitor Bank - Install 83006-6502**

Manager Evan Edwards presented approval of the work order for replacement of pole, framing and capacitor bank installation. He stated it was part of the District's voltage optimization (VO) efforts to fine tune the distribution system for efficiency and energy savings that can qualify for conservation credit with Bonneville Power Administration (BPA). VO is being piloted on Bay #1 at the Kennewick Substation and this work order will replace existing capacitor banks with new capacitor banks with modern sensing and Schweitzer controls. This is the final step before a measurement and verification period required to qualify for conservation credit with BPA.

**MOTION:** Commissioner Sanders moved to approve work order 658549 for the replacement of pole, framing and capacitor bank, as presented. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

### **Contract Award Recommendation for Cable Replacement/NESC Compliance & Special Projects to DJ's Electrical, Inc.**

Manager Evan Edwards presented the contract award recommendation for cable replacement/NESC compliance and special projects to DJ's Electrical, Inc. He stated that awarding this contract will enable the District to continue to ensure cable replacement and JU-NESC compliance activities are moving ahead to meet goals previously established by the District. He said there were three respondents to the request for bid and DJ's Electrical came in as the low bid to award the contract to.

**MOTION:** Commissioner Sanders moved to award Unit Price Contract #23-21-26 for Cable Replacement/NESC Joint Use Compliance & Special Projects to DJ’s Electrical, Inc. of Battle Ground, WA for a not to exceed amount of \$1,171,218.00 for Cable Replacement and not to exceed amount of \$1,035,609.00 for NESC Joint Use for a total not to exceed amount of \$2,206,827.00 plus Washington State sales tax in accordance with RCW 54.04.080 with an expiration date of December 31, 2024 that allows for the option to extend annually up two additional years, as presented. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

**Other Business**

None.

**Future Planning**

**New Nuclear Symposium**

General Manager Dunn discussed the idea of holding a utility led new nuclear symposium in early summer.

**Meeting Reports**

**Yakama Tribal Utility Meeting**

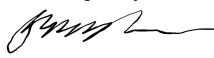
General Manager Dunn reported on his three-hour meeting on Monday in Toppenish with Ray Wiseman of Yakama Power, Jim Smith of Klickitat PUD, and Carl Dye of TRIDEC and discussions regarding the Yakama Tribal utility partnering with local utilities, among other things.


**Executive Session**

None.

**Adjournment**

Hearing no objection, President Bush adjourned the meeting at 10:44 a.m.

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Barry Bush, President

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Lori Kays-Sanders, Secretary