

MINUTES

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

Date: August 13, 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
Records Program Administrator II Nykki Drake
Executive Administrative Assistant, Brenda Preddie
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; Supervisor of Distribution Design Michelle Ness; Manager of Procurement Michelle Ochweri; Manager of Customer Service, Jenny Sparks; Manager of Customer Service Annette Cobb; Manager of Communication & Government Relations Jodi Henderson; Manager of Human Resources Karen Dunlap; Senior Manager of Applied Technology Jennifer Holbrook; Superintendent of Transportation & Distribution Robert Inman; Superintendent of Operations Duane Szendre; Supervisor of Energy Programs Robert Frost; Procurement Specialist I Tyson Brown; Financial Analyst III Katie Grandgeorge; Power Management Senior Engineer Blake Scherer; Manager of IT Infrastructure Duane Crum; Cyber Security Engineer III Paul Holgate; Manager of Accounting, Kent Zirker; Communications Specialist II Eric Dahl; Senior Engineer Dax Berven, Procurement Administrator Levi Lanphear; Physical Security Coordinator II, Anthony Ciarlo; Distribution Designer Zach Underhill.

Call to Order

The meeting was called to order at 9:00 a.m.

Pledge of Allegiance

The Commission and those present recited the Pledge of Allegiance.

Agenda Review

Public Comment

None.

Treasurer's Report

Senior Director of Finance & Executive Administration Jon Meyer reviewed the July 2024 Treasurer's Report with the Commission as finalized on August 3, 2024.

Consent Agenda

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

- a. Minutes of Regular Commission Meeting of July 9, 2024
- b. Travel Report dated August 13, 2024
- c. Vouchers (report dated August 13, 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: 103822-104285 in the amount of \$4,305,904.12.
Checks & Customer Refund Payments (CHK): 88156-88352 in the amount of \$690,288.87;
Electronic Fund Transfer (WIRE) Payments: 7011-7038 in the amount of \$12,514,046.92;
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$1,940.00;
Payroll: Direct Deposit – 7/3/2024: 103662-103821 in the amount of \$444,621.80 and 7/18/2024: 103879-104039 in the amount of \$ 458,215.13 and 8/1/2024: 104102-104263 in the amount of \$453,806.09;
Voided checks (July 2024) in the amount of \$13,312.62;
Grand total - \$18,868,822.93
- d. Jobs Report for Commission
- e. Work Order 714966 – Clearwater North Phase 1

Management Report

General Manager:

General Manager Rick Dunn reported on the following:

1. Western Markets Update – Bonneville Power Administration (BPA) is currently considering two market options. The two options are Extended Day Ahead Market (EDAM) offered by the California Independent System Operator (CASIO) and Markets+

day-ahead offered by Southwest Power Pool (SPP). BPA has stated its preference for the Markets+ governance. The Public Power Council (PPC) stated they are aligned with BPA's perspective regarding SPP Markets+ governance and believe the SPP option also offers a superior market design compared to CAISO EDAM. A joint letter was issued to BPA from Oregon and Washington's PUDs supporting BPA leaning towards Markets+. The letter explained that Markets+ is the only day-ahead market option with acceptable governance and market design. BPA also received a letter signed by all four Oregon and Washington Senators stating there are still significant uncertainties in both market options and that BPA's stated preference for a specific market was premature. BPA is under significant political pressure to work with CAISO toward a single west-wide market which General Manager believes would be a mistake given the critically flawed CAISO governance structure which was set up explicitly to benefit California ratepayers who are now paying more than 34 cents per kilowatt-hour for residential electricity; more than 2.8 times what Washingtonians are paying. Manager said this indicates California energy policies are failing and that we should be skeptical of production cost models being used to justify a single west-wide market. Manager said future is highly uncertain and that strong governance is what will be needed to make sure BPA generation and transmission assets are properly valued over the long term, and that we are not just rescuing California and catering to wind and solar developer interests at the expense of BPA utility customers.

2. Rate Increase Perspective – California residential electricity rates have gone up 82% since 2019. Investor-owned utilities in Oregon and Washington are providing early indications of the high cost of wind and solar centric energy policies. Portland General Electric (PGE) had a residential rate increase of 18% announced in December 2023, which was the highest increase in 20 years. And in early August PGE announced they are proposing a 10.9% increase for 2025. In February Puget Sound Energy (PSE) proposed residential rate increases of 17% and 20% over two years to help cover the cost of clean energy mandates.
3. Transmission Updates – DOE Awards, BPA & PPC, WestTEC
DOE awarded 1.6 billion to four transmission expansion projects in the West. The proposed route for one project of interest to the Northwest runs from Colstrip, Montana to North Dakota. The Energy Permitting Reform Act of 2024 includes provisions to give BPA a competitive boost to hiring and retaining executives and electrical engineers. Public Power Council (PPC) stated it was an opportune time to raise the pay at BPA to retain talent. The Western Transmission Expansion Coalition (WestTEC) is working on an actionable transmission study for the Western United States power grid which the founders hope will provide a foundation for future transmission build decisions. WestTEC has created a two-year study timeline with a goal to complete both 10-year and 20-year plans by September 2026.

4. Speaking Engagements – General Manager provided an update on his speaking engagements:
 - National Water Resources Association – July 25th
 - Kennewick City Council Workshop – August 13th
 - Capacity Commercial Clean Energy – September 4th in Portland, Oregon
 - Port or Port Townsend, Jefferson County, Clallam County Intergovernmental; week of September 16th
 - Pacific Northwest Waterways Association, October 1st
 - Montana Electric Cooperative Association Annual Meeting; October 3rd
 - WSU/CBC Hanford Nuclear Legacy lecture series – December 5th

Power Management:

1. BPA Major Efforts Timeline – Director of Power Management Chris Johnson provided an update on a 2024 – 2028 timeline of BPA Post 2028 and other related processes.

Engineering/Operations:

1. Outages and Patterson Transmission – Assistant General Manager/Senior Director Steve Hunter provided photos and reported on the recent outages and the Patterson transmission scheduled outage. On July 21, an outage in Prosser lasted a little over 2 hours. Crews are in Prosser this week replacing the cables. Feeder cables in the substation will be replaced in the coming year. A few weeks ago, Whitcomb substation had a fire nearby which burned about 100 acres. During summer patrols on the Patterson transmission, crews identified a pole with the bonding detached. Crews installed a temporary fix on August 9 and a permanent fix will be completed this winter.

Finance/Executive Administration:

1. Financial Reports - Senior Director Jon Meyer provided the Commission with a financial report for July 2024.
2. Update on \$200 bill credit – Senior Director Jon Meyer provided a recap of the \$2.1 million grant received by the District from the State. The grant is to provide \$200 bill credits to low and moderate income households and allows for 5% of the grant, or about \$100,000 to be used for admin costs. This would provide bill credits to just over 10,000 customers. As of this week, the District has received about 10,000 applications, of which 5,000 have been processed with credits applied. The District will not be running another mailer for the \$200 bill credit due to receiving enough applications. An article published by the Tri-City Herald was also discussed. The article focused on disclaimers that utilities are including to make it clear that they are not taking a position on the Climate Commitment Act..

The Commission recessed, reconvening at 10:25 a.m.

Business Agenda

2024 Resource Plan – Review Draft & Set Public Hearing

Power Management Senior Engineer Blake Scherer presented the draft 2024 Resource Plan. The purpose of the presentation was to review the draft Resource Plan and recommend the Commissioners set a public hearing for August 27, 2024, at 9:00 a.m. to allow additional public comment prior to the commission considering final approval and adoption.

MOTION: Commissioner Hall moved to set the Public Hearing on the District’s final 2024 Resource Plan for August 27, 2024, at 9:00 a.m., to be held at the District’s Administration Office located at 2721 West 10th Avenue, Washington and accessible via MS Teams conference call at 1-323-553-2644, conference ID 730 736 298# to allow additional public comment prior to the commission considering final approval and adoption. Commissioner Sanders seconded and upon vote, the motion carried unanimously.

WO 697062 – Prior Substations Backbone Extension

Director of IT & Broadband Services Chris Folta presented work order 697062 for the installation of backbone fiber-optic infrastructure to provide telecommunications services to all four Prior substations.

MOTION: Commissioner Hall moved to approve work order 697062. Commissioner Sanders seconded and upon vote, the motion carried unanimously.

Contract Recommendation – DJ’s Electrical, Inc. – Contract #24-46-04

Director of IT & Broadband Services Chris Folta presented Contract #24-46-04 for Prior Substation Fiber Build to DJ’s Electrical, Inc. of Battleground, WA for a not to exceed amount of \$496,294.10 plus Washington State sales tax in accordance with RCW 54.04.080.

MOTION: Commissioner Sanders moved to authorize the General Manager to sign Contract #24-46-04. Commissioner Hall seconded and upon vote, the motion carried unanimously.

Contract Recommendation – ARCOS, LLC – Contract #24-18-05

Superintendent of Transportation & Distribution Bob Inman presented on Contract #24-18-05, for ARCOS LLC – ARCOS Callout services, to include a one-time implementation fee of \$66,000.00, a one-time training fee of \$15,000.00 and a three-year access fee of \$138,710.00 for a total contract not to exceed amount of \$219,710.00.

MOTION: Commissioner Sanders moved to authorize the General Manager to sign Contract #24-18-05. Commissioner Hall seconded and upon vote, the motion carried unanimously.

Performance Measurement Report – 2nd Quarter 2024

Senior Director Jon Meyer presented the Performance Measurement 2nd Quarter 2024 Report, stated that 14 of the 17 performance measures were rated green as having positive quarterly performance, one was yellow, and two were red. The following performance measures were

highlighted by staff; Telephone Service Level (red rating), Rates (green rating), Electric System Outages (green rating), Enterprise Application Reliability (yellow rating), and Infrastructure Component Reliability (red rating).

Financial Forecast

Senior Director Jon Meyer gave a presentation on the current Financial Forecast. A copy of the presentation can be found on the District’s website.

2024-2028 Strategic Plan: Mid-Year Progress Report


General Manager, Rick Dunn provided a progress report to the Commission on the Mid-Year Strategic Plan Action Items. The GM highlighted on the following actions; Implement a multi-phased approach to an enterprise physical security plan to mitigate risks to property and safety of employees, Transmission Reliability Improvement Projects (TRIP), continuous improvement of operational visibility on our transmission and distribution electricity delivery systems, Develop increased distribution system operational ‘visibility’ through customer meter (AMI) data analytics and reporting of distribution transformer coincidental loading necessary for avoiding overloads caused by electric vehicle charging, and increase the volume of customer feedback through convenient and timely methods to improve District processes and help ensure accountability to our customer owners.


Meeting Reports

Commissioner Sanders reported that Energy Northwest is making progress on small nuclear reactors. Commissioner Sanders stated she will have more updates at the next commission meeting.

Adjournment

Hearing no objection, President Bush adjourned the meeting at 11:56 a.m.

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Barry Bush, President

ATTEST:
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Lori Kays-Sanders, Secretary