

## MINUTES

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

Date: August 27, 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 & 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  
Director of Customer Services/Treasury Operations Keith Mercer  
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; Senior Manager of Applied Technology Jennifer Holbrook; Superintendent of Transportation & Distribution Robert Inman; Supervisor of Energy Programs Robert Frost; Procurement Specialist I Tyson Brown; Financial Analyst III Katie Grandgeorge; Power Management Senior Engineer Blake Scherer; Security Engineer III Paul Holgate; Manager of Accounting Kent Zirker; Communications Specialist II Eric Dahl; Power Management Administrative Assistant Roxie Weller

#### **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 Hearing – 2024 Resource Plan**

Commission President Barry Bush called the Public Hearing to order at 9:00 a.m. and stated the purpose of today's meeting was to hear discussion and allow for public comment on the District's consideration to adopt a resolution approving its 2024 Resource Plan. Power Management Senior Engineer Blake Scherer gave a presentation of the 2024 Resource Plan and discussed the redlines to the draft that was presented at the August 13, 2024, commission meeting.

At 9:19 a.m., Commission President Barry Bush opened the meeting for public comment, and two comments were received.

Comment one from the public - Why does BPA have a constraint of a 20 year contract and why is there is no flexibility there?

Answer - Senior Director Jon Meyer responded and stated the requirement for BPA to limit contracts to 20 years is in federal statute.

Comment two from the public – Would the District serve a new 3-5 MW load at BPA's Tier 2 pricing or not?

Answer - Senior Director Jon Meyer responded and stated that at this time, loads under 10 aMW are served with established rate schedules that meld all power costs including BPA Tier 1 and Tier 2, with one exception for Electricity Intensive Loads over 3.5 aMW that would be served with rates based on the marginal cost of power.

The public hearing was closed at 9:23am.

### **Resolution No. 2681, 2024 Resource Report**

Senior Engineer of Power Management Blake Scherer recommended the Commission approve a Resolution adopting the 2024 Resource Plan.

**MOTION:** Commissioner Sanders moved to approve Resolution No 2681. Commissioner Hall seconded and upon vote, the motion carried unanimously.

### **Public Comment**

None.

### **Consent Agenda**

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

- a. Minutes of Regular Commission Meeting of August 13, 2024
- b. Travel Report dated August 27, 2024
- c. Vouchers (report dated August 27, 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: 104286-104515 in the amount of \$1,110,399.69.  
Checks & Customer Refund Payments (CHK): 88353-88399 in the amount of \$289,291.67;  
Electronic Fund Transfer (WIRE) Payments: 7039-7042 in the amount of \$436,574.46;  
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$1,770.00;  
Payroll: Direct Deposit – 8/15/2024: 104326-104487 in the amount of \$440,598.27;  
Voided checks (August 2024) in the amount of \$144.00;  
Grand total - \$2,278,634.09
- d. Contract Award Recommendation – Washington State Auditor’s Office – Letters of Agreement Contract #24-14-02
- e. Work Order 713895 – VTA-3, VTA-6 & VTA-8 Tie
- f. Work Order 714128 – Plan of Service Project #19 - Gum 4 to Hedges 3 OH Tie
- g. Work Order 715135 – Chavez 3-ph Extension
- h. Work Order 718924 – RVF1 and RVF2 Feeder Replace
- i. Contract Change Order #11 – Moon Security - Contract #16-38-02

**Management Report**

***General Manager:***

General Manager Rick Dunn reported on the following:

1. Western Markets Update – The Bonneville Power Administration (BPA) Surplus Sales and Revenues by Fiscal Year for the past ten years was reviewed with Commission. As expected, surplus sales can vary widely depending on the volume of water available. Typically, 75% or more of surplus energy sales are made to entities in the Pacific Northwest. High market prices over the past two years have resulted in BPA Sales exceeding \$1.2 billion in 2022 and \$900 million in 2023 which is much higher than the \$300 to \$500 million of past years. BPA has announced they will be delaying their market decision until March 2025 when they expect to release a draft record of decision. Their final decision is expected to be determined by May 2025. Puget Sound Energy (PSE) urges Senators to push BPA to decide on Day-Ahead Market. PSE told Washington Sens. Maria Cantwell (D) and Patty Murray (D) in an Aug. 22 letter that it would see greater benefits from joining the Southwest Power Pool’s Markets+ structure than the California Independent System Operator’s extended day-ahead market (EDAM), but that its results would be directly impacted by the BPA’s market decision.

2. Washington Commerce EV Promotion – Washington State Department of Commerce has put out a draft funding proposal that continues to fixate on the idea low-income citizens would benefit from owning electric vehicles (EV) in spite of big increases in the cost of living driven by historically high inflation. Commerce is proposing tens-of-millions of dollars to incentivize construction of EV charging stations at rental properties and large apartment complexes as well as more public stations. Commerce Officials contextualized their funding proposal by citing a Cox Automotive study from May that predicted a majority of consumers skeptical of today’s EV market will be ready to consider purchasing an EV within the next three to five years. Commerce also proposes codifying a new EV-charging reliability standard requiring all publicly available chargers to meet 97-percent uptime. General Manager expressed skepticism of the Commerce proposal but committed Staff would provide an update to Commissioners on the District’s EV monitoring and planning efforts in October.
3. \$300 Million BPA Cost Cap on USG Commitments – The \$300 million cost cap language proposed by Northwest hydropower interests for inclusion in a federal appropriations bill has been the source of recent controversy. The cost cap which the District has supported is intended to limit BPA spending on fish and wildlife programs resulting from the United States Government (USG) commitments document released in December 2023. Save Our Wild Salmon has mischaracterized the cost cap as a “poison pill” and a “Trojan horse”. General Manager indicated the language in the House bill is more explicit than the Senate version which is not helpful. Final negotiations on the bill will not happen until after the November presidential election.
4. Snake River Sockeye Returns – Record Sockeye Return in Snake River. This year’s sockeye run on the Snake River is the largest since counting began at Lower Granite Dam in 1975. General Manager indicated Snake River sockeye were extirpated by the Idaho Fish and Game Department prior to the construction of the Lower Snake River dams due to their low sport fishery value. Manager expressed frustration this is never mentioned in the debate over LSR dam breaching.
5. More Utilities Converting from Slice to Load Following – Bonneville Power Administration (BPA) will allow three of its consumer-owned utility customers to switch from Slice/ Block to the Load Following product, the agency announced August 19th. Clark County Public Utility District, Emerald People’s Utility District and Snohomish County Public Utility District requested the change in July and will become Load Following customers on October 1, 2025. This is further evidence the District’s conversion from Slice to load following on October 1, 2023 was a very good strategy.
6. DOE Announces Possible Hanford Solar Farm – The Department of Energy (DOE) announced a 1,000 megawatt solar farm has been proposed for the Hanford Site. A map showing the location of the proposed solar farm was reviewed with Commission. General Manager indicated the project developer and DOE coordinated with TriDEC to ensure the solar farm footprint would not interfere with the long-range economic

development plans envisioned by TriDEC for Hanford Site property south of the Columbia Generating Station.

7. TVA Nuclear Investments – Tennessee Valley Authority (TVA) approved another \$150 million dollars in addition to \$200 million previously approved for nuclear power development. TVA’s CEO was quoted as saying “small modular reactors are an energy innovation technology that America must dominate for our energy security, which is really our national security.”

The Commission recessed, reconvening at 10:15 a.m.

8. Natural-Gas-to-Nuclear – General Manager discussed his recent Substack post which is consistent with the District’s support of a Natural-Gas-to-Nuclear energy future first made public in the Wind Power and Clean Energy Policy Perspectives Report released in July 2020. Manager indicated there is support growing to try and get natural gas back on the table as a generating technology in Washington and Oregon given how close the region came to blackouts during the January cold event. Manager thinks it’s a long shot, but the conversation needs to be had.

***Customer Service/Treasury:***

Director Keith Mercer reported on the following:

1. \$200 Bill Credit Update – A presentation on the bill credit was provided to Commission. As of August 25<sup>th</sup> 11,400 Applications have been received.  
Current Stats:
  - 10,200 Applications reviewed
    - 9,830 Bill credits issued (\$1.96 million)
    - 200 Duplicate applications
    - 150 Denied applications
    - 20 Applications pending approval
  - 1,200 Applications to be reviewed
    - If all applications are eligible, then ~500 customers would not receive a bill credit
    - Still receiving ~50 online applications a day, plus applications in the mail
2. Line of Credit Update – The District’s \$10 million line of credit with Bank of America was set to expire December 31, 2024. In March 2024, Bank of America contacted the District about the permanent cessation of the Bloomberg Short-Term Index rate (BSBY) and requested an early extension as well as a change from the BSBY to the new index Secured Overnight Financing Rate (SOFR). Staff researched whether the District needed the LOC since the District switched from a Block/Slice contract to a Load Following contract with BPA in October 2023. After consulting with the District's financial advisor, it was determined that the District didn't need the LOC. In July 2024, staff informed Bank of America that the District would not be extending the LOC beyond 2024. In August 2024,

Bank of America recommended cancelling the LOC as it would be easier for all parties to cancel it versus amending the LOC in order to convert to the SOFR rate. Also, terminating the contract would save the District approximately \$3,300 per month. On August 16, 2024, the District provided notice to Bank of America to terminate the LOC effective August 27, 2024.

3. Kiosk Damage – The Benton PUD Kennewick Kiosk was damaged by a member of the public and caused approximately \$1,500 to \$2,000 of the damage. The damage was reported to the Kennewick Police Department. The Kennewick Kiosk has averaged roughly \$28,800 per month in 2024 (January through July).

***Engineering/Operations:***

Assistant General Manager/Senior Director Steve Hunter reported on the following:

1. Dump Truck Outage – Photos provided were reviewed with Commission. The outage occurred on August 22<sup>nd</sup> on Railroad Ave. in Kennewick. 31 out of 746 customers didn't have power. A Union Railroad dump truck hit powerlines and broke poles. 3 crews were out until 7pm and fixed powerlines and replaced 5 poles.
2. BPA Webber Canyon Update – Dallas to Red Mountain transmission line is going to be needed to support a BPA line going in. BPA has a timeline for 2026/2027. In November of 2024 we will have an update on this timeline.

***IT/Broadband:***

Director Chris Folta reported on the following:

1. Fiber Damaged & Network Response – On August 23<sup>rd</sup> at 8:40 am a dump truck struck a portion of a District fiber-optic line west of SR 14 along the access road to McNary Dam. The resulting fiber break severed the primary communications path that serves the District's connected river farm substations in southeastern Benton County, however, the highly resilient nature of the multiprotocol label switching (MPLS) network allowed critical supervisory control and data acquisition (SCADA) data to automatically reroute from the Paterson Node located west of Plymouth to the Finley Node located east of Kennewick. NoaNET dispatched Paramount Communications crews to make the necessary repairs and the system was returned to normal operation by 4:40 pm. This effort illustrated the effective partnership used to operate, monitor, and repair the District's critical broadband and utility communications facilities.

***Finance/Executive Administration:***

Senior Director Jon Meyer reported on the following:

1. Community Forums – The District is planning to hold Community Forums in October. Tentative dates were discussed and staff will bring back firm dates at a future Commission meeting.
2. Financial Report – Senior Director Jon Meyer provided the Commission with a financial report for July 2024.

**Business Agenda**

None.

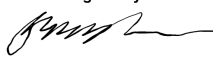
**Meeting Reports**

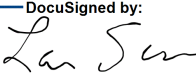
Commission Sanders reported that she attended a TEA Partner Meeting and listened to a presentation from companies that build large server farms.

Commissioner Sanders reported that she attended the Energy Northwest (EN) Executive Board meeting last month at which she learned about a possible source of development funding for the first four modules of the Site 1 small modular reactor generation project. Commissioners discussed the need for new nuclear to meet 100% carbon-free electricity requirements in Washington but expressed concern about risks to EN and its member owners.

**Adjournment**

Hearing no objection, President Bush adjourned the meeting at 11:33 a.m.

DocuSigned by:  
  
E167F4090A3B479...  
Barry Bush, President

ATTEST:  
DocuSigned by:  
  
D78F53DCF843435...  
Lori Kays-Sanders, Secretary