

MINUTES

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

Date: October 22, 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 Customer Service and Treasury Keith Mercer
Supv. of Executive Administration/Clerk of the Board Cami McKenzie
Records Program Administrator II Nykki Drake
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 Engagement Jenny Sparks; Manager of Customer Service Annette Cobb; Manager of Communications & 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; Senior Engineer Power Management Blake Scherer; Manager of IT Infrastructure Duane Crum; Cyber Security Engineer III Paul Holgate; Manager of Accounting Kent Zirker; Communications Specialist II Eric Dahl; Kayla Sidwell, Senior Communications Specialist; Brenda Webb, Engineering Administrative Assistant II.

Call to Order & Pledge of Allegiance

The Commission and those present recited the Pledge of Allegiance.

Agenda Review

No changes.

Public Comment

Mike Massey, Kennewick, expressed his concern about the proposed data centers in Wallula Gap (Port of Walla Walla) and their need for 2,000 MW on the power grid.

Consent Agenda

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

- a. Regular Commission Meeting Minutes of October 8, 2024
- b. Travel Report dated October 22, 2024
- c. Vouchers (report dated October 22, 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: 105209-105239; 105399-105431 in the amount of \$1,085,672.60.
Checks & Customer Refund Payments (CHK): 88907-89016 in the amount of \$354,375.34;
Electronic Fund Transfer (WIRE) Payments: 7087-7098 in the amount of \$11,085,456.28;
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$110.00;
Payroll: Direct Deposit – 105240-105398 in the amount \$466,147.80;
Voided DD (October, 2024) in the amount of \$120.00;
Voided checks (October, 2024) in the amount of \$14,622.19;
Grand total - \$12,991,762.02
- d. Work Order Approval – WO723730 – 2024-2025 Farm Cable Replacement
- e. Contract Award to Anixter, Inc. for 15kV #2 Primary Underground Distribution Cable – Bid #24-21-19

Other Business

Heather Tibbett, Deputy Director for the STEM Foundation, presented Jodi Henderson an award for her leadership in providing volunteers for the school programs and bringing folks from the business community for STEM education and future businesses.

Management Report

General Manager:

1. PNNL PREPP Steering Committee – General Manager Dunn said he was generally accepted to be a utility representative on the steering committee for the Pacific Northwest Regional Energy Planning Project (PREPP) study, but his engagement was not yet formalized. He reminded Commissioners that PNNL will be studying lower Snake River dam (LSRD) breaching as part of the study which is being funded by the federal government in partnership with Washington state, who is providing funding for the LSRD breaching

scenario. Manager discussed concerns about the study and indicated certain processes and underlying assumptions driving the study were very troubling, and that public power's participation in the study was a bit uncertain at this point.

2. Port Townsend Speaking Engagement – General Manager Dunn reported on his presentation (Carbon-Free Electricity Policies Impacts and Perspectives) to the intergovernmental collaborative group (ICG) involving representatives from the City of Port Townsend, Port of Port Townsend, Jefferson County, and Jefferson County PUD. He said the presentation went well, with some disagreement and conversation after, which he welcomed.
3. SMR Announcement – General Manager Dunn discussed the announcement by Energy Northwest of Amazon's commitment to provide initial funding for the development of a small modular reactor project sited near the Columbia Generating Station. Initial development plans include four X-energy 80 megawatt modules (Phase-1) with the option for eight more, and a total project generating capacity of 960 megawatts. Amazon is anchoring approximately \$500 million in X-energy's latest financing round with plans to bring more than 5 gigawatts of new power projects online across the U.S. by 2039. Construction permitting for the Energy Northwest project is expected to take a couple of years, with 2032 as the goal for Phase-1 commercial operation.

Customer Service/Treasury

1. Benton PUD Impersonator - Director Keith Mercer informed the Commission that a customer, disconnected for nonpayment, had a person knock on their door wearing a Benton PUD jacket and stated they would get their power turned back on if they paid that person. It appears to be an isolated incident and Benton PUD contacted the owners of the apartment complex to warn them. Additionally, Benton PUD was currently running a radio ad warning customers of potential scams.

Finance/Executive Administration:

1. Strategic Plan Feedback - Senior Director Jon Meyer asked the Commission if they had any edits or comments for the draft 2025-2029 Strategic Plan that was shared at the October 8, 2024 Commission meeting. The Commission had no further feedback with the draft plan, as presented, and Senior Director Meyer said it would be brought to the Commission for adoption in November.
2. Prosser Community Forum – Senior Director Meyer said 21 customers and a handful of employees attended the Prosser Community Forum.
3. Financial Report - Senior Director Jon Meyer provided the Commission with a financial report for September 2024.

Business Agenda

Financial Forecast Update

Director Keith Mercer reviewed the Financial Forecast Update that included the 2024 proposed budget amendment, the 2025 preliminary budget, and five-year capital budget.

Included in the presentation was an analysis of the current BPA rate projection estimates (13% increase for Power, 14% increase for Transmission, and \$80/MWh Tier 2 Power) as well as the Public Power Council's latest "educated guess" (9% increase for Power, 20% increase for Transmission, and \$75/MWh for Tier 2 Power).

Director Mercer presented various financial forecast scenarios for years 2025-2029 stating a 2025 rate increase is needed due to inflationary pressures, increase in costs of materials and labor, and the District hasn't raised rates since 2019, but the District has recently implemented revenue neutral rate structure changes (Residential and Small General Service demand charges). Additionally, he reviewed monthly bill comparisons for residential rates as compared to other utilities and stated that Benton PUD has been at or below the median since 2005.

The Commission discussed the various forecast scenarios and requested additional options be presented at the next meeting. Additionally, the Commission agreed to include a 5% rate increase in the 2025 budget for planning purposes only and that the timing and amount of the rate increase would be determined by a separate process and approved by the Commission at a later date.

The Board briefly recessed, reconvening at 10:30 a.m.

Amending the 2024 Budget – Resolution No. 2683

Director Keith Mercer requested the Board approve Resolution 2683 adopting the 2024 Budget Amendment as presented.

He summarized the 2024 Amended Budget resulted in a net increase in revenues of \$4.3 million, a \$2.2 million increase in non-power operating expense, a \$2.8 million increase in net capital, a \$0.7 million increase to net power expense, and a minor decrease to debt service.

MOTION: Commissioner Sanders moved to adopt Resolution No. 2683 amending the 2024 budget as presented. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

Preliminary 2025 Budget

Director Keith Mercer presented the 2025 Preliminary Budget and indicated a detailed presentation would be given to the Commission and public at the November 12, 2024 public hearing.

State of the System Presentation

Assistant General Manager Steve Hunter and Manager Evan Edwards gave a presentation on the State of the System. Objectives discussed included accountability with the Joint Use NESC

Compliance Program (pole visitations, violations, and corrections) and quality assurance program (work order inspections 2024); focus on reliability included the underground cable replacements and wildfire mitigation efforts; and the maintenance program included the 5-year inspections for pole testing, power transformers wellness program, and transformer substation testing.

Major project updates discussion included Substation Metaclad Replacement for Vista Bay 1 and 2, Substation Replacement for Hedges Breaker/Battery (complete), Substation Regulators for Prosser Bay 2 and Sunset Road, Substation Relay Replacements for Hedges Vista Bay 1 (complete) and projects slated for 2025-2027. Additionally, the presentation included SCADA Upgrades review and Major Distribution Projects for East Bowles Road, East Game Farm Road, Zephyr Height Feeder 4 (new), Vista Substation Feeder Getaways, Benton City Feeder to Sunset Road, Rattlesnake DOE Update, Columbia Center Blvd., developments for Kennewick, Benton City, and Proser, East Kennewick growth for the sewer treatment plant, Spaw-Phillips, BPUD-McNary POD, Sunset Road, and Webber Canyon.

Washington Electric Utility Wildland Fire Mitigation Plan – Department of Natural Resources

Assistant General Manager Steve Hunter presented the current Benton PUD Wildfire Mitigation Plan and the Department of Natural Resources (DNR) template, as amended. He said in April, 2024 DNR sent a standardized template for a Wildland Fire Mitigation Plan to all investor and customer owned electric utilities to provide and help develop best practices throughout the industry to address and mitigate the risk. He recommended the template be approved and sent to DNR per requirements of HB1032 as it adopts and implements Benton PUD's current practices from the District's Wildfire Mitigation Plan.

MOTION: Commissioner Sanders moved to adopt the District's current Wildfire Mitigation Plan and implement it into the template provided by the State of Washington Department of Natural Resources, as amended. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

Future Planning

Energy Northwest Meetings

Commissioner Sanders said she would be attending the Energy Northwest board meetings this week.

Chamber Luncheon – “Will We Have Enough Power for the Future of the Tri-Cities?”

General Manager Dunn said he would not be able to attend the Chamber meeting due to a conflict with the WPUDA Managers Committee Fall Meeting, but Jodi Henderson would be in attendance.

Meeting Reports

WPUDA Budget Meeting

Commissioner Hall reported on his attendance at the budget meetings and commented that dues would be going up about 4%.

Adjournment

Hearing no objection, President Bush adjourned the meeting at 11:27 a.m.

DocuSigned by:

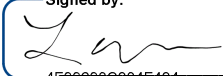


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Barry Bush, President

ATTEST:

Signed by:



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Lori Kays-Sanders, Secretary