

MINUTES

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

Date: July 22, 2025

Time: 9:00 a.m.

Place: 2721 West 10th Avenue, Kennewick, Washington

Present: Commissioner Jeff Hall, President
Commissioner Lori Kays-Sanders, Vice-President
Commissioner Mike Massey, 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 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: Shannon Sensibaugh, Administrative Assistant II; Annette Cobb, Manager of Customer Service; Blake Scherer, Senior Engineer Power Management; Duane Crum, Manager of IT Infrastructure; Duane Szendre, Superintendent of Operations; Eric Dahl, Communications Specialist II; Jennifer Holbrook, Senior Manager of Applied Technology; Jodi Henderson, Manager of Communications & Government Relations; Katie Grandgeorge, Financial Analyst III; Karen Dunlap, Manager of Human Resources; Kent Zirker, Manager of Accounting; Levi Lanphear, Procurement Administrator; Michelle Ness, Supervisor of Distribution Design; Michelle Ochweri, Manager of Procurement; Paul Holgate, Cyber Security Engineer III; Robert Inman, Superintendent of Transportation & Distribution; Robert Frost, Supervisor of Energy Programs; Zach Underhill, Distribution Designer; Kristen Demory, Customer Service Business Analyst III; Manuel Walle, Jr., Energy Efficiency Advisor I; Maria Vega, Administrative Assistant II, Power Management; Tyler Scott, IT System Administrator III; Dustan Bonney, Network Engineer III.

Call to Order & Pledge of Allegiance

The Commission and those present recited the Pledge of Allegiance.

Agenda Review

General Manager Dunn requested an executive session to discuss potential litigation.

Public Comment

Bryan Jones, Kennewick, inquired about the objective of the fencing project and raised concern regarding the cost, noting that the fencing did not appear to be serving its intended purpose.

It was stated that the primary objective of the fencing project is to secure critical infrastructure and ensure the safety of employees. This aligns with the recommendations outlined in the Physical Security Assessment conducted in 2020, which identified fencing as a necessary enhancement to address vulnerabilities and improve site security. Additionally, it was noted that the project is still underway, and as a result, some sections of the fence have not yet been fully closed off.

Consent Agenda

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

- a. Regular Commission Meeting Minutes of July 8, 2025
- b. Travel Report dated July 22, 2025
- c. Establishing Hours of Operation and Rules for Inspection and Copying of Public Records - Resolution No. 2702
- d. Vouchers (report dated July 22, 2025) 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: 109788-109853 in the amount of \$1,027,453.02.
Checks & Customer Refund Payments (CHK): 90357-90454 in the amount of \$292,364.32;
Electronic Fund Transfer (WIRE) Payments: 7330-7338 in the amount of \$996,035.81;
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$1,390.00;
Payroll: Direct Deposit – 7/3/2025: 109633-109787 in the amount \$449,550.52;
Grand total - \$2,766,793.67
- e. Vintners Vista Subdivision – Work Order #682198
- f. 2025 Meter Exchange Project - Surplus of Equipment - Resolution No. 2704

Management Report

Customer Service/Treasury

1. Customer Billing Error - Director Keith Mercer informed the Commission that a customer was overbilled due to an incorrect meter installed during the initial meter exchange project. While policy allows billing corrections up to three years, Commission approval is required to refund the full amount of \$5,378.65 plus interest as the overbilling exceeds that period. Staff is exploring options to establish an audit process encompassing the

entire system, including new meter installations and exchanges, with the goal of ensuring complete accuracy and prevent future occurrences.

MOTION: Commissioner Sanders moved to approve the refund as requested. Commissioner Massey seconded and upon vote, the motion carried.

Finance/Executive Administration:

1. Sunheaven Contract Update - Senior Director Jon Meyer reported that Sunheaven met with staff on July 9 to discuss the terms of the Developer's loan agreement. The customer raised several comments and is also exploring alternative financing options. Discussions are ongoing, with the intent to finalize the agreement by the end of the month.
2. Financial Report – Senior Director Jon Meyer provided the Commission with a financial report for June, 2025.

General Manager:

General Manager Rick Dunn reported on the following:

1. Washington Paves the Way for Clean-Energy Development – GM Dunn commented on an article in Clearing Up, in which Washington Governor Bob Ferguson condemned Trump's "One, Big, Beautiful Bill", claiming it will have devastating impacts on the state's clean-energy investments. GM Dunn indicated the state has continually represented wind and solar technologies as low cost, and yet Ferguson is now claiming that absent federal tax subsidies, electricity costs will increase. Dunn said, put another way, according to Ferguson it is the responsibility of other citizens of the United States to fund Washington's clean energy policies. GM Dunn also commented on the BPA Transmission Services presentation he is developing for the next Public Power Council (PPC) meeting in his role as Vice Chair of the Long-Range Planning Committee. He said the most important point in the slide deck is that transmission lines running through the Cascade Mountains in Washington and through the Columbia Gorge in Oregon are nearly at maximum capacity already. And that doubling electricity demand under state carbon-free electricity policies which are deeply dependent on wind and solar farm development east of the Cascades, will require a doubling of transmission line capacity from east-to-west. And that new right-of-way means a high likelihood that eminent domain will need to be exercised. The question is why the Bonneville Power Administration should be forced to be the "bad guy" and must bear the expense when it is state policies driving what seems to be intractable problems with transmission planning and construction. GM Dunn indicated he supports the idea of considering whether Washington state should take the lead in identifying and establishing transmission corridors, including forming a right-of-way acquisition entity tasked with planning and securing necessary routes. Funding could come from the Climate Commitment Act and would put the state in a position of having to live with the consequences of implementing its own policies.
2. BPA Transmission Reforms – Cascade Corridors Bottleneck – BPA has taken steps to try and accelerate transmission development in the region by cleaning out its backlog of 65 gigawatts (GW) of transmission service requests. It plans to begin restructuring its

transmission planning functions to be able to plan, design, and build new transmission lines within five to six years from receiving an initial transmission service request.

3. BPA Markets+ Discussion – Legal Challenge – A lawsuit has been filed challenging BPA’s decision to join the Southwest Power Pool’s Markets+ initiative, alleging the process was arbitrary and failed to consider environmental impacts.
4. PGE Cuts 330 Positions – Portland General Electric announced it will cut 330 positions from its workforce of 2,900. The decision is driven by a 40% rate increase since 2021, due to carbon compliance costs and rising wildfire insurance premiums.

Business Agenda

Broadband Business Update

Director Chris Folta and Rich Nall and Tonya Tier (NoaNET) presented an update on the Broadband business, including year-to-date financials and 2025 business plan performance.

The presentation covered topics such as new customer quotes, service orders for both access internet and ethernet, sales detail by product type for 2025, a YTD financial summary, projected revenue, net cash position, and the 2025 Proforma. Mr. Nall reported they remain on track for a positive net cash position for the year.

Mr. Nall highlighted ongoing activity, noting that the access internet product continues to perform well, while ethernet sales are primarily cellular opportunities, with significant time spent on maintaining those accounts. Cellular carriers were renegotiating contracts and new site opportunities are emerging. DOE/HMIS Data center talks were continuing, and the Franklin Integration is underway.

Director Folta also provided an update on the District’s utility related fiber optic projects that benefit the Advanced Metering Infrastructure (AMI) and Supervisory Control and Data Acquisition (SCADA) systems. Mr. Nall added that the US Cellular small cell construction project in Kennewick, Prosser and Richland is nearing completion, and the District is starting to realize the anticipated monthly recurring revenue.

Changes to Broadband Rates, Terms and Conditions – Resolution No. 2701

Director Chris Folta, Rich Nall and Tonya Tier (NoaNET) presented proposed changes to the wholesale broadband rates, terms, and conditions as follows:

1. Reduce monthly recurring charges for Transport services at 100 Mbps, 250 Mbps, 500 Mbps, and 1 Gbps tiers.
2. Introduce a new Carrier-Class 1 Gbps Transport service.
3. Add a 2.5 Gbps (2500 Mbps) Transport service tier.
4. Eliminate the existing 20% WAN discount for second connections.
5. Introduce a 2.5 Gbps Access Internet service.
6. Launch a new Premium Internet service.

MOTION: Commissioner Massey moved to approve Resolution No. 2701 on the revised Wholesale Customer Service Policy, Rates, Terms and Conditions of Service for Telecommunications as presented. Commissioner Sanders seconded, and upon vote, the motion carried unanimously.

The Commission recessed, reconvening at 10:40 a.m.

Amending the Benton PUD Commission Governance Policy – Resolution No. 2703

Clerk of the Board Cami McKenzie presented Resolution No. 2703 to adopt the amended Benton PUD Commission Governance Policy and reviewed the proposed changes.

MOTION: Commissioner Sanders moved to approve Resolution No. 2703 Adopting the Amended Benton PUD Commission Governance Policy, Rescinding and Superseding Resolution No. 2603 as presented. Commissioner Massey seconded, and upon vote, the motion carried unanimously.

Conservation Potential Assessment Presentation (2026-2045)

Director Chris Johnson and Amber Gschwend, EES Consulting (via/MS Teams) presented the Conservation Potential Assessment 2026-2045. The presentation included background on conservation achievements to date, cost effective energy-saving potential, and a proposed budget plan for 2026-2027.

Director Johnson reported the District's cumulative energy savings since 1982 equaled 42 aMW, representing approximately 20% of the District's current annual retail load. On a regional scale, cumulative savings since 1980 has reached 7,865 aMW—equivalent to the annual energy use of around 6.3 million homes and the avoidance of more than 25 million metric tons of CO2 emissions.

Ms. Gschwend reviewed the CPA modeling process and highlighted how Benton PUD's results compare to the previous CPA. The current assessment shows a 1% decrease in the two-year conservation target, but a 16% increase in the 10-year target.

Director Johnson noted that although the short-term target is lower, the District has over \$4.1 million in BPA conservation funding for 2026–2027. With most “low-hanging fruit” captured since the early 1980s, future savings will be more challenging to acquire and more expensive. Low-income residential programs are growing each year but cost about 7.5 times more than standard residential efforts. Several large projects now underway are expected to help the District meet its conservation goals.

Setting a Public Hearing - Conservation Potential Assessment (2026-2045)

Director Chris Johnson requested the Commission set a public hearing to review the Conservation Potential Assessment and consider action on the Biennial Conservation Targets as previously presented.

MOTION: Commissioner Sanders moved to setting a Public Hearing for the purpose of reviewing the 2026 - 2045 Conservation Potential Assessment (CPA) and considering action on the District's 2026 - 2035 Ten-Year Cost-Effective Conservation Potential and 2026 - 2027 biennial target for August 12, 2025 at 9:00 a.m., to be held at the District's Administration Office, as presented. Commissioner Massey seconded, and upon vote, the motion carried unanimously.

Setting a Public Hearing – Clean Energy Implementation Plan (2026-2029)

Senior Engineer Blake Scherer briefed the Commission on requirements under the Clean Energy Transformation Act (CETA), that requires consumer owned utilities to develop and submit a four-year Clean Energy Implementation Plan (CEIP) to the Washington State Department of Commerce identifying: specific actions to demonstrate progress toward meeting the clean energy standards; interim target for the percentage of retail load served using clean energy resources; specific targets for energy efficiency, demand response, and renewable energy; and specific actions to support an equitable transition. He requested the Commission set the first of three public hearings to allow for customers and interested stakeholders to provide input to the 2026-2029 CEIP.

MOTION: Commissioner Sanders moved to approve setting a Public Hearing for the purpose of receiving input on the 2026-2029 Clean Energy Implementation Plan on Tuesday, August 26, 2025, at 9:00 a.m., to be held at the District's Administration Office, as presented. Commissioner Massey seconded, and upon vote, the motion carried unanimously.

Financial Forecast

Director Keith Mercer presented the updated financial forecast and recommended implementing the next rate increase as part of the 2026 budget process. He proposed a more strategic approach that targets rate adjustments by customer class and specific rate components.

The Commission discussed the possibility of implementing a rate increase between 0% and 1% for customer classes that are currently above their cost-of-service target and 2% to 3% for customer classes at or below their cost-of-service target. The goal is to help bring all customer classes within $\pm 10\%$ of their respective cost-of-service benchmarks.

The Commission agreed to review scenarios with a minimum increase of 0% and a maximum of 3%. As part of this review, they will evaluate the impact of applying increases exclusively to the demand charge and consider possible adjustments to energy charges. This review is scheduled for the Commission's second meeting in August.

Future Planning

Commissioner Sanders will be gone for the meeting of August 12, 2025.

Meeting Reports

APPA Policymakers

Commissioner Hall reported on his attendance in D.C. with the APPA Policymakers groups.

General Manager Dunn announced the Commission would go into executive session at 11:50 a.m. for five minutes.

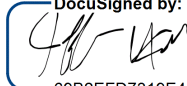
The Commission recessed, reconvening at 11:50 a.m.

Executive Session – Potential Litigation

The Commission went into executive session at 11:50 a.m. with General Counsel Allyson Dahlhauser to discuss pending litigation for five minutes. Also present were General Manager Rick Dunn and Clerk of the Board Cami McKenzie. The Commission came out of executive session at 11:55 a.m.

Adjournment

Hearing no objection, President Hall adjourned the meeting at 11:55 a.m.

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Jeff Hall, President

ATTEST:

Signed by:

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Mike Massey, Secretary