

MINUTES

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

Date: March 10, 2026

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
Assistant General Manager/Sr. Director Engineering & Operations Steve Hunter
Chief Financial Officer Jon Meyer
Director of Human Resources and Communications Karen Dunlap
Supervisor of Executive Administration/Clerk of the Board Cami McKenzie
Records Program Administrator II Nykki Drake
General Counsel Allyson Dahlhauser

Absent: Chief Operating Officer Chris Folta
Director of IT & Broadband Services Jennifer Holbrook

Benton PUD employees present during all or a portion of the meeting, either in person or virtually: Director of Conservation & Distributed Energy Resources Chris Johnson; Director of Customer Service and Treasury Keith Mercer; Director of Engineering Evan Edwards; Annette Cobb, Manager of Customer Service; Blake Scherer, Manager of Power Supply & Transmission Service; Duane Crum, Manager of IT Infrastructure; Jodi Henderson, Manager of Communications & Government Relations; Kent Zirker, Manager of Accounting; Levi Lanphear, Procurement Administrator; Michelle Ness, Supervisor of Distribution Design; Michelle Ochweri, Manager of Procurement; Robert Inman, Superintendent of Transportation & Distribution; Shannon Sensibaugh, Administrative Assistant, II; Tyson Brown, Procurement Specialist II; Jeff Vosahlo, Senior Distribution Designer.

Call to Order & Pledge of Allegiance

The Commission and those present recited the Pledge of Allegiance.

Agenda Review

No changes.

Public Comment

None.

Treasurer's Report

Keith Mercer, Director of Customer Service & Treasury Operations, reviewed the February, 2026 Treasurer's Report with the Commission as finalized on March 2, 2026.

Consent Agenda

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

- a. Regular Commission Meeting Minutes of February 10, 2026
- b. Travel Report dated March 10, 2026
- c. Annual Travel Report dated March 10, 2026 (2nd Updated)
- d. Vouchers (report dated March 10, 2026) 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: 113254-113283; 113440-113509; 113668-113712 in the amount of \$3,550,323.80.
Checks & Customer Refund Payments (CHK): 91709-91823 in the amount of \$361,067.93;
Electronic Fund Transfer (WIRE) Payments: 7517-7544 in the amount of \$9,596,832.88;
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$2,060.00;
Payroll: Direct Deposit – 2/12/2026: 113284-113439 in the amount \$449,168.16;
Checks – 2/12/2026: 600259-600291 in the amount of \$62,013.49; Direct Deposit – 2/26/2026: 113510-113667 in the amount of \$511,127.51;
Void DD (February, 2026) in the amount of \$7,800.00;
Void Checks (February, 2026) in the amount of \$770.55;
Total - \$14,532,593.77
- e. Amending the Merit-Based Salary Administration Plan – Resolution No. 2722
- f. Work Order #748776 – Highland Village Apartments – Cable Replacement
- g. Work Order #750763 – W. 19th Ave. & S. Olympia St. - Cable Replacement
- h. Work Order #759846 – Game Farm Rd. & Whitney Rd. – Cable Replacement
- i. Work Order #760511 – Bermuda Rd. & E. Valencia Dr. – Cable Replacement
- j. Completion/Acceptance of Contract #22-32-02 – Boyd's Tree Service
- k. Contract Award - National Auto Fleet Group – (2) 2026 Ford Super Duty F-350 Trucks - Contract # 26-32-01 (WA State DES Contract #13022)

Management Report

Chief Financial Officer - Jon Meyer

1. Privilege Tax Update

CFO Jon Meyer reported on the District's annual privilege tax payment. The privilege tax is a Washington state tax on public utility districts that is in lieu of property taxes. The

privilege tax rate is 2.14% of annual retail revenues. The District's 2025 privilege tax, which was paid in February 2026, totaled approximately \$2.9 million. A breakdown of how the state distributes the privilege tax was provided including amounts kept by the state and amounts distributed to the county and cities. The privilege tax and state public utility tax is built into the District's electric rates. City utility taxes are not built into rates and are added as an additional line item on customer bills for customers that reside within city limits.

2. New State Audit Date

CFO Jon Meyer reported that the District has been notified that the State Auditor's Office will begin the District's 2025 audit next month, earlier than in previous years.

3. Residential Exchange Program

CFO Jon Meyer reported that Bonneville Power Administration (BPA) issued a Record of Decision (ROD) on March 6, 2026 regarding the Residential Purchase and Sale Agreement (RPSA) component of the Residential Exchange Program. The RPSA is the agreement between BPA and an investor owned utility (IOU) that defines the terms of the Residential Exchange. BPA reaffirmed in the ROD that the Residential Exchange Program would remain a financial transaction rather than a physical transaction, and environmental attributes will not be conveyed through the program. IOUs have 90 days from the release of the ROD to petition for a judicial review of the decision. Looking forward, BPA plans to issue a ROD in late April regarding the Average System Cost (ASC) methodology that defines what costs are included in BPA's exchange rate and IOU average system costs, that forms the basis for the financial exchange. Later this summer, BPA will initiate a third public process related to the 7(b)(2) Residential Exchange rate protection test, with a ROD expected in Spring 2027. The 7(b)(2) rate protection test limits the impacts of the Residential Exchange to BPA preference customers by capping the impact so that preference rates would be no higher than what they would have been if the 1980 Northwest Power Act never existed.

Govt. & Comm. Relations Manager - Jodi Henderson

1. WPUDA Bill Status Report Check-In

Manager Jodi Henderson provided an update on the WPUDA bill status report, noting that the Legislature is expected to adjourn Thursday with the state budget anticipated Wednesday. She highlighted several bills being tracked, including proposing a Washington Electric Transmission Authority, HB 1903 establishing a state low-income energy assistance program, and HB 2296 expanding the use of distributed energy resources.

General Manager – Rick Dunn

1. SPP Markets+ Update

General Manager Dunn reported on SPP Markets+, noting that representatives from the Southwest Power Pool (SPP) recently presented to the Public Power Council (PPC). He reviewed the expanding western market footprint and the anticipated October 1, 2028 go-live date for BPA and other Northwest utility participants. General Manager Dunn noted that Markets+ is intended to provide more efficient buying and selling of power, an

independent market operator with proven systems, broader access to regional resources, and improved balance of cost and reliability. GM Dunn also noted that utilities would retain operational control and local reliability responsibilities, with no consolidation of transmission tariffs, and no overhaul of planning or interconnection processes. He also reminded Commissioners that a challenge to BPA joining Markets+ is still pending in the Ninth Circuit Court of Appeals but this has not delayed BPA's actions to proceed with implementation actions, although SPP has had a difficult time gaining cooperation from the California Independent System Operator (CAISO). CAISO has offered a competing alternative to Markets+ in the form of their Extended Day-Ahead Market (EDAM) which is what the plaintiffs in the court case want BPA to join.

2. CRSO Litigation Update

General Manager Dunn reported on recent developments related to Columbia River System Operations (CRSO) litigation. U.S. District Judge Michael Simon issued a preliminary injunction (PI) on February 25, 2026, ordering higher spill at eight dams on the lower Snake and Columbia rivers beginning in March. The PI sets reservoir pool levels at the Minimum Irrigation Pool, levels higher than the Minimum Operating Pool requested by the plaintiffs, which will result in a slightly smaller financial impact than originally anticipated. Current estimates suggest the impact to Benton PUD's retail rates could be approximately 2.5% to 3.5%.

Chief Financial Officer Jon Meyer added that as a result of the PI BPA estimates approximately \$100 million annually in regional costs, of which \$85 million will need to be collected by BPA for non-slice products. Most of the costs of the PI are attributable to summer months. As BPA and its customers are in the first fiscal year (FY26) of the current three-year rate period, BPA has two fiscal years (FY27 and FY28) to collect for the impacts of the PI for all three years of the rate period. As such, BPA will need to charge \$125 million to non-slice customers in both FY27 and FY28 to collect three years-worth of costs of the PI. BPA is planning on beginning a separate formal rate case this April for FY27 and FY28 to formulate rate solutions for the cost impacts of the PI. Before the formal rate case begins, BPA is seeking feedback from utilities on preferences of rate mechanisms, including increasing the cap on the existing Financial Reserve Policy Surcharge.

3. NWCC F&W Program Concerns

General Manager Dunn reported on ongoing public hearings conducted by the Northwest Power and Conservation Council's regarding their recommended Fish & Wildlife Program. He noted that recent hearings have had a high number of stakeholders advocating for expanded fish and wildlife programs and that these stakeholders frequently outnumbered public power representatives. Manager Jodi Henderson provided comments on behalf of Benton PUD. Public Power Council and Northwest River Partners have also filed comments and have campaigned hard for their members to do the same. General Manager Dunn stated that direct Fish & Wildlife Program costs have recently been approximately \$260 million annually but that total costs including lost power generation and other related costs are much higher representing roughly one-quarter of BPA wholesale power rates. He emphasized the importance of clearly identifying the total costs associated with fish and wildlife programs and evaluating which investments

provide the most “bang-for-the-buck” . He noted that habitat restoration is where 42% of funds are spent and yet these projects, while they look good on the surface, don’t deliver as many returning adult salmon as one might think, especially when compared to predator removal which is highly effective and only represents 2% of funding.

4. BPA Administrator Update

General Manager Dunn reported that BPA Administrator John Hairston has accepted a position with the Eugene Water & Electric Board (EWEB). He noted that discussions are occurring at the federal level regarding the BPA Administrator position and compensation, including interest in addressing the relatively low salary for the role. He also reported that BPA is considering moving forward with the process to name a permanent administrator without appointing an interim administrator, and that he has offered to participate on the interview panel as the selection process moves forward.

5. New ERA Power Program Introduction

General Manager Dunn introduced a draft concept for a New ERA Power Program, intended as a voluntary giving program that could complement the District’s existing state mandated green power program. The NEW ERA program would allow customers or partners to make contributions supporting initiatives aligned with environmentally responsible, reliable, and affordable energy in the Pacific Northwest. Potential program partners discussed included the Upper Columbia United Tribes to support efforts to restore salmon to the Upper Columbia River Basin, Energy Northwest to promote development of small modular reactors, and Northwest RiverPartners’ “Our Power is Water” campaign promoting hydropower. He explained that contributions would be directed to selected initiatives and noted the concept would be more viable if additional utilities or regional partners participated. Commissioners discussed the concept and indicated support for staff to further explore the concept and gather feedback from potential partners and stakeholders.

The Commission recessed, reconvening at 10:37 a.m.

Business Agenda

Work Order #718357/American Rock Line Extension/US-397/I-82

Director of Engineering Evan Edwards reported that American Rock has requested additional capacity at its concrete and asphalt plant near the US-397/I-82 interchange. The project will extend Zephyr Heights Substation Feeder #3 to serve the increased load. He noted that American Rock would like to eventually relocate its headquarters to the site.

This work includes upgrading 0.44 miles of existing line and constructing 3.52 miles of new overhead primary electric feeder east of I-82 along US-397. The project also aligns with the District’s system planning efforts to support future feeder ties and potential substation needs as development continues south in the area.

Because the project is in a public right-of-way and considered “Core Electric System” facilities under the District’s Line Extension and Facilities Construction Policy, most project costs are excluded from the Contribution in Aid of Construction (CIAC), which is the portion of project costs typically paid by a customer requesting service.

The estimated project cost is approximately \$814,916, with American Rock contributing \$289,001 through CIAC and the District funding approximately \$563,505 to support additional system capacity that will benefit future development in the area. Director Edwards also noted other projects and development activity in the area would benefit from the additional capacity provided by the project.

MOTION: Commissioner Sanders moved to approve Work Order #718357, American Rock Line Extension, US-397/I-82 as presented. Commissioner Massey seconded, and upon vote, the motion carried unanimously.

Work Order #762541/Cardenas - Underground Electric Facilities

Director of Engineering Evan Edwards reported that a customer requesting electrical service for a project located at the end of several parcels along S. C. Williams Road requiring installation of underground electric facilities. Project costs were divided among the affected parcels based on the facilities installed on each. The project will construct underground electric facilities to serve 12 lots, meeting the customer’s initial request for service and will also prepare 10 additional parcels for future development.

Director Evans explained that the remaining undeveloped parcels will have shared development costs applied to each lot in accordance with the District’s Line Extension and Facilities Construction Policy.

Staff discussed how shared development costs are tracked and applied if additional parcels request service in the future. Additionally, the District tracks these costs through its GIS system and that property owners requesting future service would be required to pay their applicable share under the policy. Staff also noted that while the current policy has worked well, the District may consider potential constraints on similar proposals in the future.

MOTION: Commissioner Massey moved to approve Work Order #762541 – Cardenas Underground Electric Facilities for the installation of underground primary electric facilities to serve 12 lots as presented. Commissioner Sanders seconded, and upon vote, the motion carried unanimously.

Work Order #761762/Sunheaven (Hartley) North of Booster 4

Director of Engineering Evan Edwards reported that the District is constructing a new transmission line, substation, and distribution feeder getaway to add capacity to the east end of the Sunheaven Farm complex in advance of new agricultural processing facility load.

This project will modify an existing section of 4/0 underground feeder replacing 200A elbows with 600A elbows to utilize the full conductor rating and will install two additional vaults with pad mounted switchgear. The work is being initiated through the normal development agreement process and is in addition to the transmission, substation, and feeder getaway projects currently under way.

Director Edwards also provided a project update, noting that substation construction has begun, with concrete currently being poured for the self-supporting steel structure foundation. He reported that the project is progressing well with no anticipated delays of the transformer being delivered and energization expected in late July.

MOTION: Commissioner Sanders moved to approve Work Order # 761762 – Sunheaven (Hartley) North of Booster 4 feeder modification as presented. Commissioner Massey seconded, and upon vote, the motion carried unanimously.

Amendment to Customer Service Policies – Resolution No. 2720

Director of Customer Services/Treasury Keith Mercer reported that staff previously discussed with Commission updates to the Customer Service Policies related to Transitory Electricity Intensive Load (EIL) and the development of a separate Transitory EIL rate. Following Commission direction, staff conducted a comprehensive policy review and prepared recommended revisions.

The proposed amendments clarify the definition of EIL, focusing on digital asset businesses that can scale operations quickly, and include provisions for transitory EIL. Changes were also proposed to deposit and credit policies, including modifications to the 90% load deposit structure to limit District liability and closure of the one-month prepay options for new enrollment due to its limited use and administrative complexity. In addition, a new section addressing threats, harassment, and safety of District employees has been added.

Additional updates resulting from the policy review are summarized in the memo provided to the Commission. Staff will continue developing a Transitory EIL rate framework to bring back to the Commission this summer. The proposed changes have no direct budget impact and are intended to strengthen cost recovery authority and reduce financial exposure associated with Transitory EIL.

MOTION: Commissioner Sanders moved to adopt Resolution No. 2720 amending Customer Service Policies effective March 10, 2026 as presented. Commissioner Massey seconded, and upon vote, the motion carried unanimously.

Meeting Reports

D.C. Legislative Rally

Commissioner Sanders reported attending meetings in Washington D.C., including discussion with Congressman Newhouse, Senator Patty Murray, and staff from Congressman Michael Baumgartner's office regarding BPA matters and public power. She also noted discussions at the APPA Legislative Rally related to turbine replacements and hydroelectric upgrades.

TEA Symposium

Commissioners Sanders and Massey reported attending the TEA Symposium. Topics discussed included quantum computing, regional grid developments involving MISO and SPP, and delays affecting manufacturers such as GE and Siemens.

General Manager Dunn said he was invited to attend a Central Washington Energy Summit hosted by Congressman Dan Newhouse and he would send along the invitation to the Commission. Additionally, he was invited to serve as a panelist at the Badger Club on March 26 to discuss our energy future.

Executive Session – Review Performance of a Public Employee

The Commission went into executive with General Manager Rick Dunn at 11:19 a.m. for 10 minutes to review the performance of a public employee. The Commission came out of executive session at 11:39 a.m.

Closed Session – Collective Bargaining

General Manager Rick Dunn requested the Commission enter a closed session to discuss collective bargaining matters.

Adjournment

Hearing no objection, President Hall adjourned the meeting at approximately 11:39 a.m.



Jeff Hall, President

ATTEST:



Mike Massey, Secretary

Signature Certificate



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Author: Cami McKenzie Creation Date: 24 Mar 2026, 12:20:21, PDT Completion Date: 24 Mar 2026, 13:29:20, PDT

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Document Total Pages: 21



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Type:
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Document Total Pages: 2

Document Signed By:

Name: Jeff Hall
Email: jhall@bentonpud.org
IP: 131.150.249.115

Location: PROSSER, WA (US)
Date: 24 Mar 2026, 13:29:20, PDT
Consent: eSignature Consent Accepted
Security Level: Email
Name: Michael Massey
Email: mmassey@bentonpud.org
IP: 50.37.190.245



Location: KENNEWICK, WA (US)
Date: 24 Mar 2026, 12:49:57, PDT
Consent: eSignature Consent Accepted
Security Level: Email
Name: Lori Sanders
Email: lsanders@bentonpud.org
IP: 2607:fb91:1e12:41a4:edff:6818:85d9:9937



Location: SEATTLE, WA (US)
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Document History:

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Invitation Sent	Invitation sent to Jeff Hall on 24 Mar 2026, 12:22:47, PDT
Invitation Sent	Invitation sent to Lori Sanders on 24 Mar 2026, 12:22:47, PDT
Invitation Sent	Invitation sent to Michael Massey on 24 Mar 2026, 12:22:47, PDT
Invitation Accepted	Invitation accepted by Lori Sanders on 24 Mar 2026, 12:46:01, PDT
Signed by Lori Sanders	Lori Sanders signed this Envelope on 24 Mar 2026, 12:46:17, PDT
Invitation Accepted	Invitation accepted by Michael Massey on 24 Mar 2026, 12:48:11, PDT
Signed by Michael Massey	Michael Massey signed this Envelope on 24 Mar 2026, 12:49:57, PDT
Invitation Accepted	Invitation accepted by Jeff Hall on 24 Mar 2026, 13:28:53, PDT
Signed by Jeff Hall	Jeff Hall signed this Envelope on 24 Mar 2026, 13:29:20, PDT
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