

MINUTES

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

Date: April 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 GM/Sr. Director Engineering & Operations Steve Hunter via/MS Teams
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: Annette Cobb, Manager of Customer Service; Blake Scherer, Senior Engineer Power Management; Eric Dahl, Communications Specialist II; Evan Edwards, Manager of System Engineering; Jennifer Holbrook, Senior Manager of Applied Technology; Jenny Sparks, Manager of Customer Engagement; 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; Tyson Brown, Procurement Specialist I; Zach Underhill, Distribution Designer; Angela Richman, Distribution Design Tech. II; Anthony Ciarlo, Physical Security Coordinator II; Briana Herrington, Financial Analyst III; Justin K. Homer, OT Network Engineer III.

Call to Order & Pledge of Allegiance

The Commission and those present recited the Pledge of Allegiance.

Agenda Review

President Hall announced that any public present wanting to comment on the Line Extension and Facilities Construction Policy Review should do so during the public comment section.

Public Comment

Micah Valentine, Kennewick School Board member, said he was interested in establishing a connection with PUD for collaboration and opportunities for students.

Howard Jensen said they were happy for the opportunity to be invited to review the Line Extension and Facilities Construction Policy and requested the opportunity to schedule another meeting with staff for further review.

Business Agenda

Line Extension and Facilities Construction Policy Review

General Manager Rick Dunn and Senior Director Jon Meyer gave a presentation and reviewed the Line Extension and Facilities Construction Policy, which defines how costs are recovered for new or upgraded facilities and presented a financial analysis and options for the Commission to consider for edits to the policy, including defining the criteria for a special contract. This includes consideration of the financial policy, cost-of-service analysis, revenue requirements, precedence, and compliance with non-discriminatory provisions of State law.

One of the District's largest agricultural irrigation customers is planning to add load in a future expansion of their operations, requiring a new transmission line and substation, for the exclusive benefit of the customer. The customer is inquiring about the possibility of a contract with Benton PUD to allow for payment over time, with the proposed project having an estimated cost of \$3.6 million.

The Commission discussed options for special contract terms, interest rates, and writing into the policy a potential cap on the amount of special contract outstanding balances resulting in special contracts being offered on a first come, first served basis.

Chuck Dawsey, Sunheaven Farms consultant, commented on the special contract considerations, general retail rate making considerations around fixed and variable costs and melding of power supply costs, and consideration of using the current approximately 70% equity/30% debt ratio (Debt to Capitalization Ratio) as a basis for the District to share in the cost of the project.

The Commission concurred with defining a special contract in the policy, implementing a cap for outstanding balances at 4% or 5% of retail forecasted sales, and moving up and increasing the amount of the planned the bond issue in to mitigate potential accelerated rate increases that could be caused by special contracts.

General Manager Dunn said they would implement the recommendations into policy statements and bring back the amendments to the policy at the May 13, 2025 Commission meeting. The Commission would have the option to approve the policy at that time if all questions have been addressed or postpone the approval until the May 27, 2025 meeting.

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 April 8, 2025
- b. Travel Report dated April 22, 2025
- c. Vouchers (report dated April 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: 108123-108152; 108338-108371 in the amount of \$1,494,846.98.
Checks & Customer Refund Payments (CHK): 89849-89903 in the amount of \$291,232.36;
Electronic Fund Transfer (WIRE) Payments: 7245-7257 in the amount of \$7,521,125.70;
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$200.00;
Payroll: Direct Deposit – 4/10/2025: 108153-108337 in the amount \$588,822.42;
Voided checks (April, 2025) in the amount of \$1,482.00;
Grand total - \$9,896,227.46
- d. Jobs Report for Commission
- e. Conservation Report – 1st Quarter 2025
- f. Contract Award – Distribution Transformers, Bid Package #25-21-01

Management Report

IT & Broadband Services:

1. Security Fence Update - Jennifer Holbrook, Senior Manager of Applied Technology said the contractor came in last week and the main vehicle gates are now shut and can be accessed with a badge. The contractor is still finishing up the new delivery gate at the south end of the campus, and once that was done, the project would be complete.

Finance/Executive Administration:

1. Financial Report - Senior Director Jon Meyer provided the Commission with a financial report for March, 2025.

General Manager:

1. WA & OR Governors re: BPA Day Ahead Markets Draft ROD – General Manager Rick Dunn reviewed a letter sent to John Hairston, BPA, from Washington Governor Ferguson and Oregon Governor Kotek, encouraging BPA to delay their final decision to join the SPP Markets+ Day-Ahead Market because they believe the CAISO Extended Day Ahead Market (EDAM) is a better option. GM Dunn said he intended to write a letter to Governor Ferguson stating that Benton PUD, other utilities across the State, and the majority of 127 other not-for-profit utilities across the Northwest agreed with BPA’s draft record of decision to join Markets+.

2. Site-1 SMR - Additional Information – General Manager Dunn said he learned recently Energy Northwest’s Energy Services & Development Division will be receiving a service fee from Amazon with each tranche of Site-1 SMR funding for a total amount of \$7.3 million. This is good news and an answer to concern previously voiced by Commissioner Sanders. Manager Dunn also recommended Commissioners think of Benton PUD’s initial \$100,000 funding contribution to the DOE Loan Program Office application for the SMR project as a low-cost option to participate as an off taker, and that there are conversations happening which indicate early funders like Benton PUD may have first right of refusal for Phase-2 power.
3. Flathead Electric Keynote – Residential Demand Charge – General Manager Dunn commented on his speaking engagement at the Flathead Electric Cooperative annual meeting and that his message was well received. He mentioned that Flathead Electric implemented the residential demand charge many years ago and they were currently charging \$3.50/kW compared to Benton PUD’s just over \$1/kW charge.
4. Electric & Gas Coordination Messaging – General Manager Dunn said the multi-day cold snap in January 2024 which pushed the Northwest grid to near blackouts for a few balancing area authorities was a wakeup call for PNUCC (Pacific Northwest Utilities Conference Committee). In response, PNUCC formed a natural gas/electric coordination and communications group to develop messaging around the critical importance of natural gas to grid reliability and overall energy security in the Northwest.

The Board briefly recessed, reconvening at 10:48 a.m.

Business Agenda - Continued

Voluntary Participation in Washington State's New Community Solar Expansion Program; Resolution No. 2693-A

Robert Frost, Supervisor of Energy Programs, presented a resolution to participate in Washington State’s new community solar expansion program that allows an Administrator to apply for incentives for a community solar project that benefits low-income customers. The Program is administered by WSU Energy Programs and incentives come in the form of a single payment to the customer and paid by the District. The District will recover the incentive payment through a reduction in Public Utility Taxes.

Commissioner Sanders stated for transparency reasons, she was currently working on a housing project with the Kennewick Housing Authority (present in the audience) entitled “Bubble on Gum.”

MOTION: Commissioner Sanders moved to adopt Resolution No. 2693-A for Voluntary Participation in Washington State’s Community Solar Expansion Program as presented. Commissioner Massey seconded, and upon vote, the motion carried unanimously.

Operational Technology Telecommunications Network Study

Chris Folta, Director of IT & Broadband Services and Jennifer Holbrook, Senior Manager of Applied Technology gave a presentation on the Operational Technology Telecommunications Network Study performed by Federal Engineering. The study evaluated the SCADA communications network by documenting the current state of the network, identifying system requirements, conducting a gap analysis, and identifying technology solution alternatives.

After a review of the alternatives, staff recommended the Private Long-Term Evolution (pLTE) alternative, with an estimated cost of \$6.5 million for option 1 (dedicated to District devices only pLTE) or \$7.6 million for option 2 (District devices along with commercial-capable pLTE). The second option would be able to provide additional broadband services and that the Broadband Business would fund the difference in cost if that option was selected and approved.

Staff also discussed the need to transition from site licensed to geographic-licensed radio frequency spectrum for enabling seamless communication throughout the county. The next steps would be to negotiate a lease or purchase. Staff then asked the Commission for concurrence to proceed with the spectrum and network evaluation.

The Board agreed to proceed with the evaluation.

2025 Internal Audit Plan & Report on 2024 Internal Audits

Kent Zirker, Manager of Accounting, presented the 2025 Internal Audit Plan and Report on 2024 Internal Audits as follows:

The 2025 audit plan, in addition to routine audits, included special audits of miscellaneous receivable billings and gift cards/recognition items.

Special internal audits conducted in 2024 included a review of documentation in Human Resources confidential general information files, a review of reimbursable work orders, and a follow-up review of mileage reporting of fleet assets.

Routine internal audits conducted in 2024 looked at monthly surprise cash counts, adjustments to employee accounts, review of city occupation tax, Configuration Change Management, and participating in the annual physical count of inventory.

Mr. Zirker indicated there were no significant items to note in any of the audits.

Meeting Reports

WPUDA Annual Meeting

All three Commissioners were heading to the WPUDA Annual meeting scheduled for April 23-25, 2025.

PNWGA Country Elevator Conference

General Manager Rick Dunn said he would be a guest speaker at the Pacific Northwest Grain & Feed Association in Coeur d'Alene, Idaho on April 24.

Nuclear Power Plant Tour

Commissioner Massey said he toured the Nuclear Power Plant with a group of PUD Commissioners.

Executive Session – Potential Litigation

The Commission went into executive session at 11:50 a.m. with General Counsel Allyson Dahlhauser to discuss potential litigation for 15 minutes. Also present were General Manager Rick Dunn and Clerk of the Board Cami McKenzie. The Commission came out of executive session at 12:09 p.m., extended it for an additional three minutes, and came out again at 12:14 p.m. to extend the executive session an additional two minutes. The Commission came out of executive session at 12:20 p.m.

Adjournment

Hearing no objection, President Hall adjourned the meeting at 12:20 p.m.

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Jeff Hall, President

ATTEST:

Signed by:



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Mike Massey, Secretary