MINUTES

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

Date: Tuesday, October 28, 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: Annette Cobb, Manager of Customer Service; Blake Scherer, Senior Engineer Power Management; Duane Szendre, Superintendent of Operations; 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; Kent Zirker, Manager of Accounting; 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; Shannon Sensibaugh, Administrative Assistant II; Tyson Brown, Procurement Specialist II; Kayla Sidwell, Sr. Communications Specialist.

Call to Order & Pledge of Allegiance

The Commission and those present recited the Pledge of Allegiance.

Agenda Review

No changes.

Public Hearing - 2026-2029 Clean Energy Implementation Plan – Final Review

President Hall opened the public hearing and stated its purpose was to provide customers and stakeholders the opportunity to offer input during the final review phase of the 2026-2029 Clean Energy Implementation Plan (CEIP) prior to formal adoption.

Blake Scherer, Senior Engineer - Power Management presented the fourth and final public hearing for the CEIP final review. He noted there were no new public comments or changes since the previous hearings and that only minor edits were made to the reporting template.

Commission Discussion

Commissioners sought clarification on the October 14, 2025 Minutes regarding the $940,000 funding amount, confirming that it represents funds from non-Benton PUD sources.

Public Testimony

As there was no one present to testify, President Hall closed the public hearing.

Business Agenda

Resolution No. 2710 – 2026-2029 Clean Energy Implementation Plan

Senior Engineer Blake Scherer presented Resolution No. 2710 for Commission approval of the 2026-2029 Clean Energy Implementation Plan (CEIP). Approval of the resolution is required prior to transmittal of the plan to the Washington State Department of Commerce by the January 1, 2026 deadline.

Mr. Scherer noted that, with Commission approval, the associated funding would be incorporated into the final 2026 budget. Additionally, the resolution authorizes approval of the reporting template in substantially the form presented, allowing for minor corrections if an error is later identified.

MOTION: Commissioner Sanders moved to adopt Resolution No. 2710 approving the 2026-2029 Clean Energy Implementation Plan in substantially the form presented. Commissioner Massey seconded and upon vote, the motion carried unanimously.

Public Comment – Regular Agenda

None.

Consent Agenda

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

a. Regular Commission Meeting Minutes of October 14, 2025
b. Travel Report dated October 28, 2025
c. Vouchers (report dated October 28, 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: 111389-111473 in the amount of $1,082,669.15.
   Checks & Customer Refund Payments (CHK): 90920-91184 in the amount of $665,492.89;
   Electronic Fund Transfer (WIRE) Payments: 7412-7423 in the amount of $770,038.69;
   Payroll: Direct Deposit – 10/09/2025: 111234-111388 in the amount $471,345.95;
   Grand total - $2,989,546.67;
   Void DD (October, 2025) in the amount of $1,533.98;
   Voided Checks (October, 2025) in the amount of $17,724.54;
d. Work Order #750938 – Eagle Butte Estates Phase 1 Subdivision
e. Work Order #730931 – Sherman Heights Phase 5 Subdivision
f. Work Order #701232 – ZEH-4 to GUM-4 Overhead Tie
g. Project Completion & Acceptance of Contract with DJ's Electrical, Inc. - Hedges Substation Yard Expansion – Contract #25-21-12
h. Reject all Bids – OT Test Lab Prefabricated Building – Bid #25-20-06
i. Contract Change Order #7 – Boyd's Tree Service-Tree/Vegetation - Contract #22-32-02
j. Contract Change Order #6 – Alamon, Inc.-Wood Pole Inspection - Contract #22-32-01
k. Resolution No. 2713 – Surplus Equipment – CTs, PTs, and VTs

Management Report

Power Management – Director Chris Johnson

1. **Solar Connections Annual Report**
   Director Chris Johnson reported that recent solar incentive checks totaling $435,000 were issued to customers who participated in prior state-funded solar programs. He shared information on the location and status of solar installations within the District, noting a total of 1,308 total systems as of October 22, 2025, with 87 new systems installed in 2024, and 149 new systems installed January - October, 2025. Although volume has increased this year, the size of each new systems has significantly decreased. We are beginning to see a reduction in new systems too with upcoming December 31, 2025 expiration of the 30% federal solar Investment Tax Credit (ITC) under the Inflation Reduction Act. Director Johnson also reported that the District's Net Metering Cap is currently at 68% of the State's 4% net metering requirement.

Customer Service/Treasury – Director Keith Mercer

1. **(COSA Update as part of Business Agenda 9c)**

Finance/Executive Administration - Senior Director Jon Meyer

1. **Financial Report**
   Director Meyer provided the Commission with the financial report for September, 2025.
2. **Strategic Plan Proposed Updates**
   Director Meyer asked if the Commission had any additional feedback or comments on the draft Strategic Plan and none were provided.

General Manager – Rick Dunn

1. **E3 Resource Adequacy Study**
   General Manager Dunn reported on the key findings of Phase 1 of the E3 Resource Adequacy Study. The study identified three primary conclusions: (1) accelerated load growth and continued retirements are projected to create a resource gap beginning in 2026 and growing to approximately 9 GW by 2030; (2) preferred resources such as wind, solar and battery storage make only small contributions toward meeting overall resource adequacy needs; and (3) the timely development of all resources remains extremely challenging due to permitting and interconnection delays, federal policy headwinds, and cost pressures.

   GM Dunn noted that most new generation resources are being developed in Wyoming and Utah, dominated by wind and solar farms, but that the transmission system is not capable of importing higher effective capacity generation to Washington and Oregon where most of the population lives. Further, the wind and solar farms proposed for Washington and Oregon currently backed up in the BPA transmission interconnection queue are the lowest effective capacity generation in the greater Northwest. So even if BPA “solves” their “analysis paralysis” problem, interconnecting Washington and Oregon wind and solar farms to the grid will only add more average energy without delivering reliability.

   GM Dunn stated the most critical reliability risks going forward will be during extended winter cold weather events in low-water years. He also emphasized that location matters significantly in resource development and that Washington and Oregon’s current energy strategies aim to divest in natural gas (and coal-fired) generation along the Interstate-5 corridor creating a deepening and troubling dependence on variable generation located to the “east”, and a critical need for new transmission line capacity through the Cascade Mountain range and Columbia River Gorge. Dunn said he is continuing to advocate for a conversation around the possibility Washington state should form some sort of “State Transmission Authority” with a very limited role in transmission line right-of-way planning and acquisition, including the exercise of the right of eminent domain. Alternatively, Dunn said the “dirty business” of clean energy will fall squarely on the Bonneville Power Administration, which has customers across the greater Northwest states who should not bear the direct and lost opportunity costs associated with BPA doing the bidding of

Washington and Oregon policy makers who are insisting on unjustified 100% carbon free electricity mandates.

2. **Scott Simms Clearing Up – Energy Crisis & WRAP Update**
   GM Dunn discussed a recent opinion piece by Scott Simms highlighting concerns that state energy policies are driving the northwest toward an energy crisis. The article outlined three key steps to address these challenges: (1) preserve the region's existing hydroelectric resource, (2) make the "natural gas bridge" a real part of the energy transition, and (3) pursue policy changes that enable or encourage the development of small modular nuclear reactors. Additionally, GM Dunn referred to another Clearing Up article which indicated the Western Power Pool (WPP) Board of Directors rejected requests from Portland General Electric and PacifiCorp to delay by at least one year the October 31 deadline for utilities to commit to financially binding operations in the Western Resource Adequacy Program (WRAP). Dunn indicated WRAP is struggling to get to contractually binding (and punitive) operations due to the lack of development of dependable generation and that it also doesn't help that PGE and PacifiCorp have announced they will be joining the CAISO Extended Day Ahead Market (EDAM) rather the SPP Markets Plus which is favored by BPA and public utilities.
3. **CAISO EDAM Pathways Update**
   General Manager Dunn provided an update on the California Independent System Operator (CAISO) Extended Day-Ahead Market (EDAM) Pathways process. He noted that, when evaluated against the PPC's criteria for strong and effective independent governance, the draft Step 2 proposal has not yet met those criteria.
4. **Kennewick UGA Marketing**
   GM Dunn reported that Benton PUD has significant available electrical capacity within the Kennewick Urban Growth Area (UGA). The District developed a marketing document, which was provided to the City of Kennewick following several meetings. The document highlights opportunities for new projects with electricity demand below the BPA New Large Single Load limit of 10 megawatts. And if an interested developer is ready to proceed quickly, Benton PUD can support as much as 8 megawatts of new demand with existing substation and distribution line capacity. Dunn indicated this is a good news story amid a lot of negative news associated with Washington states overly restrictive clean energy policies.
5. **Cascade Advanced Energy Facility (SMR Project)**
   General Manager Dunn noted the small modular reactor (SMR) project being developed by Energy Northwest has been named the Cascade Advanced Energy Facility. Commissioner Massey reported there was unanimous approval by the Energy Northwest Board of Directors of the conditions that must be satisfied prior to the SMR project getting official approval to proceed in the Spring of 2026.

The Commission agreed to move the Legislative Update with Isaac Kastama to the first business agenda item.

The Commission briefly recessed, reconvening at 10:22 a.m.

2026 Legislative Session Preview

Jodi Henderson, Manager of Government & Community Relations introduced Isaac Kastama (Water Street Public Affairs, LLC), the District's lobbyist in Olympia. Mr. Kastama provided an update on proposed transmission legislation and related state energy policy discussions. He noted that the state's current path toward meeting the 2030 Clean Energy Transformation Act (CETA) and Climate Commitment Act goals is off course, and while Olympia policymakers are aware of the challenges, there appears to be little momentum to address them in the current legislative session.

There was discussion on the growing focus on transmission planning, queue management, and process reform, identifying these as significant barriers to clean energy development. He referenced the optimism reflected in the E3 Resource Adequacy Study and ongoing legislative interest in measures such as Senate Bill 5466, which pertains to transmission coordination and authority structures.

Mr. Kastama cautioned that while establishing a state transmission authority could be beneficial, it may prove ineffective without clear direction and defined objectives. Discussion also included potential alternative legislation being considered by Representative Barnard.

Business Agenda - Continued

Amending the 2025 Budget – Resolution No. 2711

Director Keith Mercer requested Board approval of Resolution 2711, adopting the 2025 Budget Amendment as presented.

He summarized the 2025 Amended Budget resulted in a net decrease in revenues of $0.6 million along with a $0.6 million total expense decrease in the other four categories, resulting in no change to the District's financial position as compared to the original 2025 Budget.

The amendment includes a $1.4 million decrease in non-power operating expense, a $1.1 million increase in net capital, a $0.3 million decrease in net power expense, and no change to debt service.

MOTION: Commissioner Massey moved to approve Resolution No. 2711 Adopting the 2025 Budget Amendment as presented. Commissioner Sanders seconded, and upon vote, the motion carried unanimously.

Financial Forecast

Director Keith Mercer reviewed the Financial Forecast Update, which included the 2025 proposed budget amendment, the 2026 preliminary budget, and the draft five-year capital plan.

He highlighted a proposed 2% overall rate increase, which would be implemented through rate increases of varying percentages depending on the customer class and applied mainly to the demand charge. He reported a net positive impact of $5.1 million for the 2025-2029 forecast period. Key forecast changes included a $2.7 million decrease in retail sales, a $6.4 million decrease in net power costs, a $0.3 million decrease in net capital, and a $1.1 million decrease in operations and maintenance expenses. The gross five-year capital plan totals $135.5 million and the forecast includes a $32 million bond issue in 2026.

Preliminary 2026 Budget & Rate Increase Review

Director Keith Mercer presented the 2026 Preliminary Budget and indicated that a detailed presentation would be given to the Commission and the public at the November 12, 2025 public hearing.

Director Mercer reviewed the Cost-of-Service Analysis (COSA) and addressed a customer inquiry regarding alleged "double dipping" referring to commercial accounts that use distribution systems originally installed and funded by large agricultural accounts. He clarified that no double dipping occurs—no customer pays twice, even if they have multiple accounts. The analysis accounts for the size and location of customers, with costs designed to reflect the infrastructure required to serve each group. The presentation noted that these costs tend to err on the side of lower cost allocations for irrigation customers, who pay for capital infrastructure up front while ongoing maintenance and replacement costs are covered by the District.

Benton PUD's total estimated system replacement value is $582.9 million, with large agricultural customers representing approximately $119.1 million, or 20.4% of that total. The goal of the COSA is to align cost recovery within plus or minus 10% of target levels.

Director Mercer also noted that while no bond issuance is included in the current budget, a bond reimbursement resolution may be brought forward in the future. He added that Fitch Ratings recently reaffirmed the District's AA– credit rating with a stable outlook.

Future Planning

Commissioner Sanders reported she would be attending the Energy Solutions Summit in Seattle this week.

Adjournment

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

Signer ID: IIH5POAK16...
Jeff Hall, President

ATTEST:

Signer ID: RERIBPME16...
Mike Massey, Secretary