

MINUTES

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

Date: May 27, 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; 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 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; Shannon Sensibaugh, Dept. Assistant, Power Management.

Call to Order & Pledge of Allegiance

The Commission and those present recited the Pledge of Allegiance.

Agenda Review

General Manager Dunn requested the Commission reverse the order of agenda items 7b (COSA Update) and 7c (Line Extension and Facilities Construction Policy review).

Public Comment

None.

Consent Agenda

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

- a. Modifying the Investment Policy - Resolution No. 2697
- b. Regular Commission Meeting Minutes of May 13, 2025
- c. Travel Report dated May 27, 2025
- d. Vouchers (report dated May 27, 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: 108671-108671 and 108831-108906 in the amount of \$2,114,719.04.
Checks & Customer Refund Payments (CHK): 90007-90091 in the amount of \$174,166.96;
Electronic Fund Transfer (WIRE) Payments: 7279-7292 in the amount of \$558,320.87;
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$1,580.00;
Payroll: Direct Deposit – 5/8/2025: 108672-108830 in the amount \$460,831.32;
Voided checks (May, 2025) in the amount of \$908.78;
Grand total - \$3,309,618.19
- e. AgriNorthwest E McNary Regulators – Work Order #740116
- f. Procedure for Procurement of Materials, Equipment, Supplies, Public Works, Personal Service – Resolution No. 2695
- g. 2025 – 1st Quarterly Procurement Contracts Activity Report

Management Report

Finance/Executive Administration:

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

General Manager:

1. Congressman Newhouse – General Manager Rick Dunn reported that his most recent Substack post and Tri-City Herald op-ed derived from the post has garnered attention from Congressman Dan Newhouse’s staff and that he would be meeting with the Congressman at 10:30 a.m. to have a discussion.

Business Agenda

Cancellation of June 10, 2025 Regular Commission Meeting

Clerk of the Board Cami McKenzie stated that both Commissioner Hall and Commissioner Massey will be attending the APPA National Conference and will be absent for the regularly scheduled meeting on June 10, 2025. The Clerk of the Board has confirmed there are no agenda items that need to come before the Commission on June 10, 2025 and virtual attendance by the Commission members is not required.

MOTION: Commissioner Sanders moved to cancel the District's regular Commission meeting scheduled for 9:00 a.m. on Tuesday, June 10, 2025 and directing the General Manager to provide notification to the public of such cancellation. Commissioner Massey seconded, and upon vote, the motion carried unanimously.

Amending Line Extension and Facilities Construction Policy – Resolution No. 2696

Senior Director Jon Meyer presented the amended Line Extension and Facilities Construction policy, as previously discussed at the April 22 and May 13, 2025 Commission meetings. These discussions focused on possible terms and conditions for "special contracts" as well as limitations on the amount of Contribution in Aid to Construction (CIAC) that would be eligible for District funded financing arrangements on an individual or collective basis.

Senior Director Meyer discussed key definitions and terms included in the updated policy and recommended adoption of Resolution No. 2696 to further define the terms and conditions for a special contract, which will allow the District to proceed with a current request from a customer for future expansion.

MOTION: Commissioner Massey moved to approve Resolution No. 2696, Amending the Line Extension and Facilities Construction Policy in substantially the form presented. Commissioner Sanders seconded, and upon vote, the motion carried unanimously.

Cost of Service Analysis (COSA) Review/Update

Director Keith Mercer presented the 2025 Cost of Service Analysis (COSA) and results with the Commission, as well as an overview of the 2024 Fast Facts & Utility Plant Asset Value and a proposed new rate design for an Electricity Intensive Load (EIL) customer class.

His presentation included a comparison of the 2025 analysis results against established targets, also incorporating the use of \$8.9 million in reserves. Director Mercer shared estimated rate impacts across all customer classes, emphasizing the current misalignment of COSA revenue requirements by rate class is not a new issue and has been previously addressed in the District's rate strategy document.

The misalignment of COSA revenue requirements extends beyond rate classes and into billing components for each rate class (energy charge, demand charge, and customer charge).

Director Mercer concluded by introducing a proposed new rate design for an EIL customer class. He discussed the rationale for implementing this new rate structure, noting that the District's current loads already exceeded the Tier 1 allocation, and each additional load would be at the Tier 2 costs. He emphasized that EIL loads are typically large and can also be transitory in nature, and the proposed rate is designed to prevent subsidization of EIL customers by other rate payers. Strategies considered included excluding residential EIL customers, establishing tiered rate classes to limit the financial impact to affected customers, applying an energy charge based on BPA Tier 2 rates, and establishing the demand and customer charges the same as or similar to the corresponding General Service customer class.

Staff recommended a transition away from uniform, across-the-board rate increases in favor of a more strategic approach that targets adjustments by customer class and specific billing components. Director Mercer asked the Commission if it wanted staff to proceed with further development and implementation of the proposed EIL rate and outlined the steps including updates to the Customer Service Policies, Retail Rate Schedules, a public hearing to provide an opportunity for public input, and then approval by the Commission.

The Commission agreed to move forward.

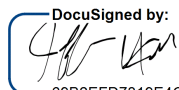
Meeting Reports

NWPPA Annual Conference

Commissioner Sanders reported on her attendance at the NWPPA conference and discussed a class she attended entitled "Demystifying Organized Markets".

Adjournment

Hearing no objection, President Hall adjourned the meeting at 10:30 a.m.

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Jeff Hall, President

ATTEST:
Signed by:

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Mike Massey, Secretary