

## MINUTES

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

Date: February 10, 2026

Time: 9:00 a.m.

Place: 2721 West 10<sup>th</sup> 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 via/MS Teams

**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; Dax Berven, Senior Engineer; Duane Crum, Manager of IT Infrastructure; 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; Karen Dunlap, Manager of Human Resources; Kent Zirker, Manager of Accounting; Michelle Ness, Supervisor of Distribution Design; Michelle Ochweri, Manager of Procurement; Robert Inman, Superintendent of Transportation & Distribution; Robert Frost, Supervisor of Energy Programs; Shanna Everson, Distribution Designer; Tyson Brown, Procurement Specialist II; Zach Underhill, Distribution Designer; Shawn Harper, Warehouse Manager; and Jody George, HR Generalist, III.

#### **Call to Order & Pledge of Allegiance**

The Commission and those present recited the Pledge of Allegiance.

#### **Agenda Review**

No changes.

## Public Comment

None.

## 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 January 27, 2026
- b. Travel Report dated February 10, 2026
- c. Annual Travel Report (2<sup>nd</sup> – Updated) dated February 10, 2026
- d. Vouchers (report dated February 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: 113021-113067 and 113225-113253 in the amount of \$1,896,396.71.  
Checks & Customer Refund Payments (CHK): 91647-91708 in the amount of \$961,899.76;  
Electronic Fund Transfer (WIRE) Payments: 7505-7515 in the amount of \$5,341,556.70;  
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$2,585.81;  
Payroll: Direct Deposit – 1/29/2026: 113068-113224 in the amount \$450,539.09;  
**Grand total - \$8,652,978.07**
- e. Quit Claim Deed – Bonneville Apartments – WO# 685588
- f. Apple Valley Phase 9 – WO# 757808
- g. Southcliff Phase 9 – WO# 693622
- h. Conservation Rebate Report – 2025-Q4
- i. Contract Award to American Wire Group, Contract #26-21-01
- j. Contract Award to ATS Inland NW – Contract #26-38-01
- k. Contract Award – Three Contracts for 2026-2027 Distribution Transformers:
  - i. Irby (Hitachi) – Contract #25-21-32 (A)
  - ii. Hyundai – Contract #25-21-32 (B)
  - iii. Kerec – Contract #25-21-32 (C)

## Management Report

### ***Customer Service/Treasury – Director Keith Mercer***

#### **1. EIL Rates & Customer Service Policies**

Director of Customer Service & Treasury Keith Mercer reviewed Electricity Intensive Load (EIL) rates and customer service policy updates. He explained that staff introduced a new EIL rate design in May 2025 specifically for Transitory EIL customers to prevent cross-subsidization. Implementation was delayed due to the 2026 budget process, the 2026 rate increase, additional research into how peer utilities are addressing EIL customers and

further evaluating best practices. Since then, BPA has issued a draft Contract High Water Mark (CHWM) indicating the District's Tier 2 exposure is now expected to be less than 1 aMW starting in 2029. As a result, staff recommended pausing the new EIL rate development process until the final CHWM is released.

Director Mercer also noted customer service policy updates, with discussion and approval by the Commission scheduled for March. Changes include modification to the deposit refund sections, large load requests, operational suspension of disconnection, and the addition of an employee safety section addressing responses to unwelcome or harassing behavior. General Manager Rick Dunn added that refining the EIL definition included a focus on transitory customers.

***Engineering/Operations - Assistant General Manager/Senior Director Steve Hunter***

**1. Prosser Planned Outage**

Assistant General Manager/Senior Director Steve Hunter and Manager of Customer Engagement Jenny Sparks provided an update on a planned BPA outage affecting the Prosser area. Director Hunter explained that BPA needs to replace three transmission pole structures, a project that was delayed last year due to permitting issues. The work is now scheduled for April 10, from 10:00 p.m. to 6:00 a.m., and will impact approximately 3,500 Benton PUD customers. Ms. Sparks outlined customer outreach efforts, including targeted emails, two mailers, website and media notices, and distribution of flyers to schools, the Chamber and other groups, and select customers. Staff indicated they will be fully prepared for the outage and General Manager Dunn emphasized the need to proceed as scheduled.

***Finance/Executive Administration – Senior Director Jon Meyer***

**1. Year-End Dashboards/PowerUp**

Senior Director of Finance & Executive Administration Jon Meyer reviewed year-end dashboards, including 2025 capital spending compared to the original budget (98.8%), capital by category, new services by year, a new services map, and maximum hourly demand by day over the past 14 years.

HR Manager Karen Dunlap presented results of the 2025 PowerUp Incentive Program, noting it is a districtwide program tied to strategic goals and performance metrics, intended to be a stretch to achieve. All goals were met, all employees participated, and employees received 16 hours of paid leave as an incentive.

**2. State Audit Update**

Sr. Director Meyer reported on the 2024 State Accountability Audit. The audit concluded with a clean opinion, and an exit note with a recommendation that the District implement a periodic review process for reviewing depreciable lives on assets.

**3. Legislative Update – State Low Income Program**

Manager of Communications/Government Relations Jodi Henderson provided a legislative update on HB 1903, which would create a statewide low-income energy assistance program distributed by utilities and reimbursed through Climate Commitment Act revenues. The state would be responsible for administering the program.

Participation would be voluntary, and utilities would be required to opt out if they choose not to participate.

#### **4. NWRP Update**

Ms. Henderson also provided an update on the Northwest River Partners (NWRP) campaign, noting Benton PUD's participation in the "Our Power Is Water" campaign. Campaign metrics were reviewed, along with positive feedback and continued outreach and education efforts for hydro power. General Manager Rick Dunn noted he would be attending an NWRP strategic planning session this week.

#### ***General Manager – Rick Dunn***

##### **1. BPA Administrator John Hairston new EWEB GM**

General Manager Rick reported that BPA Administrator John Hairston announced his retirement and is in negotiations regarding the General Manager position at Eugene Water & Electric Board (EWEB).

##### **2. BPA FCRPS Incremental Hydro & CGS Capacity Additions**

General Manager Dunn also reviewed information presented at a recent Power Supply Conference regarding incremental capacity additions within the Federal Columbia River Power System (FCRPS). A chart provided by BPA illustrates planned incremental capacity gains from both the hydroelectric fleet and the Columbia Generating Station that are projected to add more than 1,000 megawatts of additional nameplate capacity by 2041.

##### **3. BPA Generation Interconnection Cluster Study**

General Manager Rick Dunn provided an update on BPA's Generation Interconnection Cluster Study. He explained that while the transmission service queue is currently frozen, BPA has continued to process the generation interconnection queue due to the overwhelming volume of requests. BPA evaluated 167 generation interconnection requests totaling more than 61 gigawatts of proposed capacity and is implementing a "first-ready, first-served" approach, under which project sponsors have a 90-day window to meet established readiness protocols to remain in the queue. The study is intended to address congestion and "analysis paralysis" within BPA's transmission system while prioritizing the most viable projects.

##### **4. E3 Phase 2 Results**

General Manager Rick Dunn reported on the E3 Phase 2 study, noting the results are being publicly discussed and that Benton PUD is a participant. He expressed disappointment that some study participants continue to apologize for the conclusions that clearly justify the addition of new natural gas power plants, including in Washington. Recommendations from Phase 2 results were reviewed, which emphasize identifying and advancing any viable resource projects to meet future system needs. General Manager Dunn also reviewed slides outlining demand response potential and activity timelines.

##### **5. WestEC 10-year Transmission Plan Released**

General Manager Rick Dunn reported on the release of the WestEC 10-Year Transmission Plan, which is intended to engage a broad set of stakeholders in planning for the future western power grid. He reviewed a regional map of planned transmission projects, noting the plan identifies approximately 12,600 miles of new transmission lines by 2035, with an estimated cost of \$60 billion. General Manager Dunn noted that upcoming discussions

must focus on cost allocation so it is clear who will pay for the massive level of investment with a particular focus on BPA's participation. He added that Washington utilities need to think about the long term vision and accept the fact we are all going to have to bear a portion of the costs which means our BPA transmission bills will have to increase in the future; we just need to make sure we're paying for the right projects and that developers and investor-owned utilities are paying their share.

The Commission briefly recessed, reconvening at 10:11 a.m.

## **Business Agenda**

### **Treasurer's Report/Redistribution of Unrestricted Reserves**

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

Director Mercer also reviewed the District's financial policy, which requires a minimum operating reserve equal to 90 Days Cash on Hand, and helps ensure continuity of service during emergencies or financial uncertainty.

In addition to minimum operating reserve, the District maintains designated reserve accounts for specific purposes, including customer deposits, power market risk, and future capital investments. Staff conducts an annual review of reserve balances and recommends redistribution of undesignated reserves. The proposed action reallocates funds within unrestricted reserves to better align with intended uses and does not change the total amount of reserves held by the District.

Commission discussion included questions regarding the level of the Power Market Volatility reserve and customer deposit balances. It was noted that customer deposits are held funds and therefore appropriately designated. Discussion also addressed Climate Commitment Act (CCA) funds, including anticipated future allowance purchases and compliance obligations. Staff clarified that the reallocation is an accounting adjustment to categorize existing reserves and does not change the overall reserve total.

**MOTION:** Commissioner Sanders moved to set the unrestricted reserves fund account balances to the following:

- Designated Customer Deposits Account \$1,900,000.00
- Designated Power Market Volatility Account \$5,000,000.00
- Designated Special Capital Fund \$4,986,027.87
- Undesignated Climate Commitment Act \$3,626,558.84
- Undesignated Reserves \$0.00.

Commissioner Massey seconded and upon vote, the motion carried unanimously.

## **Major Project/2025 End of Year Presentation**

Assistant General Manager/Sr. Director Engineering & Operations Steve Hunter, Manager of System Engineering Evan Edwards, and Duane Szendre, Superintendent of Operations, presented a year-end summary of major capital projects completed in 2025. The presentation reviewed infrastructure investments supporting system reliability, growth, and replacement of aging equipment.

Superintendent Szendre provided an update on the multi-year meter exchange program.

Manager Edwards reviewed key distribution projects, including East Kennewick growth and the City sewer treatment plant, Columbia Center Boulevard/Quinault, Overhead Vista Substation, Benton City #3 build-out, DOE Rattlesnake, and Zephyr 4.

Assistant General Manager/Director Hunter highlighted transmission and substation projects, including Angus Bay 2 relay upgrade, Sunset Road regulator replacement, Vista Bay 2 metalclad switchgear replacement, (651's) feeder control replacements, transformer replacements, Hedges metering point, fiber back bone projects, Sunheaven projects, and the Sunset Road to Dallas Road project.

Operational performance metrics were also reviewed, including 582 total outages in 2025, CRC outage ticket information, and ARCOS automated callout data, providing an overall snapshot of capital investment activity and system performance.

## **2025-2030 Strategic Technology Plan Update**

Senior Manager of Applied Technology Jennifer Holbrook presented a Commission update on the Strategic Technology Plan (2025-2030). The presentation reviewed the history of strategic technology planning, outlined the 2025 domain areas, and summarized the current project portfolio. Ms. Holbrook highlighted the Plan's emphasis on optimizing business processes, the addition of new domain areas, a specific focus on the impacts of artificial intelligence, and progress across initiatives supporting customer engagement, system operations, data integration, and security. The update also included the strategic timeline and future reporting milestones to the Commission.

## **Performance Measurement Report – 4<sup>th</sup> Quarter 2025**

Sr. Director Jon Meyer presented the Performance Measurement 4th Quarter 2025 Report and stated that 17 of the 17 performance measures were rated green with positive quarterly performance and 16 of 17 had green related positive outlooks, with one rated as yellow (cautious).

The following performance measures were highlighted by staff: Rates (green rating), Conservation I-937 (green rating), Electric Reliability Indices (green rating), Electric System Outages (green rating), and Infrastructure Component Reliability (yellow outlook).

### **2025-2029 Year-End Strategic Plan Progress Report**

General Manager Rick Dunn presented the 2025-2029 Strategic Plan year-end progress report to the Commission.

### **Amendments to Contract #25-46-10, CO #1 – Interlocal Agreement with NoaNet and Admission of New Member – Resolution No. 2719**

Director of IT & Broadband Services Chris Folta presented Resolution No. 2719 to amend the Interlocal Agreement with Northwest Open Access Network (NoaNet) and allow the admission of a new member. The restated Interlocal Cooperation Agreement would allow for the inclusion of tribal entities and the admission of Bigfoot Communications, LLC, a tribal enterprise of the Colville Confederated Tribes. The resolution would authorize the District's Member Representative to vote in favor of the amended agreement, if recommended by the NoaNet Board of Directors, and authorize the General Manager to execute the restated agreement upon approval.

**MOTION:** Commissioner Sanders moved to adopt Resolution No. 2719 to amend Interlocal Agreement Contract #25-46-10 CO#1 in substantially the form presented with Northwest Open Access Network (NoaNet) authorizing the District's Member Representative to vote in favor of Member approval of NoaNet's First Restated Interlocal Cooperation Agreement and the admission of Bigfoot Communications, LLC as a Member of NoaNet, if recommended by the NoaNet Board of Directors, in addition to authorizing the General Manager to execute the First Restated Interlocal Cooperation Agreement (Contract #25-46-10 CO#1) in substantially the form approved by NoaNet.

Commissioner Massey seconded, and upon vote, the motion carried unanimously.

### **Future Planning**

There will be no meeting on February 24 as all Commissioners will be attending the Legislative Rally in Washington D.C.

### **Executive Session**

The Commission went into executive session at 11:15 a.m. to discuss the performance of a public employee for five minutes. The Commission came out of executive session at 11:20 a.m.

**Adjournment**

Hearing no objection, President Hall adjourned the meeting at approximately 11:20 a.m.



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Jeff Hall, President

ATTEST:



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Mike Massey, Secretary