

MINUTES

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

Date: May 13, 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 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

Absent: Director of IT & Broadband Services Chris Folta

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 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 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 II; Zach Underhill, Distribution Designer; Briana Herrington, Financial Analyst III.

Call to Order & Pledge of Allegiance

The Commission and those present recited the Pledge of Allegiance.

Agenda Review

President Hall stated that Consent Agenda item “h” would be pulled and discussed under “Other Business.”

Public Comment

None.

Treasurer's Report

Keith Mercer, Director of Customer Service & Treasury Operations, reviewed the April, 2025 Treasurer's Report with the Commission as finalized on May 6, 2025.

Consent Agenda

MOTION: Commissioner Sanders moved to approve the Consent Agenda items "a" through "i", pulling "h" (Contract Award – 2025 Single Phase Regulators) for discussion. Commissioner Massey seconded and upon vote, the Commission unanimously approved the following:

- a. Regular Commission Meeting Minutes of April 22, 2025
- b. Travel Report dated May 13, 2025
- c. Vouchers (report dated May 13, 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: 108372-108420 and 108581-108670 in the amount of \$2,172,881.66.
Checks & Customer Refund Payments (CHK): 89904-90006 in the amount of \$607,865.60;
Electronic Fund Transfer (WIRE) Payments: 7258-7278 in the amount of \$5,757,924.03;
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$1,960.00;
Payroll: Direct Deposit – 4/24/2025: 108421-108580 in the amount \$480,727.41;
Voided checks (April, 2025) in the amount of \$10,587.00;
Grand total - \$9,021,358.70
- d. Performance Measurement Report – 1st Quarter 2025
- e. Completion and Acceptance of Contract #24-46-04 – Prior Substation Fiber Build Project
- f. Lampson International Inc. – Heavy Lift & Transport Services – Change Order #5 - Contract #20-21-01
- g. Coleman Oil Company, Change Order #1, Contract #22-37-01, WA State Contract #08721
- i. Paramount Communications, PO #57234, Change Order #1, WA State Contract #05620

Management Report

IT & Broadband Services:

1. South Korean Procurement Breach Attempt – Paul Holgate, Cybersecurity Engineer, briefed the Commission on a recent breach attempt where an attacker infiltrated a vendor, injected themselves into a conversation between the District and the vendor regarding a pending payment, and attempted to divert a payment to their bank.

2. Wellable Account – Paul Holgate also reported that the Wellable account associated with the 360 Wellness Program experienced a security breach because of a phishing attack.
3. NISC Employment Fraud Scheme – Jennifer Holbrook, Sr. Manager of Applied Technology, reported that NISC has notified Benton PUD of its exposure to a fraudulent employment incident involving a North Korean-backed criminal group posing as a legitimate remote worker. The investigation showed no evidence of data breach, no member sites were compromised, and a security update was provided and applied. Investigations are ongoing, and additional safeguards are being implemented to prevent similar incidents.

General Manager:

1. BPA Plans to Join SPP Markets+ - General Manager Rick Dunn reported that Bonneville Power Administration (BPA) confirmed its decision to participate in SPP Markets+ Day-Ahead Market and that the Public Power Council (PPC) confirmed their support for this decision in a press release.
2. BPA, USBR & USACOE Staffing Reduction Update – General Manager Dunn reported on staffing reductions at BPA including layoffs and positions eliminated through buyouts and early retirements. Department of Energy (DOE) Secretary Chris Wright said in a House Committee hearing there will be no more cuts to BPA staffing. The next step is to convince DOE to take BPA out from under the federal hiring freeze. The Bureau of Reclamation lost 25% of its staff or about 1,400 people across the nation and the U.S. Army Corps of Engineers Pacific Northwest Region lost 100 office and field employees in the first buyout in February and about 225 employees in late April. General Manager expressed concern that operations and maintenance staff shortages at Bureau facilities like Grand Coulee dam and Corps facilities which includes all the lower Snake and Columbia River dams, could present some challenges if turbine-generators experience shutdowns due to mechanical or electrical problems. Grand Coulee is currently staffed at 70%.
3. BPA Generator Interconnection & Transmission Planning Reform – General Manager Dunn said that BPA has paused many of its planning processes due to the overwhelming number of interconnection requests. He also stated BPA’s “Cluster Study” for 2025 has been cancelled all together and that the transmission interconnection queue crisis is one of our own making. Overly generous federal tax subsidies have combined with Washington and Oregon 100% carbon-free electricity policies to create a “feeding frenzy” that is nearly impossible to manage under BPA’s long standing Open Access Transmission Tariff and sequential queuing processes. BPA is implementing commercial readiness protocols to thin the queue and has had some success in reducing the number of requests, but the numbers are still far too high. BPA has also identified three key concepts including a proactive planning model, on demand service, and expanded contracting under the agency’s secondary capacity model.
4. PPC Endorsement of EPU at CGS – General Manager Dunn stated that PPC endorsed supporting BPA funding and implementing an Extended Power Uprate (EPU) at the Columbia Generating station and that he had an opportunity to provide his own endorsement that included recognition of the firm, carbon-free capacity the EPU will provide which is on the order of 160 to 180 megawatts.

5. NWPCC Pasco Meeting – General Manager Dunn stated the Northwest Power and Conservation Council meeting was being held in Pasco on May 13-14.
6. PNUCC Releases Regional Forecast – General Manager Rick Dunn reported that the Pacific Northwest Utilities Conference Committee (PNUCC) has released its latest Regional Forecast. The report emphasizes the need to accelerate resource development and its investments in both electricity and natural gas systems.
7. PSE Decarbonization Study – General Manager Dunn summarized key findings from the Puget Sound Energy Decarbonization Study. The study projects a near-term increase in emissions, notes the cost of reducing emissions is greater than the benefit to society, and shows similar cost increases across all scenarios for average residential customers. Additionally, all scenarios indicate higher near-term energy costs for low-income customers.

The Commission briefly recessed, reconvening at 10:15 a.m.

Business Agenda

2025 Energy Independence Act Compliance Reports

Director of Power Management Chris Johnson presented compliance reports for submittal to the Washington State Department of Commerce, as required, documenting Benton PUD's compliance with EIA renewable energy and conservation requirements for 2025.

MOTION: Commissioner Sanders moved to adopt substantially in the form presented, Benton PUD's 2025 Energy Independence Act (EIA) Renewable Energy and Conservation compliance reports for submittal to the Washington State Department of Commerce. Commissioner Massey seconded and upon vote, the motion carried unanimously.

BPA Provider of Choice

Director of Power Management Chris Johnson gave a presentation and discussed the contract schedule and decision points, Northwest and BPA Hydro overview, BPA capabilities and rates, customer loads and changes, and next steps.

Director Johnson indicated the Regional Dialogue Power Sales Agreements will expire on September 30, 2028. BPA has worked closely with the region to develop the next power sales agreement also known as the Provider of Choice (POC) contract and on March 12, 2025, the POC contract template were distributed to the region for formal comment review.

The District has the right to request a POC contract from BPA to meet our firm net load by requesting a POC contract from BPA and selecting a product choice between April 1, 2025, and June 18, 2025. BPA encourages their customers to make their request as early in the request window as possible and to receive a Provider of Choice contract offer from BPA, the District must submit a contract request by the June 18, 2025 deadline.

MOTION: Commissioner Sanders moved to authorize General Manager authority to request a Bonneville Power Administration (BPA) Provider of Choice contract with Load Following product for the period of October 1, 2028, through September 30, 2044. Commissioner Massey seconded and upon vote, the motion carried.

Resolution No. 2694 – 2025 Load Forecast for 2025-2035

Blake Scherer, Senior Engineer Power Management, presented Resolution No. 2694 with the updated load forecast for the 2025-2035 planning period and provided a presentation of the load forecast's executive summary. The forecast utilizes historical energy, demand, and customer data to establish a forecasted trend for each customer class and incorporates the expected load reductions associated with the District's conservation program.

The forecast is a key input to the District's planning, including Cost-of-Service Analysis, the Resource Plan, the Power Supply Plan, the Five-Year Capital Plan, and the annual budget. The forecast supports Bonneville Power Administration planning, and the regional load forecast prepared by Pacific Northwest Utilities Conference Committee.

MOTION: Commissioner Massey moved to adopt Resolution No. 2694, 2025 Load Forecast for 2025-2035 as presented. Commissioner Sanders seconded, and upon vote, the motion carried unanimously.

Line Extension and Facilities Construction Policy Review

Jon Meyer, Senior Director of Finance and Executive Administration, presented a draft modified "redline" version of the Line Extension and Facilities Construction Policy. The modified policy included discussion and recommendations from the April 22, 2025 Commission meeting and additional staff recommendations regarding terms and conditions for "special contracts".

The Commission agreed to allow for special contracts when a customer is required to pay for all or a portion of Core Electric System equipment, cap the limit on special contract outstanding balances to 2% of current year forecasted retail revenues, and set a variable interest rate of LGIP + 2%.

Director Meyer said they would bring back a final version of the Line Extension and Facilities Construction Policy to approve at the May 27, 2025 Commission meeting.

Other Business

Contract Award, 2025 Single Phase Regulators – Bid Package #25-21-04

Michelle Ochweri, Manager of Procurement, and Evan Edwards, Manager of System Engineering, presented the updated Contract Award for 2025 Single Phase Regulators to include in the motion authority for the General Manager to negotiate applicable Tariffs applied at time of delivery.

Manager Ochweri stated that the District is still in the process of reviewing its position regarding tariffs. Until a final decision is made, the District will inform vendors that orders placed prior to April 1, 2025 are being reviewed and the District will pay unit prices originally contracted until a decision is made by the District for tariffs being charged. For new orders the District will require the vendors to list the tariff at time of delivery on the invoice as a separate line and it will be subject to negotiation by the District.

MOTION: Commissioner Sanders moved to authorize the General Manager on behalf of the District to reject Howard's Bid for taking exception to District's specifications and award Contract 25-21-04A to Irby (Cooper/Eaton) for line item 1 in the amount of \$75,315.00; Contract 25-21-04B to Border States (Siemens/Toshiba) for line items 2 & 3 in the amount of \$164,623.00; plus, Washington State sales tax all accordance to RCW 54-04-080 and negotiate applicable Tariffs applied at time of delivery. Commissioner Massey seconded and upon vote, the motion carried unanimously.

MOTION: Commissioner Sanders moved to include a provision in Resolution No. 2511 to give the General Manager authority to negotiate tariffs in an amount not to exceed 50% of total cost of procurement and to give regular reports to the Commission regarding these tariffs. Commissioner Massey seconded and upon vote, the motion carried unanimously.

CETA Findings

Director Chris Johnson provided the Commission with a summary of the corrective action taken in response to a finding by the Department of Commerce regarding compliance with the requirements of CETA.

Future Planning

Commissioners Hall and Massey will be attending the APPA National conference on June 10, 2025. The Clerk of the Board will confirm whether a meeting is required and if virtual attendance by the Commission is needed.

Commissioner Sanders said she would miss the August 12, 2025 meeting.

Commissioner Massey said he would be gone for the July 8, 2025 meeting.

Adjournment

Hearing no objection, President Hall adjourned the meeting at 12:01 p.m.

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Jeff Hall, President

ATTEST:

Signed by:



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Mike Massey, Secretary