

MINUTES

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

Date: August 26, 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
Supervisor of Executive Admin/Clerk of the Board Cami McKenzie
Records Program Administrator II Nykki Drake
Administrative Assistant II Shannon Sensibaugh
General Counsel Allyson Dahlhauser

Benton PUD employees present during all or a portion of the meeting, either in person or virtually: 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; 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; Shanna Everson, Distribution Designer; Tyson Brown, Procurement Specialist I; Zach Underhill, Distribution Designer; Kristen Demory, Customer Service Business Analyst III; Kayla Sidwell, Senior Communications Specialist.

Call to Order & Pledge of Allegiance

The Commission and those present recited the Pledge of Allegiance.

Agenda Review

There were no changes to the agenda.

Public Hearing – 2026-2029 Clean Energy Implementation Plan Introduction

The President opened the public hearing by announcing its purpose: to provide customers and stakeholders an opportunity to provide input during the development, and prior to the adoption, of the 2026-2029 Clean Energy Implementation Plan (CEIP).

Senior Engineer Blake Scherer, Power Management, explained this was the first of three planned public hearings. He reviewed the CEIP Plan and highlighted key elements, beginning with Washington's Clean Energy Transformation Act (CETA), which establishes the following standards:

- No coal resources by the end of 2025
- Greenhouse gas neutral by 2030
- 100% clean electricity by 2045

He noted that under CETA, consumer-owned utilities are required to file a four-year plan with the Department of Commerce that includes:

1. Specific actions to demonstrate progress toward meeting the clean energy standards;
2. Interim target for the percentage of retail load served using clean energy resources;
3. Specific targets for energy efficiency, demand response, and renewable energy;
4. Specific actions to support an equitable transition.

He further discussed additional components of the CEIP, including resource planning, resource adequacy, and clean electricity percentage targets. He reviewed potential actions, alternative compliance pathways, and CETA penalties. Equity was identified as a major focus with attention to named communities, equitable transition indicators, and low-income energy assistance programs. Finally, Mr. Scherer described the process for public input and comment, including available options for participation and information provided on the CEIP website.

There was a discussion about the change from "energy burden" to "electric energy burden" and Director Johnson said they were still required to assist customers impacted by energy burden and adjustment would be made if new requirements were added later.

Testimony

Chuck Torelli raised concern that the federal Low-Income Energy Initiative (LIEI) program had been discontinued. Director Johnson acknowledged the concern and confirmed that staff were actively monitoring the issue.

Roger Ovic raised questions regarding the energy category labeled "Unspecified" and its drop after 2024. He also inquired about potential impacts of the Columbia River Treaty between the United States and Canada.

Engineer Blake Scherer explained that the reduction was due to low water years and the transition in 2024 to Benton PUD's first year operating under load following rather than the previous "slice" customer block arrangement.

General Manager Dunn explained that an agreement in principle on the Columbia River Treaty had been reached during the Biden administration and that things seemed to be heading in the right direction with a reduction in the amount of hydropower going to Canada, but that no new progress has been made since the change in administrations. Dunn also stated that flood control provisions of the Treaty expired in 2024 and that operations are now in "called upon" status which means flood management is based on current forecasts and conditions and that Canada is providing less water storage than before. To make up for the reduction in Canadian storage, the U.S. must make more room for flood waters by lowering the reservoir behind Grand Coulee Dam (Lake Roosevelt) as well as the John Day Dam pool which is a relatively minor contribution compared to Lake Roosevelt. He said he would be giving a presentation on this issue to the Columbia Center Rotary on September 16 (confirmed presentation will be to Richland Rotary).

After testimony and discussion, with no further public comments, the public hearing was closed.

Public Comment – Regular Agenda

None.

Consent Agenda

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

- a. Regular Commission Meeting Minutes of August 12, 2025
- b. Travel Report dated August 26, 2025
- c. Vouchers (report dated 26, 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: 110284-110320 and 110476-110499 in the amount of \$1,683,991.91.
Checks & Customer Refund Payments (CHK): 90554-90651 in the amount of \$359,697.44;
Electronic Fund Transfer (WIRE) Payments: 7358-7362 in the amount of \$411,821.61;
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$430.00;
Payroll: Direct Deposit – 8/14/2025: 110321-110475 in the amount \$443,312.53;
Voided checks (August, 2025) in the amount of \$345.70;
Grand total - \$2,899,253.49
- d. Farm Cable Replacement – 2025/2026 - Work Order #743636
- e. Moon Security Change Order #13, Contract #16-38-02

Management Report

Power Management:

1. BPA High Water Mark Adjustment (HWM) - Director Chris Johnson reported that BPA was working on adjustments to how it divides up the Tier 1 allocation across all utilities. The recent update indicates a positive adjustment, HWM is going up, meaning a larger share of affordable Tier 1 energy for Benton PUD compared to other utilities.

IT & Broadband Services:

1. Director Chris Folta reported on the August 13 NoaNet Board of Directors meeting, where the Board unanimously approved two key actions:
 - Recommending amendments to the governing interlocal cooperation agreement (ILA), bylaws, and Articles of Incorporation to expand membership eligibility to all public agencies, as defined by Washington statute.
 - Approving the Spokane Regional Broadband Development Authority ("Broadlinc") for membership.

Final approval of these actions will occur on September 10, when NoaNet member representatives vote on resolutions to achieve these actions. In preparation, at Benton PUD's September 9 meeting, a resolution will be presented to:

- Authorize Commissioner Hall, as the District's member representative, to vote in favor of the September 10 NoaNET resolutions.
- Authorize the General Manager to sign the ILA, contingent on member representative approval.

The Board packet for the September 9 meeting will include the resolutions scheduled for NoaNet's September 10 member representative vote.

Finance/Executive Administration:

1. Financial Report - Senior Director Jon Meyer provided the Commission with a financial report for July, 2025.
2. Community Forum Dates – Senior Director Jon Meyer presented dates for Community forums this Fall, noting that the Prosser date and location are not yet confirmed. A draft flyer was shared, which will be distributed to the public outlining the agenda that includes a presentation by General Manager Dunn on hydropower and salmon, along with an option for customers to select from different discussion topics. Commissioner Sanders confirmed she would attend the October 16 meeting.
3. Low Income Advocacy Group Meeting – Senior Director Meyer reported they would hold a workshop for low-income community groups on September 17 at 9:00 a.m.
4. Elected Official Meetings Update-Transmission Planning – Manager Jodi Henderson reported on two meetings scheduled to discuss transmission planning: September 26 from 1:30-3:00 with Representative Barnard and Senator Torres and representatives from Benton PUD, Franklin PUD, City of Richland, Benton REA, TRIDEC, and potentially Energy Northwest; and September 30 from 1:30-2:30 p.m. with Senator Boehnke and the other listed local representatives.

5. Resource Adequacy Meeting – A meeting is planned for November 19 with Senator Boehnke and Representative Barnard to discuss resource adequacy.

General Manager:

1. DOE Rattlesnake Ridge Update – General Manager Dunn announced that Department of Energy has agreed to move forward with construction on permanent installation of a buried cable system on Rattlesnake Ridge. While the request for indemnification will not be granted, plans are in place to go out to bid for a construction contractor in September with the goal of beginning construction in October.
2. IBEW 77 Negotiations – General Manager Dunn stated that negotiations began last Thursday and will continue this Thursday, with the initial focus on benefits before addressing wages. The District's IBEW contract expires next April and Benton PUD will bargain wages together with Franklin PUD.

The Commission briefly recessed, reconvening at 10:45 a.m.

Business Agenda

Cancellation of Contract with DP Wire & Cable LLC – Contract #25-21-16

Manager Evan Edwards reported that the District received notice from vendor DP Wire & Cable stating it would be unable to honor its bid price due to recent tariff implications associated with the expansion of Section 232 tariffs, which now include 407 steel and aluminum derivative products.

The District contacted the next two responsive bidders, Anixter and General Pacific, to confirm their pricing. Both indicated they would also be unable to uphold their bid pricing for the same tariff-related reasons.

Staff recommends cancellation of the contract award to DP Wire & Cable – Prominent Wire and that the project be re-bid with a new tariff clause requiring vendors to account for tariff impacts in their pricing for evaluation purposes. While the re-bid may result in higher costs, it will ensure a more reliable and competitive procurement outcome for the District.

MOTION: Commissioner Sanders moved to cancel Contract Award #25-21-16 to DP Wire & Cable, LLC, for #795 ACSR, Drake Conductor, 26.7 Str. in the amount of \$204,255.00, due to inability to deliver the awarded materials as a direct result of the August 18, 2025 expansion of Section 232 tariffs, to include an additional 407 steel and aluminum derivative products. Commissioner Massey seconded, and upon vote, the motion carried unanimously.

Rattlesnake Overhead to Undergrounds – WO #713775

Manager Evan Edwards reported that following April 2022 storm damage, overhead power lines serving the communications facilities on Rattlesnake Ridge were temporarily replaced with

underground cable. A permanent solution using armored mining cable was agreed to with the U.S. Department of Energy (DOE).

Staff recommends approval of this work order to proceed with the permanent installation now that final DOE approvals have been granted. This will allow the project to move forward through the competitive bid process.

MOTION: Commissioner Sanders moved to approve work order 713775 – Rattlesnake Overhead to Underground (12632-4000 to 12632-3601) as presented. Commissioner Massey seconded, and upon vote, the motion carried unanimously.

H2F #2-#4 Substation Fiber Build – WO #733867

Senior Manager Jennifer Holbrook presented Work Order 733867 for Commission approval. Approval of this work order will authorize the construction of fiber-optic facilities necessary to connect two additional District substations to secure, reliable, high bandwidth telecommunications services as part of the District's strategic efforts to meet 21st century grid expectations.

MOTION: Commissioner Sanders moved to approve work order 733867 for the installation of approximately 5 miles of fiber-optic cable that will provide telecommunication service to H2F #3 and H2F #4 substations. Commissioner Massey seconded, and upon vote, the motion carried unanimously.

Badger Canyon AMI Base Station Fiber Extension – WO #712723

Senior Manager Jennifer Holbrook presented Work Order 712723 for Commission approval. Approval of this work order will authorize the construction of fiber-optic facilities necessary to support a new AMI base station transceiver with access to secure, reliable, high bandwidth telecommunications services as part of the District's strategic efforts to meet 21st century grid expectations.

MOTION: Commissioner Sanders moved to approve work order 712723 for the installation of approximately 7.3 miles of fiber-optic cable that will provide telecommunication service to a new base station transceiver as part of the District's advanced metering infrastructure system. Commissioner Massey seconded, and upon vote, the motion carried unanimously.

Setting Public Hearing #2 – Receiving Input on 2026-2029 Clean Energy Implementation Plan

Senior Engineer Blake Scherer requested the Commission set the 2nd public hearing for the Draft Clean Energy Implementation Plan.

MOTION: Commissioner Sanders moved to approve setting a Public Hearing for the purpose of receiving input on the 2026-2029 Clean Energy Implementation Plan on Tuesday, September 23,

2025, at 9:00 a.m., as presented. Commissioner Massey seconded, and upon vote, the motion carried unanimously.

Rate Increase Analysis (Draft) & Financial Forecast Update

Director Keith Mercer presented a draft analysis of a proposed 2% overall rate increase, following Commission direction from the July 22, 2025 meeting. The purpose of this and future rate adjustments is to bring each customer class within $\pm 10\%$ of the targeted cost of service range by 2028. The current proposal focuses on adjusting the demand charge component for all customer classes except Street Lighting, Security Lighting, and Unmetered, which do not include a demand charge component. He recommended implementing the next rate increase as part of the 2026 budget process, using a more strategic approach that targets specific customer classes and rate components to gradually align with cost causation.

The presentation included the July 2025 forecast, results from the 2025 Cost of Service Analysis (COSA) with draft rates for each customer class, three rate scenarios, and a review of the procedural process. The rate increase process was outlined as follows: develop draft rates, conduct customer communication and meetings, present to the Commission for approval, and follow with further customer communication. Staff recommended incorporating the 2026 rate increase directly into the 2026 budget process. If combined, the Commission could hold an evening public hearing to encourage participation. The Commission agreed to an evening public hearing.

Staff recommended Scenario 1, which would set a 0% floor and 3% ceiling (except for Security Lighting and Unmetered, which would have a 10% ceiling). Commissioner Sanders expressed a preference for Scenario 2, while General Manager Dunn voiced support for Scenario 1, citing the need to address cost disparities now rather than allowing them to continue.

After discussion, the Commission agreed to proceed with Scenario 1 and to incorporate the 2026 rate increase into the budget process.

Future Planning

Energy Northwest Meetings

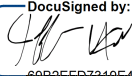
For upcoming Energy Northwest meetings, Commissioner Sanders requested that Commissioner Massey notify her if he is unable to attend so that she may serve as the alternate.

September WPUA Meeting

Commissioner Hall confirmed he would attend the September meeting in Grant County.

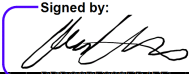
Adjournment

Hearing no objection, President Hall adjourned the meeting at 11:39 a.m.

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Jeff Hall, President

ATTEST:

Signed by:

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Mike Massey, Secretary