

MINUTES

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

Date: June 24, 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 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

Absent: Director of Power Management Chris Johnson

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 Szendre, Superintendent of Operations; Evan Edwards, Manager of System Engineering; Katie Grandgeorge, Financial Analyst III; Karen Dunlap, Manager of Human Resources; Kent Zirker, Manager of Accounting; Levi Lanphear, Procurement Administrator; 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; Shanna Everson, Distribution Designer; Tyson Brown, Procurement Specialist I; Zach Underhill, Distribution Designer; Brian Cramer, Utility Tree Coordinator; Kirsten Norton, Electrical Engineer III; Cystal Stivers, Engineering Technician; Mary Meyers, Engineering Technician.

Call to Order & Pledge of Allegiance

The meeting was called to order and the Commission and those present recited the Pledge of Allegiance.

Agenda Review

No changes.

Public Comment

None.

Treasurer's Report

Jon Meyer, Sr. Director of Finance & Executive Administration, reviewed the May, 2025 Treasurer's Report with the Commission as finalized on June 4, 2025.

Consent Agenda

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

- a. Regular Commission Meeting Minutes of May 27, 2025
- b. Travel Report dated June 24, 2025
- c. Vouchers (report dated June 24, 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: 109065-109148 and 109305-109381 in the amount of \$2,535,590.52;
Checks & Customer Refund Payments (CHK): 90092-90251 in the amount of \$296,310.91;
Electronic Fund Transfer (WIRE) Payments: 7295-7318 in the amount of \$7,194,655.43;
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$3,070.00;
Payroll: Direct Deposit – 5/22/2025: 108907-109064 in the amount \$465,123.24;
Payroll: Direct Deposit – 6/05/2025: 109149-109304 in the amount of \$455,237.09;
Voided DD (June, 2025) in the amount of \$3,500.00;
Voided Checks (May, 2025) in the amount of \$1,014.23;
Grand total - \$10,949,987.19
- d. Amending the Merit-Based Salary Administration Plan, Resolution No. 2698
- e. Hedges Substation 115kV Metering Point - WO# 711078
- f. Babs Meadows Subdivision - WO# 741981
- g. Quit Claim Deed – Parcel 1-0189-4BP-5730-002
- h. Jobs Report for Commission
- i. 2025 Meter Exchange Project – Surplus of Equipment, Resolution No. 2699
- j. Total Quality Air, LLC. – CO#1 - Contract #23-45-38
- k. Heritage Professional Landscaping, Inc. - Project Completion and Acceptance for Contract #21-38-03
- l. Contract Award Recommendation to DJ's Electrical, Inc. – Vista Bay 2 Foundation, Footings & Conduit Construction – Bid Package #25-21-11

- m. Contract Award Recommendation to DJ's Electrical, Inc. – Hedges Substation Yard Expansion – Bid Package #25-21-12

Management Report

Engineering/Operations:

1. Prosser Outage and Hospital Meeting - Assistant GM/Sr. Director Steve Hunter reported on a recent outage in northwest Prosser that impacted 550 customers for three hours, including the new Prosser Memorial Hospital. GM Rick Dunn noted a meeting was held with the Hospital CEO to improve communication during outages. He also said it appears there may be some options for improving the reliability of service.

IT & Broadband Services:

1. NoaNet Update - Director Chris Folta reported that amended bylaws will be proposed at the August Board meeting to revise eligibility in NoaNet to allow public agencies, not just electric utilities, to become owners or members, responding to interest from non-utility entities, including tribal organizations. The effort aligns with NoaNet's strategic shift toward a more operations-focused model. The bylaw amendment is the first step to enable participation from public agencies, and potential tribal membership, which will require legal review to address sovereign rights. The proposed changes will first be presented to the NoaNet Board, and, if approved, then will move to the member representatives for a vote. Additionally, staff will bring a broadband business update presentation and resolution for proposed changes to rates, terms, and conditions to the July 8th Commission Meeting.

Finance/Executive Administration:

1. Financial Report - Senior Director Jon Meyer provided the Commission with a financial report for May, 2025.
2. S&P Ratings – Senior Director Meyer reported that S&P Global Ratings raised its long-term credit rating for the District to A+ from AA- which is the same credit rating level the District has with Fitch and Moodys. The upgrade reflected S&P's opinion of the District's improved financial performance trend, affordable and competitive electric rates given its low-cost power portfolio, history of increasing its base rate when needed, and comprehensive management practices and policies. Additionally, S&P affirmed a stable outlook.

General Manager:

1. BPA Post-2028 Update & PNGC Demand Charge Issue – GM Rick Dunn provided an update on BPA's Post-2028 contract process, specifically regarding the Public Rate Design Methodology (PRDM-26), which began in November 2024. The PRDM aims to define how rates will be structured after 2028. BPA is proposing phased-in, more punitive demand charges, with rate adjustment factors to help mitigate rate shock in the early post 2028 rate periods. A contentious issue in the PRDM process involved the Pacific Northwest Generation Cooperative (PNGC), which BPA has historically allowed to aggregate the

coincidental demand of its many members. BPA's new approach under PRDM disallowed such aggregation, leading PNGC to claim unfair or even illegal treatment. While no legal obligation exists for BPA to allow aggregation, past precedent was acknowledged, and a settlement was reached where PNGC would receive a demand charge credit in the early years of the new contract to smooth the transition away from the financial benefits of coincidental demand aggregation.

2. BPA - White Book Increasing Annual Energy Deficits – General Manager Dunn provided an overview of the May 2025 BPA White Book which forecasts a significant increase in annual energy deficits for low water conditions compared to what was forecasted for the federal system in the 2024 White Book. Manager Dunn reviewed various tables which indicate BPA is continuing to count on market purchases to cover deficits during low water conditions but that the regional surpluses will soon turn to deficit and will likely lead to BPA needing to acquire additional generation resources. BPA has indicated they will not seek to purchase additional generation until all Post 2028 contracts are signed which is expected to happen before the end of 2025.
3. PNUCC/NWGA Gas-Electric Coordination Communication – General Manager Dunn discussed a recent joint communication issued by the Pacific Northwest Utilities Conference Committee (PNUCC) and the Northwest Gas Association (NWGA). This communication is part of a broader strategy to improve gas-electric coordination through sharing information and to communicate a clear, consistent, and urgent need for solutions that mitigate risks to the region's energy systems.
4. PGP - E3 Resource Adequacy Study Update – General Manager Dunn provided an update on the Public Generating Pool's (PGP) E3 Resource Adequacy Study, noting that Benton PUD is one of the funding participants. This effort is a rework of the previous E3 study, with the current phase revisiting the modeling of the Northwest power system to assess progress since the last study, and then rerun the numbers. Phase 2 will be the results of the updated modeling which will provide the basis for recommendations and joint communications going into the next legislative sessions for Oregon and Washington.
5. BPA - Tri-Cities Area Webber-Badger Transmission Line Update – General Manager Dunn provided an update on the BPA Webber-Badger Transmission Line project and presented a map illustrating the two proposed routes for the 115-kilovolt line. BPA is currently in the final stages of selecting a preferred route. In addition, Benton PUD's Engineering team has submitted a line-load interconnection request to BPA which would allow a new point-of-delivery that would benefit south county irrigation customers and provide a future independent transmission path into south Kennewick which could be beneficial for economic development opportunities in the Urban Growth Area south of Interstate 82. Benton PUD staff will be meeting next week with the City of Kennewick to discuss service plans to the UGA.
6. BPA - PPC LRP Committee where, why, how much & when – General Manager Dunn provided an update on discussions he has had with BPA's Vice President of Transmission and the work he has been doing as the Vice-Chair of the Public Power Council (PPC) Long Range Planning Committee. PPC is working with BPA to increase transparency and accountability through a regular cadence of meetings (likely quarterly) with BPA reporting on the questions that always persist when it comes to the challenges they are facing

regarding transmission planning and development: where are investments being made, why is it necessary, how much will it cost, and when will construction be completed.

The Commission briefly recessed, reconvening at 10:42 a.m.

Business Agenda

Sunset Rd to Dallas Substation Transmission Line – Reapproving WO# 503229

Manager Evan Edwards presented Work Order #503229 to the Commission for reapproval. The original project, approved in 2017 with an estimated budget of \$2,392,320, involves the construction of a transmission line from Sunset Road to the Dallas Substation. Since the initial approval, several key developments have occurred: BPA system studies have been completed, the project design has been finalized, and procurement activities are underway, with materials scheduled for delivery in 2026 and construction expected to begin in 2027.

Given the significant increase in labor and material costs since 2017, substantiated by recent District experience with similar transmission projects, staff determined it necessary to revise the cost estimate to reflect current market conditions. Manager Edwards recommended the Commission formally reapprove Work Order #503229 based on the updated cost projections.

MOTION: Commissioner Massey moved to re-approve work order #503229, Sunset Rd to Dallas Substation Transmission Line with an updated estimated cost of \$4,839,188.45, as presented. Commissioner Sanders seconded, and upon vote, the motion carried unanimously.

Contract Award Recommendation to McWane, Inc. - Sunset-Dallas T-Line Ductile Iron Poles – Bid Package #25-21-08

Manager Evan Edwards presented the contract award recommendation to McWane, Inc. for the manufacture and delivery of 71 Ductile Iron Poles to facilitate the completion of the Sunset Road to Dallas Substation Transmission Line.

MOTION: Commissioner Massey moved to authorize the General Manager on behalf of the District to award and sign Contract #25-21-08, with McWane, Inc. in the amount of \$596,941.57 plus Washington State sales tax in accordance with RCW 54.04.080, as presented. Commissioner Sanders seconded, and upon vote, the motion carried unanimously.

Sun Heaven Project Work Order Authorizations #25-21-15

Manager Evan Edwards requested approval of six work orders to start procuring materials (separated for accounting purposes), associated with Contract #25-21-15, Sun Heaven LLC Developer & Load Agreement in the total amount of \$4,078,541.00.

MOTION: Commissioner Massey moved to approve the work orders for construction associated with Contract #25-21-15 – Sun Heaven LLC. Developer & Load agreement, as follows:

Work Order	Description	Estimate	Responsible Party
WO# 733535	T-Line Segment 1-A & 1-B Material & Contract Labor	\$1,100,719	Sun Heaven Farms/District
WO# 744200	T-Line Segment 2 Material & Contract Labor	\$410,804	Sun Heaven Farms/District
WO# 734321	Substation Construction Material & Contract Labor	\$1,958,273	Sun Heaven Farms/District
WO# 744603	12.47kV Underground Feeder Getaway to Booster 4	\$299,763	Sun Heaven Farms
WO# 743896	Transmission Sectionalizing Switches	\$116,327	District
WO# 734364	Fiber Extension to New Substation	\$192,655	District

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

Contract Award Recommendation to Virginia Transformer Corporation – 2025 Power Transformers – Bid Package #25-21-03

Manager Evan Edwards presented the contract award recommendation to Virginia Transformer Corporation for purchase of a 12/16/20 MVA 115kV – 12.47kV Transformer for the Sun Heaven Farms project.

MOTION: Commissioner Massey moved to authorize the General Manager on behalf of the District to sign Contract #25-21-03, with Virginia Transformer Corporation for line 1 in the amount of \$1,079,540.00; plus, Washington State sales tax in accordance with RCW 54.04.080 and reject line 2 of BID because unit is no longer needed by the District. Commissioner Sanders seconded, and upon vote, the motion carried unanimously.

General Manager Dunn noted that Sun Heaven Farms had entered into an agreement stipulating that, should they cancel the project, they would be responsible for paying a restocking fee for the transformer.

Contract Award Recommendation to Anixter, Inc. – #795 ACSR, Drake Conductor, 26/7 Str. – Bid Package #25-21-09

Manager Evan Edwards presented the contract award recommendation to Anixter, Inc. for the purchases of 58,000 feet of #795 ACSR (Drake) conductor for the Sun Heaven Farms project.

MOTION: Commissioner Massey moved to authorize the General Manager on behalf of the District to award Contract #25-21-09 to Anixter Inc. for #795 ACSR, Drake Conductor, 26.7 Str. in

the amount of \$151,873.00 plus Washington State sales tax all in accordance with RCW 54-04-080. Commissioner Sanders seconded, and upon vote, the motion carried unanimously.

Sun Heaven Farms LLC Developer & Loan Agreement - Contract #25-21-15

Manager Evan Edwards presented a Developer & Loan Agreement with Sun Heaven Farms LLC to be signed in substantially the form presented. This project will expand distribution capacity and enhance electric service reliability for Sun Heaven Farms LLC operations by extending the District's 115kV transmission system and constructing a new 115kV/12.47kV substation near South Travis Road, at the east end of the farm. The total estimated project cost for this project is \$4,078,541, to be shared between Sun Heaven Farms LLC and the District.

MOTION: Commissioner Sanders moved to authorize the General Manager on behalf of the District to authorize and sign Contract #25-21-15 – Sun Heaven Farms LLC. - Developer & Loan Agreement in substantially the form presented. Commissioner Massey seconded, and upon vote, the motion carried unanimously.

Spring State of the System Presentation

Steve Hunter, Assistant GM/Sr. Director of Engineering & Operations; Evan Edwards, Manager of System Engineering; and Brian Cramer, Utility Tree Coordinator presented the Spring 2025 State of the System update.

Key highlights included:

- Joint Use NESC Compliance Program and Quality Assurance Programs: Progress on NESC compliance (pole inspections, violations, and corrections) and Quality Assurance efforts through 2023–2024 work order inspections.
- Reliability Initiatives: Focused on underground cable replacements and transmission system improvements.
- Maintenance Activities: Covered 115kV system maintenance, davit arm replacements, switch upgrades (River and Urban), vegetation management, Nine Canyon Substation maintenance, oil testing, and transformer wellness monitoring.

The presentation emphasized ongoing efforts to maintain system reliability, safety, and regulatory compliance.

Other Business

UCUT Salmon Reintroduction Meeting

General Manager Dunn reported that he would be travelling to Spokane on June 25 in his capacity on the NW RiverPartners Board, to meet with representatives of the Upper Columbia United

Tribes (UCUT) about their progress on studies they hope will lead to reintroduction of non-endangered salmon above Chief Joseph and Grand Coulee dams.

The meeting's purpose is relationship building and to explore additional opportunities for partnership, including continuing support of the reintroduction studies referred to as the Phase 2 Implementation Plan (P2IP).

12/14 Agreement - Cancellation

General Manager Dunn reported that with the cancellation of the 12/14 Agreement, several promises to the tribes have been nullified, including the PNW Regional Energy Planning Project (PREPP), which included a study scenario of Lower Snake River dam (LSRD) breaching. While the pressure is off with regard to federal funding of LSRD breaching studies, the Washington Department of Ecology is still studying LSRD breaching as a mitigation measure aimed at addressing "heat pollution" attributable to dams on the Columbia and Snake Rivers.

Future Planning

Commissioner Massey noted he would not be able to attend the Commission meeting scheduled for July 8, 2025.

Commissioner Sanders noted she would be gone for the August 12, 2025 Commission meeting.

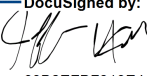
Meeting Reports

APPA Annual Conference

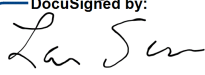
Commissioners Hall and Massey reported on their attendance at the APPA Annual Conference in New Orleans, Louisiana.

Adjournment

Hearing no objection, President Hall adjourned the meeting at 12:02 p.m.

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Jeff Hall, President

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Secretary