

MINUTES

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

Date: April 23, 2024

Time: 9:00 a.m.

Place: 2721 West 10th Avenue, Kennewick, Washington

Present: Commissioner Jeff Hall, Vice-President
Commissioner Lori Kays-Sanders, Secretary
General Manager Rick Dunn
Senior Director of Finance & Executive Administration Jon Meyer
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

Absent: Commissioner Barry Bush, President (Excused)

Benton PUD employees present during all or a portion of the meeting, either in person or virtually: Manager of System Engineering Evan Edwards; Manager of Procurement Michelle Ochweri; Manager of Customer Engagement Jenny Sparks; Manager of Customer Service Annette Cobb; Manager of Communications & Government Relations Jodi Henderson; Manager of Human Resources Karen Dunlap; Manager of Business Applications Jennifer Holbrook; Superintendent of Transportation & Distribution Robert Inman; Supervisor of Energy Programs Robert Frost; Procurement Specialist I Tyson Brown; Senior Engineer Power Management Blake Scherer; Manager of Accounting Kent Zirker; Communications Specialist II Eric Dahl; Michelle Ness, Engineering Supervisor.

Call to Order

The meeting was called to order at 9:00 a.m. and Commissioner Barry Bush was excused.

Pledge of Allegiance

The Commission and those present recited the Pledge of Allegiance.

Agenda Review

General Manager Rick Dunn said they would hold a public hearing before the regular agenda and would discuss the June 11 meeting during Future Planning.

Public Comment

None.

Public Hearing – Ten-Year Cost Effective Conservation Resource and Biennial Target

Vice-President Jeff Hall said the purpose of the hearing is to consider the amended Ten-Year Cost-Effective Conservation Resource Potential and Biennial Target as required for compliance with Washington State’s Energy Independence Act. Following staff presentation, the public will be allowed to comment.

Director Chris Johnson said the amendment was posted on the website, and properly noticed in the paper, and no comments were received. He presented the Amended 2024-33 ten-year cost-effective conservation resource potential and 2024-25 biennial target. The District previously adopted the 2024-2033 ten-year cost-effective resource conservation potential and 2024-25 biennial target on November 14, 2023 however the District was advised recently by EES Consulting who conducted the modeling for this target, that they had identified an error in their modeling assumptions. Their modeling did not include the 10% credit to conservation resources according to the Northwest Regional Power Act. All EES Consulting past models conducted since 2012 included this credit. The exclusion of this credit was an oversight by EES and was not something utility staff would have been able to verify/check. Benton PUD along with three other utilities were also affected. A request for an audit extension has been put into place with the State audit that just began and will resume after the Districts amended target is adopted.

To comply with the requirements of Washington State’s Energy Independence Act (EIA), staff recommended the District’s 2024-2033 ten-year cost-effective conservation resource potential be established at 8.36 aMW and the District’s 2024-2025 biennial target be established at 1.11 aMW.

Testimony

As there was no one present to testify, the public hearing was closed.

MOTION: Commissioner Sanders moved to adopt Resolution No. 2670 for establishment of Benton PUD’s Amended 2024-2033, ten-year cost-effective conservation resource potential and 2024-2025 biennial target as presented. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

Consent Agenda

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

- a. Regular Commission Meeting Minutes of April 9, 2024

- b. Travel Report dated April 23, 2024
- c. Vouchers (report dated April 23, 2024) 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: 102190-102223 and 102412-102446 in the amount of \$2,980,974.95.
Checks & Customer Refund Payments (CHK): 87703-87760 in the amount of \$307,246.67;
Electronic Fund Transfer (WIRE) Payments: 6931-6942 in the amount of \$603,029.38;
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$150.00;
Payroll: Direct Deposit – 4/11/2024: 102224-102411 in the amount \$568,139.12;
Voided checks (April, 2024) in the amount of \$800.27
Grand total - \$4,459,540.12
- d. Amending Guidelines for Employee Payroll Stipends for Mobile Communications Usage – Resolution No. 2671
- e. Work Order 700303 – Olson Bros. Subdivision Phase 1
- f. Work Order 700540 – Southridge Apartments
- g. 2024 – 1st Quarter Contract Activity Report
- h. Contract with NEOGOV – Contract #24-18-03
- i. Correction – Contract Award to States Manufacturing, Vista Bay 2, Bid #24-21-04

Management Report

General Manager:

1. SPP Markets+ Support Letter – General Manager Rick Dunn said he was contacted by a colleague about signing a letter in support of the Southwest Power Pool (SPP) Markets plus option as the preferred alternative for an organized market in the west. He made the executive decision to sign the letter to Barbara Sugg, President, and CEO of Southwest Power Pool on behalf of Benton PUD. The letter was signed by 26 western stakeholders made up of investor-owned utilities, public power utilities, a federal power marketing agency, and an international entity. Additionally, the support letter was included in a news release issued by SPP stating its appreciation for the support from a broad and diverse group of stakeholders.
2. Natural Gas Needed for Northwest Decarbonization Transition – General Manager Dunn reported on an article in Clearing Up and said it was encouraging to hear others saying what Benton PUD has been saying for some time now – that we must make room for natural gas in the northwest if we want to keep the grid reliable while also reducing CO₂. Benton PUD’s public position in support of a natural-gas-to-nuclear future appears to be gaining traction in the aftermath of the January extreme cold weather event and how close the northwest was to blackouts.
3. Drought Declaration – General Manager reported that a lack of spring rain combined with an already low snowpack has prompted a statewide drought emergency declared by the Washington State Dept. of Ecology.

4. DOE Awards \$500k to Columbia Basin Tribes for Energy Vision – General Manager expressed frustration with the lead paragraph in a Clearing Up article which stated - “The U.S. Department of Energy awarded a \$500,000 grant to four lower Columbia Basin tribes that will be used to help develop a renewable energy portfolio for generating enough power to eventually replace the energy benefits of the four lower Snake River dams if Congress authorizes their removal.” General Manager pointed out how incoherent and politically charged these sorts of statements are given the requirements placed on the Bonneville Power Administration when it comes to planning for and acquiring new generation resources.
5. If Not Nuclear, Then What? – General Manager Dunn commented on an opinion piece in Clearing Up and its perspective on nuclear power development and Energy Northwest’s proposed feasibility study of a small modular reactor complex. Additionally, that a clean energy strategy to build new wind and solar projects throughout a vast geographic area in the northwest, backed up by batteries, is running up against the reality that it can take up to 20 years to permit and build a single high-voltage transmission line. Finally, District staff is continuing to engage with Energy Northwest on the Site-1 SMR project under the terms of a non-disclosure agreement.

Customer Service/Treasury:

1. Check Meter Billing Issues – Director Keith Mercer discussed a service location installed in the 1970’s; the District did not have a transformer large enough for the service and installed two transformers instead, which required two meters. The meters had a non-standard configuration where one meter was labeled as a check meter “Do Not Read” and all the usage flowed through the other meter, which was used for billing. In 2014, AMI meters were installed and reconfigured to be billed separately, however, the reconfiguration was not noted on the service order and therefore the billing was never updated. Consequently, there was a meter with usage that has not been billed for 10 years. He indicated District policy allows to back-bill for up to six months (or up to six years with Commission approval). He recommended back-billing the six months in the amount of \$11,605.12 plus tax. Additionally, Mr. Mercer said the District completed a thorough review of all check meters and found no other issues.
2. APPA National Conference Panel – Director Keith Mercer said he would be attending the APPA National Conference in San Diego and participating as part of a panel discussion on the District’s residential demand charge.
3. Lineage Logistics (Columbia Cold Storage) – Director Mercer said the fire in Finley at the Lineage Logistics building was a complete loss. The plant used between .6 to .7 aMW per year over the last three years, which equals \$320,000 to \$380,000 of revenue per year. However, this loss in revenue will not affect the District’s financial forecast as it will be offset by the District’s incremental load growth. Lineage Logistics reached out to the District to use its auditorium for meetings but ultimately decided to use a Finley School instead. Lineage Logistics thanked us for our willingness to help during this stressful time and loss.

IT & Broadband Services:

1. Hosting Big Bend Electric Coop – Director Chris Folta informed the Commission the District would be hosting a forum on Wednesday for 12 members of Big Bend Electric Coop to discuss NISC implementation. He said they were currently looking at the engineering and operation suite, and that approximately a dozen other northwest utilities have moved to this software since Benton PUD’s implementation.

Finance & Executive Administration:

1. Monthly Financials - Senior Director Jon Meyer provided the Commission with a financial report for March, 2024.
2. Cell Phone Stipend – Senior Director Meyer stated the Commission approved a resolution on consent agenda to update the cell phone stipend and add eligibility for Commissioners. HR Manager Karen Dunlap would meet with them after the meeting to get a stipend form completed and the stipend would be effective for Commissioners starting in May.
3. Low-Income Update – Senior Director Meyer reported that WPUDA formed an ad hoc group to develop a low-income program as an alternative to recommendations coming this summer from the Dept. of Commerce. He and Manager Jodi Henderson were participating. Discussion in this group included designing an “opt-in” state program for counties with 25,000 or less customers (and possibly distressed counties of any size) to allow for an alternative compliance path with CETA, and a public utility tax credit for participants. The ad hoc group continues to meet and refine the alternative proposal. The State budget included \$150 million to provide \$200 credits to low and moderate income customers of electric utilities. Commerce was having meetings with selected utilities (Jodi Henderson was on the invite list) to discuss what this might look like and how it could be administered. Additionally, Director Meyer discussed the requirements to use their logo and statements, and the need to get started on implementation of the program sometime in May to be ready to go when Commerce is ready to disburse the funds.

The Board briefly recessed, reconvening at 10:22 a.m.

Business Agenda

Report on 2023 Internal Audits & 2024 Internal Audit Plan

Kent Zirker, Manager of Accounting, presented the Report on 2023 Internal Audits and 2024 Internal Audit Plan as follows:

Special internal audits conducted in 2023 included a review of documentation in Human Resources general information files, follow-up review of IT asset tracking, IT policies, auto shop purchase card transactions, specifically parts transactions, and mileage reporting of fleet assets.

Routine internal audits conducted in 2023 looked at monthly surprise cash counts, adjustments to employee accounts, review of city occupation tax, Configuration Change Management, and participating in the annual physical count of inventory.

Mr. Zirker indicated there were no significant items to note in any of the audits.

The 2024 audit plan, in addition to routine audits, included special audits of IT policies (part 2) and a review of HR sensitive employees files.

Contract Award to Virginia Transformer Corp. – 2024-2025 LTC Power Transformers – Bid #24-21-06

Evan Edwards, Manager of System Engineering presented the bid results and recommendation for contract award to Virginia Transformer Corp. for replacement of two of the District’s aging LTC Power Transformers. The Five-Year Capital plan had line items for the purchase of LTC transformers in 2025 and 2027, however, the failure of the unit at Ely Substation accelerated the need to order both units now.

Awarding the bid for two transformers would ensure the District could replace the mobile unit at the Ely Substation and have an additional spare unit in the fleet.

MOTION: Commissioner Sanders moved to award the contract for 2024-2025 LTC Power Transformers, Bid Package #24-21-06, to Virginia Transformer Corp. of Roanoke, VA, for the total not to exceed amount of \$2,619,000.00 plus Washington State sales tax in accordance with RCW 54.04.080, as presented. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

Setting Public Hearing Granting Utility Easements to City of Kennewick

Manager Evan Edwards said staff recently received two separate requests for easements crossing small portions of District owned Substation Properties from the City of Kennewick.

Location 1 is a request for a wet utilities easement crossing a portion of District owned substation property at 6190 W. Brinkley Road and location 2 is a request for a wet utilities easement crossing a portion of District owned substation property at 1111 N Edison Street.

Manager Edwards recommended the Commission authorize the setting of a public hearing to grant easement rights on these properties to the City of Kennewick.

MOTION: Commissioner Sanders moved to approve setting a Public Hearing on granting easement rights on two separate District owned properties located at 1111 N. Edison Street and 6190 W. Brinkley Rd. to the City of Kennewick on behalf of underlying developers to be held on May 14th 2024, at 9:00 a.m., as presented. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

Future Planning

Cancellation of June 11 Commission Meeting

General Manager Dunn said the Commission would be attending the APPA National Conference during the June 11 Commission meeting. The Commission agreed to cancel the meeting and the Clerk would prepare the agenda item for the following Commission meeting.


Meeting Reports

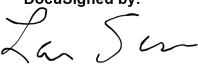
WPUA Annual Conference

Commissioner Hall reported that he and Commissioner Sanders attended the WPUA annual conference in Stevenson, and Jon Meyer and Jodi Henderson were also attendance. There was a discussion regarding utility usage by AI (projected in 10 years will be 25% of utility usage in U.S.) and data center developments.

Adjournment

Hearing no objection, Vice-President Hall adjourned the meeting at 10:43 a.m.

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Jeffrey Hall, Vice-President

ATTEST:
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Lori Kays-Sanders, Secretary