

## MINUTES

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

Date: June 25, 2024

Time: 9:00 a.m.

Place: 2721 West 10<sup>th</sup> Avenue, Kennewick, Washington

**Present:** Commissioner Barry Bush, President  
Commissioner Jeff Hall, Vice-President  
Commissioner Lori Kays-Sanders, 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

**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 Service Annette Cobb; Manager of Human Resources Karen Dunlap; Superintendent of Transportation & Distribution Robert Inman; Superintendent of Operations Duane Szendre; Supervisor of Energy Programs Robert Frost; Procurement Specialist I Tyson Brown; Financial Analyst III Katie Grandgeorge; Senior Engineer Power Management Blake Scherer; Cyber Security Engineer III Paul Holgate; Senior Engineer Dax Berven; Jeff Vosahlo, Senior Distribution Designer.

#### **Call to Order**

The meeting was called to order at 9:00 a.m.

#### **Pledge of Allegiance**

The Commission and those present recited the Pledge of Allegiance.

#### **Agenda Review**

General Manager Dunn said the meeting was expected to last until about 11:30 a.m.

## **Public Comment**

None.

## **Treasurer's Report**

Keith Mercer, Director of Customer Service & Treasury Operations, reviewed the May, 2024 Treasurer's Report with the Commission as finalized on June 4, 2024.

## **Consent Agenda**

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

- a. Regular Commission Meeting Minutes of May 28, 2024
- b. Travel Report dated June 25, 2024
- c. Vouchers (report dated June 25, 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: 103115-103198 and 103361-103420 in the amount of \$3,599,339.67.  
Checks & Customer Refund Payments (CHK): 87920-88078 in the amount of \$254,077.01;  
Electronic Fund Transfer (WIRE) Payments: 6976-6997 in the amount of \$6,851,134.96;  
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$1,800.00;  
Payroll: Direct Deposit – 5/23/2024: 102954-103114 in the amount \$460,433.41 and 6/6/2024: 103199-103360 in the amount of \$462,952.54;  
Voided checks (June, 2024) in the amount of \$239.08;  
Grand total - \$11,629,737.59
- d. Work Order #703328 – W. Quinault Ave & Columbia Center Blvd. - Underground Powerline Relocation
- e. Prior Substation Fiber Build – Reject Bid, Bid #24-46-03
- f. City of Kennewick Interlocal Agreement, Columbia Center Blvd. & Quinault Ave., Contract #24-21-13
- g. Electrical Consultants Inc. Change Order #2 – Sunset-Dallas Road Transmission Line, Contract #22-21-209
- h. Cooperative Response Center, Inc. Change Order #2, Contract #22-33-01

## **Management Report**

### ***General Manager:***

General Manager Rick Dunn reported on the following issues:

1. BPA Residential Exchange Update – PPC has formed a task force to address options for a post-2028 Residential Exchange Program and to discuss a settlement based on BPA’s most recent modeling results. The 2012 REP settlement that expires September 30, 2028, established a fixed stream of payments to Investor-Owned Utilities (IOUs) resulting in public power paying \$4 billion. The current value of the REP annual payment is well over \$200 million which is far higher than the \$34 million BPA is forecasting for 2029-2030. In initial discussions between public power and IOU attorneys, the IOUs proposed physically receiving 2,600 MW of hydropower from Bonneville to help meet their clean energy goals and in exchange, the IOUs would send BPA 2,600 MW of power from their portfolios. General Manager indicated a physical exchange including the zero-carbon attributes of hydropower is a nonstarter for public power, particularly utilities in Washington and Oregon who are facing 100% carbon-free electricity mandates.
2. CBC Resignation – General Manager Dunn said he resigned his position as a utility representative on the Columbia Basin Collaborative.
3. Columbia River Task Force – The Biden-Harris Administration announced the creation of a new interagency Task Force to advance what is being described as an historic commitment to restore wild salmon and other native fish in the Columbia River Basin. Nick Blosser, former chief of staff to Oregon Governor Kate Brown who also served on the Biden transition team, will serve as the Executive Director, along with other agencies made up exclusively of Biden Administration officials. BPA was not named as part of the Task Force. General Manager stated the PPC Executive Committee has drafted a letter to President Biden expressing deep concern with the lack of regional and utility representation on the Task Force.
4. BuRec & WA Ecology LSRD Breaching Water Study – The federal Bureau of Reclamation and the Washington State Department of Ecology launched a new study to evaluate the impacts to water supply for irrigation, and municipal and industrial uses if the four lower Snake River dams are breached. This study is one of the commitments federal agencies made in the agreement on Columbia River System Operations (CRSO) released in December 2023. General Manager expressed frustration with the lack of recognition of the CRSO Environmental Impact Statement (EIS) published in 2020. The EIS took several years to develop, cost tens of millions of dollars, and evaluated multiple approaches to improving salmon survival, including breaching the LSRDs. The results showed breaching is not the best approach. It appears ignoring the results of the EIS is a political statement.
5. DOE \$900M to Support SMRs – U.S. Department of Energy announced its intent to fund up to \$900 million to support the initial U.S. deployments of small modular reactor technologies and anticipated a funding solicitation in late summer/fall of 2024.
6. BPA Transmission Queue Squatters – BPA is now requiring transmission service requests to show proof of potential off-takers for the power to weed out “queue squatters” and accelerate transmission development. However, at least one developer is claiming the new rules will have anti-competitive consequences.

7. BPA Tri-Cities Reinforcement Projects & Summer Readiness – General Manager Dunn reviewed a project status update from BPA on Tri-Cities area transmission reinforcement projects. No schedule changes have occurred since BPA’s last status report released in April, with the Webber Canyon substation project still on track to be energized in winter 2027. General Manager emphasized the Tri-Cities area BPA transmission system reliability will continue to be at risk during summer months until the Webber Canyon substation is completed. The risk for localized load shedding to mitigate overload contingencies that may occur during peak load conditions means area utilities need to keep their curtailment plans up-to-date and ready for implementation. General Manager discussed other topics from the Tri-Cities customer meeting with BPA transmission executives held on June 14 at Benton PUD’s auditorium. Topics included transmission line permitting reform, the possibility of BPA being pressured to exercise eminent domain, and the increasing wildfire liability risk for utilities who own transmission lines. General Manager expressed the importance of considering small-footprint, dependable generating technologies built near where people live to mitigate the need for extensive new transmission lines. General Manager emphasized with BPA that development of new natural gas power plants and small modular reactors in the Interstate-5 corridor must be on the table.
8. SPP RTO West Branch Proposed – The Southwest Power Pool (SPP) has requested FERC approve expansion of its regional transmission organization into the Western Interconnection. Seven entities are pursuing membership into that expansion (RTO West) and SPP wants the RTO to go live on April 1, 2026. General Manager indicated this is a small but important development considering most utilities in the western interconnection believe an expansive RTO in the west is inevitable.
9. PSE \$240M for Zero-Emission Energy – Puget Sound Energy has indicated delays in renewal energy project development and increased load growth mean it could pay an estimated \$240 million over market prices for short-term energy purchases to meet Washington’s decarbonization targets.
10. NW Hydrogen Hub – Electrolyzer Ops & Tax Issue – The Northwest Hydrogen Hub is the only one of the seven hubs committed to 100% zero-carbon renewable energy. The State Dept. of Commerce is warning that if the IRS tax credit meant to encourage renewable hydrogen development doesn’t get straightened out, it could kill the entire hydrogen hub program. To be eligible for tax credits hydrogen producers participating in the Northwest hub must power electrolyzers with energy from zero-emission resources generated within the same hour the electrolyzers are running. According to a Commerce official, this requirement could raise project costs anywhere from 45 to 300 percent. General Manager emphasized that he has been vocal about the fatal flaw with intermittent and variable wind and solar when it comes to powering industry.
11. Schweitzer Drive Podcast – General Manager Dunn said he was invited to speak with Dave Whitehead, CEO of Schweitzer Engineering Laboratories, on the Schweitzer Drive Podcast. Schweitzer Engineering is a strong supporter of hydroelectric power.
12. PacifiCorp Wildfire Lawsuits
  - a. \$178M Settlement – PacifiCorp agreed to pay \$178 million as part of a settlement agreement with plaintiffs in the 2020 wildfires in Oregon.

- b. \$102M Willamette Valley Wineries – Willamette Valley Wineries in Oregon have filed a joint lawsuit against PacifiCorp seeking \$102 million in damages, alleging their grapes suffered significant smoke damage from the fires.
- c. Request for Liability Limitations – PacifiCorp requested liability limitations in Oregon and Washington from the Public Utility Commission, and both were rejected. They are struggling with how to move forward and expect rate increases to fund the insurance increases.

***Customer Service/Treasury***

1. PURMS Update Subject - Director Keith Mercer said the District’s wildfire insurance was dropped down from \$100 million in coverage to \$60 million at the start of 2024. However, the District still has \$100 million in liability coverage. Insurance costs were also expected to go up as a result of wildfires, the current estimate is \$100,000 per million in coverage for wildfire insurance. He said PURMS is looking at different options, including forming a wildfire pool in Washington.
2. APPA Conference Update – Director Keith Mercer reported on his attendance at the APPA conference and his presentation on the District’s residential demand charge. Additionally, he received requests from other attendees to use the residential demand video that was shown during the presentation because they really liked how it explained demand.

***Engineering/Operations:***

1. BPA Transmission Fire & Outage – Assistant General Manager/Senior Director Steve Hunter provided photos and reported on the Pasco fire and transmission outage that affected 785 customers in the Southridge area. The cause of the fire was due to a large pallet fire in Pasco that burned BPA poles and put wires down on the transmission system that feeds the Southridge Substation.

The Commission recessed, reconvening at 10:25 a.m.

***Finance/Executive Administration:***

1. Financial Reports - Senior Director Jon Meyer provided the Commission with a financial report for May 2024. He indicated he would bring a financial forecast sometime in July or August.

**Business Agenda**

**DJ’s Electrical Change Order #1 – Spaw-Phillips Transmission Line, Contract #23-21-18**

Senior Engineer Dax Berven presented Change Order No. 1 for DJ’s Electrical on the Spaw-Phillips Transmission Line project in the amount of \$850,000.00. This change order encompassed multiple changes due to field conditions that arose, resulting in additional work by the contractor. Additionally, after the portion along Finley Rd was re-aligned, the District opted to replace the #6

HDBC conductors with #4 ACSR due to the age of the existing infrastructure coupled with the number of additional splices that would have been necessary to complete the transfer.

Based on the construction units remaining to be completed on the project, a \$730,000 increase will be needed to complete the work associated with line item 1 (transmission) and a \$120,000 increase will be needed to complete the work associated with line item 4 (distribution). The material cost of the project was \$4.5 million, with a total project cost of \$6.6 million, calculated at \$650,000 per mile.

**MOTION:** Commissioner Sanders moved to authorize the General Manager on behalf of the District to sign Change Order #1 of Contract 23-21-18, with DJ's Electrical, Inc. to increase the not-to-exceed amount by \$850,000.00 bringing the new not-to-exceed amount of the contract to \$6,647,606.24. Commissioner Hall seconded and upon vote, the motion carried unanimously.

### **2024 Resource Plan Introduction**

Senior Engineer Blake Scherer gave a Powerpoint Presentation on the proposed Resource Plan and highlighted the following:

- Electric Utilities are required by RCW 19.280 to prepare a resource every two years that outlines the following: evaluation of load and resource balance; plan to meet energy, capacity, renewable and clean energy requirements; and a strategy for long-term reliable, low-cost electricity at reasonable risk.
- Determination of preparing a "Resource Plan" instead of an "Integrated Resource Plan", which were prepared and submitted in 2020 and 2022.
- Definitions and requirements of both plans.
- Draft outline and schedule for future draft review and public hearing.
- Public comment options.

Mr. Scherer said it was his recommendation to prepare a 2024 Resource Plan as presented. The Commission agreed to move forward with the Resource Plan option.

### **Washington Families Clean Energy Credits Grant Contract Recommendation - #24-44-05**

Director Keith Mercer presented the Washington Families Clean Energy Credits Grant Contract, as previously discussed with the Commission.

After review and discussion, Director Mercer recommended the following:

1. Authorize General Manager Rick Dunn or his designee to enter into the Washington Families Clean Energy Credits grant agreement.
2. Do not use DOC's third-party vendor Promise for prequalifying customers or outreach efforts due to concerns with sharing customer data.
3. Do not automatically qualify customers, but instead send a direct mailer to all residential customers that includes an application that the customer must sign acknowledging that

their data will be shared with DOC as required by the grant. The application will also have a disclaimer for any required Climate Commitment Act language and logo.

4. Due to the strict communication requirements, staff is recommending only sending the direct application mailers, which will include a link to apply online as well, and providing applications in the Customer Service lobby for walk-ins. No radio, social media, or television advertisements will be done.

General Manger Dunn highlighted the recommendation was to send out one communication to customers, which would be the application.

**MOTION:** Commissioner Sanders moved to approve the General Manager or his designee on behalf of the District to sign in substantially the form Contract #24-44-05 for the Washington Families Clean Energy Credit grant agreement with Washington State Department of Commerce if the following condition is met: Grant requirements do not cause undue hardship to the District as presented. Commissioner Hall seconded, and upon vote, the motion carried unanimously.

### **Future Planning**

#### **July 23 Regular Commission Meeting**

Both Commissioners Sanders and Hall stated they would be absent for the July 23 meeting. Staff indicated they would review agenda items and determine if a special meeting was required.

### **Meeting Reports**

#### **APPA Annual Conference**

Both Commissioner Sanders and Hall reported on their attendance at the APPA conference. Commissioner Sanders reported specifically on presentations she attended regarding “AI” and safety concerns regarding employee surveillance.


### **Executive Session – Potential Litigation**


The Commission went into executive session at 11:22 a.m. for 15 minutes to discuss potential litigation. Also present were General Manager Rick Dunn, General Counsel Allyson Dahlhauser, Assistant General Manager Steve Hunter, Director of Power Management Chris Johnson, and Clerk of the Board Cami McKenzie.

The Commission came out of executive session at 11:37 a.m. and went back in executive session for an additional 10 minutes, came out of executive session at 11:47 a.m. and went back in for an additional five minutes. The Commission came out of executive session at 11:52 a.m.

**Adjournment**

Hearing no objection, President Bush adjourned the meeting at 11:52 a.m.

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Barry Bush, President

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Lori Kays-Sanders, Secretary