

MINUTES

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

Date: March 25, 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

Benton PUD employees present during all or a portion of the meeting, either in person or virtually: Supervisor of Distribution Design Michelle Ness; 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; Superintendent of Transportation & Distribution Robert Inman; Supervisor of Energy Programs Robert Frost; Procurement Specialist I Tyson Brown; Senior Engineer Power Management Blake Scherer; Cyber Security Engineer III Paul Holgate; Manager of Accounting Kent Zirker; Distribution Designer Shanna Everson; HR Generalist III Jody George; Distribution Design Tech Angela Richman.

Call to Order and Pledge of Allegiance

The Commission and those present recited the Pledge of Allegiance.

Agenda Review

No changes.

Public Comment

None.

Consent Agenda

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

- a. Regular Commission Meeting Minutes of March 11, 2025
- b. Travel Report dated March 25, 2025
- c. Vouchers (report dated March 25, 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: 107657-107690; 107842-107885 in the amount of \$2,322,569.40.
Checks & Customer Refund Payments (CHK): 89747-89805 in the amount of \$231,503.82;
Electronic Fund Transfer (WIRE) Payments: 7219-7232 in the amount of \$9,008,108.76;
Residential Conservation Rebates: Credits on Customer Accounts in the amount \$310.00;
Payroll: Direct Deposit – 3/13/2025: 107691-107841 in the amount \$426,104.46; Grand total - \$11,988,596.44
- d. Resolution No. 2692, Amending the Merit-Based Salary Administration Plan
- e. Contract #16-33-02 – Benton County Emergency Services - Contract Change Order #11
- f. Work Order 689768 – Hildebrand Townhomes
- g. Quit Claim – Parcel 1-1089-2BP-4329-003
- h. Contract #23-45-20 – D & R Insulation, Inc. – Change Order #1
- i. Contract #23-45-23 – Energy Pro Insulation, Inc. – Change Order #1

Management Report

Power Management:

1. SOA Entrance and Exit Audits - Director Chris Johnson said the exit conference with the State Auditor regarding 2022-2023 energy conservation compliance was scheduled for the following Tuesday, April 1, 2025. Commissioner Sanders said she would attend the exit conference. Director Johnson said the entrance audit for CETA compliance would occur at the same time.

Finance/Executive Administration:

1. Financial Report - Senior Director Jon Meyer provided the Commission with a financial report for January through February, 2025.
2. NWPPA Meeting – Senior Director Meyer stated that NWPPA sent a request for verification of voting representatives, and he would send the form back (with Commissioner Sanders as the representative and Commissioner Massey as the alternate).
3. Golden Apple Award – Jody George, HR Generalist, shared with the Commission that Benton PUD’s 360 Program was recognized with the 2025 Golden Apple Award by the Association of Washington Cities “AWC” during their annual Healthy Worksite Summit

earlier this month. The award recognizes employer excellence in promotion of physical fitness and health.

General Manager:

1. Washington Transmission Authority Bill – General Manager Rick Dunn discussed a new bill intended to improve reliability and capacity of Washington’s transmission system contributing to the state’s efforts to reach net-zero emissions by 2050. They have not clarified where clean energy will come from, and there is no mention of how it will be coordinated with other states; WPUDA opposes this bill and instead supports permit reform.
2. Federal Bills – LSRD Protection – General Manager Dunn indicated there were three new bills introduced in Congress to protect the lower Snake River Dams. HR 2073 would prohibit the use of federal funds to study breaching and prevent spill operations not approved by BPA; HR 2074 would prohibit breaching any federal dam if it would lead to certain outcomes; and HR 2072 would require the Federal Energy Regulatory Commission to allow an extended construction period for certain hydropower projects.
3. Wildfire Liability Protections for Utilities – General Manager Dunn said that Wyoming adopted a Wildfire Liability Protections for Utilities law that protected utilities and electric cooperatives from wildfire litigation if they comply with their state-approved wildfire mitigation plans. Manager Dunn acknowledged the need for utilities to be protected from financial ruin but warned that preemptive power shutoffs during dry and windy conditions could become standard utility practice as a condition for financial protections. Even in Benton County, there may come a time when failure to implement preemptive shutoffs could create a significant liability risk for Benton PUD. There was discussion about how preemptive power shutoffs would be totally incompatible with the operations of large irrigation customers in south Benton County who cannot live with prolonged power outages during hot and windy conditions which routinely occur in summer months.
4. Washington’s I-2066 Invalidated – General Manager Dunn stated that a King County Superior Court judge recently invalidated I-2066, a measure aimed to protect access to natural gas services. There will be some sort of challenge or appeal filed to the Washington State Supreme Court.
5. Speaking Engagements Update – General Manager Dunn informed the Commission of the following upcoming speaking engagements: Washington Economic Development Association (WEDA) in Lacey, WA; American Association of Safety Professionals (AASP) at Benton Rural Electric offices in West Richland; Keynote address at Flathead Electric Annual meeting in Kalispell, MT; Pacific Northwest Grain and Feed Association conference in Coeur d’Alene, ID; and the local chapter of the American Nuclear Society. Additionally, he reported on his participation as a panelist on resource adequacy and reliability at the APPA CEO and Utility Manager Roundtable in Florida.

Business Agenda

Resolution 2693 Surplus of Systemic Safety Street Lighting Improvements Project

Supervisor Michelle Ness presented Resolution No. 2693 to surplus and transfer ownership of lights to the City of Prosser and be consistent with what was done with the other cities. The District no longer provides streetlight luminaires and surplus of the lighting and execution of the Interlocal Agreement will allow Benton PUD to transfer ownership of all streetlight luminaires in the City of Prosser to be under the City of Prosser maintenance program. The District will continue to install and replace city provided streetlights for the City of Prosser on District owned poles using District assemblies, due to safety requirements, and charge the city for assemblies and labor.

MOTION: Commissioner Sanders moved to adopt Resolution No. 2693 declaring certain Systemic Safety Street Lighting surplus to District needs according to the laws of the State of Washington, Title 54, RCW 54.16.180, and authorizing the General Manager, on behalf of the District, to transfer ownership of these lights to City of Prosser. Commissioner Massey seconded and upon vote, the motion carried unanimously.

Interlocal Agreement – City of Prosser – Contract #25-22-03 – Systemic Safety Street Lighting Improvements Project

MOTION: Commissioner Sanders moved to authorize the General Manager on behalf of the District to sign the Interlocal Cooperative Agreement (ILA) with City of Prosser, Contract #25-22-03 for the District to assist with Systemic Safety Street Lighting Improvements Project. Commissioner Massey seconded and upon vote, the motion carried unanimously.

Financial Policy Review and Financial Forecast

Director Keith Mercer reviewed the District's financial policy that included targeted bond rating, liquidity compliance (reserves and minimum 90 days cash on hand (DCOH)), adequate debt service coverage, competitive retail rates, and risk management oversight. Director Mercer said staff recommended the power market volatility account be maintained at \$5 million, which is equivalent to a one-year 3% rate increase. Staff also recommended establishing a minimum unrestricted reserves target of 104 DCOH, comprising of 90 DCOH for minimum operating reserves and 14 DCOH for power market volatility reserves.

Director Mercer's presentation included an updated March 2025 financial forecast, including the recently approved 5% rate increase effective April 1, 2025 and various scenarios. Additionally, he discussed Capital (OT Network) impacts, and that additional information will be provided at an upcoming meeting.

Key takeaways included the importance of maintaining liquidity compliance and adequate reserves, recognition that power cost fluctuations and BPA financial policies can impact rates, a

bond issuance is planned for 2027, and projected cumulative rate increases between 13% and 14.5% for the 2025 – 2029 period, of which 5% has already been approved.

Other Business

Letter from Customer

Commissioner Sanders discussed a customer that was concerned about a letter received from Benton PUD regarding meter upgrades. The Customer Service Department will review the issues and communicate with the customer regarding their concerns.

Meeting Reports

WPUDA March Member Meeting

Commissioner Hall reported on his attendance at the WPUDA March meeting and the upcoming election of board members.

Energy NW Executive Board Meeting

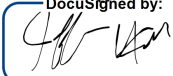
Commissioner Sanders indicated there would be executive board voting at the next meeting and if Commissioner Massey could not attend, he would need to let her know so she could attend.

Executive Session – Review Performance of a Public Employee

The Commission went into executive session at 10:50 a.m. for 10 minutes to review performance of a public employee. The Commission came out at 11:00 a.m. and announced it needed an additional five minutes. The Commission came out of executive session at 11:07 a.m.

Adjournment

Hearing no objection, President Hall adjourned the meeting at 11:07 a.m.

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Jeff Hall, President

ATTEST:
Signed by:

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Mike Massey, Secretary