

**THE BOARD OF COMMISSIONERS
OF
PUBLIC UTILITY DISTRICT NO. 1 OF FRANKLIN COUNTY, WASHINGTON**

MINUTES OF THE FEBRUARY 13, 2024
REGULAR COMMISSION MEETING

The Board of Commissioners of Public Utility District No. 1 of Franklin County, Washington held a regular meeting at 1411 W. Clark St., Pasco, WA, on February 13, 2024, at 8:30 a.m. Remote technology options were provided for the public to participate.

Those who participated from the District via remote technology or in person for all or part of the meeting were Commissioner Stu Nelson, President; Commissioner Roger Wright, Vice President; Commissioner Bill Gordon, Secretary; Scott Rhees, General Manager/CEO; Steve Ferraro, Assistant General Manager; Victor Fuentes, Engineering and Operations Senior Director; Katrina Fulton, Finance and Customer Service Director; Rosario Viera, Public Information Officer and Tyler Whitney, General Counsel.

Additional staff that participated in person or via remote technology for all or part of the meeting was Natassja Ransom, Human Resources Generalist; Clint Williamson, Apprentice Meterman; Tyler Matthews, Journeyman Lineman; Bridgette Underwood, Community Relations Coordinator and Shelly Olson, Records Coordinator.

Public participating in person or via remote technology for all or part of the meeting was Joe Taylor, Innovation Energy; Spencer Roundy, Rate Advisory Committee Member and Pedro Torres, District customer.

OPENING

Commissioner Nelson called the meeting to order at 8:30 a.m. and Ms. Viera lead the Pledge of Allegiance.

PUBLIC COMMENT

Commissioner Nelson called for public comment and there was none.

EMPLOYEE MINUTE

Commissioner Nelson welcomed Mr. Williamson and asked general questions about his current position, tasks his position entails, favorite parts of his job, his professional growth at the District and what safety improvements or changes he has seen over the course of his employment. Mr. Williamson shared his work history and the various positions he has held at the District. He noted that he enjoys working outdoors and appreciated the opportunities provided to him at the District. He reported that safety concerns are handled promptly.

EMPLOYEE RECOGNITION

Commissioner Nelson called on Mr. Fuentes who introduced Mr. Matthews. Mr. Fuentes reported that Mr. Matthews had recently passed his lineman journeyman test and shared a bit of Mr. Matthews' work history.

Mr. Matthews shared his experience taking the lineman journeyman test and noted that he was thankful for his apprenticeship at the District. Congratulations were given to Mr. Matthews from the Commission and staff.

COMMISSIONER REPORTS

Commissioner Gordon reported that:

- Energy Northwest continues to work on a small modular reactor project and noted that there is an outside director position open on the Energy Northwest Executive Board.

Commissioner Wright reported that:

- He read the Pasco CT timeline that staff provided and noted he had found the document very beneficial. He thanked staff for compiling the information.
- He appreciated the monthly audits and noted that they were important. He noted that audits provide an opportunity to improve. He reported that he will provide suggestions for future audits to staff.
- He will be attending the monthly NoaNet meeting and noted that the meeting will be in the new office location. He reported on the NoaNet financials and noted that they continue to perform well.

Commissioner Nelson did not report.

In follow up to Commissioner Wright's report regarding audits, Commissioner Gordon noted that audits also reinforce what is being done well. He noted that he also found the audits very beneficial.

At this time the District experienced a technical issue with the Zoom platform and relaunched the Zoom meeting link. The members of the public participating via Zoom were able to join the meeting.

Commissioner Nelson welcomed the public participating and called for public comment. No comment was provided by Mr. Taylor.

Commissioner Nelson called on Mr. Rhees who introduced Mr. Roundy. Mr. Rhees reported that Mr. Roundy was attending on behalf of the Rate Advisory Committee (RAC) which met on January 30, and he noted that the meeting had been well attended. He provided the RAC presentation to the Commission and reviewed the various rate action scenarios that were discussed at the RAC meeting.

Mr. Roundy reported that after much discussion on the various rate action scenarios that were presented to the RAC members were recommending Scenario #1, smooth increases of 3% for years 2024-2027, with the intent to acquire new bond debt in future years. He reported that the RAC members had discussed the various options and agreed that Scenario #1 would be the most manageable for customers. He reported that the RAC members recognized that the District had not had any rate action since 2017 and he commended the Commission and staff.

Mr. Roundy reported that the RAC members understood that rate action was needed despite the District performing well. He noted that the volatility and the uncertainties in the power market were well explained by staff.

Mr. Rhees briefly reviewed the other rate action scenarios that were proposed. The Commission asked questions regarding the proposed rate action scenarios.

Mr. Rhees noted that staff was recommending the Commission authorize staff to initiate public hearings to communicate information on the proposed rate action as was recommended by the RAC. He reported that if authorized, the first public hearing would be during the regular Commission meeting on March 26, 2024, a second public hearing on the evening of April 3, 2024 and the final public hearing during the regular Commission meeting on April 23, 2024 for implementation of the new rates to be effective May 1, 2024.

Commissioner Wright cautioned that the communications on the proposed rate increase needed to be clear that each year will be independently assessed to ensure rate action was needed.

Commissioner Gordon asked if the proposed 3% increase would be to all the components of the rate schedules or just the energy charge and Mr. Rhees reported that the proposed rate action was only being assessed to the Energy/Demand charges and that the System Charge would remain the same. Mr. Rhees reported on other rate actions being implemented by other utilities. Discussion ensued.

Commissioner Wright moved and Commissioner Gordon seconded to authorize staff to initiate the public hearings to communicate information on the proposed rate action with the understanding that each year will be reviewed to determine if rate action is needed. The motion passed unanimously.

The Commission thanked Mr. Roundy for attending and providing the RAC's recommendation.

CONSENT AGENDA

The Commission reviewed the Consent Agenda. Commissioner Wright moved and Commissioner Gordon seconded to approve the Consent Agenda as follows. The motion passed unanimously.

- 1) To approve the minutes of the January 23, 2024 Special Commission meeting.

- 2) To approve payment of expenditures for January 2024 amounting to \$12,207,233.57 as audited and certified by the auditing officer as required by RCW 42.24.080, and as reviewed/certified by the General Manager/CEO as required by RCW 54.16.100, and expense reimbursement claims certified as required by RCW 42.24.090 and as listed in the attached registers and made available to the Commission for inspection prior to this action as follows:

Expenditure Type:	Amounts:
Direct Deposit Payroll – Umpqua Bank	\$ 550,595.33
Wire Transfers	5,361,348.70
Automated and Refund Vouchers (Checks)	1,578,941.22
Direct Deposits (EFTs)	4,716,607.69
Voids	(259.37)
Total:	\$ 12,207,233.57

- 3) To approve the Write Offs in substantially the amount listed on the February 2024 Write Off Report totaling \$3,084.78.

AGENDA ITEM 7, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE A CONTRACT AMENDMENT FOR MISCELLANEOUS DOCK CREW PROJECTS WITH DJ’S ELECTRIC INC., TO ADJUST PRICING.

Mr. Fuentes introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. Mr. Fuentes reported that increases in labor pricing will continue and noted that the International Brotherhood of Electrical Workers has already approved labor rate increases for outlying years. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to authorize the General Manager/CEO or his designee to execute a contract amendment with DJ’s Electric Inc., for year two funding in an amount not to exceed \$1,646,491 which includes a 6% increase for unit pricing. The motion passed unanimously.

AGENDA ITEM 8, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO UTILIZE DEPARTMENT OF ENTERPRISE SERVICES CONTRACT NO. 318 FOR THE PURCHASE OF OPTIC MODULE EQUIPMENT.

Mr. Ferraro introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. There was discussion on how the funds were budgeted in 2024 and staff provided the information. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to authorize the General Manager/CEO or his designee to utilize the Department of Enterprise Services Contract No. 318 for the Purchase of Optic Module Equipment in an amount not to exceed \$148,688, which

includes sales tax. The motion passed unanimously.

GENERAL MANAGER/CEO REPORT

Mr. Rhees reported that:

- Staff has begun to refine the information from the Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis and will tentatively plan on bringing new Strategic Priorities and an Operating Plan to the April 23, 2024 Commission meeting.
- The recent cold snap in January had been challenging for many utilities. He reported on how the District had managed, the baseload resources that were used in the Pacific Northwest and how they performed.
Mr. Torres inquired how the push for electrification would affect the reliability of the Pacific Northwest and noted he found it concerning. Commissioner Wright noted that the issue was concerning for the District as well. Mr. Rhees noted that staff is tracking the matter closely.
- The District came really close to reaching a new winter peak and noted that it was 208 MW in January.
- Staff continues to work on obtaining solar power purchasing agreements. He noted that in addition, the District will issue a Request for Proposal for a 2.5 MW solar project.

Commissioner Wright reported that a long-term plan for new District facilities needs to be looked at as well. Mr. Rhees reported that staff has begun to look for suitable locations.

FINANCE & CUSTOMER SERVICE DIRECTOR REPORT

Ms. Fulton reported that:

- The Integrated Resource Plan (IRP) kicked off January 29, and she noted that staff will bring the IRP for Commission adoption to a later meeting.
- A Request for Proposal for a Deferred Compensation Plans Third Party Administrator/Record keeper kicked off January 30.
- In follow up to the Commission's request on customer credits, she reported that solar refunds under \$15 will be applied as a credit to the customer account rather than having a check issued.
- The new Senior Power Analyst began employment on January 2, and noted he is doing well.
- The Palouse Junction/One Energy solar project continues to make progress and she provided an update.
- She and Mr. Brian Johnson will visit Powerex in late February.
- A Community First Bank (bank) signatory change is needed to remove Ms. Dohrman and add Ms. Nicole Kirby. She reported that the bank has requested a specific form to be signed by the Secretary of the Commission to make the change. The Commission concurred with the change and with Commissioner Gordon signing the specified form.

- The meeting packet included an updated December 2023 Capital Budget Status and Load/Resource balance and Powerex slides. She noted that some additional invoices came in for December and were now reflected in the capital budget status. The updated slides included the data missing from the January meeting packet.
- In February 2017, the Commission had approved the waiver of the System Charge under Section 2.0 Small General Service Rate Schedule for a five-year pilot period related to electric vehicle infrastructure. She noted that the five-year pilot period has been completed and any customer being served under the pilot project is being charged the System Charge.
- For her audit, she reviewed the travel reimbursement expenses submitted by staff. She noted that all were accurate.

ASSISTANT GENERAL MANAGER REPORT

Mr. Ferraro reported that:

- The fire panel was updated to ensure effective communication with the after-hours security service.
- The Daupler integration with NISC is complete and he noted that this will upgrade the outage software to communicate with Command Center and OMS. He noted that staff will continue to monitor and refine it as needed to ensure the integration is successful.
- Coffman Engineering completed the surveyor work needed to be able to upgrade the power to the Administration building.
- Safety trainings on shoring and trenching, and burn injuries were provided to staff.
- For his audit, he reviewed the fuel billings and access to PINs for the fuel cards. He reported that he removed the fuel cards that were no longer needed. He noted that 2023 fuel usage was lower than prior years.

PUBLIC INFORMATION OFFICER REPORT

Ms. Viera reported that:

- The new Community Relations Coordinator began employment on February 5th, and she introduced Ms. Underwood.
- In December 2023, staff had presented the workshops and presentations schedule for 2024. She noted that with the change of the Commission meeting start time to 8:30 a.m. revisions were needed. She reviewed the proposed changes and the Commission agreed with the changes.
- Franklin County Auditor's Office requires the District verify information about its elected officials who are currently holding office and the jurisdictions boundaries. She reported that since the adoption of the commission district boundaries Franklin County has changed the underlying voting precinct boundaries several times, thus there are now split voting precincts. She noted that staff has communicated to Franklin County that the District's Commissioner boundaries need to reflect what was adopted in 2021.

ENGINEERING & OPERATIONS SENIOR DIRECTOR

Mr. Fuentes reported that:

- The Railroad Avenue Substation continues to make progress. He provided an update on the transmission and distribution phases for the completion of the substation. He reported that the needed materials have been ordered and the project is on schedule.
- Local Bounti is up and running and he noted that the ribbon cutting ceremony is scheduled for April 18th.
- For his audit, he is reviewing the District's Net Metering policies. He noted that this audit will be ongoing with the goal of bringing any change recommendations to the April Commission meeting. He reported that the rate consultant is assisting staff to evaluate the costs associated with net metering and ensure that net metering customers are not being subsidized.

Commissioner Gordon asked about the water tank at the Railroad Avenue Substation site and noted that the water tank may be repurposed or be useful to another entity.

At 10:05 a.m., Commissioner Nelson called for a five-minute break and noted that it would be followed immediately by an executive session that would end at 10:30 a.m. for the purpose of:

- Discussing with legal counsel current or potential litigation as allowed by RCW 42.30.110(i), and
- Reviewing the performance of a public employee – as allowed by RCW 4230.100(1)(g).

At 10:10 a.m., Commissioner Nelson ended the break, reconvened the regular meeting and began the executive session for the purposes as noted.

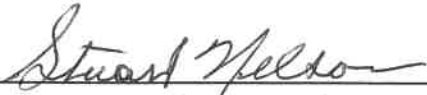
At 10:30 a.m., Commissioner Nelson ended the executive session and reconvened the regular meeting. Commissioner Nelson reported that he believed Mr. Rhees has and continues to perform exceptionally. Commissioners Wright and Gordon noted their agreement. Commissioner Nelson reported that he asked staff to draft a resolution for introduction and Commission review in consideration of Mr. Rhees' performance.

The Commission reviewed the draft resolution presented by staff. There was discussion on the accomplishments of Mr. Rhees, and the proper merit increase that was needed. After discussion the Commission agreed that an adjustment to Mr. Rhees' annual compensation was needed. Commissioner Wright moved and Commissioner Gordon seconded to adjust the General Manager/CEO's annual compensation to \$280,000 to be effective April 1, 2024. In addition, Mr. Rhees' personal leave be adjusted to maximum accrual plus an additional 10 days of personal leave annually, also effective April 1, 2024. The motion passed unanimously.

The Commission requested staff bring back the resolution for final consideration and adoption to the March 26, 2024 Commission meeting with the recitals as agreed upon.

CLOSING OF MEETING – ADJOURNMENT


With no further business to come before the Commission, Commissioner Nelson adjourned the regular meeting at 10:33 a.m. The next regular meeting will be March 26, 2024 and begin at 8:30 a.m. at the District’s Auditorium located at 1411 W. Clark Street, Pasco, WA. Remote technology options will be provided for members of the public to participate.



Stuart Nelson, President



Roger Wright, Vice President



William Gordon, Secretary