

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

MINUTES OF THE FEBRUARY 22, 2022
REGULAR COMMISSION MEETING

The Board of Commissioners of Public Utility District No. 1 of Franklin County held a regular meeting at 1411 West Clark St., Pasco, WA, on February 22, 2022 at 1:00 p.m. This meeting was conducted in accordance with the current *Proclamation by the Governor, Amending and Extending 20-05, and 20-28 Open Public Meetings Act and Public Records Act* in effect; a conference call option was 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 Roger Wright, President; Commissioner Bill Gordon, Vice President; Commissioner Stu Nelson, Secretary; Scott Rhees, General Manager; Holly Dohrman, Assistant General Manager; Steve Ferraro, Operations Director; Victor Fuentes, Engineering Director; Brian Iller, outside General Counsel; and Rosario Viera, Supervisor of Executive Administration.

Additional staff that participated in person or via remote technology for all or part of the meeting were Stacey Azure, Communications Specialist; Rich Sargent, Power Manager; and Natassja Ransom, Human Resources Generalist.

Public participating in person for part of the meeting was Mr. Kurt Miller, Executive Director, Northwest River Partners.

OPENING

Commissioner Wright called the meeting to order at 1:00 p.m. and called on Mr. Fuentes to lead the Pledge of Allegiance.

PUBLIC COMMENT

Commissioner Wright welcomed Mr. Miller and thanked him for attending to provide more information on Agenda Item 8. There was no additional public present for other public comment.

EMPLOYEE MINUTE

Commissioner Wright welcomed Mr. Sargent and noted that it was the intent of the Commission to hear from employees and check how they are doing. Commissioner Wright asked Mr. Sargent general wellbeing questions that included what Mr. Sargent was most proud of, favorite parts of his job, biggest challenge during the pandemic, and what change he would make at the District.

Mr. Sargent noted that he was most proud of how the District and staff had responded to the pandemic. He noted that in his opinion, staff had made the best of the situation and had excelled. He noted that he appreciated being able to work from home but did miss the face to face interaction with other employees. Mr. Sargent reported that the District has provided many different communication tools for employees to use. He noted that a challenge has been the loss

of loved ones due to COVID, and noted that would probably be true for most. On the professional note, he reported that legislation on clean energy requirements continues to be a challenge. Mr. Sargent reported that continued investment in training for employees is important, especially to help employees when other employees separate from the District. Commissioner Wright noted he agreed in the value of investing in employees.

The Commission thanked Mr. Sargent for attending and sharing his thoughts. Commissioner Wright noted that having an employee attend the Commission meetings regularly was very beneficial. Commissioners Gordon and Nelson agreed.

Commissioner Wright requested the agenda be re-ordered and move the Consent Agenda, Commissioner Reports after Agenda Item 7, *Opening the Public Hearing on the Rate Design Change to Rate Schedule No. 3, Small Agriculture Irrigation Service, and Adopting a Resolution Approving Rate Schedules for Electric Service and Superseding Resolution 1300* and Agenda Item 8, *Hearing a Presentation and Discussing a Proposed Funding Request for a Media Campaign from Northwest River Partners*. Commissioners Gordon and Nelson agreed.

Commissioner Wright proceeded to Agenda Item 7.

AGENDA ITEM 7, OPENING THE PUBLIC HEARING ON THE RATE DESIGN CHANGE TO RATE SCHEDULE NO. 3, SMALL AGRICULTURE IRRIGATION SERVICE, AND ADOPTING A RESOLUTION APPROVING RATE SCHEDULES FOR ELECTRIC SERVICE AND SUPERSEDING RESOLUTION 1300.

Commissioner Wright opened the public hearing on the rate design change to rate Schedule No. 3, Small Agriculture Irrigation Service. There was no public present to provide comment. Commissioner Wright called on Ms. Dohrman for presentation of the agenda item.

Ms. Dohrman introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. Commissioner Gordon expressed his agreement with the rate design change. Staff reviewed their recommendation.

Commissioner Gordon moved and Commissioner Nelson seconded to close the public hearing on the rate design change to Rate Schedule No. 3, Small Agriculture Irrigation Service, and adopt Resolution 1363 as presented. The motion passed unanimously.

AGENDA ITEM 8, HEARING A PRESENTATION AND DISCUSSING A PROPOSED FUNDING REQUEST FOR A MEDIA CAMPAIGN FROM NORTHWEST RIVER PARTNERS.

Commissioner Wright thanked Mr. Miller for attending. He noted that information on the matter had been provided to the Commission and his preference was to initiate dialogue and forego hearing the presentation. Commissioner Gordon and Nelson concurred.

Commissioner Wright reported that he was inclined to support the funding request from Northwest River Partners (NWRP) because having a pro dams campaign was critical, but he was concerned if this particular campaign was the right one. He questioned why NWRP wasn't expanding its membership and if this was intended to be a reoccurring request.

Commissioner Wright provided Mr. Miller a list of all the actions done by the District in support of

hydroelectricity and the Lower Snake River dams. He noted that he has spoken with other Commissioners from neighboring utilities regarding the campaign and questioned if the campaign would reach enough people to make a difference, especially at the cost of the campaign.

Mr. Miller shared a few slides from his presentation, and called attention to the slide showing the impact the previous campaign had. He noted that anti-dam campaigns continue to gain momentum and this new campaign was critical. He reviewed the polling and message development process, other campaign components and noted that the goal was to deter current anti-lower Snake River Dams campaigns.

Commissioner Wright questioned if the campaign was targeting the correct demographic and noted that it was important to have a long term plan in place and felt this campaign didn't necessarily do that. Mr. Miller reported that the campaign was a part of the solution and it was intended to reverse the downward trends seen in recent years and change the narrative amongst progressive constituents. Mr. Miller reported that NWRP was actively trying to seek funding from others outside of their membership, including potato growers and independently owned utilities.

Commissioner Gordon reported he was disappointed to hear that NWRP was seeking additional funding, especially after continuously increasing their memberships dues. He further expressed that he was disappointed to know that NWRP had shared information on who was and was not supporting the campaign, noting this could be perceived negatively for those that would not support the campaign. He noted this could be seen as the utility not being in favor of the lower Snake River Dams and hydroelectricity and he did not approve. Mr. Miller noted no malice was intended and that information was shared with the respective General Manager's permission, and only with the utilities he had met with for the initial investment.

Commissioner Gordon reiterated the list of actions done by the District in favor of hydroelectricity and the Lower Snake River Dams. He noted that the District is very active in preserving the dams and is very much in favor of hydroelectricity. Commissioner Gordon reported that a long term solution was needed and that the campaign was a short term solution. He noted that advocating for the Lower Snake River Dams needs to be done year-round not just through one campaign.

Mr. Miller reported that campaigns are and can be effective. He shared data showing their effectiveness. He acknowledge that the campaign would not solely solve the issue but was a part of the ongoing efforts to preserve the dams and would help gain lost ground.

Commissioner Gordon noted his concern on continuously asking for funding and noted he did not believe this to be good practice for District customers. Of further concern was if NWRP was going to ask for additional funding in 2023, along with an increase in dues. Mr. Miller acknowledged the concern and noted that NWRP does not intend to increase dues but was not able to guarantee the matter. Commissioner Gordon noted this was not personal and that he appreciated Mr. Miller attending and providing the information. However, he was of the opinion that approving the fund request was not in the best interest of District customers.

Mr. Rhees noted that the District recognizes the significance of the Lower Snake River Dams and that asking all NWRP members for equal amounts made more sense. He noted that asking for support from utilities that don't necessarily have the support for the dams would also be more meaningful to the campaign. Mr. Miller noted that all utilities would suffer if the dams were breached and he was actively seeking funding from all sources.

Commissioner Wright reported that the District has been and will continue to be in support of the dams and hydroelectricity. He noted that he agreed that continued funding requests were not sustainable and a long term plan was needed. He noted that the District should approve the funding to show support to the neighboring utilities that have already agreed to fund the campaign and especially to encourage others to step up.

There was discussion on recent information WPUDA shared from Commissioner Jim Waddell and the misinformation on the dams that was included. Discussion ensued on the appropriate response needed. Mr. Miller noted that he was working on providing members language to refute the misinformation provide by Commissioner Waddell.

Commissioner Wright reported that although the funding request was substantial, he was in favor of approving it. He noted that as a Tri City utility this was very important and our support was critical. Commissioner Nelson noted he agreed with Commissioner Wright's sentiment on the matter.

Commissioner Wright moved and Commissioner Nelson seconded to fund the Northwest River Partners media campaign to preserve the Lower Snake River Dams in the amount of a base commitment of \$110,000 and matching commitment of \$110,000 for a total amount of \$220,000. The motion passed with majority vote. Commissioner Wright and Commissioner Nelson voting in favor and Commissioner Gordon opposing.

The Commission expressed their appreciation to Mr. Miller for the information and discussion. Mr. Miller thanked the Commission and noted he would take the feedback received today and work hard to ensure the campaign is successful.

COMMISSIONER REPORTS

Commissioner Nelson reported that:

- He attended the WPUDA monthly meeting and expressed his dislike for the virtual meetings.
- He participated in the PPC monthly call and noted there was discussion on hydroelectricity and rates amongst utilities.

Commissioner Gordon reported that:

- A recent Clearing Up newsletter article reported that Washington State had 38 major events that had caused power outages and the state's ranking was 33rd putting it behind neighboring states. He noted that the article made it seem like the state's reliability was not very good. He reported that he spoke with Mr. Rhees to understand how this correlated with the District's reliability rating. Mr. Rhees shared the information with Commission.

Commissioner Wright reported that:

- He received the District's smart meter notification letter, along with the automated call to notify him of the smart meter exchange that would be happening at his residence. He noted the communications are good, however the automated call sounded very robotic and could have been better.

- He agreed with Commissioner Nelson and noted that virtual meetings are challenging. He noted that there should be improvement once in person meetings are allowed again and reported there was value in the networking that occurs at the in person meetings.
- He participated in the NoaNet monthly meeting call and reported NoaNet continues to grow and perform well. He reported on the impact of 5G for both NoaNet and the District and noted that the upcoming workshop on the District's broadband was timely.
- He would like to recognize the engineering department for their hard work during the pandemic and had brought cupcakes for them.

CONSENT AGENDA

The Consent Agenda was reviewed by the Commission. Commissioner Nelson asked for more information on the pole testing shown on the warrant registers and Mr. Fuentes provided the information. Commissioner Nelson moved and Commissioner Gordon seconded to approve the Consent Agenda as noted below. The motion passed unanimously.

- 1) To approve the minutes of the January 25, 2022 Regular Commission Meeting.
- 2) To approve payment of expenditures for January 2022 amounting to \$8,683,905.60 as audited and certified by the auditing officer as required by RCW 42.24.080, and as reviewed/certified by the General Manager 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	\$ 480,131.78
Wire Transfers (Wires)	5,303,394.50
Automated and Refund Vouchers (Checks)	1,713,225.04
Direct Deposits (EFTs)	1,187,154.28
Voids	(0.00)
Total:	\$ 8,683,905.60

- 3) To approve the Write Offs as listed on the February 2022, Write Off Report in the amount of \$14,395.97.

AGENDA ITEM 9, ADOPTING A RESOLUTION AUTHORIZING THE PETTY CASH FUNDS BALANCE, APPOINTING CUSTODIANS OF SUCH FUNDS, APPROVING THE FUND BALANCE AND SUPERSEDING RESOLUTION 1326.

Ms. Dohrman introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. She reported that staff tracks and monitors the petty cash fund transactions closely and has identified changes needed to the fund balances and she reviewed them.

Ms. Dohrman reported that adopting Resolution 1364 will authorize the continuance of the petty cash funds with the revisions as listed on Exhibit A of the Resolution. She noted that any fund balance changes will continue to require Commission authorization. Staff reviewed their recommendation.

Commissioner Gordon moved and Commissioner Nelson seconded to adopt Resolution 1364 as presented. The motion passed unanimously.

AGENDA ITEM 10, ADOPTING A RESOLUTION CORRECTING THE COMMISSIONER DISTRICT BOUNDARIES MAP TO REFLECT THE BOUNDARIES THAT WERE ADOPTED ON DECEMBER 10, 2021 AND SUPERSEDING RESOLUTION 1361.

Ms. Viera introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. She reported that in December 2021, new Commissioner district boundaries were adopted via Resolution 1361 and the information was provided as required by law to the Franklin County Auditor's (Auditor's) office.

She noted that as part of the Auditor's annual verification process it was discovered that a precinct on the new Commissioner district's map was miscolored. Staff confirmed that the Commissioner district precinct list as adopted by Resolution 1361, Exhibit A, was correct and that substantial equality of population among Commissioner districts was achieved. However, the map, Exhibit B of Resolution 1361, has a precinct incorrectly colored and did not accurately reflect the new boundaries based on information from the precinct population list based on 2020 census data. She reported that adopting Resolution 1365 will correct the Commissioner District map to display precinct 24 colored correctly and accurately reflect the newly adopted Commissioner district boundaries. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Gordon seconded to adopt Resolution 1365 as presented. The motion passed unanimously.

AGENDA ITEM 11, PROVIDING AN UPDATE ON THE PANDEMIC EMERGENCY EVENT.

Mr. Rhees introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. He reviewed Attachment A of the Agenda Item and reported in more detail on the Governor's recent announcement that he will be lifting the mask mandate on March 21. Mr. Rhees reported that the District will continue with the other safety protocols in place even after the mask mandate is lifted. He noted that as things improve he will potentially be lifting the emergency declaration and noted he will have additional discussion at the March meeting.

He provided more information on the graph showing the customer walk in traffic and reported that the lobby has been open to walk in customers since March 2021 yet customers have chosen to pay their utility bill on-line or by using another contactless method. Discussion ensued.

Mr. Rhees reported that staff has been working with Mr. Kastama in effort to bring a solution to the supply chain issues for materials. He reported that Mr. Kastama worked with staff to request the Attorney General's Office (AGO) opinion on RCW 39.26.160 as it relates to current supply chain challenges, unforeseen conditions and other non-cost considerations. Mr. Rhees reported

that this had gone through the caucus counsel. He noted that staff will continue to press the matter.

Mr. Rhees noted that no action was necessary on this item and he was reporting only.

CLAIMS

Ms. Dohrman reported that there were no new claims to report.

At this time, Commissioner Wright called for a five minute break to begin at 2:38 p.m. and end at 2:43 p.m.

At 2:43 p.m., Commissioner Wright ended the break and reconvened the regular meeting.

GENERAL MANAGER REPORT:

Mr. Rhees reported that:

- Staff will bring the 2022-2023 Operating Plan for Commissioner review and approval to the March regular meeting. He noted that additional time was needed to allow for employee review.
- The buyer for the Pasco CT had completed the removal of the purchased parts and he provided a brief update on the upcoming steps to complete the contract.
- Staff will bring a consultant to provide ethics training to employees and noted that training for management staff will also be provided.
- As the pandemic mandates are lifted he would like to give employees providing the Employee Minute the choice to continue to attend virtually. The Commission concurred.
- For his audit, he reviewed customer refunds and provided a chart showing the number of refunds provided over the past five years.

ASSISTANT GENERAL MANAGER REPORT:

Ms. Dohrman report that:

- Staff will provide the monthly financial report for January at the March meeting. She noted that there were still pending invoices for large sums, and additional reporting requirements for FEMA and CARES funding that needs to be completed. She reported that bringing the reports later would allow staff to close the books and provide definitive information.
- The Conservation Summary Report was included in the meeting packet and she reviewed it. There was brief discussion on the projects that are earmarked for funding.
- Staff is reviewing the District's Generation Green Program and will bring any revisions required for Commission approval to the March meeting.
- With the separation of Mr. Johnson, a new auditor and claims agent need to be appointed. She noted that staff will bring Resolutions for Commission consideration and adoption on both those matters to the March meeting.
- There are currently six customers that have elected to opt out of the smart meter installation.
- For her audit, she reviewed the process that staff uses when determining the correct tax to assess to an electric service account. She noted that any questionable meter is physically verified to determine if it is in the county or city. She noted the process is effective and no changes were recommended.

ENGINEERING DIRECTOR REPORT:

Mr. Fuentes reported that:

- In follow up to Commissioner Nelson's question on the pole testing, he provided the number of poles that were tested in prior years and briefly explained the process of how it is determined which poles will get tested.
- In follow up to the Commission's questions regarding net metering, he provided information on the net metering connections to date and for 2021. He provided other information on the number of pending connections, and the nameplate generation available on the system.
- The field engineers continue to be busy with new service orders.
- Staff is collaborating with the City of Pasco on a request for an easement to allow for a walkway to be built. He noted that school children would utilize the walkway.
- For his audit, he reviewed the number of temporary services the District currently has. He noted that temporary services are limited to 180 days and noted that a few services were past the limited days. He reported that staff is creating a process to ensure temporary services are kept to the limited days.

OPERATIONS DIRECTOR REPORT:

Mr. Ferraro reported that:

- The broadband department is busy with new quotes for service along with other broadband infrastructure projects. He provided more information on the number of new connects and quotes.
- The automated meter infrastructure deployment is moving along. He noted that 11,832 meters have successfully been exchanged. The Commission asked for more information on the customers that have elected to opt out. Discussion ensued.
- For his audit, he reviewed the meter data schedules to verify how the information would be transferred into the automated meter infrastructure

SUPERVISOR OF EXECUTIVE ADMINISTRATION REPORT:

Ms. Viera reported that:

- As part of the requirements for trading with certain counterparties, the District was required to provide Commission information for the "Know Your Customer Review". She noted that staff would be providing the information.
- As a reminder, there are two meetings scheduled for March 22. The first is a special meeting for the purpose of hearing a presentation on the District's power resources and the other is the regular meeting.

OUTSIDE GENERAL COUNSEL REPORT:

Mr. Iller noted he did not have a report for the Commission this month. He noted he appreciated the discussion regarding the funding campaign.

At 3:18 p.m., Commissioner Wright called for an executive session, to begin effective immediately and end at 3:35 p.m., for the purpose of reviewing the performance of a public employee as allowed per RCW 42.30.110 (g). He noted that there was anticipated action that would follow the

executive session. All staff was dismissed with the exception of Mr. Rhees, Ms. Viera, and Ms. Ransom.

At 3:35 p.m., Commissioner Wright ended the executive session and reconvened the regular meeting.

Ms. Ransom reported that staff was directed to prepare a resolution for introduction and Commission consideration of an adjustment to the General Manager's salary and she provided a copy of the draft resolution. There was general discussion on salaries, the current market and other compensation.

Commissioner Wright reported that they are pleased with Mr. Rhees' performance. The Commission commended Mr. Rhees for his strong leadership and the actions taken to mitigate the impacts of the pandemic. The Commission reported that the District continues to perform well and attributed it to Mr. Rhees' leadership. There was general discussion on compensation for General Managers for utility districts. Discussion ensued.


Commissioner Wright moved and Commissioner Gordon seconded to bring forth for final adoption to the March 22, 2022, Resolution 1366, Setting Compensation for the General Manager and Authorizing a Term Extension of the Employment Agreement, with an annual salary of \$240,000 to be effective April 1, 2022. The motion passed unanimously.

Mr. Rhees thanked the Commission for their continued support and noted he was pleased to work for District and serve its customers.


Commissioner Gordon asked for a brief update on the large industrial projects coming into the District's service territory and Mr. Rhees provided the information.

MEETING ADJOURNMENT

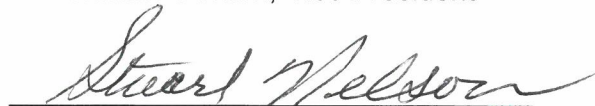
With no further business to come before the Commission, Commissioner Wright adjourned the regular meeting at 3:38 p.m. The next meeting will be a special meeting for the purpose of hearing a presentation and discussion on the District's power resources. The special meeting will be March 22, 2022, at 10 a.m. The next regular meeting will be March 22, 2022 at 1:00 p.m. Both meetings will be held in accordance with the current Governor's proclamation in affect. Members of the public may participate via conference call.



Roger Wright, President



William Gordon, Vice President



Stuart Nelson, Secretary