

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

MINUTES OF THE MARCH 26, 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 March 26, 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 Rhee, 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 Wayne Regin, Field Engineer II.

Public participating in person or via remote technology for all or part of the meeting was Pedro Torres, District customer.

**OPENING**

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

**PUBLIC COMMENT**

Commissioner Nelson called for public comment and there was none.

**EMPLOYEE MINUTE**

Commissioner Nelson welcomed Mr. Regin 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. Regin shared his work history and noted he assists both residential and commercial customers with new construction builds. He reported he enjoys helping customers find the most cost-effective solution for their new construction. Mr. Regin noted that as a Field Engineer II, in addition to his regular job tasks, he is able to work with mapping and process

new easements. He noted that for safety reasons, he appreciated having District issued cell phones and that Automated External Defibrillators were in each District vehicle as well as throughout the building.

Commissioner Wright reported he had worked with Mr. Rexin in the past. He noted that Mr. Rexin had been very helpful, and he appreciated his work.

## **COMMISSIONER REPORTS**

Commissioner Gordon reported that:

- He attended the American Public Power Association Legislative Rally in Washington DC. He reported that there were not many House Representatives at the Rally but attendees were able to meet with their staff.

Commissioner Wright reported that:

- He attended the PPC Member's Forum virtually and noted that the Member's Forum meetings were always informative and beneficial. He reported that the cold weather retrospective discussion was very insightful.
- He attended the WPUA Telecom meeting and noted that BEAD funding was discussed.
- He attended the March NoaNet meeting and noted that Ms. Linda Gott received the Ernie Bolz Award which is given to a NoaNet member that has had significant contribution to NoaNet's success. He shared a few slides showing NoaNet's financial position. He noted that NoaNet has made significant improvements and is in a positive financial position. Commissioner Wright reported it was important to remember the reason that NoaNet was created and why the District had made the initial commitment to become NoaNet owners/members. He reiterated the importance of having an open access network. He reported on the many benefits that NoaNet has provided to the State of Washington, and he shared examples of the contributions.

Commissioner Nelson reported that:

- He attended the monthly PPC meeting and noted that the Residential Exchange Program was discussed.  
Mr. Rhees reported that Mr. Fuentes will be the District representative on PPC's Residential Exchange Issues Negotiation Group. Discussion ensued on the complexity of the Residential Exchange Program.
- He attended the Pasco and Hispanic Chamber monthly luncheons.
- He also attended the American Public Power Association Legislative Rally and noted he appreciated Senator Cantwell meeting with the attendees.

**CONSENT AGENDA**

The Commission reviewed the Consent Agenda. Commissioner Gordon asked for more information on the miscellaneous write-offs included in the monthly report and staff provided the details. 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 February 13, 2024 Regular Commission meeting.
- 2) To approve payment of expenditures for February 2024 amounting to \$18,520,012.43 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	\$ 531,141.18
Wire Transfers	13,301,273.98
Automated and Refund Vouchers (Checks)	2,956,715.05
Direct Deposits (EFTs)	1,731,822.17
Voids	(939.95)
<b>Total:</b>	<b>\$ 18,520,012.43</b>

- 3) To approve the Write Offs in substantially the amount listed on the March 2024 Write Off Report totaling \$28,954.75.

**AGENDA ITEM 6, OPENING THE PUBLIC HEARING FOR A PROPOSED RATE ACTION, TAKING PUBLIC COMMENT AND RECESSING THE PUBLIC HEARING.**

Commissioner Nelson opened the public hearing and called on Mr. Rhees for introduction of the agenda item.

Mr. Rhees reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. Mr. Rhees noted that at the February 13, 2024 Commission meeting, on behalf of the Rate Advisory Committee (RAC), an RAC member had brought the following recommendation for a proposed rate action for Commission consideration:

- an annual 3% rate revenue increase through the energy and demand components of the rate schedules, for all rate schedules except Rate Schedule 5.0, Street Lighting Service, to be effective each May 1 of 2024 through 2027,
- no increase to the System Charge component for all rate classes, and
- years 2025-2027 rate revenue increases will be reviewed and evaluated annually.

Mr. Rhees reported that staff had received authorization to begin the public hearing process to communicate and take public comment on the proposed rate action and today was the first of three public hearings. Through a presentation, Mr. Rhees and Ms. Fulton provided more information on the proposed rate action, the actions taken by the District to minimize rate increases, and the proposed rates.

Commissioner Wright reported that rate increases in small incremental amounts were more manageable and noted that in the past the District had to impose a double-digit increase and noted that was not manageable for District customers.

The Commission called for public comment. Mr. Torres reported that increases were not popular and that it was difficult to implement a rate increase at the right time for every customer class. He noted that in his opinion the proposed rate action was manageable and provided stability to customers.

Commissioner Wright noted that stability for our customers was important and avoiding huge fluctuations in rates was critical to providing rate stability. Commissioners Nelson and Gordon concurred.

Staff noted that no other public comment had been received prior to the hearing. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to recess the public hearing to April 3, 2024 at 5:30 p.m. The motion passed unanimously.

**AGENDA ITEM 7, ADOPTING A RESOLUTION CONTINUING THE LOW-INCOME SENIOR CITIZEN AND LOW-INCOME DISABLED PERSON DISCOUNT PROGRAMS AND SUPERSEDING RESOLUTION 1389.**

Ms. Fulton introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. The Commission reviewed the number of accounts and dollar amount associated with providing the discounts. Commissioner Wright noted he appreciated the format in which the information was presented and requested staff include the increase in number of customers participating in the discount programs in the future. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to adopt Resolution 1408 as presented. The motion passed unanimously.

**AGENDA ITEM 8, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE AN EXTENSION TO THE VEHICLE FUEL CONTRACT.**

Mr. Fuentes introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to authorize the General Manager/CEO or his designee to execute an extension to the vehicle fuel contract with Coleman Oil Company, LLC, for twelve months, starting May 1, 2024 and ending April 30, 2025, in an amount not to exceed the weekly OPIS Rack Average cost plus the markup rate of \$0.040 (4 cents) per gallon and all applicable taxes. The motion passed unanimously.

**AGENDA ITEM 9, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE A CONTRACT FOR GENERAL PROTECTION ENGINEERING SERVICES FOR THE RAILROAD AVENUE SUBSTATION.**

Mr. Fuentes introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. Commissioner Gordon asked if staff was able to provide the services being contracted. Mr. Fuentes reported that the services are very specialized, and the District does not have experienced staff or the necessary software. He noted that the frequency in which the services would be needed did not make it cost effective to bring on staff specifically to be able to provide the services. Staff reviewed their recommendation.

Commissioner Gordon moved and Commissioner Wright seconded to authorize the General Manager/CEO or his designee to execute a contract with Electrical Consultants, Inc., the most qualified consultant, for general protection engineering services in an amount not to exceed \$360,000. The motion passed unanimously.

**AGENDA ITEM 10, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE AN INTERLOCAL COOPERATIVE AGREEMENT BETWEEN THE DISTRICT AND PETRICHOR BROADBAND, LLC FOR TELECOMMUNICATION SERVICES REQUIRED FOR THE CONNELL AND BASIN CITY FIBER-TO-THE-HOME PROJECT.**

Mr. Ferraro introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. He reported that Petrichor contracts with public and private entities for telecommunication services such as the planning, development, operation of local and regional telecommunication facilities, Washington State Broadband Office grant oversight, and that the District would like to enter into an Interlocal Cooperative Agreement with Petrichor to procure these services.

The Commission asked various questions on the services being requested and the availability of another entity being able to provide them. Commissioner Wright noted his hesitancy to solicit these services from Petrichor and provided his reasons. Mr. Rhees reported that Petrichor was a reputable entity and had been highly recommended by the Port of Pasco. He noted that the District had utilized Petrichor for grant writing services in the past and staff was pleased with their work. He reported that Petrichor has significant experience in managing grants. Commissioner Wright reiterated his concerns and inquired if approving the matter was time sensitive. Commissioner Gordon noted that he was in favor of moving the project forward and authorizing the Interlocal Agreement. Discussion ensued. Staff reviewed their recommendation.

Commissioner Gordon moved and Commissioner Wright seconded to authorize the General Manager/CEO or his designee to execute the Interlocal Agreement between the District and Petrichor for telecommunication services in an amount not to exceed \$85,000. The motion passed unanimously.

**AGENDA ITEM 11, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE A CONTRACT FOR THE PROFESSIONAL CULTURAL AND HISTORICAL MONITORING PLAN REQUIRED FOR THE CONNELL AND BASIN CITY FIBER-TO-THE-HOME PROJECT.**

Mr. Ferraro introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. He noted that a professional cultural and historical monitoring plan was required as part of the Washington State Broadband Office (WSBO) Infrastructure Acceleration Grants Handbook. Staff received two (2) proposals from ASM Affiliates and BFSA Environmental Services. Both proposals were evaluated based on the following criteria: available staff, project elements, timeline, ability to deliver and cost. Staff's evaluation found that ASM Affiliates, was the highest scoring proposal based on the criteria. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to authorize the General Manager/CEO or his designee to execute a contract with ASM Affiliates, the most qualified consultant for the professional cultural and historical monitoring plan required for the Connell and Basin City Fiber-To-The-Home Project in an amount not to exceed \$5,000.

**AGENDA ITEM 12, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE AN INTERLOCAL COOPERATIVE AGREEMENT BETWEEN FRANKLIN PUD, BENTON PUD, BENTON CONSERVATION DISTRICT, BENTON REA, ENERGY NORTHWEST, FRANKLIN CONSERVATION DISTRICT, KENNEWICK SCHOOL DISTRICT, PACIFIC NORTHWEST NATIONAL LAB (PNNL), RICHLAND ENERGY SERVICES, AND EDUCATIONAL SERVICE DISTRICT (ESD) 123 TO HOLD THE TRI-CITIES FOUNDATION FOR WATER & ENERGY EDUCATION (FWEE) SCIENCE TECHNOLOGY, ENGINEERING AND MATHEMATICS (STEM) CAREER ACADEMY.**

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 this was the second annual FWEE STEM academy and reported that the first event had been highly successful. Staff reviewed their recommendation.

The Commission noted that these types of events were great for students and the community.

Commissioner Wright moved and Commissioner Gordon seconded to authorize the General Manager/CEO or his designee to execute the Interlocal Agreement between Franklin PUD, Benton PUD, Benton Conservation District, Benton REA, Energy Northwest, Franklin Conservation District, Kennewick School District, PNNL, Richland Energy Services, and ESD 123 to hold the FWEE STEM Career Academy. The motion passed unanimously.

**AGENDA ITEM 13, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO APPROVE ADDITIONAL FUNDING FOR TOTH CONTRACT 10068 FOR PROFESSIONAL SUBSTATION DESIGN SERVICES.**

Mr. Fuentes introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. Commissioner Gordon asked various questions on the additional amount being requested and the revised total amount of the contract. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to authorize the General Manager/CEO or his designee to approve additional funding of \$41,250 to Contract 10068 Professional Substation Design Services for a new not to exceed amount of \$968,180. The motion passed unanimously.

**AGENDA ITEM 14, PRESENTING A 2023 YEAR IN REVIEW - SAFETY PRESENTATION.**

Mr. Ferraro provided a 2023 Year in Review on the District's safety program. Through a presentation he reported on the trainings provided, employee participation percentage, recordable and time loss accidents for 2017- 2023. Ms. Fulton and Mr. Fuentes reported on the safety culture within their respective departments.

Commissioner Gordon asked about a safety training event that had high employee participation and Mr. Ferraro noted he would look into it. Mr. Ferraro reported no action was needed and staff was reporting only.

**AGENDA ITEM 15, ADOPTING A RESOLUTION APPOINTING STEVE FERRARO AS AUDITOR OF THE DISTRICT AND SUPERSEDING RESOLUTION 1370.**

Mr. Rhees introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. Staff reviewed their recommendation.

Commissioner Gordon moved and Commissioner Wright seconded to adopt Resolution 1409 as presented. The motion passed unanimously.

**GENERAL MANAGER/CEO REPORT**

Mr. Rhees reported that:

- PPC is working on forming a Residential Exchange Issues Negotiation Group to help navigate the next steps for the Residential Exchange Program and noted that Mr. Fuentes will be the representative for the District in the group. He noted it was important for the District to remain engaged in these discussions.
- The Clean Energy Transformation Act legislation which requires utilities to make programs and funding available for energy assistance to customers with high energy burden households, may require customers that are not deemed low-income to contribute to help the low-income customers. He reported this will have a significant impact on the District and all customers and noted that the District was not in support of this program requirement. Mr. Rhees noted that mandates such as this were removing the “local control” from public utilities and the Commission concurred. He noted that Ms. Fulton will be serving on a WPUDA committee for the Statewide Low-Income Assistance program.
- The Port of Pasco, City of Pasco, and Pasco School District have expressed interest in conducting a study on the transmission/capacity availability from BPA, and electric vehicle impacts for economic growth purposes. He noted that this study would be beneficial to the District as well and that the entities have asked the District to spearhead the study. He noted that he will provide more information as it develops.
- He and other staff continue to meet with Big Bend Cooperative to collectively solve energy issues that affect Franklin County. He noted that moving forward Mr. Fuentes will work with Big Bend Cooperative’s Engineering Manager to help solve the BPA transmission capacity issues.
- The draft Provider of Choice Policy was released by BPA, and he noted the document is voluminous. He reported that staff will review it.
- Ms. Olson is temporarily out and noted he appreciated Ms. Viera’s assistance.



## **FINANCE & CUSTOMER SERVICE DIRECTOR REPORT**

Ms. Fulton reported that:

- The January and February 2024 Key Performance Indicators (KPIs) monthly reports were included in the meeting packet, and she briefly reviewed slides within the report.
- The visit to Powerex was positive and noted that they were appreciative of the visit.
- The District's Rating Presentations had gone well. She reported that Standard & Poor's had affirmed the District's rating of A+, and Moody's had upgraded the District from A1 to AA3.
- The bond issuance had gone well. She noted a slightly higher interest rate was obtained but overall, it was still good.
- She has begun reviewing the Provider of Choice Policy documents from BPA.
- For her audit, she reported that staff doing work associated with grant funding is required to charge their time to a specific code to ensure wages are coded properly. She reported that she reviewed staff's timesheets and noted that employees are tracking their time correctly.

## **ASSISTANT GENERAL MANAGER REPORT**

Mr. Ferraro reported that:

- Building improvements continue and noted that the administrative office has been repainted and shrubs replaced in the main parking lot.
- The Broadband department continues to be busy, and he reported that 18 new services have been turned up and the node at the Railroad Avenue substation is complete. He noted that staff is also working on migrating the broadband billing to the NISC billing module.
- The mechanic shop is working on regular preventive maintenance and repairs on vehicles.
- The meter shop is working on completing the upgrade to all the Gridstream collectors, routers, and meters to the latest firmware.
- In follow up to Commissioner Gordon's question on the May safety event, he reported that the training was on disaster recovery.

## **PUBLIC INFORMATION OFFICER REPORT**

Ms. Viera reported that:

- Staff attended the Pasco Chamber luncheon on March 11, Legislative Debrief and noted that the District was able to advertise at the luncheon and provided spring energy savings tips.
- April is Lineman Appreciation Month and she noted that staff will run a social media campaign featuring some of the District's linemen as well as include little facts of the profession.
- As Mr. Rhees reported, she has been filling in for Ms. Olson.

## **ENGINEERING & OPERATIONS SENIOR DIRECTOR**

Mr. Fuentes reported that:

- The Railroad Avenue Substation continues to make progress. He shared pictures that showed the current status of the Railroad Avenue Substation. He reported that the steel poles have arrived and have been inspected. He noted overall, the project is progressing on schedule.
- The District received a request for a new 40 MW load next to the Amazon buildings off of A Street. He noted that staff will follow up with the potential customer to get more information.
- Bonneville Power Administration has requested an outage to the Connell area to perform maintenance on their system. The planned outage is scheduled for May 31 to begin at 10 p.m., and end on June 1 at 6 a.m. He noted that staff has begun the customer notification process.
- For his audit, he reviewed the overtime for his employees. He noted that he compared the callouts to the overtime recorded by employees and reported no discrepancies were found.

Commissioner Wright asked about the outages reported in the KPIs and noted that many were attributed to equipment failure and noted he found the number to be high. He asked staff to look into the matter further and begin trending the data.

## **GENERAL COUNSEL REPORT**

Mr. Whitney did not report.

Mr. Rhees reported he had a few more matters to report on and noted that:

- Staff continues to pursue the Palouse Junction Solar Project.
- In addition, staff has issued a Request for Proposal for 2.5 MW to 3 MW solar output and noted that areas have been identified where such a solar project could be feasible.
- Staff met with energy storage consultants. He noted there may be grant funding available that could be used for this type of project, and he reported that staff is looking into the matter.

At 11:01 a.m., Commissioner Nelson called for a five-minute executive session that would end at 11:06 a.m. for the purpose of discussing with legal counsel current or potential litigation as allowed by RCW 42.30.110(i).

At 11:06 a.m., Commissioner Nelson ended the executive session and reconvened the regular meeting.

Ms. Viera brought forth the matter of Resolution 1407, Setting Compensation for the General Manager Salary / Chief Executive Officer.


Mr. Whitney recommended the Commission revise the Commission meeting agenda to include, Adopting Resolution 1407. Commissioner Wright moved and Commissioner Gordon seconded to revise the Commission meeting agenda to allow for the presentation of Resolution 1407.


Ms. Viera presented Resolution 1407, Setting Compensation for the General Manager Salary / Chief Executive Officer and noted that Resolution 1407 had the recitals as had been agreed upon at the February 13, 2024 Commission meeting which were: adjusting the General Manager/CEO's annual compensation to \$280,000 to be effective April 1, 2024, personal leave be adjusted to maximum accrual plus an additional 10 days of personal leave annually, also effective April 1, 2024. She noted that staff was bringing Resolution 1407 for final consideration and adoption.

Commissioner Gordon moved and Commissioner Wright seconded to adopt Resolution 1407 as presented. The motion passed unanimously.

#### **CLOSING OF MEETING – ADJOURNMENT**

With no further business to come before the Commission, Commissioner Nelson adjourned the regular meeting at 11:10 a.m. The next regular meeting will be April 23, 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