

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

MINUTES OF THE MARCH 28, 2023
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 28, 2023, at 1:00 p.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 Bill Gordon, President; Commissioner Stu Nelson, Vice President; Commissioner Roger Wright, Secretary; Scott Rhees, General Manager; Holly Dohrman, Assistant General Manager; Steve Ferraro, Operations Director; Victor Fuentes, Engineering Director; 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 Kelli Esp, Customer Service Specialist; Ben Hooper, Superintendent of Broadband/Fleet/Metering; Shelly Olson, Records Coordinator; and Natassja Ransom, Human Resources Generalist.

Public participating in person or via remote technology for all or part of the meeting were Ron Skagen, WPUDA Treasurer (Douglas County PUD Commissioner); Liz Anderson, WPUDA Deputy Executive Director; and Lena Mendiola, WPUDA Director of Member Services; George Caan, WPUDA Executive Director; William Rimmer, BPA Account Executive; and Dusty Powers, Telco Wiring and Repair.

Staff notified Commissioners Nelson and Wright that Commissioner Gordon was delayed and would be arriving shortly. Commissioner Nelson presided over the meeting until Commissioner Gordon arrived.

OPENING

Commissioner Nelson called the meeting to order at 1:00 p.m. and called on Ms. Esp to lead the Pledge of Allegiance.

PUBLIC COMMENT

No written public comment was received prior to the meeting.

Commissioner Nelson welcomed those in attendance and called for public comment, and both Mr. Powers and Mr. Rimmer elected to provide comment later in the meeting.

EMPLOYEE CHECK-IN

Commissioner Nelson welcomed Ms. Esp and noted that it was the intent of the Commission to hear

from employees and check how they are doing. Commissioner Nelson asked general wellbeing questions that included what Ms. Esp was most proud of, favorite parts of her job, biggest challenge during the pandemic, and what change she would make at the District.

Ms. Esp reported she was most proud of the flexibility the Customer Service department demonstrated with all the changes needed to deal with the pandemic. She noted that her favorite part of the job was helping customers with their payments and processing the mail. Ms. Esp reported that a challenge during the pandemic was ensuring surfaces were disinfected continuously to keep everyone healthy. She noted that other utilities have implemented 4-day x 10 hours a week schedule for all employees, and she would like to see the District consider it too. The Commission noted that a 4-day x 10 hours a week schedule would impact customers and having staff available 5 days a week was important. The Commission thanked Ms. Esp for attending.

WPUDA PRESENTATION

Commissioner Nelson welcomed the WPUDA members attending. Introductions were done for both WPUDA and District staff.

Mr. Skagen reported he was currently the Secretary of the WPUDA Board and noted that initially the WPUDA Board President was planning to attend but was unable to. He reported that the WPUDA Board and staff have been visiting all the member utilities.

Through a presentation Ms. Anderson and Ms. Mendiola shared information on the formation, purpose, services offered and other general information about WPUDA. Commissioner Wright reported that sharing the history on why public utilities were formed was important and noted he appreciated the information. There was discussion on the monthly meeting schedule and feedback was provided on how to potentially get more engagement from the members attending.

Mr. Rhees reported that there was concern with the increasing rulemaking and mandates coming from State and Commerce agencies and noted this jeopardized public utilities, specifically retaining local control. He noted he would like to see WPUDA get more involved and take a stance against this. Ms. Anderson reported that other WPUDA members have voiced the same concern.

The Commission thanked Mr. Skagen and the WPUDA staff for attending and providing the presentation.

COMMISSIONER REPORTS

Commissioner Wright reported that:

- He participated in the monthly NoaNet meeting.
- He participated in the WPUDA monthly meeting via remote technology.

Commissioner Nelson reported that:

- He attended the Pasco Chamber and Tri City Hispanic Chamber monthly luncheons, in addition to the Tri City Hispanic Chamber annual dinner .

- At the APPA Legislative Rally, he was able to visit with staff from Senator Maria Cantwell’s office.

Commissioner Gordon reported that:

- During the APPA Legislative Rally, he was able to meet with staff from both the Congressional offices of Newhouse and McMorris-Rodgers. He noted that Congresswoman McMorris-Rodgers is the Chair of the House Energy and Commerce Committee.

CONSENT AGENDA

The Commission reviewed the Consent Agenda. Ms. Dohrman reported that customers from both the February and March Write Off report had paid their balance and would be removed from the list.

Commissioner Wright moved and Commissioner Nelson seconded to approve the Consent Agenda with the revised Write Off totals as follows:

- 1) To approve the minutes of the February 14, 2023 Regular Commission meeting.
- 2) To approve payment of expenditures for February 2023 amounting to \$11,809,076.00 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	\$494,827.21
Wire Transfers	8,903,486.10
Automated and Refund Vouchers (Checks)	2,064,358.00
Direct Deposits (EFTs)	1,406,889.68
Voids	(1,060,484.99)
Total:	\$11,809,076.00

- 3) To approve the Write Offs as listed on the February 2023 (\$4,440.88) and March 2023 (\$5,656.39) Write Off Reports in the amount totaling \$10,097.27.
- 4) To approve an expenditure for a conservation contract with Lamb Weston Inc., Contract No. 10181 for condenser upgrades in the amount of \$125,300, effective February 2, 2023.

The motion passed unanimously.

AGENDA ITEM 8

ADOPTING A RESOLUTION CONTINUING THE LOW-INCOME SENIOR CITIZEN AND LOW-INCOME DISABLED PERSON DISCOUNT PROGRAMS AND SUPERSEDING RESOLUTION 1367.

Ms. Dohrman introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. She reviewed the number of accounts and the dollar amount of the discounts for the two programs over the last three years. The Commission noted that it was important to continue offering these programs. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to adopt Resolution 1389 as presented. The motion passed unanimously.

AGENDA ITEM 9

AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO APPROVE A ONE-TIME SERVICE ACCOUNT CREDIT TO DISTRICT CUSTOMERS FOR ENROLLMENT OF ELECTRONIC BILLING THROUGH SMARTHUB.

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 would like to incentivize customers to sign up for paperless bills and offer a one-time \$5.00 credit to customers who enroll. She noted that the one-time credit has less than a one year pay back for each enrolled customer. If authorized, staff would run a campaign advertising the one-time credit for enrolling in paperless billing and have it available beginning April 1, 2023 through December 31, 2023.

The Commission asked various questions regarding the incentive amount, the possibility of increasing it, and the eligibility for the credit. After discussion the Commission noted that the proposed amount was appropriate. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Wright seconded to authorize the General Manager or his designee to approve a one-time \$5.00 service account credit for District customers who enroll in electronic billing, effective April 1, 2023 through December 31, 2023. The motion passed unanimously.

AGENDA ITEM 10

AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO EXECUTE AN EXTENSION TO THE VEHICLE FUEL CONTRACT.

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 the service provided by the fuel vendor and carbon credits for fuel. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to authorize the General Manager or his designee to execute an extension to the vehicle fuel contract with Coleman Oil Company, LLC, for twelve months, starting May 1, 2023 and ending April 30, 2024, 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 11

AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO EXECUTE A CONTRACT FOR THE PURCHASE OF ADVANCED METERING INFRASTRUCTURE METERS.

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 these advanced metering infrastructure meters would be used to meet the future growth needs of the District in 2025 and beyond. Staff reviewed their recommendation.

Commissioner Nelson and Commissioner Wright seconded to authorize the General Manager or his designee to execute a contract with Carlson Sales Metering Solutions LLC, the lowest responsive bidder, for the purchase of advanced metering infrastructure meters, in an amount not to exceed \$492,227. The motion passed unanimously.

AGENDA ITEM 12

AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO EXECUTE AN INTERLOCAL COOPERATIVE AGREEMENT BETWEEN THE DISTRICT AND SOURCEWELL FOR THE PROCUREMENT OF GOODS AND SERVICES THROUGH THE USE OF COOPERATIVE PURCHASING CONTRACTS.

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 this was a housekeeping item that will allow the District to sign a new Interlocal Agreement that will reflect the cooperative's new name. He noted that RCW 39.34 requires Interlocal Agreements to be authorized by the Commission. Staff reviewed their recommendation.

Commissioner Nelson and Commissioner Wright seconded to authorize the General Manager or his designee to execute the Interlocal Agreement between the District and Sourcewell for procurement of goods and services through the use of cooperative purchasing contracts. The motion passed unanimously.

AGENDA ITEM 13

AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO EXECUTE A CONTRACT FOR THE PURCHASE OF SINGLE PHASE TRANSFORMERS.

Mr. Fuentes introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. He noted the bid submitted by General Pacific/Howard had technical exceptions that included not painting the inside of the tank and not including the sales drawings, however they did provide adequate information which allowed staff to verify dimensions without the sales drawings.

Mr. Fuentes reported that the bid also took exception to having a "no price escalation cap", and the bid specified a 3% cap. He noted that the District will have the right to cancel the order within ten (10) business days of being notified of a price escalation, which the bidder must do in writing ninety (90) days prior to production. Mr. Fuentes reported that if authorized, staff would notify the Commission of any

price changes, when and if this happens, or if the order is canceled. Staff determined that the bid submitted by General Pacific/Howard was a responsive bid and within the District's estimate.

Mr. Fuentes reported on the challenges that the District is experiencing with obtaining materials and equipment and the long lead times. He noted that staff's recommendation would be to authorize the bid with the exceptions noted by the bidder. Discussion ensued. Commissioner Wright noted that staff may need to start ordering equipment now for long term future needs.

Commissioner Wright moved and Commissioner Nelson seconded to authorize the General Manager or his designee to execute a contract with General Pacific/Howard, the lowest responsive bidder, for the purchase of single phase transformers in an amount not to exceed \$2,645,585. The motion passed unanimously.

AGENDA ITEM 14

AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO EXECUTE A CONTRACT FOR THE PURCHASE OF 15KV PRIMARY METERING CABINETS.

Mr. Fuentes introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. He reported that staff received three (3) bids:

<u>Bidder:</u>	<u>Total Bid:</u>	<u>Exceptions:</u>
Carlson Sales/Durham	\$246,250	Yes
Switchgear Power Systems	\$215,400	Yes
General Pacific/Brooks	\$205,785	No

He reported that staff determined that the bid submitted by General Pacific/Brooks had no exceptions. It was also the lowest responsive bid and within the District's estimate. He noted that the bids submitted by Carlson Sales /Durham and Switchgear Power Systems had exceptions and reported that if the bids had been the lowest bid, further review would have been needed to determine if the exceptions would have been acceptable. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Wright seconded to authorize the General Manager or his designee to execute a contract with General Pacific/Brooks, the lowest responsive bidder, for the purchase of primary metering cabinets in an amount not to exceed \$205,785. The motion passed unanimously.

AGENDA ITEM 15

AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO EXECUTE A CONTRACT FOR THE PURCHASE OF PRIMARY UNDERGROUND CABLE.

Mr. Fuentes introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. He noted that staff received and evaluated two (2) bids:

<u>Bidder:</u>	<u>Total Bid:</u>	<u>Exceptions:</u>
Anixter/Okonite	\$1,842,010	No
General Pacific/CME	\$1,360,463	Yes

He reported that the bids submitted by General Pacific/CME had exceptions that included an escalation cap of 5%, giving a 14-day window to award the bid, and making the order non-cancellable, which are acceptable to the District. Staff determined that the bid submitted by General Pacific/CME was a responsive bid and within the District’s estimate. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to authorize the General Manager or his designee to execute a contract with General Pacific/CME, the lowest responsive bidder, for the purchase of primary underground cable in an amount not to exceed \$1,360,463. The motion passed unanimously.

AGENDA ITEM 16

PROVIDING A STRATEGIC BROADBAND DIRECTION PRESENTATION AND DISCUSSION.

Mr. Ferraro introduced the agenda item and called on Mr. Hooper to provide additional information.

Through a presentation Mr. Hooper provided information on the current challenges the District’s broadband division is dealing with. The presentation included information on the District’s broadband capital investment, revenues, number of wholesale customers and retail service providers and miles of fiber. Mr. Hooper reported that other broadband providers are expanding their infrastructure, and noted this could potentially adversely impact the District financially. He shared information on the estimated financial impacts that would be realized in the near future. Mr. Hooper noted that the District has options to help mitigate the impacts of the overbuild by these other broadband service providers and he reviewed them. He noted that staff would like to pursue retail authority with focus on the commercial customers such as businesses, municipalities, schools, and government entities.

Commissioner Wright cautioned that the District should not be reactionary as this has been seen before. He noted that, in the past, other providers have been just as aggressive and that the District should focus on areas that those providers are not able to serve or don’t want to serve. He noted that competition was good and that the District should be able to withstand it. Mr. Hooper agreed that the District has seen this in the past and had adjusted its broadband service rates accordingly. He noted that this potential overbuild was significant and the loss of customers could be as well. Commissioner Gordon asked various questions regarding the current broadband revenues and capital investments to the District’s broadband infrastructure. Commissioner Gordon asked Mr. Powers for public comment at this time.

Mr. Powers noted that the possible impacts the overbuild by these other broadband services providers would have to his business was frightening. Mr. Powers noted that he has a great working relationship with the District and in order for his business to thrive and be healthy the District has to thrive and be healthy. He noted that these other broadband service providers have significant funds to invest, which

he cannot compete with. Mr. Powers reported that the District having retail authority was much more palatable for his business than the overbuild and noted he was in favor of it. He noted that creative solutions were needed, and his business would not be able to survive if a solution was not found.

Commissioner Wright noted he strongly disagreed with staff's assessment and the recommendation of pursuing retail authority. He noted that there was opportunity for growth and reiterated that this has been seen before. He noted that the District should focus on serving the areas those providers do not want to go to. Commissioner Wright noted that he was not in favor of authorizing retail authority at this time. Commissioner Gordon asked how pursuing retail authority would help and how it differed from what the District is currently doing, what the staffing requirements would be if the District had retail authority, and Mr. Hooper provided the information.

Mr. Rhees reported that these service providers have already realized success with commercial accounts and that the District will be impacted financially with the loss of revenues. He reported that he would like the Commission to consider a blended approach for retail authority and noted that the District would focus on primarily commercial customers to protect the District. He noted that the intent would be to work with Retail Service Providers such as Mr. Powers to provide service to residential accounts. Discussion ensued.

After much discussion, Commissioner Gordon reported that no action would be taken today on the matter. He requested staff bring this matter back in three months and provide information on what has changed since today's presentation. Commissioners Wright and Nelson agreed.

Mr. Powers noted that his concern was not the District obtaining retail authority but rather losing his current customers to the other providers. Mr. Powers reported that he would be in favor of the District having retail authority. The Commission thanked Mr. Powers for his thoughts and requested he attend again when staff brings back the matter in three months.

AGENDA ITEM 17

ADOPTING A RESOLUTION AUTHORIZING THE APPROVAL AND EXECUTION OF A PAYMENT AGREEMENT WITH NORTHWEST OPEN ACCESS NETWORK.

Mr. Rhees introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. He briefly reviewed the need for the payment agreement with Northwest Open Access Network. He noted that discussions have been held at various Commission meetings and that at the February 14, 2023 regular meeting the matter had been discussed with a financial contribution of \$700,000 being agreed upon. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to adopt Resolution 1390 as presented for the Payment Agreement reflecting the agreed upon \$700,000 financial contribution to Northwest Open Access Network. The motion passed unanimously.

CLAIMS

Mr. Fuentes noted there were no claims to report on.

GENERAL MANAGER REPORT

Mr. Rhees reported that:

- The District continues to be impacted by COVID-19 and reported on the number of instances the short-term program has been utilized by employees. He noted that remote work continues to be beneficial for both the District and employees.
- He attended the TRIDEC meeting and noted that the area continues to see substantial commercial growth.
- Staff continues to investigate the use of refurbished transformers and reaching out to secondary refurbished markets representatives.
- He will be part of a General Manager discussion panel at the Northwest Public Power Association Engineering and Operations Conference in Reno, Nevada.
- He and Mr. Fuentes have been working with Big Bend Electric Cooperative for solutions on the Road 100 service area that borders both utilities.
- There continues to be substantial rate increases by other utilities and reported on some being implemented by Investor-Owned Utilities.

Ms. Ransom reported that at the February 14, 2023 regular meeting staff was directed to bring a resolution with the agreed upon salary adjustment to the General Manager's annual compensation. She reviewed Resolution 1391 which included the specific recitals as requested by the Commission and noted that the Resolution also included an update to the General Manager's title to include Chief Executive Officer. She reported that the title change more accurately reflected the duties performed by Mr. Rhees. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to adopt Resolution 1391 as presented. The motion passed unanimously.

Commissioner Gordon asked for comment from Mr. Rimmer.

Mr. Rimmer provided a general update on Bonneville Power Administration (BPA) that included information on the process for system studies and noted that BPA is committed to responding to customers quicker. He reported on the Residential Exchange Program, Regional Dialogue, and the Columbia River Treaty negotiations.

Mr. Rhees reported that there is progress being made on the post 2028 BPA contract and noted there was still concern with the impact the new contract may have on slice customers such as the District. Mr. Rimmer thanked staff for the discussion and noted it was the intent of BPA to work with their customers to find an amicable solution. The Commission thanked Mr. Rimmer for attending and providing the information.

ASSISTANT GENERAL MANAGER REPORT

Ms. Dohrman reported that:

- The monthly Key Performance Indicator report included in the meeting packet had new slides and she reviewed them.
- For her audit, she reported that she reviewed the Powerex invoice. She noted this was the first invoice billed under the new power contract and noted that a transmission charge was included. She reported that Powerex was notified, and the charge was credited back. She reported that she will continue to review the invoices.

OPERATIONS DIRECTOR REPORT

Mr. Ferraro reported that:

- The landscaping contract will expire soon, and the District will not be renewing it. He noted that the District's facilities maintenance department will assume these duties.
- He worked with the union business agent to revise some bargaining unit titles. He noted that Field Engineer positions will be retitled to Distribution Designers.
- There was an outage on February 20, and he provided more information regarding the cause and customer impact.
- Progress continues with the colocation upgrade at the District's Administrative building.
- Both the Operations and Administrative building employees continue to participate in the safety trainings provided by the District, and he reported on the number of days without incident for both locations.
- For his audit, he reviewed the Labor and Industries claim reports to ensure they were processed properly.

ENGINEERING DIRECTOR REPORT

Mr. Fuentes reported that:

- The Franklin Substation refurbishment project is making progress and he provided an update.
- Darigold has delayed their project about six months due to material availability but continues to make progress. He noted that a few easements are pending, and that staff will begin finalizing the designs.
- The other large commercial projects are also making progress and he provided an update on them.
- For his audit, he reviewed the previous dock crew contract. He noted that he compared the budgeted amount to actual funds spent and noted the contract remained in budget.

SUPERVISOR OF EXECUTIVE ADMINISTRATION REPORT

Ms. Viera reported that:

- The new reader board should be installed in the near future.
- A Women in Public Power social media campaign was done in March and noted there was good public engagement. She reported that a lineman appreciation social media campaign will be done in April.


- Staff participated in the Connell Family Night school event and provided a tabletop safety demonstration to elementary school students. She noted that the event was very well attended.
- Staff will be out at the Benton/Franklin County Fairgrounds for the Franklin County Farm Bureau Fair for 5th grade students from both Counties. She reported that the intent of the event was to help promote the dams and the benefits of hydro power.
- The Salmon Summit is scheduled for April 17 and 18 and staff will participate in that event.
- The new Community Relations Coordinator has been doing a great job and she noted that she will attend the April meeting to meet the Commission.
- For her audit, she reviewed the Robbery Procedures, and Community Volunteer Policy. She noted that both were updated with current processes and position titles.

OUTSIDE GENERAL COUNSEL


Mr. Iller reported that he did not have any new information to report on.

CLOSING OF MEETING - ADJOURNMENT


With no further business to come before the Commission, Commissioner Gordon adjourned the regular meeting at 4:19 p.m. The next regular meeting will be on April 25, 2023, at 1:00 p.m. and will be held at the District's Auditorium located at 1411 W. Clark St. Pasco, WA. Remote technology options will be provided for members of the public to participate.



William Gordon, President



Stuart Nelson, Vice President



Roger Wright, Secretary