

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

MINUTES OF THE APRIL 23, 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 April 23, 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 Raquel Torento, Operations Assistant.

Public participating in person or via remote technology for all or part of the meeting was Joe Taylor, Innovation Energy Group; Donna Krska, Darigold Inc., William Rimmer, Bonneville Power Administration (BPA) and David Mercier, Kenbrio.

OPENING

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

PUBLIC COMMENT

Commissioner Nelson called for public comment.

Mr. Taylor introduced himself and reported he was representing Darigold Inc. (Darigold). He noted he would like to provide two comments regarding the District's industrial rate schedule, in particular 2.4 New Industrial Service. He noted that he believed rate schedule 2.4 to be negative and that Darigold was denied the opportunity to utilize 2.3, Industrial Service. He reported that he would like to request the opportunity to negotiate the use of the 2.3, Industrial Service on behalf Darigold.

Mr. Taylor noted that the Darigold facility was in the process of being built and was estimated to be fully operational by fall 2024. He reported that Darigold would be able to fulfil the

requirements of rate schedule 2.4 at that time. He noted that Darigold was seeking the opportunity to negotiate the rate under schedule 2.4.

Mr. Rhees reported that Darigold was offered the opportunity to utilize either 2.3, Industrial Service or 2.4, New Industrial Service and he provided information on the many discussions District staff has had with Darigold representatives. Mr. Rhees reported that in August 2012, the Commission approved the addition of Rate Schedule No. 2.4, New Large Industrial Service with the intent to enable the District to provide service to new large industrial customers at a negotiated rate. He reported that this information was included as a footer on Rate Schedule 2.4. Mr. Rhees reported that because the language was not clear prior to the footer change, in February 2022, Darigold was provided the opportunity to select either rate schedule under which it would be served. He noted that ample time has been given to Darigold to make the selection that would best fit their needs. Mr. Rhees reported that the District was more than willing to discuss service under 2.4, New Industrial Service rate which would require the District to solicit a contract out in the market to serve Darigold or Darigold to procure its own wholesale power.

Mr. Taylor reported that Darigold was making a significant investment in the facility being built in the District's service area and should be entitled to elect Darigold's preferred rate schedule, either 2.3, Industrial Service or 2.4, New Industrial Service. He noted that it was too early for Darigold to be able to choose which rate-schedule would be more beneficial to them and reported that the quotes to provide service to them under 2.4, New Industrial Service have been about \$125 per MW.

Mr. Rhees reported that given the current power market that would likely be higher now.

Mr. Taylor reiterated that he was looking for the opportunity to be provided more time to choose which rate schedule would be more advantageous to Darigold and noted that he would also like to know what other customers are being served under the 2.4, New Industrial Service rate and other District information.

Mr. Rhees reported that Mr. Taylor was welcomed to request the information and noted that there are no customers being served under the 2.4, New Industrial Service rate.

Mr. Taylor reported that there was a significant cost difference between the District's electric service cost and that of Grant PUD's and asked if staff could investigate as to what was the disparity in the costs.

Mr. Rhees reported that the District's electric rates are low, especially compared within Washington State. He reported that Grant has their own hydropower generation with which the District cannot compete with. He noted that the District's rates are competitive within the Northwest.

Commissioner Wright addressed Mr. Taylor and noted that staff would be more than willing to work with Darigold to utilize the rate schedule elected by Darigold. He noted that this discussion should be had with staff outside of the Commission meeting.

Mr. Taylor reiterated he was looking to be able to have the option to choose between either 2.3, Industrial Service, and 2.4. New Industrial Service and not make the decision until a later time.

Mr. Rhees reported that Darigold representatives were provided a substantial amount of time to decide which rate schedule they would be served under.

Mr. Taylor noted that he was seeking to provide Darigold the best utility costs possible and noted again that Darigold was making a sizeable investment into the new facility being built. He noted that this would help the local economy.

Mr. Rhees noted that procuring the resources needed to provide the service to Darigold would impact all the District customers as well. He reported that staff was willing to continue this discussion outside of the meeting and looked forward to assisting Darigold.

Commissioner Wright reported that the District did not have its own power generation source like Grant, Chelan or Douglas PUD and encouraged Mr. Taylor to continue the discussions with staff.

Mr. Taylor requested the Commission provide Darigold an additional 60 days to determine which rate schedule was most beneficial.

Mr. Rhees reported that the District has made significant commitments already to be able to ensure power service is available to Darigold when they are to be fully operational, and he noted that 60 days was pushing it. He noted that these discussions have been on-going for 2 years and that the District is willing to have another discussion with Darigold. He noted that Mr. Taylor has asked for significant information from the District all of which has been provided to him. He noted that if Mr. Taylor is seeking additional information, the District will provide the information in the timeliest manner to help Darigold determine which rate schedule will be best for Darigold. Mr. Rhees noted that staff can provide what the costs would be under 2.3, Industrial Service rate schedule, but not under 2.4, New Industrial Service as this would be based on market pricing.

Mr. Rhees noted that the current power market prices may be \$125 per MW or higher and that the most prudent decision for Darigold would be to utilize the 2.3, Industrial Service rate schedule.

Commissioner Wright thanked Mr. Taylor for his comments and noted that staff will continue

the discussion and report back to the Commission at the May Commission meeting.

Mr. Taylor thanked the Commission for allowing the opportunity to provide comment.

Ms. Krska declined to provide additional comment on the matter.

Mr. Rimmer provided public comment. He shared his condolences on the loss of Ms. Dohrman. He shared his appreciation for Ms. Dohrman and her willingness to help him when he first came on to BPA. He reported that he appreciated staff's engagement in BPA's dealings and noted that District staff was very engaged. Mr. Rimmer provided a brief update on the current issues impacting BPA and the current contract negotiations.

Commissioner Gordon noted that significant decisions have been made by BPA and have been done so without any input from its customers. He noted that better leadership from BPA was needed so that better decisions can be made. Discussion ensued on the transmission in the District's service area and BPA's large new load review process. Mr. Rimmer noted that he would take the comments heard today back to BPA representatives and thanked the Commission for their input.

The Commission thanked Mr. Rimmer for attending and providing the information.

EMPLOYEE MINUTE

Commissioner Nelson welcomed Ms. Toronto and asked general questions about her current position, tasks her position entails, favorite parts of her job, her professional growth at the District and what safety improvements or changes she has seen over the course of her employment. Ms. Toronto shared her work history and noted she appreciates how much she has learned about the electric system. She noted that she has seen lots of safety improvements done since she began in customer service. She reported that the Operations site was more open, and she would like to see more limited access for customers and visitors. She reported that staff was working on this, and she was appreciative.

Commissioner Wright reported that Ms. Toronto had been very helpful with a recent request, and he appreciated her assistance.

COMMISSIONER REPORTS

Commissioner Gordon reported that:

- He appreciated Mr. Rimmer attending and thanked him again for attending.
- He attended the WPUDA Annual Meeting and provided a brief summary on some of the session topics and speakers. He noted he especially found interesting the FBI Agent and the representative from the NW Power and Conservation Council. He reported that the speakers were very different, and this illustrated that people can be different but still work together.

Commissioner Wright reported that:

- He attended the April PPC Member’s Forum virtually and reiterated that the Member’s Forum meetings are very informative and beneficial. He reported that the meeting always includes great speakers with good subject matter relating to the electric industry.
- He attended both the NoaNet and WPUA Telecom meetings.
- He also attended the WPUA Annual Meeting and agreed the speakers were good. He noted that the way power is provided is going to change and he found that interesting. He requested an update on what staff was doing regarding improving substation security and staff noted they would provide an update at a later date. He reported on the Artificial Intelligence (AI) discussion and noted that having a policy in place before moving forward with any type of AI was critical. He cautioned on what components of AI the District should utilize.

Mr. Rhees noted that incorporating AI was one of the Operating Plan goals that staff would be discussing in the meeting later.

Commissioner Nelson reported that:

- He also attended the WPUA Annual Meeting and agreed that the speakers were very good.

CONSENT AGENDA

The Commission reviewed the Consent Agenda. Commissioner Nelson asked for more information on a large write-off 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 March 26, 2024 Regular Commission meeting.
- 2) To approve payment of expenditures for March 2024 amounting to \$10,385,100.33 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	\$ 518,494.59
Wire Transfers	6,122,285.63
Automated and Refund Vouchers (Checks)	1,589,123.53
Direct Deposits (EFTs)	2,165,196.58
Voids	(10,000.00)
Total:	\$ 10,385,100.33

- 3) To approve the Write Offs in substantially the amount listed on the April 2024 Write Off Report totaling \$6,490.67.
- 4) To declare final acceptance of the work completed and as inspected by the District; to authorize release of available retainage; and to approve final payment in the amount of \$8,182.14 for work completed by Kaizen Construction & Development LLC under Contract 10151, Expansion of Colocation Room No. 2.

RE-OPENING THE PUBLIC HEARING, TAKING PUBLIC COMMENT, CLOSING THE PUBLIC HEARING, AUTHORIZING THE GENERAL MANAGER/CEO TO IMPLEMENT A RATE ACTION AND ADOPTING A RESOLUTION APPROVING NEW RATE SCHEDULES FOR ELECTRIC SERVICE AND SUPERSEDING RESOLUTION 1363.

Commissioner Nelson re-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 reported this was the final hearing for a proposed rate action of:

- 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.

Staff reviewed the public comment received from the April 3, 2024 public hearing. Commissioner Wright reported that he believed the public hearing process had gone well and thanked staff. Mr. Rhees reviewed staff's recommendation.

Commissioner Nelson called for public comment, and none was provided.

Commissioner Wright noted he did not want to delay the approval of the new rates, however, he had concerns with "years 2025-2027 rate revenue increases will be reviewed and evaluated annually". He reported that it was important that the language reflected that the Commission would be reviewing the rate action before it becomes effective.

Ms. Viera reported that the resolution included specific language that addressed this.

Mr. Whitney reported that the Commission has the discretion to adjust rates at any time and asked for clarification on Commissioner Wright's intent.

Commissioner Gordon reported that he believed the language in the resolution addressed Commissioner Wright's concern and that he was in favor of taking action as recommended by staff. Commissioner Wright agreed.

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 close the public hearing, authorize the General Manager/CEO to implement a Rate Action May 1, 2024 and adopt Resolution 1410 as presented. The motion passed unanimously.

AGENDA ITEM 7, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE AN INTERLOCAL COOPERATIVE AGREEMENT BETWEEN THE DISTRICT AND WASHINGTON DEPARTMENT OF ENTERPRISE SERVICES FOR THE PROCUREMENT OF GOODS AND SERVICES THROUGH THE USE OF COOPERATIVE PURCHASING CONTRACTS.

Ms. Fulton 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 authorize the General Manager/CEO or his designee to execute the Interlocal Cooperative Agreement between the District and Washington State Department of Enterprise Services for procurement of goods and services through the use of cooperative purchasing contracts. The motion passed unanimously.

AGENDA ITEM 8, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO VACATE THE DISTRICT'S RIGHT OF WAY EASEMENT RECORDED WITH THE FRANKLIN COUNTY AUDITORS.

Mr. Fuentes 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 vacating of easements. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to vacate the District's Right of Way Easement recorded with the Franklin County Auditor for McCurley Chevrolet, Plat of Auto Park. The motion passed unanimously.

AGENDA ITEM 9, DISTRICT 2023 FINANCIAL YEAR IN REVIEW PRESENTATION.

Ms. Fulton introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. Through a presentation Ms. Fulton reviewed the 2023 financial results information, such as operating revenue and expenses, metrics as per the District's financial policy and an overview of the capital projects completed in 2023. She noted that the information being presented today was unaudited.

There were questions and discussion throughout the presentation. Ms. Fulton noted there was no action required and she was reporting only.

AGENDA ITEM 10, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE A PROPERTY AND LIABILITY INSURANCE POLICY RENEWAL WITH FEDERATED RURAL ELECTRIC INSURANCE EXCHANGE.

Mr. Fuentes introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. The Commission asked various questions regarding the coverages provided by Federated and Mr. Fuentes provided the information. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to authorize the General Manager/CEO or his designee to execute a Property and Liability Insurance Policy Renewal with Federated Rural Electric Insurance Exchange for the period of June 1, 2024 through May 31, 2025 in an amount not to exceed \$390,000. The motion passed unanimously.

AGENDA ITEM 11, PROVIDING A FINAL UPDATE AND APPROVING CLOSURE OF THE DISTRICT'S 2022-2023 OPERATING PLAN.

Mr. Rhees introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. He noted this was the final update on the 2022-2023 Operating Plan. Mr. Rhees and staff provided a general update on the tactics listed on Attachment A of the Agenda Item. There were questions and discussion from the Commission.

Commissioner Wright reported that a significant accomplishment was the successful sale and repurposing of the Pasco CT site for a new substation and noted that accomplishment needed to be noted in the final update.

Commissioner Wright moved and Commissioner Gordon seconded to amend the motion to include the successful sale and repurposing of the Pasco CT site for a new substation in the final update and approve closure of the District's 2022-2023 Operating Plan. The motion passed unanimously.

Commissioner Wright reported that he believed the Commission needed to have a discussion on the Pasco CT and the lessons learned. He reported a statement from the Commission would be beneficial to have documented to ensure that decisions similar to that are not made again.

AGENDA ITEM 12, PRESENTING THE DISTRICT'S 2024-2029 STRATEGIC PLAN.

Mr. Rhees introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. He reported that Attachment A is the proposed Strategic Direction for years 2024-2029 which includes the revised Strategic

Priorities that represent the areas of focus for the term of the Strategic Plan, and he reviewed the following:

1. Preserve and continue to grow the safety culture.
2. Optimize systems to provide reliability for our customers.
3. Effectively mitigate factors impacting rates.
4. Develop strong and supportive internal and external relationships.

Mr. Rhees reported that no action was needed and requested the Commission provide feedback to him prior to the May 28, 2024 Commission meeting. He noted that staff will bring back the Strategic Direction with any Commission feedback received incorporated for final review and consideration of approval.

AGENDA ITEM 13, PRESENTING THE 2024-2025 OPERATING PLAN.

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 the draft 2024-2025 Operating Plan goals which were on Attachment A of the Agenda Item. Staff provided more information on their respective goals and tactics.

Mr. Rhees reported that no action was needed and requested the Commission provide feedback to him prior to the May 28, 2024 Commission meeting. He noted that staff will bring back the 2024-2025 Operating Plan goals with any Commission feedback received incorporated for final review and consideration of approval.

AGENDA ITEM 14, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO APPROVE ADDITIONAL FUNDING FOR POTELCO INC. CONTRACT 10276 FOR POLE ATTACHMENT ENGINEERING SERVICES.

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 approve additional funding of \$40,000 to the Potelco Inc. Contract 10276 Pole Attachment Engineering Services for a new not to exceed amount of \$160,000. The motion passed unanimously.

GENERAL MANAGER/CEO REPORT

Mr. Rhees reported that:

- The District and over 26 western utilities provided a letter of support for continued Markets+ development. He reported that BPA was one of the signers and noted this was a step forward in the right direction. He noted that staff will provide a copy of the letter electronically.

- The District will sign off on a letter to Congress to seek a cap to BPA costs under the CRSO settlement agreement. He noted the letter was drafted by Northwest RiverPartners.
- The small modular reactor discussions continue with Energy Northwest, and he provided a brief update on the discussions.
- The impacts of inflationary costs continue and noted that a labor contract on the west side of the state had recently passed. He shared some of the negotiated labor costs.
- Mr. John Francisco, Big Bend Electric Cooperative, and he will meet with State Representative Stephanie Barnard on April 29 to discuss net metering, small nuclear reactors, and other concerns in the industry.
- He and other key staff will meet with the City of Connell City Administrator. He noted that it will be a general meet and greet with discussion on proposed solar projects in the City of Connell and an upcoming planned outage. He noted that staff will meet with the City of Connell staff regularly to build the communication between City of Connell and the District.

FINANCE & CUSTOMER SERVICE DIRECTOR REPORT

Ms. Fulton reported that:

- The March 2024 Key Performance Indicators (KPIs) monthly report was included in the meeting packet, and she briefly reviewed slides within the report.
- The bonds funded on April 8 which provided a boost to the District's reserves.
- Regarding the Statewide Low-Income program, the Washington 2023 Operating Budget requires Commerce submit a report to the Legislature with recommendations on a design for a statewide energy assistance program to address the energy burden and provide access to energy assistance for low-income households. WPUA has drafted proposed program features to present to Commerce and the District is supportive of the proposed features.
- The District received the Climate Commitment Act (CCA) funds on April 2.
- Staff continues to participate in the BPA update meetings, and she noted that Mr. Johnson is attending many in person. She reported that staff continues to learn more about the product offerings under the Provider of Choice, and the April 10 meeting about Slice was productive. She noted that the feedback provided at the meeting had caused BPA to go back and re-evaluate based on customers concerns.
- As discussed at the February meeting, the 5-year pilot period for the EV charging station authorized under resolution 1277 expired after the customer's September 2023 billing. For housekeeping purposes, we are asking for a motion to ratify the re-institution of the System Charge under Rate Schedule 2.0 Small General Service for EV charging stations as of September 2023 billings. There were two customers under this pilot program, normal billing has resumed for both.

Commissioner Wright moved and Commissioner Gordon seconded to ratify the re-institution of the System Charge under Rate Schedule 2.0 Small General Service for EV charging stations as of September 2023 billings. The motion passed unanimously.

ASSISTANT GENERAL MANAGER REPORT

Mr. Ferraro reported that:

- Building maintenance continues and noted the irrigation has been turned on for all the substations and District facilities.
- The annual fire extinguishers test for District buildings and vehicles was completed.
- A verification for Affordable Care Act's filings showed some employees had provided incorrect information. He noted that they were all corrected.
- The Unified Insurance Program will meet tomorrow.
- Staff is in the process of interviewing for an engineering internship.
- Employees were provided the opportunity to meet with the District's MissionSquare representative and both the individual and group meetings were well attended.
- Biometric Screening kits are due April 26.
- The Broadband department completed the cutover for the Connell cabinet, and he provided information on other projects completed.
- Employees were provided heat stress safety training.
- For his audit, he reviewed over 300 invoices. He noted minor things were found but had worked with Ms. Fulton to get them resolved.

ENGINEERING & OPERATIONS SENIOR DIRECTOR

Mr. Fuentes reported that:

- In preparation for his participation in PPC's Residential Exchange Issues Negotiation Group, he met with Mr. Michael Dean from PPC to get a general overview on the Residential Exchange program. He noted the meeting was very beneficial.
- Lead times on equipment continue to increase and he shared the current lead times for transformers and other equipment.
- As had been requested at the last Commission meeting, he provided information on the outages caused by equipment failures. He reviewed the information on the handout.
- For his audit, he reviewed the insurance premium and costs increases over the years. He noted that the main driver for the price increase is due to increasing costs of property losses from the overall customer base. He noted that when a claim is paid Federated is seeing replacement costs that are much higher today than previous years due mostly to inflation and supply chain issues.

PUBLIC INFORMATION OFFICER REPORT

Ms. Viera reported that:

- Staff is working on various community events, and she noted that the Columbia Basin College job fair was today, and staff members were there providing information on the careers available at the District. She reported on other events in the near future.

- For her audit, she reported that the District is required to provide certain information, such as a warning and recommendation for water heater temperature, the fuel mix and other information. She noted that the District is on track to meet the requirements.

GENERAL COUNSEL REPORT

Mr. Whitney did not report; however, he requested an executive session for the purpose of discussing with legal counsel current or potential litigation as allowed by RCW 42.30.110(i).

At this time the District's virtual platform shut down and was relaunched immediately.

Mr. Rhees reported an offer has been extended for an Administrative Assistant and noted this position will be providing support to the Commission as part the job duties.

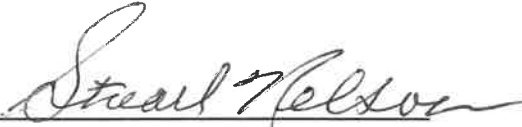
At 11:01 a.m., Commissioner Nelson called for a five-minute break and noted it will be followed immediately by an executive session that would end at 11:16 a.m. for the purpose of discussing with legal counsel current or potential litigation as allowed by RCW 42.30.110(i).

At 11:06 a.m., Commissioner Nelson ended the break and reconvened the regular meeting and immediately went into an executive session for the purpose of discussing with legal counsel current or potential litigation as allowed by RCW 42.30.110(i).

At 11:16 a.m., Commissioner Nelson ended the executive session and reconvened the regular meeting.

CLOSING OF MEETING – ADJOURNMENT

With no further business to come before the Commission, Commissioner Nelson adjourned the regular meeting at 11:16 a.m. The next regular meeting will be May 28, 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