

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

MINUTES OF THE JULY 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 July 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; 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 Leticia Monroy-Iglesias, Distribution Clerk; Jared Farias, Engineering Intern and Brian Johnson, Power Manager.

Public participating in person or via remote technology for all or part of the meeting was Mr. Pedro Torres, District customer; William Rimmer, BPA Account Executive; Darryll Olsen, Columbia Snake River Irrigators Association, Board Representative; Colin Cameron, The Energy Authority, and Greg Labbe, The Energy Authority.

OPENING

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

Commissioner Nelson reported that Commissioner Gordon was not able to attend the meeting due to personal circumstances and was excused.

PUBLIC COMMENT

Commissioner Nelson called for public comment and there was none.

EMPLOYEE MINUTE

Commissioner Nelson welcomed Ms. Monroy-Iglesias 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. Monroy-Iglesias reported on her current job duties. She noted she enjoyed assisting customers and working with other District departments. She reported that she has been employed with the District for 14 years and has enjoyed learning something new about the electric industry every day.

DISTRICT INTERNSHIP PROGRAM

Commissioner Nelson called on Mr. Fuentes for introduction of this agenda item.

Mr. Fuentes reported that the District currently has two students participating in the internship program and introduced Mr. Farias, who shared his insights on the benefits of the internship program. Mr. Farias thanked the District for the opportunity and reported that this internship has allowed him to apply what he has learned and has been very beneficial.

COMMISSIONER REPORTS

Commissioner Wright reported he did not have items for discussion.

Commissioner Nelson reported that:

- He attended the WPUDA monthly meeting and noted there was discussion on the Washington State low-income program.

CONSENT AGENDA

The Commission reviewed the Consent Agenda. Commissioner Nelson asked about a commercial account on the write off list and Ms. Fulton provided the information.

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

- 1) To approve the minutes of the June 25, 2024 Regular Commission Meeting.
- 2) To approve payment of expenditures for June 2024 amounting to \$9,346,339.19 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	\$ 538,662.10
Wire Transfers	5,441,478.71
Automated and Refund Vouchers (Checks)	2,380,476.68

Direct Deposits (EFTs)	985,969.66
Voids	(247.96)
Total:	\$ 9,346,339.19

- 3) To approve the Write Offs in substantially the amount listed on the July 2024 Write Off Report totaling \$6,878.84.
- 4) To declare final acceptance of the work completed as inspected by the District; to authorize release of available retainage; and to approve final payment in the amount of \$113,357.14 for work completed by DJ's Electrical Inc. under Contract 10115, Miscellaneous Dock Crew Projects.

COLUMBIA SNAKE RIVER IRRIGATORS ASSOCIATION

Commissioner Nelson welcomed Mr. Olsen and noted that the Commission was in receipt of the information that had been provided prior to the Commission meeting. Commissioner Nelson called on Mr. Olsen to provide any additional information to the Commission.

Mr. Olsen reported that he would be providing comments today that may come across as direct but noted he felt they were long overdue. Mr. Olsen reported that he has over 35 years' experience and knowledge of the industry and reviewed the mission of the Columbia Snake River Irrigators Association (CSRIA).

Mr. Olsen reported that the District had been a member of the CSRIA and that in 2023 the CSRIA had received a letter from the District, without any prior call or notice to CSRIA, notifying CSRIA of the District's membership withdrawal. Mr. Olsen noted that this had left a very bad impression on the CSRIA Board which had reflected poorly on him. Mr. Olsen expressed his disagreement with the letter sent by the District and reported on all the efforts that the CSRIA has done to "keep water at the pumps". He also reported on the efforts of the CSRIA regarding the U.S. Government Commitments in Support of the "Columbia Basin Restoration Initiative" and in Partnership with the Six Sovereigns (the agreement) and noted that the public power industry had turned on the agreement without fully comprehending the option it provided. He noted that the CSRIA has provided various summaries of the agreement, and that public power messaging has not aligned with the CSRIA. He noted that very few utility directors took the time to read the agreement rather just based their opinion on the summaries provided by the Public Power Council, which was wrong. Mr. Olsen noted that he was not requesting action from the Commission today and simply wanted to express his opinions on the matter.

Commissioner Wright asked Mr. Rhees to address Mr. Olsen.

Mr. Rhees noted he appreciated the CSRIA's mission and the candor of Mr. Olsen's statements. He noted that one of the District's values was integrity, among respect and personal responsibility and noted that the values aligned with his own. He reported that he appreciated

the position of the CSRIA on the matter, and that ultimately the decision of what organizations the District is a member of lies with the Commission. He noted that there were no ill intentions with the letter and that it had been a unanimous decision to not renew the District's membership in the CSRIA for 2024. He reported that the intent of the letter was to be concise and not to offend. He reported that he appreciated the comments by Mr. Olsen however, it should not be the responsibility of the utility that is paying the dues to reach out to CSRIA and explain why the membership is being withdrawn. He noted that responsibility should lie with the association receiving the dues, the CSRIA. Mr. Rhees reported that the District will take the criticism and comments received as an opportunity to be better and thanked Mr. Olsen for the opinions expressed.

Commissioner Wright reported that Mr. Olsen's experience and knowledge were never in question, however, there were areas specifically regarding the preservation of the Snake River dams, that were not aligning with the District and the public power industry. He noted he disagreed with some of the CSRIA opinions regarding the agreement and therefore did not agree that the CSRIA's path was in the best interest of the District. He extended an invitation for further discussions on the matter to Mr. Olsen. He thanked Mr. Olsen for attending and providing his comments.

Mr. Olsen questioned what the District's path was and noted that in his opinion, the information being provided by the Public Power Council was schizophrenic. He noted that CSRIA would have handled the matter differently.

Mr. Rhees reiterated that there were no ill intentions meant with the letter and that the District would take this criticism and improve. Mr. Rhees thanked Mr. Olsen for attending and providing his comments.

BPA UPDATE

Commissioner Nelson called on Mr. Rimmer to provide comment on matters related to BPA. Mr. Rimmer reported he had the opportunity to speak with Mr. Rhees prior to the meeting and will commit to attending the District's Commission meetings more regularly. He noted that his attendance has fallen short and thanked the Commission for their patience. Mr. Rimmer reviewed the recent updates to the Columbia River Treaty Agreement and noted that overall BPA customers should see benefits from the agreement. He provided an update on CAISO and SPP Markets

On a personal note, Mr. Rimmer expressed his appreciation for the District's values and shared how he has seen them demonstrated at the District.

Commissioner Wright asked various follow up questions regarding the Columbia River Treaty Agreement and noted he had concerns with the updates to the agreement really happening.

Mr. Rimmer reported he will review the talking points provided on the Columbia River Treaty Agreement and report back to the Commission.

Commissioner Wright reported he believed the updates to the Columbia River Treaty Agreement were done behind closed doors and was concerned that there may be factors to the agreement that the public power industry was not aware of.

Mr. Rhee reported that there should be benefits realized from the updates to the agreement and noted that it would be beneficial to have members of the public power industry participate in future discussions.

The Commission thanked Mr. Rimmer for attending.

AGENDA ITEM 8, OPENING THE INTEGRATED RESOURCE PLAN PUBLIC HEARING, PRESENTING THE INTEGRATED RESOURCE PLAN, AND RECESSING THE PUBLIC HEARING.

Commissioner Nelson opened the public hearing for the Integrated Resource Plan (IRP) and called for public comment. There was none provided. He called on Ms. Fulton for presentation of the agenda item.

Through a presentation, Ms. Fulton provided a summary of the information included in Attachment A of the Agenda Item. She reported on the updates to the IRP intended to ensure the District is able to meet growing loads, capacity requirements, and regulatory requirements in the most reliable and cost-effective manner. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to recess the public hearing on the Integrated Resource Plan to the August 27, 2024 Commission meeting. The motion passed unanimously.

AGENDA ITEM 9, PROVIDING AN UPDATE ON THE 2024-2025 OPERATING PLAN (QUARTER 1 AND QUARTER 2 YEAR 2024).

Mr. Rhee introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. He reviewed the progress made on the Operating Plan Goals through Quarters 1 and 2 of 2024 and provided a progress update to the Commission on the following goals:

- 1c. Enhance cyber detection with implementation of a Manage Detection & Response (MDR) service for proactive cyber-threat management.
- 1e. Update and maintain electrical service requirements.
- 1f. Evaluate surveillance systems for high value assets to appropriately budget costs for cameras, monitoring services, and incident response protocols.
- 3c. Mitigate the impacts of legislative mandates to the extent allowed (i.e. Clean Energy Transformation Act).

- 3d. Evaluate customer rate classifications to ensure cost of service is equitable between rate classes and establish new rate classes, as necessary.
- 4a. Maintain positive relationships with critical power supply partners and other entities.
- 4d. Strengthen partnerships between local agencies such as Franklin County, Port of Pasco, Pasco School District, City of Pasco, Big Bend Electric Cooperative and other neighboring utilities.
- 4e. Utilize existing and new technology to elevate services offered and enhance customer experience.
- 4g. Create sustainable staffing solutions.

He reported the following two Goals have been completed:

- 2b. Evaluate physical power contracts to ensure there is adequate supply and cost effectiveness.
- 2c. Build a comprehensive financial model to enhance forecasting scenarios.

Mr. Rhees noted he was reporting only, and no action was required.

GENERAL MANAGER/CEO REPORT

Mr. Rhees reported that:

- He and other District staff continue to meet with the Port of Pasco on a regular basis and provided an update on anticipated economic development in the District's service area.
- He attended the BPA Slice meeting with General Managers and John Hairston, BPA Administrator. He noted that BPA was receptive to the feedback provided by the General Managers in particular to the Slice product and its availability post 2028. He reported that overall, the meeting was positive.
- He will meet with Clark Mather, new Executive Director of Northwest RiverPartners next week.

FINANCE & CUSTOMER SERVICE DIRECTOR REPORT

Ms. Fulton reported that:

- The June 2024 Key Performance Indicators (KPIs) monthly report was included in the meeting packet, and she briefly reviewed slides within the report. She reported on the information in follow up to Commissioner Gordon's question regarding the processing plant being offline and the Powerex deliveries.
- The Climate Commitment Act energy bill credit program was launched last week and noted that it is going well.
- The District completed the Clean Energy Transformation Act audit and noted that there were two findings.

- The District's financial audit was completed, and the auditors are in the process of completing the accountability audit.
- She is working on securing a line of credit with CoBank and noted that staff will present this matter at a future Commission meeting for approval.
- For her audit, she reported that she reviewed cashier over and short postings for June 2024 for any unusual cashier out of balance conditions. She noted that in June there was one short posting, for a total of four offages year-to-date. She reported that this is much improved since moving to the NISC system, however staff continues to monitor it as part of the District's fraud prevention program.

PUBLIC INFORMATION OFFICER REPORT

Ms. Viera reported that:

- Both of the Engineering interns had assisted in the STEM academy and had done a great job.
- A new Records Coordinator/Clerk has been hired and will begin employment on August 5. She noted that this position will provide administrative support to the Commission.

ENGINEERING & OPERATIONS SENIOR DIRECTOR REPORT

Mr. Fuentes reported that:

- Progress continues on the Railroad Avenue Substation and noted that a final walk through with the District's Engineering Consultant is scheduled for this week. He reported that the contractor is wrapping up final items and the substation is expected to be commissioned and tested in August.
- The July 5 through 21 heat event had temperatures of low of 99 and high of 109 degrees. The District hit a peak of 255 MW on Wednesday July 10th, which is the high for the year. He noted that the District's all-time peak is 264 MW from June 2021 when there were four days of 111-115 degree temperatures.
- With the increasing need of heightened cyber security, Multi Factor Authentication (MFA), was needed for the Commission members. He reported that currently the Commission is utilizing a call-in setup however, the MFA will provide greater security. He noted staff will work with the Commission for installation of the MFA.
- A member of the District's IT department announced his retirement and he noted that his position has been filled. He reported that the successful candidate will begin his employment with the District at the end of September.
- The linemen position is still open.
- For his audit, he reviewed the Miscellaneous Dock Crew contract for years one and two and he reported on the associated costs for both years.

GENERAL COUNSEL REPORT

Mr. Whitney requested an executive session as permitted by RCW 42.30.110(i) for the purpose of discussing with legal counsel current or potential litigation as allowed by RCW 42.30.110(i).

Mr. Rhees reported on an additional item:

- Darigold representatives have committed to Rate Schedule 2.3, Large Industrial.

At 10:00 a.m., Commissioner Nelson called for a five-minute break and noted it will be followed immediately by a ten-minute executive session that would end at 10:16 a.m. for the purpose of discussing with legal counsel current or potential litigation as allowed by RCW 42.30.110(i).

At 10:05 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 10:16 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 10:16 a.m. The next regular meeting will be August 27, 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