

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

MINUTES OF THE JULY 25, 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 July 25, 2023, at 1:00 p.m. Remote technology options were provided for the public to participate.

Those who participated from the District in person or via remote technology 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/CEO; Steve Ferraro, Operations Director; Victor Fuentes, Engineering Director, Tyler Whitney, outside General Counsel, Brian Iller, outside General Counsel and Rosario Viera, Supervisor of Executive Administration.

Additional staff that participated in person or via remote technology for all or part of the meeting were Norm Rummel, Senior Power Analyst and Shelly Olson, Records Coordinator.

Public participating in person or via remote technology for all or part of the meeting was Craig Nelsen, Chief Executive Officer, Northwest Open Access Network (NoaNet).

**OPENING**

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

Commissioner Gordon called for introductions and Mr. Rhees introduced Mr. Whitney, Cable Huston LLP, Partner. He reported that Mr. Whitney would be providing legal services to the District and noted he looked forward to working with Mr. Whitney.

**PUBLIC COMMENT**

Commissioner Gordon called for public comment and there was none, and staff noted that no public comment was provided prior to the meeting.

**NOANET EXECUTIVE UPDATE**

Commissioner Gordon welcomed Mr. Nelsen and noted it was nice to have him in attendance.

Mr. Nelsen provided brief background information on his years of service with NoaNet and his experience in the telecom industry. He reported on the current financial state of NoaNet and provided an update on the expenditures that NoaNet used bond proceeds for. He noted that in 2030, once the bonds are paid off that NoaNet will be debt free. He reported that NoaNet will be relocating their office to the Spokane Valley to save money on office space. He reported on their strategic plan and shared some plan highlights.

Mr. Nelsen noted that NoaNet continues to be a leader in the broadband industry and noted that he was proud to work alongside the District. Commissioner Wright praised the efforts of the NoaNet staff that have led to the current positive financial position. Mr. Nelsen noted that NoaNet continues to be involved with the private sector to monitor growth. He provided an update on the transition of its employees from the NoaNet pension to the Washington State Public Employee Retirement System plan. There was discussion on the integration services offered by NoaNet. Mr. Nelsen reported that he will be a keynote speaker at the September WPUDA association meeting.

Commissioner Gordon reported that he sits on the Executive Board for Energy Northwest and noted that NoaNet is thought of highly by Energy Northwest as well.

Mr. Nelsen reported he appreciated the working relationship with the District and its Broadband staff. He thanked the Commission for the opportunity to attend, and for the support the District has shown to NoaNet over the years.

The Commission thanked Mr. Nelsen for attending. Commissioner Wright reported that he appreciated Mr. Nelsen's attendance and noted it was very beneficial for the other members of the Commission to hear from Mr. Nelsen.

#### **EMPLOYEE CHECK-IN**

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

Mr. Rummel reported he is most proud of how our rate payers receive low-cost rates and he attributed this to District employees performing their duties well. Mr. Rummel reported that his favorite part of his job was the endless challenges and endless opportunities in the power department. He expressed that in his current position in the power department a unique skillset is required, the duties are complex, and the industry is rapidly changing. He noted that because of this learning the industry was a challenge. Mr. Rummel reported that a change he would make is to get rid of all acronyms. He noted that agencies can use some of the same acronyms, but they can stand for something different. Mr. Rhees noted that Mr. Rummel started his career at the

District in the engineering department and had eagerly transitioned to the power department. The Commission thanked him for his 17 years of service to the District.

**COMMISSIONER REPORTS**

Commissioner Nelson reported that:

- He attended the WPUDA monthly meeting and noted that Executive Director search continues.

Commissioner Wright reported that:

- He was thankful Mr. Nelsen had the opportunity to address the Commission today and provide the update on NoaNet.

Commissioner Gordon reported that:

- He attended the American Public Power Association, Policy Makers Council meeting in Washington D.C., and noted that the discussions were focused on the Lower Snake River Dams, the supply chain issues specifically for transformers, BPA, and the Columbia River Treaty.

**CONSENT AGENDA**

The Commission reviewed the Consent Agenda. Commissioner Nelson moved and Commissioner Wright seconded to approve the Consent Agenda as noted below. The motion passed unanimously.

- 1) To approve the minutes of the June 27, 2023, Regular Commission meeting.
- 2) To approve payment of expenditures for June 2023 amounting to \$8,225,015.96 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:

<b>Expenditure Type:</b>	<b>Amounts:</b>
Direct Deposit Payroll – Umpqua Bank	\$ 756,627.92
Wire Transfers	4,603,509.83
Automated and Refund Vouchers (Checks)	1,404,036.87
Direct Deposits (EFTs)	1,461,415.11
Voids	(573.77)
<b>Total:</b>	<b>\$ 8,225,015.96</b>

- 3) To approve the Write Offs in substantially the amount listed on the July 2023 Write Off Report totaling \$3,386.28.

**AGENDA ITEM 7, ADOPTING A RESOLUTION APPROVING REVISED RULES AND REGULATIONS FOR ELECTRIC SERVICE AND SUPERSEDING RESOLUTION 1379.**

Mr. Rhees noted that he would be presenting in Ms. Dohrman's absence and introduced the agenda item. He reviewed the information as reported on the Agenda Item Summary included in the meeting packet. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Wright seconded to adopt Resolution 1396 as presented. The motion passed unanimously.

**AGENDA ITEM 8, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO APPROVE ADDITIONAL FUNDING FOR THE WASHINGTON STATE DEPARTMENT OF ENTERPRISE SERVICES CONTRACT 5620, FOR 2023 MISCELLANEOUS FIBER DOCK CREW PROJECTS.**

Mr. Ferraro introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. Commissioner Wright asked if any of the costs would be recovered through a non-reoccurring charge and staff provided the information. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to authorize the General Manager/CEO or his designee to approved additional funding of \$350,000 in the 2023 Capital Budget for broadband infrastructure under Washington State DES Contract 5620, 2023 Miscellaneous Fiber Dock Crew Projects for a new not to exceed amount of \$1,090,000. The motion passed unanimously.

**AGENDA ITEM 9, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE AN INTERLOCAL COOPERATIVE AGREEMENT BETWEEN THE DISTRICT AND KING COUNTY DIRECTORS' ASSOCIATION 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. Staff reviewed their recommendation. The Commission noted that utilizing these types of agencies for purchasing was beneficial.

Commissioner Wright moved and Commissioner Nelson seconded to authorize the General Manager/CEO or his designee to execute an Interlocal Agreement with King County Directors' Association for the procurement of goods and services through the use of cooperative purchasing contracts. The motion passed unanimously.

**AGENDA ITEM 10, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE A CONTRACT FOR TREE TRIMMING SERVICES.**

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 in June 2023, the District requested sealed bids from contractors on the District's Pre-Qualified Contractors List to furnish hourly labor and equipment rates needed to create clearance for power lines by trimming and removing trees within District boundaries. Staff received and evaluated two (2) bids:

<u>Bidder:</u>	<u>Total Bid:</u>	<u>Exceptions:</u>
Boyd's Tree Services LLC	\$291,373	No
Wright Tree Services Inc.	\$333,477	Yes

Staff determined that the bid submitted by Boyd's Tree Services LLC was the lowest responsive bid and within the District's estimate. Staff reviewed their recommendation. Commissioner Wright reported that he had no relation to Wright Tree Services, Inc.

Commissioner Wright moved and Commissioner Nelson seconded to authorize the General Manager/CEO or his designee to execute a contract with Boyd's Tree Services LLC, the lowest responsive bidder, for the purchase of tree trimming services in an amount not to exceed \$291,373. The motion passed unanimously.

**CLAIMS**

Mr. Fuentes reported that there were no new claims to report. He provided an update on a previous claim that was reported on at the June 27, 2023 meeting that was denied by Federated.

**GENERAL MANAGER/CEO REPORT**

Mr. Rhees reported that:

- Mr. Iller would be joining the meeting shortly to provide an update on the litigation he is representing the District in.
- The other ongoing litigation case has been dismissed by the court.
- In follow up to the alternate 4-day x 10-hour (4x10) work schedule proposal he provided more information on other PUDs, cities, and local utility provider hours. He noted that the District could accommodate a 4x10 schedule and he reviewed staff's proposal. Commissioner Wright acknowledged that more public agencies are moving towards a 4x10 schedule, however he is not ready to proceed with making this change. Commissioner Wright reported that he would like staff to seek feedback from District customers. He noted that if the District were to move towards a 4x10 schedule he would be inclined to a Monday through Thursday schedule to match other utilities. Options were discussed on obtaining feedback.

- As required by the District's Purchasing Policy, he was providing notice to the Commission that the change order amount for the Railroad Avenue substation project has exceeded over 10% of the approved bid amount and noted that it was 11.2%.
- He was contacted by a developer that is interested in property near the Cochrane substation. He noted that the District is not utilizing the land and noted that it may be beneficial to surplus the property and dispose of the property. Mr. Whitney provided additional information on the process for surplus and disposing of the property. Mr. Rhees requested authorization to begin the process of surplus the property. The Commission agreed and authorized the General Manager/CEO or his designee to initiate the processing to surplus the property.

At 2:21 p.m., Mr. Iller joined the regular meeting and Commissioner Gordon called for an executive session to discuss current litigation as allowed per RCW 42.30.110(i) *to discuss with legal counsel representing the agency litigation when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency*, to begin immediately and end at 2:38 p.m.

At 2:38 p.m., Commissioner Gordon called for an additional 10 minutes and extended the executive session to end at 2:48 p.m.

At 2:48 p.m., Commissioner Gordon ended the executive session and reconvened the regular meeting.

Mr. Rhees continued his General Manager/CEO's report:

- With the upcoming retirement of the District's Power Manager, he would like to restructure departments and provided a handout outlining proposed changes to the Salary Administration Plan for Regular Non-bargaining Employees (SAP). He noted that two new position titles; Public Information Officer and Finance and Customer Service Director, were being added and one position title, Treasurer/Accounting Manager was being retitled to Accounting Manager and regraded. He requested the Commission amend the SAP to reflect the changes reviewed at the meeting.

Commissioner Wright moved and Commissioner Nelson seconded to amend the Salary Administration Plan for Regular Non-Bargaining Employees, Exhibit A of Resolution 1381 to include the changes presented. The motion passed unanimously.

- He provided an update on the Small Modular Reactor project being led by Energy Northwest and noted the project is gaining momentum. He reported that participants will be required to sign a Non-disclosure Agreement (NDA) and that once the NDAs are in place pricing information will be obtained.

- The Washington State Auditor Exit Conference for the accountability audit was completed and noted that Commissioner Gordon attended. He reported that there were no findings or recommendations made.
- He was requesting an executive session as allowed per RCW 42.30.110(1)(b) and (c).

At 2:58 p.m. Commissioner Gordon called for an executive session to consider the acquisition and/or sale of real estate as allowed per RCW 42.30.110(1)(b) and (c), *to consider the acquisition and/or sale of real estate where public knowledge of such considerations would likely impact pricing*, to begin immediately and end at 3:15 p.m.

At 3:15 p.m., Commissioner Gordon ended the executive session and reconvened the regular meeting.

Commissioner Wright moved and Commissioner Nelson seconded to authorize the General Manager/CEO or his designee to execute a purchase agreement for the property located at 8618 N Railroad Avenue with Grays Harbor Public Utility District No. 1 for a not to exceed amount of \$400,000 and proceed with the remediation of said property in an amount not to exceed \$350,000. The motion passed unanimously.

- The June monthly Budget Status report was included in the meeting packet, and he reviewed it, along with June monthly Key Performance Indicators (KPI) report.

#### **OPERATIONS DIRECTOR REPORT**

Mr. Ferraro reported that:

- A 20-year-old HVAC unit condenser at Operations was repaired but will likely need to be replaced.
- Human Resources is in the process of updating the Dispatcher job description.
- The apprentice linemen, Walker Mattlin passed his Journeyman Lineman exam.
- A different vendor was found for employee background checks. He noted that the current vendor charges a monthly fee whether the service is used or not. He reported that the new vendor does not.
- Jim Zacha was the successful bidder for the Lineman Foreman position.
- There was an outage on Friday, July 21<sup>st</sup> that affected 900 customers. He reported that service was restored timely to all but four customers. He noted that staff was unaware the four customers were still without service until one of those customers commented on the District's social media. He reported that once aware, the District had restored service to all four customers. He noted that staff continues to refine the process for service outages within the new system and will work to ensure this does not happen again.

- The Safety BBQ was held on July 13 and noted that approximately 70 employees attended. He expressed gratitude for employees and noted that employees seem to prioritize safety.
- For his audit, he reported that a customer count was done and compared to the data in the command center system. He noted that the data was off but was corrected during the audit.
- The automated meter infrastructure project is nearly fully complete and noted that only 43 meters are left to be exchanged with smart meters. He noted that these meters were not able to be accessed and that staff will work with the customers to get the meters successfully exchanged. He commended staff for a great job and noted that 33,996 meters were installed in 4½ months.

### **SUPERVISOR OF EXECUTIVE ADMINISTRATION REPORT**

Ms. Viera reported that:

- Apple Valley News conducted an interview with District staff regarding the Low-Income Home Energy Assistance Program.
- The July social media campaign focused on summer energy efficiency. She reported that the District's social media platforms continue to gain followers.
- The Rules & Regulations for Electric Service are in the process of being translated into Spanish.
- Northwest Public Power Association featured a photo of a District line truck that was driven in the 4<sup>th</sup> of July parade on their weekly online newsletter.
- The New Customer Service Packet is being revised to be more user friendly. She noted that staff would like to obtain a group photo of the Commission as well as less formal headshots and proposed pictures be taken at the August meeting.
- As a reminder, the next Commission meeting will be on August 22, 2023, and there are two Commission meetings scheduled for September 26, 2023. She noted that the special meeting will start at 10 a.m. and will be for the purpose of hearing a presentation and having discussion on the District's Electric System. The second is the regular meeting at 1:00 p.m.

### **ENGINEERING DIRECTOR REPORT**

Mr. Fuentes reported that:

- Staff will conduct interviews next week for the journeyman substation electrician position.
- Staff continues to monitor equipment and materials and he provided an update on the current transformer inventory and pending orders.
- For his audit, he reported that staff discovered that two (2) meters in the Kahlotus area are being served by Avista Utilities (Avista). He noted that both meters are in our service territory and that the District does not have a service exception agreement in place with



Avista. He reported that staff will coordinate with Avista to remedy the situation. He noted that an agreement for future service exceptions is needed, and staff will begin drafting an agreement.

#### **OUTSIDE GENERAL COUNSEL**

Mr. Whitney re-introduced himself and provided brief background information on himself and his professional career. The Commission welcomed Mr. Whitney and expressed their appreciation for the knowledge that he brings from his public utility experience.

#### **CLOSING OF MEETING - ADJOURNMENT**

With no further business to come before the Commission, Commissioner Gordon adjourned the regular meeting at 3:56 p.m. The next regular meeting will be on August 22, 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