

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

MINUTES OF THE JULY 26, 2022
REGULAR COMMISSION MEETING

The Board of Commissioners of Public Utility District No. 1 of Franklin County held a regular meeting at 1411 W. Clark St., Pasco, WA, on July 26, 2022, at 1:00 p.m. Remote technology options were also 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 Roger Wright, President; Commissioner Bill Gordon, Vice President; Commissioner Stu Nelson, Secretary; Scott Rhees, General Manager; Holly Dohrman, Assistant General Manager; Steve Ferraro, Operations Director; Victor Fuentes, Engineering Director; 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 Barry Balvitsch, Superintendent of Distribution and Transmission, and Shelly Olson, Records Coordinator.

There were no members of the public participating in person or via remote technology for any part of the meeting.

OPENING

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

PUBLIC COMMENT

There was no public participating in person, via the remote technology option or written public comment provided prior to the meeting.

EMPLOYEE MINUTE

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

Mr. Balvitsch reported he was most proud of how employees stepped up during the pandemic and noted that all the shops had worked together to get the job done. He noted that he enjoyed his job and reported that he had begun his career at the District 30 years ago as linemen, then foreman and into his current position. He noted his biggest challenge during the pandemic was making sure his family and employees stayed healthy. Mr. Balvitsch reported that purchases are being reviewed consistently and appropriate approvals are being obtained and he would like more flexibility with the District's purchasing card program.

Commissioner Wright noted his appreciation for the operations employees and noted the District has been performing well and is in great financial health. He credited the employees of the District and thanked staff for their work.

COMMISSIONER REPORTS:

Commissioner Gordon reported that:

- A southern California utility is raising rates and noted the residential rate was increasing from \$0.2566 kWh to \$0.2741 kWh. He noted the District's rates were very low and expressed his appreciation.
- He attended the Energy Northwest Board of Directors meeting and provided information on a funding request made to BPA for a study needed for the Columbia Generating Station.
- He attended the APPA Policy Makers Council meeting and noted that they were able to speak with staff members from various senators and congress offices. He reported that that there appeared to be more awareness from the staffers regarding the value of the lower Snake River Dams and hydroelectricity.

Commissioner Nelson reported that:

- He attended the WPUDA monthly meeting and noted that Steve Taylor was elected as Vice Chair of the Energy Committee.
- He attended Energy Northwest's Participant's Review Board meeting.
- He attended the Hispanic Chamber monthly luncheon.

Commissioner Wright reported that:

- There was no NoaNet monthly meeting.
- He was able to enjoy some personal time away with his family.

CONSENT AGENDA:

The Commission reviewed the Consent Agenda. Commissioner Nelson asked a question on an advertisement for a local high school. Ms. Viera reported that this matter had been discussed last year and the Commission had agreed to continue with the advertisement. Commissioner Nelson also inquired on various balances on the write off report and Ms. Dohrman provided the information.

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

- 1) To approve the minutes of the June 28, 2022 Special Commission meeting and June 28, 2022 Regular Commission meeting.
- 2) To approve payment of expenditures for June 2022 amounting to \$8,694,460.10 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	\$ 871,641.24
Wire Transfers (Wires)	4,844,316.81
Automated and Refund Vouchers (Checks)	2,283,028.03
Direct Deposits (EFTs)	695,474.02
Voids	(00.00)
Total:	\$ 8,694,460.10

- 3) To approve the Write Offs as listed on the July 2022, Write Off Report in the amount of \$13,515.84.

AGENDA ITEM 7, OPENING THE INTEGRATED RESOURCES PLAN PUBLIC HEARING, PRESENTING THE 2022 INTEGRATED RESOURCE PLAN PROGRESS REPORT, AND RECESSING THE PUBLIC HEARING.

Commissioner Wright opened the public hearing for the 2022 Integrated Resource Plan (IRP) Progress Report. There was no public participating in person, via remote technology or comment received prior to the meeting. He called on Ms. Dohrman for introduction of the agenda item.

Ms. Dohrman noted that this was the first in a series of two public hearings for the 2022 IRP Progress Report and reported that the report is available on the District's website for public review and comment. Ms. Dohrman reported that since 2016 the District is required per RCW 19.280 to develop a comprehensive IRP and submit to the Department of Commerce. She noted that the IRP is developed as a four-year plan with an update to be provided every two years on how the District will meet its forecast needs with its resources. Ms. Dohrman noted that the District's last IRP was approved in August 2020, and that a 2022 IRP Progress Report has been drafted for Commission review.

Ms. Dohrman reviewed the highlights from the draft 2022 Integrated Resource Plan (IRP) Progress Report included as Attachment A of the Agenda Item with the Commission. There was discussion on the District's current resources, retail loads, load following utilities, and how the District will serve the load changes.

Mr. Rhees reported that there are six utilities seeking to become load following customers of BPA. He noted that the District has been very aggressive in managing its resources and that staff will continue to look for available resources that will help the District meet its needs. Staff reviewed their recommendation.

Commissioner Gordon moved and Commissioner Nelson seconded to recess the 2022 Integrated Resources Plan Progress Report public hearing to the August 23, 2022 regular Commission meeting. The motion passed unanimously.

AGENDA ITEM 8, AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO EXECUTE A CONTRACT EXTENSION WITH BOYD'S TREE SERVICES LLC FOR TREE TRIMMING SERVICES.

Mr. Ferraro introduced the agenda item and reviewed the information included in the Agenda Item Summary of the meeting packet. He reported that staff was seeking to execute the second and final extension with Boyd's Tree Services LLC, the lowest responsive bidder, for tree trimming services. He noted that if authorized, the term will begin August 17, 2022 and end August 16, 2023 and that the contract payments will continue to be based on hours worked with a not-to-exceed amount of the \$220,000. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Gordon seconded to authorize the General Manager or his designee to execute the final extension to Contract 9551 with Boyd's Tree Services LLC, for a twelve-month period beginning August 17, 2022 and ending August 16, 2023, in an amount not to exceed \$220,000. The motion passed unanimously.

AGENDA ITEM 9, 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 noted that in June 2022, the District requested sealed bids from contractors for the purchase of class 200 advanced metering infrastructure meters. Staff received and evaluated one (1) bid:

<u>Bidder:</u>	<u>Amount:</u>
Carlson Sales Metering Solutions LLC	\$416,010

He noted that the bid submitted by Carlson Sales Metering Solutions LLC was a responsive bid and within the District's estimate. Staff reviewed their recommendation.

There was general discussion on the lead times for the new meters, new housing developments in the service area, and the status of the smart meter deployment project. The Commission requested staff provide a more detailed update on the smart meter deployment project at the next meeting.

Commissioner Gordon moved and Commissioner Nelson 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 class 200 advanced metering infrastructure meters, in an amount not to exceed \$416,010. The motion passed unanimously.

AGENDA ITEM 10, APPROVING REVISED ADMINISTRATIVE POLICIES

Ms. Dohrman introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. She noted that Administrative Policies; GM-51, Remote Work, issued in July 2020 (Attachment A) and GM-56, Public Participation at Commission Meetings, issued in October 2016. (Attachment B) were revised. She reviewed the changes incorporated into each policy. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Gordon seconded to approve the revised policies, GM-51, Remote Work, and GM-56, Public Participation at Commission Meetings in substantially the form presented. The motion passed unanimously.

AGENDA ITEM 11, PROVIDING AN UPDATE ON THE DISTRICT'S 2022-23 OPERATING PLAN (Q2).

Ms. Dohrman introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. She noted that general updates on the progress of Goals and Tactics of the 2022-23 Operating Plan were included in Attachment A of the Agenda Item. She provided more detailed information on various Goals and Tactics.

She noted that no action was needed, and she was reporting only.

AGENDA ITEM 12, AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO EXECUTE A CONTRACT FOR THE LABOR AND EQUIPMENT NEEDED FOR THE FRANKLIN SUBSTATION REFURBISHMENT PROJECT PHASE 2.

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 in June 2022, the District requested sealed bids from contractors on the District's Pre-Qualified Contractors list to furnish labor and equipment needed to make upgrades to the District's Franklin Substation. Staff received and evaluated the following four (4) bids:

<u>Bidder:</u>	<u>Total Bid:</u>
Michels Pacific Energy, Inc.	\$1,507,875
Power City Electric, Inc.	1,129,320
Potelco Inc.	1,033,756
Magnum Power, LLC	944,414

He reported that staff determined that Magnum Power, LLC, submitted the lowest responsive bid and was within the District's estimate of \$1,500,000. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Gordon seconded to authorize the General Manager or his designee to execute a contract with Magnum Power, LLC, the lowest responsive bidder, to furnish the labor and equipment needed for the Franklin Substation Refurbishment Project Phase 2, in an amount not to exceed \$944,414. The motion passed unanimously.

AGENDA ITEM 13, AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO EXECUTE A CONTRACT FOR THE PURCHASE OF COMPOSITE POLES.

Mr. Fuentes introduced the agenda item and reported that in June 2022 the District requested sealed bids from contractors for the purchase of composite poles. The bid was scheduled to be opened on July 21, 2022. He noted that staff received and evaluated two (2) bids and provided an updated Agenda Item Summary with the following information:

<u>Bidder</u>	<u>Unit Price</u>	<u>Exceptions</u>
Anixter/Wesco, Inc.	\$115,902	No
Carlson-Sales, Inc.	\$122,932	No

Mr. Fuentes noted that staff determined that the bid submitted by Anixter/Wesco, Inc., was a responsive bid, and within the District's estimate of \$217,250. Staff reviewed their recommendation.

The Commission asked how many poles were being ordered and the general process for replacing poles. Mr. Fuentes provided the information.

Commissioner Gordon moved and Commissioner Nelson seconded to authorize the General

Manager or his designee to execute a contract with Anixter/Wesco, Inc., the lowest responsive bidder, for the purchase of composite poles in an amount not to exceed \$115,902. The motion passed unanimously.

AGENDA ITEM 14, AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO EXECUTE A CONTRACT FOR PROFESSIONAL SUBSTATION DESIGN SERVICES FOR THE NEW SUBSTATION PROJECT.

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 the District continues to experience growth and to effectively serve new large industrial customers staff has identified the need to build a new substation. He noted that the design phase of the new substation project will require professional engineering substation design, transmission rework, and transmission tie in services (services).

He noted that the District can use consultants who have submitted a Statement of Qualifications (SOQ) after a review process. He reported that staff evaluated the consultant's SOQ and conducted interviews with Toth & Associates, D Hittle & Associates, and Electrical Consultants, Inc. for the required services. He reported that based on the required project criteria, staff determined that Toth & Associates is the most qualified to perform the services needed for the District.

Mr. Fuentes reported that a scope of work and deliverables for the project were developed and negotiated with Toth & Associates, and it was determined that a not to exceed cost of \$833,730 was a fair and reasonable price. Mr. Fuentes reported that staff has been working with a new large industrial customer that is looking to establish a new service in the District's territory. He noted this contract for the substation services would be executed after a nonrefundable deposit is received from the large industrial customer and that staff will not proceed with the execution of this agreement until the deposit is received. The Commission concurred. Mr. Fuentes reviewed staff's recommendation.

Commissioner Nelson moved and Commissioner Gordon seconded to authorize the General Manager or his designee to execute a contract with Toth & Associates, the most qualified consultant for professional substation design services in an amount not to exceed \$833,730. The motion passed unanimously.

AGENDA ITEM 15, FINDING BIDS RECEIVED TO FURNISH THREE PHASE PADMOUNT TRANSFORMERS NON-RESPONSIVE AND EXERCISING THE RIGHT TO NOT AWARD.

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 in June 2022, the District requested sealed bids from contractors for the purchase of three phase padmount transformers and received the following two (2) bids:

<u>Bidder:</u>	<u>Total Bid:</u>	<u>Exceptions</u>
WEG Transformers	\$2,427,112	Yes
Wesco/Anixter	\$2,940,616	Yes

He noted that the bids were evaluated on a line-by-line basis and staff determined that various line items were more than 15% of the District's estimate and could not be awarded. He reported that the bid submitted by Wesco/Anixter was determined to be non-responsive because it was

missing key information to fully evaluate if it meets the District's specifications. The bid submitted by WEG Transformers had technical exceptions that included not painting the inside of the tank and some units having slightly larger dimensions than specified. Staff determined that the technical exceptions in the WEG Transformer bid are acceptable to the District.

Mr. Fuentes provided a handout showing the line pricing that was bid compared to pricing the District had previously purchased transformers at. He reported that most of the line items had increased by more than double the amount of the last purchase price. He noted that the District's current inventory will meet the needs of the District for the next 12-18 months. Mr. Fuentes reported that there is language in the bid form that allows the District to not award any of the bid items. He reported that given the significant pricing increase, staff believes that not awarding any line items at this time is prudent. Staff would re-bid later in the year in anticipation of better pricing. The Commission concurred that rebidding later was a good decision. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Gordon seconded to find the bid submitted by Wesco/Anixter non-responsive and not award any of the line items to WEG Transformers, the lowest responsive bidder, as allowed by language in the bid. The motion passed unanimously.

AGENDA ITEM 16, PROVIDING A PANDEMIC UPDATE

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 that staff continues to watch the aging accounts receivables. He provided information on the aging balance amount and noted that at its highest it was \$386K, and now was averaging about \$32K which was very close to pre-pandemic.

He noted that the District continues to have employees out due to COVID-19 or exposure to the virus. He reported that protocols are still in place to ensure employees and their families remain healthy.

The first in-person event was held and noted that the Safety BBQ had about 80 employees in attendance. He noted that the event had gone well and most importantly no exposures were reported. He noted that no action was needed, and he was reporting only.

Commissioner Wright reiterated how well the District was performing financially and expressed his appreciation for all the employee's hard work. Mr. Rhees reported that it was very much a team effort, and all employees contribute to the success of the District.

CLAIMS

Mr. Fuentes reported there were no new claims to report.

GENERAL MANAGER REPORT:

Mr. Rhees reported that:

- The Pasco CT sale was completed. He reported that one of the two transformers that remained on the site has also been sold and anticipates to having the second transformer sold in the future as well. There was general discussion on the Pasco CT site land.
- High temperatures are forecasted for the next few weeks and the District will likely hit a new system peak.

- Staff will begin to track electric vehicles registered within Franklin County and noted he believes the number will likely begin to increase.
- He attended the WPUA July monthly meeting and General Manager's meeting. He reported that there is a push from Labor and Industries for elimination of natural gas in commercial and residential buildings.
- The audio/visual equipment in the auditorium and executive conference rooms will be updated. He noted that this will help the District comply with the new requirements of the OPMA.
- Staff received the study from the compensation consultant. He noted that the study will be reviewed, and findings will be brought to the Commission in September 2022, for review and discussion.

ASSISTANT GENERAL MANAGER REPORT:

Ms. Dohrman reported that:

- The meeting packet included the June 2022 monthly financial reports and she reviewed them. She noted that the District is doing very well, and the Commission agreed.

Commissioner Wright reported that given the District's strong financial performance, now was the time to look at the impacts of inflation in comparison to the salary plan and ensure appropriate compensation.

- She reviewed grant funding available through the Department of Ecology as had been suggested by Mr. Davis and reported that there were not any funding opportunities that the District could qualify for.
- For her audit, she reviewed financial transactions for the District and noted there were a few miscoded transactions. She reported that the corrections were made, and the transactions have been properly coded.
- The June 2022 Key Performance Indicators report was included in the meeting packet.

OPERATIONS DIRECTOR REPORT:

Mr. Ferraro reported that:

- Two meter readers have transitioned over to the position of facilities maintenance worker and noted they were doing a good job.
- The Safety BBQ was well attended, and he noted that employees must complete a certain number of trainings to be able to attend the Safety BBQ. He provided a general update on the safety trainings being provided to employees.
- One of the payment kiosk screens was damaged and was recently replaced.
- He continues for work with staff to review the District's current fleet to ensure the District's vehicle needs are met. He noted that any vehicles requiring surplus will be brought to the Commission for authorization.
- Two additional Operating Plan Goals will be completed soon. He noted that he will meet with employees to help them assess their work from home environment and ensure it is set up appropriately. He will also be meeting with employees to make sure employee's Personal Protection Equipment needs are met.
- For his audit, he reviewed the District's fuel cards and verified that only appropriate employees were assigned a fuel card. He noted that two employees that are no longer with the District were removed.

Commissioner Wright expressed that mask mandates may be returning and inquired if the District was supplied to accommodate this. Mr. Ferraro reported that staff has been purchasing necessary PPE and other supplies in anticipation of this.

ENGINEERING DIRECTOR REPORT:

Mr. Fuentes reported that:

- The new system engineer began employment July 25 and provided brief background information on him.
- Staff continues to work on many projects and provided an update on Resers, Amazon, Local Bounti and Darigold.
- The National Wood Treating Company completed the fire-guarding of 55 District poles and noted that the poles were chosen based on existing coating that was beginning to fail. He reported that 90% of the total cost is eligible for reimbursement from FEMA pending their final approval.
- In follow up to questions posed at the special meeting from this morning, he provided additional information on bids and quotes.
- For his audit, he reported that the engineering department currently uses two separate mapping systems. He reviewed how many mapping updates were being done on each system, respectively. He reported that one system was getting all the updates and that there was a backlog on the other. He noted that the process has been reviewed and updated to clear the backlog and get back on track by the end of August.

SUPERVISOR OF EXECUTIVE ADMINISTRATION REPORT:

Ms. Viera reported that:

- A press release was issued on energy conservation during high temperatures. She noted that various news and radio stations had shared the tips. She reported that the press release was translated in Spanish before it was sent out in hopes of the Spanish sister-stations sharing the information as well.
- Isaac Kastama from Water Street Public Affairs will attend the August 23 Commission meeting and provide a legislative update.
- The WPUDA President had tentatively set a date to visit the District in September but has requested the visit be postponed. She noted that staff will work with WPUDA to coordinate a visit in the future.
- For her audit, she noted that Ms. Olson has been processing and indexing District's records and has identified many records that are eligible for proper disposition. She noted that once the legal hold is lifted staff will proceed with the disposition. Ms. Viera reported that Ms. Olson is doing a great job as the Records Coordinator.

OUTSIDE GENERAL COUNSEL REPORT:

Mr. Iller reported that:

- He is reviewing the discovery for the current litigation he is assisting the District with.

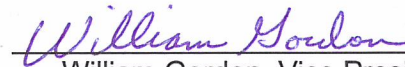
Commissioner Nelson noted that there is an upcoming rally in support of the Lower Snake River dams that will be held in Richland. He inquired on staff's participation. Mr. Rhees reported that staff would not be attending.

CLOSING OF MEETING - ADJOURNMENT

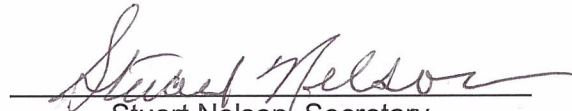
With no further business to come before the Commission, Commissioner Wright adjourned the regular meeting at 3:06 p.m. The next regular meeting will be on August 23, 2022, at 1:00 p.m., and will be held at the District's Auditorium located at 1411 W. Clark St. Pasco, WA. Remote technology options will be provided for members of the public to participate.



Roger Wright, President



William Gordon, Vice President



Stuart Nelson, Secretary