

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

MINUTES OF THE AUGUST 27, 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 August 27, 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 David Montelongo, Transmission and Distribution Superintendent-Design/Engineering; Lisa Scott, Records Coordinator/Board Clerk; and Boris Godun, Engineering Intern.

Public participating in person or via remote technology for all or part of the meeting was Mr. Pedro Torres, District customer, and William Rimmer, BPA Account Executive.

OPENING

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

PUBLIC COMMENT

Commissioner Nelson called for public comment and there was none.

EMPLOYEE MINUTE

Commissioner Nelson welcomed Mr. Montelongo and asked general questions about his current position, tasks his position entails, favorite parts of his job, his professional growth at the District and what safety improvements or changes he has seen over the course of his employment.

Mr. Montelongo reported on his current job duties. He reported that he has been employed with the District for 19 years and has appreciated every position he has held at the District. Mr. Montelongo noted he began as an Apprentice Lineman, then worked in the positions of Journeyman Lineman, Line Foreman, Serviceman and served as a Shop Steward prior to his current position. Mr. Montelongo reported that he has seen many safety improvements done at

the District during his time and shared that he was part of the line crew that utilized the automated external defibrillators (AED) to save the life of a District lineman. He reported that the situation would not have been as favorable had the District not provided the AEDs on service vehicles.

Commissioner Wright thanked Mr. Montelongo and noted that safety begins at the top and that employees needed to own their part.

The Commission thanked Mr. Montelongo for attending.

DISTRICT INTERNSHIP PROGRAM

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

Mr. Fuentes reported that the District had two students participating in the summer internship program and introduced Mr. Godun, who shared his insights on assisting with the Railroad Avenue Substation build during his internship. He reported that his curriculum provides an idealistic approach but as an intern, he was able to obtain a real-world insight on the electric industry. Mr. Godun noted he appreciated the collaboration that happened within the Engineering department to solve challenges and thanked the District for the opportunity. He reported that this internship has allowed him to gain industry experience and apply what he has learned toward his career.

COMMISSIONER REPORTS

Commissioner Wright reported that:

- He attended PPC and noted there were discussions on the upcoming Executive Board elections. He reiterated that he continues to find the PPC member's forum meeting very beneficial.
- The Write offs are the lowest he has seen and shared his appreciation of the customer service team.
- The proposed joint letter on BPA day-ahead markets drafted by WPUDA was unclear and he expressed his concerns with the messaging.

Commissioner Gordon reported that:

- He agreed with Commissioner Wright's sentiment regarding the BPA day-ahead markets letter and asked for Mr. Rimmer's thought on the matter.

Mr. Rimmer reported that there did seem to be some misalignment with BPA's messaging but overall, he appreciated the letter that was sent to Congress by WPUDA on the utility's behalf. He noted that there was opportunity for BPA to work on providing a clearer message to utilities.

Commissioner Nelson reported that:

- He attended the Pasco and Tri-Cities Hispanic Chamber's monthly luncheons.

- He also attended the PPC monthly meeting and noted that he also found those meetings beneficial. He reported on the election process for the PPC Executive Committee and noted he did not agree with the process.

CONSENT AGENDA

The Commission reviewed the Consent Agenda. 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 July 23, 2024 Regular Commission Meeting.
- 2) To approve payment of expenditures for July 2024 amounting to \$10,797,538.25 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	\$ 534,614.77
Wire Transfers	5,275,301.24
Automated and Refund Vouchers (Checks)	2,337,070.30
Direct Deposits (EFTs)	2,655,364.70
Voids	(4,812.76)
Total:	\$ 10,797,538.25

- 3) To approve the Write Offs in substantially the amount listed on the August 2024 Write Off Report totaling \$2,968.07.
- 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 \$43,282.20 for work completed by Magnum Power LLC. under Contract 10060, Franklin Substation Refurbishment Project Phase 2.
- 5) 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 \$135,849.25 for work completed by Ray Poland & Sons Inc under Contract 10248, Railroad Avenue Demolition.
- 6) Amending the declaration for final acceptance of the work completed as inspected by the District as was approved by the Board of Commissioners on February 14, 2023 via the Consent Agenda; to authorize release of available retainage; and to approve the final revised payment in the amount of \$6,611.30 for work completed by Paramount

Communications Inc. under Contract 10013, 2022 Miscellaneous Fiber Dock Crew Projects.

- 7) To approve an expenditure for a conservation contract with City of Pasco, Contract No. 10443 for Wastewater Treatment Upgrades in the amount of \$118,390 effective August 27, 2024.
- 8) 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 \$55,095.28 for work completed by Pacific Pole Inspection LLC. under Contract 10048 Year 2, Pole Testing and Treatment.

BPA UPDATE

Commissioner Gordon called on Mr. Rimmer to provide comment on matters related to BPA. Mr. Rimmer reported on the Columbia River Treaty (CRT) Agreement, current markets, and BPA products. He provided an update on CAISO and the SPP Markets

Commissioner Gordon noted that Congress is disengaged on what is happening on the east side of the state.

Mr. Rhee reported that the State Government is pushing heavily toward CAISO and EDAM. He noted that PPC continues to track this matter closely and work on finding a solution for all utilities.

Mr. Rimmer reported that BPA has committed to provide the Slice product post 2028. Mr. Rhee reported that BPA has three product types; Slice, Block Shaping and Load Following and that the District continues to evaluate what product is most beneficial.

Commissioner Wright noted he was grateful that BPA will continue to provide the Slice option. The Commission thanked Mr. Rimmer for attending.

AGENDA ITEM 7, RE-OPENING THE INTEGRATED RESOURCE PLAN PUBLIC HEARING, CLOSING THE 2024 INTEGRATED RESOURCE PLAN HEARING AND ADOPTING A RESOLUTION APPROVING THE 2024 INTERGRATED RESOURCE PLAN.

Commissioner Nelson re-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.

Ms. Fulton reported that staff had reviewed the IRP information at the July 23 Commission Meeting. She noted that the final IRP along with the Amended Conservation Potential Assessment were included in Resolution 1413 as Exhibit A. She briefly reviewed the updates to IRP which are intended to ensure the District is able to meet growing loads, capacity

requirements and regulatory requirements in the most reliable and cost-effective manner. The Commission had various questions on the resources that would be available in the future. Discussion ensued. Mr. Rhees reported that staff continues to explore all power resource alternatives, such as small modular reactors, solar, and battery storage. The Commission noted that staff needs to remain diligent in the matter. There was general discussion regarding Energy Northwest's SMR projects. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to close the Integrated Resource Plan public hearing and to adopt Resolution 1413 as presented. The motion passed unanimously.

AGENDA ITEM 8, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE A POWER PURCHASE AGREEMENT AND SMALL RENEWABLE GENERATION INTERCONNECTION AGREEMENT WITH PALOUSE JUNCTION SOLAR, LLC.

Ms. Fulton introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. She reported on the need to secure additional power resources in an effort to continue to serve the District's growing energy load.

She reported that staff has been in negotiation with Palouse Junction Solar, LLC and have finalized a draft agreement. She reviewed the general terms of the agreement. Staff reviewed their recommendation.

Commissioner Gordon moved and Commissioner Wright seconded to approve authorizing the General Manager/CEO or his Designee to execute a power purchase agreement and small renewable generation interconnection agreement with Palouse Junction Solar, LLC. The motion passed unanimously.

AGENDA ITEM 9, ADOPTING A RESOLUTION AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE A LINE OF CREDIT WITH COBANK.

Ms. Fulton introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. She reported that the District holds purchase power and sale agreements with various counterparties for the purpose of executing swap transactions in accordance with the District's Risk Management and Trading Operating Policies. She noted that staff researched options to provide a Line of Credit (LOC) to offer the District financial flexibility when executing swap transactions for purchasing power. She reported that CoBank was able to provide a LOC that met the District's needs. She reported on the LOC terms and renewal options and provided a revised Resolution. She noted that CoBank prefers their set of resolution and incumbency certificate to customer-generated ones to expedite the execution of the Line of Credit. She noted that the revised Resolution was reviewed by staff and no issues were identified. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to adopt the revised Resolution 1414 as presented. The motion passed unanimously.

AGENDA ITEM 10, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE A CONTRACT FOR THE LABOR AND EQUIPMENT REQUIRED TO BUILD THE INFRASTRUCTURE FOR THE CONNELL AND BASIN CITY FIBER-TO-THE-HOME PROJECT.

Mr. Ferraro introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. He reported the Washington State Broadband Office (WSBO) was awarded Coronavirus Capital Program Funds by the U.S. Department of the Treasury. The District applied for and was awarded \$4,854,610 in funding to build a fiber infrastructure for the City of Connell and Basin City. In July 2024, the District received and evaluated four (4) bids. Staff determined that the bid submitted by Paramount Communications Inc. was the lowest responsive bid and was within the District's estimate. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to authorize the General Manager/CEO or his Designee to execute a contract with Paramount Communications Inc., the lowest responsive bidder, for the labor and equipment required to build the fiber infrastructure in an amount not to exceed \$2,326,289, not including sales and/or state tax. The motion passed unanimously.

AGENDA ITEM 11, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE TWO AGREEMENTS FOR A JOINT ELECTRICAL SYSTEM STUDY WITHIN FRANKLIN COUNTY: AN INTERLOCAL COOPERATIVE AGREEMENT BETWEEN THE DISTRICT, CITY OF PASCO, PORT OF PASCO, AND OTHER PUBLIC AGENCIES AND A FUNDING AGREEMENT WITH BIG BEND ELECTRIC COOPERATIVE.

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 reported this was a great collaboration with other agencies and Commissioner Gordon agreed.

Commissioner Wright moved and Commissioner Gordon seconded to authorize the General Manager/CEO or his designee to execute two agreements for a joint electrical system study within Franklin County: An Interlocal Cooperative Agreement Between the District, City of Pasco, Port of Pasco, and Other Public Agencies and a Funding Agreement with Big Bend Electric Cooperative. The motion passed unanimously.

GENERAL MANAGER/CEO REPORT

Mr. Rhees reported that:

- He attended the Columbia River Treaty (CRT) Power Group meeting through PPC and noted that various other entities such as the Bureau of Reclamation were in attendance. He reported that there were discussions on the agreement in principle, what is known of the agreement and the concerns with what remains unclear. He noted that while there are positives to the agreement, there are still significant concerns for public power. He noted that a CRT Advisory Committee is being put in place and will include Tribal representation.
- He attended the WPUDA monthly meeting and shared his thoughts on the joint letter to US Senators.

At 9:47 a.m. the District's Zoom platform lost connection and was restarted immediately.

Mr. Rhees' report continued:

- Mr. Clark Mather, Executive Director, Northwest RiverPartners, will be attending the December meeting and will provide an update on the Northwest RiverPartners organization.
- He extended an invitation to participate in the electric system study to Ms. Rebecca Woods, President, Columbia Basin College and noted that they have tentatively agreed to participate.
- He reported that the District's Customer Service Department is doing a fantastic job assisting customers with the Climate Commitment Act (CCA) bill credit program. He noted that the majority of the funds allocated to the District have been applied to qualifying customers. He reported that an additional 300 customers are needed to meet the full funding amounts. He credited the success of the CCA program to the trust that has been developed between District staff and customers.

Commissioner Gordon asked if there was an opportunity to be allocated additional funding from the CCA program and Mr. Rhees replied that if other utilities are not able to allocate their funding amounts, it is possible for additional funds to be provided to the District. He reported that staff remains in contact with the CCA program administrators to ensure the District receives additional funding if available.

FINANCE & CUSTOMER SERVICE DIRECTOR REPORT

Ms. Fulton reported that:

- The July 2024 Key Performance Indicators (KPIs) monthly report was included in the meeting packet, and she briefly reviewed slides within the report. Commissioner Gordon asked about the Load/Resource Balance slide. Ms. Fulton noted she will look into the matter and report back.
- The Climate Commitment Act bill credit program has been running for a month and has been well received by District customers.

- The District's Accountability and Energy Independence Act (EIA) audits were completed and exit conferences were held for both. She noted that no issues were found on the EIA audit and that the accountability audit had one exit note regarding the reporting of gross wages to Employment Security Department (ESD) for purposes of calculating the Paid Family Medical Leave premiums. She reported that staff has implemented the State Auditor's Office recommendations.
- The Accountant position has been filled by Jesus Martinez, and noted that he will begin employment on September 9, 2024.
- For her audit, she is reviewing the International Swap Dealers Association (ISDA) Counterparty Swap Agreements to ensure party credit limits and contact information is up to date.

PUBLIC INFORMATION OFFICER REPORT

Ms. Viera reported that:

- There are two meetings scheduled for September 24; a regular meeting at 8:30 a.m. and a special meeting at 1:00 p.m. She reported that the special meeting is for the purpose of reviewing the Energy Services process.
- RiverFest is scheduled for October 5, at Columbia Park from 10 a.m. to 3 p.m.
- The Employee Appreciation Luncheon will be Wednesday, September 11 and begin at 11:30 a.m. She extended an invitation to the Commission.
- She will participate on TRIDEC's Nominating Committee and help confirm nominations for the TRIDEC Board.
- A part-time Community Relations Coordinator has been hired and she will begin employment on September 4, 2024.
- She did not have an audit to provide and noted that with Ms. Scott's help she will be able to resume her audits.

ASSISTANT GENERAL MANAGER REPORT

Mr. Ferraro reported that:

- COVID is prevalent again.
- The District participated in the 2024 Utility Wage Survey and will receive the results of the survey once completed.
- He attended the Employment Insurance Advisory Committee meeting in August and noted that insurance costs are increasing. He reported that the committee is exploring options.
- The Linemen position is still open.
- For his audit, he reviewed the Verizon phone bill to ensure the District is paying for only lines that are needed. He noted that Chad Schow, IT Manager, has been helpful in taking on this project and getting it cleaned up.

- Staff visited Columbia REA to see their warehouse bar coding system. He noted that staff has been researching the use of a bar coding system for material in the warehouse and are working toward the implementation of one.
- No bids were received for the archeological services needed for the Fiber to the Home Project (FTTH) and he noted that staff had utilized the state roster. He reported that staff will rebid the project and bring to a later Commission meeting for awarding. He reported that the FTTH project is scheduled to be completed by June 2025.

ENGINEERING & OPERATIONS SENIOR DIRECTOR

Mr. Fuentes reported that:

- The Railroad Avenue Substation is in full force testing and he is working on truing up the costs associated with the project.
- There is no new information to report on regarding the PPC Residential Exchange Issues Negotiation Group. He reported that PPC will have a general increase in their membership dues which will be about 6% for the District.
- He attended PNUCC and noted there were two presenters from Pacific Northwest National Laboratory (PNNL) that spoke on resource adequacy.
- For his audit, he noted that Federated Insurance conducted its annual safety audit and he reported on the recommendations received.

Mr. Rhees reported on an additional item:

- Darigold representatives have committed to Rate Schedule 2.3, Large Industrial. He noted that Rate Schedule 2.3 has established rates and he reviewed them.

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).

At 10:30 a.m., Commissioner Nelson called for a five-minute break and noted it will be followed immediately by a 15-minute executive session that would end at 10:50 a.m. for the purpose of discussing with legal counsel current or potential litigation as allowed by RCW 42.30.110(i).

At 10:35 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 10:50 a.m., Commissioner Nelson extended the executive session to 11:00 a.m.

At 11:00 a.m., Commissioner Nelson extended the executive session for an additional five minutes to 11:05 a.m.

At 11:05 a.m. Commissioner Nelson extended the executive session for an additional 15 minutes to end at 11:20 a.m.

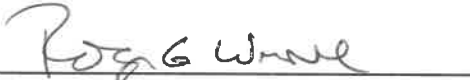
At 11:20 a.m. Commissioner Nelson ended the executive session and reconvened the regular meeting.

CLOSING OF MEETING – ADJOURNMENT

With no further business to come before the Commission, Commissioner Nelson adjourned the regular meeting at 11:20 a.m. The next regular meeting will be September 24, 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