

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

MINUTES OF THE SEPTEMBER 26, 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 September 26, 2023, at 1:00 p.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 Bill Gordon, President; Commissioner Stu Nelson, Vice President; Commissioner Roger Wright, Secretary; Scott Rhees, General Manager/CEO; Holly Dohrman, Assistant General Manager; Steve Ferraro, Operations Director; Victor Fuentes, Engineering Director; Katrina Fulton, Finance and Customer Service Director; Tyler Whitney, outside General Counsel, and Rosario Viera, Public Information Officer.

Additional staff that participated in person or via remote technology for all or part of the meeting were Antoinette Fite, PC Technician, and Shelly Olson, Records Coordinator.

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

OPENING

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

Staff notified the Commission that Commissioner Nelson was unable to attend the meeting due to personal reasons. The Commission excused Commissioner Nelson and noted a quorum was present.

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 Gordon welcomed Ms. Fite 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 Ms. Fite was most proud of, favorite parts of her job, biggest challenge, and what change she would make at the District.

Ms. Fite reported she was most proud of how the IT department assisted employees to set up remotely during the pandemic shut down. She noted she really enjoys helping other employees, working at the District, and reported that a challenge for her was working as a team within her department. Ms. Fite noted that she appreciated the Commission soliciting feedback on the 4 day a week - 10-hour day proposed schedule for the District. She reported that she was not in favor of this schedule. She noted that a safety improvement she has seen is making the building more secure, especially the customer service area.

Commissioner Wright requested Ms. Fite share her experience of coming to the Commission meeting to help encourage other employees to do the same. The Commission thanked Ms. Fite for attending.

Commissioner Nelson joined the meeting at 1: 14 p.m.

COMMISSIONER REPORTS

Commissioner Wright reported that:

- He was able to tour the Pasco CT site where the new Railroad Avenue substation will be built and noted that the remediation work is moving along nicely. He requested that staff document a timeline of events for the Pasco CT to help learn from decisions made and have this information for future planning.
- NoaNet is working on facilitating a group grant for broadband infrastructure funds available. He noted the structure would be similar to the Broadband Technologies Opportunities Program (BTOP) grant NoaNet managed in 2009. He noted that there was discussion on possibly changing NoaNet's bylaws to help diversify its membership. He noted that potential changes could include whether the NoaNet Members wish to equalize percentage interests among all Members, whether amendments should be made for the repayment of prior contributions during any future distributions, and whether Board voting should be aligned with Member percentage interests. He noted that additional discussions are expected.

Commissioner Gordon did not report.

Commissioner Nelson reported that:

- He attended the PPC and WPUA monthly meetings.
- He attended the monthly Tri City Hispanic Chamber luncheon.
- He was feeling unwell earlier but was feeling better and able to attend.

CONSENT AGENDA

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

- 1) To approve the minutes of the September 12, 2023, Regular Commission meeting.
- 2) To approve payment of expenditures for August 2023 amounting to \$11,039,896.18 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	\$ 483,183.52
Wire Transfers	7,724,351.40
Automated and Refund Vouchers (Checks)	1,458,740.04
Direct Deposits (EFTs)	1,377,755.61
VOIDS	(4,134.39)
Total:	\$ 11,039,896.18

- 3) To approve the Write Offs in substantially the amount listed on the September 2023 Write Off Report totaling \$3,484.06.

AGENDA ITEM 6, OPENING THE 2024 BUDGETS PUBLIC HEARING, PRESENTING THE PRELIMINARY 2024 OPERATING AND CAPITAL BUDGETS, AND RECESSING THE PUBLIC HEARING.

Commissioner Gordon opened the 2024 Operating and Capital Budgets hearing. There was no public participating in the meeting to provide public comment and no public comment was received prior to the meeting. Commissioner Gordon called on Ms. Fulton for presentation of the Agenda Item.

Through a presentation, Ms. Fulton reviewed the process in developing the preliminary 2024 Operating and Capital Budgets and the timeline for review and adoption. Ms. Fulton provided details for the preliminary 2024 Operating and Capital budgets and she explained the factors and rationale used for the amounts noted in the 2024 Operating and Capital Budgets (Attachments A and B of the Agenda Item). She reviewed the 2024 Operating Revenues and Expenses and the projects included in the 2024 Capital Budget, including the projects that would be carried over multiple years. There was discussion on labor and the costs of providing competitive wages that are within the market. Commissioner Wright and Commissioner Gordon noted it was important to remain competitive and retain employees. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to recess the 2024 Operating and Capital Budgets public hearing to the October 24, 2023 Commission Meeting. The motion passed unanimously.

AGENDA ITEM 7, CONSIDERING THE PUBLIC UTILITY REGULATORY POLICIES ACT (PURPA) STANDARDS ENACTED IN 2021 AND INITIATING THE PUBLIC COMMENT PROCESS.

Ms. Dohrman introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary that was in the meeting packet. She reported that Congress enacted the Infrastructure Investment and Jobs Act of 2021 (IIJA 2021) on November 15, 2021, with two new federal standards for consideration by all electric utilities with annual retail sales greater than 500,000,000 kilowatt-hours during calendar years 2020 or 2021. She noted that in 2021 the District had annual retail sales of 1,107,903,000 kilowatt-hours. She reported that the two new Federal standards are set forth in the Public Utility Regulatory Policies Act of 1978 (PURPA) Section 111(d) and are related to demand response practices and electric vehicle charging programs.

Ms. Dohrman reported on the standards related to demand response practices and electric vehicle charging programs and noted that in consideration of the two new standards the District has done the following in response to each new standard:

Demand-Response Practices standard, the District has participated in demand response programs in the residential and industrial sectors. There were challenges in the industrial sector due to the nature of the food processing industry. Product must be processed when it is ready, and curtailing production during a demand-response event is very difficult. The residential demand response program was a pilot that focused on heat pump hot water heaters. While the pilot produced information about how water heaters could be used in demand response situations, customers were only interested in participation when incentives were paid. At this time the District does not have plans to implement a demand response program but will continue to look for opportunities to implement demand response for reduction of energy consumption during periods of high demand.

Electric Vehicle Charging Programs standard, the District partnered with Electric Vehicle Infrastructure Transportation Alliance (EVITA) to install two electric vehicle charging stations in Franklin County using a Washington State Department of Transportation grant. Staff continues to look for additional opportunities to install additional charging stations. The District is currently working with a consultant to explore an electric vehicle charging rate.

Ms. Dohrman reported that staff believes that implementation of the new standards identified in the 2021 IIJA is not in the best interest of the District's ratepayers and would conflict with the conservation of energy. She noted that the requirements of the IIJA 2021 does not mandate implementation of the two new standards, instead PURPA states electric utilities shall consider

each standard and then determine whether or not to implement the standard in order to carry out PURPA's goals which are to encourage (1) conservation of energy supplied by electric utilities, (2) optimal efficiency of electric utility facilities and resources, and (3) equitable rates for electric consumers. She reported that as part of the consideration the District is required to hold a public comment period and noted that staff was recommending the initiation of a public comment period on the District's proposal to not implement ratemaking standards for both demand response and electric vehicle charging programs. She reported that the public comment would be accepted from September 27, 2023 through October 23, 2023 and would be done via the District's website. She noted that final determination on the implementation determination for the two new standards must be made by November 15, 2023. The Commission asked if public comment could be solicited in other manners such as via social media or other forms and Mr. Whitney provided clarification on the statutory requirements for the public comment on the two new standards. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to authorize the initiation of the public comment process on the District's proposal to not implement ratemaking standards for both demand response and electric vehicle charging programs as reported by staff. The motion passed unanimously.

AGENDA ITEM 8, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE A CONTRACT FOR THE PURCHASE OF RELAY PANELS.

Mr. Fuentes introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet.

Commissioner Nelson moved and Commissioner Gordon to authorize the General Manager/CEO or his designee to execute a contract with Schweitzer Engineering Laboratories, Inc., the lowest responsive bidder, for the purchase of relay panels in an amount not to exceed \$523,080. The motion passed unanimously.

AGENDA ITEM 9, AFFIRMING THE DISTRICT'S MISSION, VISION, VALUES AND GUIDING PRINCIPLES.

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 the current Strategic Plan was last approved in 2018 and will expire at the end of 2023. He noted that staff believes that the current Mission, Vision, Values and Guiding Principles, as shown on Attachment A, are still effective and would like to initiate the process of creating the new Strategic Plan with affirmation from the Commission to continue to use them. He noted that this will expedite the process and that with assistance from a facilitator new Strategic Priorities and Goals would be created around these. Staff reviewed their recommendation.

The Commission concurred that the Mission, Vision, Values and Guiding Principles in place are effective and the new Strategic Priorities should be centered around them. Further they

emphasized the importance of having Safety First as one of the Guiding Principles.

Commissioner Wright moved and Commissioner Nelson seconded to affirm the District's Mission, Vision, Values and Guiding Principles. The motion passed unanimously.

Ms. Viera noted that Claims was inadvertently omitted from the Commission Meeting Agenda.

CLAIMS

Commissioner Gordon called on Mr. Fuentes for an update on new claims and Mr. Fuentes noted there were no new claims to report.

GENERAL MANAGER/CEO REPORT

Mr. Rhees reported that:

- He was in Little Rock, Arkansas visiting the Southwest Power Pool headquarters as part of the PPC Executive Committee visit.
- Staff met with the IBEW Local 77 for discussion on maintaining wages that are competitive with local market conditions, and industry standards, and to attract and retain a skilled workforce for the represented employees. He noted that both parties agreed to wage adjustments for the remainder of the 2023-2026 Collective Bargaining Agreement (CBA). He reported that he was seeking authorization to execute a Letter of Understanding adjusting Article 9, Wages of the CBA and provided the details of the wage adjustments and effective dates.

Commissioner Wright moved and Commissioner Nelson seconded to authorize the General Manager/CEO to execute the Letter of Understanding adjusting the Article 9 of the 2023-2026 CBA as was reported. The motion passed unanimously.

ASSISTANT GENERAL MANAGER REPORT

Ms. Dohrman reported that:

- The August monthly Key Performance Indicators report was included in the meeting packet, and she reviewed it.
- In follow up to Commissioner Wright's request for information on the current slice customers remaining Ms. Dohrman provided the names of the current utilities that are still BPA slice customers. Commissioner Wright asked what the deadline was to remain slice customers and Ms. Dohrman provided the information.

FINANCE & CUSTOMER SERVICE DIRECTOR REPORT

Ms. Fulton reported that:

- Staff had met with the District's bond underwriter to discuss the possibility of pursuing a new bond issue. She noted that the bond market was favorable, and she will bring different scenarios for Commission review and consideration to a later meeting.
- Standard and Poor's Global Ratings recently affirmed the District's Revenue Bond Rating of 'A+' with a Stable Outlook.
- Customers continue to sign up for the paperless billing and noted that 29% of District customers are now paperless.
- For her audit, she reported that the Public Employee Retirement System had a small change to the employer portion. She audited the last payroll to ensure the change was processed correctly. She reported that a small calculation error was caught and corrected.

OPERATIONS DIRECTOR REPORT

Mr. Ferraro reported that:

- The facilities workers continue to do a great job and provided an update on the many projects they have completed.
- Open enrollment will begin in November and Ms. Ransom will be sending out additional information soon.
- The operations group is working on the installation of a five lot subdivision on the NW corner of Clark and 5th St in Connell.
- There was an outage on August 28 that affected 1,991 customers and reported on the cause of the outage.
- Staff met with other recipients to discuss the best manner to proceed with the Washington State Broadband Office (WSBO) grant for broadband.
- The operations employees received cold stress training this month.
- For his audit, he verified fenders purchased were received and installed on the vehicle they were purchased for.

PUBLIC INFORMATION OFFICER REPORT

Ms. Viera reported that:

- Staff kicked off the customer survey for the proposed change in office hours. She noted that the survey will be open until October 11, and staff will bring the results to the October 24 meeting for Commission review and discussion.
- The District's "Hydropower – It Just Makes Life Better" video won 3rd place in the NWPPA's Excellence In Communications Wildcard category. The official press release will be going out tomorrow.
- As a reminder, the 2024 Proposed Commissioner Budget includes the Northwest River Partners (NWRP) dues.
- Staff will be participating in various events in October, such as STEM Night at Kingspoint Christian School, and the Senior Times Expo at the Southridge Sports and Events Complex.

- The State of the PUD presentation to the Pasco Kiwanis group on September 14 went very well. She noted that Mr. Rhees received many of questions from the members.
- The District will celebrate Public Power Week October 1-7, and RiverFest will be October 7, at Columbia Park.
- The District will focus on public power and local control on social media for the month of October.
- The employee recognition luncheon had gone well and noted that staff had received positive feedback.
- For her audit, she noted that the District has sponsored four employees as Notary Publics and noted that the District's procedure requires an annual acknowledgment be signed. She reported that two were missing and now have been completed. She noted that the Notary Public procedure was also updated to reflect current position titles.

Commissioner Wright asked Mr. Rhees to bring a recommendation as to the 2024 dues for NWRP to the next Commission meeting. Mr. Rhees reported that he will do so. Commissioner Gordon noted that he believes NWRP is doing a better job.

Commissioner Gordon brought forth the matter of changing the October commission meeting time. He noted that a morning meeting would facilitate him attending an Energy Northwest meeting. He asked if the other Commissioners could accommodate the request. Commissioner Nelson and Wright agreed to an earlier start time. After discussion, the Commission agreed to move the October 24, 2023 regular meeting to the morning with a start time of 8 a.m.

Staff reported that this would make the October 24, 2023 a special meeting and only items on the agenda would be discussed.

ENGINEERING DIRECTOR REPORT

Mr. Fuentes reported that:

- Staff continues to monitor inventory closely and provided an update on the current transformer inventory.
- Progress continues at the Railroad Avenue Substation site, and he noted that the demolition work should be completed soon. He reported that he met with the contractor to do an initial walk thru of the site.
- He attended the Washington State Energy Infrastructure Threats Symposium in Olympia, Washington and reported that it was a half day event tailored to law enforcement, utilities, and the FBI to discuss threats in the energy sector and updates on recent attacks. He noted it was a good event.
- In follow up to Commissioner Wright's request, he provided a map showing net metering in the District's Service area. He noted that the majority of net metering customers were in the west Pasco area.

- For his audit, he noted that the District's dock crew at times has to get additional material for jobs after the pick list material from the Work Orders generated from the engineers has been provided. A process was created to track any extra material that is provided after the initial material is picked up. He noted that this will help expedite the completion of jobs and track the additional materials.

OUTSIDE GENERAL COUNSEL REPORT

Mr. Whitney reported that:

- The deed for the Railroad Avenue substation site land had been successfully recorded with the Franklin County Auditor's office. He noted that the water rights are still being finalized.

The Commission thanked staff for the coordination of the Connell Fall Festival Parade and the NoaNet meeting held in the District's auditorium.

CLOSING OF MEETING – ADJOURNMENT

With no further business to come before the Commission, Commissioner Gordon adjourned the regular meeting at 2:57 p.m. The next meeting will be a special meeting on October 24, 2023, at 8:00 a.m., for the purpose of holding a public hearing on the District's 2024 Operating and Capital budgets and conducting regular District business as will be described on the meeting agenda that will be posted according to the statutory requirements. The meeting 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 G. Wright



Roger Wright, Secretary

Document History

SignNow E-Signature Audit Log

All dates expressed in MM/DD/YYYY (US)

Document name: 09.26.2023 FPUD Regular Commission Meeting Minutes
Document created: 10/24/2023 21:33:52
Document pages: 9
Document ID: 024ea13739164ae1ae01236f17c95ab78f20e9de
Document Sent: 10/24/2023 21:47:22 UTC
Document Status: Signed
 10/24/2023 21:53:31UTC

Sender: janderson@franklinpud.com
Signers: rwright@franklinpud.com
CC:

Client	Event	By	Server Time	Client Time	IP Address
SignNow Web Application	Uploaded the Document	janderson@franklinpud.com	10/24/2023 21:33:52 pm UTC	10/24/2023 21:33:50 pm UTC	71.80.153.236
SignNow Web Application	Viewed the Document	janderson@franklinpud.com	10/24/2023 21:34:12 pm UTC	10/24/2023 21:34:12 pm UTC	71.80.153.236
SignNow Web Application	Document Saved	janderson@franklinpud.com	10/24/2023 21:43:34 pm UTC	10/24/2023 21:43:34 pm UTC	71.80.153.236
SignNow Web Application	Invite Sent to: rwright@franklinpud.com	janderson@franklinpud.com	10/24/2023 21:47:22 pm UTC	10/24/2023 21:47:22 pm UTC	71.80.153.236
SignNow Web Application	Viewed the Document	rwright@franklinpud.com	10/24/2023 21:52:57 pm UTC	10/24/2023 21:52:57 pm UTC	96.41.202.126
SignNow Web Application	Signed the Document, Signature ID: a026a09116d5463993a7	rwright@franklinpud.com	10/24/2023 21:53:31 pm UTC	10/24/2023 21:53:31 pm UTC	96.41.202.126
SignNow Web Application	Document Saved	rwright@franklinpud.com	10/24/2023 21:53:31 pm UTC	10/24/2023 21:53:31 pm UTC	96.41.202.126
SignNow Web Application	Sender janderson@franklinpud.com received a signed document copy	janderson@franklinpud.com	10/24/2023 21:53:35 pm UTC	10/24/2023 21:53:31 pm UTC	96.41.202.126
SignNow Web Application	Signer rwright@franklinpud.com received a signed document copy	rwright@franklinpud.com	10/24/2023 21:53:36 pm UTC	10/24/2023 21:53:31 pm UTC	96.41.202.126