

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

MINUTES OF THE SEPTEMBER 27, 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 September 27, 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; 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 Julie Anderson, Purchasing Manager and Ben Hooper, Superintendent of Transmission & Distribution.

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

**OPENING**

Commissioner Wright called the meeting to order at 1:00 p.m. and called on Ms. Anderson 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 Ms. Anderson and noted that it was the intent of the Commission to hear from employees and check how they are doing. Commissioner Wright asked Ms. Anderson general wellbeing questions that included what she was most proud of, favorite parts of her job, biggest challenge during the pandemic, and what change she would make at the District.

Ms. Anderson reported she was most proud of the communication that takes place at the District, specifically with her departments. She noted that she enjoys streamlining and improving processes. She reported that the District has done a great job mitigating supply chain issues, which she noted has been a challenge but was proud to be part of the solution. Ms. Anderson reported that she has been employed at the District for nearly 20 years and has enjoyed her employment very much. She noted that she would like to see the District look for a more user-friendly asset management system and noted that the one in place is cumbersome.

The Commission thanked Ms. Anderson for attending and for her years of service. The Commission noted that Ms. Anderson's upbeat attitude was appreciated.

The Commission asked for more information on the District's current asset management system and Mr. Rhees provided the information.

**COMMISSIONER REPORTS:**

Commissioner Gordon reported that:

- Recent information on the North Bays fires back in 2017 has been published showing liability to the local electric utility and he cautioned on the impacts this may have on utilities. Discussion ensued.

Commissioner Nelson reported that:

- He attended WPUDA and noted there were discussions on current utility rates and the ability of Commissioners being able to sit on the PPC Executive Committee Board (PPC Board). He reported that this matter had been brought up in 2020 and he believed having General Managers or Executive staff be on the PPC Board was more beneficial.

Commissioner Wright noted that he would like to have the ability to have Commissioners be on the PPC Board and at minimum be able to delegate the appointments. Mr. Rhees reported that he had participated in a virtual meeting intended to answer questions and hear feedback on any of the substantive topics and issues discussed at PPC and this subject matter had been brought up. Mr. Rhees noted that Mr. Simms, PPC Executive Director had done a great job redirecting the meeting for its intended purpose. Discussion ensued.

- He attended the Pasco and Hispanic Chamber monthly luncheons.

Commissioner Wright reported that:

- He attended the NoaNet monthly meeting and provided a general update on NoaNet's financial position. He noted NoaNet is pursuing grant funding available through the National Telecommunications and Information Administration's Middle Mile Grant Program, and he would provide more information during the presentation of Agenda Item 9.

**CONSENT AGENDA:**

The Commission reviewed the Consent Agenda. The Commission noted that write-offs were higher than normal, and Ms. Dohrman provided more information on various account with the higher balances. There were additional questions on items on the warrant registers and staff 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 August 23, 2022 Regular Commission meeting.
- 2) To approve payment of expenditures for August 2022 amounting to \$9,055,348.53 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:

| <b>Expenditure Type:</b>               | <b>Amounts:</b> |              |
|--|-----------------|--------------|
| Direct Deposit Payroll Umpqua Bank     | \$              | 486,305.38   |
| Wire Transfers (Wires)                 |                 | 5,656,623.54 |
| Automated and Refund Vouchers (Checks) |                 | 2,232,536.42 |
| Direct Deposits (EFTs)                 |                 | 680,551.39   |
| Voids                                  |                 | (668.20)     |
| <b>Total:</b>                          | \$              | 9,055,348.53 |

- 3) To approve the Write Offs as listed on the September 2022, Write Off Report in the amount of \$11,691.03.

**AGENDA ITEM 6, OPENING THE 2023 BUDGETS PUBLIC HEARING, PRESENTING THE PRELIMINARY 2023 OPERATING AND CAPITAL BUDGETS, AND RECESSING THE PUBLIC HEARING.**

Commissioner Wright opened the public hearing for the 2023 Operating and Capital Budgets. There was no public participating in the meeting to provide public comment and no public comment was received prior to the meeting. Commissioner Wright called on Ms. Dohrman for presentation of the Agenda Item.

Ms. Dohrman reported that the presentation was intended to provide a high-level overview and that staff would provide a more in-depth review at the October meeting based on Commission discussion today.

Through a presentation, Ms. Dohrman reviewed the process in developing the preliminary 2023 Operating and Capital Budgets and the timeline for review and adoption. Ms. Dohrman provided details for the preliminary 2023 Operating and Capital budgets and she explained the factors and rational used for the amounts noted in the 2023 Operating and Capital Budgets (Attachments A and B of the Agenda Item).

She reviewed the 2023 Operating Revenues and Expenses and the capital projects included in the 2023 Capital Budget, including projects that would be carried over from the current year. Discussion ensued and the Commission requested more information on the power costs being budgeted and cautioned that capital items being carried over needed be tracked closely.

Commissioner Wright asked when the Salary Administration Plan (SAP) would be brought for Commission review and discussion and noted that the amount budgeted may not be suitable to cover the increasing cost of inflation. Mr. Rhees noted that staff is waiting on information from Milliman and would be bringing the SAP to the October meeting for review and discussion. Commissioner Wright requested that staff also provide information on what other utilities have done regarding employee compensation and what is being budgeted for 2023. He noted that good employees are an important resource, and the District should make sure the compensation is appropriate. He requested that staff provide what the dollar impact would be for each percentage increase in compensation.

Commissioner Gordon moved and Commissioner Nelson seconded to recess the 2023 Operating and Capital Budgets public hearing to the November 8, 2022 regular Commission meeting. The motion passed unanimously.

Commissioner Wright reported that Agenda Item 9, would be addressed next to accommodate Mr. Hooper's schedule.

**AGENDA ITEM 9, AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO EXECUTE A MEMORANDUM OF UNDERSTANDING WITH NORTHWEST OPEN ACCESS NETWORK FOR PARTICIPATION AS A SUBRECIPIENT IN THE U.S. DEPARTMENT OF COMMERCE, NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION'S MIDDLE MILE GRANT PROGRAM.**

Ms. Rhees reported that he would be presenting this Agenda Item on behalf of Mr. Ferrero. He reviewed the information as presented in the Agenda Item Summary Report included in the meeting packet. Commissioner Wright noted that this has been discussed at NoaNet and he provided additional information on the requirements of the grant.

Mr. Rhees called on Mr. Hooper for additional information. Mr. Hooper reported that the project being submitted for the grant is to build infrastructure to provide broadband services to Washtucna. He noted that completing this project would be beneficial to the District and could increase broadband revenue through new opportunity for wholesale broadband services in the area. He reported that it would add 14.5 miles of fiber that will add redundancy to the path to Ritzville, which further protects the District's broadband network and will put the District within 10 miles of Palouse Falls. Mr. Hooper reported that letters of support of the District participating as a sub-participant were included in Attachment B of the Agenda Item.

Mr. Rhees reported on the timeline for the review and awarding process. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Gordon seconded to authorize the General Manager or his Designee to execute the Covered Partnership for the Middle Mile Grant Program Understanding and Letter of Commitment Memorandum with NoaNet. The motion passed unanimously.

*Commissioner Wright proceeded back to Agenda Item 7.*

**AGENDA ITEM 7, ADOPTING A RESOLUTION AMENDING THE POLICIES AND PROCEDURES FOR RISK MANAGEMENT AND TRADING OPERATIONS AND SUPERSEDING RESOLUTION 1320.**

Ms. Dohrman introduced the agenda and reviewed the information included in the Agenda Item Summary of the meeting packet. She noted that the Risk Management Committee has determined that amending the scaling methodology will allow the District to adapt to the changing environment and keep creditworthy counterparties open for trading. The Commission asked various questions on how increasing the credit limits will help the District and Ms. Dohrman provided the information.

She noted that in addition, position titles of the members of the Risk Management Committee have been changed to align them with the position titles in the current Salary Administrative Plan. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Gordon seconded to adopt Resolution 1376 as presented. The motion passed unanimously.

**AGENDA ITEM 8, ADOPTING A RESOLUTION AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO ASSIGN A PLAN ADMINISTRATOR FOR THE DISTRICT'S DEFERRED COMPENSATION PLANS.**

Ms. Rhees reported that he would be presenting this Agenda Item on behalf of Mr. Ferrero. He reviewed the information as presented in the Agenda Item Summary Report included in the meeting packet. He noted that this was a housekeeping item and that adopting the resolution would provide him authorization to assign experienced and qualified employees to assume the duties of Plan Administrator for the District's Deferred Compensation Plans. Staff reviewed their recommendation.

Commissioner Gordon moved and Commissioner Nelson seconded to adopt Resolution 1377 as presented. The motion passed unanimously.

**AGENDA ITEM 10, ADOPTING A RESOLUTION REVISING THE DISTRICT'S ORGANIZATIONAL STATEMENT AND SUPERSEDING RESOLUTION 1247.**

Mr. Rhees introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. The Commission concurred with the proposed changes to the Organizational Statement and noted that extending the drive-thru hours permanently was beneficial for District customers. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Gordon seconded to adopt Resolution 1378 as presented. The motion passed unanimously.

**CLAIMS**

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

**GENERAL MANAGER REPORT:**

Mr. Rhees reported that:

- The remaining COVID-19 emergency orders and state of emergency is set to end October 31, 2022. He noted that the District is working toward lifting its pandemic emergency declaration as well, and noted that once lifted, customers will be assessed late fees, and reconnect/disconnect fees associated with their accounts. Mr. Rhees reported he is in favor of reinstating the late fees but will bring an agenda item to a future Commission meeting, for Commission consideration of eliminating the reconnect/disconnect fees for customers. He noted that with the deployment of the smart meter infrastructure, customers may be disconnected remotely, and it would be prudent to eliminate these fees. Discussion ensued. He noted that the District continues to have employees impacted by COVID-19 and reported that employees being able to work remotely has been very beneficial for both the employees and the District. The Commission requested more information on the employees impacted by COVID-19 and Mr. Rhees noted he would provide it at the October meeting.
- Staff continues to research the Inflation Reduction Act of 2022 to determine if the District is eligible for any opportunities. He noted that staff is working closely with The Energy Authority and WPUDA staff.
- He reported that Energy Northwest, City of Richland, and Benton PUD will work together on a feasibility study for opportunities of a small modular reactor. He noted that Energy

Northwest will lead the feasibility study and reported that the District currently has an Interlocal Agreement with Energy Northwest allowing the District to utilize these services. He reported that the initial investment is within his approval limits and has been authorized.

- Staff participated in labor management meetings and provided an update.
- He attended a meeting at the Port of Pasco and noted that there continues to be a lot of interest from potential new large load customers.
- The District currently has Rate Schedules 2.3, and 2.4 for industrial loads. He noted that staff would like to initiate the process to only have one industrial load rate schedule. He noted that staff will work with the District's rate consultants to evaluate the impacts.
- He attended the NWPPA's Government Relations Committee and he noted that an item of discussion was the current legislation passed in the State of Oregon requiring electrification of public fleet vehicles. Discussion ensued.

#### **ASSISTANT GENERAL MANAGER REPORT:**

Ms. Dohrman reported that:

- The August monthly executive summary report has been included in the meeting packet and she reviewed it in more detail. Commissioner Wright noted he found the report to be very informative and the other Commissioners agreed.
- For her audit, she reviewed adjustments done on employee electric service accounts to ensure authorization and justification was done for each adjustment. She noted that no discrepancies were found, and that staff is following processes.
- She will be attending Commission meetings virtually for the next few months.

#### **ENGINEERING DIRECTOR REPORT:**

Mr. Fuentes reported that:

- The A street easement had been discussed with staff and he shared a map of the area that showed the District's facilities location.
- He attended the Darigold groundbreaking ceremony and noted that the project continues to move along.
- He and Mr. Rhees met with the Assistant General Manager and Engineering Manager of Big Bend Electric Coop. to discuss the possibility of working together on mutually beneficial system improvements. He noted the meeting had gone well. Commissioner Wright noted he was glad to see the District develop a more positive relationship with Big Bend Electric Coop.
- For his audit, he reported that a walking path had been installed by the City of Pasco near Burns Road and prior to construction 11 poles had been identified as being too shallow. Staff has inspected the poles after completion of the pathway and found that 4 out of the 11 poles remained too shallow. He noted that 7 had been corrected during the construction of the pathway. Mr. Fuentes reported that staff will work with the dock crew to get the depths corrected for the remaining 4 poles.

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

Ms. Viera reported that:

- RiverFest will be October 8 from 10 a.m. to 3 p.m. at Columbia Park in Kennewick.
- For her audit, she reviewed the retention periods for various District documents to ensure records are being retained for the proper amount of time.


**OUTSIDE GENERAL COUNSEL REPORT:**


Mr. Iller reported that:

- He continues to work on the current litigation he is assisting the District with.

**CLOSING OF MEETING - ADJOURNMENT**

With no further business to come before the Commission, Commissioner Wright adjourned the regular meeting at 2:48 p.m. The next meeting will be a regular meeting on October 25, 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.

  
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Roger Wright, President

  
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William Gordon, Vice President

  
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Stuart Nelson, Secretary