

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

MINUTES OF THE OCTOBER 25, 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 October 25, 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 David Gutierrez, Facilities Maintenance Worker 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 Wright called the meeting to order at 1:00 p.m. and called on Mr. Gutierrez 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. Gutierrez and noted that it was the intent of the Commission to hear from employees and check how they are doing. Commissioner Wright asked general wellbeing questions that included what Mr. Gutierrez was most proud of, favorite parts of his job, biggest challenge during the pandemic, and what change he would make at the District.

Mr. Gutierrez reported he was most proud of the fact that he could use his skillset daily and felt his work made a difference. He noted that the current position allows him to utilize his strengths and that he very much enjoyed seeing his completed work. He reported that his biggest challenge was the isolation due to COVID-19. Mr. Gutierrez reported that he was happy to be able work even if it did require masking up at times. He noted that he was appreciative of the District and felt valued as an employee.

Mr. Gutierrez noted he would not make a change at the District and reported that he greatly

appreciated Mr. Ferraro's leadership. He noted that Mr. Ferraro went out of his way to make sure he was successful in his position and has the tools in place to succeed.

Commissioner Gordon asked Mr. Gutierrez about his family life outside of the District and Mr. Gutierrez shared a bit more of his background including his education and experience prior to his employment at the District. The Commission thanked Mr. Gutierrez for attending.

COMMISSIONER REPORTS:

Commissioner Gordon did not report.

Commissioner Nelson reported that:

- He attended the Pasco and Hispanic Chamber monthly luncheons.
- He attended the WPUDA Budget Committee meeting and noted there was discussion on current increases being implemented for employee salaries. He provided a brief update on the proposed dues and WPUDA's operating budget for 2023. He noted that dues were increasing about 5%.

Commissioner Wright reported that:

- He attended the NoaNet monthly meeting and noted that NoaNet is pursuing joining the Public Employees Retirement System for their employees. He reported that this change would be beneficial and will likely be in effect by January 2024. He noted that there is inquiry from other public utilities looking to become NoaNet members and he provided a summary on the discussions regarding the matter.

CONSENT AGENDA:

The Commission reviewed the Consent Agenda. Commissioner Nelson noted there were various write-offs with high dollar amounts. 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 September 27, 2022 Special Commission meeting and September 27, 2022 Regular Commission meeting.
- 2) To approve payment of expenditures for September 2022 amounting to \$12,768,179.12 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	\$ 475,158.59
Wire Transfers (Wires)	9,715,381.42
Automated and Refund Vouchers (Checks)	1,255,247.10
Direct Deposits (EFTs)	1,322,506.30

	Voids	(114.29)
	Total:	\$ 12,768,179.12

- 3) To approve the Write Offs as listed on the October 2022 Write Off Report in the amount of \$11,922.70.
- 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 \$22,060.35 for work completed by National Wood Treatment Co. under Contract 10054, Fire Guard Poles.
- 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 \$3,752.50 for work completed by Intermountain Cleaning Service Inc. under Contract 9584, Extension 1, Janitorial Services.

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

Commissioner Wright re-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 any changes from September public hearing were listed on the Crosswalks (Attachment A and B of the Agenda Item), and she noted that the 2023 Capital Budget reflected a decrease of \$250,000. She reported that staff was able to complete the audio/visual upgrades for the Auditorium and conference room in 2022.

In follow up to the discussion from the September public hearing, through a presentation, she reviewed the power supply costs. The presentation included information on the Frederickson CT Plant contract and expenses, a Powerex contract breakdown, and the costs for the other power expenses of the District. There were questions and discussion during the presentation. The Commission requested staff provide the 2021 cost per MWh of the Frederickson CT Plant, cost breakdown on the Nine Canyon resource, and an update on the NuScale Project.

Ms. Dohrman provided the requested information regarding the dollar impact to the Operating budget for each percentage increase in employee compensation.

Commissioner Wright expressed his approval of the Powerex contract in place and noted it will be beneficial to the District. Staff reviewed their recommendation.

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.

AGENDA ITEM 7, ADOPTING A RESOLUTION REVISING THE RULES AND REGULATIONS FOR ELECTRIC SERVICE AND SUPERSEDING RESOLUTION 1374.

Ms. Dohrman introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. She reported that with the deployment of the advance meter technology the District has the ability to disconnect and reconnect electric service remotely. Ms. Dohrman reported that prior to this, the disconnect/reconnect of service was a manual process that required an employee to physically disconnect/reconnect at the service address. She noted that eliminating the disconnect/reconnect fee assessed to customers who are disconnect/reconnected for non-payment is prudent.

Ms. Dohrman reported that the Rules and Regulations for Electric Service have been revised to remove the disconnect and reconnect fees for electric service customers.

Commissioner Wright expressed his appreciation on how well the deployment of the automated meters has gone and noted that eliminating these fees was just one of the many benefits that the deployment will provide. Commissioners Gordon and Nelson agreed with the sentiment.

There was discussion on the number of customers that have elected to opt out, the process for installation of automated meters for new services and the deployment progress. Staff reviewed their recommendation.

Commissioner Gordon moved and Commissioner Nelson seconded to adopt Resolution 1379 as presented. The motion passed unanimously.

AGENDA ITEM 8, AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO APPROVE ADDITIONAL FUNDING FOR THE WASHINGTON STATE DEPARTMENT OF ENTERPRISE SERVICES CONTRACT 5620, FOR 2022 MISCELLANEOUS FIBER DOCK CREW PROJECTS.

Mr. Ferraro introduced the agenda item and reviewed the information included in the Agenda Item Summary of the meeting packet. He reported that additional funding is needed to complete two major infrastructure builds required by the City of Pasco and for additional customer connects. He noted that staff has determined that the expenditures will likely exceed the authorized contract amount by \$280,000 and recommended that the Commission authorize the General Manager or his designee to approve additional funding. Commissioner Wright asked if this would be recovered through the non-recurring costs paid by the Retail Service Providers and Mr. Ferraro reported that some costs would be.

Commissioner Nelson moved and Commissioner Gordon seconded to authorize the General Manager or his designee to approve additional funding of \$280,000 in the 2022 capital budget for broadband infrastructure under Washington State DES Contract 5620, 2022 Miscellaneous Fiber Dock Crew Projects, for a new not to exceed amount of \$823,000. The motion passed unanimously.

AGENDA ITEM 9, AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO EXECUTE A CONTRACT FOR THE PURCHASE OF THREE PHASE DISTRIBUTION PADMOUNT TRANSFORMERS.

Mr. Fuentes introduced the agenda item and reviewed the information included in the Agenda Item Summary of the meeting packet. He noted that in September 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>
Anixter Wesco/ABB	\$ 2,836,133	Yes
WEG Transformers Inc.	\$ 2,321,298	Yes

Mr. Fuentes reported that staff evaluated the bids on a line-by-line basis and determined that various line items (bid lines 1, 3, 8, and 10), were more than 15% of the District's estimate and could not be awarded. He reported that the bid submitted by WEG Transformers Inc. had technical exceptions that included the inside tank not being painted per District Specification 8.3, some units exceeded stated dimensions, specified parts were not guaranteed, and was missing the ANSI paint certification. He noted that these exceptions are acceptable to the District.

Mr. Fuentes noted that there were no exceptions to the technical specification in the bid submitted by Anixter Wesco/ABB, however the additional information sheet required to properly evaluate the bid response was not included. He reported that staff recommended that the Commission authorize the General Manager or his designee to execute a contract with WEG Transformers Inc., the lowest responsive bidder, for the purchase of three phase transformers in an amount not to exceed \$1,250,800.

There was general discussion on the District's materials and equipment inventory. Mr. Fuentes noted that staff is being proactive in purchasing anticipated needed materials and is watching the inventory closely.

Commissioner Gordon inquired on the difference in the bid amount and the amount being requested for authorization. Mr. Fuentes reported the line items that had exceeded the District's estimate were not being awarded and not included in the amount being asked for authorization. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Gordon seconded to authorize the General Manager or his designee to execute a contract with WEG Transformers Inc., the lowest responsive bidder, for the purchase of three phase transformers in an amount not to exceed \$1,250,800. The motion passed unanimously.

AGENDA ITEM 10, AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO EXECUTE A CONTRACT FOR THE PURCHASE OF PRIMARY UNDERGROUND CABLE.

Mr. Fuentes introduced the agenda item and provided an updated Agenda Item Summary with the following information:

In September 2022, the District requested bids to furnish a total of 312,500 feet of primary underground cable. The District will add the underground cable to inventory for use as needed on 12 kV distribution system for customer additions and capital projects.

Staff received and evaluated three (3) bids:

<u>Bidder:</u>	<u>Total Bid:</u>	<u>Exceptions:</u>
Irby/Southwire	\$2,116,165.77	Yes

Anixter Wesco/Okonite	\$2,000,105.00	No
General Pacific/CME	\$1,804,382.90	Yes

The bid submitted by Irby/Southwire did not submit the required information to properly evaluate the bid response. The bid submitted by General Pacific/CME did not have any exceptions to the technical specifications but did take exception to the 3% cap price escalation clause. General Pacific/CME proposed a market price escalation with the option to cancel the order four (4) months before production. The lack of a cap on the escalation is unacceptable to the District. Anixter Wesco/Okonite had no exceptions. Discussion ensued on pricing increases being seen across various materials and equipment.

Staff recommended that the Commission find the bids submitted by General Pacific/CME and Irby/Southwire non-responsive and authorize the General Manager or his designee to execute a contract with Anixter Wesco/Okonite, the lowest responsive bidder, for the purchase of primary underground cable in an amount not to exceed \$ 2,000,105.

Commissioner Nelson moved and Commissioner Gordon seconded to find the bids submitted by General Pacific/CME and Irby/Southwire non-responsive and authorize the General Manager or his designee to execute a contract with Anixter Wesco/Okonite, the lowest responsive bidder, for the purchase of primary underground cable in an amount not to exceed \$ 2,000,105. The motion passed unanimously.

AGENDA ITEM 11, ADOPTING A RESOLUTION LIFTING THE DECLARATION OF A PANDEMIC EMERGENCY EVENT AND SUPERSEDING RESOLUTION 1335.

Mr. Rhees introduced the agenda item and reviewed the information included in the Agenda Item Summary of the meeting packet. He noted that the District can operate as per its normal procedures and any modifications needed have been made permanent through updated policies and procedures.

Commissioner Wright reported the kiosks and extended drive-thru hours have been positive things that happened because of the pandemic emergency. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Gordon seconded to adopt Resolution 1380 as presented. The motion passed unanimously.

AGENDA ITEM 12, REVIEWING PROPOSED CHANGES TO THE 2022 SALARY ADMINISTRATION PLAN FOR REGULAR NON-BARGAINING EMPLOYEES.

Mr. Rhees introduced the agenda and reviewed the information included in the Agenda Item Summary of the meeting packet. Mr. Rhees reported that the Salary Administration Plan (SAP) was last revised in May 2022 and as was requested by the Commission, a more in-depth analysis of the SAP was completed to ensure appropriate compensation for District non-bargaining positions.

Through a presentation, Mr. Rhees provided information on the SAP analysis and the information that was used to complete it. He noted that District non-bargaining positions were matched with market data sources and the SAP midpoints were used. Mr. Rhees reported that on average the

current SAP was lagging, with the largest gaps at the higher salary grades. He noted that the data showed a 4.5% increase was needed to most grades. However, to truly align the SAP to market Grade 22 required a 6% increase to the salary band. He reported that it was important for the District to remain competitive and assure appropriate compensation. He provided a copy of the SAP showing the changes for each salary grade that included one position title change and various positions being moved to the correct salary grade. Discussion ensued.

Commissioner Wright noted that he agreed with the findings of the analysis and reported that many other utilities are taking a similar action with their respective salary administration plans. Mr. Rhees reported on the percentage change being done by other local utilities.

Commissioner Wright noted that the proposed increases to the SAP appears to align it with current market and that discussion was needed on what the appropriate amount to include in the 2023 Operating budget should be. Mr. Rhees reported that staff had drafted a resolution for adoption of the SAP with the proposed changes if there were no additional questions from the Commission. Commissioner Wright reported that while he agreed with the analysis findings, he would like to review the information more in-depth. He reported that he was in favor of waiting until the November 8, 2022 regular meeting for final determination and adoption. Commissioners Gordon and Nelson agreed.

Mr. Rhees reported that given the current economy and increasing inflation the SAP will be actively reviewed to ensure the District's SAP does not begin to lag. The Commission agreed with actively reviewing the SAP.

CLAIMS

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

GENERAL MANAGER REPORT:

Mr. Rhees reported that:

- In follow up to the information requested at the September meeting, he reviewed the number of days personal leave was utilized by employees due to contracting or exposure of COVID-19. He noted that employees that were able to work remotely, did and were appreciative of being able to do so.
- The District's current accounts receivable balance continues to be low and noted this reflects highly on the customers the District serves and District employees.
- The feasibility study for opportunities of a small modular reactor is progressing and he provided a brief update. Commissioner Gordon asked how small modular reactors would benefit the District regarding the Initiative 937 requirements and Ms. Dohrman noted that the benefit would be more through the CETA requirements.

ASSISTANT GENERAL MANAGER REPORT:

Ms. Dohrman reported that:

- The September monthly executive summary report was included in the meeting packet, and she reviewed it in more detail.
- The District pursued funding assistance for customers in arrears through the Utility Assistant Program administered through the Department of Commerce and was allocated \$340,000. She noted that after reviewing the final requirements of the program, the District determined that it would not be able to successfully disburse the funds. She reported that

to qualify, customers arrearages would have to be remaining from March 2020 to December 2021. Ms. Dohrman reported that because the District utilized funding from the CARES and ARPA programs most District customers had already been assisted and did not have balances from the specified time. Ms. Dohrman reported that staff was recommending the District not pursue the funding from the program further. The Commission agreed.

- For her audit, she reviewed the labor and materials costs charged to the automated meter deployment. She noted that some costs were not allocated to the project that should have been and that corrections have been made.

OPERATIONS DIRECTOR REPORT:

Mr. Ferraro reported that:

- Open enrollment begins November 1 through November 30, 2022. He noted this was an opportunity to make changes to benefits being subscribed to. He provided an update to the changes in premiums and reported that Ms. Ransom would be available to answer questions, if needed.
- Operations employees were administered their annual hearing test. He noted that employees do a good job of wearing the proper personal protective equipment and the results were indicative of this.
- There were a few outages since the September meeting, and he provided more information on the significant outages.
- The vehicles surplus at the August 2022 meeting were taken to auction and noted that the staff was pleased with the amount received.
- The September monthly executive summary report included the key performance indicators for the broadband department, and he provided more information on a broadband outage experienced in early October.
- PocketiNet, one of the District's Retail Service Providers was bought out by LS Networks.
- For his audit, he reviewed the fuel cards to ensure that only current vehicles and employees were on the account. He noted that the information was current, and that staff will continue to audit this quarterly.

ENGINEERING DIRECTOR REPORT:

Mr. Fuentes reported that:

- There were no bids received for single phase transformers. He noted that staff intends to quote smaller quantities next month to see if there are any responses. He reported that the current inventory is being monitored closely to ensure construction continues at its current pace. He noted that delays in delivery times are being seen for transformer and cable deliveries. Commissioner Wright noted that staff needs to be proactive and seek opportunities to ensure inventory is maintained.
- The Oregon Street substation design work continues in coordination with Toth Engineering. He noted that the conceptual design work is in progress and staff will begin putting together the initial drawing package and material list for District furnished materials. He noted that staff will bring future agenda items for equipment purchases to ensure the schedule is maintained.
- The Engineering department has two position vacancies.
- A solar project developer is inquiring on a 10 MW interconnection into the Blanton Road Substation. He noted the District and BPA can accommodate the request however, the

City of Connell placed a 6-month moratorium on commercial solar installations. He reported that the developer is meeting with the City of Connell to discuss the matter further.

- For his audit, he reported that when employees depart employment with the District, all systems that the departing employee had access to are reviewed to ensure they are removed. He reported that he reviewed the list of people that currently have access to the District's BPA system and SCADA and found the access list to be appropriate.

SUPERVISOR OF EXECUTIVE ADMINISTRATION REPORT:

Ms. Viera reported that:

- RiverFest had a great turnout and noted that employees did a great job engaging with the public that attended.
- The District's reader board was purchased in 2010 for \$24,000 and is becoming unserviceable. She noted that staff is getting estimates for an updated reader board and would like to include the cost estimate as a capital crosswalk item in the 2023 Capital budget. The Commission concurred on getting an updated reader board and with bringing the cost estimate as a crosswalk item in the 2023 Capital budget.
- Mr. Rhees is scheduled to speak at the November 14, Pasco Chamber Luncheon and noted that he will provide an update on the District. She extended an invitation to the Commission.
- There is a vacancy in the Public Affairs department and noted that the District's Communications Specialist's last day with the District was October 6. This position was responsible for general communications such as the Hotline and Watt's Up Newsletters.
- She created a 2023 schedule for due dates of the Commission articles in the Hotline Newsletter. She noted that as per the normal process, staff will send reminders when an article is due.
- For her audit, she reviewed the Commission articles in the Hotline, as per Procedure VII. She noted that four out of the six Commissioner articles were pro-hydro related.
- She reviewed the Commission 2023 operating budget and noted that staff would like to increase the proposed amounts for legal services, miscellaneous professional services, registrations, and travel expenses. She reviewed the drivers for the proposed increases. Ms. Viera noted that the dues included in the Commission 2023 operating budget did not include funding for the renewal of the Northwest RiverPartners (NWRP) membership.

Commissioner Wright noted that he was in favor of continuing the membership with NWRP and Commissioner Nelson reported he agreed with Commissioner Wright. Commissioner Wright reported that the District must remain committed to supporting efforts to save the Lower Snake River dams and continuing the NWRP membership was important. Commissioner Gordon noted he did not agree with continuing the NWRP membership. There was discussion on the dues and membership fees paid to the organizations that the District belongs to and the Commission requested staff bring the matter of renewing the NWRP membership to the November 8 meeting for additional discussion and final determination.

Ms. Viera reported that in preparation for the November discussion, she will update the Commission 2023 operating budget to reflect the changes discussed today and will include the membership dues for NWRP and the increase to the WPUA dues based on the information provided by Commissioner Nelson.

OUTSIDE GENERAL COUNSEL REPORT:

Mr. Iller reported that:

- There was a trial continuance request made by the plaintiff and the District has agreed to it.

CLOSING OF MEETING - ADJOURNMENT

With no further business to come before the Commission, Commissioner Wright adjourned the regular meeting at 3:20 p.m. The next meeting will be a regular meeting on November 8, 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