

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

MINUTES OF THE DECEMBER 13, 2022
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 December 13, 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; 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 Andrea Sell, Meter Shop/Relay Foreman; Ben Hooper, Transmission and Distribution Superintendent; and Shelly Olson, Records Coordinator.

Public participating in person or via remote technology for all or part of the meeting was Will MacHugh and Richard De Leon from Eltopia Communications, LLC, and another unidentified member of the public.

OPENING

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

OATH OF OFFICE

The oath of office was administered to Commissioner Wright by Ms. Viera. Congratulations were given to Commissioner Wright from those in attendance.

PUBLIC COMMENT

Commissioner Wright welcomed those in attendance. He noted that the Commission was provided an email from Mr. MacHugh requesting time to provide public comment and he called on Mr. MacHugh.

Mr. MacHugh reported he was from Eltopia Communications, LLC, (Eltopia Communications) a Retail Service Provider and provided information on the formation of Eltopia Communications. He noted that Eltopia Communications was the recipient of grant funding from the Federal

Communications Commission to build a cellular network. He reported that he would like to discuss the possibility of establishing a public/private partnership that would allow Eltopia Communications to invest the funding in additional infrastructure in Franklin County to provide or enhance broadband service for residents in rural parts of Franklin County and have the District manage the assets.

Mr. MacHugh reported there was an opportunity to enhance the District's services and potentially have the District provide retail services. He reported that Eltopia Communications is able to build the infrastructure, however, did not have the resources to provide the customer service to meet the day-to-day inquiries from retail customers. Mr. MacHugh reported that the purpose of attending today was to gauge the Commission's tolerance in pursuing this proposal.

Commissioner Wright reported that consideration could be provided, however an in-depth analysis had to be done before any decision could be made. He noted that expanding broadband infrastructure to provide better service was a good idea, but a private/public partnership had to be researched further.

Mr. Hooper reported there could be interest and noted that the long-term goal would need to include the District owning the assets added.

Commissioner Gordon asked about the demo as was noted in Mr. MacHugh's email and Mr. MacHugh reported that his staff was still working on it and was not able to provide one today. Discussion ensued.

Commissioner Gordon noted that the District has not pursued retail authority for the same concerns Mr. MacHugh had noted in his email.

There was general agreement amongst the Commission that more information was needed, and a feasibility study needs to be completed before any formal action could be taken. The Commission asked for staff's initial opinion, and Mr. Hooper reported that there were opportunities in reaching areas outside of the Pasco City limits however, the District was also pursuing grant funding. Discussion ensued.

Mr. Rhees asked Mr. MacHugh for a timeline of when a decision had to be provided and noted that staff would begin a cost/benefit analysis. Mr. Rhees noted that once completed staff would provide a formal recommendation to the Commission for their review and discussion.

The Commission thanked Mr. MacHugh for attending and providing the information.

No other public comment was provided.

EMPLOYEE CHECK-IN

Commissioner Wright welcomed Ms. Sell 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 Ms. Sell was most proud of, favorite parts of her job, biggest challenge during the pandemic, and what change she would make at the District.

Ms. Sell reported that she was most proud of her employees and their ability to keep up with the many changes within the meter industry. She noted that she has worked in the District's meter shop for over 18 years and that meters have evolved greatly during this time, but her staff has embraced the changes and done a great job.

She noted that she enjoys being able to assist customers with high-use inquiries or potential meter tampering issues. Ms. Sell reported that a challenge was not being able to meet in person. She noted that it would be nice to have members of the Commission job shadow employees to gain a better understanding of the employee's day to day functions. Discussion ensued.

The Commission thanked Ms. Sell for attending and noted they appreciated the meter shop's work, especially with the smart meter installations. The Commission noted that Ms. Sell was a great employee and reported that employees that are excited to come to work make a difference and are valued.

COMMISSIONER REPORTS:

Commissioner Nelson reported that:

- He attended WPUDA's annual meeting and noted there was a mixture of good and bad speakers at the meeting.

Commissioner Gordon reported that:

- He also attended WPUDA's annual meeting and had found the keynote speaker very interesting. He noted that the speaker spoke on expressing gratitude and he had found it very thought provoking. He shared a sentiment from the presentation that was provided.

Commissioner Wright reported that:

- He also attended WPUDA's annual meeting and agreed with Commissioner Gordon's sentiment on the keynote speaker. He noted that he would like to see WPUDA provide more education on the value of public power, specifically the driver for creating public utilities and local control. He noted that as older Commissioners step down, and new ones are elected the historical knowledge appears to be getting lost.
- He attended the NoaNet monthly meeting and noted that discussions continue on transitioning NoaNet employees to the Public Employee Retirement System (PERS).

CONSENT AGENDA:

The Commission reviewed the Consent Agenda. Ms. Dohrman reported that a customer on the write-off report had paid the balance and the write-off amount should be reduced by this amount. Commissioner Gordon moved and Commissioner Nelson seconded to approve the Consent Agenda with the updated write off amount as noted below. The motion passed unanimously.

- 1) To approve the minutes of the November 8, 2022 Regular Commission meeting.
- 2) To approve payment of expenditures for November 2022 amounting to \$8,048,456.63 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	\$ 508,886.14
Wire Transfers (Wires)	5,077,902.93
Automated and Refund Vouchers (Checks)	1,286,461.38
Direct Deposits (EFTs)	1,175,917.98
Voids	(711.80)
Total:	\$8,048,456.63

- 3) To approve the Write Offs as listed on the December 2022 Write Off Report less the payment made by Kathy A. Dean of \$1,229.01 for a new Write-Off total of \$4,942.18

AGENDA ITEM 6, RE-OPENING THE 2023 BUDGETS PUBLIC HEARING, PRESENTING THE FINAL 2023 OPERATING AND CAPITAL BUDGETS, CLOSING THE PUBLIC HEARING AND ADOPTING A RESOLUTION APPROVING THE 2023 OPERATING AND CAPITAL BUDGETS.

Commissioner Wright re-opened the public hearing and called for public comment. No public comment was provided.

Ms. Dohrman introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. She reviewed the crosswalk changes as listed on Attachments A and B of the Agenda Item and provided more information for each of the changes. Staff reviewed their recommendation.

Commissioner Gordon noted he was pleased with the recent upgrades done to the audio/visual equipment in the Auditorium. Commissioner Wright called for public comment again and none was provided.

Commissioner Nelson moved and Commissioner Gordon seconded to close the 2023 Operating and Capital Budgets public hearing and adopt Resolution 1382 as presented. The motion passed unanimously.

AGENDA ITEM 7, APPROVING A REVISED ADMINISTRATIVE POLICY, PURCHASING APPROVAL AND PAYMENT AUTHORITY (GM-16).

Ms. Dohrman introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. She reviewed the revisions to the Administrative Policy, Purchasing Approval and Payment Authority (GM-16) as shown on Attachment A of the Agenda Item. Staff reviewed their recommendation.

Commissioner Wright requested staff provide, at a later date, more information on the purchasing transaction flow, how authorization for purchases is obtained and who is allowed to make purchases. Mr. Rhees reported that all purchases are reviewed and noted that budgeted items do not automatically allow for purchases to be made without prior authorization. He noted that staff will provide the requested information at a future meeting.

Commissioner Nelson moved and Commissioner Gordon seconded to approve Administrative Policy, Purchasing Approval and Payment Authority (GM-16) as presented. The motion passed unanimously.

AGENDA ITEM 8, ADOPTING A RESOLUTION APPROVING THE PRE-QUALIFICATION OF ELECTRICAL AND FIBER OPTIC CONTRACTORS FOR CALENDAR YEAR 2023.

Ms. Dohrman introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. She reviewed the changes from the pre-qualification list of 2022. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Gordon seconded to adopt Resolution 1383 as presented. The motion passed unanimously.

AGENDA ITEM 9, AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO APPROVE PAYMENTS FOR AUTOMATED MAILING SERVICES, BILL INSERTS, ONLINE PAYMENT PROCESSING AND ANNUAL SOFTWARE MAINTENANCE FOR 2023 PAYABLE TO THE NATIONAL INFORMATION SOLUTIONS COOPERATIVE (NISC).

Ms. Dohrman introduced the agenda item and reviewed the information included in the Agenda Item Summary of the meeting packet. She noted this was an annual item needed because NISC is the sole vendor that provides all the services, and the combined cost exceeds the General Manager's authority limit of \$120,000. Staff reviewed their recommendation.

Commissioner Gordon moved and Commissioner Nelson seconded to authorize the General Manager or his designee to approve payments for automated mailing services, bill inserts, online payment processing and annual software maintenance, for 2023 payable to the National Information Solutions Cooperative, in an amount not to exceed \$590,872. The motion passed unanimously.

AGENDA ITEM 10, AUTHORIZING THE GENERAL MANAGER OR HIS DESIGNEE TO APPROVE CONTINUING THE UTILIZATION OF THE WASHINGTON STATE DEPARTMENT OF ENTERPRISE SERVICES CONTRACT FOR 2023 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. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Gordon seconded to authorize the General Manager or his designee to approve continuing the utilization of the Washington State DES Contract 05620 for 2023 Miscellaneous Fiber Dock Crew Projects in an amount not to exceed \$740,000, including applicable taxes. The motion passed unanimously.

CLAIMS

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

GENERAL MANAGER REPORT

Mr. Rhees reported that:

- NoaNet is looking to transition its employees to PERS. He noted that there is a cost associated with this transition and as Commissioner Wright had reported more discussions are anticipated in 2023.

Commissioner Wright reported that transitioning NoaNet employees would require a payment upfront. He noted the NoaNet board members believe that moving to PERS is the right thing to do and that how that payment would be funded is still being discussed. He reported that the NoaNet board would like to have the transition completed to be effective January 2024. Commissioner Wright noted that payment funding may fall on the NoaNet members, however moving to PERS was the best option. He noted that more discussions are anticipated before a decision is made.

Commissioner Gordon reported that it was reasonable to have NoaNet move its employees to PERS.

- The District continues to have employees affected by COVID-19 and the other seasonal viruses and reiterated how beneficial being able to work remotely has been for the District and employees.
- He and Mr. John Francisco, Assistant General Manager of Big Bend Electric Cooperative met with Mr. Richard Shaheen of BPA and were able to discuss transmission capacity needs for Franklin County, and a solar interconnection project. He noted that the meeting had gone well.
- Substation attacks have been on the national news, and he noted that there has been some substation vandalism in Washington state too. He reported that the June 2022 training provided by Electricity Information Sharing and Analysis Center was timely, and that staff has been working on improving substation security.
- He participated in the WPUA Utility briefing for New Legislators meeting.
- Staff received the appraisal for the Pasco CT property and noted that he will forward the information to Grays Harbor PUD for further discussion.
- Having field employees work an alternate work schedule may be beneficial. He noted that there could be cost savings to the District if field employees worked a 4 days a week / 10-hour day schedule. The Commission expressed initial concerns with having field crews available only 4 days a week and noted that providing excellent customer service was important.

Commissioner Wright reported that at the November 8, 2022 regular meeting the Commission had provided a performance evaluation to the General Manager. He noted that, in his opinion, Mr. Rhees has done an exceptional job and he had worked with Ms. Ransom to draft a Resolution for consideration by Commissioners Gordon and Nelson. He reported that the District has an established Governmental Money Purchase Retirement Plan available to executive employees and he would like to extend enrollment to Mr. Rhees. Commissioner Wright reported that the District is in the best financial position he has seen, and it is largely due to the leadership of Mr. Rhees. He noted that Mr. Rhees has accomplished:

- A successful and safe navigation of the District through the COVID-19 pandemic of 2020-2022.
- Established an organizational structure resulting in improved efficiency.
- Secured the sale of the Pasco CT.
- Implemented the smart meter technology infrastructure within budget and using in-house resources for installation.
- Maintained the financial integrity of the District while completing a critical bond sale and preserving customer rates without recent or anticipated rate increases.
- Executed a power purchase contract with Powerex.
- Is recognized as a respected leader in the industry and public power community.

Commissioner Wright presented Resolution 1384, Extending Enrollment in the 401(a) Governmental Money Purchase Retirement Plan (No. 106134) for further Commission discussion and consideration. Commissioner Nelson agreed with Commissioner Wright and noted Mr. Rhees has done an exceptional job and that it was important to retain his leadership.

Commissioner Gordon concurred with Commissioner Wright and Nelson's sentiment.

Commissioner Wright reported that adopting Resolution 1384 would provide Mr. Rhees the enrollment opportunity in the retirement plan at the plan's fixed rate.

Commissioner Wright moved and Commissioner Nelson seconded to adopt Resolution 1384 as presented. The motion passed unanimously.

The Commission thanked Mr. Rhees for the actions taken that have placed the District in its current financial position and for his leadership. Mr. Rhees noted that he has an exceptional team and thanked the Commission for the opportunity to serve the District.

ASSISTANT GENERAL MANAGER REPORT

Ms. Dohrman reported that:

- The District was able to utilize the funding assistance for customers in arrears through the Utility Assistance Program administered through the Department of Commerce. She noted that the program requirements were revised and that 176 customers have been able to receive assistance. She noted that the Program ends December 31, 2022.
- The TEA Task Order for 2023 services was budgeted for \$90K and noted that the amount was within the General Manager's approval limits.
- The October monthly Key Performance Indicator (KPI) report was included in the meeting packet, and she reviewed it. She reported that a 2022-year end KPI review will done at the January 24, 2023, meeting.
- For her audit, she reported that re-occurring monthly invoices are being tracked to ensure they are received, and late fees are not incurred.

OPERATIONS DIRECTOR REPORT

Mr. Ferrero reported that:

- The benefit open enrollment period ended November 30 and it went well.
- A Limited Assignment Foreman position was filled, and he provided an update on other open positions within his departments.
- He completed the annual review of the HRA/VEBA and Flex accounts.
- Six rotted poles were replaced, and he provided information on other system maintenance being done.

- There was a large outage in early November due to heavy rain and he provided more information on that outage.
- In effort to help with trespassing issues, trees have been removed around the Ruby Street substation. He shared other facilities improvement work being done.
- The safety trainings were successfully completed by employees, and he provided a review on the mandatory trainings that were assigned throughout the year.
- For his audit, he reviewed the time loss at the District for the past 5 years. He noted that there was a decrease and credited employees for completing the safety trainings.

SUPERVISOR OF EXECUTIVE ADMINISTRATION

Ms. Viera reported that:

- Staff will provide the 2023 Commission Workshop and Presentation list for Commission consideration at the January 24, 2022 regular meeting.
- The reader board messages are all being displayed in both English and Spanish.
- The January/February 2023 Hotline Newsletter has a request for customer feedback.
- Mr. Rhees provided a State of the PUD presentation to the Pasco Chamber on November 14 and noted the presentation had gone well. She noted that she will provide a copy of the presentation to the Commission via email.
- The Pasco Chamber Ag Hall of Fame event will be January 19, 2023.
- The hydropower “It Just Makes Life Better” video was released a week ago and has 230 views so far.
- For her audit, she noted that she reviewed the engagement on social media vs. the website. She noted that the postings on social media that received more engagement were job opportunities, hydropower messages, programs and services, energy efficiency and safety. She reported that visits to the website were similar.

ENGINEERING DIRECTOR REPORT

Mr. Fuentes reported that:

- The Franklin Substation improvement project is progressing, and he provided an update on the project.
- He would like to request the Commission meet on the January 10, 2023 regular meeting date to authorize purchases of equipment that will be needed for the proposed new substation project. He noted that this will allow the District to mitigate the long lead times. The Commission agreed to hold the January 10, 2023 regular meeting.
- He shared various metrics showing the new services connected for both residential and commercial over the past four years.
- For his audit, he reported he reviewed the system improvement work orders to ensure projects were being tracked correctly. He noted that work being done when a “car hits a pole” is being tracked under system improvements and he reported that staff will work on tracking this type of work differently.

GENERAL COUNSEL


Mr. Iller reported that:

- He continues to prepare and review the discovery for the litigation case that has been scheduled for October 2023.

Commissioner Gordon asked for Mr. Iller's opinion on the private/public partnership and retail authority discussion from the public comment. Mr. Iller reported that provided there is statutory authorization that allows this, the District could pursue the matter. Commissioner Gordon requested staff keep Mr. Iller engaged in discussions regarding this matter.

CLOSING OF MEETING - ADJOURNMENT

With no further business to come before the Commission, Commissioner Wright adjourned the regular meeting at 2:43 p.m. The next meeting will be a regular meeting on January 10, 2023 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.



William Gordon, President



Stuart Nelson, Vice President



Roger Wright, Secretary