

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

MINUTES OF THE DECEMBER 12, 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 December 12, 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; Steve Ferraro, Operations Director; Victor Fuentes, Engineering Director; Katrina Fulton, Finance and Customer Service Director; Rosario Viera, Public Information Officer and Tyler Whitney, Outside General Counsel.

Additional staff that participated in person or via remote technology for all or part of the meeting were Celene Lockard, Customer Service Specialist, and Shelly Olson, Records Coordinator.

Public participating in person or via remote technology for all or part of the meeting was Mr. Pedro Torres.

**OPENING**

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

**PUBLIC COMMENT**

At this time, 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. Lockard and asked general questions about her current position, tasks her position entails, favorite parts of her job, her professional growth at the District and what safety improvements or changes she has seen over the course of her employment.

Ms. Lockard reported that she has worked for the District for eight years as a Customer Service Specialist, assisting customers with everything from taking payments to signing up for services offered by the District. Ms. Lockard reported that she finds her job very rewarding. She noted that the safety improvement that she appreciates most is the secure parking for the employees.

Commissioner Wright asked how the customer interaction has changed since the Covid-19 pandemic. Ms. Lockard reported that the pandemic led customers to explore alternative methods of payments and prompted them to inquire about the additional services offered by the District. She noted that while it was a change for the customers it was also beneficial for them, as it showcased the many services and payment options available to them.

Ms. Fulton noted that Ms. Lockard has signed up over 500 customers for paperless billing and thanked her for her efforts. The Commission thanked Ms. Lockard for attending.

At this time, Commissioner Gordon welcomed the member of the public that arrived after public comment had been called and called for public comment again. Mr. Torres reported he had no comment at this time and was attending to learn more about the District. Commissioner Gordon noted Mr. Torres was welcomed to ask questions at any time during the meeting.

### **COMMISSIONER REPORTS**

Commissioner Nelson reported that:

- He attended the Pasco Chamber luncheon and noted it was their annual donations drive for various charities.

Commissioner Wright reported that:

- The Customer Service staff has done a great job assisting customers with their payments and minimizing write-offs. He noted that their efforts are appreciated and have contributed to the write-offs decreasing significantly.
- He will be attending a NoaNet meeting on December 13, 2023 in Spokane and he will tour the new NoaNet facility. He reported that NoaNet reached a resolution for a payout plan for current members and noted that NoaNet will continue to collaborate on finding a fair and equitable solution for equal ownership for members.

Commissioner Gordon reported that:

- He attended the Energy Northwest meeting. He provided insights into the various aspects of the participants on the Executive Board.
- He would like to request various 2024 Commission meetings begin at 8:00 a.m. to accommodate his attendance at the Energy Northwest meetings. Staff discussed options with the Commission.

Commissioner Wright emphasized the importance of maintaining consistent meeting times for both the public and staff members. The Commission noted further discussion would happen during the presentation of Agenda Item 12, Adopting a Resolution Revising the District's Organizational Statement and Superseding Resolution 1378.

### **CONSENT AGENDA**

The Commission reviewed the Consent Agenda. Commissioner Wright asked questions on the solar incentive credits that were listed on the warrant register and Ms. Fulton provided the

information. Commissioner Wright asked staff to research other cost saving payment options for incentives under \$10.00.

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 November 14, 2023, Special Commission meeting.
- 2) To approve payment of expenditures for November 2023 amounting to \$10,251,375.15 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	\$ 745,789.78
Wire Transfers	6,197,103.60
Automated and Refund Vouchers (Checks)	1,493,062.19
Direct Deposits (EFTs)	1,835,715.20
Voids	(20,295.62)
<b>Total:</b>	<b>\$10,251,375.15</b>

- 3) To approve the Write Offs in substantially the amount listed on the December 2023 Write Off Report totaling \$2,886.49.

**AGENDA ITEM 6, RE-OPENING THE 2024 BUDGETS PUBLIC HEARING, PRESENTING THE FINAL 2024 OPERATING AND CAPITAL BUDGETS, CLOSING THE PUBLIC HEARING AND ADOPTING A RESOLUTION APPROVING THE 2024 OPERATING AND CAPITAL BUDGETS.**

Commissioner Gordon re-opened the 2024 Operating and Capital Budgets hearing. Commissioner Gordon called for public comment and there was no public comment provided and no public comment was received prior to the meeting. Commissioner Gordon called on Ms. Fulton for presentation of the Agenda Item.

Ms. Fulton reviewed Attachments A and B and reported on the crosswalk changes which included updating the market sales with the final power forecast information, a reduction of \$170,000 in the capital budget Vehicles category, and the addition of funds for ADA Compliance and Safety Enhancements needed for the administration building. The Commission noted the budget was significant and asked for Mr. Rhees’ thoughts regarding potential rate action for 2024. Mr. Rhees reported that the Cost of Service study is in progress and he noted that staff would likely ask consideration of a rate action in early 2024. Mr. Rhees reported that other utilities are proposing a multi-year rate action. He noted this will be discussed at the Rate Advisory Meeting tentatively to be held late January or early February of 2024.

Commissioner Wright noted that a smaller rate action was more prudent than not having a rate adjustment at all as this could put a financial strain on the District which would be more detrimental to customers. Commissioner Wright noted that the last rate action was in 2017 and that was positive.

The Commission asked questions on the Railroad Avenue Substation project, and customer aid to construction costs and staff provided the information. Discussion ensued.

Commissioner Wright asked Mr. Torres if he had questions or comments on the proposed budget. Mr. Torres inquired about on how the budget is created, when the process begins, and Commission's involvement with the budget. The Commission and staff provided the information. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Wright seconded to close the 2024 Operating and Capital Budgets public hearing and adopt Resolution 1401 as presented. The motion passed unanimously.

**AGENDA ITEM 7, ADOPTING A RESOLUTION APPROVING THE PRE-QUALIFICATION OF ELECTRICAL AND FIBER OPTIC CONTRACTORS FOR CALENDAR YEAR 2024.**

Ms. Fulton introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. The Commission asked questions on contractor's listed twice on the roster and staff provided information. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to adopt Resolution 1402 as presented. The motion passed unanimously.

**AGENDA ITEM 8, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO APPROVE PAYMENT FOR AUTOMATED MAILING SERVICES, BILL INSERTS, ON-LINE PAYMENT PROCESSING AND ANNUAL SOFTWARE MAINTENANCE FOR 2024 PAYABLE TO THE NATIONAL INFORMATION SOLUTIONS COOPERATIVE.**

Ms. Fulton introduced the agenda item and reviewed the background information as reported on the Agenda Item Summary included in the meeting packet. She noted this was an annual item needed as the combined costs exceeds the General Manager/CEO's authority limit of \$120,000. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to authorize the General Manager/CEO or his designee to approve 2024 payments for the services described, payable to NISC, in an amount not to exceed \$590,296. The motion passed unanimously.

**AGENDA ITEM 9, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE A TASK ORDER WITH THE ENERGY AUTHORITY FOR 2024 CONSULTING SERVICES.**

Ms. Fulton introduced the agenda item and reviewed the background information as reported

on the Agenda Item Summary included in the meeting packet. The Commission had questions on the fees and staff provided information. Staff reviewed their recommendation.

Commissioner Nelson moved and Commissioner Wright seconded to authorize the General Manager/CEO for 2024 Consulting Services in an amount not to exceed \$150,000. The motion passed unanimously.

**AGENDA ITEM 10 AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO APPROVE CONTINUING THE UTILIZATION OF THE WASHINGTON STATE DEPARTMENT OF ENTERPRISE SERVICES CONTRACT FOR 2024 MISCELLANEOUS FIBER DOCK CREW PROJECTS.**

Mr. Ferraro 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 Nelson moved and Commissioner Wright seconded to authorize the General Manager/CEO or his designee to approve continuing the utilization of the Washington State DES Contract 5620 for 2024 Miscellaneous Fiber Dock Crew Projects in an amount not to exceed \$740,000, including applicable taxes. The motion passed unanimously.

**AGENDA ITEM 11, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE A CONTRACT RENEWAL WITH DAUPLER, INC., FOR AFTER HOURS ANSWERING SERVICES.**

Mr. Ferraro introduced the agenda item and reviewed the background information as reported in the Agenda Item Summary included in the meeting packet. The Commission asked questions regarding the service provided by Daupler, Inc. and how the service will utilize the integration being done. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to authorize the General Manager/CEO or his designee to execute the three-year renewal of Contract 10143, beginning January 1, 2024 through December 31, 2026, with Daupler, Inc., for after hours services in an amount not to exceed \$205,896. The motion passed unanimously.

**AGENDA ITEM 12, ADOPTING A RESOLUTION REVISING THE DISTRICT'S ORGANIZATIONAL STATEMENT AND SUPERSEDING RESOLUTION 1378.**

Ms. Viera introduced the agenda item and reviewed the background information as reported in the Agenda Item Summary included in the meeting packet. Ms. Viera reported that the changes were to reflect the approved business hours of Monday through Thursday, 7 a.m. to 6 p.m., and closed on Friday. She noted that any changes to the Commission meeting start time would need to be reflected in the Organizational statement.

Commissioner Gordon brought up the matter of changing the start time to various Commission meetings to accommodate his attendance to Energy Northwest meetings. Commissioner Wright reiterated, the importance of maintaining consistent meeting times for ease of attendance by the public. He also expressed his disagreement with scheduling the meeting on the second

Tuesday of the month and noted that financial reports would lag a month. Commissioner Wright noted that he would be in favor of the Commission meetings staying on the fourth Tuesday and begin at an earlier time. There was discussion on various options to accommodate Commissioner Gordon's request. After discussion, the Commission concurred with changing the meeting start time to 8:30 a.m. and continuing on the fourth Tuesday. The Commission agreed to table this agenda item until the January meeting to allow staff time to verify this change would not conflict with other meetings of the Commission or District.

Commissioner Wright moved and Commissioner Nelson seconded to table this matter until the January 23, 2024 Regular Commission meeting. The motion passed unanimously.

**AGENDA ITEM 13, REVIEWING AND APPROVING THE 2024 COMMISSION MEETING WORKSHOPS AND PRESENTATIONS SCHEDULE.**

Ms. Viera introduced the agenda item and reviewed the background information as reported in the Agenda Item Summary included in the meeting packet. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to approve the 2024 Commission Meeting Workshops and Presentations in substantially the form presented today. The motion passed unanimously.

Commissioner Gordon inquired about alternative options for purchasing power. He recommended that staff review all options available to the District. He provided his insight on the Small Nuclear Reactor project as a possible power resource.

**AGENDA ITEM 14, APPROVING THE CONSERVATION TARGETS AS DESCRIBED IN THE CONSERVATION POTENTIAL ASSESSMENT REPORT FOR 2024-2043.**

Ms. Fulton introduced the agenda item and reviewed the background information as reported in the Agenda Item Summary included in the meeting packet. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to approve the 2 year and 10 year conservation targets as described in the Conservation Potential Assessment 2024 to 2043 Final Report. The motion passed unanimously.

**AGENDA ITEM 15, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE A CONTRACT FOR PROFESSIONAL BROADBAND DESIGN SERVICES REQUIRED FOR THE CONNELL AND BASIN CITY FIBER TO THE HOME PROJECT.**

Mr. Ferraro introduced the agenda item and reviewed the background information as reported in the Agenda Item Summary included in the meeting packet. He reported that staff evaluated seven (7) proposals and found that WBE Technologies, LLC was the highest scoring proposal based on the criteria. The Commission asked questions regarding the scoring, and WBE Technologies' reputation and project history. Staff provided the information. Staff reviewed

their recommendation.

Commissioner Wright expressed that he was pleased that there were no requirements for matching funds for this grant.

Commissioner Nelson moved and Commissioner Wright seconded to authorize the General Manager/CEO or his designee to execute a contract with WBE Technologies LLC, the most qualified consultant, for professional broadband design services in an amount not to exceed \$103,000. The motion passed unanimously.

**AGENDA ITEM 16, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO UTILIZE SOURCEWELL CONTRACT NO. 110421-TIM FOR THE PURCHASE OF A SERVICE BUCKET TRUCK.**

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

Commissioner Wright inquired about delivery time and what modifications would be needed for the vehicle and staff provided the information. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to authorize the General Manager/CEO or his designee to utilize Sourcewell Contract No. 110421-TIM for the purchase of a Service Bucket Truck in the amount not to exceed \$205,821. The motion passed unanimously.

The Commission noted that utilizing these types of contracts for purchases was highly beneficial and staff should continue to seek similar opportunities for all types of purchases.

**AGENDA ITEM 17, APPROVING THE 2024 ORGANIZATION REPRESENTATION LIST.**

Mr. Rhees introduced the agenda item and reviewed the background information as reported in the Agenda Item Summary included in the meeting packet. Mr. Rhees reviewed the changes as shown on Attachment A of the Agenda Item and noted that there was no alternate listed for the Public Power Council (PPC). He reported that the alternate would have to be approved by PPC. He noted that the next meeting is not until 2024 and that he intended to submit for PPC consideration, Mr. Fuentes to be his alternate. The Commission concurred with Mr. Rhees submitting Mr. Fuentes to be his alternate at PPC.

Commissioner Nelson moved and Commissioner Wright seconded to approve the 2024 Organization Representation List as presented. The motion passed unanimously.

**AGENDA ITEM 18, ADOPTING A RESOLUTION APPROVING THE SALARY ADMINISTRATION PLAN FOR REGULAR NON-BARGAINING EMPLOYEES AND SUPERSEDING THE MOTION FROM JULY 25, 2023 AND RESOLUTION 1381.**

Mr. Rhees introduced the agenda item and reviewed the background information as reported in the Agenda Item Summary included in the meeting packet. He noted that there were additional changes being proposed to salary grade 22, and provided a revised Salary Administration Plan Attachment A handout showing the additional changes from what was provided in the meeting

packet.

Commissioner Wright reported that it was important to compensate in line with the current market to retain and attract good employees. He noted that good and dedicated employees help contribute to keeping rates low. He reported that the District has not had any rate action since 2017 and he believed it was due to staff's dedication and hard work. He noted it was necessary to be able to compensate properly and remain competitive with the salary plan. Commissioners Gordon and Nelson agreed. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to adopt Resolution 1404 as presented. The motion passed unanimously.

Ms. Viera requested an amended motion to include the changes to salary grade 22 as were presented today in Exhibit A of Resolution 1404.

Commissioner Wright moved and Commissioner Nelson seconded to revise the motion to adopt Resolution 1404 with the changes to salary grade 22 as were presented and included in Exhibit A of the Resolution. The amended motion passed unanimously.

#### **GENERAL MANAGER/CEO REPORT**

Mr. Rhees reported that:

- He participated in a discussion with Holtec International (Holtec), Tri-City Development Council and other local investors regarding the possibility of a Small Nuclear Reactor (SMR) development project. He noted that the District is supportive of this project and noted Holtec is seeking to meet with representatives from Energy Northwest as well.

Commissioner Wright requested an update on the NuScale Power Corporation and Mr. Rhees reported that the project is officially terminated.

- The settlement agreement report involving the Snake River Dam is scheduled to be released tomorrow. He noted that the agreement's ambiguity can impact future power costs significantly.

Commissioner Gordon reported that other tribes have filed similar lawsuits on the other dams located on the Snake River and noted the situation continues worsen.

- He and other District staff will meet with The Energy Authority, Inc., and other BPA Slice customers to discuss the impacts of the agreement on the slice product offered by BPA. Discussion ensued.



## **FINANCE AND CUSTOMER SERVICE DIRECTOR REPORT**

Ms. Fulton reported that:

- Brian Johnson began employment with the District last week as Power Manager and another Power Analyst will begin in January 2024. She noted that both have good experience.
- The Deferred Compensation Committee met on November 30, 2023 and decided to go out for a Request for Proposal (RFP) for Third Party Administrator services. She noted that it has been over 10 years since the last RFP was done for this service.
- The Helping Hands program assistance amount was increased from \$100 to \$200 effective January 1, 2024.
- The Winter Weatherization Workshops were held last week and noted that overall were very successful. She noted that there were a large number of attendees that signed up for in-home energy efficiency audits.
- She noted that the State Auditor's Clean Energy Transformation Act Audit is still pending finalization. She noted that there were consistent findings to multiple utilities across the state and noted that the instructions from the Department of Commerce were difficult to decipher.
- She attended the WPUA finance officers meeting virtually and noted that several utilities are raising rates. She reported that one of the highest was a 6% increase and noted that other utilities are facing the same uncertainties surrounding the BPA contract.
- The October 2023 monthly Key Performance Indicator (KPI) report was included in the meeting packet, and she reviewed it. The Commission requested staff provide additional information at the next meeting on the data included in the Load/Resources slide and transmission and ancillary costs.

## **OPERATIONS DIRECTOR REPORT**

Mr. Ferraro reported that:

- There continues to be improvements done on the District's facilities including a replacement of an air conditioning unit at Operations. He noted that staff is working on making improvements to the customer service lobby area so that it is compliant with the American Disability Act. He reviewed some of the changes that are needed.
- Open enrollment is now closed for the 2024 benefit period.
- Staff continues to work with Daupler and NISC to complete the upgrade to the outage software that will enhance communication between the Command Center and outage management system module.
- The vehicles that were surplus earlier this year were auctioned off and noted that after auction fees \$25,575 was received.
- A Labor and Industries agent attended a safety meeting to discuss meter base inspections. He noted that having an ongoing positive relationship with them was beneficial to the District.
- For his audit, he reported that staff performed a meter count of what was in the warehouse and compared it to what is in the NISC system. He noted that all 7,469 meters were accounted for.

### **PUBLIC INFORMATION OFFICER REPORT**

Ms. Viera reported that:

- The public notification on the business hours change is in progress and reported that a similar approach to the survey targeting the customers that come to the District's office and call is being done. She noted that all resources are being utilized.
- For her audit, she reviewed all the documents and signage that will need to be updated with the new hours and noted that many updates will need to be done.

### **ENGINEERING DIRECTOR REPORT**

Mr. Fuentes reported that:

- The mobile substation was successfully deployed to the Ruby Substation and noted that it has been in use since the day before Thanksgiving. He reported that the substation's Bay 2 transformer is currently out of service and noted that the manufacturer will be on site the week of December 18 to trouble shoot and resolve the problem.
- As was requested by the Commission, he provided a handout with the Pasco CT timeline.
- He visited WSU Tri-Cities and spoke with Junior and Senior electrical engineering students. He noted that there was a total of 21 students present and they had asked a lot of questions about the utility industry. He reported the visit had gone well.
- David Montelongo has transitioned to his new position as Transmission & Distribution Superintendent - Design/Engineering and reported that he brings a lot of expertise to this role.
- Aric Grob began his employment with the District as a Substation Electrician.
- For his audit, he reviewed the owner furnished materials list for the Railroad Avenue Substation and noted that 71 out of the 142 items ordered have been delivered.

### **OUTSIDE GENERAL COUNSEL REPORT:**

Mr. Whitney reported that:

- He continues to work on the water rights associated with the old Pasco CT site.

Commissioner Gordon commended staff on dealing with the water rights.

- For his audit, he is in the process of reviewing the District's net metering contract template and District policies to ensure that all expenses are recovered properly. He noted that he will provide his suggestions to staff when done.

Mr. Whitney requested that Commissioner Gordon call for an executive session as allowed by RCW 42.30.110(i) "to discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency."

At 3:15 p.m., Commissioner Gordon called for a five-minute break.

At 3:20 p.m., Commissioner Gordon reconvened the regular meeting and called for an executive session to begin at 3:20 p.m. and end at 3:35 p.m. for the purpose of discussing pending or potential litigation as allowed by RCW 42.30.110(i) to discuss with legal counsel representing the agency litigation when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.

At 3:35 p.m., Commissioner Gordon called for an additional five minutes and extended the executive session to end at 3:40 p.m.

At 3:40 p.m., Commissioner Gordon ended the executive session and reconvened the regular meeting.

**CLOSING OF MEETING – ADJOURNMENT**

With no further business to come before the Commission, Commissioner Gordon adjourned the regular meeting at 3:40 p.m. The next meeting will be a special meeting on January 23, 2024, at 8:00 a.m. for the purpose of reviewing, discussing, and updating the District’s Strategic Plan and will be held 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