

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

**MINUTES OF THE JANUARY 28, 2025
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 January 28, 2025, at 8:30 a.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 Roger Wright, President; Commissioner Bill Gordon, Vice President; Commissioner Pedro Torres, Secretary; Scott Rhees, General Manager/CEO; Steve Ferraro, Assistant General Manager; Victor Fuentes, Engineering and Operations Senior Director; Katrina Fulton, Finance and Customer Service Director; Rosario Viera, Public Information Officer and Tyler Whitney, General Counsel.

Additional staff that participated in person or via remote technology for all or part of the meeting was Toni Contreras, Customer Service Specialist; Chad Schow, IT Manager; and Lisa Scott, Records Coordinator/Board Clerk.

Public participating in person or via remote technology for all or part of the meeting was Mr. Stuart Nelson, District customer and former District 3 Commissioner; Duane Crum, Manager of Information Technology, Columbia Basin College; Paul Holgate, Benton PUD Cyber Security Engineer; Jennifer Holbrook, Manager of Business Applications, Benton PUD and family members of Mr. Nelson.

OPENING

Commissioner Wright called the meeting to order at 8:30 a.m. and asked Ms. Contreras to lead the Pledge of Allegiance.

PUBLIC COMMENT

Commissioner Wright called for public comment.

Mr. Nelson reported that in his opinion, the Commission should consider moving forward with appointing Mr. Fuentes as the General Manager/CEO without the interim status. Mr. Nelson noted that Mr. Fuentes was highly qualified and capable of fulfilling the duties. He noted that utilizing a hiring agency to fill the position would be an unnecessary expense for District ratepayers. Commissioner Wright thanked Mr. Nelson for his comment.

EMPLOYEE MINUTE

Commissioner Wright welcomed Ms. Contreras 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. Contreras reported on the duties she performs as a Customer Service Specialist, and noted her favorite part of the job is interacting with customers. She noted that customers still like to come in for that personal assistance and that she is looking forward to the completion of the lobby remodel that is underway. Ms. Contreras reported that she appreciates the increased emphasis on safety such as the installation of more lights in the parking area at night, especially when the customer service team leaves for the day.

Commissioner Gordon noted that the Customer Service employees are a direct connection to the community and serve a vital role in the organization.

AGENDA ITEM 4, ADOPTING A RESOLUTION EXPRESSING THE APPRECIATION FOR SERVICE OF STUART NELSON, FORMER DISTRICT 3 COMMISSIONER OF THE DISTRICT.

Commissioner Wright welcomed Mr. Nelson's family that was in attendance. He reported that the Commission had requested Mr. Nelson attend the meeting to allow them to express their appreciation for his service. He called on Ms. Viera for presentation of the agenda item.

Ms. Viera presented a short video in honor of Mr. Nelson. The Commission and staff expressed their appreciation of the many contributions Mr. Nelson provided while he served as the District 3 Commissioner.

Commissioner Gordon reported that Mr. Nelson brought a positive energy to the room, and he was well liked by many.

Commissioner Wright called for a five-minute break at 8:42 a.m. and at 8:47a.m. Commissioner Wright reconvened the regular meeting.

Commissioner Wright read the Resolution that detailed the works of Mr. Nelson and noted that he was appreciative of the many relationships that Mr. Nelson had built within the public power community.

Commissioner Gordon moved and Commissioner Torres seconded to adopt Resolution 1425 as presented. The motion passed unanimously.

Commissioner Wright called for a break at 8:50 a.m. and at 9:05 a.m. Commissioner Wright reconvened the regular meeting.

COMMISSIONER REPORTS

Commissioner Wright reported that:

- He attended the WPUDA meeting and noted that he was impressed with the WPUDA New Commissioner Training. He reported that WPUDA also provided updates on the legislative bills that will be followed closely.

Commissioner Torres reported that:

- He attended the WPUDA New Commissioner Training. He noted it was a thorough and informative training. He reported that there was a lot of information being provided.

Commissioner Gordon reported that:

- He attended the Joint Operators Action (JOA) meeting in Scottsdale, Arizona with Energy Northwest. The JOA agenda items included financial forecast, financial assistance, regulatory items and many speakers.

CONSENT AGENDA

The Commission reviewed the Consent Agenda. Commissioner Wright inquired about the miscellaneous Write Off amounts that were listed and staff provided more information on the incidents leading up to the miscellaneous Write Offs. Additional questions on other items listed on the warrant register were discussed. Commissioner Gordon moved and Commissioner Torres seconded to approve the Consent Agenda as follows. The motion passed unanimously.

- 1) To approve the minutes of the December 10, 2024 Regular Commission Meeting.
- 2) To approve payment of expenditures for December 2024 amounting to \$7,464,724.50 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	\$ 545,649.84
Wire Transfers	4,347,730.54
Automated and Refund Vouchers (Checks)	1,570,221.56
Direct Deposits (EFTs)	1,002,687.98
Voids	(1,565.42)
Total:	\$ 7,464,724.50

- 3) To approve the Write Offs in substantially the amount listed on the December 2024 Write Off Report totaling \$30,792.66.
- 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 \$1,150.07 for work completed by Paramount Communications Inc. under Contract 10149, Miscellaneous Fiber Dock Crew Projects.
- 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 \$1,119.48 for work completed by Boyd's Tree Services under Contract 10209, Tree Trimming Services Year 1.
- 6) 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 \$16,811.29 for work completed by Pacific Pole Inspection LLC under Contract 10048, Pole Testing and Treatment for Year 3.
- 7) 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 \$4,251.25 for work completed by Intermountain Cleaning Services Inc. under Contract 10233, Janitorial Services Year 1.
- 8) Reporting on the Contracts Awarded During 2024 from the District's and Municipal Resources Service Center's (MRSC) statewide Small Works Roster as shown on Attachment A, of Consent Agenda Item 8.

AGENDA ITEM 7, CYBER SECURITY PRESENTATION

Commissioner Wright called on Mr. Schow for presentation of the agenda item.

Mr. Schow presented a Cyber Security Update and reported on various local cyber incidents, tools in place to mitigate cyber-attacks, and the District's monitoring statistics. He noted that completing the cyber security trainings provided by the District was critical to ensuring the District remains alert against potential cyber-attacks. He reported on the security measures in place. Mr. Schow noted he was reporting only, and no action was needed. Commissioner Wright thanked Mr. Schow for the presentation.

AGENDA ITEM 8, ADOPTING A RESOLUTION APPOINTING AN AGENT FOR SERVICE OF DAMAGE CLAIMS FOR THE DISTRICT SUPERCEDING RESOLUTIONS 1369 AND 1406

Ms. Viera introduced the agenda item and reviewed the information as reported on the Agenda Item Summary included in the meeting packet. She noted that with the recent

appointment of Mr. Fuentes as the Interim General Manager/CEO it was prudent to appoint a new claims agent for the District. She reported that adopting Resolution 1426 will appoint Alexis McLaurin as the District claims agent. There was general discussion on the duties of the claim's agent and the processing of claims. Staff reviewed their recommendation.

Commissioner Torres moved and Commissioner Gordon seconded to adopt Resolution 1426 as presented. The motion passed unanimously.

AGENDA ITEM 9, APPROVING A REVISED 2025 COMMISSION 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. She reviewed the revisions being proposed to the 2025 Commission presentations and workshops schedule. Staff reviewed their recommendation.

Commissioner Gordon moved and Commissioner Torres seconded to approve the 2025 Commission Meeting Workshops and Presentations in substantially the form presented. The motion passed unanimously.

AGENDA ITEM 10, ADOPTING A RESOLUTION ACCEPTING GRANT FUNDS AWARDED BY HANFORD AREA ECONOMIC INVESTMENT FUND.

Ms. Fulton introduced the agenda item and reviewed the background information as reported in the Agenda Item Summary included in the meeting packet. She provided background information leading up to the Hanford Area Economic Investment Fund (HAEIF) Grant Award. Staff reviewed their recommendation.

Commissioner Torres moved and Commissioner Gordon seconded to adopt Resolution 1427 as presented. The motion passed unanimously.

AGENDA ITEM 11, PROVIDING AN OPERATING PLAN UPDATE ON THE 2024-2025 OPERATING PLAN (QUARTER 4 OF YEAR 2024).

Mr. Rhees introduced the agenda item and reviewed the background information as reported in the Agenda Item Summary included in the meeting packet. He provided an update on various Operating Plan items as shown on Attachment A of the Agenda Item. He noted that there was no action being requested and he was reporting only.

Commissioner Gordon thanked Mr. Rhees for his leadership and his part in the continued success of the District.

Commissioner Wright requested that Agenda Item 12 be moved to the end of the meeting to

allow for an executive session. Commissioner Wright called for the General Manager/CEO's report.

GENERAL MANAGER/CEO REPORT

Mr. Rhees expressed his appreciation to the Commission for their help and continued support during this time at the District. He noted that the leadership at the District is driven by honesty, integrity and efficiency, all of which align with his personal values. He expressed his appreciation for staff's commitment and dedication to achieving the District's mission.

Commissioner Wright noted that Mr. Rhees' actions as the General Manager/CEO were instrumental in forgoing rate increases for so many years. He expressed his appreciation for Mr. Rhees' leadership and accomplishments that he was able to achieve while at the District.

Commissioner Gordon thanked Mr. Rhees for his years of service.

FINANCE & CUSTOMER SERVICE DIRECTOR REPORT

Ms. Fulton reported that:

- The November and December Key Performance Indicators (KPIs) monthly reports were included in the meeting packet, and she briefly reviewed slides within the reports.
- The District is submitting a bid on an available resource offered by Snohomish PUD, and that bids are due January 31, 2025. She noted that the resource is identified in the District's Integrated Resource Plan and that it complements the District's load profile. She reported that the contract term being offered is favorable and bridges the time gap until additional resources in development are scheduled to be available. She noted that the resource would help the District meet the compliance requirements of the Energy Independence Act.
- Staff continues to participate in the Provider of Choice BPA meetings, and she provided an update on BPA product offerings.

PUBLIC INFORMATION OFFICER REPORT

Ms. Viera reported that:

- Staff is working on updating the District's website and noted that the goal is to have the updated site active by the end of March 2025. She reported that the chatbot demonstration will be done once the updated website is launched.
- Staff participates in weekly legislative update calls with WPUDA and with the District's lobbyists.
- Staff will meet with the local representative of Senator Maria Cantwell.

Commissioner Wright inquired about a public works grant funding for fiber opportunities

and noted he will forward any information he receives to Ms. Viera.

ASSISTANT GENERAL MANAGER REPORT

Mr. Ferraro reported that:

- The lobby remodel is going well and should be finalized in a couple of weeks.
- The Connell Fiber to the Home project is about 75% complete with the infrastructure portion and he noted that customers are able to sign up for the service.
- The annual non-discrimination compliance testing of our Flexible Spending Account plans was performed in November 2024. He noted that no issues were found, and the District's plans successfully passed testing.

ENGINEERING & OPERATIONS SENIOR DIRECTOR

Mr. Fuentes reported that:

- The Railroad Avenue Substation is fully operational from all aspects and reported that testing was completed on December 15, 2025. He noted that TEA is receiving the data from the substation.
- The updated engineering fees were effective January 1, 2025 and he reported that the general feedback received from customers has been positive. He noted that the customers are understanding.
- He will be on travel for most of February and noted he will be attending PPC, WPUDA and the APPA Legislative Rally meetings.
- He appreciated the leadership provided by Mr. Rhees and noted he was grateful for the opportunity to work for him. He thanked Mr. Rhees for his support and congratulated him on his retirement.

GENERAL COUNSEL REPORT

Mr. Whitney reported that the District has settled and resolved the complaint made against it under the Washington Voting Rights Act (WVRA). He reported that the settlement was approved, and the complaint dismissed by a Franklin County Superior Court judge on January 27, 2025. He reported that the settlement affirms the legality of the District's existing commissioner district boundaries, while changing the District's electoral system to a district-based system for both primary and general District commissioner elections starting in 2026.

Mr. Whitney requested a 20-minute executive session, with the possibility to extend, for the purpose of discussing with legal counsel current litigation, discussing the qualifications of an applicant for public employment and consideration of the minimum offering price for sale or lease of real estate as allowed per RCW 42.30.110(1)(c), (i) and (g).

At 10:35 a.m., Commissioner Wright called for a 5-minute break and noted it would be followed immediately by an executive session that would end at 11:10 a.m. He noted that the purpose of the executive session was for discussing with legal counsel current litigation, discussing the qualifications of an applicant for public employment and consideration of the minimum offering price for sale or lease of real estate as allowed per RCW 42.30.110(1)(c), (i) and (g).

At 11:10 a.m., Commissioner Wright ended the executive session and reconvened the regular meeting.

AGENDA ITEM 12, ADOPTING A RESOLUTION SETTING THE COMPENSATION FOR THE INTERIM GENERAL MANAGER / CEO OF THE DISTRICT.

Mr. Whitney presented the agenda item and reviewed the background information as reported in the Agenda Item Summary included in the meeting packet. There was general discussion on the compensation of general managers and other benefits available. Based on the discussion Mr. Whitney recommended the Commission adopt Resolution 1428, with the compensation for the Interim General Manager/CEO of the District to be \$250,000 annually with a vehicle allowance effective February 1, 2025. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to adopt Resolution 1428 with the recitals of the Resolution revised to reflect today's discussion. The motion passed unanimously

Mr. Whitney noted that staff will update Resolution 1428 to reflect the recitals as were discussed and will be routed for Commission signature.


Mr. Rhees reported that staff has been in discussions with NoaNet regarding possible convergence. He reported that after much discussion staff believes that convergence with NoaNet would be beneficial to the District. He reported that a service agreement is in draft form. Commissioner Wright reported that NoaNet is an open access wholesale network and has converged with Benton PUD. He noted that convergence with Benton PUD has gone well and that several of their staff members are now NoaNet staff. There was discussion on the general terms of the service agreement.

Commissioner Gordon asked if integration with NoaNet would include the transition of District property. Mr. Whitney responded that NoaNet would not acquire any District property. Staff will bring to the February meeting for additional discussion and consideration of Commission action.

CLOSING OF MEETING – ADJOURNMENT

With no further business to come before the Commission, Commissioner Wright adjourned the regular meeting at 11:24 a.m. The next regular meeting will be February 11, 2025, and


begin at 8:30 a.m. The meeting will be 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.



Roger Wright, President



William Gordon, Vice President



Pedro Torres, Jr., Secretary