

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

**MINUTES OF THE SEPTEMBER 24, 2024
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 September 24, 2024, 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 Stu Nelson, President; Commissioner Roger Wright, Vice President; 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 Nicole Wycaver, Business Systems Analyst - Database Specialist; Dr. Peter Morrison; Roman Hernandez, Partner, and Elise Koepke, Associate both from Cable Huston LLP; and Lisa Scott, Records Coordinator/Board Clerk.

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

OPENING

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

PUBLIC COMMENT

Commissioner Nelson called for public comment.

Mr. Torres noted that after reviewing material provided during the Commission meetings, he would like to recommend that the District consider simplifying the material when possible. He noted that this may provide a better understanding to the community and may also increase public meeting attendance.

Commissioner Wright reported that the electric industry is complex and that the District makes every effort to allow for public input. He noted that the District has held public hearings in the

evenings, in effort to increase attendance by customers and reported that it did not increase meeting attendance. He thanked Mr. Torres for his attendance and noted he appreciated his comments.

EMPLOYEE MINUTE

Commissioner Nelson welcomed Ms. Wycaver 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. Wycaver reported on her current job duties and noted that she enjoys working with her team and other departments to provide software support and client improvements. Ms. Wycaver noted she has been employed with the District for five years and that she has been working remotely since the pandemic. She noted almost all her interaction with staff is virtual.

Ms. Wycaver shared that a safety improvement that she appreciates was the security of the employee parking and noted that this helps keep staff and their vehicles safe. She noted that employees both at the administrative building and the Operations site take safety seriously.

Commissioner Wright reported that the first Guiding Principle, is Safety First. The Commission thanked Ms. Wycaver for attending.

Commissioner Nelson noted that Commissioner Gordon was not able to attend the meeting and was excused.

COMMISSIONER REPORTS

Commissioner Wright reported that:

- NoaNet was able to facilitate the receipt of \$75M of grant funding for various members and noted he will report further at a future Commission meeting.
- He attended the WPUDA monthly meeting and shared that he toured Douglas PUD's hydrogen facility. He noted that the Columbia River Treaty's (CRT) Agreement in Principle was also discussed and reported that the lack of details around the Agreement in Principle was highly concerning to many WPUDA members. He reported that the subject of black outs, brown outs and curtailment was discussed and noted that he would like to have more discussion on curtailment and learn what the District's process for curtailment is.

Commissioner Nelson reported that:

- He attended the PPC monthly meeting and noted that the two big issues discussed were the CRT Agreement in Principle and fish recovery.

- He also attended the WPUDA monthly meeting.
- He attended both the Pasco and Tri-Cities Hispanic Chamber's monthly luncheons.

CONSENT AGENDA

The Commission reviewed the Consent Agenda. Commissioner Wright moved and Commissioner Nelson seconded to approve the Consent Agenda as follows. The motion passed unanimously.

- 1) To approve the minutes of the August 27, 2024 Regular Commission Meeting.
- 2) To approve the minutes of the September 4, 2024 Special Commission Meeting.
- 3) To approve payment of expenditures for August 2024 amounting to \$19,308,215.96 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	\$ 534,864.75
Wire Transfers	15,338,797.72
Automated and Refund Vouchers (Checks)	2,344,224.80
Direct Deposits (EFTs)	1,091,377.95
Voids	(1,049.26)
Total:	\$19,308,215.96

- 4) To approve the Write Offs in substantially the amount listed on the September 2024 Write Off Report totaling \$3,761.55.

AGENDA ITEM 6, OPENING THE 2025 BUDGETS PUBLIC HEARING, PRESENTING THE PRELIMINARY 2025 OPERATING AND CAPITAL BUDGETS, AND RECESSING THE PUBLIC HEARING.

Commissioner Nelson opened the public hearing for the 2025 Operating and Capital Budgets and called for public comment. There was none provided. He called on Ms. Fulton for presentation of the agenda item.

Through a presentation, Ms. Fulton reviewed the process in developing the preliminary 2025 Operating and Capital Budgets and the timeline for review and adoption. Ms. Fulton explained the factors and rationale used for the amounts in the preliminary 2025 Operating and Capital Budgets (Attachments A and B of the Agenda Item). She reviewed the 2025 Operating Revenues and Expenses and the projects included in the 2025 Capital Budget, including the projects that

would be carried over multiple years. There was discussion on labor and the costs of providing competitive wages that are within the market. Ms. Fulton noted that the power forecast budget numbers will be updated in November. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to recess the 2025 Operating and Capital Budgets public hearing to the October 22, 2024 Commission Meeting. The motion passed unanimously.

AGENDA ITEM 7, ADOPTING A WILDFIRE MITIGATION PLAN FOR THE DISTRICT.

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

Commissioner Wright reported that this was also discussed at the WPUDA meeting. He noted that after his review of the District's Wildfire Mitigation Plan (WMP), he would like to have the next revision of the WMP include more information on what the District does to prevent fires and what the District would do if a public power shut off was required. Commissioner Wright noted that he would also like further discussion at a future meeting on what the District's process would be for a power shut off in the event of a fire or other situation. There was general discussion on the part the local Fire Department plays in prevention of fires. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Nelson seconded to adopt the Wildfire Mitigation Plan for the District as presented. The motion passed unanimously.

EXECUTIVE SESSION

Mr. Whitney requested a 30-minute executive session, with the possibility to extend, for the purpose of discussing with legal counsel current or potential litigation as allowed by RCW 42.30.110(i).

At 9:15 a.m., Commissioner Nelson called for a five-minute break and noted it would be followed immediately by a 30-minute executive session that would end at 9:50 a.m. He noted that the purpose of the executive session was to discuss with legal counsel current or potential litigation as allowed by RCW 42.30.110(i).

At 9:20 a.m., Commissioner Nelson ended the break and called for an executive session that would end at 9:50 a.m. for the purpose of discussing with legal counsel current or potential litigation as allowed by RCW 42.30.110(i).

At 9:50 a.m., Commissioner Nelson extended the executive session to 9:55 a.m.

At 9:55 a.m., Commissioner Nelson ended the executive session and reconvened the regular meeting. He called for a two-minute break.

At 9:57 a.m., Commissioner Nelson ended the break and reconvened the regular meeting.

GENERAL MANAGER/CEO REPORT

Mr. Rhees reported that:

- He and other staff met with State Representative Stephanie Bernard to discuss transmission, battery storage and other District needs. He noted that the meeting had gone very well.
- Energy Northwest continues to move forward with discussions on a proposed Small Modular Reactor project. He noted that staff remains engaged in the discussions regarding the project. He reported that Energy Northwest is looking to expand into solar and geothermal developments and that they had reached out to speak with him regarding his years of experience with geothermal.
- There is significant pressure to meet budget and complimented staff on the preliminary budgets that were presented. He noted it will take a lot of effort to continue to meet budgets with the current energy markets and the many challenges it brings.
- The concerns with the Columbia River Treaty Agreement in Principle are widespread amongst utilities and he reported Chelan, Douglas and Grant County PUDs have a lawsuit against the Bonneville Power Administration (BPA) and the U.S. Army Corps of Engineers. He noted that staff will follow the matter closely.
- He and other staff met with the City of Connell Administrator and their staff. He noted that the City of Connell staff is very appreciative of the efforts being made to ensure communication. He noted that staff had participated in the Connell Fall Festival parade.
- Staff is researching demand response and capacity fees.

Commissioner Wright asked questions regarding the lawsuit against BPA and the U.S. Army Corps of Engineers and Mr. Rhees provided more information. He noted that a video that discusses the benefits of the Columbia River Treaty was made and that he will provide the video link to the Commission.

FINANCE & CUSTOMER SERVICE DIRECTOR REPORT

Ms. Fulton reported that:

- The August 2024 Key Performance Indicators (KPIs) monthly report was included in the meeting packet, and she briefly reviewed slides within the report.
- She attended BPA's Public Rate Design Methodology meeting and other BPA related meetings.
- The District received the last of the funding available from the Climate Commitment Act energy bill credit program. She noted that approximately \$24,000 in administrative costs

was received and reported that to date the program provided 1.16 million dollars in assistance to District customers.

ASSISTANT GENERAL MANAGER REPORT

Mr. Ferraro reported that:

- Benefits open enrollment will be from November 1 - November 21. He noted that staff will utilize the last week of November to ensure all enrollment paperwork is completed properly.
- The deadline to qualify for the Voluntary Wellness Program incentive is November 30.
- Medical insurance premiums are expected to increase 12.6% for 2025.
- The material orders for the Fiber to the Home Project (FTTH) has started. He noted that because no bids were received for the archeological services, staff is trying to get a variance to allow the District to utilize a vendor outside of the state contract.
- Staff was provided Fatigue and Fitness training in August as part of the regular safety trainings.
- For his audit, he reviewed the mechanic's inventory. He noted there was some discrepancies on materials used or issued. He reported that although the discrepancy is small, staff will continue to investigate the matter, and will continue performing spot audits in the future.

PUBLIC INFORMATION OFFICER REPORT

Ms. Viera reported that:

- The Employee Luncheon was held on September 11 and was well attended.
- On September 16, a group of home schoolers visited the District. She noted that the Engineering department staff provided an Electricity 101, safety, and careers in the electric industry presentation. She reported that the District received very positive feedback. She thanked the Engineering group for their help and noted they had done a great job.
- Staff continues to work on the preparations for RiverFest on October 5 and the Senior Expo on October 15.
- A part-time Community Relations Coordinator began employment on September 3. She noted that she will be assisting with social media, the employee newsletters, Hotline, and event coordination.
- For her audit, she reported that staff will review the public records fee schedule. She noted that the current fees have been in place since 2017 and were the statutory default fee schedule. She reported that staff will begin an analysis to help determine if the fee schedule needs to be revised.

ENGINEERING & OPERATIONS SENIOR DIRECTOR

Mr. Fuentes reported that:

- The Railroad Avenue Substation is still in testing and the project is going as planned.
- The Port of Pasco, Columbia Basin College, City of Pasco, and Big Bend Electric have made a commitment to the electricity system study. He noted that the study is expected to be completed within 2 to 4 months after execution of the agreement.
- He attended PPC and noted that Mr. Rick Dunn, Benton PUD General Manager was nominated for the Executive Board position.
- He attended PNUCC and reported there were presentations on wildfire risk, and energy storage technologies.
- We have two open positions and he noted that an offer has been made to a lineman coming from Wyoming. The second open position is for an Engineering Manager.
- For his audit, he and Ms. Fulton will work on analyzing a system capacity fee with the FCS Group.

GENERAL COUNSEL REPORT

Mr. Whitney reported that:

- Attorneys from various PPC utility members are forming a group to share thoughts and work together to ensure public utilities' interests are represented in the Provider of Choice discussions.

CLOSING OF MEETING – ADJOURNMENT


With no further business to come before the Commission, Commissioner Nelson adjourned the regular meeting at 10:25 a.m. The next regular meeting will be October 22, 2024 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.



Stuart Nelson, President



Roger Wright, Vice President



William Gordon, Secretary