

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

**MINUTES OF THE OCTOBER 22, 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 October 22, 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; Commissioner Bill Gordon, 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 Amy Wilburn, Payroll Administrator 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; William Rimmer, BPA Account Executive; Isaac Kastama, Water Street Public Affairs, Principal Lobbyist; Adán Espino Jr., Water Street Public Affairs Associate Lobbyist and Katherine Sorenson.

OPENING

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

PUBLIC COMMENT

Commissioner Nelson called for public comment.

Mr. Torres reported that while going door-to-door for his election campaign, various customers had questions for the Commission, and he shared them. The Commission and staff provided the information requested. Mr. Torres thanked the Commission for their responses and conversation. Commissioner Wright thanked Mr. Torres for bringing forward the comments on behalf of the customers.

EMPLOYEE MINUTE

Commissioner Nelson welcomed Ms. Wilburn 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. Wilburn reported that she has been employed with the District for 10 years and began in the position of Administrative Assistant and is now the Payroll Administrator. She reported that she was able to complete her Associate Arts degree with the utilizing the District's Employee Tuition Reimbursement program. She noted that she appreciates the team she works with and the occupational safety and monthly safety videos the District provides.

COMMISSIONER REPORTS

Commissioner Wright reported that:

- He attended the PPC monthly meeting virtually and noted that there was discussion on the Northwest 9th Regional Power Plan. He reported that the Plan seemed to be based on many assumptions and expressed his concern.
- NoaNet will have a workshop in November to begin drafting its 10-year succession plan. He provided an update on NoaNet and reported that it continues to perform financially well. He reported on the grants that NoaNet was able to obtain for some of its members.

Commissioner Gordon reported that:

- He recently traveled out of the United States and shared some of his personal travel experience.

Commissioner Nelson reported that:

- He attended PPC and reported that there was discussion around peak power rates, the Columbia River Treaty, and fish costs.
- He attended both the Pasco and Tri-Cities Hispanic Chamber's monthly luncheons.

Commissioner Gordon added that:

- Energy Northwest has partnered with Amazon to build a small modular reactor.

CONSENT AGENDA

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

- 1) To approve the minutes of the September 24, 2024 Regular Commission Meeting.
- 2) To approve the minutes of the September 24, 2024 Special Commission Meeting.

- 3) To approve payment of expenditures for September 2024 amounting to \$13,435,962.97 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	\$ 514,494.51
Wire Transfers	10,129,499.43
Automated and Refund Vouchers (Checks)	1,553,431.13
Direct Deposits (EFTs)	1,239,516.81
Voids	(978.91)
Total:	\$13,435,962.97

- 4) To approve the Write Offs in substantially the amount listed on the September 2024 Write Off Report totaling \$4,032.94.

AGENDA ITEM 6, LEGISLATIVE UPDATE PRESENTATION.

Commissioner Nelson welcomed Mr. Kastama and Mr. Espino.

Through a presentation Mr. Kastama provided information on the 2024 legislative session, and a legislative preview on the issues that will likely be included in the 2025 session. Mr. Espino provide a brief update on the Climate Commitment Act and the reporting requirements including impacts to utilities.

There were general questions and discussion throughout the presentation. The Commission thanked Mr. Kastama and Mr. Espino for attending and providing the information.

BPA UPDATE

Commissioner Nelson called on Mr. Rimmer and requested an update on Bonneville Power Administration (BPA) matters.

Mr. Rimmer reported on the recent updates to the Columbia River Treaty Agreement and noted that it was a good compromise with tangible benefits. Commissioner Wright noted his disagreement.

Mr. Rimmer provided an update on the current contract negotiations and noted that BPA is working on providing draft templates soon. There was discussion on the product options that BPA will offer, and he noted that BPA is trying to procure new resources to be able to meet its

customer's needs. He reported that BPA will need to have a reliable product to work with public power and is reviewing Block with Shaping Capacity and the requirements related to the Western Resource Adequacy Program (WRAP).

Mr. Rhees reported that there are concerns with BPA's ability to fulfill its obligation to provide power and acquire additional resources. Discussion ensued.

Mr. Rimmer reported that he appreciated how the District prioritizes taking care of its customers.

AGENDA ITEM 7, REOPENING THE 2025 BUDGETS PUBLIC HEARING, PRESENTING THE PRELIMINARY 2025 OPERATING AND CAPITAL BUDGETS, AND RECESSING THE PUBLIC HEARING.

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

Ms. Fulton presented the 2025 Operating Budget Crosswalk and 2025 Capital Budget by Project Crosswalk (Attachments A and B of the Agenda Item). She reported that the updated 2025 Operating Budget reflected the recent closure of the Lamb Weston Connell plant. Ms. Fulton noted that the power forecast budget numbers will be updated in November. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to recess the 2025 Operating and Capital Budgets public hearing to the November 12, 2024, Commission meeting. The motion passed unanimously.

AGENDA ITEM 8, DISCUSSING THE USE OF ARTIFICIAL INTELLIGENCE TECHNOLOGIES POLICY.

Ms. Fulton introduced the agenda item and reviewed the information as reported on the Agenda Item Summary included in the meeting packet. She noted that the use of Artificial Intelligence (AI) Technologies can provide efficiencies and enhance customer service. She reported that it was important to have a policy in place prior to using AI and briefly reviewed the draft policy (Attachment A of the Agenda Item). She noted the District is working on the implementation of a ChatBot feature that will be used within the District's website and SmartHub application that will assist customers.

There was general discussion on the use of AI, keeping District information secure and other general concerns around AI. After additional discussion, the Commission requested a demonstration of the ChatBot that will be used on the District's website. Ms. Fulton reported that no action was being requested today, and that staff will bring back the Policy for final review and consideration of Commission approval to the November 12 regular meeting.

AGENDA 9, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE AN INTERLOCAL COOPERATIVE AGREEMENT BETWEEN THE DISTRICT AND NORTHWEST OPEN ACCESS NETWORK FOR GRANT SERVICES REQUIRED FOR THE BROADBAND, EQUITY, ACCESS, AND DEPLOYMENT PROJECT.

Mr. Ferraro introduced the agenda item and reviewed the information as reported on the Agenda Item Summary included in the meeting packet. He reported that the District would like to enter into an Interlocal Cooperative Agreement with Northwest Open Access Network (NoaNet) for support technical assistance of the Broadband, Equity, Access and Deployment (B.E.A.D.) project. He noted that the agreement would be for \$37,500 but needed Commission authorization per RCW 39.34. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to authorize the General Manager/CEO or his designee to execute an Interlocal Cooperative Agreement between the District and NoaNet for technical services required for the B.E.A.D. project in an amount not to exceed \$37,500. The motion passed unanimously.

GENERAL MANAGER/CEO REPORT

Mr. Rhees reported that:

- He and other staff met with the local representative for Senator Cantwell regarding the fiber grant that will provide additional fiber services to Basin City, Connell, and other relevant issues.
- BPA is proposing increases for power and transmission costs and he noted that the increases are expected to be significant. He reported that the exact increases will be finalized in the fall of 2025.
- He and other staff met with a company regarding the possibility of a storage project. He noted that the company is working towards obtaining Department of Energy funding to assist. He reported that the discussion was very preliminary.
- He and Mr. Fuentes attended the quarterly County Agency Dialogue meeting with staff and elected officials from Port of Pasco, Franklin County and City of Pasco. He noted the group has requested that the District attend regularly and bring a Commissioner. He extended the invitation to the Commission.
- He and staff met with the City of Connell Administrator and other staff. He noted that the meeting occurred prior to the closure of the Lamb Weston Connell plant. He noted that staff reached out after the plant closure to discuss the impacts.

FINANCE & CUSTOMER SERVICE DIRECTOR REPORT

Ms. Fulton reported that:

- The September 2024 Key Performance Indicators (KPIs) monthly report was included in the meeting packet, and she briefly reviewed slides within the report. She noted that the

forecast shown in the Budget Status Report was updated to reflect the Lamb Weston Connell plant closure.

- Staff continues to participate in the BPA's Provider of Choice (POC) meetings, and she provided an update.
- She will be attending the Power Public Forum and WPUA Finance Officer group meetings this week.
- The Palouse Junction solar project continues to progress, and she reported that a Power Purchase Agreement (PPA) has not been signed but is close to being finalized. She noted that the permitting process has started.
- She and Mr. Fuentes are continuing to work with the Financial Consulting Solutions (FCS) group on various rate and fee related projects.
- For her audit, she and Mr. Fuentes are reviewing the current Engineering Services Fee Schedule to ensure costs are being tracked and recovered appropriately.

ASSISTANT GENERAL MANAGER REPORT

Mr. Ferraro reported that:

- Winterization of the facilities and underground sprinklers will begin soon.
- Open enrollment for benefits will begin November 1 and the deadline to qualify for the Voluntary Wellness Program incentive is November 30. He noted that the Commission can contact Ms. Ransom with benefits related questions.
- Columbia REA is working on their meter change out and asked for feedback from District staff. He noted that staff provided the information, and that Columbia REA was appreciative of staff's help.
- The administrative staff completed "Stay Safe from Lighting" safety training and the operations staff completed ladder safety training.
- The lobby remodel will begin soon, and he presented draft renderings of what the customer service lobby area will look like. There was discussion around the details of the project.

PUBLIC INFORMATION OFFICER REPORT

Ms. Viera reported that:

- RiverFest was held on October 5, 2024, and noted that the event had gone well. She reported that attendee numbers have not been finalized by the Pasco Chamber but she estimated that 250-300 people visited the District's booth.
- Staff participated in various community events. She reported that on October 15, staff participated in the Senior Expo and Kingspoint Christian Elementary School on October 24. She reported that there are two remaining events scheduled this month. The first is the Tri-City Chaplaincy Trick or Treat event at the Pasco Library on October 30. The second event is the Spooky Hall at Pasco City Hall on October 31, 2024. She noted that

staff will utilize these events to provide information on the District's programs and services.

- She reported that engagement on the District's social media sites has increased and thanked Ms. Aguirre for her work.
- She did not have an audit to report.

ENGINEERING & OPERATIONS SENIOR DIRECTOR

Mr. Fuentes reported that:

- The Railroad Avenue Substation is still undergoing testing and field checks. He reported that staff will hold off on energizing until November 15, 2024, due to the North Transmission Loop tap wire upsizing.
- He attended PPC and reported that the ballots for the Executive Committee were sent out. He noted that discussions continue around the Lower Snake River Dams and fish costs concerns.
- He attended PNUCC and reported the Lower Snake River Dams had the largest Coho Salmon run this year. He noted that there were presentations on the West Wide Governance Pathways Initiative.
- He will be bringing various items for Commission review and consideration of approval in the next few months. He noted that in addition to an updated Engineering Fee Schedule, he will bring a proposal for the land adjacent to the Cochrane Substation.

GENERAL COUNSEL REPORT

Mr. Whitney requested a 15 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) and to review the performance of a public employee as allowed per RCW 42.30.110(g).

At 10:40 a.m., Commissioner Nelson called for a five-minute break and noted it would be followed immediately by an executive session that would end at 11:00 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) and to review the performance of a public employee as allowed per RCW 42.30.110(g).

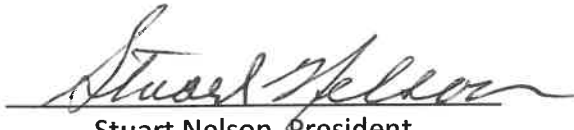
At 10:45 a.m., Commissioner Nelson ended the break and called for an executive session that would end at 11:00 a.m. for the purpose of discussing with legal counsel current or potential litigation as allowed by RCW 42.30.110(i) and to review the performance of a public employee as allowed per RCW 42.30.110(g).

At 11:00 a.m., Commissioner Nelson extended the executive session to 11:10 a.m.

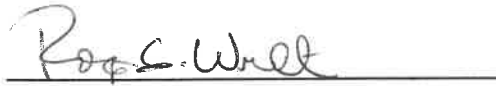
At 11:10 a.m., Commissioner Nelson ended the executive session and reconvened the regular meeting.

CLOSING OF MEETING – ADJOURNMENT

With no further business to come before the Commission, Commissioner Nelson adjourned the regular meeting at 11:10 a.m. The next regular meeting will be November 12, 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