

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

**MINUTES OF THE NOVEMBER 12, 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 November 12, 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 Rob Richmond, Field Engineer II; Terry Cruz, Senior IT Systems 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 and Commissioner-elect District 3; and Clark Mather, Executive Director, Northwest RiverPartners.

OPENING

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

PUBLIC COMMENT

Commissioner Nelson called for public comment and there was none.

EMPLOYEE MINUTE

Commissioner Nelson welcomed Mr. Richmond and asked general questions about his current position, tasks his position entails, favorite parts of his job, his professional growth at the District and what safety improvements or changes he has seen over the course of his employment.

Mr. Richmond reported on the duties he performs as a Field Engineer II and he noted his favorite part of the job was assisting customers with the build of their homes. He reported that through the course of his employment he has learned a lot about pole attachments and currently is tasked

with processing the pole attachment requests. He noted that a safety improvement he would like to see is the addition of Automated External Defibrillators on all District vehicles as well as a video documenting the tabletop safety demonstration to share with local schools.

Commissioner Wright asked what changes Mr. Richmond has seen over the course of his employment and Mr. Richmond reported that COVID changed things, such as the ability to work remotely and noted that he has also seen an increased emphasis on safety.

NORTHWEST RIVERPARTNERS UPDATE

Commissioner Nelson welcomed Mr. Mather.

Mr. Mather thanked the Commission for the opportunity to provide the Northwest RiverPartners (NWRP) update and shared a bit of his background and experience in the industry. He expressed his appreciation to Commissioner Nelson and thanked him for his years of service to the electric industry.

Through a presentation Mr. Mather reviewed the mission of NWRP, the importance of hydropower, the role it plays in the electric system and the many challenges surrounding hydropower. Mr. Mather reviewed the concerns with the federal commitments in the 12/14 Agreement. He reported on the increased salmon and steelhead return documented in various dams and noted that it is important to remain engaged and provide education to customers on the value of the clean, and affordable energy provided by the dams. He noted that NWRP continues to work on educating energy consumers on the many benefits of hydropower and providing science-based information. He reported on the current campaign NWRP is working on.

Commissioner Wright noted that the benefit of barging is not shared enough, and that more education should be provided on the matter. He reported that engaging with the younger population and providing them with accurate information was critical.

There was general discussion on hydropower, the costs of the federal commitments in the 12/14 Agreement and the importance of providing factual information to customers. The Commission thanked Mr. Mather for the information he provided and discussion.

COMMISSIONER REPORTS

Commissioner Gordon reported that:

- He attended the PPC and NWRP annual meetings in Portland. He noted that a presentation provided at the NWRP annual meeting had great information regarding the improvement in fish populations.

Commissioner Wright reported that:

- He also attended the PPC, NWRP and PNUCC annual meetings. He noted that PNUCC had a presentation on artificial intelligence (AI) and shared that he had a recent experience with AI in which some personal information was used. He noted that the information was pretty accurate, and he found the situation to be both amazing and scary. He noted his concerns with the use of AI. There was discussion on the use of AI and other situations where it had been used to scam people.

Commissioner Nelson reported that:

- He also attended the PPC and NWRP annual meetings.

CONSENT AGENDA

The Commission reviewed the Consent Agenda. Commissioner Wright reported that the warrant registers included payments for solar incentives and requested staff provide more information on the solar incentives at a later date. Other questions on other items listed on the warrant register were discussed. 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 October 22, 2024 Regular Commission Meeting.
- 2) To approve payment of expenditures for October 2024 amounting to \$13,672,683.21 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	\$ 769,753.62
Wire Transfers	9,288,180.89
Automated and Refund Vouchers (Checks)	1,522,503.40
Direct Deposits (EFTs)	2,109,875.84
Voids	(17,630.54)
Total:	\$ 13,672,683.21

- 3) To approve the Write Offs in substantially the amount listed on the October 2024 Write Off Report totaling \$6,343.21.
- 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 \$291.76 for work completed by Apollo Sheet Metal Inc. under Contract 10162, HVAC Maintenance DES Contract #02919.

- 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 \$83,676.04 for work completed by Power City Electric Inc. under Contract 10208, Railroad Ave. Substation Labor.

Ms. Viera reported that staff would like to bring a resolution relating to the employment of Mr. Rhees and requested the Commission amend the meeting agenda to include the presentation of Resolution 1416. Commissioner Gordon moved and Commissioner Wright seconded to amend the meeting agenda to include the presentation of Resolution 1416, Relating to the Employment of Scott. R. Rhees. The motion passed unanimously.

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 noted that there were no changes in the preliminary 2025 Operating and Capital Budgets since the October meeting. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to recess the 2025 Operating and Capital Budgets public hearing to the December 10, 2024, Commission meeting. The motion passed unanimously.

AGENDA ITEM 8, DISCUSSING THE 2025 REGULAR MEETING SCHEDULE.

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 at the end of each year, the Board of Commissioners approves the regular monthly meeting schedule for the following calendar year (RCW 42.30.070) in accordance with the District's adopted Organizational Statement.

She noted that two conflicts have been identified as follows:

- 1) for the fourth Tuesday of February 2025 with the American Public Power Association Legislative Rally that will be held February 24 through February 26, 2025 and
- 2) for the second Tuesday of November 2025, the Veteran's Day holiday falls on November 11 which is the second Tuesday of November. RCW 42.30.070, states *"If at any time any regular meeting falls on a holiday, such regular meeting shall be held on the next business day."*

She noted that staff was seeking feedback on the November meeting date and reviewed the options available. After discussion of options available, the Commission concurred on meeting Wednesday, November 12 and directed staff to bring back the 2025 regular meeting schedule for final review and approval to the December meeting.

Ms. Viera noted that staff would also like to make minor modifications to the District's Organizational Statement to allow more flexibility in the Commission meeting schedules in the future. She noted no action was being requested and this was for discussion purposes only.

AGENDA 9, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE AN INTERLOCAL AGREEMENT BETWEEN THE DISTRICT AND THE FRANKLIN CONSERVATION DISTRICT FOR SALMON POWER EDUCATION PROGRAM SERVICES.

Ms. Viera introduced the agenda item and reviewed the information as reported on the Agenda Item Summary included in the meeting packet. She reported that the District would like to enter into an Interlocal Cooperative Agreement with Franklin Conservation District for Salmon Power Education Program services for local area elementary school students.

She noted that the amount is within staff's approval limit however, RCW 39.34 requires the Interlocal Cooperative Agreement to be authorized by the Commission. She reported that the program educates, 4th and 5th graders from schools within the District's service territory, on the general principals of hydropower generation, and the safe pathways for salmon around the hydro dams. The Commission agreed that it was beneficial for the District to participate in the program. Ms. Viera noted that staff will include a crosswalk item in the 2025 Operating budget to facilitate the participation in the following school year. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to authorize the General Manager/CEO or his designee to execute an Interlocal Agreement between the District and the Franklin Conservation District for Salmon Power Education Program Services. The motion passed unanimously.

Mr. Torres asked if there was collaboration with other utilities on matters that were of mutual benefit. Ms. Viera reported that the District collaborates with other utilities on various matters and noted that staff has strong relationships with the neighboring utilities.

GENERAL MANAGER/CEO REPORT

Mr. Rhees reported that:

- Staff continues to review the BPA products being offered and he provided a brief update. He noted each product being offered brings its own set of risks to the District and noted that the District's continued load growth will impact the decision of what product to move forward with.

Commissioner Wright requested staff bring more information on the product offerings from BPA and how they will impact the District. Staff requested that the Commission allow staff to provide the information at the January 2025 Commission meeting and noted that the product decision will have to be made by May 2025.

Mr. Rhees continued his report:

- Mr. Ferraro, Human Resources staff and he are reviewing the current Salary Administration Plan (SAP) for Regular Non-Bargaining Employees and are comparing the salary grades to the recent salary survey study. He noted that staff will bring the updated SAP to the December meeting for Commission review and consideration of adoption.
- Staff continues to work with the Port of Pasco and meet quarterly. He noted that the meetings have been very beneficial and that the Port of Pasco staff are very appreciative of the District's willingness to have discussions to find solutions on the economic development opportunities.

ENGINEERING & OPERATIONS SENIOR DIRECTOR

Mr. Fuentes reported that:

- He will be bringing various items for Commission review and consideration of approval next month. He noted that staff has reviewed the current Engineering Fee Schedule and will bring a proposed updated Engineering Fee Schedule.
- The Railroad Avenue Substation has not been energized and he reported that there is maintenance being done on BPA infrastructure. He noted that once the maintenance by BPA is complete the substation will be energized.
- Darigold continues to progress, and he provided a brief update.

GENERAL COUNSEL REPORT

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, to review the performance of a public employee, discuss 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 9:46 a.m., Commissioner Nelson called for a four-minute break and noted it would be followed immediately by an executive session that would end at 10:30 a.m. He noted that the purpose of the executive session was for the purpose of discussing with legal counsel current or potential litigation, to review the performance of a public employee, discuss 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 10:30 a.m., Commissioner Nelson called for an additional 10 minutes and noted the executive session would end at 10:40 a.m.

At 10:40 a.m., Commissioner Nelson ended the executive session and reconvened the regular meeting.

PRESENTING RESOLUTION 1416, RELATING TO THE EMPLOYMENT OF SCOTT R. RHEES

Mr. Tyler introduced Resolution 1416, Relating to the Employment of Scott R. Rhees, and reported that Mr. Rhees has stated his intentions to retire and provided notice to end his employment with the District effective January 31, 2025. He reported that the Commission has expressed that there is value in retaining Mr. Rhees to provide support in other capacities and he reviewed the specific recitals within Resolution 1416. Staff recommended the Commission adopt Resolution 1416 as presented.

The Commission reviewed Resolution 1416.

Commissioner Wright moved and Commissioner Gordon seconded to adopt Resolution 1416 as presented. The motion passed unanimously.

The Commission discussed the process on how to move forward with filling the General Manager/CEO position and noted that an interim General Manager/CEO will need to be appointed. Commissioner Wright noted that additional discussion was needed and asked staff to bring this matter for further discussion to the December 10 Commission meeting.

Commissioner Wright thanked Mr. Rhees for his years of service to the District. He noted that Mr. Rhees' leadership has been of great benefit to the District and its customers, both organizationally and financially. He commended Mr. Rhees for his hard work, specifically towards securing the Powerex contract and the final disposition of the Pasco CT site. He noted that all his actions were greatly appreciated. Commissioners Gordon and Nelson expressed they shared the same sentiment.

Mr. Rhees noted he was incredibly blessed to be surrounded by a Commission and leadership team that was highly supportive of him. He credited his success to the support of the Commission and leadership staff. He thanked the Commission for the opportunity that was provided to him.

The Commission requested that Mr. Rhees provide notice to District staff.

Mr. Torres asked how long the process normally takes to fill a vacancy for this position. Commissioner Wright reported that it was unknown how long it would take, however it was anticipated to be a several months process.

Mr. Whitney provided general information to Mr. Torres on the proper process for communications between Commissioners. There was discussion on the process for Mr. Torres to take his oath of office as the successful candidate of the Commissioner District 3 election.

CLOSING OF MEETING – ADJOURNMENT

With no further business to come before the Commission, Commissioner Nelson adjourned the regular meeting at 10:49 a.m. The next regular meeting will be December 10, 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