

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

MINUTES OF THE DECEMBER 10, 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 December 10, 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 Kirril Pilipaka, Electrical Engineer; Maria Aguirre, Community Relations Coordinator; 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; MariCruz Torres, District Customer; Pedro M. Torres; District Customer; Nelson Borja, District Customer, Kathy Sorenson, public; and another unidentifiable Zoom participant.

OPENING

Commissioner Nelson was participating via remote technology and was not yet in attendance. Commissioner Wright called the meeting to order at 8:30 a.m. and lead the Pledge of Allegiance.

Commissioner Wright reported he would preside over the meeting.

PUBLIC COMMENT

Commissioner Wright called for public comment and there was none. He asked Mr. Torres for introduction of members of the public that were in attendance on his behalf. Mr. Torres briefly introduced his family and thanked them for their support during his campaign.

OATH OF OFFICE

Ms. Viera administered the Oath of Office to Mr. Pedro Torres Jr., District 3, Commissioner-elect and congratulations were given to Mr. Torres.

EXECUTIVE SESSION

At 8:35 a.m., Commissioner Wright called for a five-minute break and noted it would be followed immediately by an executive session that would end at 8:50 a.m. He reported that the purpose of the executive session was to discuss the qualifications of an applicant for public employment as allowed by RCW 42.30.110(1)(g).

At 8:40 a.m., Commissioner Wright ended the break and immediately called for an executive session that would end at 8:50 a.m. for the purpose of discussing the qualifications of an applicant for public employment as allowed by RCW 42.30.110(1)(g).

At 8:50 a.m., Commissioner Wright ended the executive session and reconvened the regular meeting.

Commissioner Wright called for Commissioner reports.

Commissioner Nelson joined the meeting remotely at 8:54 a.m.

COMMISSIONER REPORTS

Commissioner Gordon reported that:

- As per a recent news report the Lamb Weston plant in Connell will be tore down.

Commissioner Wright reported that:

- He attended the monthly NoaNet meeting, and he provided a brief update on NoaNet matters.
- The District continues to have a low aging accounts balance and commended staff for a great job. He expressed his appreciation for the Customer Service staff.

Commissioner Nelson reported that he would like to discuss the matter of the appointment of the Interim General Manager / CEO and noted he had no other District matters to report on.

Commissioner Wright requested that Agenda Item 21 be moved to the top of the meeting agenda as Commissioner Nelson joined specifically for this agenda item and was on limited availability.

AGENDA ITEM 21, PRESENTING A RESOLUTION APPOINTING AN INTERIM GENERAL MANAGER / CHIEF EXECUTIVE OFFICER OF THE DISTRICT.

Mr. Whitney presented this agenda item and reviewed the information as listed on the Agenda Item Summary. He noted that with the announcement of Mr. Rhees' retirement an interim would need to be appointed by the Commission. He reported that Resolution 1424 was drafted as was requested at the November 12, 2024 Commission meeting and he noted that adopting the resolution would appoint Mr. Fuentes as the Interim General Manager/Chief Executive Officer of the District effective February 1, 2025.

Commissioner Wright reported that he felt strongly that Mr. Fuentes was a great candidate to fill the General Manager/CEO position, however he would like to solicit outside applicants and go through a formalized hiring process. He noted this would allow Commissioner-elect Torres to familiarize himself with staff and the hiring process. Commissioner Gordon agreed.

Commissioner Nelson noted that Mr. Fuentes was highly qualified and experienced and should be appointed as General Manager/CEO without the interim status. He reported that going through the hiring process when there was a qualified candidate in house would be a waste of District time and resources. He noted he disagreed with Commissioners Wright and Gordon.

Commissioner Wright moved and Commissioner Gordon seconded to adopt Resolution 1424 appointing Mr. Fuentes as Interim General Manager/CEO of the District. Commissioners Gordon and Wright voted in favor and Commissioner Nelson opposed. The motion passed with 2/3 majority vote.

Mr. Fuentes thanked the Commission for the opportunity to serve as Interim General Manager/CEO and noted that this was a great responsibility that he would not take lightly. Commissioner Wright requested staff prepare another resolution to set the final details of the interim appointment and bring for adoption to the next Commission meeting.

At 8:59 a.m., Commissioner Nelson left the meeting. A quorum was still present.

EMPLOYEE MINUTE

Commissioner Wright welcomed Mr. Pilipaka 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. Pilipaka reported on the duties he performs as an Electrical Engineer and noted he has been employed with the District for six months. He noted he was able to work on the Railroad Avenue Substation build.

Mr. Pilipaka reported that identifying hazards before entering an area or scenario was critical for

safety. Commissioner Wright reported that safety meetings are important because they help staff not become complacent.

Mr. Fuentes reported that Mr. Pilipaka hit the ground running and has been a great addition to the District.

CONSENT AGENDA

The Commission reviewed the Consent Agenda. Commissioner Wright asked about a write off listed and Ms. Fulton reported the account was a business and the owner had passed away. Commissioner Wright moved and Commissioner Gordon seconded to approve the Consent Agenda as follows. The motion passed unanimously with the quorum present.

- 1) To approve the minutes of the November 12, 2024 Regular Commission Meeting.
- 2) To approve payment of expenditures for November 2024 amounting to \$8,237,331.74 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	\$ 584,658.61
Wire Transfers	5,466,749.35
Automated and Refund Vouchers (Checks)	747,369.99
Direct Deposits (EFTs)	1,442,121.32
Voids	(3,567.53)
Total:	\$ 8,237,331.74

- 3) To approve the Write Offs in substantially the amount listed on the November 2024 Write Off Report totaling \$5,266.22.

AGENDA ITEM 7, RE-OPENING THE 2025 BUDGETS PUBLIC HEARING, PRESENTING THE FINAL 2025 OPERATING AND CAPITAL BUDGETS, CLOSING THE PUBLIC HEARING AND ADOPTING A RESOLUTION APPROVING THE 2025 OPERATING AND CAPITAL BUDGETS.

Commissioner Wright 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 reviewed the final 2025 Operating Budget and 2025 Capital Budget (Attachments A and B of the Agenda Item) and provided more information on the crosswalk items listed. She

noted that the budgets meet the District's financial policy metrics. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to close the 2025 Operating and Capital Budgets public hearing and adopt Resolution 1417 as presented. The motion passed unanimously.

AGENDA ITEM 8, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO APPROVE PAYMENTS FOR AUTOMATED MAILING SERVICES, BILL INSERTS, ON-LINE PAYMENT PROCESSING AND ANNUAL SOFTWARE MAINTENANCE FOR 2025 PAYABLE TO THE NATIONAL INFORMATION SOLUTIONS COOPERATIVE.

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

Commissioner Wright moved and Commissioner Gordon seconded to authorize the General Manager/CEO or his designee to approve 2025 payments for the services as described, payable to NISC, in an amount not to exceed \$597,225. The motion passed unanimously.

AGENDA ITEM 9, ADOPTING RESOLUTION 1418 APPROVING THE PRE-QUALIFICATION OF ELECTRICAL AND FIBER OPTIC CONTRACTORS FOR CALENDAR YEAR 2025.

Ms. Fulton introduced the agenda item and reviewed the information as reported on the Agenda Item Summary included in the meeting packet. She reviewed Exhibit A of Resolution 1418 and summarized any changes or additions to the Contractor List from last year. Staff reviewed their recommendation.

Commissioner Gordon moved and Commissioner Wright seconded to adopt Resolution 1418 as presented. The motion passed unanimously.

AGENDA ITEM 10, APPROVING A 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 staff had presented the Use of Artificial Intelligence (AI) Technologies Policy at the October 22, 2024 Commission Meeting.

Commissioner Wright requested some minor modifications to the policy which included defining the Security Officer and incorporating the involvement of the Information Technology staff when reporting concerns or incidents.

Ms. Fulton reported that the chat bot demonstration will be done at a later date. There was general discussion on AI. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to approve the Use of Artificial Intelligence Technologies Policy with the changes as discussed. The motion passed unanimously.

Mr. Torres asked if the policy applied to the Commission and noted he found it beneficial to use AI when summarizing large articles and reports. Commissioner Wright noted the policy applies to members of the Commission.

AGENDA ITEM 11, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO APPROVE CONTINUING THE UTILIZATION OF THE WASHINGTON STATE DEPARTMENT OF ENTERPRISE SERVICES CONTRACT FOR 2025 MISCELLANEOUS FIBER DOCK CREW PROJECTS.

Mr. Ferraro introduced the agenda item and reviewed the information as reported on the Agenda Item Summary in the meeting packet. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to authorize the General Manager/CEO or his designee to approve continuing the utilization of the Washington State DES Contract 05620 for 2025 Miscellaneous Fiber Dock Crew Projects in an amount not to exceed \$770,000, including applicable taxes. The motion passed unanimously.

AGENDA ITEM 12, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO UTILIZE DEPARTMENT OF ENTERPRISE CONTRACT NO. 00318 FOR THE PURCHASE OF NOKIA CARE SERVICES.

Mr. Ferraro introduced the agenda item and reviewed the information as reported on the Agenda Item Summary in the meeting packet. He reported that executing the contract will provide for Nokia Care Services from 2025 through 2028. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to authorize the General Manager/CEO or his designee to utilize Department of Enterprise Contract No. 00318 for the purchase of Nokia Care Services in an amount not to exceed \$155,000, which excludes sales tax, over a three-year term effective January 4, 2025 through January 3, 2028. The motion passed unanimously.

Commissioner Wright inquired when the approval limits for the General Manager/CEO were last revised. Discussion ensued on the approval limits and the current Policy 16, Purchasing Approval and Payment Authority. The Commission requested staff look at the approval limits for other entities' General Managers and bring back the information for further discussion and possible revision of the current approval limits.

At 9:35 a.m., Commissioner Gordon requested a five-minute break. At 9:40 a.m. Commissioner Wright reconvened the regular meeting.

At 9:43 a.m., the Zoom meeting platform erroneously disconnected. Zoom connection resumed at 9:44 a.m.

AGENDA ITEM 13, ADOPTING RESOLUTION 1419 AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE A REVISED INTERLOCAL AGREEMENT ESTABLISHING THE CENTRAL WASHINGTON PUBLIC UTILITIES UNIFIED INSURANCE PROGRAM TRUST AND SUPERSEDING RESOLUTION 1321.

Mr. Ferraro introduced the agenda item and reviewed the information reported on the Agenda Item Summary in the meeting packet. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to adopt Resolution 1419 as presented. The motion passed unanimously.

AGENDA ITEM 14, AUTHORIZING THE GENERAL MANAGER/CEO OR HIS DESIGNEE TO EXECUTE A CONTRACT EXTENSION WITH BOYD'S TREE SERVICE FOR TREE TRIMMING SERVICES.

Mr. Fuentes introduced the agenda item and reviewed the information reported on the Agenda Item Summary in the meeting packet. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to authorize the General Manager/CEO or his designee to execute a contract extension with Boyd's Tree Services LLC, for year two funding, effective January 1, 2025 through December 31, 2025, in the amount not to exceed \$290,000. The motion passed unanimously.

AGENDA ITEM 15, ADOPTING RESOLUTION 1420 APPROVING REVISED RULES AND REGULATIONS FOR ELECTRIC SERVICE AND SUPERSEDING RESOLUTION 1411.

Mr. Fuentes introduced the agenda item and reviewed the information reported on the Agenda Item Summary in the meeting packet. He noted that the Engineering Fees included in the Rules and Regulations for Electric Service had not been updated since 2010. He reported that staff had reviewed the Engineering Fees and that after the review had determined various changes were needed. He reported on the changes which included changing the terminology from transformer capacity fee to system capacity charge, instituting an engineering application fee, and removing the unmetered temporary service.

Mr. Fuentes noted it was important to recuperate the costs of providing electric service, specifically for new electricity customers and service enhancements. He reported that a system

capacity fee was needed to establish equity between current existing customers of the District and new customers in order to fairly allocate long term costs of the District. There was discussion on similar fees being assessed by other public utilities.

Mr. Fuentes reported that if adopted the updated fees would become effective January 1, 2025. He noted that Resolution 1420 included in the meeting packet had today's meeting date as the effective date and proposed changing the Resolution to the January 1, 2025 effective date. He noted that this would allow staff to update all the corresponding documents and notify customers.

Mr. Rhees reported that that the system capacity charge will be reviewed annually to ensure it is recuperating the costs of providing electric service. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to adopt Resolution 1420 with the new Engineering Fees to be effective January 1, 2025. The motion passed unanimously.

AGENDA ITEM 16, ADOPTING RESOLUTION 1421 REVISING THE DISTRICT'S ORGANIZATIONAL STATEMENT AND SUPERSEDING RESOLUTION 1403.

Mr. Whitney introduced the agenda item on behalf of Ms. Viera and reviewed the information reported on the Agenda Item Summary included in the meeting packet. He reviewed the changes as shown on Attachment A of the Agenda Item. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to adopt Resolution 1421 as presented. The motion passed unanimously.

AGENDA ITEM 17, ADOPTING RESOLUTION 1422, APPROVING THE 2025 REGULAR COMMISSION MEETING SCHEDULE AND APPOINTING THE 2025 BOARD OF COMMISSION OFFICERS.

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 Gordon seconded to adopt Resolution 1422, approving as presented. The motion passed unanimously.

AGENDA ITEM 18, APPROVING THE 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 proposed Commission presentations and workshops for 2025. Staff reviewed their recommendation.

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

AGENDA ITEM 19, DISCUSSING AND APPROVING THE 2025 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 staff's proposed changes for representation in 2025. Staff reviewed their recommendation.

Commissioner Wright reported that he would like to represent the District at the organizations previously represented by Commissioner Nelson. He noted this would allow Mr. Torres, Commissioner-Elect to learn more about the organizations and the District's involvement in each before being delegated to represent the District. He asked staff to revisit this matter in the summer of 2025.

Commissioner Wright moved and Commissioner Gordon seconded approving the 2025 Organization Representation List with staff's proposed changes and Commissioner Wright replacing Commissioner Nelson's representations. The motion passed unanimously.

AGENDA ITEM 20, ADOPTING RESOLUTION 1423, APPROVING A REVISED SALARY ADMINISTRATION PLAN FOR REGULAR NON-BARGAINING EMPLOYEES AND SUPERSEDING RESOLUTION 1404.

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 the revised Salary Administration Plan (Attachment A of the Agenda item) showed a general 4% increase across the salary grades. There was discussion on ensuring proper compensation for employees and the importance of hiring individuals whose values align with that of the organization. Staff reviewed their recommendation.

Commissioner Wright moved and Commissioner Gordon seconded to adopt Resolution 1423 as presented. The motion passed unanimously.

GENERAL MANAGER/CEO REPORT

Mr. Rhees reported that:

- Discussions continue regarding the Columbia River Treaty Agreement in Principle, and he provided an update.

- He and Mr. Fuentes attended the Port of Pasco's annual tenants meeting. He noted that the meeting is normally just for Port of Pasco tenants however, the Port of Pasco values the District and had extended the invitation to staff as well.

FINANCE & CUSTOMER SERVICE DIRECTOR REPORT

Ms. Fulton reported that:

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

Commissioner Gordon reported that he had a meeting at Energy Northwest and would have to leave the meeting shortly.

GENERAL COUNSEL REPORT

Mr. Whitney requested a two-minute executive session for the purpose of considering the minimum offering price for sale or lease of real estate as allowed per RCW 42.30.110(1)(c).

At 10:45 a.m., Commissioner Wright called for a five-minute break that would be followed immediately by a two-minute executive session.

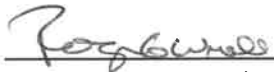
At 10:50 a.m., Commissioner Wright ended the break and called for an executive session that would end at 10:57 a.m. for the purpose of considering the minimum offering price for sale or lease of real estate as allowed per RCW 42.30.110(1)(c).

At 10:57 a.m., Commissioner Wright ended the executive session and reconvened the regular meeting.

No other staff members reported.

CLOSING OF MEETING – ADJOURNMENT

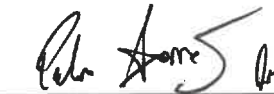
With no further business to come before the Commission, Commissioner Wright adjourned the regular meeting at 10:58 a.m. The next regular meeting will be January 28, 2025, and begin at 8:30 a.m. The meeting will be at the District's Auditorium located at 1411 W. Clark Street, Pasco, WA. Remote technology options will be provided for members of the public to participate.



Roger Wright, President



William Gordon, Vice President



Pedro Torres Jr., Secretary