

Minutes of Regular Board Meeting February 19, 2014

A regular meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Florence office on Wednesday February 19, 2014 at 10:00 a.m. PST. President Matheny called the meeting to order and asked that the roll be called.

Members present: Curt Abbott
Ron Benfield
Larkin Kaliher
Judy Matheny
Tom Tymchuk

Others present: Debra Smith, General Manager
Brian Barth, Accounting & Finance Manager
Julie Brown, Executive Assistant
Chris Chandler, Communication, Community & Economic Development Manager
Doug Dawson, IT & Communications Manager
Brandon Hignite, Power Analyst
Dennis Hinton, Customer & Energy Services Manager
Bruce Lovelin, Chief Engineer & Systems Engineering Manager
Gary Nieborsky, Distribution, Engineering & Operations Manager

Staff and Visitors Recognized

President Abbott welcomed staff to the meeting.

Consent Agenda

The Board approved the following Consent Agenda items as presented:

- a) Minutes of January 15, 2014 Regular Board Meeting
- b) Vouchers for January, 2014
- c) Petty Cash for January, 2014
- d) Uncollectibles for January, 2014
- e) Directors' Cash Report dated February 15, 2014

Financial Condition, pg.4

Ms. Smith discussed the Financial Condition, page. 4 of the Board's Governance Policy. She stated that the District has just finished the second quarter of FY-14 and has not expended more funds than have been budgeted in the current fiscal year, Budget work for the coming fiscal year has begun and staff will provide high-level budget assumptions at the March Board Meeting. She also discussed a budget that showed a detailed six months actual expenditure for this fiscal year showing the percent of expended figures. (See attached.)

Board/General Manager Relationship

President Matheny noted that the next agenda item was Board/GM Relationship, on page 5 of the Governance Policy. After a brief review of the policy it was determined that there were no changes necessary. (See attached.)

Emergency Executive Succession, pg. 5
Resolution No. 876

Ms. Smith stated that ORS 261.445 authorizes the Board to designate a person as Acting General Manager in case of absence or temporary disability of the General Manager. After discussion she stated that Management recommends the Board pass Resolution No. 876, which designates Gary Nieborsky as Acting General Manager. "Resolution No. 868 and all other resolutions or parts thereof, or any action of the Board in conflict herewith to the extent of such conflict, is hereby rescinded." After further discussion the following motion was made: **Motion:** Mr. Benfield moved and Mr. Kaliher seconded that Mr. Nieborsky is designated as Acting General Manager, effective immediately, and is responsible for duties of the General Manager in her absence. Aye: Tymchuk, Abbott, Benfield, Kaliher, Matheny. (See attached.)

Sole Source No. SQ-05-14

Ms. Smith explained that this Sole Source request was part of the substation automation equipment upgrade project. Staff is recommending the purchase of SEL (Schweitzer Engineering Laboratories) RTACS, DPACS, Satellite Clocks and Annunciators, for the purchase price of \$142,760.00. SEL produces a utility class relay that has been the standard protective relay devices installed at Central Lincoln substations and distribution facilities. This acquisition complies with the requirements of Central Lincoln Resolution No. 862, Article V, Section 5, Qualification A and F:

A) The efficient utilization of existing goods requires the acquisition of compatible goods and services.

F) Sole source procurement will result in substantial cost savings to the utility.

After discussion the following motion was made:

Motion: Mr. Abbott moved and Mr. Tymchuk seconded that Sole Source No. SQ-05-14 from Schweitzer Engineering Laboratories' (SEL), for the purchase of RTACs, DTACs, satellite clocks, and annunciators, for the purchase price of \$142,760.00 and being in compliance with the requirements of Resolution No. 862 Article V, Section 5, Qualification A and F which state, *A) The efficient utilization of existing goods requires the acquisition of compatible goods and services; and F) Sole source procurement will result in substantial cost savings to the utility,* be authorized. Aye: Tymchuk, Abbott, Benfield, Kaliher, Matheny. (See attached.)

March Board Meeting

Mr. Kaliher requested that the next Board meeting scheduled for March 12th in Newport, be moved to March 26th due to a scheduling conflict. After discussion the following motion was made:

Motion: Mr. Kaliher moved and Mr. Tymchuk seconded that the March board meeting be moved to March 26th in Newport. Aye: Tymchuk, Abbott, Benfield, Kaliher, Matheny.

March 26th Board Agenda - Newport Office

Board Meeting -	10:00 a.m.	Review Governance Process, pg. 10-19, Pension Amendment Update, Strategic Planning, High-Level Budget Assumptions, Sole Source.
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Consent Agenda -

Minutes, vouchers, petty cash, uncollectibles, and Directors' cash report

Manager's Report

Strategic Plan Update

Ms. Smith briefly discussed the results of the Strategic Planning Workshop in January, where the board participated in a SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis and reviewed a draft mission, vision and value statement that had been developed by the Leadership Team with input from the Employee Advisory Committee.

Fiber Optic IRU

Mr. Dawson discussed a Fiber Optic Indefeasible Right of Use (IRU) Agreement for 24 fibers with CoastCom Inc. (from the Reedsport Medical Clinic to Substation 333 in Hauser). Access to this fiber cable will allow Central Lincoln to create redundant connections for the SCADA system at three substations and qualifies for 50 percent reimbursement from Central Lincoln's Department of Energy Smart Grid Grant.

Economic Benefits of Fiber Optic Network

A memorandum researched by Ms. Chandler, Mr. Hignite and Mr. Dawson which addressed an earlier question from the Board about Central Lincoln's economic development was briefly reviewed. The memo reviewed history, a community comparison and employers within Central Lincoln's District that have benefitted from Central Lincoln's fiber network. The memo concluded; "that evidence suggested that the effect of Central Lincoln's fiber network has been positive for the communities we serve".

BPA Transmission Segmentation

A letter to BPA Administrator, Elliot Mainzer from Central Lincoln commenting on Bonneville Power Administration's segmentation process and proposed segmentation principles was reviewed.

Power Supply Issues

A memorandum discussing a new load forecast with the Bonneville Power Administration and future membership in NEMS (Northwest Energy Management Services), NESC (Northwest Energy Supply Cooperative) and NIES (Northwest Intergovernmental Energy Supply) was reviewed.

Legal Opinion

An opinion from Mr. Pete Gintner, Central Lincoln's attorney, discussing the funding of scholarships for technical or other schooling that prepares participants for utility jobs was discussed. Mr. Gintner concluded that donations to charities are "likely not appropriate public

expenditures” for PUDs. It was stated that further research will be done on this topic including a comparison with other public utilities.

Waldport Customer Service Center

Ms. Smith discussed a memorandum reviewing a 2013 Transaction Activity Review by service area, which showed a comparison of Central Lincoln’s six offices transaction statistics. Ms. Smith stated that, “We are looking at alternative ways of providing transactional customer service to the Waldport base. A list of options and costs will be provided to the Board at the April meeting”.

Legislative Update

Ms. Smith asked Ms. Chandler to give an update on recent legislative issues. Ms. Chandler reviewed an RPS (Renewable Portfolio Standards) bill, HB-4119, Oregon’s Low Carbon fuel standards efforts, and a Marine Hydrokinetic energy (wave energy bill).

Storm Activity Update

Mr. Nieborsky discussed the recent coastal storm activity. He reviewed the “mutual aid” supplied to valley utilities (Emerald People’s Utility District and Blachly-Lane) and reviewed outages and damages sustained within the District.

Central Lincoln Fun Facts

Ms. Smith explained that she has asked the managers to share any “fun facts” that might be of interest to the Board.

Mr. Lovelin discussed some recent AMI “opt back in” statistics, Mr. Hinton discussed statistics from the MyMeter and My Bill Date customer programs program; Mr. Dawson contributed district telephone information concerning Emergency Number 911, Mr. Hignite did a comparison on power supply costs annually and Mr. Barth discussed some administrative cost comparisons on Schedule A of the financial booklet.

WFM Update

Ms. Smith noted that due to a delay in completion of Central Lincoln’s new Work Force Management program there will be a delay in closing some of the distribution transmission and fiber jobs this fiscal year. A brief discussion on the impacts of that issue ensued.

Retirement

Ms. Julie Brown, Executive Assistant announced that she would be retiring from her position at Central Lincoln effective July 1st 2014. ☺

Directors’ Discussion

A brief discussion on Oregon PUD Association was held. The meeting adjourned at 12:15 p.m.

2/19/2014

Ron Benfield, Secretary

Judy Matheny, President