

Minutes of Regular Board Meeting October 8, 2014

A regular meeting of the Board of Directors of the Central Lincoln People's Utility District was held at Toledo City Hall on Wednesday October 8, 2014 at 10:00 a.m. PDT. President Matheny called the meeting to order and asked that 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
Sunnetta Capovilla, Executive Assistant
Chris Chandler, Communication, Community & Econ Development Mgr.
Doug Dawson, IT & Communications Manager
Randy Grove, Distribution, Engineering & Operations Manager
Brandon Hignite, Power Analyst
Dennis Hinton, Customer & Energy Services Manager
Bruce Lovelin, Chief Engineer & Systems Engineering Manager
Gail Malcolm, Project Manager
Sue Tyler, Personnel, Compensation and Benefits Manager
Tom Willoughby, Materials & Standards Agent
Pete Gintner, Legal Counsel
Ken Beeson, Facilities Planning Consultant

Staff and Visitors Recognized

President Matheny welcomed staff to the meeting, and recognized Jay Baughman, Toledo City Manager who was in attendance. Mr. Baughman commented that he appreciated being able to sit in, and had no official comments to make.

Consent Agenda

The Board approved the following Consent Agenda items as presented:

- a) Minutes of September 17, 2014 Regular Board Meeting
- b) Vouchers for September, 2014
- c) Petty Cash for September, 2014
- d) Uncollectibles for September, 2014
- e) Directors' Cash Report as of September 30, 2014

Executive Session

The Board went into Executive Session at 10:09 a.m.. President Matheny stated "The Central Lincoln PUD Board of Directors will now meet in Executive Session pursuant to ORS 192.660(2)(f) and (h) to consider information or records that are exempt by law from public inspection; and to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed."

The Board reconvened into Regular Session at 10:24 a.m.

Newport Operations Center (NOC)
Construction Manager/General Contractor (GM/GC) Concept

Ms. Smith reported that Central Lincoln's project team is recommending use of the "Construction Manager/General Contractor procurement process in lieu of "Design, Bid, Build." Doing so will require a public hearing and Board action; both of which are tentatively scheduled for November 19, 2014.

Governance Policy
Communication and Counsel to the Board, Pg. 8

The Board reviewed their policy on customer communication and counsel policy, and a copy of the required report is attached.

Resolution No. 881
Naming Acting General Manager

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. The most recent designation occurred in February of 2014 without an end date. A recent personnel change requires an update to this designation. Management recommended that the Board pass Resolution No. 881 which designates Brian Barth, Accounting & Finance Manager, as Acting General Manager in case of absence or temporary disability of the General Manager. After discussion, the following motion was made:

Motion: Mr. Kaliher moved and Mr. Tymchuk seconded the adoption of Resolution 881. Aye: Tymchuk, Abbott, Benfield, Kaliher, Matheny.

Sole Source Request SEL Relays

As supported by Central Lincoln Resolution 862, Article V, Section 5, Qualification A and F, a Sole Source procurement is requested:

"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."

- Finding - Schweitzer Engineering Laboratories (SEL) relays are the industry leader regarding protective relays that meet the high reliability standards of the electric power system.
- Finding – Central Lincoln has invested in both training and tools required to install, commission, operate and maintain specific to SEL devices. Installation of another manufacturer relay would result in a higher cost as a result of retraining and retooling.
- Finding – Central Lincoln has and continues to use SEL relay devices in its substations and distribution facilities. It is the principle device for integration to the District's present and future SCADA system.

Therefore, based on these findings, management recommends Central Lincoln purchase the relay devices from Schweitzer Engineering Laboratories for \$88,692.00. After discussion, the following motion was made:

Motion: Mr. Kaliher moved and Mr. Benfield seconded the approval of the Sole Source Request for SEL Relays. Aye: Tymchuk, Abbott, Benfield, Kaliher, Matheny.

115kV Power Circuit Breaker Contract Award

Ms. Smith reported that as part of the SS251 Kingwood Substation project, a request for Proposal (RFP) was issued for the purchase of four 115kV SF6 Power Circuit Breakers. *Alstom Grid* was the next to the lowest bid, however they scored the highest, providing a 5 year warranty and meeting the required specifications and delivery date. Therefore staff recommended awarding the purchase of the four power circuit breakers to *Alstom Grid* for a purchase price of \$219,920.00. After discussion, the following motion was made:

Motion: Mr. Abbott moved and Mr. Kaliher seconded to approve the staff recommended contract award of \$219,920 for 115kV power circuit breakers. Aye: Tymchuk, Abbott, Benfield, Kaliher, Matheny.

November 19, 2014 Board Agenda – Newport Office

Board Meeting - 10:00 a.m. Financial Condition, pg. 4
NWPPA Voting Delegate/Alternate
30% design services for the NOC
Public Hearing for alternative procurement process CM/GC
Power Transformer contract award
Conservation Quarterly/YE
Audit Report (tentative)

Consent Agenda - Minutes, vouchers, petty cash, uncollectibles, and Directors' cash report

It was requested that the audit report be distributed to the Board when it is available, prior to November's meeting. If the Board has questions, Mr. Kuhn will be invited to attend either in person or by phone to review the audit and any Board questions.

Manager's Report

Prepaid Meter and Kiosk Update

The Board reviewed a staff memo on prepaid metering and customer payment kiosks and their potential value to Central Lincoln customers. Although staff remains very interested in a future implementation of prepaid metering, there are currently technical issues that prevent us from moving forward at this time. Staff will continue to track new developments and keep the Board apprised.

Northwest RiverPartners’ Clean Hydro Campaign:

Central Lincoln will be participating in a southern Oregon media buy for Northwest RiverPartners’ Clean Hydro campaign. We had made a \$7,500 contribution towards last year’s overall campaign which provided television ads in the Portland and Seattle areas (and areas served by those TV stations). By increasing our commitment to \$10,000 for the coming year (RiverPartners is on a calendar year), we will be joining other utilities in Lane and Douglas counties to insure that all of our customers are exposed to this successful campaign.

Open Positions

The General Manager reviewed open positions at Central Lincoln and noted that we are currently recruiting for a new Customer Service Rep to serve the Reedsport and Florence areas. The vacancy was created as a result of a promotion which backfilled a retirement in Operations.

Franchise Update – Brian Barth

Mr. Barth updated the Board on the City of Depoe Bay franchise negotiations. We are making progress, and upon advice of legal counsel, will extend the deadline another 30-60 days. There was discussion regarding Central Lincoln’s responsibilities when it comes to moving power lines underground and the reimbursement mechanism. This will be investigated further.

Directors’ Discussion

Governance Policy
Aims/Ends, Pg. 1

The Board reviewed Governance Policy “Aims/Ends” Pg.1 regarding the organizational purpose of Central Lincoln. It was the consensus of the Board that the policy is accurate and applicable as written.

Site Acquisition Update

Mr. Kaliher updated the Board on the ongoing land acquisition efforts for the relocation of the South Beach operations facility and the criteria being used:

- Minimum of 10 acres usable land
- Located on north side of Yaquina Bridge and outside the flood plain and tsunami inundation zone
- Close proximity to a major highway
- Ease of access for large vehicles
- Stability of the land and road serving the property
- Reasonable access to water and sewer services
- Prefer commercial or industrial zoning.

Energy Supplier Assessment

The Board briefly discussed Oregon’s Energy Supplier Assessment (ESA) and potential strategies for managing the escalating cost of this assessment. Brandon Hignite will be preparing a financial impact analysis for Central Lincoln and an attorney from Stoel Rives will be attending the November OPUDA Board meeting to discuss the possibility of litigation. An

Executive Session will tentatively be scheduled for December for Central Lincoln to assess its options.

Low Carbon Fuel Standard

The Board discussed Central Lincoln's position with respect to Oregon's Low Carbon Fuel Standard (LCFS). Central Lincoln will continue to support OPUDA's efforts to repeal the standard by supporting the sunset date for the standard as originally established. Individually, Central Lincoln will track the issue closely but will not take an active position at this time.

BPA Cascadia Subduction Event

Mr. Kaliher noted that he would like to attend the BPA Cascadia Subduction Event meeting scheduled for November 14, 2014 in Portland.

Coast Guard Rescue Helicopter

Central Lincoln will send a letter from the Board requesting that the U.S. Coast Guard reconsider its decision to close down its helicopter rescue service out of the Newport Municipal Airport, and consolidate in North Bend.

Oregon PUD Association (OPUDA)

It was noted that Central Lincoln will appoint a Board member to the Vice President slot on the OPUDA Board of Directors in 2015; and for the President's position in 2016, and thus will host the OPUDA Annual Conference in 2016.

Meeting adjourned at 1:22 p.m.

Ron Benfield, Secretary

Judy Matheny, President