

Minutes of the September 14, 2016 Regular Board Meeting

A regular meeting of the Board of Directors of the Central Lincoln People's Utility District was held at the Newport Office on Wednesday, September 14, 2016 at 10:00 a.m. President Benfield called the meeting to order and asked that roll be called.

Directors present: Ron Benfield, President
Curt Abbott, Vice President
Tom Tymchuk, Treasurer
Larkin Kaliher, Board Member

Directors absent: Judy Matheny, Secretary

Others present: Debra Smith, General Manager
Brian Barth, Customer & Shared Services Manager
Ron Beck, Network Engineer
Sunneta Capovilla, Executive Assistant
Dale Dawson, Senior Systems Engineer - Civil
Shamus Gamache, Senior Systems Engineer - Electrical
Randy Grove, Operations Manager
Brandon Hignite, Finance and Resource Planner
Ty Hillebrand, Systems Engineer - Civil
Bruce Lovelin, Engineering Manager
Gail Malcolm, Project Manager
Joseph Monsanto, Senior System Engineer - Electrical
Hunter Templeton, Engineer Associate I
Teri Turner, Human Resources Manager
Blake Weathers, Resources and Planning Director of NEMS

Staff and Visitors Recognized

President Benfield welcomed staff and visitors to the meeting.

Intern Presentation

Mr. Lovelin introduced Engineering employees Ron Beck, Dale Dawson, Shamus Gamache, Ty Hillebrand, and Joseph Monsanto who were present to introduce 2016's summer engineering interns.

- Julia Studley was this year's Telecom/Network Engineering intern. She is studying electrical and computer engineering at Oregon State University and plans to finish her undergraduate studies in a little over a year. Her internship work included splicing, mapping and categorizing fiber; as well as creating power distribution, panel layout, current fiber and microwave connection path drawings while learning and using AutoCAD software.
- Conor Hennessy was this year's Electrical Engineering intern. He is majoring in electrical and computer engineering at Oregon State University, and would like to work for a public utility in either the Portland or Seattle area after graduation. His internship work included adding notes to programming code in Central Lincoln's Survalent SCADA (Supervisory

Control And Data Acquisition) system, learning about substation functionality (and how Central Lincoln works to provide redundancy and resiliency), updating electrical part inventories while working on electrical schematics for the Seal Rock Substation, and participating in an APPA DEED (American Public Power Association-Demonstration of Energy Efficiency & Development) project.

- Jerrod Eshleman spent his summer as Central Lincoln's Civil Engineering intern. He is entering his second year at Oregon State University and plans to graduate with a degree in Civil Engineering. His internship assignments included placing transmission line access road markers, participating in the installation of a French drain at Heceta Head's substation, overseeing the replacement of secondary containment covers, observing utility pole replacement and assisting with substation construction.

Each expressed appreciation to the Board and management for the opportunity to participate in the intern program and receive invaluable hands-on experience.

Consent Agenda

The Board approved the following Consent Agenda items as presented:

- a) Minutes of August 17, 2016 Regular Board Meeting
- b) Vouchers for August, 2016
- c) Uncollectibles for August, 2016
- d) Directors' Cash Report as of August 31, 2016

2020-2024 Above High Water Mark Election **Blake Weathers**

On September 30, 2016 Central Lincoln will be required to make its Above High Water Mark 'Up To' election with the BPA (Bonneville Power Administration) for the years 2020-2024. Blake Weathers, Resources and Planning Director of NEMS (Northwest Energy Management Services), joined the meeting to provide a market overview analysis of the various factors impacting wholesale electricity prices. Natural gas production and pricing is a key variable in determining wholesale electricity prices. Growth in solar generation in California, surplus generation in the Pacific Northwest and hydro generation are also contributing factors. BPA's Tier One and Tier Two pricing as well as forecasting potential load growth in the District are also factors being taken into consideration by Central Lincoln. After discussion the following motion was made:

Motion: Mr. Abbott moved and Mr. Tymchuk seconded to give the General Manager authority to elect an "up to" amount that establishes the amount of above-rate period high water mark load (A-RHWML) that Central Lincoln will serve with non-federal (other than Tier 2) resources. The amount, which is in excess of the established A-RHWML, is not to exceed 9 aMW. **Aye:** Tymchuk, Abbott, Kaliher, Benfield.

Rate Schedule Discussion

Management proposed several changes to Rate Schedules 405, 405T, 500 and 700.

- Schedules 405 & 405T should be adjusted based on the recent Cost of Service Analysis.
- Schedule 500 is for street lighting; and with the increasing popularity of energy efficient LEDs, management recommended updating the rate description by removing the term

“High Pressure Sodium,” and replacing the specifications with the term “Equivalent.” It was also recommended that the sentence referring to lighting on customer-owned poles be removed as this practice is no longer allowed.

- Schedule 700 contains miscellaneous fees, charges and deposits, including those that apply to customers who have opted not to use a Central Lincoln broadcasting AMI meter. Various options and adjustments were presented for Board consideration. Some were increased, some decreased, and some were eliminated

A proposed resolution reflecting the discussion of these rate schedule changes will be presented for adoption at October’s Board meeting.

Unbundling of Rates

Brandon Hignite gave a presentation, based on the most recent Cost Of Service Analysis (COSA); that discussed what charging for demand might look like to better prepare for pricing Central Lincoln products in the future and to fairly distribute costs to customers.

October 19, 2016 Board Agenda – Toledo City Hall

Board Meeting - 1:00 p.m. Governance Policies: Pgs. 1 & 8
Customer & Community Connections Update and Calendar
Resolution: Rate Schedules 405, 405T, 500 and 700
Vulnerability Risk Assessment
Board Healthcare Benefits

Manager’s Report

Pension Plan Update

The Board reviewed the annual actuarial valuation report of the Pension Plan and Trust as of July 1, 2016. This plan was closed six years ago to new employees. The Board also reviewed the activity and costs associated with the 401(k) plan, which replaced the Pension Plan. The cost, when combining valuations and contributions of the two plans, is down 1% from last year.

Reedsport Office

In late August the Reedsport office staff noticed a hole that had developed in the parking lot and was getting larger. Upon investigation, it was discovered that there was significant sinking of the ground under the asphalt. Management researched some alternate buildings to lease, but based on the scope of work that would be required to modify a new location, it was decided that it would be more cost effective to make repairs to the current office location.

Training Day

The Central Lincoln all-employee Training Day will be held at the Florence Events Center on September 29th. The topics this year will be wellness, safety and cyber security.

NISC Software Update

The current focus of the software update is on Customer Care and Billing, Accounting and Business Solutions; and integration with a new Human Resource system by Epicor.

Directors' Discussion

Emergency Preparedness

Customer Don Davis contacted Mr. Benfield inquiring about Central Lincoln's plan for parking line trucks and stocking supplies throughout the District in preparation for a Cascadian Event. Currently Central Lincoln does not have extra trucks, but placing supplies strategically throughout the District is being considered as part of the overall emergency preparedness plan.

There being no further business, the meeting was adjourned at 2:24 pm.

Judy Matheny, Secretary

Ron Benfield, President