Minutes of Regular Board Meeting August 19, 2020

A regular meeting of the Board of Directors of the Central Lincoln People’s Utility District was held at the Newport Office on Wednesday, August 19, 2020. Due to COVID-19 pandemic-related social distancing ordered by Governor Kate Brown, the majority of attendees participated via WebEx. President Abbott called the meeting to order at 10:00 a.m. and asked that roll be called.

Directors attending via WebEx:
- Curt Abbott, President & Assistant Treasurer
- Paul Davies, Vice President
- Judy Matheny, Treasurer
- Jim Chambers, Secretary
- Keith Tymchuk, Board Member

The following staff attended in person:
- Randy Grove, General Manager
- Sunnetta Capovilla, Executive Assistant
- Brandon Hignite, Director of Shared Services
- Ken Murray, IT Manager

Staff & Visitors Attending via WebEx:
- Wade Carey, Energy Services Manager
- Chris Chandler, Public Affairs Manager
- Mark Freeman, Director of Employee, Customer & Community Services
- Ty Hillebrand, Director of Engineering & Operations
- Becky Johnson, Accounting Supervisor
- Gail Malcolm, Senior Project Manager
- Teri Turner, Human Resources Manager
- Todd Wright, Right of Way Supervisor
- Floyd Larson, Florence Customer

Public Comment

Customer Floyd Larson joined the meeting via WebEx stating his concerns about neglected vegetation management in and around power lines in his neighborhood, south of Florence. Mr. Larson said that this issue was not limited to just his neighborhood and he had seen other vegetation clearance issues throughout the Florence area. He stated that because trees grow so fast in this area, there is a real safety concern of overgrown trees in power lines that could cause fires, and he would like to see additional resources allocated towards vegetation management. He stated he has taken photographs, talked to his neighbors and contacted the PUC in an effort to make this work a top priority. Mr. Grove reported that Central Lincoln has additional tree-trimming equipment arriving in October, and is in the process of hiring in-house tree trimming crews to replace previously contracted crews. This will provide more accountability going forward, but the current budget will not allow as much work to be done as Mr. Larson is requesting. The Board thanked Mr. Larson for his time and perspective as a community member within Central Lincoln’s service area.
Consent Agenda

The Board approved the following Consent Agenda items as presented:
   a) Minutes from June 24, 2020 Board Meeting
   b) Accounts Payable Check Register for June and July 2020

Monthly Financial Reports

The Board reviewed and discussed the following financial reports:
   a) Accounts Receivable Aging Analysis as of June 30 and July 31, 2020
   b) Cash Report as of June 30 and July 31, 2020
   c) Contribution Margin Analysis Fiscal YTD

Customer Disconnects and Collections

Mr. Freeman reported on the past due collection process that began August 5, stating that customers have been cooperative in collection conversations, noting $35,000 in payment arrangements have been made so far. Over $175,000 in deposits have been returned to customers three months earlier than normal, and to date, customers have taken advantage of $52,000 from the Job Loss Assistance program. Customers using the Prepaid feature were the first group addressed in the collection and disconnect process, customers with balances over 60-days who have not made payment arrangements are the next group to be addressed with disconnections beginning on August 25. Central Lincoln continues to work with those agencies that can provide energy assistance to customers.

Cash Flow Update

In June, Mr. Hignite reported on changes in Central Lincoln’s cash position due to factors being influenced by COVID-19. Additional items to note this month are that the LGIP (Local Government Investment Pool) has reduced interest rates being paid on cash reserves, which could result in a reduction of $400,000. In addition, BPA did finalize its decision not to charge $600,000 in reserve expense to Central Lincoln. Additional claims to the $300,000 Federal reimbursement allotment for COVID-19 related expenses are anticipated. Last month Central Lincoln claimed $84,000, this month an additional $30,000 has been claimed, and it is anticipated that the full Federal reimbursement allotment will be claimed by the due date of August 21.

Confirm Next Board Meeting Agenda
September 16, 2020–Newport/WebEx

Board Meeting 10:00 a.m.  Consent Agenda – Minutes, A/P Check Register
                          A/R Analysis, Cash Report, Contribution Margin
                          Retirement Plans Update
                          Resolution: NEMS Master Resource Agreement
                          EV Station Rate Structure (tentative)
                          Contract Award: Service Truck for Reedsport (tentative)
                          Executive Session: ORS 192.660(2)(e) (tentative)
General Manager's Report

Conservation Quarterly
Mr. Carey provided a quarterly conservation program update, covering the first nine months of BPA’s two-year rate period, which began October 1, 2019. As expected, Central Lincoln has experienced lower overall program participation for the April-June quarter due to the COVID-19 pandemic, noting however, participation for customer projects did start to pick up in June. BPA is watching this trend closely, and has made a few changes in its current program, such as increasing heat pump rebates for installations beginning July 1. BPA has also increased the performance payment amount from $.04/kWh to $.05/kWh, and is considering a one-time increase to the amount of EEI funds utilities can roll over into the next budget year (which begins October 2021).

Shake Alert Funding
Mr. Grove reported that the Oregon legislature recently approved $7.62 million in general obligation bonds to fund the buildout of the ShakeAlert earthquake early warning system. This will increase the State of Oregon’s “sensor density” to meet federal standards, allowing Oregon to participate in public alerts. System buildout is expected to be completed by June 30, 2023. The U.S. Geological Survey (USGS) and a coalition of state and university partners developed and are implementing the ShakeAlert system for the entire West Coast.

Rate Period High Water Mark
The Rate Period High Water Mark did not change from May’s projection, which means Central Lincoln will be required to purchase 4aMW of power through NEMS for the next BPA Rate Period. Staff will work with NEMS to procure a market purchase prior to May 2021. Mr. Hignite will collaborate with staff, NEMS and Central Lincoln’s largest customer to determine how this market purchase will be structured.

BPA’s Q3 Revenues vs Forecast
BPA’s third quarter forecast of year-end net revenues significantly exceeded expectations due to higher than expected secondary power sales, by about $100 million. BPA’s CFO Michelle Manary stated, “Even though we’ve had unusual times, with disciplined cost management and favorable market conditions, we’re forecasting hitting all of our financial targets for this year. The secondary sales benefited from higher market prices and a good runoff pattern.” In addition, she said, “Local load reductions by some customers due to COVID-19 impacts were offset by increases in other areas with a net result of no drop in aggregate load.” She further stated that ‘about 75% of the forecasted $100 million comes from power revenues, and the remaining 25% from transmission, putting BPA in good condition going into FY21 to deal with economic, water and market uncertainty, and helps us to continue to be a good business partner for the region.”

Change in BPA’s Administration
Elliot Mainzer, BPA’s Administrator for the last seven years, announced he will be leaving at the end of August to assume the role of President and CEO at the California ISO. In the interim, BPA’s Chief Operating Officer John Hairston will serve as Administrator. NRU plans to actively engage in the process of selecting a permanent Administrator.
**Directors’ Discussion**

Mr. Tymchuk expressed his appreciation to Central Lincoln for a $100 donation made to the Tom and Marlene Tymchuk Scholarship Fund after the passing of his father and former Central Lincoln Board Member, Tom Tymchuk.

On behalf of the Board, President Abbott (virtually) presented Mr. Grove with a letter of appreciation and service award for his 35 years of employment with Central Lincoln. Board members congratulated Mr. Grove on his many accomplishments during his years at Central Lincoln, and quipped that they hoped he’d stay around for another 35 years.

There being no further business, President Abbott adjourned the meeting at 11:02 a.m.

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Jim Chambers, Board Secretary

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Curt Abbott, President