Minutes of a Regular Board Meeting August 21, 2019

A regular meeting of the Board of Directors of the Central Lincoln People’s Utility District was held at Central Lincoln’s Headquarters in Newport on Wednesday, August 21, 2019. President Tymchuk called the meeting to order at 10:00 a.m. and asked that roll be called.

Directors Present: Keith Tymchuk - President
Curt Abbott – Vice President & Assistant Treasurer
Paul Davies - Secretary
Judy Matheny - Treasurer
Jim Chambers – Board Member

President Tymchuk welcomed staff and visitors to the meeting as follows:

Randy Grove, General Manager
John Campbell, Operations Supervisor I
Sunnetta Capovilla, Executive Assistant
Wade Carey, Energy Services Manager
Chris Chandler, Public Affairs Manager
Allen Frank, Journeyman Meterman
Mark Freeman, Director of Employee, Customer & Community Services
Brandon Hignite, Director of Shared Services
Ty Hillebrand, Director of Engineering & Operations
Gail Malcolm, Project Manager
Ken Murray, IT Manager
Teri Turner, HR Manager
Brandon Jordan, Emerald PUD Board Member

Mr. Jordan stated he is attending a board meeting of each of the electric PUDs in Oregon to see how other PUD boards conduct their meetings.

Consent Agenda

The Board approved the following Consent Agenda items as presented:

a) Minutes from June 17, 2019
b) Accounts Payable Check Registers for June and July 2019

d) Monthly Financial Reports

The Board reviewed and discussed the following financial reports:

a) Accounts Receivable Aging Analysis as of June 30 and July 31, 2019
b) Cash Report as of June 30 and July 31, 2019
c) Contribution Margin Analysis Fiscal YTD

Contract Award

SS137 Settlement Mitigation Project

Differential settlement has occurred to the high-side foundations of Substation 137 in Toledo. Three bids were reviewed to perform excavation, construct helical piers and level the existing concrete foundation. The work will include drilling down 85’ with helical piers to penetrate bedrock.
which will provide vertical support. Low bidder was Ram Jack West for $194,737. After discussion, the following motion was made:

**Motion**: Mr. Abbott moved and Mr. Davies seconded to approve a contract award with Ram Jack West in the amount of $194,737 for Toledo’s Substation 137 Industrial Settlement Mitigation Project. **Aye**: Davies, Matheny, Abbott, Chambers, Tymchuk.

**Contract Award**

**SS109 Transformer and Distribution Expansion Project**

The Substation 109 Expansion Project was identified as a priority during Central Lincoln’s Vulnerability and Risk Assessment. The contract is for the first phase of work necessary to provide additional capacity for Newport and mitigate for an underground transmission line failure between SS101-Benfield and SS103-Nye Beach. Three bids were reviewed to perform excavation, construct concrete foundations and install secondary containment for the future addition of a transformer and low-side distribution at SS109-Steenson. Low bidder was Runions Construction for $110,979.79. After discussion, the following motion made:

**Motion**: Mrs. Matheny moved and Mr. Abbott seconded to approve a contract award with Runions Construction in the amount of $110,979.79 for the Substation 109 transformer and distribution expansion project. **Aye**: Davies, Matheny, Abbott, Chambers, Tymchuk

**Confirm Next Meeting Agenda**

**September 18, 2019 Board Agenda – Yachats Overleaf**

- Employee Forum 10am: Facilitated conversations between Board and employees
- Board Meeting 1pm: Consent Agenda - Minutes, A/P Check Register, A/R Analysis, Cash Report, Contribution Margin, Governance Policies, Pension Update, Executive Session: Discuss Real Property Transactions

**General Manager’s Report**

Mr. Carey presented details about the BPA FY2017-2019 conservation program, noting Central Lincoln is entering the final three months of BPA’s rate period. One Central Lincoln customer has an extremely large industrial project scheduled to be completed this summer. A bi-lateral funds transfer has been requested from another BPA utility to meet the incentive funding requirements so that the project can be claimed during the current rate period. Central Lincoln will return the bi-lateral transfer funds in the BPA FY2019-2021 rate period. BPA also announced in July that it was planning to make available just over a million dollars of unused funding. To further assist in funding the industrial customer’s project, Central Lincoln requested and received $31,967 from BPA.

**Community Solar Project**

Mr. Carey reported that Central Lincoln’s community solar project being installed on the Florence Operation Center building is underway. The mounting racks are in the process of being installed, with 215 solar panels to follow during the last week of August. The “go-live” date is planned for
mid-October, with customers being able to purchase panels for $330 each. Customers are limited to purchasing five panels, and employees will have to wait 60 days before they can participate. Central Lincoln is also offering a 12-month no-interest financing plan for qualifying customers.

**Electric Vehicle (EV) Strategy Update for FY20**

Ms. Chandler gave an update on Central Lincoln’s Electric Vehicle (EV) Strategy, initially presented in December 2017. Staff has determined electric vehicle charging has significant potential for increased load, benefitting Central Lincoln’s bottom line. In addition, the State of Oregon issues Clean Fuel Credits based on the number of EVs registered in each participating utility’s district. The credits can be sold to parties who need them for compliance with the (DEQ-regulated) Oregon Clean Fuels Program. The intent of the program is for Clean Fuel Credit revenue be used for EV outreach and support, including consumer education/outreach, rebate programs, charging stations, or EV acquisitions. In FY20, Central Lincoln's Clean Fuel Credit revenue will be used to fund EV education and outreach, customer incentives (i.e. Level 2 charger install rebates) and charging infrastructure. Central Lincoln will also continue to support “Drive and Ride EVents” as well as placing items in Coastlines, in social media, and our website to continue to assist customers in understanding the economic and clean air benefits of driving electric.

**Affordability Comparators**

In an ongoing effort to monitor Central Lincoln’s rate affordability for its customers, Mr. Freeman reviewed a chart with the Board that provided ratio comparisons of Central Lincoln’s rates based upon federal income guidelines for 1-4 person households. Of 12 neighboring utilities, Central Lincoln’s ratios were 3rd from the lowest, and were substantially under larger utilities in Washington and California.

**Cyber Security**

Mr. Murray updated the Board on Central Lincoln’s involvement with APPA and the C2M2 (Cyber Security Capability Maturity Model.) It is Central Lincoln’s intention to use the C2M2 and the product APPA web platform to benchmark and track progress on Central Lincoln’s Cyber Program. Additionally, we are investigating cyber security insurance, as we believe it will provide additional technical support to IT staff in the event of an issue. We’ve spoken to a comparable utility of our size and their $1 million insurance policy cost approximately $7-10 thousand annually.

**Drone Use**

In the past, Central Lincoln has paid contractors for drone use to assist with pole inspections. After reviewing the cost-to-benefit ratio, the decision was made to purchase a drone. One of Central Lincoln’s staff members is a qualified drone pilot and a Drone Use Policy has already been formalized. The next step will be to determine record retention requirements as well as how to organize the data received when using the drone.

**Paperless Statements and Auto-Pay Customers**

It is Central Lincoln’s continuing goal to reduce costs by encouraging customers to “go paperless” receiving their monthly statements by email. Following the NISC software conversion two years ago, customers already using paperless billing had to sign up again with NISC. A goal was set to increase the number of paperless customers by 10% by the end of the fourth quarter of FY19. Thanks to an education and outreach campaign, and an internal employee contest, an additional
953 customers signed up for paperless billing, an increase of 16.55%. Now, 5,757 customers, (16.6%) are using paperless billing. Auto-pay customers are now at 30%.

**Deposits vs. Late Fees**

Recently Central Lincoln eliminated its deposit policy, and increased late fees to discourage delinquent accounts. With the addition of the “Prepaid” option, customers can add funds to their account electronically whenever they choose; (much like prepaid cell phone minutes). Prepaid customers are notified immediately when their account funds are low and their power is in danger of being disconnected, allowing customers to easily add funds using a smart phone or computer. Due to these changes, 8,300 fewer customers are being charged late fees, and bad debt write-offs have been significantly reduced.

**Headquarters Discussion**

Next month the Board will meet in executive session to hear an update on options for either retrofitting or selling the current headquarters building. Staff will provide various financial options and recommendations for the Board to consider.

**Annual Financial Audit**

Mr. Grove reported that Moss Adams LLP has begun its financial audit of FY19, and auditors have asked to interview one Board member. Mr. Davies volunteered to be that member.

**August Public Power Meetings**

Mr. Hignite recently attended PPC (Public Power Council), NRU (Northwest Requirements Utilities) and NEMS (NW Energy Management Services) in Portland the first week of August. He presented graphics and information about how BPA generates and purchases power to supply to its customers, markets excess power, and spends its revenue dollars. He also compared pricing for Above High Water Mark power from BPA and NEMS. Finally, he recognized new leadership for PPC and NRU.

**South Beach Underground Project**

Mr. Grove reported that the City of Newport has paid Central Lincoln $737,552 for labor and materials needed to complete undergrounding feeders along of a section of Highway 101 and Ferry Slip Road in South Beach in coordination with the City of Newport and Oregon Department of Transportation. The project is anticipated to take three years to complete.

**Employee Deployment**

Mr. Grove announced that Don Schuch, Engineering Associate II – Civil, with Central Lincoln and Sergeant First Class with the National Guard is being deployed for 10-12 months to Africa. During his time away, his duties will be distributed amongst engineering staff, keeping his position intact. Central Lincoln appreciates Don’s service to our country, and looks forward to his safe return.

**Directors’ Discussion**

Mr. Davies reported on his attendance at a recent SDAO meeting, noting it was a good refresher on Board of Directors’ responsibilities, ethics and laws governing Oregon’s Special Districts.
Mr. Tymchuk asked about billing customers based on time-of-use. Nothing is planned for customers for the near future, but EV owners in the District will be encouraged to charge their vehicles during off-peak hours. This can typically be accomplished with installed charging timers or programmable software already available in most electric vehicles.

**Executive Session 1:09 p.m.**
The regular meeting was recessed into Executive Session in accordance with ORS 192.660(2)(d) “To conduct deliberations with persons designated by the governing body to carry on labor negotiations”

**Regular Session 1:45 p.m.**
The regular session was reconvened, and there being no further business, the meeting adjourned at 1:45 p.m.

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Paul Davies, Board Secretary  Keith Tymchuk, Board President