Minutes of a Regular Board Meeting June 17, 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 Monday, June 17, 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
Sunnetta Capovilla, Executive Assistant
Chris Chandler, Public Affairs Manager
Adam Kerper, Staff Engineer - Electrical
Mark Freeman, Director of Employee, Customer & Community Services
Ty Hillebrand, Director of Shared Services
Joe Hiner, Director of Engineering & Operations
Gail Malcolm, Project Manager
Teri Turner, HR Manager

Consent Agenda

The Board approved the following Consent Agenda items as presented:
  a) Minutes from May 29, 2019
  b) Accounts Payable Check Register for May 2019

Monthly Financial Reports

The Board reviewed and discussed the following financial reports:
  a) Accounts Receivable Aging Analysis as of May 31, 2019
  b) Cash Report as of May 31, 2019
  c) Contribution Margin Analysis Fiscal YTD

Governance Policies

IV.C General Manager Compensation and Benefits
This policy states in part “The Board will pay its General Manager fair market value for services within the context of fiscal responsibility to the organization.” It was noted that since Mr. Grove was just promoted to General Manager March 1, 2019, there would be no re-evaluation of wages at this time.

IV.D Monitoring Organizational Performance
This policy outlines the Board-GM relationship with respect to monitoring organizational performance. No change or action was needed.
Resolution No. 966  
Board Governance Policy Modification

Staff requested that the Board considering changing the annual review date of the General Manager Compensation & Benefits and Organizational Performance Governance Policies from May to February to align with Mr. Grove’s hire date of March 1st. A resolution with an amended policy were presented for consideration. After discussion, the following motion was made:

**Motion**: Mr. Davies moved and Mrs. Matheny seconded to adopt Resolution 966, which updates the Governance Policy: Board-GM Relationship for General Manager Compensation and Benefits and Monitoring Organizational Performance from an annual review in May of each year to February. **Aye**: Chambers, Davies, Matheny. **Nay**: Abbott, Tymchuk. Motion Carried.

Resolution 967  
Approving New Rate Schedules  
100, 190, 195, 200, 350, 360, 400, 500, 510, 520, and 530

At the April 2019 meeting, the Board heard a presentation on the findings of the Cost of Service Analysis (COSA) and proposed rate changes including interclass adjustments. In May, staff discussed the need for a 3% rate increase and the recommended interclass rate changes based on the COSA. The Board reviewed recommended rate schedules changes and asked that they be finalized for the June meeting. Consistent with previous discussions, Rate Schedules 100, 190, 195, 200, 350, 360, 400, 500, 510, 520, and 530 were presented for adoption through Resolution 967. After discussion, the following motion made:

**Motion**: Mr. Abbott moved and Mr. Chambers seconded to adopt Resolution 967, which approves new Rate Schedules 100, 190, 195, 200, 350, 360, 400, 500, 510, 520, and 530. **Aye**: Matheny, Abbott, Chambers, Davies, Tymchuk.

Board Meeting Date Cancelled

After a review of upcoming board meetings, and due to a lack of topics necessitating a board meeting in July, it was suggested that consideration be given to canceling the scheduled July 17, 2019 meeting, noting a telephone conference could be held if necessary. After discussion, the following motion made:

**Motion**: Mr. Abbott moved and Mr. Davies seconded to cancel the July board meeting. **Aye**: Abbott, Chambers, Davies, Matheny, Tymchuk.

Confirm Next Meeting Agenda

**August 21, 2019 Board Agenda – Newport Office**

| Board Meeting 10am: | Consent Agenda - Minutes, A/P Check Register  
| | A/R Analysis, Cash Report, Contribution Margin  
| | Quarterly Conservation Report  
| | EV Strategy Update  
| | Contract Award: Substation 137 Foundation Stabilizing Project  
| | Headquarters Discussion  

Board Minutes  
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June 17, 2019
General Manager's Report

FY19 Accomplishments

Each year at this time, staff provides a list of accomplishments organized by business strategy as part of the process to wrap up the fiscal year. Central Lincoln management uses this cyclical approach to manage organizational performance as well as individual employee performance. The Board reviewed a multi-page document identifying those accomplishments.

Conservation Voltage Regulation (CVR) Project

In 2009, the Department of Energy awarded Central Lincoln a Smart Grid Investment Grant to implement grid modernization projects and test developing technologies in the electric industry. One technology Central Lincoln tested was conservation voltage regulation (CVR). Since 2013, staff has gained considerable knowledge from the implementation of the CVR demonstration project and has determined that the benefits of CVR do not outweigh the significant costs and potential impact to customer rates. Therefore, staff recommends discontinuation of this program. No objections were heard from the Board.

BPA's BP-20 Record of Decision (ROD)

Mr. Grove reported that BPA anticipates a base power rate increase of 0% over the two-year rate period; however, the base power rate increase does not include the impact of the Financial Reserves Policy surcharge which may be needed to strengthen BPA's financial health. The maximum surcharge of $30 million could raise the effective power rate up to 1.5% for fiscal years 2020-2021. The average transmission rate increase (settled earlier this year as part of the larger TC-20 tariff settlement) is 3.6%. BPA's Administrator will make final decisions in the Final ROD, expected to be released by July 25, 2019.

Legislative Update

Ms. Chandler provided an updated summary of bills Central Lincoln is tracking this session. Tom Barrows, the Romain Group, and lobby staff for the Special Districts Association are watching these closely and communicating how the various bills will affect Central Lincoln and other utilities.

Waldport Parade Award

Central Lincoln received first place as Best Commercial Entry for the Beachcomber Days Parade.

Retiring Employee

Mr. Grove recognized Joe Hiner who is retiring on July 1st after 32 ½ years. Joe came to Central Lincoln as a Journeyman Wireman from the Washington Water & Power Company in Spokane. During his career, he held many positions including Substation Foreman, Operations Supervisor, Distribution Engineering Supervisor, and is retiring from Central Lincoln as the Director of Engineering and Operations. Joe was involved in many committees over the years and his insight and input as a member of the Labor Management Committee was invaluable; he will be missed.
**Directors’ Discussion**

**APPA National Meeting**
Mr. Abbott & Mr. Davies attended the APPA National Meeting on June 7-12, 2019. Both reported interesting presentations and good keynote speakers with topics including: cybersecurity, homeland security, battery storage for peak-shaving and demand, use of blockchain (which is not bitcoin), repurposing coal plants for other utility uses, making the most of mutual aid, bond ratings for utilities and capital plan ratios.

On the topic of cybersecurity, Mr. Hillebrand mentioned that Risk Strategies provides the option of purchasing data breach insurance.

There being no further business, the meeting adjourned at 12:00 p.m.

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Paul Davies, Board Secretary                      Keith Tymchuk, Board President