Minutes of Regular Board Meeting September 16, 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, September 16, 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
- Mark Freeman, Director of Employee, Customer & Community Services
- Brandon Hignite, Director of Shared Services
- Ty Hillebrand, Director of Engineering & Operations
- Ken Murray, IT Manager

Staff & Visitors Attending via WebEx:
- Chris Chandler, Public Affairs Manager
- Bill Reinhart, Controller
- Teri Turner, Human Resources Manager

Public Comment Follow-Up

After attending August’s board meeting and expressing concerns about vegetation management, Mr. Larson contacted Ty Hillebrand and conveyed his appreciation for the information he received regarding the hiring of additional tree-trimming crews and new equipment arriving in October; and for identifying priorities that he hopes will address his concerns along distribution lines. He further noted that he has always appreciated Central Lincoln’s service reliability, understands the challenges and hopes these changes will keep customers safe and perhaps even improve service reliability.

Consent Agenda

The Board approved the following Consent Agenda items as presented:
- a) Minutes from the August 19, 2020 Board Meeting
- b) Accounts Payable Check Register for August 2020

Monthly Financial Reports

The Board reviewed and discussed the following financial reports:
- a) Accounts Receivable Aging Analysis as of August 31, 2020
- b) Cash Report as of August 31, 2020
- c) Contribution Margin Analysis Fiscal YTD
Customer Disconnects and Collections

Mr. Freeman reported that with growing past-due balances, and after months of reaching out to customers, Central Lincoln began service disconnects on August 1, 2020. The majority of customers immediately called in, and were able to set up payment arrangement to fit their individual financial situation. He reported there is currently $45,000 remaining in the job-loss assistance fund, noting that during the pandemic, disconnect and late fees are temporarily being waived.

Central Lincoln is preparing data as requested by the Governor, which includes:
- Historical aging of accounts receivable from September 2017 forward
- Non-pay disconnects from September 2017 forward
- Bad debt as percentage of revenue from September 2017 forward

Board Governance
Policy II.C Financial Condition

Central Lincoln has completed the fiscal year that ended June 30, 2020 and preliminary financial statements were presented showing that Central Lincoln did not expend more funds than were budgeted in the FY20 year of the rolling five-year plan. The Board also reviewed and discussed a 12-month budget-to-actual report with comments, a quarterly performance dashboard, and a key financial ratios report. Mr. Grove commented that Central Lincoln is in sound financial condition, noting also that we have now surpassed installation of 40,000 customer meters in our service area.

Contract Approval Request
One Work-Ready Service Wagon

Central Lincoln sent out a request for proposal on 8/17/20 for one service truck to replace a like vehicle in Reedsport. Of the two proposals received, only one met all the minimum requirements. After discussion, the following motion was made:

**Motion:** Mr. Davies moved and Mr. Tymchuk seconded to approve a contract award with Altec for one work ready service wagon built to Central Lincoln specifications for the purchase price of $168,101. **Aye:** Tymchuk, Chambers, Davies, Matheny, Abbott.

Contract Approval Request
Two Work-Ready Chip Dump Trucks

Central Lincoln sent out a request for proposal on 8/25/20 for forestry chip dump trucks. Four proposals were received from reputable vendors, and all four met the minimum requirements. Staff recommended the board approve the lowest bidder, WTD Equipment, for $192,683.54. After discussion, the following motion was made:

**Motion:** Mrs. Matheny moved and Mr. Davies seconded to approve a contract award with WTD Equipment for two work ready chip dump trucks built to Central Lincoln specifications for the purchase price of $192,683.54. **Aye:** Tymchuk, Chambers, Davies, Matheny, Abbott.
**Sole Source Procurement Request**

**Trojan Transformer Dry-Out System**

Drying a transformer extends the life of the unit, delaying the cost of replacement. The Trojan Transformer Dry-Out System will provide cost efficiencies as well as an elevated level of monitoring and communication with the device as it processes containment oil. HEES Enterprises is the only source that meets the quality specifications required by Central Lincoln. After discussion, the following motion was made:

**Motion:** Mr. Chambers moved and Mrs. Matheny seconded to authorize the sole source purchase of a Trojan Transformer Dry-Out System from HEES Enterprises for $75,674. **Aye:** Tymchuk, Chambers, Davies, Matheny, Abbott.

### Confirm Next Board Meeting Agenda

**October 21, 2020–Newport/WebEx**

- Consent Agenda – Minutes, A/P Check Register
- A/R Analysis, Cash Report, Contribution Margin
- Governance Policies Pgs. 1, 2, 8
- Review Inventory of Board Resolutions
- FY20 Audit Report
- Customer & Community Connections Calendar

### General Manager’s Report

**Retirement Plans Update**

Central Lincoln has received an annual actuarial valuation of the Pension Plan and Trust as of July 1, 2020 from the Silverstone Group. After four years of decreases to the required employer contribution for the upcoming year, the contribution amount remains steady this year. It has been over 10 years since Central Lincoln closed the pension plan to new hires, and currently there are 60 employees receiving 401(k) matching funds. Overall, the percentage of payroll for the combined pension and 401(k) plan costs was down approximately 2%. Over time, the costs will trend downward as new employees participate in the 401(k) plan rather than the pension plan.

**EV (Electric Vehicle) Rate Structure**

Charlie Botsford from EV Charging Solutions joined the meeting. EV Charging Solutions owns three public chargers in Central Lincoln’s service territory. Mr. Botsford explained he believes that with Central Lincoln’s demand structure, the rates are much higher than other utilities.

Internal analysis shows that some utilities have different thresholds for the demand rate or use small/large commercial rates, and that three other COUs have EV charging station specific rates and several more are considering adding this rate class. Staff will continue updating the Board on findings with a goal of suggesting a possible addition of a special EV or low load factor rate class for the July 1, 2021 rate class reviews.

**NEMS Power Purchase**

It appears 99% certain that Central Lincoln will have to purchase 4aMW from a secondary market through NEMS to serve our above high water mark load as discussed at the August board meeting. Rates appear to be historically low ($29/MwH), and Mr. Hignite asked for direction from the Board on timing of the purchase. It was the consensus of the Board to have Mr. Hignite submit an exhibit with NEMS immediately to join the next group market purchase.
**GP Load Curtailment**
The wildfires in the community of Otis in northern Lincoln County, affected the natural gas infrastructure, which supplies the Georgia-Pacific containerboard mill in Toledo. Production was halted on September 9, and 270 employees were laid off on September 14. It is anticipated that natural gas will be restored soon so GP employees can resume work on September 18.

**Smoke Storm**
Mr. Grove reported that on the evening of September 7, 2020 Central Lincoln experienced unprecedented high winds from the east, bringing with it large amounts of smoke and knocking down a number of trees. He commented it was the worst September storm he has ever seen. Over 5,000 Central Lincoln customers lost power that first night, and all but 350 were back on by the end of the first day. Everything was so dry, crews had to patrol lines several times to make sure no fires were started when lines were reenergized. Three full line crews worked 16-hour shifts in hazardous smoky conditions to restore power to all customers for 3 ½ days. Mr. Grove commended the operations staff and line crews for their hard work during this difficult storm. The most challenging repair was a severed fiber line in the Cape Perpetual area, which took two days to repair. During that time, the alternate fiber route (recently negotiated with LS Networks) was used to maintain connectivity to the Florence and Reedsport offices.

**Directors’ Discussion**
Mr. Davies reported that he had a telephone conversation with auditors last week as part of their audit process.

There being no further business, President Abbott adjourned the meeting at 11:46 a.m.

Jim Chambers, Board Secretary                         Curt Abbott, President