

***CANBY UTILITY  
REGULAR BOARD MEETING  
MARCH 11, 2014  
7:00 P.M.***

**AGENDA**

- I. CALL TO ORDER
- II. AGENDA
  - Additions, Deletions or Corrections to the Meeting Agenda
- III. CONSENT AGENDA
  - Approval of March 11, 2014 Agenda
  - Approval of Regular Board Meeting Minutes of February 25, 2014
  - Approval of Write-Offs
  - Approval of Payment of Water and Electric Bills
- IV. CITIZEN INPUT ON NON-AGENDA ITEMS
- V. STAFF REPORTS

Finance Manager:

  - Budget Timeline

General Manager Updates:

  - Finance Manager Job Performance Evaluation
- VI. EXECUTIVE SESSION The Canby Utility Board will adjourn its regular meeting to go into executive session pursuant to ORS 192.660(2)(i) to discuss performance of a public employee. Upon completion of the executive session the Board will return to its regular meeting.
- VII. ADJOURN

***CANBY UTILITY  
REGULAR BOARD MEETING MINUTES  
FEBRUARY 25, 2014***

PRESENT: Chairman Cornelius; Members Smith, Wagner, and Maxwell; Matt Michel, General Manager; and Barbara Benson, Board Secretary

ABSENT: Member Potter

ALSO PRESENT: Carol Sullivan, Finance Manager; Larry Hepler, Operations Superintendent; Dee Anne Wunder, Customer Service Supervisor; Walt Daniels; and Tim Dale, City Liaison

Chairman Cornelius called the Regular Board Meeting to order at 7:01 p.m.

Chairman Cornelius presented the meeting agenda for consideration. He asked for any additions, deletions or corrections to the meeting agenda and Matt Michel, General Manager requested a BPA update be added to the agenda.

Chairman Cornelius presented the consent agenda for approval. Member Wagner made the \*MOTION to Approve the Consent Agenda, Consisting of the Amended Meeting Agenda and Regular Meeting Minutes of February 11, 2014. Member Maxwell seconded, and the motion passed unanimously.

Chairman Cornelius asked for citizen input on non-agenda items and there was none.

Member Cornelius presented Member Smith with a plaque and meter lamp in appreciation for his six years of service as a member of the Canby Utility Board. Member Smith shared his thoughts about the Board's role as a governing body.

Member Maxwell gave an update on the Knights Bridge Substation project. He stated that the substation lighting is good and staff will present the final project costs next month. Larry Hepler, Operations Superintendent, distributed screen views of the substation's SCADA (supervisory control and data acquisition) system and he explained the various monitoring data presented. The SCADA screens can be viewed from Larry's and Gary Stockwell's, Line Foreman, desktop computers which allows them to conveniently monitor the substation throughout the day and is very useful during times of outages.

Carol Sullivan, Finance Manager, presented the second quarter financial report through the month of December 2013. She noted that she would combine her report on reviewing cash reserves in this presentation. Carol began with a review of a chart that showed the electric cumulative year-to-date by month revenue and expense data overview, noting that the expenses and revenues are above budget. Expenses are over budget, primarily due to the unbudgeted BPA

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rate increase, which was offset by Canby Utility's rate increase. She noted that the revenues are above budget, which is mostly a result of the retail rate increase and cold weather. She noted the new chart that showed kilowatt sales year-to-date for each revenue classes. Carol reviewed the cash reserve target for year end. She noted that reserve funds may be needed to cover the green power purchase, which were budgeted for in fiscal years 2012 and 2013; however, BPA will not bill Canby Utility until May 2014, which was not included in the current budget. She also noted changes to the future facility line item that now reflects the removal of the proceeds from the land sale for the city's library project that did not occur. In October, the reserve amounts were adjusted down \$741,016 because of an updated capital improvement plan and a recent rate study. The new target year end cash for electric is \$6,655,410. Carol then reviewed the statement of operations and changes in net assets and highlighted the drivers for items that were significantly over or under budget for electric. Member Maxwell asked when the utility will begin seeing the power delivery savings with the new substation. Matt Michel, General Manager, explained that the \$7,000 per month savings appears on our BPA bill.

Carol then reviewed the financial reports for water, starting with a review of a chart that showed the water cumulative year-to-date by month revenue and expense data overview. She noted that the expenses are below budget and the revenues are above budget. She noted the new chart that showed cubic feet sales year-to-date for each revenue classes. Carol reviewed the cash reserve target for year end. She anticipates that the cash reserves will be at or above the Board's threshold at year end. She then reviewed the statement of operations and changes in net assets and highlighted the drivers for items that were significantly over or under budget for water. She noted a substantial increase in system development charge revenue.

Matt Michel, General Manager, gave an update on the Board's key issues report. The electric system master planning, future facility and water asset ownership and performance benchmarking are the items identified for staff to address this fiscal year. Matt noted the five year planning study was completed and will be built into the capital improvement program. Performance benchmarking is just beginning and staff is gathering data. Financing the future facility has been addressed through the rate cases, and in fact there will have been sufficient funds collected by June 2015 to begin phase one of construction. The water asset ownership issue is something Matt feels will be delayed due to the community being focused on a new library. Matt noted that Canby Utility's original plan to sell its interest in the shop complex would likely not take place and we may want to consider using some of that property to build the Willamette River treatment plant due to its close proximity to the point-of-diversion on the river. Matt talked about the water assets in connection with renting space in the future facility to the water department as long as the city owns the water system.

Matt Michel, General Manager, presented the Board with the new water rates and a rate comparison to neighboring cities. He provided a question-and-answer fact sheet for their discussions with customers in the community. Matt talked about the comparisons on an apples-to-apples comparison. Canby Utility will not hold a rate hearing due to the Board's action to impose a two-year rate increase at the hearing last year. Matt noted staff will prepare an article for the March/April Reporter newsletter, as well as issuing a press release to the Canby Herald.

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Matt gave an update on a variety of BPA issues, one being the recent attacks on substations. He stated that the FERC chairperson instructed staff to look into the events; however, two of FERC's Board members are concerned of an overreaction to the situation. Matt also reported that the Oregon Municipal Electric Utilities joined other utilities in sending a letter to Governor Kitzhaber regarding the coded-wire fish tagging program. He distributed a copy of the letter to the Board. He also distributed a copy of a letter BPA's Administrator wrote to Senator Merkley on the issue. Matt noted that in the Clearing Up publication, there is an article called Scientists Say Oregon's Spill Proposal Not Ready for Prime Time. He noted this issue is building up similarly to the coded-wire fish tagging program. He and other representatives of Oregon's consumer-owned utilities will visit Bill Bradbury and Henry Lorenzon, Oregon's delegates to the Northwest Power and Conservation Council, to express concerns that the program will impact public power rates. Lastly, Matt noted that the two people who were forced out of BPA in July, Bill Drummond and Anita Decker, have found employment. Bill landed a job in Colorado with a generation company and Anita is now the Executive Director at NWPPA.

Chairman Cornelius thanked Member Smith for his service to Canby Utility.

Member Maxwell made the \*MOTION to Adjourn the Meeting. Member Smith seconded, and the motion passed unanimously.

There being no further business, the meeting was adjourned at 8:03 p.m.

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Bob Cornelius, Chairman

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Robert Maxwell, Member

*Absent 2/25/14*

*Not present on 3/11/14*

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Gary Potter, Member

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Jerry Smith, Member

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Todd Wagner, Member

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Barbara Benson, Board Secretary