

CANBY UTILITY
REGULAR BOARD MEETING
JULY 10, 2012
7:30 P.M.

AGENDA

I. CALL TO ORDER

II. AGENDA

- Additions, Deletions or Corrections to the Meeting Agenda

III. CONSENT AGENDA

- Approval of July 10, 2012 Agenda
- Approval of Regular Board Meeting Minutes of June 26, 2012
- Approval of Write-Offs
- Approval of Payment of Water and Electric Bills

IV. CITIZEN INPUT ON NON-AGENDA ITEMS

V. STAFF REPORTS

General Manager:

- Supplemental Response to Board Questions Regarding Organization Affiliations (pp. 1-3)
- Draft Board Planning Calendar for Fiscal Year 2013 (pp. 4-5)

Operations Superintendent:

- Fourth Quarter Reliability Report (pg. 6)

VI. ADJOURN

CANBY UTILITY
REGULAR BOARD MEETING MINUTES
JUNE 26, 2012

PRESENT: Chairman Cornelius; Members Byers, Smith and Maxwell; and Matt Michel, General Manager

ABSENT: Member Wagner and Barbara Benson, Board Secretary

ALSO PRESENT: Carol Sullivan, Finance Manager; Sue Arthur, Purchasing Agent; Dee Anne Stockton, Customer Service Supervisor and Acting Board Secretary; and David Doughman, Board Attorney

Chairman Cornelius called the Regular Board Meeting to order at 7:30 p.m.

Chairman Cornelius presented the meeting agenda for consideration. He asked for any additions, deletions or corrections to the meeting agenda and there were none.

Chairman Cornelius presented the consent agenda for approval. Member Smith made the *MOTION to Approve the Consent Agenda, Consisting of the Meeting Agenda and Regular Meeting Minutes of June 12, 2012. Member Maxwell seconded the motion and the motion passed unanimously.

There were no citizens present to provide input on non-agenda items.

Carol Sullivan, Finance Manager, presented the fiscal year 2013 recommended electric and water operating and capital budgets. She explained the changes from the proposed budgets to the recommended budgets. Changes for the electric budgets included adding the Feeder 3 project, reducing labor allocated to capital projects, updating the deposit interest to reflect policy changes and depreciation. The overall change to the cash reserves is \$99,000. The year-end cash balance is expected to be about \$5.8 million. Chairman Cornelius asked how the \$500,000 generated from rates to pay for the new substation is identified in the reserve balances. Carol explained that the money is being used this year, but next year it will be seen as revenue and the reserves will continue to increase.

Carol explained that the changes for the water budgets included adding cleaning out two backwash pond sludge basins. The project is expected to cost approximately \$17,000. The year-end cash balance is expected to be about \$2 million.

The Board had no additional questions about the recommended budgets.

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Member Byers made the *MOTION to Adopt the Fiscal Year 2013 Electric and Water Operating Budgets. Member Maxwell seconded the motion and the roll call ballot was as follows: Member Smith, aye; Member Byers, aye; Member Maxwell, aye; and Chairman Cornelius, aye.

Member Byers made the *MOTION to Adopt the Fiscal Year 2013 Electric and Water Capital Budgets. Member Smith seconded the motion and the roll call ballot was as follows: Member Smith, aye; Member Byers, aye; Member Maxwell, aye; and Chairman Cornelius, aye.

Matt Michel, General Manager, presented the recommendation to award purchase of a 115 x 57 kV class power transformer for the Knights Bridge substation project. He explained that the Board had instructed staff at the previous board meeting to determine the location of where the transformer will be manufactured. Virginia Transformer Corporation confirmed that the equipment will be built in their Pocatello, Idaho plant and they will meet bid specifications. Sue Arthur, Purchasing Agent, stated that the company has 40 years of experience in the transformer manufacturing industry, they have been professional to work with and she spoke with other companies who have ordered transformers from them and they received their equipment on time. Chairman Cornelius asked for an updated on the county permitting process. Matt stated that our engineers and the surveyors have a meeting scheduled this week to complete the technical portion of the permit application. Chairman Cornelius asked Matt what would happen should the conditional use permit not be granted. Matt explained that the transformer would be stored at the shop complex and a search for an alternative site would begin. Matt noted that delaying the order of the transformer until the permitting process is complete would disrupt the construction schedule due to the 30 week lead time needed for the transformer to arrive and discussion ensued. The anticipated energize date for the substation in March 2013. Member Smith made the *MOTION to Authorize the Purchasing Agent to Procure a 115 x 57 kV Class Power Transformer for the Knights Bridge Substation Project from Virginia Transformer Corporation in the Amount of \$417,461. Member Maxwell seconded the motion and the roll call ballot was as follows: Member Smith, aye; Member Byers, aye; Member Maxwell, aye; and Chairman Cornelius, aye.

Matt Michel, General Manager, presented a recommendation to not sign the Bonneville Power Administration's (BPA) five-year vintage power rate option. Matt stated that he has until July 6 to notify BPA of our decision on the power purchase option. He explained the reasons why he felt that Canby Utility should not sign the agreement, which included an updated load forecast anticipating Canby Utility would not need a tier two power resource until federal fiscal year 2019, the last year of the vintage rate agreement. Matt engaged the energy law firm Lovinger Kaufmann LLP to advise him on the risks of the agreement. Based on Matt's recommendation and the law firm's analysis, the Board gave consensus to not sign the vintage power rate option agreement.

Chairman Cornelius invited Board members to share their comments about the 2012 APPA National Conference in Seattle. Matt talked about the educational and networking opportunities this forum provides. Member Byers, Member Smith, Member Maxwell and Carol Sullivan, Finance Manager, shared highlights of the sessions they attended and the benefits they received

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from attending. Member Smith stated that he would encourage new members of the Board to attend the conference.

Matt Michel, General Manager, provided a response to a list of questions the Board presented him with at the June 12 meeting regarding his affiliations with various organizations. Chairman Cornelius requested he separate out time requirements for travel from the time spent at the meetings. Matt has additional functions he attends, but did not include those meetings because he felt they were not ones he was committed to attend. Chairman Cornelius requested Matt include all the other organizational activities in his updated response. Discussion ensued regarding Matt's role in the various organizations as Canby Utility's General Manager.

Member Byers 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 8:36 p.m.

Bob Cornelius, Chairman

Robert Maxwell, Member

John Byers, Member

Jerry Smith, Member

Todd Wagner, Member

Barbara Benson, Board Secretary



MEMORANDUM

July 3, 2012

TO: Chairman Cornelius, Member Byers, Member Smith, Member Wagner and Member Maxwell

FROM: Matt Michel, General Manager *Matt*

SUBJECT: Organization Activity

Below are supplemental responses to my June 26th memo to the Board's questions delivered to me at the June 12th meeting. I was asked to supplement my response by:

- not converting time demands to a monthly basis,
- breaking-out travel time, and
- including time demands for other organization activities that I participate in according to my availability that day (see page 3).

The Board also asked me to track my time in preparing this supplemental response: That time was 1.75 hours.

I will present this information at the July 10th meeting and can answer the Board's questions at that time.

Canby Rotary

Role: Board Member – Secretary

Time Demands, Location and Costs:

Weekly Club meeting—11:30 AM to 1:30 PM/week—Canby—Cost: time & materials & lunches—Travel: 5 minutes roundtrip

Administrative As Needed: check mailbox, phone calls, emails, membership database maintenance, event work—2 hr/month—Office & Canby—Cost: time & materials—

Travel: 10 minutes roundtrip

Monthly Board meeting—7:00 AM to 9:00 AM/month—Canby—Cost: time & materials—Travel: 10 minutes roundtrip

Benefit: Face of Canby Utility to Community

Public Power Council

Role: Executive Committee Member on behalf of Oregon Municipal Electric Association

Time Demands, Location and Costs:

Monthly Committee Meeting—8:00 AM to 12:00 PM/month—PDX—Cost: time & mileage—Travel: 1 hour

Annual committee planning retreat—9:30 AM to 5:00 PM/year—Portland—Cost: time & mileage—Travel: 1 hour

Administrative As Needed: emails—minimal time—Cost: time & materials—Travel: None

Benefit: Direct participation by Canby Utility in BPA relationship, learning about BPA and regional issues concerning electric utilities, and advocate for OMEU

State of Oregon Drinking Water Advisory Committee

Role: Board Member on behalf of Special Districts Association of Oregon (SDAO)

Time Demands, Location and Costs:

Quarterly meeting—10:00 AM to 2:00 PM/every 3 months—Salem—Cost: time & mileage—Travel: 2 hours roundtrip

Administrative As Needed: materials review—1 hour/month— Cost: time & materials—Travel: None

Benefit: Direct participation by Canby Utility in water policy issues at state level, learning about best practices of water operations to bring back to Canby Utility, and Canby Utility reputation promotion

Tri-County Water Resources Association (SDAO Water Caucus Subcommittee)

Role: President

Time Demands, Location and Costs:

Tri-annual meeting (approx. Jan., April, Sept.)—11:30 AM to 1:00 PM/every 4 months—Beaverton—Cost: time & mileage—Travel: 1 ½ hours roundtrip

Administrative As Needed: agenda setting and emails—minimal time—Cost: time & materials—Travel: None

Benefit: Direct participation by Canby Utility in water policy issues at local level and Canby Utility reputation promotion

Oregon Municipal Electric Utilities Association

Role: Vice-President

Time Demands, Location and Costs:

Fall Meeting—1 work day (8 hours total: afternoon & following morning)/year—Oregon—Cost: time & mileage & travel—Travel: varies (usually at least 4 hours roundtrip)

Annual meeting—1:00 PM to 4:00 PM/year—PDX—Cost: time & mileage—Travel: 2 hours roundtrip

Administrative As Needed: emails, conference calls—1 hour/month—Cost: time & materials—Travel: None

Benefit: Direct participation as Canby Utility's representative to the OMEU ORS 190 Entity, learning about practices at other electric utilities, and Canby Utility reputation promotion

Other Organization Activity (according to my availability):

Canby Chamber of Commerce

Role: Attendee

Time Demands, Location and Costs:

Monthly meeting—11:45 AM to 1:00 PM/month—Canby—Cost: time—Travel: 10 minutes roundtrip

Benefit: Face of Canby Utility to Community

Luke Center for Catalytic Leadership

Role: Board Member

Time Demands, Location and Costs:

Monthly Meeting—4:00 PM to 6:00 PM/month—Salem or Conference Call—Cost: time (I pay mileage)—Travel: 1 hour one-way

Administrative As Needed: emails—minimal time—Travel: None

Annual training (September)—2 ½ work days (20 hours)/year—Warm Springs—Cost: time (I pay mileage + room)—Travel: 2 ¼ hours one-way

Benefit: Professional leadership development and Canby Utility reputation promotion

Legislative Session Subcommittee of the Tri-County Water Resources Association (SDAO Water Caucus Subcommittee)

Role: Attendee

Time Demands, Location and Costs:

Generally every two weeks during Oregon's Legislative session—time of day varies, generally 2 hour duration—Tualatin—Cost: time & mileage—Travel: 1 hour roundtrip

Benefit: Early input on potential policy changes and impacts on CU; awareness of legislative issues for interaction with CU's local legislators

Members' Forum of the Public Power Council

Role: Attendee

Time Demands, Location and Costs:

Monthly Forum—3:00 PM to 5:00 PM/month—PDX—Cost: time & mileage—Travel: 1 hour one-way

Benefit: Issue-specific Northwest power industry information and discussion that informs my perspective for strategic planning

Oregon Water Utilities Council

Role: Attendee

Time Demands, Location and Costs:

Monthly Forum (I only attend Keizer meetings which are 4-6 times each year)—10:00 AM to 1:00 PM—Keizer—Cost: time & mileage—Travel: 1½ hours roundtrip

Benefit: Discussion of regulatory and policy matters affecting all Oregon municipal water providers that informs my perspective for strategic planning



MEMORANDUM

July 5, 2012

TO: Chairman Cornelius, Member Byers, Member Smith, Member Wagner and
Member Maxwell

FROM: Matt Michel, General Manager *M. Michel*

SUBJECT: Draft Board Planning Calendar for Fiscal Year 2013

Action Sought: Consensus on a general outline for Fiscal Year 2013 Board agenda matters.

I will present and discuss the attached draft planning calendar. I seek Board input on the timing of upcoming agenda matters and additional matters to be calendared throughout the current fiscal year.

Board Planning Calendar

FY 2013

<p>JULY</p> <ul style="list-style-type: none"> ▪Review Board Calendar ▪4th Q Reliability Update ▪Reservoir Retrofit Contract Award ▪3rd Q Financials (Jan-Mar) ▪Key Issues Review (GM) <p>< 2013: Electric Cost of Service Analysis ></p>	<p>JANUARY</p> <ul style="list-style-type: none"> ▪Board Elects Chairperson ▪2nd Q Reliability Update ▪Green Power Donation ▪Share the Warmth Update
<p>AUGUST</p> <ul style="list-style-type: none"> ▪Cash Reserve Policy ▪New & Emerging Large Load Policy ▪Purchasing Policies Update ▪Water & Electric Service Policies ▪Substation Equipment Contracts Awards ▪Service Fees Cost Index <p>< 2013: Electric Rate Hearing effective Oct. 1 ></p>	<p>FEBRUARY</p> <ul style="list-style-type: none"> ▪401(k) Annual Report ▪Key Issues Review (GM) ▪2nd Q Financials (Oct-Dec) <p style="text-align: center;">< New Board Member Appointed ></p>
<p>SEPTEMBER</p> <ul style="list-style-type: none"> ▪4th Q Financials (April-June) ▪Personnel Handbook Policy ▪Substation Groundwork Contract Award ▪Switchgear Contract Award ▪Vactor Boom Contract Award ▪Willamette Resource Development Plan 	<p>MARCH</p> <ul style="list-style-type: none"> ▪General Manager Evaluation Process ▪4th & Fir Reservoir Refurbish Contract Award ▪5-Year Electric Master Plan
<p>OCTOBER</p> <ul style="list-style-type: none"> ▪1st Q Reliability Update ▪Water Revenue Forecast 	<p>APRIL</p> <ul style="list-style-type: none"> ▪3rd Q Reliability Update
<p>NOVEMBER</p> <ul style="list-style-type: none"> ▪Financial Audit Report ▪1st Q Financials (July-Sept) ▪Red Flag Report (FM) <p style="text-align: center;"><Possible water rate hearing effective January 1 ></p>	<p>MAY</p> <ul style="list-style-type: none"> ▪Proposed Key Issue Management Initiatives for Budgets (GM) ▪3rd Q Financials (Jan-Mar) ▪General Manager Contract
<p>DECEMBER</p> <ul style="list-style-type: none"> ▪Employee Recognition Banq. ▪Board Secretary Evaluation 	<p>JUNE</p> <ul style="list-style-type: none"> ▪Budgets Adoption ▪Water SDC index ▪APPA Annual Mtg. (Nashville)

OUTAGE AVERAGES July.2011 THROUGH June. 2012

MONTH	YEAR	NUMBER OF OUTAGES	NUMBER OF CUSTOMERS AFFECTED	TOTAL CUSTOMER MINUTES OFF	MONTHLY NUMBER OF CUSTOMERS IN THE SYSTEM	NUMBER OF MOMENTARY INTERRUPTIONS
July	2011	0	0	0	6,785	1
Aug.	2011	1	5	180	6,797	2
Sept.	2011	1	40	40	6,800	1
Oct.	2011	2	40	5,269	6,769	1
Nov.	2011	0	0	0	6,707	0
Dec.	2011	1	5	360	6,707	1
Jan.	2012	0	0	0	6,721	0
Feb.	2012	0	0	0	6,722	1
Mar.	2012	1	39	1,560	6,727	3
Apr.	2012	0	0	0	6,722	0
May	2012	1	17	442	6,720	1
June	2012	2	578	152,428	6,724	1
12 MONTH TOTALS		9	724	160,279	80,901	12
12 MONTH AVERAGE		0.75	60	13,357	6,742	1.0

C.U. Industry Typical Value

SAIDI = Sum of all customer interruption minutes = 160,279 = 23,7741 = 90
Total number of customers = 6,742

SAIFI = Total number of customer interruptions = 724 = 0.11 = 1.10
Total number of customers = 6,742

MAIFI = Total number of cust. momentary interruptions = 10,113 = 1.500 = N/A
Total number of customers = 6,742

CAIDI = Sum of all customer interruption minutes = 160,279 = 221 = 81.6
Total number of customer interruptions = 724

