

## **Swans Island Electric Cooperative Minutes of the February Board of Trustees Meeting February 4, 2016**

The Meeting began at 6:35 PM; Present; Joe Staples, Jason Matthews, Tom McAloon, Sarah Lane, Eric Staples and Manager Jeffry Ellison; Members Present: John Trask.

By phone; Board Members Ed Schwabe, Bob Pickup, Eric Chetwynd; members; Jane Savage.

The Board approved the minutes of the January board meeting.

Jane Savage reported a long time problem of low voltage at both her house and Brian Orcut's house. Northern Line will assess the lines and transformers serving both residences and provide recommendations. (Update: recommendations were to replace line with Triplex and move transformers closer to houses served. Manager to schedule the work with Northern Line.

### **Storm damage and repairs**

Numerous trees had downed lines causing outages during the last two storms. Jeffry reported repairs were made by our local crew (Steve, Nick and Daniel) and all were back in service.

Tom expressed concern over exceeding the Coop's Emergency Protocol by the use of untrained groundsman.

Nick has not received formal training and Jeffrey pointed out the time limitations in doing so before any purchase and sale with Emera.

Jeffrey stated that the Emergency Response Protocol was silent on training requirements for groundsmen. He stated that the Emergency Protocol was adhered to, but agreed to provide an after action report of the actions taken to restore power during the last two storms as a first step in reviewing our Protocol for any changes that may be needed – either to the Protocol or to modify crew operations.

**Disconnect Notices:** 24 notices were sent out. (19 regular and 5 payment plans.)

12 of the 19 regular disconnects had paid.

1 of the 5 payment plans had paid in full and the remaining 4 paid to date.

**Cable Repair** Emera says they are still waiting for a splicing kit. (More currently, Emera has located a kit and the repair has been scheduled for March 2nd with a weather date for the 3rd.)

### **Emera purchase and sale**

Emera has raised the question as to whether the Co-op's loans are bonds or notes. Emera will be informed. The Co-Op debt is exclusively composed of

long term loans (promissory notes) and pre-payment penalties. Bill Ferdinand (co-op's lawyer) thinks Emera will pay off all Coop debt and penalties, assuming the position that the total purchase price of all grid related assets has been covered. The Co-op will need to reserve sufficient funds to cover the cost of operating for several months after take over including the cost of an audit for 2016 and a tax return.

Bill F. feels that all data requests by Emera have been met and we should receive the preliminary draft of a purchase and sale agreement soon.

Emera has shifted focus to our submarine cables. Wanting locations and installation dates. Locations are determined within the Coop's Submerged Lands Lease with the State of Maine. To the best of our knowledge, the four single phase cables serving Swans Island from Lopus Point on the mainland were put down in 2003, 1996, early 1990s and early 1980s, respectively. The cable from Swans Island to Frenchboro was replaced 2000/2001 and the old cable removed.

Note; S.G.C. has estimated the laying of a new, armored, 4/0, 3 phase cable to replace the existing cable structure to Swans Island at 2.3 million dollars. The laying of a new single phase armored cable to Frenchboro at 450 thousand.

**PUC Stipulations** will need to be filed by the end of March.

**Auditor** will be on the Island mid February.

#### **Financial Report**

With December financials completed 2015 reflects a tier of 2.8  
This statement does not reflect an increase in bad debt reserve.  
The target tier set by the PUC is 1.5 to 1.75.  
See attachment for full treasurer's report.

**Quarterly update meeting** for the membership set for March 17th.

Entered executive session at 7:55 PM

FOR THE SECRETARY:

Jason Matthews, Vice President & Recording Secretary  
Ed Schwabe, President

## **Financial Report Submitted at the Feb 4, 2016 SIEC Board Meeting**

The December 2015 financial reports have been produced. The ledgers have been sent to our Auditor, James Wadman. He will be performing the year end audit and presenting his opinion in the coming months. Jeffrey and I will update you as more information becomes available.

The unaudited statements do not reflect the \$50,000 increase in bad debt reserve we voted to provide for at our Board meeting last month. The plan is to have our auditor make that entry during his review. At present we show an annual surplus of roughly \$150,000 on revenues of \$850,000 or a 17.6% surplus on sales. After the provision for the \$50,000 reserve, surplus should be \$100,000 or 11.8% of revenues. At that level of surplus my, back of the envelope calculations would yield a TIER result of 2.8 so we are fine for our loan covenants at year end.

Looking at operations for the month of December, we experienced a surplus of some \$20,200 which included a large credit to maintenance overhead line expense which is under investigation as a year end adjustment. The month did include recognition and payment of some \$10,000 in overhead line clearing expense to Josh and Jason Joyce to get us in line with stipulation requirements.

Loan interest and principal payments are up to date at year end and we closed the year with a cash balance of \$115,500. This a \$40,000 increase from the balance at December 2014 and well above the mid-\$20,000 balances of the prior two years 2012 and 2013.

While the final numbers will come after the audit report is received, the Cooperative appears well positioned at year end and after reserving an additional \$50,000 in the bad debt reserve, assets reflected in the final statements should be stated at reasonable recoverable values.

Bob Pickup, Board Treasurer