

Swans Island Electric Cooperative Board Meeting Minutes

Nov. 5, 2015

Present: Joe Staples, Tom McAloon, Ed Schwabe, Jason Matthews and manager Jeffry Ellison Phone: Bob Pickup, Eric Chetwynd.

Approved September and October minutes.

NRA collection agency has suspended collections on older accounts. They are still actively collecting on accounts less than 12 months old.

Board members and manager to meet with Emera, PUC and Public Advocate on Nov. 17th to discuss possible merger.

Consumer Affairs Division (CAD)

A complaint has been filled against the Coop with the Consumer Affairs Division. A Home owner is disputing electric charges to the account in his name, made by a renter. This should not be an issue. The home owner is responsible for charges in his name. The renter was refused an account due to bad credit and a refusal to pay a deposit.

Question of membership

If a member closes his\her account are they still a member? Will the \$15 membership fee apply to have the account reopened? A motion was made and passed: You must be an active account payer to be a voting member. The \$15 membership fee is a one time fee. Renters applying for an account will pay the \$15 membership fee.

Cable Repair ---Waiting for diver's second dive to assess lack of scope in cable. Emera has offered to splice the cable for less than Three=C Electrical, but has requested a vessel larger than a lobster boat – such as a barge.

Al Hutchins' Barge was suggested. Estimated total cost of repair is 45 to 50 thousand dollars. About \$19,000 of this has already been paid. Bob suggested depreciating the cost over 3 to 5 years which will help with TIER and potentially Emera.

Steve Green's training has been delayed. He has been lobstering.

Fuel tank removal has been put on hold. - Awaiting merger with Emera / possible sale of fuel tank property.

Severance pay: it is common practice of many companies to give one week's pay for every year worked. In addition to severance pay, 47k dollars is estimated to operate the Coop for a three-four month wind down period after any potential merger with Emera and revenue has ended.

Sale of used utility poles -- Poles will be sold on a first come first served basis. Purchasers will sign a waiver describing limitations of use. Price will be \$30 per pole.

Meeting Nov.12 ---To amend bylaws in order to hold a vote of the membership by mailed ballot. [Membership voted 65-0 to amend and authorize Mailed Ballot Voting.

SIEC after merger? Board Discussion

What would be the cost to set up and maintain the coop in a mothballed fashion?

What would be the cost to reincorporate as something else after sale and shutdown?

What level of recognition could be expected from the PUC and RUS.

These questions were raised. Maine PUC would no longer recognize the SIEC as a utility because it would no longer own any transmission assets. But, if it was still recognized as a utility by the Feds and generated power for resale, the PUC would attempt to regulate us as a power generator.

Meeting adjourned 8:25

FOR THE SECRETARY: Jason Matthews, VP and Ed Schwabe, Pres.

NOTE:

The following is the financial report submitted by Bob Pickup on November 3, 2015 and presented at the November 5, 2015 SIEC Board Meeting. This report

was incorporated into the minutes by unanimous Board vote in its approval of the above minutes at its December 3, 2015 meeting.

Our September financial statements showed a year-to-date surplus of just over \$88,000. Our daily cash report, as of yesterday, showed a general fund cash balance of just over \$86,000. While the numbers are very close, their relationship is not so direct. All other things being equal, we could expect to generate an additional \$20,000 to \$25,000 in surplus over the last three months and build greater cash. However, we have a cable repair to complete and I am trying to watch both available cash and TIER test driven surplus at the same time.

First, Jeffrey estimates that the total cost to complete the repairs will be \$45,000. However, \$19,000 of that cost has already been paid and is out of our current cash figure. I have asked Jeffrey to call our auditor to determine if the entire repair cost must be expensed or if it can be taken over three to five years. This will have a big impact on surplus. But the impact on cash will be about \$25,000. Assuming we must take the entire expense this year, I am estimating that we would finish the year with a surplus of \$50,000 and a cash balance of \$60,000 to \$70,000. If that were the case we would have a TIER ratio of 1.9. Our desirable range is 1.25 to 1.75. If we were to declare a "meter free" holiday in the November bills, paid just before Christmas, we would reduce surplus to about \$25,000 and reduce December cash receipts by \$25,000. Our cash balances would easily stand the reduced revenue and according to my estimates our \$25,000 surplus would give us a TIER ratio of 1.45, almost in the center of the desired range. I recommend this action. While there is certainly an argument to be made to retain cash in the event of a potential merger, I think holding cash is not in member best interests.

Lastly, the PUC has accepted our drafted Terms and Conditions and placed them in effect. This draft is virtually the same as the draft approved by the Board in August, I believe, except for very minor changes made during conference calls with the PUC to iron out final details. Attending these calls on behalf of SIEC were Ed and I on one and Ed, Jeffrey and I on the second. I have ask that this final copy be distributed to each of you and ask that you be prepared to approve it this Thursday. Thereafter it should be placed on the web site for member comment and treated as our official policy. Thank you for your attention. Respectfully submitted Bob Pickup SIEC Treasurer.