

Minutes of SIEC Board Meeting, October 1, 2015

The SIEC Board Meeting of October 1, 2015 opened at 6:34 PM in the Library. Board members present were Ed Schwabe (President), Sarah Lane and Tom McAloon. Eric Chetwynd and Jason Matthews were present via phone link. Jeffery Ellison, manager and one SIEC member were also in attendance.

1. Approval of September 3, 2015 Minutes (Eric and Ed): Revisions were presented by Tom. A revised version will be presented to the Board at the NOV 5th meeting for approval.

2. Manager's Report (Jeffrey)

Disconnection Report: See attached Manager's Report for details. The collection agency has suspended further work on the SIEC account due to inadequate contact information provided by SIEC. Manager will review options for retaining another collection agency and report to the Board.

Submarine Cable Fault Location by 3C Electrical – Update: See attached Manager's Report. Jeffrey is investigating alternatives to reduce the price estimate of \$35,000 proposed by 3C and will report back to the Board with his proposal prior to taking action. Tom stated that if the price to repair remained in the vicinity of that proposed by 3C (plus costs not included in their proposal) the Board should consider not making the repair and spending available funds on other priority work such as right of way clearing.

Update on Steve Green Training with Fox Island Electric: This agenda item was not included in the Manager's Report and was not taken up by the Board.

Fuel Tank Removal Plan Update: No removal work has been done to date. Jeffrey proposed that there is residual value in the existing tanks in place for potential buyers of the property. He proposed that the Board authorize the removal of underground fuel piping only, leaving the fuel storage tanks in place and testing of the grounds under both the piping and tanks to confirm that there has been no contamination. This proposal was accepted unanimously by the Board. Jeffrey will resume discussions with Billy Banks for the pipe removal and arrange for ground testing.

Asset Inventories Update for Emera Negotiations: Field work to count existing SIEC assets is currently on hold pending developments with EMERA discussions, i.e., will PUC allow EMERA to rely on book value and asset records for merger purposes. Jeffrey will retain consultant to prepare assessment of value for property (land & buildings) owned by SIEC.

Update on Loan pay-off totals for Emera Negotiations: No progress to report. Waiting on CFC.

Disposal of Used Poles. No change from last month. Jeffrey waiting to receive release form used by EMERA when used poles released to their customers and will report back to the Board.

Other Manager Items not on Agenda:

- a) Karen (Billing Supervisor) has been offered the manager position at the Bass Harbor DOT Ferry Terminal. She will make a final decision on acceptance within the week. Departure date from SIEC potentially mid-October.
- b) Jeffrey described the implementation of a new PUC rule which requires reduction of electric account arrearage if an SIEC member is a participant in the LIAP program and makes all payments under their payment plans. See Manager's Report for details. Fiscal impact on SIEC has not been quantified.
- c) Jeffrey reported that right of way clearing is far behind the schedule mandated under the 2014 rate case stipulations (4-6 miles/year). The length of right of way cleared this year to date was not known. Tom suggested that Jeffrey investigate hiring a certified right of way trimming company to cut three phase lines above the neutral line (aerial work only) so SIEC personnel and local labor can be hired to do the ground cleanup work.
- d) Jeffrey reported that he has concentrated on the replacement of old three-wire services prior to the possible EMERA take over because this work will probably be a low priority for EMERA. Tom requested that a condition of service line replacement be the clearing of the service alignment by the SIEC member. This is not being done at present.
- e) Jeffrey reported that: a) the broken headlight on the service pickup truck is to be repaired during a visit to the dealer for recall service week of OCT 5; and b) Northern Line will add a transformer on Atlantic Road to reduce the number of homes connected to an existing transformer serving Jane/Clay Savage residence and 4 other buildings week of OCT 5

3. Financial Close-out Report (Bob, The September Treasurer's Report follows:

Bob was not present for the meeting. His report circulated by email to all the Board members on SEP 24 is as follows:

August was a financially successful month for the Cooperative. The combination of activity of seasonal as well as year round members, last year's rate increase and moderating fuel costs enabled the Cooperative to experience a monthly surplus of just over \$27,000. This brought our year-to-date surplus to just over \$78,000. While expenses for locating and repairing our damaged cable are not yet reflected in our financial statements, at this point it seems we will have no difficulty successfully passing our TIER test at year end.

The Board accepted the report unanimously.

4. Old & New Business

- a) *Update on start of Emera Negotiations (Ed):* Ed reported that EMERA had not begun their due diligence process. According to his discussion with Jeff Jones of EMERA a formal decision by EMERA upper management is expected on Friday OCT 16 to authorize the expenditure of funds to proceed with the due diligence. Ed is hopeful that our first meeting with the EMERA due diligence team will occur in early NOV. Ed is maintaining an open line of communication with the ME Office of the Public Advocate.

- b) *By-Law Change to enable Board to solicit membership vote via mailed ballot:* Ed presented a modified version of the By-Law change based on review comments from SIEC legal counsel. The added language further clarifies that 2/3rds of the “voting” SIEC members are needed to approve the sale of assets. The previous version could have been read to require 2/3rds of the entire membership. A motion was made by Eric Chetwynd to accept the modified change and seconded by Sarah Lane. The Board approved the motion unanimously. See attached for the previously approved By-Law change and the further revised change approved tonight.
- c) *Other Old & New Business:*
- a. The Board set the date for the combined Special Meeting/Quarterly Information Meeting for November 12 at 6:30 p.m. in the library
 - b. Capital Credits – Tom submitted a brochure from NRECA containing courses for Cooperative Board Members. Included in the course list was one on the topic of capital credits. SIEC has never distributed capital credits so the mechanism for distribution is not clear. It appears that the capital credit process offers the only mechanism addressed in the By-Laws for the distribution of “shared” value to our members. Tom proposed to have our treasurer participate in the course or at least access the course materials. Jeffrey will investigate the online options further with NRECA.
 - c. EMERA Discussions Board Communication Strategy: Tom proposed that a critical requirement for an informed membership decision to proceed (or not) with the EMERA merger is an ongoing communication process between the Board and the SIEC membership. After much discussion it was agreed: a) each newsletter will include a dedicated section on the EMERA discussions; b) all relevant documents (e.g., glossary of terms, FAQ, correspondence, etc.) related to the discussions will be posted on the SIEC website; c) SIEC will post notices on the town Facebook page with links to the SIEC website whenever a new item appears on the SIEC website. Tom will serve as liaison between the Board and Donna Wiegler for all items to be posted on the SIEC website. Eric Chetwynd agreed to head up a working group to draft the first installment of the newsletter section when he returns to the island next week.
 - d. It was unanimously agreed that all Board meeting minutes and the 2014 Report of SIEC to the PUC regarding the rate case stipulation requirements will be posted on the SIEC website. Ed will provide Tom with the approved minutes for July & August 2014 and the 2014 Stipulation report to the PUC for posting on the website.
 - e. Eric Chetwynd updated the Board on the latest meeting of the alternative energy group. One item of interest to the energy group is the possible “mothballing” of SIEC in the event of a merger with EMERA in order to preserve an institution capable of collective action in the future for renewable energy investing.

5. Executive Session – No Executive Session was held.

The meeting adjourned at 8:15 p.m.

FOR THE SECRETARY: Tom McAloon and Ed Schwabe, President