

Minutes of SIEC Board Meeting, September 3, 2015

The SIEC Board Meeting of September 3, 2015 opened at 6:34 PM in the Library. Board members present included Ed Schwabe (President), Bob Pickup (Treasurer), Eric Staples, Sarah Lane, Eric Chetwynd, Tom McAloon and Joe Staples. Three members were also in attendance.

1. Approval of Aug 6th Minutes (Eric and Ed): The minutes of the August 6th meeting were approved by voice vote.

2. Manager's Report (Jeffrey)

Disconnection Report: Nothing was sent to the collection agency this month.

Update on Steve Green Training with Fox Island Electric: There was considerable discussion on this topic. Concern expressed that the arrangement was not working out as planned as the Fox Island representatives don't want to sign any certifications about performance of the tasks included in our Emergency Response Protocol. But, our need is to have documentation that Steve has been observed performing these task under the direction of a First Class Lineman. Steve receives the minimum quarterly OSHA refresher training as a matter of course with the SIEC crews, but in addition we want Steve to have the opportunity to receive training on and have the opportunity to perform the specified tasks included in our Emergency Response Protocol. The conclusion was that Ed or Jeffrey will talk with Chip Farrington over there to see if this can be worked out so that we can generate the proper paper trail for our own in-house documentation. If things can't be worked out with Fox Islands, it was agreed we will have to come up with a plan B, e.g., have one of our former first class linemen come out here to train and observe Steve on these tasks.

Fuel Tank Removal Plan Update: Bill is still planning the removal task. He's considering using steele cables. Tom noted that when the tanks come out, the soil will have to be tested and certified clear by an expert. Jeffrey agreed and noted that we have an engineer working with us who will make that certification.

As an alternative strategy, Jeffrey asked Bill if he would be interested in buying the property and he said he might be. Asked for a ball park price, Jeffrey gave a rough guess of \$80,000. (See below the discussion and motion on disposition of Co-op property).

Submarine Cable Fault Location by 3C Electrical – Update: Jeffrey's report inserted here: This is an update to Tuesday, Sept. 1 activities to find the fault in one of our marine cables. We took the power down at 10:10 am. The Three-C Company had engineers at Lopus Point and Swan's Island. EMERA was also at Lopus Point and Northern Line was on Swan's Island. Three-C started the test on the SI side. He found that one cable was over 4000 feet longer than the others. His initial readings indicated a fault very near the Lopus Point end. We packed everything up and took the 1:30 ferry across to Lopus Point. He did his test there and determined that the fault was 339 feet from the top of the pole connection at Lopus Point. The pole is about 239 feet from the high tide line, so the fault appears to be about 100 feet out from

the high tide line. The fault was in the green cable marked Phase C at the Lopus Point pole. The next step is for SIEC to secure a diver and a boat to lift the cable onto in order to do a splice. The Three-C company has people who can do the splicing. They will present a quote. When we get that quote and accept the bid, I will set a date for EMERA to return to Lopus Point and there will be another shut down while the fault is being repaired. This is not an inexpensive operation. Three=C Company is charging \$15,000 to find the fault, and we will have all day bills from EMERA and Northern Line. Then, the additional costs of the repair will be added to that.

As to the different cable lengths, Joe said that when that longer cable was being set down, something went wrong with the spooling rig and a great deal of cable was thrown off and that probably lies in a jumbled mass on the ocean floor. This probably accounts for the difference in lengths.

There is one cable lying at the bottom not hooked up at either end.

Asset Inventories Update for Emera Negotiations: Karen has updated an accounting of all money owed by members. Other assets to be counted and valued are tools, telephone poles, vehicles, etc. Ed noted that Emera is aiming for the first two weeks of October to discuss these and other issues as they are in process of setting up a couple of accounting lines for this purpose. They will take the information we provide and use that number in their search for financing for the purchase.

Tom thinks we should go slow, i.e., spend money, on our asset counting as he thinks PUC will not want Emera or SIEC to incur a lot of expense counting SIEC assets. Expenses related to the merger will ultimately be charged to all EMERA customers (mainland and islands). Tom believes that the PUC will want EMERA to simply take over the assets at book value.

Frenchboro Grid. As part of that work plan implementation, Frenchboro asked to have some cables and transformers raised to make overhead room for a building project. The cost was estimated at \$3,500.

- Bob proposed a motion that “Not to exceed \$5,000 will be added to the work plan for Frenchboro to cover raising some lines and transformers to make way for buildings near the Frenchboro Ferry Pen, and that it be treated as a capital expense.” The motion was seconded and carried unanimously.

Update on Loan pay-off totals for Emera Negotiations: Jeffrey is still working with CFC on the issue of penalties for early pay-off CFC loans.

Disposal of Used Poles. Jeffrey reported that SIEC members had approached him about obtaining used poles. Jeffrey has spoken to the EMERA environmental lawyer and requested a copy of the EMERA waiver form used when their customers take possession of a used utility pole. Tom stated that utility poles contain preservatives that are considered hazardous and whatever SIEC does with the stockpiled used poles must be done in accordance with existing laws.

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

The working surplus as of July 2015 was just over \$50,000 or 9.9% of year to date revenues. In the same period of 2014, the figures were approximately \$30,000 in surplus representing 6.9% of 2014 revenues.

The end of day cash balance, net of outstanding checks, as of August 31, 2015 was just over \$67,000.

Long term liabilities as of July 31, 2015 were just in excess of \$1,690,000.

Despite concerns over our current difficulties with our underwater cable, which are presently under investigation, the outlook for 2015 remains positive. We expect to pass our TIER test for the current year as of December 31, 2015.

4. Old & New Business

a. Update on start of Emera Negotiations (Ed) Ed said he would give us the broad outlines of our negotiating strategy in Executive Session so that Board members will be informed should members ask about it with them.

b. By-Law change to enable Board to solicit membership vote via mailed ballot: Ed introduced the issue of the need to change the SIEC By-Laws. Current By-Laws allow decisions to be made on the disposition of property only at membership meetings which can be convened with only 25 members present and a quorum of only 5% of the membership is needed to take official action. There is the clear prospect that the membership will be asked to vote on a future agreement with Emera – and the possibility that a membership vote may take place at some time during the year other than at Annual Meeting. In light of this, Ed thought that the board should have the authority to canvas as many members as possible for such an important decision and that a mailed ballot is the best way to achieve this outcome.

Ed proposed in writing an amendment to the By-Laws to be inserted in Line 8 of Article VIII after the first word on line eight. There was discussion of the need to make such a mailed ballot confidential and agreement that a system that would enable that confidentiality could be worked out should such a mailed ballot become necessary. Eric suggested that the word “confidential” (see italicized word) be inserted at the appropriate point. This was agreed so that the amendment, as amended, reads as follows:

- “provided however, that in the interest of expanding the number of members able to vote on important issues, the board may choose to utilize a *confidential* numbered ballot, mailed to each member. In this case, the total number of marked, signed and properly returned ballots shall constitute the basis of the membership vote on that issue.”
-

The motion to approve this amendment was made, seconded and unanimously approved by the Board.

5. Executive Session

(a) Crew compliance with SIEC Emergency Response Protocol

(b) Broad outlines of negotiating strategy with Emera.

**FOR THE SECRETARY: Eric Chetwynd, Recording Secretary and Ed Schwabe,
President**