SPRINGFIELD UTILITY BOARD
223 A STREET, SUITE F
SPRINGFIELD, OR 97477
MINUTES
June 14, 2017

The regular session of the Springfield Utility Board was called to order by Chair Willis at 6:00 p.m.

ATTENDANCE: Board: David Willis, Chair; John DeWenter, Vice Chair; Pat Riggs-Henson; Mike Eyster; Virginia Lauritsen. Staff: Jeff Nelson; Bob Fondren; Sanjeev King; Greg Miller; Dave Embleton; Amy Chinitz; Cindy Flaherty; Joe Leahy, Attorney for the Board. Others: Michelle Emmons and Erika Coyer, Middle Fork Willamette Watershed Council.

ACTION ITEMS:

CONSENT AGENDA:

MINUTES – May 10, 2017, Regular Board Meeting

ACCOUNTS PAID LISTING – May 2017

AWARD/APPROVAL OF BIDS/CONTRACTS –

1) Approval to apply the provisions contained in ORS 279B.085 Special Procurements: *The Water Division staff recommends the Board award a contract to Murray, Smith, and Associates in the amount of $181,785.34, to provide additional permitting and design services as part of the Cedar Creek Mitigation – Outfall and Temporary Intake. A copy of the Board memo is attached.* (Exhibit A)

2) Award Bid #2017-08; Trucks, Drivers, and Rock for Kelly Butte Transmission Phase 1: *The Water Division staff recommends the Board to award this bid to Wildish in the amount of $158,000.00 for the lowest bid meeting specifications. A copy of the bid summary is attached.* (Exhibit B)

3) Award of Bid #2017-10, 2017 Hydraulic Track Excavator: *The Water Division staff recommends the Board award this bid to Papé Machinery for their 2017 John Deere excavator in the amount of $159,106.50 as the lowest cost for base machine plus $67,329.44 additional equipment at 41 percent government discount for a total amount of $226,435.94. A copy of the bid summary is attached.* (Exhibit C)

4) Approval of 3-year contract, as part of US Communities Cooperative Purchasing Agreement #12-JH-001C for rental of OSHA-required Flame Retardant (FR) clothing: *The Electric Division staff recommends the Board approve a 3-year contract with Cintas Facilities to provide rental and laundry service for FR clothing for a 3-year total of $86,820.24. A copy of the Board memo is attached.* (Exhibit D)

* Mike Eyster motioned, and John DeWenter seconded, to approve the Consent Agenda, as presented. This motion **CARRIED** unanimously.

BUSINESS FROM THE AUDIENCE: None.

BUSINESS FROM THE BOARD:

Update on Board Priorities List and Next Steps

Jeff Nelson shared that the Board requested a special work session to discuss future arrangements with Rainbow Water District (RWD), as well as other items on their list of tasks and priorities. Chair Willis disclosed that the date for this special work session has been scheduled for Monday, August 21, at 5:30 p.m. with dinner at 5:00 p.m.

Mr. Nelson said that RWD's Superintendent, Jamie Porter provided him with RWD's strategic vision for the future and indicated that they would like to get together, collectively, to talk about our individual interests and find where they may connect. Mr. Nelson added that Mr. Porter also mentioned that their individual Board members indicated that they may want to reach out to SUB's Board members to have more personal contact, in general.

BUSINESS FROM THE GENERAL MANAGER:

Middle Fork Willamette Watershed Council

Jeff Nelson asked SUB's Drinking Water Source Protection Coordinator, Amy Chinitz, to provide a brief introduction of the presenters, Michelle Emmons and Erika Coyer, Middle Fork Willamette Watershed Council (MFWWC). Ms. Chinitz expressed her appreciation to have Ms. Coyer and Ms. Emmons here tonight who work with the watershed education program. This is a big year for SUB in the terms of having increased its financial support of the watershed council's education program. Ms. Chinitz explained, this is a chance to hear things from them directly and what they've been working on and what kind of services they deliver to the watershed community. We have vast areas that are part of our source area that are completely outside of our local jurisdictional ability and in those cases we are depending on voluntary actions by upstream communities to help us protect this watershed that is so important for our water supply. The educational program is by far the greatest resource we have, in both the McKenzie and the Willamette watersheds. SUB has been involved in the Middle Fork Willamette Watershed Council since its inception, and we've also been involved in their education program since it began in infancy about 15 years ago, when it was just a single teacher interested in doing watershed education in a single school in a single community, and it's grown over those 15 years. It's now a watershed-wide program; it addresses multiple topics, in multiple communities. It's grown into a wonderful program that gets students and families out there learning to understand, appreciate, and attack this watershed that's so important.

Michelle Emmons, Education and Outreach Coordinator, MFWWC, thanked Ms. Chinitz for providing a background for this program and referred the Board to her overheads (Exhibit E). The Watershed Rangers program has been going for about 11 years. Ms. Emmons, said that thanks to SUB's funding they've been able to expand to include a high school education program. This program utilizes those high school students in the program to be counselors in outdoor schools and some of the field trips they've been implementing over the last few years. They've also been able to expand partnerships around the watershed. The program is not only being received by students in third through sixth grades, but it's also being received by their parents, which gives the parents an opportunity to hear about some of the concepts that we discuss in the program with the students. The Watershed Rangers program is a progressive program that builds on what they've learned each year. We are expanded to all three school districts in the Middle Fork Willamette Watershed, including Pleasant Hill, Lowell, and Oakridge. We also extended some of our programing out to include some of the alternative schools which includes Mountain View Academy, Jasper Mountain, as well as the Bridgeway House which provides programming for children who are mentally disabled and those that have a high level of autism.

The program has a very strong partnership base, said Ms. Emmons. Those partnerships includes SUB, U.S. Forest Service, U.S. Army Corps of Engineers, Oregon Parks & Recreation Department, Oregon Department of Fish & Wildlife, Friends of Buford Park, Lane Arts Council, Bring Recycling, and Cities of Lowell and Oakridge. It is their hope to expand further into Springfield. They're receiving more and more requests from schools such as Agnes Stewart Middle School to participate in some of their programming. Now that our program is involved in the Doris Ranch restoration project, it makes sense to bring some of those students out to the project there for some of the things that they're working on there.

Ms. Emmons added that in third and fourth grades, they're main focus is salmon education through the Next Generation Science Standards. This allows the program to introduce them to the concept of water quality. By focusing on salmon habitat and what's necessary for a healthy salmon habitat, as well as macroinvertebrates and what those macros are delivering to us in terms of knowledge around indicating river health, helps them to understand why water quality is important. Some of the field trips include the Willamette Trout Hatchery and Dexter Fish Hatchery. They talk about the relationship to the dams (Hills Creek, Lookout Point, and Dexter). They also go to the Buckhead Wildlife Refuge and Elijah Bristow State Park, where the students work on scotch broom removal and native plantings to enhance the habitat and water quality. They're also working on the Lost Creek confluence in Elijah Bristow State Park, for over a number of years, which allows students and parents to see the improvement and the difference their work is making in that park, in terms of water quality.

In fifth grade, they bump up the level of education around water quality. They talk a lot about source protection and water conservation by having different exercises in and outside of the classroom. They also focus on community services such as drinking water, flood control, and sanitation. This means a few of our field trips are more community service focused such as water treatment centers and SUB's well fields.

In sixth grade they focus on mostly outdoor field trip education, as well as cause and effect, and is reinforced through individual field trips and outdoor school. They focus on water quality and land stewardship, as well as the cultural significance of the land in the Willamette Valley. They also look at Native American culture and how that's changed over the years. We do some fun things around outdoor education, including hiking, swimming, and archery. Field trips include Fall Creek Reservoir, Salmon Creek, Hills Creek Dam, Elijah Bristow, Mt. Pisgah, and Friends of Buford Park Native Plant Nursery. The students also have an outdoor school experience at the Willamette Fish Hatchery and Sky Camp.

Ms. Emmons said that the program connects over 500 students each year at six local schools with over 2000 contacts each year, 30 to 50 field trips coordinated each year, and 500 to 1000 community service hours improving local community parks. The program also provides mentorship opportunities to 12 Lowell High School students and 24 Pleasant Hill High School students, through field trip education and outdoor school. Ms. Emmons then introduced Erika Coyer, as she's also been working with Oakridge students with the high school expansion into the Watershed Stewards program.

Ms. Emmons explained that the Watershed Stewards program is a new program this year. She designed the program in 2015, and it was launched this year at Oakridge High School. It's a place-based program with a focus on project-based learning. The students have opportunities for professional development that gives them experience by being out in the field working with folks from our partner agencies. Students learn about what it means to work in the field of resource management and what types of skills they need to acquire, in order to pursue those types of careers.

There is a leadership development component where students are learning mentorship skills, communication skills, and how to work together in a team. The program also offers students internship opportunities where they can take their foundation of knowledge from the Watershed Stewards program and work with the Forest Service doing some field biology internships over the summer.

We start with watershed ecology, Ms. Emmons said, where the students learn about what healthy habitats are and how those habitats are interconnected. Such as, how riparian habitats are important to keep water quality high in stream habitats. They then learn how to work

to restore those habitats that aren't looking healthy anymore. They'll get out in the field and have a project site that they'll work at throughout the year; or they'll work with field professionals and learn how to do a site assessment to figure out what's healthy about the site and what needs to change. From there, they learn how to design a project that they can then implement with their class in partnership with the agency representative that they're working with. It gets the students outside, gets their hands dirty, and teaches them the right tools to use for the different projects they're working on. The whole program is aligned with Next Generation Science Standards, so the teachers who are using that program in their classroom, can utilize this program as an additional tool in their educational process.

The program is gearing up for more expansion next year, as this year was their pilot in Oakridge. Next year they're looking to include students at Thurston High School. The watershed council has a project coming up in the Thurston Hills and it will be exciting to get those students out into, literally, some of their own backyards to do restoration work and monitoring. After thorough review of all the input they received through the year from teachers, students, and their education outreach committee with the MFWWC, they look forward to making the program more effective by doing some curriculum revamping over the summer.

Ms. Emmons explained to the Board that McKenzie River Watershed Council's WELL Project is complimentary to MFWWC's watershed education program. They met with WELL Project Coordinator, Stephanie Lawless, to make sure they weren't overlapping on anything and to make sure they were utilizing resources wisely.

The Board thanked Ms. Emmons and Ms. Coyer for their presentation and for the good work they've done with this program.

SUB's Accounting Internal Controls

Jeff Nelson introduced SUB's Management Information System Director, Bob Fondren, to provide this presentation. Mr. Fondren referred to his overheads (Exhibit F) and said that his definition of internal controls are all the extra efforts and expense SUB goes through to make sure transactions are recorded correctly and that assets are safeguarded.

The most important control is management awareness. SUB is lucky that we have a lot of support from the Board and from management. SUB's Executive Management Team are very well versed in internal controls and committed to ethical behavior. The best control, although, is education of the workforce. Employees are trained on computer safety and also educated on ethics. Employees are given moral guidance and held accountable to perform internal control tasks such as signing off after checking a process.

SUB's Human Resources policies and procedures promote ethical behavior, and goes to great lengths in having excellent hiring practices. Recruiting procedures include comprehensive interviews, thorough reference checks, and pre-employment background checks. SUB has excellent training programs that develop the skills necessary to meet performance standards.

Mr. Fondren explained, employees who are required to have a Commercial Driver's License (CDL) and/or those who perform safety sensitive functions, we obtain a pre-employment physical and drug screen. When appropriate, SUB will perform on-going drug screens, only to the extent allowed by law. He stated, the best control with dealing with impairment issues is to educate management on how to spot impairment and what to do when they do spot impairment.

One of the controls SUB has, said Mr. Fondren, is Delegation of Authority. Lines of authority are very clear and defined in writing and signed off by the employee and the General Manager. All transactions are reviewed and verified by the Accounts Payable staff, management, and finally are tested in the annual audit in accordance with the "Delegations of Authority" document. The classic control is to have two people involved in every transaction. Controls are reviewed constantly for changes in personnel, technology, job duties, and responsibilities. If job duties are changed, an evaluation of what functions on the computer system an employee can access is completed. Controls are audited by Moss Adams yearly.

SUB also has controls that are information system based. Currently, SUB's computer system will alert us when there is a transaction out of the norm, such as double payment to a vendor, the accounts payable system will display an alert. On the customer service side, if we have a refund for the same customer or the same account number, that will be sent out as an alert email. Whenever possible, it's more cost effective to have a computer based control system to send out alerts, instead of having an employee do it.

A few examples of functional controls are daily reconciliation of all bank accounts and cash drawers, bank deposits are monitored by camera system, and management reviews adjustments to customers' accounts for accuracy.

Some physical controls are: employees making cash transactions do not prepare the bank deposit or reconcile the bank account, customer inquiries about payments are not researched by the same employee as the one that processed the payment, and employees handling cash and/or payments are bonded. Mr. Fondren then reviewed possible scams and the process SUB has as protection against check scams. SUB states on our checks that they are only good for 30 days. As a precaution, SUB does not reissue a check until 31 days after date of issue. SUB also uses the "Abagnale Supercheck," created by Frank

Abagnale. The movie, “Catch Me if You Can” was based on the life of Mr. Abagnale, who went to jail for his crimes, served his time, and was later released. He is now a consultant and created this supercheck with all the devices in it to combat all the particular scams that he knows about. The following 16 features are incorporated into the supercheck: watermark that’s visible on both sides of the check when held toward the light, thermochromatic ink reacts to changes in temperature and disappears when copied on a copier, high resolution border which blurs when copied, warning banner calls attention to all security features, laid lines deter and reveal cut-and-paste operation, chemical-wash detection box which shows that a check has been altered by chemicals, prismatic printing which is difficult to color copy, customized controlled paper stock which is not available in the marketplace, florescent ink is printed on the back of the check in ultraviolet ink, florescent fibers are also visible under ultraviolet light, chemical reactive paper causes the check to stain or spot when touched by ink, chemical reactive ink is used for the dark blue border that dissolves in acetone, copy void pantograph deters copying and scanning, microprinting which appears as a thin broken line outside the border and says “SUPERCHECKSUPERCHEK” in a font size that makes it difficult to print without blurring. The cost of the supercheck is the same as any other check.

Mr. Fondren added, Jeff Lanza, retired FBI agent, puts out special informational documents that are available for use by anyone. Some of the special documents and information that SUB uses in training staff are; Preventing Identity Theft, Protecting Your Family in the Information Age, Cyber Fraud, and Ethical Leadership.

Cyber Security Overview

SUB’s Management Information System Director, Bob Fondren, began his presentation (Exhibit G) with acknowledging SUB’s Information Technology (IT) staff; Network Engineer, Robb Franklin, and Systems Administrator, Bruce Ngo. They’re the staff who spearhead the cyber security program at SUB. Robb Franklin is at the forefront of cyber security topics and SUB is very lucky to have him. SUB practices the security strategy known as “Defense in Depth.” This strategy involves using multiple layers of security controls (defenses) to protect information. It really is a war, Mr. Fondren said, so you’ll hear me use a lot of military terms. There’s constantly someone trying to find chinks in your armor and find a way to break through the computer security perimeter. Email poses the biggest threat to the system. Of all attacks, 95 percent are still made through emails where people click on links that are infected with malware and viruses. Recently, there has been a rise in ransomware. This is where they gain access to your system and encrypt all of your data files.

Because email poses such a serious threat, explained Mr. Fondren, SUB has installed dozens of different security controls on its email system. These controls include; multiple antivirus detection engines, numerous spam filtering controls, attachment filters, macro filters, IP

and URL blacklists, country code filters, top-level domain filters, and many more. SUB has several firewalls in place that monitor and control communications between different networks and sub-networks. One controls all communications with the Internet. Other firewalls control communications with SUB's SCADA networks which are control systems used at SUB's electric and water divisions, as well as with other private networks.

In response to Virginia Lauritsen's question, Mr. Fondren explained that when the Ukraine was recently shut down, their systems were not updated for some time and some of them were months behind on software patches. The access to those systems were fairly unsophisticated firewall systems and other controls that allowed access to the systems which were not updated. Some of the security software that would have prevented the attack, were not updated. This is why it didn't hit America as bad, because most of our systems are required to be updated by NERC. SUB's IT staff patch the system daily or as often as new patches are available, as SUB follows the adage "patch early, patch often."

SUB has an Intrusion Prevention System (IPS) in place to protect internal systems from malicious Internet traffic. The IPS contains a database of known malicious traffic signatures and it compares all traffic with these signatures to detect and block malicious activity. SUB also uses endpoint protection software on all workstations and servers to detect and block viruses and other malicious programs. This software provides several other security features that block unsafe websites, includes keystroke logging prevention, and much more. SUB gets literally hundreds to thousands of attack attempts per day. The software SUB uses is called Webroot. The home version of that is $40 per year, and he highly recommends it. In addition, SUB has a password policy in place that forces network passwords to be changed periodically. All passwords must meet minimum length and complexity requirements and passwords cannot be re-used. This policy also locks out accounts after a series of failed log-in attempts within a specified time interval. SUB has several network security policies in place that perform a variety of functions, which include password protected screen-savers, the auto run feature is disabled on optical drives and USB drives so someone can't bring a USB drive from home with a virus on it and infect our system if plugged in to one of our computers, and several other policies provide additional layers of network security. Administrative rights are controlled and restricted, which greatly limits the damage that can be caused by malware. Very few staff have administrative rights on computers at their workstation.

SUB uses Virtual Private Networks (VPNs) to provide authorized employees and trusted business partners with secure access to company resources over the Internet. All of SUB's computer rooms (data centers) are secured behind locked doors in environmentally controlled rooms and access is strictly limited to authorized personnel

only. After hours, all buildings and computer rooms are also protected by a security monitoring service. SUB creates tape backups of all critical data on all critical systems every day, and keeps its critical data backups off-site in a fireproof vault. Its customer service system has a real-time backup in a vault in Denison, Iowa. What this means is that if something drastic happened here and SUB lost all of its computer systems, SUB could get up and running again at this location, on-site, within a couple of hours and could have its whole system back up and running within a couple of days.

SUB minimizes our risk by minimizing our footprint perimeter to the outside world, and the Internet. SUB does not use any web based point-of-sale, no internal processing of credit cards, and essential systems are not connected to the web. SUB uses minimal cloud based computing, and its essential systems are completely isolated from the Internet whenever possible.

Additional Information Regarding Consent Agenda Award of Bid Item #*3)*

General Manager Nelson asked to have further clarification on Consent Agenda Award of Bid item #3. He wanted the Board to be fully informed regarding the transaction related to Bid #2017-10, 2017 Hydraulic Track Excavator. SUB's Water Division Director, Greg Miller, briefly explained that part of that transaction includes a credit for a piece of equipment that SUB already has.

Presentation on Potential Future Wholesale and Retail Energy Markets

The objective of his presentation, Jeff Nelson explained, was to assist the Board in framing SUB priorities, discuss variables that go into future resource decisions, and update the Board on steps that SUB continues to take in order to position itself for the future. Mr. Nelson began his presentation by referring to his overheads (Exhibit H). He wanted to give context to solar and energy storage and the U.S. Department of Energy's (DOE) SunShot Initiative and the changing electric industry. He shared charts that showed progressive changes and trends in cost of solar installation, and the trend of residential solar installation, installed solar cost trends, solar penetration potential, residential solar and utility rates, Columbia River runoff and solar production, hourly load and intermittent resources, solar resource deployment and impact, and energy storage. From empirical data that we are seeing in the marketplace today, customers will have retail choice on installing their own solar generation. Bonneville's system is driven quite a bit by the surplus revenue it makes from its surplus water runoff. We see a lot of solar generation coming online in California, and the demand for Bonneville's power is going to be impacted, which means that price is going to be impacted on the market when Bonneville tries to sell that power. In regards to hourly loads, Mr. Nelson said, you can't predict what the net load is going to be in any situation.

In summary, Mr. Nelson said, solar pricing is falling; accelerating solar installations, which accelerates research and development, as well as competition, which accelerates price reductions. It's a compounding affect that's impacting future trends. So by the 2020's, 85 percent of retail load will be served by end user solar generation. The monthly output of solar will dampen prices that Bonneville gets in the surplus market. SUB needs to respond to the realities of customer choice, as a utility, so we may thrive in the future. He doesn't see this trend as a threat –he feels it's an opportunity for SUB– and that SUB is aware of it and is planning for it.

Mr. Nelson referred to charts on energy storage and how it's becoming a game changer. Batteries is another area where prices are dropping, and they're dropping fast. There are flow batteries that use a combination of fluids/liquids to exchange charges and then are discharged in tanks when needed. The lithium ion batteries are impacted and don't have a good grid support for extended discharges. Flow batteries have more ability to discharge over multiple hours. Based on some estimates, the combustion engine will be dead in ten years, because the battery packs for electric vehicles are dropping in price significantly. It will be interesting to see what happens with TESLA's gigafactory and its efforts in battery production. China also has some factories that are producing batteries at a very low cost. Utilities may be able to leverage solar, home energy storage, and vehicle energy storage, to manage local load/resource balance.

SUB's utility has no debt, said Mr. Nelson, so it has low stranded cost risk. SUB should position itself for a successful transition to retail choice. Utilities are no longer monopolies when looking at retail choice, and should continue to look at utility scale solar and energy storage. With emergent technologies, affluent end users tend to adopt the new technologies faster. SUB needs to continue to meet the customers with limited resources. He said, the question is, will SUB remain the energy provider of last resort and continue to acquire resources accordingly or will SUB's system just become a distribution battery with end users being responsible for managing the power quantity and power quality for their own needs?

The wildcards are; Bonneville power, investor owned utilities, and laws and regulation. Is Bonneville competitive? Bonneville's resource mix continues to be at risk with regional supply and demand profiles. The value of preference has less value when retail choice is driving utility level decisions to adapt. Bonneville's significant debt load and fish and wildlife cost exposure has a lot of risk as a wholesale bulk power provider. Utilities in the region may commit to purchasing less PF power from Bonneville in the future – the combination of end user choice pressure and Bonneville's rates creates lower customer demand from Bonneville's products, which Mr. Nelson refers to as the "Dearth Spiral." With lower long term firm sales, Bonneville does not have revenues to cover costs. Department of Fish and Wildlife funding is at risk, debt

service is at risk, and increased rates will be needed to cover those costs, and then fewer customers will want to buy from Bonneville.

Mr. Nelson said, the challenge that the regulatory structure has with investor owned utilities is, predominantly, that they're still rewarded for investing in capital and then having a guaranteed rate return under that rate structure. Models are moving from a rate cap to a revenue cap as utilities have lost customers. What's happening in California is going to overwhelm those investor owned utilities. In the meantime, he feels utilities may spend on capital until they can't extract further return for the shareholders. Which means they may declare bankruptcy, states will need to have a rescue plan and figure out if they're too big to fail. Portland may acquire PGE; investor owned utilities may be more interested in transferring service territory, especially, if it infringes on their system or where they abut to other utilities. Urban areas may be likely to remain cost effective for utilities to have a larger presence. However, when you look at rural areas, they may be able to transition faster to end user generation, particularly, with new development and high development charges assessed by utilities for electric service.

Are policy decisions made by the executive branch of government still relevant? The avalanche of lower cost solar and battery systems has already arrived. Decisions by any policy maker may move the needle a little bit, but should not significantly impact deployment. Coal, as a utility scale power source, is on life support; gas generation as a way to manage intermittent generation will be further displaced by distributed generation and battery storage; non-solar, non-wind (non-intermittent) resources will still be needed to balance seasonal loads; and decisions made by any executive branch may have a symbolic impact, but will likely not alter the current path.

The Pacific Northwest Electric Power Planning and Conservation Act passed in 1980 and was an outgrowth of decisions at the wholesale level to manage projected energy consumption under a framework with electric monopolies and lack of retail choice. Utilities no longer have a monopoly, and retail choice is accelerating. The Northwest Power and Conservation Council may no longer be sufficient or relevant to the future of retail customer choices. The Council may create barriers to utility successful transition, due to overregulation of Bonneville power.

Like the Power Council, the Oregon DOE has been focused on providing services in a centralized power planning framework, and may have diminishing value to utilities in an end user driven market. The Oregon DEQ is creating rules regarding clean fuel standards, and those rules appear to closely mimic California's. California's rules exported California's assets to out of state entities. If Oregon continues on the path that they're on, they're going to transfer wealth from Oregon to somewhere else. Mr. Nelson feels the electric vehicle transition will happen regardless of what DEQ does. Another question the Board might want to be thinking about is how SUB communicates to outside

parties in regards to the perception that utilities have “deep pockets” in that this perception needs to shift to “empty pockets” quickly. What’s truly relevant is California, said Mr. Nelson; because what they do will, ultimately, drive the market.

What SUB can do is: educate lawmakers and policymakers and reinforce the concept that utilities are no longer a monopoly, advocate for Bonneville, and recognize that Bonneville may not be fully aware of the magnitude of the risk. SUB can also make some gradual changes to its retail rate structure by increasing the monthly charge to recover fixed costs, as well as decrease the retail energy rates in the summer months and increase the rates in the winter months. It may be most effective to focus on seasonal/monthly rates, rather than daily/hourly rates. SUB can look for future potential opportunities to invest in utility scale solar and/or energy storage – spread the benefit to all customers, and look for opportunities to work with end users to control generation and storage.

In response to Mike Eyster’s comment, Mr. Nelson explained, that one question might be; “Why are we investing so much in a new substation?” One reason is that investing in infrastructure that increases reliability, flexibility, and protection, strengthens the grid and makes the grid value higher for customers with end user owned generation and battery storage.

After discussion, the Board thanked Mr. Nelson for his presentation.

TEAM Springfield Update — No update at this time.

ADJOURNMENT: The meeting was adjourned by consensus at 8:15 p.m.

_____
David Willis, Board Chair

ATTEST:

_____
Jeff Nelson, Board Secretary