



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Helgeson, Brown, Mital, Simpson and Carlson
FROM: Erin Erben, Chief Customer Officer; Jeannine Parisi, Community and Local Government Relations
DATE: February 1, 2017
SUBJECT: Utility of the Future Engagement Update/Pricing Committee
OBJECTIVE: Board Action

Issue

Commissioners discussed options for a strategic community engagement effort on several occasions during 2015. These conversations largely grew out of a desire to be more proactive in our outreach in advance of any further changes to electricity pricing. Commissioners also agreed that a public engagement strategy on pricing reforms could be a platform to help inform customers on broader utility trends driving the need for change.

In a May 2016 memo, management shared a public engagement plan outline consistent with previous Board feedback. The plan aimed to embark on a customer education process, as well as to develop a better understanding of how EWEB strategic issues align with customers' priorities. The first phase of outreach activities, described below, are nearing completion. Management is preparing to launch into the next component - to gather more in-depth feedback and preferences regarding different pricing reform options. Board direction and participation in selecting community member to serve on a 'pricing committee' is requested.

Background

The first part of the Utility of the Future engagement strategy had two main components:

1. 'Meet and greet' sessions with Frank Lawson.

The hiring of a new General Manager afforded an opportunity to both share information with key partners about utility industry changes and challenges, as well as to gather informal feedback on our response and performance. At least a dozen 'meet and greet' sessions have been held so far, and Frank has given presentations to a number of business and community groups as well. As an example, a 'state of the utility' presentation is planned for Eugene City Club later this month. Meet and greets will continue in 2017.

2. Listening sessions with community stakeholders.

EWEB hired a consultant to interview a cross-section of customers to gather meaningful feedback about the future direction of the utility, considering changing economic models, customer expectations, new technologies and other dynamics. Twenty-two people representing business interests, community organizations, non-

profits, energy advocates, young professionals and other thought leaders participated; all but one were residential customers as well. The interviews were structured to test overall perception and confidence in EWEB, how customer priorities align with major issues facing the utility, and gather feedback on recent rate structure changes. The final report will be complete in the next few weeks.

Discussion

Management is ready to begin the second phase of the customer engagement plan and conduct a comprehensive review of electric pricing reform options with the assistance of a customer committee. Because of the in-depth and complex subject material, a committee approach is the most effective tactic to engage in the level of discourse desired about values, preferences and tradeoffs. The committee will explore tiered rates, basic charges, and alternative pricing mechanisms such as residential demand charges, offering feedback as we apply residential pricing options to different customer types. Serving in an advisory role, the committee will not only offer input about preferences and risks, they will also provide advice on the rate of change for pricing reform implementation.

It is anticipated that there will be about six monthly committee meetings, publicly noticed/open to the public and facilitated by an outside consultant. The committee's feedback will be used to create pricing reform plans that have been tested with customers for Board review.

The committee's process would be supplemented with other public engagement tactics. Management plans to survey a broader group of residential customers on the proposed pricing options, as well as host an Open House this fall where pricing changes would be central topic. Lastly, focus groups are planned to test how to effectively communicate proposed changes with customers.

There are a number of similar pricing concepts that apply to commercial customers, as well as a few that are unique. Management plans to build off the work products developed for the pricing committee to facilitate a shorter, focused conversation with representatives from our commercial customer base towards the end of the year.

TBL Assessment

Use of a triple bottom line construct throughout the committee process will ensure that social, environmental and economic tradeoffs are fully considered, as well as potential mitigation measures.

Recommendation

To complete a comprehensive review of residential pricing options and gather credible community feedback on preferences and tradeoffs in time consider changes for the 2018 budget means getting started soon. Forming a committee can become very time-consuming depending on the process. Since the committee is just one part of the customer feedback process envisioned, management offers a streamlined selection process as follows:

- Each Board member identifies a primary and alternate person from their wards to invite to serve on the committee (for a total of 5 members).
- Staff will craft an invitation letter for each Board member to use for recruitment purposes. On an as-needed basis, we can also help Board members with identification of potentially interested parties to invite, pulling from other engagement strategies like the quarterly customer panel.
- Based on the five commitments the Board receives, staff will recruit up to another four committee members to round out representation of different residential customer types (high & low energy users, PV and/or EV customers, conservation advocates, and demographic diversity).

Requested Board Action

Management requests approval of this selection process to support launching the comprehensive pricing review. If approved, staff will contact each Board member to discuss next steps to begin committee recruitment with the goal of hosting the first meeting in late March.

Recommended Motion

I move to approve the proposed pricing committee selection process and that Board members commit to identifying a primary and alternate constituent from their wards to invite to serve on the pricing committee by the end of February, coordinating recruitment with staff support.