



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Helgeson, Brown, Mital, Simpson and Carlson
FROM: Jennifer Connors and Monica Shovlin, Communications/Marketing/Research
DATE: Feb. 24, 2107
SUBJECT: Annual Community Investment Report
OBJECTIVE: Provide Board with overview of grants, donations and other community investment activity in 2016

Issue

EWEB invested more than \$16.4 million back into the community in 2016. Guidelines are in place to ensure consistency and transparency for how we invest our customers' dollars for the betterment and well-being of the community we serve. The attached report provides the Board with an overview of the program in 2016. The attached spreadsheet (ATTACHMENT 2) lists sponsorships, donations, grants, event participation and other contributions, categorized by interest area and type of giving.

Background

EWEB's Community Investment Program includes mandated investments, fundraising activities, employee volunteerism, community service projects, events, sponsorships and donations. The vast majority of EWEB giving is either mandated (by our charter, FERC license agreements, etc.) or Board-directed (See ATTACHMENT 1). A small annual budget is allocated for "discretionary" giving. Community requests are vetted against EWEB's Investment Priorities to ensure donations align with the utility's mission and goals. Investment Priorities are: (1) People, (2) Economic and Workforce Development, and (3) Environment.

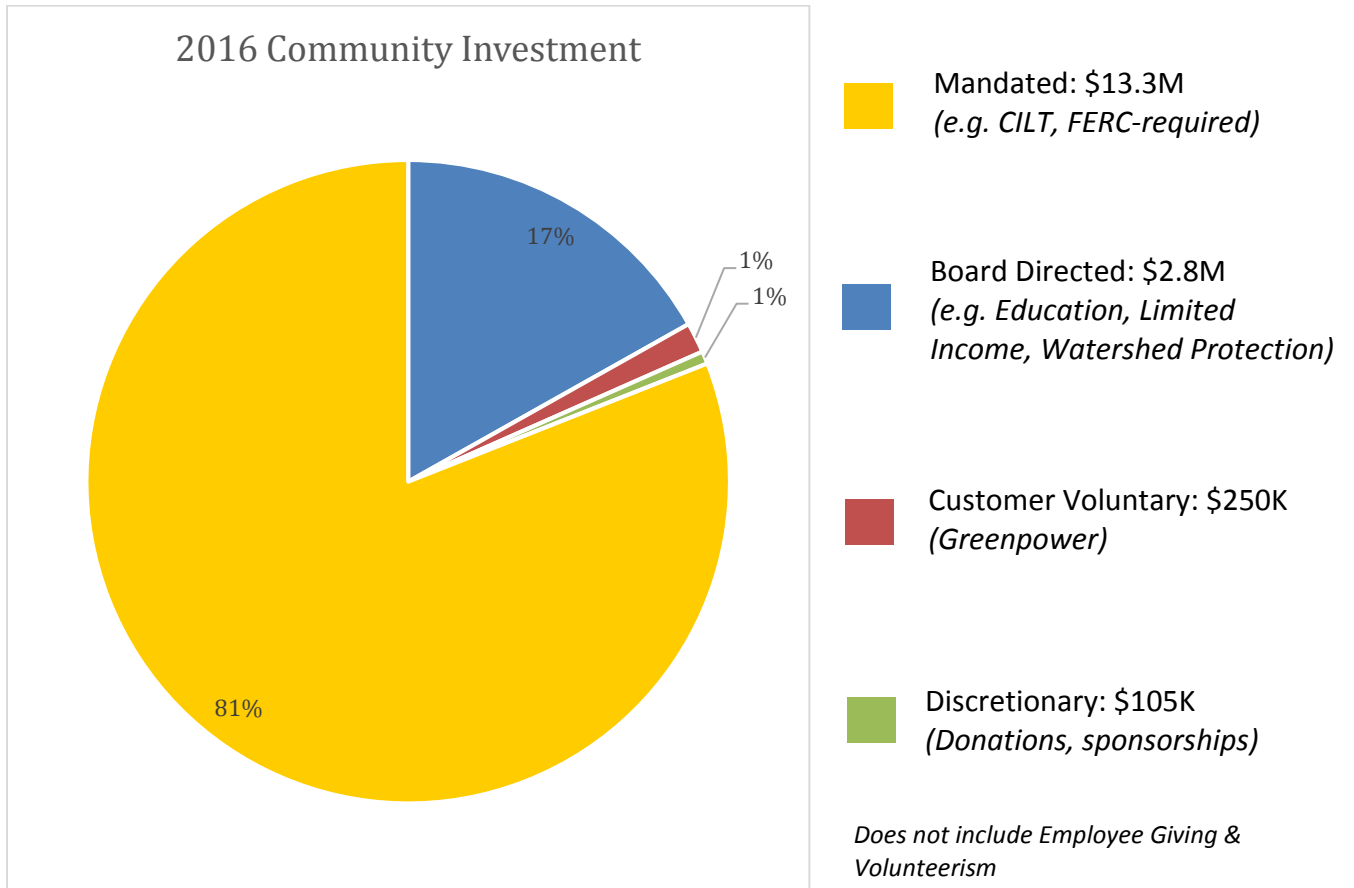
The Community Investment Strategy aims to achieve the greatest possible value to the community within the resources authorized by the Board through the annual budgeting process.

The attached report and spreadsheet provide a 2016 breakdown and more details of projects, donations, contributions to local governments and schools, volunteer work, in-kind services, and other initiatives under this program. In addition to the annual report, the Community Investment Team this year will begin providing quarterly updates to the Board.

Requested Board Action

None. This is informational only.

ATTACHMENT 1: Types of Giving



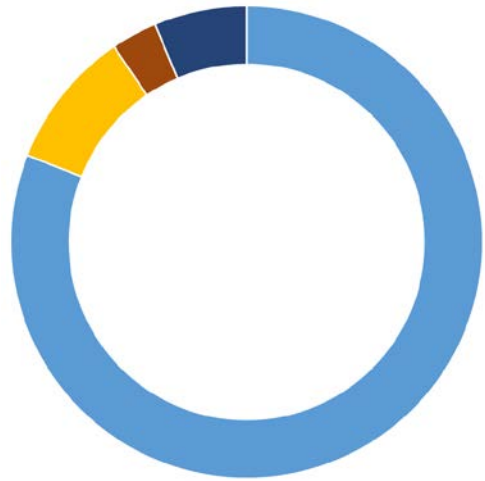
ATTACHMENT 2		EWEB 2016 COMMUNITY INVESTMENT DETAIL				
INVESTMENT AREA	CATEGORY	AGENCY	EVENT/PROGRAM/DESCRIPTION	AMOUNT	TOTAL	
PEOPLE: Diversity/equity	Discretionary	Blacks in Government	Black History Month, table sponsorship	\$ 825		
PEOPLE: Diversity/equity	Discretionary	Community Supported Shelters	Donation in lieu of payment to Sam Kamkar, An Introduction to Arabic Culture an	\$ 500		
PEOPLE: Diversity/equity	Discretionary	NAACP	Freedom Fund Dinner, table sponsorship	\$ 750	\$	2,075
ENVIORNMENT: Water quality/reliability	Discretionary	Healthy Farms Clean Water	Local Food Connection	\$ 4,000		
ENVIORNMENT: Water quality/reliability	Discretionary	University of Oregon	Landscape Architecture Class	\$ 5,000		
ENVIORNMENT: Water quality/reliability	Board Directed	McKenzie River Trust	Finn Rock acquisition	\$ 250,000		
ENVIORNMENT: Water quality/reliability	Discretionary	Lane County Pollution Prevention Coalition	Donation toward homeshow booth	\$ 250		
ENVIORNMENT: Water quality/reliability	Discretionary	Kevin Hawkins Fishing	Reimburse for boat fuel @ river clean up	\$ 32		
ENVIORNMENT: Water quality/reliability	Discretionary	Todd Linklater	Reimburse for boat fuel @ river clean up	\$ 70		
ENVIORNMENT: Water quality/reliability	Discretionary	Middle Fork Willamette Watershed Council	Donation	\$ 1,500		
ENVIORNMENT: Water quality/reliability	Discretionary	Friends of Old McKenzie Fish Fatchery	McKenzie Interpretive Center - design phase	\$ 1,000		
ENVIORNMENT: Water quality/reliability	Discretionary	McKenzie River Trust	McKenzie Memories event	\$ 2,500		
ENVIORNMENT: Water quality/reliability	Discretionary	McKenzie River Trust	Living River Celebration	\$ 4,500		
ENVIORNMENT: Water quality/reliability	Discretionary	American Fisheries Society	Sponsorship	\$ 500		
ENVIORNMENT: Water quality/reliability	Discretionary	Water for People	Sponsor 8th annual cascade to coast wine to water benefit	\$ 250		
ENVIORNMENT: Water quality/reliability	Discretionary	Eugene Marathon	Donation for reusable water bottles	\$ 3,000	\$	272,602
ECONOMIC/WKFC DEVLPMNT: Education	Board Directed	Eugene 4J School District	Ed Program Annual Grant	\$ 247,000		
ECONOMIC/WKFC DEVLPMNT: Education	Board Directed	Bethel School District	Ed Program Annual Grant	\$ 77,000		
ECONOMIC/WKFC DEVLPMNT: Education	Board Directed	Springfield School District	Ed Program Annual Grant	\$ 47,000		
ECONOMIC/WKFC DEVLPMNT: Education	Board Directed	McKenzie School District	Ed Program Annual Grant	\$ 21,000		
ECONOMIC/WKFC DEVLPMNT: Education	Board Directed	Lane Community College	Ed Program Annual Grant	\$ 70,000		
ECONOMIC/WKFC DEVLPMNT: Education	Board Directed	Bethel School District	\$1500 for stainless steel bottles for "Monster RE-Use" project	\$ 1,500		
ECONOMIC/WKFC DEVLPMNT: Education	Board Directed	Bethel School District	EWEB Wind Turbine Challenge Event	\$ 7,600		
ECONOMIC/WKFC DEVLPMNT: Education	Board Directed	Eugene 4J & Bethel School Districts	Solar Challenge Event grant	\$ 28,500		
ECONOMIC/WKFC DEVLPMNT: Education	Board Directed	Eugene 4J School District	South Eugene HS Robotics Team Sponsorship	\$ 1,000		
ECONOMIC/WKFC DEVLPMNT: Education	Board Directed	Eugene Education Foundation	Grant/Sponsorship	\$ 2,500		
ECONOMIC/WKFC DEVLPMNT: Education	Board Directed	Willamette High School	Kilowatt Klassic - Electric Vehicle Race	\$ 1,435		
ECONOMIC/WKFC DEVLPMNT: Education	Board Directed	McKenzie Watershed Council	Lane Salmon Stewards Salmon Watch Sponsorship	\$ 7,000		
ECONOMIC/WKFC DEVLPMNT: Education	Board Directed	Bethel School District	National Kidwind Travel Grant	\$ 2,262		
ECONOMIC/WKFC DEVLPMNT: Education	Board Directed	Willamette High School	Electrathon Blast	\$ 2,000	\$	515,797
PEOPLE: Emergency Preparedness	Discretionary	Lane Blood Center	Donation toward the purchase of a new bloodmobile	\$ 1,500		
PEOPLE: Emergency Preparedness	Discretionary	RedCross	Donation from sale of emergency water containers	\$ 32,430	\$	33,930
ENVIRONMENT: Energy Efficiency/Renewable	Discretionary	BRING Recycling	Home & Garden Tour	\$ 3,337		
ENVIRONMENT: Energy Efficiency/Renewable	Discretionary	BRING Recycling	BRING RE:think Program sponsorship support	\$ 10,000		
ENVIRONMENT: Energy Efficiency/Renewable	Discretionary	Energy Management Services Weatherization	Limited Income Home Weatherization Services	\$ 500,000		
ENVIRONMENT: Energy Efficiency/Renewable	Discretionary	Friends of Trees	Donation	\$ 7,500	\$	520,837
ECONOMIC/WKFC DEVLPMNT: Enterprise	Discretionary	Eugene Chamber	Celebration of Business, 3 seats at event	\$ 150		
ECONOMIC/WKFC DEVLPMNT: Enterprise	Discretionary	LCOG	Annual Appreciation Dinner, table sponsorship	\$ 350	\$	500
Required	Mandated	City of Eugene General Fund	CILT	\$ 12,617,574		
Required	Mandated	City of Springfield	CILT	\$ 590,896		
Required	Mandated	McKenzie Watershed Council	FERC License Required habitat enhancement	\$ 84,225	\$	13,292,695
PEOPLE: Safety Net	Discretionary	United Way	Table Sponsorship	\$ 300		
PEOPLE: Safety Net	Discretionary	United Way	Table Sponsorship for community breakfast	\$ 150		
PEOPLE: Safety Net	Discretionary	Catholic Community Services	Great Hour of Caring fundraiser breakfast Sponsorship	\$ 250		
PEOPLE: Safety Net	Discretionary	Eugene Mission	More than 1,200 MREs, 300 healthy snack packages and 450 energy drinks	\$ 6,000		
PEOPLE: Safety Net	Discretionary	Eugene Mission	Waived time and materials to restore Mission kitchen	\$ 18,000		
PEOPLE: Safety Net	Discretionary	First Place Kids Early Childhood Program	Paella Feast and Auction (E-Prep themed gift basket for silent auction)	\$ 100		
PEOPLE: Safety Net	Board Directed	EWEB Limited Income program	Limited Income Energy Assistance	\$ 1,500,000	\$	1,524,800
ENVIRONMENT: Greenpower Program	Customer Volunta	Housing & Community Services Lane County	Greenpower Grant	\$ 50,000		
ENVIRONMENT: Greenpower Program	Customer Volunta	Buena Vista Elementary School	Greenpower Grant	\$ 50,000		
ENVIRONMENT: Greenpower Program	Customer Volunta	EWEB solar program	Greenpower solar incentives	\$ 150,000	\$	250,000
					\$	16,413,236

WATER POWER PEOPLE



Eugene Water & Electric Board 2016 Community Investment Report

Total 2016 investment:
\$16,413,236



- Mandated: \$13,292,695
- People: \$1,560,805
- Economic & workforce development: \$516,297
- Environment: \$1,043,439



EWEB "Super" Engineer Chris Jones leads the Kids' Race at the 2016 Run to Stay Warm. Photo by David Donahue, Environmental Services.

Water, Power – and People

As a customer-owned utility, EWEB's commitment goes beyond the water and power we deliver. Throughout EWEB's 106-year history, the utility has remained vitally connected to the people and neighborhoods we serve.

Since 1943, EWEB has contributed a portion of electricity sales revenue to the cities of Eugene and Springfield in the form of "Contributions in Lieu of Taxes" or CILT. In 2016, more than \$13 million supplemented the cities' general funds, supporting critical services like public safety.

EWEB also gives back in the form of grant funding, local sponsorships, charitable giving, and employee volunteerism. In 2016, the utility gave more than \$3 million to meet local needs in education, energy assistance, safety net programs, and environmental protection. That total includes more than \$500,000 in grants to local school districts and the awarding of \$100,000 as part of our Greenpower grant program.

Our employees volunteered more than 600 hours in the community at EWEB-sponsored events, and donated more than \$40,000 to local non-profit organizations.

EWEB's signature community event, the Run to Stay Warm, raised more than \$47,000 in 2016 – bringing the total to more than \$212,000 to assist low-income families.

In keeping with EWEB' public mission, we strive to be good stewards of the resources entrusted to us and to prioritize programs that align with the utility's mission. Some of the other beneficiaries of our sponsorships, event participation and volunteerism include Food for Lane County, Eugene Mission, St. Vincent de Paul, McKenzie River Trust, and National Association for Advancement of Colored People (NAACP) Lane County.

A Sense of Community



Day of Caring at Friends of Buford Park



Run to Stay Warm



KidWind Challenge

Investment priorities

EWEB powers a vibrant community by funding programs that support our investment priorities: people, economic and workforce development, and environment. Investment priorities align with the utility's mission and goals, and define the overall direction of EWEB's community investment program.

PEOPLE

Community Safety Net
Helping people regain stability in times of hardship.

Diversity
Increasing equity, diversity and opportunity in our community.

Emergency Preparedness
Encouraging personal preparedness and a disaster-resilient community.

ECONOMIC AND WORKFORCE DEVELOPMENT

Education
Inspiring and preparing students to succeed in careers of the future.

Enterprise
Partnering to create jobs in the community through sustainable business growth and retention.

ENVIRONMENT

Water
Highlighting the importance of drinking water systems, promoting water quality and reliability, and encouraging stewardship of resources for future generations.

Energy
Promoting energy efficiency and renewable energy projects.



[CLICK IMAGE TO PLAY VIDEO](#)

With support from EWEB Education Grants, the Bethel School District organizes a local KidWind Challenge for area middle and high school students. Students design, build and test wind turbines as a part of this program that brings hands-on science to classrooms.

The power of learning

We know that education is a critical ingredient for a healthy, prosperous community. For many years, EWEB has provided support for educational initiatives that emphasize math, science, electric safety, energy efficiency and environmental stewardship. Our support comes in the form of grant funding for energy and water education activities, developing curriculum, hosting career fairs, offering internships, and giving classroom presentations. Investing in our communities through education also creates a pipeline for EWEB's future workforce.

School district education grants

The EWEB Education Grant Program provides funding for water and energy education activities in four area school districts: Eugene School District 4J, Springfield School District, Bethel School District, and McKenzie School District.

The utility currently dedicates around \$450,000 annually to fund these water and energy education activities. Each year, our program supports projects such as:

- Raising salmon in the classroom
- Building wind turbines
- Building solar race cars
- Hands on science kits

Lane Community College – Energy Management Program

The Energy Management Program at Lane Community College offers a two-year degree that prepares students for a career in the energy management field. EWEB provides LCC with an annual grant of \$70,000 that makes up the base funding for the program and contributes to the community's skilled workforce.

Internships & job shadowing opportunities

EWEB offers multiple internships each year through partnerships with University of Oregon, Lane Community College, Eugene 4J, Bethel, and Springfield School Districts. In the last 18 months, EWEB provided 22 internships and job shadow opportunities through local high schools and universities.



Food for Lane County Volunteers



EWEB Night at Food for Lane County

Employee volunteerism is an integral part of EWEB's commitment to the community where we live and serve.

Since 2008, our employees have pledged one evening every month to EWEB Night at Food for Lane County. That's a total of a more than 2,000 volunteer hours over the years!

These volunteers make a big difference in our community.

The United Way reported in January 2016 that 43% of Lane County households struggle to meet basic costs. Often, these households must choose between keeping the heat on, or buying food.

Our employee volunteers understand the connection between basic needs, like food security, and overall community health. Each month they package about 2,000 pounds of food, providing an important safety net for those who need it most.

Beyond helping the community, what brings people back month after month is the experience of working with a wonderful, energetic, passionate group of fellow volunteers. EWEB Night at Food for Lane County is a tradition that brings together colleagues, friends, and families in the fight against hunger.



Energy Assistance

EWEB serves nearly 90,000 customers, but there are many who can't afford electric or water service without assistance.

We care about the well-being of all community members and in the importance of lending a helping hand. For more than 20 years, EWEB has provided assistance to low-income families who are struggling to pay their utility bills.

Limited Income Customer Care Program

EWEB offers a number of programs to help income-eligible customers. We commit \$1.5 million each year to limited income programs, or about 1 percent of retail electric revenues. Programs include bill assistance, energy education, job loss assistance, and military income waivers. More than 5,000 households are helped each year.

Limited Income Home Weatherization Services

Through grants and zero-interest loans, EWEB's weatherization services help limited income homeowners reduce waste and lower their monthly bills through improved insulation, high efficient windows and doors, and ductless heat pumps.

Run to Stay Warm

The Run to Stay Warm symbolizes so many of the things that are important to EWEB and our employees – community, caring for customers, health and wellness, teamwork, and fun.

Year after year, Run to Stay Warm attracts runners, walkers, volunteers and community sponsors, all coming together to raise more money for our neighbors in need.

Here's a look back at 2016, another record-breaking year:

- More than 1,100 runners and walkers participated
- 65 EWEB employees volunteered over 200 hours during the weekend of the event
- Nine businesses provided cash sponsorships totaling \$7,400
- Net proceeds raised = \$47,279 (a new record!)
- Total raised to date = \$212,200



2016 McKenzie River Clean Up Volunteers

Watershed Protection

The main goal of EWEB's source protection program is to measure the balance between watershed health and human use over time, and to take steps to maintain a healthy balance for exceptional water quality.

EWEB aims to protect the McKenzie River as a reliable source of drinking water for present and future generations. Specific objectives are:

- Prevent, minimize and mitigate activities that have known or potentially harmful impacts on source water quality
- Promote public awareness and stewardship of a healthy watershed in partnership with others

Protecting our drinking water source also helps EWEB to avoid future expenses such as increased treatment costs, new water treatment methods to deal with contaminants, and dealing with the effects of potential hazardous material spills.

EWEB contributed more than \$270,000 in 2016 to protect and honor the McKenzie River, the sole source of drinking water for approximately 200,000 people. That investment was used to:

- Connect farmers, ranchers, and fishermen with area food buyers - creating business opportunities that support and sustain our local food system.
- Help local students learn about water quality and habitat protection.
- Supported programs and events that highlight the importance of drinking water systems and encourage stewardship of resources for future generations.

EWEB employees take great pride in our water quality. Every summer, employees and family members return for the McKenzie River Clean-up. In 2016, 15 EWEB volunteers (employees and families) participated in the annual event.



Inspiring the next generation workforce

More than 500 high school students from across Lane County experienced a day-in-the-life of construction, road maintenance and utility trade workers during the Construction and Utilities Career Day at EWEB in Oct. 2016.



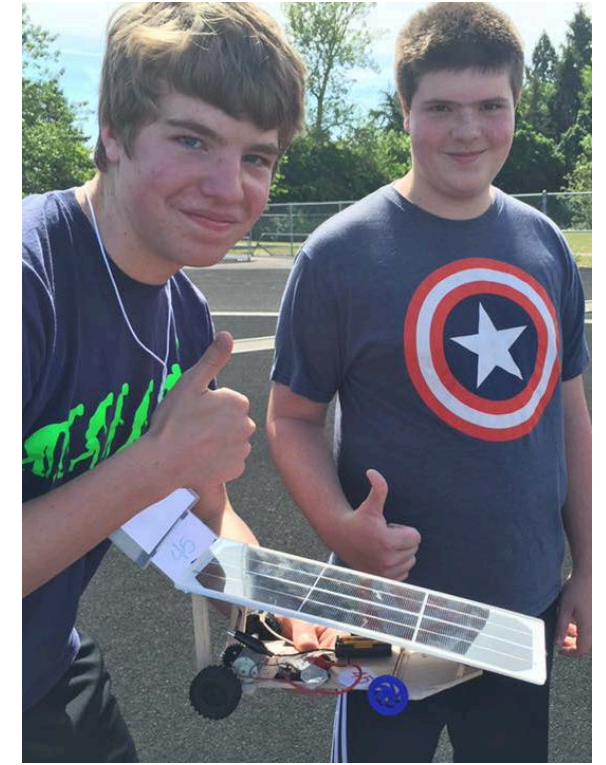
Volunteers rock the Butte to Butte

EWEB has a long-standing tradition of hydrating thousands of thirsty runners at the annual 4th of July Butte to Butte. Volunteers are out there early with smiles and cheers for the runners.



Partners in preparedness

For a fourth year, EWEB offered emergency water storage containers at a discounted price, to remind customers of the importance of preparing for a major earthquake or another calamity. EWEB donated more than \$32,000 to the local American Red Cross through the container program.



Fun in the sun at the Solar Challenge

The Solar Challenge allows students to explore the issues that surround solar energy for transportation by designing, constructing, testing, and modifying solar cars. In 2016 EWEB provided a grant of \$28,500 to Eugene & Bethel School Districts for the program.

Celebrating Public Power



EWEB celebrated Public Power Week 2016 with “Power Readers” at local elementary schools, preschools and the Eugene Public Library. More than 20 EWEB staff were out there in the community, reading to kids about electricity and safety. We also invited fifth grade students in EWEB’s service territory to participate in our second annual Public Power Week Poster Contest. The theme for 2016 was “Design your electric vehicle.” We received about 225 entries from 13 schools and employees were invited to vote on their favorites. Throughout Public Power Week, EWEB Commissioners visited schools to congratulate the winning students.



Support for Eugene Mission

When a fire destroyed the Eugene Mission's kitchen in the summer of 2016, many in the community stepped up to help the shelter get back on its feet.

EWEB donated more than 1,200 Meals Ready to Eat (MREs), 300 healthy snack packages and 450 energy drinks, as well as 20 emergency water storage containers.

In addition, the utility was able to waive the time and materials to restore the Mission's kitchen back to power.

The Eugene Mission provides a crucial safety net in our community. The Mission serves thousands of men, women and children each year with meals, shelter and other basic needs.



2016 by the numbers

\$47,279

Raised by Run to Stay Warm

\$13M

Contributions in Lieu of Taxes

\$40,167

Employee Charitable Giving Donations

\$53,797

School programs & sponsorships

600

Employee Volunteer Hours at EWEB events

\$19,500

Water quality education programs

\$150,000

For solar incentives

\$1,500

For new Blood Mobile

\$462,000

K-12 education grants

\$10,000

Sponsorship for BRING Program to reduce waste

\$24,000

To help Eugene Mission rebuild after kitchen fire

\$32,430

Raised for RedCross through Container Program

\$100,000

Renewable energy project grants

\$6,212

Sponsorships for community events

\$1.5M

Limited Income Energy Assistance

\$500,000

Low income weatherization programs

184

Customers helped through low income weatherization

5,400

Families helped through Energy Assistance

Our partners

We believe that collaborating with employees, customers, and non-profit organizations is the most effective way to address community challenges. Here's a snapshot of the variety of partners we supported in 2016.

4J School District

Bethel School District

Berggren Demonstration Farm

BRING Recycling

Catholic Community Services

City of Eugene

EarthShare Oregon

Eugene Mission

Food for Lane County

Friends of Trees

Housing and Community Services Agency (HACSA) of Lane County

Lane Blood Center

McKenzie River Trust

McKenzie School District

McKenzie Watershed Council

NAACP Eugene

Red Cross

Springfield School District

St. Vincent DePaul

United Way Lane County

Water for People



A heartfelt thank you

To all the EWEB employees who gave your time or dollars in 2016, we are so grateful for your contributions.

You make a difference at EWEB, and in the community.

From volunteering with schools and youth sports, working on important environmental initiatives, and serving on boards and committees, you continually work to address the most pressing issues in our community.

Your service demonstrates the kind of organization we strive to be – working together for the good of the whole community.

Thank you for throwing your energy behind causes you care about. If you volunteered or donated, we want you to know just how much you are appreciated.

-EWEB's Community Investment Team



FINDINGS TO SUPPORT DECLARATION OF EMERGENCY

DATE: 2/17/2017

REQUESTOR: Matt Barton

ESTIMATED COST: \$294,000

In accordance with ORS 279A.065, ORS279A.025, 279B.080, 279B.145, 279C.335(5); 279C.380(4) and all applicable EWEB Rules:

The Purchasing Manager, with the concurrence of the General Manager and/or an affected LT Manager, may approve award of a public contract for goods, services, or work as an emergency procurement.

Emergency” means circumstances that:

- (A) Could not have been reasonably foreseen;
- (B) Create a substantial risk of loss, damage or interruption of services or a substantial threat to property, public health, welfare or safety; and
- (C) Require prompt execution of a contract to remedy the condition. (See ORS 279A.010((1)(f))

Such circumstances may also include, but are not limited to:

- (a) EWEB moving forward as quickly as possible to prevent interruption to vital services, restoration of vital services, or to
- (b) Prevention of loss to EWEB,
- (c) Protection of the quality of services, or
- (d) Other circumstances necessary to responsibly carry out EWEB’s services to its customers

279B.145 Finality of determinations. The determinations under ORS 279B.055 (3) and (7), 279B.060 (3) and (10), 279B.075, 279B.080, 279B.085 and 279B.110 (1) are final and conclusive unless they are clearly erroneous, arbitrary, capricious or contrary to law.

NATURE OF THE EMERGENCY:

Eugene Water & Electric Board installed its Storage Area Network (SAN) approximately four years ago and had planned to replace it in 2018. However, the current SAN is out of space putting EWEB at risk of major system loss. EWEB would prefer not to add additional disk to the existing SAN as it is almost at the end of its useful life. EWEB would also like to migrate to a newer technology which costs less and is easier to maintain.

The current SAN deployed with a technology called Thin Provisioning. This technology allows the SAN to present more usable disk space that is physically present. In this instance the SAN was configured to show 50% more disk space than was actually available. Staff with knowledge of how the SAN was deployed are either no longer with EWEB or in new assignments. This prevented current staff from being able to monitor actual usage.

This SAN's design does not allow reclamation of space once it has been cleared. In other words, deleting files from the SAN's storage would not resolve the problem since the SAN will not release the space. This is a known issue with this model. The vendor has provided written documentation confirming this issue.

If the SAN runs out of space EWEB will lose most of its business systems to file corruption. The current state of the SAN prevents EWEB having disaster recovery for business applications. Estimated restoration time in the event of the SAN running out of space would be in weeks not days or hours.

APPROVALS

Department Supervisor: _____ Date: _____

Purchasing Manager: _____ Date: _____

LT Manager: _____ Date: _____

Additional Comments:

Vendor/Contractor: _____

Buyer Name: _____ P.O. Number: _____



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Helgeson, Brown, Mital, Simpson and Carlson
FROM: Mel Damewood, Chief Engineering & Operations Officer
DATE: February 23, 2017
SUBJECT: EL1 Capital Report for Q4 2016 (Year End).
OBJECTIVE: Information Only

Issue

As per EWEB's EL1 Financial Policy that was approved on February 4, 2014, EWEB staff has prepared and attached the 2016 Q4 (Year End) EL1 Capital Reports for Electric, Water, and Shared Services for the Board.

Background

According to Financial Policy EL1:

Throughout the year, staff will provide the Board with quarterly financial reports that compare actual results with budget. Additionally, staff will provide the Board with quarterly updates for all current year projects on the Capital Improvement Plans. General Capital Renewal and Replacement projects (Type I) will be reported by category (e.g., substations, shared IT infrastructure, transmission & distribution mains). Infrastructure Rehabilitation & Expansion (Type II) and Strategic Projects (Type III) will be reported individually. Type II and III projects are further defined as those that are projected to be greater than \$1 million for the life of the project.

Management has attached three reports, Water, Electric and Shared Services Capital Q4 results for the Board's review.

Discussion

Water

Water had \$15,057,000 budgeted for capital in 2016 (Adjusted from April 19th True up) of which \$13,573,000 of the capital budget was directed towards Type I, II and III water facilities projects. The remainder was housed in Shared Services capital work attributed to the Water Utility.

Water had an excellent year in completed planned work in 2016. Type I work achieved 90% overall spending, with the bulk of the underspending in main work that did not get completed due to unexpected LTD EmX work in 2016. Type II Capital expended 98% of budget, primarily influenced

by completing the Hayden Bridge South Filter Rebuilds and hitting the mark on budget vs. actual expenditures for that project in 2016. Combined Type I and II capital work performance for expenditures was at 93%.

Type III capital work, solely the Willamette Treatment Plant and Intake work, progressed significantly in pre-design work. The bulk of the underspending for that project was the result of continued property acquisition efforts that have not yet been completed.

Overall, due to the factors above, Water expended 85% of capital budget for Type I, II, and III work.

Electric

Electric had \$39,355,000 budgeted for capital in 2016 (Adjusted from April 19th True up) of which \$32,751,000 of the capital budget was directed towards Type I, II and III electric facilities projects. The remainder was housed in Shared Services capital work attributed to the Electric Utility.

In 2016, Type I electric capital expended 86% of budget. Generation Type I work underspent due to focus of resources on the Carmen Smith Powerhouse project, and Electric Distribution Type I work being slowed due to the LTD EmX project. Type I substation work overspent slightly due to emergent work in 2016.

For Type II work, the electric capital performance was only 54% of expenditures. Largely impacted by the Holden Creek Substation which was planned for construction in 2016, but was delayed significantly due to FERC licensing amendment process. Significant underspending on the Downtown Secondary Network also occurred in 2016, however, equipment purchased for work in 2016 on the project was pre-capitalized upon procurements, so the actual expenditures are not fully accounted for because of cost tracking issues. The good news is that we now have 3 fully functioning Roll Gates at Leaburg, with Roll Gate #3 completion occurring in November 2016.

For Type III Capital, solely the Carmen Smith Powerhouse project, lagged in overall expenditures compared to 2016 budget, however expenditures are picking up pace due to work being conducted by our engineering consultant and turbine shut off valve (TSV) procurements and ancillary projects associated with the TSV project timing.

Year end results of total expenditures vs. budget for Type I, II and III electric capital was 67%, excluding Shared Services.

Shared Services

Shared Service had \$8,088,000 (rounded) budgeted for capital in 2016 (Adjusted from April 19th True up) of which \$1,484,000 was attributed to the Water Utility and \$6,604,000 for the Electric Utility.

For Type I capital, expenditures were 53% of overall budget, with IS Type I work underspent due to retooling of IS resources and approach on projects. Facilities also underspent, primarily due to the delay in the HQ elevator work, and that contract was recently approved at the February 2017 Board meeting. Fleet had a slight underspend due to deferrals in purchases.

Type II capital expenditures, Shared Services only spent 49% of budget. This was due primarily to the non-spending of capital funds for the CIS project. AMI project made progress on its communication network in 2016, however the project also slightly underspent.

Overall, Shared Services performance of Budget vs. actual expenditures was 52%

Summary of Performance in 2016

As Management reflects on performance of capital work in 2016, Water performed the highest with 85% of expected project expenditures and work completed. Less the impacts of property issues delaying a large purchase, the performance of project expected completions deserves a high rating. Also, given the performance and level of capital consistently coming in at a high level over the past few years, management concludes that the amounts that are being budgeted for Type I and II work, are at appropriate levels and should continue its trajectory to renew and replace water infrastructure.

For Electric, with an overall spending in Type I and II work being at 86% and 54% respectively, additional scrutiny of capital spending for electric should be applied. Given the impacts of the LTD EmX work that consumed a large amount of resources in 2016, the scrutiny should be applied to budgeting less for Type I work when such “outside” projects demand EWEB resources. Type II work was largely impacted due to regulatory delays and the planning/execution of the downtown network projects. Given the Electric Master Plan will be completed in 2017, this should shed additional light to priorities and levels of continued capital spending for the next 10-year Capital Improvement Plan.

For Shared Services, Management is applying changes to IS resources to improve performance on IT related projects that seem to be delayed or deferred due to project complexity. We are only in the first year of this adjustment so Management is confident that changes now being made will show results in the near future. Spending only 52% of overall budget, scrutiny is being applied to overall project structure and competency within the overall utility to bring projects such as AMI and CIS in line with overall goals.

For Type III projects, Management is aware of the long term (over 5 years) and flashy expenditures of the projects as they progress. Keeping the awareness of overall project estimates and schedule at this juncture for Carmen and the Willamette Treatment Plant is key at this juncture of both these legacy projects.

Recommendation and Action

This is an information item only, no action required. If you have any questions or wish to make comments on the reports please contact Mel Damewood a 541-685-7145 or email at mel.damewood@eweb.org

Attachments:

Water Q4 2016 Capital EL1 Report
Electric Q4 2016 Capital EL1 Report
Shared Services Q4 2016 EL1 Report

Capital "EL1" Report: Electric, 2016 -Q4

Type 1 - General Capital				Note - Changes from previous report(s) are in BOLD								
Capital Category	2016 thru Q4			Status/Comments								
	Budget	YTD Actual	Year-End Projection									
Electric Infrastructure - Generation	\$916,000 (Note 2)	\$578,436	\$750,000	● Public safety cable at Leaburg Lake, fish ladder/screen improvements, and WV pond modifications complete. Other miscellaneous Type 1 improvements at LB-WV and Carmen-Smith progressing slightly slower than anticipated (ZINNIKER)								
Electric Infrastructure - Substations	\$1,500,000	\$1,849,383	\$1,782,000	● Planned work was completed on schedule in 2016, and budget targets on an individual project basis were achieved. Emergent substation work resulted in an overall variance of \$349k. Major drivers include: Spring Creek Sound Wall installation, Bethel SF6 Breaker Replacement, Weyco 1 Switch Replacements, Relay Testing equipment purchases and Electric share of Thurston Substation Expansion property. (NICE)								
Electric Infrastructure - Telecom	\$150,000	\$396,707	\$369,000	● Anticipated EWEB-driven Telecom spending was just over 50% of anticipated (\$79k of budgeted \$150k) . Of the \$396k expenditures shown, \$317k is customer reimbursable. The year end actuals includes design phase work for the ROC communication tower. (NICE)								
Electric Infrastructure - Transmission & Distribution	\$8,350,000	\$6,581,510 (1)	\$7,200,000	● PUC and basic compliance work is slightly behind of estimated pace YTD, partially due to ongoing work on LTD EmX. Customer-Driven Capital is behind pace for the year. See Note 1. (FRASER)								
Type 2 Rehabilitation & Expansion Projects				2016 thru Q4			Project Total			Schedule		
Project	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	Status/Comments		
Leaburg Dam Roll Gate Hoists	\$1,570,000	\$1,396,692	\$1,720,000	\$5,150,000	\$6,754,378	\$7,359,000	Jul-2012	Nov-2014	Apr-2017	● Substantial completion for RG2 attained in February 2015, substantial completion for RG1 attained in November 2015, and substantial completion for RG3 attained in November 2016. Final payments to contractors pending punch list completion, expected by the end of Q1 2017. (ZINNIKER)		
LTD EmX Project (Electric)	\$6,175,000	\$4,060,493	\$4,850,000	\$5,700,000	\$5,410,309	\$6,500,000	Sep-2013	---	Nov-2016	● All known relocation work required to accommodate EmX is complete. Project remains open to allow some vault and facility adjustments as LTD contractor completes work near EWEB utilities.		
Upriver Re-Configuration/Holden Ck. Substation	\$1,500,000 (Note 2)	\$463,962	\$1,250,000	\$3,000,000	\$578,927	\$5,800,000	Jan-2014	Oct-2015	Oct-2017	● FERC license amendment processes have resulted in a delay in construction (originally scheduled for summer 2016). Major equipment procurements are in progress. Transformers were expected to be delivered by 2016 year end, however testing was redone by the manufacturer due to non-performance and delivery delayed until 2017 Q1 (not critical path delay). All other major equipment will arrive Q2/Q3 and is planned for arrival prior to site construction. Site construction is scheduled for spring through fall of 2017 following FERC approval to license amendment reflecting substation addition. FERC has begun the approval process, with the amendment currently out for public comment. Energizing of the substation is planned for Q4 of 2017. (NICE)		
Downtown Distribution Network	\$2,000,000 (Note 2)	\$119,240	\$350,000	\$15,000,000	\$4,706,385	\$20,000,000	Sep-2010	Dec-2015	Dec-2019	● Hospital spot network work progressing as planned. Hospital 480V network re-configuration and arc-flash isolation are scheduled for November 2016. All this work is required independent of Radial versus Network decision. See Note 1. (FRASER)		
Type 3 - Strategic Projects & Programs				2016 thru Q4			Project Total			Schedule		
Project	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	Status/Comments		
Carmen Smith License Implementation	\$10,590,000	\$6,397,215	\$7,000,000	\$135,000,000	\$44,258,371	\$181,000,000	May-2009	Dec-2021	Dec-2025	● 2016 Amended and Restated Settlement Agreement executed and submitted to the FERC following Board authorization on November 1st, 2016. Project NPV projections are improved based on reduced capital costs and despite declining forward power pricing forecasts. Carmen gantry crane construction substantially completed in December 2016. Turbine shut-off valve procurement remains on schedule for delivery Spring 2017, installation design completed December 2016. Heavy plant upgrade planning and design efforts continue. Fish passage detailed options analysis in the contracting phase. (ZINNIKER/BOYLE)		
Total Electric Capital (Excluding Shared Services)	\$32,751,000	\$21,843,638								67%		

These categories match the Capital Improvement Plans (CIPs) submitted by Water & Electric.

Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Type 1 Capital includes categorized collections of projects of less than \$1 million. Typical examples include "pole replacements" as part of Transmission & Distribution. This work typically involves many small projects that up to \$1.2-\$1.7 million per year.

Type 2 projects have "discrete" scopes, schedules (launch through completion), and cost over \$1MM during the project life.

Note(s) 1. Distribution transformers and network protectors are being capitalized when received in inventory, therefore some projects in T&D and Downtown network are understated.

2. Budget amounts are adjusted to reflect changes presented to the Board on April 19, 2016.

Water Capital Projects Quarterly Status Report 2016-Q4

Type 1 - General Capital

Project	2016			Status/Comments
	Budget	YTD Actual	Year-End Projection	
Source - Water Intakes & Filtration Plant	\$312,000	\$96,000	\$80,000	● Includes treatment trailer equipment and beginning work on SCADA upgrade.. Budget originally included painting of intakes but this work was moved to O&M.
Mains - Replacements, Improvements, & Trans.	\$4,213,000	\$3,845,000	\$4,381,000	● Underage in Main Improvements this year.
Services and Meters	\$1,703,000	\$1,724,000	\$1,700,000	● Includes both new services and meters as well as replacement of existing service lines
Pump Stations	\$1,322,000	\$1,134,000	\$1,200,000	● Bulk of work is new Shasta 1150 pump station and emergent work at Santa Clara.
Reservoirs	\$33,000	\$20,000	\$20,000	● Only minor work completed this year.

These categories will match the Capital Improvement Plans (CIPs) submitted by Water & Electric.

Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Typical Type 1 Capital includes categorized collections of projects of less than \$1 million.

Typical examples include "main replacements". This work typically involves dozens of jobs that add up to \$3-\$3.5 million per year.

Type 2 Rehabilitation & Expansion Projects

Project	2016			Project Total			Schedule			Status/Comments
	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
Hayden Bridge Filter S1-S6 Upgrades	\$3,513,000	\$3,567,000	\$3,700,000	\$7,713,000	\$8,476,690	\$8,610,000	2011	YE-2017	Q4-2016	● Upgrade of Filters N1-N6 Complete. Upgrade of Filters S1-S6 95% complete at year end. Seismic upgrades added costs for S1-S6. (Initial Plan - 2011 CIP)
Hayden Bridge Seismic Upgrades	\$0	\$0	\$0	\$1,215,529	\$1,117,067	\$1,760,000	2014	YE-2015	YE-2018	● Phase 1 (Basins and Filters) is complete. Phase 2 (Headhouse) deferred to 2017-2018. Phase 1 costs more expensive than anticipated. (Initial Plan - 2013 CIP)
Distribution System Scada/PLC Upgrades	\$309,000	\$161,000	\$225,000	\$3,079,780	\$478,109	\$1,970,000	2013	YE-2016	YE-2019	● Multi-Year upgrade project. Completed Crest System. Currently working on Shasta and Willamette system. (Initial Plan 2013 CIP)
Hayden Bridge Standby Power Improvements	\$213,000	\$10,000	\$50,000	\$1,728,000	\$25,666	\$1,660,000	2015	YE-2017	YE-2017	● Completed preliminary design. Currently in design for Hayden Bridge. Developing sizing criteria for power loads for new HB disinfection system (a 2017-18 Project) delayed 2016 work (Initial Plan - 2015 CIP)
LTD EMX	\$140,000	\$342,000	\$370,000	\$0	\$2,959,862	\$2,990,000	2014	YE-2015	Q4-2016	● 2016 work turned out to be more than anticipated. Water work complete at year end. This work is reimbursable.

Type 3 - Strategic Projects & Programs

Project	2016			Project Total			Schedule			Status/Comments
	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
Alternative Water Supply	\$1,815,000	\$580,000	\$500,000	Varied from \$52M to \$120M	\$880,000	\$70,000,000	2014 with Planning	YE-2021	YE-2021	● Property purchase pushed to 2017 due to both land use issues and schedule for condemnation. Currently in preliminary design for Filtration Plant and Related Facilities. Yellow due to property issues.

Total Water Capital (Excluding Shared Services)	\$13,573,000	\$11,479,000	\$12,226,000	85%	year end actual to budget
Total Type 1 and Type 2 Water Capital (Excluding Shared Services)	\$11,758,000	\$10,899,000	\$11,726,000	93%	year end actual to budget

Management Notes: Water will slightly underspend in Type 1 projects this year, slightly more EmX work than anticipated has impacted some work on Type 1. Type 2 projects are tracking well with Hayden Bridge Filter nearing completion. Purchase of property for the new Water Treatment Plant has been delayed to 2017 which affects 2016 capital spending. Discounting this Type 3 Project, year ended with approximately 93% of expended budget spent for Type 1 and Type 2 Water Capital, excluding Shared Services.

Capital "EL1" Report: Shared Services, 2016-Q4

Type 1 - General Capital		2016 - Q4			Note - Changes from previous report(s) are in BOLD					
Capital Category	Budget	YTD Actual	Year-End Projection	Status/Comments						
General Plant - Information Technology (I.T.)	\$1,328,913	\$432,401	\$700,000	●	Commvault Project complete and under budget. Staff turnover results in lower capital project execution, potential for roll-over funds in 2017. (Barton)					
General Plant - Buildings & Land Management	\$559,744	\$270,193	\$350,000	●	EWEB HQ HVAC System is complete, final close-out documents received. Final invoice paid and closed out. Staff recreated the HQ elevator Contracts to make use of state contracts. Bid in early 2017 and roll over of unspent 2016 funds. Elevator Contracts approved by Board in Feb 2017. Yellow due to schedule. (Damewood)					
General Plant - Electric & Water Fleet Capital	\$1,722,124	\$1,306,400	\$1,250,000	●	Water and electric deferring some vehicle purchases until next year. Anticipate roll over of some funds from 2016 to 2017 to cover deferred purchases. In process of re-assessing vehicle replacement capital program. (Damewood)					

In the future, these categories will match the Capital Improvement Plans (CIPs) submitted by Water & Electric.

Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Type 1 Capital includes categorized collections of projects of less than \$1 million. Typical examples include "pole replacements" as part of Transmission & Distribution. This work typically involves many small projects that add up to \$1.2-\$1.7 million per year.

Type 2 projects have "discrete" scopes, schedules (launch through completion), and cost over \$1MM during the project life.

Type 2 Rehabilitation & Expansion Projects		2016 - Q3			Project Total			Schedule			Status/Comments
Project	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion		
AMI Information Technology & Integration	\$2,977,005	\$2,209,111	\$2,977,005	\$6,475,700	\$3,057,687	\$6,475,700	May-2015	Dec-2017	May-2018	● Multiple field trials are now well underway. Staff is preparing to expand both residential and commercial field trials, with a target end date of field trials at Aug. 2017. Including maintenance change outs, total number of smart meters deployed is ~500.	
Customer Information System (CIS) Replacement	\$1,500,049	\$0	\$1,250,000	\$9.7M	\$0	\$9.7M	Sep-2016	Aug-2018	mid to late-2019	● Estimated start of capital spending is not expected to start until late 2017. Finalizing vendor selection and contract negotiations (O&M expenses) are expected to take until mid-2017. This is a 6 month delay over earlier projections, impacted needs for additional due diligence prior to final vendor selection.	

Total Shared Services Capital (This Report)	\$8,087,835	\$4,218,105	\$6,527,005	52%
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Note(s) 1. Financials are based on year-end un-audited reporting. Any substantial adjustments during the year-end audit will be noted on the next EL-1 Report.

Management Notes: Delays are causing large underruns for the IT Type 1 and CIS Replacement projects, but Management is confident that recalibrating and re-organizing these areas is needed for long term success. Other type 1 projects are being managed with deferrals to manage costs and scope. AMI, Fleet and Buildings are moving forward with slight schedule issues. Overall performance spending was at 52%.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Helgeson, Brown, Mital, Simpson and Carlson
FROM: Mike McCann, Electric Operations Manager, and Lisa McLaughlin, Environmental Supervisor
DATE: March 7, 2017
SUBJECT: Lower McKenzie River Water Temperature
OBJECTIVE: Information Only

Issue

This memo responds to a request from the Board for information relating to river temperatures on the lower McKenzie River in proximity to EWEB's Leaburg and Walterville hydroelectric projects.

Background

EWEB owns and operates the Leaburg and Walterville hydroelectric projects on the lower McKenzie River under a federal license issued by the Federal Energy Regulatory Commission (FERC) on April 27, 2000. The license term is 40 years.

EWEB's license terms do not specify a water temperature standard or monitoring requirement. However, EWEB is required to maintain minimum instream flows in the two bypassed reaches of the McKenzie River of no less than 1,000 cubic feet per second (cfs). Stream flow is related to temperature in that lower flows can result in reduced heat capacity, lower stream velocities, and increased travel time. The minimum instream flow was established by the FERC as part of the license proceedings based upon scientific studies conducted by EWEB's contractor during the licensing process. These studies included a temperature study. The FERC's instream flow requirement and other license conditions were challenged in court by the State of Oregon and others. The U.S. 9th Circuit Court of Appeals affirmed the FERC decision on instream flows in August 1999.

Unlike most hydroelectric projects licensed by the FERC, the Leaburg and Walterville Projects do not have a Clean Water Act Section 401 Certification from the State of Oregon. EWEB applied to the Oregon Department of Environmental Quality (DEQ) for a 401 Certification in 1991, but DEQ failed to act on the request for certification within the one year timeframe established in the regulations. The FERC subsequently determined that the need for certification was waived by Oregon. It is fairly typical for 401 Certifications to include references to a temperature standard and water quality monitoring requirements.

Discussion

Water Temperature

Since the mid-1990s, EWEB and the DEQ have attempted several times to quantify the temperature impacts of the flow diversions associated with the Leaburg and Walterville hydroelectric projects. In theory, when less water is present in the bypass reach(es), the incoming solar radiation could have more of a warming effect. A white paper, prepared by EWEB in 1995 as part of the license proceeding, found that there were no net changes in water temperature below the mixing zones at the tailraces resulting from the operation of the Leaburg and Walterville projects. More recently, however, the final Total Maximum Daily Load (TMDL), prepared by the DEQ in 2006, suggests that the potential temperature impacts of the two projects may differ. In the case of the Leaburg project, DEQ's modeling indicated that the canal serves to mitigate for warming in the bypass reach and water temperatures return to normal below the tailrace. However, in the case of the Walterville Project, DEQ's modeling indicated that EWEB's operations are a source of potential heating, with maximum modeled impacts approaching 4.5 degrees Fahrenheit in the bypassed reach. Furthermore, according to the DEQ's modeling analysis of the Walterville bypass reach, the canal water does not provide complete mitigation for the solar and air warming of the water below the bypass reach, as is seen with Leaburg. According to the DEQ's modeling, the median impact immediately downstream of the Walterville bypass reach is just over 1.0 degrees Fahrenheit. No more recent modeling results are available.

The TMDL, developed by the DEQ, assigned a thermal load allocation to the Walterville Project based on the modeled temperature impacts of the project on the bypass reach of the McKenzie and the river downstream of the bypass to the confluence of the Willamette River. EWEB contested both the technical analysis in DEQ's final TMDL and the designation of EWEB as a Designated Management Agency under the TMDL rules. An Implementation Order, signed by the DEQ's Director and the chair of the Environmental Quality Commission, found that by and through the measures undertaken by EWEB for the term of the existing FERC license, EWEB is meeting the obligation of the TMDL and no further measures or actions are required. In other words, the DEQ essentially said that EWEB's current actions are sufficiently mitigating for the temperature impacts of the project.

In addition, EWEB's Drinking Water Source Protection (DWSP) program invests in and works closely with local partners to restore and protect riparian forests in the McKenzie River basin that increases shade and lowers stream/river temperatures. This work also includes opening up side channels and allowing the river to meander. These actions increase hyporheic or shallow subsurface flow through gravels, which has been shown to reduce stream/river temperatures. The work conducted by the DWSP program over the last 15 years includes restoration/protection efforts through acquisitions with McKenzie River Trust and restrictions on privately owned property under conservation easements or long-term agreements.

Next Steps

Based on the lack of current data, staff recommend that EWEB initiate a water temperature monitoring program in order to better understand temperature dynamics and the potential effect of the Leaburg and Walterville hydroelectric projects. EWEB will deploy temperature monitoring equipment in late spring of 2017. From early May through October we will monitor temperatures

upstream and downstream of the project, in both bypass reaches, and in the canals. A summary report will be completed by first quarter of 2018.

Requested Board Action

None. This memorandum is provided for informational purposes only.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Helgeson, Brown, Mital, Simpson and Carlson
FROM: Jason Heuser, Legislative Affairs Coordinator
DATE: February 23, 2017
SUBJECT: State Legislative Update

Issue

The 2017 State Legislative Session convened February 1. This memo is to apprise the Board of key issues of interest to EWEB, and the current status of these issues in the legislative process.

Background

Prior to the start of each legislative session, the Board adopts general policy directives for advocacy at the Capitol, which guide the work of EWEB's lobbying activities. When political considerations test the applicability of those directives, the General Manager makes a determination as to whether a fundamental shift in direction is required. The Board may be asked to reaffirm its policy or direct staff to make necessary adjustments.

Discussion

The following is a summary of state legislative activity of interest to EWEB:

Small Scale Community Renewables – HB 2136

HB 2136 would carve out a portion of Oregon's renewable portfolio standard solely for small-scale "community" projects with generating capacity of 20 megawatts or less. This bill received a public hearing on February 7th. As written the bill would only apply to investor-owned utilities (Portland General Electric (PGE) and Pacific Power).

Advocates asserted it would ensure diversity in Oregon's energy sources — bringing projects beyond big wind and solar — and encourage economic development more broadly throughout the state. The bill also references that small scale renewable energy projects can help provide resiliency the grid and emergency power during and after catastrophic natural disasters.

PGE testified in opposition, arguing that the bill would drive up costs, by imposing a new layer of detail as to which projects utilities could use to meet their renewable requirements. The Citizen's Utility Board (CUB), a ratepayer advocacy group, argued that the bill should be applied to all utilities in Oregon, and provided a chart showing rate disparities between investor-owned utilities (IOUs) and consumer-owned utilities (COUs), implying the disparity was due to state energy

policies that only applied to IOUs and not statewide.

EWEB staff joined with other representatives of Oregon COUs to meet with every member of the committee individually to walk them through the vastly different cost-based utility model in public power, Residential Exchange, and non-Power benefits that IOU customers receive from the federal hydro system (i.e. flood control, recreation, etc.) that are largely paid for by COU customers. Additionally, it was noted in these meetings that most COUs are experiencing little or no load growth and have little need of new generation. The bill has not been scheduled for a work session and faces an uncertain future.

Carbon Pricing Legislation

The House and Senate committees overseeing energy policy held a joint meeting February 20 to hear results from the Oregon Department of Environmental Quality (DEQ) study of market based carbon reduction policies, as requested in the 2016 legislative session. DEQ testified that their study found that a cap and trade policy "offers a flexible, cost-effective mechanism for assuring (greenhouse gas) reductions" and that the effects on statewide economic output would likely be small, coming in at "slightly positive or slightly negative." In the study, the DEQ assumed a program modeled after existing programs in California and Quebec, which cover "fossil fuel and natural gas suppliers, electricity providers, and industrial emitters responsible for at least 25,000 tons of GHGs per year."

In another joint hearing scheduled for March 1, the committees will hold a public hearing on a suite of carbon pricing legislative measures, including both carbon cap-and-trade and carbon tax approaches. As it is anticipated there will be a large turn-out for the hearing, limiting time for each speaker, EWEB will coordinate with the City of Eugene to provide joint testimony.

Public Employee Retirement System (PERS) Changes

The Senate Workforce Committee held a public hearing on the first of many PERS bills to be considered. SB 559 would redefine the final salary used to calculate a member's benefits from a three-year average to five, which will tend to lower employee benefits. Senate Bill 560 would redirect members' required 6 percent contributions, frequently "picked up" by the employer, to support the pension fund, rather than depositing them in a supplemental retirement account that belongs to employees. That move could offset employer contributions to the fund and has been projected to save as much as \$1.2 billion per biennium.

The legislature will continue to hold hearings on several other changes to PERS before considering some package of proposed PERS changes.

Qualification Based Selection (QBS) in Public Contracting – SB 382

The League of Oregon Cities hosted a two-hour dialogue on February 10 between local government procurement professionals, architects and engineers (including EWEB procurement and government relations staff) to discuss added flexibility for public agencies to consider price during the selection process of some professional personal services contracts currently subject to requirements to use QBS. Under current QBS requirements, pricing information can be a consideration only after the most qualified consultant for a project has been selected.

Consensus on what that flexibility should look like proved elusive, but the conversation was largely productive and the group agreed to meet again. In the meantime, there will likely be a public hearing in early March on a placeholder bill, SB 382 introduced by the League of Oregon Cities. The hearing provides an opportunity to inform the Senate Business Committee of the local government perspective on how the existing QBS rules make it difficult for public agencies to procure services in a cost effective and timely fashion.

Oregon Department of Energy (ODOE) Restructuring

The Joint Interim Committee on Department of Energy Oversight will be meeting soon to examine several proposals to restructure ODOE and introduce legislation to implement any changes agreed to. EWEB submitted comments to the committee in 2016 about “right-sizing” the agency and phasing out planning or services duplicated elsewhere in the region by the Northwest Power and Conservation Council, BPA, the Oregon Public Utility Commission, the Energy Trust of Oregon, and the Northwest Energy Efficiency Alliance.

EWEB and other utilities pay an Energy Supplier Assessment (ESA) that funds ODOE and we have been very concerned about the steady and unsustainable growth in our annual ESA bill. Another ESA increase is likely for the 2018-19 Biennium. EWEB staff will closely monitor and participate in the decision-making on ODOE restructuring.

Recreational Immunity

Landowners in Oregon are immune from civil liability in the event a person is injured on their property provided that they were recreating and that the property owner did not charge a fee for access to their land. However, the Oregon Supreme Court has recently ruled that the employees or other agents of the landowner may be liable if a person is injured as a result of their actions. For public agencies that are required to indemnify and defend their employees against such claims, recreational immunity has been stripped away.

Without effective recreational immunity, EWEB and other public agencies will be exposed to unwarranted risks. In a few instances already, public agencies have closed parks. Recreational opportunities are a core value of Eugene and contribute to the local quality of life and should not be compromised by the possibility of such liability.

HB 2483 would restore the civil immunity landowners and their employees had against tort actions for injuries sustained while recreating.

Recommendation/Requested Board Action

This memo is for informational purposes. No board action is requested.