

**EUGENE WATER & ELECTRIC BOARD  
REGULAR SESSION  
EWEB BOARD ROOM  
500 EAST 4TH AVENUE  
May 2, 2017  
5:30 P.M.**

**Commissioners Present:** Dick Helgeson, President; John Brown, Vice President; Sonya Carlson, Steve Mital, John Simpson, Commissioners

**Absent:** None

**Others Present:** Aaron Balmer, Acting General Accounting & Treasury Supervisor; Erin Erben, Chief Customer Officer; Sue Fahey, Chief Financial Officer; Dawne Howard, Enterprise Risk Analyst; Rene Gonzalez, Customer Operations Manager; Sarah Gorsegner, Purchasing & Warehouse Supervisor; Chris Jones, Project Manager; Frank Lawson, General Manager; Mike McCann, Electric & Generation Operations Manager; Rod Price, Engineering Manager

President Helgeson called the Regular Session to order at 5:28 p.m.

**Agenda Check**

There were no changes to the Agenda

**Items from Board Members and General Manager**

- Commissioner Mital offered that he read over the most recent Water Report compiled by staff; he pointed out that he did not see an update of the statewide water taste test in the report. Commissioner Mital welcomed two guests from Indonesia to the meeting; he said that the two young women were in Eugene to study energy issues.
- Vice President Brown also welcomed the guests. He said that it was important not to lose sight of the importance of EWEB's customers while developing budgets.
- President Helgeson announced that the City of Eugene had convened a Sustainability Committee to work on a Climate Change Action Plan. He posited that EWEB should have representation at the Sustainability Committee, and that the representation should be from the staff level. He offered that Matt Schroettnig, EWEB Power Resources Counsel, had agreed to participate in the Committee.
- Commissioner Simpson offered his appreciation for EWEB hosting the recent Lane Council of Governments (LCOG) meeting at the Roosevelt Operations Center (ROC).
- Commissioner Carlson wondered if email questions and answers between her and EWEB staff could be made a part of public record.
- Mr. Lawson reported that the regional water taste test would take place that week.

### **Public Input**

**Robert Cassidy** of Eugene expressed concern about the General Manager's salary previously agreed upon by the EWEB Board. He posited that offering a cost-of-living increase on this type of salary was not necessary, however, bonuses would be more appropriate for this position. Mr. Cassidy offered that raising the salary as such, might encourage other utilities to raise their General Managers' salaries as well.

**Marilyn Cross** of Nimrod asked the Board to continue investments made to not only the McKenzie River, but the communities along that river as well. She asked for help in establishing broadband Internet to the Blue River area; she clarified that she was not asking for monetary donations necessarily, but for EWEB's expertise on the matter.

Commissioner Simpson thanked Ms. Cross for bringing the upriver broadband issue to the EWEB Board's attention. He said that he would discuss it with staff and get back to her about the broadband issue.

Commissioner Simpson said that when he made the Motion at the last Board meeting to set the General Manager's salary, he did so to comport with the methodology that EWEB uses to provide salary adjustment to all employees.

President Helgeson said that he would support any reasonable and cost-effective method of implementing broadband upriver. He agreed with Commissioner Simpson's sentiments as per the General Manager's salary.

Vice President Brown offered that he was comfortable with the Board's decision pertaining to the General Manager's salary.

### **BOARD ACTION ITEMS**

#### **Approval of Consent Calendar**

##### **MINUTES**

- 1.a. March 21, 2017 Special Board Meeting
- 1.b. April 4, 2017 Executive Session 1
- 1.c. April 4, 2017 Executive Session 2
- 1.d. April 4, 2017 Regular Session

##### **CONTRACTS**

2. OBEC Consulting Engineers - for Engineering Services for the Hawkins 607 Reservoir Improvements. \$335,000. Contact Person is Rod Price 541-685-7122

***Commissioner Mital moved to approve the Consent Calendar. The motion carried unanimously 5:0.***

### **Items Removed from Consent Calendar**

There were no items removed from the Consent Calendar

### **Design-Build Alternative Contracting Method for the Grid Edge Project - Information**

Mr. Price reported that staff was asking for an alternate procurement method for the Microgrid Project.

Vice President Brown asked if EWEB had ever done anything like the alternative Mr. Price was suggesting.

Mr. Price said the utility had not done anything like this before.

Vice President Brown asked how EWEB staff and the Board of Commissioners would know the alternate contracting method would be good for the organization if there was no precedent.

Mr. Price said that staff felt confident they had the expertise to make solid decisions on this subject.

Commissioner Mital asked how much had been spent to date on this project.

Mr. Price replied that he did not have the numbers in front of him, but he would be happy to follow up with the Board concerning the cost of the project so far.

Commissioner Mital asked how much of the project would be covered by grants, and how much of the project cost EWEB would incur.

Mr. Price estimated EWEB would be liable for \$800,000, with grants covering \$300,000.

Commissioner Simpson asked if this was two separate grid projects on EWEB's property.

Mr. Price responded that there were two projects; one at a pump station, and one at the ROC.

Commissioner Mital wondered if EWEB could drop the project if the utility so chose.

Mr. Price said that he was not aware that EWEB was under any obligation to move forward with the project.

President Helgeson expressed support for the Microgrid Project.

Commissioner Simpson posited that investment in research and development was the responsibility of the entire industry, and even if the project was not successful, the

information gleaned from the process would be invaluable not only to the utility, but the industry as a whole.

### **Public Hearing on Design-Build Alternative Contracting Method**

President Helgeson opened, and seeing no one who wished to speak on the project, closed the Public Hearing at 6:01 p.m.

**Design-Build Alternative Contracting Method for the Grid Edge Project - Action**  
***Commissioner Simpson moved to approve the Design-Build Alternative Contracting Method for the Grid Edge Project. The motion carried unanimously 5:0.***

### **Update of Financial Policies**

Ms. Fahey and Mr. Balmer offered the Board an update and Power Point presentation on EWEB financial policies.

President Helgeson wondered how EWEB would be able to tell the difference between which financial indicators might act as constraints on the utility, and those items that were simply indicators.

Ms. Fahey answered that what rating agencies mostly look at are debt service coverage, the amount of cash the utility has on hand, and the management of the utility. She said that the aforementioned financial indicators were to be used as an overall benchmark, instead of being parsed out individually.

Commissioner Simpson asked if EWEB changed the metric to a percent of Net Book Value, would it create any difficulty for the utility to compare to prior years.

Mr. Balmer responded that it would be easy for the utility to compare to prior years since the current metric is based on historical data.

Commissioner Carlson asked if, when EWEB received climate change data back from the Bonneville Power Administration (BPA) and made adjustments according to said data, were there any industry standards to be followed in making those adjustments.

Ms. Fahey replied that originally, EWEB Finance was going to narrow the forecast window from 70 years to 10 years, however, they decided that there was not enough of an existing pattern for EWEB to build any climate change provisions into their financial policies.

Commissioner Carlson wondered if it would be a good idea for EWEB to have some sort of automatic funding mechanism to make sure the reserve accounts have capital in them to cover future financial need.

Ms. Fahey said that is something that will be looked at in the future, but presently, she did not want to take away Board discretion on the matter.

Mr. Lawson posited that the EWEB Board should be reviewing these policies annually.

**Reserve Fund Status and Transfers/Use of Reserves (Resolution No. 1709, Defeasance of Electric Bonds)**

Ms. Fahey offered the Board a report and Power Point presentation on the status of reserve funds, use of those reserves, and defeasement of electric bonds.

Commissioner Simpson asked why EWEB had the McKenzie River Trust reserve.

Ms. Fahey replied that the Board enacted that reserve last year, and it was for the purpose of a matching grant if the McKenzie River Trust was able to come up with \$500,000 by the end of this year.

Commissioner Carlson asked, if EWEB issued bonds this year, what would the timeline of those bonds be.

Ms. Fahey answered three years.

Commissioner Mital wondered why EWEB did not decide to defease these bonds last year when the utility defeased other bonds.

Ms. Fahey replied that the bonds defeased last year were mostly related to the Smith Creek hydroelectric project, and they were defeased because EWEB had sold Smith Creek.

Commissioner Carlson asked if part of the \$11 million was for prepayment for pensions.

Ms. Fahey said that was correct.

***Commissioner Carlson moved to adopt of Resolution No. 1709, Defeasement of Electric Bonds. The motion carried unanimously 5:0.***

**GENERAL BUSINESS ITEMS**

**Update to EWEB's Public Contracting Rule 2-0150 and Board Policy EL2, Purchasing Controls**

Ms. Gorseigner offered the Board an update and Power Point presentation on EWEB's Public Contracting Rule 2-0150 and Board Policy EL2.

Commissioner Mital expressed concern about releasing control of hiring consultants.

Mr. Lawson stated that the Board could ratify any consultant without going through a competitive process. He added that this was a contract issue rather than a Board ratification issue.

Vice President Brown wondered if he would have access to the Quarterly Contract Review.

Ms. Fahey responded that the Quarterly Contract Report would still be offered to the Board.

### **Break**

President Helgeson called for a break at 7:17 p.m., and reconvened the meeting at 7:30 p.m.

### **Customer Service Policy — All Utilities**

Ms. Erben and Mr. Gonzalez offered the Board a report and Power Point presentation on Customer Service Policy.

Vice President Brown wondered, in the example of a single-metered mobile home park, what was to prevent the owner of said park from exaggerating utility rates for the residents thereof.

Ms. Erben replied that any owner of such a single-metered situation as the mobile home park example, was not supposed to do that, and she guessed that any resident in that situation who felt overcharged for utility services by the park owner, would come to EWEB with that complaint, and EWEB would rectify it.

Commissioner Mital expressed concern about the Board being asked to enact a policy with a lot of moving parts that can't quickly be vetted properly.

Ms. Erben replied that the proposed policy was not very different than what was in place today.

Mr. Mital said that he required further clarification before voting to enact this policy next month.

Commissioner Simpson wondered if a new tariff would be created by those EWEB consumers who wish to switch to smart metering.

Ms. Erben answered that the only reason for a different price class would be if EWEB were charging a different amount of money. For example, if customers opted in to future services, such as time of use, then it would be a different tariff.

### **Post Incident Action Report for December 2016 Ice Storm**

Mr. Lawson offered the Board a post incident action report on the December 2016 ice storm.

Commissioner Carlson asked if the ice storm was an opportunity to expand the utility's capacity as far as customer service went.

Mr. Lawson replied that staff was working on expanded capacity, but there were two pieces of expanded customer service capacity: technology and manpower.

Commissioner Simpson asked if the current outage management system, Responder, would be able to link to AMI meters, or would a new outage management system be necessary.

Mr. Lawson answered that, to his knowledge, Responder would be able to communicate with AMI metering.

Commissioner Simpson wondered if the Arcos software helped EWEB with mutual aid from other utilities during the ice storm.

Mr. McCann responded that the software was used during the storm but after the initiation of the ice storm, everybody was called out; thereafter Arcos was not needed. Arcos is not used for mutual aid call outs.

Commissioner Mital asked, if AMI was implemented across EWEB's service territory, how that would have affected the cost of post-storm cleanup.

Mr. Lawson replied that AMI would help reroute EWEB technicians to customers who still need power restored, rather than the crews searching randomly for those customers still without power.

Commissioner Mital wondered if the AMI software had a threshold as to how much information it could receive.

Mr. Jones said the system was designed to handle normal traffic and outage messages.

### **2017 First Quarter Operating Dashboard and Goals Review**

Mr. Lawson offered the Board a review of the first quarter operating dashboard and utility goals.

### **Correspondence & Board Agendas, Confirm Agenda for Strategic Planning Work Session**

Mr. Lawson reported that the Strategic Planning Work Session was scheduled for May 16. He also stated the joint meeting with the City of Eugene was scheduled for May 24.

President Helgeson asked if there was an agenda for the joint meeting with Eugene.

Mr. Lawson replied that he had a rough draft of the agenda, and he would share that with the Board.

Commissioner Mital expressed concern about the ratios contained in the EL1 Capital Report.

Mr. Lawson stated that it was important for EWEB to budget at the appropriate level.

President Helgeson expressed gratitude for the Second Source Blue Ribbon Panel.

Vice President Brown stressed the importance of keeping agenda items within their respective time limits, so that all members of the Board has a chance to weigh in on each item.

### **Board Wrap Up**

Commissioner Mital agreed with Vice President Brown about speaking time limits.

Commissioner Simpson asked if the ad hoc committee for pricing had met.

Mr. Lawson said that it had, and it was a very constructive meeting for all who attended.

Mr. Lawson polled the Board concerning an earlier point raised by Commissioner Carlson concerning pre-meeting questions and answers becoming a part of public record.

Commissioner Mital agreed.

Vice President Brown agreed.

Commissioner Simpson disagreed. He clarified that he had no problem publishing the questions and answers occurring before a meeting, just not as part of the official meeting minutes.

President Helgeson said that he did not feel strongly either way.

### **Adjournment**

President Helgeson adjourned the Regular Session at 8:42 p.m.

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Assistant Secretary

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President



## **EWEB Board Consent Calendar Request**

*For Contract Awards, Renewals, and Increases*

The Board is being asked to authorize the use of a cooperative contract for **telephony services** from **CenturyLink**.

Board Meeting Date: June 6, 2017

Project Name/Contract#: Telephony Services / Oregon State Price Agreement 7558 with CenturyLink

Primary Contact: Matt Barton Ext. 7109

Purchasing Contact: Tracy Davis Ext. 7468

Expected Spend: \$510,000/3 years

### **Narrative:**

The Board is being asked to approve the purchase of **telephony services** from **CenturyLink of San Antonio, TX**, for three years.

EWEB requires telephony services at its various locations. These services include the provision of Local Dial Tone, Integrated Services Digital Network (ISDN), and DSL lines. The services are available under the existing State of Oregon cooperative contract.

### **ACTION REQUESTED:**

Management requests the Board authorize the use of the contract for telephony services from **CenturyLink** for three years. Funds for this purchase were budgeted for 2017 across various departments, and will be budgeted annually through the term of the proposed contract.

### **SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Purchasing Supervisor: \_\_\_\_\_

Executive Officer: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

## EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract with **Foster Pepper PLLC** for Bond Counsel Services.

Board Meeting Date: June 6, 2017

Project Name/Contract#: Bond Counsel Services / RFP 006-2017

Primary Contact: Sue Fahey Ext. 7688

Purchasing Contact: Ramie Alkire Ext. 7413

### Contract Amount:

Original Contract Amount: \$ 500,000 (Over 5 years)

Additional \$ Previously Approved: \$ N/A

Invoices over last approval: \$ N/A

Percentage over last approval: N/A %

Amount this Request: \$ 500,000

**Resulting Cumulative Total:** \$ 500,000

### Contracting Method:

Method of Solicitation: Formal RFP

If applicable, basis for exemption: N/A

Term of Agreement: June 7, 2017 – June 6, 2022

Option to Renew? Annually up to 5 years

Approval for purchases "*as needed*" for the life of the contract Yes

Proposals/Bids Received (Range): 6 (\$62,500 to \$122,500, Pricing evaluated for a single bond issuance of \$50 Million)

Selection Basis: Highest Ranked Proposer

The Board is being asked to approve a new contract with **Foster Pepper PLLC** of Seattle, WA for bond counsel services on an as needed basis.

EWEB requires the services of bond and disclosure counsel for the issuance, refunding or defeasance on bonds, and for ongoing consultation regarding compliance with regulations, legislation, and tax matters. Bond counsel will also provide ongoing legal advice and consultation relating to the Eugene Water & Electric Board Retirement Benefits Trust. The majority of bond counsel fees are incurred during bond issuances and are paid from bond proceeds along with other costs of issuance. For comparative purposes, bond and disclosure counsel fees were \$95,000 for the \$39 million 2016 Water Utility bond issuance and \$180,000 for the \$115 million 2016 Electric Utility bond issuance.

In April 2017, EWEB issued a Formal Request for Proposal (RFP). EWEB received proposals from six (6) firms; Foster Pepper of Seattle, WA; Hawkins Delafield & Wood LLP of Portland, OR; Kutak Rock LLP of Spokane, WA; Mesereau Shannon LLP of Portland, OR; Nixon Peabody of San Francisco, CA; and Orrick of Portland, OR. The responses were evaluated on criteria including firm experience working with electric and water utilities, experience of staff, references from similar clients, and fees charged for services.

Foster Pepper was found to be responsive and received the highest score in the evaluation of proposals with particularly high scores in the firm utility experience and staff experience categories. Staff have successfully negotiated a scope of work and fee schedule, and has issued a Notice of Intent to Award to Foster Pepper, pending Board approval.

If approved, Foster Pepper PLLC will be retained and used on an “as needed” basis to provide specialized legal services related to bond financing. Anticipated bond issuances and consulting services, along with the negotiated fee schedule, suggest that the contract amount will be approximately \$500,000 over the total five-year period. The actual total dollar amount, however, is unknown and may be more or less than the estimated volume.

**ACTION REQUESTED:**

Management requests the Board approve a new price agreement with **Foster Pepper PLLC** of Seattle, WA for bond counsel services on an as needed basis. Funds for these services were budgeted for 2017 and will be budgeted annually. Bond issuance work will be paid from the bond proceeds.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Purchasing Supervisor: \_\_\_\_\_

Executive Officer: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

## EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new price agreement with **General Pacific Inc.** for the purchase of Dura-Line Futurepath HDPE Microduct.

Board Meeting Date: June 6, 2017

Project Name/Contract#: ITB 050-2016 / Downtown Fiber Project Duraline Microduct

Primary Contact: Mel Damewood Ext. 7145

Purchasing Contact: Quentin Furrow Ext. 7380

### Contract Amount:

Original Contract Amount: \$ 180,000 (Over 5 years total)

Additional \$ Previously Approved: \$ N/A

Invoices over last approval: \$ N/A

Percentage over last approval: N/A %

Amount this Request: \$ 180,000

**Resulting Cumulative Total:** \$ 180,000

### Contracting Method:

Method of Solicitation: Formal Bid

If applicable, basis for exemption: n/a

Term of Agreement: June 7, 2017 – June 6, 2022

Option to Renew? Annually up to 5 years

Approval for purchases "*as needed*" for the life of the contract Yes

Proposals/Bids Received (Range): 3 (\$179,617.00 - \$204,188.30)

Selection Basis: Lowest responsive, responsible bidder

The Board is being asked to approve a new price agreement with **General Pacific Inc.** of Fairview, OR for the purchase of Dura-Line Microduct for the upcoming downtown fiber project and EWEB's future fiber projects on an as needed basis.

EWEB requires Dura-Line Microduct for use in EWEB's fiber optic system. In October, 2016, EWEB issued a formal bid to establish a price agreement for the purchase of Dura-Line Microduct. Three (3) responses were received; **General Pacific Inc.** was determined to be the lowest responsive and responsible bidder. Responses were also received from Anixter of Portland, OR and Walker and Associates of Welcome, NC.

The total contract amount will be approximately \$180,000 over the total five-year period. The contract amount is the estimated material cost for the completion of the downtown fiber project, which is reimbursed by the customer (City of Eugene). The actual total dollar amount, however, is unknown and may be more or less than that estimated volume. Purchases will be based on need and not on any specific annual quantity. The annual cost will be within the amount budgeted for that specific year.

If approved, staff will purchase required Dura-Line Microduct at the established prices over the life of the contract. The contract is for one-year with the option to renew for four additional one-year periods.

### ACTION REQUESTED:

Management requests the Board approve a new price agreement with **General Pacific Inc.** for the purchase of Dura-Line Futurepath HDPE Microduct. Funds for these purchases were budgeted for 2017 and will be budgeted annually.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Purchasing Supervisor: \_\_\_\_\_

Executive Officer: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

## **EWEB Board Consent Calendar Request**

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a Price Agreement with **HD Fowler Co.** for **Resilient Wedge Gate & Butterfly Valves**.

Board Meeting Date: June 6, 2017

Project Name/Contract#: ITB 027-2017 / Resilient Wedge Gate & Butterfly Valves

Primary Contact: Brad Taylor Ext. 7385

Purchasing Contact: Collin Logan Ext. 7426

### **Contract Amount:**

Original Contract Amount: \$570,000 (over five years)

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0 %

Amount this Request: \$570,000

**Resulting Cumulative Total:** \$570,000

### **Contracting Method:**

Method of Solicitation: Formal Invitation to Bid

If applicable, basis for exemption: N/A

Term of Agreement: June 7, 2017-June 6, 2018

Option to Renew? Yes, up to 5 years

Approval for purchases "*as needed*" for the life of the contract Yes

Proposals/Bids Received (Range): \$569,250 - \$675,000

Selection Basis: Lowest bid from most responsive, responsible bidder

### **Narrative:**

The Board is being asked to approve a new contract with **HD Fowler Co.** for **Resilient Wedge Gate and Butterfly Valves** to be purchased on an as-needed basis.

In April 2017, Staff issued a formal ITB for the purchase of Resilient Wedge Gate and Butterfly Valves for Stores stock to be replenished on an as-needed basis. Three responses were received from Consolidated Supply (Eugene, OR), Ferguson Waterworks (Eugene, OR), and HD Fowler Co. (Eugene, OR). HD Fowler was determined to be the lowest responsive and responsible bidder.

Historical procurement data suggests that the total contract amount will be approximately \$570,000 over the total five-year period. The actual total dollar amount, however, is unknown and may be more or less than the estimated volume. Purchases will be based on need and not on any specific annual quantity. The annual cost will be within the amount budgeted for that specific year.

If approved, staff will purchase Resilient Wedge Gate and Butterfly Valves at the established prices over the life of the contract. The contract is for one-year with the option to renew for four additional one-year periods.

### **ACTION REQUESTED:**

Management requests the Board approve a Price Agreement with **HD Fowler Co.** for **Resilient Wedge Gate and Butterfly Valves**. Funds for this purchase are budgeted for 2017.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

## **EWEB Board Consent Calendar Request**

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a new contract with **HDR Engineering, Inc.** for **Miscellaneous Hydraulic Modeling Services**.

Board Meeting Date: June 6, 2017  
Project Name/Contract#: 021-2017 / Hydraulic Modeling Services  
Primary Contact: Rod Price Ext. 7122  
Purchasing Contact: Ramie Alkire Ext. 7413

### **Contract Amount:**

Original Contract Amount: \$500,000 (over 5 years)  
Additional \$ Previously Approved: \$ n/a  
Invoices over last approval: \$ n/a  
Percentage over last approval: n/a %  
Amount this Request: \$500,000  
**Resulting Cumulative Total:** **\$500,000**

### **Contracting Method:**

Method of Solicitation: Formal Request for Proposal  
If applicable, basis for exemption: N/A  
Term of Agreement: June 7, 2017 – June 6, 2022  
Option to Renew? No  
Approval for purchases “*as needed*” for the life of the contract Yes  
Proposals/Bids Received (Range): QBS Process – negotiated price and SOW with highest ranked proposer  
Selection Basis: Highest ranked proposer

### **Narrative:**

The Board is being asked to approve a new contract with **HDR Engineering, Inc.** for **Miscellaneous Hydraulic Modeling Engineering Services**.

EWEB requires Engineering Services to perform miscellaneous hydraulic modeling tasks to assist in evaluating hydraulic conditions under various conditions within the water distribution system. Hydraulic modeling of EWEB’s water system assists in the design of its pipeline, pumping and reservoir projects. Modeling tasks will be assigned on a per project basis to compliment upcoming work that is planned in the 10 year Capital Improvement Plan.

In April 2017, staff issued a Formal Request for Proposals (RFP). EWEB received one proposal response submitted by HDR Engineering Inc. of Portland, OR. The response was evaluated based on evaluation criteria stated in the RFP, including Project Approach, Project Experience, and Project Team Experience. HDR has demonstrated extensive experience with similar hydraulic modeling projects and their key personnel has an average of 25 years hydraulic modeling experience.

HDR has been found to be responsive and responsible as a result of their response to the RFP, and after successful negotiations of the Scope of Work and Fees, HDR has been selected to provide the Services. Staff has issued a Notice of Intent to Award to HDR, pending Board Approval.

Historical task order amounts for hydraulic modeling suggest that the total contract amount will be approximately \$500,000 over the total five-year period. The actual total dollar amount, however, is unknown and may be more or less than the estimated volume. Task Services will be based on need and not on any specific annual quantity.



**ACTION REQUESTED:**

Management requests the Board approve a new contract with **HDR Engineering, Inc.** for **Hydraulic Modeling Services**. Funds for these services were budgeted for 2017 and will be budgeted annually through the term of the proposed contract.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

Executive Officer: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

## EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new price agreement with **S & C Electric Company** for the purchase of Automatic Transfer Switches.

Board Meeting Date: June 6, 2017

Project Name/Contract#: Automatic Transfer Switches / RFP 024-2017

Primary Contact: Mel Damewood Ext. 7145

Purchasing Contact: Ramie Alkire Ext. 7413

### Contract Amount:

Original Contract Amount: \$ 300,000 (Over 5 years)

Additional \$ Previously Approved: \$

Invoices over last approval: \$

Percentage over last approval:  %

Amount this Request: \$ 300,000

**Resulting Cumulative Total:** \$ 300,000

### Contracting Method:

Method of Solicitation: Formal RFP

If applicable, basis for exemption: n/a

Term of Agreement: June 7, 2017 – June 6, 2022

Option to Renew? Annually up to 5 years

Approval for purchases "*as needed*" for the life of the contract Yes

Proposals/Bids Received (Range): 3 (\$281,325 - \$305,910)

Selection Basis: Highest Ranked Proposer

The Board is being asked to approve a new price agreement with **S & C Electric Company** of Chicago, IL for the purchase of automatic transfer switches (ATS) in our electric distribution system on an as needed basis.

EWEB requires ATSS for the transfer of critical loads from the preferred source to an alternate source upon failures of the preferred source. In March 2017, EWEB issued a formal request for proposal to establish a price agreement for the purchase of ATSS. Three (3) responses were received from S & C Electric Company of Chicago, IL; Innovative Switchgear of Dacono, CO; and WESCO Distribution of Portland, OR. The responses were evaluated based on evaluation criteria stated in the RFP including Experience & References, Compliance with Specifications, and Pricing.

S & C Electric Company was found to be a responsive and responsible proposer and had the highest score as a result of their response to the RFP. Their proposal also included an ATS that provided the lowest pricing that met EWEB's specifications.

The total contract amount will be approximately \$300,000 over the total five-year period. The contract amount is based on the estimated material cost for three planned ATS replacements. The actual total dollar amount, however, is unknown and may be more or less than the estimated volume. Purchases will be based on need and not on any specific annual quantity. The annual cost will be within the amount budgeted for that specific year.

If approved, staff will purchase ATSS at the established prices over the life of the contract. The contract is for one-year with automatic renewals up to five years total.

**ACTION REQUESTED:**

Management requests the Board approve a new price agreement with **S & C Electric Company** of Chicago, IL for the purchase of automatic transfer switches (ATS) in our electric distribution system on an as needed basis. Funds for these purchases were budgeted for 2017 and will be budgeted annually.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Purchasing Supervisor: \_\_\_\_\_

Executive Officer: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

## **EWEB Board Consent Calendar Request**

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a Construction Contract with **Wildish Building Company** for **Construction Services**.

Board Meeting Date: June 6, 2017

Project Name/Contract#: 023-2017/ Carmen Diversion Hoist Frames

Primary Contact: Mel Damewood Ext. 7145

Purchasing Contact: Sandra Hahn Ext. 7163

### **Contract Amount:**

Original Contract Amount: \$ 120,000

Additional \$ Previously Approved: \$ NA

Invoices over last approval: \$ NA

Percentage over last approval: NA %

Amount this Request: \$ 120,000

**Resulting Cumulative Total:** \$ 120,000

### **Contracting Method:**

Method of Solicitation: Invitation to Bid

If applicable, basis for exemption: N/A

Term of Agreement: June 8, 2017 to October 31, 2017

Option to Renew? No

Approval for purchases "as needed" for the life of the contract No

Proposals/Bids Received (Range): 120,000 to 124,512

Selection Basis: Lowest responsive and responsible bid

### **Narrative:**

EWEB requires replacement of the existing jib crane that was installed in 1963 and sized to pull timber stoplogs at Carmen Diversion. Based on the available information, the force required to move the existing steel gates exceeds the rated capacity of the jib. The reliable operation of this facility is required by the Federal Energy Regulatory Council for operations during high flow events which occur during inclement weather conditions.

This project includes the furnishing of the labor, materials, and equipment for the provision of new gate hoist frames; modifications to existing trash racks; and installation of Owner-furnished gate hoists. The responsibilities of the Contractor include coordinating with utilities as required; transport of materials to the intake structure; construction site preparation; traffic control; field verification of existing dimensions and conditions; demolition of existing facilities; startup, testing, and commissioning of the new systems; site cleanup; and incidental work as required in the Contract Documents.

Staff issued an Invitation to Bid in March 2017. EWEB received two bids, the lowest responsive and responsible bid was received from Wildish Building Company of Eugene, OR. Bids were also received from Greenberry Industrial, LLC of Corvallis, OR. If approved, Wildish Building Company will provide construction services as specified in the solicitation documents.

**ACTION REQUESTED:**

Management requests the Board approve a form of agreement with Wildish Building Company for providing and installing the Carmen Diversion Hoist Frames. Funds for this work, these services, or this purchase were budgeted for 2017. The total Carmen Relicensing CIP budget for 2017 is \$11.6 million.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Purchasing Supervisor: \_\_\_\_\_

Executive Officer: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Helgeson, Brown, Mital, Simpson and Carlson  
FROM: Sue Fahey, Chief Financial Officer; Sarah Gorsegner, Purchasing & Warehouse Supervisor  
DATE: May 26, 2017  
SUBJECT: Update to EWEB's Public Contracting Rule 2-0150 and Board Policy EL2, Purchasing Controls  
OBJECTIVE: Approval of Resolution No. 1706

---

## **Issue**

On May 2, 2017 the Board reviewed proposed changes to EWEB's Public Contracting Rule 2-150 and Board Policy EL2. The Board requested clarification of the requirements for Board Appointed Consultants and the Quarterly Contract Report. Attached are the documents with the proposed revised language to clarify these items and Board Resolution No. 1706 to adopt the changes.

## **Discussion**

### Quarterly Contract Reports (Rule 2-0150(6)c, EL2.6.c)

In 2013, the Board approved revised thresholds for contract approval. At that time, contracts that previously would have been brought to the Board for approval were included on a Quarterly Contract Report at the thresholds below:

- Services and personal services between \$20,000 and \$150,000
- Materials and equipment between \$100,000 and \$150,000

The policies have been updated from May to require a Quarterly Contract Report that will include all contracts between \$40,000 and \$150,000. Contracts above \$150,000 that are for services and materials subject to public procurement laws will be approved by the Board. Staff anticipate that the number of services and personal services included in the quarterly contract report will decrease by approximately 20 contracts per year and that contracts for materials, equipment, and construction will increase by approximately 10 contracts per year.

### Board Appointed Consultants (2-0150(5)a, EL2.5.a)

The proposed policy has been updated since May to clarify that Board Appointed professionals may include attorneys, auditors and other consultants appointed by and/or working directly for the Board. The policy also includes language stating that the Board will be asked to provide feedback on these consultants annually.

### Exempt Contracts (2-0150(6)b, EL2.6.b)

A correction was made to remove "issuance of bonds" as an exempt contract and include "personal services for issuance of bonds."

No other changes were made to the proposed policies presented at the May meeting.

The attached documents are available for review:

Exhibit A: Redlined existing EWEB Contracting Rule 2-0150

Exhibit B: Proposed revised EWEB Contracting Rule 2-0150

Exhibit C: Redlined existing Board Approved EL2

Exhibit D: Proposed revised Board Approved EL2

Exhibit E: Resolution No. 1706

**Recommendation/Requested Board Action**

Approval of Resolution No. 1706 to reflect the changes to EWEB's Public Contracting Rules, 2-0150 and Board Policy, EL2.



## Public Contracting Rules

### GENERAL PROVISIONS

Adopted: 1/4/2005

Effective: 3/1/2005

Revised: 2/36/6/2017

Approved: \_\_\_\_\_

#### Division 2: Authority; General Provisions; Protests and Remedies

##### 2-0150 Board Approval Thresholds

(1) The Board shall have the sole authority to approve award of all contracts for Goods, Services, Personal Services, Construction, and Equipment that meet or exceed \$150,000.~~the following thresholds:~~

~~— Purchase of all Goods, Services, Personal Services and Equipment: \$150,000 or greater  
— Construction — \$100,000 or greater~~

(2) The Board shall have the sole authority to approve all change orders to Board awarded contracts that cause the contract to exceed 25 percent of the last Board approved amount. The Board shall also have the sole authority to approve any change orders where the change order would cause the contract to exceed the Board approval thresholds, as provided in (1) of this rule.

~~(3) The Board shall provide Authorization to Use Cooperative Procurement Contracts when purchases exceed \$150,000.~~

~~(34) The Board shall be notified of any proposed contract(s) with any known Leadership Team (LT) member's immediate Household Member or Relative, as defined in ORS 244.020 (11 and 16), family prior to that contract being placed on the Board's consent calendar for Board approval.~~

~~Notification to the Board of the proposed contract(s) shall initially be given to the General Manager as soon as practical. At a minimum, the notification shall include:~~

~~The name of the Leadership Team Manager,  
The name of the proposed contractor,  
That the Leadership Team Manager and proposed contractor are immediate family members,  
A description of the proposed work,  
Staff's findings,  
The estimated potential cost of the contract, and  
The contract term.~~

~~The General Manager will provide the information to the Board at his or her earliest convenience, by whatever means he or she determines to be most appropriate.~~

~~"Immediate Family Member," as used in this rule, means any spouse, domestic partner, child, sibling (of any kind, including in-law), parent (including in-law), or grandchild.~~

(5) This rule does not apply to the following procurements:



a. ~~Contracts for Existing Board Appointed Consultants and Attorneys, professional services, which are retained beyond the initial contract term, shall be reported to the Board annually for their ratification. The initial contract with any new consultants and attorneys shall be submitted to Board for approval. Any contracts with those persons thereafter will be ratified by the Board annually; Any contracts with those persons thereafter will be ratified by the Board annually; Board appointed professionals may include attorneys, auditors, and other consultants appointed by and/or working directly for the Board. The Board will be asked for feedback on these consultants annually.~~

b. Required **sole-source/single seller** contracts, which includes the following:

- Governmentally required taxes, fees, permits and payments;
- Software licenses, upgrades, and fees;
- Equipment and software maintenance ~~agreements; and~~
- ~~Commonly used f~~Financial reporting and credit agencies selected because of their unique, reliable reporting capabilities, ~~and~~
- ~~Other sole-source contracts required to meet governmental requirements, required to maintain existing software and equipment, or in which EWEB has no choice, but to use to maintain business operations.~~

c. ~~Cooperative Procurement Contracts established for multiple-agency use by:~~

~~State of Oregon,~~

~~State of Washington~~

~~Western States Contracting Alliance (WSCA),~~

~~U.S. Communities,~~

~~The federal General Services Administration, or~~

~~Other governmental entity that is legally sufficient for EWEB's use.~~

d. ~~Board approved price agreements that specifically identify the contract as a price agreement and the purchases as being made on an "as needed" basis for the life of the contract (e.g. the purchase of stores items "as needed" to perform the utility's regular work).~~

This exception from Board approval does not apply to any contract(s) as set forth in section 34, above.

(6) Board Approval thresholds applicable under this EWEB Contracting Rule are for contracts subject to Oregon Public Contracting Code and EWEB Purchasing Rules.

a. Board approval will be required for the following exempted contracts when the contract amount exceeds \$150,000: real property, qualified rehabilitation facilities, grants, intergovernmental agreements for goods or services, and other agreements with significant community impacts as determined by Management.

b. The following exempt contracts or agreements will not require Board approval: Contracts under \$150,000; mutual aid; emergency declaration; personal services for issuance of bonds; investments; employee benefit plans; insurance policies; wholesale power contracts not requiring Board approval as per SD8; customer design, extension, and modification agreements; joint use agreements; settlement agreements; and power exchange contracts. Exempt contracts over \$150,000 will be included in the quarterly financial statements, annual approved budgets and/or reported to the Board as part of an after action report.

- c. Contracts over \$40,000 that are not approved by the Board or exempted by Oregon Public Contracting Code will be reported to the Board quarterly.

~~Application of exception 4 above is at the sole judgment and discretion of the Purchasing Manager and shall only be applied to required single seller/sole source contracts.~~

 <b>Public Contracting Rules</b>	Adopted: 1/4/2005 Effective: 3/1/2005
<b>GENERAL PROVISIONS</b>	Revised: 6/6/2017 Approved:

**Division 2: Authority; General Provisions; Protests and Remedies**

**2-0150 Board Approval Thresholds**

- (1) The Board shall have the sole authority to approve award of all contracts for Goods, Services, Personal Services, Construction, and Equipment that meet or exceed \$150,000.
- (2) The Board shall have the sole authority to approve all change orders to Board awarded contracts that cause the contract to exceed 25 percent of the last Board approved amount. The Board shall also have the sole authority to approve any change orders where the change order would cause the contract to exceed the Board approval thresholds, as provided in (1) of this rule.
- (3) The Board shall provide Authorization to Use Cooperative Procurement Contracts when purchases exceed \$150,000.
- (4) The Board shall be notified of any proposed contract(s) with any known Leadership Team (LT) member's Household Member or Relative, as defined in ORS 244.020 (11 and 16), prior to that contract being placed on the Board's consent calendar for Board approval.
- (5) This rule does not apply to the following procurements:
  - a. Contracts for Board Appointed professional services, which are retained beyond the initial contract term, shall be reported to the Board annually for their ratification. Board appointed professionals may include attorneys, auditors, and other consultants appointed by and/or working directly for the Board. The Board will be asked for feedback on these consultants annually.
  - b. Required **sole-source/single seller** contracts, which includes the following:
    - Governmentally required taxes, fees, permits and payments;
    - Software licenses, upgrades, and fees;
    - Equipment and software maintenance; and
    - Financial reporting and credit agencies selected because of their unique, reliable reporting capabilities.

This exception from Board approval does not apply to any contract(s) as set forth in section 4, above.

- (6) Board Approval thresholds applicable under this EWEB Contracting Rule are for contracts subject to Oregon Public Contracting Code and EWEB Purchasing Rules.

- a. Board approval will be required for the following exempted contracts when the contract amount exceeds \$150,000: real property, qualified rehabilitation facilities, grants, intergovernmental agreements for goods or services, and other agreements with significant community impacts as determined by Management.
- b. The following exempt contracts or agreements will not require Board approval:  
Contracts under \$150,000; mutual aid; emergency declaration; personal services for issuance of bonds; investments; employee benefit plans; insurance policies; wholesale power contracts not requiring Board approval as per SD8; customer design, extension, and modification agreements; joint use agreements; settlement agreements; and power exchange contracts. Exempt contracts over \$150,000 will be included in the quarterly financial statements, annual approved budgets and/or reported to the Board as part of an after action report.
- c. Contracts over \$40,000 that are not approved by the Board or exempted by Oregon Public Contracting Code will be reported to the Board quarterly.

**Policy Number:** EL2  
**Policy Type:** Executive Limitations  
**Policy Title:** Purchasing Controls  
**Effective Date:** August 6, 2013; Revised June 6, 2017

Board Approval Thresholds

1. The Board shall have the sole authority to approve the award of all contracts for Goods, Services, Personal Services, Construction, and Equipment that meet or exceed \$150,000. ~~that meet or exceed the following thresholds:~~

~~Purchase of all Goods, Services, Personal Services and Equipment \$150,000 or greater  
Construction \$ 100,000 or greater~~

2. The Board shall have the sole authority to approve all change orders to Board awarded contracts that cause the contract to exceed 25 percent of the last Board approved amount. The Board shall also have the sole authority to approve any change orders where the change order would cause the contract to exceed the Board approval thresholds, as provided in (1) of this rule.

3. The Board shall provide Authorization to Use a Cooperative Procurement Contracts when purchases exceed \$150,000.

~~3.~~4. -The Board shall be notified of any proposed contract(s) with any known Leadership Team (LT) member's Household Member or Relative, as defined in ORS 244.020 (11 and 16) immediate family, prior to that contract being placed on the Board's consent calendar for Board approval. ~~Notification to the Board of the proposed contract(s) shall initially be given to the General Manager as soon as practical.~~  
~~At a minimum, the notification shall include:~~

- ~~• The name of the Executive Manager,~~
- ~~• The name of the proposed contractor,~~
- ~~• That the Executive Manager and proposed contractor are immediate family members,~~
- ~~• A description of the proposed work,~~
- ~~• Staff's findings,~~
- ~~• The estimated potential cost of the contract, and~~
- ~~• The contract term.~~

~~The General Manager will provide the information to the Board at his or her earliest convenience, by whatever means he or she determines to be most appropriate.~~

~~"Immediate Family Member," as used in this rule, means any spouse, domestic partner, child, sibling (of any kind, including in law), parent (including in law), or grandchild.~~

5. This rule does not apply to the following procurements:

a. ~~Contracts for Existing~~ Board appointed ~~consultants and attorneys~~ professional services, which are retained beyond the initial contract term, shall be reported to the Board annually for their ratification.

Board appointed professionals may include attorneys, auditors, and other consultants appointed by and/or working directly for the Board. The Board will be asked for feedback on these consultants annually.

~~The initial contract with any new consultants and attorneys shall be submitted to the Board for approval. Any contracts with those persons thereafter will be ratified by the Board annually;~~

b. Required sole-source/single seller contracts, which includes the following:

- Governmentally required taxes, fees, permits and payments;
- Software licenses, upgrades, and fees;
- Equipment and software maintenance ~~agreements~~; and
- ~~Commonly used f~~Financial reporting and credit agencies selected because of their unique, reliable reporting capabilities. ~~, and~~  
~~Other sole source contracts required to meet governmental requirements, required to maintain existing software and equipment, or in which EWEB has no choice, but to use to maintain business operations.~~

~~e. Cooperative Procurement Contracts established for multiple agency use by:  
State of Oregon,  
State of Washington  
Western States Contracting Alliance (WSCA),  
U.S. Communities,  
The federal General Services Administration, or  
Other governmental entity that is legally sufficient for EWEB's use.~~

~~d. Board approved price agreements that specifically identify the contract as a price agreement and the purchases as being made on an "as needed" basis for the life of contract (e.g. the purchase of stores items "as needed" to perform the utility's regular work)~~

This exception from Board approval does not apply to any contract(s) as set forth in section (~~34~~), above.

6. Board Approval thresholds applicable under this Board Policy are for contracts subject to Oregon Public Contracting Code and EWEB Purchasing Rules.

- a. Board approval will be required for the following exempted contracts when the contract amount exceeds \$150,000: real property, qualified rehabilitation facilities, grants, intergovernmental agreements for goods or services, and other agreements with significant community impacts as determined by Management.

**Proposed EL2 Language**

- b. The following exempt contracts or agreements will not require Board approval: Contracts under \$150,000; mutual aid; emergency declaration; personal services for issuance of bonds; investments; employee benefit plans; insurance policies; wholesale power contracts not requiring Board approval as per SD8; customer design, extension, and modification agreements; joint use agreements; settlement agreements; and power exchange contracts. Exempt contracts over \$150,000 will be included in the quarterly financial statements, annual approved budgets and/or reported to the board as part of an after action report.
  
- c. Contracts over \$40,000 that are not approved by the Board or exempted by Oregon Public Contracting Code will be reported to the Board quarterly.

Source: EWEB Public Contracting Rules, Division 2, Section 2-0150 Approved 07/16/2013, Effective 07/17/2013, Ratified 08/06/2013, Revised June 6, 2017

**Policy Number:** EL2  
**Policy Type:** Executive Limitations  
**Policy Title:** Purchasing Controls  
**Effective Date:** August 6, 2013; Revised June 6, 2017

Board Approval Thresholds

1. The Board shall have the sole authority to approve the award of all contracts for Goods, Services, Personal Services, Construction, and Equipment that meet or exceed \$150,000.
2. The Board shall have the sole authority to approve all change orders to Board awarded contracts that cause the contract to exceed 25 percent of the last Board approved amount. The Board shall also have the sole authority to approve any change orders where the change order would cause the contract to exceed the Board approval thresholds, as provided in (1) of this rule.
3. The Board shall provide Authorization to Use a Cooperative Procurement Contracts when purchases exceed \$150,000.
4. The Board shall be notified of any proposed contract(s) with any known Leadership Team (LT) member's Household Member or Relative, as defined in ORS 244.020 (11 and 16), prior to that contract being placed on the Board's consent calendar for Board approval.
5. This rule does not apply to the following procurements:
  - a. Contracts for Board appointed professional services, which are retained beyond the initial contract term, shall be reported to the Board annually for their ratification. Board appointed professionals may include attorneys, auditors, and other consultants appointed by and/or working directly for the Board. The Board will be asked for feedback on these consultants annually.
  - b. Required sole-source/single seller contracts, which includes the following:
    - Governmentally required taxes, fees, permits and payments;
    - Software licenses, upgrades, and fees;
    - Equipment and software maintenance; and

Financial reporting and credit agencies selected because of their unique, reliable reporting capabilities.

This exception from Board approval does not apply to any contract(s) as set forth in section (4), above.

6. Board Approval thresholds applicable under this Board Policy are for contracts subject to Oregon Public Contracting Code and EWEB Purchasing Rules.



## Proposed EL2 Language

- a. Board approval will be required for the following exempted contracts when the contract amount exceeds \$150,000: real property, qualified rehabilitation facilities, grants, intergovernmental agreements for goods or services, and other agreements with significant community impacts as determined by Management.
- b. The following exempt contracts or agreements will not require Board approval: Contracts under \$150,000; mutual aid; emergency declaration; personal services for issuance of bonds; investments; employee benefit plans; insurance policies; wholesale power contracts not requiring Board approval as per SD8; customer design, extension, and modification agreements; joint use agreements; settlement agreements; and power exchange contracts. Exempt contracts over \$150,000 will be included in the quarterly financial statements, annual approved budgets and/or reported to the board as part of an after action report.
- c. Contracts over \$40,000 that are not approved by the Board or exempted by Oregon Public Contracting Code will be reported to the Board quarterly.

Source: EWEB Public Contracting Rules, Division 2, Section 2-0150 Approved 07/16/2013, Effective 07/17/2013, Ratified 08/06/2013, Revised June 6, 2017

**RESOLUTION NO. 1706  
JUNE 2017**

**RESOLUTION APPROVING REVISIONS TO  
EWEB PUBLIC CONTRACTING RULE 2-0150 AND  
BOARD POLICY EL2 – PURCHASING CONTROLS**

WHEREAS, the Eugene Water & Electric Board (EWEB) is a state of Oregon local government; and maintains a Board Policy Manual that contains governing policies for the Board of Commissioners; and

WHEREAS, EWEB's Board of Commissioners is EWEB's governing body and Contract Review Board (ORS279A.60) with rulemaking authority to adopt its own rules of procedure for public contracts (ORS279A.065(5)(a)); and

WHEREAS, the Board of Commissioners periodically reviews said policies and determines that modifications or amendments are required to adequately document the work or intention of the Board with regard to governance, Board-staff linkage, strategic direction or executive limitations; and

WHEREAS, the Board of Commissioners has reviewed and discussed the provisions of proposed new EWEB Public Contracting Rule 2-0150 and Board Policy EL2 Purchasing Controls at the May 2, 2017 Board meeting; and

BE IT RESOLVED that the EWEB's Board of Commissioners hereby adopts the proposed revisions to its Public Contracting Rule 2-0150: Board Approval Thresholds and Board Policy EL2: Purchasing Controls.

DATED, this 6<sup>th</sup> day of June 2017.

THE CITY OF EUGENE, OREGON  
Acting by and through the  
Eugene Water & Electric Board

\_\_\_\_\_  
President

I, ANNE M KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the resolution adopted by the Board at its June 6, 2017 Regular Board Meeting.

\_\_\_\_\_  
Assistant Secretary



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Helgeson, Brown, Mital, Simpson and Carlson  
FROM: Sue Fahey, Chief Financial Officer and Aaron Balmer, Interim General Accounting Supervisor  
DATE: May 26, 2017  
SUBJECT: Update of Financial Policies  
OBJECTIVE: Board Action - Approval of Resolution No. 1711

---

## **Issue**

The financial policies supporting Board Policy SD6 require periodic updates. The last revision was approved by the Board in July 2015.

## **Background**

The Board has adopted financial policies to assist in ensuring the Electric and Water Utilities' long term financial sustainability. The policies include several reserve funds, targets and other financial metrics. Staff review the policies on an annual basis and determine if any revisions should be recommended in order to maintain the Utilities' strong financial position. A summary of additional revisions based on Board guidance and additional research is included below.

## **Discussion**

### **Section 1.1 – Rate Sufficiency Policy**

#### ***June Update***

*After further research, the performance metric for Working Capital Days Cash has been increased to >150 days to support the higher credit ratings for each utility. Additionally, staff has reviewed our policy metrics with EWEB's financial advisor and believe the existing Debt Service Coverage ratio adequately addresses this area and are not proposing to add additional metrics.*

### **Section 1.2 – Rate Stability Policy**

This section has been updated to include a Rate Stabilization Fund for both Utilities. The Rate Stabilization Fund is intended to enhance the Utility's agility during financial challenges and minimize rate impacts to customers. Funds will be used for one-time expenses, emergent items and/or to reduce borrowing requirements. The recommended targets of \$5 million for the Electric Utility and \$1 million for the Water Utility represent approximately a 3% rate impact for each Utility.

In addition, the Power Reserve target has been recalculated according to policy, and Management is recommending reducing the standard to \$17 million from \$22.1 million. The reduction is primarily a result of lower power prices reducing risk.

### **Section 1.3 – Capital Improvement Funding and Reserve Policy**

#### ***June Update***

*After further research, staff is not proposing a change in the metric proposed at the May meeting.*

The target for the Capital Improvement Reserve is based on annual depreciation expense. The target amount for the Electric Utility has been increased to \$22 million from \$20 million which more closely aligns with this measure.

The Age of System performance standard has been added as a metric to manage and monitor regular investment in system infrastructure and is based on American Public Power Association's (APPA) metrics which indicate that a system over 65% should be watched for deterioration and under 50% is considered relatively new. Staff is researching whether a different performance standard should be used for the Water Utility and may propose a change at the June 6<sup>th</sup> Board meeting.

The Rate of Return performance standard has been added and measures a utility's ability to pay current and future infrastructure costs. Adequate rates of return help ensure current customers pay their share of the use of infrastructure. The performance standard is based on industry benchmarks for comparable utilities.

### **Section 1.5 – Replenishment of Reserves**

#### ***June Update***

*This section has been updated to clarify the Board's ability to exercise discretion in how quickly reserves are replenished in the event a reserve falls below Board targets.*

This section has been added to establish criteria in the event a reserve falls below Board targets and specifies the order of precedence and length of time to replenish.

### **Section 2.3 – Debt Policy**

#### ***June Update***

*After further research, staff believe the existing metric of Debt as a % of NBV appropriately aligns the Utilities' use of debt to fund capital projects and can adequately monitor debt levels and that benchmarks are appropriate.*

The Debt/Asset and Debt/Equity ratios have been replaced by Debt as a % of Net Book Value (NBV) to reflect industry trends. Since EWEB issues debt primarily for infrastructure work, Debt as a % NBV is a more relevant metric for a utility, and measures how leveraged the system is. The performance standard is based on APPA's median value for a generating facility. Staff is researching benchmarks for Water Utilities and may recommend a revision at the June 6<sup>th</sup> Board meeting. EWEB's financial advisor indicated rating agencies are interested in a utility's Equity to Capitalization percentage which measures cost recovery, leverage and debt capacity. Staff is also researching performance standards for this metric and may propose adding it to policy at the June Board meeting.

### **Section 5.0 – Reference Documents**

The cash and reserve targets summary has been revised based on Management's recommendations.

#### **Requested Board Action**

Management recommends approval of Resolution No. 1711 updating the Financial Policies that support the Board's financial targets, strategies and reporting.



Eugene Water & Electric Board

*Rely on us.*

## *Financial Policies*

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# **EWEB Financial Policies**

## **1.0 RESERVE POLICIES**

### **1.1 Rate Sufficiency Policy**

Rates and charges will be adequate to provide revenues sufficient to maintain a degree of financial soundness over and above requirements for compliance with existing bond covenants. Performance standards are based on review with EWEB's Financial Advisor regarding financial market conditions and rating agency considerations, as well as industry benchmarks for comparable utilities. *(BP SD6)*

#### **Discussion:**

EWEB bond resolutions contain a rate sufficiency covenant that is a standard provision in municipal utility bond contracts. The covenant requires that rates and charges be set at a level that is high enough to pay the costs of operating and maintaining the utilities. This rate sufficiency policy is a higher standard than that required by the standard rate covenant contained in the bond resolutions. The policy is intended to supplement the weaker financial performance standards set out as minimum requirements in the bond resolutions. The financial standard implied by this policy is that rates and charges will be maintained at a level consistent with an average credit rating of A for the Electric Utility and AA rating for the Water Utility.

Credit rating agencies evaluate creditworthiness by assessing an organization's ability to adequately address issues of strategic importance. Credit analysis includes the track record of performance as reflected in widely used ratios and statistics. These measurements are compared with other similarly situated utilities to determine relative financial strength within the industry. An example of such a statistic is "debt service coverage ratio" which shows how many times debt service can be paid from net revenues. Minimum legal debt service coverage requirements are 1.35 times debt service for issuing new debt for the Electric Utility and 1.25 times debt service for the Water Utility. EWEB's long term target for debt service coverage ratio for the Electric Utility is 1.75 to 2.0 and the Water Utility is 2.00 to 2.50 times debt service.

	<b>Performance Standard</b>
<b>Electric Utility</b>	
Working Capital Days Cash	>150 days
Current Ratio	3.250x
Debt Service Coverage	1.75 to 2.0x
<b>Water Utility</b>	
Working Capital Days Cash	>150 days
Current Ratio	3.250x
Debt Service Coverage	2.0 to 2.50

## ***EWEB Financial Policies***

Working cash balances are based on the amount of cash needed to pay for ongoing operational expenditures and maintain an amount of working capital to support the day's cash ratio sufficient to maintain higher than average credit rating. The target for working cash is \$24 million and \$3.4 million for the Electric and Water Utility, respectively.

### **1.2 Rate Stability Policy**

Certain funds will be held in reserve for the purpose of mitigating the customer rate impact of unanticipated events. *(BP SD6)*

#### **Discussion:**

It is the nature of budgets, financial projections, and other statements about the future to contain uncertainty. The intent of this policy is to set aside funds or other financial instruments to smooth out the financial impact on customers when assumptions about the future do not comport with actual events as they transpire.

#### *Power Reserve*

The Electric Utility owns or has contracted for power resources that exceed the amounts needed to serve customer load and is exposed to certain power portfolio and retail load risks that can have significant adverse effects on financial stability. Those risks include, generation, power price, retail load, and credit risks. EWEB has established a power reserve that is designed to provide funds sufficient to cover operational costs in the event of adverse fluctuations in these risks. The funds needed to mitigate financial impacts of fluctuations are estimated annually based upon the measurement criteria specific to each of the major risks. Generation risk is calculated by measuring the impact to revenues if water available for generation is at Firm levels which is approximately 70% of median. Power price risk is calculated by assuming prices decrease 30% from budget expectations, and retail load risk is calculated assuming a 4% decrease from budgeted load. Credit risk is a flat dollar amount that represents approximately 50% of counterparty exposure. The combined amounts are intended to cover operational cost for one calendar year and prevent sudden and significant impacts to customer rates. The Board of Commissioners may elect to supplement the calculated amounts at their discretion.

#### *Operating Reserves*

The Water and Electric Operating Reserve accounts are used in similar fashion to smooth out the effects of revenue shortfalls or unforeseen expenses.



## **EWEB Financial Policies**

### Self-Insurance Reserve

The Self Insurance Reserve is to fund the out-of pocket liability costs of third party claims. The target for the Self-Insurance Reserve combined for both the Electric and Water Utilities totals \$2 million, which is based on the amount EWEB is self-insured. Excess liability insurance protects EWEB after the self-insurance retention is exhausted.

### Rate Stabilization Funds

The Water and Electric Rate Stabilization Fund accounts are used to enhance the Utilities' agility during financial challenges such as unanticipated costs or reduced revenues, and minimize or smooth rate impacts to customers. This fund is intended to manage one-time events, emergent items or to reduce borrowing requirements. Allocations are made at Board discretion. Targets for the rate stabilization funds approximate a 3% rate impact for each Utility.

<b>Electric Utility</b>	<b>Target</b>
Power Reserve	\$17,000,000
Operating Reserve	\$ 2,000,000
Self-Insurance Reserve	\$ 1,720,000
Rate Stabilization Fund	\$ 5,000,000

  

<b>Water Utility</b>	
Operating Reserve	\$1,000,000
Self-Insurance Reserve	\$ 280,000
Rate Stabilization Fund	\$1,000,000

### **1.3 Capital Improvement Funding and Reserve Policy**

Utility plant assets will be maintained to provide reliable, high quality service, including such capital additions as may be necessary to support growth in loads and customer base, and associated infrastructure. (BP SD6)

#### **Discussion:**

EWEB's approach to financing capital assets uses a combination of current rate revenue, capital improvement reserves, contributions in aid of construction, system development charges, and debt financing.

Capital projects are classified as Type 1, Type 2, or Type 3. Each year, an amount is budgeted from rate revenues to provide ongoing funding for a base level of capital additions and replacements. The base level amount is determined through an

## **EWEB Financial Policies**

evaluation of the age and condition of basic capital infrastructure of the Electric and the Water Utilities taking into consideration capital reserve levels. This amount represents what is needed annually to maintain the desired level of service reliability on a long-term basis. These are considered Type 1 capital projects; projects that are ongoing capital infrastructure replacements.

Type 2 capital projects are large rebuilding or expansion projects in excess of \$1 million that occur periodically and may be funded with rates or bonds. Type 3 capital projects are major strategic projects and are funded with bonds and/or reserves.

Capital funding requirements are determined by a Capital Improvement Plan (CIP). The CIP is a ten-year projection of capital needs that is updated annually and approved by the Board. The CIP sets out, for each utility, the anticipated need for utility and support infrastructure to meet customer demands and system reliability standards. Identified in the CIP is an indication of the proportion of funding from 1) rates, 2) accumulated reserves, and 3) debt proceeds.

The target amount for the Electric and Water Utility Capital Improvement Reserve is based on one year's depreciation expense adjusted for service reliability needs. In general, reinvestment in capital should be at the same rate as depreciation.

A system over 65% depreciated should be watched for aging.

Rate of return measures the ability to pay current and future infrastructure costs. Rates outside the performance standard should be evaluated to ensure current customers pay their share for the use of infrastructure. A higher rate of return signals current customers may be paying more towards future infrastructure costs, while a lower rate of return signals current customers may not be paying enough for current costs.

### **The Targets are:**

Electric Utility: \$22 million

Water Utility: \$7 million

### **Performance Standard – Electric and Water:**

Age of System < 60%

Rate of Return 5 - 7%

## **EWEB Financial Policies**

### **1.4 Retirement Benefits Funding Policy**

All long-term liabilities that must be either disclosed and/or accounted for in the financial statements will be funded according to a rational and consistent plan that targets full funding of the liabilities over a specified period of time. *(BP SD6)*

#### **Discussion:**

Unfunded retirement liabilities result from pension and other post-employment benefit programs. The primary financial strategy with these plans is to pay the actuarially determined annual required contribution, which pays for the current costs and unfunded liabilities over a designated period of years. However, if the funded status of the plans reach 70% funded status or less, an assessment of accelerated funding will be performed. When the funding status of the plan is at or below 70% of funded status, the plan is financially unstable as the plan is no longer self-funding based on actuarially determined contribution rates. Below is a summary of the three plans.

1) **Pension Plan** - The Oregon PERS (OPERS) continues to experience volatility in regard to the rates employers pay to the state pension plan for benefits. EWEB pays the actuarially determined rate. In years where there is a difference between the PERS ordered contribution rate and the amount provided for in the annual budget, the excess amounts will be set aside in a Board reserve for reduction of unfunded retirement liabilities in the future.

2) **Other Post-Employment Benefits** – EWEB created a trust in November 2007 as a means through which assets are accumulated and benefits are paid for other post-employment benefits (OPEB), other than pension benefits. Eligible retirees and beneficiaries of EWEB receive health care and life insurance benefits.

3) **Supplemental Retirement Plan** – EWEB created a pension plan in 1968 to provide supplemental retirement benefits to employees. The objective of the plan was to provide a benefit on retirement, which together with benefit from the OPERS, will provide 1.67% of the highest 36-month average salary for each year of service. The plan was closed in 1988. EWEB contributes actuarially determined amounts to a designated pension fund that pays the annual cost for this closed plan. Due to the nature of the closed plan, it is more cost effective to pay-as-you go, than set up a trust.

## **EWEB Financial Policies**

### **1.5 Replenishment of Reserves**

If a reserve balance falls below Board targets, the order of precedence and minimum length of time to replenish will be determined using the following criteria:

Order of Precedence: 1 – Rate Sufficiency Policy  
2 – Capital Reserve Policy  
3 – Rate Stability Policy

Length of time to replenish:

	Electric Utility	Water Utility
One year	<\$2 million below target	< \$500,000 below target
Three years	>\$2 million and < \$5 million below target	> \$500,000 and < \$1 million below target
Five years *	> \$5 million below target	> \$1 million below target

\*Should a reserve fall drastically below target, a determination will be made whether cash should be secured by other means (i.e., Letter of Credit or bond issuance).

If a reserve falls below target, staff will propose a replenishment strategy to the Board for approval during the annual reserve transfer process or sooner if deemed necessary.

## **2.0 FINANCIAL MANAGEMENT POLICIES**

### **2.1 Cost Management Policy**

EWEB will take cost management actions that provide for authorized budgets and include actions to maintain expenditures within authorized budget levels. *(BP SD6)*

#### **Discussion:**

The annual budget is the primary tool for setting rates and controlling costs within a given year. For accounting and budgetary purposes, the budgets are broken into operating and capital components for each Utility. The operating budget of the Electric Utility further separates power and related costs as distinct from non-power operating costs. The reason for this is that the cost of power and related items generally varies with changes in sales volume. Non-power items are composed of mostly labor, services and materials that are less susceptible to variations in sales volumes.

The annual budgets are the maximum level of expenditure authorized by the Board. Conditions may arise during any given budget year that cause projected expenditures for either Utility's operations & maintenance and/or capital budgets to be higher than those approved by the Board. If any of the specific conditions occur as defined in Board Policy EL1 - Financial Controls, Management is required to propose a budget amendment.

## **EWEB Financial Policies**

The budget amendment proposal must state the causes of the projected non-budgeted expenditures, the offsetting actions taken to mitigate the increase, and the source of any additional funding requested. The Board will consider each proposed budget amendment and either approve or disapprove. In the event of disapproval, the General Manager will exercise established authorities in taking actions necessary to curtail spending within authorized levels.

To monitor the budget, cost management procedures involve the monthly review of variances from the authorized budget by supervisors and managers. The review of power-related items is performed by the Power Risk Management Committee and is separate from non-power items. Actual and projected capital and other non-power expenditures are monitored by the Leadership Team. With the assistance of financial staff, the Leadership Team determines what degree unfavorable variances in one department can be offset by favorable variances in another. In the event of a shortfall, the Leadership Team will determine whether to bring a budget amendment forward or curtail other activities to remain within authorized spending levels.

### **2.2 Budget Policy**

The authorized annual spending plan will be balanced such that resources meet or exceed requirements in each fiscal year. *(BP SD6)*

#### **Discussion:**

Long-term financial stability can be assured only if, in each year, the annual spending plan is fully funded and results in a balanced budget. The budget is considered balanced when the following three conditions are met:

- 1) Expected annual operating revenues and use of reserves for one-time expenses equal or exceed anticipated operation and maintenance expenses.
- 2) Budgeted capital outlays are funded in full from a combination of net operating revenues, capital improvement reserves, accumulated system development charges, and debt proceeds.
- 3) Pro forma presentation of debt service coverage shows a ratio at or above the Board established performance standard (Rate Sufficiency Policy 1.1).

## **EWEB Financial Policies**

### **2.3 Debt Policy**

Funds to acquire major capital improvements will be provided in accordance with the estimated useful lives of such assets. (BP SD6)

#### **Discussion:**

Prudent financial practice dictates the use of debt financing only in those cases where public policy, ratepayer equity, and economic efficiency favor the use of debt over current financing. In EWEB's case, debt is considered an appropriate funding option for Type 2 and Type 3 capital projects. (See the discussion under Capital Reserve Policy 1.3.) Debt service payments shall not exceed the useful life of the asset and should be structured to mirror the stream of benefits from the facility or project being funded.

Long-term debt financing will be considered for those major system improvements that meet two general criteria:

- The asset has a relatively long useful economic life (at least 10 years);
- The asset is a significant item included within the capital budget portion of the electric and/or water project plans.

However, if debt levels are too high the utility could become over-leveraged relative to its asset base and revenue producing capability. In all cases, management will balance the benefit of long term financing with the overall health of the organization as determined by appropriate measures of financial leverage.

Performance standards, are based on review with EWEB's Financial Advisor regarding financial market conditions and rating agency considerations, as well as industry benchmarks for comparable utilities.

	<b><u>Performance Standard</u></b>
<b>Electric Utility</b>	
Debt as a % of NBV	60% or less
<b>Water Utility</b>	
Debt as a % of NBV	60% or less

## **EWEB Financial Policies**

### **2.4 Billing and Collection Policy**

Services will be billed in an accurate and timely manner and collected with fair and equitable consideration for all customers. (BP SD6)

#### **Discussion:**

Sound business and collection practices will be applied uniformly to all customers. EWEB maintains a customer credit rating system to provide fair and equitable consideration in deposit and collection practices for all customers. Decisions to extend payment terms for anyone are based on the customer's good faith, ability to pay, and payment history.

EWEB provides cost-effective customer assistance programs (e.g., Budget Payment Plan, Customer Care, payment extension options, dispute/appeals recourse, etc.). EWEB will also cooperate with customers participating in social service programs such as the Limited Income Home Energy Assistance Program (LIHEAP) and other resources available to customers.

EWEB makes every reasonable and cost-effective attempt to secure payment of all accounts receivable. In accordance with bond covenants, products and services are not provided free of charge. Bills are issued based upon actual use of products and services, except that billings are estimated when EWEB service meters are inaccessible, or other considerations necessitate issuing estimated billings. Following an estimated reading, charges are adjusted to record and reflect actual consumption.

EWEB employees make a concerted effort to inform customers about the options available to them regarding payment for and controlled use of EWEB products and services as situations may deem advisable. In addition, EWEB has built strong partnerships with community social service organizations that create preventive strategies for avoiding disconnection of services.

Performance standards are as follows:

	<b>Performance Standard</b>
Write-offs as a % of Rate Revenue	.5% or less

## ***EWEB Financial Policies***

### **3.0 FINANCIAL RISK MANAGEMENT POLICIES**

#### **3.1 Financial Risk Management Policy**

Financial risks associated with EWEB operations will be proactively managed in a cost-effective and efficient manner consistent with prudent utility practice. *(BP SD6)*

##### **Discussion:**

The objective of financial risk management is ongoing identification and mitigation of the risk of financial losses including power risk, property damage and other insurable risks, vendor contract development and administration, and risks associated with administering Oregon Public Contracting laws and statutes. EWEB will transfer as much as is reasonably possible of its liability contractually, and retain those risks that can be self-assumed without seriously affecting the financial condition of the organization. EWEB will purchase sufficient insurance coverage when the risk is of a catastrophic nature or beyond the capacity of the organization to absorb, or when it is required by law or contract. However, insurance shall, of necessity, be limited to availability of coverage at reasonable cost, consistent with the probable frequency, severity and impact of losses on the financial stability of the organization.

Due to the nature and extent of commodity risks, power supply related risk management policies are separately addressed in the Power Risk Management Policy.

#### **3.2 Power Risk Management Policy**

Purchases and sales of electric power and related financial instruments will be managed to maximize the benefits to customers from wholesale transactions while minimizing the risk that wholesale activities will adversely affect retail prices. *(BP SD6)*

##### **Discussion:**

For many years the staff at EWEB has worked to reduce power purchase costs while managing or avoiding risks that might result in price shocks or supply interruptions. Rapid changes in the electric power industry since 2000 have challenged traditional methods and prompted EWEB to migrate to power management systems and controls similar to those used in commodity trading organizations.

The Board has established a Power Risk Management Policy to provide direction and oversight as referenced in Board Policy SD8 - Power Risk Management Policies.



## **EWEB Financial Policies**

### **3.3 Investment Policy**

EWEB's investment portfolio will be managed to achieve safety of capital, achieve market rates of return, and provide sufficient liquidity to meet disbursement schedules. *(BP SD6)*

#### **Discussion:**

EWEB's Investment Policy calls for the investment of excess funds in a manner which will preserve capital and provide sufficient liquidity to meet cash flow demands while conforming to all State statutes governing investment of public funds and bond covenants. The policy includes provisions with respect to diversification and the credit quality of securities purchased. EWEB's primary objectives are, in order of priority: safety of principal, liquidity and achieving a rate of return at least equal to the return on a comparably maturing U.S. Treasury bill. EWEB attempts to match its investments to anticipated cash flow requirements. Securities are intended to be held to maturity, unless the quality, yield or maturity characteristics of the portfolio can be improved by replacing one security with another.

## **4.0 ACCOUNTING POLICIES**

### **4.1 Financial Entity Policy**

EWEB will account for separate financial entities and will clearly define relationships among those entities to facilitate management decision-making. *(BP SD6)*

#### **Discussion:**

#### **1) Financial Reporting and Budget**

Financial accounting standards and Bond covenants require that EWEB maintain separate financial records for the Electric Utility and the Water Utility. Each entity has separate legal standing and revenues backing their respective bond issues and separate budgets. Often, the Utilities share personnel or other resources. The shared resources are allocated between the systems for accounting and ratemaking purposes.

#### **2) Reporting Entity**

For external reporting purposes, EWEB is required to follow Governmental Accounting Standards Board (GASB) definition of a reporting entity as EWEB is considered a primary government. The Electric and Water Utilities are reported separately with a combined total for both systems.

For internal reporting purposes, the results and financial position of the Electric Utility and the Water Utility will be reported separately. In addition, any component of either

## **EWEB Financial Policies**

Utility, which can be separately reported, and for which separate reporting would be useful, such as a major line of business, class of customer, or new operation will be separately reported as required by EWEB management from time to time.

EWEB also has various relationships with other parties, such as 1) Western Generation Agency, an Intergovernmental Agency cogeneration project, 2) Trojan Nuclear Project, a jointly owned decommissioned nuclear plant and 3) Harvest Wind, a joint ownership with an equity investment in a wind generating facility and 4) OPEB Trust, post-employment health care and life insurance benefits trust. These projects or investments are separate legal entities that are properly recorded within the Electric System and are fully disclosed in the footnotes of the financial statements.

### **4.2 Capitalization Policy**

Major utility expenditures for labor, materials and/or services that result in revenue or benefits in future reporting periods will be capitalized and allocated to match such future revenue or benefits through periodic amortization or depreciation, using methodologies acceptable under accounting standards. Additions, renewals, and betterments with a minimum cost of \$5,000 are capitalized. Repairs and minor replacements are recorded as operating expenses. *(BP SD6)*

#### **Discussion:**

##### **1) Utility Plant in Service**

The physical assets that make up the electric and water production, transmission and distribution systems, including the acquisition of land or construction of a building are capitalized and included in plant in service.

##### **2) Preliminary Investigations and Regulatory Accounting**

It is accepted utility practice to accumulate preliminary investigations, costs of projects the utility believes will be viable in the future. An example of this for EWEB is relicensing costs for the Carmen-Smith Project. Preliminary investigations are recorded as an "Other Asset" on the Statement of Net Position.

EWEB policy also permits the use of regulatory accounting, which allows for revenues and expenses to be charged to future periods to match the time periods when the revenue and expenses are included in rates. Revenues and expenses that are recorded using regulatory accounting may be treated as other assets or liabilities or deferred inflows or outflows, depending on the nature of the revenue or expense. An example of a regulatory other asset is unamortized bond issuance costs. An example of deferred inflows and outflows is the recording of the change in market value of hedging derivative instruments. Board approval, either by resolution or by inclusion in the annual budget, is required prior to using regulatory accounting.

## ***EWEB Financial Policies***

**Source: Board Approved 01/18/2000, Ratified 04/19/2005, Amended 07/19/2005, Amended 06/04/2013, Resolution No. 1308 07/16/13, Amended 07/21/2015, Resolution 1518, Propose Amending 06/06/2017, Resolution 1711.**

## ***EWEB Financial Policies***

### **5.0 APPENDIX A: CASH AND RESERVE TARGETS SUMMARY**

6/6/17

<u>Cash and Reserve Accounts</u>	<u>Electric Utility Target</u>	<u>Water Utility Target</u>
1) Working Cash	\$24,000,000	\$3,400,000
2) Power Reserve	17,000,000	
3) Operating Reserve	2,000,000	1,000,000
4) Self-Insurance Reserve	1,720,000	280,000
5) Capital Improvement Reserve	22,000,000	7,000,000
6) Rate Stabilization Fund	5,000,000	1,000,000
	<hr/>	<hr/>
Total	<u>\$71,720,000</u>	<u>\$12,680,000</u>

- 1) Working Cash – amount of cash needed to pay for ongoing operational costs during the year.
- 2) Power Reserve – amount of reserves to offset fluctuations due to the effects of risk exposures, and any budgeted draw on the reserve.
- 3) Operating Reserve – reserve for emergency operating costs.
- 4) Self-Insurance Reserve – reserve to pay for claims incurred during the year and target is based on the \$2 million self-insured retention for both utilities combined.
- 5) Capital Improvement Reserve – reserve for capital improvements and target is based on approximately one year’s depreciation.
- 6) Rate Stabilization Fund – reserve for one-time use at Board discretion; target amount approximates the dollar equivalent of a 3% price increase

**RESOLUTION NO. 1711  
JUNE 2017**

**EUGENE WATER & ELECTRIC BOARD  
FINANCIAL POLICIES**

**WHEREAS**, the Eugene Water & Electric Board is the body designated by the Eugene City Charter and City Code to administer the Electric and Water Utilities of the City of Eugene;

**WHEREAS**, the Eugene Water & Electric Board has established Financial Policies to support the Board's financial targets, strategies and reporting.

**WHEREAS**, the Eugene Water & Electric Board has reviewed year-end results;

**WHEREAS**, the Financial Policies have been reviewed and updated based on 2016, year-end results, the Board's targets, associated financial metrics, and accounting standards.

**WHEREAS**, the Board of Commissioners has reviewed revisions to Financial Policies and has determined that the revisions are appropriate and necessary.

**THEREFORE BE IT RESOLVED** that the Eugene Water & Electric Board hereby authorizes the General Manager to adopt and enforce the Financial Policies as updated.

Dated this 6<sup>th</sup> day of June 2017.

THE CITY OF EUGENE, OREGON  
Acting by and through the  
Eugene Water & Electric Board

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President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its June 6, 2017 Regular Board Meeting.

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Assistant Secretary



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Helgeson, Brown, Mital, Simpson and Carlson  
FROM: Erin Erben, Chief Customer and Community Relations Officer; Rene Gonzalez, Customer Operations Manager  
DATE: May 22, 2017  
SUBJECT: Customer Services Policy – All Utilities  
OBJECTIVE: Approval of Resolution No. 1713, Revision to Customer Services Policy – All Utilities document

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## **Issue Statement**

Last month, the board reviewed proposed changes to the All Utilities section of the Customer Policies document.

It has been several decades since a wholesale rewrite of any of the primary policy documents has been completed. As staff endeavored to incorporate a definition of customer adequate to ensure clear authority for decisions about services provided to a given customer account, and specifically who can “opt in” for Advanced Metering Infrastructure (AMI) and related services, it became apparent that it would be a much easier document for our customers to read if, at the same time, we rewrote the document. Years of editing had made it a bit clunky to sift through.

This Board Backgrounder summarizes the substantive changes to the current policy.

## **Background**

This Customer Service Policy – All Utilities document covers electric service and water service. The Policy applies to any applicant or customer applying for or supplied with the above-mentioned utility service by EWEB in accordance with the responsibility and authority set forth in the Eugene City Charter and Oregon State law. Customers are subject to, and required to comply with the utility-specific Policies and Procedures for each service received from EWEB.

This Policy is intended to provide guidance to EWEB customers and EWEB staff to achieve the common goal of efficient and safe utility service.

## **Discussion**

To prepare for roll-out of the value-added services EWEB envisions offering customers post-AMI implementation, the language on the Customer Service Policy – All Utilities document must be updated to provide clarity of authority to make the decision to “opt in” to the use of a two-way communicating meter and related services.

In an effort to align with EWEB's organizational direction to support simplification where possible and to enhance the ease of doing business with EWEB, we are recommending a simplified version of the Customer Service Policy – All Utilities document at the same time.

No changes to rates and/or fees are being proposed. However, EWEB is due for a review of fees and the board can expect an upcoming discussion on this matter at a later date.

Following last month's feedback from the board, staff removed one of the proposed changes from the updated document as follows:

- Reduced payment adjustment period from three years to two years, consistent with PUC standards

*We are now proposing to leave the policy at three years as it has been.* The remaining changes are considered to be non-substantive, or (as in the case of expanded security requirements), clear to the customers' benefit and so the recommendation is being made for the board to adopt these changes as part of the consent calendar.

The following summarizes the key changes to the policy document as compared to the current All Utilities document:

- Focused on the most frequent inquiries that customers have about EWEB's policy and simplify the language, which enabled us to shorten the document overall
- Provided more options for customers regarding account security requirements (p.4)
- Removed some requirements for the medical program in order to streamline and remove "process" language (p.8)
- Also removed the "process" of budget billing from the policy (p.6).

The proposed policy and a summary of the changes have been included as an attachment for Board review. The existing policy can be viewed at: <http://www.eweb.org/about-us/policies-and-procedures>

### **TBL Assessment**

There was no particular TBL assessment conducted in accordance with these policy revisions.

### **Recommendation**

Management recommends the proposed language modifications to EWEB's Customer Service Policy – All utilities be kept updated to meet the evolving needs of EWEB modernization efforts and align with organizational objectives to simplify the way we conduct business with customer-owners in 2017 and beyond.

### **Requested Board Action**

Management requests that the board approve the updated Customer Service - All Utilities policy document.



# Eugene Water & Electric Board

## Customer Service Policy - All Utilities

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### PREFACE

This *Customer Service Policy – All utilities* serves to help Customers understand the Eugene Water & Electric Board’s (EWEB’s) business practices regarding Utility Services. The Policy also provides guidance to EWEB staff in the achievement of sound, impartial and consistent business practices in the efficient and safe provision of Utility Service. The Policy applies to all Applicants, Account-Holders, and Authorized Agents (collectively referred to as “Customers” in this Policy) who benefit from Utility Service(s) in accordance with EWEB’s responsibility and authority set forth in the Eugene City Charter and Oregon State law.

EWEB may in its sole discretion exercise any or all of the options listed in this Policy or any other applicable law. Any delay on the part of EWEB in exercising available options is not intended as and will not be deemed a waiver of EWEB's rights.





# Eugene Water & Electric Board

## Customer Service Policy - All Utilities

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# Eugene Water & Electric Board

## Customer Service Policy - All Utilities

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### CONDITIONS OF SERVICE

By applying for or accepting service from EWEB, Customers agree to abide by all terms of EWEB's policies, to provide any Rights of Way across their properties that EWEB deems reasonably necessary to supply such service, and to cooperate with EWEB in the construction and maintenance of the Facilities needed for such service.

Customers are responsible for furnishing, owning, and maintaining all materials and Facilities required to distribute services beyond the Point of Delivery for their service address. If EWEB-owned Facilities are located beyond the Point of Delivery, they will continue to be maintained by EWEB. Customers will secure and pay for all necessary permits and costs of installing, upgrading, and maintaining utility materials and equipment necessary to safely accept EWEB's services.

While EWEB endeavors to supply reliable Utility Services, EWEB cannot and will not guarantee constant or uninterrupted delivery of Utility Services and will not be responsible for loss or damage to life or property resulting from non-EWEB Facilities.

EWEB may bill a Customer for any costs resulting from the Customer's failure to comply with the provisions of this Policy.

### APPLICATION FOR SERVICE

EWEB starts and stops services on EWEB business days during its business hours. When connection or disconnection of services requires field work, it must be scheduled a minimum of one business day in advance of desired date to avoid additional fees. A non-refundable Account Processing Charge applies whenever Utility Service is established, transferred or reactivated.

An "application for service" is a request for service only and does not constitute a contract until EWEB is ready to deliver Utility Service to the Customer. Applications for service must be complete with all required information submitted in a form acceptable to EWEB under the particular circumstances. Requests for residential service from persons other than the Applicant will not be accepted without confirmation of a verified Account-Holder, a notarized letter of authorization, or a notarized Power of Attorney, signed by the Applicant, in a form acceptable to EWEB. In the absence of an approved application, pre-existing services at a property may be disconnected. Upon application for service, EWEB will conduct a credit evaluation of the Applicant and Account Security may be required based upon the credit evaluation.

Account-Holders are responsible for Utility Service charges and fees, effective from the date EWEB is requested to start service or the date of the Customer's occupancy or responsibility, whichever occurs first, and will remain responsible for charges at the service location through the time that EWEB disconnects the Utility Services or closes the account, whichever occurs later.



## **Eugene Water & Electric Board**

### **Customer Service Policy - All Utilities**

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Whether or not EWEB receives a joint application, where two or more adults occupy the same residence, they will be jointly and severally responsible for the Utility Service(s) supplied and will be billed by means of a single, periodic bill mailed to the Account-Holder designated to receive the bill.

Utility Service may be discontinued or denied to a Customer until all unpaid balances owing to EWEB or its assigned agency, by the same Customer, have been paid in full with Verifiable Funds or otherwise discharged. EWEB also reserves the right to subsequently terminate service with notice if evidence confirms that an Applicant or Account-Holder owes a debt to EWEB that was not resolved at the time of service connection.

Only Applicants, Accountholders or Authorized Agents may select and control the type and level of services at a given account's service location, including requests for connection, disconnection or transfer of Utility Services.

#### **ACCOUNT SECURITY REQUIREMENTS**

EWEB requires security for an account whenever it determines that financial risk exists for new or existing accounts. Security requirements may be satisfied at EWEB's discretion with any one of the following options:

- A monetary deposit (calculated at twice the highest historical bill within the previous 12 months for each service at the service address, with a minimum of \$150.00)
- A surety bond from an acceptable surety licensed to do business in Oregon
- A Personal Guarantor (only qualified individuals are eligible to serve as Personal Guarantors) may be used for residential accounts only.
- An Irrevocable, Stand-By Letter of Credit from a financial institution acceptable to EWEB

Monetary deposits accrue interest based upon Local Government Investment Pool earnings. After establishment of Favorable Credit, a monetary deposit and accrued interest will be applied, at EWEB's discretion, to any monies owing EWEB by the same Account-Holder. Upon termination of Utility Service, EWEB will refund the deposit and any accrued interest, less the amount of any unpaid charges.

Customers filing bankruptcy are subject to the bankruptcy law in effect at the time of the filing and will be required to provide Account Security in the form of adequate assurance under 11USC 366 and in accordance with EWEB's security requirements in order to maintain service with EWEB.

A review of the need for Account Security and its amount is available upon request.



## Eugene Water & Electric Board

### Customer Service Policy - All Utilities

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#### **BILLING**

EWEB will issue bills on a periodic basis. Reference to “one month's service” relates to the Billing Period but does not necessarily correlate to a calendar month. EWEB reserves the right to read Meters and present bills for longer or shorter periods. In the event that a Meter is inaccessible for any reason, EWEB reserves the right to estimate the Meter reading and to issue bills calculated upon estimated usage and applicable fees. Opening and closing bills will be prorated to reflect actual usage.

An Automatic Hookup Agreement (AHU) is available to Property Owners at EWEB's discretion. The AHU contract authorizes Utility Services to be billed to the verified Property Owner(s) as determined by County records during tenant vacancies. In the absence of an AHU, the Owner may be charged for disconnection of services on any three-phase service.

EWEB does not provide Utility Service in the absence of an Account-Holder. In the event that utility Consumption is detected at a service location for which there is no active Account-Holder, the Property Owner will be responsible for the related Consumption and fees absent an established theft of services. In the event of the death of an Account-Holder, responsibility for billing must be assumed by the estate or a personal representative.

Rate Schedules are applied to locations and services according to use and occupancy at the time of application. The applicable Rate Schedule for a location is subject to change by EWEB, based upon review of actual Consumption. If the use of a location changes, the Customer must notify EWEB and EWEB may apply the applicable Rate Schedule as of the date of the change of use.

EWEB strives to produce accurate and timely billing. In the event that EWEB bills too much or too little for Utility Service, EWEB will provide the Account-Holder with notice of the circumstances, period of time affected (if known), and the amount of any adjustment. In no event will a billing error be adjusted for a period of more than three (3) years. Late Fees or interest will not apply to billing adjustments for such errors.

An Account-Holder may enter into a mutually acceptable Payment Arrangement for repayment of an under-billing. EWEB may waive rebilling for under-charges when the cost to the utility of rebilling is not economical. No billing adjustment will be available if a Meter Test (see Metering) registers less than 2% error under conditions of normal operation.



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#### **BILL PAYMENT & FINANCIAL ASSISTANCE**

Bills are payable upon presentation and past due after the due date stated on the bill. EWEB allocates payments across all unpaid charges, paying oldest charges first and (absent contractual arrangement with the applicable jurisdiction) does not allocate payments to include or exclude specific charges. EWEB is responsible for billing and collection of the liquid and solid waste fees on behalf of the City, EWEB is not in position to waive those fees or enter into a contractual arrangement contrary to the City rights (Charter Sec 44(5)). Late Fees and charges apply in accordance with the utility's "Charges & Rates" schedules. Payment must be in the form of United States currency.

For Customer convenience, EWEB offers a "*Budget Payment Plan*" for qualifying Account-Holders. The Budget Payment Plan is a pre-determined, annual Payment Arrangement, therefore additional Payment Arrangements are not available while a Budget Payment Plan is in effect.

Account-Holders unable to pay the full amount of their EWEB bill may be able to enter into a mutually acceptable Payment Arrangement to include all current billings. Acceptance of partial payments in the past does not preclude EWEB's right to require full payment. An Account-Holder who has not kept prior payment commitments may be prohibited from entering into a new Payment Arrangement. Financial assistance for EWEB bill payment is made via referrals to various community service agencies which offer information and programs designed to assist with payment of utility bills. It remains the Account-Holder's responsibility to fully and timely pay all service bills, and to apply for payment assistance when appropriate.

If EWEB is notified that a payment cannot be processed, the attempted payment will be considered as a Non-Sufficient Funds (NSF) event, and the Account-Holder will be charged accordingly. EWEB requires payment with Verifiable Funds after any NSF event for a period of twelve months.

Payments cannot be accepted by EWEB if a Collection Agency has filed an action in Court for collection on the account.

#### **DISCONNECTION/RECONNECTION OF UTILITY SERVICE AT EWEB'S DISCRETION**

EWEB may disconnect Utility Service ***with written notice*** for failure to pay all charges when due.

EWEB may disconnect Utility Service(s) ***without written or verbal notice*** for any of the following reasons:

- Evidence of Tampering/Diversion, Code Violations, Fraud
- To protect health, life or property
- Violation(s) of any part of EWEB policies
- Where no EWEB Account-Holder exists for a service address



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- On a temporary basis for Operational Purposes

An EWEB election to disconnect Utility Service does not foreclose EWEB from exercising any other available rights under law, requiring compliance with this Policy and imposing Service fees or charges consistent with this Policy.

Residential Utility Service may not be disconnected or Restricted for non-payment in the post-noon period of the last business day of the week, during a regular business day immediately preceding an EWEB-observed holiday, or during a 24-hour period when the predicted temperature (as reported by the *National Oceanic and Atmospheric Administration*) is at or below 32 degrees Fahrenheit or at or above 100 degrees Fahrenheit.

Disconnected service will not be resumed while any individuals remain at the residence who occupied the same service address during the time that any outstanding debt was accumulated, unless all charges have been paid in full with Verifiable Funds, or judgment resolving any collection action is satisfied. All inspections and changes in wiring or plumbing of a disconnected service address, as required by local jurisdictions or agencies, will be arranged by Customer at the Customer's expense, prior to reconnection by EWEB.

Where a Property Owner of a disconnected Premises is found to owe EWEB past due monies for any Premises provided with Utility Service for the same Property Owner, Utility Service will not be started or resumed for any Applicant or Customer until outstanding debts are resolved to EWEB's satisfaction. (Remedies for tenants in such situations are located in the "*Landlord – Tenant Law in Oregon*" document published by *Legal Aid Services of Oregon*).

In emergency situations, where it is necessary for Utility Service to be temporarily connected or disconnected to protect health, life or property, EWEB will, at its discretion, take such action without notice or charge to the Customer.

### **APPEALS**

EWEB Customers in disagreement with a utility billing decision, have the right to appeal the decision to EWEB's Appeals Committee. Account-Holder will be notified in writing of the right to appeal on all collection notices as required by law. Appeal forms are available upon request from Customer Service staff. Appeals are only viable and considered when submitted in writing by EWEB Account-Holders or their Authorized Agents.

The Appeals Committee is designated to consider appeals and to render a final decision for each appeal. The Appeals Committee will investigate the appeal and report, in writing to the Customer, the results of its investigation within thirty (30) days from EWEB's receipt of a written appeal.



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Pending resolution of the appeal, the obligation to pay undisputed and subsequent charges continues. The EWEB service(s) under appeal will continue during the appeal process provided that:

- No evidence of Fraud, Tampering or Diversion is discovered
- A Legitimate and Valid appeal exists in which the facts asserted support continued service
- Service has not already been disconnected

If a Customer fails to accept or comply with the Appeals Committee's decision, EWEB may proceed with immediate collection efforts without further notice including, but not limited to, disconnection of the Customer's service. The written decision of the Appeals Committee is final when issued.

#### **CODE VIOLATIONS, FRAUD AND FAILURE TO PAY**

If a Code Violation is detected, Utility Service may be denied or discontinued without notice. Whenever Utility Service has been discontinued or temporarily suspended by EWEB for Code Violations, Fraud, failure to pay all charges for service, or for violation of any part of this Policy, service will not be resumed until the situation requiring such action has been resolved to the satisfaction of EWEB and any other governmental agency having jurisdiction.

The Customer shall not permit any conditions to exist on their property relating to Utility Services which would cause EWEB to be out of compliance with applicable safety standards or result in a Code Violation attributable to EWEB.

If Fraud against EWEB relating to utility services is detected, EWEB may discontinue Utility Service without notice, refuse service or take other action permitted under law, including referral of the details to appropriate authorities for further investigation and action.

#### **MEDICAL SUPPORT PROGRAM FOR RESIDENTIAL UTILITY SERVICE**

EWEB maintains a voluntary Medical Support Program for qualifying Customers who complete and submit the required application form, which includes certification by a Qualified Medical Professional indicating how the requested utility is medically necessary to the health of the occupant. EWEB requires proof of qualifying occupancy as part of the application process. Program application forms are available upon request from Customer Service.

Participation in the Program is valid only for the length of time the health condition is certified to exist, but no longer than twelve (12) months absent renewal. If EWEB determines that a Customer does not qualify, or no longer qualifies for the Program, the Customer will be subject to service in accordance with EWEB's Customer Service Policy.



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Customers participating in the Program are not excused from paying for Utility Service and may be required to enter into a written, time-Payment Arrangement with EWEB when a past due balance exists. If a Customer participating in the Program fails to enter into a written time-Payment Arrangement, or to abide by its terms, EWEB will initially restrict electric service. If a Customer fails to bring the account current as agreed in the written time-Payment Arrangement, EWEB will disconnect service with notice in accordance with its Customer Service Policy. Any Payment Arrangements in effect when Program participation terminates, remain in effect for the balance owing.

#### METERING

EWEB will own, install and maintain all necessary Meters for measuring the amounts of Utility Services consumed by Customers. Under certain circumstances, un-Metered Utility Service may be provided at the option of EWEB (see Electric Service Conditions, and Water Service Conditions in separate Electric and Water Utility Policies).

A record will be kept by EWEB of all Meter readings (according to the applicable record retention requirements) as the official record of the evidence of actual usage of Utility Services by Customers. The records will be the basis on which all bills are calculated, except for those Customers having un-Metered service.

Utility Service supplied by EWEB at more than one location must be Metered and specifically billed for each location. When orders for new, individually metered, single, multifamily or nonresidential units are processed, EWEB may elect to install any or all Meters as "active" in the owner's name, or to install any or all Meters as "inactive."

Meters identified as "Shared" (a single Meter serving more than a one residential or commercial unit) will be installed in the Property Owner's name. Billing will commence on the date an active Meter is installed. Billing alternatives for Shared Meters are:

1. Property Owner or Customer pays a licensed contractor to reconfigure Facilities to Meter each unit separately, in accordance with EWEB Policy, and receives approval from the appropriate inspector as designated by EWEB.
2. Property Owner assumes all billing responsibility for the Shared Meters.
3. Non-Property Owner (Customer, tenant, etc.) assumes billing responsibility with mandatory, up-front monetary deposit to be *held for the life of the Shared Meter account*.

For a Customer-requested Meter change, the Customer will pay the cost based on EWEB's current Rate Schedules. All Meters serving a Customer's Premises will be considered separately and the





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readings not combined. When an additional Meter(s) is installed to serve a Customer's Premises, each additional Meter will be served under the same Rate as the existing Meter if such Meter serves Load that is an integral part of the Customer's existing use and is of the same phase and voltage. Applicable basic charge(s) or minimum charge(s) will apply to each Meter.

Common-use Facilities associated with multifamily structures comprised of more than four (4) Living Units will be served on the General Service Rate Schedule and must be billed in the name of the Property Owner. Where a Master Meter is installed, EWEB will not furnish or read auxiliary or sub-Meters used for the Customer's convenience, except under contractual agreement.

Should any Meter malfunction and incorrectly register Consumption of Utility Services, the bill will serve as notification of the Metering malfunction. Customers may submit a written request for a Meter Test for Meter(s) supplying Utility Service to their Premises. Requests for Meter Tests must be received prior to testing and a testing fee will be billed to the Account-Holder at the premise prior to testing. If a tested Meter is found to be inaccurate by the limits set forth by the *American Water Works Association (AWWA)* for water or *Oregon Revised Statutes* and *Industry National Standards (ANSI)* for electric, the Customer's billing will be adjusted in accordance with this Policy (see Billing section). In the event that a Meter test reflects an over-charge, the Meter test fee will be waived.

Meters registering no Consumption for 730 consecutive days may be removed, along with their associated service and related equipment.

### **RATE SCHEDULE ADJUSTMENTS, REVISION OF POLICIES**

EWEB reserves the right to change any or all of its Rate Schedules or Policies, as it deems necessary. This Policy replaces and supersedes the EWEB customer services policies and procedures all utilities previously issued by EWEB. In case of conflict between any provisions of any Rate Schedule and these Policies, the Rate Schedule will apply.

### **RELEASE OF INFORMATION**

Information collected and used by EWEB to conduct Utility business is subject to the *Oregon Public Records Law*. EWEB designates a *Custodian* of its public records to maintain, care for and control the public records owned, used or retained by EWEB.

Disclosure of specific Customer account information is made in accordance with the Customer's consent or, in the absence of consent, disclosure may occur pursuant to a court order or as authorized by Oregon law. EWEB may make Customer records regularly available to third party credit and collection agencies in connection with the management of Customer accounts.



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In accordance with Oregon law, EWEB does not delete, alter or otherwise change legally correct and accurate information already present in its records.

#### **TAMPER/DIVERSION**

All EWEB Meters, equipment and services must be kept free of any and all forms of Tamper or Diversion. EWEB maintains an ongoing program for detecting and deterring such activity through inspection, education, collection of costs and revenue loss, and referral to appropriate authorities for investigation and prosecution.

If Utility Service disconnected by EWEB is reconnected without EWEB's authorization, EWEB will separate the service from EWEB's supply system without notice and require inspection prior to reconnection. EWEB will also impose a fee on the customer's account in addition to charges equal to the estimated cost for services used but not previously billed, whichever is greater as well as any Actual Costs of repair and replacement incurred by EWEB. These charges are applicable to each Tampering occurrence.

#### **DAMAGE**

Owner is responsible to reimburse EWEB for all costs to repair or replace EWEB property and/or Facilities to their original condition if damaged by owner or non-EWEB persons working under authority of owner. Customer is responsible to reimburse EWEB for all costs to repair or replace EWEB property and/or Facilities to their original condition if damaged by Customer or non-EWEB persons working under authority of Customer.

#### **RECONFIGURATION**

In the event that any of EWEB's property and/or Facilities is required to be altered or moved because of a change in configuration or usage of the owner's property, the Property Owner as determined by Lane County records, shall be responsible to prepay the full cost of the alteration or relocation of EWEB Facilities.

#### **GRADES AND LOCATIONS WITHIN PRIVATE PROPERTY**

EWEB may, at its discretion, install utility Facilities where the Customer has provided satisfactory easements in subdivisions, planned unit developments, minor land partitions, or other property development activity. It shall be the Customer's responsibility, while excavating accesses and parking Facilities, to provide an additional width of level ground, constructed to grade, to permit EWEB to efficiently install and maintain underground and surface-mounted Facilities.

Prior to requested installation of any EWEB utility facilities, it is the responsibility of Customer to coordinate with EWEB engineering. It shall be the responsibility of the Customer to stake



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engineered grades and locations, conforming to EWEB's Facilities designs, prior to EWEB's construction. Upon completion, it will be the Customer's responsibility to confirm that EWEB's installations have been made in the location and to the grade provided by the Customer's engineer.

After review and acceptance by the Customer, the Customer or purchaser of the lot shall be responsible for the cost of all repairs and adjustments subsequently required by grade changes or location changes resulting from construction activities. Failure to pay these costs will result in denial of Utility Service until payment is made to EWEB.

### **INTERRUPTIONS, CURTAILMENTS, FLUCTUATIONS, SHORTAGES, AND OUTAGES**

EWEB endeavors to supply reliable Utility Services. However, it is inherent that there will be times of failure, interruption, suspension, curtailment or fluctuation. EWEB cannot and will not guarantee constant or uninterrupted delivery of Utility Services. EWEB shall have no liability to its Customers or any other persons for any interruption, suspension, curtailment or fluctuation in Utility Services, or for any loss or damages resulting from but not limited to the following:

1. Causes beyond EWEB's reasonable control including, but not limited to, accident or casualty, fire, flood, drought, wind, action of the elements, court orders, litigation, breakdown of or damage to Facilities of EWEB or of third parties, acts of God, strikes or other labor disputes, civil, military or governmental authority, electrical disturbances originating on or transmitted through electrical systems with which EWEB's system is interconnected, and acts or omissions of third parties.
2. Repair, maintenance, improvement, renewal or replacement of Facilities, or any discontinuance of service (which in EWEB's judgment, is necessary) to permit repairs or changes to be made in EWEB's generating, source of supply, transmission or distribution Facilities, or to eliminate the possibility of damage to EWEB's property or to the persons or property of others. Whenever EWEB schedules maintenance in advance which will require Customers to be without Utility Service for more than one hour, EWEB will notify Customers as follows:
  - (a) At EWEB's discretion, Customers will be notified in a manner reasonably gaged to provide actual notice under the circumstances.
  - (b) The oral or written notice will include the following:
    - (1) Reason for interruption
    - (2) Date and approximate time interruption will begin
    - (3) Expected duration of interruption
  - (c) Whenever possible, Customers expected to be without service beyond one hour will be notified at least one day in advance.



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3. Automatic or manual actions taken by EWEB (which in its sole judgment are necessary or prudent) to protect the performance, integrity, reliability or stability of EWEB's systems or any system with which it is interconnected. Such actions shall include, but shall not be limited to, the operation of automatic or manual protection equipment installed in EWEB's systems, including, without limitation, such equipment as automatic relays, generator controls, circuit breakers, switches, valves and pumps.
4. Action taken by EWEB with respect to any plan or course of action to conserve utilities at times of anticipated deficiency of resources, including, but not limited to, non-voluntary curtailment or suspension of Utility Services. EWEB has adopted a Water Supply Shortage Contingency Plan that details voluntary and non-voluntary actions to be taken in the event of a water shortage. For a description of Customer responsibilities during a curtailment declaration see Water Utility, Water Shortages and Curtailment.

### **LOCATING – UNDERGROUND FACILITIES**

EWEB will provide locating services upon request, via the Oregon Utility Notification Center, directly to EWEB, or EWEB's contract locating service, in accordance with the applicable provisions of ORS 757 and OAR 952-001-0010 through OAR 952-001-0100, to assist excavators in identifying the existing location of EWEB's underground utility Facilities. Information, maps, field stakes and painted locate marks indicate the approximate location of Facilities within parameters set forth by the above-mentioned statutes and regulations. Excavators will be held responsible for Actual Costs and consequential damages resulting from damage to EWEB's facilities as the result of the excavator's activities.

**FOR ALL UTILITY LOCATIONS, CALL ONE NUMBER:  
OREGON UTILITY NOTIFICATION CENTER  
1-800-332-2344 or 811**

### **RESALE OF UTILITY SERVICES**

Customer's Rate Schedules cover the sale of Utility Services for the sole and exclusive use of the Customer. The Customer shall not resell Utility Services supplied by EWEB.

Redistribution of utility charges by the Customer for Shared Meter services is permitted only for the purpose of allocating the Actual Cost of service to individual tenant-occupants. Such allocations shall be based solely on an equitable distribution of actual utility billings for services provided by EWEB through the Shared Meter. In no case shall the sum of the EWEB charges redistributed by any EWEB Customer to others be greater than the actual charges billed by EWEB in any given Billing Period without EWEB's written consent.



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#### **RIGHTS-OF-WAY AND RIGHTS OF ACCESS, TREE TRIMMING**

EWEB shall be granted, at no cost, all Rights-of-Way, rights of access, and easements reasonably necessary to serve the Customer for the installation, maintenance, repair, replacement, removal or use of any or all equipment or materials used to supply and deliver Utility Services to the Customer. The Customer is required to provide safe and timely access, as determined by EWEB, to the Premises of the Customer for the purpose of reading Meters, testing, repairing, removing or exchanging any or all equipment belonging to EWEB.

EWEB shall be granted all necessary Rights-of-Way and rights of access to perform clearing and trimming of trees, shrubs, vines or other vegetation it deems prudent to maintain proper clearances and accessibility for the maintenance and operation of all Utility Services, or as may be required by standard Utility safety practices. The decision to trim or clear around EWEB Facilities shall be the exclusive right of EWEB.

The Customer may be charged for clearing or trimming activities in the vicinity of EWEB's Facilities. When access to any of EWEB's Facilities is impaired by the Customer's actions, animals, trees, shrubs, changes of grades, fences, locked doors, or other obstructions, EWEB will make at least one documented attempt to contact the Customer and/or Property Owner, as determined by Lane County record, of the impairment to access. The Customer is responsible for safely resolving the impairment or eliminating the interference preventing timely access to EWEB's Facilities. If access remains impaired, the Customer is subject to one of the following actions: the Customer will be charged, or EWEB's Facilities will be relocated and the Customer shall reimburse EWEB for Actual Costs. For access to Meters, the Customer must provide key access or permit EWEB to install remote Meter reading equipment, if required.

#### **STRANDED INVESTMENT POLICY**

The Stranded Investment Policy, pursuant to Resolution No. 1516, applies to service territory transfers and Customers departing EWEB service territory over 30 Kilowatts of Demand to be serviced by an Electric Service supplier (ESS) or an alternative Utility. EWEB will calculate an exit fee, including replacement cost new less depreciation for stranded utility assets that are not able to be repurposed. The costs categories included in the exit fee for stranded costs will include Customer-related investments, Facilities investments, distribution system investments, transmission investments, and capacity investments.



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#### **TEMPORARY SERVICE**

Temporary Service refers to Utility Service for short-term or transient type installations. Short-term Temporary Service is limited to 12 months use from date of connection. Temporary Service Facilities will be disconnected when permanent electric Facilities have been connected.

Temporary Service is further classified as follows:

##### **1. Construction Operations/Short-Term Commercial Activities**

Single-phase or three-phase service for construction operations and for temporary service to short-term commercial businesses shall be charged the costs of installation and removal of equipment and materials. An EWEB temporary account and Meter shall be set up and charged the applicable electric Rate for the duration of the Temporary Service.

Charges for Temporary Service shall be as follows:

- a. Where the Overhead single-phase service drop is 150 feet or less and no additional Facilities are required to provide service, the Customer shall pay a flat fee for temporary single-phase service.
- b. If the Overhead service drop is more than 150 feet in length, or three-phase, or if any additional Facilities are required to provide service, the customer shall pay the flat fee noted above plus costs of installation and removal of such additional Facilities.
- c. The Customer is responsible for furnishing and installing all underground Temporary Service Facilities per EWEB specifications to a designated Point of Delivery at EWEB's electric distribution system.
- d. At the discretion of EWEB, Temporary Services may be a combination of Overhead and underground Facilities.

The Customer's Facilities shall meet current EWEB standards and specifications and maintain National Electrical Safety Code and appropriate governmental agency codes and clearances.

#### **UNAUTHORIZED ATTACHMENTS PROHIBITED**

Written consent shall be obtained from EWEB before any equipment or material of any description may be attached to any facility or property owned by EWEB. EWEB shall not be responsible for loss, injury or damage to life or property resulting from Customer-owned installed and maintained Facilities on, adjacent to, or connected to EWEB's Facilities, and EWEB shall not assume any liability for non-EWEB facilities. Customer shall remain responsible to keep utility facilities on the customer side of the point of delivery free from any unauthorized connections.



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### UTILITY SERVICE CHARGES AND RATES

#### Late Fee

Late Fees of 1.5 % or \$5.00 (whichever is greater) will apply to past due balances of \$30.00 or greater. (Resolution No. 1218)

**Field Collection Charge**.....\$15.00

#### Move In/Move Out/Transfer

Same business day .....\$75.00

Next business day ..... No Charge

Second trip charge (same day).....additional \$75.00

Second trip charge next business day ..... No Charge

#### Suspension and Restoration of Service for Non-Payment/Non-Sign (per call out)

Suspension during business hours (Resolution No. 1221) .....\$35.00

Suspension of service at source due to lack of access\* .....\$200.00

Restoration request prior to 3:00 P.M of business day .....No charge

Restoration request after 3:00 P.M of business day.....\$75.00

\*For services which are suspended at the source, restoration is offered until 3:00 P.M., Monday through Friday, excluding EWEB-observed holidays.

**Return Payment (NSF) Charge**.....\$25.00

**Tampering Charge** .....minimum \$125.00-\$500.00

**Account Processing Charge** .....\$20.00  
(Resolution No. 1221)

**Lack of Access Charge**.....\$50.00

**Residential Radio Read Meter Installation Charges**..... minimum \$110.00

If requested by the Customer and approved by EWEB, a residential radio-read Meter will be installed. The cost of the installation is a minimum of \$110.00 and EWEB will retain ownership of the Meter.

#### Overhead Charges

Computed at the rate of 28% of Actual Costs (See definitions, All Utilities Glossary)  
(Resolution No. 1221)

**Meter Test at Customer Request**.....\$180.00

Cost for Customer Requested Meter Test (per Meter, per request) (Resolution No. 1221)



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### Property Management Activity Fee Schedule

(Resolution No. 1532)

Revocable Permit (One-Time)

Administrative costs for setup and recording with County.....\$400.00

Revocable Permit (As Needed)

Operational costs for inspections and/or standby.....\$225.00

Revocable Entry Permit (One-Time)

Administrative costs for setup and tracking.....\$345.00

Revocable Entry Permit (As Needed)

Operational costs for inspections and/or standby.....\$225.00

Revocable Encroachment Permit (One-Time)

Admin costs for setup, survey/mapping encroachment, and recording with County.....\$940.00

Revocable Encroachment Permit (Annual)

Permit renewal fee including encroachment inspection.....\$335.00

Revocable Encroachment Permit (One-Time)

Administrative costs associated with termination for permit (vacation process).....\$390.00

### GLOSSARY

**Account Holder:** Individual or entity which is responsible for all transactions on behalf of an account. Account Holders may designate one or more Authorized Agents to act on behalf of the Account Holder, but the ultimate responsibility for all actions remains with the Account Holder.

**Account Processing Charge:** A non-refundable charge will be billed whenever an Account Holder or Authorized Agent establishes, transfers or reactivates service.

**Account Security:** A Monetary deposit, personal Guarantor, surety bond, letter of credit or other methods determined and accepted by EWEB to financially guarantee an account.

**Actual Costs:** The sum of direct labor, materials and services (including contracted services), equipment use, operations Overhead and administrative Overhead.

**Adverse Credit Actions:** Includes but not limited to bankruptcy, Collection Agency referrals, door hangers, final notes, and tampers.

**Applicant:** A person or legal entity, who or which has not yet met all requirements as stated under Conditions of Service for approval at a new or existing location.

**Authorized Agent:** An Authorized Agent is individual or entity that authorized to act on behalf of the Account Holder and bind the Account Holder for Utility Service decisions.

**Automatic Hookup Agreement (AHU):** A signed contract for billing of Utility Service(s) to a Property Owner as determined by Lane County records during vacant or non-signed periods.

**Budget Payment Plan:** A program that helps balance the seasonal highs and lows, making your monthly payments more predictable throughout the year.

**Code Violation:** Whenever in the Local, State or Federal Code an act is prohibited or is made or declared to be unlawful or an offense, or the doing of an act is required or the failure to do





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an act is declared to be unlawful or an offense. Each day a violation continues may constitute a separate offense.

**Collection Agency:** A business or other entity that specializes in debt collection.

**Consumption:** The aggregate sum of utilization, demand, satisfaction or benefit that a Customer gains from consuming a given amount of goods or services from EWEB.

**Common-Use Facility:** Facilities such as, but not limited to common laundry room, water heater, lighting, irrigation, and water serving more than one unit.

**Customer:** Any individual, partnership, corporation, firm, or governmental agency which benefits from EWEB's products or services, including Account-Holders and Authorized Agents.

**Diversion:** A change in the intended course of water or power without the authorization or consent of EWEB.

**Facilities:** The equipment, material and other appurtenances owned by EWEB including but not Restricted to, poles, guy wires, anchors, transformers, Meters, conductors, conduits, manholes, switching cubicles, padmounts, trans closures, valves, pipes, traps, structures and landscaping.

**Favorable Credit:** Minimum of twelve (12) consecutive months of Utility Service without Adverse Credit Action and not having any arrearages owing to EWEB.

**Fraud:** Evidence of Fraud includes but is not limited to the following activities:

1. Unauthorized receipt of Utility Services by Theft, Diversion, Tampering or unauthorized connection;
2. Using service without having contracted with EWEB to do so and refusing to establish service in a responsible billing party's name;
3. Making an application for service using fictitious information;
4. Making an application in the name of another member of the family or household or other occupant which assists in avoiding payment or avoiding a prior outstanding debt to EWEB; or
5. Obtaining a Utility Service connection without paying EWEB all monies due by the Customer to EWEB prior to service connection, unless specifically exempted in

writing by EWEB.

**General Service:** A Utility Service used for purposes not included under such classification as Residential, High Voltage, Street Lighting, Private Property Lighting, etc. Living Units used jointly for both domestic and business purposes shall be considered General Services if 50% or more of the square footage of all enclosed structures served is devoted to Commercial Use.

**Guarantor:** An individual who is qualified and accepted by EWEB to financially secure an EWEB account in lieu of other security.

**Irrevocable, Stand-By Letter of Credit:** A guarantee of payment issued by a bank on behalf of an account holder that is used as payment should the account holder fail to fulfill a contractual commitment with EWEB.

**Late Fee:** A charge to a EWEB account when it is not paid on time.

**Legitimate and Valid:** In accordance with established rules and policy.



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**Load:** The total demand for service on EWEB's system at any given time.

**Living Unit:** An area that is used for residential purposes.

**Master Meter:** Meter that serves a wholesale Customer, such as a water district.

**Meter Test:** A procedure to measure functionality and accuracy of a EWEB electric or water Meter.

**Meter:** An instrument used for measuring the water, energy or power delivered to the Customer.

**Non-Sufficient Funds (NSF):** Payment(s) made to an account that is returned unpaid to EWEB by a financial institution.

**Operational Purposes:** The routine functioning and activities of maintaining delivery of services.

**Overhead:** Overhead shall be levied on all damage claims, billable work and capital work including, but not limited to, line extensions billed to others. Overhead charges are intended to recover the indirect costs that are necessary for the general operation of the Utility and the conduct of the activities it performs. These indirect costs include, and are not limited to, administrative and general expenses, conservation, Customer accounting, planning, engineering studies, construction supervision, work order processing, training, communications, staff meetings, GIS mapping, information technology, safety, risk management, Customer field support, 24/7 dispatch and inspections. Overhead is applied as a percentage of Actual Costs.

**Payment Arrangement:** A Payment Arrangement gives qualified accounts extra time to pay past due or the total balance on their account.

**Point of Delivery:** The Point of Delivery shall be the point of attachment of EWEB's Water Service Line or electric conductor to the Customer's line or conductor without regard to the location of EWEB's Metering equipment. In all cases, EWEB shall designate the Point of Delivery.

**Prima Facie:** A fact presumed to be true unless it is otherwise disproved.

**Premises:** A tract of land including some or all of its building(s).

**Property Owners:** The owner or owners of record title, or the purchaser or purchasers under a recorded land sales agreement, and other persons having an interest of record in the described real property.

**Qualified Medical Professional:** A United States-licensed physician, nurse practitioner, or physician's assistant authorized to diagnose and treat the medical condition described without direct supervision by a physician.

**Rate:** A dollar amount or total sum required to produce any given Utility Service. Costs may be fixed or variable according to time or conditions.

**Rate Classification:** The different type of Rates that EWEB charges, usually four in number—residential, commercial, industrial, and others.

**Rate Schedule:** A statement/schedule of the utility charge to the Customer for receipt of a Utility Service.

**Restrict:** To reduce or limit the amount of electric or water that is allowed through a Meter.



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**Rights of Way:** A legal right of passage over another person's ground.

**Shared Meter:** Single Meters which serve more than one residential or commercial unit. Utility Service provided through a Shared Meter remains the billing responsibility for one Customer, but may serve multiple units.

**Surety Bond:** A bond that is a financial guarantee which secures an account by ensuring it receives payment.

**Tampering:** To rearrange, injure, alter, interfere with, or otherwise prevent from performing normal or customary function, any property owned by EWEB for the purpose of providing Utility Services. Including but not limited to, any unauthorized breaking of EWEB's Meter seals, rings, plate covers, locking devices, or Meter glass; placing of a foreign object in a Meter or otherwise interfering with an accurate registering of Consumption; unauthorized connection or reconnection of shut off services; any act which interferes with the delivery, billing, and compensation of EWEB's services.

**Temporary Service:** A Utility Service of a short-term or transient nature, which may or may not be to a support or structure designed for permanence.

**Utility Service:** Generally refers to the supplying of Utility and Utility related services to the end-user.

**Verifiable Funds:** A form of payment that is guaranteed to clear or settle by EWEB certifying the funds.

- END -



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### SUMMARY OF CHANGES SINCE LAST UPDATE May 22, 2017

#### CONDITIONS OF SERVICE

- No changes to policy in this section – simplified language for customers.

#### APPLICATION FOR SERVICE

- No changes to policy in this section.
- Removed the internal processes and simplified language for customers.

#### ACCOUNT SECURITY REQUIREMENTS

- No changes to policy in this section for commercial accounts.
- Residential accounts now have more options to secure an account, just as commercial customers.
- Simplified language for customers.
- Proposal below is now open to all accounts that require security:
  - A monetary deposit (calculated at twice the highest historical bill within the previous 12 months for each service at the service address, with a minimum of \$150.00)
  - A surety bond from an acceptable surety licensed to do business in Oregon
  - An Irrevocable, Stand-By Letter of Credit from a financial institution acceptable to EWEB

#### BILLING

- No changes to policy in this section.
- Combined “Billing – section F” of current policy with “New Customer – section C” of current policy.
- Simplified language for customers
- Adjustments for billing errors remains at 3 years (whether in customers favor or EWEB’s)
- Moved “Shared Meters” from section C of current policy to “Metering” section of the proposed policy.

#### BILL PAYMENT & FINANCIAL ASSISTANCE

- Combined “Bill Payment – section G” of current policy with “Financial Assistance – section H” of current policy.
- Simplified language for customer.



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- Added language to match EWEB’s contract with the Collection Agency for payments when an inactive account with uncollected monies has been referred for legal action:
  - Payments cannot be accepted by EWEB if a Collection Agency has filed an action in Court for collection on the account.

### **DISCONNECTION/RECONNECTION OF UTILITY SERVICE AT EWEB’S DISCRETION**

- No changes to policy in this section.
- Separated “Fraud, Medical Support, Tamper / Diversion, Fraud & Code Violations” to their own sections in proposed policy.
- Simplified language for customers.

### **APPEALS**

- No changes to policy in this section.
- Removed some of the internal processes to simplify language and action required for customers.

### **CODE VIOLATIONS, FRAUD AND FAILURE TO PAY**

- No changes to policy in any of these three sections.
- “Code Violations” and “Fraud” have been combined from section K of the current policy.

### **MEDICAL SUPPORT PROGRAM FOR RESIDENTIAL UTILITY SERVICE**

- No changes to policy in this section.
- Simplified language for customers and for better clarity of the policy.

### **METERING**

- No changes to policy in this section.
- Added “Shared Meters” from section C of current policy to “Metering” section of proposal.
- Simplified language for customers.

### **RATE SCHEDULE ADJUSTMENTS, REVISION OF POLICIES**

- No changes to the policy in this section.
- Simplified language for customer.



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### **RELEASE OF INFORMATION**

- No changes to the policy in this section.
- Simplified language for customers.

### **TAMPER/DIVERSION**

- No changes to the policy in this section.
- Simplified language for customers.

### **DAMAGE**

- No changes to the policy in this section.
- Simplified language for customers.
- Relocated text below from “Damage – section V” of current policy to “Reconfiguration” in proposed policy:
  - “In the event that any of EWEB’s property and/or Facilities is required to be altered or moved because of a change in configuration or usage of the owner’s property, the Property Owner as determined by Lane County records, shall be responsible to prepay the full cost of the alteration or relocation of EWEB Facilities.”

### **RECONFIGURATION**

- No changes to policy in this section.
- Added “Reconfiguration” section to proposal from the last sentence in “Damage – section V” of current policy.
- Simplified language for customers.

### **GRADES AND LOCATIONS WITHIN PRIVATE PROPERTY**

- No changes to policy in this section.
- Language remains the same.

### **INTERRUPTIONS, CURTAILMENTS, FLUCTUATIONS, SHORTAGES, AND OUTAGES**

- No changes to policy in this section.
- Language remains the same.



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### **LOCATING – UNDERGROUND FACILITIES**

- No changes to policy in this section.
- Language remains the same.

### **RESALE OF UTILITY SERVICES**

- No changes to policy in this section.
- Language remains the same.

### **RIGHTS-OF-WAY AND RIGHTS OF ACCESS, TREE TRIMMING**

- No changes to policy in this section.
- Language remains the same.

### **STRANDED INVESTMENT POLICY**

- No changes to policy in this section.
- Language remains the same.

### **TEMPORARY SERVICE**

- No changes to policy in this section.
- Added language from “Electric Policy – Section E-V” to proposal for cross reference.

### **UNAUTHORIZED ATTACHMENTS PROHIBITED**

- No changes to policy in this section.
- Simplified language for customers.

- END -

**RESOLUTION NO. 1713  
JUNE 2017**

**EUGENE WATER & ELECTRIC BOARD  
RESOLUTION APPROVING REVISIONS TO  
CUSTOMER SERVICE POLICY AND PROCEDURES – ALL UTILITIES**

**WHEREAS**, The Eugene Water & Electric Board (EWEB) periodically reviews, revises and updates Customer Service policy and procedures - All Utilities, Electric and Water policies for consistency, legality, correctness and to reflect actual practices evolving as continual improvement;

**WHERE AS**, modifications to the Customer Service policy and procedures - All Utilities section were discussed at the May 2, 2017 regular Board meeting; foremost revisions include:

1. Simplification of policy language
2. Removal of internal processes
3. Updated glossary definitions to clarify decision making authority
4. Increased security options for residential customers.

**NOW THEREFORE, BE IT RESOLVED** that the Eugene Water & Electric Board hereby adopts revisions of Customer Service policy and procedures - All Utilities section as presented at the June 6, 2017 board meeting. All changes shall be effective as of June 7, 2017.

Dated this 6th day of June, 2017.

THE CITY OF EUGENE, OREGON  
Acting by and through the  
Eugene Water & Electric Board

\_\_\_\_\_  
President

I, ANNE M. KAH the duly appointed, qualified and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is true and exact copy of the Resolution adopted by the Board in its June 6, 2017 Regular Board Meeting.

\_\_\_\_\_  
Assistant Secretary