

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
February 6, 2018
5:30 P.M.**

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

Absent: None

Others Present: Sue Fahey, Chief Financial Officer; Deborah Hart, Fiscal Services Supervisor; Chris Jones, Senior Project Manager; Frank Lawson, General Manager; Rod Price, Chief Engineering & Operations Officer

President Brown called the Regular Session to order at 5:29 p.m.

Agenda Check

There were no changes or additions to the Agenda.

Items from Board Members and General Manager

- Commissioner Helgeson apologized for his absence at the January meeting.
- Commissioner Mital announced that he had listened in on the customer phone lines; he encouraged his colleagues to do the same. He said that he had raised the issue of obtaining third-party reviews of EWEB's Capital Plan, and he had been in discussion with staff about moving forward.
- President Brown announced two upcoming Executive Sessions: March 6 at 4:45 p.m., and April 3 at 5 p.m. He thanked staff for informing the Board on proposed carbon cap-and-trade legislation.

Public Input

Bill Kloos of Eugene said he was representing a client who had a pending land-use application from the City of Eugene. He said his client needed a letter of financial commitment from EWEB.

Darlene Kelly of Eugene spoke in favor of the proposed Advanced Metering (AMI) program.

Cindy Allen of Eugene spoke in opposition to AMI.

Joe LaFleur of Eugene spoke in opposition to AMI.

Dr. Paul Dart of Eugene said that he didn't take particular exception to AMI, but was curious how it would be installed, and how it would work. He suggested the AMI meters not transmit data the utility is not ultimately going to use.

Lisa Arkin of Eugene spoke in opposition to AMI, especially the possible opt-out feature.

Kent Mueller of Eugene spoke in opposition to AMI.

Tana Shepard of Eugene, and representing School District 4J, offered the Board an update on the 4J-Bethel-Springfield program.

Matt McRae of Eugene spoke in favor of AMI.

Webb Sussman of Eugene spoke in favor of AMI, but reminded the Board that it was their responsibility to adequately address customers' health concerns with advanced metering.

Bill Evans of Eugene spoke in opposition to AMI.

Maurya Kaarhus of Eugene spoke in opposition to AMI.

Eileen Erdelt of Eugene spoke in opposition to AMI.

Ingrid Edstrom of Eugene spoke in opposition to AMI.

Joshua Korn of Eugene spoke in opposition to AMI.

Kathy Ging of Eugene spoke in opposition to AMI.

Patricia Kortekaas of Eugene spoke in opposition to AMI.

Bill O'Brien of Eugene spoke in opposition to AMI.

Victor Odlivak of Eugene spoke in opposition to AMI. He also challenged the Board to eliminate fossil fuels altogether.

Vice President Carlson offered appreciation to everyone who offered testimony. She said she was in favor of the AMI project, as it would offer safety from injury for the EWEB employees on the ground, reading meters. Vice President Carlson added that she felt AMI would improve the way in which the utility dealt with outages, such as those caused by inclement weather.

Commissioner Simpson reminded those present that an advanced meter was not going to be forced upon any customer, since there was a possible opt-out clause in the AMI

project. He added that the radiation smart meters would emit was miniscule. To those concerned about the loss of jobs, he offered that EWEB was not in the business of creating jobs; rather it was the utility's duty to deliver pure water and reliable electricity.

Commissioner Helgeson assured those in the audience that he, and the Board itself, considers very carefully the concerns raised by members of the public. He also said that he had done extensive research, and as of yet was unable to find any data, studies, etc. that persuaded him of the severe ill health effects perpetuated by smart meters.

BOARD ACTION ITEMS

Approval of Consent Calendar

MINUTES

1. January 9, 2018 Regular Session

CONTRACTS

2. Crown Technical Systems - for purchase of Carmen power plant generator switchgear and bus equipment. \$890,000.

3. Pacific Excavation, Inc. - for replacement of the Golden Gardens Street water main. \$270,000.

RESOLUTIONS

4. Resolution No. 1809 - Board Appointments, Committees, Outside Liaisons.

5. Resolution No. 1810 - Resolution Amending Resolution No. 1324 Regarding Riverfront Surplus Property.

OTHER

6. 2018 Organizational Performance Dashboard.

Approval of Consent Calendar

Commissioner Simpson moved to approve the Consent Calendar. The motion passed unanimously 5:0.

Items Removed From Consent Calendar

None.

GENERAL BUSINESS ITEMS

State of the Utility Address

President Brown delivered the State of the Utility Address.

Advanced Metering Deployment and Implementation Options, Resolution No. 1811, A Resolution Amending Resolution No. 1322 Regarding Advanced Metering Infrastructure

Mr. Lawson, Mr. Jones, and Mr. Price offered the Board a report and Power Point presentation on advanced metering deployment and implementation options.

Vice President Carlson asked how often smart meters would transmit data.

Mr. Jones said the electric meters by default transmit data once an hour, 24 times per day, and the water meters transmit data six times a day, or once every four hours by default. He said the total transmission time was approximately 2-3 seconds per day, per meter for a typical meter.

Vice President Carlson wished to clarify that the selling of EWEB customer data was strictly prohibited.

Mr. Lawson said he was unsure if it is prohibited, but he knew that EWEB had no desire to sell customer data. He added if the Board wished to tighten up existing policy which could affect customer data, he and the staff would be happy to do it.

Vice President Carlson asked for clarification surrounding the potentiality of fires, and other hazards, with smart meters.

Mr. Jones replied that there were a number of reports in the media of meters correlated with fires. EWEB worked with the vendor, Sensus, to understand what might be causing those problems and the main thing we found that causes meter damage, even with our current generation - the legacy analog and digital meters, is faulty meter bases. Where the meter is placed on the meter socket there is a lug that goes into some jaws; if the jaws are not tight, some heat can be generated. He said the Sensus residential meters EWEB would be deploying had a feature that would detect high temperatures caused by a faulty meter base, and would cut off the power to protect the customer's property.

Commissioner Helgeson said that he was willing to consider an opt-out approach, rather than an opt-in approach, as long as no burden(s) would be placed on EWEB customers. He stressed the importance of customer communication.

Mr. Lawson stated that it was very important to communicate options to EWEB customers. He said it was impossible to switch from an opt-in system to an opt-out system overnight. Mr. Lawson said EWEB would not seek to charge those customers opting out of AMI for doing so until we really understood the true cost. If there is a cost difference, as a utility we need to be equitable in the costs, but it would be a number of years before we have the data to support what that would look like.

Commissioner Mital offered that in 2013, when AMI was first being discussed, the EWEB Commissioners all elected to have smart meters placed on their own homes so as to experience first-hand any possible situation arising from their use. He reminded those EWEB customers not in favor of AMI, did have the choice to opt out of the AMI program.

Commissioner Simpson asked if the smart meters would be able to profile the load of a specific appliance on the customer side of the meter.

Mr. Jones said they could not.

Commissioner Simpson asked if the analog meter technology currently employed was being phased out.

Mr. Price answered that in general, the analog meters were being phased out. Even if we replaced a meter with a non-smart meter, it would still be electronic.

Commissioner Simpson wanted to know why. He asked if the analog meters could be purchased.

Mr. Price said they could be purchased, but not a lot of them were being made anymore.

Commissioner Simpson asked if staff was considering meter reading charges for the opt-out customer class.

Mr. Lawson said yes, but not anytime soon.

Commissioner Simpson wished to go on record announcing his concurrence with Commissioner Helgeson concerning customer communication.

Mr. Lawson offered that only about 20% of meters in the United States were read manually.

President Brown asked if staff could speak to AMI's role in meeting carbon reduction goals, and how AMI might affect employment.

Mr. Jones replied that the overall deployment plan for AMI was eight years. He stated that currently, EWEB had 22 meter readers, and during the eight years of AMI deployment, that number would be reduced by approximately two meter reader positions per year. Over the past five years, the attrition rate in the meter reading department has been 3-4 people per year. At least six of those people moved on to other positions within EWEB.

Mr. Lawson responded that other than a few exceptions, EWEB's power portfolio consisted mostly of carbon-free resources.

Vice President Carlson wondered how many smart meters in the pilot program had detected customer issues.

Mr. Jones clarified that EWEB didn't have a pilot program; instead, they had been taking opt-in requests from customers. He added that of the first thousand or so homes to opt-in for smart water meters, approximately 10% of those meters detected leaks. Mr. Jones also stated that the electric meters had been transmitting outage data properly.

Commissioner Simpson asked how the smart meters would cut down on the theft of electricity.

Mr. Jones responded that the meters were equipped with a tamper alert feature.

Commissioner Simpson said he'd like staff to provide the Board with the survey in which 75% of EWEB customers were in favor of AMI.

Commissioner Simpson asked how long the batteries of the smart water meters would last.

Mr. Jones said approximately 20 years.

Commissioner Simpson asked if the water meters could detect water pressure data.

Mr. Jones said not yet.

Commissioner Helgeson said that, whether EWEB adopted an opt-in or opt-out to AMI, it was very important to him that customers be given a legitimate choice in the matter, and that they had advanced notification.

Commissioner Mital asked if the Board would still have access to review policies related to AMI.

Mr. Lawson said they would. He added that it was a requirement.

Commissioner Mital stressed the importance of maintaining transparency with EWEB customers throughout the AMI process.

Commissioner Mital asked what would happen if there was early failure of the advanced meters.

Mr. Jones said EWEB's contract with the meter vendor, there was a threshold stating that if more than 1% of the devices fail in the first year, the majority of the cost of replacement/repair would be covered by warranty by the vendor.

Commissioner Mital asked how long the warranty was valid.

Mr. Jones replied 15 years.

Commissioner Mital moved to approve Board resolution 1811 amending Board resolution 1322.

Commissioner Helgeson expressed reservations about the lack of policy language to replace the original principles. He also stressed the crucial nature of customer communication.

President Brown asked if any policy amendments could be unwound at future meetings.

Mr. Lawson said that was correct.

Commissioner Simpson stated that only the authorized account user should be allowed to opt in or out of AML.

Mr. Lawson agreed.

The motion passed unanimously 5:0

Commissioner Simpson moved to instruct the General Manager to revise applicable EWEB policies impacted and/or related to advanced metering for Board approval.

Commissioner Helgeson moved to amend the previous motion to add the words, "in a manner consistent with the original principles of advanced metering" The amendment passed unanimously 5:0.

The original motion, as amended, passed unanimously.

Break

President Brown called for a break at 8:05 p.m.

Preliminary Use of Reserves

Ms. Fahey and Ms. Hart offered the Board a report and Power Point presentation on preliminary use of reserves. Staff recommendation was that the Board defer action on using any reserves at this time.

Commissioner Simpson asked for clarification on tax exempt advanced refunding.

Ms. Fahey said that advanced refunding related only to paying down bonds early, and it wasn't related to any customer refunds.

Commissioner Simpson wished to go on record in support of the suggested deferral.

Commissioner Mital wondered if a decision about the use of reserves had to be reached at the current meeting.

Ms. Fahey said the presentation at this meeting was Information Only.

Commissioner Mital stated his support for the deferral with the caveat that he would like to entertain a refund to customers exclusively.

President Brown asked, as far as customer refunds were concerned, would the amount of the refund be dependent on the amount paid for utility service.

Ms. Fahey replied that had not yet been determined.

President Brown was concerned with the inequity created when a customer contributing nothing to the surplus receives a refund as well as the customer who did contribute. President Brown asked how much the refund would cost the utility.

Ms. Fahey reported the refund would cost in the \$40,000 range.

President Brown asked if that money could be used to weatherize EWEB's low-income inventory.

Ms. Fahey said that was unknown at this time.

Commissioner Helgeson offered that he too was happy to defer this discussion.

Mr. Lawson said he was looking forward to continuing this discussion with the Board.

The Board reached consensus on deferring the use of reserves discussion.

2017 Fourth Quarter Operating Dashboard/Goals

Mr. Lawson offered the Board a report on the goals of the 2017 Fourth Quarter Operating Dashboard.

Commissioner Mital asked if SAIDI (System Average Interruption Duration Index) numbers spiked during the ice storm the previous winter.

Mr. Lawson said that was correct.

Commissioner Helgeson congratulated Mr. Lawson on the Safety Metric.

Board Wrap Up

Commissioner Mital reported that he sat in on the EWEB phone lines for 90 minutes recently, and that it seemed like call volume had increased. He also said it was important that the Board be made aware of the changes in communication around disconnects. .

Vice President Carlson stated that she had been asking people to get involved with Cascadia Subduction Zone (CSZ) earthquake plans. She mentioned that a member of the 4J School District Board reached out to her in response. Vice President Carlson stressed the importance of sharing as much information as possible with local schools with CSZ earthquake preparedness.

Mr. Lawson said that EWEB was actively disseminating CSZ earthquake preparedness information in local schools.

Vice President Brown said that he would like to be kept in the loop of Pacific Excavation Inc.'s replacement of the Golden Gardens Street water main.

Adjourn

President Brown adjourned the meeting at 8:57 p.m.

Assistant Secretary

President