The following questions have been posed by Commissioners prior to the scheduled Board Meeting on January 8, 2019. Staff responses are included below, and are sorted by Agenda topic.

Consent Calendar

RATIFICATION OF BOARD APPOINTED CONSULTANTS

General Counsel - Luvaas Cobb Law Office, Eric DeFreest Primary Contact (FAHEY) - In the past we were concerned that if we only had one legal firm and one individual doing all of our general counsel work, that we would have an issue when that individual either retired or achieved another position. It appears that situation still exists with our general counsel contracting. How do we ensure that EWEB isn’t caught with no experienced general counsel when the individual retires or is employed in another area?

RESPONSE: This is still a concern, but we are working to limit the scope of the exposure. Eric Defreest is still the most knowledgeable of the “history” of EWEB, especially regarding matters associated with the City of Eugene. However, while EWEB has one attorney designated as primary counsel, others at Luvaas Cobb have worked with EWEB and are capable to render legal advice and otherwise represent the interests of EWEB. In addition, EWEB has active relationships with other legal firms that have experience with government entities and utilities that could support EWEB if staffing changes under the current agreement. We will continue to attempt to spread around the work as possible.

CONTRACTS

Delta Star (PRICE) - Regarding the contract for Weyerhaeuser 3 substation transformer, how long does a transformer like this last?

RESPONSE: The planned lifetime for power transformers is 40 years. However, the life is highly associated with the amount of power being transformed (“load”) and other factors, such as quality of design and construction. Transformers are designed to be run near top load continuously and overloaded occasionally with little loss of life. An analysis of the transformer oil is indicating internal issues, and because of size constraints of this location we have no spare options presently in our inventory.

How old is this particular transformer?

RESPONSE: 26 years (mfg. 1992)

Is this a co-generation project from paper waste?

RESPONSE: The transformer we are buying is not for generation, and will supply power for the mill process. The mill process by-product helps create the steam for the generation we co-own and operate with International Paper.

If the mill goes out of business, what happens? Could the transformer be used to support load elsewhere?

RESPONSE: If the mill goes out of business, and the site is unlikely to need power for another purpose, we can use the transformer elsewhere in our system.
When does the Joint Operating Agreement with International Paper expire?


Lakeside Industries (DAMEWOOD) - Regarding the asphalt proposal, do we coordinate with the city of Eugene on repaving?

RESPONSE: EWEB coordinates with the City of Eugene on Street Preservation Projects and other work on a frequent basis, and we both adjust schedules to be more cost effective. We also have the City directly repave some projects for us when it is advantageous for both entities to do so.

Monitor Mapboard Systems & Motorola Solutions Inc. (PRICE) - Real-Time System Mapboard and RA05-2018 for Two-way Radio Equipment: How are our costs to consolidate into the ROC tracking to initial estimates we were given to make the decision to move into the ROC? Are we on track, under, or over? Were these two items part of the initial estimates?

RESPONSE: Both a radio interface and a real-time mapboard (or other electronic option) have been part of our capital planning for years, separate from the ROC consolidation. Most recently, these costs were included in the project associated with the new building at Hayden Bridge (year 2020), which was an option for a new control center location. However, changes to our relationship with Bonneville will facilitate that we can consolidate our control center operations at ROC, and still maintain appropriate backup capability in the future. This shifted the costs from 2020 to 2019.

ROC consolidation capital estimates at the beginning of 2018 were reduced from $4 million (included in original analysis in 2016) to $1.5 million to consolidate 100 people from the HQ to ROC. These estimates were confirmed with designs and contract bids mid-summer. With the decision to consolidate further (almost all) at the ROC, the design and construction estimates need to be revised, but will likely increase approximately $300K-500K over the project total. We will update the EL-1 Board Report and seek additional approvals if needed based on revised construction costs.

Whitlock Consulting Group (FAHEY) - Why was the previous Customer Information System (CIS) contract cancelled?

RESPONSE: A few months after the replacement project began, Information Services staff concluded that the base software provided by the vendor did not meet the specifications required by the Request for Proposals, and in May 2018 EWEB issued a notice to terminate the contract.

Wildish Paving Co. dba Wildish Building Co. (ACKERMAN) – Contract # 050-2018, Carmen Power Plant Upgrades: Was this paving project planned in the original $14 million budget? I see that this cost will use roughly a third of the overall budget for 2019. Are there any other large contracts that we anticipate will be needed to support the project this year?

RESPONSE: This is not a paving project, rather it is a rebuild of the Carmen Substation. Because the powerhouse roof deck has to be replaced, Wildish bid the work under their “paving” subsidiary. The work involves removing the old substation equipment, removing the existing roof deck, rebuilding a new roof deck, and building the new substation. This has always been part of the planned construction sequence and is part of the budgeted $14M for 2019. There will be other contracts for the Carmen work this year, but none expected to be this large.

RESOLUTIONS

Resolution No. 1903 Declaration of Surplus Property (ACKERMAN) - Regarding the proposal to declare surplus property, where is this? Is the city interested in purchasing this?
RESPONSE: The property is located near Willow Creek Road in west Eugene. EWEB purchased it in 1991 as a potential water reservoir site but never constructed one, nor do we intend to. Due to land use law changes that occurred after our purchase of the property, the parcel is no longer a legal lot and cannot be developed as is. This parcel can be combined with the adjacent lot to create a legal lot, and that neighboring landowner is interested in purchasing EWEB’s surplus property from us. However, the City of Eugene will be given the required 30 day notice and, although we don’t anticipate they will be interested, they have the first right to negotiate. If the City declines, the property will be listed for sale and all interested parties will have an opportunity to submit an offer.

CORRESPONDENCE

Second Source (Willamette Water Treatment Plant) Level of Service Goals (DAMEWOOD) - On the Second source charts it appears that the emergency scenario may be preferred. If we are going to have to raise rates continually 3-4% every year for an extended period of time, should we consider raising rates now to soften the impact in the future?

RESPONSE: Management would like to discuss financing options with the Board later this year, after details of possible partnerships and scope are better understood. Finance staff is currently reviewing opportunities to finance Water Type II capital activities to leverage current market conditions, which will likely reduce future second source rate pressure.

OTHER

International Paper Oil Spill (DAMEWOOD) - A recent Register Guard article stated that in lieu of a fine, IP is contributing to a fund to help improve a storm water facility. Given that the recent oil spill was not an isolated incident and that it has happened before, almost exactly in the same manner that it recently happened, why isn’t anyone requiring IP to revamp their system to prevent this from happening again?

RESPONSE: DEQ does not have legal authority to do anything other than levy fines, which generally escalate with repeated incidents. They do not have any authority to require IP to change processes or facilities. However, EWEB is meeting with IP later this week to discuss preventative measures and improved response.