

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 E 4th AVENUE
September 3, 2019
5:30 P.M.**

Commissioners may pose questions to staff prior to the scheduled board meeting. To view Commissioners' pre-meeting questions and staff responses, visit <http://www.eweb.org/about-us/board-of-commissioners/2019-board-agendas-and-minutes>.

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

Others Present: Frank Lawson, General Manager; Susan Ackerman, Chief Energy Officer; Megan Capper, Portfolio Management Supervisor; Sue Fahey, Assistant General Manager/Chief Financial Officer; Jason Heuser, Policy/Government Program Manager; Karen Kelley, Water Operations Manager; Lena Kostopulos, Chief Human Resources Officer; Mike McCann, Generation Manager; Wally McCullough, Water Engineering Supervisor; Rod Price, Chief Engineering & Operations Officer; Mark Zinniker, Generation Engineering Supervisor

President Carlson called the Regular Session to order at 5:30 p.m.

Agenda Check

There were no changes or additions to the agenda.

Items from Commissioners and General Manager

Commissioner Brown, acknowledging that EWEB has nothing to do with the deployment of 5G, asked staff how neighborhoods with underground utilities would be accommodated by the 5G transmitters being placed around town. He said he was asked by one of his constituents to ask the question of staff.

Mr. Lawson replied that, in most cases, proximity was looked at for 5G installation. He added that permission would have to be obtained from property owners to erect a pole for a 5G transmitter on their property.

Vice President Mital requested a written Board update on the Roosevelt Operations Center (ROC) construction.

Mr. Lawson said the last such update to the Board had come in EWEB's Q2 report, and it was the intention to have all the people and equipment that were moving to the ROC, moved by the end of this year (2019); Management will provide additional details.

President Carlson announced she had recently attended the River Road neighborhood meeting, at which housing was the salient topic of discussion. She said the BRING Home and Garden Tour was coming up soon, and she was looking forward to EWEB's participation in that event.

Commissioner Helgeson said he had been away recently, and he noticed a couple of customer inquiries with his name on them upon his return. He said he would like to check in with staff to make sure said inquiries were addressed.

Mr. Lawson asked for Board feedback on the suggestion of moving the September Upriver Meeting to the spring of 2020—April or May. He said staff felt the spring would be a more appropriate time to hold the upriver meeting, due to the kind of work EWEB does upriver in the spring as opposed to autumn.

Public Input

Claire Ribaud of Eugene said that stakeholders needed to know the following about the Integrated Electric Resource Plan (IERP) process: exactly what the more dynamic IERP process is, what specific scenarios and sensitivities will be considered, what modeling tools will be used, what the opportunities for public participation are, and how EWEB would ensure the most robust public participation.

Linda Heyl of Eugene offered that Eugene City Council would have to know if EWEB was prepared to provide enough clean electricity to ratepayers to make the transition from gas to electricity, in order to decide on the 16 separate natural gas reduction strategies before them. She asked EWEB to commit to planning for sufficient energy for the transition from natural gas to electricity. Ms. Heyl also asserted that it was EWEB's job to make energy supply issues, such as the aforementioned transition, approachable and accessible to the public by simplifying the complex language of energy supply so everyone can better understand it.

Webb Sussman of Eugene said he was just back from a trip to the Boston area, and while there, he had made some observations that he would like to share with EWEB. He said there was a concerted effort between energy providers and mass transit providers in that area to erect solar panels on top of existing transit structures such as bus barns, in anticipation of an all-electric fleet of mass transit vehicles, local cities and towns were installing solar and wind generators on their public works facilities, and many privately-owned vehicle fleets were making the transition to all electric. Mr. Sussman said he would like to see EWEB work with the County, and with Springfield and Eugene as aggressively as the organizations he witnessed while in New England. He also suggested keeping the public in the loop as far as the changes EWEB is making in the direction of electrification.

Commissioner Schlossberg said, as Board liaison to the Eugene City Council, she was hoping for progress toward common electrification goals.

Commissioner Helgeson expressed concern about inadvertently placing costs for finding and implementing new energy resources on to customers. He said for him to commit to a strategy of switching from natural gas to electricity, he would like to be further along in the IERP process.

Vice President Mital agreed with Ms. Ribaud on the importance of keeping the public in the IERP loop. He said that for EWEB to completely convert from gas to electricity, it would represent roughly a four-fold increase in demand for the Utility.

Commissioner Brown said that EWEB had recently converted virtually all of downtown Eugene from steam to gas, which created a substantial financial burden on some of the people and businesses in the downtown area. Commissioner Brown said any decision on EWEB's part to convert from gas to electricity, would have to be a community decision.

Mr. Lawson offered that EWEB had reached out to the City of Eugene for assistance with what the conversion scenarios should look like.

Approval of Consent Calendar A: Items 1-4 MINUTES

1. a. **August 6, 2019 Executive Session**
b. **August 6, 2019 Regular Meeting**

CONTRACTS

2. **Cascade Columbia Distribution Co.** for Solar Salt for Sodium Hypochlorite Generation. \$175,000 (Over 5 Years).
3. **Cornforth Consultants** for Engineering Services. \$218,000 (Resulting Cumulative Total \$426,000).
4. **Whitlock Consulting Group (WCG)** for the Customer Experience Improvement (CEI) project Phase 2 implementation support. \$204,100 plus travel costs (Resulting Cumulative Total \$389,100 plus travel costs).

Commissioner Brown moved to approve Consent Calendar A: Items 1-4. The motion passed unanimously.

Approval of Consent Calendar B

RESOLUTIONS

1. **Resolutions for Leaburg Canal property acquisition**
Option 1 - Resolution No. 1925 - Authorize acquisition of property along Leaburg Canal
Option 2 - Resolution No. 1926 - Authorize acquisition of property and timber along Leaburg Canal.

Commissioner Brown stated that he, in the name of good environmental stewardship, has always been a proponent of EWEB acquiring land adjacent to waterways, but he said he was also a firm believer in responsible spending of EWEB ratepayer money. He expressed concern about the \$482,000 asking price for the timber on the property in question, saying that over half of it was trees six inch in diameter or less that could only be used to make wood chips. Commissioner Brown asked what number staff received from a recent timber cruise that was done on the property.

Mr. O'Dell said that number was \$85,000 more or less, and the higher figure speculated a 10-year term. He clarified the figure was not generated by EWEB staff, but was the property owner's counter offer.

Commissioner Brown again expressed concern about EWEB paying \$482,000 dollars for timber valued at \$85,000 today; he asserted that he could not vote for Option 2. As far as option 1 was concerned, Commissioner Brown asked why EWEB was buying the property in the first place.

Mr. McCann replied because EWEB could then protect the land above the canal. He added that EWEB had the option to buy any timber as it stands.

Mr. O'Dell said EWEB did not have the leverage with which they could bring the property owner's price down, or to make a counter offer of their own.

Mr. McCann offered, as Generation Manager, he was interested in the land, but not the timber on the land, and the property owner wanted to sell EWEB the land, but he did not want to sell the timber.

Commissioner Helgeson wondered if there were factors which would establish a market price, so that EWEB would not be at the whims of the seller in the future.

Mr. McCann returned if the seller sold EWEB the land, but not the timber, if at any time the seller wanted to sell any portion of the timber on that land, it would be EWEB who got the timber cruise for that section, and thusly, that would be the starting point for the negotiation for that timber.

Mr. O'Dell clarified, if the owner receives an offer for the timber, he would bring that offer to EWEB for review. If EWEB wants to purchase that same amount of timber, for that price, in order to prevent harvesting, EWEB could do so. EWEB could also use that value to determine the value of a smaller area that is important to us.

President Carlson asked if there was a way for the Utility to evaluate the offer's validity.

Mr. O'Dell returned that EWEB had the opportunity to review the offer for its validity, and was able to determine timber pricing within the borders of the land in question.

President Carlson asked if the price attached to the second option—Resolution No. 1926—was for all of the timber on the entire property.

Mr. McCann said that was correct.

Commissioner Helgeson asked of how much use to EWEB the right of first refusal portion of the sales transaction was with regards to having control over the future disposition of the property.

Mr. O'Dell said there was a clause in the Timber Right portion of the agreement, stating that if the seller does not follow the steps laid out by EWEB in the Timber Right, EWEB would have the option to purchase that Timber Right for \$100.

Vice President Mital asked if EWEB could still purchase the property once they saw it was put on the market, if the current owner decided to do so.

Mr. McCann said yes, but only *if* the property was put on the market at all.

Vice President Mital stated his concern with buying the timber now, was, if the timber would not be considered mature for another decade or more, EWEB would be taking on a lot of risk with what could happen—fire, disease, etc.—to the timber in the maturation period. He asked if staff had a sense of exactly how much of the 40 acres of timber EWEB wanted to purchase.

Mr. Zinniker estimated, a quarter of the timber, or 10 acres, at most.

Vice President Mital asked if EWEB was in a rush to buy this property, and possibly, some of the timber on it.

Mr. O'Dell offered the seller felt the time to sell the property was now. He added that if EWEB failed to acquire the property right away, the landowner would feel pressured to develop the property as a single home site.

Commissioner Schlossberg viewed the purchase of this land by EWEB as a great opportunity for the Utility. She said the time for this decision was now, and she did not support putting the decision to buy the property off.

Vice President Mital asked if it was still EWEB's plan to possibly decommission its lower dams, and remove its presence from the river itself.

Mr. McCann said the timing of this purchase was not ideal, but there was an opportunity here for the Utility. He added that staff would be back to the Board by June of 2020 to discuss the options analysis on Leaburg Canal.

Commissioner Helgeson moved to approve Consent Calendar B: the first option, Resolution No. 1925, to authorize the acquisition of property along Leaburg Canal. The motion passed 3:2, with Vice President Mital and Commissioner Brown voting against.

General Manager Contract Amendment Request

Mr. Lawson offered the Board a brief staff report on the General Manager contract amendment request. He pointed out that only the Board had the power to make amendments to the General Manager's contract.

Vice President Mital said he generally agreed with the amendment request as he read it in the Board backgrounder; he said he would like to add one of the EWEB Commissioners as liaison to the amendment process.

Commissioner Helgeson agreed with Vice President Mital's request for a liaison or a subcommittee to the amendment process.

Mr. Lawson clarified that it would be a liaison position, and not a subcommittee.

Vice President Mital said he would be happy to be the liaison unless someone else wanted to step forward for the position.

Commissioner Brown said that he would also be willing to fill the liaison role.

Commissioner Helgeson moved to authorize EWEB's Chief Workforce Officer to work with legal counsel, and Board Liaison Commissioner John Brown, on amendments to the General Manager Employment Agreement for potential future approval by the Board. The motion passed unanimously 5:0.

Dam Safety Program Audit

Mr. McCann and Mr. Zinniker offered the Board a report and PowerPoint presentation on the Dam Safety Program Audit.

Vice President Mital asked if the annual report mentioned in the presentation would be tucked into one of the monthly Board reports.

Mr. Zinniker said it would be.

Commissioner Helgeson wondered if the recommendations generated by the audit—instead of examples of EWEB's Owner's Dam Safety Program (ODSP) being out of compliance—were opportunities for the improvement of EWEB'S ODSP.

Mr. Zinniker said that was correct.

Mr. McCann said a lot of the audit report was due to additional scrutiny. He offered that just five years ago, EWEB's ODSP was considered a shining example of what an ODSP should be.

President Carlson asked about the connection between improved communication and the safety of the infrastructure as well as what would now be considered a shining example of an ODSP.

Mr. Zinniker offered the Federal Energy Regulatory Commission (FERC) was struggling to define exactly what their dam requirements are, and following the Oroville event, the organization was currently in an evolutionary state of defining exactly what they are looking for as far as dam safety is concerned.

Vice President Mital said he did not want to simply take FERC's word for granted concerning EWEB's dam safety, especially since—as Mr. Zinniker pointed out—FERC is in a bit of a state of flux currently.

Mr. McCann said the Chair of FERC had recently changed hands, and the interpersonal relationships between regulators and the regulated had as much to do with the personalities of those involved, and their relationships, as it did the technical aspects of dam regulation.

Commissioner Brown expressed concern about the audit conclusion that states: "Inadequate capital investment to buy down risk." He asked how the Utility was to quantify and qualify that conclusion from the audit, when the next dam financial analysis was done.

Mr. McCann said the auditors came into this audit with no prior knowledge of EWEB's financial system, so they asked to see EWEB's Capital Improvement Plan (CIP) for dam safety, but there was no Dam Safety line item on the CIP, because the Utility's dam safety money comes out of the Operations and Maintenance (O&M) budget, and the auditors felt that EWEB needed to make more concrete capital investments into their ODSP.

Commissioner Brown said there was barely enough water currently to operate one of the dams, and staff had previously indicated the possibility of shutting that dam down for the rest of the year.

Mr. McCann said that the Army Corps of Engineers (COE) had recently begun releasing water from Cougar and Blue River reservoirs, adding 600 cubic feet per second (CFS), and bringing Walterville generation up to 4 megawatts (mW).

Break

President Carlson called for a break at 6:54 p.m. She reconvened the meeting at 7:05 p.m.

Water System Infrastructure

Mr. Price, Mr. McCullough, and Ms. Kelley offered the Board a report and PowerPoint presentation on EWEB's water system infrastructure.

Ms. Kelley introduced herself as EWEB's new Water Operations Manager, and was welcomed warmly by the Board of Commissioners.

Commissioner Schlossberg wondered if there were any water use forecasts that would lead EWEB to believe water usage would change in the future.

Mr. McCullough referenced a graph published in the Water Master Plan (WMP) which projected a slight increase in water use in the next 20 years.

Mr. Lawson added that EWEB does expect future population growth, and the Utility was also seeing trends of less water use per capita.

Commissioner Brown asked if EWEB was having trouble maintaining adequate fire flow for the South Hills area now, how the Utility would maintain adequate fire flow if that area were to become more densely populated.

Mr. McCullough said that some of EWEB's water service areas had adequate fire flow when they were developed and constructed, but the standards had since changed. He said EWEB strove to meet fire flows for any new developments, but, for individual developments, it was the developer's responsibility to increase the sizes of mains in those developments to allow adequate fire flow to them.

Commissioner Helgeson stressed the importance of educating other decision makers in the community as to water infrastructure projects.

Mr. McCullough said that EWEB was in regular communication with the aforementioned community decision makers, such as the City of Eugene.

President Carlson commented about moving forward on the Science Center emergency water site.

Commissioner Helgeson wondered if the Utility had addressed the logistics of the emergency water sites, such as parking.

Mr. McCullough said EWEB staff was in the process of creating visual instruction manuals instructing people on how to use the emergency water systems.

Mr. Lawson added there was also a traffic plan requirement for the emergency water sites.

2019 State Legislative Session Summary

Mr. Heuser offered the Board a summary and PowerPoint presentation of the 2019 State Legislative Session.

Commissioner Helgeson offered that he could not understand exactly why so many people seemed to oppose the Carbon Pricing Bill (HB 2020). He saw no justification for some State Legislators deciding to walk out on this issue, preventing HB 2020's passing.

Commissioner Brown asked if there was a risk of legal challenge on the PERS reform (SB 1049) that would affect EWEB financially, and if so, has the Utility hedged against it.

Ms. Fahey said there was a risk to EWEB's finances generated by PERS reform, but the Utility had hedged against that risk.

2019 Annual Integrated Electric Resource Plan (IERP) Update

Ms. Ackerman and Ms. Capper offered the Board an update and PowerPoint presentation on the annual IERP.

Commissioner Helgeson thanked staff for the thorough presentation. He suggested more outreach to not only stakeholders, but to the communities at large, communicating changes being made in each phase of the operation.

Commissioner Brown asked if hydrogen implementation/supplementation would come into play in EWEB's IERP.

Ms. Ackerman said probably not in this IERP, but it was something the Utility was paying attention to as a long-term strategy. She added the 2021 IERP would likely include a hydrogen discussion.

Vice President Mital said that EWEB had large contracts coming up for renewal in the early to mid-2020s, and he wondered if doing this IERP now was not a bit premature. Vice President Mital said it made more sense to him that the IERP would be done closer to the dates of the aforementioned contract renewals. He also mentioned carbon reduction legislation (such as HB 2020) would be most likely coming back to the state legislature, which would affect any IERP put together by the Utility.

Ms. Ackerman said it was in EWEB's best interest to put together the IERP now, because the Bonneville Power Administration (BPA) would begin talking about what sorts of products they will be offering public power utilities like EWEB later this year, and into early 2020. She said it was best for the Utility to work on the IERP now, so EWEB could tell BPA specifically which products they would need.

President Carlson asked how long out into the future the IERP looked.

Ms. Ackerman replied all IERPs look out 20 years.

Correspondence & Board Agendas

Mr. Lawson offered the Board a report of Correspondence and Board Agendas.

Commissioner Helgeson asked if staff was looking to identify problem areas that regularly experience outages due to falling trees and limbs, and if so, were there steps the Utility could take to mitigate outages in those areas.

Mr. Price offered that EWEB was currently working on exactly what Commissioner Helgeson described—identifying problem areas, and taking steps to mitigate future problems from those areas.

Vice President Mital asked if there were some kind of analysis EWEB could do to correlate the increased frequency of intense winter storms with climate change.

Board Wrap-Up

Commissioner Helgeson lamented the misunderstandings and misrepresentations in the community as per EWEB's role in 5G implementation. He said he would like to talk to staff further about this point.

President Carlson thanked those who worked on the McKenzie resilient LCC piece.

Commissioner Helgeson recognized EWEB Safety Manager Mark Maguire, upon his retirement later this year.

Commissioner Brown announced that EWEB had received a letter from Springfield Utility Board (SUB) who was appreciative of the collaborative efforts for them to use EWEB's McKenzie water treatment facility, although they declined to take advantage of it.

Adjourn

President Carlson adjourned the Regular Session at 8:49 p.m.

Assistant Secretary

President