



The following questions have been posed by Commissioners prior to the scheduled Board Meeting on October 1, 2019. Staff responses are included below, and are sorted by Agenda topic.

2020 Draft Budgets and Long-Term Financial Plans Update – (FAHEY) If consumption continues to decrease and labor costs continue to increase, thereby reducing our revenue, I know we have to increase our rates at some point. Do we have a 3-5 year plan on rates?

RESPONSE: *The long term financial plans include assumptions on rising labor and other costs. The first five years of the plans also include contribution margin risk tolerances by assuming less than expected conditions (e.g., reduced generation or consumption). Although neither utility has projected a rate increase until 2022, over the 10 year plan the water and electric utilities have projected compound increases of 23% and 18.5%, respectively.*

Median Household Income (MHI) %: Please remind us why these comparators are used again?

RESPONSE: *The MHI comparator group of 7 is a subset of the bill comparator group of 17. The comparator group was limited by census data availability for some of the smaller communities, and includes 3 Oregon communities and 4 Washington communities.*

Strategic Plan – Internal Assessment – (LAWSON) A comment about customer confidence - EWEB has done a lot, but I think that most people don't pay attention unless their power/water service is disrupted or there is a problem with their bill. I think EWEB could do a better job at letting the public know about all the good things we are doing.

RESPONSE: *Consistent with your observation, when crafting the strategic plan we hypothesized that "other than product value (benefits versus cost), customers evaluate us based on their unique, non-routine service-based experiences (storms, billing questions, rebates/credits, renovations, etc.)." You are correct that effectively communicating the results of our efforts will further enable the pursuit of our mission. Over the past few years, most of our time and money has been invested in performance improvement, and less on image or brand enhancement, as money spent in one area takes away from the other. The quarterly reports summarize our outreach, media, and social media activity as an ongoing part of our interactions with customers.*

Consumption flexibility – I think one of the best things we could give customers regarding consumption flexibility, is the ability to take advantages of incentives to reduce consumption. I know EWEB offers a slew of incentives, but for those with fewer means, I think those incentives still remain out of reach. We've talked about this before – working with the city to introduce a home energy score, e.g., and I think we should include this in this target goal.

RESPONSE: *In the strategic context, consumption flexibility is intended to encompass both the amount of energy and water consumed, along with when/how it is consumed. Past and present programs are mostly passive, in that they provide little/no usage awareness when the consumption choices are being made. An important part of this phase will be to implement the technology and eventually introduce the products and services to support more consumption choices for all consumers, including all social-economic classes.*

Consent Calendar

CONTRACTS

DeWalch Technologies Inc. – for locking meter devices – (PRICE) Are the locking meters an additional AMI expense or have they been built into the cost estimates shared with commissioners when we voted to support the transition and then later the expedited schedule?

RESPONSE: *The use of locking rings is an asset management decision independent of AMI, and the costs are not part of the AMI budget. However, the deployment of AMI meters provides an opportunity to install the locking devices systematically, and there is increased tampering exposure of AMI meters because of the infrequent visits by meter reading staff and the adversarial views of some people toward smart meters.*

INTERGOVERNMENTAL AGREEMENT

Bonneville Power Administration (BPA) – for engineering and construction services to transfer Transmission Operator (TOP) services to BPA. – (PRICE) How much did staff calculate we would save yearly? How did this vary from the first estimate we were given when we originally approved the switch? Are there other yearly operational costs that increase due to these technology upgrades?

RESPONSE: *There are two contracts regarding this work. The previously approved contract from the April Board meeting was a 5 year for \$380,000 per year or \$1,900,00 total. We were expecting approximately \$280,000 in net non-labor costs with another \$120,000 worth of savings from re-directed labor. Since the April Board meeting, BPA has revised its yearly fee estimation from \$380k to \$148k for a yearly savings estimate now of \$510k net.*

The second is this September Board meeting construction and services one time contract, which was to pay for the physical work and software changes BPA needed to work to complete the transfer from EWEB to BPA. The original estimate given was \$145,000, which is below the Board approval limit, so we proceeded and the work was completed in May, 2019. The final accounting from BPA came back over the Board approval limit.

CORRESPONDENCE

Pentachlorophenol Plume Associated with International Paper Mill Complex (PRICE) - Since last year, has the pentachlorophenol plume migrated more towards the McKenzie? If so, has or will it reach the McKenzie above EWEB's intake?

RESPONSE: *The PCP plume footprint has not moved closer to the McKenzie since last year. It appears that since PCP is heavier than water, and the plume is dipping deeper as it approaches the river and if it does reach the river would be about 60-65' below the bottom of the river. The shallower portion of the plume that could interact with the river is an order of magnitude lower in concentrations (i.e., 1 ug/L versus 10 ug/L in deeper groundwater) and does not appear to have moved closer to the river, but continues to decrease in concentrations over time.*

Should we be concerned that International Paper does its own monitoring, or should we have it done independently?

RESPONSE: *PES Environmental is a respected environmental consulting firm that is under agreement w/DEQ and IP to conduct this monitoring as a third party. Water Division staff is confident with this arrangement, and would not recommend we pay for another party to conduct more monitoring.*

Water System Development Charge Policy - (FAHEY) In the proposed SDC methodology for Water, it states that EWEB may waive fees. Who is "EWEB" in this context? The proposed policy states that waivers over \$50,000 for a single project or over \$100,000 in aggregate annually will require GM or designee

approval. What does aggregate mean in this instance? Per project, per calendar year, or something different? Does this imply that staff can grant the waiver if it is say \$95,000?

RESPONSE: *The draft policy provides the Water Operations Manager the authority to grant waivers when the SDC for a specific project is under \$50,000 up to an annual EWEB total of \$100,000. For specific projects with an SDC over \$50,000, General Manager approval would be required. If there are multiple SDC waiver requests in a calendar year that in aggregate total more than \$100,000, General Manager approval would also be required. This approval is intended for additional oversight to manage EWEB's exposure to uncollected SDCs while ensuring continued Water Utility financial stability. For reference, \$100,000 was the maximum SDC grant amount when the program was instituted in 1997.*