



The following questions have been posed by Commissioners prior to the scheduled Board Meeting on April 7, 2020. Staff responses are included below, and are sorted by Agenda topic.

Consent Calendar

CONTRACTS

Kleinschmidt Associates for engineering related services for Leaburg siphon alternatives analysis. (PRICE) - Does EWEB have a legal obligation to Leaburg canal irrigators? Are there COSAs in place to manage this and insulate rate payers from these unexpected expenses?

RESPONSE: *Yes, some legal agreements related to irrigation date back to the original construction of the canal. There are other requirements driving this project, including FERC-mandated emergency canal evacuation. With respect to a cost-of-service analysis, if a small group of customers benefit then it makes sense to segregate those costs. However, if the work is required by FERC, for ongoing generation, then all EWEB customers benefit. Our analysis can assign the costs to the beneficiaries in different ways.*

CVE Technologies, Presidio, and CDW-G for the use of cooperative contracts to purchase hardware, software, and support (PRICE/KNABE) - How urgent is this need?

RESPONSE: *The consent item "CVE Technologies, Presidio, and CDW-G" is needed for the continued operation of basis systems, and not highly driven by technology or business strategy. The Board is being asked to examine a method of purchasing IS backbone (think poles, wires and pipes for IS) equipment over the next 5 years. This method of purchasing continues to leverage systems integrators that use cooperative pricing contracts for industry-standard equipment. EWEB evaluated the vendors authorized to sell off these standard contracts and selected two who can best support EWEB's current, and industry-standard, IS architecture. For comparison, the purchasing approach being requested is mostly for compulsory "Type 1" type spending, but could occasionally fall into the "Type 2" spending if the system is big enough.*

The \$15 million over 5 years is what our history has been in the past. The Board will still authorize actual Strategic spending amounts through normal yearly capital plan and budget process. Our budget/financial proposals will contain a more detailed breakdown each year. Major projects like CEI and a CIS upgrade will be procured and brought to the Board separately.

As for urgency, the first set of support agreements on major network infrastructure will expire at end of this April. We can likely extend those agreements for a short time or risk working with expired support agreements. Unfortunately, unlike the poles, wires and pipes with 40-50 year lifespans, IS equipment has a fairly short useful and financial life of five years. Having this purchasing plan in place will help facilitate any of the Strategic paths forward we make, as well as providing some immediate help for our Operations and Maintenance efforts with present systems.

OTHER

Consent Calendar Criteria (LAWSON) - Is there a dollar threshold on consent calendar contracts requiring them to be a separate regular agenda item?

RESPONSE: *No. Resolution 1537, passed in December 2015, modified GP4 to remove the dollar threshold for Consent Calendar items highlighting that other non-financial factors may also be considered when placing items*

on an agenda and also noting that Commissions can pull items when needed, or ask questions prior to any meeting or vote.

CORRESPONDENCE

Draft of Strategic Policy - Board Dam Safety Policy (PRICE) – Is this new policy just codifying what we're already doing and formalizing through an official board adoption or are there significant changes to what has previously been put in place?

RESPONSE: *The proposed policy largely codifies the current status of our dam safety program, which includes both long-standing and recently added elements. The proposed Board policy addresses a specific request by both FERC and the dam safety audit team that EWEB explicitly call out our organizational commitment to dam safety. We are implementing the ASDSO audit recommendations made early 2019, including adding dedicated FTE, establishing a dam safety policy and necessary procedures to satisfy regulatory requirements. In addition, significant progress has been made in improving regulatory relationship with Federal Energy Regulatory Commission (FERC).*

Annual Report on Power Trading Compliance (HART) - I see that there were sometimes when EWEB went out of compliance, I am curious if we have any requirements about timely board notification for being out of compliance and at what level of severity that triggers a notification and in what timeframe?

RESPONSE: *The Board Policy SD8 Power Risk Management Policy is an internal policy that charges the Risk Management Committee (RMC) with responsible for oversight of the Power Risk Management Policies. The RMC meets monthly and any exceedance of compliance limits is reported, and mitigation discussed, at the monthly Risk Management Committee meetings. The Risk Policy also requires reporting to the Board at least annually or as necessary. The compliance limit exceedance for 2019 were relatively minor volumetric limits related to the timing of outages and supply forecast updates that impacted compliance and were reported to the RMC and cured through subsequent trades. Dependent on the nature and/or severity of the out of compliance, and the ability to mitigate non-compliance prudently, the RMC or the General Manager may notify the Board of these compliance limit exceedances in advance on the annual reporting.*