

**Eugene Water & Electric Board
Board Policy Manual
Effective as of December 5, 2017**

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Governance Process Policies

Policy Number: GP1
Policy Type: Governance Process
Policy Title: Governing Style
Effective Date: December 5, 2017

The Board will govern with an emphasis on (1) outward vision, (2) encouragement of diversity in viewpoints, (3) strategic leadership, (4) clear distinction of Board and General Manager Roles, (5) collective decisions, (6) future, and (7) proactive measures.

Specifically,

1. The Board will cultivate a sense of group responsibility. The Board will be responsible for excellence in governing. The Board will be an initiator of policy. The Board will use the expertise of individual members to enhance the ability of the Board as a body. The Board will allow no officer, Commissioner, or committee of the Board to hinder or be an excuse for not fulfilling Board commitments.
2. The Board will direct, evaluate and inspire the organization through the careful establishment of written policies reflecting the Board's values and perspectives about desired results. The Board's major policy focus will be on the intended long-term effects inside and outside the organization.
3. The Board will establish and adhere to the standards needed to govern with excellence. Standards will apply to matters such as attendance, preparation, policy-making principles, respect of roles, and ensuring continuance of governance capacity. Continual Board development will include orientation of new Commissioners in the Board's governance process and periodic Board discussion of process improvement.
4. The Board will monitor and discuss the Board's process and performance annually. Self-monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board-GM Linkage categories.

Source: Patrick Lanning, Board, Approved 05/16/2006; Revised 12/15/2009, Resolution No. 0930; Revised December 5, 2017, Resolution No. 1737.

Policy Number: GP2
Policy Type: Governance Process
Policy Title: Board Job Description
Effective Date: April 19, 2005

The job of the Board is to represent EWEB's customer/owners in determining and assuring appropriate organizational performance.

Accordingly, the role of the Board includes:

1. Providing a conduit with the community
2. Representing the community to EWEB and representing EWEB to the community
3. Determining and reviewing the Mission (purpose), Vision, Operating Principles, Policies and Strategic Goals of EWEB (within the context of the City Charter and statutory mandates) and approving staff's plans to implement all of the above
4. Establishing clarity around Board decisions
5. Delegating authority and responsibility to the General Manager for utility operations (within legal parameters and in accordance with the Bylaws)
6. Assuring accountability and measurement of success, on an ongoing basis

Source: Working Definition Developed by Board 05/08/2003, Board Ratified 04/19/2005

Policy Number: GP3
Policy Type: Governance Process
Policy Title: Board Strategic Plan Development
Effective Date: October 3, 2006

The role of the Board includes approval and oversight of the utility's strategic plan.

Prior to approving the strategic plan as submitted by staff, the Board will evaluate the plan's consistency with and potential effectiveness in advancing EWEB's adopted Mission, Statement of Legacy, and strategic priorities. In addition, the Board will consider and balance the needs and points of view of EWEB's customers, owners and the community.

In order to provide effective oversight, the Board will require submittal of high-level performance measures with the strategic plan. Throughout each year, staff will provide periodic updates on strategic plan progress and the Board will direct changes in focus and priority as appropriate.

Source: Debra Smith/SMUD, Board Approved 10/3/2006

Policy Number: GP4
Policy Type: Governance Process
Policy Title: Agenda Planning
Effective Date: December 2, 2015

BACKGROUND:

The Board will follow an agenda that periodically:

1. Focuses on policy review and
2. Continually improves Board performance through Board education and enriched input and deliberation.

Accordingly, the following additional assumptions and procedures apply regarding agenda planning and Board background material preparation:

Assumptions:

- The Board owns its agendas.
- Board agendas will emphasize policy development, goal status and the future direction of the utility.
- The Board President and Vice President set the agendas with the General Manager (GM).
- The GM has the authority to schedule agenda items.
- Board priorities take precedence over individual Commissioner priorities.

AGENDA FORMATION:

- **Regularly scheduled Board items** established by charter, by-laws or Board policy (i.e. budget development, budget amendments, rate setting) can be both Board and staff driven.
- **Informational or review items** (i.e. policy discussion, revisions or review) may be requested by a majority of the Board.
- **Informational, policy updates or review items** (i.e. annual customer survey results, interim reports) are staff driven.
- **Consent calendar** is a group of routine items that have either been discussed previously or do not need discussion before a vote of the Board. Board members can elect to remove an item for discussion by notifying the Board President prior to voting.
- **Backgrounders** are content based documents, prepared by staff, which support an agenda item in order to inform and educate the Board. Backgrounders are often in response to:
 - Board requests
 - Agenda items initiated by staff
 - Agenda items that require interim or status reports
 - Unusual items appearing on the consent calendar, i.e. large contract awards or budget amendments

AGENDA FORMAT:

Generally, the agenda for Regular EWEB Board Meetings will include the following:

- Agenda Check
- Items from Board Members
- Public Input
- Board Action Items
- General Business Items
- Board Agenda Calendar
- Board Wrap up

Commissioners reserve the right to add or delete items as needed, or change the order of the agenda as necessary. Public input and public hearings will occur near the published time.

ORGANIZATIONAL MEETING:

During the first meeting of each calendar year an election of Board officers and other routine annual business will be performed.

AGENDA MANAGEMENT:

- The President, Vice President and the GM will meet prior to each Board meeting to develop and prioritize agenda items.
 - The Executive Assistant to the GM/Board will maintain a list containing potential future background and agenda items.
- Agenda management will be broken out as a regularly occurring agenda item.
 - The time will be used to gauge the Board's interest in topics raised by Commissioners or staff and to discuss the trade-offs involved in using Board time for that issue.
- Board Agenda Reports: An agenda report is kept and provided with each Board Agenda and tracks the status of outstanding and future agenda items. The report is made up of the following components:
 - Outstanding backgrounders that may result in Board action
 - Items that may be added to future Board agendas
 - Annual agenda calendar and agenda items if known
- All Board agendas, including all backgrounders, correspondence, and other supportive documentation for regular meetings, special meetings, and work sessions shall be made available to the Board in hardcopy or other suitable form; and all non-confidential supportive documentation will be made available to the public via EWEB's website at least four full business days in advance of the meeting unless mitigating circumstances prevail.
- Public Notice. EWEB will comply with Oregon Public Meetings Law 192.640 to provide reasonably calculated notice to news media and other interested persons. If an emergency meeting is necessary, notice shall be given to the Board and the public at least 24 hours prior to the meeting unless emergency circumstances prevail.

Source: Board Approved 10/20/03, Revised 02/13/2004, Revised 04/19/2005; Revised 12/15/2009 (Resolution 0931); Revised 3/1/2011 (Resolution 1112); Revised 01/06/15, Resolution No. 1503; Revised 12/01/15, Resolution No. 1537.

Policy Number: GP5
Policy Type: Governance Process
Policy Title: Role of Board President
Effective Date: October 3, 2006

The Board president assures the integrity of the Board's process and is the only person authorized to speak for the Board, unless there is formal designation by the president or Board majority.

Specifically,

1. The president shall preside over all meetings of the Board.
 - a. Meetings shall be conducted in accordance with Board policies (including GP7). If the Board is unable to resolve procedural issues, the president shall implement the use of Robert's Rules of Order.
 - b. The president's role shall be primarily procedural and the president shall have no greater vote on substantive matters than other members of the Board.
 - c. The Board president is responsible for setting Board meeting agendas with the General Manager and for facilitating Board meetings in a way that encourages the Board to remain proactive, forward looking, and value-added in its deliberation.
 - d. The Board president will explain at outset of public input about the process for Board comment and response per Board Policy GP10.
 - e. The Board president may call special meetings of the Board as required.
2. The president will assume other responsibilities as determined by Board policies or by-laws.
 - a. The Board president or his/her designee will sign written communication concerning Board decisions or positions consistent with Board Policy GP9.
 - b. The Board president has no individual authority to supervise or direct the General Manager.
 - c. The Board president or his/her designee is responsible for orientation of new Commissioners per Board Policy GP15.
 - d. The vice president will assume the responsibilities of the Board president in the event the president is absent or unable to serve.
 - e. The Board president and Board vice president will be elected at the annual meeting in January, in accordance with the by-laws.

Source: John Carver/Patrick Lanning, By-laws, Board, Board Approved 10/03/2006

Policy Number: GP6
Policy Type: Governance Process
Policy Title: Rules of Conduct
Effective Date: October 3, 2017

The Board of Commissioners adopts as its own the following rules of conduct:

1. Commissioners will treat each other with courtesy, civility and respect despite differences of opinion; Commissioners will treat staff with the same level of respect.
2. In public, Commissioners will talk positively about the organization, fellow Board members, management and employees.
3. Commissioners and the General Manager will keep each other informed about all situations, which may directly affect them, or the organizational status of the utility.
4. Commissioners will be respectful of limited meeting time; Board priorities will take precedence over individual priorities.
5. Commissioners will be active team members, be prepared for the various Board decision issues, and fulfill their responsibilities to participate in decisions.
6. Commissioners will listen, discuss and try to understand one another's views.
7. Once a decision is reached, Commissioners will support the Board decision even though they might hold a minority viewpoint.
8. Commissioners will speak only for themselves unless authorized to speak for the Board.
9. Commissioners may send a written statement to the Board Secretary/Assistant Secretary in advance of a meeting from which they will be absent if they wish to have their opinions, concerns, and perspectives on a Board agenda item included. The Board President will read the provided written statement into the record. This action will not be recorded as a vote for or against any proposal before the Board.
10. Commissioners will attempt to understand their legal obligations and if unclear, will seek the advice of legal counsel.
11. Personal issues between Commissioners will be dealt with individually and privately, and if needed, a third party will be used to help with the issue.
12. Commissioners shall not use or attempt to use their official position or office to obtain financial gain or avoidance of financial detriment as required by state law. In the administration of any Federal Grant awarded to EWEB, Commissioners shall neither use their position, nor permit interested parties or immediate families to use their positions, for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest or of personal gain contrary to applicable federal law.

Source: Board Approved 09/02/2003, Ratified 04/19/2005, Revised 10/06/2015, Resolution No. 1526; Revised October 3, 2017, Resolution No. 1723.

Policy Number: GP7
Policy Type: Governance Process
Policy Title: Board Parliamentary Procedures
Effective Date: January 6, 2015

The Board shall conduct meetings in accordance with Board policies. If the Board is unable to resolve procedural issues, the Board shall use Robert's Rules of Order. The following policies and procedures shall apply:

President's Role:

The president presides over all meetings of the Board. The President's role shall be primarily procedural and the president shall have no greater vote on substantive matters than other members. The president will also represent the Board as required within the community and coordinate among the Board as necessary in the conduct of Board functions.

Vice President's Role:

The Vice President's role is to perform the duties and responsibilities of the president in his/her absence or as agreed upon by the Board.

General Manager-Secretary Role:

The General Manager – Secretary reports to the Board as a whole and is responsible for implementing policies and directions established by the Board.

Meeting Start Times:

The regular meeting of the Board will be held at 5:30 p.m. on the first Tuesday of each month, unless that Tuesday falls on or generally conflicts with a national holiday in which case the meeting may be on the next business day or on another Tuesday in that month. If an additional regular meeting is required, the general preference will be to hold that meeting at 5:30 p.m. on the third Tuesday of the month. The Board President and the General Manager-Secretary may reschedule these meetings, schedule additional meetings, or cancel any meeting of the Board by mutual agreement.

Public Meetings:

Except as otherwise provided by law; all meetings of the Board shall be open to the public and all persons shall be permitted to attend. No quorum of the Board shall meet in private for the purposes of deciding or deliberating toward a decision on any matter; an executive session may be held only for those purposes allowed by law (ORS - 192.610-690). All regular and special meetings of the Board shall be held whenever possible within the utility service district.

Quorum:

A quorum shall consist of three members of the Board. In order to pass a resolution, motion or other measure, an affirmative vote of at least 3 commissioners (a majority of the 5 commissioner positions) is required.

Vacancy on the Board:

The Eugene Water & Electric Board shall fill a vacancy on the board by appointment within ninety (90) days after the vacancy occurs. A person so appointed shall hold office until the successor to the office is duly elected and qualified as stated in Eugene City Charter, Section 24, Subsection (1)

Vacancies – Filling. It is at EWEB’s discretion within the ninety (90 days) to advertise, interview and select a replacement for the Board vacancy, regardless of how long they have been a Board member or when an election is to take place.

Board Attendance:

Attendance at all meetings of the Board is required of Commissioners. Prior notification of absence should be given to the Board or the Secretary whenever possible. The Board shall have the power to declare vacant the office of a member who shall absent himself/herself from three consecutive regular meetings without an excuse satisfactory to the Board.

Record of Board Meetings:

With the exception of Executive Sessions, for all Regular and Special Meetings of the Board a written record will be prepared, in the form of minutes, unless otherwise directed by the Board. The minutes will be a high-level summary (not a full transcript) to include: members of the governing body present; motions, proposals, resolutions, results of all votes and the substance of any discussion undertaken by Board members, management and other presenters including consultants and members of the public who address the Board.

Written minutes shall be reviewed and adopted by an affirmative vote of the Board, consistent with the Bylaws, and made available to the public.

Minute Corrections and Additions:

Corrections - Individual Board members may make suggested corrections to the minutes of prior meetings if the proposed meeting minutes are factually incorrect in recording discussion or statements made at the meeting. If there is disagreement as to the accuracy of the requested correction, a verbatim transcription of that portion of the audio recording will be requested and used to determine the appropriateness of the request. If a majority of the Board agrees that the requested correction is accurate, the minutes will be corrected without use of a verbatim transcription.

If the minutes accurately reflect what was said, regardless of the accuracy of the statement itself, the minutes will not be corrected. In this instance, a Commissioner may ask that a clarifying statement be entered into the minutes of the current meeting.

Additions - A Commissioner may request that a point of discussion or statement made during the meeting covered by the minutes be entered into the minute’s record. If there is disagreement as to the accuracy of the requested statement or fact, a verbatim transcription of that portion of the audio recording will be requested and used to determine the appropriateness of the request. If a majority of the Board agrees that the requested inclusion is accurate, the minutes will be edited and the additional information included without use of a verbatim transcription.

Use of Resolutions for Board Actions:

Formal resolutions will be required when the Board takes actions of the following types:

- 1) Rate increases or decreases;
- 2) Approval of contracts for purchased power with a term of one year or more;
- 3) Adoption of an Integrated Electric Resource Plan or update;
- 4) Adoption of the Water Supply Plan or update;
- 5) Adoption of a Water Master Plan or update;

- 6) Adoption of Board Policies;
- 7) Approval of the annual budget;
- 8) Issuance of bonds or other debt instruments.
- 9) Committees created and adopted by Board.
- 10) Outside appointments adopted by the Board.
- 11) Liaison appointments adopted by the Board.
- 12) Advisory assignments adopted by the Board.

All other actions can be taken in accordance with the Bylaws using a simple motion and affirmative vote.

Source: Bylaws, Board Discussion, Board Approved 11/01/2005; Revised 12/15/2009 (Resolution 0932); Revised as per bylaws 7/19/11 (Resolution 1122); Revised 01/06/15, Resolution No. 1503.

Policy Number: GP8
Policy Type: Governance Process
Policy Title: Meetings and Executive Sessions
Effective Date: May 17, 2005

Consistent with the Board Bylaws, and except as otherwise provided by law; all meetings of the Board shall be open to the public and all persons shall be permitted to attend, no quorum of the Board shall meet in private for the purpose of deciding on or deliberating toward a decision on any matter; an executive session may be held only for those purposes allowed by law. ORS 192.660 provides a list of purposes for which an executive session may be held, including but not limited to:

- Employment of Public Officers, Employees and Agents
- Discipline of Public Officers and Employees
- Performance Evaluations of Public Officers and Employees
- Labor Negotiations
- Discussions Regarding Exempt Public Records
- Discussions with Legal Counsel on Pending or Threatened Litigation
- Real Property Transactions

(ORS 192.610-690)

Source: Bylaws/Debra Smith, Board Approved 05/17/2005

Policy Number: GP9
Policy Type: Governance Process
Policy Title: External Communications
Effective Date: April 19, 2005

It is the policy of the Board to use the following guidelines in communicating with members of the public, other government agencies and the media:

1. Day to day communications about the Eugene Water & Electric Board are the responsibility of the Public Affairs Department. All oral and written communication should be developed and coordinated through Public Affairs.
2. As the elected body that leads the utility, the Board of Commissioners has a strong role to play in the communication efforts of the utility. Such communication can include, but not be limited to planned presentations, response to media inquiries, or comments received from customers.
3. Public Affairs staff will coordinate interactions with the news media. Such interactions may involve Commissioners or other utility staff members. Individual Board members may be approached directly by the media to comment on a particular issue. In these instances, the individual Board member should follow the protocol listed in this policy.
4. Communications about Board decisions or positions on issues are generally prepared and coordinated by staff, reviewed by the full Board, and, if written, distributed under the signature of the President or the Board's designee. Such procedures are applicable in the drafting of "letters to the Editor" and op-ed responses to newspaper editorials and the preparation of positions to other entities. The Board may also designate a Commissioner to represent the Board on a particular issue.
5. A Commissioner may issue communications about which the Board has not taken a position or which is in opposition to the Board's position. In this case, the Commissioner may request staff time to review the communication for accuracy.
6. Any communications issued by a Commissioner which espouses an individual viewpoint should be represented the Commissioner's own viewpoint, and not represented as a position of the Board.
7. Public Affairs staff will coordinate public appearances by individual Commissioners, including logistical planning, contact with the public group, and preparing talking points to be used in the presentation.
8. The Board shall review this policy periodically, in conjunction with review of other Board Governance Policies.

Source: Board Approved 06/01/2004, Ratified 04/19/2005

Policy Number: GP10
Policy Type: Governance Process
Policy Title: Public Input
Effective Date: November 1, 2005

Public Input is a regular feature of every formal meeting of the Board of Commissioners. The item usually appears near the beginning of the agenda. Members of the audience wishing to speak fill out a sign-up sheet at the meeting. Individuals are called by the presiding officer in the order they signed up.

Prior to the start of public input, the presiding officer makes a brief announcement about the process for comment and Board response, and sets a time limit for individual input, which is generally three minutes.

Commissioners do not interact with the speakers during the Public Input period. The presiding officer may ask clarifying questions, but Commissioners refrain from engaging in a dialogue with the speakers while they are addressing the Board.

At the conclusion of the Public Input agenda item, individual Board members have an opportunity to address any point that was made during Public Input. Board member comments may include direction to the General Manager to further investigate a specific issue, clarification from the General Manager regarding a specific issue, or simply a response to a public comment just presented.

In certain instances, particularly at rate hearings, there is a considerable amount of public comment. If the Board directs staff to respond to specific questions posed by the public, those responses will be posted on EWEB's Internet site.

Source: Marty Douglass, Public Affairs, Draft Provided to Board 11/11/2004, Board Approved 07/05/2005, Modified 11/01/2005

Policy Number: GP11
Policy Type: Governance Process
Policy Title: Use of Bill Stuffers
Effective Date: April 19, 2005

It is the policy of the Board that the content of the bill stuffer (see note) must reflect material directly related to EWEB business. An exception to this policy is the City of Eugene stuffer inserted into EWEB bills once per year reflecting City sewer and storm water rate information.

Exceptions to this policy will only be allowed with specific approval by the Board of Commissioners.

Note: The Eugene Water & Electric Board maintains a monthly billing system for its customers. The utility routinely includes an information brochure, or “bill stuffer” in each monthly bill. Bill stuffers serve as an excellent medium for communicating with customers, a conclusion validated by past customer surveys.

Source: Policy drafted by Marty Douglass based on Board Discussion 03/02/2004, Board Approved 04/19/2005

Policy Number: GP12
Policy Type: Governance Process
Policy Title: Board Committees, Outside Appointments, Liaisons to Staff Projects, and Advisory Committees
Effective Date: October 3, 2006

The Board may use committees, outside appointments and liaisons to staff work as a means of gathering and disseminating information, representing the Board and providing preliminary input to Board decisions.

Specifically,

1. The Board may choose to appoint standing (permanent) and temporary committees.
 - a. All committees will be created and defined by Board Resolution and formally adopted by the Board. The resolution will state the purpose, composition, membership (term and succession), and in the case of temporary committees, the expected dissolution date. Committees may include members from outside the organization if the Board so chooses.
 - b. Committees will be used to discuss and refine information and to make recommendations to the full Board.
 - c. All committee meetings (except where exempt under Oregon Revised Statutes) shall be open to the public.
 - d. When Board committees are used, Commissioners will be assigned so as to reinforce the wholeness of the Board's job and so as never to interfere with delegation from Board to the General Manager.
2. The Board may appoint a Commissioner to an outside organization or entity.
 - a. All outside appointments will be made by Board Resolution and formally adopted by the Board. The resolution will state the purpose of the appointment, the nature of the Commissioner's role, the term of the appointment and the succession if applicable.
 - b. As an appointee to an outside organization, it is the responsibility of the Commissioner to represent policies and resolutions adopted by the Board. If an issue arises in which the Board has not previously taken a position, it is the responsibility of the Commissioner to represent what he/she believes the Board majority would be. Should the majority of the Board decide that any action taken by an appointee did not represent the view of the majority; the Board can send a written notice modifying the previous action.
3. The Board may designate Commissioners to act as formal or informal liaisons to staff managed projects or work assignments.
 - a. All liaison assignments will be made by Board Resolution and formally adopted by the Board. The resolution will state the purpose of the liaison assignment, the term of the assignment and the expected completion date.
 - b. As a liaison to a staff managed project or work assignment, Commissioners will participate as other project team members, with no more or less authority than other team members. It is the responsibility of the Commissioner to bring important information back to the full Board and to represent the views of the Board, to the best of the Commissioner's ability.
 - c. Commissioners assigned, as formal or informal liaisons will not direct staff or manage the work of the team or group. Decisions requiring action from the Board will be brought to the full board in accordance with the by-laws.

4. The Board may designate Commissioners to participate in outside advisory committees whose purpose is to gather information from the community on projects or work currently engaged by or under consideration by the utility.
 - a. All advisory assignments will be made by Board Resolution and formally adopted by the Board. The resolution will state the purpose of the advisory committee, the term of the assignment and the expected completion date.
 - b. As a member of a community advisory committee, Commissioners will participate as other committee members, with no more or less authority than other members. It is the responsibility of the Commissioners to bring important information back to the full Board and to represent the views of the Board, to the best of the Commissioners ability.

Source: John Carver/Patrick Lanning, Board, Board Approved 10/03/2006

Policy Number: GP13
Policy Type: Governance Process
Policy Title: Board Role in Legislative Sessions
Effective Date: October 3, 2006

The primary objective of the Board as it relates to legislative activities is to develop, guide and enforce EWEB's position relative to legislation the utility attempts to influence and put into practice. Prior to the start of each session, the Board will adopt general policy directives with broad application. Those directives will be adopted by Board Resolution after presentation to and discussion with the Board. The adopted directives will guide the work of EWEB's lobby activities. When political considerations test the applicability of those directives, the General Manager will make a determination as to whether a fundamental shift in direction is required. The Board may be asked to reaffirm their policy or direct staff to make necessary adjustments.

During each legislative session, the General Manager or his/her designee will provide the Board with a periodic report of significant legislation, generally on a monthly basis. The report will include the type and number of bills being reviewed by staff, a prioritized sense of risk for the utility and a sense of timing for the resolution of key legislation. The report will also include staff contact information to allow Commissioners to track specific areas of issue or concern.

At the close of each legislative session, the General Manager or his/her designee will provide the Board with a review of significant legislation with potential impact on the utility.

Source: Libby Henry/Debra Smith, Board, Board Approved 10/03/2006

Policy Number: GP14
Policy Type: Governance Process
Policy Title: Litigation Reporting
Effective Date: April 19, 2005

The Board has a need to stay informed of significant litigation involving the utility. The types of litigation reported under this policy would be significant lawsuits as determined in the discretion of the General Manager and/or EWEB's General Counsel.

Accordingly, the General Manager or his/her designee will provide the Board periodic reports on significant litigation, generally on a quarterly basis, generally including the following:

- Caption or Title of Claim, including identity of main parties involved
- When filed or asserted
- Brief description of claim (one paragraph or less, including the amount of money or other legal exposure to EWEB raised by the suit)
- "Next steps" in the litigation process
- Expected trial or resolution date
- Such other information as the Board, General Counsel, or General Manager may deem appropriate

As new litigation is filed, the General Manager, General Counsel, or their designees will alert Board members as to the fact of the filing and appropriate limited information, given time and information constraints.

The Board, from time to time, may request additional information to be provided in writing, or through meetings with legal counsel, regarding more details and/or analysis of pending or potential litigation.

Source: Win Calkins, Board Approved 06/15/2004, Ratified 04/19/2005

Policy Number: GP15
Policy Type: Governance Process
Policy Title: New Commissioner Orientation
Effective Date: April 19, 2005

The focus of new Commissioner orientation is to create familiarity with policy and provide an overview of the utility's operations and key staff. New Commissioners have diverse learning needs and styles, different backgrounds and motivations for being on the Board, and varied schedules and availability for learning about the utility. Therefore, orientation to the Commissioner position will be different for each new Commissioner.

The time and effort involved in providing a substantive overview and discussion of EWEB's operations, as well as Commissioner roles, will reap future benefits. New Board members will be well informed and more able to participate effectively in the Board's governance role.

Phase 1 - During the election process or pre-appointment period

Requests for information from candidates seeking a Board seat will be dealt with in accordance with Oregon public records and public meetings laws. Specifically:

- Requests for Board runs and other information available to the public will be honored.
- Requests for information concerning upcoming Board meetings and retreats will be provided.
- A meeting with the General Manager to gain a better understanding of the Board role and to obtain general information about EWEB will be scheduled, if requested by the candidate.

All such requests for information, as well as questions regarding public meetings, and scheduling issues should be directed to the General Manager's Executive Assistant.

Phase 2 - After the election or appointment

After the election or appointment, but prior to swearing in the new Commissioner, the EWEB General Manager will:

- Provide information to the Commissioner Elect, Nominee, or Appointee (see definitions at the end of this document):
 - Board Policy Manual
 - Board Information Manual
 - General information about EWEB
- Invite the Commissioner Elect, Nominee, or Appointee to:
 - Tour EWEB facilities
 - Attend Board meetings held prior to being sworn in to observe and be introduced
 - Attend strategic planning, budget and other retreats as an observer
- Inform the Commissioner Elect, Nominee, or Appointee about upcoming association and/or Public Power orientations and workshops (EWEB would not cover expenses until the candidate has been sworn in as an EWEB Commissioner)

Phase 3 - After the new Commissioner takes office

After the new Commissioner has been sworn in and seated on the Board, the EWEB General Manager will:

- Design a series of orientation sessions for the new Commissioners to include:
 - Information and discussion sessions with or introductions to:
 - The Board President
 - Experienced Board members
 - The General Manager
 - Executive Team
 - Program Managers
 - Tours and visits to major programs and facilities
- Provide reading materials about the Board. Identify the documents that are high priorities. Help new Commissioners set up an information filing system. Common materials are:
 - Board Policy Manual and Bylaws
 - Board Reference Manual
 - Strategic and Master plans
 - Annual Financial Reports
 - Website Review
 - Organizational charts and lists of key personnel
- Help new Commissioners strengthen their links to the external community and public:
 - Invite new Commissioners to accompany Commissioners who have been appointed to community or agency groups as the Board's liaisons, to community meetings. Be sure they are introduced as new Commissioners.
 - Provide information about trends and public power and water needs in the community
 - Provide information about EWEB to help new Commissioners become knowledgeable representatives
- Maintain ongoing communication links:
 - The Board President or General Manager should initiate contact with new Commissioners and:
 - Encourage new Commissioners to ask questions and seek information prior to Board meetings; offer to meet with them prior to Board meetings for the first few months
 - Call new Commissioners before Board meetings to see if they have any questions
 - Discuss lines of communication and who to ask for what information
 - Ask new Commissioners what their preferred mode of communication is; use that style to the extent practical
 - Set up an e-mail address and include them in routine communication
- Encourage new Commissioners to seek educational opportunities:
 - Notify them of upcoming state and national conferences
 - Establish an expectation for new Commissioners to attend conferences; explain how to obtain travel support
 - Strengthen partnerships and teamwork by arranging for the GM and/or other Board members to accompany new Commissioners to conferences and introduce them to others

Definitions:

- Commissioner Elect – Individual has completed the election process (primary and general elections) and has won the seat in the general election. Individual has not been sworn into office.
- Nominee – Individual has won in the primary election and will either run uncontested in the general election or will run against another candidate.
- Appointee – Individual has been selected to fill a vacant or soon to be vacant seat but has not been sworn into office.

Source: Board Approved 07/06/2004, Ratified 04/19/2005

Policy Number: GP16
Policy Type: Governance Process
Policy Title: Travel Policy for Board Commissioners
Effective Date: April 19, 2005

EWEB Board members shall follow the same travel and expense reporting procedures as those followed by regular EWEB employees, with the following additional guidelines:

1. A Travel & Expense (T&E) report should be submitted to the General Manager's office as soon as possible upon return from EWEB-related travel. All expenses should be listed on the T&E report. Receipts should be provided whenever possible; however, receipts are required for expenditures of \$25 and over. No reimbursement can be made without required receipts.
2. Within a reasonable amount of time following an EWEB-related workshop, conference, seminar, etc., the Board member attending shall give a verbal (or written, if preferred) summary of the information gathered at the session and its potential impact on the utility.
3. Arrangements for travel and/or meeting attendance by the Board members shall be handled through the General Manager's office. When possible, requests should be made early in order to take advantage of potential discount rates.
4. EWEB Board members will be allowed an annual budget for travel and expenses related to utility business. Any amount in excess of the total amount allotted for all Board Members shall be reviewed and considered by the Board.
5. Board members may use their personal vehicles when automobile transportation is necessary. Reimbursement shall be made at the current state government reimbursement rate for mileage, or coach class airfare, whichever is lower. Fines assessed for parking or traffic violations are not reimbursable.

Source: Board Adopted 04/22/1985, Amended 11/10/1986, 04/08/1991, Ratified 04/19/2005

Policy Number: GP17
Policy Type: Governance Process
Policy Title: Board Use of E-Mail
Effective Date: August 3, 2016

The Board has the responsibility to use email in an ethical and lawful manner and in accordance with EWEB's Information Services Technology Acceptable Use Policy and Agreement. The purpose of this policy is to maintain EWEB's high standards of transparency and its ability to respond to the public.

EWEB Commissioners will use their EWEB-issued email accounts to conduct EWEB business. When a Board member receives an email on his or her personal account related to their service as a board member, they will send the email to their EWEB issued account, including any response or reply to the communication. Likewise, commissioners will not forward emails related to EWEB business that are received on their EWEB issued email account to their personal email accounts.

Commissioners will avoid using either personal or EWEB email accounts among themselves in a way that would violate Board Policy GP7, Board Policy GP8 and/or Oregon's Public Meetings Law, including but not limited to, email exchanges involving a quorum of the Board that decide on or deliberate toward a decision that may only be addressed in an open meeting of the Board.

Source: Information Services, Board Approved August 2, 2016, Resolution No. 1620.

Policy Number: BL1
Policy Type: Board-Staff Linkage
Policy Title: Global Board-General Manager Linkage
Effective Date: October 4, 2016

Except as provided in Section 2 below, the Board's sole official connection to EWEB's staff will be through the General Manager.

1. Consistent with the Board Bylaws, the General Manager shall report to the Board as a whole and is responsible for implementing policies and direction established by the Board. The General Manager acts as chief executive officer of the operation of the organization and shall have all authority to: operate all utilities, hire, appoint, terminate or remove employees, organize and, as the General Manager deems necessary, disband and reorganize departments, act as contracting and purchasing agent for EWEB and award contracts for which there is an appropriation (except as otherwise provided in EWEB Purchasing Policies), prepare budgets, and enforce resolutions of the Board. The General Manager shall also be responsible for preparing reports requested by the Board, representing the utility to the public, other agencies and organizations, and performing such other duties as the Board directs. The General Manager may lawfully delegate any or all of the responsibilities within his/her authority.
2. The Board may officially work directly with the following EWEB staff without going through or without consultation with the General Manager for the purposes stated below. In the event, the EWEB staff listed below determine that it is necessary to bypass the General Manager, they will initiate the first point of contact with the Board President who shall then determine the proper and necessary next steps, if any. As provided in Section 1 above, the General Manager shall have authority to terminate or remove employees or organize; however, in order to prevent a perception of possible retaliation, the General Manager shall obtain Board approval in advance for any action related to the positions listed below:
 - a. Chief Human Resources Officer (or successor position/title) for any of the following activities:
 - i. Annual performance review of the General Manager
 - ii. Any matter related to discipline or termination of the General Manager
 - iii. Any matter related to the General Manager's Employment Agreement
 - iv. Any matter that the Chief Human Resources Officer reasonably believes is necessary to bring to the attention of the Board
 - b. Chief Financial Officer (or successor position/title for any of the following activities:
 - i. The annual audit if the Chief Financial Officer reasonably believes that the General Manager is not taking appropriate steps to manage EWEB's financial matters.
 - ii. Any material financial matter where the Chief Financial Officer reasonably believes that the actions or decisions of the General Manager are inconsistent with EWEB's financial interests.
 - c. Internal Auditor (or successor position or title) for the following activity:
 - i. Any matter where the Internal Auditor reasonably believes that the actions or decisions of the General Manager are inconsistent with EWEB's business interests.

Source: John Carver/EWEB Bylaws, Board Approved 05/17/2005, Revised 01/06/15, Resolution No. 1503. Revised 10/04/2016, Resolution No. 1627.

Policy Number: BL2
Policy Type: Board-Staff Linkage
Policy Title: Unity of Control
Effective Date: January 6, 2015

Only decisions of the Board acting as a body are binding on the General Manager.

Accordingly,

1. Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager except in rare instances when the Board has specifically authorized such exercise of authority.
2. In the case of Board members or committees requesting information or assistance without Board authorization, the General Manager shall respond or support the request if it is reasonable and directly relates to EWEB's business and Board-approved policies and direction. However, the General Manager may refuse such requests that require, in the General Manager's opinion, a material amount of staff time or funds; are disruptive, unethical, or illegal; are in direct opposition to Board Policy or direction, or assume a level of responsibility beyond that created by statute or charter.

Source: John Carver, Compensation Committee, Board Approved 10/03/2006, Revised 01/06/15, Resolution No. 1503.

Policy Number: BL3
Policy Type: Board-Staff Linkage
Policy Title: Accountability of the General Manager
Effective Date: January 6, 2015

Except as provided in BL1-Section 2 and below, the General Manager is the Board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the Board is concerned, is the authority and accountability of the General Manager.

Accordingly and except as provided in BL1-Section 2,

1. Neither the Board, nor individual Commissioners will give instructions to persons who report directly or indirectly to the General Manager without the General Manager's permission.
2. The Board will refrain from evaluating, either formally or informally, any staff other than the General Manager. The General Manager may, however, request developmental feedback for his/her direct reports from Commissioners as part of their performance reviews and developmental plans.

Source: John Carver, Compensation Committee, Board Approved 10/03/2006. Revised 01/06/15, Resolution No. 1503.

Policy Number: BL4
Policy Type: Board-Staff Linkage
Policy Title: Delegation to the General Manager
Effective Date: January 6, 2015

The Board will instruct the General Manager through written policies that define the results that the organization is to achieve, and which describe the delegation of authority to the General Manager.

Accordingly,

1. The Board shall identify and define those results or conditions that are acceptable and not acceptable to the Board and communicate them in the form of policy, approval of Strategic Plans, Long-Term Financial Plans, Capital Improvement Plans, annual budget and goals.
2. The General Manager is authorized to establish all further practices and procedures, make all decisions, take all actions, and develop all activities.
3. The General Manager must bring to the Board's attention circumstances that affect the policies and goals established by the Board or materially impact the Board and may request the Board to take appropriate actions.
4. The General Manager may lawfully delegate any or all of the responsibilities within his/her authority.

Source: EWEB By-laws/Patrick Lanning, Compensation Committee, Board Revised 10/03/2006; Revised 01/06/15, Resolution No. 1503.

Policy Number: BL-5
Policy Type: Board Staff Linkage
Policy Title: Evaluating the General Manager's Performance
Effective Date: January 6, 2015

The General Manager's job performance shall be evaluated by comparing the organization's operating results and the General Manager's individual performance to the policies, direction and goals established by the Board.

Accordingly:

1. The Board has responsibility for establishing its priorities for the coming year and providing that direction to the General Manager. The General Manager shall draft new goals that contain relative success measures. Draft goals will be established annually and represent the General Manager's reasonable interpretation of achieving the priorities defined by the Board.
2. The Board will use performance metrics adopted each year to determine the degree to which Board policies, direction and goals are being met.
3. The Board shall evaluate the General Manager's performance on an annual basis.
4. The General Manager's interim performance shall be monitored at a frequency and by a method chosen by the Board. Unless otherwise established by Board direction, the General Manager shall report quarterly results and annual results within a reasonable time after the close of each calendar quarter and year.

Source: Compensation Committee and Jean Meyers, Human Resources Manager. Developed: 9/20/06, Revised: 3/20/07 Board approved: 9/18/07 Revised 01/06/15, Resolution No. 1503.

Policy Number: BL6
Policy Type: Board-Staff Linkage
Policy Title: Board-Staff Working Relationship
Effective Date: January 6, 2015

Except as provided in BL1-Section 2, the Board's direct link to the organization is through the General Manager. Nonetheless, the Board may have occasional contact and interaction with various staff members. The following policy governs the Board's working relationship with staff other than the General Manager.

1. Staff's role with the Board is to consult, problem solve, and provide information and support.
2. Commissioners may consult directly with staff or make direct requests for information. All such requests shall include the General Manager and Executive Assistant to the General Manager and Board. Commissioners may also channel requests through the General Manager or ask the General Manager for a referral to the appropriate staff member.
 - a. Staff is responsible for informing the General Manager of significant information requests from Commissioners. Staff is further responsible for informing the General Manager if a specific request becomes overly time consuming, or if cumulative requests from an individual Commissioner become overly time consuming
 - b. If the Board, or an individual Commissioner, makes a request of staff that staff knows or believes will be overly time consuming, the General Manager is empowered to notify the Board or Commissioner and to review the priority of the request. The Executive Assistant and General Manager will track all requests and manage responses. Information that is of benefit to all Commissioners shall be shared and distributed to all Commissioners as a normal protocol.
3. Commissioners and staff will treat each other with courtesy, civility and respect despite differences of opinion. When communicating with or presenting information to the Board or individual Commissioners, staff is expected to remain objective and professional, despite differences of opinion.
4. The President of the Board is the appropriate conduit for concerns raised by Commissioners regarding the Board/staff working relationship. The General Manager is the appropriate conduit for concerns raised by staff regarding the Board/staff working relationship. The President of the Board and the General Manager are collectively charged with resolution of these concerns raised by Commissioners or employees.
5. New Commissioners are to be briefed on these procedures before taking their oath of office.

Source: Board Approved 07/06/2004, Updated 05/17/2005. Revised 01/06/15, Resolution No. 1503.

Policy Number: SD1
Policy Type: Strategic Direction
Policy Title: Mission, Vision, Values & Legacy
Effective Date: September 5, 2017

Mission:

EWEB's core mission is to enhance our community's vitality by delivering drinking water and electric services consistent with the values of our customer-owners.

Vision:

EWEB's vision is to be a local utility that inspires our customer-owners to invest in and rely on us.

Organizational Core Values:

- **SAFE:** We value workforce and public safety
- **RELIABLE:** We value the continuous, on-demand, delivery of quality drinking water and electricity
- **RESPONSIBLE:** We value the prudent and sustainable local stewardship of our customers' limited financial and natural resources
- **COMMUNITY:** We value our commitment and obligation to serve our local community

Fundamental Legacy:

Our values are supplemented by a set of principles and behavioral expectations, as follows:

- Providing affordable products and services
- Caring about our community and the environment
- Continuously improving our efficiency and effectiveness
- Emphasizing customer service and defining value through our customers' eyes
- Treating each individual respectfully
- Providing a quality work environment for our employees

We meet our customers' needs by:

- Providing reliable and high quality utility products and services
- Providing services in a responsive manner
- Providing prices and fees that are reasonable and stable

The organization:

- Uses an integrated planning process based on vision, strategic direction, critical success factors and results management
- Uses innovation and creativity to develop solutions to complex and challenging issues
- Is flexible, adaptive, and learns from prior experiences
- Is financially stable
- Supports excellence in the workforce by providing competitive wages, benefits and development opportunities

We meet the community's needs by:

- Dealing effectively with tensions between social, economic and environmental factors
- Demonstrating concern and responsiveness to social issues involving the provision of energy and water services
- Supporting a sound economy through fiscally prudent prices
- Demonstrating sensitivity and responsiveness to environmental concerns; recognizing the importance of a healthy ecosystem to its operations

The Board of Commissioners:

- Effectively governs, resulting in clear leadership at a policy level
- Provides direction and makes decisions anchored in a sound assessment of priorities and strategic risks
- Maintains a strong connection to customers and the community

Source: Board Approved 05/04/04, Ratified 04/19/05, Revised 10/6/15 (Resolution No. 1527), Revised 09/05/17 (Resolution No. 1717).

Policy Number: SD2
Policy Type: Strategic Direction
Policy Title: Environmental Policy
Effective Date: March 1, 2016

EWEB strives to establish a positive environmental legacy for the community we serve and for future generations. In doing so, we are committed to minimizing overall impact on the environment while encouraging environmentally responsible behavior within our own operations.

We will identify, measure and understand the direct and indirect impact of our operations and develop innovative and realistic solutions for mitigating those impacts. We will comply with, and in some cases exceed environmental laws and regulations. Finally, EWEB is committed to communicating regularly its progress in implementing the policies and achieving the targets that it has established as well as continually improving our environmental programs.

Environmental Focus Areas

Compliance

We comply with all applicable environmental laws, regulations, and company procedures. We perform internal audits to confirm compliance with environmental laws governing our operations.

Environmental Planning

We employ a triple bottom line decision-making approach that considers environmental, social and economic impacts.

Greenhouse Gas Emissions Reduction

We will reduce harmful GHG emissions by identifying the sources and implementing solutions, including source elimination, efficiency improvement, minimizing transportation and other fuels, and increasing the use of clean and renewable fuels.

Waste Minimization

We will minimize waste in our operations and business activities and will incorporate waste reduction into all activities; reducing waste through innovative supply chain management, and end-of-life recycling.

Water and Energy Conservation

We will improve water and energy efficiencies in existing operations, invest in new technologies and systems that enhance water and energy conservation, and support customers' efforts to conserve water and energy in homes and businesses. We will include water and energy management as an integral part of planning for future projects to reduce the consumption of water and energy.

Watershed Protection

We protect EWEBs drinking water supply with programs to measure the balance between watershed health and human use over time, and to implement actions, which maintain a healthy balance for production of exceptional water quality.

Natural & Cultural Resource Protection

We protect the lands, waters and ecosystems entrusted to our care which provide habitat for native fish and wildlife, clean water, healthy soils and recreational opportunities.

Transportation

We implement reasonable, environmentally friendly transportation solutions to limit emissions from utility-owned and personal vehicles used for utilities business.

Employee Education

We continue to shape environmental awareness and behaviors by helping our employees understand their role in meeting our environmental objectives.

Inspire Action

We seek opportunities to provide leadership and expertise to our employees, customers and partner agencies to promote wise stewardship of our energy and water resources and support community education programs that bring environmental awareness to future generations.

Source: Board Approved 11/04/1997, Ratified 04/19/2005, Revised 03/01/2016 Resolution No. 1530-Amended Approved on 04-05-16.

Policy Number: SD3
Policy Type: Strategic Direction
Policy Title: Customer Service Policy
Effective Date: January 6, 2015

The full body of policy and procedure regarding provision of service to customers is contained in EWEB's Customer Services Policies and Procedures. The Board periodically reviews this document, (available at www.eweb.org), and approves all substantive changes. The following information is provided in summary.

It shall be the policy of EWEB that the utility needs of the consumer will be reliably met in accordance with sound business principles; that rates will be uniform to all consumers within various service classifications; and that pricing for utility services and products will be cost based, in accordance with all applicable federal, state and local laws and regulations.

Further, it shall be the policy of EWEB to consider the aesthetic and environmental effects of its activities in conjunction with full utilization of its resources while providing utility services to its customers.

Policies, maintenance, repair and installation procedures are founded on standards of safety, economy and efficiency. Some are a requirement for service, others are optional and others are recommended.

It is the intent of EWEB that the Customer Services Policies and Procedures will provide instructional information to the customer; many segments of the electrical, plumbing and building industries, and EWEB staff for the purpose of achieving the common goal of efficient and safe utility service.

Source: Customer Services Policies and Procedures Manual, available at www.eweb.org, Board Approved 05/17/2005. Revised 01/06/15, Resolution No.1503.

Policy Number: SD5
Policy Type: Strategic Direction
Policy Title: Public Plaza Policy
Effective Date: July 21, 2015

The River Edge Public Plaza is a public place for the enjoyment of all. It cannot be reserved and must remain open to the public until 11 p.m. each day, except for closures related to public safety. Any use by organized groups must not infringe upon public access.

For purposes of this policy, an "event" refers to a gathering of 20 or more people for a common purpose.

Conditions of Use

- The River Edge Public Plaza is available for community events excluding for profit commercial use.
- Organizations or groups using this area must complete a "[Hold Harmless Agreement](#)" and review and sign the "[Conditions of Use](#)." Event organizers are required to submit completed forms to EWEB at least five (5) business days prior to the event.
- EWEB parking spaces are not available for use by event participants between 6 a.m. and 6 p.m., Monday through Friday, unless the event falls on a recognized holiday.
- EWEB does not provide furniture or audiovisual equipment of any kind.
- Activities that pose a threat to public safety or damage the plaza are prohibited.
- Discharging of firearms, possession of weapons of any kind and/or use of fireworks is prohibited.
- Motorized vehicles are not permitted in the plaza, unless otherwise authorized.
- Consumption of any alcoholic beverages or illegal substances is not permitted.
- Use of amplified sound systems or noise producing devices which interfere with the working environment of EWEB headquarters and/or disturb other park users is prohibited.
- Engaging in any activity or conduct which is disruptive or interferes with the enjoyment of the plaza by others is prohibited.
- The event organizers will be expected to clean up the site after use. If required, event organizers should arrange for garbage cans, trash removal and portable toilets.
- Putting soap, dye or any other foreign substances in the fountain is strictly prohibited.
- The event organizers shall ensure compliance with local Health and Safety Regulations

Source: Board Approved 11/27/1989, Revised April, 2004, Revised April, 2004, Ratified 04/19/2005, Revised 01/06/15, Revised July 21, 2015 (Resolution No. 1521).

Policy Number: SD6
Policy Type: Strategic Direction
Policy Title: Financial Policies
Revised Date: July 21, 2015

The following financial policies shall govern staff's operation of the utilities:

1. Rate Sufficiency Policy - Rates and charges will be adequate to provide revenues sufficient to maintain a degree of financial soundness over and above requirements for compliance with existing bond covenants. (FP 1.1)
2. Rate Stability Policy - Certain funds will be held in reserve for the purpose of mitigating the customer rate impact of unanticipated events. (FP 1.2)
3. Capital Improvement Funding and Reserve Policy - Utility plant assets will be maintained, including such capital additions as may be necessary to support growth in loads and customer base, and associated infrastructure. (FP 1.3)
4. Retirement Benefits Funding Policy - All long-term liabilities that must be either disclosed and/or accounted for in the financial statements will be funded according to a rational and consistent plan that targets full funding of the liabilities over a specified period of time. (FP 1.4)
5. Cost Management Policy - EWEB will take cost management actions that provide for authorized budgets and include actions to maintain expenditures within authorized budget levels. (FP 2.1)
6. Budget Policy - The authorized annual spending plan will be balanced such that resources meet or exceed requirements in each fiscal year. (FP 2.2)
7. Debt Policy - Funds to acquire major capital improvements will be provided in accordance with the estimated useful lives of such assets. (FP 2.3)
8. Billing and Collection Policy - Services will be billed in an accurate and timely manner and collected with fair and equitable consideration for all customers. (FP 2.4)
9. Financial Risk Management Policy – Financial risks associated with EWEB operations will be proactively managed in a cost-effective and efficient manner consistent with prudent utility practice. (FP 3.1)
10. Power Risk Management Policy – Purchases and sales of electric power and related financial instruments will be managed to maximize the benefits to customers from wholesale transactions while minimizing the risk that wholesale activities will adversely affect retail prices. (FP 3.2)
11. Investment Policy - EWEB's investment portfolio will be managed to achieve safety of capital, achieve market rates of return, and provide sufficient liquidity to meet disbursement schedules. (FP 3.3)

12. Financial Entity Policy - EWEB will account for separate financial entities and will clearly define relationships among those entities to facilitate management decision-making. (FP 4.1)
13. Capitalization Policy - Major utility expenditures for labor, materials and/or services that result in revenue or benefits in future reporting periods will be capitalized and allocated to match such future revenue or benefits through periodic amortization or depreciation, using methodologies acceptable under accounting standards. Additions, renewals, and betterments with a minimum cost of \$5,000 are capitalized. Repairs and minor replacement are recorded as operating expenses. (FP 4.2)

Source: Board Approved 01/18/2000, Ratified 04/19/2005, Amended 07/19/2005, Amended 06/04/2013 (Resolution No. 1308 07/16/13); Amended 07/21/2015 (Resolution No. 1518).

Policy Number: SD7
Policy Type: Strategic Direction
Policy Title: Purchasing Policies
Effective Date: May 17, 2005

The full body of policy and procedures regarding EWEB's procurement process is contained in the Purchasing Policies and Procedures Manual. The Board periodically reviews this document, (available at www.eweb.org, and at EWEB's administrative offices), and approves all substantive changes. The following is provided in summary.

Pursuant to ORS 279A.060, EWEB's Board of Commissioners acts as EWEB's Local Contract Review Board (LCRB), and has all power and authority to exercise the authority granted it under ORS 279A.050, 055, and 070 to adopt rules necessary to carry out the provision of the Public Contracting Code, including but not limited to rules for the procurement, management, disposal and control of goods, services, personal services and public improvements.

The LCRB, therefore, has adopted rules consistent with the statutes referred to as the "EWEB Public Contracting Rules." The Board periodically reviews this document and approves all substantive changes. The rules provide specific information regarding bidding requirements, appeals process, and the Board's responsibility as the LCRB.

To the degree feasibly and responsibly possible, and in observing the intent of ORS 279A, B, and C, EWEB works within the adopted public contracting rules to procure the more advantageous products and services possible in order to carry out its charter. EWEB is very diligent to select materials, equipment, and services that will insure that our customers' needs are, to the best of its ability, constantly met.

Source: EWEB Public Contracting Rules, Adopted 01/04/2005, Effective 03/01/2005, Board Approved 05/17/2005

Policy Number: SD8
Policy Type: Strategic Direction
Policy Title: Power Risk Management Policies
Date Approved: October 4, 2016

Formation of Power Risk Management Committee

A Power Risk Management Committee (RMC) will be established to protect the organization from financial instability and unacceptable risk relating to market price volatility and counterparty performance, and to provide reasonable assurance that contribution margin, as established in the Long Term Financial Plan, required to support Board strategic financial direction and policies, is achieved. This SD8 is made in consideration of the guidance provided in EWEB's SD6 Financial Policies wherein staff are required to operate in a manner that is consistent with prudent utility practice and in such a way that benefits to customers are maximized to the extent possible while avoiding potential risk. And further, in consideration of the utility's broader risk management framework as set forth in SD20, Enterprise Risk Management Policy.

The RMC will be established as a horizontal team including the General Manager as well as representatives from Power Operations, Financial Services, Power Planning and Generation along with other members of EWEB Management as may be appropriate.

The RMC will be responsible for oversight of compliance with SD8. On at least an annual basis or as necessary, the Chief Financial Officer will present a report to the Board, covering trading and contracting compliance with this policy.

The Board shall retain approval authority for fixed price transactions that are both greater than 1 year in duration and exceeding \$3 million in nominal value. These limits take into consideration the risk tolerance built into the Long Term Financial Plan and Power Risk Management Procedures for counterparty credit and tenor approval. On an annual basis, staff shall evaluate the appropriateness of approval thresholds and shall recommend adjustments as needed.

Board approval shall also be required for generation asset sales or purchases, regardless of financial impact. Specific responsibilities of the RMC include:

1. Ensure compliance with this policy and anti-speculation statutes and that risk management objectives relating to power management activities, tolerances and limits are achieved and adhered to.
2. Establish and maintain Power Risk Management Procedures which shall set forth compliance limits, reporting and controls requirements, operational guidance, approved market products, locations, transaction authority, counterparty credit and any other measures which may be required to ensure adherence to this policy.
3. Notify the Board of changes to compliance limits as defined within Power Risk Management Procedures.
4. Oversee power risk management control infrastructure and monitor compliance with the Power Risk Management Procedures.
5. Authorize and monitor risk reports for financial results, market positions and credit exposure and direct staff to take mitigating action as necessary.

6. Review and approve (as appropriate), contracts which impact EWEB's power portfolio including, but not limited to, asset sales and purchases, power sales and purchases and retail contracts that are not pre-approved products or subject to published tariffs, for compliance with this policy and the Power Risk Management Procedures.

Source: Power Risk Management Policies and Procedures, Adopted 08/17/1999, Revised 03/05/2002, 9/19/2006, 10/2/2012, 06/02/2016 Resolution No. 1610. Revised 10/04/2016, Resolution No. 1627.

Policy Number: SD9
Policy Type: Strategic Direction
Policy Title: Rate Setting Policy
Effective Date: October 4, 2007

The EWEB Board has exclusive jurisdiction to approve annual operating budgets and establish rates for electric service.

Although EWEB's electric rates are not subject to regulatory review by any federal or state utility commission or similar agency, the Board must comply with the requirements of applicable state and federal statutes as they pertain to the development of rates and the general conduct of utility business. Current statutes and related case law provide two general standards concerning the establishment of retail electric rates.

The first of these rate making standards allows EWEB to set rates at a level sufficient to recover the ongoing costs of utility operation. These costs include annual operating expense, requirements for capital additions, interest and amortization of outstanding debt, and applicable tax obligations. This standard is intended to ensure the financial integrity of the utility, while defining the costs of operation, which can be lawfully recovered through rates.

The second standard requires that rates and charges for utility service be fair and nondiscriminatory. Rates are considered nondiscriminatory when customers receiving like and contemporaneous service under similar circumstances are treated equally in the development and application of specific rates. This second standard protects the equity concerns of individual utility customers, based on established utility policies and practice for allocating costs among customers and customer classes.

Cost of service consideration was mandated by Congress, pursuant to the Public Utility Regulatory Policies Act of 1978 (PURPA). By resolution on May 7, 1979, the Board adopted specific policy guidelines and costing procedures for use by staff in the development of retail electric rates. In April of 1980 in concert with PURPA provisions, the Board also adopted the cost of service standard as the primary mechanism for rate development. The Board's adoption of the PURPA order addresses cost allocation and rate design principles as well as public notification and involvement in rate deliberations.

A copy of the resolution of adoption and final PURPA order is attached.

The above standards, and approved policies allow EWEB to maintain rates at the lowest possible level consistent with sound financial principles and traditional utility ratemaking practice. They also give EWEB's elected Board of Commissioners complete authority to approve rates which are cost-based, nondiscriminatory, and in concert with the needs of EWEB's customers.

Source: May 2004 Electric Rate Proposal, PURPA Final Order, Ratified 04/19/2005, Modified October 4, 2007

Policy Number: SD10
Policy Type: Strategic Direction
Policy Title: Power Cost Recovery Policies
Effective Date: September 17, 2013

The following Power Cost Recovery Policies are contained in the rate schedules that cover Residential Service (R-6), Residential Windpower Service (Schedule RW-6), Small General Service (Schedule G-1), Small General Windpower Service (Schedule GW-1), Medium General Service (Schedule G-2), Medium General Windpower Service (GW-2), Large General Service (Schedule G-3), Very Large General Service (Schedule G-4), Customer-Owned Street Lighting Service (Schedule J-3), Customer-Owned Street Lighting (Schedule J-4) and Private Lighting Service (Schedule L-3).

Power Cost Recovery Adjustment

At the discretion of the Board, the rates may be adjusted for 12 months to reflect the variance between budgeted and actual power cost for the previous calendar year. The adjustment is determined by dividing the amount to be rebated or recovered by the projected annual kilowatt-hour sales in that calendar year, and then decreasing or increasing the energy or power component of the rate accordingly.

BPA Power Cost Adjustment

Electric rates may be automatically adjusted for up to 12 months to reflect a future variance in projected power costs due to changes in Bonneville Power Administration (BPA) wholesale rates. The adjustment is determined by dividing the amount to be rebated or recovered by the projected kilowatt-hour sales for the appropriate period and then decreasing or increasing the energy or power component of the rate accordingly.

Source: Approved initially with rate tariff adopted on September 18, 2001 and with each subsequent rate tariff, Board Approved 05/17/2005. Revised September 17, 2013 Resolution 1315.

Policy Number: SD12
Policy Type: Strategic Direction
Policy Title: Sick Leave Incentive Policy
Effective Date: April 19, 2005

Unless retiring from EWEB, an employee forfeits all accrued sick leave upon termination of employment. Retiring employees may elect to receive a cash payment equivalent to 25% of the employee's unused sick leave hours at rate of pay at time of retirement.

Source: Board Approved 06/13/1973, Ratified 04/19/2005

Policy Number: SD13
Policy Type: Strategic Direction
Policy Title: Carmen-Smith Hydroelectric Project Relicensing
Effective Date: February 3, 2016

The Eugene Water & Electric Board (EWEB) owns and operates the Carmen-Smith Hydroelectric Project (Project) on the McKenzie River, in Linn and Lane counties, Oregon, approximately 113 km (70 mi.) east of the Eugene-Springfield Metropolitan Area. The Project provides power to Eugene and area residents (over 91,000 customers) and represents almost half of EWEB's total generation capacity. The Project is strongly associated with the history of Eugene, Oregon, and the growth of the environmental movement in Oregon. Historically, the Project was designed and built in response to debate over the appropriate balance between power development and recreation and scenic values. The success of the Project in striking that balance and maintaining it over a 45-year period of time is remarkable.

To retain the benefit of the Project as a source of power, EWEB is applying for a new operating license for the Project. The new license will allow continued operation of the Project for a 30 to 50 year period.

Goal

To obtain a new operating license for the Carmen-Smith Hydroelectric Project, thus allowing the Project to continue operating in an environmentally, socially and economically sustainable manner.

Objectives

To accomplish this goal through relicensing, EWEB has identified the following objectives:

- Submit a license application and obtain a license that is consistent with EWEB's Statement of Legacy (Policy #SD1) and the organization's Environmental Policy (Policy #SD2).
- Comply with all federal, state, and local laws, rules and regulations, with FERC as the lead agency defining the licensing products and schedules.
- Use a collaborative, transparent approach that includes the sharing of information and the solicitation of public and regulatory agency participation.
- Identify, propose, and implement cost-effective measures that reduce negative impacts of the Project on the environment and the community, based on scientific study, engineering analysis and investigation.
- Consider cost-effective capital additions and operational modifications that will maximize generation capability of the Project in terms of capacity, efficiency and production.

Success Criteria

Ultimately, the success of the relicensing effort will be based on receiving a new FERC license that meets the stated objectives, represents an appropriate balance of river uses, and includes:

- Long term economic viability
Goal: The Project remains economically beneficial under the terms of the new license.

- Operational flexibility
Goal: EWEB receives a license that allows for flexibility in Project operation to meet changing environmental, social, and economic requirements.
- No significant uncertainties
Goal: The new license limits the amount of uncertainty regarding the financial stability of the Project while meeting the needs of our customers, minimizing environmental impacts and providing a reliable source of power.
- Minimize environmental impacts
The new license results in a reduction of the environmental impacts from the project and is compliant with all regulatory requirements.
- Maintain credibility with stakeholders
Goal: EWEB's relicensing application development process is open and transparent so that the utility's owners, customers, the general public, resource agencies and other stakeholders feel they have been given adequate opportunity to express their ideas and viewpoints.

Roles & Responsibilities

Board's Role:

- Obtain a new license that allows continued operation of the Project in a manner that balances the many facets of EWEB's Statement of Legacy and Environmental Policy.
- Represent the interests of and advocate on behalf of EWEB's owners and customers.
- Provide direction to staff if the proposed or final license requirements appear to conflict with the Board's stated objectives.

Staff's Role:

- Develop a license application that is based upon scientific study, engineering analysis and investigation.
- Evaluate the license application against the established success criteria each time there is a submittal or significant amendment during the relicensing process.
- Develop alternatives and provide recommendations that achieve the optimal balance between environmental enhancement and mitigation, social or non-generating interests, and economic sustainability of the Project.
- Maintain flexible, positive working relationships with the regulatory agencies and non-governmental organizations that have an interest in the future operation of the Project while advocating the Board's policy direction.
- Implement a process for resolving conflicts that may arise between interested parties.
- Provide the Board with proactive and periodic updates on the status of the relicensing process.

Glossary of Terms

- **Operational Flexibility:** This definition includes limited operation and maintenance flexibility that will allow for changes that take place over the life of the license to respond to changes in power generation, environmental, social, and economic needs. Environmental needs would include changes such as listing or de-listing of endangered species, and/or changes in recreational uses. Operating and maintenance flexibility would maintain the economic and environmental viability of the project.
- **Environmental:** In this context, the term environmental is used as defined by FERC and includes various species and life stages of fish, aquatic resources, wildlife, botanical, and historical and cultural values, recreational uses, socioeconomics, wetlands and riparian vegetations, water quality, geology and soils, aesthetics, and land uses. This broad definition is inclusive of economic and social considerations that are often viewed separately from environmental consideration when discussing sustainability.
- **Mitigation:** The term mitigation means the reduction or elimination of the negative impacts on other river uses when new facilities or operational changes are implemented at the project.
- **Enhancement:** The term enhancement means the reduction or elimination of negative ongoing impacts on other river uses caused by the project without new facilities or operational changes at the project. The difference in the terms mitigation and enhancement is small, but has significance in FERC relicensing. Mitigation is seen as almost mandatory while enhancement is more flexible.
- **Non-Generation Interests:** Non-generation interests would include all environmental or other interests not related to generation.
- **Non-Governmental Organizations:** Non-governmental organizations refer to organizations that have an interest in the project, but are private or non-profit in nature. This would include organizations such as the Trout Unlimited, American Whitewater, Oregon Wild and Cascadia Wildlands.

Source: Staff, Board Approved 01/17/2006, Revised February 2, 2016 Resolution No. 1604.

Policy Number: SD14
Policy Type: Strategic Direction
Policy Title: Real Property Policies
Effective Date: October 4, 2016

The following property policies shall govern the acquisition, management, and disposal of EWEB property and property rights.

1. Property Acquisition – To ensure that facilities are available for the production and distribution of useable energy, water, and other products (i.e. telecommunications), EWEB will consider the purchase of fee property. The decision to purchase fee property rather than lesser rights such as easements shall be based on the extent of control necessary to adequately protect the utility system.
2. Property Management – EWEB’s property shall be managed to comply with City, County, State and Federal ordinances, statutes, laws and EWEB’s Charter, Mission and Statement of Legacy.
3. Property Disposal – The Board may declare any real property surplus. The decision to declare a parcel surplus will be based on current and future utility needs land use and environmental considerations. The Board may direct staff to dispose of any properties declared surplus. Any properties disposed shall be disposed in accordance with applicable ordinances, statutes, laws and other Board policies.
4. Easement Acquisition – Easements will be obtained for all EWEB facilities located on private and public property, exclusive of electric service lines for the property owner’s sole use.
5. Easement Management – EWEB will provide customers with easement information when requested. EWEB may provide limited landscape maintenance within an easement only under certain circumstances.
6. Permits – EWEB will obtain permits for temporary uses on private property and on City of Eugene property where easements are not available.
7. Leases – EWEB staff, with Executive Team Member approval, may lease property for utility purposes when purchase of the property is not possible or in the best interest of EWEB.

Source: Real Property Policy & Procedures Approved 10/93, Revised 07/05/2005, Revised 01/06/15, Resolution No. 1503, Revised 12/01/15, Resolution No. 1532. Revised 10/04/2016, Resolution No. 1627.

Policy Number: SD15
Policy Type: Strategic Direction
Policy Title: Climate Change Policy
Effective Date: September 18, 2007

For at least 25 years EWEB has recognized the benefit of planning for the future and has recognized that environmental protection and enhancement are sound business practices as well as part of the public trust responsibility we assume as the electricity and water provider for our community. Future climate change represents an environmental, economic and social risk to EWEB, our customers, and others. To address these risks EWEB resolves to:

- Participate in local, state, national and international efforts to encourage mitigation of emissions that contribute to global climate change.
- Support equitable distribution of mitigation efforts between power production and consumption, fuel producers, utilities, and consumers, recognizing there are other sources of emissions that must also be addressed including those from manufacturing and transportation
- EWEB will continue collaborative efforts to develop legislative policies that ensure costs are fairly distributed, mitigation incentives actually result in reduction of Greenhouse Gases (GHGs) and a reasonable cost of power is maintained.

These efforts will focus on State and Local policies recognizing that we believe development of a national policy will follow on successes at regional levels.

- EWEB recognizes the importance of education, research and adaptation to potential climate change scenarios.
- We support development of specific strategies to identify and cope with effects of local climate change.
- We will continue to fund and support academic research on local climate change effects and educational efforts in the schools to inform and encourage the next generation of citizens.

EWEB will continue our work to reduce or offset the greenhouse gas emissions of our energy resource portfolio by providing resources and technical assistance to support energy conservation, acquiring more renewable energy resources when possible and by reducing the energy consumption and consequent GHG emissions from our own facilities and fleet.

EWEB further recognizes that a successful climate change policy must include consideration of all socio-economic sectors of our community. Our community efforts will include working with businesses, institutions, and individual customers to ensure that disproportionate impacts to low and fixed income customers are avoided.

Staff will develop a three to five year operational plan that moves the utility toward the overall objectives of mitigation and adaptation to climate change. This plan will be updated on an annual basis to reflect EWEB priorities and will include the following initiatives:

- 1.) Conduct a preliminary inventory of EWEB operational GHG emissions as the first step to developing a reduction strategy.
- 2.) Develop a specific plan for compliance with Oregon legislation that would establish a CO2 cap and trade regulatory system.

- 3.) Develop specific low and fixed-income programs that provide climate change responses and opportunities for people and families least able to plan and prepare for it.
- 4.) To address supply side opportunities for GHG reductions and liabilities in terms of resource performance, EWEB will update its IERP during 2009

To address operational impacts of climate change

- a. Assess climate change exposures for EWEB physical plant/facilities
 - b. Develop water supply model for the McKenzie Basin
 - c. Study impacts of water supply scenarios on demand for and treatment of water, conveyance and storage
 - d. Study changes in electricity demand and supply scenarios and effects on operations
- 5.) Continue to support conservation, efficiency and ways to increase the value of electric and water services.
 - 6.) Support development and implementation of innovative technologies or solutions that result in economic opportunities for our community.

Source: Steve Newcomb, Environmental Manager Date approved: 09/18/2007

Policy Number: SD16
Policy Type: Strategic Direction
Policy Title: Information Technology
Effective Date: January 2, 2008

The Board recognizes the importance of information management technology (IT) in supporting utility operations and providing services to customers.

Accordingly,

- The Board authorizes, delegates, and directs the General Manager to establish and maintain a governance framework including strategies for implementing information management technology.
- As part of this governance framework, the General Manager will periodically report on the status of strategy development and the implementation of information management initiatives.

Discussion:

IT governance consists of the leadership and organizational structures and processes that ensure the EWEB's information technology sustains and extends the organization's strategies and objectives.

The pervasive use of technology has created a critical dependency on IT that calls for a specific focus on IT governance.

Fundamentally IT governance is concerned about two things: 1) Delivery of value to the business, and 2) mitigation of IT risks.

Delivery of value to the business is driven by strategic alignment of IT with the business.

Mitigation of IT risks is driven by embedding accountability into the organization.

Consequently there are five main focus areas of IT Governance:

- Strategic Alignment: the IT organization is aligned with the Board and meets the needs of the business
- Value Delivery: sufficient benefits are obtained for the dollars invested in IT functions.
- Risk Management: the degree to which IT assets are safeguarded and continuity of operations is assured through disaster recovery and other means.
- Resource Management: optimizing the knowledge and use of the IT infrastructure
- Performance Measurement: tracking project delivery and monitoring the efficiency and effectiveness of IT services

Source: Origliosso, Corporate Services Division, Draft Provided to Board 12/18/2007, Approved 01/02/2008

Policy Number: SD17
Policy Type: Strategic Direction
Policy Title: Regulatory Compliance Reporting
(Previously known as NERC Reliability Standards)
Effective Date: January 5, 2015

The Board recognizes the importance of, and its responsibility in, maintaining the reliability and effectiveness of the utilities within its charge.

Ownership of, interconnection with, and operating of, the Bulk Electric System (BES), Potable Water System(s), as well as Power Generation Facilities, and the various utility systems and services put in place to support them for its customers require compliance with multiple Federal, State, local laws and regulations relating to its activities.

Accordingly,

1. The board authorizes, delegates and directs the General Manager to conform EWEB operations to the applicable regulatory standards, including the documentation and auditing thereof, and;
2. The General Manager will periodically report on the status of compliance with the applicable regulations to the Board.

Source: Ahlsten & Origliosso, Board Approved 04/15/08, Resolution No. 0822, Revised 01/05/2015, Resolution No. 1503.

Policy Number: SD18
Policy Type: Strategic Direction
Policy Title: Steam Utility Transition Policy
Retired Date: January 6, 2015

EWEB closed its Steam Utility plant on June 30, 2012. As such, Board Policy SD18, Steam Utility Transition Policy has been retired as of January 6, 2015.

The purpose of this policy was to provide guidance and immediate direction for the decommissioning of the Eugene Water & Electric Board Steam Utility.

Source: Logan, Board Approved 09/18/08, Resolution No. 0826, Retired 01/06/15, Resolution No. 1503.

Policy Number: SD19
Policy Type: Strategic Direction
Policy Title: Sustainability Policy
Effective Date: December 21, 2010

Background:

EWEB's Statement of Legacy (SD1) describes the Board's commitment to:

- Demonstrating concern for and responsiveness to social issues involving the provision of energy and water services.
- Supporting a sound economy through fiscally prudent rates.

In addition, Strategic Direction Policy SD1 describes the Board's intent to demonstrate sensitivity and responsiveness to environmental concerns; recognizing the importance of a healthy ecosystem to its operations.

Policy:

The Board desires to make policy and major decisions from a proactive, comprehensive perspective that positions EWEB in a leadership role with the community in creating a sustainable future. As such the Board will:

- Adopt a triple bottom line decision making approach that considers environmental, social and economic impacts;
- Be transparent and when appropriate develop partnerships within the community to help surface and consider the risks, possibilities, benefits, impacts and potential mitigation options of policy and major decisions.

The General Manager or designated staff will report periodically on the effectiveness of this policy by reviewing key decisions to assure a balanced holistic approach was used that considered environmental, social and economic impacts along with any mitigation efforts to offset harmful impacts.

Source: Fahy, Felicity, Board Approved 11/04/10, amended 12/21/10, Resolution No. 1023

Policy Number: SD20
Policy Type: Strategic Direction
Policy Title: Enterprise Risk Management
Effective Date: July 21, 2015

The Board recognizes the importance of Enterprise Risk Management in governing utility operations and providing services to customers.

Accordingly,

- The Board authorizes, delegates, and directs the General Manager to establish and maintain a governance framework including strategies for implementing enterprise risk management.
- As part of this governance framework, the General Manager will periodically report on the status of enterprise risk management activities.

Discussion:

Organizations of all types and sizes face internal and external factors and influences that make it uncertain whether and when they will achieve their objectives. The effect this uncertainty has on an organization's objectives is *risk*.

All activities within EWEB involve risk. EWEB shall manage risk by identifying it, analyzing it and then evaluating whether the risk should be modified by *risk treatment* in order to satisfy its established *risk appetite* and/or *risk tolerance(s)*. EWEB shall communicate and consult with internal/external stakeholders and monitor and review the risk and the controls that are modifying the risk in order to ensure that no further risk treatment is required.

EWEB shall develop, implement and continuously improve a *risk framework* whose purpose is to integrate the process for managing risk into the organization's overall governance, strategy, compliance and planning, management, reporting processes, policies, values and culture.

As an example, EWEB's framework shall enable the organization to:

- increase the likelihood of achieving objectives;
- encourage proactive management;
- be aware of the need to identify and treat risk throughout the organization;
- improve the identification of opportunities and threats;
- comply with relevant legal and regulatory requirements and utility best practices;
- improve mandatory and voluntary reporting;
- improve governance;
- improve stakeholder confidence and trust;
- establish a reliable basis for decision making and planning;
- improve controls;
- effectively allocate and use resources for risk treatment;
- improve operational effectiveness and efficiency;
- improve loss prevention and incident management;
- minimize losses;
- improve organizational learning; and
- improve organizational resilience.

Source: Kline, Enterprise Risk & Internal Controls, Draft Provided to Board 07/21/2015, Resolution No. 1520

Policy Number: EL1
Policy Type: Executive Limitations
Policy Title: Financial Controls
Effective Date: May 16, 2006; Revised February 4, 2014

Consistent with the Financial Policy on Budget (SD6), staff will bring a balanced budget to the Board for approval on an annual basis. Each utility shall have an operation & maintenance (O&M) budget and a capital budget. Each budget is the maximum level of expenditure authorized by the Board. Prior to budget approval, ten-year O&M and capital plans will be provided to the Board to ensure that decisions take into consideration long-term financial impacts.

Conditions may arise during any given budget year that cause projected expenditures for either Utility's O&M or capital budgets to be higher than those approved by the Board. In the following circumstances management is required to propose a budget amendment for Board approval:

1. The O&M budget of either the Water or the Electric Utility is projected to exceed the authorized budget amount; or
2. The capital budget of either the Water or the Electric Utility is projected to exceed the authorized budget amount.

The Board will consider each proposed budget amendment and either approve or disapprove. In the event of disapproval, the General Manager will exercise established authorities in taking actions necessary to curtail spending within authorized levels. All other budget variances will be managed at the discretion of the General Manager.

Throughout the year, staff will provide the Board with quarterly financial reports that compare actual results with budget. Additionally, staff will provide the Board with quarterly updates for all current year projects on the Capital Improvement Plans. General Capital Renewal and Replacement projects (Type 1) will be reported by category (e.g., substations, shared IT infrastructure, transmission & distribution mains). Infrastructure Rehabilitation & Expansion (Type II) and Strategic Projects (Type III) will be reported individually. Type II and III projects are further defined as those that are projected to be greater than \$1 million for the life of the project.

Annually, an independent audit of each Utility's financial statements will be performed and the results reported to the Board.

Source: Jim Origliosso, Board Approved 2000, Ratified 04/19/2005, Amended 07/19/2005, Amended 01/17/2006, Amended 05/16/2006, Amended 02/04/2014

Policy Number: EL2
Policy Type: Executive Limitations
Policy Title: Purchasing Controls
Effective Date: August 1, 2017

Board Approval Thresholds

1. The Board shall have the sole authority to approve contracts where the value of the Goods, Services, Personal Services, Construction, or Equipment meet or exceed \$150,000.
2. The Board shall have the sole authority to approve all change orders to Board awarded contracts that cause the contract to exceed 25 percent of the last Board approved amount. The Board shall also have the sole authority to approve any change orders where the change order would cause the contract to exceed the Board approval thresholds, as provided in (1) of this rule.
3. The Board shall provide authorization to use a cooperative procurement contract when purchases exceed \$150,000.
4. The Board shall be notified of any proposed contract(s) with any known Leadership Team (LT) member's Household Member or Relative, as defined in ORS 244.020 (11 and 16), prior to that contract being placed on the Board's consent calendar for Board approval.
5. This rule does not apply to the following procurements:
 - a. Contracts for Board appointed professional services, that are retained beyond the initial contract term shall be reported to the Board annually for their ratification. Board appointed professionals may include attorneys, auditors, and other consultants appointed by and/or working directly for the Board. The Board will be asked for feedback on these consultants annually.
 - b. Required sole-source/single seller contracts, which includes the following:
 - Governmentally required taxes, fees, permits and payments;
 - Software licenses, upgrades, and fees;
 - Equipment and software maintenance; and
 - Financial reporting and credit agencies selected because of their unique, reliable reporting capabilities.

These exceptions from Board approval do not apply to contract(s) set forth in section (4), above.

6. Board approval thresholds applicable under this Board Policy are for contracts subject to Oregon Public Contracting Code and EWEB Purchasing Rules.
 - a. Board approval will be required for the following exempted contracts when the contract amount exceeds \$150,000: real property, qualified rehabilitation facilities, grants, intergovernmental agreements for goods or services, and other agreements, including sales and revenue generating activities, with significant community impacts as determined by Management.

- b. The following exempt contracts or agreements will not require Board approval: Contracts under \$150,000; mutual aid; emergency declaration; personal services for issuance of bonds; investments; employee benefit plans; insurance policies; wholesale power contracts not requiring Board approval as per SD8; customer design, extension, and modification agreements; joint use agreements; settlement agreements; and power exchange contracts. Exempt contracts over \$150,000 will be included in the quarterly financial statements, annual approved budgets and/or reported to the board as part of an after action report.

- c. Contracts over \$40,000 that are not approved by the Board or exempted by Oregon Public Contracting Code and claims reports will be provided to the Board quarterly. The Board will receive these quarterly reports unless they determine that the reports are no longer needed or that the reports should be provided at a different frequency.

Source: EWEB Public Contracting Rules, Division 2, Section 2-0150 Approved 01/04/05, Effective 03/01/05, Ratified 04/19/05; Approved and Ratified 07/16/13, Effective 07/17/13 (Resolution No.1320-amended); Revised 10/04/16 (Resolution No. 1627). Revised, Approved and Effective 08/01/17 (Resolution No. 1706).

Policy Number: EL3
Policy Type: Executive Limitations
Policy Title: Public Requests for Board Expenditures
Effective Date: November 7, 2017

The Board authorizes the expenditure of funds or in-kind services for purposes of research, community support, sponsorships, education programs and other activities as part of the annual budget-setting process. The General Manager or Executive Team Member is authorized to expend these funds as needed. In accordance with Board Policy BL4, the General Manager's Office shall accept, review and authorize requests for sponsorships, donations and in-kind services that align with EWEB's mission, vision and values, and are within authorized annual budgets. Approved disbursements will support the priorities set forth in EWEB's Strategic Plan and be administered in ways that provide broad benefits to our community.

However, the Board may wish to review individual community sponsorship requests that are made outside of utility programs (such as Education Grants, Watershed Protection and Greenpower) that are funded through the annual budgeting process. In doing so, the Board shall consider such requests for funding under the following guidelines:

- The request is in excess of \$10,000. Requests of \$10,000 or lower will be considered by the General Manager's Office or Executive Team as part of the utility's normal operational procedures.
- For requests above that amount, the Board must determine that the request for financial support meets EWEB's established Community Investment priorities, which focus on the social, environmental or economic benefit to the community.
- The General Manager will make a recommendation to the Board for approval or denial. The recommendation shall include a clear and detailed written description of the proposal, a description and quantification of benefits to EWEB or its customer-owners, and a description of how research findings or services will be distributed and used.
- The Board must determine that funds are available within the appropriated budget. If not, the Board may authorize additional expenditures through a Budget Amendment or other appropriate procedures.
- The Board is not obligated to consider requests in excess of the established limit. Any request may be referred to the General Manager for consideration and approval.

At its discretion, the Board may impose additional requirements, including contractual agreements, upon any proposer as a condition of funding or continued funding.

The General Manager shall provide the Board with an annual report of all sponsorships, donations, grants and in-kind services provided to the community. Furthermore, the General Manager will provide timely notice of any community investment disbursements or in-kind services that are extraordinary in nature or value.

Source: Board Approved 04/13/1987; Ratified 04/19/2005; Revised and Ratified 04/05/2016, Resolution No. 1605; Revised 10/04/2016, Resolution No. 1627; Revised 11/07/17, Resolution No. 1726.

Policy Number: EL4
Policy Type: Executive Limitations
Policy Title: Compensation and Benefits
Effective Date: November 18, 2008

In order to protect the fiscal integrity and public image of EWEB, with respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the General Manager shall not:

1. Change his or her own compensation and benefits.
2. Promise or imply unconditional permanent or guaranteed employment.
3. Administer compensation and benefits that fail to address individual accountability, motivate and reward for knowledge and skills, encourage organization flexibility and responsiveness, or are inconsistent with the geographic and professional markets for the skills employed.
4. Establish compensation practices that fail to take into account the following parameters:
 - a. Data sources, which include comparably sized and situated utilities
 - b. Annual revenues, which typically fall within the range of EWEB's annual revenues
 - c. The inclusion of multi-service utilities, when appropriate
 - d. An appropriate balance of public and private organizations
 - e. A mix of custom market survey data and available published survey sources
 - f. Data sources, which include local and regional data, as appropriate
 - g. Non-discriminatory practices
5. Establish benefits practices that fail to take into account the following parameters:
 - a. Data sources, which include comparably sized and situated organizations
 - b. An appropriate balance of public and utility organizations
 - c. Health care plan designs that emphasize prevention and consumer accountability
 - d. Consideration for ease of administration
 - e. The inclusion of emerging health care trends

Executive Compensation:

Executive compensation market pricing studies shall also adhere closely to these guidelines as possible and shall be comparable to pricing studies used for other EWEB employees.

Additionally, all appropriate data sources may be used when such parameters are not clearly spelled out or vary slightly. The appropriateness of data sources will be evaluated to include sources that have good job matches or relevant industry data, using established criteria whenever possible.

Source: Christina Bennett, Board Approved November 18, 2008, Resolution No. 0843