

EUGENE WATER & ELECTRIC BOARD  
REGULAR BOARD MEETING  
EWEB BOARD ROOM  
MARCH 21, 2006  
7:30 P.M.

Commissioners present: Sandra Bishop, Mel Menegat, John Simpson, Ron Farmer, and Patrick Lanning.

Others present: Randy Berggren, Brad Taylor, Lance Robertson, John Yanov, Patty Boyle and Krista Hince of the EWEB staff; Lynn Taylor, City of Eugene Minutes Recorder; H. Wayne Gresh, Black & Veatch; Jeff Barry, Groundwater Solutions; Rick Lindholm, Lindholm & Associates, Kathy Hamilton, Verb Marketing and PR; and members of the public.

President Bishop convened the Regular Meeting of the Eugene Water & Electric Board (EWEB).

#### **AGENDA CHECK**

President Bishop determined that there were no changes to the agenda.

#### **PUBLIC INPUT**

**Carrie Shaw**, 42127 Holden Creek Lane, stated that there was still no resolution of the problem with a damaged electric pole in her yard, which rendered one-third of the outlets in her home unusable. She said the statute of limitations on negligence was ten years and she intended to attend each monthly Board meeting until the issue was resolved. She described the numerous problems that had resulted from the electrical surge and asked the Commissioners to assist her in her requests for help.

**Zachary Vishanoff**, Patterson Street, discussed the University of Oregon land acquisitions along the greenway and development of the area. He expressed concern about the density of private development at the river's edge, the impact of a new basketball arena and construction of a parking garage.

#### **APPROVAL OF CONSENT CALENDAR**

##### **Minutes**

1. Minutes of the December 21, 2005, Work Session and January 3, 2006 Work Session

##### **Business Service Agreements**

2. **Advanced Security, Inc.** – Security Services – Facility Services – Corporate Services - \$25,000
3. **Brattain International Trucks, Inc.** – 10-Yard International Dump Truck – Shop – Corporate Services – \$116,514
4. **Cintas Document Management** – Confidential Document Destruction Services – Customer Services – \$12,000

5. **Lane County Parks** – McKenzie River Cooperative Maintenance Partnership – Public Affairs, General Manager’s Division – \$38,000
6. **USDA Forest Service** – Carmen-Smith Recreation Complex Maintenance – Electric Division – \$22,000
7. **Wilson Construction Company** – Carmen-Cougar – 115 kV Transmission Line Structure Replacement – Electric Division – \$234,396.90

Commissioner Simpson, seconded by Commissioner Lanning, moved to approve the Consent Calendar, including minutes corrections distributed to Commissioners. The motion passed unanimously, 5:0.

### **ITEMS FROM BOARD MEMBERS**

Commissioner Menegat reported that the Compensation Subcommittee met on March 16, 2006, and established a regular meeting schedule on the third Tuesday of each month at noon. He said the Subcommittee would review the Board-staff linkage policies related to unity of control, accountability of the general manager, and delegation to the general manager and performance evaluation of the general manager. He asked Commissioners to reflect on issues such as the need for an audit report prior to the actual evaluation and the transparency of the evaluation process. He said it might be helpful to have more information than just Board observations and a glossary of performance factors and rating criteria. He said the Commissioners could discuss those issues at its next retreat.

Commissioner Simpson reported that he attended a roundtable discussion of the history and future of natural gas in the region sponsored by Northwest Natural and attended by a number of community leaders.

### **CORRESPONDENCE**

General Manager Randy Berggren said there was no specific correspondence to be reported.

### **BOARD AGENDAS**

Mr. Berggren reviewed the agendas for the March 24 Governance Retreat and the April 4 Work Session and Regular Meeting. He noted that he would be absent for the April 4 meeting and Jim Wiley would be substituting for him. He said the meeting would include an Executive Session to provide an update on labor negotiations.

President Bishop proposed that prior to fall rate discussions a future Board agenda topic include a discussion of the electric tiered rates to examine whether the tool being used could be refined to better achieve the desired results. She determined there was Board consensus to add a discussion of tiered rates to a future agenda.

## **PROPOSED ELECTRIC RATES**

President Bishop explained that there would be presentations and discussions about the electric and water rates followed by public hearings for each.

Senior Rates/Financial Analyst John Yanov provided a brief overview of the staff's electric rate proposal, which would become effective in May 2006 if adopted. He noted that there were two rate decreases in 2005 and the proposal was for a 5.8 percent overall increase. He provided a breakdown of cost drivers, noting that operations and maintenance (O&M) represented approximately 0.6 percent of the increase and debt service represented almost three percent. He said he reviewed the rate change by class of service and said that residential service would increase an average of 3.9 percent since November 2004, factoring in the 2005 rate decreases. He said that staff recommended approval of the proposed rates.

## **PROPOSED WATER RATES**

Senior Rates/Financial Analyst Patty Boyle highlighted changes in the proposed water rates. She said the overall rate increase was 9.3 percent based on several key drivers: lower than previously forecasted consumption, expansion of the Low Income Assistance Program, added Cross Connection personnel, increases in non O&M costs and pay and benefits costs. She reviewed rates increases by customer class and specifics of residential rate class proposed rates. She said that compared to other water utilities nearby Eugene would have next to the lowest typical residential monthly water bills even with the proposed rates.

In response to a question from Commissioner Simpson, Ms. Boyle said that the percent of elevation charge increase was applied equally to all categories.

President Bishop asked for clarification of the miscellaneous and interest revenues that somewhat offset the increase. Ms. Boyle said miscellaneous revenues included items such as connect and disconnect on the same day and account setup charges; interest revenues were revenues associated with funds on deposit with the Local Government Investment Pool.

President Bishop said in a few months the Board would be asked to review and increase the fees for some of the miscellaneous revenue items. Her understanding was that those fees would be set at actual costs.

## **SECOND PUBLIC HEARING ON ELECTRIC RATES**

President Bishop opened the second public hearing on electric rates and called for testimony.

**Albert Kreitz**, 2284 Corinthian Court, stated that following a drought about four years ago the rates increased by 45 percent but he felt that was acceptable for a year; however, when the drought was followed by a rainy year there was an increase of six percent instead of a decrease. He

asked why there was no rate decrease after a rainy year but did not feel he received a satisfactory answer until an employee indicated the increases were partially related to Enron and high Bonneville Power Administration (BPA) charges. He said it was the Board's job to stand up to BPA and stand up for the City's ratepayers. He urged that the problem that occurred four years ago be fixed before any more rate increases were approved.

**Kenneth Depew**, 4588 Liberty Street, related that the last rate increase of 6.2 percent was followed by a decrease of 1.5 percent but that was still an increase in the rate. He said that if energy rates were lowered EWEB would not need programs like Energy Share. He said many residential customers could not afford to pay their power bills. He asked what customers on fixed incomes were supposed to do and urged the Board to protest BPA charges. He felt the tiered system hurt customers in low-income brackets and the average residential customer in a three bedroom home typically used 1200 kilowatt hours. He advocated for one rate applied to all customers. He asked why EWEB's cost for typical monthly residential service was the fifth highest on a chart of Pacific Northwest utilities.

**Debra Depew**, 4588 Liberty Street, stated that she and her family had moved into a duplex with ceiling heat five years ago in order to be close to the children's school. She said while they had no control over the ceiling heat they had taken every available measure to make the home energy efficient but the continuing rate increases made it increasingly difficult to pay the energy bill. She did not have the option of switching utility companies as EWEB had a monopoly on service to the area. She said that even a five or ten percent increase and cost was significant to a family trying to make ends meet.

**Charles Biggs**, 540 Antelope Way, asked what options were taken to avoid the rate increases. He said that taxpayers had not been shown how EWEB had tried to tighten its belt. He said the cost per user over time needed to be demonstrated to the public. He noted that people within the City were paying more than people outside of the City but thought logic would indicate those living closer together were more easily served than those living farther apart. He said that it had not been shown how all the increases benefited the average user. He said his concerns related to both water and electric increases and he would not testify again.

## **SECOND PUBLIC HEARING ON WATER RATES**

President Bishop opened the public hearing and called for testimony. She noted that Mr. Kreitz's comments during the previous hearing also related to water rates.

**Kenneth Depew**, 4588 Liberty Street, understood there had been no increase in water rates for some time but asked why rates were being increased in part because of low water usage. He said that people were being asked to pay for doing what they were asked to do in terms of conservation. He noted that water lines were different sizes and water rates varied depending on the size of the line but 1,000 gallons was the same amount regardless of the size line that delivered it. He said the delivery charge should be the same for all users. He thought that the cost of water treatment had not increased but yet rates were. He felt that charging more for conservation efforts was ridiculous.

**Debra Depew**, 4588 Liberty Street, felt her family conservation efforts were successful because she had convinced her four teenage boys to take five-minute showers. She asked why it was twice as expensive for water to leave her house as it was for it to be delivered. She said there was no more water conservation strategies she could use and she monitored household use closely.

President Bishop called for comments from Commissioners.

Commissioner Lanning asked how the Board could carry the message to BPA about cost concerns. Mr. Berggren said the Board could write a letter to BPA expressing continuing concern. He said that staff carried that message to BPA almost every week. He said that BPA had a great deal of discretion and its own set of complex issues and for the past two years publicly- and investor-owned utilities had been asking BPA to lower rates.

Commissioner Lanning suggested that staff draft a letter to BPA for President Bishop to sign and keep the Commissioners informed about any opportunities for public input so members could carry the message personally.

President Bishop asked staff to post answers to questions raised during the public hearings on EWEB's website.

Commissioner Farmer encouraged staff to resolve any confusion about what was driving the rate increases. He commented that the electric rate increase was primarily driven by debt restructuring from the 2001 BPA increase and renewables and water rates were influenced by conservation and lack of water sales.

Commissioner Simpson remarked that the public could help insulate itself from rate actions by signing up for 100 percent windpower. He said customers would see an increase in the monthly charge from \$6.00 to \$6.50 and the delivery charge but the rate action did not change the windpower energy rate. He said windpower was the option for those who cared about the environment.

President Bishop reopened the public hearings in order to submit written testimony from John E. Heintz and Carolyn Kompanik. She closed the hearings again.

#### **Resolution Nos. 0604 and 0605 – Electric and Water Rates Revisions**

Mr. Yanov and Ms. Boyle stated that staff recommended approval of the proposed 2006 electric rates and water rates and corresponding resolutions 0604 and 0605 implementing those rates.

Commissioner Simpson moved, seconded by Vice President Menegat, to approve Resolution Nos. 0604 – May 2006 Electric Rate Revision.

Commissioner Lanning remarked that staff had demonstrated the need for a rate increase but it was still important for the Board to send a letter to BPA about the impact of its rates on the region. He intended to vote for the rate increase but protested to continuing impact of the 2001 BPA increase.

Commissioner Farmer said the rate increase was carefully considered by the Board in November 2005 and he had not heard anything that would cause him to reconsider the earlier work. He said EWEB's customers expected reliability, availability and affordability. He would support the increase but would carefully monitor affordability to assure that EWEB was disciplined about cost factors.

President Bishop commented that she requested a review of the tiered rate because of customer feedback. She said the tiered rate was a blunt instrument and a more sophisticated technology could provide more equitable rates. She would support the proposed rate increase.

The motion passed unanimously, 5:0.

Commissioner Simpson moved, seconded by Vice President Menegat, to approve Resolution No. 0605 – May 2006 Water Rate Revision.

Commissioner Farmer stated he would support the proposed rate but urged to Board to examine the issue of penalizing customers for conservation efforts. He pointed out that some customers were able to conserve more than others.

The motion passed unanimously, 5:0.

#### **ITEMS REMOVED FROM CONSENT CALENDAR**

There were no items removed from the Consent Calendar.

President Bishop adjourned the meeting at 8:37 p.m.

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Assistant Secretary

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President