

EUGENE WATER & ELECTRIC BOARD  
WORK SESSION  
EWEB BOARD ROOM  
SEPTEMBER 19, 2006  
5:30 P.M.

Commissioners present: Sandra Bishop, President; Mel Menegat, Vice President; John Simpson, and Patrick Lanning. Commissioner Ron Farmer was excused.

Others present: Randy Berggren, Debra Smith, Dick Helgeson, Dick Varner, Tom Buckhouse, Jim Wiley, Jim Maloney, Lance Robertson, Deborah Brewer, Jim Origliosso, Marty Douglass, and Krista Hince of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder; Eric Jones, Public Affairs Manager for the City of Eugene Public Works Department.

President Bishop convened the work session of the Eugene Water & Electric Board (EWEB).

## **BOARD GOVERNANCE**

Assistant to the General Manager Debra Smith stated that the Board had seen all of the policies that were included in this agenda item before. She highlighted the seven policies.

Regarding **GP5 – Role of Board President**, Commissioner Simpson suggested the following change to 2(d):

*The Vice President will assume the responsibilities of the Board president in the event ~~he or she is~~ **the Board president** is absent or unable to serve.*

Commissioner Simpson also recommended that the word ‘special’ be deleted from 1(d). Ms. Smith responded that the Bylaws delineated that there were Special Meetings. Commissioner Simpson asked that ‘special’ be removed and that it say that the Board President may call a meeting. He also asked that the word ‘full’ be deleted from 1(d).

Regarding 2(d), President Bishop recalled that when she had served in the capacity of Vice President, the President had resigned and, at the meeting following the resignation, an election had been held for a new President rather than seating the Vice President. General Manger Randy Berggren responded that the Board had the discretion to hold an election if they chose to do so.

Commissioner Simpson asked if the person remained Vice President in those circumstances. Mr. Berggren affirmed this, adding that there was no reason the Board could not hold an election.

Ms. Smith said they could add a ‘3’ to the policy to address the process that would ensue after the President resigned.

President Bishop did not think this was necessary.

Commissioner Simpson stated that he had no edits for **GP12 – Governance Process** in regard to **Board Committees, Outside Appointments, Liaisons to Staff Projects, and Advisory Committees**.

Ms. Smith stated that the Roosevelt Building Project team was not a committee that fell under noticing requirements. Other examples of committees that would be exempt would include a committee that dealt with litigation or that worked with any other of the exemptions as delineated in the Oregon Revised Statutes (ORS) that governed this.

Commissioner Simpson asked if the policy was clear on the difference between permanent and temporary committees.

Vice President Bishop did not think EWEB had any permanent committees. Mr. Berggren responded that he did not think there would be many permanent committees. He could envision a standing permanent committee on audits as auditing was an ongoing procedure, as an example.

Commissioner Simpson suggested that temporary committees should have, as a housekeeping measure, a sunset date. He noted that the General Manager Compensation Committee was drafting a resolution that defined it as a temporary committee with a sunset date. He imagined that all committees would include "bail out" language should they decide to disband.

Ms. Smith moved on to *GP13 – Governance Process* in regard to *Board Role in Legislative Sessions*. She stressed the pertinence of this policy, given that it would craft a larger role for the Board in terms of setting policy and priority for the lobbyist. She said this policy also required a monthly report that represented a fairly significant increase in the time spent in Board meetings on legislative issues.

Vice President Menegat observed that the second sentence of the policy indicated that outside professional lobbyist services would be used. He had understood that EWEB would continue using an in-house lobbyist. Ms. Smith replied that the lobbyist was professional. She suggested using the word 'registered.'

President Bishop averred that it was a simple process to register.

Mr. Berggren found the language to be too prescriptive. He said unless the Board was intentionally trying to make the General Manager do things a certain way, he would prefer to change the language to a "more adverb-based" phrasing.

Ms. Smith agreed to delete the second sentence.

President Bishop suggested the following change to the last sentences of the first paragraph:

"When political considerations test the applicability of those directives, the General Manager will make a determination as to whether a fundamental shift ~~in direction~~ *in EWEB's lobby activities* is required. ~~If he/she determines that it may be,~~ *The Board will be asked to reaffirm their policy or direct staff to make necessary adjustments.*"

Commissioner Simpson suggested that the word 'test' be replaced with the phrase 'are in conflict with.'

Regarding **BL2 – Board-Staff Linkage** that speaks to **Unity of Control**, Commissioner Lanning said he agreed with the statement in BL2 (2) but he suggested that it also say that the General Manager would bring a request for a larger chunk of work back to the Board for direction. Mr. Berggren responded that he felt the policy gave him clear standing between himself and the Board and also gave clear direction as to his role in that situation.

Commissioner Lanning acknowledged that a Commissioner could bring such a request to the Board.

Mr. Berggren assured the Board that he would not choose to refuse requests for information of assistance lightly.

Ms. Smith stated, in regard to **BL3 – Board-Staff Linkage** as related to **Accountability of the General Manager**, that the evaluation of the General Manager had not been completed.

Commissioner Simpson thought BL3 (1) should say 'Commissioners' rather than 'the Board.' Ms. Smith felt this was a good point.

President Bishop asked that the word 'considered' in the preamble of BL3 be stricken.

Continuing, Ms. Smith said that the language that was already in the Bylaws had been taken out of **BL4 – Board-Staff Linkage** as it pertained to **Delegation of the General Manager**.

In response to a question from Commissioner Lanning, Mr. Berggren affirmed that the General Manager could delegate responsibility but not accountability per BL4 (4).

President Bishop expressed some concern over the use of the word 'policies' in BL4 (2). She recommended the phrase 'practices and procedures' be substituted for it.

Ms. Smith stated that she would bring the final version of the policies for approval on October 24.

Given the expediency of the first agenda item, President Bishop called for a break at 6:18 p.m. Mr. Berggren suggested that the Board hear Agenda Item 7-*Renewables Portfolio Standard Initiative* from the Regular Meeting agenda.

Commissioner Lanning left the meeting to attend to Lane Community College business.

The meeting reconvened at 6:30 p.m.

## **RENEWABLES PORTFOLIO STANDARD INITIATIVE**

Power Resources Division Director Dick Helgeson explained that staff intended to start an initial conversation about the development of the possible Renewable Portfolio Standard (RPS) Initiative. He expected this initiative would move forward in some form of action in the next legislative session. He said EWEB had yet to take a formal position on it. He began a PowerPoint presentation entitled *Renewable Portfolio Standards*.

Energy Resource Projects Manager Jim Maloney noted that approximately 21 states across the country were exploring such standards. He said in approximately one half of these initiatives the public utilities were excluded from them; the emphasis lay on getting the investor owned utilities (IOUs) to comply. He reported that there seemed to be momentum to include public utilities in this initiative in the State of Oregon "to one degree or another." He said an initiative process was happening in the State of Washington that would place RPS into law. He related that Tom O'Connor, the representative of Oregon municipal utilities, had recommended working with a legislative proposal rather than an initiative process as the utilities had some ability to provide guidance at that level.

Mr. Maloney said the Oregon proposal was still having some difficulty in dealing with hydroelectricity. He commented that why people did not consider hydroelectric power renewable escaped him. He acknowledged that there were some problems with the larger hydroelectric facilities but they were still renewable.

Mr. Maloney related that he served on the Governor's Carbon Allocation Task Force, which sought to establish a ceiling on the carbon emissions from the electric utilities in the State of Oregon and to set a rate of decline in emissions over time. He said when the Governor had assembled the task force, he also charged it with the consideration of using the RPS as a way to get carbon reductions. He added that the RPS also had been brought into play from the Renewable Energy Working Group. He advised the Board to keep in mind that the push behind the initiative was bifurcated; there was a strong economic development factor and a strong renewable energy/climate change factor. He stated that the Portland Group was made up of energy advocates, renewable resource developers, environmental organizations, and some labor and trade groups that were also promoting the concept of the standard. He added that if the legislative effort should fail they were likely to proceed with an initiative process. He noted that one of the reasons the State of Washington was approaching the standards with an initiative process was that it had been proposed in the legislature two years in a row and had not passed.

Mr. Maloney reviewed the *RPS Draft in a Nutshell* slide. He did not think the numbers were based on much analysis, though the reduction of 25 percent by 2025 was a hard number. He stated that one would comply with this number by turning in the appropriate number of renewable energy certificates e.g. if a company had a 100 megaWatt requirement, it would have to turn in that amount of renewable energy certificates for that year. He noted that the draft delineated between the larger companies and the smaller companies, though it did not specify how this would be determined. He said EWEB was always considered to be one of the larger utilities, given that it was the third largest utility in the state.

President Bishop asked where Northwest Natural Gas fell among the utilities in the state. Mr. Maloney clarified that this addressed electric utilities only.

Mr. Maloney reported that there was consideration of a cost cap as acquiring those resources may cost more than a utility might otherwise incur. He noted that the Washington RPS included a four percent cost cap; if a utility spent up to four percent of its retail revenue requirement, it would be deemed to have met its RPS. He said the Oregon proposal was similar to this.

Continuing, Mr. Maloney stated that the proposal contained language that penalized those utilities that did not comply. He said it was unclear how this would apply to a public utility. It was also unclear how the measures EWEB had already taken would be considered.

Mr. Maloney reviewed the preliminary questions that had arisen. He said one issue that always arose was whether the utility would have to give up some local control. Another issue arose from whether the goals were realistic. He pointed out that the Bonneville Power Administration (BPA) was working toward integrating some wind power; 6,000 average mWh was the maximum being looked into, but the number that was thrown out in tandem with this initiative was 12,000 average mWh. He was uncertain as to how much it would take to upgrade the transmission system to accommodate this.

Mr. Maloney stated that EWEB's current portfolio was predominantly based in hydroelectric power; EWEB's renewable energy resources made up 83 percent of its power portfolio. Only 10 percent of its power resource portfolio was fossil-based. He thought, given this information, EWEB was at a good starting point. However, he underscored that the bill was "blind" to hydroelectric power. He noted that the IOUs largely drew their power from fossil-based power generation. He said the real impetus behind this was to change Pacific Corps and Portland General Electric's portfolios.

Mr. Maloney stressed that fundamentally, philosophically, and physically EWEB was in agreement with the thrust of the RPS initiative. He said the issue at hand was how to modify "the tool" by which it would be implemented. He stated that the draft proposal, as written, could be pushing the organization to add resources in excess of the utility's requirements.

Additionally, Mr. Maloney highlighted some of the elements of the draft that did not entirely make sense, such as the clause that said resources used for “Green Power” programs could not count toward RPS requirements. He said the Cost Cap seemed simple but was actually very difficult given that it was challenging to compare “apples to apples” one energy resource to another. He stated that there was now a Cost Cap Subcommittee, of which he was a member, charged with reviewing and revising the cost cap clauses.

Mr. Helgeson shared his concern, in that there was no explicit recognition in the standard of conservation as a resource and the work that EWEB was doing in its Demand Side Management (DSM) planning in the future would suggest that a significant majority of the load growth could be met with cost-effective conservation.

Commissioner Simpson asked why the RPS was “blind” to the BPA hydroelectric generation. Mr. Maloney called this a good question. He related that one way to address it would be to focus the RPS on the load growth. He had proposed, as an alternative, that the requirement be that 75 percent of the load growth adhere to the RPS.

President Bishop thanked staff for the excellent work.

Mr. Helgeson said there would be one or two more regional updates before the end of the year. Mr. Maloney added that he welcomed questions and comments via email or telephone.

## **CITY OF EUGENE’S TRANSPORTATION SYSTEM MAINTENANCE FEE REQUEST**

Intergovernmental Affairs Coordinator Deborrah Brewer explained the Transportation System Maintenance Fee (TSMF) request. She said it would impact EWEB’s Treasurer Jim Origliosso’s section of the utility the most. She reviewed the issues that EWEB staff determined must be addressed if EWEB were to look for viable options to collect the TSMF on behalf of the City. They were, in short:

- Technical: there were technical issues about the bill and how it would be designed.
- Customer information: how EWEB would explain the bill and where it was coming from.
- Customer service: customers about the wastewater charge had raised many questions when it was instituted.
- Bill collection: EWEB did not want to be responsible for unpaid bills owed to the City.
- Costs: were hard to estimate – the question at the present meeting was whether the Board wished for staff to research the costs.
- Separate agreement: there were concerns that this would be precedent-setting given that a separate agreement outside of the Eugene City Charter would have to be formulated in order to proceed.

She noted that the City had proposed a simple replacement line on the EWEB bill under the stormwater details and that the City had proposed to do all of the collection.

Mr. Origliosso thought this was political issue between the two agencies. He said the one thing that complicated matters was that it did not fall under the purpose of EWEB and it did not mesh with other billing upgrades. He felt it was a community issue first, but he also stressed the importance of being compensated above the costs of the billing as all of EWEB's resources were committed to its own projects.

Mr. Berggren related that Commissioner Farmer had asked him to present his view. Commissioner Farmer had indicated that he could not support EWEB serving as a billing agent for the City, though he did support the implementation of the TSMF. Commissioner Farmer felt that no matter what EWEB did to educate its customers, they would still be confused as to who was charging them for this. He predicted this would jeopardize EWEB's position with the voters.

Commissioner Simpson conveyed his interest in having a good relationship with the City Council, but he also did not believe EWEB was the right venue for the collection of a tax. He underscored that the collection of money was not a stated function of EWEB and that it was not a chartered action. He questioned why the City was not increasing its gasoline tax. He felt a monthly charge was not proportional with road usage, but a gasoline tax would be charged directly to the users of the roads. He also was concerned about the burden the inclusion of the TSMF in EWEB bills would place on the customer service agents and the negative impression it would give customers. He said it would impact voters. He could not support this.

Vice President Menegat underscored that EWEB was in the water and electricity business and should stay within the parameters of this business.

President Bishop thought it reasonable to explore this possibility. Nonetheless, she said, what EWEB was currently billing was directly related to its business. She stated that the TSMF was outside of EWEB's purview. She averred that part of EWEB's integrity lay in protecting its customers. She felt the TSMF would force EWEB to open its books and let the City tax its customers. She also predicted that a financial analysis of the actual cost would indicate a cost that would be more than the City was willing to pay. She believed EWEB would have to hire one or two more customer service representatives to respond to queries about the fee. She also had questions as to how it would affect the Low Income Energy Assistance Program (LIEAP).

Commissioner Simpson agreed. He said he would like staff to stop working on the item.

Mr. Berggren observed that the Board's direction was clear.

President Bishop adjourned the meeting at 7:25 p.m.