

EUGENE WATER & ELECTRIC BOARD
REGULAR BOARD MEETING
EWEB BOARD ROOM
DECEMBER 5, 2006
7:30 P.M.

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

Others present: Randy Berggren, Dick Varner, Tom Buckhouse, Debra Smith, Jim Maloney, Jim Origliosso, Jason Heuser, Dick Helgeson, Deborrah Brewer, Ken Beeson, Jim Wiley, Mat Northway, Tom Williams, Brenda Sirois, Roseanna McArthur, Jay Bozievich, and Krista Hince of the EWEB staff; Kimberly Young, City of Eugene minutes recorder.

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

AGENDA CHECK

President Bishop determined there were no changes to the agenda. General Manager Randy Berggren called attention to an error on the Consent Calendar related to item 6, as it indicated the use of reserves instead of the budget.

PUBLIC INPUT

There was no one wishing to offer public input.

APPROVAL OF CONSENT CALENDAR

Minutes

1. There are no minutes at this time.

Business Service Agreements

2. Lane Council of Governments (LCOG)—Source Protection Program—Environmental Management—\$91,970
3. Lane County—Regional Information Systems (RIS)—Information Services—Corporate Services Division—\$120,000 per year
4. Oregon Department of Environmental Quality (ODEQ)—Review of 401 Certification Applications for Carmen Smith Relicensing Project—Electric Division—\$93,700
5. Preferred Aerial Technology, Inc.—Aerial Equipment Inspection and Certification—Shop Facilities—Corporate Services Division—\$50,000 (\$10,000 per year for up to five years)

Water System Development Charge

6. Interagency Housing Policy Board—Water System Development Charge—West Town on 8th low-income family housing development—Water & Steam Division—\$94,320

Commissioner Simpson pulled item 3 (Lane County – RIS for \$120,000 per year) from the Consent Calendar.

Vice President Menegat, seconded by Commissioner Farmer, moved to approve items 2, 4, 5 and 6 with the correction noted by Mr. Berggren. The motion passed unanimously.

ITEMS FROM BOARD MEMBERS

Commissioner Simpson reported that he had attended the Northwest Energy Coalition fall conference and board meeting. The keynote speaker discussed the Washington State Initiative 937, a renewable energy portfolio standard. There were panel discussions on power planning and energy efficiency, coal and carbon policy, and future energy technologies. Those attending also heard information about salmon and the impact of dams on the Snake River on both salmon and people. The Bonneville Power Administration also held a presentation on regional dialogue.

President Bishop indicated she had also attended the conference and had moderated a conservation panel. She noted that the initiative mentioned by Mr. Simpson was placed on the ballot “by the people” and required that IOUs provide 15 percent of their electric sales through renewables by 2020. The conference also included a presentation by Ralph Cavanaugh regarding the Integrated Gasification Process for coal, who suggested that people slow down in their opposition to the technology because it could be exported to China and other developing companies to reduce pollution. She said that resulted in quite an interesting discussion given past opposition to new coal plants in Oregon.

CORRESPONDENCE

General Manager Randy Berggren reported that the op-ed piece was not submitted to *The Register Guard* because of a lack of input from President Bishop and Commissioner Lanning. He recommended it be deferred for some time until more information about the fish ladder had been secured.

Mr. Berggren recommended that the planned legislative lunch be postponed until more legislators could be present. There was general concurrence.

Mr. Berggren called attention to the update on the Roosevelt Building Project provided by Resource Projects Manager Ken Beeson.

BOARD AGENDAS

Mr. Berggren previewed upcoming *Board Agendas*.

Commissioner Farmer requested a Work Session for additional discussion of green power to increase the Board’s understanding of the subject. President Bishop agreed.

Commissioners briefly discussed the possibility of meeting with the Eugene City Council on a twice-yearly basis. President Bishop asked that copies of the most recent *Intercom* be sent to the Eugene City Council and Mayor.

2007 BUDGET AND WORK PLAN

Fiscal Services Supervisor Dick Varner provided a PowerPoint presentation on the 2007 budget, copies of which were provided to the Commissioners. He reviewed general budget issues, noting there were no additional FTEs proposed, the impact of GASB 45 was fully reflected, conservation was now shown in Operations & Maintenance (O&M), and General Fund escalation was about 3.5 percent with some exceptions. Mr. Varner then reviewed the assumptions behind the budget for the electric utility. He reviewed the non-labor O&M items, and summarized electric capital expenditures.

Mr. Varner briefly noted issues related to the steam utility.

Senior Financial/Rate Analyst Patty Boyle noted the assumptions behind the water utility budget. She reviewed the water O&M items and briefly summarized the water capital budget.

Commissioners asked questions clarifying the information presented.

SECOND PUBLIC HEARING ON 2007 BUDGET AND WORK PLANS

President Bishop opened the public hearing.

Kathy Ging, 2878 Harris Street, asked the Commissioners to direct EWEB staff to study evolving the utility into a distributed utility and do research on the municipal solar energy concept. She urged the Commissioners to prepare now for the technology of the future, particularly as it regarded solar power. She indicated she would provide the Board with an article from the Seattle Post Intelligencer regarding solar technology advances. Ms. Ging recommended EWEB contact Con Edison for more information.

Commissioner Simpson requested Ms. Ging's testimony in writing.

There being no more requests to speak, President Bishop closed the public hearing.

2007 BUDGET APPROVAL

Mr. Varner requested adoption of the budget.

Vice President Menegat, seconded by Commissioner Simpson, moved to adopt Resolution 0634. The motion passed unanimously, 4:0.

BUDGET AMENDMENT NO. 9

Treasurer Jim Origliosso requested approval of Budget Amendment No. 9 to accommodate budgetary increases related to the Carmen Smith Relicensing Project in the amount of \$350,424.

Responding to a question from Commissioner Simpson about the percentage of the amount that was spent on fish ladder alternatives, Electric Division Director Jim Wiley said that alternatives were examined throughout the process and it was difficult to quantify the exact amount. Mr. Berggren indicated that staff would attempt to develop an estimate of those costs.

Commissioner Simpson, seconded by Commissioner Farmer, moved to approve Budget Amendment No. 9.

President Bishop said it was difficult for her to approve the amendment without an itemized expenditure list. Mr. Wiley reviewed the costs behind the amendment, which included internal labor increases in the amount of \$90,000; additional environmental analyses costing \$85,000; legal support costing \$25,000; \$20,000 for software; \$30,000 for contingency; and \$100,000 in engineering for the fish ladder alternatives. President Bishop determined from staff that it was tracking the amount spent on fish ladder alternatives.

The motion passed unanimously, 4:0.

RESOLUTION NO. 0635—DEFERRED REVENUE

Mr. Varner noted that the earlier presentation had indicated that Reserves were over target and recommended that the Board use \$20 million to fund the Carmen Smith Reserve. He expressed confidence in the year-end balances and was requesting action now. He also recommended a like amount be reserved in future years.

Commissioner Farmer expressed support for the resolution.

President Bishop expressed appreciation for the approach taken by staff and said it made sense.

Commissioner Farmer asked about the impact of the action on the contribution-in-lieu-of-taxes (CILT) paid to the City of Eugene. Mr. Varner expected some impact given the amount, estimating \$1.2 million less in the CILT to be paid to Eugene. Mr. Berggren noted that was two percent of the total. Mr. Farmer advised staff to be ready with a response to City inquiries.

ITEMS REMOVED FROM THE CONSENT CALENDAR

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At the request of Commissioner Simpson, Mr. Berggren clarified the services provided by the Regional Information System (RIS) to EWEB, indicating the funding was not for Internet service alone but also covered the costs of other important services, such as the Geographic Information System.

Commissioner Simpson, seconded by Vice President Menegat, moved to approve Consent Calendar Item 3. The motion passed unanimously, 4:0.

The meeting adjourned at 9:08 p.m.

Assistant Secretary

President