

EUGENE WATER & ELECTRIC BOARD  
REGULAR BOARD MEETING  
EWEB BOARD ROOM  
FEBRUARY 6, 2007  
7:30 P.M.

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

Others present: Randy Berggren, Dick Varner, Tom Buckhouse, Debra Smith, Jim Origliosso, Marty Douglass, Lance Robertson, John Yanov, Deborah Brewer, Mel Damewood, Jay Bozievich, Matt Northway, Jim Maloney, and Krista Hince of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder.

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

#### **AGENDA CHECK**

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

#### **PUBLIC INPUT**

**Sang Huinh**, 1470 Mesa Avenue, spoke regarding the proposed building at the Roosevelt Boulevard site. He pointed out that Midstate Electric Cooperative had built a 53,000 square foot Leading in Energy and Environmental Design (LEED) Gold Standard building for \$7.5 million. He saw a big gap between the current projected cost of the facility planned for the Roosevelt site and the Midstate building. He wanted to know how EWEB had arrived at this figure and how it could be justified. He averred that if EWEB really wanted to be sustainable and was serious about the philosophy of sustainability, it should rebuild on the current site. He had heard that EWEB was moving its operations facilities because it was running out of space. He questioned this given that the Energy Outlet building was being leased out and EWEB was not using it. He said if EWEB was serious about running out of space it should use what it already owned.

**Jean-Marie Moore**, 2470 Olive Street, expressed hope that the EWEB Board and staff had studied the information presented in the attachment entitled *Information on Proposed Path to the College Hill Reservoir*, provided by the Friendly Area Neighborhood Association committee working on alternatives. She said the committee had worked hard to provide alternatives to make the reservoir continue to be an open space that worked and also to ensure the water supply would remain secure.

**Eugene Organ**, no address given, spoke on behalf of the Lane Independent Living Alliance (LILA) Center for independent living. He said LILA had communicated to EWEB regarding access to the reservoir on College Hill. He had been a resident in the neighborhood where the reservoir had been located before being a wheelchair user and at that time had visited the top of the reservoir. He

could no longer do so unless there was some kind of accessibility feature built in. He said he would like to be able to take his grandchildren to the top of the reservoir. He urged the Board to provide one kind of accessibility to those who were not ambulatory enough to climb the stairs.

**Carlos Ferrera**, 2470 Olive Street, co-chair of the Friendly Area Neighborhood Association, said he had always been impressed with the business acumen of EWEB Commissioners. He commented that if he were hiring managers to run his business he would hire the commissioners because he considered them very competent. He cited several items in the President's Annual Message that were not entirely related to the generation of electricity and the water supply, including tours given to school children and the pursuance of alternative sources of power. He said it demonstrated that EWEB did other things that were important to the community. He thought the College Hill Reservoir was an important resource to the community and that EWEB could continue to provide excellent service to the community by allowing the reservoir to continue to be a water resource and a recreational resource for the City.

**Nancy Ellen Locke**, 1130 West 25<sup>th</sup> Avenue, thanked the Board for having the courage to meet with the residents of the Friendly Street neighborhood surrounding the College Hill Reservoir.

**Greg Giesy**, 42 West 19<sup>th</sup> Avenue, stated that he had compiled the information that had been submitted to the Board. He hoped it made it apparent that a path could easily be built to the reservoir. He said he had been working with the neighborhood group for eight years and he did not foresee any problems in having neighborhood residents contribute labor and money toward building a path. He believed they would follow through and do so.

**Rick Grosscup**, 2540 Lincoln Street, thanked the Board for its patience and for being willing to work with the College Hill residents. He looked forward to further cooperation with the EWEB Board. He said he was co-chair of the neighborhood committee that had worked on this. He stated that the Neighborhood Watch was geared up to oversee the reservoir but it needed to know who to call at EWEB should any incidents arise. He related that residents were also willing to provide maintenance for shrubs. Regarding the Americans with Disabilities Act (ADA) ramp, he indicated that the group had intended to apply for a matching grant from the City but the City was not taking applications at this time. He said the residents would work with EWEB on the siting of the ramp and apply for funds from the City. He added that they wanted to be "part of the conversation" regarding the decommissioning of the water tower and the lower reservoir.

**Sally Myers**, 2490 Lincoln Street, thanked everyone who had worked on the College Hill Reservoir issues on both sides. She had been pleased with EWEB's response. She felt the group had shown that it could work with a public entity and arrive at an agreement that would be satisfactory to all involved. She added that she would "happily" participate in a Neighborhood Watch. In closing, she recalled a tour of the Hayden Bridge water facility that a class she had taught had experienced. She commended EWEB for the educational outreach activities that it provides for young people.

**Brad Myers**, 2490 Lincoln Street, echoed the gratitude of the College Hill residents.

Vice President Simpson thanked everyone who testified. He said it was through the interactive public process that the Board as a public agency could hear the needs of the community. He commented that the continued diligence and cooperation with staff had played a key role in the formation of a collaborative result. He also appreciated people suggesting the neighborhood provide a Neighborhood Watch program.

Commissioner Brown, in response to Mr. Huinh's testimony, stated that board members had scheduled a tour of the Midstate facility for the next week. He shared Mr. Huinh's concerns regarding the projected cost of the new facility.

Commissioner Brown also conveyed his appreciation to the Friendly Area Neighborhood Association for the way they had conducted themselves. He said if the votes fell the way he predicted they would, the burden would fall on the College Hill residents to follow through with the Neighborhood Watch and the other elements they had proposed.

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

##### Minutes

1. November 21, 2006, Regular Board Meeting minutes and the December 19, 2006, Work Session and Regular Board Meeting minutes.

##### Business Service Agreements

2. Papé Material Handling – Two Forklifts – Shop Facilities – Corporate Services Division - \$135,000
3. Portland Energy Conservation Inc. (PECI) – “Savings with a Twist” Program – Energy Management Services – Power Resources Division - \$38,000
4. Proctor Engineering Group – Check Me! Heat Pump and A/C QA Services – Energy Management Services – Power Resources Division - \$216,500

##### Resolutions

5. Resolution No. 0704 – Signatories for Bank of America, N.A.
6. Resolution No. 0705 – Signatories for U.S. Bank National Association.
7. Resolution No. 0706 – Signatories for Wells Fargo Bank, N.A.
8. Resolution No. 0707 – Wire Transfers
9. Resolution No. 0708 – Signatories for Local Government Investment Pool.

Commissioner Farmer pulled Resolution No. 0704.

Vice President Simpson pulled the minutes from November 21, 2006, and Resolution Nos. 0705, 0706, and 0708.

Vice President Simpson, seconded by Commissioner Lanning, moved to adopt the Consent Calendar with the exception of the minutes from November 21, 2006, and Resolution Nos. 0704, 0705, 0706, and 0708. The motion passed unanimously, 5:0.

## **ITEMS FROM BOARD MEMBERS**

Commissioner Brown reported that he had participated in a productive meeting with EWEB's Legislative Lobbyist Jason Heuser, Intergovernmental Affairs Coordinator Deborrah Brewer, and legislators. He noted that EWEB's Drinking Water Source Protection Coordinator Karl Morgenstern had also been in attendance, primarily to express concerns regarding the vast number of Ballot Measure 37 claims in the McKenzie Watershed. He related that legislators had encouraged EWEB representatives to get their concerns out in front of the public as much as possible. He thought there were "some things in the works," such as an overlay zone that would allow EWEB to have some standing in some of these processes. He said the current number of claims in the McKenzie Watershed environs could substantially increase the number of septic tanks in that area which would in turn affect the quality of the water.

## **CORRESPONDENCE**

General Manager Randy Berggren reported the following correspondence:

- Human Resources Manager Jean Meyers had sent out the 2006 General Manager Performance Review forms – she asked that they be returned at the Commissioners' earliest convenience;
- A letter had been received from the Oregon Occupational Safety and Health Division that renewed EWEB's Safety and Health Achievement Recognition Program (SHARP) certification for the third year;
- The first quarter litigation report was included in Board packets;
- Water Engineering Manager Mel Damewood provided information on the Engineering News Record (ENR) construction cost index in the packets;
- A copy of President Menegat's letter to the Lane County Board of Commissioners regarding Ballot Measure 37 claims in the McKenzie Watershed had been provided to Board members;
- Ms. Brewer provided background information on the Climate Masters program;
- EWEB has received another letter from Arlie & Company reiterating their interest in purchasing the headquarters site.

## **BOARD AGENDAS**

Mr. Berggren reviewed the *Eugene Water & Electric Board Agenda Report* dated February 6, 2007. He noted that the fourth item scheduled to be presented at the February 20, 2007 meeting would include a status report on all three of the different renewable projects.

### **President's Annual Message**

President Menegat presented the EWEB President's Annual Message.

"The Eugene Water & Electric Board is a customer-owned utility that has asked the community to "Rely on Us!" to provide safe and reliable water, electric and steam services. We have done just that over this utility's 95-year history, and will continue doing so as we approach our second century of public ownership.

"But before looking toward the current year and beyond, I would like to look back on 2006 and how the Board has kept this promise to the customers. At the beginning of 2006, we identified three key decision points we were likely to face during the year.

"The first involved relicensing of the Carmen-Smith Hydroelectric project. During 2006, most of the necessary relicensing studies were completed, and the final application was submitted on November 24, 2006. This application included a provision for upstream fish passage, which I'll get back to a little later as we look ahead to this year.

"The second key decision point involved whether to move all or a part of our operations from our current riverfront location. A decision was made to move our field operations – in other words, the industrial portion of our facility – to Roosevelt Avenue at Beltline Road, and to keep the administrative staff and Customer Service in the existing headquarters building. We now are working with the architects and construction manager on design and cost estimates.

"The third key decision was to take steps to secure our water rights on the McKenzie River and to assure that we can provide safe water to our customers now and many decades into the future. One step toward this goal was achieved when EWEB entered into agreements with the Springfield Utility Board and the Rainbow Water District to assure interconnections in the event of an emergency that threatens our water supply.

"On the side of our electric and water trucks is the phrase, "Rely on Us." We adopted this slogan to tell our customers, and ourselves, that we value reliability. It is a promise to the customer, and our record in this area is excellent. But it is the word "Us" that perhaps was the most important item worth mentioning in 2006.

"Us" is the true reason for our continued success as a public utility, if you can pardon the

grammatical license here. Because “Us” really means the hundreds of dedicated workers who provide the services for you, the citizen-owners of EWEB. EWEB invites and encourages a culture of competence within its work force, as evidenced by the fact that EWEB’s employees do their jobs extremely well, but are not satisfied with that. They strive to do their jobs better.

“I’d like to point out just a few examples of the hundreds of things our employees do over the course of a year that don’t normally get much attention outside of EWEB:

- Our treatment plant operators and others provided nearly 200,000 people and businesses with the cleanest, most contaminant-free water on the planet. EWEB has never violated a safe drinking water standard set by the federal government.
- We helped more than 5,000 low-income households with bill-payment assistance.
- We continue to have one of the best, most robust energy conservation programs in the nation. In 2006, our staff directly helped more than 7,000 customers save nearly 19 million kilowatt-hours of electricity – equal to the entire annual electricity output of 1,350 residences. Since 1982, our conservation efforts have saved customers more than \$135 million and reduced the need for electricity in this community by 53 megawatts – equal to all of our hydropower output.
- In the fall, our water source protection coordinator led a multi-agency effort to remove unwanted farm chemicals from the McKenzie watershed. This innovative, first-of-its-kind effort collected more than 17 tons of obsolete pesticides and other unwanted substances.
- 2006 marked EWEB’s best workplace safety record in more than 20 years, with lost-time days reduced by nearly a third below the utility’s average. This year, EWEB will receive its third-year SHARP (State of Oregon’s Safety and Health Achievement Recognition Program) award for excellence in workplace safety and health. More than 1,700 kids participated in tours of our energy and water facilities. And more than 5,000 Eugene and 4,000 Bethel school district students were directly impacted by our robust education grant program.
- And the 45-year-old spawning channel at Trailbridge Dam continues to be a popular attraction for young and old as it serves the salmon population. This 1,000-foot-long channel next to the McKenzie River actually enhances development rates two to three times over natural stream systems. In other words, it works, and it works very well to maintain a healthy salmon population in the river.

“2006 was a good year.

“We enter 2007 facing the same major issues that confronted us in 2006 – relicensing, relocation and ensuring we have the water to serve future generations – but you can again “Rely on Us” to get the job done.

“In January, additional upstream passage information was presented to the Board, and a determination was made that fish ladder options would be considered during relicensing settlement

negotiations with fisheries agencies and other parties. We are entering into settlement negotiations that are anticipated to lead to substantial agreement on outstanding relicensing issues.

“We will continue to move forward with the relocation of our industrial operations to the Roosevelt Blvd site. Construction and material cost escalations have caused further review of design assumptions. Those issues will be addressed as the design and cost estimating process continues and a financing strategy is developed.

“Tied to the proposed move and financing is the disposition of the Riverfront property that would be vacated as a result of the move. We are reviewing process that would allow us some degree of financing certainty regarding disposition of that property.

“Work is continuing to further secure our water rights on the McKenzie River and to investigate additional sources on the river other than the Hayden Bridge intake. Our water rights are perhaps one of Eugene’s most valuable assets, and we must be vigilant in protecting them.

“In addition to the major items listed above, on January 16, 2007, EWEB adopted a new renewable energy program designed to ensure the continued acquisition of those power resources. The current windpower program is fully subscribed, which has prompted the development of a new, expanded “GreenPower” option for our customers.

“This program will allow the customer to buy renewable energy credits, either by paying an additional penny per kilowatt-hour on your bill, or by purchasing blocks of credits. Most of the revenues generated by this program will go to purchase new renewable energy resources. This is an exciting program, and I look forward to its success with customers.

“As president of the Board, my goal is to help guide the utility as it addresses the issues critical to our future. The upcoming year will be a challenging one, but you can “Rely on Us” to address the needs of the utility and safeguard the resources committed to us, by you, our citizen owners.”

President Menegat received a round of applause.

## **COLLEGE HILL RESERVOIR**

Senior Water Engineer Jay Bozievich reviewed the information to date on what had transpired. He noted that the neighborhood preferred the scenario that would fence off the Head House, armor the expansion with steel plates, and construct a ramp to the reservoir roof. He outlined potential sources of funding, which included Community Development Block Grant (CDBG) funds, Neighborhood Matching Grant funds, or funds from the City of Eugene parks bond money. Staff had determined that the latter would not be available to EWEB. He related that the City had indicated willingness to help in other ways, outlined in the backgrounder. He said staff was working

with a consultant on a formal proposal for the upgrades to the facility that would include firm cost estimates.

Commissioner Brown asked if the material used to seal the roof slabs was flammable. Mr. Bozievich replied that the only element to be exposed to the public was a steel plate.

Vice President Simpson commented that he was not in favor of a straight-in ramp design due to security concerns as it would encourage access for motorized vehicles and also that it would make it possible to roll some kind of contaminant to the roof of the reservoir. He supported the construction of a “switchback” type ramp.

Mr. Bozievich stated that staff agreed with this.

Commissioner Brown acknowledged that there was a lot of passion for this in the present. He expressed concern that this passion would not be passed on to the next generation of users. He stressed the importance of passing the legacy of caring for the reservoir area on to future generations in the neighborhood.

President Menegat asked what would happen at the point that the Board would approve the proposed action. Mr. Bozievich replied that he would get together with Mr. Damewood in order to put together the appropriate skill set to address the reservoir issues. Mr. Berggren added that staff would essentially sit down and ask what it would take to “get there” from this point.

Vice President Simpson, seconded by Commissioner Farmer, moved to direct staff to move forward with securing the College Hill No. 2 Reservoir and improving access by:

- Fencing off the Head House from public access and providing an intrusion detection for that fence;
- Sealing the roof slabs against water intrusion and wear;
- Armoring the expansion joints between the roof slabs with steel plating;
- Working with the City of Eugene to secure funding to construct a ramp that would meet the ADA requirements;
- Removing and managing vegetation at the site to improve visibility;
- Working with City Parks department to install a pet waste station, waste removal and signage about cleanup;
- Working with the Friendly Area Neighborhood Association in applying for alternative funding for the ADA ramp.

As part of this work, staff would be authorized to engage the assistance of a consultant(s) in the design and specification of the improvements.

Commissioner Lanning offered a friendly amendment that would include the formation of a Neighborhood Watch Group. The maker and the second accepted the friendly amendment.

Commissioner Brown emphasized the importance of having the neighborhood association be involved with the decommissioning of the other reservoir. He said they should be kept in the loop. He also stressed to the neighborhood residents that they needed to be aware that EWEB carried the liability for anything that would happen.

Commissioner Farmer commented that he still did not consider this a Board policy issue. He was troubled that EWEB was treating this reservoir differently from the others that were under its purview. He related that EWEB had been sued twice in the previous two weeks over accidents at this reservoir. He said if encouraging people to get on top of the reservoir began to be problematic he would not hesitate to change his mind.

Commissioner Lanning stressed that EWEB's responsibility lay in providing safe drinking water. He commended the neighborhood group for having the courage to come forward and state that it did not want major security measures to be taken at the reservoir and for being willing to assume responsibility for security.

The motion passed unanimously, 5:0.

#### **BUSINESS SERVICE CONTRACT – EUGENE SAND & GRAVEL, DELTA SAND & GRAVEL**

Water & Steam Division Director Tom Buckhouse explained that he was requesting approval of a contract for aggregate materials for a period of up to five years. He reported that a letter of protest had been received from Delta Sand & Gravel's attorney. He said the rules the Board had adopted as the Contract Review Board included opportunities for parties to protest over the bid specifications and over the actual award or intent to award the bid. He related that the bid documents had a deadline of December 21, 2006 for protests and a protest on the specifications of the contract arrived after that. He stated that there was one item that had to do with the method of evaluating the bids. He reported that it had been recalculated and it had not changed the outcome of the bids. He conveyed staff's recommendation to award the contract for \$1,375,000 to Eugene Sand & Gravel.

Commissioner Farmer said he respected the fact that when the deadline had transpired the company had forfeited the right of appeal. He wondered, however, if there was anything in the protest that would have had merit had it been submitted by the deadline. Mr. Buckhouse did not believe so. He said they had to determine some method of comparing bids from firms that supply a service. He related that one piece of that evaluation was the travel time it took to come from a site.

In this case, the travel time was based on the distance from EWEB to the company's site and back as the proxy. He underscored that it was EWEB's job to set the requirements by which it would evaluate bids.

Commissioner Lanning asked if taking action would increase EWEB's liability to legal action. Mr. Berggren replied that he did not believe so. He said if there was a next level of protest there would be an obligation to conduct a good faith assessment of the protest. He related that EWEB had received such a protest on occasion before and the past experience had been that once it had been assessed and EWEB's judgment in the bid process upheld the companies in question had not chosen to pursue issues further.

Vice President Simpson, seconded by Commissioner Lanning, moved to approve the business services contract award for \$1,375,000 to Eugene Sand & Gravel and Delta Sand & Gravel. The motion passed unanimously, 5:0.

## **WIND POWER RATES**

Senior Financial/Risk Analyst John Yanov reviewed the *May 2007 Windpower Rate Proposal: Cost Recovery Options* with the aid of power points. He noted that every three years EWEB looked at a new methodology for the rate update. He reported that the rate had not changed since 1999, when the wind project was first started.

In response to a question from Vice President Simpson, Mr. Yanov explained that the Renewable Energy Production Incentives (REPI), which had declined from \$389,000 to \$93,000, had been federal incentives to the utility. He stated that the program was set up so that incentives would be received for ten years and there were two years remaining in the present agreement.

Mr. Yanov related that general production had increased because 10 percent of the wind generators were off line due to equipment failures.

Commissioner Lanning had to leave at 8:45 p.m.

Mr. Yanov stated that the new Greenpower Program would allow customers to switch to it in lieu of being subscribed to the windpower program. He reiterated that in 2009 the manufacturer's warranty on the equipment and the REPI program would end and that there were uncertainties relative to 2011 and the potential implications a changed contract with the BPA would have on EWEB. He presented three cost recovery scenarios: a base case scenario in which costs were recovered by the year 2028 and EWEB would face a 20 to 22 percent increase in the windpower rate, a more expedient cost recovery scenario for the year 2011 that would include a cost increase of 38 to 45 percent, and the same scenario for 2009 which would include a cost increase of 41 to 52 percent.

Commissioner Brown asked if all of the rate scenarios assumed that everyone remained at the present level of consumption. Mr. Berggren replied that it was a calculation of what the full cost recovery would look like assuming that all of the windpower was subscribed.

Commissioner Brown asked what would happen if all of the windpower customers refused the increase. Mr. Yanov replied that some people may drop off and some may want to get in. Energy Management Services Manager Mat Northway added that up until a few months earlier only half of the windpower was subscribed and this meant that the other customers subsidized the program.

Commissioner Farmer did not like the cost recovery scenarios. He felt EWEB should end the windpower program and solely utilize the Greenpower Program. He believed that paying more to build future green facilities would be an easy sell in this community.

In response to a question from Vice President Simpson, Resource Projects Manager Jim Maloney explained that the reason they were gearing toward 2011 was that there would be a new contract with the BPA, the utility will have brought on the Klondike Windpower Project, the geothermal project will likely have been brought on, and EWEB would know how the Greenpower Program was running at that time.

In response to a follow-up question from Vice President Simpson, Mr. Maloney affirmed that both the Foote Creek and the Klondike Windpower Projects would be considered new resources under the Governor's Renewable Portfolio Standards (RPS).

Vice President Simpson asked what aspect of the rate recovery would pick up the costs of aging windpower facilities soon to be without a warranty. Mr. Maloney replied that the current rate proposal was based on a financial *pro forma* designed in 1999 as part of the original application to the BPA. He explained that there were no contingencies set aside at that time for increasing operations and maintenance costs. He said this had turned out to be an "overly optimistic assumption" as the gearboxes had a high rate of failure worldwide and this had proven to be expensive. He stated that at this point the question was whether to let the facilities fail and decommission them or to power them back up. He added that wind was a rich power resource and was two to three percent of EWEB's resource base depending on the "wind year."

Commissioner Farmer asked what it would cost to spread the increase over the residential customer base. Fiscal Services Supervisor Dick Varner replied that it would cost \$500,000 to spread it across the base and another \$500,000 if EWEB did away with the windpower program entirely. He said it represented a two or three-tenths of a percent increase.

Mr. Maloney noted that in 2000 and 2001, when the project had only been 50 percent subscribed, it had saved EWEB several million dollars because of the power market prices had been at the time.

Mr. Varner commented that if one considered the unsubscribed windpower from 1999 to 2005 the program would break even.

Mr. Northway stated that they had designed the Greenpower Program so that it would be cleaner and easier to understand and operate. He felt that a Greenpower Program was “exactly” what the customers wanted. He was leery of ending the windpower program too soon as it could be misperceived by the customer base. He felt there would be a natural migration of customers given the costs and benefits.

In response to a question from Commissioner Farmer, Mr. Maloney stated that the utility had made the investment in the renewable resource project and at present there was customers that were so enamored of the project they supported it in spite of the cost. He wanted to see this same revenue go into Greenpower.

Mr. Northway noted that the number of customers who benefited from the windpower program because they were avoiding the tiered rates was very small.

Commissioner Farmer said he could support a “buy in period.”

Mr. Yanov thought letting the Greenpower Program be customer driven would allow for a gradual transition. He did not want to let the deficit of windpower build up in the interim.

Mr. Berggren suggested that staff come back with a proposal to determine some lag time to address customer loyalty to the windpower program.

Vice President Simpson preferred a two-year phase out of the wind program, but would settle for an 18-month period. He believed that EWEB owed it to its customers to allow them to come up to speed with the new program and to understand the benefits of the Greenpower Program relative to the wind program. In the meantime, he favored increasing wind rates to recoup the costs.

In response to a question from Mr. Varner, Vice President Simpson affirmed that he would want to institute the full cost recovery scenario, which included a 50 percent increase over two years.

Mr. Yanov posed that they could go with the base case scenario and then look at it in one year.

Mr. Varner noted that EWEB was \$125,000 “in the hole” for the people who had subscribed to windpower. He pointed out that in one year, with the base rate scenario, EWEB would be \$300,000 “in the hole.”

Mr. Maloney underscored that a big piece of the shortfall was due to the reduction in the federal incentives. He postulated that the “new” congress could increase the funding. He noted that staff had only modeled the pessimistic view.

President Menegat did not know if EWEB could continue to subsidize windpower unless it was also looking at phasing it out. He offered a fifth option, which would be to raise the rates above the current rates or to amortize it out on the 2008 base rate recovery basis and at the end of the year let people know that they were planning on phasing the program out.

Mr. Varner pointed out that if the rates were set at the Tier 3 rate it would provide for approximately a 30 percent increase in rates.

Mr. Berggren clarified that the Greenpower Program was an “adder” on top of the tiered rate program.

Commissioner Farmer commented that one problem with the wind program was that people for the most part did not understand it. He liked the Greenpower Program because it was being used to build future facilities. He reiterated his feeling that the key to the program’s success was how well staff marketed it. He said marketing it right would help people understand that windpower would not go away.

Commissioner Brown said he would defer to the majority. He thought the program should wind down but he was not committed to the period of time it should take.

Commissioner Farmer felt the shorter the cost recovery period the better.

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

Vice President Simpson stated that the reason he had pulled Resolution Nos. 0705, 0706, and 0708 was that he opposed the use of facsimile signatures.

Mr. Berggren stated that staff understood Vice President Simpson’s opposition. He assured him that they would not use facsimiles of his signature on anything.

Vice President Simpson, seconded by Commissioner Farmer, moved approval of Resolution Nos. 0705, 0706, and 0708. The motion passed unanimously, 4:0.

Commissioner Farmer explained that he had pulled Resolution 0704 because he had to recuse

himself from voting as he had a conflict of interest.

Vice President Simpson, seconded by Commissioner Brown, moved to approve Resolution No. 0704. The motion passed, 3:0:1; Commissioner Farmer was recused from the vote.

Vice President Simpson stated that he had pulled the minutes from the meeting held on November 21, 2006, because he had not been present.

Commissioner Farmer, seconded by Commissioner Brown, moved to approve the minutes of the Regular Meeting held on November 21, 2006. The motion passed, 3:0:1; Vice President Simpson abstaining.

Commissioner Brown announced that the tour of the new LEED Gold Standard building at Midstate Electric Cooperative in LaPine, Oregon, would be held on February 13 or 14. He said the Commissioners were on the email distribution list for this. He thought a tour would help the Board get an idea of what a \$139 per square foot building consisted of.

Mr. Berggren pointed out that only the administrative portion of the building was LEED certified.

The meeting adjourned at 9:28 p.m.

---

Assistant Secretary

---

President