

EUGENE WATER & ELECTRIC BOARD
WORK SESSION
EWEB BOARD ROOM
MARCH 6, 2007
5:30 P.M.

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

Others present: Randy Berggren, Dick Varner, Tom Buckhouse, Dick Helgeson, Debra Smith, Lance Robertson, Roseanna McArthur, Mark Freeman, Lara Downs, John Yanov, Dave Koski, Rich Lehigh, Teresa Dingman, Terry Bequette, Dean Ahlsten, and Judy Chase of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder; and members of the public.

President Menegat convened the Work Session of the Eugene Water & Electric Board (EWEB) at 5:30 p.m. He noted that Commissioner Lanning was tied up with a Lane Community College (LCC) budget meeting.

COVEY LANE INDEPENDENT ENGINEER REPORT

Systems Engineering & Substation Reliability Manager Dean Ahlsten provided a review of the independent engineer's report on the utility tower that had been impacted by adjacent poles that collapsed near Covey Lane during the spring storm event. He explained that one recommendation had been to install guy wires in all four directions. He stated that this was not desirable because of the clearance issues that would arise.

In response to a question from President Menegat, Staff Electrical Engineer Rich Lehigh stated that the actual eaves of the nearby homes were at the edge of the easement.

As a point of clarification Commissioner Brown noted that the land on which EWEB had a right-of-way easement belonged to the homeowners. General Manager Randy Berggren affirmed this, adding that EWEB had the right to do whatever it needed to do within the easements such as trimming or planting trees.

Commissioner Brown asked if EWEB had the right to remove a tree. Distribution Reliability Manager Dave Koski replied that it did in the case of a tree that had been determined to be a definite hazard.

Mr. Ahlsten reported that the next utility tower was not damaged but it was no longer vertical. He related that the report recommended EWEB install guy wires on four planes. He said while it was feasible to do so, staff did not feel it was necessary given that the structure was not damaged. He underscored that there were no adjacent tree hazards at this location.

Mr. Ahlsten related that the report also recommended that EWEB inspect pole LC 1/8. He said staff questioned that conclusion, as that structure had not been exposed to the unbalanced forces that had come into play for the utility tower in question. He added that it was also not located near hazardous trees.

Mr. Ahlsten stated that the last recommendation of the report was to inspect all of the poles in the system. Mr. Koski noted that EWEB did inspect transmission poles twice a year.

Commissioner Brown observed that the report indicated staff's preference to take all of the trees out of the area in question, but the City of Eugene would not allow this. Mr. Lehigh affirmed that it was considered a riparian zone and EWEB would have to go through a process to fell trees. Mr. Koski clarified that it was part of the Goal 5 inventory. He added that the trees lean away from the lines, which meant that it would take an extraordinary event to cause them to fall toward them.

Mr. Ahlsten presented the options: spend \$20,000 on guy wires, spend \$40,000 on new steel poles, or do nothing.

In response to a question from Vice President Simpson, Mr. Lehigh explained that because the poles were 80 feet tall guy wires would have to go out 50 feet from the base in order to make a 45-degree angle. He said this created an issue on the east/west plane because of the proximity of houses.

Vice President Simpson asked if the two-guy wires option would extend in the north/south plane. He felt that if he were a homeowner he would feel better if two guy wires were attached, especially given that the pole was leaning to the north. Mr. Lehigh responded that there was concern that if the pole came down it would fall longitudinally and, given that, guy wires to the south and west would be preferable.

In response to a follow-up question from Vice President Simpson, Mr. Lehigh affirmed that a two-guy wire option would likely cost \$10,000. He explained that each guy wire was anchored with a ten cubic yard concrete block, which cost approximately \$5,000.

Vice President Simpson asked if Dr. Rad, the author of the report, had based his recommendations on physics or whether they were based on utility practices. Mr. Lehigh replied that he thought it related to concerns regarding the poles themselves. He did not think Dr. Rad considered the conductors in the report. He also thought Dr. Rad had ignored that the concrete poles were static cast with pre-stressed bridge stranding inside them.

Mr. Lehigh clarified, in response to a question from Vice President Simpson, that the trees fell onto the conductors and not the pole during the storm event of May 21, 2006. He said the impact of a 15,000 or 20,000-pound tree increased the tension to the guy wires tremendously. He thought it had stripped the guy wires out of the anchoring device.

Vice President Simpson remarked that it was sometimes important to do things that did not necessarily make sense from an engineering perspective. He felt it would provide a measure of comfort to the area residents if EWEB opted for a two-guy wire support for the leaning pole.

Commissioner Brown preferred replacing the pole. He thought “patching and pasting” the situation would cause trouble.

Mr. Lehigh stated that the new steel poles had a 1,000,000-foot/pound capacity. He stated that in this particular situation EWEB would have to replace the pole with a pole that had a 2,000,000-foot/pound capacity, which would cost \$200,000.

Commissioner Farmer surmised that staff did not believe replacing a pole would make a difference. Mr. Lehigh said there would still be a tree issue after the pole was replaced.

President Menegat stressed that the Board was a policy-making body that had a General Manager to carry out the policies. He averred that the Board did not set standards for the poles and the experts had declared the poles to be safe. He pointed out that the poles had been safely providing transmission service for a long time. He stated that the pole had been brought down by an extraordinary event. He believed that EWEB had done a lot to remedy the situation already.

Commissioner Farmer commented that adding more guy wires seemed like a “lousy” option for the homeowners. He likened it to examining the “wrong end of the horse” as the trees had knocked the pole down. He felt EWEB needed to address the trees because the integrity of the poles was a known commodity.

Vice President Simpson asked if a steel pole would experience a similar malfunction under the same circumstances. Mr. Lehigh replied that it would most likely also lean, but he did not believe it would break.

Commissioner Farmer felt that if EWEB followed the logic of the recommendations in the report it would have to attach guy wires to every pole within 150 feet of a property line.

Mr. Berggren said he would bring the item back with more refined costs.

Vice President Simpson said he could support installing guy wires but he could also support doing nothing.

Commissioner Farmer wanted to be able to take down the trees.

PUBLIC UTILITY REGULATORY POLICIES ACT (PURPA) PROCESS AND REVIEW

Senior Financial/Rate Analyst John Yanov provided a power point presentation on the Public Utility Regulatory Policies Act (PURPA). He stated that after the present meeting staff would convene and come up with the standards that would be proposed for adoption. He reviewed the PURPA of 1978, noting that EWEB would likely seek to revisit the Time-of-Day Rates and the Seasonal Rates in tandem with the suggested standards of 2005. He related that the standards included integrated resource planning, energy efficient investments in power generation and supply, net metering, a fuel sources standard, and a fossil fuel generation efficiency standard. Regarding the latter, he explained that though it seemed esoteric EWEB did have two such resources that could apply. He said EWEB had been looking at efficiency improvements for the two. He continued his

review of the PURPA standards proposed for 2005, which also included interconnection service to any consumer the utility served and smart metering. He stressed that EWEB was mandated to consider the standards but was not mandated to adopt them.

Vice President Simpson asked what the advantages were to complying with the standards. Mr. Yanov replied that this was something they had yet to consider. He said for him the key component was that the Federal Energy Regulatory Commission (FERC) wanted utilities to consider the standards. He observed that FERC thought all of the standards were good ideas but it did not necessarily mean that the standards were universally good for all utilities.

Commissioner Farmer commented that to a large degree EWEB had already complied with most of the standards.

Mr. Yanov stated that FERC required an explicit written statement of EWEB's determination regarding the suggested standards. He welcomed Commissioner input.

Vice President Simpson asked what kind of progress EWEB had made in Conservation & Demand Management. Mr. Yanov replied that he probably should have left the standard off the list.

Commissioner Brown questioned whether people would show up for a public hearing on these items. Mr. Yanov did not anticipate a large response.

Commissioner Farmer remarked that it would be prudent to look into smart metering. He thought it could be a better mode of assessing charges than tiered rates.

Vice President Simpson concurred. He believed that the automatic meter reading (AMR) technology could be rolled out to people at large.

Assistant to the General Manager Debra Smith stated that staff had a strategic initiative that focused on AMR, noting that Mr. Koski served on that team. She hoped to bring a draft plan before the Board in June.

BYLAWS REVIEW

Assistant to the General Manager Debra Smith provided an overview of the memorandum entitled *Bylaw Questions* dated *February 28, 2007*.

In response to a question from Commissioner Farmer, Ms. Smith clarified that when EWEB legal counsel Win Calkins referred to the constitution he meant the constitution of the State of Oregon.

Commissioner Farmer expressed concern that a person would be considered in office regardless of having resigned until a replacement had been sworn in according to the language. Ms. Smith responded that in the details of the research Mr. Calkins had done it appeared that if someone resigned from the Board it would go forward with four Commissioners until a new Commissioner was seated. She noted that the required quorum of three would not change and if two

Commissioners resigned it could potentially present a quorum issue as action could not be taken unless all three were unanimous. She further clarified that if the Board was reduced to two Commissioners by a disaster, such as three Commissioners killed in an accident, there were emergency provisions that allowed the decision-making process to go forward.

In response to a question from Vice President Simpson, Mr. Berggren stated that the State Attorney General had dictated that the Public Utility Board could not define a quorum for itself.

Commissioner Brown asked if there was any business that the Board conducted that would be impacted tremendously by the loss of a quorum or a lack of consensus among three remaining members. Mr. Berggren responded that the most vulnerable area was the Consent Calendar, as it sometimes contained time sensitive Business Service Agreements that required Commissioner approval. He said if the Board were not complete some of the routine business of the utility would not be able to be conducted.

Commissioner Farmer recalled the difficulty that the Town of Oakland had faced after its Council had been reduced to two members who could not agree on anything.

Ms. Smith said she would confer with legal counsel regarding the situation in Oakland and whether the Board could become similarly compromised.

ITEMS FROM BOARD MEMBERS

Commissioner Farmer stated his intent to attend the Northwest Energy Coalition (NWECC) Conference scheduled for May 18 and 19 in Boise, Idaho.

Vice President Simpson reported that the McKenzie Watershed Council (MWC) director had resigned. He stated that the Council conducted a search for a new director and had offered the position to Larry Six and he had accepted the offer. He added that neither he nor Commissioner Brown could attend the MWC meeting scheduled for March 8 and requested that someone step in for them.

Commissioner Brown noted that he was unable to attend the MWC meeting as he also served on the Police Commission, which had also scheduled its meeting for March 8.

Commissioner Brown commended staff for being responsive to questions submitted to him from the public regarding a variety of issues.

Commissioner Brown reported that he and Mr. Berggren had met with City Manager Dennis Taylor and Assistant City Manager Angel Jones regarding the master planning for the riverfront site. He felt it had been a good discussion.

President Menegat related that the Building Advisory Team (BAT) planned to meet on March 7 to start the process of revisiting the Roosevelt Building Project.

In response to a question from Commissioner Farmer, President Menegat stated that all of the General Manager reviews were in for his upcoming evaluation.

CORRESPONDENCE

Mr. Berggren reported that Public Affairs Manager Marty Douglass had sent a memorandum to the Board that summarized testimony from the water rates hearing.

BOARD AGENDAS

Mr. Berggren reviewed the *Eugene Water & Electric Board Agenda Report* dated *March 6, 2007*. He noted that the strategic planning retreat was scheduled for March 13. Ms. Smith indicated that she would send out a draft agenda on March 7.

President Menegat adjourned the meeting at 7:13 p.m.

Assistant Secretary

President