

EUGENE WATER & ELECTRIC BOARD  
WORK SESSION  
EWEB BOARD ROOM  
APRIL 3, 2007  
5:30 P.M.

Commissioners present: Mel Menegat, Ron Farmer, and John Brown. Vice President John Simpson joined by telephone at 6:45 p.m., and Commissioner Patrick Lanning was excused.

Others present: Randy Berggren, Dick Varner, Tom Buckhouse, Jim Origliosso, Dick Helgeson, Roseanna McArthur, Patty Boyle, Marty Douglass, Terry Bequette, Dawn Howard, Jean Meyers, Laurie Muggy, Sherry Schumacher, and Krista Hince of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder.

President Menegat convened the work session of the Eugene Water & Electric Board (EWEB) at 5:30 p.m.

#### **CUSTOMER SERVICE POLICY UPDATE**

Treasurer Jim Origliosso introduced Dawne Howard, Customer Service Supervisor. He explained that she had been working with legal counsel and a number of people inside the organization on a review and revision of the customer service policy. He stated that the focus would be on the customer service policies that affect both utilities.

Commissioner Farmer encouraged staff to provide in-depth backgrounders. He said he would do the homework when presented with a thorough backgrounder. He found that the backgrounder in this case lacked the substantive changes to the policies.

Ms. Howard provided a power point presentation on the policy update.

President Menegat asked what EWEB did “up front” to advise an account holder that he or she would be the only person allowed to access that account unless someone else is specifically authorized. Ms. Howard replied that staff always asked whether a person wanted to authorize anyone else to do so.

In response to a follow-up question from Commissioner Farmer, Ms. Howard explained that spouses in Oregon were legally entitled access to account information. She added that when setting up the account a staff person would have asked if the account holder had a spouse.

Commissioner Brown asked if someone who co-signed for someone else’s account would have the right to find out if that person’s bill was current. Ms. Howard responded that such a person would still be required to have authorization to access account information from the account holder.

Commissioner Brown asked how a situation would be handled in which the owner of a building was not responsible for the utility bill; could the owner access energy information for the building. Ms. Howard replied that one would still have to obtain the consent of the tenant.

Mr. Origliosso stated that EWEB verified social security numbers in real time. Ms. Howard noted that if a social security number had been abused by someone to whom it did not belong this would come up when the number was verified.

Commissioner Brown asked how an immigrant or foreign student would be treated in this situation. Ms. Howard replied that a passport met the requirements for identification.

Commissioner Brown asked why the utility could request a social security number when Eugene police officers were not allowed to. Ms. Howard clarified that the utility was asking for the number to establish credit.

President Menegat asked if EWEB conducted credit checks on new accounts. Ms. Howard responded that EWEB only did so with the consent of the person involved.

Commissioner Farmer said the calls he had received regarding this policy had been from people who already had EWEB utility service. He related that some people questioned the necessity of having to recite their social security numbers in order to obtain information. He asked if a person could walk in with their driver's license and access information. Ms. Howard affirmed that they could. She added that a person could also set up a password. She noted that some customers had thanked staff for verifying their identity.

Commissioner Brown asked if the utility had the right to take a lien on property to guarantee payment for services. Ms. Howard replied that it could only take a lien on property in the case of a loan.

Commissioner Farmer asked Mr. Origliosso to recap the automatic hook-up issue. Mr. Origliosso explained that the utility had sent out a letter asking property managers to contact the property owners and have them designate an account while services were lapsing when a tenant vacated the property. He said the bill would go to the property owner or property manager. He related that this had created a stir with property managers, though the utility had tried to avoid doing that. He underscored that what the utility had been trying to do was to get the owner or manager to specify what account a bill should go to when a unit was vacant.

Ms. Howard stated that EWEB had decided it was a benefit to the property management companies not to have the "commingled monies." She said property owners did not always remember to let EWEB know in the case of a change of management or if a property was sold.

Mr. Origliosso said it had been a small bookkeeping issue for property managers. He related that EWEB staff had addressed it by designating a couple of customer service representatives to provide assistance to them in getting the paperwork completed.

Ms. Howard indicated that no issues or concerns had arisen regarding commingled funds or property transfers since the policy had been instituted. She said property management companies liked the policy because they were not held responsible for outstanding utility bills.

Commissioner Brown asked how the customer service division helped Spanish speaking individuals. Ms. Howard replied that EWEB tried to have a Spanish speaking customer service representative. She said if EWEB did not have a Spanish speaking representative they had contracted with International Telephone & Telegraph (IT&T) for an interpreter if needed.

Commissioner Brown suggested that International High School students might be willing to translate for EWEB for free. He thought this might help to meet the community service requirement for graduation.

Commissioner Farmer remarked that he had not heard anything in the presentation that would rise to the Board level as a concern. He asked if there were any major shifts in policy that the Commissioners should be aware of. Ms. Howard did not think so. Mr. Origliosso concurred, adding that most of the changes sought to modernize the language and to simplify it. Ms. Howard noted that the policy had not been updated or revised in six years.

## **RESERVE STATUS AND RECOMMENDATIONS**

Fiscal Services Supervisor Dick Varner explained that staff was seeking Board input as to what adjustments were needed to the reserve levels and targets. He said it was staff's intent to provide any clarification needed as the resolution to approve the recommendations was included on the Consent Calendar for the regular meeting.

Mr. Varner reviewed the reserve status for the electric utility. He said staff had noted at the end of the year that the utility had been short on working cash. He attributed this to changes in accounting practices that moved the money from working cash to "other places" and, in part, to a "big receivable at year's end." He stated that at this point the utility had only half of its targeted working cash but had more money than target in the power operating reserve. He said the issue was somewhat complicated because \$2 million of that "extra money" in the power operating reserve had come from the Bonneville Power Administration (BPA) Slice settlement. He explained that it had been based on things that happened in 2002; EWEB had been over-billed for power costs and the BPA had refunded the money with interest in 2006. He related that EWEB's largest customer had expressed some concern that they would not receive any benefit from the refund if EWEB "did certain things with that money." He said EWEB staff had looked for a way for the money to meet a significant need and to also provide them with some benefit. This had resulted in the recommendation to place the money into the unfunded post-retirement medical benefit liability. He added that there was a recommendation to place the other \$1.5 million into working cash.

Mr. Varner said in reviewing the 2007 budget and the currently projected budget variances staff was recommending that the positive variances in the contribution margin not be transferred to the power operating reserve until EWEB had at least \$15 million in working cash. He stated that another item, to be presented to the Board as a budget amendment, would be a request to use \$3.2 million from the capital reserve fund to fund capital projects for 2007.

In response to a question from Commissioner Brown, Mr. Varner stated that the capital reserve funds could be used for any capital project.

Commissioner Brown asked if a sinking fund would be structured based on a certain amount over the expected life span of a capital asset. Mr. Varner replied that the capital reserve was targeted to one year of capital to provide extra "cushion" should there be more capital projects than what would normally be funded out of rates.

In response to a follow-up question from Commissioner Brown, Mr. Varner said EWEB typically borrowed money for larger projects and depreciation came out of rates.

Commissioner Farmer commented that it was difficult to depreciate some of the larger elements of the utility, such as the dams.

Commissioner Farmer asked why there had been a substantial increase in customer deposits. Mr. Varner replied that EWEB had become much tougher on customer deposits after it had experienced a major write-off.

Commissioner Farmer asked if a deposit was classified as an asset or a liability. Mr. Varner replied that the cash was the asset but EWEB had an offsetting liability for it. He said it used to be in a "checkbook balance" but now it was in a restricted fund at the recommendation of the auditors.

In response to a question from Commissioner Farmer, Mr. Varner said the electric utility income typically increased in the first four or five months of the year and the water utility income typically increased in the summer. He added that the one thing that would make a shift in EWEB's month was that it paid its BPA bill around the 5<sup>th</sup> of the month and then it billed for market sales on the 20<sup>th</sup> of the month and then it collected wholesale bills and money from power trading sales.

Commissioner Farmer asked what the most recent estimate was for the post-retirement medical liability. Mr. Varner replied that the last actuarial estimated it to be \$28 million. He said the recommendation would provide a seven or eight percent reduction to that amount. He noted that the Government Accounting Standards Board (GASB) Statement No. 45 liability was approximately \$3.5 million per year and the amount proposed to be applied to it would change that by approximately \$250,000 per year.

Commissioner Farmer asked if this had anything to do with the lawsuit. Mr. Varner responded that it did not. Commissioner Farmer surmised that the situation could get worse with the lawsuit.

Commissioner Farmer asked which need was most pressing. Mr. Varner replied that working cash would be the first place he would put money into. He reiterated that the large customer wished to see some benefit from the Slice settlement and placing that money in working cash would not provide any benefit to them.

In response to another question from Commissioner Farmer, Mr. Varner said for January and February EWEB had “beat the budget” by approximately \$4.5 million in wholesale power sales. He projected that there would not be much to worry about given the good snow pack in the mountains and the hedges that EWEB had protecting a sizable amount of its surplus volume.

In response to a question from Commissioner Brown, Mr. Varner said EWEB could wait as much as 50 days for payment for wholesale power as power sold at the first of the month might not be billed until the 20<sup>th</sup> of the next month. He explained that it was an industry standard to carry a “net 20.” He added that if it took longer to receive payment EWEB did charge interest. He noted that if EWEB was not paid by the 20<sup>th</sup> day someone was typically on the telephone on the 21<sup>st</sup> day asking “where is the money?”

Mr. Varner highlighted the recommended changes in reserve status for the water utility. He said the water utility had been conservative in its budgeting and it had experienced a “decent summer.” He stated that this had increased the working cash from approximately \$1.5 million to \$2.5 million, \$500,000 more than had been targeted for that account. He related that staff recommended taking the \$500,000 and place it in the operating reserve, which would take that fund half-way to its target. He noted that they had budgeted an additional \$700,000 in order to be at target for the operating reserve by the end of 2007.

Commissioner Farmer asked what the strategy would be to increase the funding for the capital program. Mr. Varner replied that the Commissioners would continue to discuss strategy with Water Engineering Manager Mel Damewood and Senior Financial/Rate Analyst Patty Boyle. He said they would continue to work toward a fully funded capital program.

In response to a follow-up question from Commissioner Farmer, Mr. Varner indicated that he supported utilizing a combination of rates and borrowing. He added that it would be possible to fund the necessary capital improvements completely out of rates but it would be a big hit for the ratepayers to take all at once.

President Menegat noted that Resolution No. 0712, a resolution to authorize reserve transfers for both utilities and to increase the funding target for the Water Capital Improvement Reserve fund was on the Consent Calendar.

## **WELLNESS PROGRAM RESULTS**

Senior Human Resource Generalist Laurie Muggy and Disability Coordinator Sherry Schumacher presented a power point overview entitled *Worksite Wellness: A Strategy at EWEB*.

Ms. Schumacher indicated with a graph the 60 percent decrease in workers compensation claims.

Vice President Simpson joined the meeting by telephone at 6:45 p.m.

Ms. Muggy related that Lane Transit District (LTD) had requested a presentation on EWEB's Wellness Program for their Wellness Committee.

Commissioner Farmer commented that he had been impressed by the reduction in accidents. He wished to congratulate Ms. Muggy and Ms. Schumacher and the staff people who helped to make this happen. He also wanted to convey to the lineworkers how valuable this program was to the Board.

In response to a question from Commissioner Farmer, Ms. Muggy stated that 33 percent of the EWEB workforce was made up of women.

Commissioner Farmer asked why most of the data was from 2004. Ms. Schumacher explained that it was not until the end of 2004 that there was a five-year period to review. It had then taken until 2006 to formulate metrics. She said the overall data was accurate.

General Manager Randy Berggren asked what ability there was to update the program. Ms. Schumacher responded that their intent had been to create data to build upon and move forward with.

Commissioner Farmer remarked that though the number of sick leave hours had been reduced from 35,000 hours to 32,000 hours it still seemed high to him. He said it appeared that every employee was taking approximately two weeks of sick leave per year. Ms. Muggy responded that the actual average incidental sick leave utilization was roughly seven days per year per employee. Ms. Schumacher added that the figure provided to the Board had included all sick leave, including taking medical leave to tend to a family member. She said the figure was somewhat skewed by those people who had taken four weeks or more in sick leave due to a surgery or a major illness.

Commissioner Farmer expressed his support for the Wellness Program. He asked if employee participation could be required. Ms. Muggy replied that it could be required but typically one saw an employer providing incentives for participation such as reduction in health care premiums or deductibles.

In response to a question from Commissioner Farmer, Ms. Muggy said typically an employer had 30 percent participation in a wellness program if it was a purely voluntary option for employees.

Commissioner Farmer noted that Monaco Coach had been identified as having one of the very best wellness programs. He felt that a lot of the benefit was attributable to their on-site pharmacy.

Ms. Muggy said she and Ms. Schumacher had visited Monaco Coach during the previous summer. She stated that Monaco utilized Cascade Health Solutions (CHS) and noted that EWEB contracted for its on-site registered nurse and physical therapist from CHS.

Commissioner Brown commended them for their presentation. He expressed his strong support for the program. He asked if the data was from the same number of employees from 2005 to 2006. Ms. Schumacher replied that the number of employees had remained fairly steady.

In response to a question from Commissioner Brown, Ms. Schumacher explained that the \$170,000 listed included the contracts from CHS and the space for the fitness center but not the salaries of the human resources staff that oversaw the program.

Commissioner Brown asked if EWEB had a tobacco policy. Mr. Berggren replied that EWEB was governed by the Eugene ordinance. He added that an employee could not smoke inside the equipment or trucks either.

Vice President Simpson asked if there were mental health wellness benefits, such as bereavement leave. Ms. Muggy replied that they had recently spent time looking into that. She stated that an employee was entitled to three days paid bereavement leave upon the death of a loved one. She said in addition to that there was a 14-day period that an employee could utilize sick leave. She explained that at that point EWEB would begin asking for some kind of medical documentation that would support additional leave time for mental health related reasons that were triggered by the death.

Vice President Simpson asked if there were options to attend support groups or obtain counseling. Ms. Muggy affirmed that there were. She noted that EWEB had its Employee Assistance Program (EAP) that was through Reliant Behavioral Health. She said when staff became aware that an employee was in a situation like this they typically sent a letter to him or her that included information relevant to the EAP.

Commissioner Farmer asked how staff was distinguishing between Union employees and non-Union employees when talking about changing policies and benefits. Ms. Meyers responded that anything that dealt with a term and condition of employment, wages, and benefits was considered a part of labor negotiations.

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President Menegat thanked Ms. Muggy and Ms. Schumacher.

President Menegat adjourned the meeting at 7:18 p.m.

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Assistant Secretary

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President