

EUGENE WATER & ELECTRIC BOARD
REGULAR BOARD MEETING
EWEB BOARD ROOM
JULY 17, 2007
7:30 P.M.

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

Others present: Jim Wiley (acting in the absence of the General Manager), Tom Buckhouse, Marty Douglass, John Yanov, Jason Heuser, Dick Helgeson, Jean Meyers, Dick Varner, Mike Logan, Katie Sproles, 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). He stated that Commissioner Brown was excused.

AGENDA CHECK

President Menegat noted that the Consent Calendar had been revised and Item 3 (Communication Services, Inc. – Phase 1b Microwave – 30% design) had been deferred. There were no other changes to the agenda.

PUBLIC INPUT

There were no members of the public who wished to speak at this time.

APPROVAL OF CONSENT CALENDAR

Minutes

- 1a. January 16, 2007 Work Session
- 1b. January 16, 2007 Regular Board Meeting.
- 1c. April 17, 2007 Work Session
- 1d. May 8, 2007 Special Board Meeting
- 1e. May 15, 2007 Work Session
- 1f. May 15, 2007 Regular Board Meeting
- 1g. May 30, 2007 Joint Work Session

Business Service Agreements

2. CH2M-Hill, Inc. – Hydraulic Model Development Assistance – Water & Steam Divisions - \$55,000
3. ~~Communications Services, Inc. – Phase 1b Microwave – 30% Design – Electric Division. –(Deferred)~~
4. S2 Industrial Inc. – Cooling & Power Supply for EWEB Headquarters Building Data Closets – Facilities – Financial and Corporate Services Divisions - \$147,427
5. SelecTemp – Temporary Services for Electric Operations Scanning Project – Reliability Distribution – Electric Division - \$5,400

6. Second Growth, Inc. – Vegetation Management Land Habitat Enhancement Projects – Environmental Management – Employee, Customer & Community Services Division - \$349,556

Intergovernmental Agreements

7. Oregon Department of Environmental Quality – Coal Gas Site Investigation – Environmental Management – Employee, Customer & Community Services Division - \$43,000
8. State of Oregon – Motor Pool Vehicle Rentals – Facilities – Financial and Corporate Services Division - \$150,000
9. USDA Forest Service – Implications of Climate Change in the McKenzie Watershed – Environmental Management – Employee, Customer & Community Services Division - \$90,000
10. U.S. Department of the Interior, U.S. Geological Survey – Source Protection Monitoring – Environmental Management – Employee, Customer & Community Services Division - \$690,400

Commissioner Farmer, seconded by Commissioner Lanning, moved to approve the Consent Calendar. The motion passed unanimously, 4:0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

There were no items removed from the Consent Calendar.

ITEMS FROM BOARD MEMBERS

Commissioner Farmer said that he had attended a charity fundraiser for Catholic Charities, the entity that administers the Low Income Energy Assistance Program (LIEAP). He had attended on behalf of his employer. He related that the Lifetime Humanitarian Award had been given to Frank Nearing, the KLCC radio station correspondent that covered EWEB meetings. He suggested that it would be appropriate to write Mr. Nearing a letter in recognition of the honor.

Commissioner Farmer stated that he would be absent on August 7.

Commissioner Farmer reported that he had a short conversation with General Manager Berggren regarding the timeliness of minutes. He wanted more due diligence on that point.

Continuing, Commissioner Farmer related that he had a request from the Northwest Energy Coalition (NVEC) regarding its next board meeting, scheduled for October 12 in Seattle, Washington. He said the NVEC has asked EWEB to consider being sponsor as the meeting was also to be a 25th anniversary celebration. He recommended that EWEB consider sponsoring at the \$1,000 or \$2,500 level. He also mentioned that he had attended the American Public Power Association (APPA) national convention in San Antonio, Texas. He noted that of the classes he took he found the one on board self-evaluation to be most helpful. He offered to share all of the materials from the

classes he had attended, which included a class on current concerns of the rating agencies, the financial audit process, financing new generation, and one other.

Vice President Simpson reported that the General Manager's Performance and Salary Review Committee met earlier in the day. He said they were reviewing board policy to address concerns that were brought forward to the Board. He felt they were making good progress. He noted that it was one of the few Board policies that included detailed procedures. He predicted that the Board would be pleased with the rewritten policy.

Vice President Simpson stated that he attended the Eugene Executive Association's meeting, held at the EWEB facility the previous week. He said there were tours of the facility and good questions had been asked.

Vice President Simpson said he would likely be absent for any October meetings. He noted that he would be absent from the Major Customer event as well.

Vice President Simpson related that he had been asked to sit on a sustainability panel. He was uncertain whether he would be able to do so. He suggested that another Commissioner consider participating on the panel should he not be able to attend.

President Menegat noted that he would be out of town from October 2 through October 15.

President Menegat reported that he had met with Mayor Kitty Piercy of Eugene earlier in the day. He said they discussed items of general interest.

Commissioner Lanning thanked all of the EWEB staff members that had participated in the Butte to Butte Run. He noted that this year's event was the largest one to date.

Commissioner Lanning shared that he had the opportunity to sample Salem's "award winning water" and he was not convinced that it was as good as the water from EWEB.

Commissioner Lanning also wished to thank Vice President Simpson for attending the Lane Council of Governments (LCOG) meeting in his stead and for participating in the Oregon Department of Transportation (ODOT) regional transportation discussion with all of the mayors and elected officials from the region.

CORRESPONDENCE

Acting in the Absence of the General Manager, Electric Division Director Jim Wiley reported the following items of correspondence:

- Governmental Affairs Coordinator Deborrah Brewer had sent a request for any Commissioners who wanted to sit on the Eugene Sustainability Commission to let her

know. Application deadline is September 7.

In response to a question from Vice President Simpson, Mr. Wiley said he did not know if any other elected officials had applied to serve on the commission.

Mr. Wiley continued his report:

- The Major Customer Reception was scheduled for October 9.
- A copy of a letter to the Eugene Planning Commission written by Energy Management Services Manager Mat Northway in regard to code changes associated with solar energy was included in Board packets for informational purposes.
- A backgrounder from Power Management and Planning Manager Scott Spettel regarding the Grant County power purchase contract, dated July 9, was included in Board packets.

BOARD AGENDAS

Mr. Wiley highlighted the *Eugene Water & Electric Board Agenda Report* dated July 17, 2007. He reminded the Board that the Budget Retreat was scheduled for July 24 at the Rogue Room in the Valley River Inn. He also noted that the next Regular Board Meeting was scheduled for August 7 and would not include a Work Session.

President Menegat announced that the first 60 minutes of the Budget Retreat would be devoted to a Special Board Meeting, slated to include a segment for public input, a consent calendar, and an action item. He also noted that a gathering was scheduled to honor departing Eugene City Manager Dennis Taylor on July 24 at the Hult Center for the Performing Arts Studio One.

2007 LEGISLATIVE WRAP UP

Legislative Lobbyist Jason Heuser reported that the legislative experience had been very positive as it was organized well and the legislators held to their schedule, even adjourning a day earlier than anticipated. He noted that it was estimated that this saved over \$1 million in administrative costs. He highlighted the ethics improvements. He felt they contributed to a more positive work environment and that public entities had “much better standing” rather than competing with private interests. He said more business had been conducted in legislators’ offices rather than at expensive tax-deductible dinners.

Mr. Heuser related that the Eugene delegation had brought more influence to the legislature. He said the Eugene/Springfield delegation controlled six “committee gavels” in the recent session. He felt that this had taken the legislature in a different policy direction and bills that had been talked about “for many years,” such as the statewide smoking ban and the renewable energy standard now saw a successful outcome.

Mr. Heuser reviewed the *2007 Legislative Session Summary*. He noted that he had briefed the Board on Senate Bill (SB) 838 for renewable energy several weeks earlier. He stated that the federal

legislation could end up creating a federal floor, which could raise the floor in the Oregon legislation in terms of certain sectors of power having a lower standard. He said at some point he could be asked how EWEB felt about this floor being raised. His gut feeling was that it would not raise an issue for EWEB.

Commissioner Farmer remarked that the more the “playing field” was leveled, the fairer it would be. He had some concern about everyone “jumping on the regional bandwagon” at the expense of conservation. He believed that conservation was still a better deal. He wanted there to be consideration for conservation as a way to meet some of the standards.

Mr. Heuser said he and Energy Resource Project Manager Jim Maloney and Power Resource Division Director Dick Helgeson had made those arguments. He noted that there were some allowances for conservation in the state’s Renewable Portfolio Standard (RPS). He affirmed that this would continue to be one of their talking points.

Mr. Heuser continued his review. He noted that the reform package meant to address the issues that Ballot Measure 37 had raised had been referred to the voters. He likened the reform package to a “Solomon approach.” He said the one bill for which EWEB had been the primary initiator; a technical fix to water billing issues, had passed. He added that utilities from around the State had called EWEB to say how glad they were that the bill had passed. He related that EWEB continued to oppose legislation that would mandate fluoridation of water, as it would interfere with local control.

Mr. Heuser reported that HB 3543, which set a goal of reducing greenhouse gas emissions by 2050 to 75 percent, was acknowledged to be a mandate that would not be enforced. He said it was a placeholder to a later mechanism to accomplish the goal.

Mr. Heuser stated that House Bill (HB) 3026, which sought to tighten regulation of scrap metal businesses, had passed. He said the system was “hemorrhaging” and it was uncertain whether any immediate benefit would be seen. He related that curtailment of the immediate cash transactions had been left out of the legislation and EWEB staff would continue to work on this. Mr. Wiley added that the biggest issue at present was related to the lack of money to prosecute crimes such as metal theft.

Vice President Simpson asked if HB 3337, which allowed the Urban Growth Boundary (UGB) of Eugene and Springfield to be split, had implications for EWEB. Mr. Heuser replied that EWEB might have to make an extra effort to work with the Springfield Utility Board (SUB) because of the change.

Commissioner Farmer observed that all of the federal delegations in the northwest had weighed in on the increases that had been passed on relative to the court actions with the Bonneville Power Administration (BPA). Mr. Heuser responded that the Citizens Utility Board (CUB) had

petitioned the legislature to create a special task force to look into the Residential Exchange and BPA benefits in general. He did not believe asking members to inject more politics into the situation was a good idea. He predicted that the Governor's office and the legislature would not take sides in this issue.

Commissioner Farmer asked what was coming up in 2008. Mr. Heuser replied that, related to carbon, he did not see how a recommendation could be made for a "cap and trade," but he thought the democrats might perceive it as an issue they "could hang on" in the coming year. He felt that conceivably there could be an aggressive strategy to develop a "cap and trade system."

Vice President Simpson thanked Mr. Heuser for his good work.

Commissioner Lanning echoed Vice President Simpson.

Commissioner Farmer asked Mr. Heuser if he would be working more on local issues in the interim period between legislative sessions. Mr. Heuser responded that he and Public Affairs Manager Marty Douglass intended to discuss this as soon as the legislative report was completed. He intended to work on integrating state and local issues.

PURPA STANDARDS REVIEW

Mr. Yanov said he could repeat his presentation from June 5 or the Board could choose to forego the review, given that there were no members of the public present. He noted that the only change to the Public Utility Regulatory Policies Act (PURPA) standards between June 5 and the present meeting had been to the determination section. He said it seemed more appropriate to have the time period between the Integrated Energy Resource Portfolio (IERP) planning processes be set at five years or at the discretion of the Board, rather than undergoing the process biennially.

Commissioner Lanning ascertained from his colleagues that everyone had seen the presentation.

SECOND PUBLIC HEARING ON PURPA STANDARDS

President Menegat opened the public hearing. Seeing no one who wished to testify on this subject, he closed the public hearing.

PURPA STANDARDS REVIEW

President Menegat ascertained from the Board that they had no further questions or comments.

Vice President Simpson, seconded by Commissioner Farmer, moved approval of Resolution No. 0716 for the Final Order on the Public Utility Regulatory Policies Act Standards update. The motion passed unanimously, 4:0.

VETERAN'S DAY HOLIDAY FOR MANAGERS, ADMINISTRATION, PROFESSIONALS, AND TECHNICIANS (MAPT)

Mr. Wiley explained that during the collective bargaining with the union, they had included holiday pay for Veteran's Day. He stated that at present the managers, administration, professionals, and technicians (MAPT) had not been granted this holiday with pay. He conveyed the Executive Management Team's (EMT) recommendation to extend the holiday to all employees. He stressed the importance of retaining outstanding employees and attracting new ones. He said the additional cost of the holiday would be \$156,000.

Vice President Simpson noted that there was some question of whether this would be a fixed or floating holiday. Human Resource Manager Jean Meyer replied that the intent was that it would be a fixed holiday.

Commissioner Lanning indicated his support.

President Menegat concurred. He noted that Commissioner Brown had conveyed his support for the holiday to him prior to his absence tonight and had indicated that he was also a veteran.

Commissioner Farmer said he would oppose the motion for consistency reasons. He stated that the history was that the utility had said it would not celebrate Veteran's Day but would offer the day after Thanksgiving. While he supported giving employees Veteran's Day, he thought they should have to give up the extra day after Thanksgiving.

Vice President Menegat, seconded by Commissioner Lanning, moved that EWEB authorize November 12, 2007, to honor women and men, past and present, which have served in the armed forces with an observed annual holiday. The motion passed, 3:1; Commissioner Farmer voting in opposition.

Human Resource Manager Jean Meyers thanked the Board on behalf of all of the non-represented employees.

Business Service Agreement

Commissioner Farmer asked what the reason was for this item to come as a separate agenda item. Water & Steam Division Director Tom Buckhouse explained that it surpassed the \$1 million limit. He said he was seeking approval for the contract for Locating, Incorporated for utility locating services on an as needed basis. He underscored that the agreement was for five years, which put it over the \$1m mark.

Commissioner Farmer asked if it was possible for EWEB to spend the total amount, \$1,245,000, in one year. Mr. Buckhouse replied that it could not. He said the amount varied based on

how many requests came in to the utility. He stated that it was a regulatory requirement that the utility provide locating services.

Commissioner Farmer asked what would happen if the total amount of the contract was exceeded. Mr. Buckhouse clarified that staff would return to the Board with a budget variance for the Board's approval.

In response to a question from Vice President Simpson, Mr. Buckhouse affirmed that the locating services leveraged EWEB's Geographic Information Systems (GIS). He said the service worked from EWEB maps and utilized tracer equipment.

Vice President Simpson, seconded by Commissioner Lanning, moved to approve the business service agreement with Locating Incorporated. The motion passed unanimously, 4:0.

ADJOURNMENT

President Menegat adjourned the Regular Board Meeting at 8:25 p.m.

Assistant Secretary

President