

EUGENE WATER & ELECTRIC BOARD
PLANNING SESSION
HILTON HOTEL - VISTAS II
EUGENE, OREGON
APRIL 7, 2008
8:30 A.M.

Commissioners present: John Simpson, Ron Farmer, Mel Menegat, and John Brown. Randy Berggren, Debra Smith, Jim Wiley, Jim Origliosso, Tom Buckhouse, Dick Helgeson, Shelia Crawford, and Krista Hince of the EWEB staff; and Kim Young, City of Eugene Minutes Recorder.

BREAKFAST AND WELCOME

President Simpson called the meeting of the Eugene Water & Electric Board of Commissioners to order.

VISIONING THE FUTURE—SETTING THE TONE

General Manager Randy Berggren introduced the item, reporting that he proposed to consider a longer time frame than previous strategy sessions. The executive management team had discussed what it thought it knew about the future post 2011 to set the stage for the discussion. He reviewed some of the highlights of that discussion.

POST 2011

- 25/30 MWg Less via the Bonneville Power Administration (BPA)
- **Uncertainties**
 - Climate Change
 - Renewable Portfolio Standards
 - Scarcity of Resources
 - Short on electric supply
 - Staff
 - Materials
 - ◆ Economy – Downturn???
 - ◆ Capital Planning & Requirements
 - Aging Infrastructure
 - ◆ Comparative Rates
 - Affordability
 - ◆ Water Supply
 - Long on water
 - Regional Supplier?
 - Some mitigation by offsetting rates – 3 percent to 4 percent
 - More about creating economic engine.
 - ◆ Regulatory Requirements
 - PUC
 - NERC

- ◆ Relicensing Completed
 - Carmen Smith
- ◆ Transitioned out of the steam business
 - Positive impact on carbon footprint
- ◆ Roosevelt Project Completed
- ◆ HQ Plans & Facilities
- ◆ Financial Health
 - Electric & Water
 - Reasonable debt
 - Cash strong
 - Reserves
- Look for Strategic Opportunities amid the uncertainties

STRATEGIC OVERVIEW

Employee, Customer and Community Services Division Director Debra Smith discussed the strategic planning process.

- Board – Statement of Legacy
 - Sets direction through Legacy
 - Sets strategic priorities
 - Sets GM goals
 - Identifies areas of improvement
- EMT- Organizational Vision
 - “To be the best water & energy utility in the nation!”
 - Translates Legacy into actionable vision
 - Translates strategic direction into business strategies
 - Works with staff to create operational plans
 - Created “line of sight” alignment to GM goals
 - Works areas of continuous improvement
 - Follows the EWEB Performance Management Model (attached)

COMMISSIONER DIALOGUE WITH GENERAL MANAGER & EMT STAFF

Commissioners offered the following comments and questions, which staff recorded on flip charts.

1. **Question:** Post 2011: What does this mean?
Response: Current contract with BPA will change. EWEB responsible for meeting its own load. May be in a position to have to acquire new resources. Ramping up alternative resources and investing in new resources could be considerations.

2. **Comment:** New EWEB Board members could change or impact the direction of EWEB.
3. **Recommendation:** Board members would like to see a calendar that identified outcomes and Division staff owner of agenda items, preferably one – two months ahead of time. An example of a best practice calendar was the one used by the Police Commission.
4. **Recommendation:** Spell out acronyms and avoid using acronyms in speech as it impairs communication and attaching referenced governance policies mentioned in agenda items. Recommended improvement in presentation formats.
5. **Question:** Referencing the strategic plan model, where do employee ideas get generated, considered and utilized?
Response: There are several areas, such as operational planning, process improvement, execution and implementation and in results management.
6. **Request:** Copy EWEB Board when releasing media or press announcements.
7. **Improvement Area:** Asked for review of EWEB's deposit policy.

FOCUS AREAS – NEXT 3 – 5 YEARS

- EWEB's Value to the Community
 - Does the community know what they are getting?
 - More outreach needed.
 - Other agencies – EWEB's inter-relationships with need to be emphasized.
 - Public perception of EWEB good – need to maintain it.
 - Product Delivery
 - We do this – we provide convenience
 - Offer more than water & energy
 - Maintain balance
- Customer Retention
 - New phone system could provide better connectivity for business customers.
- Resource Portfolio
- Owning versus contracting (should we be taking more risk in resource ownership).
- Eugene – Growth Constraints
 - Regional Water Provider
 - “Pushing the Boundaries” of this possibility.
 - Political Risks – Regional Water Supplier
 - Vulnerabilities
 - UGB Constraints
 - City of Eugene
 - Value of Water Rights we Own
 - Power Supply Planning Horizon

- Longer-term view? 30 – 50 YRS
- Can we avoid all Tier 2?
- Energy Independence – Can we achieve this?
 - Legal & Physical Constraints
 - Economic Realities
- 2009 IERP Process
 - Moving from academic to real choices.
 - Consider impact of transportation industry shifting carbon imprint to local utilities.
 - Necessitate two-way transmission lines – 10 – 15 YRS.
- Emphasis on Renewables
 - Financial commitment is limited to voluntary customer subscription.
 - Currently 1% overall rate for all customers.
 - Commitment needs to extend to entire community/customer base.
 - Participate in Green Power
 - New Technologies – Still Needed
 - 2012 – 2013: Will present challenges
 - Hydro – uncertainties
 - Consider gas or goal it technology improvements are made that reduce or eliminate carbon footprint.
 - Renewables won't make up loss of energy.
 - Transportation Industry
 - Fundamental shift with emerging hybrid technology
 - Next IERP process needs to reflect this
 - Limited supply of alternative fuels
 - R & D Investments
 - New Resources
 - Tidal
 - Storage
 - Balance cost versus “getting in” too early ...or “dry hole” projects.
 - Governance Process
 - Maintain continuity
 - Needs on-going emphasis
 - City Council Relationships
 - Staff & Board/Council
 - Regulatory Compliance (Risk)
 - NERC Engagement/Focus Needs to Continue
 - Regional Water
 - Our own community needs
 - Financial Position – Remain Strong
 - Paying Down Debt
 - Positioning in Power Market
 - Operational Efficiency – good time to review is when we are in a strong position.
 - Strategic Review of IT

- Taking an “outside perspective” (i.e. consultant to review)
- Employee Incentives for Operational Improvement
 - Other Ideas for Operational Improvement
 - NERC
 - City’s list of improvements
- City Council & EWEB Board Relationship Improvement
 - Elected officials need to drive effort with staff support
 - Elected officials have different relationships than staff.
 - Keep interaction with City focused on a business relationships.
 - Staff relationships with city staff good.
- Operational Issues
 - Board will only focus on those with policy implications
- Attracting Businesses that Contribute to Infrastructure Costs
 - Public versus private – more private contributors needed for community benefit.
- Governance Discussion
 - Citizens Police Academy has a nice Gantt Chart model to benchmark from
 - Tour of EWEB facilities – for all Board members
 - Experience impact of our operations
 - Getting Commissioners “grounded” to top 3 – 5 Issues
 - Need to Understand the Cycle of EWEB’s business process
 - Review Governance Policies
 - Need to prioritize on those policies in need of most attention.

GOVERNANCE DISCUSSION

Strategic Planner Sheila Crawford reviewed the Board’s Governance work.

- Board Evaluation and comments presented and discussed (attachment 2)
- General Compensation Policy (SD 11)
 - Labor negotiations underway – time intense – would like to defer action around policy out one year – one time exception to policy.
 - Bring forth recommendation on April 15, 2008 consent calendar.
- Labor Relations
 - Provide a summary of expectations, process & negotiating methodology for Board members.
 - Recommend this occur in conjunction with May 20, 2008 Executive Session.
- Confirmation around the continued use of APPA model for public input.
- Conduct Board evaluations annually, face to face with each commissioner.
- Recommended Board retreats be conducted during regular work session times, preferably in the evening.
 - Open to having mini retreats attached to budget hearings or other similarly scheduled events, if appropriate.

Planning Session
April 7, 2008
Page 6

ADJOURNMENT

The meeting adjourned at 3:40 p.m.

Assistant Secretary

President