

EUGENE WATER & ELECTRIC BOARD
REGULAR BOARD MEETING
EWEB BOARD ROOM
APRIL 15, 2008
7:30 P.M.

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

Others present: Randy Berggren, Jim Wiley, Jim Origliosso, Lance Robertson, Debra Smith, Mark Oberle, Cathy Bloom, Patti Boyle, Tom Buckhouse, Sheila Crawford, Mike Logan, Bob Lorenzen, Mat Northway, Dick Helgeson, Marty Douglass, Bill Welch, Jeannine Parisi, and Krista Hince of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder.

President Simpson convened the Regular Meeting of the Eugene Water & Electric Board (EWEB) at 7 p.m.

AGENDA CHECK

General Manager Randy Berggren noted for the record that he requested Consent Calendar Item 6 (Ryan Thomas Construction for \$234,427) to be pulled. There were no changes to the agenda.

PUBLIC INPUT

President Simpson asked staff to let the Board know if members of the public arrived who wished to provide input.

APPROVAL OF CONSENT CALENDAR

Minutes

1a. February 5, 2008, Regular Board Meeting

Business Service Agreements

2. A & B Septic Service – Septic System Inspection Services – Environmental Management – Employee, Customer, & Community Services Division - \$90,000
3. Keri Green & Associates – Facilitation Services for Carmen Smith Hydroelectric Project – Electric Division - \$67,209
4. Lanfear Consulting, LLC – Land Use Consulting – Property Management – Electric Division - \$32,500
5. Pacific Gas & Electric Co. (PG & E) – Academy Technical Learning Services – Electric Division - \$50,000
6. Ryan Thomas Construction – Leaburg Visitor’s Shelter at Lloyd Knox Water Board Park – Electric Division - \$234,427 (**ITEM PULLED**)
7. Willamette Valley Rehabilitation Center – Janitorial Services at Hayden Bridge Filtration Plant – Water Division - \$195,960

Request To The Board

Public Affairs requested Board approval to insert a flyer or brochure in the May 2008 EWEB billing statements for FireMed.

Intergovernmental Agreements

8. Lane Council of Governments (LCOG) – 2008 Aerial Photo Project – Environmental Management – Employee, Customer & Community Services Division - \$82,097

Resolutions

9. Resolution No. 0822 – SD17 – NERC Reliability Standards

Exception To Board Policy

Compensation Policy – SD11 – Approve staff recommendation for a one-time exception to the policy that would move the Board’s review of the market-based salary structure percentages and salaries forward one year to 2009.

Vice President Farmer pulled Item 8.

Commissioner Brown, seconded by Vice President Farmer, moved to approve the Consent Calendar with the exception of Items 6 and 8. The motion passed unanimously, 4:0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

Mr. Berggren noted that he sent an email to the Board regarding the request submitted by FireMed, a prepaid ambulance service offered by a coalition of Eugene, Springfield, and Lane County fire and emergency services agencies. He explained that staff had thought it seemed like an appropriate item to include with billing primarily from the standpoint of providing additional support during an outage or another event. He said Vice President Farmer had asked if FireMed was a service or a form of insurance. Mr. Berggren stated that it was actually a supplemental insurance to insurance people might already have.

Vice President Farmer said he would not argue whether FireMed was a good or bad service, rather it was in conflict with EWEB’s policy that dictated that bill stuffers had to directly relate to EWEB services. He did not see a direct correlation between EWEB services and FireMed.

Commissioner Brown observed that the ambulance services was not funded by Eugene and Springfield; FireMed was the mechanism for funding them. He opposed serving as a billing mechanism for the city. He was concerned this could set a precedent.

Commissioner Menegat said ambulance services were expensive and often not covered by insurance. He commented that he would probably support inclusion of the bill stuffer because it was part of serving out of general community concern.

President Simpson opposed it. He agreed that it was a good service but it did not comport with EWEB’s mission. He also did not want to increase the amount of paper that would be thrown away. He assumed that most people who wanted FireMed knew it was there and subscribed to it.

President Simpson said he would entertain a motion but he did not believe it would receive a second.

Vice President Farmer wished to emphasize for the record that the Board was not making any declaration about FireMed. President Simpson concurred, adding that it was a great service.

Commissioner Brown noted that FireMed was adding an emergency flight service that was offered by a private provider. He considered the current service to be intermingling public and private. He thought it could be looked upon as another step closer to using public funds for a private enterprise.

President Simpson surmised that the Board's consensus was to oppose the item.

ITEMS FROM BOARD MEMBERS

Commissioner Brown related that he had found himself to be a "sounding board" for disgruntled commercial customers. He said the latest complainant intended to submit a written record of his negative experience with the utility's commercial customer deposit policy, copies of which would be distributed to the Board.

Commissioner Brown said he had received a letter from REI to let him know about the annual river cleanup on June 14. He reported that REI had asked for sponsorship from EWEB. Mr. Berggren asked Commissioner Brown to forward the letter to him and said he would follow up with REI.

Commissioner Brown reported that he had attended a McKenzie River Guides function the previous weekend. He related that the guides had expressed appreciation for the provision of information on dewatering the canal. He explained that as a result the guides had contacted the Oregon Department of Fish & Wildlife (ODF&W) and informed them that the river would increase. He said ODF&W had dropped 150,000 steelhead in the water and "washed them out." He stated that the guides had been elated and commended staff for making the effort to communicate.

Additionally, Commissioner Brown thanked EWEB staff and Assistant Treasurer Cathy Bloom in particular for reflecting EWEB well when representing the utility before the Eugene City Council. He commended Ms. Bloom for the "wonderful job."

President Simpson stated that he would give the opening speech for the Earth Day celebration.

CORRESPONDENCE

Mr. Berggren reiterated that the Earth Day celebration was scheduled for April 19.

Mr. Berggren reported that EWEB would be visiting the three rating agencies on May 8 and 9. He said President Simpson had agreed to go with staff.

Mr. Berggren also wanted to let the Board know that both President Simpson and Commissioner Brown had expressed interest in participating on the Other Post-Employee Benefits (OPEB) Trust board. Commissioner Brown indicated that he would defer to President Simpson and President Simpson agreed to serve in that capacity.

Additionally, Mr. Berggren noted that Property Manager Mark Oberle had indicated that EWEB would be closing on the Goodpasture boat landing site on April 18.

Commissioner Brown related that the McKenzie River Guides had expressed a desire to be part of the design process for the boat landing. Mr. Berggren responded that it was his assumption that all of the stakeholders would have the opportunity to review the designs and provide input.

Mr. Berggren reported the following items of correspondence:

- An email had been received from the McKenzie River Guides that indicated they would be in the upper reaches of the McKenzie River, below Trailbridge, on April 16 taking out some “danger trees” that were making it difficult to navigate a boat that had fallen over the course of the winter. They had requested that EWEB lower the flows to 875 cubic feet per second (CFS) for four hours and EWEB intended to do so.
- Communications Coordinator Lance Robertson provided a packet to the Board on the benchmark survey.

Vice President Farmer noted that he had a conflict with the Northwest Electric Coalition (NVEC) conference that was scheduled for May 30 and 31 and asked if someone would offer to go in his place. President Simpson said he would check on his availability and let him know.

BOARD AGENDAS

Mr. Berggren highlighted the *Eugene Water & Electric Board Agenda Report* dated April 15, 2008. Mr. Berggren noted that it had been determined that there was not enough substance to fill an agenda for a joint meeting of the Eugene City Council and the Board, tentatively scheduled for May 14.

ENERGY CONSERVATION RESOURCE STRATEGY

Energy Management Section Manager Bob Lorenzen stated that this was the fourth time this item had been placed on the agenda. He recalled that staff had come before the Board and introduced the resource assessment the previous summer and returned in November with a draft of the objectives for the resource strategy. He said they had then presented the strategy in February. He related that the public involvement process had been completed since then and staff had made some adjustments to the strategy as a result. He noted that they had used the American Public Power

Association (APPA) public participation model. He briefly highlighted the public involvement process, which had included focus groups, a benchmark survey, surveys distributed at two events, and a Web survey. He reported that over 600 people had provided input. He listed the three key questions related to the strategy that had been included in surveys:

1. How important was it that EWEB had an aggressive conservation program?
2. How familiar were respondents with the programs that EWEB offered?
3. How well did they feel EWEB had performed in providing those conservation services?

He said the findings had been summarized in the backgrounder. He underscored that over three-quarters of the respondents indicated they considered it very important that EWEB continue to have aggressive conservation programs. Staff had discovered that only about half of the customers were aware of the programs that were available. He noted that when customers participated in those programs they spoke highly of them. He related that the challenge going forward would be to develop a better more effective communication approach to reach out to customers in order to help them familiarize themselves with the programs offered. He added that one strategy they recommended was to add approximately \$100,000 into the annual budget in order to spend time developing an enhanced marketing/communications plan. He hoped the Board would adopt the strategy with that one modification.

President Simpson remarked that he had found it enlightening to learn that some consumers had participated in the program and were not aware of their participation.

Commissioner Brown was impressed with the program. He surmised that the strategy would include finding ways to communicate to service companies that there were more cost-effective ways of doing jobs. He noted his observation that the whole second floor of EWEB was lit at night so that two janitors could clean.

Mr. Lorenzen confirmed that staff intended to provide energy education for larger customers' employees on specific things regarding how they operated. He said they wanted to come in and do energy education for their staffs.

Vice President Farmer thought that less than half of the business community knew about the energy programs. He felt that one of the best ways to spread the word was anecdotally from a business that had a positive experience with the energy conservation program providing testimony to other businesses. He suggested that information in the *Register Guard* would benefit the program. He related that he had experienced an increase in inquiries about the program from business people he came into contact with, something he attributed to an increase in publicity in the news. He suggested sending the President to Rotary Club meetings and that EWEB engage in sponsorship of things such as the economic forum. He averred that there were many ways to raise the profile of the program.

Mr. Lorenzen responded that staff had heard those kinds of comments in the public forums.

He noted that staff was conducting a mailing to the Chamber of Commerce membership. Vice President Farmer noted that the Chamber represented 15 percent of the business community.

Mr. Lorenzen related that the interesting thing they learned from the focus groups was that people considered direct contact to be the best approach. He noted that business customers did not benefit from bill stuffers.

Vice President Farmer remarked that a lot of businesses wanted to be “green” but even more wanted to save money. He had not seen a lot in the communications regarding conservation strategies that pointed to the savings and suggested that this aspect of it be tied in. Mr. Northway responded that staff had put together testimonials and they had largely focused on the economy of being “green.”

Vice President Farmer suggested that staff ask Board members to thank business community members for engaging in conservation measures.

President Simpson called it a “fantastic piece of work.” He averred that conservation was a core value of EWEB and of the city. He asked if there were opportunities to sell EWEB’s expertise to other public utilities. He felt EWEB had a great think tank. He recalled seeing stickers that asked people to “turn the lights out” in the 1980s and suggested that they be brought back. He also thought promoting small occupancy detectors for hall lights or restroom lights in restaurants might be cost-effective. He agreed that emphasis on saving money would pique more interest in the program. He added that he was curious about sub-metering and wondered if area businesses were interested in having a “better handle” on their actual real-time energy consumption. Mr. Northway replied that EWEB’s larger customers were pretty savvy about such things.

Vice President Farmer, seconded by Commissioner Menegat, moved to adopt the Energy Conservation Resource Strategy 2008-2009 dated April 15, 2008. The motion passed unanimously, 4:0.

HEADQUARTERS MASTER PLAN CITIZEN COMMITTEE APPOINTMENTS

Real Property Manager Mark Oberle noted that the discussion on this topic had occurred during the work session. He said staff was looking for the Board to appoint five members to the Community Advisory Team (CAT) for the Riverfront Master Planning Project. He appreciated the discussion and the difficulty the Board had in narrowing down the list.

Vice President Farmer understood that letters had been prepared for the 16 people who were not selected that would thank them for their effort. Mr. Oberle affirmed that letters would be sent. He said the letters indicated that those people were still in the pool for the city's selection. He read the letter into the record.

Vice President Farmer ascertained from Mr. Oberle that a letter of thanks had also been sent to those applicants who had not been selected to be interviewed.

Vice President Farmer nominated Dave Hauser, Tom Hoyt, Dean Papé, Gary Wildish, and Desirée Moore to serve on the Citizen Advisory Team for the Riverfront Master Planning Project. Commissioner Brown provided the second.

President Simpson emphasized that the nominees represented a fantastic group.

The motion passed unanimously, 4:0.

HARVEST WIND PROJECT

President Simpson noted that the Board had been provided an hour-long briefing on this topic during its Work Session.

Power Management and Planning Supervisor Dick Varner acknowledged that the topic had been well-discussed during the Work Session. He said staff wanted to place before the Board the Resolution that would authorize the General Manager to enter into agreements to facilitate the joint ownership and participation in the project, and to expend an amount of money not to exceed \$3.5 million to secure a share that would not exceed 20 megawatts in the Harvest Wind project.

Power Resources Division Director Dick Helgeson said with the advent of the Renewable Portfolio Standards (RPS) the effect on the market of everyone "trying to position himself or herself" for future compliance was evident. He believed the Harvest Wind project to be a good one and that it would produce a cost profile that would give EWEB a very competitive out-year consideration. He wished to add his support for the Resolution

Commissioner Brown remarked that he had a lot of confidence in staff. He believed that EWEB was in its present position because people took chances and risks "10 and 20 years ago." He felt it was a great project. He averred that sustainability was what EWEB's legacy was about.

Vice President Farmer asked if EWEB would be able to pull out. Mr. Varner replied that there would be an opportunity for EWEB to sell its interests to another party or back to these parties if they decided not to go forward with it.

President Simpson stated that this was the kind of project that citizens of Eugene wanted EWEB to pursue. He said by having these projects on line EWEB was positioning itself to deliver green energy to the citizens on a daily basis. He fully supported the Resolution.

Vice President Farmer, seconded by Commissioner Brown, moved to approve Resolution No. 0821, a resolution authorizing staff to enter into an agreement with the Harvest Wind Project. The motion passed unanimously, 4:0.

LANE COUNTY HOUSING AND COMMUNITY SERVICES AGENCY (HACSA)

Vice President Farmer asked if the funds were approved annually. Energy Management Services Manager Mat Northway responded that the reimbursement received from the Bonneville Power Administration (BPA) was in the current rate structure. He stated that EWEB continually did weatherization. He explained that the contract EWEB had and the Intergovernmental Agreement (IGA) with Lane County's Housing and Community Services Agency (HACSA) had been in place for 25 years. He said HACSA had been EWEB's primary implementer for low-income weatherization projects. He averred that EWEB would continue to acquire cost-effective conservation regardless of the BPA's path forward after 2011.

Continuing, Mr. Northway stated that the program EWEB ran was unique in that it was cost-effective. He explained that most utilities ran programs like this at a loss. He related that the efficiency provided by HACSA in matching federal and state funds for rehabilitation with EWEB money for the actual weatherization components produced a resource for EWEB that was under \$53 million. He acknowledged that it was not the cheapest Demand Side Management (DSM) that EWEB pursued, but it was cheaper than new resources and fit in the portfolio. He remarked that EWEB was "blessed" to have HACSA as Lane County's community action program. He said he had spoken with other utilities who had shared "horror stories" about how their local community action program had handled their weatherization money.

Vice President Farmer asked if EWEB would experience a \$2 million hit if HACSA ended the program. Mr. Northway responded that this year's work was in the capital budget.

Vice President Farmer asked if the contract was written in such a way that EWEB could revisit it if the BPA decided to quit contributing to the program. Mr. Northway replied that he believed this was so. He noted that he had not reviewed the contract recently. He added that \$2 million was within the scope of the five percent that EWEB had been budgeting.

Commissioner Brown asked whether a home in the private sector that was designated for rental assistance could be taken back into the private rental market once the money was spent. Mr. Northway said he thought a home would be required to remain low-income housing for a minimum of eight or more years in the system after such improvements. Mr. Lorenzen added that the weatherization funds were dependent upon being certified as low-income housing. Mr. Northway related that a house might ultimately be returned to the private sector rental market, but EWEB

would continue to realize the benefits of the weatherization.

Commissioner Menegat, seconded by Vice President Farmer, moved to approve the award of two new Intergovernmental Agreements (IGAs) with the Lane County Housing and Community Services Agency (HACSA) for participant identification and the weatherization services for eligible low-income households in the Eugene Water & Electric Board services territory.

ADJOURNMENT

President Simpson adjourned the Regular Board Meeting at 8:06 p.m.

Assistant Secretary

President