

EUGENE WATER & ELECTRIC BOARD  
REGULAR BOARD MEETING  
EWEB BOARD ROOM – 500 EAST 4<sup>TH</sup> AVENUE  
JANUARY 20, 2009  
6:30 P.M.

Commissioners present: Ron Farmer, John Brown, Bob Cassidy, Rich Cunningham, and Joann Ernst.

Others Present: Randy Berggren, Jim Wiley, Debra Smith, John Yanov, Sheila Crawford, Cathy Bloom, Dick Helgeson, Mark Freeman, Gene Austin, Terry Bequette, Wendy Schultz-Kerns, Jason Heuser, Marty Douglass, Mark Oberle, Lance Robertson, Mark Maguire, and Krista Hince of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder.

President Farmer convened the Regular Meeting of the Eugene Water & Electric Board (EWEB).

**AGENDA CHECK**

There were no changes to the agenda.

**PUBLIC INPUT**

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

**APPROVAL OF CONSENT CALENDAR**

1. Minutes
  - a. November 19, 2008, Joint Work Session
  - b. December 16, 2008, Regular Board Meeting

Contracts

2. A&K Landscaping, LLC; Water Flow Specialties; Terra Nova Landscape & Irrigation; Advanced Backflow Services; TB Irrigation; and BTI Construction Company, Inc. – Backflow Testing and Assembly Repair Services – Water Division.
3. Wise Steps, Inc. – Safety Manual Development Project – Safety – Employee, Customer & Community Services Division.

RESOLUTION

4. Resolution No. 0902 – Board Committees, Advisory Committees, and Outside Liaisons

Commissioner Cassidy pulled Item 3.

Vice President Brown thought Request for Qualifications (RFQ) had been misrepresented as the Riverfront Master Plan (RMP) by acronym in the minutes from the Joint Elected Officials work session held on November 19, 2008.

Commissioner Cunningham, seconded by Commissioner Cassidy, moved to approve the Consent Calendar with the exceptions of Item 3 and with Vice President Brown's correction. The motion passed unanimously, 5:0.

## **ITEMS REMOVED FROM THE CONSENT CALENDAR**

Commissioner Cassidy shared that he had an uneasy feeling that people did not actually read safety manuals. He questioned whether it was really urgent to put it together at this time, given that it would cost \$76,000. He wondered if this was something that could be put together by present staff.

General Manager Randy Berggren declared safety to be “extremely critical” and something that could not be taken for granted. He said they had gotten through the partial development of the “first ever” safety manual for EWEB. He related that EWEB had reduced its lost time by 70 percent in the past four years. He stated that EWEB had reduced its Occupational Safety and Health Administration (OSHA) recordables, which he viewed to be a more proactive indicator. He said the more OSHA recordables an entity had the more it was at risk for lost time or a fatality. He questioned how one could determine lost value from a fatality, but he wanted to emphasize that in the electric industry it was an every day risk. He averred that he could never step back and say that safety was not a critical function. He felt that the \$76,000 for the consultant support in 2009 was a precursor for the need for additional staff. He stressed that while he agreed this was a lot of money given the current economy, the reduction of workers compensation premiums in the past three to four years from approximately \$500,000 to approximately \$150,000 represented true savings.

Debra Smith, Employee, Customer & Community Services Director, reported that in 2003, the year in which they had started the work on safety, the incurred losses were almost \$190,000, in 2004 incurred losses were \$590,000, in 2005 incurred losses were \$246,000, in 2006 incurred losses \$65,000, and in 2007 that number increased slightly. She said there was a very clear connection between having a safety manual and having the organization focused and engaged in the work that goes into creating one.

In response to a question from Vice President Brown, EWEB Safety Coordinator Mark Maguire stated that the safety manual included all employees working in all areas of the organization. He noted that incurred losses in 2008 were in the neighborhood of \$20,000. He wished to point out, in response to Commissioner Cassidy’s concern that no one would read a safety manual, that he had observed crews with fully established safety manual components where crew members had pointed out to their supervisors safety issues and had pulled out the safety manual to support their point. He had also seen the opposite happen. He said the manual was the “bible” accepted by both groups because when it had been developed both groups had input. He stated that all members of the crews that had a completed component of the safety manual had copies of it with them, noting that it was lunchbox-sized.

In response to concern expressed by Commissioner Ernst, Mr. Maguire said he would guarantee that all new employee orientations would include orienting them to the safety manual. He pointed out that he was part of the orientation team.

Commissioner Cassidy, seconded by Vice President Brown, moved to approve Consent Calendar Item 3, a contract with Wise Steps, Inc. for a Safety Manual Development Project. The motion passed unanimously, 5:0.

### **ITEMS FROM BOARD MEMBERS**

Commissioner Cunningham reported that he had sent Mark Oberle an email as he was concerned regarding the additional cost of the consultant and Mr. Oberle had provided a good explanation to him. He noted that Mr. Oberle had responded to him within 30 minutes.

Vice President Brown indicated that he would like to see Mr. Oberle's explanation. He added that he had received a copy of the first annual report of EWEB, written in 1912, and had found it "fascinating." He noted that the report had predicted that the McKenzie River would be so polluted within two years that no one could draw water from it, but the Willamette River would be pristine.

Vice President Brown said a member of the McKenzie Watershed Council (MWC) had asked him to show an aerial photo of Quartz Creek that showed the impacts of clear-cutting in close proximity to the waterway. He passed the photo around to the Board.

President Farmer stated that a history of EWEB had been written by Norman Stone called *Bountiful McKenzie*. Commissioner Cassidy added that a copy was available in the public library. Employee, Customer & Community Services Division Director Debra Smith noted that she owned a copy and was willing to lend it.

President Farmer reported that he attended the Mayor's State of the City address, primarily to accept an award on behalf of EWEB for the utility's support and involvement in sustainability efforts in preparation for and during the Olympic Trials. He passed the award around.

Continuing, President Farmer indicated that he was looking forward to the governance retreat the Board planned for January 23. He said he had been in contact with John Carver, who would help guide the conversation.

In closing, President Farmer recognized Public Affairs Manager Marty Douglass for all of his great work. He said Mr. Douglass would be retiring and asked everyone present to give him a round of applause. Everyone applauded.

## CORRESPONDENCE

General Manger Randy Berggren called attention to the following items of correspondence:

- An email was submitted to the Board from University of Oregon students who were raising money to provide 20 partial scholarships and 20 full scholarships to students who wanted to attend the 2009 Power Shift event in Washington, D.C., regarding climate and energy issues. Mr. Berggren was prepared to provide the students with \$2,000, which was his authorized limit, and the Board could determine to provide more money to them, should it so choose.
- He reminded the Board of the work scheduled for January 23 at the Hilton Hotel; information was included in Board packets.
- Jeanine Parisi, Community and Local Government Outreach Coordinator, included a memorandum in Board packets regarding the *Spring Boulevard Water Service Area Upgrade Task Team*. The group had met and narrowed its choices to two options; the last meeting was scheduled for January 22. Mr. Berggren noted that an email had been received that was complimentary to staff regarding the work.
- Systems Engineer Laura Hughey provided the Board a backgrounder regarding *EWEB Owned Bridges*.
- Mr. Berggren provided copies of a letter he had sent on January 5 thanking Florence and Philip Barnhart for their contribution to the EWEB's Customer Care program to the Board.
- The Board was provided copies of the response that Tom Buckhouse, Director of the Water & Steam Division, had provided to Mike Gerot, Board Chairperson for the River Road Water District in response to the letter submitted by the aforementioned body to the Board suggesting the EWEB proportionately share water losses. Mr. Berggren noted that Mr. Buckhouse's response indicated that they did not have the authority to make such a change unilaterally.

Commissioner Cassidy asked if the donation from the Barnhart's could be publicized. Ms. Smith responded that they had made it through the Oregon Community Foundation and they might prefer anonymity.

President Farmer advised Mr. Berggren, regarding the request from the University students, that he keep the donation amount within his discretion and ask for accountability for it.

Commissioner Cassidy concurred.

President Farmer said he had not responded to Ms. Parisi regarding the Spring Boulevard Reservoir because while he believed they were doing a great job of bringing the community to a consensus about what would work he did not have a perspective on the cost or feasibility of the project. He was leery of items that were presented without a financial context.

Ms. Smith indicated that staff would prepare the recommendation in a similar fashion to the data that had been presented regarding the boat landing. She said it would be put into a very clear format.

Vice President Brown asked if it would be appropriate for Commissioners to walk the area and listen to people's concerns. Mr. Berggren assured him that it would.

Vice President Brown was concerned that EWEB could be held liable if they could not provide water to that area.

President Farmer said if this seemed to be coming down to more of a political decision rather than a practical decision it could be prudent to have all of the Commissioners go to the Spring Boulevard area and review it.

Commissioner Cunningham related that he had received several phone calls regarding the recent increase in the wastewater fees charged by the city that were included in the EWEB bill. He asked if staff could contact the City Manager and request that should they decide to increase fees in the future they provide advanced notice. Ms. Smith responded that staff had already adjusted their process so that the Commissioners would be provided advanced warning.

President Farmer commented that it was likely that the City Manager did not know about it.

## **BOARD AGENDAS**

Mr. Berggren reviewed the *Board Agenda Report* dated *January 20, 2009*.

## **2009 LEGISLATIVE SESSION – RESOLUTION NO. 0904**

Legislative Representative Jason Heuser called it “serendipitous” to be speaking about EWEB’s legislative agenda on such a historic inauguration day. He felt that the President’s inaugural address had touched on several themes that were in harmony with the values and goals that were on their legislative agenda. He explained that though Commissioners could refer to him as EWEB’s lobbyist, he was an in-house employee and did not make any contributions to political campaigns. He underscored that the success of EWEB’s lobbying operation in Salem was solely predicated on how hard they worked and the merit of the ideas they carried forward.

Mr. Heuser provided a “quick backdrop” to the 2009 legislative session. He stated that the democrats now had a supermajority in both houses and the governorship. He said there were quite a few major initiatives that the legislature planned to tackle, and these included the following:

Fixing the economy – the state planned to consider an economic package of its own;

- An effort to make higher education and secondary education more accessible, noting that recent data had shown that Oregon was in the bottom 5 in several key measurements;
- An expansion of health care, primarily for children, in an effort to reduce the number of uninsured Oregonians;
- A climate change initiative;
- A transportation package, largely funded by the gas tax – he noted that the Governor’s suggestion to base a tax on Vehicle Miles Traveled (VMT) was not likely to move forward at this time – the package would include alternative modes of transportation.

He noted that the slate of ambitious initiatives had been tempered by the House Revenue meeting as there was an immediate \$142 million deficit in the current biennial budget, meaning that it would have to be cut out of the state budget in the next four months. He underscored that cuts would have to be made. He said there were indications that cuts would be targeted.

Mr. Heuser listed the committee memberships of the local delegation, as follows:

- Senator Floyd Prozanski was tapped to chair the Judiciary Committee and was also slated to serve on the Environment Committee
- Representative Phil Barnhart was chosen to chair of the House Revenue Committee and also slated to serve on the Environment Committee
- Representative Paul Holvey was chosen to chair the Consumer Affairs Committee
- Representative Terry Beyer was chosen to chair the House Transportation Committee
- Senator Bill Morrisette was chosen to chair the Human Services Committee
- Representative Nancy Nathanson, Representative Chris Edwards, and Senator Vicki Walker would all have a seat on the Joint Ways and Means Committee.

He was pleased to know that our local delegation could be effective advocates for all of the local governments.

Commissioner Cassidy asked if it was possible to get tax credits for alternative energy for public buildings. Mr. Heuser replied that he had not heard of a compelling method or something comparable to the Business Energy Tax Credit (BETC), which was for the private sector, that sought to incentivize photovoltaic (PV) installations in publicly owned buildings.

Vice President Brown understood that 1.5 percent of the budget was to be spent on public buildings, but there were no tax incentives. He noted that the city said any building over 5,000 square feet had to be built to the Leadership in Energy and Environmental Design (LEED) standards.

Mr. Heuser remarked that House Bill (HB) 2620 from the previous session required the 1.5 percent investment and this was the primary incentive to promote PV in public buildings. He agreed that there needed to be a way to incentivize this. He said he would “huddle up” with the Energy Management Services staff to consider this and would let the Board know the results of their brainstorming.

Mr. Heuser summarized the *2009 Legislative Agenda*, outlined in a memorandum dated *January 13, 2009*.

Regarding *Carbon Cap-and-Trade Legislation/ Western Climate Initiative (WCI) Implementation*, Vice President Brown asked if the assertion under *(C) Reinvestment in a sustainable energy future* did not conflict with the movement at the county level to utilize forests as carbon offsets. Mr. Heuser replied that offsets were a somewhat different issue. He explained that a certain percentage of carbon allowances would be auctioned off to the highest bidder, providing a revenue stream.

In response to a question from Commissioner Cassidy, Mr. Heuser stated that Ms. Parisi and Mr. Williams had been checking in with the city’s Sustainability Commission but he did not believe that the WCI had been vetted with that body.

Commissioner Cassidy noted that the Sustainability Commission was meeting on the following day. He thought it would be helpful to be in contact with them. Mr. Berggren noted that EWEB’s Environmental Manager, Steve Newcomb, was now participating on the Sustainability Commission. He thought Mr. Newcomb could serve as a direct link to bring these types of issues to their attention.

Commissioner Ernst thought EWEB should pay close attention to the states that did not plan on adopting Cap-and-Trade legislation.

President Farmer averred that the real application lay in how they would write the rules that went along with the policies. He commented that he did not hold a lot of hope out for a regional approach to the problem. He said they should go to the new President and the new majority in Congress and encourage them to “walk the talk.” He stressed that the utility industry operated on a national basis under the auspices of the Federal Energy Regulatory Commission (FERC). He supported the idea, but he wanted it to be done nationally.

Mr. Heuser concurred, adding that it would be even better if this effort was made on a global level.

Commissioner Ernst echoed the desire to see federal Cap-and-Trade legislation. Mr. Heuser responded that it might be worth it for the Board to take up a resolution on the Warner-Lieberman Bill. He offered to draft a resolution to endorse a federal bill.

Mr. Heuser continued his review of the Legislative Agenda and highlighted *Metal Theft Deterrence Legislation*. He felt that the proposals to require cash payments and the establishment of a requirement for people to establish a commercial account in order to recycle commercial metals

would help curtail theft as the people who took them wanted instant gratification.

In response to a question from Commissioner Cassidy, Mr. Heuser assured him that the local delegation had been very responsive to what they were bringing forward.

Regarding *Water Quality/Watershed Protection* Mr. Heuser said he hoped that the Board had heard a presentation of Karl Morgenstern's Water Source Protection Plan. He underscored that this was an area of pride for EWEB. He stated that to the extent that state legislation would complement what they were doing locally, EWEB intended to support those bills.

Mr. Heuser stated that *Energy Efficiency Legislation* was all consistent with EWEB programs.

Continuing, Mr. Heuser thought legislation on *Mandated Flouridation* could be proposed again. He reiterated that for EWEB it was a question of local control. He concluded his presentation by underscoring that he would bring any issues that came up at the Legislature that could affect EWEB for the Board to review and make recommendations.

Commissioner Ernst asked that legislation that would foster deployment of sustainable and organic forestry practices be called out separately from farming. Mr. Heuser responded that there was a sustainability component for the Cap-and-Trade for the forest offset program

Vice President Brown commented that it would be beneficial to get something akin to the BETC for EWEB's efforts to get out of the "steam business." Regarding watershed protection, he said he had found no water protection overlay in the state that mandated that an onsite septic system near a water source had to be followed up on and inspected once installed. He averred that there needed to be recognition that the systems did sometimes fail.

Commissioner Cunningham asked if any legislation requiring an increase in renewable energy was moving forward that offered businesses tax credits. Mr. Heuser replied that the BETC was increased in the last session, making up to 50 percent of the cost eligible, and this was considered generous. He did not anticipate this being revisited again in the present session.

Commissioner Cunningham indicated an interest in visiting the Legislature. Mr. Heuser responded that EWEB had a tradition of holding "EWEB Day" at the Capitol. He invited all of the Commissioners and Mr. Berggren to join him in Salem for a day in mid to late February. He said he would follow-up with Krista Hince to determine dates.

President Farmer said while it was great to have a supermajority, they would be primarily figuring out who to cut and how much to cut. He hoped that Mr. Heuser could focus in on ideas that were not asking for new funding. He did not want to promote anything that would ultimately be an unfunded mandate. He said if there were opportunities for EWEB to be a leader or to access federal funds he hoped they were looking for them.

Mr. Berggren commented that staff had that internal conversation and wanted to find someone to coordinate EWEB's sense of opportunity. He said a representative of the Obama administration regarding the Harvest Wind project had already contacted EWEB.

President Farmer requested that commissioners have more preparation prior to going to the Capitol in order to be more effective. He said EWEB also had a tradition of spending an evening with the local legislative delegation. He recalled that the last time the Board had met with the delegation it had been at the Hilton.

Mr. Heuser stated that the Board had not done so in 2007 in part because of the recent ethics legislation. He said the legislation would be revised, because it had been acknowledged that it had caused somewhat of a chilling effect on interactions between the public and legislators.

President Farmer pointed out that water quality preservation was one of Mr. Berggren's goals and recommended that Mr. Heuser leverage their work. Mr. Heuser stated that he would be in close contact with Brad Taylor.

In response to a question from Commissioner Cunningham, Mr. Heuser said he had already been in conversation with Congressman Peter DeFazio's staff person who was working on the stimulus package. He stated that EWEB was developing a list of projects, to be finalized soon, to have in place when the stimulus package was approved. He added that currently the funding was slated to flow through the states, but he had advocated for making some funds directly available to local governments.

Commissioner Cunningham suggested that it could be appropriate to send a delegation to testify before Congress. Mr. Berggren responded that EWEB did have a lobbyist that it typically employed, along with a number of public entities, through the Public Power Council for issues that arose in Washington, D.C. Mr. Heuser added that Rep. DeFazio also came home almost every weekend. He thought this would present a good opportunity to meet with him as soon as EWEB's project list was finalized.

President Farmer called for motion.

Commissioner Cassidy, seconded by Commissioner Cunningham, moved to approve Resolution No. 0904, the Eugene Water & Electric Board legislative agenda for the 2009 Legislative Session. The motion passed unanimously, 5:0.

#### **GENERAL MANAGER'S 2009 GOALS**

Mr. Berggren explained that this was the finalized set of proposed goals. He said based on the last conversation with the Board a new goal had been added: *Goal 5: Increased Organizational*

*Sustainability/Efficiency*. He related that he intended to use an employee team to be led by the new sustainability coordinator position that had been approved in the 2009 budget.

Commissioner Cunningham recalled that Mr. Berggren had said that one year he had been given 30 goals. He said he would like to see some policy that limited the goals to five adopted goals per year because he believed this was enough.

President Farmer suggested that this was a governance question that they could bring up at the January 23 governance session. He cautioned the Board against being too specific in governance because one did not want to throw too much detail into a governance policy that it became too limiting. He felt that the governance work should set policy and the directive pursuant to the policy would be found in an operations manual.

Mr. Berggren felt confident that the five goals were well within his grasp for 2009.

Commissioner Cunningham, seconded by Commissioner Cassidy, moved to adopt the General Manager's Goals for 2009.

President Farmer commented, regarding the fifth goal, that he perceived it as being built around Mr. Berggren's setting the leadership stage to communicate the need for sustainability and efficiency to staff in a way that brought the ideas up from the bottom. Mr. Berggren predicted that they would see a "fairly organic ownership" develop in the goal.

The motion passed unanimously, 5:0.

## **ECONOMIC CARE PACKAGE**

Mr. Berggren stated that the staff recommendation was not intended to replace the Board's determination. He underscored that staff had tried to capture the essence of the board discussion.

Ms. Smith acknowledged that most commissioners had expressed a concern about changing the generation assumption and that some of the Board had expressed a desire to be more targeted in whom the economic care package would help. She related that staff had worked with the rate proposal based on the change in assumption and suggested that among options to consider were a rate reduction or a rate rebate. She added that a change in assumption was not necessary in the case

of a rebate because surplus cash could be used. She suggested that a marketing program suggesting that people who did not need the rebate should donate the money back to EWEB for households that had greater needs could accompany a rebate. She underscored that the staff proposal was designed to “move the [discussion] on a path” and to be flexible, pending commissioner input.

Power Resources Division Director Dick Helgeson said they had tried to flesh out each of the components of the package. Mr. Berggren noted that this information was included in the summary sheets that accompanied each proposal.

In response to a question from Commissioner Cunningham, Ms. Smith affirmed that the Board could pick certain elements of the package for adoption at the current meeting and request that other be fleshed out more.

President Farmer stressed that the people who needed help needed it the most during the cold weather.

Referring to the *Economic Care Package Summary*, on the last page of the memorandum entitled *Economic Care Package* dated *January 14, 2009*, Commissioner Cunningham asked if it would make sense to alter eligibility requirements so that more people who needed it could qualify for the Percentage of Income Program (PIP) or the Crisis Assistance Program. Ms. Smith agreed that it would make sense. She noted that the crisis assistance funds were currently made available to people who did not meet eligibility guidelines but were close to the line.

Commissioner Cassidy suggested that the Board should address whether or not the hydro assumption should be adjusted first.

Mr. Berggren stated that the options brought before the Board would essentially cost \$4.2 million. He underscored that EWEB already had the money in excess contribution margin. Mr. Helgeson added that if rates were adjusted it would be tantamount to a recurring expense.

Commissioner Ernst asked, regarding the rate rebate, what was meant by customer type? Ms. Smith replied that this meant customer class, e.g. residential or commercial. She said they could provide a rebate based on consumption or they could provide a rebate of \$25 for all customers.

Regarding the Rental Weatherization incentive, Commissioner Ernst asked if this was the same program that currently met the low-income standards and required the owner to pay up to 50 percent. Mr. Helgeson responded that the present program provided, in addition to the loan offers, a package of incentives for people who own rentals occupied by people with incomes at less than 60 percent of the state median. He said they were considering extending the criteria so that the same incentives could be provided to all people who own rentals. He did not predict this would cause every rental owner to come forward and take advantage of it. He clarified that the proposal sought to extend the criteria for one year.

Commissioner Ernst thanked staff for bringing the package forward. Ms. Smith said she wanted to acknowledge the work of Wendy Kerns-Shultz, Mark Freeman, and Georgia Freidt.

In response to a question from Commissioner Ernst, Ms. Smith explained that the current Deposit Guarantor Program allowed a new qualified low-income customer to have EWEB guarantee half of their deposit. She related that the recommendation before the Board was to increase this to 75 percent of the deposit.

President Farmer advocated for not addressing the issue of the hydro assumption in the context of an economically stressed period of time. He agreed with former-Commissioner Sandra Bishop's testimony from the previous meeting that the two were not connected. He stressed that a "ton of research" had gone into the change in the hydro assumption to 85 percent. He stated that five of the six years that preceded the change had not experienced a normal water year. He averred that a two-year trend was not a good reason to change what had been put into place. While he supported looking at the issue, if the Board so chose, he would want to take a scientific approach and not an emotional approach. He did not want to place EWEB back on "financial shaky footing" just because the Board decided to look at economic support for the community. He did not want to throw out all of EWEB's "carefully reasoned" financial planning to support the recommendation without looking at it in a professional manner.

Commissioner Cassidy recalled that he had asked, when first sworn in as a commissioner, why the Board had set the assumption at 85 percent. He related that Mr. Berggren had explained that it had been very carefully studied. He said since the change there had been a lot more rain and now it appeared that the assumption could be shifted to 90 percent. He averred that if they had the reserves and had the opportunity to make more money, they should consider making the change, as perhaps the Board had been too conservative in its decision to change the assumption. He added his feeling that the economy would be getting much worse.

Vice President Brown declared that EWEB was sitting on \$7 million and it should be an easy decision to give back to the community. He believed that the 85 percent assumption had been a decision based on a lot of good work and he did not wish to undo it. He underscored that EWEB was facing some large expenses, such as the Carmen-Smith relicensing work; he wanted to leave the assumption alone. He supported the overall rate reduction. He averred that it would provide everyone with some relief. He was ready to move forward and give out the \$4.3 million. He predicted that if they continued to have a great rain year EWEB would have another \$4.3 million to give out in the next year.

Commissioner Cunningham echoed Vice President Brown's comments. He reiterated that the surplus should be dispersed. He noted that if EWEB were a private corporation, shareholders would be receiving a check or a stock option.

Mr. Berggren agreed that a lot of work had gone into the 85 percent assumption; the preceding 60 years of weather patterns had been evaluated in the process. He stated that EWEB had been operating on a 100 percent assumption and had been hit with a five-year series of years that did not perform and this had led to the change. He related that they had written the financial policies with flexibility in them to take more risk when there was more in reserves. He said staff had come forward with a recommendation to alter the assumption to 90 percent because EWEB had substantial reserves and could afford to take a little more risk. He noted that staff had considered changing the assumption to 92 percent and 94 percent and other numbers, but he felt 90 percent was the greatest

risk they could take.

Ms. Smith commented that the dilemma in changing the water assumption was that if it did not rain the reserves would become depleted and then the Board policies would require the reserves to be replenished. She said this would cause the Board to either raise rates or change the assumption. She noted that Boards in the past had expressed interest in having affordable, sustainable, and predictable rates. She thought that doing a one-time rebate would allow EWEB to try something that could be a mechanism, if the Board so chose in the future, to maintain its generation assumption and when reserves were full provide a rebate to customers.

President Farmer remarked that he felt it would be a “red herring” to provide people like himself with a \$2.50 rate reduction. He passed out copies of his suggestion for economic aid. He wanted to look at the economic package in the context of what EWEB had done historically and what they were talking about doing in the present. He reviewed his proposal, and pointed out that if one included his suggestion for an increase, Commissioner Cunningham’s increase, and the special donation the utility had received, it translated to a 64.57 percent increase in customer aid.

Commissioner Cassidy said the aid should be targeted to the newly unemployed and chronically unemployed because those were the people who needed the help.

Vice President Brown said he would talk about process during the governance session. He stated that staff had put together a recommendation that the Board had four days to review. He felt President Farmer’s proposal had come on short notice and he could not be asked to make a decision about it. He supported staff’s recommendation on the rebate. He reiterated his support for retaining the 85 percent hydro assumption.

Commissioner Cunningham asked what President Farmer thought the Board should do with the \$3.5 million that would be left over after the approximately \$600,000 had been spent. President Farmer replied that the \$3.5 million was not fluff; no one had come to the table and said the Board should take \$4.3 million out of reserves.

Commissioner Cunningham, seconded by Vice President Brown, moved to create a fund in the amount of \$4.3 million from excess reserve funds.

In response to a question from Commissioner Cassidy, Commissioner Cunningham clarified that his motion sought to utilize one-time funds. He amended the amount to \$4.4 million, in response to staff clarification.

President Farmer did not want to write a blank check.

Commissioner Cunningham noted that the Bonneville Power Administration (BPA) rate changes were always passed through to the customer and the customer was told that if there were a decrease in the rates this would be passed through. He said the BPA had been ordered to pay approximately \$6 million and he felt that, theoretically, he was taking \$4.4 million of that amount and giving it to the ratepayers, “the people who deserve it the most.”

President Farmer acknowledged the Board policy that required the BPA rate changes to be passed through.

Ms. Smith pointed out that when the audit was completed in April, the Board always had an option to choose what to do with excess contribution margin. She underscored that this was a normal board function. She said if the Board did not decide to do something with the money at the present meeting it would come back to the Commissioners at that time.

Commissioner Cassidy indicated he would oppose the motion. He supported making a decision on which programs they would spend the money on first.

The motion passed, 3:2; President Farmer and Commissioner Cassidy voting in opposition.

President Farmer clarified that his proposal was meant to serve as his input on the choices and not a proposed motion.

Commissioner Cunningham, seconded by Vice President Brown, moved to approve the entire package of staff recommendations for an Economic Care Package with the exception of the Rate Relief. The package therefore included a one-time rate rebate, an increase in the Deposit Guarantor Program, an increase in the Percentage of Income Program, an expansion of the Crisis Assistance Program, creation of a Job Loss Customer Care Program, creation of an emergency payment program for Low-income Housing Customers, Shelter Aid for permanent shelter providers, expansion of the Rental Weatherization program, an increase in the subsidy provided to the Small Business Lighting program, and a Weatherization Loan Payment Deferral.

Commissioner Ernst offered a friendly amendment to the Small Business Lighting so that it would change the level of subsidy from 100 percent to 75 percent. Commissioner Cunningham accepted the friendly amendment.

Commissioner Cunningham encouraged his colleagues to support his proposed motion. He felt it would set an example for local government, for state government, and that it should be brought to the attention of Congress how quickly some people could “work to get something on the table.” He averred that it was not perfect but it would get something out to start helping people “tomorrow.”

President Farmer stressed his desire to help people who needed the help. He felt they were spending three times the money on people who did not need it. He considered this to be a poor choice that would send the wrong message. It did not make sense to him to spend \$2.5 million on people who did not need it.

Commissioner Ernst supported the motion. She felt the rebate was a sign of goodwill to all ratepayers.

Commissioner Cassidy wanted to see something move forward but he opposed the rebate to ratepayers. He opined that they were not targeting the money they were “just flinging money across the board.” He did not believe everyone needed the money.

Vice President Brown commented that if the Board micromanaged the economic relief package “to death” it would be bad governance. He wanted to move forward. He reiterated that staff had put a lot of work into the recommendation.

The motion passed 3:2; President Farmer and Commissioner Cassidy voting in opposition.

Ms. Smith expressed appreciation for the Board’s hard work. Mr. Berggren added that staff would move forward with implementation of the package absent any unforeseen issues.

In response to President Farmer, Ms. Smith clarified that the rebate would appear on ratepayer bills as a credit and would only go to existing customers.

Vice President Brown asked if the money spent on the Economic Care Package would come off the Contribution in Lieu of Taxes (CILT). Ms. Smith responded that she thought it was possible.

**ADJOURN**

President Farmer adjourned the Regular Board Meeting at 9:05 p.m.

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Assistant Secretary

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President