

EUGENE WATER & ELECTRIC BOARD
REGULAR BOARD MEETING
EWEB BOARD ROOM
500 EAST 4TH AVENUE
MARCH 5, 2009
7:45 P.M.

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

Others present: Randy Berggren, Jim Origliosso, Sheila Crawford, Jim Wiley, Terry Bequette, Mel Damewood, Brenda Sirois, Lance Robertson, Ken Beeson, Mike McCann, Jeannine Parisi, Eric Hiaasen, Jay Bozievch, Steve Mangan, Marc Anderson, Jill Hoyenga, and Krista Hince of the EWEB staff; Linda Henry, 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

Commissioner Cunningham asked that a letter submitted by Joe Misek and Mike Cloughesy of the Oregon Forest Biomass Working Group, entitled *Testimony of the Oregon Forest Biomass Working Group to the Eugene Water & Electric Board on the Seneca Biomass Project in Eugene* be included in the record.

Steve Lee, a EWEB ratepayer, said shortly after moving there two years ago, he experienced temporary loss of the water supply to his home. He was a member of the 11 person task team EWEB set up to study the Spring Boulevard Water Service Area Upgrade Project. He commended staff for their work with the task team. The choices were narrowed to two options, a water tower and a pump station. He thought the pump station based upon the design work done by EWEB was the best solution for providing back up water for the neighborhood.

Steve Schaefer, a EWEB ratepayer, said he had been involved in the Goodpasture Boat landing for over ten years. It was a great project and close to completion. He commended EWEB for addressing the concerns of the only adjacent land owner. Mr. Schaefer suggested moving the toilet away from the adjacent land owner's property. The Oregon Department of Transportation (ODOT) had also addressed the issue and signed off on the project.

Ken Helfrich, a EWEB ratepayer, encouraged the Board to move forward with the Goodpasture Boat Landing. EWEB had put a lot of time and money into the project and there were many people who were excited to see the boat landing go in so people would have a safe place to put their boats into the water and be able to utilize the Leaburg Lake area. He hoped the project would be

completed in 2009. There were some people who were trying to discredit the OBEC engineering findings that this was a safe site. He encouraged moving forward on the project. In the redesign of the plan, some things had changed, but EWEB should honor its agreement with Mr. Hatfield and listen to his concerns.

Gary Hatfield, a EWEB ratepayer, and an adjacent property owner to the Goodpasture Boat landing site. He was concerned that the restroom was by his window and asked the Board to assist in having the restroom relocated. He asked that the Board have an old maple tree on the site removed as it was a hazard and he was concerned it would fall on his house. Although he was not going to get into the ODOT technology, he recently had a truck overturned in his driveway and he suggested having specialists address road issues. He was concerned when the construction was completed, EWEB would assign the site to the State or walk away from it. He suggested EWEB would want to take pride in the maintenance. Security was important to him and he wanted to have a fence with a gate for access and egress. He asked for comments on an e-mail he sent to Board members.

Martin Desmond, 303 South 72nd Street, Springfield, was a member of the Oregon Department of Forestry's (ODF) Forest Biomass Working Group. He iterated the comments contained in the document regarding *Testimony of the Oregon Forest Biomass Working Group to the Eugene Water & Electric Board on the Seneca Biomass Project in Eugene* previously entered into the record. He added it may not be financially prudent for Seneca to proceed if the EWEB Board attached a long list of things they wanted Seneca do to.

Mike McKenzie Barr, a EWEB ratepayer, and the Lane County Economic Development Coordinator, noted that the Lane County Board of County Commissioners (BCC) had not taken a position on the Seneca Biomass project and he was not speaking on their behalf. He had researched other biomass projects in the state and in other parts of the country. He hoped this project was the standard by which other projects would be measured as they were setting the bar high regarding cleanliness of the biomass handling process, focusing on keeping emissions as minimal as possible, and focusing on the use of waste products to create renewable energy. Having jobs created by waste processed into value added products used in the community was as high an economic best practice there was. The economic value of power created by conversion of waste products and used in the community rather than selling outside of the community presented an opportunity for job creation and best practices models.

Ruth Demler, a EWEB ratepayer, said although the biomass project could not compare with International Paper that put out more harmful pollutants and debris this was a bad idea. Eleven percent of the population in Lane County had asthma. Additional pollution from Seneca will put out over 200 tons of pollutants as well as particulates, carbon monoxide, sulfur dioxin, lead and other substances annually. These pollutants would be very detrimental to the community.

Kevin Matthews, President of Southeast Neighbors, said he would be horrified if this biomass plant became part of the green power grid. He cited the staff for good work on the Spring

Boulevard Water Service Area Upgrade Project. He asked that EWEB not mess with the park as it was not necessary. The option that did not mess with the park was cheaper and met all of the criteria. Although the gravity feed system in a tank on Baldy seemed best, two pump stations would provide better fire fighting capacity.

Jan Nelson, a EWEB ratepayer, knew of no one in the environmental movement who would consider the Seneca biomass project green power. The biomass in the forest created soil for future use. She owned forest land next to the Seneca project and asserted Seneca did 40 year clear cuts, sprayed herbicide and pesticides. This should not be a source for future power.

John Herber, said affordability and reliability should be considerations for power sources such as the proposed Seneca biomass project. The Board should also consider peoples' health and the health of the environment. The project would put a lot of pollutants and particulates into the environment, some approaching EPA limits, and EWEB should negotiate that those things would be monitored.

Commissioner Brown thanked members of the public for coming out and offering comments on three different topics. He asked that the Board direct the General Manager to look into the concerns expressed about the Goodpasture boat landing and work towards a win/win solution. He thanked everyone for addressing the Spring Boulevard issue, and was pleased with the process that had improved from two years ago. He shared concerns about quality of the environment on the biomass project. The only way EWEB would have any say was for it to purchase the power.

Steve Dopplet, a EWEB ratepayer, said he first learned of the proposed Spring Boulevard project was a letter on February 4, 2009, about a public meeting which he was unable to attend. He asked that the Board postpone a decision until his neighborhood group could meet to get more information about the project.

President Farmer had received e-mail from a constituent in that area. The original stakeholder group focused on studying a reservoir on the Ridgeline Trail and as the project moved along, a pumping station at the proposed location was not envisioned. Thus, some people were not notified and not able to participate in the process. A notice did not go out to them until after the first public meeting. He talked with staff and was prepared to ask for additional time for those people to weigh in and provide comments.

Commissioner Cunningham hoped the executive team would discuss the location of the restroom at the Goodpasture boat landing. He noted everything in the record was positive about the Seneca biomass project. He wanted to see factual information in opposition to the project but had not. He did not believe the information from the Toxics Alliance directly addressed the proposed facility.

Commissioner Ernst thanked everyone for coming out for public comment.

Commissioner Cassidy had attended a couple of the Spring Boulevard public meetings and they were not well attended. He asked if the project could be delayed until more people had an opportunity to comment.

APPROVAL OF CONSENT CALENDAR

President Farmer entertained a motion for approval of the Consent Calendar.

Commissioner Cassidy, seconded by Commissioner Brown, moved to approve the Consent Calendar as presented. The motion passed unanimously, 5:0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

There were no items removed from the Consent Calendar.

ITEMS FROM BOARD MEMBERS

Commissioner Cunningham served on the Bethel School District Budget Committee as well as the EWEB Board and was unsure if he had a conflict of interest when the Board considered Education Grants.

General Manager Randy Berggren asserted Commissioner Cunningham did not have a conflict of interest.

Commissioner Brown said the McKenzie Watershed Council was scheduled to meet at 5:30 p.m. on March 12, 2009 at EWEB. Neither he nor Commissioner Ernst could attend the meeting to represent the Board. President Farmer said he may be able to attend. Commissioner Brown asked if the Goodpasture Boat landing project could be done sooner rather than later.

President Farmer noted there had been other issues that delayed the boat landing project that were not due to EWEB actions. He noted some federal agencies had contributed to delays.

Commissioner Ernst was also concerned about having a conflict of interest related to the educational grants and had been asked to work on a grant for Lane Community College (LCC).

Mr. Berggren agreed to investigate the issue for Commissioner Ernst.

President Farmer said Commissioners were personally responsible for avoiding conflicts of interest and ultimately needed to make the call themselves.

Commissioner Ernst had attended the Environmental Law Conference last weekend where she heard great presentations on the newest in incinerator technology and conservation programs for utilities. She planned to meet with staff to share ideas from the conference. She encouraged Commissioners to attend next year.

CORRESPONDENCE

Mr. Berggren called attention to the following items of correspondence:

- Within the last week, Johnson Creek was back in service, residents were being allowed back, but there would be about two more weeks of temporary closures.
- January 13, 2009 mitigation report and economics of the various cases.
- February 25, 2009 memorandum from Generation Manager Catrin van Donkelaar on the Leaburg Recreation Plan
- February 24, 2009 memorandum from Community Education Coordinator John Femal on the Education Grant Programs.
- February 24, 2009 memorandum from Public Affairs Manager Lance Robertson regarding the annual survey results.
- March 5, 2009 memorandum from Customer Information Services Supervisor Charlie Walker regarding paperless billing.
- March 5, 2009 memorandum from Community Services Manager Mark Freeman and Community and Local Government Outreach Coordinator Jeannine Parisi regarding contributions to customer care.
- February 24, 2009 memorandum from Senior Engineer Marc Anderson providing a status report on the Leaburg boat landing project.

BOARD AGENDAS

Mr. Berggren reviewed the *Board Agenda Report* dated March 5, 2009.

Commissioner Brown asked that a tour of the Carmen Smith facility and/or a tour of the upper river be scheduled this year. Commissioner Cassidy and President Farmer agreed to add the tour.

SPRING BOULEVARD—SERVICE UPGRADE

President Farmer suggested the Board not take action tonight on the Spring Boulevard Service Upgrade project to provide time for additional public questions and comments, and asked Mr. Berggren to schedule an additional meeting on the topic.

Commissioner Cassidy had heard no opposition to the proposals and preferred to move forward.

Commissioner Brown wanted the people to feel they had been heard and supported postponing action.

Mr. Berggren said the agenda item would be brought back for Board action on March 17, 2009.

Senior Water Engineer Jay Bozievich and Community and Local Government Outreach Coordinato Jeannine Parisi provided a PowerPoint presentation on the Spring Boulevard Water service Area Upgrade Project.

Responding to a question from Commissioner Ernst, Mr. Bozievich said the proposed reservoir was comparable to other EWEB reservoirs, and provided two hours of required fire fighting capacity as well as 24 hours of an average day's water usage.

In response to Commissioner Cassidy, Mr. Bozievich said the area was very close to being built out with only a few undeveloped lots.

Commissioner Brown noted the lands study was currently under way to ensure there was a 20 year supply of water. He asked if the urban growth boundary (UGB) expanded would this reservoir be able to accommodate additional capacity.

Mr. Bozievich averred this reservoir would not be able to accommodate any expansion.

President Farmer opined neither option would serve any expansion.

Responding to a question from Commissioner Brown, Mr. Bozievich was not sure the pump station would be fenced since the entire facility was self-contained.

BONNEVILLE POWER ADMINISTRATION'S (BPA) RESIDENTIAL EXCHANGE CREDIT

Power Resources Division Director Dick Helgeson requested action by the Board on a resolution previously discussed by the Board on February 17, 2009 which dealt with the distribution of credit on the EWEB power bills over the next seven years as compensation for residential exchange costs unlawfully included in the Bonneville rates during the period October 1, 2001 through September 30, 2006. The proposed resolution would affirm the Board's preliminary direction as reflected in the approved 2009 Electric System Budget and ratify the action for purposes of establishing 2009 and future retail electric rates as detailed in the February 24, 2009 memorandum from Mr. Helgeson and Power Management and Planning Manager Dick Varner to the EWEB Board.

Commissioner Cunningham, seconded by Commissioner Cassidy, moved to approve Resolution Number 0909 distributing the benefits of any residential exchange credits received by EWEB to retail customers in the establishment of 2009 and future retail rates, and to hold in abeyance Board consideration and action regarding distribution of such benefits to the Springfield Containerboard mill. The motion passed unanimously, 5:0.

POWER SALE TO AVISTA CORPORATION—RENEWABLE ENERGY CREDITS (RECS)

Senior Resource Analyst Eric Hiaasen offered a PowerPoint presentation which explained the program as summarized in the memorandum from himself to EWEB Commissioners dated February 24, 2009.

Commissioner Cunningham, seconded by Commissioner Ernst, moved approval of Resolution number 0910 authorizing the General Manager to execute the *Renewable Energy Credits and Sale Agreement Between Avista Corporation and Eugene Water & Electric Board*. The motion passed unanimously, 5:0.

ADJOURN

President Farmer adjourned the Regular Board Meeting at 9:30 p.m.

Assistant Secretary

President