

EUGENE WATER & ELECTRIC BOARD  
REGULAR BOARD MEETING  
EWEB BOARD ROOM  
500 EAST 4<sup>TH</sup> AVENUE  
APRIL 21, 2009  
7:30 P.M.

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

Others present: Randy Berggren, Sheila Crawford, Patty Boyle, Jeannine Parisi, Dick Varner, Jim Wiley, Ken Beeson, Jim Origliosso, Dick Helgeson, Steve Newcomb, Debra Smith, Brenda Sirois, Tom Williams, Lance Robertson, Cathy Bloom, Eric Hiaasen, Mark Zinnicker, 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) at 7:44 p.m.

#### **AGENDA CHECK**

There were no changes to the agenda.

#### **PUBLIC INPUT**

**Mel Menegat**, a EWEB ratepayer, stated that he had been able to access the agenda and all of the background information on the EWEB Web site. He had been pleased to see that additional money was being transferred to the Power Reserve Fund. He averred that EWEB needed that resource as a cushion given the vagaries of the market. He had also been pleased to see that the Water Capital Improvement Program was still focused on replacing aging infrastructure. He supported doing that rather than finding the utility “down the line” with its system falling apart. He indicated that he was primarily focused on testifying in support of buying power from the Seneca project. He said the graph on page 3 of the staff report showed how important the Seneca project was to EWEB’s future electric resources. He acknowledged the controversy associated with the project, but he said part of the Board’s responsibility was to provide reliable power to the ratepayers and consumers. He was pleased with the backgrounder that staff had provided and commended them for the depth and breadth of the coverage it contained. He supported the staff recommendation with the exception of the piece that said the contract would be null and void if there were any fuels used other than those in the Lane Regional Air Pollution Agency (LRAPA) permit. He thought EWEB could protect itself from being involved in a use of fuel that was not wanted in other ways. He did not want EWEB to “shoot itself in the foot.”

**Kevin Matthews**, a EWEB ratepayer, stated that he edited a magazine and was part of Friends of Eugene. He discussed collaborative processes he was familiar with and compared the West Eugene Collaborative (WEC) process with the one the city had engaged in regarding the potential City Hall project. He felt the former was more citizen-driven. He thought the Citizen Advisory Team (CAT) working on the Riverfront Masterplanning project was a happy medium between the two approaches. He expressed appreciation for the amount of public input the process was seeking. He averred that there was a “tremendous amount of expertise to harness” in the community and this would bring about consensus on the plan.

**Tracy Bacon**, a EWEB ratepayer, related that she had looked at the development for the masterplan proposal as part of her Master's Thesis. She had spent four months researching and analyzing the site. She felt she represented a cross-section of the population that was vested in how the site would be developed. She thought the property could be a catalyst for Eugene's green vision and could be a model for sustainable development. She averred that the commercial potential along the river could not be found anywhere else in Eugene. She supported the master plan process.

**Elaine Zablocki**, EWEB ratepayer, said she had written a letter a month earlier because at that time she was trying to figure out whether it was really necessary to keep a house heated to 63 degrees. She related that, since then, Sarah Helmers had come to her house and conducted an energy audit. She was planning to get a heat pump and she had a plan on how to improve the "heat-ability" of her house. However, she felt that the EWEB Web site did not provide her the information that she needed. She could see herself in the future as an elderly woman who could only afford to heat one room, but builders had informed her that this was not possible. She wanted to know if this was true. She provided a handout that outlined two booklets she wished EWEB would produce. She also provided examples of contradictory statements provided by EWEB. She declared that EWEB had the experts and they should transmit the information they had.

**Jim Robertson**, a EWEB ratepayer, said he had submitted a letter to be included in the Board packets. He had found out that it was not included and passed out some copies for the Commissioners. He wished to speak about the Seneca cogeneration project. He acknowledged that it would help EWEB attain part of its goal of having 25 percent of its power generated by renewable resources. He alleged that the plant would put out 476 tons of pollutants and this would have a negative health impact on the community. He thought it was up to LRAPA to decide this, but he wanted the Board to consider that most of the discussions talk about continuous monitoring of the plant, but no one had discussed what would happen if Seneca went outside of the parameters set for it. He recalled that the public utility had been borne out of the typhoid epidemic of the early 1900s. He asked the Board to consider making a template in its contract that would be a "vehicle to keep Seneca's eye on the ball." He suggested that a way to do this would be to set up an escrow account so that if Seneca went outside of its agreed-upon parameters, the money EWEB would have paid for its power for the period of time Seneca was in violation would go into the escrow account instead.

**Mark Rabinowitz** opined that the current economic situation was "not just another cyclical recession" and he hoped that the planners for the riverfront property realized this. He averred that the peak oil production was now in the past. He did not believe that exponential growth could continue. He predicted that it was time for fiscal austerity and he opposed spending public money on real estate instead of solar panels. He suggested that EWEB build a solar panel factory that "could put lots of people to work." He believed that this would be taking "big steps towards dealing with the energy crisis." He declared that if EWEB took small steps "the glaciers would be long gone" before the problem was addressed. He found it hard to take seriously given that billboards were still being lit up. Regarding the Seneca plant, he believed that there would not be enough forests to keep it going. He predicted that the forest would be cleared and this would create deserts. He believed that Seneca would be under "tremendous pressure" to liquidate its forests to burn them because he believed the market for lumber would decline markedly. He suggested that if EWEB really wanted the public's opinion, it should put it to a referendum.

**Ruth Duemler**, a EWEB ratepayer, provided her testimony in writing. She reiterated her opposition to the Seneca cogeneration project. She said she could see Springfield from her house and sometimes even the Three Sisters, but at present the haze was preventing her from seeing the mountains. She was afraid that this would happen to Eugene. She believed that LRAPA had been conscientious and had reduced the pollution. She alleged that 11 percent of Lane County residents had asthma. She opined that it must be higher in Springfield and Eugene. She had picked up a book in the library called *The Truth About Where You Live*. She cited sections from the book that alleged that Lane County had high rates of childhood cancer, acutely hazardous chemicals, people working with petro chemicals, and illegal occupational exposures to chemicals. She related that the book also considered the area have a great amount of air pollution. She had come from Southern California and was shocked to find these things out from this book.

**Susan Ban**, a EWEB ratepayer, noted her appreciation for the EWEB workers that had helped with a power line issue in her neighborhood. She was present to thank the Board for the budget amendment that was in Agenda Item 9. She declared that the Community Care Program was a big help for ShelterCare and its assistance programs. She said the current economic news was “horrific,” they were losing two streams of funding from Salem while the demand for shelter had increased by 300 percent. She related that families with kids were on the streets in the shelter programs. She was at a meeting with county and city representatives and they were also looking at ways to help.

**Anna Scott**, a EWEB ratepayer, thanked EWEB on behalf of Lane Community College. She said LCC had been a Green Power customer since the program had been put into place. She stated that they wanted to see that program continue. She related that LCC had been the recipient of a Green Power grant from EWEB on the past Saturday, at the Earth Day celebration. She wanted to urge the Board to continue to support the incredible proposals out there. She stressed that money going into the program to install a solar charging station was going right back into the community.

**Howie Bonnett**, a EWEB ratepayer, related that he had worked with the Mayor and councilors in the late 1960s and early 1970s to try to rein in field burning. He found it ironic that there was now a proposal before EWEB to take combustible material from outside the airshed and bring it within the airshed to burn. He opined that it was a “cop out” to say that EWEB was just buying the power and LRAPA could “take care of the pollution problems.” He said as a homeowner he was not entitled to much of a tax credit for installing photovoltaic (PV) facilities but he believed that commercial/industrial properties received a “sweetheart deal.” He suggested that EWEB look into offering a little bit more for buying back kilowatt hours of energy from commercial/industrial properties with PV facilities. He alleged that small micron carbon materials were actively absorbing materials that absorbed other pollutants and, because they were small, carried them deep into people’s lungs. He said it would be good to learn about these synergistic effects and to keep the local air quality as good as it could be.

**Samantha Chirillo**, a Eugene ratepayer, spoke on behalf of Citizens for Public Accountability (CPA). She related that she had spoken to EWEB staff people and representatives of Good Company about the CPA’s concerns regarding the Seneca cogeneration facility. She averred that the cogeneration project was moving forward though there was no comprehensive analysis of

energy assets, science-based expectations for energy in the future, and the outlook on what was “coming down the pipeline” which she alleged included several more forest biomass facilities. She declared that the public wanted to believe that all of EWEB was as “green” as some parts of it were. She did not believe the public would have reason for concern without being informed they should be concerned, and the public was taking EWEB’s word that Seneca was planning to provide sustainable energy. She questioned the use of the term ‘sustainable’ in relation to the cogeneration facility. She alleged that Seneca “squandered the soil and therefore productivity of its land” and continued to log old growth, including a stand by the McKenzie River. She asserted that Seneca affected the health of its neighbors “from pesticide poisoning.” She felt there were additional problems with the report to be presented at the meeting, as the choices seemed to be only “business as usual, which meant slash burning, clear cutting, pesticide poisoning versus the Seneca facility.” She opined that these were false choices. She believed that it assumed no willingness among the public to shift away from “business as usual.” She asserted that the report was “conveniently selective” in the research it was based on. She asked, on behalf of CPA, that the Board postpone its decision on the final terms of agreement until after the LRAPA public process and a full accounting of the “costs of Seneca’s deforestation practices.” Regarding the latter, she wanted it to account for how much would come from public versus private land. She declared that they needed to work to firm up “real renewable energy,” as the forests were not renewable at this time. She believed that if the forests were burned for energy, people would become extinct.

**Sandra Bishop**, a EWEB ratepayer, supported the agreement to buy power generated by the biomass cogeneration project Seneca Sawmill planned. She related that as a former EWEB Commissioner she had participated in the Integrated Energy Resource Plan (IERP) process that EWEB had engaged in four years earlier. She considered the cogeneration project to be “exactly” the renewable resource that had been envisioned by the citizen committee, commissioner members, and staff that participated in the process. She averred that given that climate change was happening, the Pacific Northwest could no longer afford to isolate itself as an area. She believed that long-distance transmission from larger plants was no longer the best option for local power needs. She felt that, thanks to organizations such as the Northwest Energy Coalition (NVEC), it was unlikely that any new coal-fired generation facilities would be built in adjoining states that would ship power into Eugene. She said it was also getting more difficult to site natural gas-fired plants. She considered biomass to one of the “big four renewable sources of power,” which also included wind, solar, and geo-thermal generation. She thought that, of the four, biomass had the highest available factors for firm power resources. She averred that given that the non-firm resources such as wind and solar generation were increased, there would be a greater need for firm resources such as biomass facilities. She asked the Board to listen to staff and trust the power traders. She believed it was wise to diversify the power portfolio and wise to buy the 18-plus megawatts of firm power that would be generated locally mostly from waste in an existing manufacturing operation.

Commissioner Ernst asked Ms. Bishop if she had provided services to Seneca on the project that she was paid for. Ms. Bishop responded that she was speaking as a citizen and a former EWEB commissioner, but she had done some planning and consulting for Seneca.

**Kathy Ging**, a EWEB ratepayer, opined that the study of the Seneca cogeneration facility conducted by Good Company had been inadequate. She averred that a full cost accounting should be required for a ratepayer-owned utility and a “public participation minded place like Eugene.” She did not know whether the Good Company had the background in forest or chemical impact issues to do the analysis. She disapproved of the biomass facility and did not want it to be subsidized in any way. She was certain it would add many tons of pollutants to the air. She disagreed that it would help EWEB meet the Renewable Portfolio Standards (RPS) requirement. She asserted that the IERP committee’s standard operating procedure had not been formed. She believed that the results from the committee would not be available until 2010. She considered this to demonstrate a lack of accountability which she perceived to be grounds to request a delay in the decision until after the public involvement process that LRAPA would engage in and cost accounting. She was skeptical that Seneca would not engage in clear-cutting.

**Dave Hauser**, Eugene ratepayer, spoke on behalf of the Eugene Chamber of Commerce. He conveyed the Chamber’s support for the Seneca cogeneration project. He believed that it was, in many ways, consistent with the work done in the Sustainable Business Initiative work that had arisen from a directive from the Mayor. He appreciated the sustainability analysis, included in the 140 pages of information. He liked that EWEB had utilized the services of a “credible, local expert” in the form of Good Company. He thought the insight the company provided would be helpful to both the Board and the public as the project went through the regulatory process. He appreciated that the analysis showed that the project would result in a net reduction in air emissions relative to open burning and other post-harvest disposal paths. He thought it made sense in this community and also that it qualified as a renewable resource and would help to meet the RPS. He conveyed the Chamber’s approval for having a local firm source of power and would keep jobs in the community, as well as keeping ratepayer money in the community. He felt there were a lot of reasons to support the project and hoped the Board would agree.

**Lisa Arkin**, Eugene ratepayer, spoke on behalf of the Oregon Toxics Alliance (OTA). While she understood the goal of meeting the RPS of 25 percent and she supported generating power in a decentralized way in small amounts and in local areas. She provided the Board with a handout related to her testimony. She said the Environmental Protection Agency (EPA) had declared that greenhouse gas emissions were a threat to public health and welfare. She averred that this had set the change for air protection regulations to address climate change. She thought this endangerment finding would obligate the EPA to limit greenhouse gases in the future, including carbon monoxide and sulfur dioxide. She asserted that these were two of the proposed plant’s largest emissions. She wanted the Seneca cogeneration facility to “take the high road” to install the most effective air pollution technology. She felt it would be cheaper to install it during construction than to install it after the plant was built. She wanted the Board to require the company to further reduce emissions by utilizing a Regenerative Selective Catalytic Reduction (RSCR) system before signing an agreement.

She asserted that this would reduce nitrous oxide reductions by 80 percent instead of 45 percent reductions that the technology currently planned to be installed would provide. She averred that carbon monoxide oxidation catalysts could also be provided on top of the RSCR to achieve greater than 50 percent reduction of the gas. She hoped EWEB would not externalize the costs of using cheaper air pollution control technology on to the health care costs and quality of life. She called the Board's attention to an International Biomass Conference and Expo to be held in Portland on April 28.

Commissioner Cunningham related that he had tried to access information on the OTA site and it said nothing about the things Ms. Arkin referred to in her testimony. Ms. Arkin attributed this to a lack of time and resources. She said OTA did "grassroots response to community concerns."

Commissioner Cunningham said he and Vice President Brown had toured Seneca's tree farm. He could not envision the company being without trees. He wondered if it would be possible to receive county tax credits for filtering on the stacks of the facility.

Commissioner Ernst thanked everyone for their testimony. She felt that public comment was a driving force in the decision-making process.

Commissioner Cassidy thanked everyone for the testimony. He expressed appreciation for the handouts.

Vice President Brown commented, in regard to the Community Care Program, that he wished they could do more for the community. He said they were doing what they could, however. He thanked all of the others who testified.

Vice President Brown declared that not buying the power from the Seneca biomass facility was analogous to giving away the region's water. He underscored that if EWEB did not buy the power, someone in California would buy it. He said EWEB did not make the rules regarding the environment, but it was important to at least get the benefit for the community.

## **APPROVAL OF CONSENT CALENDAR**

### **MINUTES**

- 1 a. January 23, 2009, Board Retreat (morning session)

### **CONTRACTS**

2. Davey Resource Group – Tree Work, Pre-inspection and Quality Control Services – Electric Division \$40,000
3. Godfrey Engineering, LLC – Construction management & Field Inspection Services – Electric Division - \$75,265
4. Johnson HR Consulting, Inc. – Market Pricing Consulting Services – Human Resources – Employee, Customer & Community Services Division - \$25,000
5. Kelly Services – Temporary Summer Water Management Staff – Water Division - \$45,000

6. Ken Morgan Consulting – Technical Specification Writing and Transformer Evaluations – Electric Division - \$50,000
7. Payroll Specialties NW, Inc. – Supplemental Retirement Plan and Executive Benefits Plan Disbursements – Corporate Services Division - \$15,000
8. Selectemp – Temporary Staffing Services for Moving and Light Building Maintenance Facilities – Corporate Services Division - \$2,087
9. Utility Tree Service – Pruning utility Line Clearance Services -- Electric Division - \$800,000

**LAND ACQUISITION FOR WATER DEPARTMENT**

10. Natoli Lot Purchase – Vacant Lot Purchase for Water System Master Plan - \$117,085

**RESOLUTION**

- 11 Resolution No. 0913 – Identity Theft Prevention

Commissioner Cunningham, seconded by Commissioner Cassidy, moved to approve the Consent Calendar. 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 Ernst said the Board had been presented with a proposal from a group from the University of Oregon. She considered it to be a “higher level thinking process” for community and student involvement working around energy issues. She explained that the proposal was not choosing a project; this would be decided later on. She related that she had asked to have it put on the agenda.

In response to a question from President Farmer, General Manager Randy Berggren stated that the Board granted him the discretion to spend up to \$2,000 on one group without consulting the Board. He noted that the proposal from the University asked for \$9,000. He had introduced the proposal to staff and they were looking at ways to engage the proposal at possibly a lower level and to find some way to work in partnership with them. He was willing to bring it back to the Board for consideration.

Commissioner Ernst requested that it be placed on the May agenda. Mr. Berggren said staff would do its best to provide some kind of recommendation at the next meeting.

President Farmer ascertained that there was majority support of the Board to pursue this.

Vice President Brown said a stormwater line was going in just upstream of the Hayden Bridge intake. He asked staff to look into it. He also related that Wildish Construction had asked if they could stockpile gravel on some land owned by EWEB that was on the south bank of the McKenzie River. He thought they would pay EWEB “so many thousand per month” to utilize the land and the revenue could be put into energy assistance.

President Farmer said he had the pleasure of attending the Earth Day celebration and was pleased to have awarded the grant to LCC for its solar energy charging program.

## **CORRESPONDENCE**

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

- Board members were provided a draft agenda related to the governance conversations that the Board had engaged in;
- Commissioner Cassidy had requested reports on two separate incidents, one related to tree trimming and the other related to a water leak and the reports were included in the Board packets.

Commissioner Cassidy hoped the Board would discuss the subject of handling complaints in general.

President Farmer concurred. He related that with the economic environment they were in, he received letters from customers and did not know if all of the Board received the same letter.

Commissioner Cunningham requested to withdraw the Board discussion on tiered rates from the future agendas.

Mr. Berggren continued his report of correspondence:

- Fiscal Services Supervisor Patty Boyle included a memorandum regarding communications received from the 2009 proposal to increase wastewater and stormwater rates in Board packets.

Vice President Brown asked what percentage this represented of an average bill. Mr. Berggren replied that he did not know.

Vice President Brown asked if the city was “thinking about dumping the garbage bill” on EWEB. Ms. Boyle said the garbage fee would be included in the cost associated with the wastewater.

President Farmer wanted help from EWEB Legal Counsel Win Calkins. He did not think the city should be including its taxes in EWEB’s bills. Ms. Boyle responded that the city was not asking EWEB to collect for garbage hauling, but was asking for rates to cover the cost of service for stormwater and wastewater. She explained that in some cases they had discussed including similar franchise fees in the wastewater and stormwater utilities and using that money for the road fund.

President Farmer surmised that “at the end of the day,” if they took \$1 million out of wastewater and spent it on potholes the city would raise wastewater rates to make up the difference, and EWEB would bill for it. He felt strongly about this. He was prepared to lead an initiative process to change the city charter if the city started thinking that it could hide taxes in EWEB bills. Mr. Berggren indicated that he understood how President Farmer felt.

Mr. Berggren called attention to the final item of correspondence, a memorandum from Dean Ahlsten regarding the *City of Eugene Enhanced Recovery Full-Scale Exercise*.

## **BOARD AGENDAS**

Mr. Berggren provided the *Board Agenda Report* dated May 5, 2009.

## **SENECA POWER PROJECT – PROJECT RECOMMENDATIONS**

Senior Resource Analyst Brenda Sirois provided a short power point presentation on the potential power purchase agreement. She said staff wanted the Board to see the level of detail that was included in such an agreement. She noted that the packet had included a sustainability report.

Dick Varner, Power Management and Planning Manager, explained that as a matter of procedure all development activity in power generation looked for a power purchaser before going through the process of obtaining permits and ordering equipment. He stressed that no one did things “on spec” because it was not possible to get financing. He said EWEB had a Memorandum of Understanding (MOU) with Seneca and had begun the development of contracts to work to ensure that the “risk was corralled” regarding whether the project would have someone to sell the power to and what the economic value of the power would be to the developer. He cited EWEB’s power purchase on the Stateline project as an example and pointed out that the project had not had all of its permits and was not in construction when EWEB signed the contract. He said the purchase on Klondike III had occurred when the developers were still working on the third phase. He also cited the Raft River Geothermal Project, noting that while the developers had the land leases, they did not have the building permits to actually do the construction of the generating facility. He stated that in looking at the Harvest Wind facility, the Energy Overlay Zone permit that would allow construction had just been granted during the previous week; EWEB had been participating in that project for nine months. He underscored that typically the involvement in such a contract occurred prior to the issue of permits. He could not recall a contract being sealed at a later point in the process.

Mr. Varner listed the advantages of the project:

- The project would be a good complement to the existing resource stack because it would be a base load resource that would allow EWEB to use the variable capability of its Carmen-Smith facility and Slice operations to follow load and to deal with other variable resources. Adding more wind to the stack would make it so EWEB would have variable resources to support variable resources, as an example.
- Staff had assessed the project and believed it to be a good economic project, though not as good as six months prior because of the economic downturn. Staff found that there was some synergy between the hydro production and Seneca’s forestry practices as when the streams were flowing at their highest it was not a good time to harvest trees. There was a reasonable probability that Seneca would generate less power in the spring, when EWEB experienced peak hydro-generation.

- The contract was constructed so that Seneca had an economic incentive and if there were better uses of the fuel source, such as the use of the waste for soil amendments or landscaping, Seneca would compare the values of power and other uses.
- The Raft River Geothermal project had not moved forward since the contract was signed two years earlier and the project did not have the financing to do the well drilling that was needed to improve the resource; once the well drilling was begun, it would be another 18 months to two years before the project would be on line. Staff had some concern that the project might not go forward. Seneca was a similar kind of project in how it benefited EWEB's portfolio.
- The Northwest had transmission issues; most of the generation was east of the Cascades and most of the load was west of the mountains. Though Seneca was a small project, it would provide a little more stability to the grid west of the mountains. It also provided more local reliability; combined with the local hydro generation, the project would help EWEB serve much of its load in an emergency.
- The idea of benefiting the local economics was considered a plus for the project.

Mr. Varner discussed the two disadvantages that staff considered:

- The community would "get the impact."
- Power prices were relatively low at this time. Negative cash flows were projected for the period the project would come on line.

Commissioner Ernst asked Mr. Varner to explain the negative cash flow. Mr. Varner replied that EWEB would pay a relatively fixed price determined by what the prices were approximately six months earlier and the current power market was lower than that price. He clarified that the MOU established the pricing.

President Farmer ascertained from staff that the same was currently true for EWEB's hydro projects.

Ms. Sirosis reviewed the recommendation for next steps, which included a Town Hall Meeting on April 29 and Board action scheduled for May 5.

Commissioner Cunningham thanked staff for the thorough work. He said everything he had heard about the facility informed him that the project would meet or exceed regulations for the permit. He noted that this was really not the business of the Board; the business of the Board was whether or not to purchase the power that the project would generate. He had heard from most people that they were in favor of the project. He reiterated that the power was renewable and it would heat 13,000 homes. He was inclined to support the purchase agreement.

Vice President Brown understood that the community had a standard for carbon monoxide (CO) and it was not being exceeded. He said current Department of Environmental Quality (DEQ) standards dictated that the community could have the ability to increase CO emissions and still be below the threshold. He remarked that if the project was built, it would mean that the community would give up some of its capacity for CO emissions, which would pose some impact on other

projects. He thought that if this project was being pushed forward by a less conscientious company than Seneca, the community would be impacted more greatly as the company could conceivably build a project with less mitigation than Seneca planned to institute. He did not see why this was not a good project.

In response to a question from Vice President Brown, Mr. Varner clarified that the details of the contract, such as what would happen if Seneca folded and someone else owned the facility, were yet to be worked out.

Vice President Brown ascertained that Seneca would be using a groundwater source and asked how many gallons it would use. Commissioner Ernst understood that the project planned to use 100 gallons per minute.

Commissioner Ernst acknowledged the amount of work that had gone into the report and commended staff for it. She said the project appeared to be a good one but she still had concerns regarding the environmental impact. She noted that some people would say that if the impact was not in our backyard it would be in someone else's. She stressed that the project was in Eugene's backyard. She did not feel that they could advertise it as green energy without doing as much as possible to mitigate the environmental impacts. She understood that they needed to stay within the boundaries of being competitive in purchasing the power from the project in the face of other entities that could be competing to purchase the power. She had heard in the public testimony a recommendation from the Oregon Toxics Alliance to utilize technology that could further reduce emissions. She thought it would be prudent for Seneca to investigate this. She believed that in the next few years, the federal government would bring about more regulation of biomass facilities. She asked if there would be a possibility that EWEB could subsidize this improved emissions technology by paying a higher price for its power. She felt that, in doing the research, it would be found that there was a likelihood that some people would get sick from the emissions.

Ms. Sirois said, based on what she knew, the environmental controls would reduce emissions by 99.5 percent.

Commissioner Cassidy remarked that the aspect of purchasing the power was valuable. He felt that he was hearing a lot of the "pros" versus the "cons." He averred that "at the last minute" they were "getting a lot of cons." He believed that EWEB Commissioners had to be concerned about customers and EWEB and they needed to make sure that EWEB was protected. He had thrown out the suggestion that, in the terms of agreement, there be a clause that declared that EWEB would not be held liable if there was a lawsuit filed because someone experienced a health issue.

Mr. Berggren noted that it was not possible to contract away anyone's right to sue. Commissioner Cassidy responded that it was a big concern of his that EWEB be protected.

Continuing, Commissioner Cassidy said projects were evaluated by reliability, affordability, and the potential to increase the diversity of the power portfolio. He asserted that EWEB did not evaluate the projects based on environmental impact. He acknowledged that there was some emphasis on investing in clean energy. He reiterated his concern for the health of the community. He

said there was “pollution going on” and the effects were not known. He noted that the suggestion had been made that payments to Seneca be placed in a “kind of a trust fund” should they not adhere to the environmental parameters placed on them until they had remedied the situation. He was not comfortable with the current amount of information and was not prepared to move forward on this. He wished that they could postpone the decision for another two weeks. He thought that if they attended the Biomass Expo, they could discover that there were even more new filters to utilize, as an example.

President Farmer stressed that the project would be built whether EWEB purchased the power it generated or not. He agreed that people had a valid right to be concerned about particulates in the air, but someone in California would purchase the power if EWEB did not and then California would have the power and Eugene would have the particulates. He said another misconception people had was that EWEB could be a regulatory agency. He underscored that the EWEB Commissioners were not elected to be the Lane Regional Air Protection Agency. He pointed out that EWEB purchased power from the Bonneville Power Administration (BPA) and had no regulatory authority over it. He asked rhetorically if the BPA should be regulated and stressed his firm belief that it should be regulated and monitored heavily, but this was not the job of EWEB. He pointed out that there was a great deal of concern about the high bird mortality rates caused by wind projects. He said there were very strict monitoring standards for wind power, more stringent than any other source of generation. He underscored the need for these things to be monitored and reiterated that this was not the job of the Board. He agreed that logging practices should be monitored and repeated that this was also not the job of the Board. He advised people who opposed certain logging practices to go to the government and lobby against them. He suggested that if people did not think LRAPA did an adequate job of monitoring the environment, they should take this information to the regulatory agencies and ask them to rewrite the standards. He emphasized that the EWEB Commissioners were laymen and could not be regulators. He stated that if Seneca could not meet the requirements that were being agreed to, then EWEB would not purchase the kilowatts from them and if they could, based on scientific evidence, then EWEB had every reason “in the world” to do so.

Commissioner Cassidy indicated that he agreed with everything President Farmer said. He felt that if EWEB was involved in the project, this would be better than having someone else get involved in it. He surmised that the Seneca project would not change what they were doing for EWEB over another customer. He wanted to be able to say to the community what they were getting for this and how it would be better.

President Farmer reminded the Board that EWEB had undergone a community input process that was lengthy and indepth in its Integrated Energy Resource Plan (IERP) work. He said the IERP had developed policy regarding available energy and had looked in detail at biomass generation, with much public input. He did not want to tell the community that the Board did not care what the group said.

Commissioner Cassidy asked if they had looked at the potential pollution. President Farmer assured him that they did. Commissioner Cassidy reiterated his concern that there had not been enough discussion of the “cons.”

Commissioner Ernst understood that Seneca did not have its permit yet and had not shown that it could meet the permitting requirements. She felt there was still some leeway there and they could address it before LRAPA. She averred that as an elected official, she represented people who did not have the time to speak on their behalf. She thought that to say they were just buying power would not be fair. She agreed that the Board should not be a regulatory agency, but she thought they should do everything they could to mitigate the environmental impacts. She believed the Board could apply pressure on Seneca to reduce the emissions and reiterated her suggestion that EWEB offer to pay more for its power in order to provide the incentive to increase the measures taken to mitigate emissions.

President Farmer did not agree that EWEB should become a regulator because Seneca was local. He said that if wind farms were put on the Coburg hills or if a dam was put 30 feet up the river from EWEB, the Board would never become the regulatory agency that oversaw them though they would be local projects. He stressed that Seneca should pay for its own mitigation and monitoring and not EWEB.

Commissioner Cunningham related that he had received a phone call from someone who asserted that the crematorium on West 11<sup>th</sup> Avenue put more pollutants into the air in a week than the Seneca facility would put into the air in a year. While he did not know whether this was true and would not consider it credible evidence, he thought there was some merit to it. He had challenged the OTA and those who opposed the project to show him some credible evidence and no one had done so. He found the staff's report to be very credible. He noted that the Mayor of Eugene indicated that she trusted information provided by EWEB staff. He said if someone could prove to him that this would affect the health of himself and his constituents, he would vote against it. He averred that the only thing that was germane to the argument was whether or not EWEB should buy the power. Additionally, he believed that if they voted against the project based on an environmental argument that lacked evidence, it could put EWEB at risk of a lawsuit because it was not an issue that was germane.

Vice President Brown had heard some people declare that Seneca was not a good steward of the land. He disputed this. He had spent a day touring the logging operations and found that they were not only good stewards of their operations in terms of safety, but they also built roads into the forests that were more environmentally friendly with bio-bags and flat-bottomed culverts that fish could go through. He stated that Seneca put logs into the streambeds. He had taken pictures of their work and believed they were doing the work "right." He said the Bureau of Land Management roads were terrible by comparison. He stressed that he would be the last one that would want to do something to harm the environment. He said the Board still had a few weeks to work through its reservations. He added that he would not want to run off a company that was willing to spend an extra \$7 million that it did not have to spend in order to eliminate 99 percent of its emissions.

Commissioner Ernst agreed that the Board should not "take a pass" on the opportunity. She wondered if any other Commissioners were interested in paying a little more for kilowatts in return for Seneca installing the highest level of screening possible.

President Farmer suggested that Commissioner Ernst explore the concept with staff. Ms. Sirois indicated that she was willing to look into the facts. She stated that she would need to do some research to determine if the further mitigation measures recommended in public testimony were actually better.

President Farmer respected everyone's desire to not have more particulates in the air, but he wanted to hear facts and science presented by people who regulated it and not a "bunch of hyperbole" from people who had read the obituaries in the paper and saw that some people had died of cancer and believed that this was why the Seneca project should not go forward. He said he was not a scientist and if there were strong arguments based in science that the project's emissions posed great harm, EWEB would not buy that power.

Ms. Sirois stressed that part of the responsibility of LRAPA was to do a risk assessment on human health and the environment. She explained that as Seneca went through the permit process, LRAPA would make a ruling on that.

Vice President Brown understood that the permitting was a two-stage process. He said once the project was fired up, the project would be tested again and if it did not meet the standards set forth in the initial conditional permit, Seneca would have to bring the facility into conformance.

Commissioner Cassidy predicted that the facility would get its permit. He reiterated his question on whether it would provide any value to the community and whether Seneca was doing anything extra so that EWEB would purchase the power.

President Farmer did not believe that Seneca would do anything extra to get EWEB to purchase the power, because there were other interested parties.

Vice President Brown commented that a commitment to the community could be the reason why Seneca was spending \$11 million instead of \$4 million for its emissions controls.

Ms. Sirois said she appreciated the lively conversation. She indicated that she would look into Commissioner Ernst's suggestion.

## **BUDGET AMENDMENT NO. 2 – COMMUNITY CARE PROGRAMS**

Customer Services Manager Mark Freeman reviewed the budget amendment for the Community Care Program. He said as of the 20<sup>th</sup> of April, EWEB had distributed \$197,400 for the Job Loss Program, \$2,325 for crises, and \$14,120 under the ShelterCare program.

President Farmer surmised that this amendment did not involve additional funds; it was a reallocation of funds. Mr. Freeman confirmed this. He explained that the customer rebate had come to approximately \$200,000 less than had been anticipated and they wanted to transfer the funds to the rest of the Community Care Programs.

Patty Boyle, Fiscal Services Supervisor, echoed this. She considered this change to be “just the mechanics.”

Vice President Brown related that an injured lineman had been working at the table in the lobby for the program. He applauded his people skills, calling him a “gold mine.” Mr. Freeman noted that he had passed along Vice President Brown’s compliment.

Commissioner Ernst said the table area was welcoming. She had also seen the fliers around town about the program and thought they were doing a good job of increasing community awareness about it.

Commissioner Cassidy wondered if it would be possible to do more for the ShelterCare program. Mr. Freeman responded that ShelterCare had received a one-time contribution to the electric bill at \$20 per bed. He said if the Board was interested in reallocating this in a different way, they could do so. He noted that when people exited the ShelterCare program into housing sponsored by St. Vincent DePaul, those individuals who were EWEB customers could still get help with their utility bills at this point.

President Farmer felt this was a slippery slope. He observed that every human service agency was facing challenging times at the moment.

In response to a question from Commissioner Cassidy, Mr. Freeman explained that the amount had been arrived at by looking at the biggest facility and dividing the electric bill by the number of beds.

Commissioner Cunningham, seconded by Commissioner Ernst, moved to approve Budget Amendment No. 2, transferring funds necessary to support the Community Care Program approved by the Board during the January 20, 2009 Board Meeting. The motion passed unanimously, 5:0.

#### **RESERVE FUNDS/TARGETS AND TRANSFERS – RESOLUTION NO. 0915**

Cathy Bloom, Assistant Treasurer, briefly reviewed the resolution.

Commissioner Cunningham, seconded by Commissioner Ernst, moved to approve Resolution No. 0915, a resolution that would authorize the transfers of funds and new reserve targets as outlined in the memorandum to the Board dated *April 10, 2009* and entitled ***2008 Reserve Fund Status and Transfers***. The motion passed unanimously, 5:0.

#### **HARVEST WIND BOND AUTHORIZATION**

Commissioner Cunningham, seconded by Vice President Brown, moved to approve Resolution No. 0916, a resolution to request authorization from the City of Eugene of a line of credit agreement for interim financing and issuance of long-term bonds for the Harvest Wind Project in an amount not to exceed \$46,355,000.

In response to a question from Commissioner Cassidy, Ms. Bloom explained that if the Board approved the resolution, she would go before the Eugene City Council to seek their approval for long-term financing. She said staff would come back with another resolution to reimburse EWEB for \$21 million, the level of expenditures that will have occurred by the end of May, \$13 million of which would be put back into the Operating Reserve because this was where the money had come from.

The motion passed unanimously, 5:0.

### **CONSENT CALENDAR FOR HPS CONSTRUCTION, INC.**

Senior Engineer Mark Zinniker explained that the item pertained to the Carmen-Smith communications project. He stated that the communications at the site was currently provided by Qwest. He said the system was outdated and had become unreliable. He provided a brief power point presentation about the project.

President Farmer observed that the bid had come in \$336,000 under budget for the project and wondered why it was cheaper. Mr. Zinniker attributed this to the current weak bidding environment.

President Farmer surmised that the project had already been approved, but had been pulled because it was more than \$1 million and required Board approval. Mr. Zinniker confirmed this.

Commissioner Ernst understood that the present facility was aging. Mr. Zinniker replied that he believed the system was “on its last legs.”

President Farmer called for a vote on the project. The Board voted unanimously, 5:0, to approve the contract with HPS Construction, Inc. in the amount of \$1,664,721.51.

### **ADJOURN**

President Farmer adjourned the Regular Board Meeting at 10:15 p.m.

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Assistant Secretary

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Vice President