

EUGENE WATER & ELECTRIC BOARD
SPECIAL BOARD MEETING
EUGENE HILTON HOTEL – VISTAS ROOM
66 EAST 6TH AVENUE
EUGENE, OREGON
APRIL 7, 2009
8:25 A.M.

Commissioners present: Ron Farmer, John Brown, Bob Cassidy, Richard Cunningham, and Joanne Ernst.

Others present: Randy Berggren, Debra Smith, Jim Origliosso, Jim Wiley, Ken Beeson, Tom Buckhouse, Mel Dame, Patty Boyle, Sheila Crawford, Cathy Bloom, Dick Helgeson, Mark Freeman, and Krista Hince of the EWEB staff; Kim Young, Ruth Atcherson, City of Eugene minutes recorders.

MISSION AND STATEMENT OF LEGACY

General Manager Randy Berggren reviewed the elements of the Eugene Water & Electric Board's (EWEB) *Statement of Legacy* and described how each element impacted EWEB's work. He indicated the day was dedicated to beginning the task of building a strategic context through a better understanding of the framework the utility was working in and how it might change. He anticipated the result would be that the board would be able to make its decisions with a strong sense of all community points of view.

President Farmer said the statement both recognized what EWEB was and what it wanted to be. He acknowledged the frequent tension between the board's objectives and the challenge of achieving them. He said that while EWEB measured progress regularly in many areas related to the legacy, he suggested that EWEB was not doing a good job in measuring the board's own performance and progress and whether it was achieving the objectives in the statement. He suggested that such measurements might result in changes to the legacy and hoped the board was prepared to make such changes.

Responding to a question from Commissioner Cassidy, Mr. Berggren said the 2000 focus on the electric utility reserves was driven by necessity. EWEB had to enter the market, which was volatile and being manipulated, and went into deficit, leading to the adoption of a "tool kit" that was painful and challenging in order to reestablish financial stability. In contrast, the water utility had appeared to be okay as it had been overshadowed by the electric crisis. EWEB was dependent on the weather to some degree and there was much volatility in that. Early in the decade, the water utility had encountered a series of years where revenue projections were not met due to wet weather, and after time EWEB found itself in the position of having dwindling reserves combined with an aging water infrastructure. As things got better with the electric utility, things worsened on the water utility side and more work needed to be done in that area.

Commissioner Cassidy asked about volatility related to Bonneville Power Administration (BPA) contract changes expected in 2011. Mr. Berggren discussed the new contract, under which

EWEB would remain a slice customer but without the same level of surplus power. He reported that over the last three to four year, surplus power had accounted for \$15 to \$20 million in wholesale revenues annually, and that would no longer be the case after 2011. EWEB would still have some surplus but not to that degree. That would mean a substantial change in EWEB's cash flow.

Treasurer Jim Origliosso indicated that volatility reduced under the BPA contract.

Mr. Berggren emphasized EWEB's developing cash flow issue, largely due to the collapse of the power market. While he thought that the budget would be in "okay" shape this year, he said that at this point, EWEB could not do a ten-year financial projection because of the many unknowns. He anticipated that 2010 and 2011 would be financially challenging, however. He said the good news was that EWEB was in the best position from a financial perspective that he had seen in his 25 years and thought the board had resources and capability to confront the issue, thanks to the work of past boards.

STRATEGIC PLANNING PROCESS

Employee, Customer & Community Services Division Director Debra Smith reviewed the strategic planning process, outlining the roles of board and staff in the process.

Ms. Smith distributed the board's strategic priorities.

Strategic Planning & Governance Coordinator Sheila Crawford distributed the results of last year's planning session. Ms. Smith reviewed the document and she and Mr. Berggren answered Board questions clarifying how the process worked and how it contributed to budget development.

Ms. Smith reviewed an organization level strategy map.

President Farmer called for a brief break.

FINANCIAL OVERVIEW

Mr. Origliosso and Fiscal Services Supervisor Patty Boyle were present for the item. Mr. Origliosso overviewed the financial fundamentals:

- 1) financial planning maintains 85 percent of average generation assumption;
- 2) near-term wholesale power sales price remains low; and
- 3) near-term load continues to reflect lower demand through 2010.

Board members asked questions clarifying the information presented and, in particular, the details of the BPA contract. Mr. Berggren emphasized the drop in retail load that EWEB was experiencing, saying it was also being experienced by other Northwest utilities and was a major reason for the BPA rate increase.

Mr. Helgeson overviewed the process that BPA used to set power rates and anticipated the rate setting process would be completed by August 2009. He anticipated a rate increase of above 10 percent. Mr. Berggren indicated that increase could be implemented incrementally.

Mr. Origliosso shared financial projections and discussed some of the assumptions behind the projections, emphasizing that not all the assumptions were firm. Board members clarified the amount of reserves anticipated in future years. At the request of Mr. Cunningham, Mr. Origliosso provided some historic data on EWEB's reserves that included an overview of the impact of the volatile electricity market that existed earlier in the decade and its budgetary impact.

Responding to a question from Vice President Brown, Mr. Berggren emphasized the impact of EWEB's annualized obligations, including increases in PERS, on future budgets. He said that those must be addressed by any board strategy. While those increases had not happened, he believed they would because of market losses, and staff would prepare assumptions regarding their impact. Vice President Brown suggested that the assumptions related to the sale of real estate be revisited due to change in the market. Mr. Berggren agreed. He said that staff would have to create a whole new set of assumptions to prepare a new ten-year financial view for the board.

President Farmer suggested that the "real elephant in the room" was wholesale power costs and the reason for the meeting. Mr. Berggren concurred. President Farmer said that while the assumptions were not clear at this point, the Board would have to settle on a figure at some time. Mr. Berggren agreed, and said that staff needed to provide the board with a set of metrics that it could monitor and report on so the board could determine if the assumptions it adopted were working appropriately.

Mr. Origliosso overviewed the 2010 budget strategy: A) use 2008 excess reserves to mitigate the impact of low 2010 wholesale power prices; B) constrain fixed costs; and C) pass through the BPA rate increases. Mr. Berggren provided more detail on each strategy. Board members asked questions clarifying the information presented.

President Farmer called for a brief recess.

LUNCHEON DISCUSSION—FUTURE ENVIRONMENTAL SCAN

Mr. Berggren provided a presentation entitled *2009 Strategic Priorities* which included *General Manager Goals*, hard copies of which were provided to everyone present. He listed the issues of strategic direction that the board had come up with:

- Affordability – EWEB’s rates are very comparable.
- Improving political relationships – to have the utility be more responsive to contentious issues.
- Financial ability and stability
- Enhancing the decision making support provided to the board – staff has implemented the American Public Power Association (APPA) public participation model and brought data to the board along with every potential decision.
- Development, management, and maintenance of the Power Supply Portfolio – a recent example of this had been the continuing analysis of the Bonneville Power Administration (BPA) Tier 1 allocation.
- Water rights/emergency supply progress.
- Five-year strategic staffing plan – will be revisited to look for opportunities for cost savings without risking the loss of institutional knowledge.
- A General Manager goal around the master planning process for the riverfront property – now well underway.
- A General Manager goal regarding the Carmen-Smith relicensing process – currently anticipated to cost \$130 million; financing was an issue and would require an authorization. He recommended a Uniform Revenue Bond Act (URBA) bond, because the relicensing was a compliance issue and it might not be prudent to put it to the voters to say “yay or nay” on it.
- A General Manager goal around the steam utility transmission – staff was looking for some sidebar funding through the federal stimulus money.
- A General Manager goal on information technology.

Commissioner Ernst stated that she had met with John Sorenson and she believed the BPA planned to provide funding for the power district project feasibility study for possibly replacing the downtown steam utility. She said Mr. Sorenson was looking for EWEB’s “blessing.” Mr. Berggren replied that staff was aware of this work and were not confident about the technical feasibility of it. He noted that it seemed that Mr. Sorenson was doing what he could to go around EWEB and was not contacting EWEB.

Commissioner Ernst said that instead of having Key Accounts Program Manager Mike Logan saying that EWEB appreciated the idea but did not perceive it as feasible, Mr. Logan should be open to the idea. Mr. Berggren suggested that the idea come before the Board. He averred that it would be a disservice to the steam customers to let an idea get traction and political support that, in staff’s view, was not sound. He believed that everyone on the steam system was at risk.

Commissioner Ernst reiterated that she wanted Mr. Logan to be open to “just listening” when Mr. Sorenson contacted him. Mr. Logan pointed out that he had stopped what he was doing and spent three days with Mr. Sorenson’s group.

President Farmer related that he had looked at the idea from three separate points of view and it appeared that the people promoting the project were trying to “line their pockets” with fees and did not have any substance behind them. He agreed that Mr. Logan had to be respectful and listen, but he would have difficulty directing him to spend a lot of time on this.

Mr. Berggren said Mr. Logan and staff had given Sorenson’s group a very direct response containing specific technical issues and logic flaws that they had found. He related that the response they had received did not even acknowledge the issues. He had found that odd, because people who were well-grounded in their scenario and technical strategy should be able to respond to the basic kinds of questions that Mr. Logan had asked. Mr. Logan added that he had worked with Mr. Sorenson since August and he had yet to see a written proposal. He noted that he had actually written more about the proposal than they had. He assured the board that the group had been provided access to staff.

Commissioner Cunningham asked if the Board could receive a spreadsheet that showed the top three proposals for the Citizen Advisory Team (CAT). Ms. Smith indicated that she could provide any information that they needed, but she underscored that the proposals were not “apples to apples.”

Ms. Smith stated that staff was crafting a backgrounder with multiple motions. She related that they had the opportunity to talk with the city planners that had worked on the Walnut Node process, which had cost \$600,000. She underscored that the cost of the consultant for the riverfront property was considered reasonable for what they intended to do in the process.

Vice President Brown asked why the proposals had come in at \$300,000 above the estimate. Ms. Smith responded that if they had done a Request for Proposals (RFP) rather than a Request for Qualifications (RFQ), they would have had a better idea of the actual costs.

Vice President Brown said he was getting a lot of negative feedback about this; people were asking him why EWEB had hired people from New York who would be flown in. He did not have a response to these questions.

Commissioner Ernst remarked that it sounded like there had been a disconnect between the board and the CAT. Ms. Smith replied that the process had been a learning experience, as it was the first in which a joint committee had been directly involved in a procurement process and staff would not likely be inclined to do it that way again.

PRIORITY SETTING

Ms. Crawford said the intent was to brainstorm to get at the issues that were of chief concern to the board and to engage in a prioritization process, from which staff could take a list of priorities to go forward with.

President Farmer encouraged the board to look at the statement of legacy and think if there were areas they needed to focus on improving.

The following issues were written down:

- Take another look at tiered rates. (Cunningham)
- Look into possible charter amendment to increase the board from five Commissioners to seven. (Cunningham)
- Creation of a self-generating conservation fund. (Ernst)
- EWEB should maintain its focus on keeping with the best technology and to keep up with the “smart grid” concept. (Ernst)
- Conduct an evaluation of the board to review the way the board functions. (Cassidy)
- EWEB should develop a significant project to educate the public. (Cassidy)
- Ongoing work on the relationship between EWEB and the city, maybe coming to include the county. (Cassidy)
- Hire a performance auditor/monitor quality of service. (Cassidy)
- Regional water. (Brown, Farmer)
- Work on the General Manager replacement search “sooner rather than later.” (Brown) The search for a replacement for the General Manager. (Farmer)
- Take a collaborative approach with the local schools to help bridge the gap for the employment shortage in skilled labor positions such as water treatment, dam operator, and lineman. (Brown)
- Enhancement of EWEB’s ability to communicate what the organization does and its role in the community. (Brown)
- Movement of the board more toward strategic issues as opposed to operational issues. (Farmer)
- Make sure the board is dealing with regulations and cyber-crime as a top priority. (Ernst)
- EWEB needs a research and development department to look into new means of power generation. (Ernst)
- Provision of long-term help for needy customers. (Cunningham)

Ms. Crawford asked Mr. Berggren if EWEB was positioned if price volatility became the norm rather than the exception. Mr. Berggren responded that EWEB could deal with it, if this happened. He added that he did not believe that things would become more volatile. He believed that they would be facing a long slow upward trend in the price curves.

Mr. Helgeson said new power supplies would drive costs. He noted that the regulatory environment influenced those costs.

In response to a question from Vice President Brown, Mr. Berggren stated that EWEB was of significant interest to the BPA but he did not perceive that the BPA had any inclination to take care of EWEB first. He said the BPA administration reported to the Secretary of Energy. From his perspective, the current secretary Steve Wright had a great deal of discretion and did not seem to be swayed by any one utility. He believed that EWEB could try to influence policy, but he thought the odds of it being effective were marginal.

President Farmer remarked that he would prefer not to get into an extended discussion on tiered rates unless it appeared that a majority of the Board was interested in changing it. He recalled that this had been a very contentious issue the previous time that it had been brought up and both sides of the issue were about equally represented. He said it had taken up a huge amount of time and had taken an emotional toll on the community and at the board level.

Commissioner Cunningham was not in favor of tiered rates. He averred that he would be more inclined to support tiered rates if the lowest amount was based on average use.

Vice President Brown also did not like tiered rates. He felt that larger households were penalized. He believed that there was some inequity in the rates.

Mr. Berggren stated that tiered rates had been driven by conservation, as people would make choices based on cost. He felt that it had been more of an art than a science to justify the values they sustained or did not sustain. He noted that tiered rates had a high overhead cost; the meters had to be read every 28 to 33 days.

President Farmer suggested that the board think about varying the rates based on the time of day.

Regarding board evaluation, Commissioner Cassidy thought the Board could do little things, such as taking five minutes at the end of each meeting to say what each Commissioner “liked or did not like” in the meeting.

President Farmer said he would like to see an evaluation that was akin to the process the board conducted around the General Manager’s goals, such as an annual or quarterly review process.

Commissioner Cassidy wanted EWEB’s accomplishments to be publicized more.

President Farmer observed that public communication and communication with the city had been on the list for the last five years and it kept coming back each year. He asked staff if the Board was just not “getting the picture” of the good work that was being done or if the good work was not being done.

Vice President Brown pointed out that there were 20 neighborhood newspapers that went out every quarter or every month. He suggested that it would be good to push articles out to those newspapers.

Mr. Berggren felt that staff had been responsive to this. He recalled that this had not been a priority ten years earlier and the organization had not really wanted to be in the news. He averred that staff was “growing into” the process of communicating better with the public. He said the Board was pushing EWEB to have a very different level of engagement proposed for relationships with other political entities, neighborhood groups, and the public.

Ms. Smith related that staff did pitch items to the neighborhood groups, but they primarily wanted Commissioners to come and speak to them. She noted that Jeannine Parisi went to three or four meetings a week. She said they would struggle to do more to further public participation without more resources.

Mr. Berggren thought it would be good to nail down the roles of the Commissioners and what staff could do to help them fulfill those roles.

President Farmer envisioned strategy discussions at the board level as spending half of a meeting on those types of issues without a foregone conclusion on what the result would be.

Commissioner Cunningham noted that he planned to hold a town hall type meeting in his ward on issues affecting that area, which included the Roosevelt Boulevard project and the Seneca Sawmill cogeneration project.

In response to a question from Ms. Crawford, Commissioner Cunningham explained that he wanted to seek to change the charter to expand the number of Commissioners because the population of the area had almost doubled since the charter had enacted.

Commissioner Ernst said, regarding conservation, that EWEB’s current goal was to gain 2.7 megawatts (MW) per year. She wanted to increase that number. She cited several examples of the current conservation work EWEB engaged in. She averred that if EWEB would work with contractors, they could get domestic water heaters at a reduced rate, as an example.

President Farmer was willing to have a fundamental conversation on whether EWEB was doing enough conservation work, but he did not want to get into the staff’s job and tell them what programs to engage in and how much they should engage in it.

Regarding communications with the city, Ms. Smith said staff was happy to support whatever strategy the board wanted regarding this. She felt that EWEB had a pretty good relationship with city staff and worked closely with them in many ways.

Commissioner Cassidy averred that EWEB should share its information with the city councilors.

Ms. Crawford thought this could be part of the governance work.

President Farmer noted that the board had made “half-hearted attempts” in the past. He recalled that at one point each board member was supposed to talk with the councilors of their wards. He observed that nothing had worked thus far. He said they were supposed to meet once a month with councilors and it petered out.

Commissioner Cunningham said Councilors Andrea Ortiz and Jennifer Solomon and he communicated by telephone on occasion.

Regarding his desire to hire a performance auditor, Commissioner Cassidy averred that it would increase the cooperation and efficiency between departments. He asserted that a lot of governmental bodies were moving in this direction.

Mr. Berggren asked who the performance auditor would report to. Commissioner Cassidy replied that this could be “set up differently.” He said the county had a performance auditor that reported to the County Board of Commissioners.

Commissioner Cunningham and Ms. Smith recalled instances in which a performance audit had been a positive and a negative experience. President Farmer thought that they could find many circumstances in which it worked or did not work.

Ms. Crawford asked if Commissioners wanted to elaborate on the regional water issue. President Farmer thought that the board had been waiting for staff to provide some direction and information. He did not believe the board was “taking the bull by the horns” and moving it forward.

Mr. Berggren was not certain what staff could do to meet the Board’s need. He said he could not make other jurisdictions sign a contract with EWEB and the Springfield Utility Board (SUB) was not willing to join in a secondary water source project. He asked what kind of follow-up on the Board’s intention would demonstrate progress. President Farmer replied that he did not think the board had strategized enough about regional water.

Mr. Helgeson considered it to be a political issue and not a technical problem to solve. He said it was about the political will to join together.

Regarding the search for a replacement for the General Manager, President Farmer indicated that he wanted to move toward consensus on the board and to get ahead of the curve on the process.

Commissioner Cunningham considered this to be the single-most important thing the Board would do.

Ms. Smith stated that Human Resources Division Director, Christine Bennett, was prepared to work on this and there was a placeholder budgeted for the process.

Ms. Crawford asked Vice President Brown to elaborate on his suggestion for a collaboration with local trade school programs to meet staffing needs. Vice President Brown explained that Peacehealth Hospital collaborated with the Lane Community College (LCC) nursing program. He thought it would benefit EWEB to work with LCC for the provision of training programs, if there was money available – perhaps from stimulus funds.

President Farmer asked for staff's perception of the shortage. Ms. Smith responded that they were in the middle of doing an update. Staff's preliminary sense was that the market had shifted; some of that work was already being done. She related that they had an aggressive program for interns and went to trade fairs to recruit apprentices.

President Farmer believed that critical issues needed to be a priority. Mr. Berggren replied that he viewed vocational/trade-centered opportunities as three- to four-year projects. He believed that the immediate issue had softened for economic reasons, but the outcome had only been pushed back and EWEB would still need the talent and capability. He viewed Vice President Brown's idea as the creation of a local resource to grow a local supply for the technical jobs.

President Farmer ascertained from Mr. Berggren, Mr. Helgeson, and Mr. Wiley that they would not likely make this a priority if they were creating a list of top priorities. Mr. Wiley added that he was feeling pretty good about where they stood on the trades. He did have some concern regarding the need for a hydro operator.

Mr. Berggren noted that he had gotten into the utility business through an internship.

Ms. Crawford ascertained from President Farmer that while he wanted to spend more Board time on strategy, it was not a priority.

Commissioner Ernst opined that the Board had not traditionally looked to the future and looking to power generation and where it would come from in the future was a big item. This had been why she included having a research and development department work on power resources.

Mr. Berggren remarked that there were a lot of ways to approach research and development and it did not always have to be a full-time staff commitment. He believed there were a lot of partnership opportunities with organizations working on research and development. He wanted the board to discuss what sort of research and development should be pursued and how the utility could go after it economically and efficiently.

Commissioner Ernst recalled that the BPA had worked on water regulations a few years earlier. Mr. Buckhouse responded that EWEB was actively engaged in this through its memberships with the Association of Metropolitan Water Agencies (AMWA) and the American Water Works Association (AWWA). He said another issue had recently come up with the regulation agency dictating to EWEB how to conduct its disinfection process. He added that they were sometimes able to influence decisions and sometimes not.

Mr. Helgeson stated that EWEB did not have the scope to move legislative entities so it worked through larger associations with lobbying capabilities.

In response to concerns expressed by Vice President Brown regarding unfunded mandates, Mr. Berggren stated that the overhead layers of compliance the utility currently faced had arisen from the east coast blackouts. He stated that the Investor Owned Utilities (IOUs) tended to be more likely to cut corners.

REVIEW CHARTER AND BYLAWS

EWEB's General Council Win Calkins reviewed the history of EWEB and its Charter, which had established the Water Board in 1908 and the combined water and electric utility in 1911. The utility had been renamed the Eugene Water & Electric Board in 1940. He stated that the charter had been revamped in 1976, with changes made to it in 2002.

Mr. Calkins briefly highlighted the Charter and Bylaws. He stated that EWEB was the largest municipal utility in the State of Oregon. He said there were some other utilities that were governed by a Board, with members appointed by a city council.

In response to a question from President Farmer, Mr. Calkins stated that the legal definition of the Board was that it was composed of five electors in the City. President Farmer noted that the Commissioners were technically the Board of the Board. Mr. Berggren commented that 'Board' was an older terminology. Mr. Calkins noted that they could pass a Charter amendment to change the name.

Mr. Calkins explained that the Charter required a Contribution in Lieu of Tax (CILT) that was a minimum of three percent of the gross operating revenues. He said this had been changed so that EWEB paid six percent of its net revenue to the city in the CILT.

President Farmer ascertained from Mr. Calkins that the latter amount was not codified. The three percent amount was established by statute.

Vice President Brown asked what it would take to change the amount back to the earlier percentage. Mr. Calkins replied that it was always possible to open negotiations. Mr. Berggren pointed out that it would take a mutual agreement to change it. Mr. Helgeson added that it could also be changed by a referral. He noted that a conversation about decreasing the benefit to the city would likely not be one the city would be willing to participate in.

Vice President Brown said it seemed like an inequity. Mr. Helgeson responded that EWEB was currently paying \$11 million and the city had incorporated this into its revenue stream.

President Farmer asked what the city based its inclusion of wastewater charges in EWEB bills upon. He noted that there had been recent discussion about the addition of other billings to the utility bill. Mr. Calkins replied that he considered this to be a request and something the utility could negotiate. Mr. Berggren clarified that the city was considering an increase to its wastewater charge to help pay for road repairs through a franchise fee.

Mr. Calkins remarked that he was not certain this could legally be done.

Vice President Brown noted that the city exempted itself from the Lane Transit District tax, the stormwater tax, and its own toxics standards, though they were some of the biggest users of these things. He did not think this was fair or equitable; the city was engaging in a double standard.

President Farmer declared that if the city wanted to raise taxes, it should look the taxpayer in the eye and say so.

Mr. Calkins continued his review. President Farmer ascertained that the EWEB Bylaws could not conflict with the City Charter.

Ms. Smith said she could provide, upon request, a memorandum on how the Bylaws had evolved.

PRIORITIZE ISSUES

Staff had distilled the priorities into a list of 14. The Commissioners engaged in a dot exercise to vote on the list of priorities. Each Commissioner was provided ten dots and was allowed to place up to three dots on their items of choice.

The top priorities for the Board were:

- the search for a replacement for the General Manager,
- communications between the Board and the City,
- regional water, and
- performance auditor.

Ms. Crawford indicated that staff would type the list of priorities up, including those that did not receive votes or only received one or two votes.

SUMMARIZE AND FOLLOW-UP

Mr. Berggren offered closing comments. He hoped that the implications of the financial context they were in would continue to have bearing on priorities and that EWEB would not have to extract more in rates from the community than the BPA would require. He stressed that they would have to maintain the reliability and safety of the system. He planned to integrate the Board's priorities in order to develop a forward strategy for managing the 2009 budget and for developing the 2010 budget. He said President Farmer had recommended that he ask the Board if he was on target. He asked that the Board let him know if there was something in the proposals that he should be doing to respond to the revenue shortfall. He averred that they would do their best to balance things and still bring the organization through. He intended to have a more detailed idea of how to proceed at the budget retreat scheduled for July, 2009.

Commissioner Cassidy asked for a backgrounder on the demand rate. He noted that a church had complained to him that they were charged all week long. Mr. Berggren responded that all of the churches had this problem. Ms. Boyle added that a demand component reflected those organizations that utilized a lot of power in a very short time, which drove the system.

President Farmer observed that the work that Mr. Berggren was starting to undertake on the financial issues would involve "belt tightening." He predicted that there would be some "grumbling;" the Commissioners should be prepared to support the work.

Mr. Berggren said he was prepared to delay some projects if he had to do so.

Commissioner Cunningham asked if the boat ramp project would be delayed. Mr. Berggren replied that because it was a licensing requirement, it would probably have to be done. He stressed the importance of not being in violation of licensing regulation and that compliance had to be a top priority.

Commissioner Cunningham asked if it would affect the Spring Boulevard issue. Mr. Berggren replied that it was a service reliability issue and could not be sacrificed.

The EWEB Board Retreat adjourned at 4:44 p.m.

Assistant Secretary

President