

EUGENE WATER & ELECTRIC BOARD
WORK SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
JUNE 2, 2009
5:30 P.M.

Commissioners present: John Brown, Bob Cassidy, Rich Cunningham, and Joann Ernst. President Ron Farmer arrived at 6:05 p.m.

Others present: Randy Berggren, Sheila Crawford, Lance Robertson, Jim Wiley, Jim Origliosso, Jeannine Parisi, Dean Ahlsten, Debra Smith, Tom Williams, Mel Damewood, Dick Varner, Cathy Bloom, Gail Murray, Jennifer Joule, Jill Hoyenga, Mike McCann, Alison Lewis, Joe Harwood, and Krista Hince of the EWEB staff; Ruth Atcherson, City of Eugene minutes recorder.

Vice President Brown convened the Work Session of the Eugene Water & Electric Board (EWEB).

UNIVERSITY OF OREGON ALTERNATIVE PROCUREMENT PROCESS

Dean Ahlsten, Systems Engineering & Substation Reliability Manager, explained that they intended to address four areas:

- The findings of fact that support staff's recommendation;
- The major procurements associated with the project;
- The mechanics of the actual exemption process;
- The request to proceed.

He highlighted the findings of fact which included the timeline for the project, driven by the goal of getting the facility on line by the summer of 2011. He said staff believed that if they stacked the conventional process for bidding all of the major procurements in front of the lead time for some of the pieces of major equipment, which could approach 12 to 18 months, the project would not be completed by 2011. He stated that another issue was that the property that was available was very limited and was sandwiched between the railroad tracks and the steam plant. He related that staff had been working with the University of Oregon and had set aside a piece of property that was approximately 75 by 100 feet in dimension, which was much smaller than the average substation. He said another issue they had faced recently had to do with quality; some equipment had been arriving that was not able to be put into service. He explained that the fourth issue, regarding the equipment, had to do with compatibility – it was sometimes challenging to get equipment that was compatible with other equipment. He stated that the purpose of the request for an exemption was to allow staff to pursue alternative procurement processes.

Mr. Ahlsten reported that the three largest purchases included the Gas Insulated Switchgear (GIS), power transformer, and the construction of transmission lines to serve the facility. He stressed that their approach was to seek the best value and not the lowest bid. He considered this to be a total cost of ownership approach. He conveyed staff's recommendation to work with Hyundai Heavy

Industries (HHI) because EWEB had purchased from HHI before, there would be no compatibility issues, and costs would be reduced. For the transformers, he said, staff was proposing to develop a short list of pre-qualified manufacturers and to take bids from them. Regarding the transmission, he explained that they would still undergo a competitive process under a Request for Proposal (RFP) but they would seek a single contractor.

Gail Murray, Purchasing Coordinator, stated that the reason EWEB needed an exemption process in place was because the project was considered a public improvement project, a project that was generally subject to a formal bidding process. She said the exemption would allow EWEB to have an alternative process that would include the ability to directly negotiate or to do a Request for Proposal (RFP) for a design-build. She explained that if the Board was in concurrence about exempting the project from bidding requirements, EWEB would schedule a public hearing and provide 14-day notice of it. Staff would provide the draft findings on the Web site prior to the hearing, in addition to the notice. She said the public hearing and Board action would be scheduled for the July 21 EWEB meeting.

Mr. Ahlsten said staff was seeking the Board's approval to proceed with the process. Mr. Berggren clarified that staff was not seeking action, given that it was a Work Session, but wanted to know if there were any portions of this that would give the Commissioners "heartburn."

Commissioner Ernst understood that the University of Oregon was paying for the installation of the substation. Mr. Ahlsten responded that the work would be reimbursable by the University and EWEB and the University was discussing a split in ownership. He explained that EWEB would initially own the transmission components and the University would own the substation elements. He said they continued to negotiate how the long-term ownership would be handled.

General Manager Randy Berggren said EWEB had been clear that it needed to at least own the switchgear and the transmission components. He explained that the facility was exclusive to the University and, as such, would have to be paid for by the college.

Commissioner Cunningham asked if staff foresaw any controversy in the project. Mr. Berggren replied that staff did not see any on the horizon, with the exception of the controversy that not meeting the University's deadline would cause.

Mr. Ahlsten underscored that the public hearing was intended to bring in any comments or concerns.

Vice President Brown ascertained that the proposal to exempt the project from the procurement process was largely being driven by the University's timing and its additional demand. He asked where EWEB was in its negotiations about the potential steam intertie. Mr. Berggren

replied that the discussion was basically coming to a close. He related that they had been unable to come up with a joint solution. He said the further they looked into it, the less viable it appeared to be. He stated that EWEB would be removing the section of the steam line on the University intertie complex for the new Oregon Research Institute facility, which was being built over it.

Vice President Brown asked what would happen if someone gave testimony at the public hearing that provided a valid reason not to proceed with the alternative procurement process. Ms. Murray replied that at that point they could defer and take time to respond to the concern.

Mr. Berggren said realistically, if that happened and the project was procured through the standard process, the load schedule for the University would not be met and the University would be at risk for liability for supply. He stated that the hearing was basically advising the public that EWEB was considering an alternative procurement process. He agreed that it was possible that someone could come forward with a reason not to pursue the alternative that he or she felt was different from staff findings, but the Board ultimately had the sole authority to make that declaration as it was the Contract Review Board. He was confident that the staff findings would stand. He averred that the Board would have to make a tradeoff decision between testimony that would be provided, if there was any, and the staff findings. He believed the result of going to a normal procurement process was clear. He encouraged the Board to submit any questions that might arise to staff.

CUSTOMER COMPLAINT PROCESS

General Manager Randy Berggren indicated that he and Public Affairs Manager Lance Robertson were available to answer questions. He recalled that President Farmer had requested that the Board spend some time discussing this. His general sense was that President Farmer wanted to ensure that there was a consistent understanding of what type of complaints were in process and what the answers were.

Commissioner Cunningham said it seemed to him that customer service representatives had sometimes suggested that customers contact Commissioners with their complaints.

Debra Smith, Director of the Employee, Customer & Community Services Division, stated that they were holding a training on the following day called Judgment Training for Customer Service staff. She explained that the representatives handled approximately 60 to 80 calls per day and were balancing attention between the light blinking that indicated the next call and wanting to find a solution for each customer. She said sometimes, especially when addressing issues related to deposits, disconnects, and door hangers; the rules were related to policy, which technically “belonged” to the Board. She speculated that at times a customer service representative would

indicate to a person that their complaint was related to policy and they should take it up with the policy makers. She said they were seeking to try to better equip the representatives to create solutions for customers. She noted that complaints were more prevalent now because there were more customers struggling to pay their bills. Mr. Berggren added that the number of calls was higher than it had been in decades.

Commissioner Cunningham expressed concern about the additional fees that were charged to people who owed money.

Employee, Customer & Community Services Division Director Debra Smith related that the Executive Management Team (EMT) was having a discussion on Customer Service philosophy on the following morning. She had compiled a list of questions that were about who EWEB wanted to be to its customers. She noted that one tenet of the policies was that EWEB would not subsidize across customer classes. She said if she did not pay her bill, EWEB would leave a door hanger on her doorknob. She felt that while this was fair, she also agreed that Commissioner Cunningham was right; if a person could not pay his or her bill how could he or she pay an additional fee of \$25? She understood that someone who could not pay their utility bill could find themselves in a worse situation with the added burden of fees and deposits. She said the EMT wanted to determine what would best serve the Commissioners and the customer from a process standpoint.

Mr. Berggren said aside from issues of practicality and fiscal prudence, they should also look at the pure economics of the utility's collectibles. He noted that EWEB had one of the best collection rates of any utility in the Northwest. He underscored the importance of keeping in mind that the utility could not discriminate by customer class or customer characteristic and if certain attributes of value were provided to a particular type of customer, they should be clear from a legal perspective that this was not discriminatory. He observed that there was never just one element that would allow them to make a decision; it was an intersection of three or four more complex issues of equal standing that should be bridged.

Ms. Smith related that the customer service representative on the phone was not able to see how he or she could offer something to a customer and not violate the principle Mr. Berggren cited. She added that because there were so many calls and EWEB was losing 20 to 30 percent of its calls per day, it created a depressing way to work. She averred that the representatives were making more mistakes than they had in the past when they were faced with less of a workload and less pressure.

Commissioner Cunningham stated that if he received a phone call from someone, it was usually because the person was desperate. He said he would then call Mr. Berggren, "the highest paid guy in the company," to work on a problem that could probably be handled at a lower level. Mr. Berggren replied that in some ways it was his job to address concerns related to him by the Commissioners. Ms. Smith pointed out that Mr. Berggren would then send the complaint to her and she would send it to Mark Freeman. She said she wanted to ensure that when this happened, staff would take the "learning" from each of those situations and apply it across all of the customers.

Commissioner Cunningham asked Ms. Smith to give the message to the customer service representatives that he appreciated that they were doing a good job.

Mr. Berggren felt that Ms. Smith was trying to get out in front trying to help customer representatives to think about what tools they might have and how they could potentially get people into a position where they would not experience the worst outcome.

Commissioner Cassidy related that he had received “quite a number” of complaints and none of them had been about paying a bill. He was “quite upset, quite disappointed” in the manner in which complaints that had come to him had been handled. He averred that customers had complained about the EWEB representative being rude on the phone. He understood that surveys indicated that the majority of people believed EWEB did a good job at this and that two percent did not. He felt this represented a substantial number of people in the community. It seemed to him that the whole process was not working.

President Farmer arrived at 6:05 p.m.

Commissioner Ernst shared that she had received a few customer complaints and she had handled them by referring them through the “proper channels” in EWEB. She related that she told customers that if she could not resolve a matter, they should get back to her. She noted that the Snohomish Public Utility District (PUD) Board brought complaints that were out of the ordinary up at meetings. She liked that approach. She thought that the number of people who were not able to pay bills at present was another issue. She wondered if the Board would want to consider instituting an emergency policy, set up so that it would not address any classification of customer and would mitigate or waive the fee, as a continuation of the Customer Care Program.

Vice President Brown ascertained from the Board that there was majority support in putting this on the agenda. He reiterated his appreciation for the injured employee who was serving people at the door of the headquarters building and helping them sort out what they needed.

Commissioner Cassidy reiterated his feeling that there was room for improvement in the Customer Service Division.

Commissioner Cunningham said he supported placing this item on the agenda, but he also requested staff input on what should be done to improve things.

President Farmer explained that the reason he had asked for the item to be discussed was because he hoped there might be a way to find continuity in the Board responses to emails. He wondered if they should perhaps send all of their responses to the General Manager first, or engage in another way to ensure that customers were not receiving two different responses to their emails to the Board.

Commissioner Ernst thought EWEB did a good job with its Customer Service. Her experiences with staff had been that they were always calm and courteous with her, when she had been a customer and not a Commissioner, too. She was concerned, however, about the amount of dropped calls.

Ms. Smith indicated that the new phone system, scheduled to be installed in mid-July, would make a big difference in the number of lost calls.

Vice President Brown said all emails were supposed to include Mr. Berggren in the address line. He underscored that only one person worked for the Board – the General Manager.

President Farmer suggested that the Board also consider how it could find a consistent way to distinguish between the responses given to emails regarding operational concerns and the responses given those regarding policy.

Commissioner Ernst thought that one approach to a waiver policy for someone who had received a door hanger, as an example, would be to make it contingent on certain things in order to give the customer an incentive to make hard decisions about how to prioritize bills.

In response to a question from Vice President Brown, Mr. Berggren said staff could begin to engage the concepts and provide a backgrounder that would go into some depth about the issues raised. He did not think staff could commit to anything before the Board had the opportunity to fully consider the financial implications. He added that it would be prudent to talk to EWEB's counsel about it in order to ensure that a concept for a waiver would be on "solid legal ground." He stated that it would be September before they could get to it.

Commissioner Ernst requested information on how many people were receiving such notices. Mr. Berggren replied that staff would provide the data in order to delineate the degree of increase.

Commissioner Cassidy asked for a detailed backgrounder on the types of complaints and EWEB's process on how complaints were responded to.

Mr. Berggren asked Commissioner Cassidy to send a specific list of the categories he would like to see detail in.

President Farmer commented that from a "50,000 foot level" he felt comfortable with the \$4.2 million EWEB had provided for the Customer Care Program. He said, in general, he did not see a need to increase it. As for the level of complaints, he had not seen a huge difference in terms of the overall number of complaints he received on average over the eight years he had served on the Board. He suspected that the complaint level for EWEB was lower than it was for the banking industry, for instance. He reiterated that he had brought the item forward because he was concerned about maintaining consistency in the responses from the Board.

Vice President Brown supported looking further into a possible discretionary policy. He recalled a letter regarding the \$30 rebate from a 94-year-old woman for whom it had “made all the difference.”

Vice President Brown adjourned the Work Session at 6:27 p.m.

Assistant Secretary

President