



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Cunningham, Cassidy, Ernst and Farmer
FROM: Clay Norris and Debra Smith
DATE: March 9, 2010
SUBJECT: Energy Stewardship Policy

Background

At the January 19, 2010 Board meeting development of f Board Energy Stewardship Policy was discussed. Examples of initiatives were provided where such a Board policy could better guide staff to allocate and prioritize EWEB's financial and staff resources. Decisions would be made based on a consistent framework providing a holistic view of costs, benefits and tradeoffs.

The Board agreed that in lieu of a traditional IERP process, it would engage in a broader conversation at a policy level around stewardship. This policy discussion would not only feed into the next iteration of the IERP, but also guide key operational decisions such as capital improvement priorities, support for existing or new conservation and renewable programs, and resource protection efforts, among other topics.

At the close of that discussion, staff committed to bring you a draft plan and some options for public involvement.

Discussion

Stewardship can mean different things depending on its application. EWEB staff has interpreted the purpose of an EWEB Stewardship policy to be the act of balancing economic impact, community benefits and environmental costs. We will want to test that premise with you at the March 16th work session.

Before digging deeper into a discussion we want to provide some background on EWEB's existing policies.

I. Current State

EWEB has resolutions, policies, operational procedures, planning documents, past precedent, and the budget approval process that all provide guidance and direction to the Board and staff.

Below is a link and summary of our existing policies that relate to the environment, community or financial status of EWEB.

Some of the more relevant documents are included as Attachment 1 (highlighted below). While this does provide a sense of priority, staff still requires direction about how to make trade-offs and how to prioritize work consistent with the Board's desired policy direction.

Reference	Name	Board Approval Date	Environment	Community	Economic
GP7	Board Parliamentary Procedures	11/1/05	X	X	X
GP9	External Communication	4/19/05		X	
GP10	Public Input	11/1/05		X	
GP11	Use of Bill Stuffers	4/19/05		X	
SD1	Mission and Legacy	4/19/05	X	X	X
SD2	Environmental Policy	4/19/05	X		
SD3	Customer Service Policy	5/17/05		X	
SD4	Public Use of Meeting Rooms	4/19/05		X	
SD6	Financial Policies	7/19/05			X
SD7	Purchasing Policies	5/17/05		X	X
SD8	Power Risk Management	9/19/06			X
SD9	Rate Setting Policy	10/4/07			X
SD10	Power cost Recovery	5/17/05			X
SD12	Sick Leave Incentive Policy	4/19/05		X	
SD13	Carmen-Smith Hydro Relicensing	1/17/06	X		X
SD15	Climate Change Policy	9/18/07	X		
SD18	Steam Utility Transition Policy	9/16/08		X	X
EL1	Financial Controls	5/16/06			X
EL3	Public Requests for Board Expenditures	5/17/05		X	
EL4	Compensation Benefits	11/18/08		X	X

Board Policy Manual http://eweb.org/public/documents/board_policies.pdf

II. Preferred Future State

If the Board agrees with the staff view of stewardship, we would like to move toward a 'triple bottom line' scoring of key decisions and priorities, while maintaining the option to seek specific Board guidance on key strategic initiatives prior to contract approvals. It is our hope that we can help the Board develop a set of guiding principles that weave our existing policies into a cohesive set of integrated policies

from which we can test some contemporary issues. We plan to create multi-dimensional tools that establish a consistent framework to evaluate financial impact, community benefits and environmental costs.

III. Public Engagement

The Board has decided that the policy development work will be conducted at its monthly meetings in order to fully involve all five members in the process. In contrast, past IERP efforts have involved a community group, with or without Board representation, that crafts recommendations for Board review and approval. Staff has reviewed the IAP2 guidelines to offer options for a meaningful, effective public engagement process, taking into account the shift in approach in both the content of the work and the investment of entire Board in the process.

Based on an assessment of both perceived public and internal expectations, staff recommends public engagement tools that fall into the “Consult” category. The stated objective of consulting with the public is to obtain feedback on analysis, alternatives and decisions. Engagement strategies that fit with this objective include surveys and polls, stakeholder interviews, and focus groups. A more extensive effort could use information sharing at other community organization meetings and/or hosting open houses as additional techniques.

Staff requests Board feedback on whether these tools reflect the level of public input anticipated for this project. If so, staff can provide a recommendation about how and when in the process to utilize public input to assist the Board in policy development.

IV. Draft Timeline

Attached is a recommended timeline. It reflects one hour a month during board work sessions to work on this effort. This graphic provides an estimate that is flexible depending on the Board’s desired direction.

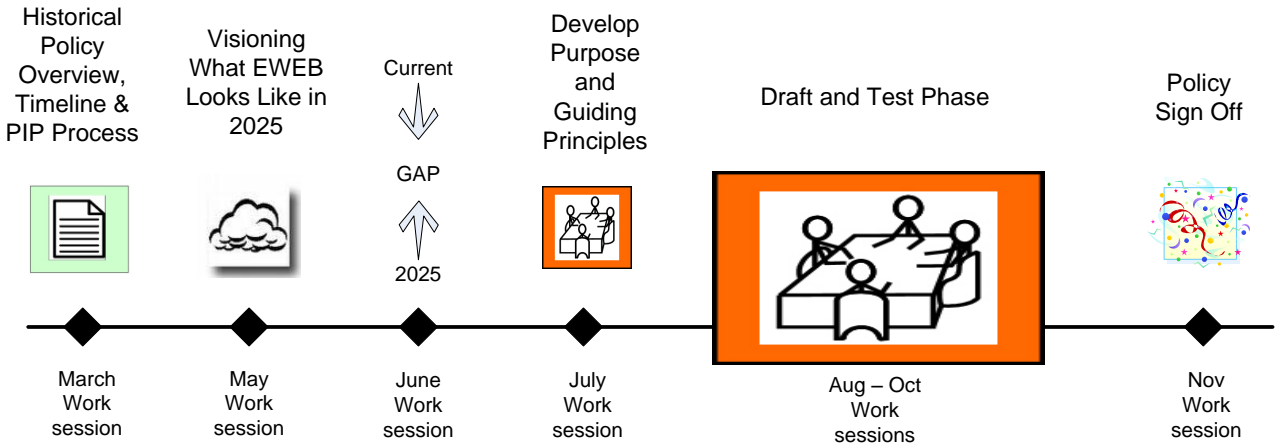
Requested Action

Staff requests Board discussion and feedback on the process, timeline and level of public engagement proposed.

Stewardship Policy Draft Timeline

March 16, 2010

Foundation ⇒ Future ⇒ Gap ⇒ Purpose ⇒ Policy



Schedule subject to change

Attachment 1

Policy Number: SD1

Policy Type: Strategic Direction

Policy Title: Mission and Legacy

Date Approved: April 19, 2005

The mission of the Eugene Water & Electric Board is “To be an outstanding provider of energy and water products that meet customers’ needs and benefit the citizens of Eugene.”

The purpose of our Legacy is to develop a creative tension between where we are and where we want to be. These goals guide us in our choice of paths and our desired destination.

We meet our customers’ needs by:

- Providing reliable and high quality utility products
- Providing services in a responsive manner
- Providing rates and fees that are reasonable and stable

The organization:

- Uses an integrated planning process based on vision, strategic direction, critical success factors and results management.
- Uses innovation and creativity to develop solutions to complex and challenging issues
- Is flexible, adaptive, and learns from prior experiences
- Is financially stable
- Supports excellence in the workforce by providing competitive wages, benefits and development opportunities

We meet the community’s needs by:

- Dealing effectively with tensions between social, economic and environmental factors
- Demonstrating concern and responsiveness to social issues involving the provision of energy and water services
- Supporting a sound economy through fiscally prudent rates
- Demonstrating sensitivity and responsiveness to environmental concerns; recognizing the importance of a healthy ecosystem to its operations

The Board of Commissioners:

- Effectively governs, resulting in clear leadership at a policy level
- Provides direction and makes decisions anchored in a sound assessment of priorities and strategic risks
- Maintains a strong connection to customers and the community

Source: Board Approved 05/04/2004, Ratified 04/19/2005

Policy Number: SD2
Policy Type: Strategic Direction
Policy Title: Environmental Policy
Date Approved: April 19, 2005

EWEB takes responsibility for the environmental consequences of our actions. The Board believes that environmental protection and enhancement are sound business practices that are beneficial to the economy, our community, that support a sustainable future for our world and that enhance EWEB's success as a publicly owned utility. EWEB conducts business in an environmentally sensitive and responsible manner while providing our customers with safe, reliable and responsive utility service. We are committed to innovative, cost effective approaches to environmental challenges, to integration of environmental considerations in all aspects of our activities, and to continual improvement of our efforts to protect and enhance the environment.

The objectives for EWEB's environmental commitment are to:

- Prevent, minimize, or mitigate the environmental impacts of EWEB's products and services.
- Meet or exceed compliance with the letter and spirit of applicable environmental statutes, regulations and standards.
- Actively support our customers with technical and financial assistance to improve their efficient use of energy and water.
- Strive to provide resources that are renewable, sustainable, and have minimal environmental impact to meet our customer's needs.
- Safeguard human health in the conduct of our business.
- Focus on pollution prevention throughout EWEB's facilities and operations.
- Recycle and reuse materials to reduce waste generated by EWEB's activities.
- Foster stewardship of the McKenzie River watershed resources to ensure sustainable watershed health.

Source: Board Approved 11/04/1997, Ratified 04/19/2005

Policy Number: SD15
Policy Type: Strategic Direction
Policy Title: Climate Change Policy
Date Approved September 18, 2007

For at least 25 years EWEB has recognized the benefit of planning for the future and has recognized that environmental protection and enhancement are sound business practices as well as part of the public trust responsibility we assume as the electricity and water provider for our community. Future climate change represents an environmental, economic and social risk to EWEB, our customers, and others. To address these risks EWEB resolves to:

- Participate in local, state, national and international efforts to encourage mitigation of emissions that contribute to global climate change.
- Support equitable distribution of mitigation efforts between power production and consumption, fuel producers, utilities, and consumers, recognizing there are other sources of emissions that must also be addressed including those from manufacturing and transportation
- EWEB will continue collaborative efforts to develop legislative policies that ensure costs are fairly distributed, mitigation incentives actually result in reduction of Greenhouse Gases (GHGs) and a reasonable cost of power is maintained.

These efforts will focus on State and Local policies recognizing that we believe development of a national policy will follow on successes at regional levels.

- EWEB recognizes the importance of education, research and adaptation to potential climate change scenarios.
- We support development of specific strategies to identify and cope with effects of local climate change.
- We will continue to fund and support academic research on local climate change effects and educational efforts in the schools to inform and encourage the next generation of citizens.

EWEB will continue our work to reduce or offset the greenhouse gas emissions of our energy resource portfolio by providing resources and technical assistance to support energy conservation, acquiring more renewable energy resources when possible and by reducing the energy consumption and consequent GHG emissions from our own facilities and fleet.

EWEB further recognizes that a successful climate change policy must include consideration of all socio-economic sectors of our community. Our community efforts will include working with businesses, institutions, and individual customers to ensure that disproportionate impacts to low and fixed income customers are avoided.

Staff will develop a three to five year operational plan that moves the utility toward the overall objectives of mitigation and adaptation to climate change. This plan will be updated on an annual basis to reflect

EWEB priorities and will include the following initiatives:

1. Conduct a preliminary inventory of EWEB operational GHG emissions as the first step to developing a reduction strategy.
2. Develop a specific plan for compliance with Oregon legislation that would establish a CO2 cap and trade regulatory system.

3. Develop specific low and fixed-income programs that provide climate change responses and opportunities for people and families least able to plan and prepare for it.
4. To address supply side opportunities for GHG reductions and liabilities in terms of resource performance, EWEB will update its IERP during 2009
5. To address operational impacts of climate change
 - Assess climate change exposures for EWEB physical plant/facilities
 - Develop water supply model for the McKenzie Basin
 - Study impacts of water supply scenarios on demand for and treatment of water, conveyance and storage
 - Study changes in electricity demand and supply scenarios and effects on operations
6. Continue to support conservation, efficiency and ways to increase the value of electric and water services.
7. Support development and implementation of innovative technologies or solutions that result in economic opportunities for our community.

Source: Steve Newcomb, Environmental Manager Date approved: 09.18.2007