



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD
Electric, Water & Steam Division

Rely on us.

TO: Commissioners Brown, Simpson, Cassidy, Ernst and Cunningham
FROM: Tom Buckhouse
DATE: January 12, 2011
SUBJECT: Requested Approval - Resolution No. 1104

Included in this week's Board packet is Resolution No. 1104, which our steam utility staff requested following another breach of an aging steam distribution line in a public right of way area.

Our crew made the necessary repairs to the line to restore service to the customers served off of that section of line, which maps indicate have been in service since 1910.

There are two customers served off of this section of line, and both have been notified of the failure and our intention to take that line out of service permanently due primarily to: (1) safety considerations and; (2) prohibitive cost of replacing aging sections of the steam distribution system.

Our plan is to permanently take this line out of service following the current heating season and prior to next fall's heating season. Both of the impacted customers have been verbally notified of the Board meeting where this resolution will be considered. The first customer is in the planning and design phase for the conversion process (City of Eugene – Parkade Building) and the second has received their building report and has acknowledged the reasons we intend to shut down this line sooner than the June 1, 2012 system shut down date.

Approving the resolution will give staff the authorization needed to decommission other sections of steam lines should we encounter the same situation.

We are accelerating our work with these two customers to assist them with the technical and financial support to complete the steam conversion process.

RESOLUTION NO. 1104

EUGENE WATER & ELECTRIC BOARD DECOMMISSIONING STEAM LINES

WHEREAS, the Eugene Water & Electric Board (EWEB) is a municipal utility whose electric utility assets include a district heating steam utility, which provides steam service to customers located in the city of Eugene's downtown area;

WHEREAS, the current operating environment for the steam utility is becoming too costly for EWEB to continue to operate in the future;

WHEREAS, EWEB's steam utility is planned for complete decommissioning during the summer of 2012 and the remaining EWEB steam customers have been given notice of the need to transition from the steam utility to alternative utility resources prior to the planned decommissioning;

WHEREAS, the steam utility distribution infrastructure is in need of significant capital investments, that would require extensive and costly excavation with social and environmental implications;

WHEREAS, the costs for repair or replacement of steam utility infrastructure would require the electric utility to absorb those losses;

WHEREAS, EWEB is experiencing steam utility infrastructure failures on portions of the facilities affecting less than all remaining steam customers,

WHEREAS, steam utility facility infrastructure failures present potential safety risks to property and the public; and

WHEREAS, expensive repairs or replacement of steam utility infrastructure during the last 18 months prior to complete decommissioning of the steam utility are not fiscally prudent use of limited government resources;

NOW, THEREFORE BE IT RESOLVED by the Eugene Water & Electric Board:

(1) the Board finds that failures of steam utility infrastructure pose a potential safety risk to property and the public, and

(2) the Board finds that repairs or replacement of steam utility infrastructure failures from the present through the time of complete decommissioning in 2012 may not be a fiscally prudent use of limited government resources, and

(3) the Board directs that in the event of any failure of steam utility infrastructure, from the present through the time of complete decommissioning, EWEB's General Manager is authorized to permanently decommission any such failed individual steam utility lines or portions of the steam utility system in lieu of repair or replacement and prior to complete decommissioning of the entire steam utility system.

DATED this 18th day of January, 2011

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, DEBRA J. SMITH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its January 18, 2011 Regular Board Meeting.

Assistant Secretary