

EUGENE WATER & ELECTRIC BOARD  
WORK SESSION  
EWEB BOARD ROOM  
JANUARY 3, 2012  
5:30 P.M.

Commissioners Present: John Brown, President; John Simpson, Vice President; Bob Cassidy, Joann Ernst and Rich Cunningham

Others Present: General Manager Roger Gray, Debra Smith, Sheila Crawford, Clay Norris, Erin Erben, Roger Kline, Eric Hiaasen, Felicity Fahy, Jeannine Parisi, Bill Welch, Mark Freeman, Lance Robertson, Joe Harwood, Jill Hoyenga, Tom Buckhouse, Michele Martin, Cathy Gray, and Judy Cline of the EWEB staff; Vicki Maxon, recorder.

President Brown convened the Work Session of the Eugene Water & Electric Board (EWEB) at 5:30 p.m. President Brown passed the gavel to Vice President Simpson due to concern that, because of recent surgery, his attention span may not be what it should be for tonight's meeting.

#### **AGENDA REVISION**

Vice President Simpson noted that agenda item #9 in tonight's Regular Session, 2012 Appointment of Commissioners to Board Liaison Assignments and Committees, has been moved to the end of the Work Session, time permitting, and that the position appointments inherent in that agenda item require a resolution and action that will be brought to the February 7 Board meeting.

#### **FINAL DRAFT, 2011 INTEGRATED ELECTRIC RESOURCE PLAN**

Vice President Simpson welcomed Integrated Energy Resource Plan (IERP) Community Advisory Committee members Mary Walston, Randy Hledik and Ethan Nelson, who were in the audience.

Clay Norris, Power Resources Division Director, reviewed the agenda for tonight's presentation and noted that the presentation will include feedback that staff has received on the draft plan since staff's last Board presentation. He added that Board approval has been deferred until the February 7 Board meeting because a resolution has not yet been prepared.

Using overheads, Eric Hiaasen, Senior Energy Resource Analyst, reviewed the recommended strategies and the guidelines for resource decisions for the IERP, as well as various graphs and charts.

President Brown asked what growth rate was used for resource projections. Mr. Hiaasen replied that staff used population forecasts from the City of Eugene and Lane County.

President Brown wondered if staff used the assumption that 400 more acres outside the urban growth boundary (UGB) may not be in EWEB's service territory. Mr. Hiaasen replied that the resource plan does not include that. He explained that the assumption was that a large load (50 MW) coming to town would require resources in the next five years, but EWEB would still rely on market purchases and surplus and would hold off on long-term commitments, thereby taking into account any changing technology and offering a little more time to evaluate future resource choices.

President Brown wondered how much predictability for rate stability a new large customer would have and whether or not their rate could be locked in, as he wouldn't want to lose out on an opportunity because of lack of predictability. Mr. Hiaasen replied that the rate could be locked in, as EWEB has a number of its own resources and then would in turn purchase power for five years.

General Manager Gray noted that if the UGB expands beyond EWEB's existing service territory, it is possible that a new large load in that area would be served by Lane Electric Co-Op, and that a change in city limits doesn't automatically expand service territory on the electric side.

Commissioner Cassidy asked what assumption was used to forecast future demand from electric vehicles. Mr. Hiaasen replied that staff used a core trends adoption based on the Toyota Prius and other electric vehicles, and also looked at what percentage of vehicles purchased in Lane County are electric, and it was determined that electric vehicles would not have much impact (i.e., 1% of the total load).

President Brown added that electric vehicle adoption rates have the potential of being wrong, and that he would rather err on the side of having more vehicles.

Commissioner Cunningham commented that he had seen an e-mail regarding a standard demand charge for electric vehicles. He wondered why this would be charged when customers are being encouraged to buy electric vehicles.

Mr. Norris replied that the rate design is based on cost causation principles, and one cause of cost is demand, so that dictates the size of transformers, conductors, etc. For business, that is captured in demand charge based on how much maximum usage is in a short period of time, and for residential, the same principle is used, but is buried within the energy charge, as residential peak hour isn't going to drive EWEB's planning needs.

A brief discussion ensued regarding demand charges and pilot rates. General Manager Gray commented that regarding the design of commercial/industrial rates, there is no metering structure for demand classification, and there needs to be future Board discussion on whether it is appropriate. The IERP does include energy efficiency and also demand response, which goes hand in hand with electric vehicles, and as new electric vehicles come on board, they could be put in the option period as a load that can be turned on and off. Mr. Hiaasen added that these vehicles would be charged during off peak periods.

Jeannine Parisi, Community & Local Government Outreach Coordinator, told the Board that the feedback from the IERP Customer Advisory Committee regarding the final draft has been very positive, and that the committee feels it is consistent with their process.

President Brown commented that he wants to be able to explain to the business community that the recommendations in the IERP are the most cost-effective available because EWEB customers are so concerned about cost of resources and rates.

Mr. Norris replied that these recommendations were run through many different scenarios and possible futures--electric vehicle growth, load growth, price differences in the power market, carbon legislation, etc.--and that there is overwhelming evidence that conservation is the lowest cost, i.e., staying in one's current home and applying conservation measures instead of building a new home.

President Brown clarified that he himself is convinced of that, but he wants to communicate the correct message when, for example, a customer hears that Lane Electric Co-Op isn't going to increase rates in 2012.

Ms. Parisi clarified this further by saying that when projecting load growth and comparing conservation measures with other resources like wind power and biomass, other resources would cost 2-3 times more than conservation. She also noted that with conservation, money stays in the local economy and that it's one of the few times that the triple bottom line (TBL) produces a win in all three columns.

Commissioner Ernst commented that the IERP is a good, solid plan and that she agrees with everything in it. She said that she still has a problem with the cost of solar photovoltaic but appreciated the notation that that may change in the future. She added that she also likes the supporting document web pages like the white paper, and that she is proud to approve the IERP.

Vice President Simpson commented that he believes EWEB is a continual industry leader in energy conservation and efficiency and that this is something that the community can be proud of, and the fact that EWEB is continuing their legacy of providing energy in the most cost-effective and green manner possible. He said he is very pleased with the outcome of the IERP and also excited about the demand response component.

Commissioner Cunningham concurred with Vice President Simpson and thanked staff for a thorough study and all of their hard work.

## **2012 GENERAL MANAGER GOALS**

General Manager Gray referred the Board to the documents that were included in their Board packet. He noted that it is his desire is to finalize the general manager goals every January and that the organization goals and general manager goals need to remain congruent.

General Manager Gray then reviewed the 2012 EWEB Balanced Scorecard Performance Metrics document that was presented at a previous meeting and highlighted any changes or revisions and/or previous Board requests. He answered questions from the Board and made clarifications on several items.

After a brief discussion with Ms. Smith regarding Goal 7.1, GRI Reports, three head nods were given for a future staff report on the narrowed perspective regarding this item.

Regarding Goal 7.4, Riverfront Development, President Brown wondered if this goal is realistic given possible delays around City Council approval, etc. He noted that he wants to make sure that public utilization of the former operations building is fully addressed regarding how to get it back to its maximum use and function.

General Manager Gray replied that staff is exploring possible short-term lease options but that he doesn't want to strategically pre-empt the Board on the options that haven't been discussed.

**2012 APPOINTMENT OF COMMISSIONERS TO BOARD LIAISON  
ASSIGNMENTS AND COMMITTEES (moved from Regular Session agenda)**

The following appointments were made:

McKenzie Watershed Management Council	John Brown John Simpson, Alternate
Northwest Energy Coalition (NVEC)	John Simpson Bob Cassidy, Alternate
Lane Council of Governments (LCOG)	Rich Cunningham Joann Ernst, Alternate
Other Post Employment Benefits (OPEB)	Bob Cassidy
Northwest Public Power Association (NWPPA)	John Brown

The above appointments will be placed on the Consent Calendar for the February 7 Board meeting, and the formal vote will occur during agenda item #8 of tonight's Regular Session.

Commissioner Ernst recommended that Regular Session agenda item #12 be moved to the current time slot since there is time remaining before the scheduled Regular Session start time. The Board agreed.

**REVISED 2012 CUSTOMER GENERATION RATES AND POLICY CHANGES  
APPROVAL (Resolution 1202)**

Mr. Norris referred to their Board packet that includes clarification regarding staff's previous presentation and also two policy updates—one for the General Customer generation policy in order to address the new BPA requirement (200 KW), and the other for the net-metered and generation purchase rate for 4/1/12 thru 12/31/12.

Using overheads, Bill Welch, Energy Management Department Manager, reviewed the above clarifications and policy updates. He noted that the biggest change is the net-metered purchase rate (which was set in 2001), as at that time the Tier III residential rate was almost a proxy for the 20-year market forecast. Staff is proposing to eliminate the non-renewable net-metered rate as there are no customers in that rate class.

After a brief discussion and some clarifying questions and comments, the Board requested that Mr. Welch complete his presentation during tonight's Regular Session.

Vice President Simpson adjourned the Work Session at 7:20 p.m. and called for 10-minute recess before the start of the Regular Session at 7:30 p.m.

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Assistant Secretary

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President