

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
November 7, 2017
5:30 P.M.**

Commissioners Present: Dick Helgeson, President; John Brown, Vice President; Sonya Carlson, Steve Mital, John Simpson; Commissioners

Absent: None

Others Present: Matt Barton, Chief Information Officer; Sue Fahey, Chief Financial Officer; Mark Hankins, Line Supervisor; Deborah Hart, Fiscal Services Supervisor; TiaMarie Harwood, Interim General Accounting & Treasury Supervisor; Frank Lawson, General Manager; Karl Morgenstern, Environmental Supervisor; Rod Price, Chief Electric Engineering & Operations Officer; Jerry Reller, Financial Analyst; Nate Shultz, Financial Analyst; Adam Rue, Energy Resource Analyst; Carol Samuels, Piper Jaffray Companies;

President Helgeson called the Regular Session to order at 5:30 p.m.

Agenda Check

Mr. Lawson noted that the General Business Items on the agenda had been sequenced by order of priority.

Commissioner Simpson said he would like to remove item 12, Information Services Strategic Plan, from the agenda.

President Helgeson suggested that the agenda be followed as written, but if time was running short when item 12 was reached, the Board reserves the option of removing it.

Items from Board Members and General Manager

- Vice President Brown said that Mr. Lawson's State of the Utility Address had been well received by multiple audiences. He asked staff for a report on the \$250,000 that was approved for a part-time upriver Game Officer. Vice President Brown wondered why staff had not yet contacted him surrounding his questions about EWEB's document storage. Lastly, he asked why the sale of the Headquarters was taking so long.

Mr. Lawson replied there were many details still being worked out on the sale of the Headquarters building; he added that it should not take much longer—perhaps as early as the beginning of next year.

- President Helgeson agreed with Vice President Brown concerning Mr. Lawson's State of the Utility Address.
- Commissioner Simpson announced that he attended a recent LTD Board meeting, where he had presented each Board member, and the General Manager, with a piece of art highlighting the art on the west end of the EMX line.

He added that after the major move to the ROC, he would like to see a small as possible downtown presence for the utility.

- Commissioner Carlson thanked staff for answering her several questions which she posited to them offline. She said she was looking forward to EWEB's Run to Stay Warm coming up on November 19.
- Mr. Lawson announced that later in the week, the Board would be provided the opportunity to provide feedback on Board-appointed consultants. He also said staff expected to receive initial materials on the E3 carbon study soon.

Public Input

Valerie Warner of Eugene, and the Housing Authority and Community Services Agency (HACSA) of Lane County, thanked the Board for their support of HACSA's weatherization program. She asked the Board for their continued support for the weatherization program in 2018, and said a proposal for that support had been submitted.

Marilyn Cross of Vida, and of the McKenzie ClearWater Coalition, thanked the Board for following up on the concerns with the Walterville Canal. She added that the data associated with the seepage stations in the Canal should be made public.

Roger Ebbage of Eugene, and Lane Community College (LCC), thanked EWEB for their Education Grants, especially as they applied to the Energy Management Department of LCC. He encouraged the Board to continue offering said grants.

Linda Heyl of Eugene, and of 350 Eugene, thanked the EWEB staff for reaching out to her organization. She lauded the utility's Strategic Plan, but encouraged the Board to add carbon mitigation as a goal of the Plan.

Jim Neu of Eugene, and of 350 Eugene, thanked Commissioner Carlson and staff for meeting with 350 Eugene. He encouraged the utility to use their clean energy generation sources to displace the burning of fossil fuels.

Patty Hine of Eugene, and of 350 Eugene, thanked the utility for shifting some of the resources to support the electrification of home heating, water heating, and transportation.

Laurie Powell of Eugene, and 350 Eugene, reminded the Board that EWEB was the largest, most influential community partner that will be called upon to participate in updating the Community Climate and Energy Action Plan 2.0, and as such, the utility's website would be a perfect vehicle for sharing how the utility is meeting the greenhouse gas reduction goals laid out in Eugene's Climate Recovery Ordinance.

Matt McRae of Eugene, said that he too would like to see carbon mitigation as a goal of EWEB's Strategic Plan. He encouraged the Board to continue pushing Advanced Metering Infrastructure (AMI) into the future.

Duncan Rhodes of Eugene, encouraged the Board to lower the monthly service charge on EWEB's energy bills, while raising the kilowatt hour charge, to encourage energy conservation. He expressed concern over no longer getting usage history on his monthly electric bill. Mr. Rhodes concluded that he was in favor of AMI, because it would allow him to track his own usage much more closely.

Commissioner Simpson thanked all those participating in public comment. He announced that people who have near real time access to their electric consumption save 15% on their electric bills. Commissioner Simpson said that he appreciated Mr. Rhodes' input as per AMI.

Vice President Brown offered that one of EWEB's main goals is weatherizing the low-income housing inventory. He addressed Mr. Rhodes, saying that if he wanted an AMI meter installed on his property, all he would have to do is let staff know.

Commissioner Mital said that he agreed with 350 Eugene's sentiment surrounding carbon mitigation. He also wanted to go on record saying that he hoped EWEB renegotiated their BPA contracts in 2028. He told Mr. Ebbage that, personally, he was very grateful for the Energy Management program at LCC, but the cost to EWEB might be a bit too high when compared to the relatively small number of students that are participating in said program.

President Helgeson thanked all public comment participants. He said that he found the backgrounder on the Walterville Canal especially helpful, and if there was supplemental information on Canal maintenance, he would appreciate looking at that as well.

BOARD ACTION ITEMS

Approval of Consent Calendar

MINUTES

1. a. **October 3, 2017 Executive Session**
- b. **October 3, 2017 Regular Session**

CONTRACTS

2. **Cascade Pacific Resource Conservation & Development** - for the development of an accounting system to manage disbursements for the McKenzie Watershed Conservation Fund. \$180,000.
3. **Whitlock Consulting Group** - for Customer Information System (CIS) Implementation Services. \$1,500,000.

COOPERATIVE CONTRACTS

4. **Cummins, Inc.** - to authorize the use of a cooperative contract for the purchase of backup generators. \$353,000.

5. **CVE Technologies** - to authorize the use of a cooperative contract for Cisco hardware and services. \$720,000 (over 3 years).
6. **Galt Foundation and Quantum Recruiters** - to authorize the use of cooperative contracts for temporary staffing services. Galt Foundation \$130,000 (over 3 years), Quantum Recruiters \$320,000 (for one year).
7. **Haworth Inc.** - to authorize the use of a cooperative contract for systems furniture reconfiguration and setup. \$95,000.
8. **LILE International** - to authorize the use of a cooperative contract for moving services. \$75,000.
9. **Verizon Wireless** - to authorize the use of a cooperative contract for the purchase of wireless devices and services. \$300,000 (over 2 years).

RESOLUTIONS

10. **Resolution No. 1726** - Update to Board Policy EL3, Public Requests for Board Expenditures.
11. **Resolution No. 1727** - 2017 Revised and 2018 Trojan Budgets.

Approval of Consent Calendar

Commissioner Mital pulled Items 2 and 10 from the Consent Calendar.

Vice President Brown pulled Item 8 from the Consent Calendar.

Commissioner Simpson moved to approve the Consent Calendar with the exception of items 2, 8, and 10. The motion carried unanimously 5:0.

Items Removed From Consent Calendar

Commissioner Mital said he was unclear on the purpose of the Cascade Pacific Resource Conservation & Development Contract.

Mr. Price responded that staff had a Source Protection Strategic Plan (SPSP) drafted, and it was on the calendar for January; he hoped the SPSP would clarify the contract.

Commissioner Mital asked if the contract was time-sensitive.

Mr. Morgenstern said they could make it work to push this issue until after the briefing in January.

Vice President Brown wondered if EWEB was putting up \$180k or \$60k.

Mr. Morgenstern clarified that EWEB was putting up \$60k over two years.

Commissioner Carlson wondered if the decision to match the \$60k was, or would be, a Board decision, or a staff decision.

Mr. Morgenstern said that it was a management decision.

Commissioner Carlson asserted that the Board should have been involved in this process before applying for the grant.

President Helgeson said that, with his knowledge of the utility, he was comfortable passing the contract.

Commissioner Mital said that he was 100% in support of the staff's work, but in this case, the contract should be looked over and discussed by the Board before its inception.

Commissioner Carlson reiterated that she would like to see more Board inclusion in this and other contracts; however, she did not think delaying this contract would benefit the utility in any way.

Commissioner Mital moved to defer the authorization of the contract in Consent Calendar item 2 until such time that the Board could be further briefed. There was no second.

Commissioner Simpson moved to approve Consent Calendar item 2. The motion passed 4:1 with Commissioner Mital voting against.

Vice President Brown announced that he was working for Lile International in a real estate matter, and to avoid any conflict of interest, he wished to recuse himself from voting on this particular Consent Calendar item.

Commissioner Simpson moved to approve Consent Calendar item 8. The motion passed 4:0, with Vice President Brown recusing himself.

Commissioner Mital expressed interest in an annual report to accompany the updated EL3 policy.

Mr. Lawson reported that staff had already added annual reporting to the updated policy.

Commissioner Mital moved to approve Consent Calendar item 10. The motion passed 5:0.

GENERAL BUSINESS ITEMS

PERS Liability Mitigation Strategy

President Helgeson stated that he was a retired EWEB employee, but, as an EWEB Commissioner, he receives no special consideration or privilege with regard to his retirement benefits. He also stated he had no personal role in the determination or administration of these benefits for himself or any other individual. President Helgeson furthered that his pension eligibility and benefits were established at his retirement eight

years ago. He concluded that any deliberation he may participate in concerning PERS liability mitigation as an EWEB Commissioner, would not affect his benefits in any way.

Ms. Fahey, Ms. Harwood, and Ms. Samuels offered the Board a report and Power Point presentation on the PERS Liability Mitigation Strategy.

Commissioner Carlson asked if they chose option three from the presentation—the EWEB Trust option—would the unfunded liability with regards to the rates EWEB pays into PERS, be counted from that Trust.

Ms. Fahey answered they would not. She further clarified that there would be funds periodically deposited into PERS from the Trust.

With regard to the employer incentive fund that would match funds for deposits, Vice President Brown asked, if they stayed with the 25% match, where the state puts in \$500 million to a billion, is that before or after the current \$1.4 billion deficit? What is the probability of them finding that money if they are in a deficit position?

Ms. Fahey responded that, in the proposal, it states that several State agencies have reserve funds that could be permanently loaned to the State to access as needed.

Vice President Brown asked how these PERS scenarios would be affected if the earnings were greater than 7.2% on excess funds.

Ms. Samuels clarified that if EWEB joined the State & Local Government Rate Pool (SLGRP), and the PERS fund consistently earned more than 7.2%, sometime in the future, it would cause rates to change, possibly lower. She continued that if EWEB imagined earning consistently more than 7.2% through their PERS fund excesses, a side account would be appropriate.

Commissioner Simpson offered that he was attracted to Option five, joining the SLGRP.

Commissioner Mital thanked staff for looking into the EWEB Trust idea, but he supported Option four (deposit funds into a side account) and Option five (join SLGRP). He asked how the transition liability would affect EWEB's unfunded PERS liability.

Ms. Samuels replied that if EWEB joined the SLGRP, their PERS shortfall would be compared globally. She added that the shortfall would be embedded into the utility's rate structure.

President Helgeson stated that he was in support of Options four or five, and he would need more information about the SLGRP before making a decision on the Pool.

Ms. Fahey stated that one of the salient positives of joining the Pool was that EWEB's risk would be spread across 363 separate employers.

Commissioner Carlson asked staff to inform the Board of the pro and con scenarios associated with joining the SLGRP sometime between now and the December meeting.

Commissioner Mital asked if the State Incentive applied to Option four.

Ms. Fahey said she did not know.

Commissioner Carlson posited that it was not an either/or situation, that EWEB could join the SLGRP, and fund option four as well.

Ms. Fahey clarified that both could be done at the same time. She said it was possible to join the SLGRP and have side accounts simultaneously.

Ms. Fahey offered that staff would bring back only Options four and five to the December meeting.

2018 Proposed Budgets, Revenue Requirements, and Prices: Update

Ms. Fahey, Ms. Hart, Mr. Reller, Mr. Rue, and Mr. Schultz offered the Board a report and Power Point presentation on 2018 Proposed Budgets, Revenue Requirements, and Pricing.

Public Hearing on 2018 Proposed Budgets and Prices

President Helgeson opened the Public Hearing at 7:42 p.m., and seeing no one who wished to speak, closed the Public Hearing.

2018 Proposed Budgets, Revenue Requirements, and Prices: Direction

Commissioner Simpson asked for staff's thoughts on what constituted the greatest contrast in the Electric COSA study. He also asked for reassurance of the industry standards.

Ms. Hart replied the industry standard is +/- 5%, and one of the classes was currently pushing that upper limit, but was still within it.

Commissioner Carlson asked if the reduction to water rates would affect EWEB's credit rating.

Ms. Fahey responded that since the rate reduction was associated with AWS, she did not believe it would impact the utility's credit rating.

In follow up to Commissioner Simpson's question, Commissioner Mital asked for clarification surrounding the Electric COSA recommendation to increase one of the rate classes. He asked if it was the utility's intention to instead absorb that recommended increase.

Ms. Fahey said that was correct, with the affordability initiative we are anticipating it will drop. Part of the principle of gradualism is that you do not want to increase rates and then reduce rates and then increase them again, so we wait until a more level period is

budgeted to run the COSA and then true up those rates. Ms. Fahey said she believes the recommended increase to Large General Service is due to the BPA rate increase; that rate class gets more of the BPA.

Commissioner Carlson wondered if the proposed standby charge would have any effect on the aforementioned rates.

Mr. Rue replied the standby charge was a sort of unique class, everyone gets their allocation from the cost of service. The standby charge takes their cost and puts it in different buckets within that class. The proposed change is not impacting allocations for any other classes.

President Helgeson asked if the proposed changes were consistent with industry standards.

Mr. Rue said that the proposed changes were consistent with industry standards and trends.

Commissioner Carlson asked why the aforementioned rate class would take on more of the BPA rate.

Ms. Hart responded that the different classes had different cost make-ups, so the cost was not being shouldered by all classes equally.

Mr. Lawson further clarified the class was typically higher quantity users, their bills were weighted to consumption instead of infrastructure, and since the BPA cost was a charge for consumption, it made sense to weight the bills for this class as such.

Break

President Helgeson called a Break at 7:55 p.m. He reconvened the meeting at 8:05 p.m.

Emergency Preparedness and Update on Storm Response Readiness

Mr. Price and Mr. Hankins offered the Board an update and Power Point presentation on Emergency Preparedness and Storm Response Readiness.

Commissioner Mital asked how the iPads used by staff in the field would be protected from the rain.

Mr. Hankins replied they used Otter Boxes to protect the tablets from the weather.

Commissioner Mital asked if the map in the presentation will be made available to the public, how can EWEB ensure the safety and security of places on said map that could be a potential lure for thieves.

Mr. Hankins replied that in the map, the polygons used to denote outages were kept generic for that reason.

Commissioner Simpson suggested rate payers could register their phones to receive private alerts on a specific address. He asked if the Assessment Coordinators would be concentrating on communication or repair.

Mr. Hankins responded that they would be focused on repair, but each Assessment Coordinator would have two Super Scribes with them—one for inflow, and one for outflow.

Commissioner Carlson asked if a Commissioner could sit in on staff's next table top exercise.

Mr. Price said of course.

Vice President Brown wondered if there was any outreach surrounding chronic problem areas on EWEB's electrical grid.

Mr. Hankins said there were, and they have gathered a lot of data over the years on the chronic outage areas, and underground electrical was being designed and built for some of those areas.

Information Services Strategic Plan

Mr. Barton offered the Board a report and Power Point presentation on the Information Services (IS) Strategic Plan.

Commissioner Carlson asked how many of the projects have been approved.

Mr. Barton answered \$270,000 had been approved in a Consent Calendar item, but as IS moves forward, they would be coming to the Board for further approval.

Commissioner Simpson wondered if the links between systems within IS are being monitored for use.

Mr. Barton said that historically, that has not been something EWEB has done, but as new systems are implemented, those links are assessed.

Vice President Brown asked if the utility had ever gone back to determine if the investment in Work & Asset Management (WAM) was wise.

Mr. Barton posited that the WAM system should have been pitched to the Board as a necessity; he said that it would be fairly difficult to retroactively assess the WAM system. Mr. Barton further clarified the \$2.5 million allocated to WAM in the Power Point, was to replace the system, not maintain it.

President Helgeson reminded his colleagues that one of the places in which the Board approves projects is the annual review of the Capital Plan.

2017 Third Quarter Operating Dashboard & Goals Review

Mr. Lawson offered the Board a review and Power Point presentation on the 2017 Third Quarter Operating Dashboard.

Correspondence & Board Agendas

Mr. Lawson offered the Board a report on correspondence and Board agendas. He said he would be happy to merge the questionnaire Commissioner Carlson created with the existing Board self-evaluation questionnaire.

Commissioner Mital offered that he thought the Energy Management program at LCC was a great program, but he could not see it fitting into EWEB's Strategic Plan. He further clarified that he was not suggesting pulling that funding quickly.

Vice President Brown asked when the Board would be having the monetary surplus discussion.

Mr. Lawson said it was scheduled for February.

Board Wrap Up

Commissioner Carlson posited that she would like to see more Board notification earlier on projects, as opposed to the Board being held liable for something—such as the upriver timber sale—when it is too late for Board input or action.

Adjournment

President Helgeson adjourned the Regular Session at 9:20 p.m.

Assistant Secretary

President