

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
MARCH 5, 2013
7:30 P.M.

Commissioners Present: John Simpson, President; John Brown, Vice President; Dick Helgeson, James Manning, and Steve Mital

Others Present: Roger Gray, Debra Smith, Cathy Bloom, Sue Fahey, Todd Simmons, Erin Erben, Mel Damewood, Steve Newcomb, Mike McCann, Harvey Hall, Sheila Crawford, Megan Capper, Michelle Martin, Adam Rue, Kathy Grey, Wendi Schultz-Kerns, Matt Sayre, Edward Yan, Roger Kline, Mark Freeman, Karen Lee, Lena Kostopulos, Frank Lawson, Lance Robertson, Deborah Hart, Patty Boyle, Susan Eicher, Anne Kah, Brad Taylor, Jeannine Parisi, Greg Armstead, and Taryn Johnson of the EWEB staff; Vicki Maxon, recorder.

President Simpson convened the Regular Session of the Eugene Water & Electric Board (EWEB) at 7:35 p.m.

AGENDA CHECK

President Simpson noted a slight change to tonight's agenda structure that has not yet been posted to the EWEB website.

PUBLIC INPUT

Peter Reppe gave the following testimony:

"I live in the Amazon neighborhood. I am speaking to you as a private person, but am drawing on my insights from many interactions with EWEB, both on a personal level and on a professional level as a commercial buildings energy efficiency consultant.

My hope here is to provide some helpful thoughts related to your efforts to improve EWEB's economic and psychological well-being. The latter is referring to the public's unhappiness with the rate increases and the concurrent sneak attack on the feed-in tariff for ratepayer-owned renewables, not to mention the lingering job insecurity within.

EWEB seems to be caught between the current business model, selling a commodity, and the trend AND need to consume less of that commodity.

Examples of that conflict that I have noticed:

1) Oversubscription to generation capacity, but existing policies that are still supporting new renewables.

2) A successful, yet aging, demand side management program (albeit on sabbatical currently), but a strong need to boost revenue.

3) Financial support provided by EWEB to certain third party energy efficiency programs, but that support paid out of EWEB's marketing budget.

I'd therefore like to suggest to you to seriously think outside the standard business box, and develop more creative ways to balance these two opposing forces than just raising rates.

For example, consider adding energy services to EWEB's portfolio. Such a service could be illuminated parking lots or illuminated city streets. Similar to an ESCO, EWEB would receive a fixed price per year for this service, but now has a strong incentive to provide that service as efficiently as possible.

I'd like to suggest inviting leading think tanks into this process, such as Rocky Mountain Institute.

Would you not rather put yourself and EWEB staff to work in this creative fashion, instead of developing ever more complex, time-consuming ways of tracking indicators, etc.?

I am sure that there are no slam dunks here, but this approach might be one of the more promising tools to help EWEB emerge from this tricky situation and perhaps evolve from a position of stalemate to one of leadership again.

Thank you."

Regarding proposed rate increases, **Bob Cassidy** said he went back and looked at his 2010-2012 EWEB bills and that even though his bill went up approximately \$6 per month, his electricity usage went down. He reiterated that what customers are really saying is that they can't manage their bills, as they are mismanaging their money and living from paycheck to paycheck. He mentioned a local credit union partnership with Neighborhood Economic Development Corporation (NEDCO) that teaches people how to manage their money. Lastly, he reminded the Board that their job is to make sure EWEB is running well.

Kathy Ging requested that the Board not approve the \$26 million contract with Sensus, USA for replacement of water and electric meters. She gave the following testimony:

"Initially it was a movement of a local medical doctor, a man with two advanced degrees (one from MIT) and others with Ph.D. degrees, in addition to average ratepayers and myself, who alerted the public to increasing controversial issues surrounding smart meters. At that time, many EWEB AMI staff were not cognizant of the adverse effects of smart meter beacon signals, radio frequencies and microwaves.

"EWEB still will not permit alerts from the international medical community on its website, such as: <http://AAEMonline.org/>.

The American Academy of Environmental Medicine issued warnings about smart meters in 2012, but EWEB ignored them.

While many older meters may need to be replaced, there has not been significant scientific material provided to the public or interactive discussion, especially with a new EWEB Board, that Sensus, USA meters do not radiate beacon signals that could be harmful not only to 3-5% of the population that has advanced electro hypersensitivity, but also the 30% with moderate sensitivity.

A local physician had withdrawn his initial support of Sensus meters as an alternative to the Elster Rex 2 used in EWEB's pilot after more research into the transmissions. It was too similar to the mesh net that the public and many EWEB staff ultimately eschewed. A study group of local medical professionals has been meeting for over a year and will have a report prepared in a couple of weeks. Why did EWEB not wait for that report when in April 2012 the EWEB Board had requested specifically that this local research be considered?

Please note that I am not authorized to speak on their behalf but am bringing to your attention the concerns of the EWEB Board last year that now are apparently being overlooked by EWEB staff and board.

It was the understanding of EWEB ratepayer/owners that EWEB did not have the money to move forward with smart meters and it would be at least two years before that would occur, allowing more discussion.

At the 2012 Far West Neighbors meeting, a smart meter panel presentation audience included 11 EWEB staff and board members or candidates. One resident had asked EWEB eight years earlier when EWEB wanted to install an AMR meter, what transmission signals would occur, and EWEB did not know. Eight years later at the panel when EWEB AMI staff were asked the same question –they again responded, 'I will get back to you.'

Yet here EWEB is launching a five-year contract with Sensus. I remind you that at the April 2012 EWEB meeting the 15 people who spoke either opposed smart meters and/or advocated that EWEB do a lot more research and solicit public input before proceeding.

At the April 2012 EWEB Board meeting/work session, former Commissioner Rich Cunningham mentioned twice that he wanted to make sure that EWEB staff solicited and received input from local medical professionals before recommending a smart meter buildout. Having had heart issues, he was concerned about possibly adverse effects on his own health from smart meters.

Also in April, EWEB's Lance Robertson stated that they would be looking into the cyber security issues growing around concerns with smart meters and the smart grid. Nothing was brought up about that in the EWEB information on line.

In the last 10 months I have heard from persons nationwide regarding effects that they have felt from smart meter installation. One story I share is the California woman who had worked as a software developer and was married to a software developer who was also a physicist. She emphasized that she had never heard of the word electro hypersensitivity until she and her husband, after retiring, moved into an apartment building with smart meters located about 40 feet from her bedroom.

She experienced many adverse health effects, and subsequently she and her husband spent most of their retirement income trying to mitigate her health effects and trying to find a safe place for her to live. Her condition is so severe now that she suffers even with electric lights on in the house at night and has to use flashlights.

I hope that this does not end up happening in Eugene.”

Matt Nelson is an EWEB ratepayer. He expressed dismay that EWEB is entering into a contract with Sensus, USA for AMI meters. He said that as a working parent, he can't adjust his schedule for when certain rates are available. He feels it penalizes people who work set hours of the day and he asked the Board to halt this project, as it is bad for the ratepayers. He noted that a former Sensus employee had filed a lawsuit against them that goes into detail about faulty meters, fraud, etc., and lists a lot of claims that he feels the Board should be aware of if they are considering entering into a contract with Sensus, and he has provided General Manager Gray with a copy of that information.

Marian Trope is a Springfield Utility Board (SUB) customer. She asked if EWEB is going to make it clear why they want to join into the smart meter program in its infancy. She wondered where the logic, studies and rationale are from a scientific, logistical and financial viewpoint and if that information will be made available. She noted that she knows there have been discussions between EWEB and SUB. Lastly, she feels EWEB is putting the cart before the horse without giving ratepayers a full explanation of what EWEB feels the end gain of the process is.

Vice President Brown thanked everyone for their testimony and said that staff will be able to respond to their inquiries. He told Mr. Cassidy that EWEB already has a program in place with NEDCO to give customers credit on their EWEB bill if they take a class on how to manage their money.

Commissioner Helgeson thanked everyone for their testimony, and thanked Mr. Reppe for the previous opportunity to see his photovoltaic installation, which was useful to him. Regarding the AMI project, he said he will await tonight's agenda item before further comment.

Commissioner Mital stated that as a new Commissioner, he also has questions regarding AMI. He thanked everyone for their testimony, and said he believes there are two sides to the AMI story, and that they will be fully aired in upcoming staff presentations. He thanked Mr. Cassidy for his comments and said staff will be making a presentation tonight regarding a class for customers on how to manage their money.

Commissioner Manning thanked everyone for their testimony, and reminded them that EWEB Commissioners are also ratepayers, and these issues impact them as well.

President Simpson thanked everyone for their testimony. He agreed with Mr. Cassidy that a rate increase does not necessarily directly cause a bill increase. He gave a personal example of switching from a 70% efficient natural gas heater to a 100% efficient space heater, and then to a 600% efficient heat pump system, so that now he pays roughly 10 cents for 1 KW but gets 6 KW of heat, i.e., his electric bill is bigger but he's not using as much natural gas. He noted that one of the biggest problems which Mr. Cassidy had tried to address as an EWEB Commissioner is that rental units are poorly insulated and there is no incentive for the landlord to insulate, update, or install a heat pump. He said that EWEB is working hard to bridge that gap. He also asked staff to respond to Ms. Trope's comments regarding AMI.

Regarding Ms. Trope's comments, General Manager Gray stated that he can't speak on behalf of SUB, but as of approximately one year ago when he had discussed it with them, they were not interested in AMI.

APPROVAL OF CONSENT CALENDAR

MINUTES

1. a. January 3, 2013 - Regular Session
- b. February 2, 2013 - Work Session
- c. February 2, 2013 - Regular Session
- d. February 19, 2013 - Executive Session

CONTRACTS

2. Altec Industries, Inc. - for the purchase of four insulated over-centered aerial man lifts used by the Electric Division Line Crews - Generation & Fleet Services - \$862,000 (over two years). Contact person is Roger Kline.

3. Axelrod, LLC – to provide Environmental Consulting Services for investigation and clean-up of the former Eugene Manufactured Gas Plant (MGP), - Environmental Services - \$200,000 (over two years, total \$824,000). Contact person is Steve Newcomb.

4. Brattain International Trucks, Inc. - for the purchase of chassis - Generation & Fleet Services - \$725,000 (over two years). Contact person is Roger Kline.

5. Carte International - for five three-phase network transformers - Engineering Department - \$150,000. Contact person is Mel Damewood.

6. Envirosched – for confidential document destruction (on-site shredding) services – Electric Operations - \$26,000 (through January 2015, total \$55,700 over five years). Contact person is Todd Simmons.

7. Kendall Ford - for the purchase of 15 light duty vehicles - Generation & Fleet Services - \$396,000. Contact person is Roger Kline.

8. Mesa Technical Associates – for Station Class Battery Banks and Racks on an as needed basis - Engineering Department - \$111,000 (over five years). Contact person is Mel Damewood.

9. Scelzi Enterprises, Inc. – for the purchase of three service bodies for EWEB’s fleet of utility trucks - Generation & Fleet Services - \$135,000. Contact person is Roger Kline.

10. Schweitzer Engineering Laboratories - for the purchase of Substation Automation Equipment – Engineering Department - \$925,000 (over five years). Contact person is Mel Damewood.

RESOLUTIONS

11. Resolution No. 1302 - System Development Charge Revision, Contact Cathy Bloom.

12. Resolution No. 1303 - Budget and Rates Advisory Committee, Contact Cathy Bloom.

President Simpson pulled item #12.

It was moved by Vice President Brown, seconded by Commissioner Manning, to approve the remainder of the Consent Calendar. The motion passed unanimously (5-0).

President Simpson explained that item #12 (Resolution #1303) was pulled because during tonight’s Work Session, the Board committed to doing customer surveys and recalibrate their approach to public input, and to call most every budget meeting a hearing, to also include workshops, extended public testimony, etc. for budgetary items, in order to increase public participation. He added that the Board does wish to go forward with the budget and rates advisory committee and desires further discussion, but there is not enough time to do so before the 2014 budget process, though the committee will be exposed to the 2014 budget process from the gallery, and will then assist Board and staff with the 2015 budget.

It was moved by President Simpson, seconded by Vice President Brown, to table Resolution #1303. The motion passed unanimously (5-0).

General Manager Gray stated that he will find agenda time for a work session in the next two months or so in order to discuss the budget and rates advisory committee in more detail, and so that the committee can be present in the gallery in approximately October 2013.

President Simpson proposed a maximum of a 60-day hold time for this agenda item. The Board agreed.

ADVANCED METERING INFRASTRUCTURE (AMI) CONTRACT WITH SENSUS, USA

Greg Armstead, Information Technology Project Manager, introduced EWEB's new Information Services Manager, Matt Sayre.

Mr. Armstead told the Board that staff is asking for approval for the following reasons:

- 1) To replace aging water meters under more favorable terms and conditions.
- 2) The time of use pilot program requires interval meters that EWEB could potentially use for AMI.
- 3) Staff feels it is important to test between one and 400 meters that may potentially be purchased in order to do in-house quality control.

Mr. Armstead noted that staff is not asking for approval of the AMI project, as ultimately it will have to be approved as a separate project and is not a capital budget item.

Commissioner Manning stated that he supports General Manager Gray and all that he does, but in light of the document that Mr. Nelson has presented to General Manager Gray and the Board, he is concerned about the lawsuit that has been brought against Sensus, USA and is not fully comfortable with approving the contract at this time.

Commissioner Helgeson stated that he has gone back and looked at previous Board discussion and recommendations, including General Manager Gray's recommendation to defer the AMI project for a variety of reasons. He wondered if there is anything in the contract that limits authorization or full implementation of the project. He voiced concern about the expenditure for this project over multiple years, and added that he has a process concern, and that he is more concerned about the timing of the project than if it is done or not. He said he feels it is imprudent to approve this without a financing strategy in place, and without knowing EWEB's financial plan, as he isn't certain it would contribute to the improvement of EWEB's financial picture. Regarding long run strategic benefit, he added that he doesn't feel like it's clear how and when the capacity market will emerge and make it cost-effective to do advance metering applications, though he believes they will ultimately be important. In closing, he voiced the desire for the new Commissioners to have more conversation about the project.

President Simpson asked how this contract would be more advantageous at this time. General Manager Gray replied that the water meters in this contract are an improvement over the current contract, and that they would be AMI-ready, should the AMI project be ultimately approved. Brad Taylor, Water Operations Manager, added that the cost savings for the water utility would be \$200,000 over the next two years.

General Manager Gray reiterated that the AMI project has not been approved, nor has the capital budget, but that elements of those are in place. He reiterated that these meters are being purchased to replace aging ones, as interval meters are required for the time of use pilot. He

added that if the Board approves the final project plan, internal quality control will have been achieved on a few hundred meters instead of 90,000.

President Simpson asked if these meters can still be used even if the Board chooses not to go forward with the AMI project. Mr. Taylor said that they can, and he added that these meters can be read through the normal meter reading technique.

Ms. Smith further explained the timing and the need for replacement of the aging meters. She added that she thinks of this contract more as a requirements contract, with no obligation to buy the meters (just the ability to), and that it includes no Board authorization or staff requirement to buy any more than the stated amount.

General Manager Gray added that if a time of use pilot is being done, an AMI meter may as well be used in order to get more experience with it.

Commissioner Mital asked about supplier technology risk. Mr. Armstead replied that staff put enough controls in the contract that there wouldn't be a lot of risk if the company went out of business, and that the only loss would be replacement of the meters.

Commissioner Helgeson stated that compared to a normal requirements contract, this contract appears to make a good faith assumption that staff is moving forward and holding pricing that is advantageous by signing a contract that is much broader than normal simply to meet near-term requirements. He asked if there is an alternative that allows staff to do what is needed in the near term.

General Manager Gray replied that the existing contract could be used to replace the water meters but the cost would be more, and for electric meters, staff could negotiate and pay retail price. He reiterated that there is nothing in this contract that obligates EWEB to go beyond the initial number of meters purchased and that EWEB has broad out rights. He added that he believes Sensus is giving EWEB a favorable price because they think EWEB may buy more meters at some point but, again, even if the meters perform, there is still no obligation.

Vice President Brown stated that he also has concerns about the company, and that he wants to be sure that entering into this contract in no way obligates EWEB for the AMI project if these meters are replaced. He asked that the record show that he is not committing to the AMI project, not committing to spending \$26 million, and that EWEB is only obligated to buying the interval water meters, and enough electric meters to do the quality control testing.

Erin Erben, Manager of Power Resources & Strategy Planning, noted that the time of use pilot requires up to 400 meters but that quality control testing could be done with more than 400.

President Simpson asked how the data for the time of use pilot will be obtained. Ms. Erben replied that the meters will be read the same way they are for billing purposes.

Commissioner Manning stated that he fully supports General Manager Gray's position and that he supports the meters being replaced, but that when he read the document that was forwarded to the Board and General Manager Gray regarding the pending lawsuit against Sensus, it troubled him. He added that he has done a lot of research on ethics, and it is against his principles to go into business with a company that is already involved in litigation, and that he can't support this contract. He recommended that EWEB pursue other businesses that offer this same type of service.

Commissioner Mital stated that he is fairly supportive of the limited scope of the contract but that he is concerned about public perception and understanding.

President Simpson stated that he is comfortable with the risk profile, and that he is comfortable with accommodating metering changes that already had to be made, and the changes that are necessary for the time of use pilot. He reiterated that if by entering into this contract, the Board is not authorizing the \$26 million expenditure, he supports staff's recommendation.

It was then moved by Commissioner Helgeson, seconded by President Simpson, to approve the contract with Sensus, USA. The motion passed 3-2 (Manning and Helgeson voted no).

INTERGOVERNMENTAL AGREEMENT FOR LIMITED INCOME WHOLE HOUSE EFFICIENCY SERVICES

Mark Freeman, Customer Services & EMS Manager, stated that staff is asking for approval of a five-year intergovernmental agreement with the Housing and Community Services Agency (HACSA) of Lane County to provide whole house retrofit services for eligible limited income households in EWEB's electric service territory. This program will target EWEB owner-occupied customers whose income is defined as 60% below the State of Oregon median income guidelines, and an impact and participant evaluation will be conducted to determine the effectiveness of the program concept. Continued funding for the program will be dependent on the success of the pilot.

It was moved by Commissioner Manning, seconded by Commissioner Helgeson, to approve the five-year intergovernmental agreement with HACSA.

For the record, Vice President Brown stated a potential conflict of interest, as he is currently representing a property owner who is selling property to HACSA. The motion passed 4-0 (Brown abstained).

CUSTOMER CARE PROGRAMS: INTERGOVERNMENTAL AGREEMENT NO. 13-0001 LANE COUNTY HSD

Mr. Freeman recalled that EWEB contracts with Lane County Human Services Division (HSD) to administer EWEB's Customer Care programs. As the current contract with HSD expires on March 31, 2013, staff is requesting approval of a new five-year intergovernmental

agreement with Lane County HSD for their coordination and execution of the programs currently available to EWEB customers.

It was moved by President Simpson, seconded by Commissioner Mital, to approve the five-year intergovernmental agreement with Lane County HSD. The motion passed unanimously (5-0).

BACKGROUNDER/WHITE PAPER ON EWEB RATE-MAKING PRINCIPLES

Ms. Erben recalled that tonight's presentation continues the discussion from the February 19, 2013 Board meeting. She gave an overview of tonight's presentation, which will include policy level discussion and guidance from the Board on proposed EWEB ratemaking principles and objectives; approval of ratemaking principles and objectives (in concept) to guide future work in rate design; and specific direction on negotiated contract pricing principles and the use of rate design to provide low-income customer bill relief.

Ms. Erben briefly reviewed each of the proposed ratemaking principles staff would like to adopt:

- Sufficiency
- Affordability
- Efficiency
- Cost-Basis
- Equity
- Gradualism

She noted that the low-income piece (affordability and efficiency) will be the two principles that will be tested with the Board at tonight's meeting.

President Simpson asked if "affordability" refers to the average customer or the majority of customers. Ms. Erben replied that the CPI is the benchmark that staff has used, as BPA pass-throughs can't be controlled. She added that affordability would apply to the average customer, and that the Board can set parameters around what they can tolerate in terms of swings and what can protect certain classes of customers. General Manager Gray then gave some examples of adjusting these principles and how they affect and interact with each other.

With the use of overheads, Ms. Erben then reviewed the proposed rate design objectives, tiered rates and the balance between policy objectives and cost recovery, and conservation and efficient price signals.

Regarding new large load contract pricing, management recommended the following:

- Offering a very large new customer (>10 MW) a one-time option of selecting either portfolio pricing or market-based pricing, recognizing that a customer may not go back and forth between the two.

- Market-based pricing would include an allocation of any RPS obligation and/or provisions for potential future RPS obligation.
- Such an approach would be applicable only to the Very Large General Service customer class, but could be applicable to both new load and the large expansion of existing load.

Using overheads, Ms. Erben then reviewed negotiated retail rate contract options, the RPS compliance cost allocation, and a summary of class-specific rate design objectives.

Staff/management then requested Board approval of the proposed ratemaking principles and objectives to guide future ratemaking proposals and decisions with the following caveats:

- Management is not recommending sweeping changes to comply with these principles and objectives, but rather a commitment to gradualism that incorporates any modifications in balance with other objectives. Most urgently, management would like to see a continued emphasis on improving fixed cost recovery in rates for both utilities.
- As a way to benefit all EWEB customers, management recommends offering a prospective new large load (>10 MW) an option of either portfolio or market-based pricing (including RPS compliance costs), provided that it is a one-time option for that customer to choose.
- Management recommends against using rate design changes to standard tariffs as a way to buffer low-income customers from rate increases, but rather that the Board allow management additional time to present what it believes are more effective options to the Board in the near future.

Vice President Brown stated that he is all for using resources to support economic development.

President Simpson stated that it would be nice to be able to negotiate a deal if a customer balks at the price, and that it might subsidize residences, possibly even for low-income customers. He added that even though it would be a subsidy, it is sort of a win/win in a way.

Ms. Erben clarified that only the generation piece would be discounted, so the customer would still pay, and staff would either propose to have them pay average portfolio cost or pay market-based price, but they would still be paying a piece of the renewable portfolio and, either way, they would contribute toward the economic investment.

Commissioner Helgeson stated that he sees this as a really great match for EWEB's current conditions. He said that in his experience, usually electric prices are not a factor in location decisions unless industry has a cost of doing business of more than 10% of their cost structure, but he added that this gets leveraged very highly when trying to recruit new customers and that they will look for every advantage.

He also stated that his focus would be equity (is it appropriate for certain customers to have a choice?) and enforceability (with possible turnover in management and ownership).

Regarding enforceability, General Manager Gray reminded the Board that customers would not be able to “tariff hop” (flip-flop back and forth between market and co-op pricing).

Ms. Erben reminded the Board that staff is asking for endorsement of the principles, but not the specific tariff.

Commissioner Mital voiced his support.

President Simpson stated that he has no objections, and recommended approval.

It was moved by President Simpson, seconded by Commissioner Manning, to approve the proposed ratemaking principles and objectives.

Commissioner Helgeson stated that if there are negotiated deals, he wants to be sure they are brought before the Board in order to weigh the equity and enforceability issues and, as part of the equity piece, to show the benefits that the customer will bring to the community.

General Manager Gray assured the Board that they are approving no specific contracts this evening, and that those will be brought back to the Board for approval.

The motion passed unanimously (5-0).

President Simpson thanked Ms. Erben for an excellent presentation.

ITEMS FROM BOARD MEMBERS

Commissioner Mital gave kudos to the power marketing staff for the \$750,000 in new contracts that have been brought in with no additional cost.

He also commended staff for their sustainability policy.

Regarding the contract with Sensus, USA, Commissioner Helgeson asked staff to furnish the Board with some information about provisions in the contract that limit EWEB’s obligation to go to the full \$26 million cost, and to clarify the decision point and means by which the project will be approved for implementation. General Manager Gray replied that he will send a follow-up e-mail to the Board.

Vice President Brown stated that he had been made aware of a customer who had converted to gas heat who called to complain that his bill was huge, and that this was a result of a meter reading error, and the customer was refunded \$150. He wondered what would have happened if the customer wouldn’t have caught the mistake and called to complain, as this mistake bumped the customer into another tier. He reiterated that this was a huge mistake and he would appreciate staff follow-up on this issue.

Vice President Brown then stated that he will be leaving tomorrow morning for Sacramento, California for the Northwest Public Power Association (NWPPA) Board of Trustees meeting. He said that he doesn't know if he can continue to attend these meetings four weeks per year as it is really beginning to tax his business, and his personal time. He added that he would be willing to go to the next meeting in Bellevue, Washington in May, but that if there is someone who would like to take his place on the NWPPA Board, he would be fine with that.

General Manager Gray replied that EWEB cannot designate a replacement automatically, but that he will request that the Board of Trustees consider Vice President Brown's request. General Manager Gray noted that he himself cannot take Vice President Brown's place because it is a Board position.

Commissioner Helgeson voiced interest in taking Vice President Brown's place, possibly in trade for his current position on the Watershed Council.

President Simpson and Commissioner Mital agreed that would be reasonable.

President Simpson listed the following items:

- Attended the Lane Council of Governments (LCOG) appreciation awards dinner on February 28, and was nominated for and has been elected to the LCOG Executive Committee.
- The banking questions summary has been delayed for two weeks in order to ask if the Board wants to assign it to staff for research
- Received a complaint that one of the North Building meeting rooms had been double booked - he wondered if EWEB wants to continue to offer this service
- Will be going to Washington, D.C. next week to the American Public Power Association meeting with EWEB's lobbyist Jason Heuser. There is a plan in force to align lobbying efforts, and will probably combine meetings with the other utilities that are present.

Lastly, President Simpson gave the following summary of yesterday's meeting with the Mayor and Assistant City Manager:

"I met with the Mayor, Assistant City Manager, Sarah Medary; General Manager Gray and Jeannine Parisi, Community and Local Government Outreach Coordinator, yesterday to discuss the proposed City service fee. Jon Ruiz, City Manager, was sick and not able to attend. We talked about some of the political, technical and business issues such as 'skunk at the picnic,' footprint, enforcement, line item confusion, bill re-design, timing of the Board's vote, and the difficulty of separating opinions about the fee from the mechanics of fee collection. The Mayor acknowledged the sticky issues involving the service fee, and requested that our Board wait until after the election to decide yay or nay on whether EWEB will provide billing services.

Overall, it was a good conversation. It gave us an opportunity to raise some of the technical and business concerns with the Mayor and City staff that they may have not thought about yet.

EWEB is developing a list of the business and policy concerns and will forward the list to the City in written form. At this time the City has limited resources to address each of these concerns, so right now they will be collected and pondered, but no formal research will be done by City staff until the people vote yes on the fee.

If that happens, the mayor herself will come before the EWEB Board to formally request that we consider serving as the billing agency. The Mayor and Assistant City Manager did not consider a yes vote of the people to necessarily translate into an automatic yes vote by the EWEB Board.

We requested that the City provide more formal communication to the EWEB Board as a courtesy and to help air some of the issues so that there are no surprises in the future about political or business barriers.”

CORRESPONDENCE AND BOARD AGENDAS

General Manager Gray reminded the Board that Debra Smith, Assistant General Manager, will be speaking to the City Club on Friday, March 8, regarding the Riverfront Master Plan. He noted that the Planning Commission has delayed action regarding the Riverfront Master Plan until March 11.

Brad Taylor, Water Operations Manager, announced that yesterday EWEB received water rights to divert up to 20 million gallons per day (MGD) from the Willamette River, if necessary in an emergency situation. The Board and staff congratulated him on this great accomplishment.

President Simpson adjourned the Regular Session at 9:50 p.m.

Assistant Secretary

President