

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

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

Others Present: Roger Gray, Debra Smith, Mark Freeman, Lena Kostopulos, Karl Morgenstern, Steve Newcomb, Sue Fahey, Cathy Bloom, Susan Eicher, Sheila Crawford, Tom Ossowski, Joe Harwood, Dave Churchman, Jonathan Hart, Gail Murray, Frank Lawson, Matt Sayre, Erin Erben, Wendi Schultz-Kerns, Mike Logan, Sheila Crawford, Mike McCann, Tom Williams, Anne Kah, Alan Fraser, Quentin Furrow, Jeannine Parisi and Taryn Johnson of the EWEB staff; Vicki Maxon, recorder.

President Simpson convened the Regular Session of the Eugene Water & Electric Board (EWEB) at 5:30 p.m.

AGENDA CHECK

There were no items.

President Simpson stated that the Board agendas have been modified so as to start regular Board meetings at 5:30 p.m. instead of 7:30 p.m. when there is no work session being held.

ITEMS FROM BOARD MEMBERS

Commissioner Mital stated that this is Assistant General Manager Debra Smith's last Board meeting, as she has been hired as the general manager of Central Lincoln PUD in Newport, Oregon. He told Ms. Smith that he is sorry that he was only present for six months of her 17-year tenure, and he thanked her for her incredible knowledge and energy, and for her service to EWEB.

Vice President Brown echoed Commissioner Mital's sentiments and wished Ms. Smith the best, and thanked her for her service. He added that he knows she will do a great job in her new position and that Central Lincoln PUD is fortunate to have her.

President Simpson wished Ms. Smith the best. He thanked her for her 17 years of service, for helping him with both of his campaigns for the EWEB Board, and for explaining so many issues to the Board. He recalled that she kicked off EWEB's telecommunications campaign approximately 15 years ago and over the years has worked her way up to assistant general manager, and that he knows she will take her spirit to new futures and horizons.

President Simpson reported that he had attended the Lane Council of Governments (LCOG) Budget Committee meeting, and that an amended budget was approved that reduced a \$1 million shortfall down to \$35,000, which is a fantastic accomplishment for Brenda Wilson, LCOG's director.

President Simpson recalled a recent editorial in the Register-Guard regarding the proposed City fee in which the Board was blamed for causing a disservice to the City for not saying whether they would or would not be "doing anything", and that he had spoken to many people in the community who did not agree with what was written.

Commissioner Mital introduced Jeff Nelson, general manager of Springfield Utility Board (SUB), and thanked him for attending tonight's meeting. He added that he believes SUB and EWEB can start to spend more time together and think of some ways to collaborate.

Commissioner Manning thanked Ms. Smith, congratulated her on her new opportunity, and said he has learned quite a bit from her in a short time. He added that he knows the type of leadership she will take from EWEB to her new position, and that EWEB will have a big void to fill. He thanked her for her service.

PUBLIC INPUT

Jack Dresser addressed the Board regarding smart meters and said that the issue of security is quite crucial. He said that studies have shown that smart grids are impossible to secure from hackers, which could disrupt the entire grid. He read a couple of lines from a 2010 article which he provided to the Board. He added that if Eugene is tied in with regional and national grids, the cyber security necessary to protect the grid is very expensive, and most utilities are saying they can't afford it. He also referred to an article in the Wall Street Journal by David Shaw which emphasized catastrophic consequences, and out of 544 information technology professionals interviewed, 70% said it was impossible. He also recalled the potential medical risks. In closing, he said it is part of the fiduciary responsibility of the Board to study this carefully.

Debra Smith appreciated the Board's kind words. She stated that EWEB has given her tremendous opportunities over the years and that she has had a great career at EWEB. She recalled that six or seven years ago former general manager Randy Berggren did a reorganization, and she became the director of Employee, Customer & Community Services, a position created because of the key hires of the public affairs manager and human resources manager. The idea behind that was that EWEB stakeholders of all sorts want the same thing from EWEB—to be dealt with fairly, respected and listened to, treated with kindness, and spoken to with honesty, and that she believes that people can hear difficult things if they are treated that way. She said her experience has been that though she has made mistakes and taken risks in terms of the work she wanted to do and conversations she has had, she has stuck with those principles, and when she moved away from those and wanted a "do-over," she cleaned up her mess and continued on. She noted that EWEB has been incredibly giving and tolerant of her, and that since General Manager Gray has been general manager, she has found less need for do-

over than 5-7 years ago. She reminded the Board that when looking at their scorecard and when going through the struggles around public engagement and customer engagement, that's how customers want to be treated.

Damond Morris is a participant in Solarize Eugene. He stated that his EWEB bill is anything but transparent, and noted that the customer generation portion of his bill says zero even though he generated 80 KW, and that under the delivery charge and other charges portion, there is no indication whatsoever of how his generation is quantified on his bill. He asked EWEB to fix this, as he is very frustrated with the tremendous amount of transparency issues. He noted that the opportunity to fix this will come from EWEB's Information Technology (IT) Department, and that after he spent 1-1/2 hours talking to the Customer Service Department, the IT Department has a solution and a proposal that they will be taking to Mark Freeman, Customer Service/Energy Management Services Manager. He said that he has encouraged Mr. Freeman to contact KUBRA (the company who designs EWEB's bills) to ask them to make his solar panel generation amount more transparent.

Barbara Nugent has been an EWEB customer for many years. She said she believes that the citizens of Eugene are entitled to see a detailed summary of EWEB's cost calculations that resulted in the \$20 million cost for smart metering. She noted that EWEB has said they are running a dollar deficit with analog, but that it seems customers will pay more for impulse, and that it will cost a lot more for the equipment, training, etc. She also wondered why EWEB would persist with wireless technology at this time when Eugene is one of eight Oregon cities that has already received a broadband planning grant. She believes there are documented problems for the community even if EWEB moves to mesh technology and goes milder, and that it seems that it's a huge waste of money for a very short-term solution when money is scarce.

Joseph LaFleur is a resident of the lower McKenzie River, and a registered geologist. He stated that the profuse amount of swallows which had always been present on the lower McKenzie disappeared when the microwave tower changed from 3G to 4G. He has also noticed that the bird and water fowl population at Walterville Pond and Leaburg Lake has decreased. He recalled that Leaburg Lake resident June Tolliver has claimed that EWEB installed a microwave tower that affected her personally and also disturbed wildlife, and eventually it drove her from her home. He asked EWEB to research whether or not the microwave installation is the culprit, and he provided the Board with a CD of photos of various vacant reservoir sites.

Greg Giesy is the chair of a new committee to keep College Hill Reservoir open, and he helped build an ADA path to the reservoir. His committee is going ahead with a reservoir watch group, and has 13 people signed up so far who aren't committee members, which is more than halfway toward enough people so that each person only has to check it once a month. He noted that the reservoir has been checked since April 16 with no dog or dog waste reported, and that a person has been assigned to pick up dog waste on the grass, and also debris. He said he believes the signs EWEB has posted have solved that problem, and he also believes that the issue can be solved by having residents check to make sure there are no other problems. He noted that his group had suggested a neighborhood watch in the past but it wasn't followed through on, and that the reality is that his group had suggested over 20 things they could do, but the ADA path

was the only thing EWEB had approved, and that the labor cost for his group to build the path was \$15,000. He urged the Board to agree to keep College Hill Reservoir open.

Athena Temaya has been a Eugene resident and EWEB customer for almost 20 years. She worked as a registered nurse for 27 years and has a B.S degree from the University of Oregon. She is concerned about the continual increase of electromagnetic (EMG) frequencies including cell phones and wireless internet, and is also concerned about the safety of wireless smart meters. She noted that there has been a dramatic increase in brain tumors in children who use cell phones, and that there are no safety studies on the long-term effects of EMG frequencies on the environment. She suggested that EWEB make a wise and safe decision and implement wired smart meters (i.e., the fiber optic option).

Kathy Ging gave the following testimony:

“EWEB staff remarked in the 90s when I asked them to lunch at Oregon Electric Station, suggesting they consider adding information to water and electric services, that bureaucracies need catalysts!

Is now an opportune time to explore whether fiber optics may be a preferred alternative to wireless smart meters for Oregon’s largest publicly owned utility, all things considered?

EWEB installed fiber optics in substations but for a couple of reasons did not install the last mile. Staff reported in April 2012 that fiber optics would cost only \$30-50 million more than AMI Alternative 1A. (See Figure 3.1 of the AMI Business Case 4.5.12: Fiber optics is only \$30-50 million more than Alternative 1A, pp. 27-29 posted at EWEB.org 4.17.12 Work Session)

After a decade of planning, four years ago, EPB, Chattanooga, Tennessee’s publicly owned electric utility, had every home and business, 600 square miles, connected to the most powerful communication fiber optic network in the nation, speeds 200 times that of average U.S. households. One article mentioned that the technology had caught up. They now charge new customers less than Comcast for phone, internet and cable bundles. By the way, their foray with Comcast did not cost much, they informed me in a conversation with their corporate department.

Fiber optic installation attracted 6,000 new jobs to Chattanooga, many by start-up businesses, and the community found \$120 million to develop its waterfront.

Since EWEB is not able to use its rate base to finance fiber optics, I think one avenue may be Citizens Bonds, allowed in the Oregon Constitution, but to my knowledge not yet utilized. (Public entities, not citizens, authorize them, and denominations could be as small as \$500, similar to the mini-bonds that financed EWEB’s headquarters.) Also, the FCC has a Lifeline program and EWEB has bonding capability; wealthy investors or philanthropists might be tapped--financing can be researched. Google has installed fiber optics in Kansas City and is planning for Austin next.

A month after Chattanooga's EPB fiber optics install was complete, the most violent storm of its history with 160 mile per hour winds tested them, and 75% of its customers, 126,000 homes and businesses, lost power. Due to new fiber optics, power restoration was done in record-setting time as they isolated outages.

Should EWEB consider taking the lead in fiber optics? An EWEB Commissioner agrees that he, like myself, pays more for telecomm services than to EWEB, even in winter.

I don't think EWEB has adequately considered the enormous costs of IT and tech switching that would be entailed in the Sensus/Landis+Gyr contract now being considered, nor repeated costs of meter replacement or legal liability issues for the inevitable litigation from those with medically sensitive conditions not allowing them to be exposed to wireless smart meters. Courts will say: you were warned.

Instead of adding microwaves, should EWEB create a citizen, staff and Board committee to strategize about fiber optics? More citizens say YES!

The time is ripe – DO NOT approve or revise the Sensus+ contract until this committee is formed and matriculates a proposal.

Eugene received one of eight Oregon planning grants for extending broadband. A policy paper will be submitted to Eugene City Council this summer. Should EWEB wait for that paper's release?

Should EWEB consider combining with the other five publicly owned utilities that serve Lane County to install fiber optics? An ad hoc committee could make recommendations for EWEB Board and staff to consider.

EWEB's Board role is to make policy decisions and chart direction. Seriously reconsider the fiber optics option, or might ratepayers launch a petition drive?

It is thought by many that fiber optics will be inevitable within +/- 20 years—should EWEB waste money on problematic wireless smart meters?

NOTE: Families for Safe Meters will have information on its website soon about a public meeting on smart meters on Wednesday, May 22 at the Unitarian Church, 13th & Chambers, Eugene, 6:30 p.m., and Monday, June 10 (tentative date) at Cozmic, downtown Eugene, 6:00 p.m.

The new 90-minute film Take Back Your Power will not be able to be viewed until the DVD is released. See the trailer at www.takebackyourpower.net.

Vice President Brown thanked everyone for their testimony. Regarding smart meters, he stated that staff continues to do research and will continue to do more, and that the Board is far from making a decision. Regarding the lack of birds upriver, he stated that he has seen Ms.

Tolliver's statistics, but that he himself has seen thousands of swallows upriver in various locations, so the sightings (or lack of) may depend on time of day or other factors. Regarding College Hill Reservoir, he stated that EWEB's primary mission is to run a safe utility, and that EWEB spent \$800,000 years ago dealing with a similar problem. He added that dialogue with the community will happen, but his first priority will be preserving clean water, and because EWEB is currently strapped for money, he's not sure he can justify reopening the reservoir.

President Simpson thanked everyone for their testimony. He reiterated his appreciation for Ms. Smith's contributions to employee training, morale and diversity, and told her she has quite a skill for that and that she should be very proud. He said he believes it is a brilliant idea to add fiber optic to homes to transport data, and that he can't personally say the cost is prohibitive. He acknowledged the comment about customers paying more for their internet and cable bills than for their utilities, and stated that if the community wants to step forward and pony up money for last-mile fiber, he believes it would be an amazing roll-out and would do a lot of good. He noted that the hurdle would be who would provide the front money, as the community hasn't shown him that they are willing to open their pocketbooks these days.

Regarding the lack of birds upriver, President Simpson appreciated Mr. LaFleur's observations. He stated that he realizes that observation is one thing but conducting scientifically repeatable experiments is another, and that even if the lack of birds was related to technology, there are thousands of radio signals traversing the air at all times, even from out of state. He said he believes that if society discovers that radio signals are harmful to people, there will be a big turnaround.

Regarding College Hill Reservoir, President Simpson reiterated that public dialogue will be reopened and that hopefully it will produce a win/win solution, and that he will go to the site and see what the gate looks like. He added that it is possible that a partnership can be forged where clear expectations are set forth with the neighborhood residents and a written agreement can be crafted regarding obligations and responsibilities. He noted that the Board appreciates tonight's ideas and solutions instead of only hearing complaints.

Regarding the lack of solar generation information on customer bills, President Simpson agreed that the bills don't have sufficient detail to show how much power customers are producing. He noted that the proposed City service fee is also driving potential review of EWEB's bill structure and format, and that he has a personal interest in sitting on the bill redesign committee, and that he believes there will be improvement in EWEB's bill design in the next couple of years if the budget allows.

President Simpson asked Ms. Nugent if she has read EWEB's business case for smart metering, and he asked Taryn Johnson, Executive Assistant to General Manager/Board, to forward Ms. Nugent a copy of it. He stated that there has been a great deal of review regarding the installation cost of meter bases and long-term return on investment, and that he is convinced it is a wise expenditure. He noted that he is not suggesting wi-fi vs. fiber or wire, and that installing smart metering is an avenue that modern utilities are using to manage power demand

and energy consumption in order to help keep rates in check. He asked Ms. Nugent to provide additional testimony if the business case is not adequate for her needs.

Commissioner Mital thanked everyone for their testimony. He thanked Mr. Giesy and his group of volunteers for their support to manage and maintain College Hill Reservoir, and noted that this item will be covered more fully at the June Board meeting. He also thanked Ms. Temaya for her compelling testimony.

Commissioner Mital also appreciated Ms. Smith's expert handling of a recent customer issue that he himself had witnessed.

Commissioner Manning thanked everyone for their testimony, and assured them that all information is valued and that the Board is here to serve and interact with the public. He added that he appreciates that customers are coming to the Board with possible ideas and solutions to consider that can be used to better guide their consideration of issues in the future.

APPROVAL OF CONSENT CALENDAR

MINUTES

- 1a. March 19, 2012 Work Session
- 1b. April 2, 2013 Work Session
- 1c. April 2, 2013 Regular Session
- 1d. April 16, 2013 Executive Session

CONTRACTS

2. [Bridge Energy Group](#) – for the deployment of services-oriented architecture governance to support EWEB's integration center – Information Technology – \$130,000. Contact Person is Matt Sayre.
3. [Cascade Pacific Resource Conservation & Development \(CPRCD\)](#) – for administrative management services related to the Berggren Demonstration Farm – Environmental Service – \$80,000 (Total \$320,000). Contact person is Steve Newcomb.
4. [Fluid Market Strategies, Inc.](#) – a non-profit organization, for program marketing and fieldwork to complete Phase 2 of the Residential LED Pilot Program – Customer Service/EMS – \$47,000. Contact Person is Mark Freeman.
5. [Heitzberger Payne Advisors](#) – for deferred compensation benefits consulting services. [Human Resources](#) – \$50,000. Contact Person is Lena Kostopulos.
6. [Residential Certified Backflow Contractors](#) (see consent calendar document for list of contractors) – for residential backflow testing services. Water Operations – \$250,000. Contact Person is Brad Taylor.

7. [Stellar J Corporation](#) - to complete construction services for the Willamette 1325 Reservoir Replacement – Engineering Department – \$233,250 (Total \$1,105,920). Contact Person is Mel Damewood.
8. [Utility Integration Solutions, Inc.](#) – for Meter Data Management System RFP Advisory Service – Information Technology – \$63,000. Contact person is Greg Armstead.
9. [Wildish Building Company](#) – for pre-construction services for certain aquatic improvement projects at the Carmen-Smith Hydroelectric facility. Generation & Fleet Operations – \$120,000 (Total \$362,000). Contact person is Roger Kline.
10. [Willamette Valley Rehabilitation Center](#) – for [janitorial services](#) at the Hayden Bridge Water Filtration Plant Water Operations – \$206,000. Contact person is Brad Taylor.

INTERGOVERNMENTAL AGREEMENT

11. [Springfield Utility Board \(SUB\)](#) – for the Indefeasible Right of Use (IRU) Agreement for Dark Fiber Service – Engineering Department – \$34,000 (Total \$100,000 through 12/31/2013). Contact Person is Dean Ahlsten.

BUDGET AMENDMENT

12. [Budget Amendment #6](#) – Water Reservoir Additions – Contact Person is Mel Damewood.

RESOLUTION

13. [Resolution No. 1304](#) – Amended – Rate Adjustments for Dark Fiber Leases, Contact Person is Dean Ahlsten.

OTHER

14. [Board Policy SD 4, Public Use of Meeting Rooms Policy](#) – Contact Person is Mark Freeman.
15. [Correction to Large and Very Large General Service May 2013 Electric Rates](#) – Contact Person is Cathy Bloom.

President Simpson noted that Commissioner Helgeson is excused this evening because he is on vacation.

Vice President Brown pulled items #1c and #10. It was moved by President Simpson, seconded by Vice President Brown, to approve the remainder of the Consent Calendar. The motion passed unanimously (4-0).

Vice President Brown requested a correction to item #1c, the April 2 Regular Session minutes. The correction was approved unanimously (4-0).

Regarding item #10, Willamette Valley Rehabilitation Center janitorial services, Vice President Brown asked if this is the same company EWEB has used previously. Gail Murray, Purchasing Manager, said that it is. Vice President Brown asked how one can be sure that no other company would bid on this contract and charge less. He voiced concern that other local agencies have in-house janitorial staff and he questioned why EWEB continues to outsource these services.

Ms. Murray stated that all of Willamette Valley Rehabilitation Center's employees are local residents. She explained that the outsourcing is based on State law and that the State sets the price, and that there is no bidding done, and that with a public contract, EWEB is able to negotiate the price. She noted that the cost for this service has decreased considerably and that some services have been revised, and that this type of contract gives EWEB more leeway.

Roger Gray, General Manager, stated that EWEB did a comparative cost analysis for this service with School District 4J and the City of Eugene, and the conclusion was that it was more economic and offered more flexibility to outsource this service despite the fact that the State sets the price. He added that these are the kinds of things that Ms. Murray and EWEB's legislative representative Jason Heuser watch closely at the State level, for example, engineers and architects are currently trying to get the legislature to remove competition, and occasionally staff may ask the Board to go to Salem to testify.

It was moved by Vice President Brown, seconded by President Simpson, to approve item #10. The motion passed unanimously (4-0).

Regarding item #3 of the Consent Calendar, Commissioner Mital stated that he values the source water protection work being done up the McKenzie, and its complexities and long-term goals. He requested that the Board spend some time getting clear about how the Berggren Demonstration Farm enhances EWEB's water protection efforts, as he will have a difficult time supporting it going forward until he gets more clear about what EWEB's intentions are.

After a brief discussion, the Board requested a backgrounder regarding the Berggren Demonstration Farm, with possible Board discussion to follow if the Board sees fit.

BPA SLICE CONTRACT/SOFTWARE IMPLEMENTATION

With the use of overheads, Dave Churchman, Trading & Power Operations Manager, and Jonathan Hart, Energy Resource Analyst II, reviewed the implementation process, its value to EWEB, and the staffing vs. systems decision for system management. They also reviewed the proposed TEA software, its capabilities, and the details of its hosting and support contract.

Given the budget and value concerns, it was determined that a staffing solution is not a good fit for EWEB. After 1-1/2 years of staff research to determine requirements and evaluate potential vendors, it was discovered that a custom build would be required unless the TEA software was chosen, and a custom build could easily take an additional year and would also

require expertise that is currently beyond staff capabilities. This resulted in the conclusion that the TEA software is the only viable solution available to EWEB at the current time.

Commissioner Manning stated that he believes this is a very innovative solution and that he likes the one-year opt-out. He asked for some additional information regarding the technological aspects.

Mr. Churchman reiterated that the value of the TEA system vs. other systems is its maximum flexibility over the river system for ramp-up, ramp-down of flow, etc., and the ability to use it during peak demand times and then back it down during times of lesser demand. Mr. Hart added that the TEA system is so clean that the Bonneville Power Administration (BPA) uses it for troubleshooting their system.

Mr. Churchman further described how the TEA software performs and how other agencies have used it.

General Manager Gray added that it also has an indirect benefit for regional customers, i.e., Clatskanie PUD is a wholesale customer but has a key relationship with EWEB, and this system will allow EWEB to retain Clatskanie as a valued customer.

Vice President Brown asked if EWEB would be insulated if the company went out of business. Mr. Hart replied that TEA will be EWEB's primary system but that EWEB's backup or gap solution would be used until EWEB goes live with TEA, and it would continue to be EWEB's backup solution if the company dissolved or if EWEB didn't have access. He added that BPA also provides a simplified backup solution. Mr. Churchman added that TEA has a robust hosting site that is used by many customers around the country.

General Manager Gray added that TEA is not a start-up, but is owned by a collaboration of municipal utilities across the country, and that EWEB has been approached about buying into the company but will not do so at this point.

Commissioner Mital wondered if there is a weakness with so many customers using the same software. Mr. Hart replied that a 17-year contract exists with BPA but that EWEB needs to be open to considering other alternatives. He explained that staff has been pursuing different avenues that would bring a final solution but the technical challenges are fairly great, and it is necessary to partner with friends in the business and work with other utilities to pursue an ultimate non-fee-based solution.

Mr. Churchman reiterated that he believes TEA is a competitive and exceptional product and that it puts EWEB in a good bargaining position with BPA, and allows EWEB more accountability. He noted that in the next few years EWEB will be able to shake out not only the TEA system but also the BPA system.

President Simpson thanked staff for the backgrounder and for the good work. He asked if EWEB has any band width and if EWEB is marketing its services at less than TEA can.

Commissioner Mital noted that EWEB likes to be a primary leader and that he thinks it's great for EWEB to be in that marketplace.

Regarding President Simpson's question, General Manager Gray replied that staff could produce a starboard report if the Board wishes.

It was moved by Vice President Brown, seconded by Commissioner Manning, to approve the BPA slice contract/software implementation. The motion was approved unanimously (4-0).

TERRY STREET AND GREENHILL ROAD PIPELINE – PACIFIC EXCAVATION

General Manager Gray recalled that EWEB and the City of Veneta have an agreement for EWEB to supply water to the city limits of Veneta, which is at approximately the location of the Shell Station on Greenhill Road. The City of Veneta is close to being done with their portion of the work, and EWEB has bid out their work to the same company at significantly less than EWEB's engineering estimates.

Vice President Brown wondered how EWEB can justify this expense in the business sense. General Manager Gray replied that the City of Veneta is reimbursing most of the expense, as EWEB only pays for their part of the system, and that staff is comfortable with the interest rate being charged to the City of Veneta, with fixed costs spread out with sales.

It was moved by Vice President Brown, seconded by President Simpson, to approve this construction contract. The motion was approved unanimously (4-0).

15 kV INSULATED UNDERGROUND CONDUCTOR CONTRACT

Frank Lawson, Systems Engineering Supervisor, introduced Tom Ossowski, Senior Engineer – Distribution Engineering. Mr. Lawson briefly reviewed the detailed backgrounder the Board received prior to the meeting. The contract was approved unanimously (4-0).

PRIMARY AND SECONDARY CONDUCTOR CONTRACT

Mr. Lawson briefly reviewed the detailed backgrounder the Board received prior to the meeting. The contract was approved unanimously (4-0).

WORK ASSET MANAGEMENT PROJECT CONTRACT

Cathy Bloom, Finance Manager, introduced Tom Unke, the owner's representative from Baker-Tilly, who assisted staff with vendor selection for the above contract.

Mr. Unke told the Board that, as owner's representative for EWEB, he and his staff spent the last two months identifying critical areas of risk to look at prior to executing the contract. He noted that this system will replace 17 applications (and 80 subprocesses) that involve 60 different

stakeholder groups at EWEB. He added that the decision the Board makes tonight will establish EWEB's work asset management (WAM) as one of the "best in class," and that after receiving broad support from most, if not all, stakeholder groups, he believes that EWEB is ready for changes that will establish better fiduciary processes.

Ms. Bloom and Sheila Crawford, Principal Project Manager, briefly explained how the WAM will optimize asset maintenance.

Vice President Brown asked how he will justify the cost of the WAM to customers. Ms. Crawford replied that, as one example, the 17 applications that will be replaced have maintenance fees of \$17,000 per year. The new system will net a 3-1/2 year payback with a 40% return, and redundancy will go away (i.e., staff can work on other things instead of just one system).

Mr. Unke noted that he is a certified public accountant by trade so he has knowledge of the fiduciary process. He explained what items the system will specifically track and that it will produce more accurate financial reporting relative to that, and that performance standards and techniques regarding, for example, what it costs to install a pole can be introduced, when EWEB's current system has little ability to do that.

Commissioner Mital voiced his general support. He wondered how staff can prevent subjecting small decisions to big systems. General Manager Gray replied that it will be important to design what assets EWEB wants to track, and he gave some examples. Mr. Unke further explained how those costs can be tracked.

Commissioner Mital asked how going from a people-based system to a robot-based system will change the culture. Mr. Unke replied that he wouldn't describe the system as robot-based, but that it will result in more effective work flow and less redundancy, and flexibility can be designed into the spreadsheets that are built.

Commissioner Manning asked if this is the best system available for the dollar, or just the least expensive. Ms. Crawford replied that the Oracle system is a bit stronger for EWEB's needs, and she added that there are systems that are more expensive that are not as good. She noted that this system will also allow EWEB to grow into the future. Mr. Unke added that this system is a well-respected and stable Tier 1 product and that it is used by some of EWEB's larger peers.

General Manager Gray clarified that the plan is to have all of EWEB's systems be able to communicate with each other, and that this system doesn't require EWEB to buy all the modules up front, so future purchase decisions can be made along the way.

It was moved by Vice President Brown, seconded by Commissioner Manning, to approve the contract with Five Point and the software license and support agreements with their software partners Oracle Utilities, Riva Modeling and GeoNexus. The motion passed unanimously (4-0).

President Simpson called for a 10-minute recess.

RESERVE FUND STATUS AND TRANSFERS – RESOLUTION #1305

Ms. Bloom recalled that this is an annual approval process, and she reviewed the items that are being requested for approval. She noted that staff will be updating the financial policies next month after Board direction.

Vice President Brown asked for an update on the \$2 million economic development loan program. Tom Williams, Key Accounts Manager, replied that two projects (Ninkasi Brewing and Pacific Recycling) have been approved for \$500,000 each, so half of that reserve fund has been committed, and both companies have shown their ability to repay the loan within the five-year time frame.

Commissioner Mital asked for an explanation of the above loan program. Vice President Brown gave a brief explanation. Mr. Williams added that this program uses a matrix that includes triple bottom line analysis, looking at how many jobs the project will bring to the community, its sustainability aspects, etc. After being screened for qualification, they are passed before a credit committee for approval. He noted that this program is strictly for loans, not grants.

Commissioner Manning thanked Mr. Williams for the clarification. He stated that he knows that Ninkasi gives back to the community and that they are continuing to expand, even internationally.

Ms. Bloom further answered clarifying questions regarding the Board backgrounder.

It was moved by Vice President Brown, seconded by President Simpson, to approve Resolution #1305. The motion passed unanimously (4-0).

2013 FIRST QUARTER FINANCIAL REVIEW

Using overheads, Susan Eicher, General Accounting and Treasury Supervisor, presented the first quarter financial review for the electric and water utilities, including net income, operating revenue, operating expenses, contribution margin, reserves and designated funds, capital budget, and payroll expenses.

She noted that some of EWEB's financial statements now have different names due to requirements from accounting standards, and that changes have been made in the way the budget is monitored so that variances can be tracked and researched much more closely.

Commissioner Mital asked if EWEB is educating customers that conserving isn't necessarily going to lower their bill, and he wondered how fixed costs and rate redesign that affect customer bills will be explained to customers. General Manager Gray acknowledged that staff needs to work on customer education regarding the different bill components. Joe

Harwood, External Communications Coordinator, briefly reviewed the customer education that has been done so far.

Commissioner Manning asked if social media is used to help get the word out to customers. Mr. Harwood replied that Facebook and Twitter are used daily, not only to publicize events, but to report outages and direct customers to EWEB's website when they have questions.

2013 FIRST QUARTER OPERATING PLAN DASHBOARD RESULTS

General Manager Gray asked for feedback from the Board on how the dashboard result design is working for them. He noted that, as per the Board's request, the results will list positives as well as negatives.

He then reviewed the first quarter operating plan dashboard results and answered clarifying questions from the Board. He reminded them that many of the results will take time and that setting ambitious goals will result in yellow lights from time to time, and that some yellow lights are only temporary yellow lights.

He highlighted and expanded on the following dashboard results:

- Customer Service – concern about long customer lines in the lobby for bill payments and long waits in the telephone queue
- Carmen-Smith relicensing process
- Layoffs continue to be painful and affect morale and job security. Unionization efforts also contribute. This is a huge cultural issue that needs to be worked on.

President Simpson asked for an update on the Customer Service issues. Mark Freeman, Customer Service/Energy Management Services Manager, said that the new customer service representatives will complete their training by June and that part-time representatives may be hired for the usual high-traffic season from June to September, but that he is looking to be back to baseline by fourth quarter 2013.

President Simpson asked for a brief clarification of the project delivery and reliability results. General Manager Gray replied that he is comfortable with the current status as long as it doesn't cost money to maintain the green lights. He then recalled the proposed cost reductions and stated that they would result in minor degradation of reliability.

BOARD RETREAT FOLLOW-UP

President Simpson recalled that the Board had discussed having an abbreviated Board meeting on the third Tuesday of the month. He recalled that the agenda check, Items from Board Members, and public input would be retained for that meeting but no consent calendar would be presented unless it contained an item that needed to be addressed right away. Action items would also be welcome for that meeting but Correspondence/Board Agendas would not be

included in that meeting, though they would be included in the Board run. Lastly, the 5:30 start time and the new agenda format are acceptable.

General Manager Gray stated that the new agenda format is working well from a staff perspective and also from his perspective. He noted that former Commissioner Bob Cassidy's feedback has been very positive, and that Mr. Cassidy believes Board discussions are richer.

Commissioner Mital asked for clarification of the difference between Items from Board Members and Correspondence/Board Agendas. General Manager Gray replied that Items from Board Members is the Board's opportunity to raise issues or make comments, and Correspondence/Board Agendas is where he will ask questions of the Board, as he assumes the Board has already read the correspondence, and will highlight any changes to the agenda (i.e., too many agenda items for one meeting) or point out key items.

President Simpson added that Correspondence/Board Agendas is also an opportunity for General Manager Gray to report out on awards and accomplishments.

President Simpson also recalled that the retreat had included a discussion about constraints around the amount of time taken for Board discussion and that they had discussed the possibility of a queue timer or time manager (a single indicator). He asked the Board if they wish to pursue this.

Vice President Brown briefly described a queue timer that is used by the Eugene City Council. President Simpson asked Ms. Johnson to do some research and show the Board what type of timer can be purchased for what price and to try to model it closely after the City Council's system.

President Brown stated that he would like to try out a system before one is purchased. President Simpson asked Ms. Johnson to arrange a time for him to meet with the City Council to view their system. Commissioner Manning wondered if it would be possible to do an actual test drive of their system. Ms. Johnson replied that there are also some free systems that can be tried out such as an internet site with a visual timer, but more complex systems become more expensive.

CORRESPONDENCE/BOARD AGENDAS

General Manager Gray recalled that he is attempting to have only one Board meeting per month with a few exceptions. He noted that the July 2 meeting will be canceled due to the July 4 holiday, and the sole July meeting will be on July 16. He also recalled that the second meeting in September is traditionally held upriver, and he recommended retaining that meeting. Another possible exception would be the annual City of Eugene/EWEB joint meeting which the City is hosting this year.

General Manager Gray stated that staff will continue to work with the Register-Guard regarding their notice of Board meetings.

Regular Board Meeting

May 7, 2013

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President Simpson asked if the September meeting could be held on September 3. Ms. Johnson replied that the generation rates public hearing would conflict with that date.

President Brown stated that the Forest Service is taking comments until May 17 regarding the degradation of riverbanks along the McKenzie River due to public camping. He hoped that the Board will take a position on this.

General Manager Gray replied that the Board will need to take a position on this issue because there are problems with public camping on EWEB property as well, with no law enforcement present, and if the Board so directs, President Simpson can sign a letter to be sent.

The Board supported this recommendation, and President Simpson agreed to sign a letter.

President Simpson adjourned the Regular Session at 9:08 p.m.

Assistant Secretary

President