

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
JUNE 3, 2014
5:30 P.M.

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

Others Present: Mel Damewood, Cathy Bloom, Todd Simmons, Lena Kostopulos, Mark Freeman, Jeannine Parisi, John Femal, Frank Lawson, Lisa Atkin, Susan Eicher, Steve Newcomb, Sue Fahey, Lance Robertson, Roger Kline, Brad Taylor, Erin Erben, Monica Shovlin, Dan Morehouse and Taryn Johnson of the EWEB staff; Vicki Maxon, Recorder.

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

AGENDA CHECK

There were no items.

ITEMS FROM BOARD MEMBERS

Commissioner Manning thanked everyone for attending. He stated that he had a recent conversation with a member of the Eugene City Council, and that he had mentioned that one of the reasons people are relocating to Eugene from California is because of the quality of Eugene's water, and that he had assured him that EWEB's Board and staff are working on a second water source.

Commissioner Helgeson stated that he attended the annual meeting of the Northwest Public Power Association (NWPPA) from May 18-22 in Billings, Montana and that he was impressed with the program because of its resource-oriented presentations such as energy balance markets, integration of renewables, electric cars, etc.

Commissioners Helgeson and Simpson complimented staff on the quality of this month's Pipeline.

President Brown recalled that during the February ice and snow storm, approximately 80% of the calls received regarding downed power lines were power lines that didn't belong to EWEB, and that EWEB was blamed for other utilities' problems, etc. He asked General Manager Gray to see make sure that issue doesn't fall off the radar as he believes that may happen again.

President Brown also noted that Rosboro Lumber has tipped the bridge and taken the fallen timber off of it, and that he sent a thank you e-mail to them, both as an individual and as an EWEB Commissioner.

President Brown then noted that on May 12 a woman was killed when her car ran off McKenzie Highway and went into the McKenzie River, and that the car has not yet been located or removed. He said he doesn't believe EWEB was notified when this happened, and that this is the second time in a year that a car has gone into the river and EWEB hasn't been notified, and that he is concerned about the possibility of the release of gasoline, coolant, oil or transmission fluid into the river. General Manager Gray said that he will follow up on this incident.

President Brown then stated that he has been yelled at mercilessly by many McKenzie River fishermen who blame EWEB for the lack of salmon because EWEB is running too much water into the canals, but that he is pretty sure that isn't the cause. EWEB staff was asked to adjust water flow, and they did, and President Brown thanked staff for being so responsive.

Commissioner Manning noted that some Bethel citizens have planted a community garden in a large area near the Bethel School District office, and he thanked General Manager Gray and staff for offering EWEB's assistance with irrigation for the garden as a way to support the community.

PUBLIC INPUT

Bob Cassidy noted that tonight's meeting was not listed in the Register-Guard, and that this is the second time this year that a Board meeting has not been listed. Regarding EWEB's mission statement, he read the former mission statement and then the recently revised mission statement, and he wondered why it had been revised, and also noted that there was nothing about that revision in either the Register-Guard or any EWEB publication.

Tim Whitley is the EWEB education grant coordinator for Eugene School District 4J. He shared a current student project (a handmade turbine), explained the curriculum for this project, and noted that this particular turbine had generated 30 volts. He noted that 1,560 of these turbines were built, and the students then take them apart and recycle the parts, and he thanked the Board for funding the education grant that makes this possible. Mr. Whitley also noted that the annual Solar Challenge will be held this Saturday, June 7, beginning at 11:00 a.m., and will include not only 4J students but also students from Crow, Cottage Grove and Creswell. He said that he looks forward to having the Board and General Manager Gray join them, and thanked them again for their support of this event.

Regarding the lack of meeting notice in the Register-Guard, Commissioner Simpson noted that Taryn Johnson, Executive Assistant to the Board and General Manager, always gives the Register-Guard sufficient notice though they may not print it, and that the majority of the community knows that Board meetings are held on the first Tuesday of the month.

President Brown thanked Mr. Cassidy and Mr. Whitley for attending. He recalled that the Board came close to cutting the budget for energy education programs but that after he saw how many kids would be affected and how positive the response was, his support was reinforced. He encouraged Mr. Whitley to continue to provide input at Board meetings.

Vice President Mital noted that President Brown and Commissioner Simpson were re-elected to the Board in the May 20 primary election, so the current Board will continue to serve for at least two more years, and he is looking forward to that.

CONSENT CALENDAR

MINUTES

May 6, 2014 - Amended Regular Session

It was moved by Commissioner Manning, seconded by Commissioner Helgeson, to approve the Consent Calendar. The motion passed unanimously (5-0).

HAYDEN BRIDGE INTAKE IMPROVEMENT – PHASE 2

Mel Damewood, Engineering Manager, recalled the backgrounder that the Board received, and reminded them that time is of the essence for approval of this contract because the bids close on June 19. It was moved by Commissioner Simpson, seconded by Commissioner Manning, to approve the above contract. The motion passed unanimously (5-0).

115 kV/230kV CIRCUIT BREAKER CONTRACT

Mr. Damewood noted that this contract is for five years and that it is an action item because of its cost. Mr. Damewood and Frank Lawson, Systems Engineering Supervisor, answered clarifying questions from the Board regarding breaker failure and possibly greenhouse gas emissions. It was then moved by Commissioner Simpson, seconded by Commissioner Manning, to approve the above contract. The motion passed unanimously (5-0).

CONTRACT AMENDMENT: LEABURG DAM ROLL GATE #2 REPLACEMENT

Mr. Damewood recalled that this is a housekeeping item because of the contractor's request for a substitution in the type of hoist system. He explained that this system tends to be simpler and more compact but that there is no change in contract scope, and that this system is actually more beneficial and has the same warranty requirements. It was then moved by Commissioner Simpson, seconded by Commissioner Helgeson, to approve the contract amendment. The motion passed unanimously (5-0).

2014 FIRST QUARTER FINANCIAL REPORT

Using overheads, Cathy Bloom, Finance Manager, and Susan Eicher, General Accounting and Treasury Supervisor, presented the above financial report. Ms. Eicher noted that expenses incurred because of the February snow and ice storm affected net income, but that she still anticipates a net profit. She noted that the Federal Emergency Management Agency (FEMA) approximately 75% for disaster relief expenses, which is about the same percentage that other communities received.

A brief discussion ensued regarding FEMA reimbursement and the storm's impact on the utility. Ms. Bloom recalled an e-mail that was sent to the Board to schedule one-on-one meetings in July.

GREENPOWER PROGRAM REVIEW

Lance Robertson, Public Affairs Manager; Mark Freeman, Energy Management and Customer Service Manager; Monica Shovlin, Marketing & Creative Services and Greenpower Program Supervisor; and Dan Morehouse, Commercial Energy Management Services, presented a review of the Greenpower program. Mr. Robertson recalled the background that the Board received and noted that their presentation is for information only, and that management invites questions and feedback from the Board.

Management then presented the following six recommended changes to the solar program to begin January 1, 2015, and recommended reallocation of the resulting Greenpower budget toward more grants.

- Lower residential solar program incentive cap to \$2,500 from the current \$5,000
- Lower residential solar program incentives from 15% to 10% of project cost, from \$0.60 to \$0.40 per KW installed
- Eliminate the commercial solar program incentive (currently at 10% of project cost) except for nonprofit, government or public projects, excluding Greenpower grant recipient projects
- Adjust the overall Greenpower budget, using the shift in allocations described above, toward additional grant funding and opportunities that may include viable community solar projects
- Continue to monitor the installed cost (especially equipment manufacturer pricing) of PV systems and incentive trends of other utilities
- Continue to monitor the evolution of community solar business models, both EWEB internal systems and vendor offerings; however, EWEB's business strategies do not prioritize community solar at this time

Commissioner Helgeson offered the following comments:

- Wants to offer the most bang for the buck
- Realizes this will reach a point of diminishing return
- Wants to always keep the benefit to the community in mind

President Brown asked Vice President Mital for his feedback since he had requested the review. Vice President Mital stated that his concerns were the amount of money necessary to be spent in order to maximize community benefit and improvements, and also the disconnect between the Greenpower customers who are actually funding the program and what is actually happening, which was exposed in the surveys taken last fall, which were somewhat confusing. He reiterated the importance of making every effort to make sure that those customers understand what they are funding, and that it is his sense that those are some of EWEB's most loyal customers who really do understand, yet may feel undermined by what may happen.

Ms. Shovlin reiterated that staff is only partway through the survey results and that they are committed to continuing the surveys and also to closing the communication gap.

EWEB BYLAWS & BOARD POLICY REVIEW

General Manager Gray briefly reviewed a list of Board bylaws and policies that the Board has requested to review.

Commissioner Simpson volunteered to assist with wordsmithing of the above in order to come back to the Board with proposed revised wording. Commissioner Helgeson agreed to assist in this regard, and the Board agreed, with revisions to be completed by the end of the year. General Manager Gray clarified that this will not be a subcommittee.

Regarding possible revision of Board minutes production and audio recordings of meetings and/or work sessions, Commissioner Helgeson stated that he feels this subject deserves more discussion around Robert's Rules of Order and the minimum that is required for that process. He said he believes it should be an open, transparent process that provides information to EWEB's customer/owners for a window into the Board meeting process and not a streamlined version of what is legally required, which may remove that benefit. He added that he believes EWEB owes its customers an opportunity for that window that doesn't require them to listen to three or four hours of audio, and that the process needs to be more user-friendly.

Vice President Mital echoed Commissioner Helgeson's comments and voiced his support for more detailed Board minutes, and added that detailed minutes have personal value for him when he has found it necessary to refer to previous minutes for a variety of reasons.

Commissioner Manning commented that it is difficult for the Board to satisfy everyone and added that he doesn't feel the need for detailed minutes. He said he believes that the public wants to know what actions were taken and what the manifestations are, and does not want a detailed "Register-Guard comment page" that is added to the minutes.

In relation to Board Policy SD5, President Brown noted that the City of Eugene did not intentionally vacate 4th Avenue and that he believes that is still 4th Avenue right of way, which is to be open to the public.

CORRESPONDENCE AND BOARD AGENDAS

General Manager Gray highlighted several items:

- Solar Challenge on Saturday, June 7 - start time and race time to be clarified
- July Board meeting postponed to July 22 (from July 8)
- Tentative joint EWEB/City Council meeting on July 23 - Jeannine Parisi and General Manager Gray will send a request for agenda items
- Major customer luncheon on September 30 - panel format including John Lively, Metro partnership, Chamber of Commerce (Dave Hauser), John Ruiz regarding economic development. Assembly at 11:00 for meet and greet with lunch at noon.

Commissioner Helgeson complimented staff on the excellent compliance report on renewable portfolio standards (RPS), and said he would be interested in seeing the projections for when, if ever, those will kick in and cause EWEB to take action.

BOARD WRAP-UP

Commissioner Manning echoed Vice President Mital's earlier congratulations to President Brown and Commissioner Simpson regarding their re-election, and said he is looking forward to sharing time with them, added that he also appreciates staff and their honesty, and noted that it's all about the ratepayers. Commissioner Helgeson echoed the congratulations.

Commissioner Simpson recognized the newfound trust between the Board and staff, and noted that the strategic planning session brought out some really great ideas and concepts for the future, and how to use those as a filter and tool to judge the merits of major decisions. He too looked forward to working with his fellow Commissioners, and asked General Manager Gray to let them know when there are regional meetings in Portland that are suitable for a Commissioner(s) to attend.

General Manager Gray replied that he will get a schedule for the Public Power Council (PPC), Pacific Northwest Utilities Conference Committee (PNUCC), and Northwest Public Power Council (NWPPC) meetings (for testimony), as there are some fairly significant issues coming up.

Vice President Mital recalled the recent EPA ruling regarding coal-fired power plants and that some plans that EWEB made 8-10 years ago had positioned them well for that ruling.

President Brown noted that he hasn't presented his quarterly or semi-annual report to the City Council yet, and he asked his fellow Commissioners if they would like him to continue to do that and, if so, to let him know what topics they would like him to report on. The Board agreed, and Commissioner Simpson offered to be President Brown's substitute in that regard, if necessary.

General Manager Gray added that this is a great suggestion and that it is important for the Board and the City Council to maintain communication and cooperation with each other.

Commissioner Manning noted that some customers who live in the 7th & Lawrence area had complained to him about EWEB using jackhammers at night and that they had never received advance notice, but in fact it was not EWEB who was working in that area, so EWEB has now taken steps to get more information out to customers who live in that area.

President Brown adjourned the Regular Session at 7:35 p.m.