

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
FEBRUARY 17, 2015
5:30 P.M.

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

Others Present: Roger Gray, Jeannine Parisi, Jill Hoyenga, Sue Fahey, Harvey Hall, Joe Harwood, Todd Simmons, Brad Taylor, Erin Erben, Tammy DenOuden, Lena Kostopulos, Frank Lawson, Mark Freeman, Mel Damewood, Steve Newcomb, Susan Eicher, Edward Yan, Lance Robertson, Anne Kah, Roger Kline, Gail Murray, Rene Gonzalez, Janice Lee, Mike McCann, and Taryn Johnson of the EWEB staff; Vicki Maxon, Recorder.

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

AGENDA CHECK

There were no items.

CEREMONY OF APPRECIATION TO AMERICAN RED CROSS

President Mital introduced Jill Hoyenga, Planner III, and Megan O'Hara, Executive Director of the Lane County Chapter of the American Red Cross. He summarized a recent project where EWEB sold emergency water storage containers (which he showed to the audience) in partnership with the Red Cross, in order to help EWEB customers take action and recover from disasters more quickly (each customer should have one gallon of water per person or pet per day in preparation for a water emergency). He noted that this partnership is the first of its kind in the United States and that this project received a large response mostly because of the Red Cross's reputation. Customers were charged \$5 per container and all proceeds went to the Red Cross, with the containers selling out and the project raising \$7,945. President Mital thanked Ms. O'Hara and said it was a privilege and honor for EWEB to partner with the Red Cross.

Ms. O'Hara thanked Ms. Hoyenga and the EWEB project team for a terrific project, and said she looks forward to further partnerships for the community to get the emergency preparedness message into all homes.

President Mital then recognized Ms. Hoyenga, who distributed EWEB's new water reliability infographic booklet to each Commissioner. She noted that this is a continuation of the emergency water container project, and asked the Board to review the booklet and send her any suggestions and comments they might have.

ITEMS FROM BOARD MEMBERS

Commissioner Manning welcomed everyone. He noted that he had attended the Black in Government dinner, and that there was another event the same night at the same time, so Board attendance was split between the two events.

He also congratulated Commissioner Brown on being named First Citizen of Eugene for 2014. He told him the award was well-deserved and that he looked forward to a repeat in 2015.

Commissioner Helgeson noted that he and Commissioner Simpson attended the celebration of the near-completion of the United Way campaign. He appreciated and congratulated EWEB staff and employees for another successful campaign.

Vice President Simpson noted that he attended the Lane Council of Governments (LCOG) annual appreciation dinner with General Manager Gray in order to present information about climate change, and that they had taken the general manager and Board president of Lane Electric with them as their guests.

Commissioner Brown thanked his fellow Commissioners for attending the Future Citizen event in his honor and that he was very humbled.

He then voiced a desire to accelerate the acquisition of additional water distribution trailers in the event of a water emergency, and asked for an update on the emergency preparedness plan.

He then recalled that approximately a year ago the Board had discussed EWEB's real estate inventory and what isn't currently being used, and he wondered if there will be an upcoming report or at least a Board discussion about what EWEB plans to do with surplus property, timberland acreage, etc. that may not be mission-critical.

President Mital reiterated that the emergency water containers are a great thing to have and that 2,000 containers were sold (a sell-out), but that the vast majority of EWEB customers still don't have one.

PUBLIC INPUT

Joe LeFleur (Springfield) reiterated his previous testimony regarding the presence of 4G cell phone towers as opposed to 3G cell phone towers in relation to the disappearance of bees, birds, bats, etc., upriver around EWEB reservoirs. He noted that on a three-mile hike upriver today, he did not observe a single bird. He also noted that in the documentary "Take Back Your Power," the author had used photo microscopy to verify that smart meters can damage blood cells in humans.

Abraham Likwornik recalled that on May 26, 2014 the Board was presented with a legal notice and demand for information in addition to a CD, and also a demand that the Board cease and desist with the purchase of smart meters. He added that the Board chose to ignore the above and proceeded with their plan to purchase. He reminded the Board that to do so would be

a breach of office and a violation of their fiduciary duty, which would result in official misconduct and a criminal offense. He opined that the Board has not met burden of proof or guaranteed that these meters are lower-cost, secure, and will not violate customer rights, that they have not shared credible information or strong opposition about the meters, and that the opt-in choice for customers provides a false sense of security.

Cindy Allen recalled that the Board was given a copy of “Take Back Your Power” and that Dr. Paul Dart had done an 18-month study and presented his report to the Board. She noted that the director of “Take Back Your Power” will be coming to Eugene for more showings and additional discussions. She asked the Board to retain analog meters, as they last for 30 years instead of 15, and insure jobs. She also asked the Board to postpone their vote on any smart meter contract due to them causing too much personal liability and increased electric bills.

Dennis Hebert lives near Tugman Park. He noted a discrepancy in the AMI information on EWEB’s website which says that if one does not opt in, new upgraded meters are going to be installed without frequency effect, yet in the next paragraph it says the meter will still be able to be controlled by turning it on and off from headquarters. He said he questions that discrepancy and also asked the Board to look into the control of emissions.

Maurya Kaarhus voiced opposition to smart meters, as she is concerned about safety, cost, freedom of choice, and privacy. After watching “Take Back Your Power,” she sees no reason to spend public funds to buy the meters, which are neither necessary or justified, and the cost will be passed on to EWEB customers. She noted that smart meters in California have caused doubling or tripling of electric bills and many have caught fire or were installed in spite of customer objection. She requested the Board to retain analog meters and instead spend the proposed smart meter budget on the new gates for Leaburg Dam.

Lisa Marie DiVincent echoed the testimony she has heard so far and reminded the audience of the repeat screening of “Take Back Your Power,” which is being sponsored by the Lane Peace Center at Lane Community College in association with the Lane County Student Chapter of OSPIRG. She noted that there will be a Q&A via Skype with Josh Del Sol (the director) and also presentations by Dr. Paul Dart and Lane County Commissioner Peter Sorenson. She asked the Board and EWEB staff to re-review “Take Back Your Power” and all the other documents they have received in the last two years.

Karin Almquist told the Board that her 9-year-old child became ill last year with nausea, heart palpitations, appetite change, digestive problems, anxiety, and depression, and that she felt better after her radiofrequency exposure was reduced while on vacation. She noted that she no longer has a wi-fi, cable, or a cell phone, only to find out that her child’s school had upgraded their wi-fi system. She stated that if her neighbors opt in for smart meters, she and her daughter will have to move to a rural area and be more isolated.

Kathy Ging recalled that Commissioner Manning had previously expressed concern regarding a Sensus USA employee who had filed legal action against Sensus because of undisclosed wireless meter risks, and she opined that his concern had influenced Commissioner

Helgeson to hesitate, and then to delay a vote on smart metering. She noted that thousands of Sensus meters have been removed in Pennsylvania and in Portland due to fire risk, and reminded the Board that health and fire are still concerns in addition to increased liability that EWEB could assume if purchasing smart meters. She again asked EWEB to continue to educate the public about the health issues of smart metering, and to form an ongoing review committee on which ratepayer/owners can participate. In closing, she asked the Board to stop the ordering of these meters while there is still time.

Robin Bloomgarden (Whiteaker neighborhood) agreed with the previous testimony regarding smart meters and said she is totally against them. She added that she is also against not having a backup water supply, and believes that \$26 million would be better spent on that.

Commissioner Brown told the audience that the Board is listening, and asked General Manager Gray to get back to him regarding the wireless meters being “hot,” so to speak. General Manager Gray noted that a change had been requested from Sensus, and that the meters are normally in a passive, non-communicating state.

Regarding the public comment about having to escape to a rural community because of wireless meters, Commissioner Brown asked whether or not EPUD and Lane Electric have wireless meters. General Manager Gray replied that he believes that EPUD does, and that they use a power line carrier via electric power lines, which creates a different type of field.

Regarding a public comment about job loss because of wireless meters, General Manager Gray clarified that the rollout of wireless meters will take several years and that meter readers will be re-trained, and that meter readers for wired meters will still need to be retained for quite some time.

Vice President Simpson thanked those who testified. He asked Ms. DiVincent for the date for the screening of the documentary. It will be held Wednesday, February 25 from 4:00 to 7:30 p.m. in Building 17, Forum Room 309 at Lane Community College. He then asked General Manager Gray to speak to the inability to purchase analog meters.

General Manager Gray stated that EWEB has been using digital meters for at least 10 years and that EWEB would have to ask manufacturers to uniquely create analog meters just for them. He noted that the world is rapidly moving toward digital meters, even without the extra functionality, and that experiments were shut down some time ago.

Commissioner Helgeson stated that he believes some confusion exists regarding meter types. He said his understanding is that there are different levels of electronic meters--some are base level with no communication ability, and some have limited communication capability from the street or directly from the front, and those are the type EWEB is proposing. With the differentiation between meter types and the things people hear about communication protocols, there has been a lot of confusion about EWEB's plans. He further noted that his understanding is that with an opt-in, the meters will only communicate once a month in order to collect readings, and in small numbers during a month to synchronize with the central system, so that in general,

the frequency is seemingly overestimated. He added that programs offered to customers who wished more communication would involve more routine transmissions, and said that he would like to see more communication with customers about that aspect.

Commissioner Helgeson also appreciated everyone's testimony and assured the audience that the Board has given wireless metering very considerably thought--in fact, for the last 2-1/2 years this topic has consumed more agenda time than any other that he knows of, including budget and rates. He added that it becomes a judgment call about the extent of risks that can or cannot be mitigated, and that he believes EWEB's approach is substantially modified from two years ago with the opt-in and designing for radiofrequency exposure, and that the Board has considered public concern. He also noted that the Board feels that this modification, in conjunction with the opt-in choice, substantially mitigates public concern, and that while he respects a difference of opinion, he believes Board and staff have done their homework and drawn some different conclusions.

Commissioner Manning noted that the reliability of any of the studies mentioned is based on replication, and that these studies were not ever replicated. He noted that he had traveled to East Coast and Midwest utilities and found that the majority of those used similar infrastructure to what EWEB has chosen, but that their smart meter system is much different than EWEB's, as once it transmits, it goes to a satellite and the satellite beams down, and that there were no reports of damage from radiofrequency in a city of over three million about the technology that they use. He also reminded the audience that there are many customers who DO want this system, and that's why the opt-in was offered, and that as a Commissioner he needs to make sure variety is there for every customer. He added that he is committed to making sure it is the best available and as less intrusive as possible, and that gamma rays and radiation aren't an issue.

President Mital echoed the comments of his colleagues. He thanked the public who testified for their activism, which contributed to the contract before the Board tonight being quite different than the original one (a go-slow approach which balances the concerns of a variety of groups), and said that EWEB is better because of their perspective.

APPROVAL OF CONSENT CALENDAR

MINUTES

1. January 6, 2015 Regular Session

CONTRACTS

2. General Pacific, Inc. - for the purchase of dead front pad-mounted switchgear 15kV on an as needed basis. \$365,000 (over five years). Engineering Services. Contact Person is Mel Damewood.

3. Wright Tree Service - for utility line clearance which includes tree pruning and removal, stump grinding, and row mowing along EWEB transmission and distribution power lines on an

ongoing basis. \$16,000,000 (over five years). Distribution Reliability. Contact Person is Todd Simmons.

INTERGOVERNMENTAL AGREEMENT (IGA)

4. LCOG - for Water Quality Monitoring Technical Assistance Activities including integrating EWEB's water quality data base to GIS tools and assistance in analyzing and evaluating non-point source pollution in the McKenzie Watershed. \$775,000. Environmental Services. Contact Person is Steve Newcomb.

RESOLUTIONS

5. Resolution No. 1501 - Board Liaison Assignments & Committees, Contact Person is Roger Gray.

6. Resolution No. 1504 - 2015 Avoided Cost Filing, Contact Person is Erin Erben.

Commissioner Brown asked to remove item #4 in order to clarify what it is for. It was then moved by Vice President Simpson, seconded by Commissioner Brown to approve the remainder of the consent calendar.

Steve Newcomb, Environmental & Property Manager, clarified the purpose of the intergovernmental agreement. He noted that this is a continuation of the environmental data base that EWEB already has.

Vice President Simpson asked what the cycle is for updating the data base. Mr. Newcomb replied that it is an ongoing effort as there are land use changes and increased development with different uses, and that the information is used to analyze where the best places are to elevate funding, i.e., the areas with highest risk to water quality.

Commissioner Helgeson voiced support for the program and clarified that his recollection is that the partnership was forged because EWEB doesn't maintain the land use data base and that the state of EWEB's internal GIS platforms is such that that is not able to be integrated with EWEB's mapping systems. He asked staff to keep an eye on that and look for opportunities to reintegrate this capability with EWEB's internal systems, as EWEB's mapping capabilities have improved, with the possibility of bringing some of those capabilities in-house at lower cost.

President Mital noted the increase in cost although not all of that is necessarily being spent. Mr. Newcomb replied that the budget has remained the same for the past 4-5 years and that the program has not expanded, but money has been shifted to where it is needed most.

It was then moved by Commissioner Brown, seconded by Vice President Simpson, to approve item #4. The motion was unanimous (5-0).

AMI CONTRACTS SUBMITTED FOR APPROVAL

Using overheads, General Manager Gray recalled the “slow roll” program for AMI and that the Board had chosen alternative #2, the strategic AMI opt-in approach, and that the AMI contract was renegotiated pursuant to the Board’s direction.

Commissioner Helgeson stated that this contract is based on many principles that were adopted 1-1/2 years ago with a number of modifications in regard to the opt-in approach, and that he hasn’t seen anything since that would make him feel differently about it. He asked General Manager Gray to recall the differences between this contract and the original contract.

General Manager Gray referred the Board to the summary in their backgrounder, and noted that the most important economic features are the benefits of a “big bang” contract but without obligation to a certain number of meters (i.e., a slow roll), and that the contrast cost has been reduced from \$26 million contract to a \$20.5 not to exceed contract, with the option for a second non-Sensus meter if the customer is unhappy. He also noted that this is not really a savings, but a partial shift to using internal labor services.

Commissioner Helgeson clarified that a large portion of the \$26 million would still be spent on new meters even if the Board did not proceed with AMI.

Commissioner Manning stated that he believes this program and technology is more beneficial, and that those customers with medical devices at home who have a power outage will be able to determine it right away and get the power back on quickly. He also noted that this would also benefit low-income customers who can’t afford a security deposits. He agreed that this project can’t continue to be put off and that change is inevitable. He asked General Manager Gray to recall some of the benefits of this technology.

General Manager Gray stated that EWEB will know when a customer is out of power, customers will have the ability to pre-pay their bill, etc., and that a customer will also know every single day what they are using and how much their bill will be each month so they can better prepare. He also noted that at other utilities who use this system, some customers are making multiple payments per month, and that for customers who wish to help manage their peak load, incentives may be given to do things differently, which would be very beneficial for low-income customers, especially. He estimated that 10-15% of customers may wish to manage their peak load, and that staff will be recruiting those customers.

Commissioner Brown noted that without AMI, EWEB would build a gas-fired power plant and then there would be concern about the footprint. He noted that peak load times are between 7-11:00 a.m. and 5-9:00 p.m. Because EWEB has to buy more power at those times, behavior modification can save both kilowatts and money, and if Board policy is to continue conservation, this is the best tool to use. He said he will support AMI because he believes it is the best win/win.

President Mital noted that cyber security seems to be on the rise, and he asked about these meters presenting vulnerability. General Manager Gray replied that cyber security is real, and that 40% of attacks are in the energy sector, but that the good news is that the grid is isolated and always has been, and that these meters are not connected to the grid. He added that their level of security is very high and that they're on an independent network where EWEB controls the frequency, as regulated by the Federal Communications Commission (FCC), and that EWEB needs to rely on the basic security and policies and procedures that are in place.

Vice President Simpson asked General Manager Gray to touch on the operational benefits internally which enhance efficiency and keep rates down. General Manager Gray replied that meter reading will eventually be replaced with technology, and that start/stop service will eventually be done remotely instead of in person. He noted that this system will also assist in troubleshooting outages more rapidly with faster response time and efficiency of response, and that the money saved on those costs dwarfs the cost of the meters.

General Manager Gray added that EWEB will still retain meter readers, but once AMI is up and running, those meters will begin to be read remotely, and that while meter reading routes will be a bit less efficient, meter readers will be using a device that tells them who has opted in or out.

Commissioner Helgeson recalled that the first phase steps will be driven by level of customer acceptance. He asked how the Board will be informed of progress and whether there will be a period to assess that progress and, if necessary, recalibrate. General Manager Gray replied that the Board will receive routine updates on the project a few times a year, and that pilot programs and research and development will also be routinely assessed (in the context of the Integrated Energy Resource Plan), for example, time of use will be tested. He also noted that the budget cycle will be able to be recalibrated, along with the long-term financial plan.

Commissioner Helgeson asked staff to continue to do everything possible to communicate with customers so that they have clarity, and to continue to address the confusion and misunderstanding that was heard in some of tonight's public comment.

It was then moved by Commissioner Manning, seconded by Commissioner Brown, to approve the AMI contracts as submitted. The motion passed unanimously (5-0).

2015 ORGANIZATIONAL GOALS AND KPI

General Manager Gray recalled that this agenda item had been postponed from the January meeting and noted that he had asked the Board for additional comments and/or suggestions, and had not received any. He noted the omission of some words in a performance item on page 1 and that there will be follow-up in a starboard report, but otherwise there were no other changes since it was last submitted.

It was moved by Vice President Simpson, seconded by Commissioner Helgeson, to approve the organizational goals and KPI. The motion passed unanimously (5-0).

Vice President Simpson thanked General Manager Gray for a great deal of work, and Commissioner Helgeson stated he is comfortable with the metrics for next year, though he hopes that the Board can focus more energy and attention on strategic items such as second source water.

President Mital called for a 10-minute recess.

2015 STATE OF THE UTILITY ADDRESS

President Mital gave the following State of the Utility address:

“Six weeks ago my fellow commissioners elected me to a one-year term as EWEB Board President. As a result, I have the duty to prepare, and the privilege of presenting, the Eugene Water & Electric Board’s 2015 State of the Utility address.

As Oregon’s largest public utility, recipient of numerous awards, and widely recognized nationally for its progressive leadership, EWEB continues to provide an example of excellence for Eugene and beyond. Our foundation of excellence was established by delivering clean water and clean power at affordable rates day in and day out. Over its 100-plus years, Eugenians invested in EWEB, and it has become an important example of public ownership and local control in a profit-driven world. Eugene is rightly proud of the institution it made that actively participates in shaping its future.

This past year our safety record, reliability metrics, environmental performance, and customer survey results demonstrated, again, that EWEB employees are highly qualified and dedicated. We are fortunate to be led by an excellent general manager and leadership team. And our current Board is pretty good, too.

Excellence doesn’t happen overnight. Staff, management, and past Boards built this up over 100 years. Our task is to be good stewards of the EWEB we inherited from the 20th century and to prepare it as best we can for the challenges of the 21st. Luckily, most of the core commitments needed to succeed in the 21st century - like transparency, reliability, and thrift - were integrated during the 20th. But there are some new commitments – like even more engagement with our customers, flexibility, and resiliency – that we need to, and in fact are, adopting.

Let me mention five significant accomplishments from the past year that speak to these core commitments:

1. EWEB’s financials have improved. This is due in part to exogenous variables including an improving regional economy and an improving forward price curve - though that has lost some ground these past few months. But it’s also the result of savvy but prudent hedging strategies, a renewed sense of thrift, and especially a willingness to look at reductions in O&M and capital through risk-based capital planning and priority-based budgeting with fresh eyes and more thorough discussion. The reductions incorporated into the 2014 budget

included 25 positions, most of which were achieved through retirements and attrition, other O&M reductions of almost \$4 million, and the deferral or elimination of over \$20 million in capital spending.

2. We created a strategic plan with clear priorities. It is focused on customer value, flexibility, resilience and people. And we are already delivering on its goals. For example, this past year we avoided a rate increase on the electric side, helping shift rates back toward the average of our peer utilities.
3. We also continued our rate restructuring work. This should provide bill stability to low-income customers while ensuring stable revenues needed to maintain our extensive - some might say robust - infrastructure. It also positions EWEB to accommodate distributed generation more honestly and without subsidies from those who can't afford to install solar on their own rooftops.
4. A few years back, EWEB's leadership identified the region's biggest long-term risk: reliance on a single source of water. In 2014 we continued to face it head-on and with strong support from the community. As proof, the Board raised water rates for the second year in a row and committed those funds to our alternative water supply project. And, in a scientifically valid blind taste test, my friend and fellow Commissioner John Brown declared water from the Willamette as his favorite local flavor. A treatment plant on the Willamette can't be far off.
5. Finally, the 8th Annual Run to Stay Warm was a huge success. More than 1,000 people participated from 16 states. Since the first run, it has raised \$160,000, including a record \$44,000 last year for our Customer Care programs. Dozens of EWEB staff, commissioners and families volunteer their time to the Run to Stay Warm, reminding us how energetic and compassionate the people who work here are.

Of course 2014 wasn't all roses. EWEB was tested.

The 2014 ice storm was one of the biggest weather events to hit the community in a generation. Temperatures hovered in the single digits for a week. Some customers went without power for five days. The good news is that, despite scores of downed power lines, nobody was seriously hurt. And FEMA is picking up most of the \$1.5 million dollar clean-up bill. The storm did expose weaknesses in our communications systems. In response, staff implemented an improved outage reporting system.

And we were reminded why we have three roll gates at Leaburg Dam. In case, against all odds, two go down...at the height of the rainy season! Like the ice storm, it stressed our staff to the limit. This time the Feds aren't likely to pay the bill. It's a reminder that some of our infrastructure, especially on the water side, is aging and we're going to have to spend dearly to replace it.

I'll end with a short list of things we are doing, or should consider, to keep us strong in 2015.

1. Next month we will conduct a thorough performance evaluation of our general manager and report the results. As a publicly elected board, it's one of our most important duties.
2. In May we are looking forward to an update from staff on our customer information system (CIS). If we're going to increase our engagement with customers, we need the ability to customize information on their monthly billing statements.

3. With a little luck, we will deliver on a long-held promise by selling or leasing the riverfront property.
4. This legislative session we are lending our reputation and some resources to help make the case for state-wide carbon pricing.
5. Staff recently launched a time-of-use pilot study with 400 participating homes spread across Eugene. It will help answer some important questions about how much energy customers operating under our trial time of use tariff can shave off peaks. This has significant implications for determining our future energy acquisition strategy. Can we meet load with these new demand response and demand management tools or do we have to invest in gas-fired peaking plants?
6. Perhaps we should review our risk management policies. We may be too cautious, even for a responsible public utility. Can we afford to risk more during certain times of the year? Or should we be even more conservative? This may be that much more timely as the wholesale market is going down again; this will be a challenge going forward.

Finally, I can say with confidence that EWEB is a strong and resilient organization. I'm very much looking forward to working with the Board and supporting our general manager and staff as they deliver water, power, and excellence to our customers in 2015."

RIVERFRONT PROPERTY NEGOTIATIONS CHECK-IN

Using overheads, Mr. Newcomb and Jeannine Parisi, Community and Local Government Outreach Coordinator, updated the Board on the riverfront property negotiations, and addressed questions and comments from the Board.

Commissioner Brown noted that the goals of EWEB's Riverfront Master Plan are atypical in the real estate marketplace. He wondered how staff will get those quantified and qualified, and get a commitment from the user to do those things. He also wondered about how to approach the City Council in order for them to assist with getting a commitment from the City of Eugene.

Mr. Newcomb encouraged the Board to work with their respective City Councilors in order to make that happen. Ms. Parisi invited the Board to attend the March 11 City Council workshop in order to assess any funding gaps regarding the riverfront property.

Commissioner Brown wondered why system development charge credits are being calculated for the parking lot, and he also asked if EWEB will receive credit for the buildings that were there in the 1940s and 50s, i.e., the Eugene Planing Mill. Ms. Parisi replied that a map of the area from 1952 has been provided.

Jay Namyet, of the University of Oregon Foundation, introduced the members of his project team. He stated that Mr. Newcomb and Ms. Parisi have been very supportive of his team on an almost daily basis. He noted that he and General Manager Gray have talked to Denny Braud of the City of Eugene and do not have specific information available yet, but that as they identify issues, they are coming up with creative solutions. He reminded the Board that even though everyone is on board with the process, it takes time.

Commissioner Helgeson thanked staff for the great update. He said he would like to see the Board work with the City Council and their counterparts to raise the possibility and likelihood of public investment in the site, and would also like more information on his City Councilor's history with the EWEB site. He told Mr. Namyet that he would continue to hear more from the Board and that the Board is confident about progress and check-ins, and that he is confident that EWEB selected the right development partner.

Vice President Simpson gave Mr. Namyet kudos on holding the line on the Board's vision and thanked him for working with the City. He noted that he has good personal relationships with some of the City Councilors but that he would like a briefing and also to be informed of various meeting opportunities.

President Mital stated that everything seems to be on a great track and that he is looking forward to the project's progression.

Commissioner Brown reminded the Board that a conversation with the EWEB Credit Union and EWEB Child Care Center is necessary, and the sooner the better, in order to get some resolution.

Commissioner Helgeson said it is his understanding that EWEB has agreed to maintain flexibility with both of them and not to make too many decisions on what to do. He added that he is very interested in working with them to manage and anticipate the impacts of whatever the outcomes are. He added that, one way or the other, he feels that EWEB owes them that respect, and that he would hope that EWEB could put them in the best position possible to deal with whatever decisions are made.

FOURTH QUARTER 2014: OPERATING AND MANAGEMENT LETTER DASHBOARDS

General Manager Gray clarified that this update focuses on the following areas of concern:

- Water product delivery – EmX project work interrupted regular Water Operations work. Mel Damewood and Brad Taylor are building the work force to handle more of these types of interruptions in the future.
- Second source water – land acquisition for intake site was delayed
- Generation assets – Carmen-Smith transformer replacements are moving forward – looking at assets from a risk standpoint
- Overall it was a successful year – pleased with response to ice storm and rollgate failures. In better shape because of the outage communication technology updates put into place since the February 2014 storm.

Commissioner Helgeson reminded the Board that Carmen-Smith has been in operation since the 1970s, and that in some respects customers have enjoyed tremendous economic benefits because of it. He noted that some of the re-investment is deferred maintenance and

extraction of equity in ways that provided those past benefits, and to keep that in mind as the Board contemplates relicensing investments to continue to provide value in the future.

General Manager Gray stated that he is very pleased with the organization's response to these issues and that the Board's alignment with the organization is very powerful right now.

CORRESPONDENCE AND BOARD AGENDAS

General Manager Gray briefly reviewed the correspondence items:

- Update on collection agency information
- Update from Mel Damewood and Mike McCann about the emergency declaration (Leaburg rollgate failures), why it was made, and that in General Manager Gray's absence, he gave Mr. Damewood direction to do what was done
- Slight delay in some financial reports and work asset management (WAM) reports

Regarding upcoming meeting agendas, General Manager Gray stated that it would be nice to sprinkle in more strategic agenda items as the need for financial agenda items stabilizes.

Vice President Simpson asked about the possibility of the Board legislative day being Wednesday, March 4 (the day after the March Board meeting), and he wondered if Jason Heuser, Legislative Liaison, could attend the March 4 Board meeting for a briefing. Commissioner Brown noted that it might be easier for have a Skype session or conference call with Mr. Heuser instead of requiring him to drive to Eugene. General Manager Gray replied that staff will ask Mr. Heuser if he is available for the March 3 Board meeting.

Commissioner Manning stated that he also wants the EWEB Credit Union and EWEB Child Care center to have some solutions soon so they can start planning, and that he doesn't want them to be "out on the street."

General Manager Gray agreed, and added that EWEB's tenant in the Midgley Building will also be affected. He noted that staff has given all three of them updates all along, and that the question is, does EWEB continue the subsidies as they are. He also noted that staff needs to determine how many of the kids in the EWEB Child Care Center are children of EWEB employees and how many are children of non-employees.

Regarding the recently dramatically changed approach on how EWEB handles customers who are past due and have been turned over to a collection agency, President Mital wondered why that wasn't a Board discussion, though he supports it. Mark Freeman, Customer Service and Energy Management Supervisor, stated that staff had asked the Board for input earlier in the year and also as part of a process to address the budget gap.

Commissioner Helgeson noted that staff has always made those credit and collection decisions in the past but that he believes there could be more dialogue and understanding around that process, for instance, what percentage of the amount goes to the collection agency.

General Manager Gray reminded the Board that this change was implemented after a discussion to close part of a budget gap, and that there is no explicit policy that says this decision has to be approved by the Board.

President Mital polled the Board on whether or not to hold up the above changed approach. The Board voted against holding up the process, and Commissioner Helgeson asked for more information and an update on EWEB's credit/collections/write-off experiences.

BOARD WRAP-UP

Commissioner Manning noted that he had attended CPR training.

Commissioner Brown noted that in his opinion, with EWEB now leasing a portion of the headquarters building, the building is not in very good condition with regard to carpeting, the paint on the walls, and just general clean-up issues. He wondered if a "sprucing up" could be considered. He also asked to see an expense report on how much has been spent on the headquarters for Master Plan surveys, consultants, etc.

Commissioner Helgeson agreed that a sprucing up of the headquarters building should be considered, and also noted that headquarters signage (which impacts EWEB customers) is not looking its best. He supported Commissioner Brown's request for an expense report, and Vice President Simpson also supported Commissioner Brown's and Helgeson's requests.

General Manager Gray noted that the headquarters spruce-up was discontinued when the budget cuts and staff layoffs occurred, and he agreed to look into a restart.

President Mital adjourned the Regular Session at 8:25 p.m.

Assistant Secretary

President