

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
AUGUST 4, 2015
5:30 P.M.

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

Others Present: Roger Gray, Mark Freeman, Wally McCullough, Mel Damewood, Lance Robertson, Sue Fahey, Mike McCann, Frank Lawson, Dan Morehouse, Kathy Grey, Lena Kostopulos, Dave Churchman, Deborah Hart, Kim Morgan, Susan Eicher, Jeannine Parisi, Edward Yan, Lisa McLaughlin, Brad Taylor, Roger Kline, Tim Odell, Harvey Hall, Todd Simmons, Matt Barton, Anne Kah, 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 comments.

ITEMS FROM BOARD MEMBERS

Commissioner Helgeson noted that he may not be able to attend the September 1 Board meeting upriver due to a vacation beginning toward the end of August.

Vice President Simpson thanked staff for their response on a weekend evening regarding the wholesale price blip and rates.

President Mital asked Taryn Johnson, Executive Assistant to the Board and General Manager, to check to be sure there will be a quorum for the September 1 Board meeting now that two out of five Commissioners are going to be absent.

Commissioner Brown commented that he and Commissioner Manning had worked a three-hour shift at the EWEB booth at the Lane County Fair, and that it was fun to interact with customers and well worth the time spent.

He also reaffirmed that he will be out of the country and cannot attend the September 1 upriver Board meeting, and thanked staff for their help regarding his response to a customer who contacted him about a right-of-way issue in the Oakway Road area.

PUBLIC INPUT

Web Sussman (Ward 1) referred to recent discussions about the use of surplus military equipment by the police, but didn't include use by other City organizations, including EWEB. He explained that the Air Force is in the process of surplusing a group of Rampmaster aircraft refueler trucks, which are large high-capacity trucks that are being used in other municipalities as water tankers for fighting fires or to move potable water in an emergency. He noted that there are two different sizes of trucks which have either a 5 KGAL or 6 KGAL capacity, and that, combined with EWEB's emergency water trailers, they would be a very portable way to distribute drinking water around the city in case of a water emergency.

He then commented that he had attended the local Tour of Homes recently and that he was very disappointed to see that local developers weren't encouraging the use of photovoltaics and other alternative energy sources, and that water was not being used as part of the landscaping. He added that these are very expensive homes that apparently depend on EWEB for their water supply, that have huge sprinkler systems without shutoffs, and are missing various other items. He encouraged EWEB to reach out to local developers to encourage them to consider alternative energy sources and also to consider water conservation in their developments.

He then told the Board that this Thursday, August 6, at 7:00 p.m. at the University of Oregon there will be a two-hour presentation regarding subduction zone earthquake possibilities and the potential for a large earthquake in the Eugene area.

William Collinge (Ward At-Large) commented that he had read the July 27 Board memo regarding the placement of telecommunication siting equipment on EWEB poles, and is concerned that there is not an explicit description of how residents would be notified before a decision is made. He noted that the memo refers to taking customer concerns into account but not the mechanism for that, nor does it state at what point that would occur. He stated that he is part of a growing resident group concerned about microwave emissions from this equipment, but that he appreciates what the Board has done with advance metering infrastructure (AMI) and the opt out, and the Board's acknowledgement of the reality of the concerns regarding microwave emissions close to homes and schools. He asked the Board for some kind of explicit plan for inviting and taking into account residents' input before decisions are made about approving or disapproving the siting.

Ray Neff (Ward 1) is a member of Oregonians for Renewable Energy. Regarding the proposed Resolution 1519 for Generation Rates, he voiced concern that the cents/kwhr figure is far lower than the value of solar energy, and he also voiced concern about avoided cost rates. He suggested that a future energy alternative should rely more on environmental impacts and social and environmental benefits, and noted that a recent study found that solar energy consistently brought more value, and that the Public Utility Commission (PUC) is investigating solar energy as a resource for summer 2016. He also requested that EWEB switch to a methodology that includes the full value of solar so that EWEB can properly compensate distributive generation

customers, whether based on PUC or others rules and regulations. He asked the Board to take advantage of all the information that is available.

Regarding the Tour of Homes that Mr. Sussman mentioned, Commissioner Helgeson noted that EWEB does offer programs that promote and engage development with energy conservation, renewables, and water conservation, but that those programs are voluntary and the permitting process doesn't allow EWEB to leverage this in any way, and Code does not currently mandate that.

Regarding the avoided cost rates that Mr. Neff mentioned, Commissioner Helgeson stated that he looks forward to tonight's presentation. He stated that EWEB recognizes the externalities that Mr. Neff mentioned, but reminded the audience that EWEB doesn't have any baseline fossil fuel resources, and that staff generally looks to the Board to include whatever incentives and whatever compensation for those externalities with incentives that are provided up front. He added that he is comfortable with EWEB basing rates after paying incentives at cost, to the extent that EWEB separates out what they pay for the investment.

Vice President Simpson asked the Minutes Recorder for a verbatim copy of Mr. Collinge's testimony.

President Mital asked staff to investigate the possibility of obtaining surplus Rampmaster refueler trucks. Regarding customer generation rates, he noted that the Board had received a backgrounder on the value of solar and, while he agrees with Commissioner Helgeson's comments, he realizes that this is a concern for the rooftop solar customers who want to continue with that energy source. Regarding the telecom policy Mr. Collinge referenced, President Mital will follow up with staff regarding complications or other considerations.

Commissioner Brown echoed the other Commissioners' comments regarding microwave emissions and generation rates for solar. He thanked Mr. Sussman for the information regarding the surplus Rampmaster trucks and for any information that assists the Board to prepare to provide water during a natural disaster.

Commissioner Helgeson added that he had read the staff report regarding the telecom equipment siting, and that the principal judgment will be whether or not the siting of these facilities would be compatible with utility operations, and that he takes a very conservative view on that, as he doesn't want it to be problematic for EWEB's core mission. He asked staff to provide a response, and noted that the applicant would need to first clear the EWEB hurdles and then move on to the City's process.

General Manager Roger Gray, stated that his understanding is also that EWEB's evaluation is technical for compatibility with utility operations, and that the City handles the permitting and public process.

Mel Damewood, Engineering Manager, noted that the siting does not require a true permit, only a right-of-way permit, and that staff has met with the City to ask if they will include a public process or not, and that the discussion is still in process.

President Mital asked Mr. Damewood to keep the Board apprised of the progression of that discussion.

CONSENT CALENDAR

MINUTES

1. a. July 21, 2015 Executive Session

RESOLUTIONS

2. Resolution No. 1522 - Declaring public need to acquire property necessary for the Willamette Plant project. Contact Person is Brad Taylor.

3. Resolution No. 1523 - Ratifying proposed exchange of real property for the Willamette Plant project. Contact Person is Brad Taylor.

ITEMS REMOVED FROM CONSENT CALENDAR

Commissioner Brown pulled items #2 and #3.

It was moved by Vice President Simpson, seconded by Commissioner Helgeson, to approve the remainder of the Consent Calendar. The motion passed unanimously (4-0).

Commissioner Brown clarified that he pulled the items only to clarify process. He noted that while he can't discuss what was covered in the Executive Session, he wants to know if these resolutions address the capacity to use the power EWEB has within legal limits of the Board, and he wondered why the Board would exercise one alternative and not the other.

General Manager Gray clarified that: 1) staff is recommending that we settle; and 2) staff is asking the Board to possibly use eminent domain.

Brad Taylor, Water Operations Manager, clarified that Resolution 1523 authorizes staff to complete the transaction without additional Board approval.

Commissioner Brown then asked for more detailed information about the land parcels. Tim Odell, Right of Way Agent, explained the closing process and noted that appraisals were done on both parcels, which resulted in a "close to even" exchange.

Mr. Taylor added that Resolution 1522 addresses eminent domain and that the transaction that Resolution 1523 addresses is already set in place and doesn't require EWEB to leverage eminent domain. Mr. Odell added that rather than going through a surplus procedure, staff came

before the Board to get authorization to treat the transaction as replacing current property for a better property.

Commissioner Brown stated that he now has a legal question as he has prior involvement in one of the properties, and asked General Manager Gray if he needs to declare a conflict of interest.

General Manager Gray replied that he doesn't need to declare it because of his day job, as he was not involved in the transaction and has no direct or indirect interest, and no bearing whatsoever on the transaction.

President Mital asked if Resolution 1522 authorizes all transactions related to property acquisition or if staff will have to bring back the final request to the Board. Mr. Taylor replied that staff will not have to return to the Board regarding Resolution 1522, specific to that property.

It was moved by Commissioner Helgeson, seconded by Vice President Simpson, to approve Resolution 1522. The motion passed 3-1 (Commissioner Brown abstained).

It was moved by Commissioner Helgeson, seconded by Vice President Simpson, to approve Resolution 1523. The motion passed unanimously (4-0).

PUBLIC HEARING ON 2016 CUSTOMER GENERATION RATES

Peter Reppe (Ward 3), reminded the Board that paying avoided costs as opposed to retail is an option, not a must. He noted that EWEB already took advantage of that option with the Solarize Eugene program, which reimbursed access to power generation at a lower rate, and that not all installers of PVC systems were aware of it at that time. He added that he believes this saves EWEB \$10-15,000 a year, and gave investors a 10-20% penalty on the return investment on their systems, which is rather slim, and that it was a rude awakening to find out that this was actually not true net metering. He asked EWEB to not take advantage of that option any longer and to either pay retail rate or compute the value of a solar rate and develop it, at lower than what has been shown for Portland General Electric (PGE) and Pacific Power.

Commissioner Helgeson stated that this should come with an up-front investment depending on how much total generation is involved and/or at stake, and he agreed with a probably smaller share. He added that once the investment is made, it should come down to who takes a risk on what the value of the power is, and that he remains comfortable with the approach and would rather have a conversation on the incentive side so that everyone knows the profile of the power value going forward.

President Mital stated that by his rough calculation, an average 3 KW system might generate 3,000 KW a year, most used by the house underneath, with what remains sold to EWEB, reducing the rate by a ½ to ¾ penny contemplation, and in the neighborhood of \$15-20 per year per customer. He noted that almost everyone receives \$4,000 up front to put a system

on their roof, so the customer base pays for EWEB being long on power, and the very generous subsidy up front shows support for solar.

2016 CUSTOMER GENERATION RATES: RESOLUTION #1519

Using overheads, Mark Freeman, Energy Management & Customer Service Manager; Adam Rue, Commercial Rate Analyst, and Dan Morehouse, Energy Management Program Supervisor, gave a brief review of the proposed generation rates and answered clarifying questions and comments from the Board.

President Mital noted that the financial impact of these rates is almost negligible, sending a signal to those who might purchase a system and creating a hardship for those who already have one. Mr. Morehouse added that this would also be a signal for a customer to right-size their system.

Commissioner Helgeson asked staff to monitor activity in the solar industry and stats on generation, etc. and to send a report to him periodically, i.e., how much is paid out every year, etc. He added that he doesn't believe that EWEB is recognized enough for all the things they've done and the level of investment, which is high in terms of overall penetration.

President Mital asked if staff has looked into methodologies that others use to value solar. Mr. Rue replied that a diverse group of Northwest utilities wrote a white paper which stated that in general, all used a similar methodology value based on avoided cost. He added that staff is looking at similar items and coming up with different values based on circumstances. General Manager Gray stated that staff will share that report with the Board.

Commissioner Helgeson wondered if it would make sense in the future to hold a public hearing after the staff presentation, and recommended that be done on a trial basis.

It was moved by Vice President Simpson, seconded by Commissioner Brown, to approve Resolution #1519. The motion was unanimous (4-0).

EWEB STRANDED INVESTMENT POLICY: Resolution #1516

Using overheads, Sue Fahey, Finance Manager, and Mr. Rue briefly reviewed the above Resolution and answered clarifying questions and comments from the Board. Ms. Fahey noted that there will also be a revision to Customer Service policies regarding the above.

Commissioner Brown wondered why there is an exit fee for a large customer when they pay to facilitate the building of infrastructure. Mr. Rue replied that that policy hasn't always been in place, and that the exit fee covers costs that were involved prior to it being in place, and other circumstances. General Manager Gray clarified that the costs Mr. Rue is referring to are direct costs and not for generation assets, etc., and are not charged up front.

Commissioner Brown wondered how the exit fee lump sum payment would be collected if a large customer leaves the service territory. Mr. Rue explained that the intent would be to have a policy in place to negotiate with the other utility if it was a transfer or if they're asking to go direct access, and would be subject to policy approval, if within limits of legal authority.

Commissioner Brown then asked what would happen if the company still has considerable assets there for EWEB to recover. Mr. Rue replied that up-front payments would be collected to the extent possible and payment would be collected for a system upgrade when they connect to provide that extra coverage.

Commissioner Brown stated that he hopes a performance bond would be considered. A brief discussion followed.

President Mital validated Commissioner Brown's concern and stated that there needs to be a mechanism in place to enforce the above policy. He wondered about the possibility of triggering some kind of legal action since this policy was developed because of a fairly distinct concern.

General Manager Gray replied that there is no specific transaction pending for that but that it is a growing concern, as the policy follows a many-year practice. He gave the example of the fairly recent Lane Electric Co-Op customer transfer possibility.

Commissioner Helgeson stated that he believes it would be highly advisable to tie contract language into those policies, and he added that he believes a previous major customer paid up front for their water service over time, but long before they shut down their electric service, substation and transmission, and with interest.

Another brief discussion ensued, after which it was moved by Commissioner Helgeson, seconded by Vice President Simpson, to approve Resolution #1516. The vote was unanimous (4-0).

President Mital called for a 10-minute recess.

RIVERFRONT PROPERTY UPDATE

With the aid of overheads, General Manager Gray presented an update on the development of the riverfront property. A brief summary is below:

Overarching EWEB Interests:

- Fair price and known timeline
 - Operational needs/customer access protected
 - Limitation of long term liability (environmental, building O&M)
- *Final authorization lies with EWEB for any deal

City-EWEB Discussion: City Takes the Lead Role

- City acts as agent to market the property for up to five years
- Property (all or pieces) sold to developer(s). EWEB gets minimum price based on “mid-point” of appraisals. Sharing of upside revenue (75/25, 50/50, 25/75 splits).
- EWEB retains sufficient parking for headquarters (two areas removed from surplus)

- Environmental Plan
 - EWEB cleans up known issues (two main spots)
 - EWEB obtains NFA from DEQ for site
 - Up to \$1 million (total known and unknown) is committed by EWEB
 - If issue is > \$1M, then that piece of property is “off the market”

- Operational impacts to headquarters are addressed (e.g., access to south side of headquarters, etc.)
- Timely decisions on Midgley, warehouse (aka “Bow-Truss”), Steam Plant, etc.
- EWEB’s needs and interests are known and stated up front and City is able to negotiate with third parties knowing EWEB’s needs and interests.

- Relocation of utilities and facilities: EWEB is willing to relocate if physically possible, but cost is borne by the requesting party(ies)

Commissioner Brown appreciated staff’s work and supported the concept. He noted the proposed layout for retention of the two properties that will be along new streets, and noted that EWEB need not be assessed for half of those streets, and that he doesn’t want the surprise of “a lot of six-digit numbers.” He asked about the tradeoff for maintenance of the park.

General Manager Gray replied that there will be no changes to the park at all. Regarding Commissioner Brown’s question about the new streets, the developer will have to significantly look at the entire Master Plan, street sizes, etc. He noted that staff will need to deal with parking in an economic way, but not by getting \$1 for \$10 worth.

Commissioner Brown noted that so far, 22 illegal camps on the south side of the river have had to be evacuated. General Manager Gray replied deed restrictions and controls are also in place for the park and that there is strong interest for perpetuity.

President Mital asked how removing the two parcels of land from surplus (3/4 acre, he believes), will affect the two appraisals. General Manager Gray replied that the appraisals were very close to the original assumption and that he doesn’t anticipate a material change for the final, and that the GIS mapping is also close to the original assumption.

President Mital agreed with Commissioner Brown’s concern about EWEB being assessed for new streets along the above two parcels of land, and asked General Manager Gray to re-summarize the upside deal with the City that is planned for that.

Vice President Simpson stated that he is pleased with the proposal and wants to go forth and make it happen. He wondered why the former methane gas plant (MGP) site is not for sale, as the Department of Environmental Quality (DEQ) has approved a closure plan to cap and contain the waste, and if all was removed, the remediation cost would far exceed any value of the sale of the property. He stated that the MGP site needs to be revisited for possible parking use, as the revenue from parking might be nice to have, and the prior owners of the site are supportive of the current remediation plan.

Commissioner Helgeson reminded Board and staff that EWEB did not create the MGP site. He stated that he supports the proposal and also supports putting the City in the lead, but that he believes the appraisals are conservative and include many uncertainties, though he sees more upside than downside potential. He added that he wants to preserve the upside potential for significant value increases.

President Mital echoed Commissioner Helgeson's comments, and stated that he wants the City to remember EWEB's investment of time and money, and come back to EWEB with the upside.

CHANGE IN ACCOUNTING STANDARDS FOR PENSIONS

Ms. Fahey provided an update on recent changes to the accounting standards. She noted that staff has no specific numbers from the Public Employees Retirement System (PERS) yet, but expects to get them in September or October. She added that these changes will have no impact on rates and will not result in cash outflow, and will only result in apparent budget sheet changes.

She then addressed clarifying questions and comments from the Board.

Commissioner Brown asked how these changes will affect EWEB's debt service coverage ratio. Ms. Fahey replied that debt service coverage is related to bonds and isn't included in these changes, and that they won't drop EWEB below its bond covenants. She added that the Board will still make the decisions regarding funding opportunities.

In response to a question from Vice President Simpson, Ms. Fahey briefly explained how assets and liabilities will be evaluated and how those approaches are insulating EWEB from future increases in EWEB's PERS contribution.

Ms. Fahey reiterated that this is merely an accounting change but that both pending decisions will increase employer rates. She added that staff assumes that Legislature will overturn the decisions and that EWEB will have to pay more, but that a substantial cushion has been established to absorb that.

EWEB RATE DESIGN PROPOSAL FOLLOW-UP

With the aid of overheads, Ms. Fahey and Mr. Rue asked the Board for direction on the recently reviewed rate design proposal in order to prepare the 2016 budget.

Commissioner Helgeson:

- Fine with collapsing tiers and leaving the base charge alone
- Commercial time of use (TOU)/participation in pilot – still in a quandary about the rate design we're using, and the 8-cent differential between on and off peak
- As we move forward with the pilot in the commercial sector, try to reconcile that. Right now the off peak rate is below the avoided cost for nighttime energy, so please look at that.

Vice President Simpson:

- Confirm \$5 and \$2 option – is this ultimately revenue-neutral? (yes)
- Buys in and appreciates ratemaking principles, but wants to align internal cost experiences and map those out
- Disservice to the community by not reflecting accuracy of cost. I want the \$10 option but I could live with the other option for the purposes of smoothing
- Appreciate customer bills being more stable - in many cases they need relief in winter months.
- Reiterated that he prefers the \$10 approach but can live with \$5 and get behind whatever the Board ultimately chooses.

President Mital asked who would take advantage of the partial requirements pilot and the non-firm rate. He added that he has a hard time understanding who the client would be and whether it would be worth all the effort to develop.

Mr. Rue replied that the pilot hasn't developed to that point yet, and that the primary emphasis is for commercial TOU and to develop partial requirements with a big-time rebate, curtailable rate, or something along those lines. He added that other options have been talked about but haven't been explored.

President Mital stated that the commercial TOU makes the most sense, and that his concern about the basic charge is for the low-income customer category and what those impacts are. He asked to learn more about the impact on that category and how to provide some base charge relief for them.

Commissioner Brown also voiced concern about the fixed income and low-income customer category, and noted that 61% of customers consume below the average of 1250 KW, and that those customers would get the increase. He said he doesn't want to mistakenly affect seniors in a negative way, and would like to see the difference between those customers with air conditioning and those customers without it, for example. He reiterated that his goal is to protect that category of customers.

President Mital stated that he too is looking for that kind of data before he can be absolutely certain about supporting the proposed rate design, i.e., “how far will \$50 go?” He also stated that he would like to speed up the time frame for installation of the new customer information system (CIS).

ENTERPRISE RISK CALIBRATION

With the aid of overheads, Roger Kline, Enterprise Risk & Internal Controls Manager, led a discussion regarding enterprise risk calibration, and addressed clarifying questions and comments from the Board.

Regarding the possible risk statement that Mr. Kline presented, the following comments were offered:

Commissioner Helgeson:

- The statement generally comports but is not specific or actionable enough to provide much value until we better understand what we’re talking about. Would like to continue the conversation and get better at this science and understand the concepts more.

Vice President Simpson:

- This is a new concept; thanks for crystallizing it. Would like to create a structure by which we can think about all future decisions, using this risk system as a guideline (Triple Bottom Line Plus), and tangible ways for the Board to have staff support for what the risk tradeoffs are (maybe a small statement of the risk spectrum).
- Agree with the tenet of your statement capturing the center line of how we drive the organization.
- A public statement from the Board would require some work and business line divisions would inform.

President Mital:

- It would be great to see where we are in developing a risk statement relative to our peers.

Commissioner Brown:

- We’re \$300 million in debt on four major items
- Would like to move everything to the right with the exception of safety
- Affordability is off the charts. I would move some things around.
- Need to be good stewards of our river.
- That additional \$300 million is not really going to change our efficiency other than AMI. Not retiring any debt, so how can we keep our rates affordable to a big population without moving almost all of those over to the right?

President Simpson agreed with Commissioner Brown about moving everything to the right, and added that he would love to have staff support to tease out the real optimal targets. He added that Commissioner Manning needs to be brought into the loop on this (as he is absent this

evening) with possibly a workshop or a retreat. He noted that it would be best to really optimize the locations of the squares, as he assumes that the Board will have more than seven to choose from, and perhaps that should be done before going deep into Sectionals.

President Mital reiterated his desire to reduce risk.

Commissioner Helgeson agreed with Commissioner Brown's comments and added that unless some of these items are adjusted, there is no set solution. He noted that he struggles with moving dials to right, as he needs a common language and a systematic way to evaluate, and to consider tradeoffs in a way that the Board is not just making a general statement about risk. He also stated that he is more comfortable with having a conversation about language that is familiar and more systematic, as a function of Board ability to work together to have a more systemic way to talk about and evaluate risk.

General Manager Gray gave an example of how the risk tool could be used, for example, to talk about decisions made, staff's evaluation on how it plays into the risk, and how some rate designs aren't applicable or risky for some (i.e., financial decisions).

President Mital stated that if he had his druthers, he would rather sell off generation assets and get in the defensive crouched position, etc., given what is coming in the energy sector.

Commissioner Helgeson voiced the desire to more deeply examine the ramifications of future scenarios and have more of those kinds of conversations.

2015 ORGANIZATIONAL PERFORMANCE, Q2 KEY PERFORMANCE INDICATORS

General Manager Gray and Mr. Kline presented a brief summary of the above. General Manager Gray noted the now-positive direction of the riverfront development process.

Commissioner Brown voiced concern about the large expenditure for the work asset management (WAM) system with no results. General Manager Gray stated that this was an example of a "classic change management failure" and that some parts of the organization were not well-prepared for it. He explained that the software works but that the failure resulted from a combination of system configuration and training issues and also some technical vulnerabilities.

A brief discussion ensued regarding the recent weather (little rain followed by unseasonal heat and a borderline drought) and its effect on revenue. General Manager Gray noted that EWEB's rate structure is still weather-dependent and affected by the wholesale market, and that a Board discussion about policies and rates will be forthcoming.

Commissioner Helgeson stated that he doesn't believe EWEB's information technology (IT) budget is under-funded, but there have been many contributing factors to the recent IT issues. He voiced concern that EWEB is at risk with doing major IT initiatives, which as a culture predisposes EWEB to more bad experiences than good. He added that he would like to

discover why EWEB finds itself in that place and what could be done differently to prepare, manage and select the right software, etc.--whatever could be done to improve those odds.

General Manager Gray noted that in order to be successful, EWEB's business side needs to be more disciplined, needs to get control of the IT situation, and have rational behavior around it, including IT personnel and other changes, and the new CIS.

GENERAL MANAGER EMERGING ISSUES, CORRESPONDENCE AND BOARD AGENDAS

General Manager Gray summarized emerging issues:

- Power market changes are coming faster
- Obama has announced the Clean Power Plan, to take carbon dioxide out of the electric sector. Though EWEB doesn't have a lot of that, there will be a very large indirect impact with probably a lot of new power plants built, which will continue to make the market very difficult, with already threatened litigation.
- Rate design
- Water supply and the drought – continued shortages
- Even with the record heat and a peak of 51 million gallons per day (MGD) of water usage, this is way below EWEB's historical peak, which is an indication of voluntary behavior from customers
- Fires due to the heat and dry land are a growing threat to the infrastructure
- Accession planning
- Alternative water source – from conceptual to early activities
- Assessment of infrastructure and risk of it
- 45" main leak at Hayden Bridge – inspections had already been planned before this happened – will continue to look at critical infrastructure
- Safety numbers in hot weather – underground failures and feeder issues because of high loads from air conditioning with little cooling in temperature predicted
- Squirrel-caused outages are way up

General Manager Gray did not summarize any items for Correspondence or Board Agendas.

BOARD WRAP-UP

Vice President Simpson stated that he liked tonight's switch to put public input in front of Board action, as it seemed that staff was able to integrate the testimony comments into their presentation. He wondered how the public felt about it.

Commissioner Helgeson voiced the desire to continue the switch for a while.

President Mital thanked Mel Damewood, Engineering Manager, for the EL-1 reports, and added that he would like to relieve staff of the duty to submit the small contract report unless he specifically asks for it.

Commissioner Brown and Vice President Simpson stated that they would in fact like to continue to see the small contracts report.

Regarding electric rate comparisons between EWEB's peers, President Mital stated that EWEB customers only care about what their bill is, and he noted that the contribution in lieu of tax amount is not included in that, but he would like it to be. A brief discussion ensued.

President Mital also stated that he wants to be clear about what any metrics really mean when there is a lot of decision-making around them.

President Mital adjourned the Regular Session at 8:50 p.m.

Assistant Secretary

President