

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
October 4, 2016
5:30 P.M.**

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

Absent: None

Guests: Jude Grounds, Carollo Engineers; Sheila Crawford, Senior Financial Analyst; Sue Fahey, Chief Financial Officer; Anne Falcon, EES Consulting; Deborah Hart, Fiscal Services Supervisor; Frank Lawson, General Manager; Mike McCann, Generation and Electric Operations Manager; Wally McCullough, Water Engineering Supervisor; Adam Rue, Senior Energy Resource Analyst; Jerry Reller, Senior Financial Analyst; Nate Shultz, Senior Financial Analyst

President Simpson convened the October 4, 2016, Regular Session at 5:32 p.m.

Agenda Check

There were no changes to the agenda.

Items from Board Members and General Manager

- Commissioner Brown expressed concern with the banking practices of Wells Fargo, and said that he no longer wished EWEB to do business with them. He added that although the transient camps above EWEB's water intake were cleaned up in February, they are back, and no one seems to do anything about it until he voices loudly his disdain for the camps.
- Commissioner Mital stated he was in agreement with Mr. Brown in regards to Wells Fargo.
- President Simpson reported that he had the pleasure of presenting an award to a student at Twin Oaks Elementary, Destiny Rose Parsons, for creating a poster representing the values of public power. He felt the upriver meeting went very well, and expressed his appreciation to staff for coordinating it.
- Vice President Helgeson said that he had recently visited the O' Hara School in Eugene. He added that he recently attended the Northwest Bonneville Power Administration Board of Trustees meeting in Santa Clara. He said that he'd like to hear staff feedback on the California Independent System Operator (ISO) and California Legislature's move to broaden the footprint of the ISO.

- Commissioner Manning reported that he too had the honor of an award presentation at Meadowview Elementary. He agreed with his fellow Commissioners regarding Wells Fargo's banking and business practices.
- Mr. Lawson reminded the Board that it was Public Power Week. He reported that there was a recent Health and Safety Expo, where 357 EWEB employees participated. He added that this weekend, EWEB initiated a functional exercise simulating a data center fail, in preparation for a larger test in November. He concluded that on October 13, there was a Construction and Utility Career Day being held at EWEB.

Public Input

James Manning of Eugene thanked the Board for their part in the Vietnam Memorial Wall project. Mr. Manning presented Commissioner Brown with a Vietnam memorial pin and keychain to commemorate his service.

Zaidi Langworthy of Eugene expressed concern to the Board that EWEB resets solar production meters monthly instead of annually. He continued he felt that net-zero homes are the wave of the future, and again expressed concern that by resetting meters monthly, EWEB was effectively squashing net-zero homes. He concluded that he'd like to find a way to not only take care of the power grid and the utility itself, but also to keep net zero homes in Eugene a reality.

Commissioner Brown thanked Commissioner Manning for the presentation, and thanked EWEB staff for the work they did in support of the Vietnam memorial.

Commissioner Mital opined that EWEB had looked at and balanced the varying interests in solar power production in the past.

Vice President Helgeson agreed with Mr. Mital concerning EWEB's past work in the field of solar power production, management, and metering.

Mr. Lawson said that staff would definitely be getting in touch with Mr. Langworthy about EWEB's solar metering; he hoped to have the opportunity to work with individuals such as Mr. Langworthy in the future.

BOARD ACTION ITEMS

Approval of Consent Calendar

MINUTES

- 1.a September 6, 2016 Executive Session
- b September 6, 2016 Regular Session

CONTRACTS

2. HD Fowler Company – for the purchase of Ductile Iron Fittings, \$1,200,000 (over 5 years), Contact Person is Mel Damewood, 541-685-7145.

INTERGOVERNMENTAL AGREEMENTS

3. Lane Council of Governments (LCOG) - for technical assistance activities related to EWEB's property management systems, \$308,000 (resulting cumulative total \$398,000), Contact Person is Mel Damewood, 541-685-7145.

RESOLUTIONS

4. Resolution No. 1627, Board Policy Manual Update, Contact Person is Frank Lawson, 541-685-7621.

Items Removed from Consent Calendar

Mr. Brown stated he'd like to remove number three, Lane Council of Governments (LCOG) property management assistance, from the Consent Calendar.

Vice President Helgeson moved to approve the Consent Calendar with the removal of item number three. The motion passed unanimously 5-0.

Commissioner Brown asked how EWEB would address property easements moving forward.

Mr. Lawson replied that there was an advantage to employing LCOG's services, as they would be able to overlay maps and see more precisely where there exists easements, power lines, etc.

Commissioner Brown moved to approve the Consent Calendar with the re-addition of number three.

Vice President Helgeson said that it was his hope that moving forward, partnerships like the one with LCOG, will continue to allow a platform from which staff can get their work done.

Mr. Lawson stated that this partnership would combine two separate systems into one single system.

The motion passed unanimously 5-0.

GENERAL BUSINESS ITEMS

EWEB Cost Allocation and Pricing Update (COSA)

Sue Fahey, Anne Falcon, Adam Rue, and Deborah Hart presented the Board with a report and Power Point on the EWEB COSA.

Mr. Brown asked how many customers EWEB had currently with the ability to generate over one megawatt.

Mr. Rue replied that there were currently only two customers in EWEB's service district capable of that type of power generation.

Mr. Mital expressed concern with customer confusion surrounding the new COSA.

Mr. Rue and Ms. Fahey explained there would be customer outreach in the near future to help ease any customer confusion.

Vice President Helgeson offered that EWEB had ratcheted demand as an element of its rates back in the 1990s.

President Simpson wanted to know if the standby large generator concept is considered a new class.

Ms. Fahey said that it would not, but there would be a new rate and tariff for the concept.

President Simpson asked if the two aforementioned customers capable of generating more than one megawatt would switch to the new tariff by default, or by choice, or by force.

Mr. Rue replied that these customer contracts would either change after expiration, or by mutual agreement.

President Simpson wondered if it would be possible to automate the COSA process.

Commissioner Manning stressed putting the data within a COSA in laymen's terms.

Commissioner Brown asked what direction the Finance Department needed from the Board.

Ms. Fahey answered that the questions posited already by the Board gave them sufficient direction.

2017 Draft Electric & Water Budgets/Prices & Long-Term Financial Plan (LTFP) Update

Sue Fahey, Nate Schultz, Sheila Crawford, and Jerry Reller presented the Board with a report and Power Point on the 2017 Draft Electric & Water Budgets/Prices & Long-Term Financial Plan (LTFFP).

President Simpson asked for clarification on Contribution Margin Risk Tolerance.

Ms. Hart answered that it was amount of risk tolerance EWEB has built into its budget for the year.

Public Hearing on 2017 Budgets/Prices & LTFFP

President Simpson opened the Public Hearing at 7:03 p.m. Seeing no one signed up to speak about this Agenda item, President Simpson then closed the Public Hearing.

Break

President Simpson called for a 10-minute break.

New Water Filtration Plant - Update on Preliminary Design

Wally McCullough and Jude Grounds presented the Board with an update and Power Point on the preliminary design of the new water filtration plant.

Commissioner Manning offered that he was under the impression that the water source was the McKenzie River only, and that he wasn't aware that water from the Willamette River would be mixed in.

Vice President Helgeson stated that he was not worried about the raw water quality, and he believed that EWEB had solid treatment techniques that could handle any extra inflow. However, he was concerned with the Alternative Water Supply nomenclature, stating that it would not be an "alternate" supply, but the supply itself.

Commissioner Mital wondered, with the new integrated system sending the majority of water flow to South Eugene under normal operating conditions, what would happen if the Hayden Bridge facility was turned off.

Mr. McCullough replied that there would be no adverse effects on EWEB's water system if this were to happen.

Commissioner Mital also asked if EWEB was still seeking external funding for the new filtration plant.

Mr. McCullough said that those avenues were continuing to be explored.

President Simpson posited that unless there was good reason to do otherwise, the water should be mixed. He added that he was also in support of a possible integration between EWEB's and Springfield Utility Board's (SUB) water supplies, at least on an emergency preparedness basis.

Commissioner Brown asked, since the main water line is already south of the river, the majority of the service population is south of the river, and the majority of existing water infrastructure is already south of the river, why wouldn't the tie-in be at the Knickerbocker Bike Bridge, instead of a circuitous rerouting. He also expressed concern that the public was not yet made aware of this project.

Commissioner Manning moved to change the wording of the project title from "Alternate Water Source," to "Second Water Source." The motion failed 4-1, with all Commissioners opposed except Commissioner Manning.

Carmen Smith License Renegotiation (action preparation)

Mike McCann presented the Board with a report and Power Point on the Carmen Smith license renegotiation.

Commissioner Mital expressed concern with the 50-year plan timeframe as opposed to the 40-year timeframe. He stated that having to go in for relicensing 10 years earlier than was planned for, could put the utility at a disadvantage.

Mr. McCann responded that by law, the Federal Energy Regulatory Commission (FERC), cannot issue any licensing lower than 30 years, nor greater than 50 years. He further agreed with Commissioner Mital's sentiment, that this issue deserved looking into.

Break

President Simpson called for a five-minute break.

Riverfront Property

Mr. Lawson stressed that some of the content which was shared with Commissioners individually concerning the Riverfront Property should remain confidential. He added that it was likely an Executive Session would be called over the next few weeks to review the purchase and sale agreement.

Commissioner Mital asked if EWEB would add a minimum threshold stipulation for the City.

Commissioner Brown vocalized support for Mr. Lawson's work on the Riverfront Property negotiations.

President Simpson also expressed supported Mr. Lawson going forward with Riverfront Property negotiations.

Vice President Helgeson offered his support to Mr. Lawson. He asked how long the negotiations would take.

Mr. Lawson replied that a one-year timeframe had been placed on the negotiations, although he expected it to be less than that.

Commissioner Manning stated that although he was hoping for a higher amount, he was loathe to drag the negotiations out any longer than necessary.

Correspondence & Board Agendas

Mr. Lawson offered the Board a Calendar update.

Board Wrap-Up

Commissioner Brown offered thanks to the General Manager and staff for their work, especially on the Riverfront Property and Carmen Smith situations.

President Simpson adjourned the Regular Session at 9:05 p.m.

Assistant Secretary

President