

**EUGENE WATER & ELECTRIC BOARD
STRATEGIC PLANNING WORKSHOP
EWEB BOARD ROOM
500 EAST 4TH AVENUE
APRIL 19, 2016
8:00 A.M.**

** Audio file available to the public upon request.*

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

President Simpson called the meeting to order at 8:02 a.m.

Introduction

Erin Erben, Power Planning Manager, gave an overview of the agenda and meeting structure.

Regional Water Services

With the aid of a PowerPoint presentation Brad Taylor, Water Operations Manager and Mel Damewood, Engineering Manager described EWEB's water rights and the value of regional partnerships which include helping to secure water rights, spreading overhead costs, community sustainability, collaboration, state and regulatory support. They went on to discuss additional opportunities within EWEB's control such as communicating EWEB's ability to serve, continuing to build relationships, securing water rights, etc.

Board Discussion:

- Dialog on whether EWEB should support development of water rights to support private water utilities and/or retail end-uses such as bottled water. Also discussed EWEB's response if a wholesale water customer sought to expand.
- More information requested on use of groundwater rights to support/augment Alternative Water Supply (AWS). Concluded that it is in the long-term plan but there are issues to work through and there is not enough capacity to displace the current effort. Board asked to be kept apprised of the option.
- In the spirit of positioning EWEB to be ready to act quickly when opportunities arise, there was some discussion about doing pre-work with the council relative to their stance on growth and to explain the nature of what we would be trying to achieve. Also to proactively address any real or perceived authority questions, and possibly to define policies for future partnerships. Request to look at revising existing policies if applicable rather than creating new ones.
- Expressed need to address question of whether it is ok to use water. General sentiment was yes; use it, but be prudent.

- Question posed as to whether we can sell a portion of our water right. Response was perhaps.
- Rate structure for water – how does fixed cost recovery look? Response: 60% of fixed costs are in base charge. Approximately 80% of costs are considered fixed.

Parking Lot Items:

- Do we have any influence over waste water fees?
- Next steps for Draft Policy Statement
- Customer communication strategy on promoting consumption

Telecommunications

With the aid of a visual presentation, Mel Damewood, Engineering Manager and Matt Barton, Information Services Manager reviewed the history of telecom service and its rate structure at EWEB. They explained three tiers of service which include schools, public purpose, and commercial. Management recommended that EWEB's business include only the leasing of excess dark fiber. EWEB plans to continue its relationship with partners and is looking for the board's reaffirmation on current progress and direction.

Board Discussion:

- Can EWEB expand telecom to low income areas? Who bears the cost for expansions? Response: With regard to the downtown network and the capitalization of it, those who are ordering bear the cost. Downtown network is currently the only envisioned expansion and EWEB would not pay the expense.
- General assessment that we should consider being more aggressive in our efforts. There is clear demand and it supports EWEB's charter of promoting economic development. Not in favor of electric subsidies and would like to look at leveraging installation contractors.
- Support for strategy of leveraging investments already made and not fronting costs of expansion. Support for considering making profit in our pricing strategy as this is not an obligation to serve area.
- Is there liability and risk of using EWEB's electrical system to run fiber? Response: EWEB asks customers to self-provide back-haul services to cover possible outages.
- How does EWEB charge pole connection fees to Comcast and Verizon? Response: PUC sets the fees.
- Support for seeking profit in pricing.

Parking lot items:

- Cost benefit analysis of the viability of this investment (regardless of who pays)
- What would it take to bring fiber to EWEB HQ?
- Next steps on feedback for more aggressive promotion; scope of products and services we are talking about and how we would set prices to include profit.

Electric Utility Overview

With the aid of a visual presentation Lena Kostopulos, Human Resources Manager and Steve Newcomb, Environmental Manager reviewed what EWEB is currently doing, industry trends and projections.

Load Growth and Resiliency

With the aid of a PowerPoint presentation, Mark Freeman, Energy Management & Customer Service Manager and Frank Lawson, Systems Engineering Supervisor provided a description of current accomplishments and future opportunities. They asked the Board to consider in what context should EWEB actively pursue consumption and also investment in resiliency for the general public good and how these investments compare to other strategic priorities.

Board Discussion on parameters for “Smart” growth:

- Pursue greenhouse gas reduction via switching to cleaner fuel (provides community value), Additional conversation refined the notion that EWEB is not promoting consumption as much as a cleaner fuel source.
- Desired emphasis on economic development and new development opportunities.
- Is there an optimal market share that we can define based on supply portfolio and then target demand to accommodate? Yes, but highly dependent on time frame you are looking at due to loss of generation supply that EWEB faces in the 2024-2028 time frame. More discussion required.
- Need to stay ahead of negative interpretations of our actions through messaging.
- We need to expand product and service offerings, we cannot compete on price alone.
- Would like to target low income areas for fuel switching to alleviate socio-economic implications from pollution-related health impacts.
- Consumption is not inherently evil. We have a conflict between national and local messaging about greenness. EWEB should leverage pricing options such Time of Use (TOU) to manage demand and attract growth.

- Conservation means wise use, using when needed, and being mindful of excesses. It does not mean endure hardship.

Board Discussion on EWEB's role beyond electric grid resiliency and planning investments to enhance community value:

- Generally, the response was that EWEB would consider investments as long as they align with our core mission and help EWEB come back online post-disaster. If the investments meet this criteria, they benefit our community partners. Need to explore options before deciding on a given solution.
- Not very interested in increasing costs for resiliency without community commitment to pay for them; need to have a public dialogue.
- EWEB should partner with city and county; contribute expertise.
- Customers are interested in personally benefiting from EWEB micro-grid investments.
- Restoring radio communication will be important for the community.

Parking lot items:

- Loss of generation supply that EWEB faces in the 2024-2028 time frame and associated implications on demand growth strategies.
- Eugene GHG reduction goals – how calculated and are they reflecting EWEB / BPA carbon footprint? Do we need to do some education/messaging here?
- Defining and marketing greenness. (work in progress; we are really close)
- Need to look at our 50 year objectives.
- Clarify distinction between promoting consumption and competition and what we are pursuing. Define the circumstances under which we would not compete.
- Explore resiliency options for community radio for disaster recovery planning.
- Cybersecurity threats and resiliency.
- Request to have a clear plan on what we would build if ever forced to rebuild our system from scratch (i.e. post Cascadia)
- Comment that water provision more important than electricity restoration. However, we would be willing to use our land and resources post disaster for a number of services, including a gathering place, sanitation and other basic services.

- Priority of resiliency efforts: 1) survival – restore critical infrastructure, 2) recovery – everything else.

Business Strategies and Next Steps

With the aid of a PowerPoint presentation, Erin Erben, Power Planning Manager, reviewed EWEB's Mission, Vision and Values statements, Business Strategies and discussed next steps.

Board Discussion:

- General perception that mission, vision and values statements are OK as written. A few suggestions were made for consideration when it is time to revisit these.
- Interest in EWEB staff perspective and priorities.
- Interest in ensuring alignment with community values, which will change over time, as will the interpretation of what is "best". In addition the diversity in our community will make it difficult to be much more specific.
- May need some more emotive spark in the mission statement. Should address who we are and why that matters and the expression of the value of public power.
- Better leverage community values through public outreach, collect data to give the Board more information upon which to base decisions they have been elected to make.
- Board is OK with owning the Mission Vision Values domain and leaving specific business strategies to staff to refine and propose.

Parking lot items:

- Add delivery to mission statement (vs. products)?
- Add fairness to values?

President Simpson adjourned the Strategic Planning Session at 11:45 a.m.

Assistant Secretary

President