

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
MAY 3, 2016
5:30 P.M.**

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

President Simpson convened the May 3, 2016, Regular Session at 5:30 p.m.

AGENDA CHECK

There were no changes to the agenda.

ITEMS FROM BOARD MEMBERS

- Commissioner Brown noted that the Register Guard hadn't been publishing the EWEB meeting notices, he requested staff ensure their publication.
- President Simpson mentioned the Riverfront cleanup and referred to a GPS-based phone app which could mark the location of trash dumping and homeless camps on the river. He added that he had met with a Ph.D student regarding energy efficiency.
- Commissioner Manning informed the Board that the EWEB green energy program had provided \$50,000 to the Kalapuya High School to generate wind energy and that EWEB would be partnering with the high school for future internships.

PUBLIC INPUT

There was no public input.

BOARD ACTION ITEMS

CONSENT CALENDAR

MINUTES

1. April 5, 2016 Regular Session

CONTRACTS

2. Carollo Engineers – for Engineering Services. \$533,000. Engineering, Contact Person is Mel Damewood 541-685-7145.
3. EATON Electric – for the periodic purchase of network protectors. \$900,000 (over 5 years). Engineering, Contact Person is Mel Damewood 541-685-7145.

4. Professional Underground Services – for construction services. \$133,000.
Engineering, Contact Person is Mel Damewood 541-685-7145.

Commissioner Manning moved to approve the consent calendar. The motion passed unanimously. (5-0)

ITEMS REMOVED FROM CONSENT CALENDAR

There were no items removed from the Consent Calendar.

GENERAL BUSINESS ITEMS

2016 Organizational Goals, Key Performance Indicators Dashboard

Staff members Susan Fahey and Erin Erben presented on key performance indicators. Although sales were down, the overall outlook was positive.

There was a discussion of the Energy Monitoring System failure. The EMCS antivirus software update caused a system crash and it took 40 minutes to get the system running. Staff will either use an alternate antivirus software in the future or will work with the existing provider to improve performance.

There was a discussion regarding land use approvals for the alternative water supply including the timing and location of the water utility project and a potential contingency plan.

There was a discussion of the available real estate and the lack of resources needed to implement property management policies & procedures. The need to follow up regarding the lack of resources was placed starboard.

Commissioner Helgeson sought clarification about the EMCS failure and the resulting violation. Mr. Barton clarified that the violation was a result of the failure and that they had implemented standard operating procedure.

Ms. Fahey and Ms. Erben continued presenting the dashboard. There was discussion of WAM and its removal from the list. There was a need to better prepare employees for future major IS rollouts.

Update to Board Policy SD8 Power Risk Management Policy

Ms. Fahey and Ms. Wade presented on the Board Policy update. The goal of the update was to filter out procedural aspects while maintaining transparency. The changes were focused on the scope of risk related to market price volatility and the impact to contribution margins; transaction authority, compliance limitations; and financial limitations. There was a discussion of the update process, public involvement in the process, and potential changes to the membership structure as a result of wording

changes. Staff clarified that the intent of the update was not to change the structure of committee membership but rather to clarify the roll of staff.

Carmen Smith License Renegotiation

Ms. Boyle, Mr. Zinniker, and Mr. McCann discussed the settlement agreement. While progress was difficult and slow, there was an interest in getting the work done correctly while not negatively impacting the environment. FERC staff was assisting with the process and the Wild and Scenic River aspect would be separately governed under a supplemental use permit managed by the USFS, removing that component from the FERC permit process. FERC staff had indicated that they would be amendable to a short extension of 6 months. Ms. Boyle highlighted the beneficial, low-cost, high-impact projects currently underway including gravel placement, fish passage improvement, and new campgrounds. The license was close to being revised and deployed.

There was a discussion of the rehabilitation of the power house which had not happened for 50 years. The shut off valves were not properly functioning. The plant would be dewatered and inspected in 2017 followed by the replacement of the shut off valves. The Smith Reservoirs would be dewatered and the valves would be replaced in 2018, the power house would be replaced in 2019, and turbine and generator work would occur in 2020 with one being replaced and one being repaired. The switch gear and control system work would occur in 2021. There was a reduction in the overall cost of implementation as a result of removing the Carmen diversion tunnel automation, not bypassing traffic, and not building new offices, which would save \$15 million. By rehabilitating one generator there would be a total of \$50 million in savings.

Discussion

Commissioner Mital asked about the settlement process. Ms. Boyle said that each party caucused separately with 16 separate governing bodies. Each party was under a nondisclosure agreement. Any party remaining in the settlement agreement would agree to not challenge the FERC decision.

There was a discussion of ongoing work including the fish ladder and fish screen. Commissioner Brown asked staff to define the term interim spill. Mr. Zinniker said that there were strict ranking rates for the river in regards to how much water could pass over the spill way and through the plant. The plant discharge had a fine control whereas the spill way had coarse control.

President Simpson asked for clarification about the reasoning behind only replacing one generator versus both. Staff clarified that they could alternate use between the two generators and that there wasn't enough water to run both simultaneously.

There was a discussion of the use of a portable crane at Trail Bridge.

President Simpson asked about the Carmen Smith conference room, staff believed that it could be completed in as early as a couple of weeks or by the end of the year at the latest.

There was a discussion regarding the need to revise the economic analysis report once the settlement agreement was in place.

There was a discussion of what the settlement process would establish.

Correspondence

- The sale of Smith Creek was nearly final and was expected to conclude by the end May, 2016.
- There was a discussion of dark fiber rates which would occur in more depth during the next session.
- The banking RFP was delayed slightly due to the effort to refinance bonds.
- The National APPA conference would occur June 10-15.
- There was a Rocky Mountain Institute joint meeting attended by Erin Erben and Steve Newcomb, City staff, 4J staff and U of O staff to discuss joint resiliency planning.
- Congratulations to Erin Erben for being asked to present jointly with SMUD (Sacramento Municipal Utility District) at the upcoming NWPPA annual conference.
- Matt Barton will be representing EWEB at a BPA panel discussion regarding building cyber defense.
- There was a discussion of the July meeting date with the earliest possible date to meet being July 19th.
- President Simpson asked the Board Secretary to utilize the front page of the Board Calendar to a greater degree.
- There was a discussion on the General Manager hiring process.
- Commissioner Brown said that he would like to see more time allocated for the discussion of Carmen Smith in upcoming meetings.

Board wrap up

- Commissioner Manning expressed appreciation for staff work.
- Commissioner Helgeson said that he would like a one-on-one regarding the Carmen Smith economic analysis before August. He added that due to scheduling conflicts with the NWPPA annual conference he would be unavailable for the committee meeting and wanted to delegate his voting rights to staff.
- Commissioner Brown also appreciated the communication from staff and their work.

- President Simpson was pleased with the cohesiveness, thoughtfulness, and level of attention from the Board.

President Simpson adjourned the Regular Session at 7:07 p.m.

Assistant Secretary

President