



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Erin Erben, Power & Strategic Planning Manager and Catherine Gray, Energy Resource Analyst
DATE: May 27, 2016
SUBJECT: EWEB's 2015 Oregon Renewable Portfolio Standard Compliance Report
OBJECTIVE: Information Only

Issue

In accordance with the Oregon Renewable Portfolio Standard (RPS), EWEB's 2015 RPS Compliance report is attached for Board review.

Background

The Oregon Renewable Energy Act of 2007 established a Renewable Portfolio Standard (RPS) for all Oregon electric utilities. The statute applicable to EWEB that governs compliance reporting, ORS 469A.170, states "A consumer-owned utility shall make the report to the members or customers of the utility" by June 1 of each year. Each year EWEB has met the reporting requirements of this standard by providing a detailed report to its governing Board and posting a copy on the website for customers.

Recommendation and Requested Board Action

This item is information only and accordingly there is no requested Board action.

Attachments

The 2015 Compliance Report and a summary of Oregon's Renewable Portfolio Standard is attached. The report will also be posted on EWEB's website on June 1st at the following location:

<http://www.eweb.org/public/documents/RPScomplianceReport.pdf>

Eugene Water Electric Board
Oregon Renewable Portfolio Standard
2015 Compliance Report

June 1, 2016

Introduction

In 2007 Oregon enacted Senate Bill 838, the Oregon Renewable Energy Act (Act), which created a Renewable Portfolio Standard (RPS) that all Oregon electric utilities must follow. The purpose of the RPS is to decrease Oregon utilities reliance on fossil fuels for electric generation and increase their use of renewable energy sources.

The Act established standards for Oregon's electric utilities requiring that a percentage of their annual sales must come from qualifying renewable resources beginning in 2011. The exact percentage requirement and the year the requirement begins differs for large and small electric utilities, which are shown in Figure 1. The size of the utility is a percentage of Oregon's total retail electric sales in the year. EWEB is the only Consumer Owned Utility (COU) classified as a large electric utility, along with PacifiCorp and Portland General Electric. All of Oregon's other COUs are classified as small electric utilities, which under the Act do not have compliance obligations until 2025.¹

Figure 1. Annual percentage target of qualifying electricity by year

	Utility Size	2011	2015	2020	2025
Large Utilities	3% or more	5%	15%	20%	25%
Smaller Utilities	From 1.5% to 3%				10%
Smallest Utilities	Under 1.5%				5%

The Oregon Public Utilities Commission (PUC) oversees Investor Owned Utilities (IOU) reporting and compliance with the RPS. Because the PUC does not generally regulate Oregon COUs, the statute governing compliance reports, ORS 469A.170, states "A consumer-owned utility shall make the report to the members or customers of the utility." EWEB's longer term compliance strategy is addressed in its Integrated Electric Resource Plan (IERP) which is updated every 5 years or as needed.

The Act also defines which types of renewable generation are considered qualifying electricity. In general, qualifying renewable resources must have an on-line date of January 1, 1995 or later, with some exceptions.²

In recognition of the low-emission resources already existing in the region and other reasonable barriers to compliance, there are four exemptions in the Act that allow utilities to reduce the annual compliance target. These exemptions prevent utilities from taking actions for compliance that:

- Would cause the utility to spend over 4 percent of annual costs to comply with RPS
- Force Consumer Owned Utilities (COU) to replace BPA Tier 1 power with new renewable electricity
- Force a utility to acquire resources in excess of their load requirement
- Force a utility to replace older renewable or non-fossil fuel generation (i.e. legacy hydro projects) with new renewable generation.

¹ For additional information on the Oregon RPS see http://www.oregon.gov/energy/RENEW/Pages/RPS_home.aspx

² See Attachment 1, Table 2 for a list of conditions under which pre-1995 resources that eligible to produce qualifying electricity. A later amendment to the RPS allows for pre-1995 woody biomass to qualify, but the RECs will not be eligible for use in compliance until 2026.

Currently, the vast majority of EWEB's resources are from BPA Tier 1 resources and EWEB owned or contracted legacy hydro. It is EWEB's interpretation that these resources can be used towards the exemption.

The Act also requires Oregon utilities to offer customers the option to elect a green power rate. EWEB's Greenpower program, implemented prior to the passage of the Act, is an example of such a voluntary retail green power rate.

RPS Compliance rules

The RPS requires that utilities include a percentage of electricity generated from qualifying renewable energy sources in their portfolio of power sold to retail customers. Measurement of compliance is based on annual megawatt hours (MWh) of retail sales and qualifying generation.

Per rules adopted by the Oregon Department of Energy, qualifying generation volumes are based on values recorded and reported to the Western Renewable Energy Generation Information System (WREGIS). WREGIS is a large database that receives monthly generation volumes of renewable generation and serves as the regional system of record to issue, monitor, account for or transfer Renewable Energy Certificates (REC). Each MWh of renewable generation equals one REC. Each REC has a unique identification number that indicates the generation project and the month the electricity was generated. The purpose of this system is to ensure that renewable generation and its associated REC are not used to meet the requirements of more than one program.

The compliance target for EWEB in 2015 is 15 percent of retail sales, subject to the four exemptions that can reduce the compliance target. Compliance is demonstrated by retiring a quantity of WREGIS RECs equal to the compliance target. Once a REC is retired in WREGIS it is no longer available to be used in any other program. However, as long as a REC has not been retired it can be retained or banked for a future use such as compliance, a voluntary program, or sold to another entity.

Under EWEB's interpretation, two exemptions significantly reduce EWEB's current and projected compliance targets. The first exemption releases EWEB from reducing purchases of BPA Tier 1 energy in order to take in qualifying electricity. The second exemption releases EWEB from replacing energy produced by non-fossil resources (such as our legacy hydro) with qualifying electricity.

EWEB's understanding of the policy rationale for these exemptions is that the intent of the RPS is to displace fossil fuels, not to require EWEB to replace energy from our existing legacy hydro projects with other renewable energy resources. The Act strikes a balance in doing no harm to the many legacy hydro projects in the Northwest while disqualifying them from creating RECs, in order to promote the deployment of new renewable generation projects to displace fossil fuels and spur economic development. For the purposes of this calculation, EWEB has reduced the Tier 1 generation volumes by the portion of BPA generation that generated RECs through hydro efficiency upgrades and the contribution of existing BPA renewable resources.

EWEB's generation portfolio is overwhelmingly supplied from BPA Tier 1 power and our legacy hydro generation. Under Oregon's RPS rules, if exempt generation in 2015 exceeds 85 percent of total retail sales then EWEB can reduce the 15 percent compliance target by the amount the

exempt generation exceeds 85 percent. If exempt generation exceeds 100 percent of total retail sales then EWEB can reduce its compliance target to zero.

2015 Oregon Renewable Energy Act and RPS Compliance Information

RPS compliance is measured in annual MWh. Figure 2 contains annual MWh information used to calculate EWEB's RPS compliance.

Figure 2. EWEB 2015 RPS Compliance Obligation Calculation

Category	MWh
System Load	2,377,381
RPS Target	15%
RPS obligation BEFORE exempt	356,607
Exempt resources	
BPA Tier 1 net purchases	2,289,426
Mid-C hydro (contract)	13,155
EWEB hydro (owned)	414,724
Total Exempt Resources	2,717,305
Fraction of retail sales from exempt resources	114%
RPS obligations AFTER exemption	0

EWEB interprets the exemptions reflected in the table to mean EWEB does not have any RPS compliance obligation in 2015; however, EWEB did retire a number of RECs to satisfy the portion of the Act that refers to voluntary renewable purchases by EWEB customers under the Greenpower program. Surplus RECs will be banked for future use or sold.

The Greenpower program allows customers the choice to voluntarily pay an additional one cent per kWh which contributes to the development and use of renewable energy. Just as RECs are retired to satisfy any obligations under the mandatory RPS, RECs are also retired to match the volume of sales under EWEB's voluntary retail Greenpower program, with one REC retired for every MWh of program sales.

In 2015, sales to EWEB customers under the Greenpower totaled 28,973 MWh. EWEB has retired this amount of RECs from our available portfolio. For additional information on EWEB's Greenpower program please see <http://www.eweb.org/greenpower>.

EWEB will publish the 2016 compliance report by June 1st of 2017.

Attachment 1

Summary of Oregon's Renewable Portfolio Standard



The Renewable Portfolio Standard (RPS) requires that all utilities and electricity service suppliers (ESSs)¹ serving Oregon load must sell a percentage of their electricity from qualifying renewable energy sources. The percentage of qualifying electricity that must be included varies over time, with all utilities and ESSs obligated to include some renewable resources in their power portfolio by 2025.

For current information on Oregon eligible facilities, please visit www.oregon-rps.org.

Table 1 summarizes the percentage targets for the RPS.

Table 1: Summary of RPS Targets and Timelines

RPS obligations on all utilities and electricity service suppliers						
	Percent of Oregon’s Total Retail Electric Sales	Utilities² and ESSs	Applicable Targets in Year:			
			2011	2015	2020	2025
Large Utilities	Three percent or more	Portland General Electric, PacifiCorp, Eugene Water & Electric Board	5%	15%	20%	25%
Small Utilities	At least one and a half percent but less than three percent	Central Lincoln PUD, Idaho Power, McMinnville W&L, Clatskanie PUD, Springfield Utility Board, Umatilla Electric Cooperative	No Interim Targets			10%
	Below one and a half percent	All other utilities (31 consumer-owned utilities)				5%
Electricity Service Suppliers (ESSs)	Any sales in Oregon	Any Electricity Service Supplier (ESS)	If an ESS sells electricity in the service area of more than one utility its targets may be calculated as an aggregate of electricity sold in its territory.			

Conditional Targets

There are two conditions when a small utility would be required to meet the large utility standard regardless of their size if purchase coal power (ORS 469A.055 (4) or if they annex utility territory (ORS 469A.0555 (5)). In the case that a small utility’s load increases to exceed three percent of the state load for a period of three consecutive years they would also be subject to the standard as a large utility (ORS 469A.052 (2)).

¹ Oregon’s deregulation law allows non-utility power sellers (called ESSs) to sell power to non-residential customers. Currently, this applies only to Portland General Electric and PacifiCorp service territory.

² Based on 2010 Oregon Public Utility Commission (OPUC) utility data. See the Statistics Book: http://www.puc.state.or.us/puc/Pages/Oregon_Utility_Statistics_Book.aspx.

Exemptions to RPS Targets

Utilities are not required to comply with an RPS target to the extent that compliance will:

- Lead to a utility expending more than four percent of its electricity-related annual revenue requirement in order to comply with the RPS.
- Displace firm Federal Base System (FBS) preference power rights from the Bonneville Power Administration (BPA) for a consumer-owned utility.
- Result in acquisition of power resources in excess of their load requirements in a given compliance year.
- Result in the displacement of a non-fossil-fueled power resource.
- Unavoidably displace hydropower contracts with Mid-Columbia River dams until such a time when those contracts cannot be renewed or replaced.

Eligible Resources and Facility Eligibility Date

Qualifying electricity for Oregon’s RPS must be derived from the sources and types of facilities listed in Table 2. Qualifying facilities must also be located within the Western Electricity Coordinating Council’s territory. Note that where multiple fuels are used to power a generating facility only the proportion of output that uses qualifying resources can count toward the RPS.

Table 2: Eligible Resource Types Based on Facility Operational Date

From Generating Facilities in Operation Before January 1, 1995	From Generating Facilities That Became Operational On or After January 1, 1995
Up to 90 average megawatts (aMW) per utility per compliance year of low-impact certified hydropower, capped at 50 aMW owned by an Oregon utility and 40 aMW not owned by a utility but located in Oregon.	Hydropower, if located outside of certain state, federal, or NW Power & Conservation Council protected water areas.
	Wind
	Solar Photovoltaic and Electricity from Solar Thermal
	Wave, Tidal, and Ocean Thermal
	Geothermal
The increment of improvement from efficiency upgrades made to hydropower facilities, although if the improvement is to a federally-owned BPA facility only Oregon’s share of the generation can qualify.	Biomass and biomass byproducts; including but not limited to organic waste, spent pulping liquor, woody debris or hardwoods as defined by harvesting criteria, agricultural wastes, dedicated energy crops and biogas from digesters, organic matter, wastewater, and landfill gas. Under certain conditions, municipal solid waste may qualify. The burning of biomass treated with chemical preservatives disqualifies any biomass resource.
The increment of improvement from capacity or efficiency upgrades made to facilities other than hydropower facilities.	Other resources as determined to qualify through ODOE rulemaking. However, nuclear fission and fossil fuel sources are prohibited in all cases as qualifying resources.
	Electricity from hydrogen derived from any of the above resources.

Renewable Energy Certificates

Compliance with the RPS requires proof of generation of the qualifying electricity. Like many states, Oregon requires proof in the form of a Renewable Energy Certificate (REC). Oregon Administrative Rule states that a REC is a unique representation of the environmental, economic and social benefit associated with the generation of electricity from renewable energy sources that produce Qualifying Electricity. Each REC represents one megawatt-hour (MWh) of generation of qualifying electricity. By rule, all RECs must be issued by the Western Renewable Energy Generation Information System (WREGIS).

Oregon recognizes two types of Renewable Energy Certificates (RECs) in the RPS. Initially, all RECs are “bundled” together with their associated electricity that is produced at the renewable electricity generation facility. When both a REC and the electricity associated with that REC are acquired together, one has acquired a “bundled” REC.

A generator or REC owner may decide to “unbundle” the REC from the electricity associated with that REC by using or selling the two components separately. In doing so the purchaser of the power loses the ability to claim that the power is renewable energy. The “unbundled” REC may be used by its new owner to comply with the RPS.

To meet an RPS target obligated utilities or ESSs must permanently retire the number of RECs equivalent to the target load percentages. For example, if a utility is subject to a 10% target and sold 100,000 MWh to Oregon customers, then it must retire 10,000 RECs to meet its compliance target.

For large utilities, no more than 20 percent of their compliance target in a given year may be met through the use of unbundled RECs, although large consumer-owned utilities such as EWEB have a limit of 50 percent until 2020. RECs from PURPA facilities in Oregon are exempt from this limit.³

RECs may be banked indefinitely and used in future years. Older RECs must be used before newer RECs, called the “first in first out” principle.

Implementation Plans and Compliance

The Oregon Renewable Portfolio Standard compliance schedule for the state’s three largest utilities began in 2011. In 2012, Eugene Water and Electric Board, PacifiCorp, and Portland General Electric will demonstrate REC retirement in an amount equivalent to five percent of its 2011 retail sales, unless otherwise exempted (see Exemptions to RPS Targets, above).

Every two years, large utilities submit implementation plans detailing how they expect to comply with the standard.⁴ The plans include annual targets for acquisition and use of qualifying

³ PURPA is a federal law that requires utilities to purchase the output of smaller energy projects.

⁴ EWEB reports its plan to comply with the RPS in its Integrated Energy Resource Plan.

electricity and the estimated cost of meeting the annual targets. Prudently incurred costs associated with RPS compliance are recoverable in rates.

Investor-owned utilities and ESSs must submit their annual compliance reports to the OPUC. Consumer-owned utilities report compliance to their customers, boards, or members.

Consumer Protection and Cost Controls

There are two mechanisms that serve as cost protections for Oregon consumers: an alternative compliance payment mechanism and an overarching “cost cap” on utility RPS expenditures.

Alternative Compliance Payment: In lieu of acquiring a REC to comply with a portion of the RPS, a utility or ESS may instead pay a set amount of money per megawatt-hour (MWh) into a special fund that can be used only for acquiring renewable energy resources in the future, or for energy efficiency and conservation programs. This mechanism sets an effective cap on the cost of complying with the RPS on a per MWh basis.

Cost Cap: Utilities are not required to comply with the RPS to the extent that the sum of the incremental costs of compliance with the RPS (as compared with fossil-fuel power), the costs of unbundled RECs, and alternative compliance payments exceed four (4) percent of a utility’s annual revenue requirement in a compliance year. Consumer-owned utilities may also include R&D costs associated with renewable energy projects in this calculation. As of 2012, the incremental cost of compliance for all Oregon utilities has been well below the four percent cap.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

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TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Steve Newcomb, Environmental Management Department Manager, and
Karl Morgenstern, Environmental Supervisor
DATE: May 25, 2016
SUBJECT: Property Management Update/Surplus Property
OBJECTIVE: Information

Issue

Commissioner Brown requested an update on EWEB's process for identifying, declaring, and disposing of surplus property. EWEB staff are in the process of implementing various improvements in property management that will help inform likely candidates for surplus designation and best use of those properties. The following is an update on those efforts.

Background

EWEB's Property Management portfolio includes approximately: 245 parcels totaling about 1,500 acres; 40 leases with third parties to use EWEB property for cell towers, parking, building rental, storage, and other approved purposes. There are over 60 known encroachments on EWEB property by adjacent property owners (i.e., involving barns, sheds, stairs, decks, driveways, vegetation, fences, etc.); 8,000 easements; and, numerous revocable permits of various types.

In December 2015 the Board approved Resolution 1532, which updated the Property Management Policy SD-14 and put in motion EWEB management approved procedures to implement this policy. Prior to this action, Property Management had been operating under draft 1993 procedures that were never finalized nor approved. See Board Memo dated 11/20/2015 with the link provided below.

http://eweb.org/public/commissioners/meetings/2015/151201/CC3_No.1532_RevisionToRealPropertyPoliciesSD14AndFeeSchedule.pdf

Discussion

Staff are currently implementing the 2015 Property Management Procedures to develop a Potential Surplus Property List (per PM.200.PRC.01-00, Section 7.1). Preliminary review indicates 8-12 potential surplus properties. Staff are meeting with the Property Management Horizontal Team on 5/28/16 (per Section 7.2) to establish a process for designating surplus properties and discuss the various factors to consider before making such a designation. Staff are working on completing a GIS-based Property Management system that will allow more efficient tracking of property status, value, inspections, encroachments, leases, issues, and management that will inform surplus property designation,

There may be opportunities to leverage or manage surplus properties in ways that may maximize the benefits to both the rate payer and the utility. Analysis of best use of surplus properties will rely on understanding the property's value, potential revenue generation, community priorities, environmental attributes, and nearby partner land use. Staff will continue meeting with the Property Management Horizontal Team on a quarterly basis to inform decisions on surplus property designations and the best use of those properties. These decisions will be reflected in property management plans that are specific to each area. Properties identified as *Potential Surplus* will go through an internal concurrence process before being recommended for Board action and formal declaration as surplus property. Once declared surplus, staff will follow the procedures for disposal.

Recommendation

This is for information only.

Requested Board Action

No action is requested at this time.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

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TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Lance Robertson, Public Affairs Manager, and
Erin Erben, Power Resources and Strategic Planning Manager
DATE: May 20, 2016
SUBJECT: Utility of the Future community engagement framework
OBJECTIVE: Inform Board about project timeline and scope

Issue

Commissioners provided management with feedback at the Jan. 5, Feb. 2 and March 15 Board meetings regarding a potential community engagement effort related to the EWEB's strategic initiatives and future direction, which initially grew out of the pricing reform discussion. The Board's guidance at the three previous sessions has assisted staff in creating the community engagement timeline and framework that is outlined in this memo.

Discussion

Previous feedback from Commissioners indicates a desire to sponsor a community conversation on a broader scope of issues than just pricing reform, to help convey the "why" behind EWEB's pricing actions, and to engage a wider audience of customers than the initial concept of a citizen advisory committee. Commissioners also expressed a desire to take more time to plan and execute a community engagement strategy. We know that asking the public to weigh in on a utility strategic plan process or document is unlikely to generate broad interest. However, introducing a new General Manager to our customers creates a bigger customer engagement opportunity.

With this in mind, Public Affairs and Power & Strategic Planning have created an outline of activities to engage the public on a number of strategic issues, as well as learn more about what topics resonate highest with our customers. A broad-to-narrow approach is planned that will help us focus tactics and resources as we move forward in a more dynamic way rather than being prescriptive from the start. The overarching objective is to gather credible information to assist the Board and management in making sound decisions about the utility's future by highlighting common community values and priorities, as well as identifying areas where there are more divergent opinions and tradeoffs in play.

Timing of the effort will be coordinated and sequenced with two other key initiatives that are equally important to the utility's future:

- Continued planning, communications and eventual construction of EWEB's alternate water source on the Willamette River.
- Launch of new and enhanced customer services that are enabled by EWEB's modernization program, specifically, advanced metering.

Both of these other efforts have significant customer-engagement components, so we will need to ensure that

we sequence and coordinate our efforts. Flexibility is also required to adjust to the needs and preferences of the incoming General Manager, as well as navigating around local and national elections and any other similar “visioning” initiatives under way with our public agency partners.

Public Affairs and Power & Strategic Planning have collaborated on a framework that has three main phases, which can be easily shifted and adjusted as needed, with the working theme of “Listen, Learn and Launch.” Below are brief descriptions of the process that has been developed.

Phase 1: Listen (approximately 5-6 months)

The initial phase of the effort will be focused on information sharing about major utility trends, as well as gathering feedback from community leaders and interested stakeholders on their priorities and interests related to our business. This phase has two main elements:

- General “meet and greet” sessions with the new General Manager.
- One-on-one “listening sessions” with key community leaders.

The hiring of a new General Manager presents an opportunity to further the public’s knowledge about the changes taking place in the electric utility industry, potential impacts to EWEB, and options the utility could take to address those changes. The initial phase of community engagement would leverage community interest in meeting the new GM in to gain a better understanding of how that person intends to lead EWEB into the future.

Meet-and-greet sessions also present two-way learning opportunities. Through speaking engagements, and meetings with industry peers and other community leaders, the GM will have the opportunity to solicit feedback about EWEB, its current or impending initiatives, and how the electric utility can best meet the challenges of a changing utility landscape while still meeting the needs of the community. At the same time, community members have the chance to develop a relationship with the new GM and learn more about his/her values, priorities and interests. Meet and greets will be fluid and personalized conversations, but we intend to have consistent questions/themes prepared in advance to help focus the feedback collected.

Simultaneously, EWEB will conduct one-on-one “listening sessions” with selected community members representing a variety of interests, including the business community, low-income advocates, elected leaders, government agencies, major customers, and others who are influential or knowledgeable in the community. The primary intent of these sessions is to assist EWEB in identifying issues, themes and opinions that will create a framework for a broader public engagement effort in 2017. Commissioners will be asked to suggest specific individuals for interviews to ensure a broad representation of customers.

The first task will be to develop interview questions for the listening sessions that tie into the major themes Commissioners have been discussing as part of your strategic planning workshops (resiliency, growth and retention, regional water provision, etc.). The goal is to obtain meaningful feedback about perceptions of where EWEB is heading, but also gain insight into where they think EWEB should be heading or focusing its efforts. Commissioners will be asked to assist in helping Public Affairs craft the questions we intend to ask during these listening sessions.

Public Affairs will consider hiring an outside consultant to help refine the questions, conduct the interviews and provide an impartial analysis of the feedback. The estimated cost is not expected to exceed \$25,000, as the bulk of the work will be performed in-house. For example, we do not anticipate a consultant would participate in the GM meet and greets; however, a staff person would be present to take notes. Customer comments from the GM sessions and individual “listening” interviews will be combined, analyzed and used to help drive the focus areas and tactics for Phase 2.

Phase 2: Learn (early 2017)

Starting in early 2017, focus will shift to involving a broader segment of the community in discussions about the issues, challenges and opportunities EWEB faces as it navigates into an uncertain future. Based on feedback obtained in Phase 1, and input from Commissioners, some of these efforts may include:

- One or more “open house” type events where customers at large will be invited to discuss their vision for the utility of the future with utility experts. These could take the form of panel discussions, with a subsequent opportunity for small group discussions, or a number of other formats suitable for general public engagement.
- An online survey or “crowdsourcing” opportunity to gather comments and ideas.
- Continued General Manager community engagement sessions.
- Issue-specific community learning workshops and/or “invite only” demographic-specific open houses. Using the broad to narrow framework, we may want to elicit more in-depth feedback on one or more topics, or may want to target a group of customers who have not been well-represented during the process so far. Commissioners would be asked to suggest individual customers for participation in any demographic-specific sessions.

The objective of Phase 2 is to use the community feedback and comments to help EWEB narrow in on a subset of issues that are relevant to the Board and our community. It is likely that one focus area will include the topic of pricing reform. No cost estimate or timeline has been developed for Phase 2. EWEB will consider continued use of a consultant to complement in-house staff time devoted to the effort.

Phase 3: Launch (mid-2017)

The third phase is focused on developing options or recommendations for further EWEB actions. There are numerous options for specific tactics that could be deployed, from surveys to committees. In keeping with the dynamic nature of the effort, specific tactics will be developed based on what we learn in Phases 1 and 2.

One key decision point will be whether to create a citizen advisory group to tackle specific focus areas that requires in-depth learning and on-going discussion to develop credible guidance for the Board and staff, such as pricing reform. Another option may include community meetings on specific topics such as EWEB role in community resiliency, economic development, etc. Staff will seek the guidance of Commissioners before adopting the appropriate engagement topics and strategies for Phase 3.

The goal of Phase 3 is to determine what remaining issues need to be addressed, and then determine how and when to engage the public. Ultimately, EWEB staff would prepare a report and plan of action for Board consideration and adoption that incorporates the community’s interests.

Recommendation and requested Board action

No specific board approval is being requested. However, we ask that you provide any comments you may have to us within the next few weeks about the general direction and goals of such a public engagement effort. A placeholder has been added to your July meeting agenda, should Commissioners need further discussion on this engagement framework.

Any specific questions can be directed to Lance Robertson and Erin Erben at lance.robertson@eweb.org and erin.erben@eweb.org, respectively.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning, and Mital
FROM: Mel Damewood, Engineering Manager; Alan Fraser, Electric Distribution Supervisor
DATE: May 25, 2017
SUBJECT: Willamette St. Overhead Electric Relocation
OBJECTIVE: Information Only - Provide General Direction for 2017 Budget

Issue

The City of Eugene (COE) has developed the South Willamette Street Improvement Plan to make the area more accessible, inviting and safe to walk, bike, take the bus, or drive in an eight-block area from 24th Avenue to 32nd Avenue on Willamette Street. Staff is asking the Board for general guidance for the 2017 Capital Budget for potential improvements along the Willamette Street corridor.

Background

Preliminary City-contracted construction along Willamette Street began a few months back, including the addition of a new traffic light at the Woodfield Station entrance. The work required EWEB, at its cost, to move existing electric and water facilities in the COE right of way (ROW) elsewhere to avoid conflicts with the new traffic signal and other improvements, resulting in undergrounding of electric facilities and eliminating two EWEB poles.

The new COE street standards in the Improvement Plan establish wider sidewalks with a three foot area adjacent to the street reserved for utilities like fire hydrants, light poles, street trees, etc. This implicates the remaining nine distribution poles in the west sidewalk, as well as the secondary services, transformers, and Distribution Feeder. The poles also support other joint utilities (internet/phone). The COE has light poles on both sides of the street, some stand alone and some mounted on EWEB poles, but these would be changed out as part of the improvements.

Over the past few years, the COE has repeatedly asked EWEB about the feasibility of moving the electric facilities (UG) for this section of Willamette Street in support of the Plan objectives. Staff has worked up alternatives and rough cost estimates to evaluate the feasibility of meeting the COE's request. The alternatives are:

- 1) Underground directly on Willamette Street
- 2) Relocate along Amazon Parkway
 - a. Overhead (OH) option
 - b. Underground option
- 3) Modify existing OH on Willamette St.

Discussion

The option of undergrounding EWEB facilities generally has broad customer support for aesthetic and safety reasons. In cases where there is heavy tree cover, undergrounding improves reliability and reduces tree trimming costs. Undergrounding is required in new construction projects, with the cost borne by the developer; undergrounding existing infrastructure in City Right of Way typically falls to ratepayers. Because of the expense, undergrounding is considered on a case-by-case basis and typically cannot be justified.

EWEB currently has no policy or practice to UG existing medium-voltage facilities. As the most recent experience on West 11th shows, just a small portion of the existing circuit was placed UG, and only when no other alternatives existed. In the case of this limited span along Willamette Street, there are several options available, described below.

1) UG on Willamette Street

Due to the number of utilities already in the Willamette Street ROW, and the level of traffic in the corridor, UG in Willamette St. is the most complex and expensive alternative. For these reasons, staff felt that carrying this evaluation any further was not prudent.

2) Relocate feeder and distribution lines along Amazon Parkway

- a. OH Option: An estimate of \$400,000 was established to remove the OH on Willamette and replace it with OH along Amazon Parkway. However, this option was eliminated simply because we were trading the safety and visual aesthetics of one corridor and creating the same issues on another. The running trail and adjacent natural area make adding new OH particularly sensitive from a neighborhood and public acceptance perspective.
- b. Underground Option: This alternative moves the existing Feeder entirely off of Willamette St. and places it UG along Amazon Parkway. The estimated cost for this option is \$1.5 million. Except for the new UG portion of the Feeder, this alternative reuses existing infrastructure for service relocation with the addition of one pole.

3) Modify existing overhead on Willamette Street

This option leaves the poles OH along Willamette St., but recognizes that number of them will likely be moved closer to the street to meet the new design standards. There may be opportunities for redesign to address safety concerns (particularly around bus stations), however COE has yet to finalize the design. If all nine poles have to be relocated along the sidewalk, the cost is estimated at about \$50k-100k.

All options require some level of expense. The Electric Capital Improvement Plan can accommodate an UG project of this magnitude, but it would require shifting the timing for other work as this project would need to be complete by 2018. Potential grant funding has been discussed by COE for an UG option, however no grant money has yet been identified. It is safe to assume that any of the options will be fully funded by EWEB.

TBL Assessment

Management has not conducted a full TBL but offers these considerations:

- UG facilities pose less risk to public; specifically for this busy street: bicyclists, pedestrians,

and motorists. This corridor is very busy now with a large amount of commercial traffic, as well as buses. The COE traffic plan is to reduce the number of traffic lanes to accommodate bike lanes on both sides of the street.

- Damage to facilities in this busy corridor has safety risks to EWEB crews during repair, and likely night time work for planned maintenance.
- A more attractive and safe corridor may yield indirect economic benefits to area businesses through increased patronage or improved property values.
- Damage to the feeder through traffic accidents can cause significant and widespread disruption (and economic impacts) to commercial customers in this area.
- There could be a perceived social equity concern expressed by other parts of our customer base that are less affluent than South Eugene is receiving special treatment.
- This is a high priority project for the City and high profile for the public and EWEB's participation may generate goodwill among stakeholders and area residents.
- The benefit of UG will be compromised if other utilities using EWEB poles are unable or unwilling to relocate (EWEB has initiated this conversation).

Recommendation

No Board decision is required at this time, but direction on whether to further pursue an UG solution is requested in preparation for the July meeting where the Electric Capital Plan will be up for approval.

If EWEB proceeds with this UG option, it should not set precedence for any future projects, until a policy is developed to equitably accommodate different parts of town; whether a COE road project or the next LTD project. The existing distribution system has many projects competing for funding in near future and a UG policy needs to compete within that project queue.

Management recommends that a UG policy is developed for Board review to help guide future decisions in a more systematic way. This policy would be informed through a prioritization process that looks at potential UG projects, ranks them against specific criteria like geographic distribution, cost/benefit, etc. The COE has indicated interest in supporting a more comprehensive look at this issue from a hazard mitigation perspective to help guide investments strategically.

Requested Board Action

Request Board's perspective for undergrounding electric facilities in this corridor and in concert with COE's Improvement Plan vision.

If there are questions please contact Mel Damewood at 541-685-7145 or email mel.damewood@eweb.org