

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
August 2, 2016
5:30 P.M.**

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

Absent: None

Guests: Matt Barton, Information Services Manager; Erin Erben, Chief Customer Officer; Sue Fahey, Chief Financial Officer; Mark Freeman, Customer Service Manager; Sarah Gorseger, Purchasing and Warehouse Manager; Catherine Gray, Energy Resource Analyst; Frank Lawson, General Manager; Dan Morehouse, Energy Management Program Supervisor; Jeannine Parisi, Government and Community Affairs Coordinator

President Simpson convened the August 2, 2016, Regular Session at 5:40 p.m.

Agenda Check

There were no changes to the agenda.

Items from Board Members and General Manager

- Commissioner Brown expressed disappointment that nothing had yet been done about the transient camps on the McKenzie.
- Commissioner Mital discussed lowering SF6 emissions.
- President Simpson reported that plans were underway for a tour of the WIX, and Downtown Fiber Project. He added that there was an upcoming tandem meeting with the EWEB Board and Eugene City Council sometime in January or February.
- Vice President Helgeson stated that he was intrigued that the City of Eugene was considering a return to written public meeting minutes; he added that he was satisfied with the minutes as they were presently.
- Commissioner Manning said he was sorry he could not stay for the entirety of the EWEB appreciation picnic, and he hoped everyone in attendance had a great time.
- Mr. Lawson reported to the Board that Eugene City Council made some changes and they will now allow negotiations for the outright purchase of the riverfront property. He added that yesterday, EWEB had gotten rid of about \$27 million in debt on the electric side of the utility. He thanked the Willamette River Keepers for their assistance in Willamette River cleanup.

Public Input

There was no public input.

EWEB Education Grants, Bethel School District 2015-2016

Ms. Parisi offered the Board a report on how the grants are impacting the Bethel School District and Lane Community College (LCC). She stated that overall, the experiences of the aforementioned institutions have been very positive, and that they were very thankful for the opportunities provided to the students through the EWEB Education Grants.

BOARD ACTION ITEMS

Approval of Consent Calendar

Minutes

1. a July 19, 2016 Regular Session

Contracts

2. The Jerry Brown Company, Inc. as the primary supplier and Tyree Oil, Inc. as the secondary supplier - for purchasing transportation fuel through the Regional Fuel Supply Cooperative contract with Greater Oregon Fleet Cooperative. \$2,875,000 (EWEB over 5 years). Generation and Fleet Services, Mike McCann, 541-685-7379

3. Vertical Bridge - for the lease of building and antenna space at Vertical Bridge Blanton Heights Tower Site. \$810,000 (over 10 years, \$113,000 EWEB net). Engineering, Mel Damewood, 541-685-7145

4. Vertical Bridge – for the lease of building and antenna space at Vertical Bridge Mt. Hagan Tower Site. \$320,000 (over 10 years, \$51,000 EWEB net). Engineering, Mel Damewood, 541-685-7145

Resolutions

5. Resolution No. 1620 - Board Policy GP17, Board Use of Email Policy, Contact Person is Matt Barton, 541-685-7109

6. Resolution No. 1622 – Supplemental Bond Resolution Authorizing and Approving the Issuance, Sale and Delivery of Electric Utility System Revenue Refunding Bonds, Contact Person is Sue Fahey, 541-685-7688

7. Resolution No. 1624 – Amending and Restating the Electric Utility System Revenue Bond Resolution Adopted June 16, 1986, Contact Person is Sue Fahey, 541-685-7688

Vice President Helgeson 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.

Resolution Authorizing Acquisition of Property for the Thurston Substation Expansion Project (Select Resolution No. 1625 or No. 1626)

Mr. Lawson reported to the Board the two Resolutions, No. 1625 and No. 1626 at issue for the expansion of the Thurston Substation.

Commissioner Mital moved to adopt Resolution No. 1625.

Commissioner Mital pointed out that Cedar Creek ran through the area, and presented even more opportunity for good resource stewardship on the utility's part.

President Simpson asked Mr. Lawson what returns EWEB would be able to see from the Thurston Substation Expansion.

Mr. Lawson answered that there was revenue potential in selling some of the residentially zoned areas in the land parcel. He also stated there were opportunities for grants to work with other entities.

President Simpson inquired if the dollar amounts discussed during Executive Session should be released to the public.

Mr. Lawson opined that they should not at this time.

Vice President Helgeson wanted to know the timing of the project.

Mr. Lawson answered that it would probably happen prior to 2019.

Ms. Fahey stated that when faced with a decision such as this, a gathering of EWEB Managers will meet to discuss the financial impact from a source protection standpoint, but they had yet to have that discussion.

Vice President Helgeson expressed concern with this project in the face of ongoing financial constraints. He added that when the Board voted, he would be voting against the motion.

Commissioner Brown advocated for Resolution 1625.

Commissioner Mital asserted that he hoped EWEB would be more aggressive with land use cost recovery in the future.

President Simpson spoke in support of Resolution 1625.

Vice President Helgeson stated that, having heard the testimony and support of his colleagues, he had reconsidered his position, and was now in favor of Resolution 1625.

Commissioner Brown wondered if EWEB was obliged to give any of the land to Willamalane, or if they could sell it to them.

Mr. Lawson recognized that the Board was in favor of Resolution 1625, but they were also interested in maximizing their returns on the non-utility uses of the land.

The motion previously put forward by Commissioner Mital to adopt Resolution 1625 passed 4-0, with Commissioner Brown abstaining.

Commissioner Mital asked about EWEB's relationship with the two Vertical Bridge contracts.

Mr. Lawson answered that the benchmarks EWEB had when compared to other regions of the state were reasonable.

Mr. Mital spoke in favor of the contract with The Jerry Brown Co.

2017 Customer Generation Rates

Ms. Gray, Ms. Erben, and Mr. Morehouse offered the Board a presentation on 2017 Customer Generation Rates. Ms. Gray stated that they were asking the Board to approve Resolution 1621.

Commissioner Mital asked if the technology had advanced far enough that Renewable Energy Credits (REC) could be verified on small systems.

Mr. Morehouse answered that they could only meter what comes back to EWEB, and that there was no meter on the solar generation.

President Simpson asked if the meters on residential sites are the same as other meters.

Mr. Morehouse replied that they were different.

Commissioner Helgeson was curious as to how many customers have solar generation and in which parts of the year, how many kilowatt hours (kWh) EWEB was purchasing for said customers, and what the accrued annual dollar amounts were.

Mr. Morehouse answered that currently EWEB had 38 solar generation systems installed, with 2100 kWh generated presently, and a to-date generation total of 17 million kWh. He added that the energy purchase from these 38 customers was approximately \$300,000 per year.

President Simpson inquired if there were any EWEB customers that were net-zero customers vis-à-vis the solar generation project.

Mr. Morehouse said there were not.

Public Hearing on 2017 Customer Generation Rates

There was no public comment.

2017 Generation Rates, Resolution No. 1621

President Simpson reported that management recommended the Board move to approve Resolution No. 1621, and to update EWEB's electric policies and procedures effective January 1, 2017.

Commissioner Manning moved to adopt Resolution No. 1621. The motion passed unanimously 5-0.

Break

President Simpson called for a five-minute break.

President Simpson reconvened the meeting at 6:43 p.m.

GENERAL BUSINESS ITEMS

2016 Second Quarter Operating Dashboard/Goals Review

Mr. Lawson offered the Board a report reviewing the 2016 second quarter operating goals and dashboard. He reported that EWEB's bond rating had went up.

President Simpson asked if Mr. Lawson could speak to EWEB's tree-trimming compliance to in-house objectives.

Mr. Lawson replied that EWEB always maintains a steadfast tree-trimming program.

President Simpson asked if EWEB was in full Public Utilities Commission (PUC) compliance.

Mr. Lawson answered that they were, although the PUC had found several non-compliance issues that EWEB is working to ameliorate.

Information Services Update

Mr. Barton offered the Board a presentation updating them on EWEB Information Services.

Commissioner Manning urged EWEB to take action as far as replacing their workforce in the future in the way of internships and apprenticeship programs.

President Simpson asked if the Riverside and ROC facilities had the capacity to back one another up in case one of the sites went down.

Mr. Barton said they did, and they were simulating a site loss in November.

President Simpson wondered if the spare space in the ROC facility could be rented out to other agencies.

Mr. Barton responded that there was a potential for that in the future, and there were currently inter-governmental discussions taking place to that effect.

President Simpson wanted to know if there were mobile apps for EWEB staff.

Mr. Barton answered that there were no such apps.

Commissioner Brown said that although it had improved, the amount of spam that gets through to EWEB emails is still far too high.

Mr. Barton agreed, and added that they did not have root access to the current firewall, but a more controllable spam filter would most likely be implemented in the future.

Correspondence and Board Agendas

Mr. Lawson asked the Board if they had any questions on the correspondence or board agenda(s).

Commissioner Mital expressed support for local banking relationships.

Commissioner Brown asked what was contained within the Hydrogen Feasibility Program; he added that it would be acceptable to follow up with Mr. Lawson at a future time.

Mr. Lawson agreed to follow up with Commissioner Brown in the future regarding his question.

Vice President Helgeson asked why the Employment Benefit Procurement contract did not require Board approval.

Ms. Gorseigner replied that it is written in the Procurement Rules which contracts are to be approved by the Board. She added the procurements under EWEB Procurement Rules, and State Procurement Rules are ones that would normally be brought before the Board.

Mr. Lawson asked leave to look into the issue outside of the meeting.

Board Wrap Up

Commissioner Manning thanked all of those who presented to the Board, and he thanked the Board itself for their thoughtful questions throughout the meeting.

Vice President Helgeson stated that he would be out of town for most of the remainder of the month of August, although he would be able to attend the next Board meeting.

President Simpson said he was happy with the meeting, and he was very pleased to see such an emphasis on education.

Commissioner Mital thanked Ms. Fahey and her colleagues for their excellent work in Finance.

Commissioner Brown asked about EWEB's not being able to sell any real estate over a certain dollar amount until all current bonds are paid off; he wondered if that would cause any problems in the future.

Ms. Fahey stated that any property sold must be considered a "useful" property to the utility while bonds are outstanding.

Mr. Lawson shared that he enjoyed himself last Saturday afternoon at the retiree picnic in Leaburg.

President Simpson adjourned the Regular Session at 7:40 p.m.

Assistant Secretary

President