

**EUGENE WATER & ELECTRIC BOARD  
2017 STRATEGIC PLANNING  
WORK SESSION MINUTES  
EWEB BOARD ROOM  
500 E 4TH AVENUE  
MAY 16, 2017  
8:00 a.m.**

**Commissioners Present:** Dick Helgeson, President; John Brown, Vice President; John Simpson, Sonya Carlson, Steve Mital Commissioners

**Absent:** None

**Others Present:** Frank Lawson, General Manager, Erin Erben, Chief Customer Officer, Chris Jones, Project Manager, Mel Damewood, Chief Engineering & Operations Officer, Mike McCann, Electric & Generation Operations Manager.

### **Strategic Work Session Introduction**

The EWEB 2017 Strategic Planning Work Session convened at 8:02 a.m.

Mr. Lawson gave a review of the agenda. He explained the meeting was meant as an interactive session to find strategic lenses for decisions made over the next 10-12 years. He said the goal was to have the new strategic plan completed by July 2017.

Mr. Helgeson cautioned against attempting to find commonality, but instead find each commissioner's point of view.

Mr. Lawson agreed and said they would be observing how much alignment or contentiousness existed for a given topic.

Mr. Brown said he would like up to three weeks to get feedback from constituents.

Mr. Mital and Ms. Carlson arrived at 8:05.

### **EWEB's Strategic Plan & General Vision for the Future of EWEB**

Mr. Lawson gave an overview of the objectives, noting the Strategic Plan should inspire alignment in the organization. He gave an overview of the important decisions that were to be made surrounding the electric resource portfolio, resiliency and emergency preparedness. He explained that the decisions made in the electric portfolio between 2020-2026 would account for \$100 million a year and \$1.5-2 billion over the next 10 to 12-year period. He gave an overview of the strategic phases:

1. Customer Confidence
2. Create Consumption Flexibility
3. Synchronizing Source/Consumption (Resiliency & Resources)

He shared customer feedback showed top concerns were drinking water quality, reliability and protection; electric service delivery and outage restoration; and efforts to control costs. The qualitative feedback also showed that customers believed emergency preparedness was already being done.

Ms. Carlson voiced she liked the prioritization of building customer confidence and the order of the phases. She asked how the customer feedback was collected.

Mr. Lawson shared there were several ways feedback was collected, and was mostly done online along with some qualitative sit down discussions. The survey results reflected 300-400 randomly selected surveys.

Mr. Mital said he appreciated the focus on affordability. He said he did not feel “new product acceptance” was necessary in the strategic proposal.

Mr. Helgeson recommended continuing to improve customer satisfaction and to account for uncertainty in customer satisfaction pertaining to long-term resource decisions, specifically noting a gap between commercial and residential satisfaction.

Mr. Lawson said the hope was to move towards a culture of sustainability and flexibility in the organization.

Mr. Brown concurred with Mr. Helgeson’s comments. He said he hoped to address inefficient energy distribution in lower income rentals. He said he did not believe a PR campaign would raise customer value, but they would have to focus on action. He said he liked the “new product acceptance” phase.

Mr. Simpson observed there was a large gap between satisfaction and importance, and posited that with any supplier-consumer relationship there would be a gap, and recommended looking at the gap relatively. He voiced concern that the time frame was too long. He encouraged developing good will. He wondered if efforts to increase value was as important to the customer as increasing cost efficiency.

Mr. Mital voiced concern on the unhappiness towards EWEB from commercial and trades costumers. He said he felt solar was a distraction and would not be worth it for customers unless it was heavily subsidized, noting it cost \$10,000-15,000 for a customer to install a system in their home.

Mr. Lawson said the strategic plan would inform difficult strategic decisions such as solar.

Mr. Helgeson noted there could be a gap between their strategic decisions and community interest, specifically surrounding solar, and recommended they find a way to manage the gap.

Mr. Lawson said they lived in a passionate community, but noted they could not accomplish all the desires of the community if they wanted to do it well.

Mr. Brown noted they always ran the risk of making unpopular decisions, and suggested they focus on the top priorities as were shown in the customer surveys.

### **Strategic Priorities, Affordability and Trade-offs (Decision Tools)**

Mr. Lawson reviewed the priorities for increasing customer value. They were as follows by level of priority: safety (quality); reliability, cost, and responsiveness. He reviewed the decision comparison tool. He used the Walterville Generation Curtailment project to demonstrate the tool.

Mr. Brown said he appreciated the tool and would like to apply it to topics such as low-income assistance.

Mr. Lawson added that the tool helped address downsides of options.

Mr. Helgeson noted he would like more information on environmental benefits and implications on current licensing. He said although he believed rates were affordable, 20% of customers struggled to pay their bills and low income assistance was one of the best tools they had to address affordability.

Mr. Mital said the tool needed a description of how a given benefit was spread out amongst the public.

Ms. Carlson said it was unclear to her which piece (cost effectiveness or customer satisfaction) would be prioritized.

Mr. Helgeson emphasized that the most important thing to do was to become more efficient and effective as an organization.

Mr. Lawson said his intention was to bring alignment through the entire organization. He said they did not want to only cover base level needs, but make strategic decisions, which required strategic alignment.

Mr. Brown shared he had been through the process of cutting conservation and various social programs, and there was a great outcry. He said it was important to remain consistent especially knowing that costs were increasing.

Mr. Simpson said he appreciated the legal footnotes that described the service mandates, emphasizing the importance of being aware of what service they had to deliver and what was extra. He said although the board said to put customer service between 7-9, staff circled 7. He voiced concern that the distillation of the board's direction may be biased towards the status quo.

Mr. Lawson said he felt the discussion pointed towards the importance of having a strategic plan. He said it was a tough process because it forced them to decide what they would defend no matter what and what they were willing to sacrifice. He said customers had emphasized quality and reliability as the top priorities. He said the tool

would need to be able to address all concerns brought to them by the community, or else the tool would not be useful.

Mr. Mital said he thought the process was valuable, noting that the University of Oregon came up with three priorities that sent a strong signal throughout the organization.

Mr. Helgeson clarified he believed there were multiple opportunities to improve value and reduce costs, while still maintaining quantity levels, and where possible, improve quality. He said the service gaps were not exclusive to the commercial sector, noting he had experiences where it took up to two weeks to get simple things resolved.

Ms. Carlson said she would like to explicitly agree on priorities.

### **AMI Strategic Discussion and Major Project Update**

Erin Erben said most of the testing for AMI was complete. She said there were seven towers for connectivity, 750-800 meters installed, and 109 meters with the radio turned on as part of the trials. She said they would soon be ready to take on more customers. She said detecting water leaks was a service customers wanted offered.

Chris Jones said the water meters worked and billed correctly. He said they were closing in on the initial deployment of the computer systems and integrations that were required. He said the meter had a high temperature detection that would send an alert to the computer system, and when it reached the second threshold, the circuit breaker within the meter would disconnect the service automatically.

Ms. Erben said the field trials showed progress towards completion. She said 626 customers opted in and 144 opted out. She said they were still doing tests on their outage detection system and were hoping to offer full services by next storm season. She said there were around 10,000 remote read meters, and hoped to begin using the new technology on them. She reviewed the opt-in and opt-out options. She said some of the nuances were defined in the customer service policy that would be going for review and approval at the next board meeting. She said if affordability was prioritized as one of the strategic objectives, it was more affordable to roll out the program as an opt-out approach. She said main concerns customers had were safety and privacy, which could be resolved with an opt-in approach.

Mr. Mital noted they were told to expect a 10% change in how the meters read consumption rates. He asked if this was still correct.

Mr. Jones said they believed some old meters ran slowly which would give those customers free electricity. He said the assumption was their bills would become more accurate, resulting in a bill increase, if their old meter was replaced.

Mr. Mital asked how much of a customer base they had to have for the project to pay off.

Ms. Erben responded that a 25% customer participation would offer significant economic potential.

Mr. Jones said they would be reviewing the business case that year.

Mr. Simpson asked if AMI meters were skipped during manual rounds and how they would structure reading for those who opted-out.

Ms. Erben said the current plan was to continue the existing meter routes. She said once they reached a certain critical mass they would change routes.

Mr. Simpson asked if the selected meters would support home area network services.

Mr. Jones said the meters had the technology to allow the meter to talk to devices within the home, however, the feature had been deferred.

Mr. Brown asked how many customer objections there had been to the opt-out option.

Ms. Erben said 144 customers had opted out so far. She said there was growing favorability (60-70%) for the project.

Mr. Jones shared information on a presentation given by the City of Fort Collins on how their generous opt-out program and community out-reach process allowed for a great decrease in concerned customers. He said he would try to get the presentation to share.

Mr. Helgeson said he would be willing to entertain the opt-out option once they had better clarity. He said they needed to make sure they gave customers a legitimate opportunity to consider the options. He said if they went with the opt-out option, they not undermine the concessions they had made earlier in the process.

Mr. Mital asked if they were going to expand the project up-river.

Mr. Lawson noted it was not in the capital plan to expand, since it would require a significant number of towers to cover the territory. He noted if they changed to opt-out it would change the capital plan significantly.

Ms. Carlson said if they made a new strategic vision that changed the course of previous decisions, they needed to communicate well with the public.

Mr. Simpson said he was in support of reversing the opt-in decision for the entire customer base. He said he felt customers were already on board for grid modernization. He encouraged making decisions in support of their customers.

Mr. Brown said he wanted to see economic metrics between the options.

Ms. Erben noted it would take several months to collect the data and they would do so if they were seriously considering a change.

Mr. Lawson said if they were truly contemplating a change of approach, they needed to understand the implications and have a better understanding of the choices. He said in terms of AMI, they could find an option in between opt-in and opt-out. He said it had to be more about the products and services than the technology.

Mr. Helgeson said they should clearly mark the transition to the public and not re-open decisions that had already been made.

Ms. Carlson noted the community had a negative view of AMI, and encouraged addressing those views. She said to her the biggest benefits of AMI was reliability and quality.

Mr. Lawson said the rate of deployment would dictate which products and services were available. If they wanted to use it for outage management, they had to have a certain level of penetration. He said in the near term, for commercial or time of use services, opt-in made sense.

Mr. Helgeson said they were convinced that in some time frame, the technology was needed. He said the question at hand was strategy. He said they needed to articulate reasoning.

Mr. Mital said they would like more information of the options.

Ms. Carlson said she would like to see the Fort Collins study to inform them as they went with the opt-out option to respect the voices of the community that had voiced concern.

The EWEB 2017 Strategic Planning committee recessed for a 15-minute break.

### **Alternative Water Source Strategic Discussion**

The EWEB 2017 Strategic Planning committee reconvened at 10:45 a.m.

Mr. Damewood said they were in a good position for the Willamette Water Treatment plant and they had to decide if they should go forward and borrow \$70 million to complete the project. The options discussed were as follows:

- 1) Construct Willamette Water Treatment Facility
- 2) Emergency only water supplies
- 3) Interties with other regional water supplies

He noted the options were not mutually exclusive.

Mr. Damewood reviewed the social, environmental and economic impact of each of the water source alternatives.

He said the winter time demand for both commercial and residents was 60 million gallons of water a day (MGD). He said the only option that was consistent with the Oregon Resilience Plan was the Willamette Water Treatment plant.

He explained that an emergency water supply had to service 300,000 gallons a day minimally, which was expected to be delivered by hand, 2-3 gallons a day per person. He said it required a high degree of volunteers and staff personnel. He said they would collaborate with school districts to act as emergency centers where water would be supplied. He said even if they had two water sources, the distribution line could be demolished, which was another part of the water reliability initiative that needed to be worked on. He said this emergency supply would not provide water for businesses.

Mr. Damewood said it was a possibility to defer the Willamette Water Treatment plant to focus on one of the other initiatives.

Mr. Lawson shared the SUB board provided direction to pursue their own plant.

Mr. Brown asked if they could pull the water out of North Wellfield and the other capped wells.

Mr. Damewood said the type 1 and type 2 capital plans addressed reservoirs, pump stations and an additional transmission.

Mr. Brown asked if SUB's plant would affect their operations at Walterville.

Mr. Damewood replied they were probably only drawing 2 CFSs.

Mr. Brown encouraged making sure they had access to the wells and get portable chlorination.

Mr. Simpson said he liked the distributed wells idea with the assurance that the water would be pressurized and cleansed. He emphasized the necessity for volunteer training and a plan that included drills.

Mr. Damewood clarified that the life-sustaining two gallons per person a day equaled 300,000 gallons a day. He said they would have thousands of breaks along the service line and would take three months to repair.

Mr. Simpson estimated that \$70 million could be distributed by \$435 per person, saying it seemed reasonable for the ultimate benefit it would provide.

Mr. Helgeson encouraged revisiting some of the vulnerabilities that they would face. He said there was risk with a water source that was not diversified. He said he did not know

if building a plant was the best option when they did not have a distribution system to hold the water. He said he did not want to depend solely on Hayden Bridge.

Mr. Mital noted he had not heard of the wells and wondered why they had not been factored in. He said they were operating at less than full information, which was disappointing. He said he was in favor of prioritizing the idea of the distributed emergency water system in cooperation with 4J. He noted it was too big of a decision to make in the next few months and needed more time to investigate the various options more thoroughly. He said staff was pushing hard for the Willamette plant without disclosing all the needed information, and said it needed to come to an end.

Ms. Carlson asked if there was back up for Hayden Bridge if they had to do maintenance. She asked what scenarios would call for the plant to be shut down.

Mr. Damewood shared they could shut down up to half of the plant for maintenance repairs. He said electrical issues could cause a need for the plant to shut down.

Ms. Carlson noted it would not be possible to sustain businesses after a Cascadia event due to infrastructure issues, and said they could not entirely blame EWEB. She said the goal was to help the public survive during the three-month period. She encouraged getting the redundancy that Hayden Bridge needed and to look at the wells distributed throughout the region. She noted there would be islands that people would be stuck on and distribution through pipes would not be possible. She said she would rather have LifeStraw and water buckets available at the various systems than relying on a large distribution system. She said the \$70 million debt for the plant would limit their flexibility after a Cascadia event.

Mr. Lawson said they needed to look at different scenarios and decide what the best options were for the multiple scenarios. He said it would likely require a combination of partners.

Mr. Damewood noted the emergency water plan outlined wells distributed across the region for emergency water. He said they had to look at the local service requirements under those conditions. Since 2012, there had been a level of service discussion that set staff to plan for a water supply that met winter-time demands.

Mr. Simpson noted one of the risks was the integrity of the transmission line. He said although laying down a third pipe along the corridor could be less expensive, it did not create additional resilience or offer business opportunities.

Mr. Brown referred to the earthquake in Anchorage, noting there were many variables for survival.

Mr. Helgeson encouraged a scenario reassessment. He said he felt the biggest challenge for water in an emergency was the distribution system. He said if they were



trying to address an earthquake scenario, he did not know if \$70 million on a treatment plant was the most immediate solution.

Mr. Mital noted that the second option covered many of the lesser scenarios.

Mr. Helgeson emphasized that the public needed to know the drill before the emergency.

Mr. Lawson noted they needed a good relationship and communications program with customers on what service levels were expected for each scenario.

Mr. Helgeson said many felt their greatest vulnerability was a Cascadia event.

Ms. Carlson asked how the level of service was determined.

Mr. Damewood said 16 MGD, which was the winter time water at base, was the level of service that was being planned for. He said they needed direction if the expected level of service was different.

Ms. Carlson noted 16 MGD was not the minimum amount for a life sustaining scenario.

Mr. Brown said even if they paid the \$70 million, they still do not have a solution for the three-month delay. He said he felt more comfortable coming up with a short-term solution before establishing the \$70 million system.

### **Carmen Smith Strategic Discussion**

Mike McCann said they were at the cusp of getting a license. He asked if they wanted to revisit implementing the license for Carmen Smith. He said once the licensing came, they would begin the project that would span over 10 years.

Mr. Brown said he felt that implementing the license and retaining the project was the only option.

Mr. Simpson and Ms. Carlson agreed with Mr. Brown.

Mr. Mital said Option C was not an option and Option B could be up for discussion at a later date.

Mr. Helgeson felt they were committed to implementing the license and retaining the project. He said they could always sell it later in a better market.

Mr. Lawson said staff were ready to go ahead with Option A. He noted their presence on the McKenzie was incredibly valuable and the value of the asset had the potential to increase over time.

### **Wrap up and Next Steps**

Mr. Lawson thanked those for being there saying he appreciated the feedback. He expected further debate to refine strategies.

Mr. Simpson said he felt the discussion was positive. He recommended a more moderated process.

Mr. Brown said he would like assistance from staff on how to communicate the information to his constituents. He said it was his job to reflect their values.

Mr. Helgeson said they had a different kind of conversation than was typically had in board meetings, and hoped they would continue to have the opportunity for positive dialogue.

Mr. Mital said he hoped to make the best decision on behalf of those he was representing. He recommended 4-5 years with no rate increases.

Ms. Carlson said she wanted to go out to the public and build trust and share the decision-making process at neighborhood meetings. She said she would like to see several options for the strategic plan. She said she would like to be able to communicate effectively on how the large decisions made fit into the affordability and customer service perspectives.

Mr. Lawson said he intended to wrestle through what he had heard, bring it back to the board for discussion in June, and likely approve a strategy in July. He said it was intended to make consistent decisions to avoid a lack of trust in the organization and to build credibility in the market place.

Mr. Helgeson said he was for making the organization focused on affordability and finding every efficiency possible. He said he stood in a place of trust and hoped to discover other narratives for context other than changes in median income percentages.

Mr. Lawson said the idea behind affordability was to recognize the characteristic of the community, which led to a budgetary target of \$15 million. He said it was significant enough that they had to reevaluate the entire organization and eventually return some of that value to customers at a level that was noticeable.

Mr. Brown noted that some cost increases were not due to EWEB although it was reflected in the EWEB bill.

Mr. Lawson said he did not want to put themselves in a position where they had no choice but to raise rates.

Mr. Simpson said he advocated for further visual separation of bills.

Ms. Carlson said she would like a broader conversation on policy changes to better customer services. She encouraged resilient and efficient projects that reached a greater number of people.

Mr. Lawson said they needed a tool to hold the organization accountable so that smaller items could be handled by staff and the board could focus on policy level issues. He emphasized that with issues pertaining to affordability, they focus on progress and not just the end goal. He reiterated he appreciated the feedback.

**Adjourn**

The EWEB 2017 Strategic Planning Work Session adjourned at 12:18 p.m.

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Assistant Secretary

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President