

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
May 1, 2018
5:30 P.M.**

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

Absent: None

Others Present: Susan Ackerman, Chief Energy Officer; Mel Damewood, Chief Water Engineering & Operations Officer; Sue Fahey, Chief Financial Officer; Laura Farthing, Engineer; Tia Marie Harwood, Interim General Accounting & Treasury Supervisor; Frank Lawson, General Manager; Mike McCann, Generation Manager; Julie McGaughey, Customer Operations Manager; Jeannine Parisi, Customer Relationship Manager; Rod Price, Chief Electric Engineering & Operations Officer; Adam Rue, Financial Analyst.

President Brown called the Regular Session to order at 5:30 p.m.

President Brown announced that all EWEB Board meetings were now being audio recorded, and would be available to the public from EWEB.

Agenda Check

There were no changes or additions to the Agenda.

Items from Board Members and General Manager

- Commissioner Helgeson complimented staff for the thoroughness of the information contained in the Board packet. He also thanked staff for their work on the information surrounding AMI contained on EWEB's website.
- Commissioner Simpson announced that he and Mr. Damewood would be traveling to Las Vegas to attend the AWWA (American Water Works Association) conference. He also announced Mr. Damewood would be presented with a Safety Award at said conference.
- Vice President Carlson reported that she had attended EWEB's Resiliency Meeting. She said that she attended the Kid Wind event in Bethel. Vice President Carlson said she also attended the solar panel ribbon-cutting ceremony at Buena Vista; she expressed excitement at seeing EWEB projects come to fruition.
- Mr. Lawson announced the FEMA grant had come through, and EWEB would be reimbursed up to \$1.4 million for projects related to preventing and mitigating local storm impacts.

- President Brown said that Willamalane, along with City of Springfield, and EWEB, agreed to chip in \$5,000 each for upriver cleanup. He also expressed interest in discussing EWEB's surplus property. Lastly, President Brown presented Mr. Damewood a certificate commemorating his 30-year anniversary with EWEB.
- Mr. Lawson announced that Springfield Utility Board and International Paper had also pledged funds to the upriver cleanup campaign.

Preliminary Residential Electric Pricing Committee Findings

Ms. Ackerman, Ms. Parisi, and Mr. Rue offered the Board a report and Power Point presentation on the findings of the Residential Electric Pricing Committee.

Commissioner Helgeson said he was in support of collapsing the pricing tiers, and moving toward a flat-rate structure. He added that he would be happy to defer any conversation about a higher Basic Charge.

Commissioner Mital offered that he too was in support of collapsing the pricing tiers. He said that he was also not ready to raise the Basic Charge.

Commissioner Simpson said he was in favor of increasing the Basic Charge as an end goal; he said he would be happy to have a conversation to pin down a timeframe. He acknowledged that the bill impact these decisions would have would appear non-conservationist, so he stressed the importance of communication with EWEB ratepayers. Commissioner Simpson said he was in favor collapsing pricing tiers as well.

Vice President Carlson offered that she too was in favor of collapsing pricing tiers. She said that she was also in favor of grouping any rate structure changes with changes to low-income programs to make it more palatable for the public. Vice President Carlson stressed gradualism in any of these changes, also for the sake of the public.

President Brown was also in favor of pricing tier collapse and raising the Basic Charge gradually, but he was concerned about public perception surrounding these changes.

President Brown asked staff if they had the direction they required from the Board.

Ms. Ackerman said she believed so. She said they would come back to the Board with the collapsed pricing tier discussion.

Commissioner Simpson noticed staff did not mention a framework for Basic Charge modifications in their read-back of Board direction.

Ms. Ackerman said she simply forgot to add that, but it was part of Staff's ongoing conversation, and would be brought back to the Board in the future as a long-term strategy.

Commissioner Simpson wondered if the tier collapse would be a three-month planning process.

Ms. Ackerman said staff was hoping they could bring the complete pricing package back to the Board in approximately November, based on EWEB historicals.

Commissioner Helgeson stated that he was not necessarily in favor of a Basic Charge increase.

Commissioner Mital said that he too was not in favor of a Basic Charge increase, at least not at present.

Public Input

Marilyn Cross of Eugene, and Chair of the McKenzie Clearwater Coalition, was concerned about funding running out for the Septic Assistance Program. She encouraged the Board to offer more funding for this important program. She reported that the past Saturday, when BPA connected to EWEB's new substation at Holden Creek, upriver Lane Electric customers were without power for approximately 12 hours.

Laurie Powell of Eugene, representing 350 Eugene, thanked EWEB for promoting green energy. She mentioned that the Climate Change policy on EWEB's website was dated 2007, and wondered if there were any plans to update the policy. She also said there was no explicit mention of Climate Change in EWEB's Strategic Plan. Finally, she thanked EWEB for its presence at the Friendly Neighborhood Association's Disaster Preparedness Fair.

Matt McRae of Eugene said he would like to see Climate Change as a part of EWEB's updated Strategic Plan. He thanked the Board for circling back to that conversation.

Isaac McCoy-Sulentich of Eugene stressed a sense of urgency around Climate Change in the Strategic Plan. He also said he did not think EWEB should wait until after full AMI deployment to talk about Time-of-Use Pricing.

Bob Cassidy of Eugene said he felt the Basic Charge is understood by the public, but he felt the discussion surrounding tier-collapsing was unclear. He stressed the importance of public outreach and transparency on the Board's and the Utility's part.

Commissioner Mital thanked those speaking. He said he was in support of including a Climate Change focus to the Strategic Plan.

Commissioner Simpson said he too was in favor of adding a Climate Change focus to the Strategic Plan. He agreed with Mr. McCoy-Sulentich that EWEB should not wait for full AMI deployment to have a conversation about Time of Use Pricing. Commissioner Simpson expressed support for collapsing the pricing tiers.

Vice President Carlson asked staff how much funds were allocated to the upriver septic program. Vice President Carlson also spoke in favor of including a Climate Change focus in the Strategic Plan.

Commissioner Helgeson asked Mr. Lawson to provide an official explanation of the upriver power outage. He said he was in favor of a Climate Change focus in the Strategic plan.

President Brown asserted that EWEB did plan on including a Climate Change focus in its Strategic plan. He asked Mr. Lawson if it was EWEB's responsibility to notify upriver, Lane Electric customers of the events which led to the 12-hour power outage.

Mr. Lawson said that ultimately it was either the responsibility of Lane Electric or BPA.

President Brown asked if it would be possible to write an editorial for the local upriver paper explaining the events.

Mr. Lawson said he would get in touch with Lane Electric to see what they did to communicate this event to the upriver customers.

Approval of Consent Calendar

MINUTES

- 1. a. February 6, 2018 Regular Session Amended**
- b. April 3, 2018 Executive Session**
- c. April 3, 2018 Regular Session**
- d. April 10, 2018 Executive Session**
- e. April 10, 2018 Special Meeting**

CONTRACTS

- 2. Ferguson Waterworks** - for brass fittings. \$860,000 (over 5 years).
- 3. Habitat Contracting** - for Vegetation Management Services. \$275,000 (over 5 years).
- 4. Oregon Woods, Inc.** - for Vegetation Management Services. \$275,000 (over 5 years).
- 5. Process Solutions, Inc.** - for On-Site Sodium Hypochlorite Disinfection System Equipment. \$1,285,000.
- 6. Wildish Construction Company** - for the Crenshaw 800 Pump Station Replacement. \$187,000.

RESOLUTIONS

7. Resolution No. 1808 - Conveyance of Park Property to City of Eugene

OTHER

8. Replacement of EWEB Open Access Transmission Tariff (OATT); Approval of Transmission Operations Policy and Transmission Services Policy

President Brown pulled Item 7.

Approval of Consent Calendar

Commissioner Simpson moved to approve the Consent Calendar without Item 7. The motion passed unanimously 5:0.

Items Removed From Consent Calendar

President Brown expressed concern that larger trucks would not be able to access or maneuver in the space the property in question provides.

Mr. Lawson stated EWEB had a temporary access agreement over the 16 acres of surplus property sold to the City of Eugene, until permanent access was designed and implemented by the developers. He said he would follow up on the truck access piece.

Commissioner Simpson moved to approve Consent Calendar Item 7. The motion passed unanimously 5:0.

Electric & Water 2018 Capital True-Up & Budget Amendment, Resolution No. 1814

Mr. Damewood and Mr. Price offered the Board a report and power Point presentation on the 2018 Budget True-Up, and Resolution No. 1814

Commissioner Simpson asked if the 10th & Pearl vault collapse was experienced by other utilities.

Mr. Price replied that there were water lines and telephone lines running through the vault. He announced that all cables in the collapsed vault would be redirected.

Commissioner Simpson asked if fuel storage was part of the deal for Hayden Bridge. He also wondered with fuel on site, what the run time of the generators would be.

Ms. Farthing explained that there would be approximately 1,500 gallons of diesel stored on site, which would provide a 24-hour runtime.

Commissioner Helgeson asked, as per AMI, was there a different budget assumption.

Mr. Price replied that the money going into the Capital Budget was for the smart meters only, but other associated AMI costs would eventually be drawn from the Capital Budget.

Mr. Damewood stated that the water side of the utility spent 80% of Capital Budget last year, which is lower than average.

Commissioner Mital asked if any of the fuel to be stored at the Hayden Bridge facility would be close to the river itself.

Mr. Damewood responded no.

Commissioner Mital expressed concern over the Grid Edge project relying solely on battery power. He wondered at the size of the batteries.

Mr. Price replied the first battery was one MWH of storage, with a 500kW output. He also said there was a solar panel on site.

Commissioner Helgeson moved to approve Resolution No. 1814. The motion passed unanimously 5:0

Reserve Fund Status and Transfers/Use of Reserves

Ms. Fahey and Ms. Harwood offered the Board a report and Power Point presentation on the status of reserve funds, fund transfers, and use of funds.

Commissioner Mital asked about the 2016 credit rating, which was an improvement to EWEB's credit rating; if we achieved that improvement without the additional money in the various reserve funds, why do we need to transfer funds now to maintain it?

Ms. Fahey answered that EWEB had excess funds, so when the rating agency looked at it, they said you have the funds, but want to make sure we keep those funds in the future.

Commissioner Helgeson asked if the deposits being made to the PERS fund takes the utility over the previously determined threshold.

Ms. Fahey said they would not know until November.

Mr. Lawson said he would like to take any customer dividend recommendation off the table.

President Brown, Commissioner Simpson, and Commissioner Mital all said they supported removing the customer dividend recommendation.

Break

President Brown called a break at 7:11 p.m.

President Brown reconvened the meeting at 7:26 p.m.

Customer Service Policy Proposed Revisions and Discussion

Ms. Fahey and Ms. McGaughey offered the Board a report and Power Point presentation on proposed customer service policy revisions.

Commissioner Helgeson asked if the charges were compensatory. He asked about the basis on which EWEB would charge said fees.

Ms. McGaughey said the fees themselves were mostly six years old, so she couldn't speak to their original intent, but the fees do not cover EWEB's costs, so they are not compensatory in that way.

Commissioner Simpson asked about the questions on the power Point which read, "Which fee types should be charged to customers? Any fee types recovered by customer class through cost of service allocation?" He wondered if the second question meant in lieu of fees.

Ms. Fahey said that was correct.

Commissioner Simpson said the utility might want to waive disconnect service fees for fire department callouts.

Vice President Carlson wondered why there was a range in the tampering fees of \$125 - \$500.

Ms. McGaughey responded that her understanding was EWEB always charged \$500 for tampering, but there was an appeals process for extenuating circumstances.

Commissioner Mital said he'd like to see EWEB develop a column for the AMI meters and accompanying fees. He opined there was value in incentivizing an AMI upgrade as per waiving fees for a customer should they agree to AMI installation.

President Brown agreed with Commissioner Mital about AMI incentives.

Commissioner Helgeson wondered how EWEB tested meters.

Mr. Lawson replied that EWEB used a standard and test equipment which carries a certain determined current.

Commissioner Simpson posited that excess consumption relief should not be something EWEB is involved in. He suggested EWEB rely on the no-interest loans which EWEB provides for such an instance.

Mr. Lawson said that excess consumption relief, in the event of a leak or other uncontrolled emergency, was a very inexpensive way to build customer satisfaction.

Ms. Fahey announced they would be back to talk about customer account security and infrastructure improvement fees at the June meeting. She suggested the Board consider action on the Customer Service Policy at the June meeting.

Annual Review of Strategic Plan

Mr. Lawson offered the Board a review and power Point presentation on the Strategic plan.

Commissioner Mital opined he would like to see a low-carbon goal stated explicitly on the first page of the Strategic plan (SP).

Vice President Carlson offered that she was in support of Climate Recovery/Change language in the SP, specifically how it would relate to Electric Resource Choices.

Commissioner Simpson said he would be okay with deferring changes to the "Community" aspect of the Strategic Plan to the following year. He said it was important to make a declarative statement around Climate Recovery in the SP.

Commissioner Mital expressed the importance of consistency between now and 2029 as far as the utility's stance on electrification and Climate Recovery went. He said it would behoove EWEB to not have a carbon-heavy energy portfolio in 2029.

Quarterly Strategic and Operational Report for Q1 2018

Mr. Lawson offered the Board a strategic and operational report for Q1 2018.

Vice President Carlson asked for further information on customer service in the First Quarter of 2018.

Mr. Lawson reported that there was a little trouble surrounding the changing of EWEB's payment drop mailing address. He also said EWEB was planning on a implementing a phone customer service survey.

Vice President Carlson asked about the extra staff brought on to handle that transition. She wondered if that staff would become permanent employees, or were they temporary employees.

Mr. Lawson said he did not know yet, but staff was continuing to monitor the flow of customer service.

President Brown wondered if the parent company of the company which owns EWEB's lockbox was Wells Fargo.

Ms. Fahey said it was not.

Correspondence & Board Agendas

Mr. Lawson offered the Board a report on Correspondence & Board Agendas.

Mr. McCann offered the Board an update on the Record of Decision for the Walterville Canal.

President Brown asked how EWEB received permission to work in the river during salmon migration.

Mr. McCann said EWEB's efforts were beneficial to salmon, and their work in the river had been well received.

Commissioner Simpson wondered why EWEB would remove all the water from the Walterville canal, and why an announcement would need to be made to that end.

Mr. McCann replied that removing the water completely from the Leaburg canal could cause misting on the road, so EWEB does not remove all the canal water, just some of it. He said the announcement was due to the effect of river rise which occurred when water was removed from the canal.

Board Wrap Up

Vice President Carlson announced she attended the SMUD presentation.

Commissioner Simpson said he attended the resiliency meeting.

President Brown announced the EWEB mobile water purification unit was very close to operational.

Adjourn

President Brown adjourned the meeting at 9:00 p.m.

Assistant Secretary

President