

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

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

**Absent:** Dick Helgeson

**Others Present:** Susan Ackerman, Chief Energy Officer; Greg Brownell, Portfolio Management Supervisor; Rachel Chilton, Communications Specialist; Mel Damewood, Chief Water Engineering & Operations Officer; Sue Fahey, Chief Financial Officer; Rene Gonzales, Customer Solutions Manager; Deborah Hart, Interim Financial Services Manager; Tia Marie Harwood, Interim General Accounting Supervisor; Chris Irvin, Engineer; Leslie Kidd, Accounting Analyst; Frank Lawson, General Manager; Mike McCann, Generation Manager; Julie McGaughey, Customer Operations Manager; Jeannine Parisi, Customer Relationship Manager; Anna Wade, Business Line Manager; Michael Whitlock, Whitlock Consulting Group

President Brown called the Regular Session to order at 5:29 p.m.

**Agenda Check**

There were no changes or additions to the Agenda.

**Items from Board Members and General Manager**

- Vice President Carlson reported that she had the pleasure of attending a recent town hall meeting at Aubrey Park Elementary. She said she had also attended the Parachutes for the Planet event, but she did not see any signage pointing to EWEB's involvement in the event.
- Commissioner Simpson reported that he recently attended the OPEB (Other Post-Employment Benefits) Board meeting, and based on updated benefits and assumptions, the total open liability increased from \$24 to \$42 million. He also reported he would be traveling to Las Vegas next week with Mr. Damewood to the American Water Works Association (AWWA) conference, where Mr. Damewood would be receiving a Safety Award. Commissioner Simpson wondered what the Board thought of bringing in an LCOG representative to give the Board a rundown of what is happening currently at LCOG.
- Commissioner Mital said that he had received phone calls from some of his constituents urging him, and the Board, to integrate Climate Change and Emissions Reduction into not only the Strategic Plan, but the utility's Climate Action Plan as well. He expressed concern that the public was not totally aware of all the work EWEB is doing to further the goal of integrating Climate Change and Emissions Reduction in the Strategic Plan, and the Climate Action Plan.

- President Brown said that he would like staff to draft a letter of appreciation for the receipt of the well from the Jeffries. He said he fielded a few calls concerning the recent canal and dam shutdown upriver; he asserted the utility should be announcing its plans to manipulate the river to the public. He also said he would like more information on the Deer Creek study. Finally, he said he would like to see the Oregon Public Utility Commission (PUC) taking more responsibility for the power lines that belonged to them and not EWEB.
- Mr. Lawson said the utility could change its PUC collection fees in order to recoup funds paid for the PUC's lines.

### **Public Input**

**Jim Neu** of Eugene thanked EWEB for addressing residential lawn-watering management, but expressed concern about herbicides being sprayed within the McKenzie Watershed. He said he would like EWEB to publicly denounce herbicides within the watershed. Mr. Neu expressed a desire to see tangible actions by EWEB to promote Climate Change and Emission Reduction in the utility's Strategic Plan.

**Karen Austin** of Eugene urged the Board to include Climate Change and electrification of transportation in its Strategic Plan. She was concerned about the nuclear Columbia Generating Station (CGS), not being carbon-free, or renewable, energy. Ms. Austin urged the utility to make a statement in its Strategic Plan of its intent to decommission the CGS.

**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.

**Damon Motz-Storey** of Eugene, and representing Oregon Physicians for Social Responsibility, thanked Vice President Carlson, and Mr. Lawson for meeting with him previously to talk about the decommissioning of the CGS. He added that Bonneville Power Administration (BPA) had already heard from Seattle City Light (municipal government) in the form of a municipal resolution supporting the termination of BPA's nuclear power purchasing contracts; Mr. Motz-Storey urged EWEB to include a commitment to work with BPA on divesting from nuclear power and the decommissioning of the CGS in the utility's Strategic Plan.

**Patricia Hoover** of Eugene, and representing Nuclear-Free Eugene, offered her testimony as someone who formerly lived near the Hanford Nuclear Waste Site in Washington State; she reported several health problems associated with exposure to nuclear waste. She urged EWEB to move to decommission the CGS.

**Roger Ebbage** of Eugene, and representing Lane Community College's (LCC) Energy Management Program, thanked the Board and the utility itself, for their help and support. He announced that LCC wished to change the current Education Grant, by dropping the amount of the grant by 2/3, and making those monies available directly to students in the form of scholarships.

**Linda Heyl** of Eugene thanked EWEB for their dedication to addressing Climate Change. She pointed out that the utility's voraciousness as per its Strategic Plan was appropriate and appreciated by the public. Ms. Heyl noted that a more balanced energy portfolio was prudent.

**Tana Shepard** of Eugene, and representing 4J School District, thanked EWEB for its funding support for Eugene, Bethel, and Springfield. She said the Parachutes for the Planet event was a huge success, and there was much information on 4J's website about the event. Ms. Shepard expressed excitement about the upcoming Solar Challenge.

Vice President Carlson thanked everyone for offering their testimony. She said she was supportive of taking action on the CGS. She wished to clarify that a lot of the points brought up by the public surrounding Climate Change, EWEB was already addressing. She stressed the need for clearer public communication about EWEB's Climate Change reduction efforts.

Commissioner Simpson thanked Mr. Neu for his thoughts and update on herbicides in the McKenzie Watershed. He also urged the Board and staff to make sure the steps the utility was making to reduce greenhouse gas emissions were salient, and could be easily accessed by the public.

Commissioner Mital asked Mr. Neu if he could get a copy of or link to the herbicide study Mr. Neu referenced in his comments. He also wondered what EWEB's role in the decommissioning of the CGS would look like.

President Brown stressed the importance of clear communications between the utility and the ratepayers.

## **Approval of Consent Calendar**

### **MINUTES**

- 1. May 1, 2018 Regular Session**

### **CONTRACTS**

- 2. ALTEC Industries Inc.** - for the purchase of an Insulated, Over-Center, Material Handling Bucket Truck. \$364,000.
- 3. Anixter** - for Primary and Secondary Conductor. \$1,350,000 (over 5 years).
- 4. Durbin Excavating, LLC** - for the Roosevelt Operations Center (ROC) Consolidation Project - Parking Lot Expansion. \$320,000.

5. **Northstar Chemical** - for Liquid Caustic Soda Membrane Grade 50%. \$630,000 (over 5 years).
6. **R2 Resource Consultants, Inc.** - for an alternatives analysis of trap and haul upstream fish passage facilities. \$200,000.
7. **WESCO Distribution** - for 15kV Ethylene Propylene Rubber (EPR) Conductor. \$3,900,000 (over 5 years).

#### **INTERGOVERNMENTAL AGREEMENTS**

8. **City of Eugene** - for Water Pipeline Crossings on Pedestrian Bridges over Amazon Creek. \$190,000.
9. **Lane Community College Education Grant** - modify agreement to provide a tuition scholarship of up to \$25,000 for the upcoming 2018/2019 school year, with re-evaluation in June 2019.

#### **RESOLUTIONS**

10. **Resolution No. 1815** - Reserve Transfers.
11. **Resolution No. 1817** - Financial Policies.

#### **Approval of Consent Calendar**

***Commissioner Simpson moved to approve the Consent Calendar without Items 6 and 9. The motion passed unanimously 4:0.***

#### **Items Removed From Consent Calendar**

Commissioner Mital pulled Items 6 and 9.

President Brown wondered about the \$200,000 figure for an alternative analysis of trap and haul upstream fish passage facilities as laid out in Consent Calendar Item 6

Ms. Boyle offered a brief report on Consent Calendar item 6.

Mr. Mital wondered what was meant by “informal RFP process.”

Ms. Boyle replied that because of the size and scope of this particular work, EWEB qualified for an “informal” RFP process

***Commissioner Simpson moved to approve Consent Calendar Item 6. The motion passed unanimously 4:0.***

Commissioner Mital thanked Mr. Ebbage for bringing grant information back to the utility. He was comfortable in gradually sun setting the EWEB grant program with the Energy Management Program at LCC.

Ms. Parisi clarified that it was not EWEB's intent to continue the grant program for LCC indefinitely.

***Commissioner Mital moved to approve Consent Calendar Item 9. The motion passed unanimously 4:0.***

### **Limited Income Program Goals**

Mr. Gonzalez and Ms. Wade offered the Board a report and power point presentation on the goals of the Limited Income Program.

Commissioner Mital wondered how to measure the effectiveness of any Limited Income program.

Ms. Wade said that Lane County had provided EWEB with studies done on similar programs. She added that it was not easy to gather and study this data due to the transitory nature of those being studied.

Commissioner Simpson said he was in favor of the Rate-Funded category with narrow education, and a focus on consumption awareness.

Vice President Carlson offered that, for her, the Low Income and Energy Efficiency aspects of the presentation needed to be blended into one issue. She said she would like to see more strategic leveraging of funds to improve the housing stock.

Vice President Carlson said she would like to see the data on how much EWEB holds in deposits from Low Income Program participants.

### **Resolution No. 1816, Update to Board Policy SD3 and Customer Service Policy Revisions**

Ms. Fahey and Ms. McGaughey offered the Board a report and PowerPoint presentation on resolution No. 1816.

***Commissioner Mital moved to approve Resolution No. 1816. The motion passed unanimously 4:0***

### **Security Deposits and Smart meter Communication Plan**

Ms. Fahey, Ms. Chilton, Ms. McGaughey and Mr. Whitlock offered the Board an update and power point presentation on security deposits, and the smart meter communication plan.

Commissioner Simpson asked about Slide 8. He wondered if collecting two times the highest bill would involve the bills of past tenants. Commissioner Simpson also asked how far back staff would look to generate that bill.

Ms. McGaughey answered that if a customer has poor credit history, and is moving into a new area, EWEB would look at two times the highest bill within the history of that particular premises.

Commissioner Simpson wondered why EWEB wouldn't call or email a customer the day after their EWEB bill is due.

Ms. Fahey said that kind of direct customer contact was time and labor intensive.

Commissioner Simpson asked if a customer were dinged for a bad check say, how long until the negative points on that customer's account are retired.

Ms. Fahey replied one year.

President Brown wondered why staff was not asking the Board about the disconnect times involved with the suggested changes.

Ms. Fahey said that was an oversight; and they should have included that in the presentation.

President Brown asked if it was necessary to cut off services to customers for non-payment after 38 days instead of 60.

Ms. Fahey responded if staff was to cut off services after 60 days, the customer would be liable for three months' worth of bills before services could be restored.

Vice President Carlson asked if customers would know their credit scores would be affected if they were delinquent to a specific dollar amount. She asserted EWEB should be very specific with customers about delinquent accounts and the consequences of same.

Commissioner Mital asked if all of the \$700,000 in write-offs were in disconnects.

Ms. Fahey said that staff did not know at this time.

### **Break**

President Brown called for a break at 7:49. The meeting reconvened at 7:59

### **Proceeds From the Riverfront Property**

Ms. Fahey, Ms. Hart, Ms. Harwood, and Ms. Kidd offered the Board a report and Power-Point presentation on the proceeds from the Riverfront Property.

Vice President Carlson asked if the proceeds from the Riverfront Property sale could be used to fund PERS.

Ms. Hart answered yes, but Board approval would be required.

Commissioner Simpson said that previously, the utility had said that any proceeds from the sale of the Riverfront Property would go to debt mitigation. He pointed out that at the present time, that was no longer the most prudent action.

### **Draft Revisions to Board Policy SD15, Climate Change**

Ms. Ackerman and Mr. McCann offered the Board a report and PowerPoint presentation on the draft revisions to Board policy SD15

Commissioner Mital suggested the utility add a little more information about large sector opportunities for electrification, in particular transportation and home heating.

Vice President Carlson offered that the utility should be more proactive in emphasizing the switch from natural gas to electrification, and greenhouse gas emissions reporting.

Mr. McCann stated that staff was in the process of reporting greenhouse gas emissions.

Commissioner Mital stated that the publishing of EWEB's carbon intensity per megawatt hour was a key way for the community to get an idea of what EWEB's energy portfolio looks like.

### **Strategic Plan Revisions**

Mr. Lawson offered the board a report and power point presentation on the revisions to the Strategic plan.

Commissioner Mital was in favor of the revisions.

Vice President Carlson said she was as yet undecided. She cited the lack of specific targets and goals surrounding Climate Change for her current decision.

Commissioner Simpson was in favor of the revisions.

President Brown was in favor of the revisions, although he said it would be challenging to include specific emergency preparedness goals included in the revisions.

***Commissioner Simpson moved to approve the suggested edits to the Strategic Plan. The motion passed unanimously 4:0***

**2018 Annual Integrated Electric Resource Plan Update**

Ms. Ackerman and Mr. Brownell offered the Board an update and a PowerPoint presentation on the 2018 Annual Integrated Electric Resource Plan (IERP).

Commissioner Mital wondered why there was no worry of price spikes associated with a severe winter cold snap.

Mr. Brownell offered that the duration of a winter weather event was usually short. There are import capabilities. It would have to be a severe event and it's true that it could be expensive, although it would also be expensive to build a resource to prepare for such an event.

Commissioner Mital asked how Management suggests we amend the IERP if the Board wants to focus on carbon intensity as a goal for our updated resource plan.

Ms. Ackerman said the IERP is a good place to express that intent and it is certainly a good place to analyze what EWEB's changing energy portfolio might mean in terms of our carbon footprint.

President Brown wanted to know if the 10-year staff projection, and EWEB system capacities reflected AMI.

Ms. Ackerman said that AMI was not factored into this presentation, but AMI could very well change the numbers over time.

Commissioner Simpson wondered how much (Electric Vehicle) EV electrification could be supported by the 10 aMW headroom that was mentioned.

Mr. Brownell responded the flat load growth represented current programs. He offered that more research would have to be done on EV electrification before a solid answer to the question could be given.

Mr. Lawson offered that he had heard EVs were expected to triple in the next two to three years. He performed calculations that resulted in a 0.1 MWh growth.

### **Correspondence & Board Agendas**

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

Commissioner Simpson asked if there was an intent by the utility to raise the pumping rate for the College hill neighborhood incrementally, or would it be a one-step function.

Mr. Damewood replied that it was a one-step function.

### **Board Wrap Up**

Vice President Carlson offered that it would work better for her if staff posed presentation questions before the presentation instead of after. She thought it a good idea for the



utility to introduce a resolution urging BPA to make cleaner electrical energy choices in their portfolio.

The Board offered their consensus to request a backgrounder outlining their options to address Vice President Carlson's comments around BPA resource choices.

Commissioner Mital wondered about the utility's cash on hand. He said he would like to start talking to the Board about plans and visions for EWEB's cash on hand.

President Brown asked about the timing of the AMI rollout.

Mr. Lawson said that determination would be made in July.

**Adjourn**

President Brown adjourned the meeting at 9:18 p.m.

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Assistant Secretary

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President

## **EWEB Board Consent Calendar Request**

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a construction contract with **Kronsberg Electric, Inc.** (Redmond, OR) for **Standby Power Improvements at the Hayden Bridge Water Filtration Facility.**

Board Meeting Date: July 10, 2018

Project Name/Contract#: ITB 029-2018 / Hayden Bridge Filtration Plant Standby Power Improvements

Primary Contact: Mel Damewood Ext. 7145

Purchasing Contact: Collin Logan Ext. 7426

### **Contract Amount:**

Original Contract Amount: \$475,000

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0 %

Amount this Request: \$475,000

**Resulting Cumulative Total:** \$475,000

### **Contracting Method:**

Method of Solicitation: Formal Invitation to Bid

If applicable, basis for exemption: N/A

Term of Agreement: Final Completion Dec 31, 2018

Option to Renew? No

Approval for purchases "as needed" for the life of the contract No

Proposals/Bids Received (Range): 5 Bids Received (\$473,897 - \$785,142)

Selection Basis: Lowest responsive and responsible bid

### **Narrative:**

The Board is being asked to approve a construction contract with **Kronsberg Electric, Inc.** for **Standby Power Improvements at the Hayden Bridge Water Filtration Facility.**

Currently, the Hayden Bridge Filtration Plant and Raw Water Intakes have limited standby power capabilities with no capacity to deliver water during a power outage. The project will include the installation of two EWEB provided generators: a 1,000 kW onsite generator at the Filtration Plant and a 500 kW onsite generator at the Raw Water Intake. Both generators have integral subbase diesel fuel tanks that include secondary containment. At the Raw Water Intakes, the generator has the capacity to provide power for 24 hours to one pump and the associated loads. At the Filtration Plant, the generator will have the capacity to provide power for 24 hours to the treatment processes, the proposed new disinfection system, and one finished water pump. With these improvements, it will be possible to deliver up to approximately 20 million gallons of water to the distribution system during a power outage. This quantity exceeds EWEB's minimum demand.

In addition to installing the generators, the project includes installation of associated electrical equipment, concrete generator pads, a new transformer, and associated conduit and wiring.

In May 2018, Staff issued a formal ITB seeking bids from contractors to construct improvements to the standby power ("backup power") systems at the Hayden Bridge Water Filtration Plant and Raw Water Intakes. Five responses were received from EC Electrical (Albany, OR), Stettler Supply Company (Salem, OR), U.S. West Electric (Myrtle Creek, OR), Olsson Electric (Springfield, OR) and Kronsberg Electric, Inc. (Redmond, OR). Kronsberg Electric, Inc. was determined to be the lowest responsive and responsible bidder.

**ACTION REQUESTED:**

Management requests the Board approve a construction contract with **Kronsberg Electric, Inc.** for **Standby Power Improvements at the Hayden Bridge Water Filtration Facility.** Funds for this work are included in the 2018 Budget. The 2018 Water Capital Budget is \$14.7 Million.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson  
FROM: Frank Lawson, General Manager  
DATE: June 19, 2018  
SUBJECT: Strategic Plan Revisions and Update to Board Policy SD1, Mission, Vision, Values & Legacy  
OBJECTIVE: Board Action

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## Issue & Background

In accordance with Board Policy GP3, the role of the Board includes approval and oversight of the utility's strategic plan. Since its adoption in August 2017, the new strategic plan has served the organization well by providing guidance for significant decisions, policies and the manner in which we conduct utility operations.

Following deliberation at the May 2018 Board Meeting, Commissioners directed the General Manager to modify the strategic plan to more clearly define EWEB's role in climate change. Proposed updates to the plan were provided to the Board at its June 5, 2018 meeting. Foremost revisions include acknowledgement that EWEB's Electric Resource Choices, as one of the top two strategic priorities, must be pursued in the context of a changing climate, new technology, developing markets and evolving customer expectations. Congruently, our impact on affordability and role in reducing climate change have been integrated into the Organizational Core Value – "Responsible".

Management recommended an amendment to the core value "Community" specifying that we are obligated to serve with transparency and to the value "Safety" placing emphasis on both physical and emotional safety.

## Discussion

The Board approved updates to the Strategic Plan as proposed at the June 5, 2018 meeting. Management wishes to make a slight modification to the core value, Safety, as follows:

**SAFETY** - We value the physical and psychological health and safety of our workforce and the public.

EWEB has a robust physical safety and health program as proven by the organization's safety record. It is equally important for employees and our customer-owners to feel psychologically safe at work and when interacting with EWEB. The word psychological was chosen as it encompasses

emotional safety as well as other mental aspects we experience. For example, we recognize that distractions caused by anxiety or stress have tangible effects on physical safety and our ability to serve our customers and each other to the best of our ability. A workforce culture that is psychologically safe will cultivate diversity of thought and the courage to pursue transformations necessary to thrive in a changing industry. As we hold all aspects of safety in high regard we will promote positive relations that inspire trust and confidence in our employees and customer-owners.

EWEB's core values provide the fundamental basis for guiding the organization's policies, actions, behaviors and decisions. At this time, Management requests action to provide revisions to the Strategic Plan and to Board Policy SD1 titled Mission, Vision, Values & Legacy as reflected in the following pages.

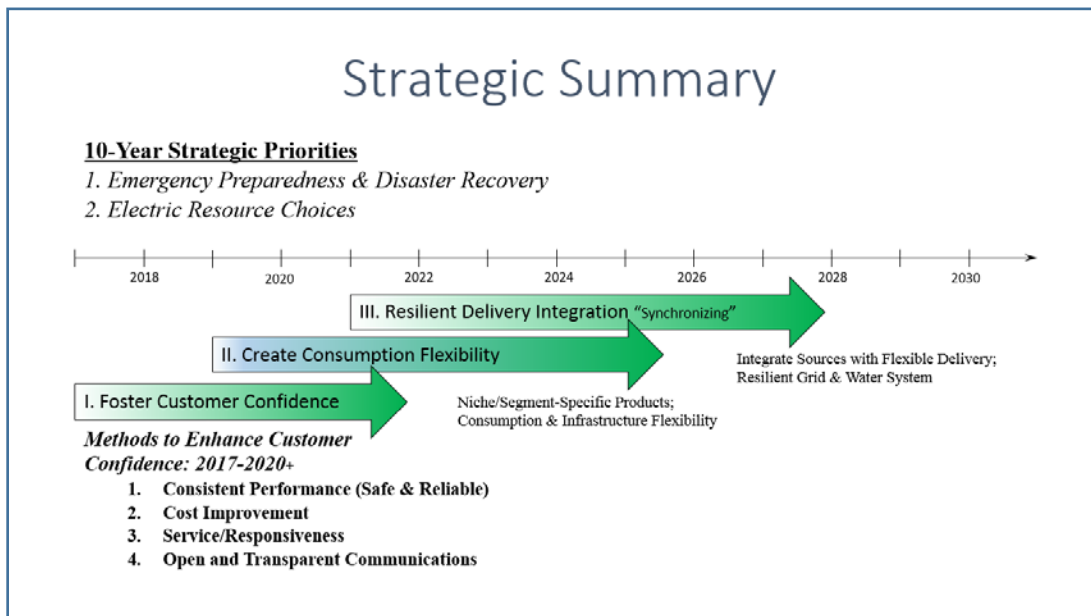
### **Requested Board Action**

Approval of the 2017-2020 Strategic Plan as amended and Resolution No. 1818: Revisions to Board Policy SD1, Mission, Vision, Values & Legacy.

**PROPOSED MARK-UP**

**Eugene Water & Electric Board  
Strategic Plan (2017-2020)**

*Adopted by the EWEB Board of Commissioners on August 1, 2017  
Approved Revision:- ~~June 5, 2018~~ July 10, 2018*



## **Purpose**

A strategic plan provides the context and understanding needed to manage policies, establish priorities, and make decisions. The plan should guide and align the organization, inspire action, and motivate us to achieve desired results. We will review and update the plan annually, or when impactful changes occur.

## **Introduction**

The Eugene Water & Electric Board (EWEB), one of the oldest publicly owned utilities in the Northwest, was founded in 1911. Today, EWEB is Oregon's largest customer-owned utility serving approximately 200,000 people in the greater Eugene and McKenzie Valley areas. Each year, EWEB is responsible for delivering 7.5 billion gallons of drinking water and 4.5 million megawatt-hours of electricity. In accordance with the City of Eugene Charter, a five member Board of Commissioners is elected by the citizens of Eugene for staggered, four-year terms.

EWEB serves a city that is known for its dedication to action and self-sufficiency. The inspiration for creating a publicly-owned utility came from an increasing dissatisfaction with the private water company serving the community. In 1916, the Board purchased the Oregon Power Company's electric system, positioning the utility as the full-service provider it is today. The utility's name changed to Eugene Water & Electric Board in 1949.

## **Strategic Priorities...the two “Big Ones”**

The most significant decisions confronting EWEB in the next decade involve sources of supply, including the renewal, replacement, or termination of major electric generating resource contracts, and decisions involving the diversification of drinking water sources for purposes of community resiliency and disaster recovery.

Prior to 2028, EWEB will need to reassemble a power generation portfolio, including EWEB's contract with Bonneville Power Administration (BPA) and the Carmen-Smith hydro facility relicensing project requiring an additional \$115 million investment. These decisions are worth billions, and will be made in the context of a changing climate, new technology, developing markets, and evolving customer expectations.

Eugene is also the largest community in the Pacific Northwest without a second source of drinking water. Ultimately, another surface water plant on the Willamette will be required to meet demand, and will justify the investment and associated rate increases. However, up until more volume is needed, using partnerships to create emergency water response, independent of the condition of our transmission and distribution pipes, is a more practical and effective approach for an Alternative Water Source (AWS).

Addressing these strategic priorities will require a deeper understanding of product consumption patterns, including the impacts to both wholesale and retail markets, and the value created for our customer-owners. During both normal and disruptive circumstances we will rely on our consumers to help us execute and make decisions, which will require their enhanced trust and confidence in EWEB. Confidence will be enriched through our consistent performance and transparent communications. Ultimately, our strategic priorities can be achieved using a “resilient delivery” utility business model, and require concentration on improving resiliency in the following two areas.

### ***10-Year Strategic Priorities...the two “Big Ones”***

- 1. Emergency Preparedness & Disaster Recovery*
- 2. Electric Supply Resources*

## **Vision**

Our vision describes our future and what we want to achieve, and is stated as follows:

### ***Vision***

*Our vision is to be a local utility that inspires our customer-owners to invest in and rely on us.*

This vision implies that customers will have more utility and consumption choices in the future, and as owners will be integral in investing in that future, both financially and through program participation. We will have to earn their ownership and business.

## **Mission**

Our mission describes how we will achieve our vision, and is stated as follows:

### ***Mission Statement***

*Our mission is to enhance our community's vitality by delivering drinking water and electric services consistent with the values of our customer-owners.*

We exist for the benefit (“enhancement”) of our local community. “Vitality” acknowledges the essential services that we provide, and highlights our vital contribution to the health and welfare of our community. “Consistent with the values” recognizes our owners are Eugene residents and our customers, and stresses the importance of the methods we use to deliver our services.

## **Values**

Our strategic execution cannot sacrifice our “core values”, which provide the fundamental basis for guiding, testing, and/or overruling our policies, actions, behavior, and decisions. These values are unique and sacrosanct; they cannot be compromised for convenience or short-term gain. As proven by our decisions and actions, our core values are the following:

### ***Organizational Core Values***

**SAFETY**: We value the physical and ~~emotional~~ ***psychological health and*** safety of our workforce and the public.

**RELIABILITY**: We value the continuous, on-demand delivery of quality drinking water and electricity.

**RESPONSIBILITY**: We value the prudent and sustainable stewardship of our customers’ financial and natural resources, including our impact on affordability and role in reducing the greenhouse gases (GHGs) contributing to Climate Change.

**COMMUNITY**: We value our local governance and obligation to transparently serve our community.

## **Fundamental Legacy**

Our values are supplemented by a set of principles and behavioral expectations, as stated in Board Policy SD1. We care about our community and the environment. We strive to provide affordable products and services, continuously improving our efficiency and effectiveness. We emphasize customer service, defining value through our customers’ eyes. We treat each individual respectfully, and provide a quality work environment for our employees.

## **Strategic Evolution**

Optimizing our resource and resiliency decisions over the next decade will require a ***sequence*** of strategic efforts and accomplishments. The eventual “resilient delivery” business model will be based on providing critical services more resiliently using a path that begins with the following.

### ***Initial Phase Strategic Summary***



Over the next three years, increasing customer value will cultivate the confidence needed for resiliency and long-term resource decisions.

This strategy denotes the impact of near-term performance on our customer relationship, and the role of our customers in pursuing our 10-Year Strategic Priorities. It is expected that our strategy will evolve as we progress through the following phases over the next decade.

*Strategic Phases*

<u>Phase</u>	<u>Theme</u>	<u>Method</u>
2017-2020+	Foster Customer Confidence	Focused Performance (Cost, Responsiveness)
2018-2022+	Create Consumption Flexibility	Niche/Segment-Specific Products; Delivery & Infrastructure Flexibility
2020-2026+	Resilient Delivery	Integrate Sources with Flexible Consumption; Resilient Grid and Water Network

*Phase I – Foster Customer Confidence*

Our relationship with our consumers will impact the execution of our water and electric strategies. Both utilities require that customers help us understand and potentially adjust consumption patterns in the future. Widespread customer trust is essential. While this phase is an extension of our previous “*perform while we transform*” strategy, it more clearly focuses “perform” improvements on cost and customer responsiveness through improved efficiency, simplicity, and ease of doing business with us.

*Methods to Enhance Customer Confidence: 2017-2020+*

- |   |
|---|
| <ol style="list-style-type: none"><li>1. Consistent Performance (Safe &amp; Reliable Delivery)</li><li>2. Cost/Efficiency Improvement (Responsible)</li><li>3. Service/Responsiveness – Ease of doing business (Community)</li><li>4. Open and Transparent Communications</li></ol> |
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Other than product value (benefits versus cost), customers evaluate us based on their unique, non-routine service-based experiences (storms, billing questions, rebates/credits, renovations, etc.).

**The objective of this phase is to cultivate customer confidence by consistently and transparently improving our performance.**

*Phase II – Create Consumption Flexibility*

Organizational performance and resiliency are aided by agility, whether referring to negotiating contracts, optimizing resources, or responding to emergency or unanticipated events. In some cases, for our customers to “Rely on Us”, we need their help. Electric energy market dynamics are creating acute swings in seasonal, daily, hourly, and within-the-hour prices. The time of power consumption (or conservation) is equally important to how much average energy is consumed, but will require we facilitate flexible consumption programs to take advantage of this market characteristic. Additionally, our ability to be resilient in cases of electric or water disruptive events will require customer involvement.

**The objective of this phase is to create products, services, and infrastructure that facilitate consumption flexibility.**

*Phase III – Resilient Delivery*

Changes in technology, regulations, markets, and customer expectations will drive business model choices for utilities, including EWEB, in the future. Our future requires an enhanced agility, including system and customer flexibility in order to resiliently deliver our critical services. Our major decisions involving sources and supply will be influenced by, and will impact our future ability to fulfill our mission. How effectively we make our major resource decisions will depend on our ability to dynamically synchronize these resources with changing customer needs under a variety of future conditions including emergencies and natural disasters. We will need to integrate sources of supply (including new and/or distributed sources), fortified links between sources and critical consumption hubs “resilient spines”, and flexible distribution (consumption and infrastructure) in order to resiliently deliver our future services.

**The goal of this phase is to create a more resilient grid and water network through the complete integration of our sources of supply, resilient spine(s), and flexible distribution and consumption components.**

***Future State Business Model***

Resilient Delivery Model =	(Sources of Supply + Resilient Spine(s) + Flexible Distribution & Consumption)
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**Strategic Implementation**

Our resources belong to our customer-owners and community, including financial (money, assets) and natural (rivers, air, wildlife). Investments are required to improve essential “compulsory” services, as well as achieve strategic objectives. The essential functions listed below are required for the utility to deliver basic service levels. The strategic investments support the improvement of sustainable performance over time, including the evolution of our products and services, and the progression of EWEB toward a “resilient and independent delivery” model.

While all of these investments are important, priorities must be guided by regulations and statutes, Board direction, policy, and our values. Strategic investments will be scaled to align with good financial responsibility, spending at sustainable levels that our customer-owners can afford. Along with strategic initiatives, safety, reliability, and responsible stewardship of our customers’ resources, including money and natural resources, will be the priorities that drive decisions and investments.

**Essential Operations**

Effectiveness and efficiency improvements target cost and customer responsiveness through simplicity and ease of doing business with us, while maintaining safety and reliability of existing essential services, including the following.

- *Regulatory (financial, NERC, FERC, PUC, ODH, DEQ, etc.)*
- *Continuance of Operations (reliable delivery of drinking water and electricity)*
- *Obligation to Serve (Customer Service, New Connections, etc.)*
- *Chartered (City Billing)*

Over the next three years, we will aspire to the following management levels of our essential functions.

- MAINTAIN our safety, reliability, and delivery performance
- MAINTAIN our regulatory compliance and legality
- IMPROVE our storm and disruptive event response
- IMPROVE our responsiveness to customers; become simpler and easier to transact with
- EMPHASIZE Cyber and Physical Security on protecting personal information and critical operational infrastructure and systems.

**Strategic Investments**

Strategic investments will focus on the pursuit of our strategic priorities, sequenced with our strategic evolution phases. The following areas will be strategic investments, executed according to our values.

***Infrastructure Replenishment & Replacement (Capital) - Water & Electric***

- Replenish and replace assets at approximately 1.5-2.0 times annualized depreciation rates, including strategic spending on the Water Reliability Initiative (WRI) and the Carmen-Smith Relicensing Project.
- Emphasize emergency preparedness & disaster recovery, working with local partners to enhance system resiliency.

***Power/Energy Resource Planning (beyond supply chain management)***

- Develop dynamic, stackable and interactive models of resources, prices and markets, and consumption to optimize resource choices for different scenarios.

***Community Leadership and Responsibility*** (conservation, efficiency, education)

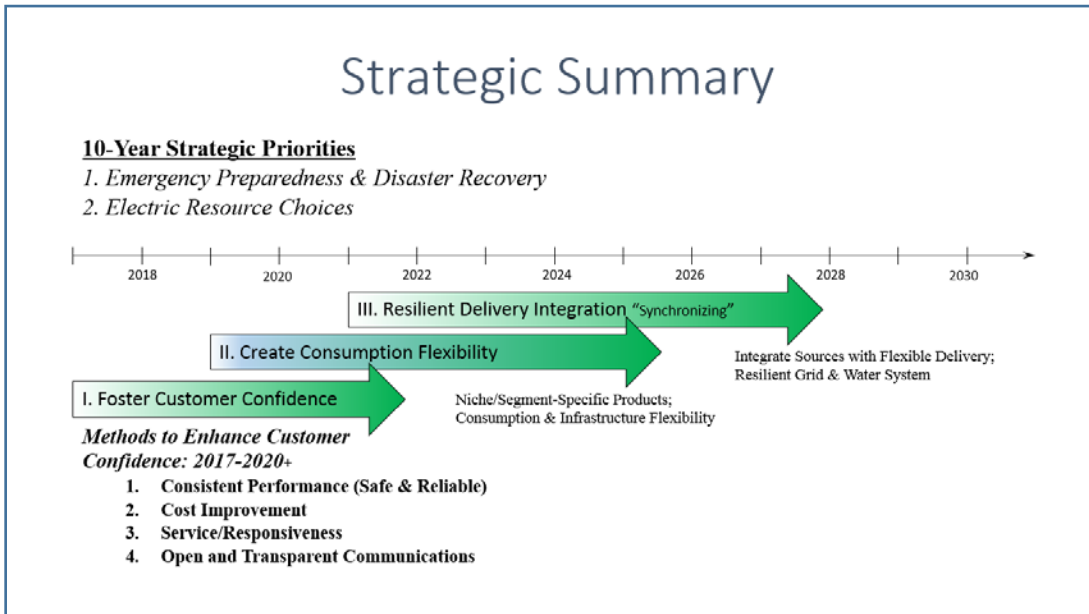
- Focus our efforts on maximizing the broadest benefits of our essential services (safe, reliable, responsible/affordable) for all customers.
- Emphasize programs and leverage partnerships with other institutions that support vulnerable members of our community.
- Support local and regional efforts to reduce the emissions of GHGs contributing to Climate Change.

***Modernization*** (Technology, Customer Information System, Advanced Metering Infrastructure (COM, MDMS, Meters, Intg.), Infrastructure and Control Systems)

- Arrange the investments to align with the strategic phases starting with “Foster Customer Confidence” (e.g. Customer Information System, operational (safe, reliable, responsible), customer responsiveness), then progressing toward consumption and infrastructure flexibility, followed by the integration of sources, resilient spine, and delivery flexibility.

**Eugene Water & Electric Board  
Strategic Plan (2017-2020)**

*Adopted by the EWEB Board of Commissioners on August 1, 2017  
Approved Revision: July 10, 2018*



## **Purpose**

A strategic plan provides the context and understanding needed to manage policies, establish priorities, and make decisions. The plan should guide and align the organization, inspire action, and motivate us to achieve desired results. We will review and update the plan annually, or when impactful changes occur.

## **Introduction**

The Eugene Water & Electric Board (EWEB), one of the oldest publicly owned utilities in the Northwest, was founded in 1911. Today, EWEB is Oregon's largest customer-owned utility serving approximately 200,000 people in the greater Eugene and McKenzie Valley areas. Each year, EWEB is responsible for delivering 7.5 billion gallons of drinking water and 4.5 million megawatt-hours of electricity. In accordance with the City of Eugene Charter, a five member Board of Commissioners is elected by the citizens of Eugene for staggered, four-year terms.

EWEB serves a city that is known for its dedication to action and self-sufficiency. The inspiration for creating a publicly-owned utility came from an increasing dissatisfaction with the private water company serving the community. In 1916, the Board purchased the Oregon Power Company's electric system, positioning the utility as the full-service provider it is today. The utility's name changed to Eugene Water & Electric Board in 1949.

## **Strategic Priorities...the two "Big Ones"**

The most significant decisions confronting EWEB in the next decade involve sources of supply, including the renewal, replacement, or termination of major electric generating resource contracts, and decisions involving the diversification of drinking water sources for purposes of community resiliency and disaster recovery.

Prior to 2028, EWEB will need to reassemble a power generation portfolio, including EWEB's contract with Bonneville Power Administration (BPA) and the Carmen-Smith hydro facility relicensing project requiring an additional \$115 million investment. These decisions are worth billions, and will be made in the context of a changing climate, new technology, developing markets, and evolving customer expectations.

Eugene is also the largest community in the Pacific Northwest without a second source of drinking water. Ultimately, another surface water plant on the Willamette will be required to meet demand, and will justify the investment and associated rate increases. However, up until more volume is needed, using partnerships to create emergency water response, independent of the condition of our transmission and distribution pipes, is a more practical and effective approach for an Alternative Water Source (AWS).

Addressing these strategic priorities will require a deeper understanding of product consumption patterns, including the impacts to both wholesale and retail markets, and the value created for our customer-owners. During both normal and disruptive circumstances we will rely on our consumers to help us execute and make decisions, which will require their enhanced trust and confidence in EWEB. Confidence will be enriched through our consistent performance and transparent communications. Ultimately, our strategic priorities can be achieved using a "resilient delivery" utility business model, and require concentration on improving resiliency in the following two areas.

### ***10-Year Strategic Priorities...the two "Big Ones"***

- |  |
|--|
| <ol style="list-style-type: none"><li><i>1. Emergency Preparedness &amp; Disaster Recovery</i></li><li><i>2. Electric Supply Resources</i></li></ol> |
|--|

## **Vision**

Our vision describes our future and what we want to achieve, and is stated as follows:

### ***Vision***

*Our vision is to be a local utility that inspires our customer-owners to invest in and rely on us.*

This vision implies that customers will have more utility and consumption choices in the future, and as owners will be integral in investing in that future, both financially and through program participation. We will have to earn their ownership and business.

## **Mission**

Our mission describes how we will achieve our vision, and is stated as follows:

### ***Mission Statement***

*Our mission is to enhance our community's vitality by delivering drinking water and electric services consistent with the values of our customer-owners.*

We exist for the benefit (“enhancement”) of our local community. “Vitality” acknowledges the essential services that we provide, and highlights our vital contribution to the health and welfare of our community. “Consistent with the values” recognizes our owners are Eugene residents and our customers, and stresses the importance of the methods we use to deliver our services.

## **Values**

Our strategic execution cannot sacrifice our “core values”, which provide the fundamental basis for guiding, testing, and/or overruling our policies, actions, behavior, and decisions. These values are unique and sacrosanct; they cannot be compromised for convenience or short-term gain. As proven by our decisions and actions, our core values are the following:

### ***Organizational Core Values***

***SAFETY:*** We value the physical and psychological health and safety of our workforce and the public.

***RELIABILITY:*** We value the continuous, on-demand delivery of quality drinking water and electricity.

***RESPONSIBILITY:*** We value the prudent and sustainable stewardship of our customers’ financial and natural resources, including our impact on affordability and role in reducing the greenhouse gases (GHGs) contributing to Climate Change.

***COMMUNITY:*** We value our local governance and obligation to transparently serve our community.

## **Fundamental Legacy**

Our values are supplemented by a set of principles and behavioral expectations, as stated in Board Policy SD1. We care about our community and the environment. We strive to provide affordable products and services, continuously improving our efficiency and effectiveness. We emphasize customer service, defining value through our customers’ eyes. We treat each individual respectfully, and provide a quality work environment for our employees.

## **Strategic Evolution**

Optimizing our resource and resiliency decisions over the next decade will require a ***sequence*** of strategic efforts and accomplishments. The eventual “resilient delivery” business model will be based on providing critical services more resiliently using a path that begins with the following.

### ***Initial Phase Strategic Summary***

*Over the next three years, increasing customer value will cultivate the confidence needed for resiliency and long-term resource decisions.*

This strategy denotes the impact of near-term performance on our customer relationship, and the role of our customers in pursuing our 10-Year Strategic Priorities. It is expected that our strategy will evolve as we progress through the following phases over the next decade.

### *Strategic Phases*

<u>Phase</u>	<u>Theme</u>	<u>Method</u>
2017-2020+	Foster Customer Confidence	Focused Performance (Cost, Responsiveness)
2018-2022+	Create Consumption Flexibility	Niche/Segment-Specific Products; Delivery & Infrastructure Flexibility
2020-2026+	Resilient Delivery	Integrate Sources with Flexible Consumption; Resilient Grid and Water Network

#### *Phase I – Foster Customer Confidence*

Our relationship with our consumers will impact the execution of our water and electric strategies. Both utilities require that customers help us understand and potentially adjust consumption patterns in the future. Widespread customer trust is essential. While this phase is an extension of our previous “*perform while we transform*” strategy, it more clearly focuses “perform” improvements on cost and customer responsiveness through improved efficiency, simplicity, and ease of doing business with us.

#### *Methods to Enhance Customer Confidence: 2017-2020+*

1. Consistent Performance (Safe & Reliable Delivery)
2. Cost/Efficiency Improvement (Responsible)
3. Service/Responsiveness – Ease of doing business (Community)
4. Open and Transparent Communications

Other than product value (benefits versus cost), customers evaluate us based on their unique, non-routine service-based experiences (storms, billing questions, rebates/credits, renovations, etc.).

**The objective of this phase is to cultivate customer confidence by consistently and transparently improving our performance.**

#### *Phase II – Create Consumption Flexibility*

Organizational performance and resiliency are aided by agility, whether referring to negotiating contracts, optimizing resources, or responding to emergency or unanticipated events. In some cases, for our customers to “Rely on Us”, we need their help. Electric energy market dynamics are creating acute swings in seasonal, daily, hourly, and within-the-hour prices. The time of power consumption (or conservation) is equally important to how much average energy is consumed, but will require we facilitate flexible consumption programs to take advantage of this market characteristic. Additionally, our ability to be resilient in cases of electric or water disruptive events will require customer involvement.

**The objective of this phase is to create products, services, and infrastructure that facilitate consumption flexibility.**

#### *Phase III – Resilient Delivery*

Changes in technology, regulations, markets, and customer expectations will drive business model choices for utilities, including EWEB, in the future. Our future requires an enhanced agility, including system and customer flexibility in order to resiliently deliver our critical services. Our major decisions involving sources and supply will be influenced by, and will impact our future ability to fulfill our mission. How effectively we make our major resource decisions will depend on our ability to dynamically synchronize these resources with changing customer needs under a variety of future conditions including emergencies and natural disasters. We will need to integrate sources of supply (including new and/or distributed sources), fortified links between sources and critical consumption hubs “resilient spines”, and flexible distribution (consumption and infrastructure) in order to resiliently deliver our future services.

**The goal of this phase is to create a more resilient grid and water network through the complete integration of our sources of supply, resilient spine(s), and flexible distribution and consumption components.**

***Future State Business Model***

Resilient Delivery Model =	(Sources of Supply + Resilient Spine(s) + Flexible Distribution & Consumption)
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**Strategic Implementation**

Our resources belong to our customer-owners and community, including financial (money, assets) and natural (rivers, air, wildlife). Investments are required to improve essential “compulsory” services, as well as achieve strategic objectives. The essential functions listed below are required for the utility to deliver basic service levels. The strategic investments support the improvement of sustainable performance over time, including the evolution of our products and services, and the progression of EWEB toward a “resilient and independent delivery” model.

While all of these investments are important, priorities must be guided by regulations and statutes, Board direction, policy, and our values. Strategic investments will be scaled to align with good financial responsibility, spending at sustainable levels that our customer-owners can afford. Along with strategic initiatives, safety, reliability, and responsible stewardship of our customers’ resources, including money and natural resources, will be the priorities that drive decisions and investments.

**Essential Operations**

Effectiveness and efficiency improvements target cost and customer responsiveness through simplicity and ease of doing business with us, while maintaining safety and reliability of existing essential services, including the following.

- *Regulatory (financial, NERC, FERC, PUC, ODH, DEQ, etc.)*
- *Continuance of Operations (reliable delivery of drinking water and electricity)*
- *Obligation to Serve (Customer Service, New Connections, etc.)*
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Over the next three years, we will aspire to the following management levels of our essential functions.

- MAINTAIN our safety, reliability, and delivery performance
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- Develop dynamic, stackable and interactive models of resources, prices and markets, and consumption to optimize resource choices for different scenarios.



***Community Leadership and Responsibility*** (conservation, efficiency, education)

- Focus our efforts on maximizing the broadest benefits of our essential services (safe, reliable, responsible/affordable) for all customers.
- Emphasize programs and leverage partnerships with other institutions that support vulnerable members of our community.
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***Modernization*** (Technology, Customer Information System, Advanced Metering Infrastructure (COM, MDMS, Meters, Intg.), Infrastructure and Control Systems)

- Arrange the investments to align with the strategic phases starting with “Foster Customer Confidence” (e.g. Customer Information System, operational (safe, reliable, responsible), customer responsiveness), then progressing toward consumption and infrastructure flexibility, followed by the integration of sources, resilient spine, and delivery flexibility.

**Policy Number:** SD1  
**Policy Type:** Strategic Direction  
**Policy Title:** Mission, Vision, Values & Legacy  
**Effective Date:** July 10, 2018 ~~September 5, 2017~~

**Mission:**

EWEB's core mission is to enhance our community's vitality by delivering drinking water and electric services consistent with the values of our customer-owners.

**Vision:**

EWEB's vision is to be a local utility that inspires our customer-owners to invest in and rely on us.

**Organizational Core Values:**

- **SAFETY:** We value the physical and psychological health and safety of our workforce and the public. ~~workforce and public safety~~
- **RELIABILITY:** We value the continuous, on-demand, delivery of quality drinking water and electricity.
- **RESPONSIBILITY:** We value the prudent and sustainable ~~local~~ stewardship of our customers' ~~limited~~ financial and natural resources, including our impact on affordability and role in reducing the greenhouse gases (GHGs) contributing to Climate Change.
- **COMMUNITY:** We value our local governance ~~commitment~~ and obligation to transparently serve our ~~local~~ community

**Fundamental Legacy:**

Our values are supplemented by a set of principles and behavioral expectations, as follows:

- Providing affordable products and services
- Caring about our community and the environment
- Continuously improving our efficiency and effectiveness
- Emphasizing customer service and defining value through our customers' eyes
- Treating each individual respectfully
- Providing a quality work environment for our employees

**We meet our customers' needs by:**

- Providing reliable and high quality utility products and services
- Providing services in a responsive manner
- Providing prices -and fees that are reasonable and stable

**The organization:**

- Uses an integrated planning process based on vision, strategic direction, critical success factors and results management
- Uses innovation and creativity to develop solutions to complex and challenging issues
- Is flexible, adaptive, and learns from prior experiences
- Is financially stable
- Supports excellence in the workforce by providing competitive wages, benefits and development opportunities

**We meet the community's needs by:**

- Dealing effectively with tensions between social, economic and environmental factors
- Demonstrating concern and responsiveness to social issues involving the provision of energy and water services
- Supporting a sound economy through fiscally prudent prices
- Demonstrating sensitivity and responsiveness to environmental concerns; recognizing the importance of a healthy ecosystem to its operations

**The Board of Commissioners:**

- Effectively governs, resulting in clear leadership at a policy level
- Provides direction and makes decisions anchored in a sound assessment of priorities and strategic risks
- Maintains a strong connection to customers and the community

Source: Board Approved 05/04/04, Ratified 04/19/05, Revised 10/6/15 (Resolution No. 1527), Revised 09/05/17 (Resolution No. 1717),- Revised 07/10/18 (Resolution No. 1818).

**Policy Number:** SD1  
**Policy Type:** Strategic Direction  
**Policy Title:** Mission, Vision, Values & Legacy  
**Effective Date:** July 10, 2018

**Mission:**

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Source: Board Approved 05/04/04, Ratified 04/19/05, Revised 10/6/15 (Resolution No. 1527), Revised 09/05/17 (Resolution No. 1717), Revised 07/10/18 (Resolution No. 1818).

**RESOLUTION NO. 1818  
JULY 2018**

**EUGENE WATER & ELECTRIC BOARD  
RESOLUTION APPROVING REVISIONS TO BOARD POLICY SD1**

**WHEREAS**, the Eugene Water & Electric Board (EWEB) maintains a Board Policy Manual that contains governing policies for the Board of Commissioners; and

**WHEREAS**, the Board of Commissioners periodically reviews said policies and identifies required modifications or amendments to those policies; and

**WHEREAS**, the Board of Commissioners periodically determines that new policy is required to adequately document the work or intention of the Board with regard to governance, Board-staff linkage, strategic direction or executive limitations; and

**WHEREAS**, the Board of Commissioners has reviewed a modification to Board Policy SD1, Mission, Vision, Values & Legacy and has determined that the modification is appropriate and necessary.

**NOW, THEREFORE, BE IT RESOLVED** the Eugene Water & Electric Board hereby approves the revisions to Board Policy SD1 - Mission, Vision, Values & Legacy.

DATED this 10<sup>th</sup> day of July 2018.

THE CITY OF EUGENE, OREGON  
Acting by and through the  
Eugene Water & Electric Board

\_\_\_\_\_  
President

I, ANNE M. KAH the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its July 10, 2018 Regular Board Meeting.

\_\_\_\_\_  
Assistant Secretary



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson  
FROM: Sue Fahey, Chief Financial Officer; Deborah Hart, Interim Finance Manager;  
Ben Ulrich, Interim General Accounting Supervisor  
DATE: June 27, 2018  
SUBJECT: Use of proceeds from the riverfront property  
OBJECTIVE: Board Action - Approval of Resolution No. 1819

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## **Issue**

On April 17, 2018 the City of Eugene and EWEB finalized the purchase of the downtown riverfront property. This memo provides recommendations for transfers of sale proceeds based on EWEB's strategic plans, Financial Policies, and the Electric and Water Utilities' financial conditions.

## **Background**

In 2006, the Board authorized relocation of EWEB's water and electric utility engineering and operations functions that were then located at the downtown riverfront site. This decision followed Board agreement that most of the existing downtown operations facilities had outlived their useful lives and needed to be replaced, and operations functions were constrained by poor traffic access and inefficient yard circulations. The Board approved and issued approximately \$74 million of debt to finance the construction of the Roosevelt Operations Center (ROC), which was completed in the fall of 2010. In 2013, after relocating the operations and engineering functions to the ROC, EWEB declared approximately 16 acres of the Utility's riverfront property as surplus property. In July 2016, the Eugene City Council authorized the city manager to negotiate the outright purchase of the surplus property and in April 2017, EWEB and the City of Eugene reached an agreement for the sale of the Utility's riverfront property.

## **Discussion**

The fourteen tax lots that make up the approximately 16 acres were acquired at various times throughout the past 110 years. Substantial improvements were made over time and uses of the property changed as well. It started with the acquisition of a private water system, a few years later the acquisition of a private electric system, and then several decades after that the steam plant was constructed to meet the growing demands for power.

Proceeds from the sale of surplus property are calculated according to each Utility's proportionate share of property ownership at the time it was declared as surplus. Electric's proportionate share of the proceeds was 77% and Water's was 23%, or \$4.4 million and \$1.3 million respectively.

A 2012 Memorandum of Understanding with the City of Eugene stated that it intended for proceeds of the sale to be used to retire outstanding debt from the construction of ROC. Since that

time, most of the outstanding debt for ROC has been refinanced at historically low rates. Outstanding debt related to ROC construction is approximately \$50 million at 2.4% and is divided into the following issuances:

- Approximately \$1 million in 2011 bonds related to ROC are outstanding. These bonds are not callable and defeasing them will result in a net present value that is negative.
- Most of the outstanding ROC debt was refinanced in 2016. These bonds were refinanced at extremely low rates and are not callable until 2026. Like the 2011 series, there is no economic benefit to defease 2016 bonds.

Due to the Electric Utility debt restructuring over the last few years, other outstanding bonds are not callable, carry low interest cost, or provide very little near-term economic benefit to defease. Reducing future debt issuances, however, does honor the spirit of the original intent to reduce debt in a way in which there is economic benefit. The Water Utility owes the Electric Utility approximately \$9 million in intercompany debt for its share of ROC construction costs. Paying down this debt would result in approximately \$800,000 in interest savings and the intercompany obligation would be paid off four years earlier. Management is recommending approval of transfer of proceeds from the Water Utility to pay down the intercompany debt. For the Electric Utility, Management is recommending approval of transfers of proceeds from the riverfront property and intercompany debt payment to the Electric Utility's Rate Stabilization Fund to reduce future borrowings.

#### **Recommendation and Requested Board Action**

Management recommends approval of Resolution No. 1819, authorizing the transfer and use of proceeds from the riverfront property sale.



**RESOLUTION NO. 1819  
JULY 2018**

**EUGENE WATER & ELECTRIC BOARD  
RIVERFRONT PROCEEDS TRANSFERS**

**WHEREAS**, the Eugene Water & Electric Board is the body designated by the Eugene City Charter and City Code to administer the Electric and Water Utilities of the City of Eugene;

**WHEREAS**, the Eugene Water & Electric Board and the Urban Renewal Agency of the City of Eugene completed the sale of an approximately 16 acre portion of surplus property on April 17, 2018;

**WHEREAS**, the Eugene Water & Electric Board received \$5,750,000 from the sale which was allocated to the Electric Utility and Water Utility based on the proportionate share of property ownership at the time it was declared surplus;

**WHEREAS**, repayment of the outstanding bond debt related to the Roosevelt Operations Center provides no current economic benefit;

**WHEREAS**, the Water Utility owes the Electric Utility approximately \$9 million in intercompany debt for its share of Roosevelt Operations Center construction costs;

**THEREFORE BE IT RESOLVED** that the Eugene Water & Electric Board hereby authorizes the General Manager to do the following transfers:

Water Utility

- 1) \$1,301,525 from Working Cash to Electric Utility Working Cash to pay down intercompany debt

Electric Utility

- 2) \$4,448,475 from Working Cash to the Rate Stabilization Fund to reduce future borrowings
- 3) \$1,301,525 from Working Cash to the Rate Stabilization Fund to reduce future borrowings

Dated this 10<sup>th</sup> day of July 2018

THE CITY OF EUGENE, OREGON  
Acting by and through the  
Eugene Water & Electric Board

\_\_\_\_\_  
President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its July 10, 2018 Board Meeting.

---

Assistant Secretary



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson  
FROM: Frank Lawson, General Manager, Susan Ackerman, Chief Energy Officer, and  
Mike McCann, Generation Manager  
DATE: June 27, 2018  
SUBJECT: Resolution No. 1820  
Revisions to Board Policy SD15, Climate Change  
OBJECTIVE: Board Action

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## **Issue & Background**

The Board's strategic direction policy addressing climate change (SD15) was last updated in 2007 and is out of date. Management shared proposed revisions to SD15 with the Board in June. Management subsequently revised the draft climate change policy based upon Board direction received at the June Board Meeting.

At this time, Management requests action to provide revisions to Board Policy SD15, titled Climate Change.

## **Requested Board Action**

Approval of Resolution No. 1820: Revisions to Board Policy SD15, Climate Change.

**Policy Number:** SD15  
**Policy Type:** Strategic Direction  
**Policy Title:** Climate Change Policy  
**Effective Date:** August 1, 2018

The Board recognizes that climate change presents ongoing environmental, economic and social risk to EWEB, our customers, our community and the world. The primary potential direct impacts to EWEB operations from climate change include changes in streamflow –quantity and timing- affecting hydroelectric generation, impacts to water quality and watershed health, changes in consumption patterns, and increasing threats from weather events. The Board also recognizes that EWEB, as a water and electric utility, impacts our climate through electric generation resource choices, business practices and the operation and maintenance of our lands, buildings and transportation fleet.

Accordingly,

- The Board is committed to supporting an *electric power portfolio utilizing low-carbon, renewable resources* to the extent possible and practical without impacting safety or reliability.
- The Board authorizes, delegates and directs the General Manager to participate in local, state, and regional efforts to encourage, develop and *enact measures to mitigate carbon emissions in the energy sector* that contribute to climate change.
- The Board further authorizes, delegates and directs the General Manager to continue efforts to *reduce the greenhouse gas emissions from EWEB's operations* through the use of the Triple Bottom Line analytical framework, including impacts on the environment and climate.
- The Board further authorizes, delegates and directs the General Manager to *assist customers with their carbon reductions* through technical assistance and resources that support energy efficiency, alternative fuels, electric and water conservation, and smart electrification.
- The Board directs the General Manager to evaluate and enact measures, as necessary and appropriate, to prepare for and *minimize the effects of climate change that could impact EWEB's* water and electric supply and infrastructure, damaging EWEB's resiliency and reliability.

#### **Discussion:**

Climate change is the greatest environmental threat we have faced, and its impacts affect everyone. Greenhouse gas emissions from human activity are known to be the primary cause of climate change. It is widely recognized that a sustained societal reduction of greenhouse gas emissions is necessary to slow and stabilize ongoing climate change.

The energy, industrial, agricultural and transportation sectors are generally identified as the primary sources of carbon dioxide and other greenhouse gas emissions in the United States. EWEB's energy portfolio is composed almost entirely of carbon-free resources. However, not all energy sources in the Pacific Northwest are carbon-free. EWEB will seek to decrease greenhouse gas emissions through a

concept known as smart electrification- the use of electricity to replace other energy sources in ways that increase energy efficiency, decrease carbon emissions and decrease costs to customers and society. Through partnerships with others in the region, EWEB will seek to decrease the energy sector's regional carbon footprint. Through local partnerships, EWEB will seek to aid and assist the mitigation of climate impacts from the industrial and transportation sectors in our community.

It is also important that EWEB, as a public water and electric utility, understands the impacts of climate change to our operations, and commits to do our part to minimize the impacts from our operations. EWEB, as a generator and purchaser of electricity, has a role and an obligation to participate in local and regional efforts to reduce carbon emissions from the electric power sector. Similarly, as an energy provider to homes, industry and business within our service territory, EWEB has a role and obligation to help our community reach its carbon reduction targets. In order to address the climate impacts of our own decisions and operations, EWEB will include climate impacts in future Triple Bottom Line (TBL) evaluations completed for items brought to the Board. So that our actions are visible to our community, at least annually EWEB will compile and report **climate change mitigation activity, including** a greenhouse gas inventory, and will calculate and publish the carbon intensity of our energy portfolio.

**RESOLUTION NO. 1820  
JULY 2018**

**EUGENE WATER & ELECTRIC BOARD  
RESOLUTION APPROVING REVISIONS TO  
BOARD POLICY SD15, CLIMATE CHANGE**

**WHEREAS**, the Eugene Water & Electric Board (EWEB) maintains a Board Policy Manual that contains governing policies for the Board of Commissioners; and

**WHEREAS**, the Board of Commissioners periodically reviews said policies and identifies required modifications or amendments to those policies; and

**WHEREAS**, the Board of Commissioners periodically determines that new policy is required to adequately document the work or intention of the Board with regard to governance, Board-staff linkage, strategic direction or executive limitations; and

**WHEREAS**, the Board of Commissioners has reviewed a modification to Board Policy SD15, Climate Change and has determined that the modification is appropriate and necessary.

**NOW, THEREFORE, BE IT RESOLVED** the Eugene Water & Electric Board hereby approves the revisions to Board Policy SD15, Climate Change.

DATED this 10<sup>th</sup> day of July 2018.

THE CITY OF EUGENE, OREGON  
Acting by and through the  
Eugene Water & Electric Board

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President

I, ANNE M. KAH the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its July 10, 2018 Regular Board Meeting.

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Assistant Secretary



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson  
FROM: Mel Damewood, Chief Water Engineering & Operations Officer  
DATE: June 27, 2018  
SUBJECT: Customer Service Policy Update  
OBJECTIVE: Board Approval

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## **Issue**

Updates are requested to the Customer Service Policy to include fees associated with the development process for new water infrastructure, primarily main extensions for new subdivisions. These fees were approved by the Board in October 2017 and no changes have been made to the fees since that time.

## **Background/Discussion**

At the October 3, 2017 Board meeting, Commissioners approved Resolution 1725 which established various fees associated with the water utility development process. These fees are not currently reflected in the current version of the Customer Service Policy.

These fees are shown in the amended Policy, Appendix C, Subsections K through O.

## **Requested Board Action**

Management requests Board Approval of the Customer Service Policy as amended.

If you have any questions please contact Mel Damewood, Chief Water Engineering & Operations Officer 541-685-7145 or email [Mel.Damewood@eweb.org](mailto:Mel.Damewood@eweb.org).



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**APPENDIX C - WATER SERVICE CHARGES AND PRICES**

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**K. Plan Review Fees**

These are the costs incurred by EWEB to review and comment on the design plans prepared by the Developer/Customer.

<u>Length of Main in Development</u>	<u>Fee</u>
<u>Up to 500 feet</u>	<u>\$1,000</u>
<u>500 feet to 1,000 feet</u>	<u>\$1,200</u>
<u>1,000 feet to 2,000 feet</u>	<u>\$1,600</u>
<u>2,000 feet to 3,000 feet</u>	<u>\$2,000</u>
<u>3,000 feet to 4,000 feet</u>	<u>\$2,400</u>
<u>Greater than 4,000 feet</u>	<u>\$2,800</u>

**L. Financial Guarantee**

The Oregon Revised Statutes require the receipt of a financial guarantee prior to the approval of a plat for a subdivision to ensure that a water supply will be installed to every lot line in the subdivision. This guarantee, which is intended to ensure construction of the water system is completed, is normally in the form of a bond or letter of credit which is released upon completion of construction.

The financial guarantee amount is based on the total of two items, a unit price per foot of pipe and the number of services:

<u>Cost per foot of pipe (up to 8-inch diameter – costs for pipe greater than 8-inch will be estimated)</u>	<u>\$130</u>
<u>Cost per service</u>	<u>\$1,300</u>

**M. System Connection Fee**

This fee is for the costs incurred by EWEB to physically connect the newly constructed main extension into EWEB’s live water system.

**System Connection Fee – With Hard Surface Restoration** (removal and replacement of an asphalt or concrete surface is required)

<u>Cost per system connection (up to 8-inch diameter – costs for pipe greater than 8-inch will be estimated)</u>	<u>\$9,000</u>
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**System Connection Fee – No Hard Surface Restoration** (removal and replacement of an asphalt or concrete surface is NOT required)



Cost per system connection (up to 8-inch diameter – costs for pipe greater than 8-inch will be estimated)	\$6,500
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**N. Disinfection and Hydrant Testing Fee**

EWEB operations staff disinfects all new main extensions prior to connecting into EWEB’s live system. Once connected, flow tests are completed for all fire hydrants. The fees below are for the costs incurred due to these activities:

Cost per foot of pipe (for disinfection)	\$3
Cost per hydrant test	\$300

**O. Inspection and Permit Fee**

EWEB Engineering staff provide periodic inspection of new main extensions and witness all pressure tests for the new systems. EWEB also obtains the City Permit for work within the Public Right-of-Way and passes this on to the Developer/Customer. The fees below are for the costs incurred due to these activities:

Cost per foot of pipe (for disinfection)	\$2
Pressure Test	\$320
Permit Cost	Calculated by City

**REVISION HISTORY**

Version	Section Revised / Description	Resolution No.	Approved	Effective
1	Moved Water Prices from Water Utility Policy into Customer Service Policy, Appendix C	No. 1816	06/05/18	06/06/18
<u>2</u>	<u>Added Developer Fees</u>	<u>No. 1725</u>	<u>10/03/17</u>	<u>10/03/17</u>