

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

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

Others Present: Frank Lawson, General Manager; Susan Ackerman, Chief Energy Officer; Aaron Balmer; Senior Accounting Analyst; Matt Barton, Chief Information Officer; Sarah Gorsegner, Purchasing and Warehouse Supervisor; Rene Gonzalez, Customer Solutions Manager; Deborah Hart, Interim Finance Manager; Jason Heuser, Policy/Government Affairs Program Manager; Chris Irvin, Senior Engineer; Mike McCann, Generation Manager; Lisa McLaughlin, Environmental Supervisor; Rod Price, Chief Electric Engineering and Operations Officer; Adam Rue, Interim Fiscal Services Supervisor; Ben Ulrich, Interim General Accounting Supervisor; Anna Wade, Business Line Manager

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

Agenda Check

There were no changes or additions to the Agenda.

Items from Board Members and General Manager

- Vice President Carlson announced she would be attending the upcoming Young Elected Officials town hall meeting, and that she and General Manager Lawson would be attending the River Road Neighborhood meeting.
- Commissioner Simpson reported that LCOG was returning from a summer break to reconvene their regular Board meeting schedule.
- Commissioner Helgeson said he understood there was a neighborhood meeting coming up that included some of his ward, and he asked for more information so that he could attend. He also announced he would be traveling to Walla Walla, Washington next week to attend the North West Public Power Association (NWPPA) meeting.
- President Brown and Commissioner Mital welcomed State Senator, and former EWEB Commissioner James Manning, who was in the audience.

Limited Income Initiative Update

Mr. Gonzalez and Ms. Wade offered the Board an update and PowerPoint presentation on the Limited Income Initiative.

Vice President Carlson wondered about the levelized payment plan. Because it is a look back 12 months, would a ratepayer who previously made an investment, such as a ductless heat pump, have to wait for 12 months to see benefits of said investment?

Ms. Wade replied that there would be a transition period.

Vice President Carlson asked if the ratepayer in question decided to go with another plan other than levelized billing, would there be a transition period between plans.

Ms. Wade said that was a great question. She added that the Limited Income Initiative was still in the works, and a more specific answer to Vice President Carlson's question would be forthcoming.

Vice President Carlson asked if the upcoming meeting between City of Eugene and City of Portland was open to the public.

Ms. Wade said it was, but there was reserved seating.

President Brown asked for the Low Income Initiative's budget, how much of that money was actually going to ratepayers, and how much it was costing the utility to administer it, and how this change may affect it.

Ms. Wade said she did not have figures for the budget billing program at this time.

Mr. Lawson said from a budgetary perspective, he did not believe the changes would be significant enough to affect the overall budget. He said EWEB will continue to fund limited income in all of these areas. However, there is an opportunity to put more of that money into our customers' hands and less into the administration of it.

Commissioner Simpson wondered if it could be confirmed that there would be no annual true-up with this proposal.

Ms. Wade said that was correct.

Commissioner Simpson asked how this proposal would integrate with Advanced Meter Infrastructure (AMI); in particular starting and stopping the program and visibility of the variance between a customer's actual usage and the levelized amount they are paying.

Ms. Wade replied that in terms of start/stop, it would be integrated into the program, assuming a customer would have to sign up for a year and there would be policies in place if that did not happen. With regard to transparency, bill presentment is one topic we have to drill in to. Year over year consumption patterns as well as month over month charges would still be evident on a customer's bill.

Commissioner Mital asked if the "ECC Program" was the \$200 per year that ratepayers would be eligible for.

Ms. Wade said that was correct.

Commissioner Mital posited the Board should have a set of metrics to review before they adopt a particular program. . He asked how ratepayers would be incentivized to participate in the Peak Burden Program.

Ms. Wade said they were evaluating funding options to address arrearages on the front end.

Residential Electric Pricing Tiers Presentation

Mr. Lawson and Mr. Rue offered the board a report and PowerPoint presentation on residential electric pricing tiers.

Public Input

Tom Mulhern of Eugene, and Catholic Community Services of Lane County, thanked EWEB for their Limited Income Initiative, and their long-term commitment to assisting ratepayers who were unable to pay their energy bill. He also supported lowering delivery costs.

Jim Neu of Eugene, and 350 Eugene, thanked the Board for their desire to flatten their electric billing tiers into a flat rate. He posited that single-tier pricing would incentivize electrification, thereby making electricity competitive with natural gas.

Lawrence Roper of Eugene urged EWEB to retain the pricing tiers as they are, because, among other reasons, it allowed rate payers to see that using less is a way to control their bill. He also suggested keeping the water side of the utility in tiered pricing format. He went on to call attention to the impacts of the increasing number of cannabis grows popping up in the area.

Mary Ellen Bennett of Eugene, and Lane County Human Services Division, thanked EWEB for its dedication to reduce the cost of its overall budget. She thanked EWEB for committing to maintaining the same level of funding for its low-income customers throughout the process.

Kath-Ellen Johnson of Eugene suggested EWEB maintain its current tiered electrical pricing as it motivates ratepayers to economize their electrical usage, and conserve energy. She also asserted that she was against the rate increase that some ratepayers would see under single-tiered electrical pricing.

Linda Heyl of Eugene, and 350 Eugene, spoke in support of collapsing electrical pricing tiers. She said that this action by EWEB would help Eugene reach its carbon reduction goals. Ms. Heyl offered 350 Eugene's bedrock position was 100% carbon-free energy; she said she realized this transition would take time, and she thanked EWEB for continuing to do its due diligence to this end.

Patricia Hine of Eugene, and 350 Eugene, spoke in support of collapsing electrical pricing tiers. She said it would allow for more electrification, especially for the larger, industrial energy users.

Senator James Manning III of Eugene, and the Oregon State Legislature, thanked EWEB for their tireless work, and their dedication to the Eugene community.

Alex Lockfeld of Eugene was in support of collapsing electrical pricing tiers. He felt that the collapsing of the electrical pricing tiers was a step in the right direction regarding Eugene's carbon reduction goals.

Residential Electric Pricing Tiers Discussion

Commissioner Simpson pointed out that high-consumption users weren't necessarily wealthy. He added that EWEB staff had done months of research proving that many of EWEB's highest electric consumers were actually low-income individuals with poor insulation in their homes. He concluded that he was in favor of collapsing the electric pricing tiers.

Commissioner Helgeson seconded Commissioner Simpson's sentiment that many high-consumption ratepayers were low-income individuals. Commissioner Helgeson spoke in support of collapsing electric pricing tiers. He posited EWEB should restate their commitment to energy efficiency and conservation in a very visible way, so the community would know the program was still active.

Vice President Carlson said one of the salient reasons she was considering supporting collapsing electric pricing tiers, was the eight times reduction of carbon difference in EWEB's electricity portfolio. She clarified that she sympathized with those electricity users on lower pricing tiers whose consumption was low due to conservation in the home or business.

Commissioner Mital said he appreciated the diversity of opinions on this matter. He said that it was his intention—and that of his colleagues on the Board—to keep the assistance program for low-income EWEB ratepayers intact, although there were concerns with the cost of delivery; Commissioner Mital called upon EWEB's partners to help them keep rates down, so that the assistance for low-income individuals could continue indefinitely. Commissioner Mital said he would like to see something attached to the low-income program which would mitigate the extra cost of the program itself to EWEB

ratepayers; he asked for something of that nature to be brought before the Board in either October or November. He concluded that he was in support of the tier collapse.

President Brown agreed with Commissioner Mital, that EWEB would need to see a reduction in cost of administering the low-income program; although, he said, the utility had no intention of abandoning the program, just they were attempting to bring in as

many resources as possible for the program. President Brown voiced his support for the electric pricing tier collapse.

Approval of Consent Calendar

MINUTES

1. August 7, 2018 Regular Session

CONTRACTS

2. ALS Environmental; Eurofins Eaton Analytical, Inc.; and TestAmerica, Inc. - for Water Quality Analytical Testing Services. \$582,000 (over 5 years). Break-out of awards: \$256,000 (over 5 years) to ALS Environmental for Lot 1; \$316,000 (over 5 Years) to Eurofins Eaton Analytical, Inc. for Lots 2, 3, and 4; \$10,000 (over 5 years) to TestAmerica, Inc. for Lot 5.

3. Altec Inc. - for the Use of a Cooperative Contract for the Purchase of a Knuckle Boom Crane. \$360,000.

4. Beecher Carlson - for Commercial Insurance Broker Services. \$225,000 (over 5 years).

5. HD Fowler Company - for Polymer Concrete Water Meter Boxes. \$2,200,000 (over 5 years).

6. H&J Construction, Inc. - for Drain and Pond Improvements at Hayden Bridge Water Filtration Plant. \$426,500.

7. Owen Equipment Company, an Authorized Dealer of the Federal Signal Corp. - for the Use of a Cooperative Contract, Sourcewell Contract #122017-FSC for the Purchase of a Truck Mounted, Hydro Excavator. \$400,000.

8. Pacific Excavation - for North Bertelsen Road Water Main Replacement. \$545,000.

9. Sanipac - for Solid Waste and Recycling Services. \$165,000 estimate (over 5 years).

10. Wildish Building Company - for an Increase to an Existing Contract for the Carmen-Smith Turbine Shutoff Valve Installation. \$357,877 (resulting cumulative total \$2,115,366).

INTERGOVERNMENTAL AGREEMENTS

11. City of Eugene - Water Pipeline Crossings on Pedestrian Bridges over Amazon Creek. \$170,000 (resulting cumulative total \$360,000)

12. Lane Council of Governments (LCOG) - for Geographic Information System (GIS) Services, under the GIS Cooperative Project Agreement. \$400,000 over 5 years (resulting cumulative total \$800,000 over 10 years).

13. Lane Council of Governments (LCOG) - for Technical Assistance Activities Related to EWEB's Property Management Systems (complete legacy record digitization project). \$60,000 (resulting cumulative total \$556,500).

14. Lane Council of Governments (LCOG) - for Technical Maintenance Activities Related to EWEB's Property Management Systems (emergent work). \$150,000 (over 5 years).

Commissioner Simpson moved to approve the Consent Calendar minus Items 9, 11, and 12. The motion passed unanimously 5:0.

Items Removed From Consent Calendar

President Brown pulled Consent Calendar Item 9. He wondered if EWEB was in the business of giving preference to local companies for contract work

Ms. Gorsegner explained that, as per Oregon Purchasing Rules, local companies are not given preference.

President Brown asserted he would like to see this contract bid upon.

Ms. Gorsegner said the contract could go through a competitive process, and that bidding would have to be done as a Request For Proposal (RFP) if we want to consider factors besides price. If we conduct a straight bid, with minimum qualifications, there would likely be a tie in the pricing as this is a mandated price by the City of Eugene.

Commissioner Simpson offered that he would like to see this contract awarded not based solely on price, but also on other criteria, such as the carbon footprint of each of the companies.

Vice President Carlson asked if the contract could be split so EWEB would receive services for just the Eugene area. She also wondered if EWEB could require the service provider allow material recovery from Dumpsters.

Mr. Price asked the board if they would like all future contracts to be handled in the manner being discussed for this contract.

President Brown said, for him, this was a values issue. He said that EWEB was dedicated to keeping money in the community whenever possible.

Commissioner Mital spoke in support of bidding this contract.

President Brown moved to approve Consent Calendar Item 9. The motion failed 4:1, with Commissioner Helgeson voting in favor.

Commissioner Mital pulled Consent Calendar Item 11. He said he was surprised to learn that EWEB was planning on abandoning the exposed pipe in question in place. He wondered if there was a longer-term plan in place.

Mr. Irvin said the City of Eugene was responsible for the pipe in question; he said the City had submitted no permits about removal of the pipe thus far.

Commissioner Mital asserted that it did not feel right to him, for EWEB to leave its unused equipment out for the public to see.

Commissioner Simpson moved to approve Consent Calendar Item 11. The motion passed unanimously 5:0.

Mr. Lawson said staff would take this as a follow-up action, and get back to the Board.

Commissioner Helgeson pulled Consent Calendar Item 12. He wondered if it would not be prudent in the future for EWEB to have Geographic Information System (GIS) skills in-house.

Mr. Barton responded that the contract for GIS work with LCOG was an excellent deal for EWEB. He said it makes more sense to consume GIS work as a service from LCOG, rather than having said skills prevalent in-house.

Commissioner Helgeson moved to approve Consent Calendar Item 12. The motion passed unanimously 5:0.

Break

President Brown called for a break at 7:35 p.m. The meeting resumed at 7:45 p.m.

Legislative & Regional Policy Update

Mr. Heuser offered the Board an update and PowerPoint presentation on legislative and regional policy.

Vice President Carlson asked if the other groups asked to participate by the Governor's Office were also strong advocates of market-based methods to reduce greenhouse gas emissions.

Mr. Heuser responded that he thought EWEB was the only advocate.

Commissioner Helgeson wondered if the people in the Legislature understood fully the issues at hand.

Mr. Heuser replied that Commissioner Helgeson's question would be easier to answer after the first Tuesday in November.

Mr. Lawson asked where the Bill was headed relative to multi-sector versus energy-only sector, and how that would affect strategy going forward.

Mr. Heuser said the Bill was economy-wide, besides agricultural and forestry.

Commissioner Simpson asked Mr. Heuser if he had heard anything about having to pay a Road Tax for electric vehicles (EVs).

Mr. Heuser said he was not following that issue too closely, but there was an ongoing conversation in the Legislature about how EVs would pay their fair share of the transportation system upkeep.

Property Management Program

Ms. McLaughlin, Mr. McCann, and Ms. Ackerman offered the Board a report and PowerPoint presentation on the property management program.

Vice President Carlson asked if, when people applied for building permits, they reviewed EWEB's easements. She wondered how a church was built in the middle of an EWEB easement.

Ms. McLaughlin said she did not know how that had happened, but typically, potential permittees did review EWEB easements.

President Brown asked about the status of the roundabout discussion with the City of Eugene.

Mr. Lawson said that EWEB was in negotiations with the settlement parties relative to the contaminations on that site and we will not have discussions with the City until that is settled.

Commissioner Mital asked if the 148 acres EWEB was currently seeking to purchase from Weyerhaeuser, included the eight acres EWEB thought it would need for the new substation.

Ms. McLaughlin said that was correct.

Commissioner Mital asked for clarification on the Farming Lease mentioned in the presentation.

Mr. Lawson said the property in question was roughly 50-60 acres near the airport, and EWEB bought it about 15 years ago, for possible expansion in that area.

Ms. McLaughlin added that the land was currently being leased to a farmer.

Commissioner Mital asked if the 148-acre purchase from Weyerhaeuser was to fall through, could they condemn the 8 acres required for the substation.

Ms. McLaughlin said yes, theoretically EWEB could, and would need to make the case and go through the condemnation process.

Customer Service Downtown Presence

Mr. Lawson offered the Board a report and PowerPoint presentation on the possible downtown presence of customer service.

Commissioner Helgeson asked if there would be lucrative uses of the second floor as an alternative to preserving the meeting space.

Mr. Lawson said there was a correlation between the customer service operations from phone to in-person. He added that the possibility did exist to have a call center at a different location, but, given the choice, EWEB would like to have its call center in close proximity to a walk-in space for EWEB ratepayers.

Commissioner Helgeson spoke in favor of retaining the public meeting space at the riverfront location, at least initially.

Commissioner Simpson also spoke in favor of keeping the public meeting space at the riverfront location.

Vice President Carlson wondered if EWEB was still planning to hold onto the properties in question, in order to wait for the riverfront property to be more developed.

Mr. Lawson said that in November, he would bring back that conversation to the Board, and that conversation would be centered around pre-declaring the south building or the entire property as surplus.

Vice President Carlson asked how often the public meeting space was used.

Mr. Lawson replied that the public meeting space was used for trainings, as well as for Board meetings.

Vice President Carlson spoke in support of continuing to analyze the two options Mr. Lawson laid out in his presentation.

Commissioner Mital said he believed a downtown meeting space, and a downtown customer service center would be just as viable as the current meeting space and customer service center at the riverfront facility.

President Brown said, since the riverfront meeting space was only used approximately four hours a month for Board meetings, it didn't make sense to retain it for that purpose.

Investment Policy Update

Ms. Hart, Mr. Ulrich, and Mr. Balmer offered the Board an update and PowerPoint presentation on investment policy.

Vice President Carlson asked staff to highlight the differences from the original draft before they brought this conversation back to the Board.

Commissioner Helgeson asked if there were anything in the investment policy update which would give the Board discretion at the policy level.

Ms. Hart replied there were very little changes from the last draft of the investment policy. She added that it was up to Board discretion to adopt the recommended changes, but those changes were well in the mainstream of investment policies of governmental agencies.

Commissioner Helgeson wondered if EWEB would or would not have an investment advisor.

Ms. Hart said that the employment of an investment advisor was written intentionally to be optional, and to provide flexibility for the utility going forward, in case the need of an outside investment advisor ever arose.

President Brown inquired about EWEB's response to the Advisory Board's concern around the absence of an external investment advisor.

Mr. Balmer explained the context of the meeting in which the Board member pointed out that the policy language was not included. Staff affirmed that EWEB did not currently have an external investment advisor and did not believe it was the intent to pursue one at that time. Since receiving the comment, we have included said language in the policy.

Correspondence & Board Agendas

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

President Brown asked if EWEB was on track to issue a report on the follow up items for the Carmen Diversion Reservoir sinkholes within the specified 45 days.

Mr. Zinniker said that was correct, we have been working with an independent consultant and will complete that work by the end of the week.

Commissioner Mital referenced a previous letter from FERC regarding a separate issue and wondered about the context as it relates to heightened concerns following the dam incident in California.

Mr. Zinniker responded saying that the sink holes have been known for decades and have been shown to dam safety compliance engineers who visited the site. There is a different atmosphere in the aftermath of the Oroville dam incident. Because of the attributes of Carmen it is categorized as a low hazard site. EWEB is doing important investigative work and will be able to assure FERC that we are managing the situation appropriately.

Board Wrap Up

President Brown stated that he would like a report on the International Paper (IP) spill, and it should include information around equipment malfunction and EWEB's equipment involvement.

General Manager Lawson explained that IP has received a fine, and with that is an appeal period through September 19. EWEB and IP will engage in proactive discussion and actions going forward, however IP was reluctant to begin this dialog until after the report and fine were levied. If they do not appeal, the door will be open to begin discussions.

Adjourn

President Brown adjourned the meeting at 9:23 p.m.

Assistant Secretary

President