

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
October 2, 2018
5:30 P.M.**

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

Commissioners Absent: Steve Mital

Others Present: Frank Lawson, General Manager; Matt Barton, Chief Information Officer; Raul Duato, Information Services Supervisor; Rene Gonzalez, Customer Solutions Manager; Sue Fahey, Chief Financial Officer, Deborah Hart, Interim Finance Manager; John Latourette, Line Supervisor; Jeanine Parisi, Customer Relationship Manager; Jerry Reller, Senior Financial Analyst; Adam Rue, Interim Fiscal Services Supervisor; Nate Schultz, Senior Financial Analyst

Vice President Carlson called the Regular Session to order at 5:31 p.m.

Agenda Check

Commissioner Simpson asked if the Break could be moved to position 8.5 on the Agenda, directly following the Public Hearing on the 2019 Budget Assumptions and the Long-Term Financial Plan (LTFP).

The Board agreed, and the Break was moved to position 8.5 on the agenda.

Items from Board Members and General Manager

- President Brown announced that Vice President Carlson would be Chairing the meeting. He said he was very pleased with the efforts after a recent outage, in which the street itself had to be dug up.
- Commissioner Helgeson thanked staff for their presentations at the recent upriver meeting. He announced he attended the recent NWPPA Board meeting in Walla Walla, Washington; he said the current CEO of the NWPPA, Anita Decker, would be retiring in May 2019, and he had accepted a position on the Interview and Selection team for a replacement CEO.
- Commissioner Simpson thanked EWEB for organizing the Health & Awareness Safety Day in September. He mentioned that this year's EWEB Family Day was a success. Commissioner Simpson thanked staff for their efforts on the Neighborhood Outreach program. He announced that he would be leaving the EWEB Board at the end of the year.

- Vice President Carlson thanked staff for their work on the BRING Home & Garden Tour, for their work on and at the upriver meeting, and for their work on EWEB Family Day. She commented that as we consider not housing our current space there may be an opportunity to look at other areas in the community where we could hold these kind of meetings, such as Bethel, the south hills or other areas that are accessible to other community groups and members. She said she had recently met with two Eugene City Councilors to talk about resiliency, rental efficiency investments, carbon policy, and the streamlining of permitting processes.
- Mr. Lawson said that he had enjoyed the Neighborhood Meetings he had thus far attended. He said he had received feedback from the Upriver meeting complimenting staff on their presentations.

Public Input

Webb Sussman of Eugene described issues he experienced during a replacement of a water heater in his home. He described the issues as being told there was not a gas hot water heater option, and that EWEB had run out of the number of units they were allowed to replace. Mr. Sussman also pointed out there was no reason to break up PDF files on EWEB's website. He said he attended the recent tech event in downtown Eugene, and was impressed with EWEB's work on the fiber-to-residential program; he asked EWEB to expand, and accelerate that program.

Kaarin Knudson of Eugene, and the Better Housing Together Initiative. She thanked EWEB for addressing the local housing crisis. Ms. Knudson was especially appreciative of the EWEB Development Policy.

Commissioner Simpson thanked Ms. Knudson for her feedback on EWEB's role in mitigating the local housing crisis. He assured Mr. Sussman that the utility would look into the hot water heater program issues he brought to the Board's attention.

Commissioner Helgeson said he was surprised by Mr. Sussman's testimony about the hot water heater program, and he apologized on behalf of the utility for the missed opportunity. He thanked Ms. Knudson for the work of her organization, and posited that although he was usually conservative when it came to public subsidy, he had a couple of soft spots in that conservatism for the elderly, and for those having trouble finding affordable housing.

President Brown thanked both contributors for their testimonies. To Ms. Knudson, he called to her attention a couple of recent instances in the south hills, where the City has identified a lot of our buildable lands inventory. We were not able to serve that area with water because the Fire Marshal changed the fire flow regulations and two times we've heard people say they needed to sprinkle their buildings, but it was too cost prohibitive. He encouraged Ms. Knudson to maintain a connection with EWEB, as there

are some circumstances we cannot change and it will affect the true buildability of that land.

President Carlson wondered if the utility's reluctance to subsidize gas hot water heaters was a strategic move to incentivize electrification. She thanked Ms. Knudson for her work and dedication to the community.

Mr. Lawson said he did not believe EWEB had any limitations surrounding hot water heater replacement; he posited that it was possible it was a problem with the contractors themselves.

Commissioner Simpson asked Mr. Sussman to share the name of the hot water heater installation contractor with a staff person, so EWEB could follow up with them.

EWEB Development Policy

Mr. Gonzalez and Ms. Parisi offered the Board a report and Power Point presentation on EWEB Development Policy

Commissioner Simpson asked how extensive was the need to exchange documentation as customers are established. He also wondered if a portal might need to be set up on EWEB's website to facilitate a secure document exchange.

Ms. Parisi said she did not know. She said she would need to talk directly to the staffers engaged in direct interaction with developers.

Commissioner Simpson, quoting slide 10 from the presentation, asked what the next door neighbor of the tenant paying a \$150,000 capacity charge under the proposed electric network, would pay for a capacity charge.

Ms. Parisi replied that it would be determined using their proportional share of current load.

Commissioner Helgeson stated he was supportive of the presenters' current efforts as per Development Policy.

Regarding affordability and SDCs for housing units under 800 sq. ft., President Brown said that he is supportive, and if EWEB was going to do it, he also wanted to make sure that EWEB's other partners, who have SDC charges, were also willing to do the same.

Regarding the example in the presentation, he asked what would happen if a developer paid for half of the cost to increase the network's capacity and the need for remaining capacity did not come to fruition. He wondered if that remaining infrastructure cost would be spread over other ratepayers.

Ms. Parisi responded yes, EWEB would pay the costs up front and those costs may or may not be recouped by someone else who comes in and uses some of that capacity. Or, we would front that cost with the idea that everyone is benefitting from the redundancy; it would be viewed as a capital investment and would conform with our policy for projects outside of the downtown network.

President Brown said he hopes there would be consistency in the application so as not to burden other rate payers if future new projects do not move forward.

Vice President Carlson asked, in page 10's examples, were the numbers meant to be a flat rate, as opposed to a portion of capacity.

Ms. Parisi answered it was meant to be a proportion of capacity, but that was next to impossible due to the variances in EWEB's electrical system.

Vice President Carlson asked how accurate the design review estimates were.

Ms. Parisi said she did not know, although she imagined if EWEB was giving high-level estimates, the utility would tend to being conservative.

Approval of Consent Calendar

MINUTES

1. September 4, 2018 Regular Session

CONTRACTS

2. MWA Architects - for Architectural and Design Services for a Water Quality Laboratory and Backup Services Building. \$442,377.

3. R2 Resource Consultants, Inc. - for engineering services. \$205,000 (Resulting Cumulative Total \$315,000).

4. USI Insurance Services - for Health and Wellness Benefits Broker and Consulting Services. \$250,000 (over five years).

RESOLUTIONS

5. Resolution No. 1821 - Residential Electric Pricing Structure.

6. Resolution No. 1824 - Investment Policy Update

Commissioner Simpson moved to approve the Consent Calendar as presented. The motion passed unanimously 4:0.

Items Removed From Consent Calendar

None.

2019 Draft Electric & Water Budgets and Long-Term Financial Plans (LTFP) Update

Ms. Fahey, Ms. Hart, Mr. Rue, Mr. Schultz, and Mr. Reller offered the Board a report on 2019 Draft Electric and Water Budgets, and an update on the LTFP, with a Power Point presentation.

Public Hearing on 2019 Draft Electric & Water Budgets and Long-Term Financial Plans (LTFP) Update

There was no one who wished to speak during the Public Hearing.

2019 Draft Electric & Water Budgets and Long-Term Financial Plans (LTFP) Update - Direction

President Brown thanked the financial team for the presentation. He asked if the contribution risk margin of \$3 million was sufficient to cover 10% reduction of generation, 2.4% reduction in load or 47% wholesale price, if the first two were representative of a 10% reduction in generation *and* a 2% or all variable options.

Mr. Reller said the aforementioned items were mutually exclusive.

President Brown posited the time was nigh for a conversation about a potential Decommissioning Fund.

Commissioner Helgeson expressed support for the Draft Budgets and LTFP.

Commissioner Simpson said he too was in support of the Draft budgets and LTFP. He said he would like to see a year-by-year column graph showing EWEB annual budgets, at the November 6 Board meeting.

Vice President Carlson asked if the 2% allocated to health insurance was locked in?

Ms. Fahey said that was correct.

Mr. Lawson said that since the market itself has impacts on EWEB's long-term financial planning, EWEB had a hedging program that hedged out five years.

Vice President Carlson asked if there was hedging in the presented assumptions.

Ms. Fahey said that hedging had been used in the assumptions presented.

Break

Vice President Carlson called for a break at 7:04 p.m. The meeting resumed at 7:16 p.m.

Electric Outage Management Preparation

Mr. Barton, Mr. Latourette, and Mr. Duato offered the Board a report and PowerPoint presentation on electric outage management preparation.

Commissioner Simpson asked what was meant in the presentation by “command post.”

Mr. Latourette replied command posts were locations where different officials—such as the Public Information Officer—were stationed during an outage emergency.

Commissioner Simpson wondered how sturdy and dependable EWEB’s Responder system was.

Mr. Duato said it was constantly being upgraded.

Commissioner Simpson asked if the callbacks were automated.

Mr. Duato replied they were.

Commissioner Simpson asked if there was adequate coverage at EWEB’s Help Desk.

Mr. Barton said there was.

Commissioner Simpson asked if the different ICS groups (day, night, etc.) were handing shifts off to each other, or if the shifts were integrated.

Mr. Latourette said it was a bulk hand-off, but there were measures being taken to ensure a seamless shift change process.

Commissioner Helgeson wondered if there would be an ability within the customer communication piece to prevent repeat customer callbacks.

Mr. Duato said there was. He said that through the website, customers can remain informed after an initial call-in.

Commissioner Helgeson wanted to know if there was a way for ratepayers to access information online that would affirm that the utility was aware of their outage.

Mr. Duato said yes. He said that a customer contacting EWEB would receive a confirmation of that contact.

Vice President Carlson asked, as far as the hot washes were concerned, if there was a way to differentiate from a storm or another natural event which would knock out power, such as an earthquake.

Mr. Latourette said an integrated structure—one which would include both Electric and Water—had not yet been developed.

President Brown asked if EWEB was doing anything to make the ratepayers themselves better prepared for outages.

Mr. Barton responded that ratepayers were staying informed through EWEB's Disaster Preparedness outreach and programs.

Correspondence & Board Agendas

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

Commissioner Helgeson said he had a minor concern with EWEB's energy burden metric, because it was mostly out of the utility's control.

Mr. Lawson agreed that although EWEB had an influence on some parts of the metric, the other parts were completely out of the utility's control.

Ms. Kah stated the tentative time for a possible upcoming Executive Session was 4:30 p.m. She said some details of that were still to be determined.

Board Wrap Up

There was no Board Wrap-Up.

Adjourn

Vice President Carlson adjourned the meeting at 8:00 p.m.

Assistant Secretary

President