

**EUGENE WATER & ELECTRIC BOARD
EXECUTIVE SESSION #1
EWEB BOARD ROOM
500 EAST 4TH AVENUE
NOVEMBER 6, 2018
4:15 P.M.**

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

Others present: Frank Lawson, General Manager; Mike McCann, Generation Manager; Patty Boyle, Principal Project Manager; Sue Fahey, Chief Financial Officer; Mel Damewood, Chief Water Engineering & Operations Officer; Rod Price, Chief Electric Engineering & Operations Officer; Lena Kostopulos, Chief Human Resources Officer; Tim O'Dell, Right-of-Way Agent; Lisa McLaughlin, Environmental Supervisor; Jared Rubin, Environmental Specialist; Anne Kah, Executive Assistant, and Christian Hill, Register Guard

EXECUTIVE SESSION:

The Executive Session #1 was called to order at 4:15 p.m.

Pursuant to ORS 192.660(2)(f)

The EWEB Board of Commissioners met in Executive Session to consider information or records that are exempt by law from public inspection.

President Brown adjourned the Executive Session meeting at 4:33 p.m.

Assistant Secretary

President

**EUGENE WATER & ELECTRIC BOARD
EXECUTIVE SESSION #2
EWEB BOARD ROOM
500 EAST 4TH AVENUE
NOVEMBER 6, 2018
4:45 P.M.**

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

Others present: Frank Lawson, General Manager; Mike McCann, Generation Manager; Sue Fahey, Chief Financial Officer; Mel Damewood, Chief Water Engineering & Operations Officer; Rod Price, Chief Electric Engineering & Operations Officer; Lena Kostopulos, Chief Human Resources Officer; Tim O'Dell, Right-of-Way Agent; Lisa McLaughlin, Environmental Supervisor; Jared Rubin, Environmental Specialist; Anne Kah, Executive Assistant, Eric DeFreest, Luvaas Cobb Attorneys at Law, and Christian Hill, Register Guard

EXECUTIVE SESSION:

The Executive Session was called to order at 4:35 p.m.

Pursuant to ORS 192.660(2)(e)

The EWEB Board of Commissioners met in Executive Session to conduct deliberations with persons designated by the governing body to negotiate real property transactions.

President Brown adjourned the Executive Session meeting at 5:21 p.m.

Assistant Secretary

President

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
November 6, 2018
5:30 P.M.**

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

Others Present: Frank Lawson, General Manager; Mel Damewood, Chief Water Engineering & Operations Officer; Sue Fahey, Chief Financial Officer; Deborah Hart, Interim Finance Manager; Julie McGaughey, Customer Operations Manager; Lisa McLaughlin, Environmental Supervisor; Rod Price, Chief Electric Engineering & Operations Officer; Jerry Reller, Senior Financial Analyst; Adam Rue, Interim Fiscal Services Supervisor; Nate Schultz, Senior Financial Analyst; Ben Ulrich, Interim General Accounting & Treasury Supervisor

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

Agenda Check

There were no changes or additions to the Agenda.

Items from Board Members and General Manager

- Commissioner Helgeson said he had been attending local neighborhood meetings, and he thanked staff for their work on said meetings. He announced he also attended a meeting sponsored by a group in town who has concerns about EWEB's meter deployment strategy. In the context of one of the neighborhood meetings, as well as the other aforementioned meeting, Commissioner Helgeson was concerned there was misinformation about EWEB's meter deployment strategy and opt out characteristics as well as questions asked which implied misinformation. He asked staff to join him in reviewing the video from that meeting and the Q&A that was put forth in the neighborhood meetings to determine if there is anything that should be added to our website to address confusion.
- Commissioner Mital reported that he had attended the demonstration of the Alternative Water Supply (AWS) project in Bethel last month; he said it occurred to him that residents seeking emergency water sources, may also be seeking emergency sources of electricity as well, especially in order to charge their phones/devices. He asked the Board for support in asking Mr. Lawson to calculate the cost of adding charging stations to those five centers that we are contemplating. The Board was in support.
- President Brown offered he had a great interaction with staff concerning tree trimming. He said a letter had been drafted to EWEB staff and Wright Tree Trimming, thanking them for their work.

Public Input

Cindy Allen of Eugene spoke in opposition to AMI. She referenced a 2013 report compiled by Dr. Paul Dart and a local medical advisory board on the biological effects of EMF radiation. She said the report was given to the EWEB Board in order to help them make informed decisions as per their smart meter rollout. Ms. Allen cited three states—Kentucky, New Mexico, and Massachusetts—which had rejected smart meter technology.

Jim Neu of Eugene, and 350 Eugene, spoke in favor of de-carbonizing the energy grid. He said Northwest Natural Gas had sent him many offers to switch to natural gas, including hundreds of dollars in incentives for switching to natural gas appliances. Mr. Neu suggested EWEB ramp up their marketing campaign for electrification, in order to compete with the strong and myriad marketing of switching to natural gas.

Tana Shepard of Eugene, and the 4J School District, announced she was working with Bethel to get some 4J teachers into the Wind Challenge next year. She said she was making efforts toward hydro power education for third graders, including field trips. Ms. Shepard said the Solar Challenge was being moved up a week this year, and the event would take place the first week of June, 2019.

Vice President Carlson thanked those who participated in Public Input. She said she too was concerned with EWEB's marketing vis a vis electrification.

Commissioner Simpson thanked those who participated in Public Input. He said he would be following up with staff about EWEB's marketing materials. He asked for and received Ms. Shepard's contact information, and said that he would be reaching out to her on his own time.

Commissioner Helgeson said he was supportive of incentives for switching from gas to electric. He reminded those present that Northwest Natural Gas was a for-profit entity, and as such, they had the power to use shareholder monies for marketing and incentives. EWEB does not have a profit margin that belongs to shareholders that could otherwise be devoted to these incentives, thus there are some limitations and rules for EWEB that differ from Northwest Natural Gas.

Commissioner Mital said he appreciated Ms. Allen's concerns with AMI deployment, but he said he believed EWEB and the EWEB Board had done sufficient investigation into possible issues with AMI deployment, and had reached different conclusions than those concerned. He expressed agreement with Mr. Neu about marketing for electrification, and he felt confident that EWEB was positioning itself to compete aggressively with Northwest Natural. Commissioner Mital said he appreciated Ms. Shepard continuously showing up to divulge the ways in which 4J was using EWEB funds. He had a concern with the wind/solar education program and stated that he wants students to understand the regional context that renewables should be placed in. EWEB has reduced its support for solar as we have come to understand that it is not a great resource in the

hyper-local context. We would be doing a disservice if we say that solar is great without explaining why we have concerns locally.

Approval of Consent Calendar

President Brown recused himself from voting on the Consent Calendar, due to the presence of his name on a contract for the firm, Evans, Elder, Brown, and Seubert which he is associated with. He went on to explain that he has no present or future contemplated interest in the outcome of the contract award. The company is a cost sharing business, therefore when his partners make money, he does not receive any of it; they only share expenses. He also wished to recuse himself because he represents L.R. Brabham Inc. for the leasing of their shopping center.

MINUTES

1. a. September 18, 2018 Upriver Meeting

b. October 2, 2018 Regular Session

CONTRACTS

2. Cushman & Wakefield and Commercial Quest NW, Inc. - for Real Estate Broker Services. Not to Exceed \$150,000 each (over 5 years).

3. Evans, Elder, Brown, and Seubert - for Real Estate Broker Services. Not to Exceed \$150,000 (over 5 years).

4. GE Prolec - for a single substation transformer for the Holden Creek substation in Lane County. \$734,800.

5. OEG and L.R. Brabham Inc. - for electrical services. \$600,000 over five years between two contracts.

6. Wesco Distribution - for expansion of the prefabricated control house and switchgear at the Holden Creek substation in Lane County. \$437,000

7. Windermere Real Estate - for Real Estate Broker Services. Not to Exceed \$150,000 (over 5 years).

RESOLUTIONS

8. Resolution No. 1825, 2018 Revised and 2019 Trojan Budgets.

Commissioner Mital moved to approve the Consent Calendar minus Items 2, 3, 4, 6, and 7. The motion passed 4:1, with President Brown recusing himself from the vote.

Items Removed From Consent Calendar

Commissioner Mital pulled items 2, 3, and 7.

Ms. McLaughlin explained that these three companies had been put on contract in the event that EWEB would need to sell some of its surplus properties quickly. She added there was no guarantee that EWEB would actually work with any of them.

Commissioner Mital pulled item 4. He wondered how this particular issue wasn't caught and/or rectified in past design work. He also wondered why there was a reliability issue now.

Mr. Price cited previous studies that pointed to EWEB's inability to back-up power for certain conditions in the winter. He said, in short, it was not the most excellent plan but we caught the issue before it happened.

Mr. Lawson offered that part of the reason for this new discovery, was the initial studies were done looking at backing up under normal conditions, instead of stressed or peak conditions.

Commissioner Mital expressed disappointment at the situation.

Vice President Carlson wondered if there were other portions of EWEB's systems that weren't looked at using the criteria mentioned by Mr. Lawson.

Mr. Price said the upriver operations were different than EWEB operations in town; he said that the original studies were performed using the in-town criteria, creating a gap in the information the studies revealed.

Vice President Carlson said she was interested in looking at the criteria being used for said studies, in order to understand the parameters for different situations.

Commissioner Simpson asked if the new transformer would be carrying load all of the time.

Mr. Price said the utility was likely to operate both transformers simultaneously—one for upriver, and one for downriver.

Commissioner Simpson moved to approve Consent Calendar Items 2, 3, 4, 6, and 7. The motion passed 4:1, with President Brown recusing himself from the vote.

EWEB Headquarters Surplus Property, Resolution No. 1826

Mr. Lawson and Ms. McLaughlin offered the board a report and PowerPoint presentation on Resolution No. 1826.

Commissioner Helgeson asked, if the Board approved this Resolution, would there be any future Board considerations or approvals on this transaction.

Mr. Lawson said the authorization was to move forward with negotiations with the

criteria he received in Executive Session.

President Brown asked about the property carve-out for the credit union and 4th & Mill; he asked if there was a specified price for the two carve-outs he mentioned.

Mr. Lawson replied there was no specified price for those two carve-outs. He added that if those two spaces were not part of the EWEB Headquarters sale, they could be sold to the City, but the price had not yet been established.

Commissioner Simpson moved to approve Resolution 1826, and authorize the General Manager or delegee to negotiate and execute all documents on behalf of EWEB necessary for closing the surplus property sale transaction and dispose of the surplus property in accordance with Board policies and terms identified in executive session and permissible under ORS 192.660(2)(e).

President Brown clarified the Board reserved the right to rescind the decision if they did not like what staff came back with.

Vice President Carlson said she saw the issue as a progression—a conversation that had been going on for a while. She said she looked forward to future conversations that would come as a result of the Board's decision on this Resolution.

Commissioner Simpson offered that the community and Eugene City Council were seeking certainty, and he felt that EWEB's pre-definition of the negotiating points would be taken as a positive by the community and the City Council.

Commissioner Mital said that it was not in the best interest of any party involved—including the community—to drag this issue out for a much longer time.

Commissioner Helgeson asserted that he would support the Resolution with the understanding that staff would keep the Board apprised of any and all progress and/or changes moving forward.

The vote on Commissioner Simpson's motion above was unanimous in favor of the Resolution (1826), 5:0.

President Brown suggested, since the meeting was ahead of schedule, they skip the Break for now, and move to the next agenda item: 2019 Proposed Budgets and Prices.

Ms. Fahey suggested moving to item 11 on the agenda, Customer Service Policy, Cost-Based Fees, in order to keep all the agenda items dealing with 2019 Proposed Budgets and Prices together.

The Board agreed.

Customer Service Policy, Cost-Based Fees

Ms. Fahey and Ms. McGaughey offered the Board a report and PowerPoint presentation on the Cost-Based Fees portion of the Customer Service Policy.

Ms. McGaughey said that any changes would be incorporated and brought back to the Board for approval in December. She added any changes would be effective February 1, 2019.

Vice President Carlson asked how EWEB would contact a ratepayer about possible disconnection if said ratepayer did not have a phone.

Ms. McGaughey responded EWEB would attempt to email the ratepayer, and if there was no email or phone on record for the ratepayer, EWEB would send a letter through conventional mail.

Commissioner Mital said he noticed some of the fees could be avoided if the ratepayer decided to install a smart meter, but he wondered what would happen if the ratepayer already had a smart meter.

Ms. McGaughey answered if the smart meter was in place and transmitting properly, the utility would not have to initiate a truck roll for that ratepayer, so there would be no fees incurred.

Commissioner Mital asked if there had been any recent changes to the late fee charge.

Ms. Fahey said there was not.

Commissioner Mital wondered about the suggestion that the meter test fee be reduced from \$180 to \$125; he expressed concern about ratepayers blaming the smart meters for a change in their consumption. Commissioner Mital posited it would be a good idea to offer a free first-time smart meter inspection, until the community gained more confidence in the AMI technology.

Commissioner Simpson wondered if opting out of smart meters was, at this time, a free choice.

Ms. Fahey said that was correct, for now.

Commissioner Helgeson wondered about after-hours costs that might be incurred in the event of installing a smart meter so the ratepayer could avoid fees.

Ms. Fahey said the number of times that happens is very small, so they were not justified in creating a separate fee schedule for it.

Vice President Carlson asked if EWEB had the capability to randomly test the AMI system.

Ms. Fahey said yes.

President Brown asked if there was a limit in place to the number of upriver service calls for moving in/moving out.

Ms. Fahey offered that upriver ratepayers comprised a small enough percentage of EWEB's customers, that upriver truck rolls were not a major concern for the utility.

President Brown asked what EWEB had in place to deal with the scenario of a ratepayer receiving a smart meter only to find, according to that new meter, that their consumption was lower before due to the old meter not functioning properly.

Ms. McGaughey said there were EWEB analysts equipped with thorough checklists that would address such a situation if it were to arise.

Commissioner Simpson inquired if ownership of the old meter would be retained, in order for the utility to do comparative analyses between the old meter and the new meter.

Ms. Fahey replied no; if the issue was with the new meter, that would be the utility's focus, not the old meter.

Vice President Carlson wondered if there was anything in EWEB policy that would take into account faulty meters.

Ms. Fahey said the Customer Service Analysts mentioned above had the ability to wave fees if that was warranted, i.e. in the case of faulty equipment from the utility.

Commissioner Helgeson expressed concern with older meters running down over time and under-registering consumption, so in the event of smart meter installation, it would appear as if the consumption itself had gone up, due to the slowed meter being replaced.

Commissioner Mital, after hearing the discussion, wished to withdraw his earlier concern about ratepayers blaming new meters for consumption changes. He said that concern could be addressed by some sort of random meter testing program.

Break

President Brown called for a break at 6:53 p.m. The meeting resumed at 7:04 p.m.

2019 Proposed Budgets and Prices: Update

Ms. Fahey, Mr. Reller, Mr. Schultz, Mr. Rue, and Ms. Hart offered the Board an update

and PowerPoint presentation on 2019 proposed budgets and prices. Commissioner Simpson asked the difference (in characteristics) between the R-1 and R-2 pricing schedule for water.

Mr. Shultz said R-1 was within the city, and R-2 was outside of the city.

Commissioner Simpson wondered if “less than 1 inch” would actually be used in the language of R-1 and R-2.

Mr. Shultz said that was what was being proposed.

Commissioner Helgeson offered that he hoped staff would fully go through the Cost of Service Analysis (COSA) in order to reconcile the COSA’s impact on cost allocation to the Basic Charge. He also urged staff to look at System Development Charges (SDCs) for the same reason.

Ms. Hart reassured Commissioner Helgeson that Finance was currently reviewing SDCs.

2019 Proposed Budgets and Prices: Public Hearing

President Brown opened the Public Hearing at 7:12 p.m.

Cindy Allen of Eugene pointed to electrical engineer William Bathgate, who had, in February of 2018, spoken before the Michigan House Energy Committee about how smart meters cause electricity bills to go up. She urged the Board to examine closely the correlation between smart meter installation/operation, and higher energy bills.

Kathy Ging of Eugene cited an October 2018 lecture given by Dr. Martin Pall of Portland, in which Dr. Paul discusses the harmful effects of non-ionizing radiation on humans and other sentient beings. She urged the Board to admit it had made a faulty decision under the guidance of the former EWEB General Manager; Ms. Ging said that, based on new evidence of the ill health effects of smart meter technology, EWEB had a responsibility to cancel the installation of smart meters.

President Brown closed the Public Hearing at 7:18 p.m.

2019 Proposed Budgets and Prices: Direction

Commissioner Mital asked for clarification about the comparison bar charts for EWEB’s water rates; he noticed that Veneta, Corvallis and Junction City showed up on the rate comparison charts for Water and Combined, but not for the same comparative chart for Electric only.

Ms. Fahey clarified that all the entities mentioned were under the Pacific Power umbrella, so have the same rates for Electric.

Vice President Carlson asked if there were certain infrastructure costs—such as elevation pumping charges—across the board not covered by the rate.

Ms. Hart answered that infrastructure was not captured in the elevation charge; we capture the power for pumping and the labor cost associated, but we do not currently break out infrastructure costs for any area of town.

Use of Reserves for Pension and Other Post-employment Liabilities

Ms. Fahey, Ms. Hart, and Mr. Ulrich offered the Board a report and PowerPoint presentation on the use of EWEB reserves for pension and other post-employment liabilities.

Vice President Carlson asked if the 7.2% interest rate outlined under Transition Liability in the presentation was representative of the current market.

Ms. Fahey said that interest rate was fixed.

Vice President Carlson wondered whether staff's recommendation would still be a good idea if the market were to fluctuate wildly.

Ms. Fahey responded that for PERS transition liability, it does not make a difference if you want to remove that 7.2% interest that we are paying. If investment returns were better than the assumed rate of return, from a PERS liability perspective, it will likely only reduce the statute-required collar. Investment returns will not make much difference on the PERS side. She added that on the Other Post-employment Benefit (OPEB) side of things, investment returns will improve the funded status if they were above the assumed rate which is 6.5 or 7%. In that case, if we are better funded, there is a likelihood that the annual contribution EWEB pays would go down.

President Brown asked if EWEB paid an outside party to manage the OPEB fund.

Ms. Fahey said that was correct; US Bank handled that for EWEB.

President Brown asked if EWEB was making the assumed rate.

Ms. Fahey said EWEB did not make the assumed rate this year.

Commissioner Mital inquired when the earliest EWEB could have begun to pay off the transition liability was.

Ms. Fahey answered that they would not let us to make a payment until we received the actuarial valuation.

Commissioner Simpson asked what the present return on investment was for EWEB's reserves.

Ms. Fahey replied two and a quarter.

Simpson moved that staff prepare a Resolution on EWEB's use of reserves for pension and other post-employment benefits. The motion passed unanimously 5:0

Quarterly Strategic & Operational Report for Q3 2018

Mr. Lawson, Mr. Damewood, Mr. Price, Ms. Hart, and Ms. McGaughey offered the Board a report and PowerPoint presentation on EWEB's quarterly strategic and operational report for Q3 2018.

Commissioner Helgeson thanked the Executive Team for a great quarterly report.

Correspondence & Board Agendas

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

Board Wrap Up

President Brown thanked staff for their thorough reports and presentations.

Commissioner Helgeson said that although many assertions had been made pointing to the health risks of smart metering, he had yet to see any actual evidence to that end.

Commissioner Simpson offered that the next EWEB Board meeting will be his final meeting as an EWEB Commissioner; he asked if he could receive more than the customary three minutes in order to give a farewell speech.

President Brown pointed out that there was an agenda item scheduled for ten minutes in which Commissioner Simpson could give a farewell speech.

Vice President Carlson reminded everyone present that the Run to Stay Warm was coming up in November; she was sad to report that she would not be able to attend.

Adjourn

President Brown adjourned the meeting at 8:29 p.m.

Assistant Secretary

President



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson
FROM: Deborah Hart, Interim Financial Services Manager
DATE: November 21, 2018
SUBJECT: Electric and Water Budget Amendments
OBJECTIVE: Board Action – Approval of Electric and Water O&M and Water Capital Budget Amendments

Issue

Per Board Policy EL-1, the approved budgets are the maximum level of expenditure authorized by the Board. As communicated previously to the Board in November, both the Electric and Water Utilities are projecting to end 2018 higher than budget in Operations and Maintenance (O&M), and the Water Utility is projecting to end higher than budget in Capital. Management is requesting that the Board approve an amendment to the 2018 Water and Electric O&M Budgets, and the Water Capital Budget.

Discussion

Both the Water and Electric Utilities have had strong revenue, driving favorable variances to budget. Year-to-date, the Electric Utility contribution margin is favorable to budget by \$4.9 million. For the Water Utility, net operating income is \$2.9 million favorable to budget. However both utilities are anticipating exceeding their O & M expense budgets and the variances have been outlined in the table below. More detail on the drivers of those variances follows the table.

	<u>Electric</u>	<u>Water</u>
Approved Operations & Maintenance Budgets	\$212,749,000	\$18,896,000
<u>Operational Changes:</u>		
Purchased Power	12,000,000	-
<u>Changes Required by Generally Accepted Accounting Principles (GAAP):</u>		
Sale of Riverfront Property	4,100,000	-
CIS Expenses moved from Capital to O&M	2,800,000	600,000
Transition Liability & Other Post Employment Benefits (OPEB)	26,300,000	8,300,000
Total O&M Budget Additions	45,200,000	8,900,000
Total Amended O&M Budgets	\$257,949,000	\$27,796,000

Electric Operations & Maintenance

Operational Changes

Purchased power and transmission costs are projected to exceed budget by approximately 10% and the primary driver for this variance is portfolio balancing activity which resulted in increased trading. Significant volatility in gas prices after the October pipeline explosion in British Columbia will also increase fuel costs by an anticipated \$1 million for one of EWEB's co-generation units. Increases in purchased power are offset by an increase in wholesale revenue and have no negative impact to the contribution margin.

Changes Required by Generally Accepted Accounting Principles (GAAP)

The Electric Utility also recorded a loss on sale of the riverfront property that is due to the difference between the sales proceeds and the recorded value of the property. This is a non-cash transaction.

Water and Electric Operations & Maintenance – Changes Required by GAAP

Customer Information System (CIS) costs

GAAP require that CIS project costs be recorded as O&M instead of Capital due to cancellation of the contract. The majority of the costs, \$2.4 million, are for internal labor and overhead that shifted back to O&M work from capital, and are accounted for in the present year. Management is currently in contract termination discussions.

PERS Transition and Other Post Employment Benefit Liabilities

At the November meeting, the Board approved using a combination of Pension Reserves and Working Cash as payment towards these liabilities. GAAP require that payments to the OPEB trust, and the booking of a transition liability be recorded as one-time non-operating expenses. Payment and expense allocations are based on the Utilities' payroll expense as a percentage of total payroll.

Water Capital

In May, the Water Utility Capital true-up indicated that 2018 capital spending would decrease \$900,000 to \$13.7 million. The approved budget is the maximum approved spending authority and is typically only adjusted to increase authority. Accordingly, no budget amendment was requested. Three significant changes have resulted in the Water Utility projecting an overage of \$1.1 million, or 108% of the approved budget and \$2.0 million higher than the true-up. The \$1.4 million is roughly split between increases in construction bids, economically driven service work which is offset by increased revenue, and higher metering infrastructure upgrade costs. A portion of these increases have been absorbed elsewhere in the capital budget.

	<u>Water</u>
Approved Capital Budget	\$14,635,000
Higher Than Estimated Costs	<u>1,100,000</u>
Total Amended Capital Budget	\$15,735,000

Requested Board Action

Management recommends and requests that the Board approve Resolution No. 1834 to increase the 2018 Electric O&M budget by \$45.2 million, Water O&M budget by \$8.9 million, and Water Capital budget by \$1.1 million.

**RESOLUTION NO. 1834
DECEMBER 2018**

**EUGENE WATER & ELECTRIC BOARD
2018 BUDGET AMENDMENT**

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

WHEREAS, Oregon Revised Statute 225.230 requires municipal utilities to make an annual written estimate of probable expenses to establish spending authority;

WHEREAS, the Eugene Water & Electric Board anticipates expenditures in excess of that authority;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves an increase to the Electric Utility Operations & Maintenance budget of \$45.2 million, an increase to the Water Utility Operations & Maintenance budget of \$8.9 million, and an increase in the Water Utility Capital budget of \$1,100,000.

Dated this 4th day of December 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 December 4, 2018 Board meeting.

Assistant Secretary

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a Price Agreement with Badger Meter, Inc. for AMI Water Meters and Registers.

Board Meeting Date: 12/4/2018

Project Name/Contract #: Badger Meter (brand) or Equivalent AMI Water Meters & Registers / ITB 057-2018

Primary Contact: Mel Damewood Ext. 7145

Contract Amount:

Original Contract Amount: \$425,000 over 5 years

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$425,000

Resulting Cumulative Total: \$425,000 over 5 years

Contracting Method:

Method of Solicitation: Formal Invitation to Bid

If applicable, basis for exemption: n/a

Term of Agreement: **5 years**

Option to Renew? Yes

Approval for purchases “as needed” for the life of the Contract Yes ☒ No ☐

Proposals/Bids Received (Range): 2/\$425,000 (five years) (one bid was disqualified)

Selection Basis: Lowest Bidder

Narrative:

Operational Requirement and Alignment with Strategic Plan

Badger Meter, Inc. water meters and registers are required to support EWEB's Automated Metering Services (AMS) project. This five-year price agreement will support both the initial three-year installation objective (ending 2021) and the following two-years where material will be purchased in substantially reduced quantities to provide stores stock for continued support.

Two meter brands are utilized in the AMS project – Sensus and Badger Meter. The Sensus-brand meters are installed in most residential and commercial locations. The Badger Meters will be installed only in very specific circumstances where the ground is susceptible to movement, necessitating a meter constructed of hardened materials.

In 2014, Staff evaluated products marketed as AMI-capable and determined that Badger Meter (along with Sensus) would best suit our responsibility to improve customer response times, service resiliency, and business efficiency. Additionally, those water districts working with EWEB are supported with Badger Meter-brand equipment.

Contracted Goods or Services

Staff will be purchasing Badger Meter, Inc. 5/8"-3/4", 3/4", and 1" diameter meters and the corresponding high-resolution encoder (HR-E) registers.

Prior Contract Activities

In 2014, Staff used a City of Portland price agreement (Contract 31000430) to purchase our initial orders of Badger Meter, Inc. meters and registers. This contract expired in April 2018. The City of Portland executed a new Contract with Badger Meter, Inc. for similarly-sized meters and registers in summer 2018. However, the language in the new City of Portland contract excluded other public agencies from “piggybacking” on their new contract. This development required us to develop a formal Invitation to Bid seeking Badger Meter, Inc.-brand equipment or equivalent.

Purchasing Process

Staff posted a formal Invitation to Bid in late-October 2018. The ITB was posted to ORPIN and closed November 7, 2018. One bid was received, one vendor elected to “no-bid”, and another vendor, Mueller Industries, submitted information about a product they wished to include as an “equivalent” product. Water Operations staff reviewed the data and determined that the Mueller product was inferior to the Badger Meter equipment.

Bidder Information

Badger Meter, Inc.

CCS-PNE-no bid

Bidder Location

Milwaukee, WI

Eugene, OR

Competitive Fair Price (If less than 3 responses received)

When comparing the EWEB pricing with the City of Portland's Badger Meter Contract (awarded summer 2018), EWEB's pricing is less than what the City of Portland was offered.

ACTION REQUESTED:

Management requests the Board approve a Price Agreement with Badger Meter, Inc. for AMI-capable water meters and registers. Funds for these materials are included in the proposed 2019 capital budget for Smart Meter Rollout, the proposed budget is \$5.8 Million for Water Meters.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a personal service contract with Cascade Health Solutions for Recruitment, Hiring, Safety, Health, and Wellness Program Services.

Board Meeting Date: 12/4/2018

Project Name/Contract #: Recruitment, Hiring, Safety, Health, and Wellness Program Services / PSC 18-2715

Primary Contact: Lena Kostopulos Ext. 7466

Contract Amount:

Original Contract Amount: \$400,000 over 5 years

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$400,000

Resulting Cumulative Total: \$400,000 over 5 years

Contracting Method:

Method of Solicitation: Direct Negotiation

If applicable, basis for exemption: Rule 3-0275 Sole-Source Procurements

Term of Agreement: **5 years**

Option to Renew? Yes

Approval for purchases "as needed" for the life of the Contract Yes ☒ No ☐

Proposals/Bids Received (Range): \$400,000 (five years)

Selection Basis: Sole Source

Narrative:

Operational Requirement and Alignment with Strategic Plan

In 2001, EWEB established an integrated safety, health and wellness model, a proven best-practice in the safety & compliance arena and equally effective in managing other health-related aspects of employment. Contracting with Cascade Health Solutions (CHS) aligns directly with EWEB's Strategic Plan's Core Values pertaining to workforce safety. The profile of combined services provided by CHS fully supports EWEB's integrated plan which has reliably delivered positive outcomes in safety and regulatory compliance. Further, the CHS service profile offers efficiencies which limit operational disruption and enables immediate early interventions which contribute to EWEB's ability to control costs related to employee absence and limit workers' compensation insurance premium escalation.

Contracted Goods or Services

CHS remains the only provider of integrated occupational health services in Lane County, with the closest alternative being Good Samaritan Hospital in Corvallis.

EWEB requires the following list of services which must be performed under the direction of a Medical Advisor (MA), a practicing qualified physician.

- A MA provides medical expertise and consulting for EWEB and communicates with employees' private physicians and SAIF contractors in the case management of health matters including: ADA/OFLA/FMLA, occupational and non-occupational disability and other safety and work-related health issues. Considering the nature and variety of work performed by EWEB employees, the MA must be an Occupational Health Physician.
- A medically-qualified Medical Review Officer (MRO) is a requirement of the federally-mandated DOT drug testing program, to interpret and advise regarding drug testing results.
- Clinic services to include: pre-employment physical exams, DOT/CDL physical exams & qualification certifications, and return-to-work certifications.
- Nursing services to include on-site bio-metric clinics, vaccinations & immunizations, and health screening.

- Drug testing, collection, laboratory analysis and administration services (pre-employment, random DOT*, reasonable suspicion*, OSHA & DOT post-incident*) **denotes time-sensitive collection.*
- An Occupational Physical Therapist to perform job-specific physical function analysis and testing, work-site ergonomics analysis, and ergonomics evaluation for symptomatic employees.
- Medical personnel equipped and certified to perform on-site injury evaluation, administer first aid, and patient transport for minor injuries.
- Preventative training and educational programming services.

Prior Contract Activities

In 2001, EWEB entered into a negotiated (sole-sourced) agreement with McKenzie Willamette Hospital (MWH), the only provider of the integrated occupational health services required to support EWEB's model. The occupational health business line eventually split from MWH, becoming Cascade Health Solutions (CHS), EWEB's occupational health services contractor for the last 16 years.

Both EWEB and CHS have invested significant resources in the creation, implementation and continuing development of an integrated Safety, Health & Wellness Program. Those efforts have evolved over 16 years and continue to contribute to EWEB's success in the areas of safety, compliance, disability management, and employee health.

Purchasing Process

This agreement is the outcome of a Direct Negotiation with a sole source provider.

EWEB surveyed all local public agencies and several other notable local employers known to use occupational health care services to determine if there were other qualified and recommended providers in the area. That inquiry confirmed CHS as a sole source. CHS's current client list includes but is not limited to: all area public employers, both hospitals, large private employers, and neighboring utilities.

Bidder Information

Cascade Health Solutions

Bidder Location

Eugene, OR

Competitive Fair Price (If less than 3 responses received)

As established above, CHS is the only local provider capable of delivering a suite of services sufficient to support EWEB's integrated program. EWEB Human Resources (HR) staff partnered with Purchasing staff to explore unbundling some services as a means to identify additional local provider options.

Purchasing was unable to identify other vendors for isolated health services with the exception of DOT drug testing. This provider, a State contractor, does not offer mobile testing services, now available to us through CHS.

Considering only direct costs, there appears to be an opportunity for a savings of approximately 25% or \$14 per drug test. However, when indirect costs are added, the cost of using the other vendor is actually much higher since the new service would require EWEB employees to travel to their collection site for the tests. The to-and-from travel time between ROC (not considering other EWEB work locations) and the collection site is approximately 30 minutes and check-in and test administration time would average approximately 30 minutes for a total of 60 minutes per test. Through CHS, there is no travel time and administration times averages no more than 15 minutes, since MedExpress is serving only EWEB's scheduled employees. When EWEB's average 2019 loaded hourly pay rate, approximately \$67, is added as a factor of indirect cost, incurring 45 minutes of additional unproductive time actually adds approximately \$50 to the per-test cost of the other provider.

Further, access to CHS MedExpress also enables our ability to respond to for-cause drug testing at work or accident sites, as well as performing workplace or accident-site injury triage, first-aid, and transport to emergency and urgent care centers.. CHS is an all-in-one solution that EWEB can rely on to provide quality healthcare services, including case management, for its employees while mitigating unnecessary administrative inefficiencies.

ACTION REQUESTED:

Staff believes any benefit that may be derived from unbundling the services is outweighed by indirect costs such as process inefficiencies, loss in continuity of services and the administration of multiple agreements. Therefore, management requests the Board approve a personal service contract with Cascade Health Solutions for Recruitment, Hiring, Safety, Health, and Wellness Program Services. Funds for these services were budgeted for 2018 and are included in the proposed 2019 budget. The proposed department budget for 2019 is \$2.7M.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract with Electrical Power Products, Des Moines, IA for substation equipment to be placed at the Carmen Power Plant.

Board Meeting Date: 12/4/2018

Project Name/Contract #: 076-2018 / Carmen Relay and Control Panels Procurement

Primary Contact: Susan Ackerman Ext. 7185

Contract Amount:

Original Contract Amount: \$405,000

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$405,000

Resulting Cumulative Total: \$405,000 (one time purchase)

Contracting Method:

Method of Solicitation: Formal Invitation to Bid

If applicable, basis for exemption: n/a

Term of Agreement: **One Time Purchase (Equipment)**

Option to Renew? No

Approval for purchases "as needed" for the life of the Contract Yes ☐ No ☒

Proposals/Bids Received (Range): 3 responses (\$395,396 to \$495,217. The lowest bid was rejected because it did not include required spare equipment as listed in the specification)

Selection Basis: Lowest Responsible and Responsive Bidder

Narrative:

Operational Requirement and Alignment with Strategic Plan

The Carmen Power Plant relies on 1963 vintage protection relay and control equipment to control the flow of power between the hydroelectric generators and the facility substation. This protection and control equipment has reached the end of its useful service life as evidenced by a number of reliability issues that EWEB has experienced in recent years. These performance issues also indicate an increased risk of safety hazards. EWEB is currently mitigating those hazards with conservative operational practices and will eliminate them by modernizing the protection relay and control equipment at the plant. This project is part of the overall renewal efforts underway at the Carmen Power Plant, which together will prepare the facility for another 40 years of safe and reliable operation under a new FERC operating license. The equipment to be procured with this contract is necessary for control, protection and operation of the Carmen-Smith power generation system.

Contracted Goods or Services

Contract activities include the supply, fabrication, assembly, and delivery of a protection relay and control panels for the Real Time Automation Controller (RTAC), Discrete Programmable Automation Controller (DPAC), and Programmable Logic Controller (PLC) for the Carmen-Smith Powerhouse.

Prior Contract Activities

None

Purchasing Process

Staff issued a formal Invitation to Bid in November 2018. Staff received four bids, the lowest responsive and responsible bid was received from Electrical Power Products. Additional bids were received and are shown below. If approved, Electrical Power Products will provide substation equipment, as specified in the solicitation documents.

Bidder/Proposer Information

Keystone Electrical Manufacturing Company
OS Engineering
The Automation Group

Bidder/Proposer Location

Des Moines, IA (not responsive, was incomplete)
Eugene, OR
Eugene, OR

Competitive Fair Price (If less than 3 responses received)

N/A

ACTION REQUESTED:

Management requests the Board approve a contract with Electrical Power Products for substation equipment. Funds for the purchase are included in the proposed budgeted for 2019. The total Carmen-Smith Relicensing Type 3 proposed budget for 2019 is \$14.98 million.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a Price Agreement with Rosemount Inc. for Free-Chlorine Measuring Systems.

Board Meeting Date: 12/4/2018

Project Name/Contract #: Free-Chlorine Measuring Systems / ITB 056-2018

Primary Contact: Wally McCullough Ext. 7435

Contract Amount:

Original Contract Amount: \$240,000

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$240,000

Resulting Cumulative Total: \$240,000

Contracting Method:

Method of Solicitation: Formal Invitation to Bid

If applicable, basis for exemption: n/a

Term of Agreement: **5 years**

Option to Renew? Yes

Approval for purchases “as needed” for the life of the Contract Yes ☒ No ☐

Proposals/Bids Received (Range): 2, (\$237,150-\$272,280)

Selection Basis: Lowest Bidder

Narrative:

Operational Requirement and Alignment with Strategic Plan

EWEB has chlorine analyzers (Free Chlorine Measuring Systems) installed at each pump station in the distribution system and at the Hayden Bridge Filtration Plant. The analyzers measure the chlorine residual in the water which is an indicator of water quality and they are used to make informed operational decisions. Many of the existing chlorine analyzers are reaching the end of their useful life and need to be replaced. Water Operations staff underwent a process to evaluate chlorine analyzers manufactured by Hach (the old standard), Rosemount, and Paramount. After the evaluation was completed, the decision was made to standardize on Rosemount at both the filtration plant and in the distribution system. The analyzers will be replaced throughout the system as needed.

Contracted Goods or Services

Water Operations Staff will be purchasing Rosemount-brand model FCL-02-241 Free-Chlorine Measuring Systems for installation within the water transmission infrastructure to monitor water quality.

Prior Contract Activities

This equipment has never been purchased under contract. Since 2016, Staff have issued numerous PO's to Rosemount to purchase chlorine analyzers on a one-off basis. This contract establishes a price agreement to purchase the equipment.

Purchasing Process

A formal Invitation to Bid was issued October 1, 2018 and closed October 16, 2018. The solicitation was posted to Oregon Procurement Information Network (ORPIN) – two bids were received. The planholders list shows many vendors downloaded and reviewed the solicitation package.

Bidder/Proposer Information

Rosemount, Inc.

Technology International, Inc.

Bidder/Proposer Location

Caliexco, CA

Lake Mary, FL

Competitive Fair Price (If less than 3 responses received)

EWEB will be purchasing this equipment directly from the manufacturer. A limited number of resellers offer the same equipment and list prices ranging from \$4,972 and \$4,829, EWEB's prices are established at \$4,743 per analyzer.

ACTION REQUESTED:

Management requests the Board approve a five-year price agreement with Rosemount, Inc. for Free-Chlorine Measuring Systems. Funds for these materials will be budgeted annually as part of the Capital Improvements Plan process. The proposed budget for water operations for 2019 is \$14.3 Million.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve an intergovernmental agreement (IGA) with the United States Geological Survey (USGS) for hydrological surveillance maintenance, monitoring and reporting services on the McKenzie River that are required under EWEB's FERC hydroelectric licenses.

Board Meeting Date: 12/4/2018

Project Name/Contract #: IGA 18-0016

Primary Contact: Susan Ackerman Ext. 7185

Contract Amount:

Original Contract Amount: \$149,450 prior year

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$680,895 next 5 years

Resulting Cumulative Total: \$830,345 over 6 years

Contracting Method:

Method of Solicitation: Direct Negotiation

If applicable, basis for exemption: Exemption Rule 6-0110(1)(a)

Term of Agreement: **October 1, 2018 to September 30, 2023**

Option to Renew? No

Approval for purchases "as needed" for the life of the Contract Yes ☐ No ☒

Proposals/Bids Received (Range): N/A

Selection Basis: N/A

Narrative:

Operational Requirement and Alignment with Strategic Plan

EWEB and USGS staff have negotiated an IGA for the maintenance, monitoring, collection and reporting of streamflow data by the USGS at established gaging sites on the McKenzie River. The data is required by and supports EWEB's hydroelectric project operations on the McKenzie River at Carmen-Smith, Leaburg and Walterville. These gages monitor and report stream flow, stage height, temperature and conductivity. The data is used by EWEB for project operations and to monitor FERC license compliance. The data is also used by the USGS in support of its nationwide streamflow monitoring program.

Contracted Goods or Services

The USGS is a governmental science organization that provides impartial monitoring and analysis relating to the health of our ecosystems and environment. Because USGS data and analyses adhere to strict national protocols, their findings are directly comparable across local, state, regional, and national levels. Water issues in a specific watershed, municipality or state can be compared to those in other geographic regions and at different periods of time. The USGS maintains water quality and quantity gaging stations throughout the US, including on the McKenzie River in Oregon. Data collected from the gaging stations are available on the USGS website.

Prior Contract Activities

EWEB has maintained agreements for similar work from US Geological Survey for a long time. The current arrangement dates to at least 2002. EWEB has separate agreements with USGS for other gaging stations in the watershed that support the electric generation and drinking water source protection programs. Generation has two other agreements with the USGS- one is for maintenance of the Vida gage, which supports operation of the Leaburg and Walterville hydroelectric projects (\$20,500 for FY 2018) and one is for monitoring temperature at all generation gaging sites on the McKenzie River (\$91,600 for FY 2018). The EWEB drinking water source protection

program also has two agreements with the USGS. One is for river gaging at Hayden Bridge (\$29,700 for FY2018) and one is for maintenance and operation of river gages upstream of Hayden Bridge (\$68,389 for CY2018).

Purchasing Process

US Geological Survey, a division of the US Department of the Interior, is contracted through direct negotiation based on EWEB Rule 6-0110(1)(1), which allows a contract to be exempted from the solicitation process if the services are contracted between EWEB and the federal government.

ACTION REQUESTED:

Management requests the Board approve a contract with the United States Department of Interior, Geological Survey (USGS) for hydrological surveillance services. Funds for these services were budgeted for 2018. The total Energy Division O&M budget after removing Energy (purchased power) fuels and wheeling is \$17.5 Million.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson
FROM: Sue Fahey, Chief Financial Officer; Julie McGaughey, Customer Operations Manager
DATE: November 21, 2018
SUBJECT: Customer Service Policy, Cost-Based Fees
OBJECTIVE: Board Approval

Issue

The Board approved an updated Customer Service Policy in June 2018. At that time, Management indicated that Utility Service Charges and Prices had not been analyzed from a cost perspective and a recommendation would be brought to the Board this fall. The costs for each of the fees and charges were analyzed, the Board provided their feedback, and now Management is requesting Board approval on the proposed changes.

Background

When the Customer Service Policy was updated in June 2018, some of the field-based fees were eliminated for customers who no longer required a field visit due to a communicating smart meter. Outside of that change, most fees have not been evaluated from a cost-basis perspective since before 2013.

Discussion

Attachment 1 is an updated table of current fees, the associated cost, proposed changes, the revenue received from the fee in 2017, and comparisons with other regional utilities.

At the November Board meeting, Management proposed seven changes to fees and charges. Staff has reviewed the late fee calculation based on discussions during the meeting. While the majority of late fees are assessed at the \$5 minimum amount, the 1.5% fee is compounded monthly and represents a 20% annual rate. Based on this, Management is no longer recommending a change to the late fee.

The proposed changes to the remaining fees are the same as those recommended at the November meeting:

- Reduce the Account Collection fee due to process improvements such as the elimination of door hangers and the introduction of automated courtesy calls. The proposal is to lower the fee from \$15 to \$10.
- Increase the fee for Suspension of Service during business hours from \$35 to \$40
 - This fee is not charged when a communicating smart meter is installed.
- Add a \$25 fee to restore service if a truck roll is required
 - If approved by the customer, EWEB would install a communicating smart meter upon reconnect and waive the restoration charge.

- Increase the fee to restore service, move in, or move out after business hours from \$75 to \$160
- Reduce the fee to move in or move out a customer on the same day the request is taken, during business hours from \$75 to \$65 per trip
- Reduce the meter test fee from \$180 to \$125

Customer Service Policy Appendix B.A - Electric Service Charges and Prices includes a \$150 fee to connect/disconnect Electric Service for repairs at the customer's request after hours. Staff recommends aligning the fee with Appendix A after business hours fees. A similar Water Utility fee of \$75 is included in Appendix C.A – Water Service Charges and Prices. Staff has performed a cost based analysis on Water Service and proposes changing it to \$140 to more closely align with the \$139 calculated cost.

Both redline and clean versions of Customer Service Policy Appendix A, Appendix B.A and Appendix C.A are included for your reference.

Recommendation and Requested Board Action

Management is requesting approval of Resolution No. 1828.

Attachment 1 – Customer Service Policy Appendix A Price Information

Attachment 1

Customer Service Policy Appendix A - Utility Service Charges and Prices						
Type	Description	Current Fee	Cost	Proposed	2017 Revenue	Regional Comparisons
Late Fee	Charged 13 days after due date on balances of \$30.00+	1.5% or \$5	\$ -	no change	\$ 1,064,000	SUB: \$10 EPUD: \$5 or 1%
Account Collection	Charged when disconnect order generated	\$ 15	\$ 9	\$ 10	\$ 297,000	SUB: \$15 EPUD: \$15
Suspension of Service during business hours	Waive with deployed smart meter	\$ 35	\$ 39	\$ 40	\$ 76,000	SUB: \$0 EPUD: \$25
Disconnect Service at source	Can use for danger or access issues	\$ 200	\$ 187	no change	\$ -	SUB: \$100 EPUD: \$0
Restoration during business hours	Waive with deployed smart meter	\$ -	\$ 24	\$ 25	\$ -	SUB: \$25 EPUD: \$25
Restoration, Move In, Move Out - after business hours	Waive with deployed smart meter	\$ 75	\$ 154	\$ 160	\$ 44,000	SUB: \$175 EPUD: Actual cost up to \$200
Tampering	Charged when a meter shows evidence of tamper; per meter per incident	\$ 500	Wide Range	no change	\$ 22,000	SUB: \$350-500 EPUD: \$125 - actual cost
Account Processing Charge	When service is established, transferred or reactivated; except w/ automatic hook up agreement	\$ 20	\$ 24	no change	\$ 456,000	SUB: \$15 EPUD: \$0
Move In/Move Out - Same Day, per trip during business hours	No charge if next business day or with deployed smart meter	\$ 75	\$ 63	\$ 65	Combined with the \$44,000 for After Hours Restoration above	Don't offer, require 24+ hour notice
Return Payment (NSF)		\$ 25	\$ 24	no change	\$ 39,000	SUB: \$25 EPUD: \$20
Lack of Access Charge	May be assessed by field staff with prior warning. Waive charge if deployed smart meter installed	\$ 50	\$ 48	no change	\$ 3,000	SUB: \$15-20 EPUD: \$0
Meter Test at Customer Request	Fee charged after test done, only if meter is found to be accurate	\$ 180	\$ 107	\$ 125	\$ -	SUB: \$0 EPUD: \$0
TOTAL Customer Fees					\$ 2,001,000	



Eugene Water & Electric Board

Customer Service Policy Appendix A – Utility Service Charges and Prices

UTILITY SERVICE CHARGES AND PRICES

Late Fee

Late Fees of 1.5% or \$5.00 (whichever is greater) will apply to past due balances of \$30.00 or greater. (Resolution No. 1218)

Account Collection Charge (Resolution No. 1828).....\$~~105~~.00

Move In/Move Out/Transfer

Next business day or with deployed smart meterNo Charge

Same business day, per trip (Resolution No. 1828)..... \$~~675~~.00

Suspension and Restoration of Service (per trip)

Suspension of service with deployed smart meter No charge

Suspension during business hours (Resolution No. ~~1828~~~~221~~)..... \$~~4035~~.00

Suspension of service at source due to lack of access* \$200.00

Restoration request with deployed smart meter No charge

Restoration request ~~prior to 3:00 PM of during business hours day~~.....
\$~~25.00~~~~No charge~~ (Resolution No. 1828)

Restoration request after ~~3:00 PM of business hours day~~, per trip (Resolution No. 1828)
.....\$~~16075~~.00

*For services which are suspended at the source, restoration is offered until 3:00 PM, Monday through Friday, excluding EWEB-observed holidays.

Return Payment (NSF) Charge.....\$25.00

Tampering Charge \$500.00

Account Processing Charge \$20.00
(Resolution No. 1221)

Lack of Access Charge..... \$50.00

Overhead Charges

Computed at the rate of 28% of Actual Costs (See definitions, Appendix G-Glossary)
(Resolution No. 1221)

Meter Test at Customer Request (Resolution No. 1828)~~**~~..... \$~~12580~~.00

Cost for Customer Requested Meter Test (per Meter, per request) (Resolution No. 1221)

~~**~~Only charged if meter is found to be functioning correctly



Property Management Activity Fee Schedule

(Resolution No. 1532)

Revocable Permit (One-Time) Administrative costs for setup & recording with County	\$400.00
Revocable Permit (As Needed) Operational costs for inspections and/or standby	\$225.00
Revocable Entry Permit (One-Time) Administrative costs for setup and tracking	\$345.00
Revocable Entry Permit (As Needed) Operational costs for inspections and/or standby	\$225.00
Revocable Encroachment Permit (One-Time) Admin costs for setup, survey/mapping encroachment, and recording with County	\$940.00
Revocable Encroachment Permit (Annual) Permit renewal fee including encroachment inspection.....	\$335.00
Revocable Encroachment Permit (One-Time) Administrative costs associated with termination for permit (vacation process)	\$390.00



Eugene Water & Electric Board

Customer Service Policy Appendix A – Utility Service Charges and Prices

UTILITY SERVICE CHARGES AND PRICES

Late Fee

Late Fees of 1.5% or \$5.00 (whichever is greater) will apply to past due balances of \$30.00 or greater. (Resolution No. 1218)

Account Collection Charge (Resolution No. 1828).....\$10.00

Move In/Move Out/Transfer

Next business day or with deployed smart meterNo charge
Same business day, per trip (Resolution No. 1828)..... \$65.00

Suspension and Restoration of Service (per trip)

Suspension of service with deployed smart meter No charge
Suspension of service during business hours (Resolution No. 1828) \$40.00
Suspension of service at source due to lack of access* \$200.00

Restoration request with deployed smart meter No charge
Restoration request during business hours (Resolution No. 1828) \$25.00
Restoration request after business hours, per trip (Resolution No. 1828)\$160.00

*For services which are suspended at the source, restoration is offered until 3:00 PM, Monday through Friday, excluding EWEB-observed holidays.

Return Payment (NSF) Charge.....\$25.00

Tampering Charge \$500.00

Account Processing Charge \$20.00
(Resolution No. 1221)

Lack of Access Charge \$50.00

Overhead Charges

Computed at the rate of 28% of Actual Costs (See definitions, Appendix G-Glossary)
(Resolution No. 1221)

Meter Test at Customer Request (Resolution No. 1828)..... \$125.00

Cost for Customer Requested Meter Test (per Meter, per request)

Only charged if meter is found to be functioning correctly



Property Management Activity Fee Schedule

(Resolution No. 1532)

Revocable Permit (One-Time) Administrative costs for setup & recording with County	\$400.00
Revocable Permit (As Needed) Operational costs for inspections and/or standby	\$225.00
Revocable Entry Permit (One-Time) Administrative costs for setup and tracking	\$345.00
Revocable Entry Permit (As Needed) Operational costs for inspections and/or standby	\$225.00
Revocable Encroachment Permit (One-Time) Admin costs for setup, survey/mapping encroachment, and recording with County	\$940.00
Revocable Encroachment Permit (Annual) Permit renewal fee including encroachment inspection.....	\$335.00
Revocable Encroachment Permit (One-Time) Administrative costs associated with termination for permit (vacation process)	\$390.00



A. **Connect/Disconnect of Electric Service at Customers Request for Electrical ~~R~~repairs**
(per trip) (Resolution No. 1 ~~828414~~)

During regular business hours.....	No Charge
After regular business hours.....	\$1 6 50.00



Eugene Water & Electric Board

Customer Service Policy

Appendix B - Electric Service Charges and Prices

**A. Connect/Disconnect of Electric Service at Customers Request for Electrical Repairs
(per trip) (Resolution No. 1828)**

During regular business hours.....	No Charge
After regular business hours.....	\$160.00



A. Connect/Disconnect of Water Service at Customer’s Request for Plumbing Repairs
(per trip)

During regular business hours	No charge
After regular business hours (Resolution 1 828224).....	\$ 14075 .00



Eugene Water & Electric Board

Customer Service Policy Appendix C – Water Service Charges and Prices

- A. Connect/Disconnect of Water Service at Customer's Request for Plumbing Repairs
(per trip)
- | | |
|---|-----------|
| During regular business hours | No charge |
| After regular business hours (Resolution 1828)..... | \$140.00 |

**RESOLUTION NO. 1828
DECEMBER 2018**

**EUGENE WATER & ELECTRIC BOARD
RESOLUTION APPROVING REVISIONS TO CUSTOMER SERVICE POLICY
APPENDIX A, B, C**

WHEREAS, the Eugene Water & Electric Board (EWEB) is a customer-owned municipal utility chartered to operate and maintain the Water and Electric Utility systems;

WHEREAS, EWEB sets its prices based in part on the cost of service;

WHEREAS, certain prices in Customer Service Policy Appendix A, B and C require updates to more accurately reflect the cost to perform services;

WHEREAS, modifications to Customer Service Policy Appendix A – Utility Service Charges and Prices; Appendix B.A, Electric Service Charges and Prices - Connect/Disconnect Electric Service for Electrical Repairs; and Appendix C.A, Water Service Charges and Prices – Connect/Disconnect Water Service for Plumbing Repairs were discussed at the November 6, 2018 Board Meeting;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby authorizes the General Manager to adjust prices in the Customer Service Policy Appendix A, Appendix B.A, and Appendix C.A as of February 1, 2019 and reflect those prices in updated Policies and Procedures as approved at the December 4, 2018 EWEB Board meeting.

DATED this 4th day of December 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 December 4, 2018 Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson
FROM: Deborah Hart, Interim Finance Manager; Ben Ulrich, Interim General Accounting Supervisor
DATE: November 21, 2018
SUBJECT: Regulatory Deferral of Other Postemployment Benefits (OPEB) Expense
OBJECTIVE: Approval of Resolution No. 1829

Issue

As a follow up to the correspondence item from the November Board meeting, Management is requesting approval of a resolution authorizing treatment of the non-cash portion of Other Postemployment Benefits (OPEB) expense as a regulatory deferral.

Background

EWEB is required to implement the Governmental Accounting Standard Board (GASB) Statement No. 75 relating to accounting for OPEB costs in order to comply with Generally Accepted Accounting Principles (GAAP). The implementation of GASB 75 will result in booking a significant non-cash expense. Rather than recording this expense all in 2018, Management is requesting that the Board approve treating this non-cash OPEB expense as a regulatory deferral on EWEB's financial statements. Approval of the resolution would allow the significant non-cash OPEB costs to be deferred until they are paid to the EWEB Retirement Benefits Trust (OPEB Trust).

Requested Board Action

Management requests approval of Resolution No. 1829 authorizing the treatment of the non-cash portion of OPEB expense as a regulatory deferral.

**RESOLUTION NO. 1829
DECEMBER 2018**

**EUGENE WATER & ELECTRIC BOARD
AUTHORIZING DEFERRAL OF EXPENSES NOT TO BE RECOVERED IN RATES**

WHEREAS, The Eugene Water & Electric Board (EWEB) prepares financial statements in accordance with accounting principles generally accepted in the United States of America;

WHEREAS, these generally accepted accounting principles are determined by the Governmental Accounting Standards Board (GASB);

WHEREAS, GASB Statement No. 62 allows regulated entities, such as EWEB, that set rates based on revenue requirements to defer the effects of revenues or expenses that are not expected to be recovered in current rates until such time as those revenues and expenses are recovered in rates;

WHEREAS, in 2018 EWEB has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which will result in significant non-cash expense that is not expected to be recovered in current rates;

WHEREAS, EWEB policy requires that regulatory accounting deferrals that are not included in the annual budget be approved by resolution of the Board of Commissioners (Board);

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the treatment of postemployment benefits other than pensions expense as a deferral under regulatory accounting.

DATED this 4th day of December, 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 December 4th, 2018 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: November 21, 2018
SUBJECT: Use of Reserves for Pension and Other Postemployment Liabilities
OBJECTIVE: Board Action – Approval of Resolution No. 1830

Issue

When the Board approved joining the State and Local Government Rate Pool (SLGRP) in 2017, Commissioners expressed interest in paying off the transition liability due to the high interest rate charged and opportunity to lower annual PERS contributions. In addition, the EWEB Retirement Benefits Trust (OPEB Trust) has fallen below EWEB's financial policy target of 70% funded status based on recent valuations. Management has prepared a resolution for uses of reserves based on Board action at the November Board meeting.

Background

PERS Transition Liability – \$32.6 million

In October, EWEB received a 2017 actuarial valuation from PERS which included a \$32.9 million transition liability as of December 31, 2017. The unpaid transition liability has been accruing interest at 7.2% since January 1, 2018. Based on the high interest rate and the potential annual PERS rate reductions, at the November Board meeting the Board approved Management to pay the transition liability in full. To determine the payoff, PERS requires an actuarial calculation.

The PERS actuary has provided a \$32,567,784 payoff amount, assuming it is paid in December 2018. The payoff estimated by staff last month assumed an increase from December 31, 2017 due to interest and uncertainty regarding actuarial assumptions. However, the PERS actuary considered a portion of EWEB's 2018 PERS contributions as a reduction of the transition liability balance, and the payoff amount is slightly lower because the contributions offset the interest charged. Paying the transition liability in full will reduce EWEB's 2019-2021 contribution rates in the next biennium by over 6 percentage points and decrease PERS contributions by approximately \$3 million annually.

OPEB - \$2 million

EWEB's other postemployment benefit (OPEB) costs are paid through the OPEB Trust which was established as a legally separate fund to accumulate assets and pay EWEB's OPEB obligations. EWEB Financial Policies require assessment of accelerated funding when the funded status of its retirement liabilities is at or below 70% because the plan is considered financially unstable. As of August 31, 2018, the OPEB Trust's funded status was 65%. The OPEB trustees approved a

recommendation to request that the Board make a one-time contribution of \$2 million from cash reserves to the OPEB Trust. A \$2 million contribution would bring the August 2018 funded status to approximately 73%.

Discussion

For both the Electric and Water Utilities, working cash balances are higher than Board targets due to budgeted deposits, favorable revenue variances, and the Board's decision to leave excess funds in working cash until more information was known about PERS and other uncertainties. Additionally, both Utilities have Pension and Post-employment Benefit reserves. After the recommended uses of reserves, all reserve balances are projected to remain at or above Board targets. Historically, the Water Utility draws down working cash balances through June due to the seasonality of revenue. If 2019 is similar to 2018, the Water Utility is not expected to fall below Board targets after updating projections for the actual transition liability payoff amount.

Recommendation and Requested Board Action

Management recommends approval of Resolution No. 1830, authorizing the use of reserves.

Attachment 1- Schedule of Cash Reserves

Schedule of Cash Reserves

ATTACHMENT 1

Electric Utility Schedule of Cash Reserves

	FINANCIAL POLICY		BALANCE	TRANS. LIAB.	OPEB TRUST	BALANCE
	REFERENCE	TARGET	10/31/2018	USE OF CASH	USE OF CASH	AFTER
Working Cash	Rate Sufficiency	\$ 36,000,000	\$ 56,653,478	\$ (8,608,587)	\$ (1,520,000)	\$ 46,524,891

DESIGNATED FUNDS

Operating Reserve	Rate Stability	\$ 2,000,000	\$ 2,082,704	\$ -	\$ -	\$ 2,082,704
Self-Insurance Reserve	Rate Stability	1,720,000	1,773,975	-	-	1,773,975
Power Reserve	Rate Stability	17,000,000	17,000,000	-	-	17,000,000
Capital Improvement Reserve ⁽¹⁾	Capital Reserve	22,000,000	27,652,786	-	-	27,652,786
Rate Stabilization Fund ⁽²⁾	Rate Stability	5,000,000	37,048,759	-	-	37,048,759
Business Growth & Retention Loan Fund		-	1,993,249	-	-	1,993,249
Pension & Post Retirement Medical Fund		-	16,142,929	(16,142,929)	-	-
DESIGNATED FUNDS TOTAL		\$ 47,720,000	\$ 103,694,402	\$ (16,142,929)	\$ -	\$ 87,551,473
CASH & DESIGNATED FUNDS TOTAL		\$ 83,720,000	\$ 160,347,880	\$ (24,751,516)	\$ (1,520,000)	\$ 134,076,364

⁽¹⁾The Electric Capital Improvement Reserve includes \$4.7 million designated to fund 2018 capital work and 2019 meter installation costs.

⁽²⁾The Electric Rate Stabilization Fund includes \$21.5 million designated to reduce future borrowing.

Water Utility Schedule of Cash Reserves

	FINANCIAL POLICY		BALANCE	TRANS. LIAB.	OPEB TRUST	BALANCE
	REFERENCE	TARGET	10/31/2018	USE OF CASH	USE OF CASH	AFTER
Working Cash	Rate Sufficiency	\$ 3,400,000	\$ 11,841,113	\$ (2,744,956)	\$ (480,000)	\$ 8,616,157

DESIGNATED FUNDS

Operating Reserve	Rate Stability	\$ 1,000,000	\$ 1,012,184	\$ -	\$ -	\$ 1,012,184
Self-Insurance Reserve	Rate Stability	280,000	288,712	-	-	288,712
Capital Improvement Reserve ⁽³⁾	Capital Reserve	7,000,000	11,393,575	-	-	11,393,575
Rate Stabilization Fund	Rate Stability	1,000,000	1,307,263	-	-	1,307,263
Alternate Water Supply Fund		-	6,377,023	-	-	6,377,023
Pension & Post Retirement Medical Fund		-	5,071,312	(5,071,312)	-	-
Other Designated Funds		-	291,660	-	-	291,660
DESIGNATED FUNDS TOTAL		\$ 9,280,000	\$ 25,741,729	\$ (5,071,312)	\$ -	\$ 20,670,417
CASH & DESIGNATED FUNDS TOTAL		\$ 12,680,000	\$ 37,582,842	\$ (7,816,268)	\$ (480,000)	\$ 29,286,574

⁽³⁾The Water Capital Improvement Reserve includes \$2.5 million designated to fund meter installation costs in 2019 and 2020.

EWEB GRAND TOTAL		\$ 96,400,000	\$ 197,930,722	\$ (32,567,784)	\$ (2,000,000)	\$ 163,362,938
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RESOLUTION NO. 1830
December 2018

EUGENE WATER & ELECTRIC BOARD
USE OF RESERVES

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 made initial reserve transfers in June and elected to evaluate reserve balances after more information related to pension and other potential use of reserves was known;

WHEREAS, Eugene Water & Electric Board has received updated valuations for pension and other post-employment benefit (OPEB) obligations;

WHEREAS, the Eugene Water & Electric Board was assessed a transition liability as a result of joining the PERS State & Local Government Rate Pool;

THEREFORE BE IT RESOLVED that the Eugene Water & Electric Board hereby authorizes the General Manager to use the following reserves:

Water Utility

- 1) \$5,071,312 from the Pension & Post-Retirement Medical Fund to pay off the transition liability
- 2) \$2,744,956 from Working Cash to pay off the transition liability
- 3) \$480,000 from Working Cash to contribute to the EWEB Retirement Benefits Trust (OPEB Trust)

Electric Utility

- 1) \$16,142,929 from the Pension & Post-Retirement Medical Fund to pay off the transition liability
- 2) \$8,608,587 from Working Cash to pay off the transition liability
- 3) \$1,520,000 from Working Cash to contribute to the EWEB Retirement Benefits Trust (OPEB Trust)

Dated this 4th day of December 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 December 4th, 2018 Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson
FROM: Susan Ackerman, Chief Energy Officer, Megan Capper, AIC Power Planning Supervisor
DATE: November 21, 2018
SUBJECT: EWEB Avoided Costs Update
OBJECTIVE: Board Action – Approval of Resolution No. 1835

Issue

The Federal Public Utility Regulatory Policy Act (PURPA) requires that utilities buy power from certain “qualified facilities” at prices based on their “avoided costs” (that is, prices that should hold utilities customers harmless). Under federal and Oregon state regulations, EWEB is required to file with the Oregon Public Utilities Commission (PUC) power prices that are EWEB’s long-term avoided costs in each odd-numbered year. Filing with the PUC is also allowed to update material changes in market or underlying portfolio that would change the utility’s avoided cost profile. The attached Resolution No. 1835 will update EWEB’s avoided costs.

Background

Under PURPA, electric utilities have to purchase power from electric generation projects that meet certain size, fuel type, and efficiency criteria. PURPA, passed in 1978, was one of the national responses to the oil shortages that decade. One of its primary purposes was to increase renewable generation and cogeneration¹.

Projects that meet the criteria are known as *qualifying facilities*, or QFs. Under PURPA, electric utilities are required to pay QFs a price equivalent to what the utility would have paid *but for* the QF. This price is known as the avoided cost price, essentially the cost to the utility of its alternative source of power besides the QF.

It was left to the states to implement this act. Under most circumstances EWEB is not subject to regulation by the Oregon PUC, but one exception is that EWEB is required to file a document listing EWEB’s long-term avoided costs with the PUC. The PUC does not review or approve this document, but merely accepts EWEB’s filing of avoided cost rates, and makes them available to all interested parties.

Discussion

Avoided cost prices are “standard offer” power purchase prices for all generation facilities that meet the criteria of the standard offer contract. In concept it is very much like EWEB’s Distributed Generation program, for which the Board approves prices and restricts which types of generation qualify. Under Oregon’s PURPA rules, the standard offer prices only apply to facilities under 10MW of nameplate capacity, and projects above that size would need to pursue a non-standard contract and price offering.

In recent years, EWEB has not been approached by any qualifying facilities because our avoided costs have been too low for developers to justify building a project. EWEB’s avoided costs are low because we are surplus and any additional power received from a QF would be sold to the wholesale power market. Therefore, EWEB’s avoided costs are based on forecasts of the power market. EWEB’s current posted avoided costs filed with the OPUC are based on the Northwest Power and Conservation Council’s Seventh Northwest Power Plan market price projections (released in February 2016) which was the best available information at the time.

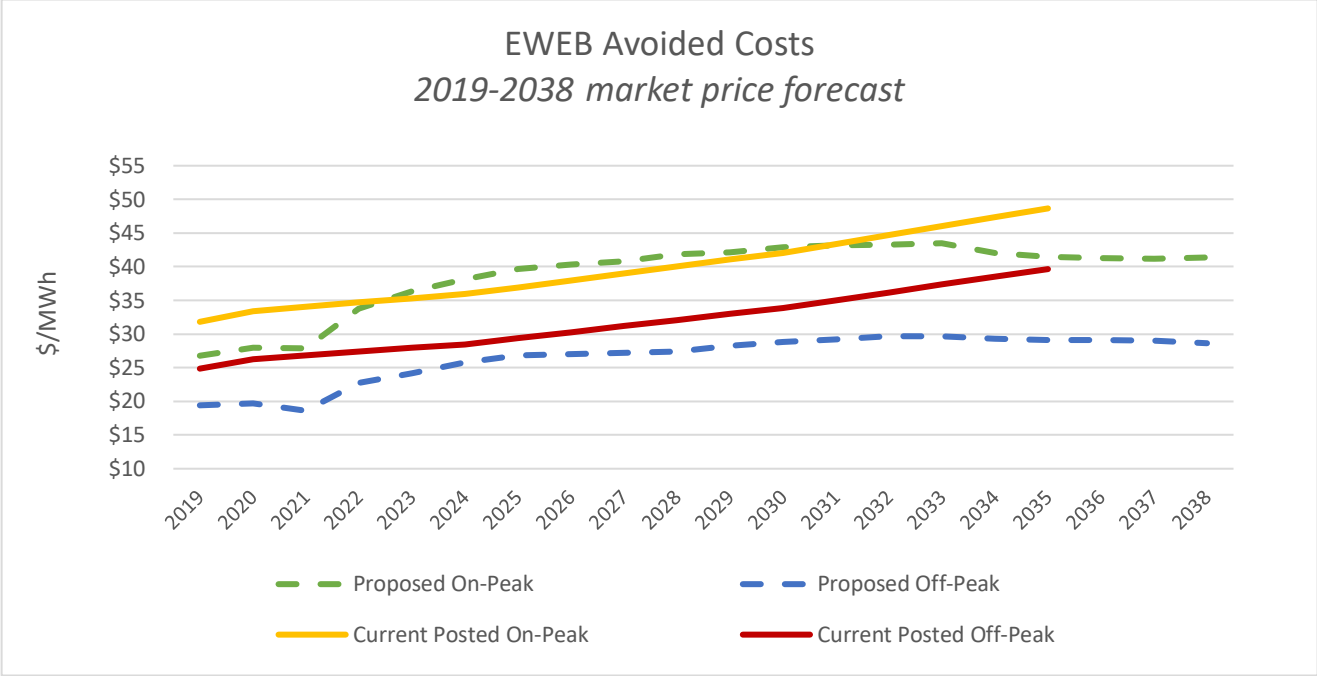
Attachment 1 shows a table of EWEB avoided costs that management proposes to file with the PUC for 2019. These values represent the 20 year forecast of wholesale market prices projected at the Mid-Columbia trading

¹ Also sometimes referred to as combined heat and power projects, cogeneration is more efficient, and yields more useful energy output from a given amount of natural gas or coal.

hub using our Aurora™ planning software, which is an industry leading power market simulation model that produces both short-term and long-term price forecasts for all major market zones and trading hubs. EWEB staff maintains and utilizes this model as a standard power planning tool.

A comparison of the posted avoided costs and proposed is reflected in Figure 1.

Figure 1:



TBL Assessment

The most recent IERP established that EWEB does not need additional long-term power purchases or resources beyond our existing resources except for flexible peaking capacity. However, we are required by federal and state laws to publish our avoided costs and purchase the power produced from projects that meet PURPA criteria that wish to sell to EWEB at the posted price. Beyond that, EWEB plans to meet all need for additional resources from conservation and energy efficiency.

Under PURPA, EWEB is obligated to purchase that power at a fixed cost price for up to 15 years (20 year overall contract term), regardless of whether we want or need the power. That is why it is important that EWEB’s avoided costs reflect the wholesale power market prices, because that is where QF power purchases would end up.

Unfortunately, the PURPA legislation will not allow EWEB to refuse to purchase the power from a QF if they accept our posted avoided costs, whether it be renewable or non-renewable. For this reason it is important that EWEB file updates to our avoided costs at least every two years or when the posted price no longer accurately reflects the forecast of future market costs.

Recommendation

Management recommends that the Board approve the updated avoided costs. Not filing avoided costs with the PUC is not an option under OAR 860-029-0080.

Requested Board Action

Approve Resolution No.1835 to enable staff to file the updated avoided costs with the PUC in accordance with OAR 860-029-0080 by December 31, 2018.

RESOLUTION NO. 1835

**EUGENE WATER & ELECTRIC BOARD
2019 Avoided Costs Filing**

WHEREAS, the Federal Public Utility Regulatory Policy Act (PURPA) requires all electric utilities to purchase the generation from certain types of generation under long-term contracts at each utility's avoided cost; and

WHEREAS, the Oregon regulations ORS 758.525 require EWEB to file avoided costs with the Oregon Public Utilities Commission (PUC) at least every two years; and

WHEREAS, the Oregon PUC does not have jurisdiction over approving EWEB's avoided costs, but is required to accept EWEB's filing and make the filing publicly available; and

WHEREAS, the EWEB Board of Commissioners does have authority and responsibility to approve EWEB's avoided costs for purposes of PURPA; and

WHEREAS, EWEB staff have calculated updated avoided costs for 2019 through 2038 based on forecasts of wholesale power costs that management proposes to file with the Oregon PUC this month; and

WHEREAS, the Board has reviewed the background and need for updated avoided costs that will be paid to qualifying facilities under the PURPA regulations and approves these prices at its December 4th, 2018 Board Meeting.

NOW, THEREFORE, BE IT RESOLVED by the Eugene Water & Electric Board that the Board hereby approves the attached avoided costs prices as presented and proposed by management for years 2019 through 2038 until such time as the Board approves new values.

Dated this 4th day of December 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 December 4, 2018 Regular Board Meeting.

Assistant Secretary

EWEB Avoided Costs
Effective January 2019
\$/MWH

Year	On-Peak	Off-Peak
2019	\$26.78	\$19.43
2020	\$27.94	\$19.66
2021	\$27.90	\$18.61
2022	\$33.81	\$22.71
2023	\$36.31	\$24.21
2024	\$38.17	\$25.83
2025	\$39.70	\$26.78
2026	\$40.34	\$27.02
2027	\$40.77	\$27.20
2028	\$41.83	\$27.41
2029	\$42.17	\$28.22
2030	\$42.93	\$28.81
2031	\$43.16	\$29.25
2032	\$43.32	\$29.65
2033	\$43.49	\$29.66
2034	\$42.06	\$29.30
2035	\$41.50	\$29.15
2036	\$41.29	\$29.07
2037	\$41.14	\$29.01
2038	\$41.41	\$28.59



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson

FROM: Susan Ackerman, Chief Energy Officer; Mike McCann, Generation Manager; Patty Boyle, Principal Project Manager

DATE: December 4, 2018

SUBJECT: Potential Disposal of EWEB's Interest in the Foote Creek I Wind Project

OBJECTIVE: Consent Calendar – Action on resolution #1836

Issue

Resolution #1836 is scheduled for the December 4th Board Meeting seeking authorization for the General Manager enter into an Indicative Offer Agreement for the Foote Creek I Wind Project.

Background

In early October, staff provided a synopsis of the proposed transaction which was subsequently discussed at the November 6, 2018 and December 4, 2018 executive sessions. Based on the terms of the transaction, EWEB would be better off to sell the plant now under the current proposal than to retain ownership.

At the June 2018 Board meeting, Staff presented the 2018 update to the 2011 IERP. As a part of that update, the analysis of generation supply concluded that on an annual basis, EWEB has more than sufficient resources to serve its customers' energy requirements, even under drought conditions, for the next 10 years.

The Foote Creek I project, located near Laramie, Wyoming, has 67 operating turbines that are each capable of producing 0.6 MW. EWEB owns a 21.21% interest in the project, which began commercial operation in April 1999. PacifiCorp owns the balance of the project and is interested in repowering the site for its own purposes. Of the total output share that EWEB owns, 26% has been sold to the Bonneville Power Administration under a 25-year power purchase agreement that expires in 2024.

Discussion

The indicative offer sets out the general terms of a subsequent Purchase and Sale Agreement and includes non-binding and binding items. The initial draft of the indicative offer was a good beginning and has subsequently been revised to increase certainty and clarity on how the transaction would be structured. If EWEB, PacifiCorp and BPA can come to agreement on sale of EWEBs project share and termination of the power sale, we expect the deal to close no earlier than Q1 2019.

TBL Assessment

As described above, from an economic perspective, this transaction is an improvement to EWEB's ratepayers over retaining ownership of the project. From the social and environmental perspective, the sale of Foote Creek I will positively impact EWEB's overall power supply portfolio, which aligns with EWEB's strategic priority to better synchronize resources used to serve customer load. EWEB's power portfolio will have slightly less wind generation but the plant will likely be rebuilt with modern equipment. Outside of the process to repower, this transaction has no impacts to the climate other than to help ensure the ongoing production of wind power at the Foote Creek I site.

Recommendation

Management recommends approval of Resolution #1836 and will return with a request to enter a purchase and sale agreement for the project, and a termination agreement for the Bonneville power sale if the parties can come to definitive terms.

Requested Board Action

Approval of Resolution #1836.

**RESOLUTION NO. 1836
December 2018**

**EUGENE WATER & ELECTRIC BOARD
RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ENTER INTO AN INDICATIVE
TERM SHEET FOR THE SALE OF EWEB'S OWNERSHIP INTEREST IN THE FOOTE CREEK I
WINDFARM**

WHEREAS, EWEB holds a 21.21% ownership interest in the physical assets of the Wyoming Windpower Energy Facility, a.k.a., the Foote Creek I Project, in Carbon County, Wyoming, in the name of the City of Eugene, Oregon, acting by and through the Eugene Water & Electric Board.

WHEREAS, per the 2018 IERP update the Project is not needed to serve load;

WHEREAS, the Board declared the Project surplus in August 2017 and the City of Eugene declined to pursue any interest in the Project

WHEREAS, under the terms of the potential transaction EWEB's financial position regarding the project is expected to improve significantly,

WHEREAS, The EWEB Board of Commissioners discussed the potential transaction during executive sessions on November 4, 2018 and December 4, 2018.

NOW, THEREFORE, BE IT RESOLVED by the Eugene Water & Electric Board that:

- (i) The Board does hereby authorize the General Manager to enter into an Indicative Offer Agreement for the project consistent with the terms discussed during the executive sessions referenced above.

Adopted at a meeting of the Eugene Water & Electric Board on December 4, 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 December 4, 2018 Regular Board Meeting.

Assistant Secretary