

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

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

Others Present: Frank Lawson, General Manager; Matt Barton, Chief Information Officer; Sue Fahey, Chief Financial Officer, Deborah Hart, Interim Finance Manager; Jason Heuser, Policy and Governance Program Manager; Leisha Krueger, Project Manager; Mike McCann, Electric Generation Manager; Julie McGaughey, Customer Operations Manager; Lisa McLaughlin, Environmental Supervisor; Jerry Reller, Senior Financial Analyst; Adam Rue, Interim Fiscal Services Supervisor; Keith Simovic, Moss Adams; Ben Ulrich, Interim General Accounting Supervisor.

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

Agenda Check

There were no changes or additions to the agenda.

Recognition of Service for Commissioner Simpson

President Brown announced that this would be Commissioner Simpson's final meeting as an EWEB Commissioner. On behalf of the Board, he presented Commissioner Simpson with an old analog power meter to commemorate his years of service to EWEB.

The Board Commissioners, each in turn, thanked Commissioner Simpson for his service and dedication to EWEB, and the community the utility serves.

Commissioner Simpson thanked the Board for their support and their work; he listed all Commissioners and General Managers that he had had the pleasure of working with during his tenure as an EWEB Commissioner. Commissioner Simpson thanked President Brown for his diligence for time management, and his undying dedication to water quality. Commissioner Simpson thanked Commissioner Mital for doggedly insisting on bottom-line improvements, accountability, and his passion for affordability and transparency. Commissioner Simpson thanked Commissioner Helgeson for his incredible depth of knowledge, and critical thinking prowess. Commissioner Simpson thanked Commissioner Carlson for her inquisitive and balanced approach to leadership.

Commissioner Simpson thanked the utility as a whole for: its financial integrity, its dedication to the environment, and its dedication to water infrastructure replacement. He said he was also very proud of EWEB's safety record, and its culture of inclusiveness.

Finally, Commissioner Simpson thanked the Minutes Recorders, and all EWEB staff for their hard work and dedication to the utility.

Items from Board Members and General Manager

- Vice President Carlson said she attended the Bethel Town Hall meeting. She said that EWEB issues weren't thoroughly discussed, and that the focus of the conversation was housing. Vice President Carlson said EWEB's work surrounding affordability and efficiency was a good partner to the public concern about housing
- Commissioner Simpson announced that his tenure on the LCOG Board would also be coming to a close. He said Vice President Carlson was his backup on the LCOG Board, although there was no precedent which made her service to that Board mandatory.
- Commissioner Helgeson said he was approached by a heating system installer, and from that meeting, he learned the conversion to natural gas could be very expensive. He asked staff to contact him at a later date with information to that end. He announced that Northwest Public Power Association (NWPPA) appointments were upcoming at the beginning of 2018, and if any Commissioner was interested in serving with that organization, they should contact him about it.
- Commissioner Mital announced he had a chance to meet with a local Boy Scout Troop. He also reported that he and President Brown were still in ongoing meetings with the Springfield Utility Board (SUB). Commissioner Mital was hopeful that the two utilities would continue working together, especially where water was concerned.
- President Brown reported that recently a very large water heater was removed from the McKenzie. He thanked those members of McKenzie River Guides (MRG) for the removal of the water heater, when no one else had been able to do it. President Brown suggested that EWEB donate \$500 to MRG for their willingness to go above and beyond to keep the river safe and clean.
- General Manager Lawson acknowledged Scott Mehlbrech for his work with the EWEB crews down in California helping with the fires. He thanked Jen Connors and Rachael Chilton for their work on the 2018 Run to Stay Warm. Finally, he thanked Commissioner Simpson for his years of service to EWEB.

Public Input

Victor Odlivak of Eugene spoke in opposition to AMI. He pointed to a form letter he and others had received from EWEB, offering ratepayers an opt-out option for AMI. Mr. Odlivak stated that the original correspondence from him and his fellows to EWEB, was not an opt-out request, but a declaration they did not want smart meters to be installed at all. He also spoke to the hackability of smart meters; he offered that, according to his research, the personal information of ratepayers could be captured from a smart meter.

Donna Turring of Eugene spoke in opposition to the AMI opt-out policy. She stated she also received a letter that EWEB could not verify her on her account even though she is in fact on the account. Ms. Turring expressed disappointment about the reversal

in EWEB policies from opt-in to opt-out in reference to smart meters. Due to the change, she stated that many people will be getting smart meters in their homes and will be unaware of the safety risks. She stated she would like EWEB to reconsider this. Additionally, Ms. Turring stated that EWEB has been considered one of the best employers in Eugene – going over to robots may not be as efficient as being advised. Ms. Turring hopes EWEB will return to voluntary opt-in.

Artie Gilad of Eugene spoke in opposition to AMI. He referenced an Illinois 7th Circuit Court ruling which said collecting data from smart meters runs counter to the 4th Amendment to the Constitution. Mr. Gilad also cited a Josephine County, Oregon Ordinance which gives the citizens of that county a choice in the energy meter installed on their homes

Fergus McLean of Eugene spoke in opposition to AMI. He thanked EWEB for taking its time with introducing this new technology. He read a letter of AMI opposition from the Board of the American Academy of Environmental Medicine. The letter pointed to the adverse health effects seemingly caused by smart meters.

Dale O'Brien of Eugene spoke in opposition to AMI. He said there were at least 8,000 studies which point to the ill health effects of smart meter technology. Mr. O'Brien asked the Board to look into the work of the late Dr. William Rey, as it points to the negative health effects brought about by AMI technology.

Cindy Allen of Eugene spoke in opposition to AMI. She said that, according to her research, one-in-ten people who have metal implants of any kind, are adversely affected by EMF radiation from smart meter technology. She cited the World Health Organization (WHO), which had previously rated EMF radiation a type 2B carcinogen.

Commissioner Mital thanked those who spoke for their testimonies. He said EWEB had chosen a type of AMI meter, with very specific specifications, and he was unsure if raising general concerns about the broad topic of AMI meters in general, was very helpful to EWEB. Commissioner Mital said he did have concerns about privatization of information, but he did not believe the meters EWEB had chosen were capable of capturing that sort of data.

Commissioner Helgeson thanked those who provided their testimonies. He said that he had been trying for some time to find studies and/or information regarding the adverse health effects of smart meters, but had not been able to do so. He added that most of the information he had found was data specific to cell phones.

Commissioner Simpson thanked the members of the audience who participated in Public Input. He said that he had heard a lot of conversation about “dirty electricity” being transmitted by smart meters; he offered that the dirtiest electricity was actually generated by light dimmers. Commissioner Simpson said also, that as an engineer, he could not understand why more people were not concerned with the magnetic fields produced by older disc meters.

Vice President Carlson thanked those who spoke. She assured everyone present that she had examined the issue very closely before voting on it, but she reached different conclusions than those speaking against AMI. Vice President Carlson pointed to the benefits of AMI technology, including resiliency, and shorter outage periods.

President Brown thanked those who offered testimony. He asserted that the ratepayer concerns had been looked at thoroughly, and he welcomed any new information, which the Board would also look at closely and thoroughly.

Mr. Lawson said staff will continue looking at the issues surrounding AMI.

Approval of Consent Calendar

MINUTES

1. a. **November 6, 2018 Executive Session #1**
- b. **November 6, 2018 Executive Session #2**
- c. **November 6, 2018 Regular Session**

BUDGET AMENDMENTS

2. **Resolution No. 1834**, Electric and Water Budget Amendments.

CONTRACTS

3. **Badger Meters Inc.** - for AMI Water Meters and Registers. \$425,000 (over 5 years).
4. **Cascade Health Solutions** - for Recruitment, Hiring, Safety, Health, and Wellness Program Services. \$400,000 (over 5 years).
5. **Electrical Power Products** - for Substation Equipment at the Carmen Power Plant. \$405,000.
6. **Rosemount, Inc.** - for Free-Chlorine Measuring Systems. \$240,000.

INTERGOVERNMENTAL AGREEMENTS

7. **United States Geological Survey (USGS)** - for hydrological surveillance maintenance, monitoring and reporting services on the McKenzie River. \$680,895 (next 5 years), Resulting Cumulative Total \$830,345 (over 6 years).

RESOLUTIONS

8. **Resolution No. 1828**, Customer Service Policy, Cost-Based Fees.
9. **Resolution No. 1829**, Regulatory Deferral of Other Post-Employment Benefits (OPEB) Expense.
10. **Resolution No. 1830**, Use of Reserves for Pension and Other Post-employment Liabilities.

11. Resolution No. 1835, 2019 EWEB Avoided Costs Filing.

12. Resolution No. 1836, Authorize General Manager to Enter Indicative Term Sheet - Foote Creek I Windfarm.

Commissioner Mital moved to approve the Consent Calendar as presented. The motion passed unanimously 5:0.

Items Removed From Consent Calendar

None.

2019 Proposed Budgets and Prices: Update

Ms. Fahey, Ms. Hart, and Mr. Rue offered the Board a report and PowerPoint presentation on the 2019 proposed Budgets and Prices.

Public Hearing on 2019 Proposed Budgets and Prices

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

2019 Proposed Budgets and Prices: Action

Vice President Carlson moved to adopt Resolutions 1831, 1832, and 1833. The motion passed unanimously 5:0

Commissioner Mital thanked staff for adding the cities that he had previously asked them to add to the Water and Electric Residential Bill Comparison graph in their presentation. He mentioned the 5% threshold the Cost of Service Analysis (COSA) reported that all customer classes were within; he said, going forward, he would like to know when a customer class gets close to that threshold.

Commissioner Helgeson pointed out that the 5% threshold was in place, not because anything below that was insignificant, but because the COSA was not a precision instrument. He wondered, with the Board Action approving changes in rate design, what the range of impacts would be for the majority of EWEB customers as a result of flattening the tiers.

Mr. Rue answered the majority of EWEB customers would see less than a \$4 change monthly, and that would be in an individual month. A lot of customers potentially have a favorable impact in some months and unfavorable other months.

Commissioner Helgeson asked for more information on Median Household Income (MHI), and the percent of a customer's energy bill to MHI. He wondered how much of the aforementioned data was a function of MHI of the communities, as opposed to being a function of the actual bills of the utility.

Commissioner Mital wondered if it would be possible to add a High/Low consumption rate to the Water and Electric Residential Bill Comparison graph.

Ms. Fahey said that was completely doable.

Mr. Lawson stated in the upcoming years, there would be much discussion surrounding rate design. He suggested a few select and similar utilities to use in the accumulation of rate design data, instead of using all the local utilities, due to some of the latter being outliers which would skew the data and information.

Vice President Carlson asserted the market for the skilled workforce EWEB needed does compete in this realm, and the amount we pay those skilled laborers does impact prices. She thanked staff for their work on budgets and prices.

2018 Year-End Audit Planning

Ms. Fahey, Ms. Hart, Mr. Ulrich, and Mr. Simovic offered the Board a report and Power Point presentation on 2018 year-end audit planning. It was offered in the presentation that final audit results for 2018 would be available in April 2, 2019.

Commissioner Helgeson noted changes in reporting that came about from GASB, he wondered if the actions of the Board and staff with respect to funding for pension obligations would, under the new methods mentioned in the report, show improvements, and if so, where would the improvements be seen in our financials.

Mr. Simovic assured Commissioner Helgeson that all his concerns would be covered in the final audit results.

Commissioner Helgeson wondered if it would behoove him more to look at what comes out of PERS, rather than EWEB's own financial statements.

Mr. Simovic said that the PERS report would be released earlier than Moss Adams' final audit results for EWEB.

President Brown asked about the "special audit," because of the \$750,000 threshold with federal funds. He wondered if it was triggered by FEMA, due to previous storm damage.

Mr. Simovic replied that it was uncertain if EWEB would pass the aforementioned threshold this year.

President Brown asked if federal reimbursement (through FEMA) counted toward that threshold.

Ms. Fahey said that it is related to any federal grant that we receive, and FEMA funds were considered grants. She clarified that the \$750,000 threshold is for the total of all federal grants received and is based on when we receive the funds and when they are spent.

Mr. Lawson said there were other grants included, including the Microgrid Grant.

Break

President Brown called for a break at 6:55 p.m. The meeting resumed at 7:06 p.m.

Resolution No. 1827, 2019 State Legislative Agenda

Mr. Heuser offered the Board a report and Power Point presentation on the 2019 State Legislative Agenda. He pointed out at the beginning of the report, that Democrats now had a 3/5 majority in the Oregon State Government. Also salient in the report and presentation, was Carbon Pricing, and EWEB's support of its practice.

Commissioner Simpson spoke to purchasing power from the wholesale market; he said that EWEB might not know the carbon load, and he would be interested in a backgrounder which would give the Board information on the trade-offs associated with establishing Board policy that, barring emergency purchases, would include accurate carbon documentation from all power purchases.

Regarding Community Choice Aggregation (CCA) Authority, he offered that it was very important for public power to keep a close eye on the development.

President Brown asked if it were possible the State Legislature would consider allowing EWEB to test water from other providers for cyanotoxins, since EWEB had that ability, and it would prevent long-distance cyanotoxin testing, and the time and money stresses that long-distance testing would create.

Mr. Heuser replied it was likely that funding would be available with which to create a State Lab for such testing.

Vice President Carlson wondered if any other utilities had committed to carbon pricing.

Mr. Heuser said EWEB was the only utility he knew about in Oregon that had endorsed carbon pricing.

Vice president Carlson asked for more specifics about the term "pole attachment."

Mr. Heuser clarified that meant telecommunications infrastructure.

Vice President Carlson said she was in agreement with the idea of a State water testing lab.

She asked if there was any more data available concerning Quality Based Selection (QBS) impacts on the utility.

Mr. Heuser explained that when the law first came out we had concerns and we looked for changes quickly. We now have more experience, and not just EWEB, but several public contracting agencies and Oregon local governments have identified many

examples. The impact is not just the inability to consider price properly, QBS also elongates the procurement process, which is problematic for urgent work. There is a bill sponsored by the League of Oregon Cities, and EWEB along with several other entities are leading the way in supporting that bill.

Vice President Carlson asked if Legislative Days would be in March again next year.

Mr. Heuser said that was correct.

Commissioner Mital pointed out there were a lot of open-ended things in the Legislative Report, such as PERS, that he did not feel fully comfortable voting without more information. He offered that he had always supported carbon legislation, but was a bit surprised to hear that EWEB wanted to carve out allowances for the small amount of carbon the utility is responsible for; he opined it weakened EWEB's position as a leader.

Mr. Heuser clarified that EWEB was actually not asking for the aforementioned allowances. EWEB's position was one of fairness; if allowances are going to be allocated to other load serving entities, we expect the same.

Commissioner Helgeson, although he agreed with the sentiment, foresaw issues with EWEB's testing lab receiving certification to test any other utility's water. He said he thought their concerns about the Oregon Department of Energy (ODOE) were legitimate, and he felt ODOE was broadening their scope, when they should be focusing it instead.

Commissioner Simpson moved to adopt Resolution No. 1827.

Commissioner Mital asked Mr. Heuser what effect delaying this vote until the January EWEB meeting would have on him.

Mr. Heuser said, without this Resolution, he would be lacking some direction on how to proceed.

Vice President Carlson and Commissioner Helgeson asserted that it would be crucial for the Board to receive regular legislative updates.

Commissioner Simpson's previous motion passed unanimously 5:0.

Customer Experience Improvement Project

Ms. Fahey, Mr. Barton, Ms. McGaughey, and Ms. Krueger offered the Board an update and PowerPoint presentation on the Customer Experience Improvement Project.

Commissioner Simpson asked for reconciliation of forms available for download, versus fillable forms.

Ms. McGaughey said that while the forms were fillable and savable online, there was currently no way to send those forms back to EWEB through its website.

Commissioner Simpson expressed support for the Customer Portal, but asserted he would like that portal to be seamless.

Vice President Carlson said she would like to see allowing the ratepayer to choose their payment date as part of this project.

Commissioner Mital wondered how this project would interact with Customer Information System (CIS).

Mr. Barton replied the Customer Experience Improvement Project was able to leverage current CIS technologies.

Vice President Carlson asked if this project came about because the former CIS system was taking a long time.

Mr. Barton responded no, that EWEB was still on the same CIS system they were on in 2005-06.

Vice President Carlson asked, if they went through with this Customer Experience Improvement Project, would the data that would be exported be a manual process.

Mr. Barton answered that data exportation was currently being done through Kubra.

President Brown said he was under the impression that there were problems with Kubra.

Mr. Barton answered that there had been problems with Kubra, and that staff was actively managing that contract.

President Brown asked that if a customer signed up for auto-pay would they be notified by EWEB when their credit card had expired.

Mr. Barton said that was definitely something they were looking at improving.

Commissioner Mital wondered when the Board would have its next opportunity to get clear on CIS.

Mr. Lawson said that recently, the utility had decided to get out of the mode of picking a system and not deciding what they wanted to do for customers. He offered that since that decision, the utility had been looking more closely at exactly what EWEB ratepayers wanted.

Correspondence and Board Agendas

Mr. Lawson offered the Board a brief report on Correspondence and Board Agendas.

President Brown asked, if EWEB diverted 2/3 of the flow of the McKenzie above Walterville, wouldn't the effects on the diverted water (temperature changes, etc.) count as adversely affecting the river. He pointed out the Lower McKenzie River Water Temperature Study (2018 Results), where it states there were no "adverse effects to the river."

Ms. McLaughlin said that she did not believe the intention of the Lower McKenzie River Water Temperature Study was to say the river temperature was not adversely affected, rather it was to quantify the temperature differences.

Mr. McCann agreed there is indeed a temperature impact.

President Brown asked if there should have been a temperature impact requirement in the licensing of the Leaburg-Walterville project.

Mr. McCann replied no. He said the State of Oregon failed to respond to a 401 Certification request from EWEB within a one-year timeframe and FERC waived the 401 Certification requirement. That was back in 1993, and there were no water temperature standards on the McKenzie in 1993.

Mr. Brown stated that he was told by an individual from Oregon Department of Fish & Wildlife (ODFW) that if not for that omission, there would have been a temperature requirement along that stretch of river.

Mr. McCann responded that temperature requirements came in through the TMDL process in the mid-2000's. The State of Oregon tried to put a temperature allocation through the TMDS process on EWEB but they did not have standing against EWEB because they missed the 401 Certification in 1993. EWEB sued the State of Oregon and won in court. We settled out of court and agreed to mitigation that we had already put in place through the Leaburg-Walterville license and drinking water source protection program. We are doing all the things that we would be required to do, but there was no temperature standard in 1993.

Mr. Lawson clarified that if this were a new project with a temperature requirement, the temperature would be measured above and below the diversion, not within the bypass reach.

Commissioner Helgeson asked if EWEB was out of compliance with any of their licensing.

Ms. McLaughlin said they were not.

Commissioner Mital expressed embarrassment that EWEB heated their buildings with natural gas. He wondered what would be involved in the utility electrifying the heating source(s) in their own buildings.

Mr. Lawson returned that a more in-depth conversation of what is meant by “smart electrification” would be coming up in a future Board meeting.

Commissioner Mital felt that EWEB needed a transition plan in place for its facilities to move away from natural gas as a power source.

Commissioner Helgeson said that it was true that EWEB (and with EWEB’s help, most of downtown Eugene) had converted to natural gas, but at a much higher efficiency than was experienced in the past. He pointed out that this efficiency had actually resulted in a net reduction in the amount of natural gas being burned, and the amount of carbon released into the environment.

Commissioner Mital asked when the Board could expect to see the previously requested metrics on the Low Income Initiative.

Mr. Lawson replied those metrics would be included in the annual metrics, which the Board would receive in January 2019.

Commissioner Mital asserted his original metric request was concerned with what *type* of metrics would be used to guide the Low Income Initiative.

Mr. Lawson said that he and staff would prepare that info and get it to the Board as soon as possible.

Board Wrap Up

Commissioner Helgeson asked Mr. Lawson for a future meeting wherein an update on the outcome of EWEB’s Surplus Declaration would be discussed.

Adjourn

President Brown adjourned the meeting at 8:38 p.m.

Assistant Secretary

President