



TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown
FROM: Frank Lawson, General Manager
DATE: February 27, 2019
SUBJECT: Board Feedback following Review of EWEB Bylaws
OBJECTIVE: Information only

Issue/Discussion

Article XII, Section 2 of the EWEB Bylaws states that “The Bylaws will be reviewed during the first three months following the swearing-in of elected commissioners.”

EWEB may amend the Bylaws after stated public notification and by a majority vote of the Board. The Bylaws were last amended on January 6, 2015 by Resolution No. 1502.

A copy of the Bylaws was provided to Commissioners as correspondence for the February 5, 2019 board meeting.

No changes have been recommended as of this writing. As such, the requirements of Article XII, Section 2 of the Bylaws has been fulfilled. If a board member wishes to propose an amendment in the future, please contact the Executive Assistant.

Requested Board Action

No action is requested at this time.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Mital, Helgeson, Schlossberg, and Brown
FROM: Jason Heuser, Public Policy and Government Affairs Program Manager
DATE: February 21, 2019
SUBJECT: State Legislative Update
OBJECTIVE: Information only

Issue

The 2019 State Legislative Session convened January 28, 2019. This memo is to apprise the Board of key issues of interest to EWEB, and the current status of these issues in the legislative process.

Background

Prior to the start of each legislative session, the Board adopts general policy directives for advocacy at the Capitol, which guide the work of EWEB's lobbying activities. When political considerations test the applicability of those directives, the General Manager makes a determination as to whether a fundamental shift in direction is required. The Board may be asked to reaffirm its policy or direct staff to make necessary adjustments.

Discussion

The following is a summary of state legislative activity of interest to EWEB:

HB 2020 – Oregon Climate Action Program/Clean Jobs/Cap and Invest

After nearly 12 months of work by the Interim Joint Carbon Reduction Policy Committee and several work groups, HB 2020 was introduced on February 1st. On February 8th the Joint Carbon Reduction Policy Committee took invited testimony from a series of panels from various stakeholder groups, including an electricity panel comprised of four (4) electric utilities, Portland General Electric, Pacific Power, EWEB, and Clatskanie PUD.

HB 2020 would cap and reduce Oregon's emissions to 80 percent below 1990 levels by 2050. In response to recent updates in climate science on the importance of emission reductions in the next 10 years, HB 2020 also includes an interim target to reduce emissions to 45 percent below 1990 levels by 2035. Directly regulated sectors of the economy would primarily include Transportation, Energy (electricity and natural gas), and Large Industrial Sources. HB 2020 utilizes a threshold of over 25,000 metric tons of annual CO₂e GHG emissions to determine which entities have a compliance

obligation, resulting in close to 100 large emitters being directly covered entities.

EWEB was invited to participate along with PGE, Pacific Power and the Bonneville Power Administration in a small technical work group that met several times in 2018 to advise the Oregon Carbon Policy Office on options for designing the point-of-regulation for imported electricity that resulted in a recommendation, now officially included in HB 2020, to place the compliance obligation for electricity imports on the “Electricity System Manager”. An Electricity System Manager is defined as “any entity that, as needed operates or markets electricity generating facilities, or purchases wholesale electricity to manage the load for wholesale or retail electricity customers within a balancing authority area that is at least partially located in Oregon, including but not limited to the following types of entities: a) electric companies, b) electricity service suppliers, c) consumer-owned utilities, d) the Bonneville Power Administration and e) electricity generation and transmission cooperatives.” This approach reflects a balance between the goal of regulating as electricity at the source and challenge of asymmetry between Oregon’s political boundaries and the boundaries of two large electricity balancing areas in Oregon that also span multiple other states (Pacific Power, Idaho Power, and BPA). From EWEB’s perspective, it is a preferred alternative to a less effective downstream approach placing responsibility on load serving entities in the electric sector.

Notably, the Electricity System Manager point-of-regulation leaves the door open for Oregon to adopt by rule provisions for the assignment of carbon emissions to electricity imported through the Energy Imbalance Market by Participating Resource Scheduling Coordinators, as is done in California’s cap and trade program. EWEB is advocating for HB 2020 to specifically direct that a rule be adopted for addressing Energy Imbalance imports.

Remaining issues that EWEB staff recommend be addressed in the bill include:

- BPA will be the party responsible for emissions from a small amount of market purchases included in the mix of electricity they provide and they will be slated to receive allowances based on historical emissions in that mix. EWEB staff recommend amending HB 2020 to direct the use of as long a time span of historical data for BPA as possible (15 years of publicly reported data from BPA is available) in order to capture accurately the weather related variability of water conditions and hydropower generation from year to year.
- HB 2020 allows for the banking of unused allowances to be used in a future year when needed. Over time banking will be a tool to balance the variability of hydropower with compliance obligations, but it takes time to accumulate and bank unused allowances sufficient to be utilized in a very low water year. In the early years of compliance with Oregon’s program, it will be very important to utilities reliant on hydropower that in the event of a very low water year they would be able to access the Electricity Price Containment Reserve established in HB 2020. The details on how EWEB or BPA could avail themselves to the reserve would likely be further addressed by rulemaking, in the meantime EWEB is communicating the importance of the reserve remaining in final passage off HB 2020.
- EWEB may not be a covered entity at the start of the program if emissions attributable to EWEB’s non-federal owned or purchased electric generation are below 25,000 tons. If conditions change in the future and EWEB were to become a covered entity in the future, HB 2020 in its current form would not seem to allocate any allowances to any entity that was not regulated at the start of the program. EWEB staff recommend amending HB 2020 to include a transitional compliance path that would allow an entity to receive some allowances if it

becomes a covered entity after the start of the program. Additionally, HB 2020 included a provision for entities in the industrial sector below 25,000 tons to voluntarily opt-in to being a covered entity and receiving allowances. Electric utilities should also be able to avail themselves to voluntarily opt-in to regulation and receive allowances.

After the introduction of HB 2020, and two hearings of invited testimony, the Joint Carbon Reduction Committee held three legislative hearings for the public to comment. Four additional hearings for public comment are being held around the state, in Springfield, Bend, Medford, and The Dalles. Afterwards, the Joint Carbon Reduction Committee is expected introduce amendments to HB 2020 in March and hold additional hearings to take testimony on those amendments.

Recommendation/Requested Board Action

This memo is for informational purposes. No board action is requested.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown
FROM: Rod Price, Chief Operations Officer
Frank Lawson, General Manager
DATE: February 27, 2019
SUBJECT: Willamette Street Project Review – Undergrounding of Electric
OBJECTIVE: Information Only

Issue

Commissioners have requested a summary of the items discussed with a previous EWEB Board in 2016 concerning the undergrounding of electrical lines on Willamette Street between 24th and 29th Avenues.

Background

In early 2016, in response to an inquiry from the City Manager, the EWEB General Manager informed the City Manager that the cost to underground Willamette Street electric service (between 24th and 29th) would be approximately \$1.5 million, and would require relocating facilities off of Willamette Street. The City Manager was informed that it would be even more expensive to underground these lines within the Willamette Street corridor because of competing utilities and space constraints.

At the June 7, 2016 Board Meeting, EWEB Commissioners were provided a background memorandum on the Willamette project as a written correspondence topic, and the General Manager invited board “input”. Commissioners Helgeson, Mital, Manning, and Simpson were present at the meeting, and Commissioner Brown was absent. This background memorandum is attached for reference, although the date on the document is incorrectly noted as 2017.

During the June 7, 2016 Board Meeting, staff answered questions concerning right-of-way definitions, relocation requirements, and the Willamette project. It was reiterated that while we do have to relocate facilities within the right-of-way if requested as part of a City project, these facilities do not have to be placed underground. Commissioners commented that using primarily non-safety or non-reliability drivers, including aesthetics, would require a policy shift and would differ from past practice. Several expressed concern about the precedent an ad-hoc decision would create unless those directly benefiting were willing to pay for the upgrade. No policy change was advocated for by any Board member present.

As a result of the Board feedback, EWEB Management directed staff to work with the City of Eugene to make improvements along Willamette Street, but not to re-route or underground primary electrical lines.

Discussion

Capital Project Guidance Policy

According to Policy BL4, the Board directs the organizational results and priorities, through the General Manager, and communicates in the form of policy, approval of Strategic Plans, Long-Term Financial Plans, Capital Improvement Plans, annual budget and goals. Presently, EWEB plans and schedules capital expenditures included in the Capital Improvement Plan(s) based on safety, reliability, and the primacies set forth in the organization's strategic plan. And, while aesthetics and economic impacts are generally considered as part of any decision, they presently do not drive capital decisions relative to the other priorities. The financial projections identified in the Capital Improvement Plans are factors included in the Long-Term Financial Plan that drives the near-term annual budgets, last approved by the Board on December 4, 2018. The latest amendment of the strategic plan and approval of the Capital Improvement Plan occurred in July 2018.

Policy Change and Estimated Impact

EWEB rates are cost-based and designed to equitably share benefits and costs across the entire community we serve. As a public utility, our decision making must be consistent and equitable for all of our customers. Undergrounding the Willamette electrical lines will necessitate the Board provide a new policy for prioritizing capital decisions, as well as a revision to the approved Strategic Plan and updates to our cost of service policies. EWEB's policy (see E-II, section F) stipulates the requesting customer is responsible for costs associated with replacing overhead with underground distribution facilities unless the conversion is deemed necessary by EWEB.

Updates to the capital prioritization criteria could occur as part of the annual capital planning process scheduled for July, or as a separate Board policy Action. Based on rough estimates, using the Willamette project as a precedent for other decisions, this would add approximately \$40 million to the five-year capital plan and \$100 million to the ten year capital plan, likely defer near-term reliability improvements, and require increasing rates.

Present Design Status

According to the present design plans, electric service to street lights will be underground, and poles will be relocated in some areas. EWEB did consider the option of including empty underground electric facilities for future use, but determined that there were too many conflicts and future undergrounding would take a different path than along Willamette Street, so there was no cost/benefit for that option. The option of future relocation off of Willamette Street also removes any critical timing requirement with the City's Willamette Street upgrade. The city of Eugene has included empty conduits for future communications use, but EWEB has no current plans to use these conduits.

Because water facilities presently under Willamette Street were already scheduled for replacement in the Capital Improvement Plan, replacing the 70 year-old water main and some services is consistent with EWEB's coordinated planning with the City. EWEB and the City coordinate projects to facilitate utility infrastructure replacement prior to street reconstruction or repaving. The water main project will cost approximately \$1.6 million.

Recommendation

In concurrence with the input received from the Board in June 2016, applying policy consistently across the service territory compels that the Board view changes to the Willamette project scope as setting precedent. Using non-safety or non-reliability drivers, including aesthetics, will require a policy shift, and will differ from past practice. Management is recommending consistency with policy, and equity within our service territory independent of specific project scope or appeal.

Requested Board Action

No Board action is requested unless the Board wishes to direct management to change policy and/or standard practice.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning, and Mital
FROM: Mel Damewood, Engineering Manager; Alan Fraser, Electric Distribution Supervisor
DATE: May 25, ~~2017~~–2016 (NOTE – Date was incorrectly shown as 2017)
SUBJECT: Willamette St. Overhead Electric Relocation
OBJECTIVE: Information Only - Provide General Direction for 2017 Budget

Issue

The City of Eugene (COE) has developed the South Willamette Street Improvement Plan to make the area more accessible, inviting and safe to walk, bike, take the bus, or drive in an eight-block area from 24th Avenue to 32nd Avenue on Willamette Street. Staff is asking the Board for general guidance for the 2017 Capital Budget for potential improvements along the Willamette Street corridor.

Background

Preliminary City-contracted construction along Willamette Street began a few months back, including the addition of a new traffic light at the Woodfield Station entrance. The work required EWEB, at its cost, to move existing electric and water facilities in the COE right of way (ROW) elsewhere to avoid conflicts with the new traffic signal and other improvements, resulting in undergrounding of electric facilities and eliminating two EWEB poles.

The new COE street standards in the Improvement Plan establish wider sidewalks with a three foot area adjacent to the street reserved for utilities like fire hydrants, light poles, street trees, etc. This implicates the remaining nine distribution poles in the west sidewalk, as well as the secondary services, transformers, and Distribution Feeder. The poles also support other joint utilities (internet/phone). The COE has light poles on both sides of the street, some stand alone and some mounted on EWEB poles, but these would be changed out as part of the improvements.

Over the past few years, the COE has repeatedly asked EWEB about the feasibility of moving the electric facilities (UG) for this section of Willamette Street in support of the Plan objectives. Staff has worked up alternatives and rough cost estimates to evaluate the feasibility of meeting the COE's request. The alternatives are:

- 1) Underground directly on Willamette Street
- 2) Relocate along Amazon Parkway
 - a. Overhead (OH) option
 - b. Underground option
- 3) Modify existing OH on Willamette St.

Discussion

The option of undergrounding EWEB facilities generally has broad customer support for aesthetic and safety reasons. In cases where there is heavy tree cover, undergrounding improves reliability and reduces tree trimming costs. Undergrounding is required in new construction projects, with the cost borne by the developer; undergrounding existing infrastructure in City Right of Way typically falls to ratepayers. Because of the expense, undergrounding is considered on a case-by-case basis and typically cannot be justified.

EWEB currently has no policy or practice to UG existing medium-voltage facilities. As the most recent experience on West 11th shows, just a small portion of the existing circuit was placed UG, and only when no other alternatives existed. In the case of this limited span along Willamette Street, there are several options available, described below.

1) UG on Willamette Street

Due to the number of utilities already in the Willamette Street ROW, and the level of traffic in the corridor, UG in Willamette St. is the most complex and expensive alternative. For these reasons, staff felt that carrying this evaluation any further was not prudent.

2) Relocate feeder and distribution lines along Amazon Parkway

- a. OH Option: An estimate of \$400,000 was established to remove the OH on Willamette and replace it with OH along Amazon Parkway. However, this option was eliminated simply because we were trading the safety and visual aesthetics of one corridor and creating the same issues on another. The running trail and adjacent natural area make adding new OH particularly sensitive from a neighborhood and public acceptance perspective.
- b. Underground Option: This alternative moves the existing Feeder entirely off of Willamette St. and places it UG along Amazon Parkway. The estimated cost for this option is \$1.5 million. Except for the new UG portion of the Feeder, this alternative reuses existing infrastructure for service relocation with the addition of one pole.

3) Modify existing overhead on Willamette Street

This option leaves the poles OH along Willamette St., but recognizes that number of them will likely be moved closer to the street to meet the new design standards. There may be opportunities for redesign to address safety concerns (particularly around bus stations), however COE has yet to finalize the design. If all nine poles have to be relocated along the sidewalk, the cost is estimated at about \$50k-100k.

All options require some level of expense. The Electric Capital Improvement Plan can accommodate an UG project of this magnitude, but it would require shifting the timing for other work as this project would need to be complete by 2018. Potential grant funding has been discussed by COE for an UG option, however no grant money has yet been identified. It is safe to assume that any of the options will be fully funded by EWEB.

TBL Assessment

Management has not conducted a full TBL but offers these considerations:

- UG facilities pose less risk to public; specifically for this busy street: bicyclists, pedestrians,

and motorists. This corridor is very busy now with a large amount of commercial traffic, as well as buses. The COE traffic plan is to reduce the number of traffic lanes to accommodate bike lanes on both sides of the street.

- Damage to facilities in this busy corridor has safety risks to EWEB crews during repair, and likely night time work for planned maintenance.
- A more attractive and safe corridor may yield indirect economic benefits to area businesses through increased patronage or improved property values.
- Damage to the feeder through traffic accidents can cause significant and widespread disruption (and economic impacts) to commercial customers in this area.
- There could be a perceived social equity concern expressed by other parts of our customer base that are less affluent than South Eugene is receiving special treatment.
- This is a high priority project for the City and high profile for the public and EWEB's participation may generate goodwill among stakeholders and area residents.
- The benefit of UG will be compromised if other utilities using EWEB poles are unable or unwilling to relocate (EWEB has initiated this conversation).

Recommendation

No Board decision is required at this time, but direction on whether to further pursue an UG solution is requested in preparation for the July meeting where the Electric Capital Plan will be up for approval.

If EWEB proceeds with this UG option, it should not set precedence for any future projects, until a policy is developed to equitably accommodate different parts of town; whether a COE road project or the next LTD project. The existing distribution system has many projects competing for funding in near future and a UG policy needs to compete within that project queue.

Management recommends that a UG policy is developed for Board review to help guide future decisions in a more systematic way. This policy would be informed through a prioritization process that looks at potential UG projects, ranks them against specific criteria like geographic distribution, cost/benefit, etc. The COE has indicated interest in supporting a more comprehensive look at this issue from a hazard mitigation perspective to help guide investments strategically.

Requested Board Action

Request Board's perspective for undergrounding electric facilities in this corridor and in concert with COE's Improvement Plan vision.

If there are questions please contact Mel Damewood at 541-685-7145 or email mel.damewood@eweb.org