



The following questions have been posed by Commissioners prior to the scheduled Board Meeting on September 3, 2019. Staff responses are included below, and are sorted by Agenda topic.

2019 Annual Integrated Electric Resource (IERP) Update (ACKERMAN) - It is indicated that load growth is lower than previously estimated and forecasts are declining. How does electrification of the transportation sector play into these projections?

RESPONSE: *The question of how electrification will impact EWEB's load forecasts, and thus resource mix, going forward is one that will be taken up in the 2021 IRP. We will study transportation, space, and water heating load electrification. The answer is not straightforward, as it would depend on many assumptions, such as (1) whether tax incentives for electrification are available (2) whether the city of Eugene imposes a tax on natural gas consumption, and if so at what level, (3) the competing fuel costs, such as gasoline prices and natural gas prices, and (4) the timing of the load. The rate of electrification, type and timing of load, and demand-response potential will all be influencing factors.*

Please give more background on how the large load tariff is structured and implemented.

RESPONSE: *The Large General Service tariff (page 27 of EWEB's Customer Service Policy) applies to customers with annual average load between 501 kW-10,000 kW. It is purely COSA (Cost of Service Analysis) based, updated annually, and designed to ensure that the Large General Service customer is responsible for their share of fixed and variable costs, and contribution margin. The Large General Service tariff applies to all new and existing customers that do not already have an established power service contract with EWEB.*

The Very Large General Service tariff (page 29 of EWEB's Customer Service Policy) applies to new customers with an annual average load in excess of 10,000 kW, or customers classified as "new large single loads" ("NLSL") by the Bonneville Power Administration. Currently, EWEB doesn't have any customers taking service under this tariff.

The policy was adopted in September, 2013 with the express intent to clarify how EWEB would address an RPS obligation that may result from a new large load. The specific language from the Board Backgrounder is as follows:

"While EWEB does not currently carry an RPS obligation, we are legislatively bound to meet the state mandated, large utility RPS requirement should our load grow past the threshold amount. Given our current strategy of meeting existing customer load growth through conservation, it is not expected that we will break through this minimum threshold unless a new large load locates in the service territory. The objective of this policy clarification is to make clear within the existing rate schedule the responsibility of a new large load to cover the cost of acquiring new renewable resources and RECs needed to meet the RPS obligation resulting from their load addition."

The structure of the Very Large General Service tariff is intended to ensure full recovery of all possible costs that may result from a new large load in EWEB's service territory. It also includes the possibility of a "separate power service contract" under Section 2.a. of the tariff. It is staff's expectation that any load above 10,000 kW annually would reach out to the utility to discuss its specific needs prior to establishing service, likely with the goal of negotiating a separate power services contract. However, it is essential that we maintain the necessary tariff language to ensure proper cost recovery should a potential customer fail to do so.

Consent Calendar

RESOLUTIONS

Leaburg Canal Property Acquisition, Option 2: Resolution No. 1926 (MCCANN) – Please provide the basis for the amount of the timber value.

RESPONSE: *On Resolution 1926, the price for the timber was negotiated with the seller following an offer and counter-offer format. For comparison, we separately calculated an NPV for the timber of \$482,000 using a recent timber cruise, a growth rate of 10% per year over the next ten years, a sales price of \$800/1,000 BF, 2% inflation and a discount rate of 5.5%. The seller was not interested in a partial timber sale.*

CORRESPONDENCE

Carbon Reduction Accounting Methodology (FAHEY) - It appears we are behind on hitting our carbon Reduction goal for the year based on the figures provided at that last board meeting, is this the case or a matter of timing on reporting EV adoption or something else? Are there additional efforts we could take or thought we would be able to implement that will reduce that gap?

RESPONSE: *This is the first year EWEB has had a carbon reduction goal, and management will use 2019 information to refine future goals. Of the products and services Customer Solutions staff are focusing on for the next 18 months, almost 85% of them assist in reducing carbon. Year-to-date carbon reduction figures are low due to EV information being received annually. If EVs contribute one-third of the carbon savings target as anticipated, carbon savings would be on track to meet target.*

Current EWEB Vegetation Program Overview and Change Impacts (PRICE) - The backgrounder states the following "Our current process and equipment is not set up to remove trees larger than 4 inches. Wood larger than 4 inches in diameter will be left on site; in no more than 3-4 foot lengths and is the responsibility of the property owner to clean up." Does this mean that when we do a trimming, that we leave large pieces of wood in a home owner's yard? Why do we do the trimming instead of citing/requiring the home owner to maintain an appropriate clearance? Why aren't we equipped to remove trees as needed? I believe the code requires that trees be a certain distance from lines, what does the City of Eugene code say if anything? Finally, when tree removal is necessary and EWEB cuts down the limbs but leaves the trunk, do home owners often leave the dead trunk in place or are they required to remove within a certain timeframe? Does that deadwood pose a fire risk?

RESPONSE: *Electric Utilities are required by Oregon PUC to maintain clearances from our equipment for safety reasons, i.e. fire and electric shock risks. Regardless of local codes, it is EWEB's responsibility to maintain these clearances. For the most part this requirement is met by pruning methods. Pruning is accomplished by journey level licensed climbers, bucket trucks and wood chippers and with efficient removal and disposal of the chipped vegetation. Homeowners are typically not set up with knowledge or equipment to trim trees.*

Removal of larger pieces of wood require additional types of trucks and different disposal methods. Besides additional equipment, it takes significantly longer to remove and coordinate disposal of entire trees, which would require additional crews and office staff. Tree removal is always done with customer coordination and approvals. The tree stumps are left in place for the home owner, and larger wood over 4" is left on site for the homeowner to dispose of. We work with the property owner on how they would like the wood to be left in their yard/property, such as longer lengths being reduced down to manageable lengths. Property owners are free to remove wood at their own pace and in general wood on the ground is much less of a fire danger than if it falls in our electric lines.