

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 E 4th AVENUE
October 1, 2019
5:30 P.M.**

Commissioners may pose questions to staff prior to the scheduled board meeting. To view Commissioners' pre-meeting questions and staff responses, visit <http://www.eweb.org/about-us/board-of-commissioners/2019-board-agendas-and-minutes>.

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

Others Present: Frank Lawson, General Manager; Megan Capper, Power Planning Supervisor; Sue Fahey, Assistant General Manager/Chief Financial Officer; Deborah Hart, Financial Services Manager; Tyler Nice, Electric Operations Manager; Rod Price, Chief Engineering and Operations Officer; Adam Rue, Fiscal Services Supervisor; Matthew Schroettnig, Power Resources Counsel; Nate Schultz, Senior Financial Analyst

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

Agenda Check

There were no changes or additions to the agenda.

Items from Commissioners and General Manager

Commissioner Schlossberg said she had attended the Climate Rally in Eugene in September, and was struck by the urgency at the Rally. She said she would like to see EWEB go after the more low-hanging fruit as far as decarbonization and environmental sustainability.

President Carlson announced she attended the BRING Home and Garden Tour, and the electric vehicle after-event. She said she was impressed by the sheer number of EVs that existed.

Vice President Mital formally announced that he would not be in the running for a third term as an EWEB Commissioner. He added that he had been actively looking for someone, from the Ward he now represents, that he would feel comfortable supporting as an EWEB Commissioner; Matt McRae had said he would run for the position, and Vice President Mital offered that Mr. McRae's campaign to be an EWEB Commissioner had his full support.

Commissioner Brown announced that he had recently attended the Northeast Neighbors meeting, and those in attendance were glad to hear there was no impending

increase in rates from EWEB. He said he had been approached by residents of Leaburg concerning a previous study on a community sewage lagoon system which EWEB had participated in; the upriver residents had reinitiated that and put together funding sources to perform their own study on a sewage lagoon system, and they wondered if EWEB would participate in it; Commissioner Brown offered that he was asked to pass along the request to the Board and General Manager. Commissioner Brown asked about the higher-than-normal concentrations of moss around the docks at Clear Lake this year; he asked if EWEB could perhaps look into it. Finally, he wondered about the large project he had seen underway at the Leaburg Powerhouse; he wanted to know the amount and term of the investment into said project.

Mr. Lawson said it was more likely the work at the Leaburg Powerhouse was the decommissioning of old equipment or perhaps re-conductor between the substation and the powerhouse.

Public Input

Zachary Vishanofk of Eugene said he did not agree with the EWEB Board policy of not engaging in a back-and-forth dialogue during the public comment period; he likened it to placing a gag order on the Commissioners. Mr. Vishanofk disagreed with EWEB's handling of a local toxic waste site, he said the utility's plan to scrape the worst of the toxic material off the top and to cap the remainder underground, was tantamount to leaving a time capsule of toxic sludge for future generations to deal with. He asked EWEB to revisit its options for dealing with the toxic dump.

Tana Shepard of Eugene, and representing 4J School District, thanked EWEB for their support of the 4J School District. Ms. Shepard said they had to relocate 4J field trips from the Leaburg Fish Hatchery, to the Fish Creek area, giving the kids a wildland experience, rather than that of a facility.

Emily Shelton of Eugene, and representing BRING recycling, said the BRING Home and Garden Tour, and the After-party held at WildCraft Cider Works, in early September, had been a huge success, and she thanked EWEB for their part in the Tour and the After-party. Ms. Shelton also mentioned the BRING Home and Garden Tour was able to bring in \$39,000 for BRING's Community Education Programs.

Commissioner Brown said the toxic waste site mentioned by Mr. Vishanofk was a very complex matter, and he encouraged EWEB staff to reach out to him to offer a more thorough explanation. To Ms. Shepard, he reported that, at the Finn Rock property, the number of recorded salmon running through there was up from 67, to 220, and suggested Finn Rock might make an excellent field trip for the kids in the future. Lastly, he thanked Ms. Shelton for her report on the BRING Home and Garden Show, and said he was proud of EWEB's commitment to that event and all it represents.

Commissioner Helgeson thanked Mr. Vishanofk for his concerns. He commented that he has followed this work and is comfortable with the approach that is being taken. He cautioned the issue at hand left a lot of room for misinformation to spread. To this, he suggested perhaps putting out some information on the toxic waste site and its

mitigation—perhaps on EWEB’s website—which would help the public understand exactly what is happening there, and what EWEB’s role is in it.

Approval of Consent Calendar MINUTES

1. September 3, 2019 Regular Session

CONTRACTS

- 2. Consolidated Supply Co.** - for dry barrel fire hydrants. \$300,000 (over 5 years).
- 3. DeWalch Technologies Inc.** - for locking meter devices. \$1,100,000 (over 5 years).
- 4. The Energy Authority (TEA)** - for a Slice BPA Contract optimizer software access and support. \$1,400,000 (over 5 years).

INTERGOVERNMENTAL AGREEMENTS

- 5. Bonneville Power Administration (BPA)** - for engineering and construction services to transfer Transmission Operator (TOP) services to BPA. \$155,000.

RESOLUTIONS

- 6. Resolution No. 1927** - Use of Reserves for Oregon Public Employees Retirement System (PERS) Side Account.
- 7. Resolution No. 1930** - Appoint Commissioner Brown as Board Liaison for GM Employment Agreement Amendment.
- 8. Resolution No. 1931** - Annual Investment Policy Review and Adoption.

Vice President Mital moved to approve the Consent Calendar, minus Item 3. The motion passed unanimously 5:0

Items removed from the Consent Calendar

Vice President Mital pulled Item 3. He asked if the million dollars EWEB would spend on this Consent Calendar item was originally envisioned in AMI conversion.

Mr. Nice replied that he did not know whether the million dollars was originally envisioned, but EWEB learned about this through the experiences of other utilities.

Vice President Mital asked if the locking mechanism on the AMI meters would outlive the meters themselves.

Mr. Nice said the locking mechanisms were designed to outlive the meters, and they were also reusable.

Vice President Mital moved to approve Consent Calendar Item 3. The motion passed unanimously 5:0.

2020 Draft Budgets and Long-Term Financial Plans (LTFP) Update

Ms. Fahey, Ms. Hart, Mr. Rue, and Mr. Schultz offered the Board an update and PowerPoint presentation on 2020 draft budgets and LTFPs.

Commissioner Brown wondered how he was supposed to explain to the development community that \$6 million of System Development Charges (SDC) money was being used for debt coverage. He asked why SDC monies were not earmarked for expanding capacity.

Ms. Hart replied the SDC money used for debt coverage, was from that part of the SDCs that cover reimbursements. She added there are portions of SDCs that cannot be used for debt service, but must be utilized in future building. Ms. Hart said the \$6 million in question was close to the entire reimbursement portion of SDCs.

Vice President Mital asked what type of action the Board could take to eliminate the subsidy on the upriver community.

Ms. Fahey answered EWEB would most likely hire a consultant to help them figure out how best to draw up a segregated Cost of Service Analysis (COSA) for the upriver community. She added that staff could have that work done in time for a rate discussion in 2020.

Vice President Mital wondered how much additional revenue would be brought into the utility through a segregated upriver COSA.

Ms. Fahey said it would be a rate off-set to another class because the cost to serve would be reduced if EWEB had an upriver class.

Mr. Rue offered it would most likely be in the \$100,000 to \$300,000 range, but without performing an estimate, it would be hard to define an exact number.

Vice President Mital asked if this estimate included the additional cost incurred if EWEB decided to perform more tree-trimming in the upriver community.

Ms. Fahey said it did not.

Commissioner Schlossberg wanted clarification on the rationale for waiting until 2023 for a general rate increase, rather than increasing incrementally.

Mr. Rue offered it was prudent to not raise rates incrementally every year based on assumptions. There are unknowns such as market pricing and the timing of EWEB's future projects.

President Carlson wondered why wholesale prices had dropped so quickly, and the relationship of that price decrease with EWEB rate increases.

Mr. Rue said the drop in prices brought EWEB roughly back to where the utility was last year at this time, after a bit of price volatility over the summer months. EWEB has surplus resources that are sold into the market, so the financial plan is impacted more so in the out years. For example, in 2020 EWEB did not have any shortfall because we budget hedged, and had already sold all of the surplus going into the budget year to assure the level of revenue. In the second half of the financial plan we haven't sold any of the power yet as the strategy is to hedge out on a five year basis so as not to get locked in at any one time.

Commissioner Helgeson asked for more information on the upriver community being considered a separate customer class.

Public Hearing on 2020 Draft Budgets and Long-Term Financial Plans (LTFP)

President Carlson opened the Public Hearing at 6:10 p.m.

Zachary Vishanofk of Eugene offered the EWEB Board could move toward a more transparent process if they would record video of their meetings, as certain other local bodies did. He added the public being able to watch EWEB Board meetings from their homes would also save energy (as in the energy expenditures of people physically coming to the meetings). On the toxic waste site he mentioned earlier during public testimony, Mr. Vishanofk suggested EWEB open its communications with the State of Oregon Department of Environmental Quality (DEQ), so that members of the public—who he assured the Board were very interested—could see those exchanges for themselves. He opined that EWEB could put together packets of printed information which included all the meeting minutes that dealt with the toxic waste site, along with the correspondences between EWEB and Oregon DEQ about the site. Finally, Mr. Vishanofk suggested EWEB should form a subcommittee to deal with the burgeoning field of nanotechnology, which personally, he saw as a potentially toxic technology.

2020 Draft Budgets and Long-Term Financial Plans (LTFP) - Direction

Vice President Mital offered it made sense to him for the upriver community to be considered a different customer class. He was in favor of hiring a consultant as previously discussed for analyses into this matter, so the Board could weigh in on it as soon as possible.

President Carlson thanked staff for their work, and she said she was glad to see there were no immediate rate increases planned.

For the record, Commissioner Helgeson pointed out that this budget conversation is not the first of its kind, and budget discussions had been ongoing from the Board standpoint. He thanked staff for presenting a budget that was consistent with previous Board direction, as it lends credibility to the Board.

Break

President Carlson called for a break at 6:23 p.m. She reconvened the meeting at 6:35 p.m.

President Carlson opened and closed the Public Hearing on 2020 Draft Budgets and LTFFP at 6:35 p.m.

Electric System Infrastructure Overview

Mr. Nice and Mr. Price offered the Board an overview and PowerPoint presentation on EWEB's electric system infrastructure.

Commissioner Schlossberg asked how the Board could be sure they (and the utility) are poised to make decisions when they become necessary, instead, of the usually slow and clunky public-sector approach.

Mr. Price offered the workforce has been using continuous improvement, training staff, engaging in the industry and using flexible modeling. He agreed that EWEB needs to be more flexible and proactive.

Commissioner Schlossberg posited it would be helpful if there were more work sessions, or at least more opportunities for the Board to be kept abreast of industry innovations and changes, so they could make the best, most informed decisions possible.

Commissioner Brown referred to the System Capacity Map from the PowerPoint. The map showed the southwest Eugene area already at capacity, and Commissioner Brown wondered if the map would change if Hynix—which is in that region of the city—were to be demolished.

Mr. Nice said the reason that area of the city is showing at capacity is due partly to the Willow Creek substation, and is not just because that is where the Hynix building is.

Commissioner Brown asked when and where the Leaburg dam would come into the electric system infrastructure overview conversation.

Mr. Price said Leaburg was omitted from this particular presentation because they were concentrating on transmission and distribution.

Vice President Mital offered there were a lot of decisions embedded in the resilient spine portion of this discussion, which he felt should be Board-level decisions. He asked what the cost of increasing capacity in certain areas would be, and how fast could said capacities be increased if signals showed they needed to be.

President Carlson asked for clarification on the capacities of the west and northwest area of Eugene. She wondered, since Eugene's population was expected to grow, specifically in those areas of town, was that potential growth being taken into consideration.

Mr. Nice offered that, in the Capital Plan, some expansion capabilities were being modeled, but they would not pull the trigger on those projects until the need for them was substantiated.

President Carlson posited that it would be nice to know what the expansion/growth costs for the regions of Eugene that are most likely to grow and expand would be.

Mr. Price said they did have that information, and they would get it to the Board offline.

Regional Electric Resource Adequacy

Mr. McCann, Mr. Schroettig, and Ms. Capper offered the Board a report and PowerPoint presentation on regional electric resource adequacy.

Commissioner Schlossberg asked how a western regional power plan might be put together to meet the needs/requirements of all the different States involved.

Ms. Capper said balancing all the different options under that kind of regional plan would be key. Part of the resource adequacy effort is coming together and getting a commitment and then looking at the different options and balancing those.

Mr. McCann pointed out that we are all part of the Western Interconnection and can transmit power to and from Oregon and California as well as down from British Columbia. It is a matter of connecting all of those various pieces together and working with each state's policies. He went on to say there was excess solar energy from California available on the energy market daily, and some of that surplus solar is being brought into Oregon already.

Commissioner Helgeson said he would be interested in learning more about how the resource inadequacies mentioned in the presentation might affect EWEB, and its scheduling operations.

Commissioner Brown wondered if extreme measures—like fish mitigation—had to be implemented, who would be making those decisions.

Ms. Capper replied that Bonneville Power Administration (BPA), being the regional supplier, would have to talk to a judge about the implementation of such measures. She added that there would be many very complex steps to complete before it came to BPA and a judge.

Mr. Lawson added, looking back on the energy crisis of 2001, there were many extreme measures taken, and those measures came in many different forms, some voluntary, some mandatory.

Vice President Mital asked if Advanced Metering (AMI) would allow EWEB to ration power if they felt it necessary.

Mr. McCann answered no. We could ask for voluntary curtailments and work with our industrial customers.

Mr. Lawson added that EWEB *could* ration power through an involuntary pricing scheme to drive customer behavior.

President Carlson offered it was her understanding that to send price signals or curtail power as discussed above, EWEB's internal computer system(s) would have to be upgraded. She wondered if said upgrade was in the works.

Mr. Lawson said technology and policy and process around emergency pricing and curtailment schemes would be necessary. This is a form of emergency preparedness and we need to work with the Board on policies to address these issues before they happen.

Commissioner Helgeson asked if EWEB had the ability to model what this discussion would look like on their own electric system.

Ms. Capper said that would all be explored with the Integrated Electric Resource Plan (IERP).

Strategic Planning – Internal Assessment

Mr. Lawson offered the Board a report and Power Point presentation on the internal assessment of Strategic Planning.

Correspondence & Board Agendas

Mr. Lawson offered the Board a report of Correspondence and Board Agendas.

Vice President Mital asked for Board majority consensus on moving ahead with hiring a consultant to assist EWEB in its Cost of Service Analysis (COSA) for the Upriver Service Territory.

Commissioner Brown was in support of hiring a consultant to assist EWEB in its COSA for the Upriver Service Territory.

President Carlson was in support of hiring a consultant to assist EWEB in its COSA for the Upriver Service Territory.

Commissioner Schlossberg offered that, while EWEB was already looking at the Upriver Service Territory, it was also worth thinking about the different customer classes—and how many different customer classes—there may be.

Mr. Lawson said there were indeed several different customer classes, but the Upriver Service Territory was distinct because of its physical distance away from not only the majority of EWEB's Service Territories, but from the utility itself. He mentioned that he too supported the Upriver COSA.

Commissioner Helgeson asked if the budget as it stood currently, was sufficient to cover the cost of an Upriver COSA.

Mr. Lawson assured the Board that the cost of the Upriver COSA could be absorbed by the current budget.

Commissioner Helgeson reminded the Board there were reasons beside cost of service that EWEB was upriver, including the commitments made by the utility to serve that community when EWEB built its facilities within it.

Board Wrap-Up

Commissioner Brown wished to clarify that when he mentioned algae and moss in clear lake that he did not see them himself, but rather he received the information secondhand.

Commissioner Schlossberg expressed interest in having Board Work Sessions, in order to better digest the amount of material EWEB Commissioners are regularly asked to look at.

Commissioner Helgeson was in support of Board Work Sessions

President Carlson announced that she had attended the EWEB Health and Wellness Safety Meeting, specifically, the Emergency Preparedness portion of the event. She felt like there was a lot of content in that portion of the Meeting that it would be beneficial to the Board to know about.

Mr. Lawson announced an emergency preparedness event coming up on October 11, 2019, at which EWEB staff, administrators, and possibly Board Members would be meeting with executives and County Administrators from Lane County.

Adjourn

President Carlson adjourned the Regular Session at 8:30 p.m.

Assistant Secretary

President