

**EUGENE WATER & ELECTRIC BOARD  
EXECUTIVE SESSION  
500 E. 4<sup>th</sup> AVENUE / VIRTUAL  
FEBRUARY 1, 2022  
4:45 P.M.**

**Commissioners Present:** John Brown, President; Sonya Carlson, Vice President; John Barofsky, Matt McRae, and Mindy Schlossberg Commissioners

**Others present:** Frank Lawson, General Manager; Rod Price, Assistant General Manager; Deborah Hart, Chief Financial Officer; Lena Kostopulos, Chief Workforce Officer; Julie McGaughey, Chief Customer Officer; Karen Kelley, Chief Engineering & Operations Officer; Travis Knabe, Chief Information Officer; Sarah Gorsegner, Support Services Manager AIC; Tim O'Dell, Right of Way Agent; Jared Rubin, Environmental & Property Supervisor; John Marshall, Facilities Supervisor; Anne Kah, Administrative Services Manager, Holly Shugart, Administrative Assistant; Evan Irons-DeSiena, IT Support Specialist

**EXECUTIVE SESSION:**

The Executive Session was called to order at 4:45 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 governing body to negotiate real property transactions.

President Brown adjourned the Executive Session meeting at 5:25 p.m.

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Assistant Secretary

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President

**EUGENE WATER & ELECTRIC BOARD  
REGULAR SESSION  
February 1, 2022  
5:45 P.M.**

Commissioners may pose questions to staff prior to the scheduled Board meeting. To view Commissioners' pre-meeting questions and staff responses, visit <https://www.eweb.org/about-us/board-of-commissioners/2022-board-agendas-and-minutes>

**Commissioners Present:** John Brown, President; Sonya Carlson, Vice President; John Barofsky, Matt McRae, Mindy Schlossberg, Commissioners

**Others Present:** Frank Lawson, General Manager; Megan Capper, Energy Resources Manager; Sarah Gorseigner, Support Services Operations Manager AIC; Julie McGaughey, Chief Customer Officer; Karl Morgenstern, Watershed Restoration Project Manager; Rodney Price, Assistant General Manager; Lucas Silva, Associate Professor of Environmental Studies and Geography, Institute of Ecology and Evolution University of Oregon; Ben Ulrich, Senior Energy Resource Analyst; Anna Wade, Business Line Manager

President Brown called the Regular Session to order at 5:45 p.m.

**Agenda Check**

Mr. Lawson announced that although agenda item 11—Integrated Resource Planning “Principles and 2022 Roadmap”—was listed as tentative, the appropriate staff was present and ready to give a presentation.

**Items from Board Members and General Manager**

Mr. Lawson offered that the Northwest Public Power Association (NWPPA) had reached out, and asked him to submit an application to be on NWPPA's Board of Trustees. He added this was different than a former EWEB Board member's tenure on that body, because in this case, it was a utility executive, and not an EWEB Commissioner. Mr. Lawson said he would like to submit the application to the NWPPA.

Commissioner Barofsky asked if that would preclude an EWEB Commissioner from serving on the NWPPA's Board of Trustees.

Mr. Lawson said it was typically just one person per utility, but if a Commissioner-level opening was to occur, he would let the Board know immediately.

Commissioner Schlossberg said she appreciated the recent Board retreat. She also said she had finished her paperwork to run as the incumbent for her position as EWEB Commissioner in May.

Commissioner Barofsky reported he recently attended a McKenzie Watershed Council (MWC) meeting as EWEB liaison, and he found it to be a very rewarding experience.

President Brown said that Bill Chambers, owner of Stahlbush Island Farms, had given him an EWEB commemorative coin from EWEB's past. He also cited the recent news of volcanic activity under South Sister. Lastly, he represented concerns from the Board around safety and security, and in the interest of being proactive, asked if EWEB Security staff could bring the Board a presentation on the utility's protocols in response to such an event.

Mr. Lawson said absolutely they could put something together, as staff had already been considering this.

## **Approval of Consent Calendar – A, Minutes and Routine Contracts**

### **MINUTES**

#### **1. January 4, 2022 Regular Session**

### **CONTRACTS**

**2. Historical Research Associates** – for additional funds for Cultural Resource Studies and Technical Support for Carmen-Smith. \$125,000 (original contract amount \$250,000, resulting cumulative total \$375,000) based on Formal Request for Proposals.

***Commissioner Barofsky moved to adopt Consent Calendar – A. The motion passed unanimously 5:0***

## **Approval of Consent Calendar – B, Non-Routine Contracts and Other Consent Items**

### **CONTRACTS**

**3. Energy and Environmental Economics (E3)** – for a personal services contract for Integrated Resource (IRP) Support. \$300,000 based on Direct Negotiation.

**4. PIVOT Architecture** – for engineering and related services for Bertelsen Property Design and Construction Support. \$470,000 based on Formal Request for Proposals – QBS Process.

**5. Westates Flagman, Inc.** - for Flagging and Traffic Control Services. \$1,800,000 based on Formal Request for Proposals.

**6. Wildish Building Co.** – for a construction contract for the Hayden Bridge Powder Activated Carbon Building Retrofit. \$580,000 based on Formal Invitation to Bid.

## **INTERGOVERNMENTAL AGREEMENTS**

**7. USDA Forest Service** - a supplemental project agreement (SPA) to the Intergovernmental Master Agreement 21-229 for Collaborative Restoration Efforts of the Middle McKenzie after the Holiday Farm Fire between EWEB and the USFS. \$218,000 based on Direct Negotiation.

## **RESOLUTIONS**

**8. Resolution No. 2201** – Board Appointments, Committees, Outside Liaisons.

**9. Resolution Designating Applicant Agent for Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program.**

*Vice President Carlson moved to approve Consent Calendar – B, with the exception of Item 4. The motion passed unanimously 5:0.*

### **Items Removed from the Consent Calendar**

President Brown pulled Consent Calendar B, Item 4, PIVOT Architecture. He said he was not fully comfortable when there is not bidding competition, and he pointed out that EWEB is not designing a building, therefore why wouldn't an engineering firm be selected for this work.

Ms. Gorsegner said the request for proposal (RFP) was based on a phased approach that could eventually include building design, and there is significant wetlands and alternatives analysis involved, and this was but one phase of the total scope of the work.

President Brown wondered exactly what the utility was getting for the \$500,000, and why an architectural firm was handling it, instead of an engineering firm.

Ms. Gorsegner said the team involved was actually a combination of architects and engineers.

President Brown offered that he was concerned because only one company bid, and he will be watchful of possible contract amendments in the future.

*President Brown moved to approve Consent Calendar – B, Item 4. The motion passed unanimously 5:0.*

### **Enhancing Carbon Sequestration and Fire Resiliency in Watersheds**

Mr. Morgenstern introduced Lucas Silva, Associate Professor of Environmental Studies and Geography, Institute of Ecology and Evolution, University of Oregon, who offered the Board a report and PowerPoint presentation on enhancing carbon sequestration and fire resiliency in watersheds.

### **Environmental Product Lines**

Ms. McGaughey and Ms. Wade offered the Board a report and PowerPoint presentation on EWEB's environmental product lines.

Commissioner Schlossberg asked if EWEB's environmental products were based on similar products from other utilities.

Ms. Wade said that was correct.

Vice President Carlson asked how the rates for the environmental products were determined, and if the rates were overseen by the City of Eugene.

Ms. Wade replied that the EWEB Board has rate making authority. She said for the most part, the rates were tied to wholesale markets and are very commodities-driven, and EWEB would remain careful to account for all costs, so these voluntary programs do not affect the utility's standard cost of service.

Vice President Carlson wondered how the rates would be set against the fluctuations of the commodities market.

Ms. Wade asserted that EWEB's Risk Management Committee would be very active in managing those rates, and the utility also had a hedging program into the future.

In reference to Clean Power, Commissioner McRae mentioned the 80,000 Renewable Energy Certificates (RECs) in the presentation—he wondered what that translated to in dollars.

Ms. Wade said approximately \$300,000.

Commissioner McRae said the carbon offset price mentioned in the presentation seemed wildly less expensive than the standard market price.

Ms. Wade said since carbon offsets were a burgeoning market, the offsets themselves were not yet fully commodified. She acknowledged the price can be volatile and is based on the auxiliary benefits of the carbon offset. She clarified that EWEB did not only take into account the carbon offsets the Utility is getting ready to execute on, but they also looked at a broad set of projects that EWEB would have market access to.

Commissioner Barofsky said he would like to make sure the 28% overhead and recovery charge was closely tracked. He also said he hoped a presentation on the Carbon Forest Lab would be put together for EWEB's next upriver meeting.

Ms. Wade said that her and her colleagues had been discussing the potential for extending the Carbon Forest Lab project outside of EWEB service areas, and the utility would be marketing that project in places like the upriver community.

President Brown wondered if EWEB would be able to see who is participating and at what amounts.

Ms. Wade assured President Brown there would be quarterly reports on program participation rates and revenues generated, as well as annual reports on the various programs.

Vice President Carlson asked if staff had talked to any customers who were already buying carbon offsets elsewhere.

Ms. Wade replied the public opinion about carbon offsets in general are varied. She said the City of Eugene had purchased offsets.

Finally, Vice President Carlson asked why there was a cap of 16 metric tons of CO<sup>2</sup> equivalents.

Ms. Wade offered since EWEB was new in the carbon offset commodities market, the utility wanted to ensure its supply lines were shored up, and to make sure its market liquidity was sound, before enhancing and expanding those programs.

Commissioner McRae asked if EWEB's research partners in the Carbon Forest Lab project had adequate funding, and if there had been any hurdles to said funding.

Ms. Wade said that voluntary offset markets were growing and gaining interest rapidly; she added there was great demand for them.

Mr. Morgenstern said there were two National Science Foundation (NSF) grants that EWEB was waiting to hear back from, and there was a great opportunity for EWEB to be on the forefront of offset markets in the western part of the country.

### **Break**

President Brown called a break at 7:11 p.m. The meeting resumed at 7:16 p.m.

### **Resolution No. 2207 Authorizing GM to Negotiate and Execute Property Sale**

Mr. Lawson offered the Board a report and PowerPoint presentation on Resolution No. 2207.

***Commissioner Barofsky moved to table Resolution 2207 until a future date. The motion passed unanimously 5:0.***

### **Goal #5: Integrated Resource Planning "Principles and 2022 Roadmap"**

Ms. Capper and Mr. Ulrich offered the Board a report and PowerPoint presentation on Board Goal #5, Integrated Resource Planning (IRP), roadmap and principles.

Commissioner Schlossberg asked if there was a way or ways to present this to the public for their feedback, without the gesture seeming performative.

Ms. Capper said staff would be providing the Board with guidance and recommendations about the public process, but they had not gotten to that point yet. She said their intent was to collect ratepayer comments after a rollout, and assimilate that feedback into—eventually—a final draft, including a section that captures the themes of the customer feedback.

Commissioner Barofsky felt he would need to be educated on the resources themselves before he felt comfortable making an informed decision. He added that it would be okay to get this information offline, possibly in one-on-one staff meetings.

Mr. Lawson said that could be arranged.

President Brown asked why EWEB not meeting its goal to obtain 95% of annual energy from carbon-free resources was considered a “constraint” in the report and presentation, when the utility was currently operating at 96%.

Mr. Lawson said EWEB was actually operating at an approximate average of 90%.

President Brown asked if things such as: the possibility of salmon being listed as endangered, Snake River dams being removed, and the lawsuit the State of Oregon filed against the Bonneville Power Administration (BPA), are being considered as variables in EWEB’s power supply.

Mr. Lawson said they were.

Commissioner McRae asked if there would be room for the Board to provide its thoughts on EWEB’s resource mix.

Mr. Lawson replied there are a roster of things to consider; such as the Board’s interest in the localness of resources. Recognizing there may be other constraints that need to be understood further, he suggested that could perhaps be part of the Board discussion in April.

President Brown wondered what plans or mechanisms were in place to replace the 30% of coal energy consumed in the state of Oregon, when coal was taken offline.

Mr. Lawson said the analysis would not deal with that directly, but rather dealt with the byproducts, such as the importance of peaking prices. He added other utilities were planning on replacing their coal energy with a mix of various other resources

### **Correspondence & Board Agendas**

Mr. Lawson offered the Board a report on correspondence and Board agendas.

### **Board Wrap-Up**

Commissioner Schlossberg noticed the quality of Board presentations has become higher since she joined the Board four years ago.

Mr. Lawson offered the higher quality of the presentations was noticed internally as well, and that he appreciated that feedback.

President Brown thanked staff and the other Commissioners for their concise questions and answers, and for an overall great meeting.

President Brown adjourned the Regular Session at 8:11 p.m.

*Recorded by Rodney Cimburke*

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Assistant Secretary

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President



## **EWEB Board Consent Calendar Request**

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve an agreement with **capSpire, Inc.** to **plan and implement an upgrade of EWEB’s Energy Trade and Risk Management (ETRM) system Allegro, to Allegro Horizon codebase.**

Board Meeting Date: 3/1/2022  
Project Name/Contract #: Horizon Upgrade Contract 21-151-PSC  
Primary Contact: Megan Capper Ext. 7363

### **Contract Amount:**

Original Contract Amount: \$1,460,000  
Additional \$ Previously Approved: \$0  
Invoices over last approval: \$0  
Percentage over last approval: 0%  
Amount this Request: \$1,460,000  
Resulting Cumulative Total: **\$1,460,000**

### **Contracting Method:**

Method of Solicitation: Formal Request for Proposals  
If applicable, basis for exemption: NA  
Term of Agreement: 1 year  
Option to Renew? No  
Approval for purchases “as needed”  
for the life of the Contract: Yes  No   
Proposals/Bids Received (Range): 4 (\$320,395 to \$1,452,474)  
Selection Basis: Highest Ranked Proposer

Narrative:

### Operational Requirement and Alignment with Strategic Plan

The purpose of this project is to analyze and update Allegro, EWEB’s Enterprise Trade & Risk Management (ETRM) system. Allegro serves as EWEB’s system of record for volumetric reporting of over \$100 million a year for both generation and transactional exchanges of MWh and is critical for accurately reporting our financial transactions and financial risk to the utility. Allegro provides EWEB the core functions of trade capture and management, physical operations, financial settlement, risk management, and decision support and reporting tools. As the cash register for our trades, there are evolving requirements in these markets making its modernization vitally important.

EWEB’s current Version 8.0.9868.6 is now obsolete and no longer supported (or supportable). As of June 2018 – Allegro began charging EWEB a steadily increasing rate for licensing the version of Allegro that we’re currently using. We performed our most recent Allegro upgrade in early 2015. EWEB is approximately 10 releases (major and minor) behind the latest version. To avoid an escalating increase in annual maintenance and support fees, to ensure system stability, and adequate time for planning and implementing an upgrade, EWEB will need to begin the review of the Trading Floor’s ETRM software as soon as possible.

In the first phase of the project, the team will review existing system components and identify those necessary for

upgrade, update, modification, re-configuration, or replacement. In the second phase of the project the team will work with vendor support to update components as needed ultimately transitioning from the existing system to the updated platform and underlying infrastructure.

This project ties to the 10-year strategic priority to manage and reassemble our power generation portfolio. EWEB’s technical capability to do so, and relationship with Bonneville Power Administration (BPA) has changed in recent years. Updating our ETRM system and complying with newer BPA standards is a critical success factor for this project. Additionally, joining the Energy Imbalance Market (EIM) with them is highly valuable to EWEB and its customers. That decision will be made in the context of changing technology, markets, and customer expectations. Updated technology and a more robust ETRM system will better inform management decisions.

The following is a short breakdown of the two phases and the project teams’ approach with the proposed vendor:

**Phase 1** is the assessment and study of EWEB’s existing ETRM system. The team will review business processes, applications, and tools in use and define the tasks for upgrade. Upgrade will involve replacement, reconfiguration, removal, and/or disposition of each system component. The goal of the assessment phase is development of recommendations and a plan for next steps. By elaborating the work as we go, the team as well as business leaders, can remain in synch on scope, schedule, and budget for the work to follow. The results from the assessment(s) will lead to decision making, followed by Phase 2.

**Phase 2** of the project is the move of Allegro off the current physical server/platform to a new environment. Upgrading the application from version 8.0.9868.6 to current software (v. 16.145.5.x.x or better) and migrating data from the existing DB array is also currently within Phase 2 scope of this project.

Contracted Goods or Services

Upgrade services related to EWEB’s Allegro Horizon effort. Upgrade services will include but are not limited to planning, analysis, requirement elicitation, future state business process design, implementation, and testing.

Purchasing Process

A formal Request for Proposals was posted to OregonBuys in September 2021. Proposals were received from four firms. Three of the four firms were initially deemed responsive and responsible.

The proposals were evaluated by an EWEB selection team. The maximum number of possible points for responses was 120, using the following sub-criteria and maximum number of points for each: Minimum Qualifications (Pass / No Pass – Not scored); Ability to Perform the Work (25 points); Project Team Qualifications and Experience (35 points); Project Approach (15 points); References (15 points); Pricing (10 points); and Interviews (20 points).

After completing the evaluation of the proposals, the two highest ranked firms were invited to interview. After interviews were completed, Value Creed was selected as the most qualified consultant, offering the best overall value of experience and approach and an Intent to Award was issued. That Intent to Award was later rescinded due to the fact that Value Creed later took exceptions to the agreed upon EWEB contract terms and conditions and also made changes to their proposed key project staff. Staff then issued an Intent to Award to the next highest ranked proposer, capSpire, Inc.

Proposals Received

Vendor Name	City, State	Offered Price	Ranking
capSpire	Tulsa, OK	\$ 1,452,474	2
Capco	Houston, TX	\$ 1,328,000	3
Value Creed	Plano, TX	\$ 320,395	1, but disqualified
ION	Dublin, Ireland	NA	Non-Responsive

Prior Contract Activities

N/A

**ACTION REQUESTED:**

Management requests the Board approve an agreement with capSpire to plan and implement an upgrade of EWEB's Energy Trade and Risk Management (ETRM) system Allegro, to Allegro Horizon codebase. Approximately \$1 million was planned for these services in 2021. The work is rolling forward into 2022 and will be managed within the 2022 Electric capital budget of \$55 million. Staff are working with Finance to reprioritize and manage the O&M costs within the budget process and Board policy.