

**EUGENE WATER & ELECTRIC BOARD**  
**WORK SESSION**  
**October 25, 2022**  
**4:00 P.M.**

**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; Deborah Hart, Chief Financial Officer; Lisa Krentz, Generation Manager; Jeremy Somogye, Generation Engineering Planner IV; Mark Zinniker, Generation Engineering Supervisor; Alicia Voorhees, Lead Financial Analyst

President Brown called the Work Session to order at 4:00 p.m.

**Agenda Check**

There were no changes or additions to the agenda.

**Leaburg Project Alternatives**

Ms. Krentz offered the Board a brief report and PowerPoint presentation on Leaburg project alternatives.

President Brown asked if the rate impacts in the presentation were compounded using present rates or future rates.

Ms. Hart said the rate impacts were calculated using present rates.

President Brown pointed out that the costs of repairing an already-leaking Walterville canal were not included, although that license is coupled with the Leaburg license. He was concerned the cost associated with Walterville were not being factored in.

Commissioner Schlossberg wondered if it were possible to meet with the Federal Energy Regulatory Commission (FERC) to get more information before making any decisions about Leaburg.

Ms. Krentz pointed out that either decommissioning or relicensing scenarios were negotiated agreements not just between EWEB and FERC, but also other settlement parties, such as fisheries and indigenous tribes.

Commissioner Schlossberg asked if it were possible to know if FERC were willing to extend the Leaburg license, or even to wrap it into the Walterville license.

Ms. Krentz said that normally, EWEB would hold technical conferences with FERC, but that is usually done further along in the process than they are now with Leaburg.

Vice President Carlson pointed out the total scores on the Commissioner Weighting slide were all negative, leaving the Board to choose the least negative option. Vice President Carlson asked how aspects such as social justice and economic aspects were differentiated in the analysis. She also noted that the impact to some attributes was the same across all the alternatives.

Mr. Somogye acknowledged her point, saying that even though some attributes would be impacted similarly, it was important to include them in the analysis to demonstrate that they were considered.

Commissioner McRae agreed with Commissioner Schlossberg about trying to get information from FERC before making a decision.

Commissioner Barofsky said he felt the return-to-service options were weighted negatively in the presentation materials, adding that—if it were feasible—a return-to-service option was his best-case scenario.

President Brown wondered if they should be worried about losing their water right at Leaburg, based on an earlier Supreme Court ruling stating that water rights tied to hydrogeneration would be forfeited if not used to generate hydroelectricity for five consecutive years.

Mr. Lawson said he had been in talks with EWEB Policy/Government Affairs Program Manager, Jason Heuser about pursuing a change in the existing law.

Mr. Zinniker added that it is specifically a hydroelectric water right, and in the case of decommissioning Leaburg, the right would be in jeopardy under current law.

Mr. Lawson wondered—if EWEB was to lose the water right in question—what the process would be for reinstating it.

Mr. Zinniker said the utility would have to start over at the beginning, and reapply for the water right.

Commissioner Schlossberg asked, if they chose a decommission-to-stormwater conveyance approach, would the utility still be held responsible for maintaining those canals in perpetuity.

Mr. Zinniker said that was correct.

Vice President Carlson wondered if there was a possibility to keep the dam at Leaburg Lake, but remove the adjacent canals, and if so, what that would look like cost-wise.

Ms. Krentz said the reason the dam was assumed for removal in a decommissioning scenario, was because of precedents in the energy generation world in which dams were removed during decommissioning, and it is generally a requirement of FERC's.

She added that Leaburg is unlike other hydroelectric projects that have been decommissioned in that Leaburg is not a storage facility and also because of the length of the canal, and there were no precedents for a project like it.

Mr. Zinniker reminded those present, that whatever path was taken, there were many stakeholders involved, which limited the amount of decision-making power the utility alone had.

Commissioner Barofsky asked if there had already been conversations between EWEB and the settlement partners, in an attempt to get on the same page as far as decommissioning Leaburg or not.

Ms. Krentz said there had been conversations with some, but not all of the settlement partners. She said that in previous licensure cases, EWEB had teams assigned to the different types of settlement partners, to gather as much information as possible as to what the settlement partners were thinking.

Commissioner McRae said they should be paying close attention to Tribal governments, and he proposed that staff do a more focused outreach to the local Tribal governments that were stakeholders in the Leaburg decision.

### **Break**

President Brown called for a break at 5:03 p.m. He reconvened the meeting at 5:17 p.m.

President Brown wondered if any EWEB staff had contacted the Oregon Department of Transportation (ODOT) about a hybrid project in which the Leaburg dam would be replaced with a bridge.

Mr. Somogye said they had not contacted ODOT, and if they did choose that route, it would be a matter of following Oregon standard specifications for such infrastructure. He also stated that in order to build a bridge there, the road would need to be straightened.

President Brown noted that some of the lake would probably have to be filled in to accomplish that.

Commissioner McRae asked if EWEB was more likely to get funds for either a decommissioning scenario, or a return-to-service scenario.

Mr. Somogye said the funds were fairly equal between the two scenarios.

Commissioner Schlossberg was interested in tracking the volume of EWEB ratepayer hardships, where a rate increase to help fund the Leaburg project was concerned.

Mr. Lawson said staff typically look at the percentages for Lane County that fall into certain income brackets, he added that the State categorizes “energy burden” as

roughly six percent of income going toward the utility bill. He said that EWEB's costs are currently in the three to four percent range. He said staff would double check the County's numbers in relationship to EWEB's funding for limited-income programs. .

President Brown asked if the costs associated with replacing salmon habitat, and putting water back into the fish hatchery and reopening it, had been calculated.

Ms. Krentz said they had not calculated the mitigation to replace lost habitat in Leaburg Lake for rearing juvenile salmonoids and lamprey, but there were assumptions built in, including lamprey redistribution.

Commissioner Barofsky took issue with some language in the Commissioners' packet, where the phrase "economic risk of ownership" was used; he offered the language was too broad.

Mr. Lawson pointed out the "economic risk of ownership" could point to several components of ownership such as the risk of power generation, or the risk of dam ownership.

Vice President Carlson noted the uncertainty of future generation offsetting some of the costs in the return to service scenarios.

Mr. Zinniker replied that the Corps of Engineers provided revised information which EWEB staff translated into a future flow regime that was used to inform the baseline.

Vice President Carlson wondered if EWEB staff was given updates by the Corps of Engineers regularly.

Mr. Zinniker said yes, EWEB is provided water supply updates.

President Brown inquired which flow regimen was used in the return to service alternatives.

Mr. Somogye replied that the current flow regimen was used in the economics.

Ms. Krentz spoke about river flows; she said that the information required to gauge river flows accurately was not available to EWEB or other stakeholders, so guesses were made at appropriate minimum river flow.

President Brown asked staff how confident they were about the modeling they used. He pointed out that climate change has accelerated more rapidly than predicted, and wondered if the modeling took that into account.

Ms. Krentz said climate change was one of the hardest things to accurately capture. She said staff had looked at several different scenarios, and the climate change piece remained uncertain.

Commissioner Barofsky asked staff how they saw Johnson Creek as a part of a decommissioning scenario.

Mr. Somogye said of utmost concern in that scenario, would be the sizing of the culvert or bridge to get the creek under Highway 126, and how to ensure it follows ODOT specifications.

Vice President Carlson asked about carbon impacts associated with a decommissioning, or a stormwater conveyance scenario.

Mr. Somogye said EWEB analysts did a wonderful job, and it was determined the largest carbon footprint in any scenario involving Leaburg, would be the construction materials, such as concrete.

Vice President Carlson asked how far into the future the modeling goes.

Mr. Zinniker said as these kinds of projects go, the Leaburg project was very low-impact from an environmental standpoint.

Ms. Krentz pointed out there was a table in the earlier October memo, which showed the metric tons of emissions for construction vehicles versus materials.

President Brown asked if EWEB would be able to run its generators at Leaburg, with only 1,000 – 1,200 cubic feet per second (CFS) coming through the turbines.

Mr. Zinniker said that would be reflected in EWEB's sensitivities, adding that there were months of the year where no generation was expected.

President Brown asked if the EWEB Finance Team had gone out into the bond market to see if this project is bondable.

Ms. Hart said that usually, EWEB did not like to bond for something that was not creating an asset for the utility, however, after consulting with EWEB's financial advisors, they determined that they could bond the Leaburg project.

Commissioner Barofsky asked how a decommissioning scenario would affect the mitigation EWEB had agreed to in their current license.

Ms. Krentz said EWEB's mitigation projects under the Leaburg license were completed.

Commissioner McRae wondered if there were any tools left as far as reaching out to local ratepayers about the Leaburg project. He also said he believed targeted engagements with local Indigenous Tribes were crucial.

Vice President Carlson said she would like to see the utility reach out to the settlement partners themselves.

President Brown posited that the December decision date was too aggressive, and he would like to have more time.

Commissioner Schlossberg agreed that December was too soon.

Vice President Carlson added that EWEB was already planning to attend neighborhood association meetings and should go through that process in order to bring more of the community into the Leaburg conversation.

Ms. Krentz pointed out EWEB staff had sent out a survey/comment form that was specific to Leaburg, and they also had a broader customer survey that could be used to glean information about the values of the broader customer base that did not respond specifically to the Leaburg survey.

Vice President Carlson specified that she was most concerned with EWEB ratepayers understanding exactly what the Board is grappling with where Leaburg is concerned, and that, she added, would require the Commissioners themselves to go out and meet with individuals in the community.

Commissioner Schlossberg reiterated it was important to her for EWEB to reach out to FERC, to see if there was any direction they could give the utility in regard to current EWEB licensure.

Mr. Zinniker reassured the Board that while there was a lot of uncertainty surrounding Leaburg, he did not believe anything EWEB was suggesting would warrant a rejection from FERC.

Ms. Krentz reminded those present that all the alternatives for Leaburg would require some action with FERC—whether it be an amendment to the license, or a surrendering of the license—and since the Leaburg license is combined with Walterville's, the Board would also have to take the latter into consideration in their decision-making.

Mr. Zinniker said that once the Board determines whether to move toward returning to service or decommissioning, staff will request feedback from FERC DC.

Ms. Capper added that if EWEB wanted to procure BPA Tier 1 power to replace Leaburg in the utility's portfolio, there is a process that staff would need to go through, and part of the criteria would be that EWEB would not be able to generate from the Leaburg site again.

Commissioner Barofsky asked what the cost of decommissioning Walterville would be.

Ms. Krentz answered approximately \$50 million.

Vice President Carlson wondered if the Army Corps of Engineers (COE) would want to keep the dam in place, and keep Leaburg Lake, should EWEB decide to leave it.

Mr. Somogye offered he thought it doubtful that COE or any other entity would want to take over ownership of the Leaburg dam.

Commissioner Barofsky asked if EWEB were to choose one of the return to service options for Leaburg, would it then be a salable asset, instead of a power generating return on investment.

On Waltherville and Leaburg, Mr. Lawson said they were negative-value assets if they were sold for their operating costs.

Ms. Krentz said staff would be sure to add economic risk of ownership, as per the Board's discussion, and they would split the Recreational component up into smaller sub-components.

Vice President Carlson posited that if the Recreational component was changed, the other components would have to be changed as well.

President Brown polled the Board about breaking the Recreational component down into sub-components, and the Board decided it should be broken down.

Commissioner Barofsky expressed frustration at being expected to reach a decision about Leaburg by the December Board meeting. He asserted that was not enough time to make a decision of this caliber.

President Brown reiterated how important ratepayer outreach is; he said that—his own personal opinions aside—he makes decisions that represent the wants and needs of his constituency.

President Brown adjourned the Work Session at 7:27 p.m.

*Recorded by Rodney Cimburke*

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Assistant Secretary

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President