

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 Carlson commented on the economic aspect of the alternatives, noting that two of the alternatives are close in cost, while the other options are much higher. She recognized there are a lot of people in her wards who live paycheck to paycheck, and ten dollars could mean the difference between eating for a few days, paying rent, or having heat. As such, she rated economic impacts very highly. Noting that no one on the Board takes this lightly, she expressed that it weighs heavily on her as she knows first hand the struggles and tradeoffs people are facing.

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.

Commissioner Carlson acknowledged the associated maintenance that would be involved with Return to Service and asked how far into the future the models look at costs and impacts. She was curious because in the context of environmental attributes, there were few line items, and they did not differ greatly from one alternative to the next, and therefore did not have a big impact on the overall scoring.

Mr. Zinniker explained that Leaburg is a low impact hydro project, and the outcome would be totally different if the analysis was done on a dam on the Columbia River with a high environmental impact.

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 Walterville 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

Assistant Secretary

President

**EUGENE WATER & ELECTRIC BOARD
EXECUTIVE SESSION
4200 ROOSEVELT BOULEVARD / VIRTUAL
NOVEMBER 1, 2022**

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

Commissioner Absent: John Barofsky

Others present: Frank Lawson, General Manager; Sarah Gorsegner, Business Continuity Manager; Rod Price, Assistant General Manager; Deborah Hart, Chief Financial Officer; Julie McGaughey, Chief Customer Officer; Karen Kelley, Chief Engineering & Operations Officer; Travis Knabe, Chief Information Officer; Holly Shugart, Administrative Assistant; Jared Cockman, Network Administrator, Ken Baldwin, Physical Security Supervisor; Anne Kah, Administrative Services Manager; Tom Grim and Kevin Kiely of Cable Huston

EXECUTIVE SESSION

The Executive Session was called to order at 5:00 p.m.

Pursuant to ORS 192.660(2)(h)

To consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

President Brown adjourned the Executive Session meeting at 5:38 p.m.

Assistant Secretary

President

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
November 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 <http://www.eweb.org/about-us/board-of-commissioners/2022board-agendas-and-minutes>.

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

Commissioners Absent: John Barofsky

Others Present: Frank Lawson, General Manager; Aaron Balmer, Fiscal Services Supervisor; Deborah Hart, Chief Financial Officer; TiaMarie Harwood, Financial Services Manager; Karen Kelley, Chief Operations Officer; Wally McCullough, Water Engineering Supervisor; Alicia Voorhees, Lead Financial Analyst

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

Agenda Check

Commissioner McRae said he had several questions about the budget, which might take as much as 10 minutes to ask and answer.

Items from Board Members and General Manager

Vice President Carlson announced the annual EWEB Run to Stay Warm was coming up soon.

President Brown announced that he had the pleasure of presenting a prize to a fifth grader at Coburg Elementary for second place in a poster contest.

Public Input

William Smith of Eugene spoke to the Board about wireless metering. He said that many in his neighborhood had fallen ill since the wireless meters were installed. Mr. Smith suggested meters connected by fiberoptics, instead of the wireless meters now being rolled out by EWEB.

Chris Jones of Eugene, and a former EWEB employee, praised the utility for removing the 28 miles of old power lines that used to stretch from the Leaburg generation facility to Walterville. He asked the Board why the residential energy bills had been broken out into an Energy Charge, and a Delivery Charge; Mr. Jones urged the Board to consolidate the charges into one amount on residential bills.

Mr. Lawson said the reason the EWEB ratepayer bill was broken into Energy and Delivery Charges, is because eventually EWEB would be looking at a demand charge in the residential environment, and it helps the utility address energy usage peaks.

Approval of Consent Calendar – A, Minutes and Routine Contracts

MINUTES

1. a. October 6, 2022 Executive Session

b. October 6, 2022 Regular Session

CONTRACTS

2. Burns & McDonnell Engineering Company, Inc. – for additional funds for Currin Substation Rebuild Engineering Design Services. \$200,000 (original contract amount \$650,000, resulting cumulative total \$850,000) based on Formal Request for Proposals/Qualification Based Selection.

Commissioner Schlossberg moved to approve Consent Calendar – A. The motion passed unanimously 4:0.

Approval of Consent Calendar – B, Non-routine Contracts and Other Consent Items

CONTRACTS

3. Pacific Excavation, Inc. – for additional funds for the Construction of Pipeline Improvements to Support Pump Station Construction. \$632,000 (original contract amount \$842,000, resulting cumulative total \$1,474,000) based on Formal Invitation to Bid.

4. SAP – authorize General Manager Frank Lawson to approve a software license contract with SAP for a Utility Enterprise Resource Platform (ERP) Software Solution. \$7.9 million (over 6.5 years) based on a Formal Request for Proposals.

5. SHI International Corp – for a cooperative contract for Microsoft Software Licenses, Maintenance and Support. \$2 million (over 3 years).

RESOLUTIONS

6. Resolution No. 2226 - Trojan Annual Operating Budget.

Vice President Carlson moved to approve Consent Calendar – B. The motion passed unanimously 4:0.

Upcoming-Year (2023) Proposed Budgets and Prices - Update

Ms. Hart, Ms. Harwood, Mr. Balmer, and Ms. Voorhees offered the Board a report and PowerPoint presentation on the proposed budgets and prices for 2023.

Commissioner McRae requested a breakdown of the Electric utility's budget for revenue. He specifically inquired about non-rate revenues, such as revenue from the Green Product line.

Ms. Hart replied that the Green Product line would be included in “other revenue”, and staff would follow up with further details.

Commissioner McRae asked if it was correct that rate increase percentages were smaller with large users of electricity.

Ms. Harwood answered that was a function of placing the majority of the rate increase in the basic charge.

Ms. Hart said that the cost of service analysis indicated that the basic charge was insufficient to cover the fixed costs, as such the price proposal has assigned fixed costs to a fixed charge therefore the lowest users would receive a higher percentage than the highest volume users.

Commissioner McRae asked if the rate increases would disproportionately affect low-income ratepayers.

Ms. Hart pointed out that EWEB’s low-income customers were spread across the entire usage range.

Commissioner McRae wondered why the amount set aside for low-income ratepayers was the same this year as last.

Ms. Hart said that EWEB staff did periodically evaluate that amount, and it is also supplemented with private donations, that EWEB could tap into when needed.

Vice President Carlson inquired about the use of gradualism in the water pricing, she wondered what period of time it would take to fully recover EWEB’s costs.

Ms. Hart said that this was a three-year Cost of Service Analysis (COSA), and generally EWEB was looking to recover its costs by the end of the three-year period.

President Brown asked why the Cities of Coburg and Creswell were no longer being used as rate comparators?

Mr. Balmer explained there were multiple communities included in the Pacific Power representation on the bar graph for Electric comparators.

Mr. Lawson added that cities were used for Water comparators because most water utilities are based by city, however electric service territories are much different.

Ms. Hart said that staff could add other comparators in the future if desired.

President Brown offered the utility seemed to be pre-funding a second water source project, and he wondered why EWEB was not treating the Leaburg project the same.

Ms. Hart said that technically EWEB is not pre-funding Second Source today, but because there is a large infrastructure project in progress, with respect to the two storage tanks, EWEB actually does have a budget draw this year and the rate increase is helping to fund that, and position EWEB for the debt that the utility will need to assume for Second Source. With respect to pre-funding the Leaburg project, she said that will be one of the options for the Board to consider in 2023; options could include pre-funding, timing rate increases with expected debt issuances, smoothing rates, or some combination thereof.

President Brown pointed out that bond rates are rising and suggested that EWEB start to set money aside for the project now.

Commissioner Schlossberg proposed taking a break before the Public Hearing.

President Brown called for a break at 6:40 p.m. The meeting reconvened at 6:45 p.m.

Public Hearing on Upcoming-Year (2023) Proposed Budgets and Prices

President Brown opened the public hearing at 6:45 p.m. Seeing no one who wished to speak, he closed the public hearing at 6:45 p.m.

Upcoming-Year (2023) Proposed Budgets and Prices - Direction

President Brown said that with the way the economy is trending, a rate increase now, will not be the same as a rate increase in as little as a year from now.

Commissioner McRae asked if it was true that if the utility set aside monies now (which are regulated to remain low-interest), would they be effectively losing money because of inflation.

Mr. Lawson said that was true when looked at from a customer perspective, but it would be hard to ask customers to pre-fund anything, without knowing exactly what will happen with Leaburg. He recommended that the Board consider pre-funding beginning in 2024.

Quarterly Operational & Strategic Goals Report for Q3

Mr. Lawson offered the Board a Strategic Goals report for Q3, with PowerPoint accompaniment.

Vice President Carlson wondered why current assets in the electric financials changed by \$70 million between 2021-2022.

Ms. Harwood said EWEB was required to reclassify investments with maturity greater than one year from current, to other non-current assets; she said the increase in current assets was offset by a decrease in other non-current assets, and the overall change from 2021 is relatively flat.

Vice President Carlson asked if Leaburg's inactive status was factored into the numbers in the Rate of Return metric.

Ms. Harwood said it was. She added that proposed rate increases will help to improve the metric.

Commissioner Schlossberg asked if EWEB would be able to catch up on the work towards the Willamette River treatment plant.

Ms. Kelly said she did expect to get caught up on the Willamette treatment plant project.

Mr. McCullough said that the utility should be able to catch up on the Willamette treatment plant project, and EWEB just needed to get through the Capital Planning process.

President Brown asked if the Board would get any updates about the Headquarters property before the end of the year.

Mr. Lawson said he would be updating the Board regularly over the next few months.

Hydrogen Pilot Project Update

Mr. Lawson offered the Board an update and PowerPoint presentation on the Northwest Natural hydrogen pilot project.

Correspondence & Board Agendas

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

Referring to the correspondence around New PURPA Standards – Demand Response & Vehicle Electrification, Commissioner Schlossberg asked if EWEB would be required to help with vehicle charging stations.

Mr. Lawson explained that it is a standard independent of charging stations. He added that it is an administrative process that would have no substantial operating impact or changes to what EWEB is already doing.

President Brown adjourned the Regular Session at 8:12 p.m.

Recorded by Rodney Cimburke

Assistant Secretary

President

**EUGENE WATER & ELECTRIC BOARD
WORK SESSION
November 15, 2022
5:30 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; John Crider, Senior Energy Resource Analyst; Ben Ulrich, Interim Power Planning Supervisor

President Brown called the Work Session to order at 5:30 p.m.

Agenda Check

There were no changes or additions to the agenda.

Goal #5: Integrated Resource Planning - Reference Modeling Results in the 2022 Integrated Resource Plan (IRP)

Ms. Capper, Mr. Crider, and Mr. Ulrich offered the Board a report and PowerPoint presentation on Goal #5: Integrated Resource Planning - Reference Modeling Results in the 2022 IRP.

Commissioner Barofsky asked for reasoning behind not including Seneca and International Paper (IP) in the model past 2025. He also inquired if power generated from Seneca was considered carbon free.

Mr. Lawson said it is considered renewable by the state standard, and it does generate Renewable Energy Credits, however it does have some carbon content because it is a combusted process.

Mr. Ulrich said the model did have the option to select a new biomass facility, which he characterized as an affordable biomass facility, but the model did not choose to do so in the reference case run, instead the model chose to build batteries and wind.

Commissioner Barofsky asked about battery storage. He wondered if EWEB would build and store the batteries on EWEB property or would someone else build the batteries thus requiring transmission.

Mr. Ulrich replied EWEB did not assume any transmission build costs for the batteries; the assumption was the batteries would be sited either next to a renewable generator, or otherwise sited locally.

Commissioner Barofsky asked whether western regional resource planning would result in EWEB being required to procure additional energy to serve load elsewhere in the region.

Mr. Lawson explained the goal of the Western Resource Adequacy Program (WRAP) was for individual utilities to share and leverage resources across the region to meet excess demand, consequently resource plans for individual utilities could have a lower safety margin. He said that EWEB is part of Bonneville's balancing authority, therefore BPA would impose the requirements of the program on its member utilities, or possibly charge a penalty to utilities if they violate their requirement or need to access additional energy. He added that the financial implications are not yet known.

Vice President Carlson wondered about the Western Regional Adequacy Program's (WRAP) excess requirement, and how that would work for utilities that did not generate power.

Mr. Lawson said those utilities' balancing authority would take care of that issue.

Vice President Carlson wondered if EWEB would be able to replace such expired contracts as Seneca and IP in a timely fashion.

Mr. Ulrich said their assumption in this modeling was that Bonneville Power Administration (BPA) would not be able to grow with EWEB, but it was only an assumption at this point as staff wanted to see what the model would select in such a scenario.

Vice President Carlson asked about the IRP's timeline.

Mr. Crider said the IRP was a 20-year look-out, and there was a five-year action window, in which the utility would take physical action relative to the IRP.

Vice President Carlson asked if the window of action was five years, how would EWEB fill the gap of the expiring Seneca and IP contracts beginning in just over two years—in 2025.

Mr. Ulrich assured the Board that these were merely calculations based on their assumptions thus far.

Ms. Capper added that EWEB would not need a new resource until 2026.

Commissioner Schlossberg asked about the current state of BPA in regard to EWEB.

Mr. Lawson said if EWEB decided it needed more from BPA, the latter would ask the utility for a commitment, so BPA could go out and find resources to meet EWEB's needs.

Commissioner Schlossberg asked if—in the modeling assumptions—Leaburg was considered running at full capacity, even though it is not functional now.

Mr. Ulrich answered yes.

President Brown asked what would happen if the peak demand changed during the IRP modeling period.

Ms. Capper said EWEB held generated power in reserve, in order to prepare for unpredictable peaks in winter and summer. She added EWEB could also buy power on the open market in the event of a power shortfall.

President Brown asked about how EWEB's IRP modeling treated the dams on the Snake River.

Mr. Ulrich said EWEB used an outside company called Energy and Environmental Economics (E3) to help them generate a market price forecast, and he would have to check with them on the Snake River specifics.

President Brown asked how staff modeled the resources of coal and gas, which make up 40% of Oregon's current electricity usage.

Ms. Capper assured the Board that E3 had taken the absence of coal and gas into consideration in their modeling, as well as replacing both of those energy sources.

President Brown asked how the expiration of the Seneca contract factored into the IRP

Mr. Ulrich explained the utility did not explicitly model for Seneca or IP, rather they offered the model an affordable biomass facility as a prototype. Staff wanted to see what resources would be selected by the model, and the model did not choose biomass thematically.

Commissioner McRae asked if EWEB's reserves cost the utility, or did EWEB sell off its reserves at the last minute.

Mr. Ulrich said the model assumes any excess hourly generation would be automatically sold back to the market.

Commissioner McRae asked, in terms of sensitivities, if EWEB was consistent with state and local electrification goals.

Mr. Ulrich said EWEB used likely electrification, which was based on economics, as the jumping off point, but the utility could choose a higher scenario to test.

Commissioner McRae wondered at what point it would be appropriate to begin the conversation about locally available resources.

Ms. Capper said that could be part of the final IRP process next year.

Commissioner Barofsky asked if hydrogen had been taken into consideration in the IRP modeling.

Mr. Ulrich said no.

Commissioner Barofsky said information about why solar is not a part of the IRP discussion would be helpful for him, so he could pass that information on to his constituents.

Ms. Capper said staff was planning on providing IRP tools in the month of December, as well as adding specific things to their background reports on IRP agenda items.

Vice President Carlson wondered if EWEB was considering talking with Seneca operators regarding the cost assumptions for the biomass plant.

Mr. Ulrich said this question speaks to the difference between the IRP process, which is a philosophical strategic approach, and the actual procurement of resources. He said one of his key takeaways from the IRP process was that EWEB has identified a need in 2026 and would be interested in new resources at some point. He added that staff would start bringing in more detailed data to the model so EWEB can select the least cost and best fit for its portfolio.

Mr. Lawson reiterated that EWEB did not input the cost for Seneca that exists today, instead a reference cost, that was consistent with the market across the region, was used.

Vice President Carlson asked if BPA dealt only in nuclear and hydropower, or if they had other resource options.

Regarding renegotiating the next contract with BPA, Ms. Capper said there is discussion around an option they are calling augmenting Bonneville – to possibly increase the system size and allocate those resources across BPA’s customer base.

Mr. Lawson said EWEB would need to determine the best business model for the utility going forward; currently EWEB is a vertically integrated utility that generates, has transmission, purchases power, and delivers it to load. He said discussions around the business model would begin in the late 2023-2024 timeframe.

Ms. Capper added that the next IRP would model the products offered by BPA and the associated costs which will also inform the aforementioned discussion.

Vice President Carlson said it would be helpful if staff could parse out resiliency in the IRP modeling.

Mr. Ulrich said that type of resiliency study was typically done through qualitative analysis, where a Board would contrive scoring matrices where they consider other criteria outside of just the modeling – similar to a triple bottom line analysis.

Vice President Carlson asked for clarification on staff's battery modeling.

Mr. Ulrich explained their battery modeling was based on the assumed cost of building a new utility scale battery. He added utilities that build large battery banks, publish the banks' data, so EWEB is able to draw on said data.

Commissioner Schlossberg said she would like to see more conversation surrounding local resources—something more significant as an internal memo.

President Brown adjourned the Work Session at 6:48 p.m.

Recorded by Rodney Cimburke

Assistant Secretary

President

**EUGENE WATER & ELECTRIC BOARD
EXECUTIVE SESSION
4200 ROOSEVELT BOULEVARD / VIRTUAL
DECEMBER 6, 2022**

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

Others present: Frank Lawson, General Manager; Lena Kostopulos, Chief Workforce Officer; Kira Hutchens; Human Resources Manager; Rod Price, Assistant General Manager; Deborah Hart, Chief Financial Officer; Julie McGaughey, Chief Customer Officer; Karen Kelley, Chief Operations Officer; Travis Knabe, Chief Information Officer; Jason Vartanian, HR Partner; Tyler Nice; Electric Operations Manager; Lisa Krentz, Generation Manager; Holly Shugart, Administrative Assistant; Evan Irons-DeSiena, IS Support Specialist; Ken Baldwin, Physical Security Supervisor; Anne Kah, Administrative Services Manager

EXECUTIVE SESSION

The Executive Session was called to order at 5:00 p.m.

Pursuant to ORS 192.660(2)(d)

To deliberate with persons designed by the governing body to carry on labor negotiations.

Vice President Carlson adjourned the Executive Session meeting at 5:30 p.m.

Assistant Secretary

President

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
December 6, 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 <http://www.eweb.org/about-us/board-of-commissioners/2022board-agendas-and-minutes>.

Commissioners Present: John Brown, President (via teleconference); Sonya Carlson, Vice President; John Barofsky, Matt McRae, Mindy Schlossberg, Commissioners

Others Present: Frank Lawson, General Manager; Aaron Balmer, Fiscal Services Supervisor; Deborah Hart, Chief Financial Officer; Jason Heuser, Public Policy and Government Affairs Program Manager; TiaMarie Harwood, Financial Services Manager; Karen Kelly, Chief Operations Officer; Lisa Krentz, Generation Manager; Rod Price, Assistant General Manager; Alicia Voorhees, Lead Financial Analyst; Mark Zinniker, Generation Engineering Supervisor

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

Agenda Check

There were no changes or additions to the agenda.

Items from Board Members and General Manager

Commissioner McRae announced that he recently met with Springfield Utility Board member John DeWenter, adding that it was the first time he had met with the gentleman.

Vice President Carlson thanked EWEB for a very successful Run to Stay Warm.

Mr. Lawson wished to bring to the Board's attention, questions EWEB had been asked relating to the attack on the energy grid in North Carolina. He said that staff would be putting together information for the Board, specifically surrounding EWEB's plans, precautions, and preventative measures in the event of this kind of attack.

Public Input

Bryce Cumpston of Eugene, spoke in favor of the decommissioning the Leaburg project.

William Smith of Eugene, provided written testimony and spoke to the Board about fiberoptics. He cited the cities of Hillsboro, Oregon, and Chattanooga, Tennessee, as having successes—both financial, and in serving their customers—with fiber optic

broadband networks. Mr. Smith pointed out another benefit to fiberoptic networks, was that wireless technologies were not needed.

Otto Poticha of Eugene, spoke to the Board about Resolution No. 2225, which authorized the EWEB General Manager to negotiate terms and conditions for the conveyance of the EWEB headquarters property. He asserted the Executive Session minutes on the subject offer no guidance or selection criteria whatsoever to the General Manager for the conveyance of the property. He implored the Board to rescind Resolution No. 2225, remove the headquarters property from the market, and provide the necessary time for the development of a more thorough proposal.

William Muenchau of Leaburg, spoke in opposition to the decommissioning of the Leaburg project. He said decommissioning was almost the same cost as a return-to-service option, and the loss of revenue from the facility would be \$500,000,000 over 50 years. He also pointed out that the numbers EWEB staff generated surrounding the options for Leaburg, were based on wholesale electricity prices, although EWEB sold their electricity at retail prices.

Robert Spencer of Vida, spoke in favor of the decommissioning of the Leaburg project. He said this action—the removal of the Leaburg dam—was what was best for the McKenzie River, adding the removal of the Leaburg and Walterville canals would also be beneficial to the river, as the current situation impedes human and fish navigation.

Marna Broekhoff of Eugene spoke to the Board about Resolution No. 2225. She asked the Board to wait to decide the disposition of the property, so that consideration could be given to making it into a possible community center. She said there had been very little community awareness of EWEB's plans to sell the property, adding her and others had put a grassroots survey into the community, to gauge interest in making the building a community arts center, and had already received over 200 responses from community members.

Grace Brahler of Eugene, spoke in favor of the decommissioning of the Leaburg project. She pointed out imperiled species and other wildlife which rely on the McKenzie River for life. She said she was sympathetic to those upriver irrigators who relied on the Leaburg and Walterville canals for irrigation, and suggested EWEB choose the option that would allow a gradual return to pre-project natural conditions, giving the aforementioned irrigators opportunity to seek out different water sources.

Tim Lewis granted his speaking time to Robert Spencer.

Robert Spencer of Vida, said that, as a victim of the Holiday Farm fire, he witnessed EWEB go above and beyond in every regard, including assistance programs, and work crews all along the McKenzie River. He said the utility was very helpful and very professional through the fire, and the rebuilding after the fire.

Written Testimony

Meg Townsend on behalf of The Center for Biological Diversity wrote in support of decommissioning Leaburg Dam and incrementally restoring the McKenzie River to pre-project conditions.

Daniel Noonan of Eugene wrote in support of Management's recommendation to remove Leaburg dam and restore the natural flow of the McKenzie River wherever feasible and in the public interest.

Piper Wyrick wrote in support of the removal of the McKenzie River dam and letting the river return to its natural state.

Abraham Kelso of Eugene wrote in support of staff's recommendation to decommission and remove the Leaburg dam.

Doug Heiken of Eugene, on behalf of Oregon Wild wrote in support of the General Manager's recommendation to decommission Leaburg Dam and restore as much of the affected waterways as possible to their natural condition.

Dustin Weisman of Laurel Hill Valley wrote to express the opinion that pricing for EWEB services for the next year should remain unchanged, if not lowered.

Robert Emmons of Fall Creek, on behalf of LandWatch Lane County wrote to advocate for the removal of Leaburg Dam, Leaburg Canal and Waterville Canal.

Katie Lynch on behalf of University of Oregon students enrolled in the course entitled Understanding Place: the McKenzie Watershed. Ms. Lynch compiled public comment from students who studied the watershed and four alternatives for the Leaburg Hydro Electric Project: Alternative 1, Decommissioning to Pre-Project Conditions; Alternative 2, Return to Full Service (Generation); Alternative 3, Partial Return to Service; and Alternative 4, Decommission to Storm Water Conveyance.

Julia Odenthal of Eugene wrote in support of Alternative 1.

Ethan Moser of Eugene wrote in support of Alternative 4.

Tyee Atkin of Eugene wrote in support of Alternative 4.

Carly Watters wrote in support of Alternative 1.

Ella Hopkins of Eugene wrote in support of Alternative 4.

Ashia Wilson of Eugene wrote in support of Alternative 4.

Gabrielle Pearse of Eugene wrote in support of Alternative 4.

Sara of Eugene wrote in support of Alternative 4.

Domenic DiGiulio wrote in support of Alternative 1.

Abby Franklin of Eugene wrote in support of Alternative 3.

Marina Thompson wrote in support of Alternative 1.

Liliana Ruiz wrote in support of Alternative 3.

Romy Bennett of Eugene wrote in support of Alternative 1.

Luca Arroyo wrote in support of Alternative 1.

Falon Trentham wrote in support of Alternative 3.

Anonymous Student wrote in support of decommissioning and removing Leaburg dam.

Anna Ward wrote in support of Alternative 1.

Chris Skawski of Eugene wrote in support of Alternative 1.

Maya Revell of Eugene wrote in support of Alternative 1.

Mr. Lawson offered that in order to rescind a Resolution, the Board would have to do so by Resolution; he added if the Board did decide to rescind Resolution No. 2225, and they did so by Board action, he would respect that decision until a resolution could be drawn up. He clarified that Resolution No. 2225 was passed in regular session; guidance relative to negotiation limits was discussed in executive session permissible by Oregon Revised Statutes.

Commissioner McRae said he thought it would be valuable to have a focused Board discussion about the headquarters property. The Board agreed, and Vice President Carlson requested that discussion be added to a future agenda.

Vice President Carlson asked if tonight's agenda might be amended to facilitate further discussion surrounding the headquarters property.

President Brown said they could potentially have that conversation right now, adding that he himself was against delaying the sale of the property any longer. He said if EWEB had a buyer at hand, they should seriously consider an offer.

Commissioner Barofsky wondered at the criteria EWEB staff was using to consider proposals about the headquarters property.

Mr. Lawson said the Board had specified the criteria to be used in this process, including the broad community value, and the economics of the situation. He asserted he had operated within those guidelines, and the Board had also given the General Manager full authority to negotiate and execute a sale.

Commissioner Barofsky said it was not his intention or wish to push the decision out into the future indefinitely, but at least wanted the Board to be involved in the discussion which laid out all the current proposals.

Mr. Lawson said that he would agree on record tonight that any offer, contingency, or purchase and sale agreement that he has discussed, would be contingent upon having a Board discussion, before any decisions were made.

Commissioner Schlossberg said the Board had set up a scoring matrix, and an ad-hoc committee surrounding the sale of the headquarters property, but none of the offers they received met their criteria, at which point they turned the power of the sale over to the General Manager, in the hopes the process would not drag on for several years.

Vice President Carlson noted the great deal of time invested in critically thinking about what was desired for the community but unfortunately that process did not yield the desired results. She posited there was still opportunity for community benefit in the sale, without delaying the process indefinitely. She added if there was a buyer which met all the criteria, and had adequate funding to move forward, EWEB should consider a sale, especially due to the number of large projects and decisions the utility was involved in currently.

On the Leaburg/Waltermville issue, Commissioner Barofsky said the Board was working very hard to balance what they have heard from the community, and what the Board needs to do for the EWEB ratepayers who elected them.

Vice President Carlson said there were some items cited in public testimony that could use more information and clarification, and asked staff to reach out to those speakers in order to correct any misinformation, and provide more clarity around the Leaburg dam and the significant issues that are closing down power generation at the project.

Approval of Consent Calendar – A, Minutes and Routine Contracts

Vice President Carlson said that due to the surfeit of materials the Board had to look over in preparation for this meeting, she did not get a chance to get through all the items from the set of minutes on the Consent Calendar and asked that voting on the minutes be postponed as there were a few things she wished to clarify.

MINUTES

- 1. a. October 25, 2022 Work Session**
- b. November 1, 2022 Executive Session**
- c. November 1, 2022 Regular Session**

Commissioner Barofsky moved to postpone Consent Calendar – A until the January 2023 Regular Session. The motion passed unanimously 5:0.

Approval of Consent Calendar – B, Non-routine Contracts and Other Consent Items

CONTRACTS

2. Eurofins Eaton Analytical, LLC and Neilson Research Corporation – for price agreements for Water Quality Analytical Testing Services. \$200,000 (over 5 years) based on Formal Request for Proposals (2 bids per lot).

3. General Pacific Inc. – for Single Phase Polemounted transformers. \$2,000,000 based on Direct Negotiation (Sole Source).

4. McKenzie Watershed Alliance – for additional funds for Instream Large Wood Restoration Projects. \$700,000 (Original contract amount \$800,000, resulting cumulative total \$1,500,000) based on Direct Negotiation (Sole Source).

5. Palouse Power, LLC – for the Demolition and Construction of Currin Substation. \$7,100,000 based on Formal Invitation to Bid.

RESOLUTIONS

6. Resolution No. 2231 - EWEB Avoided Cost Prices Update.

7. Resolution No. 2232 - Electric and Water Utility 2022 Budget Amendments. ***Commissioner Barofsky moved to approve Consent Calendar – B. The motion passed unanimously 5:0.***

Upcoming-Year (2023) Proposed Budgets and Prices - Update

Ms. Hart, Ms. Harwood, Mr. Balmer, and Ms. Voorhees offered the Board an update and PowerPoint presentation on the proposed budgets and prices for 2023.

Public Hearing on Upcoming-Year (2023) Proposed Budgets and Prices

Vice President Carlson opened the public hearing at 6:37 p.m. Seeing no one who wished to speak, she closed the public hearing at 6:37 p.m.

Upcoming-Year (2023) Proposed Budgets and Prices - Action

President Brown said EWEB was very fortunate that it did not have to raise rates at all over the last five years, and that he would continue to fight to keep rates down as much as possible.

Commissioner Schlossberg said she was in support of the rate increase, but the utility had a responsibility to help those ratepayers for whom the increase would be a hardship.

Commissioner Barofsky said he was very happy EWEB staff took the Board's suggestions to heart and were able to stretch out the water rate increase over time. He supported the budgets and prices.

Vice President Carlson was in support of the budgets and prices, but, like Commissioner Schlossberg, wanted to make sure EWEB continued to offer assistance to the low-income ratepayers, who might have a harder time in the face of rate increases.

Commissioner Barofsky moved to approve Resolution No. 2227—the 2023 Budget. The motion passed unanimously 5:0.

Commissioner Barofsky moved to approve Resolution No. 2228—Electric Prices. The motion passed unanimously 5:0.

Commissioner Barofsky moved to approve Resolution No. 2229—Water Prices. The motion passed unanimously 5:0.

Resolution No. 2230, 2023 State Legislative Agenda (Board Policy GP13)

Mr. Heuser offered the Board a report and PowerPoint presentation on Resolution No. 2230, 2023 State Legislative Agenda (Board Policy GP13).

Commissioner Barofsky pointed out there were a lot of new people elected to the Oregon State Legislature, and he asked if Mr. Heuser had been in contact with the new State Representatives and Senators.

Mr. Heuser said he was planning to do that, but he wanted to see all the Committee assignments first, to know who among the new State Legislators would be best to meet with first.

President Brown said he remembered a past effort to get a bill passed that would require regular inspection of septic tanks within 100' of a waterway from which drinking water was drawn, and he asked if that was still being discussed in Salem.

Mr. Heuser recalled a past effort that attempted to tie septic inspections to home inspections at the time of sale. However, there was a bill that essentially preempted what local jurisdictions could do with regard to fees involved with real estate transactions, and there was a legal judgement that determined, because there was a cost for the inspection, it was prohibited under the state initiative. Mr. Heuser advised this was just his recollection and he would need to review his notes on the matter, but he believed it would be difficult to implement an inspection requirement in the way it was envisioned.

President Brown urged EWEB to try to rekindle that initiative in the future.

Mr. Heuser recalled a past meeting that he and Mr. Morgenstern had with the local realtor's association where they suggested it would be good business practice to recommend septic inspections to their clients who were purchasing a home, adding that staff could consider having that conversation again.

Commissioner Schlossberg moved to approve Resolution No. 2230, 2023 State Legislative Agenda (Board Policy GP13). The motion passed unanimously 5:0.

Goal #3(a): General Manager's Recommendation - Leaburg Canal TBL & Strategic Assessment Final Findings

Mr. Lawson, Ms. Kelley, and Ms. Krentz offered the Board a report and PowerPoint presentation on the General Manager's recommendation for the future disposition of the Leaburg hydroelectric project.

President Brown said he was very pleased with the General Manager's recommendation. He wondered if the dam was removed, would the fish hatchery also be removed.

Ms. Krentz answered that it would be difficult to get water from the Leaburg Canal all the way down to the salmon hatchery, so staff is proposing to partner with the fish hatchery, to determine if they have other sources of water.

President Brown asked what would happen to Lloyd Knox Park if the Leaburg dam were removed.

Ms. Krentz replied that although it was too early to say definitively, as part of the license surrender process, EWEB would likely have to provide recreation opportunities, and as such, would have discussions with stakeholders and other interested parties about the future of Lloyd Knox Park.

Commissioner Schlossberg asked for clarification surrounding the maintaining of the surrounding canals for water conveyance alone.

Mr. Lawson said the initial recommendation to continue to use the canals for stormwater conveyance was based on the economic advantage that it had over the full decommissioning option. He explained that if EWEB could obtain environmental recovery funds, that led to full decommissioning of the canal, there would be advantages such as removing the ongoing O&M obligation. He closed by saying the initial recommendation is the most practical way to start unless we learn otherwise.

Commissioner Schlossberg wondered at what point the utility would start to be proactive with residents who live along Leaburg Lake, to mitigate the extreme shift in their property.

Mr. Lawson said EWEB had baked into its planning around Leaburg, outreach to interested parties, adding that the entire process was a collaborative effort with said parties, and all stakeholders.

Mr. Somogye said one of the first things staff would do once the record of decision was implemented would be to have another stakeholder engagement plan, to get the word out and reassure the community that this would be a long-term process with a long time to negotiate and mitigate the issues.

Commissioner Barofsky asked if EWEB told the Federal Energy Regulatory Commission (FERC) they were going to surrender the Leaburg license, was staff confident FERC would let EWEB keep the Walterville Canal until at least 2040.

Ms. Krentz said staff was confident EWEB would be able to keep Walterville until at least 2040.

Commissioner Barofsky asked who the regulatory body for stormwater conveyance would be.

Mr. Zinniker replied the State of Oregon.

Ms. Krentz assured those present that, should EWEB decide to decommission Leaburg dam, the dam itself would not be removed right away, stating that it would probably be a decade until that time.

Commissioner McRae announced he was in agreement with the recommendation, and he appreciated the time and effort EWEB staff, and the Board of Commissioners had put into this decision.

Vice President Carlson reiterated that cost was a big driver for her. She said it was imperative the utility be as transparent as possible about the process, so ratepayers will understand the reasons for the decision the Board makes, and that it was the best choice of bad options. She reaffirmed she wished they could keep the Leaburg dam, but she realized it was tied to power generation which is very costly and risky.

Commissioner Barofsky stated—if EWEB moved forward with a decommissioning scenario—he was in favor of returning the entire corridor around what is now Leaburg Lake, back to a pre-dam, pre-lake state.

President Brown said similar things had happened along the Rogue River—where dams had been removed, rendering lakefront homes, riverfront homes; he hoped EWEB could draw from that work as they move forward their plans for Leaburg. He wondered—in a return-to-service (RTS) scenario—if the EWEB facility was to be shut down in the future due to waterflows, etc., on top of the \$250M to get the project running, would the utility then have to spend an additional couple hundred million to decommission.

Mr. Lawson confirmed that was correct.

President Brown reiterated the huge financial risk of returning to service, as there would be a possibility that the project could later be shut down resulting in double the cost for rate payers. He said this liability weighed heavily on him.

Commissioner Schlossberg said that if EWEB moves in the direction of decommissioning, she too leans toward looking at full decommissioning to pre-project conditions.

Commissioner McRae concurred.

Mr. Lawson said he would direct staff to incorporate in the record of decision, that EWEB is preserving the option to pursue full decommissioning if that turns out to be practical and feasible.

Commissioner Carlson noted the cost difference for full decommissioning, while also acknowledging that option would have less liability in the long term.

Commissioner Barofsky asked if regular timeline check-ins with the Board, including decision points, could be a part of the record of decision.

Mr. Lawson said that it was possible to build regular reporting regimes to the record of decision.

Break

Vice President Carlson called for a break at 8:10 p.m. The meeting reconvened at 8:20 p.m.

Upcoming-Year (2023) Organizational Goals Development

Mr. Lawson and Mr. Price offered the Board a report and PowerPoint presentation on the Upcoming-Year (2023) Organizational Goals Development.

Commissioner McRae said he would like to see the diversity, equity, and inclusion (DEI) part of the Organizational Goals applied more broadly, and not just to the workforce itself.

Vice President Carlson agreed with Commissioner McRae's DEI sentiment. She said she liked the Goal's succinctness.

On the Strategic Plan (SP) Commissioner Barofsky said the utility should be adding things to its SP each year, but they also should be working to complete and remove items from the SP each year.

Annual Board Policy Review (policies changed within one year) – 2022 Roster: SD15 Climate Change Policy, GP7 Parliamentary Procedures, EL4 Compensation & Benefits, GP15 New Commissioner Orientation

Mr. Lawson offered the Board a review and PowerPoint presentation on the Annual Board Policy Review (policies changed within one year) – 2022 Roster: SD15 Climate Change Policy, GP7 Parliamentary Procedures, EL4 Compensation & Benefits, GP15 New Commissioner Orientation.

Commissioner McRae said he was in favor of reducing the amount of detail in the meeting minutes, especially with current technology. Regarding the Purchasing Controls policy (EL2), he noted the current policy was adopted in 2017 and has a threshold of \$150,000 (that triggers board approval); he suggested building in an escalation to the threshold over time.

Mr. Lawson said that staff take all procurement seriously regardless of the cost threshold. He said the Board could decide what level they are comfortable with, adding that all contracts above \$40,000, that do not require board approval, are reported.

President Brown spoke to the importance of oversight, referencing a past Consent Calendar item in which the Board was asked to approve a \$77,000 contract for grass planting, but with their authority, the Board questioned that amount, and eventually—thanks to purchasing controls—they cut that cost in half. He added that he was not concerned about the dollar threshold as he also reviews the quarterly reports, noting that little contracts are as important to him as the big ones.

Commissioner Barofsky agreed with President Brown regarding the importance of being good stewards when spending any amount of money and said that he was fine with leaving the purchasing control amount at \$150,000.

Commissioner Schlossberg said she would like to make sure that as a Board they are using best practices and are aware of how they can improve diversity, equity, and inclusion.

Commissioner Barofsky said Board Policy EL4 (Compensation and Benefits), gave him some pause, due to the State Law saying if an organization offers a bonus to one employee, every other employee in that class must be offered the same bonus.

Mr. Lawson assured the Board that any compensation or benefits paid by EWEB had all been legally reviewed and deemed legal and appropriate.

Vice President Carlson said she felt the Environmental and Sustainability policies could be combined. She also wondered if policies that had since concluded, might be removed. Finally, Vice President Carlson said she was in favor of reducing the detail of the minutes.

Commissioner Barofsky said he would like to know what the greenhouse gas reduction number was between 2009 and 2010.

Commissioner McRae said he was strongly in favor of an EWEB resiliency policy, perhaps baking in items such as building seismic standards and the localness of EWEB's energy generation.

Commissioner Barofsky asked how staff would go about coming up with a resiliency policy.

Mr. Lawson pointed out a resiliency policy would be a Board-level policy, rather than an operational policy, and as such, should provide Board guidance to staff that will help them answer specific questions in the areas of: infrastructure, workforce, and finance.

Correspondence & Board Agendas

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

Commissioner McRae said the draft Integrated Resource Plan (IRP), which was now public, was very helpful, and he said he was eager to hear more from staff on ratepayer outreach surrounding the IRP.

Mr. Lawson said it was staff's intent to provide Board members with materials so they can speak to their constituents about the IRP, Leaburg, funding for second source, etc.

Commissioner Barofsky said that despite the past joint meeting with the Eugene City Council not being very successful, EWEB should still reach out to them to try to work collaboratively since the utility and the City have so much overlap.

Commissioner Schlossberg said that as the at-large EWEB Commissioner, she would be happy to accompany other Commissioners to customer meetings in their respective wards.

Board Wrap Up

Mr. Lawson thanked the Board for their dedication to their posts in 2022. He said their care for the community, and their community engagement were both noteworthy.

Vice President Carlson thanked President Brown for his leadership in 2022.

Vice President Carlson adjourned the Regular Session at 9:15 p.m.

Recorded by Rodney Cimburke

Assistant Secretary

President

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new price agreement with **Anixter** for **Transformer and Secondary Connectors** for use in EWEB's electrical distribution system.

Board Meeting Date: January 3, 2023
Project Name/Contract #: Transformer and Secondary Connectors / 22-175-G
Manager: Tyler Nice Ext.7419
Executive Officer: Karen Kelley Ext.7153

Contract Amount:

Original Contract Amount: \$320,000
Additional \$ Previously Approved: \$0
Spend over last approval: \$0
Amount this Request: \$320,000
% Increase over last approval: NA
Resulting Cumulative Total: **\$320,000 (over 5 years)**

Contracting Method:

Method of Solicitation: Formal Invitation to Bid
If applicable, basis for exemption: NA
Term of Agreement: 5 years (February 1, 2023 – January 31, 2028)
Option to Renew? No
Approval for purchases "as needed": Yes No
Proposals/Bids Received (Range): 4 (\$268,174.20-\$382,271.85)
Selection Basis: Lowest Responsive and Responsible Bidder
Narrative:

Operational Requirement and Alignment with Strategic Plan

This contract is to establish a price agreement for the purchase of transformer and secondary connectors for use in EWEB's electrical distribution system, on an as-needed basis.

Contracted Goods or Services

The board is being asked to approve a new price agreement with Anixter Inc of Portland, OR for the purchase of Transformer and Secondary Connectors on an as-needed basis. The overall contract cost estimate is based on historical usage. Purchases will be based on need and not on any specific annual quantity. The Annual cost will be within the amount budgeted for that specific year.

Purchasing Process

In November 2022, in accordance with the public procurement rules, EWEB issued a formal Invitation to Bid (ITB) to establish a price agreement for the purchase of Transformer and Secondary Connectors. The ITB was advertised on the State of Oregon bid site, OregonBuys, and the Portland Business Tribune.

Four bids were received. Two of the bids were alternate product proposals but they did not bid all items on the list of items required. From the two bids that did bid all items, Anixter was the lowest responsive and responsible bidder.

Bids Received

Vendor Name	City, State	Offered Price	Ranking (for RFPs)
Anixter	Portland, OR	\$318,573.50	NA
General Pacific	Fairview, OR	\$339,240.05	NA
General Pacific (Homac)	Fairview, OR	\$268,174.20	NA
General Pacific (Polaris)	Fairview, OR	\$382,271.85	NA

Competitive Fair Price (If less than 3 responses received)

NA

Prior Contract Activities

EWEB Contract	Project Name (Description)	Board Approved Date	Project Duration (Start to Close)	Original Amount	Final Amount	Reason Code
22-024	69kV, 115kV, & 230kV Potential Transformers	4/5/22	04/13/22-4/7/27	\$312,672	TBD	
20-008	Distribution Class Voltage Regulators	3/3/20	03/05/20-12/31/20	\$336,424	\$285,824	
021-2018	Primary and Secondary Conductor - Lot 1	9/6/16	06/11/18-06/10/23	\$3,900,000	TBD	
Reason Code: AM = Additional Materials, AW = Additional Work, EW= Emergency Work, SD = Staff Directed, UC = Unforeseen Conditions, Other						

ACTION REQUESTED:

Management requests the Board approve a price agreement with Anixter Inc for the purchase of transformer and secondary connectors on an as-needed basis. Approximately \$3.15 million was planned for purchase of distribution transformers in the 2023 Electrical Division Budget of \$76.3 million. Variances will be managed within the budget process and Board policy.

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Virginia Transformer Corp.** for **Station Class Power Transformers.**

Board Meeting Date: January 3, 2023
Project Name/Contract #: Station Class Power Transformers / 22-099-G
Manager: Tyler Nice Ext. 7419
Executive Officer: Karen Kelley Ext. 7153

Contract Amount:

Original Contract Amount: \$17 million
Additional \$ Previously Approved: \$0
Spend over last approval: \$0
Amount this Request: \$17 million
% Increase over last approval: NA
Resulting Cumulative Total: **\$17 million (over 5 years)**

Contracting Method:

Method of Solicitation: Formal Request for Proposals
If applicable, basis for exemption: NA
Term of Agreement: Initial term is 2 years
Option to Renew? Yes, up to 5 years total
Approval for purchases "as needed": Yes No
Proposals/Bids Received (Range): 4 (\$16,078,000 to \$22,685,800)
Selection Basis: Highest Ranked Proposer with Acceptable Terms

Narrative:

Operational Requirement and Alignment with Strategic Plan

The 2022-2031 Capital Plan includes a focus on substation rebuilds and allowances for an increase in failed unit replacements. This contract was established to support those efforts. Procuring system spares proactively will allow EWEB to respond quickly to emergency replacements of EWEB's aging transformer fleet. A long-term contract will also help keep EWEB insulated from the extended lead times of substation power transformers.

Contracted Goods or Services

If approved, EWEB will purchase three 33 MVA transformers and two 20 MVA transformers to keep as system spares under this contract. This will increase the resiliency of the system by allowing staff to replace substation transformers in the event of failure quicker, reducing equipment downtime and customer impact. The contract allows for the purchase of additional transformers of varying sizes, depending on project needs. With continued renewal of the Contract term, the EWEB team foresees a purchase of 8 additional units over the maximum 5-year period to meet goals in the approved Capital Plan. Contract spend will be \$6.5 million for the 5 transformers during the initial term and foreseeably, additional spend of approximately \$10.5 million for additional units for a potential total spend of approximately \$17 million.

Purchasing Process

In May 2022, staff issued a Request for Proposals (RFP) for station class transformers. The solicitation was advertised on the State of Oregon’s public procurement site, OregonBuys. Four proposals were received from Virginia Transformer, Howard Industries, Waukesha, and Delta Star and three were deemed responsive and responsible. Howard Industries’ proposal was rejected because they failed to submit their minimum qualifications as required by the RFP. Evaluation criteria and points were as follows:

Minimum Qualifications	Pass/No Pass
Compliance with EWEB’s Specifications	50 points
Maintenance	10 points
Client References	20 points
<u>Pricing</u>	<u>20 points</u>
Total	100 points

The proposals were reviewed and scored by the EWEB evaluation team. Based on the above criteria, Waukesha’s proposal earned the highest overall score for solid quality, ability to deliver, and offered some of the lowest prices. Although Virginia Transformer offered a slightly lower price, EWEB is familiar with Waukesha and the contractor has a reputation for quality product, resulting in a top score for Waukesha. In June 2022, the Intent to Award was issued to all proposers, naming Waukesha as the intended awardee. Waukesha has merged with GE-Prolec however, and GE’s terms did not allow for a successful negotiation of terms with EWEB. Unable to agree on terms, an Intent to Award was issued to the next highest ranked proposer, Virginia Transformer, per the rules stated in the RFP.

Lacking direct, recent experience with Virginia Transformer in relation to the purchase of large unit transformers, members of the electric engineering and operations team, along with the Purchasing Analyst for the project, toured the Contractor’s plant in Roanoke, Virginia, reviewing both the production and quality control processes there. All were found to be of acceptable, assuring standards. The Contractor’s team was fully engaged and appeared to be committed to developing the EWEB account. The team further noted that in June 2022, the Contractor delivered two 1500/2000 KVA 3 phase regulators of good quality to EWEB under a previous separate contract, which further demonstrated their capabilities.

Bids Received

Vendor Name	City, State	Offered Price	Ranking (for RFPs)
Waukesha	Goldsboro, NC	\$16,221,713	1
Virginia Transformer	Roanoke, VA	\$16,078,071	2
Delta Star	San Carlos, CA	\$22,685,773	3

Prior Contract Activities

EWEB Contract	Project Name (Description)	Board Approved Date	Project Duration (Start to Close)	Original Amount	Final Amount	Reason Code
21-190-GS	Two 1500/2000 KVA 3 Phase Substation Regulators	11-2-21	11-4-21 to 6-17-22	\$777,758	\$775,118	

Reason Code: AM = Additional Materials, AW = Additional Work, EW= Emergency Work, SD = Staff Directed, UC = Unforeseen Conditions, Other

ACTION REQUESTED:

Management requests the Board approve a contract with Virginia Transformer Corp for station class power transformers. Spending for the units under this contract is included in project estimates (Type 1 and Type 2 projects), and for allowances for failed in service replacements over the first 5 years of the capital plan (2023-2027 CIP Totaling of \$359M). Due to the inventory management system, spending for these units will not appear in budget reporting until the units are placed in service which will occur yearly commensurate with capital projects in response to failed unit replacement. Variances will be managed within the budget process and Board policy.