



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



TO: Commissioners Carlson, Barofsky, McRae, Schlossberg, and Brown
FROM: Rod Price, Assistant General Manager; Sarah Gorsegner, Business Continuity Manager; and Ken Baldwin, Enterprise Risk Program Manager (Temporary Assignment)
DATE: June 23, 2023
SUBJECT: SD20 Annual Enterprise Risk Management (ERM) Update
OBJECTIVE: Information Only

Issue

Board Policy SD20 requires a periodic report on the status of Enterprise Risk Management (ERM) activities. This memo provides ERM information for the past year.

Background

Board Policy SD20 outlines EWEB's commitment to an enterprise-wide approach to risk management. As a practice, ERM supports the achievement of operational and strategic objectives, including safety, reliability, responsible stewardship of our customer-owners' financial and natural resources, and regulatory compliance. Managing risk is an integral part of decision-making across EWEB and is not a stand-alone activity. EWEB's risk management efforts include the Safety, Cyber Security, Dam Safety, and Physical Security programs; the Water Division's Risk and Resiliency Assessment and Mitigation Plan; Wildfire Mitigation and Natural Hazard Mitigation Plans; Human Resources Compliance; and the Power Risk Management Committee. ERM staff coordinates EWEB's risk management efforts, which includes identifying and analyzing existing risks, monitoring emerging risks, creating and implementing mitigation strategies, and reviewing those strategies to ensure that decisions are risk-informed, and the risk retained is acceptable.

Discussion

At the end of 2022 and during the first quarter of 2023, our annual risk analysis was completed to determine which risks ERM should focus on from an organization-wide perspective. Top risks were identified based on analysis of feedback received during interviews with the Executive Team and Managers.

The topics addressed below focus on business continuity risk with a focus on risks that could impact our ability to provide the critical water and electrical service and meet our compulsory obligations to provide those services. Strategic risks, while important, have less potential to interrupt critical services and leadership has more time to address and impact these issues. Areas of strategic risk include organizational culture, strategy deployment, and customer confidence.

The main business continuity risk themes that emerged this year include:

- Workforce Planning and Employee Retention
- Technology and Catastrophic Loss of Data Center
- Financial

- Operational
- Natural Disaster
- Information and Records Life Cycle Management
- Compliance and Regulatory Risk

Many of these risks have been tracked, and project and routine work have been identified to address many of the risks. ERM Staff have evaluated the residual risk and have identified areas and recommendations to address the remaining concerns.

Workforce Planning and Employee Retention: Entry level and customer facing positions continue to enjoy a robust hiring pool and EWEB continues to be a sought-out employer. Advanced-level and technical positions such as Engineers, Senior Cyber Security Specialists, Dam Safety Analysts, and Meter Technicians continue to be challenging to fill as high demand is seen throughout the labor market. Balancing employee development with hiring an experienced workforce is a tension that impacts employee morale as well as the overall skills and experience of work teams. Competitive total compensation packages and work practices are areas to continue to monitor and evaluate.

Mitigation Recommendations: These risks are addressed in the Organization Goals to build and inspire the workforce and workplace culture, evolve our Dynamic Workforce Model, and integrate the new IBEW Contract. In addition, evaluating and considering change based on feedback from the employee survey and developing DEI as part of the EWEB culture can help create a positive workplace for staff, EWEB has traditionally enjoyed low turnover rates, continuing to monitor and manage turnover is recommended. Management should consider cross-training, employee pipeline development for specific roles, and succession planning development. The Workforce Services team did a compensation review in the Fall of 2022 to align the compensation to market; continuing to review in a 3-year cycle is encouraged.

Technology and Catastrophic Loss of Data Center: Technology risks include aging software and infrastructure such as old operating systems and servers that limit our ability to integrate and maintain professional support. Loss of the data or cyber intrusion with significant impacts such as malware or ransomware could limit EWEB's ability to provide services due to loss of access to key systems and data. As the technology industry has moved towards cloud-based offerings EWEB must continue to weigh the risks alongside the benefits of shifting responsibility of backup systems and recovery options to external providers.

Mitigation Recommendations:

Several projects are underway to address technology concerns. Two examples are the recently launched EWEB Enterprise Solutions (EES) project aimed at modernizing our customer information system and financial system, and relocation of the backup data center to increase reliability. In addition, controls need to continue to be managed and matured as technology and security requirements change. Cyber Security resources need to evolve with changing vulnerabilities. Key data should be categorized, EWEB staff should practice recovery from the backup tools as well as having plans in place to operate in the absence of technology.

Financial: EWEB has had several years with limited rate increases and financial stability with the ability to meet financial metrics. Over the next 10 years significant project work, as well as inflation, and increasing costs to borrow may challenge our ability to meet metrics and keep rates reasonable. Contractual risk could impact EWEB's ability to meet our service and financial obligations for both market access and pricing constraints.

Mitigation Recommendations: The Organization Goals and Strategic Plan both address financial planning including: keeping Cost/Efficiency (Affordability) aligned with societal levels of inflation, planning for electric resource contracts and managing EWEB owned resources, and rate design work. Planning and developing asset management strategies will be critical for financial planning and communicating with our customers to help them understanding rates and resource requirements. Diversifying our power partner portfolio, negotiating long term contracts, and advocating for resource availability are areas to consider in our purchased power contracts.

Operational: In order to continue to improve our operational effectiveness across the Utility, we will be required to maintain or improve the quality, safety, resiliency, and modernization of systems. EWEB's infrastructure continues to age with some equipment at the end of its useful life, thus capital and resource replacement planning must continue so that system replacement work can be spread over multiple years as opposed to happening at one time. In addition, planning for a second water source and treatment plant and adapting systems to minimize disruptive events can help meet resiliency efforts. Supply chains for the utility industry are limited, availability and cost can limit our ability to provide products and services. Staff will also need to consider tools and resources to operate within the direction of Greenhouse Gas (GHG) Reduction goals under SD15, EWEB's Climate Change Policy.

Mitigation Recommendations: The Organization Goals and Strategic Plan address resiliency, safety and security including protection of life assets and property. The Organization should continue to refine key performance indicators that demonstrate the organization is meeting Board direction and improve quarterly reporting to better capture where there are gaps in meeting our values, if any, in operational performance. Management should continue supporting significant project work such as the second water source, reservoirs, substation rebuilds, and dam safety and license compliance. To minimize impacts of the limited availability of materials and equipment staff should plan for longer lead times, store higher quantities of key materials, developing alternative options to complete the work, and develop vendor relationships with a variety of suppliers. EWEB has increased its transparency in implementing SD15 through the development of the Climate Guidebook and will continue to measure and report on EWEB GHG emissions from operations annually.

Natural Disaster: Natural Disasters can cause significant damage to infrastructure, while limiting access to staffing, communication, equipment and supplies, and other resources. Natural disasters could range from seismic activity, flooding, wildfire, wind/snowstorms, excessive heat, and others. EWEB has experience restoring service and responding to smaller disasters where most infrastructure can be restored quickly and with minimal outside resources. In addition to acute disasters where the impact is quick and response is needed immediately, other challenges could be slower to develop and staff should actively manage and review them.

Mitigation Recommendations: EWEB has recently engaged in several mitigation steps to prepare and implement efforts for emergency preparedness including: hiring an Emergency Management Analyst, drafting a Resiliency Policy, developing a policy for incident response training, developing Public Safety Power Shutoff protocols, and developing Continuity of Operations Planning. To develop strategies and a plan to meet our obligations under SD15, a Climate Policy Analyst was hired and is working with internal and external partners to develop a Climate Guidebook to guide and support the organization to implement and manage our work.

Information and Records Life Cycle Management: Technology resources have made tools available to store information and data in a variety of locations including both in the cloud and on EWEB networks. Information becomes increasingly hard to find, and awareness and accessibility are challenged. It can also be challenging to determine if the right data is stored and if it is accurate. As data is captured in disparate systems, we must

consider how we use that data to help Management make informed and confident business decisions. Most records created by EWEB staff are a public record and are required to follow records retention programs.

Mitigation Recommendations: ERM recommends an enterprise-wide Data Management/Governance plan would help to direct staff for meeting operational and retention requirements. Elements that should be addressed include defining where to store information, determining what is master data, categorizing and managing confidential and non-confidential information, creating a quality control program, identifying opportunities to evaluate system data overlap and synergies, and purging obsolete data.

Compliance & Regulatory: Legislative changes, compliance requirements, and regulatory policies continue to impact EWEB work. More requirements and regulations require resources to record information, train, report, and in some situations revise operations. Anticipating and responding to these evolving challenges will help us be prepared for meeting our compliance obligations, many of the requirements are intended to improve reliability and resiliency of our services. Two examples follow:

Dams regulated by Federal Energy Regulatory Commission (FERC) must be maintained and operated in ways to prioritize public safety. As a holder of hydropower licenses under FERC, EWEB has responded to regulation changes to 18 CFR Part 12, Safety of Water Power Projects and Project Works, which became effective April 11, 2022 and our enhanced dam safety program and continuous inspection and compliance strategies are helping identify means to lower risk factors across multiple areas.

The Environmental Protection Agency (EPA) released Lead and Copper Rule Revisions (LCRR) on December 19, 2021, with required inspections of service lines to be completed by August 31, 2024. Assessments are anticipated to be finished by the end of Q4 2023. EWEB will notify customers of any services out of alignment with industry regulations and assist with monitoring, filtering, and implement recommended solutions.

Mitigation Recommendations: Knowledge of industry developments is key to addressing emerging regulations and compliance obligations. Knowledge can be developed through participation in industry training, tracking proposed legislative bills, and working with regulating agencies. Tracking proposed regulations and anticipating impacts, and then incorporating the changes into operational workplans as the proposed changes are adopted will help to meet compliance and regulatory obligations.

Over the past years, risks were categorized as resiliency, alignment, and modernization risks. These are broad categories and the risk themes that emerged during the 2022 risk analysis fall within these categories as well, with some overlap between categories:

Resiliency: Technology and Catastrophic Loss of Data Center, Financial, Operational, Natural Disaster, Information and Records Lifecycle Management, Compliance and Regulatory

Alignment: Workforce Planning and Employee Retention

Modernization: Operational, Information and Records Lifecycle Management

Other Functions of ERM Team:

ERM staff are responsible for compliance with public records archival and request laws, claims, insurance procurement, and responses to subpoenas. In 2022 EWEB addressed 41 public record requests and EWEB has received 19 so far in 2023. Most liability and recovery claims EWEB experiences are within the self-insurance threshold and are resolved internally. EWEB has settled 2 lawsuits over the past year and continues to manage and support the lawsuits for the Holiday Farm Fire. EWEB maintains a broad portfolio of insurance policies to cover a variety of other exposures. This portfolio is evaluated at least annually to ensure the types and levels of coverage purchased continue to be adequate to mitigate risk. ERM staff report quarterly to Management on compliance activities. ERM staff also manage the Contract Governance program which is designed to address non-standard contracts developed outside the Purchasing department. Presently, nearly 270 active contracts are being tracked. Training continues to be a strong focus, including comprehensive ethics training for all new hires and refresher ethics training for all employees.

Cost of Enterprise Risk Management Team Activities at EWEB:

April 2022-March 2023 Insurance program covering property, casualty, fiduciary, cyber, crime and employment practices risk: \$1,721,712
2022 ERM Staff: \$345,142.46
2022 Legal Counsel: \$89,594**
2022 Claims paid: \$65,230
2022 Claims recovered: \$176,701.90

Total Risk Management Costs for Insurance, Staff, Legal Counsel, and Claims in 2022: **\$2,044,946

**Excludes Holiday Farm Fire Legal Fees which are covered by Electric Division

Requested Board Action

This item is information only and accordingly there is no requested Board action.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



TO: Commissioners Carlson, Barofsky, Brown, McRae, and Schlossberg
FROM: Frank Lawson, CEO and General Manager
DATE: June 22, 2023 (Board Meeting July 11, 2023)
SUBJECT: Strategic Plan Revision
OBJECTIVE: Correspondence: Information/Confirmation of Board Action

Issue

The attached revisions represent the final approved version of the strategic plan, as discussed and approved during the June 6, 2023, meeting.

Background

It is recent practice for the Board and management to review the relevance of the strategic plan annually, typically before the commencement of the annual capital and financial planning process. A complete background of the development and revisions to the present strategic plan were presented to the Board at the June 6, 2023, meeting, and can be found [here](#).

At the June 6, 2023, the Board approved revisions to the strategic plans, as modified during the meeting.

Discussion

The two modifications discussed and approved at the June 6, 2023, Board Meeting were the following:

Section 4.1; the order of bullets a. and b. were swapped to align with the Organizational Values.

Section 4.2f; reference to developing local resources was modified as follows:

Resiliency (Electric) – e.g., disruptive-event mitigation plans, fortify/automate system controls (including telecommunications), replace aging high-impact underground conductors, prioritize links between local generation and essential services (resilient spine), and ~~develop generating resources capable of maintaining~~ enhance local capability to provide emergency power for critical community loads should the grid become inoperable for an extended period.

Note: The above resiliency wording was reviewed with Commissioner Barofsky following the June 6, 2023, Board Meeting.

Recommendation/ Requested Board Action

No Action is required. This information is provided as confirmation of the Board-approved revisions discussed and approved during the June 6, 2023, Board Meeting.

Attachment(s)

A - 2018-2028 EWEB Strategic Plan, June 6, 2023, Revision (Clean Copy)

B - 2018-2028 EWEB Strategic Plan, June 6, 2023, Revision (Mark-Up Copy)

Clean Copy – Changes discussed and approved at June 6, 2023 Board Meeting

*Eugene Water & Electric Board
2018-2028 Strategic Plan
(2022 Update)*

Originally adopted by the EWEB Commissioners on August 1, 2017

Approved Revision: July 10, 2018

Approved Revision: October 5, 2021

Approved Revision: October 6, 2022

Approved Revision: June 6, 2023

1.0 Purpose

This strategic plan provides guidance to effectively develop and manage policies, establish priorities, and inspire the actions necessary to position the organization to achieve desired outcomes including the setting of annual operational and strategic goals, milestones, and measurement metrics consistent with Board Policy BL4 and BL5.

2.0 Introduction

The Eugene Water & Electric Board (EWEB), founded in 1911, is Oregon's largest customer-owned utility presently serving approximately 200,000 people in Eugene and part of the McKenzie Valley. Each year, EWEB is responsible for delivering approximately 8.5 billion gallons of drinking water and 2.4 billion kilowatt-hours of electricity. EWEB is governed by a five-member Board of Commissioners elected by the citizens of Eugene.

3.0 Strategic Priorities

Drinking water and electricity are essential commodities that are becoming more precious. Managing forecasted volatility and scarcity, climate impacts, and the increasing occurrence and threats of disruptive events will drive EWEB strategy for the next few decades. With the goal of sustaining safe, reliable, affordable, and environmentally responsible drinking water and electricity services, the most immediate challenge facing EWEB is effectively planning and operating in a turbulent environment, including a changing climate, new technology, developing markets, political and regulatory flux, natural and human threats, and evolving diverse community expectations.

4.0 Strategy

Over the next decade, EWEB will need more resilient and sustainable infrastructure, finances, people, and processes, requiring customer participation in new programs designed to mitigate supply volatility and scarcity, improve resiliency to disruptive events, optimize infrastructure investments, and aid in water and electricity supply decisions. Although the community expectations for drinking water and electricity delivery occur in the same dynamic environment, each utility's situation is unique and requires distinct strategic elements.

Water

For reliability and resiliency, EWEB will need to scope and construct a drinking water treatment plant on the Willamette River, while simultaneously restoring the McKenzie watershed. By taking a comprehensive “source to tap” approach to water quality and reliability and given that significant investments have been made over the past decade at the Hayden Bridge Treatment Plant, EWEB's priority now shifts to strengthening base-level water storage, in-town transmission infrastructure, and the design and construction of the Willamette drinking water treatment plant.

Electric

Prior to 2028, EWEB will need to reassemble an electric supply portfolio for the long-term economic, environmental, and social benefit of our community. These electricity supply decisions can be improved by effectively aligning time-of-use consumption, distributed generation, demand response, and efficiency programs with the increasingly dynamic future clean energy resources and evolving storage technologies.

With significant electricity delivery infrastructure commissioned in the 1960s and 1970s, EWEB will need to attenuate and manage the “ballooning” need to replace this concurrently aging equipment while increasing resiliency to potentially disruptive events. Electricity investments will be managed by prioritizing high-customer-impact assets and those systems

that increase resiliency to community-critical locations.

It is expected that the strategy will evolve and progress in the following tenants and phases over the next few years.

4.1 The “Opening”: Foster Customer Confidence (Ongoing)

Our relationship with customer-owners will influence their eventual voluntary participation in future water and electricity programs that optimize consumption levels and timing, impacting resiliency, infrastructure investments, and supply choices. Customer confidence is cultivated by good “performance”, which is the fulfillment of our compulsory obligations in ways consistent with our organizational values. *The objective of this facet of the strategy is to cultivate customer confidence by continuously improving our performance in the following areas:*

- a. Safety & Security – e.g., *psychological safety; protection of life, assets, property; dam safety, cyber/data security*
- b. Delivery – e.g., *water quality, electric and water reliability standards*
- c. Cost/Efficiency (Affordability) – e.g., *rate escalation consistent with societal levels of inflation,*
- d. Service/Responsiveness (Community) – e.g., *ease of interactions, turnaround times, transparent communication, disruptive event response, Board Policy SD3 (Customer Service Policy)*
- e. Environmental Responsibility – e.g. *watershed recovery/protection, Board Policy SD15 (Climate Change Policy)*

4.2 The “Mid-Game”: Positioning for Flexibility (2021-2024)

Creating operational and consumption flexibility tools, including demand response capabilities, will improve our ability to negotiate and manage supply contracts, integrate clean-energy resources, develop backup and emergency systems, and respond to unanticipated events. *The objective of this phase is to build resilient foundational pieces that facilitate ongoing organizational effectiveness, including the following elements:*

- a. Advanced Metering & Analytics – e.g., *Meter Data Management (MDM) System, Customer Experience Systems*
- b. Information Technology & Systems – e.g. *modernize legacy systems with EWEB Enterprise Solutions (EES) - Financial & Customer Information System (CIS)*
- c. Integrated Resource Plan – *informs electricity supply contracts, energy services, and EWEB-owned asset decisions, EWEB electric resource management/trading*
- d. Bonneville Power Administration (BPA) – *evaluate and understand the impacts, benefits, costs, and risks of supply contract options with BPA in the context of the Integrated Resource Plan, emerging regional requirements/opportunities (transmission/markets), and business model options.*
- e. Rate Design – *Develop a Five-Year Rate Design Plan that creates pricing agnostic to customer/product choices (prerequisite to new services), consistent with Board Policy SD9 (Rate Setting Policy) and rate making principles*
- f. Resiliency (Electric) – e.g., *disruptive-event mitigation plans, fortify/automate system controls (including telecommunications), replace aging high-impact underground conductors, prioritize links between local generation and essential services (resilient spine), and enhance local capability to provide emergency power for critical community loads should the grid become inoperable for an extended period.*
- g. Resiliency (Water) – e.g., *watershed recovery, base-level reservoirs and inter-connecting transmission, Willamette water treatment plant design.*
- h. *New Energy Services – Plan and design demand-side energy products, including those that leverage distributed energy resources (DERs), demand response (DR), and efficiency products to optimize cost, reliability, resiliency, and carbon impact.*
- i. *Diversity, Equity, Inclusion: Develop and evolve a Diversity, Equity, and Inclusion (DEI) Board Policy that integrates with our organizational values, providing a fundamental basis for our actions, behaviors, decisions, and results.*
- j. *Resiliency (General) – develop Labor Market and Workforce Assessment Report, including resiliency and depth assessment in mission-critical positions.*

4.3 The “End Game”: Resilient Delivery (2024-2028)

How effectively EWEB synchronizes customer consumption with the future’s increasingly volatile and scarce water and electric supply resources will determine our success at delivering safe, reliable, affordable, environmentally responsible, and equitable services to our community, including during the occurrence and threat of disruptive events. This synchronization will require the integration of water and electricity supplies (including new and/or distributed sources), fortified links between supplies and critical consumption hubs (“resilient spines”), and customer participation in programs that optimize consumption levels and timing. *The objective of this phase is to effectively integrate new supply resources, resilient delivery systems (i.e., spines), and flexible customer consumption and includes the following elements:*

- a. Launch New Energy Services – including those that leverage distributed energy resources (DERs), demand response (DR), and efficiency products to optimize cost, reliability, and carbon impact
- b. Information Technology & Systems – e.g. modernize legacy systems with EWEB Enterprise Solutions (EES), continued (work, asset, and human resources)
- c. Negotiate Electricity Supply Contracts – including potential BPA options/alternatives
- d. Determine Investment, Divestment, and/or Disposition of EWEB-Owned Generation Assets
- e. Water Master Plan (2025)
- f. Resiliency (Electric) – e.g., replace aging high-impact underground conductors, prioritize links between local generation and essential services (resilient spine)
- g. Resiliency (Water) – e.g., expand watershed protection to Willamette, base-level reservoirs and inter-connecting transmission, Willamette water treatment plant completion.
- h. Modernize Contracts – Enhance potential partnerships consistent with policies, strategic objectives, and values (e.g. International Paper, University of Oregon, Sierra Pine (fnly. Seneca Sustainable Energy), etc.)

5.0 Vision, Mission, and Values

Vision, Mission, and Values statements create the framework to align the organization’s efforts in pursuit of its strategy.

Vision - *Our vision is to be a local utility that inspires our customer-owners to invest in and rely on us.* EWEB’s vision implies that we will earn our customer-owners’ trust, and thereby their investment and participation in the programs integral to providing sustainable value.

Mission - *Our mission is to enhance our community's vitality by delivering drinking water and electric services consistent with the values of our customer-owners.* EWEB recognizes that our two primary services are “vital” to the health and welfare of our community, and that our methods are important to our customer-owners.

Organizational Values

Values drive “how” we do things, and provide the fundamental basis for our policies, actions, behavior, and decisions. These values are sacrosanct; they cannot be compromised for convenience, short-term gain, or strategic progress.

SAFE: *We value the safety, physical and psychological wellness, of our workforce and the public, the security and integrity of cyber assets and data, and the protection of our customers’ assets.*

RELIABLE: *We value the ongoing continuous on-demand delivery of drinking water and electricity, and the dependability of our response to our customers.*

AFFORDABLE: *We value and respect our customer-owners’ financial resources by making wise investments and controlling costs and rates.*

ENVIRONMENTAL: *We value the prudent and sustainable stewardship of the environment and natural resources, including preserving our watershed, and our role in reducing the greenhouse gases (GHGs) contributing to Climate Change.*

COMMUNITY/CULTURE: *We value a culture of intentional actions and outcomes, continuous improvement, diverse perspectives, that is trustworthy, respectful, equitable, and inclusive to employees and community members. We are dedicated to our public service, professions, local governance, and commitment to serve our community honestly and with integrity.*

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that increase resiliency to community-critical locations.

It is expected that the strategy will evolve and progress in the following tenants and phases over the next few years.

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- ~~a.b. Delivery – e.g., water quality, electric and water reliability standards~~
- ~~b.a. Safety & Security – e.g., psychological safety; protection of life, assets, property; dam safety, cyber/data security~~
- c. Cost/Efficiency (Affordability) – e.g., rate escalation consistent with societal levels of inflation,
- d. Service/Responsiveness (Community) – e.g., ease of interactions, turnaround times, transparent communication, disruptive event response, Board Policy SD3 (Customer Service Policy)
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4.2 The “Mid-Game”: Positioning for Flexibility (2021-2024)

Creating operational and consumption flexibility tools, including demand response capabilities, will improve our ability to negotiate and manage supply contracts, integrate clean-energy resources, develop backup and emergency systems, and respond to unanticipated events. *The objective of this phase is to build resilient foundational pieces that facilitate ongoing organizational effectiveness, including the following elements:*

- a. Advanced Metering & Analytics – e.g., Meter Data Management (MDM) System, Customer Experience Systems
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- c. Integrated Resource Plan – informs electricity supply contracts, energy services, and EWEB-owned asset decisions, EWEB electric resource management/trading
- d. Bonneville Power Administration (BPA) – evaluate and understand the impacts, benefits, costs, and risks of supply contract options with BPA in the context of the Integrated Resource Plan, emerging regional requirements/opportunities (transmission/markets), and business model options.
- e. Rate Design – Develop a Five-Year Rate Design Plan that creates pricing agnostic to customer/product choices (prerequisite to new services), consistent with Board Policy SD9 (Rate Setting Policy) and rate making principles
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Vision, Mission, and Values statements create the framework to align the organization’s efforts in pursuit of its strategy.

Vision - *Our vision is to be a local utility that inspires our customer-owners to invest in and rely on us. EWEB’s vision implies that we will earn our customer-owners’ trust, and thereby their investment and participation in the programs integral to providing sustainable value.*

Mission - *Our mission is to enhance our community's vitality by delivering drinking water and electric services consistent with the values of our customer-owners. EWEB recognizes that our two primary services are “vital” to the health and welfare of our community, and that our methods are important to our customer-owners.*

Organizational Values

Values drive “how” we do things, and provide the fundamental basis for our policies, actions, behavior, and decisions. These values are sacrosanct; they cannot be compromised for convenience, short-term gain, or strategic progress.

SAFE: *We value the safety, physical and psychological wellness, of our workforce and the public, the security and integrity of cyber assets and data, and the protection of our customers’ assets.*

RELIABLE: *We value the ongoing continuous on-demand delivery of drinking water and electricity, and the dependability of our response to our customers.*

AFFORDABLE: *We value and respect our customer-owners’ financial resources by making wise investments and controlling costs and rates.*

ENVIRONMENTAL: *We value the prudent and sustainable stewardship of the environment and natural resources, including preserving our watershed, and our role in reducing the greenhouse gases (GHGs) contributing to Climate Change.*

COMMUNITY/CULTURE: *We value a culture of intentional actions and outcomes, continuous improvement, diverse perspectives, that is trustworthy, respectful, equitable, and inclusive to employees and community members. We are dedicated to our public service, professions, local governance, and commitment to serve our community honestly and with integrity.*

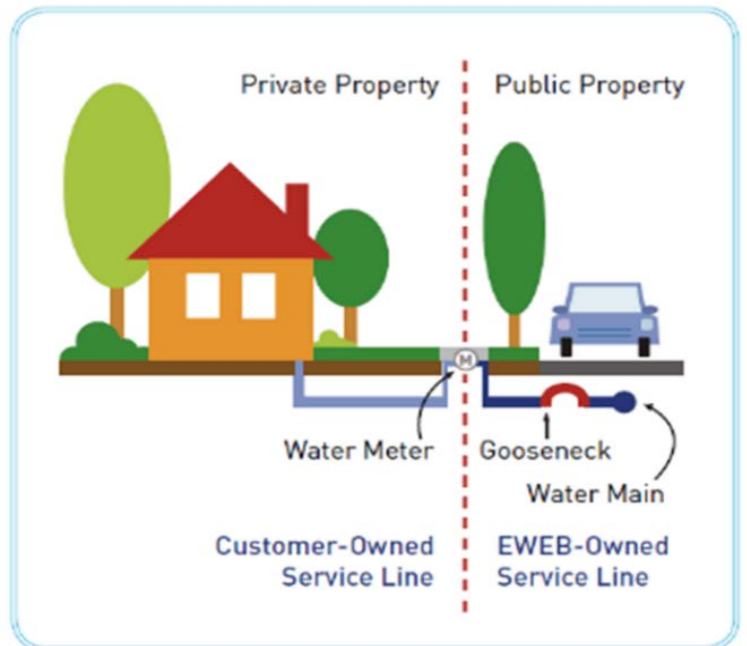
TO: Commissioners Carlson, Barofsky, McRae, Schlossberg, and Brown
 FROM: Mike Masters, Water Operations Manager; Karen Kelley, Chief Operations Officer
 DATE: June 21, 2023
 SUBJECT: Lead and Copper Rule Revisions
 OBJECTIVE: Information

Issue

There are updated drinking water regulations regarding the Lead and Copper Rule Revisions that will impact several of the departments in Water Operations. The following is a summary of those revisions and the Water Division’s current plan for compliance.

Background

In December 2021 the US Environmental Protection Agency finalized revisions to the Lead and Copper Rule. On February 1, 2023, the Oregon Health Authority (OHA) permanently amended Oregon Administrative Rules to add lead service line inventory requirements. EWEB must submit a lead service line inventory no later than October 16, 2024. This inventory includes **both the utility side of the meter and the customer, or privately owned, side of the meter.** Further rule improvements, known as the Lead and Copper Rule Improvements (LCRI), are expected from EPA sometime in 2024. The Oregon Health Authority has indicated that they will continue to adopt these improvements as they are released by EPA. Water Operations will be working to comply with all parts of this revised rule for several years to meet the compliance requirements.



Discussion

EWEB has approximately 64,000 service lines in our distribution system, each line having 2 sides, both utility and customer for a total of approximately 128,000 sections. We have no **known** lead service lines in our system. We have been working on identifying all Unknown Material Service Lines for many years. Currently we have 97.4% of our EWEB owned service lines identified and 32.3% of our customer owned lines identified. EWEB has discovered a small number of lead goosenecks over the last 2 decades. These lead goosenecks were found on properties developed prior to 1940 and were immediately replaced. These types of connectors are not considered lead service lines under the EPA Lead and Copper Rule Revisions.

The Oregon Health Authority recently approved Statistical Analysis by Random Selection as a way of completing the initial lead service line inventory. Water systems must physically verify enough lines to reach a minimum 95% confidence level.

Using our Service Line map application, built by EWEB's GIS department, we can calculate our 95% confidence value, generate a random list of services and systematically plan our visits to each site. Shown below are the number of Unknown Services in our distribution system. The purple lines designate EWEB side and the orange lines designate customer side. If the home shows only the orange line, then only the customer side is unknown, if the orange and purple lines are showing then both sides of the meter has unknown material.



Water Operations has assigned a crew to physically identify the service line material from the list of 381 randomly selected services. This work is currently scheduled to start in early July 2023. All data will be entered into our service line map application and stored in our GIS system for permanent record retention.

If a lead service line is found on the EWEB side, we will immediately replace the service. If a lead service line is found on the customer side, we will immediately work with the customer on funding options to get their service replaced. For both sides of the service line, we will provide information, flushing instructions and a pitcher filter that removes lead. We will also perform several rounds of lead testing to give customers the opportunity to make informed decisions.

When the excavation work is done, we will generate a completed list of all water service lines, in an OHA specified format, to submit as a final report. OHA recommends that all systems continue identifying unknown service line material “during the course of normal operations” to ultimately create a complete inventory with all service lines identified. Currently, EWEB is required to resubmit a report every 3 years detailing this progress. EWEB will be required to make the service line inventory publicly available. The method in which we will do that is dependent on the results of the Statistical Analysis Project.

Recommendation

This memo is for information and awareness only. As we work towards compliance, communication and collaboration with our customers will increase. We will keep the Board routinely apprised of progress.

Requested Board Action

No action requested as this is for information only.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Barofsky, McRae, Schlossberg, and Brown
FROM: Jason Heuser, Public Policy and Government Affairs Director
DATE: June 29, 2023 (July 11, 2023, Board Meeting)
SUBJECT: 2023 State Legislative Session Update
OBJECTIVE: Information

Issue

The 2023 State Legislative Session convened January 23 and adjourned on June 25. This memo is to apprise the Board of key issues of interest to EWEB, and the final status of these issues in the legislative process.

Background

Prior to the start of each legislative session, the Board adopts general policy directives for advocacy at the Capitol, which guide the work of EWEB's lobbying activities. When political considerations test the applicability of those directives, the General Manager makes a determination as to whether a fundamental shift in direction is required. The Board may be asked to reaffirm its policy or direct staff to make necessary adjustments.

Discussion

Walkout Concludes -- Legislature adjourns on time

A legislative walkout from May 3rd to June 15th, the longest in Oregon history, threatened the completion of key legislative priorities and the adoption of a 2023-2025 biennial state budget (including local government funding). However, legislators reached a compromise on two controversial bills and enough legislators were present after June 15 to provide a quorum to do business over the remaining days before the constitutionally required June 25th adjournment. Operating at a breakneck speed the legislature was able to approve a backlog of bills and adopt a new biennial state budget and adjourn on June 25th with hours to spare.

Central Priorities Approved:

Key legislative priorities that were approved included:

- \$200 million package to address housing and the homelessness crisis
- \$210 million package for the semiconductor industry in Oregon, the bulk going towards toward grants to acquire and develop land for new facilities and carry out research, with other provisions aiming to leverage federal funding approved in the 2022 CHIPS and Science Act
- \$1 billion in bonds approved to meet Oregon's share of a new Interstate 5 bridge across the Columbia River to Washington.
- An omnibus Climate Resilience Package estimated to be a \$90 million investment with potential to leverage as much as \$1 billion in federal funding over the next few years.

EWEB Willamette Water Treatment Plant Funding Request

The final approved state budget did not include any funding for the EWEB Willamette Water Treatment Plant. A few small drinking water infrastructure projects received awards ranging \$1-2

million (Cities of Monroe, Halsey, Sodaville, Falls City, Bay City, Lowell), with an outlier of \$5 million awarded to the City of West Linn for the I-205/Abernathy Bridge Water Line Replacement, timed to synchronize with upcoming construction to produce the first earthquake ready interstate bridge across the Willamette River in the Portland metropolitan area. The largest drinking water infrastructure funding request submitted this session, the Willamette Water Supply Project (a joint venture by City of Hillsboro and the Tualatin Valley Water District) received no funding.

Post-fire McKenzie Watershed Recovery Funds Reauthorized

The 2021 Legislature appropriated funds for 2020 Wildfire Recovery, including \$4 million allocated to EWEB with a passthrough via the Oregon Watershed Enhancement Board. Over \$1 million was unspent and in jeopardy due to the conclusion of the current biennial budget June 30. EWEB was successful in obtaining reauthorization for the unspent balance in the 2023-2025 biennial budget and played a leading role in coordinating advocacy for an ad hoc coalition of Watershed Councils, Land Trusts, and Soil and Water Conservation Districts also in need of reauthorization of unspent balances in other fire-impacted watersheds.

Omnibus Climate Legislation

Due to the walkout delays, in order to meet the constitutional deadlines, many bills generally relating to one another were grouped into various consolidated “omnibus” legislative packages as a single bill. Climate bills were combined into HB 3409 and HB 3630

HB 3409: Climate Resiliency Package #1

Resilient, Efficient Buildings Policy Package (SB 868, 869, 870, 871) – Creates building energy performance standards and leverages federal funding to improve energy efficiency and climate resiliency of homes and buildings.

Community Resilience Hubs (HB 2990) - Funds community resilience hubs and networks across the state to coordinate and provide access to resources and services for vulnerable populations during disasters.

Natural Climate Solutions (SB 530) - Supports cost-sharing to leverage tens of millions in federal investments for Oregon forestland owners, farmers, and ranchers to implement climate-smart land management practices, increasing carbon sequestration and improving the resilience of Oregon communities and natural resource economies.

Oregon Climate Council Modernization (SB 522) - Provides needed staffing and representation on the Oregon Global Warming Commission.

Medium and Heavy-Duty Electric Vehicle Rebate Program (HB 2714) – Creates a DEQ program that can compete for \$1 billion in federal Inflation Reduction Act funding for medium- and heavy-duty zero emission vehicle rebates.

Trees Restoring Economic and Environmental Stability Act (HB 3016) – Creates a Community Green Infrastructure Grant Program at the Department of Land Conservation and Development (DLCD) to fund communities to develop projects that increase tree canopy, improve livability, and support water quality and conservation.

Siting Renewable Energy (HB 3181) - Directs DLCD in coordination with the Oregon Department of Energy (ODOE) to find opportunities and minimize conflicts on siting of solar projects in Oregon through engaging stakeholders in a rulemaking advisory committee process.

Climate Protection Program Fee Bill (HB 3196) - Supports Department of Environment Equality oversight and accountability of Oregon's Climate Protection Program to ensure the Community Climate Investment program achieves its intended climate pollution reduction goals and benefits for communities of color, rural, low-income, Tribal, and other communities across the state.

Harmful Algal Blooms (HB 2647) – Creates new state resources to detect and track causes and impacts from harmful algal blooms in drinking water sources and recreation areas, which are likely to occur more often due to shifting precipitation patterns from climate change.

Woody Biomass for Low-Carbon Fuels (HB 3590) - Directs College of Forestry at Oregon State University to research development of fuel pathways for low carbon fuels derived from woody biomass residues from forestry operations.

HB 3630: Climate Resiliency Package #2

State Energy Strategy (HB 2534) - Directs ODOE to develop a comprehensive state energy strategy that identifies optimized pathways to achieving the state's energy policies.

County Energy Resilience Planning (HB 3378) - Supports counties' development of energy resilience planning and integration into wildfire mitigation plans.

Resilient, Efficient Buildings - ODOE One-Stop-Shop efficiency portal (HB 3166) – Organizes a single resource for Oregonians to find energy efficiency measure assistance. Leverages federal funding to improve efficiency of homes and buildings and support healthy, affordable, resilient communities and family-wage job creation across Oregon.

Environmental Justice and Tribal Navigator (SB 852) - Establishes a program within ODOE to provide information about state and federal funding opportunities and other technical assistance to rural, Tribal, and other environmental justice communities as they work to develop energy projects or build energy-related capacity.

Solar + Storage Rebate Program Extension (HB 3418) - Extends sunset on solar and storage project rebates for residential customers and low-income service providers, extending the program through January 2029, enabling the program to potentially receive and distribute tens of millions in federal funding from EPA's Greenhouse Gas Reduction Fund. These rebates facilitate low- and moderate-income Oregonians to save on electric bills and retain power during outages.

Residential Heat Pump Program Extension (HB 3056) - Supports further implementation of ODOE's Residential and Community Heat Pump Deployment Programs established by the 2021 legislature to bring heat relief to Oregon communities.

Community Renewable Energy Grant Program - Provides further funding for ODOE's Community Renewable Energy Grant Program, established by the legislature in 2021, to support planning and developing community renewable energy and energy resilience projects.

HB 2010 – The Bipartisan Drought Relief and Water Security Package (BiDRAWS) - PASSED

This bill authorizes and funds the costs of actions supporting place-based integrated water resources planning. It directs the Legislative Policy and Research Office (LPRO) to report funding opportunities to assist low-income drinking water, wastewater, and stormwater ratepayers; and provides \$1 million for the Oregon Association of Water Utilities (OAWU) to provide technical, financial, and managerial support and resources to small and very small community water systems. It also directs the Oregon Watershed Enhancement Board (OWEB) to establish a new program to provide grants to water

suppliers to protect, restore or enhance sources of drinking water and appropriates \$3 million for the initial program.

SB 124/SB 125 – Renewable Hydrogen Grant Programs – FAILED

These two bills would have supported resiliency and decarbonization through the creation of renewable hydrogen grant programs to support hydrogen fueling stations as well as hydrogen-based emergency generators to replace emergency generators using fossil fuels (i.e., diesel).

HB 2490 – Cyber Security Public Records Exemption – PASSED

HB 2490 exempts from public records disclosure cybersecurity documents that protect computer, information technology, or communications systems from threat or attack. This includes records that depend for their effectiveness upon a lack of public knowledge and contractual and insurance records that document cybersecurity specifications. The bill was brought forward by local State Representative Nancy Nathanson.

HB 3459 – Utility Shutoff Moratorium – FAILED

This legislation would have mandated a moratorium on utility shutoffs. The bill was gut-and-stuffed to apply only to augmenting an investor-owned utility surcharge in rates to support IOU customer bill assistance programs at Oregon Housing and Community Services (OHCS).

Recommendation

This memo is for informational purposes. No board action is requested.

Requested Board Action

This memo is for informational purposes. No board action is requested.