

EUGENE WATER & ELECTRIC BOARD  
WORK SESSION  
EWEB BOARD ROOM  
MARCH 19, 2013  
5:30 P.M.

Commissioners Present: John Simpson, President; John Brown, Vice President; Dick Helgeson, James Manning, and Steve Mital

Others Present: Roger Gray, Debra Smith, Dean Ahlsten, Karen Lee, Sue Fahey, Edward Yan, Adam Rue, Michelle Martin, Deborah Hart, Anne Kah, Mark Freeman, Steve Newcomb, Mel Damewood, Lena Kostopulos, Roger Kline, Shelley Stephenson, Dan Morehouse, Cheryl Froelich, Todd Simmons, Tom Williams, Steve Mangan, Brad Taylor, Erin Erben, Megan Capper, Cathy Bloom, Wendi Schultz-Kerns, Lance Robertson, Matt Sayre, Gail Murray, Frank Lawson, Susan Eicher, Mike McCann, Patty Boyle, Dave Churchman, Mark Oberle, Wally McCullough, Sheila Crawford, Kathy Grey, Sibyl Geiselman, and Taryn Johnson of the EWEB staff; Vicki Maxon, recorder.

President Simpson convened the Work Session of the Eugene Water & Electric Board (EWEB) at 5:30 p.m.

**RATE ADJUSTMENT FOR DARK FIBER LEASE**

Debra Smith, Assistant General Manager, recalled the backgrounder that the Board had received from Dean Ahlsten, Compliance Manager, including the history of what EWEB has done relative to dark fiber. She noted that a consent calendar item will be brought to the Board on April 2 which modifies and adjusts EWEB's rates for this service.

Mr. Ahlsten reviewed a map of current and future fiber optic projects and a map of the Metro Internet project. Ms. Smith explained the multiplexing setup.

With the use of overheads, Mr. Ahlsten reviewed the current and future service provider rate calculations, assuming the rate would escalate with CPI on an annual basis. He then reviewed a dark fiber rate comparison of private companies vs. utilities, the projected dark fiber revenue from EWEB's current users, and the 2013 fiber job queue (active jobs, customer job requests, and EWEB jobs).

In summary:

- EWEB's telecommunications "asset utilization" strategy presently consists of a dark fiber lease-only business model
- Unused fiber is becoming scarce and in some cases is non-existent
- Over half of EWEB's installed fiber optic cable plant, consisting of 120 miles of backbone and 35 miles of lateral cables, is approaching the end of its service life
- Existing customer lease rates vary, making them more complex to administer

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- Annual projected dark fiber revenue (post public agency network transition) is approximately \$270,000 per year

Staff recommends that the Board standardize on a common rate for public agencies, higher education institutions and medical service providers, which includes all three rate components. K-12 schools would continue to enjoy the steeply discounted (currently 80%) rate consisting of only the operations and maintenance expenses. Staff wishes further discussion with the Board regarding their opinion regarding formal offering of a market-based commercial rate for short-term contracts.

Mr. Ahlsten responded to questions and comments from the Board.

Vice President Brown asked what liability EWEB has if there is a fire in a vault. Mr. Ahlsten replied that the priority for fiber is behind that of electric service, and that EWEB would not be liable.

Vice President Brown asked why EWEB is adjusting the rate now instead of five years ago. Mr. Ahlsten replied that rates are set according to a scale of CPI and then adjusted as needed, and that this adjustment is being done to true up some rate issues that have evolved over time.

Commissioner Helgeson asked if the fiber will have to be replaced at some point. Mr. Ahlsten replied that it has held up well but there can be external factors that affect it, deterioration over time, vibration, etc., but its service life is 20-25 years.

Ms. Smith reiterated that EWEB wishes to offer a consistent set of rates and that technology has changed a lot in the last 15 years, so the question is what EWEB needs to collect today in order to deal with eventual obsolescence.

Commissioner Helgeson said that in his mind, it is the distinction between what EWEB's requirement is to serve and what is driven by market considerations, and still be able to offer a good rate.

Commissioner Mital agreed with Commissioner Helgeson that a multi-pricing strategy seems best.

Vice President Brown voiced the desire for an expanded discussion, as he doesn't want to subsidize for-profit businesses. Ms. Smith replied that this in fact is EWEB's chance to true up and adjust rates for their fiber customers as part of their agreements with them, and that part of this true-up is the question of whether EWEB wants to look at some customers differently, i.e., profit vs. nonprofit.

Commissioner Manning also voiced the desire for further discussion, especially regarding EWEB providing fiber optics vs. only electricity and water.

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President Simpson stated that in his mind it is a philosophical question of should EWEB align the rates vs. create different tariffs and encourage the sale of fiber to carriers who pay more than the basic rate.

Ms. Smith noted that EWEB doesn't currently have the resources to be able to do some of this work, but that six years ago EWEB had interested parties and wasn't able to deliver the service, and now that improvements have been made, they are in a better position to do so.

Vice President Brown clarified that he wouldn't have a problem raising the rates of some customers who should be in a totally different category. Mr. Ahlsten noted that the contracts do not stipulate that EWEB can't make rate adjustments.

Ms. Smith stated that staff will look at the various contracts and identify windows of opportunity, and will bring the rate true-up back to the Board on April 2.

President Simpson recalled that LCOG had mentioned the possibility of running fiber through EWEB's steam lines. He wondered how that concept would tie in to the current setup.

Mr. Ahlsten replied that there isn't a lot of tie-in, and that EWEB is currently assessing the feasibility of that, as EWEB may not own that fiber.

General Manager Gray stated that there are constraints that may limit EWEB's ability to change the rate methodology. He added that his strongest advice would be to never go into the fiber optic business on a cost basis because it puts resources at risk for zero upside, but if the service is going to be expanded, the Board needs to make a policy decision about how and why to do it.

Frank Lawson, Systems, Engineering Supervisor, stated that the billing is "contract-centric" and the cost is in the infrastructure, and that it would cost some fiber optic customers approximately \$3 million to build their own line, so it is a great deal for those customers. He agreed with General Manager Gray that if EWEB is going to go into the fiber optic business, it needs to be a business, and the investment needs to be made as a business.

Commissioner Mital agreed with General Manager Gray that EWEB is in business to provide electricity and water at the lowest cost possible, and that if there are other business models to pursue to enhance services, that should only be done to subsidize core business, as he doesn't want to give services away.

Vice President Brown commented that it is his understanding that LCOG wants to lease the right of way for steam. General Manager Gray replied that EWEB needs to address the liability issue, for example, if asbestos is found.

Ms. Smith reiterated that staff will return to the Board with a proposal to align rates as per tonight's presentation, and will schedule a later time to discuss the business model. The Board agreed.

## **ELECTRIC UTILITY FINANCIAL STRATEGIES UPDATE**

Using overheads, General Manager Gray briefly reviewed previous Board presentations and discussions regarding long-term electrical utility financial strategies. He then reviewed the agenda and objectives for tonight's presentation.

Using overheads, Ms. Smith reviewed the process to date, i.e., delayed or deferred capital projects, reductions in operation and maintenance (O&M), and elimination of 50 positions in 2012. She reviewed the electric rate drivers and projected BPA and EWEB rate increases for 2013.

Using overheads, Cathy Bloom, Financial Services Manager, reviewed previous Board presentations and discussions regarding electric long-term financial planning. She also briefly reviewed the 2012 electric long-term financial plan assumptions, rate increases resulting from those assumptions, projected reserves and cash balances, and projected debt service coverage ratios.

Ms. Bloom stated that the following financial initiatives were considered in developing the options that are being presented to the Board tonight, in order to improve EWEB's financial health in 2014:

- Capital improvement plan reductions
- Deferral of bond issuances
- O&M reductions
- Asset sales (property, generation or other)
- Board targets for debt service coverage/implicit bond rating
- Potential change in electric rate assumption

Using overheads, Mel Damewood, Engineering Manager, summarized the evaluation process for the capital improvement plan (CIP) adjustments and deferrals and the financial impacts of each. He listed some examples of reductions and deferrals for type 1, 2 and 3 capital projects.

Using overheads, Ms. Bloom then reviewed bond issuance deferrals and a summary of the net full-time equivalent (FTE) and non-capital expense changes.

Each department manager then identified the proposed low-risk reductions and high-risk reductions, their related risks, and the cost savings for each, for each of their departments.

General Manager Gray identified the proposed low-risk reductions and high-risk reductions, their related risks, and the cost savings for each, for senior management. He also reviewed the changes in EWEB's organizational structure from 2010-2013, and the potential 2013 organizational structure changes for staff's recommended financial scenario.

Ms. Smith then identified the organization-wide risks from the proposed reductions:

- Reduced services to customers
- Less flexible and adaptable to emergent needs
- Potential for longer outages
- Erosion of employee morale
- Employee retention and recruitment

Ms. Smith also reviewed EWEB's options for asset sales. She noted that generally speaking, asset sales generate "one-time" revenue and not recurring revenue, and therefore they have the potential to reduce borrowing needs or increase reserve levels, but not necessarily have a material influence on ongoing rate levels.

Using overheads, Ms. Bloom reviewed the six financial scenarios that translate to approximate rate increase, change in reserves, and debt service coverage, etc., with a focus on Scenarios 3 and 4, and with Scenarios 5 and 6 as additional options for discussion.

Ms. Bloom then summarized the next steps in the process:

- General Board response and direction tonight in order to further develop 2014 plans
- Water utility discussion (how to deal with "deferral" of a large rate increase)
- 2013 capital budget true-up at the April 2 Board meeting
- Board Financial Work Session on July 16

Staff recommends Scenario #3, Balanced Option A, to help close the financial gap and set the direction for 2014 budget development. Staff noted that they are not requesting approval of the 2014 budget, but clear indication and feedback from the Board regarding direction so that they can continue to develop budget proposals. Scenario #3, Balanced Option A, provides direction for: 1) Board financial policies for financial metric targets; 2) long-term financial plans and budget development; and 3) deferral of bond issuance. If approved, Board policies would be revised for future Board action, and staff would begin incorporating the option into the long-term financial plans and budget development process.

Vice President Brown asked when a good time would be for the Board to make a choice between eliminating more positions or continuing energy education grants. General Manager Gray replied that would be a policy decision.

Vice President Brown asked if 24/7/365 outage/emergency response will be retained. General Manager Gray said it would, but the response time would be longer for any major outage and also for tree trimming, and the reductions would affect reliability. He gave the example of more aggressive tree trimming making some customers angry while risk is mitigated, while less aggressive tree trimming would result in less reliability.

Vice President Brown asked how much of the O&M reductions represents salaries. General Manager Gray replied that the actual reductions represent \$11 million and 17 positions,

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and eliminating those 17 positions would result in a \$2.5 million savings. Vice President Brown stated that, according to his math, layoffs could be avoided if each employee would agree to a 5% decrease in pay.

Commissioner Mital asked if the capital improvement plan reductions are separate from the other reductions. General Manager Gray replied that they are, and that there are more deferrals than reductions (i.e., delay of the Carmen-Smith project, etc.). He noted that more detail on the CIP reductions will be provided at the April 2 meeting.

Commissioner Mital stated that the CIP adjustments and deferrals seem to be the biggest lever, and he asked Mr. Damewood if that lever could be pushed any further. Mr. Damewood replied that it could, but there are risks involved. He added that pushing this lever further would mostly affect reliability, and that the more capital is reduced, the more potential work is reduced for engineers, technicians, and possibly some crews.

Ms. Smith stated that there are some items that cannot be eliminated, as the organization needs to remain stable. She added that a lot of the capital work doesn't have an impact on FTE, but if the capital lever continues to be pushed, eventually it will.

Commissioner Mital asked if there will be Board level discussion about delaying the Carmen-Smith relicensing timeline any further. General Manager Gray replied that Carmen-Smith is now 50 years old and there is some work that will need to be done, even without a license, but the six-year clock for completion starts when the license is obtained. He added that the Board will be receiving a backgrounder for further discussion at the April 2 meeting.

Commissioner Mital asked if there are other Board policy decisions that might have some impact on the proposed scenarios that wouldn't have an impact on personnel. Ms. Smith noted that Energy Management Services personnel was impacted severely in both 2012 and 2013 as a result of aligning acquisition targets of the Integrated Energy Resource Plan (IERP). General Manager Gray added that the other policies would be those for energy education grants and low-income funding, but the most powerful policy driver would be lowering EWEB's bond rating from AA to A.

A brief discussion ensued regarding the sale of excess power, the current power market, and the sale of generation assets, and how those could impact the financial scenarios.

The Board was asked for their feedback/direction regarding tonight's presentation:

Commissioner Manning:

- Agrees we can't lay off more employees to get out of this situation, and doesn't want to see that happen - prefers to look at all other options
- No problem with 5% rate increase to offset because he thinks the public can be educated as to where the balance is
- A discussion with all employees is necessary

President Simpson thanked staff for their presentation and all the hours they put in. He recognized and thanked all the employees present at tonight's meeting for their interest, participation, and their dedication to EWEB. He offered the following feedback/direction:

- Wouldn't mind reducing reliability, but not forever (possibly three years). Don't want to take 15 years to recover but would favor the reduction if it can generate ready cash.
- More attracted to Scenario 4B
- Wonders if tree trimming should be less aggressive
- In favor of reducing bond rating from AA to A
- In favor of selling generation resources which are ripe for picking
- Seems like an opportunity for rate smoothing and perhaps more EWEB-generated elbow room to have local rate increases in absence of BPA rate increase in even years, in order to have a more even rate increase assumption
- Don't want to gut Information Services, especially if there are mid-term benefits in technology that can resolve or minimize impact customer service response
- Consider discontinuing public access to meeting rooms
- In favor of 40% reduction in organizational structure
- Morale is important to me – interested in creating opportunities for internal rally
- Very interested in pursuing service territory realignment and asset sales
- In favor of reducing bond rating from AA to A

President Simpson asked what has caused such a large increase in customer service calls, increased hold times, and dropped calls. Mark Freeman, Customer Services/Energy Management Services Manager, replied that the biggest impact has been the recent change to a new on-line bill payment system, as it resulted in 2,000 calls on its first day alone. He said that staff is in the process of researching why general call volume has been up.

President Simpson encouraged Mr. Freeman to continue to research this to reduce the number of calls. General Manager Gray noted that staff is also looking at opportunities to leverage that technology in a different way.

In response to a question from the Board regarding the possibility of 17 FTE reductions, Ms. Smith stated that of those 17, nine are vacant positions, up to four positions are retirements that will happen within the next year, and three positions in Energy Management Services have already been eliminated, with two of those employees having been offered other opportunities.

The Board continued to offer their feedback/direction:

Commissioner Helgeson:

- Appreciates staff for the amount of time spent on the presentation
- The organization needs stability
- Concerned about continuity of operations

- Okay with debt service coverage going to 1.75 (as low as we can go without taking some risk)
- Favors a strategy that splits the remainder between cost reduction and rates
- Comfortable with capital budget reductions that Mr. Damewood and his group have done – good job of balancing risk
- Okay with the O&M non-labor reductions
- Agrees we cannot lay off our way out of this
- Sees this as an opportunity to right-size the organization in terms of efficiency and structure and to position ourselves to move forward
- A bit concerned about two years in a row of reductions but also mindful of managing through attrition
- Concerned about the span of control at senior management level
- Due to EWEB being heavily committed to conservation in the past, don't want to reduce the level of service in Energy Management Services to the point that we can't meet the natural demand of walk-in customers for weatherization or other programs – curious what the natural sustainment level is from a customer demand standpoint
- On the right track regarding asset sales – don't want to lock in losses, especially when we don't get a lump sum up front
- Might be willing to consider more options on the rate side – wouldn't want to just restore cuts, but would like to get a leg up on this conversation for next year

Commissioner Helgeson clarified that it makes sense to ramp down Energy Management Services and recalibrate some programs in light of EWEB's IERP, but that he wouldn't want to do that in such a way as to leave customers without access to programs that help them avoid higher bills.

Commissioner Mital asked for more information on the sale of generation assets. General Manager Gray and Ms. Bloom gave a brief explanation. He then offered his feedback/direction:

- Okay with reducing bond rating from AA to A
- Favors Scenario 5 – a little bit less of a rate increase; need to be cognizant of potential for BPA passthrough
- More comfortable with a bit less in reserves – might force staff/Board to make more difficult decisions about Type 2 and 3 capital projects

Vice President Brown stated that he is okay with reducing the bond rating from AA to A and also okay with staff's recommended debt coverage ratio.

He asked what will happen if EWEB receives the license for Carmen-Smith earlier than predicted. Mike McCann, Hydro License Implementation Project Manager, said that the earliest EWEB would receive it would be in the fall, but the Federal Energy Regulatory Commission (FERC) is currently very busy in Alaska and is not currently working on it, and will probably pick it up in early 2014. He said that it will take six or seven years to implement the fish passage



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issues, and that the power plant is beginning to fail now, so turbines and generators need to be repaired before the fish passage issues are addressed. He added that the Board will receive an update on Carmen-Smith at the April 2 meeting.

Vice President Brown voiced concern that there will be potential for dumping oil into the water supply. Mr. McCann replied that when the substation is built, the transformers will be located up the hill away from the river, work on the plant will begin after that, and the fish ladder will be deferred until 2017. He added that there is money in the budget for this, and the cost has been pushed out to 2014-16 and beyond.

President Simpson adjourned the Work Session at 8:50 p.m.

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Assistant Secretary

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President

EUGENE WATER & ELECTRIC BOARD  
WORK SESSION  
EWEB BOARD ROOM  
APRIL 2, 2013  
5:30 P.M.

Commissioners Present: John Simpson, President; John Brown, Vice President; Dick Helgeson, James Manning, and Steve Mital

Others Present: Roger Gray, Debra Smith, Karen Lee, Cathy Bloom, Sue Fahey, Susan Eicher, Todd Simmons, Mel Damewood, Roger Kline, Laurie Elliott, Brad Taylor, Mark Freeman, Matt Sayre, Wally McCullough, Dawne Howard, Mike McCann, Joe Harwood, Lena Kostopulos, Sheila Crawford, Patty Boyle, Wendi Schultz-Kerns, Steve Mangan, Frank Lawson, Dave Churchman, Kathy Grey, Sibyl Geiselman, Jeannine Parisi, Mark Oberle, Mark Maguire, and Taryn Johnson of the EWEB staff; Vicki Maxon, recorder.

President Simpson convened the Work Session of the Eugene Water & Electric Board (EWEB) at 5:30 p.m.

**2012 YEAR-END AUDITED FINANCIAL STATEMENTS AND  
MANAGEMENT LETTER**

Cathy Bloom, Financial Services Manager, introduced Julie Desimone from Moss-Adams.

Using overheads, Ms. Desimone reviewed the agenda for her presentation and briefly summarized the management letter which the Board has already reviewed.

She then commented that EWEB had received an unmodified opinion on their financial statements and no exceptions from or non-compliance with Oregon Minimum Standards were found. She added that the accounting estimates also remained the same, basically apples to apples comparison from prior to current year.

She noted one unanticipated audit adjustment in the Electric Utility which has no impact, and a passed adjustment in the Water Utility (two work orders that should have been placed in service at year end).

She then reviewed material weaknesses (none), one significant control deficiency (customer adjustment access controls), and other matters that were included in the Board backgrounder.

Vice President Brown asked why EWEB's PERS liability is not considered a material weakness. Ms. Desimone replied that there is no statement that requires EWEB to post that liability to their financial records, nor is there currently a reporting standard to do so, but that

will change two years from now. Ms. Bloom added that PERS doesn't currently provide the level of detail to EWEB that would be necessary to do that reporting.

Ms. Desimone then explained that the significant control deficiency found (customer adjustment access controls) was that there are many customer service employees at many different levels who have the access to make changes in customer information (i.e., rewrite vs. read only access), and that the review process is onerous and not as efficient as it could be.

In response to a question from Commissioner Mital, Mark Freeman, Customer Service/Energy Management Services manager, explained the different customer information access levels for customer service employees, noting that the employees who have access to credit card information and social security numbers are in a much higher tier. He stated that these information access levels and reporting capabilities are currently being reviewed and will be adjusted.

Regarding the Other Matters section, Vice President Brown asked for an update on the Anonymous Whistleblower Hotline item. Ms. Desimone replied that she had met with General Manager Roger Gray, and that she believes that his response is a step in the right direction—to talk with employees so that they understand what issues to raise and whether or not a full whistleblower process needs to occur. She noted that instituting a whistleblower policy is a requirement but a whistleblower hotline is not.

General Manager Gray added that the whistleblower process is a series of steps and that the policy is about whistleblower protection, with an employee education process to reinforce that, and that tools from the Eugene Police Department and the Oregon Ethics Commission are available to assist with this.

Commissioner Helgeson stated that he would like to make a distinction between raising issues and concerns and disagreements with management vs. issues that affect EWEB's financial statements and operations. He said that he wants to continue to maintain an environment of open communication as EWEB has always tried to do, but he doesn't view this as needed for a place for employees to go to air their grievances, though for audit concerns, it is something to reflect on.

General Manager Gray stated that he had asked Ms. Desimone if this was something on which immediate action needed to be taken, and he was told it was a tone issue that needed to be seriously looked at. He reiterated that the process is part education and part cultural, and that if employees are concerned about retaliation, there are internal and external ways to address that.

President Simpson asked for an explanation of Access Management under the IT Matters section. Susan Eicher, General Accounting & Treasury Supervisor, explained that this item addressed information access for employees who had changed jobs within EWEB or had left EWEB, but still had partial access to some parts of the information system, i.e., access was turned off at the network level but not for individual information systems.

President Simpson asked if there a checklist completed when an employee retires or is terminated. General Manager Gray replied that there is. Lena Kostopulos, Human Resources Manager, briefly explained the timing of information access cancellation depending on each individual situation (i.e., retirement, termination, etc.).

President Simpson asked for an explanation of Work Order Documentation Consistency under the Other Matters section. Ms. Desimone replied that there are several different employee groups who run work orders, but there is not a consistent methodology between electric and water, and improvement is needed in that area.

In closing, Ms. Desimone stated that EWEB's Accounting Department was very prepared for this year's audit, and that she appreciates everyone's work and their willingness to participate in discussions.

Commissioner Helgeson thanked Ms. Desimone for the helpful narrative commentary that accompanied the financial statement.

Ms. Bloom stated that the Board will receive a mid-year audit/financial update as usual.

#### **CARMEN-SMITH PROJECT FINANCIAL UPDATE**

Using overheads, Mike McCann, Carmen-Smith Project Manager, presented an update of the Carmen-Smith license implementation project, including the project history and background, the relicensing process, the current relicensing status, and the license implementation schedule.

Patty Boyle, Principal Project Manager, presented an economic analysis, including relicensing or decommissioning/replacement costs (if a natural gas plant were built, which would be the least-cost alternative for peaking power), the benefit of relicensing, and the incremental value of a relicense in relation to a carbon tax. She noted that replacement power will have to be purchased.

In terms of the long-term financial plan, she noted that the new schedule delays a rate increase, to continue as scheduled will require a draw of reserves, and a delayed schedule comes with some risk.

In response to a question from Commissioner Mital, Ms. Boyle discussed relicensing and retaining ownership vs. selling the Carmen-Smith project. She stated that the sale of Carmen-Smith would definitely generate interest, and that staff is asked on occasion if they would consider selling Carmen-Smith, as peaking hydroelectric plants don't come on the market very often. Roger Kline, Generation and Fleet Manager, added that there would be many issues to consider when marketing Carmen-Smith, including social, environmental, etc.

General Manager Gray added that EWEB could look at a sale, but whether or not Carmen-Smith is more valuable than a gas-fired plant, or vice versa, would be a Board policy

decision, and for the future, whether or not Carmen-Smith would function better than a gas-fired plant would also be a Board policy decision.

Ms. Boyle answered clarifying questions from the Board.

Due to its expense, Mr. McCann discussed the various alternatives to building the fish passage, but he noted that the settlement agreement would have to be renegotiated in order to do so (i.e., tradeoffs would have to be presented).

Vice President Brown reiterated his longstanding concern that an oil leak from the transformers at Carmen Substation into the river is a huge risk. President Simpson stated that he is also interested in relocating the transformers from the deck.

General Manager Gray replied that staff agrees that this is a risk that needs to be mitigated, though it might potentially delay the license, but the license may be in perpetual delay anyway.

General Manager Gray also stated that the Carmen-Smith plant is 50 years old and some work also needs to be done in the powerhouse, with or without the license.

President Simpson asked what type of work can be done without the license. Mr. McCann replied that any maintenance or repair of existing infrastructure that wasn't called out in the license application and does not require Federal Energy Regulatory Commission (FERC) approval can be done, for example, replacement of motors in the powerhouse. He noted that a restroom at Trailbridge has already been added and the bridge at Carmen-Smith diversion reservoir has been rebuilt, and that communication upgrades were done in preparation for construction.

In answer to a question from Commissioner Helgeson, Ms. Boyle briefly reviewed financial considerations and discount interest rates, and how they would affect value.

Commissioner Helgeson asked if the Board could receive a "sensitivity analysis." General Manager Gray replied that staff will follow up with that information.

Commissioner Mital asked how climate change will affect river flow. Mr. McCann replied that climate change was factored in as part of the analysis, but staff's research found that the McKenzie River will pretty much maintain its flow over 50 years.

Commissioner Mital asked when the decision regarding retaining Carmen-Smith or building a gas-fired plant will need to be made. Mr. McCann replied that once the license is granted, EWEB has 30 days to accept or reject it, and staff will return to the Board at that time for input.

Commissioner Mital wondered if EWEB could receive financial assistance from organizations who offer it when carbon emissions will be offset. Mr. McCann replied that financial assistance in that regard would only apply to a new plant, not an existing one.

Vice President Brown asked if EWEB will receive any monetary credit for the Forest Service survey mistake that caused the delay in the relicensing process. General Manager Gray replied that EWEB will not, and he added that in some ways the delay has actually been a benefit. A brief discussion ensued regarding the Forest Service survey and how it affected the relicensing process.

General Manager Gray stated that it is getting to the point where a decision needs to be made on whether the Board wants to continue this project, as even the powerhouse upgrades are costing money.

Vice President Brown stated that during construction, even a small increase in flow disrupts the river, and that the river guides and other upriver residents are very concerned about this. He wondered if there will be public outreach regarding how construction will affect the river flow.

Mr. McCann replied that staff attends the river guides meeting every year to give them updates. He added that staff doesn't plan to disrupt the river flow and that they will do their best to minimize it, and that their intent is to run the river flat during the construction period.

President Simpson adjourned the Work Session at 7:22 p.m.

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Assistant Secretary

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President

EUGENE WATER & ELECTRIC BOARD  
REGULAR SESSION  
EWEB BOARD ROOM  
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President Simpson convened the Regular Session of the Eugene Water & Electric Board (EWEB) at 7:30 p.m.

**AGENDA CHECK**

There were no items.

**PUBLIC INPUT**

**Mike Hatton** is a professional energy efficiency consultant. He said that the recent Register-Guard article and General Manager Gray's op-ed piece regarding the reduction in energy conservation programs and services cut him to his soul. He asked the Board to understand that there are external environmental factors regarding how customers use energy, and he wondered how EWEB will respond to changes in regulatory values. He also asked the Board, in light of the fact that there may continue to be a long-term period of economic turbulence, what EWEB's long-term plan is if economic recovery does not happen soon. Regarding the demonstrated energy demand elasticity seen in the last few years, he stated that EWEB can choose to use less and not spend a lot of capital up front to do that. And finally, he stated that he believes EWEB is sending mixed market messages, with a third cycle downward in energy conservation. He reminded the Board that Eugene is known as the green city of the United States and the best city for parks and outdoors, and is internationally known for their leadership in energy conservation.

**Kathy Ging** gave the following testimony:

"This was not the testimony I had planned - I wanted to discuss research into fiber optics since I had sent the Board several emails in one day last month about Chattanooga, TN, researching this option for 10 years before adopting it for smart meters and other information

highway deliveries. But due to the news about EWEB's suspension of conservation and solar water heater incentives in the last few days, I changed the topic.

Conservation is still, like in the 70s, our major new energy source. I am concerned, like many EWEB ratepayer-owners, about many of the paths EWEB has taken in recent years.

It is not just that EWEB has experienced foundation shaking from decreased revenues and morale loss from layoffs and employees quitting due to being unhappy, insecure, or at odds with management direction--some of them were out of synch with divergent directions the utility has taken.

Under new guidance in recent years, EWEB steering during an economic downturn was not a task for the faint-hearted. Roger Gray has stood up to the task. But regarding some other directions EWEB has chosen or almost selected is where discomfiture increases. We were not going to have citizen committee involvement for the Integrated Electric Resource Plan (IERP) until citizen ratepayers and I expended considerable time and pressure on the EWEB Board to reverse its tentative decision so that finally they did include citizen involvement--standard protocol in three prior IERPs.

It is the fact that the solar contractors were not even informed recently about suspension of zero-interest loans and other incentives. EWEB's decades of working with solar contractors, plumbers and electricians are at stake for solar water heating, a demand reduction energy efficiency measure--this learning curve could go down the tubes, as could infrastructure of companies currently geared up to weatherize and install solar DHW.

Conservation contractors were informed about the cutbacks. But, "oh, we forgot," EWEB staff told a solar contractor inquiring why they were not informed.

Also questionable is the timing of the conservation incentive suspension hitting the press at spring break with no public forum or interaction invited. This has been a public relations nightmare.

It is the way the \$26 million potential Sensus/Landis & Gyr 1300-plus page contract was submitted to the Board on March 5, 2013 as an awkwardly orchestrated platypus, leaving gaps and confusion in minds of Board members whose approval vote split 3-2 for the tentative contract--itself an anomalous practice in the utility business, according to reliable sources.

As a result of our increasing concerns, a group of EWEB ratepayer owners may write a rough draft white paper leaving lots of blanks, because answers are not easily found as to exactly who is guiding new policies and future directions of Oregon's largest publicly owned utility, once heralded for its pace-setting conservation and renewable energy programs.

Concerning press about the conservation suspension: I talked to the RG reporter who wrote the March 30<sup>th</sup> article, asking if she knew where the directive came from for conservation



program cutbacks and whether EWEB Board had been consulted. She did not know the answer, having not asked the question.

This is a major concern to the public--after 30 years of successful conservation programs, why are we choosing to cutback now? In the March 30 front page RG article EWEB's Lance Robertson stated, "EWEB will be back," but the program may be changed to emphasize "demand management," which uses meters that allow customers to shift their use of electricity away from peak hours, so EWEB doesn't have to pay the most expensive price to supply it.

Conservation programs will be back, too, he said. "We still want to provide that option to customers, and it's still a value of the utility," Robertson said. "It is a way for customers to mitigate the added cost of when we have a rate increase--or just to be more efficient in terms of energy use. That's a good thing."

Concerned about the future of our neighborhood-owned/publicly owned utility, I ask any members of the public or staff to write to me at [Kathy@KathyGing.com](mailto:Kathy@KathyGing.com) with your concerns and thoughts about EWEB's past, present and future. Your name can remain anonymous. I have already received offers to help write the document."

**James Walton** is a senior at the University of Oregon, working with the nonprofit organization Focus Nation in Portland, which empowers students to bring new energy discussions to the community. His student group was awarded an EWEB grant for the SCORE program, which has educated 140 students in energy conservation and has influenced approximately 200 tenants. Students training to be energy auditors have performed 130 hours of labor and have been inspired to pursue careers in energy conservation. He thanked EWEB for their financial backing and added that the Score program will continue with partial funding from the City of Eugene.

Commissioner Mital thanked Mr. Hatton for his testimony. He stated that there are many customers who concerned about the drawback in funding for energy conservation, but there is a more complicated picture that hasn't had time to be aired, and that will be forthcoming. With EWEB moving into demand management and with potential legislation at stake, he asked Mr. Hatton to give EWEB time, as they have been a leader in energy conservation for 30 years and he doesn't believe that will change.

Commissioner Helgeson agreed with Commissioner Mital's comments. He stated that the suspension of programs actually came as a surprise to him as he doesn't believe there was adequate opportunity for the Board to discuss it, and he regrets that, and wishes the Board would have looked at it more closely. He said that he will be looking at what EWEB can do as soon as possible in order to "get back on the radar" regarding EWEB's commitments and to contemplate transition options.

Vice President Brown stated that there are guidelines in EWEB's Integrated Energy Resource Plan (IERP) regarding conservation programs and goals, and that EWEB is still a leader in every category for energy conservation compared to other utilities. He reminded the

audience that EWEB is facing large financial challenges and a lot of issues in the community. He echoed what Commissioner Mital said, that EWEB is giving up on energy conservation programs, just ratcheting back.

President Simpson echoed the other Commissioners' comments and said he had nothing to add.

Commissioner Manning agreed with the other Commissioners' comments, and reiterated that there is more to the story than what was in the Register-Guard article, and he added that EWEB is not backing away from energy conservation programs and services, but refocusing on existing resources.

## **CONSENT CALENDAR**

### **MINUTES**

1. a. February 19, 2013 - Special Board Meeting
- b. February 19, 2013 - Work Session
- c. March 5, 2013 - Executive Session
- d. March 5, 2013 - Work Session
- e. March 5, 2013 - Regular Session

### **CONTRACTS**

**2. Findlay Engineering, Inc.** – to provide consulting services for the FERC Part 12D Dam Safety Inspection Report at the Carmen-Smith Project, as required by FERC every five years - Engineering Department - \$28,000. Contact person is Mel Damewood.

**3. Oregon Electric Group** - for commercial electrical services needed on occasion at EWEB facilities (Headquarters, Roosevelt Operations Center, Hayden Bridge and upriver facilities and housing). Electric services required are comprehensive, from low voltage wiring to high voltage commercial projects - Electric Operations - \$500,000. Contact person is Todd Simmons.

**4. Overton Safety Training, Inc.** - for mobile and articulating boom crane operation certification training to meet the federal code requirements by January 1, 2014 - Human Resources - \$40,000. Contact person is Lena Kostopulos.

**5. Roto-Rooter Plumbing & Drain Services** - for Services contract 2279, Phase II of the Water Heater Pilot Program - Power Resources and Strategic Planning - \$3,500 (total \$ 23,130). Contact person is Erin Erben.

**6. Westates Flagman, Inc.** - for traffic control and flagging services for general maintenance work, tree pruning and removal work that are NOT subject to Bureau of Labor and Industries (BOLI) prevailing wage rates – Electric Operations - \$700,000. Contact person is Todd Simmons.

**7. Williams Land Improvement** - for Electric Utility Right of Way Clearing/Mowing and Tree Topping/Falling Services to maintain EWEB's Right of Ways - Electric Operations - \$250,000 (over five years). Contact person is Todd Simmons.

## **RESOLUTION**

**8. Resolution No. 1304** - Rate Adjustments for Dark Fiber Leases, Contact Person is Dean Ahlsten.

## **APPROVAL OF CONSENT CALENDAR**

Vice President Brown pulled item #6.

It was moved by Commissioner Helgeson, seconded by Commissioner Manning, to approve the remainder of the Consent Calendar. The motion was approved unanimously (5-0).

## **ITEM REMOVED FROM CONSENT CALENDAR**

Vice President Brown asked for confirmation that the Westates Flagman contract is not a Bureau of Labor & Industries (BOLI) contract. General Manager Gray replied that it is not. He explained that that this contract is for maintenance and support for tree trimming efforts, as it is less expensive to outsource this service, and that the portion that was in-sourced is the BOLI portion. Todd Simmons, Electric Operations Manager, further explained that EWEB has two contracts with Westate Flagman, one for capital improvement, and this one only for maintenance, almost exclusively for tree trimming.

Commissioner Helgeson asked for clarification of the protocol for pulling items from the Consent Calendar. General Manager Gray confirmed that prior to a Board meeting, Commissioners may ask questions about a consent calendar item via e-mail or phone, and if the answer is satisfactory to them, the item does not need to be pulled at the meeting. General Manager Gray apologized for the lack of clarity around the protocol for this.

It was then moved by Vice President Brown, seconded by Commissioner Helgeson, to approve item #6. The motion was approved unanimously (5-0).

## **2013 FIVE-YEAR ELECTRIC AND WATER CAPITAL IMPROVEMENT PLAN (CIP) UPDATE AND 2013 BUDGET AMENDMENTS (BAM) #2, 3, 4 AND 5**

Mel Damewood, Water Engineering Manager introduced Wally McCullough, Water Engineering Supervisor and Frank Lawson, Systems Engineering Supervisor.

Using overheads, Mr. Damewood presented the annual update on the Five-Year Electric Capital Improvement Plan (CIP) and the proposed budget amendments, and reviewed the carry-over items that were not completed by year-end 2012. He noted that his presentation will be a

higher-level view since the Board had already received a backgrounder, and that following his presentation, the Board will be asked to approve the budget amendments.

Mr. Damewood then described type 1, 2 and 3 capital improvement projects and gave examples of each, and reviewed the electric capital planning process. He noted that during staff's capital project re-prioritization process, the emphasis was on not compromising safety and reliability.

Using overheads, Mr. McCullough reviewed the water capital planning process, the targets for capital budget reductions, the proposed reductions or deferments, the process for reducing capital expenditures, and what impacts occur by adjusting capital spending.

Using overheads, Mr. Lawson reviewed the electric capital planning process, the resulting capital priorities, some examples of those priorities, and what impacts occur by adjusting capital spending.

Mr. Damewood then reviewed the next steps in the process, which will include Board questions and discussions during the next few months, further adjustments to the CIP by staff, and finally, presentation of the draft 2014-2018 CIP to the Board at the July financial work session.

Commissioner Manning thanked staff for their excellent presentation and commended them for an innovative approach to saving money.

President Simpson agreed, and thanked staff for a thoughtful and diligent focus on prioritizing projects and finding the balance in order to save money or, in some cases, spend more money to insure reliability.

Vice President Brown asked why the downtown underground electric distribution network rebuild project has been pushed back when he had heard earlier that it was being moved up.

Mr. Damewood replied that the fire that occurred was as a result of a failure of the secondary system and not a transformer. He explained that staff has studied options for the downtown network, whether to replace it as is or rebuild it as not a full redundant downtown network, as it may save millions of dollars to take a different approach. He said that a consultant is looking at reliability impacts vs. cost, and that staff will report back to the Board on the findings. He noted that it is a matter of how much capacity crews have to do the work, as a \$15 million project done by EWEB crews can't be fit in within a two-year time period.

A brief discussion ensued. Mr. Simmons stated that EWEB has put together an underground distribution network inspection team, and he feels like there is time to make the proper decisions on issues such as this.

General Manager Gray stated that he agrees that the underground network rebuild remains a high priority and that, along with forming the underground inspection team, other risks have been mitigated, including the steam line that used to be there. He added that the design is still being debated and that he feels comfortable with what staff is doing. Mr. Damewood added that there will be \$4 million worth of underground cable replacement done this year as well.

Commissioner Helgeson stated that he appreciates how far the capital planning process has come, and also the effort to better quantify risks and balances based on certain criteria.

Mr. Damewood briefly reviewed how dashboard and performance standards will be prepared.

Commissioner Mital thanked staff for an excellent presentation. He said he is interested in learning more about what the Board's role is in this process and that he looks forward to more detailed information on dashboard and performance standards.

Mr. Lawson briefly reviewed the approach for performance/reliability metrics (SAIFI [System Average Interruption Frequency Index] vs. SAIDI [System Average Interruption Duration Index] measures) and stated that the Board can help provide direction on how much risk to take in that area.

A brief discussion ensued regarding "adjusting the dials" for the above metrics and the service implications, rate cost implications, etc., of those adjustments.

It was moved by Vice President Brown, seconded by Commissioner Mital, to approve Electric Budget Amendments #2 and #3 and Water Budget Amendments #4 and #5. The motion was approved unanimously (5-0).

## **ITEMS FROM BOARD MEMBERS**

President Simpson stated that he had sent e-mails to the Board on March 16 regarding the final results of the poll regarding local banking institutions. He asked the Board if they wanted staff to pursue this process.

Commissioner Mital thanked President Simpson for the experimental process of compiling the results of the poll, and he wondered how staff will go about answering all the questions that were compiled.

Vice President Brown stated that he doesn't want to pursue the process, because if the Board goes ahead with outsourcing some of EWEB's banking, they will have to open up many other services for outsourcing, and he doesn't believe that would be a wise expenditure of staff time.

President Simpson stated that he also doesn't want to pursue the process, and added that he believes the polling process was adequate, even though he believes staff could easily condense the questions that were compiled.

Commissioner Helgeson stated that his interest in this item was not to drill down regarding public concern, but to engage parameters on how EWEB conducts that part of their business. He added that he sees it as an opportunity for the new Commissioners to better understand what EWEB's banking relationships are, the regulatory parameters, etc., but that he is indifferent on how the Board approaches it.

Commissioner Manning agreed that it was an excellent exercise and an informative process, but stated that he is not in favor of moving ahead any further, as staff is already stretched as far as they can be. He added that he believes the Board did what they could to consider the request.

Commissioner Mital stated that he's seen a number of people attend and testify at Board meetings and has also read the newspaper and heard conversations expressing concern about a perceived shift in EWEB values, and it seems to him that there's a handful of low-cost or no-cost things that staff could do to change that. He added that in his opinion, it's the same group of people who feel that way, and he'd like to make an effort in that regard.

Vice President Brown recalled that when the printing of the EWEB bills was outsourced to Los Angeles, a local printing company questioned why that was done. He reiterated that if the Board addresses a small segment of the community's requests, then they will have to open it up to address others' requests, and he doesn't believe that is part of EWEB's mission. He added that the Board has to make a business decision and conserve as many people as they can, and spend as little money as they can.

General Manager Gray stated that Cathy Bloom, Financial Services Manager, has the schedule to look at EWEB's various financial services, some time in the next quarter. He recalled that previous Boards have desired transparency in all processes, and he suggested that staff bring the Board a backgrounder on what, if anything, the Board can do on adopting policies regarding various preferences, i.e., what is the definition of "local," etc., and then legal opinions can be obtained. He noted that if the Board adopts a local preference, it can become tit for tat, and may end up penalizing EWEB's own competitive businesses, and he voiced the desire to pursue this as a general issue as opposed to just a specific banking issue.

The Board supported General Manager Gray's suggestion. President Simpson confirmed that there will be no backgrounder regarding banking services, but that staff will continue to pursue this as a general issue. He asked the Board to let him know if any of them would like to address this again in the future.

President Simpson noted that he e-mailed a summary of his legislative trip to Washington, D.C., to the Board on March 16.

Regarding the Carmen-Smith emergency budget item discussed earlier, Vice President Brown asked whether or not, if a \$1 million emergency item is needed, that would be double-dipping, since there is already staff time in the budget.

General Manager Gray replied that a portion of that budget item was for construction, a portion of it was for an outside engineering contract, and a portion of it was for internal staff time, i.e., it was a capital-for-capital tradeoff for internal labor, as fish ladder construction was bumped up and other items were deferred.

Commissioner Helgeson stated that having just returned from California, he wanted to acknowledge how blessed EWEB is to have such a great water resource.

Commissioner Helgeson then acknowledged that EWEB is going through some difficult times and difficult decisions, and that he is proud of the process, and also that somewhere, despite tough decisions, there are values and principles that EWEB stands for and represents that will tend to look in the short term like they're being walked away from. He said that he believes EWEB ought to look for opportunities to remind the public of those values, and remind themselves that they need to keep those values in mind and have them available so they can be resurrected and continue to be demonstrated. He hoped that EWEB will continue to look for ways to preserve the values and principles that are important to them.

Commissioner Mital stated that he is now caught up on the American Public Power Association webinars, and that, for the most part, he found them useful. From one of them, he recalled the top five things Boards ought to focus on in order to be successful, and he noted two that stood out: setting strategic direction, and monitoring performance. He noted the proactive work that staff does on the Board's behalf so that the Board can set strategic direction in a better way, and also the performance metrics that General Manager Gray has taken on. He gave kudos to staff for their great work.

Commissioner Mital acknowledged the article General Manager Gray had written for the Eugene Daily News regarding updating EWEB values, noting the specific mention of affordability and sensitivity to low-income customers, and he thanked staff for keeping that issue front and center.

Commissioner Manning thanked staff for a very educational Board meeting and their well-done presentations, and said that he learned a lot this evening. Regarding the financial institution poll discussed earlier, he reiterated that while he supports the effort, he believes it would take a lot more probing and that there would not be an easy answer, and that he isn't sure staff has the time or resources to take that on.

Commissioner Manning noted that he attended his first Other Post Employment Benefits (OPEB) meeting on March 25 and attended the APPA webinar on March 28, and found them both very interesting. He commended staff for their excellent work and General Manager Gray for his leadership, and said that it is a pleasure to serve on the EWEB Board and that he continues to learn and grow.

General Manager Gray thanked Commissioner Manning for the compliments. He agreed that the alignment issue Commissioner Helgeson spoke of is an important one. Regarding the letter in the Eugene Daily news, he agreed that these are tough times and that EWEB needs to focus on its values. Though he did not mention it in that article, he said EWEB needs to be proud of their five-year contract with Housing and Community Services Agency (HACSA) to attempt to reach the low-income community, both renters and homeowners, as those customers haven't been able to participate in conservation programs previously. He added that he would like to find a way to bridge the tenant/landlord gap, as it is a tough one to tackle. He assured the Board, staff and audience that EWEB is not walking away from conservation, and he reminded them that EWEB's IERP spoke to efficiency and demand response. He said that even with retaining Carmen-Smith, EWEB will be facing the acquisition of peaking plants, and that demand response is critical, and he considers that as conservation.

### **CORRESPONDENCE AND BOARD AGENDAS**

There was no correspondence other than the carbon tax policy paper the Board received previously.

General Manager Gray noted that there are currently three bills regarding carbon that are before the Legislature which EWEB needs to take a leadership role on, and these can either be discussed individually or at a Board meeting.

He reminded the Board that the Board retreat is this Saturday, April 6, and that the retreat facilitator has sent some pre-retreat work for both him and the Board to complete.

Commissioner Helgeson reminded the Board that he will be absent from the May 7 Board meeting.

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

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Assistant Secretary

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President



EUGENE WATER & ELECTRIC BOARD  
EXECUTIVE SESSION  
EWEB BOARD ROOM  
500 EAST 4TH AVENUE  
APRIL 16, 2013  
5:15 P.M.

Commissioners Present: John Simpson, President; Dick Helgeson, James Manning and Steve Mital

Others Present: General Manager Roger Gray, Assistant General Manager Debra Smith, Wally McCullough, Laura Farthing, Gail Murray, and Taryn Johnson of EWEB staff. Eric DeFreest and Bob Fraser of Luvaas Cobb, Attorneys at Law.

President Simpson called the Executive Session meeting of the EWEB Board of Directors to order pursuant to ORS 192.660(2)(h) at 5:15 p.m. for legal consultation with counsel concerning legal rights and duties regarding litigation likely to be filed.

President Simpson adjourned the Executive Session meeting at 5:40 p.m.

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Assistant Secretary

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President

# EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Bridge Energy Group** for **Service Oriented Architecture Governance**.

Board Meeting Date: May 7, 2013  
Project Name/Contract#: PSC 2327  
Primary Contact: Matt Sayre Ext. 7721  
Secondary Contact: Roger Gray Ext. 7130  
Purchasing Contact: Ramie Alkire Ext. 7413

<b>Action Requested:</b>	
<input checked="" type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

**Contract Amount:**  
Original Contract Amount: \$ 130,000.00  
Additional \$ Previously Approved: \$ n/a  
Invoices over last approval: \$ n/a  
Percentage over last approval: n/a %  
Amount this Request: \$ 130,000.00  
**Resulting Cumulative Total:** \$ 130,000.00

<b>Funding Source:</b>	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

**Contracting Method:**  
Method of Solicitation: Exempt  
If applicable, basis for exemption: Rule 6-0270: Class Exemption of  
Personal Services under \$150,000  
Term of Agreement: May 8, 2013 to July 31, 2013  
Option to Renew? Yes  
Approval for purchases "as needed" for the life of the contract No

<b>Form of Contract:</b>	
<input type="checkbox"/>	Single Purchase
<input type="checkbox"/>	Services
<input checked="" type="checkbox"/>	Personal Services
<input type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input type="checkbox"/>	Price Agreement
<input type="checkbox"/>	Other

## Narrative:

The Board is being asked to approve a new contract with **Bridge Energy Group, Inc.** for services and deployment of **Services Oriented Architecture (SOA) governance** to support EWEB's Integration Center.

EWEB is implementing SOA to provide a sustainable and scalable approach to managing data interfaces between enterprise applications. SOA will replace the need for a point to point interface which replicates data and creates inefficiencies by increasing application development, maintenance costs, and staff time to manage. SOA enables IT infrastructures to perform at maximum efficiency.

Implementing SOA solutions without governance could quickly result in an unmanageable number of integrations that will not scale or change easily. SOA governance provides organizational benefits including the establishment of a common methodology; clarity of roles and responsibilities; consistent interface designs; and the establishment of common tools.

Bridge Energy Group has the expertise and experience working with other utilities and organizations in implementing SOA governance. They have an established methodology and work product templates to assist us in the deployment of the Integration Center.

**ACTION REQUESTED:**

Management requests Board approve a new contract with **Bridge Energy Group** for **Service Oriented Architecture Governance**. Funds for these services were budgeted for 2013 and will be budgeted annually.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_

# EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve an increase to an existing contract with **Cascade Pacific Resource Conservation & Development (CPRCD)** for administrative management services related to the Berggren Demonstration Farm.

Board Meeting Date: May 7<sup>th</sup>, 2013

Project Name/Contract#: Berggren Demonstration Farm, #13023

Primary Contact: Steve Newcomb Ext. 7391

Secondary Contact: Roger Gray Ext. 7130

Purchasing Contact: Ramie Alkire Ext. 7413

<b>Action Requested:</b>	
<input type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input checked="" type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

### Contract Amount:

Original Contract Amount: \$ 240,000.00

Additional \$ Previously Approved: \$ n/a

Invoices over last approval: \$ n/a

Percentage over last approval: n/a %

Amount this Request: \$ 80,000.00

**Resulting Cumulative Total:** \$ 320,000.00

<b>Funding Source:</b>	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

### Contracting Method:

Method of Solicitation: Sole-Source

If applicable, basis for exemption: \_\_\_\_\_

Term of Agreement: April 2010 through April 2015

Option to Renew? No

Approval for purchases "as needed" for the life of the contract No

<b>Form of Contract:</b>	
<input type="checkbox"/>	Single Purchase
<input type="checkbox"/>	Services
<input type="checkbox"/>	Personal Services
<input type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input type="checkbox"/>	Price Agreement
<input checked="" type="checkbox"/>	Other

### Narrative:

The Board is being asked to approve an increase to an existing agreement with **Cascade Pacific Resource Conservation & Development (CPRCD)** for administrative management services related to the Berggren Demonstration Farm. The additional funding added under this existing agreement will provide ongoing support over the next two years when the agreement expires.

In 2010, EWEB worked with McKenzie River Trust (MRT) and the Bonneville Power Administration (BPA) to secure funding to acquire a 92-acre property located on Camp Creek Road (the Hunsaker property). Acquisition of this property satisfied multiple objectives including compliance with the Leaburg Waltherville FERC license Articles 412 and 413; and protection of Eugene's sole source for drinking water. The initial \$240,000 investment by EWEB was used to hire staff, develop a farm management plan, establish basic infrastructure, and implement the first stages of production at the farm. This investment leveraged over \$130,000 in grant funding with an additional \$245,000 in proposals awaiting approval. The farm's objectives include showcasing organic farming practices and use of renewable energy and efficient irrigation systems, as well as demonstrating how agricultural land can coexist with and enhance riparian, floodplain and upland habitat.

CPRCD (a 501c3 organization) provides administrative services related to the demonstration farm per an existing Administrative Services Agreement with EWEB. CPRCD contracts with a farm manager to operate and manage the demonstration farm per a Farm Management Plan developed and approved by EWEB, MRT, and CPRCD, with input from other key partners in this project (i.e., Oregon Tilth, OSU Extension, Upper Willamette Soil & Water Conservation District, Lane Council of Governments, etc.). These additional funds will help establish the core farm operations: purchasing a tractor; setting up raised beds and irrigation; building perimeter fencing to contain livestock; construct livestock housing, as well as developing educational activities: workshops for farmers and interns, greater integration with LCC and UO programs, and partnerships with local K-12 schools.

It is anticipated that as the farm matures and implements its business plan over the next 2-3 years, additional funding support from EWEB will be reduced even further. The demonstration farm is a key element of EWEB's Healthy Farms Clean Water Program that works with McKenzie farmers to reduce chemical use, increase buffers while increasing economic viability of farming to reduce the amount of farmland being converted to development.

**ACTION REQUESTED:**

Management requests Board approve additional funding under an existing Agreement with **Cascade Pacific Resource Conservation & Development (CPRCD)** for administrative management services related of the Berggren Demonstration Farm. Funds for this work were budgeted for 2013 and will be budgeted annually.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_

## EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Fluid Market Strategies, Inc.**, a non-profit organization, for program marketing and fieldwork to complete **Phase 2 of the Residential LED Pilot Program**.

Board Meeting Date: May 7, 2013  
Project Name/Contract#: Residential LED Pilot Program Phase 2/PSC 2323  
Primary Contact: Mark Freeman Ext. 7061  
Secondary Contact: Roger Gray Ext. 7130  
Purchasing Contact: Tracy Davis Ext. 7468

### Action Requested:

Contract Award  
 Contract Renewal  
 Contract Increase  
 Other

### Contract Amount:

Original Contract Amount: \$47,000  
Additional \$ Previously Approved: \$ N/A  
Invoices over last approval: \$ N/A  
Percentage over last approval: N/A %  
Amount this Request: \$ N/A  
**Resulting Cumulative Total: \$47,000**

### Funding Source:

Budget  
 Reserves  
 New Revenue  
 Bonding  
 Other

### Contracting Method:

Method of Solicitation: Sole Source  
If applicable, basis for exemption: ORS279B.075 and EWEB Rule 3-0275  
Term of Agreement: May 8, 2013 – December 31, 2013  
Option to Renew? No  
Approval for purchases "as needed" for the life of the contract Yes

### Form of Contract:

Single Purchase  
 Services  
 Personal Services  
 Construction  
 IGA  
 Price Agreement  
 Other

### NARRATIVE:

The Board is being asked to approve a new contract with **Fluid Market Strategies, Inc.**, a non-profit organization, for program marketing and fieldwork to complete **Phase 2 of the Residential LED Pilot Program**.

BPA, the Northwest Energy Efficiency Alliance (NEEA), the Energy Trust of Oregon, EWEB and other northwest utilities partnered in a regional CFL and showerhead retail/direct install program called "Simple Steps, Smart Savings" being implemented by Fluid Marketing Strategies, LLC.

As part of the Simple Steps partnership, EWEB engaged Fluid Market Strategies, LLC to provide fulfillment and data collection services for the EWEB LED Field Test or customer acceptance pilot. Phase 1 of this pilot was initial data collection and product distribution to 500 participants and was conducted in December 2012. Phase 2, scheduled for 2013, is to conduct the follow-up data collection and additional product distribution as communicated to the 500 Phase 1 participants. Fluid Marketing will use excess inventory from Phase 1 before ordering additional LED products (at negotiated Phase 1 prices) to fulfill Phase 2 product incentives.

### ACTION REQUESTED:

Management requests Board approve a new Contract with **Fluid Market Strategies, Inc.**, a non-profit organization, for program marketing and fieldwork to complete **Phase 2 of the Residential LED Pilot Program**. Funds for these services were budgeted for 2013.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

LT Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_

# EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Heintzberger Payne Advisors** for **deferred compensation benefits consulting services**.

Board Meeting Date: May 7, 2013  
Project Name/Contract#: PSC 2312  
Primary Contact: Lena Kostopulos Ext. 7466  
Secondary Contact: Roger Gray Ext. 7130  
Purchasing Contact: Ramie Alkire Ext. 7413

<b>Action Requested:</b>	
<input checked="" type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

**Contract Amount:**  
Original Contract Amount: \$ 50,000.00  
Additional \$ Previously Approved: \$ N/A  
Invoices over last approval: \$ N/A  
Percentage over last approval: N/A %  
Amount this Request: \$ 50,000.00  
**Resulting Cumulative Total:** \$ 50,000.00

<b>Funding Source:</b>	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

**Contracting Method:**  
Method of Solicitation: Exempt  
If applicable, basis for exemption: Rule 6-0270: Class Exemption of  
Personal Services under \$150,000  
Term of Agreement: April 3, 2013 to April 3, 2015  
Option to Renew? Yes  
Approval for purchases "as needed" for the life of the contract No

<b>Form of Contract:</b>	
<input type="checkbox"/>	Single Purchase
<input type="checkbox"/>	Services
<input checked="" type="checkbox"/>	Personal Services
<input type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input type="checkbox"/>	Price Agreement
<input type="checkbox"/>	Other

**Narrative:**  
The Board is being asked to approve a new contract with **Heintzberger Payne Advisors** for **deferred compensation benefits consulting services**.

Maintaining a prudent and fiscally responsible deferred compensation program provides a valuable retirement benefit to our employees. In 2007, staff solicited for a third-party consultant to review and evaluate EWEB's then existing deferred compensation carrier's program and make recommendations for improvements in the areas of pricing, portfolio make-up, and available participant and sponsor services. Northwest Capital Management, Inc. was chosen as the Deferred Compensation Consultant that best met EWEB's needs. In 2011, Northwest Capital Management changed its name to Heintzberger Payne Advisors.

In the past five years, multiple key staff members who worked closely on the oversight and administration of EWEB's Deferred Compensation plan have retired. As EWEB's Deferred Compensation consultant, Heintzberger Payne Advisors have been instrumental during these transition years creating continuity as these staff changes occurred. Absent their involvement during this time, there would be a significant void in institutional knowledge surrounding this employee benefit program.

Staff and members of the Deferred Compensation Committee are currently working to update/finalize plan documents and ensure that the Committee is managing their fiduciary responsibilities. Brent Petty, the consultant with Heintzberger Payne Advisors, provides valuable experience and knowledge to assist the committee in this process.



**ACTION REQUESTED:**

Management requests Board approve a new contract with **Heintzberger Payne Advisors** for **deferred compensation benefits consulting**. Funds for these services were budgeted for 2013 and will be budgeted annually.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Assistant General Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_

# EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve multiple new contracts with **certified contractors for residential backflow testing services.**

Board Meeting Date: May 7, 2013

Project Name/Contract#: Residential Backflow Testing Svcs / Contract #005-2013

Primary Contact: Brad Taylor Ext. 7385

Secondary Contact: Roger Gray Ext. 7130

Purchasing Contact: Cheryl Golbek Ext. 7389

### Action Requested:

Contract Award  
 Contract Renewal  
 Contract Increase  
 Other

### Contract Amount:

Original Contract Amount: \$250,000

Additional \$ Previously Approved: \$ N/A

Invoices over last approval: \$ N/A

Percentage over last approval: 0%

Amount this Request: \$250,000

**Resulting Cumulative Total:** \$250,000

### Funding Source:

Budget  
 Reserves  
 New Revenue  
 Bonding  
 Other

### Contracting Method:

Method of Solicitation: Request for Qualifications (RFQ)

If applicable, basis for exemption: N/A

Term of Agreement: May 8, 2013 through May 7, 2015

Option to Renew? No.

Approval for purchases "as needed" for the life of the contract Yes

### Form of Contract:

Single Purchase  
 Services  
 Personal Services  
 Construction  
 IGA  
 Price Agreement  
 Other

### NARRATIVE:

The Board is being asked to approve multiple new contracts with **certified contractors for residential backflow testing services: Aaction Backflow; A & A Backflow Testing; A & K Landscaping LLC; All-Flow; BTi Construction Co; Dutchman Backflow; Emerald Valley Backflow; Harvey & Price; Heath Backflow; PM Backflow; Right-Way Plumbing & Backflow Service; TB Irrigation; Terra Nova Landscape; Twin Rivers Plumbing; and Water Flow Specialties.**

The Oregon Human Services Administration, by law, requires Water Purveyors (EWEB) to annually assure that customer backflow devices are operating properly (OAR 333-061-0070). EWEB meets this legal compliance through the use of certified Backflow Assembly Testers. EWEB offers this service to simplify the customer's obligation to test their backflow device annually. A customer may request EWEB to coordinate with a certified contractor for the annual testing of their device. EWEB will then work with a certified contractor to inspect and test the device, pay the contractor for the work and bill the customer the actual cost. Alternatively, the customer has the option of obtaining the service directly and EWEB will continue to monitor and follow-up with the customer to ensure the annual testing is done.

In January 2013, EWEB requested qualifications for the residential backflow testing services program. Sixteen proposals were received and fifteen proposers met the minimum required qualifications. The contracts outline EWEB's contractual terms, the program requirements and the compensation that will be paid to the testers for the backflow testing services performed under the contract.

If approved, staff anticipates services will not exceed \$250,000 over the two-year contract period. However, the exact number of customers who will request this service is unknown and may vary. While staff has tried to estimate the potential need from historical data, the Board's approval would be based on services "as needed" and not on any specific, fixed annual dollar amount.

### ACTION REQUESTED:

Management requests Board approve multiple new contracts with **certified contractors for residential backflow testing services.** Funds for these services were budgeted for 2013 and will be budgeted annually.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Assistant General Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Mel Damewood, Engineering Manager  
DATE: April 26, 2013  
SUBJECT: Willamette 1325 Reservoir Contract Amendment  
OBJECTIVE: Obtain Board Approval of Contract Amendment with Stellar J Corporation

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## **Issue**

Difficulties encountered during construction of the Willamette 1325 Reservoir have caused the Contractor change order amount to exceed the threshold allowed by Board Policy EL-1. To complete the project, a request is being made to amend the contract to add an additional \$233,250.

## **Background**

The Willamette 1325 Reservoir Replacement project includes the construction of a new 350,000 gallon reservoir to replace an existing 50,000 gallon reservoir which has insufficient capacity to provide fire and emergency storage for the Willamette 1325 Service Area.

This project was first identified in the 2004 Water System Master Plan and placed on the Water Capital Improvement Project list. Design of the project was ultimately completed in 2011 and construction began in April 2012.

Upon advertisement, six bids were received for the project ranging from a low of \$835,880 to a high of \$1,114,667. Stellar J Corporation (Stellar J) was determined to be the lowest responsive bidder and was given Notice to Proceed on April 4, 2012. The Engineer's Estimate for the project was \$1,150,000.

The project was challenging from the beginning due to the rock excavation required at the site and limited site access. These issues have resulted in numerous significant claims from Stellar J, the majority of which were denied by EWEB due to disagreements over quantities and actual site conditions. There were three change orders for additional required work on the reservoir access road totaling \$36,790 that were approved by staff.

## **Discussion**

After EWEB denied significant claims from Stellar J, they appealed the decision and requested mediation per EWEB's standard general contract conditions. The mediation for all unresolved claims on the project took place in Portland on April 11<sup>th</sup>, 2013.

Discussions during mediation resulted in a tentative settlement agreement signed by both EWEB and Stellar J. The agreement stated that Stellar J would substantially complete the work by August 1<sup>st</sup>, 2013 and all claims to date on the project would be considered resolved for a change order amount of \$233,250.

The final language in the settlement agreement, however, has yet to be agreed upon. Any payments made to Stellar J for the disputed claims would require prior signature approval of the final agreement by both parties.

With this change order amount, the contract would still be less than the Engineer's Estimate and within the range of the original bidders. It should be noted that change orders almost always occur on construction projects due to unforeseen conditions or other issues. An overage of this amount on a project completed by a contractor for the Water Department is rare; typically change order amounts are less than 5%.

### **Recommendation/Requested Board Action**

Water staff is recommending that the Board approve a contract amendment for Stellar J Corporation for \$233,250, pending signature approval of the final settlement agreement and approval by the Contractor's surety.

If there are any questions or if more information is needed, please contact Mel Damewood, Engineering Manager 541-685-7145 or [mel.damewood@eweb.org](mailto:mel.damewood@eweb.org).

## EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a contract amendment for **Stellar J Corporation** to complete construction services for the Willamette 1325 Reservoir Replacement.

Board Meeting Date: April 16, 2013  
Project Name/Contract#: Willamette 1325 Reservoir Replacement  
Primary Contact: Mel Damewood Ext. 7145  
Secondary Contact: Roger Gray Ext. 7196  
Purchasing Contact: Guy Melton Ext. 7426

### Action Requested:

Contract Award  
 Contract Renewal  
 Contract Increase  
 Other

### Contract Amount:

Original Contract Amount: \$835,880  
Additional \$ Previously Approved: \$36,790  
Invoices over last approval: \$0  
Percentage over last approval: 4%  
Amount this Request: \$233,250  
**Resulting Cumulative Total:** \$1,105,920

### Funding Source:

Budget  
 Reserves  
 New Revenue  
 Bonding  
 Other

### Contracting Method:

Method of Solicitation: Invitation to Bid No. 010-2012  
If applicable, basis for exemption: N/A  
Term of Agreement: April 4, 2012 – September 1, 2013  
Option to Renew? No  
Approval for purchases "as needed" for the life of the contract No

### Form of Contract:

Single Purchase  
 Services  
 Personal Services  
 Construction  
 IGA  
 Price Agreement  
 Other

### NARRATIVE:

The Board is being asked to approve a contract amendment with **Stellar J Corporation** to complete the construction of the Willamette 1325 Reservoir Replacement project.

The Willamette 1325 Reservoir Replacement project included the construction of a new 350,000 gallon reservoir to replace an existing 50,000 gallon reservoir which had insufficient capacity to provide fire and emergency storage for the Willamette 1325 Service Area.

The construction of this reservoir has been challenging due to the rock excavation required at the site, limited site access, and contractor's requests for change orders. These issues have resulted in additional unforeseen engineering and inspection time as well as contractor's requests for additional compensation. These change order requests have been evaluated and the parties have proposed a negotiated increase which is subject to board approval.

The amendment to the Stellar J contract will be for \$232,250 and extend the contract's completion schedule to September 1, 2013. Per Board Policy EL1, the amount of the contract amendment exceeds the threshold which requires Board Approval.

Budget Amendment #6 is associated with this contract amendment and adds an additional \$100,000 to the project budget.

### ACTION REQUESTED:

Management requests Board approve the amendment to the contract with **Stellar J Corporation** to complete construction services for the **Willamette 1325 Reservoir Replacement**, pending signature approval of the final settlement agreement and approval by the Contractor's surety.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

LT Manager: \_\_\_\_\_

Assistant General Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_

## EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Utility Integration Solutions, Inc.** for **Meter Data Management System RFP Advisory Services.**

Board Meeting Date: May 7, 2013

Project Name/Contract#: PSC 2325

Primary Contact: Greg Armstead Ext. 7734

Secondary Contact: Roger Gray Ext. 7130

Purchasing Contact: Guy Melton Ext. 7426

### Action Requested:

Contract Award  
 Contract Renewal  
 Contract Increase  
 Other

### Contract Amount:

Original Contract Amount: \$ 63,000.00

Additional \$ Previously Approved: \$ N/A

Invoices over last approval: \$ N/A

Percentage over last approval: N/A %

Amount this Request: \$ 63,000.00

**Resulting Cumulative Total:** \$ 63,000.00

### Funding Source:

Budget  
 Reserves  
 New Revenue  
 Bonding  
 Other

### Contracting Method:

Method of Solicitation: Exempt

If applicable, basis for exemption: Rule 6-0270: Class Exemption of  
Personal Services under \$150,000

Term of Agreement: May 8, 2013 to December 31, 2014

Option to Renew? Yes

Approval for purchases "as needed" for the life of the contract? No

Narrative:

The Board is being asked to approve a new contract with Utility Integration Solutions, Inc. (UISOL) for Meter Data Management System (MDMS) RFP Advisory Services.

As part of preparing for a future with AMI meters, EWEB will be seeking to identify the system that best fits EWEB's needs to manage the volume of data that will come from AMI. EWEB requires consulting services to assist in the development of technical specifications and for support in the selection of a MDMS. If approved, the consultant will assist with technical specifications for AMI integration, system architecture, CIS and other system integrations, reporting, user interfaces, and pricing structure. Consulting services are required for the review and clarification of questions and responses to the RFP.

Staff has negotiated a contract with Utility Integration Solutions, Inc. (UISOL) for these consulting services. UISOL was selected based on their utility references, industry specific experience with MDMS technical specification development and selection process support. They have experience with the design, build, integration and operation of commercial products for AMI and MDMS. EWEB has the option to purchase on-going support and consulting services throughout the project implementation, testing, and transition process.

### ACTION REQUESTED:

Management requests Board approve a new contract with **Utility Integration Solutions, Inc.** for **Meter Data Management System RFP Advisory Services.** Funds for these services were budgeted for 2013 and will be budgeted annually.

### Form of Contract:

Single Purchase  
 Services  
 Personal Services  
 Construction  
 IGA  
 Price Agreement  
 Other



**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_

# EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve an increase to the CM/GC contract with **Wildish Building Company** for **pre-construction services** for certain aquatic improvement projects at the Carmen-Smith Hydroelectric facility.

Board Meeting Date: May 7, 2013  
Project Name/Contract#: Carmen-Smith Environmental Improvements  
Primary Contact: Roger Kline Ext. 7106  
Secondary Contact: Roger Gray Ext. 7130  
Purchasing Contact: Quentin Furrow Ext. 7380

### Action Requested:

Contract Award  
 Contract Renewal  
 Contract Increase  
 Other

### Contract Amount:

Original Contract Amount: \$90,000  
Additional \$ Previously Approved: \$152,000  
Invoices over last approval: \$  
Percentage over last approval:            %  
Amount this Request: \$120,000  
**Resulting Cumulative Total:** \$362,000

### Funding Source:

Budget  
 Reserves  
 New Revenue  
 Bonding  
 Other

### Contracting Method:

Method of Solicitation: Formal RFP (Alternative Procurement)  
If applicable, basis for exemption: \_\_\_\_\_  
Term of Agreement: April 2011 – June 2015  
Option to Renew? Conversion to construction contract  
upon acceptance by EWEB of GMP

### Form of Contract:

Single Purchase  
 Services  
 Personal Services  
 Construction  
 IGA  
 Price Agreement  
 Other (CM/GC)

Approval for purchases "as needed" for the life of the contract No

### Narrative:

In January 2011, staff solicited proposals from qualified contractors to provide CM/GC services for the purpose of aiding the EWEB Carmen-Smith design team with planning and design of certain environmental improvements at the Carmen-Smith facility under the new FERC license. The Board approved the award of a contract to Wildish Building Company to support this work using a time and materials contract with a value not to exceed \$90,000. At the time of pre-construction negotiation, staff believed that the FERC license would be issued by fall of 2011 and the pre-construction contract would be converted to a construction contract by early 2012. Unfortunately, the license has not yet been issued and will not be issued in time for the 2013 construction season. In addition, staff has increased the contractor's responsibilities for construction under their CM/GC contract, adding powerhouse bypass valve work and powerhouse "balance of plant" work to their scope.

The contract amount requested under this amendment covers the contractor's participation on the project team during the additional time until the license is issued and it covers the additional scope of work added to the contractor's responsibilities. Specific work planned for the remainder of 2013 includes development of a 90% design cost estimate for aquatics work, constructability and value engineering work related to the 60% powerhouse and substation design, development of 60% and 90% design cost estimates for the powerhouse and substation work package, and preparation of project schedules, early work packages and risk mitigation plans, development of construction and contracting plans, and completion of a draft ACOE 404 permit application.

### ACTION REQUESTED:

Management requests Board approve an increase to the contract with the **Wildish Building Company** for **pre-construction services** for certain aquatic improvement projects at the Carmen-Smith Hydroelectric facility. Funds for this work were budgeted for 2013 and will be budgeted annually for the remainder of the contract.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_

# EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Willamette Valley Rehabilitation Center** for **janitorial services at the Hayden Bridge water Filtration Plant.**

Board Meeting Date: May 7, 2013  
Project Name/Contract#: Janitorial Services at Hayden Bridge/PSC #2321  
Primary Contact: Brad Taylor Ext. 7385  
Secondary Contact: Roger Gray Ext. 7130  
Purchasing Contact: Cheryl Golbek Ext. 7389

<b>Action Requested:</b>	
<input checked="" type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

**Contract Amount:**  
Original Contract Amount: \$206,000  
Additional \$ Previously Approved: \$ N/A  
Invoices over last approval: \$ N/A  
Percentage over last approval: 0%  
Amount this Request: \$206,000  
**Resulting Cumulative Total:** \$206,000

<b>Funding Source:</b>	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

**Contracting Method:**  
Method of Solicitation: Exempt  
If applicable, basis for exemption: EWEB Rule 6-0110 (2) and ORS 279.850  
Term of Agreement: May 8, 2013 – May 7, 2014  
Option to Renew? Yes, annual renewal for up to 5 years total  
Approval for purchases "as needed" for the life of the contract Yes

<b>Form of Contract:</b>	
<input type="checkbox"/>	Single Purchase
<input checked="" type="checkbox"/>	Services
<input type="checkbox"/>	Personal Services
<input type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input type="checkbox"/>	Price Agreement
<input type="checkbox"/>	Other

## NARRATIVE:

The Board is being asked to approve a new contract with **Willamette Valley Rehabilitation Center** for **janitorial services at the Hayden Bridge Water Filtration Plant.**

EWEB has a need for janitorial services at its Hayden Bridge Water Filtration Plant. This contract, if approved, will be with a Qualified Rehabilitation Facility (QRF) in accordance to Oregon laws. Oregon law mandates public entities to purchase goods and services from QRFs, when those goods and services are available.

Staff has negotiated a contract with WVRC. WVRC is our current provider and staff has been please with the services they have been providing.

Staff estimated the cost for the first year of services and consumable products to be \$38,000. The total five-year contract amount is estimated to be approximately \$206,000, which could be affected (+/-) depending on the cost of consumables and addition of janitorial services if needed.

## ACTION REQUESTED:

Management requests Board approve a new contract with **Willamette Valley Rehabilitation Center** for **janitorial services at the Hayden Bridge Water Filtration Plant.** Funds for these services were budgeted for 2013 and will be budgeted annually.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_

## EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve an increase to an existing Intergovernmental Agreement (IGA) with **Springfield Utility Board (SUB)** for the **Indefeasible Right of Use (IRU) Agreement for Dark Fiber Service**.

Board Meeting Date: May 7, 2013  
Project Name/Contract#: IRU for Dark Fiber Service / IGA 11416  
Project Contact: Dean Ahlsten Ext. 7136  
Secondary Contact: Roger Gray Ext. 7130  
Purchasing Contact: Tracy Davis Ext. 7468

### Action Requested:

Contract Award  
 Contract Renewal  
 Contract Increase  
 Other

### Contract Amount:

Original Contract Amount: \$ 37,407 over 5 years  
Additional \$ Previously Approved: \$ 28,593  
Invoices over last approval: \$ \_\_\_\_\_  
Percentage over last approval: N/A %  
Amount this Request: \$ 34,000  
**Resulting Cumulative Total: \$ 100,000 (through 12/31/2013)**

### Funding Source:

Budget  
 Reserves  
 New Revenue  
 Bonding  
 Other

### Contracting Method:

Method of Solicitation: Direct Negotiation  
If applicable, basis for exemption: EWEB Rule 6-0190, ORS 190.010  
Intergovernmental Agreements  
Term of Agreement: May 7, 2013 to December 31, 2013  
Option to Renew? Yes  
Approval for purchases "as needed" for the life of the contract No

### Form of Contract:

Single Purchase  
 Services  
 Personal Services  
 Construction  
 IGA  
 Price Agreement  
 Other

### NARRATIVE:

The Board is being asked to approve an increase to an existing Intergovernmental Agreement (IGA) with **Springfield Utility Board (SUB)** for the **Indefeasible Right of Use (IRU) Agreement for Dark Fiber Service**.

Springfield Utility Board owns, maintains, and operates fiber optic cabling in the Springfield area. Since 2006, SUB has leased one pair of "dark" fiber to EWEB for a connection between Headquarters, Hayden Bridge Filtration Plant, Hayden Bridge Switching Station (HBSS), Thurston Substation, and the Leaburg and Walterville Power Plants. The fiber provides reliable and affordable broadband voice and data communications capability to key Electric and Water facilities.

EWEB is adding an additional four pair of dark fiber under the IRU in order to provision path-diverse fiber connectivity for the new wide-area Ethernet network ('MetroE Project'), offering redundant communications to EWEB substations in Springfield and upriver. The new communication links are necessary in order to meet NERC requirements for a backup Dispatch Center. These additional funds will cover the increase in lease fees and provide for continuation of service at a fraction of the cost compared to commercial providers. The costs for this service are shared between Electric and Water Utility budgets.

When EWEB completes the construction of a new backbone fiber optic cable between its Currin Substation and the HBSS, there will be an adjustment to SUB fiber usage under the IRU as well as an anticipated lease of EWEB fiber for use by SUB. At that time, staff will update the IRU and submit an adjusted 5-year funding request for Board approval.

### ACTION REQUESTED:

Management requests Board approve an increase to the IGA with **Springfield Utility Board (SUB)** for the **Indefeasible Right of Use (IRU) Agreement for Dark Fiber Service**. Funds for these services are budgeted for 2013 and will be budgeted annually.

**SIGNATURES:**

Project Coordinator: \_\_\_\_\_

LT Manager: \_\_\_\_\_

Purchasing Manager: \_\_\_\_\_

General Manager: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_

Secretary/Assistant Secretary verification: \_\_\_\_\_

# Budget Amendment Form

Date: 04/15/13

Amendment # 6

**Contact Information:**

Name/Title/E-mail: Debra Smith/Assistant General Manger

**General Information:**

Project No./Name	Job No./Name
14017- Water Reservoir Additions	Job 32733 Willamette 1325 Reservoir

**Amendment Type:** *(Check all that Apply)*

Utility: Electric  Water

Category: Major Capital Project  Capital  O & M  Labor & Benefits

**Description and Justification for Budget Amendment:** See Consent Calendar

(Project No.-Job No.) & Description	Actual Expenditures Through 3/31/13	Projected Year-End Expenditures	Amount Currently Budgeted	Funds Transfer-In / (Transfer-Out)	Funding Source <i>(job transfer, reserves, bond funds, new revenue)</i>
14017-Job 32733 Willamette 1325 Reservoir	\$11,823	\$400,000	\$300,000	\$100,000	Bond Funds
<i>Total</i>	<i>\$11,823</i>	<i>\$400,000</i>	<i>\$300,000</i>	<i>\$100,000</i>	

General Manager Approval: \_\_\_\_\_ Assistant GM Approval: \_\_\_\_\_

Finance Manager Approval: \_\_\_\_\_ Department Manager Approval: \_\_\_\_\_

Fiscal Services Supervisor Approval: \_\_\_\_\_

Board Approval Date: \_\_\_\_\_





# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Mel Damewood, Engineering Manager and Dean Ahlsten, Compliance Officer  
DATE: April 24, 2013  
SUBJECT: Update to EWEB Policies & Procedures E-V, Dark Fiber Lease Rate Adjustment  
OBJECTIVE: Board Action

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### ***Issue Statement***

EWEB Policies & Procedures have been updated in accordance with the recently approved Dark Fiber Lease Rate.

### ***Background***

At the March 19, 2013 Board Work Session, management gave an overview of EWEB's current "Telecommunications Asset Utilization" strategy which includes the leasing of excess fiber optic strands to its customers. At the April 2, 2013 Board meeting, the Board approved a new Dark Fiber Lease Rate via Resolution No. 1304 as Amended.

### ***Discussion***

EWEB Policies & Procedures (P&P) have been amended to include information pertaining to dark fiber lease service, charges and rates as approved by the Board on March 19, 2013 under Resolution No. 1304. These P&P amendments apply specifically to public agencies, higher level educational institutions and existing leases for medical service providers within EWEB's service territory. These P&P amendments do not preclude the Board from establishing a different rate for new commercial customers, including for-profit medical providers.

Resolution No. 1304 has been amended to incorporate a \$500.00 Advance Engineering Fee for fiber feasibility studies, upon customer request. The amendment was necessary in order to align the Resolution with the fees the Board approved on April 2<sup>nd</sup>.

Per the Board's request in the March 19, 2013 Work Session, management will schedule a future agenda item to engage the board in discussion regarding fiber optic lease rates that are based on market pricing, rather than cost-based, that could be applied to commercial for-profit entities.

### ***Recommendation***

Management recommends that the Board approve Policies & Procedures E-V and Resolution No. 1304, as amended, to incorporate EWEB's Advance Engineering Fee.

### ***Requested Board Action***

Approve E-V Policies & Procedures and Resolution 1304.

Please contact Mel Damewood at 685-7145 or e-mail at [mel.damewood@eweb.org](mailto:mel.damewood@eweb.org) if you wish to discuss this material.



**O. Dark Fiber Lease**

1. Availability

EWEB’s fiber optic cables run through public right-of-way and are owned and maintained by EWEB. This rate schedule applies to public agencies and higher level educational institutions as well as existing leases for medical service providers within EWEB’s service territory, with the exception of any other rate that may apply under a separate agreement or rate schedule.

2. Character of Service

EWEB’s Dark Fiber Lease Rate Schedule (DFL-1) pertains to the available surplus fiber strands contained within EWEB’s existing fiber-optic system, covering the Eugene metropolitan area and other areas within EWEB’s service territory. Subscribing to EWEB’s Dark Fiber Lease allows the interconnecting entity to obtain an indefeasible right of use of allocated EWEB-owned fiber strands for the purpose of transmitting voice, data and/or video signals between locations.

3. Interconnection

The Customer is responsible for providing a complete conduit path from the termination point inside their facility to the EWEB demarcation point near the customer premise, in accordance with EWEB’s Fiber Optic Customer Standards. All customer provided conduit facilities and patch panels shall be inspected and approved by EWEB prior to connection of the lateral extension.

4. Advance Engineering Fee

All prospective EWEB Dark Fiber Lease subscribers must work with EWEB to complete an Advance Engineering Estimate of the cost and schedule for EWEB to provide dark fiber connectivity. A non-refundable \$500.00 fee is required prior to completing the Advance Engineering Estimate.

Advance Engineering Fee..... \$500.00

5. Service Agreement

A signed “Indefeasible Right of Use Agreement” or an “Intergovernmental Agreement” is required by EWEB before commencement of the detail Engineering design and construction of the lateral extension.

6. Non-Recurring Charges

The Customer shall pay an amount equal to 100 percent of the actual design and construction costs, payable upon completion of Dark Fiber connectivity.



7. Recurring Charges

The monthly charge for Dark Fiber Lease is determined by multiplying the length of the subscribed fiber strand(s) times the current monthly rate. The length of each fiber strand is determined from EWEB's Geographic Information System (GIS) Fiber Manager Application rounded up to the nearest one-half mile length. The Dark Fiber customer shall be billed a minimum of one (1) mile length for each such fiber pair. This information will be recorded in the customer's service agreement.

Dark Fiber Lease bills shall be rendered quarterly.

**2013 Monthly Rate per Strand Mile\*** .....\$21.13

Note: \*The Dark Fiber Lease Rate Schedule will be adjusted annually based on the City of Portland Consumer Price Index. (Resolution No. 1304)

8. General Terms and Conditions

Service under this schedule is subject to the policies and procedures of EWEB.

**RESOLUTION NO. 1304 -AMENDED  
MAY 2013**

**EUGENE WATER & ELECTRIC BOARD  
DARK FIBER LEASE RATE REVISION**

**WHEREAS**, the Eugene Water & Electric Board (EWEB) offers surplus Dark Fiber optic strands for lease by public agencies, higher education institutions and medical service providers;

**WHEREAS**, Dark Fiber Leases are not considered by the Federal Communications Council or the Oregon Public Utilities Commission to be a regulated Telecommunications Service;

**WHEREAS**, EWEB has expanded its fiber optic network and has experienced increases in construction, operation and maintenance costs associated with the provision of Dark Fiber Leases;

**WHEREAS**, EWEB sets its Dark Fiber Lease rates based on a cost of service methodology;

**WHEREAS**, the most recent methodology study formed the basis for the 2013 Dark Fiber Lease Rates;

**WHEREAS**, EWEB leases Dark Fiber via “Indefeasible Right of Use Agreements” (IRUs) or “Intergovernmental Agreements” (IGAs) that make provision for annual escalation based upon the City of Portland’s Consumer Price Index (CPI);

**NOW, THEREFORE, BE IT RESOLVED** that the Eugene Water & Electric Board hereby authorizes the General Manager to adjust the Dark Fiber Lease Rate for public agencies and higher education institutions and the rate applied to existing leases for medical service providers to \$21.13 per strand-mile per month, adjusted annually thereafter based on the City of Portland CPI, beginning with bills rendered on or after April 1, 2013. Furthermore, the Board authorizes the General Manager to collect a \$500.00 Advance Engineering Fee for the performance of dark fiber extension feasibility studies.

Dated this 7<sup>th</sup> day of May 2013.

THE CITY OF EUGENE, OREGON  
Acting by and through the  
Eugene Water & Electric Board

\_\_\_\_\_  
President

I, DEBRA J. SMITH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its May 7, 2013 Regular Board Meeting.

\_\_\_\_\_  
Assistant Secretary



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Mark Freeman, Customer Service and EMS Manager; Tina McAlexander, Customer Service Supervisor  
DATE: April 26, 2013  
SUBJECT: Update to Board Policy SD4, Public Use of Meeting Rooms Policy  
OBJECTIVE: Board Action

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**Issue:**

EWEB is actively seeking to lease the North Building and some additional space in the Headquarters Building to potential tenants. If EWEB is successful in finding a tenant, the North Building will no longer be available affecting access to the public meeting rooms.

**Background:**

Like other public agencies, EWEB is working hard to find ways to reduce our operating costs in tough economic times. We have reduced budgets, and in 2012 eliminated 50 positions from the utility's work force. That reduction, plus the relocation of about 200 employees to the Roosevelt Operations center in west Eugene in 2010, resulted in the underutilization of the North Building at EWEB's main headquarters. The main Headquarters Building is also underutilized.

As a service to the community, EWEB has historically made two meeting rooms in the North Building available to the public, free of charge, with some exceptions. Though this space has been found to be underutilized, some long-term users of these rooms have made reservations up to a year in advance and will need to be notified of potential changes.

**Discussion:**

In an effort to seek operational efficiency and offset on-going costs, EWEB is seeking potential tenants to lease space in the North Building and some additional space in the Headquarters Building. We anticipate that we will have a tenant in place by January 1, 2014. EWEB will require adequate time beforehand to allow for tenant improvement work and to notify room users in a timely manner. EWEB would like to begin this process as of October 1, 2013.

On February 5, 2013, Board Policy SD4 Public Use of Meeting Rooms Policy was revised to allow daytime use. We wish to further modify the policy with the following statement: "Please be aware that as of October 1, 2013 the meeting rooms in the North Headquarters Building will no longer be available. Exceptions to this policy must be granted by the General Manager or Leadership Team.

EWEB reserves the right to make adjustments should conditions change.” This will allow for the time required to conduct improvement work as well as notify room users. EWEB suggests notifying users by formal letter followed by a courtesy call one month prior to the original reservation date. For users who have already made reservations later than October 1, 2013 the reservations will remain on the calendar and honored in the event EWEB is unsuccessful in finding a tenant. New requests for rooms on or after October 1, 2013 will be kept on file, and users will be informed should the rooms be available. Below is a list of outside users who will need to be notified. The formal letter is attached.

Art Quilters Group	Lane County Mounted Sheriff's Mounted Posse
Camarilla	Lane County Soccer Referee Association
Cascade Family Fly Fishers	McKenzie Fly Fishers
Cascade Hospice/Volunteer Training	McKenzie A's Model A Ford Club
Cascade Stitches	McKenzie Watershed Council
CDC Holiday program	Mysticians
Clay Fest Steering Committee	Native Plant Society
Creswell RC Flyers	North American Butterfly Association
Democratic Party of Lane County	OHSET South Valley
Emerald Empire Gun Club	Oregon Country Fair
Emerald Empire Vintage Auto Club	Oregon Fiber Artists
Emerald Valley Resources	Oregon Genealogical Society
Eugene Astronomical Society	OSU Extension Service Lane County
Eugene Birders Night	South Valley 4X4
Eugene City Quilters	Stone River Community
Eugene RC Aeronautics	Track City
Friday Friends	Water Color Society of Oregon
Health Care for all Oregon	Willamette Ang Needle Point
Izaak Walton League of America	Willamette Cascade Model RR Club
Know Thyself as Soul Foundation, Northwest	

**Recommendation:**

Management recommends adding the suggested language above to the current Board Policy SD4 to address the leasing of the North Building meeting rooms. If approved, this additional language will also be posted on the EWEB internet page regarding meeting rooms. This will allow the time needed for tenant improvement work, notifying users, and make the space available for leasing as of January 1, 2014. The added language will also leave room for exceptions with approval.

**Requested Board Action:**

Approve changes to Board Policy SD4 Public Use of Meeting Rooms Policy.

Dear EWEB Community Room User,

As one of a number of groups who regularly use the community meeting rooms at the EWEB riverfront property, I am writing to notify you of potential changes that could affect the availability of these rooms in the future.

Like other public agencies, EWEB is working hard to find ways to reduce our operating costs in tough economic times. We have reduced our budgets, and in 2012 eliminated 50 positions from the utility's work force. That reduction, plus the relocation of about 200 employees to the Roosevelt Operations Center in west Eugene in 2010, resulted in the underutilization of the North Building at EWEB's main headquarters along the Willamette River. The main headquarters building is also underutilized.

In an effort to seek operational efficiency and offset on-going costs, EWEB is seeking potential tenants for the North Building and some additional space in the headquarters building to lease. We do not have a lease agreement in hand, but there is a high likelihood that we may have a tenant within the next few months.

I am writing to alert you that the North Building meeting rooms likely will not be available after Oct. 1, 2013. We are providing you with this notice now so that you have ample time to make alternate arrangements for meeting space. If you've already made a reservation for later than Oct. 1, it will remain on the calendar and honored in the event EWEB is unsuccessful in finding a tenant. New requests for rooms on or after Oct. 1 will be kept on file, and users will be informed should the rooms be available. I understand there are limited options for free public meeting space, but the McNail-Riley house is one alternative that may suit groups smaller than 40 people (reservations are through the City of Eugene @ 682-5444.)

I appreciate your flexibility and understanding of this situation. This reflects one of a number of tough decisions and changes we are undergoing in an effort to manage costs and stabilize rates for our customers. Please let us know if you have made other arrangements for your meetings so we can keep track of any reservation changes.

Sincerely,

Tina McAlexander  
Customer Service Supervisor  
541-685-7591

**Policy Number:** SD4  
**Policy Type:** Strategic Direction  
**Policy Title:** Public Use of Meeting Rooms Policy  
**Effective Date:** May 7, 2013

As a service to the community, the Eugene Water & Electric Board makes the meeting rooms in the North Headquarters Building available to community organizations, public bodies, and any recognized non-profit, non-discriminatory organization with open membership.

The rooms are available during evening hours and weekends, when not required for utility purposes, and are free of charge with the following exceptions:

Meeting Rooms: A trash disposal and cleanup fee is charged if food is to be served.

Furthermore, two rooms are available Monday through Friday, during business hours, when not required for utility purposes. The meeting organizer must have an EWEB sponsor who will complete the meeting room application and also be available for the needs of the group during the meeting. Reservations which occur during business hours will be approved on a first-come, first-served basis and will not be accepted more than 30 days in advance.

Please be aware that as of October 1, 2013 the meeting rooms in the North Headquarters Building will no longer be available. Exceptions to this policy must be granted by the General Manager or Leadership Team. EWEB reserves the right to make adjustments should conditions change.

Groups using the facilities will be subject to the following guidelines:

No admission fee can be charged.

No commercial activities that result in monetary gain or that will invite public participation are allowed.

No alcoholic beverages are allowed.

No smoking is allowed.

Rooms are available on a first-come, first-served basis.

Source: Board Approved 05/09/1988, Revised 04/20/2004, Ratified 04/19/2005, Revised 02/05/2013, Revised 05/07/2013





# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Cathy Bloom, Finance Manager; Sue Fahey, Fiscal Services Supervisor  
DATE: April 26, 2013  
SUBJECT: Correction to Large and Very Large General Service May 2013 Electric Rates  
OBJECTIVE: Board Approval to Correct Large and Very Large General Service Electric Rate

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## **Issue**

The rate schedule approved on December 4, 2012 requires a correction. The Basic Charges for the Primary and Secondary service in the Large General Service and Very Large General Service customer class were inadvertently transposed in Table 13 on page number 34 of the “May 2013 Electric Rate Proposal.” For Large General Service, the rate schedule presented with the Board materials included Secondary rates of \$2,515 and Primary rates of \$2,585 for the Basic Charge. The correct basic charge is a Secondary rate of \$2,585 and Primary rate of \$2,515. For Very Large General Service Basic and Demand Charges were transposed as well.

## **Background**

The Large General Service customer class includes both primary and secondary customers. Primary and secondary customers differ in their points of delivery with primary service on the input side of the transformer and secondary on the output side of the transformer.

Due to the different points of delivery, the primary service has different costs related to capital, O&M, and power loss factor. For primary service, the transformer is on the customer side of the meter which results in a lower loss factor at the point of delivery since it does not include transformer losses.

## **Recommendation and Requested Board Action**

Approve the correction to the Large and Very Large General Service rate schedule.

Table 13

**Large General Service  
Existing Rates vs. Proposed May 2013 Rates  
(501 – 10,000 Monthly KW)**

	Existing Rates		Proposed Rates		
	Secondary	Primary	Secondary	Primary	
<b>Basic Charge</b>	\$2,515	\$2,585	<del>\$2,515</del> <u>\$2,585</u>	<del>\$2,585</del> <u>\$2,515</u>	per month
<b>Demand Charge</b>					
First 300 KW	---	---	---	---	per KW
Over 300 KW	\$6.850	\$6.650	\$7.250	\$7.050	per KW
<b>Energy Charge</b>					
All kWh	\$0.04353	\$0.04274	\$0.04636	\$0.04552	per kWh

**E. Very Large General Service (Schedule G-4)  
(For Service in excess of 10,000 kW without a Contract)**

This service is available to very large general service loads over 10,000 kilowatts of demand, or customers classified as “New Large Single Load” by the Bonneville Power Administration that are not presently covered under a power sales agreement with EWEB.

Under staff's proposal, the basic charges for Large General Service would remain ~~\$2,600~~ \$2,670 per month for a secondary customer, and ~~\$2,670~~ \$2,600 per month for a primary customer. The secondary and primary demand charges would increase from ~~\$6.85~~ \$6.65 to ~~\$7.05~~ \$6.85 per kW for primary and from ~~\$6.65~~ \$6.85 to ~~\$6.85~~ \$7.05 for secondary. Secondary and primary energy charges would increase for secondary customers from \$0.06270 to \$0.06405 per kWh and for primary customer would increase from \$0.06270 to \$0.06405 per kWh.

The overall increase proposed for this customer class is 4.7 percent.