

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
OCTOBER 1, 2013
5:30 P.M.

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

Others Present: Jeannine Parisi, Mel Damewood, Cathy Bloom, Deborah Hart, Edward Yan, Mark Freeman, Joe Harwood, Todd Simmons, Steve Mangan, Lance Robertson, Brad Taylor, Kevin Biersdorff, Sue Fahey, Harvey Hall, Anne Kah, Lena Kostupolos, Steve Mangan, Wendi Schultz-Kerns, Dave Churchman, Greg Armstead, Wally McCullough, Frank Lawson, Julie Bivens, Tom Williams, Erin Erben, Adam Rue, Matt Sayre, Janice Lee and Taryn Johnson of the EWEB staff; Vicki Maxon, recorder.

President Simpson convened the Regular Session of the Eugene Water & Electric Board (EWEB) at 5:35 p.m.

AGENDA CHECK

President Simpson noted that agenda items 6 and 7 will be done in reverse order and that Items from Board Members will be abbreviated due to expected time constraints.

ITEMS FROM BOARD MEMBERS

Commissioner Mital stated that today is the beginning of EWEB's annual charitable giving drive, and that over the last 10 years EWEB has surpassed \$1 million in donations to United Way and other agencies.

He then stated that over the very wet weekend, there were approximately 30 power outages, but mostly small ones; activity was able to be monitored via the internet, and all outages were repaired quickly. He gave kudos to the EWEB crews who worked all day and through the night day all weekend long.

PUBLIC INPUT

Ed McMahon, Executive Director of the Homebuilders Association of Lane County, spoke to the potential increase that EWEB is considering for meter and service installation fees, which will be almost double the current fees. He wondered how he would react as a Commissioner if staff brought him such a substantial increase now instead of annually. He asked the Board to pause and look at the history of this fee, and he recalled that chronological history. He said he realizes that permit activity is increasing and that he does not expect a subsidy, and that home builders are willing to pay their fair share. He noted that the Homebuilders support the fee increase with two suggestions: 1) since EWEB's fee is still higher than some other

utilities, to please continue efforts to streamline the process and lower the cost of installation; and 2) all Homebuilders Association members are fully aware of what will happen on January 1, and some non-members may feel blindsided when they go for a permit. He suggested that flyers be distributed at the permit center and possibly in the Register-Guard to be sure people are aware of the increase. He appreciated EWEB staff for helping the Homebuilders Association with the proposal and for contacting them.

Regarding advanced metering infrastructure (AMI), **Mark Conley** stated that he does not like being put on the defensive and that EWEB representatives should be intelligent enough to recognize a bad thing and disallow it accordingly. He added that the public shouldn't have to come to a meeting and tell the Board the obvious or add drama to a meeting, and that he feels it is a form of extortion. He urged the Board to make the right decision and reject smart metering, as the body of evidence against it is compelling.

Alexandra Rempel (EWEB Board Ward 2) is a building scientist who studies energy use in buildings. She stated that she was taken aback by Mr. Conley's comments, as all of her clients and collaborators in her field (many in Eugene but also in Seattle, Portland and California) are deeply interested in reducing their total electricity use, and especially their peak electricity use, and are very interested in giving our community the tools to reduce especially their peak use. This is motivated by two primary factors: 1) avoiding the need for acquiring additional peaking energy sources, which almost by definition would not be renewable; and 2) facilitating the transition of electricity use to all renewable resources given the increasingly apparent effects of climate change and increasingly apparent dangers of fossil fuel extraction. She added that she and her husband have been begging for a smart meter for a long time, but they are sympathetic to the people who are afraid of smart meters, and believe they should be given whatever opt out options they want. She added that she isn't concerned about privacy, as she figures the NSA has everything on us they want already, and she is quite willing to believe the research she reads that states that it is hard to separate out the effect of a smart meter from all the other electromagnetic field (EMF) signals between radios and cell phones and all other gadgets that are around us. She reiterated that she is strongly in favor of smart meters and time of use pricing to help her make the very important transition to renewable resources that are intermittent and can't be just turned on and off at peak hours. She ended by saying that the more the Board can do to help customers manage their use with renewable resources, the better off our community will be.

Alan Rempel (Ward 2) stated that as a ratepayer, he believes that his bill should reflect the cost of electricity that he uses, and that electricity costs vary with wholesale costs enormously throughout the day, with peak electricity cost being much higher than off peak. He strongly supports time of use pricing, which will only be made possible if smart meters are implemented and, for that reason, he would like his smart meter now.

Regarding AMI, **B.K. Hoffman** gave the following testimony:

"The smart meter is a poorly planned device.

Scores of websites, scientific studies, medical testimony, and accounts from those who have lived with them, and experiences and research have not been positive.

Will not go into an area where smart meters are installed - businesses, grocery stores, restaurants, or entertainment venues.

Granddaughters had illnesses that my daughters never had, and my daughter and her husband had their smart meter removed.

Poorly studied by EWEB. I propose Option Zero.”

Regarding AMI, **Ray Wiley** gave the following testimony:

“I served the community for 14 years at BPA with experience in electrical energy.

Two years ago my meter was changed out from analog to digital; I don't think smart meters match the average life of analog meters. My understanding is that smart meters have an average life of 10 years, and maybe as little as five.

I want to save ratepayer jobs in Lane County; we need more jobs. I propose we try having meter readers on bicycles in certain areas where appropriate. In my neighborhood a meter reader parks his car in a central location and walks around the neighborhood to read meters. Why can't you do that on a bicycle? Please look at this and use it in your evaluation of digital vs. smart meters.”

Regarding AMI, **Carlis Nixon** gave the following testimony:

“I ask the Board to vote for moratorium on smart meters. It seems there has been more than enough comment in favor of a moratorium, in fact the evidence is overwhelming.

Organizational decision-making has very powerful momentum. Changing direction is very difficult. Most of us are resistant to a feeling that someone is trying to get us to change our minds.

I ask everyone to stand on the bank and not in the river, and to try to find clarity and strength to see that a moratorium is the only sensible choice even given that EWEB has been moving toward smart meters for several years. Many Boards of other public utilities are voting for moratoriums, and I ask that you also choose Option Zero.”

Regarding AMI, **Jack Dresser** gave the following testimony:

“I've reviewed the 13-page September 24 memorandum distributed by General Manager Gray to the Board in preparation for tonight's meeting. It almost exclusively addresses the 'business case' that was first approved over three years ago.

I'm not concerned with your business model, which in your own words, 'focuses almost solely on 'hard' tactical benefits and meter reading operational efficiency,' meaning layoff of your meter readers and servicing staff.

The memorandum refers only casually and dismissively to our concerns with ‘radiofrequency (RF) and other alleged issues raised by smart meters.’ Throughout its 13 pages, there are only 10 lines of reference to these ‘alleged’ issues, which reflect nothing more than token, minimally obligatory lip service but no serious consideration given by the Board to any of these concerns.

There is no mention of RF radiation and DNA damage. The words ‘World Health Organization or ‘American Academy of Environmental Medicine’ or ‘precautionary principle’ do not appear.

There is no mention of vulnerability to hacking and statements by cyber security experts that the smart meter and grid technology cannot be secured.

There is no mention of privacy invasion violating our 4th Amendment protections and the statement by CIA director David Petraeus that the government is likely to use smart meters to spy on U.S. citizens.

There is no mention of the lawsuits proliferating worldwide against RF-transmitting technology, including two large class-action smart meter lawsuits in California against Southern California Edison and PG&E charging fraud and deceit, negligence, and product liability. The potentially ruinous costs of these probable lawsuits is not included in your cost projections.

We owner/ratepayers and future courts will clearly see from your paper trail that EWEB has failed in its fiduciary and due diligence duties to fully inform and protect the rights of the public it serves, exposing EWEB and the resources of its owner/ratepayers to similar litigation and its costs.

The questions of biological harm, compromised security, 4th Amendment violations of privacy, and financial liability will be decided in future courtrooms should you recklessly proceed with this ill-advised project.

The opt-in alternative resolves some of these problems but by no means all of them.”

Regarding AMI, **Megan Clark** gave the following testimony:

“I read the AMI Statement of Principles and was pleased to see how closely you were listening to the concerns expressed by your customers. Regarding the principle Minimize RF, it reads, ‘Minimize the number and duration of RFs transmissions wherever feasible without compromising the objectives of the project. Make information about smart meter transmission frequency, duration and strength available to public.’

This is a very good start, but for me to sign on to it, I need to know more specifically what you’re proposing to do. A general statement this vague does not allay my fears, especially a phrase such as ‘wherever feasible without compromising the objectives of the project.’ My health concerns are not going to go away so easily. You will need to deal with my concerns and the concerns of others.

I recommend that you get with your engineers and see what they're coming up with that will do no harm, and let the public know so that trust can be restored. Eugene is a community which, for better or worse, is highly educated. As such, we require more information from our leaders. We know you can do a better job of picking an AMI program than other communities, because we know from past experience that you are very careful to protect your customers. I have seen you listen to our local medical experts and mull it over, searching for ways to implement a program that won't bombard us with networking RF. That is to your credit.

I look forward to hearing more specifics. As we hear that you have a means of addressing the health concerns that have been raised, you will find the public support that you need to proceed with the technology you desire for our future needs. Let us know what your engineers recommend, and it's likely that the public will calm down, go away, and ignore you once again."

Regarding AMI, **Mariah Leung** gave the following testimony:

"I want to make it clear to the Board tonight that I DO NOT want 'Smart Meters' installed on my property.

I am deeply concerned with the surveillance potential and surveillance intentions of these meters.

As our household appliances and electronic devices are progressively replaced with new units designed to communicate with the meters, our household activities will become visible and profiled by EWEB and anyone else who gains access to these data.

Whether I favor the stove or the microwave. What time we go to bed, get up and shower. Are we away from home, how often, how regularly, when, and how long. Do we watch TV, when and what programs. How many computers and what type we use. What appliances have and haven't been replaced with new, so-called 'smart' varieties?

According to hacking experts, these data cannot be secured. They can be sold to marketers. They can be stolen by tech-savvy criminals. And most threateningly, they can be provided to or taken by government agencies in violation of our 4th Amendment protections against search and seizure without court authorization.

Director of the CIA, General David Petraeus, stated that smart meters will allow the government to spy on its citizens, and it will undoubtedly do so.

I deeply honor the courageous risks and sacrifices of Bradley Manning and Edward Snowden. We must honor their sacrifices by heeding their warnings about a surveillance state out of our control.

Smart meters are a powerful potential instrument of that state that would allow not only surveillance but control of our central power supplies – communications could be shut down at any time. If we expect to retain any hope of a free society, we must never allow this."

Mindy Stone lives in Oakland, California. Regarding AMI, she stated that smart meters in Oakland have been a disaster, with higher rates and higher bills, even though she knows she is

not using more power since they have been installed. She is concerned about security and surveillance. She wondered how EWEB guarantees that smart meters will not be hacked, and she doesn't see how people can have their homes monitored and also have their 4th Amendment rights protected. She noted that she turns off her appliances in order to not cause outages in peak times, and in order to control her energy use. She said that replacing an analog system with smart meters is a dumb move, and she asked the Board to opt for Option Zero.

Shawndeya Costello lives in Marcola and has a smart meter. In the past she has had difficulty sleeping, fatigue and brain fog, and was taking supplements because she thought she had Alzheimer's. Since she installed a filter for her smart meter, her health has improved. She is concerned about the vulnerable population—pregnant women, babies, and the elderly, as she has been shown that RF can cause autism, and autism is rising at an alarming rate.

Regarding AMI, **Jim Stauffer** (Ward 7) worked in the wireless communication industry for 15 years and in military radar for 12 years before that, and he distrusts industries that pursue profit over safety. He stated that the possible ill effects from EMF are complicated and that he has heard both sides, but he is not convinced that the issues of safety have been fully resolved or understood. He hopes that the Board will not approve an infrastructure that will require updating and maintenance to keep up with safety standards and, given that a number of municipalities have delayed smart metering, he asked the Board to be sure they have all the information they need before making a decision.

Regarding AMI, **Kathy Ging** gave the following testimony:

“You heard ratepayer-owner views cautioning you, as public stewards, not to undertake an experimental technology rife with numerous controversies, not the least of which is pending litigation in several states and countries.

Where EWEB went wrong was in not following primary advice in how to try to matriculate the smart meter program by setting up a citizen advisory committee – which your staff in early emails said they thought was a good idea.

Good Company's triple bottom line report on smart meters which EWEB authorized, dated August 2011, recommended focus groups and gave the impression that these should be an ongoing public involvement process. Instead, only one focus group was held at the early stage (to the best of my knowledge).

Those questioning smart meters and outright opponents were not invited. No ongoing attempt to involve the broad intellectual and experiential skills of our unique community in doing a DISCOVERY was in evidence – the sine qua non for major public policy undertakings like smart meters that have been called the biggest electric utility development since power lines.

Good Company's Executive Summary, Page 1: ‘Any AMI strategy will succeed only if it engages the community as a whole. Eugene is known for a high bar of public involvement, but AMI efforts elsewhere have suffered when they have failed to engage the public on AMI’ and ‘A careful and open approach will reap both good will and an energy future worth aspiring to.’

Page 4 of Good Company's report recommends conducting focus groups, yet outreach did not allow input by the public increasingly educated and wanting to be more involved, not

only in discovery but also in the display of info on EWEB's website. Little or no information critiquing smart meter potential problems was available to the public either by newsletters like the Pipeline, the website, Facebook, or public forums sponsored by EWEB (no members of Families for SAFE Meters were invited to present). Public input questioning smart meters or alerting the Board to risks was allowed and recorded in the minutes but few ratepayers read minutes.

Another problem of which new Board members should be aware is Good Company's report did NOT investigate, then include, the increasing number of smart meter moratoriums that had surfaced by August 2011, in California and elsewhere. As a result, the Board did not receive an accurate state-of-the-technology analysis or the growing public resistance to the smart meter and grid--emerging controversies like fraudulent representations by utilities of signal emissions and effects, cost-benefits, fires and explosions, privacy and cyber grid vulnerability concerns, 4th Amendment violations and more.

The report SHOULD have been more investigative instead of perfunctory and should have been updated in 2012 and 2013, but was not. Instead, staff, uninformed or blissfully ignorant about whirling controversies exploding worldwide, often assumed a supercilious attitude toward the public that marginalized responsible citizens trying to educate themselves because a vacuum in leadership was notable at EWEB. EWEB continually presented the technology to the public as if it was a DONE DEAL, not an experimental technology to be tested and evaluated. No health warnings appeared on their web site.

'I know of no safe depository of the ultimate powers of the society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them but to inform their discretion.'

The tragedy of the EWEB Commons is that EWEB management and staff, apparently operating under misguided board directives particularly, it would seem, of the two longer-serving Board members, neglected to involve the public sufficiently, so EWEB has experienced and will continue to suffer from a huge backlash if AMI options 1 or 2 are approved. The safe alternative is to vote for ZERO.

The fait accompli approach that marginalized questions by an increasingly informed public led to the still growing mistrust of EWEB as a utility on which owner-ratepayers can rely. Many reasons exist for that stance which I won't pursue here but will be explored if relevant in future statements.

Finally, a man contacted me who had been in public office and knows about health consequences of RF/MW and was the funding source for the recent Register-Guard ads. He also stated his intention to help with a petition campaign if needed.

Thank you for taking the RIGHT action so that the public does not have to pay penalties later."

Regarding AMI, **Barbara Shaw** stated that the concept of smart meters is great, but she is not convinced (as a physiologist) that it is the best option. She asked the Board, given the liability issues, to look at all options, the medical research, other communities' problems with it,

and to take Eugene residents' concerns seriously. She hopes for an opt-in program, as it is probably the best method to test smart metering.

Mark Robinowitz is against AMI and especially against the monitoring of customers' energy use. He stated that EWEB wants to reduce electricity use, yet nobody on any side talks about how electricity consumption in the U.S. peaked six years ago and has dropped 10% since 2007, not because of smart meters or climate change, but because the price of fuel has gone up and the limitations on availability are starting to kick in. He said that smart meters are a great way to turn off houses, neighborhoods and rolling blackouts if there is not enough to go around, but we're going to see major stability problems with the grid. He added that smart metering is about monitoring everything that everybody does all the time, and that he would like to see the tens of millions of dollars that are planned for AMI instead be used for a solar hot water factory in Eugene that would create jobs and allow rooftops to be retrofitted for solar.

Regarding AMI, **Dr. Paul Dart** reiterated his previous presentation and testimony in which he had encouraged the Board to adopt the principle of minimizing radiofrequency, and he said he is pleased that it is now part of EWEB's AMI information. He noted that it is difficult to reassure the public about AMI until they are told what EWEB is planning to do.

Regarding AMI, **Dr. Kathleen Cordes** echoed Dr. Dart's comments and encouraged the Board to continue to study the health effects of AMI.

Regarding AMI, **Bob Cassidy** told the Board that their job is to monitor EWEB's financial situation and its effect on EWEB customers. He noted that the opt in feature for AMI is supposed to provide incentives to stay with meter reading in the future, but there was no mention of how that will affect customers. Assuming that there are two tiers of rates, he wondered what the cost will be to customers who decide not to opt in.

Artie Gilad is opposed to AMI and stated that there has been no concerted effort to inform customers of privacy issues and opt in costs. He wondered if this constitutes informed consent.

Karen Olch (Ward 1) wonders what the benefits of AMI are, as there is a long list of negative effects regarding installation, biological and health risks, EMF frequency variations, and also privacy and rights violation issues. She wonders who will be responsible for possible litigation and whether that will fall into the lap of ratepayers. She also noted that there has been a documented increase in rates in areas where AMI has been installed, and she reminded the Board that they have fiduciary responsibility to their ratepayers to not do anything that would increase rates. She also noted safety concerns, i.e., meters catching fire, and that there is no guarantee that insurance will cover the damages if a meter caused a fire.

Regarding AMI, **Lisa-Marie DiVincent** reminded the Board to "do no harm"—to protect ratepayers from injury, obsolescence, cost overruns, negative cost implications; to protect the community from a long, drawn-out fight which is dividing the community now and will only divide it further the more educated people get. She asked the Board to protect EWEB and

themselves as legally responsible elected officials and to protect EWEB's reputation and their legacy as public servants by not taking on this burden. She noted that many other utility boards are voting for moratoriums, and she asked the Board to make up their minds tonight fresh with the input of their customers, and to vote for a prudent and wise moratorium.

Bill Evans (Ward 2) stated that AMI plans seem to be proceeding even though he feels AMI is not safe. He wondered why the Board is throwing precautionary principle to the wind, and why EWEB would charge into something that may not be safe. He also wondered why the Board isn't going to its ratepayers for permission, as there is so much evidence of the harm AMI can do, not just to people, but ecology. He asked the Board to go the other way or at least delay AMI.

Regarding AMI, **Matt Nelson** (Wards 1 and 8/At Large) stated that it is ironic that the Board isn't listening to its customers and watching the AMI process. He said that a group of customers has helped bring citizens of all stripes together for various reasons because they're aware and educated about smart meters, and they don't want them. He reiterated that many other utility boards are voting for moratoriums, and he urged the Board to choose Option 0.

Regarding AMI, **Cindy Allen** gave the following testimony:

"In regard to having an 'Indefinite Moratorium' on the smart meter, there is much to be hopeful for this evening.

I'm grateful to the hundreds of opposition groups world-wide.

I'm grateful to the thousands who have shared their negative smart meter comments and experiences on the internet. People seem to agree on one thing...they don't want one and they certainly do not want a 'world-wide' smart meter grid with all of its security issues.

I'm grateful to Josh del Sol, the producer of Take Back Your Power. This two-year-in-the-making documentary features the former Prime Minister of British Columbia, the state Attorneys General of Illinois and Massachusetts, the former Director of the CIA, several doctors and many others. Another major film about the 'smart meter agenda' is soon to be released.

Here in Eugene, we still have our working analog meters and we don't have the problems of other areas.

We are not in the situation as the people in Fountain, Colorado. Citizens obtained signatures to place a recall of the smart meters on their November 2014 ballot.

We don't have the class action lawsuits that California has, or Washington, or British Columbia. Concerns cited include health, security, fires, illegal entry, fraud, etc. FRAUD: the smart meter is brought in under the 'disguise' of saving money but bills go up not down.

Commissioners, in regard to the \$26 million smart meter contract, I think you were misled about the benefits but that can no longer be said. You've had time to study the large amount of negative information, you've watched the documentary Take Back Your Power, and you've researched the reasons for the class action lawsuits.

There are so many, many questions and concerns about the smart meter.

One of the major questions that everyone is asking is WHY?... Why this untested technology with its obvious flaws is being 'PUSHED'... 'FORCED'; on people who do not want it."

Regarding AMI, **Patricia Hoover** urged the Board to choose Option 0, as she was exposed to radiation for the first 18 years of life without her knowledge, and the current situation feels similar to that.

Regarding AMI, **Robin Irish** urged the Board to vote for a moratorium and choose Option 0. He stated that he is an industrial property owner and that his meter was changed out years ago, and that he doesn't believe enough research has been done on AMI.

Regarding AMI, **Laura Ohanian** requested an indefinite moratorium, as from what she has researched on it, she can't see much benefit for herself or the community, and the potential of global cyber grid fills her with fear and loathing. She noted that the radiation generated by the meters is frightening and the health effects really aren't known yet because the technology is relatively new. She added that she believes energy conservation is the way to go, because she believes AMI is going to increase rates, as it has in so many communities. She urged the Board to do what is right for the community and not buy into this global surveillance state.

Regarding AMI, **Lisa Arkin** (Wards 1 and 8) asked the Board for equity and fairness in energy conservation, energy use and rates; more efficient energy and heating, and use of the precautionary principle. She urged the Board to not put an additional burden on vulnerable families and children or the elderly and disabled.

Lela Trope' lives in Springfield. She asked the Board for more information regarding AMI and asked them to choose Option 0.

Regarding AMI, **Eve Woodward-Shawl** explained how Hertz (Hz) is measured and noted that humans thrive on 39 Hz. She explained the impact on cells and DNA, which are especially vulnerable to electromagnetic fields (EMF) of all kinds, and also explained how EMF is measured. She used a white box to represent a wireless smart meter, and presented the following testimony:

"This meter is now radiating across from this table, through your desk, through your body, instantly overloading your body's energetic system, at a frequency proven to damage your healthy cells.

This radiation is cumulative and is proven to have adverse neurological effects; it is starting to break up your DNA and playing havoc with your body's natural rhythms, as well as other well-researched and documented biological damage.

This radiation will gather around any metals in your body.

This radiation will instantaneously emanate through the window behind you, across the river, through the trees, affecting any animal or living entity in its path. Then invisibly and instantaneously beyond, through any building within range through the walls no matter how thick, through the bodies of anyone in range.

Radiofrequency interference causes malfunctioning of medical and critical care equipment, such as pacemakers, wireless insulin pumps, pain pumps, ventilators, and other medical equipment.

EMF and RF sickness is not a disease. It is an environmentally induced functional impairment recognized by the Americans with Disabilities Act (ADA). This radiation is not just a 'sensitivity' but a chronic and invisible poisoning to the entire population."

Regarding AMI, **Jerry Shawl** stated that the Board is elected to make decisions for EWEB and Eugene in accordance with the people's will, but that with all the people testifying this evening, it looks to him like things aren't being done according to the people's will.

Regarding AMI, **Abraham Likwornik** stated that customers have no way to insure that the Board will act in their best interest, and that the people must have the last word on any policy implications regarding the health, safety and well-being of the community. He strongly recommended that the Board's bylaws be amended to make EWEB truly a public utility in the full meaning and power of that title, and that an issue as important as digital meters be decided by a vote of the citizens of Eugene. He added that there is no reason for people to struggle to convince the Board or any other agency to implement policies that are in the best interest of the customers, and that the combined knowledge and wisdom of the customers currently in the room is at least as great if not greater than the Board's knowledge and wisdom. He urged the Board to listen to its customers and place a moratorium on AMI.

Regarding AMI, **Joshua Parker** (Ward 1 and 8) noted that radios are not transmitting devices but smart meters are. He believes it is a disservice to the public to refer to smart meters as radios, as they are transmitters, and that the public sentiment is clear, as the Board has now heard public testimony from 20 people who have recommended that they vote for a moratorium. He noted that only two have spoken in favor and one spoke about something different, and five discussed questionable topics and were unclear of the exact direction. He added that the Board, as stewards of public opinion, should make the right choice and choose Option 0 with at least a 10-year moratorium. He reminded the Board that they may be personally liable if they make the wrong decision, and that it is their fiduciary responsibility to give the public what they are requesting.

Jane Katra lives in southeast Eugene and has a Ph.D. in public health, taught at the University of Oregon and LCC, has served on the Lane County Health Advisory Committee, and is a past member of the Academy of Environmental Medicine. Regarding AMI, she stated that many other health agencies and the Environmental Protection Agency (EPA) have done research showing the adverse effects of the type of radiation the Board is considering, and that as elected officials, she can't imagine that the Board would subject its customers to such known health risks

and surveillance. She said she doesn't want to pay to opt out, and she asked the Board to protect its customers.

Regarding AMI, **Brian Bender** (Wards 1 and 8) submitted the following testimony via e-mail:

"I've been following the smart meter issue for quite some time, and it's become clear to me that EWEB has been in favor of implementing the wireless meters from day one, often with very little concern for the potential health risks from chronic exposure to the meters.

With increasing lawsuits, bans, protests, and stories of smart meter-induced sickness, my question to EWEB is this: Is your bias to implement smart meters based purely on convenience, finances, and a relentless pursuit for the most up-to-date metering gadget?

EWEB's decision is clearly not based on the voice of the people, or else they'd give pause and serious thought to pursuing safe metering technology: fiber optics, analog meters, or radio-off meters.

Thanks for volunteering your time and representing the people."

President Simpson closed the public input session.

Vice President Brown thanked the public for attending. He stated that EWEB has studied AMI for a long time and that the Board is not through discussing it, and that he is going to wait until later in tonight's meeting to choose one of the three options.

Commissioner Mital thanked the public for attending and for their valuable feedback, and added that the Board had also received approximately 50-60 e-mails in the last few days, and that those were approximately 4:1 against AMI, and largely supported Option 0. Conversely, the Board has received survey results from an annual statistically valid survey that showed approximately 45% support for and 40% against AMI, and 16% unsure. He noted that he is not rendering an opinion based on this survey because it was not conducted on 100% of EWEB's customers (which would be impossible to do), but rather a sample of customers. He added that in the last 18 months the proposal that staff has put forward for the Board to render a vote on has changed dramatically, and that is as a result of public debate that has been ongoing and inspired by the customers who are here this evening. He noted that the original design of the AMI system is now gone, and that the recommended meters have the smallest RF-generating footprint plus guiding principles, and that the program is no longer an opt out program, but an opt in. He acknowledged the significant give and take from staff over the last 18 months, and he thanked staff for listening to customer concerns, and that those are reflected, whether or not customers believe that they were listed to.

Commissioner Helgeson appreciated the public turnout this evening and stated that he believes that there have been changes made in staff's proposal that are responsive to concerns that the public has expressed. He added that he won't comment on specific issues but that he will have some questions for staff later tonight.

Commissioner Manning thanked the public for attending and voiced appreciation for their comments. He told the audience that the Board has certainly heard them and that he has done some research on his own. He reiterated that the Board has received an equal amount of e-mails from those for and against AMI. In reference to one customer's testimony this evening, he guaranteed that EWEB will not bring a gun to a customer's home in order to force them to install a smart meter.

President Simpson thanked the public for attending and echoed his colleagues' comments. He reiterated that the Board and EWEB will never, ever do anything to harm the community and that the Board will make the right decision, but that tonight's testimony clearly does not represent the entire community's viewpoint. He noted that he has received many comments in support of AMI, and that many Boards and hundreds of EWEB staff members have considered it for over a decade. He added that he has reached out to many organizations in order to understand their preference regarding AMI, and he again thanked the public for testifying regarding the issues that the Board needs to hear.

CONSENT CALENDAR

MINUTES

- 1a. July 23, 2013 AMI Information Session
- 1b. August 6, 2013 Regular Session

CONTRACTS

- 2. 4C's Environmental, Inc. – For construction of a fueling facility on-site at the Roosevelt Operations Center – \$500,000. Electric Operations. Contact Person is Todd Simmons.
- 3. Coffman Engineers, Inc. – For engineering consulting, design, and support during construction for the refurbishment of the Carmen powerhouse crane – \$226,000. Engineering Department. Contact Person is Mel Damewood.
- 4. Nation's Mini-Mix, Inc. – For the purchase and delivery of redi-mix concrete on an "as needed" basis – \$150,000 (over five years). Electric Operations. Contact Person is Todd Simmons.

INTERGOVERNMENTAL AGREEMENT (IGA)

- 5. Lane Council of Governments (LCOG) – For geographic information system (GIS) services, under the GIS Cooperative Project Agreement – \$400,000 (over five years). Information Technology. Contact Person is Matt Sayre.

OTHER

6. Request for Qualifications on Land Disposition – Contact Person is Steve Newcomb.

Vice President Brown pulled items 2 and 6.

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

ITEMS REMOVED FROM CONSENT CALENDAR

Regarding item 2, Vice President Brown stated that he was on the committee that identified budget reductions for the Roosevelt Operations Center (ROC), and that staff had said this item wasn't financially feasible, and that he had argued about overtime, extra trips across town, etc., that are required in order to fuel trucks at a gas station or commercial fueling station. He wondered what has changed since then, and he noted that he is all for what staff is doing, but he wonders what now makes this contract financially feasible.

Todd Simmons, Electric Operations Supervisor, replied that he completely agrees that this should have been done back then, and that EWEB's fleet is a lot newer now, so it allows staff to leverage fuel buying and to buy fuel that staff can mix themselves, and that sometimes they end up using B-15 or B-18, and sometimes they use B-25, when they couldn't do that before. He added that the other items were a result of a great triple bottom line (TBL) analysis that looked at all the different factors.

Roger Gray added that he was not General Manager when the previous decision was made, but that when he arrived, he was tempted to say Vice President Brown was right, and he believes this is the right decision, as on-site fueling is the norm for institutions like EWEB. He added that the Cascadia analysis is also telling staff that loss of fuel will be a major issue.

President Simpson stated that he believes that this was a cost-cutting measure to help make the price tag for the ROC a little more palatable but that, in retrospect, considering that the economy has been fairly poor since 2008, maybe that wasn't such a bad idea. He thanked staff for the answers to Vice President Brown's questions that were included in the backgrounder, and added he is 100% behind having an on-site crew and a commitment to emergency preparedness.

Commissioner Helgeson stated that he supports this request, as some of the concerns about on-site fueling were driven by the previous facilities at the headquarters site that were not up to current code and also in close proximity to the river, and that a number of cautions have been taken to continue this.

Commissioner Mital stated that he is not supportive of this request, as EWEB's liability concerns are high and he feels this pushes them much higher. He said that he doesn't believe it is in EWEB's best interest at this time given its \$500,000 price tag and that the gas savings will be about \$45,000 a year, but that it will take 15 years, give or take, before it's paid back. He

reiterated that, given EWEB's financial situation and the likelihood of rates escalating, he will vote against it and hope to hold off on this until a date when EWEB's financials are better.

Vice President Brown asked the Board to remember that these crews work 10 hours a day, with five guys in a rig and a four-ton truck, and that they have to find a gas station or commercial fueling station in order to gas up, and are being paid overtime. He added that every crew truck has to be fueled up every night in order to be ready for an emergency, and that they shouldn't have to drive clear across town to find an open gas station or commercial fueling station in order to gas up.

President Simpson recalled the 2012 sudden snowstorm and asked if there were problems during that time that would have been eliminated by EWEB having its own fuel station. Mr. Simmons replied that the usual facility that EWEB gets fuel from had both power and network problems and couldn't fuel EWEB's trucks at all during that time. He added that when crews rely on a service, they have to rely on others' emergency preparedness, and that other emergency managers around the state are also worried about fuel availability, as even those with exclusive contracts aren't able to get service in bad weather or any other type of emergency.

Commissioner Manning stated that Commissioner Mital raises some excellent points but that he also agrees with Vice President Brown's point. He recalled that when he was in the military, they had a motor pool which made all those things available at all times, especially when crews needed to refuel and be ready to roll. He voiced support for the request.

President Simpson called for a vote for approval of item 2. The vote was 4-1 (Mital opposed).

Regarding item 6, Vice President Brown asked why the developers said that they didn't have the resources to buy the property. Steve Newcomb, Environmental Manager, replied that he believes that statement was worded wrong.

Vice President Brown then asked if staff has an idea what that amount is. Mr. Newcomb replied that staff will know they amount when they see the Request for Quotation (RFQ).

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

ADVANCED METERING INFRASTRUCTURE (AMI) PROJECT - Resolution #1322

Using overheads, General Manager Gray briefly summarized the background the Board received and also the history of AMI at EWEB, strategic considerations, and the updated alternatives:

- Alternative 0 – no AMI (business as usual)
- Alternative 1 – tactical AMI (big bang, 2017)

Alternative 2 – strategic AMI (opt-in)

He gave a detailed review of the radiofrequency level generated from cell phones including when e-mails are sent from them (which was the electronic means that some customers used to send their concerns and complaints about AMI), routers in the Board room at the moment, laptops on desks and on people's laps in the Board room at the moment, visible light, etc. He also showed the Board (via overhead projector) an e-mail from a customer who had asked for a moratorium on AMI, yet they sent that e-mail from an iPhone. He noted that the level of RF from a Sensus meter is 900 Hz (similar to the level of cell phone transmission) and that if data were pulled from the meter once a month, the meter would only be on for less than one second, and customer opt-in would require the meter to be on only a few seconds per month.

President Simpson asked General Manager Gray to speak to a comment that was heard regarding the potential for a smart meter to cause a fire, and he asked General Manager Gray if smart meters are more prone to that.

General Manager Gray replied that he is not aware of any smart meter that has caused a fire, and that fires can be caused by any meter change-up, as the back of a meter plugs into a socket. He added that the problem is the change that occurs if the plug-in is not installed properly or if the meter socket is damaged and plugged in. He noted that he has seen plenty of fires from analog meters.

Commissioner Mital noted that most of the concerns he heard are health-related (including those General Manager Gray had just mentioned) and privacy-related.

Regarding privacy, General Manager Gray stated that smart meters are capable of pulling 15 minutes worth of data (kwhr) over a one-month period, but there is no capability for staff to know what appliance is on; only how many kwhr an appliance is generating. He said he sees no reason to build analytics that will find out what customers' patterns are, and if law enforcement ever wanted that data, they would have to have a court order to get it.

Commissioner Mital then noted that he heard genuine concern over the last hour about graphical readouts of consumption - i.e., the customer was making tea, watching Breaking Bad, etc., and that he can't deny that fear, especially in the last couple of weeks. His response to that was that EWEB should insure that they never collect data so granular as to be able to provide that kind of information, whether it is EWEB staff looking for it, tapped into or an National Security Administration (NSA) legal right, or whatever. He reiterated that EWEB doesn't receive data at that level, but that they do have the ability to determine if people are using electricity at 2:00, 5:00, or whatever time of day, and he added that any more information than that is not necessary for EWEB, and therefore EWEB should make a commitment that they would not collect that data.

General Manager Gray stated that EWEB would only collect data necessary for time of use and pricing structure, and that he believes that EWEB's General Service rate standard is sub one hour. He reiterated that what customers are using their electricity for cannot be known, and

that he is not sure what people would find interesting about a stream of data. He noted that for his house in California, which his adult children live in, he can pull up hourly reads off his meter, but he only looks at whether the air conditioning came on, which of course creates a huge jump in his bill.

Commissioner Manning noted that Comcast offers its customers the ability to control heating, lights, etc. from a smart phone, and that he had talked to Amron, a utility in St. Louis, Missouri, and their smart meters transmit to a satellite. He said that he hears the concerns about the poor, elderly and disabled, and that he hears all the negatives against technology and people's legitimate fears. He added that he wants to expose the advantages of AMI, for example, low-income people who can't afford large deposits because their credit is bad have the opportunity with this technology to provide relief in the form of a reload program, "pay for what you use," so a customer does control their own destiny and costs. For college students moving in and out of apartments or houses, disconnect notices cost them money when they get their service reconnected. AMI technology will allow them to use a certain amount of electricity and then reload their device when they return to school, so it would help low-income and students control their usage and not have to come up with deposits because of disconnects. He also noted that he has received e-mails both for and against AMI, and that the survey Commissioner Mital mentioned was divided almost 50/50, and moving more toward favorable than against. He also stated that he agrees with Dr. Dart that the meters can be programmed at a reasonable time, but that he has been wrestling with the pros and cons for quite some time.

Vice President Brown asked General Manager Gray to expand on the social equity portion, i.e., assisting low-income customers, solar subsidies, etc.

General Manager Gray replied that staff hasn't yet adequately focused on that because of the RF concerns and privacy concerns. Regarding the benefits to a customer, for example, low-income customers, the model today is that a customer gets their bill and they don't have an idea of what their bill is during course of the month. One of the advantages of this meter pre-pay option is that the system can tell a customer every day what they have left in their account, and they can either reload or change their consumption pattern (real time information as opposed to an end of the month surprise). Utilities who have gone to the pre-pay option have eliminated deposit requirements, and they don't turn customers off, because the customer can use a credit card or some other form of payment and their power will be turned back on without requiring them to physically come to their utility's customer service department.

For customers who don't have a choice to change their consumption, General Manager Gray said he argues that solar and conservation don't benefit low-income customers, as low-income customers can't afford solar panels, and renters can't take advantage of conservation program because their landlords may not want to, even though it would allow the renter control of their bill.

Regarding time of use rates, General Manager Gray stated that if the wholesale power market spikes up tomorrow, customers pay that today, and EWEB doesn't give them an option to

not consume that, where if a portion of the demand is moved to off peak, spikes are avoided, which benefits all customers by lowering demand.

Commissioner Helgeson gave a brief summary of the implications of General Manager Gray's recommendations as they are significantly different than previous staff recommendations. General Manager Gray said that his summary is correct.

Commissioner Mital asked what a customer does if their meter is due for replacement. General Manager Gray replied that today's default electric meter is a non-communicating, non-AMI meter, and that staff is even further behind on water meter replacements, but that a traditional water meter body and a non-AMI register, which is a dial, would be installed. If a customer wants to opt in to AMI, their meter would be replaced with a communicating AMI register.

Commissioner Helgeson asked General Manager Gray to briefly speak to system security and what is already done for the existing system, and some of the regulations and requirements that are applied.

General Manager Gray replied that all information systems can be hacked, and that EWEB is federal- and State-regulated because they are on the federal grid, whether a customer has a smart meter or not, and that would include EWEB's dispatch center. He noted that smart meters and the smart meter grid are additional points of vulnerability which are also regulated, and they have low hacking ability, but not zero hacking ability. He said that he is leaving tomorrow for a conference in Seattle regarding cyber security that will include other utilities and government and agencies, and that staff is seeing see systems being designed to help avoid attacks and increase the response ability, independent of smart meters. He added that the best line of defense is to use highly secure systems, and he noted that the ability to "spy" on customers is possible with any type of meter.

Commissioner Mital asked if the \$26 million "big bang" contract with Sensus will be negated if the Board approves the current staff recommendation. General Manager Gray replied that it will negate it as it is currently negotiated, but not take it back to square one. He explained that it was authorized around Alternative 1, big bang, and oriented toward the tactical option first and the strategic later, with a testing and acceptance program as it goes along. Alternative 2 would require staff to renegotiate the contract with Sensus, as if EWEB ended up with 99% AMI meters, the pattern of distribution would be different, dollars would be spent more slowly, and other options would also be considered. A slower roll-in of AMI might consider service options rather than owning the infrastructure, i.e., possibly just the meter and communication system but not the software and hardware.

Commissioner Mital asked if the same warranty (up to 15 years) would still be in place. General Manager Gray replied that staff would hope to maintain the same price points but change the implantation pattern. He said that he can't speak for Sensus, but there might have to be a new RFP and a look at the re-planning effort based on Board direction, and then have a contract compatible with that, but that at this point he doesn't know what would happen.

Regarding the life cycle of smart meters, Commissioner Mital noted that what is available on the market today is digital only (100,000 at a time). He wondered if a 15- to 20-year life span can be expected (half of an analog life span, though analog is simply not available). General Manager Gray replied that a 15-year life is assumed with both an AMI and non-AMI meter.

Greg Armstead, AMI Project Manager, briefly discussed the 15-year warranty and how the cost percentage is allocated over 15 years.

Vice President Brown asked if Sensus is bonded. Mr. Armstead replied that a bond wasn't asked for.

Vice President Brown then asked if Sensus would go out of business, would EWEB have all the info necessary to reconstruct materials. Mr. Armstead said that they would, and that EWEB would be one of a large number of utilities who they provide meters to. General Manager Gray added that it is a common provision in contracts like these to put provisional materials in escrow.

Commissioner Helgeson stated that a customer had told him that they had had an analog meter for 45 years, which he doubted because they slow down over time because of their mechanics. He noted that EWEB's meter shop used to recycle meters in the old days but that it is no longer cost-effective to do that, though it usually just involves changing out the dial, which is actually cheaper than doing maintenance functions. He added that while the total life of a meter is shortened in a digital meter, the cost of deployment and maintenance is reduced.

General Manager Gray stated that the relative cost of metering has not climbed with the cost of power or water, and the need to meter properly is essential. He said that most bill increases are because of meter misreads or an old meter that is grossly under-reading, which is very common. He added that in particular, water meters slow down, and that whether an AMI, digital, or water meter which is traditionally analog, staff will be replacing them on at least a 15-year cycle no matter what. He also noted that EWEB's auditor also has issues with some of the metering issues because of finances and also fairness to all customers.

President Simpson asked if there are advantages to smart metering which will improve the efficiency of back office operations, engineering, design, reliability, and power restoration after storms, and he if that will save the customer money.

General Manager Gray replied that EWEB needs 17% of its customers to participate in the AMI program, and that would help staff to know when there are power outages, as with small outages, customers currently have to call in order for staff to know there is an outage; while the large-volume outages are identified quickly. A smart meter would help crews troubleshoot faster, respond faster, and would send a message to the customer that crews were aware of their outage, but many of those would be needed in order to create that advantage. He noted that Lane Electric Co-op knew instantly where there outages were in last year's snowstorm because they have smart metering.

Commissioner Mital asked General Manager Gray to address the “why now” question relative to EWEB’s situation. He recalled that EWEB is long on power and that there isn’t an anticipated change in that for as much as a decade except for a hit up against the peak demand issue and buying power in the spot market. He added that the financial struggles are likely to continue for reasons largely beyond EWEB’s control, but not entirely, and that there are big projects coming, i.e., Carmen-Smith costing \$200 million or more (because of legal issues), the expensive second source water project, and the PERS unfunded liability.

General Manager Gray replied that the “why now” is not tactical at all, and that AMI can be deployed in the year 2017 or after but that EWEB has the ability to test it and get it right if they do it now. He noted that EWEB’s Integrated Energy Resource Plan (IERP) is innovative as well as radical, and what it will come down to in order to make it work is marketing customer response and customer participation, and the need to test out economic and engineering theories. He added that EWEB and the region will run out of peak surplus in a few years, so if it works, great; but if not, then EWEB will go back to the traditional utility model. He said that he is convinced it will be the right thing to do and that he thinks customers will want to participate in an energy future, but that he doesn’t want to wait until an energy crisis hits. On the water side, EWEB will have a smaller alternate water source, and customers will need very quick large demand reduction. If that is not possible, an alternate water strategy is not viable, as it has to be customer and marketing viable as well. So to summarize, “why now” is because EWEB would have the time to figure it out before an energy crisis hits.

Commissioner Manning asked General Manager Gray to speak to the \$26 million contract for AMI. General Manager Gray replied that there has been a lot of misinformation about spending \$26 million in order to save \$9 million, as EWEB will save at least \$9 million no matter what. He noted that 2015/16/17 will consist of a small initial investment and then wait and see whatever ramp-in is received. He added that the majority of investment is in the meters, but that would not be \$26 million.

Commissioner Helgeson stated that he sees Alternate 1 as the most responsive, but that he is concerned that EWEB we will be running an old system indefinitely, and he worries that that will result in inefficiency and duplication of effort. He asked General Manager Gray if he is comfortable that this project is operationally viable and doesn’t impose costs, nothing that the advantage of the “big bang” alternative is that all of it will be done.

General Manager Gray replied that the big bang alternative is the most efficient (\$9 million) but that he favors the opt-in strategy because strategic benefits are somewhere between 0 and 50%, achieved with even only 5% opt-in, which might be the most economical business case. He added that if that is proven, EWEB can afford to carry inefficiency and loss of a dual system, but that the 50% point would not be strived for if the benefits can’t be proven out. He reiterated that a one size fits all approach is the most efficient, but to lose a bit of efficiency in order to provide customers with a choice is a good thing.

It was then moved by Commissioner Manning, seconded by Vice President Brown, to support Alternate 2 (opt-in) and enact Resolution #1322. The motion passed unanimously (5-0).

Commissioner Manning stated that, in his capacity as a certified mediator, he has never seen people get 100% of what they want but he has seen people compromise and, based on that and the amount of e-mails he has received against and an equal amount for, he believes people deserve a choice. He said that he sees benefits for low-income and college students with AMI, and that he has traveled in order to do some research on AMI on his own. He said that he is pretty comfortable that the meters can be programmed to do no harm.

Commissioner Mital noted that the resolution states "Alternative 1 or 2." President Simpson stated that "Alternative 1 or" will be struck from the resolution so that it will read "Alternative 2."

Vice President Brown agreed with Commissioner Manning's comments. He said his home has had a smart meter for 1-1/2 years and that the people who want one should have one, and the people who don't want one shouldn't have to have one, but that he wants to continue the experiment.

Commissioner Helgeson stated that in the past he has voiced concerns about the timing of this project, but that as a Board member and former utility official, he is convinced that EWEB will need to consider this technology at some point, and that his principal concern has to do with its impact on rates. He added that he wants to insure that whatever course is taken, it does not complicate EWEB's current financial situation, and that he has met with staff and is satisfied that the go-slow approach will not have a near-term rate impact and will be beneficial. He said that he can't support the Alternate 0 option because he thinks this is something that EWEB needs to do in the next five years or so, and that while this project will continue to be controversial, EWEB has to continue to communicate the value of what it has to offer.

President Simpson then called for a 10-minute recess.

2013 WATER POLICIES & PROCEDURES UPDATE – Resolution #1319

Mel Damewood, Engineering Manager, briefly reviewed the Board backgrounder, the principles of EWEB's W1 and W2 policies and procedures, a brief history of the service installation increases that Mr. McMahon had referred to in his testimony this evening, a breakdown of average water service installation costs, the impacts to the bottom line, and the cost of meter sets. He noted that there have also been price escalations in equipment, and that now is a good time to adjust these costs according to what EWEB's costs are now and will be later, as staff wants development to support itself eventually.

Vice President Brown wondered how he will tell a developer that this is a competitive number and that the developer can't go to C2 Construction or Emerald Construction and get the same thing done for less.

Mr. Damewood replied that EWEB's costs are in the ballpark compared to what other utilities charge, as listed in the Board backgrounder, and that some utilities charge more than EWEB, and some charge less.

Commissioner Mital asked why EWEB wouldn't make step increases over a two- to four-year period.

Mr. Damewood replied that in the past the timing has always been unfortunate, i.e., EWEB is either in the middle of a rate increase or the economy is bad. He noted that part of the negotiation with the Homebuilders Association was that they requested a three-month period to go to their constituency in order to give them advance notice about the increase.

President Simpson asked what the effect of a no vote would be. Mr. Damewood replied that the charges would continue to be subsidized through rates. He reminded the Board that staff is merely trying to recover actual costs and, as the economy improves, more of these service orders will be coming in. General Manager Gray added that that subsidy has now been eliminated for purposes of a later presentation.

Commissioner Helgeson stated that he would like to continue to make these installations as cost-effective as possible, and that he believes the services EWEB offers are competitive and of value. He complimented staff for the result that Mr. McMahon now supports the fee increase when a few months ago he did not.

Vice President Brown asked why EWEB's charges are twice as much as Springfield Utility Board's (SUB). Mr. Damewood replied that SUB doesn't include site restoration in their cost.

It was then moved by President Simpson, seconded by Commissioner Manning, to approve Resolution #1319 enacting the 2013 Water Policies & Procedures update. The motion passed unanimously (5-0).

2014 DRAFT BUDGET AND LONG-TERM FINANCIAL PLANS UPDATE; 2014 DRAFT ELECTRIC LONG-TERM FINANCIAL PLANS; 2014 DRAFT WATER LONG-TERM FINANCIAL PLANS

Cathy Bloom, Finance Manager, stated that staff is asking for Board direction regarding the budget assumptions and the timing and amount of a rate increase.

Harvey Hall, Senior Financial Analyst, recalled that the 4% electric rate increase was moved up to February from May, with a 3% water rate increase also in February, and that all future electric rate increases will move to February from May, which will then align them with water rate increases. General Manager Gray added that this is the result of a strong management recommendation to align rate increases to one event as closely as possible.

Commissioner Mital asked if the 4% electric rate increase would be embedded on top of Board adoption of a collapsing tiered rate and its impacts.

General Manager Gray explained that he is proposing that the Board adopt these terminologies of 4% and 3%, best characterized as revenue requirements or a budget increase, and to keep the rate design exactly the same, and that all elements would increase by those numbers. He noted that the rate design is not on top of this, but that the design has different impacts on different consumption patterns.

Commissioner Mital asked for confirmation that, if the Board approves both the 4% electric rate increase plus Erin Erben's previous proposal, the average ratepayer could see an 8-9% increase on the electric side.

General Manager Gray replied that the two are not additive, and that all rates would go up by that amount, and that if the rate design is changed, more dollars are put into the base and the tiers are changed, the revenue will be the same, but how it is collected will change. He noted that low consumption customers' bills will go up more than high consumption customers' bills.

Commissioner Mital wondered if it would be okay to impose that much change at once, with both a rate increase and a rate design change at the same time, as the Board hasn't discussed that until tonight.

Commissioner Helgeson stated that the BPA passthrough is fairly small (2.5%), and that if staff is looking for a year to have less impact, this would be the year. He asked the Board to postpone the rest of that discussion until the next presentation.

General Manager Gray recalled how the Board had dramatically revised the rate increase from being way more than 20% in some instances to way less in some instances, though he noted that these decisions are separable.

A brief discussion ensued regarding the timing of including a BPA passthrough in the rate increase. Mr. Hall reviewed previous BPA passthroughs and various staff proposals on how to handle them.

President Simpson asked for further information regarding the Harvest Wind expenditure. Ms. Bloom explained it, and also explained how the debt will be paid down.

Vice President Brown asked for an explanation of the cost of one-time legal fees for the Stateline project. Edward Yan, rate analyst, provided an explanation. General Manager Gray added that there is a possible legal dispute regarding the Stateline project, and that legal counsel should make a presentation to the Board regarding this in the future.

Commissioner Mital noted that last year staff had proposed a 30% water rate increase (which was reduced), and he wondered why that wasn't requested in this year's budget proposal.

General Manager Gray replied that the water rate increase will have an impact on both utilities eventually, and that staff doesn't want to reduce services too radically (such as what was done in customer service) because the customer service reduction had to eventually be reversed.

Commissioner Helgeson thanked staff for their hard work. He said that he is still concerned about what will happen with conservation programs though he realizes staff will be reinstating those. He asked for further information on that at a later time.

General Manager Gray replied that staff will present a follow-up on that but it might be more extensive than a starboard report.

Commissioner Mital stated that he is comfortable with staff's recommendations, but wondered if EWEB is running a risk with adopting a 1.74 debt service coverage ratio (which is below target). Ms. Bloom replied that there is a slight risk, but that some of the budget items are one-time expenditures so she feels the 1.74 ratio is still viable.

Commissioner Mital asked for confirmation that the Board is being asked to support budget Option 2. Ms. Bloom reiterated that the Board is approving a 4% electric rate increase, a 3% water rate increase, and their agreement with the budget assumptions, including specific follow-up regarding the reinstatement of conservation programs.

Commissioner Manning also voiced support for staff's recommendation.

PUBLIC HEARING ON ELECTRIC/WATER BUDGET, RATES AND FINANCIAL PLANS

There was none.

RATE DESIGN PROPOSAL FOR PRICING ACTION

Using overheads, Erin Erben, Power Resources & Strategic Planning Manager; Mark Freeman, EMS and Customer Service Manager; and Sue Fahey, Fiscal Services Supervisor presented the objectives of strategic changes to customer rate components coincident with the December 3, 2013 rate action. She reviewed business strategy 5 in the 2013 strategic plan, ratemaking principles from the March white paper, residential pricing options, residential bill impacts, residential bill comparisons, rates by usage tier, the existing new large load policy, the revised G-4 rate schedule, and the business growth and retention rider (BGR-1).

Staff requested Board direction on their preferred residential design option and whether or not to include BGR-1 and the revised G-4 tariffs in the November 2013 rate proposal.

Vice President Brown voiced support for Option 1 and the large load policy.

President Simpson stated that he would like to explore eliminating tier rates or doing something to simplify them, and that he is strongly in favor of loading the base charge to recoup fixed costs, and he values the demand concept, which he feels is highly under-valued. He also voiced support for Option 1 and the large load policy, but stated that he believes the Board should reexamine the value of a tiered rate structure.

Commissioner Helgeson commended staff for doing a great job with balancing a complex rate structure, and voiced support for Option 1 and the large load policy, but requested the possibility of flattening out the energy rate.

Ms. Erben stated that she believes the single energy charge gives staff more flexibility, with a minimum of two tiers but preferably one tier.

A brief discussion ensued regarding Commissioner Helgeson's request to flatten out the energy rate.

Commissioner Mital stated that Option 1 is fine with him but that he is "not quite there" regarding the rate design.

Ms. Erben reiterated that staff needs direction for December. Ms. Fahey added that staff needs to know what to build the rate recommendation on for the November Board meeting.

After a brief discussion, Ms. Erben offered to meet with the Board in order for them to become more versed regarding bill impacts, rate design, etc. The Board agreed.

Commissioner Helgeson stated that he believes the rate tiers are out of whack, but he would like to move forward for now, but meet with Ms. Erben in order to get more information.

Commissioner Mital reiterated that he needs more time to think about the rate design and will discuss this further with Ms. Erben at a later time.

CORRESPONDENCE & BOARD AGENDAS

Due to the lateness of the hour, General Manager Gray stated that he will address this agenda item via e-mail in the next 48 hours.

President Simpson adjourned the Regular Session at 10:25 p.m.

Assistant Secretary

President

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
NOVEMBER 5, 2013
5:30 P.M.

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

Others Present: Kevin Biersdorff, Todd Simmons, Sibyl Geiselman, Gail Murray, Cathy Bloom, Sue Fahey, Deborah Hart, Edward Yan, Kathy Grey, Wally McCullough, Brad Taylor, Jeannine Parisi, Sheila Crawford, Tammy DenOuden, Joe Harwood, Anne Kah, Frank Lawson, Dean Ahlsten, Mark Freeman, Lisa McLaughlin, Susan Eicher, Matt Sayre, Lena Kostopulos, Steve Mangan, Jill Hoyenga, Dave Churchman, and Taryn Johnson of the EWEB staff; Vicki Maxon, recorder.

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

AGENDA CHECK

There were no items.

ITEMS FROM BOARD MEMBERS

Commissioner Manning stated that he had attended the Bethel Neighborhood Association annual meeting and heard some great information about various community projects, and that he will be working with General Manager Roger Gray to see if EWEB can assist them with any of those projects. He noted that one of their projects is a garden from which they donate produce to Food for Lane County.

Vice President Brown wondered why the allocation for the watershed protection program includes \$5,000 for outflow from the Springfield storm water system and \$150,000 for the Berggren demonstration farm, and why the disparity between these two items is so large

He also stated that several people had told him that EWEB is removing various items from the Steam Plant during the asbestos abatement process, and he hopes if EWEB declares any turbines or any other items removed for surplus, that staff will first discuss that with the Board.

He noted that it has been one year since the Board has discussed salmon diversion at Walterville and he asked about the status of the \$700,000 study.

He also asked for an update on the Weyerhaeuser plume.

President Simpson congratulated staff for receiving an Excellence in Communication award from the American Public Power Association (APPA) for the development of EWEB's website. He added that EWEB's website has come so far over the past six years that it can't even be measured.

He stated that he had attended the Veneta pipeline dedication ceremony, which was a great event and was well-attended by the public.

He cautioned anyone who has one of EWEB's new water bottles to not wash it in the dishwasher, as it will shrink during the dry cycle.

He noted that he has been working with Jeannine Parisi, Community and Local Government Outreach Coordinator, and City of Eugene staff to finalize plans for the joint EWEB Board/Eugene City Council meeting, which will hopefully be held in January.

General Manager Gray stated that Vice President Brown's concerns can be addressed by Lisa McLaughlin, Staff Biologist as Steve Newcomb, Environmental Manager, is out of town. He added that he is pretty sure that staff is not removing any historical items from the Steam Plant.

Regarding the clean water vs. urban runoff, Ms. McLaughlin deferred to Karl Morgenstern, Drinking Water Source Protection Coordinator, who is out of town attending a conference, as she can't speak to the funding allocation.

Regarding the fish passage issue at Walterville, she stated that radio tracking has been done and verbal approval has been received from the fish agencies, who are pleased with the results and are not recommending further action, as everyone agrees that the equipment is working great.

President Simpson voiced interest in a tour of the Walterville facility. Ms. McLaughlin replied that she would be happy to plan a tour.

Ms. Parisi stated that she is working on a Memorandum of Understanding (MOU) between EWEB and the City of Eugene regarding how Steam Plant artifacts will be preserved, either with items being removed and stored, or made available to EWEB to retain either in the Steam Plant or on-site, and that the items to be retained will be identified, and other materials will be available for scrap or be sold. She noted that staff will look into what monetary value can be placed on the #3 turbine, and that the #1 turbine and the firebox from the 1930s will remain in place in order to retain as much historical value as possible. She added that staff will do a walk-through of the facility and will ask the Board how they feel about leaving those items in place, as they take up quite a bit of space, and then the future property owners can decide what has value vs. removing them and putting them in storage.

Kevin Biersdorff, Riverfront Master Plan Project Manager, stated that many items have to be removed as part of the asbestos abatement process, and that staff is attempting to remove

most of the historic items themselves in order to not burden the contractor and thereby lessen the cost of abatement. Ms. Parisi added that all insignias will be removed from those items so that nameplates, meters, etc., can be retained.

General Manager Gray added that the #3 turbine will be sold. Vice President Brown asked that staff come to the Board before proceeding with the sale. General Manager Gray agreed.

Commissioner Helgeson asked how much of that process has to do with asbestos abatement and demolition, as environmental mitigation or attractivity may or may not be investments that will pay off. He wondered how far that process will go in those respects without knowing the payoff. Mr. Biersdorff replied that staff is leaning to the conservative side so as not to burden the contractor with getting involved in piecing out individual items.

Commissioner Helgeson asked what the advantage is of doing this now or waiting to see if those investments will be needed in order to have the whole process turned down, i.e., a question of timing. Mr. Biersdorff replied that these items need to be removed in order to do the asbestos abatement, and that will drive the decision regarding turbines #1 and #2. He noted that the 1931-era assets have the most value.

President Simpson asked for clarification that this discussion is regarding the performance of the \$473,000 contract to remove and abate/demolish steam plant turbine #3 which was installed in the 1950s compared to doing same earlier for the first two turbines.

Commissioner Helgeson stated that he will call Will Bondioli, Steam Plant Superintendent, to get that information.

PUBLIC INPUT

Bob Dempsey, CEO of the EWEB Credit Union, read the following letter:

“I wish to address the Declaration of Surplus as it relates to the EWEB Employees Federal Credit Union.

I respectfully request that you postpone declaring the Credit Union facility ‘surplus’ until such time as you make that declaration for the administration facility. Failing that, I would request that we work out some sort of co-location agreement. The EWEB Employees Federal Credit Union is a single employer group credit union and has been sponsored by Eugene Water & Electric Board for 60 years. We serve 80% of your employees, retirees, and the families of these groups. We are a financially sound institution focused solely upon the financial well-being of your employees and their families. The liquidation of the credit union facility has the potential to affect us so dramatically that it could make it necessary for us to merge with another financial institution.

Our Board of Directors and I invite you to learn more about the credit union by either attending one of our board meetings or meeting with me individually. The next credit union board meeting is November 18 at 5:00 p.m. I am available to meet with you at your convenience.”

Bob Cassidy noted that the recent electric rate increase resulted in only a \$2 increase in his monthly bill. He appreciated what EWEB has done around public information about its budget and noted that it is important to maintain EWEB’s existing work force and not lay off any more employees. Regarding demand response, he hopes that EWEB is doing their part on this, and he said he had thought about the pumps that fill the reservoirs and that he hopes they are not running at peak times. He wondered if smart meters can be placed on reservoir pumps.

Gary Wildish, representing the Eugene Chamber of Commerce, read the following letter signed by Laura Potter, Director of Business Advocacy for the Eugene Chamber of Commerce, regarding the EWEB Riverfront Master Plan:

“Dear General Manager Gray: The Eugene Chamber’s Local Government Affairs Committee (LGAC) and the Chamber Board have identified implementation of the EWEB Riverfront Master Plan as a priority. As you know, we have been deeply involved in this project since the inception of the Community Advisory Team that helped create the Master Plan. With that plan formally adopted as code, we hope to remain involved well after the first new building on the site opens for business. We ask you, the elected board, to continue to carefully balance the fiduciary responsibility to the ratepayers with the need to make this great legacy project a reality. Meanwhile, the Chamber is excited to partner with EWEB to help achieve this vision.

We recognize that with the completion of the Master Plan work, EWEB is now moving into the next phase of the project and getting ready to solicit potential master developers who are interested and financially capable of delivering a development project on this unique and complicated site. We share your interest in securing high-quality development consistent with the Master Plan and understand the importance of finding the right team that can navigate projects in our community. With that in mind, we hope to help convey community and political support for the selected development team and the first projects as they come into public view. The Chamber will work to advocate for the use of urban renewal money and other public funds that maximize value for EWEB ratepayers and the community at large. We strongly believe that partnership and financing tools are going to be critical to our success and stand ready to support policy makers, ECO Northwest and EWEB staff as this work moves forward.”

B.K. Hoffman has been an EWEB customer for 30 years. He reiterated his previous public testimony against smart metering and urged the Board to proceed with caution.

Lisa Marie DiVincent gave the following testimony: “Greetings, Commissioners, staff, and citizens. My name is Lisa-Marie DiVincent, counselor, nonviolent communication trainer, and mediator in private practice. Please recall my message last month, ‘Do no harm.’ Let us continue to strive for that goal.

Next, I'd like to appreciate the wireless meter opt-in, making it easier for those with sufficient scientific understanding to decline a wireless smart meter on our homes or businesses, if self-employed.

However, public and private employees don't have that choice. To prevent scientifically proven harm to the percentage of radiation-sensitive full-time employees who will be physically compromised, I request that all public and commercial buildings remain smart meter-free. An exponential increasing in community education will inform employee lawsuits proving EWEB irresponsible if not negligent. You have received ample documented evidence about smart meter risks and dangers.

In addition, the general public should not be forced to be exposed to smart meter radiation in the course of necessary activities away from home. Concerned citizens are considering maintaining an ongoing list of all homes, buildings, and businesses with smart meters installed so that aware people can protect themselves accordingly. To recap: Please keep all public and commercial buildings wireless smart meter-free.

Finally, I'm formally requesting a Citizen Advisory Board to provide the community with a balanced view of wireless meter pros and cons. All EWEB publicity, promotional and bill inserts, incentives, on-line and hard copy newsletters, as well as media releases regarding this topic need balance. Over the past several months, I'm disheartened to say I've seen a culpable lack of transparency, with biased one-sided pro-smart meter views being consistently distributed by EWEB staff.

The failure of truly informed choice will serve as evidence in future lawsuits. We owe it to our community to let them decide for themselves by hearing the different versions -- the slant of EWEB staff and that of citizens opposed to wireless meters. A large majority of EWEB customers still lack exposure to the pros and cons that would help them decide which presentations to base their choice on. By failing to fully inform customers, the opt-in clause will not protect EWEB from future class action lawsuits.

Despite working full-time, I've been volunteering considerable energy towards researching and informing our community to help EWEB Do No Harm. Please let a Citizen Advisory Committee contribute to the public's right to know instead of continuing down the contentious path of this dangerous controversy."

Klaus Pressler gave the following testimony:

"Good evening. I'd like to begin by thanking EWEB's representative Robert (last name unknown to me) for giving me the wake-up call at 7:09 a.m. this morning. (How many of you are open for business, or even taking calls at 7 am ...? I thought so.) Robert provided a fitting reminder that accountability and transparency are at an all-time low – and declining. For, you see, no matter how much of a 'nice guy' he may be – or how much of a 'Good Cop;/glad-hander EWEB may have hired him to be, Robert failed to carry out what he indicated in writing would be the case – on August 9th, three months ago! So, this serves as a very timely example of just

how much even written notices (and the like) from EWEB can be relied upon. Ratepayers beware!

That said... some time back in late 2005 or early 2006, EWEB attached an Itron brand digital metering device onto my home, without notice, and without my consent. Around the same time, my nearest neighbor 'received' an entirely different type of digital broadcasting 'meter' device... located not 18 feet from where I lay my head at night to sleep. (Curiously, my neighbor on the other side retains their good old reliable analog electrical meter to this day.) How was I 'selected' to become EWEB's 'guinea pig'? (I have some thoughts on that...)

As it turns out I 'happen' to have developed a range of symptoms over the past seven years, which 'happen' to be consistent with the medical/scientific literature on these so-called 'smart' meter devices. I **OBJECT** to what has been installed upon the wall of my home – as well as to what has been installed within 18 feet of where I lay my head at night to sleep – all without notice, nor consent.

I objected then – and I continue to object now. I do not wish to 'Opt In,' and never have – but I was never given a choice. Whatever your current explanation, justification, or excuse – I don't believe it – whether or not it's in writing. Please... do the right thing, and remove these digital broadcasting devices from my and my family's immediate vicinity, without further delay.”

Loretta Houston is a former EWEB employee who was “let go” on October 29, 2013 for various reasons, however she stated that she is testifying tonight as a ratepayer regarding EWEB’s financial future, and also regarding AMI. She stated that there are more and more people who are unemployed, and as EWEB pushes toward modernizing of its systems, she questions and does not understand why EWEB keeps pouring more money into the future while at the same time letting go of very good entry-level positions (family wage jobs). She wonders why EWEB is offering an opt-in AMI project for which the Board approved \$26 million, and she wonders who is going to pay for that. She said that there is no such thing as a free smart meter and that she would like to get more information. She added that EWEB employees aren’t as informed as they used to be, either, and she would appreciate more clarity on who is going to pay for this future debt, especially with such short-lived digital technology.

Richard Gabriel, a retired dentist, doesn’t want the money from rate increases that should go to support infrastructure and alternative water supplies to go toward smart metering. He realizes that he has the option to opt in, and also to put his cell phone to his head, and he takes that risk, but he doesn’t have an option when a smart meter installed within five to 30 feet of his bedroom window or wherever else. He stated that an opt-in does not protect a customer or the public health, and that when his neighbor installs a smart meter on an apartment or commercial building, opt-in is a public health risk to the people surrounding it. He asked the Board to do a medi-analysis of medical documentation being done worldwide in North America, Europe and everywhere else. He recommended that the Board not move further ahead with smart meters and that they spend money on things that will improve and guarantee water supply and clean electricity in our community, instead of wasting money on smart metering.

Yaqin Sliwinski echoed Dr. Gabriel's comments. He reiterated his testimony from previous Board meetings that smart metering harms pregnant women, embryos, children, and the like.

Kathy Ging gave the following testimony: "The theme of my remarks is the phrase 'rules of thumb' used by former EWEB General Manager Randy Berggren on March 23, 2010 at EWEB's annual retreat, responding to a question by Commissioner John Brown as to whether the community might show opposition to smart meters, which Randy discussed taking off the shelf when the economy improved. Free Dictionary defines rule of thumbs as: A useful principle having wide application but not intended to be strictly accurate or reliable in every situation.

It is this tone that dominated EWEB's smart meter indoctrination style campaign, often denying public requests for more balanced information on its website and in public releases. As a result, most of the public is still uninformed about differences between wired and wireless smart meters and the advantages and disadvantages of each and of smart meters in general.

EWEB AMI engineer Greg Armstead's letter at the introduction to Good Company's triple bottom line smart meter analysis in August 2011 sets the intention stating that the study was to assure the success of smart meter implementation (EWEB paid for the study).

EWEB wanted to conduct this analysis early in the planning process, to help shape the ultimate – and successful – outcome of the project. We purposefully asked The Good Company to take an outside-in community perspective of the potential impact of this technology. The Good Company looked at three potential AMI scenarios that range from a 'bare bones' AMI system to one that provides a much higher potential for integrating 'smart grid,' demand-response and other initiatives that will benefit the community, EWEB and its customers.

<http://www.eweb.org/public/documents/smartmeter/TBLanalysis.pdf>

Smart meters have opened a seller disclosure statement new Pandora box for realtors, sellers and buyers of residential property.

I have been in discussion with legal counsel at Oregon Association of Realtors alerting them to the fact that since smart meters have been the subject of recalls, settlements and litigation (Oregon Sellers Disclosure Statement required by state law, page 3, item 6 asks if any product in the house has been subject to any of the above three problems), they now may need to consider adding information about smart meter manufacturer and model number, including antenna, to seller disclosure statements and add transparent information about smart meter liabilities to requirements for initial and continuing realtor education.

I am not familiar with the smart meter vendor or installer potentially culpable in the settlement of Larry Nikkel in Vacaville, CA, who died in a house fire the day after a smart meter was installed, but an out-of-court settlement for an undisclosed amount of money was awarded to his family in 2012, two years later, a warning to those who accept smart meters on their homes or other buildings and fail to disclose this issue if a fire or explosion occurs (or even a health issue

develops after property sale). Sellers have a duty to disclose any potential material defects that exist in transferring real estate.

Litigation has been filed in several states (some lawsuits have been won by litigants) and countries regarding smart meters and recall of thousands of Sensus-USA meters in the PECO, Philadelphia, PA, utility district is documented in press items. News items report dozens of fires triggered also in Texas, California, Florida, Canada and elsewhere from smart meters.

A seller's disclosure statement is required to be completed in Oregon by sellers in all residential sales transaction with certain exceptions. Not informing sellers and realtors about potential liability in neglecting due diligence and standard of care in advising their principal about issues can create liability for sellers and realtors who are assumed to be professionals trained in the problems and possible material defects in the built environment.

As documented in affidavits and filings, FCC proceeding 13-84, a new class of refugees sensitive to electromagnetic fields has resulted from proliferation of wireless technology. It could be that a publicly available list of buildings with wired meters should be mandated and that this should be an essential part of EWEB's opt-in plan. The exact model number and name of the manufacturer and installer should be provided to homeowners by EWEB for their permanent files so that they can disclose this information on seller disclosure statements.

Your erroneous decision to allow an OPT IN instead of a 10-year zero option or a real zero option - indefinite moratorium which many informed ratepayers wanted - now creates another complexity in real estate sales.

About your annual survey indicating about half of the respondents supporting and half not supporting smart meters: more significant is that as people learned about smart meter problems and controversies, there was a 340% increase of those opposing EWEB's planned AMI program from 2011 to 2013.

If you read the comments on one of the TV channel Facebook postings after October 1, 2013, all were opposed to smart meters except for one woman who thought she had a smart meter but since wireless meters cannot be used in rural areas, she may not have known that her meter probably was NOT wireless and may have been a digital AMR or ETR not a smart meter.

If it had not been for Families for SAFE Meters and medical, scientific, engineering and education professionals who diligently attempted to educate EWEB staff and board in the last 2-1/4 years, ratepayers would have not been as well-informed as to wireless meter technology and liabilities.

It is puzzling why EWEB General Manager Roger Gray denied the role Families... played in the 10/2/13 R-G article. Three staff and one Board member commented to me that without Families... involvement, a wireless radio mesh net probably would have been installed.

It is difficult especially for a manager to admit mistakes, but the public deserves better treatment by Oregon's largest publicly owned utility leader. Ratepayers also have great consternation about misrepresentations in Gray's responses to Board inquiries about smart meter fires and explosions - over 1,000 worldwide -, health consequences, Fourth Amendment privacy rights violations and other issues that should dictate to a prudent person to approve at least a 10-year moratorium.

One totally voracious statement Gray made confirmed that the smart grid is not hack-proof, adding that he would attend a conference on the topic! For cyber-security concerns alone, EWEB should not have approved smart meters. The public was appalled that they were not given the opportunity to rebut and rectify Gray's numerous mistakes, and the Board made a hasty decision on distorted information and disinformation inadequately researched by the General Manager and staff.

If you as a Board allow the staff to adopt incentives for smart meter installation, it would be further anomalous public policy.

There is still time to reverse your decision approving the opt-in smart meter plan before legal action or a petition drive that could cause more dissension and acrimony in the community.

Thank you for your public service and for your careful consideration of the information provided here."

Abraham Likwornik gave the following testimony: "It is obvious that by your vote to install so-called 'smart' meters, you have given great importance to one man's input (EWEB General Manager Roger Gray) and have chosen to mostly ignore the information of the people of Eugene and other verbal, written and media input presented to you over the past few months. This is unfortunate for the people of Eugene.

Each member of this board of commissioners has been given enough credible, verifiable, proof, information, and resources that would convince any prudent man or woman that these so-called 'smart' meters endanger the health, safety, financial welfare, privacy and security of all the people in EWEB's service area. In other words, you have all been given *lawful notice* of the consequences of your actions. You cannot now claim ignorance of the dangers and controversy about these digital meters. This makes each and every one of you, in your private capacity, liable for your conduct. You have chosen, by your vote, to act outside of your official public capacity by not following EWEB's by-laws and environmental mandate and pledge. Therefore you no longer have the protection or immunity of your office. By installing your first so-called 'smart' meter, you will knowingly and intentionally be endangering the people, animals and the overall quality of the environment of Eugene. In the Law, this constitutes reckless misconduct. It will not be the owners of EWEB who will be taking on the burden of any future lawsuits, it will be you, the men of this commission.

I respectfully demand that you cease and desist all plans and activities related to so-called digital 'smart' meters and that you do not purchase or install these meters on any buildings within your service area."

Ms. Michael Carter appreciates that EWEB is willing to work with low-income customer such as herself, and she appreciates the low-income assistance that EWEB has given her. She said she feels strong about smart metering, not just the meters, but the proliferation of EMF, and also GMOs, and she emphasized that all of these things are harmful to health and the environment, and becoming more and more massive. She believes there has been a real slant on money as a mediating factor in what choices are made, though she doesn't think that is done intentionally. She asked the Board as individuals to really think about this issue and see if they in fact do support this (though she doesn't want to make any judgments). She also believes the community has an opportunity to demonstrate something different than what is happening all over the world that is very destructive, and that the community can be creative and support each other. She again asked the Board to really think about this issue and talk about it amongst themselves, and move in a direction that is good for people and for the environment.

President Simpson thanked everyone for their testimony. He told Mr. Pressler that he will ask staff to contact him and provide him with information regarding his meter. He noted that, to his knowledge, there are no smart meters being installed except for customers who are in the pilot study. He added that staff will provide the Board with a copy of that response. Regarding Mr. Pressler's neighbor's meter, he asked Mr. Pressler to speak to his neighbor.

Vice President Brown thanked everyone for their testimony. He reiterated that the opt-in option is not a mandate, and that he can't tell his neighbor what meter technology to use, nor can he control a cell tower being erected within a few feet of his home. Regarding the threat of a customer suing the Board as a result of smart metering, he said "it is what it is," and that he will take his chances.

Commissioner Mital thanked everyone for their testimony and noted that nine people had spoken against smart metering this evening, and added that he had taken notes on their testimony. He reminded the audience that smart metering is now on a slow-moving route. With regard to Mr. Dempsey's concern about surplus property, he said the Board will get more clear after tonight's agenda item.

Commissioner Helgeson stated that he supports the EWEB Credit Union, and that it has many members and provides a great benefit to those members. He acknowledged that there may be some limitation in resolving any certainty about the credit union's ultimate location, but that he would hope that its value represents employees and everyone else to their mutual benefit.

He appreciated Mr. Wildish for the Chamber of Commerce's support to move forward on the Master Plan, and said he will continue to support it.

He then stated that he continues to feel comfortable with what the Board decided at their last meeting regarding smart metering, and that the sooner the Board begins to more clearly define for EWEB and the public what its intentions are, how that will roll out, the investment from the utility, and options for its customers, the better. He reiterated the significantly different implementation sequence than what was previously considered and also the different approach in

terms of investment and the number of customers participating, which will result in long-term benefits with managing peak demand.

Commissioner Manning thanked everyone for their testimony and said that the Board understands their various positions.

Regarding the EWEB Credit Union, General Manager Gray replied that staff will work with Mr. Dempsey, and that EWEB has a great relationship with the EWEB Credit Union. He said he can't predict any outcome where the EWEB headquarters would not be adjacent to the EWEB Credit Union. He noted that the majority of EWEB's employees who are Credit Union members are at the Roosevelt Operations Center (ROC) now, and that he will figure out how to deal with that aspect, but that the declaration of surplus doesn't change his view of EWEB's role with the Credit Union, and visa versa.

Regarding advanced metering infrastructure (AMI), he reiterated that the process is in place and that staff is focusing on the soonest year right away (2015), and trying to describe in better terms what customers will face. He also reiterated that the kickoff of AMI is still a couple of months away but that staff is on top of it, and that smart meters will not be rolled out without the pilot program happening first. He noted that staff will research Mr. Pressler's Itron meter, and that EWEB also has other residences where there is a bad dog or a customer who doesn't want EWEB on their property, and that staff will gather the facts and provide Mr. Pressler with the information.

CONSENT CALENDAR

MINUTES

1a. September 17, 2013 Regular Session

RESOLUTIONS

2. Resolution No. 1323 – 2014 Trojan Budget. Contact Person is Cathy Bloom.
3. Resolution No. 1324 – Declaring Surplus for Certain Real Property No Longer Needed for Utility Purpose. Contact Person is Steve Newcomb.

CONTRACTS

4. 2G Construction – to provide additional construction services for the Carmen-Smith campus garage additions. \$76,854 (Total \$456,835) Generation. Contact Person is Roger Kline.
5. Performance Abatement Services, Inc. – to provide hazardous material abatement and demolition services for EWEB Steam Plant Boiler #3. \$473,000. Environmental Services. Contact Person is Steve Newcomb.

6. Tyndale Company, Inc. – for the purchase of fire retardant apparel for employees who work on or near energized equipment. \$300,000 (over five years). Electric Operations. Contact Person is Todd Simmons.

7. Wildish Building Co. – for Leaburg Dam Roll Gate Bulkhead Installation and Removal to facilitate inspection, testing and dry operation for the three roll gates. \$399,000 (through December 2014). Engineering Department. Contact Person is Mel Damewood.

OTHER

8. Update to Board Policy Manual; Retire Board Policy SD4, – Contact Person is Steve Newcomb

President Simpson pulled item #3.

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

ITEMS FROM CONSENT CALENDAR

Regarding item #3, and Mr. Dempsey's request during Public Input to have the EWEB Credit Union property exempted from the declaration of surplus, General Manager Gray explained that staff's recommendation is to include everything except the former gas plant, and staff is working out the green and open space with the City of Eugene. He stated that the working assumption is that the City will not exercise right of first refusal and then go to market price. It is intended that when the Request for Information (RFI)/Request for Quotation (RFQ) goes out to master developers who are interested in even the headquarters or the North Building, staff will poll all ideas and thoughts.

General Manager Gray continued, saying that he expects that the Credit Union can have their lease retained and it would be better to work with them to work out a long-term solution for the Credit Union, and that there may be higher and better uses for a larger plan including the EWEB Child Development Center and the lease with Systems West for the Midgley Building. He explained that EWEB has to have a transition plan with all those entities, tied in in some fashion to the Credit Union for a long period of time, as there is mutual support there. He noted that staff debated putting the headquarters building in the surplus recommendation but they are not prepared to do that yet, and that staff will put as much as they can into the surplus declaration and resolve the other issues with the City, for example the green space.

President Simpson asked if the Resolution needs to be modified in order to protect the Credit Union or if it can be approved as is.

General Manager Gray replied that EWEB can't declare the Credit Union as surplus but that they're declaring the building as surplus property. He noted that EWEB has annual leases with the Credit Union and Systems West. He stated that EWEB and the Credit Union will have a

long-term cohabitation plan but that it may not be located on EWEB's current property, and it might be at the ROC or on the first floor of the headquarters, or a developer might leave the CU building alone. He said that staff will work with the Credit Union to make sure that it and EWEB stay tied together, and that he doesn't know if both entities will be at the presentation in the long term, but if EWEB exits, he hopes that the Credit Union will exit with them, unless they expand their customer base.

Vice President Brown asked how many parking spaces EWEB is contracted to provide to EGI (the new tenant in the headquarters building). General Manager Gray replied that there aren't enough parking spaces retained, but that if there is surplus property, that will have to be worked out, and that some parking will be retained for EWEB, EGI, the EWEB Credit Union, and Systems West.

Mr. Biersdorff added that the exact figure hasn't been added up but that the declaration of surplus does not preclude the normal negotiating process with a developer, or more likely minor developers, who are interested in specific parcels. He added that there is enough vacant property around the building that a leased building could be moved if necessary, and possibly leased back to the developer in the interim.

Vice President Brown asked if EWEB has received confirmation that the above process won't put it the property on the tax rolls. Vice President Brown added that PeaceHealth is taxed on the ownerships that they don't use in their hospital functions, and that is what is concerning.

General Manager Gray replied that the tax roll issue has been confirmed with legal counsel, and that staff would rather work with the master developer to locate parking further away if necessary, as he doesn't want to carve out too much parking area up front.

Commissioner Helgeson stated that it seems to him that the declaration is for making property available, but also for a host of issues that relate to use of the property and other interests. He wondered if the Steam Plant would be included in the above process. He said that to him, the Midgley building has potential for retaining a downtown EWEB location for customers. He asked for confirmation that this action doesn't cause anything to be sold or disposed of, but simply outlines the areas made available for certain purposes, particularly for the City to cut loose with their option for first refusal, but to withhold parcels. He added that he would like to keep an eye on that objective and move forward with the declaration. He also voiced a desire to meet with Mr. Dempsey and learn more about their institution and about their relationship with EWEB.

General Manager Gray then restated key points from the above discussion:

- Declaration of property and not to sell X, Y or Z
- Begin process with City of Eugene to prepare surplus (90 days before actual issue to the City) in order to work out open space and park issues
- Once declaration takes place, it is our hope that City would not exercise right of first refusal and then would go to market price

- Will not sell a parcel without the Board's prior knowledge

President Simpson asked if the same declaration of surplus process would be required if a buyer is interested in the headquarters building. General Manager Gray replied that it would, and stated that the process is tied to the MOU with the City of Eugene.

It was then moved by President Simpson, seconded by Vice President Brown, to approve item #3 (Resolution No. 1324). The motion passed unanimously (5-0).

Regarding item #7, Commissioner Mital stated that he is under-prepared, and asked if capital budget changes are included in the discussion. He noted that the failure of Leaburg Dam roll gate #2 is an expensive failure and he wondered if EWEB has any recourse with the manufacturer.

General Manager Gray replied that he will follow up with the Board on that.

Mark Zinniker, Generation Supervisor, replied that manufacturing defects and a failed motor are covered, but there is a diverse spectrum of other potential contributors to failure. He added that the combination of the length of time in service (seven years) and the diversity of factors and considerable amount of forensics that are necessary (which haven't been pursued) have limited potential for a positive outcome.

Vice President Brown asked if this is the roll gate that failed to open a couple of years ago, as he thought it was replaced at that time.

Mr. Zinniker replied that the motor was removed from the pier house and a crane was brought in in order to get the roll gate to the shop so it could be opened and cause could be determined.

General Manager Gray added that the dam is currently operating safely but there is concern about certain flow conditions when roll gate #2 is necessary, and about the need to get it back into operation. Mr. Zinniker added that the remaining roll gates #1 and #3 have 100-year flood passage capacity but redundancy has been lost.

Commissioner Helgeson stated that he supports staff's judgment in these areas but he would like an update on what kind of insurance and stop clauses exist for these types of failures.

General Manager Gray stated that staff is in the process of carrying out EWEB's first enterprise risk/benefit assessment, and that he would like to come back to the Board in an overall context with policies, deductibles, etc.

Commissioner Helgeson stated that he would also like a briefing regarding Board liability for various actions. Commissioner Mital stated that he would like a briefing regarding what would happen if College Hill Reservoir fails and what work has been done to assess whether or not staff would have recourse with the manufacturer.

**WILLAMETTE VALLEY REHABILITATION SERVICES, INC.
JANITORIAL CONTRACT**

Todd Simmons, Electric Operations and Facilities Manager, requested approval of this contract for janitorial services for both the EWEB headquarters building and the ROC. He referred to the backgrounder the Board had previously received, and stated that this contract is in accordance with Oregon law.

Vice President Brown thanked Mr. Simmons for putting up with his previous questions regarding this contract, and gave a brief explanation of his previous concerns about the cost of this contract, as if EWEB could have put it out for bid, the cost would have been less, but EWEB has to comply with State contract law. Mr. Brown reiterated that his concerns were out of frustration and that he has nothing against the process.

Commissioner Helgeson stated that EWEB has a responsibility to the community to continue this contract.

It was moved by Commissioner Manning, seconded by Vice President Brown, to approve the above contract. The motion passed unanimously (5-0).

CAPITAL BUDGET AMENDMENTS (BAM Nos. 8-16)

Frank Lawson, Systems Engineering Supervisor; Wally McCullough, Water Engineering Supervisor; and Matt Sayre, Information Services Manager, presented the above capital budget amendments.

Commissioner Mital stated that he had previously voted against budget amendment #15 and that he is still against it.

Mr. Simmons stated that the design and overhead piece were added and that this amount represents the actual bid.

General Manager Gray explained that this is an issue of internal vs. contract work and that if internal, it is not included in the contract. He noted that the project cost didn't necessarily go up, but that different rates apply to different services, i.e., smaller vs. larger.

Commissioner Mital reminded the Board that this item was supposed to save money and generate a payback of 10 years, and now it is more like a 14- or 15-year payback, and that it was supposed to create improved overall reliability with no worry about adequacy of fuel supply. He reiterated that he is still against this item.

General Manager Gray stated that this item has zero impact on safety and that large events of this scale are not included in the SAIDI (system average interruption duration index) but that if this item is not approved, it will affect the ability to respond to a major emergency because of limited fuel.

Mr. Simmons noted that crews had trouble getting fuel during the 2012 snowstorm because many fuel stations weren't open. General Manager Gray added that this is more an issue of major event-drive ability to respond.

Vice President Brown stated that he is all for it, and reiterated his previous concerns regarding lost time in driving to fuel stations, overtime pay, wasting gas with multiple trips back and forth from fuel stations, etc.

Mr. Simmons explained that different set-ups and contracts will still exist because people who are traveling will still have fuel cards, and that he doesn't want to limit crews' ability to respond if fuel vendors aren't operational. He added that this wouldn't end all fuel contracts but would afford staff flexibility and immediate response, and then explained the difference between the budget and a budget amendment.

Commissioner Helgeson agreed with Vice President Brown's comments and said that he believes this is a critical capability issue.

Commissioner Manning also supported the budget amendment. He asked for an explanation of a fuel contract vs. a fuel card.

Mr. Simmons replied that EWEB gets a better price with a contract vs. a fuel card and can negotiate better prices with the vendors, and that biodiesel and diesel fuel can be blended for an optimal combination for all EWEB fleet vehicles.

Commissioner Mital asked if this is in line with previous years' budgets. Mr. McCullough replied that this item is larger than it has been in previous years.

General Manager Gray reiterated the Board control points for this budget item.

Mr. Lawson added that a lot of the amendments were as a result of the reclassification of projects and moving items from operation and maintenance to capital.

Commissioner Mital appreciated staff for staying close to the threshold and coming to the Board even when they didn't have to.

Commissioner Mital asked about the \$500,000 item for the network between the ROC and EWEB headquarters.

Mr. Lawson replied that this will also connect all the substations and that it is already in place, and so far the reliability has been is very favorable, and that a multi-connection network for water, electricity and, potentially AMI, is down the road.

Commissioner Helgeson said it would be helpful to become more clear about what the net effect of these items is, as he can't see it right away by looking at the paperwork, but that he senses there is not much of a net effect.

Mr. Sayre replied that the total 2013 net effect is evaluated on a monthly basis, and that staff predicts that it will be within 5% of the proposed budget. Mr. Lawson added that the type 1 capital amount was negligible.

It was moved by Vice President Brown, seconded by Commissioner Helgeson, to approve item #15 of the capital budget amendments. The motion passed 4-1 (Mital voted no). The remainder of the capital budget amendments was approved unanimously (5-0).

President Simpson called for a 10-minute recess.

2014 PROPOSED BUDGETS AND RATES; FEBRUARY 2014 ELECTRIC RATE PROPOSAL; FEBRUARY 2014 WATER RATE PROPOSAL

Cathy Bloom, Finance Manager, introduced Deborah Hart, Senior Financial/Rates Analyst, Edward Yan, Senior Budget/Rates Analyst; Harvey Hall, and Sue Fahey, Fiscal Services Supervisor, who assisted her with the presentation.

Using overheads, staff presented the 2014 budget and rate proposals. Mr. Yan summarized electric and water rate comparisons and customer bill impacts.

Ms. Fahey then reviewed the next steps. She thanked Teresa Dingman, Budget/Rates Analyst for her assistance.

Vice President Brown asked who the large General Service rate customer is that staff spoke of and asked why their rate was reduced. Mr. Hall replied that it was Hynix, because their usage was less.

Vice President Brown then asked why fixed cost wasn't part of their rate, and he wondered how he would explain this to one of Hynix's neighbors when the neighbor's rate is going up.

General Manager Gray replied that staff needs to do a thorough review of the cost of service model and also needs to tackle the rate design for large customers.

Vice President Brown asked why Willamette Water Company (WWC) has a different rate than Oakway and River Road Water Districts. Mr. Yan replied that WWC's rate will be bumped up in February and Oakway's and River Road's rate will be bumped up in July.

Commissioner Helgeson thanked staff for their hard work and asked for confirmation that rates are being raised to cover debt service. Ms. Bloom replied that this is correct and she then explained what drives electric rate increases. Debra Hart explained what drives water rate increases.

Regarding the 1.74 debt service ratio, Commissioner Mital asked why staff wouldn't seek a rate increase in order to get that amount. Ms. Fahey replied that reserves are being used to fund those in 2013, which is a defensible position with the rate agencies.

Commissioner Mital asked what an additional rate increase would have to be in order to get there. Ms. Fahey replied that it would be .25% to .50% (potentially a 4.5% rate increase across the board).

In response to a question from Commissioner Mital regarding the slight increase in contribution in lieu of tax (CILT) payments in 2014, Mr. Hall and General Manager Gray offered explanations. They also answered questions regarding what it would take to achieve a possible cap of 4% on the residential electric rate increase. Mr. Hall noted that the total dollar impact would be an approximately \$500,000 reduction.

Commissioner Mital reiterated his two small corrections:

- He doesn't support a reduction to 1.6% for Hynix
- He wants to see options to keep the residential rate increase at 4%, as in his mind that's what the Board had discussed all along

Vice President Brown wondered how other utilities are keeping their rates so much lower than EWEB's, and noted that EWEB rates used to be one of the lowest about five years ago and now they're almost the highest.

General Manager Gray explained that Lane Electric Co-Op (LEC) and Emerald People's Utility District (EPUD) are 100% BPA customers, i.e., buy what you need, and they don't have a huge surplus or deficit; where about half of EWEB's power is from BPA and the other is from EWEB's own generation. He noted that Carmen-Smith generation is economic at 1.6 cents/kwhr, but some generation is not economic and is in excess of EWEB's needs. He said that EWEB used to make money on its power to help keep rates comparative, but those days have disappeared, and EWEB has lost \$60-70 million in revenue in the last several years, and the #1 reason is because surplus power is not easy to dispose of.

Regarding ratemaking principles, President Simpson recalled that the Board had chosen then-option 1 for three tiers and had set a 21% basic charge increase and an even more aggressive option 2, though he had no appetite for that then. He said that he is comfortable with the chosen size of tier flattening and compression, however he would like to get more information from staff on what the most aggressive approach would be for cost-limiting tiers in preparation for time of use (TOU) tariffs. He said that in his opinion it is very difficult for consumers to compare and choose whether they wish to have a TOU tariff vs. a standard rate tariff, and if asked to compare a flat tariff with these two time-based bumps, and to compare that against a tiered structure, it is a very difficult value comparison.

He reiterated that he is in favor of the chosen flattening but wishes to go on record that, though he chimes in with the gradualism piece, he doesn't put as much emphasis on gradualism as the principle declares. He said he is more in favor of being more aggressive, and that he

would like to hear staff's proposal/recommendation on whether disposal of tiers is appropriate and, if so, what the plan would be for that direction. He added that whether or not the Board as a whole wants to go in that direction, they would need that background material in order to make that decision.

Regarding the typical single family electric rate comparison chart, President Simpson noted that EWEB is still on the right side of the graph, whether behind or ahead of Blachly-Lane Co-Op, and that no one on the graph is static. He asked staff if they have a vision as to the future of all utilities to the left side of EWEB's present position regarding whether they will be shifting to the right so as to put EWEB in the middle of pack.

Mr. Yan replied that staff doesn't have that information, as many utilities don't disclose their rate plans until they are approved. General Manager Gray reiterated that many utilities are driven by BPA and have experienced a 9% BPA rate increase, so he doesn't see how anyone who relies on BPA can use reserves to fund rates.

Regarding the typical single family water rate, President Simpson asked what the status of the water reserves is, as he is not recommending an alternate for the current water rate proposal, but if water reserves are behind, it looks like there might be wiggle room for a greater increase than planned, or possibly delay it until next year.

Ms. Hart replied that the projections show that working cash is just above target but capital improvement reserves fall a bit short for the end of 2013. Ms. Fahey added that the 2014 budget provides target amounts for operating reserves and working cash.

Commissioner Mital stated that he agrees that it is a good idea to think about long-term cap reserves and building of reserves.

Ms. Bloom noted that the Board will be hearing more information regarding the master plan for the water side and that it will probably move rates further to the left.

Commissioner Helgeson echoed General Manager Gray's comments regarding power supply costs being the driver for rates and also the causes of cost of service fluctuations, and he stated that he would be interested in loosening the strict adherence for stability. A brief discussion ensued, after which Commissioner Helgeson asked staff to bring the Board something that would put a rate increase in a more favorable light, either relative to the long-term trend in financial trajectory to avoid bigger increases in future, or something else. He added that he is looking for more traction relative to how what EWEB is doing becomes necessary and benefits its customers.

Vice President Brown voiced support for Commissioner Mital's request and for President Simpson possibly considering bumping up the water rate increase. He added that he would rather raise water rates (maybe another 0.5%) and protect the watershed, especially since a second water source is on the horizon.

Ms. Fahey stated that staff agrees with Commissioner Helgeson's comments and believes that they are headed in that direction.

General Manager Gray summarized the above issues:

- Heading in the right direction toward tiered rates - current ones relate in no way to cost structures
- Make sure COSA is updated
- Review options for residential rates capped at 4%
- Advised Board not to focus on outcome-oriented results but first principles
- Recommend against individual tweaks

Regarding water rate increases and other water issues, General Manager Gray stated that many utilities have a second source and EWEB doesn't have that yet, and if a higher water rate increase is required, he isn't opposed to that, and that staff can begin to earmark those funds to go to second source and will get permission from the Board to do that. He also agreed with informing customers as to where the money from the rate increase is going to go (toward second source).

Ms. Fahey confirmed that an across the Board rate increase would be in the 5% range.

Commissioner Manning supported Vice President Brown's and Commissioner Mital's and Helgeson's comments. He added that he doesn't want to go below a single A rating because of the potential impact of that. He wondered how water sales to Veneta will factor in as new generation revenue and whether the Board should decide to go with an additional water increase or target it for second source, as he wants to insure that the money is earmarked specifically for that and no other project.

President Simpson commented that the public may be more palatable toward a rate increase if it was locked in and earmarked in that manner, and that he doesn't see large political problems with that.

Ms. Hart stated that the water sales revenue from Veneta is in the budget and that Veneta will receive a 3% rate increase in February. Brad Taylor, Water Operations Manager, added that Veneta is aware of that rate increase.

Commissioner Mital stated that the Board needs to provide more clarity to staff next time regarding what they expect. He stated that he will let go of getting to a 4% water increase on the water side but that he still doesn't like the large customer rate increase, and that he agrees with Vice President Brown about a larger water rate increase in order to begin to build reserves and the commitment to second source.

Further discussion ensued regarding the size of a water rate increase for second source and the options that the Board would like to see.

President Simpson stated that he is not in favor of a residential rate cap and that he is not married to rates in a negative number.

Ms. Fahey briefly discussed some challenges that the above rate options may cause.

PUBLIC HEARING ON PROPOSED 2014 ELECTRIC/WATER BUDGET AND RATES

Maurya Kaarhus lives in south Eugene. She stated that rate increases are a hardship for many customers, and that she has questions about the Seneca biomass contract, as she heard that it is a 15-year contract and that EWEB is buying power at twice the rate they're selling it for, and she wonders why. She added that she is concerned about biomass in general because it causes pollution in the valley and problems for residents who have asthma. She also wondered why EWEB may not relicense Carmen-Smith, which is green, renewable, clean energy. She questioned why EWEB is laying off employees and cutting its energy conservation programs and that, if that is true, EWEB is heading in the wrong direction, and rate increases probably won't solve the problem.

General Manager Gray explained the history and length of the Seneca biomass contract, particularly that Seneca power is an above-market contract. He added that Carmen-Smith is in fact going to be relicensed but that staff is exploring alternatives to the current relicensing effort which might include some modifications. He noted that there are some problems with some of the parties involved in the relicensing effort, but there has been no discussion about abandonment, and instead about a new relicensing effort that may happen several years from now. He also noted that EWEB is not planning to lay off any more employees and that EWEB's energy conservation programs have been re-opened.

THIRD QUARTER 2013 OPERATING PLAN DASHBOARD RESULTS

General Manager Gray highlighted various affordability and electric rate trends in the dashboard results and improvement in various categories, and answered clarifying questions and comments from the Board.

Commissioner Helgeson stated that he would like staff to improve communication regarding the value of the products EWEB provides, i.e., low carbon footprint, energy conservation programs, green power, etc., and that they continue to be outstanding in value for what customers are charged. He thanked the EWEB employees for hanging in there.

Commissioner Manning appreciated General Manager Gray's dashboard explanations and congratulated staff for staying transparent, as customers need to understand what the rate increases mean.

CORRESPONDENCE AND AGENDAS

Regarding the long length of some recent Board meetings, General Manager Gray asked the Board if they would like to return to two meetings per month and whether 9:00 or 9:30 p.m. is an acceptable time to adjourn.

Commissioner Mital supported a 10:00 p.m. cap for adjournment.

Commissioner Helgeson stated that there was too much content in last month's meeting and that there should have been two meetings last month.

President Simpson supported a 9:15 p.m. cap for adjournment and stated that he is not opposed to two meetings per month if necessary. He noted that he won't be running for President or Vice President next year.

Vice President Brown voiced support for a five-hour cap on meeting length, and a desire for time and queue to be better managed.

General Manager Gray stated that he will forward the Board more information regarding EWEB's rate position and reiterated that employee layoffs won't solve that issue. He added that the good news is that if a carbon tax is passed, it will have no impact on EWEB because of its low carbon footprint.

President Simpson stated that he would like further Board discussion regarding their retreat in March and the upcoming joint City Council/EWEB meeting.

President Simpson adjourned the Regular Session at 9:27 p.m.

Assistant Secretary

President

**RESOLUTION 1325
DECEMBER 2013**

**RESOLUTION DECLARING SURPLUS
FOR CERTAIN REAL PROPERTY NO LONGER NEEDED FOR UTILITY PURPOSES
EUGENE WATER & ELECTRIC BOARD**

WHEREAS, EWEB holds title to 3 tax lots containing a total of approximately 4.57 acres of developed Light Industrial property in the name of the CITY OF EUGENE, FOR THE USE AND BENEFIT OF THE EUGENE WATER & ELECTRIC BOARD;

WHEREAS, the property is no longer needed for utility purposes;

WHEREAS, Eugene Code, Section 2.195 provides:

"The Water Board [EWEB] shall have entire control of the water and electric utilities of the city, and all property connected therewith";

WHEREAS, The EWEB Board of Commissioners, desires to dispose of the property and improvements.

NOW, THEREFORE, BE IT RESOLVED by the Eugene Water & Electric Board that:

- (i) The Board does hereby declare surplus the property described as: Lots 1, 4 and 5, Block 7, SECOND ADDITION TO UNIVERSAL INDUSTRIAL PARK, as platted and recorded in File 72, Slide 12, Lane County Oregon Plat Records, in Lane County, Oregon.
- (ii) The City Manager was given formal notice of EWEB's intention to liquidate the above referenced property June 17, of this year and the City has not expressed a desire to obtain the property for municipal purposes as provided by Eugene Code 2.196.

Adopted at a meeting of the Eugene Water & Electric Board on December 3, 2013.

THE CITY OF EUGENE, OREGON
Acting by and through the
EUGENE WATER & ELECTRIC BOARD

President

I, TARYN M. JOHNSON 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 December 3, 2013 Regular Board Meeting.

Assistant Secretary



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Jason Heuser, Legislative Affairs Coordinator; and Lance Robertson, Public Affairs Manager
DATE: November 20, 2013
SUBJECT: 2014 State Legislative Agenda
OBJECTIVE: Board approval of Resolution No. 1326 supporting legislative proposal outlined in this memo and accompanying resolution.

Issue

The Oregon Legislature now officially convenes biennially in February of even numbered years for a legislative session of approximately 45 days to enact laws and adjust the biennial budget for the State of Oregon. EWEB has an active presence during legislative sessions to protect the interests of EWEB and its customers.

Background

Prior to the start of each legislative session, the Board adopts general policy directives for advocacy at the Capitol. These directives are approved by a resolution. The adopted directives guide the work of EWEB's lobbying activities. When political considerations test the applicability of those directives, the General Manager makes a determination as to whether a fundamental shift in direction is required. The Board may be asked to reaffirm its policy or direct staff to make necessary adjustments. This practice is consistent with Board policy GP13 - Board Role in Legislative Session.

During the short legislative session, EWEB staff prepares a written "legislative update" to be delivered to the Board midway through the legislative session. The report will apprise the Board of the bills or issues that EWEB staff is devoting time and resources toward in support or opposition, the implications of these bills for the utility, and prognostications on the likelihood of these bills advancing in the legislative process.

Discussion

The accompanying resolution provides a high level of general direction and principles for EWEB's lobbying efforts on the variety of legislative proposals that typically emerge over the course of the session. At this time, a rough picture is developing of what stands a good chance of occupying the bulk of EWEB's lobbying/bill review time for EWEB staff. However, the likelihood of legislation on these issues may change between now and the start of session on February 3, 2014.

The known issues likely to be discussed during this legislative session are as follows:

Renewable Portfolio Standard (RPS) Task Force and Possible Legislative Proposals

The Governor has convened an RPS Taskforce that has been meeting this fall to evaluate how Oregon's RPS law is functioning. The RPS law is entering its third year of compliance obligations for Oregon utilities. A central focus of this task force is whether or not legislative changes are needed that would take into account the influx of large energy-intensive data centers in Oregon. When these data centers locate in smaller utilities' service territories, the added electric load is likely to boost the local utility into the larger and higher utility standard that PGE, Pacific Power and EWEB are subject to. EWEB is participating in the RPS Task Force. We are monitoring proposals to evaluate if they are consistent with an equitable statewide application of the RPS statute, and whether any proposed changes would disadvantage utilities in the large standard of the RPS. At the time of this memo, no concrete proposals for legislative changes have coalesced.

Carbon Pricing Position Outreach

During the session, EWEB staff will make appointments to continue outreach and education on EWEB's carbon pricing position adopted earlier this year. It was originally expected that the Legislative Revenue Office (LRO) would have commissioned and completed a state carbon tax study, as authorized in the 2013 Legislative Session, and reported the findings to the February 2014 assembly. However, the timeline has been pushed out. Portland State University has been commissioned to collaborate with LRO. They are now expected to complete and report their work by the late summer or early fall of 2014.

Net Metering or Distributed Generation

Although no legislation on this topic is known to be planned or introduced for the short 2014 session, significant legislative activity is expected in the longer 2015 session, both in Oregon and Washington. A February informational hearing on this topic is a possibility. In February, Oregon utilities will be discussing what principles we have in common and how we might develop our approach to messaging and communications.

PERS

After making PERS changes in the 2013 legislative session and then again in a September special session, the legislature is not expected to have an appetite for further PERS changes until the 2015 session. However, EWEB will be closely monitoring any PERS-related activity that may unexpectedly emerge at the Capitol.

Recommendation and Requested Board Action

Management recommends that the Board adopt the accompanying resolution no. 1326 as provided.

Prior to even-numbered-year long sessions, time is normally scheduled on the Board agenda for a discussion prior to approving the resolution. During the short sessions like 2014 – in which the expected issues tend to be fewer or potentially less impactful to EWEB – we have the option of just providing a memo outlining the legislative agenda, prior to approval of the resolution. The Board also has the option of delaying approval of the resolution until the January meeting, to provide Commissioners with time to resolve any questions or concerns about the legislative agenda or resolution as stated.

If you have any questions prior to the Dec. 3 Board meeting, please contact Jason Heuser at 541-685-7425 or jason.heuser@eweb.org.

**RESOLUTION NO. 1326
DECEMBER 2013**

**EUGENE WATER & ELECTRIC BOARD
2014 LEGISLATIVE SESSION**

WHEREAS, the 2014 Oregon Legislative Session will convene on February 3, 2014; and

WHEREAS, the Eugene Water & Electric Board (EWEB) will continue to participate in the legislative process on behalf of its customers; and

WHEREAS, the Board has traditionally adopted positions and guidelines which provide general direction for purposes of supporting or opposing specific legislation; and

WHEREAS, the Board again desires to set forth such legislative directives.

BE IT RESOLVED that the Eugene Water & Electric Board adopts the attached legislative agenda, which includes the following issues and goals:

1. Renewable Portfolio Standard: Maintain a fair and level playing field for utilities in the application of requirements of the Oregon RPS.
2. Carbon Pricing: Educate and inform state decision-makers of the advantages and efficiencies of pricing carbon directly rather than indirectly.
3. Net Metering: Preserve local decision making and shield utilities from mandated approaches that do not equitably allocate costs among customers or that do not accurately value distributed generation based on utility specific conditions.

WHEREAS, new and unanticipated legislation can emerge each legislative session.

BE IT FURTHER RESOLVED that the Eugene Water & Electric Board goes on record supporting legislation which generally:

1. Preserves and enhances local control;
2. Complements or improves programs that are cost-effective to our customers; and
3. Preserves, conserves, and restores our natural environment in an equitable and cost-effective manner.

BE IT FURTHER RESOLVED that the Eugene Water & Electric Board will oppose legislation which generally:

1. Withdraws the capability of the Board to best serve EWEB's customers;
2. Duplicates existing laws, therefore complicating the execution of the Board's duties by state or federal mandate;
3. Imposes fees, assessments or procedures that impede the Board's ability to provide high-quality and cost effective service.

Dated this 3rd day of December 2013.

THE CITY OF EUGENE, OREGON

Acting by and through the
Eugene Water & Electric Board

President

I, TARYN M. JOHNSON, 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 December 3rd, 2013 Regular Board Meeting.

Assistant Secretary

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a new contract with **Cascade Health Solutions** for **EWEB's Recruitment, Hiring, Safety, Health and Wellness programs**.

Board Meeting Date: December 3, 2013

Project or Job Name: Recruitment, Hiring, Safety, Health, Wellness Programs

PSC 2353

LT Member: Lena Kostopulos Ext. 7466

Purchasing Contact: Tracy Davis Ext. 7468

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

Contract Amount:

Contract Amount: \$375,000 for 5 years

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: N/A %

Amount this Request: \$

Resulting Cumulative Total: \$375,000 for 5 years

Funding Source:	
<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: Exemption

If applicable, basis for exemption: ORS 279B.075 Sole Source procurements

Term of Agreement: January 1, 2014 - December 31, 2018

Option to Renew? Yes. Annual Renewals

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

Form of Contract:	
<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 **Cascade Health Solutions (CHS)** for **EWEB's Recruitment, Hiring, Safety, Health and Wellness programs**. The programs and services covered under this contract may include:

RECRUITMENT & HIRING	SAFETY / WORKERS' COMP	HEALTH & WELLNESS
<ul style="list-style-type: none"> • Pre-Employment Injury Prevention and Functional Screens • Pre-Employment Drug Tests • Baseline Hearing Tests • Ergonomic Evaluations 	<ul style="list-style-type: none"> • DOT Drug Testing, Random Drug Testing, Post Accident Testing • Blood Borne Pathogen Training & Testing • First Aid Kit Administration • Seasonal Injury/illness prevention training 	<ul style="list-style-type: none"> • Medical Screenings (Flu Shots, Biometric Testing, Hep Vaccines) • Medial Review Officer (guidance on DOT drug tests and complex medical case mgt)

EWEB conducted a survey of local public agencies which confirmed CHS is the only known provider of integrated occupational health services in the Eugene-Springfield area. CHS has been providing these services to EWEB since 2001.

If approved, this Contract will continue through December 31, 2014, and may be renewed annually for up to five years.

ACTION REQUESTED:

Management requests Board a new contract with **Cascade Health Solutions** for EWEB's Recruitment, Hiring, Safety, Health and Wellness programs. Funds for these services are budgeted for 2014 and will be budgeted annually.

SIGNATURES:

Project Coordinator: _____

Supervisor: _____

Purchasing Manager: _____

LT 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 contract amendment with **CH2M Hill** for engineering and inspection services for the Willamette 1325 Reservoir.

Board Meeting Date: December 3, 2013
Project Name/Contract#: Engineering Services for Willamette 1325 Reservoir
Primary Contact: Mel Damewood Ext. 7145
Purchasing Contact: Guy Melton Ext. 7426

Contract Amount:
Original Contract Amount: \$121,464
Additional \$ Previously Approved: \$0
Invoices over last approval: \$28,530
Percentage over last approval: 40%
Amount this Request: \$20,000
Resulting Cumulative Total: \$169,994

Contracting Method:
Method of Solicitation: Informal Request for Proposals
If applicable, basis for exemption: N/A
Term of Agreement: September 8, 2010 – December 31, 2013
Option to Renew? Yes
Approval for purchases “as needed” for the life of the contract No

Action Requested:	
<input type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input checked="" type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other
Funding Source:	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

Form of Contract:	
<input type="checkbox"/>	Single Purchase
<input type="checkbox"/>	Services
<input type="checkbox"/>	Personal Services
<input checked="" 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 contract amendment with **CH2M Hill** to complete engineering construction services for the Willamette 1325 Reservoir Replacement project.

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.

The construction of this reservoir has been challenging and late due in part to the rock excavation required at the site, difficulties with the construction contractor, and the discovery of work that needed to be corrected that did not meet specification requirements. These issues have required additional engineering and inspection work above what was originally anticipated.

The amendment to the CH2M Hill contract includes an increase \$20,000 to cover additional engineering, inspection, and close out services.

ACTION REQUESTED:

Management requests Board approve a contract increase with **CH2M Hill** for engineering and inspection services for the Willamette 1325 Reservoir. Funds for these services were budgeted for 2013.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____

Budget Amendment Form

Date: November 20, 2013

Amendment # 17

Contact Information:

Name/Title/E-mail: Mel Damewood, Engineering Manager, mel.damewood@eweb.org
 Frank Lawson, Systems Engineering Supervisor, frank.lawson@eweb.org

General Information:

Project No./Name	Job No./Name
14009 / Substations – Modifications & Additions	36562 / Oakway Substation Circuit Switcher/ Breaker Upgrade - UMBRELLA

Amendment Type: *(Check all that Apply)*

Utility: Electric Water

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

Description and Justification for Budget Amendment:

As required by Board Policy EL-1, Management is recommending a budget amendment from \$657,034 to \$895,000 for costs discovered during the construction phase of the Oakway Substation Circuit Switcher/Breaker Upgrade Job (36562). These costs, which have already incurred, are a result of issues discovered during project execution this fall (September-November) and primarily involved fixing infrastructure that was outside of the original scope of the job. Additionally, there were some cost overruns associated with the construction of the project including higher than anticipated equipment costs (crane, excavation) associated with poor foundation conditions and breaker installation issues. The details of the cost variances and recommended budget amendment are summarized below.

Table 1 – Budget Variance Summary

Beginning Budget - Year 2013 - Oakway Substation Switches/Breakers	\$657,034	
Switch/Mat Safety Additions (Missed in Scope)	\$34,816	5.3%
Engineering Over-Run	\$18,668	2.8%
Repairs - Cabling & DC System	\$16,693	2.5%
Un-Anticipated U/G Repairs (Conduits/Vaults)	\$4,960	0.8%
Construction Over-Run	\$25,118	3.8%
* Un-Anticipated Construction/Foundation Work	\$53,211	8.1%
* Un-Anticipated Equipment Costs Assoc. With Emergent Work	\$51,200	7.8%
* All Other Variances	\$33,300	5.1%
New Requested Budget Amount	\$895,000	136.2%

EL-1 Req'd.

* Occurred during construction

(Project No.-Job No.) & Description	Actual Expenditures Through 11/20/2013	Projected Year-End Expenditures	Amount Currently Budgeted	Funds Transferred In / (Transferred Out)	Funding Source <i>(job transfer, reserves, bond funds, new revenue)</i>
14009-Job 36562 Oakway Switcher/Breaker	\$879,973	\$895,000	\$ 657,034	\$237,966	"Type 2" Bond Funds
Total	\$879,973	\$895,000	\$ 657,034	\$237,966	"Type 2" Bonds Funds

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: Mark Freeman, Customer Service & Energy Manager Services Manager, Steve Mangan & Tom Williams, Key Account Managers
DATE: November 20, 2013
SUBJECT: Economic Development Loan Program - Water Reserve transfer
OBJECTIVE: Board approval of water reserve transfer

Issue

At the March 6, 2012 Board meeting, the Board authorized a pilot Economic Development Loan Pilot Program (EDL) using electric reserves to create the original program loan pool. The background information from that meeting is attached. At that time, the proposed program was intended to assist new and existing electric, water and/or telecom customers that fit the criteria of the program by providing financing options for EWEB service costs. Given that the Water and Electric Utilities are legally separate, staff should have recommended creating separate loan pools for both utilities.

Background

One of the customers to qualify for the program had extensive water infrastructure and system development charge costs for which a loan was approved. The Electric Utility funded the Water Utility's portion of the EDL. Bond counsel has advised EWEB that intercompany loans must be paid within one year. Accordingly, an EDL Fund for the Water Utility is required.

Recommendation and Requested Board Action

Management recommends the Board approve a \$194,000 transfer from Water working cash to fund economic development loans for water related costs. The transfer will occur after board approval.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD
Customer & Shared Services Division



TO: Commissioners Simpson, Brown, Cassidy, Ernst and Cunningham
FROM: Debra Smith, Director, Customer & Shared Services Division
DATE: February 27, 2012
SUBJECT: Economic Development Loan Pilot Program

Issue

Current EWEB policy requires customers to pay 100% of projected costs for utility services prior to establishing or expanding EWEB services. This upfront financial obligation can be a high hurdle and a deterrent to economic development.

Staff is requesting Board approval to create a pilot program to explore the economic and community benefits of assisting customers finance utility service costs associated with establishing or expanding EWEB services.

Background

During the 1980's, EWEB had a contribution in aid of construction component built into rates to assist new customers establish EWEB services. This program was phased out due to concerns of cross subsidization of rate classes.

This proposed pilot program would assist new and existing electric, water and/or telecom customers by providing financing options for EWEB service cost including equipment purchase, construction cost, engineering services and service connection fees. Under this pilot program, the burden of payment would rest with the customer requesting service and not with general ratepayers.

A loan based economic development program would promote EWEB participation in the economic development community and thereby help attract new customers to EWEB's service territory. Moreover, such a program would extend opportunities to existing customers looking to expand their business.

Discussion

To qualify for the economic development financing program, customers would need to meet two levels of program criteria. The first level of eligibility would consist of a project review based on benefits to EWEB and its customers. A point system matrix with the following categories would be applied to determine program eligibility. Criterion, based loosely on triple bottom line analysis, would include:

1. Alignment with Regional Prosperity Initiative or Metro Partnership goals
2. Ability to participate in EWEB programs
3. Social Equity
4. Environmental Health
5. Economic Prosperity

Attached is a hypothetical example using Lane Community College’s Downtown Campus.

The next step in eligibility would be a review of the applicant’s credit worthiness. This step would be accomplished using EWEB’s established loan program criteria where the program applicant would need to satisfactorily demonstrate the ability to meet loan payment obligations.

Proposed Loan Terms

Minimum	Maximum
\$50,000	\$500,000
One year	10 years

- The interest rate would be EWEB’s cost of money plus one half percent (0.5%).
- Loan amount and repayment terms would be determined by project economics.
- For large development projects, where potential loans would be greater than \$500K, EWEB’s Executive Management Team (EMT) would provide staff direction required with Board approval required before project funding.

Similar to the Energy Management Services (EMS) Loan Pool, repayment of the economic development program would be used to fund future projects. Also like the EMS Loan Pool, repayment of the loan obligation would return to the pool for future projects.

The program would not require any new FTE. Promotion, marketing, program management and implementation would be accomplished through the Key Accounts Team.

Staff is requesting \$2 million from reserves to fund the Economic Development Loan Pilot Program. The transfer of funds would be accomplished as part of the Board’s annual reserve transfer process, scheduled for May 2, 2012.

Recommendation and Requested Board Action

Staff recommends the approval of the plan as outlined above. Funding would happen in May.