

EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
October 1, 2024
5:30 p.m.

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

Others Present: Frank Lawson, EWEB General Manager; Rodney Price, Assistant General Manager; Deborah Hart, Assistant General Manager/Chief Financial Officer; Lisa Krentz, Generation Manager; Laura Ohman, Chief Dam Safety Engineer; Mark Zinniker, Generation Engineering Supervisor; Adam Rue, Rates Manager; Karen Kelley, Chief Operations Officer; and Susan Fricke, Water Resources & QA Supervisor.

REGULAR SESSION

Call to Order [0:0:0]

President McRae called the meeting to order at 5:31 pm.

Agenda Check [0:0:45]

There were no changes to the agenda.

Items from Board Members and General Manager [0:0:21]

Commissioner Carlson stated she was attending the meeting online.

Vice-President Barofsky said he had the privilege of cutting the ribbon for a new water distribution station located in Eugene between the YMCA and Roosevelt Middle school.

Commissioner Brown said he perceived much of the community was not clear on where EWEB's Emergency Water Stations were located, and requested EWEB increase its outreach.

General Manager Frank Lawson acknowledged the work of EWEB's water team in the recent launch of the sixth of seven planned emergency water stations.

Mr. Lawson announced that the Northwest Public Power Association presented two communications awards to EWEB, one for a video describing where electric costs are sourced, and one for its *Pledge to Prepare* campaign and program. Mr. Lawson also acknowledged two staff, Kelly Hoell and Ben Ulrich, who completed the Western Energy Institute's Business Acumen for Emerging Leaders program.

Correspondence [0:7:29]

Mr. Lawson commented on several pieces of correspondence to the Board that were included in the meeting packet.

- Customer Policies Re: Additional Electric Shared Transformer Load: Mr. Lawson said he planned to bring details about pricing changes to the Board next month for approval.

- Leaburg Decommissioning Action Plan (LDAP): Mr. Lawson stated EWEB had prepared mitigation recommendations, and he advised that significant Board actions would be needed regarding related contracts.
- Revisions to Customer Service Policy related to EWEB's planned Enterprise solution to replace legacy Customer and Finance applications
- System Development Charge (SDC) Process Revision/Update: Mr. Lawson stated EWEB would ensure a policy was developed to memorialize the intent, process, and methodology of assessing SDC's. He said he would bring recommendations to the Board in a manner that was consistent with EWEB's 10-year Water Master Plan and Capital Improvement Program.
- McKenzie Watershed Recovery and Restoration Plan Update, 2025-2026: Mr. Lawson recalled that the Board wanted a discussion about the Watershed Recovery Plan and fee, and advised the fee will expire in June 2026. He said he would not recommend early termination of the fee but would review a watershed protection plan based on risk assessments that would include the McKenzie and Willamette rivers.
- Walterville Canal Forebay Repair: Mr. Lawson reported EWEB had a potential solution that FERC must approve.

Commissioner Brown asked about the rationale and provisions of the 10-year, \$18 million contract related to the Leaburg Decommissioning Action Plan. Mr. Zinniker replied that the long-term contract included an environmental study, action plans, engineering designs, and construction management provisions. He said the contract would come to the Board for approval at a future meeting. Mr. Lawson added it was not a typical construction contract as the long-term work would occur in a dynamic regulatory environment.

Regarding Customer Policies related to additional shared transformer load, Commissioner Carlson advised that communications to affected customers need to be clear. Mr. Lawson said the fees were not intended to be application-specific and that EWEB's goal was to be fair. He affirmed Board consensus for support for a transformation fee based upon shared transformer load.

Mr. Lawson affirmed the Board was supportive of the development of an SDC policy and stated he would provide an update to the Board in December or January.

With regard to the watershed recovery fee, President McRae asked if there were additional opportunities for adopting a similar surcharge or grant funding for watershed protection in the Willamette since EWEB will soon be taking water from that source. Karen Kelley, Chief Operations Officer, said a watershed protection plan for the Willamette would need to be developed and she felt it should be embedded in EWEB's regular rates/funding system. She added that the Willamette is another excellent source of water. Mr. Lawson replied that a fee was different than a fund, and that EWEB could create funds without fees through the use of rate revenue, grants, and the like.

Vice President Barofsky cited his membership on the Watershed Council and acknowledged the opportunities EWEB used to leverage the watershed fee. He opined EWEB had a success story if it wanted to continue the fee, but stated partnerships are very strong right now, and they are in a position to go after new grants.

Commissioner Schlossberg commented that enacting a fee for protecting the second source is really a rate hike and said that the former surcharge was adopted in the wake of a disaster for a short-term specific purpose.

Commissioner Carlson agreed that EWEB should tread lightly regarding fees, adding that she looked forward to future conversations around rate design and whether there should be another fee.

President McRae agreed and suggested investigating a short term 5-year fee, not to be implemented until the current fee ended. He asked Commissioners if they supported asking staff to bring a proposal for a short-term fee for watershed protection.

Commissioner Brown suggested that EWEB review its fees holistically, although he is not opposed to any particular fee. He said that the affordability factor is of interest to him, and he would want complete information.

Mr. Lawson affirmed that the Board was not supportive of bringing back the issue of a fee extension in the near term as there was some time before the fee expired.

Public Input [0:42:42]

President McRae provided instructions for this agenda item and said the Board neither endorsed nor opposed or is responsible for the accuracy of the content of testimony, including any links or references provided.

Alan Gormezano expressed opposition to EWEB's Smart Meter program due to self-described adverse health impacts and cost.

Jared Weybright, Ward 1, stated he was the Executive Director of the McKenzie Watershed Alliance. He thanked the Board for their recovery projects following the Holiday Farm fire. He highlighted the Source Water Protection Program.

Amanda Gilbert stated she was the Executive Director of the Coast Fork Willamette Watershed Council in Cottage Grove. She expressed support for EWEB continuing funding and expand the spending to both the Middle Fork and Coast Fork improvements as funding could be used as match for federal dollars.

Tana Shepard, Ward 7, stated she was the coordinator of the 4J-EWEB Education Partnership and shared comments related to planned activities for the FY24 25 school year. She added that similar educational staff had been hired in the Bethel school district.

Joshua Korn expressed dissatisfaction of EWEB customer service related to EWEB's electric reconnection policies and procedures.

Commissioner Schlossberg opined that there may be a water station education partnership opportunity for Tana Shepard, as a teacher.

Approval of Consent Calendar A (Minutes and Routine Contracts) [1:00:25]

1. September 3, 2024 Regular Session

CONTRACTS

2. Ferguson Waterworks - for Dry Barrel Fire Hydrants. \$370,000 (over 5 years) based on Formal Invitation to Bid.

MOTION: Commissioner Brown moved to adopt Consent Calendar A.

The motion passed unanimously. 5:0

Approval of Consent Calendar B. (Nonroutine Contracts and Other Consent Items) [1:03:20]

3. GDS Associates - for Consulting/Legal Services. \$224,000 over 10 years (\$114,000 from 2019-2023 and \$110,000 for 2024-2028) based on Direct Negotiation/Sole Source.

4. Marsh Mundorf Pratt Sullivan & McKenzie - for Consulting/Legal Services. \$224,000 (over 10 years) (\$114,000 from 2019-2023 and \$110,000 for 2024-2028) based on Direct Negotiation/Sole Source.

5. McKenzie Watershed Alliance (MWA) - for Instream Large Wood Restoration Projects and a Tribal Liaison as part of Holiday Farm Fire restoration efforts. \$3,022,000 (over 5 years) (original contract amount \$800,000 (March 1, 2022), \$700,000 (December 6, 2022) & \$772,000 (January 9, 2024), \$750,000 this request).

6. Turner and Townsend AMCL Inc. - for Strategic Asset Management Plan Consulting. \$248,000 (Original \$135,000 not previously approved by the Board, plus an increase of \$113,000) based on Formal Request for Proposals.

7. Virginia Transformer Corp. - for Substation Voltage Regulators. \$2,400,000 (over 5 years) based on Formal Invitation to Bid.

RESOLUTIONS

8. Resolution No. 2416 – Annual Investment Policy Review.

MOTION: Commissioner Brown moved to adopt Consent Calendar B.

Discussion:

Vice President Barofsky stated he appreciated investment policies being tied to environmental, social, and governance.

Commissioner Carlson asked a question regarding the large difference in the bid amounts for the Turner and Townsend contract.

Ms. Kelley replied that one bidder provided a scope of work that exceeded the provisions outlined in the Request for Proposals.

The motion passed unanimously. 5:0

Items Removed from Consent Calendar

There were no items removed from the consent calendar.

Presentation: Draft 2025 Electric & Water Budgets and Long-Term Financial Plans Update [1:05:25]

Deborah Hart, Assistant General Manager and Chief Financial Officer; Aaron Balmer, AIC Financial Services Manager, and Alicia Voorhees, Interim Budgets & Rates Supervisor provided budget information using a PowerPoint presentation. Ms. Hart stated a copy of the presentation was included in the meeting packet.

Public Hearing on Year 2025 Budget Assumptions and LTFP [1:30:25]

President McRae opened the Public Hearing and provided comment instructions. There were no requests to comment.

Commissioner Discussion/Direction: Draft 2025 Electric & Water Budgets and Long-Term Financial Plans Update [1:30:45]

Commissioner Brown asked about the budget impact if EWEB were to use an assumption of 85%, instead of 90%, for the water year.

Mr. Balmer replied that they are building conservatism into the generation forecast as we are going into the water year a little short.

Commissioner Brown emphasized that he wants to adequately account for inflation in the assumptions for construction of the water treatment plant.

Regarding Commissioner Brown's earlier question around water year assumptions, Ms. Hart said she would firm up numbers regarding a contribution margin risk tolerance that incorporated an 85% water year. She added that the Power Reserve can be used for extreme events.

Vice President Barofsky said he would appreciate specific examples of EWEB's operational savings to assist in explaining to constituents how the projected rate increases were reduced. He stated that increases to fund future debt service seemed acceptable.

Commissioner Carlson cited her concern about the optics of two rate increases in 2025. She suggested that EWEB be clear in its messaging. She asked if the Board votes on both rate increases.

Mr. Lawson replied that a Board policy is in place to pass through BPA rate increases when they occur, and no separate Board action is required. The only related Board action occurs when the Board is approving the annual budget. He agreed there was a benefit in explaining the BPA rate increases in a way that was transparent to customers.

Commissioner Carlson asked for data about the extent to which EWEB's assistance program alleviates energy burden for affected customers.

Mr. Lawson replied that he would obtain the data and would want to review alternative ways to distribute funds, such as a process based on need rather than a one-size-fits-all program.

President McRae stated that he agreed with gradualism as a policy relating to rate increases.

Break [1:53:55]

Rate Design – Initial Priorities/Drivers [2:03:49]

Mr. Lawson introduced Adam Rue, EWEB's Rate Manager, and provided a PowerPoint presentation that illustrated evolving rate design over the next three to five years. Following the presentation, they received feedback and answered questions from the Board.

Commissioner Carlson commented that the direction of the rate design project seemed aligned with what the Board was looking for.

Commissioner Schlossberg stated there was value to the community in EWEB's other work such as its Equity Policy.

Vice President Barofsky said he hoped EWEB would review electric utilities in other communities to see what trends were occurring in rate design. He said that comparable information would be helpful when the Board engaged the Eugene community.

President McRae asked about boundaries regarding consumer consumption behavior.

Mr. Lawson said that different customers could pay different rates based upon their own characteristics, but he was not implying that rates should be income-based. He added that the rate design study would not delve into EWEB's limited income assistance program as his opinion was that an assistance program did not belong as part of rate design.

Annual Dam Safety Program Update [2:32:56]

Lisa Krentz, Generation Manager introduced Laura Ohman, Chief Dam Safety Engineer and Mark Zinniker, Generation Engineering Supervisor and provided a PowerPoint presentation to illustrate specific updates of the dam safety program. Following the presentation, they answered questions from the Board.

Commissioner Brown said he would appreciate additional information about the workshop associated with the sinkhole investigation.

Vice President Barosky asked if the Board could see the 5-year audit report. Ms. Krentz replied yes, it could be shared with Commissioners.

Future Board Agendas [2:54:34]

Mr. Lawson reported the Board would hold a work session in two weeks and the November meeting would be rescheduled as it fell on election night.

Board Wrap Up [2:56:25]

Commissioner Brown said he may be absent for the October work session.

Adjourn [3.01.56]

The meeting adjourned at 8:31 p.m.

Recorded by Pam Berrian, LCOG

Assistant Secretary

President