

**EUGENE WATER & ELECTRIC BOARD
REGULAR SESSION
EWEB BOARD ROOM
500 EAST 4TH AVENUE
February 5, 2019
5:30 P.M.**

Commissioners Present: Sonya Carlson, President; Steve Mital, Vice President; John Brown, Dick Helgeson, Mindy Schlossberg, Commissioners

Others Present: Frank Lawson, General Manager; Mel Damewood, Chief Water Engineering & Operations Officer; Jason Heuser, Policy and Governance Program Manager; Wally McCullough, Water Engineering Supervisor; Juan Serpa Munoz, Business Line Manager; Arne Olson, Energy Environmental Economics; Jeannine Parisi, Customer Relationship Manager

President Carlson called the Regular Session to order at 5:30 p.m.

Agenda Check

There were no changes or additions to the agenda.

Items from Board Members and General Manager

- Commissioner Brown announced that he attended the last of five neighborhood meetings last week with General Manager Lawson, at Cal Young Neighborhood Association; he said that meeting was well-attended, and that one of those five meetings had an attendance over 110 people. He said that he also had the opportunity to speak to a group of Cub Scouts about energy conservation, resiliency, and emergency preparedness. Finally, he reminded the Board of a poll regarding when the upriver retreat would be. He urged everyone to give it attention, as summer would be upon them before they knew it.
- President Carlson announced that she attended the Good Earth Home, Garden, and Living Show, and she said it was nice to visit the EWEB booth there, and that she was glad they had a presence there.
- Commissioner Helgeson offered that EWEB was in the process of having a review of its risk management procedures for the upriver Dam Safety Program. As part of that, he said, EWEB had hired a consultant to perform a best practices review, partly at FERC's direction. He said that he had been asked by staff to be interviewed by that audit team on Friday, February 8, 2019. Commissioner Helgeson felt he knew as much as anyone on the Board about that program as it relates to EWEB's role.
- Commissioner Schlossberg announced there was a social gathering of elected officials in Lane County last month, and that she really enjoyed attending.

- Mr. Lawson announced that last Friday, the wording of the State Bill dealing with cap and trade was introduced. He noted that EWEB had been not only large proponents of the bill itself, but also had a hand in its design. Mr. Lawson added that EWEB had been asked to provide invited testimony at a hearing in Salem later in the week.

Smart Electrification/E3 Reliability Study

Mr. Lawson offered that E3 had done three major studies over the last couple of years, and Mr. Olson would be offering the Board a presentation that discussed the impacts on cost and reliability related to carbon reduction in the electric sector, and other sectors as well.

Arne Olson, of Energy Environmental Economics (E3) offered the Board a report and Power Point presentation on the Smart Electrification/E3 Reliability Study.

Commissioner Brown asked what assumptions E3 made on Bonneville in 2028, about prices and availability after the contracts have ended.

Mr. Olson said E3 assumed all the hydro resources would stay in place, and E3 also assumed there would be long-term upward pressure on rates, but they did not try to model exactly what would happen in 2028.

Commissioner Brown asked if the study finding would be changed significantly if the federal government decided to dispatch hydro to a wider region.

Mr. Olson said it would change it to an extent, but he thought that issue would be there regardless of: whether there was deep decarbonization across the economy, whether an RPS (Renewable Portfolio Standard) was selected as the best policy, or a carbon price, or whatever was done with natural gas and/or coal.

Commissioner Brown inquired about the buildings in our downtown community which were recently converted from steam to natural gas. Because these heating systems have a 40-50 year life, he wondered how such areas would be addressed and where the capital would come from for electrification.

Mr. Olson replied that if a price was placed on carbon, and natural gas became more and more expensive, there were inherent incentives there to choose electricity over natural gas. He added that would most likely need to be supplemented by other funds, such as some form of public investments like grants.

Commissioner Schlossberg thanked Mr. Olson for the presentation. She asked how Mr. Olson's report took into account the possible innovations in the ability to produce energy, energy conservation (as it pertained to building materials), and transportation.

Mr. Olson replied that the report's technological transformations were kept conservative intentionally, to prevent the report from seeming too pie-in-the-sky and unrealistic. He

said that--in the face of existing empirical evidence--curves could be drawn to show what would happen with those technologies into the future.

Commissioner Helgeson wondered if the scenarios in the presentation included the 40-60% potential increase in peak or average loads as a result of aggressive de-carbonization strategies economy-wide.

Mr. Olson said they did not.

Commissioner Helgeson asked how electrification of the transportation sector and potential incentives for fuel-switching away from natural gas would affect peak consumption and resource cost.

Mr. Olson stated that was more of a size of infrastructure question; he added that gas pipelines move a large amount of energy, and to replace that energy delivery capability with wires would require extreme care.

Commissioner Helgeson wondered if the region took on much higher/additional loads, what that would mean for the revenue requirement of the utilities that would have to absorb the related costs.

Mr. Olson offered if the capacity of the system was raised, one potential cost-driver was new infrastructure requirements if the new loads were stacked onto existing peak.

President Carlson asked if the study mainly focused on an 80% reduction at the utility level, and whether other things we can do to reduce carbon in the general public, from a building code perspective, were separate.

Mr. Olson confirmed, the latter was a separate study which was completed last November.

President Carlson asked at what level E3's study looked at efficiency improvements.

Mr. Olson answered E3 took all the conservation and efficiency that the Power Council had identified regionally, assumed it was achieved by 2030, and also assumed that EWEB would be able to achieve efficiency on a similar scale through 2050, and netted it out of E3's load growth forecast.

President Carlson asked if the 6% increase in rates was per year.

Mr. Olson said that 6% was in 2050, relative to the 80% reduction case, and relative to the reference case. He added the 6% was over 30 years.

President Carlson wondered how cold heat pump technology differed from electric heat pumps.

Mr. Olson replied that temperatures below freezing required a heat pump to draw on a different source of heat, such as resistors. With a cold climate heat pump, it continued to work on its own power down to 7 degrees Fahrenheit.

President Carlson asked staff to report to her about what the utility incentivized for heat pumps.

Vice President Mital wondered if there was anything in addition to cap and trade adopted by the states mentioned in the study that would be necessary.

Mr. Olson responded that cap and trade was a great foundation, and that building codes would also be highly important. He also mentioned electric vehicles, but admitted much still need to be done via infrastructure for EVs to be viable.

Commissioner Helgeson asked if the previously mentioned 6% annually would be driven higher by increased load.

Mr. Olson said yes.

Mr. Lawson asked about the feasibility of a multi-sector study specifically for either the southern Willamette Valley, or Eugene.

Mr. Olson said it was possible; he offered that kind of thing had been done already in other areas, by taking a statewide model and "downscaling" it.

Public Input

Bekki Brukner of Eugene spoke in opposition to 5G technology. She said she recently found out that there is a 5G cell on 24th and Hilyard. After speaking with a technician in the field on January 22, she discovered plans to install these cells every 500 yards. She also expressed concern over another 5G cell placed only a few hundred feet from South Eugene High School. She demanded EWEB remove the 5G cells from Eugene because of their health risks.

Sheila Hoover of Eugene spoke in opposition to AMI. She described her husband's experience of being forced to leave his job and drop out of the Masters program he was in, due to the debilitating cardiac symptoms they felt were brought about by EMF radiation from 5G technologies.

Loretta Husdon of Eugene spoke in opposition to 5G technology, and EWEB's lack of transparency thereof. She was concerned that AMI or 5G was being rolled out without having been thoroughly tested and vetted as to its effects on the population and environment.

Sandy Sanders of Eugene spoke in opposition to AMI. He said that, while living in California, he noticed much community activism aimed at stopping the installation of smart meters. Mr. Sanders cited the potential health risks associated with AMI as his main concern. He asked the Board to put the AMI roll-out to a community vote.

Mindy Stone of Eugene spoke in opposition to AMI. She said she could not figure out who EWEB was working for: the ratepayers, or themselves. Ms. Stone offered, that with the available opt-in function of AMI, she could not figure out who was benefitting from the AMI rollout, but she felt it certainly was not the end user.

Cindy Allen of Eugene spoke in opposition to AMI. She cited health concerns, as revealed to her by her own research, and the testimony given in Eugene in 2018 by two world-renowned opponents of AMI: Daphne Takover, and Dr. Martin Paul.

Eben Foder of Eugene spoke in favor of undergrounding power on south Willamette Street as a way for the utility to invest in modernization, reliability, public safety, and the beauty of the area's major transportation corridors. He urged EWEB to reconsider its position on not undergrounding the utilities on south Willamette during the roadwork scheduled there this summer.

Victor Odlivak of Eugene spoke in opposition to AMI. He said that with help from a tri-field meter, he was able to measure megawatts at the corner of 24th and Hilyard. He reported that even though the meter wasn't at the time turned on, he was still registering 12 milliwatts per meter squared at that location, and also at: the Eugene Library, and the Lane County Courthouse. He urged the Board to reconsider AMI.

Monique Hall of Eugene spoke in opposition to AMI. She read an excerpt from the International Appeal to Stop 5G on Earth and in Space, which listed the adverse health effects cited, including altered heart rhythm, altered gene expression, and altered metabolism.

Karen Almquist of Eugene spoke in opposition to AMI. She offered the Board a copy of a local petition against AMI with over 600 signatures. Ms. Almquist also expressed disappointment in the lack of transparency and public process surrounding the AMI rollout. She asked if the public would be notified as to the future installation of 5G components.

Ann Miller of Eugene spoke in favor of undergrounding power on south Willamette Street. She asked EWEB to consider the area's livability, and to reconsider undergrounding the utility services on south Willamette. Ms. Miller also spoke in opposition to AMI in solidarity with those who had already done so.

Ron Bevirt of Eugene spoke in favor of undergrounding power on south Willamette Street. He realized it would be an expensive endeavor, but cited very long-term results to counter the upfront costs.

Joshua Korn of Eugene spoke in opposition to AMI. He asked EWEB to show which studies about 5G they had consulted before making the decision to roll out AMI; he also wondered how EWEB was able to move forward with such a lack of public support for AMI.

Commissioner Helgeson posited that EWEB itself had no role in the 5G concerns presented. He also pointed out that EWEB could not legally refuse service to customers in the area in ways consistent with City Codes and building requirements. Commissioner Helgeson offered that EWEB was doing nothing to promote 5G, and was bound by law to not encumber its growth. He concluded that he would be willing to revisit the undergrounding of utility infrastructure on south Willamette.

Vice President Mital offered that the Board had asked staff to produce a backgrounder on the 5G rollout, so they could be as up to speed as possible in the face of all the community concerns. He said the backgrounder was public information, and posited the idea of collecting email addresses from concerned ratepayers, so they could receive a copy of the backgrounder. Vice President said EWEB could and would look into the issues of transparency and keeping the public informed about the 5G rollout. He concluded that, although he lives in the south Willamette community, and agrees about the unsightliness of the above-ground utility infrastructure, it is the responsibility of the utility to do work like this only coming from a place of safety, and increasing reliability.

Commissioner Brown reiterated that EWEB had no control over the installation of 5G in the area. He suggested reaching out to the property owners in the south Willamette community, and asking them if they would be interested in covering some of the very expensive procedure of undergrounding utility infrastructure in the area.

Mr. Lawson offered the initial estimates to underground the utility infrastructure in the aforementioned four blocks of south Willamette St. was approximately \$800,000.

Approval of Consent Calendar

MINUTES

1. a. January 8, 2019 Regular Session

CONTRACTS

2. Halvorson Contracting - for the Roosevelt Operations Center Consolidation and Interior Remodel Construction Services. \$530,000 (resulting cumulative total \$2,070,000).

3. Peak Reliability - for Western Interconnection reliability coordinating services. \$181,000 (over one year).

4. Nation's Mini-Mix, Inc. - for the Purchase and Delivery of Ready-Mix Concrete. \$160,000 (over five years).

INTERGOVERNMENTAL AGREEMENTS

5. Lane County Human Services Division (HSD) - for administration of EWEB's Limited-Income Energy Assistance Services. \$165,000.

RESOLUTIONS

6. Resolution No. 1904 - Board Appointments, Committees and Outside Liaisons

Commissioner Brown moved to approve the Consent Calendar as presented. The motion passed unanimously 5:0.

Items Removed From Consent Calendar

None.

2019 State of the Utility Address

President Carlson offered those present the EWEB 2019 State of the Utility Address.

EWEB Preliminary Presentation for City Council Joint Meeting

Mr. Lawson, Mr. Heuser, and Mr. Serpa Munoz offered the Board a report and Power Point presentation on the upcoming joint meeting between the EWEB Board and the Eugene City Council.

President Carlson pointed out that a pitch to the Eugene City Council about how that body and the EWEB Board could work together was missing from the presentation materials.

Commissioner Schlossberg agreed with President Carlson's sentiment; she was sure there were ways to work with the City of Eugene that would foster a healthy relationship surrounding local climate goals. Commissioner Schlossberg pointed out that energy conservation in low-income housing was also missing from the presentation.

Commissioner Brown asked the following logistics questions about the upcoming meeting: How many participants would be at the meeting? How much time would they have in the queue? How will the queue be facilitated?

Mr. Lawson answered that Ethan Nelson from the City of Eugene would be offering the presentations early in the meeting, leaving plenty of time for dialogue.

Commissioner Brown also wondered if there were next steps or anticipated outcomes of the meeting.

Mr. Lawson said there were two pre-meeting meetings--one between President Carlson and Mayor Vinis, and another between himself, Mr. Nelson, and the Eugene City Manager to suss out any expected outcomes/next steps of the joint meeting.

Vice President Mital offered that it was salient to talk to the City about what EWEB could take the lead on, e.g. electric vehicles, and energy efficiency. He also stressed the importance of recognizing and addressing any gaps between what EWEB could add to the community, and what the Council could add. He concluded that EWEB and City of Eugene should work together to keep members of the public as informed as possible.

Mr. Lawson saw an opportunity to pull in local groups such as: 350 Eugene, Our Children's Trust, Potential Eugene, and the University of Oregon.

Commissioner Helgeson expressed concern about EWEB's part in the de-carbonization conversation; he was afraid the City of Eugene may have a tendency to walk away from the joint meeting thinking EWEB's planning to buy Eugene residents electric cars and new heating systems.

President Carlson affirmed that she would talk to Mayor Vinis in their upcoming meeting about the concerns and questions raised by her colleagues.

Mr. Lawson announced that he attended the previous Eugene City Council meeting, at which was discussed Eugene's Climate Action Plan, and the franchise agreement with Northwest Natural. He said there was a definite interest at the meeting, of looking at energy issues with a broader scope. Mr. Lawson also said that EWEB was mentioned several times as an entity to consult about local energy and conservation issues.

EWEB Preliminary Presentation for Springfield Utility Board

Commissioner Brown, Mr. Damewood, and Mr. McCullough offered the Board the preliminary presentation for Springfield Utility Board.

Vice President Mital inquired about SUB's analysis findings which stated the financial tipping point for the Springfield utility to begin considering tying into EWEB's systems as opposed to building a new one of their own would be 30 years.

Mr. Damewood looked at it as an invitation for future analyses.

Mr. Lawson listed the following points as crucial to the conversation with SUB: EWEB would be approaching this as a partnership, and not a wholesale water agreement, and making sure to not challenge *all* of SUB's assumptions in the aforementioned study, as that could generate a bit of defensiveness on SUB's part.

Commissioner Helgeson cautioned against pushing for a specific solution at the upcoming SUB meeting. Instead, he advised an emphasis on the mutual benefit of both utilities working together in the region.

Quarterly Strategic & Operational Report for Q4 2018

Mr. Lawson offered the Board a Q4 2018 Quarterly Strategic and Operational report.

Vice President Mital asked about \$2 million in "mystery savings."

Mr. Lawson did not follow.

Vice President Mital pointed to the aforementioned number (contained in the "Preliminary Contribution YTD Margin Variance" chart), and said no one really knew where the sum came from.

Mr. Lawson explained that figure was a combination of lots of things that weren't a mystery, just unclassified; he mentioned the largest drivers of that savings was water sales and retail sales.

Vice President Mital pointed to a pie chart which indicated that 30% of all electric interruptions were from equipment failure; he wondered where that number was relative to benchmarks.

Mr. Lawson said staff would get back to Vice President Mital on that.

2019 Organizational Goals and Performance Measures

Mr. Lawson offered the Board a report and Power Point presentation on 2019 Organizational Goals and Performance Measures.

Commissioner Mital asked if Mr. Lawson believed his performance evaluation should be based on the 2019 Organizational Goals.

Mr. Lawson replied he hoped so.

Correspondence and Board Agendas

Mr. Lawson offered the Board a report on Correspondence and Board Agendas.

Vice President pointed to the Limited Income Program, specifically, the increase by 3% (14-17%) in Residential Conservation. He stated that, relative to some of the other things the utility is doing, that seemed like a small increase.

Business Line Manager, Anna Wade said that the goal was stated in megawatt hours, not dollars spent, and it actually represented about 33% of the utility's total spending.

Vice President Mital pointed to the goal of reducing non-paying service disruption by 50% in just a handful of years. He offered that figure seemed drastic to him, especially given the tools at EWEB's disposal for that specific goal.

Ms. Wade said the focus of that goal was raising awareness among those ratepayers through customer communication.

Mr. Lawson said staff felt there was an opportunity there for new products, such as pre-pay within the next five years or so.

Commissioner Helgeson wondered if, at some point, it would be necessary to revisit the funding levels conversation.

Vice President Mital wondered if EWEB would be within its rights to offer outreach to the community about the 5G installation, at the expense of those entities responsible for its installation.

Mr. Lawson said he believed the utility would be on shaky legal ground if it did that.

Commissioner Schlossberg wondered if there were any FAQs on EWEB's website about the 5G rollout.

Mr. Price said that the 5G rollout had nothing to do with EWEB, so the utility was not qualified to comment on it.

Commissioner Brown expressed concern over EWEB taking heat from the community about 5G, which the utility has nothing to do with.

Commissioner Helgeson moved to adopt the proposed goals and targets of the 2019 Organizational Goals and Performance Measures. The motion passed unanimously.

Board Wrap Up

Commissioner Brown wondered if they were still planning on doing the General Manager's review in March.

Ms. Kostopulos indicated the evaluation materials will be provided to the Board within the next few days.

Commissioner Helgeson reiterated his willingness to revisit the undergrounding utility infrastructure on South Willamette St. conversation.

Adjourn

President Carlson adjourned the meeting at 9:16 p.m.

Assistant Secretary

President