

**EUGENE WATER & ELECTRIC BOARD**  
**WORK SESSION**  
**June 16, 2022**  
**5:30 P.M.**

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

**Others Present:** Frank Lawson, General Manager; Lisa Krentz, Generation Manager; Tyler Nice, Electric Operations Manager; Jeannine Parisi, Strategic Program Manager; Rod Price, Assistant General Manager; Jeremy Somogye, Generation Engineering Planner IV; Mark Zinniker, Generation Engineering Supervisor

President Brown called the Work Session to order at 5:30 p.m.

**Agenda Check**

There were no changes or additions to the agenda.

**Wildfire Mitigation Plan/Compliance Revision(s)**

Ms. Parisi and Mr. Nice offered the Board a report and PowerPoint presentation on the Wildfire Mitigation Plan (WMP) and compliance revisions.

President Brown said he was impressed with the scope of the WMP. He asked if the utility was allowed to take action, or require the communications companies to take action, to clear or otherwise trim any of the large trees along Willamette Street in South Eugene that posed a threat to their communication lines in the event of a red flag event.

Ms. Parisi said this was an area of contention at the recent Oregon Public Utilities Commission (PUC) hearings. She said the PUC was leaning toward making electric utilities more responsible for communications infrastructure, which includes hazardous trees.

President Brown wondered how much notice would be given to ratepayers prior to shutting off electricity due to a red flag event.

Ms. Parisi said that was still being discussed.

Commissioner Schlossberg asked if EWEB could provide zero-interest loans for generators as part of the WMP.

Ms. Parisi said she believed that was an option. She added EWEB staff had been in contact with the utility's partners at the County about it.

Commissioner Barofsky wondered if regional utilities' plans were comparable to EWEB's WMP.

Ms. Parisi said that several of them were, describing EWEB as being in the middle as per WMPs.

Commissioner Barofsky said that communication was key with EWEB ratepayers (especially the upriver community and South Eugene) about every step from the utility's end during a red flag event.

Commissioner McRae offered he was glad to see EWEB working through and with its partners very well, and he was supportive of the utility leveraging federal funding for the WMP. He asked if there was an undergrounding incentive program available for EWEB ratepayers.

Ms. Parisi said staff could bring back a proposal to that end if the Board was interested.

Commissioner McRae replied that he was in favor of a proposal to set aside a reasonable amount of budget to help customers with undergrounding power lines in some instances where they would be adjusting their service anyway, and providing generator funding assistance for small households that need power for medical equipment.

President Brown obtained clarification from Commissioner McRae and polled the Board for their support in asking staff to provide more information around incentivizing undergrounding and generators for customers in high-risk areas of EWEB's service territory.

Mr. Price pointed out the aforementioned undergrounding incentive programs for the upriver area were for secondaries, not primaries, and commented on the different terrains of the upriver and south Eugene areas; upriver being mostly greenfield, while south Eugene is mainly comprised of landscaped back yards.

Commissioner Barofsky asked if it was to be found in the Eugene City Code that all new construction must have undergrounded utilities.

Mr. Price said that was true, but there were economic issues at play in new construction utility undergrounding.

A majority of Commissioners agreed to Commissioner McRae's request for a proposal on expanding the undergrounding and generator incentives.

Ms. Parisi asked the Board's expectation in terms of a timeline for the proposal. She asked if the end of the year would be alright.

President Brown, and the Board, said it would be fine to provide a response as time allows.

Vice President Carlson wanted to make sure everyone was aware that suburban areas are also at risk for wildfires.

### **Goal #3(a): Leaburg Canal Triple Bottom Line (TBL) & Strategic Assessment Update**

Ms. Krentz, Mr. Somogye, and Mr. Zinniker offered the Board an update and PowerPoint presentation on Goal #3(a): Leaburg Canal TBL & Strategic Assessment.

President Brown asked if staff felt like they needed more help—perhaps additional staff—to help with this extremely large project.

Ms. Krentz said that it was a very large project, and staffing needs would be assessed as the project's direction was solidified.

President Brown discussed full return to service (RTS) versus partial RTS. He pointed out a full RTS would generate much more electricity than a partial RTS, but the price difference between the two did not make sense; he asked for clarification.

Mr. Zinniker said the full RTS was much more expensive than the partial. He explained although full RTS would produce about three times more generation, it would require modification to some very tall, expensive portions of the canal.

Commissioner Schlossberg asked if the Board could have more information on the property lines in and around Leaburg Lake changing if the dam were removed.

Mr. Somogye said that individual property owners would have to review their deeds, and that EWEB would be happy to help with that, and work with the County.

Ms. Krentz strongly recommended that property owners work with the title company to truly understand site-specific details of their parcel.

Commissioner Barofsky asked if staff went past 2040 in their net present value (NPV) calculations.

Mr. Zinniker said yes, the study presumed a new license or an amendment that extends it for an additional forty years past the return to service date.

Commissioner Barofsky asked when comparing the costs for the alternatives, whether the second licensing included the energy production and RECs (renewable energy credits).

Mr. Zinniker replied that it does include all the power production and offsetting revenue, however the NPV does not include the value of the RECs. He commented on the capacity value saying the rough indication is that it is worth perhaps five or six million.

Commissioner Barofsky clarified that estimate was over the full life of the second license.

Commissioner Barofsky asked whether staff explored the cost for Alternative #3 (Partial RTS, Luffman Power Plant), without the power plant, which would result in less storm water conveyance.

Mr. Zinniker said if EWEB left the dam, and subsequently, Leaburg Lake, but generated no power from it, they would not have full control over the decommissioning requirements. He added that water rights would also become an issue in that scenario.

Commissioner Barofsky stressed that he wanted to know when the upriver listening sessions were taking place.

Mr. Lawson asked if licensing and permitting costs were captured in any of the return to service Alternatives listed in the presentation.

Mr. Zinniker answered it was staff's intent to capture those costs for each of the Alternatives suggested, however the next licensing period, in the 2060's time frame, was not included.

Mr. Lawson offered another way to convey Commissioner Barofsky's sentiments; by taking Alternative 4 and leaving the dam as it is, rather than putting in a new bridge, as the cost of the bridge is wide and unknown. He said it was important to understand the amount of investment, and recovery of investment specific to generation, or not, at that site while also recognizing regulator risk.

Mr. Zinniker said the further detail on Leaburg, that the Board would receive in August, would include that information, including line items associated with dam removal.

Commissioner McRae wondered how the generation capacity will change over time, and what EWEB's assumption was about the impacts of how long the utility could generate over the course of a year, given temperatures and pressures on fish.

Ms. Krentz replied that they have made some assumptions, particularly related to the upriver Corps of Engineers projects, and how the change in flow regime might impact generation. She offered that it does not change circumstances to the extent that the options would be flipped. She referred the question of accounting for potential changes to in-stream flows related to climate change to Mr. Zinniker.

Mr. Zinniker replied that the modeling for the future Corps operation is intended to capture the expectations for management of water; he said that has an impact, but it is not very big. He further explained that EWEB would not have full control over the outcome of licensing. The current assumption is that EWEB would be able to preserve the 1000 cfs minimum flow requirement, but that is not guaranteed and would be a risk factor in negotiations.

Mr. Lawson explained that various types of sensitivities impacting the value of generation would be shared with the Board in August.

Commissioner McRae asked if staff had done a full analysis of levelized costs of generating at the facility such that it could be compared to the cost of other types of low carbon electricity.

Mr. Lawson said staff could get that information to the Board, as well as context from other utilities who have indicated the minimum amount of megawatts of generation needed to have a return on investment.

Commissioner McRae said he was curious about the ongoing capital and maintenance costs in Alternative #1.

Mr. Zinniker said those costs assume that EWEB will be responsible for things like: creek maintenance, underpasses of the highway, recreational facilities, and a replacement bridge, or perhaps other bridge demands or related lingering responsibilities.

Vice President Carlson conveyed that she agreed with much of what had been said by other Commissioners. She said she had not seen the survey Commissioner Schlossberg mentioned and wondered if it was sent to the Commissioners.

Ms. Krentz said she did not believe it was sent to the Commissioners; it was sent to upriver residents, and that staff could provide it to the Board.

Mr. Lawson said it had been sent through the EWEB email system, and he would send another link.

Vice President Carlson was concerned that ratepayers would be swayed by the rate increases, and she suggested another survey, after the cost projections have been updated, to ensure the line of communication with EWEB ratepayers remained open.

President Brown noted that the Leaburg and Walterville projects are under the same license. He asked if the cost of relicensing Walterville had been factored into the full Leaburg RTS option.

Ms. Krentz referred to the written responses that were provided as Commissioners/Staff Pre-Meeting Q&A. She said staff had not concentrated too hard on Walterville, only because of the urgency, their current focus is Leaburg, but the latter and the former were licensed together, so it was something they would have to look at as any changes made to the Leaburg project would result in some type of license proceeding that will trigger a reopener for the license. She added that it is staff's assumption that a similar evaluation would also be done for Walterville.

President Brown said he was concerned that EWEB ratepayers would be servicing EWEB debt for the Leaburg project, and it was anticipated the utility would be generating revenue from that debt, and now they were not.

Commissioner Schlossberg expressed concern about the timeline, offering there was only one more work session on the topic before a decision would have to be made.

Ms. Krentz said they would be coming back to the Board every month or two between now and the end of the year. She said the intent is to prepare the Board, so they are comfortable making an informed decision, and part of that is determining the priorities to focus on from a social and environmental perspective.

Commissioner Schlossberg asked if the Board decision on Leaburg had to choose only one of the Alternatives presented.

Mr. Lawson explained that this is a directional decision; either a return to service or stormwater conveyance. He said he believes it is feasible for the Board to choose a preferred Alternative staff could focus on, but, he added, there would of course be opportunities to check in with the Board on an ongoing basis.

Commissioner Schlossberg announced she would not be at the October 4, 2022 EWEB Board meeting, as it was Yom Kippur.

Commissioner Barofsky said that he hoped the Board would have a free-flowing meeting to discuss the Leaburg protect, with the five Commissioners, after receiving all the staff information, before they reached a decision.

President Brown opined that Alternative #1 should be removed, so that staff could focus more on RTS, or stormwater conveyance.

Vice President Carlson questioned the large range of cost variances in the TBL report, and she wondered if tightening those ranges would change the outcomes in tangible ways.

Commissioner Barofsky agreed with President Brown, citing the amount of analysis alone for Alternative #1 would be a tremendous amount of work.

Ms. Krentz reminded those present that decommissioning was a negotiated agreement, involving many agencies. She explained the two extreme options are bookends for what the possibilities might look like.

Commissioner McRae wondered if the NPV calculations would be further refined.

Mr. Zinniker said there would not be a lot of refinement on the numbers, adding that there was a lot of sensitivity analysis yet to be done on the numbers EWEB staff already has.

Vice President Carlson said it was important to communicate with the public which of the Alternative(s) the Board was considering. She added she thought it was far too early to be removing Alternatives without seeing the accompanying analyses.

Commissioner Schlossberg agreed that the Board should not make a decision to remove any of the Alternatives, until seeing all the analyses.

President Brown adjourned the Work Session at 7:08 p.m.

*Recorded by Rodney Cimburke*

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Assistant Secretary

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President