

# EMERALD PEOPLE'S UTILITY DISTRICT

Board of Directors' Meeting

September 22, 2009

## Minutes

- Convene President Jordan convened the meeting at 5:39 pm at the Emerald offices, 33733 Seavey Loop Road in Eugene.
- Attendance and Introductions Directors: Bill Tanner, Bruce Pilling, Penny Jordan, Patti Chappel, Katherine Schacht (via phone)  
Staff: Jim Theabolt, Coy Kratz, Tiffany Collier, Pam Hewitt, Frank Lambe  
Guest Consultant: Bob Meiger
- No request for changes or deletions.
- Meiger began with a presentation on the Internet management services provided by EPUD.net, EFN.net, and CMC.net. Hosting services offer customers in rural areas some Internet services. Provide domain hosting for some 200 small businesses in the Eugene area. Described E-commerce services, benefits of business to EPUD, contractual relationships with miscellaneous companies. Answered questions from Board regarding specific web hosting services in outlying areas. Meiger explained activity managed by Internet business contacts, website development, and benefits to customers by providing services approximately \$5-10 cheaper than DSL provided through corporate communications companies. Discussed tech support available and development of business that would see benefits for EPUD. He stressed that even though there is a 17% drop in customer base, the ISPs continue to be a profitable side business.
- Motion Motion was made by Chappel to extend Meiger's contract, with review in two years. Seconded by Pilling. Approval was unanimous.
- BPA Contract – Slice Cleanup Discussion Lambe proceeded to discuss BPA contracts on Slice Cleanup. Not a whole lot of substance to this contract. More administrative than anything else. Lambe felt it was just as described; a cleanup to the contract, with no material impact to EPUD.
- BPA Contract – Creditworthiness Discussion Lambe explained the far greater impact of the BPA Creditworthiness contract. It requires EPUD to have on deposit 1/12<sup>th</sup> of annual bill. This would be approximately \$1,000,000. He said he argued with BPA that Slicers are just as creditworthy as non-Slicers; they do not agree. The terms are as set. If EPUD refuses the requirements, BPA will not provide Slice. They require advance payment if credit rating slips below vvv-, but Lambe is not worried about this aspect, as that would be an indicator of far more significant problems. It's another cash drain for us, in addition to 2 MM bond money. It's money that has to remain liquid. Jordan asked about interest on money "just sitting there." Lambe explained that interest could be earned on the money; it would just need to be available to BPA on demand. Frank felt there was really nothing we could do to alleviate the requirement. However, he detailed positive financial issues that would offset. There is a strong possibility that EPUD will soon receive the 2MM in bond funds, there are also rate stabilization funds, but further speculation is fruitless as there are still too many unknowns.

Decoupling Discussion	Lambe presented information regarding decoupling, along with the attachment that was part of the meeting agenda packet. Decoupling is an attempt to decouple rate from revenue needs. He doesn't see it as applicable for public power and hopes the attached documents make the case for that statement. However, there is the argument that it promotes energy efficiency on utilities that are profit-driven, that it lowers rate per kilowatt hour to compensate for lost revenue. Lambe doesn't feel it would be applicable to a public utility, as it would just bypass a rate increase. Energy efficiency is Board controlled, rather than consumer controlled. Schacht was primarily interested in how this would ultimately affect public power. She felt her questions had been answered with information provided.
Board Goal Setting Discussion	Jordan directed discussion of upcoming meetings. Schacht asked for clarification on the Public Power Council Meeting to be held next week. The Public Hearings meeting will be at 6:00 p.m., Monday, September 28, at the Library in Eugene (Tykeson Room). Sorenson will be speaking earlier, at 5:00 p.m., to rally the Sierra Club to attend the 6:00 p.m. meeting. This meeting will be in the Bascom Room at the Eugene Public Library. Schacht will attend. The Board set a meeting next Tuesday, September 29, at noon, at the Springfield Country Club, for planning and goal-setting purposes. Jordan will take minutes. She requested all to remember "homework" for next Tuesday. Frank requested his goals be "high level goals," with the flexibility and responsibility to proceed to achieve results requested of him.
Finance / Treasurer Report	Chappel led a discussion on the check registers for the period from September 3-16. Staff clarified several questions on expenditures for the Board.
General Manager's Report (Including Dorena Hydro Status Report)	Lambe distributed his General Manager's report for review and discussion. He reviewed upcoming presentations at Board meetings. He discussed a request from Weyerhaeuser to participate in plans to install a biomass plant in Coburg. Lambe has, as of yet, not responded to the request. He emphasized they are looking for someone to participate in installation or to purchase power. Lambe and Schacht discussed potential controversy and responsibility on the part of EPUD. Chappel requested Lambe keep the Board up-to-date on the situation. Lambe gave an update on Short Mountain. The MOU was not dealt with on the day following the meeting with County Commissioners. They now have plans to deal with the issue on the September 30. Delay could jeopardize receipt of grant money. We're pushing to present the contract prior to the 30 <sup>th</sup> . We want the County to understand that the move needs to be equitable, with a 50/50 cost split. Lambe detailed costs of the move. He wants to verify with Board that they are OK with the 50/50 concept up to the \$170k principle. Ultimately, it needs to be in and operating by the end of next year, so as to not lose grant money. Lambe then gave an update on Dorena Hydro. His handout included correspondence that detailed answers to individuals who had fears regarding the project. Lambe will advise the next step. He then discussed a follow-up survey on the recent OPUDA retreat. The Board reported positive comments from attendees regarding the speakers and negative regarding the mattresses at the facilities. Lambe gave an update on the Fall Creek Hydro project. He received notice from FERC about a study of installation of screens before EPUD can receive a permit. Speculation on the cost of a study from \$500k to \$1mm. If screens are required, then that would be approximately \$3mm. Have appealed, as this request is not normal. Have been advised that it will be unlikely that the decision would be overturned, which, Lambe advised, would mean serious reconsideration of the project. Will keep everyone updated, but no status as of

today. Lambe discussed EPUD's billing cycle changes. He noted an email in his handouts from Alicia Garcia, discussing the issue. Compacting cycles from 12 to 5 creates more efficiency in the billing process. Three reasons why the billing cycle will be changing are outlined in Garcia's email. Please review as Board members have time. Garcia is in the process of calling all customers to inform them of the change. Lambe announced Public Power Week coming up October 5-9. He distributed a handout detailing events for voluntary participation from staff and Board members. He discussed articles distributed in the GM packet.

Review of Previous Meeting Minutes Bruce recommended review of minutes from the September 8 Board meeting (the second sentence of the second paragraph). A motion to change the wording was tabled pending clarification from Cathy Wilson of NWPPA, regarding "She said that training and education is their main focus."

Motion Motion to approve claims made by Tanner, seconded by Chappel. Unanimous vote.

Adjournment The Board meeting was adjourned at 7:52 pm

Minutes prepared by Denise Morgan, Acting Board Secretary.