

EMERALD PEOPLE'S UTILITY DISTRICT

Board of Directors' Meeting

May 11, 2010

Minutes

- Convene President Pilling convened the meeting at 5:32 pm at the Emerald offices, 33733 Seavey Loop Road in Eugene.
- Attendance and Introductions Directors: Patti Chappel, Penny Jordan, Bruce Pilling, Katherine Schacht, and Bill Tanner.
Staff: Doug Barab, Tiffany Collier, Jaime Cranmer, Ron Dubbs, Jim Theabolt, and Beth Matthews.
Guests: Pam Hewitt, Jim Sly – ratepayers; Vince McClellan, Energy Design; Sandra Bishop, Bishop Communications; Darren Born, Field Supervisor and Scott Muller, Audit Manager – Kenneth Kuhns and Company
- Statements From the Public Sly indicated that he was a ratepayer who lives on Dale Kuni Road in Creswell. He said he has been talking with Emerald staff in regard to a solar project. He discussed miscellaneous service charges and Emerald's Customer Service Policy which includes information on net metering. He also talked about the Generation Interconnection Policy and Optional Schedule 70 – Power Purchase Rate Schedule. Sly said he first met with Emerald staff on 12/1/09 and then on 3/10/10, a proposed contract was presented to staff. Since that time, Sly said that he has not heard anything from Emerald. He feels that Emerald does not appear to want to do any solar projects. Sly said that he's at a crisis point in his decision on the proposed solar project for his farm and needs to make a decision fairly quickly.
- Theabolt responded that Barab, Collier, and Cranmer have been working on this situation.
- McClellan said that the solar industry needs a partner such as Emerald and that Emerald has a great opportunity with Sly's project. He said that it's a big project and it puts forward a good idea. McClellan indicated that he has been an electrician for 30 years. He said that Sly is disappointed in Emerald at this point as a result of the delay and the conflicting information he has received. He also feels that Emerald is charging much more than other utilities for a solar system. Sly is an advocate for solar, but McClellan said he understands there are financial constraints now that maybe weren't previously applicable. McClellan inquired what direction Emerald plans to move to with solar and why they are pulling net metering out of the Customer Service Policy.
- Theabolt said the Customer Service Policy is being presented, with a proposal for replacement with modified language. It will be part of tonight's Board discussion.
- Hewitt spoke to the Board, indicating that she is a current ratepayer and the former Emerald employee. She said she was hired on 6/22/09 as the first Power Resources Manager and was asked for her resignation on 3/19/10. She briefly discussed her experience prior to working at Emerald. She read from a prepared statement, discussing her probation and evaluations received. Hewitt discussed the challenges she faced when arriving at Emerald, which she listed in detail. She

felt that she had achieved some goals and objectives for which she was hired to do, and listed those achievements in her narrative as well. Hewitt criticized General Manager Frank Lambe in her statement and that her purpose in attending the Board meeting was to encourage the Board to consider Lambe's continued employment.

Pilling responded that the Board had been advised on the information which Hewitt presented, but that it would be best to present it at a time when both the General Manager and Hewitt could be present.

Chappel indicated that she still has great respect for Hewitt. Chappel said she has spoken with staff and found there was another set of issues—not with Lambe, but rather, with Hewitt herself. Chappel said she felt Hewitt's behavior was quite disruptive and that the bent of her presentation was very skewed. Chappel said she wished Hewitt well. Both Chappel and Pilling asked Hewitt for copies of her complaints.

Jordan responded that there are two sides to every story and that Lambe needs to know Hewitt's side as well.

Hewitt said the purpose of her presentation was to inform the Board and would be happy to provide them with more detail, as per their request.

Bishop indicated she was in attendance at the meeting in support of Hewitt. She said she had previously been on EWEB's Board and that she has worked with Hewitt on various projects. Bishop said that Hewitt was a trusted and well-respected professional and that she would certainly hire Hewitt in the future for other consulting projects.

Agenda Timeline There were no additions to or deletions from the agenda.

Deferred Items None.

EmPOWERing
Scholarship
Presentations Pilling welcomed the scholarship recipients and their families to the Board meeting. He explained that scholarships were previously offered only to high school students, but that Emerald has changed this process. He said there is need for more interest in the power industry/electrical utility business and it was important to look at possible recipients who were not all high school seniors. Pilling said that he was happy to have the recipients apply for these scholarships and that this is an excellent field to pursue.

Plaques were presented to the five recipients of the scholarships:
--Daniel Perambo – who is studying Energy Management;
--Harim Delgadillo – who is attending OSU in the Sustainable Energy Program;
--Spencer Herbert – who is studying accounting, but is interested in green power;
--Daniel Lane—is attending lineman school in Oroville, CA and will be graduating in June. Daniel's grandfather accepted the plaque on his behalf;
--Joseph Lay – who is pursuing lineman training.

Kenneth Kuhns
Auditor Report

Scott Muller, Audit Manager for Kenneth Kuhns and Company, reviewed the Audit Report, which was distributed to the Board. He discussed the key points in each of the areas of the report. Darren Born, Field Supervisor, reviewed the audit requirements put forth by the State of Oregon. He said there were no deficiencies found in Emerald's internal controls system.

The audit staff began work at Emerald on March 15, with three staff members at the utility at different times over a period of two weeks. Staff reviewed/tested computer controls while at Emerald. Born said that since the new NISC system was in place for all of 2009, it helped the field work and audit go much more smoothly.

A question was posed about funding for Slice and whether Emerald could survive a low water year with the funds currently available. Theabolt explained the timeline for Slice.

Muller congratulated Emerald staff on a job well done.

Finance /
Treasurer Report

Schacht led a brief discussion on the check registers for the period from April 6-May 3, 2010. Staff responded to several questions from the Board.

General
Manager's Report

Theabolt distributed the General Manager's Report for review and discussion. He also distributed a copy of Moody's Global Scale Ratings.

Cranmer distributed information on Emerald's office hours change, which she reviewed briefly with the Board. She said that the public relations campaign seemed to get out quite well for the first week of the new schedule. Cranmer said she will keep the Board up-to-date with more information as the month progresses.

Cranmer indicated that low income assistance was discussed at the last Board meeting and she distributed some information on payment assistance programs. She reviewed this information further with the Board. She said that there is usually \$20,000 available each year from the Helping Hands program and that it usually lasts until June. This year, the fund was exhausted earlier than usual.

Collier distributed a packet of information on the BPA update. She talked about the rate hearing and information presented there. Collier also distributed information on EPUD.net, EFN.org, and CMC.net to include monthly revenue, expenses, and customers for each from 1/1-3/31/10. Collier then reviewed the remainder of the business report with the Board.

Consent Agenda

Motion

Schacht/Jordan moved approval of the Consent Agenda.

Vote

Unanimously approved.

Motions and Resolutions –

Resolution 2010-04
Adopting Price Changes to be Effective July 1, 2010

A new packet of information related to Action Item 10-12/Resolution 2010-04 was included for the Board to replace that which originally had been included in the agenda packet. Theabolt reviewed this information with the Board, noting that a public hearing was held. He said that new software will be able to bill more accurately during the transition period.

Jordan noted that reliability is important to ratepayers. Schacht said that although she will vote for the resolution, she believes that 3 percent would have been more appropriate for lower income, unemployed customers who are struggling. Pilling said he was concerned about putting off capital projects and that 3 percent would not adequately help to fund the projects. Tanner indicated that Theabolt had said that if we have a low water year with Slice, the 4 percent rate increase will help fund Emerald's reserves and give us a cushion.

Chappel said she was pleased that the Board went with 4 percent increase recommendation to not leave ourselves short. Pilling said that the Board has compassion for customers who are struggling but that it is in the best interest of our ratepayers to increase reliability.

Theabolt mentioned that the proposed new policy related to Net Metering (Action Item 10-14) recommends removing the Net Metering section from the Customer Service Policy and adopting a new, separate policy for generation interconnection. Barab said that staff would like to streamline and simplify the process for the customer and for Emerald as well. He said review of the proposed change has gone to Emerald's legal counsel for review. Cranmer talked about the calculation for Net Metering and the timeframe for that and for changing from March to December for billing. Barab noted that he had added in two sections to the proposed policy change. Sly and McClelland joined in the discussion to talk about the proposed policy changes. McClelland inquired whether or not Emerald really wants solar projects in the district. He again discussed the advantages of solar power, talked about how solar production is calculated, and how Sly would use the power he would generate if his project was approved.

Barab said there was discussion around the current projects at Thistledown Farms and Wintergreen Farms and how Emerald needs to avoid some of the problems that are occurring in the processing of those. Barab said this is one reason staff is hoping to streamline the policy.

Chappel said she would like to suggest removing Rate Schedule 70 from the discussion this evening. Cranmer said she was supportive of moving forward to agree on a monthly rate quickly. Jordan inquired as to the number of these coming through currently and what the financial impact would be. Cranmer responded that there are a number of requests coming through.

McClellan suggested tabling Rate Schedule 70 and 88M.

Sly said that he said he wasn't trying to be greedy with his request and that Emerald could still write a contract for him at this time. He would consider being a test case. Barab said that this is what staff is trying to avoid—the special contracts for all of these situations.

Motion Chappel/Jordan moved to approve Resolution 2010-04, originally presented in the agenda packet.

Vote Unanimously approved.

Action Item 10-13
Resolution 2010-05
Approving the Amended and Restated Money Purchase Plan to the EPUD Employees Pension Plan

Motion Schacht/Tanner moved approval of Resolution 2010-05.

Vote Unanimously approved.

Statements From the Public None.

Suggested Items for Future Board Meetings None.

Upcoming Meetings and Events A special Board workshop will be scheduled for the week of May 17.
The next evening Board meeting is scheduled to be held beginning at 5:30 pm on Tuesday, June 8 in the District offices.

Directors' Concluding Comments None.

Adjournment The Board meeting was adjourned at 8:55 pm.

Minutes prepared by Beth Matthews, Board Secretary.

Beth Matthews