

EMERALD PEOPLE'S UTILITY DISTRICT
Board of Directors' Meeting
January 21, 2020
Minutes

Convene	President Parker convened the meeting at 5:30 pm at the Emerald offices, 33733 Seavey Loop Road in Eugene.
Attendance and Introductions	Directors: Patti Chappel, Ron Davis, Charles Kimball, Brian Parker and Kevin Parrish. Staff: Doug Barab, Tyler Boehringer, Alicia Burgess, Sara Cline, Scott Coe, Brandon Gee, Wendi McKay, Kyle Roadman, Alice Schroeder and Brian Sharr. Guests: Cindy Weeldreyer, Brad Jones and Harvey Wang from Moss Adams.
Election of Officers	
<i>Motion</i>	Director Parrish/Director Kimball motioned to nominate Director Parker for Board President.
<i>Vote</i>	Unanimously approved.
<i>Motion</i>	Director Chappel/Director Parrish motioned to nominate Director Davis for Board Vice President.
<i>Vote</i>	Unanimously approved.
<i>Motion</i>	Director Parrish /Director Chappel motioned to nominate Director Kimball for Treasurer.
<i>Vote</i>	Unanimously approved.
Agenda Timeline	Coe announced Schroeder's upcoming retirement from EPUD after completing 36 years of service. This is her last Board meeting and she would like to say a few words after the GM Report.
Deferred Items	None.

Public Comment	<p>Representing Cottage Grove’s Bohemia Mining Days, Cindy Weeldreyer thanked EPUD and the Board for sponsoring the city’s fair over the years. Weeldreyer presented a certificate of appreciation and a letter to the Board in which Parker read aloud. Weeldreyer said the Mining Days is celebrating its 60th anniversary this year. She also thanked staff for their work in keeping the lights on and complimented the EPUD calendar that goes out to customers each year.</p>
2019 Audit Kick-Off	<p>Coe introduced Brad Jones and Harvey Wang from Moss Adams to present the pre-audit communication for the 2019 audit. Jones noted it is the first year with the new contract between Moss Adams and EPUD in place, so there have been some changes with familiar contacts. In previous years, Julie Desimone was the concurring partner and reviewer; she will now be stepping back from this role and Olga Darlington will take over. Jones noted he will also be stepping away from the audit this year and Wang will be taking over in his place.</p> <p>Jones discussed the details of the audit process and the different “buckets” that are reviewed. They test internal controls, substantive and analytical procedures. The firm is shifting and now putting a heavy effort into reviewing Information Technology departments.</p> <p>Jones said an external third party will confirm balances and outstanding debt. They send letters to external counsel if there is any litigation and would build that into their audit process.</p> <p>Next, Wang discussed materiality in the audit process and how it’s calculated using quantitative and qualitative aspects to identify significant risk areas, findings or misstatements. Significant audit areas include IT monitoring controls, plant assets, implementation of new accounting standards, revenues and cash receipting.</p> <p>When considering fraud, Wang said the audit team meets with staff to identify any areas that would be subject to fraud risks. They perform general interviews with employees, examine journal entries, evaluate policies and accounting for revenue recognition, among other procedures. They aren’t specifically targeting or looking to detect fraud, but they look at areas where fraud can occur.</p> <p>Wang discussed the timeline for the audit. They will be back for final fieldwork during the week of March 9 and the final presentation for the board will be on April 21. Wang said the team is available to be reached should the board have any questions pertaining to the audit.</p>
Finance and Treasurer’s Report	<p>The Accounts Payable Check Register for December 1-31, 2019 was reviewed and discussed. Cline clarified some key items from last month’s register.</p> <p>Cline said there is an item on the register for a 70 foot truck which is just for the chassis. The buildout will be later in 2020.</p> <p>There were more transformers purchased, Parrish noted that it seemed like there have been a lot of transformers on the register lately.</p>

Two new buildings were purchased to store equipment under cover. An apprentice's yearly tuition was on the register along with three new switches; two for Elmira Substation and one for the Latham. Barab said the first one has been put into service this morning at Elmira.

General Manager's Report

Coe presented his GM Report to the board with the following updates:

- Emerald's Human Resources Manager, Alice Schroeder, has only a few days left with EPUD after 36 years of employment. The board has been in support of doing quality succession planning and throughout the year, Burgess has been training to take over when Schroeder retires.
- Coe announced a new employee and changes to existing employees. A new shop intern has started, Trey Putnam from Pleasant Hill High School, moving the current intern into a full-time Building and Grounds position. Another employee has begun an apprentice position at Short Mountain and one has started as a tree trimmer apprentice.
- Emerald participated in Active shooter training last month as part of its safety program. The training included live drills to practice different reaction responses should an event ever happen. Coe said on another safety note, the utility is now completely closing the yard gate all the time for added building security.
- Coe gave an update on Short Mountain production. There were some challenges in 2019 but the focus for the year remained on running the engines more often. The year finished with over 20 million kWh production which is equivalent to 2.35 aMWs, the highest since 2011. The year also ended without any odor complaints.
- A renewable natural gas study was presented to the board in 2019. At the time of the study it was too much of a capital output without a steady enough income stream to make it worth the investment. This may change at some point where it would be a valuable investment for the utility. NW Natural is now more interested in renewable natural gas and they are now able to rate base it and enter into long contracts. Coe and Roadman have spoken with EPUD's attorney and it may work well for both parties. Coe will continue to update the board if this project moves forward.
- Coe said the board is scheduled for training on Oregon's new harassment law prior to the next meeting on February 18. The training will be given by Emerald's HR attorney in a closed session.
- OPUDA's lobby day is coming up on February 20. Cline, Kimball and Chappel said they will be attending.
- The new Elmira substation transformer is up and humming. Part of Emerald's strategic plan is building out and making the system more reliable and operable to reduce outages. This transformer is a \$700,000 investment for the utility.

- Coe said individual discussions with each board director will be scheduled to discuss the 2020 Strategic Plan. There are items staff would like to get in front of the board before the April Work Session. Staff will go over what will be kept in the current plan, what will be modified, and what will be new to the plan.

Concluding the GM Report, Schroeder spoke to the board. She told her history with EPUD, starting back in 1983. She held many different jobs in her time at the utility and remembered when the utility started at the old Wildish building. Schroeder said she is grateful to the board and to Coe for their guidance with the succession planning with Burgess. She said she will miss being at work and has enjoyed her time but is looking forward to retirement. Chappel commented that Schroeder has always been a steady light in the history of EPUD, through all of the good and trying times.

The Board took a break at 6:32 pm to congratulate and say their goodbyes to Schroeder. The meeting resumed at 6:45 pm.

2019 Energy Efficiency Results

Coe began the 2019 Energy Efficiency results presentation with an overview of why energy efficiency is so important and the tremendous value of including it in the utility's resource portfolio.

Roadman gave a brief review of the utility's resources, with energy efficiency making up about 11% of the portfolio. Without it, there would be a need to purchase this power another way. A graph showing EPUD's long term resource planning was discussed; it includes Short Mountain, small generation, BPA, and White Creek Wind. The current load forecast shows customers are using more resources than what Emerald has but it isn't a huge concern currently because power can be purchased in the market for the small difference. However, when looking out at the 20 year load forecast, there is a sizeable gap staff is not comfortable with. With continued energy efficiency programs and incentives and as long as the loads maintain relatively flat, the resource supply should be enough to meet the needs. Roadman said another area that needs to be addressed is peak demand and having enough supply to meet those needs. At around 7:00-8:00 am the utility hits its energy peak and products are more expensive in the marketplace to purchase. This is where energy efficiency can come into play. Time of Use rates is one way to help shave off peaks. If the utility can do targeted energy efficiency there will be more success bringing down the peak over a longer period of time. Chappel asked a question about energy storage and if there is anything new on that front. Roadman said at this time it's still very expensive but hopefully in the next 20 years the pricing will come down and there will be more of a marketplace for it.

Roadman said EPUD's Resource Committee will be meeting this year to review a lot of this information and get their input. The contract with Bonneville is also going to have an impact to a degree which is why continuing with energy efficiency is important.

Currier continued the presentation explaining why supporting energy efficiency is a valuable tool in helping reduce peak demand and provides good customer service. In 2017, the Board authorized more funds towards continuing the program. From 1985-2019 there have been a number of achievements within different customer sectors supported by EPUD. The programs have resulted in over 7 aMW of annual energy savings, \$5M+ in direct customer bill savings, and over \$13M in incentives. Currier said with a mix of different programs available to customers and aggressive goals the energy services department has made, staff thinks energy efficiency can help meet load growth for the next 20 years if the program continues how it has been in recent years.

Next, residential outreach efforts was discussed. In 2019, staff targeted high users more directly, focusing on 500 outlier customers. Out of the 500 targeted, only 20-30 have responded so there is a need to find other innovative ways to reach these customers. Currier discussed the residential project summary results with the board. The total savings in 2019 came to 1244 MWh at \$44.59 per MWh; he's hopeful the 2020 numbers will be higher. Commercial projects saved 351 MWh at \$55.44 per MWh, and Industrial and Agriculture projects saved 1825 MWh at \$12.97 per MWh. Currier said the 2019 results took one aMW off the peak demand amount and if this can happen over 20 years it would make a big impact for the utility. Currier said the entire resource cost less than \$40 per MWh in 2019.

Going into 2020, the energy efficiency plans include targeted marketing to customers with the use of door hangers, direct mail campaigns, and utilizing advanced analytics to identify opportunities. Compared to other non-BPA power sources, energy efficiency is half the cost so the focus will continue to be on promoting different programs and incentives to customers.

BPA Post 2028 Products Questionnaire

Coe said the time has come to begin discussing the Post 2028 contract with Bonneville. They have sent out a products questionnaire for customers to complete. Coe said the Public Power Council (PPC) is sending a letter directly to BPA with contract needs for post-2028. Roadman and Coe said they thought about some questions to include in the letter and Coe sent PPC three items that should be at the top of the list. The first item is competitiveness. Bonneville has done a good job at reigning in costs but a flaw in the current contract includes having to take a chance every two years with the rate case. Coe said it's concerning to sign a contract with open ended pricing. The next contract needs to give some sort of assurance of price or the availability for the signor to exit the contract.

The second item is on federal requirements for product constraints that do not work for utilities. Bonneville needs to look at what these restraints are with the Slice product. It has good value but there are limitations and Emerald would like them to take a look at this.

The third item involves energy efficiency and not "round tripping" the utility's money. Currently if certain BPA conditions are met, some of the money is returned to the utility.

Emerald would like the ability to run programs that make sense for customers, and with other power suppliers, this would be an option.

Coe said Emerald has nine years in the marketplace, and there are other viable suppliers. He thinks a competitive price with a known price escalator can be found and it's something BPA needs to consider. It's hard for utilities to plan ahead with a variable price on the cost structure so they need to build a contract that will work for their customers. He asked the board to think about what it would take for the contract to be competitive and acceptable and suggested they review the questionnaire so it can be further discussed in their one on one meetings with staff.

Consent Agenda

Motion Director Parrish/Director Chappel moved to approve the Consent Agenda with the noted changes.

Vote Unanimously approved.

Action Item 20-01 – Personnel Policy Updates
Emerald's Personnel policy has been updated to meet Oregon law requirements.

Motion Director Parrish/Director Chappel motioned to approve Action Item 20-01 Personnel Policy Updates.

Vote Unanimously approved.

Action Item 20-02/Resolution 2020-01 – Time of Use Rate Schedule
This rate schedule will be put in place for the employees involved in the Time of Use pilot project.

Motion Director Parrish/Director Kimball motioned to approve Action Item 20-02/Resolution 2020-01 Time of Use Pilot Rate Schedule.

Vote Unanimously approved.

Review of Motions The motions made during the meeting were reviewed for accuracy.

Public Comment None.

Suggested Items for
Future Meetings None.

Upcoming
Meetings/Events A list of upcoming meetings and events was included on the Board Agenda.

Directors' Concluding
Comments Parker asked the Board to think about some ideas or special interests they would like to add as parking lot items and bring them back to the next meeting in February. Chappel said she's been involved with the Mid-Lane Cares group and has concerns that the LIHEAP and Helping Hands funding is concentrated mostly in her area. She suggested having Deanna from Mid-Lane come to a Board meeting to discuss the program. Chappel also asked when the APPA DEED report would be available for the Board to view and Roadman responded staff has until April to file it.

Adjournment President Parker adjourned the Board meeting at 7:34 pm.

Minutes prepared by Wendi McKay, Executive Assistant.

