

EMERALD PEOPLE'S UTILITY DISTRICT
Board of Directors' Meeting
February 18, 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, Alicia Burgess, Sara Cline, Scott Coe, Wendi McKay, Kyle Roadman and Brian Sharr. Guests: None.
Agenda Timeline	Chappel asked to add a discussion to the agenda regarding the board president and vice president setting the agenda and staff communication with the board. Davis said he'd like to discuss micro grids.
Deferred Items	None.
Finance and Treasurer's Report	The Accounts Payable Check Register for January 1-31, 2020 was reviewed and discussed. Cline clarified some key items from last month's register. Cline said liability insurance has increased a small amount from last year but the utility has signed up to receive a longevity credit from SDIS which will be around \$10,000. Cline noted more truck activity on the check register. Some equipment that was ordered last year but received this year and a Ford F550 buildout and a chassis were among the activity. The annual payment for the utility's AMI meter software plus some deployment services were mentioned. There was a payment to David Evans and Associates for completing some work at the utility's substations, including evaluating their readiness for withstanding an earthquake. There will be more of this type of work done in the future. Senior staff members received some training recently; the course is a six month program with multiple group and individual sessions. A payment to PacifiCorp was mentioned. It was for joint use of facilities when Emerald has to attach to their poles. EES Consulting received payment for the 2019 COSA. The first draft was received late last week. Coe said the results will be presented at the March board meeting.

General Manager's
Report

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

- HR Manager Alice Schroeder has officially retired. Through succession planning, Burgess will now fill in behind Schroeder.
- Debbie Childs and Jerry Lay are also in line to retire in the next couple of months. Childs and Lay are the last employees with over 35 years at EPUD, however Doug Hoover will enter his 35th year in June. The succession planning for his position at Short Mountain is going well with Thomas Robbins as his apprentice.
- Emerald now has a new BPA transmission account executive, Chris Lockman. He worked on the power side on transfer agreements and has a good background on PacifiCorp issues. Parrish asked about the ongoing system reliability issues in Cottage Grove. Coe said Emerald is still working with BPA on point of delivery issues, which has been ongoing for 13 years. There's been discussion on building a tie line but it has yet to be seen how it will work out.
- Coe said there have been a lot of engineering estimate requests for different projects from both customers and non-customers over the last few years. Emerald would like to put a fee structure in place in order to deter possible "tire-kickers", or those just looking for free estimates on projects that may or may not be completed. The engineering department spends a lot of time doing these estimates and with a fee structure, it may help reduce some of these requests. If there is a serious request, with a fee in place they may be more inclined to complete the project. The board agreed to move forward with this; Coe said there will be an action item to the board in the next few months for approval.
- Next, Coe discussed the 2015 Strategic Plan. At the time, there was not a lot of information about electric vehicles. Recently there has been a heavy push on EV's in the media with four different ads in the Super Bowl, General Motors changing out one of their plants dedicated to making exclusively EV's and the UK stating there will be no more gas or diesel car sales by 2035. This is exactly why having AMI and Time of Use in place along with the EV strategy in the next Strategic Plan is so important.
- Coe gave an update on the Short Mountain engines. Two new generators will be arriving tomorrow and should be up and running by next week. It will be good to have all four engines back up and running since it's been a while since they all have been functioning. Staff continues to work on getting a resolution on the engine that had the rebuild.
- Coe said the FEMA reimbursement is still on track, but a check has not been received yet.
- Coe said The Energy Authority's (TEA) annual client meeting is in a couple of weeks. There will be more advanced analytics discussions with a strong emphasis on supporting utilities and getting more useful information out of it. Coe said the conference has a lot more to it than the west coast conference, therefore both him and Roadman are attending. Chappel suggested board members should attend the west coast conference this year.

- Attached to the GM Report includes Coe’s out of office dates for 2020. Roadman and Cline will rotate covering board meetings in his absence.
- Coe added another piece of breaking news to his report. Governor Brown has sided with the Governor of Washington on the removal of four of the lower Fork dams. Three municipals are writing a letter that will be sent to the Governor in the coming days in opposition. Danelle Romain said the Governor’s Energy Advisor will be attending the OPUDA Lobby Day this week along with Jason Minor to discuss this further.

President Parker requested a break at 6:00 pm. The board meeting resumed at 6:04 pm.

2020 Strategic Plan

Coe said staff has met with each board member individually over the last few weeks to discuss their vision for the 2020 Strategic Plan along with what staff has been working on.

As the utility business changes, strategic planning needs to adapt and change with it. Coe shared a 2015 kickoff presentation from Gary Saleba with EES Consulting; some of the concepts are still pending but some have come into fruition. Saleba mentioned autonomous driving in his presentation, which has begun to some extent. Coe asked the board to think about rates and ensuring the basic charge is set appropriately, otherwise the next door neighbor will be paying the bill for those who are able to afford to do solar or battery upgrades. With these upgrades, utilities aren’t able to collect customer energy charges; which is why setting the basic charge accordingly is so important.

Davis asked about the COSA and when the board should expect to receive the results. Coe said there is a lot of data to review so it takes time and there is not a full time employee dedicated to it either. It is a complicated process so assumptions need to be accurate. There is now AMI data that is much more refined against the 5 year data set that was not streamlined, so it’s more time consuming to analyze.

Next, Burgess discussed the utility’s human resources strategy; including what the plan was in 2015 and what the plans are for the future. In the 2015 plan, the focus and strategy was on growing talent internally in order to create a dedicated workforce, support local employment, enhance teamwork and reduce the need to compete with other utilities for employees. At the time, there were 25 predicted retirements in a ten year timeframe and, so far, eleven of them have retired. Nine of these positions have been filled. Burgess said the utility industry as a whole is experiencing a large number of retirements, and EPUD is having similar statistics that will not be lessening anytime soon. The current predictions show over the next 10 years, Emerald could have up to 27 retirements. Up to 17 of these retirements are expected within the next five years, based on an updated employee survey conducted this past summer.

Burgess explained the next steps in addressing this issue from an HR perspective. Emerald's strategy is to continue to grow talent internally, while focus on being an employer of choice. Since 2015, there have been 24 employees promoted from within EPUD, several of these have been apprentices. The benefits of this strategy include building a dedicated work force, enhancing teamwork and it's the least-cost approach to address these needs.

Being an employer of choice has always been a priority, and Emerald has had a good reputation within the community over many years. Now that the industry has started shifting, the job market is much more competitive and employers have begun to offer more options for employees. Some of these include increased total compensation packages, the ability to remotely work from home, providing opportunities for community involvement or volunteerism and other benefits that align with certain generation needs or wants. Chappel asked if being non-union was a deterrent for applicants. Burgess said the utility strives to maintain a work place environment where there isn't a need for one. Employees don't need a union to feel they are heard at their jobs.

Burgess said continuing to build a strong brand and focusing on what makes Emerald different than other employers is another response to the increased competition. EPUD's biggest asset is its employees. They are extremely dedicated and passionate about their jobs, and lower turnover with higher retention rates equal lower costs for customers.

Coe said the last five years of high retirement turnover have gone really well and senior staff appreciates the board's continued support with succession planning.

Fleet Plan Update

Coe kicked off the fleet plan update. When he started at EPUD he noticed a lot of equipment coming in during the day with break downs. Then a recession hit and by the end of it the utility had a very aged fleet needing upgrades. The utility then put together a plan to update the equipment over ten years.

At the time, Sharr was a foreman and he's now the Operations Manager. Sharr said 2019 ended on a high note. The new equipment has helped with better efficiencies and safety. Five new chippers have been added; they have safety improvements to include winches and crash bars that are at knee level. The total cost for the chippers came to \$234,493.

Sharr discussed the various equipment upgrades for the line crews. With the limited amount of heavy trucks, it's important they are reliable for regular work as well as major outages. The new truck has more height and side reach as well as a heavier chassis. Along with the line truck, two new 70 foot tree trucks were added. They have a lower injury rate and can clear right-of-ways better with the ability to reach over the lines and extend sideways approximately 50 feet. Sharr said these trucks will last about 10-12 years.

Other vehicles that have been replaced in recent years include serviceman and foreman, substation, engineering, locating, and meterman trucks.

Discussed in a previous board meeting, Sharr the new Slashbuster is able to mow which helps with efficiency so crews don't have to use manpower to pick up debris. Sharr also mentioned the addition of a mini excavator that has helped out with leaving less indentation in yards, which was a problem with using a backhoe previously. A new stump grinder was also purchased which has been a win for the crews. It runs with a remote and has sensors built in.

Some new features that have come a long way in the past ten years include the addition of bin heaters in all of the new trucks with LED lighting, and toe relieve buckets.

Sharr concluded saying in order to stay current on all equipment, the fleet budget should stay around \$600,000 - \$700,000 per year for upgrades or replacements. Other crews that came and helped with last year's storm were very impressed with the equipment. Employees are more productive and it makes recruiting a little easier too. Sharr thanked the board for being supportive of the plan. Parker commented with how large the utility is, \$700,000 a year isn't much to maintain equipment.

Opt Out Fee One Year Review

Coe said the Opt-Out fee has been in place for one year now, and staff promised to review the fee after one year to analyze the actual cost over the time period. One employee was tasked with tracking the opt-out customers all year, which, when isolated out came to 177 accounts. Some of these are customers with multiple readers, therefore it doesn't equal 177 total customers. Staff put together the total cost for servicing these meters over the year, but noted it may not always remain this low if customers choose to opt-in over time or if the utility needs to purchase new software to maintain the meters. The total cost came to approximately \$12.03, which is very close to the \$12.50 customers are currently charged. Parrish suggested staff continue to monitor this year over year in case there are any discrepancies. The board agreed the amount customers are charged needs to cover costs and recommends staff review the cost analysis annually to determine if any changes need to be made.

Consent Agenda

Motion

Director Kimball/Director Parrish motioned to approve the Consent Agenda.

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	<p>Chappel discussed the recent Governor Brown visit to EPUD that the other board directors, aside from President Parker, were unaware of. Chappel expressed she was upset the other board directors were not notified of the visit nor that they had the option to attend the meeting if they chose to. In the future, she proposed that at least the board president and vice-president are notified of these types of meetings. If they both agree the rest of the board does not need to be notified then so be it. Parker said in hindsight, he does agree that the decision should have been made by more than just himself and in the future he will discuss it with the vice president to determine if it needs to be presented to the rest of the board directors. Parrish said he didn't feel the need to be involved in meeting the governor or any other meeting of the type because there wouldn't be much value added to the visit with board directors there. Kimball didn't have an objection to the board being involved in these types of meetings, but perhaps there are some members that may be more qualified to be involved in these conversations. He said it would be difficult to have a policy on this because each scenario may be different. Davis said as elected officials, the board should be made aware of the visits and then can make the choice to attend.</p> <p>Chappel said one of the board's responsibilities is to build relationships and if a member chooses not to attend, that's their decision. She would have liked to have had the option to attend the meeting however. Parker recapped and said there should be a mechanism on what the board's involvement should be. He doesn't think board members should have their own discussions with governor, but as a whole, the board should have known the visit was happening.</p> <p>Davis discussed micro grids and their stability and security benefits. They have the potential to be beneficial especially during major event outages. He suggested the utility spend more time putting some thought into this concept and talking to ratepayers about them. He thinks beginning with individual homes and then expanding from there would be a good start.</p> <p>Chappel suggested a representative from Mid Lane Cares could come to the next board meeting to speak and share insight.</p>

Parker said a company in Switzerland is building a stackable concrete block tower to store energy. When a block is raised it stores energy and as it's released the energy is retrieved.

Parker said he watched a video recently on an electric car consumer test. The cars were given to people in different countries to evaluate their experiences. The best charging infrastructure was in China, and the US and Germany consumers had a lot of issues with finding chargers while on road trips. Range anxiety was a big issue among the test results along with cold weather reducing range.

Adjournment

President Parker adjourned the Board meeting at 7:16 pm.

Minutes prepared by Wendi McKay, Executive Assistant.

A handwritten signature in blue ink, appearing to read "Wendi McKay", with a long, sweeping flourish extending to the right.