

EMERALD PEOPLE'S UTILITY DISTRICT
Board of Directors' Work Session
June 9, 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 (by phone), Ron Davis, Charles Kimball, Brian Parker and Kevin Parrish. Staff: Doug Barab, Sara Cline, Scott Coe, Kyle Roadman, Kelli Strange (by phone) and Wendi McKay. Guests: None.
Agenda Timeline	There were no additions to or deletions from the agenda.
Public Comment	None.
Board Review of the 2020 Draft Strategic Plan	<p>The only agenda item for the meeting is a Board discussion on the 2020 Strategic Plan. Coe said he would like to go through some of the items in the plan that have not been previously discussed. The goal is to vote on this plan at the July 21 meeting. Coe added that if there are changes or any suggestions the Board wants to make, to communicate with staff within a week so there is time for edits before the July meeting.</p> <p>Coe said Emerald's Senior Staff along with Communications Coordinator, Kristine Lindemulder, and Energy Services Coordinator, Rob Currier, have all put a lot of time and effort into creating this plan. The plan is a guidepost for the utility, for staff, and for the Board.</p> <p>Coe began the discussion with an update on the 2015 succession planning strategy. There have been several retirements over the last 5 years and four of those retirements have been in the last 6 months. Much of what was in the 2015 plan for retirements have come to fruition. Coe mentioned IT Supervisor, MacLean, just successfully completed his 6 month probation period as a supervisor and has done an excellent in his new position.</p> <p>Coe discussed the balance sheet progress Emerald has made. One important point mentioned; Emerald is not just paying down debt, but has actually increased net electric plant assets by \$25 million since 2015. This has occurred with the increase in line upgrades, reclosers, and transformers. Customers have been well served in the last five years, and will continue with the next five year plan.</p> <p>There was a discussion about renewable resources and the California "Duck" chart was shown to the Board. This chart drove a lot of the planning when Emerald created the 2015 Strategic Plan. The duck curve chart showed what the load would have looked like in California if they had not added renewable resources (mainly wind and solar).</p>

They have actually over performed and it has caused some problems for the NW, specifically with the morning peak. It has become difficult for resource availability which Coe said the volatility is partly caused by a reduction of thermal resources. The morning price is spiked and Emerald needs to be in front of this to avoid being negatively impacted by high prices.

Coe highlighted a topic from a recent PNUCC call, the Northwest power pool discussed resource adequacy development and what will determine how much is enough. Certain parties need to produce assets so power can be supplied. The next presentation on the PNUCC call was about the California ISO summer readiness study. They are leaning on the import market, not just the Northwest, for 7,000-10,000MW of power. They are relying on the market for their summer needs and it will impact EPUD at some point soon, which is another reason why the strategic plan is so important.

Next, Coe briefly discussed the Electric vehicle program. Currently, out of all the Oregon utilities, Emerald has the 3rd highest percentage of customers driving EV's. It's important for the utility to continue its efforts supporting the programs in place and to be prepared with how to deal with this advancement in the marketplace.

The wholesale market volatility was discussed. Coe said EPUD is running on the edge of marginal resources going offline and not being replaced (aside from solar and wind). This is something staff will continue working on over the next 5 years so customers aren't impacted.

Parrish asked about the plan to cool the water in the hydro system and reservoirs and how this might impact EPUD. Coe responded that it will be a critical issue when Emerald gets into the 2028 Bonneville contract discussions. Bonneville sees this as a big risk to their rates. Coe stressed that it's not something staff can control, but can respond and be prepared for when contract discussions begin.

Coe said the topic of wildfires was not as topical of an issue five years ago as it is today. Senior Staff has been closely monitoring the issue, along with Danelle Romain whom Coe was on a PUC call with last week. Coe said there are issues with smaller utilities and it's not feasible to take the big utility template and expect smaller utilities to do the same when it comes to wildfire mitigation. Coe said however, that Emerald is very proactive with this and ahead of the game with its vegetation management program.

Coe discussed the need for improvement in system resiliency. There have been two major storms since the 2015 Strategic Plan. The storms heightened senses with the current outage system and areas for improvement and is incorporated into the plan.

Coe said staff has discussed several initiatives with the Board over the past few months. These include the distribution system enhancements, load factor improvement, cost of service design, organizational resiliency, customer facing programs, debt levels and strategic borrowing.

A couple of other items in the plan that haven't been discussed in detail include organizational resiliency and customer facing initiatives. Much has been done in the last five years in the organization and the workplace dynamics are changing; just in the past few months there's been even more of a workplace dynamic change with COVID and the immediate need for teleworking capabilities. Coe said MacLean has been doing a great job moving everyone in the utility forward as many began working from home in March. MacLean and his team made this transition as seamless as possible and Coe said many customers did not know that when they were calling in to talk to customer service reps, that they were working from home. Other utilities have struggled to transition, and some were not able to make the teleworking transition at all. Employees are more than willing to move around to different departments and help with different jobs; this helps keep the pipeline full of flexible and talented employees. Coe also noted some of the resiliency is also due to not having a union so employees are more than happy to move around and help out in other areas.

Lastly, Coe said the customer facing initiatives put together in the Grid Management Initiative (GMI) that hold value have been held off until the end of the project to ensure they will work correctly for customers. Some of the technology is still being built out, but there will be more to come in the next few years. SmartHub has been very helpful to both customers and the utility's energy service department. Roadman said the app, along with the Advanced Analytics project, have been great for energy services especially since they are teleworking and unable to go out on customer audits. They have been able to utilize SmartHub to help customers manage their usage.

Roadman noted that other providers may come into EPUD's service territory at some point therefore the thought of competition was incorporated into the plan. EPUD wants to be a customer partner, not an adversary.

There was a brief discussion on the community aggregator model which gives utilities the opportunity to choose what they want to purchase with some specific attributes.

Parrish said the strategic borrowing should be used for projects and updates that will have an impact on reliability and he agrees with the idea of using long term borrowing bonds. He also said he wanted to clarify something he said from the May Board meeting; he would be in favor of borrowing to lower rates if it made sense to do so. Parker said he thinks it would be advantageous to borrow the money upfront to fund projects to improve the system.

Parker said he is in favor of the plan the way it is written; Chappel and Davis agreed with this as well.

Coe said in the next five years, Bonneville's Slice product is something that needs to be evaluated. Emerald may want different terms and it's not a given that the current product is something staff would move forward with; the price certainty and term length may need to change.

With the carbon markets changing on the west coast, it gives BPA some leverage. Coe said BPA’s current Administrator, Elliot Mainzer, has done a fantastic job in his time at the job.

Chappel said there are other places to get power from, other than BPA. Coe said it will be interesting to see what other hydro operations are doing. Emerald is in a good spot, being a 55MW utility, there are other provider options.

Chappel mentioned the cost of service analysis and the difference in Emerald’s basic charge and the true cost of service. Coe said this is something that can be looked at with the annual budget but given the current economic circumstance, it would seem like a good idea to keep rates status quo for 2021. There is no need at this point for a rate adjustment, however this is an important point for the Board to discuss in the 2021 budget and rates plan.

Parrish made a point that per policy, any given rate class cannot be increased more than 10% a year, so it would take multiple years for the rate classes that are far behind their cost of service to catch up.

Parker said he may not be at the next Board meeting in a week. Chappel said she hopes everyone will take into consideration to start wearing face masks.

Public Comment None.

Adjournment President Parker adjourned the Board meeting at 6:34 pm.

Minutes prepared by Wendi McKay, Executive Assistant.

A handwritten signature in blue ink, appearing to read "Wendi McKay", is written in a cursive style.