

State of the Utility Address
Eugene Water and Electric Board
February 5, 2019

It is an honor to be given the privilege to deliver this speech and to report on the accomplishments and challenges of the last year and to provide a vision for 2019.

Introduction

In 2017, the board embarked on a journey to overhaul the mission and vision and to develop a strategic plan, to provide focus and guidance for the utility. While at first, change seemed daunting and as with any uncertainty, caused uneasiness. Soon though, staff embraced the defined focus and have used it to empower their decision making and to better the utility for the renewed benefit of the community. Instead of seeing the change as an obstacle, they have used it as a tool to create better programs to more efficiently use resources entrusted to us by our customer/owners while still aligning with our organizational values of Safety, Reliability, Responsibility, & Community. In 2018, we started to see the results of that hard work and reorganization.

Safety

It was intentional that *Safety* was stressed as the first Organizational Value, and that we added psychological health to that value in 2018. Safe work practices at all levels were already ingrained in the EWEB culture, and the Board and Leadership Team wanted to make sure that was not sacrificed as the utility started actively working to control costs and promote affordability. While minimum safety standards are often dictated by regulation, EWEB strives to be at the forefront of innovation and continued to receive numerous accolades in 2018. EWEB was recognized as one of Oregon's Healthiest Employers and was as 47th among the nation's top 100 Healthiest Employers.

The American Water Works Association, which represents more than 3,900 utilities and 80% of the nation's drinking water, recognized EWEB's impressive safety record and proactive approach to implementing best practices for employee safety and health programs as one of the best in the nation.

Reliability

When the Board was developing the Strategic Plan, customer surveys revealed that community members already thought EWEB was leading the way to provide resilient water and electric services. Perhaps, it is because of our motto "Rely on Us," but upon review, it was clear we

could do more to prepare for disasters and coordinate with community organizations. In 2018, we made major advances toward that goal.

- In partnership with Bethel School District, EWEB opened the community's first neighborhood emergency water distribution site and a second emergency water station at Howard Elementary School is nearly complete. Three more are scheduled to open in 2019. (Three years ahead of schedule!)
- In partnership with 4J and Howard Elementary EWEB's first utility microgrid site went online in October, with over 1 MWh of battery storage extended the usefulness of existing solar panels.
- In June, Blue River and Cougar Reservoirs were required to release more water into the canals to protect fish, which resulted in detectable levels of cyanotoxins in the McKenzie River. EWEB was able to adjust our robust treatment process to prevent these toxins from reaching the finished drinking water. We have since purchased early-detection laboratory equipment and are working with State officials on cyanotoxin regulations.
- EWEB provided emergency distribution trailers, equipment, personnel, and water to Salem during their cyanotoxin outbreak last spring, which provided a good field test of our newly designed units.

Responsibility

Stewardship of our customers' financial and natural resources is the heart of the Organizational Value: Responsibility.

In 2017, with a great deal of education from highly trained and experienced staff, the Board took a leap of faith and approved joining the State and Local Government Rate Pool. At the December 2018 board meeting, commissioners approved the use of \$32.6 million from reserves to pay off the transition liability in full. This decision will reduce EWEB's 2019-2021 contribution rates and decrease our PERS contributions by approximately \$3 million annually. Due to decisions like this one and other efforts to manage costs and invest wisely, residential electricity prices will not increase in 2019 – marking the fourth time in five years that EWEB has been able to keep electricity prices flat in spite of biennial rate increases from BPA. Furthermore, 2019 is the third year in a row without an increase in water prices, following a 4.5% decrease in the residential water price in 2018.

Providing affordable rates, doesn't mean that we reduce our commitment to the environment. Just as Safety was important to keep at the forefront, our commitment to preserve our natural resources is steadfast and in many respects stronger because our efforts are more strategic.

In 2018, EWEB was the ONLY public utility in Oregon to directly and openly support state carbon legislation, and was invited to participate in the Carbon Policy Office's work group consulting on various aspects of a Bill for the 2019 legislative session.

In 2018, EWEB launched several incentive programs designed to reduce our community's carbon footprint, including energy and water efficiency incentives, EV incentives, and incentives to facilitate smart electrification. We have increased funding for customer conservation, efficiency and electrification programs by \$600,000 in 2019 while finding ways to reduce administrative overhead.

To protect our watershed, EWEB completed our matching \$500,000 contribution to McKenzie River Trust to purchase and protect 269 acres near Finn Rock. Additionally, EWEB partnered with other agencies and businesses to patrol and cleanup the McKenzie River on a weekly basis throughout the summer, cleaning up over 35 camps.

Community

As a publicly owned utility, community is always our focus and we should be open to strategic partnerships that do not undermine our mission. Our decision in 2016 to partner with the City of Eugene, LCOG, and Technology Association of Oregon to provide unused electric underground infrastructure in the downtown district for commercial fiber use has proven to be a valuable resource for the community. So far, over 38,000 feet of Microduct has been installed in the downtown core and 44 buildings have been connected to high-speed fiber while 39 more buildings await connection.

We continue to work with other government agencies and community organizations and to build relationships to better serve our community. In 2018, EWEB and the City of Eugene finalized the purchase of 17 acres of riverfront property by the Urban Renewal Agency to facilitate future development of the Riverfront. EWEB built partnerships with 4J and Bethel School districts, and in 2019, officially delegated two new liaison positions to build bonds with Springfield Utility Board and Lane Electric Cooperative.

While 2017 was about defining and communicating a new plan, 2018 was about action and implementation, and 2019 will be about further relationship building, and work on key initiatives such as upgrading meter infrastructure to enhance resiliency and reduce restoration times and carbon footprint, emergency preparedness enhancement, carbon reduction, and continuous improvement across departments. These are all done with our customers and owners in mind.