

SPRINGFIELD UTILITY BOARD

223 A STREET, SUITE F
SPRINGFIELD, OR 97477

MINUTES

July 25, 2007

The regular session of the Springfield Utility Board was called to order by Chair Adams at 7 p.m.

ATTENDANCE: Board: Bobbie Adams, Chair; Virginia Lauritsen, Vice Chair; Ken Boyst; Theodore L. Johnson; Joe Mathieu. Staff: Bob Linahan; Meredith Clark; Jeff Nelson; Bob Fondren; Judy Berra; Matt Cox, Attorney for the Board. Others: Ken Vogeney; Arlene Link.

MINUTES: * Ted Johnson motioned, and Joe Mathieu seconded, to accept the Special Session and Regular Board minutes for June 13, as presented. This motion **CARRIED** unanimously.

ACCOUNTS PAID: * Joe Mathieu motioned, and Ken Boyst seconded, to approve the accounts paid listing, as presented. This motion **CARRIED** unanimously.

BUSINESS FROM THE AUDIENCE: Arlene Link, whose address is 564 66th Street, Springfield, Oregon, said that she came to this meeting to tell the Board about the great people she worked with from SUB who did such a wonderful job at this year's July Fourth event. She commended Meredith Clark, Gregory Hayes, April Siddall and Nathan Cawood for the good work they all did at the Light of Liberty Celebration. She was very impressed.

Bob Linahan thanked Arlene Link for her tremendous help and for the many volunteers she brought to the event.

BUSINESS FROM THE BOARD: The Board congratulated Matt Cox for making partner in the law firm now known as Leahy & Cox.

Mr. Cox said the firm has also recently hired a new trial attorney from Yakima, Washington, and he will bring her to a future Board meeting so the Board can meet her.

Virginia Lauritsen said that she attended the American Public Power Association's Annual Conference in San Antonio, Texas, recently along with Board Members Ken Boyst, Ted Johnson and Joe Mathieu and General Manager Bob Linahan. She briefly reported on the various sessions that

she attended and gave an overview of the conference. The conference was informative and very worthwhile, she said.

Set Date for Mid-year
Budget Committee Update
Meeting

Mr. Linahan asked if the Board wanted to hold the Mid-year Budget meeting prior to the August Board meeting.

Following a brief discussion, the Board's consensus was to schedule the Mid-year Budget Committee Update meeting from 5:30 until 7:00 p.m. on August 8, just prior to the regular Board meeting.

BUSINESS FROM THE
GENERAL MANAGER:

Report on the July 4th
Light of Liberty Event

Mr. Linahan introduced SUB's Community Relations Coordinator, Meredith Clark, to give the Board a report on this year's July Fourth Light of Liberty event.

Ms. Clark referred to her overhead presentation (Exhibit A). The park was filled to capacity this year with over 6,000 people in attendance for the Fourth of July Light of Liberty Celebration. Everything flowed very smoothly, she said.

We earned \$25,000 this year for Project SHARE, said Ms. Clark. Since 2004 when this event began, the amount of money raised for Project SHARE has increased every year. In 2004 we raised \$10,000; in 2005 we raised \$15,000; and in 2006 we raised \$20,000.

We raised \$34,000 from our sponsors this year to cover the cost of this event. In addition, we also received \$5,000 in other donations. And we had over 100 volunteers who spent 400 volunteer hours on the event.

The Board thanked Ms. Clark for her report and said they were very pleased with the results and the good job that she and her staff did again this year.

Presentation on the Oregon
Renewable Portfolio
Standard Legislation

Mr. Linahan said the Oregon Legislature finally passed a renewable portfolio standard (RPS) legislation this year. He introduced Jeff Nelson to give the Board an overview of the final legislation and what it means for SUB.

Jeff Nelson referred to his overheads (Exhibit B) and noted that SUB was involved in the drafting process of the RPS legislation. Tom O'Connor from OMEU was key in representing our interests and coordinated a lot of meetings with the stakeholders. We were able to express our concerns and Tom's process helped us end up with a package that worked well for us.

The Oregon RPS is intended to promote the development of new renewables, Mr. Nelson said. It does not recognize most of the existing renewables, particularly the significant ones like the Bonneville hydro system. Under the RPS, SUB is required to have ten percent of its load met by qualifying renewable resources by 2025, he said. It establishes a cost cap limit. The RPS does not impact SUB's ability to purchase Tier 1 Power from Bonneville, and does not displace SUB's low-cost BPA power.

RPS does create some issues to consider related to resource acquisition and it requires SUB and all utilities to implement a Green Power Program, he said.

Mr. Nelson briefly reviewed the resource mix for greenhouse-gas free resources in Oregon and the United States. SUB is 93 percent greenhouse-gas free.

The legislation initially created two classes of utilities, one large and one small class, but then Umatilla Electric Cooperative convinced the legislature to create another category, which SUB fell under. Initially SUB was in the large category, and now SUB is in the new, "smaller" category. This means that SUB has at least 1.5 percent but less than 3 percent of Oregon's total retail sales. In 2005, SUB had about 1.75 percent of Oregon total retail sales, he said.

Under the RPS legislation, the small utilities have to have 10 percent of their load met by renewables by 2025 with no interim targets. Larger utilities have to meet 5 percent, 10 percent and 15 percent targets along the way.

There are conditions that need to be met, said Mr. Nelson. If SUB buys a new coal plant, or power directly from a coal plant, then we automatically become a large utility in the eyes of the RPS and we would have to meet the targets, follow the cost caps, and follow a lot of the RPS requirements for large utilities. Then, utilities that annex territory from an investor-owned utility (IOU) without the IOU's consent also get bumped automatically up to a large utility status, regardless of their size. This won't impact SUB because there are no IOUs located around SUB.

Under the cost cap limits, SUB is not required to comply with the RPS to the extent that the cost of compliance would exceed four percent of the utility's revenue requirements—and it only relates to the electric side of SUB's operations. We would not look at the electric and water revenue requirement as a whole, only the electric. As long as we hit the 4 percent requirement, we do not have to buy additional power, he said.

In addition, if SUB decides to not comply in any particular year in terms of going out and acquiring renewable power, we can make an alternative compliance payment that goes directly into a fund that the utility controls and we use that fund to require a new renewable resource or we can use that money to fund conservation activities, Mr. Nelson said.

The governing bodies of consumer-owned utilities retain control of the calculation of the alternative compliance payment and IOUs have a strict set of guidelines, he said.

SUB is required to offer green power product, as all utilities are, regardless of size, he said. At the September meeting, staff will present to the Board a proposal for a green power product, Mr. Nelson said. If the Board approves, we would implement that on October 1st. Staff's proposal will not require the purchase of power from a renewable resource.

And SUB's access to Tier I power post-2011 would not be adversely impacted from our green power offering.

Under the RPS, each utility is required to provide an annual report to its customers, he said. IOUs have to submit the report to the Oregon PUC and we submit our report directly to our customers. SUB's report will contain an annual calculation of our total retail load to show that we are either a small, smaller, or large utility. We would also show our resource mix, he said.

The report creates an opportunity to communicate SUB's green resource mix.

Relating RPS to BPA, Bonneville has released its Long-term Regional Dialog Policy and we will be having further discussions about this at the Board's upcoming retreat, he said. In that, BPA has stated that it will provide Tier II resource options that will meet state-level RPS requirements. If we choose not to purchase power from Bonneville under the Tier II product, we can purchase a qualifying resource from anywhere within the Western Electricity Coordinating Council (WECC) region.

The Board thanked Mr. Nelson for his report.

Award of Bid No. 2-07901R
for Rock for the Haul Road
Project

Mr. Linahan said the Water Division recently solicited bids for 19,000 tons of rock for work on the Haul Road project from 42nd to 58th Streets. This rock will be picked up over a 60-day period between August 13 and September 4. Staff recommends the bid be awarded to Egge Sand & Gravel for the lowest bid meeting specification in the amount of \$113,050. A copy of the bid summary is attached.

- * Joe Mathieu motioned, and Ted Johnson seconded, to award Bid No. 2-07901R to Egge Sand & Gravel for the lowest bid meeting specification in the amount of \$113,050 for 19,000 tons of rock for work on the Haul Road from 42nd to 58th Streets (Exhibit C). This motion **CARRIED** unanimously.

Award of Bid No. 2-07901TD
for Trucks and Drivers for the
Haul Road Project

Mr. Linahan said the Water Division recently solicited bids for trucks and drivers to haul rock and remove spoils from the Haul Road job site for a period of approximately 2,880 hours. Staff recommends the bid be awarded to Egge Sand & Gravel for the lowest bid meeting specification in the amount of \$187,200. A copy of the bid summary is attached.

- * Ted Johnson motioned, and Ken Boyst seconded, to award Bid No. 2-07901TD to Egge Sand & Gravel for the lowest bid meeting specification in the amount of \$187,200 for trucks and drivers to haul rock and remove spoils from the Haul Road job site (Exhibit D). This motion **CARRIED** unanimously.

ADJOURNMENT:

The meeting was adjourned by consensus at 7:50 p.m.

Bobbie Adams, Board Chair

ATTEST:

Robert C. Linahan, Board Secretary