

**ASHLAND CITY COUNCIL
STUDY SESSION MINUTES
Monday, September 30, 2024**

Mayor Graham called the meeting to order at 5:30 p.m.

Mayor Graham and Councilors Hyatt, Dahle, Hansen, and Kaplan were present. DuQuenne and Bloom were absent.

I. Public Input

(15 minutes – Public input or comment on City business not included on the agenda)
None

II. USDA Update

a. USDA Loan – On Bill Financing Program

Mariane Berry, Finance Director, provided a presentation on the status of this program which Council approved on June 15, 2021, Resolution 2021-15, as a conservation initiative through the USDA Rural Energy Savings Program (see agenda packet). This program would provide \$10 Million as a pass-through loan from the USDA with a zero percent interest rate over a 20-year term to provide affordable loans for residents and businesses for energy efficiency and renewable energy measures. The purpose of the program is to promote investment in energy efficiency. The USDA requested the City to seek bond counsel, attorneys that specialize in public finance transactions, to arrive at a resolution fit for Council approval. The bond counsel review found that the City of Ashland Charter will need updating to clarify borrowing authority and that two Oregon State Statutes apply: ORS 287 A.150 and ORS 271.390. The bond counsel also found that the Oregon Constitution does not allow a municipality to pledge its full faith and credit to back a loan to companies – only to residents. If the USDA would be satisfied with a pledge of the electric system revenues, it would resolve that issue. The USDA is reviewing the Electric Fund Revenue pledge which may require different loan documentation that the bond counsel will draft along with a resolution.

Graham and Dahle asked why this process was being handled differently from the USDA's typical dealings with Utility companies. Berry spoke that the USDA loan documentation was not set up to handle municipalities, which necessitated the bond counsel to draft a master declaration to address the issues regarding borrowing authority. Kaplan asked if the USDA had not made these loans to other kinds of borrowers such as community development finance institutions. Berry spoke of not being aware of any except one other municipality.. Hansen asked what terms might be offered to a customer benefiting from this program. Berry responded it would provide up to \$15,000 amortized over 10 years for improvements such as upgrading from gas to electric and HVAC upgrades. Tom McBartlett, Electric Department Director, spoke that any project that has a conservation component would qualify and that the interest will be calculated to cover project overhead. Hansen asked what the interest rate range might be. Berry anticipated between three and four percent. Graham, Hyatt, and

Kaplan asked for the interest rate component of the loan terms to be figured out as soon as possible to not hold up implementation. Graham confirmed with Berry that the Council can expect to hear back from staff before the end of the year with more specifics on this program's roll-out.

III. Electric Master Plan

Tom McBartlett, Director of Electric Utility, provided a presentation of the plan (see attached). Martin Stoddard and Jiajia Song from Stoddard Power attended via Zoom. The plan was completed by Stoddard Power Systems with input from City staff, Bonneville Power Administration, Pacific Power, and County and Census data. The plan includes an analysis of current system health and performance as well as recommendations to meet future growth while maintaining reliability. Capital recommendations from the plan include advanced metering infrastructure (smart meters), adding capacity at Mountain Ave. substation and constructing a new substation on Nevada St.

Hyatt asked about the current Capital Improvement Plan (CIP) that has \$185K for 2024, \$100K for 2025, and another \$100K for 2026 listed for the substation. Hyatt confirmed with McBartlett that some of those projected expenditures were related to preparation for substation expansion.. Dahle asked what smart meters would mean to a resident or business. McBartlett spoke of real-time metering that can be accessed by the customer and rapid outage reporting that would dramatically decrease outage restoration time. Kaplan confirmed with McBartlett that this technology would allow the utility to move to time-of-day or car-charge rates if desired. Kaplan asked what the \$3 Million projected number included for the smart meter project. McBartlett explained this was a preliminary number from one of the vendors that would include the software, maintenance, and physical meters but not the labor for installation. Graham asked if the load forecast in the plan considered the potential for an increased switch to electrification of homes. Stoddard spoke that chapter 10 of the plan includes consideration of the City's Climate and Energy Action Plan. Graham asked if there were demand thresholds that would trigger implementation for parts of this plan since actual population growth is difficult to predict. Stoddard spoke that his firm and the Electric Department constantly monitor loads, have analyzed peak demands, and have considered the need for redundancy to ensure reliability during peak demands. Kaplan spoke of being satisfied with the assessment of system needs and recommendations but would like to see strategic planning for the utility. Kaplan spoke that incentivizing the replacement of inefficient heating and cooling throughout the City could reduce demand.. Kaplan spoke of the need for emergency power supply contingency considerations and would like to move to discussion around development of a robust electric strategy from this master plan. Graham asked how this step towards strategic planning could move forward. Cotta spoke this would be taken up in the City-wide strategic planning considerations that will identify the City's priorities. Graham spoke that emergency planning for the electric utility is a priority to be taken up by Council sooner than the City-wide strategic planning process. Cotta responded that redundancy and resiliency of the electric utility is found in the Electric Master Plan's inclusion

of battery backup and solar resiliency at the facilities level. Kaplan spoke that community-wide resilience could be accomplished through strategic planning for the electric utility to place battery storage adjacent to critical community partners such as grocery stores. Dahle also spoke of the need for an emergency strategy that includes an operational network with critical infrastructure. Hansen spoke of looking to the electric master plan to inform policy regarding potential renewable energy production to meet the City's renewable energy climate action goals (Climate Energy Action Plan – CEAP). Hansen asked for information not included in the plan for sizing and location of a utility-scale solar farm, sizing and location for utility scale battery backup for microgrid resiliency, and rooftop solar planning goals and limitations. McBartlett spoke that the first two are currently in progress through a planning grant to site a one-megawatt (solar array) with battery storage at the airport to keep that running for emergency use. Hansen asked about the plan's mention of a solar array at the Nevada Street Substation and asked about its size, , and how it would improve the Eclectic Utility from a business and community resiliency standpoint. McBartlett spoke that the Nevada Substation site is and that the airport was identified as the real estate available for such a project. Hansen spoke that siting a utility-scale solar farm was different than the single project identified for the airport, and he was told by the consultants it would be included in the master plan. Stoddard spoke that his firm previously delivered a feasibility analysis for large scale solar and spoke of the variables involved such as interconnect agreements with transmission providers, site-specific solar optimization, and battery storage which is outside the scope of an electric master plan. Hansen spoke that without inclusion in strategic planning, a utility-scale solar farm with battery backup will not happen even though the technology is available. Stoddard spoke that he is working with several similar municipal utilities with just enough resources to keep reliable power going. Hansen asked about the assessment of rooftop solar and if there was any concern over oversaturation. Stoddard spoke that this would be dictated by the interconnect agreement and that Ashland is not close to saturation. Dahle asked about replacing fuses with trip savers for wildfire mitigation. McBartlett spoke that replacement is in process starting in the wilderness interface areas and working in towards town and estimated to be 40 percent complete. Dahle asked about the transformer at the Mountain Street substation. McBartlett spoke that it is tested regularly and is in good shape. Dahle asked about moving into a new Nevada Street facility. McBartlett spoke that would require more investigation into zoning and a feasibility study. Dahle asked if there was anything else on McBartlett's priority list for Council to consider. McBartlett spoke that the report indicates peak capacity will be reached in 2033, so there is five years at best for build time. Graham asked about the system development charges recommendation in Table 2.2-1 G7 and asked if this was a standard recommendation. Stoddard spoke this is a standard focus point, but he would have to review this specifically to understand if something different was needed. Graham asked about the recommendation for energy efficiency and reduction of consumption which the City already has programs for. Stoddard explained this as the most impactful way for the City to meet it's goals and there are programs beyond weatherization such as time of day usage and encouraging showers over baths. Kaplan asked if Stoddard had reviewed the City's demand pattern to understand how to best

facilitate changes. Stoddard spoke that would require a deep dive into existing building stock and codes, but the recommendation assumes there is more that can be done to reduce energy consumption in existing facilities. Graham asked about the BPA energy mix mentioned in the report. McBartlett responded that energy efficiency shows up consistently in every model as the least cost resource available.

Public Comment

Paul Mozina/Ashland– Mozina thanked the Councilors for their work. Mozina spoke that not all people want smart meters as some people are sensitive to them and requested an opt-out clause that does not charge a fee to the resident.

Graham asked McBartlett what an opt-out clause would look like. McBartlett responded, if the opt-out takes place before meter installation there is a monthly opt-out fee, but if the request is after installation there is a meter change-out fee along with a monthly fee. Graham summarized it was a matter of how to recover costs. Hansen asked about the current meters and the policy for them. McBartlett estimated 40–50 percent of current meters are radio-read meters with a no-cost opt out option. Hansen confirmed with McBartlett that the radio frequency was not much different with smart meter and that all of Avista's meters are this type. Cotta spoke that smart meters will be a topic for review by the Council as the Utility Board. Considerations include the cost of employing meter readers for water and electric utilities verses the up-front capital investment. Hansen confirmed with McBartlett that smart meters assist customers in load balancing and are required for smart home installations. Cotta added that smart meters on the water utility of a neighboring municipality allows residents to be notified immediately of a leak, helping with conservation. Kaplan spoke that the master plan is an excellent analysis of the City's system and gave him confidence in how the system is being managed. He asked about next steps for discussing strategic planning of the electric utility. Hyatt and Graham discussed scheduling options for either a Study Session or Business meeting with Cotta offering date options. Hansen asked what outcome Kaplan would like to see in that meeting. Kaplan spoke that a strategy of the utility is long overdue and could include collaboration with staff, community engagement, and potential consultants if needed. Hansen asked Cotta when the city-wide strategic planning process will start. Cotta spoke that timing will depend on funding and suggested the Council consider strategic planning for the utility before considering specific projects. Graham spoke of coming back with a draft of what would be included in an electric strategic plan, and who would be involved. Cotta spoke that creating a strategic plan for the utility is significant work and asked if this should be a discussion for consideration in the next budget cycle. Graham spoke this would be part of the discussion and thanked McBartlett and the consultants. McBartlett indicated this would come back in November for adoption.

IV. Adjournment of Study Session

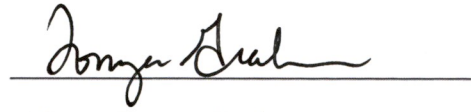
The meeting was adjourned at 7:08 p.m.

Respectfully Submitted by:

A handwritten signature in blue ink, appearing to read "Alissa Kolodzinski", written over a horizontal line.

City Recorder Alissa Kolodzinski

Attest:

A handwritten signature in blue ink, appearing to read "Tonya Graham", written over a horizontal line.

Mayor Tonya Graham



Electric Master Plan 2024

September 30, 2024

Background

Plan completed by Stoddard Power Systems

Input from City Staff, Bonneville Power Administration, and Pacific Power

In depth system analysis

Current system health and performance

Recommendations for future to meet growth and maintain reliability



CAPITAL RECOMMENDATIONS

Advanced Metering Infrastructure (smart meters)

Add Capacity at Mountain Ave substation

Construct a new substation on Nevada St



ADVANCED METERING INFRASTRUCTURE

- Allows customers more insight to their usage
- Better outage management to improve reliability
- Options for prepay accounts
- Remote connect and disconnect capabilities
- Estimated investment \$3,000,000



MOUNTAIN AVENUE SUBSTATION

- Add capacity for future load growth
- Protect from a long duration outage in the event one of the other stations was offline
- Added flexibility and City control
- Estimated investment \$2,100,000



NEW SUBSTATION NEVADA ST.

- Add capacity for future load growth
- Protect from a long duration outage in the event one of the other stations was offline
- Added flexibility and City control
- City already owns the property
- Site was used as a substation in the past
- Potential zoning issues
- Estimated investment \$3,000,000



QUESTIONS?





Better Together

SPEAKER REQUEST FORM

Submit this form to the meeting Secretary prior to the discussion item.

- 1) You will be called forward when it is your turn to speak
- 2) State your name and speak clearly into the microphone
- 3) Limit your comments to the time allotted
- 4) Provide any written materials to the meeting Secretary
- 5) Speakers are solely responsible for the content of their statement

Date:

9/30/24

Name: (Please Print)

PAUL MOZINA

Ashland Resident:

☒ YES ☐ NO City: _____

Agenda Topic/Item Number:

Electric Master Plan

Public Forum Topic (Non-agenda Item):

Please respect the order of proceedings and strictly follow the directions of the presiding officer. Behavior or actions which are loud or disruptive are disrespectful and offenders will be requested to leave.

Disclaimer: By submitting this request to address the Public Body, I agree that I will refrain from the use of any obscene, vulgar, or profane language. I understand that if I do not follow procedure my speaking time may be terminated, and I may be requested to sit down or leave the building.