



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown  
FROM: Sue Fahey, Finance Manager; Susan Eicher, Accounting and Treasury Supervisor  
DATE: July 24, 2015  
SUBJECT: Second Quarter 2015 Financial Reports  
OBJECTIVE: Information Only

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## Issue

This memo provides a summary of operating results for the second quarter of 2015.

## Background

This information is provided to the Board on a quarterly basis to report the ongoing financial performance of both utilities. Below are key highlights relating to the attached reports.

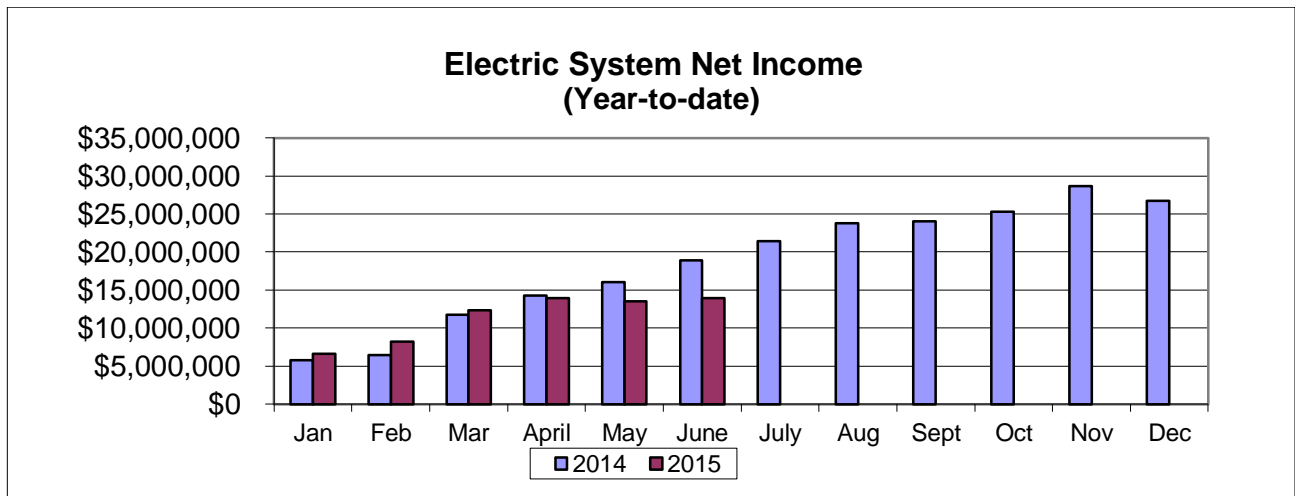
## Discussion

**Electric Utility:** See Financial Statements at Attachment 1

### Statement of Revenues, Expenses and Changes in Net Position Analysis

#### Net Income

Net income before Capital Contributions for the Electric Utility was \$6.7 million lower than in 2014. The decrease is due to lower electric consumption and wholesale sales compared to the prior year, as well as a reclassification of LTD EMX project revenue from Other Revenue to Contributions in Aid (CIA), and reallocation of a portion of the CIA to the Water Utility.



## **Operating Revenues**

Retail sales to electric residential customers was \$2.2 million lower than in June of 2014., The 2014 results included the very cold weather experienced in January and February, and the winter of 2015 was unusually mild resulting in lower residential consumption. Compared to the seasonally shaped budget, residential sales were 16%, or \$9.2 million under budget, with January and February making up 59% of the variance.

Commercial and industrial sales are not as subject to variation due to weather conditions. Sales to Commercial and Industrial customers was \$1.3 million higher than 2014, but were \$258 thousand under the seasonally shaped budget. The small and medium commercial classes showed the strongest growth compared to 2014, with increases of \$390 thousand and \$552 thousand, respectively. Sales to industrial customers were higher by \$262 thousand compared to 2014 and were nearly the same as the seasonally shaped budget.

Overall, sales for resale were \$8.3 million less than in 2014. The volume sold was 10% less than in 2014. The decrease is due primarily to the lower than normal water year. The budget assumes that the water year will be at 90% of normal. Through June, the actual percentage was 86%. Additionally, prices have been lower than the prior year. Partially offsetting the decrease in sales for resale is other revenue which increased by \$1.4 million, largely due to the reclassification and billable work from non-operating revenue and conservation reimbursements received in June. Other operating revenue includes customer account related fees, conservation reimbursements and billable O&M work.

## **Operating Expenses**

Operating expenses decreased by \$1.9 million, with the biggest decrease being in purchased power due to a combination of lower sales volume and process. Purchased power includes all purchases from BPA, other contracted resources and market purchases. Other operating expenses were very close to the prior year amounts with the exception of depreciation, which increased by \$2.3 million. All operating expenses combined were at 51% of budget. Without depreciation, operating expenses were 50% of budget.

## **Contribution Margin**

Contribution margin (CM) is a measure of the amount power activity contributes to the fixed costs of the utility. CM is made up of retail, wholesale and power related other operating revenue, net of the cost of purchased power, transmission and fuel. The CM revenues and expenses are shaped seasonally based upon forecasts and historical experience. CM for 2015 was budgeted to be \$118 million. At this time, the seasonally shaped CM budget is \$7.1 million under budget, and is forecasted to be \$9.1 million under budget at year-end due to lower than budget sales as discussed in **Operating Revenues**.

## **Other Non-operating Revenue and Expenses**

Other non-operating revenues consist primarily of investment earnings and miscellaneous revenues that are not related to the core business of the utility, such as rental income and gain on sales of assets. At this time, other revenues are \$1.3 million under 2014 mostly due to the reclassification of EMX billable work from non-operating revenue to CIA, since the EMX work is capital in nature. Prior to 2015, most O&M billable work was included in non-operating revenue, but the billed expenses were considered operating. Billable work for which there are related operating expenses is now considered other operating income.

Other expenses include non-debt related amortizations, loss on disposal of assets, donations, and the costs of environmental remediation at the former coal/gas site at HQ. Other expenses are nearly the same as in 2014 and are at 59.6% of budget overall.

#### **Contributions in Aid of Construction (CIA)/Contributed plant assets**

CIA were \$900 thousand less than in 2014, and were at 10.1% of budget. LTD EMX work makes up the majority of CIA for 2015. Certain LTD revenues were reclassified to the Water Utility LTD EMX expenses and are billed to LTD the month after they are incurred and payment of amounts due is monitored closely by the project manager and administrative staff.

The utility also recognized \$150 thousand in assets contributed by developers. Prior to the implementation of WAM, contributed assets were only recognized at year-end. The new system allows for contributed assets to be recognized in a more timely manner.

#### **Statement of Net Position Analysis**

##### **Cash and Reserve Balances**

Restricted cash has decreased by \$5.4 million, due to draw down of bond funds restricted for construction of capital assets.

The Harvest Wind reserve was depleted with the payoff of the \$27.0 million note in May. Other designated funds reflect the transfers approved at the June 2<sup>nd</sup> meeting.

##### **Debt and Financing**

Current and non-current long-term debt decreased by \$47 million, of which \$27.0 million was the Harvest Wind note, and \$19.8 was the ongoing payment of principal on long-term debt. There are no plans to obtain any bonded or other debt during the remainder of the year.

##### **Ratio Analysis**

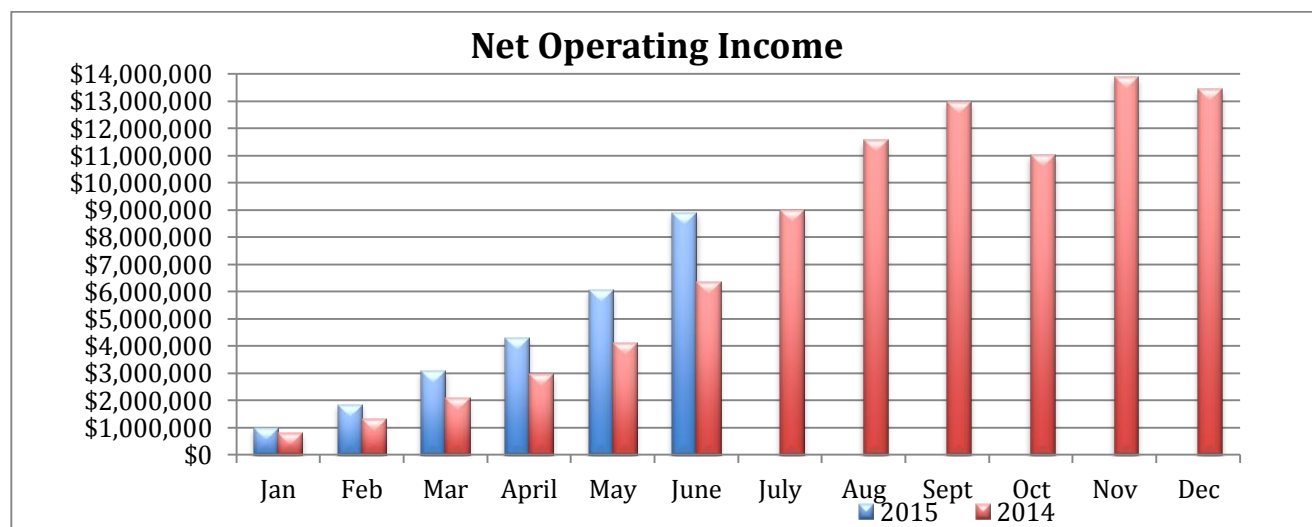
The current ratio, a measure of current assets compared to current liabilities, increased from 3.67 in April to 5.56 after the May payoff of the Harvest Wind note, and is well above the Board target. The debt service ratio, a measure of our ability to pay debt service with current revenues, is 2.01, and is above the target of 1.75. The debt to assets ratio is one measure of leverage and as of June was 48%, well below the target of less than 60%. The debt to equity ratio is another measure of leverage, with a lower ratio indicating a stronger equity position. The debt to equity ratio as of June was 70%, well below the target of less than 91%. All other ratios are performing better than the Board targeted levels.

**Water Utility:** See Financial Statements at Attachment 2

**Statement of Revenues, Expenses and Changes in Net Position Analysis**

**Net Income**

Net income for the Water Utility increased by \$2.5 million dollars compared to 2014, with the increase due to the rate increase effective February 2015, and increased consumption due to warmer than normal weather conditions.



**Operating Revenues**

Operating revenues increased by \$2.0 million overall, with the largest increase of \$1.3 million being in residential sales, an increase of 23.5% in revenue and 8.1% in consumption. As in electric, residential sales are more reactive to weather conditions than commercial.

Sales for resale and other includes sales to River Road and Santa Clara Water Districts, Willamette Water Company, as well as sales to city of Veneta. Also included are revenues from customer account related fees and reimbursements for billable O&M work. The increase in this category is primarily due to this reclassification. Prior to 2015, most O&M billable work was included in non-operating revenue, but the billed expenses were considered operating. Billable work for which there are related operating expenses is now considered other operating income.

**Operating Expenses**

Operating expenses decreased overall by \$512 thousand from 2014 largely due to a decrease in administrative and general (A&G) expenses. The change in A&G is attributable to two factors. One is a change in the treatment of pension unfunded actuarial liabilities (UAL). Prior to 2015, the UAL was considered solely an A&G expense. Starting in 2015, the UAL is considered a part of the benefit load since it is paid based on a percentage of wages and is spread with other benefits to wherever labor is expensed. The second factor is the application of overhead to capital and billable work. As more overhead is applied to capital or billable work, total A&G expense decreases. Year-to-year variances for source of supply and T&D are large, but are due to changes in classification of accounts between these two categories.

### **Contribution Margin**

Contribution margin (CM) is a measure of the amount water sales activity contributes to the fixed costs of the utility. CM is made up of residential, commercial, and wholesale and other sales, net of the cost of production expenses. The CM revenues and expenses are shaped seasonally based upon forecasts and historical experience. CM for 2015 was budgeted to be \$8.3 million. At this time, compared to the seasonally shaped budget the water utility has realized a \$3.2 million positive variance, with the increase in sales revenue discussed above as the primary driver.

### **Other Non-operating Revenue and Expenses**

Other non-operating revenues consist primarily of investment earnings and miscellaneous revenues that are not related to the core business of the utility. Other revenue decreased compared to 2014 by \$143 thousand. Compared to budget, other revenues are currently at 45%.

Non-operating expenses, primarily interest and amortizations on debt service and other assets, is comparable to 2014, and at 53% of budget.

### **Contributions in Aid of Construction (CIA) and SDCs**

CIA were \$1.8 million higher than in 2014. The balance includes the reclassification of revenue from the LTD EMX project from miscellaneous non-operating revenue to CIA and reallocation of CIA from the Electric Utility to the Water Utility. LTD EMX work makes up the majority of CIA for 2015. LTD EMX expenses are billed to LTD the month after they are incurred and payment of amounts due is monitored closely by the project manager and administrative staff. SDC revenue is recognized as projects qualifying for SDCs are completed. At this time, SDC revenue is \$292 thousand less than in 2014.

### **Statement of Net Position Analysis**

#### **Cash and Reserve Balances**

Restricted cash has decreased by \$3.5 million, with a decrease of \$4.7 million in construction funds used for approved capital projects, that was partially offset by an increase in the SDC reserve.

Designated cash reflects the transfers approved by the Board at the June meeting.

#### **Debt and Financing**

Long-term debt, including bonds and amounts payable to the Electric Utility, decreased by \$1.8 million, due to the ongoing payment of principal on long-term debt. There are no plans to obtain any bonded or other debt during the remainder of the year, but planning has begun for borrowing in 2016.

#### **Ratio Analysis**

The current ratio, a measure of current assets compared to current liabilities, as of June is 6.29, near twice the Board target of 3.25. This ratio includes the effects of increase in rates and consumption that have allowed the utility to accumulate cash and reserves. The debt service ratio, a measure of our ability to pay debt service with current revenues is 4.37, more than double the target of 2.0. The debt to assets ratio is one measure of leverage and as of June was 37%, well below the target of less than 60%. The debt to equity ratio is another measure of leverage, with a lower ratio indicating a stronger equity position. The debt to equity ratio as of June was 54%, well below the target of less than 89%. The measurement of days available cash is also very strong. All other ratios are performing better than the Board targeted levels.

**Requested Board Action**

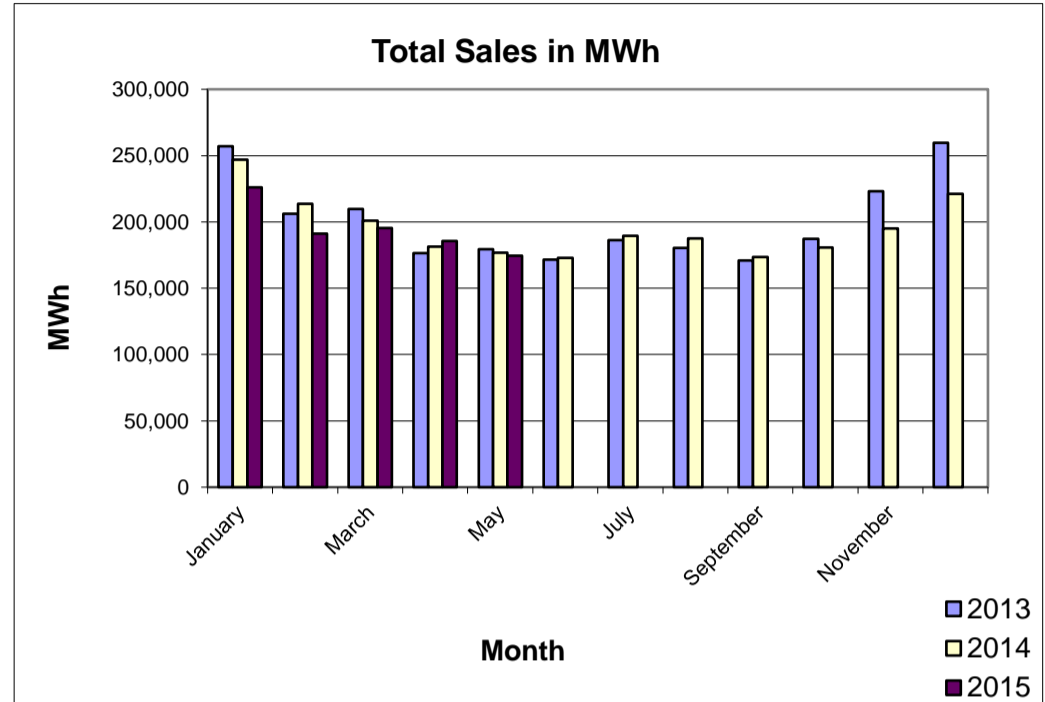
Information only. No action requested.

**Electric Utility Sales in MWh  
June 2015**

**ATTACHMENT 1**

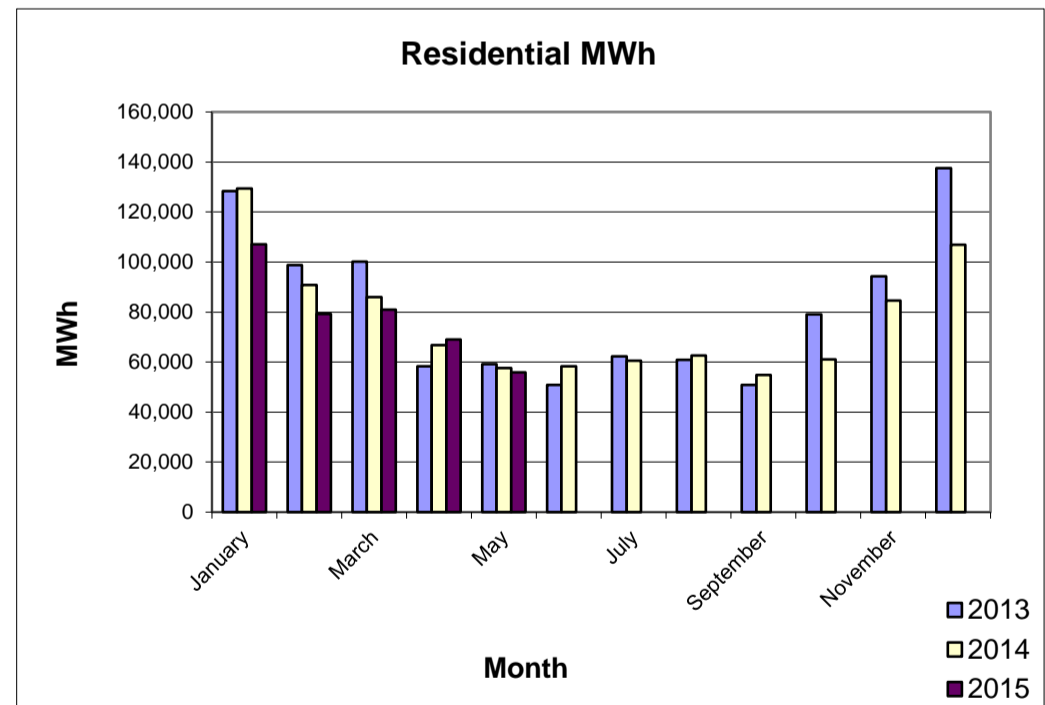
**Total Electric Utility Sales in MWh**

	2013	2014	2015
January	257,093	246,897	226,208
February	206,073	213,721	191,281
March	209,892	201,085	195,492
Q1 total	673,058	661,703	612,981
April	176,531	181,338	185,698
May	179,544	176,849	174,491
June	171,487	172,861	178,629
Q2 total	527,562	531,048	538,818
July	186,179	189,368	0
August	180,320	187,651	0
September	170,968	173,396	0
Q3 total	537,467	550,415	0
October	187,228	180,848	0
November	223,065	194,991	0
December	259,701	221,321	0
Q4 total	669,994	597,160	0
Annual total	<u>2,408,081</u>	<u>2,340,326</u>	<u>1,151,799</u>



**Residential Sales in MWh**

	2013	2014	2015
January	128,308	129,434	107,136
February	98,751	90,865	79,168
March	100,089	86,008	81,006
	327,148	306,307	267,310
April	58,331	66,739	69,023
May	59,174	57,652	55,898
June	50,849	58,311	60,721
	168,354	182,702	185,642
July	62,311	60,462	0
August	60,936	62,552	0
September	50,898	54,751	0
	174,145	177,765	0
October	79,087	61,020	0
November	94,314	84,506	0
December	137,467	106,876	0
	310,868	252,402	0
Total	<u>980,515</u>	<u>919,176</u>	<u>452,952</u>

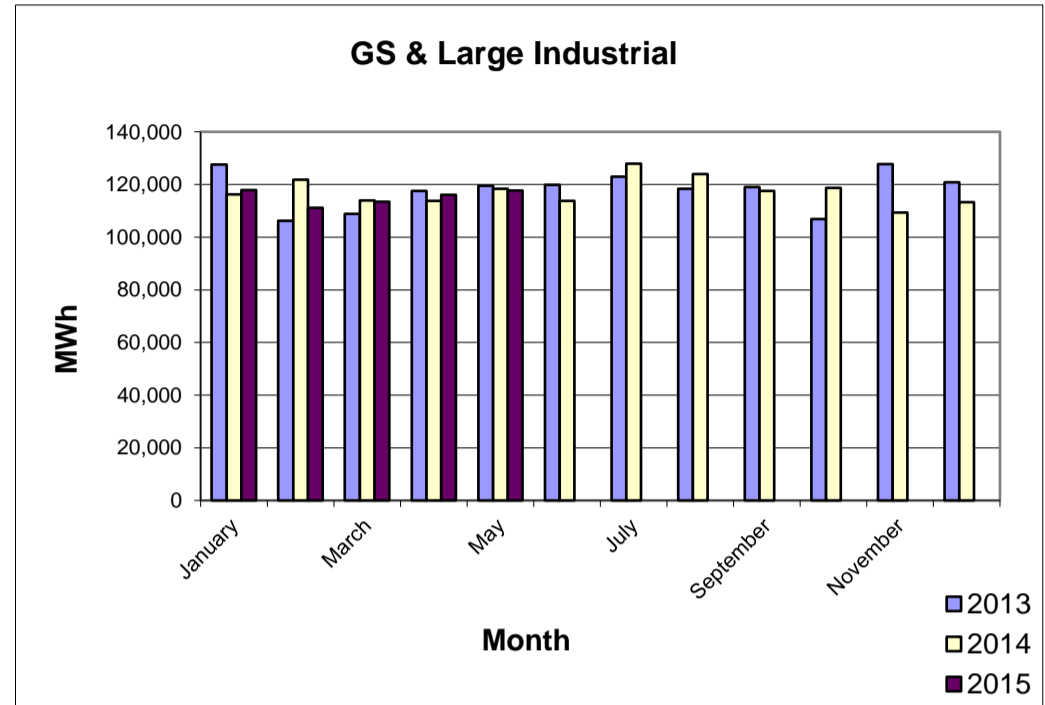


**Electric Utility Sales in MWh  
June 2015**

**ATTACHMENT 1**

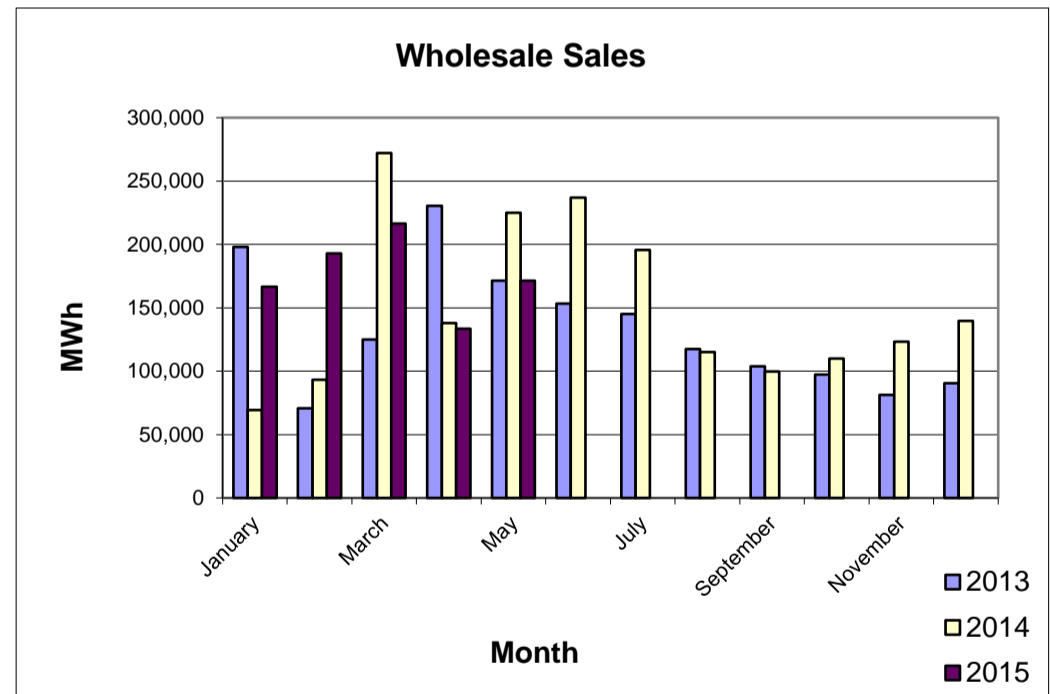
**General Service & Large Industrial Sales in MWh**

	<u>2013</u>	<u>2014</u>	<u>2015</u>
January	127,580	116,239	117,866
February	106,201	121,842	111,091
March	108,764	114,007	113,463
	<u>342,545</u>	<u>352,088</u>	<u>342,420</u>
April	117,486	113,740	116,038
May	119,518	118,322	117,742
June	119,787	113,703	117,015
	<u>356,791</u>	<u>345,765</u>	<u>350,795</u>
July	122,885	127,947	0
August	118,305	124,008	0
September	118,943	117,531	0
	<u>360,133</u>	<u>369,486</u>	<u>0</u>
October	106,929	118,635	0
November	127,714	109,278	0
December	120,800	113,195	0
	<u>355,443</u>	<u>341,108</u>	<u>0</u>
<b>Total</b>	<u><u>1,414,912</u></u>	<u><u>1,408,447</u></u>	<u><u>693,215</u></u>



**Total Wholesale Sales in MWh**

	<u>2013</u>	<u>2014</u>	<u>2015</u>
January	198,192	69,372	166,562
February	70,543	93,166	192,878
March	124,994	272,177	216,315
	<u>393,729</u>	<u>434,715</u>	<u>575,755</u>
April	230,512	137,930	133,635
May	171,488	224,853	171,384
June	153,436	237,088	130,835
	<u>555,436</u>	<u>599,871</u>	<u>435,854</u>
July	145,163	195,718	0
August	117,527	115,137	0
September	103,682	99,891	0
	<u>366,372</u>	<u>410,746</u>	<u>0</u>
October	97,400	110,036	0
November	81,125	123,128	0
December	90,633	139,559	0
	<u>269,158</u>	<u>372,723</u>	<u>0</u>
<b>Total</b>	<u><u>1,584,695</u></u>	<u><u>1,818,055</u></u>	<u><u>1,011,609</u></u>
Generation %	97%	97.2%	85.8%





**Eugene Water & Electric Board**  
**Electric System**  
**Statement of Revenues, Expenses and Changes in Net Position**  
for the six months ended June 2015 and 2014

	<u>2015</u>	<u>2014</u>
Residential	\$ 47,132,297	\$ 49,330,737
Commercial and industrial	48,624,815	47,359,189
Sale for resale and other	<u>28,540,420</u>	<u>34,463,597</u>
<b>Operating Revenues</b>	<u>124,297,532</u>	<u>131,153,523</u>
Purchased power	53,053,999	57,557,763
System control	2,952,655	3,269,717
Wheeling	6,257,011	6,398,375
Generation	5,767,742	5,845,384
Transmission and distribution	10,401,308	9,778,132
Customer accounting	4,001,765	3,995,013
Conservation expenses	1,584,186	1,347,585
Administrative and general	9,717,670	9,715,577
Depreciation on utility plant	<u>11,708,770</u>	<u>9,416,520</u>
<b>Operating Expenses</b>	<u>105,445,105</u>	<u>107,324,066</u>
<b>Net Operating Income</b>	<u>18,852,427</u>	<u>23,829,457</u>
Investment earnings	288,372	438,761
Interest earnings, Water	562,203	572,322
Other revenue	<u>224,553</u>	<u>1,318,512</u>
<b>Non-operating Revenues</b>	<u>1,075,129</u>	<u>2,329,595</u>
Other expenses	1,067,393	926,248
Interest expense and related amortization	<u>5,898,520</u>	<u>6,304,831</u>
<b>Other Non-operating Expenses</b>	<u>6,965,913</u>	<u>7,231,079</u>
<b>Income Before Capital Contributions</b>	12,961,643	18,927,974
Contributions in aid of construction	795,421	1,664,581
Contributed plant assets	<u>150,000</u>	<u>-</u>
Increase in Net Position	13,907,064	20,592,555
Total net position at beginning of year	<u>396,751,636</u>	<u>367,222,016</u>
<b>Total Net Position at End of the Period</b>	<u>\$ 410,658,700</u>	<u>\$ 387,814,571</u>

## **Overview and Definitions—Electric System—Statement of Revenues, Expenses and Changes in Net Position**

**Residential** – Retail sales to residential electric customers.

**Commercial and industrial**– Retail sales to commercial and industrial electric customers.

**Sales for Resale and Other** – Wholesale sales, power marketing services, REC and other miscellaneous sales.

**Purchased Power** – Power purchases from BPA and wholesale counterparties.

**System Control** – Trading and dispatching of power sales and power purchases (including labor).

**Wheeling** – Fees for movement of power across transmission and distribution (T&D) lines not owned or under contract for general EWEB use.

**Generation** – Maintenance, labor and other fixed costs of power generation at EWEB hydroelectric sites and co-generation sites.

**Transmission and Distribution** – Labor and other costs to maintain T&D infrastructure and transport power and steam to customer sites.

**Customer Accounting** – Primarily the Customer Service function, also meter reading, bad debt expense and low-income assistance.

**Conservation Expenses** – Labor and other costs to provide energy saving measures to customers.

**Administrative and General** – Salaries and other expenses for management and support functions.

**Depreciation on utility plant** – Systematic expensing of acquisition costs for all capital assets (fixed assets which degrade over time: buildings and equipment other than land).

**Investment Earnings** – Earnings on investments, including changes in market value while investments are held and changes in the market value of investment derivatives.

**Interest Earnings, Water** – Interest paid by the water utility to the electric utility for intercompany loans.

**Other Revenue** – Nonoperating revenues such as leases of real property and telecom, gains on disposals of assets, equity increases in WGA, and reimbursable work.

**Other Expenses** – Nonoperating expenses including amortization of conservation assets and losses on disposals of property.

**Interest Expense and Related Amortization** – Interest on debt and amortization of bond issuance costs, discounts and premiums.

**Contributions in Aid of Construction** – Payments from customers or contractors to offset the cost of new services.

**Contributed Plant Assets** – Value of plant assets that are constructed by contractors and donated to EWEB

**Net Position** – Accumulated equity








**Eugene Water and Electric Board**  
**Electric System**  
**Statement of Net Position**  
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>	<u>December 2014</u>
<b>Assets</b>			
<u>Capital assets</u>			
Utility plant in service	\$ 730,470,098	\$ 707,482,265	\$ 728,250,069
Less - Accumulated depreciation	(383,830,375)	(361,909,781)	(371,953,881)
Net utility plant in service	<u>346,639,723</u>	<u>345,572,484</u>	<u>356,296,188</u>
Property held for future use	827,449	3,436,406	827,449
Construction work in progress	15,678,013	20,426,705	10,790,207
Net utility plant	<u>363,145,185</u>	<u>369,435,595</u>	<u>367,913,844</u>
<u>Current assets</u>			
Cash and cash equivalents	6,019,307	7,197,722	1,700,961
Short-term investments	31,295,244	31,877,526	8,152,378
Restricted cash and investments			
Debt service reserve	9,337,020	9,334,843	9,336,247
Customer deposit reserve	2,383,149	2,705,280	2,314,877
Harvest Wind escrow accounts	2,111,500	2,134,846	2,105,446
Construction reserve	19,340,364	26,292,987	23,760,249
Investments for debt service	16,473,363	14,500,175	10,122,606
Designated cash and investments			
Power reserve	27,226,221	13,334,210	14,271,470
Rate stabilization	12,354,624	10,120,738	147,488
Capital improvement reserve	22,725,748	16,494,886	10,271,710
Carmen-Smith fund	15,752,700	15,689,209	8,424,738
Harvest Wind reserve	-	26,891,656	26,941,010
Operating reserve	5,824,922	5,384,635	12,123,383
Pension and medical fund	8,309,486	6,040,267	5,097,591
Receivables, less allowances	29,771,038	29,401,089	32,838,274
Due from Water System	877,209	858,024	867,503
Materials and supplies, at average cost	5,185,682	4,844,174	4,547,729
Prepays	7,809,982	8,889,094	8,969,275
Total current assets	<u>222,797,558</u>	<u>231,991,361</u>	<u>181,992,935</u>
<u>Non-current assets</u>			
Prepaid retirement obligation	10,544,249	11,488,510	11,016,380
Long-term receivable, conservation and other	4,822,675	4,764,837	4,857,478
Due from Water System	17,604,141	18,263,130	17,936,309
Long-term investments	-	-	52,449,749
Investment in WGA	955,010	(837,744)	432,010
Investment in Harvest Wind	25,624,563	26,876,568	26,278,520
Nonutility Property	7,930,604	9,847,459	10,439,457
Other assets	59,242,165	55,245,437	57,895,225
Total non-current assets	<u>126,723,408</u>	<u>125,648,197</u>	<u>181,305,127</u>

**Eugene Water and Electric Board**  
**Electric System**  
**Statement of Net Position**  
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>	<u>December 2014</u>
<b>Deferred Outflows</b>			
Deferred outflows of resources	566,917	3,255,140	1,731,136
 <b>Total Assets and Deferred Outflows</b>	 \$ 713,233,069	 \$ 730,330,293	 \$ 732,943,042
 <b>Liabilities</b>			
<u>Current liabilities</u>			
Payables	\$ 17,866,243	\$ 17,749,426	\$ 20,965,415
Accrued payroll and benefits	4,679,073	4,123,441	4,535,917
Accrued interest on long-term debt	4,829,232	5,252,925	5,055,897
Long-term debt due within one year	12,700,000	39,721,348	41,452,398
Total current liabilities	<u>40,074,549</u>	<u>66,847,140</u>	<u>72,009,627</u>
<u>Non-current liabilities</u>			
Long-term debt	247,039,842	266,916,766	247,703,815
Other liabilities	10,380,684	3,660,101	9,874,664
Total liabilities	<u>297,495,074</u>	<u>337,424,007</u>	<u>329,588,106</u>
 <b>Deferred Inflows</b>			
Deferred Inflows of resources	5,079,294	5,091,715	6,603,300
 <b>Net Position</b>			
Net investment in capital assets	157,371,780	159,124,182	164,313,120
Restricted	24,229,865	22,230,179	17,843,802
Unrestricted	229,057,056	206,460,210	214,594,714
Total net position	<u>410,658,700</u>	<u>387,814,571</u>	<u>396,751,636</u>
 <b>Total Liabilities, Deferred Inflows, and Net Position</b>	 \$ 713,233,069	 \$ 730,330,293	 \$ 732,943,042

**Eugene Water and Electric Board  
Electric System  
Financial Ratios  
June 30, 2015**

	YEAR-TO-DATE			TARGET
	2015	Status	2014	
Current Ratio	5.560		3.470	≥ 3.250
Debt to Total Assets	0.480		0.469	≤ 0.600
Debt Service Coverage	2.015		2.623	≥ 1.750
Operating Ratio	0.754		0.747	≤ 0.770
Days Unrestricted Cash	250		253	
Days Available Cash	134		127	≥ 90
Debt to Equity	70%		69%	≤ 91%

**Note that the debt service ratio methodology was been revised to include the Harvest Wind note paid off in May of 2015.**

**See next page for Ratio definitions and benchmark sources**

**Eugene Water and Electric Board**  
**Electric System**  
**Financial Ratios**  
**June 30, 2015**

**Current Ratio**

Total current assets to total current liabilities.

This ratio measures the utility's short-term liquidity (ability to pay bills).

**Debt to Total Assets**

Long-term debt plus current liabilities to total assets.

This ratio measures a utility's ability to meet its current and long-term liabilities based on the availability of assets.

**Debt Service Coverage**

Ratio of annualized net revenues available for debt service to total long-term debt service for the year. This ratio measures the utility's ability to meet its annual long-term debt obligation.

**Operating Ratio**

Total electric operation and maintenance expenses to total electric operating revenues.

This ratio measures the proportion of revenues received from electric sales and other electric activities required to cover operation and maintenance costs associated with producing and selling electricity.

**Days Unrestricted Cash (Rating Agency Model)**

Ratio of total unrestricted cash and cash equivalents to average daily cash requirements for operating expenses (defined as yearly budgeted operating expenses net of depreciation divided by 365 days in the year).

This figure measures the length of time the utility can carry on normal operations with available unrestricted cash not otherwise designated for future capital needs.

**Days Available Cash (EWEB Internal Model)**

Ratio of total available cash (defined as working cash and equivalents plus general operating reserves) to adjusted average daily cash requirements for operating and other non-capital expenses (defined as actual YTD expenditures plus remaining pro-rated budget expenses for the year divided by 365 days in the year). This is a modification of Days Unrestricted Cash measuring the length of time (in calendar days) the utility can carry on projected non-capital related operations with readily available cash (defined as working cash and equivalents plus general operating reserves).

**Debt to Equity**

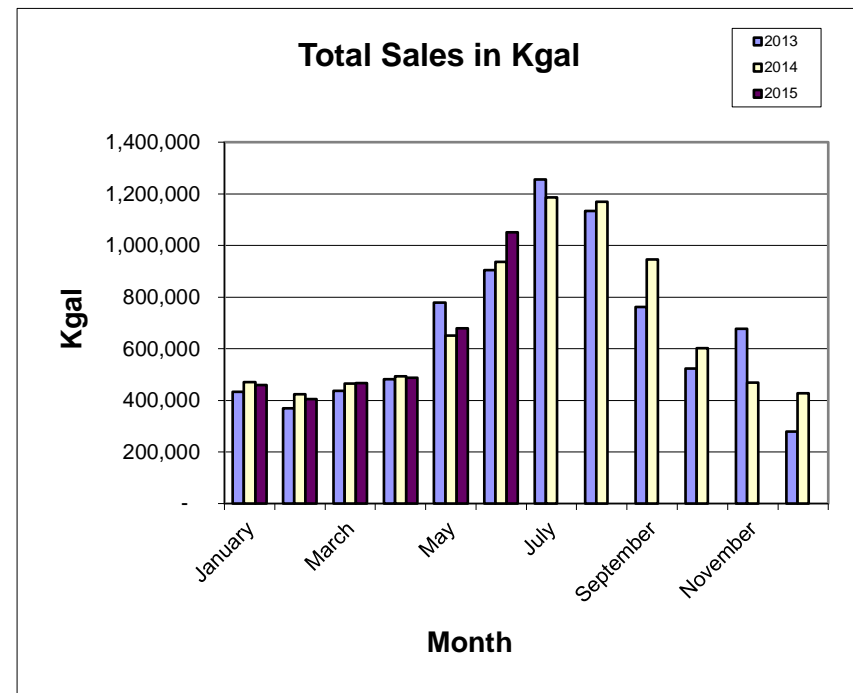
Ratio of total liabilities, net of current liabilities, to total equity (net assets), expressed as a percentage. If the ratio exceeds 100% it means that outside borrowing (liabilities) exceeds the utility's own equity (net assets).

## Water Utility Sales in Kgal June 2015

## Attachment 2

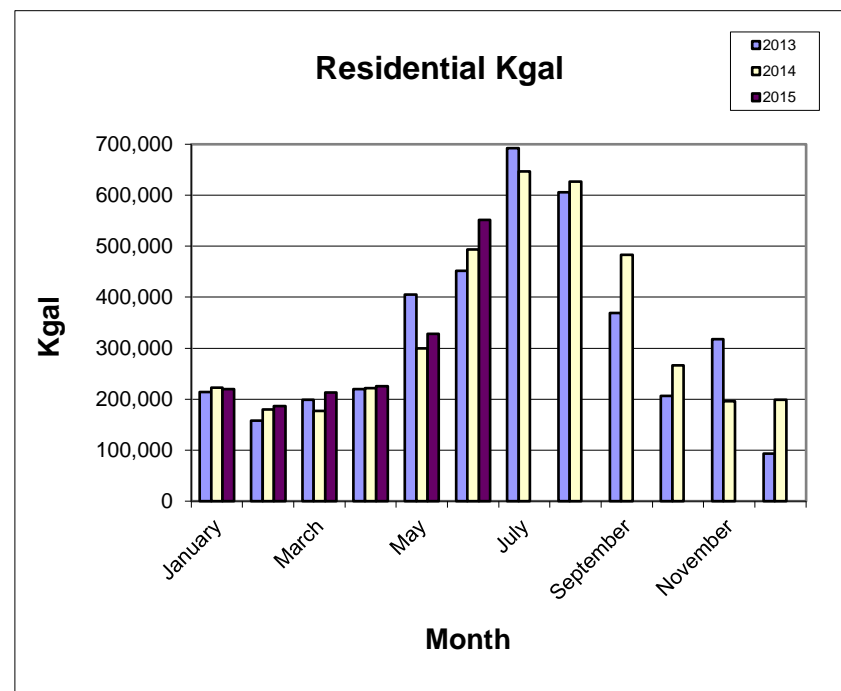
### Total Water Sales in Kgal

	2013	2014	2015
January	432,590	469,967	459,108
February	368,791	424,408	404,303
March	436,077	463,973	467,462
<b>Q1 total</b>	<b>1,237,458</b>	<b>1,358,348</b>	<b>1,330,873</b>
April	482,298	493,852	487,636
May	777,945	650,078	679,838
June	903,495	935,507	1,051,349
<b>Q2 total</b>	<b>2,163,738</b>	<b>2,079,437</b>	<b>2,218,823</b>
July	1,255,686	1,185,522	0
August	1,132,833	1,168,830	0
September	762,099	946,113	0
<b>Q3 total</b>	<b>3,150,618</b>	<b>3,300,465</b>	<b>0</b>
October	523,088	601,568	0
November	676,720	468,583	0
December	278,689	427,484	0
<b>Q4 total</b>	<b>1,478,497</b>	<b>1,497,635</b>	<b>0</b>
<b>Annual total</b>	<b>8,030,311</b>	<b>8,235,885</b>	<b>3,549,696</b>



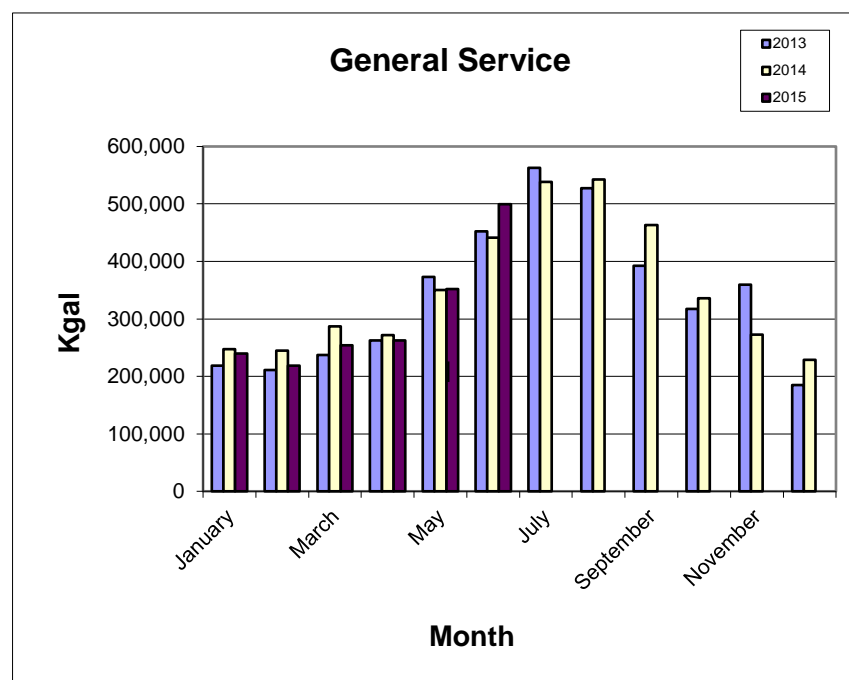
### Residential Sales in Kgal

	2013	2014	2015
January	214,316	222,490	219,363
February	157,996	179,454	186,053
March	199,000	176,867	213,577
<b>Q1 total</b>	<b>571,312</b>	<b>578,811</b>	<b>618,993</b>
April	219,449	221,689	225,226
May	404,918	300,111	328,179
June	451,444	493,850	551,652
<b>Q2 total</b>	<b>1,075,811</b>	<b>1,015,650</b>	<b>1,105,057</b>
July	692,568	647,084	0
August	605,424	626,527	0
September	369,368	482,893	0
<b>Q3 total</b>	<b>1,667,360</b>	<b>1,756,504</b>	<b>0</b>
October	206,009	266,075	0
November	317,555	195,852	0
December	93,757	198,845	0
<b>Q4 total</b>	<b>617,321</b>	<b>660,772</b>	<b>0</b>
<b>Total</b>	<b>3,931,804</b>	<b>4,011,737</b>	<b>1,724,050</b>



### General Service in Kgal

	2013	2014	2015
January	218,274	247,477	239,745
February	210,795	244,954	218,250
March	237,077	287,106	253,885
<b>Q1 total</b>	<b>666,146</b>	<b>779,537</b>	<b>711,880</b>
April	262,849	272,163	262,410
May	373,027	349,967	351,659
June	452,051	441,657	499,697
<b>Q2 total</b>	<b>1,087,927</b>	<b>1,063,787</b>	<b>1,113,766</b>
July	563,118	538,438	0
August	527,409	542,303	0
September	392,731	463,220	0
<b>Q3 total</b>	<b>1,483,258</b>	<b>1,543,961</b>	<b>0</b>
October	317,079	335,493	0
November	359,165	272,731	0
December	184,932	228,639	0
<b>Q4 total</b>	<b>861,176</b>	<b>836,863</b>	<b>0</b>
<b>Total</b>	<b>4,098,507</b>	<b>4,224,148</b>	<b>1,825,646</b>



**Eugene Water & Electric Board**  
**Water System**  
**Statement of Revenues, Expenses and Changes in Net Position**  
for the six months ended June 30, 2015 and 2014

	<u><u>2015</u></u>	<u><u>2014</u></u>
Residential	\$ 9,972,503	\$ 8,658,069
Commercial and industrial	6,812,221	6,985,238
Sale for resale and other	<u>1,361,397</u>	<u>469,950</u>
<b>Operating Revenues</b>	<u>18,146,121</u>	<u>16,113,257</u>
Source of supply, pumping and purification	3,193,234	1,347,249
Transmission and distribution	1,404,228	3,076,290
Customer accounting	458,216	691,273
Conservation expenses	45,319	86,492
Administrative and general	1,301,582	1,739,501
Depreciation on utility plant	<u>2,837,137</u>	<u>2,810,803</u>
<b>Operating Expenses</b>	<u>9,239,716</u>	<u>9,751,608</u>
<b>Net Operating Income</b>	<u>8,906,405</u>	<u>6,361,649</u>
Investment earnings	46,649	42,543
Other revenue	<u>35,970</u>	<u>179,125</u>
<b>Non-operating Revenues</b>	<u>82,619</u>	<u>221,668</u>
Other revenue deductions	185,832	170,139
Interest expense and related amortization	544,557	572,322
Interest expense, Electric	<u>1,124,406</u>	<u>1,141,464</u>
<b>Non-operating Expenses</b>	<u>1,854,795</u>	<u>1,883,925</u>
<b>Income before capital contributions</b>	<u>7,134,229</u>	<u>4,699,392</u>
Contribution in aid of construction	2,588,129	615,023
System development charges	<u>657,542</u>	<u>949,674</u>
<b>Capital Contributions</b>	<u>3,245,671</u>	<u>1,564,697</u>
Increase in net position	10,379,900	6,264,089
Total net position at beginning of year	<u>108,281,417</u>	<u>94,762,701</u>
<b>Total Net Position at End of Year</b>	<u>\$ 118,661,317</u>	<u>\$ 101,026,790</u>



## **Overview and Definitions–Water System-Statement of Revenues, Expenses and Changes in Net Position**

**Residential** – Retail sales to residential water customers.

**Commercial and industrial** – Retail sales to commercial and industrial water customers, including Santa Clara and River Road Water Districts.

**Sales for Resale and Other** – Miscellaneous sale and other operating revenues, including Water District and Sewer service/billing charges.

**Source of Supply, Pumping and Purification** - Costs of delivering water to distribution system.

**Transmission and Distribution** – Labor and other costs to maintain T&D infrastructure and transport water to customer meters.

**Customer Accounting** – Primarily the Customer Service function, also meter reading, bad debt expense and low-income assistance.

**Conservation Expenses** – Labor and other costs to provide water saving measures to customers.

**Administrative and General** – Salaries and other expenses for management and support functions.

**Depreciation on utility plant** – Systematic expensing of acquisition costs for all capital assets (fixed assets which degrade over time: buildings and equipment other than land).

**Interest Earnings** – Earnings on investments, including changes in market value while investments are held.

**Other Revenue** – Non-operating revenues such as leases of real property, gains on disposals of assets, and reimbursements for work billed to customers.

**Other Revenue Deductions** – Non-operating expenses including amortization of prepaid retirement obligation and disposals of property.

**Interest Expense and Related Amortization** – Interest on debt and amortization of bond issuance costs, discounts and premiums.

**Contributions in Aid of Construction** – Payments from customers or contractors to offset the cost of new services.

**System Development Charges** – Charges collected from customers, primarily contractors and developers, for new water capital development.

**Net Position** – Accumulated equity








**Eugene Water and Electric Board**  
**Water System**  
**Statement of Net Position**  
**June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>	<u>December 2014</u>
<b>Assets</b>			
<u>Capital assets</u>			
Utility plant in service	\$ 236,009,541	\$ 222,830,654	\$ 237,294,361
Less - Accumulated depreciation	(103,472,496)	(97,275,568)	(100,581,170)
Net utility plant in service	<u>132,537,045</u>	<u>125,555,086</u>	<u>136,713,191</u>
Property held for future use	968,578	968,578	968,578
Construction work in progress	<u>16,387,215</u>	<u>12,374,840</u>	<u>7,015,689</u>
Net Utility Plant	<u>149,892,838</u>	<u>138,898,504</u>	<u>144,697,458</u>
<u>Current assets</u>			
Cash and cash equivalents	3,090,204	3,662,924	8,750,418
Restricted cash and investments			
Debt service reserve	2,368,223	2,367,671	2,368,027
Construction fund	829,577	5,569,680	2,460,567
System development charge reserves	2,289,935	1,030,466	1,726,809
Investments for debt service	2,557,141	2,528,458	1,637,027
Designated cash and investments			
Rate Stabilization Fund	3,591,090	-	-
Capital improvement reserve	6,134,846	3,932,714	3,322,466
Alternative Water Supply	2,097,163	443,752	890,369
Operating reserve	1,435,510	1,194,786	1,212,491
Pension and medical reserve	963,003	480,396	481,682
Receivables, less allowances	6,435,688	5,135,883	3,254,441
Material and supplies, at average cost	885,694	1,027,285	918,358
Prepayments and special deposits	<u>1,624,540</u>	<u>1,680,753</u>	<u>1,633,138</u>
Total current assets	<u>34,302,614</u>	<u>29,054,768</u>	<u>28,655,794</u>
<u>Non-current assets</u>			
Prepaid retirement obligation	2,314,600	2,521,877	2,418,238
Other assets	<u>1,145,252</u>	<u>1,500,341</u>	<u>979,593</u>
Total non-current assets	<u>3,459,852</u>	<u>4,022,218</u>	<u>5,218,119</u>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows of Resources	<u>726,783</u>	<u>803,936</u>	<u>764,555</u>
<b>Total Assets &amp; Deferred Outflows</b>	<u>\$ 188,382,087</u>	<u>\$ 172,779,427</u>	<u>\$ 179,335,925</u>

**Eugene Water and Electric Board  
Water System  
Statement of Net Position  
June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>	<u>December 2014</u>
<b>Liabilities</b>			
<u>Current liabilities</u>			
Payables	\$ 654,175	\$ 642,448	\$ 1,829,473
Accrued payroll and benefits	1,208,507	931,325	1,095,928
Accrued interest on long-term debt	870,072	896,548	870,069
Long-term debt due within one year	1,840,000	1,780,000	1,840,000
Due to Electric System	877,210	858,024	867,504
Total current liabilities	<u>5,449,964</u>	<u>5,108,345</u>	<u>6,502,974</u>
<u>Non-current liabilities</u>			
Long term debt			
-note and bonds payable	45,855,477	47,714,572	45,864,998
Due to Electric System	17,604,141	18,263,130	17,936,308
Other liabilities	483,209	24,142	422,248
Total liabilities	<u>69,392,790</u>	<u>71,110,189</u>	<u>70,726,528</u>
 <b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	327,980	642,448	327,980
 <b>Net Position</b>			
Net invested in capital assets	85,158,593	78,925,296	83,589,681
Restricted	6,307,839	2,530,042	4,850,766
Unrestricted	27,194,885	19,571,452	19,840,970
Total net position	<u>118,661,317</u>	<u>101,026,790</u>	<u>108,281,417</u>
 <b>Total Liabilities, Deferred Inflows &amp; Net Position</b>	 <u>\$ 188,382,087</u>	 <u>\$ 172,779,427</u>	 <u>\$ 179,335,925</u>

**Eugene Water and Electric Board  
Water Utility  
Financial Ratios  
June 30, 2015**

	<b>YEAR-TO-DATE</b>			<b>TARGET</b>
	<b>2015</b>	<b>Status</b>	<b>06/30/2014</b>	
<b>Current Ratio</b>	6.294		5.688	≥ 3.250
<b>Debt to Total Assets</b>	0.370		0.415	≤ 0.600
<b>Debt Service Coverage - Annualized</b>	4.366		4.678	≥ 2.000
<b>Operating Ratio</b>	0.353		0.431	≤ 0.570
<b>Days Unrestricted Cash</b>	323		192	
<b>Days Available Cash</b>	124		105	≥ 90
<b>Debt to Equity</b>	54%		65%	≤ 89%

**Note that the target ratios are based on annual results. Year-to-date amounts may vary from annual results.**

**See next page for Ratio definitions**

Eugene Water and Electric Board  
Water Utility  
Financial Ratios  
June 30, 2015

## Definitions

### **Current Ratio**

Ratio of current assets to total current liabilities. Measures the utility's short-term liquidity (ability to pay bills).

### **Debt to Total Assets**

Ratio of long-term debt plus current liabilities to total assets. Measures a utility's ability to meet its current and long-term liabilities based on the availability of assets.

### **Debt Service Coverage**

Ratio of annualized net revenues available for debt service to total long-term debt service for the year. This ratio measures the utility's ability to meet its annual long-term debt obligation.

### **Operating Ratio**

Ratio of total water operation and maintenance expenses to total water operating revenues. This ratio measures the proportion of revenues received from water sales and other water activities required to cover operation and maintenance costs associated with producing and selling water.

### **Days Unrestricted Cash (Rating Agency Model)**

Ratio of total unrestricted cash and cash equivalents, net of designated SDC reserves, to average daily cash requirements for operating expenses (defined as yearly budgeted operating expenses net of depreciation divided by 365 days in the year).

This figure measures the length of time the utility can carry on normal operations with available unrestricted cash not otherwise designated for future capital needs (i.e. SDC reserves).

### **Days Available Cash (EWEB Internal Model)**

Ratio of total available cash (defined as working cash and equivalents plus general operating reserves) to adjusted average daily cash requirements for operating and other non-capital expenses (defined as actual YTD expenditures plus remaining pro-rated budget expenses for the year divided by 365 days in the year). This is a modification of Days Unrestricted Cash measuring the length of time (in calendar days) the utility can carry on projected non-capital related operations with readily available cash (defined as working cash and equivalents plus general operating reserves)

### **Debt to Equity**

Ratio of total liabilities, net of current liabilities, to total equity (net assets), expressed as a percentage. If the ratio exceeds 100% it means that outside borrowing (liabilities) exceeds the utility's own equity (net assets).