



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Simpson, Helgeson, Manning, and Brown
FROM: Mel Damewood, Engineering Manager
DATE: July 27, 2015
SUBJECT: EL-1 Capital Report for Q2 2015
OBJECTIVE: Information Only

Issue

As per EWEB's EL1 Financial Policy that was approved on February 4, 2014, EWEB staff has prepared and attached the 2nd Quarter Capital Report for Electric, Water, and Shared Services for the Board.

Background

According to Financial Policy EL1:

Throughout the year, staff will provide the Board with quarterly financial reports that compare actual results with budget. Additionally, staff will provide the Board with quarterly updates for all current year projects on the Capital Improvement Plans. General Capital Renewal and Replacement projects (Type I) will be reported by category (e.g., substations, shared IT infrastructure, transmission & distribution mains). Infrastructure Rehabilitation & Expansion (Type II) and Strategic Projects (Type III) will be reported individually. Type II and III projects are further defined as those that are projected to be greater than \$1 million for the life of the project.

Management has attached three reports, Electric, Water and Shared Services Capital Q2 results for the Board's review.

Discussion

There are a few changes that need to be noted in the Q2-2015 E11 Report. The Q2 report reflects the changes from the May True-Up that the Board approved and other "Shared Services" budget changes to align the EL1 report with project budgets in the WAM system. Reports using WAM data continue to be developed and refined.

Also, in the Water Capital there are projected over-runs in the "Mains" and "Meter & Services" category. These projections will first be managed through balancing the overall 2015 water capital budget by under-running other categories. If a balance cannot be achieved, management will be recommending a budget amendment for those areas later this year. These over-runs are due to a

variety of factors including: earlier 2015 emphasis on internal EWEB water main work during a “lull” in LTD/EMX work and to catch up from 2014 and a couple of emergent projects.

Management will be recommending that the Board approve a resolution to reimburse capital reserves with the bond funds from the anticipated April 2016 issuance. Statute allows capital expenditures made within 60 days of the Board adopting a resolution to be reimbursed with future tax exempt bond proceeds. This allows agencies to reduce how often bonds are issued resulting in lower issuance costs. The budget amendment (if required), the bond authorizing resolution and the reimbursement resolution will be presented at the September Board Meeting.

Recommendation and Action

This is an information item only, no action required. If you have any questions or wish to make comments on the reports please contact Mel Damewood a 541-685-7145 or email at mel.damewood@eweb.org

Capital "EL-1" Report: Electric, 2015-Q2

Type 1 - General Capital

Capital Category	2015 thru Q2			Status/Comments
	Budget (Includes Amendments)	YTD Actual	Year-End Projection	
Electric Infrastructure - Generation	\$1,200,000	\$431,543	\$900,000	● Implementation delays will shift a quarter to a third of planned spending into 2016 (ZINNIKER)
Electric Infrastructure - Substations & Telecom	\$2,000,000	\$789,633	\$2,000,000	● Hilyard Breaker Replacement project on track for end-of-August completion, within budget. Prairie RTU (controls) replacement was completed on time, at 90% of budget. Prairie breakers are scheduled for early 2016. (LAWSON)
Electric Infrastructure - Transmission & Distribution	\$8,200,000	\$3,381,316	\$7,000,000	● Budget includes \$4.0 M in customer-driven capital (re-imbursed) and \$4.2 M in T&D work, mostly distribution PUC tasks. The PUC pole replacement effort is ahead of schedule. Customer-Driven work, distribution transformer replacements and PUC neutral extensions are tracking lower than projected budgets. (FRASER)

In the future, these categories will match the Capital Improvement Plans (CIPs) submitted by Water & Electric.

Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Type 1 Capital includes categorized collections of projects of less than \$1 million. Typical examples include "pole replacements" as part of Transmission & Distribution. This work typically involves many small projects that up to \$1.2-\$1.7 million per year.

Type 2 projects have "discrete" scopes, schedules (launch through completion), and cost over \$1MM during the project life.

Type 2 Rehabilitation & Expansion Projects

Project	2015 thru Q1			Project Total			Schedule			Status/Comments
	Budget (Includes Amendments)	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
Leaburg Roll Gate #2 Re-Build	\$1,600,000	\$1,422,119	\$1,450,000	\$1,600,000	\$2,919,247	\$2,950,000	Jul-2012	Jun-2014	Feb-2015	● Project completed in February 2015.
Leaburg Roll Gate #1 Re-Build	\$2,000,000	\$13,403	\$2,000,000	\$2,000,000	\$13,403	\$2,000,000	Mar-2015	Nov-2015	Nov-2015	● Emergent project due to failure of RG No. 1 hoist system in December 2014. CIP updated accordingly and Board approved construction contract amendment as part of the April True-Up.
Leaburg Roll Gate #3 Re-Build	\$400,000	\$0	\$400,000	\$1,550,000	\$0	\$1,550,000	Dec-2015	Nov-2016	Nov-2016	● Emergent project due to failure of RG No. 1 hoist and subsequent order from the FERC to replace RG No. 3 hoist system due to critical dam safety equipment reliability concerns. CIP updated accordingly and Board approved construction contract amendment as part of the April True-Up.
LTD EmX Project (Electric)	\$3,370,000	\$213,318	\$3,000,000	\$5,700,000	\$781,037	\$7,548,000	Sep-2013	---	Jun-2016	● Electric relocation design was released for bidding. Substructure contract approved by Board. LTD's design team is delayed in pursuing easements so EWEB electric work will be delayed, pushing more work into next year and winter months. (THOMAS)
Upriver Re-Configuration/Holden Ck. Substation	\$500,000	\$15,090	\$500,000	\$3,000,000	\$26,290	\$3,000,000 (See Comments)	Jan-2014	Oct-2015	Oct-2016	● Design is progressing toward a 2015 completion. We will have updated scope and budget by the end of Q3, 2015. Construction is scheduled for 2016, with final energizing based on BPA schedule - late 2016/early 2017. (LAWSON)
Downtown Distribution Network	\$1,000,000	\$27,585	\$600,000	\$15,000,000	\$4,483,294	\$20,000,000	Sep-2010	Dec-2015	Dec-2019	● 2015 work includes equipment-based replacements in one or two key vaults. Analysis of technology to allow more distributed generation (DG) in Network are forecasted for late 2015. (FRASER)

Type 3 - Strategic Projects & Programs

Project	2015 thru Q1			Project Total			Schedule			Status/Comments
	Budget (Prior to April Amendments)	YTD Actual	Year-End Projection (incl. April Admndments)	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
AMI Deployment - Meter Acquisition Costs										● See Shared Services Report
Carmen Smith License Implementation	\$6,800,000	\$2,310,555	\$5,000,000	\$135,000,000	\$36,440,158	\$181,000,000	May-2009	Dec-2021	Dec-2025	● Original \$135M equal to approx \$166M in 2015 dollars. Continued uncertainty regarding license; renegotiation effort underway; implementing 5-year plan to address aging infrastructure at Carmen Powerhouse, gantry crane rehab and other delays causing shift of some 2015 expenses into 2016 (ZINNIKER, BOYLE)

Water Capital Projects Quarterly Status Report 2015-Q2

Type 1 - General Capital

Project	2015			Status/Comments
	Budget	YTD Actual	Year-End Projection	
Source - Water Intakes & Filtration Plant	\$575,000	\$343,735	\$575,000	● Includes AWS expenditures through first quarter. These will be charged as Type 3 work for rest of year.
Mains - Replacements, Improvements, & Transmis	\$4,307,500	\$3,945,664	\$5,610,000	● Higher than anticipated main replacement costs combined with several opportunity and emergent projects leading to higher than anticipated expenditures.
Services and Meters	\$927,000	\$775,367	\$1,330,000	● Increased development and shift of service replacement costs from O&M to Capital have expenditures increasing above budget.
Pump Stations	\$751,000	\$219,369	\$750,000	● Includes new Shasta 1150 pump station and emergent work at Santa Clara. Limited resources are affecting schedule on Shasta 1150
Reservoirs	\$24,000	\$0	\$20,000	● Nothing significant planned for this year.

These categories will match the Capital Improvement Plans (CIPs) submitted by Water & Electric.

Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Typical Type 1 Capital includes categorized collections of projects of less than \$1 million.

Typical examples include "main replacements". This work typically involves dozens of jobs that add up to \$3-\$3.5 million per year.

Type 2 Rehabilitation & Expansion Projects

Project	2015			Project Total			Schedule			Status/Comments
	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
Raw Water Intake Improvements	\$1,200,000	\$939,101	\$1,200,000	\$6,292,000	\$6,866,899	\$7,130,000	2011	YE-2013	Q1-2015	● Intake 1 Upgrades complete, Construction at Intake 2 near completion. Costs exceeded initial plan as seismic upgrades were added to scope. (Initial Plan - 2011 CIP)
Hayden Bridge Filter S1-S6 Upgrades	\$1,452,500	\$275,996	\$1,450,000	\$7,713,000	\$4,313,686	\$7,650,000	2011	YE-2017	YE-2016	● Upgrade of Filters N1-N6 Complete. Contract for upgrade of Filters S1-S6 coming to Board in September. (Initial Plan - 2011 CIP)
Hayden Bridge Seismic Upgrades	\$480,000	\$429,625	\$430,000	\$1,215,529	\$1,074,692	\$1,710,000	2014	YE-2015	YE-2018	● Phase 1 (Basins and Filters) is complete. Phase 2 (Headhouse) deferred to 2017-2018. Phase 1 costs more expensive than anticipated. (Initial Plan - 2013 CIP)
Distribution System Scada/PLC Upgrades	\$315,000	\$28,658	\$250,000	\$3,079,780	\$138,767	\$2,410,000	2013	YE-2016	YE-2019	● Multi-Year upgrade project. 2014 first significant year of work. Developed standard and completed upgrade of first pump station. Currently working on the Crest System. (Initial Plan 2013 CIP)
Willamette 800 Reservoir No.1 Replacement	\$632,531	\$6,150	\$500,000	\$1,639,760	\$133,000	\$1,660,000	2013	YE-2014	Q3-2015	● After evaluation, project changed from rehab to a replacement. Construction pushed back to 2015-2016. Currently in design. (Initial Plan 2013 CIP)
LTD EMX	\$2,600,000	\$739,836	\$2,200,000	\$0	\$1,768,698	\$3,230,000	2014	2015	Q3-2015	● EWEB has completed service and main work on 6th and 7th Aves and has shifted to W. 11th Ave.

Type 3 - Strategic Projects & Programs

Project	2015			Project Total			Schedule			Status/Comments
	Budget	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion	
Alternative Water Supply	\$1,702,000	\$76,005	\$1,700,000	\$52,707,167	\$76,005	\$69,220,000	2014 with Planning	YE-2021	YE-2021	● Activities to date were minor and were tracked under Type 1 Work. This will be changed in 2015 as work ramps up. Property costs added to projections for 2015. Cost projection will likely change in 2015 as estimates are further refined.

Capital "EL-1" Report: Shared Services, 2015-Q2

Type 1 - General Capital

Capital Category	2015 - Q2			Status/Comments
	Budget (Includes April Amendments)	YTD Actual	Year-End Projection	
General Plant - Information Technology (I.T.)	\$2,682,000	\$78,773	\$2,452,000	● Areas of work for 2015 include network server & switch replacements, Backup/recovery infrastructure, selective voice/communications upgrades, and electric monitoring & control system firewall replacements. Lower EOY projection due to 300K in Power Ops work deferred from the original 2015 budget.
General Plant - Buildings & Land Management	\$1,900,000	\$14,259	\$1,900,000	● Major projects in 2015 include HQ renovation of the HVAC system.
General Plant - Fleet Capital	\$1,713,000	\$0	\$1,713,000	● Electric and Water budget is on track with \$1,474,598 committed . Large majority of fleet purchases arriving in Q3. The last two purchases will arrive Nov/Dec. (LENTSCH)

In the future, these categories will match the Capital Improvement Plans (CIPs) submitted by Water & Electric.

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Type 2 projects have "discrete" scopes, schedules (launch through completion), and cost over \$1MM during the project life.

Type 2 Rehabilitation & Expansion Projects

Project	2015			Project Total			Schedule			Status/Comments	LAST COMMENTS PRIOR TO THIS REPORT.....
	Budget (Includes April Amendments)	YTD Actual	Year-End Projection	Initial Plan	To-Date Actual	Project-End Projection	Start	Initial Planned Completion	Projected Completion		
WAM	\$1,383,000	\$1,167,916	\$1,200,000	\$9,264,919	\$8,418,059	\$8,450,000	Jun-2013	Jul-2015	Jul-2015	● Punch list items are significant, adoption has been much more challenging. While the core team dedicated to this work continued to go above and beyond progress is slow. WAM Governance is determining what if anything is in scope for Phase II. (EICHER/ERBEN)	● Work Order and Asset Management and Mobile Work Management System is designed to provide real-time, utility-wide visibility into type, location and condition of our assets. This data will provide us the ability to forecast how and when to spend our capital and O&M funds. WAM went live on November 4, 2014. However, additional commissioning work ("punchlist items") is continued in 2015. A WAM business system stabilization effort has commenced for 2015 with the intention of improving adoption and implementation of WAM and related processes. A Board update is planned for August 2015.
AMI Information Technology & Integration	\$2,398,000	\$313,961	\$2,398,000	\$6,475,700	\$342,741	\$6,475,700	May-2015	Dec-2017	May-2018	● Technical design work underway. (ARMSTEAD)	● Forecast of \$3.7MM covers AMI "Initial Opt-In Phase" through 2017. Meter and MDM contracts were approved in March 2015. 2015 work includes construction of communications and data handling infrastructure. (ARMSTEAD)
Customer Information System (CIS) Replacement	\$649,000	\$0	\$0	\$5MM (Est.)	\$0	n/a	Sep-2016		Jun-2018	● Project postponed and capital expense postponed to 2016.	● Project postponed in January, capital expense postponed to 2016.
River-Front Property Development	\$100,000	\$100,000	\$370,000	\$400,000	\$2,281,952	n/a	Feb-2006	n/a	2017	● EOY includes \$270K to be funded from other capital projects or capital reserves which will be determined in Q3. MOU with City of Eugene to act as EWEB's agent in progress. (NEWCOMB)	● Master Developer selected (10/7/14) forward costs primarily for negotiation support: Legal & dev consulting. Assumes multi-year phased disposition (BIERSDORFF/NEWCOMB)



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Susan Fahey, Finance Manager and Sarah Gorsegner, Purchasing/Risk Manager
DATE: July 24, 2015
SUBJECT: Second Quarter 2015 Contract Report
OBJECTIVE: Information Only

Issue

The Board requested that management provide a quarterly report of contracts between \$20,000 and \$150,000 which would have come to the board for approval under the previous threshold amounts.

Background

In August 2013 the Board authorized increasing the Board contract approval threshold to more closely align with Oregon Statute solicitation thresholds which streamlined the contract approval process for staff and the Board. This change resulted in the reduction of the number of contract approvals on the Board consent calendar and has allowed the Board to focus on higher level/higher risk contracts and other strategic initiatives. It has also allowed purchasing staff to focus their energies on the higher risk/greater return projects and contracts.

The thresholds are:

Purchase of all Goods, Equipment, Services and Personal Services: \$ 150,000 or greater

Purchase of Construction Services: \$ 100,000 or greater

Discussion

Attached is the Contract report for the second quarter of 2015. The contracts listed are those that would have previously come to the Board for approval, but which are now below the Board approval threshold.

If you have any questions regarding the contracts, please contact the Purchasing Manager, Sarah Gorsegner.

Recommendation/Requested Board Action

None at this time. This information is provided for informational purposes only.

Contract Execution Date	Contractor	City, State	Description	Contract Amount	Contract Term	Contract Process	LT Manager
4/27/2015	AECOM	Oakland, CA	Hydroelectric Projects Seismic Hazard Evaluation	\$ 24,550.00	4/27/15 - 12/31/15	Direct Negotiation	Mel Damewood
4/9/2015	Riley Research Associates	Portland, OR	Marketing Research - Customer Usage	\$ 29,450.00	4-9-15 to 7-31-15	Direct Negotiation	Lance Robertson
5/6/2015	David Evans	Portland, OR	Willamette River Intake Permitting Support	\$ 91,483.00	5/6/15 - 12/31/16	Informal RFP	Mel Damewood
4/14/2015	Genscape	Louisville, KY	Subscription Services	\$ 75,600.00	3-1-15 to 2-28-18	Direct Negotiation	Dave Churchman
5/19/2015	Stantec Consulting Services	Portland, OR	Environmental Consulting - HQ Property	\$ 20,000.00	5/19/15 - 12/31/16	Direct Negotiation	Steve Newcomb
6/10/2015	Galardi Rothstein Group	Portland, OR	System Development Charge Methodology Review	\$ 24,775.00	6/10/15 - 11/30/15	Informal RFP	Sue Fahey
6/4/2015	Riva	Canada	Software support and configuration into WAM	\$ 69,000.00	6/4/15 - 9/30/15	Direct Negotiation	Mel Damewood
6/1/2015	Janet Peterson	Eugene, OR	Financial Analysis	\$ 20,000.00	5/22/15 - 12/31/15	Direct Negotiation	Sue Fahey
4/9/2015	Utility Services Associates	Eugene, Oregon	Water Distribution System Leak Detection Survey Services	\$ 31,900.00	4-9-15 to 8-31-15	Informal RFP	Brad Taylor
4/10/2015	Pennington Crossarm Co.	Eugene, Oregon	Wood Crossarms	\$ 120,824.00	4/10/15 - 4/8/2020	Formal ITB	Mel Damewood
6/15/2015	Trout Mountain Forestry	Corvallis, OR	Forest Management Plan	\$ 34,500.00	6/15/15 - 6/14/16	Informal RFP	Steve Newcomb

Total # of Executed Contracts between \$10,000 - \$20,0000 = 8

EWEB association for all above contracts = None

Questions? Please contact: Sarah Gorsegner, 541-685-7348



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

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.

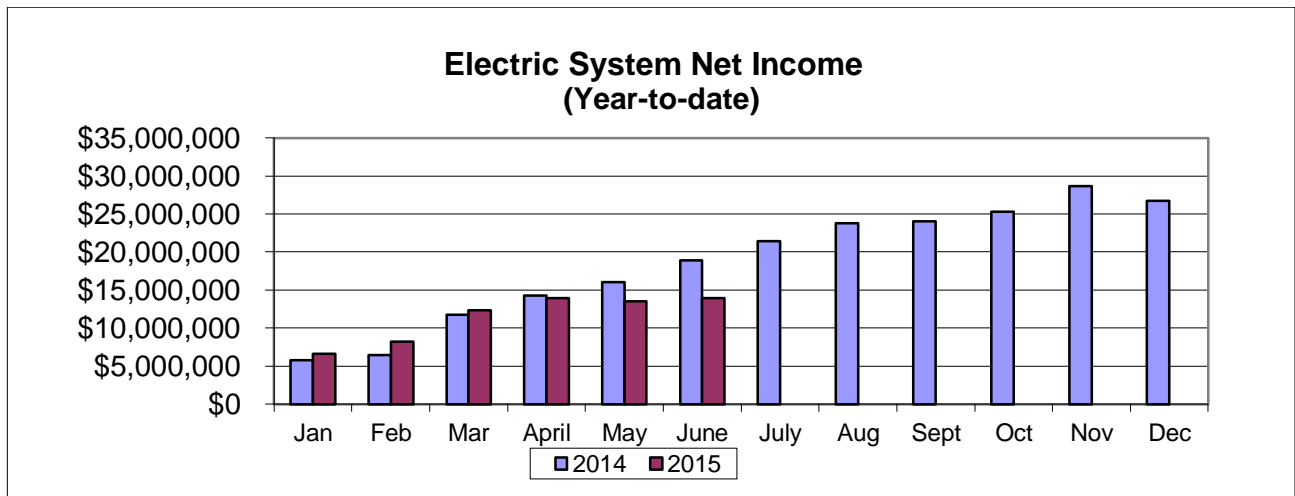
Discussion

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 2nd 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

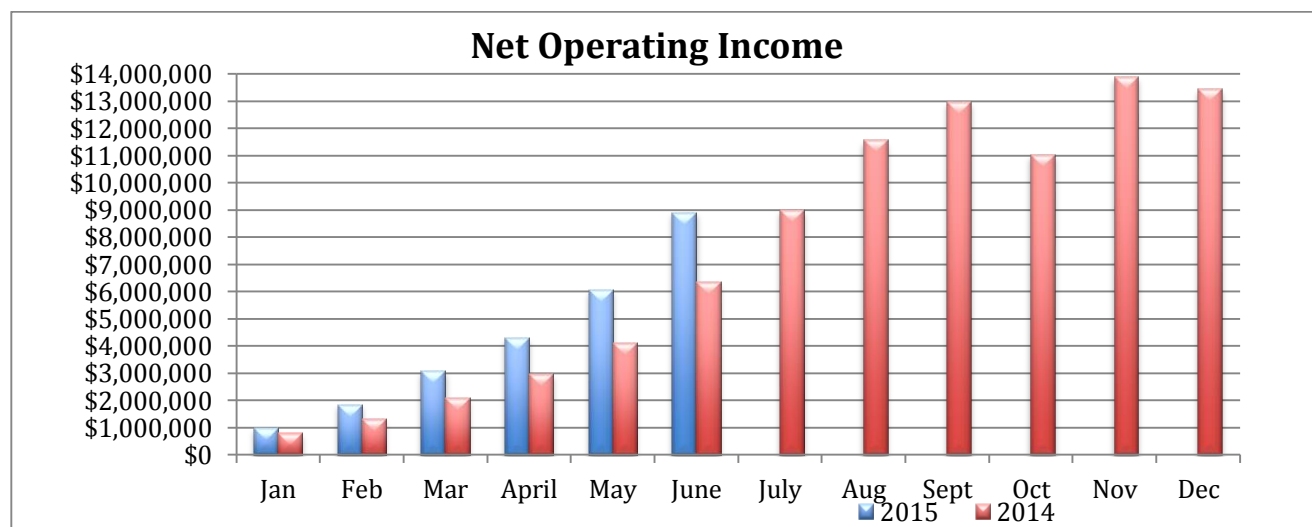
The current ratio, a measure of current assets compared to current liabilities, increased from 3.67 in April to 5.56 after the May payoff of the Harvest Wind note, and is well above the Board target. The debt service ratio, a measure of our ability to pay debt service with current revenues, is 2.01, 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

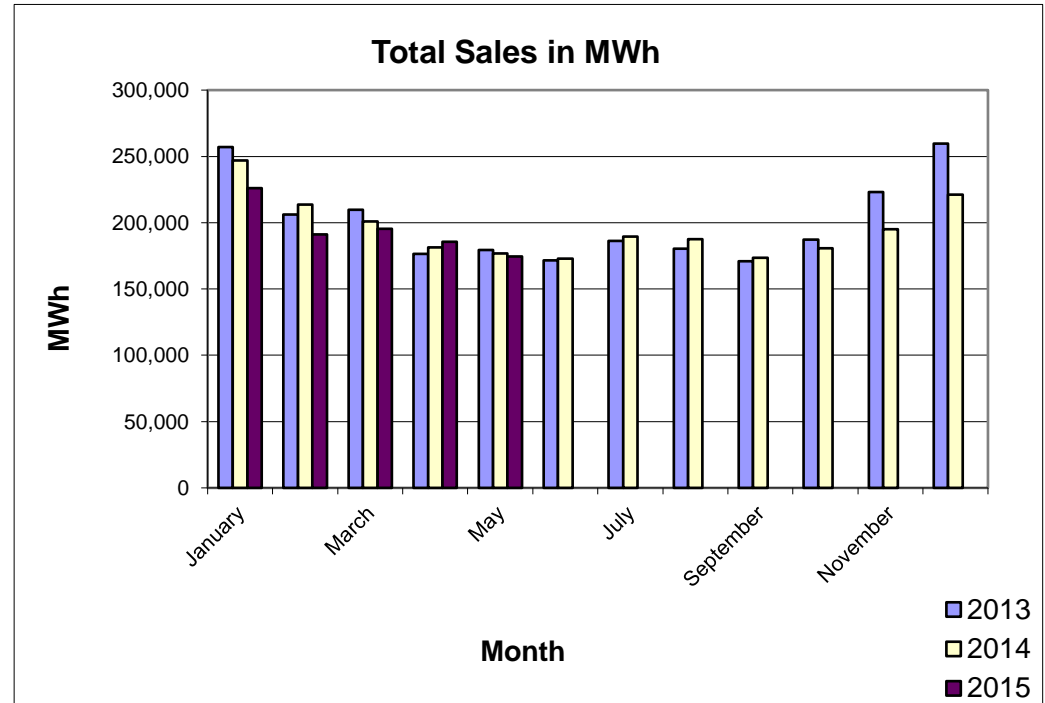
Information only. No action requested.

**Electric Utility Sales in MWh
June 2015**

ATTACHMENT 1

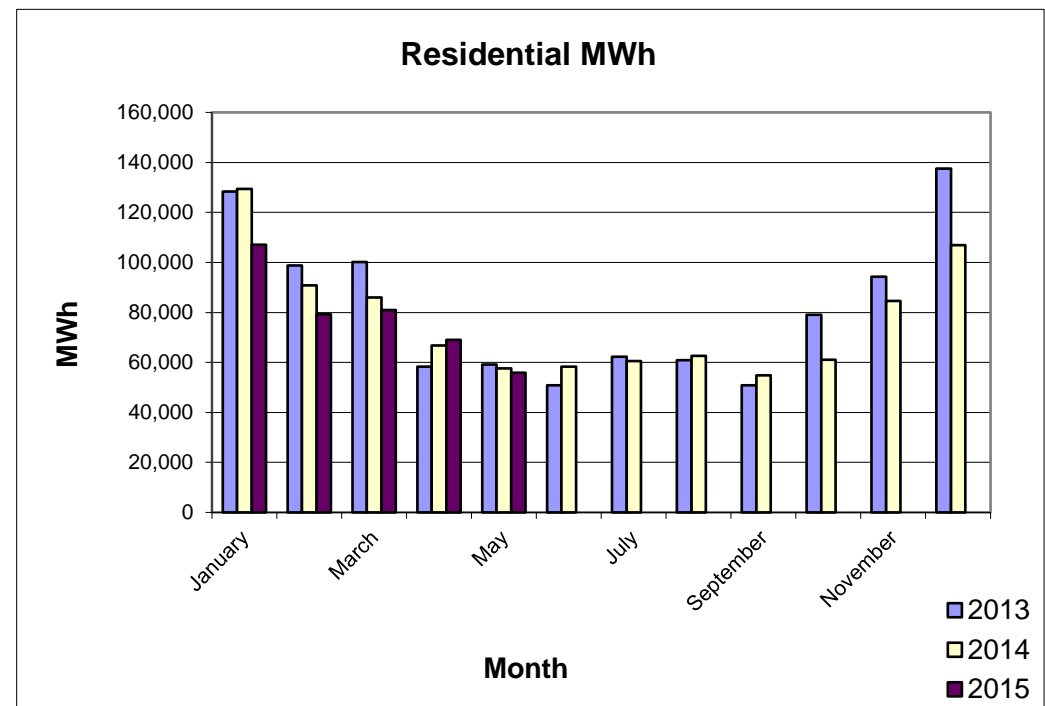
Total Electric Utility Sales in MWh

	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	2,408,081	2,340,326	1,151,799



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	980,515	919,176	452,952

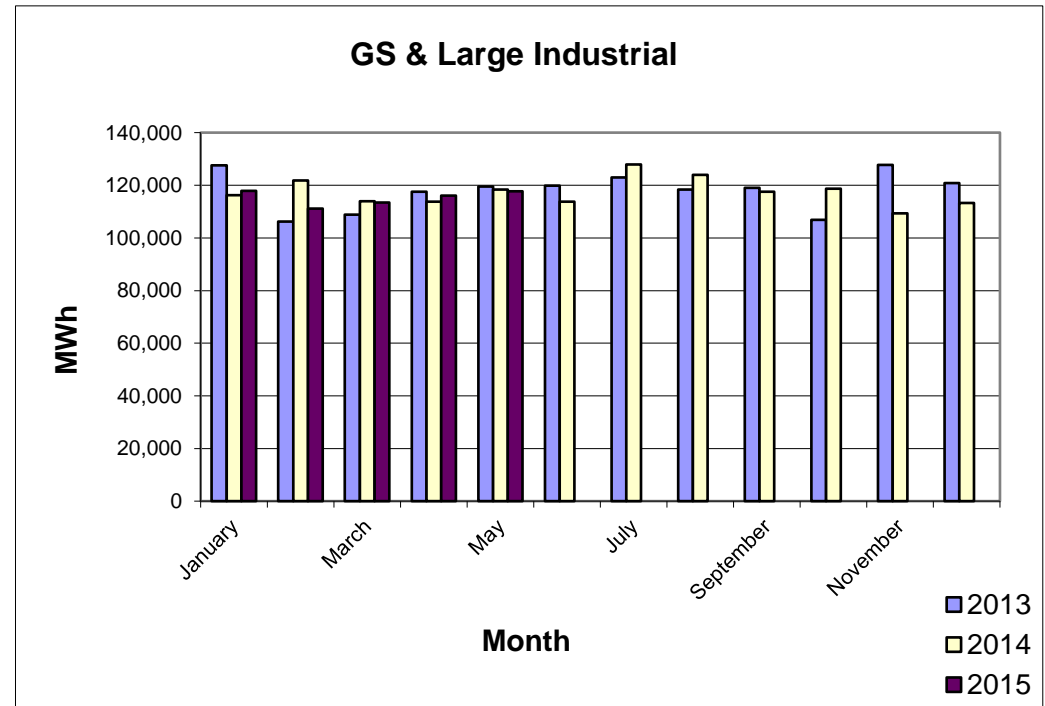


**Electric Utility Sales in MWh
June 2015**

ATTACHMENT 1

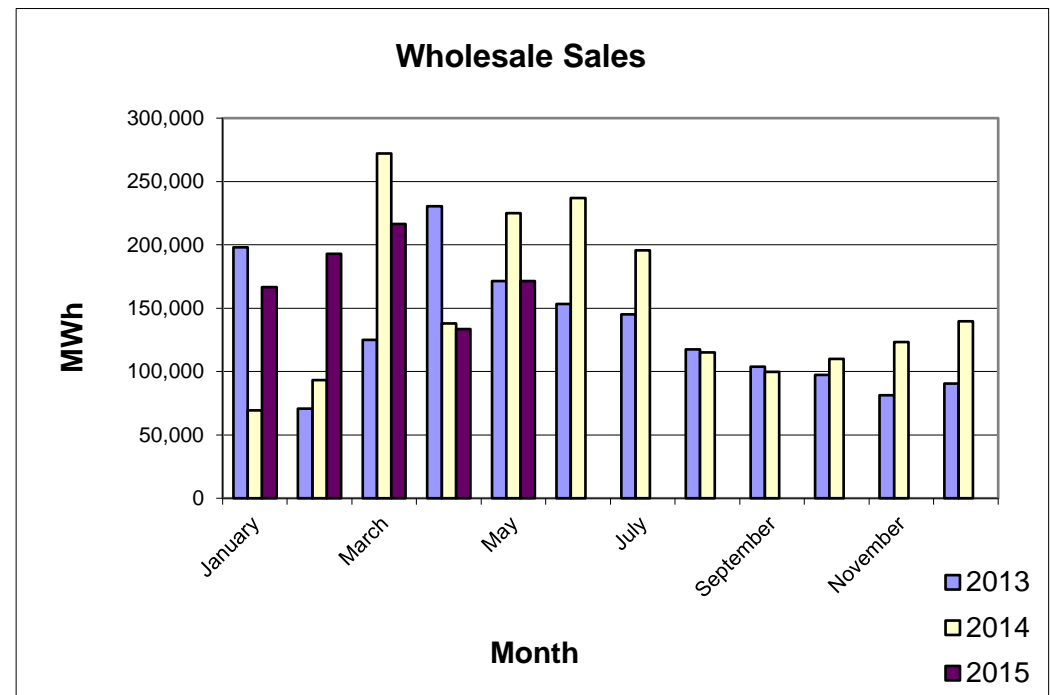
General Service & Large Industrial Sales in MWh

	2013	2014	2015
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>
Total	<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

	2013	2014	2015
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>
Total	<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>
Operating Revenues	<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>
Operating Expenses	<u>105,445,105</u>	<u>107,324,066</u>
Net Operating Income	<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>
Non-operating Revenues	<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>
Other Non-operating Expenses	<u>6,965,913</u>	<u>7,231,079</u>
Income Before Capital Contributions	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>
Total Net Position at End of the Period	<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</u> <u>2014</u>
Assets			
<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>
Deferred Outflows			
Deferred outflows of resources	566,917	3,255,140	1,731,136
 Total Assets and Deferred Outflows	 \$ 713,233,069	 \$ 730,330,293	 \$ 732,943,042
 Liabilities			
<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>
 Deferred Inflows			
Deferred Inflows of resources	5,079,294	5,091,715	6,603,300
 Net Position			
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>
 Total Liabilities, Deferred Inflows, and Net Position	 \$ 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

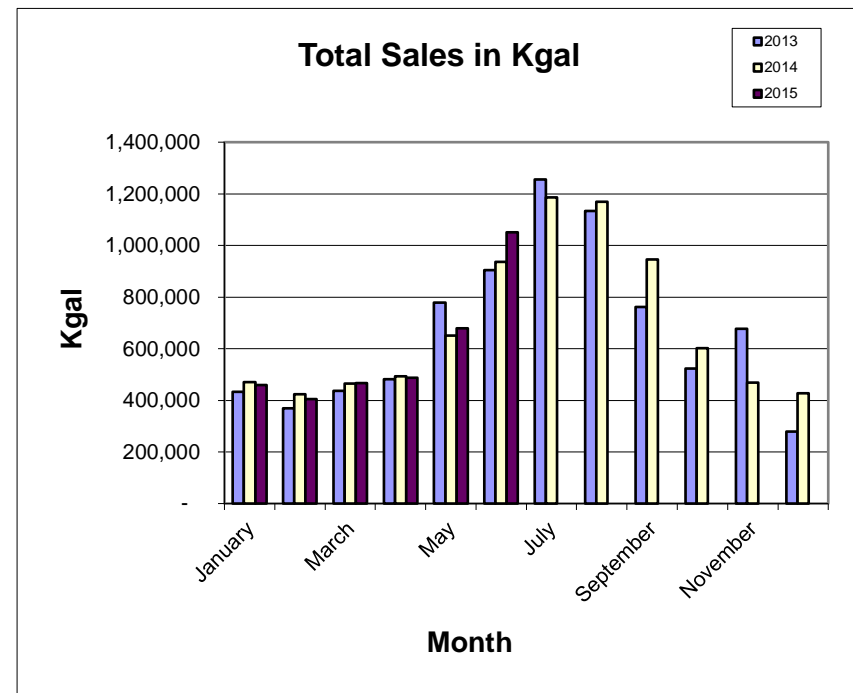
Ratio of total liabilities, net of current liabilities, to total equity (net assets), expressed as a percentage. If the ratio exceeds 100% it means that outside borrowing (liabilities) exceeds the utility's own equity (net assets).

Water Utility Sales in Kgal June 2015

Attachment 2

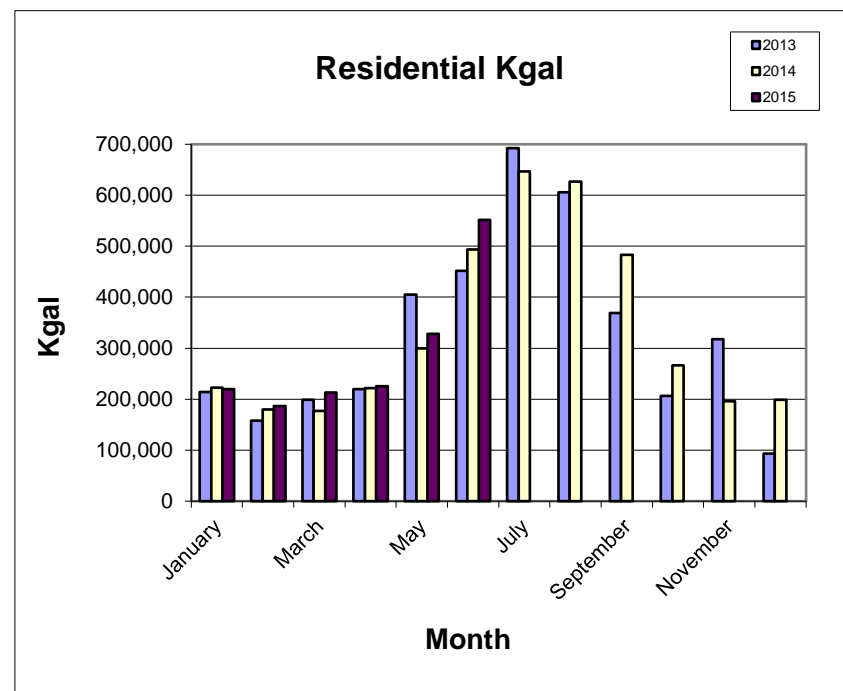
Total Water Sales in Kgal

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



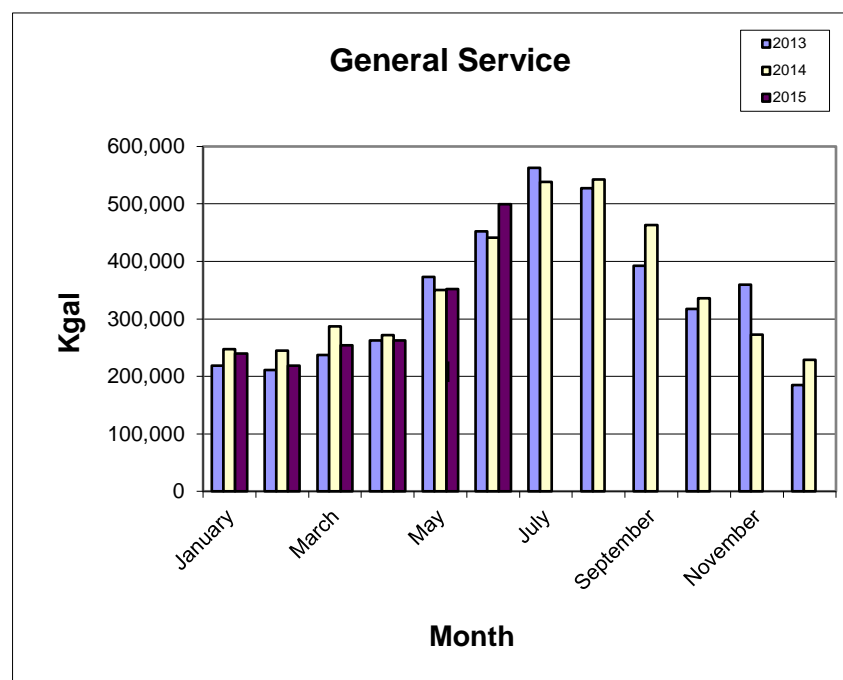
Residential Sales in Kgal

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



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
Q1 total	666,146	779,537	711,880
April	262,849	272,163	262,410
May	373,027	349,967	351,659
June	452,051	441,657	499,697
Q2 total	1,087,927	1,063,787	1,113,766
July	563,118	538,438	0
August	527,409	542,303	0
September	392,731	463,220	0
Q3 total	1,483,258	1,543,961	0
October	317,079	335,493	0
November	359,165	272,731	0
December	184,932	228,639	0
Q4 total	861,176	836,863	0
Total	4,098,507	4,224,148	1,825,646



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>
Operating Revenues	<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>
Operating Expenses	<u>9,239,716</u>	<u>9,751,608</u>
Net Operating Income	<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>
Non-operating Revenues	<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>
Non-operating Expenses	<u>1,854,795</u>	<u>1,883,925</u>
Income before capital contributions	<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>
Capital Contributions	<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>
Total Net Position at End of Year	<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>
Assets			
<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>
Deferred Outflows of Resources			
Deferred Outflows of Resources	<u>726,783</u>	<u>803,936</u>	<u>764,555</u>
Total Assets & Deferred Outflows	<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>
Liabilities			
<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>
 Deferred Inflows of Resources			
Deferred inflows of resources	327,980	642,448	327,980
 Net Position			
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>
 Total Liabilities, Deferred Inflows & Net Position	 <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**

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



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Mel Damewood, Engineering Manager & Jeannine Parisi, Community and Local Government Outreach Coordinator
DATE: July 27, 2015
SUBJECT: Telecommunications Equipment on EWEB Facilities
OBJECTIVE: Information Only

Issue

A recent article in the *Register Guard* about AT&T's desire to site new cell phone equipment in South Eugene, potentially co-located with EWEB power poles, raised a number of questions about EWEB's policies, standards, and role in the process. This memo is an informational update on the topic of co-location of third-party telecommunications equipment on EWEB poles.

Background

Co-location of telecommunications (telecom) infrastructure on existing utility facilities is a standard practice nationwide. Encouraging co-location on existing cell towers, utility poles and other structures helps minimize visual intrusions of telecom equipment as wireless communications and data transmission needs increase.

Currently EWEB has seven utility pole sites leased to different carriers, all of which represent renewed, rather than new, contracts:

4110 River Rd (est. August 2005) Cell Carrier: Voicestream Wireless	2901-B Ferry St (est. July 1999) Cell Carrier: Sprint PCS Spectrum Wireless
1750 Chamber St (est. November 1999) Cell Carrier: Sprint PCS Spectrum Wireless	1389 N 99 Hwy (est. February 1999) Cell Carrier: Sprint PCS Spectrum Wireless
128 Wilkes Dr (est. May 2008) Cell Carrier: Sprint	2139 Elysium Ave (est. August 2007) Cell Carrier: Sprint
Barger Dr @ Minnesota St (est. June 2010) Cell Carrier: Sprint	

The Federal Telecommunications Act of 1996 obligates municipalities to accommodate telecom facilities in their jurisdictions. While local jurisdictions retain the authority to regulate the location, design and construction of the facilities, they cannot discriminate or create unreasonable barriers to entry. The Act explicitly prohibits local jurisdictions from regulating radio frequency emissions. The City of Eugene and EWEB have developed a separate but coordinated process to evaluate requests for new telecomm facilities in our area, described below.

Discussion

In 1997, the City adopted its telecom ordinance, and after fending off legal challenges from the telecom industry, it became a model for other cities. The ordinance, which regulates facilities on private property, has the following key objectives:

- Encourages new antennae to be co-located on existing towers, utility poles and buildings rather than constructing new towers
- Where new towers are necessary, it encourages them away from residential neighborhoods and in industrial/commercial areas. An independent review by a telecom expert to verify the applicant's technical reports is also required.
- Establishes requirements that minimize visual and noise impacts (e.g. height limitations).

A December 2014 memo to City Council explains that the vast majority of telecom equipment has been co-located on existing structures (approximately 75 out of 90 facilities). However, the City does not formally regulate utilities in the right of way, where utility structures like street light and/or electric poles are located. To supplement the telecom ordinance, City and EWEB staff developed a set of guidelines to provide general parameters for how telecom facilities *may* be allowed in the ROW (see Attachment 1). These guidelines support many of the overarching goals of the ordinance such as neighborhood compatibility.

EWEB has set of operational standards that must be met before a co-location request is considered by the City. These standards were recently updated and err on the side of EWEB operational and safety needs, as well as taking customer impacts into account. Since the update in 2014 no new co-locations requests have been approved. As the property owner, EWEB can suggest alternate co-locations opportunities that may have fewer impacts or decline a site request altogether, even if it meets utility standards and City requirements. However, reasonable justification for denial would be important to document to avoid potential challenges from the telecom industry.

The co-location approval process begins with a utility feasibility analysis. If after review EWEB staff conclude that the request meets our standards, the provider then works with the City to address the parameters in the ROW guidelines. This is an administrative process that is more straightforward and predictable than a typical land use approval request. Even so, representatives from the telecom industry continue to seek fewer restrictions for siting facilities. However, staff from both agencies believe the standards and guidelines strike a reasonable balance between protection of public interests (which include quality cell service) and industry needs.

According to City staff, most telecom requests are for upgrades to existing facilities, rather than for new locations, as technology continues to respond to changing service needs. While new equipment is likely to be more compact, antennae height is still a key requirement to address service gaps with the fewest number of facilities. Some carriers continue to have service gaps and EWEB anticipates additional co-location requests to serve these areas. These will continue to be reviewed on a case-by-case basis against utility standards for safety, functionality and customer impact to determine if

an EWEB facility is the best option for siting the equipment.

TBL Assessment

None at this time.

Recommendation/ Requested Board Action

None, this is for information and discussion only.



Telecommunication Facilities in the Right-of-Way Policy Guidelines

Background

The Eugene Land Use Code (Chapter 9, Ordinance 20078, 1997) provides a comprehensive set of standards regulating telecommunication facilities on private property. One of the cornerstones of Chapter 9 is compliance with the federal Telecommunications Act of 1996 and the retention of locally established land use goals. To that end, the code places a priority on colocation of telecommunication facilities on existing structures as the first option. This includes colocation on existing utility structures. Given that many of these utilities are located in the right-of-way (ROW), the land use code provisions do not apply, as the ROW is unzoned.

Although there are no specific code standards governing the height and appearance of telecommunication features in the public ROW, there are City Council adopted Findings in telecommunications-related land use and ROW ordinances, as well as City Council adopted Telecommunication Vision and Policies. As wireless technologies are expanding, it seems prudent to establish general guidelines for future requests for wireless facility colocations on structures located in the public ROW. The following guidelines are therefore provided to aid City of Eugene (city) Public Works and Planning, EWEB and other ROW facility users in their determinations in response to requests for telecommunication facilities in the ROW.

Purpose of the Guidelines

The following guidelines are intended to provide general parameters under which requests for telecom facilities may be allowed within the public ROW. The primary objective of these guidelines is to provide telecom providers with a better sense of what the City, EWEB, and other ROW facility users will accept related to telecom facilities in the ROW.

It's important to emphasize that these guidelines do not obligate the city, EWEB or other ROW facility users to accept request even if all these guidelines are met. Likewise, these guidelines are not intended as strict code requirements. In the review of specific requests, if a particular proposal achieves the overarching goal of minimizing impact to surrounding properties by but does not meet every guideline, EWEB, the City and other ROW facility users have the discretion to issue approval.

General Guideline

1. Colocation of telecom facilities should be limited to ROWs involving public streets. Alleys and public utility easements will be strongly discouraged, unless it can be shown that such locations pose minimal visual impact to surrounding properties.
2. The telecom facility must be located on an existing pole or other utility structure. No additional poles or structures may be added in the ROW for the sole purpose of accommodating the telecom facility.
3. The existing pole or structure may be replaced by a similar pole or structure provided it complies with the other guidelines listed below.

4. Any replacement pole or structure should be placed in a similar location unless relocation reduces visual impact to nearby properties.
5. The facility shall not interfere with the functional needs of the existing utilities on the existing pole in the ROW. EWEB and the City may require specific design stipulations to avoid such impact. Safe, functional use of the ROW shall be maintained.
6. Standalone city street lights should only be considered if all other locations prove unusable.
7. The cost of any replacement pole or structure (including installation and maintenance) shall be the responsibility of the telecom provider, unless otherwise stipulated by the City, EWEB and other ROW facility users.
8. The provider shall be required to execute a pole use contract.
9. The provider must be registered under Telecom Ordinance 20083.

Design Guidelines

The following guidelines attempt to follow similar standards imposed for telecom facilities on private property. Since these standards are based on zoning districts, these guidelines follow a similar approach based on the zoning adjacent to the ROW in question.

The following height limits shall apply to proposed telecom facilities, based on the zoning district that is immediately abutting the ROW in question:

HEIGHT

Category 1: Includes the following zoning districts: AG, C-1, C-4, GO, PRO, PL, R-1, R-2, R-3, R-4, S (Special Area Zones, except Walnut Station).

Height Limit: Up to 18' above the height of an existing pole or structure to a maximum of 75' above grade. Replacement poles can be increased in height up to 18' to accommodate the telecom facility. Antenna shall not extend out more than 2' horizontally from the pole or structure. The color of the antenna should blend in with the existing structure/surroundings.

Equipment Cabinets: Cabinets cannot exceed elevation view standards within the ROW and must meet maximum size, clearance setbacks and number maximums as defined by administrative order (See R-7.302-D). Equipment located on private property is subject to zoning requirements. If located in the ROW, the telecom provider shall demonstrate that noise levels will not exceed 45 dba, measured from abutting property line. Exceptions reviewed on a case by case basis. The city may require the applicant to pay for a third party review by an acoustical expert to confirm compliance.

Category 2: Includes the following districts: C-2, C-3

Height Limit: Replacement poles can be increased up to 90' in total height above grade. Antenna shall not extend out more than 2' horizontally from the pole or structure. The color of the antenna should blend in with the existing structure/surroundings.

Equipment Cabinets: Cabinets cannot exceed elevation view standards within the ROW and must meet maximum size, clearance setbacks and number maximums as defined by administrative order (See R-7.302-D). Equipment located on private property is subject to zoning requirements. Exceptions reviewed on a case by case basis. The City may require the applicant to pay for a third party review by an acoustical expert to confirm compliance.

Category 3: Includes the following zoning districts: I-1, I-2, I-3

Height Limit: None.

Equipment Cabinets: Reviewed on a case by case basis for inclusion in the ROW.

LOCATION

In order to minimize impact to nearby residences, the following locational factors shall be considered:

- If the proposed facility is a Category 2 site and located within 50' of a residential zone (R-1, R-2, R-3, R-4), then the Category 1 height limits shall apply.
- Preference shall be given to poles or structures that are not in close proximity to residences. For example, poles immediately adjacent to a front yard and within full view of a single family residence shall be discouraged.
- ROW's along arterial and collector streets shall generally be encouraged over smaller local streets.
- Poles or structure locations that are partially (or fully) screened by other structures or landscaping shall be given priority.

REVIEW PROCESS

Requests for telecom facilities in the ROW shall be forwarded to the following agencies (at a minimum) for review and comment:

- EWEB – Jaime Breckenridge, Utility Joint Use Coordinator
Phone: (541) 685-7388 Email: Jaime.Breckenridge@eweb.org
- City of Eugene Public Works – Brian Siria, Utility Coordinator/Inspector
Phone: (541) 682-4887 Email: Brian.t.siria@ci.eugene.or.us
- City of Eugene Planning – Gabe Flock, Senior Planner
Phone: (541) 682-5697 Email: Gabriel.flock@ci.eugene.or.us
- City of Eugene – Pam Berrian, Telecommunications and Cable Program Manager
Phone: (541) 682-5590 Email: Pam.c.berrian@ci.eugene.or.us

Key steps and responsibilities include the following:

1. The ROW pole (or other utility) owner should be the first to review the request for general feasibility.

2. Additional city staff (listed above) should be notified of request if the utility owner determines the colocation is feasible.
3. Assuming the various agencies/departments are supportive of a given request, city Planning staff will assess whether the request is consistent with the overall ROW guidelines (namely, whether the visual impact of the facility is acceptable). Planning staff will attempt to identify those requests which clearly don't comply with the guidelines as early in the process as possible, to avoid unnecessary review by others.
4. If ancillary equipment is proposed in ROW, Public Works Maintenance shall determine if it is consistent with elevation view standards to include exceptions. Planning staff will aid in review of any noise study.

Updated Monday, September
29, 2014 added
Gabriel.flock@ci.eugene.or.us