



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



TO: Commissioners Simpson, Helgeson, Manning, Mital and Brown
 FROM: Sue Fahey, Chief Financial Officer; Susan Eicher, Accounting & Treasury Supervisor
 DATE: October 21, 2016
 SUBJECT: Electric Utility September 2016 Financial Statements
 OBJECTIVE: Information Only

Schedule of Revenues, Expenses, and Changes in Net Position (Income Statement)–Page 4

Income before capital contributions (Net Income)

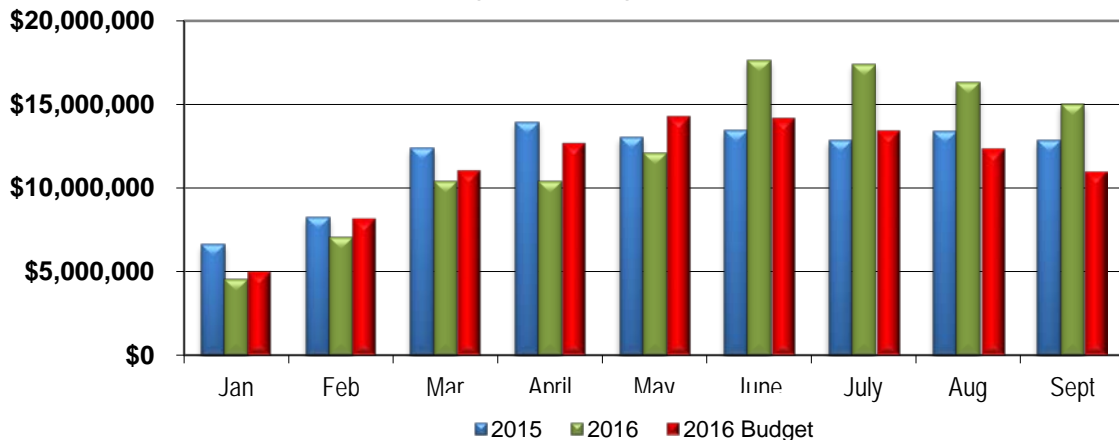
Net income for the Electric Utility is \$15 million. The variance of Net Income to the Year to Date (YTD) seasonally shaped budget is a favorable \$4 million.

The variance breakdown compared to budget is as follows (unfavorable)/favorable:

| | Millions |
|--------------------------------|----------|
| • Retail Revenue | \$ (9.3) |
| • Wholesale and Other revenue | 11.9 |
| • Purchased Power | (9.5) |
| • Non-power Operating Expenses | 4.3 |
| • Other Non-operating revenues | 8.1 |
| • Other Non-operating expenses | (1.4) |
| | \$ 4.1 |

For purposes of analysis, the budget has been modified to reflect seasonal fluctuations in revenue and purchased power.

Electric System Net Income
(Year-to-date)



Operating Revenues

Sales to electric **Residential** customers are \$7.5 million lower than the seasonally shaped budget. For the first half of 2016, retail revenue and consumption was unfavorable to budget by as much as 20%. Based on an average 4th quarter weather forecast and the remaining budget targets **Residential** sales will likely remain near this deficit for the year.

Compared to 2015, residential revenue is \$1.1 million higher and consumption is virtually the same.

Commercial and industrial sales are not as subject to variation due to weather conditions. They are \$1.8 lower than the seasonal budget and \$1.2 million higher than 2015. This budget shortfall is due to lower consumption in large general service sales.

Sales for resale and other includes sales of power in excess of our need for load and some sales related to hedging activity and system balancing. With hedging activities and more power available for resale due to lower retail consumption, sales for resale are \$11.9 million above the YTD seasonally shaped budget. Currently, wholesale market prices per MWH and volume sold are both approximately 17% higher as compared to budget. Contributing to the variance is the re-sale of one-half of the WGA load to Clatskanie. This re-sale was not included in the budget.

Other operating revenue includes customer account related fees, conservation reimbursements, billable operations & maintenance (O&M) work, and Renewable Energy Credit sales (RECs). Currently, other operating revenue is \$1.2 million favorable to the seasonal budget. Customer account revenue is \$300 thousand above budget and conservation reimbursement is \$275 thousand above budget. Revenue from transmission sold to others and REC revenue also has a positive variance.

Operating expenses are \$5.2 million over the YTD seasonally shaped budget. **Purchased power** expense is over the YTD seasonally shaped budget by \$9.5 million. This increase is primarily due to additional market purchases for hedging. Also contributing to the variance is purchasing the entire Western Generation Agency (WGA) load and re-selling one-half to Clatskanie PUD, EWEB's partner in ownership of WGA. In the budget, only EWEB's portion of load was included. Through September the variance between budget and actuals totals \$1.4 million. Purchased power includes all purchases from BPA, other contracted resources and market purchases. Market purchases include purchases to serve load, and purchases related to the hedging program.

Overall, non-power operating expenses are under the YTD seasonally shaped budget by a favorable \$4.2 million. **Generation** is under budget by \$426 thousand, in part due to lower fuel costs for International Paper (IP) generation and lower cost for wind operations. **System control** is under budget by \$486 thousand due to lower costs in market compliance by power planning, specifically labor and professional & technical services. **Administrative and general expense (A&G)** budgeted amounts include the amount budgeted for utility wide contingency expenses. When the contingency budget of \$3.0 million is factored out, **A&G** is tracking in line with budget.

Year over year, with the exception of **A&G** expense (\$1.2 million more), non-power operating expenses combined are \$400 thousand higher compared to 2015. The increase is due to hardware and software license costs now being incurred in the Information Services department, rather than charged out to individual departments.

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 other sales, net of the cost of purchased power, transmission and fuel. The **CM** revenues and expenses are shaped seasonally based upon forecasts and historical experience. At this time, the **CM** is forecasted to be \$4.9 million under budget at year end. The **CM** variance realized to date is \$5 million. The lower than budget retail sales is the primary driver of the variance. The Board approved \$5 million above target for the Power Reserve fund to help mitigate the impact of lower sales.

Non-operating Revenues consist of **investment earnings** and miscellaneous revenues not related to the core business of the utility, such as rental income and sale of assets. Within **non-operating revenue**, a \$4.9 million gain was recognized on the sale of Smith Creek Hydro facility. **Investment earnings** include interest on investments and changes in fair market value of investments, as well as changes in the fair value of investment derivatives. Investment derivatives are a type of hedging trade. The fair market value change of investment derivatives year to date is a positive \$1.5 million. For other securities, investment market yields have slowly improved over the past three years, and investment earnings are above the budgeted assumption.

Other Non-operating Expenses

Other expenses include non-debt related amortization, donations, the costs of environmental remediation at the former coal/gas site, and ongoing work at the riverfront property. Also included is the non-cash, accounting difference of \$1.4 million between funds provided by EWEB to pay off Smith Creek Project bonds and the carrying value of the debt. Because this debt was paid off, rather than refunded with new debt, all of the difference is recognized as expense in year 2016.

Interest expense and related amortization includes interest expense on bonds and amortization of other bond costs: premium received at the time of sale, issuance costs, and deferred accounting losses on refundings. Actual expenses are expected to be close to budget at year-end.

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

CIA is higher than prior year primarily due to the EmX project. The utility also recognized \$695 thousand in **contributed plant assets** by developers, for which there is no budget due to the variable nature of this item.

**Eugene Water and Electric Board
Electric Utility
Schedule of Revenues, Expenses, and Changes in Net Position
for the nine months ended September 2016**

| | Prior Year Comparison | | YTD Budget Comparison | | | |
|--|-----------------------|----------------------|--------------------------|-----------------------|----------------------|-----------------------------|
| | 2016 | 2015 | Annual Working Budget | Seasonal Budget \$ | Seasonal Budget % | Seasonal Budget Variance |
| Residential | \$ 67,442,414 | \$ 66,387,277 | \$ 103,236,829 | \$ 74,919,000 | ¹ 90.02% | \$ (7,477,000) |
| Commercial and industrial | 74,892,813 | 73,647,357 | 102,528,476 | 76,712,000 | ¹ 97.63% | (1,819,000) |
| Sale for resale and other | 39,955,977 | 39,142,031 | 35,070,774 | 28,059,000 | ¹ 142.40% | 11,897,000 |
| Operating revenues | 182,291,204 | 179,176,665 | 240,836,079 | 179,690,000 | 101.45% | 2,601,000 |
| Purchased power | 88,900,470 | 81,423,257 | 106,407,402 | 79,442,000 | ² 111.91% | (9,458,000) |
| System control | 4,417,306 | 4,398,453 | 6,537,435 | 4,903,000 | 90.09% | 486,000 |
| Wheeling | 9,260,453 | 9,431,961 | 12,761,904 | 9,571,000 | 96.76% | 311,000 |
| Generation | 8,660,124 | 8,755,932 | 12,114,059 | 9,086,000 | 95.31% | 426,000 |
| Transmission and distribution | 15,122,986 | 15,435,781 | 20,745,063 | 15,559,000 | 97.20% | 436,000 |
| Customer accounting | 5,817,286 | 5,673,822 | 7,482,153 | 5,612,000 | 103.66% | (205,000) |
| Conservation expenses | 3,113,688 | 2,570,986 | 4,425,040 | 3,319,000 | 93.81% | 205,000 |
| Administrative and general | 15,805,281 | 14,576,562 | 25,206,069 | 18,905,000 | 83.60% | 3,100,000 |
| Depreciation on utility plant | 18,043,034 | 17,604,415 | 23,345,307 | 17,509,000 | 103.05% | (534,000) |
| Operating expenses | 169,140,628 | 159,871,169 | 219,024,432 | 163,906,000 | 103.19% | (5,233,000) |
| Net Operating Income | 13,150,576 | 19,305,496 | 21,811,647 | 15,784,000 | 83.32% | (2,632,000) |
| Investment earnings | 3,047,855 | 651,628 | 861,695 | 646,000 | 471.80% | 2,402,000 |
| Interest earnings, Water | 796,457 | 841,347 | 1,097,691 | 823,000 | 96.77% | (27,000) |
| Other non-operating revenue | 7,799,155 | 1,444,780 | 2,911,855 | 2,184,000 | 357.10% | 5,615,000 |
| Non-operating Revenues | 11,643,467 | 2,937,755 | 4,871,241 | 3,653,000 | 318.74% | 7,990,000 |
| Other expenses | 2,190,298 | 894,361 | 1,847,645 | 1,386,000 | 158.03% | (804,000) |
| Interest expense and related amortization | 7,619,474 | 8,487,405 | 9,430,063 | 7,073,000 | 107.73% | (546,000) |
| Other Non-operating Expenses | 9,809,772 | 9,381,766 | 11,277,708 | 8,459,000 | 115.97% | (1,350,000) |
| Income before capital contributions | 14,984,271 | 12,861,485 | 15,405,181 | 10,978,000 | 136.49% | 4,006,000 |
| Contributions in aid of construction | 6,620,660 | 2,738,511 | 10,125,000 | 7,594,000 | 87.18% | (973,000) |
| Contributed plant assets | 695,137 | 150,000 | - | - | | 695,000 |
| Increase in Net Position | \$ 22,300,068 | \$ 15,749,996 | \$ 25,530,181 | \$ 18,572,000 | 120.07% | \$ 3,728,000 |

Notes to the Financial Statements:

¹ Seasonal budget figure based on PPM forecast used for budgeting.

² Seasonal budget figure based on cyclical account activity averaged from the past four years.

Unmarked seasonal budget figures are not shaped and are allocated using a straight-line method

Net utility plant in service

The removal of the Smith Creek Hydro facility from plant in service made up the decrease in capital assets. A total of \$30 million of historical costs and associated accumulated depreciation was removed.

Cash and cash equivalents and Short-term investments

Working cash balances include cash in the bank and investments. The balances in working cash are available for the day-to-day operating expenses of the utility. Balances are lower compared to last year. In April, the Board approved transfers based on 2015 activity which allocated \$4.7 million to other designated reserves. In August, \$5 million was used to defease debt related to Smith Creek. Short –term investments also include those classified as long-term at year end as noted below.

Restricted cash and investments

This category includes investments for debt service accumulated to pay interest and principal to bondholders. For 2016, the required payments of interest and principal to bondholders have been made. During September, a significant amount of Electric’s debt was refunded or defeased which lowered the required debt services reserve balance by \$2.9 million. The balance held for interest and principal payments is also lower by \$1.8 million. Moving forward, cash held for interest and principal payments will increase monthly until the next required interest payment in February 2017. **Restricted cash and investments** also includes unspent bond proceeds restricted for capital improvements used to fund work for the Carmen Smith Relicensing. Year over year, bond funded capital spending is responsible for \$5.8 million of the decrease.

Designated cash and investments

All reserves with a Board approved performance standard are at, or above, their performance standard. The Board approved the transfer of an additional \$5.0 million above the performance standard to the power reserve, in anticipation of lower than expected operating results. Also, \$8.7 million was transferred to the Rate Stabilization Fund from Working Cash in accordance to the 2016 budget. In 2017, Finance will be discussing with the Board ways to pursue the highest and best use of funds above Board targets.

Long-term investments

At the end of the year, any investments that have a maturity beyond one year are reclassified as long-term investments, in conformity to Generally Accepted Accounting Principles. During the year, these investment balances are shown as **cash and cash equivalents** or within the **designated cash and investments** category. All securities held are highly marketable and could be liquidated if a need arose. Finance believes presentation of the entire balance within current assets is clearer for internal reporting purposes. The December 2015 **long-term investments** balance was \$9.3 million from **cash and cash equivalents** and \$34.3 million from **designated cash and investments**.

Investment in WGA

Investment in WGA represents EWEB’s 50% ownership of Western Generation Agency, an intergovernmental agency with Clatskanie PUD. The balance of EWEB’s investment in WGA increases when EWEB records a 50% share of WGA’s net income, and decreases when receiving distributions of cash or recognizes a 50% share of net loss for a year. As of April, 2016 EWEB became an off-taker of WGA’s power output. EWEB purchase of WGA’s power output, which is included with Electric’s **purchased power** expense, is not part of the investment balance.

Investment in Harvest Wind

EWEB is a 20% owner in Harvest Wind. This investment balance changes with EWEB's 20% share of Harvest Wind net income or net loss annually, and decreases for distributions to EWEB of excess cash from Harvest Wind. Electric's share of Harvest Wind's net income is typically \$300 thousand per year and distributions average \$1.7 million per year. EWEB purchases 20% of Harvest Wind's power output, which is included with Electric's **purchased power** expense and is not part of the investment balance.

Deferred outflows of resources

Some costs that will not be recognized until future periods are considered **deferred outflows of resources**. These costs include the fair value changes in derivatives, certain PERS costs, and some costs related to refunding of debt. The balance was up by \$9.4 million in September due to bond refunding. The change represents the difference in total new debt, less the total of all outstanding balances pertaining to the old debt. Reporting of **deferred outflows of resources** for refunding of debt results in gradual recognition as **interest expense and related amortization** from the time the refunding is entered into until the new debt is paid off.

Net pension asset or Net pension liability

The **net pension asset** or **net pension liability** represent EWEB's proportionate share of PERS system net pension liability or asset. The 2014, PERS system actuarial valuation resulted in a **net pension asset**. The 2014 valuation included cost saving changes to the PERS system subsequently overturned by the Oregon Supreme Court. As a consequence of the court decision, and other changes in actuarial assumptions, the 2015 PERS valuation resulted in a **net pension liability**.

Other assets

Other assets include \$41 million for Carmen-Smith relicensing, and the EWEB share of certain non-cash pension expenses relating to changes in the actuarial valuation of the PERS System. EWEB has elected to use regulatory accounting to defer non-cash pension expenses, and will recognize pension expense as required employer contributions are paid.

Long-term debt

Long-term debt has decreased due to the defeasance of \$23.8 million in bond principal from the sale of the Smith Creek Project plus some cash reserves. In September, \$126.1 million of bonds was refinanced which also resulted in lower long-term debt obligations. Cash flow savings from these two transactions will be approximately \$48 million, with most of the savings recognized over the next ten years. During the rating process for the bond refunding, Moody's upgraded all of the Electric outstanding bonds to Aa2 from Aa3, and Fitch issued an upgrade from A- to AA-.

Deferred inflows of resources

Year over year changes in **deferred inflows of resources** are primarily due to the deferral of non-cash pension expenses, as discussed above.

Recommendation/Requested Board Action

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

**Eugene Water and Electric Board
Electric System
Statement of Net Position
September, 2016 and 2015**

| | 2016 | 2015 | December 2015 |
|--|----------------|----------------|--------------------------|
| Assets | | | |
| Capital assets | | | |
| Utility plant in service | \$ 725,536,859 | \$ 733,959,377 | \$ 752,863,250 |
| Less - Accumulated depreciation | (398,253,695) | (389,324,352) | (393,797,388) |
| Net utility plant in service | 327,283,164 | 344,635,025 | 359,065,862 |
| Property held for future use | 827,449 | 827,449 | 827,449 |
| Construction work in progress | 19,739,348 | 18,525,506 | 5,505,140 |
| Net utility plant | 347,849,961 | 363,987,980 | 365,398,451 |
| Current assets | | | |
| Cash and cash equivalents | 3,220,008 | 8,079,345 | 7,239,776 |
| Short-term investments | 23,009,600 | 26,502,425 | 16,165,484 |
| Restricted cash and investments | 26,030,051 | 37,321,189 | 42,121,803 |
| Designated cash and investments | 112,384,297 | 93,376,097 | 58,915,274 |
| Receivables, less allowances | 26,604,239 | 28,722,770 | 31,603,034 |
| Due from Water System | 774,331 | 788,488 | 887,148 |
| Materials and supplies, at average cost | 3,694,277 | 4,908,830 | 4,286,899 |
| Prepays | 6,597,330 | 7,158,550 | 6,931,033 |
| Total current assets | 202,314,133 | 206,857,694 | 168,150,451 |
| Non-current assets | | | |
| Long-term receivable, conservation and other | 4,861,698 | 4,895,382 | 5,160,480 |
| Due from Water System | 16,784,045 | 17,436,013 | 17,266,499 |
| Long-term investments | - | - | 43,657,619 |
| Investment in WGA | 3,258,130 | 1,368,010 | 2,786,808 |
| Investment in Harvest Wind | 24,006,340 | 25,314,834 | 25,067,481 |
| Nonutility Property | 7,830,500 | 7,939,893 | 7,830,500 |
| Net pension asset | - | 16,010,707 | - |
| Other assets | 63,142,261 | 57,426,310 | 64,320,426 |
| Total non-current assets | 119,882,974 | 130,391,149 | 166,089,813 |
| Deferred Outflows | | | |
| Deferred outflows of resources | 17,082,812 | 6,813,365 | 8,936,627 |
| Total Assets and Deferred Outflows | \$ 687,129,880 | \$ 708,050,188 | \$ 708,575,342 |
| Liabilities | | | |
| Current liabilities | | | |
| Payables | \$ 17,825,553 | \$ 16,564,844 | \$ 18,892,593 |
| Accrued payroll and benefits | 4,087,219 | 4,927,853 | 4,909,776 |
| Accrued interest on long-term debt | 1,222,483 | 1,846,634 | 4,616,586 |
| Long-term debt due within one year | 11,165,000 | 13,510,000 | 13,510,000 |
| Total current liabilities | 34,300,255 | 36,849,331 | 41,928,955 |
| Non-current liabilities | | | |
| Long-term debt | 200,644,622 | 233,197,855 | 232,865,868 |
| Net pension liability | 37,311,057 | - | 37,311,057 |
| Other liabilities | 9,960,982 | 10,003,595 | 10,339,481 |
| Total liabilities | 282,216,916 | 280,050,781 | 322,445,361 |
| Deferred Inflows | | | |
| Deferred Inflows of resources | 10,215,116 | 59,590,685 | 13,732,200 |
| Net Position | | | |
| Net investment in capital assets | 167,564,380 | 169,006,798 | 169,832,994 |
| Restricted | 9,692,937 | 15,030,194 | 17,528,492 |
| Unrestricted | 217,440,531 | 213,990,093 | 185,036,295 |
| Total net position | 394,697,848 | 368,408,722 | 372,397,781 |
| Total Liabilities, Deferred Inflows, and Net Position | \$ 687,129,880 | \$ 708,050,188 | \$ 708,575,342 |

Capital Budget Comparison

The electric utility has spent \$10.4 million or 36% of budget, net of contributions in aid, on capital work, compared to \$11.2 million in 2015. The largest balances were expended for improvements to the distribution system, AMI, Carmen Smith relicensing, and work for the EmX project. The Type 1 Distribution Projects are at 60% of their annual budget.

Note: the capital budget is approved by the Board as the maximum amount allowed for all capital work. Annual budgets by type and by individual projects are prepared for planning and reporting purposes, but overall budget accountability to the board remains at the total capital level.








Eugene Water and Electric Board Electric Utility Capital Budget Comparison for the nine months ended September 2016

| | <u>Current Month</u> | <u>Year to Date</u> | <u>Annual Working Budget w/Amendment</u> | <u>% of Budget</u> |
|---------------------------------|----------------------|---------------------|--|--------------------|
| Type 1 Capital | | | | |
| Building & Land | 263 | 226,565 | 510,720 | 44.4% |
| Distribution | 443,767 | 5,143,141 | 8,200,000 | 62.7% |
| Electric Fleet | - | 456,644 | 1,227,148 | 37.2% |
| Generation | 56,551 | 444,178 | 915,999 | 48.5% |
| Information Technology | 10,518 | 266,602 | 1,130,001 | 23.6% |
| Substation | 225,354 | 1,474,470 | 1,650,001 | 89.4% |
| Transmission | 34,315 | 207,911 | 150,001 | 138.6% |
| Total Type 1 Capital | <u>770,768</u> | <u>8,219,511</u> | <u>13,783,870</u> | 59.6% |
| Type 2 Capital | | | | |
| AMI | 179,847 | 1,251,179 | 2,527,001 | 49.5% |
| CIS | - | - | 1,230,001 | 0.0% |
| Downtown Network | 3,428 | 24,549 | 2,000,000 | 1.2% |
| Holden Creek Substation | 78,443 | 332,320 | 1,500,000 | 22.2% |
| Leaburg Dam Rollgate #2 | 32,562 | 281,368 | 1,570,000 | 17.9% |
| LTD West Side EMX | 265,860 | 3,647,091 | 6,175,093 | 59.1% |
| Total Type 2 Capital | <u>560,140</u> | <u>5,536,507</u> | <u>15,002,095</u> | 36.9% |
| Type 3 Capital | | | | |
| Carmen Smith Relicensing | 1,144,594 | 3,239,476 | 10,590,000 | 30.6% |
| Total Type 3 Capital | <u>1,144,594</u> | <u>3,239,476</u> | <u>10,590,000</u> | 30.6% |
| Total Capital before CIA | <u>2,475,502</u> | <u>16,995,494</u> | <u>39,375,965</u> | 43.2% |
| Contributions in aid | <u>(701,527)</u> | <u>(6,620,660)</u> | <u>(10,125,000)</u> | 65.4% |
| Grand Total | <u>\$ 1,773,975</u> | <u>10,374,834</u> | <u>\$ 29,250,965</u> | 35.5% |

Ratios

The current ratio, a measure of current assets compared to current liabilities, increased significantly after the payoff of the Harvest Wind note in 2015, and is well above the board target. The current ratio at December 31 is net of long-term investments for purposes of external reporting. The annualized debt service coverage ratio is above performance standards at 2.17. This ratio should continue to improve in the coming years with the defeasance and refunding of bonds as mentioned on Page 5. All ratios are performing better than the board targeted levels.

**Electric System
Financial Ratios
September 30, 2016**

| | <u>YTD</u> <u>2016</u> | <u>Status</u> | <u>December</u> <u>2015</u> | <u>Performance</u> <u>Standard</u> |
|-------------------------------|---------------------------|---|--------------------------------|---------------------------------------|
| Current Ratio | 5.90 |  | 4.01 | ≥ 3.25 |
| Debt to Total Assets | 0.43 |  | 0.47 | ≤ 0.60 |
| Debt Service Coverage | 2.17 |  | 2.05 | ≥ 1.75 |
| Operating Ratio | 0.83 |  | 0.81 | |
| Days Unrestricted Cash | 259 |  | 237 | |
| Days Available Cash | 159 |  | 148 | ≥ 90 |
| Debt to Equity | 60% |  | 73% | ≤ 91% |

Notes:

Effective, 9/30/2015 - Rate Stabilization Fund was added to the calculation for Days Available Cash. While Board approval is required - this fund would be available for use in an emergency.

See next page for Ratio definitions and benchmark sources

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, including the power and rate stabilization 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).

Benchmark Derived From

APPA - American Public Power Association Financial Ratios. The ratio information is taken from the most current report on standard utility ratios (2003 data, published May 2005).

Days Unrestricted Cash

Standard and Poor's Industry Standards for Investment Grade ratings

(Investment Grade Standard is 60 to 90 days unrestricted cash)

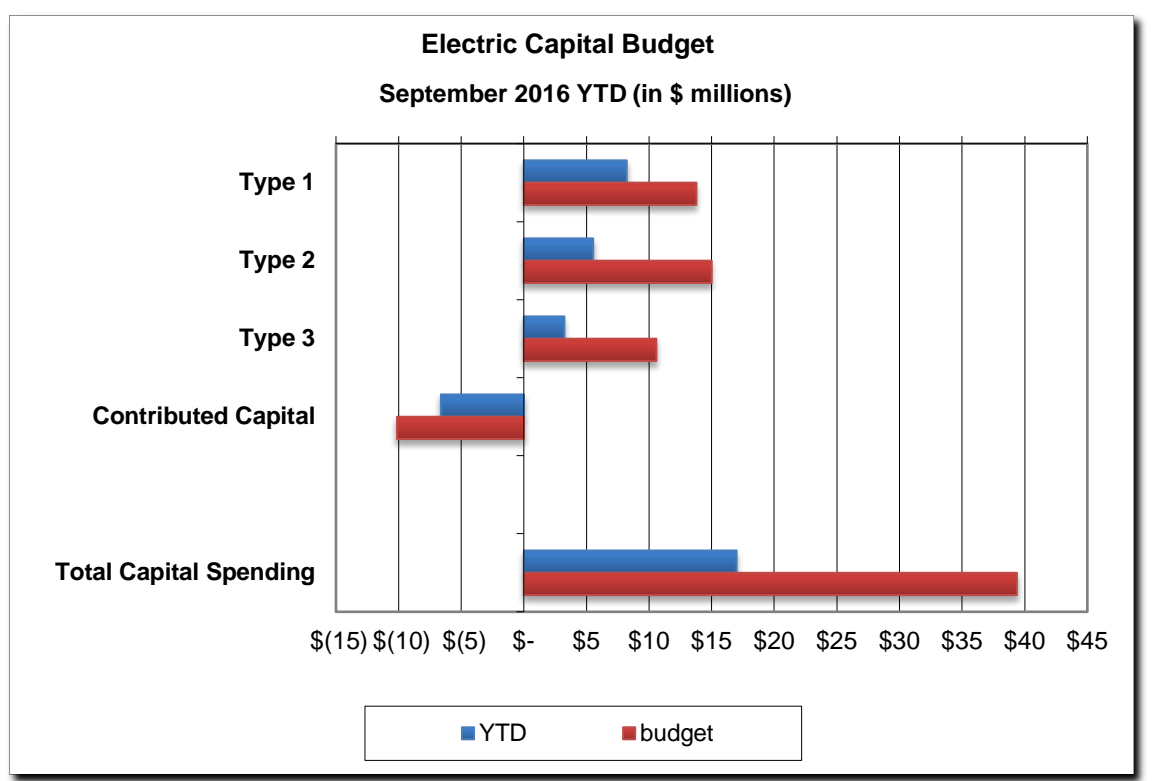
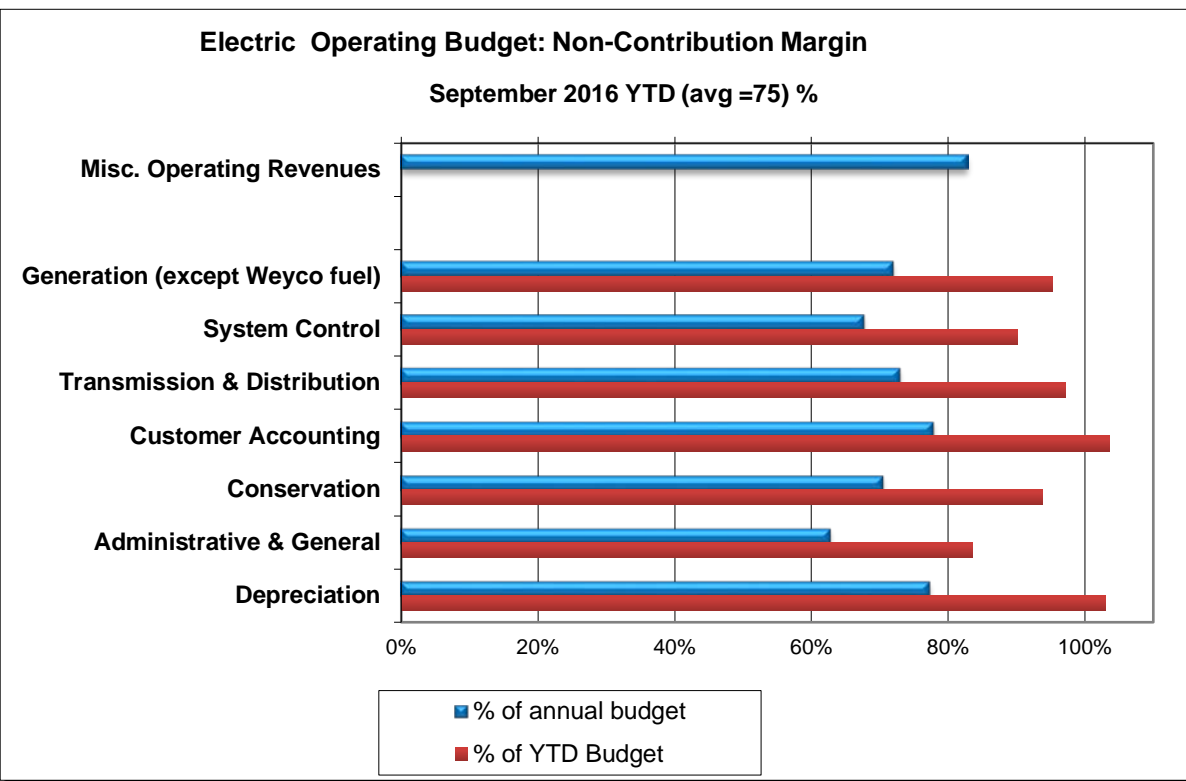
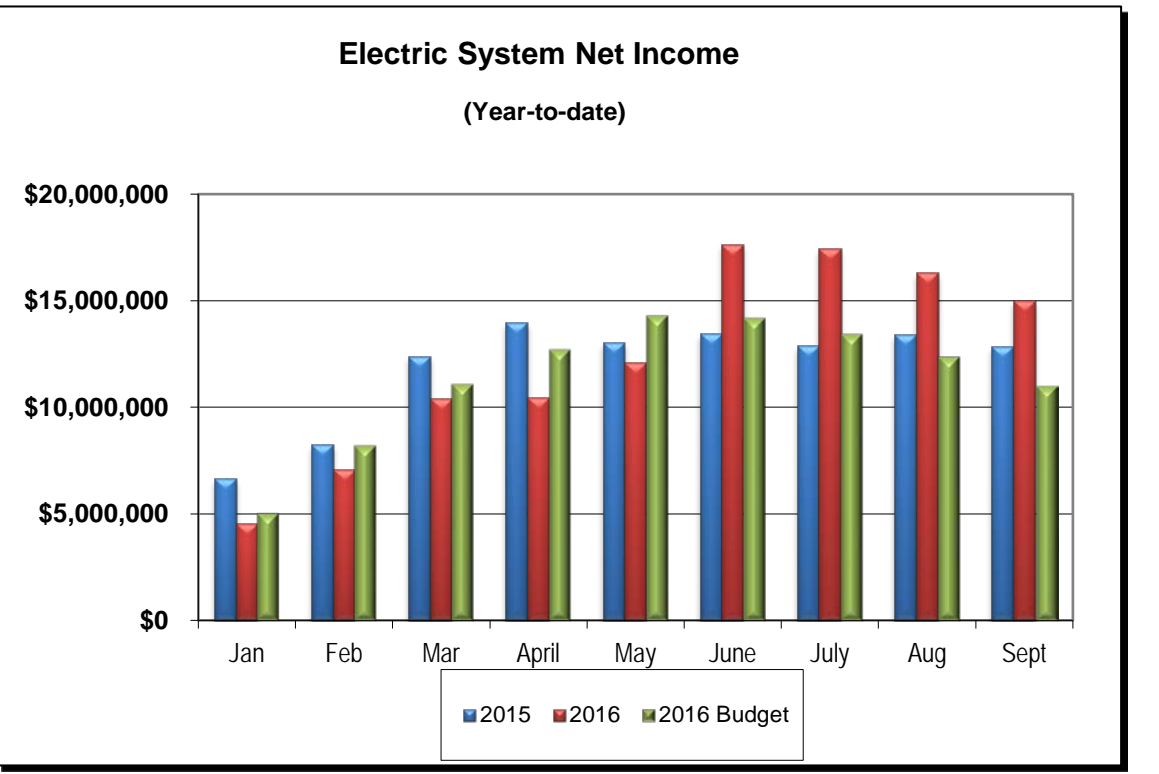
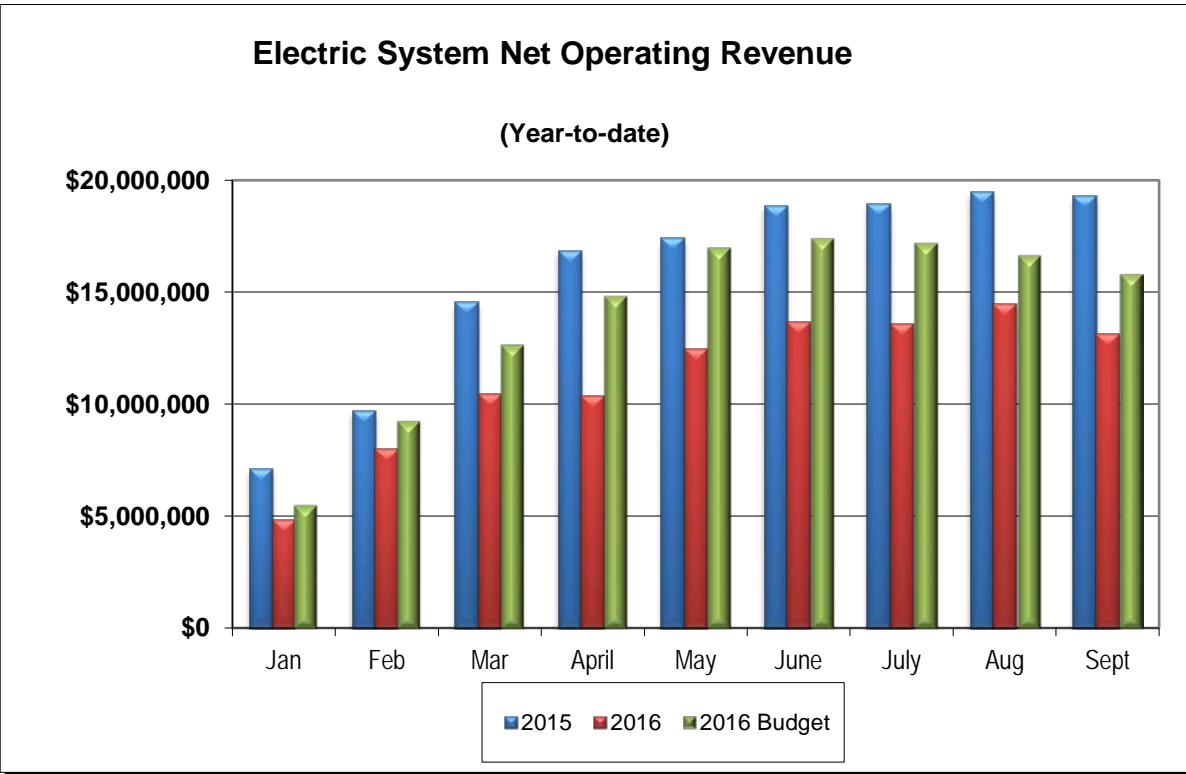
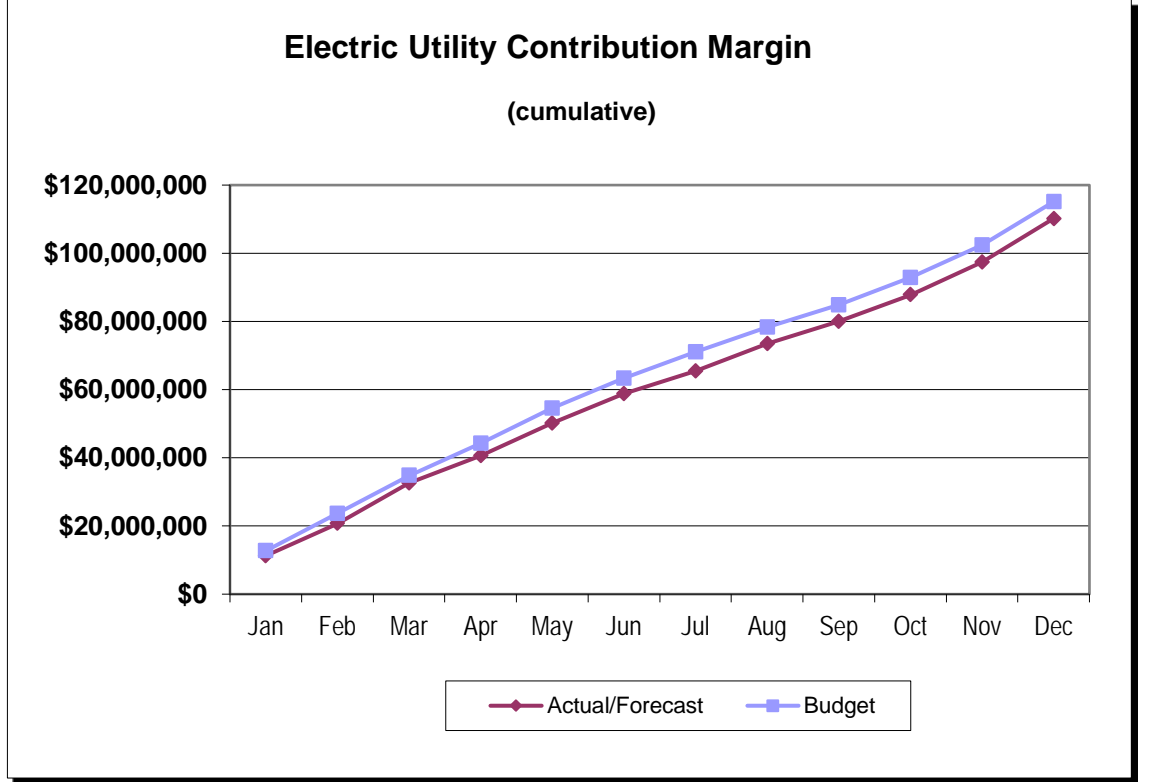
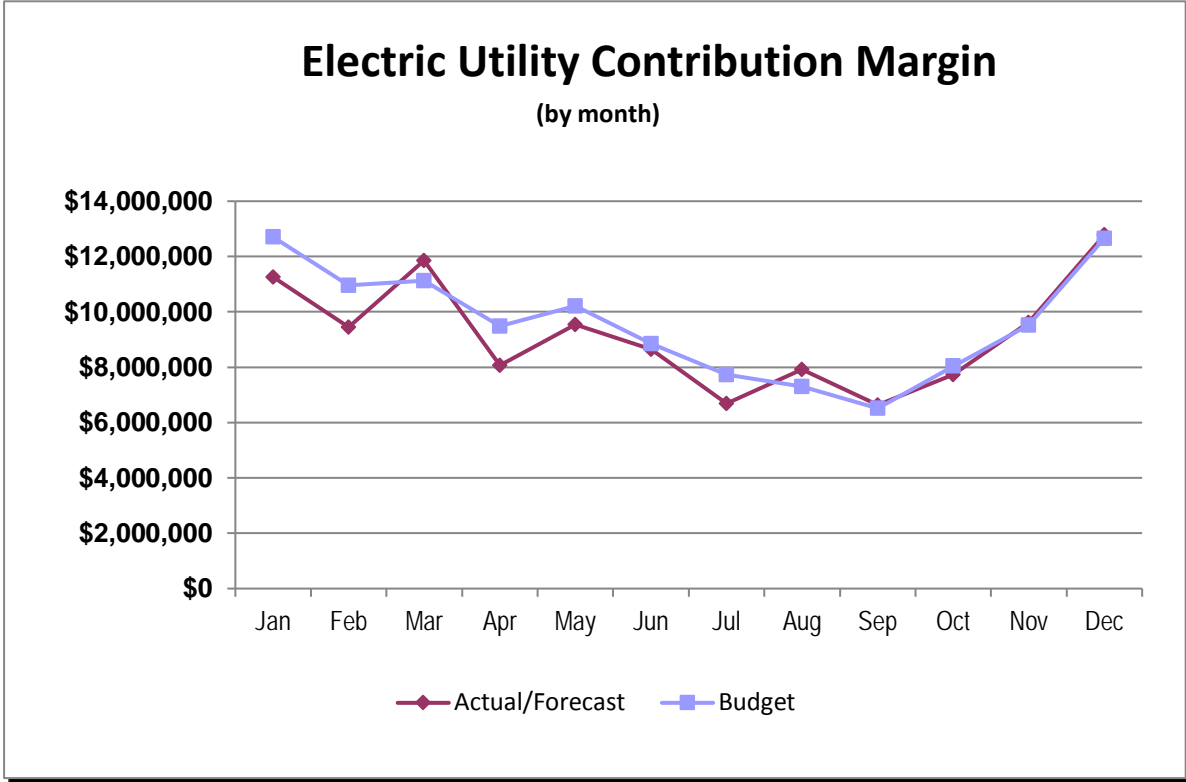
Days Available Cash

Set by management as minimum desirable level of available cash reserves

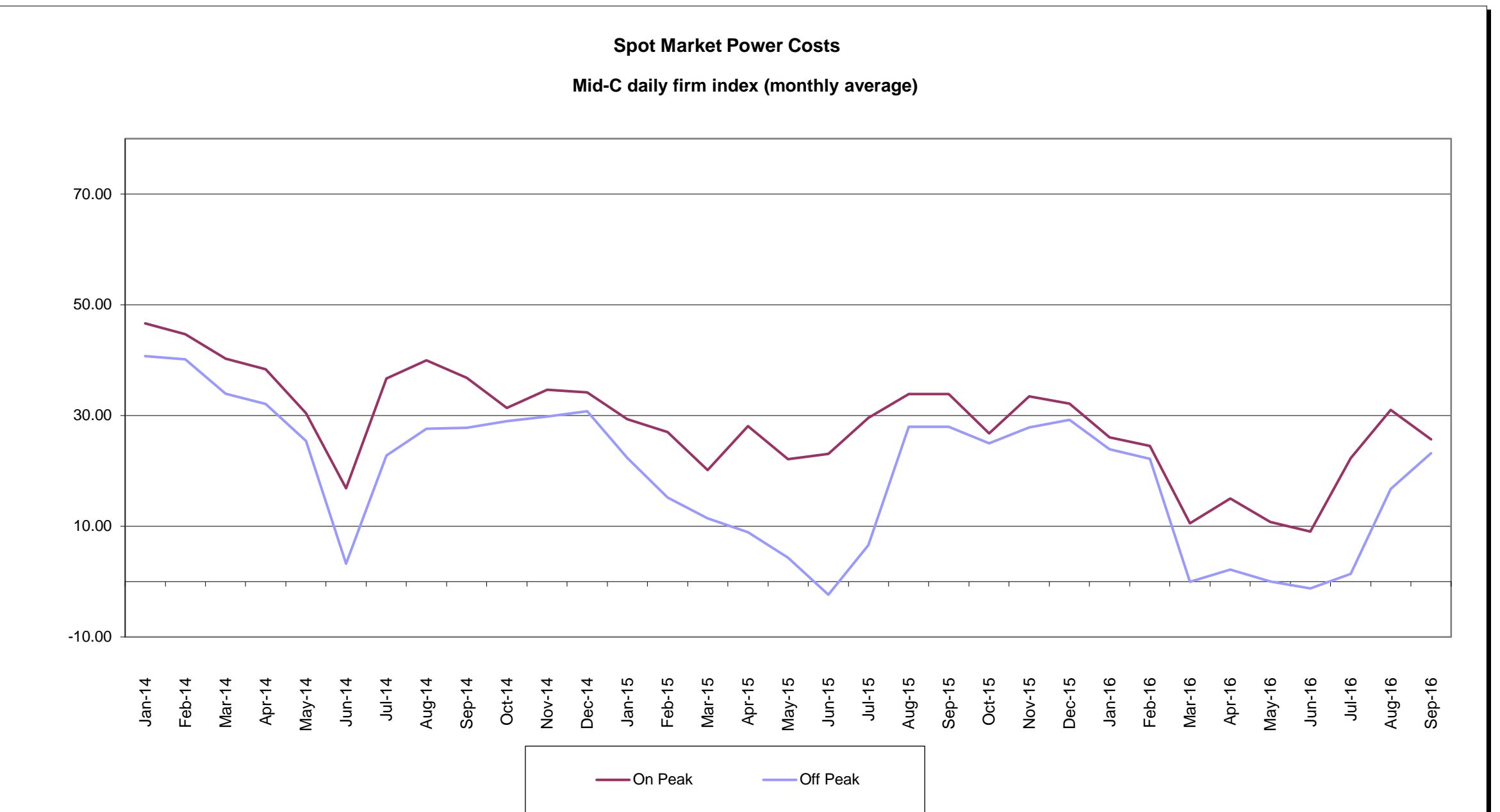
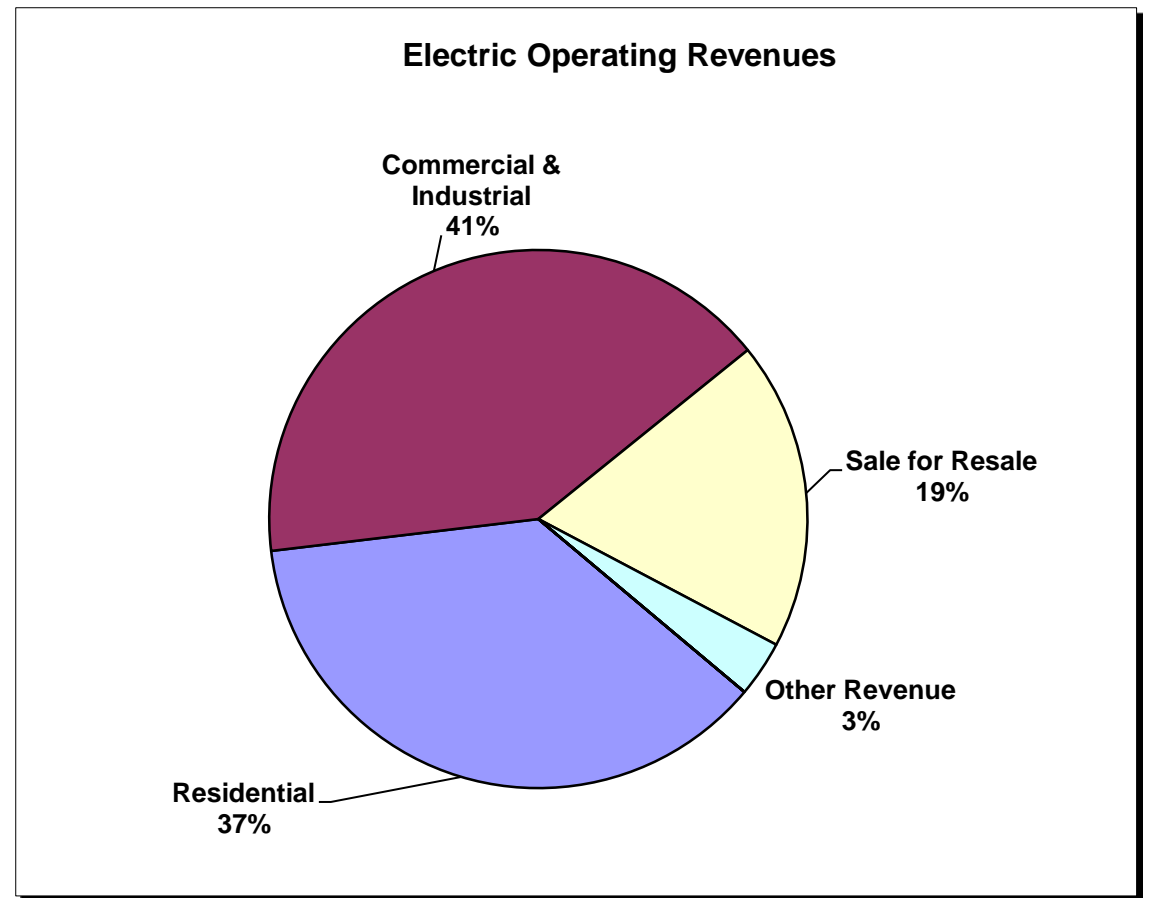
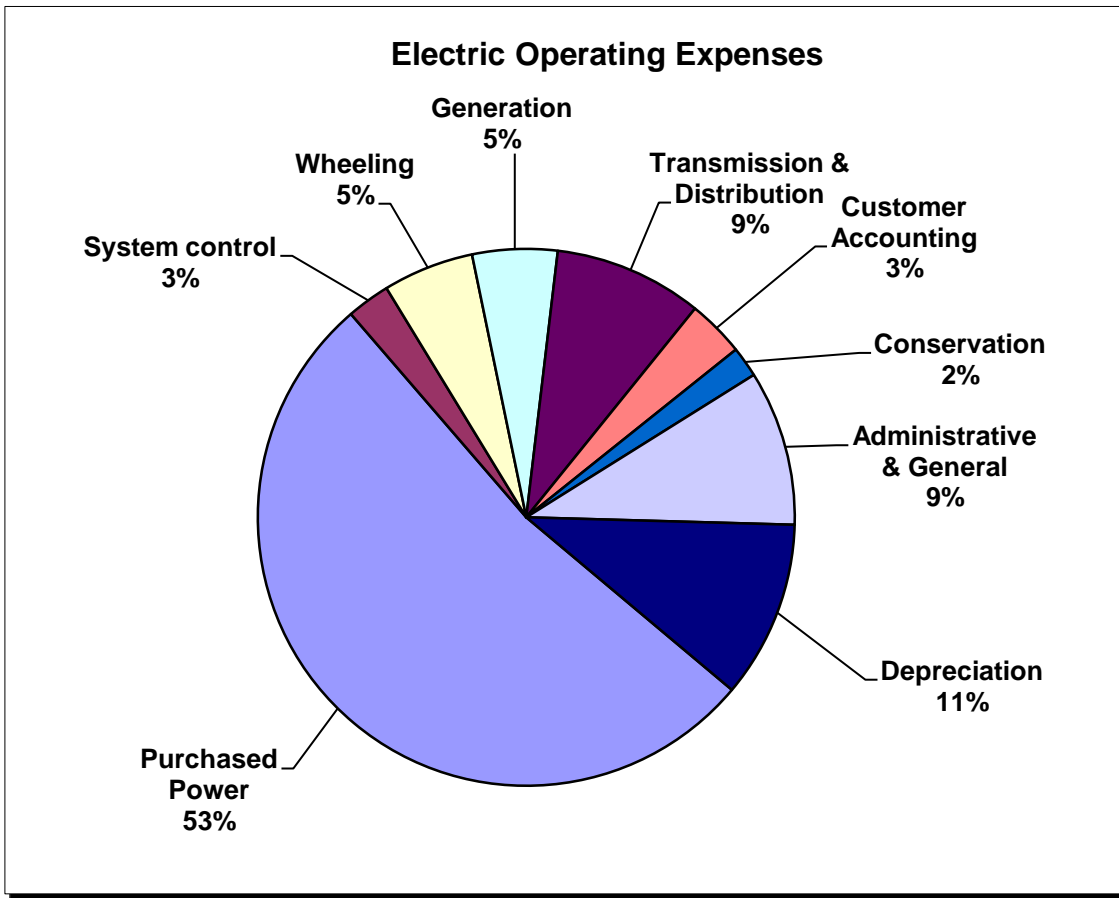
Eugene Water & Electric Board

Financial Graphs - Electric Utility

September 2016



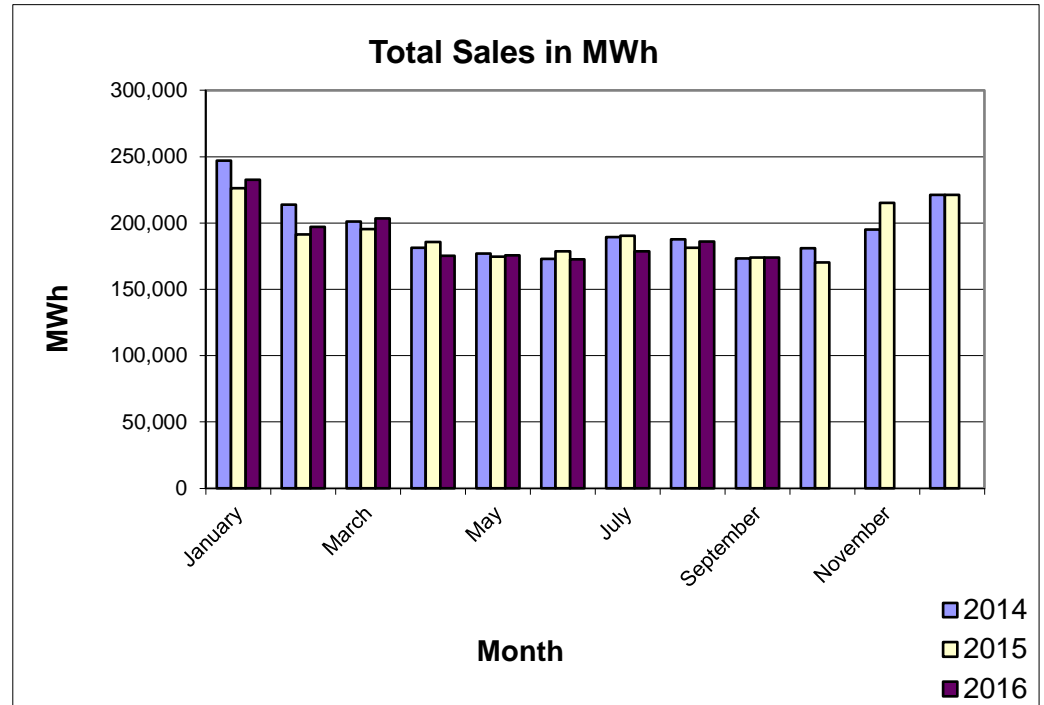
**Eugene Water & Electric Board
Financial Graphs-Electric Utility
September 2016**



Electric Utility Sales in MWh September 2016

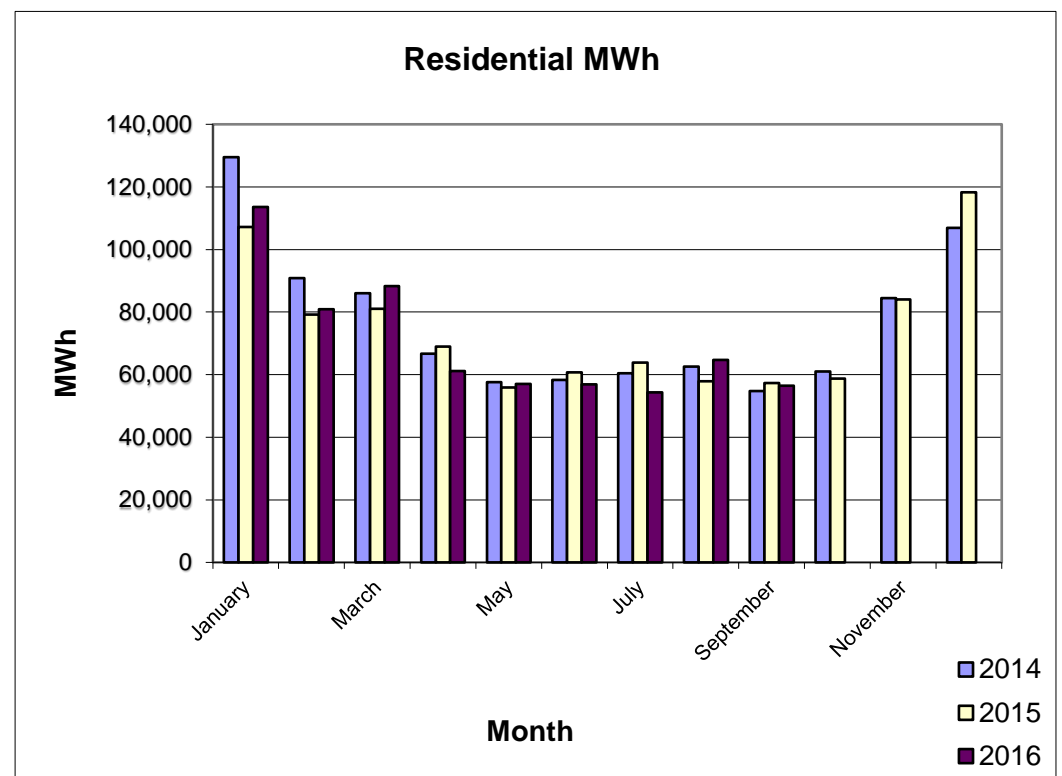
Total Electric Utility Sales in MWh

| | 2014 | 2015 | 2016 |
|--------------|------------------|------------------|------------------|
| January | 246,897 | 226,208 | 232,720 |
| February | 213,721 | 191,281 | 197,213 |
| March | 201,085 | 195,492 | 203,425 |
| Q1 total | 661,703 | 612,981 | 633,357 |
| April | 181,338 | 185,698 | 175,157 |
| May | 176,849 | 174,491 | 175,703 |
| June | 172,861 | 178,629 | 172,650 |
| Q2 total | 531,048 | 538,818 | 523,510 |
| July | 189,368 | 190,535 | 178,658 |
| August | 187,651 | 181,414 | 186,064 |
| September | 173,396 | 173,902 | 173,917 |
| Q3 total | 550,415 | 545,851 | 538,639 |
| October | 180,848 | 170,136 | 0 |
| November | 194,991 | 215,218 | 0 |
| December | 221,321 | 221,322 | 0 |
| Q4 total | 597,160 | 606,676 | 0 |
| Annual total | <u>2,340,326</u> | <u>2,304,326</u> | <u>1,695,506</u> |



Residential Sales in MWh

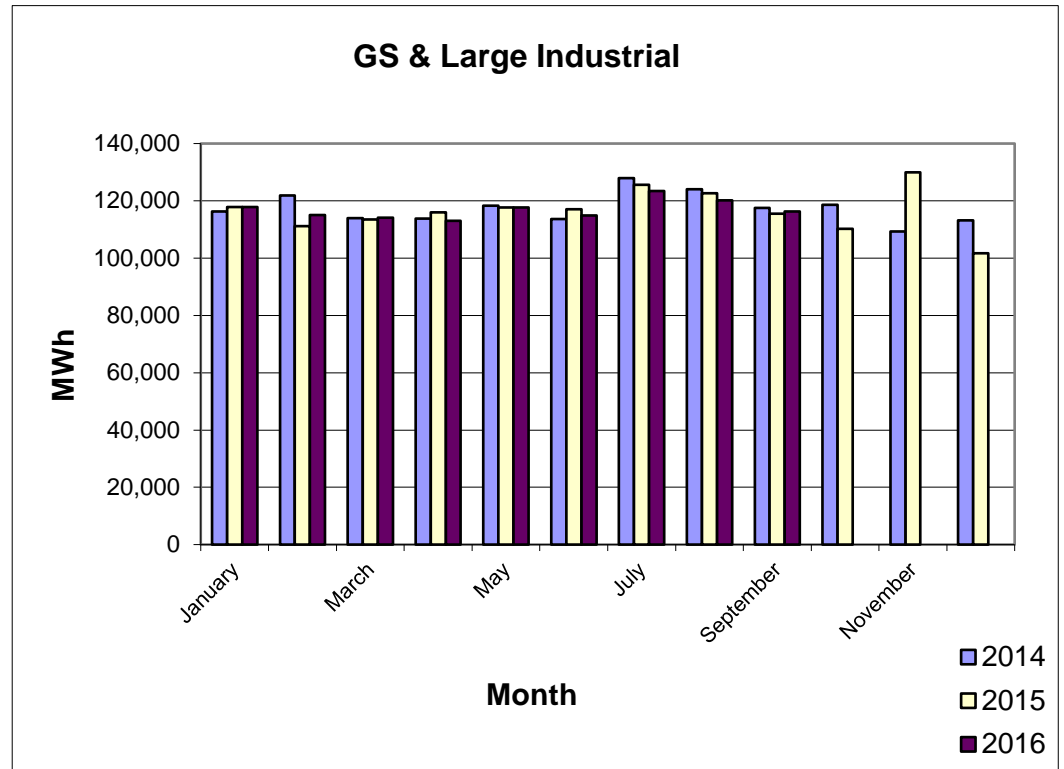
| | 2014 | 2015 | 2016 |
|-----------|----------------|----------------|----------------|
| January | 129,434 | 107,136 | 113,589 |
| February | 90,865 | 79,168 | 80,958 |
| March | 86,008 | 81,006 | 88,256 |
| Q1 total | 306,307 | 267,310 | 282,803 |
| April | 66,739 | 69,023 | 61,190 |
| May | 57,652 | 55,898 | 57,055 |
| June | 58,311 | 60,721 | 56,918 |
| Q2 total | 182,702 | 185,642 | 175,163 |
| July | 60,462 | 63,866 | 54,329 |
| August | 62,552 | 57,890 | 64,718 |
| September | 54,751 | 57,313 | 56,523 |
| Q3 total | 177,765 | 179,069 | 175,570 |
| October | 61,020 | 58,717 | 0 |
| November | 84,506 | 84,028 | 0 |
| December | 106,876 | 118,236 | 0 |
| Total | <u>919,176</u> | <u>893,002</u> | <u>633,535</u> |



Electric Utility Sales in MWh September 2016

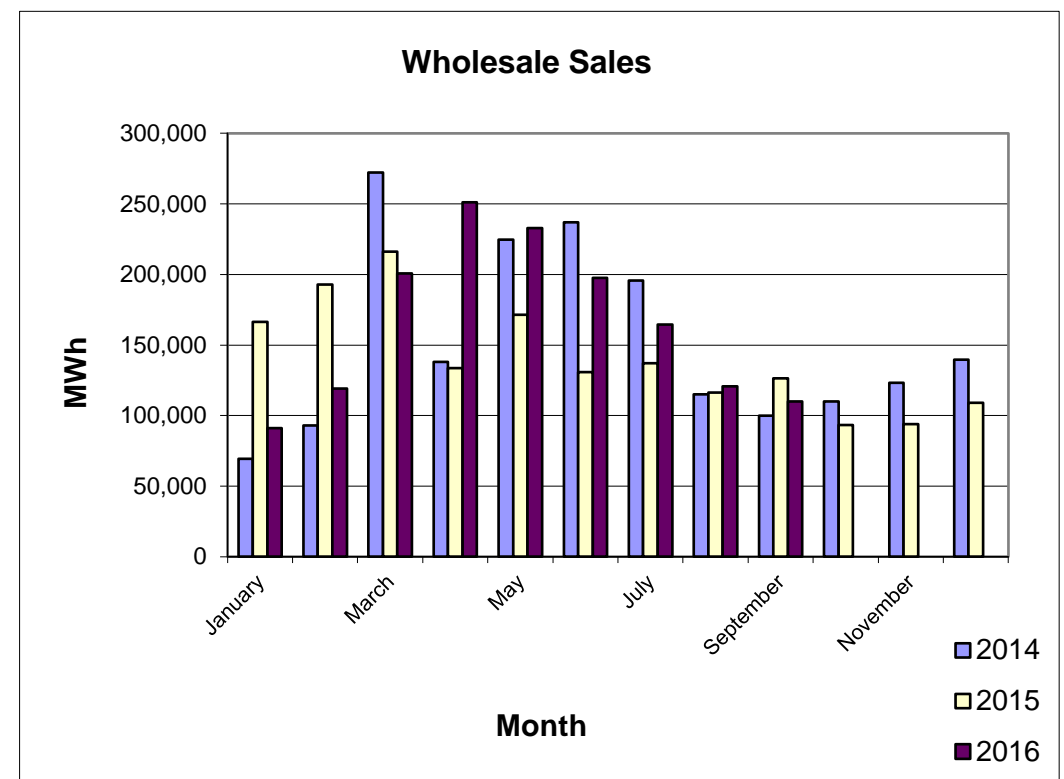
General Service & Large Industrial Sales in MWh

| | 2014 | 2015 | 2016 |
|--------------|-------------------------|-------------------------|-------------------------|
| January | 116,239 | 117,866 | 117,905 |
| February | 121,842 | 111,091 | 114,969 |
| March | 114,007 | 113,463 | 114,088 |
| | <u>352,088</u> | <u>342,420</u> | <u>346,962</u> |
| April | 113,740 | 116,038 | 112,987 |
| May | 118,322 | 117,742 | 117,677 |
| June | 113,703 | 117,015 | 114,827 |
| | <u>345,765</u> | <u>350,795</u> | <u>345,491</u> |
| July | 127,947 | 125,672 | 123,364 |
| August | 124,008 | 122,673 | 120,117 |
| September | 117,531 | 115,459 | 116,236 |
| | <u>369,486</u> | <u>363,804</u> | <u>359,717</u> |
| October | 118,635 | 110,229 | 0 |
| November | 109,278 | 130,010 | 0 |
| December | 113,195 | 101,752 | 0 |
| | <u>341,108</u> | <u>341,991</u> | <u>0</u> |
| Total | <u><u>1,408,447</u></u> | <u><u>1,399,010</u></u> | <u><u>1,052,170</u></u> |



Total Wholesale Sales in MWh

| | 2014 | 2015 | 2016 |
|--------------|-------------------------|-------------------------|-------------------------|
| January | 69,372 | 166,562 | 91,229 |
| February | 93,166 | 192,878 | 119,306 |
| March | 272,177 | 216,315 | 200,903 |
| | <u>434,715</u> | <u>575,755</u> | <u>411,438</u> |
| April | 137,930 | 133,635 | 251,173 |
| May | 224,853 | 171,384 | 233,001 |
| June | 237,088 | 130,835 | 197,619 |
| | <u>599,871</u> | <u>435,854</u> | <u>681,793</u> |
| July | 195,718 | 136,993 | 164,635 |
| August | 115,137 | 116,194 | 120,758 |
| September | 99,891 | 126,384 | 110,175 |
| | <u>410,746</u> | <u>379,571</u> | <u>395,568</u> |
| October | 110,036 | 93,491 | 0 |
| November | 123,128 | 94,117 | 0 |
| December | 139,559 | 109,166 | 0 |
| | <u>372,723</u> | <u>296,774</u> | <u>0</u> |
| Total | <u><u>1,818,055</u></u> | <u><u>1,687,954</u></u> | <u><u>1,488,799</u></u> |



| | | | | |
|-----------------------|----------|----------|----------|---------------------------|
| Average Price Per MWh | \$ 31.75 | \$ 22.96 | \$ 22.33 | |
| Generation % | 97% | 85.5% | 95.0% | YTD |
| | | | 89.0% | Current Month - September |



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Helgeson, Manning, Mital and Brown
FROM: Sue Fahey, Chief Financial Officer; Susan Eicher, Accounting & Treasury Supervisor
DATE: October 21, 2016
SUBJECT: Water Utility September 2016 Financial Statements
OBJECTIVE: Information Only

Schedule of Revenues, Expenses, and Changes in Net Position (Income Statement)–Page 4

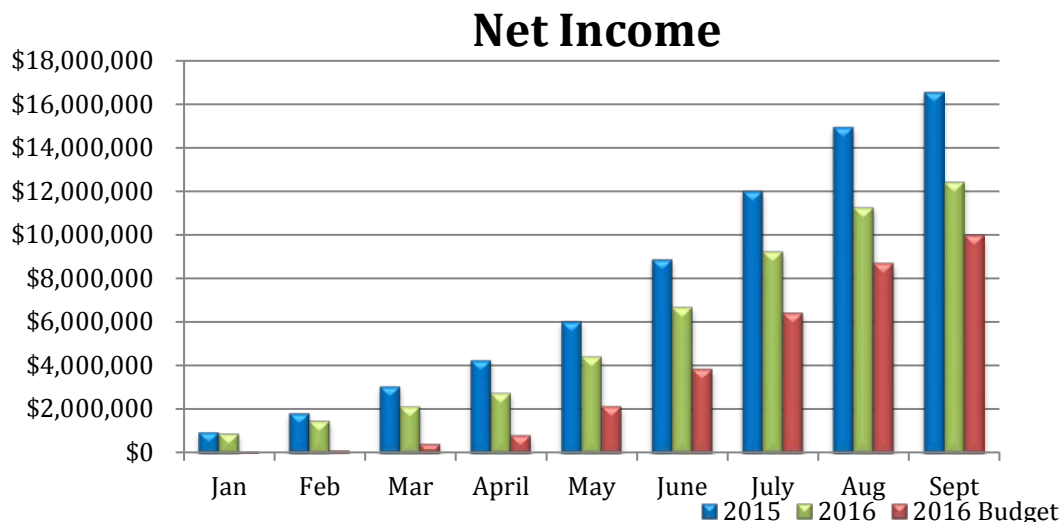
Income before capital contributions (Net Income)

Net income for the Water Utility as of September is \$10.2 million and is favorable to the seasonally shaped budget by \$2.7 million. This is due to a combination of higher than budgeted revenues and lower than budgeted expenses for this point in the year.

The variance from budget breakdown is as follows: (in thousands)

- Retail Revenue over budget \$ 77
- Wholesale and Other revenue over budget 614
- Operating Expenses under budget 1,760
- Non-operating revenues over budget 50
- Non-operating expenses under budget 232
- \$2,733

For purposes of analysis, the budget has been modified to reflect seasonal revenue fluctuations. The comparison to annual budget in the chart below is seasonally shaped.



Operating Revenues

Residential and Commercial and industrial sales to water customers are in line with the YTD seasonally shaped budget, but are below prior year levels. Consumption is slightly lower than last year due to the milder weather experienced in June and July of 2016.

Sales for resale and other includes sales to Water Districts and the Willamette Water Company, as well as sales to the City of Veneta. Other operating revenue includes revenues from customer account related fees and reimbursements for billable O&M work. Revenues from billable work related to capital activity are recorded as **contributions in aid of construction**, and are mentioned below. **Sales for resale and other** is currently 28%, or \$614 thousand above the seasonally shaped budget. This is due to larger amounts of billable O&M work being performed. Some of the budget for billable O&M is currently in non-operating revenue and \$219 thousand will be transferred to operating revenue in Q4.

Operating expenses are 91% of the seasonally shaped budget. However, they have increased compared to 2015, reflecting a shift in work from capital to O&M. At this time last year, the Water Utility was performing significant amounts of billable transmission and distribution capital work for the EmX project.

Source of supply, pumping and purification is below seasonally shaped budget by \$265 thousand, primarily due to lower salaries and wages expense than budgeted. Charges related to maintenance and construction services are also below budget for this point in the year.

Transmission and distribution is below seasonally shaped budget by \$1.5 million due in part to lower salaries and wages expense, and lower equipment usage than was budgeted. The lower salaries and wages are partly from vacant positions compared to initial budget assumptions (\$170k variance). The budget for transmission and distribution also includes \$530 thousand of contingency funds for the Water Utility which have not yet been used and allocated for spending. Also contributing to the positive variance are lower equipment use charges (\$300k variance). Charges related to maintenance and construction services (\$180k variance) and professional and technical services (\$150k variance) are also below budget for this point in the year.

Administration and general expense is slightly below the seasonally shaped budget, but increased year over year. A primary driver of the difference from prior year is a significant decrease in overhead credit transfers due to less capital work performed this year compared to last year. Another reason costs are up is the implementation of a new hosted HRIS system.

Non-operating revenue and expenses

Non-operating revenues consist of investment earnings and other revenue. **Investment earnings** are \$206 thousand over the seasonally shaped budget. Market yields have slowly improved over the past three years, and investment earnings are above the budgeted assumptions. The budget for **other revenue** includes \$219 thousand that will be transferred to other operating income.

Contributions in Aid of Construction (CIA) and System Development Charges (SDCs)

CIA is 104% of seasonally shaped budget. **CIA** is lower than 2015, primarily due to EmX work winding down.

System development charges (SDCs) are collected and revenue is recognized for qualifying work. As capital projects requiring **SDCs** are completed, cash collected for **SDC** is released from restriction, and transferred to working cash. At this time, **SDC** revenue is \$1.1 million, which is 357% of the seasonal adjusted budget.

**Eugene Water & Electric Board
Water System
Schedule of Revenues, Expenses and Changes in Net Position
for the nine months ended September 30, 2016**

| | <u>Prior Year Comparison</u> | | <u>YTD Budget Comparison</u> | | | |
|--|------------------------------|----------------------|------------------------------|----------------------------|--------------------------|---------------------------------|
| | <u>2016</u> | <u>2015</u> | <u>Annual Working Budget</u> | <u>Seasonal Budget \$</u> | <u>Seasonal Budget %</u> | <u>Seasonal Budget Variance</u> |
| Residential | \$ 16,200,666 | \$ 17,016,409 | \$ 20,218,693 | \$ 16,541,000 ¹ | 97.9% | \$ (340,000) |
| Commercial and industrial | 10,973,921 | 11,223,592 | 13,288,646 | 10,557,000 ¹ | 103.9% | 417,000 |
| Sale for resale and other | 2,788,460 | 2,496,287 | 3,019,313 | 2,174,000 ¹ | 128.3% | 614,000 |
| Operating revenues | <u>29,963,047</u> | <u>30,736,288</u> | <u>36,526,652</u> | <u>29,272,000</u> | 102.4% | <u>691,000</u> |
| Source of supply, pumping and purification | 4,143,793 | 4,613,161 | 5,878,221 | 4,409,000 | 94.0% | 265,000 |
| Transmission and distribution | 4,436,586 | 2,535,283 | 7,866,569 | 5,900,000 | 75.2% | 1,463,000 |
| Customer accounting | 1,153,156 | 658,728 | 1,622,256 | 1,217,000 | 94.8% | 64,000 |
| Conservation expenses | 179,539 | 110,021 | 250,793 | 188,000 | 95.5% | 8,000 |
| Administrative and general | 3,034,111 | 1,980,302 | 4,269,094 | 3,202,000 | 94.8% | 168,000 |
| Depreciation on utility plant | 4,578,489 | 4,267,618 | 5,827,124 | 4,370,000 | 104.8% | (208,000) |
| Operating expenses | <u>17,525,674</u> | <u>14,165,113</u> | <u>25,714,057</u> | <u>19,286,000</u> | 90.9% | <u>1,760,000</u> |
| Net operating income | <u>12,437,373</u> | <u>16,571,175</u> | <u>10,812,595</u> | <u>9,986,000</u> | 124.5% | <u>2,451,000</u> |
| Investment earnings | 281,495 | 79,496 | 99,522 | 75,000 | 375.3% | 206,000 |
| Other revenue | 79,207 | 82,878 | 315,200 | 236,000 | 33.6% | (157,000) |
| Non-operating revenues | <u>360,702</u> | <u>162,374</u> | <u>414,722</u> | <u>311,000</u> | 116.0% | <u>50,000</u> |
| Other revenue deductions | 192,645 | 205,104 | 207,277 | 155,000 | 124.3% | (38,000) |
| Interest expense and related amortization | 1,605,873 | 1,492,746 | 2,465,265 | 1,849,000 | 86.9% | 243,000 |
| Interest expense, Electric | 796,457 | 841,347 | 1,097,691 | 823,000 | 96.8% | 27,000 |
| Non-operating expenses | <u>2,594,975</u> | <u>2,539,197</u> | <u>3,770,233</u> | <u>2,827,000</u> | 91.8% | <u>232,000</u> |
| Income before capital contributions | 10,203,100 | 14,194,352 | 7,457,084 | 7,470,000 | 136.6% | 2,733,000 |
| Contribution in aid of construction | 991,867 | 3,118,352 | 1,273,000 | 955,000 | 103.9% | 37,000 |
| Contributed plant assets | 273,633 | 993,478 | - | - | 0.0% | 274,000 |
| System development charges | 1,104,218 | 1,149,686 | 412,000 | 309,000 | 357.4% | 795,000 |
| Increase in net position | <u>\$ 12,572,818</u> | <u>\$ 19,455,868</u> | <u>\$ 9,142,084</u> | <u>\$ 8,734,000</u> | 144.0% | <u>\$ 3,839,000</u> |

Notes:

¹ Seasonal budget figure based on cyclical account activity averaged from the past four years. Unmarked seasonal budget figures are not shaped and are allocated using a straight-line method.

Cash and reserve balances

Cash and cash equivalents of \$4.8 million are above the Board target of \$3.4 million. Cash levels returned to the performance standard in August, and will level off with summer coming to an end.

Restricted cash has increased by \$11.9 million from the beginning of the year, including \$11.2 million of bond proceeds from the new issuance earlier this year. The bond funds will be used to fund capital work.

Designated cash balances are \$26.2 million, an increase of \$16 million from the beginning of the year. The changes are due to increases in the Alternative Water Supply fund, budgeted transfers to the Capital Improvement Reserve, and additions to the Rate Stabilization and Pension funds approved by the Board in May. Additionally, at year end certain designated cash was classified as a long-term investment as noted below. The Alternative Water Supply reserve increases monthly based on 3% of residential and commercial sales. The capital reserve is funded by monthly transfers from rate revenue, and is drawn down as qualifying project expenses are incurred.

Long-term investments

At the end of the year, any investments that have a maturity beyond one year are reclassified as long-term investments in conformity to Generally Accepted Accounting Principles. During the year, these investment balances are shown as cash and cash equivalents or within the designated cash and investments category. All securities held are highly marketable and could be liquidated if a need arose. Finance believes presentation of the entire balance within current assets is clearer for internal reporting purposes. The December 2015 **long-term investments** balance was \$1.1 million from **cash and cash equivalents** and \$5.6 million from **designated cash and investments**.

The **Net pension asset** or **Net pension liability** represents EWEB's proportionate share of PERS system **net pension liability or asset**. The 2014 PERS system actuarial valuation resulted in a **net pension asset** on the 2015 Statement of Net Position. The 2014 valuation included cost saving changes to the PERS system subsequently overturned by the Oregon Supreme Court. As a consequence of the court decision, and other changes in actuarial assumptions, the 2015 PERS valuation resulted in a **net pension liability**, as reported in the 2016 column.

Other assets

The **other assets** category shows an increase from the prior year. Regulatory accounting is used to recognize pension expense as contributions are due to PERS on a "pay as you go" basis. The increase in other assets from 2015 represents changes in the net pension liability EWEB would have otherwise had to recognize as an expense.

Deferred outflows of resources

Deferred outflows of resources have increased by \$1.5 million from the beginning of the year. The increase represents unamortized costs tied to the Water Utility's bond refunding and will be recognized over the life of the debt.

Long-term debt

The Water Utility issued bonds in May to fund ongoing capital work and to take advantage of the current interest rate environment to refinance bonds and achieve debt service savings. The bonds provided \$16

million in new money and refinanced \$29 million of existing debt. The refinancing resulted in future cash flow savings of approximately \$5.6 million. All three ratings agencies reviewed and affirmed their “double A” (AA) ratings of the Water Utility bonds.

Deferred inflows of resources

Deferred inflows of resources have decreased by \$10.1 million from last year. The decrease is related to PERS activity, as noted above.

Recommendation/Requested Board Action

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

Eugene Water and Electric Board
Water System
Statement of Net Position
September 30, 2016

| | 2016 | 2015 | December 2015 |
|---|-----------------------|-----------------------|--------------------------|
| Assets | | | |
| <u>Capital assets</u> | | | |
| Utility plant in service | \$ 255,900,680 | \$ 238,874,444 | \$ 254,512,937 |
| Less - Accumulated depreciation | (110,183,778) | (104,875,679) | (105,624,389) |
| Net utility plant in service | 145,716,902 | 133,998,765 | 148,888,548 |
| Property held for future use | 1,174,768 | 968,578 | 1,137,570 |
| Construction work in progress | 12,540,544 | 17,580,890 | 4,040,590 |
| Net Utility Plant | 159,432,214 | 152,548,233 | 154,066,708 |
| <u>Current assets</u> | | | |
| Cash and cash equivalents | 4,812,682 | 8,639,218 | 8,357,179 |
| Restricted cash and investments | 19,017,034 | 6,017,266 | 7,142,756 |
| Designated cash and investments | 26,166,941 | 14,112,771 | 9,702,084 |
| Receivables, less allowances | 4,519,715 | 6,531,297 | 3,353,602 |
| Material and supplies, at average cost | 850,163 | 858,080 | 1,011,704 |
| Prepayments and special deposits | 1,369,462 | 1,454,695 | 1,340,697 |
| Total current assets | 56,735,997 | 37,613,327 | 30,908,022 |
| <u>Non-current assets</u> | | | |
| Long-term investments | - | - | 6,735,916 |
| Long-term receivables, conservation and other | 157,718 | 200,493 | 196,101 |
| Net pension asset | - | 3,514,544 | - |
| Other assets | 2,279,461 | 856,696 | 2,145,501 |
| Total non-current assets | 2,437,179 | 4,571,733 | 9,077,518 |
| Deferred Outflows of Resources | | | |
| Deferred Outflows of Resources | 3,689,086 | 1,853,744 | 2,237,313 |
| Total Assets & Deferred Outflows | \$ 222,294,476 | \$ 196,587,037 | \$ 196,289,561 |
| Liabilities | | | |
| <u>Current liabilities</u> | | | |
| Payables | \$ 587,259 | \$ 526,969 | \$ 1,200,732 |
| Accrued payroll and benefits | 1,016,124 | 1,172,556 | 1,181,216 |
| Accrued interest on long-term debt | 386,508 | 336,097 | 840,235 |
| Long-term debt due within one year | 1,840,000 | 1,920,000 | 1,920,000 |
| Due to Electric System | 774,331 | 788,488 | 887,148 |
| Total current liabilities | 4,604,222 | 4,744,110 | 6,029,331 |
| <u>Non-current liabilities</u> | | | |
| Long term debt | | | |
| -note and bonds payable | 59,405,314 | 43,930,716 | 43,925,956 |
| Due to Electric System | 16,784,045 | 17,436,013 | 17,266,499 |
| Net pension liability | 8,190,233 | - | 8,190,233 |
| Other liabilities | 263,647 | 376,057 | 385,843 |
| Total liabilities | 89,247,461 | 66,486,896 | 75,797,862 |
| Deferred Inflows of Resources | | | |
| Deferred inflows of resources | 1,929,745 | 12,041,796 | 1,947,248 |
| Net Position | | | |
| Net invested in capital assets | 95,324,507 | 89,733,357 | 90,478,405 |
| Restricted | 6,676,573 | 5,123,802 | 6,142,255 |
| Unrestricted | 29,116,190 | 23,201,186 | 21,923,791 |
| Total net position | 131,117,270 | 118,058,345 | 118,544,451 |
| Total Liabilities, Deferred Inflows & Net Position | \$ 222,294,476 | \$ 196,587,037 | \$ 196,289,561 |

Capital

The capital budget is approved by the Board as the maximum amount allowable for all capital work. Annual budgets by type and by individual project are prepared for planning and reporting purposes, but overall budget accountability to the board remains at the total capital spending level. Year-to-date, the water utility has spent \$8.75 million, net of contributions in aid, on capital work. The largest amounts were expended for improvements to the distribution system, distribution facilities, and source of supply. As of September, total capital spending, before CIA, is 64.7% of the annual capital budget.

**Eugene Water and Electric Board
Water Utility
Capital Budget Comparison**
for the nine months ending September 30, 2016

| | <u>Current Month</u> | <u>Year to Date</u> | <u>Annual Working Budget</u> | <u>% of Budget</u> |
|---------------------------------|----------------------|---------------------|------------------------------|--------------------|
| Type 1 Capital | | | | |
| Buildings & Land | 58 | 49,121 | 49,024 | 100.2% |
| Distribution Facilities □ | 16,271 | 852,675 | 1,355,056 | 62.9% |
| Distribution Pipe & Services □ | 404,894 | 4,342,760 | 5,916,000 | 73.4% |
| Information Technology | 2,309 | 68,494 | 198,912 | 34.4% |
| Source Of Supply | 3,233 | 26,634 | 312,032 | 8.5% |
| Water Fleet | - | 59,816 | 494,976 | 12.1% |
| Total Type 1 Capital | <u>426,765</u> | <u>5,399,500</u> | <u>8,326,000</u> | 64.9% |
| Type 2 Capital | | | | |
| AMI | 39,479 | 274,650 | 450,004 | 61.0% |
| CIS | - | - | 270,048 | 0.0% |
| Distribution Facilities □ | 9,611 | 134,248 | 308,992 | 43.4% |
| Distribution Pipe & Services □ | 1,903 | 35,353 | - | 0.0% |
| LTD EMX - Water | 21,208 | 351,761 | 140,000 | 251.3% |
| Source Of Supply | 175,319 | 3,188,891 | 3,746,949 | 85.1% |
| Total Type 2 Capital | <u>247,520</u> | <u>3,984,903</u> | <u>4,915,993</u> | 81.1% |
| Type 3 Capital | | | | |
| Source Of Supply | 52,263 | 361,075 | 1,814,949 | 19.9% |
| Total Type 3 Capital | <u>52,263</u> | <u>361,075</u> | <u>1,814,949</u> | 19.9% |
| Total Capital before CIA | 726,548 | 9,745,478 | 15,056,942 | 64.7% |
| Contributions in aid | <u>(106,653)</u> | <u>(991,867)</u> | <u>(1,273,000)</u> | 77.9% |
| Grand Total | <u>\$ 619,895</u> | <u>8,753,611</u> | <u>\$ 13,783,942</u> | 63.5% |

Ratios

The current ratio, a measure of current assets compared to current liabilities, is well above the board performance target of 3.25, due primarily to the deposit of water bond proceeds in May. The measurement of days available cash is also very strong for this reason. Strong sales and lower expenses from prior years, as well as the adoption of a smoothing strategy to build funds for a second water source, are allowing the utility to accumulate cash and reserves. The debt service ratio continues to be well above the target of 2.0. All other ratios are performing better than the board performance standards.

Eugene Water and Electric Board Water Utility Financial Ratios September 30, 2016

| | <u>September</u> <u>2016</u> | <u>Status</u> | <u>December</u> <u>2015</u> | <u>PERFORMANCE</u> <u>STANDARD</u> |
|---|---------------------------------|---------------|--------------------------------|---------------------------------------|
| Current Ratio | 12.32 | ● | 6.24 | ≥ 3.25 |
| Debt to Total Assets | 0.41 | ● | 0.40 | ≤ 0.60 |
| Debt Service Coverage - Annualized | 5.23 | ● | 5.34 | ≥ 2.00 |
| Operating Ratio | 0.43 | ● | 0.41 | ≤ 0.57 |
| Days Unrestricted Cash | 563 | ● | 581 | |
| Days Available Cash | 237 | ● | 306 | ≥ 90 |
| Debt to Equity | 58% | ● | 46% | ≤ 89% |

Notes:

Effective 9/30/15, the Rate Stabilization Fund was added to the calculation for Days Available Cash. While board approval is required, this fund is available for use in an emergency.

See next page for Ratio definitions

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 (ie 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, and the rate stabilization reserves)

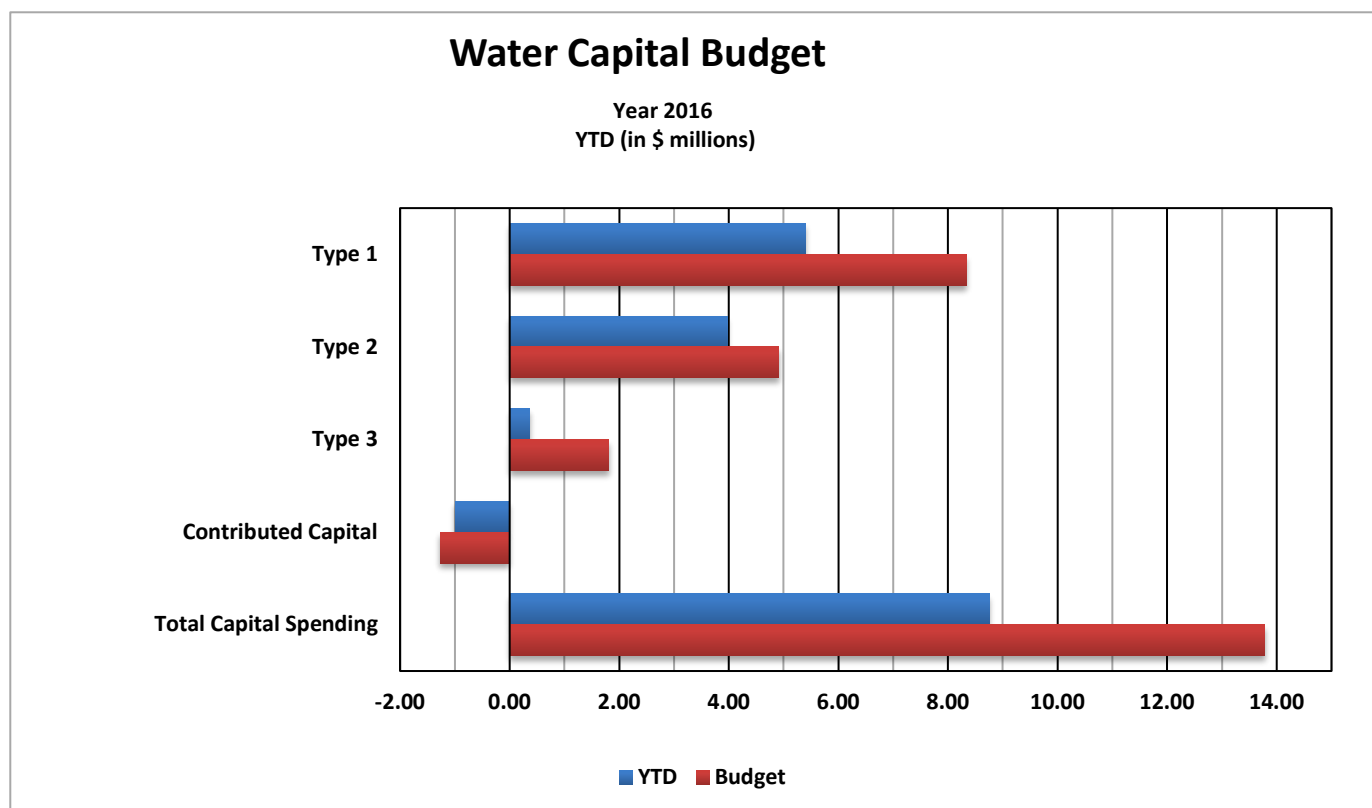
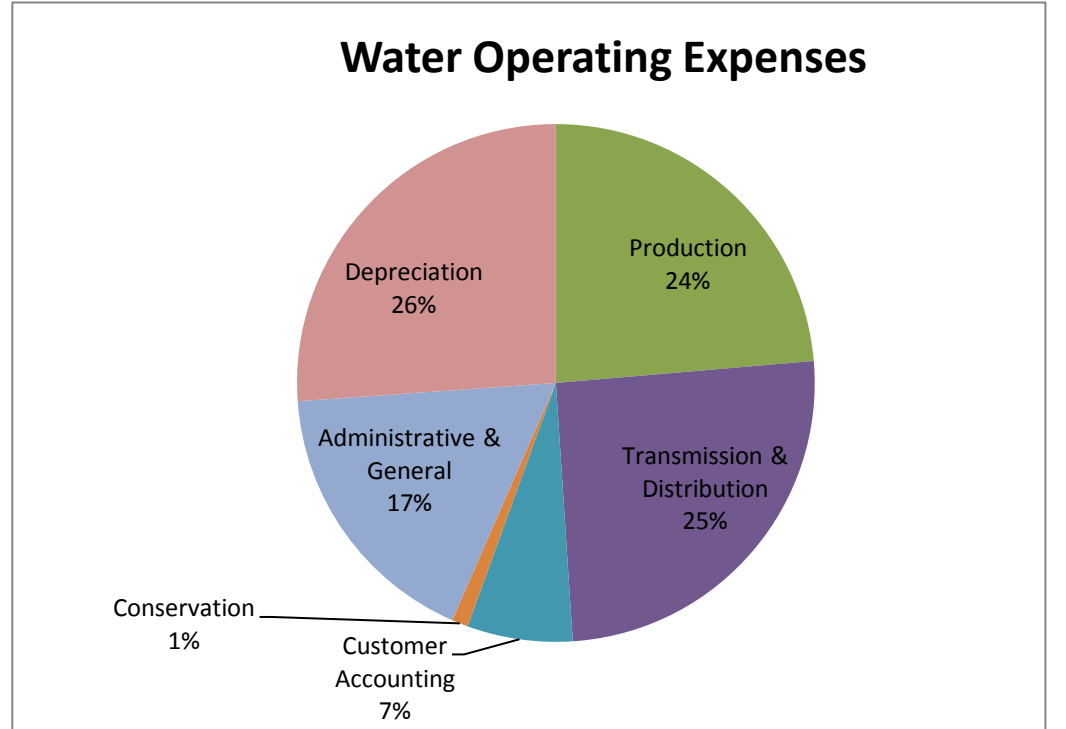
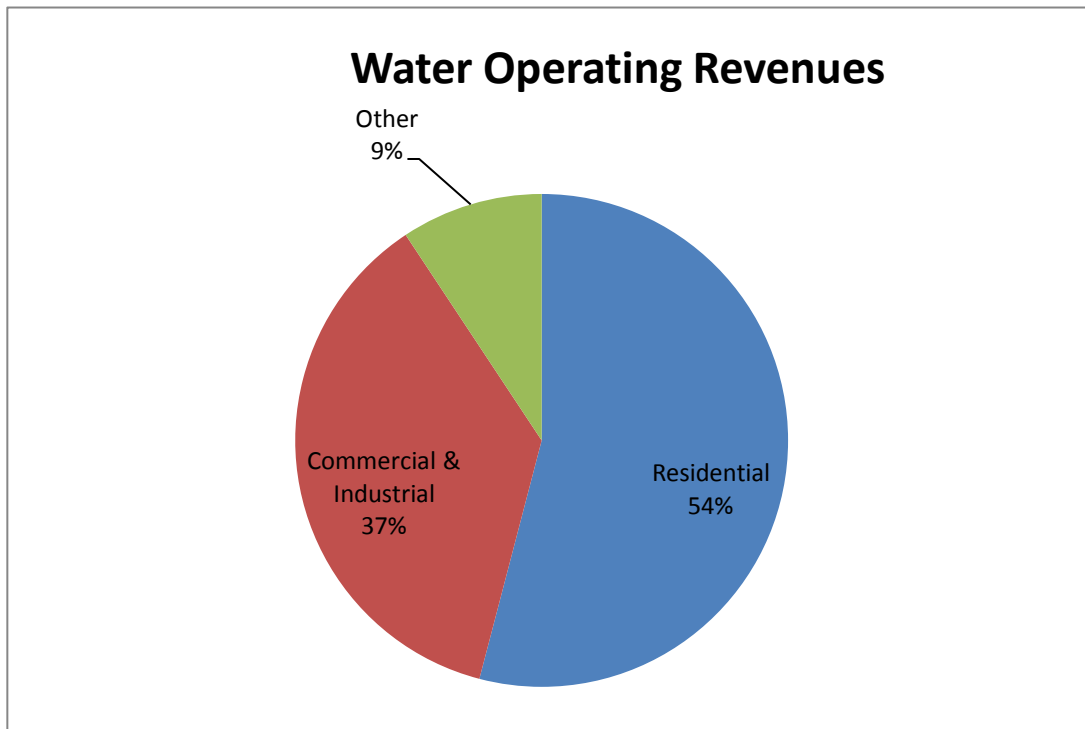
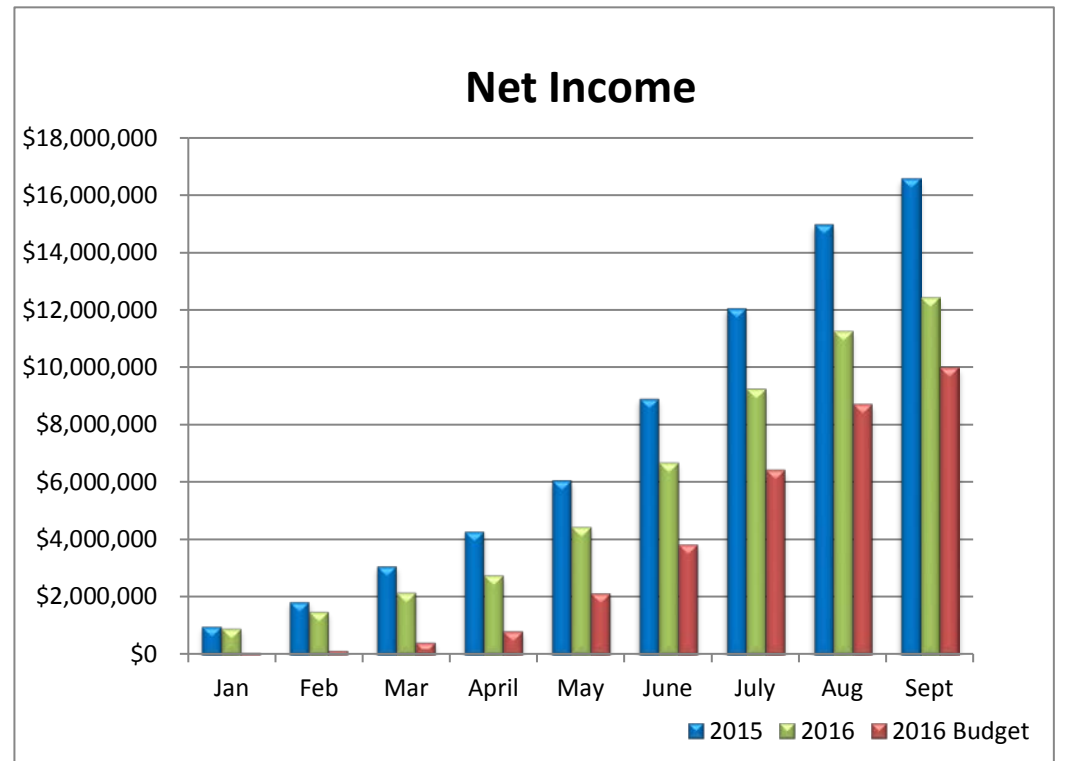
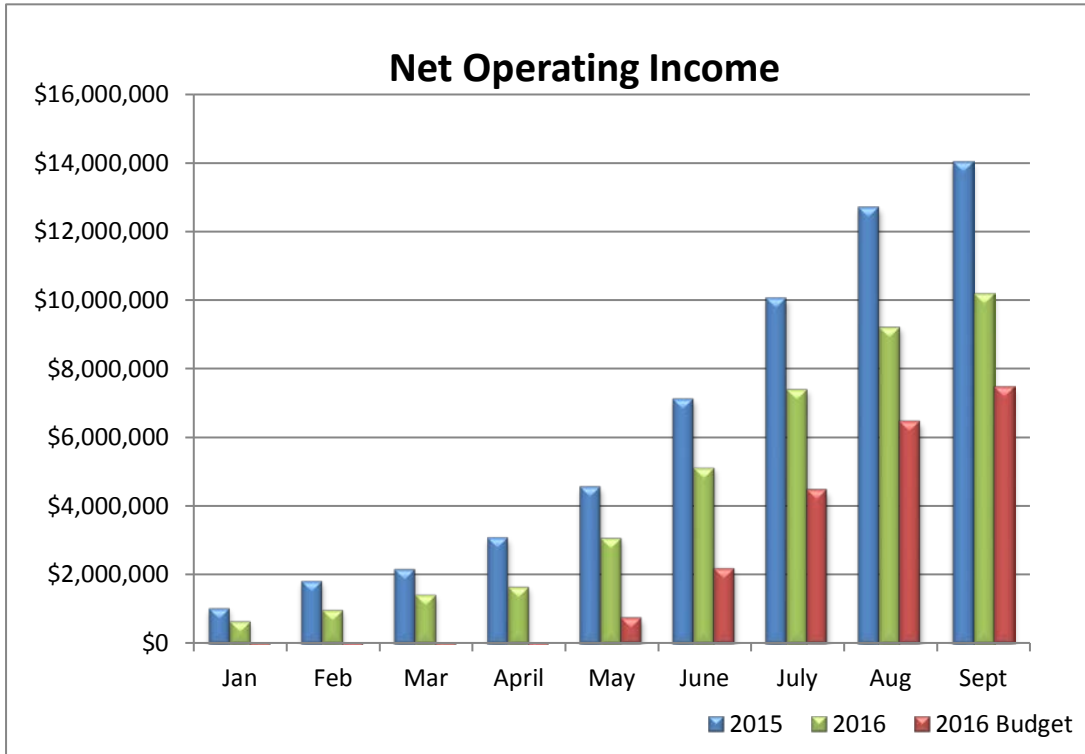
Debt to Equity

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)

Eugene Water & Electric Board

Financial Graphs - Water Utility

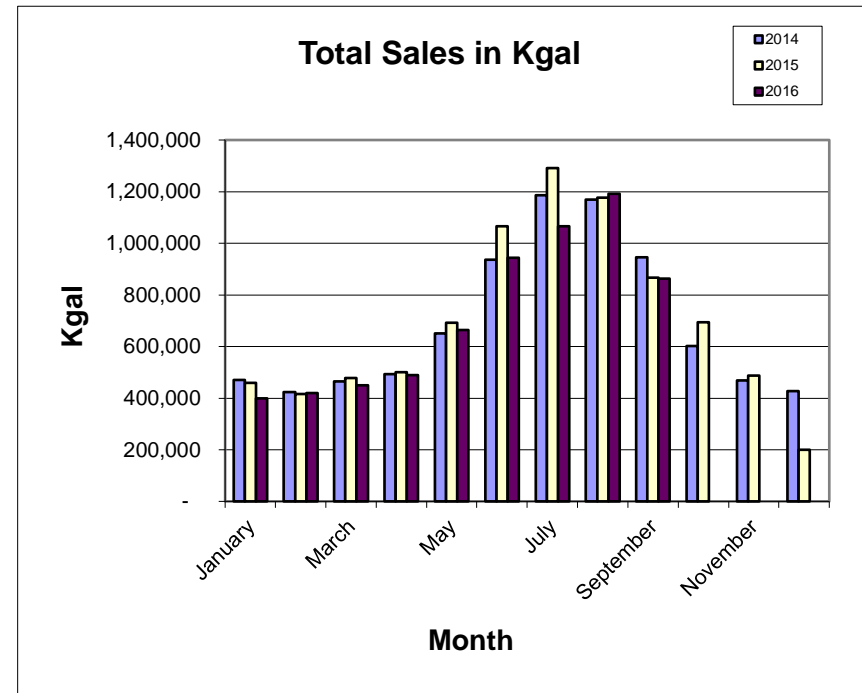
SEPTEMBER 2016



Water Utility Sales in Kgal 2016

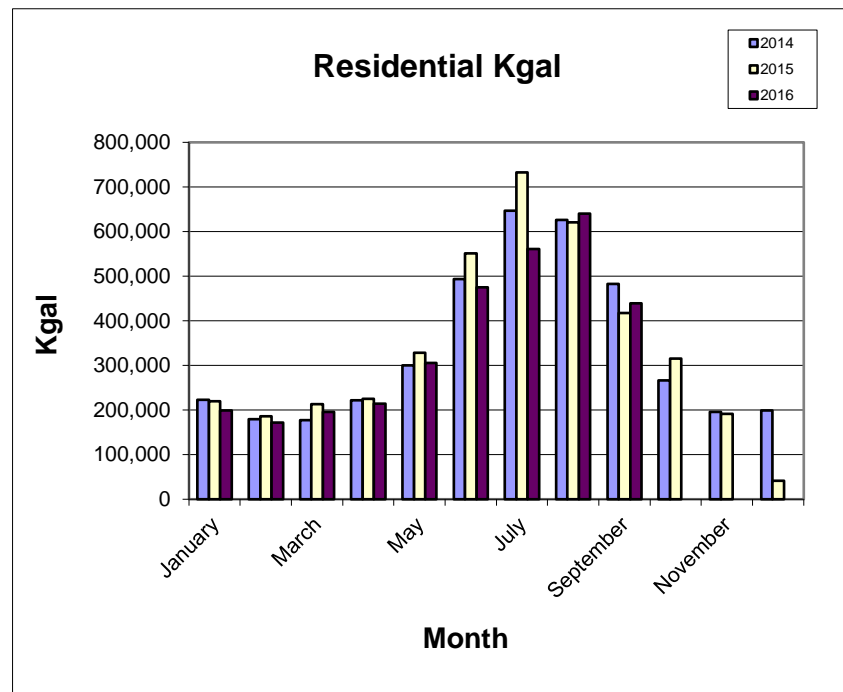
Total Water Sales in Kgal

| | 2014 | 2015 | 2016 |
|---------------------|------------------|------------------|------------------|
| January | 469,967 | 459,108 | 399,369 |
| February | 424,408 | 404,303 | 419,161 |
| March | 463,973 | 467,462 | 450,547 |
| Q1 total | 1,358,348 | 1,330,873 | 1,269,077 |
| April | 493,852 | 487,636 | 488,756 |
| May | 650,078 | 679,838 | 662,977 |
| June | 935,507 | 1,051,349 | 942,995 |
| Q2 total | 2,079,437 | 2,218,823 | 2,094,728 |
| July | 1,185,522 | 1,255,528 | 1,066,322 |
| August | 1,168,830 | 1,145,986 | 1,190,789 |
| September | 946,113 | 840,585 | 863,372 |
| Q3 total | 3,300,465 | 3,242,099 | 3,120,483 |
| October | 601,568 | 674,261 | 0 |
| November | 468,583 | 473,737 | 0 |
| December | 427,484 | 187,717 | 0 |
| Q4 total | 1,497,635 | 1,335,715 | 0 |
| Annual total | 8,235,885 | 8,127,510 | 6,484,288 |



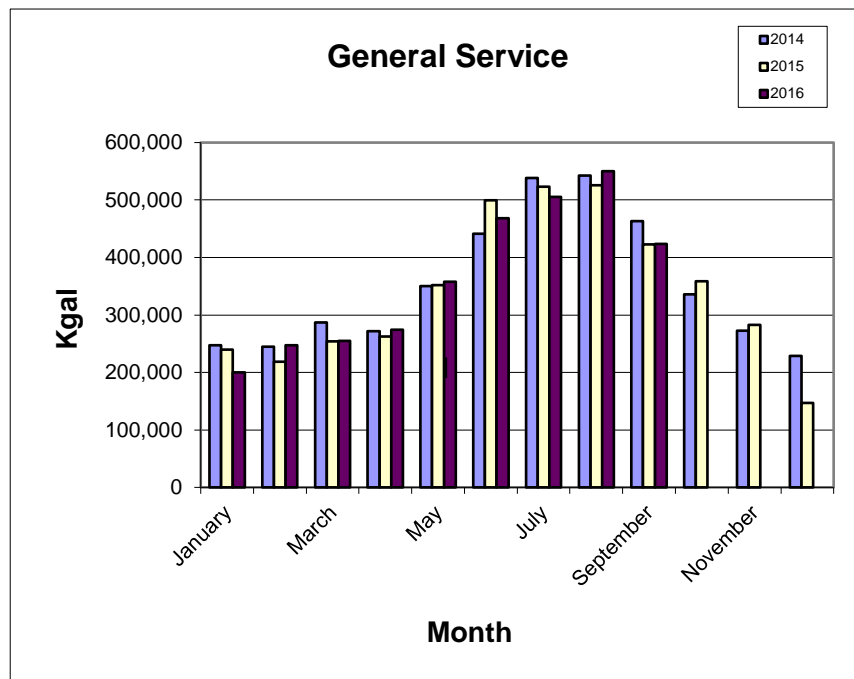
Residential Sales in Kgal

| | 2014 | 2015 | 2016 |
|-----------------|------------------|------------------|------------------|
| January | 222,490 | 219,363 | 199,360 |
| February | 179,454 | 186,053 | 172,258 |
| March | 176,867 | 213,577 | 195,684 |
| Q1 total | 578,811 | 618,993 | 567,302 |
| April | 221,689 | 225,226 | 214,567 |
| May | 300,111 | 328,179 | 305,247 |
| June | 493,850 | 551,652 | 474,954 |
| Q2 total | 1,015,650 | 1,105,057 | 994,768 |
| July | 647,084 | 732,314 | 560,639 |
| August | 626,527 | 620,535 | 640,466 |
| September | 482,893 | 417,603 | 439,526 |
| Q3 total | 1,756,504 | 1,770,452 | 1,640,631 |
| October | 266,075 | 315,532 | 0 |
| November | 195,852 | 191,016 | 0 |
| December | 198,845 | 41,102 | 0 |
| Q4 total | 660,772 | 547,650 | 0 |
| Total | 4,011,737 | 4,042,152 | 3,202,701 |



General Service in Kgal

| | 2014 | 2015 | 2016 |
|-----------------|------------------|------------------|------------------|
| January | 247,477 | 239,745 | 200,009 |
| February | 244,954 | 218,250 | 246,903 |
| March | 287,106 | 253,885 | 254,863 |
| Q1 total | 779,537 | 711,880 | 701,775 |
| April | 272,163 | 262,410 | 274,189 |
| May | 349,967 | 351,659 | 357,730 |
| June | 441,657 | 499,697 | 468,041 |
| Q2 total | 1,063,787 | 1,113,766 | 1,099,960 |
| July | 538,438 | 523,214 | 505,683 |
| August | 542,303 | 525,451 | 550,323 |
| September | 463,220 | 422,982 | 423,846 |
| Q3 total | 1,543,961 | 1,471,647 | 1,479,852 |
| October | 335,493 | 358,729 | 0 |
| November | 272,731 | 282,721 | 0 |
| December | 228,639 | 146,615 | 0 |
| Q4 total | 836,863 | 788,065 | 0 |
| Total | 4,224,148 | 4,085,358 | 3,281,587 |



Capital "EL1" Report: Electric, 2016 -Q3

| Type 1 - General Capital | | | | 2016 thru Q3 | | | | | | Note - Changes from previous report(s) are in BOLD | | |
|---|----------------------|---------------------|----------------------|---|----------------|------------------------|---------------|----------------------------|----------------------|--|--|--|
| Capital Category | Budget | YTD Actual | Year-End Projection | Status/Comments | | | | | | | | |
| Electric Infrastructure - Generation | \$916,000 (Note 2) | \$444,177 | \$750,000 | ● Public safety cable at Leaburg Lake, fish ladder/screen improvements, and WV pond modifications complete. Other miscellaneous Type 1 improvements at LB-WV and Carmen-Smith progressing slightly slower than anticipated (ZINNIKER) | | | | | | | | |
| Electric Infrastructure - Substations | \$1,500,000 | \$1,158,950 | \$1,782,000 | ● Planned work is on schedule, and tracking towards budget targets on an individual project basis. Emergent substation work has resulted in an estimated overall variance of \$282k. Major drivers include: Spring Creek Sound Wall installation, Bethel SF6 Breaker Replacement, Weyco 1 Switch Replacements and Relay Testing equipment purchases. (NICE) | | | | | | | | |
| Electric Infrastructure - Telecom | \$150,000 | \$315,521 | \$369,000 | ● Telecom spending is on track with the original budget estimate. Of the \$369k expected expenditures, \$260k is customer reimbursable. The year end projection includes design phase work for the ROC communication tower. (NICE) | | | | | | | | |
| Electric Infrastructure - Transmission & Distribution | \$8,350,000 | \$5,353,303 (1) | \$7,200,000 | ● PUC and basic compliance work is slightly behind of estimated pace YTD, partially due to ongoing work on LTD EmX. Customer-Driven Capital is behind pace for the year. See Note 1. (FRASER) | | | | | | | | |
| Type 2 Rehabilitation & Expansion Projects | | | | 2016 thru Q3 | | | Project Total | | | Schedule | | |
| Project | Budget | YTD Actual | Year-End Projection | Initial Plan | To-Date Actual | Project-End Projection | Start | Initial Planned Completion | Projected Completion | Status/Comments | | |
| Leaburg Dam Roll Gate Hoists | \$1,570,000 | \$281,369 | \$1,720,000 | \$5,150,000 | \$5,639,055 | \$7,359,000 | Jul-2012 | Nov-2014 | Nov-2016 | ● Substantial completion for RG2 attained in February 2015, final construction work and system adjustments occurring Fall 2016. Substantial completion for RG1 attained in November 2015, punch list and final commissioning activities to complete in Fall 2016. Contractor nearing substantial completion on RG3, final completion expected by the end of 2016. (ZINNIKER) | | |
| LTD EmX Project (Electric) | \$6,175,000 | \$3,647,092 | \$4,850,000 | \$5,700,000 | \$4,996,908 | \$6,500,000 | Sep-2013 | --- | Nov-2016 | ● Substructure installation by contractor is complete. EWEB Operations work anticipated complete by November 2016. Finished work is under cost estimates. (THOMAS) | | |
| Upriver Re-Configuration/Holden Ck. Substation | \$1,500,000 (Note 2) | \$332,320 | \$1,250,000 | \$3,000,000 | \$447,285 | \$5,700,000 | Jan-2014 | Oct-2015 | Oct-2017 | ● FERC license amendment processes have resulted in a delay in construction (originally scheduled for summer 2016). Major equipment procurements are in progress but only the transformers will be received and billed in Q4 2016. Other major equipment (switchgear and control house) has been delayed to 2017. Site construction is scheduled for spring through fall of 2017 following FERC approval to license amendment reflecting substation re-design. (NICE) | | |
| Downtown Distribution Network | \$2,000,000 (Note 2) | \$24,548 | \$350,000 | \$15,000,000 | \$4,611,693 | \$20,000,000 | Sep-2010 | Dec-2015 | Dec-2019 | ● Hospital spot network work progressing as planned. Hospital 480V network re-configuration and arc-flash isolation are scheduled for November 2016. All this work is required independent of Radial versus Network decision. See Note 1. (FRASER) | | |
| Type 3 - Strategic Projects & Programs | | | | 2016 thru Q3 | | | Project Total | | | Schedule | | |
| Project | Budget | YTD Actual | Year-End Projection | Initial Plan | To-Date Actual | Project-End Projection | Start | Initial Planned Completion | Projected Completion | Status/Comments | | |
| Carmen Smith License Implementation | \$10,590,000 | \$3,239,480 | \$7,000,000 | \$135,000,000 | \$41,100,636 | \$181,000,000 | May-2009 | Dec-2021 | Dec-2025 | ● Settlement Agreement re-negotiation efforts nearly complete. Project NPV projections are improved based on reduced capital costs and despite declining forward power pricing forecasts. Board action scheduled for November 1st. Carmen gantry crane construction on schedule for fall completion. Turbine shut-off valve procurement remains on schedule for delivery Spring 2017 however staff is working closely with the contractor/supplier on potential fabrication issues. Heavy plant upgrade planning and design efforts underway. Fish passage detailed options analysis has entered the contracting phase of the effort. (ZINNIKER/BOYLE) | | |
| Total Electric Capital (Excluding Shared Services) | \$32,601,000 | \$14,481,239 | \$ 25,271,000 | | | | | | | 78% | | |

These categories 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.

Note(s) 1. Distribution transformers and network protectors are being capitalized when received in inventory, therefore some projects in T&D and Downtown network are understated.

2. Budget amounts are adjusted to reflect changes presented to the Board on April 19, 2016.

Management Notes: The Electric Capital Budget expenditure rate is under projection to date, although in the last half of 2016 there should be an uptick of expenditures due to major components of the Leaburg Roll Gates, Holden Creek Substation and other type 1 equipment being purchased. Although Carmen Smith is lagging in overall expenditures compared to 2016 budget, expenditures are picking up pace due to work being conducted by our engineering consultant and turbine shut off valve procurements. The total project-end cost for Carmen has not yet been adjusted downward to account for potential re-negotiations of settlement agreement. Year end projections of total expenditures vs. budget are hovering in the 80% range, excluding Shared Services.

Water Capital Projects Quarterly Status Report 2016-Q3

Type 1 - General Capital

| Project | 2016 | | | Status/Comments |
|--|-------------|-------------|---------------------|---|
| | Budget | YTD Actual | Year-End Projection | |
| Source - Water Intakes & Filtration Plant | \$312,000 | \$27,000 | \$80,000 | ● Includes treatment trailer equipment and beginning work on SCADA upgrade.. Budget originally included painting of intakes but this work was moved to O&M. |
| Mains - Replacements, Improvements, & Trans. | \$4,213,000 | \$2,987,900 | \$4,381,000 | ● Will track this area closely as overages occurred last year. Currently a slight overage is projected this year. |
| Services and Meters | \$1,703,000 | \$1,354,000 | \$1,700,000 | ● Includes both new services and meters as well as replacement of existing service lines |
| Pump Stations | \$1,322,000 | \$852,000 | \$1,200,000 | ● Bulk of work is new Shasta 1150 pump station and emergent work at Santa Clara. |
| Reservoirs | \$33,000 | \$0 | \$20,000 | ● Only minor work anticipated 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 | 2016 | | | 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 | |
| Hayden Bridge Filter S1-S6 Upgrades | \$3,513,000 | \$3,121,000 | \$3,700,000 | \$7,713,000 | \$8,030,690 | \$8,610,000 | 2011 | YE-2017 | Q4-2016 | ● Upgrade of Filters N1-N6 Complete. Upgrade of Filters S1-S6 in construction. Seismic upgrades added costs for S1-S6. (Initial Plan - 2011 CIP) |
| Hayden Bridge Seismic Upgrades | \$0 | \$0 | \$0 | \$1,215,529 | \$1,117,067 | \$1,760,000 | 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 | \$309,000 | \$132,000 | \$225,000 | \$3,079,780 | \$449,109 | \$1,970,000 | 2013 | YE-2016 | YE-2019 | ● Multi-Year upgrade project. Completed Crest System. Currently working on Shasta and Willamette system. (Initial Plan 2013 CIP) |
| Hayden Bridge Standby Power Improvements | \$213,000 | \$10,000 | \$50,000 | \$1,728,000 | \$25,666 | \$1,660,000 | 2015 | YE-2017 | YE-2017 | ● Completed preliminary design. Currently in design for Hayden Bridge. Also working on purchase specifications for mobile generator to be shared between Santa Clara PS and Intake. Sizing criteria for new HB disinfection system affecting near term schedule (Initial Plan - 2015 CIP) |
| LTD EMX | \$140,000 | \$351,000 | \$370,000 | \$0 | \$2,968,862 | \$2,990,000 | 2014 | YE-2015 | Q4-2016 | ● 2016 work turned out to be more than anticipated. Nearing completion on the water side. This work is reimbursable. |

Type 3 - Strategic Projects & Programs

| Project | 2016 | | | 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 | \$1,815,000 | \$361,000 | \$500,000 | Varied from \$52M to \$120M | \$661,000 | \$67,000,000 | 2014 with Planning | YE-2021 | YE-2021 | ● Property purchase pushed to 2017 due to both land use issues and schedule for condemnation. Currently in preliminary design for Filtration Plant and Related Facilities. Yellow due to property issues. |

Total Water Capital (Excluding Shared Services) \$13,573,000 \$9,195,900 \$12,226,000 90% year end projection to budget

Management Notes: Water will slightly underspend in Type 1 projects this year, slightly more EmX work than anticipated has impacted some work on Type 1. Type 2 projects are tracking well with Hayden Bridge Filter upgrades expected to be completed in Q4. Purchase of property for the new Water Treatment Plant has been delayed to 2017 which affects 2016 capital spending. Even with this deferred spending, looking to be at approximately 90% of expended budget for Water Capital, excluding Shared Services Capital.

Capital "EL1" Report: Shared Services, 2016-Q3

| Type 1 - General Capital | | 2016 - Q3 | | | Note - Changes from previous report(s) are in BOLD | | | | | |
|---|-------------|------------------|---------------------|-----------------|--|--|--|--|--|--|
| Capital Category | Budget | YTD Actual | Year-End Projection | Status/Comments | | | | | | |
| General Plant - Information Technology (I.T.) | \$1,328,913 | \$276,908 | \$700,000 | ● | Commvault Project complete and under budget. Staff turnover results in lower capital project execution, potential for roll-over funds in 2017. (Barton) | | | | | |
| General Plant - Buildings & Land Management | \$557,744 | \$275,686 | \$350,000 | ● | EWEB HQ HVAC System is complete, final close-out documents received. Final invoice paid and closed out. Staff is re-crafting the HQ elevator Contracts to make use of state contracts, behind schedule, likely to be bid in early 2017 and roll over of unspent 2016 funds. (Damewood) | | | | | |
| General Plant - Electric& Water Fleet Capital | \$1,722,124 | \$516,460 | \$1,250,000 | ● | Water and electric deferring some vehicle purchases until next year. Anticipate roll over of some funds from 2016 to 2017 to cover deferred purchases. (Damewood) | | | | | |

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 add 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 | | 2016 - Q3 | | | Project Total | | | Schedule | | | Status/Comments |
|---|-------------|--------------------|---------------------|--------------|--------------------|------------------------|----------|----------------------------|----------------------|---|-----------------|
| Project | Budget | YTD Actual | Year-End Projection | Initial Plan | To-Date Actual | Project-End Projection | Start | Initial Planned Completion | Projected Completion | | |
| AMI Information Technology & Integration | \$2,977,005 | \$1,525,826 | \$2,977,005 | \$6,475,700 | \$2,374,402 | \$6,475,700 | May-2015 | Dec-2017 | May-2018 | ● Multiple field trials are now well underway. Meter availability issues have been resolved. The focus of the effort right now is getting ~50 employee-customers equipped with both electric and water meters, along with deploying meters to selected unoccupied commercial locations. Including maintenance change outs, total number of smart meters deployed is >200. Spending is running slightly behind schedule, with major vendor payment milestones that may occur in Q4 of this year or Q1 of next, depending on testing cycles.(Armstead) | |
| Customer Information System (CIS) Replacement | \$2,500,049 | \$0 | \$0 | \$9.7M | \$0 | \$9.7M | Sep-2016 | Aug-2018 | Jun-2018 | ● Estimated start of capital spending is not expected to start until early 2017. Finalizing vendor selection and contract negotiations (O&M expenses) are expected to take until year-end to finalize. This is a 3 month delay over earlier projections, impacted by change in Project Mgmt personnel and needs for additional due diligence prior to final vendor selection. | |

| | | | | |
|--|--------------------|--------------------|--------------------|------------|
| Total Shared Services Capital (This Report) | \$9,085,835 | \$2,594,880 | \$5,277,005 | 58% |
|--|--------------------|--------------------|--------------------|------------|

Note(s) 1. Financials are based on year-end un-audited reporting. Any substantial adjustments during the year-end audit will be noted on the next EL-1 Report.

Management Notes: Delays are causing large underruns for the IT Type 1 and CIS Replacement projects, but Management is confident that recalibrating and re-organizing these areas is needed for long term success. Other type 1 projects are being managed with deferrals to manage costs and scope. AMI, Fleet and Buildings are moving forward with slight schedule issues. Overall % spent anticipated in the 70% range.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Helgeson, Manning, Mital, and Brown
FROM: Sue Fahey, Chief Financial Officer; Sarah Gorsegner, Purchasing & Warehouse Supervisor
DATE: October 21, 2016
SUBJECT: Quarterly Contract Report for Q3 2016
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 policy limits that were in place prior to August 2013.

Background

A few years ago, the policy was changed to align with Oregon Statute solicitation thresholds which streamlined the contract approval process and allowed the Board and staff to focus on higher dollar contracts and other strategic initiatives.

Current statute and Board 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 third quarter of 2016. The contracts listed are those that would have previously come to the Board for approval, but which are now below the Board approval threshold.

Recommendation/Requested Board Action

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

| Contract Execution | | | | | | | | |
|--------------------|-----------------|-----------------------------------|--------------------------|--|-----------------|-------------------------------|-----------------|--|
| Date | Contract Number | Contractor | City, State | Description | Contract Amount | Contract Process | ET Manager | |
| 7/11/2016 | 2498 | EES | Kirkland, WA | Cost of Service Study & Model (COSA) | \$ 30,000 | Informal RFP | Erin Erben | |
| 7/14/2016 | 054-2015 | Jaco Analytical Lab | Ephrata, WA | Oil Testing Services | \$ 75,000 | Informal RFP | Mel Damewood | |
| 7/20/2016 | 2499 | National Economic Research Assoc. | Los Angeles, CA | Services for Marginal Cost Study | \$ 50,000 | Informal RFP | Erin Erben | |
| 7/25/2016 | Q2500 | Concept Systems | Albany, OR | Shasta 1150 Pump Station Integration Services | \$ 24,996 | Qualification Based Selection | Mel Damewood | |
| 8/9/2016 | 1026-2016 | Manta Test Systems | Mississauga, Ontario. CA | Protective Relay Test Systems | \$ 134,325 | Request for Quote | Mel Damewood | |
| 8/12/2016 | Q2507 | R2 Resource Consultants, Inc | Redmond, WA | Spillway Flow Capacity Evaluation at Smith Dam | \$ 89,141 | Qualification Based Selection | Mel Damewood | |
| 8/16/2016 | Q2512 | HDR Engineering | Portland, OR | Blending Cost Estimating for Water Treatment Plant | \$ 24,928 | Qualification Based Selection | Mel Damewood | |
| 8/18/2016 | 2510 | S & M Rock and Loam Inc | Eugene OR | Hayden Bridge Sludge Removal | \$ 25,800 | Request for Quote | Mel Damewood | |
| 8/25/2016 | 2494 | New River Electrical Corp | Cloverdale, VA | Storage of 115kV Cable & Terminations | \$ 35,000 | Direct Negotiation | Mel Damewood | |
| 8/31/2016 | Q2506 | Swiss TS Technical Services AG | Wallisellen, Switzerland | Turbine Shutoff Valve Inspection at Carmen Smith | \$ 50,662 | Qualification Based Selection | Mel Damewood | |
| 9/7/2016 | Q2521 | ABN Engineering | Phoenix, AZ | Communication Tower Site at ROC | \$ 50,000 | Qualification Based Selection | Mel Damewood | |
| 9/7/2016 | 16-0018 | Oregon State University | Corvallis, OR | Floodplain Restoration Tracking | \$ 43,200 | Intergovernmental Agreement | Mel Damewood | |
| 9/9/2016 | Q2517 | OBEC | Eugene, OR | 48th St. Collaborative Water Quality Enhancement Project | \$ 51,129 | Qualification Based Selection | Mel Damewood | |
| 9/13/2016 | Q2513 | Stillwater | Berkeley, CA | Environmental Services for Carmen Smith Re-Licensing Project | \$ 70,000 | Qualification Based Selection | Mel Damewood | |
| 9/22/2016 | 16-0017 | McKenzie Watershed Alliance | Eugene, OR | Watershed and Drinking Water Grant | \$ 22,000 | Memo of Understanding | Mel Damewood | |
| 9/26/2016 | 2501 | Tripwire | Portland, OR | Installation of Tripwire Whitelist Profiler | \$ 28,915 | Direct Negotiation | Matt Barton | |
| 9/29/2016 | 2504 | PacificSource | Springfield, OR | Administration of FSA, COBRA | \$ 100,000 | Request for Proposals | Lena Kostopulos | |

Qualification Based Selection is required based on current statutes and EWEB Public Contracting Rules for consultants who provide architectural, engineering, land surveying, and related services. The selection process for contracts on this report requires selection from pre-qualified firms, contract values are based on negotiations and reviewed for appropriate effort and rate schedules.