



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Helgeson, Brown, Mital, Simpson and Carlson
FROM: Sue Fahey, Chief Financial Officer; Deborah Hart, Fiscal Services Supervisor
DATE: November 22, 2017
SUBJECT: Electric and Water Operations & Maintenance (O&M) Budget Amendment
OBJECTIVE: Board Action – Approval of Electric O&M Budget Amendment

Issue

Per Board Policy EL-1, the approved budgets are the maximum level of expenditure authorized by the Board. Both the Electric and Water Utilities are projecting to end 2017 higher than budget, and Management is requesting that the Board approve an amendment to the 2017 Water and Electric O & M budgets.

Discussion

Purchased power and transmission costs are projected to exceed budget by \$7 million. The primary driver for this variance is portfolio balancing activities resulting in increased trading. This is offset by an increase in wholesale revenue. Additionally, the Electric Utility defeased high interest debt, and the Water Utility repaid a portion of its intercompany loan from the Electric Utility. These debt transactions were not anticipated in the 2017 budget and produce unfavorable variances in Other expenses of \$15.7 million for the Electric Utility and \$3 million for the Water Utility due to the required accounting treatment.

Requested Board Action

Management recommends and requests that the Board approve Resolution No. 1730 to increase the 2017 Electric O&M budget by \$22.7 million and the Water O & M budget by \$3 million.

**RESOLUTION NO. 1730
DECEMBER 2017**

**EUGENE WATER & ELECTRIC BOARD
2017 BUDGET AMMENDMENT**

WHEREAS, the Eugene Water & Electric Board (EWEB) is the body designated by the City of Eugene Charter and Code to administer the Eugene Electric and Water Utilities;

WHEREAS, Oregon Revised Statute 225.230 requires municipal utilities to make an annual written estimate of probable expenses to establish spending authority;

WHEREAS, the Eugene Water & Electric Board anticipates expenditures in excess of that authority;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves an increase to the Electric Utility Operations & Maintenance budget of \$22.7 million and an increase to the Water Utility Operations & Maintenance budget of \$3.0 million.

Dated this 5th day of December 2017.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its December 5, 2017 Board meeting.

Assistant Secretary