



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Brown, Carlson, Mital, Simpson and Helgeson
FROM: Deborah Hart, Interim Finance Manager; Ben Ulrich, Interim General Accounting Supervisor
DATE: November 21, 2018
SUBJECT: Regulatory Deferral of Other Postemployment Benefits (OPEB) Expense
OBJECTIVE: Approval of Resolution No. 1829

Issue

As a follow up to the correspondence item from the November Board meeting, Management is requesting approval of a resolution authorizing treatment of the non-cash portion of Other Postemployment Benefits (OPEB) expense as a regulatory deferral.

Background

EWEB is required to implement the Governmental Accounting Standard Board (GASB) Statement No. 75 relating to accounting for OPEB costs in order to comply with Generally Accepted Accounting Principles (GAAP). The implementation of GASB 75 will result in booking a significant non-cash expense. Rather than recording this expense all in 2018, Management is requesting that the Board approve treating this non-cash OPEB expense as a regulatory deferral on EWEB's financial statements. Approval of the resolution would allow the significant non-cash OPEB costs to be deferred until they are paid to the EWEB Retirement Benefits Trust (OPEB Trust).

Requested Board Action

Management requests approval of Resolution No. 1829 authorizing the treatment of the non-cash portion of OPEB expense as a regulatory deferral.

**RESOLUTION NO. 1829
DECEMBER 2018**

**EUGENE WATER & ELECTRIC BOARD
AUTHORIZING DEFERRAL OF EXPENSES NOT TO BE RECOVERED IN RATES**

WHEREAS, The Eugene Water & Electric Board (EWEB) prepares financial statements in accordance with accounting principles generally accepted in the United States of America;

WHEREAS, these generally accepted accounting principles are determined by the Governmental Accounting Standards Board (GASB);

WHEREAS, GASB Statement No. 62 allows regulated entities, such as EWEB, that set rates based on revenue requirements to defer the effects of revenues or expenses that are not expected to be recovered in current rates until such time as those revenues and expenses are recovered in rates;

WHEREAS, in 2018 EWEB has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which will result in significant non-cash expense that is not expected to be recovered in current rates;

WHEREAS, EWEB policy requires that regulatory accounting deferrals that are not included in the annual budget be approved by resolution of the Board of Commissioners (Board);

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the treatment of postemployment benefits other than pensions expense as a deferral under regulatory accounting.

DATED this 4th day of December, 2018.

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 4th, 2018 Board Meeting.

Assistant Secretary