



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown
FROM: Rod Price, Chief Operating Officer; Rich Fatooh, Distribution Engineering Supervisor
DATE: November 5, 2019
SUBJECT: Downtown Network Connection Charge Pricing Update
OBJECTIVE: Information Only

Issue

Consistent with our strategic approach to simplify our customer processes, EWEB management wishes to present proposed policy language and request feedback on updates to the electric Downtown Network connection charge pricing.

Discussion

Attached Section X, Downtown Network Service Connection Charge, contains a draft policy to establish a Downtown Network Service Connection Charge consistent with prior Board communications (October 2018 and March 2019 backgrounder). As proposed, all customers adding new load to the downtown network will pay a proportional share to connect to the network regardless of whether a new transformer is needed or if the customer can be served from existing capacity. This change reduces price disparity between similarly-sized projects within the network, promotes transparency and predictability for customers, and speeds response times for high level cost estimates while reducing staff administration.

TBL Assessment

No formal TBL has been conducted. However, this change mitigates the current incentive to choose natural gas to solely avoid additional equipment costs, equitably and cost-effectively reducing community and regional carbon emissions. Encouraging development in the downtown core not only has broad economic benefits, it facilitates more efficient transportation options, particularly for people who live and work there. The proposed price structure assumes capitalization of specific equipment that provides shared benefit to other customers within (not outside) the network. EWEB's capital investment, roughly estimated at \$100,000 per year, will be recovered over time as new customers connect to the network and add load.

Requested Board Action

Review of the proposed policy update and to provide any applicable feedback. A resolution incorporating feedback will be brought to the board at a future meeting for approval.



X. Downtown Network Service Connection Charge

(Resolution No. 19XX)

1. Purpose

The downtown secondary network offers increased redundancy and high reliability to customers. The configuration of the network requires new services to use specialized equipment and installation standards. A downtown network service connection charge has been established to distribute the costs of service connection to the secondary network in a consistent and transparent manner.

2. Applicability

The connection charge will be administered for all customers adding load within the downtown network boundary and that are connected to the network grid.

- a. New Development/Service: The connection charge will be calculated based on the estimated demand (kW) on the secondary network.
- b. Existing Services: The connection charge will be determined based on the difference between the new estimated demand and the highest monthly demand (kW) that occurred within the past five years.
 - i. If a single service is replacing multiple services, the sum of the highest demand (kW) will be used.

3. Pricing

Downtown Network Service Connection Charge.....\$315.00 per kW

This charge includes the installation and materials to extend and/or connect EWEB electric facilities to the customer installed substructure and equipment.

The customer will be responsible for the following cost in addition to the connection charge: Procurement and installation of metering, vaults, boxes, conduits, service lateral conductors and related service lateral connectors.

4. Special Provisions

The downtown network service connection charge will not apply to spot networks. Customers requesting spot network connections will be assessed the full cost of all required labor, equipment, and materials to provide service within the network boundary.