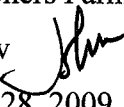




MEMORANDUM

EUGENE WATER & ELECTRIC BOARD
CORPORATE SERVICES DIVISION

Rely on us.

TO: Commissioners Farmer, Brown, Cassidy, Cunningham and Ernst
FROM: John Yanov 
DATE: September 28, 2009
RE: November 2009 Electric Rate Proposal

This memo contains information for the October 6th board agenda for the November 2009 Electric Rate Proposal. The first presentation and public hearing were held on September 1st. At next Tuesday's meeting, staff will be seeking approval for the rate change.

Issue

An overall increase of 5.0 percent is being proposed for an electric rate change to most customer classes, to become effective with bills sent in November 2009.

Background

There is a single reason for the proposed electric retail rates—a 10.4 percent increase in BPA power costs. About 60 percent of the increase is due to a BPA wholesale rate change, effective October 1, 2009. The remaining portion is due to an adjustment in the Residential Exchange credit from BPA. Current EWEB rates incorporate a doubled-up payment from BPA in the first year, amounting to about \$6 million. Successive years of the seven-year payout will be approximately \$3 million per year. Thus, the EWEB electric rate proposal reflects this reduction for Fiscal Year 2010.

The most recent electric rate change was a decrease of 1.8 percent in May 2008. The decrease was due to a 4.4 percent reduction in the cost of wholesale power from BPA, and a small increase in EWEB operating and debt service costs.

Discussion

The additional cost to be recovered in retail rates is \$7,142,000 on an annual basis (see Attachment 1). This includes \$6,663,000 in BPA-related power costs and \$479,000 in contributions in-lieu-of taxes. Application of these costs to 2010 projected loads amounts to an increase in EWEB retail energy rates of \$.0036 per kWh for most customer classes (see Attachment 2). Accordingly, EWEB rate schedules will pass through this revision in proposed rates for November 2009.

With the results from Attachment 2, EWEB staff is recommending the following adjustments to retail electric rates for each customer class:

<u>Customer Class</u>	<u>Rate Schedule</u>	<u>Increase Proposed</u>
Residential	R-6	4.5 %
Small General Service	G-1	4.4 %
Medium General Service	G-2	5.8 %
Large General Service	G-3	6.8 %
Contract A	n/a	n/a
Contract B	n/a	n/a
Contract C	n/a	7.3 %
Contract D	n/a	8.6 %
Street Lighting	J-3, J-4	4.2 %
Private Lighting	L-3, L-4	2.6 %

Regarding rate schedules, there are no changes to rate structure since the last revision, only an update to the rate numbers for the respective billing determinants.

As a result of specific power sales agreements with a two large industrial customers, Contracts A and B are excluded from general consideration in this rate proposal. Rates for these customers are amended through contractual provisions each year, though Contract A is supplied with BPA power and will also experience the change in BPA rates.

Attachment 3 shows a summary of the proposed rate revisions by major customer class for current and proposed rates.

Attachment 4 contains the proposed Board resolution for adopting the revised electric rates.

Recommendations and Requested Action

Staff recommends approval and adoption of the proposed rates, to become effective November 1, 2009 (beginning with Cycle 1 bills for November).

In conjunction with the approval of the rate proposal, staff also recommends the adoption of the attached Board Resolution 0922 (Attachment 4).

Attachments

cc: EMT, Patty Boyle, Dick Varner, Lance Robertson, Joe Harwood, Dawne Howard, Mark Freeman

2/9/08

Source of November 2009 Rate Increase

BPA Power Cost Increase	\$ 6,663,497	Annualized
CILT	\$ 478,515	
Total Increase	\$ 7,142,012	
MWh (1)	2,005,325	without Contracts A & B
Increase per KWH	\$0.0036	
Average Increase	5.03%	
Residential Increase	4.46%	

Note: (1) Uses 2010 Forecast

Impact of November 2009 Rate Proposal

Customer Class	Forecast Sales (a) (mWh)	Rate Increase (\$/mWh)	Rate Revenue Change	Percent Change
Residential	991,054	\$3.60	\$3,566,230	4.46%
Small General Service	159,512	\$3.60	573,991	4.26%
Medium General Service	514,680	\$3.60	1,852,036	5.81%
Large General Service	215,100	\$3.60	774,021	6.83%
Contract C	64,497	\$2.96	190,589	7.26%
Contract D	50,503	\$2.96	149,236	8.62%
Street Lights	9,224	\$3.60	33,192	4.19%
Private Lights	755	\$3.60	2,717	2.63%
Overall Increase	2,005,325		\$7,142,012	5.03%

(a) For CY 2010

8/24/09

ELECTRIC RATE COMPARISON
Existing Rates vs Proposed November 2009 Rates

	Existing Rates	Proposed Rates	
RESIDENTIAL:			
Basic Charge	\$6.50	\$6.50	per Month
Delivery Charge	\$0.02748	\$0.02748	per kWh
Energy Charge			
SUMMER (May through October billing cycles):			
First 800 kWh	\$0.03996	\$0.04356	per kWh
Next 900 kWh	0.05641	\$0.06001	per kWh
Over 1700 kWh	0.0686	\$0.07220	per kWh
WINTER (November through April billing cycles):			
First 800 kWh	\$0.03996	\$0.04356	per kWh
Next 2200 kWh	0.05641	\$0.06001	per kWh
Over 3000 kWh	0.0686	\$0.07220	per kWh

	Existing Rates	Proposed Rates	
SMALL GENERAL SERVICE:			
Basic Charge			
Single-Phase	\$12.50	\$12.50	per Month
Three-Phase	\$18.75	\$18.75	per Month
Demand Charge			
First 10 kW	No Charge	No Charge	per kW
Over 10 kW	\$5.000	\$5.000	per kW
Delivery Charge			
First 1,750 kWh	\$0.02880	\$0.02880	per kWh
Additional kWh	0.00106	0.00106	per kWh
Energy Charge			
All kWh	\$0.04887	\$0.05247	per kWh

ELECTRIC RATE COMPARISON
MEDIUM & LARGE GENERAL SERVICE
Existing Rates vs Proposed November 2009 Rates

	Existing Rates		Proposed Rates		
	Secondary	Primary	Secondary	Primary	
MEDIUM GENERAL SERVICE:					
Basic Charge					
Single-Phase	\$18.25	---	\$18.25	---	per Month
Three-Phase	\$28.25	\$1,725.00	\$28.25	\$1,725.00	per Month
Demand Charge					
First 300 KW	\$5.000	---	\$6.000	---	per kW
Over 300 KW	\$5.000	\$4.870	\$6.000	\$5.850	per kW
Energy Charge					
All kWh	\$0.04164	\$0.04090	\$0.04524	\$0.04450	per kWh
LARGE GENERAL SERVICE:					
Basic Charge	\$2,150	\$2,086	\$2,150	\$2,086	per Month
Demand Charge					
First 300 KW	---	---	---	---	per KW
Over 300 KW	\$5.650	\$5.480	\$6.450	\$6.250	per KW
Energy Charge					
All kWh	\$0.03511	\$0.03432	\$0.03871	\$0.03792	per kWh

ELECTRIC RATE COMPARISON
STREET & PRIVATE LIGHTING CLASSES
Existing vs Proposed November 2009 Rates

	Existing Rates	Proposed Rates	
SCHEDULES J-3 (Street Lighting):			
175 Watt MV	\$6.00	\$6.25	Per Month
250 Watt MV	7.40	7.70	
400 Watt MV	10.95	11.40	
700 Watt MV	18.45	19.20	
SCHEDULE J-4 (Street Lighting):			
35 Watt HPS	\$1.95	\$2.00	Per Month
50 Watt HPS	2.95	3.05	
70 Watt HPS	3.45	3.60	
100 Watt HPS	4.35	4.55	
150 Watt HPS	5.45	5.70	
200 Watt HPS	6.55	6.80	
250 Watt HPS	7.85	8.20	
310 Watt HPS	9.10	9.50	
400 Watt HPS	11.10	11.55	
1000 Watt HPS	25.05	26.10	
1000 Watt MHL	25.05	26.10	
SCHEDULE L-3 (Private Lighting):			
100 Watt HPS	\$6.10	\$6.25	Per Month
200 Watt HPS	7.80	8.00	
400 Watt HPS	12.95	13.30	
SCHEDULE L-4 (Private Lighting):			
50 Watt HPS	\$4.90	\$5.05	Per Month
70 Watt HPS	5.05	5.20	
150 Watt HPS	5.45	5.60	

RESOLUTION NO. 0922

**November 2009
Electric Rate Revision**

WHEREAS the Eugene Water & Electric Board (EWEB) sets its rates based in part on cost to serve;

WHEREAS, EWEB's Customer Service Policies & Procedures and Rate Schedules provide for the pass through of changes in costs from the Bonneville Power Administration (BPA);

WHEREAS, BPA is implementing an increase in its wholesale base rates to become effective in October 2009;

WHEREAS EWEB desires to pass through the net effect of these changes in BPA costs to customers;

THEREFORE BE IT RESOLVED that the Eugene Water & Electric Board hereby authorizes the General Manager to increase the energy rates for the residential, small, medium, and large general service by \$0.0036 per kWh, and Contracts C and D by \$0.00296 per kWh effective with billings on or after November 1, 2009 and to make similar adjustments to flat rate electric services. This represents an overall average rate increase of 5.0 percent.

Dated this 6th day of October 2009.

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

President

I, DEBRA J. SMITH, 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 October 6, 2009 Regular Board Meeting.

Assistant Secretary