



INTEROFFICE MEMO

EUGENE WATER & ELECTRIC BOARD
CORPORATE SERVICES DIVISION

Rely on us.

TO: Commissioners Farmer, Brown, Cassidy, Cunningham, and Ernst

FROM: Randy Berggren, General Manager

October 24, 2009

RE: Features of the 2010 Budget

At our recent Budget Workshop, the Board requested a summary of the features of the 2010 budget. As with any other year the budget is built balancing wise financial management, the provision of safe and reliable power and the provision of services that best serve the community and environment. By funding the ongoing compliance activities required for NERC and OPUC requirements that directly improve electric safety and reliability, and building a budget that reflects a small surplus, I believe that the 2010 Budget does achieve that balance.

Knowing that the community is still experiencing a depressed economy, the 2010 budget was crafted to limit expenditures on some items that could safely be deferred so as to be able to limit rate action. Although rate action to support debt service could not be eliminated, expenditure reductions were achieved in order to offset higher staffing costs associated with the move to Roosevelt, pay increases and a limited number of additional positions.

It may also be helpful to highlight some of the key programs included in the 2010 budget.

Customer Care

EWEB has a long history of providing a range of programs to help those members or our community that do not have sufficient resources to pay their bills. Assistance is provided in many ways including direct bill assistance, conservation education and financial/budget education. In both 2009 and 2010, as a result of the economic downturn some additional programs have been included and others have been expanded. An example of a new program in 2009 and continued in 2010 is the direct subsidy of electric bills for account holders that have lost their employment. The total amount of funding available for Customer Care & Community Care programs in 2010 is \$3.3 million

Conservation Efforts

Reducing energy and water usage helps EWEB extend the usefulness of its existing resources, avoids the expense of acquiring new power and water resources, reduces our customer's bills, and contributes to the environmental health of our planet.

Electric conservation

EWEB has one of the most aggressive electric conservation programs in the country. The 2010 budget includes \$8,834,000 to support the acquisition of 2.38 average Megawatts (about 21,000,000 kWh) of conservation from our residential, commercial and industrial customers. This level of funding allows

EWEB to offer rebates, incentives, loans, and expert advice to customers. It provides funding to assist limited income customers in reducing their energy costs, supports customers who install solar water heating and photovoltaic systems on their homes and businesses, allows EWEB to participate in regional planning and initiatives and provides funding to promote energy awareness through marketing and outreach.

Water Conservation

In the Water Utility, conservation efforts focus on water use efficiency and support the implementation of the 1996 water supply plan and the 2004 Master Plan. This work is critical in managing system additions and preserving EWEB's access to water as required in Division 86 OAR 690-086-0010. Expenses include: Leak detection and repair support for all customer sectors; promotion expenses associated with the Green Grass Gauge and other demand management programs; contract labor associated with summer staffing of Commercial & Industrial Landscape Audit Program; as well as a modest budget for training, dues and association fees. Approximately 4% of the Water Division O&M budget or \$426,000 is dedicated to conservation activities.

Watershed Protection

EWEB is an active participant in McKenzie Watershed Council and works with other agencies to develop and implement measures to monitor and protect water quality for drinking and fish protection purposes. The program funds collection and analysis of ambient water quality samples from the McKenzie River and key tributaries above the Hayden Bridge intake. The watershed emergency response subprogram provides coordination and funding for emergency spill response in the McKenzie basin. The program also includes all non-point source monitoring and evaluation such as the septic system program and agricultural and forestry related subprograms. The total amount of funding for Watershed Protection in 2010 is approximately \$500,000.

Educational Support

Continued in 2010 is EWEB's long-term support of energy and water education activities in the community, including school district grants, Partners In Education (PIE) grants, EWEB tours and presentations and an LCC Energy Management Program grant. EWEB's long history of doing classroom electric safety presentations and tours of Leaburg Dam and the water filtration plant continue in 2010. EWEB School District Education Grants support an extensive list of K-12 programs from the building of electric vehicles and model wind turbines to an in-depth water curriculum. The grants provide over \$470,000 annually to Bethel, Eugene 4J, Springfield and McKenzie school districts to support these programs. Also, for students pursuing degrees in energy and water management at LCC, EWEB provides over \$132,000 per year to support these programs. EWEB's PIE grants support a wide variety of energy and water related education projects conducted by community non-profit organizations. A recent grant to the Partners for Sustainable Schools funds the Cool Schools program, bringing awareness of energy use and climate change to the classroom. EWEB also partners and sponsors programs like Light It Forward, an elementary school project where students give out a free CFL light bulb and then encourages folks to do the same for friends and neighbors in a "pay it forward" model. We also offer custom educational programming, for instance, a recent school visit from the SunRover (EWEB's solar electric generator) to teach students about how EWEB makes electricity and solar electric systems. In all, we continue to provide a rich and comprehensive array of education programs and support. The total amount of funding for educational support for 2010 is approximately \$750,000.

Community Activities

EWEB will continue its support of several high profile community events in 2010, including the Lane County Fair (Oasis water booth), Earth Day, the Butte to Butte Run, the Eugene Celebration (Oasis booth), Eugene Marathon, the Lane County Sustainable Living Home Show, and the Fall Home Show. In addition, EWEB supports or participates in a number of other events, such as Project Homeless Connect, the KLCC Garden Tour and the We Are Bethel Celebration. EWEB also provides electricity to various events, using the SunRover, the mobile solar-photovoltaic array. EWEB also donates or sponsors a number of events, activities and projects. These events demonstrate to customers that EWEB has an interest in reaching out in the community, and illustrate EWEB's commitment to promoting energy and water education, conservation and good stewardship of our resources. The total amount of funding available for community events, home shows, sponsorships activities (Public Affairs and Board) in 2010 (including labor) is approximately \$75,000.

These are just a few examples of things EWEB is proud to be doing in 2010. These programs, along with the core functions of providing safe and reliable power and water make the utility a leader in municipal utility management.