



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD
CORPORATE SERVICES DIVISION

Rely on us.

TO: Commissioners Brown, Cunningham, Cassidy, Ernst and Farmer
 FROM: John Yanov, Tom Williams & Edward Yan
 DATE: February 5, 2010
 RE: Comparative Rate Analysis Update

Attached is the January 2010 Update to the Comparative Rate Analysis. It is a snapshot of rates effective on January 1, 2010 for selected Northwest communities. The update is part of an effort to supply the Board with useful tools in achieving EWEB's initiatives and goals. The last Comparative Rate Analysis was presented to the Board in July 2009.

This effort is incorporated in EWEB's Strategic Plan. The Comparative Rate initiative supports Strategic Priorities for Customer & Community Perspectives—Affordability. The initiative is also intended to help the Board measure success in its legacy statement for providing reasonable and stable rates.

Results of EWEB's ranking in the 11-community study are included in the attachments, but are summarized as well in the table below. A "1" indicates the lowest bills, and "11" the highest. Results from the July 2009 study are included as well.

	ELECTRIC		WATER		COMBINED	
	JAN 10	JUL 09	JAN 10	JUL 09	JAN 10	JUL 09
Residential Apartment	5th	5th	5th	5th	4th	5th
Residential Two-Tier Home	6th	5th	3rd	2nd	6th	4th
Residential Average	5th	5th	3rd	2nd	4th	3rd
Medium General Service	6th	3rd	4th	3rd	6th	3rd
Large General Service	5th	4th	5th	4th	5th	3rd

It is important to note that this analysis is a snapshot in time and that periodic rate revisions could change the results.

At the Board's request, the City of Medford has been added to the study. This makes a total of 11 utilities compared in the I-5 corridor in Washington and Oregon.

EWEB generally maintained its rankings in the Electric Utility between July 2009 and January 2010. Most electric utilities did not change rates during this period. Among Water utilities, EWEB dropped in rank due mostly to the inclusion of the Medford Water Commission, which has unusually low rates in the region. Seattle was a notable exception to this, with a sizeable increase for January 2010.

Eugene improved positions in the affordability comparison for the average residential customer, primarily due to a decrease in "cost as a percent of income" moving from 4.0 percent down to 2.8 percent.

The Board had also indicated an interest in receiving information on strategic and financial plans from the comparator utilities. Most utilities were not interested in providing such information, for various reasons. Every investor-owned utility categorically refused to participate, per company policy. However, there is reluctance even on the part of public utilities. For some, the plans are treated with a degree of sensitivity, partly due to competition. Others are willing to share, but caution that their plans are out-of-date. Others still hold to a view that if it is publicly released, it may be perceived as cast in stone and end up in the media (such as a projected rate increase). And some simply do not have longer-term plans.

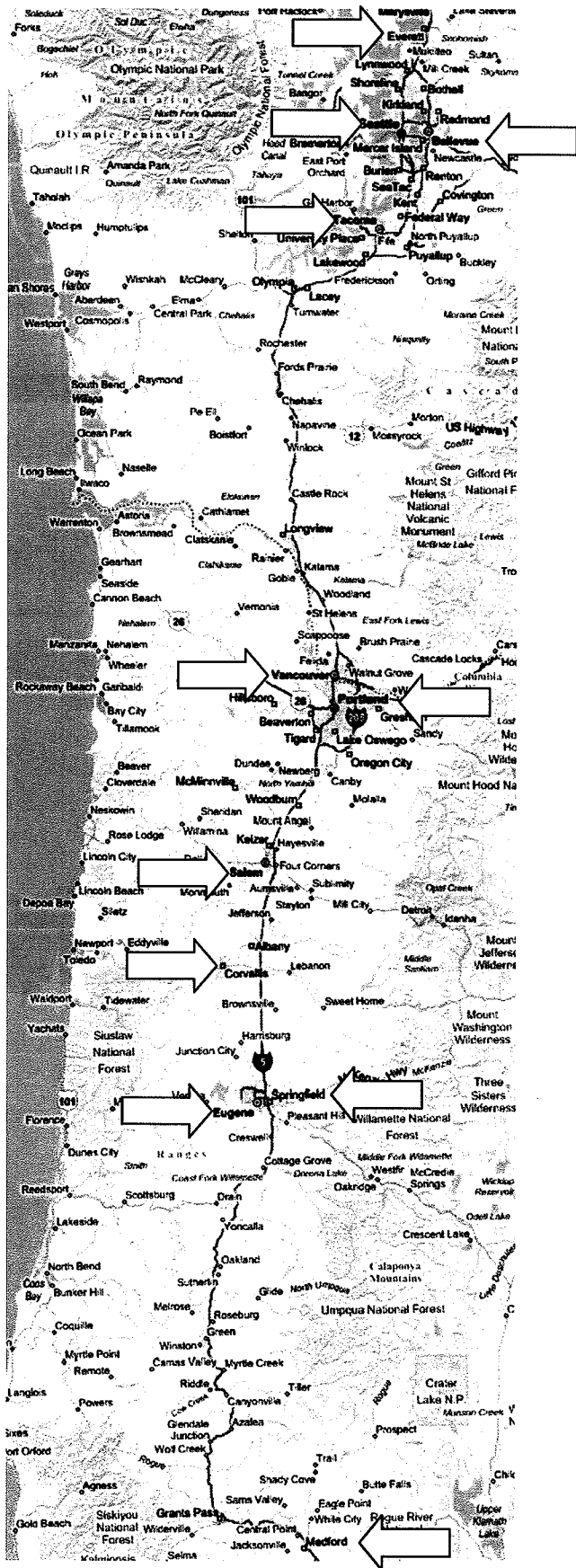
Limited information is available for some utilities, as shown under the Description of Comparator Communities section. We will continue to annually poll those utilities and report information gathered.

An additional request related to monthly and annual bills from more local water utilities—Cottage Grove, Coburg, Junction City, Veneta, and Creswell. Results from this analysis are included in the last attachment.

I would be happy to address any questions or concerns regarding this analysis. Please feel free to contact me at John.Yanov@EWEB.eugene.org or (541) 685-7126.

Attachments

cc: EMT, Patty Boyle, Sheila Crawford, Lance Robertson



Comparative Rate Analysis of Northwest Communities

January 2010

Comparative Rate Analysis of NW Communities

January 2010

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Introduction

The following information provides a comparison of the total electric and water costs from a variety of consumption profiles as they would be calculated in 11 Northwest communities, including Eugene. The information is organized to display by utility and by total bill the rank of EWEB using 5 customer profiles compared to the other 11 communities.

This information has been developed with two primary purposes.

1. To assist the Board in setting a comparative rate position.
2. To inform the Board of the comparative rate impact of future major financial decisions as they are presented with the quarterly update of the long term financial plans.

Staff anticipates that this report will evolve and change over time. Your comments and suggestions are welcome.

Comparator Communities

Ten communities plus Eugene have been used in this analysis:

Springfield	Salem	Corvallis	Medford	Portland
Bellevue	Everett	Tacoma	Seattle	Vancouver

These communities were selected as they each have some similar characteristics to Eugene. All of these cities are in the Pacific Northwest and are located on the I-5 corridor. They are served by a mix of public and private electric providers and typically receive municipal water service. They all participate, to varying extents, in the federal power system and have similar weather patterns.

Customer Profiles

Three residential customer profiles and two general service customer profiles have been included in the analysis. These profiles represent the typical use of the respective customer class in Eugene. In order to account for tiered rates and summer/winter differentials, monthly bills for each profile were calculated and summed for use in this analysis.

Residential Apartment – This profile assumes that a typical residential apartment will use a total of 9,720 kWh of electricity and 36 kgals of water per year. It should be noted that in most cases, water is included in the rent of an apartment and not billed separately.

Typical Residential Home – This profile uses the typical cost of a residential home that has been weatherized and uses an electric, forced air heater for its primary source of heat. Although there are many heating configurations in the community, this is a relatively common design. This profile assumes consumption 17,880 kWh of electricity and 140 kgals of water per year.

Calculated Average – Based purely on the system-wide average use, this profile assumes residential use of 12,635 kWh of electricity and a total of 108 kgals of water per year.

Medium General Service – The medium general service profile replicates the electric and water use of a grocery store in Eugene. The total consumption is 1,901,140 kWh of electricity and 1,225 kgals of water per year.

Large General Service – The large general service profile replicates the electric and water use of the wastewater treatment plant. The total consumption is 6,350,650 kWh of electricity and 20,470 kgals of water per year.

Description of Comparator Communities

(Beneath each community description is a status of available strategic or financial plans)

Bellevue, Washington -- Bellevue customers receive electric service from Puget Sound Energy. PSE is Washington State's largest and oldest energy utility, serving more than 1 million electric customers. Bellevue's drinking water is acquired through the Cascade Water Alliance, an association of water districts and cities, including Bellevue, which serves as a regional water supply agency and wholesale water provider. Cascade purchases water from Seattle and provides it to Bellevue and the seven other municipalities and water districts in King County.

Electric: An investor-owned utility serves the electric territory—no plans available.

Water: No plans available

Everett, Washington – Everett customers receive electric service from Snohomish County PUD. Snohomish County PUD is the second largest publicly owned utility in the Pacific Northwest. The PUD's service area consists of 2,200 square miles, including all of Snohomish County and Camano Island. The utility maintains about 5,800 miles of distribution line. Customers receive water service from the City of Everett. Everett's Water Service Area encompasses almost 80 percent of Snohomish County and serves several water districts in addition to city residents.

Electric: Some power item projections available (from budget process), e.g. wholesale market revenues, transmission and ancillary services.

Water: Some capital expenditures projections available

Corvallis, Oregon -- Corvallis customers receive electric service from PacifiCorp. PacifiCorp provides electricity to more than 1.6 million customers. PacifiCorp operates as Pacific Power in Oregon, Washington and California; and as Rocky Mountain Power in Utah, Wyoming and Idaho. The company was acquired by MidAmerican Energy Holdings Company in 2006. Corvallis customers receive their water from the City of Corvallis. The Corvallis water system draws water from the Willamette River and the Rock Creek Watershed on the east side of Mary's Peak.

Electric: An investor-owned utility serves the electric territory—no plans available

Water: Some summary financial information (draft) available

Seattle, Washington -- Seattle customers receive electricity from Seattle City Light, a department of the City of Seattle. Seattle City Light, is one of the nation's largest municipally-owned utilities service approximately 380,000 customers in an 131 square mile area. Seattle's 1.3 million residents also receive water from the Seattle Public Utilities.

Electric: Proposed Strategic Plan (draft) available

Water: Water System Plan available

Portland Oregon -- Portland customers receive electric service from PGE. PGE is Oregon's largest utility and it's service territory covers 4,000 square miles with more than 1.5 million residents. Customers receive water service from the City of Portland. Most of the water serving Portland Customers comes from the Bull Run Watershed near Mt. Hood.

Electric: An investor-owned utility serves the electric territory—no plans available

Water: Financial projections available through bond prospectus

Salem, Oregon -- Customers receive electric service from Salem Electric, a private, non-profit cooperative electric utility owned by the members it serves. Salem Electric's 17.5 square mile service area includes the majority of West Salem, portions of downtown Salem, Keizer, Portland Road, and the Northgate area. Customers receive water services from the City of Salem. The North Santiam River is the source of water for Salem customers.

Electric: Summary Financial Plan available

Water: Limited financial projections available

Eugene, Oregon – Electric and Water provided by the Eugene Water & Electric Board.

Vancouver, Washington - Customers receive electric service from Clark Public Utilities, a consumer-owned utility. The Clark electric system serves over 180,000 customers. Vancouver water consumers receive water service from the City of Vancouver.

Electric: No plans available

Water: No plans available

Tacoma, Washington – Electric and water services are provided by Tacoma Utilities. Tacoma Power, a municipal utility. The utility provides service to the cities of Tacoma, University Place, Fircrest, portions of Fife, Lakewood, Federal Way, Steilacoom, Ft. Lewis, McChord AFB, other portions of Pierce County as far south as Roy. Tacoma Power has 180 square miles in their service area and approximately 162,000 customers. Tacoma water has roughly 98,000 water customers and is supplied by the Green River and two well systems.

Electric: No plans available

Water: No plans available

Springfield, Oregon – Electric and water services are provided by the Springfield Utility Board, a municipally-owned utility. SUB has approximately 31,000 electric customers and 20,000 water customers.

Electric: Summary Financial Plan available

Water: Summary Financial Plan available

Medford, Oregon – Medford customers receive electric service from PacifiCorp. PacifiCorp provides electricity to more than 1.6 million customers. PacifiCorp operates as Pacific Power in Oregon, Washington and California; and as Rocky Mountain Power in Utah, Wyoming and Idaho. The company was acquired by MidAmerican Energy Holdings Company in 2006. Medford customers receive their water from the Medford Water Commission. The Medford water system draws water from Big Butte Springs, with the Rogue River used as a supplemental source during the summer months.

Electric: No plans available

Water: Master Plan available

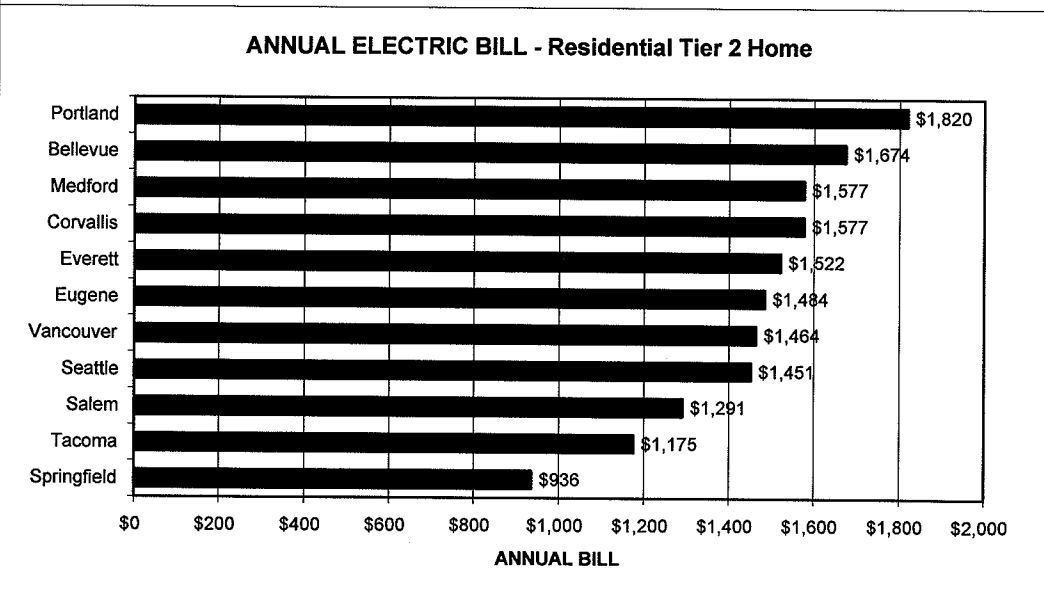
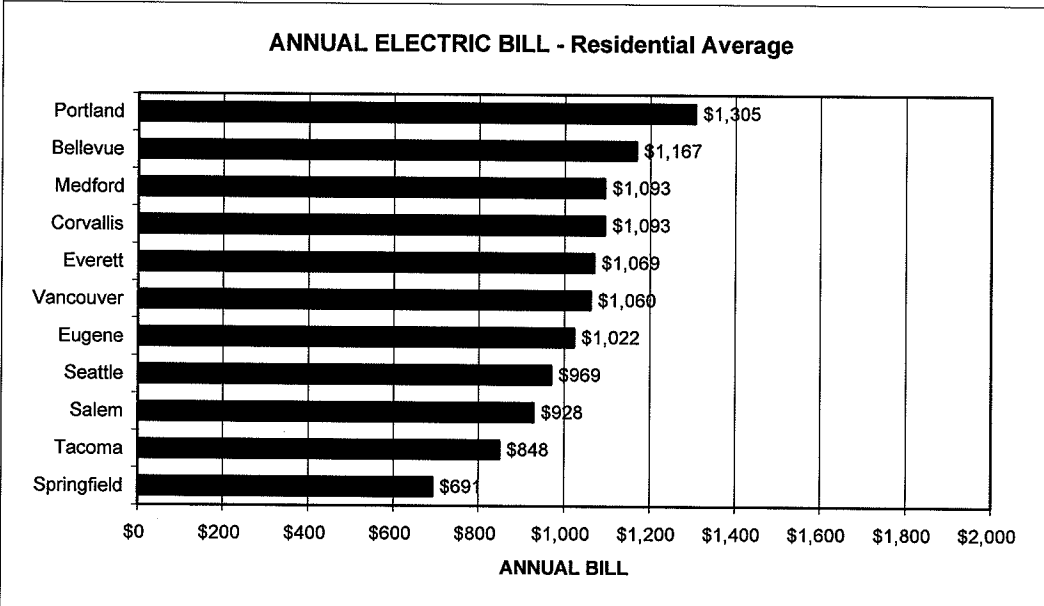
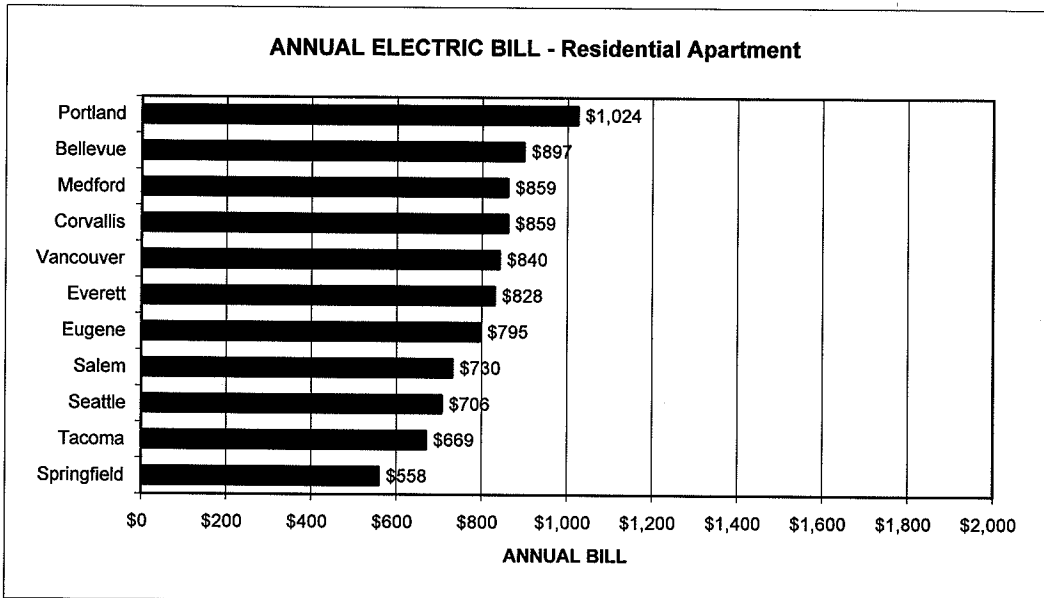
JANUARY 2010 COMPARATIVE RATE ANALYSIS

EWEB Ranking

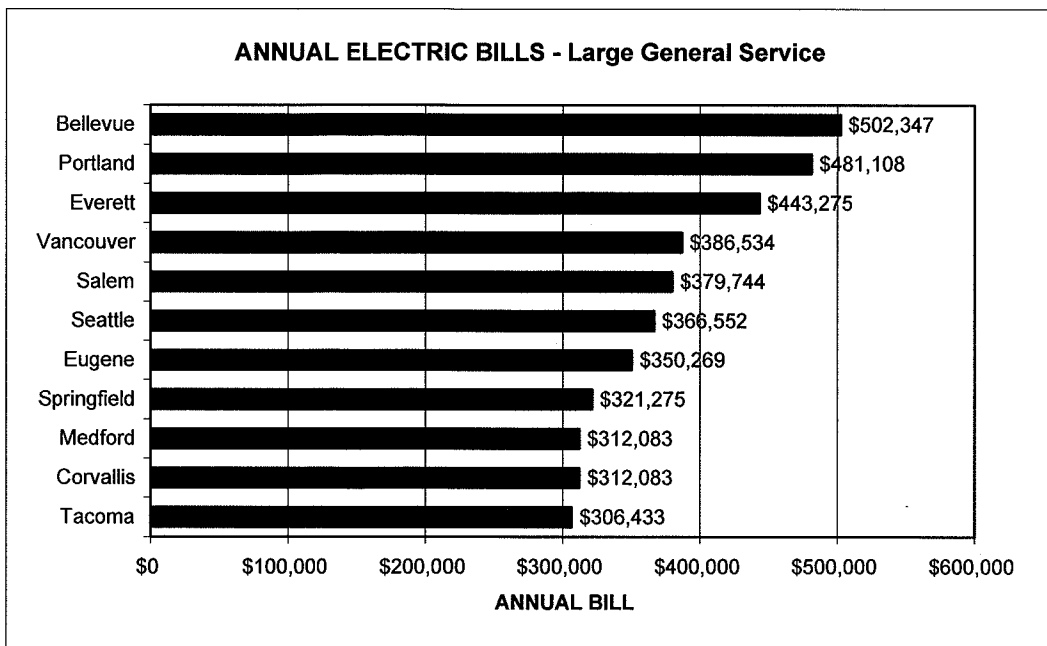
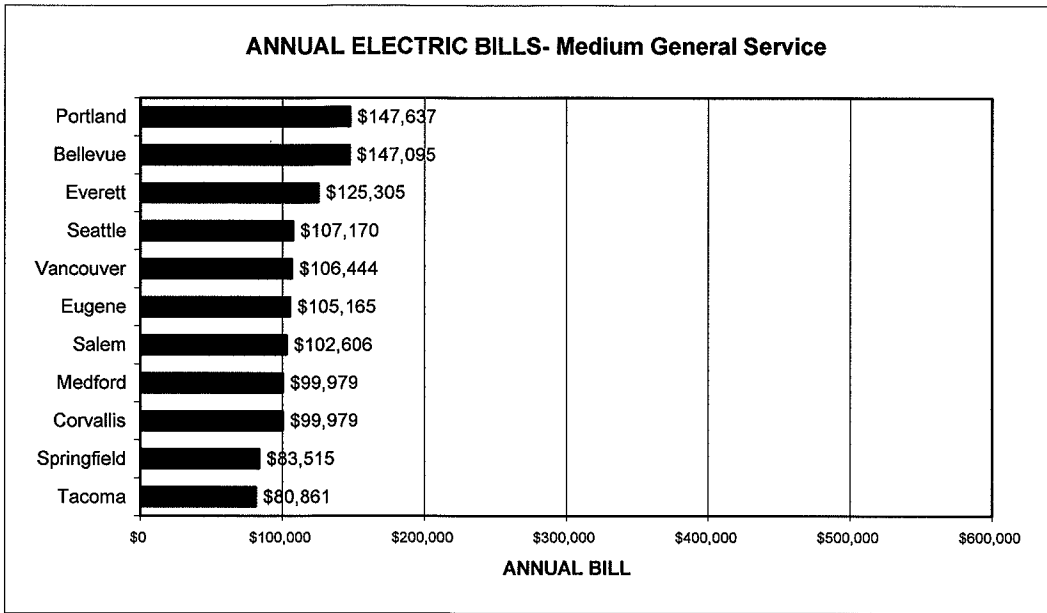
(1st = lowest bills; 11th = highest)

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	JAN 10	JUL 09	JAN 10	JUL 09	JAN 10	JUL 09
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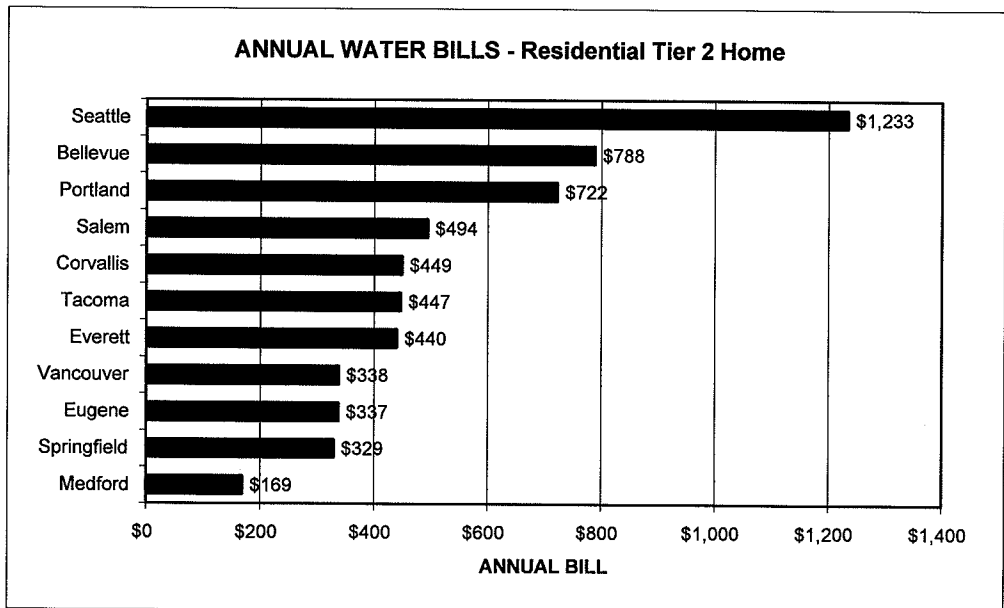
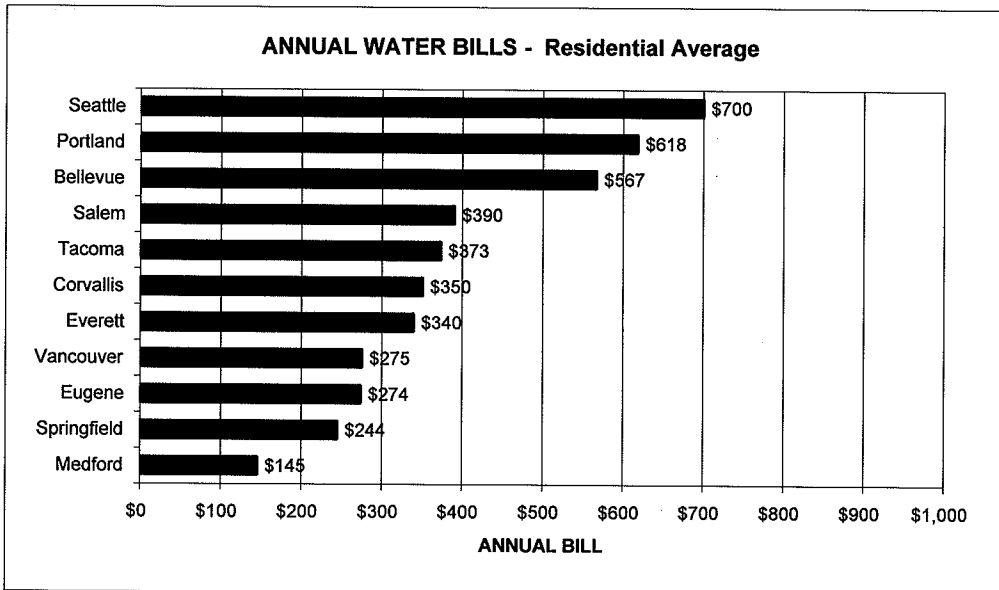
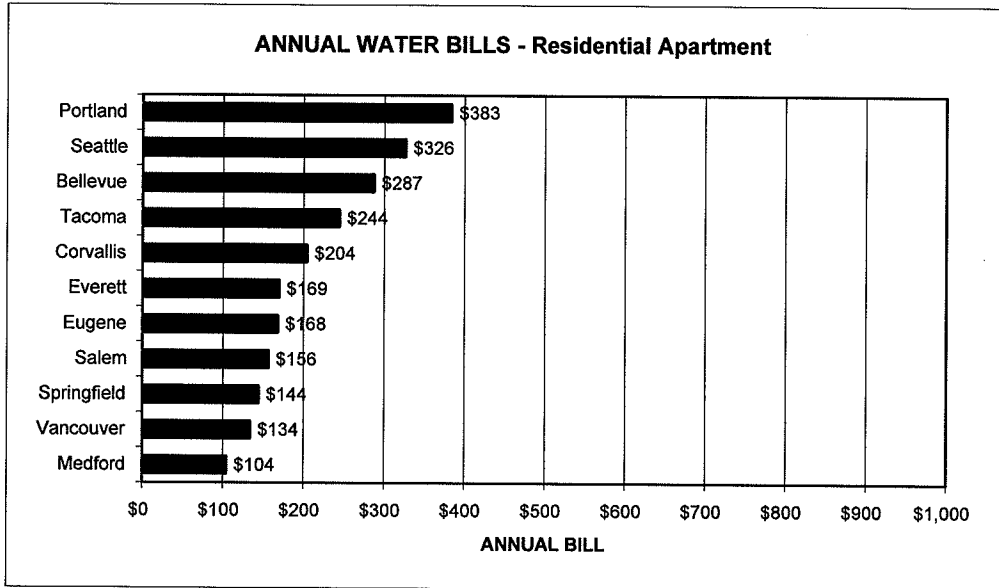
**January 2010 Comparative Rate Analysis
ANNUAL ELECTRIC BILLS - RESIDENTIAL**



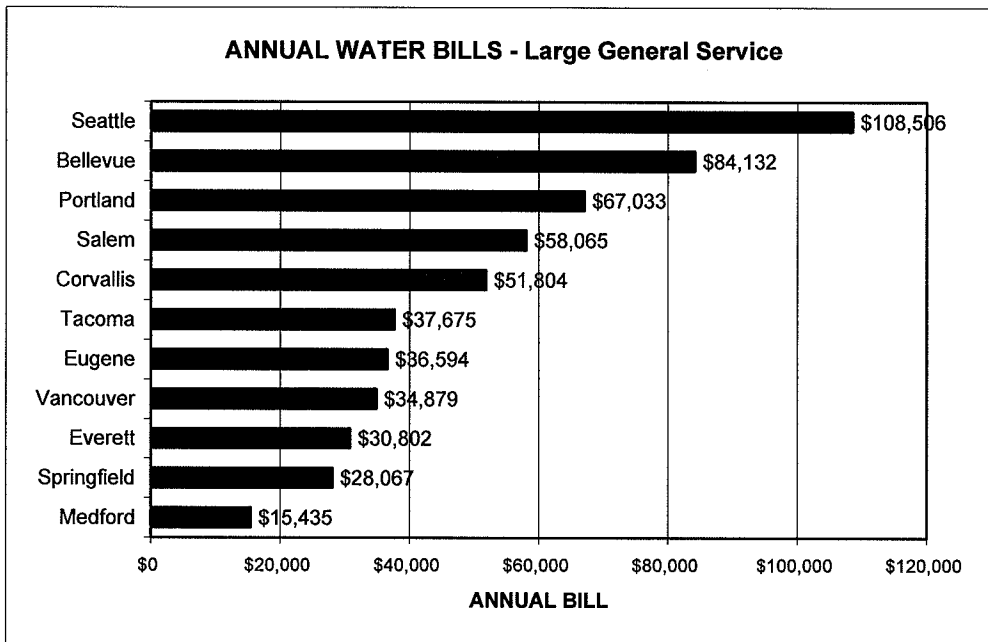
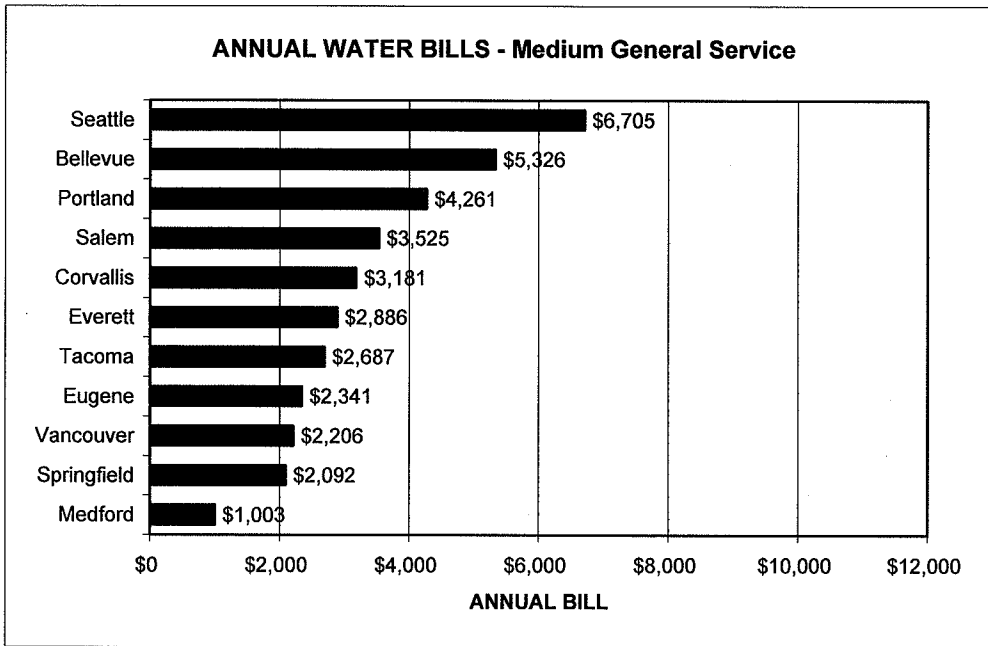
**January 2010 Comparative Rate Analysis
ANNUAL ELECTRIC BILLS - GENERAL SERVICE**



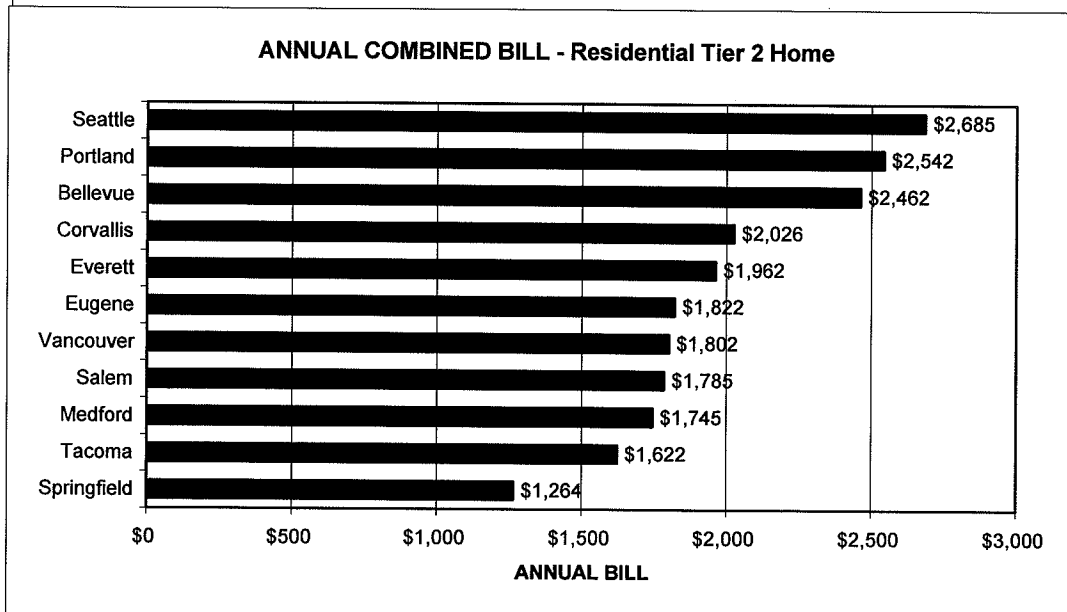
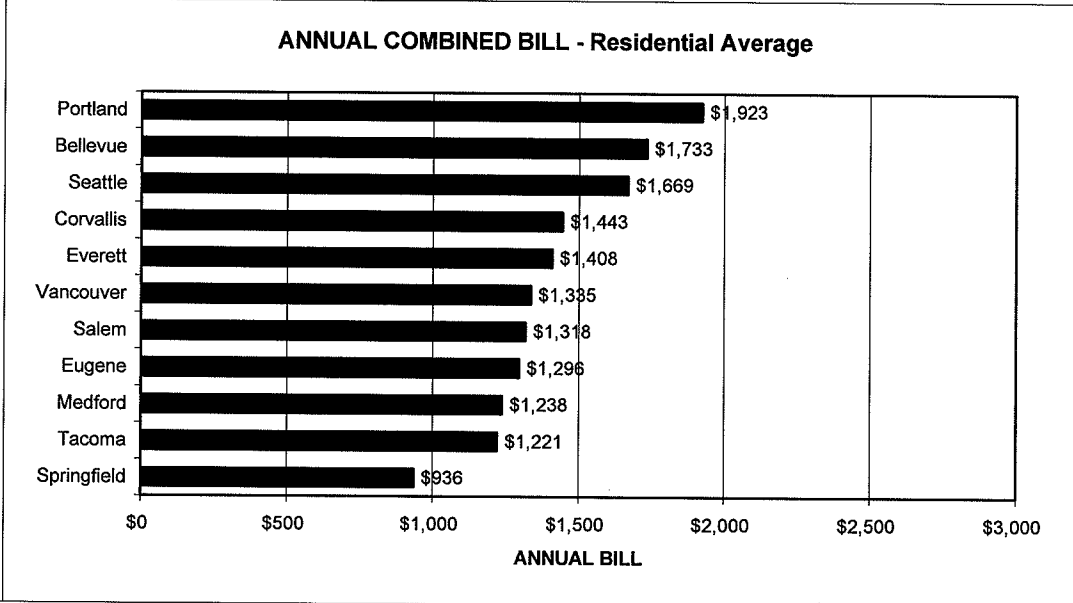
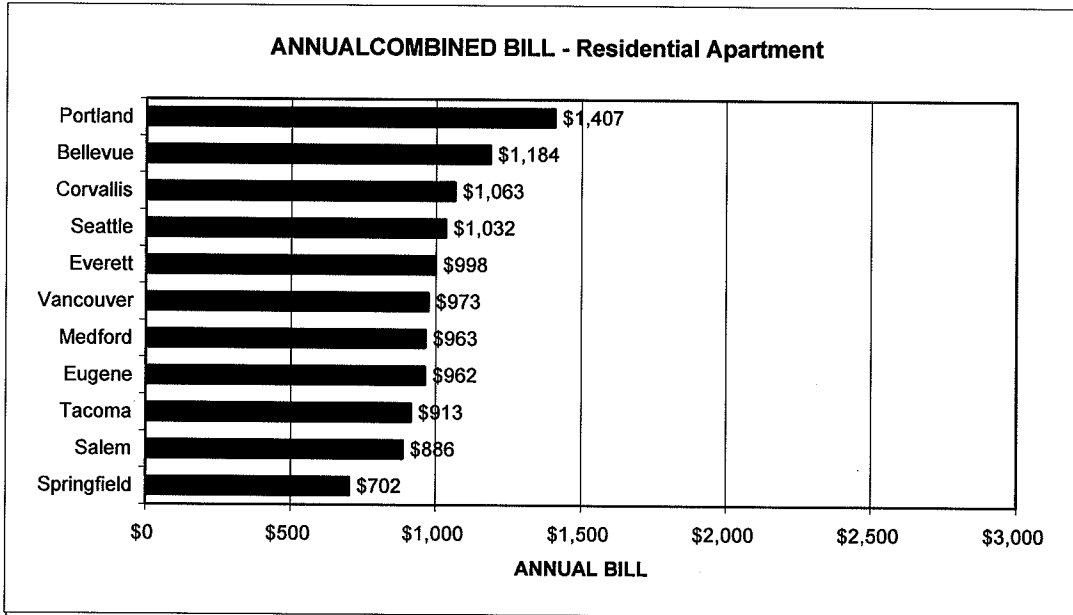
**January 2010 Comparative Rate Analysis
ANNUAL WATER BILLS - RESIDENTIAL**



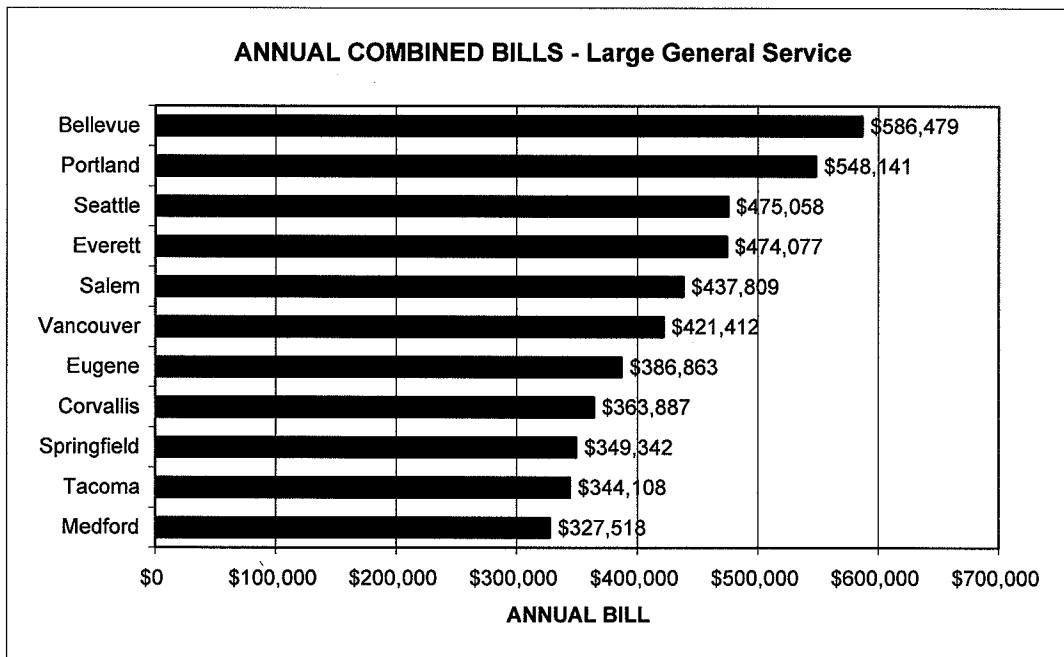
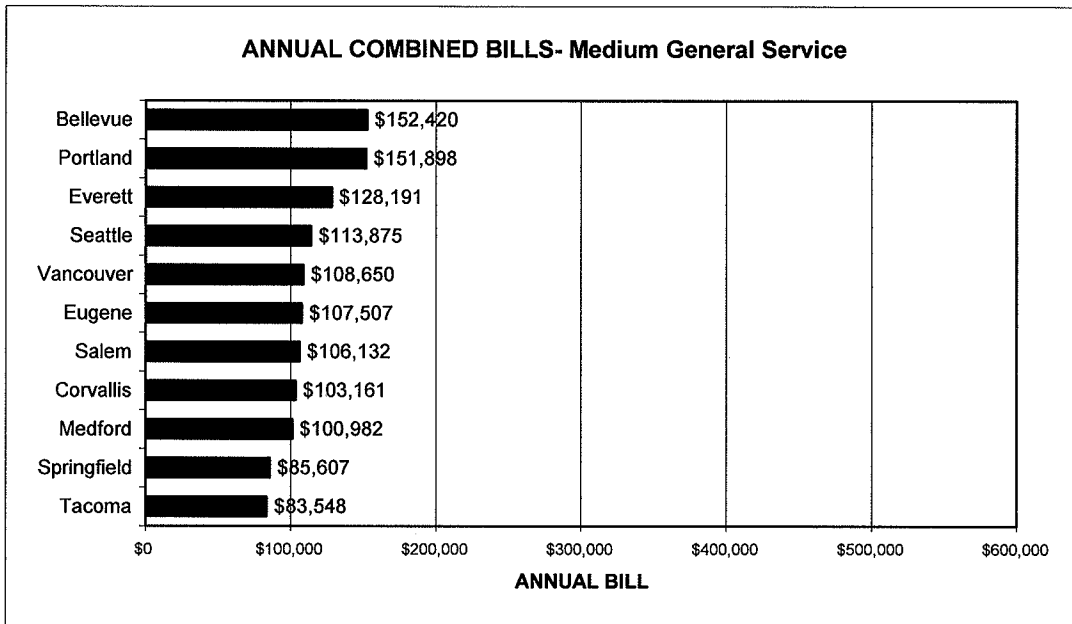
**January 2010 Comparative Rate Analysis
ANNUAL WATER BILLS - GENERAL SERVICE**



**January 2010 Comparative Rate Analysis
ANNUAL COMBINED BILLS - RESIDENTIAL**



**January 2010 Comparative Rate Analysis
ANNUAL COMBINED BILLS - GENERAL SERVICE**



January 2010 COMPARATIVE RATE STUDY
 Monthly Bill Calculation

1/29/10

Electric			Water			Combined		
Utility	Annual	Monthly	Utility	Annual	Monthly	Utility	Annual	Monthly
RESIDENTIAL								
Apartment								
Springfield	\$558	\$46.51	Medford	\$104	\$8.67	Springfield	\$702	\$58.50
Tacoma	669	55.77	Vancouver	134	11.13	Salem	886	73.87
Seattle	706	58.84	Springfield	144	11.99	Tacoma	913	76.12
Salem	730	60.85	Salem	156	13.02	Eugene	962	80.21
Eugene	795	66.24	Eugene	168	13.97	Medford	963	80.28
Everett	828	69.04	Everett	169	14.10	Vancouver	973	81.10
Vancouver	840	69.97	Corvallis	204	17.00	Everett	998	83.14
Corvallis	859	71.61	Tacoma	244	20.35	Seattle	1,032	86.03
Medford	859	71.61	Bellevue	287	23.92	Corvallis	1,063	88.61
Bellevue	897	74.74	Seattle	326	27.20	Bellevue	1,184	98.66
Portland	1,024	85.32	Portland	383	31.92	Portland	1,407	117.24
Average								
Springfield	\$691	\$57.62	Medford	\$145	\$12.09	Springfield	\$936	\$77.98
Tacoma	848	70.67	Springfield	244	20.36	Tacoma	1,221	101.79
Salem	928	77.34	Eugene	274	22.80	Medford	1,238	103.16
Seattle	969	80.77	Vancouver	275	22.92	Eugene	1,296	108.00
Eugene	1,022	85.20	Everett	340	28.30	Salem	1,318	109.85
Vancouver	1,060	88.33	Corvallis	350	29.21	Vancouver	1,335	111.25
Everett	1,069	89.05	Tacoma	373	31.12	Everett	1,408	117.35
Corvallis	1,093	91.07	Salem	390	32.51	Corvallis	1,443	120.28
Medford	1,093	91.07	Bellevue	567	47.23	Seattle	1,669	139.08
Bellevue	1,167	97.22	Portland	618	51.49	Bellevue	1,733	144.45
Portland	1,305	108.74	Seattle	700	58.32	Portland	1,923	160.23
Tier 2 Home								
Springfield	\$936	\$77.97	Medford	\$169	\$14.06	Springfield	\$1,264	\$105.36
Tacoma	1,175	97.96	Springfield	\$329	27.39	Tacoma	1,622	135.21
Salem	1,291	107.55	Eugene	337	28.12	Medford	1,745	145.45
Seattle	1,451	120.96	Vancouver	338	28.16	Salem	1,785	148.72
Vancouver	1,464	121.97	Everett	440	36.68	Vancouver	1,802	150.13
Eugene	1,484	123.68	Tacoma	447	37.25	Eugene	1,822	151.80
Everett	1,522	126.80	Corvallis	449	37.41	Everett	1,962	163.48
Corvallis	1,577	131.39	Salem	494	41.17	Corvallis	2,026	168.79
Medford	1,577	131.39	Portland	722	60.19	Bellevue	2,462	205.15
Bellevue	1,674	139.47	Bellevue	788	65.67	Portland	2,542	211.86
Portland	1,820	151.68	Seattle	1,233	102.79	Seattle	2,685	223.74
GENERAL SERVICE								
Medium								
Tacoma	\$80,861	\$6,738	Medford	\$1,003	\$84	Tacoma	\$83,548	\$6,962
Springfield	83,515	6,960	Springfield	2,092	174	Springfield	85,607	7,134
Corvallis	99,979	8,332	Vancouver	2,206	184	Medford	100,982	8,415
Medford	99,979	8,332	Eugene	2,341	195	Corvallis	103,161	8,597
Salem	102,606	8,551	Tacoma	2,687	224	Salem	106,132	8,844
Eugene	105,165	8,764	Everett	2,886	241	Eugene	107,507	8,959
Vancouver	106,444	8,870	Corvallis	3,181	265	Vancouver	108,650	9,054
Seattle	107,170	8,931	Salem	3,525	294	Seattle	113,875	9,490
Everett	125,305	10,442	Portland	4,261	355	Everett	128,191	10,683
Bellevue	147,095	12,258	Bellevue	5,326	444	Portland	151,898	12,658
Portland	147,637	12,303	Seattle	6,705	559	Bellevue	152,420	12,702
Large								
Tacoma	\$306,433	\$25,536	Medford	\$15,435	\$1,286	Medford	\$327,518	\$27,293
Corvallis	312,083	26,007	Springfield	28,067	2,339	Tacoma	344,108	28,676
Medford	312,083	26,007	Everett	30,802	2,567	Springfield	349,342	29,112
Springfield	321,275	26,773	Vancouver	34,879	2,907	Corvallis	363,887	30,324
Eugene	350,269	29,189	Eugene	36,594	3,049	Eugene	386,863	32,239
Seattle	366,552	30,546	Tacoma	37,675	3,140	Vancouver	421,412	35,118
Salem	379,744	31,645	Corvallis	51,804	4,317	Salem	437,809	36,484
Vancouver	386,534	32,211	Salem	58,065	4,839	Everett	474,077	39,506
Everett	443,275	36,940	Portland	67,033	5,586	Seattle	475,058	39,588
Portland	481,108	40,092	Bellevue	84,132	7,011	Portland	548,141	45,678
Bellevue	502,347	41,862	Seattle	108,506	9,042	Bellevue	586,479	48,873

**January 2010 Residential Affordability Comparison
For Selected Northwest Communities**

1/29/10

Table 1: Utility Cost of an Apartment as a % of Median Per Person Income (MPPI)

	Electric & Water Cost		Rank	2007	Rank	Cost as a % of Income
	Annual	Monthly		Median Per		
Everett	\$998	\$58	7	\$50,471	1	1.4%
Bellevue	\$1,184	\$76	10	\$50,471	1	1.8%
Seattle	\$1,032	\$77	8	\$50,471	1	1.8%
Portland	\$1,407	\$81	11	\$39,436	5	2.5%
Corvallis	\$1,063	\$77	9	\$37,201	7	2.5%
Springfield	\$702	\$73	1	\$33,601	9	2.6%
Tacoma	\$913	\$119	3	\$50,471	1	2.8%
Eugene	\$962	\$80	4	\$33,601	9	2.9%
Salem	\$886	\$89	2	\$31,141	11	3.4%
Medford	\$963	\$98	5	\$34,051	8	3.5%
Vancouver	\$973	\$119	6	\$38,511	6	3.7%

Table 2: Utility Cost of a Tier-Two Home as a % of MPPI

	Electric & Water Cost		Rank	2007	Rank	Cost as a % of Income
	Annual	Monthly		Median Per		
Bellevue	\$2,462	\$135	1	\$50,471	1	3.2%
Seattle	\$2,685	\$146	10	\$50,471	1	3.5%
Everett	\$1,962	\$150	8	\$50,471	1	3.6%
Eugene	\$1,822	\$105	9	\$33,601	9	3.8%
Corvallis	\$2,026	\$157	2	\$37,201	7	5.1%
Tacoma	\$1,622	\$215	11	\$50,471	1	5.1%
Springfield	\$1,264	\$146	4	\$33,601	9	5.2%
Portland	\$2,542	\$206	7	\$39,436	5	6.3%
Salem	\$1,785	\$169	3	\$31,141	11	6.5%
Vancouver	\$1,802	\$215	5	\$38,511	6	6.7%
Medford	\$1,745	\$200	6	\$34,051	8	7.1%

Table 3: Utility Cost of the Calculated Avg Residential Customer as a % of MPPI

	Electric & Water Cost		Rank	2007	Rank	Cost as a % of Income
	Annual	Monthly		Median Per		
Bellevue	\$1,733	\$101	10	\$50,471	1	2.4%
Seattle	\$1,669	\$106	9	\$50,471	1	2.5%
Eugene	\$1,296	\$78	4	\$33,601	9	2.8%
Everett	\$1,408	\$129	7	\$50,471	1	3.1%
Corvallis	\$1,443	\$114	8	\$37,201	7	3.7%
Springfield	\$936	\$108	1	\$33,601	9	3.9%
Tacoma	\$1,221	\$162	2	\$50,471	1	3.9%
Medford	\$1,238	\$111	3	\$34,051	8	3.9%
Portland	\$1,923	\$142	11	\$39,436	5	4.3%
Salem	\$1,318	\$123	5	\$31,141	11	4.7%
Vancouver	\$1,335	\$163	6	\$38,511	6	5.1%

Notes: Median Per Person Income (MPPI) as reported by the Bureau of Economic Analysis, US Dept. of Commerce, August 2009. Everett WA not separately reported; analysis assumes the Seattle, Tacoma, Bellevue rate.

LOCAL COMMUNITIES
Monthly and Annual Water Bills

	Monthly Bill	Annual Bill
Residential		
Apartment		
Eugene	\$ 13.97	\$ 167.64
Veneta	\$ 15.24	\$ 182.87
Cottage Grove	\$ 16.83	\$ 201.96
Junction City	\$ 18.52	\$ 222.23
Coburg	\$ 33.00	\$ 396.00
Creswell	\$ 34.93	\$ 419.15
Average		
Eugene	\$ 22.80	\$ 273.58
Cottage Grove	\$ 25.23	\$ 302.75
Veneta	\$ 29.28	\$ 351.34
Junction City	\$ 36.17	\$ 434.01
Coburg	\$ 44.19	\$ 530.25
Creswell	\$ 60.28	\$ 723.32
Tier 2 Home		
Eugene	\$ 28.12	\$ 337.47
Cottage Grove	\$ 28.96	\$ 347.55
Veneta	\$ 37.12	\$ 445.38
Junction City	\$ 44.01	\$ 528.16
Coburg	\$ 52.10	\$ 625.23
Creswell	\$ 71.54	\$ 858.49