



Eugene Water & Electric Board

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August 27, 2009

Re: Update on Steam Utility Transition Plan – McKinstry to Begin Building Site Assessments

Steam Customers,

As the Steam Transition Plan moves forward, we at EWEB want to keep you and other stakeholders informed regarding the process and progress. Here is the latest:

Building Site Assessments for Steam Customers - contract awarded: On Aug. 4, the EWEB Board of Commissioners awarded a contract to conduct an engineering study of all steam customer facilities to McKinstry (www.mckinstry.com). The primary focus of McKinstry's work will be assessing the requirements and the conversion costs for EWEB steam customers to transition to alternative fuels. In addition to steam transition, McKinstry will also review other energy-saving measures to provide each customer with a menu of options that will prioritize cost-saving opportunities. The work will begin in the next few weeks, and we estimate it will take 12 to 15 months to complete this study, which will include every building on the EWEB steam system. EWEB is working with the consultant to establish the order by which each building will undergo assessment. Variables include the age/condition of portions of the steam distribution system and each building's location.

Ongoing Customer Support: Each EWEB steam customer will be assigned an account manager to facilitate the transition process. Your account manager will work directly with you to schedule McKinstry at your facility, review the report with you and assist in other aspects of the transition. To prepare your report, the consultant will need access to your facility and may require 1 or 2 site visits, depending on the complexity of the facility. The McKinstry report will prepare the data required to complete both the "Small Energy Loan Program" (SELP) and the "Business Energy Tax Credit" (BETC) application. Other electric and natural gas energy conservation opportunities will be identified in the McKinstry report to help access available funding from existing Energy Trust of Oregon and EWEB energy efficiency programs

Partnerships and Financing Alternatives: We continue to work with multiple organizations to maximize expertise and identify funding to complete the Steam Transition Plan. While we have not received any formal response from the Oregon Department of Energy, our primary financing strategy remains focused on the state's SELP program. However, other opportunities are being explored, including the possibility of EWEB partnering with private lenders and/or the City of Eugene to offer low-interest loans for the transition. We will notify you when we have a better indication regarding what financing may become available so that you may evaluate your options accordingly.

As I mentioned earlier, a member of our Key Accounts team will be in contact with you to schedule the McKinstry site visit. If you have any questions or comments, please do not hesitate to contact me.

Additional information on EWEB steam transition plan history and communications can be found at www.eweb.org (Click on "About EWEB / Current issues and projects")

Best regards,

Mike Logan

Rely on us.

