



**EWEB**

**Eugene Water & Electric Board**

**Mike Logan, Key Accounts Program Manager**

**Eugene Water & Electric Board**

# **Steam Utility Transition Plan**

## **September 2, 2008**

## **2008 General Manager Goal #4:**

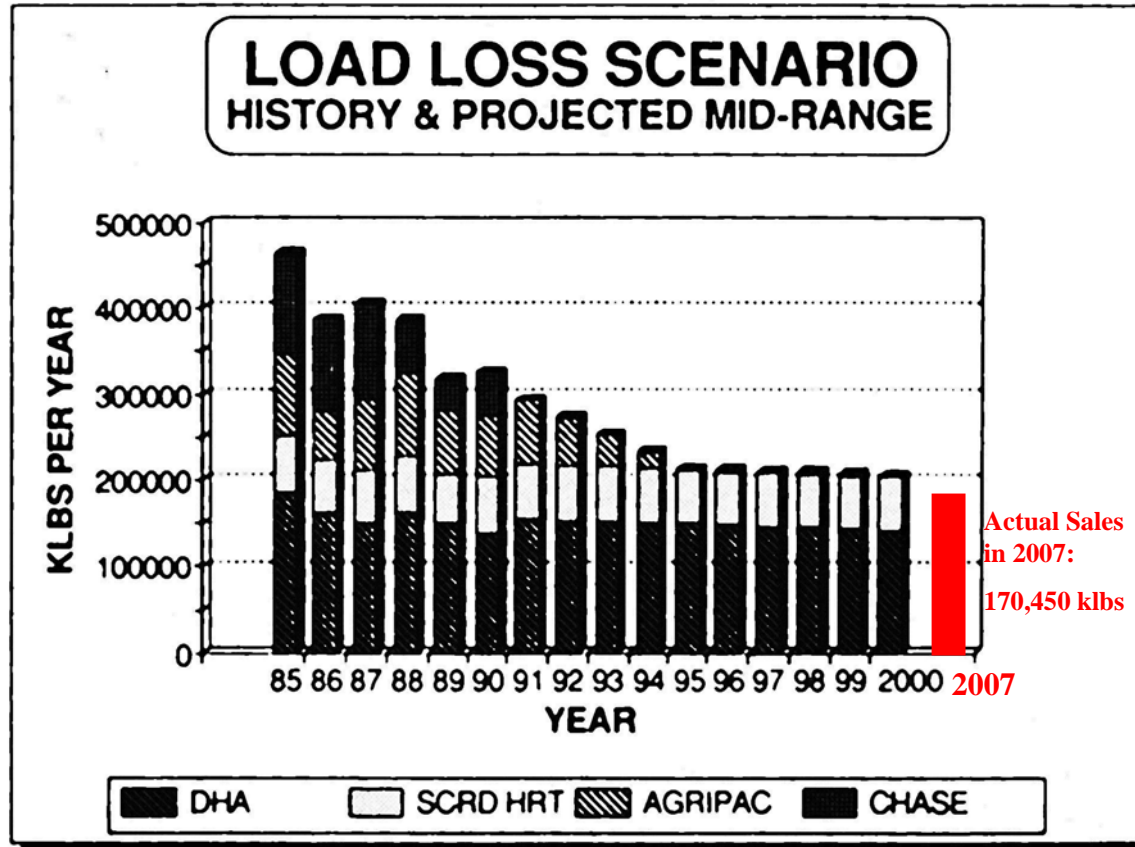
**“Develop a long-range plan for the operation of the Steam Utility and make recommendations to the Board for positioning the utility to be able to shut down the utility, as appropriate.”**

## **Process / Timeline**

- **September 2:** Present, discuss draft SD #18, modify as requested.
- **September 16:** Include SD #18 on consent calendar for Board Approval
- **October 7:** Board work session: Steam Utility Transition Plan draft
- **December 16:** Board Action: Steam Utility Transition Plan

# “Back to the Future”

## Steam Load Erosion Estimate Prepared Back In 1991:



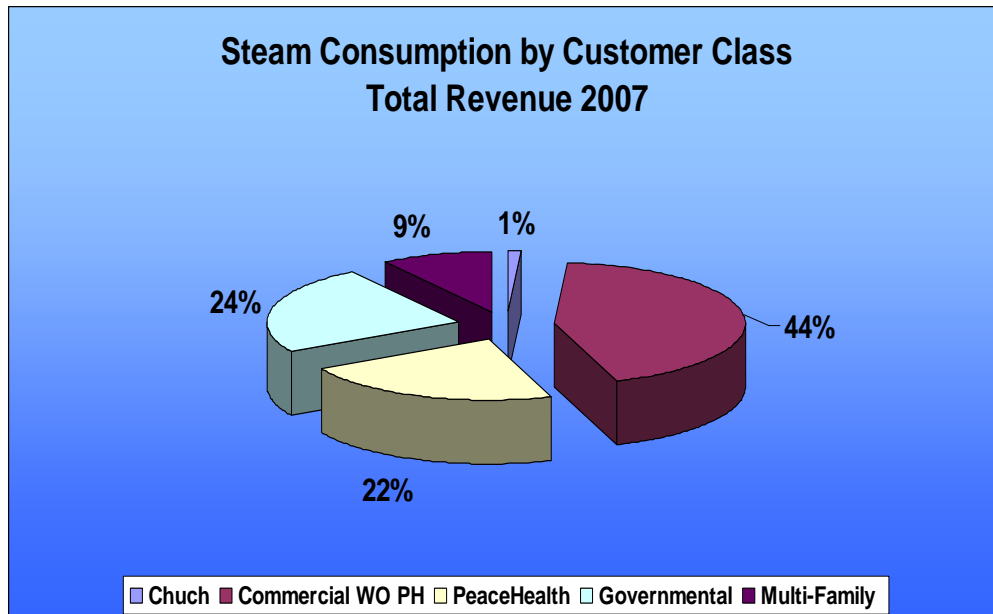
## **Steam Utility: Near Term Issues**

- **Peacehealth Move to Riverbend Hospital**
  - Continued interest in EWEB steam, significantly reduced volume
  - Current contract expires on December 31, 2008
- **Fuel costs expected to increase significantly in November**
  - Supply “hedge” contract ends in October
- **More customers expected to leave EWEB steam system**
- **Discussions with UO / EWEB Steam System intertie**
  - Oregon Research Institute building to break ground early 2009
  - Preliminary estimate to re-locate intertie: ~\$200,000

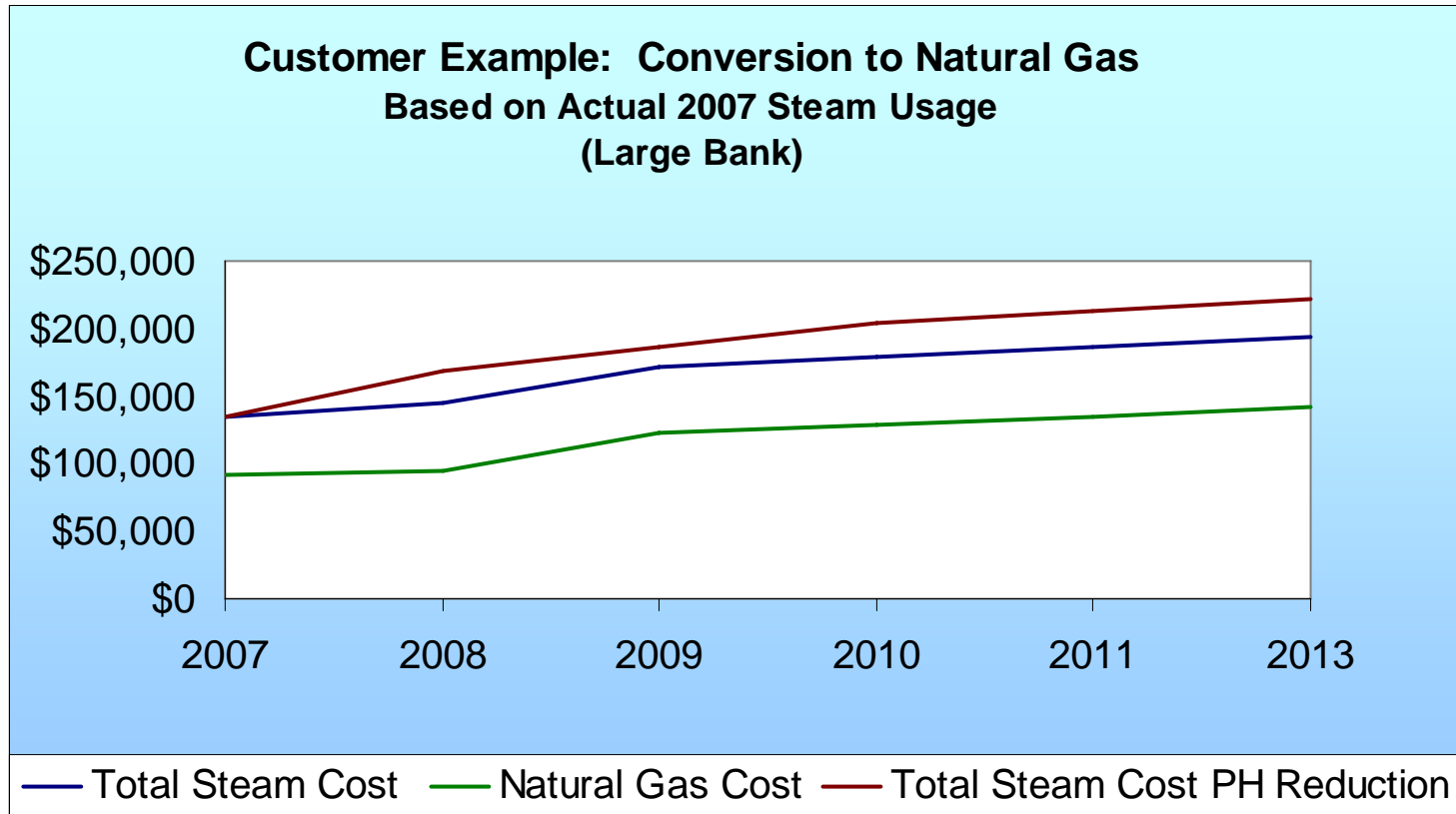
# Business Perspective: Steam Utility Costs & Revenue

## 2008 Steam Costs

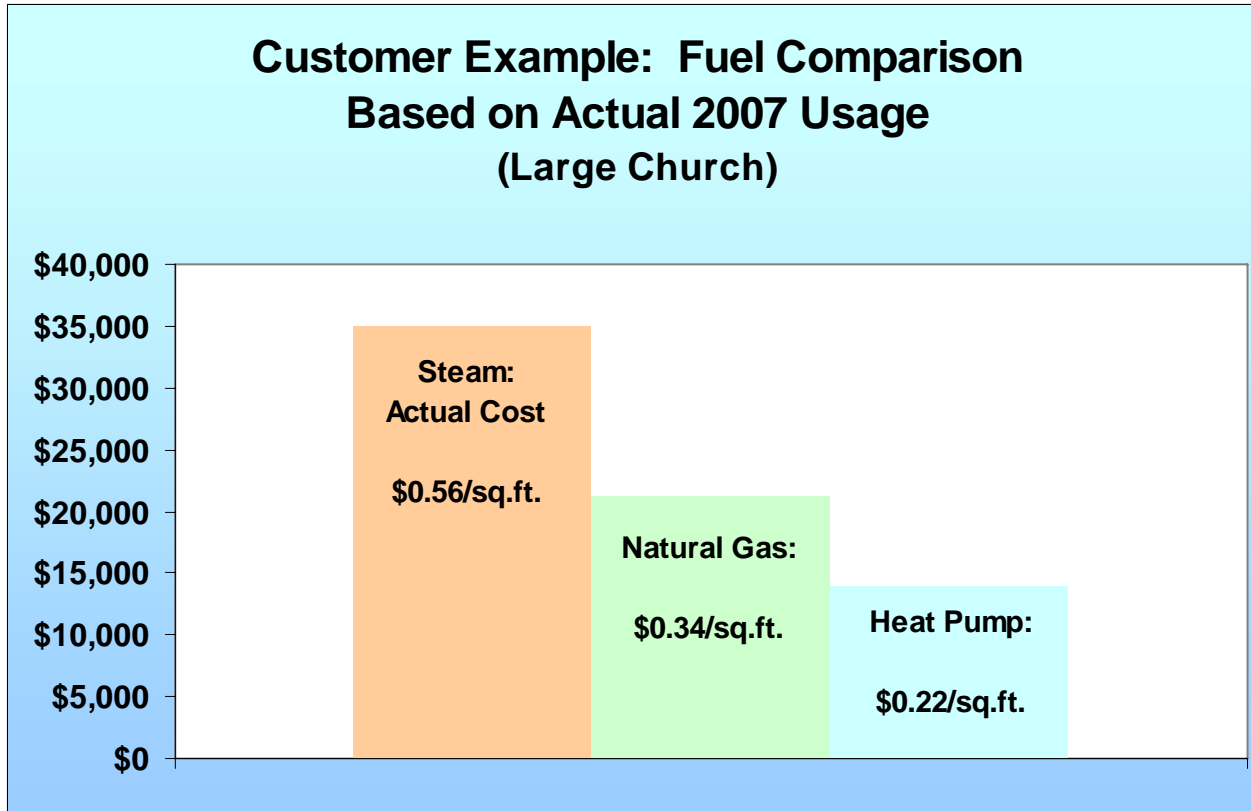
Production & Distribution	\$ 850,000
Administrative & General	25,000
Fuel	2,600,000
<b>Operating costs</b>	<b>3,475,000</b>
Interest paid to Electric	60,000
CILT paid to City	160,000
<b>Total costs</b>	<b>\$ 3,695,000</b>



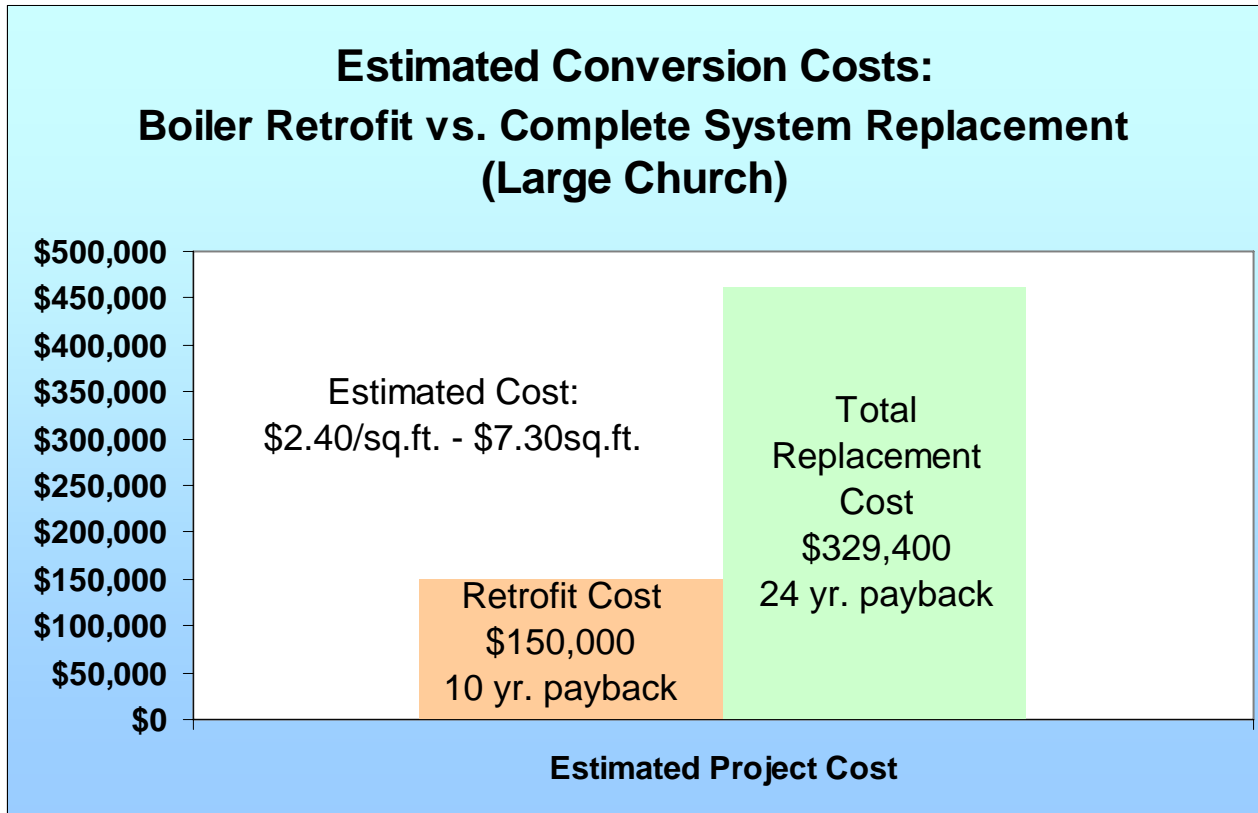
# Customer Perspective: Steam vs. Other Fuel Choices



# Customer Perspective: Steam Cost vs. Other Fuel Choices



# Customer Perspective: Example of Estimated Conversion Costs



## **Draft Goal: Strategic Direction #18 (“SD18”)**

**“To ensure a managed transition out of the steam business in a socially responsive, environmentally and financially responsible manner, while balancing all considerations to the fullest extent possible, including steam customers, the downtown community, the community at large and EWEB’s electric utility interests.”**

# Steam Utility Transition DRAFT Policy SD #18: Key Attributes

- **Public involvement**
- **Financial assistance**
- **Strive for a reasonable transition period for customers**
- **Environmental stewardship**
- **Electric utility cost considerations**
- **Social considerations**
- **Energy efficiency**

# Desired Outcomes from Steam Utility Transition Policy

*Pursue efforts to provide for a reasonable period for steam customers to transition to another fuel:*

1. **Time** = UO Intertie + Peacehealth = 2 or 3 years
2. **Responsive to Customers**  
Small loans to help get customers started
3. **Environmental Stewardship**  
Establish mitigation fund  
Fuel neutral approach to energy efficiency
4. **Balancing electric utility financial considerations**

*Rely on us.*