EWEB

Eugene Water & Electric Board

# Independent Auditor's Reports and Financial Statements

December 31, 2024 and 2023

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## Board of Commissioners

| | | |
|---|---|---|
| Mr. Matt McRae | Wards 1 & 8 | President |
| Mr. John Barofsky | Wards 2 & 3 | Vice-President |
| Ms. Sonya Carlson | Wards 6 & 7 | Member |
| Ms. Mindy Schlossberg | "At Large" | Member |
| Mr. John Brown | Wards 4 & 5 | Member |

## Officers

| | |
|---|---|
| Mr. Frank Lawson | General Manager, Secretary |
| Ms. Anne Kah | Assistant Secretary |
| Ms. Deborah Hart | Treasurer |
| Ms. TiaMarie Harwood | Assistant Treasurer |

Commissioners' contact information may be found at www.eweb.org. Written communication may be sent to the attention of commissioners or officers at this address:

EWEB
4200 Roosevelt Boulevard
Eugene, OR 97402

MOSSADAMS

# Report of Independent Auditors

The Board of Directors
Eugene Water & Electric Board

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying statements of net position of the Electric System, Water System and Combined Total Systems, and the statements of fiduciary net position of the Retirement Benefits Trust (the Trust) of Eugene Water & Electric Board (the “Board” or “EWEB”), as of December 31, 2024 and 2023, and the related statements of revenues, expenses and changes in net position and cash flows of the Electric System, Water System and Combined Total Systems for the years then ended, and the statements of changes in fiduciary net position of the Trust for the years then ended, and the related notes to the financial statements, which collectively comprise the Board’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the of the Eugene Water & Electric Board as of December 31, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Emphasis of Matter*

As discussed in Note 1 to the financial statements, the Board recently adopted the provisions of Governmental Accounting Standards Board (GASB) No. 101, *Compensated Absences,* effective for periods beginning after December 15, 2023. The adoption of this standard resulted in the restatement of previously reported amounts as of and for the year ended December 31, 2023. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of EWEB's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about EWEB's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control–related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and OPEB schedules on pages 7 through 25 and 91 through 93 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the Electric System and Water System long-term bonded debt and interest payment requirements (including current portion) schedules and the Electric System and Water System analysis of certain restricted cash and investments for bond service schedules and sustainability accounting standards disclosures but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2025 on our consideration of Eugene Water & Electric Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Eugene Water & Electric Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eugene Water & Electric Board's internal control over financial reporting and compliance.

### Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated May 15, 2025, on our consideration of the Board's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Keith Simovic, Partner
for Moss Adams LLP
Portland, Oregon
May 15, 2025

# Management Discussion & Analysis

The following discussion provides an overview of the financial results of the Eugene Water & Electric Board (EWEB) for the years ended 2024 and 2023. This unaudited discussion is intended to be used in conjunction with the financial statements and note disclosures following this section.

EWEB is the largest publicly owned electric and water utility in the state of Oregon. The City of Eugene (the City) commenced utility operations in 1908 with the purchase of a privately-owned water system. In 1911, upon completion of the City's first municipal hydroelectric power plant, the City organized the Eugene Water Board to operate the City's electric and water utilities. The name of the Eugene Water Board was changed to the Eugene Water & Electric Board in 1949.

EWEB is chartered by the City and supplies electric and water service within the city limits of Eugene and to certain areas outside the city limits. EWEB operates as a primary government and is not considered a component unit of the City. EWEB is governed by a five-member Board of Commissioners who are elected by voters residing in the City. The Board of Commissioners has authority to set prices for water and electric services. Prices are set based on the cost-of-service delivery, including operating, capital, and debt service expenses.

The Statements of Net Position report assets, deferred outflows, liabilities, deferred inflows and net position at the end of the financial year, December 31. The Statements of Revenues, Expenses and Changes in Net Position report revenues and expenses occurring during the financial year. The Statements of Cash Flows report cash from operating activities, investing activities, non-capital financing activities as well as capital and related financing activities. Following a change in accounting principle, amounts presented in the Management Discussion & Analysis have not been restated or adjusted for periods prior to those presented in the basic financial statements.

## Electric System

The Electric System supplies service to 100,000 residential, commercial, and industrial customers within the City of Eugene and areas along the McKenzie River between the cities of Walterville and Vida where two of EWEB's hydro-power plants are located. The total service area covers 236 square miles. The Electric System owns and operates approximately 1,150 circuit miles of overhead and underground distribution lines, 134 circuit miles of transmission lines, and 38 distribution substations. Power delivered to customers is supplied by Bonneville Power Administration (BPA) contracts, EWEB-owned generation resources, other contracted resources, and purchases from the wholesale energy markets. EWEB's power supply sources are primarily hydropower but also include wind, biomass, steam, and solar.

| | MWh | | |
|---|---|---|---|
| Power resource attributes | 2024 | 2023 | 2022 |
| Hydro-power | 2,341,916 | 2,383,519 | 2,754,565 |
| Wind | 166,384 | 146,358 | 151,888 |
| Steam | 84,944 | 82,776 | 82,570 |
| Biomass | 125,344 | 130,070 | 145,433 |
| Other market purchases | 429,877 | 568,708 | 882,751 |
| | 3,148,465 | 3,311,431 | 4,017,207 |

| | | | |
|---|---|---|---|
| Power resources - owned, contracted, or market | | | |
| EWEB-owned generation | 420,495 | 415,405 | 446,267 |
| Contracted generation | 2,298,093 | 2,327,318 | 2,688,189 |
| Market purchases | 429,877 | 568,708 | 882,751 |
| | 3,148,465 | 3,311,431 | 4,017,207 |

Electric System Condensed Financial Information
*(in thousands of dollars)*

| | 2024 | 2023 (as restated) | 2022 |
|---|---|---|---|
| Net utility plant | $ 488,918 | $ 443,176 | $ 433,034 |
| Current assets | 167,373 | 134,477 | 169,973 |
| Other assets | 122,237 | 113,812 | 97,787 |
| Total assets | 778,528 | 691,465 | 700,794 |
| Deferred outflows of resources | 30,105 | 26,717 | 34,015 |
| Current liabilities | 55,220 | 41,474 | 52,978 |
| Long-term debt | 254,718 | 196,305 | 206,489 |
| Other liabilities | 78,201 | 62,218 | 57,056 |
| Total liabilities | 388,139 | 299,997 | 316,523 |
| Deferred inflows of resources | 8,940 | 12,215 | 24,043 |
| Net investment in capital assets | 259,627 | 241,817 | 236,606 |
| Restricted | 2,513 | 4,324 | 4,026 |
| Unrestricted | 149,414 | 159,829 | 153,611 |
| Total net position | 411,554 | 405,970 | 394,243 |
| Residential | 116,765 | 113,426 | 108,625 |
| Commercial and industrial | 106,509 | 99,255 | 101,020 |
| Sales for resale and other | 69,027 | 75,654 | 104,093 |
| Operating revenue | 292,301 | 288,335 | 313,738 |
| Purchased power | 135,820 | 148,313 | 164,546 |
| System control | 5,408 | 4,677 | 4,273 |
| Wheeling | 15,491 | 13,188 | 12,975 |
| Steam and hydraulic generation | 17,525 | 16,638 | 17,012 |
| Transmission and distribution | 38,062 | 30,883 | 26,746 |
| Customer accounting | 10,659 | 10,295 | 9,184 |
| Conservation expenses | 6,230 | 5,397 | 4,853 |
| Administrative and general | 29,823 | 28,110 | 25,263 |
| Depreciation on utility plant | 28,835 | 27,980 | 28,004 |
| Operating expenses | 287,853 | 285,481 | 292,856 |
| Net operating income | 4,448 | 2,854 | 20,882 |
| Non-operating revenue | 10,878 | 11,365 | 2,713 |
| Non-operating expense | (12,048) | (7,309) | (7,472) |
| Income before capital contributions | 3,278 | 6,910 | 16,123 |
| Capital contributions | 2,306 | 4,817 | 2,544 |
| Extraordinary item | | - | (19,851) |
| Change in net position | 5,584 | 11,727 | (1,184) |
| Total net position - beginning of year | 405,970 | 394,243 | 395,427 |
| Total net position - end of year | $ 411,554 | $ 405,970 | $ 394,243 |

**Analysis of financial position and results of operations**

Overall financial position improved in 2023 and 2024 as a measure of increased net position.

The net investment in capital assets component of net position, reflecting the value of capital assets net of the debt incurred to acquire those assets, increased in 2024, due to transmission and distribution investments as well as progress on projects such as the Currin Substation rebuild and EWEB Enterprise Solutions, an information technology project to replace legacy systems, integrating applications and consolidating data across the organization using SAP. The net investment in capital assets component of net position, reflecting the value of capital assets net of the debt incurred to acquire those assets, increased in 2023, due to progress on projects such as EWEB Enterprise Solutions.

Restricted net position is subject to external legal restrictions on its use and is primarily representative of reserves for payments of debt service, customer donations, and amounts deposited in escrow accounts relating to the Harvest Wind Project. Restricted net position decreased in 2024 following decreases in reserves held for debt service year-over-year. The Electric System also issued debt in 2024 with a reserve requirement of zero. This increased accrued interest payable, further reducing net position restricted for debt service. Restricted net position increased in 2023 due primarily to increases in reserves held for debt service and reductions in accrued interest year-over-year.

Unrestricted net position represents the accumulation of net position that are not capital assets, or subject to external restrictions on their use. In 2024, unrestricted net position decreased primarily from declining reserve balances. Reserve declines are a function of 2024 storm recovery costs and capital investment activity. In 2023, unrestricted net position increased following positive operating results and a reduction in accounts payable, primarily from purchased power.

Electric System net operating income was $4.4 million in 2024 and $2.9 million in 2023. The year-over-year increase was most notable in retail sales. Wholesale sales decreased with less generation available for sale due to below average hydrological conditions in the region reducing the availability of hydroelectric generation.

**Analysis of balances and transactions**

Operating revenue varies from year to year based on customer load, generation available for sale, and corresponding power market prices.

Residential customers make up approximately 90% of EWEB's customer base and approximately 50% of customer revenue. Sales to residential customers are variable based on weather trends, and traditionally, EWEB has been a winter-peaking utility. Recent peak loads during extreme summer weather reacted stronger than expected indicating growth of cooling load (building air conditioning) in EWEB's service territory. There were notable heat waves in July 2024 and August 2023, where peak loads were comparable though still lower than winter peak loads. Annual average temperatures for 2024 and 2023 were above normal by approximately 1.7 and 1.5 degrees Fahrenheit, respectively. Overall loads were down slightly in 2024 compared to 2023, as 2023 had a higher level of heating degree days, which is a measure of how cold the temperature was on a given day. Also, of note for Residential revenue were customer price increases in 2024 of 6.25% and in 2023 of 4.00%.

Commercial and industrial accounts make up approximately 10% of the EWEB customer base, and approximately 50% of customer revenue. Commercial and industrial sales are more reactive to economic conditions rather than weather conditions.

EWEB sold power supply in excess of load into wholesale markets. The Electric System has an active hedging program to manage price risk associated with wholesale power sales. 2024 and 2023 wholesale activity was less than anticipated due to poor hydrological conditions in the region. Overall generation available for sale was less, reducing wholesale market sales from expectations.

Electric System operating expenses include purchased power and wheeling expenses. Prices are set for BPA and contracted resources by their respective contracts, which may escalate over time. Market purchases are made at times when resources are not adequate for customer load or to support the EWEB hedging program and are subject to price variability to the extent not fully hedged. Purchased power costs decreased in 2024 as energy trading activity was at lower volumes compared to 2023. Increased awareness for seasonal readiness and responding to new market regulations were dynamics that contributed to conservatism in the face of market uncertainty. Purchased power costs decreased in 2023 as energy trading activity was more conservative and at lower volumes.

Steam and hydraulic generation expense increased in 2024 as compared to 2023, mainly due to an increase in salaries expense resulting from the January ice storm. A reduction in fuel costs for a co-generation plant was the leading contributor to the decrease in steam and hydraulic generation expense in 2023.

Transmission and distribution expenses increased in 2024 compared to 2023, due to an increase in maintenance of overhead lines related to the January ice storm.

Customer accounting costs increased in 2024 compared to 2023 due to labor increases and purchased services.

Administrative and general costs increased in 2024 and 2023 due to multiple factors, including labor increases, software costs, insurance, and purchased services.

Depreciation expense increased in 2024 as compared to 2023, mainly due to an increase in amortization expense related to Lease and Subscription-Based Information Technology Arrangement (SBITA) asset acquisitions. Depreciation expense was comparable from 2023 to 2022 and increased in 2022 as a function of prior year capital closeout activity. Various assets were finished near the end of 2022, including improvements at the Carmen Smith facility, and depreciation recognition began early in the following year.

Non-operating revenue decreased in 2024 compared to 2023 due to a combination of an increase in interest earnings and a decrease in other non-operating revenue. The Board's investment portfolio is primarily comprised of fixed income securities. Investment securities generated more earnings as re-investment activity occurred in the higher interest rate market. For the Electric System, non-operating revenue was primarily miscellaneous revenue from sources unrelated to core business functions, including investment earnings and losses, rental revenue and claims revenue.

Non-operating expense is primarily interest expense for long-term debt and other revenue deductions including taxes and losses on the disposition of property.

Other transactions of note include the Oregon Public Employee Retirement System (OPERS) valuation. The net pension liability for the Electric System increased by $12.1 million from 2023 to 2024. From 2022 to 2023, the net pension liability increased by $7.3 million for the Electric System. For more information, see Note 16 – Retirement Benefits.

**Significant variations in original and final budget amounts**

The Board of Commissioners has authority to set prices and annually budgets for spending in two categories: Capital and Operations & Maintenance (O&M). Annual budgets dictate revenue requirements, and rate changes among different customer classes are based on a cost-of-service analysis.

Recent residential price adjustments have been as follows:

| | |
|---|---|
| 2024 | 6.25% |
| 2023 | 4.00% |
| 2022 | 3.72% |

Changes in budgeted capital activity may be broadly characterized as planned future outflows happening in the current period and cost increases from revised project scope and material pricing. The January ice storm instigated a sizable transmission line rebuild this year, with 75% of costs eligible for FEMA reimbursement. Also, with limited production and long lead times, opportunistic transformer purchases were made beyond initial budgeted amounts. In addition, newly implemented technology projects exceeded current year budget allocations. Some of the additional costs were offset by underspending on the Carmen-Smith Relicensing project. An amendment to increase the Electric Capital budget by $7.5 million was requested, and funded by reserves. Using reserve funding to navigate timing fluctuations for project activity in the long-term financial plan mitigates further stress on prices. FEMA reimbursement is anticipated to occur in 2025 and will be used to replenish reserves.

For the Electric System, significant variations in the original and final O&M budget tend to revolve around purchased power costs. Volatility in regional energy markets has increased in recent years and is accentuated by supply and/or demand during extreme weather events. Purchased power budgets were set under the assumptions of a 90% water flow year for regional hydro generation.

In 2024, purchased power volumes were less than budgeted. Additionally, market pricing in wholesale purchased power was less than forecast. Electric O&M budgets were not amended in 2024.

| | | 2024 |
|---|---|---|
| Approved Capital Budget | $ | 69,900,000 |
| | | |
| *Operational Changes* | | |
| Electric Transmission & Distribution Infrastructure | | 8,200,000 |
| Information Technology | | 10,000,000 |
| Reduction for Carmen-Smith Relicensing | | (10,700,000) |
| Total Capital Budget Amendment | | 7,500,000 |
| | | |
| **Total Amended Capital Budget** | **$** | **77,400,000** |

| | | 2024 |
|---|---|---|
| Approved Operations & Maintenance Budgets | $ | 314,682,000 |
| *Electric O&M budgets were not amended in 2024* | | |

Electric Capital and O&M budgets were not amended in 2023.

| | | 2023 |
|---|---|---|
| Approved Capital Budget | $ | 74,157,000 |
| *Electric O&M budgets were not amended in 2023* | | |

| | | 2023 |
|---|---|---|
| Approved Operations & Maintenance Budgets | $ | 307,744,000 |
| *Electric O&M budgets were not amended in 2023* | | |

**Significant capital asset activity**

Type 1 General Capital is budgeted year-by-year for routine capital expenditures less than $1 million and is funded with rates and customer contributions. Typical examples include "pole replacements" as part of Transmission & Distribution.

2023 activity included:

- Remove Leaburg turbine runner to create a low-level outlet and increase stormwater conveyance capacity as a near term risk reduction measure
- Install sinkhole monitoring equipment at Trail Bridge Dam.
- Downtown Network Failing Vault replacements using in place concrete form system (estimated ¼ cost of full replacements)
- River Road Substation overhaul including protection and controls, high voltage equipment and transformer
- Westmoreland Substation Voltage Regulator replacement.
- Failed break replacements at Hayden Bridge and Thurston Substations.
- McKenzie Valley distribution transformer replacements and voltage regulator additions.

2024 activity included:

- Electric fleet capital purchases
- Distribution transformer purchases
- Transmission line renewal and replacement included a rebuild between Hayden Bridge and Weyco 3 substations following storm damage and further transmission line design to rebuild the line from the Thurston substation to BPA tap
- Danebo substation switchgear control building replacement design work and materials procurement

Type 2 capital projects are discrete, with a defined completion period, and lifetime expenditures over $1 million. Depending on the project, this work may be funded with rates, customer contributions, or bond funds.

2023 activity included:

- Property acquisition adjacent to Leaburg Canal in advance of near term risk reduction and decommissioning work.
- Currin Substation rebuild – major milestones for bulk construction were reached including design; contractor and materials procurement; demolition; substructure and substation major equipment installation (commissioning in December 2024);
- AMI Deployment meter procurement;
- Sale of Headquarters Building in downtown Eugene;
- EWEB Enterprise Solutions project kickoff and implementation progress to replace customer information and core financial systems.

2024 activity included:

- Property acquisition adjacent to the Leaburg Canal in advance of near term risk reduction and decommissioning work.
- Currin Substation rebuild – the new substation was energized in December 2024;
- AMI Deployment reached substantial completion for the in-town service area;
- EWEB Enterprise Solutions project reached go-live and replaced customer information and core financial systems.

Type 3 projects are large strategic programs with long term impacts and are generally bond-funded. The only current type 3 project for the Electric System is Carmen Smith.

2023 activity included:

- Complete rehabilitation of one of the turbine generators at the Carmen Power Plant
- Construct temporary fish trap and haul facility at the Carmen-Smith spawning channel
- Recreation, vegetation, and wildlife management improvements to meet dam safety and license requirements

2024 activity included:

- Rehabilitation of one of the turbine generators at the Carmen Power Plant
- Recreation, vegetation, and wildlife management improvements to meet dam safety and license requirements

More information about plant activity can be found in the note disclosures to the financial statements, Note 3 – Utility Plant.

**Long-term debt activity, credit ratings, debt service coverage**

The Electric System issues revenue bonds or notes payable to fund certain capital projects. During 2024 the Electric System made scheduled debt service payments and issued $64 million in revenue bonds to support capital improvement projects. During 2023, the Electric System made scheduled debt service payments. For more information, see Note 12 – Long-Term Debt.

Electric System bonds are rated as follows:

| | |
|---|---|
| Moody's Investors Service | Aa2 |
| S&P Global Ratings | AA- |
| Fitch Ratings | AA- |

The Electric System monitors Debt Service Coverage as a requirement under its master bond resolution. Under the resolution, net revenues available for debt service must be at least 1.0x the annual debt service on all outstanding bonds. Within financial policy, the Board targets a range of 1.75x – 2.0x for debt service coverage.

| Year | Net Revenue Available for Debt Service (000s) | Annual Debt Service (000s) | Debt Service Coverage |
|---|---|---|---|
| 2024 | $49,696 | $16,110 | 3.1x |
| 2023 | $41,747 | $17,273 | 2.4x |
| 2022 | $50,754 | $16,679 | 3.0x |

**Water System**

The source of supply for the Water System is the McKenzie River, with headwaters in the Cascade Range east of Eugene. Water intake and purification of water occurs at the Hayden Bridge Water Filtration Plant. In addition to the filtration plant, the Water System owns and operates 23 storage tanks, 25 pump stations, and approximately 800 miles of transmission and distribution mains. The Water System provides water service to 55,000 residential and general service customers within the EWEB service territory and supplies wholesale water to the River Road and Santa Clara water districts outside Eugene. In addition, EWEB has surplus water contracts with the City of Veneta and the Willamette Water Company.

Water System Condensed Financial Information
*(in thousands of dollars)*

| | 2024 | 2023 (as restated) | 2022 |
|---|---|---|---|
| Net utility plant | $ 287,257 | $ 257,363 | $ 230,287 |
| Current assets | 41,772 | 50,465 | 32,921 |
| Other assets | 29,775 | 39,548 | 25,899 |
| Total assets | 358,804 | 347,376 | 289,107 |
| Deferred outflows of resources | 9,108 | 8,177 | 10,652 |
| Current liabilities | 16,370 | 11,452 | 8,899 |
| Long-term debt | 103,454 | 107,418 | 63,067 |
| Other liabilities | 29,463 | 24,993 | 23,623 |
| Total liabilities | 149,287 | 143,863 | 95,589 |
| Deferred inflows of resources | 2,082 | 3,608 | 7,468 |
| Net investment in capital assets | 195,379 | 175,493 | 158,151 |
| Restricted | 98 | 109 | 706 |
| Unrestricted | 21,066 | 32,480 | 37,845 |
| Total net position | 216,543 | 208,082 | 196,702 |
| Residential | 24,238 | 22,494 | 20,483 |
| Commercial and industrial | 18,572 | 16,927 | 15,435 |
| Sales for resale and other | 6,779 | 6,770 | 8,143 |
| Operating revenue | 49,589 | 46,191 | 44,061 |
| Transmission and distribution | 10,106 | 7,830 | 7,756 |
| Sources of supply, pumping, and purification | 12,604 | 13,190 | 12,909 |
| Customer accounting | 2,940 | 2,570 | 1,845 |
| Conservation expenses | 853 | 649 | 581 |
| Administrative and general | 8,817 | 7,455 | 4,698 |
| Depreciation on utility plant | 9,245 | 8,658 | 8,285 |
| Operating expenses | 44,565 | 40,352 | 36,074 |
| Net operating income | 5,024 | 5,839 | 7,987 |
| Non-operating revenue | 5,774 | 6,419 | 1,319 |
| Non-operating expense | (3,923) | (3,194) | (2,203) |
| Income before capital contributions | 6,875 | 9,064 | 7,103 |
| Capital contributions | 1,585 | 2,316 | 1,839 |
| Change in net position | 8,460 | 11,380 | 8,942 |
| Total net position - beginning of year | 208,082 | 196,702 | 187,760 |
| Total net position - end of year | $ 216,542 | $ 208,082 | $ 196,702 |

**Analysis of financial position and results of operations**

The Water System's overall financial position improved in 2024 and 2023, as a measure of overall increases in net position and net operating income.

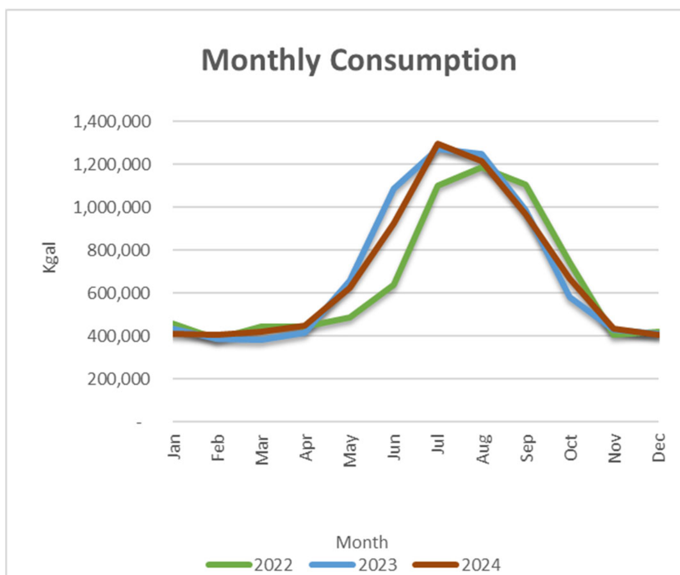
The net investment in capital assets component of net position, reflecting the value of capital assets net of the debt incurred to acquire those assets, increased in 2024 and 2023. Capital asset additions such as storage tank construction, main replacements and improvements, advanced metering infrastructure, and software implementations have increased plant values. The associated debt has increased at a more moderate pace than plant additions contributing to the increases year to year.

Restricted net position is subject to external legal restrictions on its use and is primarily representative of reserves for System Development Charges (SDC). The use of SDC improvement reserves for capital improvements and SDC reimbursement reserves toward payment of debt service decreased restricted net position in 2024 and 2023. In addition, the Water System issued debt in 2023 with a reserve requirement of zero, further reducing net position restricted for debt service.

Unrestricted net position represents the accumulation of assets that are not capital assets, or subject to external restrictions on their use. Unrestricted net position decreased in 2024 and 2023 due the use of unrestricted reserves for capital improvements.

**Analysis of balances and transactions**

Consumption of water varies depending on the season and the weather patterns of a particular year with peak consumption in the summer months. Overall, 2024 consumption was very similar to 2023. Dry weather patterns began in May both years, jumpstarting the summer watering season.




In the wake of the Holiday Farm Fire during September 2020, significant recovery needs were identified within the McKenzie River watershed. In planning for increased source protection and water quality efforts, a Watershed Recovery Fee took effect in July 2021 with a planned sunset after 60 months.

The Watershed Recovery Fee is assessed to all residential and commercial customers based on meter size. For most residential and business customers, the fee is a flat $3 per month (based on a 1-inch or smaller water meter). Some customers, such as large businesses and those with extensive irrigation needs, pay more ($4.50 to $30 per month) based on meter size.

Residential accounts make up 90% of the customer base of the Water System and approximately 60% of retail consumption. Similar to the Electric system, residential consumption is more responsive to weather conditions than commercial and industrial. 2024 consumption decreased by approximately 2%, due to a 12% increase in rainfall in the spring, as compared to 2023. 2023 consumption increased with dry weather beginning in May and total rainfall in the second quarter declining over 5 inches compared to 2022.

Commercial and industrial accounts make up 10% of the Water System's customer base, and approximately 40% of retail sales. 2024 commercial consumption remained unchanged, as compared to 2023. Similar to residential consumption, commercial sales increased in 2023, with dry conditions early in the year and an early start to the irrigation season.

Wholesale sales include sales to River Road and Santa Clara Water Districts, the City of Veneta, and the Willamette Water Company.

The Water System pumps and purifies all water sold and does not have wholesale purchase expense. The largest production expenses are purification and transmission and distribution of water. Other significant expenses are administrative and general, and depreciation.

2024 and 2023 increases in source of supply were geared toward the McKenzie River Watershed restoration efforts in the wake of the Holiday Farm fire. Increased costs are funded through the Watershed Recovery Fee that took effect July 2021, noted above, and grant funding, when available.

Transmission and distribution costs were higher in 2024 as compared to 2023, due to an increase in salaries related to the January ice storm, and an increase in professional and technical services related to the 2025 Water System Master Plan update.

Administrative and general costs increased in 2024 and 2023, due to multiple factors, including labor increases, software costs, insurance and purchased services.

Depreciation expense increases in 2024 and 2023 are a function of prior year capital closeout activity. Various assets were finished near the end of the year and depreciation recognition began early in the following year. Significant capital asset activity is discussed below.

Other transactions of note include the OPERS valuation. The net pension liability for the Water System increased by $3.8 million from 2023 to 2024. The net pension liability for the Water System increased by $2.3 million from 2022 to 2023. For more information, see Note 16 – Retirement benefits.

**Analysis of significant variations between original and final budget amounts**

The Board of Commissioners has authority to set prices and annual budgets for spending in two categories: Capital and Operations & Maintenance (O&M). Annual budgets dictate revenue requirements and rate changes among different customer classes are based on a cost-of-service analysis.

Recent residential price adjustments have been as follows:

| | |
|---|---|
| 2024 | 8.30% |
| 2023 | 6.00% |
| 2022 | 3.00% |

In 2024, Water Utility investments were projected to exceed the capital budget due to:

- E 40th reservoir project backfilling and site restoration continued into 2024 as unbudgeted spending
- College Hill variance was due to timing of activity on a large contract spanning several years.
- Both the Shasta and Willamette Water Treatment Plan projects were delayed due to land use and permitting procedures.
- The Advanced Water Meter Installation project had higher than budgeted expenses tin 2024 in attaining a deployment level of over 84%
- Technology projects exceeded the budget allocations for 2024

| | | 2024 |
|---|---|---|
| Approved Capital Budget | $ | 31,000,000 |
| | | |
| *Operational Changes* | | |
| East 40th Reservoirs | | 2,200,000 |
| College Hill Reservoirs | | 800,000 |
| Advanced Water Meter Installation | | 2,000,000 |
| Information Technology | | 2,900,000 |
| Reduction for Shasta 975 Replacement | | (2,000,000) |
| Reduction for Willamette Water Treatment Plant | | (1,100,000) |
| Total Capital Budget Amendment | | 4,800,000 |
| | | |
| **Total Amended Capital Budget** | **$** | **35,800,000** |

Higher spending associated with McKenzie River watershed restoration and protection work exceeded budget and is offset by grant revenues. The approved budget did not capture revenue or spending for grants not yet awarded in the planning process. The January ice storm required additional spending for the Water Utility, with 75% of costs eligible for FEMA reimbursement. Also contributing to the O&M amendment request are software costs initially captured in capital budgets for 2025, representing a shift in spending from capital to O&M. An amendment to increase the Water O&M Budget by $3.6 million was approved, and amounts not reimbursed by grant revenues, were funded by reserves.

| | | 2024 |
|---|---|---|
| Approved Operations & Maintenance Budget | $ | 32,300,000 |
| | | |
| *Operational Changes* | | |
| Watershed Restoration and Protection | | 2,300,000 |
| January Storm Response | | 600,000 |
| Software Services planned as Capital | | 700,000 |
| Total O&M Budget Amendment | | 3,600,000 |
| | | |
| **Total Amended O&M Budgets** | **$** | **35,900,000** |

2023 Water System O&M budgets were not amended.

| | | 2023 |
|---|---|---|
| Approved Operations & Maintenance Budget | $ | 36,765,000 |
| | | |
| *Water O&M budgets were not amended in 2023* | | |

In 2023, Water Utility investments were projected to exceed the capital budget due to:

- Increased main replacement work in coordination with paving projects of the City
- Increased construction costs associated with Type 1 Pump Station work
- Contract timing, increased scope, and material costs for the Hilyard Transmission Main
- Timing of work for EWEB Enterprise Solutions (EES) – While the overall project is on budget, 2023 budget allocations were not sufficient for the work performed during the year

These increases were partially offset by a lower year end projection for the E. 40th Reservoir spending, as site backfill and grading occurred in 2024.

| | | 2023 |
|---|---|---|
| Approved Capital Budget | $ | 32,468,000 |
| | | |
| *Operational Changes* | | |
| Increasing main replacements | | 1,600,000 |
| Timing of construction/Project Cost Increases | | 5,200,000 |
| Reduction for East 40th Reservoir | | (1,800,000) |
| Total Capital Budget Amendment | | 5,000,000 |
| | | |
| **Total Amended Capital Budget** | **$** | **37,468,000** |

**Description of significant capital asset activity during the year**

Type 1 General Capital is budgeted year-by-year for routine capital expenditures less than $1 million and is funded with rates and customer contributions. Typical examples include "main replacements" as part of Distribution & Pipe Services.

2023 activity included:

- Source – Water intakes & Filtration Plant: Numerous smaller projects were completed at Hayden Bridge in 2023. These included completion of the new powder activated carbon system and replacement of variable frequency drives at the finish water pump station. In addition, the project to replace the water utility Supervisory Control and Data Acquisition (SCADA) system made significant progress made over the course of the year. Chlorine building locker room remodel was completed.

- Distribution Pipe and Services – Water main replacements and improvements are the largest component of the Type 1 work. Several large projects were completed ahead of city paving projects to renew the system and many smaller projects to replace leaky pipes in poor condition. These include main replacements on Chambers Street, Pierce Street/ West 25th, Highland Drive, Portland Street – 31st Ave, Portland Street – 28th Ave to 30th Ave, N. Park Avenue, Agate Street. One main improvement was made to loop and improve fire flows on Amazon parkway.
- Highland drive pump station. Construction was about 70% complete with building and piping installed.

2024 activity included:

- Source – Water intakes & Filtration Plant: Upgrades to the variable frequency drive pumps at the finished water pump station
- Distribution Pipe and Services – Water main replacements and improvements are the largest component of the Type 1 work. Several large projects were completed ahead of city paving projects to renew the system and many smaller projects to replace leaky pipes in poor condition. These include main replacements on Crest Drive, Polk Street, Chambers Street, Gilham Road, Baily Lane, Van Ave, and E 20th Ave
- Highland drive pump station. Construction was nearly complete with testing needed prior to being operational

Type 2 capital projects are discrete, with a defined completion period, and lifetime expenditures over $1 million. Depending on the project, this work may be funded with rates, customer contributions, or bond funds.

2023 activity included:

- E. 40th Reservoirs – Tanks were being tested for commissioning at the end of 2023. Work to finish commissioning, backfill, restoration, and landscaping continues into 2024
- College Hill Tank Replacement Design Started
- Hilyard St Transmission Main – Construction of the first two phases was complete and were put into service by the end of 2023. Project also included completion of significant portion of storm drain overflow piping for reservoir and distribution water main replacement on Hilyard and East 40th Streets
- Shasta 975 Reservoirs – Design was completed and tree removal completed.
- Sale of Headquarters Building in downtown Eugene
- EWEB Enterprises Solutions project kickoff and implementation progress to replace customer information and core financial systems

2024 activity included:

- E. 40th Reservoirs – Final commissioning, backfill, restoration, and landscaping
- College Hill Tank Replacement demolition and new construction started
- Hilyard St Transmission Main – Construction continued in 2024. The discovery of wetlands by the City on a parcel that the pipeline crosses delayed the project due to permitting efforts

- Shasta 975 Reservoirs – Construction was delayed due to permitting with completion expected in 2025
- EWEB Enterprises Solutions project reached go-live and replaced customer information and core financial systems

Type 3 projects are large strategic programs with long term impacts and are generally bond funded.

2023 activity included:

- Emergency Water Distribution Sites – The majority of work in this area was focused on continued efforts to construct emergency water distribution sites at two locations: at the new YMCA/Amazon Park in South Eugene and at Churchill High School. Wells were drilled and water treatment equipment purchased. Purchasing of equipment and construction of treatment systems progressed on both sites in 2023.
- Willamette Treatment Plant – Land Use and Federal Permitting efforts were ongoing in 2023 for the proposed river intake, treatment plant, and offsite piping. Value engineering of intake design options and locations completed in 2023.

2024 activity included:

- Emergency Water Distribution Sites – Construction of new emergency distribution sites was completed in 2024. Final closeout and commissioning costs are expected in 2025.
- Willamette Treatment Plant – Land Use and Federal Permitting efforts were ongoing in 2024 for the proposed river intake, treatment plant, and offsite piping.

More information about plant activity is available in Note 3 – Utility Plant, in the note disclosures to the financial statements.

**Long-term debt activity, credit ratings, debt service coverage**

The Water System issues revenue bonds or notes payable to fund certain capital projects. During 2024, the Water System made scheduled debt service payments. In 2023, the Water System made scheduled debt service payments and issued $43 million in revenue bonds to support capital improvement projects. For more information, see Note 12 – Long-Term Debt, and Note 13 – Intersystem items.

Water System bonds are rated as follows:

| | |
|---|---|
| Moody's Investors Service | Aa2 |
| S&P Global Ratings | AA |
| Fitch Ratings | AA+ |

The Water System monitors Debt Service Coverage as a requirement under its master bond resolution. Under the resolution, net revenues available for debt service must be at least 1.25x the annual debt service on all outstanding bonds. Within financial policy, the Board targets a range of 2.0x – 2.5x for debt service coverage.

| Year | Net Revenue Available for Debt Service (000s) | Annual Debt Service (000s) | Debt Service Coverage |
|---|---|---|---|
| 2024 | $21,565 | $7,407 | 2.9x |
| 2023 | $17,429 | $4,551 | 3.8x |
| 2022 | $16,080 | $4,930 | 3.3x |

**Currently known facts, decisions, or conditions expected to have a significant effect on financial position or results of operations**.

Current capital projects expected to have significant effects on financial position are storage and treatment projects noted in the capital asset section: College Hill and Willamette Treatment Plant.

Eugene is the largest metro area in the Pacific Northwest with a single source of water. The Board owns property along the Willamette River and has been planning to build a second source filtration plant to create additional resiliency to the water supply. Construction is tentative to start in 2026.

**Retirement Benefits Trust**

The Eugene Water & Electric Board Retirement Benefits Trust (the Trust) was created in 2007 to fund other post-employment benefits (OPEB). The plan provides $5,000 life insurance coverage for all retirees and subsidies toward health insurance coverage under either the EWEB group plan or the Oregon PERS Health Insurance Program (Oregon PHIP) Medicare plans for retirees meeting eligibility criteria. Plan changes in 2016 and 2017 removed the health care subsidies available to employees upon retirement if they were hired after 2002.

Financial statements for the Trust, including accompanying notes, are a set of two statements. The *statement of fiduciary net position* reports the assets, liabilities, and net position held in trust on the day of December 31 for the years presented. The *statement of changes in fiduciary net position*, reflects the sources and uses of plan assets over the one-year periods presented. More information about the plan is provided in Note 16 and the Required Supplementary Information.

**Significant totals from the financial statements are below.**

Condensed Financial Information
*(in thousands of dollars)*

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Total assets | $ 16,528 | $ 16,329 | $ 15,564 |
| Total liabilities | 47 | 42 | 13 |
| Total net position | 16,481 | 16,287 | 15,551 |
| Contributions | 688 | 874 | 865 |
| Net investment income (loss) | 1,664 | 2,211 | (3,169) |
| Total additions (subtractions) | 2,352 | 3,085 | (2,304) |
| Benefits | 2,073 | 2,268 | 2,380 |
| Administrative expenses | 85 | 81 | 102 |
| Total deductions | 2,158 | 2,349 | 2,482 |
| Net increase (decrease) in net position | $ 194 | $ 736 | $ (4,786) |

**Analysis**

Assets are primarily the Trust's investment portfolio, which increases with investment income and contributions from the Board. Assets decrease for benefit payments and reductions in the market value of investments held. Liabilities were for administrative and benefit payments pending at the end of each year.

Investment values have the largest impact on financial statements for the Trust. Investments, total assets, and net position on the Statements of Fiduciary Net Position for the years presented in the condensed financial information are approximately the same totals: $16.5 million as of December 31, 2024, $16.3 million as of December 31, 2023, and $15.6 million as of December 31, 2022. Increases or decreases in net position for the years presented in the condensed financial information were driven by the magnitude and direction of changes in the market values of the investments. The net investment income (loss), inclusive of changes in market values, increased $1.7 million in 2024, increased $2.2 million in 2023, and decreased $3.2 million in 2022. The net change in net position each of those years were increases or decreases matching the direction of the changes in market values of the investments. In 2022, investment values declined due to the economic environment including high inflation and rising interest rates.

Contributions reported for the plan are primarily from the retiree participants. Those contributions are received outside the Trust, passed through to the insurance providers of the plan's benefits, and reported by the plan with benefit expenses. Contributions from retirees were $432,000, $524,000, and $568,000 for years 2024, 2023, and 2022, respectively. Contributions from the Board are made to the Trust in the amount of the most recent actuarially determined contribution (ADC) prepared by the plan's actuary, which is sometimes received after the year has ended.

Actuarially determined contributions are based on the explicit benefit plan, meaning cash flows that are expected to come from the Trust over the life of the OPEB plan. This produces a funding status that is higher than the funded status reported with the Board's net OPEB liability disclosed in Note 16, and an ADC, which may appear smaller than necessary based on the net OPEB liability. The Board's net OPEB liability includes an implicit benefit, which is actuarially estimated. The implicit benefit is an implicit rate subsidy that occurs when retirees pay a blended premium rate used to provide healthcare insurance to active employees. The OPEB plan's healthcare insurance for retirees under the age of 65 is the healthcare plan offered to the Board's active employees. This creates an implicit benefit that is paid from the Electric and Water Systems. The ADC for the OPEB plan was $140,000 for 2024, $279,000 for 2023, and $348,000 for 2022. The Board contributed approximately $256,000, $350,000, and $297,000 during years 2024, 2023, and 2022, respectively.

Deductions reported by the Trust are primarily for benefits. The most expensive benefit is the medical insurance of the Board's active employees. The cost of this benefit has been slowly but consistently declining for eight years including the effects of premium increases. This cost was down 9% for 2024, or $78,000; 9% for 2023, or $88,000; and 15% or $161,000 for 2022. The decline was correlated to declining participation by retirees. Subsidies paid from the Trust for Medicare supplement insurance increased moderately in 2024, while declining in 2023 and 2022, although at a much slower pace than that of the Board's group insurance. Premiums for this coverage have been relatively stable during those years. As the OPEB plan ages, the ages of its participants do as well. 86% of the plan's participants receiving medical insurance benefits were Medicare eligible as of the plan's latest census on June 30, 2024.

Overall, the plan's financial position and changes in net position for 2024 and 2023 improved from the decline of its investment values during 2022. The funded ratios, based on the explicit plan, were healthy in all years presented in the Condensed Financial Information: 98% as of December 31, 2024, 93% as of June 30, 2023, and 90% as of December 31, 2022.

# Financial Statements

# Eugene Water & Electric Board
## Statements of Net Position
## December 31, 2024 and 2023

| | Electric System | | Water System | | Total System | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 (as restated) | 2024 | 2023 (as restated) | 2024 | 2023 (as restated) |
| ASSETS | | | | | | |
| Capital assets | | | | | | |
| Utility plant in service | $ 973,859,264 | $ 867,623,944 | $ 433,677,852 | $ 370,943,365 | $ 1,407,537,116 | $ 1,238,567,309 |
| Less accumulated depreciation and amortization | 526,011,111 | 506,769,993 | 166,083,260 | 158,769,103 | 692,094,371 | 665,539,096 |
| Net utility plant in service | 447,848,153 | 360,853,951 | 267,594,592 | 212,174,262 | 715,442,745 | 573,028,213 |
| Property held for future use | 1,344,944 | 3,016,235 | 1,999,288 | 2,326,419 | 3,344,232 | 5,342,654 |
| Construction work in progress | 39,724,843 | 79,305,799 | 17,662,818 | 42,862,740 | 57,387,661 | 122,168,539 |
| Net utility plant | 488,917,940 | 443,175,985 | 287,256,698 | 257,363,421 | 776,174,638 | 700,539,406 |
| Current assets | | | | | | |
| Cash and cash equivalents | 28,883,540 | 29,389,682 | 5,666,029 | 3,385,106 | 34,549,569 | 32,774,788 |
| Short-term investments | 4,848,011 | 13,953,638 | 3,328,844 | 2,260,253 | 8,176,855 | 16,213,891 |
| Restricted cash and investments | 35,931,655 | 8,385,529 | 17,589,190 | 22,653,237 | 53,520,845 | 31,038,766 |
| Designated cash and investments | 47,984,213 | 40,815,533 | 7,541,390 | 15,533,634 | 55,525,603 | 56,349,167 |
| Receivables, less allowances | 31,320,796 | 29,966,371 | 5,496,090 | 4,545,480 | 36,816,886 | 34,511,851 |
| Due from Water System | 409,176 | 400,350 | - | - | - | - |
| Materials and supplies | 15,172,842 | 7,963,878 | 1,749,350 | 1,698,219 | 16,922,192 | 9,662,097 |
| Prepaids | 1,789,462 | 2,947,993 | 400,743 | 388,997 | 2,190,205 | 3,336,990 |
| Option premiums short-term | 1,033,300 | 654,500 | - | - | 1,033,300 | 654,500 |
| Total current assets | 167,372,995 | 134,477,474 | 41,771,636 | 50,464,926 | 208,735,455 | 184,542,050 |
| Non-current assets | | | | | | |
| Investments – designated | 28,680,090 | 28,588,795 | 4,507,477 | 10,880,364 | 33,187,567 | 39,469,159 |
| Investments – unrestricted | 5,650,344 | 18,391,071 | 3,879,758 | 2,979,043 | 9,530,102 | 21,370,114 |
| Investments – restricted | 17,856,029 | 659,243 | 9,826,712 | 14,754,842 | 27,682,741 | 15,414,085 |
| Receivables, conservation, and other | 7,860,538 | 7,835,178 | 576,444 | 843,718 | 8,436,982 | 8,678,896 |
| Due from Water System | 4,883,108 | 5,281,516 | - | - | - | - |
| Investment in Harvest Wind | 14,280,153 | 15,403,953 | - | - | 14,280,153 | 15,403,953 |
| Preliminary investigations | 390,551 | 351,481 | 9,000 | - | 399,551 | 351,481 |
| Other assets | 42,635,775 | 37,300,979 | 10,975,254 | 10,089,645 | 53,611,029 | 47,390,624 |
| Total non-current assets | 122,236,588 | 113,812,216 | 29,774,645 | 39,547,612 | 147,128,125 | 148,078,312 |
| DEFERRED OUTFLOWS OF RESOURCES | 30,104,825 | 26,716,801 | 9,108,083 | 8,176,984 | 39,212,908 | 34,893,785 |
| Total assets and deferred outflows of resources | $ 808,632,348 | $ 718,182,476 | $ 367,911,062 | $ 355,552,943 | $ 1,171,251,126 | $ 1,068,053,553 |

Note: Inter-system obligations and payments are eliminated in the total systems columns.

See accompanying notes.

# Eugene Water & Electric Board
## Statements of Net Position
## December 31, 2024 and 2023

| | Electric System | | Water System | | Total System | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 (as restated) | 2024 | 2023 (as restated) | 2024 | 2023 (as restated) |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Payables | $ 33,232,300 | $ 23,245,342 | $ 8,320,813 | $ 3,896,810 | $ 41,553,113 | $ 27,142,152 |
| Accrued payroll and benefits | 8,283,108 | 7,020,264 | 2,629,573 | 2,209,329 | 10,912,681 | 9,229,593 |
| Due to Electric System | - | - | 409,176 | 400,350 | - | - |
| Payable from restricted assets | | | | | | |
| Accrued interest on long-term debt | 4,404,265 | 3,228,046 | 1,710,693 | 1,830,950 | 6,114,958 | 5,058,996 |
| Long-term debt due within one year | 9,300,000 | 7,980,000 | 3,300,000 | 3,115,000 | 12,600,000 | 11,095,000 |
| Total current liabilities | 55,219,673 | 41,473,652 | 16,370,255 | 11,452,439 | 71,180,752 | 52,525,741 |
| Non-current liabilities | | | | | | |
| Long-term debt | 254,718,327 | 196,305,177 | 103,454,313 | 107,417,799 | 358,172,640 | 303,722,976 |
| Due to Electric System | - | - | 4,883,108 | 5,281,516 | - | - |
| Net pension liability | 63,274,959 | 51,150,189 | 19,981,566 | 16,152,691 | 83,256,525 | 67,302,880 |
| Net OPEB liability | 7,600,701 | 8,370,547 | 2,400,221 | 2,643,331 | 10,000,922 | 11,013,878 |
| Other liabilities | 7,325,339 | 2,697,663 | 2,197,366 | 915,197 | 9,522,705 | 3,612,860 |
| Total liabilities | 388,138,999 | 299,997,228 | 149,286,829 | 143,862,973 | 532,133,544 | 438,178,335 |
| DEFERRED INFLOWS OF RESOURCES | 8,939,584 | 12,214,968 | 2,081,937 | 3,607,971 | 11,021,521 | 15,822,939 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 259,626,395 | 241,817,324 | 195,378,614 | 175,493,531 | 455,005,009 | 417,310,855 |
| Restricted | 2,513,061 | 4,323,932 | 98,067 | 108,507 | 2,611,128 | 4,432,439 |
| Unrestricted | 149,414,309 | 159,829,024 | 21,065,615 | 32,479,961 | 170,479,924 | 192,308,985 |
| Total net position | 411,553,765 | 405,970,280 | 216,542,296 | 208,081,999 | 628,096,061 | 614,052,279 |
| Total liabilities, deferred inflows of resources, and net position | $ 808,632,348 | $ 718,182,476 | $ 367,911,062 | $ 355,552,943 | $ 1,171,251,126 | $ 1,068,053,553 |

Note: Inter-system obligations and payments are eliminated in the total systems columns.

See accompanying notes.

# Eugene Water & Electric Board
## Statements of Revenues, Expenses, and Changes in Net Position
## Years Ended December 31, 2024 and 2023

| | Electric System | | Water System | | Total System | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 (as restated) | 2024 | 2023 (as restated) | 2024 | 2023 (as restated) |
| Residential | $ 116,766,028 | $ 113,426,037 | $ 24,237,633 | $ 22,494,274 | $ 141,003,661 | $ 135,920,311 |
| Commercial and industrial | 106,508,659 | 99,255,586 | 18,572,373 | 16,926,853 | 125,081,032 | 116,182,439 |
| Sales for resale and other | 69,026,789 | 75,653,682 | 6,779,017 | 6,769,525 | 75,805,806 | 82,423,207 |
| Operating revenues | 292,301,476 | 288,335,305 | 49,589,023 | 46,190,652 | 341,890,499 | 334,525,957 |
| Purchased power | 135,820,399 | 148,313,355 | - | - | 135,820,399 | 148,313,355 |
| System control | 5,407,588 | 4,677,423 | - | - | 5,407,588 | 4,677,423 |
| Wheeling | 15,491,172 | 13,188,851 | - | - | 15,491,172 | 13,188,851 |
| Steam and hydraulic generation | 17,524,855 | 16,637,991 | - | - | 17,524,855 | 16,637,991 |
| Transmission and distribution | 38,062,150 | 30,882,630 | 10,105,947 | 7,829,904 | 48,168,097 | 38,712,534 |
| Source of supply, pumping, and purification | - | - | 12,603,720 | 13,189,567 | 12,603,720 | 13,189,567 |
| Customer accounting | 10,659,322 | 10,294,958 | 2,939,361 | 2,569,566 | 13,598,683 | 12,864,524 |
| Conservation expenses | 6,229,912 | 5,397,369 | 853,471 | 649,101 | 7,083,383 | 6,046,470 |
| Administrative and general | 29,822,880 | 28,109,575 | 8,817,232 | 7,455,893 | 38,640,112 | 35,565,468 |
| Depreciation and amortization on utility plant and lease assets | 28,835,198 | 27,979,496 | 9,245,210 | 8,657,768 | 38,080,408 | 36,637,264 |
| Operating expenses | 287,853,476 | 285,481,648 | 44,564,941 | 40,351,799 | 332,418,417 | 325,833,447 |
| Net operating income | 4,448,000 | 2,853,657 | 5,024,082 | 5,838,853 | 9,472,082 | 8,692,510 |
| Investment earnings | 6,966,827 | 6,699,559 | 2,658,386 | 2,550,013 | 9,625,213 | 9,249,572 |
| Interest earnings, Water | 133,591 | 142,997 | - | - | - | - |
| Other revenue | 3,777,579 | 4,523,033 | 3,116,305 | 3,869,456 | 6,893,884 | 8,392,489 |
| Non-operating revenues | 10,877,997 | 11,365,589 | 5,774,691 | 6,419,469 | 16,519,097 | 17,642,061 |

Note: Inter-system obligations and payments are eliminated in the total systems columns.

See accompanying notes.

# Eugene Water & Electric Board
## Statements of Revenues, Expenses, and Changes in Net Position
## Years Ended December 31, 2024 and 2023

| | Electric System | | Water System | | Total System | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 (as restated) | 2024 | 2023 (as restated) | 2024 | 2023 (as restated) |
| Other revenue deductions | $ 4,073,177 | $ 621,597 | $ 13,351 | $ 241,975 | $ 4,086,528 | $ 863,572 |
| Interest expense and related amortization | 7,975,119 | 6,687,157 | 3,776,281 | 2,809,461 | 11,751,400 | 9,496,618 |
| Interest expense, Electric | - | - | 133,591 | 142,997 | - | - |
| Non-operating expenses | 12,048,296 | 7,308,754 | 3,923,223 | 3,194,433 | 15,837,928 | 10,360,190 |
| Income before capital contributions and special items | 3,277,701 | 6,910,492 | 6,875,550 | 9,063,889 | 10,153,251 | 15,974,381 |
| Contributions in aid of construction | 2,207,568 | 4,640,065 | 713,768 | 842,501 | 2,921,336 | 5,482,566 |
| Contributed plant assets | 98,216 | 176,811 | 90,474 | 679,362 | 188,690 | 856,173 |
| System development charges | - | - | 780,505 | 794,231 | 780,505 | 794,231 |
| Capital contributions | 2,305,784 | 4,816,876 | 1,584,747 | 2,316,094 | 3,890,531 | 7,132,970 |
| Change in net position | 5,583,485 | 11,727,368 | 8,460,297 | 11,379,983 | 14,043,782 | 23,107,351 |
| Total net position at beginning of year | 405,970,280 | 394,242,912 | 208,081,999 | 196,702,016 | 614,052,279 | 590,944,928 |
| Total net position at end of year | $ 411,553,765 | $ 405,970,280 | $ 216,542,296 | $ 208,081,999 | $ 628,096,061 | $ 614,052,279 |

Note: Inter-system obligations and payments are eliminated in the total systems columns.

See accompanying notes.

# Eugene Water & Electric Board
## Statements of Cash Flows
## Years Ended December 31, 2024 and 2023

| | Electric System | | Water System | | Total System | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Receipts from customers | $ 305,688,549 | $ 314,686,083 | $ 48,590,040 | $ 46,324,842 | $ 354,278,589 | $ 361,010,925 |
| Other receipts | 5,063,968 | 4,468,412 | 4,344,770 | 4,094,941 | 9,408,738 | 8,563,353 |
| Power purchases | (136,563,389) | (158,625,119) | - | - | (136,563,389) | (158,625,119) |
| Payments to employees, employer paid benefits | (69,876,073) | (60,373,962) | (23,408,593) | (20,187,302) | (93,284,666) | (80,561,264) |
| Payments to suppliers | (57,225,419) | (49,017,299) | (7,287,185) | (11,366,702) | (64,512,604) | (60,384,001) |
| Contributions in lieu of taxes | (14,191,159) | (13,471,229) | - | - | (14,191,159) | (13,471,229) |
| Net cash from operating activities | 32,896,477 | 37,666,886 | 22,239,032 | 18,865,779 | 55,135,509 | 56,532,665 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchases of investment securities | (110,775,868) | (65,233,102) | (13,473,736) | (48,711,982) | (124,249,604) | (113,945,084) |
| Proceeds from sale and maturities of investments | 100,194,488 | 84,451,036 | 31,021,779 | 25,831,696 | 131,216,267 | 110,282,732 |
| Interest on investments | 2,451,265 | 1,610,429 | 767,454 | 506,265 | 3,218,719 | 2,116,694 |
| Distributions from equity investments | 1,619,000 | 1,507,000 | - | - | 1,619,000 | 1,507,000 |
| Net cash from investing activities | (6,511,115) | 22,335,363 | 18,315,497 | (22,374,021) | 11,804,382 | (38,658) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | | | |
| Intersystem obligations paid to Electric from Water | 389,582 | 379,403 | (389,582) | (379,403) | - | - |
| Interest receipts/(payments) to Electric from Water | 133,591 | 143,770 | (133,591) | (143,770) | - | - |
| Net cash from non-capital financing activities | 523,173 | 523,173 | (523,173) | (523,173) | - | - |

Note: Intersystem obligations and payments are eliminated in the total systems columns.

See accompanying notes.

# Eugene Water & Electric Board
## Statements of Cash Flows
## Years Ended December 31, 2024 and 2023

| | Electric System 2024 | Electric System 2023 | Water System 2024 | Water System 2023 | Total System 2024 | Total System 2023 |
|---|---|---|---|---|---|---|
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Principal payments | $ (7,980,000) | $ (9,095,000) | $ (3,115,000) | $ (2,390,000) | $ (11,095,000) | $ (11,485,000) |
| Principal payments, right of use assets | (2,828,020) | (1,123,185) | (861,452) | (299,604) | (3,689,472) | (1,422,789) |
| Proceeds from issuance of bonds | 69,972,398 | - | - | 48,010,323 | 69,972,398 | 48,010,323 |
| Additions to plant and non-utility property, net | (62,603,696) | (57,792,300) | (36,505,277) | (32,829,188) | (99,108,973) | (90,621,488) |
| Interest payments | (8,721,817) | (8,214,616) | (4,316,999) | (2,636,222) | (13,038,816) | (10,850,838) |
| Capital contributions | 2,305,784 | 4,816,876 | 1,584,747 | 2,316,093 | 3,890,531 | 7,132,969 |
| Net cash from capital and related financing activities | (9,855,351) | (71,408,225) | (43,213,981) | 12,171,402 | (53,069,332) | (59,236,823) |
| CHANGE IN CASH AND CASH EQUIVALENTS | 17,053,184 | (10,882,803) | (3,182,625) | 8,139,987 | 13,870,559 | (2,742,816) |
| CASH AND CASH EQUIVALENTS, beginning of year | 49,765,329 | 60,648,132 | 20,534,722 | 12,394,735 | 70,300,051 | 73,042,867 |
| CASH AND CASH EQUIVALENTS, end of year Including cash and cash equivalents restricted and designated: $37,934,973 and $11,686,086 ($20,375,647 and $17,149,616 in 2023) for Electric and Water, respectively | $ 66,818,513 | $ 49,765,329 | $ 17,352,097 | $ 20,534,722 | $ 84,170,610 | $ 70,300,051 |

NON-CASH CAPITAL ACTIVITY

In 2024, plant assets contributed by developers were $98,216 for the electric system and $90,474 for the water system ($176,811 for the electric system and $679,362 for the water system in 2023).

In 2024, intangible right of use assets, net of accumulated amortization, were $36,518,721 for the electric system and $11,879,841 for the water system ($1,520,836 for the electric system, and $1,097,966 for the water system in 2023)

Note: Inter-system obligations and payments are eliminated in the total systems columns.

See accompanying notes.

# Eugene Water & Electric Board
## Statements of Cash Flows
## Years Ended December 31, 2024 and 2023

| | Electric System | | Water System | | Total System | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 (as restated) | 2024 | 2023 (as restated) | 2024 | 2023 (as restated) |
| RECONCILIATION OF NET OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES | | | | | | |
| Net operating income | $ 4,448,000 | $ 2,853,657 | $ 5,024,081 | $ 5,838,852 | $ 9,472,081 | $ 8,692,509 |
| Adjustments to reconcile net operating income to net cash from operating activities | | | | | | |
| Depreciation, including allocated | 30,082,195 | 29,124,907 | 9,245,210 | 8,657,768 | 39,327,405 | 37,782,675 |
| Other revenue | 5,591,747 | 3,695,375 | 4,554,055 | 4,420,431 | 10,145,802 | 8,115,806 |
| Other revenue deductions | (501,664) | (371,184) | (8,747) | (1,029) | (510,411) | (372,213) |
| (Increase) decrease in assets | | | | | | |
| Receivables | (1,575,620) | 14,217,500 | (950,610) | (191,300) | (2,526,230) | 14,026,200 |
| Materials and supplies | (7,208,964) | 1,602,405 | (51,131) | (26,979) | (7,260,095) | 1,575,426 |
| Prepayments and special deposits | 587,332 | (1,573,103) | (11,747) | (125,528) | 575,585 | (1,698,631) |
| Conservation loans, net | (1,466,905) | (1,281,903) | (257,768) | - | (1,724,673) | (1,281,903) |
| Other assets | (847,425) | (943,191) | - | - | (847,425) | (943,191) |
| Decrease in deferred outflows | | | | | | |
| Fair value of hedging derivatives | (532,626) | (654,500) | - | - | (532,626) | (654,500) |
| Increase (decrease) in liabilities | | | | | | |
| Accounts payable, accrued payroll, and benefits | 2,454,089 | (10,996,515) | 4,659,950 | (4,755) | 7,114,039 | (11,001,270) |
| Other liabilities | 309,263 | 1,599,180 | 35,739 | 298,319 | 345,002 | 1,897,499 |
| Increase in deferred inflows of resources | 1,557,055 | 394,258 | - | - | 1,557,055 | 394,258 |
| Net cash from operating activities | $ 32,896,477 | $ 37,666,886 | $ 22,239,032 | $ 18,865,779 | $ 55,135,509 | $ 56,532,665 |

See accompanying notes.

# Eugene Water & Electric Board
## Statements of Fiduciary Net Position – OPEB
## December 31, 2024 and 2023

| | Retirement Benefits Plan | |
|---|---|---|
| | 2024 | 2023 |
| ASSETS | | |
| Money market investments | $ 167,167 | $ 90,242 |
| Interest and dividends receivable | 453 | 313 |
| Prepaid expenses | 27,811 | 2,005 |
| Investments, at fair value | | |
| Mutual funds and exchange traded funds | | |
| Fixed income | 6,489,771 | 6,364,739 |
| International | 3,313,762 | 3,631,968 |
| Domestic | 5,408,532 | 5,422,952 |
| Real estate | 1,121,221 | 817,123 |
| Total investments | 16,333,286 | 16,236,782 |
| Total assets | $ 16,528,717 | $ 16,329,342 |
| LIABILITIES | | |
| Administrative costs payable | $ 10,068 | $ 9,773 |
| Benefits payable | 37,218 | 31,952 |
| Total liabilities | 47,286 | 41,725 |
| Net position restricted for postemployment benefits other than pensions | $ 16,481,431 | $ 16,287,617 |

See accompanying notes.

# Eugene Water & Electric Board
## Statements of Changes in Fiduciary Net Position – OPEB
## Years Ended December 31, 2024 and 2023

| | Retirement Benefits Plan | |
|---|---|---|
| | 2024 | 2023 |
| ADDITIONS | | |
| Contributions | | |
| Employer | $ 255,750 | $ 350,010 |
| Retirees – EWEB group plan, only | 432,330 | 524,327 |
| Total contributions | 688,080 | 874,337 |
| Investment income | | |
| Net increase in fair value of investments | 1,179,207 | 1,773,255 |
| Interest | 5,723 | 5,018 |
| Dividends | 492,798 | 476,727 |
| Capital gain distributions | 34,184 | 1,713 |
| | 1,711,912 | 2,256,713 |
| Less investment expense | 48,229 | 46,235 |
| Net investment income | 1,663,683 | 2,210,478 |
| Total additions | 2,351,763 | 3,084,815 |
| DEDUCTIONS | | |
| Benefits | 1,640,652 | 1,743,172 |
| Benefits funded by retirees – EWEB group plan | 432,330 | 524,327 |
| Administrative expenses | 84,967 | 81,087 |
| Total deductions | 2,157,949 | 2,348,586 |
| Net increase in fiduciary net position | 193,814 | 736,229 |
| NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS | | |
| Beginning of year | 16,287,617 | 15,551,388 |
| End of year | $ 16,481,431 | $ 16,287,617 |

See accompanying notes.

## Note 1 – Summary of Significant Accounting Policies

**Reporting entity** – The Eugene Water & Electric Board (the Board or EWEB) is an administrative unit of the City of Eugene, Oregon. However, as established by the Governmental Accounting Standards Board (GASB) definition of a reporting entity, the Board is a primary government and is not a component unit of another entity. The Board is responsible for the ownership and operation of the Electric and Water Systems, and the basic financial statements include these two Systems.

The Board has a trust for funding post-employment retirement benefits other than pensions (OPEB), which is a component unit of the Board. Financial statements for the OPEB trust are presented as a fiduciary fund.

The Board provides energy and water service to residential, commercial, and industrial customers located in a 236 square mile area, including the City of Eugene and adjacent suburban areas. The Board has the authority to fix rates and charges. In order to secure power resources, the Board has taken ownership of various generation facilities and entered into various power purchase agreements.

In addition, the Board has partial ownership in various generation facilities, which are joint ventures or separate entities where the Board has taken an equity position. The operations and sale of energy generated from the Board's relationship with each of the facilities is subject to certain risks. Operations are contingent on various factors, such as regulation, licensing agreements, river flow levels and weather patterns.

The Board is subject to various forms of regulation under federal, state and local laws and is subject to various Federal Energy Regulatory Commission (FERC) regulations. Laws and regulations are subject to change and may have a direct impact on the operations of the Board.

**Eliminations** – Amounts receivable and payable between the Electric and Water Systems and related interest earnings and expenses are eliminated in the Total Systems columns of the financial statements (see Note 13).

**Method of accounting** – The Board maintains its accounting records in accordance with accounting principles generally accepted in the United States of America. The Board applies accounting and reporting standards of the GASB. The financial statements use a flow of economic resources measurement focus to determine financial position and the change in financial position. The accounting principles used are similar to those applicable to businesses in the private sector and are maintained on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

**Adoption of new GASB pronouncements** – The board implemented the following GASB pronouncements in preparing this report:

In June 2022, GASB issued statement no. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Changes adopted to conform to the provisions of this statement were applied retroactively by restating financial statements for 2023.

| | Electric System | | |
|---|---|---|---|
| | As Originally Reported | As Restated | Effect of Change |
| Statement of Net Position | | | |
| Accrued payroll and benefits | $ 5,690,663 | $ 7,020,264 | $ 1,329,601 |
| Other liabilities | 2,353,111 | 2,697,663 | 344,552 |
| Net position - unrestricted | 161,503,177 | 159,829,024 | (1,674,153) |
| | $ 169,546,951 | $ 169,546,951 | - |
| Statement of Revenues, Expenses and Changes in Net Position | | | |
| System control | $ 4,588,208 | $ 4,677,423 | $ 89,215 |
| Steam and hydraulic generation | 16,461,181 | 16,637,991 | 176,810 |
| Transmission and distribution | 30,365,849 | 30,882,630 | 516,781 |
| Customer accounting | 10,004,015 | 10,294,958 | 290,943 |
| Administrative and general | 27,509,171 | 28,109,575 | 600,404 |
| Beginning net position | 394,242,912 | 394,242,912 | - |
| Ending net position | $ 407,644,433 | $ 405,970,280 | $ 1,674,153 |
| Statement of Cash Flows | | | |
| Net operating income | $ 4,527,810 | $ 2,853,657 | $ (1,674,153) |
| Accounts payable, accrued payroll and benefits | (11,887,787) | (10,051,838) | 1,835,949 |
| Other liabilities | 816,299 | 654,503 | (161,796) |
| | $ (6,543,678) | $ (6,543,678) | $ - |

| | Water System | | |
|---|---|---|---|
| | As Originally Reported | As Restated | Effect of Change |
| Statement of Net Position | | | |
| Accrued payroll and benefits | $ 1,789,455 | $ 2,209,329 | $ 419,874 |
| Other liabilities | 806,392 | 915,197 | 108,805 |
| Net position - unrestricted | 33,008,640 | 32,479,961 | (528,679) |
| | $ 35,604,487 | $ 35,604,487 | $ - |
| Statement of Revenues, Expenses and Changes in Net Position | | | |
| Transmission and distribution | $ 7,663,344 | $ 7,829,904 | $ 166,560 |
| Source of supply, pumping, and purificatio | 13,058,693 | 13,189,567 | 130,874 |
| Customer accounting | 2,484,235 | 2,569,566 | 85,331 |
| Administrative and general | 7,309,979 | 7,455,893 | 145,914 |
| Beginning net position | 196,702,016 | 196,702,016 | - |
| Ending net position | $ 208,610,678 | $ 208,081,999 | $ 528,679 |
| Statement of Cash Flows | | | |
| Net operating income | $ 6,367,532 | $ 5,838,853 | $ (528,679) |
| Accounts payable, accrued payroll and benefits | (235,117) | (4,755) | 230,362 |
| Other liabilities | - | 298,317 | 298,317 |
| | $ 6,132,415 | $ 6,132,415 | $ - |

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The adoption and implementation of Statement No. 100 did not have a significant impact to the Board.

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Utility plant in service and depreciation** – Utility plant is stated at original cost, which include labor, materials, and related indirect costs such as engineering and transportation. Additions, renewals, and betterments with a cost of $5,000 or greater per item are capitalized. Repairs and minor replacements are recorded as operating expenses. Depreciation is computed using straight-line group rates. When property is retired, the property cost and any removal costs are charged to accumulated depreciation. The estimated useful lives of assets are those used commonly in the utility industry, or they are based on the Board's experience with similar assets.

| Asset Class | Estimated Depreciable Lives in Years | |
|---|---|---|
| | Electric System | Water System |
| Land | n/a | n/a |
| Intangible assets | n/a | n/a |
| Distribution plant | 20–50 | - |
| Hydraulic production | 15–50 | - |
| Steam production | 15–50 | - |
| Other production | 15–50 | - |
| Telecommunications | 10 | - |
| Transmission plant | 25–50 | - |
| General plant | 3–50 | 3–50 |
| Pumping plant | - | 15–50 |
| Supply plant | - | 20–50 |
| Treatment plant | - | 15–50 |
| Transmission & distribution plant | - | 15–50 |

Subscription-Based Information Technology Arrangements (SBITA) are right-to-use, intangible, capital assets with a contract term of more than one year. The assets are measured as the present value of payments to be made to the SBITA vendor over the term of the contract plus initial implementation costs. Recognition is limited to contracts with an undiscounted value meeting a policy threshold of $200,000. SBITAs are amortized using the straight-line method over the term of the contract.

**Cash equivalents** – For purposes of these statements, cash equivalents are defined as short-term, highly liquid investments both readily convertible to known amounts of cash and so near maturity they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition. The Board considers money market accounts and government investment pool holdings to be cash equivalents.

**Fair value of financial instruments** – The carrying amounts of current assets, including unrestricted, designated and restricted cash and investments, and current liabilities approximate fair value due to the short-term maturity of those instruments. The fair value of the Board's investments and debt are estimated based on the quoted market prices for the same or similar issues.

**Restricted assets** – Cash and investments restricted by provisions of bond resolutions and agreements with other parties are identified as restricted assets. When the restricted assets are expendable within the terms of the agreements, it is the Board's policy to spend restricted resources first, then unrestricted resources as needed.

**Leases** – A lease is a contract that conveys control of the right to use another entity's nonfinancial asset as specified for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets are land, buildings, and equipment. Leases receivable or payable are the present value of lease payments expected during a lease term. Recognition is limited to contracts with a noncancelable term greater than one year, and an undiscounted value meeting a policy threshold of $200,000 in 2024 and $500,000 in 2023 per contract, or in the aggregate, for a category of assets where contract terms are substantially alike. The Board has leases receivable and corresponding deferred inflows, which are amortized over the term of each lease.

**Materials and supplies** – Materials and supplies provide for additions and repairs to utility plant and are stated at weighted average cost.

**Preliminary investigations** – Preliminary investigations consist of costs for projects the Board believes will be viable in the future.

**Regulatory assets** – The Board has other assets to be charged to future periods matching the reporting periods when the expenses are included for rate-making purposes.

*Conservation assets* – Conservation assets for the Electric System represent installations of energy saving measures at customer properties. The conservation asset balance is reduced as costs are recovered, which for the most part represent debt service payments included in rates for related borrowing.

*Unamortized bond issue costs* – Unamortized bond issue costs represent the remaining expense related to various debt issuances. The asset is amortized over the duration of the related debt and recognition of these costs is included in the rate making process.

*Pension debits* – Pension debits represent a portion of the change in net pension liability, as defined under GASB Statement No. 68. Regulatory accounting is used to recognize pension expense in accordance with the required employer contribution rates set by the Oregon Public Employees Retirement System.

*Other Post-employment Benefits (OPEB) debits* – OPEB debits represent a portion of the change in net OPEB liability, as defined under GASB Statement No. 75. Regulatory accounting is used to recognize components of OPEB expense in accordance with employer contributions made by the Board.

**Debt refundings** – For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt (gain or loss) is deferred and amortized as a component of interest expense over the remaining life of the old debt or the new debt, whichever is shorter. These amounts are reported as a deferred outflow of resources on the statement of net position.

**Compensated absences** – As noted previously, the Board implemented GASB Statement No. 101 Compensated Absences in 2024. The Statement requires recognition of liabilities for compensated absences in two cases: (1) unused leave, and (2) leave that has been used but not yet paid or otherwise settled. A liability for unused leave must be recognized when the leave is attributable to past service, accumulates over time, and is more likely than not to be used for time off or paid out in cash or other benefits. The Statement also requires the inclusion of salary-related payments that are directly and incrementally associated with compensated absences in the liability measurement. Additionally, it provides guidance for measuring the liability for unused leave, which is generally based on the employee’s pay rate as of the financial statement date. These provisions have been applied in the Board’s financial statements for both 2024 and 2023.

Employees accrue vacation leave in varying amounts according to their years of service. The maximum vacation accrual an employee can carry over is 240 hours. At the end of each calendar year, employees with over 240 hours, who have used at least 80 hours of vacation within the calendar year, will receive a lump sum payout for unused vacation above the 240 hour maximum. If an employee has not used 80 hours or more of vacation, then vacation accruals above 240 hours at the end of the year are forfeited. Employees terminating for any reason are eligible to receive payment for unused vacation leave balances. Accrued liabilities for vacation leave were $5.3 million and $5.2 million as of December 31, 2024 and 2023, respectively, and presented as part of the accrued payroll and benefits liability and other liabilities.

Sick leave accrues bi-weekly, at a rate of 3.69 hours per pay period (pro-rated for part-time employees). There is no limit to the amount of sick leave an employee can accrue. Retiring employees have cash out options depending on their PERS Tier. Employees terminating prior to retirement forfeit unused sick leave. Sick leave liabilities are estimated based on sick leave accumulated as of December 31 by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. Accrual for those employees who are expected to become eligible in the future are based on assumptions concerning the probability an individual employee will become eligible to receive termination benefits at retirement. Accrued liabilities for sick leave were $3.8 million and $3.6 million as of December 31, 2024 and 2023, respectively, and presented as part of the accrued payroll and benefits liability and other liabilities.

| | January 1, 2024 | Additions* | December 31, 2024 | Due Within One Year |
|---|---|---|---|---|
| Electric | $ 6,653,612 | $ 248,688 | $ 6,902,300 | $ 5,327,052 |
| Water | 2,101,141 | 78,533 | 2,179,674 | 1,575,248 |
| Total | $ 8,754,753 | $ 327,221 | $ 9,081,974 | $ 6,902,300 |

| | January 1, 2023 | Additions* | December 31, 2023 | Due Within One Year |
|---|---|---|---|---|
| Electric | $ 4,979,460 | $ 1,674,152 | $ 6,653,612 | $ 5,250,520 |
| Water | 1,572,461 | 528,680 | 2,101,141 | 1,658,059 |
| Total | $ 6,551,921 | $ 2,202,832 | $ 8,754,753 | $ 6,908,579 |

* The change in the compensated absences liability is presented as a net change.

**Net position** – Net position consists of:

*Net investment in capital assets* – Net investment in capital assets is capital assets, net of accumulated depreciation and outstanding balances of any bonds and other borrowings attributable to the acquisition, construction, or improvement of those assets.

*Restricted* – Restricted components of net position have constraints placed on their use. Constraints include those imposed by creditors (such as through debt covenants), contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or through enabling legislation.

*Unrestricted* – The unrestricted component of net position includes remaining amounts neither "restricted" nor "net investment in capital assets."

**Operating revenue and expense** – Operating revenues are recorded on the basis of service delivered while operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Revenues are derived primarily from the sale and transmission of electricity and from the sale of water. Revenue is recognized when power or water is delivered to and received by the customer. Estimated revenues are accrued for power and water delivered but not yet billed to customers.

At the discretion of management, a deposit may be obtained from the customer. Concentrations of credit risk with respect to receivables for residential customers are limited due to the large number of customers comprising the Board's customer base. Credit losses have been within management's expectations. Similar to its evaluation of residential, commercial and industrial customers' credit reviews, the Board continually evaluates its wholesale power customers (sales for resale revenue) by reviewing credit ratings and financial credit worthiness of existing and new wholesale customers.

Receivables are recorded net of the allowance for doubtful accounts. The allowance is determined by an examination of write off experience in the preceding five years, and consideration of other influences as appropriate.

**Contributions in lieu of taxes** – In accordance with ORS 225.270, *Use of surplus earnings*, the Electric System makes contributions in lieu of tax (CILT) payments to the City of Eugene at the rate of 6% of retail sales and a fixed component equal to $825,000. The fixed amount is subject to certain annual inflationary adjustments. The Board makes CILT payments to the City of Springfield at the rate of 3% of retail sales for a customer within the boundaries of the City of Springfield.

**Environmental expenses** – Fish and plant habitat enhancements, as well as pollution prevention improvements are expensed or capitalized depending on their future economic benefits. Most pollution remediation outlays, legal obligations to address existing pollution, do not qualify for capitalization and are accrued as liabilities and expenses according to the estimated remediation costs on a current cost basis (rather than present value of future costs).

**Note 2 – Power Risk Management**

The Board's Power Risk Management Guidelines set forth policies, limits and control systems governing power purchase and sale activities for the Electric System. The objectives of such policies are to maximize benefits to the customers from wholesale activities while minimizing the risk wholesale activities will adversely affect retail prices. The Board does not enter into contracts for speculative purposes. During periods when resources are in excess of retail load, the Board may sell excess capacity into the wholesale markets and is exposed to commodity price risk. The Board enters into forward contracts intended to manage the price risk associated with power sales in the wholesale market.

**Derivative financial instruments** – In accordance with policy guidelines, the Board utilizes derivative instruments to minimize its exposure to commodity price risk. Hedging derivatives are reported on the statement of net position at fair value. The fair value of options is determined using the Black formula. The fair value of financial swaps is determined by comparing the contract prices with the forecasted market prices.

All potential hedging derivatives were evaluated for effectiveness using the consistent critical terms method. A derivative instrument is effective under criteria for consistent critical terms when the significant terms of the hedging instrument and the hedgeable item are alike. The significant terms for hedging derivatives are the time period, quantity, price index, and point of delivery.

As of December 31, 2024 and 2023, hedging derivatives with a fair value of $1,522,000 and $386,000, respectively, were reported as other assets and deferred inflows. Hedging derivatives with a fair value of $851,000 and $655,000, respectively, were reported as other liabilities and deferred outflows. Changes in fair value are reported as an increase in other assets or other liabilities and deferred inflows or outflows of resources until the time of settlement. When hedging derivatives settle, revenue or expense is recorded as either purchased power or wholesale sales.

**Investment derivatives** – Hedging derivatives found through testing to be ineffective are classified as investment derivatives. At that time, the fair value, including any fair value changes previously deferred on the balance sheet, are recorded as investment revenue and a deferred inflow or outflow. A gain of $154,000 was recognized in investment earnings from derivatives in 2024. As of December 31, 2024, investment derivatives with a fair value of $336,000 were recorded as deferred outflows of resources, and investment derivatives with a fair value of $182,000 were recorded as deferred inflows of resources. As of December 31, 2023, there were no investment derivatives or related investment revenue.

| | Options | | | |
|---|---|---|---|---|
| | Hedging Derivatives | | Investment Derivatives | |
| | 2024 | 2023 | 2024 | 2023 |
| Notional value | $ 850,900 | $ 654,500 | $ 182,400 | $ - |
| Fair value – asset | 1,521,797 | 385,943 | 336,226 | - |
| Fair value – liability | 850,900 | 654,500 | 182,400 | - |
| Cash paid | 850,900 | 654,500 | 182,400 | - |
| Reference rates | Mid-C Index | Mid-C Index | Mid-C Index | - |
| Dates entered into | 5/24-6/24 | 9/23 | 5/24 | - |
| Dates of maturity | 2/25-6/25 | 4/24 - 6/24 | 4/25 | - |

**Credit risk** – The Board enters into forward purchase and sale contracts for electricity with other industry participants such as public and investor-owned utilities, financial institutions, gas and oil producers, and energy marketers. Through this participation, the utility is exposed to credit risk related to the possibility of non- performance by its counterparties. To limit the risk of counterparty default or non-performance, the Board uses an evaluation process assigning an internal measure of credit worthiness to the Board's counterparties and sets limits to the dollar value of business transacted with counterparties. On a case-by-case basis, the Board may require letters of credit, cash collateral, pre-payment or other forms of credit support to ensure counterparty performance. Other assurances may include accelerated invoicing or pre-payment. In addition, the Board generally establishes netting arrangements with counterparties.

As of December 31, 2024, all derivative instrument assets were with three counterparties and the aggregate value was $1,858,000. This represents the maximum loss that would be recognized if the counterparty to the derivative instrument assets failed to perform as contracted. Counterparty credit ratings range from A- to A. This maximum exposure is reduced by $1,851,000 of liabilities included in a netting arrangement.

As of December 31, 2023, all derivative instrument assets were with one counterparty and the aggregate value was $386,000. This represents the maximum loss that would be recognized if the counterparty to the derivative instrument assets failed to perform as contracted. Counterparty credit rating was A-. This maximum exposure is reduced by $236,000 of liabilities included in a netting arrangement.

**Termination risk** – Hedging derivative contracts may be terminated by mutual agreement of the Board and the counterparty, or upon the occurrence of a termination event. Termination events include non-payment, non-delivery, deterioration of creditworthiness, or other material adverse changes. During the years 2024 and 2023, there were no terminations.

## Note 3 – Utility Plant

The major classifications of utility plant in service are as follows:

| | Electric Utility Plant | | | |
|---|---|---|---|---|
| | Balance December 31, 2023 | Increases | Decreases | Balance December 31, 2024 |
| Plant in service not subject to depreciation | | | | |
| Land | $ 9,820,003 | $ 1,240,873 | $ - | $ 11,060,876 |
| Intangible assets | 231,716 | - | - | 231,716 |
| Plant in service subject to depreciation | | | | |
| Intangible assets | 24,872,661 | 70,674 | - | 24,943,335 |
| Steam production | 10,645,950 | 12,803 | - | 10,658,753 |
| Hydro production | 143,382,917 | 29,605,454 | (215,212) | 172,773,159 |
| Transmission | 91,561,194 | 2,955,540 | (155,660) | 94,361,074 |
| Distribution | 381,533,843 | 19,187,291 | (6,852,407) | 393,868,727 |
| Telecommunications | 24,412,869 | 329,021 | (93) | 24,741,797 |
| General plant | 164,549,506 | 7,487,849 | (2,969,018) | 169,068,337 |
| SBITA | 2,810,104 | 36,857,890 | (855,364) | 38,812,630 |
| Leases | - | 581,512 | - | 581,512 |
| Completed construction, not yet classified | 13,803,178 | 32,757,346 | (13,803,178) | 32,757,346 |
| Total utility plant in service | 867,623,944 | 131,086,253 | (24,850,932) | 973,859,262 |
| Accumulated depreciation | (505,480,723) | (26,622,878) | 8,967,912 | (523,135,689) |
| Accumulated amortization SBITA | (1,289,269) | (2,272,109) | 855,362 | (2,706,016) |
| Accumulated amortization Leases | - | (169,406) | - | (169,406) |
| Plant not subject to depreciation | | | | |
| Property held for future use | 3,016,235 | 9,811 | (1,681,102) | 1,344,944 |
| Construction work in progress | 79,305,799 | 41,407,821 | (80,988,777) | 39,724,843 |
| Net utility plant | $ 443,175,985 | $ 143,439,492 | $ (97,697,537) | $ 488,917,940 |

| | Electric Utility Plant | | | |
|---|---|---|---|---|
| | Balance December 31, 2022 | Increases | Decreases | Balance December 31, 2023 |
| Plant in service not subject to depreciation | | | | |
| Land | $ 9,820,003 | $ - | $ - | $ 9,820,003 |
| Intangible assets | 231,716 | - | - | 231,716 |
| Plant in service subject to depreciation | | | | |
| Intangible assets | 24,412,361 | 460,300 | - | 24,872,661 |
| Steam production | 10,622,218 | 23,732 | - | 10,645,950 |
| Hydro production | 137,573,596 | 5,829,567 | (20,245) | 143,382,917 |
| Transmission | 89,357,069 | 3,775,197 | (1,571,072) | 91,561,194 |
| Distribution | 366,596,506 | 16,078,921 | (1,141,584) | 381,533,843 |
| Telecommunications | 23,724,726 | 688,143 | - | 24,412,869 |
| General plant | 181,316,922 | 4,749,020 | (21,516,436) | 164,549,506 |
| SBITA | 1,495,005 | 1,810,057 | (494,956) | 2,810,106 |
| Completed construction, not yet classified | 4,613,099 | 13,803,178 | (4,613,099) | 13,803,178 |
| Total utility plant in service | 849,763,221 | 47,218,116 | (29,357,392) | 867,623,946 |
| Accumulated depreciation | (493,532,898) | (27,958,249) | 16,010,424 | (505,480,723) |
| Accumulated amortization SBITA | (617,567) | (1,166,658) | 494,955 | (1,289,270) |
| Plant not subject to depreciation | | | | |
| Property held for future use | 20,246,074 | 595,225 | (17,825,064) | 3,016,235 |
| Construction work in progress | 57,175,038 | 47,187,323 | (25,056,562) | 79,305,799 |
| Net utility plant | $ 433,033,868 | $ 65,875,757 | $ (55,733,639) | $ 443,175,986 |

| | Water Utility Plant | | | |
|---|---|---|---|---|
| | Balance December 31, 2023 | Increases | Decreases | Balance December 31, 2024 |
| Plant in service not subject to depreciation | | | | |
| Land | $ 1,294,957 | $ - | $ - | $ 1,294,957 |
| Intangible assets | 58,188 | - | - | 58,188 |
| Plant in service subject to depreciation | | | | |
| Source of supply | 25,995,834 | 433,216 | - | 26,429,050 |
| Pumping | 14,176,157 | - | - | 14,176,157 |
| Water treatment | 49,756,998 | 1,577,188 | - | 51,334,186 |
| Transmission & distribution | 223,415,522 | 42,756,243 | (1,741,930) | 264,429,835 |
| General plant | 44,109,055 | 2,587,582 | (579,178) | 46,117,459 |
| SBITA | 1,480,683 | 11,639,334 | (27,330) | 13,092,687 |
| Completed construction, not yet classified | 10,655,971 | 16,745,333 | (10,655,971) | 16,745,333 |
| Total utility plant in service | $ 370,943,365 | $ 75,738,896 | $ (13,004,409) | $ 433,677,852 |
| Accumulated depreciation | (158,386,387) | (8,627,298) | 2,143,270 | (164,870,415) |
| Accumulated amortization SBITA | (382,716) | (857,459) | 27,330 | (1,212,845) |
| Plant not subject to depreciation | | | | |
| Property held for future use | 2,326,419 | - | (327,131) | 1,999,288 |
| Construction work in progress | 42,862,740 | 35,668,153 | (60,868,075) | 17,662,818 |
| Net utility plant | $ 257,363,421 | $ 101,922,292 | $ (72,029,015) | $ 287,256,698 |

| | Water Utility Plant | | | |
|---|---|---|---|---|
| | Balance December 31, 2022 | Increases | Decreases | Balance December 31, 2023 |
| Plant in service not subject to depreciation | | | | |
| Land | $ 1,294,957 | $ - | $ - | $ 1,294,957 |
| Intangible assets | 58,188 | - | - | 58,188 |
| Plant in service subject to depreciation | | | | |
| Source of supply | 25,995,834 | - | - | 25,995,834 |
| Pumping | 14,461,211 | 17,868 | (302,922) | 14,176,157 |
| Water treatment | 47,446,344 | 2,310,654 | - | 49,756,998 |
| Transmission & distribution | 210,870,441 | 20,738,035 | (8,192,954) | 223,415,522 |
| General plant | 44,813,226 | 1,627,937 | (2,332,108) | 44,109,055 |
| SBITA | 196,760 | 1,425,062 | (141,139) | 1,480,683 |
| Completed construction, not yet classified | 7,102,151 | 10,655,971 | (7,102,151) | 10,655,971 |
| Total utility plant in service | $ 352,239,112 | $ 36,775,527 | $ (18,071,274) | 370,943,365 |
| Accumulated depreciation | (150,597,898) | (8,745,276) | 956,787 | (158,386,387) |
| Accumulated amortization | (86,886) | (419,569) | 123,739 | (382,716) |
| Plant not subject to depreciation | | | | |
| Property held for future use | 2,322,906 | 3,513 | - | 2,326,419 |
| Construction work in progress | 26,409,755 | 31,343,579 | (14,890,594) | 42,862,740 |
| Net utility plant | $ 230,286,988 | $ 58,957,774 | $ (31,881,342) | $ 257,363,421 |

**Capital contributions** – Contributions in Aid of Construction and System Development Charges are paid by developers and customers to cover the cost of new electric and water infrastructure (capital assets). When developers install and cover the costs of the infrastructure directly, those assets are referred to as Contributed Plant Assets.

### Note 4 – Cash and Investments

The Board maintains cash and investments in several fund accounts in accordance with bond resolutions and Board authorization. Descriptions of these fund account types are as follows:

**Restricted Cash and investments**

*Customer deposits and other* – Used to account for (1) deposits collected from retail customers and held for future refund or application to customer account balances, and (2) donations to the Customer Care Program.

*Terrestrial wildlife habitat fund* – Used to account for funds required to be held in reserve for the creation and management of terrestrial wildlife habitat, including early seral habitat, during the term of the Carmen Smith operating license.

*Harvest Wind escrow accounts* – Funds include amounts held in escrow related to EWEB's investment in the Harvest Wind Project, consisting of a deposit in lieu of a letter of credit regarding the Project's transmission contract with Klickitat Public Utility District (PUD).

*Construction funds* – Used to account for legally restricted cash and investments for the purpose of construction of capital projects. Funds include proceeds from the issuance of bonds and notes.

*System development charge reserves* – Used to account for charges assessed and collected in conjunction with installation of new water services in the Water System and are restricted by State of Oregon Statutes to system enhancements and other related capital expenditures.

*Debt service reserves* – Deposits held for debt service coverage pursuant to bond indentures and/or in lieu of bond sureties.

*Investments for bond principal and interest* – Used to account for cash and investments restricted by Bond Indentures of Trust for future payment of principal and interest on debt.

Detailed amounts for restricted cash and investments were as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Electric System | Water System | Electric System | Water System |
| Debt service reserves | $ 5,549,706 | $ 1,146,980 | $ 6,122,513 | $ 1,588,100 |
| Customer deposit and other | 2,364,562 | - | 2,302,297 | - |
| Terrestrial wildlife habitat fund | 141,787 | - | 107,635 | - |
| Harvest Wind escrow accounts | 504,281 | - | 512,307 | - |
| Construction funds | 45,224,325 | 26,055,743 | - | 35,645,437 |
| System development charge reserves | - | 211,889 | - | 174,538 |
| Investments for bond principal and interest | 3,023 | 1,290 | 20 | 4 |
| Total restricted cash and investments | $ 53,787,684 | $ 27,415,902 | $ 9,044,772 | $ 37,408,079 |

**Designated cash and investments**

*Rate stabilization fund* – Used to account for cash and investments the Board has designated to reserve for one-time expenditures, with any allocations made at Board discretion.

*Power reserve* – Used to account for cash and investments the Board has designated to reserve for fluctuations in purchased power costs, load, generation levels, or margin requirements.

*Capital improvement reserve* – Used to account for cash and investments the Board has designated to reserve for capital improvements.

*Second source fund* – Used to account for cash and investments the Board has designated to reserve for costs incurred to create alternate water sources.

*Operating reserves* – Used to account for cash and investments the Board has designated for payments of emergency operating costs and self-insured claims.

*Pension and medical reserves* – Used to account for cash and investments the Board has designated for pension and post-retirement medical costs.

Detailed amounts for designated cash and investments were as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Electric System | Water System | Electric System | Water System |
| Rate stabilization fund | $ 17,332,927 | $ 7,980,000 | $ 26,668,927 | $ 15,300,000 |
| Power reserve | 25,000,000 | - | 23,000,000 | - |
| Capital improvement reserve | 21,547,190 | 9,785 | 12,569,401 | 5,399,322 |
| Second source fund | - | 1,849,411 | - | 3,651,958 |
| Operating reserve | 5,720,000 | 1,370,671 | 5,720,000 | 1,363,718 |
| Leaburg decommissioning reserve | 5,509,186 | - | - | - |
| Pension and medical reserve | 1,555,000 | 839,000 | 1,446,000 | 699,000 |
| Total designated cash and investments | $ 76,664,303 | $ 12,048,867 | $ 69,404,328 | $ 26,413,998 |

Deposits with financial institutions are comprised of bank demand deposits, certificates of deposit, and money market accounts. The total bank balances, as recorded in bank records as of December 31, 2024, were $31.2 million. Of the bank balances, $6.2 million were covered by federal depository insurance and $25 million were collateralized with securities.

Custodial credit risk for deposits is in the event of failure of a depository financial institution a depositor will not be able to recover deposits or will not be able to recover collateral securities in possession of an outside party. Deposits not covered by depository insurance are exposed to custodial credit risk when collateral for deposits is held by the pledging institution or its trust department or agency, but not in the name of the depositor. Within the Public Funds Collateralization Program (PFCP) in Oregon, securities pledged by financial institutions are required to be held in the name of the pool, and, therefore, cannot be in the Board's name. However, provided an entity is recognized by the PFCP administrator as an entity covered by the pool, balances in excess of FDIC are covered by the collateral of the pool.

The Board's investments during the year, which included obligations of the U.S. Government, are authorized by State of Oregon Statutes and bond resolution and by the Board's investment policy. Authorized investments include the Oregon Local Government Investment Pool (LGIP), U.S. Treasury securities, U.S. Government Agency securities, public funds money market accounts, corporate commercial paper and bonds, and other investments enumerated in and authorized by ORS 294.035, *Investments of funds of political subdivisions*.

The LGIP is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. The OSTF is not subject to SEC regulation. The OSTF is subject to requirements established in Oregon Revised Statutes, investment policies adopted by the Oregon Investment Council, and portfolio guidelines established by the OSTF Board. The Governor appoints the members of the Oregon Investment Council and OSTF Board. The fair value of the Board's position in the pool is the same as the value of the pool shares. Financial statements for the OSTF may be obtained from the Oregon State Treasurer's website.

As of December 31, 2024, the Board held the following investments (Electric and Water Systems combined):

| Investment Type | Credit Rating | Carrying Value | Weighted Average Maturity (Years) | % of Portfolio |
|---|---|---|---|---|
| Local Government Investment Pool | Unrated | $ 60,256,902 | 0.00 | 30.4% |
| U.S. Agency Securities | | | | |
| FHLB | | 16,721,360 | | 8.4% |
| FNMA | | 11,165,998 | | 5.6% |
| FHLMC | | 7,425,457 | | 3.7% |
| FFCB | | 20,003,182 | | 10.1% |
| FAMCA | | 1,004,960 | | 0.5% |
| Other Agency | | 3,982,420 | | 2.0% |
| Subtotal U.S. Agency | AA | 60,303,377 | 0.93 | 30.4% |
| U.S. Treasury Securities | AAA | 68,235,238 | 1.16 | 34.4% |
| Municipal Bonds | AA | 771,257 | 0.48 | 0.4% |
| Corporate Bonds | AAA | 8,692,800 | 1.79 | 4.4% |
| Subtotal all securities | | 138,002,672 | 1.10 | 69.6% |
| Total | | $ 198,259,574 | 0.77 | 100.0% |

As of December 31, 2023, the Board held the following investments (Electric and Water Systems combined):

| Investment Type | Credit Rating | Carrying Value | Weighted Average Maturity (Years) | % of Portfolio |
|---|---|---|---|---|
| Local Government Investment Pool | Unrated | $ 53,406,772 | 0.00 | 27.3% |
| U.S. Agency Securities | | | | |
| FHLB | | 20,985,970 | | 10.7% |
| FNMA | | 7,770,956 | | 4.0% |
| FHLMC | | 7,056,465 | | 3.6% |
| FFCB | | 24,684,090 | | 12.6% |
| FAMCA | | 1,238,140 | | 0.6% |
| Other Agency | | 2,087,460 | | 1.1% |
| Subtotal U.S. Agency | AA | 63,823,081 | 1.26 | 32.6% |
| U.S. Treasury Securities | AAA | 69,596,330 | 1.07 | 35.6% |
| Municipal Bonds | AA | 2,044,108 | 0.82 | 1.0% |
| Corporate Bonds | AAA | 6,866,400 | 0.76 | 3.5% |
| Subtotal all securities | | 142,329,919 | 1.15 | 72.7% |
| Total | | $ 195,736,691 | 0.84 | 100.0% |

Concentration risk is when investments are concentrated in one issuer. This concentration presents a heightened risk of potential loss. This does not apply for pooled investments or investments directly in the U.S. government. ORS 294.035 limits investment in any single issuer of bonds to 5% of a portfolio; there is not a limit for investment in U.S. Agencies. Many government-sponsored agency securities are not backed by the full faith and credit of the U.S. government, including those held by the Board, although market participants widely believe the government would provide financial support to an agency if the need arose. The Board does not have a policy for investment concentration in those agencies. Regarding the LGIP, with the exception of pass-through funds, the maximum amount of pooled investments to be placed in the pool is limited by ORS 294.810, *Local governments authorized to place limited funds in pool*, to $61.7 million as of December 31, 2024.

The “weighted average maturity in years” calculation assumes all investments are held until maturity.

As a means of limiting its exposure to fair value losses resulting from changes in interest rates, the Board’s investment policy limits at least 25% of its investment portfolio to maturities of less than 180 days. Investment maturities are limited as follows:

| Maturity | Minimum Investment |
|---|---|
| Less than 180 days | 25% |
| Less than 1 year | 40% |
| Less than 3 years | 100% |

Custodial credit risk for investments is in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities in the possession of an outside party because they are neither insured nor registered and they are held by the counterparty or the counterparty's trust department or agent, but not in the investor's name. All of the aforementioned investments, and the investments in the LGIP, which are not evidenced by securities, are held in the Board's name by a third-party custodian. The Board's policy, which adheres to Oregon statutes, is to limit its investments to the top two ratings issued by nationally recognized credit rating organizations. As a general practice, and in a further effort to minimize credit risk, the Board invests primarily in U.S. agency investments and in the LGIP.

Cash and investments consisted of the following:

| | Restricted Cash and Investments | Cash and Cash Equivalents and Investments | Designated Funds | Total Carrying Amount 2024 | Total Carrying Amount 2023 |
|---|---|---|---|---|---|
| ELECTRIC SYSTEM | | | | | |
| Cash on hand | $ - | $ 5,000 | $ - | $ 5,000 | $ 13,560 |
| Cash in bank | 4,238 | 21,398,227 | - | 21,402,465 | 15,486,723 |
| Investments in the State of Oregon local government investment pool | 14,554,121 | 7,480,313 | 23,376,614 | 45,411,048 | 34,265,046 |
| Investments – U.S. Agencies, Treasuries, and Corp. | 39,229,325 | 10,498,355 | 53,287,689 | 103,015,369 | 90,418,162 |
| Total electric system | 53,787,684 | 39,381,895 | 76,664,303 | 169,833,882 | 140,183,491 |
| WATER SYSTEM | | | | | |
| Cash in bank | 2,534 | 2,503,709 | - | 2,506,243 | 1,392,996 |
| Investments in the State of Oregon local government investment pool | 8,009,572 | 3,162,320 | 3,673,962 | 14,845,854 | 19,141,726 |
| Investments – U.S. Agencies, Treasuries, and Corp. | 19,403,796 | 7,208,602 | 8,374,905 | 34,987,303 | 51,911,757 |
| Total water system | 27,415,902 | 12,874,631 | 12,048,867 | 52,339,400 | 72,446,479 |
| | $ 81,203,586 | $ 52,256,526 | $ 88,713,170 | $ 222,173,282 | $ 212,629,970 |

**Note 5 – Fair Value Measurement**

The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Board determines disclosures related to these investments only need to be disaggregated by major type because investing is not a core part of the Board's mission. The Board has the following recurring fair value measurements:

As of December 31, 2024:

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | 2024 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level | | | | |
| Debt securities | | | | |
| U.S. treasury securities | $ 68,235,238 | $ 68,235,238 | $ - | $ - |
| U.S. agencies | 60,303,377 | - | 60,303,377 | - |
| Corporate bonds | 8,692,800 | - | 8,692,800 | - |
| Municipal bonds | 771,257 | - | 771,257 | - |
| Total debt securities | $ 138,002,672 | $ 68,235,238 | $ 69,767,434 | $ - |
| Derivative instruments | | | | |
| Investment derivative - asset | $ 336,226 | $ - | $ 336,226 | $ - |
| Investment derivative - liability | (182,400) | - | (182,400) | - |
| Effective hedge-asset | 1,521,797 | - | 1,521,797 | - |
| Effective hedge-liability | (850,900) | - | (850,900) | - |
| Total derivatives | $ 670,897 | $ - | $ 670,897 | $ - |

As of December 31, 2023:

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | 2023 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level | | | | |
| Debt securities | | | | |
| U.S. treasury securities | $ 69,596,330 | $ 69,596,330 | $ - | $ - |
| U.S. agencies | 63,823,081 | - | 63,823,081 | - |
| Corporate bonds | 6,866,400 | - | 6,866,400 | - |
| Municipal bonds | 2,044,108 | - | 2,044,108 | - |
| Total debt securities | $ 142,329,919 | $ 69,596,330 | $ 72,733,589 | $ - |
| Derivative instruments | | | | |
| Effective hedge-asset | $ 385,943 | $ - | $ 385,943 | $ - |
| Effective hedge-liability | (654,500) | - | (654,500) | - |
| Total derivatives | $ (268,557) | $ - | $ (268,557) | $ - |

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Debt securities classified in Level 2 of the fair value hierarchy are valued using various market and industry inputs, including institutional bond quotes.

Derivative instruments classified in Level 2 of the fair value hierarchy are valued using an approach considering contract prices with forecast market prices.

**Note 6 – Receivables**

Significant receivables were as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Electric System | Water System | Electric System | Water System |
| Current receivables | | | | |
| Accounts receivable | $ 26,527,075 | $ 4,240,007 | $ 26,313,700 | $ 3,996,520 |
| Allowance for doubtful accounts | (393,407) | (37,433) | (377,819) | (34,475) |
| Net accounts receivable | 26,133,668 | 4,202,574 | 25,935,881 | 3,962,045 |
| Loans to customers | 2,299,363 | 110,310 | 1,762,108 | 108,100 |
| Receivable from Grants | 1,068,727 | 850,603 | 1,113,138 | 116,934 |
| Interest receivable | 1,073,494 | 332,602 | 656,505 | 354,935 |
| Leases receivable | 179,124 | - | 155,405 | - |
| Miscellaneous receivables | 566,421 | - | 343,334 | 3,465 |
| Receivables, less allowance | $ 31,320,796 | $ 5,496,090 | $ 29,966,371 | $ 4,545,480 |
| Long-term receivables | | | | |
| Loans to customers | $ 5,535,239 | $ 257,768 | $ 4,068,334 | $ 231,617 |
| City of Eugene note receivable | 1,805,828 | 318,676 | 3,468,569 | 612,100 |
| Leases receivable | 519,471 | - | 298,275 | - |
| Long-term receivables | $ 7,860,538 | $ 576,444 | $ 7,835,178 | $ 843,718 |

Total amounts written off for the year ended December 31, 2024, were $587,000 ($662,000 in 2023) for the Electric System and $44,000 ($53,000 in 2023) for the Water System.

**Leases receivable** – The Electric System has agreements allowing telecommunication companies to attach their equipment to its poles and towers. Leases receivable reflects the present value of payments expected over the lease term of these agreements which have fixed payments. Leases receivable totaled $699,000 for the year ended December 31, 2024 ($454,000 in 2023). The Electric system recognized approximately $202,000, including approximately $23,000 in interest, as other revenue for the year ended December 31, 2024, for these contracts (approximately $167,000, including approximately $6,000 in interest, as other revenue for the year ended December 31, 2023).

The Electric System also has contracts for telecommunication pole attachments where pricing is determined by application of Oregon Revised Statutes. The Board considers the pricing to be regulated. Pricing does not include fixed components with which to measure future minimum payments. The Electric System recognized other revenue for these leases, which was approximately $296,000 for the year ended December 31, 2024 (approximately $219,000 for the year ended December 31, 2023).

**City of Eugene note receivable** – The Board sold its former headquarters property at 500 E 4th Avenue, Eugene, Oregon, to the City of Eugene on June 28, 2023. Part of the payment for sale was a $4 million promissory note, set to mature June 28, 2028. Interest accrues at 4.00% per annum. No periodic payments are due on the note before its maturity; however, it may be prepaid in whole or in part at any time without penalty. The note is secured with a deed of trust on the property at 500 E 4th Avenue. On June 26, 2024, the City of Eugene made a payment of $2,080,000 ($1,920,000 principal and $160,000 interest).

## Note 7 – Payables

Current payables were as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Electric System | Water System | Electric System | Water System |
| Accounts payable | $ 7,645,881 | $ 2,027,646 | $ 5,937,835 | $ 774,580 |
| Accrued purchased power | 11,057,782 | - | 11,993,173 | - |
| Construction payables | 7,501,699 | 5,126,110 | 1,242,151 | 2,589,831 |
| Contributions in lieu of taxes | 1,394,513 | - | 1,202,714 | - |
| Customer deposits | 1,653,226 | - | 1,492,794 | - |
| Equipment purchases | 673,128 | 83,625 | 423,739 | 230,664 |
| SBITAs - current portion | 3,106,874 | 1,067,529 | 865,483 | 293,235 |
| Leases - current portion | 169,547 | - | - | - |
| Miscellaneous payables | 15,653 | 6,903 | 8,279 | 8,500 |
| Preliminary investigations payables | 13,997 | 9,000 | 79,174 | - |
| Total payables | $ 33,232,300 | $ 8,320,813 | $ 23,245,342 | $ 3,896,810 |

### Note 8 – Other Assets and Other Liabilities

Other assets and other liabilities were as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Electric System | Water System | Electric System | Water System |
| | | | (as restated) | |
| Other assets | | | | |
| Non-utility property | $ 19,640,618 | $ 574,522 | $ 18,766,138 | $ 574,522 |
| Derivatives at fair value | 1,521,797 | - | 385,943 | - |
| Prepaid transmission expense – Harvest Wind | 382,124 | - | 478,153 | - |
| Regulatory assets | | | | |
| Pension debits | 15,115,617 | 7,866,962 | 11,315,208 | 6,666,831 |
| OPEB debits | 3,573,001 | 1,653,062 | 4,348,591 | 1,897,985 |
| Conservation assets | 820,195 | - | 895,408 | - |
| Unamortized bond issue costs | 1,582,423 | 880,708 | 1,111,538 | 950,307 |
| Other assets | $ 42,635,775 | $ 10,975,254 | $ 37,300,979 | $ 10,089,645 |
| Other liabilities | | | | |
| Derivatives at fair value | $ 850,900 | $ - | $ 654,500 | $ - |
| Compensated absences | 1,575,248 | 497,448 | 1,403,092 | 443,081 |
| SBITAs | 4,649,101 | 1,586,096 | 640,071 | 406,084 |
| Leases | 250,090 | - | - | - |
| System development charges | - | 113,822 | - | 66,032 |
| Other liabilities | $ 7,325,339 | $ 2,197,366 | $ 2,697,663 | $ 915,197 |

## Note 9 – Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources were as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Electric System | Water System | Electric System | Water System |
| Deferred outflows of resources | | | | |
| Accumulated decrease in fair value of hedging derivatives | $ 850,900 | $ - | $ 654,500 | $ - |
| Accumulated increase in fair value of investment derivatives | 336,226 | - | - | - |
| Unamortized losses on bond refunding | 3,544,266 | 1,095,421 | 4,186,532 | 1,268,847 |
| Pension – differences between expected and actual experience | 3,748,456 | 1,183,723 | 2,501,400 | 789,916 |
| Pension – net difference between projected and actual earnings on investments | 4,019,729 | 1,269,388 | 919,378 | 290,330 |
| Pension – changes of assumptions | 6,361,685 | 2,008,953 | 4,543,880 | 1,434,910 |
| Pension – differences between Board contributions and proportionate share of contributions | 2,733,909 | 863,340 | 5,186,049 | 1,637,698 |
| Pension contributions subsequent to measurement date | 4,311,288 | 1,361,459 | 4,522,575 | 1,428,182 |
| Pension - changes in proportion | 3,962,542 | 1,251,329 | 3,454,174 | 1,090,792 |
| OPEB – net difference between projected and actual earnings on investments | 235,824 | 74,470 | 748,313 | 236,309 |
| Deferred outflows of resources | $ 30,104,825 | $ 9,108,083 | $ 26,716,801 | $ 8,176,984 |
| Deferred inflows of resources | | | | |
| Accumulated increase in fair value of hedging derivatives | $ 1,521,797 | $ - | $ 385,943 | $ - |
| Accumulated decrease in fair value of investment derivatives | 182,400 | - | - | - |
| Leases | 642,588 | - | 403,787 | - |
| Pension – differences between expected and actual experience | 151,017 | 47,689 | 202,815 | 64,047 |
| Pension – changes of assumptions | 8,150 | 2,574 | 33,879 | 10,699 |
| Pension – differences between Board contributions and proportionate share of contributions | 2,523,730 | 796,968 | 3,533,223 | 1,115,755 |
| Pension – changes in proportion | 2,251,433 | 710,979 | 5,478,620 | 1,730,090 |
| OPEB – net difference between expected and actual experience | 530,810 | 167,624 | 928,656 | 293,260 |
| OPEB – changes of assumptions | 1,127,659 | 356,103 | 1,248,045 | 394,120 |
| Deferred inflows of resources | $ 8,939,584 | $ 2,081,937 | $ 12,214,968 | $ 3,607,971 |

**Note 10 – Subscription-Based Information Technology Arrangements (SBITAs)**

A SBITA is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible assets, as specified in the contract for a period in an exchange or exchange-like transaction. The board's SBITAs are primarily subscription software used throughout its operations of the Electric and Water Systems. These right-to-use assets are reported as SBITAs in the disclosure for utility plant. The present value of the corresponding liabilities for the subscription fees are reported as SBITAs in the disclosure for payables and the disclosure for other liabilities. The discount of each liability is amortized over the life of the SBITA and recognized with interest expense. Variable payments, for which there is not a minimum subscription fee, and other payments such as termination fees, are recognized as operating expenses. Variable payments not previously included in the measurement of the subscription liabilities were approximately $156,000 for the Electric System and approximately $49,000 for the Water System for the year ended December 31, 2024 (approximately $36,000 and $9,000 for the Electric and Water Systems, respectively, for the year ended December 31, 2023).

Principal and interest requirements to maturity for SBITAs were as follows:

| | Electric System | | Water System | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| 2025 | $ 3,068,793 | $ 196,695 | $ 1,055,090 | $ 66,117 |
| 2026 | 1,967,902 | 121,905 | 709,553 | 40,386 |
| 2027 | 1,632,556 | 68,016 | 545,393 | 21,630 |
| 2028 | 1,040,567 | 23,628 | 328,600 | 7,461 |
| 2029 | 8,075 | 92 | 2,550 | 29 |
| | $ 7,717,894 | $ 410,336 | $ 2,641,186 | $ 135,623 |

**Note 11 – Investment in Harvest Wind**

The Board is a party to a joint ownership agreement, whereby the Board made an equity investment in the Harvest Wind project, a 98.9 MW wind generating facility located in Klickitat County, Washington. The Board's ownership share of Harvest Wind is 20%. Other owners are Peninsula Light Co., 20%, Cowlitz PUD, 30%, and Lakeview Light & Power, 30%. Commercial operations began on December 15, 2009.

During 2009, the joint owners of Harvest Wind elected to classify the project as an association taxable as a corporation. At the time of the election, all project assets were treated as contributed to the corporation. The corporation received a 4% share, and the joint owners received shares in proportion to their ownership. Owners share in power output, income and expenses according to their ownership shares.

The investment in Harvest Wind consists of the Board's share of costs to develop the project, 20% of the Project's net income and losses, and any distributions. As of December 31, 2024, the balance of the Board's investment in Harvest Wind was $14.3 million ($15.4 million as of December 31, 2023), including estimated income of $495,000 ($444,000 in 2023) and distributions of $1.6 million ($1.5 million in 2023).

The Board is committed, through an energy purchase agreement, to purchase its share of the output from the Project and pay its share of project expenses through year 2029. Additionally, the Board is committed, through a transmission service agreement and a transmission payment agreement, to subsidize the construction and replacement of transmission lines, deposit funds to ensure contract performance, and purchase transmission from the owner of the transmission lines through the year 2029.

Under the terms of a transmission agreement, the Board has $504,000 as of December 31, 2024 ($512,000 as of December 31, 2023), on deposit in an escrow account to ensure the payment of monthly transmission interconnection expenses.

Financial information for the project is included in the financial statements of the project and may be obtained from the Board.

**Note 12 – Long-Term Debt**

On June 18, 2024, the Electric System issued a par amount of $64 million in revenue bonds at a premium for a total of $70 million and on July 19, 2023, the Water System issued a par amount of $43 million in revenue bonds at a premium total of $48 million for the purpose of capital improvements.

The Board has defeased bonds by placing proceeds and other sources of cash in irrevocable trust or escrow accounts to provide for all future debt service payments on the old bonds. Accordingly, those assets and the liability for the defeased bonds are not included in the Board's financial statements. As of December 31, 2024, $2.4 million of Electric System bonds were considered defeased ($3.2 million of Electric System bonds as of December 31, 2023).

The resolutions authorizing the issuance of revenue bonds contain various covenants, sinking fund requirements, and obligations with which the Board must comply. The principal and interest requirements are reflected in the supplementary schedule "Long-Term Bonded Debt and Interest Payment Requirements." To comply with sinking fund deposit requirements, the Board makes semi-annual deposits with the trustee, less accumulated interest earnings. Interest payments are made semi-annually on February 1 and August 1, and principal payments on August 1. As of December 31, 2024 and 2023, no assets were pledged as security for the outstanding bonds of the Electric and Water Systems.

Bonds and notes payable were as follows:

| | 2024 | 2023 |
|---|---|---|
| Electric Utility System Revenue and Refunding Bonds | | |
| 2012 Series, 10-4-12 issue | | |
| Serial bonds 2.00%–5.00%, due 2013–2032 | $ 5,520,000 | $ 6,560,000 |
| Term bonds, 3.75%, due 2039–2042 | 8,475,000 | 8,475,000 |
| 2016 Series A, 9-7-16 issue | | |
| Serial bonds 2.00%–5.00%, due 2017–2036 | 64,180,000 | 70,805,000 |
| Term bonds 4.00%, due 2037–2040 | 8,065,000 | 8,065,000 |
| 2017 Series, 9-21-17 issue | | |
| Serial bonds 5.00%, due 2027–2043 | 23,635,000 | 23,635,000 |
| Term bonds 5.00%, due 2043-2047 | 10,160,000 | 10,160,000 |
| 2020 Series A, 6-11-20 issue | | |
| Serial bonds 3.00%–4.00%, due 2027–2040 | 19,840,000 | 19,840,000 |
| Term bonds 4.00%, due 2041-2045 | 9,910,000 | 9,910,000 |
| Term bonds 4.00%, due 2046-2049 | 9,450,000 | 9,450,000 |
| 2020 Series B, 6-11-20 issue | | |
| Serial bonds 1.341%-2.827%, due 2024–2038 | 16,475,000 | 16,790,000 |
| 2024 Series, 6-18-24 issue | | |
| Serial bonds 5.00%, due 2025–2044 | 33,955,000 | - |
| Term bonds 5.00%, due 2045-2049 | 15,055,000 | - |
| Term bonds 5.00%, due 2050-2053 | 14,990,000 | - |
| | 239,710,000 | 183,690,000 |
| Add unamortized premium | 24,308,327 | 20,595,177 |
| Electric System bonds payable | 264,018,327 | 204,285,177 |
| Less current portion | 9,300,000 | 7,980,000 |
| Electric System bonds payable, net of current portion | $ 254,718,327 | $ 196,305,177 |

| | 2024 | 2023 |
|---|---|---|
| Water Utility System Revenue and Refunding Bonds | | |
| 2016 Series, 5-19-16 issue | | |
| Serial bonds, 2.00%–5.00%, due 2017–2037 | $ 18,850,000 | $ 20,265,000 |
| Term bonds, 4.00%, due 2038–2045 | 6,860,000 | 6,860,000 |
| 2020 Series A, 6-04-20 issue | | |
| Serial bonds, 3.00%–4.00%, due 2023–2040 | 9,645,000 | 10,075,000 |
| Term bonds, 3.00%, due 2041-2044 | 3,290,000 | 3,290,000 |
| Term bonds, 3.00%, due 2045-2049 | 4,690,000 | 4,690,000 |
| 2020 Series B, 6-04-20 issue | | |
| Serial bonds, .923%–2.631%, due 2021–2035 | 7,945,000 | 8,590,000 |
| Term bonds, 3.123%, due 2036-2040 | 4,430,000 | 4,430,000 |
| 2023 Series, 7-19-2023 issue | | |
| Serial bonds, 5.00%, due 2024–2043 | 22,155,000 | 22,780,000 |
| Term bonds, 5.00%, due 2044-2048 | 10,135,000 | 10,135,000 |
| Term bonds, 5.00%, due 2049-2052 | 10,085,000 | 10,085,000 |
| | 98,085,000 | 101,200,000 |
| Add unamortized premium | 8,669,313 | 9,332,799 |
| Water System bonds payable | 106,754,313 | 110,532,799 |
| Less current portion | 3,300,000 | 3,115,000 |
| Water System bonds payable, net of current portion | 103,454,313 | 107,417,799 |
| Total System long-term debt, net of current portion | $ 358,172,640 | $ 303,722,976 |

The schedule of maturities for principal and interest on bonded debt is as follows:

| | Electric System | | Water System | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| 2025 | $ 9,300,000 | $ 10,570,236 | $ 3,300,000 | $ 4,105,663 |
| 2026 | 9,175,000 | 10,154,782 | 3,420,000 | 3,982,146 |
| 2027 | 10,605,000 | 9,742,664 | 3,570,000 | 3,836,803 |
| 2028 | 11,190,000 | 9,269,273 | 3,720,000 | 3,683,801 |
| 2029 | 11,400,000 | 8,765,662 | 3,875,000 | 3,522,641 |
| 2030–2034 | 55,550,000 | 35,913,345 | 18,490,000 | 15,308,461 |
| 2035–2039 | 43,870,000 | 26,021,813 | 20,605,000 | 11,525,257 |
| 2040–2044 | 39,810,000 | 16,709,863 | 17,170,000 | 7,636,962 |
| 2045–2049 | 33,820,000 | 8,235,450 | 16,190,000 | 4,048,700 |
| 2050–2053 | 14,990,000 | 1,919,250 | 7,745,000 | 787,250 |
| | $ 239,710,000 | $ 137,302,338 | $ 98,085,000 | $ 58,437,684 |

Long-term debt activity for the year ended December 31, 2024, was as follows:

| | Outstanding January 1, 2024 | Additions | Reductions | Outstanding December 31, 2024 | Due Within One Year |
|---|---|---|---|---|---|
| Electric revenue bonds | $ 183,690,000 | $ 64,000,000 | $ (7,980,000) | $ 239,710,000 | $ 9,300,000 |
| Water revenue bonds | 101,200,000 | - | (3,115,000) | 98,085,000 | 3,300,000 |
| Total bonded debt | $ 284,890,000 | $ 64,000,000 | $ (11,095,000) | $ 337,795,000 | $ 12,600,000 |

Long-term debt activity for the year ended December 31, 2023, was as follows:

| | Outstanding January 1, 2023 | Additions | Reductions | Outstanding December 31, 2023 | Due Within One Year |
|---|---|---|---|---|---|
| Electric revenue bonds | $ 192,785,000 | $ - | $ (9,095,000) | $ 183,690,000 | $ 7,980,000 |
| Water revenue bonds | 60,590,000 | 43,000,000 | (2,390,000) | 101,200,000 | 3,115,000 |
| Total bonded debt | $ 253,375,000 | $ 43,000,000 | $ (11,485,000) | $ 284,890,000 | $ 11,095,000 |

**Note 13 – Intersystem Items**

**Obligations**

| | 2024 | | |
|---|---|---|---|
| | Electric System | Water System | Total Systems |
| Due from Water, (Due to) Electric | | | |
| Current | | | |
| Interest | $ 10,768 | $ (10,768) | $ - |
| Roosevelt Operations Center | 398,408 | (398,408) | - |
| Total current | 409,176 | (409,176) | - |
| Non-current | | | |
| Roosevelt Operations Center | 4,883,108 | (4,883,108) | - |
| Totals | $ 5,292,284 | $ (5,292,284) | $ - |

| | 2023 | | |
|---|---|---|---|
| | Electric System | Water System | Total Systems |
| Due from Water, (Due to) Electric | | | |
| Current | | | |
| Interest | $ 11,560 | $ (11,560) | $ - |
| Roosevelt Operations Center | 388,790 | (388,790) | - |
| | 400,350 | (400,350) | - |
| Non-current | | | |
| Roosevelt Operations Center | 5,281,516 | (5,281,516) | - |
| Totals | $ 5,681,866 | $ (5,681,866) | $ - |

Amounts receivable and payable between the Electric and Water Systems and related interest earnings and expense are eliminated in the Total System columns of the financial statements.

**Roosevelt Operations Center** – The Electric System financed the acquisition and construction of the Board's Roosevelt Operations Center consisting of land, buildings, equipment and personal property placed into service during November 2010. Both the Electric and Water Systems occupy the property. A payment schedule was established in November 2010 whereby the Water System will repay the Electric System for its estimated share of the fair value of the property and the associated financing costs incurred by the Electric System without gain to the Electric System. The Roosevelt Operations Center was recorded in equal amounts as plant in service and an obligation for the Water System, along with depreciation expense and a receivable for the Electric System.

Payments are revised for refinancing of underlying debt incurred by the Electric System. The obligation is also revised for capitalized improvements at the facility if they are financed by the Electric System. Monthly payments were approximately $44,000 as of December 31, 2024 and December 31, 2023, on a capitalized value of $17.6 million for the Water System.

Annual totals for payments (including interest) as of December 31, 2024, were as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 398,408 | $ 124,764 | $ 523,173 |
| 2026 | 408,265 | 114,907 | 523,173 |
| 2027 | 418,366 | 104,806 | 523,173 |
| 2028 | 428,717 | 94,455 | 523,173 |
| 2029 | 439,324 | 83,849 | 523,173 |
| 2030–2034 | 2,365,140 | 250,722 | 2,615,862 |
| 2035–2036 | 823,294 | 17,131 | 840,425 |
| | $ 5,281,516 | $ 790,635 | $ 6,072,150 |

## Note 14 – Net Position

Components of net position as of December 31, 2024 and 2023, are as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Electric System | Water System | Electric System | Water System |
| | | | (as restated) | |
| Net investment in capital assets | $ 259,626,395 | $ 195,378,614 | $ 241,817,324 | $ 175,493,531 |
| Restricted for: | | | | |
| Customer care program | 718,528 | - | 809,503 | - |
| Harvest Wind escrow | 504,281 | - | 512,307 | - |
| Terrestrial wildlife habitat | 141,787 | - | 107,635 | - |
| System development changes | - | 98,067 | - | 108,507 |
| Debt service | 1,148,464 | - | 2,894,487 | - |
| | 2,513,061 | 98,067 | 4,323,932 | 108,507 |
| Unrestricted | 149,414,309 | 21,065,615 | 159,829,024 | 32,479,961 |
| | $ 411,553,765 | $ 216,542,296 | $ 405,970,280 | $ 208,081,999 |

## Note 15 – Power Supply Resources

### Bonneville Power Administration

*Bonneville Power Administration Contracts* – A contract was signed on December 4, 2008, providing power to EWEB from October 1, 2011, through September 30, 2028. The Board reselected a combination of both Block and Slice System power products from those offered by Bonneville Power Administration (BPA) in the previous contract, which ended September 30, 2011. While Slice and Block are still the offered products, BPA implemented new policies on how it sells power and what it will charge to meet customer's future load growth. Under BPA's tiered rate methodology policy, BPA has allocated the power output and operational costs of the existing low-cost federal resources into a tier 1 pool. The tier 1 power was allocated to public power customers like EWEB based on each customer's 2010 actual weather-adjusted load. The allocation determined the maximum planned amount of tier 1 power.

Each product provides attributes bringing different kinds of flexibility to the Board's power portfolio. The Slice product provides a percentage of BPA's resources rather than a guaranteed amount of power and in exchange the Board pays its Slice contract percentage share of BPA's costs. Slice output, in combination with the Block and other EWEB resources, may be more or less than what is needed to serve EWEB's hourly retail loads. In the spring months, available must-run water in the Columbia system is typically high due to the runoff from snow melting, and the increased power generation may require BPA to rely on spilling water as a tool to balance generation with demand. However, to maintain safe water conditions to protect fish, spills are limited. The risk associated with the Slice product is managing the water variability and available Slice storage to economically meet hourly load obligations and to optimally dispatch the value of the surplus portion of the Slice product.

The Slice product consists of a Slice share of BPA's Federal Base System generation. Under the contract, the Board's initial Slice percentage share is 1.81%. The amount of actual power received under the Slice product will vary with seasonal water year conditions, the performance of the Columbia Generating Station nuclear plant and the performance and availability of all other Federal Base System resources. In years of heavy water flow and lack of overall storage in the Federal System, the Board may have rights to power in excess of their needs, and in low water years the Board would need to augment its share of Slice output with its own generation, market purchases, or storage releases from EWEB's share of Slice storage.

The second BPA product purchased is the Block, which provides a fixed hourly amount for a given month and varies by month. The value of the Block product is the certainty of a fixed volume of energy, shaped to monthly load requirement, and the monthly predictability of prices for the known quantity of power.

The annual amount of power the Board is entitled to under this contract is based on the actual weather adjusted load during the period between October 1, 2009, and September 30, 2010, with some adjustments specified in BPA's tiered rate methodology, is approximately 250 aMW. The current contract term extends through September 30, 2028, and regional discussions about the next BPA contract have begun. The Board will have a priority right to BPA power products available under the next contract.

*BPA Transmission Contract* – In 2001, the Board signed the Network Integration Transmission Service contract with BPA to provide transmission for the Board's generation projects and BPA power to serve EWEB's load. The current contract term extends through September 30, 2028. EWEB has firm roll-over rights with this contract.

**EWEB-owned resources**

*Carmen-Smith Hydroelectric Project* – EWEB owns and operates the Carmen-Smith Hydroelectric Project (Carmen-Smith Project) within the McKenzie River basin. The Carmen-Smith Project includes the Carmen Powerhouse with two generating units with a nameplate capacity of 52 MW each. The Carmen-Smith Project also includes the Trail Bridge re-regulating facility, with an additional generating unit with a nameplate capacity of 10 MW.

A new 40-year federal operating license for the Carmen-Smith Project was issued on May 17, 2019. The license, which includes requirements for fish, wildlife, vegetation, water quality, land and road management and recreation enhancements, is supplemented by a Settlement Agreement that was filed with FERC in November 2016. As required by the license, EWEB will be installing fish passage at Trail Bridge Dam. When complete, the Trail Bridge Powerhouse will no longer be operated to serve load. In addition, the Board is refurbishing the power plant to perform over the life of the new license.

*International Paper Industrial Energy Center Cogeneration Project* – The Board and International Paper Company jointly operate a cogeneration facility at the International Paper Springfield plant. The unit, which has a nameplate capacity of 25.4 MW (average output is approximately 20 aMW), is owned by the Board, with International Paper providing operation support and fuel. Under terms of the current agreement, which expires in September 2028, the project costs and output for this unit are shared equally by the parties.

*Leaburg Walterville Hydroelectric Project* – The Board owns and operates the Leaburg Walterville Hydroelectric Project (L-W Project) on the McKenzie River in Lane County, Oregon. The L-W Project is comprised of two run-of-river facilities located at different points on the McKenzie River. The Leaburg facility includes a diversion dam on the McKenzie River, a canal and two generating units with a combined nameplate capacity of 15.9 MW. See note 20 – Asset Impairment for additional information. The Walterville facility includes a canal diverting water from the McKenzie River and one generating unit with a nameplate capacity of 8 MW. In April 2000, FERC granted the Board a new hydroelectric license for the L-W Project. The license is for a term of 40 years.

*Stone Creek Hydroelectric Project* – The Stone Creek Project has one turbine with a peak capacity of 12 MW. The facility is on the Clackamas River approximately 45 miles southeast of Portland. The project is a run-of-the-river development located between two hydroelectric facilities that are owned and operated by Portland General Electric (PGE). The Stone Creek facility is operated and maintained for EWEB by Energy Northwest and is licensed through August 2039.

**Jointly owned resources**

*Harvest Wind Project* – The Board, Cowlitz PUD, and Peninsula Light Company are the joint owners of the Harvest Wind Project, with the Board having a 20% ownership share. The project has a nameplate capacity of 98.9 MW and is located in Klickitat County, Washington. All project assets are held by a corporation formed by the owners. The Board and other owners have committed to purchase power from the corporation in proportion to their ownership shares through December 2029.

**Contract resources**

*Stateline Wind Project* – In 2002, the Board agreed to purchase 25 MW from Phase 1 of the Stateline Wind Project located in Walla Walla County, Washington and Umatilla County, Oregon. The project consists of 454 wind turbines with a total project nameplate capacity of 300 MW. The contract for this power expires on December 31, 2026.

*Klondike III Wind Project* – In 2006, the Board agreed to purchase 25 MW from Phase 3 of the Klondike Wind project located near the town of Wasco in Sherman County, Oregon. The project consists of 125 wind turbines with a total nameplate capacity of 224 MW. The contract for this power expires on October 31, 2027.

*Seneca Sustainable Energy* – In 2010, the Board entered into a Renewable Power Purchase Agreement with Seneca Sustainable Energy LLC to purchase the total output of the biomass fueled electric cogeneration facility located in Eugene, Oregon. Nameplate capacity is 19.8 MW. Expected average output is approximately 14 aMW. The contract for this power expires on April 5, 2026.

*Priest Rapids and Wanapum Hydroelectric Projects* – The Board purchases power from the Priest Rapids Project composed of the Priest Rapids Dam and the Wanapum Dam, two large hydroelectric developments on the Columbia River in Washington owned by Public Utility District No. 2 of Grant County, Washington (Grant County PUD). Under this contract, EWEB’s share of purchased physical power from Grant County PUD is 0.14% of the project output or about 1.4 aMW per year. The contract for this power continues through March 31, 2052.

*Energy Northwest* – Energy Northwest is a Washington municipal corporation, engaged in the construction of five nuclear generation facilities (Projects Nos. 1, 2, 3, 4 and 5), of which EWEB purchased a 0.061 percent share of Project No 1. The Board is not a member of Energy Northwest. EWEB, Energy Northwest, and Bonneville entered into a separate Net Billing Agreement, under which EWEB purchased from Energy Northwest, and in turn, assigned to Bonneville, EWEB's share of the capability. Construction of Project No 1 was terminated in 1994. However, under the Net Billing Agreement, Bonneville is responsible for EWEB's percentage share of the total annual cost of Project No 1, including debt service on revenue bonds issued to finance the cost of construction, whether or not the Project was completed. This has resulted in zero payments by, or credits to EWEB under the Net Billing Agreement. In the event that Bonneville fails to make a payment, or the parties terminate the agreement to directly pay, the original obligations of the Net Billing Agreements would resume. Bonneville has always met all of its obligations to Energy Northwest.

*Solar PV Generation Purchases* – EWEB supports the development of customer-owned solar photovoltaic generation in its service territory through the provision of the Annual Renewable Net-Metered Rate for net-metered systems and the Annual Renewable Generation Purchase Rate for direct generation systems. To date, net-metered systems in EWEB service territory have a total installed capacity of 9.2 MW and 1.07 aMW of energy and direct generation contracts with a total capacity of 2.9 MW and 0.34 aMW of energy.

## Note 16 – Retirement Benefits

### 1. Pension Plan

**Plan description** – Board employees are provided with pensions through the Oregon Public Employees Retirement System (OPERS). It is a cost sharing multiple employer defined benefit pension plan. All Board employees are eligible to participate in OPERS after six months of employment. Oregon PERS, a component unit of the State of Oregon, issues an annual comprehensive financial report, which may be obtained from the OPERS website, www.oregon.gov/pers.

*Description of Benefit Terms* – All benefits of the OPERS are established by the legislature pursuant to ORS Chapters 238 and 238A.

**Tier One/Tier Two Retirement Benefit (Chapter 238)** Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

**Pension benefits** – The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. Retirement benefits are determined as 1.67 percent of the employee's final average salary times the employee's years of retirement credit. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with the Board. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60 or 30 years of service.

**Death benefits** – Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

the member was employed by a PERS employer at the time of death,

the member died within 120 days after termination of PERS-covered employment,

the member died as a result of injury sustained while employed in a PERS-covered job, or

the member was on an official leave of absence from a PERS-covered job at the time of death.

**Disability benefits** – A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

**Benefit changes after retirement** – Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living adjustments (COLA). Under current law, the COLA is a blended rate capped at 2 percent for service on or before October 1, 2013, 1.25 percent for service credits subsequent to that date and 0.15 percent on annual benefits above $60,000.

**OPSRP Pension Program Pension Benefits**

**Pension benefits** – The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

**Death benefits** – Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

**Disability benefits** – A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

**Benefit changes after retirement** – Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living adjustments. Under current law, the COLA is a blended rate capped at 2 percent for service on or before October 1, 2013, 1.25 percent for service credits subsequent to that date and 0.15 percent on annual benefits above $60,000.

**Contributions** – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Effective in 2017, the Board elected to join the State & Local Government Rate Pool (SLGRP) rather than continue as an independent employer. The Board made a one-time contribution of $32.6 million in 2018 to cover the transition liability associated with joining the pool. The transition liability was the estimated amount needed to achieve rate equity with other members of the pool. During 2019, the Board made a lump-sum contribution to a side account of $22 million to qualify for a matching contribution from the Oregon Employer Incentive Fund of $5.5 million. The Board's employer contribution rates were reduced, effective November 1, 2019, as a result of these contributions.

Employer contribution rates are based on a percentage of payroll and are established each biennium of odd-numbered years. The Board's rates during July 1, 2023 , through December 31, 2024, were based on the December 31, 2021, actuarial valuation. Rates during this period were 19.44% for Tier One/Tier Two members and 16.82% for OPSRP. The Board's rates during January 1, 2023, through June 30, 2023, were based on the December 31, 2019, actuarial valuation. Rates during this period were 19.16% for Tier One/Tier Two members and 15.94% for OPSRP. Employer contributions based on payroll for the year ended December 31, 2024, were $11.7 million ($9.9 million in 2023).

The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced. In addition to the side account deposit the Board made in 2019, the Board elected to make lump-sum payments to OPERS during 2007 and 2001, which has had the effect of lowering the employer contribution rates.

**Pension liability, pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions** – As of December 31, 2024, the Board reported a net pension liability of $83.3 million for its proportionate share of the OPERS net pension liability ($67.3 million in 2023). The net pension liability was measured as of June 30, 2024 (as of June 30, 2023, for December 31, 2023), and the total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to June 30, 2024, and an actuarial valuation as of December 31, 2021, rolled forward to June 30, 2023, using standard update procedures. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the plan relative to the projected contributions for all participating employers, actuarially determined. The Board's proportionate share of the net pension liability as of June 30, 2024, was 0.37456974% (0.35931882% as of June 30, 2023).

For the year ended December 31, 2024, the Board's proportionate share of system pension expense was $14.8 million ($11.8 million in 2023). The Board has elected to use regulatory accounting to recognize pension expense in conjunction with the required employer contribution rates. Accordingly, the Board recognized pension expense related to Tier One/Tier Two and OPSRP of $11.7 million ($9.9 million in 2023).

The Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | December 31, 2024 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Net difference between projected and actual earnings on plan investments | $ 5,289,117 | $ - |
| Differences between expected and actual experience | 4,932,179 | 198,706 |
| Changes in assumptions | 8,370,638 | 10,724 |
| Changes in employer proportion | 5,213,871 | 2,962,412 |
| Differences between employer contributions and proportionate share of contributions | 3,597,249 | 3,320,698 |
| Pension contributions subsequent to measurement date | 5,672,747 | - |
| | $ 33,075,801 | $ 6,492,540 |

| | December 31, 2023 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Net difference between projected and actual earnings on plan investments | $ 1,209,708 | $ - |
| Differences between expected and actual experience | 3,291,316 | 266,862 |
| Changes in assumptions | 5,978,790 | 44,578 |
| Changes in employer proportion | 4,544,966 | 7,208,710 |
| Differences between employer contributions and proportionate share of contributions | 6,823,747 | 4,648,978 |
| Pension contributions subsequent to measurement date | 5,950,757 | - |
| | $ 27,799,284 | $ 12,169,128 |

$5.7 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025 ($6 million as of December 31, 2024).

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are to be amortized as pension debits and pension credits as follows:

| Fiscal Year | Net Difference Between Projected and Actual Earnings on Investments | Differences Between Expected and Actual Experience (Deferred Inflows of Resources) | Differences Between Expected and Actual Experience (Deferred Outflows of Resources) | Changes of Assumptions (Deferred Inflows of Resources) | Changes of Assumptions (Deferred Outflows of Resources) | Changes in Proportion (Deferred Inflows of Resources) | Changes in Proportion (Deferred Outflows of Resources) | Difference Between Employer Contributions and Proportionate Share of Contributions (Deferred Outflows of Resources) | Difference Between Employer Contributions and Proportionate Share of Contributions (Deferred Inflows of Resources) |
|---|---|---|---|---|---|---|---|---|---|
| 2025 | $ (4,147,279) | $ (79,482) | $ 1,552,345 | $ (10,724) | $ 3,431,850 | $ (1,667,911) | $ 1,756,111 | $ 1,979,105 | $ (1,328,280) |
| 2026 | 5,911,354 | (79,482) | 1,271,692 | - | 2,313,369 | (626,178) | 1,756,111 | 516,173 | (1,328,280) |
| 2027 | 2,911,274 | (39,742) | 1,074,656 | - | 1,267,163 | (477,372) | 1,106,833 | 512,106 | (664,138) |
| 2028 | 613,768 | - | 839,597 | - | 1,031,698 | (190,951) | 457,550 | 461,523 | - |
| 2029 | - | - | 193,889 | - | 326,558 | - | 137,266 | 128,342 | - |
| | $ 5,289,117 | $ (198,706) | $ 4,932,179 | $ (10,724) | $ 8,370,638 | $ (2,962,412) | $ 5,213,871 | $ 3,597,249 | $ (3,320,698) |

**Actuarial methods and assumptions used in developing the total pension liability** – The total pension liability was determined using the following actuarial assumptions.

| | | |
|---|---|---|
| Valuation date | December 31, 2022 | December 31, 2021 |
| Measurement date | June 30, 2024 | June 30, 2023 |
| Actuarial cost method | Entry age normal | Entry age normal |
| Actuarial assumptions | | |
| Discount rate | 6.90% | 6.90% |
| Inflation | 2.40% | 2.40% |
| Payroll growth | 3.40% | 3.40% |
| Projected salary increase | 3.40% | 3.40% |
| Investment rate of return | 6.90% | 6.90% |

Mortality rates for healthy retirees and beneficiaries were based on the Pub-2010 sex-distinct tables, as appropriate. Mortality rates for active members are a percentage of healthy retiree rates that vary by group, as described in the valuation. For disabled retirees, mortality rates are based on the Pub-2010 generational disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2022 Experience Study, which reviewed experience for the four-year period ending on December 31, 2022.

**Discount rate** – The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Long-term expected rate of return** – To develop an analytical basis for the selection of the long-term expected rate of return assumption for June 30, 2024, and June 30, 2023, the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption.

These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Assumptions for returns by asset class as of June 30, 2024 and June 30, 2023:

| Asset Class | Target | Compound Annual Return (Geometric) |
|---|---|---|
| Global Equity | 27.50% | 7.07% |
| Private Equity | 25.50% | 8.83% |
| Core Fixed Income | 25.00% | 4.50% |
| Real Estate | 12.25% | 5.83% |
| Master Limited Partnerships | 0.75% | 6.02% |
| Infrastructure | 1.50% | 6.51% |
| Hedge Fund of Funds – Multistrategy | 1.25% | 6.27% |
| Hedge Fund Equity - Hedge | 0.63% | 6.48% |
| Hedge Fund - Macro | 5.62% | 4.83% |
| Total | 100.00% | |
| Assumed Inflation – Mean | | 2.35% |

Sensitivity of net pension liability to changes in the discount rate as of June 30, 2024:

| Employers' Net Pension Liability | 1% Decrease (5.9%) | Current Discount Rate (6.9%) | 1% Increase (7.9%) |
|---|---|---|---|
| Defined Benefit Pension Plan | $ 131,333,787 | $ 83,256,525 | $ 42,989,469 |

Sensitivity of net pension liability to changes in the discount rate as of June 30, 2023:

| Employers' Net Pension Liability | 1% Decrease (5.9%) | Current Discount Rate (6.9%) | 1% Increase (7.9%) |
|---|---|---|---|
| Defined Benefit Pension Plan | $ 111,171,686 | $ 67,302,880 | $ 30,589,339 |

**Pension plan fiduciary net position** – Detailed information about each pension plan's fiduciary net position is available in the separately issued OPERS financial reports.

**Payable to the pension plan** – The Board had no contributions payable to the pension plan for the year ended December 31, 2024.

**Changes in plan provisions during the measurement period** –. There were no changes in plan provisions during the measurement period.

**Changes in plan provisions subsequent to the measurement period** – There were no changes in plan provisions subsequent to the measurement period.

**Defined contribution pension – Individual Account Program**

*Pension benefits* – The IAP is an account-based program for all Tier One/Tier Two and OPSRP members who were in a qualifying position since January 1, 2004. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

*Death benefits* – Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

*Recordkeeping* – PERS contracts with VOYA Financial to maintain IAP participant records.

*Contributions* – Covered employees are required to contribute 6% of their salary to the plan. The Board has chosen to pay the employees' contributions to the plan. For 2024, the Board contributed $4.1 million for employees ($3.5 million for 2023).

**Changes in plan provisions during the measurement period** –There were no changes in plan provisions during the measurement period.

**Changes in plan provisions subsequent to the measurement period** – There were no changes in plan provisions subsequent to the measurement period.

## 2. Postemployment Benefits Plan Other than Pensions

### Eugene Water & Electric Board Retirement Benefits Trust

### Summary of significant accounting policies

*Basis of accounting* – The accrual basis of accounting is used; plan member contributions are recognized when they are due, benefit expenses and refunds are recognized when they are due and payable. Employer contributions are recognized only when they are due and accompanied by a formal commitment from the employer to pay them. Changes in the fair value of investments are recognized as increases or decreases to income.

*Investment values* – Investments are measured at fair value as provided by the Corporate Co-Trustee using recognized pricing services. Purchases and sales are recognized on a trade-date basis. Investment income is recognized as it is earned.

**Plan description** – The Board provides postemployment health-care and life-insurance benefits to certain employees who retire under OPERS with at least 11 years of service at EWEB. The plan is administered by a board of trustees, acting solely on the authorization of EWEB, as the Eugene Water & Electric Board Retirement Benefits Trust (the Trust). The board of trustees consists of 5 voting members and one commissioner of EWEB who serves as an ex-officio member with no voting power. The plan is a single employer defined benefits plan. Plan assets are dedicated solely to providing benefits to retirees and their beneficiaries, and plan assets are legally protected from creditors of the Board and the plan's administrators.

The life-insurance benefit is a fixed amount of $5,000 per retiree. Health-care coverage is provided in the form of a subsidy toward insurance premiums. The subsidy varies with years of service and the benefits offered by the Board at the time of an employee's hire and retirement. Medicare eligible retirees choose from Medicare plans offered through the Oregon PERS Health Insurance Program (PHIP). The subsidy for Medicare coverage is established by the Board; however, the coverage is administered by OPERS as a cost sharing plan. Eligible retirees under the age of 65 receive coverage under the group plan the Board offers to its active employees, until such time as retirees are Medicare eligible. Those group benefit provisions are established by the Board. Dental and/or vision benefits are offered in a retiree group plan for retirees with earlier hire and retirement dates.

During 2016 and 2017, the Board changed plan provisions for active employees hired on or after January 1, 2003. At retirement, those employees will not receive a subsidy toward health-care coverage. Employees retiring before age 65 continue to have access to EWEB health-care insurance offered to the active employees; however, the retirees pay the insurance premiums in full. This access to coverage before age 65 is also required by Oregon law.

The obligation for payment of insured benefits rests with the insurance companies providing coverage. The Board does not guarantee benefits in the event of an insurance company's insolvency.

The plan does not issue a stand-alone financial report.

**Plan membership** – Enrolling in health care coverage is at the time of retirement. Therefore, there are no inactive plan members entitled to but not yet receiving benefits. Once a retiree opts out of coverage, there is no reinstatement. The plan's latest actuarial valuation dated June 30, 2023, rolled forward to December 31, 2024, included 523 retirees or surviving spouses of retired employees, of which 160 opted out of or were ineligible for health care coverage, and 540 active employees.

**Investments** – The Trust has a third-party investment manager who has discretionary investment authority within the guidelines of the Trust's investment policy as approved by the board of trustees. The investment policy has a long-term objective of full funding for the plan through capital appreciation and reasonable consistency of earnings and growth. The policy acknowledges ongoing needs for liquidity to pay benefits and diversification of investments to minimize capital erosion. The Trust's adopted asset allocation as of July 31, 2019, has targets of 40% fixed income, 55% equities and 5% real estate. Investments in debt securities are to be single-A rated or better and diversified with respect to average maturity and duration. The Trust did not hold any debt securities on December 31, 2024, or December 31, 2023.

For the years ended December 31, 2024 and 2023, the annual money-weighted rate of return on investments, net of investment expense, was 11.02% and 15.33%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

*Custodial credit risk* – Custodial credit risk for investments is the risk that in the event of the counterparty's failure, the Trust would not be able to recover the value of its investments that are in the possession of an outside party. Investments of the Trust are book entry securities held by the Corporate Co-Trustee who is both the investment manager and custodial trustee. Investments are held in a trust account under the name of the Corporate Co-Trustee, however, custodial credit risk is avoided because the custodian's internal records identify the Trust as the owner of the securities.

Bank trust accounts, being neither depository nor brokerage accounts are not insured.

*Fair value measurements* – Fair values are the estimated prices that would be received to sell these investments in their principal market. Level 1 inputs showing a quoted market price for an identical asset in an active market provides the most reliable evidence of fair value. Level 2 inputs are quoted prices for similar assets in active markets. Level 3 inputs include valuation techniques which make use of unobservable inputs using the best information available under the circumstances. All investments held by the Trust as of December 31, 2024, and December 31, 2023, are Level 1.

**Contributions** – Contributions toward health care premiums required from retirees are established in the plan and may be amended by the Board. Contributions from participating retirees are either a flat rate or a percentage of premium costs and vary by participant according to the benefits in place when the participant was hired and/or retired. The Board's subsidies toward premiums are capped for the more recent retirees. The cap is expressed as a percentage of the Board's share of premium increases each year compared to premiums beginning in a base year of 2003. The cap was 6% beginning in 2017 and is to remain that amount each year thereafter.

During 2024, the plan recognized $432,000 in contributions from retirees who had insurance coverage under the Board's group plan for active employees ($524,000 during 2023). The contributions are applied to insurance premiums. Retirees with Medicare coverage also pay a portion of their premiums; however, those contributions are recognized by the OPERS OPEB plan.

**Funding** – It is the Board's intent to pay the actuarially determined contribution (ADC) to the trust annually.

The ADC for 2024 was approximately $140,000. The Board contributed $256,000 during 2024. The ADC for 2023, was approximately $279,000. The Board contributed $350,000 during 2023. Contributions were recognized in administrative and general expenses: $195,000 for the Electric System and $61,000 for the Water System in 2024 ($266,000 for the Electric System and $84,000 for the Water System in 2023). The expenses differ from the Board's OPEB expense determined on an actuarial basis, which was negative $135,000 for 2024, due to amortizations which reverse the direction of total OPEB expense (negative $1.1 million for 2023). The Board has elected to apply regulatory accounting to recognize OPEB expense based on the timing and amount of contributions included in the rate making process.

Components of the actuarially determined OPEB expense are shown below:

| | Retirement Benefits Plan | |
|---|---|---|
| | 2024 | 2023 |
| Service cost | $ 353,056 | $ 341,117 |
| Interest cost | 1,097,907 | 1,251,775 |
| Expected earnings | (1,018,364) | (970,019) |
| Administrative expenses | 84,967 | 81,087 |
| Change in benefits | - | - |
| Recognition of deferred outflows | 1,319,132 | 1,635,630 |
| Recognition of deferred inflows | (1,972,008) | (3,411,102) |
| | $ (135,310) | $ (1,071,512) |

The Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | December 31, 2024 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ - | $ 698,434 |
| Changes of assumptions | 515,557 | 1,999,319 |
| Net difference between projected and actual earnings on OPEB plan investments | 1,778,998 | 1,468,704 |
| Total | $ 2,294,555 | $ 4,166,457 |

| | December 31, 2023 | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ - | $ 1,221,916 |
| Changes of assumptions | 945,189 | 2,587,354 |
| Net difference between projected and actual earnings on OPEB plan investments | 2,668,498 | 1,683,876 |
| Total | $ 3,613,687 | $ 5,493,146 |

Amounts recorded as deferred inflows and outflows of resources will be subject to amortization and regulatory deferral in future years as follows:

| | Net Deferred Outflows/(Inflows) Amortization |
|---|---|
| 2025 | $ (377,715) |
| 2026 | (120,011) |
| 2027 | (997,125) |
| 2028 | (377,051) |
| 2029 | - |
| | $ (1,871,902) |

**Net OPEB liability** – Components of the net OPEB liability and funded percentage are below:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Total OPEB liability | $ 26,482,353 | $ 27,301,495 |
| Plan fiduciary net position | (16,481,431) | (16,287,617) |
| EWEB's net OPEB liability | $ 10,000,922 | $ 11,013,878 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 62% | 60% |

**Changes in the net OPEB liability** – The Board's total net OPEB liability of $10 million was measured as of December 31, 2024:

| | Total OPEB Liability | Fiduciary Net Position | Net OPEB Liability |
|---|---|---|---|
| Beginning of year 1/1/2024 | $ 27,301,495 | $ (16,287,617) | $ 11,013,878 |
| Employer contributions | - | (255,750) | (255,750) |
| Retiree contributions | (432,330) | 432,330 | - |
| Expected investment income | - | (1,018,364) | (1,018,364) |
| Difference between expected and actual investment income | - | (645,319) | (645,319) |
| Benefit payments – implicit | (629,453) | - | (629,453) |
| Benefit payments | (1,208,322) | 1,208,322 | - |
| Administrative and trust expenses | - | 84,967 | 84,967 |
| Service cost | 353,056 | - | 353,056 |
| Interest on total OPEB liability | 1,097,907 | - | 1,097,907 |
| End of year 12/31/2024 | $ 26,482,353 | $ (16,481,431) | $ 10,000,922 |

The Board's total net OPEB liability of $11 million was measured as of December 31, 2023:

| | Total OPEB Liability | Fiduciary Net Position | Net OPEB Liability |
|---|---|---|---|
| Beginning of year 1/1/2023 | $ 31,415,788 | $ (15,551,388) | $ 15,864,400 |
| Employer contributions | - | (350,010) | (350,010) |
| Retiree contributions | (524,327) | 524,327 | - |
| Expected investment income | - | (970,019) | (970,019) |
| Difference between expected and actual investment income | - | (1,240,459) | (1,240,459) |
| Benefit payments – implicit | (616,175) | - | (616,175) |
| Benefit payments | (1,218,845) | 1,218,845 | - |
| Administrative and trust expenses | - | 81,087 | 81,087 |
| Service cost | 341,117 | - | 341,117 |
| Interest on total OPEB liability | 1,251,775 | - | 1,251,775 |
| Changes of assumptions | (3,175,389) | - | (3,175,389) |
| Difference between expected and actual experience | (172,449) | - | (172,449) |
| End of year 12/31/2023 | $ 27,301,495 | $ (16,287,617) | $ 11,013,878 |

**Actuarial assumptions** – The total OPEB liability as of December 31, 2024 and 2023, was determined using the following significant actuarial assumptions and inputs for both years:

| | |
|---|---|
| Discount rate | 4.14% |
| Inflation rate | 2.5% |
| Salary increases | 3.5% |
| Health care cost trend rates | 3% - 5% |
| Mortality | Pub-2010 |
| Withdrawal | OPERS experience study Jul 2022 |
| Retirement | Experience study Nov 2020 |

Mortality rates are concurrent with those used for general service employees in the Oregon PERS Actuarial Valuations.

The discount rate of 4.14% as of December 31, 2023, and rolled forward to December 31, 2024, was based on an expected 6.53% long-term rate of return on plan assets. Employer contributions are not assumed to occur for years beyond the latest valuation year, 2023. At that time, the fiduciary net position was projected to be available to make projected OPEB payments for plan participants through 2037. Therefore, the expected long-term rate of return was blended with the 2023, rate from the 20-year General Obligation Municipal Bond Index as published by the Bond Buyer: 3.26%.

The long-term expected rate of return on the Trust's investments was determined using a building-block method in which estimates of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage, and by adding expected inflation. The asset allocation estimates of arithmetic real rates of return for each asset class for years ended December 31, 2024 and 2023, are summarized below:

| Fund Type | % of Total Portfolio | Expected Long-Term Real Rate of Return |
|---|---|---|
| Domestic equity | 33% | 5.9% |
| Foreign equity | 22% | 6.3% |
| Fixed income | 39% | 1.5% |
| Real estate | 5% | 5.4% |
| 3-month Treasury bills | 1% | 0.8% |
| | 100% | |

The following table presents the sensitivity of the net OPEB liability to changes in the discount rate, assuming the current rate, and rates that are one percentage point lower, and one percentage point higher than the current rate as of December 31, 2024:

| | 1% Decrease (3.14%) | Current Rate (4.14%) | 1% Increase (5.14%) |
|---|---|---|---|
| Total OPEB liability | $ 29,613,553 | $ 26,482,353 | $ 24,395,338 |
| Fiduciary net position | (16,481,431) | (16,481,431) | (16,481,431) |
| Net OPEB liability | $ 13,132,122 | $ 10,000,922 | $ 7,913,907 |

The following presents the sensitivity of the net OPEB liability to changes in the healthcare cost trend rates assuming the current rate, rates that are one percentage point lower, and one percentage point higher than the current rate as of December 31, 2024:

| | 1% Decrease | Current Rates | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 23,594,343 | $ 26,482,353 | $ 29,885,414 |
| Fiduciary net position | (16,481,431) | (16,481,431) | (16,481,431) |
| Net OPEB liability | $ 7,112,912 | $ 10,000,922 | $ 13,403,983 |

Sensitivity of the net OPEB liability to changes in the discount rate, assuming the current rate, and rates that are one percentage point lower, and one percentage point higher than the current rate as of December 31, 2023:

| | 1% Decrease (3.14%) | Current Rate (4.14%) | 1% Increase (5.14%) |
|---|---|---|---|
| Total OPEB liability | $ 30,519,450 | $ 27,301,495 | $ 24,599,198 |
| Fiduciary net position | (16,287,617) | (16,287,617) | (16,287,617) |
| Net OPEB liability | $ 14,231,833 | $ 11,013,878 | $ 8,311,581 |

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates assuming the current rate, rates that are one percentage point lower, and one percentage point higher than the current rate as of December 31, 2023:

| | 1% Decrease | Current Rates | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 24,576,245 | $ 27,301,495 | $ 30,523,663 |
| Fiduciary net position | (16,287,617) | (16,287,617) | (16,287,617) |
| Net OPEB liability | $ 8,288,628 | $ 11,013,878 | $ 14,236,046 |

The actuarial funding method used to determine the plan cost is the entry age normal cost method. Under this method the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level percentage of pay basis over the service life of the employee between entry age (date of hire) and assumed exit age.

**Note 17 – Deferred Compensation**

The Board offers all employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits them to defer a portion of their salary until future years. Participation in the plan is optional. Payment from the plan is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Board works with separate investment providers who also provide third-party administration for all deferred compensation program funds. Participating employees have several investment options with varying degrees of market risk. The Board has no liability for losses under the plan.

The Board has little administrative involvement with the plan, does not perform the investing function and does not make contributions to the plan. In accordance with GASB Statement 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the plan assets are not included in the accompanying Statements of Net Position.

## Note 18 – Trojan Nuclear Plant

The Trojan Nuclear Plant (Project) is jointly owned by Portland General Electric Company (PGE), 67.5%; the City of Eugene, acting by and through Eugene Water & Electric Board, 30%; and Pacific Power and Light Company, 2.5%; as tenants in common. The Project ceased commercial operation in 1993 and is decommissioned. The Project is now classified as an Independent Spent Fuel Storage Installation. In accordance with GASB Statement 61, *The Financial Reporting Entity*, the Project is reported as a joint venture on the equity method of accounting.

In 1970, the Board assigned to BPA and other public agency participants its 30% share of the output of Trojan. Under the terms of a Direct Pay Agreement, BPA is obligated to pay the Board amounts sufficient to cover all of the Board's costs related to the Project. BPA pays those costs in cash, but in some cases could make payments by issuing credits against the Board's purchases of electricity from BPA. The Board is required to transfer from its Electric System Fund to the Trojan Project Fund an amount equal to all payments received from BPA for Project related costs. The Board is then responsible for making payments from the Trojan Project Fund to the Trojan Project for the Board's share of costs.

Since BPA is obligated to pay the Board's share of all Project costs and has provided the Board with legally binding written assurances of its commitment to that obligation, the Board does not expect the closure and decommissioning of the Project to have any adverse effect on the Board's Electric or Water Systems. As such, the equity interest in the Project is zero. However, if one of the tenants in common fails to perform their financial obligation, the other tenants may be liable. This obligation may not be covered under the Direct Pay Agreement mentioned previously. However, the Board believes this risk is minimal.

A summary of the balance sheets for EWEB's share of the Trojan Project as of September 30, 2024, and September 30, 2023, is as follows.

| | Unaudited September 30, 2024 | Unaudited September 30, 2023 (as restated) | |
|---|---|---|---|
| ASSETS | | | |
| Current assets | $ 4,409,680 | $ 8,705,451 | |
| Long-term receivable, BPA, net | 18,713,484 | 22,597,191 | |
| | 23,123,164 | 31,302,642 | |
| 12/31/2022 Exp to Acumm Prov Decomm | - | (3,209,113) | * |
| 12/31/2022 Asset Retirement Obligation | - | 1,125,812 | * |
| Total assets | $ 23,123,164 | $ 29,219,341 | |
| LIABILITIES | | | |
| Current liabilities | $ 3,942,000 | $ 8,402,000 | |
| Accumulated provision for decommissioning costs | 19,181,164 | 22,900,642 | |
| | 23,123,164 | 31,302,642 | |
| 12/31/2022 Exp to Acumm Prov Decomm | - | (3,209,113) | * |
| 12/31/2022 Asset Retirement Obligation | - | 1,125,812 | * |
| Total liabilities | $ 23,123,164 | $ 29,219,341 | |

*2023 balance for year ending September 30, 2023 was restated due to transactions that were posted for 12/31/2022. These transactions were related to the reclassification of expenses to accumulated provision for decommissioning costs and accretion expense for calendar year 2022.

The Trojan Nuclear Plant financial statements can be obtained from the Board.

## Note 19 – Commitments and Contingencies

### Electric Projects

*Carmen-Smith Project* – Contractual commitments were $16.1 million as of December 31, 2024, primarily for powerhouse improvements, and relicensing requirements for fish protection, and habitat development, and seismic upgrades ($17.1 million as of December 31, 2023, primarily for powerhouse improvements, and relicensing requirements for fish protection, and habitat development).

The Board has an arrangement with the U.S. Forest Service to provide for maintenance and enhancement measures on the National Forest Service land where the project is located. The Board expects to make annual payments of varying, prescheduled amounts to the Forest Service in accordance with settlement provisions. The payments are to total approximately $1.5 million before inflation indexing over the life of the license.

*Distribution projects* – Contractual commitments for 1 substation rebuild, 1 transformer addition, and switchgear replacement were $2.6 million as of December 31, 2024 ($5.5 million as of December 31, 2023 for two substation rebuilds and switchgear replacement).

*Generation projects* – Commitments were $420,000 for Walterville forebay seepage mitigation as of December 31, 2024 ($230,000 as of December 31, 2023, for replacement of switchgear and relays).

There were no commitments under SBITAs before commencement of the subscription term as of December 31, 2024 ($8.4 million as of December 31, 2023).

### Water projects

Construction contracts primarily for storage tanks, an intake pump , main replacements, seismic upgrades, SCADA system replacement, Willamette river crossing rehabilitation, and Willamette Water Treatment Plant & River Intake were approximately $35.9 million as of December 31, 2024 ($16.2 million as of December 31, 2023, for storage tanks, main replacements, seismic upgrades, SCADA system replacement, and Willamette Water Treatment Plant & River Intake).

There were no commitments under SBITAs before commencement of the subscription term as of December 31, 2024 ($2.7 million as of December 31, 2023).

### Other projects

Contractual commitments for the Bertelsen property expansion were $1.1 million as of December 31, 2024 ($1.4 million for advanced metering as of December 31, 2023).

**Self-insurance**

The Board is exposed to various risks of loss because of the Board's self-insurance retention, up to the first $2,000,000 of exposure, per occurrence. Excess liability coverage protects the Board after the Board's self-insured limit is exhausted. However, public entities are also protected under State of Oregon tort limits ORS 30.260 – 30.300, *Tort actions against public bodies*, which reduce the liability for any single occurrence for property damage or personal injury. Limits are adjusted for the cost of living annually by the Oregon State Court Administrator. The most recent limits are $140,300 for a single claimant and $701,300 to all claimants for property damage. For injury or death, the most recent limits are $855,200 for a single claimant and $1,710,200 for multiple claimants. Consequently, except in extreme cases, the Board's exposure is mitigated by law. The limit is subject to change by State of Oregon legislation.

Claims liabilities recorded in the financial statements are based on the estimated ultimate loss as of the statement of net position date, adjusted from current trends through a case-by-case review of all claims, including incurred but not reported claims. Non-incremental claims adjustment costs such as salaries are not included in the claims estimates. As of December 31, 2024, a total claims liability of approximately $22,000 is reported in the financial statements. All prior and current-year claim liabilities were fully reserved and have not been discounted.

| | | Liability Balance at Beginning of Year | Current Year Claims and Changes in Estimates | Claim Payments | Liability Balance at End of Year |
|---|---|---|---|---|---|
| 2022 | General Liability | $ 46,127 | $ 295,494 | $ (279,771) | $ 61,850 |
| 2023 | General Liability | 61,850 | 259,868 | (305,463) | 16,255 |
| 2024 | General Liability | 16,255 | 822,163 | (816,289) | 22,129 |

**Claims and other legal proceedings** – Currently four federal lawsuits, representing approximately 600 plaintiffs, are pending against EWEB seeking damages related to the 2020 Holiday Farm Fire. These actions allege a variety of claims against EWEB and assert unproven damages. All plaintiffs were previously informed that EWEB's electric lines were de-energized at the time and location that the Holiday Farm Fire is alleged to have started. The plaintiffs allege that the Holiday Farm Fire resulted when EWEB lines were re-energized when they came into contact with energized lines of another utility, starting a fire.

The Board is involved in various other litigations. In the opinion of management, the ultimate outcome of these claims will not have a material effect on the Board's financial position beyond amounts already accrued as of December 31, 2024.

**Note 20 – Asset Impairment**

The service utility of the Leaburg hydroelectric project has significantly declined. Following increased seepage along the canal, indicative of unstable soils, FERC deemed the canal a public safety risk and ordered the canal to be dewatered in 2018. Without water, the Leaburg generation plant ceased operations. This was unexpected in the life of the project. In 2022 it was determined that the project was permanently impaired due to the low likelihood of any future generation. The remaining net book value of the assets related to the generation of electricity were written off resulting in a recognized loss of $19.9 million categorized as an extraordinary item for the year ending December 31, 2022. Carrying values for the project's assets related to stormwater conveyance were classified as non-utility property and property held for future use on the Statements of Net Position as of December 31, 2024 and 2023, respectively.

# Required Supplementary Information

# Eugene Water & Electric Board
## Schedule of Proportionate Share of the Net Pension Liability
## As of June 30, 2024
## Last Ten Years

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Proportion of the net pension asset/(liability) | 0.79250364% | 0.70531024% | 0.62730522% | 0.59283304% | 0.44533405% | 0.34552008% | 0.33381769% | 0.37648006% | 0.35931882% | 0.37456974% |
| Proportionate share of the net pension asset/(liability) | $ (45,501,290) | $ (105,883,444) | $ (84,560,981) | $ (86,806,397) | $ (77,032,126) | $ (75,404,366) | $ (39,946,227) | $ (57,646,651) | $ (67,302,880) | $ (83,256,525) |
| Covered-employee payroll | 45,250,685 | 44,141,193 | 44,353,971 | 39,905,750 | 43,024,470 | 44,541,698 | 48,590,235 | 49,552,260 | 55,350,825 | 64,101,029 |
| Proportionate share of the net pension asset/(liability) as percentage of covered-employee payroll | 101% | 240% | 191% | 225% | 179% | 169% | 82% | 116% | 122% | 130% |
| Plan's fiduciary net position | $ 64,923,626,094 | $ 62,082,059,102 | $ 66,371,703,247 | $ 69,327,500,445 | $ 70,203,720,619 | $ 68,319,296,993 | $ 84,331,316,437 | $ 83,769,552,854 | $ 83,487,618,066 | $ 85,099,473,550 |
| Plan's fiduciary net position as a percentage of the total pension liability | 91.90% | 80.50% | 83.10% | 82.10% | 80.20% | 75.80% | 87.60% | 84.50% | 81.70% | 79.30% |

# Eugene Water & Electric Board
## Schedule of Contributions – Pension
## As of June 30, 2024
## Last Ten Years

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution (actuarially determined) | $ 9,734,173 | $ 8,189,904 | $ 8,256,069 | $ 9,413,237 | $ 7,660,562 | $ 7,943,528 | $ 7,215,306 | $ 15,172,743 | $ 8,598,365 | $ 9,456,206 |
| Contributions in relation to the actuarially determined contribution | 9,734,173 | 8,189,904 | 8,256,069 | 9,413,237 | 10,662,356 | 33,680,968 | 7,270,193 | 7,867,205 | 9,053,612 | 11,723,553 |
| Contributions deficiency (excess) | - | - | - | - | (3,001,764) | (25,737,440) | (54,887) | 7,305,538 | (455,247) | (2,267,347) |
| Covered-employee payroll | 45,250,685 | 44,141,193 | 44,353,971 | 39,905,750 | 43,024,470 | 44,541,698 | 48,590,235 | 49,552,260 | 55,350,825 | 64,101,029 |
| Contributions as a percentage of covered-employee payroll | 21.51% | 18.55% | 18.61% | 23.59% | 24.78% | 75.62% | 14.96% | 15.88% | 16.36% | 18.29% |

**Notes to Schedule**

Methods and assumptions used to determine contribution rates:

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Single and agent employers | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal |
| Experience study report | 2012, published September 18, 2013 | 2014, published September 23, 2015 | 2014, published September 23, 2015 | 2016, published July 26, 2017 | 2016, published July 26, 2017 | 2018, published 24-Jul-19 | 2018, published 24-Jul-19 | 2020, published 20-Jul-21 | 2020, published 20-Jul-21 | 2022, published 24-Jul-23 |
| Amortization method | Level percentage of payroll, closed | Level percentage of payroll, closed | Level percentage of payroll, closed | Level percentage of payroll, closed | Level percentage of payroll, closed | Level percentage of payroll, closed | Level percentage of payroll, closed | Level percentage of payroll, closed | Level percentage of payroll, closed | Level percentage of payroll, closed |
| Remaining amortization period | Tier one/tier two – 20 year; OPSRP – 16 years | Tier one/tier two – 20 year; OPSRP – 16 years | Tier one/tier two – 20 year; OPSRP – 16 years | Tier one/tier two – 20 year; OPSRP – 16 years | Tier one/tier two – 20 year; OPSRP – 16 years | Tier one/tier two – 20 year; OPSRP – 16 years | Tier one/tier two – 20 year; OPSRP – 16 years | Tier one/tier two – 20 year; OPSRP – 16 years | Tier one/tier two – 20 year; OPSRP – 16 years | Tier one/tier two – 20 year; OPSRP – 16 years |
| Asset valuation method | Market value of assets | Market value of assets | Market value of assets | Market value of assets | Fair value | Market value of assets | Market value of assets | Market value of assets | Market value of assets | Market value of assets |
| Inflation | 2.75% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.40% | 2.40% | 2.40% | 2.40% |
| Salary increases | 3.75% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.40% | 3.40% | 3.40% | 3.40% |
| Investment rate of return | 7.75% | 7.50% | 7.50% | 7.20% | 7.20% | 7.20% | 6.90% | 6.90% | 6.90% | 6.90% |
| Retirement age | 55 for Tier 1/Tier 2; 65 for OPSRP | 55 for Tier 1/Tier 2; 65 for OPSRP | 55 for Tier 1/Tier 2; 65 for OPSRP | 55 for Tier 1/Tier 2; 65 for OPSRP | 55 for Tier 1/Tier 2; 65 for OPSRP | 55 for Tier 1/Tier 2; 65 for OPSRP | 55 for Tier 1/Tier 2; 65 for OPSRP | 55 for Tier 1/Tier 2; 65 for OPSRP | 55 for Tier 1/Tier 2; 65 for OPSRP | 55 for Tier 1/Tier 2; 65 for OPSRP |
| Mortality | RP-2000 Sex-distinct tables | RP-2000 Sex-distinct tables | RP-2000 Sex-distinct tables | RP-2014 Sex-distinct tables | RP-2014 Sex-distinct tables | Pub-2010 Sex-distinct tables | Pub-2010 Sex-distinct tables | Pub-2010 Sex-distinct tables | Pub-2010 Sex-distinct tables | Pub-2010 Sex-distinct tables |
| Discount rate | 7.75% | 7.50% | 7.50% | 7.20% | 7.20% | 7.20% | 6.90% | 6.90% | 6.90% | 6.90% |

# Eugene Water & Electric Board
## Schedule of Employer Contributions – OPEB
## As of December 31, 2024
## Last Ten Years*

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution (ADC) | $ 140,036 | $ 279,005 | $ 347,885 | $ - | $ 214,406 | $ 501,342 | $ 1,284,204 | $ 1,348,797 |
| Employer contributions in relation to the ADC/ Contributions recognized by the plan | 255,750 | 350,010 | 297,000 | 175,500 | 462,000 | 1,137,500 | 3,348,797 | 980,298 |
| Contribution excess (deficiency) | $ 115,714 | $ 71,005 | $ (50,885) | $ 175,500 | $ 247,594 | $ 636,158 | $ 2,064,593 | $ (368,499) |
| Covered-employee payroll | $ 75,088,515 | $ 56,405,282 | $ 56,321,112 | $ 51,259,823 | $ 51,560,696 | $ 47,799,139 | $ 44,880,815 | $ 44,343,971 |
| Contributions as a percentage of covered-employee payroll | 0.34% | 0.62% | 0.53% | 0.34% | 0.90% | 2.38% | 7.46% | 2.21% |

*10 year trend information will be presented prospectively.

Valuation dates: June 30, 2023, August 31, 2021, August 31, 2019, and December 31, 2017

Methods and assumptions used to determine contribution rates, all years unless othewise indicated:

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Actuarial cost method | Entry age normal | | | | | | | |
| Amortization method | Level percentage of payroll, open | | | | | | | |
| Amortization period | 10 years | | | | | | | |
| Asset valuation method | Market value | | | | | | | |
| Inflation | 2.5% | | | | | | | |
| Healthcare cost trend increases | | | | | | | | |
| PERS Health Insurance Program - Medicare | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% |
| Dental | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| Vision | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| EWEB group medical, December 31, 2023 valuation: 5% for 2025, decreasing to ultimate rate of 4% by 2027. | | | | | | | | |
| EWEB group medical, December 31, 2019 valuation: 7%, decreasing to ultimate rate of 4% by 2027. | | | | | | | | |
| EWEB group medical, December 31, 2017 valuation: 10%, decreasing to ultimate rate of 4% by 2025. | | | | | | | | |
| Salary increases | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% |
| Retirement age: | | | | | | | | |
| 55–58 | 7.5% | 7.5% | 7.5% | 7.5% | 10% | 10% | 10% | 10% |
| 59–61 | 15% | 15% | 15% | 15% | | | | |
| 59–64 | | | | | 15% | 15% | 15% | 15% |
| 62–64 | 30% | 30% | 30% | 30% | | | | |
| 65 | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Withdrawal age | | | | | | | | |
| 18–29 | | | | | 6.3% | 6.3% | 6.3% | 6.3% |
| 30–49 | | | | | 4.7% | 4.7% | 4.7% | 4.7% |
| 50–64 | | | | | 3.7% | 3.7% | 3.7% | 3.7% |

Withdrawal assumptions beginning with 2021

| Years of service | Male | Female |
|---|---|---|
| 0 | 15.00% | 15.00% |
| 5 | 7.19% | 7.23% |
| 10 | 4.13% | 4.77% |
| 15 | 2.93% | 3.43% |
| 20 | 2.08% | 2.47% |
| 25 | 1.47% | 1.78% |
| 30 | 1.40% | 1.40% |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Experience study reports | 11/3/2020 | 11/3/2020 | 11/3/2020 | 11/3/2020 | 2014 | 2014 | 2014 | 2014 |
| Mortality | Pub-2010 | Pub-2010 | Pub-2010 | Pub-2010 | Pub-2010 | RP-2014 General Service | | |
| Investment rate of return | 4.14% | 4.14% | 3.12% | 3.12% | 3.76% | 4.32% | | |

# Eugene Water & Electric Board
## Schedule of Changes in Total OPEB Liability and Related Ratios – OPEB
## As of December 31, 2024
## Last Ten Years*

| | Total OPEB Liability 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|
| Service cost | $ 353,056 | $ 341,117 | $ 386,929 | $ 373,844 | $ 240,509 | $ 235,056 | $ 279,685 | $ 270,227 |
| Interest | 1,097,907 | 1,251,775 | 987,977 | 1,006,215 | 1,268,479 | 1,468,903 | 1,747,818 | 977,047 |
| Changes in benefit terms | - | - | - | 552,275 | - | - | - | (263,950) |
| Differences between expected and actual experience | - | (172,449) | - | (2,556,043) | - | (6,148,762) | - | 4,969,184 |
| Changes in assumptions | - | (3,175,389) | - | 2,234,085 | - | 1,723,170 | - | 15,538,406 |
| Benefit payments | (2,270,105) | (2,359,347) | (2,476,215) | (2,687,516) | (2,820,747) | (2,877,867) | (3,402,142) | (3,280,201) |
| Net change in OPEB liability | (819,142) | (4,114,293) | (1,101,309) | (1,077,140) | (1,311,759) | (5,599,500) | (1,374,639) | 18,210,713 |
| Total OPEB liability – beginning | 27,301,495 | 31,415,788 | 32,517,097 | 33,594,237 | 34,905,996 | 40,505,496 | 41,880,135 | 23,669,422 |
| Total OPEB liability – ending | $ 26,482,353 | $ 27,301,495 | $ 31,415,788 | $ 32,517,097 | $ 33,594,237 | $ 34,905,996 | $ 40,505,496 | $ 41,880,135 |

| | Plan Fiduciary Net Position 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|
| Contributions | $ (255,750) | $ (350,010) | $ (297,000) | $ (175,500) | $ (462,000) | $ (1,137,500) | $ (3,348,797) | $ (980,298) |
| Contributions from plan retirees – EWEB group insurance | (432,330) | (524,327) | (567,544) | (683,609) | (740,292) | (716,560) | (775,345) | (740,089) |
| Net investment income | (1,663,683) | (2,210,478) | 3,168,952 | (2,233,327) | (2,527,084) | (3,280,364) | 952,424 | (2,204,942) |
| Benefit payments | 2,072,982 | 2,267,499 | 2,380,090 | 2,706,467 | 2,858,549 | 2,922,208 | 3,361,962 | 3,385,729 |
| Administrative expense | 84,967 | 81,087 | 101,453 | 80,101 | 89,779 | 132,931 | 88,919 | 81,076 |
| Net change in plan fiduciary net position | (193,814) | (736,229) | 4,785,951 | (305,868) | (781,048) | (2,079,285) | 279,163 | (458,524) |
| Plan fiduciary net position – beginning | (16,287,617) | (15,551,388) | (20,337,339) | (20,031,471) | (19,250,423) | (17,171,138) | (17,450,301) | (16,991,777) |
| Plan fiduciary net position – ending | $ (16,481,431) | $ (16,287,617) | $ (15,551,388) | $ (20,337,339) | $ (20,031,471) | $ (19,250,423) | $ (17,171,138) | $ (17,450,301) |
| Net OPEB liability | $ 10,000,922 | $ 11,013,878 | $ 15,864,400 | $ 12,179,758 | $ 13,562,766 | $ 15,655,573 | $ 23,334,358 | $ 24,429,834 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 62.2% | 59.7% | 49.5% | 62.5% | 59.6% | 55.1% | 42.4% | 41.7% |
| Covered-employee payroll | $ 75,088,515 | $ 56,405,282 | $ 56,321,112 | $ 51,259,823 | $ 51,560,696 | $ 47,799,139 | $ 44,880,815 | $ 44,353,971 |
| Net OPEB liability as a percentage of covered payroll | 13.3% | 19.5% | 28.2% | 23.8% | 26.3% | 32.8% | 52.0% | 55.1% |

*10 year trend information will be presented prospectively.

**Notes to schedule:**

Benefit changes
During 2016 and 2017, the subsidy for employees hired on or after January 1, 2003 was discontinued, and an incentive payment for opting out of health insurance subsidies at retirement was implemented. The incentive was recognized as a benefit change in the 2021 valuation.

Changes in assumptions
2017: The discount rate decreased from 6% to 4.32%. Health care cost trend increases for the Oregon PERS Medicare plans and EWEB supplemental Rx plans went up from 4% to 5%. The mortality table, RP-2000, projected to 2016 using Scale AA, was replaced with RP-2014.

2019: The expected long-term rate of return was decreased from 7% to 6.53%. Each December 31, that rate is blended with the 20-year General Obligation Municipal Bond Index rate to arrive at the investment and discount rate for the year.

2021: Retirement and withdrawal rates were updated based on a 2020 experience study.

# Eugene Water & Electric Board
## Schedule of Investment Returns – OPEB Trust
## As of December 31, 2024
## Last Ten Years*

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|
| Annual money-weighted rate of return, net of investment expense | 11.0% | 15.3% | -16.2% | 12.0% | 14.0% | 19.8% | -5.6% | 14.1% |

*10 year trend information will be presented prospectively.

# Supplementary Information

# Eugene Water & Electric Board
## Electric System – Long-Term Bonded Debt and Interest Payment Requirements, Including Current Portion
## Year Ended December 31, 2024

| | Revenue and Revenue Refunding 2012 Series 10/4/2012 | | Revenue Refunding 2016 A Series 9/7/2016 | | Revenue 2017 Series 9/21/2017 | | Revenue 2020 A Series 6/11/2020 | |
|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2025 | $ - | $ 495,569 | $ 6,875,000 | $ 3,284,900 | $ - | $ 1,689,750 | $ - | $ 1,516,250 |
| 2026 | - | 495,569 | 6,675,000 | 2,941,150 | - | 1,689,750 | - | 1,516,250 |
| 2027 | - | 495,569 | 6,000,000 | 2,607,400 | 945,000 | 1,689,750 | 1,085,000 | 1,516,250 |
| 2028 | - | 495,569 | 6,400,000 | 2,307,400 | 995,000 | 1,642,500 | 1,130,000 | 1,472,850 |
| 2029 | 1,315,000 | 495,569 | 6,615,000 | 1,987,400 | 1,045,000 | 1,592,750 | 1,175,000 | 1,427,650 |
| 2030 | 1,360,000 | 454,475 | 6,945,000 | 1,656,650 | 1,095,000 | 1,540,500 | 1,225,000 | 1,380,650 |
| 2031 | 1,400,000 | 410,275 | 7,290,000 | 1,309,400 | 1,150,000 | 1,485,750 | 1,270,000 | 1,331,650 |
| 2032 | 1,445,000 | 364,775 | 6,935,000 | 1,017,800 | 1,205,000 | 1,428,250 | 1,325,000 | 1,280,850 |
| 2033 | - | 317,813 | 5,175,000 | 740,400 | 1,270,000 | 1,368,000 | 1,375,000 | 1,227,850 |
| 2034 | - | 317,813 | 1,685,000 | 533,400 | 1,330,000 | 1,304,500 | 1,430,000 | 1,172,850 |
| 2035 | - | 317,813 | 1,755,000 | 466,000 | 1,400,000 | 1,238,000 | 1,490,000 | 1,115,650 |
| 2036 | - | 317,813 | 1,830,000 | 395,800 | 1,465,000 | 1,168,000 | 1,550,000 | 1,056,050 |
| 2037 | - | 317,813 | 1,900,000 | 322,600 | 1,540,000 | 1,094,750 | 1,610,000 | 994,050 |
| 2038 | - | 317,813 | 1,975,000 | 246,600 | 1,620,000 | 1,017,750 | 1,675,000 | 929,650 |
| 2039 | 2,005,000 | 317,813 | 2,050,000 | 167,600 | 1,700,000 | 936,750 | 1,725,000 | 879,400 |
| 2040 | 2,080,000 | 242,625 | 2,140,000 | 85,600 | 1,785,000 | 851,750 | 1,775,000 | 827,650 |
| 2041 | 2,155,000 | 164,625 | - | - | 1,875,000 | 762,500 | 1,830,000 | 774,400 |
| 2042 | 2,235,000 | 83,813 | - | - | 1,965,000 | 668,750 | 1,900,000 | 701,200 |
| 2043 | - | - | - | - | 2,065,000 | 570,500 | 1,980,000 | 625,200 |
| 2044 | - | - | - | - | 2,170,000 | 467,250 | 2,060,000 | 546,000 |
| 2045 | - | - | - | - | 2,275,000 | 358,750 | 2,140,000 | 463,600 |
| 2046 | - | - | - | - | 2,390,000 | 245,000 | 2,225,000 | 378,000 |
| 2047 | - | - | - | - | 2,510,000 | 125,500 | 2,315,000 | 289,000 |
| 2048 | - | - | - | - | - | - | 2,405,000 | 196,400 |
| 2049 | - | - | - | - | - | - | 2,505,000 | 100,200 |
| 2050 | - | - | - | - | - | - | - | - |
| | 13,995,000 | 6,423,124 | 72,245,000 | 20,070,100 | 33,795,000 | 24,936,750 | 39,200,000 | 23,719,550 |
| Less current portion | - | - | 6,875,000 | - | - | - | - | - |
| | $ 13,995,000 | $ 6,423,124 | $ 65,370,000 | $ 20,070,100 | $ 33,795,000 | $ 24,936,750 | $ 39,200,000 | $ 23,719,550 |

# Eugene Water & Electric Board
## Electric System – Long-Term Bonded Debt and Interest Payment Requirements, Including Current Portion
## Year Ended December 31, 2024

| | Revenue Refunding 2020 B Series 6/11/2020 | | Revenue 2024 Series 6/18/2024 | | Total Electric System Payments | | |
|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | Totals |
| 2025 | $ 1,400,000 | $ 383,767 | $ 1,025,000 | $ 3,200,000 | $ 9,300,000 | $ 10,570,236 | $ 19,870,236 |
| 2026 | 1,420,000 | 363,313 | 1,080,000 | 3,148,750 | 9,175,000 | 10,154,782 | 19,329,782 |
| 2027 | 1,445,000 | 338,945 | 1,130,000 | 3,094,750 | 10,605,000 | 9,742,664 | 20,347,664 |
| 2028 | 1,475,000 | 312,704 | 1,190,000 | 3,038,250 | 11,190,000 | 9,269,273 | 20,459,273 |
| 2029 | - | 283,543 | 1,250,000 | 2,978,750 | 11,400,000 | 8,765,662 | 20,165,662 |
| 2030 | - | 283,543 | 1,310,000 | 2,916,250 | 11,935,000 | 8,232,068 | 20,167,068 |
| 2031 | - | 283,543 | 1,375,000 | 2,850,750 | 12,485,000 | 7,671,368 | 20,156,368 |
| 2032 | - | 283,543 | 1,445,000 | 2,782,000 | 12,355,000 | 7,157,218 | 19,512,218 |
| 2033 | 1,680,000 | 283,543 | 1,515,000 | 2,709,750 | 11,015,000 | 6,647,356 | 17,662,356 |
| 2034 | 1,720,000 | 242,770 | 1,595,000 | 2,634,000 | 7,760,000 | 6,205,333 | 13,965,333 |
| 2035 | 1,765,000 | 199,305 | 1,675,000 | 2,554,250 | 8,085,000 | 5,891,018 | 13,976,018 |
| 2036 | 1,810,000 | 153,821 | 1,755,000 | 2,470,500 | 8,410,000 | 5,561,984 | 13,971,984 |
| 2037 | 1,855,000 | 105,368 | 1,845,000 | 2,382,750 | 8,750,000 | 5,217,331 | 13,967,331 |
| 2038 | 1,905,000 | 53,854 | 1,935,000 | 2,290,500 | 9,110,000 | 4,856,167 | 13,966,167 |
| 2039 | - | - | 2,035,000 | 2,193,750 | 9,515,000 | 4,495,313 | 14,010,313 |
| 2040 | - | - | 2,135,000 | 2,092,000 | 9,915,000 | 4,099,625 | 14,014,625 |
| 2041 | - | - | 2,240,000 | 1,985,250 | 8,100,000 | 3,686,775 | 11,786,775 |
| 2042 | - | - | 2,355,000 | 1,873,250 | 8,455,000 | 3,327,013 | 11,782,013 |
| 2043 | - | - | 2,470,000 | 1,755,500 | 6,515,000 | 2,951,200 | 9,466,200 |
| 2044 | - | - | 2,595,000 | 1,632,000 | 6,825,000 | 2,645,250 | 9,470,250 |
| 2045 | - | - | 2,725,000 | 1,502,250 | 7,140,000 | 2,324,600 | 9,464,600 |
| 2046 | - | - | 2,860,000 | 1,366,000 | 7,475,000 | 1,989,000 | 9,464,000 |
| 2047 | - | - | 3,005,000 | 1,223,000 | 7,830,000 | 1,637,500 | 9,467,500 |
| 2048 | - | - | 3,155,000 | 1,072,750 | 5,560,000 | 1,269,150 | 6,829,150 |
| 2049 | - | - | 3,310,000 | 915,000 | 5,815,000 | 1,015,200 | 6,830,200 |
| 2050 | - | - | 3,480,000 | 749,500 | 3,480,000 | 749,500 | 4,229,500 |
| 2051 | - | - | 3,650,000 | 575,500 | 3,650,000 | 575,500 | 4,225,500 |
| 2052 | - | - | 3,835,000 | 393,000 | 3,835,000 | 393,000 | 4,228,000 |
| 2053 | - | - | 4,025,000 | 201,250 | 4,025,000 | 201,250 | 4,226,250 |
| | 16,475,000 | 3,571,565 | 64,000,000 | 58,581,250 | 239,710,000 | 137,302,338 | 377,012,338 |
| Less current portion | 1,400,000 | - | 1,025,000 | - | 9,300,000 | - | - |
| | $ 15,075,000 | $ 3,571,565 | $ 62,975,000 | $ 58,581,250 | $ 230,410,000 | $ 137,302,338 | $ 377,012,338 |

# Eugene Water & Electric Board
## Water System – Long-Term Bonded Debt and Interest Payment Requirements, Including Current Portion
## Year Ended December 31, 2024

| | Revenue and Revenue Refunding 2016 Series 5/9/2016 | | Revenue 2020 A Series 6/4/2020 | | Revenue Refunding 2020 B Series 6/4/2020 | | Revenue 2023 Series 7/19/2023 | | Total Water System Payments | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Totals |
| 2025 | $ 1,470,000 | $ 1,094,400 | $ 450,000 | $ 576,250 | $ 655,000 | $ 316,263 | $ 725,000 | $ 2,118,750 | $ 3,300,000 | $ 4,105,663 | $ 7,405,663 |
| 2026 | 1,530,000 | 1,035,600 | 465,000 | 558,250 | 665,000 | 305,796 | 760,000 | 2,082,500 | 3,420,000 | 3,982,146 | 7,402,146 |
| 2027 | 1,610,000 | 959,100 | 485,000 | 539,650 | 675,000 | 293,553 | 800,000 | 2,044,500 | 3,570,000 | 3,836,803 | 7,406,803 |
| 2028 | 1,690,000 | 878,600 | 505,000 | 520,250 | 685,000 | 280,451 | 840,000 | 2,004,500 | 3,720,000 | 3,683,801 | 7,403,801 |
| 2029 | 1,770,000 | 794,100 | 525,000 | 500,050 | 700,000 | 265,991 | 880,000 | 1,962,500 | 3,875,000 | 3,522,641 | 7,397,641 |
| 2030 | 1,860,000 | 705,600 | 545,000 | 479,050 | 715,000 | 250,724 | 925,000 | 1,918,500 | 4,045,000 | 3,353,874 | 7,398,874 |
| 2031 | 1,125,000 | 631,200 | 570,000 | 457,250 | 735,000 | 234,772 | 975,000 | 1,872,250 | 3,405,000 | 3,195,472 | 6,600,472 |
| 2032 | 1,175,000 | 586,200 | 590,000 | 434,450 | 750,000 | 217,640 | 1,020,000 | 1,823,500 | 3,535,000 | 3,061,790 | 6,596,790 |
| 2033 | 1,225,000 | 539,200 | 615,000 | 410,850 | 770,000 | 199,407 | 1,070,000 | 1,772,500 | 3,680,000 | 2,921,957 | 6,601,957 |
| 2034 | 1,270,000 | 490,200 | 640,000 | 386,250 | 790,000 | 179,918 | 1,125,000 | 1,719,000 | 3,825,000 | 2,775,368 | 6,600,368 |
| 2035 | 1,320,000 | 439,400 | 660,000 | 367,050 | 805,000 | 159,528 | 1,180,000 | 1,662,750 | 3,965,000 | 2,628,728 | 6,593,728 |
| 2036 | 1,375,000 | 386,600 | 675,000 | 347,250 | 830,000 | 138,349 | 1,240,000 | 1,603,750 | 4,120,000 | 2,475,949 | 6,595,949 |
| 2037 | 1,430,000 | 331,600 | 700,000 | 327,000 | 860,000 | 112,428 | 1,305,000 | 1,541,750 | 4,295,000 | 2,312,778 | 6,607,778 |
| 2038 | 1,485,000 | 274,400 | 720,000 | 306,000 | 885,000 | 85,570 | 1,370,000 | 1,476,500 | 4,460,000 | 2,142,470 | 6,602,470 |
| 2039 | 680,000 | 215,000 | 740,000 | 284,400 | 910,000 | 57,932 | 1,435,000 | 1,408,000 | 3,765,000 | 1,965,332 | 5,730,332 |
| 2040 | 710,000 | 187,800 | 760,000 | 262,200 | 945,000 | 29,512 | 1,510,000 | 1,336,250 | 3,925,000 | 1,815,762 | 5,740,762 |
| 2041 | 735,000 | 159,400 | 785,000 | 239,400 | - | - | 1,585,000 | 1,260,750 | 3,105,000 | 1,659,550 | 4,764,550 |
| 2042 | 765,000 | 130,000 | 810,000 | 215,850 | - | - | 1,665,000 | 1,181,500 | 3,240,000 | 1,527,350 | 4,767,350 |
| 2043 | 795,000 | 99,400 | 835,000 | 191,550 | - | - | 1,745,000 | 1,098,250 | 3,375,000 | 1,389,200 | 4,764,200 |
| 2044 | 830,000 | 67,600 | 860,000 | 166,500 | - | - | 1,835,000 | 1,011,000 | 3,525,000 | 1,245,100 | 4,770,100 |
| 2045 | 860,000 | 34,400 | 885,000 | 140,700 | - | - | 1,925,000 | 919,250 | 3,670,000 | 1,094,350 | 4,764,350 |
| 2046 | - | - | 910,000 | 114,150 | - | - | 2,020,000 | 823,000 | 2,930,000 | 937,150 | 3,867,150 |
| 2047 | - | - | 940,000 | 86,850 | - | - | 2,125,000 | 722,000 | 3,065,000 | 808,850 | 3,873,850 |
| 2048 | - | - | 965,000 | 58,650 | - | - | 2,230,000 | 615,750 | 3,195,000 | 674,400 | 3,869,400 |
| 2049 | - | - | 990,000 | 29,700 | - | - | 2,340,000 | 504,250 | 3,330,000 | 533,950 | 3,863,950 |
| 2050 | - | - | - | - | - | - | 2,455,000 | 387,250 | 2,455,000 | 387,250 | 2,842,250 |
| 2051 | - | - | - | - | - | - | 2,580,000 | 264,500 | 2,580,000 | 264,500 | 2,844,500 |
| 2052 | - | - | - | - | - | - | 2,710,000 | 135,500 | 2,710,000 | 135,500 | 2,845,500 |
| | $ 25,710,000 | $ 10,039,800 | $ 17,625,000 | $ 7,999,550 | $ 12,375,000 | $ 3,127,834 | $ 42,375,000 | $ 37,270,500 | $ 98,085,000 | $ 58,437,684 | $ 156,522,684 |
| Less current portion | 1,470,000 | - | 450,000 | - | 655,000 | - | 725,000 | - | 3,300,000 | - | - |
| | $ 24,240,000 | $ 10,039,800 | $ 17,175,000 | $ 7,999,550 | $ 11,720,000 | $ 3,127,834 | $ 41,650,000 | $ 37,270,500 | $ 94,785,000 | $ 58,437,684 | $ 156,522,684 |

# Eugene Water & Electric Board
## Electric System – Analysis of Certain Restricted Cash and Investments for Bond Service
## Year Ended December 31, 2024

| | Investments for Bond Principal & Interest | Debt Service Reserve | Construction Funds | Customer & Escrow Deposit Reserve | Terrestrial Wildlife Habitat Fund | Total All Funds |
|---|---|---|---|---|---|---|
| Ending balance – December 31, 2023 | $ 20 | $ 6,122,513 | $ - | $ 2,814,604 | $ 107,635 | $ 9,044,772 |
| Deposits from general fund | 16,109,509 | - | 69,380,113 | 572,152 | 28,711 | 86,090,485 |
| Investment earnings (losses) | 3,026 | 227,193 | 1,579,280 | 21,371 | 5,441 | 1,836,311 |
| Receipts | 16,112,535 | 227,193 | 70,959,393 | 593,523 | 34,152 | 87,926,796 |
| Principal payments | 7,980,000 | - | - | - | - | 7,980,000 |
| Interest payments | 8,129,532 | - | - | - | - | 8,129,532 |
| Transfers to general fund | - | 800,000 | 25,735,068 | 539,284 | - | 27,074,352 |
| Disbursements | 16,109,532 | 800,000 | 25,735,068 | 539,284 | - | 43,183,884 |
| U.S. securities, at market | - | 5,548,723 | 31,434,445 | 2,147,605 | 98,553 | 39,229,325 |
| Cash in bank | 3,023 | 983 | - | 232 | - | 4,238 |
| State of Oregon Local Government | | | | | | - |
| Investment Pool | - | - | 13,789,880 | 721,006 | 43,234 | 14,554,121 |
| Ending balance – December 31, 2024 | $ 3,023 | $ 5,549,706 | $ 45,224,325 | $ 2,868,843 | $ 141,787 | $ 53,787,684 |

# Eugene Water & Electric Board
## Water System – Analysis of Certain Restricted Cash and Investments for Bond Service
### Year Ended December 31, 2024

| | Investments for Bond Principal & Interest | Debt Service Reserves | SDC Reserves | Construction Funds | Total All Funds |
|---|---|---|---|---|---|
| Ending balance – December 31, 2023 | $ 4 | $ 1,588,100 | $ 174,538 | $ 35,645,437 | $ 37,408,079 |
| Deposits from general fund | 7,406,620 | - | 778,340 | - | 8,184,960 |
| Investment earnings (losses) | 1,384 | 58,880 | 5,123 | 1,459,682 | 1,525,069 |
| Receipts | 7,408,004 | 58,880 | 783,463 | 1,459,682 | 9,710,029 |
| Principal payments | 3,115,000 | - | - | - | 3,115,000 |
| Interest payments | 4,291,718 | - | - | - | 4,291,718 |
| Transfers to general fund | - | 500,000 | 746,112 | 11,049,376 | 12,295,488 |
| Disbursements | 7,406,718 | 500,000 | 746,112 | 11,049,376 | 19,702,206 |
| U.S. securities, at market | - | 1,145,736 | 147,279 | 18,110,781 | 19,403,796 |
| Cash in bank | 1,290 | 1,244 | - | - | 2,534 |
| State of Oregon Local Government Investment Pool | - | - | 64,610 | 7,944,962 | 8,009,572 |
| Ending balance – December 31, 2024 | $ 1,290 | $ 1,146,980 | $ 211,889 | $ 26,055,743 | $ 27,415,902 |

The following metrics are standardized disclosures recommended by the Sustainability Accounting Standards Board for electric and water utilities. The disclosures are voluntary and are not meant to demonstrate compliance with laws or regulations.

### Electric System

| Topic | Metric | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Greenhouse Gas Emissions & Energy Resource Planning | Number of customers served in markets subject to renewable portfolio standards (RPS).<br>(All retail customers) | 100,000 | 98,000 | 97,000 |
| | RPS target before exemptions | 468,715 MWh | 476,532 MWh | 483,998 MWh |
| | Percentage fulfillment of RPS target by market | 98% | 100% | 100% |
| Water Management | Number of incidents of non-compliance with water quality and/or quantity permits, standards, and regulations | None | None | None |
| Workforce Health & Safety | Total recordable injury rate | 3.5 | 2.35 | 2.03 |
| | Fatality rate | 0 | 0 | 0 |
| End-Use Efficiency | Customer electricity savings from efficiency measures<br>(In total across all customer types) | 7,801 MWh<br>2.0 MW reduction in peak demand | 14,345 MWh<br>1.80 MW reduction in peak demand | 15,034 MWh<br>2.3 MW reduction in peak demand |
| Grid Resiliency | System Average Interruption Duration Index (SAIDI), per customer | 65.34 minutes | 48.65 minutes | 62.22 minutes |
| | System Average Interruption Frequency Index (SAIFI), per customer | 0.34 outages | 0.38 outages | 0.48 outages |
| | Customer Average Interruption Duration Index (CAIDI), per outage | 191.94 minutes | 129.01 minutes | 130.90 minutes |

RPS compliance information above is preliminary. Final information is published to eweb.org annually by June 1. Savings from efficiency measures are calculated based on the Regional Technical Forum of the Northwest Power and Conservation Council as adopted by Bonneville Power Administration for its regional resource acquisitions.

## Water System

| Topic | Metric | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Water Scarcity | Total fresh water sourced from regions with high or extremely high baseline water stress | None | None | None |
| | Fresh water purchased from a third party | None | None | None |
| | Volume of recycled water delivered | None | None | None |
| Drinking Water Quality | Number of acute health-based, non-acute health-based, and non-health-based drinking water violations | None | None | None |
| Distribution Network Efficiency | Water pipe replacement rate | .35% of 819.2 miles<br>3.10 miles | .35% of 819.2 miles<br>2.83 miles | .3% of 817 miles<br>2.30 miles |
| Network Resiliency & Impacts of Climate Change | Water treatment capacity located in FEMA Special Flood Hazard Areas | Treatment plant is outside flood zone, intake is within | Treatment plant is outside flood zone, intake is within | Treatment plant is outside flood zone, intake is within |
| | Number of service disruptions, population affected, and average duration | 269<br>1,233 Customers<br>107 minutes | 202<br>944 Customers<br>106 minutes | 222<br>972 Customers<br>80 minutes |

Water pipe is distribution pipe for potable water measuring 2 inches to 60 inches in diameter. Replacements do not include new construction. Total miles for these pipelines is all pipe including new construction.

# Audit Comments

MOSSADAMS

# Report of Independent Auditors Required by Oregon State Regulations

Board of Commissioners
Eugene Water & Electric Board

We have audited the individual and combined financial statements of the Eugene Water & Electric Board (the Board) as of and for the year ended December 31, 2024, and have issued our report thereon dated May 15, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

## Compliance

As part of obtaining reasonable assurance about whether the Board's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS), as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to, the following:

- Accounting records and internal control.
- Public fund deposits.
- Indebtedness.
- Insurance and fidelity bonds.
- Programs funded from outside sources.
- Investments.
- Public contracts and purchasing.

In connection with our testing, nothing came to our attention that caused us to believe the Board was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS, as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Board’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the board of commissioners, management of Eugene Water & Electric Board and the Oregon Secretary of State and is not intended to be, and should not be, used by anyone other than these parties.

Keith Simovic, Partner
for Moss Adams LLP
Portland, Oregon
May 15, 2025

Rely on us.

EWEB

Eugene Water & Electric Board
500 East 4th Avenue
Eugene OR 97401

www.eweb.org

EWEB

Eugene Water & Electric Board

# Independent Auditor's Reports and Uniform Grant Guidance Reports

December 31, 2024

# Table of Contents



* Incorporated by reference only.

**Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Commissioners
Eugene Water & Electric Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eugene Water & Electric Board (the Board), which comprise the statements of net position of the Electric System, Water System and Combined Total Systems, and the statements of fiduciary net position of the Retirement Benefits Trust (the Trust) as of December 31, 2024, and the related statements revenues, expenses and changes in net position, and cash flows of the Electric System, Water System and Combined Total Systems for the year then ended, and the statements of changes in fiduciary net position of the Trust, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated May 15, 2025.

## Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Portland, Oregon
May 15, 2025

## Report of Independent Auditors on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Commissioners
Eugene Water & Electric Board

### Report on Compliance for the Major Federal Program

#### *Opinion on the Major Federal Program*

We have audited Eugene Water & Electric Board's (the "Board") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Board's major federal program for the year ended December 31, 2024. The Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

#### *Basis for Opinion on the Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Board's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express and opinion on the Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Board as of and for the year ended December 31, 2024, and have issued our report thereon dated May 15, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Portland, Oregon
May 15, 2025

| Federal Grantor/Pass-through Grantor Program Title | Agency or Pass-through Number | ALN Number | Expenditures | Amount Provided to Subrecipients |
|---|---|---|---|---|
| **U.S. Department of Homeland Security** | | | | |
| Passed Through Oregon Office of Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters) | FEMA-DR-4432-OR | 97.036 | 7,882 | - |
| Passed Through Oregon Office of Emergency Management Hazard Mitigation Grant Program | FEMA-DR-4562-OR | 97.039 | 217,271 | - |
| **Total U.S. Department of Homeland Security** | | | 225,153 | - |
| **U.S. Department of Agriculture** | | | | |
| Passed Through U.S Forest Service Community Project Funds - Congressionally Direct Spending | 24-DG-11062752-599 | 10.730 | 325,000 | 325,000 |
| **Total U.S Department of Agriculture** | | | 325,000 | 325,000 |
| **U.S. Department of the Treasury** | | | | |
| Passed Through Lane County COVID-19 Coronavirus State and Local Fiscal Recovery Funds | FAIN SLFRP4454 | 21.027 | 186,106 | - |
| Passed through Oregon Department of Environmental Quality COVID-19 Coronavirus State and Local Fiscal Recovery Funds | FAIN SKFRO4454 | 21.027 | 383,894 | - |
| **Total U.S. Department of the Treasury** | | | 570,000 | - |
| **Total Expenditures of Federal Awards** | | | $ 1,120,153 | $ 325,000 |

See notes to schedule of expenditures of federal awards.

## 1. Reporting Entity

Eugene Water & Electric Board ("Board") is an administrative unit of the City of Eugene, Oregon. The Board is responsible for the ownership and operations of the electric and water systems.

## 2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes all federal grant activity of the Board, under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net position or cash flows of the Board.

## 3. Summary of Significant Accounting Policies and Revenue and Expense Recognition

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is consistent with the financial statements, as described in Note 1 to the Board's December 31, 2024 financial statements. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Board does not utilize the 10 percent de minimis rate for overhead allocation.

## Section I – Summary of Auditor's Results

*Financial Statements*

| | | | | |
|---|---|---|---|---|
| Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | *Unmodified* | | | |
| Internal control over financial reporting: | | | | |
| • Material weakness(es) identified? | ☐ | Yes | ☒ | No |
| • Significant deficiency(ies) identified? | ☐ | Yes | ☒ | None reported |
| Noncompliance material to financial statements noted? | ☐ | Yes | ☒ | No |

**Federal Awards**

| | | | | |
|---|---|---|---|---|
| Internal control over major federal programs: | | | | |
| • Material weakness(es) identified? | ☐ | Yes | ☒ | No |
| • Significant deficiency(ies) identified? | ☐ | Yes | ☒ | None reported |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | ☐ | Yes | ☒ | No |

**Identification of Major Federal Programs and type of Auditor's report issued on compliance for major federal programs**

| *ALN Number* | *Name of Federal Program or Cluster* | *Type of Auditor's Report Issued on Compliance for Major Federal Programs* |
|---|---|---|
| 21.027 | COVID-19 Coronavirus State and Local Fiscal Recovery Funds | *Unmodified* |

| | | | | |
|---|---|---|---|---|
| Dollar threshold used to distinguish between type A and type B programs: | $ 750,000 | | | |
| Auditee qualified as low-risk auditee? | ☒ | Yes | ☐ | No |

## Section II – Financial Statement Findings

None reported.

## Section III – Federal Award Findings and Questioned Costs

None reported.

Rely on us.

EWEB

Eugene Water & Electric Board
500 East 4th Avenue
Eugene OR 97401

www.eweb.org

Communications with Those Charged with Governance

# Eugene Water & Electric Board

December 31, 2024

MOSSADAMS

# Communications with Those Charged with Governance and Internal Control Related Matters

To the Board of Commissioners
Eugene Water & Electric Board

We have audited the financial statements of Eugene Water & Electric Board (EWEB or the Board) as of and for the year ended December 31, 2024 and have issued our report thereon dated May 15, 2025. Professional standards require that we provide you with the following information related to our audit.

## Our Responsibility under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards

As stated in our engagement letter dated October 30, 2024, we are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we considered the Board's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

The supplementary information was subject to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

## Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our planning communication letter dated November 6, 2024.

## Significant Audit Findings and Issues

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 1 to the financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement was effective for fiscal years beginning after December 15, 2023, and the Board adopted the provisions for the year ended December 31, 2024. Adoption of this provision required certain restatement to the financial statements as of and for the year ended December 31, 2023.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The adoption and implementation of Statement No. 100 did not have a significant impact to the Board's financial statements.

No other new accounting policies were adopted and there were no changes in the application of existing policies during 2024. We noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

***Significant Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

**Unbilled Revenue** – Unbilled revenue is a measure of revenue earned through the end of the reporting period that has yet to be billed. This generally represents accounts with billing cycles that start in the reporting year and end in the subsequent year. We have evaluated the key factors and assumptions used to develop unbilled revenue in determining that it is reasonable in relation to the financial statements taken as a whole.

**Allowance for Doubtful Accounts** – This represents an estimate of the amount of accounts receivable that will not be collected. We have evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

**Recovery Periods for the Cost of Plant** – This represents the depreciation of plant assets. Management's estimate of the recovery periods for the cost of plant is based on regulatory-prescribed depreciation recovery periods. We have evaluated the key factors and assumptions used to develop the recovery periods in determining that they are reasonable in relation to the financial statements taken as a whole.

**Other Post-Employment Benefit Obligations** – This represents the amount of annual expense recognized for post-employment benefits. The amount is actuarially determined, with management input. We have evaluated the key factors and assumptions used to develop the annual expense in determining that it is reasonable in relation to the financial statements taken as a whole.

**Mark-to-Market Adjustment** – Certain derivative instruments are marked to market at year end. However, the impact to the statements of revenues, expenses, and changes in net position is deferred in accordance with GAAP. We have evaluated the key factors and assumptions used to develop year-end amounts and have determined that they are reasonable in relation to the financial statements taken as a whole.

**Net Pension Liability** – This represents the amount of pension liability. The amount is actuarially determined, with OPERS management input. We have evaluated the key factors and assumptions used to develop the annual expense in determining that it is reasonable in relation to the financial statements taken as a whole.

**Valuation of Investments** – Management's estimate of investments is based on current market rates and conditions. We evaluated the key factors and assumptions used to develop the valuation of investments and determined that they are reasonable in relation to the financial statements taken as a whole.

**Discount Rate for Leases and Subscription-Based IT Arrangements –** Management's estimate of the discount rate utilized to calculate the present value of the future payment streams for leases and subscription-based IT arrangements is based on review of the underlying contract for explicit rates, or in absence of an explicit rate management estimates EWEB's incremental borrowing rate. We have evaluated key factors and assumptions used to determine the discount rate of leases and SBITA arrangements in relation to the financial statements taken as a whole.

***Financial Statement Disclosures***

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. Significant disclosures include Note 2 – Power Risk Management, Note 19 – Commitments and Contingencies, and Note 16 – Retirement Benefits.

***Significant Unusual Transactions***

We encountered no significant unusual transactions during our audit of EWEB's financial statements.

***Significant Difficulties Encountered in Performing the Audit***

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the Board's financial statements.

***Circumstances that Affect the Form and Content of the Auditor's Report***

There may be circumstances in which we would consider it necessary to include additional information in the auditor's report in accordance with U.S. GAAS and *Government Auditing Standards*. There were no circumstances that affected the form and content of the auditor's report.

***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no corrected or uncorrected misstatements as of and for the year ended December 31, 2024.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated May 15, 2025.

***Management Consultation with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Board's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Significant Audit Findings or Issues***

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

This information is intended solely for the use of the Board and members of management and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Portland, Oregon
May 15, 2025