



Eugene Water & Electric Board

.....
Independent Auditor's Reports
.....
and Financial Statements
.....

December 31, 2025 and 2024

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Board of Commissioners

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

Report of Independent Auditors

The Board of Directors
Eugene Water & Electric Board

Report on the Audit of the Financial Statements

Opinions

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, 2025 and 2024, 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, 2025 and 2024, 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 Opinions

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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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.

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 6 through 24 and 84 through 88 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 basic 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 March 13, 2026, 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 March 13, 2026, 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, Principal
for Baker Tilly US, LLP
Portland, Oregon
March 13, 2026

Management Discussion & Analysis

Eugene Water & Electric Board Management's Discussion and Analysis

The following discussion provides an overview of the financial results of the Eugene Water & Electric Board (EWEB) for the years ended 2025 and 2024. 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.

Eugene Water & Electric Board Management's Discussion and Analysis

Electric System

The Electric System supplies service to 101,000 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 1,164 circuit miles of overhead and underground distribution lines, 137 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.

<u>Power resource attributes</u>	MWh		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Hydro-power	2,346,834	2,341,916	2,383,519
Wind	157,948	166,384	146,358
Steam	90,592	84,944	82,776
Biomass	120,369	125,344	130,070
Other market purchases	418,568	429,877	568,708
	<u>3,134,311</u>	<u>3,148,465</u>	<u>3,311,431</u>

<u>Power resources - owned, contracted, or market</u>			
EWEB-owned generation	363,130	420,495	415,405
Contracted generation	2,352,613	2,298,093	2,327,318
Market purchases	418,568	429,877	568,708
	<u>3,134,311</u>	<u>3,148,465</u>	<u>3,311,431</u>

Eugene Water & Electric Board Management's Discussion and Analysis

Electric System Condensed Financial Information (in thousands of dollars)

	2025	2024	2023
Net utility plant	\$ 512,199	\$ 488,918	\$ 443,176
Current assets	176,947	167,373	134,477
Other assets	93,639	122,237	113,812
Total assets	782,785	778,528	691,465
Deferred outflows of resources	29,434	30,105	26,717
Current liabilities	56,745	55,220	41,474
Long-term debt	243,297	254,718	196,305
Other liabilities	77,658	78,201	62,218
Total liabilities	377,700	388,139	299,997
Deferred inflows of resources	7,898	8,940	12,215
Net investment in capital assets	265,181	259,627	241,817
Restricted	2,575	2,513	4,324
Unrestricted	158,865	149,414	159,829
Total net position	426,621	411,554	405,970
Residential	126,935	116,765	113,426
Commercial and industrial	115,471	106,509	99,255
Sales for resale and other	68,561	69,027	75,654
Operating revenue	310,967	292,301	288,335
Purchased power	129,981	135,820	148,313
System control	5,438	5,408	4,677
Wheeling	14,832	15,491	13,188
Steam and hydraulic generation	18,989	17,525	16,638
Transmission and distribution	37,483	38,062	30,883
Customer accounting	11,134	10,659	10,295
Conservation expenses	6,463	6,230	5,397
Administrative and general	34,277	29,823	28,110
Depreciation and amortization on utility plant	40,846	28,835	27,980
Operating expenses	299,443	287,853	285,481
Net operating income	11,524	4,448	2,854
Non-operating revenue	11,809	10,878	11,365
Non-operating expense	(10,809)	(12,048)	(7,309)
Income before capital contributions	12,524	3,278	6,910
Capital contributions	2,543	2,306	4,817
Change in net position	15,067	5,584	11,727
Total net position - beginning of year	411,554	405,970	394,243
Total net position - end of year	\$ 426,621	\$ 411,554	\$ 405,970

Eugene Water & Electric Board

Management's Discussion and Analysis

Analysis of financial position and results of operations

Overall financial position improved in 2024 and 2025 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 and 2025. The 2025 increase was primarily due to transmission and distribution investments as well as progress on the Carmen-Smith Re-licensing project. The 2024 increase was due to transmission and distribution investments as well as progress on projects such as Currin Substation and EWEB Enterprise Solutions, an information technology project to replace legacy systems, integrating applications and consolidating data across the organization using SAP.

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 in 2025 was comparable to 2024. 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.

Unrestricted net position represents the accumulation of net position that are not capital assets, or subject to external restrictions on their use. In 2025, unrestricted net position increased following positive operating results. In 2024, unrestricted net position decreased primarily from declining reserve balances. Reserve declines were a function of 2024 storm recovery costs and capital investment activity.

Electric System net operating income was \$11.5 million in 2025 and \$4.4 million in 2024. The year-over-year increase was most notable in retail sales, which increased 8.6% year over year.

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 was a notable heat wave in July 2024 where peak loads were comparable though still lower than winter peak loads. While 2025 did not experience a similar heatwave, annual average temperatures for 2025 were above normal by approximately 1.5 degrees Fahrenheit. In 2024 annual average temperatures were above normal by approximately 1.7 degrees Fahrenheit. Overall loads were comparable in 2025 and 2024, as both years had a similar amount 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 October 2025 of 2.7%, in February 2025 of 7.7%, and in 2024 of 6.25%.

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.

Eugene Water & Electric Board Management's Discussion and Analysis

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. 2025 and 2024 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 2025 as energy trading activity was at lower volumes and prices compared to 2024. 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 contributed to conservatism in the face of market uncertainty.

Steam and hydraulic generation expense increased in 2025 with vacant staff positions being filled as well as an increase in expenses related to the Leaburg decommissioning project. 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.

Transmission and distribution expenses decreased in 2025 compared to 2024. 2024 expenses were elevated due to an increase in maintenance of overhead lines related to the January ice storm.

Customer accounting costs increased in 2025 compared to 2024 due to labor increases and higher customer assistance expense. Customer accounting costs increased in 2024 compared to 2023 due to labor increases and purchased services.

Administrative and general costs increased in 2025 and 2024 due to multiple factors, including labor increases, software costs, insurance, and purchased services.

Depreciation expense increased in 2025 and 2024, mainly due to an increase in amortization expense related to Lease and Subscription-Based Information Technology Arrangement (SBITA) asset acquisitions.

Non-operating revenue increased in 2025 due to higher grant revenue. 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, grant revenue, and telecom 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. Interest expense increased in 2025 due to bonds issued in the second half of 2024.

Eugene Water & Electric Board Management’s Discussion and Analysis

Other transactions of note include the Oregon Public Employee Retirement System (OPERS) valuation. The net pension liability for the Electric System increased by \$3.4 million from 2024 to 2025. The net pension liability for the Electric System increased by \$12.1 million from 2023 to 2024. For more information, see Note 17 – Retirement Benefits.

Significant variations in 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:

2025	Effective October 2025	2.70%
2025	Effective February 2025	7.70%
2024		6.25%
2023		4.00%

Electric Capital and O&M budgets were not amended in 2025.

	2025	
Approved Capital Budget	\$	77,865,000
<i>Electric capital budgets were not amended in 2025</i>		

	2025	
Approved Operations & Maintenance Budgets	\$	308,255,000
<i>Electric O&M budgets were not amended in 2025</i>		

2024 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 in 2024, 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 a future period 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.

Eugene Water & Electric Board Management's Discussion and Analysis

In 2024, purchased power volumes were less than budgeted. Additionally, market pricing in wholesale purchased power was less than forecast.

	<u>2024</u>
Approved Capital Budget	\$ 69,900,000
<i>Operational Changes</i>	
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

Electric O&M budgets were not amended in 2024.

	<u>2024</u>
Approved Operations & Maintenance Budgets	\$ 314,682,000
<i>Electric O&M budgets were not amended in 2024</i>	

Significant capital asset activity

Type 1 Capital Asset Renewal and Replacement projects include discrete projects to maintain or improve system reliability, or are customer driven, that generally cost less than \$3 million (less than \$1 million in 2024) per year.

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.

2025 activity included:

- Electric fleet capital purchases
- Public Utility Commission driven distribution renewal and replacements
- Substation relay, breaker, and switch end of life replacements
- Danebo substation switchgear control building replacement (to be finished in 2026)

Type 2 Infrastructure Rehabilitation and Expansion includes multi-year strategic projects that are projected to cost more than \$3 million (over \$1 million in 2024) over the life of the project. In 2025 the Type 3 classification was retired from use. The Carmen Smith Relicensing project was the only item formerly classified as Type 3 and is now classified as Type 2.

Eugene Water & Electric Board Management's Discussion and Analysis

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.
- 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

2025 activity included:

- Jessen substation rebuild design and permitting
- Leaburg Canal Risk Mitigation
- Rehabilitation of the second turbine generator 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 2025, the Electric System made scheduled debt service payments. During 2024, the Electric System made scheduled debt service payments and issued \$64 million in revenue bonds to support capital improvement projects. For more information, see Note 13 – Long-Term Debt.

Electric System bonds are rated as follows:

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

Eugene Water & Electric Board Management's Discussion and Analysis

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
2025	\$68,375	\$19,870	3.4x
2024	\$49,696	\$16,110	3.1x
2023	\$41,747	\$17,273	2.4x

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, 26 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.

Eugene Water & Electric Board Management's Discussion and Analysis

Water System Condensed Financial Information (in thousands of dollars)

	2025	2024	2023
Net utility plant	\$ 317,342	\$ 287,257	\$ 257,363
Current assets	27,579	41,772	50,465
Other assets	15,959	29,775	39,548
Total assets	360,880	358,804	347,376
Deferred outflows of resources	8,995	9,108	8,177
Current liabilities	13,802	16,370	11,452
Long-term debt	99,384	103,454	107,418
Other liabilities	29,487	29,463	24,993
Total liabilities	142,673	149,287	143,863
Deferred inflows of resources	2,066	2,082	3,608
Net investment in capital assets	206,235	195,379	175,493
Restricted	110	98	109
Unrestricted	18,791	21,066	32,480
Total net position	225,136	216,543	208,082
Residential	26,271	24,238	22,494
Commercial and industrial	20,016	18,572	16,927
Sales for resale and other	6,985	6,779	6,770
Operating revenue	53,272	49,589	46,191
Transmission and distribution	9,862	10,106	7,830
Sources of supply, pumping, and purification	11,792	12,604	13,190
Customer accounting	3,191	2,940	2,570
Conservation expenses	786	853	649
Administrative and general	8,666	8,817	7,455
Depreciation and amortization on utility plant	14,031	9,245	8,658
Operating expenses	48,328	44,565	40,352
Net operating income	4,944	5,024	5,839
Non-operating revenue	5,970	5,774	6,419
Non-operating expense	(4,862)	(3,923)	(3,194)
Income before capital contributions	6,051	6,875	9,064
Capital contributions	2,543	1,585	2,316
Change in net position	8,594	8,460	11,380
Total net position - beginning of year	216,542	208,082	196,702
Total net position - end of year	\$ 225,136	\$ 216,542	\$ 208,082

Eugene Water & Electric Board Management's Discussion and Analysis

Analysis of financial position and results of operations

The Water System's overall financial position improved in 2025 and 2024, as a measure of overall increases in net position and positive 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 2025 and 2024. 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 over year.

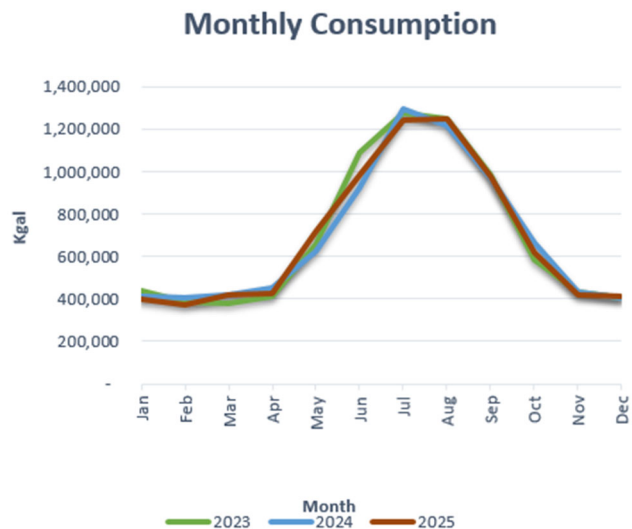
Restricted net position is subject to external legal restrictions on its use and is primarily representative of reserves for System Development Charges (SDC).

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 2025 and 2024 due to 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, 2025 consumption was very similar to 2024. 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. 2025 consumption was consistent with 2024, as the dry season followed a similar pattern in both years. 2024 consumption decreased by approximately 2%, due to a 12% increase in rainfall in the spring, as compared to 2023.

Eugene Water & Electric Board Management’s Discussion and Analysis

Commercial and industrial accounts make up 10% of the Water System’s customer base, and approximately 40% of retail sales. 2025 and 2024 commercial consumption remained consistent, as compared to 2023.

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.

Source of supply costs decreased in 2025 as the McKenzie River Watershed restoration work winds down. 2024 source of supply costs were elevated due to 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 lower in 2025 as compared to 2024. 2024 costs were elevated due to an increase in salaries related to the January 2024 ice storm, and an increase in professional and technical services related to the 2025 Water System Master Plan update.

Administrative and general costs in 2025 were consistent with 2024. Costs increased in 2024 due to multiple factors, including labor increases, software costs, insurance, and purchased services.

Depreciation expense increases in 2025 and 2024 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. Most notably for 2025, depreciation expense increased due to an increase in amortization expense related to Subscription-Based Information Technology Arrangement (SBITA) asset acquisitions. 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 \$1.1 million from 2024 to 2025. The net pension liability for the Water System increased by \$3.8 million from 2023 to 2024. For more information, see Note 17 – 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:

2025	Effective February 2025	6.60%
2024		8.30%
2023		6.00%

Eugene Water & Electric Board Management's Discussion and Analysis

In 2025 Water Utility investments were projected to exceed the capital budget. The College Hill Reservoir project, which is a multi-year project spanning budget years 2024-2026, is currently ahead of schedule due to the contractor completing work faster than anticipated. Work scheduled for 2026 was pulled into 2025 resulting in increased spending.

	2025
Approved Capital Budget	\$ 40,246,000
<i>Operational Changes</i>	
College Hill Reservoirs	5,000,000
Total Amended Capital Budget	\$ 45,246,000

Water O&M budgets were not amended in 2025.

	2025
Approved Operations & Maintenance Budget	\$ 35,357,000
<i>Water O&M budgets were not amended in 2025</i>	

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 Plant projects were delayed due to land use and permitting procedures.
- The Advanced Water Meter Installation project had higher than budgeted expenses in 2024 in attaining a deployment level of over 84%
- Technology projects exceeded the budget allocations for 2024

	2024
Approved Capital Budget	\$ 31,000,000
<i>Operational Changes</i>	
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

Eugene Water & Electric Board Management’s Discussion and Analysis

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
<i>Operational Changes</i>	
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

Description of significant capital asset activity during the year

Type 1 Capital Asset Renewal and Replacement projects include discrete projects to maintain or improve system reliability, or are customer driven, that generally cost less than \$3 million (less than \$1 million in 2024) per year.

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

Eugene Water & Electric Board Management's Discussion and Analysis

2025 activity included:

- Source – Water intakes & Filtration Plant: Replaced a large pump at the McKenzie River intake. Electrical, SCADA, controls, and actuator upgrades to maintain reliability of Hayden Bridge
- 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 Grant, Pierce, Broadway, Hilyard, West 11th, Mclean, Hallet and East 40th Streets
- Highland drive pump station- Pump station was completed and put into service.

Type 2 Infrastructure Rehabilitation and Expansion includes multi-year strategic projects that are projected to cost more than \$3 million (over \$1 million in 2024) over the life of the project. In 2025, the Type 3 classification was retired from use. Projects formerly classified as Type 3 are now classified as Type 2.

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
- 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.

2025 activity included:

- College Hill Tank Replacement – Earthwork complete and new tank construction over 50 percent complete
- Hilyard St Transmission Main – Final section of transmission main was completed and pipe is in service with final restoration to be completed by the City of Eugene in 2026
- Shasta 975 Reservoirs – Tank construction was completed in 2025 with old tank demolition and site restoration to occur in 2026
- Emergency Water Distribution Sites – Final closeout and commissioning of sites was completed in 2025
- Willamette Treatment Plant – Significant progress on State and Federal Permitting, design consultant selected, and 30-percent design currently underway

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

Eugene Water & Electric Board Management's Discussion and Analysis

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

The Water System issues revenue bonds or notes payable to fund certain capital projects. During 2025 and 2024, the Water System made scheduled debt service payments. For more information, see Note 13 – Long-Term Debt, and Note 14 – 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
2025	\$24,811	\$7,406	3.4x
2024	\$21,565	\$7,407	2.9x
2023	\$17,429	\$4,551	3.8x

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 of 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.

Eugene Water & Electric Board Management's Discussion and Analysis

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 17 and the Required Supplementary Information.

Significant totals from the financial statements are below.

Condensed Financial Information (in thousands of dollars)			
	2025	2024	2023
Total assets	\$ 17,342	\$ 16,528	\$ 16,329
Total liabilities	26	47	42
Total net position	17,316	16,481	16,287
Contributions	526	688	874
Net investment income	2,355	1,664	2,211
Total additions	2,881	2,352	3,085
Benefits	1,974	2,073	2,268
Administrative expenses	72	85	81
Total deductions	2,046	2,158	2,349
Net increase in net position	\$ 835	\$ 194	\$ 736

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. Net position on the Statements of Fiduciary Net Position for the years presented in the condensed financial information is approximately: \$17.3 million as of December 31, 2025, \$16.5 million as of December 31, 2024, and \$16.3 million as of December 31, 2023. Increases in net position for the years presented in the condensed financial information were driven by declining benefit payments along with strong and stable increases in the market values of the investments. The net investment income, inclusive of changes in market values, increased \$2.4 million in 2025, \$1.7 million in 2024, and \$2.2 million in 2023.

Eugene Water & Electric Board Management's Discussion and Analysis

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 \$397,000, \$432,000, and \$524,000, for years 2025, 2024, and 2023, 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 17, 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 \$0 for 2025, \$140,000 for 2024, and \$279,000 for 2023. The Board contributed approximately \$129,000, \$256,000, and \$350,000 during years 2025, 2024, and 2023, respectively.

Deductions reported by the Trust are primarily for benefits. The most expensive benefit has historically been subsidies for retirees remaining on the EWEB group plan until Medicare eligible. The plan's cost for this benefit has been consistently declining, even with the effects of premium increases. This cost was down 18% for 2025, or \$137,000; 9% for 2024, or \$78,000; and 9% or \$88,000 for 2023. The decline was correlated to declining participation by retirees. Subsidies paid from the Trust for Medicare supplement insurance were the most expensive benefit in 2025. Premiums for these plans increased significantly in 2025. Benefits increased 14%, or \$103,000 in 2025, while increasing moderately in 2024 and declining in 2023. As the OPEB plan ages, the ages of its participants do as well. 88% of the plan's participants receiving medical insurance benefits were Medicare eligible as of the plan's latest census on June 30, 2025.

Overall, the plan's financial position and changes in net position for 2025, 2024, and 2023 improved year over year. The funded ratios, based on the explicit plan, were healthy in all years presented in the Condensed Financial Information: Fully funded as of December 31, 2025, 98% as of December 31, 2024, and 93% as of June 30, 2023.

Financial Statements

Eugene Water & Electric Board
Statements of Net Position
December 31, 2025 and 2024

	Electric System		Water System		Total System	
	2025	2024	2025	2024	2025	2024
ASSETS						
Capital assets						
Utility plant in service	\$ 1,000,693,311	\$ 973,859,264	\$ 452,109,457	\$ 433,677,852	\$ 1,452,802,768	\$ 1,407,537,116
Less accumulated depreciation and amortization	<u>555,888,666</u>	<u>526,011,111</u>	<u>177,539,622</u>	<u>166,083,260</u>	<u>733,428,288</u>	<u>692,094,371</u>
Net utility plant in service	444,804,645	447,848,153	274,569,835	267,594,592	719,374,480	715,442,745
Property held for future use	1,079,750	1,344,944	1,989,631	1,999,288	3,069,381	3,344,232
Construction work in progress	<u>66,314,442</u>	<u>39,724,843</u>	<u>40,783,012</u>	<u>17,662,818</u>	<u>107,097,454</u>	<u>57,387,661</u>
Net utility plant	<u>512,198,837</u>	<u>488,917,940</u>	<u>317,342,478</u>	<u>287,256,698</u>	<u>829,541,315</u>	<u>776,174,638</u>
Current assets						
Cash and cash equivalents	32,747,079	28,883,540	3,514,761	5,666,029	36,261,840	34,549,569
Short-term investments	10,013,691	4,848,011	2,128,110	3,328,844	12,141,801	8,176,855
Restricted cash and investments	17,395,465	35,931,655	1,157,779	17,589,190	18,553,244	53,520,845
Designated cash and investments	64,247,096	47,984,213	13,256,011	77,541,390	77,503,107	55,525,603
Receivables, less allowances	32,329,787	31,320,796	5,295,184	5,496,090	37,624,971	36,816,886
Due from Water System	418,221	409,176	-	-	-	-
Materials and supplies	16,839,786	15,172,842	1,836,261	1,749,350	18,676,047	16,922,192
Prepays	2,013,563	1,789,462	390,676	400,743	2,404,239	2,190,205
Option premiums short-term	<u>942,355</u>	<u>1,033,300</u>	<u>-</u>	<u>-</u>	<u>942,355</u>	<u>1,033,300</u>
Total current assets	<u>176,947,043</u>	<u>167,372,995</u>	<u>27,578,782</u>	<u>41,771,636</u>	<u>204,107,604</u>	<u>208,735,455</u>
Non-current assets						
Investments – designated	16,967,721	28,680,090	3,500,925	4,507,477	20,468,646	33,187,567
Investments – unrestricted	5,321,355	5,650,344	1,130,895	3,879,758	6,452,250	9,530,102
Investments – restricted	3,065,184	17,856,029	27,440	9,826,712	3,092,624	27,682,741
Receivables, conservation, and other	7,197,391	7,860,538	277,691	576,444	7,475,082	8,436,982
Due from Water System	4,474,843	4,883,108	-	-	-	-
Investment in Harvest Wind	13,259,753	14,280,153	-	-	13,259,753	14,280,153
Preliminary investigations	340,320	390,551	9,000	9,000	349,320	399,551
Other assets	<u>43,012,191</u>	<u>42,635,775</u>	<u>11,012,772</u>	<u>10,975,254</u>	<u>54,024,963</u>	<u>53,611,029</u>
Total non-current assets	<u>93,638,758</u>	<u>122,236,588</u>	<u>15,958,723</u>	<u>29,774,645</u>	<u>105,122,638</u>	<u>147,128,125</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>29,434,227</u>	<u>30,104,825</u>	<u>8,995,165</u>	<u>9,108,083</u>	<u>38,429,392</u>	<u>39,212,908</u>
Total assets and deferred outflows of resources	<u>\$ 812,218,865</u>	<u>\$ 808,632,348</u>	<u>\$ 369,875,148</u>	<u>\$ 367,911,062</u>	<u>\$ 1,177,200,949</u>	<u>\$ 1,171,251,126</u>

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, 2025 and 2024

	Electric System		Water System		Total System	
	2025	2024	2025	2024	2025	2024
LIABILITIES						
Current liabilities						
Payables	\$ 33,824,892	\$ 33,232,300	\$ 5,376,575	\$ 8,320,813	\$ 39,201,467	\$ 41,553,113
Accrued payroll and benefits	9,514,046	8,283,108	2,928,106	2,629,573	12,442,152	10,912,681
Due to Electric System	-	-	418,221	409,176	-	-
Payable from restricted assets						
Accrued interest on long-term debt	4,231,159	4,404,265	1,659,228	1,710,693	5,890,387	6,114,958
Long-term debt due within one year	9,175,000	9,300,000	3,420,000	3,300,000	12,595,000	12,600,000
Total current liabilities	<u>56,745,097</u>	<u>55,219,673</u>	<u>13,802,130</u>	<u>16,370,255</u>	<u>70,129,006</u>	<u>71,180,752</u>
Non-current liabilities						
Long-term debt	243,297,446	254,718,327	99,383,649	103,454,313	342,681,095	358,172,640
Due to Electric System	-	-	4,474,843	4,883,108	-	-
Net pension liability	66,670,861	63,274,959	21,053,956	19,981,566	87,724,817	83,256,525
Net OPEB liability	4,738,569	7,600,701	1,496,390	2,400,221	6,234,959	10,000,922
Other liabilities	6,247,838	7,325,339	2,461,686	2,197,366	8,709,524	9,522,705
Total liabilities	<u>377,699,811</u>	<u>388,138,999</u>	<u>142,672,654</u>	<u>149,286,829</u>	<u>515,479,401</u>	<u>532,133,544</u>
DEFERRED INFLOWS OF RESOURCES	7,897,875	8,939,584	2,066,002	2,081,937	9,963,877	11,021,521
NET POSITION						
Net investment in capital assets	265,181,509	259,626,395	206,235,787	195,378,614	471,417,296	455,005,009
Restricted	2,574,540	2,513,061	110,066	98,067	2,684,606	2,611,128
Unrestricted	158,865,130	149,414,309	18,790,639	21,065,615	177,655,769	170,479,924
Total net position	<u>426,621,179</u>	<u>411,553,765</u>	<u>225,136,492</u>	<u>216,542,296</u>	<u>651,757,671</u>	<u>628,096,061</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 812,218,865</u>	<u>\$ 808,632,348</u>	<u>\$ 369,875,148</u>	<u>\$ 367,911,062</u>	<u>\$ 1,177,200,949</u>	<u>\$ 1,171,251,126</u>

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, 2025 and 2024

	Electric System		Water System		Total System	
	2025	2024	2025	2024	2025	2024
Residential	\$ 126,935,326	\$ 116,766,028	\$ 26,271,061	\$ 24,237,633	\$ 153,206,387	\$ 141,003,661
Commercial and industrial	115,470,859	106,508,659	20,016,270	18,572,373	135,487,129	125,081,032
Sales for resale and other	68,561,251	69,026,789	6,984,379	6,779,017	75,545,630	75,805,806
Operating revenues	<u>310,967,436</u>	<u>292,301,476</u>	<u>53,271,710</u>	<u>49,589,023</u>	<u>364,239,146</u>	<u>341,890,499</u>
Purchased power	129,981,375	135,820,399	-	-	129,981,375	135,820,399
System control	5,438,366	5,407,588	-	-	5,438,366	5,407,588
Wheeling	14,832,158	15,491,172	-	-	14,832,158	15,491,172
Steam and hydraulic generation	18,989,381	17,524,855	-	-	18,989,381	17,524,855
Transmission and distribution	37,482,562	38,062,150	9,861,751	10,105,947	47,344,313	48,168,097
Source of supply, pumping, and purification	-	-	11,792,565	12,603,720	11,792,565	12,603,720
Customer accounting	11,133,555	10,659,322	3,191,379	2,939,361	14,324,934	13,598,683
Conservation expenses	6,462,484	6,229,912	785,593	853,471	7,248,077	7,083,383
Administrative and general	34,277,041	29,822,880	8,665,846	8,817,232	42,942,887	38,640,112
Depreciation and amortization on utility plant and lease assets	40,846,142	28,835,198	14,031,041	9,245,210	54,877,183	38,080,408
Operating expenses	<u>299,443,064</u>	<u>287,853,476</u>	<u>48,328,175</u>	<u>44,564,941</u>	<u>347,771,239</u>	<u>332,418,417</u>
Net operating income	<u>11,524,372</u>	<u>4,448,000</u>	<u>4,943,535</u>	<u>5,024,082</u>	<u>16,467,907</u>	<u>9,472,082</u>
Investment earnings	6,591,779	6,966,827	1,681,855	2,658,386	8,273,634	9,625,213
Interest earnings, Water	123,952	133,591	-	-	-	-
Other revenue	5,093,621	3,777,579	4,288,182	3,116,305	9,381,803	6,893,884
Non-operating revenues	<u>11,809,352</u>	<u>10,877,997</u>	<u>5,970,037</u>	<u>5,774,691</u>	<u>17,655,437</u>	<u>16,519,097</u>

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, 2025 and 2024

	Electric System		Water System		Total System	
	2025	2024	2025	2024	2025	2024
Other revenue deductions	\$ 1,702,115	\$ 4,073,177	\$ 1,048,251	\$ 13,351	\$ 2,750,366	\$ 4,086,528
Interest expense and related amortization	9,106,962	7,975,119	3,690,086	3,776,281	12,797,048	11,751,400
Interest expense, Electric	-	-	123,952	133,591	-	-
Non-operating expenses	<u>10,809,077</u>	<u>12,048,296</u>	<u>4,862,289</u>	<u>3,923,223</u>	<u>15,547,414</u>	<u>15,837,928</u>
Income before capital contributions and special items	<u>12,524,647</u>	<u>3,277,701</u>	<u>6,051,283</u>	<u>6,875,550</u>	<u>18,575,930</u>	<u>10,153,251</u>
Contributions in aid of construction	2,163,267	2,207,568	561,155	713,768	2,724,422	2,921,336
Contributed plant assets	379,500	98,216	1,286,232	90,474	1,665,732	188,690
System development charges	-	-	695,526	780,505	695,526	780,505
Capital contributions	<u>2,542,767</u>	<u>2,305,784</u>	<u>2,542,913</u>	<u>1,584,747</u>	<u>5,085,680</u>	<u>3,890,531</u>
Change in net position	15,067,414	5,583,485	8,594,196	8,460,297	23,661,610	14,043,782
Total net position at beginning of year	<u>411,553,765</u>	<u>405,970,280</u>	<u>216,542,296</u>	<u>208,081,999</u>	<u>628,096,061</u>	<u>614,052,279</u>
Total net position at end of year	<u>\$ 426,621,179</u>	<u>\$ 411,553,765</u>	<u>\$ 225,136,492</u>	<u>\$ 216,542,296</u>	<u>\$ 651,757,671</u>	<u>\$ 628,096,061</u>

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, 2025 and 2024

	Electric System		Water System		Total System	
	2025	2024	2025	2024	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 323,376,112	\$ 305,688,549	\$ 53,398,145	\$ 48,590,040	\$ 376,774,257	\$ 354,278,589
Other receipts	6,792,386	5,063,968	4,548,901	4,344,770	11,341,287	9,408,738
Power purchases	(129,951,994)	(136,563,389)	-	-	(129,951,994)	(136,563,389)
Payments to employees, employer paid benefits	(74,606,744)	(69,876,073)	(24,190,270)	(23,408,593)	(98,797,014)	(93,284,666)
Payments to suppliers	(49,964,486)	(57,225,419)	(12,878,948)	(7,287,185)	(62,843,434)	(64,512,604)
Contributions in lieu of taxes	(15,959,961)	(14,191,159)	-	-	(15,959,961)	(14,191,159)
Net cash from operating activities	<u>59,685,313</u>	<u>32,896,477</u>	<u>20,877,828</u>	<u>22,239,032</u>	<u>80,563,141</u>	<u>55,135,509</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investment securities	(26,437,298)	(110,775,868)	(2,867,002)	(13,473,736)	(29,304,300)	(124,249,604)
Proceeds from sale and maturities of investments	51,916,814	100,194,488	23,770,546	31,021,779	75,687,360	131,216,267
Interest on investments	3,100,577	2,451,265	961,055	767,454	4,061,632	3,218,719
Distributions from equity investments	1,562,000	1,619,000	-	-	1,562,000	1,619,000
Net cash from investing activities	<u>30,142,093</u>	<u>(6,511,115)</u>	<u>21,864,599</u>	<u>18,315,497</u>	<u>52,006,692</u>	<u>11,804,382</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Intersystem obligations paid to Electric from Water	399,221	389,582	(399,221)	(389,582)	-	-
Interest receipts/(payments) to Electric from Water	123,952	133,591	(123,952)	(133,591)	-	-
Net cash from non-capital financing activities	<u>523,173</u>	<u>523,173</u>	<u>(523,173)</u>	<u>(523,173)</u>	<u>-</u>	<u>-</u>

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, 2025 and 2024

	Electric System		Water System		Total System	
	2025	2024	2025	2024	2025	2024
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal payments	\$ (9,300,000)	\$ (7,980,000)	\$ (3,300,000)	\$ (3,115,000)	\$ (12,600,000)	\$ (11,095,000)
Principal payments, right of use assets	(3,443,352)	(2,828,020)	(1,121,207)	(861,452)	(4,564,559)	(3,689,472)
Proceeds from issuance of bonds	-	69,972,398	-	-	-	69,972,398
Additions to plant and non-utility property, net	(65,491,637)	(62,603,696)	(43,292,022)	(36,505,277)	(108,783,659)	(99,108,973)
Interest payments	(10,570,235)	(8,721,817)	(4,164,191)	(4,316,999)	(14,734,426)	(13,038,816)
Capital contributions	2,542,767	2,305,784	2,542,913	1,584,747	5,085,680	3,890,531
Net cash from capital and related financing activities	<u>(86,262,457)</u>	<u>(9,855,351)</u>	<u>(49,334,507)</u>	<u>(43,213,981)</u>	<u>(135,596,964)</u>	<u>(53,069,332)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	4,088,122	17,053,184	(7,115,253)	(3,182,625)	(3,027,131)	13,870,559
CASH AND CASH EQUIVALENTS, beginning of year	<u>66,818,513</u>	<u>49,765,329</u>	<u>17,352,097</u>	<u>20,534,722</u>	<u>84,170,610</u>	<u>70,300,051</u>
CASH AND CASH EQUIVALENTS, end of year						
Including cash and cash equivalents restricted and designated: \$38,159,555 and \$6,722,082 (\$37,934,973 and \$11,686,086 in 2024) for Electric and Water, respectively	<u>\$ 70,906,635</u>	<u>\$ 66,818,513</u>	<u>\$ 10,236,844</u>	<u>\$ 17,352,097</u>	<u>\$ 81,143,479</u>	<u>\$ 84,170,610</u>

NON-CASH CAPITAL ACTIVITY

In 2025, plant assets contributed by developers were \$379,500 for the electric system and \$1,286,232 for the water system (\$98,216 for the electric system and \$90,474 for the water system in 2024).

In 2025, intangible right of use assets, net of accumulated amortization, were \$25,716,930 for the electric system and \$8,317,495 for the water system (\$36,518,721 for the electric system, and \$11,879,841 for the water system in 2024)

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, 2025 and 2024

	Electric System		Water System		Total System	
	2025	2024	2025	2024	2025	2024
RECONCILIATION OF NET OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES						
Net operating income	\$ 11,524,372	\$ 4,448,000	\$ 4,943,535	\$ 5,024,081	\$ 16,467,907	\$ 9,472,081
Adjustments to reconcile net operating income to net cash from operating activities						
Depreciation and amortization, including allocated	42,156,062	30,082,195	14,031,041	9,245,210	56,187,103	39,327,405
Other revenue	5,895,525	5,591,747	4,494,189	4,554,055	10,389,714	10,145,802
Other revenue deductions	(1,328,351)	(501,664)	(1,027,846)	(8,747)	(2,356,197)	(510,411)
(Increase) decrease in assets						
Receivables	(833,739)	(1,575,620)	200,905	(950,610)	(632,834)	(2,526,230)
Materials and supplies	(1,666,944)	(7,208,964)	(86,910)	(51,131)	(1,753,854)	(7,260,095)
Prepays	(224,101)	587,332	10,068	(11,747)	(214,033)	575,585
Conservation loans, net	(1,317,934)	(1,466,905)	(19,923)	(257,768)	(1,337,857)	(1,724,673)
Other assets	807,975	(847,425)	-	-	807,975	(847,425)
Decrease in deferred outflows						
Fair value of hedging derivatives	244,771	(532,626)	-	-	244,771	(532,626)
Increase (decrease) in liabilities						
Accounts payable, accrued payroll, and benefits	4,531,716	2,454,089	(2,694,310)	4,659,950	1,837,406	7,114,039
Other liabilities	887,211	309,263	1,027,079	35,739	1,914,290	345,002
Increase (decrease) in deferred inflows of resources	(991,250)	1,557,055	-	-	(991,250)	1,557,055
Net cash from operating activities	<u>\$ 59,685,313</u>	<u>\$ 32,896,477</u>	<u>\$ 20,877,828</u>	<u>\$ 22,239,032</u>	<u>\$ 80,563,141</u>	<u>\$ 55,135,509</u>

See accompanying notes.

Eugene Water & Electric Board
Statements of Fiduciary Net Position – OPEB
December 31, 2025 and 2024

	Retirement Benefits Plan	
	2025	2024
ASSETS		
Money market investments	\$ 167,577	\$ 167,167
Interest and dividends receivable	454	453
Prepaid expenses	1,330	27,811
Investments, at fair value		
Mutual funds and exchange traded funds		
Fixed income	6,714,753	6,489,771
International	3,852,135	3,313,762
Domestic	5,757,201	5,408,532
Real estate	848,111	1,121,221
Total investments	17,172,200	16,333,286
Total assets	\$ 17,341,561	\$ 16,528,717
LIABILITIES		
Administrative costs payable	\$ 8,539	\$ 10,068
Benefits payable	17,355	37,218
Total liabilities	25,894	47,286
Net position restricted for postemployment benefits other than pensions	\$ 17,315,667	\$ 16,481,431

See accompanying notes.

Eugene Water & Electric Board
Statements of Changes in Fiduciary Net Position – OPEB
Years Ended December 31, 2025 and 2024

	Retirement Benefits Plan	
	2025	2024
ADDITIONS		
Contributions		
Employer	\$ 129,250	\$ 255,750
Retirees – EWEB group plan, only	396,799	432,330
Total contributions	<u>526,049</u>	<u>688,080</u>
Investment income		
Net increase in fair value of investments	1,784,866	1,179,207
Interest	5,847	5,723
Dividends	515,990	492,798
Capital gain distributions	96,391	34,184
	<u>2,403,094</u>	<u>1,711,912</u>
Less investment expense	<u>48,536</u>	<u>48,229</u>
Net investment income	<u>2,354,558</u>	<u>1,663,683</u>
Total additions	<u>2,880,607</u>	<u>2,351,763</u>
DEDUCTIONS		
Benefits	1,577,500	1,640,652
Benefits funded by retirees – EWEB group plan	396,799	432,330
Administrative expenses	72,072	84,967
Total deductions	<u>2,046,371</u>	<u>2,157,949</u>
Net increase in fiduciary net position	834,236	193,814
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS		
Beginning of year	<u>16,481,431</u>	<u>16,287,617</u>
End of year	<u><u>\$ 17,315,667</u></u>	<u><u>\$ 16,481,431</u></u>

See accompanying notes.

Eugene Water & Electric Board

Notes to Financial Statements

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 are 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 14).

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 pronouncement in preparing this report:

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The adoption and implementation of Statement No. 102 did not have a significant impact on the Board.

Eugene Water & Electric Board

Notes to Financial Statements

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 includes 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 (SBITAs) 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.

Impairment – Long-lived assets, and certain intangibles related to those assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairments were recorded during the years ended December 31, 2025 and 2024.

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.

Eugene Water & Electric Board

Notes to Financial Statements

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 non-cancelable term greater than one year, and an undiscounted value meeting a policy threshold of \$200,000 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.

Eugene Water & Electric Board Notes to Financial Statements

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.

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 \$950,000 in 2025 and \$825,000 in 2024. 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.

Eugene Water & Electric Board

Notes to Financial Statements

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 that 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, 2025 and 2024, hedging derivatives with a fair value of \$903,000 and \$1,522,000, respectively, were reported as other assets and deferred inflows. Hedging derivatives with a fair value of \$942,000 and \$851,000, 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.

Eugene Water & Electric Board Notes to Financial Statements

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 statement of net position, are recorded as investment revenue and a deferred inflow or outflow. As of December 31, 2025, there were no investment derivatives or related investment revenue. 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. A gain of \$154,000 was recognized in investment earnings from derivatives in 2024.

	Options			
	Hedging Derivatives		Investment Derivatives	
	2025	2024	2025	2024
Notional value	\$ 942,355	\$ 850,900	\$ -	\$ 182,400
Fair value – asset	903,241	1,521,797	-	336,226
Fair value – liability	942,355	850,900	-	182,400
Cash paid	942,355	850,900	-	182,400
Reference rates	Mid-C Index	Mid-C Index	-	Mid-C Index
Dates entered into	10/25-11/25	5/24-6/24	-	5/24
Dates of maturity	2/26 - 7/26	2/25-6/25	-	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, 2025, all derivative instrument assets were with three counterparties and the aggregate value was \$903,000. 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 from S&P Global range from A- to A+. This maximum exposure is reduced by \$17,000 of liabilities included in a netting arrangement.

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 from S&P Global range from A- to A. This maximum exposure is reduced by \$7,000 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 2025 and 2024, there were no terminations.

Eugene Water & Electric Board

Notes to Financial Statements

Note 3 – Utility Plant

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

	Electric Utility Plant			
	Balance			Balance
	December 31, 2024	Increases	Decreases	December 31, 2025
Plant in service not subject to depreciation				
Land	\$ 11,060,876	\$ -	\$ -	\$ 11,060,876
Intangible assets	231,716	-	-	231,716
Plant in service subject to depreciation				
Intangible assets	24,943,335	1,287,238	(59,655)	26,170,918
Steam production	10,658,753	1,718,492	(141,891)	12,235,354
Hydro production	172,773,159	12,466,546	(54,414)	185,185,291
Transmission	94,361,074	855,783	(234,727)	94,982,130
Distribution	393,868,727	33,312,082	(1,628,173)	425,552,636
Telecommunications	24,741,797	383,865	-	25,125,662
General plant	169,068,339	7,284,109	(5,423,016)	170,929,432
SBITA	38,812,630	3,272,090	(5,530,283)	36,554,437
Leases	581,512	-	-	581,512
Completed construction, not yet classified	32,757,346	12,083,347	(32,757,346)	12,083,347
Total utility plant in service	973,859,264	72,663,552	(45,829,505)	1,000,693,311
Accumulated depreciation	(523,135,689)	(28,110,885)	6,776,928	(544,469,646)
Accumulated amortization SBITA	(2,706,016)	(13,904,475)	5,530,283	(11,080,208)
Accumulated amortization Leases	(169,406)	(169,406)	-	(338,812)
Plant not subject to depreciation				
Property held for future use	1,344,944	-	(265,194)	1,079,750
Construction work in progress	39,724,843	119,310,287	(92,720,688)	66,314,442
Net utility plant	<u>\$ 488,917,940</u>	<u>\$ 149,789,073</u>	<u>\$ (126,508,176)</u>	<u>\$ 512,198,837</u>

Eugene Water & Electric Board Notes to Financial Statements

	Electric Utility Plant			
	Balance			Balance
	December 31, 2023	Increases	Decreases	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	(2,969,016)	169,068,339
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	867,623,941	131,086,253	(24,850,930)	973,859,264
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	<u>\$ 443,175,983</u>	<u>\$ 143,439,492</u>	<u>\$ (97,697,535)</u>	<u>\$ 488,917,940</u>

Eugene Water & Electric Board Notes to Financial Statements

	Water Utility Plant			
	Balance December 31, 2024	Increases	Decreases	Balance December 31, 2025
Plant in service not subject to depreciation				
Land	\$ 1,294,957	\$ 9,657	\$ -	\$ 1,304,614
Intangible assets	58,188	-	(12,365)	45,823
Plant in service subject to depreciation				
Source of supply	26,429,050	1,149,707	-	27,578,757
Pumping	14,176,157	24,945	(25,163)	14,175,939
Water treatment	51,334,186	130,750	-	51,464,936
Transmission & distribution	264,429,835	19,568,255	(69,763)	283,928,327
General plant	46,117,459	2,274,877	(1,458,134)	46,934,202
SBITA	13,092,687	1,033,292	(1,746,405)	12,379,574
Completed construction, not yet classified	16,745,333	14,297,285	(16,745,333)	14,297,285
Total utility plant in service	433,677,852	38,488,768	(20,057,163)	452,109,457
Accumulated depreciation	(164,870,415)	(9,952,707)	1,345,578	(173,477,544)
Accumulated amortization SBITA	(1,212,845)	(4,595,638)	1,746,405	(4,062,078)
Plant not subject to depreciation				
Property held for future use	1,999,288	-	(9,657)	1,989,631
Construction work in progress	17,662,818	67,276,371	(44,156,177)	40,783,012
Net utility plant	<u>\$ 287,256,698</u>	<u>\$ 91,216,794</u>	<u>\$ (61,131,014)</u>	<u>\$ 317,342,478</u>

Eugene Water & Electric Board Notes to Financial Statements

	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	(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	<u>\$ 257,363,421</u>	<u>\$ 101,922,292</u>	<u>\$ (72,029,015)</u>	<u>\$ 287,256,698</u>

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.

Eugene Water & Electric Board Notes to Financial Statements

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:

	2025		2024	
	Electric System	Water System	Electric System	Water System
Debt service reserves	\$ 5,256,408	\$ 1,053,352	\$ 5,549,706	\$ 1,146,980
Customer deposit and other	2,436,164	-	2,364,562	-
Terrestrial wildlife habitat fund	178,213	-	141,787	-
Harvest Wind escrow accounts	531,724	-	504,281	-
Construction funds	12,056,913	-	45,224,325	26,055,743
System development charge reserves	-	131,340	-	211,889
Investments for bond principal and interest	1,227	527	3,023	1,290
Total restricted cash and investments	<u>\$ 20,460,649</u>	<u>\$ 1,185,219</u>	<u>\$ 53,787,684</u>	<u>\$ 27,415,902</u>

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

Eugene Water & Electric Board

Notes to Financial Statements

Leaburg decommissioning reserve – Used to account for cash and investments the Board has designated for decommissioning costs of the Leaburg Hydroelectric Project. For more information, see Note 16 – Power Supply Resources.

Pension and medical reserve – 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:

	2025		2024	
	Electric System	Water System	Electric System	Water System
Rate stabilization fund	\$ 10,166,927	\$ 3,480,000	\$ 17,332,927	\$ 7,980,000
Power reserve	20,900,000	-	25,000,000	-
Capital improvement reserve	32,030,684	10,073,031	21,547,190	9,785
Second source fund	-	889,705	-	1,849,411
Operating reserve	5,720,000	1,316,200	5,720,000	1,370,671
Leaburg decommissioning reserve	10,842,206	-	5,509,186	-
Pension and medical reserve	1,555,000	998,000	1,555,000	839,000
	<u>\$ 81,214,817</u>	<u>\$ 16,756,936</u>	<u>\$ 76,664,303</u>	<u>\$ 12,048,867</u>
Total designated cash and investments	<u>\$ 81,214,817</u>	<u>\$ 16,756,936</u>	<u>\$ 76,664,303</u>	<u>\$ 12,048,867</u>

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, 2025, were \$28.7 million. Of the bank balances, \$6.4 million were covered by federal depository insurance and \$22.3 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.

Eugene Water & Electric Board Notes to Financial Statements

As of December 31, 2025, 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	\$ 61,664,113	0.00	39.8%
U.S. Agency Securities				
FHLB		12,600,533		8.1%
FNMA		3,302,152		2.1%
FHLMC		1,945,460		1.3%
FFCB		12,174,332		7.9%
Other Agency		1,984,420		1.3%
Subtotal U.S. Agency	AA	32,006,897	0.81	20.7%
U.S. Treasury Securities	AA	52,409,828	0.63	33.8%
Corporate Bonds	AAA	8,913,310	0.83	5.8%
Subtotal all securities		93,330,035	0.71	60.2%
Total		\$ 154,994,148	0.43	100.0%

Eugene Water & Electric Board Notes to Financial Statements

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%

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 \$63.4 million as of December 31, 2025.

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%

Eugene Water & Electric Board Notes to Financial Statements

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 2025	Total Carrying Amount 2024
ELECTRIC SYSTEM					
Cash on hand	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ 5,000
Cash in bank	4,148	18,107,571	-	18,111,719	21,402,465
Investments in the State of Oregon local government investment pool	5,838,062	14,634,508	32,317,345	52,789,915	45,411,048
Investments – U.S. Agencies, Treasuries, and Corp.	14,618,439	15,335,046	48,897,472	78,850,957	103,015,369
Total electric system	<u>20,460,649</u>	<u>48,082,125</u>	<u>81,214,817</u>	<u>149,757,591</u>	<u>169,833,882</u>
WATER SYSTEM					
Cash in bank	1,827	1,360,818	-	1,362,645	2,506,243
Investments in the State of Oregon local government investment pool	52,264	2,153,943	6,667,991	8,874,198	14,845,854
Investments – U.S. Agencies, Treasuries, and Corp.	1,131,128	3,259,005	10,088,945	14,479,078	34,987,303
Total water system	<u>1,185,219</u>	<u>6,773,766</u>	<u>16,756,936</u>	<u>24,715,921</u>	<u>52,339,400</u>
	<u>\$ 21,645,868</u>	<u>\$ 54,855,891</u>	<u>\$ 97,971,753</u>	<u>\$ 174,473,512</u>	<u>\$ 222,173,282</u>

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.

Eugene Water & Electric Board Notes to Financial Statements

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, 2025:

	Fair Value Measurements Using			
	2025	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	\$ 52,409,828	\$ 52,409,828	\$ -	\$ -
U.S. agencies	32,006,897	-	32,006,897	-
Corporate bonds	8,913,310	-	8,913,310	-
Total debt securities	<u>\$ 93,330,035</u>	<u>\$ 52,409,828</u>	<u>\$ 40,920,207</u>	<u>\$ -</u>
Derivative instruments				
Effective hedge-asset	\$ 903,241	\$ -	\$ 903,241	\$ -
Effective hedge-liability	(942,355)	-	(942,355)	-
Total derivatives	<u>\$ (39,114)</u>	<u>\$ -</u>	<u>\$ (39,114)</u>	<u>\$ -</u>

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	<u>\$ 138,002,672</u>	<u>\$ 68,235,238</u>	<u>\$ 69,767,434</u>	<u>\$ -</u>
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	<u>\$ 824,723</u>	<u>\$ -</u>	<u>\$ 824,723</u>	<u>\$ -</u>

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

Eugene Water & Electric Board

Notes to Financial Statements

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:

	2025		2024	
	Electric System	Water System	Electric System	Water System
Current receivables				
Accounts receivable	\$ 28,296,170	\$ 4,098,926	\$ 26,527,075	\$ 4,240,007
Allowance for doubtful accounts	(445,547)	(35,959)	(393,407)	(37,433)
Net accounts receivable	27,850,623	4,062,967	26,133,668	4,202,574
Loans to customers	2,608,205	103,725	2,299,363	110,310
Receivable from Grants	664,040	984,260	1,068,727	850,603
Interest receivable	864,367	144,232	1,073,494	332,603
Leases receivable	175,253	-	179,124	-
Miscellaneous receivables	167,299	-	566,421	-
Receivables, less allowance	<u>\$ 32,329,787</u>	<u>\$ 5,295,184</u>	<u>\$ 31,320,797</u>	<u>\$ 5,496,090</u>
Long-term receivables				
Loans to customers	\$ 6,853,173	\$ 277,691	\$ 5,535,239	\$ 257,768
City of Eugene note receivable	-	-	1,805,828	318,676
Leases receivable	344,218	-	519,471	-
Long-term receivables	<u>\$ 7,197,391</u>	<u>\$ 277,691</u>	<u>\$ 7,860,538</u>	<u>\$ 576,444</u>

Total amounts written off for the year ended December 31, 2025, were \$661,000 (\$587,000 in 2024) for the Electric System and \$52,000 (\$44,000 in 2024) 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 \$519,000 for the year ended December 31, 2025 (\$699,000 in 2024). The Electric system recognized approximately \$166,000 including approximately \$13,000 in interest, as other revenue for the year ended December 31, 2025, for these contracts (approximately \$169,000, including approximately \$13,000 in interest, as other revenue for the year ended December 31, 2024).

Eugene Water & Electric Board Notes to Financial Statements

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 \$332,000 for the year ended December 31, 2025 (approximately \$296,000 for the year ended December 31, 2024).

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 accrued at 4.00% per annum. No periodic payments were due on the note before its maturity; however, it could be prepaid in whole or in part at any time without penalty. The note was 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). On July 1, 2025, the City of Eugene made a final payment of \$2,167,830 (\$2,082,044 principal and \$85,786 interest) to cover the remaining balance.

Note 7 – Payables

Current payables were as follows:

	2025		2024	
	Electric System	Water System	Electric System	Water System
Accounts payable	\$ 11,154,988	\$ 1,092,834	\$ 7,645,881	\$ 2,027,646
Accrued purchased power	10,996,293	-	11,057,782	-
Construction payables	5,120,600	3,541,119	7,501,699	5,126,110
Contributions in lieu of taxes	1,189,085	-	1,394,513	-
Customer deposits	1,598,037	-	1,653,226	-
Equipment purchases	1,656,584	26,018	673,128	83,625
SBITAs - current portion	1,982,505	714,404	3,106,874	1,067,529
Leases - current portion	121,960	-	169,547	-
Miscellaneous payables	4,840	2,200	15,653	6,903
Preliminary investigations payables	-	-	13,997	9,000
Total payables	\$ 33,824,892	\$ 5,376,575	\$ 33,232,300	\$ 8,320,813

Eugene Water & Electric Board

Notes to Financial Statements

Note 8 – Other Assets and Other Liabilities

Other assets and other liabilities were as follows:

	2025		2024	
	Electric System	Water System	Electric System	Water System
Other assets				
Non-utility property	\$ 20,604,852	\$ 574,522	\$ 19,640,618	\$ 574,522
Derivatives at fair value	903,241	-	1,521,797	-
Prepaid transmission expense – Harvest Wind	283,650	-	382,124	-
Regulatory assets				
Pension debits	16,306,659	8,243,079	15,115,617	7,866,962
OPEB debits	2,716,349	1,382,539	3,573,001	1,653,062
Conservation assets	742,143	-	820,195	-
Unamortized bond issue costs	1,455,297	812,632	1,582,423	880,708
Other assets	\$ 43,012,191	\$ 11,012,772	\$ 42,635,775	\$ 10,975,254
Other liabilities				
Derivatives at fair value	\$ 942,355	\$ -	\$ 850,900	\$ -
Compensated absences	1,699,837	536,791	1,575,248	497,448
SBITAs	2,681,199	876,543	4,649,101	1,586,096
Arbitrage Tax	795,752	1,027,078	-	-
Leases	128,695	-	250,090	-
System development charges	-	21,274	-	113,822
Other liabilities	\$ 6,247,838	\$ 2,461,686	\$ 7,325,339	\$ 2,197,366

Eugene Water & Electric Board

Notes to Financial Statements

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

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

	2025		2024	
	Electric System	Water System	Electric System	Water System
Deferred outflows of resources				
Accumulated decrease in fair value of hedging derivatives	\$ 942,355	\$ -	\$ 850,900	\$ -
Accumulated increase in fair value of investment derivatives	-	-	336,226	-
Unamortized losses on bond refunding	2,969,518	935,474	3,544,266	1,095,421
Pension – differences between expected and actual experience	4,252,781	1,342,983	3,748,456	1,183,723
Pension – net difference between projected and actual earnings on investments	5,616,866	1,773,747	4,019,729	1,269,388
Pension – changes of assumptions	3,874,574	1,223,550	6,361,685	2,008,953
Pension – differences between Board contributions and proportionate share of contributions	1,248,438	394,244	2,733,909	863,340
Pension contributions subsequent to measurement date	5,422,626	1,712,408	4,311,288	1,361,459
Pension - changes in proportion	4,585,939	1,448,191	3,962,542	1,251,329
OPEB – net difference between projected and actual earnings on investments	-	-	235,824	74,470
OPEB – net difference between expected and actual experience	521,130	164,568	-	-
	<u>\$ 29,434,227</u>	<u>\$ 8,995,165</u>	<u>\$ 30,104,825</u>	<u>\$ 9,108,083</u>
Deferred inflows of resources				
Accumulated increase in fair value of hedging derivatives	\$ 903,241	\$ -	\$ 1,521,797	\$ -
Accumulated decrease in fair value of investment derivatives	-	-	182,400	-
Leases	452,294	-	642,588	-
Pension – differences between expected and actual experience	95,027	30,008	151,017	47,689
Pension – changes of assumptions	-	-	8,150	2,574
Pension – differences between Board contributions and proportionate share of contributions	1,514,237	478,181	2,523,730	796,968
Pension – changes in proportion	983,821	310,680	2,251,433	710,979
OPEB – net difference between projected and actual earnings on investments	801,314	253,046	-	-
OPEB – net difference between expected and actual experience	-	-	530,810	167,624
OPEB – changes of assumptions	3,147,941	994,087	1,127,659	356,103
	<u>\$ 7,897,875</u>	<u>\$ 2,066,002</u>	<u>\$ 8,939,584</u>	<u>\$ 2,081,937</u>

Eugene Water & Electric Board

Notes to Financial Statements

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 for 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 \$304,000 for the Electric System and approximately \$96,000 for the Water System for the year ended December 31, 2025 (approximately \$156,000 and \$49,000 for the Electric and Water Systems, respectively, for the year ended December 31, 2024).

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

	Electric System		Water System	
	Principal	Interest	Principal	Interest
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
	\$ 4,649,100	\$ 213,641	\$ 1,586,096	\$ 69,506

Note 11 – Compensated Absences

A liability for unused leave is 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. Salary-related payments that are directly and incrementally associated with compensated absences are also included in the liability measurement. The liability related to unused leave balances is based on the employee's pay rate as of the financial statement date.

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, and 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 \$5.8 million and \$5.3 million as of December 31, 2025 and 2024, respectively, and are presented as part of the accrued payroll and benefits liability and other liabilities.

Eugene Water & Electric Board Notes to Financial Statements

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 \$4.4 million and \$3.8 million as of December 31, 2025 and 2024, respectively, and are presented as part of the accrued payroll and benefits liability and other liabilities.

	January 1, 2025	Additions*	December 31, 2025	Due Within One Year
Electric	\$ 6,902,300	\$ 845,881	\$ 7,748,181	\$ 6,048,344
Water	2,179,674	267,120	2,446,794	1,910,003
Total	<u>\$ 9,081,974</u>	<u>\$ 1,113,001</u>	<u>\$ 10,194,975</u>	<u>\$ 7,958,347</u>
	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	<u>\$ 8,754,753</u>	<u>\$ 327,221</u>	<u>\$ 9,081,974</u>	<u>\$ 6,902,300</u>

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

Note 12 – 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%, and Cowlitz PUD, 60%. Cowlitz PUD's ownership increased after they purchased a 30% ownership share from Lakeview Light & Power during 2025. 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, 2025, the balance of the Board's investment in Harvest Wind was \$13.3 million (\$14.3 million as of December 31, 2024), including estimated income of \$542,000 (\$495,000 in 2024) and distributions of \$1.6 million (\$1.6 million in 2024).

Eugene Water & Electric Board

Notes to Financial Statements

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 \$532,000 as of December 31, 2025 (\$504,000 as of December 31, 2024), on deposit in an escrow account to ensure the payment of monthly transmission interconnection expenses.

Financial statements of the project may be obtained from the Board.

Note 13 – 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.

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, 2025, \$1.5 million of Electric System bonds were considered defeased (\$2.4 million of Electric System bonds as of December 31, 2024).

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, 2025 and 2024, no assets were pledged as security for the outstanding bonds of the Electric and Water Systems.

Eugene Water & Electric Board
Notes to Financial Statements

Bonds and notes payable were as follows:

	2025	2024
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	\$ 5,520,000
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	57,305,000	64,180,000
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	15,075,000	16,475,000
2024 Series, 6-18-24 issue		
Serial bonds 5.00%, due 2025–2044	32,930,000	33,955,000
Term bonds 5.00%, due 2045–2049	15,055,000	15,055,000
Term bonds 5.00%, due 2050–2053	14,990,000	14,990,000
	230,410,000	239,710,000
Add unamortized premium	22,062,446	24,308,327
Electric System bonds payable	252,472,446	264,018,327
Less current portion	9,175,000	9,300,000
Electric System bonds payable, net of current portion	\$ 243,297,446	\$ 254,718,327

Eugene Water & Electric Board Notes to Financial Statements

	2025	2024
Water Utility System Revenue and Refunding Bonds		
2016 Series, 5-19-16 issue		
Serial bonds, 2.00%–5.00%, due 2017–2037	\$ 17,380,000	\$ 18,850,000
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	9,195,000	9,645,000
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	7,290,000	7,945,000
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	21,430,000	22,155,000
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
	94,785,000	98,085,000
Add unamortized premium	8,018,649	8,669,313
Water System bonds payable	102,803,649	106,754,313
Less current portion	3,420,000	3,300,000
Water System bonds payable, net of current portion	99,383,649	103,454,313
Total System long-term debt, net of current portion	\$ 342,681,095	\$ 358,172,640

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

	Electric System		Water System	
	Principal	Interest	Principal	Interest
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	11,935,000	8,232,068	4,045,000	3,353,874
2031–2035	51,700,000	33,572,293	18,410,000	14,583,315
2036–2040	45,700,000	24,230,420	20,565,000	10,712,291
2041–2045	37,035,000	14,934,838	16,915,000	6,915,550
2046–2050	30,160,000	6,660,350	14,975,000	3,341,600
2051–2053	11,510,000	1,169,750	5,290,000	400,000
	\$ 230,410,000	\$ 126,732,100	\$ 94,785,000	\$ 54,332,021

Eugene Water & Electric Board Notes to Financial Statements

Long-term debt activity for the year ended December 31, 2025, was as follows:

	Outstanding January 1, 2025	Additions	Reductions	Outstanding December 31, 2025	Due Within One Year
Electric revenue bonds	\$ 239,710,000	\$ -	\$ (9,300,000)	\$ 230,410,000	\$ 9,175,000
Water revenue bonds	98,085,000	-	(3,300,000)	94,785,000	3,420,000
Total bonded debt	<u>\$ 337,795,000</u>	<u>\$ -</u>	<u>\$ (12,600,000)</u>	<u>\$ 325,195,000</u>	<u>\$ 12,595,000</u>

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	<u>\$ 284,890,000</u>	<u>\$ 64,000,000</u>	<u>\$ (11,095,000)</u>	<u>\$ 337,795,000</u>	<u>\$ 12,600,000</u>

Note 14 – Intersystem Items

Obligations

	2025		
	Electric System	Water System	Total Systems
Due from Water, (Due to) Electric			
Current			
Interest	\$ 9,956	\$ (9,956)	\$ -
Roosevelt Operations Center	408,265	(408,265)	-
Total current	418,221	(418,221)	-
Non-current			
Roosevelt Operations Center	4,474,843	(4,474,843)	-
Totals	<u>\$ 4,893,064</u>	<u>\$ (4,893,064)</u>	<u>\$ -</u>

Eugene Water & Electric Board Notes to Financial Statements

	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)	-
	409,176	(409,176)	-
Non-current			
Roosevelt Operations Center	4,883,108	(4,883,108)	-
Totals	\$ 5,292,284	\$ (5,292,284)	\$ -

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, 2025 and 2024, on a capitalized value of \$17.6 million for the Water System.

Annual totals for payments (including interest) as of December 31, 2025, were as follows:

	Principal	Interest	Total
2026	\$ 408,266	\$ 114,907	\$ 523,173
2027	418,366	104,806	523,172
2028	428,717	94,456	523,173
2029	439,324	83,848	523,172
2030	450,194	72,979	523,173
2031–2035	2,423,657	192,206	2,615,863
2036	314,584	2,669	317,253
	\$ 4,883,108	\$ 665,871	\$ 5,548,979

Eugene Water & Electric Board Notes to Financial Statements

Note 15 – Net Position

Components of net position as of December 31, 2025 and 2024, are as follows:

	2025		2024	
	Electric System	Water System	Electric System	Water System
Net investment in capital assets	\$ 265,181,509	\$ 206,235,787	\$ 259,626,395	\$ 195,378,614
Restricted for:				
Customer care program	838,127	-	718,528	-
Harvest Wind escrow	531,724	-	504,281	-
Terrestrial wildlife habitat	178,213	-	141,787	-
System development changes	-	110,066	-	98,067
Debt service	1,026,476	-	1,148,465	-
	<u>2,574,540</u>	<u>110,066</u>	<u>2,513,061</u>	<u>98,067</u>
Unrestricted	<u>158,865,130</u>	<u>18,790,639</u>	<u>149,414,309</u>	<u>21,065,615</u>
	<u>\$ 426,621,179</u>	<u>\$ 225,136,492</u>	<u>\$ 411,553,765</u>	<u>\$ 216,542,296</u>

Note 16 – 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.

Eugene Water & Electric Board

Notes to Financial Statements

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.

On October 27, 2025, a Provider of Choice contract was signed with the Bonneville Power Administration providing power to EWEB from October 1, 2028, through September 30, 2044. The Board selected the Block with Shaping plus Peak Load Variance Service product, which provides energy and capacity shaped to EWEB's net requirements. The Provider of Choice contract maintains the tiered rate methodology. EWEB's allocation of Tier 1 power will be based on 2023 weather-adjusted load and dedicated resource amounts as determined in BPA's Provider of Choice Policy.

The Block with Shaping product provides a fixed monthly amount of energy, as well as shaping capacity to adjust hourly power deliveries. The product is intended to meet EWEB's net requirements load under average conditions. EWEB added winter Peak Load Variance Service to the base product to help meet more extreme load events. Under the Block with Shaping product, EWEB will pay demand charges for capacity from BPA, and BPA will provide rate credits for forecasted revenue from surplus generation.

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, and the current contract is expected to be extended beyond September 30, 2028, coinciding with the start of the next BPA power 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 Power Plant 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. The Trail Bridge generating unit is currently limited to low loads (generally operating at less than 2 MW) as part of an agreement with fish agencies to enhance downstream fish passage through the spillway.

Eugene Water & Electric Board Notes to Financial Statements

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 Power Plant will no longer be operated to serve load. In addition, the Board is refurbishing the Carmen 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 operation and maintenance 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. 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.

Following increased seepage along the canal providing water to the Leaburg facility, FERC deemed the canal to be a public safety risk and ordered the canal to be dewatered in 2018. Without water the Leaburg generation plant ceased operations. 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 generation were written off. Carrying values for the project's assets related to stormwater conveyance were classified as non-utility property on the Statements of Net Position as of December 31, 2025 and 2024.

In 2024, the Walterville Canal was dewatered following increased seepage at the Walterville Canal forebay. The board has been directed by FERC to maintain the drawn-down condition until increased water levels are authorized. The board has been working with consulting engineers to develop a liner repair plan for the forebay with final designs expected to be submitted to FERC for review in early 2026.

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.

Eugene Water & Electric Board Notes to Financial Statements

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.

Eugene Water & Electric Board

Notes to Financial Statements

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 10.0 MW and 1.17 aMW of energy and direct generation contracts with a total capacity of 2.9 MW and 0.34 aMW of energy.

Note 17 – 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.

Eugene Water & Electric Board

Notes to Financial Statements

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.

Eugene Water & Electric Board Notes to Financial Statements

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, 2025, through December 31, 2025, were based on the December 31, 2023, actuarial valuation. Rates during this period were 22.76% for Tier One/Tier Two members and 20.70% for OPSRP. The Board's rates during January 1, 2024, through June 30, 2025, 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. Employer contributions based on payroll for the year ended December 31, 2025, were \$13 million (\$11.7 million in 2024).

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, 2025, the Board reported a net pension liability of \$87.7 million for its proportionate share of the OPERS net pension liability (\$83.3 million in 2024). The net pension liability was measured as of June 30, 2025 (as of June 30, 2024, for December 31, 2024), 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, 2023, rolled forward to June 30, 2025, and an actuarial valuation as of December 31, 2022, rolled forward to June 30, 2024, 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, 2025, was 0.39282598% (0.37456974% as of June 30, 2024).

For the year ended December 31, 2025, the Board's proportionate share of system pension expense was \$13.2 million (\$14.8 million in 2024). 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 \$13 million (\$11.7 million in 2024).

Eugene Water & Electric Board

Notes to Financial Statements

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

	December 31, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 7,390,613	\$ -
Differences between expected and actual experience	5,595,764	125,035
Changes in assumptions	5,098,124	-
Changes in employer proportion	6,034,130	1,294,501
Differences between employer contributions and proportionate share of contributions	1,642,682	1,992,418
Pension contributions subsequent to measurement date	7,135,034	-
	\$ 32,896,347	\$ 3,411,954
	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

\$7.1 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, 2026 (\$5.7 million as of December 31, 2025).

Eugene Water & Electric Board Notes to Financial Statements

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 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)
2026	\$ 5,399,908	\$ (79,482)	\$ 1,775,312	\$ 2,349,582	\$ (626,178)	\$ 2,341,650	\$ 521,750	\$ (1,328,280)
2027	2,399,828	(45,553)	1,578,276	1,303,376	(477,372)	1,692,372	517,683	(664,138)
2028	102,322	-	1,343,217	1,067,911	(190,951)	1,043,089	467,100	-
2029	(511,445)	-	697,509	362,771	-	722,805	133,919	-
2030	-	-	201,450	14,484	-	234,214	2,230	-
	<u>\$ 7,390,613</u>	<u>\$ (125,035)</u>	<u>\$ 5,595,764</u>	<u>\$ 5,098,124</u>	<u>\$ (1,294,501)</u>	<u>\$ 6,034,130</u>	<u>\$ 1,642,682</u>	<u>\$ (1,992,418)</u>

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, 2023	December 31, 2022
Measurement date	June 30, 2025	June 30, 2024
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.

Eugene Water & Electric Board Notes to Financial Statements

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, 2025, and June 30, 2024, 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, 2025:

Asset Class	Target	Compound Annual Return (Geometric)
Global Equity	27.50%	6.63%
Private Equity	25.50%	8.38%
Core Fixed Income	25.00%	4.61%
Real Estate	12.25%	6.69%
Master Limited Partnerships	0.75%	5.62%
Infrastructure	1.50%	6.75%
Hedge Fund of Funds – Multistrategy	1.25%	5.90%
Hedge Fund Equity - Hedge	0.63%	6.01%
Hedge Fund - Macro	5.62%	5.52%
Total	100.00%	
Assumed Inflation – Mean		2.31%

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

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%

Eugene Water & Electric Board Notes to Financial Statements

Sensitivity of net pension liability to changes in the discount rate as of June 30, 2025:

<u>Employers' Net Pension Liability</u>	<u>1% Decrease (5.9%)</u>	<u>Current Discount Rate (6.9%)</u>	<u>1% Increase (7.9%)</u>
Defined Benefit Pension Plan	\$ 139,908,170	\$ 87,724,817	\$ 44,030,127

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

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

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, 2025.

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.

Eugene Water & Electric Board

Notes to Financial Statements

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 2025, the Board contributed \$4.1 million for employees (\$4.1 million for 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.

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 benefit 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.

Eugene Water & Electric Board Notes to Financial Statements

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, 2025, rolled forward to December 31, 2025, included 519 retirees or surviving spouses of retired employees, of which 190 opted out of or were ineligible for health care coverage, and 578 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, 2025, or December 31, 2024.

For the years ended December 31, 2025 and 2024, the annual money-weighted rate of return on investments, net of investment expense, was 15.35% and 11.02%, 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 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 provide 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, 2025 and 2024, 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.

Eugene Water & Electric Board

Notes to Financial Statements

During 2025, the plan recognized \$397,000 in contributions from retirees who had insurance coverage under the Board's group plan for active employees (\$432,000 during 2024). 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 plan was considered fully funded as of December 31, 2025. Accordingly, the ADC for 2025 was \$0. The Board contributed \$129,000 during 2025. The ADC for 2024, was approximately \$140,000. The Board contributed \$256,000 during 2024. Contributions were recognized in administrative and general expenses: \$98,000 for the Electric System and \$31,000 for the Water System in 2025 (\$195,000 for the Electric System and \$61,000 for the Water System in 2024). The expenses differ from the Board's OPEB expense determined on an actuarial basis, which was negative \$428,000 for 2025, due to amortizations which reverse the direction of total OPEB expense (negative \$135,000 for 2024). 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	
	2025	2024
Service cost	\$ 275,907	\$ 353,056
Interest cost	1,321,244	1,097,907
Expected earnings	(1,028,952)	(1,018,364)
Administrative expenses	72,073	84,967
Recognition of deferred outflows	1,506,230	1,319,132
Recognition of deferred inflows	(2,574,289)	(1,972,008)
	\$ (427,787)	\$ (135,310)

Eugene Water & Electric Board Notes to Financial Statements

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

	December 31, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 860,650	\$ 174,952
Changes of assumptions	85,925	4,227,953
Net difference between projected and actual earnings on OPEB plan investments	889,498	1,943,858
Total	\$ 1,836,073	\$ 6,346,763

	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

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
2026	\$ (810,355)
2027	(1,687,469)
2028	(1,067,395)
2029	(690,340)
2030	(255,131)
	\$ (4,510,690)

Eugene Water & Electric Board Notes to Financial Statements

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

	December 31,	
	2025	2024
Total OPEB liability	\$ 23,550,626	\$ 26,482,353
Plan fiduciary net position	(17,315,667)	(16,481,431)
EWEB's net OPEB liability	\$ 6,234,959	\$ 10,000,922
Plan fiduciary net position as a percentage of the total OPEB liability	74%	62%

Changes in the net OPEB liability – The Board's total net OPEB liability of \$6.2 million was measured as of December 31, 2025:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Beginning of year 1/1/2025	\$ 26,482,353	\$ (16,481,431)	\$ 10,000,922
Employer contributions	-	(129,250)	(129,250)
Retiree contributions	(396,799)	396,799	-
Expected investment income	-	(1,028,952)	(1,028,952)
Difference between expected and actual investment income	-	(1,325,607)	(1,325,607)
Benefit payments – implicit	(570,137)	-	(570,137)
Benefit payments	(1,180,701)	1,180,701	-
Administrative and trust expenses	-	72,073	72,073
Service cost	275,907	-	275,907
Interest on total OPEB liability	1,321,244	-	1,321,244
Change in benefit terms	-	-	-
Changes of assumptions	(3,428,989)	-	(3,428,989)
Difference between expected and actual experience	1,047,748	-	1,047,748
End of year 12/31/2025	\$ 23,550,626	\$ (17,315,667)	\$ 6,234,959

Eugene Water & Electric Board Notes to Financial Statements

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	<u>\$ 26,482,353</u>	<u>\$ (16,481,431)</u>	<u>\$ 10,000,922</u>

Actuarial assumptions – The total OPEB liability as of December 31, 2025 and 2024, was determined using the following significant actuarial assumptions and inputs:

	December 31,	
	2025	2024
Discount rate	5.20%	4.14%
Inflation rate	2.5%	2.5%
Salary increases	3.5%	3.5%
Health care cost trend rates	3% - 5%	3% - 5%
Mortality	Pub-2016	Pub-2010
Withdrawal	2024 OPERS experience study, July 2025	2022 OPERS experience study, July 2023
Retirement	Experience study Nov 2020	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 5.20% as of December 31, 2025, (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, 2025. At that time, the fiduciary net position was projected to be available to make projected OPEB payments for plan participants through 2040. Therefore, in 2025 the expected long-term rate of return was blended with the 2025 rate from the S&P Municipal Bond 20 Year High Grade Index: 4.43% (in 2024 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%).

Eugene Water & Electric Board Notes to Financial Statements

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, 2025 and 2024, 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%
	<u>100%</u>	

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, 2025:

	1% Decrease (4.20%)	Current Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	\$ 25,953,010	\$ 23,550,626	\$ 21,498,761
Fiduciary net position	(17,315,667)	(17,315,667)	(17,315,667)
Net OPEB liability	<u>\$ 8,637,343</u>	<u>\$ 6,234,959</u>	<u>\$ 4,183,094</u>

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, 2025:

	1% Decrease	Current Rates	1% Increase
Total OPEB liability	\$ 21,393,401	\$ 23,550,626	\$ 26,062,814
Fiduciary net position	(17,315,667)	(17,315,667)	(17,315,667)
Net OPEB liability	<u>\$ 4,077,734</u>	<u>\$ 6,234,959</u>	<u>\$ 8,747,147</u>

Eugene Water & Electric Board

Notes to Financial Statements

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

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

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 18 – 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.

Eugene Water & Electric Board Notes to Financial Statements

Note 19 – 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, 2025, and September 30, 2024, is as follows.

	Unaudited September 30, 2025	Unaudited September 30, 2024
ASSETS		
Current assets	\$ 4,451,725	\$ 4,409,680
Long-term receivable, BPA, net	16,461,298	18,713,484
	\$ 20,913,023	\$ 23,123,164
LIABILITIES		
Current liabilities	\$ 4,149,000	\$ 3,942,000
Accumulated provision for decommissioning costs	16,764,023	19,181,164
	\$ 20,913,023	\$ 23,123,164

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

Eugene Water & Electric Board

Notes to Financial Statements

Note 20 – Commitments and Contingencies

Electric Projects

Carmen-Smith Project – Contractual commitments were \$29.2 million as of December 31, 2025, primarily for powerhouse improvements, and relicensing requirements for fish protection, and habitat development, and seismic upgrades (\$16.1 million as of December 31, 2024, primarily for powerhouse improvements, and relicensing requirements for fish protection, and habitat development, and seismic upgrades).

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 \$2.7 million as of December 31, 2025 (\$2.6 million as of December 31, 2024 for a substation rebuild, a transformer addition, and switchgear replacement).

Generation projects – Commitments were \$4.3 million for Walterville forebay seepage mitigation and IP GSU transformer install as of December 31, 2025 (\$420,000 as of December 31, 2024, for Walterville forebay seepage mitigation).

Water projects

Construction contracts primarily for storage tanks, main replacements, seismic upgrades, and Willamette Water Treatment Plant & River Intake were approximately \$24.5 million as of December 31, 2025 (\$35.9 million as of December 31, 2024, for storage tanks, an intake pump, main replacements, seismic upgrades, SCADA system replacement, Willamette river crossing rehabilitation, and Willamette Water Treatment Plant & River Intake).

Other projects

Contractual commitments for the Bertelsen property expansion were \$150,000 as of December 31, 2025 (\$1.1 million for the Bertelsen property expansion as of December 31, 2024).

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 \$144,200 for a single claimant and \$721,000 to all claimants for property damage. For injury or death, the most recent limits are \$879,200 for a single claimant and \$1,758,300 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.

Eugene Water & Electric Board

Notes to Financial Statements

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, 2025, a total claims liability of approximately \$7,000 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
2023	General Liability	\$ 61,850	259,868	(305,463)	\$ 16,255
2024	General Liability	16,255	822,163	(816,289)	22,129
2025	General Liability	22,129	296,837	(312,367)	6,599

Claims and other legal proceedings – Currently five consolidated 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. Collectively, plaintiffs assert a total of around \$1.1 billion in damages. EWEB has asserted cross claims for contribution against Defendant USA (Bonneville Power Administration).

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, 2025.

Note 21 – Subsequent Event

In January 2026, EWEB and Lane Electric Cooperative (Lane Electric) signed agreements for EWEB to sell its electric service territory in the McKenzie Valley to Lane Electric with a target transfer date of May 1, 2026. The area includes approximately 2,500 customers between Thurston Road and Vida. The transfer includes distribution facilities only (poles, lines, transformers, meters, and related infrastructure) and does not include EWEB’s power generation, transmission or substation assets. Under the agreement Lane Electric will pay \$8.6 million for the assets, along with defined administrative costs, through monthly payments over 20 years at an interest rate of 4.5%.

Required Supplementary Information

Eugene Water & Electric Board
Schedule of Proportionate Share of the Net Pension Liability
As of June 30, 2025
Last Ten Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Proportion of the net pension asset/(liability)	0.70531024%	0.62730522%	0.59283304%	0.44533405%	0.34552008%	0.33381769%	0.37648006%	0.35931882%	0.37456974%	0.39282598%
Proportionate share of the net pension asset/(liability)	\$ (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)	\$ (87,724,817)
Covered-employee payroll	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	73,235,137
Proportionate share of the net pension asset/(liability) as percentage of covered-employee payroll	240%	191%	225%	179%	169%	82%	116%	122%	130%	120%
Plan's fiduciary net position	\$ 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	\$ 88,622,013,732
Plan's fiduciary net position as a percentage of the total pension liability	80.50%	83.10%	82.10%	80.20%	75.80%	87.60%	84.50%	81.70%	79.30%	79.90%

Eugene Water & Electric Board

Schedule of Contributions – Pension

As of June 30, 2025

Last Ten Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution (actuarially determined)	\$ 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	\$ 11,505,394
Contributions in relation to the actuarially determined contribution	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	11,535,509
Contributions deficiency (excess)	-	-	-	(3,001,764)	(25,737,440)	(54,887)	7,305,538	(455,247)	(2,267,347)	(30,115)
Covered-employee payroll	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	73,235,137
Contributions as a percentage of covered-employee payroll	18.55%	18.61%	23.59%	24.78%	75.62%	14.96%	15.88%	16.36%	18.29%	15.75%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Single and agent employers	Entry age normal 2014, published	Entry age normal 2014, published	Entry age normal 2016, published	Entry age normal 2016, published	Entry age normal 2018, published	Entry age normal 2018, published	Entry age normal 2020, published	Entry age normal 2020, published	Entry age normal 2022, published	Entry age normal 2022, published
Experience study report	September 23, 2015	September 23, 2015	July 26, 2017	July 26, 2017	July 24, 2019	July 24, 2019	July 21, 2021	July 21, 2021	July 24, 2023	July 24, 2023
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	Fair value	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.40%	2.40%	2.40%	2.40%	2.40%
Salary increases	3.50%	3.50%	3.50%	3.50%	3.50%	3.40%	3.40%	3.40%	3.40%	3.40%
Investment rate of return	7.50%	7.50%	7.20%	7.20%	7.20%	6.90%	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-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	Pub-2010 Sex-distinct tables
Discount rate	7.50%	7.50%	7.20%	7.20%	7.20%	6.90%	6.90%	6.90%	6.90%	6.90%

Eugene Water & Electric Board
Schedule of Employer Contributions – OPEB
As of December 31, 2025
Last Ten Years*

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution (ADC)	\$ 1,348,797	\$ 1,284,204	\$ 501,342	\$ 214,406	\$ -	\$ 347,885	\$ 279,005	\$ 140,036	\$ -
Employer contributions in relation to the ADC/ Contributions recognized by the plan	980,298	3,348,797	1,137,500	462,000	175,500	297,000	350,010	255,750	129,250
Contribution excess (deficiency)	\$ (368,499)	\$ 2,064,593	\$ 636,158	\$ 247,594	\$ 175,500	\$ (50,885)	\$ 71,005	\$ 115,714	\$ 129,250
Covered-employee payroll	\$ 44,343,971	\$ 44,880,815	\$ 47,799,139	\$ 51,560,696	\$ 51,259,823	\$ 56,321,112	\$ 56,405,282	\$ 75,088,515	\$ 74,653,375
Contributions as a percentage of covered-employee payroll	2.21%	7.46%	2.38%	0.90%	0.34%	0.53%	0.62%	0.34%	0.17%

*10 year trend information will be presented prospectively.

Valuation dates: June 30, 2025, June 30, 2023, August 31, 2021, August 31, 2019, and December 31, 2017

Methods and assumptions used to determine contribution rates, all years unless otherwise 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%	5%
Dental	3%	3%	3%	3%	3%	3%	3%	3%	3%
Vision	3%	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%	3.5%
Retirement age:									
55-58	10%	10%	10%	10%	7.5%	7.5%	7.5%	7.5%	7.5%
59-61					15%	15%	15%	15%	15%
59-64	15.0%	15.0%	15.0%	15.0%					
62-64					30%	30%	30%	30%	30%
65	100%	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	2014	2014	2014	2014	11/3/2020	11/3/2020	11/3/2020	11/3/2020	11/3/2020
Mortality			RP-2014 General Service	Pub-2010	Pub-2010	Pub-2010	Pub-2010	Pub-2010	Pub-2016
Investment rate of return			4.32%	3.76%	3.12%	3.12%	4.14%	4.14%	5.20%

Eugene Water & Electric Board
Schedule of Changes in Total OPEB Liability and Related Ratios – OPEB
As of December 31, 2025
Last Ten Years*

	Total OPEB Liability								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Service cost	\$ 270,227	\$ 279,685	\$ 235,056	\$ 240,509	\$ 373,844	\$ 386,929	\$ 341,117	\$ 353,056	\$ 275,907
Interest	977,047	1,747,818	1,468,903	1,268,479	1,006,215	987,977	1,251,775	1,097,907	1,321,244
Changes in benefit terms	(263,950)	-	-	-	552,275	-	-	-	-
Differences between expected and actual experience	4,969,184	-	(6,148,762)	-	(2,556,043)	-	(172,449)	-	1,047,748
Changes in assumptions	15,538,406	-	1,723,170	-	2,234,085	-	(3,175,389)	-	(3,428,989)
Benefit payments	(3,280,201)	(3,402,142)	(2,877,867)	(2,820,747)	(2,687,516)	(2,476,215)	(2,359,347)	(2,270,105)	(2,147,637)
Net change in OPEB liability	18,210,713	(1,374,639)	(5,599,500)	(1,311,759)	(1,077,140)	(1,101,309)	(4,114,293)	(819,142)	(2,931,727)
Total OPEB liability – beginning	23,669,422	41,880,135	40,505,496	34,905,996	33,594,237	32,517,097	31,415,788	27,301,495	26,482,353
Total OPEB liability – ending	<u>\$ 41,880,135</u>	<u>\$ 40,505,496</u>	<u>\$ 34,905,996</u>	<u>\$ 33,594,237</u>	<u>\$ 32,517,097</u>	<u>\$ 31,415,788</u>	<u>\$ 27,301,495</u>	<u>\$ 26,482,353</u>	<u>\$ 23,550,626</u>
	Plan Fiduciary Net Position								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contributions	\$ (980,298)	\$ (3,348,797)	\$ (1,137,500)	\$ (462,000)	\$ (175,500)	\$ (297,000)	\$ (350,010)	\$ (255,750)	\$ (129,250)
Contributions from plan retirees – EWEB group insurance	(740,089)	(775,345)	(716,560)	(740,292)	(683,609)	(567,544)	(524,327)	(432,330)	(396,799)
Net investment income	(2,204,942)	952,424	(3,280,364)	(2,527,084)	(2,233,327)	3,168,952	(2,210,478)	(1,663,683)	(2,354,559)
Benefit payments	3,385,729	3,361,962	2,922,208	2,858,549	2,706,467	2,380,090	2,267,499	2,072,982	1,974,299
Administrative expense	81,076	88,919	132,931	89,779	80,101	101,453	81,087	84,967	72,073
Net change in plan fiduciary net position	(458,524)	279,163	(2,079,285)	(781,048)	(305,868)	4,785,951	(736,229)	(193,814)	(834,236)
Plan fiduciary net position – beginning	(16,991,777)	(17,450,301)	(17,171,138)	(19,250,423)	(20,031,471)	(20,337,339)	(15,551,388)	(16,287,617)	(16,481,431)
Plan fiduciary net position – ending	<u>\$ (17,450,301)</u>	<u>\$ (17,171,138)</u>	<u>\$ (19,250,423)</u>	<u>\$ (20,031,471)</u>	<u>\$ (20,337,339)</u>	<u>\$ (15,551,388)</u>	<u>\$ (16,287,617)</u>	<u>\$ (16,481,431)</u>	<u>\$ (17,315,667)</u>
Net OPEB liability	<u>\$ 24,429,834</u>	<u>\$ 23,334,358</u>	<u>\$ 15,655,573</u>	<u>\$ 13,562,766</u>	<u>\$ 12,179,758</u>	<u>\$ 15,864,400</u>	<u>\$ 11,013,878</u>	<u>\$ 10,000,922</u>	<u>\$ 6,234,959</u>
Plan fiduciary net position as a percentage of the total OPEB liability	41.7%	42.4%	55.1%	59.6%	62.5%	49.5%	59.7%	62.2%	73.5%
Covered-employee payroll	\$ 44,353,971	\$ 44,880,815	\$ 47,799,139	\$ 51,560,696	\$ 51,259,823	\$ 56,321,112	\$ 56,405,282	\$ 75,088,515	\$ 74,653,375
Net OPEB liability as a percentage of covered payroll	55.1%	52.0%	32.8%	26.3%	23.8%	28.2%	19.5%	13.3%	8.4%

*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.

2025: The discount rate increased from 4.14% to 5.20%. The long term rate of return was blended with the S&P Municipal Bond 20 Year High Grade Index (formerly the 20-year General Obligation Municipal Bond Index).

The plan participation assumption for Tier 3A and 3C employees electing to continue health care coverage upon retirement decreased from 90% to 80%.

Eugene Water & Electric Board
Schedule of Investment Returns – OPEB Trust
As of December 31, 2025
Last Ten Years*

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Annual money-weighted rate of return, net of investment expense	14.1%	-5.6%	19.8%	14.0%	12.0%	-16.2%	15.3%	11.0%	15.4%

*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, 2025

	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
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
	13,995,000	5,927,555	65,370,000	16,785,200	33,795,000	23,247,000	39,200,000	22,203,300
Less current portion	-	-	6,675,000	-	-	-	-	-
	<u>\$ 13,995,000</u>	<u>\$ 5,927,555</u>	<u>\$ 58,695,000</u>	<u>\$ 16,785,200</u>	<u>\$ 33,795,000</u>	<u>\$ 23,247,000</u>	<u>\$ 39,200,000</u>	<u>\$ 22,203,300</u>

Eugene Water & Electric Board
Electric System – Long-Term Bonded Debt and Interest Payment Requirements, Including Current Portion
Year Ended December 31, 2025

	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
	2026	\$ 1,420,000	\$ 363,313	\$ 1,080,000	\$ 3,148,750	\$ 9,175,000	\$ 10,154,782
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
	15,075,000	3,187,798	62,975,000	55,381,250	230,410,000	126,732,100	357,142,101
Less current portion	1,420,000	-	1,080,000	-	9,175,000	-	-
	<u>\$ 13,655,000</u>	<u>\$ 3,187,798</u>	<u>\$ 61,895,000</u>	<u>\$ 55,381,250</u>	<u>\$ 221,235,000</u>	<u>\$ 126,732,100</u>	<u>\$ 357,142,101</u>

Eugene Water & Electric Board
Water System – Long-Term Bonded Debt and Interest Payment Requirements, Including Current Portion
Year Ended December 31, 2025

	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
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
	<u>\$ 24,240,000</u>	<u>\$ 8,945,400</u>	<u>\$ 17,175,000</u>	<u>\$ 7,423,300</u>	<u>\$ 11,720,000</u>	<u>\$ 2,811,571</u>	<u>\$ 41,650,000</u>	<u>\$ 35,151,750</u>	<u>\$ 94,785,000</u>	<u>\$ 54,332,021</u>	<u>\$ 149,117,021</u>
Less current portion	1,530,000	-	465,000	-	665,000	-	760,000	-	3,420,000	-	-
	<u>\$ 22,710,000</u>	<u>\$ 8,945,400</u>	<u>\$ 16,710,000</u>	<u>\$ 7,423,300</u>	<u>\$ 11,055,000</u>	<u>\$ 2,811,571</u>	<u>\$ 40,890,000</u>	<u>\$ 35,151,750</u>	<u>\$ 91,365,000</u>	<u>\$ 54,332,021</u>	<u>\$ 149,117,021</u>

Eugene Water & Electric Board
Electric System – Analysis of Certain Restricted Cash and Investments for Bond Service
Year Ended December 31, 2025

	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, 2024	\$ 3,023	\$ 5,549,706	\$ 45,224,325	\$ 2,868,843	\$ 141,787	\$ 53,787,684
Deposits from general fund	19,866,678	-	-	338,847	29,417	20,234,942
Investment earnings	1,761	271,702	1,592,741	27,443	7,009	1,900,656
Receipts	<u>19,868,439</u>	<u>271,702</u>	<u>1,592,741</u>	<u>366,290</u>	<u>36,426</u>	<u>22,135,598</u>
Principal payments	9,300,000	-	-	-	-	9,300,000
Interest payments	10,570,235	-	-	-	-	10,570,235
Transfers to general fund	-	565,000	34,760,153	267,245	-	35,592,398
Disbursements	<u>19,870,235</u>	<u>565,000</u>	<u>34,760,153</u>	<u>267,245</u>	<u>-</u>	<u>55,462,633</u>
U.S. securities, at market	-	5,254,267	7,259,175	1,997,699	107,298	14,618,439
Cash in bank	1,227	2,141	-	780	-	4,148
State of Oregon Local Government Investment Pool	-	-	4,797,738	969,409	70,915	5,838,062
Ending balance – December 31, 2025	<u>\$ 1,227</u>	<u>\$ 5,256,408</u>	<u>\$ 12,056,913</u>	<u>\$ 2,967,888</u>	<u>\$ 178,213</u>	<u>\$ 20,460,649</u>

Eugene Water & Electric Board
Water System – Analysis of Certain Restricted Cash and Investments for Bond Service
Year Ended December 31, 2025

	Investments for Bond Principal & Interest	Debt Service Reserves	SDC Reserves	Construction Funds	Total All Funds
Ending balance – December 31, 2024	\$ 1,290	\$ 1,146,980	\$ 211,889	\$ 26,055,743	\$ 27,415,902
Deposits from general fund	7,404,168	-	570,623	-	7,974,791
Investment earnings	732	56,372	7,369	824,789	889,262
Receipts	<u>7,404,900</u>	<u>56,372</u>	<u>577,992</u>	<u>824,789</u>	<u>8,864,053</u>
Principal payments	3,300,000	-	-	-	3,300,000
Interest payments	4,105,663	-	-	-	4,105,663
Transfers to general fund	-	150,000	658,541	26,880,532	27,689,073
Disbursements	<u>7,405,663</u>	<u>150,000</u>	<u>658,541</u>	<u>26,880,532</u>	<u>35,094,736</u>
U.S. securities, at market	-	1,052,052	79,076	-	1,131,128
Cash in bank	527	1,300	-	-	1,827
State of Oregon Local Government Investment Pool	-	-	52,264	-	52,264
Ending balance – December 31, 2025	<u>\$ 527</u>	<u>\$ 1,053,352</u>	<u>\$ 131,340</u>	<u>\$ -</u>	<u>\$ 1,185,219</u>

Eugene Water & Electric Board
Sustainability Accounting Standards Disclosures
Years Ended December 31, 2025, 2024, and 2023

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. This information is unaudited.

Electric System

Topic	Metric	2025	2024	2023
Greenhouse Gas Emissions & Energy Resource Planning	Number of customers served in markets subject to renewable portfolio standards (RPS). (All retail customers)	101,000	100,000	98,000
	RPS target before exemptions	586,806 MWh	468,715 MWh	476,532 MWh
	Percentage fulfillment of RPS target by market	97%	98%	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	2.0	3.5	2.35
	Fatality rate	0	0	0
End-Use Efficiency	Customer electricity savings from efficiency measures	14,574 MWh	7,801 MWh	14,345 MWh
	(In total across all customer types)	2.6 MW reduction in peak demand	2.0 MW reduction in peak demand	1.80 MW reduction in peak demand
Grid Resiliency	System Average Interruption Duration Index (SAIDI), per customer	28.92 minutes	65.34 minutes	48.65 minutes
	System Average Interruption Frequency Index (SAIFI), per customer	0.16 outages	0.34 outages	0.38 outages
	Customer Average Interruption Duration Index (CAIDI), per outage	185.04 minutes	191.94 minutes	129.01 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.

Eugene Water & Electric Board
Sustainability Accounting Standards Disclosures
Years Ended December 31, 2025, 2024, and 2023

Water System

Topic	Metric	2025	2024	2023
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	.51% of 819.5 miles 4.21 miles	.38% of 819.5 miles 3.10 miles	.35% of 819.2 miles 2.83 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	260 1,320 Customers 120 minutes	269 1,233 Customers 107 minutes	202 944 Customers 106 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

Report of Independent Auditors Required by Oregon State Regulations

The Board of Commissioners
Eugene Water & Electric Board

We have audited, 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, the individual and combined financial statements of Eugene Water & Electric Board's (the Board) Electric System, Water System, and Combined Totals Systems as of and for the year ended December 31, 2025, and the related notes to the combined financial statements, which collectively comprise Eugene Water & Electric Board's basic financial statements, and have issued our report thereon dated March 13, 2026.

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 Eugene Water & Electric 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) 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.

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 and 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, Principal,
for Baker Tilly US, LLP
Portland, Oregon
March 13, 2026

Rely on us.



Eugene Water & Electric Board
4200 Roosevelt Blvd.
Eugene OR 97402

www.eweb.org