



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown  
FROM: Mel Damewood, Engineering Manager and Dean Ahlsten, Compliance Officer  
DATE: February 20, 2015  
SUBJECT: Rate Adjustment for Dark Fiber Lease  
OBJECTIVE: Information Only

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## ***Issue Statement***

In accordance with the provisions of Board Resolution No. 1304 which established a Dark Fiber Lease Rate in 2013 (DFL-1), the rate is adjusted annually based on the City of Portland Consumer Price Index (CPI); the implementation date is April 1 each year. EWEB's current 'public purpose' rate (public agencies, higher education and medical service providers) is \$21.72 per fiber strand-mile per month. The 2014 CPI has not been published but it is projected to be in the 3% range.

## ***Background***

EWEB Fiscal Services staff periodically conducts a cost of service analysis and updates EWEB's Dark Fiber rate. This was last done in August 2010 to facilitate the connection of approximately twenty-five new customers in 2011/2012 utilizing funding from a federal Broadband Technology Opportunity Program (BTOP) grant awarded to Lane Council of Governments (LCOG). When the new DFL-1 rate was approved and published in Customer Policies and Procedures in 2013, all existing and new customers were put on that common rate, as opposed to continuing individual and varied rates based on pre-existing contracts.

## ***Discussion***

EWEB's DF rate consists of three components: Capital Cost Recovery; Capital Reserve; and Operations & Maintenance expense. The 'public purpose' rate includes all three components; while School Districts 4J, Bethel and Springfield rates contain only the O&M component. EWEB also offers a DF lease rate for commercial telecommunication service providers and other for-profit companies which is approximately double the public purpose rate. All three rates will be adjusted per the City of Portland CPI as shown:

Customer Group	Current DF Rate	Projected April 1, 2015 DF Rate
Public Agencies DFL-1	\$21.72 per fiber strand-mile month	~\$22.37 per fiber strand-mile month
School Districts	\$4.78 per fiber strand-mile month	~\$4.92 per fiber strand-mile month
For-Profit Companies	\$44.40 per fiber strand-mile month	~\$45.73 per fiber strand-mile month

***Recommendation and Requested Board Action***

Pursuant to past Board action, the rates listed above will automatically become effective on April 1, 2015 with actual CPI-Portland escalation. Because the index has not been published as of the February 20 Board Run date and because the next Board meeting will not occur until after these rates become effective, Management wanted to ensure the Board was aware of these coming rate changes. Actual rates will be communicated to the Board as follow-up once the CPI-Portland index is published.

There is no recommendation or requested Board action.

Please contact Mel Damewood at 685-7145 or e-mail at [mel.damewood@eweb.org](mailto:mel.damewood@eweb.org) with questions.