



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Sue Fahey, Finance Manager; Harvey Hall, Deborah Hart and Edward Yan, Senior Financial Analysts
DATE: October 26, 2015
SUBJECT: 2016 Proposed Budgets, Revenue Requirements, and Prices
OBJECTIVE: Direction on 2016 Budget and Prices

Issue

November 3, 2015 is the first of two public hearings on the 2016 proposed Electric and Water Utility budgets and price proposals which are scheduled for approval after the public hearing on December 1, 2015. Based on Board direction, final proposals will be prepared for the December 1st meeting. The Board is required by statute to approve the Utility budgets prior to January 1st.

Background

Budget

Over the last several years, both the Water and Electric Utilities have been facing financial challenges. Those challenges have been managed by strategically reducing operations & maintenance and capital costs, designing price structures that increase fixed cost recovery, asset sales, and prudently using reserves to strengthen financial metrics. The major strategies employed over the last several years are in Attachment 1.

At the October 6th Board meeting, staff presented draft budgets that included several assumptions. Staff also presented the revenue requirements associated with those assumptions and the resulting overall average price changes of 2.5% for the Electric Utility and 3.6% for the Water Utility. Additionally, management recommended price design changes for both Utilities that increased the basic charge and eliminated the Electric residential delivery charge and second energy usage tier to continue fixed cost recovery efforts. The design changes also keep conservation programs financially sustainable and provide bill stability for customers. These changes have been incorporated into the 2016 proposed budgets. At the meeting, the Board provided direction on the assumptions used to develop the 2016 revenue requirements and proposed budgets which are included in Attachment 2.

Electric Price Proposal

The 2016 Electric Price Proposal represents a 2.5% increase in overall revenue requirements. The increase is entirely due to a Bonneville Power Administration (BPA) increase that was effective October 1, 2015. Due to organizational cost control efforts, about 20% of the BPA increase has been mitigated and for the second year in a row, no general price increase is proposed. Management is

recommending that the Board direct staff to propose a 2.5% price increase at the December 1, 2015 meeting.

There are two distinct recommendations that require feedback and direction from the Board to create final recommendations and decisions by December.

Recommendation #1: An overall average price increase of 2.5% to recover revenue requirements due largely to increases that have already occurred in BPA prices to EWEB.

Recommendation #2: Using an overall average price increase of 2.5% in revenue requirements, adopt a price redesign that is described for residential prices below and in more detail in the “2016 Electric Price Proposal” (Attachment 3) document.

From a price design perspective, management is recommending that the Board direct staff to propose a \$10 basic charge increase combined with an additional \$169,000 limited income assistance. The \$169,000 represents half of the annual \$10 increase for adversely impacted low income customers. In addition to enhanced fixed cost recovery, the \$10 increase provides customer bill stability. Financially challenged and fixed income customers struggle more during the high heating winter months when bills are higher and less during low usage months. A higher basic charge combined with a lower usage price provides more relief during the winter months. Based on the “end state” information provided at the last Board meeting, a \$30 basic charge stays within the fixed cost recovery band. Attachment 3 provides the summary of residential current and proposed prices with the \$30 Basic Charge. The price proposal also includes price design changes for general service customers, a general service time of use rate and a change in the open access transmission tariff. Attachment 4 compares the bill impacts of Recommendations #1 and #2.

Water Price Proposal

The 2016 Water Price Proposal represents a 3.6% increase in overall revenue requirements. In 2013 the Board approved a price smoothing strategy for the Water Utility in part based on the decision to avoid significant price increases during major construction years on an alternative water supply (AWS). Eugene is the largest city in Oregon without a diverse water supply which poses a substantial risk to ensuring EWEB customers continue to receive safe, reliable, high quality water. The 2014 price increase included 3 percentage points to be set aside for future AWS costs. In 2016 approximately \$1 million is projected to be added to the AWS designated fund as a result of that increase. The Board has discretion to transfer additional money into this fund during the annual reserve transfer process. The designated funds will be used to support AWS costs and reduce the amount of bonds issued in 2019. After 2019, the revenues received from the 3 percentage points will be used to pay AWS related debt service costs.

Management is recommending that the 3.6% price increase be spread equally across all classes. A new fixed assets system and accounting structure were implemented in 2015. As more information is gathered, staff will be better able to categorize costs by class and determine appropriate price changes by class. Attachment 5 contains the summary of current and proposed prices for residential and general service inside city customers.

At the October Board meeting, Commissioners expressed interest in increasing EWEB's investment in emergency preparedness and source protection. As an alternative to the 3.6% overall average increase proposal, management has included a 4.6% price increase that would provide an additional \$300,000 for these efforts. Attachment 6 contains that option. If the Board directs increased investment in emergency preparedness and source protection, management would recommend the 4.6% option rather than cutting other operation and maintenance activities and staying at 3.6%.

Recommendation

Management recommends that the Board direct staff to: 1) Prepare the 2016 budget using the assumptions set forth in this document; 2) Prepare an Electric Utility price proposal with a 2.5% overall average February 2016 increase; 3) Include a residential price design with a \$10 increase to the basic charge in the Electric price proposal and a \$169,000 increase to limited income assistance and the other price changes described in Attachment 3; and 4) Prepare a Water Utility price proposal with a 3.6% overall average February 2016 price increase.

Requested Board Action

Management is not requesting Board action at the November 3rd meeting; however, Management is requesting that the Board provide clear direction on the recommendations. At the December 1, 2015 Board meeting after the public hearing, management will recommend approval of the 2016 Budgets, February 2016 Electric Price Proposal, and February 2016 Water Price Proposal.

Attachment 1 – Financial Strategies 2012-2015

Attachment 2 – 2016 Key Budget Assumptions

Attachment 3 – Electric Price Comparison - \$30 Basic Charge

Attachment 4 - Electric Bill Comparison and Limited Income Customer Impacts

Attachment 5 – Water Price Comparison – 3.6% average price increase

Attachment 6 – Water Price Comparison – 4.6% average price increase

Attachment 1

Financial Strategies 2012-2015

2012

- Electric utility introduced a rate stabilization fund to formally handle swings in revenue and expense due to natural fluctuation in hydro conditions.

2013

- Reduction measures :
 - ~ Position reductions - Over 50 FTE
 - ~ O&M reductions - \$7.5M; Capital spending deferral \$60M
- Established a centralized contingency account to be used for unanticipated expenses, revenue shifts and emergency needs.
- The budget assumed hydro generation based on 90% of average stream flow. Reserve draws to balance budget eliminated.
- Began ongoing water price design changes, relying more on basic charge and less on volumetric charge.
- Began completing budget hedging earlier in the year.
- Implemented priority based budgeting.

2014

- Reduction measures :
 - ~ Position reductions - 20 FTE
 - ~ O&M reductions - \$3.6M; Capital spending deferral or elimination \$20M
- Board approved financial policies to align Electric Utility with a single “A” rated utility.
- Established a designated fund for future Alternative Water Supply (AWS) project.
- Began ongoing Electric price design changes.
- Implemented department budget monitoring.

2015

- \$28.8M Harvest Wind debt extinguished through strategic use of reserves.
- Water Utility established rate stabilization fund.
- Financial initiative adjustments - Electric Utility \$2.5 million in ongoing savings, Water Utility \$380,000 in ongoing savings.

Attachment 2

2016 Key Budget Assumptions

Both Utilities

- 2.4% non-labor CPI increase as per the US Bureau Labor and Statistics, Portland/Salem 10 year average
- Labor/Benefits increases:
 - 2.4% wage escalation based on an average of the Portland/Salem CPI for All Urban Consumers (CPI-U) and Wages (CPI-W)
 - Non-retirement benefits increase – 8%
- Financial Initiative Adjustments, including savings in health insurance – Electric: approximately \$2.5 million decrease. Water: approximately \$380,000 decrease.
- Price changes effective February 1st

Electric

- Retail load approximately the same as 2015 budget – 2.5 million MWh that includes a 1% load increase for residential and general service customers in 2016 which is offset by an extended outage of a large usage customer
- BPA increase of 7.1% power and 4.4% Transmission costs
- Budget vs. expected risk tolerance of \$3.6 million
- \$25/MWh melded mid-market price curve

Water

- Consumption: 7.6 million kgals; approximately the same as the 2015 budget
- Capital bond issuance of approximately \$16 million

Attachment 3 Electric Utility

Residential Service

Existing vs. Proposed Prices - \$30 Basic Charge

	Existing Prices	Proposed Prices	Billing Unit
Basic Charge:	\$20.00	\$30.00	per Month
Delivery Charge:	\$0.02560	N/A	per kWh
Energy Charge:			
SUMMER			
First 800 kWh	\$0.05803	\$0.08187	per kWh
Over 800 kWh	\$0.07254	N/A	per kWh
WINTER			
First 800 kWh	\$0.05803	\$0.08187	per kWh
Over 800 kWh	\$0.07254	N/A	per kWh

Limited Income Assistance			
\$30 FIXED CHARGE			
<u>kWh Tier</u>	<u>Monthly Assistance</u>	<u># of Customers</u>	<u>Six Month Cost \$</u>
0 to 500	\$9.82 to \$9.12	982	\$55,000
501 to 1,000	\$8.94 to \$5.34	2,228	\$103,000
1,001 to 1,400	\$3.71 to \$0	1,208	\$11,000
		4,418	\$169,000

Attachment 4

Electric Bill Comparison and Limited Income Customer Impacts

Range	kWh	Current Pricing	2.5% Price Increase w/o Price Design			2.5% Price Increase with Price Design			Residential Customer Accounts			
			Proposed Pricing	Bill Impact	% Impact	Proposed Pricing	Bill Impact	% Impact	All Residential		Limited Income Residential	
									Customer Count	% of Customers	Customer Count	% of Customers
0 - 100	100	\$ 28.36	\$ 29.07	\$ 0.71	2.5%	\$ 38.19	\$ 9.82	34.6%	2,662	3.3%	16	0.4%
101 - 500	500	\$ 61.82	\$ 63.36	\$ 1.55	2.5%	\$ 70.94	\$ 9.12	14.8%	21,303	26.6%	975	25.1%
501 - 1000	1000	\$ 106.53	\$ 109.20	\$ 2.66	2.5%	\$ 111.87	\$ 5.34	5.0%	29,108	36.4%	1,456	37.5%
1001 - 1100	1100	\$ 116.35	\$ 119.25	\$ 2.91	2.5%	\$ 120.06	\$ 3.71	3.2%	3,867	4.8%	203	5.2%
1101 - 1200	1200	\$ 126.16	\$ 129.31	\$ 3.15	2.5%	\$ 128.24	\$ 2.08	1.7%	3,325	4.2%	178	4.6%
1201 - 1300	1300	\$ 135.97	\$ 139.37	\$ 3.40	2.5%	\$ 136.43	\$ 0.46	0.3%	2,798	3.5%	154	4.0%
1301 - 1400	1400	\$ 145.79	\$ 149.43	\$ 3.64	2.5%	\$ 144.62	\$ (1.17)	-0.8%	2,376	3.0%	127	3.3%
1401 - 1500	1500	\$ 155.60	\$ 159.49	\$ 3.89	2.5%	\$ 152.81	\$ (2.80)	-1.8%	1,978	2.5%	105	2.7%
1501 - 1600	1600	\$ 165.42	\$ 169.55	\$ 4.14	2.5%	\$ 160.99	\$ (4.42)	-2.7%	1,725	2.2%	93	2.4%
1601 - 1700	1700	\$ 175.23	\$ 179.61	\$ 4.38	2.5%	\$ 169.18	\$ (6.05)	-3.5%	1,423	1.8%	77	2.0%
1701 - 1800	1800	\$ 185.04	\$ 189.67	\$ 4.63	2.5%	\$ 177.37	\$ (7.68)	-4.1%	1,246	1.6%	71	1.8%
1801 - 1900	1900	\$ 194.86	\$ 199.73	\$ 4.87	2.5%	\$ 185.55	\$ (9.30)	-4.8%	1,056	1.3%	60	1.5%
1901 - 2000	2000	\$ 204.67	\$ 209.79	\$ 5.12	2.5%	\$ 193.74	\$ (10.93)	-5.3%	917	1.1%	51	1.3%
2001 - 3000	3000	\$ 302.81	\$ 310.38	\$ 7.57	2.5%	\$ 275.61	\$ (27.20)	-9.0%	4,423	5.5%	237	6.1%
3001 - 4000	4000	\$ 400.95	\$ 410.98	\$ 10.02	2.5%	\$ 357.48	\$ (43.47)	-10.8%	1,122	1.4%	58	1.5%
4001 - 5000	5000	\$ 499.09	\$ 511.57	\$ 12.48	2.5%	\$ 439.35	\$ (59.74)	-12.0%	333	0.4%	16	0.4%
over 5001									294	0.4%	6	0.1%
									79,955		3,881	

NOTE: Limited Income Customers are those with at least a 12 month history with EWEB.

Attachment 5

Water Utility

3.6% Option

Existing vs. Proposed Prices

Water Prices Comparison

	Existing Prices		Proposed Prices	
Residential Customers				
Basic Charge				
5/8"	\$19.20	/month	\$20.37	/month
3/4"	\$19.98		\$21.20	
1"	\$25.92		\$27.50	
1-1/2"	\$39.66		\$42.08	
2"	\$71.06		\$75.39	
Volume Charge				
First 8,000 gallons	\$1.60	/Kgal	\$1.60	/Kgal
Next 22,000 gallons	\$2.70		\$2.70	
Over 30,000 gallons	\$4.38		\$4.38	
General Service Customers				
Basic Charge				
5/8"	\$19.49	/month	\$22.10	/month
3/4"	\$20.28		\$23.00	
1"	\$26.31		\$29.84	
1 - 1/2"	\$40.24		\$45.63	
2"	\$72.11		\$81.77	
3"	\$162.45		\$184.22	
4"	\$277.37		\$314.54	
6"	\$416.20		\$471.97	
8"	\$602.46		\$683.19	
10"	\$850.89		\$964.91	
Volume Charge				
All KGAL (1,000 gallons)	\$2.75	/Kgal	\$2.75	/Kgal

Attachment 6

Water Utility

4.6% Option

Existing vs. Proposed Prices

Water Prices Comparison

	Existing Prices		Proposed Prices	
Residential Customers				
Basic Charge				
5/8"	\$19.20	/month	\$20.74	/month
3/4"	\$19.98		\$21.58	
1"	\$25.92		\$27.99	
1-1/2"	\$39.66		\$42.83	
2"	\$71.06		\$76.74	
Volume Charge				
First 8,000 gallons	\$1.60	/Kgal	\$1.60	/Kgal
Next 22,000 gallons	\$2.70		\$2.70	
Over 30,000 gallons	\$4.38		\$4.38	
General Service Customers				
Basic Charge				
5/8"	\$19.49	/month	\$22.80	/month
3/4"	\$20.28		\$23.73	
1"	\$26.31		\$30.78	
1 - 1/2"	\$40.24		\$47.08	
2"	\$72.11		\$84.37	
3"	\$162.45		\$190.07	
4"	\$277.37		\$324.52	
6"	\$416.20		\$486.95	
8"	\$602.46		\$704.88	
10"	\$850.89		\$995.54	
Volume Charge				
All KGAL (1,000 gallons)	\$2.75	/Kgal	\$2.75	/Kgal

Eugene Water & Electric Board

2016 Proposed BUDGET

November 3, 2015



Eugene Water & Electric Board

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Board of Commissioners

OUR Mission 

is to be an outstanding provider of energy and water products that meet customer needs and benefit the citizens of Eugene.

OUR Vision 

is to be the best community-owned water and electric utility in the nation.

WE Value 

- Providing affordable products and services
- Caring about our community and the environment
- Being flexible, innovative and adaptable to community needs
- Defining value through the customer's eyes
- Creating a quality work environment

EUGENE WATER & ELECTRIC BOARD 

	<u>Ward</u>	<u>Term ends</u> <u>December 31,</u>
Steve Mital, President	1 & 8	2016
John Simpson, Vice President	At Large	2018
Dick Helgeson	2 & 3	2016
James Manning	6 & 7	2016
John Brown	4 & 5	2018

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Board of Commissioners,

The 2016 Eugene Water & Electric Board Operations & Maintenance (O&M) and Capital proposed budgets totaling \$273.0 million for the Electric Utility and \$39.6 million for the Water Utility are submitted for your consideration and approval. The combined total for both Utilities is \$312.6 million which is 5.5% lower than 2015. The primary reason for the decrease was that in 2015 the Electric Utility used designated funds to pay off the \$28.8 million Harvest Wind note payable. Adjusting for the use of debt service reserves results in a combined Utility budget that is 3.6% higher than 2015. That increase is primarily due to purchased power costs. In particular, purchased power costs from Bonneville Power Administration (BPA) have already increased in October by about 7%. In addition, there is an increase in capital projects funded with previously issued bonds, capital reserves and customer contributions. Included in the budgets are O&M expenses, plant additions, debt service and contributions in lieu of taxes to local governmental agencies.

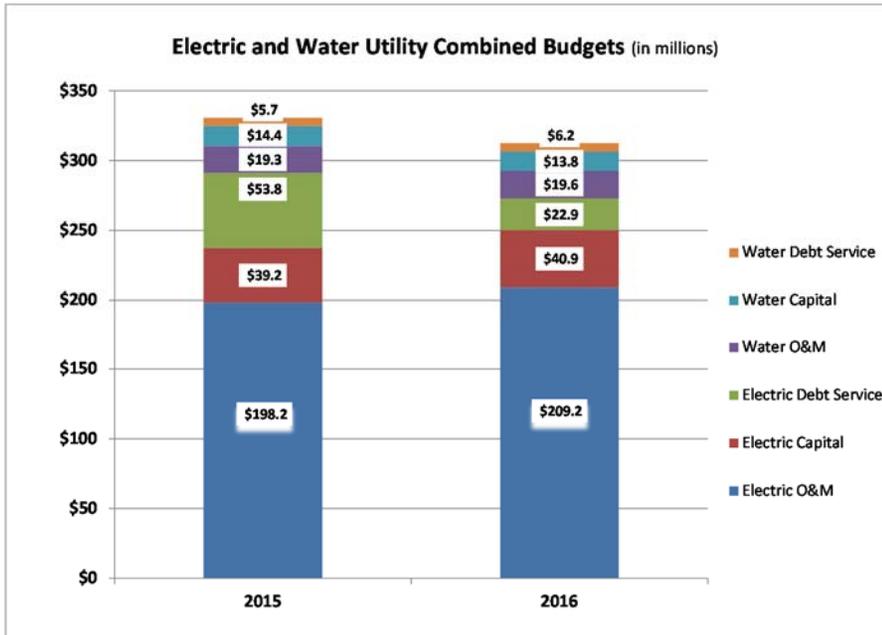
During the spring and summer of 2015, management identified more than \$2.8 million in O & M expenditure reductions. As a result of the work performed by the Board, management and staff, both Utilities' long term financial plans demonstrate increased financial stability and a more solid financial outlook. The proposed budgets include critical infrastructure rehabilitation projects and high priority technology projects that are designed to enhance our customers' ability to make informed choices.

After including those high priority items, revenue requirements for the Electric Utility result in an overall average price (or revenue requirements) change of 2.5% for our customers. Had the BPA increases simply been passed through, the estimated average price increase would have been about 3%. By working on productivity and prioritizing budgets, EWEB was able to offset part of the BPA increase. Additionally, the Electric Utility's long term financial plan indicates that future revenue requirements should

provide for average price changes which would allow the Utility's average residential bill to be in the middle of regional comparators. Specific price components will be redesigned so that more of the Utility's fixed costs are covered by non-volumetric revenues, further enhancing financial stability as well as customer bill predictability. Price redesign is critical for many reasons such as improving revenue stability and increasing customer bill predictability. Proper price design also ensures fairness and equity among customers as usage patterns change. When customer usage patterns were more uniform, price design updates were not as necessary. The historical emphasis was on simplicity. However, as usage patterns continue to change, price design updates are necessary to avoid cross-subsidies among customers. When fixed costs, that do not vary based on consumption, are loaded in to volumetric charges, a large subsidy can occur. Higher usage customers subsidize lower usage customers. For this reason, management continues to recommend that EWEB continue on its course of fixing this issue.

The Water Utility revenue requirements result in an overall average price change of 3.6%. In 2013, a smoothing methodology for future Water prices was adopted to avoid price spikes when the Water Utility incurs significant expenses to secure an alternate water supply. EWEB is the largest municipality in Oregon without a diverse water supply, and the ten-year capital improvement plan includes approximately \$67 million to eliminate that risk. Utilizing the price smoothing technique, the Water Utility's ten year long-term financial plan indicates revenue requirements that result in a 3.6% overall average price change over the plan's horizon. Even with these changes, the Water Utility's average customer bill is projected to remain below the regional average.

The following chart depicts the combined Electric and Water budgets for 2015 and 2016.



The Electric and Water Utilities’ financial challenges are very different. Prior to 2015, four years of average or higher than average hydro generation allowed the Electric Utility to accumulate reserves in excess of Board targets. In 2015, an unusually warm winter will likely result in a draw on those reserves. Increased debt costs for rehabilitation and expansion of infrastructure, as well as renewable power investments, have made achieving debt service coverage targets for the Electric Utility difficult. The Water Utility does not have a large debt burden, but since sales have not rebounded, reserves for the last several years have been below Board targets. With the actions taken by the Board to increase financial stability and consumption increasing the last two years, Water Utility reserves are now at Board targets. Both Utilities’ challenges have been managed by strategically reducing operations & maintenance and capital costs, designing price structures that increase fixed cost recovery, asset sales, and/or prudently using reserves to strengthen financial metrics.

The local economy is showing signs of improvement. A projected 1% electric load increase for residential and general service customers is offset by an extended outage of a large usage customer. EWEB’s *Integrated Electric Resource Plan* approved by the Board in 2011 calls for future load growth to be offset by conservation measures which were determined to be the most cost effective and least risky way to meet future electricity load requirements. Accordingly, the Utility does not anticipate significant residential load growth in the future.

The Water Utility’s consumption is budgeted at the same level as the 2015 budget. Although improved, consumption has not entirely rebounded since the loss of a major customer several years ago. Budgeted consumption remains approximately 20% lower than the 2008 budgeted levels. Price redesign to increase fixed cost recovery efforts helps shelter the Utility from revenue losses in low consumption years.

In an effort to ensure that EWEB’s constrained resources are used in alignment with Board and customer priorities and EWEB’s overarching strategy “*To Deliver Value for Generations,*” management used a priority based budgeting (PBB) approach to develop the 2016 budget and identify areas for savings and additions that support EWEB’s strategic goals and mission.

EWEB continues to be a strong community partner as evidenced by its Community Care Program that was created in response to the economic crisis and provides bill payment assistance for limited income customers. The budget includes \$1.6 million for this program. Additionally, EWEB provides over \$500,000 in grants to local schools.

As EWEB considers multiple strategies to reduce costs and debt, the utility must balance the reliability of its electric and water systems with reasonable risk.

Electric Utility

Overview

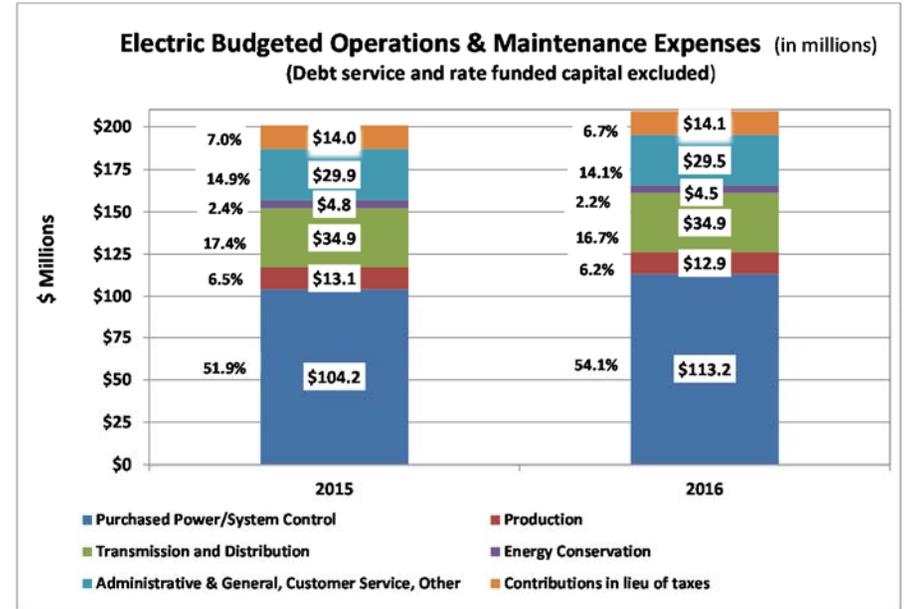
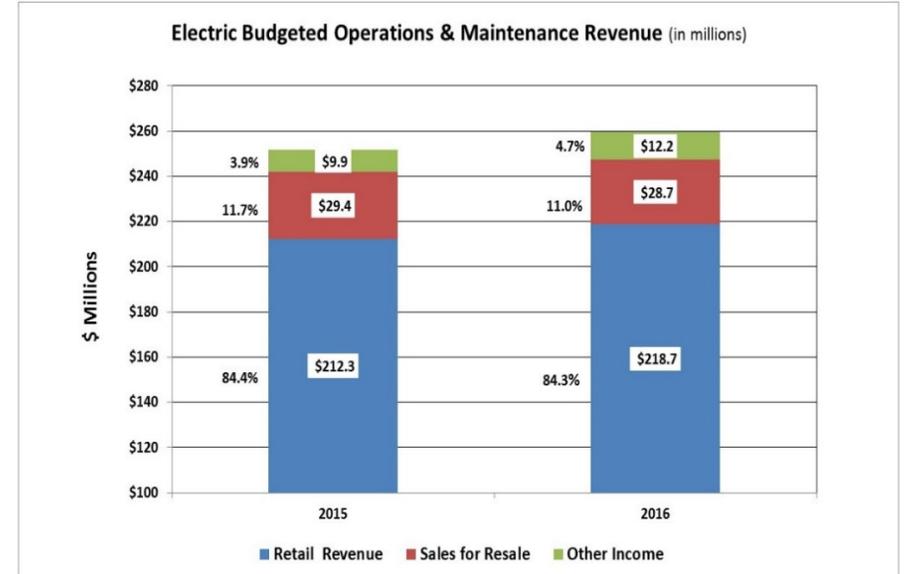
The Electric Utility has surplus power which is sold to other utilities. A continuation of depressed prices for the sale of surplus power has resulted in historically low wholesale revenues. Budgeted wholesale revenue in 2016 is only about 30% of the 2008 actual. This, combined with flat customer demand, requires that the Utility's fixed costs be spread over a smaller base. Additionally, EWEB has invested in renewable power (wind, biomass) which is more expensive than the historical hydro generation. Those investments and the bonds issued for infrastructure rehabilitation and replacements have increased debt service payments and put pressure on debt service coverage metrics. To ease that pressure, the Board authorized using reserves in 2015 to pay off debt.

Operations & Maintenance Budget

The 2016 Electric O&M budget is \$209.2 million compared to \$198.2 million in 2015. The increase reflects higher purchased power costs with the Bonneville Power Administration rate increase and inclusion of WGA power output. The budget assumes a risk tolerance of \$3.6 million which represents revenue from hydro generation at 90% of historical average or 97% of budgeted retail load, and relatively flat retail consumption of 2.5 million MWh. Retail sales are up \$6.5 million due to the combined effect of a 2.5% price increase and impact of residential class customer growth. Other Operating revenues are up due to account reclassifications among Sales for Resale and Other revenue.

Operating expenses other than Purchased Power are down \$800,000 primarily due to financial savings initiative efforts. The budget includes an \$8.9 million deposit to operating reserves which will allow the Board to make strategic decisions regarding the use of those reserves and further strengthen the Utility's financial position.

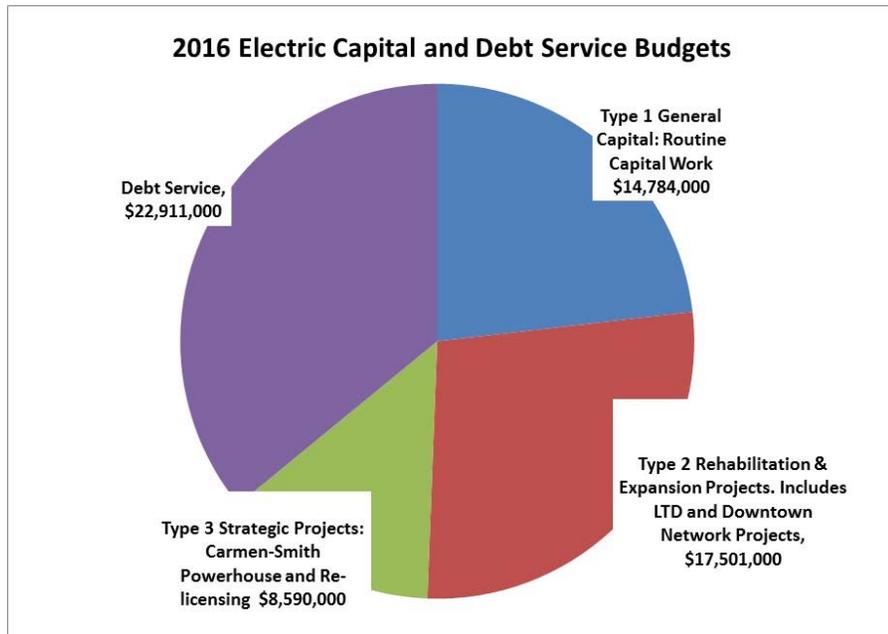
The following charts compare the 2016 and 2015 O&M revenue and expense budgets:



Capital and Debt Service Budgets

The Electric Capital budget of \$40.9 million is \$1.7 million higher than 2015 and includes aging infrastructure replacement at the Carmen-Smith dam powerhouse, other generation facilities, and the downtown network; new Information Technology projects; and a higher level of work on the Lane Transit District (LTD) project. The work to replace aging infrastructure is an effort to maintain, but not improve, reliability. The Carmen-Smith and downtown network projects are funded with previously issued bond proceeds, while the LTD project will be reimbursed by LTD. Approximately \$19 million of capital work will be funded with electric rates.

The debt service budget decreased by \$31 million from 2015 with the payoff of Harvest Wind debt as the Board continues its effort to improve the Electric Utility's financial stability. Additional detail on the capital budget is included in Attachment 1.



Water Utility

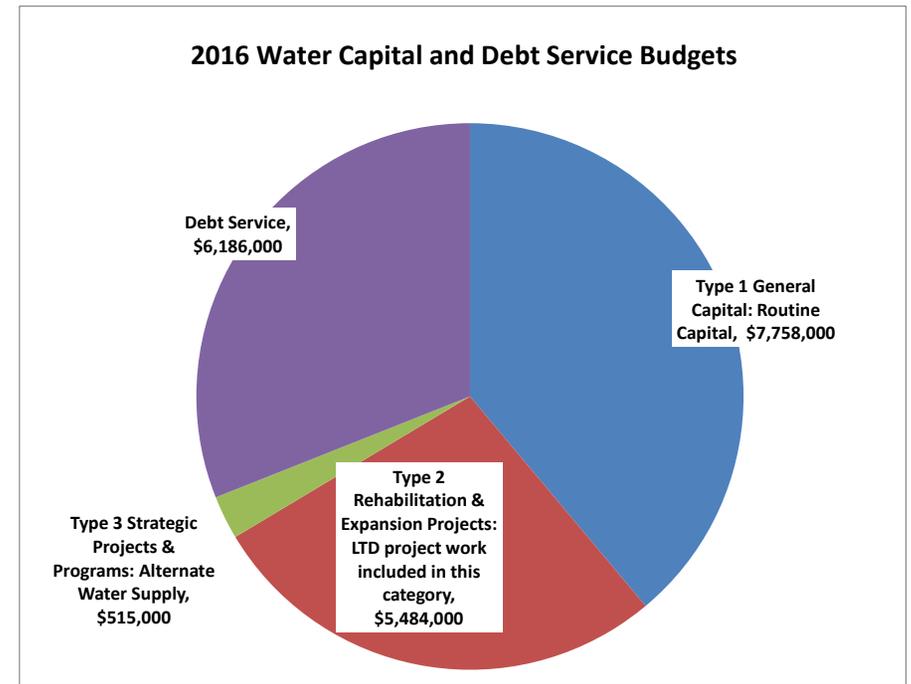
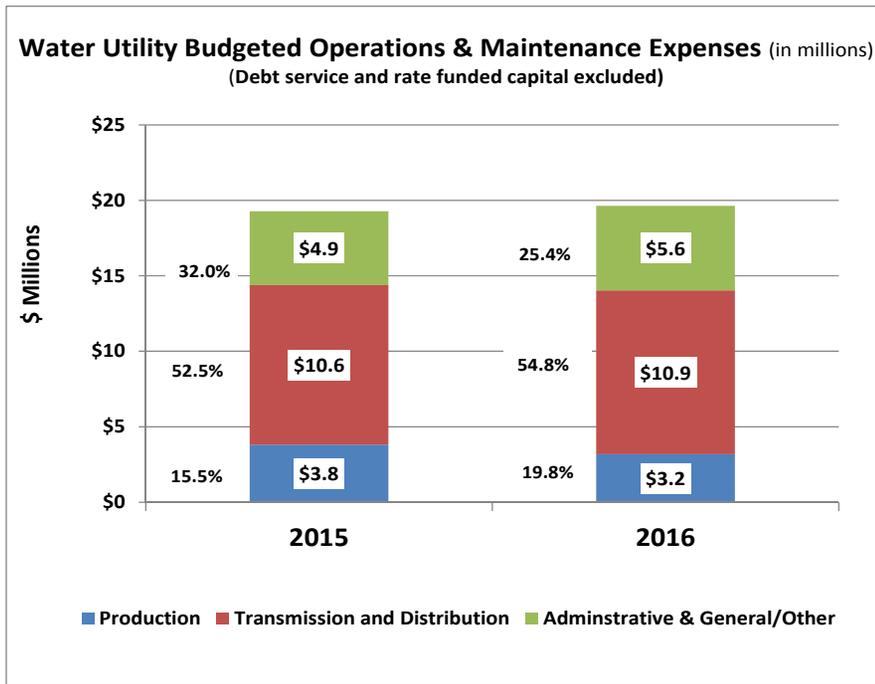
Overview

Like many Northwest water utilities, EWEB has experienced declining demand at a time when aging infrastructure needs replacement in order to reliably deliver safe water to customers. The extensive capital required to operate a large filtration plant and maintain about 800 miles of distribution pipes comes with high fixed costs. Fixed costs typically comprise 80-95% of a water utility's expenses. In an effort to increase the Water Utility's financial stability, over the last several years the Board has approved a price design that increased the basic charge at a higher level than volumetric charges. The 2016 price change continues that strategy with almost all of the additional revenue requirements being added to monthly charges.

Operations & Maintenance Budget

The 2016 Water Utility O&M budget is \$19.6 million compared to \$19.3 million in 2015. Changes in account structure and cost mapping, including certain wages and benefits, have resulted in categories that are not directly comparable to 2015 budget or 2014 actuals. The budget assumes sales of approximately 7.6 million kgals which is the same as the 2015 budget and approximately 600,000 kgals lower than 2014 actual consumption. Over 95% of Water Utility revenues are derived from sales to customers. To meet the Water Utility revenue requirements, the budget includes an overall average price increase of 3.6% which would be effective on bills rendered beginning February 2016. This increase represents slightly more than \$1 per month for the average residential customer.

The budget results in a \$1 million reserves deposit to the alternate water supply fund created by the Board in 2013. The following chart compares the 2016 and 2015 operations and maintenance expense budgets:



Capital and Debt Service Budgets

The \$13.8 million Water Utility Capital budget is \$600,000 lower than 2015, primarily due to the projected completion of work on the reimbursable LTD project. This reduction was partially offset by the shift of service replacement work from O&M to Capital. Depending on the type of project, funding is through water retail prices, customer contributions, or bonds. Significant projects include service and distribution main work and filter upgrades at Hayden Bridge. The debt service budget is approximately \$400,000 higher than 2015 due to the anticipated 2016 bond issuance.

Electric and Water Impacts to Residential Customers

The following chart shows the approximate monthly residential bill change as a result of the price increase and design changes used in developing the 2016 budget:

2016 Proposed price actions Residential	Typical apartment average monthly consumption of 570 kWh electricity and 3 kgal water	Typical single family home average monthly consumption of 1,600 kWh electricity and 9 kgal water
Electric : 2.5% February increase	\$9.00	(\$4.42)
Water : 3.6% February increase	\$1.17	\$1.17
Total average monthly increase/(decrease)	\$10.17	(\$3.25)

The 2016 budgets and price design changes position both the Electric and Water Utilities to continue their path towards financial stability and to rise to the challenge of our customers' expectations and EWEB's long term strategic goals. We must continue to look for, and find, efficiencies as we adapt to the constantly changing and uncertain environment we operate in. Our success in delivering value for generations will depend on continuing to engage the community, Board, and staff in charting our future course. I want to thank EWEB management and staff, Commissioners and the community for their assistance in helping EWEB achieve its mission "To be an outstanding provider of energy and water products that meet customer needs and benefit the citizens of Eugene".

I recommend the adoption of the 2016 Electric and Water Utility budgets presented in Attachment 1.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Roger Gray".

Roger Gray, General Manager

Attachment 1

2016 Proposed Budgets



EUGENE WATER & ELECTRIC BOARD
ELECTRIC UTILITY CAPITAL AND DEBT SERVICE BUDGET
2016 BUDGET COMPARED WITH 2015 BUDGET

Funding Source by Type	2016 Budget	2015 Budget
<u>Source of Funds</u>		
Retail Revenue	18,665,000	19,240,000
Draw on Capital Reserves	1,250,000	-
Bond Proceeds	12,590,000	11,940,000
Customer Contributions in Aid	8,304,000	7,914,000
Interest Earnings on Reserve Fund	66,000	94,000
Total Source of Funds	40,875,000	39,188,000
 Expenditures by Type		
<u>Type 1- General Capital¹</u>		
Electric Infrastructure- Generator	1,916,000	1,595,000
Electric Infrastructure- Substations & Telecom	1,650,000	2,005,000
Electric Infrastructure- Transmission & Distribution	8,350,000	8,145,000
General Plant- Information Technology	1,130,000	1,797,000
General Plant- Buildings & Land	511,000	685,000
General Plant- Fleet	1,227,000	1,200,000
Total Type 1	14,784,000	15,427,000
 <u>Type 2- Rehabilitation & Expansion Projects²</u>		
Downtown Network	4,000,000	4,000,000
LTD EmX Project	4,354,000	5,477,000
Generation		200,000
Upriver Re-Configuration/ Holden Creek Substation	3,000,000	1,500,000
Information Technology (CIS, AMI)	4,577,000	4,644,000
Leaburg Roll Gate	1,570,000	-
Total Type 2	17,501,000	15,821,000
 <u>Type 3- Strategic Projects & Programs³</u>		
Carmen Smith Relicensing	8,590,000	7,940,000
Total Type 3	8,590,000	7,940,000
Total Electric Capital Budget	40,875,000	39,188,000
Rate Funded Debt Service	22,911,000	53,844,000
Total Electric Capital and Debt Service Budget	\$ 63,786,000	\$ 93,032,000

¹ Type 1 capital is routine capital work for projects totaling less than \$1 million and is funded with rates and customer contributions.

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

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

Dollars rounded to the nearest thousand.

EUGENE WATER & ELECTRIC BOARD
WATER UTILITY OPERATIONS & MAINTENANCE BUDGET AND REVENUE REQUIREMENTS
2016 BUDGET COMPARED WITH 2015 BUDGET AND 2014 ACTUAL

	2016 Budget		2015 Budget		2014 Actual	
	Gal (000)	REVENUE	Gal (000)	REVENUE	Gal (000)	REVENUE
Residential	3,808,000	\$ 20,219,000	3,808,000	\$ 19,074,000	3,972,000	\$ 18,710,000
Commercial	3,096,000	12,509,000	3,096,000	12,341,000	3,388,000	15,217,000
Sales for Resale and Other	704,000	2,846,000	704,000	2,721,000	875,000	1,139,000
Operating revenues	<u>7,608,000</u>	<u>35,574,000</u>	<u>7,608,000</u>	<u>34,136,000</u>	<u>8,235,000</u>	<u>35,066,000</u>
Other revenue		1,253,000		1,040,000		823,000
Interest income		100,000		106,000		-
Non-operating revenues		<u>1,353,000</u>		<u>1,146,000</u>		<u>823,000</u>
Total revenues		<u>36,927,000</u>		<u>35,282,000</u>		<u>35,889,000</u>
Production		3,175,000		3,812,000		4,630,000
Transmission & distribution		10,860,000		10,575,000		5,957,000
Customer accounting		2,020,000		1,868,000		1,340,000
Conservation		316,000		199,000		151,000
Administrative & general		3,505,000		3,102,000		3,948,000
Operating expenses		<u>19,876,000</u>		<u>19,556,000</u>		<u>16,026,000</u>
Change in balance sheet accounts		<u>(237,000)</u>		<u>(273,000)</u>		
Total operations and maintenance expenses		<u>19,639,000</u>		<u>19,283,000</u>		
Rate funded capital		10,102,000		8,155,000		
Rate funded debt service		6,186,000		5,737,000		4,799,000
Total rate funded capital related expenses		<u>16,288,000</u>		<u>13,892,000</u>		
Total rate funded expenses		<u>35,927,000</u>		<u>33,175,000</u>		
Revenues over expenses		<u>\$ 1,000,000</u>		<u>\$ 2,107,000</u>		
Deposit to Alternative Water Supply Fund		\$ 1,000,000		\$ 1,000,000		
Deposit to Working Cash/Reserves		-		1,107,000		
Net change in reserves		<u>\$ 1,000,000</u>		<u>\$ 2,107,000</u>		
						<u>\$ 15,064,000</u>

Net revenue available for capital, working cash and reserves \$ 15,064,000

Dollars rounded to nearest thousand.

EUGENE WATER & ELECTRIC BOARD
WATER UTILITY CAPITAL AND DEBT SERVICE BUDGET
2016 BUDGET COMPARED WITH 2015 BUDGET

Funding Source by Type	2016 Budget	2015 Budget
<u>Source of Funds</u>		
Retail Revenue	\$ 10,102,000	\$ 8,155,000
Bond Proceeds	2,110,000	1,968,000
Customer Contributions in Aid	1,133,000	3,824,000
System Development Charges	412,000	464,000
Total Source of Funds	<u>13,757,000</u>	<u>14,411,000</u>
Expenditures by Type		
<u>Type 1 - General Capital ¹</u>		
Source - Water Intakes & Filtration Plant	412,000	292,000
Distribution & Pipe Services	6,078,000	4,691,000
Distribution Facilities	525,000	376,000
Information Technology	199,000	335,000
Buildings, Land & Fleet	544,000	527,000
Total Type 1	<u>7,758,000</u>	<u>6,221,000</u>
<u>Type 2- Rehabilitation & Expansion Projects ²</u>		
Source - Water Intakes & Filtration Plant	2,987,000	2,419,000
Distribution & Pipe Services	-	3,103,000
Distribution Facilities	1,597,000	1,802,000
Information Technology	900,000	814,000
Total Type 2	<u>5,484,000</u>	<u>8,138,000</u>
<u>Type 3- Strategic Projects & Programs ³</u>		
Alternative Water Supply	515,000	52,000
Total Type 3	<u>515,000</u>	<u>52,000</u>
Total Water Capital Budget	<u>13,757,000</u>	<u>14,411,000</u>
Rate Funded Debt Service	<u>6,186,000</u>	<u>5,737,000</u>
Total Water Capital and Debt Service Budget	<u>\$ 19,943,000</u>	<u>\$ 20,148,000</u>

¹ Type 1 capital is routine capital work for projects totaling less than \$1 million and is funded with rates and customer contributions.

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

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

Dollars rounded to nearest thousand.

Attachment 2

Department Operations & Maintenance 2016 Budget Compared to Prior Years



Eugene Water & Electric Board - Operations and Maintenance Budget: 2016

Summary By Division



Description	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
	FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Customer Service	77.35	\$11,634,243	76.85	\$11,355,772	73.35	\$10,129,338
Electric Transmission & Distribution Operations	89.00	\$16,829,217	89.50	\$17,474,861	90.00	\$16,525,838
Energy Management Services	14.00	\$4,253,013	14.00	\$4,650,670	14.00	\$3,233,186
Engineering	61.75	\$8,159,068	58.65	\$10,972,801	57.65	\$9,874,191
Enterprise Governance Risk ¹	9.00	\$1,484,817	0.00	\$0	0.00	\$0
Environmental Management	15.00	\$3,993,106	15.00	\$3,606,906	15.00	\$2,858,805
Finance	28.73	\$5,883,143	28.73	\$6,156,443	30.15	\$6,071,674
Fleet Services ²	10.00	\$2,725,332	10.00	\$2,921,427	10.00	\$2,610,425
General Manager	3.00	\$759,816	3.00	\$763,227	4.00	\$984,684
Generation	18.00	\$9,140,068	19.00	\$6,340,844	20.50	\$5,972,337
Human Resources	13.00	\$2,596,844	12.00	\$2,454,912	12.50	\$24,243,699
Information Services	59.00	\$11,105,554	69.00	\$12,104,904	68.00	\$9,950,967
Power Resources and Strategic Planning	9.00	\$2,478,759	12.00	\$2,823,719	12.00	\$2,623,627
Public Affairs	9.60	\$2,668,859	9.60	\$2,670,540	10.00	\$2,139,760
Trading and Power Operations ³	15.00	\$139,789,847	15.00	\$130,069,609	15.00	\$157,363,712
Warehouse and Building Operations ⁴	20.00	\$4,548,717	14.00	\$4,228,913	14.00	\$3,679,037
Water Operations	77.53	\$12,162,075	77.05	\$12,208,671	76.25	\$10,368,724
	527.96	\$240,212,478	523.38	\$230,804,219	522.40	\$268,630,002

*FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE.

¹ New Department in 2016.

² Functional area is part of the Generation division.

³ Trading and Power Operations includes certain expenses for trading activity netted against trading revenues of the Electric Utility Operations & Maintenance budget in Attachment 1.

⁴ Functional areas part of Finance and Electric divisions.

Note: Excludes organization- wide expenses. Also, due to account structure mapping, 2015 may not be directly comparable to the 2016 budget document.

Customer Service

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Wages / Benefits							
	Wages / Benefits	77.35	\$7,171,613	76.85	\$6,909,812	73.35	\$5,956,297
Purchases							
	Stores Materials and Supplies		\$28,500		\$18,500		\$37,146
	Equipment		\$178,236		\$195,568		\$192,080
	EWEB Equipment		\$0		\$0		\$4,642
	Landscaping and Buildings		\$5,000		\$0		\$0
	Equipment		\$0		\$500		\$0
	Materials and Supplies		\$69,908		\$91,453		\$70,444
	Technology / Office Equipment		\$45,900		\$40,900		\$39,641
Services							
	Contract Labor		\$80,550		\$89,050		\$118,440
	Construction Agreements		\$1,000		\$1,100		\$719
	Miscellaneous Services		\$39,500		\$36,061		\$38,528
	Management Consultants		\$1,622,423 ¹		\$1,567,209		\$1,183,226
	Software/Hardware Maintenance and Services		\$291,003		\$296,100		\$300,213
	Legal Services		\$13,639		\$11,800		\$28,466
	Printing and Postage		\$327,051		\$334,249		\$298,012
	Fees and Licenses		\$2,600		\$100		\$11,278
	Training and Travel		\$52,280		\$58,330		\$53,315
	Grants		\$0		\$0		\$5,000
	Uncollectable Accounts		\$800,000		\$800,000		\$648,194
	Low Income Services		\$905,040 ²		\$905,040		\$1,143,698
Total			\$11,634,243		\$11,355,772		\$10,129,338

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE. Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

¹ Increase due to system upgrade & replacement projects

² Total resources available for low income assistance \$1.6 million

Electric Transmission & Distribution Operations

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Wages / Benefits							
	Wages / Benefits	89	\$11,031,962 ¹	89.5	\$11,686,417	90	\$10,687,308
Purchases							
	Stores Materials and Supplies		\$340,910		\$413,800		\$512,306
	EWEB Equipment		\$1,315,163		\$1,188,336		\$1,140,257
	Landscaping and Buildings		\$15,752		\$10,752		\$14,985
	Equipment		\$46,650		\$29,120		\$141,731
	Energy		\$0		\$0		\$1,847
	Water		\$43,799		\$19,799		\$28,450
	Fuels		\$0		\$0		\$10,967
	Vehicle Fuel and Oil		\$500		\$0		\$207
	Materials and Supplies		\$403,811		\$504,983		\$381,599
	Technology / Office Equipment		\$68,097		\$47,047		\$73,806
Services							
	Contract Labor		\$2,885,169 ²		\$65,100		\$696,622
	Construction Agreements		\$229,420		\$2,990,759		\$2,301,203
	Miscellaneous Services		\$66,358		\$107,634		\$156,921
	Management Consultants		\$91,625		\$165,770		\$132,529
	Software/Hardware Maintenance and Services		\$98,914		\$104,164		\$22,473
	Property Rent		\$1,000		\$25,000		\$0
	Printing and Postage		\$3,800		\$2,000		\$1,566
	Fees and Licenses		\$690		\$300		\$1,691
	Training and Travel		\$185,597		\$113,880		\$211,421
	Grants		\$0		\$0		\$7,950
Total			\$16,829,217		\$17,474,861		\$16,525,838

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE. Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

¹ Decrease in 2016 O & M labor due to increased capital labor to support Downtown Network and LTD EMX work.

² In 2016, Contract Labor reflects contracted tree trimming services which in previous years was budgeted in Construction Agreements.

Energy Management Services

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Wages / Benefits							
	Wages / Benefits	14	\$1,784,349	14	\$1,734,419	14	\$1,605,282
Purchases							
	Stores Materials and Supplies		\$0		\$0		\$568
	Equipment		\$39,396		\$44,905		\$46,340
	EWEB Equipment		\$200		\$200		\$175
	Equipment		\$0		\$0		\$240
	Energy		\$0		\$0		\$6,832
	Vehicle Fuel and Oil		\$0		\$0		\$78
	Materials and Supplies		\$1,000		\$10,650		\$12,949
	Technology / Office Equipment		\$3,600		\$4,100		\$906
Services							
	Contract Labor		\$0		\$26,000		\$13,056
	Conservation Measures and Incentives		\$2,299,268		\$2,674,296		\$1,439,340 ¹
	Construction Agreements		\$1,000		\$0		\$563
	Miscellaneous Services		\$7,900		\$7,950		\$15,103
	Management Consultants		\$56,500		\$86,500		\$50,075
	Legal Services		\$4,500		\$4,000		\$4,283
	Printing and Postage		\$600		\$13,050		\$1,741
	Fees and Licenses		\$5,700		\$3,100		\$5,675
	Training and Travel		\$29,000		\$36,500		\$28,333
	Grants		\$20,000		\$5,000		\$1,650
Total			\$4,253,013		\$4,650,670		\$3,233,186

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE. Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

¹ In 2014, some actuals charged to Engineering Division due to re-organization. Additionally, Residential conservation budgeted for Housing and Community Services Agency of Lane County was not utilized.

Engineering

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Wages / Benefits							
	Wages / Benefits	61.75	\$6,101,940	58.65	\$5,664,873	57.65	\$5,190,861
Purchases							
	Stores Materials and Supplies		\$7,600		\$2,200		\$3,404
	EWEB Equipment		\$83,664		\$107,206		\$92,550
	Landscaping and Buildings		\$10,200		\$0		\$4,158
	Equipment		\$27,600		\$244,000		\$38,277
	Energy		\$3,600		\$0		\$5,090
	Vehicle Fuel and Oil		\$0		\$0		\$2,871
	Materials and Supplies		\$71,650		\$166,260		\$131,082
	Technology / Office Equipment		\$58,200		\$65,317		\$43,214
Services							
	Contract Labor		\$15,000		\$26,000		\$15,388
	Wheeling		\$0		\$0		\$124,398
	Conservation Measures and Incentives		\$0		\$0		\$362,213 ¹
	Construction Agreements		\$72,000 ²		\$2,677,963		\$2,037,911
	Miscellaneous Services		\$303,560		\$333,250		\$228,277
	Management Consultants		\$496,659		\$611,533		\$605,413
	Software/Hardware Maintenance and Services		\$137,500		\$66,254		\$80,033
	Property Rent		\$107,600 ²		\$220,100		\$211,314
	Legal Services		\$0		\$5,000		\$1,320
	Printing and Postage		\$250		\$100		\$725
	Fees and Licenses		\$484,950		\$589,175		\$545,350
	Training and Travel		\$177,095		\$193,570		\$127,341
	Grants		\$0		\$0		\$23,000
Total			\$8,159,068		\$10,972,801		\$9,874,191

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE. Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

¹ In 2015 and 2016, Conservation Measures and Incentives are budgeted in the Energy Management Services Division.

² 2016 decrease due to a transfer of expenses to the Generation Division, and sale of Smith Creek.

Enterprise Governance, Risk & Compliance

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Wages / Benefits							
	Wages / Benefits	9	\$1,318,984	0	\$0	0	\$0
Purchases							
	Materials and Supplies		\$27,300		\$0		\$0
	Technology / Office Equipment		\$67,500		\$0		\$0
Services							
	Contract Labor		\$10,000		\$0		\$0
	Miscellaneous Services		\$13,040		\$0		\$0
	Management Consultants		\$11,250		\$0		\$0
	Training and Travel		\$36,743		\$0		\$0
Total			\$1,484,817		\$0		\$0

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE. Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

This is a newly budgeted division in 2016.

Environmental Management Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Wages / Benefits							
	Wages / Benefits	15	\$1,809,231	15	\$1,917,258	15	\$1,616,730
Purchases							
	Stores Materials and Supplies		\$0		\$0		\$1,164
	EWEB Equipment		\$35,058		\$39,049		\$36,060
	Landscaping and Buildings		\$0		\$12,500		\$28,752
	Equipment		\$0		\$5,700		\$24,727
	Fuels		\$0		\$0		\$87
	Materials and Supplies		\$63,622		\$65,829		\$13,202
	Technology / Office Equipment		\$10,200		\$10,900		\$8,122
Services							
	Contract Labor		\$7,000		\$7,000		\$50,937
	Construction Agreements		\$897,800 ¹		\$434,700		\$425,658
	Miscellaneous Services		\$10,020		\$10,170		\$35,031
	Management Consultants		\$919,875 ¹		\$829,875		\$452,841
	Software/Hardware Maintenance and Services		\$0		\$0		\$300
	Property Rent		\$0		\$0		(\$64,539)
	Legal Services		\$105,000		\$115,000		\$12,368
	Printing and Postage		\$0		\$1,000		\$553
	Fees and Licenses		\$5,500		\$32,000		\$39,110
	Training and Travel		\$54,500		\$41,625		\$24,898
	Grants		\$75,300		\$84,300		\$152,806
Total			\$3,993,106		\$3,606,906		\$2,858,805

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE. Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

¹ Includes Riverfront property redevelopment costs. Additionally, this includes expenses partially offset for Manufactured Coal Gas Plant remediation.

Finance

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Wages / Benefits							
	Wages / Benefits	28.73	\$3,994,219	28.73	\$4,319,634	30.15	\$3,541,651
Organization Wide Benefits							
	Organization Wide Benefits		\$0		\$0		\$295,704
Purchases							
	Stores Materials and Supplies		\$0		\$0		\$2,110
	EWEB Equipment		\$0		\$8,880		\$3,566
	Energy		\$0		\$0		\$50
	Materials and Supplies		\$58,000		\$32,400		\$40,465
	Technology / Office Equipment		\$10,000		\$8,700		\$173,131
Services							
	Contract Labor		\$25,000		\$27,128		\$70,564
	Construction Agreements		\$0		\$0		\$39
	Miscellaneous Services		\$68,200		\$19,600		\$41,148
	Management Consultants		\$445,930		\$382,425		\$651,483
	Software/Hardware Maintenance and Services		\$21,000		\$360,606		\$333,201
	Legal Services		\$160,294		\$171,167		\$152,353
	Printing and Postage		\$0		\$0		\$1,646
	Fees and Licenses		\$295,500 ¹		\$4,600		\$4,974
	Insurance		\$752,000		\$730,896		\$714,471
	Training and Travel		\$53,000		\$90,407		\$45,120
Total			\$5,883,143		\$6,156,443		\$6,071,674

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations.

Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE.

Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

¹ Oregon Department of Energy Assessment. Transferred from Organization wide expenses.

Fleet Services

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Wages / Benefits							
	Wages / Benefits	10	\$1,285,732	10	\$1,338,870	10	\$1,106,231
Purchases							
	Stores Materials and Supplies		\$4,000		\$4,000		\$4,050
	EWEB Equipment		\$700,000		\$700,000		\$711,097
	Landscaping and Buildings		\$2,000		\$2,000		\$749
	Equipment		\$0		\$0		\$961
	Fuels		\$0		\$40,000		\$33,557
	Vehicle Fuel and Oil		\$504,000		\$638,800		\$567,076
	Materials and Supplies		\$88,000		\$59,857		\$86,463
	Technology / Office Equipment		\$6,500		\$5,500		\$618
Services							
	Contract Labor		\$10,000		\$10,000		\$1,374
	Construction Agreements		\$24,000		\$32,200		\$34,037
	Miscellaneous Services		\$4,900		\$4,900		\$4,456
	Management Consultants		\$71,000		\$71,000		\$37,359
	Software/Hardware Maintenance and Services		\$3,700		\$1,300		\$8,975
	Printing and Postage		\$1,000		\$1,000		\$364
	Fees and Licenses		\$1,500		\$2,000		\$1,595
	Training and Travel		\$19,000		\$10,000		\$11,462
Total			\$2,725,332		\$2,921,427		\$2,610,425

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE. Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

General Manager

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Wages / Benefits							
	Wages / Benefits	3	\$583,200	3	\$568,351	4	\$857,429
Purchases							
	Stores Materials and Supplies		\$0		\$0		\$147
	EWEB Equipment		\$0		\$2,438		\$1,842
	Equipment		\$0		\$0		\$7,891
	Fuels		\$0		\$0		\$183
	Materials and Supplies		\$11,706		\$38,028		\$5,111
	Technology / Office Equipment		\$11,600		\$11,600		\$4,858
Services							
	Miscellaneous Services		\$47,710		\$43,210		\$37,122
	Management Consultants		\$13,600		\$13,600		\$9,824
	Software/Hardware Maintenance and Services		\$0		\$0		\$18,328
	Printing and Postage		\$0		\$0		\$1,859
	Fees and Licenses		\$0		\$0		\$300
	Training and Travel		\$86,000		\$86,000		\$27,663
Grants		\$6,000		\$0		\$12,130	
Total			\$759,816		\$763,227		\$984,684

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE. Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

Generation

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE *	Dollars	FTE *	Dollars	FTE *	Dollars
Wages / Benefits							
	Wages / Benefits	18	\$2,898,447	¹ 19	\$3,077,355	20.5	\$2,909,226
Purchases							
	Stores Materials and Supplies		\$6,500		\$4,500		\$7,896
	EWEB Equipment		\$477,315		\$481,159		\$474,637
	Landscaping and Buildings		\$11,200		\$15,250		\$17,728
	Equipment		\$56,100		\$158,150		\$59,907
	Energy		\$242,570		\$218,000		\$215,945
	Water		\$1,500		\$0		\$99
	Fuels		\$5,000		\$500		\$5,591
	Vehicle Fuel and Oil		\$5,500		\$500		\$0
	Materials and Supplies		\$155,142		\$216,890		\$125,031
	Technology / Office Equipment		\$13,500		\$5,950		\$13,085
Services							
	Contract Labor		\$126,500	²	\$0		\$61,800
	Wheeling		\$0		\$0		\$18,561
	Conservation Measures and Incentives		\$0		\$0		(\$107)
	Construction Agreements		\$3,260,336	²	\$1,509,293		\$1,772,666
	Miscellaneous Services		\$13,835		\$14,300		\$17,176
	Management Consultants		\$1,139,913	²	\$66,400		\$140,029
	Software/Hardware Maintenance and Services		\$9,100		\$1,700		\$210
	Property Rent		\$123,421	²	\$0		(\$3,952)
	Legal Services		\$46,426		\$47,450		\$19,120
	Printing and Postage		\$770		\$0		\$250
	Fees and Licenses		\$492,451		\$465,000		\$67,514
	Insurance		\$15,428		\$15,000		\$0
	Training and Travel		\$39,114		\$43,447		\$34,644
	Grants		\$0		\$0		\$15,282
Total			\$9,140,068		\$6,340,844		\$5,972,337

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE. Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

¹ Decrease in labor reflects transfer of an FTE to the Engineering Division

² 2016 increase due to a transfer of expenses from the Engineering Division.

Human Resources

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Wages / Benefits							
	Wages / Benefits	13	\$1,808,351	12	\$1,702,018	12.5	\$23,695,994
Purchases							
	Stores Materials and Supplies		\$0		\$0		\$1,292
	EWEB Equipment		\$0		\$8,561		\$3,654
	Landscaping and Buildings		\$0		\$0		\$1,208
	Equipment		\$30,000		\$30,000		\$486
	Materials and Supplies		\$20,125		\$78,309		\$63,849
	Technology / Office Equipment		\$20,898		\$20,938		\$16,161
Services							
	Contract Labor		\$35,000		\$5,000		\$19,683
	Construction Agreements		\$2,562		\$2,562		\$466
	Miscellaneous Services		\$50,500		\$27,393		\$39,406
	Management Consultants		\$270,243		\$271,087		\$148,333
	Software/Hardware Maintenance and Services		\$100,000 ¹		\$59,784		\$65,955
	Legal Services		\$160,000		\$181,713		\$108,501
	Printing and Postage		\$5,000		\$3,382		\$2,399
	Training and Travel		\$94,165		\$64,165		\$74,574
	Grants		\$0		\$0		\$1,739
Total			\$2,596,844		\$2,454,912		\$24,243,699

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE.

Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

¹ Increase due to upgrades of four integrated systems.

Information Services

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE *	Dollars	FTE *	Dollars	FTE *	Dollars
Wages / Benefits							
	Wages / Benefits	59	\$7,519,873 ¹	69	\$8,416,737	68	\$6,689,491
Purchases							
	Stores Materials and Supplies		\$0		\$500		\$586
	Equipment		\$0		\$18,587		\$19,899
	EWEB Equipment		\$0		\$0		\$1,909
	Landscaping and Buildings		\$0		\$11,000		\$47
	Equipment		\$0		\$40,000		\$56,586
	Materials and Supplies		\$0		\$77,200		\$7,143
	Technology / Office Equipment		\$300,000 ²		\$188,997		\$301,200
Services							
	Contract Labor		\$75,000		\$57,000		\$171,905
	Construction Agreements		\$0		\$36,332		\$15,534
	Miscellaneous Services		\$117,681 ²		\$244,622		\$390,096
	Management Consultants		\$425,000 ²		\$396,861		\$285,563
	Software/Hardware Maintenance & Services		\$2,400,000 ²		\$2,342,725		\$1,812,395
	Printing and Postage		\$0		\$30,500		\$13,239
	Fees and Licenses		\$10,000		\$5,760		\$9,982
	Training and Travel		\$258,000		\$238,083		\$175,393
Total			\$11,105,554		\$12,104,904		\$9,950,967

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations.

Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE.

Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

¹ In September 2014, 7 FTE transferred to Building Operations due to re-organization.

² Information Services budget consolidated to improve monitoring capabilities and efficiencies.

Power Resources and Strategic Planning

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Wages / Benefits							
	Wages / Benefits	9	\$1,532,342	12	\$1,906,607	12	\$1,866,246
Purchases							
	Stores Materials and Supplies		\$500		\$0		(\$38,639)
	Equipment		\$0		\$4,996		\$1,328
	EWEB Equipment		\$0		\$0		\$23
	Energy		\$0		\$0		(\$13,025)
	Materials and Supplies		\$5,000 ¹		\$96,700		\$57,249
	Technology / Office Equipment		\$22,000		\$9,250		\$743
Services							
	Contract Labor		\$15,000		\$27,650		\$10,836
	Conservation Measures and Incentives		\$0		\$0		\$882
	Construction Agreements		\$0		\$0		\$5,204
	Miscellaneous Services		\$382,100 ²		\$296,327		\$400,946
	Management Consultants		\$225,917 ²		\$197,639		\$84,014
	Software/Hardware Maintenance and Services		\$112,600		\$103,050		\$86,992
	Legal Services		\$112,000		\$126,000		\$83,806
	Printing and Postage		\$2,800		\$0		\$3,535
	Fees and Licenses		\$2,000		\$0		\$3,906
	Training and Travel		\$66,500		\$55,500		\$47,098
	Grants		\$0		\$0		\$22,484
Total			\$2,478,759		\$2,823,719		\$2,623,627

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE. Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

¹ Decrease in Materials and Supplies reflect the end of a Pilot Program sponsored by BPA.

² 2016 increase due to a transfer of membership expenses from contingency.

Power Resources and Strategic Planning

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Wages / Benefits							
	Wages / Benefits	9	\$1,532,342	12	\$1,906,607	12	\$1,866,246
Purchases							
	Stores Materials and Supplies		\$500		\$0		(\$38,639)
	Equipment		\$0		\$4,996		\$1,328
	EWEB Equipment		\$0		\$0		\$23
	Energy		\$0		\$0		(\$13,025)
	Materials and Supplies		\$5,000 ¹		\$96,700		\$57,249
	Technology / Office Equipment		\$22,000		\$9,250		\$743
Services							
	Contract Labor		\$15,000		\$27,650		\$10,836
	Conservation Measures and Incentives		\$0		\$0		\$882
	Construction Agreements		\$0		\$0		\$5,204
	Miscellaneous Services		\$382,100 ²		\$296,327		\$400,946
	Management Consultants		\$225,917 ²		\$197,639		\$84,014
	Software/Hardware Maintenance and Services		\$112,600		\$103,050		\$86,992
	Legal Services		\$112,000		\$126,000		\$83,806
	Printing and Postage		\$2,800		\$0		\$3,535
	Fees and Licenses		\$2,000		\$0		\$3,906
	Training and Travel		\$66,500		\$55,500		\$47,098
	Grants		\$0		\$0		\$22,484
Total			\$2,478,759		\$2,823,719		\$2,623,627

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE. Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

¹ Decrease in Materials and Supplies reflect the end of a Pilot Program sponsored by BPA.

² 2016 increase due to a transfer of membership expenses from contingency.

Public Affairs

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE *	Dollars	FTE *	Dollars	FTE *	Dollars
Wages / Benefits							
	Wages / Benefits	9.6	\$1,421,477	9.6	\$1,411,608	10	\$1,229,398
Purchases							
	Stores Materials and Supplies		\$0		\$0		\$835
	EWEB Equipment		\$0		\$1,508		\$908
	Materials and Supplies		\$22,882		\$28,750		\$9,373
	Technology / Office Equipment		\$17,000		\$19,000		\$7,374
Services							
	Contract Labor		\$10,000		\$10,000		\$9,284
	Miscellaneous Services		\$31,000		\$27,500		\$19,863
	Management Consultants		\$245,000 ¹		\$250,174		\$363,807
	Software/Hardware Maintenance and Services		\$8,000		\$5,000		\$2,256
	Printing and Postage		\$40,000		\$40,000		\$35,097
	Fees and Licenses		\$0		\$0		\$47
	Training and Travel		\$28,000		\$29,000		\$25,025
	Grants		\$845,500 ¹		\$848,000		\$436,495
Total			\$2,668,859		\$2,670,540		\$2,139,760

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE. Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

¹ Pending research on variance of 2016 budget to 2014 actuals

Trading and Power Operations

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Wages / Benefits							
	Wages / Benefits	15	\$2,755,344 ¹	15	\$2,918,326	15	\$2,506,011
Purchases							
	Stores Materials and Supplies		\$0		\$0		\$43
	EWEB Equipment		\$0		\$0		\$228
	Equipment		\$0		\$0		\$961
	Energy		\$122,064,088 ²		\$112,762,479		\$139,409,309
	Fuels		\$1,469,679 ³		\$1,707,099		\$1,947,026
	Materials and Supplies		\$3,000		\$3,000		\$1,465
	Technology / Office Equipment		\$11,700		\$11,700		\$98,410
Services							
	Wheeling		\$12,761,904 ⁴		\$11,955,307		\$12,566,951
	Conservation Measures and Incentives		\$0		\$0		\$56,760
	Construction Agreements		\$0		\$0		\$8
	Miscellaneous Services		\$17,103		\$14,772		\$30,408
	Management Consultants		\$10,400		\$10,400		\$13,704
	Software/Hardware Maintenance and Services		\$611,629 ⁵		\$604,526		\$446,083
	Legal Services		\$50,000		\$50,000		\$224,478
	Training and Travel		\$35,000		\$32,000		\$61,870
Total			\$139,789,847		\$130,069,609		\$157,363,712

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE. Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

¹ 2016 budget reflects Dupont schedule for real time staff.

² Increase in purchased power with BPA power cost increase.

³ Decrease in fuel cost due to lower natural gas prices.

⁴ Wheeling cost increase with BPA transmission cost increase.

⁵ System maintenance moved from Technology/Office Equipment to Software/Hardware Maintenance & Services

Warehouse and Building Operations

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Wages / Benefits							
	Wages / Benefits	20	\$1,819,247 ¹	14	\$1,462,334	14	\$1,334,423
Purchases							
	Stores Materials and Supplies		\$6,000		\$4,800		\$97,587
	EWEB Equipment		\$140,894		\$160,079		\$161,735
	Landscaping and Buildings		\$49,000		\$131,000		\$96,500
	Equipment		\$2,000		\$2,000		\$12,133
	Energy		\$700,000 ²		\$460,000		\$430,384
	Water		\$190,000 ²		\$400,000		\$331,436
	Fuels		\$120,000		\$180,000		\$119,081
	Materials and Supplies		\$137,000		\$71,800		\$94,833
	Technology / Office Equipment		\$69,000		\$15,400		\$17,994
Services							
	Contract Labor		\$69,000		\$0		\$22,250
	Construction Agreements		\$1,088,232		\$1,043,000		\$694,156
	Miscellaneous Services		\$14,250		\$8,500		\$19,022
	Management Consultants		\$120,744		\$240,000		\$204,444
	Software/Hardware Maintenance and Services		\$0		\$33,000		\$26,823
	Property Rent		\$2,500		\$0		\$295
	Printing and Postage		\$750		\$0		\$24
	Fees and Licenses		\$6,600		\$5,000		\$3,285
	Training and Travel		\$13,500		\$12,000		\$12,630
Total			\$4,548,717		\$4,228,913		\$3,679,037

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations.

Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE.

Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/benefits.

¹ In September 2014, 7 FTE of physical security transferred from Information Services Division to Building Operations due to re-organization.

² Reflects trends in 2015 actuals. Pending additional research.

Water Operations

Operations & Maintenance Budget



Category	Resource	2016 Proposed Budget		2015 Approved Budget		2014 Actual	
		FTE*	Dollars	FTE*	Dollars	FTE*	Dollars
Wages / Benefits							
	Wages / Benefits	77.53	\$7,697,593	77.05	\$8,113,930	76.25	\$6,661,924
Purchases	Stores Materials and Supplies		\$213,396 ²		\$315,974		\$364,027
	EWEB Equipment		\$829,221 ²		\$649,880		\$465,894
	Landscaping and Buildings		\$25,100		\$16,000		\$10,681
	Equipment		\$71,500		\$114,470		\$123,161
	Energy		\$986,402		\$946,500		\$1,042,578
	Water		\$0		\$0		\$2,453
	Fuels		\$1,750		\$1,500		\$2,394
	Vehicle Fuel and Oil		\$0		\$1,200		\$113
	Materials and Supplies		\$736,984		\$724,326		\$591,307
	Technology / Office Equipment		\$72,845		\$45,197		\$30,802
	Services	Contract Labor		\$95,050		\$173,750	
Conservation Measures and Incentives			\$37,200		\$37,200		\$6,816
Construction Agreements			\$997,782 ¹		\$633,010		\$603,060
Miscellaneous Services			\$67,100		\$57,093		\$76,140
Management Consultants			\$132,912		\$136,859		\$128,789
Software/Hardware Maintenance and Services			\$34,000		\$44,500		\$30,228
Printing and Postage			\$8,500		\$10,700		\$8,811
Fees and Licenses			\$104,000		\$91,985		\$79,831
Training and Travel			\$44,740		\$94,597		\$62,467
Grants			\$6,000		\$0		\$919
Total			\$12,162,075		\$12,208,671		\$10,368,724

* FTE represents budgeted total and may include FTE assigned to the Capital Budget as well as the effect of mid-year department reorganizations. Accordingly, budgeted and actual operations & maintenance wages/benefits dollars may not directly align with FTE. Beginning in 2015, Public Employee Retirement and Post Retirement Medical Unfunded Actuarial Liabilities are included in wages/ benefits.

¹ Increase due to reservoir maintenance and transmission inspection

Attachment 3

Labor and Employee Benefit Costs



**EUGENE WATER & ELECTRIC BOARD
LABOR AND EMPLOYEE BENEFITS
2016 BUDGET COMPARED TO 2015 BUDGET AND 2014 ACTUAL**

	2016		2015		2014	
	Budget	% of Total wages	Budget	% of Total wages	Actual	% of Total wages
Wages & benefits ¹						
Regular Wages	\$ 43,472,000	96.8	\$ 42,537,000	96.0		
Premium Wages	1,455,000	3.2	1,785,000	4.0		
Total wages	44,927,000	100%	44,322,000	100%		
Public employees retirement fund	14,179,000	31.6	15,418,000	34.8		
Other benefits - employer contribution ²	3,859,000	8.6	3,933,000	8.9		
Health insurance ³	8,753,000	19.5	8,140,000	18.4		
Post-retirement medical	1,184,000	2.6	1,761,000	4.0		
Long-term disability	274,000	0.6	287,000	0.6		
Life insurance	391,000	0.9	393,000	0.9		
Total benefits	28,640,000	63.7	29,932,000	67.5		
Total wages & benefits	\$ 73,567,000		\$ 74,254,000			

**To be provided
at December meeting**

¹ Benefit allocation method changed in 2015. Accordingly, some categories may not be directly comparable.

² Includes : Social Security/Medicare tax, Unemployment Insurance, Worker's Compensation Insurance.

³ Includes Voluntary Employee's Beneficiary Association (VEBA) expense.

Attachment 4

Reserve Information



Contents of this page will be provided at December 1 Board meeting

Attachment 5

Budgeted Financial Ratios and Statistics



Contents of this page will be provided at December 1 Board meeting

Rely on us.



Eugene Water & Electric Board
500 East 4th Avenue
Post Office Box 10148
Eugene, Oregon 97440-2148
541-685-7000

February 2016 Electric Price Proposal

**Fiscal Services Department
November 2015**

**EUGENE WATER & ELECTRIC BOARD
FEBRUARY 2016 ELECTRIC PRICE PROPOSAL**

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EXECUTIVE SUMMARY

There are two distinct recommendations that require feedback and direction from the Board to create final recommendations and decisions by December.

Recommendation #1: An overall average price increase of 2.5% to recover revenue requirements due largely to increases that have already occurred in Bonneville Power Administration (BPA) prices to EWEB (approximately 7% increase in BPA power prices which translates into approximately a 3% EWEB average price increase).

Recommendation #2: Using an overall average price increase of 2.5% in revenue requirements, adopt price redesign that incorporates the following items:

- Continuation of moving fixed cost recovery into the Basic and/or Demand charges for Residential and Small, Medium and Large General Service (GS) Customers.
- Residential basic charge increases from \$20.00/mo. to \$30.00/mo. and the delivery charge and two energy charge tiers are merged into one energy charge.
- Medium GS: Addition of Demand charge for first 300 kW with offset to Basic Charge.
- Large GS: Addition of Demand charge for first 300 kW with offset to Basic Charge.
- Time of Use pilot prices for Large and Medium GS customers.
- A new LED Customer Owned Street Light Service schedule J-5.
- Changes to the Open Access Transmission Tariff.

If approved by the EWEB Commissioners following scheduled public hearings, revised electric prices for the Residential and GS customer classes would become effective with billings rendered on and after February 1, 2016.

I. INTRODUCTION

Purpose of Study

The purpose of this price study is to provide background information and technical analyses in support of Eugene Water & Electric Board (EWEB) staff recommendations for revised electric prices. The study includes documentation of electric system revenue requirements, projected system loads and sales, and allocation of ongoing utility costs to individual customer classes for the 12-month period beginning January 2016. The most recent electric price revision was February 2014, amounting to a 4.0 percent overall average revenue requirement increase. There was no price increase for 2015. A 2.5% average increase in the electric revenue requirement is recommended for the proposed 2016 budget.

Establishment of Prices

EWEB is a locally regulated municipal utility operating under the authority of the Eugene City Charter and pertinent provisions of Oregon law. The responsibilities delegated to the Board pursuant to the City Charter are carried out by five elected Commissioners who serve without pay. As an independent municipal agency, the EWEB Commissioners have exclusive jurisdiction to approve annual operating budgets and establish prices for electric service.

Although EWEB's electric prices are not subject to regulatory review by any federal or state utility commission or similar agency, the Board must comply with the requirements of applicable state and federal statutes as they pertain to the development of prices and the general conduct of utility business. Current statutes and related case law provide two general standards concerning the establishment of retail electric prices.

The first of these price making standards allows EWEB to set prices at a level sufficient to recover the ongoing costs of utility operation. These costs include annual operating expense, requirements for capital additions, interest and amortization of outstanding debt, and applicable tax obligations and the need to maintain adequate reserves. This standard is intended to ensure the financial integrity of the utility, while defining the costs of operation which can be lawfully recovered through prices.

The second standard requires that prices and charges for utility service be fair and non-discriminatory. Prices are considered non-discriminatory when customers receiving like and contemporaneous service under similar circumstances are treated equally in the development and application of specific prices. This second standard protects the equity concerns of individual utility customers, based on established utility policies and practices for allocating costs among customers and customer classes.

The above standards, together with established Board policies concerning cost allocation and price design, allow EWEB to maintain prices at the lowest possible level consistent with sound financial principles and traditional utility price making practices. They also give EWEB's elected Board of

Commissioners complete authority to approve prices which are cost-based, non-discriminatory and in concert with the needs of EWEB customers.

Price Review Process

EWEB's electric prices are reviewed with each annual budget cycle to ensure that they remain adequate to cover the cost of utility operations over the budget period. When budget projections or other forecasted operating conditions indicate the need for a price adjustment, EWEB staff is directed to prepare studies which determine appropriate price levels for each customer class. This formal review process involves several steps, all of which are coordinated with the EWEB Commissioners, General Manager, and management of the utility's operating departments. The process also affords an opportunity for review and comment by EWEB customers and other interested parties (see *Figure 1*).

Figure 1
Price Review Process



The first step in the price review process is a detailed examination of the projected operating expenses, capital costs and anticipated revenues at current prices. The purpose of this effort is to confirm the overall revenue requirements which serve as a basis for development of proposed prices, the timing of the proposed price adjustment, and the period of time (or "test period") over which the new prices are expected to remain in place.

The next step is an assessment of the electric system load and resource forecasts. These projections are prepared by EWEB's Fiscal Services Department, consistent with historical and future growth trends in the EWEB service area. The forecasts are then used to estimate system sales by price class, as well as purchased power costs for the next several years. Test period load and sales forecasts are of major importance, since wholesale purchased power costs comprise approximately 50 percent of EWEB's total annual operating expenses.

Once EWEB's projected operating costs, revenue requirements and sales forecasts have been determined, the Fiscal Services Department staff typically performs a detailed Cost of Service Analysis. The purpose of this study is to allocate test period costs to each of EWEB's customer classes and price schedules in accordance with the manner in which individual cost items are incurred. EWEB's cost-of-service procedures employ standard utility industry costing methods, consistent with the policy guidelines established by the Board.

The Cost of Service study is used to calculate total allocated costs and segregated revenue requirements for each customer class. The resulting unit costs are then used to develop specific components and recommended revisions for EWEB's published schedules for electric service.

Public Notice and Hearings Schedule

EWEB's price review process is a formal, sequential procedure. The underlying objective of this process is to ensure that EWEB customers and the general public receive adequate notice and explanation of pending price change proposals and is an opportunity for the Board to hear and consider all public comment prior to approval and implementation of revised prices. Accordingly, EWEB Commissioners have adopted specific guidelines for public notice and hearings during discussion of electric price recommendations which runs concurrent with the budget approval process. A legal notice notifying customers of the public hearing was published as follows:

The name of the newspaper and the publication date for the legal notice is:

<u>Publication Name</u>	<u>Date</u>
The Register-Guard	September 28, 2015

Exhibit 1 contains the text used in the published legal notices.

Customers are invited to comment on EWEB's budget and price assumptions throughout the budget development process. There are two scheduled public hearings specifically for price proposals. The hearings will be held during the EWEB Board meetings on Tuesday, November 3rd, beginning at 5:30 p.m. and Tuesday, December 1st, beginning at 5:30 p.m. at the EWEB Headquarters, 500 East Fourth Ave., in Eugene.

Written comments are also welcome, and may be sent to the attention of EWEB's Fiscal Services Department, PO Box 10148, Eugene, OR 97440. E-mail comments may be directed to budget@eweb.org. For timely consideration at the November Board meeting, comments must be received prior to November 3, 2015.

EXHIBIT 1

BEFORE THE EUGENE WATER & ELECTRIC BOARD

In the Matter of Consideration and
Adoption of Budgets, Revised Charges for
EWEB Electric and Water Service

NOTICE OF PUBLIC HEARINGS
AND INVITATION TO COMMENT

1. Two dates are scheduled for public hearings to seek public comment regarding proposed 2016 budget approval and adjustments to EWEB water and electric rates. If approved, the proposed changes for residential, general service and other customers of the Eugene Water & Electric Board would become effective with utility billings rendered either, on or after February 1, 2016.
2. Public hearings will be held in the EWEB Board Room, 500 East 4th Avenue, Eugene, Oregon, on the following dates and times:

November 3, 2015	- 5:30 p.m.
December 1, 2015	- 5:30 p.m.

Background information concerning the budget and rate proposals will be presented at the meeting, followed by the public hearing which will provide opportunity for public testimony and comment.

3. Specific rate recommendations for each customer class may be obtained beginning October 30, 2015 by calling EWEB's Fiscal Services Department at (541) 685-7000 or emailing budget@eweb.org. Copies of the budget document and rate proposals will be made available at the public hearing.
4. Written public comments are also welcome and may be brought to the hearings or mailed to: EWEB Fiscal Services, P.O. Box 10148, Eugene, OR 97440. For timely consideration, written comments must be received prior to the public hearing on November 3, 2015.

E-mail comments may be directed to: deborah.hart@eweb.org

II. BACKGROUND INFORMATION

A. Organizational Structure

EWEB is responsible for providing electric and water service within the City of Eugene and certain outlying areas. The specific duties delegated to the Board pursuant to the Eugene City Charter are

carried out by five elected Commissioners who serve without pay. The Commissioners and expiration dates of their respective terms of office are as follows:

	<u>Area</u>	Term <u>Expires December 31,</u>
Steve Mital, President	Wards 1, 8	2016
John Simpson, Vice President	At-Large	2018
John Brown	Wards 4, 5	2018
Richard Helgeson	Wards 2, 3	2016
James Manning	Wards 6, 7	2016

As EWEB's primary policy and decision-making body, the individual Board members represent a broad range of professional experience and community perspectives on matters concerning local utility service. The Board meets regularly on the first Tuesday of each month. All meetings are open to the public and provide opportunities for public participation.

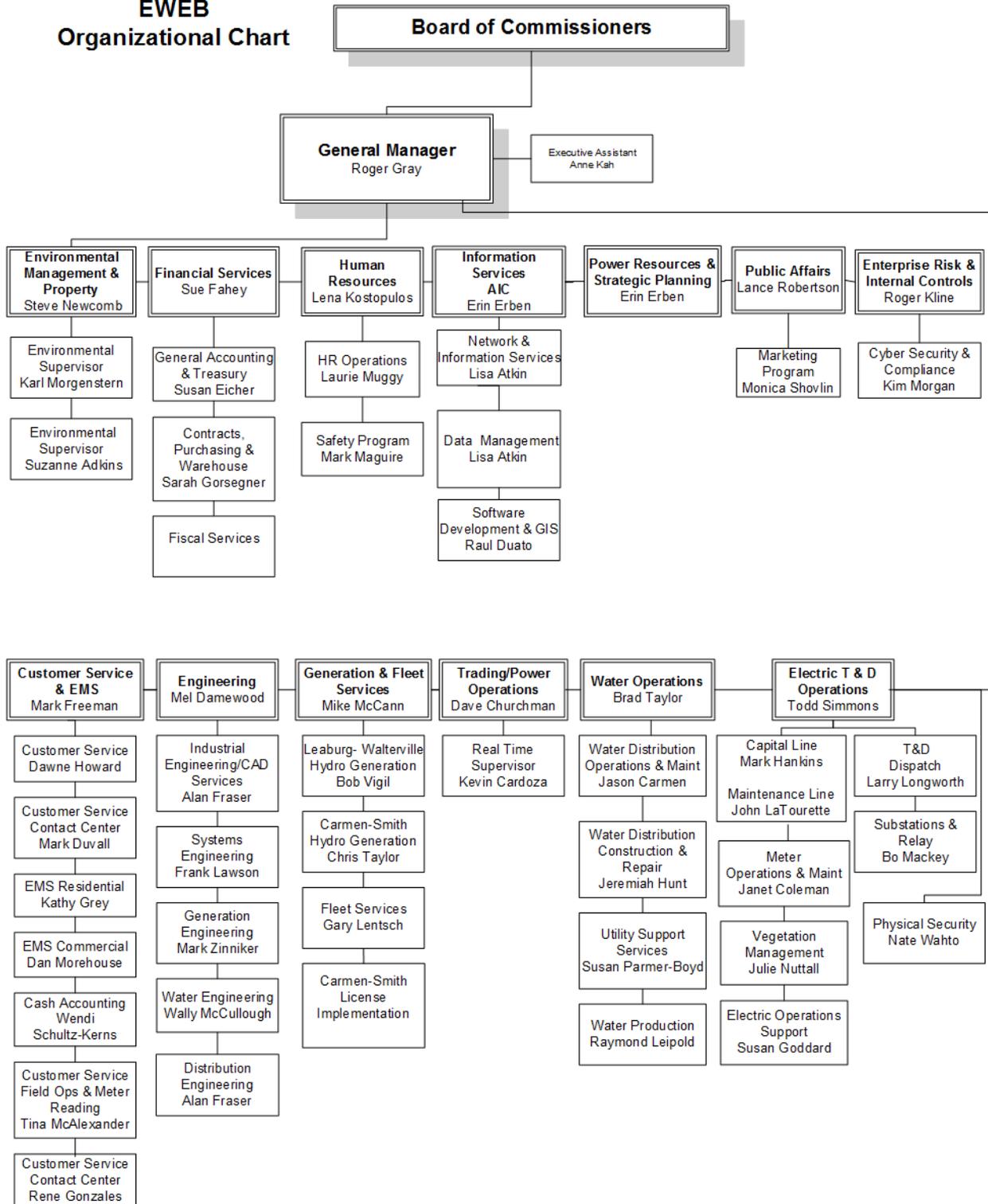
Under the direction of General Manager Roger Gray and the leadership staff, EWEB employed 513 combined electric and water personnel as of third quarter 2015. EWEB's organization chart is shown as *Figure 2*. The executive and leadership staff, responsible for each of the major operating areas, is as follows:

<u>Executive</u> Roger Gray	<u>Department</u> General Manager
 <u>Leadership Team Member</u> Steve Newcomb Susan Fahey Lena Kostopulos Erin Erben Erin Erben Lance Robertson Mark Freeman Mel Damewood Mike McCann Dave Churchman Brad Taylor Todd Simmons Roger Kline Anne Kah	 <u>Areas of Responsibility</u> Environmental Management Financial Services Human Resources Information Services Power Resources & Strategic Planning Public Affairs Customer Service & Energy Management Services Engineering Generation & Fleet Services Trading & Power Operations Water Operations Electric Distribution Reliability & Facilities Enterprise Risk, Internal Controls and Business Process Improvement Executive Assistant to Board and GM

The utility's business priorities are reviewed annually by the Board, General Manager and a planning group made up of the leadership staff and other key personnel. Major organizational goals, strategic issues, opportunities, and planning contingencies for the coming year are then documented in the annual EWEB Strategic Plan. Each work unit derives from the Strategic Plan annual performance targets to address management priorities through ongoing work plans and schedules. The General Manager meets regularly with the Leadership Team members who hold meetings with their department staff to maintain employee productivity and efficient operations.

Figure 2

**EWEB
Organizational Chart**



dated: 10/16/15

Table 1 below shows the percentage change in EWEB employees, customers and electric sales over the past ten years. Although Electric customer loads have seen recent decreases due to an unusually warm winter, there is evidence of customer count growth for residential customers and load growth in general service. In addition to the positions reduced in 2012-2014 through priority based budgeting, on-going efficiency and effectiveness efforts continue to keep FTE count down.

**Table 1
Employee, Customer & Megawatt-Hour Sales Statistics
For the Period 2005-2014**

Year	Total Employees	% Change	Customer Count	% Change	MWh Sales	% Change
2005	487	4.7%	84,100	1.2%	2,663,174	1.1%
2006	489	0.4%	85,400	1.5%	2,689,923	1.0%
2007	495	1.2%	86,600	1.4%	2,728,685	1.4%
2008	510	3.0%	86,700	0.1%	2,625,659	-3.8%
2009	538	5.5%	86,900	0.2%	2,494,222	-5.0%
2010	558	3.7%	87,200	0.3%	2,463,227	-1.2%
2011	562	0.7%	87,700	0.6%	2,489,432	1.1%
2012	532	-5.3%	89,300	1.8%	2,457,626	-1.3%
2013	515	-3.2%	90,100	0.9%	2,489,496	1.3%
2014	513	-0.1%	91,100	1.1%	2,411,455	-3.1%

NOTE: The above figures are as of the end of each year.

EWEB places a high value on quality service and responsiveness to the needs of its customers. Because of its standards for reliability and design, electric service interruptions are infrequent and limited to short duration. EWEB also offers a variety of customer-oriented programs designed to provide information about utility services, promote efficient use of energy resources, and give assistance to customers.

B. Electric System Highlights

EWEB is the largest publicly owned utility in the state of Oregon, the principal generating public utility in Oregon, and the sixth largest public agency customer of the Bonneville Power Administration. Founded by the citizens of Eugene in 1911, EWEB has remained a successful provider of essential utility services to the local community for over 100 years.

The 238-square-mile area now served by EWEB includes most of the City of Eugene and adjacent areas, including locations near municipally owned power projects at Walterville and Leaburg. EWEB's service area adjoins the City of Springfield municipal electric system on the east, the Emerald People's Utility District on the north, the Blachly-Lane Electric Cooperative on the west, and the Lane Electric Cooperative system on the south.

Current customers range in size from smaller residential and commercial customers, moderately sized processing and manufacturing facilities, to large institutional and industrial accounts. System load characteristics therefore vary throughout the year, with peak loads occurring in the winter months consistent with local weather patterns and electric space heating requirements.

EWEB's local electric system consists principally of four hydroelectric projects, an industrial cogeneration facility, and the necessary transmission and distribution facilities for provision of service to the end use consumers. EWEB currently maintains 36 substations which are networked together through 126 circuit miles of transmission lines and 1,115 circuit miles of primary distribution lines. EWEB also owns, operates and maintains remote generating facilities which include two hydroelectric projects interconnected to the interstate transmission grid through 37 miles of 115 kV transmission line and an industrial cogeneration and wind generation facilities. The book value of the EWEB electric utility plant-in-service is approximately \$728 million.

As Oregon's largest generating public utility, generating facilities have a combined nameplate rating of 247.5 megawatts (including the hydroelectric plants at Carmen-Smith, Leaburg, Walterville, Stone Creek, Smith Creek, two cogeneration facilities at International Paper and Wauna, and wind power generators at Foote Creek Rim and Harvest Wind), which is used to service annual retail and wholesale loads. Another source of supply is purchased through contracts with various generating public and private utilities and energy suppliers. The remaining portion of EWEB's firm power portfolio is obtained through long-term contracts with the Bonneville Power Administration (BPA), a federal power marketing agency.

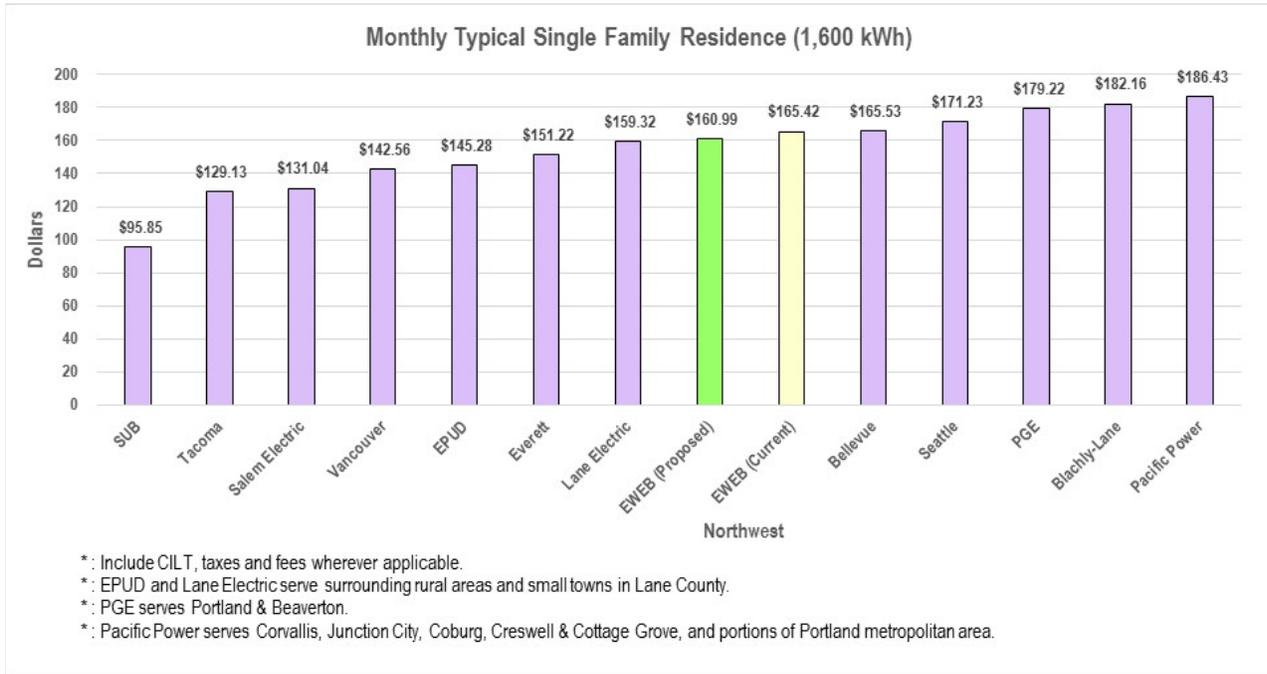
Although EWEB's power supply costs have historically ranked fairly low nationally, recent proposed increases in BPA wholesale power prices and concern about future BPA price stability have emphasized the need for continued resource planning. EWEB's Integrated Electric Resource Plan (IERP) approved by the Board in 2012 relies on energy efficiency and demand response programs to meet future load growth. Work on the IERP will be begin in 2016 to be completed in 2017.

EWEB also plays a key role in the Pacific Northwest energy network and has often assumed leadership working directly with other federal and state planning agencies to prepare plans and proposals which will shape the Northwest's energy future.

C. Residential Bill Comparisons

A comparison of current and proposed monthly residential bills for selected Northwest communities is shown in *Figure 3*. Sample bills are calculated using EWEB's average monthly single family residence consumption of 1,600 kilowatt-hours. A bill of \$165.42 for EWEB in the figure is calculated using the existing residential price. Sample bills for the residential price proposal are shown in *Table 5*.

Figure 3



The resulting average electric bill from this proposal amounts to \$160.99 for monthly usage of 1,600 kilowatt-hours.

III. REVENUE REQUIREMENTS STUDY

This section contains a general description of EWEB's annual budgeting process. It also includes documentation of EWEB's 2016 proposed budget for operating and capital expenses and revenue requirements which has been designated as the test period for the current price proposal. In addition to determining the overall revenue requirement needed to sustain operation of the electric utility, test period revenue requirements are a primary input to the Cost of Service Analysis.

A. Preparation of Annual Budgets

At the beginning of each annual budget cycle, the utility's strategic priorities are identified by the Board, General Manager and a planning group made up of the leadership team and other key personnel. Major organizational goals, strategic issues, opportunities and planning contingencies are then documented in the EWEB Strategic Plan. The Strategic Plan drives specific performance targets to address management priorities through ongoing work assignments and schedules.

EWEB management and staff use a priority based budgeting (PBB) approach for budget development. This approach has served EWEB well in its effort to align budgets with EWEB's mission, strategic plan and customer priorities.

Over the last several years, the Electric Utility has been facing financial challenges. Those challenges have been managed by strategically reducing operations & maintenance and capital costs, designing price structures that increase fixed cost recovery, and prudently using reserves to strengthen financial metrics. While Electric loads have seen recent decreases due to an unusually warm winter, there is evidence of customer count growth for residential customers and load growth in general service. Power sales revenue has been relatively flat for the last few years.

In developing the 2013 and 2014 budgets, EWEB reduced more than 70 positions and \$7.7 million operations & maintenance (O&M) dollars. Over the same time period, capital budgets were reduced or deferred by approximately \$80 million as EWEB prioritized spending and focused strategic investment on the resilient “core.” Continuing that work, in 2015 management identified more than \$2 million in additional O&M expenditure reductions.

All levels of the EWEB organization are involved in preparation of the annual Electric Utility Budget in order to place responsibility for cost control on the managers who project and incur the costs. Each department is allocated a budget that is prepared in accordance with the PBB process and Board direction.

If a budget deficit cannot be corrected through cost reductions or deferrals, the amount of the deficit becomes an additional revenue requirement recommended for recovery through an electric price adjustment.

A draft budget with explanations on variances from prior years is discussed with the EWEB Commissioners. The Board reviews the draft budget and may suggest program adjustments and revisions. Public hearings are held to ensure customers have the opportunity to provide feedback. The Board approves a final budget in December which then becomes the operating plan for the next year.

All supervisors are required to expend funds in a manner consistent with approved budget estimates. Year-to-date balances are compared to budgets to ensure that costs continue to track as expected. Quarterly financial reports and any significant deviations are brought to the attention of the Board for review in accordance with Board Policy EL-1, Financial Controls. Year-end results are routinely checked against budgets, with differences noted for potential input to the next year's budget cycle.

B. Test Period Revenue Requirements

EWEB has designated calendar year 2016 as the "test period" for development of electric system costs and revenues in this current price proposal. This corresponds with the expenditures included in the 2016 Proposed Electric Budget.

For the February 2016 price study, staff was able to incorporate the projected sales, revenues and expenditure data from the proposed 2016 budget directly as a basis for this revenue requirement proposal.

The electric system costs are forecasted to be met with forecasted revenue including the current price redesign proposal.

IV. SYSTEM LOAD AND SALES FORECAST

A. Overview of the Forecasting Process

EWEB routinely prepares both short- and long-range electric system load forecasts as part of its ongoing planning activities. Annual projections of total system electric loads are prepared by the Fiscal Services and Power Resources & Strategic Planning Departments in conjunction with power resource scheduling and contracting functions. These annual forecasts employ both historical load data from EWEB records and projected economic, demographic and weather trends for the Eugene area. Other regional forecasts, such as BPA's 20-year Forecast of Electricity Consumption, are also reviewed for consistency and applicability to EWEB.

Basic growth projections for EWEB's system are developed through application of various forecasting methods, which include statistical trending, econometric analysis and end use models. Annual system forecasts are examined regularly and adjusted for changing local economic conditions and customer characteristics. The resulting base forecasts become a key input to energy resource planning, power scheduling, facilities design and preparation of annual budgets. They also become an integral part of the price development process as a basis for allocation of operating costs and design of proposed prices for each customer class. Most recent forecasts indicate an estimate a small increase in EWEB's service area electricity consumption over the next two years. Actual growth however may vary considerably from year to year due to changes in local weather patterns and commercial activity.

EWEB's annual electric load forecast was adopted directly as the basis for estimating total system sales for the current price study. Specifically, the twelve-month period from January through December 2016 was selected for analysis, corresponding with the test period budget and revenue requirements documented in Section III - Revenue Requirements Study. The remainder of this section describes how the system load and sales forecasts are applied to the development of retail prices, and the results obtained for 2016 test period.

B. Methodology and Procedures

In order to develop appropriate retail electric prices, EWEB's annual system forecast must be translated into a detailed projection of monthly energy sales and customer use characteristics for the upcoming price period. This is done in a manner consistent with original forecast assumptions to arrive at a monthly estimate of customer counts, kilowatt-hour sales, and consumption patterns for each of EWEB's major customer classes.

The projection of monthly customer sales relies on historical data collected by EWEB's Fiscal Services Department from a number of internal sources. Monthly historical sales statistics are obtained from EWEB financial statements and accounting records. Other local agencies are consulted as necessary for additional data pertinent to the forecasting of utility sales. Customer-specific data is also sought for major commercial/industrial users, since the short-run requirements of these customers are often related to particular business cycles rather than long-term trends.

Once the basic forecasting data is assembled, it is reviewed for consistency with recent historical trends, budget assumptions, and conditions expected to prevail over the price test period. Such review ensures that the sales forecast used in the price design process remains consistent with projections used to prepare purchased power budgets and the EWEB revenue requirements discussed in Section III.

The next step in the forecasting process is to divide the total system forecast into component parts by month and price class grouping. Customer sales statistics for the past three to ten years were used to calculate current class contribution to annual system sales and typical monthly distribution of consumption for each class.

Monthly projections for some classes, such as Street and Private Lighting, were calculated directly based on known load characteristics and seasonal traits. Customer-supplied estimates for larger commercial/industrial accounts were substituted for historical averages when it was reasonable to do so. The final projections were then correlated with available load research and engineering data for the EWEB system. The results were used to determine projected customer class contribution to system peaks, non-coincident peak loads and demand billing units.

C. 2016 Forecast Results

The results of EWEB's forecast of sales for the 2016 price test period are summarized briefly below:

Table 2
Test Period Forecast of Electric Utility
Customers & Sales by Price Class
For 2016 Price Test Period

Customer Class	Customer Counts	Energy Sales in MWH	% of Sales
Residential	82,190	960,941	40.1%
Small General Service	7,680	165,730	6.9%
Medium General Service	1,820	500,191	20.9%
Large General Service	53	223,041	9.3%
Very Large General Service	1	8,307	0.3%
Contract A	1	397,220	16.6%
Contract C	1	66,780	2.8%
Contract D	1	62,400	2.6%
Street Lighting	N/A	8,637	0.4%
Private Lighting	N/A	758	0.0%
Total	91,747	2,394,007	100.0%

NOTE: Energy Sales does not include line loss.

The above information represents an increase in EWEB customers by the end of 2016, which is a trend over the last two years, vacancy rates and projected new service connections. The percentage of total EWEB sales represented by each customer class has remained stable for many years. Total electric sales for the period are forecast at 2.4 billion kilowatt-hours which is comparable to 2015.

The 2016 Load and Sales Forecast are used as a basis for cost allocation, price design and revenue projections at current and proposed prices.

V. COST OF SERVICE ANALYSIS

This section documents the procedures used in development of a Cost of Service study.

A. Cost of Service Methods and Procedures

In April of 1980 in concert with PURPA provisions, the Board also adopted the cost-of-service standard as the primary mechanism for price development.

EWEB's Cost of Service methodology uses standard electric utility costing procedures to allocate the test period revenue requirements to each customer class. The allocated costs reflect the contribution of each price class to total system costs during the period for which prices are being developed. Study results also measure the equitability of prices charged to individual customer classes by testing the adequacy of revenues received relative to allocated costs of service.

Through this process, the Cost of Service study apportions the test period revenue difference as a basis for determining appropriate price levels and percentage adjustments for each customer class. The study also derives unit costs used to assist in development of the actual energy, demand and basic charge components recommended for each electric price schedule.

EWEB's Cost of Service study begins with a detailed assessment of utility proposed operating budget and revenue requirements for the upcoming price period. The analysis relies on anticipated electric system expenditures, retail sales and projected revenues contained in the Proposed Electric Utility Budget.

Once the total utility revenue requirement has been determined, individual line item costs are grouped according to major utility functions, such as power production, transmission, distribution, or customer accounting. Each line item expense is then classified as varying with contribution to monthly system peak demands, total energy consumption or number of customers for each price class. Specific items are also identified for direct assignment when they are clearly associated with service to particular price classes.

To more accurately assign costs to individual price classes, EWEB's cost of service model also breaks down the various demand and customer costs into subcomponents. Demand-related costs are segregated into transmission, primary and secondary distribution components according to voltage level. Basic customer costs are sub-classified as either facilities or customer service related.

After classification and sub-classification, each cost category is distributed to one or more price classes through a detailed allocation procedure. Several related analyses are conducted to develop the many allocation factors applied in this step. For example, calculating the class contribution to monthly system peaks and seasonal energy requirements involves a full examination of all customer loads during the test period. Accordingly, the allocation step relies on the sales projections and available load research data described in Section IV, System Load and Sales Forecast.

When all of the allocation factors have been developed, they are then applied to yield a segregation of total system costs assigned to the different price classes. The final step is to combine the calculations in a summary table showing total allocated costs and recommended percentage adjustments for each customer class. These results can then be represented as unit costs, which form the basis for actual price design.

VI. PRICE RECOMMENDATIONS

The purpose of this section is to present staff's proposals for revisions to the prices and each of EWEB's published price schedules. Proposed revenue requirements for each of EWEB's major customer classes are shown in the table below:

Table 3
Forecast of Electric Utility
Customers & Sales by Price Class
For 2016 Price Test Period

Customer Class	Price Schedule(s)	Revenue Requirement
Residential	R-6	\$109,466,802
Small General Service	G-1	\$19,132,657
Medium General Service	G-2	\$43,207,672
Large General Service	G-3	\$16,891,977
Very Large General Service	G-4	\$659,976
Contract A	N/A	\$20,569,907
Contract C	N/A	\$3,943,612
Contract D	N/A	\$3,808,020
Street Lighting	J-3, J-4, J-5	\$1,039,211
Private Lighting	L-3	\$120,424
Overall Change	N/A	\$218,840,258

Prices were developed in accordance with EWEB's price design objectives, to recover the costs allocated to each customer class. Consideration was given to the various elements of each price schedule to ensure that the schedules are consistent with each class' share of allocated demand, energy and customer costs. In addition, these proposals reflect other legitimate price making objectives, such as stability of prices, equity to customers within a class and proper price signals in keeping with EWEB's average and marginal costs.

The following subsections briefly describe pertinent issues for the design of charges in each published price schedule. Tables showing projected billing units, current and proposed prices, and projected revenues follow each subsection, with a summary of anticipated customer impacts.

A. Residential Service (Schedule R-6)

Residential customers are served under EWEB's Schedule R-6, which applies to single family and smaller multifamily dwellings. This price schedule consists of a fixed monthly customer charge with a tiered energy price applied to all monthly metered consumption. Currently, about 81,500 residential customers are served under this schedule.

In this proposal, the basic charge would increase to \$30.00 per month. The delivery price is being combined with the energy charge and the energy tiers are being eliminated. The proposed prices are shown in *Table 4*.

**Table 4
Residential Service
Existing vs. Proposed Prices**

	Existing Prices	Proposed Prices	Percent Difference
Basic Charge:	\$20.00	\$30.00	50.0%
Delivery Charge:	\$0.02560	N/A	-100.0%
Energy Charge:			
SUMMER			
First 800 kWh	\$0.05803	\$0.08187	41.1%
Over 800 kWh	\$0.07254	N/A	-100.0%
WINTER			
First 800 kWh	\$0.05803	\$0.08187	41.1%
Over 800 kWh	\$0.07254	N/A	-100.0%

By removing the tiered price structure and the delivery charge, all kWh sales are priced the same.

The overall average for the class reflects a 2.5% price increase. However, a customer whose usage is higher than average will notice a small decrease to their bill while lower than average usage customers will have a small increase in their bill. The proposal is intended to strike a balance between EWEB's cost recovery objectives, maintenance of positive customer relations, compliance with the Board's price stabilization policy, and a desire to encourage efficient use of electricity.

A monthly bill comparison at various usage levels for existing versus proposed prices can be found in *Table 5*.

Table 5
Residential Service
Existing vs. Proposed Prices

	Current Prices				Proposed Prices					
	SUMMER		WINTER		SUMMER			WINTER		
Basic Charge	\$20.00		\$20.00		\$30.00			\$30.00		
Delivery Charge	0.0256		0.0256		0			0		
Energy Charge	First 800	0.05803	First 800	0.05803	All kWh	0.08187	All kWh	0.08187	0.08187	
	Over 800	0.07254	Over 800	0.07254						
KWH USAGE	Current Bill		Current Bill		Proposed Bill	Dollar Difference	Percent Difference	Proposed Bill	Dollar Difference	Percent Difference
0	\$	20.00	\$	20.00	\$ 30.00	\$ 10.00	50%	\$ 30.00	\$ 10.00	50%
50		24.18		24.18	34.09	9.91	41%	34.09	9.91	41%
200		36.73		36.73	46.37	9.65	26%	46.37	9.65	26%
500		61.82		61.82	70.94	9.12	15%	70.94	9.12	15%
800		86.90		86.90	95.50	8.59	10%	95.50	8.59	10%
1000		106.53		106.53	111.87	5.34	5%	111.87	5.34	5%
1500		155.60		155.60	152.81	(2.80)	-2%	152.81	(2.80)	-2%
1600		165.42		165.42	160.99	(4.42)	-3%	160.99	(4.42)	-3%
2000		204.67		204.67	193.74	(10.93)	-5%	193.74	(10.93)	-5%
3000		302.81		302.81	275.61	(27.20)	-9%	275.61	(27.20)	-9%
4000		400.95		400.95	357.48	(43.47)	-11%	357.48	(43.47)	-11%
5000		499.09		499.09	439.35	(59.74)	-12%	439.35	(59.74)	-12%
7000		695.37		695.37	603.10	(92.28)	-13%	603.10	(92.28)	-13%
10000		989.79		989.79	848.71	(141.08)	-14%	848.71	(141.08)	-14%

B. Small General Service (Schedule G-1)

The Small General Service schedule consists of accounts with monthly billing demands from 0 to 30 kW. Customers are assigned to this class based on an average of the three highest demands in the prior 12 months falling below 30 kW.

There are about 7,600 commercial customers presently served in the demand range for Small General Service (Schedule G-1). This price typically applies to non-residential accounts for service at secondary distribution voltages of 480 volts or less. Under the General Service schedule, EWEB provides all distribution and service facilities necessary to meet the power requirements of the customer.

The structure of the Small General Service price is similar to the Residential schedule in that both contain a basic charge and an energy charge. It varies from the Residential price structure, in that it includes a demand charge (based on the customer's peak load during the month), a flat energy charge, and a two-step delivery charge. Under the General Service price, these costs are separate price components and are additive in computing the bill.

There is an overall class increase of 2.5% for the Small General Service schedule G-1. *Table 6* provides the existing prices versus proposed prices.

Table 6
Small General Service
Existing Prices vs Proposed Prices
(0 - 30 Monthly kW)

	Existing Prices	Proposed Prices
Basic Charge		
Single-Phase	\$22.50	\$40.00 per month
Three-Phase	\$33.25	\$51.00 per month
Demand Charge		
First 10 kW	No Charge	No Charge per kW
Over 10 kW	\$6.950	\$8.500 per kW
Delivery Charge		
First 1,750 kWh	\$0.03490	\$0.03500 per kWh
Additional kWh	0.00129	0.00400 per kWh
Energy Charge		
All kWh	\$0.06732	\$0.05680 per kWh

C. Medium General Service (Schedule G-2)

The Medium General Service Schedule consists of accounts with monthly billing demands between 31 and 500 kW. Customers are assigned to the class based on an average of the three highest demands in the last 12 months falling between 31 and 500 kW.

There are approximately 1,800 commercial customers presently served in the demand range for Medium General Service (Schedule G-2). This price typically applies to non-residential accounts for service at secondary distribution voltages of 480 volts and primary voltages of up to 12.47 kilovolts. Under the General Service schedule, EWEB provides all distribution and service facilities necessary to meet the power requirements of the customer at the delivered voltage.

Similar to the Small General Service price, the proposed form of the Medium General Service price also includes a basic charge, a demand charge (based on the customer's peak load during the month), and an energy charge.

In addition to the standard or “secondary” Medium General Service price, EWEB offers an alternative price to larger qualifying customers. The Primary Service Power price is available to any commercial or industrial customer located outside the underground secondary network who:

- 1) receives single-point delivery at primary distribution voltages of 12.47 kV or greater,
- 2) is willing to contract for and pay for a minimum of 300 kilowatts of demand per month, and
- 3) is willing to provide, own, install and maintain all necessary transformers, cutouts, protection equipment, primary metering enclosures, and all distribution facilities beyond the point of delivery.

There is an overall class increase of 2.5% for the Medium General Service schedule G-2. *Table 7* provides information on existing versus proposed prices.

Table 7
Medium General Service
Existing Prices vs Proposed Prices
(31 - 500 Monthly kW)

	Existing Prices		Proposed Prices		
	Secondary	Primary	Secondary	Primary	
Basic Charge					
Single-Phase	\$37.30	---	\$50.00	---	per month
Three-Phase	\$57.85	\$3,360	\$70.00	\$185	per month
Demand Charge					
First 300 KW	\$7.25	---	\$9.000	\$8.850	per kW
Over 300 KW	\$7.25	\$7.10	\$9.000	\$8.850	per kW
Energy Charge					
All kWh	\$0.06084	\$0.05996	\$0.05700	\$0.05612	per kWh

D. Large General Service (Schedule G-3)

The Large General Service class consists of accounts with monthly billed demands greater than 501 kW up to 10,000 kW. Customers are assigned to the class based on an average of the three highest demands in the last 12 months falling between 501 - 10,000 kW.

There are 53 commercial, industrial, and public agency customers presently served in the demand range for Large General Service price (Schedule G-3). This price typically applies to non-residential accounts for service at secondary distribution voltages of 480 volts and primary voltages of up to 12.47 kilovolts. Under the General Service schedule, EWEB provides all distribution and service facilities necessary to meet the power requirements of the customer at the delivered voltage.

In addition to the “secondary” Large General Service price, EWEB offers an alternative commercial price to larger qualifying customers. The Primary Service Power price is available to any commercial or industrial customer located outside the underground secondary network who:

- 1) receives single-point delivery at primary distribution voltages of 12.47 kV or greater,
- 2) is willing to contract for and pay for a minimum of 300 kilowatts of demand per month, and
- 3) is willing to provide, own, install and maintain all necessary transformers, cutouts, protection equipment, primary metering enclosures, and all distribution facilities beyond the point of delivery.

There is an overall class increase of 2.5% for the Large General Service schedule G-3. *Table 8* provides information on existing versus proposed prices for Large General Service customers.

**Table 8
Large General Service
Existing Prices vs Proposed Prices
(501 - 10,000 Monthly kW)**

	Existing Prices		Proposed Prices		
	Secondary	Primary	Secondary	Primary	
Basic Charge	\$2,690	\$2,615	\$1,100	\$1,050	per month
Demand Charge					
First 300 KW	---	---	\$8.500	\$8.300	per KW
Over 300 KW	\$7.500	\$7.300	\$8.500	\$8.300	per KW
Energy Charge					
All kWh	\$0.04823	\$0.04730	\$0.04550	\$0.04457	per kWh

**E. Very Large General Service (Schedule G-4)
(For Service in excess of 10,000 kW without a Contract)**

This service is available to very large general service loads over 10,000 kilowatts of demand, or customers classified as “New Large Single Load” by the BPA that are not presently covered under a power sales agreement with EWEB. The basic charge for Very Large General Secondary Service is proposed to increase from \$2,717 to \$2,785 per month and Primary Service from \$2,645 to \$2,711 per month; demand charge is \$0 for the first 300 kW for both Secondary and Primary; Over 300 kW is \$7.35 per kW for Secondary and \$7.14 per kW for Primary; and the energy charge is \$0.06680 per kWh for both Secondary and Primary.

There is an overall class increase of 2.5% to the Very Large General Service schedule G-4.

F. Customer-Owned Street Lighting (Schedule J-3, J-4, J-5)

Customer-owned street lighting service is available to government agencies, lighting districts, and water districts. Proposed street lighting prices do not include any direct costs for installation or maintenance of customer-owned fixtures. The proposed price schedules recover only costs for energy and associated costs necessary to operate the customer's lighting equipment which meets the Board's specifications. This practice is appropriate because ongoing maintenance tasks are now the responsibility of the other agencies.

There are approximately 11,400 street lights served on the EWEB system. It is estimated that agency streetlights will consume 8.5 million kilowatt-hours during 2016. This estimate is based on the wattage rating of each individual lighting fixture and the total number of night-time hours per year. The proposed agency lighting prices reflect allocated customer, demand and energy costs by fixture type, consistent with available engineering data.

There is a new Customer Owned Street Lighting Service for LED J-5. *Tables 9-11* provide information on existing and proposed Customer Owned Street Lighting prices.

In 2015 there was an update of the cost allocation methodology for Customer Owned Street Lighting Service. The change shifts fixed cost recovery out of the energy component and into a fixed component of the flat price. Fixed cost transition will occur over the next three years.

Although the revenue requirement for Customer Owned Street Lighting customers increased 2.5%, a price increase for J-3 and J-4 is needed to offset decreased energy usage and cost recovery from the J-5 LED schedule. Over the three year fixed cost transition period this cost recovery shift will decrease and end on year three.

Table 9

J-3 Customer Owned Street Lighting Service

<u>Description</u>	<u>Lamp Type</u>	Existing	Proposed
		<u>Monthly Flat Price</u>	<u>Monthly Flat Price</u>
175 Watt MV	Mercury Vapor	\$7.85	\$8.62
250 Watt MV	Mercury Vapor	\$9.65	\$11.25
400 Watt MV	Mercury Vapor	\$14.15	\$16.19
700 Watt MV	Mercury Vapor	\$23.75	\$26.17

Table 10

J-4 Customer Owned Street Lighting Service

<u>Description</u>	<u>Lamp Type</u>	Existing	Proposed
		<u>Monthly Flat Price</u>	<u>Monthly Flat Price</u>
35 Watt HPS	High Pressure Sodium	\$2.53	\$4.08
50 Watt HPS	High Pressure Sodium	\$3.85	\$4.55
70 Watt HPS	High Pressure Sodium	\$4.55	\$5.51
100 Watt HPS	High Pressure Sodium	\$5.63	\$6.20
150 Watt HPS	High Pressure Sodium	\$7.28	\$7.90
200 Watt HPS	High Pressure Sodium	\$8.47	\$9.91
250 Watt HPS	High Pressure Sodium	\$10.27	\$11.76
310 Watt HPS	High Pressure Sodium	\$11.98	\$13.76
400 Watt HPS	High Pressure Sodium	\$14.30	\$16.75
1000 Watt HPS	High Pressure Sodium	\$32.33	\$35.32
1000 Watt MH	Metal Halide	\$32.33	\$35.02

Table 11

J-5 Customer Owned Street Lighting Service (LED)

<u>Description</u>	<u>Lamp Type</u>	Existing	Proposed
		<u>Monthly Flat Price</u>	<u>Monthly Flat Price</u>
0 to 40 Watt LED	Light Emitting Diode	N/A	\$3.63
41 to 60 Watt LED	Light Emitting Diode	N/A	\$4.23
61 to 80 Watt LED	Light Emitting Diode	N/A	\$4.82
81 to 125 Watt LED	Light Emitting Diode	N/A	\$5.87
126 to 175 Watt LED	Light Emitting Diode	N/A	\$7.22
176 to 225 Watt LED	Light Emitting Diode	N/A	\$8.71
226 to 275 Watt LED	Light Emitting Diode	N/A	\$10.21
276 to 350 Watt LED	Light Emitting Diode	N/A	\$12.15
351 to 750 Watt LED	Light Emitting Diode	N/A	\$19.18

G. Private Property Lighting Service (Schedule L-3, L-4)

EWEB also offers lighting service to individuals and businesses to provide overhead outdoor lighting for private property from dusk to dawn each day throughout the year. All equipment used to furnish service under this schedule is installed, owned, operated and maintained by EWEB.

There are presently about 1,600 private security lights comprised of various lamp sizes on the EWEB system. It is estimated that these lights will consume about 890,000 kWh during the 12-month test period. In addition to collecting energy revenue, the prices presently in effect for private security lighting are designed to amortize capital costs and to provide for depreciation, funds for fixture replacement, maintenance, regular lamp washing, and lamp replacement.

Recommended charges for Private Property Lighting Service are based on the wattage rating and cost characteristics of each lamp size. Where there is a EWEB pole dedicated for private lighting there is a \$1.00 per month pole rental charge.

In 2006, a new price schedule was added, Schedule L-4, Private Property Lighting Service. The schedule accommodates the gradual transition of L-3 private lights to high-efficiency, low-diffusion, high pressure sodium (HPS) lights, in accordance with standards mandated by Eugene City Code, Section 9.6725. Schedule L-3 is closed to new services, and is being phased out.

There is an overall class increase of 2.5% for schedules L-3 and L-4. *Tables 12 and 13* provide existing prices versus proposed prices for Private Property Lighting Services.

Table 12

L-3 Private Property Lighting Service

<u>Description</u>	<u>Lamp Type</u>	Existing	Proposed
		<u>Monthly Flat Price</u>	<u>Monthly Flat Price</u>
100 Watt HPS	High Pressure Sodium	\$7.05	\$7.23
200 Watt HPS	High Pressure Sodium	\$8.99	\$9.21
400 Watt HPS	High Pressure Sodium	\$14.93	\$15.30

Table 13

L-4 Private Property Lighting Service

<u>Description</u>	<u>Lamp Type</u>	Existing	Proposed
		<u>Monthly Flat Price</u>	<u>Monthly Flat Price</u>
50 Watt HPS	High Pressure Sodium	\$5.67	\$5.81
70 Watt HPS	High Pressure Sodium	\$5.78	\$5.92
150 Watt HPS	High Pressure Sodium	\$6.25	\$6.41

**H. Business Growth and Retention Price Rider (BGR-1)
(For Service from 200 kW to 10,000 kW of new or incremental demand)**

1. Applicable

This Rider is applicable as an addendum to the otherwise applicable General Service electric price schedule for qualified customers locating or expanding service on EWEB's transmission and/or distribution system(s). New or existing General Service customers who add a minimum of 200 kilowatts (kW) of billing demand may qualify. Service is applicable to customers with the average of the three highest monthly kW demands in a 12-month rolling period falling between 200 and 10,000 kilowatts of either new or incremental demand. Customers taking service must first be approved for participation in EWEB's Business Growth & Retention Program based on specified attributes the project brings to the community.

2. Price

The BGR-1 Rider shall be calculated by subtracting the monthly average ICE Mid-C Settled Index price from the customer's average applicable retail energy (kWh) price to establish the retail/wholesale market differential. The monthly retail/wholesale market differential is allocated to the customer as an incentive price. The split is 50/50 in the first year, 60 (EWEB)/40 (customer) in the second year; and 80 (EWEB) /20 (customer) in the third year.

The BGR-1 Rider is applied to the new or incremental energy (kWh) use only. The credit is based on a look back calculation for all energy consumed above the baseline and credited to the bill no more frequently than every six months. The BGR credit will not be paid for any billing period that customer fails to meet 200 kW minimum additional demand.

3. Contract

Service under this Rider is provided under a three-year, signed agreement.

4. Start Date

The start date of the incentive price period shall commence within 24 months from the date of execution of the contract for service and shall be designated by the customer and EWEB within the BGR-1 agreement. *(This 24-month period is to accommodate construction prior to full operation.)*

5. Metering

Separate electric metering for new or additional load may be required if, in EWEB's sole opinion, it is necessary to provide service under this schedule. The customer will be responsible for any costs associated with providing separate electric metering.

I. Medium General Service Time of Use Pilot (Schedule C-TOU-1)

EWEB is proposing a limited time of use pilot for commercial customers. The time of use pilot allows a customer to benefit from shifting load to off-peak hours. The intent of the pilot is to allow customers to receive the benefit of load shifting while EWEB works through metering, billing, and customer accounting changes with a small group of customers. The pilot price is limited due to billing constraints, but it is structured to be revenue neutral. Customers would not be guaranteed bill savings under this pilot.

The design is constructed to pass along savings from EWEB’s BPA network transmission (NT) bill and on- and off-peak price differentials. The BPA NT bill is determined by EWEB’s peak kilowatt demand at the time of the BPA’s transmission system peak. Historical data was reviewed to confirm the on-peak demand period coincided with the BPA transmission system peak. Therefore, a shift in demand from on-peak to off-peak hours will have a corresponding reduction in BPA NT bills every two years when BPA resets their prices.

The on- and off-peak energy pricing differential is based on the wholesale market price differential. If the customer shifts from on-peak to off-peak hours, EWEB is able to benefit from the difference in market prices to realize the on- and off- peak price differential. Both the demand and energy off-peak pricing represents real cost savings to EWEB that can be passed along to customers who can consume proportionately more in the off-peak periods. *Table 14* provides the proposed time of use pricing information for Medium General Service customers.

**Table 14
Medium General Service Time of Use Pilot**

	Existing Prices		Proposed Prices		
	Secondary	Primary	Secondary	Primary	
Basic Charge					
Single-Phase	\$37.30	---	\$50.00	---	per month
Three-Phase	\$57.85	\$3,360	\$70.00	\$185.00	per month
Demand Charge					
First 300 KW	\$7.25	-			per kW
Over 300 KW	\$7.25	\$7.10			per kW
On- Peak			\$9.00	\$8.85	per kW
Off- Peak			\$6.96	\$6.81	per kW
Energy Charge					
All kWh	\$0.06084	\$0.05996			per kWh
On- Peak			\$0.06260	\$0.06172	per kWh
Off- Peak			\$0.05519	\$0.05431	per kWh

J. Large General Service Time of Use Pilot (Schedule C-TOU-2)

EWEB is proposing a limited time of use pilot for commercial customers. The time of use pilot allows a customer to benefit from shifting load to off-peak hours. The intent of the pilot is to allow customers to receive the benefit of load shifting while EWEB works through metering, billing, and customer accounting changes with a small group of customers. The pilot price is limited due to billing constraints, but it is structured to be revenue neutral. Customers would not be guaranteed bill savings under this pilot.

The design is constructed to pass along savings from EWEB’s BPA network transmission (NT) bill and on- and off-peak price differentials. The BPA NT bill is determined by EWEB’s peak kilowatt demand at the time of the BPA’s transmission system peak. Historical data was reviewed to confirm the on-peak demand period coincided with the BPA transmission system peak. Therefore, a shift in demand from on-peak to off-peak hours will have a corresponding reduction in BPA NT bills every two years when BPA resets their prices.

The on- and off-peak energy pricing differential is based on the wholesale market price differential. If the customer shifts from on-peak to off-peak hours, EWEB is able to benefit from the difference in market prices to realize the on- and off- peak price differential. Both the demand and energy off-peak pricing represents real cost savings to EWEB that can be being passed along to customers who can consume proportionately more in the off-peak periods.

Table 15 provides the proposed time of use pricing information for Large General Service customers.

**Table 15
Large General Service Time of Use Pilot**

	Existing Prices		Proposed Prices		
	Secondary	Primary	Secondary	Primary	
Basic Charge	\$ 2,690	\$ 2,615	\$ 1,100	\$ 1,050	per month
Demand Charge					
First 300 KW	---	---			per kW
Over 300 KW	\$7.50	\$7.30			per kW
On- Peak			\$8.50	\$8.30	per kW
Off- Peak			\$6.46	\$6.26	per kW
Energy Charge					
All kWh	\$0.04823	\$0.04730			per kWh
On- Peak			\$0.05110	\$0.05017	per kWh
Off- Peak			\$0.04469	\$0.04276	per kWh

K. Open Access Transmission Tariff (OATT)

While this item is typically not bundled with the retail price proposal for Board, the timing coincides and so retail price and wholesale price changes are addressed together.

Background

A price increase in EWEB’s transmission tariff is being proposed. The transmission delivery price would increase from \$1.13 per kW month to \$1.51 per kW month, effective with January 2016 bills. The most recent change to the price was in January 2011.

EWEB offers electric transmission service at the wholesale level. User prices for this service are contained in EWEB’s Open Access Transmission Tariff (OATT). This tariff is patterned after OATT tariffs required of FERC-jurisdiction utilities. Though EWEB is not a FERC-jurisdiction utility, it has voluntarily chosen this type of price and price schedule to provide transmission on a non-discriminatory basis and to provide consistency with other transmission serving entities. Currently EWEB provides transmission service to the Springfield Utility Board and the University of Oregon.

Discussion

EWEB’s OATT tariff is periodically updated and was most recently updated in January 2011. The proposed increase is due to higher transmission plant investment and decreasing peak load forecast. Both of these factors result in a higher price.

The peak load forecast decrease reflects lower peak demand. *Table 16* provides existing and proposed OATT prices.

Table 16

OATT Transmission Delivery Service Prices

Existing Transmission Prices	<u>per kW-Year</u>	<u>per kW-Month</u>
a. McKenzie Substation Common	\$ 5.69	\$ 0.47
b. Transmission System	\$13.53	\$ 1.13
Proposed 2016 Transmission Prices		
a. McKenzie Substation Common	\$ 5.36	\$ 0.45
b. Transmission System	\$ 18.11	\$ 1.51



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February 2016 Water Price Proposal

**Fiscal Services Department
November 2015**

**EUGENE WATER & ELECTRIC BOARD
2016 Water Price Proposal**

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EXECUTIVE SUMMARY

The 2016 Price Proposal was developed in accordance with the proposed 2016 budget. The cost of service analysis, revenue requirements and proposed price schedules by customer class, are included in this document.

In accordance with industry standard, EWEB conducts a comprehensive Cost of Service Analysis (COSA) a minimum of every 3-5 years or when a major shift to COSA variables occurs, and performs an update to the COSA in the other years. For 2016, the COSA was updated to determine the overall revenue requirement.

Table 1, on page 12, provides the detailed revenue requirements which are based on the proposed 2016 budget. Overall this resulted in a 3.6% change in revenue requirements and prices. The proposed revenue and price change by customer class are presented in *Table 3* on page 16. Staff is recommending that the revenue requirement be spread equally across all customer classes, and that the increase be applied almost entirely to the basic charge in an effort to continue fixed cost recovery financial stability efforts. Residential elevation volumetric charges are also proposed to increase.

In addition to the 3.6% overall average increase proposal, management has included the bill impacts of a 4.6% option in the attachments. That option would provide an additional \$300,000 in revenue to fund increased emergency preparedness efforts among other things.

I. INTRODUCTION

Purpose of Study

The purpose of this price study is to provide background information and technical analyses in support of the Eugene Water & Electric Board (EWEB) management proposal for revised water prices. The study includes documentation of water system revenue requirements, projected system loads and sales, and unit costs for serving water customers during the twelve-month period beginning January 2016. The most recent changes to water prices occurred in February 2015, with an overall average increase of 4.9%. The 2016 Water Price Proposal is for an overall average increase of 3.6%. This increase is included in the 2016 proposed budget.

Drivers for the proposed price increase are in part due to an increase in operations and maintenance costs, and to accommodate the price smoothing strategy adopted by the Board in 2013. This strategy was adopted to mitigate significant price increases when construction on an alternate water supply is scheduled to begin in 2019. The 2016 proposed budget assumes net consumption of 7.6 million kgals which is approximately the same as the 2015 budget but lower than actual 2014 consumption of 8.2 million kgals and 2015 projected consumption.

In keeping with proposed 2015 budget assumptions, anticipated expenditures, forecasted sales for the 12-month period and the results of an updated Cost of Service study, EWEB staff is recommending an average price increase of 3.6% for each customer class.

If approved by the EWEB Commissioners following the scheduled public hearings, revised water prices will become effective with billings rendered on and after February 1, 2016 with the exception of the Water Districts. Consistent with prior years, the Water Districts' price increase will become effective July 1, 2016.

Establishment of Prices

EWEB is a locally regulated municipal utility operating under the authority of the Eugene City Charter and pertinent provisions of Oregon law. Five elected Commissioners who serve without pay carrying out the responsibilities delegated to the Board pursuant to the City Charter. The EWEB Commissioners have exclusive jurisdiction to approve annual operating budgets and establish prices for water service.

Although EWEB's water prices are not subject to regulatory review by any federal or state utility commission or similar agency, the Board must comply with the requirements of applicable state and federal statutes as they pertain to the development of prices and the general conduct of utility business. Current statutes and related case law provide two general standards concerning the establishment of water prices.

The first of these price making standards allows EWEB to set prices at a level sufficient to recover the ongoing costs of utility operations. These costs include annual operating expense, requirements for capital additions, interest and amortization of outstanding debts, and additions to reserves. This standard is intended to ensure the financial integrity of the utility, while defining the costs of operation that can be lawfully recovered through prices.

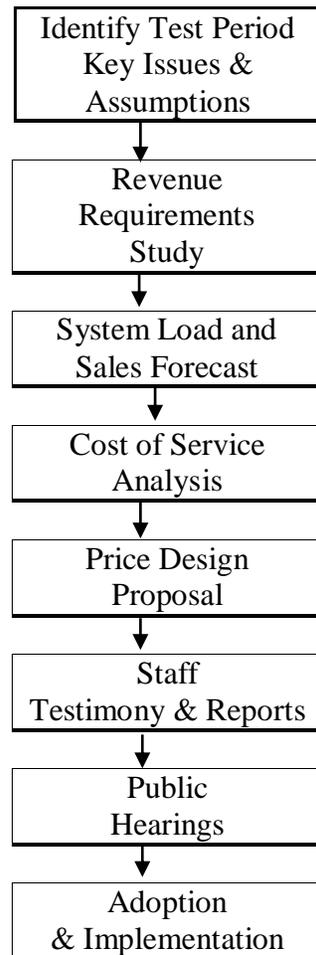
The second standard requires that prices and charges for utility service be fair and non-discriminatory. Prices are considered non-discriminatory when customers receiving like and synchronous service under similar circumstances are treated equally in the development and application of specific prices. This second standard protects the equity concerns of individual utility customers, based on established utility policies and practice for allocating costs among customers and customer classes.

The above standards, together with the established Board policies concerning cost allocation and price design, allow EWEB to maintain prices at the lowest possible level consistent with sound financial principles and traditional utility price making practice. They also give EWEB's elected Board of Commissioners complete authority to approve prices that are cost-based, non-discriminatory, and in concert with the needs of EWEB customers.

Price Review Process

EWEB's water prices are reviewed with each annual budget cycle to ensure that they remain adequate to cover the cost of utility operations over the budget period. When budget projections or other forecasted operating conditions indicate the need for a price adjustment, EWEB staff is directed to prepare studies which determine appropriate price levels for each customer class. This formal review process involves several steps, all of which are coordinated with the EWEB Commissioners, General Manager, and management of the utility's operating departments. The process also affords an opportunity for review and comment by EWEB customers and other interested parties (see *Figure 1*).

Figure 1
Price Review
Process



The first step in the price review process is a detailed examination of the projected operating expenses, capital costs, and anticipated revenues at current prices. The purpose of this effort is to confirm the overall revenue requirements that serve as a basis for development of proposed prices, the timing of the proposed price adjustment, and the period of time (or "test period") over which the new prices are expected to remain in place.

The next step is an assessment of the water system sales forecasts. These projections, consistent with historical and future growth trends in the EWEB service area, are then used to estimate system sales by price class. Once EWEB's projected operating costs, revenue requirements, and sales forecasts have been determined, a Cost of Service Analysis is performed. This study allocates test period costs to each of EWEB's customer classes and price schedules in accordance with the manner in which individual cost items are incurred.

EWEB's cost of service procedures employ standard utility industry costing methods, consistent with the policy guidelines established by the Board. A summary of EWEB's cost of service methodology is

contained in Section V - Cost of Service Analysis. Price recommendations for each of EWEB's four major customer classes are documented in Section VI - Price Recommendations. For 2016 the COSA was updated for projected operating costs, sales forecasts and total revenue requirements. It was not used to allocate costs across the customer classes.

Public Notice and Hearings Schedule

EWEB's price review process is a formal, sequential procedure. The underlying objectives of this process are to ensure that EWEB customers and the general public receive adequate notice and explanation of pending price change proposals, and provide an opportunity for the Board to hear and consider all public comments prior to approval and implementation of revised prices.

Concurrent with the budget approval process, two public hearings are scheduled to provide for official explanation of the price proposal and gather further public comment. A related legal notice was subsequently placed in a local newspaper.

The name of the newspaper and publication date for the legal notice was as follows:

<u>Publication Name</u>	<u>Date</u>
The Register-Guard	September 28, 2015

Exhibit 1 contains the text used in the published legal notice.

Customers are invited to comment on EWEB's budget and price assumptions at public hearings throughout the budget development process. There are two scheduled public hearings specifically for the price proposals. The hearings will be held during the EWEB Board meetings on Tuesday, November 3, 2015 at 5:30 p.m. and Tuesday, December 1, 2015 at 5:30 p.m. at the EWEB Headquarters, 500 East 4th Avenue, in Eugene.

Written comments are also welcome and may be sent to the attention of Budget, EWEB's Fiscal Services Department, P.O. Box 10148, Eugene, OR 97440 or by email to Budget@EWEB.org. For timely consideration, written comments must be received prior to November 3, 2015 to ensure delivery to the Board prior to their scheduled action on the price proposal.

EXHIBIT 1

BEFORE THE EUGENE WATER & ELECTRIC BOARD

In the Matter of Consideration and
Adoption of Budgets, Revised Charges for
EWEB Electric and Water Service

NOTICE OF PUBLIC HEARINGS
AND INVITATION TO COMMENT

Two dates are scheduled for public hearings to seek public comment regarding proposed 2015 budget approval and adjustments to EWEB water and electric rates. If approved, the proposed changes for residential, general service and other customers of the Eugene Water & Electric Board would become effective with utility billings rendered on or after February 1, 2016.

Public hearings will be held in the EWEB Board Room, 500 East 4th Avenue, Eugene, Oregon, on the following dates and times:

November 3, 2015 - 5:30 p.m.
December 1, 2015 - 5:30 p.m.

Background information concerning the budget and rate proposals will be presented at each meeting, followed by the public hearing which will provide opportunity for public testimony and comment.

Specific rate recommendations for each customer class may be obtained beginning October 30, 2015 by calling EWEB's Fiscal Services Department at (541) 685-7000 or emailing budget@eweb.org. Copies of the budget document and rate proposals will be made available at the public hearing.

Written public comments are also welcome and may be brought to the hearings or mailed to: EWEB Fiscal Services, P.O. Box 10148, Eugene, OR 97440. For timely consideration, written comments must be received prior to the public hearing on November 3, 2015.

E-mail comments may be directed to: deborah.hart@eweb.org

II. BACKGROUND INFORMATION

A. Organizational Structure

EWEB is responsible for providing electric and water service within the City of Eugene and certain outlying areas. The specific duties delegated to the Board pursuant to the Eugene City Charter are carried out by five elected Commissioners who serve without pay. The Commissioners and expiration dates of their respective terms of office are as follows:

	<u>Area</u>	<u>Term Expires December 31,</u>
Steve Mital, President	Wards 1, 8	2016
John Simpson, Vice President	At Large	2018
John Brown	Wards 4, 5	2018
Richard Helgeson	Wards 2, 3	2016
James Manning	Wards 6, 7	2016

As EWEB's primary policy and decision-making body, the individual Board members represent a broad range of professional experience and community perspectives on matters concerning local utility service. The Board meets regularly on the first Tuesday of each month. All meetings are open to the public and provide opportunities for public participation.

Under the direction of General Manager Roger Gray and the leadership staff, EWEB employed 513 combined electric and water personnel as of third quarter 2015. EWEB's organization chart is shown as *Figure 2*. The executive and leadership staff, responsible for each of the major operating areas, is as follows:

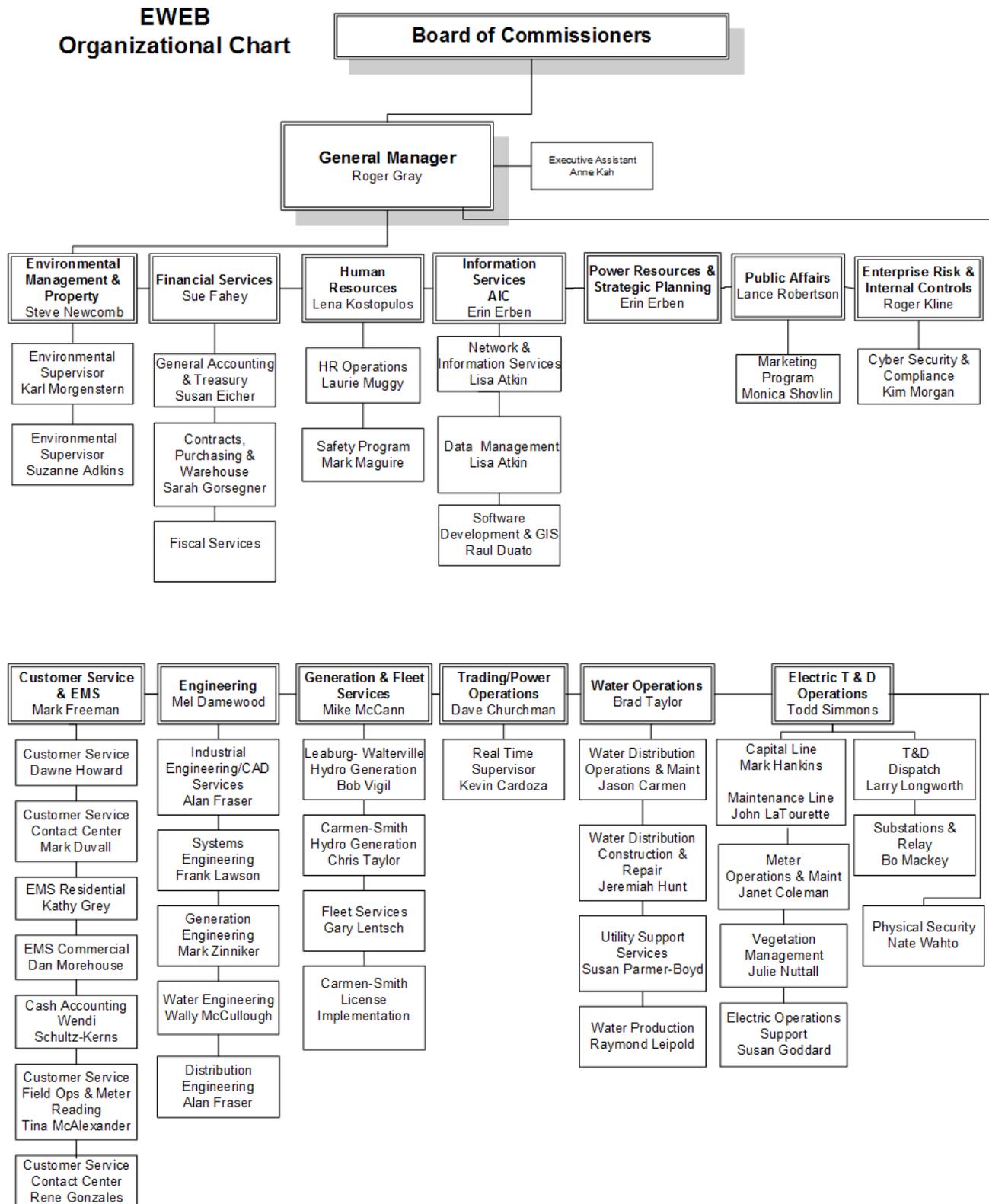
<u>Executive</u>	<u>Department</u>
Roger Gray	General Manager
<u>Leadership Team Member</u>	<u>Areas of Responsibility</u>
Steve Newcomb	Environmental Management
Susan Fahey	Financial Services
Lena Kostopulos	Human Resources
Erin Erben	Information Services
Erin Erben	Power Resources & Strategic Planning
Lance Robertson	Public Affairs
Mark Freeman	Customer Service & Energy Management Services
Mel Damewood	Engineering
Mike McCann	Generation & Fleet Services
Dave Churchman	Trading & Power Operations
Brad Taylor	Water Operations
Todd Simmons	Electric Distribution Reliability & Facilities
Roger Kline	Enterprise Risk, Internal Controls and Business Process Improvement
Anne Kah	Executive Assistant to Board and GM

The utility's business priorities are reviewed annually by the Board, General Manager and a planning group made up of the leadership staff and other key personnel. Major organizational goals, strategic issues, opportunities, and planning contingencies for the coming year are then documented in the annual EWEB Strategic Plan. Each work unit derives from the Strategic Plan annual performance targets to address management priorities through ongoing work plans and schedules. The General Manager meets frequently with the Leadership Team members who hold regular meetings with their department staff to ensure employee productivity and efficient, effective operations.

EWEB places a high value on quality service and responsiveness to the needs of its customers. Because of its standards for reliability and design, water service interruptions are infrequent and limited to short duration.

Each year EWEB invites feedback through a customer survey. The survey included questions designed to specifically determine customer spending priorities. These and other survey results reaffirm the longstanding commitment EWEB has to deliver value to the citizens of the Eugene.

Figure 2



Updated: 10/16/15

B. Water System Highlights

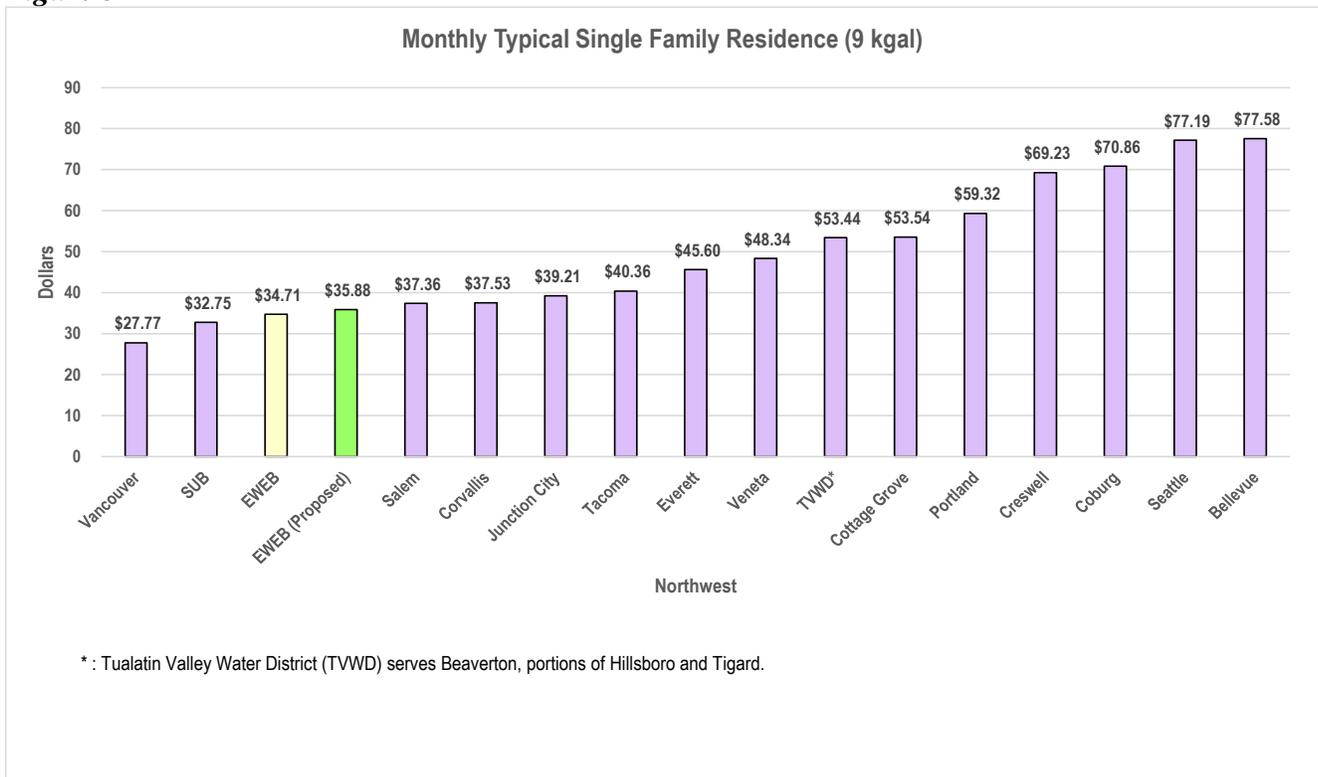
EWEB is the largest publicly owned utility in the state of Oregon. Founded by the citizens of Eugene in 1911, EWEB has remained a successful provider of essential utility services to the local community for over 100 years.

The Water System provides water to all areas within the city, two water districts, and the City of Veneta. Water is supplied from the McKenzie River and is treated at the Hayden Bridge Filtration Plant, one of the largest treatment plants in Oregon. Water is pumped from the Hayden Bridge Filtration Plant into the distribution system through two large transmission mains. The water distribution system consists of 26 enclosed reservoirs with a combined storage capacity of 94 million gallons, 31 pump stations, and approximately 800 miles of distribution mains.

C. Retail Price Change

A comparison of current monthly residential bills for selected Northwest communities is shown in *Figure 3*. Sample bills are calculated using EWEB's monthly average single family residence consumption of 9 kgals. A bill of \$35.88 for EWEB in the figure is calculated using the proposed residential price.

Figure 3



III. REVENUE REQUIREMENTS STUDY

This section contains a general description of EWEB's annual budgeting process. It includes the documentation of EWEB's 2016 proposed budgeted expenses and revenue requirements which has been designated as the test period for the current price proposal. In addition to determining the overall percentage revenue increase needed to sustain operation of the water utility, the test period revenue requirements are a primary input to the Cost of Service Analysis (see Section V).

A. Preparation of the Annual Budget

At the beginning of each annual budget cycle, the utility's strategic priorities are identified by the Board, General Manager and a planning group made up of the leadership team and other key personnel. Major organizational goals, strategic issues, opportunities, and planning contingencies are then documented in the EWEB Strategic Plan. The Strategic Plan drives specific performance targets to address management priorities through ongoing work assignments and schedules.

EWEB management and staff use a priority based budgeting (PBB) approach for budget development. This approach has served EWEB well in its effort to align budgets with EWEB's mission, strategic plan and customer priorities. All levels of the EWEB organization are involved in preparation of the annual Water Utility Budget in order to place responsibility for cost control on the managers who project and incur the costs. Each department is allocated a budget that is prepared in accordance with the PBB process and Board direction.

If a budget deficit cannot be corrected through cost reductions or deferrals, the amount of the deficit becomes an additional revenue requirement recommended for recovery through a price adjustment.

A draft budget with explanations on variances from prior years is discussed with the EWEB Commissioners. The Board reviews the draft budget and may suggest program adjustments and revisions. Public hearings are held to ensure customers have the opportunity to provide feedback. The Board approves a final budget in December which then becomes the operating plan for the next budget year.

All managers and supervisors are required to expend funds in a manner consistent with approved budget estimates. Year-to-date balances are compared to budgets to ensure that costs continue to track as expected. Quarterly financial reports and any significant deviations are brought to the attention of the Board for review in accordance with Board Policy EL-1, Financial Controls. Year-end results are routinely checked against budgets, with differences noted for potential input to the next year's budget cycle.

B. Test Period Revenue Requirements

EWEB has designated calendar year 2016 as the "test period" for development of water system costs and revenues in this current price proposal. This corresponds with the annual expenditures included in the 2016 proposed Water Utility Budget. For the February 2016 price study, staff incorporated the projected sales, revenues and expenditure data from the proposed 2016 budget directly as a basis for this price proposal.

Table 1 contains a summary of the revenue requirements for the 2016 test period to be recovered through proposed water prices. Column "a" shows the financial results anticipated at current prices, while column "b" indicates the results obtained under management's price adjustment proposal. As indicated earlier, proposed prices are designed to increase operating revenues by 3.6%, in order to eliminate the deficit that would occur without a price adjustment. Column "c" reflects the percentage share of total revenues or costs represented by each category.

Table 1
Water System Revenue Requirements
For 2016 Test Period

	Current Prices (a)	Revenues at Proposed Prices (b)	% of Total (c)
Revenues			
Operating Revenues	\$34,331,000	\$35,574,000	87.66%
Bond Proceeds, Interest, and Other Income ¹	<u>5,008,000</u>	<u>5,008,000</u>	<u>12.34%</u>
Total	<u>39,339,000</u>	<u>40,582,000</u>	100.00%
Expenditures			
Operation & Maintenance			
Source of Supply	768,000	768,000	3.86%
Pumping	1,260,000	1,260,000	6.34%
Power for Pumping	982,000	982,000	4.94%
Purification	3,165,000	3,165,000	15.92%
Transmission & Distribution	7,860,000	7,860,000	39.55%
Customer Accounting	2,020,000	2,020,000	10.16%
Conservation	316,000	316,000	1.59%
Administrative & General	<u>3,505,000</u>	<u>3,505,000</u>	<u>17.63%</u>
Subtotal	<u>19,876,000</u>	<u>19,876,000</u>	48.98%
Other Expenditures			
Construction & Capital ²	13,757,000	13,757,000	69.81%
Debt Service, Interest, and Amortization	6,186,000	6,186,000	31.39%
Balance Sheet Changes	<u>(237,000)</u>	<u>(237,000)</u>	<u>-1.20%</u>
Subtotal	<u>19,706,000</u>	<u>19,706,000</u>	48.56%
To Working Cash/ Reserves	<u>1,000,000</u>	<u>1,000,000</u>	2.46%
Revenue Requirements	<u>40,582,000</u>	<u>40,582,000</u>	100.00%
Surplus / (Deficiency)	(\$1,243,000)	\$0	
As a % of Rate Revenue	-3.6%	0%	

¹Includes System Development Charge Revenue

²Includes Contribution In Aid

IV. SYSTEM SALES AND REVENUE FORECAST

A. Overview of EWEB's Forecasting Process

EWEB routinely prepares both short and long-range water system sales forecasts as part of its ongoing planning activities. Annual projections of total system water sales are prepared using both historical sales data from EWEB records and projected economic and demographic data for the Eugene area. The annual sales forecast forms the basis for revenue projections in the water cost of service analysis.

Basic growth projections for EWEB's system are developed through application of various forecasting methods, which include trending and econometric analysis. System forecasts are examined regularly and adjusted for changing local economic conditions and customer characteristics. The resulting base forecasts become a key input to water resource planning, facilities design and preparation of annual budgets. They also become an integral part of the price development process as a basis for allocation of operating costs and design of proposed prices for each customer class.

Actual consumption may vary considerably from year to year due to changes in local weather patterns, the economy and commercial activities. The twelve-month period from January through December 2016 was selected for analysis, corresponding with the test period budget and revenue requirements documented in Section III - Revenue Requirements Study. The remainder of this section describes how the system sales forecast is applied to the development of prices and the results obtained for the 2016 test period.

B. Methodology and Procedures

In order to develop appropriate water prices, EWEB's annual system forecast must be translated into a detailed projection of monthly water sales and customer use characteristics for the upcoming price period. This is done in a manner consistent with original forecast assumptions to arrive at a monthly estimate of customer counts and consumption patterns for each of EWEB's major customer classes.

Projection of monthly customer sales relies on historical data collected by EWEB's Fiscal Services Department from a number of internal sources. Monthly historical sales statistics are obtained from EWEB financial statements and accounting records. In addition, Fiscal Services maintains a detailed record of customer billing statistics for each price classification. Other local agencies are consulted as necessary for additional data pertinent to the forecasting of utility sales.

Once the basic forecasting data is assembled, it is reviewed for consistency with recent historical trends, budget assumptions and conditions expected to prevail over the price test period. Such review ensures that the sales forecast used in the price design process remains consistent with projections used to prepare the EWEB revenue requirements discussed in Section III.

The next step in the forecasting process is to divide the total system forecast into component parts by month and price class groupings. Historical customer sales statistics were used to calculate current class contribution to annual system sales and typical monthly distribution of consumption for each class. These historical ratios are then applied to the initial aggregate utility forecast to produce a monthly projection of consumption by price class.

C. 2016 Forecast Results

The results of EWEB's forecast of sales for the 2016 price test period are summarized briefly below:

Table 2
Test Period Forecast of Water Utility
Customers & Sales by Price Class
For January through December 2016

Customer Class	Count	Kgal Sales (1,000 Gallons)	% of Sales
Residential - Inside City	44,600	3,759,191	49.4%
Residential - Outside City	486	48,634	0.6%
General Service - Inside City	4,791	2,958,849	38.9%
General Service - Outside City	199	137,322	1.8%
Water Districts	2	604,184	7.9%
Willamette Water Company	1	27,392	0.4%
City of Veneta	1	72,000	0.9%
Private Fire Lines **	1,010	N/A	N/A
Total	51,090	7,607,572	100.0%

*** Elevation, number of customers and consumption sales are included in the above customer classes*

V. COST OF SERVICE ANALYSIS

This section documents the procedures used in development of EWEB's Cost of Service study.

A. Costing Methods and Procedures

EWEB's Cost of Service methodology uses standard water utility costing procedures to allocate the test period revenue requirements to each customer class. The allocated costs reflect the contribution of each price class to total system costs during the period for which prices are being developed. Study results also measure the degree of equity in prices charged to individual customer classes by testing the adequacy of revenues received relative to allocated costs of service. Through this process, the Cost of Service study apportions the test period revenue deficiency as a basis for determining appropriate price levels and percentage adjustments for each customer class.

In accordance with industry standard, EWEB conducts a comprehensive COSA a minimum of every 3-5 years or when a major shift in COSA variables occurs, and performs an update to the COSA in the off years. The comprehensive Cost of Service study begins with a detailed assessment of the Utility's draft operating budget and revenue requirements for the upcoming price period. The current analysis uses the base information contained in the 2016 proposed Water Utility Budget.

Once the total utility revenue requirement has been determined, individual line item costs are grouped according to major utility functions, such as power for pumping, transmission, distribution or customer accounting. Each line item expense is then classified according to its contribution to system peak demands, total water consumption or number of customers for each price class. Specific items are also identified for direct assignment when they are clearly associated with service to particular price classes.

The Cost of Service model breaks down the various demand and customer costs into sub-components to assign costs to individual price classes. Demand-related costs are segregated into peak-day and peak-hour components, while basic customer costs are sub-classified as relating to either "meters and services" or "billing and collecting."

After classification and sub-classification, each cost category is distributed to one or more price classes through a detailed allocation procedure. Several related analyses are conducted to develop the many allocation factors applied in this step. For example, calculating the class contribution to peak-day demand involves full examination of all customer loads during the test period. Accordingly, the allocation step relies on the sales projections and available load data.

When all of the allocation factors have been developed, they are then applied to yield a segregation of total system costs assigned to the different price classes. The final step is to combine the calculations in a summary table showing the total allocated costs and recommended percentage adjustments for each customer class. These results can then be represented as unit costs, which form the basis for actual price design.

B. Cost of Service Summary

As documented previously in Section III, Revenue Requirements Study, EWEB projects total operating expenses, capital costs, and reserve deposits for the Water Utility to be \$40.6 million for the 2016 price test period. A net revenue requirement of \$35.6 million remains after applying \$5.0 million for bond proceeds, interest earnings and other non-retail revenues. At current prices, offsetting water sales revenue of \$34.3 million leaves a remaining budget deficit of approximately \$1.2 million to be recovered through the proposed price increase. This \$1.2 million deficit translates directly to an increase in required price revenues during the test period.

VI. PRICE RECOMMENDATIONS

The purpose of this section is to present staff’s proposal for revisions to each of EWEB’s published water price schedules. Outside city prices for each retail class have a 30% differential.

For each customer class, tables showing projected billing units, current and proposed prices and projected revenue, and a summary of anticipated customer impacts follow.

Revenue at current prices and proposed increases for each of EWEB’s major customer classes are shown in the table below.

Staff is recommending that the revenue requirement be spread equally across all customer classes. The implementation of a new centralized fixed asset system and a new accounting reporting structure is capturing cost allocation information which will be used in developing future COSA.

Table 3
Cost of Service Summary

Customer Class	Price Schedule (s)	Revenue at Current Prices	Revenue at Proposed Prices	Percent Difference
Residential *	R-1, R-2	\$18,760,645	\$19,438,960	3.6%
General Service *	G-1, G-2	12,070,185	12,509,024	3.6%
Water Districts **	4	1,774,069	1,837,827	3.6%
Willamette Water Company	5	108,830	112,795	3.6%
City of Veneta	6	113,358	117,462	3.6%
Private Fire Lines		744,852	771,816	3.6%
Elevation Charges		759,378	786,597	3.6%
Total		\$34,331,317	\$35,574,480	3.6%

* For Residential and General Service, both the inside and outside customers are included in the customer classes.

** Water District Administration charges are not included in price revenues.

A. Residential Service – Schedules R-1 and R-2

Residential customers are served under Schedule R-1, which applies to single family and smaller multi-family dwellings inside the City of Eugene. The price schedule consists of a fixed monthly basic charge depending on meter size and a 3-tiered usage price applied to all monthly metered consumption. Residential customers outside the City of Eugene are served under Schedule R-2, which includes a 30% price differential from R-1.

The price increase for residential customers varies depending on consumption and meter size as illustrated in *Table 4*. The proposed increase for residential is almost entirely in the basic charge. For the standard 5.8” meter this is an increase of \$1.17. The monthly elevation charge determined by pumping level is proposed to remain at \$3, \$5, and \$7, depending on the level. At elevation, the proposal is to capture the 3.6% revenue requirement increase in the volumetric charge. *Table 5* provides information on price and monthly bill comparison using current and proposed prices for a residential customer within the City of Eugene and outside of an elevation zone. *Tables 6-9* provide information on the calculation of revenues at current and proposed prices.

Table 4
Water
Residential Service Within City Limits, SCHEDULE R-1
Existing vs. Proposed Prices

	Existing Price	Proposed Price	
Basic Charge			
5/8"	\$19.20	\$20.37	per month
3/4"	\$19.98	\$21.20	per month
1"	\$25.92	\$27.50	per month
1-1/2"	\$39.66	\$42.08	per month
2"	\$71.06	\$75.39	per month
3"	\$160.08	\$164.88	per month
Volume Charge			
First 8 kgal	\$1.601	\$1.601	per kgal
Next 22 kgal	\$2.703	\$2.703	per kgal
over 30 kgal	\$4.378	\$4.378	per kgal
Elevation Charge			
Pumping Level 1	\$0.244	\$0.249	per kgal
Pumping Level 2	\$0.488	\$0.499	per kgal
Pumping Level 3	\$0.722	\$0.738	per kgal

Table 5
EUGENE WATER & ELECTRIC BOARD
Price and Monthly Bill Comparison

RESIDENTIAL SERVICE WITHIN CITY LIMITS
SCHEDULE R-1

Meter Size	Monthly Kgal Level	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Dollar Difference	Percent Difference
5/8 inch	0	\$19.20	\$20.37	\$1.17	6.1%
	1	\$20.80	\$21.97	1.17	5.6%
	2	\$22.40	\$23.57	1.17	5.2%
	3	\$24.00	\$25.17	1.17	4.9%
	4	\$25.60	\$26.77	1.17	4.6%
	5	\$27.21	\$28.38	1.17	4.3%
	6	\$28.81	\$29.98	1.17	4.1%
	7	\$30.41	\$31.58	1.17	3.8%
	8	\$32.01	\$33.18	1.17	3.7%
	9	\$34.71	\$35.88	1.17	3.4%
	10	\$37.41	\$38.58	1.17	3.1%
	12	\$42.82	\$43.99	1.17	2.7%
	15	\$50.93	\$52.10	1.17	2.3%
	20	\$64.44	\$65.61	1.17	1.8%
	25	\$77.96	\$79.13	1.17	1.5%
	30	\$91.47	\$92.64	1.17	1.3%
	35	\$113.36	\$114.53	1.17	1.0%
	40	\$135.25	\$136.42	1.17	0.9%
	45	\$157.14	\$158.31	1.17	0.7%

PRESENT PRICES		PROPOSED PRICES	
<u>Basic Charge</u>		<u>Basic Charge</u>	
5/8"	\$19.20	5/8"	\$20.37
1"	25.92	1"	27.50
1 1/2"	39.66	1 1/2"	42.08
2"	71.06	2"	75.39
<u>Volume \$/gallons</u>		<u>Volume \$/gallons</u>	
First 8,000 gallons	\$1.60	First 8,000 gallons	\$1.60
Next 22,000 gallons	\$2.70	Next 22,000 gallons	\$2.70
All over 30,000 gallons	\$4.38	All over 30,000 gallons	\$4.38

Table 6
Calculation of the Revenues at Present and Proposed Prices
SCHEDULE R-1 - Residential Water Service Inside City Limits
 Estimated 12 Months Ended December 31, 2016

Meter Size	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue @ Existing Prices ^[1]	Proposed Charge	Proposed Annual Revenue ^[1]
BASIC CHARGE						
5/8"	41,082	492,984	\$19.20	\$9,395,043	\$20.37	\$9,994,018
3/4"	218	2,616	\$19.98	\$51,880	\$21.20	\$55,193
1"	3,200	38,400	\$25.92	\$987,936	\$27.50	\$1,050,944
1 - 1/2"	94	1,128	\$39.66	\$44,404	\$42.08	\$47,239
2"	6	72	\$71.06	\$5,078	\$75.39	\$5,402
Total	44,600	535,200		\$10,484,340		\$11,152,796
VOLUME CHARGE						
First 8,000 gallons	64.6%	2,430,099	\$1.601	\$3,890,588	\$1.601	\$3,890,588
Next 22,000 gallons	27.4%	1,028,173	2.703	2,779,152	2.703	2,779,152
Over 30,000 gallons	8.0%	300,919	4.378	1,317,423	4.378	1,317,423
Total		3,759,191		\$7,987,164		\$7,987,164
Total Calculated Revenue				\$18,471,504		\$19,139,960
Revenue Increase						\$668,456

[1] Present and proposed revenues include one month at prior prices and eleven months at existing prices

Table 7
Calculation of the Revenues at Present and Proposed Prices
SCHEDULE R-2 - Residential Water Service Outside City Limits
 Estimated 12 Months Ended December 31, 2016

Meter Size	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue @ Existing Prices ^[1]	Proposed Charge	Proposed Annual Revenue ^[1]
BASIC CHARGE						
5/8"	420	5,040	\$24.95	\$124,824	\$26.50	\$132,909
3/4"	2	24	\$25.95	\$618	\$27.55	\$658
1"	59	708	\$33.70	\$23,683	\$35.75	\$25,190
1 - 1/2"	4	48	\$51.55	\$2,456	\$54.70	\$2,613
2"	1	12	\$92.40	\$1,101	\$98.00	\$1,170
Total	486	5,832		\$152,681		\$162,540
VOLUME CHARGE						
First 8,000 gallons	61.6%	29,969	\$2.081	\$62,365	\$2.081	\$62,365
Next 22,000 gallons	30.3%	14,758	\$3.514	51,860	3.514	51,860
Over 30,000 gallons	8.0%	3,907	\$5.691	22,235	5.691	22,235
Total		48,634		\$136,460		\$136,460
Total Calculated Revenue				\$289,141	\$299,000	
Revenue Increase						\$9,859

[1] Present and proposed revenues include one month at prior prices and eleven months at existing prices

Table 8
Calculation of the Revenues at Present and Proposed Prices
ELEVATION CHARGES - Consumption Charges
 Estimated 12 Months Ended December 31, 2016

Pumping Level	Projected Active Services	Projected Annual Consumption	Revenue @		Proposed Charge	Proposed Annual Revenue ^[1]
			Existing Charge	Existing Prices ^[1]		
Residential Inside City						
1	All KGAL	414,112	\$0.244	\$100,498	\$0.249	\$103,000
2	All KGAL	212,170	\$0.488	\$102,980	\$0.499	\$105,745
3	All KGAL	126,107	\$0.722	\$90,551	\$0.738	\$92,956
Total		752,389		\$294,029		\$301,701
Residential Outside City						
1	All KGAL	2,420	\$0.244	\$587	\$0.249	\$602
2	All KGAL	7,271	\$0.488	\$3,530	\$0.499	\$3,624
3	All KGAL	12,540	\$0.722	\$9,005	\$0.738	\$9,244
Total		22,231		\$13,122		\$13,470
General Service Inside City						
1	All KGAL	68,623	\$0.244	\$16,648	\$0.249	\$17,067
2	All KGAL	15,075	\$0.488	\$7,314	\$0.499	\$7,513
3	All KGAL	5,991	\$0.722	\$4,300	\$0.738	\$4,416
Total		89,689		\$28,263		\$28,996
General Service Outside City						
1	All KGAL	1,151	\$0.244	\$279	\$0.249	\$286
2	All KGAL	0	\$0.488	\$0	\$0.499	\$0
3	All KGAL	592	\$0.722	\$424	\$0.738	\$436
Total		1,743		\$702		\$722
Total Calculated Revenue - Fixed				\$336,116	\$344,889	

[1] Present and proposed revenues include one month at prior prices and eleven months at existing prices

Table 9
Calculation of the Revenues at Present and Proposed prices
ELEVATION CHARGES - Meter Charges
 Estimated 12 Months Ended December 31, 2016

Pumping Level	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue @ Existing Prices ^[1]	Proposed Charge	Proposed Annual Revenue ^[1]
Residential Inside City						
1	5,565	66,780	\$3.00	\$189,210	\$3.00	\$200,340
2	2,399	28,788	\$5.00	\$139,142	\$5.00	\$143,940
3	951	11,412	\$7.00	\$77,982	\$7.00	\$79,884
Total	8,915	106,980		\$406,334		\$424,164
Residential Outside City						
1	24	288	\$3.00	\$816	\$3.00	\$864
2	62	744	\$5.00	\$3,596	\$5.00	\$3,720
3	78	936	\$7.00	\$6,396	\$7.00	\$6,552
Total	164	1,968		\$10,808		\$11,136
General Service Inside City						
1	102	1,224	\$3.00	\$3,468	\$3.00	\$3,672
2	26	312	\$5.00	\$1,508	\$5.00	\$1,560
3	11	132	\$7.00	\$902	\$7.00	\$924
Total	139	1,668		\$5,878		\$6,156
General Service Outside City						
1	3	36	\$3.00	\$102	\$3.00	\$108
2	1	12	\$5.00	\$58	\$5.00	\$60
3	1	12	\$7.00	\$82	\$7.00	\$84
Total	5	60		\$242		\$252
Total Calculated Revenue - Fixed				\$412,454		\$441,708

[1] Present and proposed revenues include one month at prior prices and eleven months at existing prices

B. General Service Inside City Limits (Schedule G-1)

EWEB’s commercial and industrial customers inside the City of Eugene are presently served at the General Service price Schedule G-1. This price also applies to larger multi-family residential accounts. Under the General Service schedule, EWEB provides all distribution and service facilities necessary to meet the water requirements of the customer.

Table 10 provides information on revenues at existing prices and revenues at proposed prices. *Table 11* provides information on monthly bill comparisons at existing and proposed prices.

Table 10
Calculation of the Revenues at Present and Proposed Prices
SCHEDULE G-1 - General Service Water Service Inside City Limits
 Estimated 12 Months Ended December 31, 2016

Meter Size	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue @ Existing Prices ^[1]	Proposed Charge	Proposed Annual Revenue ^[1]
BASIC CHARGE						
5/8"	1,595	19,140	\$19.49	\$369,849	\$22.10	\$418,831
3/4"	40	480	\$20.28	\$9,651	\$23.00	\$10,931
1"	1,373	16,476	\$26.31	\$429,776	\$29.84	\$486,797
1 - 1/2"	903	10,836	\$40.24	\$432,320	\$45.63	\$489,580
2"	555	6,660	\$72.11	\$476,151	\$81.77	\$539,227
3"	101	1,212	\$162.45	\$195,208	\$184.22	\$221,076
4"	55	660	\$277.37	\$181,501	\$314.54	\$205,552
6"	99	1,188	\$416.20	\$490,222	\$471.97	\$555,179
8"	67	804	\$602.46	\$480,241	\$683.19	\$543,876
10"	3	36	\$850.89	\$30,370	\$964.91	\$34,395
Total	4,791	57,492		\$3,095,289		\$3,505,443
VOLUME CHARGE						
All KGAL (1,000 gallons)		2,958,849	\$2.745	\$8,122,041	\$2.745	\$8,117,374
Total Calculated Revenue				\$11,217,330		\$11,622,817
Revenue Increase						\$405,488
Average Cost per KGAL (1,000 gallons)				\$3.79		\$3.93

[1] Present and proposed revenues include one month at prior prices and eleven months at existing prices

Table 11
EUGENE WATER & ELECTRIC BOARD
Price and Monthly Bill Comparison

GENERAL SERVICE INSIDE CITY LIMITS
SCHEDULE G-1

Monthly Usage Level (KGAL)	5/8" SERVICE			1" SERVICE			2" SERVICE			4" SERVICE			6" SERVICE		
	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.
0	\$19.49	\$22.10	13.4%												
5	33.22	35.83	7.9%												
10	46.94	49.55	5.6%	\$53.76	\$57.29	6.6%									
15	60.67	63.28	4.3%	67.49	71.02	5.2%									
20	74.39	77.00	3.5%	81.21	84.74	4.3%	\$127.01	\$136.67	7.6%						
25	88.12	90.73	3.0%	94.94	98.47	3.7%	140.74	150.40	6.9%						
30	101.84	104.45	2.6%	108.66	112.19	3.2%	154.46	164.12	6.3%						
40	129.29	131.90	2.0%	136.11	139.64	2.6%	181.91	191.57	5.3%						
50	156.74	159.35	1.7%	163.56	167.09	2.2%	209.36	219.02	4.6%	\$414.62	\$451.79	9.0%			
75				232.19	235.72	1.5%	277.99	287.65	3.5%	483.25	520.42	7.7%			
100				300.81	304.34	1.2%	346.61	356.27	2.8%	551.87	589.04	6.7%	\$690.70	\$746.47	8.1%
200				575.31	578.84	0.6%	621.11	630.77	1.6%	826.37	863.54	4.5%	965.20	1,020.97	5.8%
250				712.56	716.09	0.5%	758.36	768.02	1.3%	963.62	1,000.79	3.9%	1,102.45	1,158.22	5.1%
500							1,444.61	1,454.27	0.7%	1,649.87	1,687.04	2.3%	1,788.70	1,844.47	3.1%
750										2,336.12	2,373.29	1.6%	2,474.95	2,530.72	2.3%
1,000										3,022.37	3,059.54	1.2%	3,161.20	3,216.97	1.8%
1,500													4,533.70	4,589.47	1.2%
2,000													5,906.20	5,961.97	0.9%
2,500													7,278.70	7,334.47	0.8%

C. General Service Outside City Limits (Schedule G-2)

EWEB also offers a General Service water price for customers located outside the Eugene city limits. The schedule applies to commercial and industrial customers alike, as their total number is comparatively few.

The price structure of this schedule is identical to General Service (Schedule G-1). The only distinction is a differential in the prices themselves. EWEB and other water utilities typically charge a higher price to retail customers outside the city boundary in recognition of cost differences for serving non-municipal customers. Price schedule G-2 includes a 30% price differential from price schedule G1.

Table 12 provides information on revenues at existing prices and revenue at proposed prices. Table 13 provides information on monthly bill comparisons at existing and proposed prices.

Table 12
Calculation of the Revenues at Present and Proposed Prices
SCHEDULE G-2- General Service Water Service Outside City Limits
 Estimated 12 Months Ended December 31, 2016

Meter Size	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue @ Existing Prices ^[1]	Proposed Charge	Proposed Annual Revenue ^[1]
BASIC CHARGE						
5/8"	82	984	\$25.35	\$24,731	\$28.75	\$28,011
3/4"	0	0	\$26.35	\$0	\$29.90	\$0
1"	40	480	\$34.20	\$16,276	\$38.80	\$18,440
1 - 1/2"	18	216	\$52.30	\$11,201	\$59.30	\$12,683
2"	14	168	\$93.75	\$15,616	\$106.30	\$17,683
3"	5	60	\$211.20	\$12,564	\$239.50	\$14,229
4"	3	36	\$360.60	\$12,871	\$408.90	\$14,576
6"	8	96	\$541.05	\$51,497	\$613.55	\$58,321
8"	22	264	\$783.20	\$204,998	\$888.15	\$232,163
Total	192	2,304		\$349,753		\$396,104
VOLUME CHARGE						
All KGAL (1,000 gallons)		137,322	\$3.569	\$490,102	\$3.569	\$490,102
Total Calculated Revenue				\$839,855		\$886,206
Revenue Increase						\$46,351
Average Cost per KGAL (1,000 gallons)				\$6.12		\$6.45

[1] Present and proposed revenues include one month at prior prices and eleven months at existing prices

Table 13
EUGENE WATER & ELECTRIC BOARD
Price and Monthly Bill Comparison

GENERAL SERVICE OUTSIDE CITY LIMITS
SCHEDULE G-2

Monthly Usage Level (KGAL)	5/8" SERVICE			1" SERVICE			2" SERVICE			4" SERVICE			6" SERVICE		
	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.
0	\$25.35	\$28.75	13.4%												
5	43.20	46.60	7.9%												
10	61.04	64.44	5.6%	\$69.89	\$74.49	6.6%									
15	78.89	82.29	4.3%	87.74	\$92.34	5.2%									
20	96.73	100.13	3.5%	105.58	\$110.18	4.4%	\$165.13	\$177.68	7.6%						
25	114.58	117.98	3.0%	123.43	\$128.03	3.7%	182.98	\$195.53	6.9%						
30	132.42	135.82	2.6%	141.27	\$145.87	3.3%	200.82	\$213.37	6.2%						
40	168.11	171.51	2.0%	176.96	\$181.56	2.6%	236.51	\$249.06	5.3%						
50	203.80	207.20	1.7%	212.65	\$217.25	2.2%	272.20	\$284.75	4.6%	\$539.05	\$587.35	9.0%			
75				301.88	\$306.48	1.5%	361.43	\$373.98	3.5%	628.28	676.58	7.7%			
100				391.10	\$395.70	1.2%	450.65	\$463.20	2.8%	717.50	765.80	6.7%	\$897.95	\$970.45	8.1%
200				748.00	\$752.60	0.6%	807.55	\$820.10	1.6%	1,074.40	1,122.70	4.5%	1,254.85	\$1,327.35	5.8%
250				926.45	\$931.05	0.5%	986.00	\$998.55	1.3%	1,252.85	1,301.15	3.9%	1,433.30	\$1,505.80	5.1%
500							1,878.25	\$1,890.80	0.7%	2,145.10	2,193.40	2.3%	2,325.55	\$2,398.05	3.1%
750										3,037.35	3,085.65	1.6%	3,217.80	\$3,290.30	2.3%
1,000										3,929.60	3,977.90	1.2%	4,110.05	\$4,182.55	1.8%
1,500													5,894.55	\$5,967.05	1.2%
2,000													7,679.05	\$7,751.55	0.9%
2,500													9,463.55	\$9,536.05	0.8%

D. Sale of Surplus Water (Schedules 4, 5, and 6)

EWEB provides firm surplus wholesale water to Santa Clara and River Road Water Districts and surplus wholesale water to Willamette Water Company and the City of Veneta. Each district has two contractual agreements with EWEB, one is for the service to be provided by EWEB and a second is for the supply of firm surplus water. Prices include a basic and a volume charge. The proposed annual price increase averages approximately 3.6 % for all surplus water customers.

Table 14
Calculation of the Revenues at Present and Proposed Prices
SCHEDULE 4 - Service to Santa Clara and River Road Water Districts
 Estimated 12 Months Ended December 31, 2016

Meter Size	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue @ Existing Prices ^[1]	Proposed Charge	Proposed Annual Revenue ^[1]
BASIC CHARGE						
4"	0	0	\$0.00	\$0	\$499.70	\$0
6"	5	60	\$1,111.72	\$64,653	\$1,132.29	\$67,320
8"	1	12	\$1,919.82	\$22,330	\$1,955.34	\$23,251
Total	6	72		\$86,983		\$90,571
VOLUME CHARGE						
Jan-April	All KGAL	375,342	\$2.683	\$383,733	\$2.859	\$654,259
May-June	All KGAL	118,917	\$2.683	230,250	\$2.859	N/A
July - Dec	All KGAL*	109,925	\$2.859	1,073,103	\$2.912	1,092,997
Total		604,184		\$1,687,086		\$1,747,256
Total Calculated Revenue				\$1,774,069		\$1,837,827
Revenue Increase						\$63,758
Average Cost per KGAL (1,000 gallons)				\$2.94		\$3.04

* July 1, 2016 effective date

[1] Present and proposed revenues are based on six months of proposed price and six months of existing prices

Table 15
Calculation of the Revenues at Present and Proposed Prices
SCHEDULE 5 - Willamette Water Company
 Estimated 12 Months Ended December 31, 2016

Meter Size	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue @ Existing Prices ^[1]	Proposed Charge	Proposed Annual Revenue ^[1]
BASIC CHARGE						
5/8"	5		\$25.35	\$1,505	\$28.75	\$1,708
3/4"	0		\$26.35	\$0	\$29.90	\$0
1"	1		\$34.20	\$406	\$38.80	\$461
1 - 1/2"	0		\$52.30	\$0	\$59.30	\$0
2"	0		\$93.75	\$0	\$106.30	\$0
3"	0		\$211.20	\$0	\$239.50	\$0
4"	0		\$360.60	\$0	\$408.90	\$0
6"	0		\$541.05	\$0	\$613.55	\$0
8"	1		\$783.20	\$9,298	\$888.15	\$10,553
Total	<u>7</u>			<u>\$11,209</u>		<u>\$12,722</u>
VOLUME CHARGE						
All KGAL (1,000 gallon:	27,392		\$3.581	\$97,621	\$3.660	\$100,073
Total Calculated Revenue				\$108,830		\$112,795
Revenue Increase						\$3,964
Average Cost per KGAL (1,000 gallons)				\$3.97		\$4.12

[1] Present and proposed revenues include one month at prior prices and eleven months at existing prices

Table 16
Calculation of the Revenues at Present and Proposed Prices
SCHEDULE 6 - City of Veneta
 Estimated 12 Months Ended December 31, 2016

Meter Size	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue @ Existing Prices	Proposed Charge	Proposed Annual Revenue ^[1]
BASIC CHARGE						
8"	1					
8"	2		\$892.24	\$21,414	\$927.48	\$22,189
Total	1			\$21,414		\$22,189
VOLUME CHARGE						
All KGAL (1,000 gallons)		72,000	\$1.277	\$91,944	\$1.327	\$95,576
Total Calculated Revenue				\$113,358		\$117,765
Average Cost per KGAL (1,000 gallons)						\$1.64

[1] Proposed revenues include one month at existing prices and eleven months at proposed prices

E. Private Fire Lines

Private fire lines are separate attachments or services to the system for the provision of sufficient water capacity to meet fire requirements. The services are typically larger than the customer's normal domestic line, but conduct water for emergency use only. The fire protection is usually a requirement of the municipal fire chief, insurance companies or both. Since there is no routine water consumption for a private fire line, the only charge for the service is a flat price per month, based on the per-inch diameter of the pipe.

The monthly minimum is set at a 4-inch size for customers within the city and is currently \$10.61 per month for each inch diameter of pipe with a \$42.44 minimum charge. Prices charged to outside City customers are similarly based on the 4-inch size and are \$13.51 per month per inch diameter with a \$54.04 per month minimum.

In this proposal, management recommends a 3.6% change to fire line prices. Prices for fire lines are contained within the Customer Service Policy & Procedures for General Service Inside and Outside City.

Attachment I

**4.6% Option
Existing vs. Proposed Prices
Water Prices Comparison**

	Existing Prices		Proposed Prices	
Residential Customers				
Basic Charge				
5/8"	\$19.20	/month	\$20.74	/month
3/4"	\$19.98		\$21.58	
1"	\$25.92		\$27.99	
1-1/2"	\$39.66		\$42.83	
2"	\$71.06		\$76.74	
Volume Charge				
First 8,000 gallons	\$1.60	/Kgal	\$1.60	/Kgal
Next 22,000 gallons	\$2.70		\$2.70	
Over 30,000 gallons	\$4.38		\$4.38	
General Service Customers				
Basic Charge				
5/8"	\$19.49	/month	\$22.80	/month
3/4"	\$20.28		\$23.73	
1"	\$26.31		\$30.78	
1 - 1/2"	\$40.24		\$47.08	
2"	\$72.11		\$84.37	
3"	\$162.45		\$190.07	
4"	\$277.37		\$324.52	
6"	\$416.20		\$486.95	
8"	\$602.46		\$704.88	
10"	\$850.89		\$995.54	
Volume Charge				
All KGAL (1,000 gallons)	\$2.75	/Kgal	\$2.75	/Kgal

Attachment II

EUGENE WATER & ELECTRIC BOARD (EWEB)					
MONTHLY RESIDENTIAL WATER PRICE STRUCTURE					
2016 PROPOSED PRICE STRUCTURE					
Size	Consumption per Gals	Present Prices	Proposed Prices	Difference	
				Amount	Percent
5/8"	0	\$19.20	\$20.74	\$1.54	8.0%
	1	20.80	22.34	1.54	7.4%
	2	22.40	23.94	1.54	6.9%
	3	24.00	25.54	1.54	6.4%
	4	25.60	27.14	1.54	6.0%
	5	27.21	28.75	1.54	5.7%
	6	28.81	30.35	1.54	5.3%
	7	30.41	31.95	1.54	5.1%
	8	32.01	33.55	1.54	4.8%
	9	34.71	36.25	1.54	4.4%
	10	37.41	38.95	1.54	4.1%
	12	42.82	44.36	1.54	3.6%
	15	50.93	52.47	1.54	3.0%
	20	64.44	65.98	1.54	2.4%
	25	77.96	79.50	1.54	2.0%
	30	91.47	93.01	1.54	1.7%
	35	113.36	114.90	1.54	1.4%
	40	135.25	136.79	1.54	1.1%
	45	157.14	158.68	1.54	1.0%

PRESENT PRICES		PROPOSED PRICES	
<u>Basic Charge</u>		<u>Basic Charge</u>	
5/8"	\$19.20	5/8"	\$20.74
1"	25.92	1"	27.99
1 1/2"	39.66	1 1/2"	42.83
2"	71.06	2"	76.74
<u>Volume \$/gallons</u>		<u>Volume \$/gallons</u>	
First 8,000 gallons	\$1.60	First 8,000 gallons	\$1.60
Next 22,000 gallons	\$2.70	Next 22,000 gallons	2.70
All over 30,000 gallons	\$4.38	All over 30,000 gallons	4.38

Attachment III

EUGENE WATER & ELECTRIC BOARD (EWEB)					
MONTHLY GENERAL SERVICE WATER PRICE STRUCTURE					
2016 PROPOSED PRICE STRUCTURE					
Size	Consumption per Gals	Present Prices	Proposed Prices	Difference	
				Amount	Percent
1"	0	\$26.31	\$30.78	\$4.47	17.0%
	1	29.06	33.53	4.47	15.4%
	2	31.80	36.27	4.47	14.1%
	3	34.55	39.02	4.47	12.9%
	4	37.29	41.76	4.47	12.0%
	5	40.04	44.51	4.47	11.2%
	6	42.78	47.25	4.47	10.4%
	7	45.53	50.00	4.47	9.8%
	8	48.27	52.74	4.47	9.3%
	9	51.02	55.49	4.47	8.8%
	10	53.76	58.23	4.47	8.3%
	12	59.25	63.72	4.47	7.5%
	15	67.49	71.96	4.47	6.6%
	20	81.21	85.68	4.47	5.5%
	25	94.94	99.41	4.47	4.7%
	30	108.66	113.13	4.47	4.1%
	35	122.39	126.86	4.47	3.7%
	40	136.11	140.58	4.47	3.3%
	45	149.84	154.31	4.47	3.0%

PRESENT PRICES		PROPOSED PRICES	
<u>Basic Charge</u>		<u>Basic Charge</u>	
5/8"	\$19.49	5/8"	\$22.80
3/4"	20.28	3/4"	23.73
1"	26.31	1"	30.78
1.5"	40.24	1.5"	47.08
2"	72.11	2"	84.37
3"	162.45	3"	190.07
4"	277.37	4"	324.52
6"	416.20	6"	486.95
8"	602.46	8"	704.88
10"	850.89	10"	995.54
<u>Volume \$/gallons</u>		<u>Volume \$/gallons</u>	
All gallons	\$2.75	All gallons	\$2.75