



MEMORANDUM
EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Helgeson, Manning, Mital and Brown
FROM: Susan Fahey, Chief Financial Officer; Deborah Hart, Fiscal Services Supervisor
DATE: November 23, 2016
SUBJECT: Electric Operations & Maintenance (O&M) Budget Amendment
OBJECTIVE: Board Action – Approval of Electric O&M Budget Amendment

Issue

Per Board Policy EL-1, the approved budgets are the maximum level of expenditure authorized by the Board. Purchased power costs are currently projected to end 2016 higher than budget. From a net income perspective, these costs are offset by higher wholesale revenue. Management is requesting that the Board approve an amendment to the 2016 Electric O&M budget.

Discussion

Purchased power costs are projected to exceed budget by \$11 million. WGA purchased power costs increased due to a change in the contract which resulted in approximately \$4 million in unbudgeted power costs. WGA costs are appropriately included in the proposed 2017 budget. Additionally, short-term trading activity has increased from both a purchase and sale perspective which was also not anticipated in the budget. Staff will be meeting in the near future to determine if trade activity will continue at this level and if future budget adjustments may be necessary. Both these items have a corresponding increase in wholesale revenue.

Requested Board Action

Management recommends and requests that the Board approve a budget amendment to increase the 2016 Electric O&M budget by \$11 million.