

Capital "EL1" Report: Electric, 2017 -Q2

Type 1 - General Capital

| Capital Category | 2017 thru Q2 | | | Note - Changes from previous report(s) are in BOLD | |
|---|----------------------|-----------------|---------------------|---|---|
| | Budget | YTD Actual | Year-End Projection | Status/Comments | |
| Electric Infrastructure - Generation | \$1,196,000 (Note 2) | \$381,616 | \$850,000 | ● | Capital work began in Q2 during the planned outages. Seismic early warning system installations completed at Leaburg and Carmen. Debris boom installs at Leaburg Lake and Smith Reservoir targeted for late 2017. Emergent capital work at Stone Creek (triggered by failed generator relay) more than offset by LB-WV capital deferred to compensate. - ZINNIKER |
| Electric Infrastructure - Substations | \$1,781,000 | \$573,426 | \$1,895,000 | ● | Type 1 Projects currently tracking on planned schedule. Bertelsen 115kV breaker and switch replacement is approximately 50% complete. Remainder of R&R projects are short duration and do not require extended substation outages (comm upgrades, 15kV Breaker replacements, battery replacements, etc.). - NICE |
| Electric Infrastructure - Telecom | \$250,000 | \$72,243 | \$200,000 | ● | Consists of EWEB driven and Customer Driven work. Currently tracking below expected trajectory. -NICE |
| Electric Infrastructure - Transmission & Distribution | \$7,065,000 | \$3,799,494 (1) | \$7,065,000 | ● | Budget on track. - Fraser |

These categories match the Capital Improvement Plans (CIPs) submitted by Water & Electric.

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Type 2 projects have "discrete" scopes, schedules (launch through completion), and cost over \$1MM during the project life.

Type 2 Rehabilitation & Expansion Projects

| Project | 2017 thru Q2 | | | Project Total | | | Schedule | | | Status/Comments |
|--|----------------------|-------------|---------------------|---------------|----------------|------------------------|----------|----------------------------|----------------------|---|
| | Budget | YTD Actual | Year-End Projection | Initial Plan | To-Date Actual | Project-End Projection | Start | Initial Planned Completion | Projected Completion | |
| Leaburg Dam Roll Gate Hoists | \$0 | \$54,753 | \$175,000 | \$5,150,000 | \$6,342,888 | \$7,000,000 | Jul-2012 | Nov-2014 | Oct-2018 | ● All three hoist systems released for full automatic operation in Q1. Final payments to contractors pending punch list completion, expected by the end of Q3 2017. Potential repair of worn gate teeth under investigation for 2018 implementation. ZINNIKER |
| Downtown Fiber Network | \$600,000 | \$69,253 | \$600,000 | \$2,100,000 | \$69,253 | \$2,100,000 | Mar-2017 | Dec-2018 | Dec-2018 | ● Crews have begun installing fiber conduit for the Downtown Network. City of Eugene has received grant award. - NICE |
| Weyerhaeuser Property Purchase | \$1,250,000 | \$27,113 | \$1,300,000 | \$1,250,000 | \$122,047 | \$1,300,000 | Jul-2016 | Dec-2016 | Feb-2018 | ● Property purchase delayed due to issues with leasee and current Owner. Funds will be allocated to escrow and full acquisition expected to take place in early 2018. This land is for the purpose of the future Thurston Substation reconfiguration and source protection; with surplus property being liquidated. -NICE |
| Upriver Re-Configuration/Holden Ck. Substation | \$4,582,000 (Note 2) | \$1,022,999 | \$4,857,000 | \$3,000,000 | \$1,550,073 | \$5,830,000 | Jan-2014 | Oct-2015 | Feb-2018 | ● Major procurement contracts have been completed. Transformers have been delivered, switchgear is scheduled for delivery in September 2017. Other major components (steel structures, bus, instrument transformers, etc.) have been ordered and will be arriving to site coordinated with construction activities. Groundwork is in progress with equipment foundations starting in the next two weeks. The substation construction is expected to be complete in late October 2017, with EWEB crews finishing final wiring, testing and commissioning through January 2018. Final details for the BPA connection are being completed and energization of the substation is planned for June 2018, following completion of BPA design and construction activities. \$400k overage for 2017 is due to full payment to BPA for the design and execution of interconnection is being pre-paid per their process. This was originally planned to be paid for in early 2018. - NICE |
| Downtown Distribution Network | \$1,000,000 (Note 2) | \$547,800 | \$990,000 | \$15,000,000 | \$266,570 | \$20,000,000 | Sep-2010 | Dec-2015 | Dec-2028 | ● Total shown includes Pre-capped materials (\$405,300 in network protectors). Downtown Network protector replacements have been completed in 2017 at vaults Lane County Building, and Hilton. Replacements at US Bank and Hult Center to occur remainder of year. Engineering is currently in planning phase for remaining work developing preliminary design, scope, schedule and budget for priority of cable replacements, system modeling and configuration and communication and automation upgrades. Development of electrical model and update of GIS mapping is currently in progress. - NICE |
| Grid Edge Demonstration Project | \$837,000 (Note 2) | \$16,106 | \$200,000 | \$1,200,000 | \$143,455 | \$700,000 | May-2016 | Jun-2017 | Sep-2018 | ● Project direction finalized to include an installation at ROC and one at Sheldon High School in 2018, with additional 5 schools in next 5 years. Design-build RFP advertisement scheduled to be completed mid August with award in mid October to manufacturer and integrator. Procurement and delivery of materials scheduled by year end with installation and commissioning planned for Q1 of 2018. Totals do not include \$262k of grant funding which will be reimbursed at major milestones and completion. - NICE |

Type 3 - Strategic Projects & Programs

| Project | 2017 thru Q2 | | | Project Total | | | Schedule | | | Status/Comments |
|-------------------------------------|--------------|-------------|---------------------|---------------|----------------|------------------------|----------|----------------------------|----------------------|--|
| | Budget | YTD Actual | Year-End Projection | Initial Plan | To-Date Actual | Project-End Projection | Start | Initial Planned Completion | Projected Completion | |
| Carmen Smith License Implementation | \$11,700,000 | \$2,718,708 | \$7,750,000 | \$135,000,000 | \$40,579,864 | \$129,500,000 | May-2009 | Dec-2021 | Dec-2025 | <p>The Project End Projection has been updated to reflect the 2016 Settlement Agreement that has been filed with the FERC. Staff has completed and filed the revisions to the FERC exhibits and the Biological Assessment will be submitted by the end of July. We expect the license to be issued no earlier than 2018. Implementation of 5-year plan to address aging infrastructure at Carmen Powerhouse underway. Delivery of the turbine shutoff valves was delayed by the manufacturer until early July. Replacement of the valves is now scheduled to begin in May 2018 with intent to complete by the end of October 2018. There are no other changes to the schedule. (ZINNIKER, BOYLE)</p> |

Total Electric Capital (Excluding Shared Services)

\$30,261,000 \$9,283,511 \$25,882,000 86%

Note(s) 1. Distribution transformers and network protectors are being capitalized when received in inventory, therefore some projects in T&D and Downtown network are understated.

2. Budget amounts are adjusted to reflect changes presented and approved by the Board on April 4, 2017 (April True Up)

Management Notes: The Electric Capital Budget Q2 overall expenditure rate is lower than expected, 31% rather than 50%. Year end results of total expenditures vs. budget is at 86% excluding Shared Services, due to Carmen TSV delay. Type I expenditures predicted year end is at 100% of budget, with about 48% spent through Q2. Type II spending ended at 22% of Q2 of expected, but projected expenditures year end at 103%. Q2 spending is low due to most projects and materials are completed in late Q3 and into Q4. For example, Holden Creek Substation, Downtown Network, Thurston land purchase and Downtown fiber will all have big expenditures in Q4. Spending was delayed on the micro-grid project as we paused to determine best direction, so spending on the Downtown Network will be increased. Carmen Smith spending is at 23% and year end projection is expected to be at 66% of budget due to the delay in the delivery of the TSV valves. The delay and carryover of money into 2018 was detailed in the 2018 CIP budget presentation. Q3 work will increase at Carmen as outage become available.

Water Capital Projects Quarterly Status Report 2017-Q2

Type 1 - General Capital

| Project | 2017 | | | Status/Comments |
|--|-------------|-------------|---------------------|---|
| | Budget | YTD Actual | Year-End Projection | |
| Source - Water Intakes & Filtration Plant | \$1,030,000 | \$513,000 | \$1,000,000 | ● Largest item is solids improvement project. Also included are costs for treatment trailer equipment, a SCADA/Historian upgrade and close out work for the South Filter Upgrade. |
| Mains - Replacements, Improvements, & Trans. | \$4,378,000 | \$1,813,000 | \$4,500,000 | ● Largest component in this area is main replacements. This item is tracking well so far. Cost reporting does lag however, so we will be watching this number closely |
| Services and Meters | \$1,803,000 | \$1,132,000 | \$2,000,000 | ● Includes both new services and meters as well as replacement of existing service lines. Running high - will monitor as year progresses |
| Pump Stations | \$1,236,000 | \$306,000 | \$700,000 | ● Work this year includes Upgrades at Santa Clara and Laurel Hill Pump Stations, a new Crenshaw Pump Station (reimbursable) and work on a new City View 1150 Pump Station. Scaling back Laurel Hill significantly is dropping year end projections. |
| Reservoirs | \$103,000 | \$4,000 | \$50,000 | ● 2017 work includes new hatch/vent and ladder at Crest 800 Reservoir |

These categories will match the Capital Improvement Plans (CIPs) submitted by Water & Electric.

Type 1 - General Capital is budgeted Year-by-Year for recurring capital expenditures from January through December. Type 1 Capital includes categorized collections of projects of less than \$1 million. Typical examples include "main replacements". This work typically involves dozens of jobs that add up to \$3.5-4.5 million per year.

Type 2 projects have "discrete" scopes, schedules (launch through completion), and cost over \$1MM during the project life, and project life can span multiple years

Type 3 projects are large strategic programs with long term impacts.

Type 2 Rehabilitation & Expansion Projects

| Project | 2017 | | | Project Total | | | Schedule | | | Status/Comments |
|---|-------------|------------|---------------------|---------------|----------------|------------------------|----------|----------------------------|----------------------|---|
| | Budget | YTD Actual | Year-End Projection | Initial Plan | To-Date Actual | Project-End Projection | Start | Initial Planned Completion | Projected Completion | |
| Hayden Bridge Disinfection System Replacement | \$700,000 | \$16,500 | \$500,000 | \$3,645,000 | \$16,500 | \$3,680,000 | 2017 | YE-2018 | YE-2018 | ● Replacement of gas chlorine system with on-site liquid hypochlorite system. Project currently in design. (Initial Plan - 2015 CIP) |
| Hayden Bridge Seismic Upgrades | \$515,000 | \$74,000 | \$350,000 | \$1,215,529 | \$1,191,067 | \$1,570,000 | 2014 | YE-2015 | Q1-2018 | ● Phase 1 (Basins and Filters) is complete. Phase 2 (Headhouse) deferred to 2017-2018. Phase 1 costs more expensive than anticipated. (Initial Plan - 2013 CIP) |
| Distribution System Scada/PLC Upgrades | \$412,000 | \$100,000 | \$400,000 | \$3,079,780 | \$581,109 | \$1,300,000 | 2013 | YE-2016 | YE-2019 | ● Multi-Year upgrade project. Completed Crest System. Currently working on Dillard and Willamette systems. Project complexities and staffing limitations are affecting schedule (Initial Plan 2013 CIP) |
| Hayden Bridge Standby Power Improvements | \$1,030,000 | \$28,000 | \$700,000 | \$1,728,000 | \$54,666 | \$1,030,000 | 2015 | YE-2017 | Q1-2018 | ● Currently in design phase. Will be prepurchasing two generators, one for Hayden Bridge Plant and one for Intakes. Delays in design process may construction and electrical work into next spring. (Initial Plan - 2015 CIP) |
| Hawkins Reservoir Improvements | \$300,000 | \$9,000 | \$300,000 | \$2,067,000 | \$9,000 | \$2,290,000 | 2014 | YE-2018 | Q2-2019 | ● Structural evaluations in process results of of which could affect scope. Any scope increase should be known in early third quarter. (Initial Plan 2016 CIP) |

Type 3 - Strategic Projects & Programs

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| Second Source of Supply | \$1,830,000 | \$1,598,000 | \$1,700,000 | Varied from \$52M to \$120M | \$2,478,000 | \$67,000,000 | 2014 with Planning | YE-2021 | YE-2021 | ● Project is currently being reconsidered and will likely be deferred to out years of the ten year CIP. |

| | | | | | |
|---|--------------|-------------|--------------|-----|-------------------------------|
| Total Water Capital (Excluding Shared Services) | \$13,337,000 | \$5,593,500 | \$12,200,000 | 91% | year end projection to budget |
| Type 1, 2 Capital (Excluding Shared Services) | \$11,507,000 | \$3,995,500 | \$10,500,000 | 91% | year end projection to budget |

Management Notes: Overall Water's Type 1 projects are tracking well. Our largest item in this area, Main Replacements is at approximately 50% of budget spent. Costs do lag in the reporting system however, so we will need to watch this area closely. On the Water Type 2 projects, we are tracking low in the first quarter. This year is different than last in that in 2016 there were numerous large construction projects occurring over the entire year. The first part of this year numerous projects are in the design phase hence the low year to date actual. Spending will increase significantly later in the year as construction begins on several projects. Type 3 projects - marked red for EL1 report due to project deferral. This project is Gray on operational dashboard, but from an EL1 capital perspective, it is red (Scope, schedule, budget expectations). Overall, water has \$13,337,000 budgeted for capital in 2017 (adjusted for the April True-Up) and anticipates spending 95% of that amount. Engineering's target is attain at least 90% expenditures of the capital budget amounts.

Capital "EL1" Report: Shared Services, 2017-Q2

Type 1 - General Capital

| Capital Category | 2017- Q2 | | | Status/Comments | Note - Changes from previous report(s) are in BOLD |
|---|-------------|------------------|---------------------|-----------------|--|
| | Budget | YTD Actual | Year-End Projection | | |
| General Plant - Information Technology (I.T.) | \$685,355 | \$709,186 | \$766,000 | ● | Capital overage due to SAN Replacement. IS continued to execute on capital projects already in the Project Portfolio. Examples include; increase IS Capabilities at Hayden Bridge and Integration Software (Barton) |
| General Plant - Buildings & Land Management | \$1,322,000 | \$137,197 | \$615,000 | ● | Elevator Contracts approved by Board in Feb 2017 Contract for elevator upgrade has been issued to Kone. All materials will be onsite and HQ North Building elevator completed by end of year. HQ main building elevators completed in 2018. Upgrade of HQ Fire Alarm System has been cancelled (reduction of \$422,000). ROC Comm Tower construction tasks are expected to be completed in end of Sept/early Oct, currently 100% design done and in procurement process. (Morgenstern/Wolfe) |
| General Plant - Electric& Water Fleet Capital | \$610,000 | \$172,899 | \$260,000 | ● | Fleet recently rolled back in April True up - due to changes in strategy of fleet. (\$500,000 for Electric, \$110,000 for Water) remaining procurements are moving forward for 2017. (Damewood) |

In the future, these categories will match the Capital Improvement Plans (CIPs) submitted by Water & Electric.

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Type 2 Rehabilitation & Expansion Projects

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|---|-------------|--------------------|---------------------|---------------|--------------------|------------------------|----------|----------------------------|----------------------|--|
| | Budget | YTD Actual | Year-End Projection | Initial Plan | To-Date Actual | Project-End Projection | Start | Initial Planned Completion | Projected Completion | |
| AMI Information Technology & Integration | \$1,986,697 | \$1,870,539 | \$2,200,000 | \$6,475,700 | \$4,902,446 | \$6,475,700 | May-2015 | Dec-2017 | May-2018 | ● Project continues into transition from capital construction to operations. Software integration work continues through this summer. (Armstead) |
| Customer Information System (CIS) Replacement | \$1,500,000 | \$0 | \$1,080,000 | \$9.7M | \$0 | \$10,400,000 | Sep-2016 | Aug-2018 | mid to late-2019 | ● Project is in contract negotiation phase currently. This project is expected to transition to execution phase by early fall. (Armstead) |

Total Shared Services Capital (This Report)

\$6,104,052 \$2,889,821 \$4,921,000 80.62%

Note(s) 1) April 2017 true-up budget numbers are reflected as Budget, as approved by Board on April 4, 2017.

Management Notes: Type I IT Projects are on track and on schedule. This is good news since in the past these projects have lagged for various reasons. As per the April True Up, Fleet Capital was reduced significantly due to a re-assessment of future fleet needs and strategy. AMI is progressing forward in current Opt In Strategy. Projected spending is in the 82% range for end of year, largely driven by the cancelation of HQ Fire Alarm System Upgrade and the shift to O&M from Capital by Facilities.