



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown
FROM: Rod Price, Chief Electric Engineering & Operations Officer; Nick Nevins, Engineering Technician
DATE: February 12, 2019
SUBJECT: Annual Rate Adjustment for Dark Fiber Lease Pricing
OBJECTIVE: Board Action

Issue Statement

In accordance with the provisions of Board Resolution No. 1304 which established a Dark Fiber Lease Rate in 2013 (DFL-1) and Board Resolution No. 1705, the rate is adjusted annually based on either the City of Portland Consumer Price Index (CPI) or updated an Cost Of Service Analysis (COSA); the implementation date is April 1 each year. EWEB's current 'public purpose' rate (public agencies, higher education and existing medical service providers) is \$27.11 per fiber strand-mile per month. This update is based on updated COSA results.

Background

In 2018 EWEB Fiscal Services and Engineering staff initiated a cost of service study to recalibrate dark fiber lease pricing. In accordance with the provisions of Board Resolution No. 1705, the intention is to produce an updated COSA every other year. The last study was conducted in 2016. The result of that study was adopted by the Board as the published 2017 pricing. For 2018 the Board adopted a pricing increase based on CPI.

Discussion

Pursuant to past Board action, EWEB's three Dark Fiber rates will automatically be adjusted on April 1, 2019 per the updated COSA results:

Customer Group	Current DF Rate	April 1, 2019 DF Rate
Public Agencies DFL-1	\$27.11 per fiber strand-mile month	\$28.82 per fiber strand-mile month
School Districts K-12	\$5.13 per fiber strand-mile month	\$5.13 per fiber strand-mile month
For-Profit Companies	\$54.22 per fiber strand-mile month	\$57.64 per fiber strand-mile month

Recommendation

Management recommends adoption of the new pricing based on the updated cost of service model.

Requested Board Action

Approval of Resolution No. 1907, Dark Fiber Lease Price Revision.

Please contact Nick Nevins at 541-685-7751 or e-mail at nicholas.nevins@eweb.org with questions.

Attachments:

- 1) Revised Electric Customer Service Policies and Procedures, E-V, Subsection R; Dark Fiber Lease
- 2) Resolution No. 1907, Dark Fiber Lease Price Revision



R. Dark Fiber Lease

1. Availability

EWEB’s fiber optic cables run through public right-of-way and are owned and maintained by EWEB. This Price Schedule applies to public agencies and higher level educational institutions as well as medical service providers within EWEB’s service territory, with the exception of any other price that may apply under a separate agreement or Price Schedule.

2. Character of Service

EWEB’s Dark Fiber Lease Price Schedule (DFL-1) pertains to the available surplus fiber strands contained within EWEB’s existing fiber-optic system, covering the Eugene metropolitan area and other areas within EWEB’s service territory. Subscribing to EWEB’s Dark Fiber Lease allows the interconnecting entity to obtain an indefeasible right of use of allocated EWEB-owned fiber strands for the purpose of transmitting voice, data and/or video signals between locations.

3. Interconnection

The Customer is responsible for providing a complete Conduit path from the termination point inside their facility to EWEB Facilities near the Customer premise, in accordance with EWEB’s Fiber Optic Customer Standards. All Customer provided Conduit pathway facilities and patch panels shall be inspected and approved by EWEB prior to connection of the lateral extension. After connectivity, EWEB will own and maintain all Facilities up to and including the patch panel.

4. Advance Engineering Fee

All prospective EWEB Dark Fiber Lease subscribers must work with EWEB to complete an Advance Engineering Estimate of the cost and schedule for EWEB to provide dark fiber connectivity. A non-refundable \$500.00 fee is required prior to completing the Advance Engineering Estimate.

Advance Engineering Fee..... \$500.00
(Resolution No. 1304)

5. Construction Agreement

A signed “Dark Fiber Optic Circuit Construction Agreement” is required by EWEB before commencement of the detail Engineering design and construction of the lateral extension.



6. Non-Recurring Charges

The Customer shall pay an amount equal to 100 percent of the actual design and construction costs, payable upon completion of Dark Fiber connectivity.

7. Recurring Charges

The monthly charge for Dark Fiber Lease is determined by multiplying the length of the subscribed fiber strand(s) times the current monthly price. The length of each fiber strand is determined from EWEB’s Geographic Information System (GIS) Fiber Manager Application rounded up to the nearest one-half mile length. This information will be recorded in the Lease Agreement.

Dark Fiber Lease bills shall be rendered quarterly.

~~2018-2019~~ **Monthly Price per Strand Mile***~~\$27.11~~**28.82**

Note: *The Dark Fiber Lease Price Schedule will be adjusted annually based on updated Cost of Service Analysis (COSA) or the City of Portland Consumer Price Index if no COSA was performed. (Resolution No. 1705)

Dark Fiber Lease price to for-profit commercial customers shall be two-times the above published public purpose price. (Resolution No. 1705)

8. General Terms and Conditions

Service under this schedule is subject to the policies and procedures of EWEB.

**RESOLUTION NO. 1907
MARCH 2019**

**EUGENE WATER & ELECTRIC BOARD
DARK FIBER LEASE PRICE REVISION**

WHEREAS, the Eugene Water & Electric Board (EWEB) offers surplus Dark Fiber optic strands for lease by public agencies, higher and K-12 educational institutions, medical service providers, and commercial entities;

WHEREAS, Dark Fiber Leases are not considered by the Federal Communications Council or the Oregon Public Utilities Commission to be a regulated Telecommunications Service;

WHEREAS, EWEB leases Dark Fiber via “indefeasible Right of Use Agreements” (IRUs) or “Intergovernmental Agreements” (IGAs) that make provision for annual escalation based upon updated Cost of Service Analysis (COSA) or the City of Portland’s Consumer Price Index (CPI) if no updated COSA was performed;

WHEREAS, EWEB’s current Dark Fiber Lease Schedule (DFL-1) contains mileage-based billing determinants;

NOW, THEREFORE, BE IT RESOLVED that the Eugene Water & Electric Board hereby authorizes the General Manager to adjust the Dark Fiber Lease Rate for public agencies and higher education institutions and the rate applied to existing leases for medical service providers to \$28.82 per strand-mile per month, adjusted annually thereafter based on updated Cost of Service Analysis or the City of Portland CPI if no COSA was performed, beginning with bills rendered on or after April 1, 2019.

NOW, THEREFORE, BE IT RESOLVED that the Eugene Water & Electric Board hereby authorizes the General Manager to adjust the Dark Fiber Lease Rate to for-profit commercial customers to \$57.64 per strand-mile per month, adjusted annually thereafter based on updated Cost of Service Analysis or the City of Portland CPI if no COSA was performed, beginning with bills rendered on or after April 1, 2019.

Dated this 5th day of March 2019.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its March 5, 2019 Regular Board Meeting.

Assistant Secretary