



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Schlossberg, Helgeson, Brown, and Carlson
FROM: Deborah Hart, CFO; Adam Rue, Fiscal Services Supervisor; Alicia Voorhees and Ben Sachdeva, Senior Financial Analysts
DATE: November 25, 2020
SUBJECT: 2021 Proposed Budgets and Prices
OBJECTIVE: Approval of 2021 Budgets and Price Proposals

Issue

December 1, 2020 is the second of two public hearings on the 2021 proposed Electric and Water Utility budgets and price proposals. At the November 2nd Board meeting, the Board provided direction, which is incorporated into the final proposed budgets and prices. The Board is required by statute to approve the Utility budgets prior to January 1st.

Background

In recent years, actions have been taken that have improved both the Water and Electric Utilities' financial resiliency. Those efforts provided both Utilities with much needed financial headroom in these challenging economic times, as businesses, residential customers, and government agencies all face financial pressures related to the pandemic and high levels of unemployment. Recent efforts to reduce PERS costs, refinance debt, and lower operating costs have allowed both Utilities to increase capital investment without an increase in overall customer prices.

At the November Board meeting, staff presented proposed budgets and recommended price updates, which included:

- Annual updates to the Customer Generation Rates, Business Growth and Retention Credit, and Partial Requirements Service Pricing
- Residential and General Service customer classes (rounding kilowatt hour charge from five to four decimal points)
- Reactive Power Charge (eliminate and roll into Energy Charge)
- Customer Generation Rates (separate Renewable Energy Certificates (REC's) out from market prices)
- Street Lighting (collapse groups for LED lighting)
- Annual updates to Water Contract Customers

The material presented is consistent with the November presentation with the exception of minor grammatical edits, inclusion of Attachment 4 to the Budget Document, and shift in the funding of electric capital from capital reserves to bond funds to reflect updated 2020 capital projections and reserve levels. After fine tuning cash projections for Attachment 4, both utilities also had minor fluctuations in days cash and remain well above board targets.

Finally, Management is proposing a change in the prices process to improve analysis and allow for a more interactive and involved public outreach. The proposed process would transition from an annual COSA review and approval to a three-year cycle. The three-year cycle would better align the price approval process with strategic objectives of *Foster Customer Confidence, Create Consumption Flexibility and Resilient Delivery*, as these phases of the Strategic Plan are multi-year and require integration throughout the organization. In addition, the three-year cycle balances the phases of the Strategic Plan with pricing principles of gradualism and stability. The three-year cycle provides a predictable timeline for rate adjustments that can be communicated to customers.

Requested Board Action

After the public hearing on the 2021 Budgets and Price Proposals, Management recommends approval of Resolutions 2028, 2029, and 2030; adopting the 2021 Budgets as well as Water and Electric Price Changes.

Attachment 1 – 2021 Key Budget Assumptions

Attachment 2 – Median Household Income (MHI) %

Attachment 3 – Average Bill Comparison

Attachment 4 – Proposed Partial Requirements Prices

Attachment 5 – Proposed Business Growth and Retention Credit

Attachment 6 – Proposed Customer Generation Prices

Attachment 7 – Proposed Residential and General Services Customer Classes

Attachment 8 – Proposed Reactive Power Charges

Attachment 9 – Proposed Water Contract Prices

Attachment 10 – Proposed Street Lighting Pricing

Attachment 11 – Resolution No. 2028 – Water and Electric Budgets

Attachment 12 – Resolution No. 2029 – Electric Prices

Attachment 13 – Resolution No. 2030 – Water Prices

2021 Key Budget Assumptions

Both Utilities

- 1.1% non-labor CPI increase
- Labor/benefit changes:
 - 2.0% wage escalation
 - PERS – Incorporated the impact of the mid-year 2021 PERS rate change of four percentage points
 - Health insurance increase – 8%

Electric

- Retail load – 2.2 million MWh, roughly 6% below 2020 levels due the loss of a major customer and economic downturn
- 2021 contribution margin risk tolerance of \$4.9 million, which represents 90% generation or a 4.5% load reduction
- Assumes Leaburg outage throughout the entire year
- \$29/MWh melded mid-market price curve

Water

- 7.4 million kgal consumption
- 2021 Contribution margin risk tolerance of \$1 million

Background

The source of each comparator's median household income (MHI) is from the United States Census Bureau website. The approach bases on the following data:

1. Monthly water and electric bill at average residential consumption per month
2. Annual bill at same level of use
3. Median household income (in 2018 dollars)

Currently, there is no national standard for what affordable percent (%) of MHI value is or is not. Consideration must be given to both the financial sustainability of the utility as well as affordability of price. Low prices may produce financial constraints to reinvesting in the system and eventually harm public health through poor product quality and service.

To address the limited income customer-owner bill impact, EWEB has maintained a customer care program for many years to provide assistance with bill payment and weatherization programs.

Included below are the combined average water and electric bill for residential customers in Eugene, Portland, Medford, Salem, Vancouver, Tacoma, Seattle and Everett. Average consumption is based on: water 7 kgal, electric 1,050 kWh. This average is annualized and compared as a percentage of MHI.

<u>Eugene, Oregon</u>	<u>Current Prices</u>
Monthly water & electric bills at overall average residential consumption (Average: water consumption 7 kgal; electric consumption 1,050 kWh)	\$146.83
Annual bill at same level of use	\$1,762
Median Household Income (MHI) in 2018 for Eugene, Oregon	\$49,029
Water & Electric % MHI	3.59%
<u>Portland, Oregon</u>	<u>Current Prices</u>
Monthly water & electric bills at overall average residential consumption (Average: water consumption 7 kgal; electric consumption 1,050 kWh)	\$202.20
Annual bill at same level of use	\$2,426
Median Household Income (MHI) in 2018 for Portland, Oregon	\$65,740
Water & Electric % MHI	3.69%
<u>Medford, Oregon</u>	<u>Current Prices</u>
Monthly water & electric bills at overall average residential consumption (Average: water consumption 7 kgal; electric consumption 1,050 kWh)	\$130.72
Annual bill at same level of use	\$1,569
Median Household Income (MHI) in 2018 for Medford, Oregon	\$47,567
Water & Electric % MHI	3.30%
<u>Salem, Oregon</u>	<u>Current Prices</u>
Monthly water & electric bills at overall average residential consumption (Average: water consumption 7 kgal; electric consumption 1,050 kWh)	\$134.43
Annual bill at same level of use	\$1,613
Median Household Income (MHI) in 2018 for Salem, Oregon	\$53,619
Water & Electric % MHI	3.01%

Vancouver, Washington

Monthly water & electric bills at overall average residential consumption
(Average: water consumption 7 kgal; electric consumption 1,050 kWh)

Current Prices

\$131.07

Annual bill at same level of use

\$1,573

Median Household Income (MHI) in 2018 for Vancouver, Washington

\$58,865

Water & Electric % MHI**2.67%****Tacoma, Washington**

Monthly water & electric bills at overall average residential consumption
(Average: water consumption 7 kgal; electric consumption 1,050 kWh)

Current Prices

\$147.72

Annual bill at same level of use

\$1,773

Median Household Income (MHI) in 2018 for Tacoma, Washington

\$58,617

Water & Electric % MHI**3.02%****Seattle, Washington**

Monthly water & electric bills at overall average residential consumption
(Average: water consumption 7 kgal; electric consumption 1,050 kWh)

Current Prices

\$203.39

Annual bill at same level of use

\$2,441

Median Household Income (MHI) in 2018 for Seattle, Washington

\$85,562

Water & Electric % MHI**2.85%****Everett, Washington**

Monthly water & electric bills at overall average residential consumption
(Average: water consumption 7 kgal; electric consumption 1,050 kWh)

Current Prices

\$153.74

Annual bill at same level of use

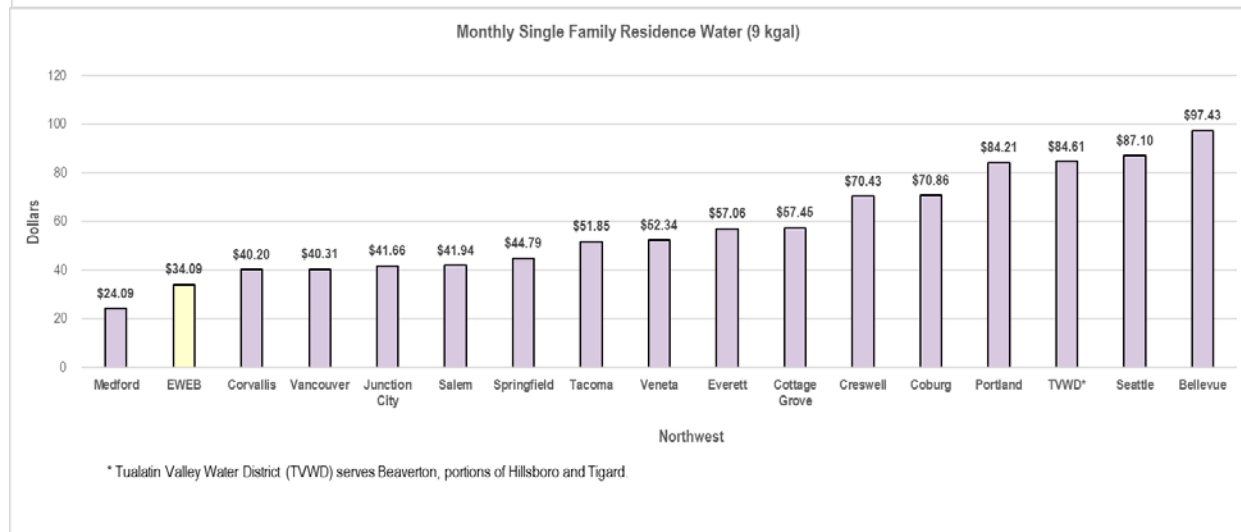
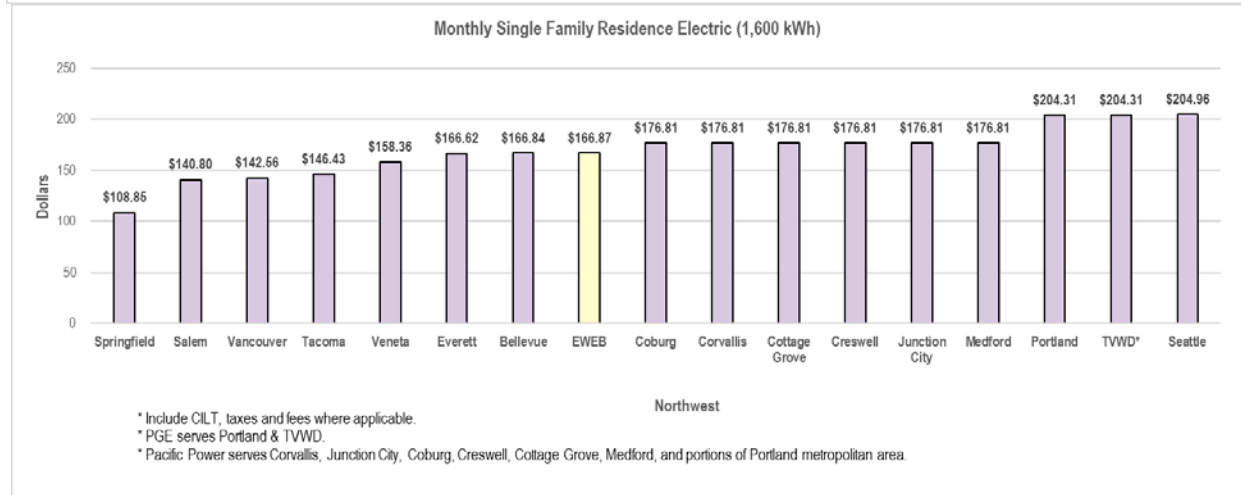
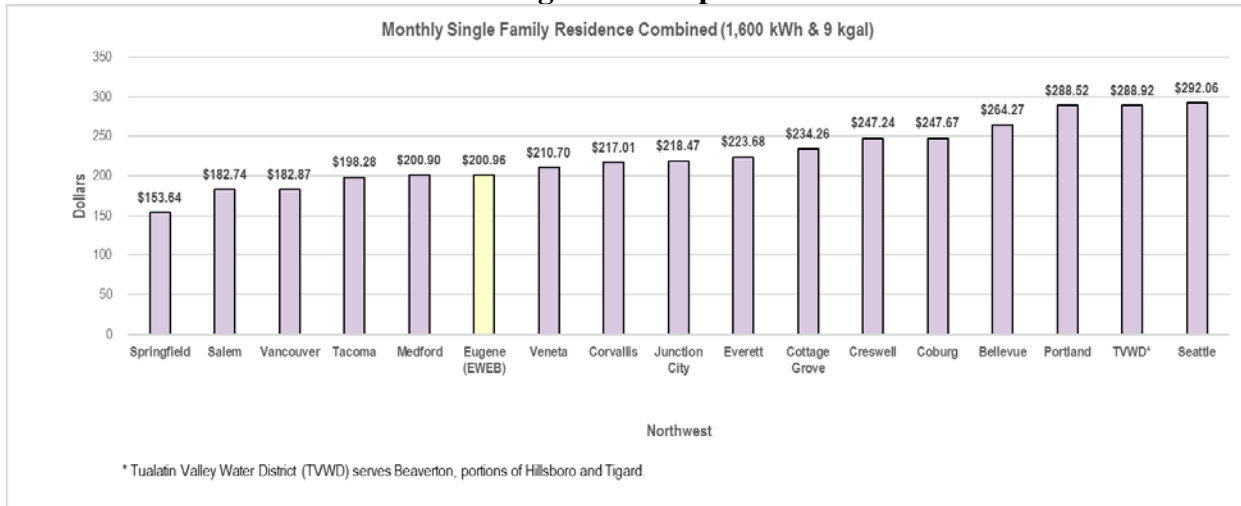
\$1,845

Median Household Income (MHI) in 2018 for Everett, Washington

\$57,205

Water & Electric % MHI**3.23%**

Average Bill Comparison



Partial Requirements Service Pricing

In December 2019, the Board approved Resolution No. 1935 for electric partial requirements service pricing effective in 2020. There are currently no customers on this price schedule.

The **Partial Requirements Service Pricing** uses marginal energy and transmission costs, which is based on weighted ICE Mid-C wholesale power prices and probability of peak analysis for incremental transmission purchases from Bonneville Power Administration for time differentiated energy charges. The Basic Charge and Facilities Charge are derived from the embedded cost of service analysis (COSA) and the Power Indifference Charge reflects the difference between marginal and embedded energy costs.

Effected Schedules in the Customer Service Policy, Appendix B are:

- **Partial Requirements Service Pricing**
(For Services from 1,000 kW or greater)

The proposed changes to the Customer Service Policy, Appendix B are within the Energy Charge section, beginning on the next page. Refer to Customer Service Policy for complete schedule. Proposed additions to the policy are in red print and proposed eliminations are in red strike-through print.

APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

T. Partial Requirements Service Pricing (C-PRP) (For Service from 1,000 kW or greater)

(Resolution No. 1935)

2. Monthly Price (Resolution No. 1935)

Basic Charge: ~~\$508.96~~ ~~\$910.15~~ per month

Facilities Charge:

Per Kilowatt of Facilities Capacity ~~\$3.41~~ ~~\$3.57~~ per gross kW

Power Indifference Surcharge:

Per Kilowatt of Facilities Capacity ~~\$18.98~~ ~~\$19.92~~ per gross kW

Energy Charge:

Summer On-Peak Kilowatt-Hours ~~\$0.0423~~ ~~\$0.0375~~ per kWh

Summer Mid-Peak Kilowatt-Hours ~~\$0.0316~~ ~~\$0.0278~~ per kWh

Summer Off-Peak Kilowatt-Hours ~~\$0.0197~~ ~~\$0.0176~~ per kWh

Shoulder On-Peak Kilowatt-Hours ~~\$0.0345~~ ~~\$0.0316~~ per kWh

Shoulder Mid-Peak Kilowatt-Hours..... ~~\$0.0277~~ ~~\$0.0237~~ per kWh

Shoulder Off-Peak Kilowatt-Hours..... ~~\$0.0213~~ ~~\$0.0173~~ per kWh

Winter On-Peak Kilowatt-Hours ~~\$0.0476~~ ~~\$0.0390~~ per kWh

Winter Mid-Peak Kilowatt-Hours..... ~~\$0.0392~~ ~~\$0.0316~~ per kWh

Winter Off-Peak Kilowatt-Hours..... ~~\$0.0339~~ ~~\$0.0269~~ per kWh

Proposed Business Growth and Retention Credit

In December 2019, the Board approved Resolution No. 1935 to modify the Business Growth and Retention Credit. The BGR Credit is to be reviewed annually and updated as a part of the annual price process.

The **BGR Credit** is based on the differential between ICE Mid-C Flat wholesale power prices and retail prices and therefore is calculated using the same market prices used in the annual budget and retail rate development process. The credit applies to new and expanding businesses to provide a short-term discount to electric pricing to support business growth when the development demonstrates clear economic, environmental, and community benefits.

Effected Schedules in the Customer Service Policy, Appendix B are:

- Business Growth and Retention Credit
(For Services from 100 kW to 10,000 kW of New or On-going Incremental Demand)

The proposed changes to the Customer Service Policy, Appendix B are within the Energy Charge section, beginning on the next page. Refer to Customer Service Policy for complete schedule. Proposed additions to the policy are in red print and proposed eliminations are in red strike-through print.

APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

S. Business Growth and Retention CREDIT (BGR-1) (For Service from 100 kW to 10,000 kW of New or On-going Incremental Demand) (Resolution No. 1935)

3. Price

The BGR-1 Credit is calculated annually based on the difference between the average ICE Mid-C Flat forward price curve and the Customer's average applicable retail energy (kWh) price. The value associated with the difference between market and retail pricing is shared between EWEB and the Customer.

2021 ~~20~~ BGR Price for Medium General Service Customers: ~~\$0.013~~ **\$0.015** per kilowatt hour

2021 ~~20~~ BGR Price for Large General Service Customers: ~~\$0.010~~ **\$0.012** per kilowatt hour

The BGR-1 Credit is exclusively applied to the new or incremental energy (kWh) use in the form of an annual bill credit. The BGR Credit will not be paid for any Billing Period that Customer fails to meet 100 kW minimum additional Demand.

Proposed Electric Customer Generation Rates

In December 2019, the Board approved Resolution No. 1935 for customer generation rates for 2020. This rate is approved annually and is set at EWEB's avoided cost, which is based on the ICE Mid-C forward market price. EWEB's Power Purchase Rate Schedules provide rates for purchasing electricity from two different renewable customer-generation configurations.

The **Renewable Net Metered Rate** is designed for customers with installed capacity less than or equal to 25kW who generate surplus renewable electricity. At the end of each monthly meter reading cycle, excess energy generated shall be credited at the Renewable Net Metered Rate. The rate for the excess energy is based on a one-year energy value, based on the avoided cost to EWEB and scaled up to account for transmission and distribution loss reductions resulting from customer generation resources. The customer retains the right to Renewable Energy Credits (RECs) if applicable.

The **Annual Renewable Generation Purchase Rate** is designed for customers with generation systems less than 200 kW, who elect to sell available energy and RECs from their system to EWEB. The rate is available to customers with new or existing distributed generation. This rate includes the same one-year energy value and scaling for transmission and distribution losses as the Renewable Net Metered, and the one-year value of RECs retained by EWEB. Two changes being recommended in the annual rate update are 1) clarifying the applicable size to allow systems under 25 kW if they are not net metered; and 2) separating the REC and energy value for customers that opt to retain REC's rather than transmit to EWEB.

Effected Schedules in the Customer Service Policy, Appendix B are:

- Power Purchase Rates Schedules (Customer Generation Systems Less than 200 kW)
 - Renewable Net-Metered Rate
 - Annual Renewable Generation Purchase Rate

The proposed changes to the Customer Service Policy, Appendix B are within the Energy Charge section for the purchased power rates schedules, beginning on the next page. Refer to Customer Service Policy for complete schedule. Proposed additions to the policy are in red print and proposed eliminations are in red strike-through print.

APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

V. Power Purchase Rate Schedules (Customer Generation Systems Less than 200kW)

a. Renewable Net-Metered Rate Schedule (For Generation Less than or Equal to 25 kW)

Renewable Net-metered Rate

Excess generation for CG Systems will be credited based on the following rate:

All kWh of excess generation. ~~\$0.0360~~ ~~\$0.0297~~ per kWh
(Resolution No. 1935)

b. Annual Renewable Generation Purchase Rate Schedule (For Generation ~~Greater than 25 kW and~~ Less than 200 kW)

Annual Renewable Generation Rate

All purchased power	\$0.0304	per kWh
Purchased Power and RECs	\$0.0369	per kWh
Purchased Power Only	\$0.0360	per kWh

Proposed Electric Prices

In December 2018, the Board approved Resolution No. 1833 for retail prices which flattened tiers for residential electric customers. The last prices change for all electric customers was in December 2015 when the Board approved Resolution No. 1535 for prices effective February 2016.

The proposed rounding has an impact of up to \$0.00004 per kilowatt hour, or between 1.0% favorable and 1.5% unfavorable for any specific customer, depending on customer class and usage patterns.

The removal of the Reactive Power Charge is also included in the schedules below. Not all customers received a Reactive Power Charge and so the impact of the removal is spread among all the different customers within the respective class. The impact would be slightly favorable with the customers that were previously charged for Reactive Power and slightly unfavorable for customers not previously charged for Reactive Power.

The proposed change has an impact of removing the Reactive Power Charge is \$0.0003 to \$0.0004 per kilowatt hour. The combined impact of the rounding and the Reactive Power Charge would vary depending on usage characteristics, but the range of impacts for customers is shown below:

- For Residential the impact of rounding would result in a bill decrease of between 0.1% to 1.0%
- For Small General Service the impact of rounding would result in a bill increase of less than 0.1%
- For Medium General Service the impact of rounding and Reactive Power Charge would result in a bill increase of between 0.3% to 1.5%
- For Large General Service the impact of rounding and Reactive Power Charge would result in a bill increase of between 0.0% and 0.7%

The combined effect of the proposed changes to rounding to four instead of five decimal points and the removal of the Reactive Power Charge and including in the Energy Rates are included in the Customer Service Policy, Appendix B are within the Energy Charge section and Demand of the schedules, beginning on the next page. Refer to Customer Service Policy for complete schedule. Proposed additions to the policy are in red print and proposed eliminations are in red strike-through print.

APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

E. Residential Service - Schedule R-6

3. Monthly Price

Basic Charge \$20.50 per month

~~**Delivery Charge (all usage):** **\$0.02624** per kWh~~

Delivery Charge (all usage): **\$0.0262** per kWh

Energy Charge:

~~**All Kilowatt-Hours** **\$0.06524** per kWh~~

All Kilowatt-Hours **\$0.0652** per kWh

F. Small General Service - Schedule G-1 (For Service up to 30 kW)

2. Monthly Price

Basic Charge:

Single-phase Service \$23.06 per month

Three-phase Service \$34.08 per month

Demand Charge:

First 10 kW No Charge

All Additional kW \$7.124 per kW

Delivery Charge:

~~**First 1,750 kWh** **\$0.03577** per kWh~~

First 1,750 kWh **\$0.0358** per kWh

~~**All Additional kWh** **\$0.00132** per kWh~~

All Additional kWh **\$0.0013** per kWh

Energy Charge:

~~**All Kilowatt-Hours** **\$0.06900** per kWh~~

All Kilowatt-Hours **\$0.0690** per kWh

**G. Medium General Service - Schedule G-2
(For Service from 31 kW to 500 kW)**

2. Monthly Price

	<u>Secondary Service</u>	<u>Primary Service</u>	
Basic Charge:			
Single-phase Service	\$38.23	No charge	per month
Three-phase Service	\$59.30	\$3,444	per month

Demand Charge:

First 300 kW of Demand	\$7.43	No charge per kW
Over 300 kW of Demand.....	\$7.43	\$7.28 per kW

Energy Charge:

All Kilowatt-Hours.....	\$0.06236	\$0.06148 per kWh
All Kilowatt-Hours.....	\$0.0627	\$0.0618 per kWh

**H. Large General Service - Schedule G-3
(For Service from 501 kW to 10,000 kW)**

2. Monthly Price

	<u>Secondary Service</u>	<u>Primary Service</u>	
Basic Charge:	\$2,757	\$2,680	per month

Demand Charge:

First 300 kW of Demand	No charge	No charge
Over 300 kW of Demand.....	\$7.688	\$7.486 per kW

Energy Charge:

All Kilowatt-Hours.....	\$0.04944	\$0.04851 per kWh
All Kilowatt-Hours.....	\$0.0498	\$0.0489 per kWh

**I. Very Large General Service – Schedule G-4
(For Service over 10,000 kW)**

1. Monthly Price

	<u>Secondary Service</u>	<u>Primary Service</u>	
Basic Charge:	\$2,785	\$2,711	per month

Demand Charge:

First 300 kW of Demand.....	No charge	No charge
Over 300 kW of Demand.....	\$7.35	\$7.14 per kW

Energy Charge:

All Kilowatt-Hours.....	\$0.06680	\$0.06680 per kWh
All Kilowatt-Hours	\$0.0668	\$0.0668 per kWh

**J. Special Very Large General Service – Schedule G-5
(For Service over 10,000 kW)**

1. Monthly Price

Basic Charge:\$9,576 per month

Demand Charge: \$5.22 per kW

~~**Energy Charge:**\$0.04941 per kWh~~

Energy Charge:\$0.0494 per kWh

**P. Medium General Service – Schedule Pilot Time of Use C-TOU-1
(For Service from 31 kW to 500 kW)**

2. Monthly Price

	<u>Secondary Service</u>	<u>Primary Service</u>	
Basic Charge:			
Single-phase Service	\$38.23	No charge	per month
Three-phase Service	\$59.30	\$3,444	per month
Demand Charge:			
On-Peak Demand	\$7.43	\$7.28	per kW
Off-Peak Demand.....	\$5.39	\$5.24	per kW
Energy Charge:			
On-Peak Kilowatt-Hours	\$0.06800	\$0.06712	per kWh
Off-Peak Kilowatt-Hours	\$0.06059	\$0.05971	per kWh
On-Peak Kilowatt-Hours	\$0.0680	\$0.0671	per kWh
Off-Peak Kilowatt-Hours.....	\$0.0606	\$0.0597	per kWh

Attachment 8

The last price change for all electric customers was in December 2015 when the Board approved Resolution No. 1535 for rates effective February 2016.

The Reactive Power Charge is proposed to be included in the respective classes Energy Charge. The impact to customers is generally within 0.7% and is a shift among customers within the class so there is no financial impact to the Utility. The combined impact of the rounding from five to four decimal points and the effect of including the Reactive Power Charge in the energy charge is provided in Attachment 7.

APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

~~7. Reactive Power Charge~~

~~Where applicable, a reactive power charge will be added to the above charges based on the maximum reactive energy used by the Customer for any 15-minute period during the month, which is calculated as an average KiloVar (kVAR) by a suitable Meter. The monthly price is \$0.28 per kVAR.~~

Surplus and Wholesale Water Sales

The **Surplus and Wholesale Water Sales** prices are contracted prices that are found within the Customer Service Policies and are approved by the Board.

Proposed changes to Customer Service Policy, Appendix C affect all pricing changes within Surplus and Wholesale Water Sales.

- **Schedule 4** - River Road Water District and Santa Clara Water District
- **Schedule 6** - City of Veneta

The proposed changes to the Customer Service Policy, Appendix C are within the Water Service Charges and Prices, as shown beginning on the next page. Refer to Customer Service Policy for complete schedule. Proposed additions to the policy are in red print and proposed eliminations are in red strike-through print.

The proposed addition to the Customer Service Policy, Appendix B are provided, beginning on the next page. Proposed additions to the policy are in red print and proposed eliminations are in red strike-through print.

APPENDIX C - WATER SERVICE CHARGES AND PRICES

J. Surplus and Wholesale Water Sales

EWEB sells or disposes of surplus or wholesale water under agreements and with entities decided by EWEB. Such entities shall not resell water to another water Utility or entity without EWEB’s written consent.

Schedule 4

- 1. Applicable

To the River Road Water District and Santa Clara Water District.

- 2. Monthly Rate

Basic Charge.....\$3,632.09 ~~\$3,678.83~~ per month

Volume Charge (Resolution No. 1634)

All gallons \$3.113 ~~\$3.153~~ per 1,000 gallons

- 3. Minimum Charge

Applicable monthly basic charge.

- 4. General Terms and Conditions

Water sales under this schedule are subject to the policies and procedures of EWEB and provisions of the applicable surplus water sales contract.

Schedule 5

- 1. Applicable

To the City of Veneta.

- 2. Monthly Rate (Resolution No. 1634)

Basic Charge.....\$967.60 ~~\$991.48~~ per month

Volume Charge

All gallons \$1.223 ~~\$1.253~~ per 1,000 gallons

- 3. Minimum Charge

Applicable monthly basic charge provided.

4. General Terms and Conditions

Water sales under this schedule are subject to the policies and procedures of EWEB and provisions of the applicable surplus water sales contract.

Proposed LED Street Lighting

Reduce the current number of street lighting rates in order to better align with the technology installed.

The proposed addition to the Customer Service Policy, Appendix B, beginning on the next page. Proposed additions to the policy are in red print and proposed eliminations are in red strike-through print.

A. Customer-Owned Street Lighting Service (LED) - Schedule J-5

1. Applicable

To governmental agency, lighting district, and water district-owned daily, dusk-to-dawn lighting systems which illuminate streets, alleys, and thoroughfares used primarily for motorized vehicular traffic and which meet EWEB's specifications.

2. Specifications

System type and design must be approved by EWEB.

3. Monthly Price

(Resolution No. 1315 – Automatic adjustment clause applicable to increase or decrease of BPA wholesale rates)
 (Resolution No. 1535 – Electric Prices effective February 2016)
 (Resolution No. 1833 – Electric Prices – No change)

<u>Description</u>	<u>Lamp Type</u>	<u>Net per Lamp</u>
00 to 10 Watt	Light Emitting Diode	\$ 2.61
11 to 20 Watt	Light Emitting Diode	\$ 2.89
0 to 40 Watt	Light Emitting Diode	\$ 3.17
31 to 40 Watt	Light Emitting Diode	\$ 3.46
41 to 80 Watt	Light Emitting Diode	\$ 3.74
51 to 60 Watt	Light Emitting Diode	\$ 4.03
61 to 80 Watt	Light Emitting Diode	\$ 4.46
81 to 120 Watt	Light Emitting Diode	\$ 5.45
121 to 200 Watt	Light Emitting Diode	\$ 6.74
176 to 225 Watt	Light Emitting Diode	\$ 8.16
226 to 275 Watt	Light Emitting Diode	\$ 9.58
276 to 350 Watt	Light Emitting Diode	\$11.44
201 + Watt	Light Emitting Diode	\$18.13

4. Power Cost Recovery Adjustment

At the discretion of the Board, the prices may be adjusted for 12 months to reflect the variance between budgeted and actual power cost for the previous calendar year. The adjustment is determined by dividing the amount to be rebated or recovered by the projected annual Kilowatt-Hour sales in that calendar year, and then decreasing or increasing the energy or power component of the price accordingly.

5. BPA Power Cost Recovery Adjustment

Electric prices may be automatically adjusted for up to 12 months to reflect a future variance in projected power costs due to changes in Bonneville Power Administration (BPA) wholesale prices. The adjustment is determined by dividing the amount to be rebated or recovered by the projected Kilowatt-Hour sales for the

appropriate period and then decreasing or increasing the energy or power component of the price accordingly.

6. Special Provisions

a. Prices

Monthly prices provide only for delivery of energy and associated Utility costs.

b. Ownership

Customers served under this schedule are responsible for initial design, purchase and installation costs, and for all operation and maintenance of their lighting facilities.

c. Additional EWEB Services

Customers may apply for a contractual agreement between the Customer and EWEB to provide for design, installation, and operation and maintenance services. Charges to the Customer for such services shall be based on Actual Cost of materials, labor, and equipment, plus appropriate Overhead and administrative costs.

d. Restrictions

Customer-owned lighting systems shall not be installed or modified by the Customer when located on EWEB-owned Facilities.

7. General Terms and Conditions

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

EUGENE WATER & ELECTRIC BOARD PROPOSED BUDGET



2021



Rely on us.



BOARD OF COMMISSIONERS

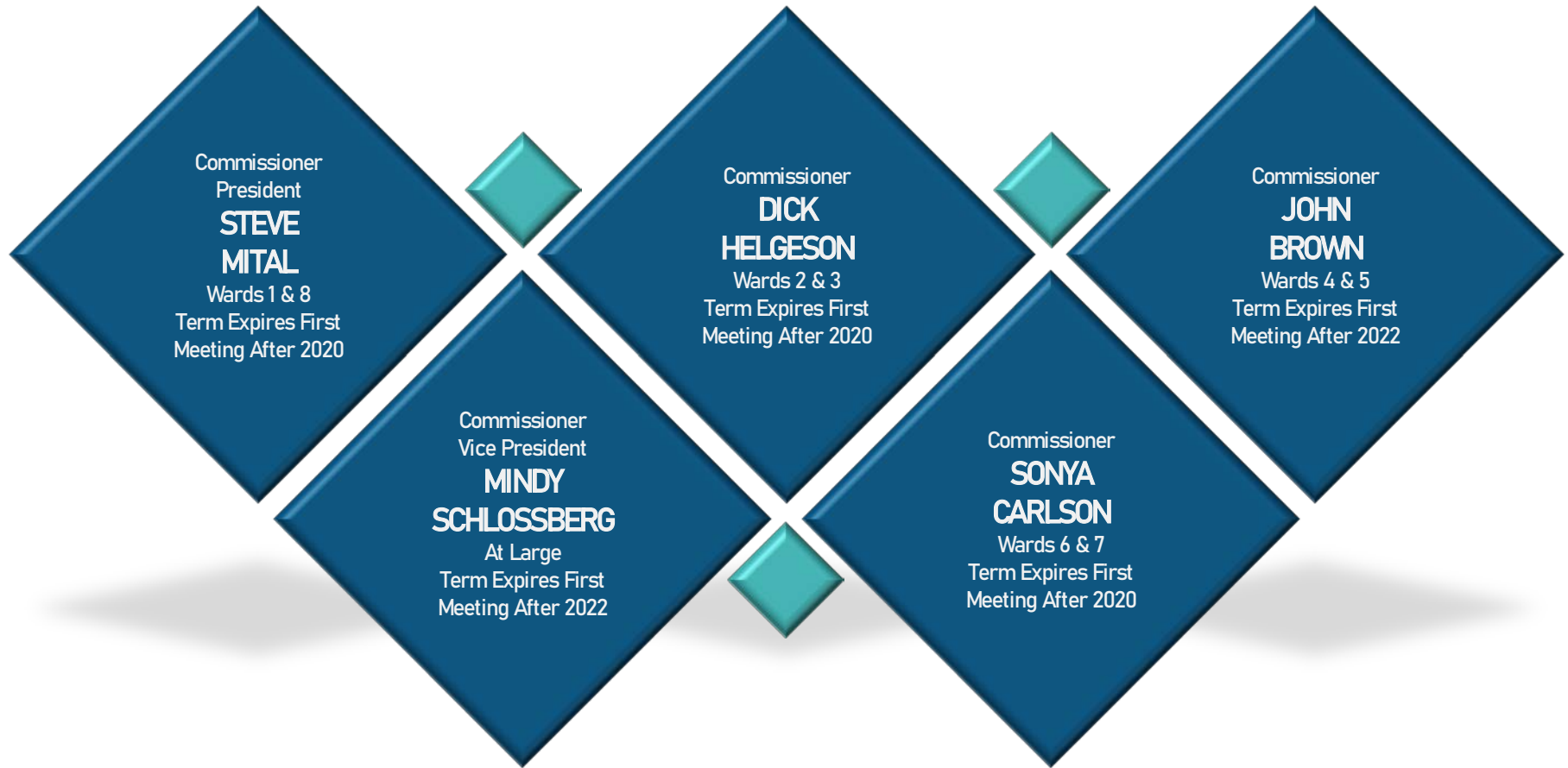


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LETTER TO THE BOARD OF COMMISSIONERS

Board of Commissioners,

The 2021 Eugene Water & Electric Board Operations & Maintenance (O&M) and Capital & Debt Service budgets, totaling \$284.3 million for the Electric Utility and \$46.8 million for the Water Utility, were submitted for your consideration and approval. The combined total for both Utilities is \$331.1 million which is approximately 0.6% above the 2020 budget. The slight increase was driven by higher capital spending for both Water and Electric Utilities offset by lower purchased power costs. The increased capital investment supports EWEB's strategic direction in improving resiliency and fostering customer confidence, as well as supports our core values of Safety, Reliability, Responsibility and Community by providing customer-owners with better service, building a more resilient community by reducing outage response times, and creating a cleaner energy future. Both Utilities had no change in overall revenue requirement or price increases. This is the fifth consecutive year the Electric Utility has not increased prices, and the fourth consecutive year the Water Utility has not increased prices.

EWEB continues to focus on fostering customer confidence by maintaining sustainable spending levels in light of challenging circumstances stretching Utility finances, such as the recent McKenzie River Valley fire affecting EWEB customers, distribution infrastructure, and generation facilities, as well as the economic conditions stemming from the COVID-19 pandemic; both events reduced customer demand and customer's ability to pay for services. In order to meet these challenges, EWEB has engaged intergovernmental agencies to provide customer assistance, modified operations and customer interactions, and enhanced customer assistance programs and support.

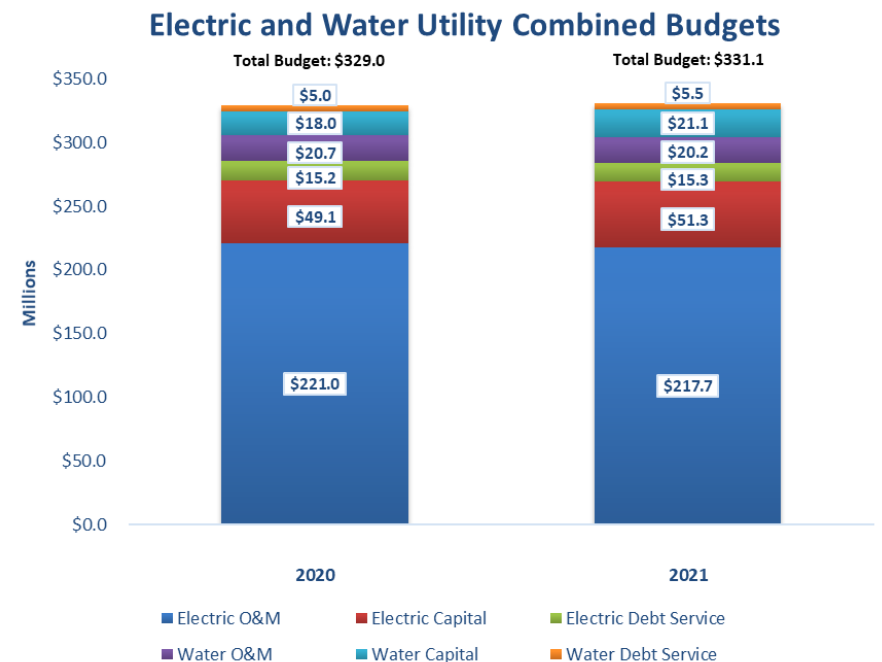
Spending in 2021 to support the Customer Experience Improvement (CEI) and Meter Infrastructure Replacement initiatives will help EWEB improve the customer experience and work in partnership with customer-owners to respond more effectively to water leaks and power outages. Additionally, the Meter Infrastructure Replacement initiative will support EWEB's

other strategic initiatives by providing demand-side information to assist with decisions regarding the Utility's power supply portfolio. These decisions will be made in the context of climate change, new technology, developing markets and the need to synchronize supply and demand in a highly volatile and interconnected system.

The Electric Utility's long-term financial plan indicates future price increases to meet revenue requirements to support aging infrastructure and maintain reliability. The ten-year compounded price increase projection is 21.5% with previous projections of 18.5% and 19.7% in 2020 and 2019, respectively. This consistency has been achieved through a combination of cost containment and strategic use of reserves to reduce ongoing O&M costs and smooth price increases.

The Water Utility's long-term financial plan also indicates future price increases to meet revenue requirements which will be used to support modernization and resiliency projects.

The following chart depicts the combined Electric and Water budgets for 2020 and 2021.



For the 2021 Proposed Budgets, electric retail load is reduced relative to 2020 budget levels due to the loss of a major industrial customer. The economic conditions stemming from the COVID-19 pandemic have reduced projected sales and increased assumptions of uncollectible accounts for both Utilities. However, EWEB continues to refine products and services that incent customer-owners to use our carbon-responsible power as an alternative to other forms of fuel and will continue to monitor the impacts of these programs on peak demand and energy sales.

The Electric and Water Utilities' financial challenges have been very different over the last few years. Increased debt costs for rehabilitation of aging infrastructure, as well as for renewable power investments, made achieving the debt service coverage (DSC) ratio target difficult for the Electric Utility. In response, Management has proactively taken actions to reduce long-term liabilities and debt service costs:

1. Reduction of \$92 million in debt service from asset sales and strategic use of reserves, as well as \$25 million in savings from refunding \$195 million in bonded debt, between 2015 and 2020
2. Deposit to PERS side account, including state matching funds, and payoff of transition liability
3. Reduced projected spending on Carmen-Smith and planned use of Headquarters sale proceeds to reduce borrowing for relicensing

These actions have already or will result in significant improvement to the DSC ratio. Utilizing cash to improve debt service has put some pressure on cash balances, and now, days cash on hand appears to be emerging as the Electric Utility's challenged financial metric.

Historically, the Water Utility's challenged financial metric has been maintaining cash reserves at or above the Board approved targets. In recent years however, the Water Utility has built up strong cash reserve balances. That being said, planned future uses of these reserves for strategic investments, such as a second filtration plant

to increase resiliency, will put pressure on cash/reserves in the latter years of the ten-year plan.

EWEB continues to be a strong community partner as evidenced by its Community Care Program, which provides approximately \$1.5 million in assistance for limited income customers. Over the past few years, the Utility has implemented a series of program enhancements and efficiency upgrades, such as moving the program in-house resulting in a reduced third-party overhead costs from roughly \$500,000 in 2018 to approximately \$200,000 in 2019. These gains have enabled EWEB to extend more assistance to customers without an increase to overall budget. Additionally, EWEB provides \$450,000 annually in grants to local schools and \$250,000 for green power and solar programs. In 2021, EWEB will continue its program to encourage smart electrification by maintaining the \$500,000 budget to incentivize conversion to low carbon, electric fuel.

ELECTRIC UTILITY

Overview

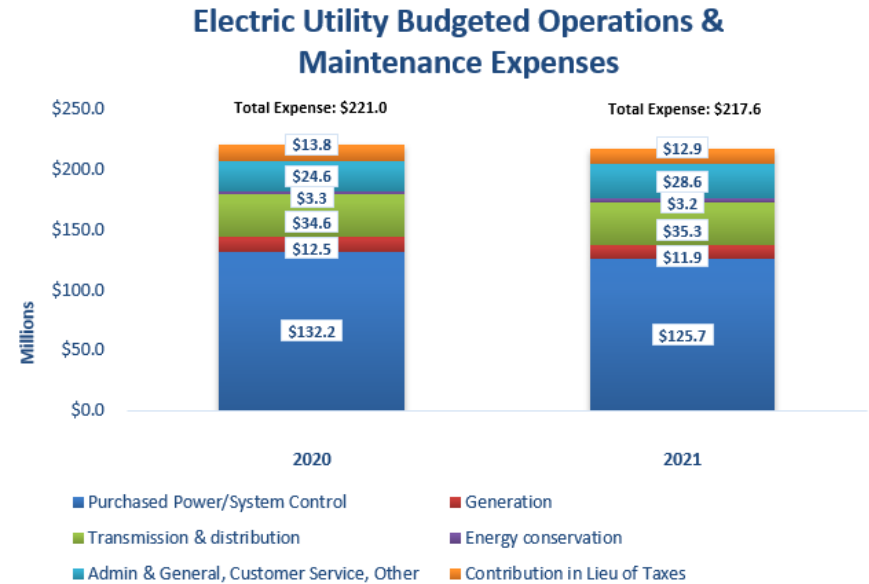
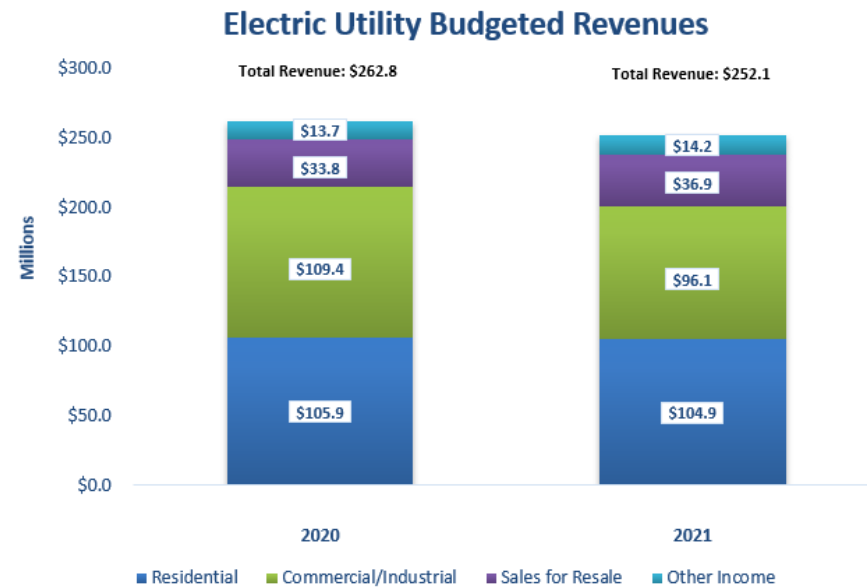
On an ongoing basis, the Electric Utility faces challenges related to retail demand (load loss), infrastructure investment and replacement needs, and volatile power markets in which it sells surplus power. Just within the last year, the load loss from the COVID-19 pandemic, the loss of a major industrial customer, wildfires affecting generation and retail customers, and price volatility brought to light how EWEB can be exposed to multiple risks. In order to deal with these challenges EWEB has invested in electrification incentives, uses conservative demand and hydro assumptions, increased capital budgets for replacement, and has an active hedging and risk management program to mitigate market risk. As noted previously, the debt management and cost containment work has significantly reduced pressure on financial metrics.

Operations & Maintenance Budget

The adopted 2021 Electric O&M budget is \$217.6 million compared to the 2020 O&M budget of \$221.0 million. Purchased power decreased by \$6.6 million due to lower demand as a result of the economic impact from COVID-19, the closure of a major industrial customer, as well as lower power costs from the anticipated sale of the Wauna co-generation turbine in April 2021. The budget assumes a contribution margin risk tolerance of \$4.9 million, which protects the Utility against revenue declines that are beyond its control. This risk tolerance equates to a hydro generation drop to 90% of expected, or a 4.5% load reduction below budget levels. Given its surplus power position, EWEB has a strong hedging program designed to protect the Utility from falling wholesale prices, which mitigates the potential budget impact.

Wholesale revenue has increased by \$3.1 million between 2020 and 2021. The increase in sales for resale is due to increased volumes from EWEB's Carmen-Smith generating facility. Carmen-Smith was offline for part of 2020 due to construction.

The following two charts compare the Electric 2020 and 2021 O&M revenue and expense budgets.



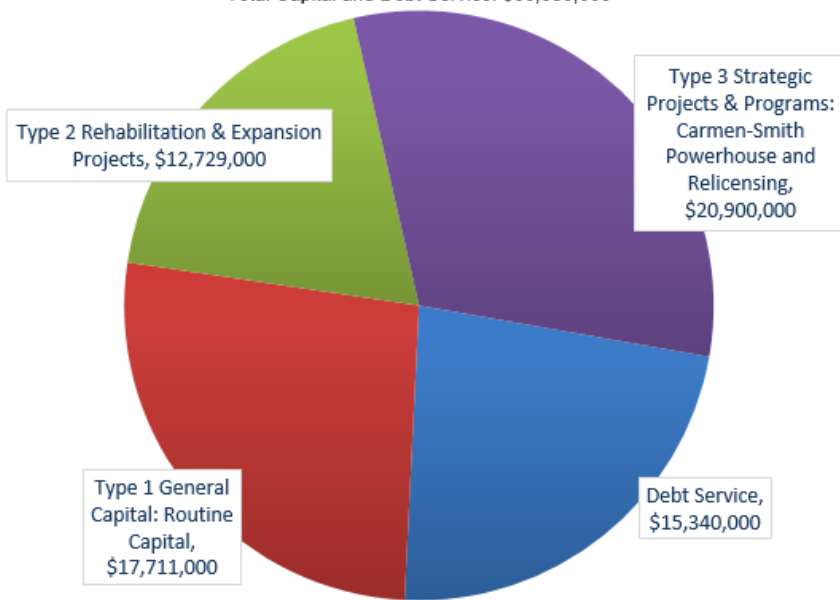
Capital and Debt Service Budget

The Electric Capital & Debt Service budget of \$66.7 million is \$2.3 million higher than the 2020 budget. This is primarily due to increased capital spending related to telecom, information technology, fleet, and advanced meter installation work. General capital work targets replacing aging infrastructure in an effort to maintain reliability. Approximately \$18.8 million of the capital work will be funded with electric prices. Additional detail on the capital budget is included in Attachment 1.

The following chart details the budget by type of cost.

Electric Capital and Debt Service Budget

Total Capital and Debt Service: \$66,680,000



WATER UTILITY

Overview

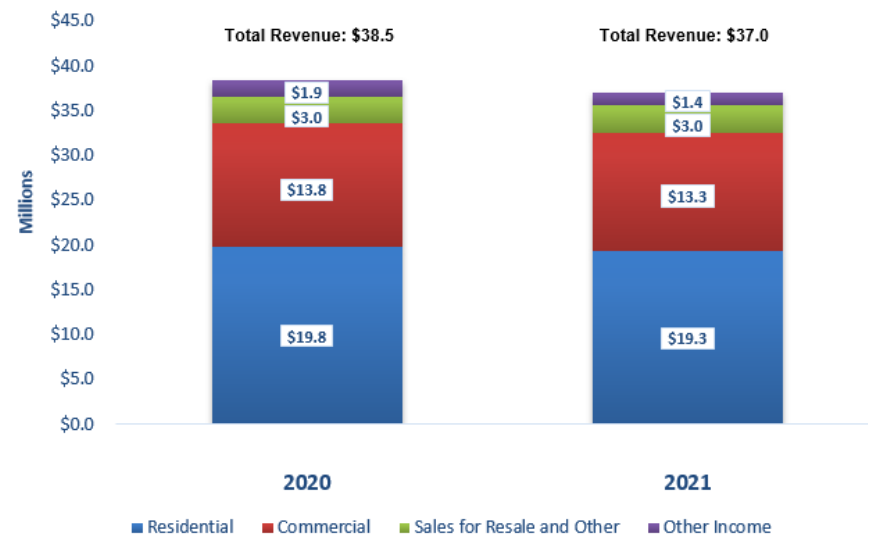
The Water Utility faces challenges as well, including replacement of aging infrastructure, water source protection, and developing a second source. The extensive investments required to operate a filtration plant, maintain a large distribution system, and rehabilitate and maintain the critical water source requires capital and financial planning. Improvements to the Water Utility's financial stability over the last several years provide adequate flexibility to meet these challenges through building reserves which will be strategically used to help the Utility maintain its strong financial metrics.

Operations & Maintenance Budget

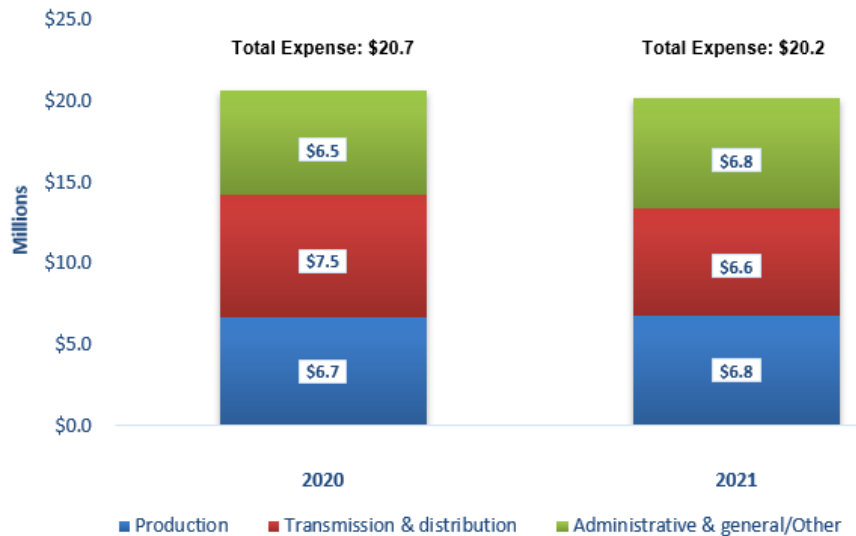
The 2021 Water Utility O&M budget is \$20.2 million compared to \$20.7 million in 2020. The budget assumes sales of 7.4 billion gallons which is lower than it was budgeted in 2020. Residential revenue makes up 54% of the Water Utility's total revenues and 37% is from commercial sales. Operating expenses are \$440,000 less than last year as a result of cost savings effort.

The budget results in a \$1.78 million deposit to reserves. The Board allocates excess working cash to specific reserve funds after the completion of the annual audit. The following charts compare the 2021 and 2020 Water Utility budgeted O&M Revenues and Expenses.

Water Utility Budgeted Revenues



Water Utility Budgeted Operations & Maintenance Expenses



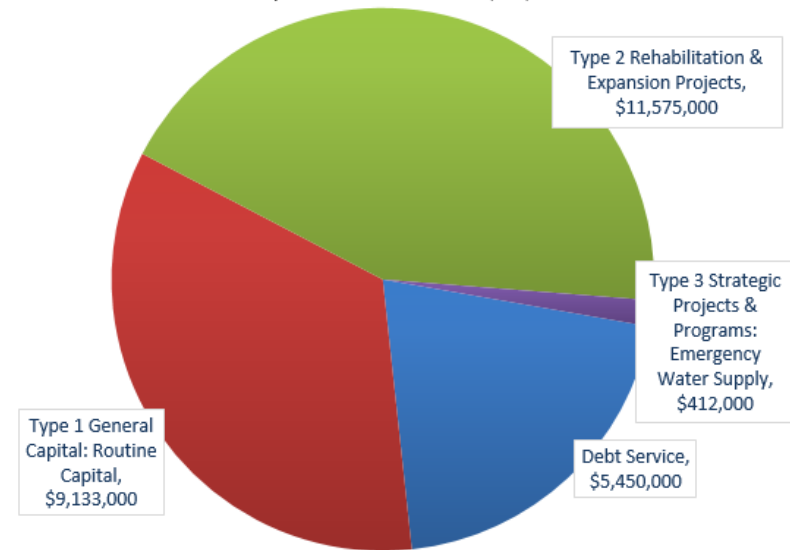
Capital and Debt Service Budget

The Water Capital & Debt Service budget of \$26.6 million reflects a \$3.6 million increase from the 2020 budget, driven by an increase in capital spending. EWEB continues to focus on improving resiliency by addressing critical aging infrastructure in the distribution system such as main improvements, pump stations, and reservoirs. Rehabilitation and Expansion projects include advanced meter infrastructure upgrades, construction of a new water quality laboratory, and backup services facility at Hayden Bridge. The budget also includes funding for emergency water stations, which are a joint effort with community partners such as school districts, to provide potable water in the event of an emergency or natural disaster. Depending on the type of project, funding is through water retail prices, customer contributions, or bonds.

In 2020 we saw the importance of long-term plans and the ability to adapt those plans in changing circumstances. The strategic, financial, and capital plans provided a roadmap for the organization when dealing with challenges of the COVID-19 pandemic, electric

Water Capital and Debt Service Budget

Total Capital and Debt Service: \$26,570,000



demand reductions, and fires within our service territories; threatening our water source, electric generation facilities, and the lives and homes of our customer owners. While plans were not a step-by-step guide to dealing with these challenges, they did provide goalposts to move towards. The 2021 budgets position both the Electric and Water Utilities to maintain their financial resiliency, rise to whatever challenges 2021 may bring, and to continue efforts to enhance customer confidence. As we progress towards phase two of creating consumption flexibility, we continue to be guided by our core values to provide safe and reliable drinking water and electricity, be responsible stewards of resources, and adhere to our commitment to serve our local community. I am proud how of EWEB has rallied around this focus, and I want to thank EWEB management, staff, and Commissioners for their assistance in helping EWEB achieve its mission “to enhance our community’s vitality by delivering drinking water and electric services consistent with the values of our customer-owners”.

Respectfully submitted,

Frank Lawson, General Manager

The background of the slide is a faded image of utility poles and power lines. On the left, a utility pole has a large, cup-shaped nest made of sticks and twigs attached to it. On the right, a utility pole is shown with several horizontal cross-arms and power lines extending from it. The entire scene is overlaid with a semi-transparent light blue rectangle that contains the text.

DID YOU KNOW?

EWEB has an osprey protection program! As of 2020, EWEB has built 30 osprey nesting platforms throughout our service territory, some on existing power poles and some as stand-alone structures. During our most recent annual assessment, we found that 22 of the platforms are actively in use.

ATTACHMENT 1

2021 PROPOSED BUDGET



DID YOU KNOW?

The McKenzie River is the sole source of drinking water for nearly 200,000 people in the Eugene metropolitan area! In order to ensure the drinking water is safe and healthy, EWEB tests and collects over 85,000 samples from source to tap each year!

EUGENE WATER & ELECTRIC BOARD

ELECTRIC UTILITY OPERATIONS & MAINTENANCE BUDGET AND REVENUE REQUIREMENTS

2021 PROPOSED BUDGET COMPARED WITH 2020 ADOPTED BUDGET AND 2019 ACTUAL

	2021 Proposed Budget		2020 Adopted Budget		2019 Actual	
	MWH	Revenue and Expense	MWH	Revenue and Expense	MWH	Revenue and Expense
Residential	938,000	\$ 104,867,000	930,000	\$ 105,915,000	939,000	\$ 100,560,000
Commercial	784,000	72,124,000	883,000	79,889,000	864,000	72,847,000
Industrial	493,000	23,993,000	550,000	29,481,000	565,000	27,759,000
Retail sales	2,215,000	200,984,000	2,363,000	215,285,000	2,368,000	201,166,000
Wholesale sales	1,330,000	36,944,000	1,448,000	33,829,000	1,588,000	51,885,000 ¹
Other Operating Revenues	3,545,000	8,258,000	3,811,000	8,257,000	3,956,000	10,288,000
	<u>3,545,000</u>	<u>246,186,000</u>	<u>3,811,000</u>	<u>257,371,000</u>	<u>3,956,000</u>	<u>263,339,000</u>
Other revenue		5,551,000		3,012,000		6,287,000
Interest earnings		370,000		2,389,000		3,986,000
Non-operating revenues		5,921,000		5,401,000		10,273,000
Total revenues		<u>252,107,000</u>		<u>262,772,000</u>		<u>273,612,000</u>
Purchased Power		120,640,000 ¹		127,260,000		153,922,000
System control		5,044,000		4,896,000		4,269,000
Generation		11,945,000		12,451,000		12,277,000
Wheeling		11,938,000		12,036,000		13,107,000
Transmission & distribution		23,380,000		22,515,000		24,526,000
Customer accounting		8,609,000		7,738,000		7,668,000
Energy conservation		4,380,000		4,436,000		3,633,000
Administrative & general		22,508,000		20,181,000		20,467,000
Operating expenses		<u>208,444,000</u>		<u>211,513,000</u>		<u>239,869,000</u>
Contributions in lieu of taxes		12,935,000		13,842,000		-
Change in balance sheet accounts/ other expenses		(3,703,000)		(4,393,000)		41,430,000 ³
Non-operating expenses		9,232,000		9,449,000		41,430,000
Total operations and maintenance expenses		<u>217,676,000</u>		<u>220,962,000</u>		<u>281,299,000</u>
Rate funded capital		18,846,000		23,507,000		
Rate funded debt service		15,340,000		15,187,000		
Total rate funded capital related expenses		34,186,000		38,694,000		
Total rate funded expenses		<u>251,862,000</u>		<u>259,656,000</u>		
Revenues over/(under) expenses		<u>\$ 245,000</u>		<u>\$ 3,116,000</u>		
Deposit to (Draw on) Reserves:						
Deposit to Working Cash/Reserves		245,000		3,116,000		
Net change in reserves		<u>\$ 245,000</u>		<u>\$ 3,116,000</u>		
Change in Net Position						<u>\$ (7,687,000)⁴</u>

¹ Gross wholesale sales and purchased power are not directly comparable to 2019 actuals due to change in accounting treatment

² CILT included as contra revenue in revenue section

³ Includes depreciation, other revenue deductions, interest and amortization expense, contribution in aid of construction, contributed plant assets, pension revenue, and pension expense

⁴ Actual results are not directly comparable to budget due to a difference in accounting treatment

Dollars rounded to nearest thousand

EUGENE WATER & ELECTRIC BOARD
ELECTRIC UTILITY CAPITAL AND DEBT SERVICE BUDGET
2021 PROPOSED BUDGET COMPARED WITH 2020 ADOPTED BUDGET

	2021 Proposed Budget	2020 Adopted Budget
Funding Source by Type		
<u>Source of Funds</u>		
Retail Revenue	\$ 18,846,000	\$ 23,507,000
Draw on Capital Reserves	2,895,000	3,276,000
Bond Proceeds	27,400,000	19,410,000
Customer Contributions in Aid	2,199,000	2,273,000
Grant Funding	-	681,000
Total Source of Funds	51,340,000	49,147,000
Expenditures by Type		
<u>Type 1- General Capital</u> ¹		
Electric Infrastructure- Generation	1,440,000	2,100,000
Electric Infrastructure- Substations	2,000,000	1,700,000
Electric Infrastructure- Transmission & Distribution	7,211,000	7,473,000
General Plant- Information Technology	4,667,000	1,590,000
General Plant- Buildings & Land	48,000	80,000
General Plant- Fleet	1,026,000	730,000
Telecommunications	1,319,000	748,000
Total Type 1	17,711,000	14,421,000
<u>Type 2- Rehabilitation & Expansion Projects</u> ²		
Downtown Network	1,070,000	958,000
Resiliency	2,235,000	2,756,000
Upriver Re-Configuration/ Holden Creek Substation	-	625,000
Information Technology	2,524,000	3,422,000
Electric Infrastructure- Generation	-	2,000,000
Electric Meters	6,900,000	5,555,000
Total Type 2	12,729,000	15,316,000
<u>Type 3- Strategic Projects & Programs</u> ³		
Carmen-Smith Relicensing	20,900,000	19,410,000
Total Type 3	20,900,000	19,410,000
Total Electric Capital Budget	51,340,000	49,147,000
Rate Funded Debt Service	15,340,000	15,187,000
Total Electric Capital and Debt Service Budget	\$ 66,680,000	\$ 64,334,000

¹ Type 1 capital is routine capital work for projects totaling less than \$1 million and is primarily 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

EUGENE WATER & ELECTRIC BOARD
WATER UTILITY OPERATIONS & MAINTENANCE BUDGET AND REVENUE REQUIREMENTS
2021 PROPOSED BUDGET COMPARED WITH 2020 ADOPTED BUDGET AND 2019 ACTUAL

	2021 Proposed Budget		2020 Adopted Budget		2019 Actual	
	Gal (000)	Revenue and Expense	Gal (000)	Revenue and Expense	Gal (000)	Revenue and Expense
Residential	3,610,000	\$ 19,443,000	3,800,000	\$ 19,813,000	3,810,000	\$ 19,492,000
Commercial	3,135,000	13,324,000	3,300,000	13,800,000	3,487,000	14,768,000
Sales for Resale and Other	670,000	2,962,000	700,000	3,023,000	687,000	3,833,000
Operating revenues	<u>7,415,000</u>	<u>35,729,000</u>	<u>7,800,000</u>	<u>36,636,000</u>	<u>7,984,000</u>	<u>38,093,000</u>
Other revenue		1,355,000		1,358,000		381,000
Interest income		53,000		556,000		1,105,000
Non-operating revenues		<u>1,408,000</u>		<u>1,914,000</u>		<u>1,486,000</u>
Total revenues		<u>37,137,000</u>		<u>38,550,000</u>		<u>39,579,000</u>
Production		6,817,000		6,726,000		6,796,000
Transmission & distribution		6,637,000		7,451,000		5,840,000
Customer accounting		2,053,000		1,791,000		1,780,000
Conservation		565,000		618,000		492,000
Administrative & general		4,486,000		4,379,000		4,491,000
Operating expenses		<u>20,558,000</u>		<u>20,965,000</u>		<u>19,399,000</u>
Change in balance sheet accounts/ other expenses		<u>(322,000)</u>		<u>(289,000)</u>		<u>8,177,000</u> ²
Non-operating expenses		<u>(322,000)</u>		<u>(289,000)</u>		<u>8,177,000</u>
Total operations and maintenance expenses		<u>20,236,000</u>		<u>20,676,000</u>		<u>27,576,000</u>
Rate funded capital		12,667,000		15,000,000		
Rate funded debt service		2,450,000		1,987,000		
Total rate funded capital related expenses		<u>15,117,000</u>		<u>16,987,000</u>		
Total rate funded expenses		<u>35,353,000</u>		<u>37,663,000</u>		
Revenues over expenses		<u>1,784,000</u>		<u>887,000</u>		
Deposit to Working Cash/Reserves		1,784,000 ¹		887,000		
Net change in reserves		<u>\$ 1,784,000</u>		<u>\$ 887,000</u>		
Change in Net Position						<u>\$ 12,003,000</u> ³

¹ Board allocates working cash above target to specific reserve funds after annual audit

² Includes depreciation, other revenue deductions, interest and amortization expense, contribution in aid, and contributed plant assets

³ Actual results are not directly comparable to budget due to a difference in accounting treatment

Dollars rounded to nearest thousand

EUGENE WATER & ELECTRIC BOARD
WATER UTILITY CAPITAL AND DEBT SERVICE BUDGET
2021 PROPOSED BUDGET COMPARED WITH 2020 ADOPTED BUDGET

	2021 Proposed Budget	2020 Adopted Budget
Funding Source by Type		
<u>Source of Funds</u>		
Retail Revenue	\$ 12,667,000	\$ 15,000,000
Meter Reserve	-	1,250,000
Draw on AWS Reserve	412,000	412,000
Bond Proceeds	6,443,000	-
Customer Contributions in Aid	1,143,000	1,143,000
System Development Charges, Improvements	455,000	216,000
Total Source of Funds	21,120,000	18,021,000
Expenditures by Type		
<u>Type 1 - General Capital ¹</u>		
Source - Water Intakes & Filtration Plant	463,000	282,000
Distribution & Pipe Services	5,769,000	5,769,000
Distribution Facilities	1,401,000	1,195,000
Information Technology	690,000	180,000
Buildings, Land & Fleet	810,000	577,000
Total Type 1	9,133,000	8,003,000
<u>Type 2- Rehabilitation & Expansion Projects ²</u>		
Source - Water Intakes & Filtration Plant	100,000	2,060,000
Distribution	7,416,000	3,090,000
Water Meters	3,200,000	3,600,000
Information Technology	859,000	856,000
Total Type 2	11,575,000	9,606,000
<u>Type 3- Strategic Projects & Programs ³</u>		
Emergency Water Supply	412,000	412,000
Total Type 3	412,000	412,000
Total Water Capital Budget	21,120,000	18,021,000
Rate Funded Debt Service	2,450,000	1,987,000
SDC Reimbursement Funded Debt Service	3,000,000	3,000,000
Total Water Capital and Debt Service Budget	\$ 26,570,000	\$ 23,008,000

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 nearest thousand

ATTACHMENT 2

DEPARTMENT OPERATIONS & MAINTENANCE

2021 BUDGET COMPARED TO PRIOR YEARS



DID YOU KNOW?

In March 2020, Fitch Ratings awarded EWEB's Electric System an "AA-" credit rating, and Moody's Investor Service followed with an "AA2" credit rating for the Water System. These strong ratings help to reduce borrowing costs when EWEB issues future bonds for capital investments over the next decade.

Eugene Water & Electric Board – Department Operations & Maintenance Budget: 2021 Summary

	2021 Proposed Budget Dollars	2020 Adopted Budget Dollars	2019 Actual Dollars
Customer Service	\$11,562,000	\$11,254,000	\$9,662,000
Electric	21,568,000	21,157,000	23,921,000
Energy	149,146,000	156,299,000	183,126,000
Finance	14,233,000	13,221,000	11,650,000
General Manager	791,000	1,074,000	925,000
Human Resources	2,634,000	2,834,000	2,396,000
Information Services	11,744,000	11,116,000	11,739,000
Support Services	13,679,000	13,073,000	12,529,000
Water	13,191,000	14,201,000	12,903,000
Total Operations and Maintenance Budget¹	\$238,548,000	\$244,229,000	\$268,851,000

¹ 2021 Wages & Benefits are based on total organizational budgeted FTE (Full Time Equivalent) headcount of 502, which is slightly below the prior year budget.

Customer Service Operations & Maintenance Budget

	2021 Proposed Budget Dollars	2020 Adopted Budget Dollars	2019 Actual Dollars
Wages / Benefits	\$5,766,000	\$5,344,000	\$4,936,000
<u>Purchases</u>			
Stores Materials and Supplies	6,000	6,000	5,000
EWEB Equipment	31,000	32,000	31,000
Maintenance and Repairs	1,000	1,000	-
Materials and Supplies	26,000	29,000	21,000
Technology / Office Equipment	22,000	13,000	11,000
Total Purchases	\$86,000	\$81,000	\$68,000
<u>Services</u>			
Contract Labor	15,000	20,000	-
Conservation Measures and Incentives	2,623,000 ¹	2,653,000	2,302,000
Electrification Incentive	500,000	500,000	132,000
Miscellaneous Services	43,000	46,000	42,000
Professional and Technical Services	402,000	447,000	283,000
Software/Hardware Maintenance and Services	1,000	1,000	4,000
Printing and Postage	56,000	57,000	39,000
Fees and Licenses	4,000	5,000	1,000
Training and Travel	55,000	120,000	87,000
Grants	811,000	780,000	675,000
Limited Income Services	1,200,000	1,200,000	1,093,000
Total Services	\$5,710,000	\$5,829,000	\$4,658,000
Total	\$11,562,000	\$11,254,000	\$9,662,000

¹ Conservation incentives based on eligibility for reimbursement by BPA

Electric Operations & Maintenance Budget

	2021 Proposed Dollars	2020 Adopted Budget Dollars	2019 Actual Dollars
Wages / Benefits	\$13,912,000	\$13,896,000	\$14,473,000
<u>Purchases</u>			
Stores Materials and Supplies	652,000	432,000	870,000 ¹
EWEB Equipment	1,382,000	1,269,000	1,421,000
Maintenance and Repairs	28,000	22,000	24,000
Equipment	5,000	10,000	5,000
Vehicle Fuel and Oil	5,000	8,000	4,000
Materials and Supplies	336,000	351,000	402,000
Technology / Office Equipment	15,000	14,000	13,000
Total Purchases	\$2,423,000	\$2,106,000	\$2,739,000
<u>Services</u>			
Contract Labor	110,000	152,000	132,000
Construction Agreements	4,016,000 ²	3,609,000	4,677,000
Miscellaneous Services	97,000 ³	137,000 ³	422,000
Professional and Technical Services	397,000 ⁴	229,000	365,000
Software/Hardware Maintenance and Services	78,000	96,000 ⁵	200,000
Property Rent	5,000	25,000 ⁶	124,000
Fees and Licenses	374,000	471,000	483,000
Training and Travel	155,000	431,000	301,000
Grants	1,000	5,000	5,000
Total Services	\$5,233,000	\$5,155,000	\$6,709,000
Total	21,568,000	21,157,000	23,921,000

¹ 2019 actuals higher due to storm event

² 2019 actuals higher due to storm event. 2021 Budget includes increase for vegetation management and National Electric Safety Code & Public Utility Commission Compliance

³ 2019 actuals higher due to storm event. 2020 budgets were reallocated to Support Services Division

⁴ BPA transmission Operator Provider Service, preventative maintenance and asset management

⁵ Decrease due to re-organization and reallocation of budget to Support Services Division

⁶ Budget reallocated to Support Services Division

Energy Operations & Maintenance Budget

	2021 Proposed Budget Dollars	2020 Adopted Budget Dollars	2019 Actual Dollars
Wages / Benefits	\$7,737,000	\$8,037,000	\$7,476,000
Purchases			
Stores Materials and Supplies	27,000	33,000	24,000
EWEB Equipment	488,000	503,000	530,000
Maintenance and Repairs	63,000	74,000	119,000 ¹
Equipment	30,000	24,000	15,000
Energy	120,864,000	127,472,000	154,126,000 ²
Water	4,000	1,000	-
Fuels	1,638,000	1,490,000	1,365,000
Vehicle Fuel and Oil	3,000	5,000	-
Materials and Supplies	221,000	204,000	224,000
Technology / Office Equipment	7,000	5,000	3,000
Total Purchases	\$123,345,000	\$129,811,000	\$156,406,000
Services			
Contract Labor	48,000	44,000	23,000
Wheeling	11,937,000	12,036,000	13,108,000
Construction Agreements	2,726,000	3,114,000	2,612,000
Miscellaneous Services	550,000	465,000	423,000
Professional and Technical Services	1,281,000	1,080,000	1,108,000
Software/Hardware Maintenance and Services	710,000	695,000	630,000
Property Rent	20,000	-	63,000 ³
Legal Services	230,000	260,000	469,000 ⁴
Fees and Licenses	466,000	544,000	630,000 ⁵
Training and Travel	96,000	213,000	178,000
Total Services	\$18,064,000	\$18,451,000	\$19,244,000
Total	\$149,146,000	\$156,299,000	\$183,126,000

¹ Unplanned repair on emergency generator equipment

² Actual purchased power cost not directly comparable to budget due to a change in accounting treatment; additionally, prices fluctuate due to resource availability wholesale market prices

³ Jointly-owned generation resource sold June 2019

⁴ Legal costs associated with Leaburg Rollgate litigation

⁵ One-time increase due to new Carmen-Smith license issuance

Finance Operations & Maintenance Budget

	2021 Proposed Budget Dollars	2020 Adopted Budget Dollars	2019 Actual Dollars
Wages / Benefits	\$8,776,000	\$9,472,000	\$8,161,000
<u>Purchases</u>			
Stores Materials and Supplies	24,000	12,000	16,000
EWEB Equipment	191,000	223,000	207,000
Maintenance and Repairs	5,000	5,000	-
Materials and Supplies	46,000	41,000	40,000
Technology / Office Equipment	23,000	30,000	5,000
Total Purchases	\$289,000	\$311,000	\$268,000
<u>Services</u>			
Contract Labor	310,000	343,000 ¹	110,000
Miscellaneous Services	120,000	97,000	336,000 ²
Professional and Technical Services	1,246,000	1,216,000	1,225,000
Property Rent	31,000	22,000	16,000
Legal Services	234,000	234,000	190,000
Printing and Postage	8,000	5,000	6,000
Fees and Licenses	70,000	64,000	65,000
Insurance	1,112,000 ³	840,000	808,000
Training and Travel	58,000	156,000	104,000
Uncollectable Accounts	1,980,000 ⁴	460,000	361,000
Total Services	\$5,169,000	\$3,437,000	\$3,221,000
Total	\$14,234,000	\$13,220,000	\$11,650,000

¹ Increase in Contract Labor required for meter deployment

² Insurance claim settlement

³ Increase in the insurance premiums

⁴ Increase in uncollectable allowance due to the economic impact from COVID-19

General Manager Operations & Maintenance Budget

	2021 Proposed Budget Dollars	2020 Adopted Budget Dollars	2019 Actual Dollars
Wages / Benefits	\$689,000	\$912,000	\$826,000
<u>Purchases</u>			
Materials and Supplies	11,000	20,000	4,000
Technology / Office Equipment	1,000	1,000	1,000
Total Purchases	\$12,000	\$21,000	\$5,000
<u>Services</u>			
Miscellaneous Services	34,000	36,000	41,000
Professional and Technical Services	9,000	19,000	7,000
Legal Services	10,000	10,000	2,000
Printing and Postage	2,000	3,000	2,000
Training and Travel	25,000	53,000	40,000
Grants	10,000	20,000	2,000
Total Services	\$90,000	\$141,000	\$94,000
Total	\$791,000	\$1,074,000	\$925,000

Human Resources Operations & Maintenance Budget

	2021 Proposed Budget Dollars	2020 Adopted Budget Dollars	2019 Actual Dollars
Wages / Benefits	\$1,960,000	\$2,051,000	\$1,759,000
<u>Purchases</u>			
EWEB Equipment	10,000	11,000	7,000
Equipment	-	2,000	3,000
Materials and Supplies	71,000	74,000	74,000
Technology / Office Equipment	6,000	19,000	5,000
Total Purchases	\$87,000	\$106,000	\$89,000
<u>Services</u>			
Contract Labor	-	10,000	5,000
Construction Agreements	7,000	6,000	8,000
Miscellaneous Services	45,000	57,000	76,000
Professional and Technical Services	300,000	299,000	229,000
Software/Hardware Maintenance and Services	25,000	50,000	37,000
Legal Services	130,000	100,000	133,000
Printing and Postage	5,000	5,000	4,000
Training and Travel	75,000	150,000	56,000
Total Services	\$587,000	\$677,000	\$548,000
Total	\$2,634,000	\$2,834,000	\$2,396,000

Information Services Operations & Maintenance Budget

	2021 Proposed Budget Dollars	2020 Adopted Budget Dollars	2019 Actual Dollars
Wages / Benefits	\$5,794,000	\$6,617,000	\$6,818,000
<u>Purchases</u>			
Stores Materials and Supplies	- ¹	200,000	256,000
Materials and Supplies	5,000	3,000	9,000
Technology / Office Equipment	1,520,000 ²	351,000	102,000
Total Purchases	\$1,525,000	\$554,000	\$367,000
<u>Services</u>			
Contract Labor	-	213,000 ³	32,000
Miscellaneous Services	262,000	173,000	206,000
Professional and Technical Services	527,000	361,000	703,000 ⁴
Software/Hardware Maintenance and Services	3,254,000	2,668,000	3,235,000
Printing and Postage	304,000	300,000	287,000
Fees and Licenses	10,000	75,000	4,000
Training and Travel	68,000	155,000	87,000
Total Services	\$4,425,000	\$3,945,000	\$4,554,000
Total	\$11,744,000	\$11,116,000	\$11,739,000

¹ Budget reallocated to Technology / Office Equipment expenses

² Increase in software as a services (SaaS) contracts including security and CEI initiative

³ Implementation of Customer Experience Improvement (CEI) program. Included in Professional & Technical Services expenses for 2021 budget

⁴ Consultation services for CEI and other software implementation

Support Services Operations & Maintenance Budget

	2021 Proposed Budget Dollars	2020 Adopted Budget Dollars	2019 Actual Dollars
Wages / Benefits	\$7,993,000	\$7,178,000	\$6,170,000
<u>Purchases</u>			
Stores Materials and Supplies	71,000	68,000	48,000
EWEB Equipment	1,176,000	1,044,000	1,097,000
Maintenance and Repairs	50,000	45,000	42,000
Equipment	-	-	2,000
Energy	587,000	605,000	492,000
Water	195,000	172,000	154,000
Fuels	105,000	100,000	99,000
Vehicle Fuel and Oil	481,000	495,000	494,000
Materials and Supplies	366,000	348,000	334,000
Technology / Office Equipment	89,000	96,000	18,000
Total Purchases	\$3,120,000	\$2,973,000	\$2,780,000
<u>Services</u>			
Contract Labor	32,000	45,000	104,000
Construction Agreements	1,221,000	1,234,000	2,321,000 ¹
Miscellaneous Services	251,000	245,000 ²	51,000
Professional and Technical Services	605,000	710,000	743,000
Software/Hardware Maintenance and Services	163,000 ³	89,000	57,000
Property Rent	119,000	120,000 ⁴	14,000
Legal Services	75,000	70,000	95,000
Fees and Licenses	32,000	215,000 ⁵	119,000
Training and Travel	68,000	194,000	75,000
Total Services	\$2,566,000	\$2,922,000	\$3,579,000
Total	\$13,679,000	\$13,073,000	\$12,529,000

¹ Completed Manufactured Gas Plant (MGP) remediation work

² 2020 budgets were reallocated from Electric Division for telecom expenses

³ Anticipated fleet software upgrades

⁴ Budget reallocated from Electric Division

⁵ Lane Radio Interoperability Group (LRIG) one-time fee

Water Operations & Maintenance Budget

	2021 Proposed Budget Dollars	2020 Adopted Budget Dollars	2019 Actual Dollars
Wages / Benefits	\$7,698,000	\$8,629,000	\$7,976,000
<u>Purchases</u>			
Stores Materials and Supplies	303,000	342,000	277,000
EWEB Equipment	977,000	1,066,000	947,000
Maintenance and Repairs	30,000	42,000	27,000
Equipment	37,000	67,000	40,000
Energy	1,092,000	1,092,000	1,029,000
Water	25,000	25,000	29,000
Fuels	1,000	1,000	2,000
Materials and Supplies	693,000	673,000	773,000
Technology / Office Equipment	53,000	24,000	26,000
Total Purchases	\$3,211,000	\$3,332,000	\$3,150,000
<u>Services</u>			
Contract Labor	51,000	52,000	56,000
Conservation Measures and Incentives	50,000	50,000	13,000
Construction Agreements	743,000	628,000	582,000
Miscellaneous Services	136,000	146,000	125,000
Professional and Technical Services	994,000	976,000	733,000
Software/Hardware Maintenance and Services	94,000	149,000	48,000
Printing and Postage	15,000	14,000	14,000
Fees and Licenses	124,000	78,000	127,000
Training and Travel	45,000	120,000	58,000
Grants	30,000	27,000	21,000
Total Services	\$2,282,000	\$2,240,000	\$1,777,000
Total	\$13,191,000	\$14,201,000	\$12,903,000



DID YOU KNOW?

More than 1,600 people joined EWEB's Pledge to Prepare in 2019, and the Utility is looking forward to helping even more customer-owners assemble emergency kits by re-launching the popular program this year.

ATTACHMENT 3

LABOR & EMPLOYEE BENEFIT COSTS



DID YOU KNOW?

Last year EWEB was selected as Oregon's Healthiest Employer according to the Portland Business Journal. On top of that, EWEB ranked fourth nationally in the America's Top 100 Healthiest Employers Awards Program!

EUGENE WATER & ELECTRIC BOARD
LABOR AND EMPLOYEE BENEFITS
2021 PROPOSED BUDGET COMPARED WITH 2020 ADOPTED BUDGET AND 2019 ACTUAL

	2021 Proposed Budget		2020 Adopted Budget		2019 Actual	
	Budget	% of Total wages	Budget	% of Total wages	Actual	% of Total wages
Wages & benefits						
Regular Wages	\$45,755,000	98.0%	\$44,847,000	96.8%	\$39,878,000	88.4%
Premium Wages	921,000	2.0%	1,479,000	3.2%	5,239,000	11.6%
Total wages	<u>46,676,000</u>	<u>100.0%</u>	<u>46,326,000</u>	<u>100.0%</u>	<u>45,117,000</u>	<u>100.0%</u>
Public employees retirement fund	10,784,000	23.1%	10,032,000	21.7%	11,821,000	26.2%
Other benefits - employer contribution ¹	3,984,000	8.5%	4,082,000	8.8%	3,420,000	7.6%
Health insurance ²	10,753,000	23.0%	10,399,000	22.4%	8,127,000	18.0%
Post-retirement medical ³	502,000	1.1%	1,300,000	2.8%	1,233,000	2.7%
Long-term disability	285,000	0.6%	282,000	0.6%	249,000	0.6%
Life insurance	345,000	0.7%	346,000	0.7%	327,000	0.7%
Total benefits	<u>26,653,000</u>	<u>57.0%</u>	<u>26,441,000</u>	<u>57.0%</u>	<u>25,177,000</u>	<u>55.8%</u>
Total wages & benefits	<u>\$73,329,000</u>		<u>\$72,767,000</u>		<u>\$70,294,000</u>	

¹ Includes Social Security/Medicare tax, Unemployment Insurance, Workers' Compensation Insurance

² Includes Voluntary Employees' Beneficiary Association (VEBA) expense

³ Actuarially determined

ATTACHMENT 4

RESERVE INFORMATION



DID YOU KNOW?

EWEB has four fully operational emergency water sites strategically located across Eugene. EWEB then works with community partners to train volunteers to set up and operate the emergency water stations so that our crews can focus on other emergency tasks. Two additional sites are under construction, as well.

**EUGENE WATER & ELECTRIC BOARD ELECTRIC and WATER UTILITY PROJECTED RESERVES, DESIGNATED,
UNRESTRICTED AND RESTRICTED FUNDS
(\$000s omitted)**

	Electric System			Water System		
	Target	12/31/20 Projected ¹	12/31/21 Projected ¹	Target	12/31/20 Projected ¹	12/31/21 Projected ¹
Reserves						
Operating and Self-Insurance	\$ 5,720	\$ 5,900	\$ 5,900	\$ 1,300	\$ 1,300	\$ 1,300
Power Operating	17,000	17,000	17,000			
Capital Improvement	22,000	24,900 ²	22,000 ²	7,000	11,200	11,200
Meter Reserve			1,000			
Total Reserves	44,720	47,800	45,900	8,300	12,500	12,500
Board Designated Funds³						
Rate Stabilization Fund	5,000	24,500	24,500	1,000	1,000	1,000
Water Stewardship Fund - Septic Repairs					100	100
Alternative Water Supply					5,400	5,100
Pension and Medical Funds		1,000	1,000		400	400
Total Designated Funds	5,000	25,500	25,500	1,000	6,900	6,600
Working Cash ⁴	36,000	37,000	39,600	3,400	19,400	21,200
Total Working Cash and Unrestricted Funds	\$ 85,720	\$ 110,300	\$ 111,000	\$ 12,700	\$ 38,800	\$ 40,300
Legally Restricted						
Bond Funds – Capital		\$ 56,200	\$ 28,800		\$ 12,500	\$ 6,100
Harvest Wind Reserve		2,000	600			
System Development Charge Reserves ⁵					6,000	3,400
Reserves for Debt Service		6,700	5,800		1,500	1,500
Customer Care/Customer Deposit		1,100	500		-	-
Total Restricted Funds		\$ 66,000	\$ 35,700		\$ 20,000	\$ 11,000

After completion of the annual audit, the Board of Commissioners reviews cash balances and may make transfers between funds

¹ Projections as of October 31, 2020

² 12/31/2020 projections includes funds for approved capital projects that will be continued in 2021

³ Designated funds are used for one-time expenses

⁴ 2020 changes to unrestricted reserves are included in working cash and expected release of Harvest Wind Reserves and Reserves for Debt Service. The Board will approve transfer of funds in the second quarter of 2021.

⁵ SDC Reimbursement Reserve is funding \$3 million of debt service payments in 2021

ATTACHMENT 5

BUDGETED FINANCIAL RATIOS & STATISTICS



DID YOU KNOW?

Last year EWEB completed construction of the Downtown Fiber Network. The project connects 82 buildings in the core of downtown Eugene with high-speed fiber optic cables that are over 15.5 miles in length!

EUGENE WATER & ELECTRIC BOARD
BUDGETED FINANCIAL RATIOS
 December 31, 2021

	Electric Utility	Water Utility
Financial Ratios		
Debt Service Coverage Ratio ¹	2.01	4.39
Days Cash ²	200	781
Target		
Debt Service Coverage Ratio	1.75 to 2.00	2.00 to 2.50
Days Cash	> 150 days	> 150 days

NOTE: A higher number for Debt Service Coverage Ratio and Days Cash reflects a stronger financial position.

¹ Ratio of net revenues available for debt service to total long-term debt service costs for the year. This ratio measures the utility's ability to meet its annual long-term debt obligation

² Ratio of total available cash to adjusted average daily cash requirements for operating and other non-capital expenses. This measures the length of time the utility can carry projected non-capital related operations with readily available cash. Calculations include rate stabilization funds. In 2021, Management will be recommending options for the Board to consider for reserves above Board target



EWEB