



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Schlossberg, Brown, Carlson, Barofsky, and McRae  
FROM: Deborah Hart, Chief Financial Officer; Adam Rue, Fiscal Services Supervisor;  
and Alicia Voorhees and Ben Sachdeva, Senior Financial Analysts  
DATE: October 22, 2021  
SUBJECT: 2022 Proposed Budgets and Prices  
OBJECTIVE: Direction on 2022 Budget and Price Proposals

---

## **Issue**

November 2, 2021 is the first of two public hearings on the 2022 proposed Electric and Water Utility budgets and price proposals, which are scheduled for approval after the public hearing on December 7, 2021. Based on Board direction, final proposed budgets and prices will be prepared for the December meeting. The Board is required by statute to approve the Utility budgets for both utilities prior to January 1.

## **Background**

In recent years, actions have been taken that have improved both the Water and Electric Utilities' financial resiliency. Those efforts allowed EWEB to continue to provide safe and reliable utility services even with overall cost pressure, as general CPI increased approximately 11% and the utility faced significant challenges. The current budget includes an increased revenue requirement for both utilities and the 10-year financial plan includes additional increases in subsequent years as the utility enters a period of significant infrastructure investment and replacement. EWEB will continue to manage costs and the related revenue requirement increases by benchmarking its revenue requirement projections against anticipated inflation.

After the Board provided direction to prepare price proposals based on the assumptions presented in October, staff completed a three-year Cost of Service Analysis (COSA) for each Utility to develop the specific rates within customer classes. EWEB annually prepares organizational budgets and uses this information for each Utility's COSA. The multi-year COSA is intended to incorporate gradualism into specific recommendations to provide customer cost-based price signals while mitigating any single year impacts.

The COSA provides the guidance on the majority of retail rates but there are several market-based prices that are updated annually and are included in the proposal.

## **Discussion**

### Budgets

Proposed budgets were developed in alignment with EWEB's strategic priorities and total \$389.0 million for the Water and Electric Utilities. Some of the high priority capital projects include

resiliency work, reliability enhancements, advanced metering, and other modernization upgrades, as well as continued Carmen-Smith project implementation. For 2022, the Water Utility has budgeted continued pump station and reservoir work, transmission & distribution upgrades, and the ongoing deployment of advanced meter infrastructure.

The total proposed budgets are \$57.8 million higher (17.5%) than 2021. The increase is due to the following net changes:

- Higher purchased power costs for Electric O&M by \$20.8 million due to higher budget volumes and market prices, which impacted both purchased power and wholesale revenue
- Higher Water and Electric O&M of \$6.3 million and \$17.6 million, respectively, primarily for technology upgrades and watershed protection efforts for the water utility and resource and infrastructure operations and maintenance for the electric utility
- Higher Water and Electric capital investment by \$8.0 million and \$3.7 million, respectively

At the October 5, 2021, Board meeting, staff presented 2022 draft budgets and updated long-term financial plans that were developed using several assumptions. The primary assumptions for creating the proposed 2022 Budgets can be viewed in Attachment 1. These are the same assumptions that were presented in October, and Management believes they balance financial responsibility, operational resiliency, and affordability.

#### Pricing Changes

After the sixth year out of the last seven that Electric prices have not increased, and fifth consecutive year Water prices have not increased, both utilities require price increases to meet the revenue requirement. During the period EWEB was able to avoid increasing prices to customers there were shifts in the costs of service. The cost of service was produced annually and these impacts among the different classes were generally within a 5% threshold and therefore adjustments were not recommended. However, the current proposal seeks to better align pricing with the cost of service. The overall increases in the revenue requirement correspond to varying impacts to the respective customer classes. The following assumptions informed the COSA based price proposals:

- Overall increase in the revenue requirement; 3.25% for the Electric Utility and 4% for the Water Utility
- Water and Electric prices by customer class informed by COSA results
- Incorporating gradualism by smoothing rate impacts over the next three years

In addition to deriving costs for its COSA, EWEB also uses forward wholesale power market prices as the basis for various retail prices. Market based prices include the following rate schedules:

- Partial Requirements Service Pricing
- Business Growth and Retention
- Customer Generation Rates

Management proposes annual updates to these market-based prices for approval in 2022. Market prices can be highly volatile and therefore annual updates allow EWEB to better manage risks associated with wholesale power markets as well as provide customers with effective price signals for these market-based prices. Forward market prices have increased since the last time these prices were updated.

The annual COSA analysis is also used to derive specific contracted rate updates for retail power supply contracts. Therefore, the COSA results as presented will be used to determine these contracted power supply rates. EWEB will update contract customers per individual contract terms, as necessary.

Finally, Management is proposing to implement these changes in the pricing based on 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.

The completion of the three-year cycle will position EWEB for development of new products and services, such as time of use prices in the subsequent three-year cycle. Fully implementing the COSA provides the right prices to facilitate customer choice and position EWEB to be financially indifferent to customer choices.

EWEB assesses how much of customer's median household income (MHI) is spent on utility bills in order to measure affordability. This indicator has improved over the last three years as bills have remained flat while incomes have increased. The MHI results are included in Attachment 2. Attachment 3 compares EWEB's average single-family residential bill with other utilities in the Northwest. EWEB's comparative position is the same as presented in July.

### **Recommendation**

Management recommends that the Board direct staff to:

- 1) Propose 2022 budgets using the assumptions set forth in this document
- 2) Propose update to the Customer Service Policy, Appendix B to modify Water and Electric Retail pricing for 2022 based on multi-year COSA results
- 3) Propose update to the Customer Service Policy, Appendix B to modify Customer Generation Rates, Business Growth and Retention Credit, and Partial Requirements Service Pricing for new wholesale market price forecast

### **Requested Board Action**

Management is not requesting Board action at the November 2 meeting; however, Management is requesting that the Board provide clear direction on the recommendations. At the December 7th Board meeting, after the public hearing, Management will recommend approval of the proposed 2021 Budgets and pricing updates for the Electric and Water Utilities.

Attachment 1 – 2022 Key Budget Assumptions

Attachment 2 – Median Household Income (MHI) %

Attachment 3 – Average Bill Comparison

## 2022 Key Budget Assumptions

### Both Utilities

- 2.0% non-labor CPI increase
- Labor/benefit changes – fully loaded costs are indexed to a combination of inflation factors and expected labor market comparators and benefits costs escalations.

### Electric

- Overall, 3.25% increase in pricing (differs by customer classes)
- Retail load – 2.3 million MWh, roughly 2% higher than 2021, but still 4% below 2020 levels due the loss of a major customer and economic downturn
- 2022 contribution margin risk tolerance of \$8 million which represents 90% generation or a 11.5% load reduction
- Assumes Leaburg outage throughout the entire year
- Wholesale revenue for surplus power based on forward sales, or \$51 melded mid-market price curve for open positions

### Water

- Overall, 4% increase in pricing (differs by customer classes)
- 7.4 million kgal consumption
  - Contribution margin risk tolerance of \$1 million and represents 95% of expected retail sales

**Background**

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

1. Monthly water and electric bill at average residential consumption
2. Annual bill at same level of use
3. Median household income (in 2019 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 a whole in addition to affordability. Setting artificially 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 for 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: 7 kgal of water, 1,050 kWh of electricity respectively. This average is annualized and compared as a percentage of MHI.

<b><u>Eugene, Oregon</u></b>	<b><u>Current Prices</u></b>
Monthly water & electric bills at overall average residential consumption (Average: water consumption 7 kgal; electric consumption 1,050 kWh)	\$154.99
Annual bill at same level of use	\$1,860
Median Household Income (MHI) in 2019 for Eugene, Oregon	\$50,962
<b>Water &amp; Electric % MHI</b>	<b>3.65%</b>
<b><u>Portland, Oregon</u></b>	<b><u>Current Prices</u></b>
Monthly water & electric bills at overall average residential consumption (Average: water consumption 7 kgal; electric consumption 1,050 kWh)	\$215.49
Annual bill at same level of use	\$2,586
Median Household Income (MHI) in 2019 for Portland, Oregon	\$71,005
<b>Water &amp; Electric % MHI</b>	<b>3.64%</b>
<b><u>Medford, Oregon</u></b>	<b><u>Current Prices</u></b>
Monthly water & electric bills at overall average residential consumption (Average: water consumption 7 kgal; electric consumption 1,050 kWh)	\$131.53
Annual bill at same level of use	\$1,578
Median Household Income (MHI) in 2019 for Medford, Oregon	\$50,116
<b>Water &amp; Electric % MHI</b>	<b>3.15%</b>
<b><u>Salem, Oregon</u></b>	<b><u>Current Prices</u></b>
Monthly water & electric bills at overall average residential consumption (Average: water consumption 7 kgal; electric consumption 1,050 kWh)	\$135.52
Annual bill at same level of use	\$1,626
Median Household Income (MHI) in 2019 for Salem, Oregon	\$55,920
<b>Water &amp; Electric % MHI</b>	<b>2.91%</b>

**Vancouver, Washington**

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

**Current Prices**

\$132.65

Annual bill at same level of use

\$1,592

Median Household Income (MHI) in 2019 for Vancouver, Washington

\$61,714

**Water & Electric % MHI****2.58%****Tacoma, Washington**

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

**Current Prices**

\$149.93

Annual bill at same level of use

\$1,799

Median Household Income (MHI) in 2019 for Tacoma, Washington

\$62,358

**Water & Electric % MHI****2.89%****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 2019 for Seattle, Washington

\$92,263

**Water & Electric % MHI****2.65%****Everett, Washington**

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

**Current Prices**

\$154.32

Annual bill at same level of use

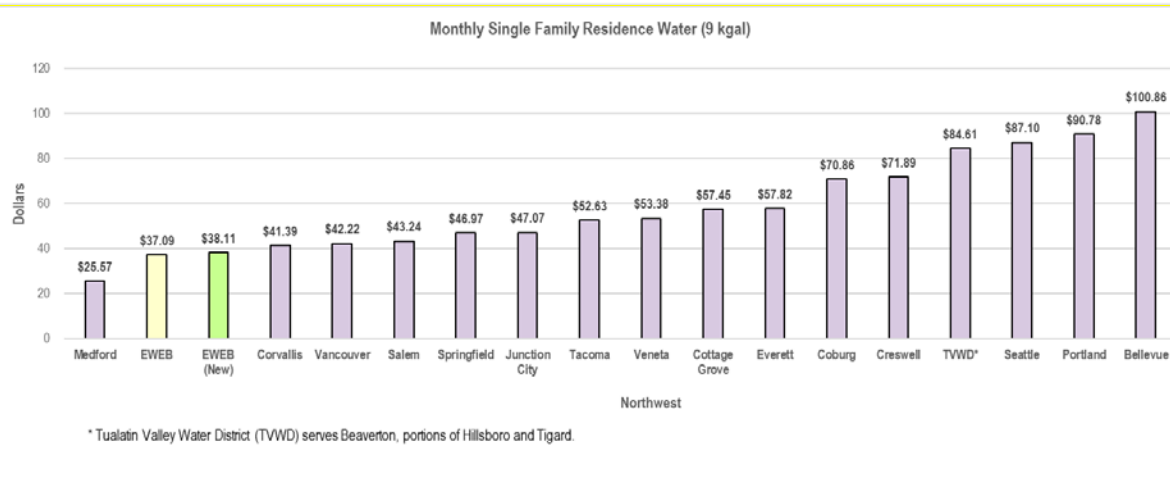
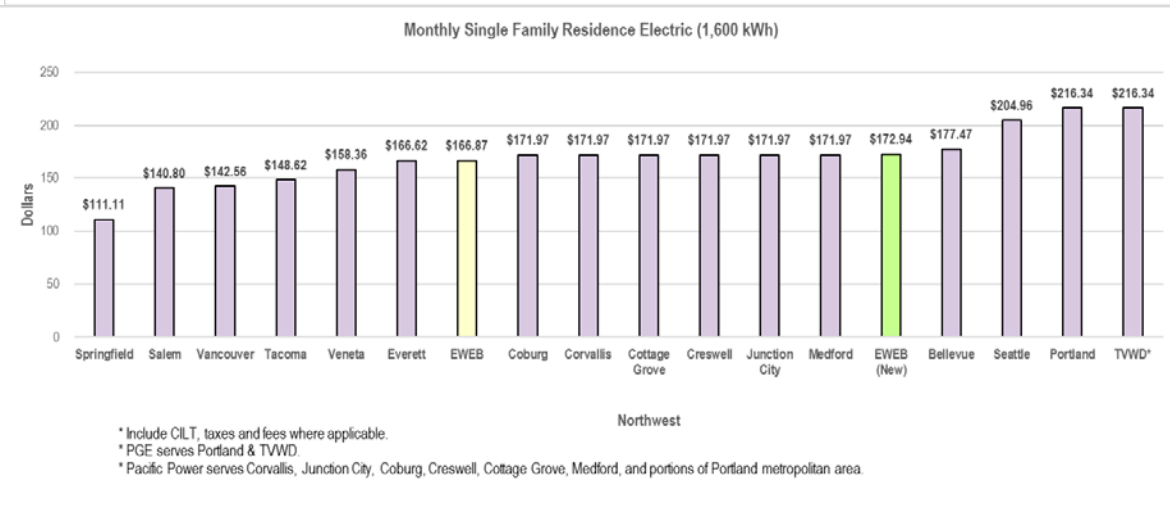
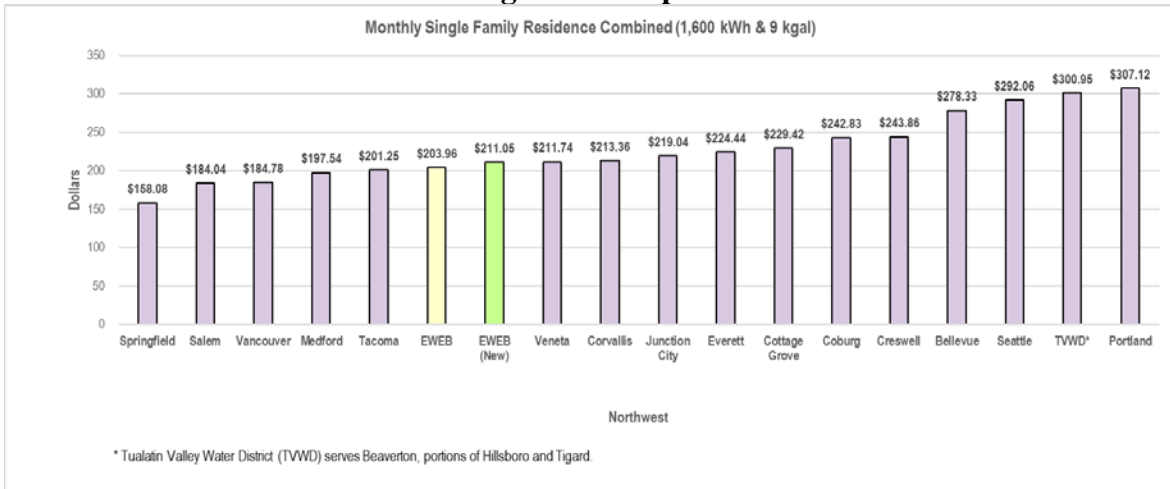
\$1,852

Median Household Income (MHI) in 2019 for Everett, Washington

\$60,759

**Water & Electric % MHI****3.05%**

### Average Bill Comparison



# EUGENE WATER & ELECTRIC BOARD

**2022**  
PROPOSED BUDGET

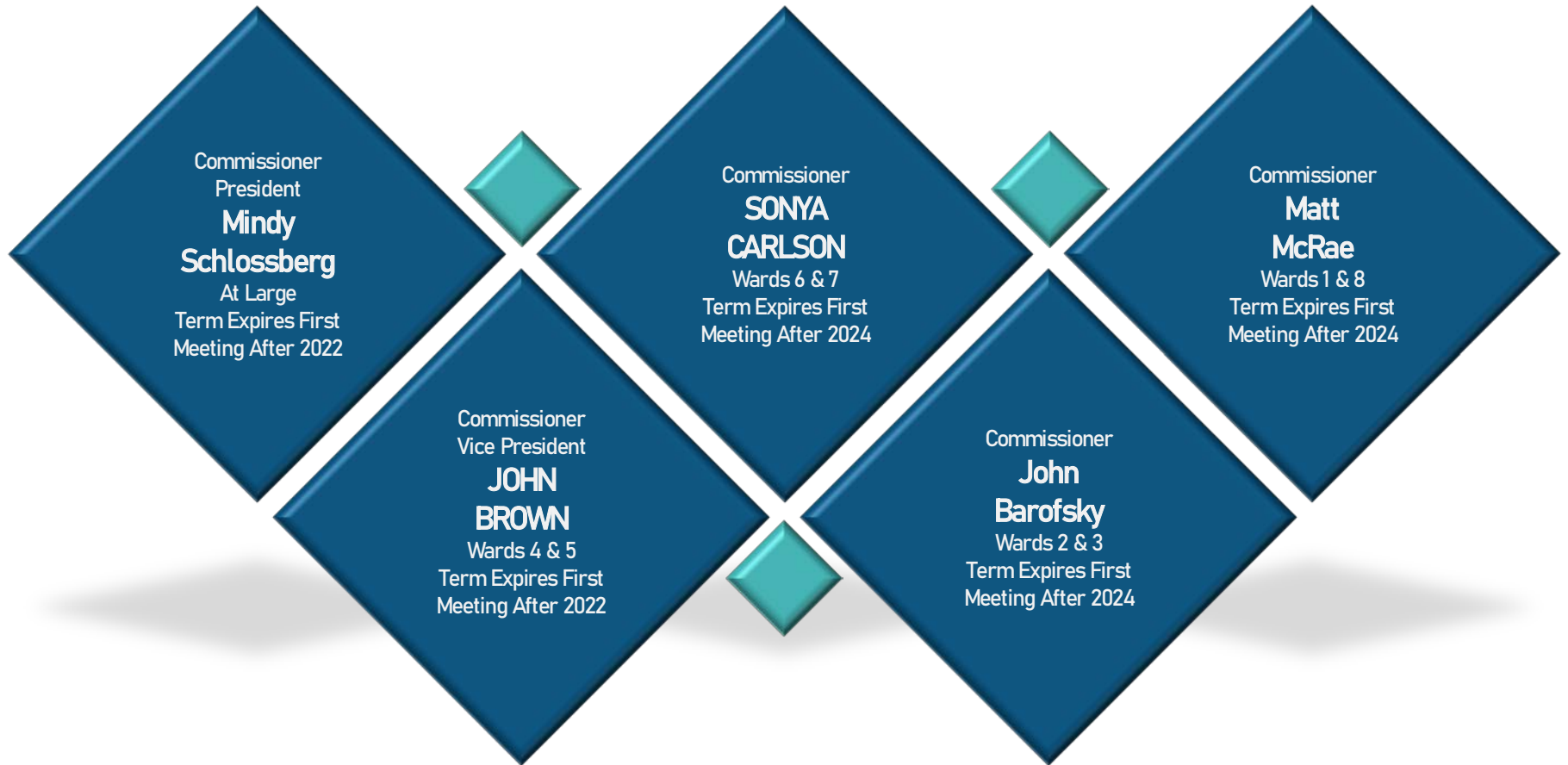




Rely on us.



# BOARD OF COMMISSIONERS



# TABLE OF CONTENTS

<b>Letter to the Board of Commissioners</b> .....	1
<b>Attachment 1</b> 2022 Proposed Budgets .....	7
<b>Attachment 2</b> Department Operations & Maintenance 2022 Budget Compared to Prior Years .....	12
<b>Attachment 3</b> Labor and Employee Benefit Costs.....	24
<b>Attachment 4</b> Reserve Information .....	26
<b>Attachment 5</b> Budgeted Financial Ratios and Statistics .....	28



# LETTER TO THE BOARD OF COMMISSIONERS

## Board of Commissioners,

The 2022 Eugene Water & Electric Board Operations & Maintenance (O&M) and Capital & Debt Service budgets, totaling \$327.9 million for the Electric Utility and \$61.1 million for the Water Utility, were submitted for your consideration and approval. The combined total for both Utilities was \$389 million which was approximately 17.5% above the 2021 budget. The increase was driven by higher purchased power costs for the Electric Utility, increased capital spending for both Water and Electric Utilities, and higher O&M expenses for both Utilities. The increased purchased power costs, which were offset by higher wholesale revenue, were due to higher budgeted trade volumes and wholesale market prices. The increased capital investment supports EWEB's strategic direction in improving resiliency and fostering customer confidence. Additionally, the capital plans support our core values of Safety, Reliability, Responsibility and Community by providing customer-owners with better service, building a more resilient community with anticipated reduced outage response times, and creating a cleaner energy future. Both Utilities had increases in the overall revenue requirement and consequently, recommended price increases. This recommendation comes after five consecutive years of no price increases for both the Electric Utility and the Water Utility.

EWEB continues to focus on fostering customer confidence and investing in utility infrastructure while maintaining sustainable spending levels at forecasted CPI levels over the next ten years.

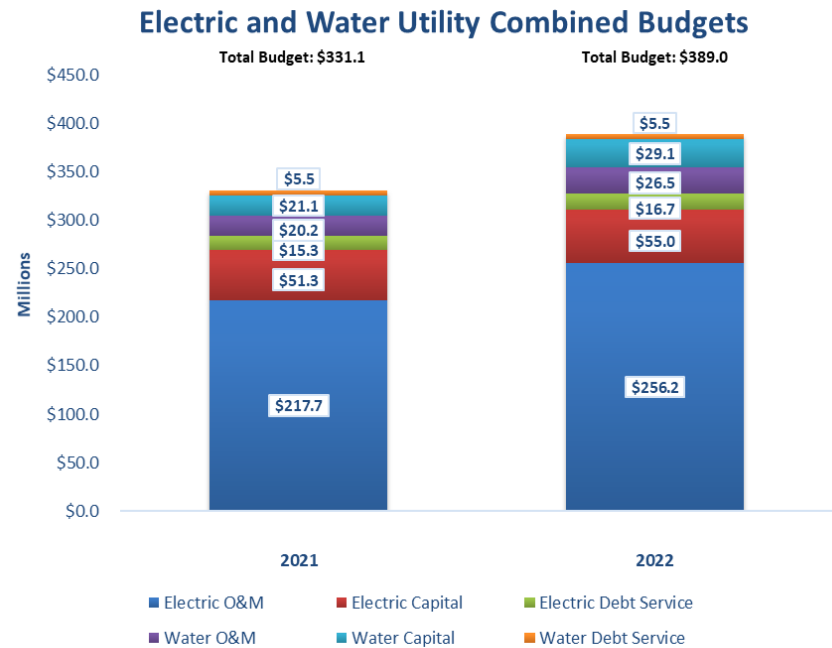
Spending in 2022 will support the Enterprise Resource Planning initiative to replace legacy information systems. Additionally, the Meter Infrastructure Replacement project will support EWEB's other strategic initiatives by providing demand-side information to assist with decisions regarding the Utility's power supply portfolio and provide organizational efficiencies and benefits to customer, such as leak detection. 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, improve resiliency, and maintain reliability. The ten-year

compounded price increase projection is 30.67% within the general CPI benchmark projections of 23.1% to 33.1%. The projections support the urgent need to replace aging power infrastructure, which was largely installed in the 1960s and 1970s, while maintaining reliability and increasing resiliency to disruptive events. The price increase growth rate trajectory will be mitigated through a combination of cost containment and strategic use of reserves to reduce ongoing O&M costs and smooth price increases over time.

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 2021 and 2022.



For the 2022 Proposed Budgets, electric retail load increased relative to 2021, and yet continued to be lower relative to 2020 budget levels. This was due to the loss of a major industrial customer and continued strained economic conditions stemming from the COVID-19 pandemic. In the future, as 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, there will likely be impacts on retail demand for electricity. EWEB will continue to monitor the impacts of these programs on peak demand and energy sales.

Though the Electric and Water Utilities' financial condition have been very different over the last few years, both utilities are well positioned to make the strategic investments and operational priorities incorporated into the Capital Improvement Plans and Long-Term Financial Plans. In recent years, 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 in 2019, including state matching funds, and payoff of transition liability in 2018
3. Reduced projected spending on Carmen-Smith

The efforts, combined with cost containment effects and organizational efficiencies, have allowed both utilities to meet customer needs without raising rates during a period in which CPI has increased by roughly 11%.

As aforementioned, the Electric Utility installed significant electric delivery infrastructure investments in the 1960s and 1970s and therefore EWEB needs to manage the replacement of these aging assets while maintaining reliability and increasing resiliency to disruptive events. The Age of System metric monitors the age of capital infrastructure and a target annual investment rate of 2.0 to 2.5 times the depreciation will improve this metric from 62% in 2020 to a projected 51% in 2031. The electric system investments will be prioritized by managing high-customer-impact assets and systems that increase resiliency to critical locations.

The Water Utility has made significant investments in the Hayden Bridge Treatment Plant over the past decade and is now prioritizing strengthening base level storage and in-town transmission infrastructure. Over the next several years EWEB will scope and construct a treatment plant on the Willamette River.

EWEB continues to be a strong community partner as evidenced by its Community Care Program, which provides approximately 10% of

annual average water and electric expenses to a minimum of 5% of the residential customer base. Additionally, EWEB provides \$450,000 annually in grants to local schools and \$250,000 annually for green power and solar programs. In 2022, EWEB will continue its program to encourage smart electrification by dedicating \$600,000 budget to incentivize conversion to low carbon, electric fuel.

## ELECTRIC UTILITY

### Overview

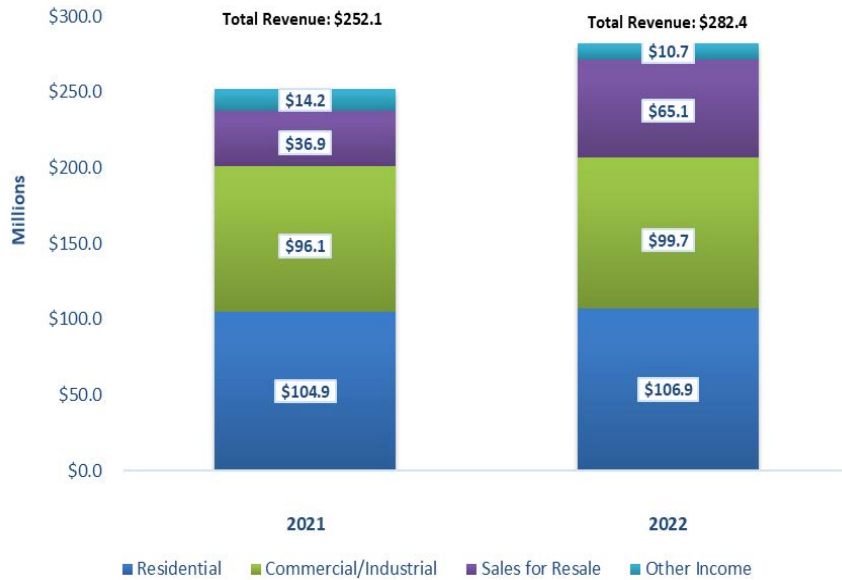
On an ongoing basis, the Electric Utility faces challenges related to retail demand (load loss), infrastructure investment and replacement needs, and volatile power markets in which it sells surplus power. Recently, the load loss from the COVID-19 pandemic, the loss of a major industrial customer, wildfires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

### Operations & Maintenance Budget

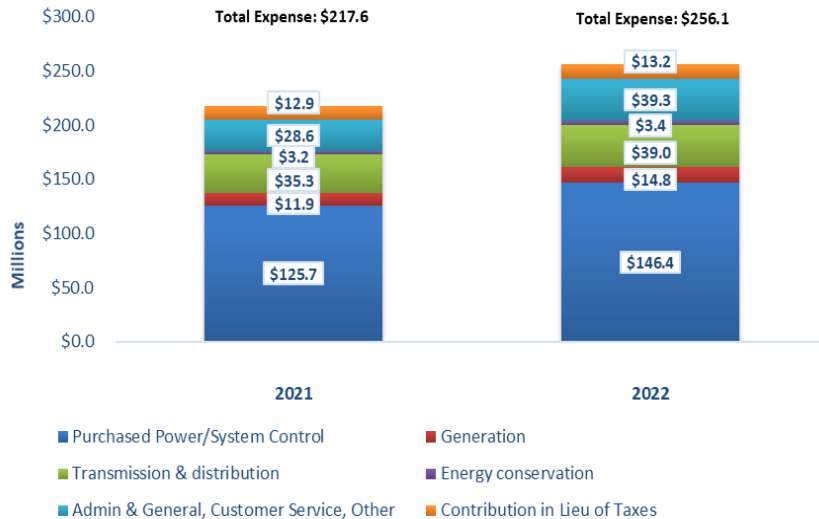
The proposed 2022 Electric O&M budget is \$256.1 million compared to the 2021 O&M budget of \$217.6 million. Purchased power increased by \$20.7 million due to higher wholesale market prices and increased budgeted volumes of wholesale activity. The budget assumes a contribution margin risk tolerance of \$8 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 11.5% 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 and budget impact. Wholesale revenue has increased by \$28.2 million between 2021 and 2022. The increase in sales for resale is due to increased wholesale market prices and budgeted volumes.

The following two charts compare the Electric 2021 and 2022 O&M revenue and expense budgets.

### Electric Utility Budgeted Revenues



### Electric Utility Budgeted Operations & Maintenance Expenses

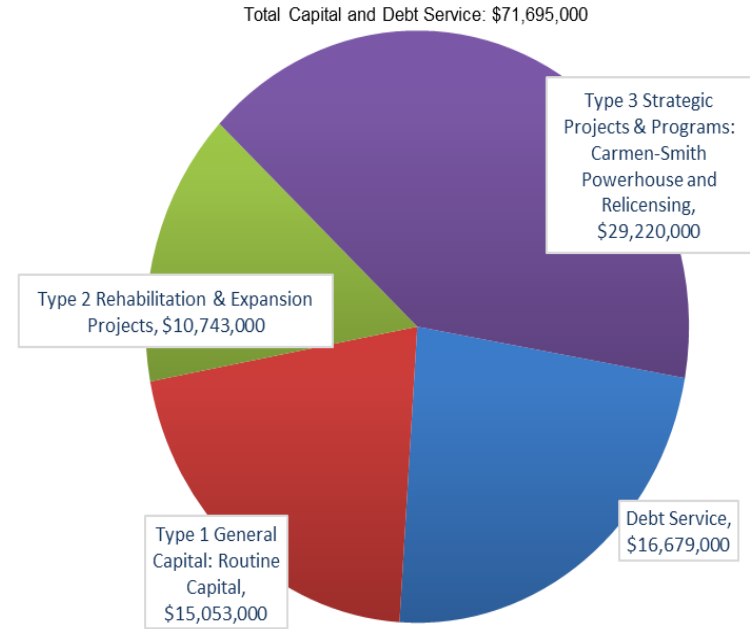


### Capital and Debt Service Budget

The Electric Capital & Debt Service budget of \$71.7 million is \$5 million higher than the 2021 budget. This is primarily due to increased capital spending related to distribution and transmission aging infrastructure, generation, and Carmen-Smith. Approximately \$13.0 million of the capital work will be funded with electric prices retail revenue. 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



### 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

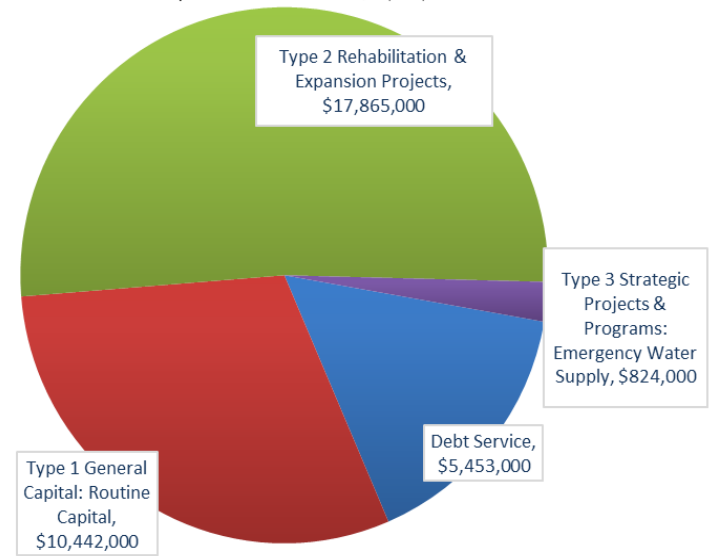
several years provide adequate flexibility to meet these challenges through building reserves which will be strategically used to help the Utility maintain its strong financial metrics. **Operations & Maintenance Budget**

The 2022 Water Utility O&M budget is \$26.5 million compared to \$20.2 million in 2021. The budget assumes \$4.3 million for Watershed Recovery work, which over time will be funded by the Watershed Restoration Fee, and sales of 7.7 billion gallons which is higher than it was budgeted in 2021. Residential revenue makes up 54.1% of the Water Utility's total revenues and 34.9% is from commercial sales.

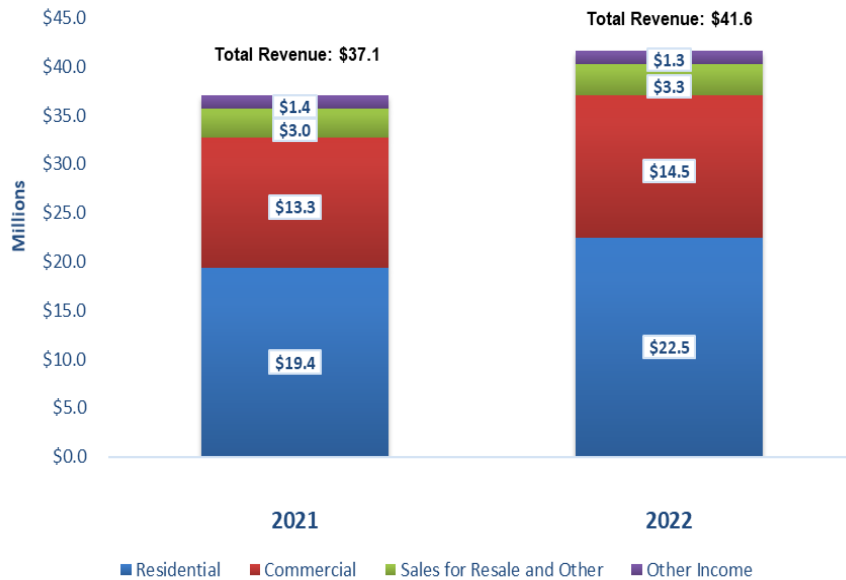
The budget results in a \$3.3 million draw from reserves. The following charts compare the 2022 and 2021 Water Utility budgeted O&M Revenues and Expenses.

### Water Capital and Debt Service Budget

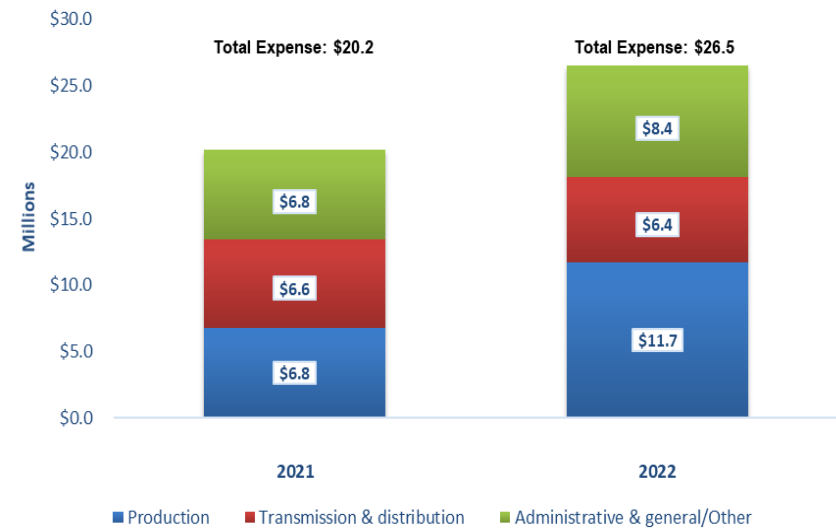
Total Capital and Debt Service: \$34,584,000



### Water Utility Budgeted Revenues



### Water Utility Budgeted Operations & Maintenance Expenses





## Capital and Debt Service Budget

The Water Capital & Debt Service budget of \$34.6 million reflects a \$8 million increase from the 2021 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. 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 2021 the importance of long-term plans and the ability to adapt those plans in changing circumstances continued to be drive organization effectiveness. The strategic, financial, and capital plans provided a roadmap for the organization when dealing with ongoing challenges of the COVID-19 pandemic, electric demand reductions, and the continued impact of fires within our service territories. While plans were not a step-by-step guide to dealing with these challenges, they did provide a framework for strengthening the resiliency of the utility. The 2022 budgets position both the Electric and Water Utilities to maintain their financial resiliency, rise to whatever challenges 2022 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



## DID YOU KNOW?



Nearly 20 years ago, EWEB and McKenzie Fire & Rescue organized the McKenzie Watershed Emergency Response System to mitigate hazardous materials spills into the river – our sole source of drinking water. In 2021 EWEB worked with multiple agencies in a containment drill, guaranteeing that staff at multiple agencies are proficient in the event of a hazardous spill.



# ATTACHMENT 1

## 2022 PROPOSED BUDGET



### DID YOU KNOW?

The McKenzie River is home to federally threatened bull trout and Chinook salmon. EWEB monitors the populations of these native fish and works to return historic fish spawning and feeding areas to a more natural environment. In 2021, EWEB placed 300 yards of gravel in the area below Tamolitch Falls and above the Trail Bridge Reservoir to enhance spawning grounds for bull trout. At Carmen-Smith the speed and quantity of water moving through the hydro project is controlled to support the survival of fish at different life stages, in addition to other aquatic life that live in nearby waterways.

# ELECTRIC UTILITY OPERATIONS & MAINTENANCE BUDGET AND REVENUE REQUIREMENTS 2022 PROPOSED BUDGET COMPARED WITH 2021 ADOPTED BUDGET AND 2020 ACTUAL

	2022 Proposed Budget		2021 Adopted Budget		2020 Actual	
	MWH	Revenue and Expense	MWH	Revenue and Expense	MWH	Revenue and Expense
Residential	909,000	\$106,947,000	938,000	\$104,867,000	929,000	\$99,374,000
Commercial	816,000	77,527,000	784,000	72,124,000	817,000	68,700,000
Industrial	493,000	22,192,000	493,000	23,993,000	515,000	24,241,000
Retail sales	2,218,000	206,666,000	2,215,000	200,984,000	2,261,000	192,315,000
Wholesale sales	1,395,000	65,146,000 <sup>1</sup>	1,330,000	36,944,000	1,854,000	43,909,000
Other Operating Revenues		8,897,000		8,258,000		7,675,000
	<u>3,613,000</u>	<u>280,709,000</u>	<u>3,545,000</u>	<u>246,186,000</u>	<u>4,115,000</u>	<u>243,899,000</u>
Other revenue		1,542,000 <sup>2</sup>		5,551,000		10,244,000
Interest earnings		236,000		370,000		1,716,000
Non-operating revenues		1,778,000		5,921,000		11,960,000
Total revenues		<u>282,487,000</u>		<u>252,107,000</u>		<u>255,859,000</u>
Purchased Power		141,409,000		120,640,000		134,594,000
System control		4,953,000		5,044,000		4,637,000
Generation		14,800,000		11,945,000		12,142,000
Wheeling		12,751,000		11,938,000		11,248,000
Transmission & distribution		26,248,000		23,380,000		24,509,000
Customer accounting		8,196,000		8,609,000		8,242,000
Energy conservation		4,695,000		4,380,000		4,014,000
Administrative & general		31,495,000		22,508,000		20,751,000
Operating expenses		<u>244,547,000</u>		<u>208,444,000</u>		<u>220,137,000</u>
Contributions in lieu of taxes		13,240,000		12,935,000		- <sup>3</sup>
Change in balance sheet accounts/ other expenses		(1,635,000)		(3,703,000)		26,621,000 <sup>4</sup>
Non-operating expenses		11,605,000		9,232,000		26,621,000
<b>Total operations and maintenance expenses</b>		<u>256,152,000</u>		<u>217,676,000</u>		<u>246,758,000</u>
Rate funded capital		13,011,000		18,846,000		
Rate funded debt service		16,679,000		15,340,000		
Total rate funded capital related expenses		29,690,000		34,186,000		
<b>Total rate funded expenses</b>		<u>285,842,000</u>		<u>251,862,000</u>		
<b>Revenues over/(under) expenses</b>		<u>\$(3,355,000)</u>		<u>\$245,000</u>		
Deposit to (Draw on) Reserves:						
Deposit to (Draw on) Working Cash/Reserves		(3,355,000)		245,000		
Net change in reserves		<u>\$(3,355,000)</u>		<u>\$245,000</u>		
Change in Net Position						<u>\$9,101,000<sup>5</sup></u>

<sup>1</sup> Increased Wholesales sales due to higher budgeted volume and market prices

<sup>2</sup> Decreased Other Revenue due to sale of generation facility investment in 2021 and FEMA reimbursements from 2020

<sup>3</sup> CILT included as contra revenue in revenue section

<sup>4</sup> Includes depreciation, other revenue deductions, interest and amortization expense, contribution in aid of construction, contributed plant assets, pension revenue, and pension expense

<sup>5</sup> 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  
2022 PROPOSED BUDGET COMPARED WITH 2021 ADOPTED BUDGET**

	2022 Proposed Budget	2021 Adopted Budget
<b>Funding Source by Type</b>		
<u>Source of Funds</u>		
Retail Revenue	\$13,011,000	\$18,846,000
Draw on Capital Reserves	-	2,895,000
Draw on Rate Stabilization Reserves	9,943,000	-
Bond Proceeds	30,020,000	27,400,000
Customer Contributions in Aid	2,042,000	2,199,000
Total Source of Funds	55,016,000	51,340,000
<b>Expenditures by Type</b>		
<u>Type 1- General Capital</u> <sup>1</sup>		
Electric Infrastructure- Generation	2,140,000	1,440,000
Electric Infrastructure- Substations	2,160,000	2,000,000
Electric Infrastructure- Transmission & Distribution	7,276,000	7,211,000
General Plant- Information Technology	1,487,000	4,667,000
General Plant- Buildings & Land	96,000	48,000
General Plant- Fleet	988,000	1,026,000
Telecommunications	906,000	1,319,000
Total Type 1	15,053,000	17,711,000
<u>Type 2- Rehabilitation &amp; Expansion Projects</u> <sup>2</sup>		
Downtown Network	1,015,000	1,070,000
General Plant- Buildings & Land	1,400,000	-
Resiliency	3,052,000	2,235,000
Information Technology	-	2,524,000
Electric Infrastructure- Generation	2,000,000	-
Electric Meters	3,276,000	6,900,000
Total Type 2	10,743,000	12,729,000
<u>Type 3- Strategic Projects &amp; Programs</u> <sup>3</sup>		
Carmen-Smith Relicensing	29,220,000	20,900,000
Total Type 3	29,220,000	20,900,000
Total Electric Capital Budget	55,016,000	51,340,000
Rate Funded Debt Service	16,679,000	15,340,000
Total Electric Capital and Debt Service Budget	\$71,695,000	\$ 66,680,000

<sup>1</sup> Type 1 capital is routine capital work for projects totaling less than \$1 million and is primarily funded with rates and customer contributions

<sup>2</sup> 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

<sup>3</sup> 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**  
**2022 PROPOSED BUDGET COMPARED WITH 2021 ADOPTED BUDGET AND 2020 ACTUAL**

	2022 Proposed Budget		2021 Adopted Budget		2020 Actual	
	Gal (000)	Revenue and Expense	Gal (000)	Revenue and Expense	Gal (000)	Revenue and Expense
Residential	3,768,000	\$22,505,000	3,610,000	\$19,443,000	4,055,000	\$20,508,000
Commercial	3,302,000	14,536,000	3,135,000	13,324,000	3,213,000	14,053,000
Sales for Resale and Other	645,000	3,330,000	670,000	2,962,000	700,000	4,320,000
Operating revenues	<u>7,715,000</u>	<u>40,371,000</u>	<u>7,415,000</u>	<u>35,729,000</u>	<u>7,968,000</u>	<u>38,881,000</u>
Other revenue		1,278,000		1,355,000		262,000
Interest income		26,000		53,000		500,000
Non-operating revenues		<u>1,304,000</u>		<u>1,408,000</u>		<u>762,000</u>
Total revenues		<u>41,675,000</u>		<u>37,137,000</u>		<u>39,643,000</u>
Production		11,720,000		6,817,000		\$7,671,000
Transmission & distribution		6,446,000		6,637,000		7,269,000
Customer accounting		1,622,000		2,053,000		1,975,000
Conservation		632,000		565,000		520,000
Administrative & general		6,399,000		4,486,000		5,111,000
Operating expenses		<u>26,819,000</u>		<u>20,558,000</u>		<u>22,546,000</u>
Change in balance sheet accounts/ other expenses		<u>(304,000)</u>		<u>(322,000)</u>		<u>6,563,000</u> <sup>1</sup>
Non-operating expenses		<u>(304,000)</u>		<u>(322,000)</u>		<u>6,563,000</u>
<b>Total operations and maintenance expenses</b>		<u>26,515,000</u>		<u>20,236,000</u>		<u>29,109,000</u>
Rate funded capital		14,501,000		12,667,000		
Rate funded debt service		3,953,000		2,450,000		
Total rate funded capital related expenses		<u>18,454,000</u>		<u>15,117,000</u>		
<b>Total rate funded expenses</b>		<u>44,969,000</u>		<u>35,353,000</u>		
<b>Revenues over expenses</b>		<u>\$(3,294,000)</u>		<u>\$1,784,000</u>		
Deposit to (Draw on) Working Cash/Reserves		<u>(3,294,000)</u>		<u>1,784,000</u>		
Net change in reserves		<u>\$(3,294,000)</u>		<u>\$1,784,000</u>		
Change in Net Position						<u>\$10,534,000</u> <sup>2</sup>

<sup>1</sup> Includes depreciation, other revenue deductions, interest and amortization expense, contribution in aid, and contributed plant assets

<sup>2</sup> 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**  
**2022 PROPOSED BUDGET COMPARED WITH 2021 ADOPTED BUDGET**

	2022 Proposed Budget	2021 Adopted Budget
<b>Funding Source by Type</b>		
<u>Source of Funds</u>		
Retail Revenue	\$14,499,000	\$ 12,667,000
Draw on Capital Reserves	7,000,000	-
Draw on AWS Reserve	824,000	412,000
Bond Proceeds	3,647,000	6,443,000
Customer Contributions in Aid	1,178,000	1,143,000
System Development Charges, Improvements	1,983,000	455,000
Total Source of Funds	29,131,000	21,120,000
 <b>Expenditures by Type</b>		
<u>Type 1 - General Capital<sup>1</sup></u>		
Source - Water Intakes & Filtration Plant	849,000	463,000
Distribution & Pipe Services	6,181,000	5,769,000
Distribution Facilities	2,153,000	1,401,000
Information Technology	257,000	690,000
Buildings, Land & Fleet	1,002,000	810,000
Total Type 1	10,442,000	9,133,000
 <u>Type 2- Rehabilitation &amp; Expansion Projects<sup>2</sup></u>		
Source - Water Intakes & Filtration Plant	-	100,000
Distribution	14,317,000	7,416,000
Water Meters	3,548,000	3,200,000
Information Technology	-	859,000
Total Type 2	17,865,000	11,575,000
 <u>Type 3- Strategic Projects &amp; Programs<sup>3</sup></u>		
Emergency Water Supply	824,000	412,000
Total Type 3	824,000	412,000
Total Water Capital Budget	29,131,000	21,120,000
Rate Funded Debt Service	3,953,000	2,450,000
SDC Reimbursement Funded Debt Service	1,500,000	3,000,000
Total Water Capital and Debt Service Budget	\$ 34,584,000	\$ 26,570,000

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

<sup>2</sup> 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

<sup>3</sup> 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

### 2022 BUDGET COMPARED TO PRIOR YEARS



### DID YOU KNOW?

Because EWEB is a public agency, it is exempt from taxes, instead EWEB contributes a portion of electricity sales revenue to the cities of Eugene and Springfield in the form of Contributions in Lieu of Taxes, or CILT. These contributions support critical services like public safety. Additionally, EWEB provides about \$500,000 in grant funds to the four school districts in our service area in support of water and energy curriculum and activities.

## Eugene Water & Electric Board – Department Operations & Maintenance Budget: 2022 Summary

	2022 Proposed Budget Dollars	2021 Approved Budget Dollars	2020 Actual Dollars
Customer Service	\$12,394,000	\$11,562,000	\$10,979,000
Electric	25,050,000	21,568,000	22,517,000
Energy	173,328,000	149,146,000	162,153,000
Finance	14,147,000	14,233,000	11,357,000
General Manager	1,553,000	791,000	743,000
Information Services	18,425,000	11,097,000	11,485,000
Support Services	15,417,000	14,326,000	13,571,000
Water	17,822,000	13,191,000	15,253,000
Workforce Services	3,461,000	2,634,000	2,572,000
<b>Total Operations and Maintenance Budget</b>	<b>\$281,597,000</b>	<b>\$238,548,000</b>	<b>\$250,630,000</b>



## Customer Service Operations & Maintenance Budget

	2022 Proposed Budget Dollars	2021 Approved Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$6,401,000 <sup>1</sup>	\$5,766,000	\$5,428,000
Stores Materials and Supplies	3,000	6,000	4,000
EWEB Equipment	21,000	31,000	32,000
Maintenance and Repairs	2,000	1,000	-
Materials and Supplies	13,000	26,000	9,000
Technology / Office Equipment	11,000	22,000	11,000
<b>Total Purchases</b>	<b>\$50,000</b>	<b>\$86,000</b>	<b>\$56,000</b>
Contract Labor	25,000	15,000	-
Conservation Measures and Incentives	2,750,000 <sup>2</sup>	2,625,000	2,539,000
Electrification Incentive	600,000 <sup>3</sup>	500,000	257,000
Miscellaneous Services	48,000	46,000	29,000
Professional and Technical Services	379,000	402,000	165,000
Printing and Postage	52,000	56,000	36,000
Training and Travel	66,000	55,000	29,000
Grants	823,000	811,000	657,000
Limited Income Services	1,200,000	1,200,000	1,783,000 <sup>4</sup>
<b>Total Services</b>	<b>\$5,943,000</b>	<b>5,710,000</b>	<b>\$5,495,000</b>
<b>Total</b>	<b>\$12,394,000</b>	<b>\$11,562,000</b>	<b>\$10,979,000</b>

<sup>1</sup> Internal transfer and increased communication support for the high impact community impact projects

<sup>2</sup> Conservation Incentives based on eligibility for reimbursement by BPA

<sup>3</sup> Clean Fuel Credit revenue increased in 2022, offsetting increased expense

<sup>4</sup> Increased Customer Care payments due to pandemic related job loss assistance and Holiday Farm Fire. Supplemented by customer donations

## Electric Operations & Maintenance Budget

	2022 Proposed Budget Dollars	2021 Approved Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$16,506,000 <sup>1</sup>	\$13,912,000	\$14,878,000
Stores Materials and Supplies	562,000	652,000	617,000
EWEB Equipment	1,478,000	1,382,000	1,337,000
Maintenance and Repairs	18,000	28,000	36,000
Equipment	9,000	5,000	6,000
Vehicle Fuel and Oil	6,000	5,000	-
Materials and Supplies	369,000	336,000	449,000
Technology / Office Equipment	15,000	15,000	11,000
<b>Total Purchases</b>	<b>\$2,457,000</b>	<b>\$2,423,000</b>	<b>\$2,456,000</b>
Contract Labor	120,000	110,000	106,000
Construction Agreements	4,184,000 <sup>2</sup>	4,016,000	3,761,000
Miscellaneous Services	146,000	97,000	234,000
Professional and Technical Services	510,000	397,000	247,000
Software/Hardware Maintenance and Services	114,000	78,000	56,000
Property Rent	4,000	5,000	14,000
Legal Services	402,000 <sup>3</sup>	-	461,000
Fees and Licenses	267,000	374,000	236,000
Training and Travel	340,000	155,000	67,000
Grants	-	1,000	1,000
<b>Total Services</b>	<b>\$6,087,000</b>	<b>\$5,233,000</b>	<b>\$5,183,000</b>
<b>Total</b>	<b>\$25,050,000</b>	<b>\$21,568,000</b>	<b>\$22,517,000</b>

<sup>1</sup> Increased labor to improve response times for customer projects, wildfire mitigation and resiliency and additional support for compliance obligations

<sup>2</sup> Increase for vegetation management, National Electric Safety Code & Public Utility Commission Compliance

<sup>3</sup> Legal service expense related to the Holiday Farm Fire

## Energy Operations & Maintenance Budget

	2022 Proposed Budget Dollars	2021 Approved Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$8,520,000 <sup>1</sup>	\$7,737,000	\$8,513,000
<u>Purchases</u>			
Stores Materials and Supplies	23,000	27,000	18,000
EWEB Equipment	497,000	488,000	506,000
Maintenance and Repairs	61,000	63,000	38,000
Equipment	26,000	30,000	37,000
Energy	141,777,000 <sup>2</sup>	120,864,000	134,761,000
Water	3,000	4,000	-
Fuels	2,058,000 <sup>3</sup>	1,641,000	1,169,000
Materials and Supplies	218,000	221,000	209,000
Technology / Office Equipment	7,000	7,000	25,000
<b>Total Purchases</b>	<b>\$144,669,000</b>	<b>\$123,345,000</b>	<b>\$136,763,000</b>
<u>Services</u>			
Contract Labor	131,000	48,000	7,000
Wheeling	12,749,000 <sup>4</sup>	11,937,000	11,249,000
Construction Agreements	3,115,000 <sup>5</sup>	2,726,000	2,677,000
Miscellaneous Services	788,000 <sup>6</sup>	550,000	470,000
Professional and Technical Services	1,806,000 <sup>7</sup>	1,281,000	1,280,000
Software/Hardware Maintenance and Services	737,000	710,000	660,000
Property Rent	22,000	20,000	47,000
Legal Services	174,000	230,000	79,000
Fees and Licenses	446,000	466,000	334,000
Training and Travel	170,000	96,000	74,000
<b>Total Services</b>	<b>\$20,123,000</b>	<b>\$18,064,000</b>	<b>\$16,877,000</b>
<b>Total</b>	<b>\$173,328,000</b>	<b>\$149,146,000</b>	<b>\$162,153,000</b>

<sup>1</sup> Increased labor for continued investigations and analysis on sinkholes at Trail Bridge and emerging work on Carmen-Smith, Leaburg/Waltermville and canal projects

<sup>2</sup> Purchased power cost due to higher wholesale market prices and higher budgeted volumes

<sup>3</sup> Fuel cost for shared co-generation facility

<sup>4</sup> Higher BPA Transmission costs

<sup>4</sup> Higher contracted costs for wind and co-generation facilities

<sup>6</sup> Resource Adequacy (NWPP)

<sup>7</sup> Waltermville consulting and sinkhole investigation

## Finance Operations & Maintenance Budget

	2022 Proposed Budget Dollars	2021 Approved Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$9,294,000 <sup>1</sup>	\$8,776,000	\$8,073,000
<u>Purchases</u>			
Stores Materials and Supplies	18,000	24,000	13,000
EWEB Equipment	178,000	191,000	225,000
Maintenance and Repairs	6,000	5,000	-
Materials and Supplies	55,000	46,000	18,000
Technology / Office Equipment	119,000	23,000	50,000
<b>Total Purchases</b>	<b>\$376,000</b>	<b>\$289,000</b>	<b>\$306,000</b>
<u>Services</u>			
Contract Labor	87,000 <sup>2</sup>	310,000	136,000
Miscellaneous Services	123,000	128,000	82,000
Professional and Technical Services	1,398,000 <sup>2</sup>	1,245,000	1,144,000
Property Rent	8,000	31,000	24,000
Legal Services	185,000	234,000	121,000
Fees and Licenses	72,000	70,000	67,000 <sup>4</sup>
Insurance	1,186,000 <sup>3</sup>	1,112,000	1,077,000
Training and Travel	118,000	58,000	45,000
Uncollectable Accounts	1,300,000 <sup>4</sup>	1,980,000	253,000
Limited Income Services	-	-	29,000
<b>Total Services</b>	<b>\$4,477,000</b>	<b>\$5,168,000</b>	<b>\$2,978,000</b>
<b>Total</b>	<b>\$14,147,000</b>	<b>\$14,233,000</b>	<b>\$11,357,000</b>

1 Support for expanding needs for both Utilities in AMI and CEI data management/analysis and grant research to support EWEB's projects

2 Budget re-allocation between resource categories to align spending

3 Increase in insurance premiums

4 Reduction in uncollectable allowance from 2021, which was increased to account for the economic impact of COVID-19

## General Manager Operations & Maintenance Budget

	2022 Proposed Budget Dollars	2021 Approved Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$1,276,000 <sup>1</sup>	\$689,000	\$693,000
<u>Purchases</u>			
Materials and Supplies	23,000	11,000	4,000
Technology / Office Equipment	2,000	1,000	1,000
<b>Total Purchases</b>	<b>\$25,000</b>	<b>\$12,000</b>	<b>\$5,000</b>
<u>Services</u>			
Miscellaneous Services	36,000	34,000	26,000
Professional and Technical Services	159,000 <sup>2</sup>	9,000	5,000
Legal Services	10,000	10,000	-
Printing and Postage	2,000	2,000	1,000
Training and Travel	35,000	25,000	8,000
Grants	10,000	10,000	5,000
<b>Total Services</b>	<b>\$252,000</b>	<b>\$90,000</b>	<b>\$45,000</b>
<b>Total</b>	<b>\$1,553,000</b>	<b>\$791,000</b>	<b>\$743,000</b>

<sup>1</sup> Organizational restructure to create Assistant General Manager and shift Policy and Government Program work to report the office of General Manager

<sup>2</sup> Increase due to Energy & climate consulting

## Information Services Operations & Maintenance Budget

	2022 Proposed Budget Dollars	2021 Approved Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$7,675,000 <sup>1</sup>	\$5,151,000	\$6,032,000
<u>Purchases</u>			
Stores Materials and Supplies	200,000 <sup>2</sup>	-	267,000
Materials and Supplies	5,000	5,000	4,000
Technology / Office Equipment	3,799,000 <sup>3</sup>	1,520,000	275,000
<b>Total Purchases</b>	<b>\$4,004,000</b>	<b>\$1,525,000</b>	<b>\$546,000</b>
<u>Services</u>			
Contract Labor	25,000	-	15,000
Miscellaneous Services	629,000 <sup>4</sup>	257,000	257,000
Professional and Technical Services	2,561,000 <sup>5</sup>	527,000	328,000
Software/Hardware Maintenance and Services	3,142,000 <sup>2</sup>	3,255,000	3,943,000
Printing and Postage	240,000	304,000	327,000
Fees and Licenses	10,000	10,000	16,000
Training and Travel	139,000	68,000	21,000
<b>Total Services</b>	<b>\$6,746,000</b>	<b>\$4,421,000</b>	<b>\$4,907,000</b>
<b>Total</b>	<b>\$18,425,000</b>	<b>\$11,097,000</b>	<b>\$11,485,000</b>

<sup>1</sup> In support of additional major utility wide programs, such as ERP, AMI, and Customer Experience Portal

<sup>2</sup> Reallocation between resources

<sup>3</sup> Increase in software as a services (SaaS) contracts related to ERP

<sup>4</sup> Verizon services for mobile workforce

<sup>5</sup> ERP & SharePoint upgrades

## Support Services Operations & Maintenance Budget

	2022 Proposed Budget Dollars	2021 Approved Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$9,307,000 <sup>1</sup>	\$8,637,000	\$8,038,000
<u>Purchases</u>			
Stores Materials and Supplies	38,000	71,000	142,000
EWEB Equipment	1,204,000	1,176,000	1,152,000
Maintenance and Repairs	22,000	50,000	19,000
Energy	450,000	587,000	449,000
Water	147,000	195,000	150,000
Fuels	90,000	105,000	79,000
Vehicle Fuel and Oil	560,000	481,000	309,000
Materials and Supplies	367,000	366,000	276,000
Technology / Office Equipment	96,000	89,000	114,000
<b>Total Purchases</b>	<b>\$2,974,000</b>	<b>\$3,120,000</b>	<b>\$2,690,000</b>
<u>Services</u>			
Contract Labor	32,000	32,000	36,000
Construction Agreements	1,804,000 <sup>2</sup>	1,221,000	1,534,000
Miscellaneous Services	199,000	253,000	207,000
Professional and Technical Services	464,000 <sup>3</sup>	605,000	238,000
Software/Hardware Maintenance and Services	162,000	163,000	94,000
Property Rent	119,000	119,000	126,000
Legal Services	75,000	75,000	83,000
Printing and Postage	16,000	1,000	3,000
Fees and Licenses	157,000	32,000	481,000 <sup>4</sup>
Training and Travel	108,000	68,000	41,000
<b>Total Services</b>	<b>\$3,136,000</b>	<b>\$2,569,000</b>	<b>\$2,843,000</b>
<b>Total</b>	<b>\$15,417,000</b>	<b>\$14,326,000</b>	<b>\$13,571,000</b>

<sup>1</sup> Support for emergency preparedness, resiliency program, delayed internal projects, GIS modernization efforts and reduced reliance on Professional and Technical Services

<sup>2</sup> Increased cost for safety and general maintenance (janitorial, asphalt, HVAC, electrolyte spray) and includes re-allocation of budget from Construction Agreements

<sup>3</sup> Decrease is offset by reallocation of budget to construction agreements

<sup>4</sup> Unbudgeted Telecom charges transferred from Electric in 2020

## Water Operations & Maintenance Budget

	2022 Proposed Budget Dollars	2021 Approved Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$8,289,000 <sup>1</sup>	\$7,698,000	\$8,931,000
<u>Purchases</u>			
Stores Materials and Supplies	258,000	303,000	273,000
EWEB Equipment	654,000	977,000	1,099,000
Maintenance and Repairs	36,000	30,000	71,000
Equipment	19,000	37,000	44,000
Energy	1,095,000	1,092,000	1,047,000
Water	22,000	25,000	22,000
Fuels	1,000	1,000	2,000
Materials and Supplies	719,000	693,000	693,000
Technology / Office Equipment	52,000	53,000	56,000
<b>Total Purchases</b>	<b>\$2,856,000</b>	<b>\$3,211,000</b>	<b>\$3,307,000</b>
<u>Services</u>			
Contract Labor	51,000	51,000	33,000
Conservation Measures and Incentives	20,000	50,000	35,000
Construction Agreements	5,165,000 <sup>2</sup>	745,000	985,000
Miscellaneous Services	158,000	134,000	207,000
Professional and Technical Services	943,000	994,000	1,515,000 <sup>3</sup>
Software/Hardware Maintenance and Services	79,000	94,000	62,000
Printing and Postage	22,000	15,000	20,000
Fees and Licenses	121,000	124,000	78,000
Training and Travel	88,000	45,000	30,000
Grants	30,000	30,000	50,000
<b>Total Services</b>	<b>\$6,677,000</b>	<b>\$2,282,000</b>	<b>\$3,015,000</b>
<b>Total</b>	<b>\$17,822,000</b>	<b>\$13,191,000</b>	<b>\$15,253,000</b>

<sup>1</sup> Increased labor costs for Watershed restoration, limited duration work for advanced meter installation, improving backflow program for the safety of the community, and regulatory work

<sup>2</sup> Watershed Recovery work

<sup>3</sup> Increased cost due to Holiday Farm Fire response in monitoring and analytical works



## Workforce Services Operations & Maintenance Budget

	2022 Proposed Budget Dollars	2021 Approved Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$2,702,000 <sup>1</sup>	\$1,960,000	\$2,040,000
<u>Purchases</u>			
Stores Materials and Supplies	-	-	-
EWEB Equipment	11,000	10,000	11,000
Materials and Supplies	110,000	71,000	25,000
Technology / Office Equipment	6,000	6,000	4,000
<b>Total Purchases</b>	<b>\$127,000</b>	<b>\$87,000</b>	<b>\$40,000</b>
<u>Services</u>			
Construction Agreements	7,000	7,000	1,000
Miscellaneous Services	46,000	45,000	74,000
Professional and Technical Services	300,000	300,000	271,000
Software/Hardware Maintenance and Services	25,000	25,000	7,000
Legal Services	130,000	130,000	88,000
Printing and Postage	5,000	5,000	3,000
Training and Travel	119,000	75,000	48,000
<b>Total Services</b>	<b>\$632,000</b>	<b>\$587,000</b>	<b>\$492,000</b>
<b>Total</b>	<b>\$3,461,000</b>	<b>\$2,634,000</b>	<b>\$2,572,000</b>

<sup>1</sup> Additional staff to facilitate State and Federal leave management programs and continuous improvement initiatives

## DID YOU KNOW?

EWEB and the Pure Water Partners (PWP) are working to restore the riparian forests and floodplains of the McKenzie watershed, to increase their capacities to filter our drinking water, keep the river cool, and provide habitat for wildlife. Since the Holiday Farm Fire, EWEB and the PWP have planted over 210,000 native trees and shrubs to jump-start watershed recovery.

# ATTACHMENT 3

## LABOR & EMPLOYEE BENEFIT COSTS



### DID YOU KNOW?

In 2021 EWEB became one of just over 50 organizations nationwide to be given the NIOSH Total Worker Health® Affiliate status. EWEB is the first and only utility to receive this designation, and only one of three organizations in Oregon. The Affiliate designation is given to organizations that have shown they are committed to creating safe and healthy workplaces and have practices that aligned with the principles of Total Worker Health®.

**EUGENE WATER & ELECTRIC BOARD  
LABOR AND EMPLOYEE BENEFITS  
2022 PROPOSED BUDGET COMPARED WITH 2021 ADOPTED BUDGET AND 2020 ACTUAL**

	2022 Budget		2021 Budget		2020 Actual	
	Budget	% of Total wages	Budget	% of Total wages	Actual	% of Total wages
<b>Wages &amp; benefits</b>						
Regular Wages	\$51,588,000	98.1%	\$45,755,000	98.0%	\$44,314,000	90.0%
Premium Wages	1,012,000	1.9%	921,000	2.0%	4,921,000	10.0%
<b>Total wages</b>	<u>52,600,000</u>	<u>100.0%</u>	<u>46,676,000</u>	<u>100.0%</u>	<u>49,235,000</u>	<u>100.0%</u>
Public employees retirement fund	12,018,000	22.8%	10,784,000	23.1%	9,998,000	20.3%
Other benefits – employer contribution <sup>1</sup>	4,497,000	8.5%	3,984,000	8.5%	3,663,000	7.4%
Health insurance <sup>2</sup>	10,876,000	20.7%	10,753,000	23.0%	9,044,000	18.4%
Post-retirement medical	215,000	0.4%	502,000	1.1%	561,000	1.1%
Long-term disability	298,000	0.6%	285,000	0.6%	267,000	0.5%
Life insurance	356,000	0.7%	345,000	0.7%	361,000	0.7%
<b>Total benefits</b>	<u>28,260,000</u>	<u>53.7%</u>	<u>26,653,000</u>	<u>57.0%</u>	<u>23,894,000</u>	<u>48.4%</u>
<b>Total wages &amp; benefits</b>	<u>\$80,860,000</u>		<u>\$73,329,000</u>		<u>\$73,129,000</u>	

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

<sup>2</sup> Includes Voluntary Employee's Beneficiary Association (VEBA) expense



## ATTACHMENT 4

# RESERVE INFORMATION



### DID YOU KNOW?

EWEB is working with community partners to develop an emergency water supply program that includes several permanent distribution sites located throughout the community using groundwater wells, as well as mobile water trailers. As of January 2021, five sites are operational, with two additional sites planned.

Projected Reserves will be available in December.

# ATTACHMENT 5

## BUDGETED FINANCIAL RATIOS & STATISTICS



### DID YOU KNOW?

EWEB has a program for customers who need financial assistance with a service or upgrade. On average, EWEB finances 33 loans a month, that is approximately \$2,259,783 a year!

Ratios & Statistics will be available in December.





# EWEB



**Eugene Water & Electric Board**  
4200 Roosevelt Blvd  
Eugene, Oregon 97402-6520  
541-685-7000

---

# **February 2022 Electric Price Proposal**

---

**Fiscal Services Department  
November 2021**

---

**EUGENE WATER & ELECTRIC BOARD  
FEBRUARY 2022 ELECTRIC PRICE PROPOSAL**

**TABLE OF CONTENTS**

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>I. INTRODUCTION .....</b>	<b>2-5</b>
Purpose of Study .....	2
Establishment of Prices.....	2
Price Review Process.....	3
Public Notice and Hearings Schedule .....	4
<b>II. BACKGROUND INFORMATION .....</b>	<b>6-9</b>
A. Organizational Structure .....	6
B. Electric System Highlights.....	7
C. Residential Bill Comparisons .....	8
<b>III. REVENUE REQUIREMENTS STUDY.....</b>	<b>10-11</b>
A. Preparation of Annual Budgets.....	10
B. Test Period Revenue Requirements .....	10
<b>IV. SYSTEM LOAD AND SALES FORECAST.....</b>	<b>12-14</b>
A. Overview of the Forecasting Process .....	12
B. Methodology and Procedures .....	12
C. 2022 Forecast Results.....	13
<b>V. COST OF SERVICE ANALYSIS.....</b>	<b>15-16</b>
A. Cost of Service Methods and Procedures .....	15
B. Cost of Service Results.....	16
<b>VI. PRICE RECOMMENDATIONS.....</b>	<b>17-32</b>
A. Residential Service (Schedule R-6) .....	18
B. Small General Service Lines (Schedule G-1) .....	20
C. Medium General Service Lines (Schedule G-2) .....	21
D. Large General Service Lines (Schedule G-3) .....	23
E. Customer-Owned Street Lighting (Schedule J-3, J-4, J-5) .....	24
F. Private Property Lighting Service (Schedule L-3, L-4).....	26
G. Business Growth and Retention Price CREDIT (BGR-1) .....	27
H. Partial Requirements Service Pricing (C-PRP).....	28
I. Purchase Power Rates Schedules .....	30

## EXECUTIVE SUMMARY

The 2022 Price Proposal was developed in accordance with the proposed 2022 budget. The Cost of Service analysis, revenue requirements, and proposed price schedules by customer class, are included in this document.

**Overall average price change:** An overall average price increase of 3.25% to recover revenue requirements due largely to increases in operating expenses and capital investment needs.

**Cost of Service Analysis:** In accordance with industry standards, EWEB conducts a comprehensive Cost of Service Analysis (COSA) a minimum of every 3-5 years or when a major shift in COSA variables occurs. An abbreviated COSA has been prepared annually. EWEB has currently completed a COSA analysis for the years 2022 – 2024 and is recommending 2022 rates based on the output of this multi-year analysis.

**Price Design and Other Price Schedules:** The following price/rate design proposal are recommended to meet the Board rate making principles of Sufficiency, Affordability, Efficiency, Cost Basis, Equity, and Gradualism.

- Transition to COSA Results, by Class
- Market Based Rates
  - Business Growth and Retention Credit
  - Partial Requirements Service Pricing
  - Power Purchase Rates

## **I. INTRODUCTION**

### **Purpose of Study**

The purpose of this price study is to provide background information and technical analyses in support of Eugene Water & Electric Board (EWEB) staff recommendations for revised electric prices. The study includes documentation of electric system revenue requirements, projected system loads and sales, and allocation of ongoing utility costs to individual customer classes for the 12-month period beginning January 2022. The most recent electric price revision was February 2016, amounting to a 2.5% overall average revenue requirement increase.

### **Establishment of Prices**

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

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

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

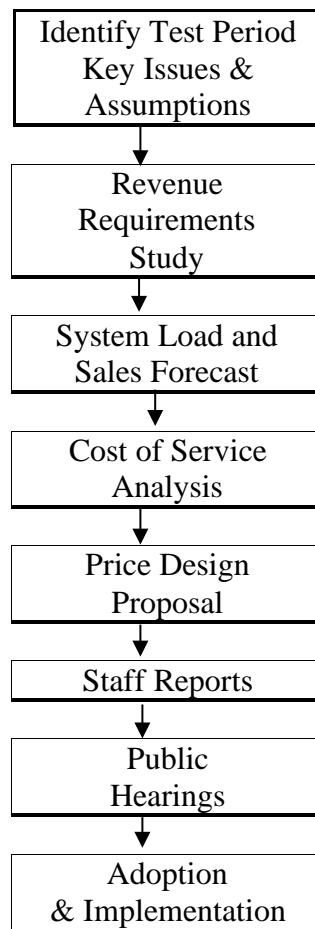
The second standard requires that prices and charges for utility service be fair and non-discriminatory. Prices are considered non-discriminatory when customers receiving like and contemporaneous service under similar circumstances are treated equally in the development and application of specific prices.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

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

## Price Review Process

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

**Figure 1**  
**Price Review Process**



The first step in the price review process is a detailed examination of the projected operating expenses, capital costs, and anticipated revenues at current prices. The purpose of this effort is to confirm the overall revenue requirements which serve as a basis for development of proposed



prices, the timing of the proposed price adjustment, and the period of time (or "test period") over which the new prices are expected to remain in place.

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

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

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

### **Public Notice and Hearings Schedule**

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

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

<u>Publication Name</u>	<u>Date</u>
Eugene Weekly	October 14, 2021

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

Customers are invited to comment on EWEB's budget and price assumptions throughout the budget development process. There are two scheduled public hearings specifically for price proposals. The hearings will be held during the EWEB Board meetings on Tuesday, November 2<sup>nd</sup>, beginning at 5:30 p.m. and Tuesday, December 7<sup>th</sup>, beginning at 5:30 p.m. virtually.

Written comments are also welcome, and may be sent to the attention of EWEB's Fiscal Services Department, P.O. Box 10148, Eugene, OR 97440. E-mail comments may be directed to

[budget@eweb.org](mailto:budget@eweb.org). For timely consideration at the November Board meeting, comments must be received prior to October 26, 2021.

*EXHIBIT 1*

BEFORE THE EUGENE WATER & ELECTRIC BOARD

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

NOTICE OF PUBLIC HEARINGS  
AND INVITATION TO COMMENT

1. Two dates are scheduled for public hearings to seek public comment regarding proposed 2022 budget approval and adjustments to EWEB water and electric rates. If approved, the proposed changes for residential, general service and other customers of the Eugene Water & Electric Board would become effective with utility billings rendered either, on or after February 1, 2022.
2. Public hearings will be held virtually (details to be posted on [eweb.org](http://eweb.org)), on the following dates and times:

November 2, 2021 - 5:30 p.m.  
December 7, 2021 - 5:30 p.m.

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

3. Specific rate recommendations for each customer class may be obtained on EWEB's website: <http://www.eweb.org/boardmeetings> or by calling EWEB's Fiscal Services Department at (541) 685-7000 or emailing [budget@eweb.org](mailto:budget@eweb.org). Copies of the budget document and rate proposals will be made available at the public hearings.
4. Written public comments are also welcome and may be mailed to: EWEB Fiscal Services, P.O. Box 10148, Eugene, OR 97440. To ensure timely consideration, written comments must be received prior to the public hearing on October 26, 2021. E-mail comments may be directed to: [adam.rue@eweb.org](mailto:adam.rue@eweb.org).

## II. BACKGROUND INFORMATION

### A. Organizational Structure

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

	<u>Area</u>	<u>Term Expires December 31,</u>
Mindy Schlossberg, President	At-Large	2022
John Brown, Vice President	Wards 4, 5	2022
Sonya Carlson	Wards 6, 7	2024
John Barofsky	Wards 2, 3	2024
Matt McRae	Wards 1, 8	2024

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

The executive management team, responsible for each of the major operating areas, is as follows:

<u>Executive</u>	<u>Department</u>
Frank Lawson	General Manager
Rod Price	Assistant General Manager
Deborah Hart	Chief Financial Officer
Lena Kostopulos	Chief Workforce Services Officer
Julie McGaughey	Chief Customer Officer
Karen Kelley	Chief Operations Officer
Travis Knabe	Chief Information Officer
Anne Kah	Administrative Services Manager

The utility's business priorities are reviewed annually by the Board, General Manager and a planning group made up of the executive management team and other key personnel. Major organizational goals, strategic issues, opportunities, and planning contingencies for the coming year are then documented in the annual EWEB Strategic Plan. The General Manager meets regularly with the executive team members, who then hold meetings with their department staff to maintain employee productivity and efficient operations.

*Table 1* below shows the percentage change in customers and electric sales over the past ten years. Electric customer counts have increased consistently over the past ten years. Megawatt hour sales are weather dependent, but have generally been flat or slightly declining over the past ten years.

**Table 1**  
**Employee, Customer & Megawatt-Hour Sales Statistics**  
**For the Period 2011-2020**

Year	Customer Count	% Change	MWh Sales	% Change
2011	87,700	0.6%	2,489,432	1.1%
2012	89,300	1.8%	2,457,626	-1.3%
2013	90,100	0.9%	2,489,496	1.3%
2014	91,100	1.1%	2,411,455	-3.1%
2015	92,300	1.3%	2,377,381	-1.4%
2016	93,000	0.8%	2,288,056	-3.8%
2017	93,800	0.9%	2,454,901	7.3%
2018	94,200	0.4%	2,342,636	-4.6%
2019	95,300	1.2%	2,367,667	1.1%
2020	96,100	0.8%	2,261,295	-4.5%

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

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

**B. Electric System Highlights**

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

The 236-square-mile area now served by EWEB includes most of the City of Eugene and adjacent areas, including locations near municipally owned power projects at Walterville and Leaburg. EWEB's service area adjoins the City of Springfield municipal electric system on the east, the Emerald People's Utility District on the north, the Blachly-Lane Electric Cooperative on the west, and the Lane Electric Cooperative system on the south.

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

loads have approached winter peaks. We will continue to monitor this trend and it will impact COSA results if EWEB trends from a winter to summer peaking utility.

EWEB's local electric system consists principally of three hydroelectric projects, an industrial cogeneration facility, and the necessary transmission and distribution facilities for provision of service to the end use consumers. EWEB currently maintains 38 substations which are networked together through 129 circuit miles of transmission lines and 1,100 circuit miles of primary distribution lines. The book value of the EWEB electric utility plant-in-service is approximately \$804 million.

As Oregon's largest generating public utility, EWEB customers are partially served power generated by EWEB owned generation facilities and as well as through contracts with various generating public and private utilities and energy suppliers. The remaining portion of EWEB's firm power portfolio is obtained through long-term contracts with the Bonneville Power Administration (BPA), a federal power marketing agency.

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

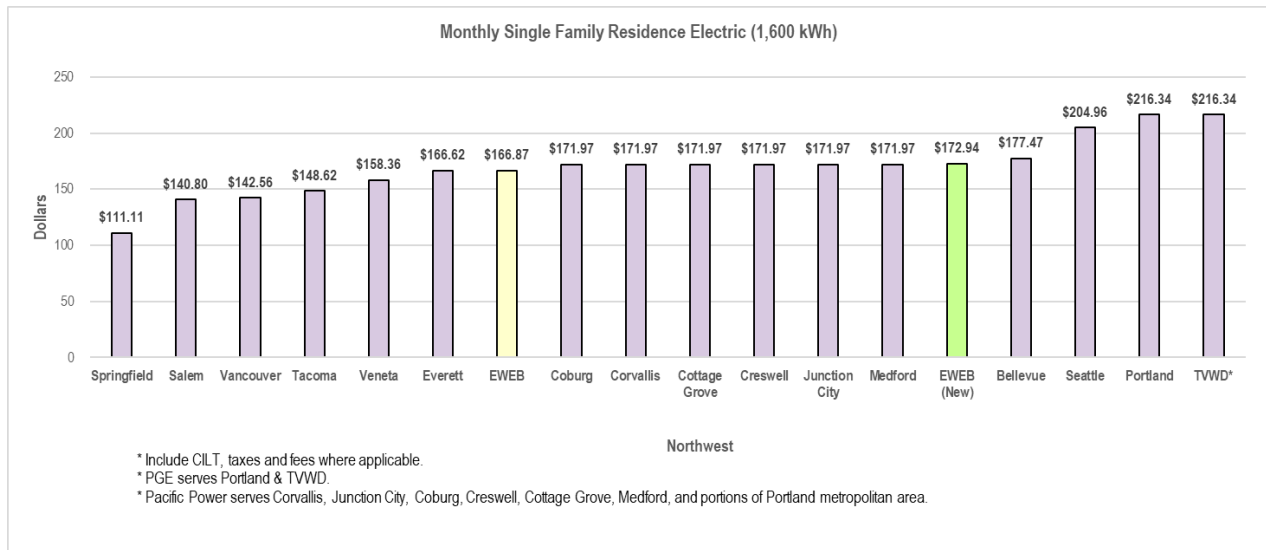
EWEB also plays a key role in the Pacific Northwest energy network and has often assumed leadership working directly with other federal and state planning agencies to prepare plans and proposals which will shape the Northwest's energy future.

### **C. Residential Bill Comparisons**

A comparison of current and proposed monthly residential bills for selected Northwest communities is shown in *Figure 2*. Sample bills are calculated using EWEB's average monthly single family residence consumption of 1,600 kilowatt-hours. A bill of \$172.94 for EWEB in the figure is calculated using the existing residential price. Sample bills for the residential price proposal are shown in *Table 8*.



Figure 2



The resulting monthly average electric bill based on this proposal is \$172.94, an increase of \$6.07 over 2021.

### **III. REVENUE REQUIREMENTS STUDY**

This section contains a general description of EWEB's annual budgeting process. It also includes documentation of EWEB's 2022 proposed budget for operating and capital expenses and revenue requirements which has been designated as the test period for the current price proposal. In addition to determining the overall revenue requirement needed to sustain operation of the electric utility, test period revenue requirements are a primary input to the Cost of Service Analysis.

#### **A. Preparation of Annual Budgets**

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

Over the last several years, the Electric Utility has been able to meet financial challenges, including cost increases, power market volatility, and capital investment needs without raising customers rates. Those challenges have been managed by strategically reducing operations & maintenance and capital costs, designing price structures that increase fixed cost recovery, and prudently using reserves to strengthen financial metrics.

All levels of the EWEB organization are involved in preparation of the annual Electric Utility Budget in order to place responsibility for cost control on the managers who forecast and incur the costs. If a budget deficit cannot be corrected through cost reductions or deferrals, the amount of the deficit becomes an additional revenue requirement recommended for recovery through an electric price adjustment.

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

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

#### **B. Test Period Revenue Requirements**

EWEB has designated calendar years 2022 through 2024 as the "test period" for development of electric system costs and revenues in this current price proposal. This corresponds with the

expenditures included in the 2022 Proposed Electric Budget and any known or anticipated impacts in subsequent years.

For the February 2022 price study, staff was able to incorporate the projected sales, revenues and expenditure data from the proposed 2022 budget directly as a basis for this revenue requirement proposal.

The electric system costs are forecasted to be met with forecasted revenue including the current price proposal, as outlined in the table below (Table 2).

*Table 2*

<b>Revenues</b>	<b>Current Prices</b>	<b>Revenue at Proposed Prices</b>	<b>% of Total</b>
Operating Revenues	\$200,165,000	\$206,666,000	73%
Wholesale Revenue, Interest, and Other Income	75,821,000	75,821,000	27%
<b>Subtotal</b>	<b>275,986,000</b>	<b>282,487,000</b>	<b>100%</b>
<b>Expenditures</b>			
Operating & Maintenance			
Purchased Power	141,409,000	141,409,000	50%
System Control	4,953,000	4,953,000	2%
Generation	14,800,000	14,800,000	5%
Wheeling	12,751,000	12,751,000	5%
Transmission & Distribution	26,248,000	26,248,000	9%
Customer Accounting	8,196,000	8,196,000	3%
Conservation	4,695,000	4,695,000	2%
Administration & General	31,495,000	31,495,000	11%
<b>Subtotal</b>	<b>244,547,000</b>	<b>244,547,000</b>	<b>87%</b>
Other Expenditures			
Contribution in Lieu of Tax	13,240,000	13,240,000	5%
Construction & Capital	13,011,000	13,011,000	5%
Debt Service, Interest, and Amortization	16,679,000	16,679,000	6%
Balance Sheet Changes	-1,635,000	-1,635,000	-1%
<b>Subtotal</b>	<b>41,295,000</b>	<b>41,295,000</b>	<b>15%</b>
<b>To (From) Reserves</b>	<b>-3,355,000</b>	<b>-3,355,000</b>	<b>-1%</b>
<b>Revenue Requirement</b>	<b>282,487,000</b>	<b>282,487,000</b>	<b>100%</b>
<b>Surplus / (Deficit)</b>	<b>-6,501,000</b>	<b>0</b>	
<b>As a % of Rate Revenue</b>	<b>-3.25%</b>	<b>0.0%</b>	

## **IV. SYSTEM LOAD AND SALES FORECAST**

### **A. Overview of the Forecasting Process**

EWEB routinely prepares both short- and long-range electric system load forecasts as part of its ongoing planning activities. Annual projections of total system electric loads are prepared by the Fiscal Services Department in conjunction with power resource scheduling and contracting functions. These annual forecasts employ both historical load data from EWEB records and projected economic, demographic, and weather trends for the Eugene area. Other regional forecasts are also reviewed for consistency and applicability to EWEB.

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

EWEB's annual electric load forecast was adopted directly as the basis for estimating total system sales for the current price study. Specifically, the twelve-month period from January through December 2022 was selected for analysis, corresponding with the test period budget and revenue requirements. The remainder of this section describes how the system load and sales forecasts are applied to the development of retail prices, and the results obtained for the 2022 test period.

### **B. Methodology and Procedures**

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

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

Once the basic forecasting data is assembled, it is reviewed for consistency with recent historical trends, budget assumptions, and conditions expected to prevail over the price test period. Such

review ensures that the sales forecast used in the price design process remains consistent with projections used to prepare purchased power budgets and the EWEB revenue requirements discussed in Section III.

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

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

### C. 2022 Forecast Results

The results of EWEB's forecast of sales for the 2022 price test period are summarized briefly below in Table 3:

*Table 3*  
**Test Period Forecast of Electric Utility  
 Customers & Sales by Price Class  
 For 2022 Price Test Period**

Customer Class	Customer Counts	Energy Sales in MWH	% of Sales
Residential	80,006	861,899	38.8%
Small General Service	7,980	158,772	7.2%
Medium General Service	1,819	460,220	20.7%
Large General Service	59	192,423	8.7%
Upriver Residential	4,826	47,574	2.1%
Upriver Small General Service	179	2,448	0.1%
Upriver Medium General Service	19	2,055	0.1%
Contract A	1	410,423	18.5%
Contract C	1	73,135	3.3%
Street Lighting	N/A	8,713	0.4%
Private Lighting	N/A	889	0.0%
<b>Total</b>	<b>94,890</b>	<b>2,218,551</b>	<b>100.0%</b>

NOTE: Energy Sales does not include line loss.

The above information represents an increase in EWEB customers by the end of 2022, which is a trend over the last several years and projected new service connections. Total electric sales for the period are forecast at 2.2 billion kilowatt-hours.

The 2022 Load and Sales Forecast are used as a basis for cost allocation, price design and revenue projections at current and proposed prices.



## **V. COST OF SERVICE ANALYSIS**

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

### **A. Cost of Service Methods and Procedures**

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

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

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

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

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

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

When all of the allocation factors have been developed, they are then applied to yield a segregation of total system costs assigned to the different price classes. The final step is to combine the calculations in a summary table showing total allocated costs and recommended percentage

adjustments for each customer class. These results can then be represented as unit costs, which form the basis for actual price design.

**B. Cost of Service Results**

The cost of service results indicate the allocated total costs to each specific customer class for the test years 2022 through 2024.

**Table 4**  
**Forecast of Electric Utility**  
**Proposed Revenue Requirement by Price Class**  
**for 2022-2024 Test Periods**

Customer Class	Price Schedule(s)	2022 Revenue Requirement	2023 Revenue Requirement	2024 Revenue Requirement
Residential	R-6	107,859,000	111,563,000	114,698,000
Small General Service	G1	20,256,000	21,763,000	22,738,000
Medium General Service	G-2	42,671,000	45,633,000	47,802,000
Large General Service	G-3	14,994,000	15,842,000	16,618,000
Street Lighting	J-3, J-4, J-5	992,000	1,002,000	1,029,000
Private Lighting	L-3, L4	92,000	124,000	136,000

The revenue requirements are allocated to each customer class and can be evaluated relative to the revenue of current rates for revenue requirement increases for each customer class. The projected shortfall at present rates to the allocated revenue requirement is provided in Table 5.

**Table 5**  
**Forecast of Electric Utility**  
**Forecasted Revenue Requirement Shortfall by Price Class**  
**for 2022-2024 Test Periods**

Customer Class	Price Schedule(s)	2022	2023	2024
Residential	R-6	3.17%	3.82%	3.31%
Small General Service	G1	4.37%	3.62%	2.83%
Medium General Service	G-2	2.27%	3.41%	4.58%
Large General Service	G-3	8.30%	4.47%	4.42%
Street Lighting	J-3, J-4, J-5	-1.76%	3.43%	4.12%
Private Lighting	L-3, L4	26.23%	5.35%	5.03%

## VI. PRICE RECOMMENDATIONS

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

*Table 6*  
**Forecast of Electric Utility  
 Recommended Rate Adjustments  
 for 2022-2024 Test Periods**

<b>Customer Class</b>	<b>Price Schedule(s)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Residential	R-6	3.72%	3.72%	2.86%
Small General Service	G1	3.68%	3.83%	3.27%
Medium General Service	G-2	3.69%	3.59%	2.99%
Large General Service	G-3	6.00%	6.00%	5.25%
Street Lighting	J-3, J-4, J-5	0.00%	3.00%	2.80%
Private Lighting	L-3, L4	12.29%	12.29%	11.68%

Prices were developed in accordance with EWEB's price design objectives, to balance recovery based on the costs allocated to each customer class in the COSA with the principles of Gradualism. In addition, these proposals reflect other legitimate price making objectives, such as stability of prices, equity to customers within a class and proper price signals in keeping with EWEB's costs.

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

**APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES**

**A. Residential Service (Schedule R-6)**

Residential customers are served under EWEB's Schedule R-6, which applies to single family and smaller multi-family dwellings. This price schedule consists of a fixed monthly customer charge with a tiered energy price applied to all monthly metered consumption. Currently, about 86,000 residential customers are served under this schedule. Proposed additions to the policy are in red print and proposed eliminations are in red strike-through print.

**Residential Service - Schedule R-6**

In this proposal, all price components increase by 3.72% and preserve the current design structure. The proposed prices are shown in *Table 7*.

**Eugene Water & Electric Board  
Rate Design Study  
Residential Service (R-6)**

*Table 7 - Existing and Proposed Rates*

	Existing Rates		Proposed 2022 Rates
<b>Basic Charge:</b>	\$20.50		\$21.26
<b>Delivery Charge:</b>	\$0.0262		\$0.0272
<b>Energy Charge:</b>	\$0.0652		\$0.0676

A monthly bill comparison at various usage levels for existing versus proposed prices can be found in *Table 8*.

**Eugene Water & Electric Board  
Rate Design Study  
Residential Service (R-6)**

**Table 8 - Monthly Bill Comparison**

<b>% of Bills</b>	<b>Usage Range</b>	<b>Average Usage</b>	<b>Current Tariff</b>	<b>Proposed 2022 Bill Impact</b>		
				<b>Proposed Tariff</b>	<b>Bill Impact</b>	<b>% Impact</b>
10%	0 - 425	276	\$ 45.73	\$ 47.43	\$ 1.70	3.72%
11%	425 - 600	527	68.65	71.20	2.55	3.72%
12%	601 - 750	683	82.97	86.05	3.08	3.72%
8%	751 - 950	855	98.65	102.31	3.67	3.72%
8%	951 - 1150	1,052	116.68	121.02	4.34	3.72%
10%	1151 - 1350	1,600	166.74	172.94	6.20	3.72%
11%	1351 - 1600	1,474	155.21	160.97	5.77	3.72%
11%	1601 - 2000	1,790	184.10	190.94	6.84	3.72%
9%	2001 - 2600	2,268	227.77	236.24	8.46	3.72%
11%	2601 and over	3,537	343.74	356.51	12.77	3.72%

**APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES**

**B. Small General Service (Schedule G-1)**

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

There are about 8,100 commercial customers presently served in the demand range for Small General Service (Schedule G-1). This price typically applies to non-residential accounts for service at secondary distribution voltages of 480 volts or less. Under the General Service schedule, EWEB provides all distribution and service facilities necessary to meet the power requirements of the customer.

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

There is an overall class increase of 3.68% for the Small General Service schedule G-1. *Table 9* provides the existing prices versus proposed prices.

*Table 9*  
**Small General Service G-1**  
**Existing Prices vs Proposed Prices**  
**(0 - 30 Monthly kW)**

	Existing Prices	Proposed Prices		
<b>Basic Charge</b>				
Single-Phase	\$23.06	\$23.91	3.68%	per month
Three-Phase	\$34.08	\$35.33	3.68%	per month
<b>Demand Charge</b>				
First 10 kW	No Charge	No Charge		per kW
Over 10 kW	\$7.124	\$7.39	3.68%	per kW
<b>Delivery Charge</b>				
First 1,750 kWh	\$0.0358	\$0.0371	3.68%	per kWh
Additional kWh	\$0.0013	\$0.0014	3.68%	per kWh
<b>Energy Charge</b>				
All kWh	\$0.0690	\$0.0715	3.68%	per kWh



## **APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES**

### **C. Medium General Service (Schedule G-2)**

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

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

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

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

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

There is an overall class increase of 3.69% for the Medium General Service schedule G-2. *Table 10* provides information on existing versus proposed prices.

**Table 10**  
**Medium General Service G-2**  
**Existing Prices vs Proposed Prices**  
**(31 - 500 Monthly kW)**

	Existing Prices		Proposed Prices		
	Secondary	Primary	Secondary	Primary	
<b>Basic Charge</b>					
<b>Single-Phase</b>	\$38.23	---	\$39.64	---	per month
<b>Three-Phase</b>	\$59.30	\$3,444	\$61.49	\$3,571	per month
<b>Demand Charge</b>					
<b>First 300 kW</b>	\$7.431	---	\$7.71	---	per kW
<b>Over 300 kW</b>	\$7.431	\$7.281	\$7.71	\$7.55	per kW
<b>Energy Charge</b>					
<b>All kWh</b>	\$0.0627	\$0.0618	\$0.0650	\$0.0641	per kWh

**APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES**

**D. Large General Service (Schedule G-3)**

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

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

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

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

There is an overall class increase of 6.00% for the Large General Service schedule G-3. *Table 11* provides information on existing versus proposed prices for Large General Service customers.

**Table 11**  
**Large General Service G3**  
**Existing Prices vs Proposed Prices**  
**(501 - 10,000 Monthly kW)**

	Existing Prices		Proposed Prices		
	Secondary	Primary	Secondary	Primary	
<b>Basic Charge</b>	\$2,757	\$2,680	\$2,922	\$2,841	per month
<b>Demand Charge</b>					
First 300 kW	---	---	---	---	per kW
Over 300 kW	\$7.6880	\$7.4860	\$8.15	\$7.94	per kW
<b>Energy Charge</b>					
All kWh	\$0.0498	\$0.0489	\$0.0528	\$0.0518	per kWh

**APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES**

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

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

There are approximately 12,000 street lights served on the EWEB system. It is estimated that agency streetlights will consume 8.7 million kilowatt-hours during 2022. This estimate is based on the wattage rating of each individual lighting fixture and the total number of night-time hours per year. The proposed agency lighting prices reflect allocated customer, demand and energy costs by fixture type, consistent with available engineering data.

There is no overall class price change for Customer-Owned Street Lighting customers schedules J-3, J-4, and J-5. *Table 12* provides information on existing versus proposed prices for Customer-Owned Street Lighting.

*Table 12*  
**Street Lighting J-3, J-4, J-5**  
**Existing Prices vs Proposed Prices**

<b>Rate Schedule</b>	<b>Fixture</b>	<b>Bulb</b>	<b>Current Rates</b>	<b>Proposed Rates</b>
Schedule J-3	175 Watt MV	175 Watt Bulb (Mercury Vapor)	\$8.07	\$8.07
Schedule J-3	250 Watt MV	250 Watt Bulb (Mercury Vapor)	\$10.58	\$10.58
Schedule J-3	400 Watt MV	400 Watt Bulb (Mercury Vapor)	\$15.28	\$15.28
Schedule J-3	700 Watt MV	700 Watt Bulb (Mercury Vapor)	\$24.79	\$24.79
Schedule J-4	35 Watt HPS	35 Watt Bulb (High Pressure Sodium)	\$3.74	\$3.74
Schedule J-4	50 Watt HPS	50 Watt Bulb (High Pressure Sodium)	\$4.20	\$4.20
Schedule J-4	70 Watt HPS	70 Watt Bulb (High Pressure Sodium)	\$5.11	\$5.11
Schedule J-4	100 Watt HPS	100 Watt Bulb (High Pressure Sodium)	\$5.77	\$5.77
Schedule J-4	150 Watt HPS	150 Watt Bulb (High Pressure Sodium)	\$7.39	\$7.39
Schedule J-4	200 Watt HPS	200 Watt Bulb (High Pressure Sodium)	\$9.30	\$9.30
Schedule J-4	250 Watt HPS	250 Watt Bulb (High Pressure Sodium)	\$11.07	\$11.07
Schedule J-4	310 Watt HPS	310 Watt Bulb (High Pressure Sodium)	\$12.97	\$12.97
Schedule J-4	400 Watt HPS	400 Watt Bulb (High Pressure Sodium)	\$15.82	\$15.82
Schedule J-4	1000 Watt HPS	1000 Watt Bulb (High Pressure Sodium)	\$33.51	\$33.51
Schedule J-4	1000 Watt MH	1000 Watt Bulb (Metal Halide)	\$33.23	\$33.23

*February 2022 Electric Price Proposal*

---

Schedule J-5	00 to 40 Watt LED	00 to 40 Watt Bulb (Light Emitting Diode)	\$3.17	\$3.17
Schedule J-5	41 to 80 Watt LED	41 to 80 Watt Bulb (Light Emitting Diode)	\$3.74	\$3.74
Schedule J-5	81 to 120 Watt LED	81 to 120 Watt Bulb (Light Emitting Diode)	\$5.45	\$5.45
Schedule J-5	121 to 200 Watt LED	121 to 200 Watt Bulb (Light Emitting Diode)	\$6.74	\$6.74
Schedule J-5	201+ Watt LED	201+ Watt Bulb (Light Emitting Diode)	\$18.13	\$18.13

**APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES**

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

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

There are presently about 1,400 private security lights comprised of various lamp sizes on the EWEB system. It is estimated that these lights will consume about 890,000 kWh during the 12-month test period. In addition to collecting energy revenue, the prices presently in effect for private security lighting are designed to amortize capital costs and to provide for depreciation, funds for fixture replacement, maintenance, regular lamp washing, and lamp replacement.

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

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

There is an overall class increase of 12.29% for schedules L-3 and L-4. *Table 13* provide existing prices versus proposed prices for Private Property Lighting Services.

**Table 13  
Private Lighting L3, L4  
Existing Prices vs Proposed Prices**

Rate Schedule	Fixture	Bulb	Current Rates	Proposed Rates
Schedule L-3	100 Watt HPS	100 Watt Bulb (High Pressure Sodium)	\$6.06	\$6.80
Schedule L-3	200 Watt HPS	200 Watt Bulb (High Pressure Sodium)	\$9.82	\$11.03
Schedule L-3	400 Watt HPS	400 Watt Bulb (High Pressure Sodium)	\$16.74	\$18.80
Schedule L-4	50 Watt High Efficiency	50 Watt Bulb High Efficiency (High Pressure Sodium)	\$4.40	\$4.94
Schedule L-4	70 Watt High Efficiency	70 Watt Bulb High Efficiency (High Pressure Sodium)	\$5.37	\$6.03
Schedule L-4	150 Watt High Efficiency	150 Watt Bulb High Efficiency (High Pressure Sodium)	\$7.79	\$8.75



## APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

### G. Business Growth and Retention Price Rider (BGR-1)

#### 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. The 2022 updated wholesale market prices eliminate the benefit for Large General Service and reduce the impact of Medium General Service

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.

#### **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.

2022 BGR Price for Medium General Service Customers: ~~\$0.003~~ ~~\$0.013~~ per kilowatt hour

2022 BGR Price for Large General Service Customers: ~~\$0.000~~ ~~\$0.010~~ 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.

APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

H. Partial Requirements Service Pricing

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

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: ..... \$291.98 \$508.96 per month

Facilities Charge:

Per Kilowatt of Facilities Capacity ..... \$4.07 \$3.41 per gross kW

Power Indifference Surcharge:

Per Kilowatt of Facilities Capacity ..... \$4.76 \$18.98 per gross kW

Energy Charge:

Summer On-Peak Kilowatt-Hours ..... \$0.0810 \$0.0423 per kWh

Summer Mid-Peak Kilowatt-Hours ..... \$0.0387 \$0.0316 per kWh

Summer Off-Peak Kilowatt-Hours..... \$0.0611 \$0.0197 per kWh

*February 2022 Electric Price Proposal*

---

Shoulder On-Peak Kilowatt-Hours .....	<del>\$0.0671</del>	<del>\$0.0345</del>	per kWh
Shoulder Mid-Peak Kilowatt-Hours.....	<del>\$0.0530</del>	<del>\$0.0277</del>	per kWh
Shoulder Off-Peak Kilowatt-Hours.....	<del>\$0.0409</del>	<del>\$0.0213</del>	per kWh
Winter On-Peak Kilowatt-Hours .....	<del>\$0.0861</del>	<del>\$0.0476</del>	per kWh
Winter Mid-Peak Kilowatt-Hours.....	<del>\$0.0717</del>	<del>\$0.0392</del>	per kWh
Winter Off-Peak Kilowatt-Hours.....	<del>\$0.0620</del>	<del>\$0.0339</del>	per kWh

## **APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES**

### **I. Proposed Electric Customer Generation Rates**

#### **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.

#### **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.      **\$0.0693**      **\$0.0360**      per  
kWh  
(Resolution No. 1935)

- b.      Annual Renewable Generation Purchase Rate Schedule  
          (For Generation Less than 200 kW)

Annual Renewable Generation Rate

<del>Purchased Power and RECs</del>	<del>\$0.0369</del>	<del>per kWh</del>
<del>Purchased Power Only</del>	<del>\$0.0360</del>	<del>per kWh</del>
<b>Purchased Power and RECs</b>	<b>\$0.0724</b>	<b>per kWh</b>
<b>Purchased Power Only</b>	<b>\$0.0693</b>	<b>per kWh</b>



**Eugene Water & Electric Board**  
4200 Roosevelt Blvd  
Eugene, Oregon 97402-6520  
541-685-7000

---

# **February 2022 Water Price Proposal**

---

**Fiscal Services Department  
November 2021**

---

**EUGENE WATER & ELECTRIC BOARD  
2022 Water Price Proposal**

**TABLE OF CONTENTS**

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>I. INTRODUCTION .....</b>	<b>2-5</b>
Purpose of Study .....	2
Establishment of Prices.....	2
Price Review Process.....	2
Public Notice and Hearings Schedule .....	4
<b>II. BACKGROUND INFORMATION .....</b>	<b>6-8</b>
A. Organizational Structure .....	6
B. Water System Highlights .....	8
C. Retail Price Change .....	8
<b>III. REVENUE REQUIREMENTS STUDY.....</b>	<b>9-11</b>
A. Preparation of Annual Budget.....	9
B. Test Period Revenue Requirements .....	10
<b>IV. SYSTEM SALES AND REVENUE FORECAST .....</b>	<b>12-13</b>
A. Overview of EWEB's Forecasting Process.....	12
B. Methodology and Procedures .....	12
C. 2022 Forecast Results.....	13
<b>V. COST OF SERVICE ANALYSIS.....</b>	<b>14-15</b>
A. Costing Methods and Procedures.....	14
B. Cost of Service Summary .....	15
<b>VI. PRICE RECOMMENDATIONS.....</b>	<b>16-32</b>
A. Residential Service (Schedules R-1 and R-2).....	17
B. General Service Inside City Limits (Schedule G-1) .....	25
C. General Service Outside City Limits (Schedule G-2).....	27
D. Sale of Surplus Water (Schedules 4, 5, and 6).....	29
E. Private Fire Lines .....	32



## **EXECUTIVE SUMMARY**

The 2022 Price Proposal was developed in accordance with the proposed 2022 budget. The Cost-of-Service analysis, revenue requirements and proposed price schedules by customer class, are included in this document.

**Overall average price change:** An overall average price increase of 4.0% to recover revenue requirement increases related to higher operating expenses and capital investment needs.

**Cost of Service Analysis:** In accordance with industry standards, EWEB conducts a comprehensive Cost of Service Analysis (COSA) a minimum of every 3-5 years or when a major shift in COSA variables occurs. An abbreviated COSA has been prepared annually. EWEB has currently completed a COSA for the years 2022 – 2024 and is recommending 2022 rates based on the output of this multi-year analysis.

**Price Design and Other Price Schedules:** The following price/rate design proposal are recommended to meet the Board rate making principles of Sufficiency, Affordability, Efficiency, Cost Basis, Equity and Gradualism.

- Price change to Residential Customer Class
- Price change to General Service Customer Class
- Price change to Elevation Charges
- Price change to Water District Contracts

## **I. INTRODUCTION**

### ***Purpose of Study***

The purpose of this price study is to provide background information and technical analyses in support of the Eugene Water & Electric Board (EWEB) management proposal for revised water prices. The study includes documentation of water system revenue requirements, projected system loads and sales, and unit costs for serving water customers during the twelve-month period beginning January 2022. The most recent changes to water prices occurred in February 2018, which was a reduction in overall prices by 2.8% on average.

### ***Establishment of Prices***

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

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

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

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

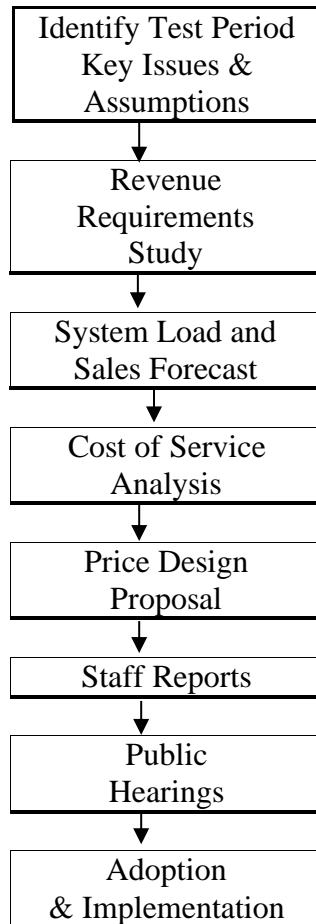
The above standards, together with the established Board policies concerning cost allocation and price design, allow EWEB to maintain prices at the lowest possible level consistent with sound financial principles and traditional utility price making practice. They also give EWEB's elected Board of Commissioners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

### ***Price Review Process***

EWEB's water prices are reviewed with each annual budget cycle to ensure that they remain adequate to cover the cost of utility operations over the budget period. When budget projections or other forecasted

operating conditions indicate the need for a price adjustment, EWEB staff is directed to prepare studies which determine appropriate price levels for each customer class. This formal review process involves several steps, all of which are coordinated with the EWEB Commissioners, General Manager, and management of the utility's operating departments. The process also affords an opportunity for review and comment by EWEB customers and other interested parties (see *Figure 1*).

**Figure 1**  
**Price Review Process**



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

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

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

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

***Public Notice and Hearings Schedule***

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

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

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

<u>Publication Name</u>	<u>Date</u>
Eugene Weekly	October 14, 2021
Eugene Weekly	November 4, 2021

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

Customers are invited to comment on EWEB's budget and price assumptions at public hearings throughout the budget development process. There are two scheduled public hearings specifically for the price proposals. The hearings will be held during the EWEB Board meetings on Tuesday, November 2, 2021 at 5:30 p.m. and Tuesday, December 7, 2021 at 5:30 p.m.

Written comments are also welcome and may be sent to the attention of Budget, EWEB's Fiscal Services Department, P.O. Box 10148, Eugene, OR 97440 or by email to [Budget@EWEB.org](mailto:Budget@EWEB.org). For timely consideration, written comments must be received prior to October 26, 2021 to ensure delivery to the Board prior to their scheduled action on the price proposal.

***EXHIBIT 1***

BEFORE THE EUGENE WATER & ELECTRIC BOARD

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

NOTICE OF PUBLIC HEARINGS  
AND INVITATION TO COMMENT

Two dates are scheduled for public hearings to seek comment regarding proposed 2022 budget approval and adjustments to EWEB water and electric rates. If approved, the proposed changes for residential, general service, and other customers of the Eugene Water & Electric Board would become effective with utility billings rendered either, on or after February 1, 2022.

Public hearings will be held virtually (details to be posted on EWEB.org) on the following dates and times:

November 2, 2021 - 5:30 p.m.

December 7, 2021 - 5:30 p.m.

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

Specific rate recommendations for each customer class may be obtained on EWEB's website: <http://www.eweb.org/boardmeetings> or by calling EWEB's Fiscal Services Department at (541) 685-7000 or emailing [budget@eweb.org](mailto:budget@eweb.org). Copies of the budget document and rate proposals will be made available at the public hearings.

Written public comments are also welcome and may be brought to the hearings or mailed to: EWEB Fiscal Services, P.O. Box 10148, Eugene, OR 97440. To ensure timely consideration, written comments must be received by October 26, 2021.

E-mail comments may be directed to: [adam.rue@eweb.org](mailto:adam.rue@eweb.org).

## II. BACKGROUND INFORMATION

### A. Organizational Structure

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

	Area	Term <u>Expires December 31,</u>
Mindy Scholssberg, President	At-Large	2022
John Brown, Vice President	Wards 4, 5	2022
Sonya Carlson	Wards 6, 7	2024
John Barofsky	Wards 2, 3	2024
Matt McRae	Wards 1, 8	2024

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

The executive and leadership staff, responsible for each of the major operating areas, is as follows:

<u>Executive</u>	<u>Department</u>
Frank Lawson	General Manager
Rod Price	Assistant General Manager
Deborah Hart	Chief Financial Officer
Lena Kostopulos	Chief Workforce Services Officer
Julie McGaughey	Chief Customer Officer
Karen Kelley	Chief Operations Officer
Travis Knabe	Chief Information Officer
Anne Kah	Administrative Services Manager

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

frequently with the executive team members who hold regular meetings with their department staff to ensure employee productivity and efficient, effective operations.

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

*Table 1  
Customer & Thousand Gallon Sales Statistics <sup>1</sup>  
For Period 2017-2020*

<b>Year</b>	<b>Customer Count</b>	<b>% Ch.</b>	<b>KGAL Sales</b>	<b>% Ch.</b>
2017	54,184	N/A	8,060,000	N/A
2018	53,997	-0.3%	8,379,000	4.7%
2019	54,369	0.7%	7,984,000	-4.6%
2020	54,711	0.6%	7,968,000	-0.5%

<sup>1</sup>Excludes Water District customers

**B. Water System Highlights**

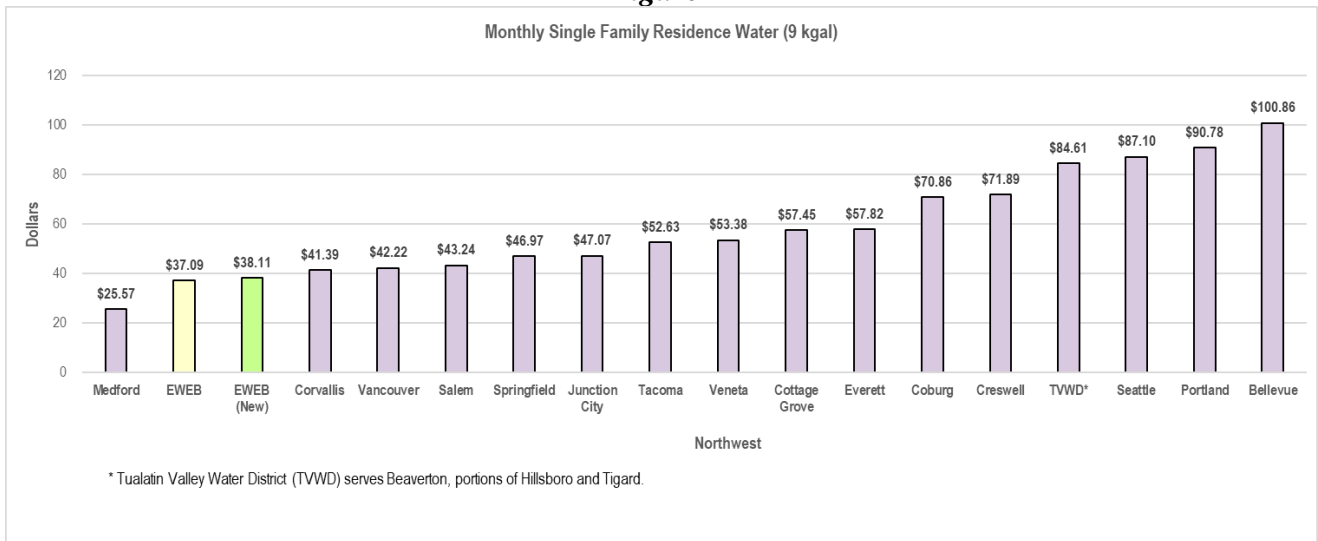
EWEB is the largest publicly owned utility in the state of Oregon. Founded by the citizens of Eugene in 1911, EWEB has been a successful provider of essential utility services to the local community for over 100 years.

The Water System provides water to all areas within the city, two water districts, Willamette Water Company and the City of Veneta. Water is supplied from the McKenzie River and is treated at the Hayden Bridge Filtration Plant, one of the largest treatment plants in Oregon. Water is pumped from the Hayden Bridge Filtration Plant into the distribution system through two large transmission mains. The water distribution system consists of 22 reservoirs with a combined storage capacity of 89 million gallons, 27 pump stations, and approximately 800 miles of distribution mains.

**C. Retail Price Change**

A comparison of current monthly residential bills for selected Northwest communities is shown in Figure 2. Sample bills are calculated using EWEB's monthly average single family residence consumption of 9 kgal. A bill of \$38.11 for EWEB in the figure is calculated using the proposed residential price.

**Figure 2**





### **III. REVENUE REQUIREMENTS STUDY**

This section contains a general description of EWEB's annual budgeting process. It includes the documentation of EWEB's 2022 proposed budgeted expenses and revenue requirements which has been designated as the test period for the current price proposal. In addition to determining the overall percentage revenue increase needed to sustain operation of the water utility, the test period revenue requirements are a primary input to the COSA.

#### **A. Preparation of the Annual Budget**

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

Over the last several years, the Water Utility has been able to meet financial challenges, including cost increases and capital investment needs without raising customer prices. Those challenges have been managed by strategically reducing operations & maintenance and capital costs and prudently using reserves to strengthen financial metrics.

All levels of the EWEB organization are involved in preparation of the annual Water Utility budget in order to place responsibility for cost control on the managers who forecast and incur the costs. If a budget deficit cannot be corrected through cost reductions or deferrals, the amount of the deficit becomes an additional revenue requirement recommended for recovery through a water price adjustment.

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

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

**B. Test Period Revenue Requirements**

EWEB has designated calendar years 2022 through 2024 as the "test period" for development of water system costs and revenues in this current price proposal. This corresponds with the expenditures included in the 2022 Proposed Water Budget.

For the February 2022 price study, staff was able to incorporate the projected sales, revenues, and expenditure data from the proposed 2022 budget directly as a basis for this revenue requirement proposal.

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

**Table 2**  
**Water System Revenue Requirements**  
**For 2022 Test Period (Base year)**

	<b>2021 Current Prices</b>	<b>Revenues at Proposed Prices</b>	<b>% of Total</b>
Operating Revenues <sup>1</sup>	\$38,812,919	\$40,371,089	97%
Interest, and Other Income <sup>2</sup>	1,303,886	1,303,886	3%
	<b>40,116,805</b>	<b>41,674,975</b>	<b>100%</b>
<b>Expenditures</b>			
Source of Supply <sup>3</sup>	5,746,306	5,746,306	21%
Pumping	1,409,675	1,409,675	5%
Power for Pumping	1,117,000	1,117,000	4%
Purification	3,883,347	3,883,347	14%
Transmission & Distribution	6,010,115	6,010,115	22%
Customer Accounting	1,622,053	1,622,053	6%
Conservation	632,234	632,234	2%
Administrative & General	6,398,568	6,398,568	24%
<b>Subtotal</b>	<b>26,819,298</b>	<b>26,819,298</b>	<b>64%</b>
Construction & Capital	14,500,094	14,500,094	35%
Debt Service, Interest, and Amortization	3,952,832	3,952,832	9%
Balance Sheet Changes	(\$303,553)	(\$303,553)	-1%
<b>Subtotal</b>	<b>18,149,373</b>	<b>18,149,373</b>	<b>44%</b>
To (From) Working Cash/ Reserves	(\$3,293,695)	(\$3,293,695)	-8%
<b>Revenue Requirements</b>	<b>\$41,674,976</b>	<b>\$41,674,976</b>	<b>100%</b>
<b>Surplus / (Deficiency)</b>	<b>(\$1,558,171)</b>	<b>(\$0.0)</b>	
<b>As a % of Rate Revenue</b>	<b>-4.0%</b>	<b>0.0%</b>	

<sup>1</sup> Includes Watershed Recovery Fee Revenue

<sup>2</sup> Includes System Development Charge Revenue and Use of Reserves

<sup>3</sup> Includes Watershed Recovery Expenditure

#### **IV. SYSTEM SALES AND REVENUE FORECAST**

##### **A. Overview of EWEB's Forecasting Process**

EWEB routinely prepares both short and long-range water system sales forecasts as part of its ongoing planning activities. The annual sales forecast forms the basis for revenue projections in the water cost of service analysis.

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

Actual consumption may vary considerably from year to year due to changes in local weather patterns, the economy and commercial activities. The twelve-month period from January through December 2022 was selected for analysis, corresponding with the test period budget and revenue requirements. The remainder of this section describes how the system sales forecast is applied to the development of prices and the results obtained for the 2022 test period.

##### **B. Methodology and Procedures**

In order to develop appropriate water prices, EWEB's annual system forecast of 95% of the last five years is used to develop a detailed projection of water sales and customer use characteristics for the upcoming price period.

Projection of customer sales relies on historical data collected by EWEB's Fiscal Services Department. Historical sales statistics are obtained from EWEB financial statements and accounting records. In addition, Fiscal Services maintains a detailed record of customer billing statistics for each price classification.

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

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

**C. 2022 Forecast Results**

The results of EWEB's forecast of sales for the 2022 price test period are summarized below:

**Table 3**  
**Water System Consumption**  
**For 2022 Test Period (Base Year)**

<b>Customer Class</b>	<b>Count</b>	<b>KGAL Sales</b>	<b>% of Sales</b>
Residential - Inside City <sup>1</sup>	47,975	3,720,266	48.2%
Residential - Outside City <sup>1</sup>	484	47,683	0.6%
General Service - Inside City <sup>1</sup>	6,106	3,117,417	40.4%
General Service - Outside City <sup>1</sup>	285	185,019	2.4%
Water Districts	2	535,799	6.9%
Willamette Water Company	7	29,668	0.4%
City of Veneta	2	79,908	1.0%
Private Fire Lines	N/A	N/A	0.1%
<b>Total</b>	<b>54,861</b>	<b>7,715,759</b>	<b>100.0%</b>

<sup>1</sup>Elevation number of customers and consumption sales are included in the above

## **V. COST OF SERVICE ANALYSIS**

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

### **A. Costing Methods and Procedures**

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

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

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

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

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

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

**B. Cost of Service Results**

The cost-of-service results indicate the allocated total costs, and associated prices to each specific customer class for the test years 2022 through 2024 are provided in Table 4 and Table 5.

**Table 4**  
*Forecast of Water Utility Proposed Revenue Requirement by Price Class  
for 2022-2024 Test Periods*

<b>Customer Class</b>	<b>Price Schedules</b>	<b>2022 Revenue Requirement</b>	<b>2023 Revenue Requirement</b>	<b>2024 Revenue Requirement</b>
Residential <sup>1</sup>	R-1, R-2	\$19,826,933	\$21,397,005	\$23,762,394
General Service <sup>1</sup>	G-1, G-2	\$14,332,524	\$15,518,687	\$17,226,547
Water Districts	4	\$1,918,021	\$2,034,187	\$2,287,556
Willamette Water Company	5	\$114,592	\$122,153	\$136,857
City of Veneta	6	\$149,390	\$158,317	\$172,423
Elevation	N/A	\$906,190	\$1,239,080	\$1,184,257

<sup>1</sup>Includes both Inside and Outside City

**Table 5**  
*Forecast of Water Utility Revenue Requirement Shortfall by Price Class  
for 2022-2024 Test Periods*

<b>Customer Class</b>	<b>Price Schedules</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Residential <sup>1</sup>	R-1, R-2	3.2%	8.2%	12.3%
General Service <sup>1</sup>	G-1, G-2	5.0%	8.7%	12.5%
Water Districts	4	3.1%	6.2%	13.6%
Willamette Water Company	5	-2.8%	6.4%	12.5%
City of Veneta	6	14.2%	6.8%	10.8%
Elevation <sup>2</sup>	N/A	12.7%	41.4%	-6.8%

<sup>1</sup>Includes both Inside and Outside City

<sup>2</sup>Average of Levels 1, 2 and 3

The revenue requirements are allocated to each customer class and can be evaluated relative to the revenue of current rates for revenue requirement increases for each customer class. The projected shortfall at present rates to the allocated revenue requirement is provided in in the table below.

## VI. PRICE RECOMMENDATIONS

The purpose of this section is to present staff's proposal for revisions to each of EWEB's published water price schedules, as reflected in the Table 6. Staff is recommending that the revenue requirement be allocated in accordance with Table 6 to employ the pricing principle of gradualism for retail customers. Wholesale prices are established according to their contracts.

*Table 6*  
*Forecast of Water Utility Recommended Rate Adjustments*  
*for 2022-2024 Test Periods*

<b>Customer Class</b>	<b>Price Schedules</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Residential <sup>1</sup>	R-1, R-2	3.0%	9.0%	11.7%
General Service <sup>1</sup>	G-1, G-2	5.0%	9.0%	12.2%
Water Districts	4	3.1%	6.2%	13.6%
Willamette Water Company	5	-2.8%	6.4%	12.5%
City of Veneta	6	14.2%	6.8%	10.8%
Elevation <sup>2</sup>	N/A	11.3%	18.7%	17.3%

<sup>1</sup>Includes both Inside and Outside City

<sup>2</sup>Average of Levels 1, 2 and 3



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

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

The price increase for residential customers is illustrated in Table 7. The monthly elevation charge determined by pumping level is proposed to increase to \$3.00, \$5.45, and \$8.75, from \$3, \$5, \$7, depending on the level. Table 8 provides information on price and monthly bill comparison using current and proposed prices for a residential customer within the City of Eugene. Tables 9 through 14 provide information on the calculation of revenues at current and proposed prices.

**Table 7**  
**Residential Service Within City Limits, Scheduler R-1**  
**Existing vs. Proposed Prices**

	<b>Existing Price</b>	<b>Proposed Price</b>	
<b>Basic Charge</b>			
< 1"	\$20.37	\$20.98	per month
1"	\$27.50	\$28.33	per month
1 - 1/2"	\$42.08	\$43.34	per month
2"	\$75.39	\$77.65	per month
3"	\$164.88	\$169.83	per month
<b>Volume Charge</b>			
First 8 kgal	\$1.416	\$1.458	per kgal
Next 22 kgal	\$2.391	\$2.463	per kgal
Over 30 kgal	\$3.872	\$3.988	per kgal
<b>Elevation Basic Charge</b>			
Pumping Level 1	\$3.00	\$3.00	per month
Pumping Level 2	\$5.00	\$5.45	per month
Pumping Level 3	\$7.00	\$8.75	per month
<b>Elevation Volume Charge</b>			
Pumping Level 1	\$0.249	\$0.249	per kgal
Pumping Level 2	\$0.499	\$0.544	per kgal
Pumping Level 3	\$0.738	\$0.923	per kgal

**Table 8  
EUGENE WATER & ELECTRIC BOARD  
Price and Monthly Bill Comparison<sup>1</sup>**

**Residential Water Service Inside City Limits  
SCHEDULE R-1**

---

**< 1" Service**

---

Monthly Usage Level (KGAL)	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Difference
0	\$23.37	\$23.98	2.6%
1	\$24.79	\$25.44	2.6%
2	\$26.20	\$26.90	2.7%
3	\$27.62	\$28.36	2.7%
4	\$29.03	\$29.82	2.7%
5	\$30.45	\$31.27	2.7%
6	\$31.87	\$32.73	2.7%
7	\$33.28	\$34.19	2.7%
8	\$34.70	\$35.65	2.7%
9	\$37.09	\$38.11	2.8%
10	\$39.48	\$40.57	2.8%
15	\$51.44	\$52.89	2.8%
20	\$65.78	\$67.66	2.9%
25	\$77.74	\$79.98	2.9%
30	\$89.69	\$92.29	2.9%
35	\$109.05	\$112.23	2.9%
40	\$128.41	\$132.17	2.9%
45	\$147.77	\$152.11	2.9%
50	\$167.13	\$172.05	2.9%

<sup>1</sup> Includes Watershed Recovery Fee

**February 2022 Water Price Proposal**

---

*Table 9*

**Calculation of the Revenues at Present and Proposed Prices<sup>1</sup>**  
**SCHEDULE R-1 - Residential Water Service Inside City Limits**  
 Estimated 12 Months Ended December 31, 2022

<b>Meter Size</b>	<b>Projected Active Services</b>	<b>Projected Annual Consumption</b>	<b>Existing Charge</b>	<b>Revenue at Existing Prices</b>	<b>Proposed Charge</b>	<b>Proposed Annual Revenue<sup>2</sup></b>
<b>BASIC CHARGE</b>						
< 1"	44,295	531,540	\$20.37	\$10,827,470	\$20.98	\$11,125,225
1"	3,586	43,032	\$27.50	\$1,183,380	\$28.33	\$1,215,923
1 - 1/2"	89	1,068	\$42.08	\$44,941	\$43.34	\$46,177
2"	5	60	\$75.39	\$4,523	\$77.65	\$4,648
<b>Total</b>	<b>47,975</b>	<b>575,700</b>		<b>\$12,060,315</b>		<b>\$12,391,973</b>
<b>VOLUME CHARGE</b>						
First 8,000 gallons	65.5%	2,437,649	\$1.416	\$3,451,711	\$1.458	\$3,548,381
Next 22,000 gallons	28.3%	1,054,342	\$2.391	2,520,932	\$2.463	\$2,595,483
Over 30,000 gallons	6.1%	228,275	\$3.872	883,881	\$3.988	\$910,005
<b>Total</b>		<b>3,720,266</b>		<b>\$6,856,524</b>		<b>\$7,053,868</b>
<b>Total Calculated Revenue</b>				<b>\$18,916,838</b>		<b>\$19,445,842</b>
<b>Revenue Increase</b>						<b>\$529,003</b>
% Change						2.8%

<sup>1</sup> Excludes Watershed Recovery Fee

<sup>2</sup> Proposed revenue includes one month at current prices and eleven months at proposed prices

**Table 10**  
**Residential Service Outside City Limits, Scheduler R-2**  
**Existing vs. Proposed Prices**

	<b>Existing Price</b>	<b>Proposed Price</b>	
<b>Basic Charge</b>			
< 1"	\$26.50	\$27.30	per month
1"	\$35.75	\$36.82	per month
1 - 1/2"	\$54.70	\$56.34	per month
2"	\$98.00	\$100.94	per month
3"	\$214.35	\$220.78	per month
<b>Volume Charge</b>			
First 8 kgal	\$1.841	\$1.896	per kgal
Next 22 kgal	\$3.108	\$3.201	per kgal
Over 30 kgal	\$5.034	\$5.185	per kgal
<b>Elevation Basic Charge</b>			
Pumping Level 1	\$3.00	\$3.00	per month
Pumping Level 2	\$5.00	\$5.45	per month
Pumping Level 3	\$7.00	\$8.75	per month
<b>Elevation Volume Charge</b>			
Pumping Level 1	\$0.249	\$0.249	per kgal
Pumping Level 2	\$0.499	\$0.544	per kgal
Pumping Level 3	\$0.738	\$0.923	per kgal

**Table 11**  
**Price and Monthly Bill Comparison<sup>1</sup>**

**Residential Water Service Outside City Limits**  
**SCHEDULE R-2**

---

**< 1" Service**

---

Monthly Usage Level (KGAL)	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Difference
0	\$29.50	\$30.30	2.7%
1	\$31.34	\$32.19	2.7%
2	\$33.18	\$34.09	2.7%
3	\$35.02	\$35.98	2.7%
4	\$36.86	\$37.88	2.8%
5	\$38.71	\$39.78	2.8%
6	\$40.55	\$41.67	2.8%
7	\$42.39	\$43.57	2.8%
8	\$44.23	\$45.46	2.8%
9	\$47.34	\$48.67	2.8%
10	\$50.44	\$51.87	2.8%
15	\$65.98	\$67.87	2.9%
20	\$84.63	\$87.08	2.9%
25	\$100.17	\$103.09	2.9%
30	\$115.71	\$119.09	2.9%
35	\$140.88	\$145.02	2.9%
40	\$166.05	\$170.94	2.9%
45	\$191.22	\$196.87	3.0%
50	\$216.39	\$222.79	3.0%

<sup>1</sup> Includes Watershed Recovery Fee

**February 2022 Water Price Proposal**

---

*Table 12*  
**Calculation of the Revenues at Present and Proposed Prices<sup>1</sup>**  
**SCHEDULE R-2 - Residential Water Service Outside City Limits**  
 Estimated 12 Months Ended December 31, 2022

Meter Size	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue at Existing Prices	Proposed Charge	Proposed Annual Revenue <sup>2</sup>
<b>BASIC CHARGE</b>						
< 1"	418	5,016	\$26.50	\$132,924	\$27.30	\$136,579
1"	61	732	\$35.75	\$26,169	\$36.82	\$26,889
1 - 1/2"	4	48	\$54.70	\$2,626	\$56.34	\$2,698
2"	1	12	\$98.00	\$1,176	\$100.94	\$1,208
<b>Total</b>	<b>484</b>	<b>5,808</b>		<b>\$162,895</b>		<b>\$167,374</b>
<b>VOLUME CHARGE</b>						
First 8,000 gallons	52.9%	25,235	\$1.841	\$46,457	\$1.896	\$47,762
Next 22,000 gallons	28.5%	13,594	\$3.108	42,249	\$3.201	\$43,480
Over 30,000 gallons	18.6%	8,854	\$5.034	44,571	\$5.185	\$45,880
<b>Total</b>		<b>47,683</b>		<b>\$133,278</b>		<b>\$137,121</b>
<b>Total Calculated Revenue</b>				<b>\$296,172</b>		<b>\$304,496</b>
<b>Revenue Decrease</b>						<b>\$8,323</b>
<b>% Change</b>						<b>2.8%</b>

<sup>1</sup> Excludes Watershed Recovery Fee

<sup>2</sup> Proposed revenue includes one month at current prices and eleven months at proposed prices

**February 2022 Water Price Proposal**

**Table 13**  
**Calculation of the Revenues at Present and Proposed Prices**  
**ELEVATION CHARGES - CONSUMPTION CHARGES**  
 Estimated 12 Months Ended December 31, 2022

Pumping Level	Active Services	Projected	Existing		Proposed	
		Annual Consumption (KGAL)	Charge	Annual Revenue	Charge	Annual Revenue <sup>1</sup>
<b>Residential Inside City</b>						
1	ALL KGAL	429,275	\$0.249	\$106,890	\$0.249	\$106,890
2	ALL KGAL	221,552	\$0.499	\$110,554	\$0.544	\$120,060
3	ALL KGAL	136,886	\$0.738	\$101,022	\$0.923	\$125,479
<b>Total</b>		<b>787,714</b>		<b>\$318,466</b>		<b>\$352,429</b>
<b>Residential Outside City</b>						
1	ALL KGAL	2,826	\$0.249	\$704	\$0.249	\$704
2	ALL KGAL	6,573	\$0.499	\$3,280	\$0.544	\$3,561
3	ALL KGAL	14,506	\$0.738	\$10,706	\$0.923	\$13,286
<b>Total</b>		<b>23,905</b>		<b>\$14,689</b>		<b>\$17,551</b>
<b>General Service Inside City</b>						
1	ALL KGAL	85,071	\$0.249	\$21,183	\$0.249	\$21,183
2	ALL KGAL	16,805	\$0.499	\$8,386	\$0.544	\$9,101
3	ALL KGAL	5,688	\$0.738	\$4,197	\$0.923	\$5,169
<b>Total</b>		<b>107,563</b>		<b>\$33,766</b>		<b>\$35,452</b>
<b>General Service Outside City</b>						
1	ALL KGAL	19,134	\$0.249	\$4,764	\$0.249	\$4,764
2	ALL KGAL	86	\$0.499	\$43	\$0.544	\$47
3	ALL KGAL	345	\$0.738	\$255	\$0.923	\$315
<b>Total</b>		<b>19,566</b>		<b>\$5,062</b>		<b>\$5,127</b>
<b>Total Calculated Revenue</b>				<b>\$371,983</b>		<b>\$410,559</b>

<sup>1</sup> Proposed revenue includes one month at current prices and eleven months at proposed prices

**February 2022 Water Price Proposal**

---

**Table 14**  
**Calculation of the Revenues at Present and Proposed Prices**  
**ELEVATION CHARGES - METER CHARGES**  
 Estimated 12 Months Ended December 31, 2022

Pumping Level	Projected		Existing		Proposed	
	Active Services	Annual Consumption	Charge	Annual Revenue	Charge	Annual Revenue <sup>1</sup>
<b>Residential Inside City</b>						
1	5,686	68,232	\$3.00	\$204,696	\$3.000	\$204,696
2	2,436	29,232	\$5.00	\$146,160	\$5.450	\$158,218
3	1,039	12,468	\$7.00	\$87,276	\$8.750	\$107,277
<b>Total</b>	<b>9,161</b>	<b>109,932</b>		<b>\$438,132</b>		<b>\$470,191</b>
<b>Residential Outside City</b>						
1	25	300	\$3.00	\$900	\$3.000	\$900
2	59	708	\$5.00	\$3,540	\$5.450	\$3,832
3	84	1,008	\$7.00	\$7,056	\$8.750	\$8,673
<b>Total</b>	<b>168</b>	<b>2,016</b>		<b>\$11,496</b>		<b>\$13,405</b>
<b>General Service Inside City</b>						
1	96	1,152	\$3.00	\$3,456	\$3.000	\$3,456
2	23	276	\$5.00	\$1,380	\$5.450	\$1,494
3	8	96	\$7.00	\$672	\$8.750	\$826
<b>Total</b>	<b>127</b>	<b>1,524</b>		<b>\$5,508</b>		<b>\$5,776</b>
<b>General Service Outside City</b>						
1	4	48	\$3.00	\$144	\$3.000	\$144
2	1	12	\$5.00	\$60	\$5.450	\$65
3	2	24	\$7.00	\$168	\$8.750	\$207
<b>Total</b>	<b>7</b>	<b>84</b>		<b>\$372</b>		<b>\$415</b>
<b>Total Calculated Revenue</b>				<b>\$455,508</b>		<b>\$489,787</b>

<sup>1</sup> Proposed revenue includes one month at current prices and eleven months at proposed prices



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

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

*Table 15* provides information on revenues at existing prices and revenues at proposed prices. *Table 16* provides information on monthly bill comparisons at existing and proposed prices.

*Table 15*  
**Calculation of the Revenues at Present and Proposed Prices**  
**SCHEDULE G-1 - General Service Water Service Inside City Limits**  
 Estimated 12 Months Ended December 31, 2022

Meter Size	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue at Existing Prices	Proposed Charge	Proposed Annual Revenue <sup>1</sup>
<b>BASIC CHARGE</b>						
< 1"	2,631	31,572	\$23.23	\$733,418	\$24.39	\$767,033
1"	1,517	18,204	\$31.36	\$570,877	\$32.93	\$597,043
1 - 1/2"	1,026	12,312	\$47.96	\$590,484	\$50.36	\$617,547
2"	640	7,680	\$85.94	\$660,019	\$90.24	\$690,270
3"	130	1,560	\$193.62	\$302,047	\$203.30	\$315,891
4"	59	708	\$330.58	\$234,051	\$347.11	\$244,778
6"	66	792	\$496.04	\$392,864	\$520.84	\$410,870
8"	35	420	\$718.03	\$301,573	\$753.93	\$315,395
10"	2	24	\$1,014.12	\$24,339	\$1,064.83	\$25,454
<b>Total</b>	<b>6,106</b>	<b>73,272</b>		<b>\$3,809,671</b>		<b>\$3,984,281</b>
<b>VOLUME CHARGE</b>						
All KGAL (1,000 gallons)		3,117,417	\$2.829	\$8,819,172	\$2.970	\$9,236,537
<b>Total Calculated Revenue</b>				<b>\$12,628,842</b>		<b>\$13,220,817</b>
<b>Revenue Increase (Decrease)</b>						<b>\$591,975</b>
% Change						4.7%
Average Cost per kgal (1,000 gallons)				\$4.05		\$4.24

<sup>1</sup> Proposed revenue includes one month at current prices and eleven months at proposed prices

## February 2022 Water Price Proposal

*Table 16*  
**EUGENE WATER & ELECTRIC BOARD**  
**Price and Monthly Bill Comparison<sup>1</sup>**  
**GENERAL SERVICE INSIDE CITY LIMITS**  
**SCHEDULE G-1**

Monthly Usage Level (KGAL)	< 1" SERVICE			1" SERVICE			2" SERVICE			4" SERVICE			6" SERVICE		
	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Difference	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Difference	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Difference	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Difference	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Difference
0	\$26.23	\$27.39	4.4%												
5	\$40.38	\$42.24	4.6%												
10	\$54.52	\$57.10	4.7%	\$62.65	\$65.63	4.8%									
15	\$68.67	\$71.95	4.8%	\$76.80	\$80.48	4.8%									
20	\$82.81	\$86.80	4.8%	\$90.94	\$95.34	4.8%	\$147.02	\$154.15	4.8%						
25	\$96.96	\$101.65	4.8%	\$105.09	\$110.19	4.9%	\$161.17	\$169.00	4.9%						
30	\$111.10	\$116.51	4.9%	\$119.23	\$125.04	4.9%	\$175.31	\$183.85	4.9%						
40	\$139.39	\$146.21	4.9%	\$147.52	\$154.75	4.9%	\$203.60	\$213.56	4.9%						
50	\$167.68	\$175.91	4.9%	\$175.81	\$184.45	4.9%	\$231.89	\$243.26	4.9%	\$484.03	\$507.63	4.9%			
75				\$246.54	\$258.71	4.9%	\$302.62	\$317.52	4.9%	\$554.76	\$581.89	4.9%			
100				\$317.26	\$332.97	5.0%	\$373.34	\$391.78	4.9%	\$625.48	\$656.15	4.9%	\$796.94	\$835.89	4.9%
200				\$600.16	\$630.02	5.0%	\$656.24	\$688.83	5.0%	\$908.38	\$953.20	4.9%	\$1,079.84	\$1,132.93	4.9%
250				\$741.61	\$778.54	5.0%	\$797.69	\$837.35	5.0%	\$1,049.83	\$1,101.72	4.9%	\$1,221.29	\$1,281.45	4.9%
500							\$1,504.94	\$1,579.96	5.0%	\$1,757.08	\$1,844.33	5.0%	\$1,928.54	\$2,024.07	5.0%
750										\$2,464.33	\$2,586.95	5.0%	\$2,635.79	\$2,766.68	5.0%
1,000										\$3,171.58	\$3,329.56	5.0%	\$3,343.04	\$3,509.29	5.0%
1,500													\$4,757.54	\$4,994.52	5.0%
2,000													\$6,172.04	\$6,479.74	5.0%
2,500													\$7,586.54	\$7,964.97	5.0%

<sup>1</sup> Includes Watershed Recovery Fee

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

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

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

*Table 17* provides information on revenues at existing prices and revenue at proposed prices. *Table 18* provides information on monthly bill comparisons at existing and proposed prices.

**Calculation of the Revenues at Present and Proposed Prices**  
**SCHEDULE G-2- General Service Water Service Outside City Limits**  
 Estimated 12 Months Ended December 31, 2022

Meter Size	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue at Existing Prices	Proposed Charge	Proposed Annual Revenue <sup>1</sup>
<b>BASIC CHARGE</b>						
< 1"	152	1,824	\$30.20	\$55,085	\$31.71	\$57,610
1"	61	732	\$40.75	\$29,829	\$42.79	\$31,196
1 - 1/2"	25	300	\$62.35	\$18,705	\$65.47	\$19,562
2"	18	216	\$111.70	\$24,127	\$117.29	\$25,233
3"	7	84	\$251.70	\$21,143	\$264.29	\$22,112
4"	5	60	\$429.75	\$25,785	\$451.24	\$26,967
6"	4	48	\$644.85	\$30,953	\$677.09	\$32,371
8"	13	156	\$933.45	\$145,618	\$980.12	\$152,292
<b>Total</b>	<b>285</b>	<b>3,420</b>		<b>\$351,245</b>		<b>\$367,344</b>
<b>VOLUME CHARGE</b>						
All KGAL (1,000 gallons)		185,019	\$3.678	\$680,501	\$3.86	\$712,680
<b>Total Calculated Revenue</b>				<b>\$1,031,746</b>		<b>\$1,080,024</b>
<b>Revenue Increase</b>						<b>\$48,278</b>
% Change						4.7%
Average Cost per kgal (1,000 gallons)				\$5.58		\$5.84

<sup>1</sup> Proposed revenue includes one month at current prices and eleven months at proposed prices

## February 2022 Water Price Proposal

*Table 18*  
**EUGENE WATER & ELECTRIC BOARD**  
**Price and Monthly Bill Comparison<sup>1</sup>**

**GENERAL SERVICE OUTSIDE CITY LIMITS**  
**SCHEDULE G-2**

Monthly Usage Level (KGAL)	< 1" SERVICE			1" SERVICE			2" SERVICE			4" SERVICE			6" SERVICE		
	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.
0	\$33.20	\$34.71	4.5%												
5	\$51.59	\$54.02	4.7%												
10	\$69.98	\$73.33	4.8%	\$80.53	\$84.41	4.8%									
15	\$88.37	\$92.64	4.8%	\$98.92	\$103.72	4.8%									
20	\$106.76	\$111.95	4.9%	\$117.31	\$123.03	4.9%	\$191.26	\$200.52	4.8%						
25	\$125.15	\$131.26	4.9%	\$135.70	\$142.34	4.9%	\$209.65	\$219.83	4.9%						
30	\$143.54	\$150.57	4.9%	\$154.09	\$161.64	4.9%	\$228.04	\$239.14	4.9%						
40	\$180.32	\$189.19	4.9%	\$190.87	\$200.26	4.9%	\$264.82	\$277.76	4.9%						
50	\$217.10	\$227.81	4.9%	\$227.65	\$238.88	4.9%	\$301.60	\$316.38	4.9%	\$625.65	\$656.33	4.9%			
75				\$319.60	\$335.43	5.0%	\$393.55	\$412.93	4.9%	\$717.60	\$752.88	4.9%			
100				\$411.55	\$431.98	5.0%	\$485.50	\$509.48	4.9%	\$809.55	\$849.43	4.9%	\$1,030.65	\$1,081.28	4.9%
200				\$779.35	\$818.17	5.0%	\$853.30	\$895.67	5.0%	\$1,177.35	\$1,235.62	4.9%	\$1,398.45	\$1,467.47	4.9%
250				\$963.25	\$1,011.26	5.0%	\$1,037.20	\$1,088.76	5.0%	\$1,361.25	\$1,428.71	5.0%	\$1,582.35	\$1,660.57	4.9%
500							\$1,956.70	\$2,054.24	5.0%	\$2,280.75	\$2,394.19	5.0%	\$2,501.85	\$2,626.04	5.0%
750										\$3,200.25	\$3,359.66	5.0%	\$3,421.35	\$3,591.52	5.0%
1,000										\$4,119.75	\$4,325.14	5.0%	\$4,340.85	\$4,556.99	5.0%
1,500													\$6,179.85	\$6,487.94	5.0%
2,000													\$8,018.85	\$8,418.89	5.0%
2,500													\$9,857.85	\$10,349.84	5.0%

<sup>1</sup> Includes Watershed Recovery Fee

*February 2022 Water Price Proposal*

---

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

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

*Table 19*  
**Calculation of the Revenues at Present and Proposed Prices**  
**SCHEDULE 4 - Service to Santa Clara and River Road Water Districts**  
 Estimated 12 Months Ended December 31, 2022

	<b>Projected Active Services</b>	<b>Projected Annual Consumption</b>	<b>Existing Charge</b>	<b>Revenue at Existing Prices</b>	<b>Proposed Charge</b>	<b>Proposed Annual Revenue<sup>1</sup></b>
<b>BASIC CHARGE</b>	2	12	\$3,678.83	\$44,146	\$3,791.31	\$44,821
<b>VOLUME CHARGE</b>						
Jan-June	All KGAL	187,602	\$3.153	\$591,510	\$3.153	\$591,510
July - Dec	All KGAL <sup>2</sup>	348,196	\$3.153	1,097,863	\$3.249	1,131,430
<b>Total</b>		<b>535,799</b>		<b>\$1,689,373</b>		<b>\$1,722,940</b>
<b>Total Calculated Revenue</b>				<b>\$1,733,519</b>		<b>\$1,767,761</b>
<b>Revenue Increase</b>						<b>\$34,242</b>
% Change						2.0%
Average Cost per KGAL (1,000 gallons)				\$3.24		\$3.30

<sup>1</sup> Proposed revenue includes one month at current prices and eleven months at proposed prices

<sup>2</sup> July 1, 2022 effective date

*February 2022 Water Price Proposal*

---

*Table 20*  
**Calculation of the Revenues at Present and Proposed Prices**  
**SCHEDULE 5 - Willamette Water Company**  
 Estimated 12 Months Ended December 31, 2022

<b>Meter Size</b>	<b>Projected Active Services</b>	<b>Projected Annual Consumption</b>	<b>Existing Charge</b>	<b>Revenue at Existing Prices</b>	<b>Proposed Charge</b>	<b>Proposed Annual Revenue<sup>1</sup></b>
<b>BASIC CHARGE</b>						
5/8"	5	60	\$28.69	1,721	\$27.90	\$1,678
3/4"	0	0	\$28.69	\$0	\$27.90	\$0
1"	1	12	\$38.72	\$465	\$37.65	\$453
1 - 1/2"	0	0	\$59.19	\$0	\$57.56	\$0
2"	0	0	\$106.10	\$0	\$103.17	\$0
3"	0	0	\$239.04	\$0	\$232.44	\$0
4"	0	0	\$408.11	\$0	\$396.84	\$0
6"	0	0	\$612.37	\$0	\$595.45	\$0
8"	1	12	\$886.43	\$10,637	\$861.94	\$10,368
<b>Total</b>	<b>7</b>	<b>84</b>		<b>\$12,823</b>		<b>\$12,499</b>
<b>VOLUME CHARGE</b>						
All KGAL (1,000 gallons)		29,668	\$3.653	\$108,377	\$3.552	\$105,529
<b>Total Calculated Revenue</b>				<b>\$121,200</b>		<b>\$118,027</b>
<b>Revenue Increase</b>						<b>(\$3,173)</b>
% Change						-2.6%
Average Cost per KGAL (1,000 gallons)				\$4.09		\$3.98

<sup>1</sup> Proposed revenue includes one month at current prices and eleven months at proposed prices

*February 2022 Water Price Proposal*

---

**Table 21**  
**Calculation of the Revenues at Present and Proposed Prices**  
**SCHEDULE 6 - City of Veneta**  
 Estimated 12 Months Ended December 31, 2022

	<b>Projected Active Services</b>	<b>Projected Annual Consumption</b>	<b>Existing Charge</b>	<b>Revenue at Existing Prices</b>	<b>Proposed Charge</b>	<b>Proposed Annual Revenue<sup>1</sup></b>
<b>BASIC CHARGE</b>	<b>2</b>	<b>24</b>	<b>\$991.48</b>	<b>\$23,796</b>	<b>\$1,132.46</b>	<b>\$26,897</b>
<b>VOLUME CHARGE</b>						
All KGAL (1,000 gallons)		79,908	\$1.253	\$100,125	\$1.43	\$113,158
<b>Total Calculated Revenue</b>				<b>\$123,921</b>		<b>\$140,055</b>
% Change						13.0%
Average Cost per KGAL (1,000 gallons)						\$1.75

<sup>1</sup> Proposed revenue includes one month at current prices and eleven months at proposed prices

**E. Private Fire Lines**

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

In this proposal, management recommends a 4.0% change to fire line prices. Prices for fire lines are contained within the Customer Service Policy & Procedures for General Service Inside and Outside City.

**Table 22**  
**Monthly Price Comparison**  
**Private Fire Lines**

<b>Line Size</b>	<b>Existing Inside City</b>	<b>Proposed Inside City</b>	<b>Existing Outside City</b>	<b>Proposed Outside City</b>
1"	\$43.72	\$45.47	\$55.72	\$57.95
1 - 1/2"	\$43.72	\$45.47	\$55.72	\$57.95
2"	\$43.72	\$45.47	\$55.72	\$57.95
3"	\$43.72	\$45.47	\$55.72	\$57.95
4"	\$43.72	\$45.47	\$55.72	\$57.95
6"	\$65.58	\$68.21	\$83.58	\$86.93
8"	\$87.44	\$90.94	\$111.44	\$115.90
10"	\$109.30	\$113.68	\$139.30	\$144.88
12"	\$131.16	\$136.41	\$167.16	\$173.85
16"	\$174.88	\$181.88	\$222.88	\$231.80