



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: December 1, 2021
SUBJECT: 2022 Proposed Budgets and Prices
OBJECTIVE: Approval of 2022 Budget and Price Proposals

Issue

December 7, 2021 is the second of two public hearings on the 2022 proposed Electric and Water Utility budgets and price proposals. At the November 2nd, meeting the Board provided direction, which is incorporated into the final proposed budgets and prices. The Board is required by statute to approve the Utility budgets prior to January 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.

At the November Board meeting, staff presented proposed budgets, the results of the three-year Cost of Service Analysis (COSA) for each Utility and recommended price updates, which included:

- COSA based updates to Retail Electric Residential, General Service, Streetlighting Prices
- COSA based updates to Retail Water Residential and General Service Prices
- COSA based updates to Wholesale Water Contracts
- Annual Updates to Customer General Rates, Business Growth and Retention Credit and Partial Requirement Service Pricing

The material presented is consistent with the November Board presentation with the following exceptions:

- minor grammatical edits
- updated prices to properly reflect the correct percent increases for wholesale contract table in Water Price Proposal
- inclusion of Attachments 4 and 5 to the Budget Document for reserves balances and ratios

Management is recommending the three-year rate trajectory. This is informational only for the second and third years, however absent any material changes this will be the basis for future recommendations.

Requested Board Action

After the public hearing on the 2022 Budgets and Price Proposals, Management recommends approval of Resolutions 2118, 2119, and 2120; adopting the 2022 Budgets as well as the Water and Electric Price Proposals.

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 melled 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.

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

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

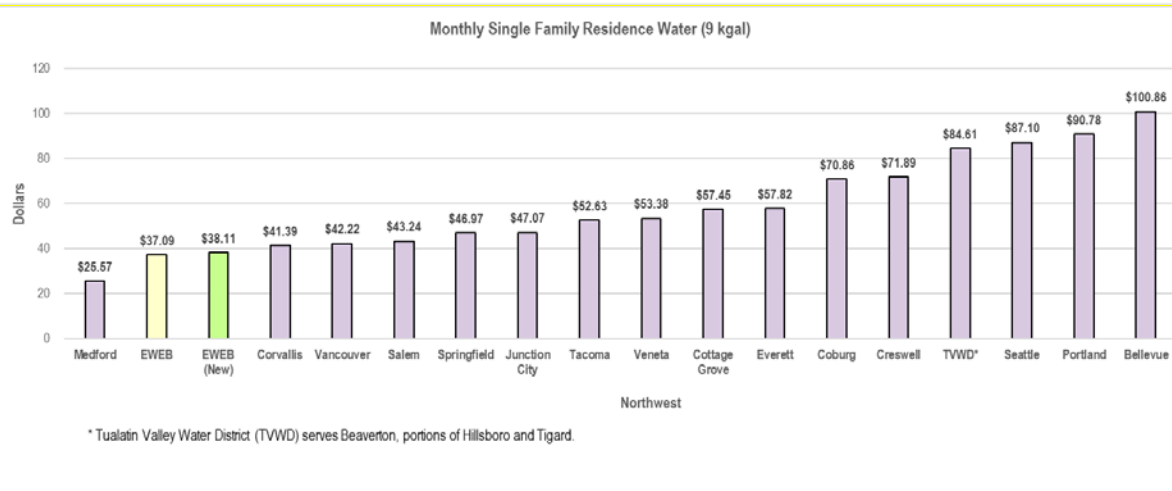
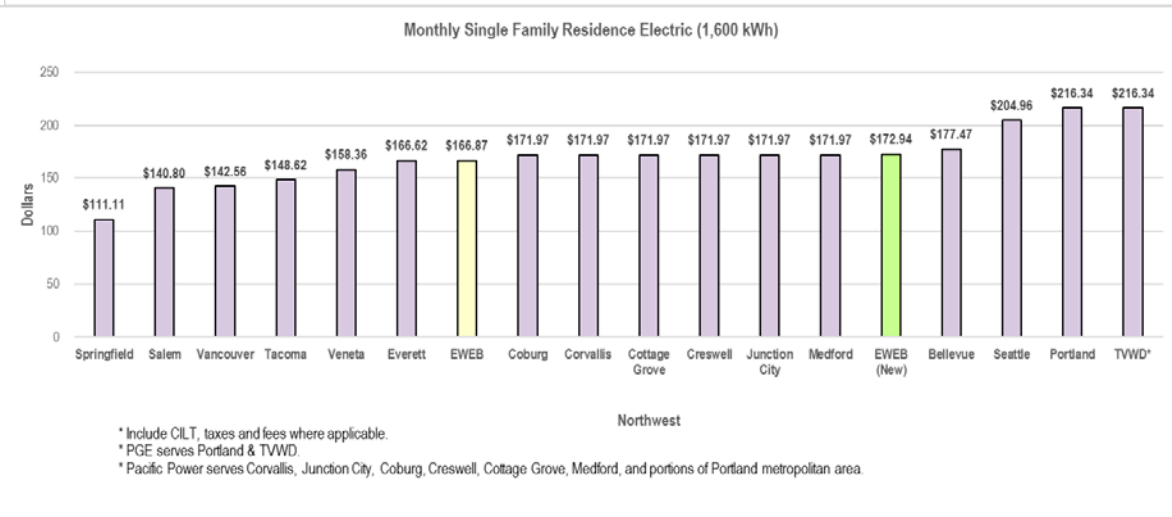
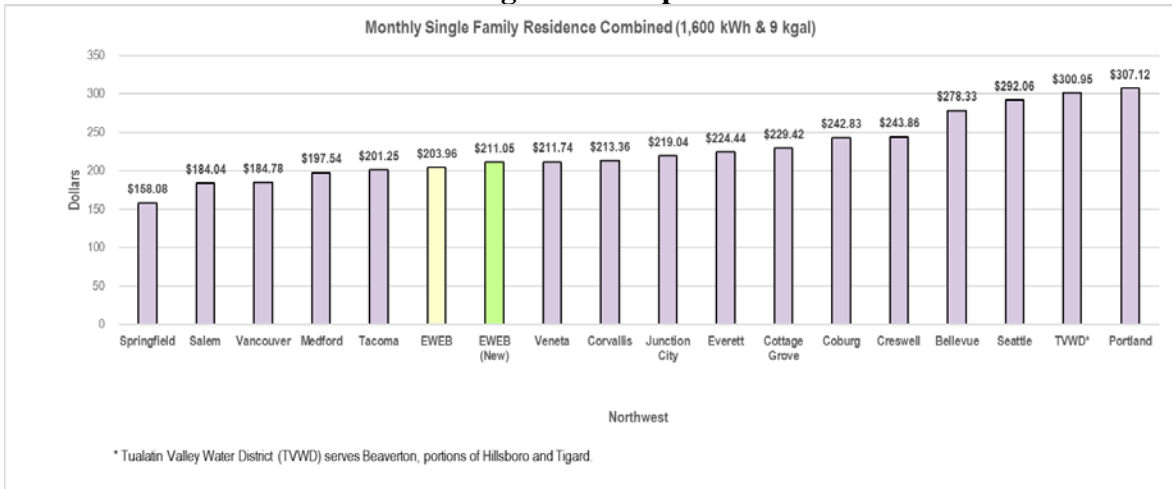
\$1,852

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

\$60,759

Water & Electric % MHI**3.05%**

Average Bill Comparison



EUGENE WATER & ELECTRIC BOARD

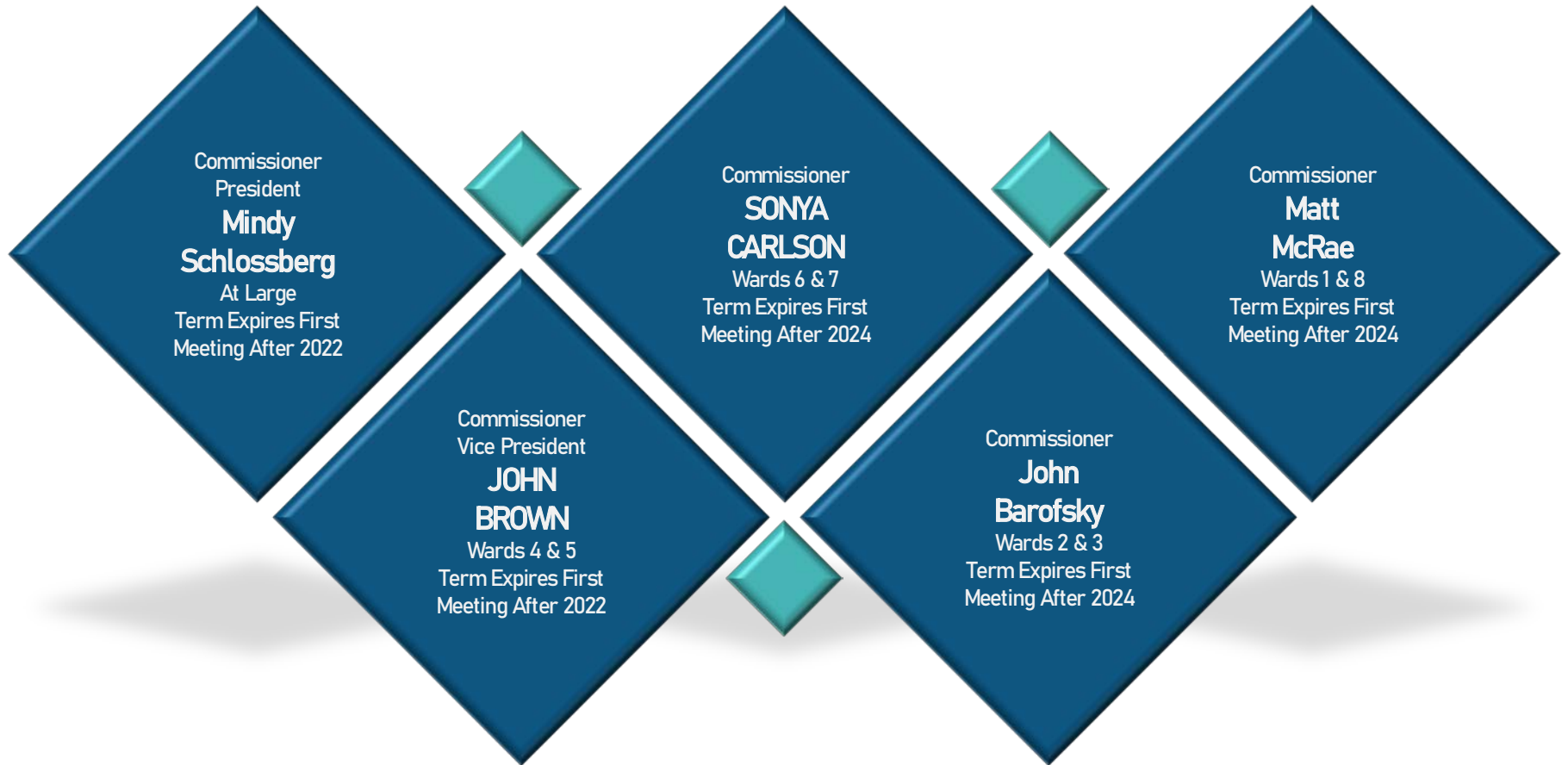
2022
PROPOSED BUDGET



Rely on us.



BOARD OF COMMISSIONERS



Commissioner
President
**Mindy
Schlossberg**
At Large
Term Expires First
Meeting After 2022

Commissioner
**SONYA
CARLSON**
Wards 6 & 7
Term Expires First
Meeting After 2024

Commissioner
**Matt
McRae**
Wards 1 & 8
Term Expires First
Meeting After 2024

Commissioner
Vice President
**JOHN
BROWN**
Wards 4 & 5
Term Expires First
Meeting After 2022

Commissioner
**John
Barofsky**
Wards 2 & 3
Term Expires First
Meeting After 2024



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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.

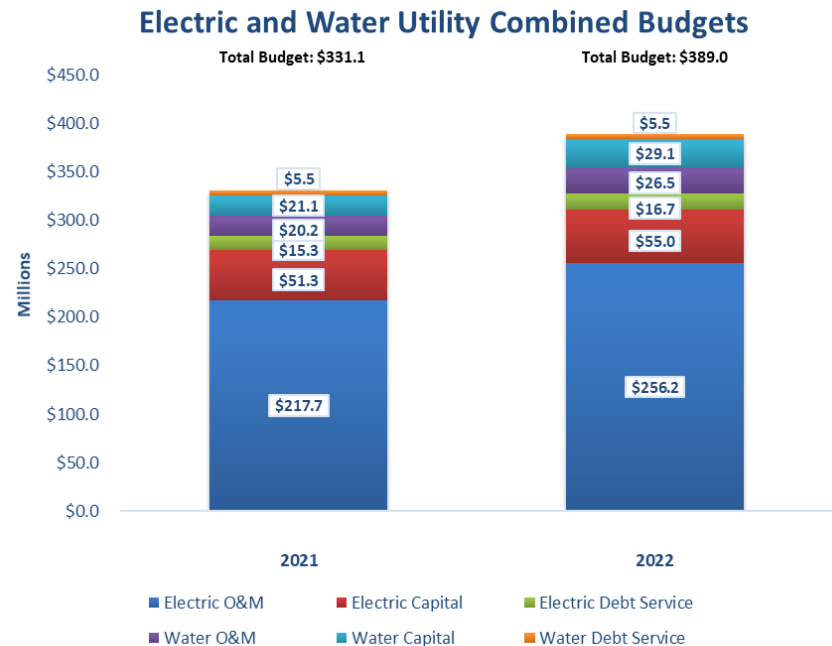
Spending in 2022 will support the Enterprise Resource Planning initiative to replace legacy information systems. Additionally, the Meter Infrastructure Replacement project will support EWEB's other strategic initiatives by providing demand-side information to assist with decisions regarding the Utility's 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, through customer funded programs, for green power and solar initiatives. 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

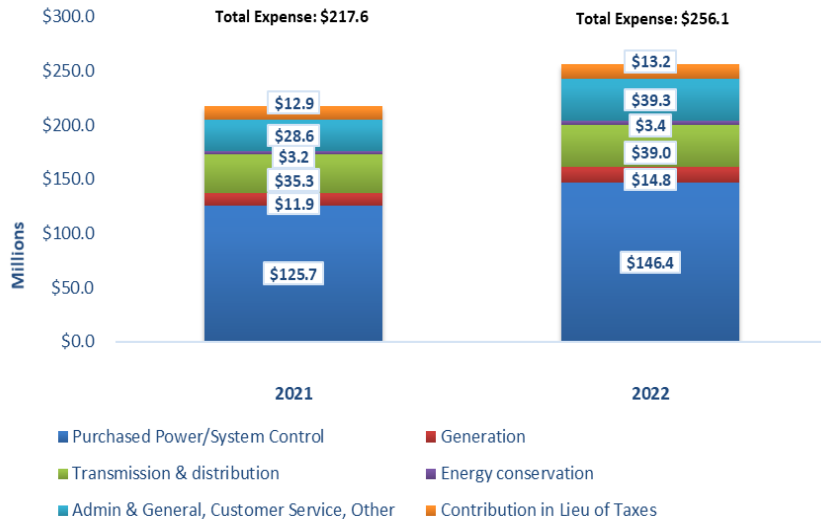
The proposed 2022 Electric O&M budget is \$256.1 million compared to the 2021 O&M budget of \$217.6 million. Purchased power increased by \$20.7 million due to higher wholesale market prices and increased budgeted volumes of wholesale activity. The budget assumes a contribution margin risk tolerance 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

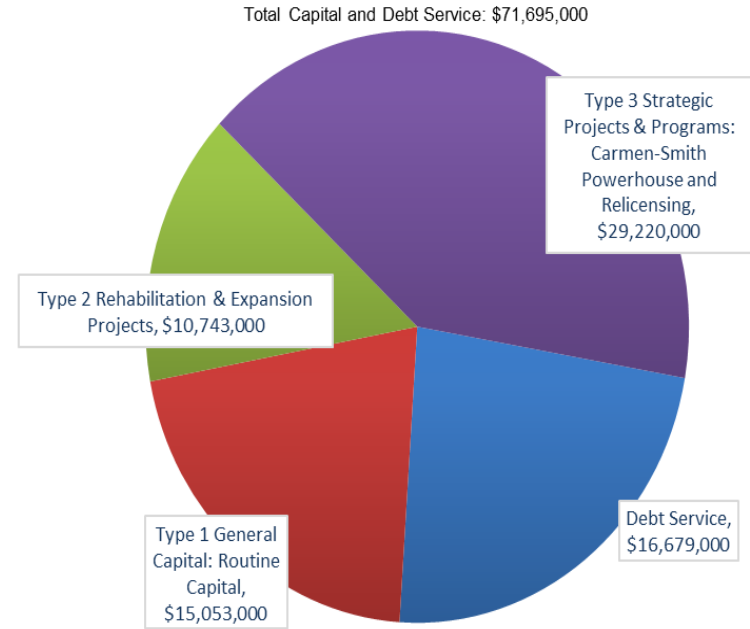


Capital and Debt Service Budget

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.

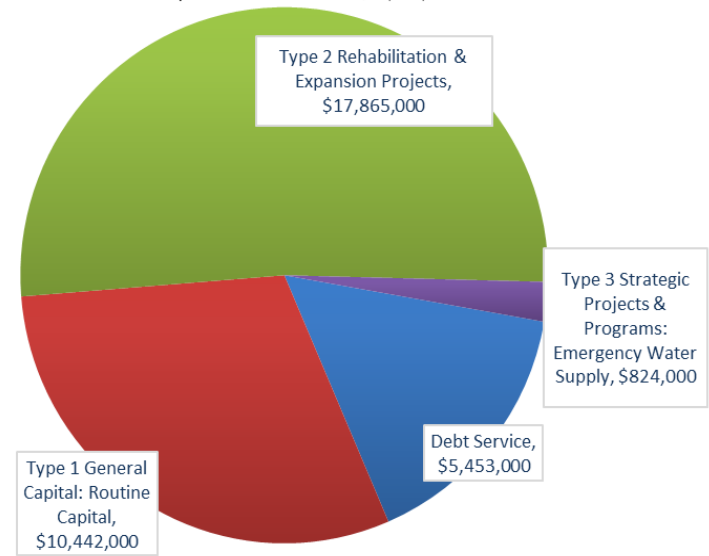
Operations & Maintenance Budget

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.

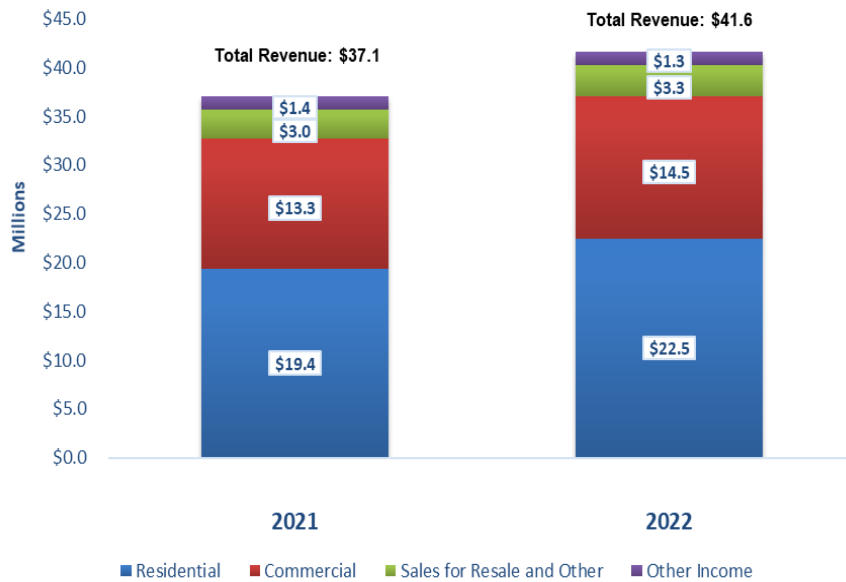
The budget results in a \$3.3 million draw from reserves. The following charts compare the 2022 and 2021 Water Utility budgeted O&M Revenues and Expenses.

Water Capital and Debt Service Budget

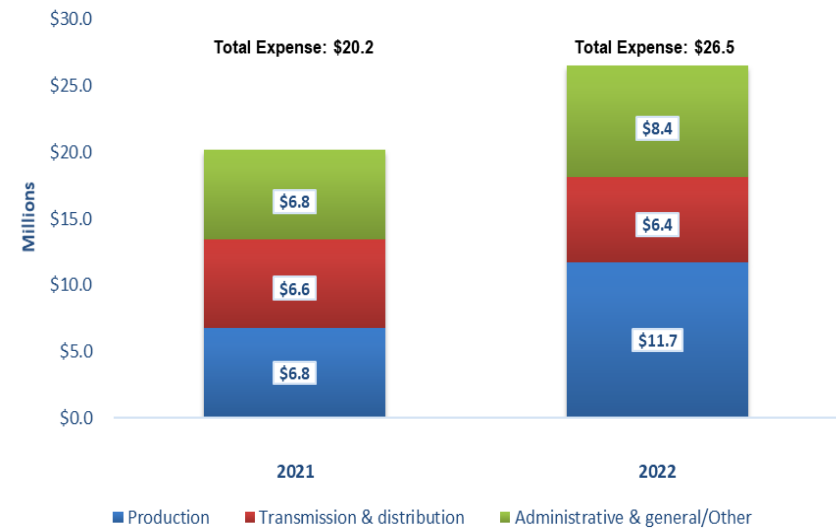
Total Capital and Debt Service: \$34,584,000



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

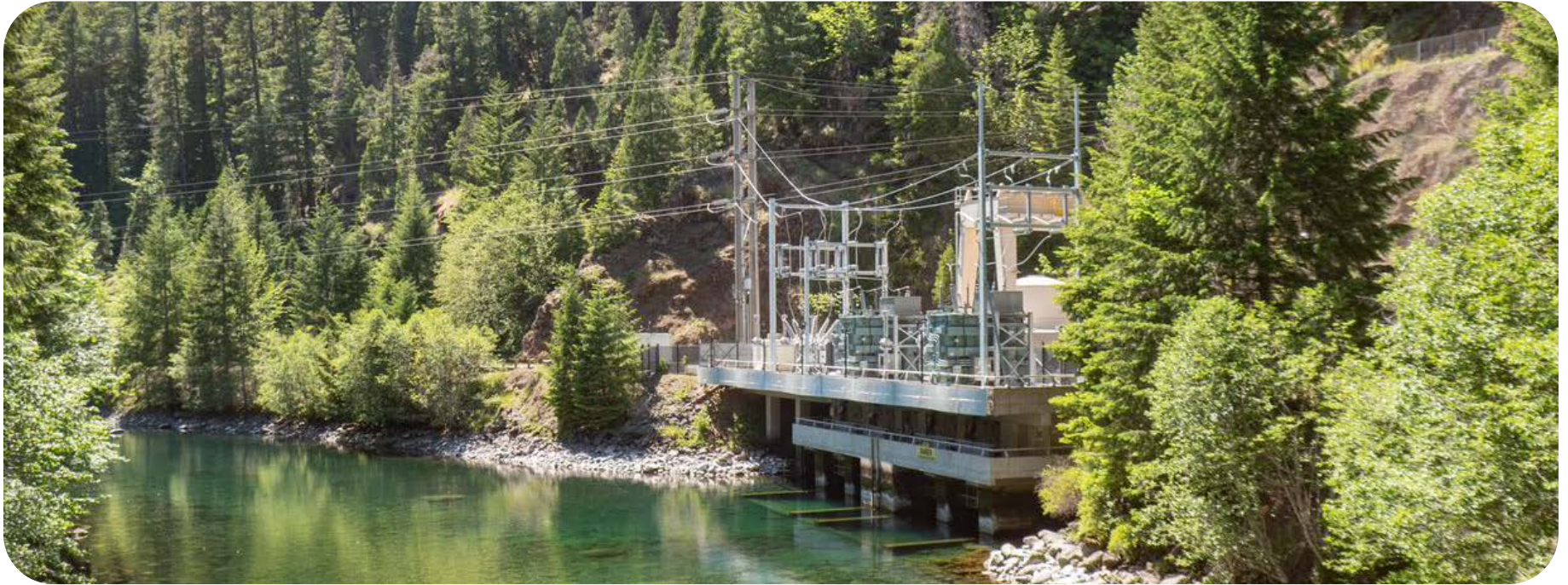
DID YOU KNOW?



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 ¹	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 ²		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		- ³
Change in balance sheet accounts/ other expenses		(1,635,000)		(3,703,000)		26,621,000 ⁴
Non-operating expenses		11,605,000		9,232,000		26,621,000
Total operations and maintenance expenses		<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		
Total rate funded expenses		<u>285,842,000</u>		<u>251,862,000</u>		
Revenues over/(under) expenses		<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>\$9,101,000⁵</u>

¹ Increased Wholesales sales due to higher budgeted volume and market prices

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

³ CILT included as contra revenue in revenue section

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

⁵ 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
Funding Source by Type		
<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
Expenditures by Type		
<u>Type 1- General Capital</u> ¹		
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 & Expansion Projects</u> ²		
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 & Programs</u> ³		
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

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

² Type 2 capital projects are discrete, with a defined completion period, and lifetime expenditures over \$1 million. Depending on the project, this work may be funded with rates, customer contributions, or bond funds

³ Type 3 capital projects are large strategic programs with long-term impacts, and are generally bond funded
Dollars rounded to nearest thousand

EUGENE WATER & ELECTRIC BOARD
WATER UTILITY OPERATIONS & MAINTENANCE BUDGET AND REVENUE REQUIREMENTS
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> ¹
Non-operating expenses		<u>(304,000)</u>		<u>(322,000)</u>		<u>6,563,000</u>
Total operations and maintenance expenses		<u>26,515,000</u>		<u>20,236,000</u>		<u>29,109,000</u>
Rate funded capital		13,630,000		12,667,000		
Rate funded debt service		3,953,000		2,450,000		
Total rate funded capital related expenses		<u>17,583,000</u>		<u>15,117,000</u>		
Total rate funded expenses		<u>44,098,000</u>		<u>35,353,000</u>		
Revenues over expenses		<u>\$(2,423,000)</u>		<u>\$1,784,000</u>		
Deposit to (Draw on) Working Cash/Reserves		<u>(2,423,000)</u>		<u>1,784,000</u>		
Net change in reserves		<u>\$(2,423,000)</u>		<u>\$1,784,000</u>		
Change in Net Position						<u>\$10,534,000</u> ²

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

² 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
Funding Source by Type		
<u>Source of Funds</u>		
Retail Revenue	\$13,628,000	\$ 12,667,000
Draw on Capital Reserves	7,000,000	-
Draw on AWS Reserve	824,000	412,000
Bond Proceeds	4,518,000	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
 Expenditures by Type		
<u>Type 1 - General Capital ¹</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 & Expansion Projects ²</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 & Programs ³</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

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

² Type 2 capital projects are discrete, with a defined completion period, and lifetime expenditures over \$1 million. Depending on the project, this work may be funded with rates, customer contributions, or bond funds

³ Type 3 capital projects are large strategic programs with long-term impacts, and are generally bond funded Dollars rounded to nearest thousand

ATTACHMENT 2

DEPARTMENT OPERATIONS & MAINTENANCE

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
Total Operations and Maintenance Budget	\$281,597,000	\$238,548,000	\$250,630,000

Customer Service Operations & Maintenance Budget

	2022 Proposed Budget Dollars	2021 Approved Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$6,401,000 ¹	\$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
Total Purchases	\$50,000	\$86,000	\$56,000
Contract Labor	25,000	15,000	-
Conservation Measures and Incentives	2,750,000 ²	2,625,000	2,539,000
Electrification Incentive	600,000 ³	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 ⁴
Total Services	\$5,943,000	5,710,000	\$5,495,000
Total	\$12,394,000	\$11,562,000	\$10,979,000

¹ Internal transfer and increased communication support for the high impact community impact projects

² Conservation Incentives based on eligibility for reimbursement by BPA

³ Clean Fuel Credit revenue increased in 2022, offsetting increased expense

⁴ 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 ¹	\$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
Total Purchases	\$2,457,000	\$2,423,000	\$2,456,000
Contract Labor	120,000	110,000	106,000
Construction Agreements	4,184,000 ²	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 ³	-	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
Total Services	\$6,087,000	\$5,233,000	\$5,183,000
Total	\$25,050,000	\$21,568,000	\$22,517,000

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

² Increase for vegetation management, National Electric Safety Code & Public Utility Commission Compliance

³ 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 ¹	\$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 ²	120,864,000	134,761,000
Water	3,000	4,000	-
Fuels	2,058,000 ³	1,641,000	1,169,000
Materials and Supplies	218,000	221,000	209,000
Technology / Office Equipment	7,000	7,000	25,000
Total Purchases	\$144,670,000	\$123,345,000	\$136,763,000
<u>Services</u>			
Contract Labor	131,000	48,000	7,000
Wheeling	12,749,000 ⁴	11,937,000	11,249,000
Construction Agreements	3,115,000 ⁵	2,726,000	2,677,000
Miscellaneous Services	788,000 ⁶	550,000	470,000
Professional and Technical Services	1,806,000 ⁷	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
Total Services	\$20,138,000	\$18,064,000	\$16,877,000
Total	\$173,328,000	\$149,146,000	\$162,153,000

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

² Purchased power cost due to higher wholesale market prices and higher budgeted volumes

³ Fuel cost for shared co-generation facility

⁴ Higher BPA Transmission costs

⁴ Higher contracted costs for wind and co-generation facilities

⁶ Resource Adequacy (NWPP)

⁷ 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 ¹	\$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
Total Purchases	\$376,000	\$289,000	\$306,000
<u>Services</u>			
Contract Labor	87,000 ²	310,000	136,000
Miscellaneous Services	123,000	128,000	82,000
Professional and Technical Services	1,398,000 ²	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
Insurance	1,186,000 ³	1,112,000	1,077,000
Training and Travel	118,000	58,000	45,000
Uncollectable Accounts	1,300,000 ⁴	1,980,000	253,000
Limited Income Services	-	-	29,000
Total Services	\$4,477,000	\$5,168,000	\$2,978,000
Total	\$14,147,000	\$14,233,000	\$11,357,000

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 ¹	\$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
Total Purchases	\$25,000	\$12,000	\$5,000
<u>Services</u>			
Miscellaneous Services	36,000	34,000	26,000
Professional and Technical Services	159,000 ²	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
Total Services	\$252,000	\$90,000	\$45,000
Total	\$1,553,000	\$791,000	\$743,000

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

² 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 ¹	\$5,151,000	\$6,032,000
<u>Purchases</u>			
Stores Materials and Supplies	200,000 ²	-	267,000
Materials and Supplies	5,000	5,000	4,000
Technology / Office Equipment	3,799,000 ³	1,520,000	275,000
Total Purchases	\$4,004,000	\$1,525,000	\$546,000
<u>Services</u>			
Contract Labor	25,000	-	15,000
Miscellaneous Services	629,000 ⁴	257,000	257,000
Professional and Technical Services	2,561,000 ⁵	527,000	328,000
Software/Hardware Maintenance and Services	3,142,000 ²	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
Total Services	\$6,746,000	\$4,421,000	\$4,907,000
Total	\$18,425,000	\$11,097,000	\$11,485,000

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

² Reallocation between resources

³ Increase in software as a services (SaaS) contracts related to ERP

⁴ Verizon services for mobile workforce

⁵ ERP & SharePoint upgrades

Support Services Operations & Maintenance Budget

	2022 Proposed Budget Dollars	2021 Approved Budget Dollars	2020 Actual Dollars
Wages / Benefits	\$9,307,000 ¹	\$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
Total Purchases	\$2,974,000	\$3,120,000	\$2,690,000
<u>Services</u>			
Contract Labor	32,000	32,000	36,000
Construction Agreements	1,804,000 ²	1,221,000	1,534,000
Miscellaneous Services	199,000	253,000	207,000
Professional and Technical Services	464,000 ³	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 ⁴
Training and Travel	108,000	68,000	41,000
Total Services	\$3,136,000	\$2,569,000	\$2,843,000
Total	\$15,417,000	\$14,326,000	\$13,571,000

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

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

³ Decrease is offset by reallocation of budget to construction agreements

⁴ 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 ¹	\$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
Total Purchases	\$2,856,000	\$3,211,000	\$3,307,000
<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 ²	745,000	985,000
Miscellaneous Services	158,000	134,000	207,000
Professional and Technical Services	943,000	994,000	1,515,000 ³
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
Total Services	\$6,677,000	\$2,282,000	\$3,015,000
Total	\$17,822,000	\$13,191,000	\$15,253,000

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

² Watershed Recovery work

³ 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 ¹	\$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
Total Purchases	\$127,000	\$87,000	\$40,000
<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
Total Services	\$632,000	587,000	\$492,000
Total	\$3,461,000	\$2,634,000	\$2,572,000

¹ 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 Proposed Budget		2021 Adopted Budget		2020 Actual	
	Budget	% of Total wages	Budget	% of Total wages	Actual	% of Total wages
Wages & benefits						
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%
Total wages	<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 ¹	4,497,000	8.5%	3,984,000	8.5%	3,663,000	7.4%
Health insurance ²	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%
Total benefits	<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>
Total wages & benefits	<u>\$80,860,000</u>		<u>\$73,329,000</u>		<u>\$73,129,000</u>	

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

² 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.

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

	Electric System			Water System		
	Target	12/31/21 Projected ¹	12/31/22 Projected ¹	Target	12/31/21 Projected ¹	12/31/22 Projected ¹
Reserves						
Operating and Self-Insurance	\$ 5,720	\$ 5,900	\$ 5,900	\$ 1,300	\$ 1,300	\$ 1,300
Power Operating	17,000	17,000	17,000			
Meter Reserve		1,000	2,000			
Capital Improvement ²	22,000	22,200	22,200	7,000	14,500	7,700
Total Reserves	44,720	46,100	47,100	8,300	15,800	9,000
Board Designated Funds³						
Rate Stabilization Fund	5,000	24,500	14,500	1,000	10,000	10,100
Economic Development Loans		-	-		-	-
Water Stewardship Fund - Septic Repairs					100	100
Alternative Water Supply					5,100	4,400
Pension and Medical Funds		1,000	1,000		400	400
Total Designated Funds	5,000	25,500	15,500	1,000	15,600	15,000
Working Cash ⁴	36,000	42,600	40,200	3,400	14,000	11,600
Total Working Cash and Unrestricted Funds	\$ 85,720	\$ 114,200	\$ 102,800	\$ 12,700	\$ 45,400	\$ 35,600
Legally Restricted						
Bond Funds - Capital		\$ 34,500	\$ 4,600		\$ 4,500	\$ -
Harvest Wind Reserve		500	500			
System Development Charge Reserves ⁵					3,500	1,000
Reserves for Debt Service		6,700	5,800		1,500	1,500
Customer Care/Customer Deposit		1,200	1,200			
Total Restricted Funds		\$ 42,900	\$ 12,100		\$ 9,500	\$ 2,500

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

¹ Projections as of October 31, 2021

² 12/31/21 projection includes funds for approved capital projects that will be continued in 2022.

³ Designated funds are used for one-time expenses.

⁴ 2021 changes to unrestricted reserves are included in working cash. The Board will officially transfer funds in the second quarter of 2022.

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

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!

EUGENE WATER & ELECTRIC BOARD
BUDGETED FINANCIAL RATIOS
 December 31, 2022

	Electric Utility	Water Utility
Financial Ratios		
Debt Service Coverage Ratio ¹	2.08	3.08
Days Cash ²	155	490
Target		
Debt Service Coverage Ratio	1.75 to 2.00	2.00 to 2.50
Days Cash	> 150 days	> 150 days

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

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

² Ratio of total available cash to adjusted average daily cash requirements for operating and other non-capital expenses. This measures the length of time the utility can carry projected non-capital related operations with readily available cash. Calculations include rate stabilization funds. In 2022, Management will be recommending options for the Board to consider for reserves above Board target



EWEB



Eugene Water & Electric Board
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Eugene, Oregon 97402-6520
541-685-7000

February 2022 Electric Price Proposal

**Fiscal Services Department
December 2021**

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

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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 largely due 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.

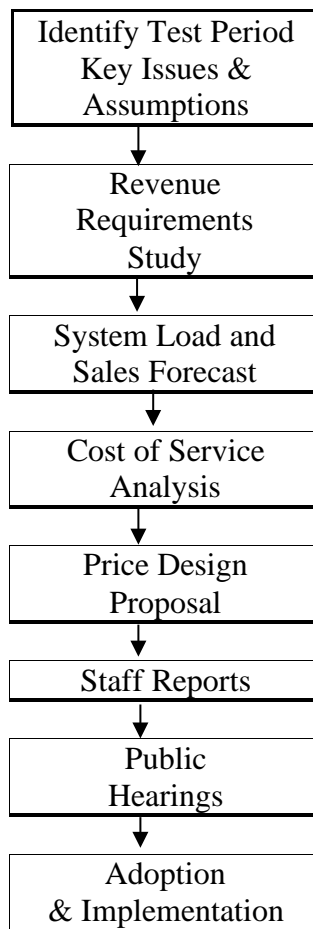
The second standard requires that prices and charges for utility service be fair and non-discriminatory. Prices are considered non-discriminatory when customers receiving like and contemporaneous service under similar circumstances are treated equally in the development and application of specific prices. 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
Eugene Weekly	November 4, 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 2nd, beginning at 5:30 p.m. and Tuesday, December 7th, 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. For timely consideration at the December Board meeting, comments must be received prior to November 30, 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 comment regarding proposed 2022 budget approval and adjustments to EWEB water and electric prices. 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, on or after February 1, 2022.
2. 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 price proposals will be presented at the meeting, followed by the public hearing which will provide opportunity for public testimony and comment.

3. Specific price 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. Copies of the budget document and priceproposals will be made available upon request.
4. Written comments are welcome and may be mailed to: EWEB Fiscal Services, P.O. Box 10148, Eugene, OR 97440. To provide public testimony on the proposed budgets and prices, sign up at eweb.org/board no later than 2:00 pm the day of the scheduled public hearing . Please indicate "public hearing" in your request to speak.

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
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.

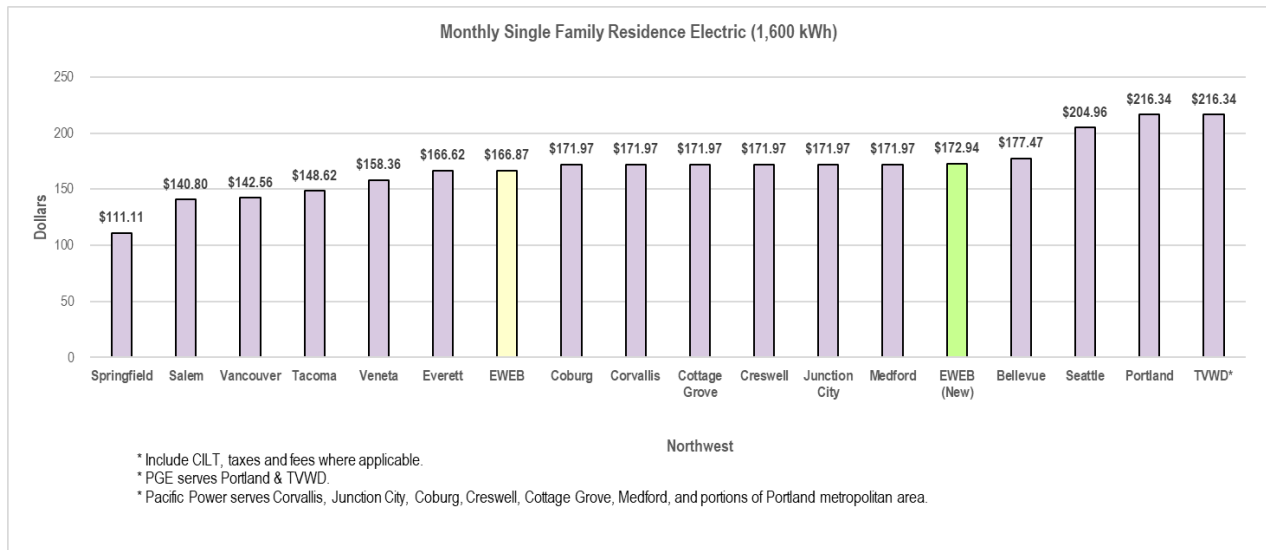
Although EWEB's power supply costs have historically ranked fairly low nationally, recent proposed increases in BPA wholesale power prices and concern about future BPA price stability have emphasized the need for continued resource planning. EWEB's Integrated Electric Resource Plan (IERP) approved by 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

Revenues	Current Prices	Revenue at Proposed Prices	% of Total
Operating Revenues	\$200,165,000	\$206,666,000	73%
Wholesale Revenue, Interest, and Other Income	75,821,000	75,821,000	27%
Subtotal	275,986,000	282,487,000	100%
Expenditures			
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%
Subtotal	244,547,000	244,547,000	87%
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%
Subtotal	41,295,000	41,295,000	15%
To (From) Reserves	-3,355,000	-3,355,000	-1%
Revenue Requirement	282,487,000	282,487,000	100%
Surplus / (Deficit)	-6,501,000	0	
As a % of Rate Revenue	-3.25%	0.0%	

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%
Total	94,890	2,218,551	100.0%

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**

Customer Class	Price Schedule(s)	2022	2023	2024
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
Basic Charge:	\$20.50		\$21.26
Delivery Charge:	\$0.0262		\$0.0272
Energy Charge:	\$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

% of Bills	Usage Range	Average Usage	Current Tariff	Proposed 2022 Bill Impact		
				Proposed Tariff	Bill Impact	% Impact
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		
Basic Charge				
Single-Phase	\$23.06	\$23.91	3.68%	per month
Three-Phase	\$34.08	\$35.33	3.68%	per month
Demand Charge				
First 10 kW	No Charge	No Charge		per kW
Over 10 kW	\$7.124	\$7.386	3.68%	per kW
Delivery Charge				
First 1,750 kWh	\$0.0358	\$0.0371	3.68%	per kWh
Additional kWh	\$0.0013	\$0.0014	3.68%	per kWh
Energy Charge				
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	
Basic Charge					
Single-Phase	\$38.23	---	\$39.64	---	per month
Three-Phase	\$59.30	\$3,444	\$61.49	\$3,571	per month
Demand Charge					
First 300 kW	\$7.431	---	\$7.705	---	per kW
Over 300 kW	\$7.431	\$7.281	\$7.705	\$7.550	per kW
Energy Charge					
All kWh	\$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	
Basic Charge	\$2,757	\$2,680	\$2,922	\$2,841	per month
Demand Charge					
First 300 kW	---	---	---	---	per kW
Over 300 kW	\$7.688	\$7.486	\$8.149	\$7.935	per kW
Energy Charge					
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

Rate Schedule	Fixture	Bulb	Current Rates	Proposed Rates
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

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

Purchased Power and RECs	\$0.0360	per kWh
Purchased Power Only	\$0.0360	per kWh
Purchased Power and RECs	\$0.0724	per kWh
Purchased Power Only	\$0.0693	per kWh

|



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

February 2022 Water Price Proposal

**Fiscal Services Department
December 2021**

EUGENE WATER & ELECTRIC BOARD
2022 Water Price Proposal

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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.

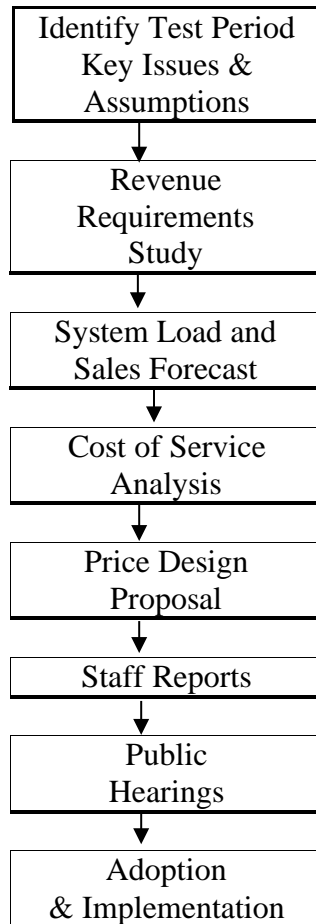
The above standards, together with the established Board policies concerning cost allocation and price design, allow EWEB to maintain prices at the lowest possible level consistent with sound financial principles and traditional utility price making practice. They also give EWEB's elected Board of Commissioners 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. For timely consideration, written comments must be received prior to November 30, 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

1. Two dates are scheduled for public hearings to seek comment regarding proposed 2022 budget approval and adjustments to EWEB water and electric prices. 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) at the regularly scheduled meetings 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 price proposals will be presented at the meeting, followed by the public hearing which will provide opportunity for public testimony and comment.

3. Specific price 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. Copies of the budget document and price proposals will be made available upon request.

Written comments are welcome and may be mailed to: EWEB Fiscal Services, P.O. Box 10148, Eugene, OR 97440. To provide public testimony on the proposed budgets and prices, sign up at eweb.org/board no later than 2:00 pm the day of the scheduled public hearing. Please indicate "public hearing" in your request to speak.

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 ¹
For Period 2017-2020*

Year	Customer Count	% Ch.	KGAL Sales	% Ch.
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%

¹Excludes Water District customers

B. Water System Highlights

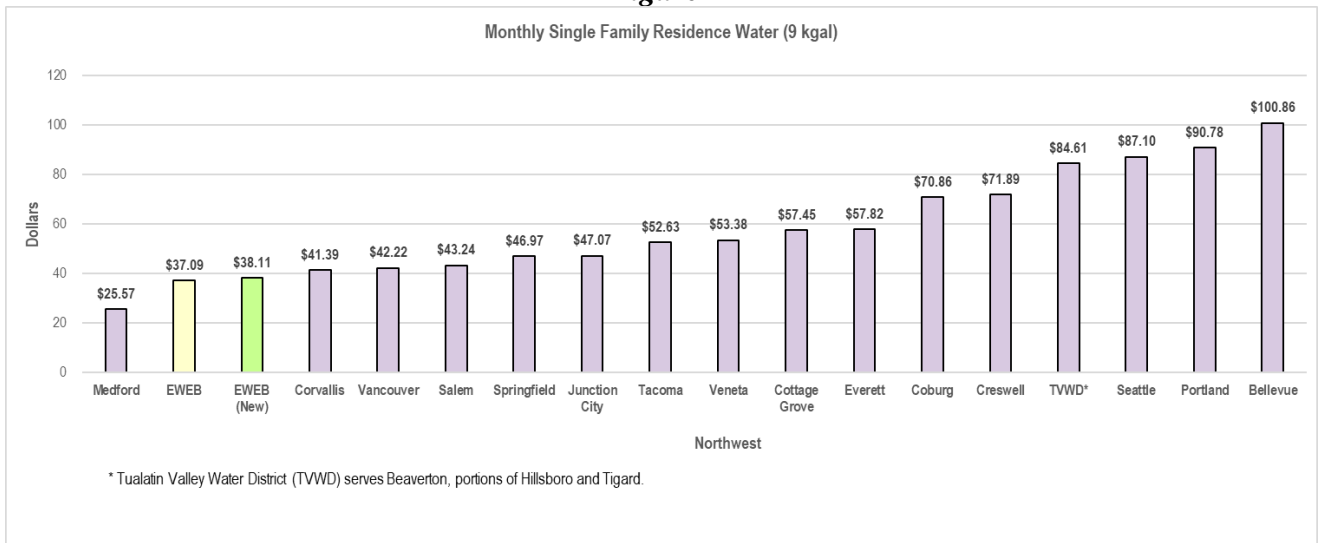
EWEB is the largest publicly owned utility in the state of Oregon. Founded by the citizens of Eugene in 1911, EWEB has been a successful provider of essential utility services to the local community for over 100 years.

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)

	2021 Current Prices	Revenues at Proposed Prices	% of Total
Operating Revenues ¹	\$38,812,919	\$40,371,089	97%
Interest, and Other Income ²	1,303,886	1,303,886	3%
	40,116,805	41,674,975	100%
Expenditures			
Source of Supply ³	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%
Subtotal	26,819,298	26,819,298	64%
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%
Subtotal	18,149,373	18,149,373	44%
To (From) Working Cash/ Reserves	(\$3,293,695)	(\$3,293,695)	-8%
Revenue Requirements	\$41,674,976	\$41,674,976	100%
Surplus / (Deficiency)	(\$1,558,171)	(\$0.0)	
As a % of Rate Revenue	-4.0%	0.0%	

¹ Includes Watershed Recovery Fee Revenue

² Includes System Development Charge Revenue and Use of Reserves

³ 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)

Customer Class	Count	KGAL Sales	% of Sales
Residential - Inside City ¹	47,975	3,720,266	48.2%
Residential - Outside City ¹	484	47,683	0.6%
General Service - Inside City ¹	6,106	3,117,417	40.4%
General Service - Outside City ¹	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%
Total	54,861	7,715,759	100.0%

¹Elevation 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*

Customer Class	Price Schedules	2022 Revenue Requirement	2023 Revenue Requirement	2024 Revenue Requirement
Residential ¹	R-1, R-2	\$19,826,933	\$21,397,005	\$23,762,394
General Service ¹	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

¹Includes both Inside and Outside City

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

Customer Class	Price Schedules	2022	2023	2024
Residential ¹	R-1, R-2	3.2%	8.2%	12.3%
General Service ¹	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 ²	N/A	12.7%	41.4%	-6.8%

¹Includes both Inside and Outside City

²Average 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*

Customer Class	Price Schedules	2022	2023	2024
Residential ¹	R-1, R-2	3.0%	9.0%	11.7%
General Service ¹	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 ²	N/A	11.3%	18.7%	17.3%

¹Includes both Inside and Outside City

²Average 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

	Existing Price	Proposed Price	
Basic Charge			
< 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
Volume Charge			
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
Elevation Basic Charge			
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
Elevation Volume Charge			
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 Comparison¹

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%

¹ Includes Watershed Recovery Fee

February 2022 Water Price Proposal

Table 9

Calculation of the Revenues at Present and Proposed Prices¹
SCHEDULE R-1 - Residential 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 Revenue²
BASIC CHARGE						
< 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
Total	47,975	575,700		\$12,060,315		\$12,391,973
VOLUME CHARGE						
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
Total		3,720,266		\$6,856,524		\$7,053,868
Total Calculated Revenue				\$18,916,838		\$19,445,842
Revenue Increase						\$529,003
% Change						2.8%

¹ Excludes Watershed Recovery Fee

² 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

	Existing Price	Proposed Price	
Basic Charge			
< 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
Volume Charge			
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
Elevation Basic Charge			
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
Elevation Volume Charge			
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 Comparison¹

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%

¹ Includes Watershed Recovery Fee

February 2022 Water Price Proposal

Table 12
Calculation of the Revenues at Present and Proposed Prices¹
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 ²
BASIC CHARGE						
< 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
Total	484	5,808		\$162,895		\$167,374
VOLUME CHARGE						
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
Total		47,683		\$133,278		\$137,121
Total Calculated Revenue				\$296,172		\$304,496
Revenue Decrease						\$8,323
% Change						2.8%

¹ Excludes Watershed Recovery Fee

² 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 ¹
Residential Inside City						
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
Total		787,714		\$318,466		\$352,429
Residential Outside City						
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
Total		23,905		\$14,689		\$17,551
General Service Inside City						
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
Total		107,563		\$33,766		\$35,452
General Service Outside City						
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
Total		19,566		\$5,062		\$5,127
Total Calculated Revenue				\$371,983		\$410,559

¹ 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 ¹
Residential Inside City						
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
Total	9,161	109,932		\$438,132		\$470,191
Residential Outside City						
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
Total	168	2,016		\$11,496		\$13,405
General Service Inside City						
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
Total	127	1,524		\$5,508		\$5,776
General Service Outside City						
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
Total	7	84		\$372		\$415
Total Calculated Revenue				\$455,508		\$489,787

¹ 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 ¹
BASIC CHARGE						
< 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
Total	6,106	73,272		\$3,809,671		\$3,984,281
VOLUME CHARGE						
All KGAL (1,000 gallons)		3,117,417	\$2.829	\$8,819,172	\$2.970	\$9,236,537
Total Calculated Revenue				\$12,628,842		\$13,220,817
Revenue Increase (Decrease)						\$591,975
% Change						4.7%
Average Cost per kgal (1,000 gallons)				\$4.05		\$4.24

¹ Proposed revenue includes one month at current prices and eleven months at proposed prices

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Table 16
EUGENE WATER & ELECTRIC BOARD
Price and Monthly Bill Comparison¹

GENERAL SERVICE INSIDE CITY LIMITS
SCHEDULE G-1

< 1" SERVICE				1" SERVICE			2" SERVICE			4" SERVICE			6" SERVICE		
Monthly Usage Level (KGAL)	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%

¹ Includes Watershed Recovery Fee

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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.

Table 17
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 ¹
BASIC CHARGE						
< 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
Total	285	3,420		\$351,245		\$367,344
VOLUME CHARGE						
All KGAL (1,000 gallons)		185,019	\$3.678	\$680,501	\$3.862	\$712,680
Total Calculated Revenue				\$1,031,746		\$1,080,024
Revenue Increase						\$48,278
% Change						4.7%
Average Cost per kgal (1,000 gallons)				\$5.58		\$5.84

¹ Proposed revenue includes one month at current prices and eleven months at proposed prices

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Table 18
EUGENE WATER & ELECTRIC BOARD
Price and Monthly Bill Comparison¹

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%

¹ Includes Watershed Recovery Fee

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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

	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue at Existing Prices	Proposed Charge	Proposed Annual Revenue¹
BASIC CHARGE	2	12	\$3,632.09	\$43,585	\$3,744.68	\$44,261
VOLUME CHARGE						
Jan-June	All KGAL	187,602	\$3.113	\$584,006	\$3.113	\$584,006
July - Dec	All KGAL ²	348,196	\$3.113	1,083,935	\$3.210	1,117,537
Total		535,799		\$1,667,941		\$1,701,543
Total Calculated Revenue				\$1,711,526		\$1,745,804
Revenue Increase						\$34,278
% Change						2.0%
Average Cost per KGAL (1,000 gallons)				\$3.19		\$3.26

¹ Proposed revenue includes one month at current prices and eleven months at proposed prices

² July 1, 2022 effective date

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Table 20
Calculation of the Revenues at Present and Proposed Prices
SCHEDULE 5 - Willamette Water Company
 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 Revenue¹
BASIC CHARGE						
< 1"	5	60	\$28.69	\$1,721	\$27.89	\$1,677
1"	1	12	\$38.72	\$465	\$37.64	\$453
1 - 1/2"	0	0	\$59.19	\$0	\$57.53	\$0
2"	0	0	\$106.10	\$0	\$103.13	\$0
3"	0	0	\$239.04	\$0	\$232.35	\$0
4"	0	0	\$408.11	\$0	\$396.68	\$0
6"	0	0	\$612.37	\$0	\$595.22	\$0
8"	1	12	\$886.43	\$10,637	\$861.61	\$10,364
Total	7	84		\$12,823		\$12,494
VOLUME CHARGE						
All KGAL (1,000 gallons)		29,668	\$3.653	\$108,377	\$3.551	\$105,529
Total Calculated Revenue				\$121,200		\$118,023
Revenue Increase						(\$3,177)
% Change						-2.6%
Average Cost per KGAL (1,000 gallons)				\$4.09		\$3.98

¹ Proposed revenue includes one month at current prices and eleven months at proposed prices

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

	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue at Existing Prices	Proposed Charge	Proposed Annual Revenue¹
BASIC CHARGE	2	24	\$967.60	\$23,222	\$1,105.00	\$26,245
VOLUME CHARGE						
All KGAL (1,000 gallons)		79,908	\$1.223	\$97,728	\$1.397	\$110,449
Total Calculated Revenue				\$120,950		\$136,694
% Change						13.0%
Average Cost per KGAL (1,000 gallons)						\$1.71

¹ 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

Line Size	Existing Inside City	Proposed Inside City	Existing Outside City	Proposed Outside City
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