



The following questions have been posed by Commissioners prior to the scheduled Board Meeting on August 2, 2022. Staff responses are included below and are sorted by Agenda topic.

**Leaburg Canal TBL & Strategic Assessment Update (KELLEY/KRENTZ)** Why are the forward prices for electricity different in this presentation than those from our recent 10-year Capital Plan?

**RESPONSE:** *The Electric Utility Long-Term Financial Plan (LTFP) uses forward market prices for revenue assumptions, whereas the Leaburg Net Present Value analysis uses forecasted market prices. The differences are explained below. However, in all generating alternatives, a sensitivity analysis will be completed so as to understand if different outcomes could be driven by market price assumptions.*

- *Forward market prices are a reflection of current market fundamentals and sentiments and assume near term pressures. They are what we use to trade energy on today for real time, near-term, and mid-term portfolio management. In a sense, they represent current cash flow estimates. In the July Board presentation, the LTFP assumed a forward market price of \$85/MWh in 2023 and decreases to \$60/MWh in 2032. The higher price in 2023 is a reflection of current market influences, but looking further out in the LTFP time horizon, prices are expected to “normalize” or “revert to the mean”. Forward market price data is not available for the horizon where Leaburg is projected to generate.*
- *Forecasted market prices, however, represent where analysts expect market prices to go when looking out along a much longer time horizon and are used in IRP analyses. If we were valuing a resource that was generating today, we would use a blended approach of forward market prices for the immediate term and forecasted market prices for the longer-term. However, in the Return-to-Service alternatives, Leaburg isn't assumed to produce energy and generate revenue until November 2036, and so forecasted market prices were more appropriate for this time horizon. The forecasted market price at the time Leaburg is expected to generate is forecasted to be \$33/MWh.*

**In what scenario(s) is EWEB capable of providing at least 50 CFS of water to the salmon hatchery? What are we doing to accommodate keeping water flowing to that facility, if anything?**

**RESPONSE:** *Both Return to Service (RTS) scenarios would provide some benefit to the McKenzie Hatchery. The full RTS would allow them to eventually re-start their existing 50 cfs water supply intake on the canal. The partial RTS would provide the hatchery with an opportunity to collaborate with EWEB on extending their water supply pipeline to the Luffman Spillway area. Note that neither RTS scenario is expected to be implemented in less than 10 years, such that the Army Corps may conclude that constructing a new water supply pump station on their property at the McKenzie River is the better option.*

**Is the current flow regime from Cougar reflective of it being a run of the river facility in the NPV analysis ?**

**RESPONSE:** *The Army Corps has been very helpful in updating EWEB on anticipated long-term changes to their operation of Cougar Reservoir. These changes will result in new seasonal flow patterns through the Leaburg-Waltermville Project. The Corps has started implementing these new operations already and we are seeing the effects on flow patterns through the LB-WV Project. The NPV analysis assumes that these changes will persist indefinitely.*