



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



TO: Commissioners Brown, Carlson, Barofsky, McRae, and Schlossberg
FROM: Deborah Hart, CFO; TiaMarie Harwood, Financial Services Manager; Aaron Balmer, Fiscal Services Supervisor; Alicia Voorhees, Lead Financial Analyst, and Ryan Hawkins, Senior Financial Analyst
DATE: October 26, 2022
SUBJECT: 2023 Proposed Budgets and Prices
OBJECTIVE: Direction on 2023 Budget and Price Proposals

Issue

The annual budget process is an iterative cycle with opportunities for Board direction and customer feedback. November 1st is the first of two public hearings on the 2023 proposed Electric and Water Utility budgets and price proposals. Following Board direction, final proposed budgets and prices will be prepared for the December meeting. The Board is required by statute to approve the Utility budgets prior to January 1, and staff will seek Board approval following the second public hearing on December 6th.

Background

Current budgets include increased revenue requirements for both utilities, and the 10-year financial plan includes additional increases in subsequent years as both utilities enter a period of significant infrastructure investment. EWEB will continue to manage costs and related revenue requirement increases by benchmarking revenue requirement projections against anticipated inflation.

Staff completed a three-year Cost of Service Analysis (COSA) for each Utility in 2021, with 2023 as year two in that analysis. Current price proposals have been evaluated based on changes in the 2023 draft budgets. EWEB prepares organizational budgets annually and uses this information for each Utility's COSA. The intent of the multi-year COSA is to incorporate gradualism into specific recommendations and provide customers cost-based price signals while easing and forecasting single year impacts.

There are several market-based price changes updated annually. With increasing market volatility, a broader review of these products is prudent and will be performed by staff. Recommendations will be at a future date.

Discussion

Budgets

Proposed budgets were developed in alignment with EWEB's strategic priorities and total \$474.6 million for the Water and Electric Utilities. The total proposed budgets are \$85.6 million higher than 2022.

The increase is due to the following net changes:

- Higher purchased power costs for Electric O&M by \$44.3 million. It is important to note this increase is more than offset by additional wholesale sales revenues.
- Higher Water and Electric O&M of \$10.3 million and \$52.5 million, respectively, for watershed protection efforts and shared services allocations for the Water Utility and various activities for the Electric Utility, including:
 - Conservation incentives
 - Electrification programs
 - Integrated Resource Plan and organized market preparedness consulting
 - Sinkhole remediation
 - Vegetation management
- Higher Electric and Water capital investment of \$19.1 million and \$3.3 million, respectively. The 2023 Electric Utility capital budget includes:
 - Significant plans to perform relicensing obligations at Carmen-Smith
 - Substation improvements that enhance the resilient spine
 - EWEB Enterprise Solutions (EES) implementation efforts to modernize legacy information systems
 - Continued advanced meter infrastructure deployment, core to creating operational and consumption flexibility
 - Compulsory improvements to maintain and improve system reliability and safety
 The 2023 Water Utility capital budget includes:
 - Enhancing resiliency for base-level storage by finishing the East 40th water storage project
 - Corresponding transmission main work to link the East 40th water storage project to the water system
 - Planning for the Willamette Treatment Plant
 - EWEB Enterprise Solutions implementation efforts to modernize our legacy information systems
 - Continued advanced meter infrastructure deployment, core to creating operational and consumption flexibility
 - Compulsory improvements to maintain and improve system reliability and safety

At the October 6th Board meeting, staff presented 2023 draft budgets and updated long-term financial plans developed using several assumptions. The primary assumptions for creating the proposed 2023 Budgets can be viewed in Attachment 1. These are the same assumptions presented in October, and Management believes they balance financial responsibility, operational resiliency, and affordability.

Pricing Changes

The overall increases in the revenue requirement correspond to varying impacts among customer classes. Price proposals for each utility have been prepared and outline respective methodologies and procedures used to develop 2023 pricing schedules. Notably, in the price proposal for the Electric Utility, the basic charge component for Residential, Small General Service, and Medium General Service customer classes receives most of the overall increase to better align basic charge revenues to fixed cost allocations as indicated by the COSA.

The annual COSA analysis is also used to derive and update contracted rates for retail power supply contracts. EWEB will update contract customers per individual contract terms, as necessary.

Affordability

EWEB assesses how much of customers' median household income (MHI) is spent on utility bills to measure affordability. This indicator has shown a downward trend in recent years as bills have

generally remained flat while incomes have increased.

Analysis Year	2017	2018	2019	2020	2021	2022
% MHI	4.06%	3.87%	3.71%	3.59%	3.65%	3.53%

The MHI results are included in Attachment 2. Attachment 3 compares EWEB's average single-family residential bill with other utilities in the Northwest.

Recommendation

Management recommends that the Board direct staff to:

- 1) Propose 2023 budgets using the assumptions set forth in this document
- 2) Propose updates to the Customer Service Policy, Appendix B – Electric Service Charges and Prices to modify retail service rates, Business Growth and Retention Credit, Partial Requirements Service Pricing for new wholesale market price forecast, as well as modifications to the Pilot Time of Use schedules
- 3) Propose updates to the Customer Service Policy, Appendix C – Water Service Charges and Prices to modify retail service rates, Pumping and Delivery Charges Above the Base (Elevation), Surplus and Wholesale Water Sales Prices

Requested Board Action

Management is not requesting Board action at the November 1st meeting; however, Management is requesting that the Board provide clear direction on the recommendations. At the December 6th Board meeting, after the public hearing, Management will request approval of the proposed 2023 Budgets and pricing updates for the Electric and Water Utilities.

- Attachment 1 - 2023 Key Budget Assumptions
- Attachment 2 - Median Household Income (MHI) %
- Attachment 3 - Average Bill Comparison
- Attachment 4 – 2023 Proposed Budget Document
- Attachment 5 - Electric Price Proposal
- Attachment 6 - Water Price Proposal

2023 Key Budget Assumptions

Both Utilities

- Non-Labor O&M Escalation – 2023 is escalated at 4.0%
- Labor Cost Escalation – fully loaded costs indexed to a combination of inflation factors and expected labor market comparators and benefit cost escalations
- Capital Escalation – 2023 is escalated at 5% inflation
- 5% interest rates on borrowing

Electric

- Retail load approximately 2.3 million MWh's, roughly on track with 2022 forecast load and roughly 2% higher than 2020 actual load due to economic recovery and anticipated warmer summers. Forecast for 2023 includes electrification load of approximately 9,200 MWh's
- Contribution margin risk tolerance of \$14.6 million representing 90% generation
- \$80/MWh melded mid-market price curve in 2023
- Environmental Commodities represent roughly \$3.4 million of wholesale revenue
- Assumes no Leaburg generation revenue, nor are there any significant outlays to address Leaburg canal – pending future Board decision on the facility
- \$1M deposit to Capital Investment reserves for future meter replacements
- \$49.3M Bond issuance to fund capital expenditures
- Use of \$11.6M in Rate Stabilization funds to fund capital expenditures

Water

- Consumption of approximately 7.8 million kgal, which represents 95% of 5-year average consumption
- Contribution margin risk tolerance of \$1.1 million in 2023
- \$720,000 System Development Charge reserve draw for debt service payments in 2023
- Includes watershed recovery fee funding and expenditure. Grant revenues are also anticipated to fund watershed efforts. Grants not yet awarded are not modeled as revenue sources

Attachment 2

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 2020 dollars)

Currently there is no national standard for what affordable percent (%) of MHI value is or is not.

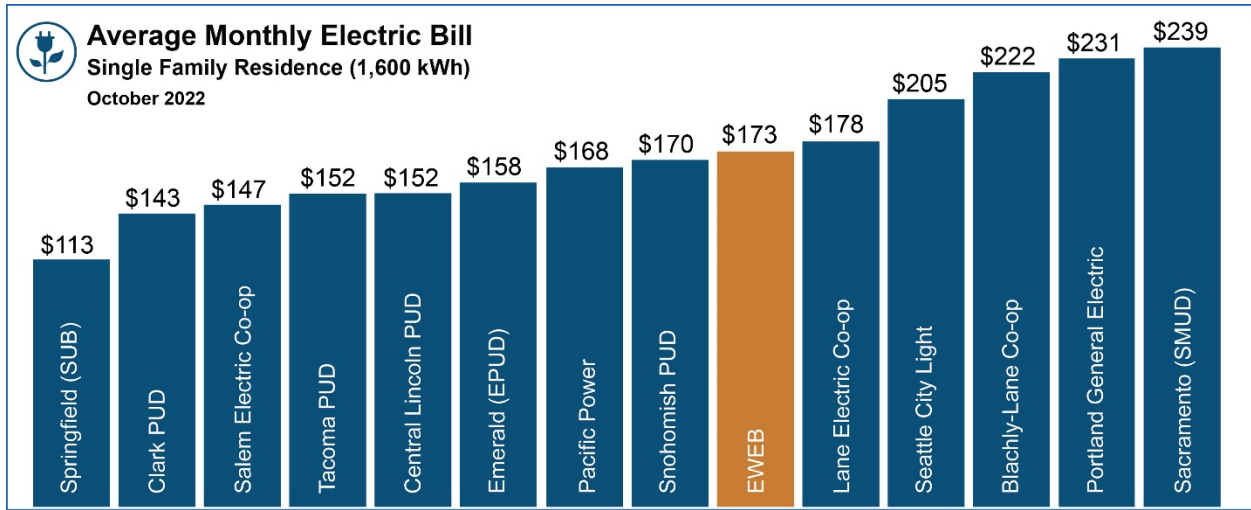
Consideration must be given to financial sustainability of the utility as a whole, in addition to affordability of price. Setting artificially lower prices may produce financial constraints to reinvesting in the system and eventually harm public health through poor product quality and service.

To address the limited income customer-owner bill impact, EWEB has maintained a Customer Care program for many years that provides assistance for bill payment and weatherization programs.

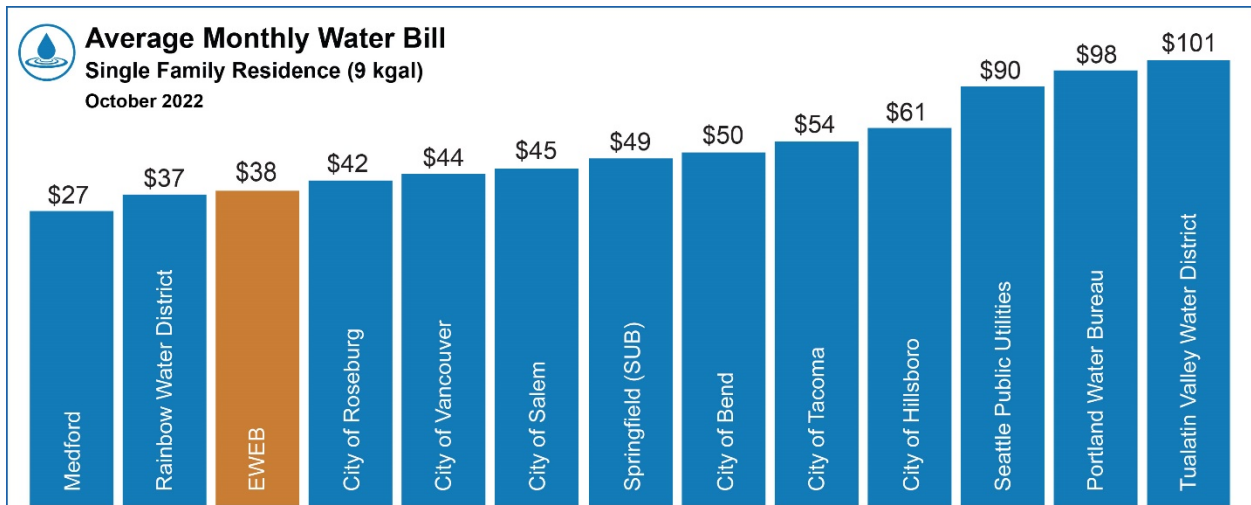
Included below are the combined average water and electric bills for residential customers in Eugene, Portland, Medford, Salem, Vancouver, Tacoma, and Seattle. Average consumption is based on 7 kgal of water and 1,050 kWh of electricity respectively. The average is annualized and compared as a percentage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

Findings

City	Water 7 kgal	Electric 1050 kWh	Monthly	Annual	Median Household Income (in 2020 dollars)	%
Eugene	34.19	120.80	154.99	1,859.88	\$ 52,689	3.53%
Portland	80.40	152.28	232.68	2,792.16	\$ 73,159	3.82%
Medford	23.92	106.38	130.30	1,563.60	\$ 52,243	2.99%
Salem	37.34	104.80	142.14	1,705.68	\$ 58,726	2.90%
Vancouver	36.76	97.68	134.44	1,613.28	\$ 63,617	2.54%
Tacoma	47.29	105.64	152.93	1,835.16	\$ 64,457	2.85%
Seattle	73.46	133.37	206.83	2,481.96	\$ 97,185	2.55%



- Clark PUD serves the Vancouver, WA area
- Pacific Power serves areas of Corvallis, Junction City, Coburg, Creswell, Cottage Grove, Medford and Portland metro



Proposed Budget Fiscal Year 2023



EUGENE WATER & ELECTRIC BOARD



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Rely on us.

Board of Commissioners

Wards:
4 & 5

John Brown
President

Term Expires First
Meeting After 2022

Wards:
6 & 7

Sonya Carlson
Vice President

Term Expires First
Meeting After 2024

Wards:
2 & 3

John Barofsky
Commissioner

Term Expires First
Meeting After 2024

Wards:
1 & 8

Matt McRae
Commissioner

Term Expires First
Meeting After 2024

Wards:
At-Large

Mindy Schlossberg
Commissioner

Term Expires First
Meeting After 2022

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LETTER TO THE BOARD OF COMMISSIONERS

Board of Commissioners,

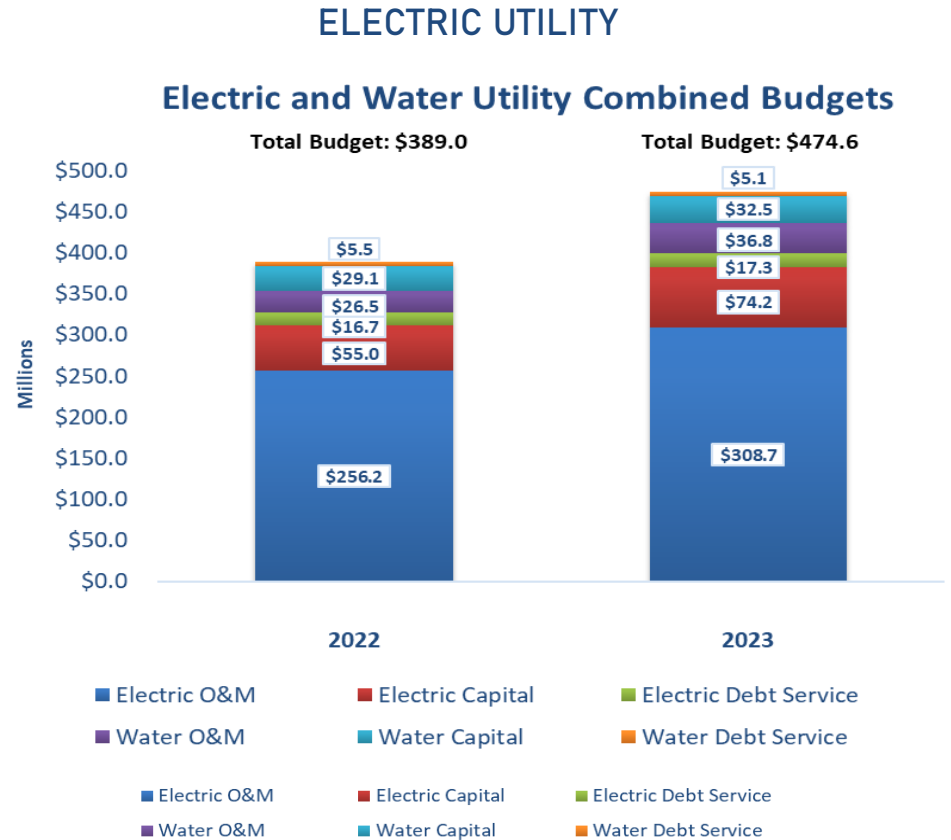
The 2023 Eugene Water & Electric Board Operations & Maintenance (O&M) and Capital & Debt Service budgets are submitted for your consideration and approval. The combined total for both Utilities is \$474.6 million, approximately 22% above the 2022 budget. Individual utility budgets are \$400.2 million for the Electric Utility and \$74.4 million for the Water Utility. Both Utilities' have increases in the overall revenue requirement and consequently, price increases are proposed among customer classes.

As EWEB leaves behind operating pressures and heightened safety protocols from the COVID-19 pandemic, we navigate an economy still reeling with supply chain disruptions and an unstable inflationary environment. Still, both utilities are well positioned to make strategic investments and execute operational priorities incorporated in the Capital Improvement and Long-Term Financial Plans.

A primary focus for 2023 and beyond continues to be updating infrastructure that supports EWEB's strategic direction of *Fostering Customer Confidence*, *Positioning for Flexibility*, and *Resilient Delivery*, as well as upholding the organizational values of Safe, Reliable, Affordable, Environmental, and Community.

In addition, 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. EWEB also provides \$450,000 annually in grants to local schools and \$250,000 annually for green power and solar programs. Incentive programs to encourage electrification of building heating and cooling systems as well as the transportation sector continue with additional resources proposed in 2023, as well.

The following chart depicts the combined Electric and Water budgets for 2022 and 2023.



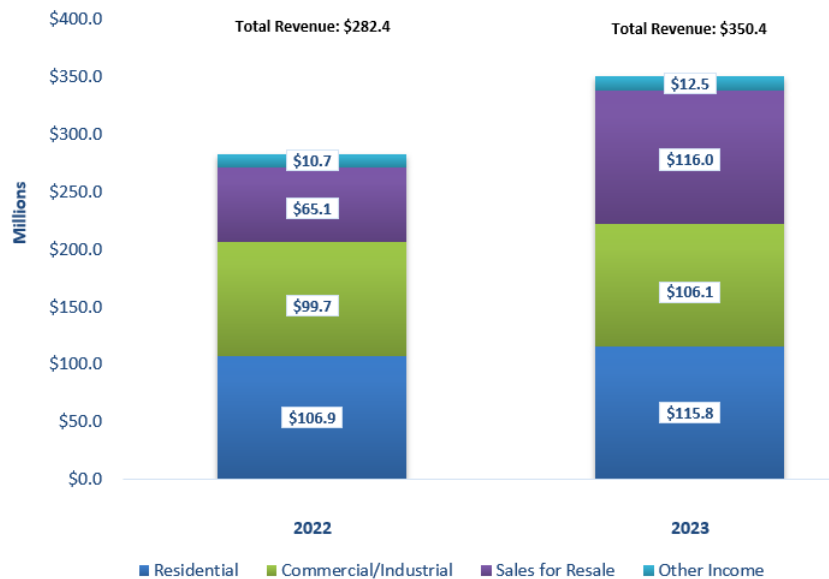
Overview and Revenue

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. To navigate 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.

For the 2023 Proposed Budgets, electric retail load increased relative to 2022. For 2022, a 4% reduction in consumption was budgeted due to economic impacts stemming from the COVID-19 pandemic. The 2023 proposed budget no longer includes this reduction in consumption, and this is aligned with 2021 actual consumption and 2022 year end projections. In recent years, summer temperatures have consistently exceeded historical conditions and cooling loads have approached winter peaks. In the future, as EWEB continues to refine products and services to incent customers to use carbon-responsible energy as an alternative to other forms of fuel, there will

Electric Utility Budgeted Revenues



likely be impacts on retail demand for electricity. EWEB will continue to monitor the impacts of these programs and climate change on peak demand and energy sales.

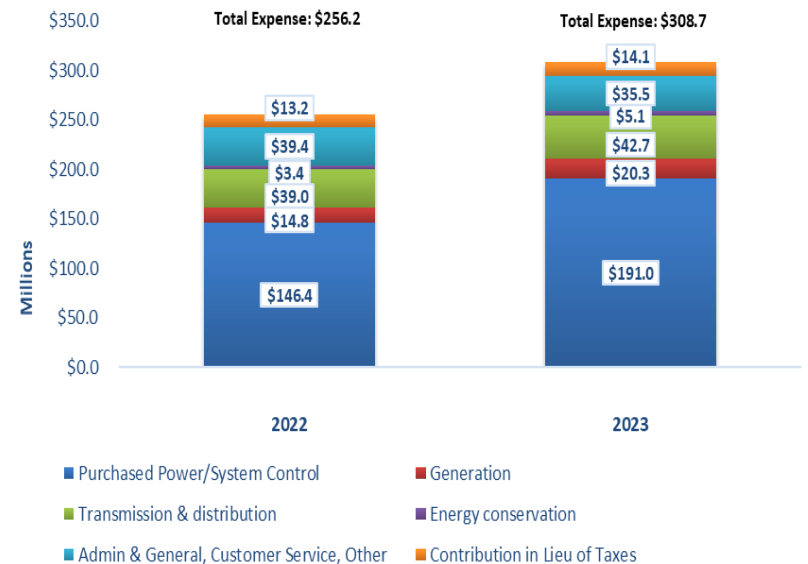
The budget assumes a contribution margin risk tolerance of \$14.6 million, which protects the Utility against revenue declines beyond its control. This risk tolerance equates to a hydro generation drop to 90% of expected. Given its surplus power position, EWEB has a strong hedging program designed to protect the Utility from falling wholesale

prices and budget impacts. Wholesale revenue increased by \$50.9 million between 2022 and 2023. The increase in sales for resale is due to increased wholesale market prices and budgeted volumes.

Operations & Maintenance Budget

The proposed 2023 Electric O&M budget is \$308.7 million compared to the 2022 O&M budget of \$256.2 million. Purchased power and system control increased by \$44.6 million due to increased wholesale market prices and budgeted volumes of wholesale activity, as mentioned above. The following two charts present the Electric 2022 and 2023 revenue and O&M expense budgets.

Electric Utility Budgeted Operations & Maintenance Expenses



Capital and Debt Service Budget

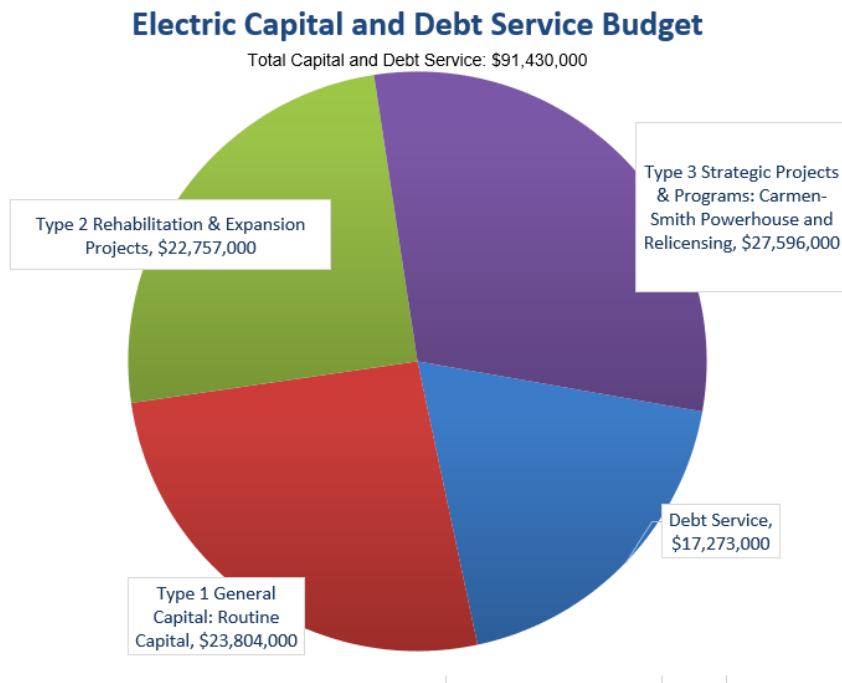
The Electric Utility installed significant distribution infrastructure in the 1960s and 1970s. The service life of these assets is ending, and therefore, EWEB needs to manage the replacement of these aging assets while maintaining reliability and increasing resiliency during disruptive events. The electric system investments will be prioritized by

managing high customer-impacted assets and systems that increase resiliency to critical locations.

The Electric Capital & Debt Service budget of \$91.4 million is \$19.8 million higher than the 2022 budget. This is primarily due to increased capital investments related to distribution and transmission infrastructure, generation projects, and EWEB Enterprise Solutions (EES) implementation. Approximately \$19.8 million of the capital work will be funded with electric retail revenue. Additional detail on the capital budget is included in Attachment 1.

The 2023 budget includes \$17.3 million to service existing debt and plans for a \$49 million bond issuance to support capital projects through the next few years. The overall principal debt amount following the additional borrowing would be approximately \$240 million at the end of 2023.

The following chart details the budget by type of cost.



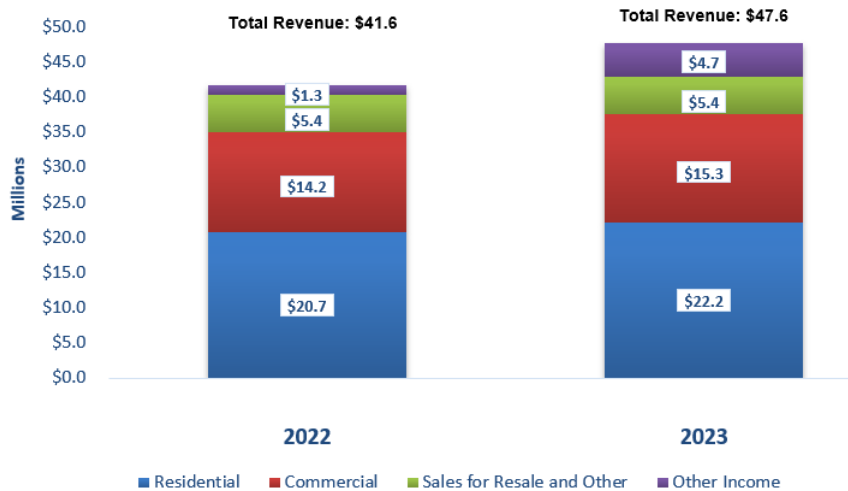
WATER UTILITY

Overview and Revenue

The Water Utility faces challenges such as, replacement of aging infrastructure, water source protection, and developing a second source water treatment facility. Improvements to the Water Utility's financial stability over the last several years provide adequate flexibility to meet these challenges and maintain its strong financial metrics.

2023 budgeted sales are 7.8 billion gallons, which is 1.5% higher than was budgeted in 2022. Residential revenue makes up 45.0% of the Water Utility's total revenues, while 32.7% is from commercial. Other revenue for 2023 includes \$3.0 million in awarded grant funding to support Watershed Recovery efforts.

Water Utility Budgeted Revenues

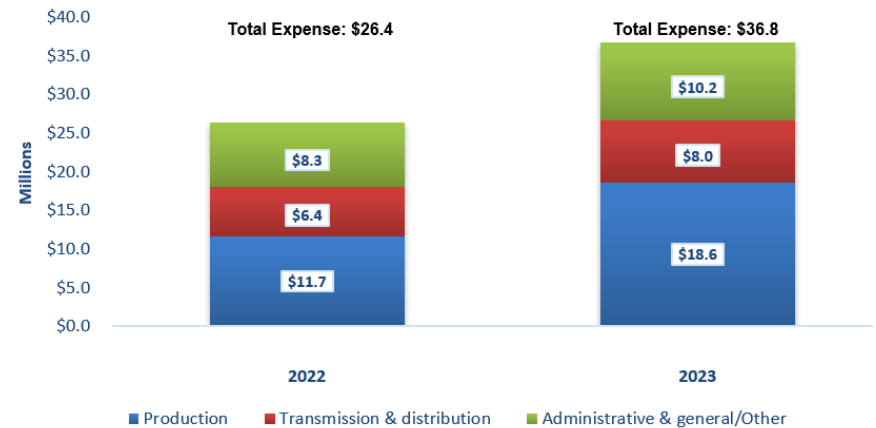


Operations & Maintenance Budget

The 2023 Water Utility O&M budget is \$36.8 million compared to \$26.5 million in 2022. The budget assumes \$10.4 million for Watershed Recovery work, to be funded by grants and the Watershed Restoration Fee revenues.

The budget projects a \$5.8 million draw from reserves, however additional funding from grants for watershed restoration is expected to reduce the draw on reserves. The following charts compare the 2023 and 2022 Water Utility budgeted O&M Revenues and Expenses.

Water Utility Budgeted Operations & Maintenance Expenses



Capital and Debt Service Budget

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. In 2021, work began on the East 40th storage project and it is planned to conclude in 2023. Additional base level storage facilities will be reinforced and refurbished in coming years. In addition, 2023 budgets include plans for EWEB to continue design efforts for construction of a treatment plant on the Willamette River.

The Water Capital & Debt Service budget of \$37.6 million reflects a \$3 million increase from the 2022 budget. 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.

The 2023 budget includes \$5.1 million to service existing debt and plans for a \$43 million bond issuance to support capital projects through the next few years. The overall principal debt amount following the additional borrowing would be approximately \$101 million at the end of 2023.

delivering drinking water and electric services consistent with the values of our customer-owners”.

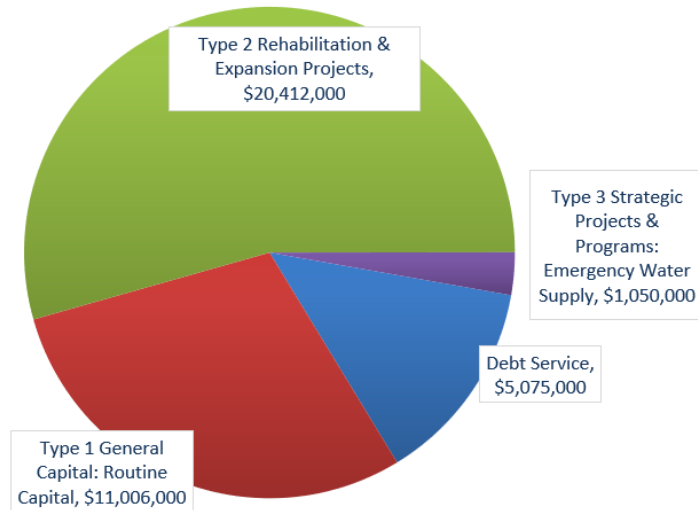
Respectfully submitted,



Frank Lawson, General Manager

Water Capital and Debt Service Budget

Total Capital and Debt Service: \$37,543,000



The 2023 budgets’ position both the Electric and Water Utilities to maintain their financial resiliency and flexibility, while working through on-going high inflation and disrupted supply chains. Both utilities continue efforts to enhance customer confidence as we continue progress towards phase two of the strategic plan. We are guided by our core values to provide safe and reliable drinking water and electricity, be responsible stewards of financial and natural resources, and adhere to our commitment to serve our local community while ensuring operational and consumption flexibility. I am pleased how 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

DID YOU KNOW?



In 2022, EWEB was recognized as an “Outstanding Performer” by the Oregon Health Authority for its drinking water system. To qualify for this designation a system must not have had any contamination violations in the last five years and no more than one monitoring or reporting violation in the past three years. EWEB has had none.

ATTACHMENT 1

2023 PROPOSED BUDGET



DID YOU KNOW?

EWEB removed 31 miles of electric conductor and 159 poles spanning five miles along the McKenzie Highway. This project is intended to increase customer reliability and connect to the broader system more efficiently, all while reducing wildfire risk.

ELECTRIC UTILITY OPERATIONS & MAINTENANCE BUDGET AND REVENUE REQUIREMENTS 2023 PROPOSED BUDGET COMPARED WITH 2022 ADOPTED BUDGET AND 2021 ACTUAL

	2023 Proposed Budget		2022 Adopted Budget		2021 Actual	
	MWH	Revenue and Expense	MWH	Revenue and Expense	MWH	Revenue and Expense
Residential	947,000	\$ 115,789,000	909,000	\$ 106,947,000	955,000	\$ 102,529,000
Commercial	862,000	84,930,000	816,000	77,527,000	847,000	71,695,000
Industrial	490,000	21,137,000	493,000	22,192,000	499,000	21,801,000
Retail sales	2,299,000	221,856,000	2,218,000	206,666,000	2,301,000	196,025,000
Wholesale sales	1,582,000	116,018,000	1,395,000	65,146,000	1,351,000	51,476,000
Other Operating Revenues		9,346,000		8,897,000		10,243,000
	<u>3,881,000</u>	<u>347,220,000</u>	<u>3,613,000</u>	<u>280,709,000</u>	<u>3,652,000</u>	<u>257,744,000</u>
Other revenue		1,602,000		1,542,000		9,975,000
Interest earnings		1,557,000		236,000		114,000
Non-operating revenues		3,159,000		1,778,000		10,089,000
Total revenues		<u>350,379,000</u>		<u>282,487,000</u>		<u>267,833,000</u>
Purchased Power		185,698,000		141,409,000		141,721,000
System control		5,277,000		4,953,000		4,287,000
Generation		20,294,000		14,800,000		13,481,000
Wheeling		12,795,000		12,751,000		12,052,000
Transmission & distribution		29,963,000		26,248,000		24,507,000
Customer accounting		8,783,000		8,196,000		8,054,000
Energy conservation		6,521,000		4,695,000		4,176,000
Administrative & general		27,086,000		31,495,000		22,879,000
Operating expenses		<u>296,417,000</u>		<u>244,547,000</u>		<u>231,157,000</u>
Contributions in lieu of taxes		14,138,000		13,240,000		- ¹
Change in balance sheet accounts/ other expenses		(2,811,000)		(1,635,000)		28,809,000 ²
Non-operating expenses		11,327,000		11,605,000		28,809,000
Total operations and maintenance expenses		<u>307,744,000</u>		<u>256,152,000</u>		<u>259,966,000</u>
Rate funded capital		19,803,000		13,011,000		
Rate funded debt service		17,273,000		16,679,000		
Total rate funded capital related expenses		37,076,000		29,690,000		
Total rate funded expenses		<u>344,820,000</u>		<u>285,842,000</u>		
Revenues over/(under) expenses		<u>\$ 5,559,000</u>		<u>\$ (3,355,000)</u>		
Deposit to Unrestricted Reserves		5,559,000 ⁴		(3,355,000)		
Net change in reserves		<u>\$ 5,559,000</u>		<u>\$ (3,355,000)</u>		
Change in Net Position						<u>\$ 7,867,000</u> ³

¹CILT included as contra revenue in revenue section.

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

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

⁴Board will allocate working cash above target to specific designated funds after annual audit
Dollars rounded to nearest thousand.

EUGENE WATER & ELECTRIC BOARD

ELECTRIC UTILITY CAPITAL AND DEBT SERVICE BUDGET

2023 PROPOSED BUDGET COMPARED WITH 2022 ADOPTED BUDGET

EUGENE WATER & ELECTRIC BOARD
ELECTRIC UTILITY CAPITAL AND DEBT SERVICE BUDGET
2023 BUDGET COMPARED WITH 2022 BUDGET

	2023 Proposed Budget	2022 Adopted Budget
Funding Source by Type		
<u>Source of Funds</u>		
Retail Revenue	\$ 19,803,000	\$ 13,011,000
Draw on Rate Stabilization Reserves	11,629,000	9,943,000
Bond Proceeds (Type II & III)	38,661,000	30,020,000
Customer Contributions in Aid	4,001,000	2,042,000
Grant Funding	63,000	-
Total Source of Funds	74,157,000	55,016,000
Expenditures by Type		
<u>Type 1- General Capital¹</u>		
Downtown Network	1,093,000	-
Electric Infrastructure- Generation	2,202,000	2,140,000
Electric Infrastructure- Substations	2,793,000	2,160,000
Electric Infrastructure- Transmission & Distribution	9,698,000	7,276,000
Electric Meters	525,000	-
General Plant- Information Technology	4,656,000	1,487,000
General Plant- Buildings & Land	359,000	96,000
General Plant- Fleet	1,486,000	988,000
Telecommunications	992,000	906,000
Total Type 1	23,804,000	15,053,000
<u>Type 2- Rehabilitation & Expansion Projects²</u>		
Downtown Network	-	1,015,000
General Plant- Buildings & Land	2,593,000	1,400,000
Resiliency	12,075,000	3,052,000
Information Technology	2,866,000	-
Electric Infrastructure- Generation	3,629,000	2,000,000
Electric Meters	1,594,000	3,276,000
Total Type 2	22,757,000	10,743,000
<u>Type 3- Strategic Projects & Programs³</u>		
Carmen Smith Relicensing	27,596,000	29,220,000
Total Type 3	27,596,000	29,220,000
Total Electric Capital Budget	74,157,000	55,016,000
Rate Funded Debt Service	17,273,000	16,679,000
Total Electric Capital and Debt Service Budget	\$ 91,430,000	\$ 71,695,000

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 the nearest thousand

EUGENE WATER & ELECTRIC BOARD
WATER UTILITY OPERATIONS & MAINTENANCE BUDGET AND REVENUE REQUIREMENTS
2023 PROPOSED BUDGET COMPARED WITH 2022 ADOPTED BUDGET AND 2021 ACTUAL

	2023 Proposed Budget		2022 Adopted Budget		2021 Actual	
	Gal (000)	Revenue and Expense	Gal (000)	Revenue and Expense	Gal (000)	Revenue and Expense
Residential	3,858,000	\$ 22,195,000	3,768,000	\$ 20,741,000	4,381,000	\$ 21,409,000
Commercial	3,316,000	15,282,000	3,302,000	14,219,000	3,584,000	15,167,000
Sales for Resale and Other	656,000	5,392,000	645,000	5,411,000	746,000	5,543,000
Operating revenues	<u>7,830,000</u>	<u>42,869,000</u>	<u>7,715,000</u>	<u>40,371,000</u>	<u>8,711,000</u>	<u>42,119,000</u>
Other revenue		4,412,000		1,278,000		1,045,000
Interest income		330,000		26,000		(14,000)
Non-operating revenues		<u>4,742,000</u>		<u>1,304,000</u>		<u>1,031,000</u>
Total revenues		<u>47,611,000</u>		<u>41,675,000</u>		<u>43,150,000</u>
Production		18,580,000		11,720,000		\$ 9,736,000
Transmission & distribution		8,040,000		6,446,000		6,632,000
Customer accounting		2,699,000		1,622,000		1,782,000
Conservation		841,000		632,000		545,000
Administrative & general		6,991,000		6,399,000		4,506,000
Operating expenses		<u>37,151,000</u>		<u>26,819,000</u>		<u>23,201,000</u>
Change in balance sheet accounts/ other expenses		(386,000)		(304,000)		7,401,000 ²
Non-operating expenses		(386,000)		(304,000)		7,401,000
Total operations and maintenance expenses		<u>36,765,000</u>		<u>26,515,000</u>		<u>30,602,000</u>
Rate funded capital		12,267,000		13,630,000		
Rate funded debt service		4,355,000		3,953,000		
Total rate funded capital related expenses		<u>16,622,000</u>		<u>17,583,000</u>		
Total rate funded expenses		<u>53,387,000</u>		<u>44,098,000</u>		
Revenues over expenses		<u>\$ (5,776,000)</u>		<u>\$ (2,423,000)</u>		
Deposit to Unrestricted Reserves		1,204,000		(2,423,000)		
Draw on Rate Stabilization Fund		(6,980,000)		-		
Net change in reserves		<u>\$ (5,776,000)¹</u>		<u>\$ (2,423,000)</u>		
Change in Net Position						<u>\$ 12,548,000³</u>

1 Net change in reserves assumes rate funding for Watershed Recovery efforts beyond initial fee projections. Additional funding is anticipated through grants not yet awarded and is unbudgeted

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

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

Dollars rounded to nearest thousand.

EUGENE WATER & ELECTRIC BOARD
WATER UTILITY CAPITAL AND DEBT SERVICE BUDGET
2023 PROPOSED BUDGET COMPARED WITH 2022 ADOPTED BUDGET

	2023 Proposed Budget	2022 Adopted Budget
Funding Source by Type		
<u>Source of Funds</u>		
Retail Revenue	\$ 12,267,000	\$ 13,628,000
Draw on Capital Reserve	5,270,000	7,000,000
Draw on AWS Reserve	1,050,000	824,000
Bond Proceeds	12,600,000	4,518,000
Customer Contributions in Aid	1,166,000	1,178,000
System Development Charges, Improvements	115,000	1,983,000
Total Source of Funds	32,468,000	29,131,000
Expenditures by Type		
<u>Type 1 - General Capital¹</u>		
Source - Water Intakes & Filtration Plant	1,359,000	849,000
Distribution & Pipe Services	6,385,000	6,181,000
Distribution Facilities	1,365,000	2,153,000
Information Technology	1,134,000	257,000
Buildings, Land & Fleet	763,000	1,002,000
Total Type 1	11,006,000	10,442,000
<u>Type 2- Rehabilitation & Expansion Projects²</u>		
Distribution	16,695,000	14,317,000
Water Meters	2,000,000	3,548,000
Information Technology	905,000	-
Buildings, Land & Fleet	812,000	-
Total Type 2	20,412,000	17,865,000
<u>Type 3- Strategic Projects & Programs³</u>		
Emergency Water Supply	1,050,000	824,000
Total Type 3	1,050,000	824,000
Total Water Capital Budget	32,468,000	29,131,000
Rate Funded Debt Service	4,355,000	3,953,000
SDC Reimbursement Funded Debt Service	720,000	1,500,000
Total Water Capital and Debt Service Budget	\$ 37,543,000	\$ 34,584,000

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

²Type 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.

³Type 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

2023 BUDGET COMPARED TO PRIOR YEARS



DID YOU KNOW?

Because EWEB is a public agency, is exempt from paying 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: 2023 Summary

	2023 Proposed Budget Dollars	2022 Approved Budget Dollars	2021 Actual Dollars
Customer Service	\$14,525,000	\$12,394,000	\$11,167,000
Electric	28,250,000	25,050,000	23,578,000
Energy	223,565,000	173,328,000	171,537,000
Finance	13,242,000	12,115,000	9,662,000
General Manager	7,288,000	5,843,000	4,562,000
Information Services	12,335,000	18,425,000	11,740,000
Support Services	15,256,000	13,159,000	12,156,000
Water	26,135,000	17,822,000	16,644,000
Workforce Services	4,055,000	3,461,000	3,037,000
Total Operations and Maintenance Budget	\$344,651,000	\$281,597,000	\$264,083,000

Customer Service Operations & Maintenance Budget

	2023 Proposed Budget Dollars	2022 Approved Budget Dollars	2021 Actual Dollars
Wages / Benefits	\$6,934,000	\$6,401,000	\$5,879,000
<u>Purchases</u>			
Stores Materials and Supplies	3,000	3,000	2,000
EWEB Equipment	19,000	21,000	33,000
Materials and Supplies	13,000	13,000	10,000
Technology / Office Equipment	16,000	13,000	4,000
Total Purchases	\$51,000	\$50,000	\$49,000
<u>Services</u>			
Conservation Measures and Incentives	3,650,000 ¹	2,750,000	2,477,000
Electrification Incentive	1,250,000 ²	600,000	377,000
Miscellaneous Services	54,000	73,000	40,000
Professional and Technical Services	316,000	379,000	202,000
Printing and Postage	48,000	52,000	11,000
Training and Travel	69,000	66,000	15,000
Grants	953,000	823,000	685,000
Limited Income Services	1,200,000	1,200,000	1,432,000 ³
Total Services	\$7,540,000	\$5,943,000	\$5,239,000
Total	\$14,525,000	\$12,394,000	\$11,167,000

¹ Conservation Incentives based on eligibility for reimbursement by BPA

² Load Growth Incentive for Transportation and Building Electrification increased, augmented by Clean Fuel Credit Revenue

³ Increased Customer Care payments due to pandemic related job loss assistance and Holiday Farm Fire, supplemented by customer donations

Electric Operations & Maintenance Budget

	2023 Proposed Budget Dollars	2022 Approved Budget Dollars	2021 Actual Dollars
Wages / Benefits	\$18,879,000	\$16,506,000	\$15,178,000
<u>Purchases</u>			
Stores Materials and Supplies	547,000	562,000	538,000
EWEB Equipment	1,762,000	1,478,000	1,441,000
Maintenance and Repairs	27,000	18,000	76,000
Equipment	15,000	9,000	25,000
Materials and Supplies	405,000	375,000	404,000
Technology / Office Equipment	45,000	15,000	12,000
Total Purchases	\$2,801,000	\$2,457,000	\$2,496,000
<u>Services</u>			
Contract Labor	170,000	120,000	126,000
Construction Agreements	4,781,000 ¹	4,185,000	4,036,000
Miscellaneous Services	189,000	145,000	131,000
Professional and Technical Services	838,000 ²	510,000	316,000
Software/Hardware Maintenance and Services	14,000	114,000	108,000
Property Rent	5,000	4,000	14,000
Legal Services	2,000 ³	402,000	884,000
Fees and Licenses	250,000	267,000	189,000
Training and Travel	321,000	340,000	100,000
Total Services	\$6,570,000	\$6,087,000	\$5,904,000
Total	\$28,250,000	\$25,050,000	\$23,578,000

¹ Increase for vegetation management

² Wildfire Mitigation Plan Phase 1 for 2022 and Phase 2 for 2023, Resiliency Program and Asset Management also for 2023

³ 2021 & 2022 Legal service expenses related to the Holiday Farm Fire now covered by insurance due to self-insurance limit coverage

Energy Operations & Maintenance Budget

	2023 Proposed Budget Dollars	2022 Approved Budget Dollars	2021 Actual Dollars
Wages / Benefits	\$10,391,000	\$8,520,000	\$8,822,000
<u>Purchases</u>			
Stores Materials and Supplies	8,000	23,000	8,000
EWEB Equipment	574,000	497,000	486,000
Maintenance and Repairs	104,000	61,000	66,000
Equipment	40,000	26,000	26,000
Energy	185,893,000 ¹	141,777,000	141,870,000
Fuels	2,841,000 ²	2,058,000	1,965,000
Materials and Supplies	297,000	221,000	190,000
Technology / Office Equipment	6,000	7,000	6,000
Total Purchases	\$189,763,000	\$144,670,000	\$144,617,000
<u>Services</u>			
Contract Labor	257,000	131,000	94,000
Wheeling	12,795,000	12,751,000	12,052,000
Construction Agreements	5,200,000 ³	3,115,000	2,784,000
Miscellaneous Services	136,000	148,000	118,000
Professional and Technical Services	2,801,000 ⁴	1,806,000	1,144,000
Software/Hardware Maintenance and Services	776,000	737,000	644,000
Memberships and Dues	697,000	660,000	431,000
Legal Services	105,000	174,000	46,000
Fees and Licenses	419,000	446,000	732,000 ⁵
Training and Travel	225,000	170,000	53,000
Total Services	\$23,411,000	\$20,138,000	\$18,098,000
Total	\$223,565,000	\$173,328,000	\$171,537,000

¹ Purchased power cost due to higher wholesale market prices and higher budgeted volumes

² Fuel cost for shared co-generation facility

³ Higher contracted costs for wind and co-generation facilities and Trail Bridge sinkhole remediation

⁴ Increasing due to BPA contract negotiation and organized market readiness

⁵ 2021 Actual higher due to the timing of renewal fees

Finance Operations & Maintenance Budget

	2023 Proposed Budget Dollars	2022 Approved Budget Dollars	2021 Actual Dollars
Wages / Benefits	\$9,762,000	\$8,745,000	\$7,477,000
<u>Purchases</u>			
Stores Materials and Supplies	14,000	18,000	8,000
EWEB Equipment	180,000	178,000	192,000
Maintenance and Repairs	6,000	6,000	2,000
Materials and Supplies	36,000	55,000	18,000
Technology / Office Equipment	120,000	119,000	50,000
Total Purchases	\$356,000	\$376,000	\$270,000
<u>Services</u>			
Contract Labor	87,000	87,000	20,000
Miscellaneous Services	69,000	63,000	55,000
Professional and Technical Services	2,241,000 ¹	1,334,000	1,350,000
Software/Hardware Maintenance and Services	7,000	7,000	6,000
Property Rent	8,000	8,000	14,000
Legal Services	10,000	5,000	2,000
Fees and Licenses	47,000	72,000	51,000
Training and Travel	130,000	118,000	35,000
Uncollectable Accounts	525,000 ²	1,300,000	382,000
Total Services	\$3,124,000	\$2,994,000	\$1,915,000
Total	\$13,242,000	\$12,115,000	\$9,662,000

Note: Budgets may not be comparable to prior budget documents due to re-organization among divisions

¹ Increased merchant processing and collection services fees

² Uncollectible Accounts budget was increased to absorb the economic impacts from the COVID-19 pandemic, 2023 budget was reduced to levels consistent with 2022 projected spending

General Manager Operations & Maintenance Budget

	2023 Proposed Budget Dollars	2022 Approved Budget Dollars	2021 Actual Dollars
Wages / Benefits	\$4,497,000	\$3,745,000	\$2,956,000
<u>Purchases</u>			
Stores Materials and Supplies	6,000	17,000	12,000
EWEB Equipment	76,000	68,000	23,000
Materials and Supplies	35,000	44,000	22,000
Technology / Office Equipment	91,000	67,000	22,000
Total Purchases	\$208,000	\$196,000	\$79,000
<u>Services</u>			
Contract Labor	5,000	32,000	33,000
Miscellaneous Services	112,000	101,000	54,000
Professional and Technical Services	130,000	278,000	94,000
Software/Hardware Maintenance and Services	40,000	38,000	21,000
Legal Services	180,000	190,000	127,000
Insurance	2,005,000 ¹	1,186,000	1,170,000
Training and Travel	101,000	67,000	25,000
Grants	10,000	10,000	3,000
Total Services	\$2,583,000	\$1,902,000	\$1,527,000
Total	\$7,288,000	\$5,843,000	\$4,562,000

Note: Budgets may not be comparable to prior budget documents due to re-organization among divisions

¹ Insurance premiums increased. The coverage includes property, liability, and cyber security

Information Services Operations & Maintenance Budget

	2023 Proposed Budget Dollars	2022 Approved Budget Dollars	2021 Actual Dollars
Wages / Benefits	\$6,885,000	\$7,675,000	\$5,867,000
<u>Purchases</u>			
Stores Materials and Supplies	384,000	200,000	212,000
Materials and Supplies	5,000	5,000	3,000
Technology / Office Equipment	221,000 ¹	3,799,000	1,293,000
Total Purchases	\$610,000	\$4,004,000	\$1,508,000
<u>Services</u>			
Contract Labor	25,000	25,000	23,000
Miscellaneous Services	553,000	629,000	351,000
Professional and Technical Services	503,000 ¹	2,561,000	704,000
Software/Hardware Maintenance and Services	3,285,000	3,142,000	3,001,000
Printing and Postage	324,000	240,000	265,000
Fees and Licenses	11,000	10,000	10,000
Training and Travel	139,000	139,000	11,000
Total Services	\$4,840,000	\$6,746,000	\$4,365,000
Total	\$12,335,000	\$18,425,000	\$11,740,000

¹ Relocated Software budget to Capital for software as a services (SaaS) contracts related to ERP

Support Services Operations & Maintenance Budget

	2023 Proposed Budget Dollars	2022 Approved Budget Dollars	2021 Actual Dollars
Wages / Benefits	\$8,814,000	\$7,387,000	\$6,745,000
Purchases			
Stores Materials and Supplies	31,000	22,000	16,000
EWEB Equipment	1,342,000	1,136,000	1,282,000
Maintenance and Repairs	22,000	22,000	18,000
Energy	477,000	450,000	473,000
Water	155,000	147,000	161,000
Fuels	72,000	90,000	72,000
Vehicle Fuel and Oil	757,000 ¹	560,000	535,000
Materials and Supplies	390,000	347,000	304,000
Technology / Office Equipment	56,000	30,000	29,000
Total Purchases	\$3,302,000	\$2,804,000	\$2,890,000
Services			
Construction Agreements	1,764,000	1,804,000	1,429,000
Miscellaneous Services	234,000	191,000	218,000
Professional and Technical Services	468,000	409,000	369,000
Software/Hardware Maintenance and Services	105,000	124,000	48,000
Property Rent	128,000	119,000	125,000
Legal Services	90,000	75,000	129,000
Printing and Postage	17,000	16,000	17,000
Fees and Licenses	205,000	155,000	160,000
Training and Travel	129,000	75,000	26,000
Total Services	\$3,140,000	\$2,968,000	\$2,521,000
Total	\$15,256,000	\$13,159,000	\$12,156,000

Note: Budgets may not be comparable to prior budget documents due to re-organization among divisions

¹ Increased fuel cost

Water Operations & Maintenance Budget

	2023 Proposed Budget Dollars	2022 Approved Budget Dollars	2021 Actual Dollars
Wages / Benefits	\$9,778,000	\$8,289,000	\$9,069,000
<u>Purchases</u>			
Stores Materials and Supplies	300,000	258,000	378,000
EWEB Equipment	1,132,000	654,000	931,000
Maintenance and Repairs	46,000	36,000	18,000
Equipment	18,000	19,000	10,000
Energy	1,181,000	1,095,000	1,132,000
Water	22,000	22,000	17,000
Materials and Supplies	1,061,000	720,000	791,000
Technology / Office Equipment	42,000	52,000	19,000
Total Purchases	\$3,802,000	\$2,856,000	\$3,296,000
<u>Services</u>			
Contract Labor	58,000	51,000	5,000
Conservation Measures and Incentives	1,220,000 ¹	20,000	781,000
Construction Agreements	5,521,000 ¹	5,165,000 ¹	1,388,000
Miscellaneous Services	204,000	158,000	149,000
Professional and Technical Services	5,078,000 ²	943,000	1,647,000
Software/Hardware Maintenance and Services	205,000	79,000	114,000
Printing and Postage	22,000	22,000	18,000
Fees and Licenses	119,000	121,000	98,000
Training and Travel	103,000	88,000	24,000
Grants	25,000	30,000	55,000
Total Services	\$12,555,000	\$6,677,000	\$4,279,000
Total	\$26,135,000	\$17,822,000	\$16,644,000

¹ Increased for watershed recovery efforts

² Watershed recovery and water quality monitoring and analytical work

Workforce Services Operations & Maintenance Budget

	2023 Proposed Budget Dollars	2022 Approved Budget Dollars	2021 Actual Dollars
Wages / Benefits	\$3,265,000	\$2,702,000	\$2,431,000
<u>Purchases</u>			
EWEB Equipment	12,000	11,000	10,000
Materials and Supplies	120,000	110,000	17,000
Technology / Office Equipment	7,000	6,000	7,000
Total Purchases	\$139,000	\$127,000	\$34,000
<u>Services</u>			
Miscellaneous Services	77,000	58,000	159,000
Professional and Technical Services	300,000	300,000	252,000
Software/Hardware Maintenance and Services	15,000	25,000	-
Legal Services	130,000	130,000	121,000
Training and Travel	129,000	119,000	40,000
Total Services	\$651,000	632,000	\$572,000
Total	\$4,055,000	\$3,461,000	\$3,037,000

DID YOU KNOW?

If you see geese sitting on our powerline poles, you've just seen one of several measures EWEB is taking to deter Osprey and other raptors from nesting on cross arms. If allowed to nest in these locations the sticks and debris can create a fire hazard and cause power outages – and puts the birds at risk. EWEB also uses drones and glow-in-the-dark markers to protect birds from powerlines. Last summer, EWEB used a drone to install brightly-colored markers on powerlines to help birds avoid flying into them.

ATTACHMENT 3

LABOR & EMPLOYEE BENEFIT COSTS



DID YOU KNOW?

In the summer of 2022, EWEB replaced the transformer at the Hayden Bridge Substation as part of proactive infrastructure investments and maintenance. The Hayden Bridge Substation supplies electricity to the filtration plant that provides cool, fresh, and delicious drinking water to the Eugene community. The substation transformer weighs over 100,000 pounds and interconnects higher and lower transmission voltages.

**EUGENE WATER & ELECTRIC BOARD
LABOR AND EMPLOYEE BENEFITS
2023 PROPOSED BUDGET COMPARED WITH 2022 ADOPTED BUDGET AND 2021 ACTUAL**

	2023 Proposed Budget		2022 Approved Budget		2021 Actual	
	Budget	% of Total wages	Budget	% of Total wages	Actual	% of Total wages
Wages & benefits						
Regular Wages	\$ 58,452,000	98.3%	\$51,588,000	98.1%	\$ 46,166,000	92.9%
Premium Wages	1,026,000	1.7%	1,012,000	1.9%	3,516,000	7.1%
Total wages	<u>59,478,000</u>	<u>100.0%</u>	<u>52,600,000</u>	<u>100.0%</u>	<u>49,682,000</u>	<u>100.0%</u>
Public employees retirement fund	13,776,000	23.2%	12,018,000	22.8%	10,393,000	20.9%
Other benefits – employer contribution ¹	5,559,000	9.3%	4,497,000	8.5%	3,743,000	7.5%
Health insurance ²	12,398,000	20.8%	10,876,000	20.7%	9,677,000	19.5%
Post-retirement medical	350,000	0.6%	215,000	0.4%	284,000	0.6%
Long-term disability	332,000	0.6%	298,000	0.6%	284,000	0.6%
Life insurance	402,000	0.7%	356,000	0.7%	369,000	0.7%
Total benefits	<u>32,817,000</u>	<u>55.2%</u>	<u>28,260,000</u>	<u>53.7%</u>	<u>24,750,000</u>	<u>49.8%</u>
Total wages & benefits	<u>\$ 92,295,000</u>		<u>\$80,860,000</u>		<u>\$ 74,432,000</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 partnered with ALERTWildfire in the summer of 2022 to install a camera on an EWEB communications tower. This camera will help spot small fires before they threaten communities and infrastructure in the upper McKenzie River Valley. This publicly accessible camera sends a live feed of the forest, surveying up to 120 miles in all directions to detect wildfire heat and 404 miles to observe smoke.

Projected Reserves will be available in December.

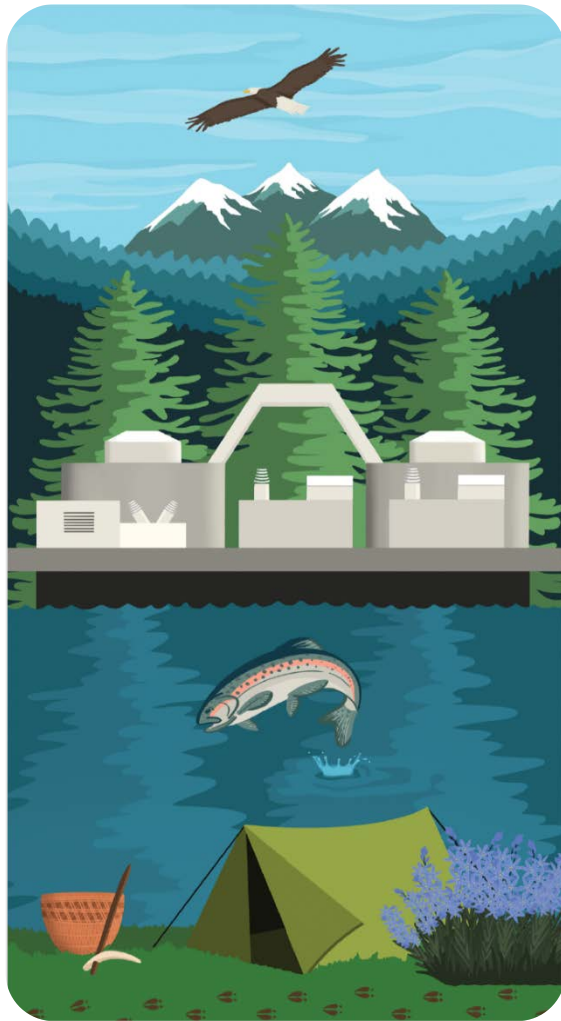
ATTACHMENT 5 BUDGETED FINANCIAL RATIOS & STATISTICS



DID YOU KNOW?

EWEB launched new environmental programs, Green Options, in April 2022. The Move Green program includes new electric mobility grants to non-profits, schools, and government agencies for their electric mobility projects. Funds for this program are provided by the Oregon Clean Fuels Program. Utilities receive credits for the number of electric vehicles registered in their service territory. In 2022, we were able to provide six \$25,000 grants to local organizations utilizing our Clean Fuel Credits.

Ratios & Statistics will be available in December.



EWEB



4200 ROOSEVELT BOULEVARD, EUGENE OR 97402 | eweb.org



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

February 2023 Electric Price Proposal

**Fiscal Services Department
November 2022**

**EUGENE WATER & ELECTRIC BOARD
FEBRUARY 2023 ELECTRIC PRICE PROPOSAL**

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EXECUTIVE SUMMARY

The 2023 Electric Price Proposal was developed in accordance with the proposed 2023 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 occurs in COSA variables. Last year, EWEB completed a multi-year COSA for testing years 2022 – 2024. EWEB staff updated the COSA for 2023 and recommended rates are based on the output of this analysis.

Price Design and Other Price Schedules: The following price/rate design proposal is 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

I. INTRODUCTION

Purpose of Study

The purpose of this price study is to provide background information and technical analysis in support of Eugene Water & Electric Board (EWEB) staff recommendations for electric prices. The study summarizes electric system revenue requirements, projected system loads and sales, and allocation of ongoing utility costs to customer classes for the 12-month period beginning January 2023. The most recent electric price revision was in February 2022, with an overall average revenue requirement increase of 3.25%.

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 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, capital additions, interest and amortization of outstanding debt, 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.

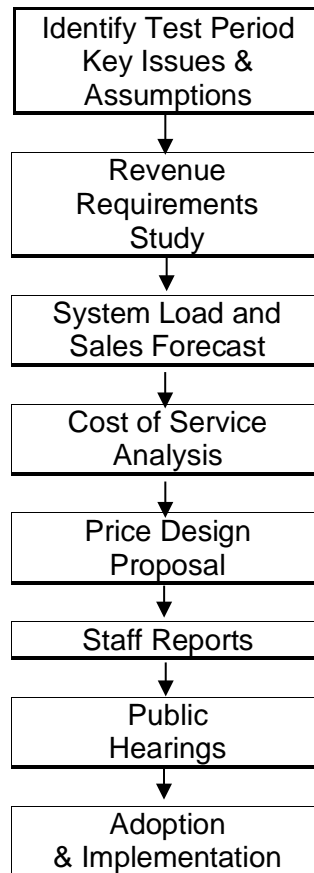
The second standard requires prices and charges for utility service be fair and non-discriminatory. Prices are considered non-discriminatory when customers receiving like and contemporaneous service under similar circumstances are treated equally in the development and application of specific prices. 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 are directed to prepare studies to 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 Finance staff typically perform a detailed Cost of Service Analysis (COSA). The purpose is to allocate test period costs to customer classes and update price schedules according to where individual cost items are incurred. EWEB's COSA procedures employ standard utility industry methods, consistent with the policy guidelines established by the Board.

Public Notice and Hearings Schedule

EWEB's price review process is a formal, sequential procedure. The underlying objective is to ensure EWEB customers and the general public receive adequate notice and explanation of price change proposals. It also allows the Board to hear and consider public comment prior to approval and implementation of revised prices. Accordingly, EWEB Commissioners have adopted specific guidelines for public notice and hearings to run concurrent with the budget approval process. A legal notice of the public hearing was published as follows:

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

<u>Publication Name</u>	<u>Date</u>
Eugene Weekly	September 29, 2022
Eugene Weekly	November 3, 2022

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

EXHIBIT 1

BEFORE THE EUGENE WATER & ELECTRIC BOARD

In the Matter of Consideration and
Adoption of Budgets, Revised Prices 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 2023 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, 2023.
2. Public hearings will be held in person and virtually (details to be posted on eweb.org). Meeting dates and times:

November 1, 2022 - 5:45p.m.
December 6, 2022 - 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: <https://www.eweb.org/about-us/board-of-commissioners/2022-board-agendas-and-minutes> 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.

To provide public comments by phone, sign up at: <https://www.eweb.org/x2936>.

Written comments may be submitted at: <https://eweb.org/x2938>.

4. Written comments may also be mailed to: EWEB Fiscal Services, 4200 Roosevelt Blvd, Eugene, Oregon 97402. To ensure timely consideration, requests to speak or written comments must be received by 2:00 p.m. on November 1, 2022. Please indicate "public hearing" in your written comments or 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 their respective terms of office are as follows:

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

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 Manger

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 2012-2021

Year	Customer Count	% Change	MWh Sales	% Change
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%
2021	96,800	0.7%	2,301,228	1.8%

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 unless operation of electrical lines or equipment present a safety risk to our customers and community. EWEB also offers a variety of customer programs to provide information about utility services, promote efficient use of energy resources, and assist 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 served by EWEB includes most of the City of Eugene and adjacent areas, including locations near EWEB 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 building heating demands. In recent years summer temperatures have consistently exceeded historical conditions and cooling loads have approached winter peaks. Staff continue to monitor this trend as it will impact COSA results if EWEB shifts 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 \$833 million.

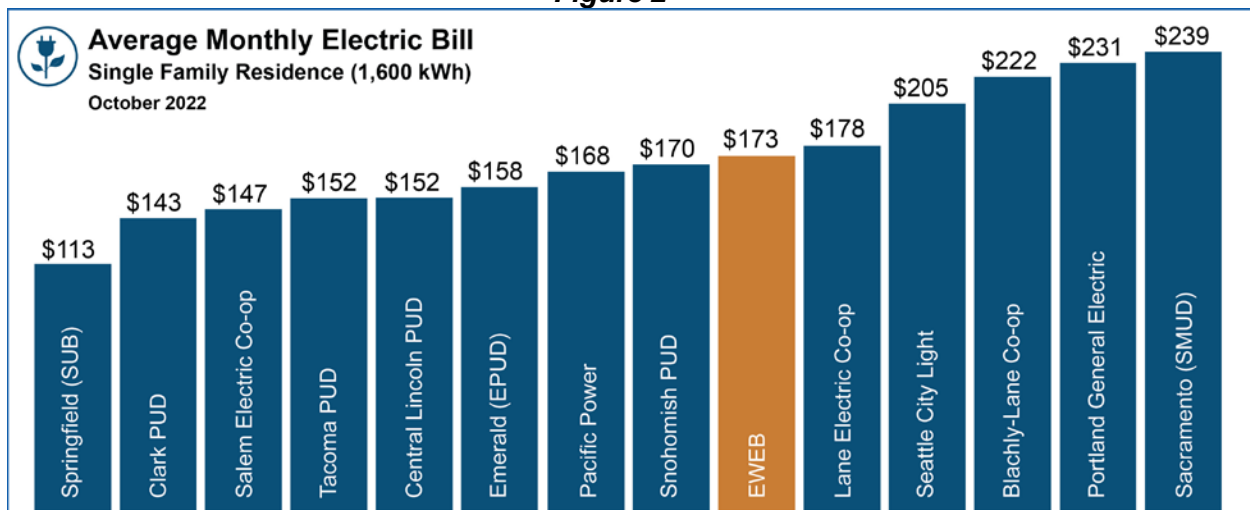
As Oregon’s largest generating public utility, EWEB customers are served by EWEB-owned generation facilities as well as through contracts with public and private utilities and energy suppliers. The largest portion of EWEB’s power portfolio is obtained through long-term contracts with the Bonneville Power 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 staff continue drafting an updated Integrated Resource Plan (IRP) to be approved by the Board with the goal to help inform decisions involving EWEB’s energy supply contracts, EWEB-owned generation, demand-side energy services, electric resource management, and energy trading.

C. Residential Bill Comparisons

A comparison of current monthly residential bills for selected Northwest electric utilities 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. The resulting monthly average electric bill based on this proposal is \$179.02, an increase of \$6.08 over 2022. Sample bills for the residential price proposal are shown in *Table 8*.

Figure 2



III. REVENUE REQUIREMENTS STUDY

This section contains a general description of EWEB's annual budgeting process. It also includes documentation of EWEB's 2023 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.

Management and supervisory levels of EWEB 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. Revenue Requirements

EWEB has designated calendar year 2023 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 2023 Proposed Electric Budget and any known or anticipated impacts in subsequent years.

For the February 2023 price study, staff were able to incorporate the projected sales, revenues and expenditure data from the proposed 2023 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	\$214,874,000	\$221,856,000	63%
Wholesale Revenue, Interest, and Other Income	128,523,000	128,523,000	37%
Subtotal	343,397,000	350,379,000	100%
Expenditures			
Operating & Maintenance			
Purchased Power	185,698,000	185,698,000	53%
System Control	5,277,000	5,277,000	2%
Generation	20,294,000	20,294,000	6%
Wheeling	12,795,000	12,795,000	4%
Transmission & Distribution	29,963,000	29,963,000	9%
Customer Accounting	8,783,000	8,783,000	3%
Conservation	6,521,000	6,521,000	2%
Administration & General	27,086,000	27,086,000	8%
Subtotal	296,417,000	296,417,000	85%
Other Expenditures			
Contribution in Lieu of Tax	14,138,000	14,138,000	4%
Construction & Capital	19,803,000	19,803,000	6%
Debt Service, Interest, and Amortization	17,273,000	17,273,000	5%
Balance Sheet Changes	-1,811,000	-1,811,000	-1%
Subtotal	49,403,000	49,403,000	14%
To (From) Reserves	4,559,000	4,559,000	1%
Revenue Requirement	350,379,000	350,379,000	100%
Surplus / (Deficit)	-6,982,000	0	
As a % of Rate Revenue	-3.25%	0.00%	

*Figures may not sum due to rounding.

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 climate 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 an anticipated increased electrification demand caused by electric vehicle usage. Overall actual growth 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 2023 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 2023 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.

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 their unique 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 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. 2023 Forecast Results

The results of EWEB's forecast of sales for the 2023 price test period are summarized below in Table 3:

**Table 3
Test Period Forecast of Electric Utility
Customers & Sales by Price Class
For 2023 Price Test Period**

Customer Class	Customer Counts	Energy Sales in MWH	% of Sales
Residential	81,960	900,242	39.2%
Small General Service	8,090	174,743	7.6%
Medium General Service	1,738	500,202	21.8%
Large General Service	59	182,359	7.9%
McKenzie Valley Residential	4,821	46,797	2.0%
McKenzie Valley Small General Service	347	3,175	0.1%
McKenzie Medium General Service	30	1,739	0.1%
Contract A	1	410,592	17.9%
Contract C	1	69,210	3.0%
Street Lighting	N/A	8,850	0.4%
Private Lighting	N/A	889	0.0%
Total	97,047	2,298,798	100.0%

NOTE: Energy Sales do not include line loss.

The above information represents an increase in EWEB customers by the end of 2023, which is a trend over the last several years and projected new service connections. Total electric sales for the period are forecast at 2.3 billion kilowatt-hours.

The 2023 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 equity 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 a price class.

To assign costs more accurately 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 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

In 2021, staff completed a three-year Cost of Service Analysis (COSA), with 2023 as year two in that study. The intent of the multi-year COSA is to incorporate gradualism into specific recommendations and provide customers cost-based price signals while easing and forecasting single year impacts. Last year’s multi-year results provided a forecast of recommended rate adjustments as shown below.

**Multi-year 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	G-1	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, L-4	12.29%	12.29%	11.68%

EWEB prepares organizational budgets annually and uses this information to update the COSA. Updates to contract customer pricing required a refresh to 2023 results, and the cost of service results indicate the allocated total costs to each specific customer class for the test year 2023.

**Table 4
Forecast of Electric Utility
Proposed Revenue Requirement by Price Class
for 2023 Test Period**

Customer Class	Price Schedule(s)	2023 Revenue Requirement
Residential	R-6	116,557,000
Small General Service	G-1	23,008,000
Medium General Service	G-2	47,191,000
Large General Service	G-3	14,291,000
Street Lighting	J-3, J-4, J-5	914,000
Private Lighting	L-3, L-4	119,000

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 2023 Test Period

Customer Class	Price Schedule(s)	2023
Residential	R-6	4.14%
Small General Service	G-1	3.92%
Medium General Service	G-2	3.83%
Large General Service	G-3	1.63%
Street Lighting	J-3, J-4, J-5	-7.62%
Private Lighting	L-3, L-4	11.15%

VI. PRICE RECOMMENDATIONS

Current price proposals have been evaluated based on changes in the 2023 draft budgets. 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 2023 Test Period

Customer Class	Price Schedule(s)	2023
Residential	R-6	4.00%
Small General Service	G-1	4.00%
Medium General Service	G-2	4.00%
Large General Service	G-3	1.60%
Street Lighting	J-3, J-4, J-5	0.00%
Private Lighting	L-3, L-4	11.00%

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 87,000 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, the basic charge price component receives the majority of the overall 4.00% class increase to better align with the COSA fixed cost allocation results. The proposed prices are shown in *Table 7*.

Table 7
Eugene Water & Electric Board
Rate Design Study
Residential Service (R-6)
Existing and Proposed Rates

	Existing Rates		Proposed 2023 Rates
Basic Charge:	\$21.26		\$23.50
Delivery Charge:	\$0.0272		\$0.0279
Energy Charge:	\$0.0676		\$0.0693

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

Table 8
Eugene Water & Electric Board
Rate Design Study
Residential Service (R-6)
Monthly Bill Comparison

% of Bills	Usage Range	Average Usage	Current Tariff	Proposed 2023 Bill Impact		
				Proposed Tariff	Bill Impact	% Impact
6%	0 - 425	267	\$ 46.60	\$ 49.49	\$ 2.88	6.18%
8%	425 - 600	517	70.28	73.76	3.48	4.95%
9%	601 - 750	677	85.43	89.29	3.86	4.52%
12%	751 - 950	848	101.70	105.97	4.28	4.21%
12%	951 - 1150	1,047	120.52	125.28	4.75	3.94%
10%	1151 - 1350	1,246	139.42	144.65	5.23	3.75%
10%	1351 - 1600	1,469	160.47	166.24	5.76	3.59%
12%	1601 - 2000	1,781	190.10	196.62	6.51	3.43%
10%	2001 - 2600	2,256	235.12	242.78	7.65	3.26%
11%	2601 and over	3,640	366.36	377.34	10.98	3.00%

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.

The basic charge price component receives the majority of the overall 4.00% class increase to better align with the COSA fixed cost allocation results 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	\$23.91	\$27.50 per month
Three-Phase	\$35.33	\$41.00 per month
Demand Charge		
First 10 kW	No Charge	No Charge per kW
Over 10 kW	\$7.386	\$7.563 per kW
Delivery Charge		
First 1,750 kWh	\$0.0371	\$0.0380 per kWh
Additional kWh	\$0.0014	\$0.0014 per kWh
Energy Charge		
All kWh	\$0.0715	\$0.0732 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 1,700 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.

The basic charge price component receives the majority of the overall 4.00% class increase to better align with the COSA fixed cost allocation results 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	\$39.64	---	\$65.00	---	per month
Three-Phase	\$61.49	\$3,571	\$100.00	\$3,715	per month
Demand Charge					
First 300 kW	\$7.705	---	\$8.025	---	per kW
Over 300 kW	\$7.705	\$7.550	\$8.025	\$7.864	per kW
Energy Charge					
All kWh	\$0.0650	\$0.0641	\$0.0663	\$0.0654	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 59 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 1.60% to all price components 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	\$2,922	\$2,841	\$2,969	\$2,886	per month
Demand Charge					
First 300 kW	---	---	---	---	per kW
Over 300 kW	\$8.149	\$7.935	\$8.279	\$8.062	per kW
Energy Charge					
All kWh	\$0.0528	\$0.0518	\$0.0536	\$0.0526	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 street lights will consume 8.9 million kilowatt-hours during 2023. 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. Due to expanded LED fixture usage, the table includes three additional rates. *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
Schedule J-5	0 to 40 Watt LED	0 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
Schedule J-5	201 to 280 Watt LED	201 to 280 Watt Bulb (Light Emitting Diode)	--	\$9.58
Schedule J-5	281 to 360 Watt LED	281 to 360 Watt Bulb (Light Emitting Diode)	--	\$11.44
Schedule J-5	361+ Watt LED	361+ Watt Bulb (Light Emitting Diode)	--	\$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 1,200 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 11.00% for schedules L-3 and L-4. *Table 13* provide existing prices versus proposed prices for Private Property Lighting Services.

Table 13
Private Lighting L-3, L-4
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)	\$6.80	\$7.55
Schedule L-3	200 Watt HPS	200 Watt Bulb (High Pressure Sodium)	\$11.03	\$12.24
Schedule L-3	400 Watt HPS	400 Watt Bulb (High Pressure Sodium)	\$18.80	\$20.87
Schedule L-4	50 Watt High Efficiency	50 Watt Bulb High Efficiency (High Pressure Sodium)	\$4.94	\$5.48
Schedule L-4	70 Watt High Efficiency	70 Watt Bulb High Efficiency (High Pressure Sodium)	\$6.03	\$6.69
Schedule L-4	150 Watt High Efficiency	150 Watt Bulb High Efficiency (High Pressure Sodium)	\$8.75	\$9.71
Schedule L-5	0 to 40 Watt LED	0 to 40 Watt Bulb (Light Emitting Diode)	\$3.17	\$3.52

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 2023 updated wholesale market prices eliminate the benefit for both Large General Service and 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.

2023 BGR Price for Medium General Service Customers: ~~\$0.000~~ ~~\$0.003~~ per kilowatt hour

2023 BGR Price for Large General Service Customers: ~~\$0.000~~ ~~\$0.000~~ 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 are 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.

**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..... ~~\$303.66~~ ~~\$291.98~~ per month

Facilities Charge:

Per Kilowatt of Facilities Capacity ~~\$4.23~~ ~~\$4.07~~ per gross kW

Power Indifference Surcharge:

Per Kilowatt of Facilities Capacity ~~\$4.95~~ ~~\$4.76~~ per gross kW

Energy Charge:

Summer On-Peak Kilowatt-Hours ~~\$0.0842~~ ~~\$0.0810~~ per kWh

Summer Mid-Peak Kilowatt-Hours ~~\$0.0402~~ ~~\$0.0387~~ per kWh

Summer Off-Peak Kilowatt-Hours ~~\$0.0635~~ ~~\$0.0611~~ per kWh

Shoulder On-Peak Kilowatt-Hours ~~\$0.0698~~ ~~\$0.0674~~ per kWh

Shoulder Mid-Peak Kilowatt-Hours ~~\$0.0551~~ ~~\$0.0530~~ per kWh

Shoulder Off-Peak Kilowatt-Hours ~~\$0.0425~~ ~~\$0.0409~~ per kWh

Winter On-Peak Kilowatt-Hours ~~\$0.0895~~ ~~\$0.0864~~ per kWh

Winter Mid-Peak Kilowatt-Hours ~~\$0.0746~~ ~~\$0.0717~~ per kWh

Winter Off-Peak Kilowatt-Hours **\$0.0645** ~~\$0.0620~~ per kWh

APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

I. Pilot Time of Use Lines

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

The pilot period for the Medium General Service – Pilot Time of Use schedules has proofed concepts and considerations for future products and services. Existing rate schedules are proposed to be removed for 2023 as they require manual procedures. Redeployment of time of use schedules will depend on automation in the new billing system as part of the EWEB Enterprise Solutions project.

Large General Service – Schedule Pilot Time of Use C-TOU-2 (For Service from 501 kW to 10,000 kW)

The pilot period for the Large General Service – Pilot Time of Use schedules has proofed concepts and considerations for future products and services. Existing rate schedules are proposed to be removed for 2023 as they require manual procedures. Redeployment of time of use schedules will depend on automation in the new billing system as part of the EWEB Enterprise Solutions project.



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

February 2023 Water Price Proposal

**Fiscal Services Department
November 2022**

**EUGENE WATER & ELECTRIC BOARD
2023 Water Price Proposal**

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EXECUTIVE SUMMARY

The 2023 Water Price Proposal was developed in accordance with the proposed 2023 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 6.0% to generate required revenues in support of 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. EWEB completed a multi-year COSA for testing years 2022-2024 and is recommending 2023 rates based on the output of this analysis and reductions in the long-term financial plan rate trajectory.

Price Design and Other Price Schedules: The following price/rate design proposal is 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 analysis 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 2023. The most recent changes to water prices occurred in February 2022, with an overall average increase of 4.0%.

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 carry out the responsibilities delegated to the Board pursuant to the City Charter. The EWEB Commissioners have exclusive jurisdiction to approve annual 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.

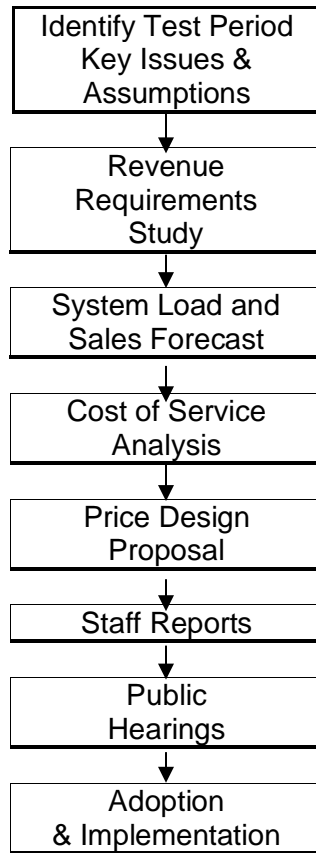
The second standard requires that prices and charges for utility service be fair and non-discriminatory. Prices are considered non-discriminatory when customers receiving like and synchronous service under similar circumstances are treated equally in the development and application of specific prices. 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. EWEB's cost-of-service procedures employ standard utility industry costing methods, consistent with the policy guidelines established by the Board. The resulting unit costs are then used to inform and recommend specific revisions for EWEB's published water service schedules.

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, 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	September 29, 2022
Eugene Weekly	November 03, 2022

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

EXHIBIT 1

BEFORE THE EUGENE WATER & ELECTRIC BOARD

In the Matter of Consideration and
Adoption of Budgets, Revised Prices 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 2023 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, 2023.
2. Public hearings will be held in-person and virtually (details to be posted on eweb.org). Meeting dates and times:

November 1, 2022 - 5:45 p.m.

December 6, 2022 - 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: <https://www.eweb.org/about-us/board-of-commissioners/2022-board-agendas-and-minutes> 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.

To provide public comments by phone, sign up at: <https://www.eweb.org/x2936>.

Written comments may be submitted at: <https://www.eweb.org/x2938>.

Written comments may also be mailed to: EWEB Fiscal Services, 4200 Roosevelt Blvd, Eugene OR 97402. To ensure timely consideration, requests to speak or written comments must be received by 2:00 p.m. on November 1, 2022. Please indicate "public hearing" in your written comments or 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 their respective terms of office are as follows:

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

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.

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.

Historical customer and consumption information is presented in the table below.

*Table 1
Customer & Thousand Gallon Sales Statistics ¹
For Period 2017-2021*

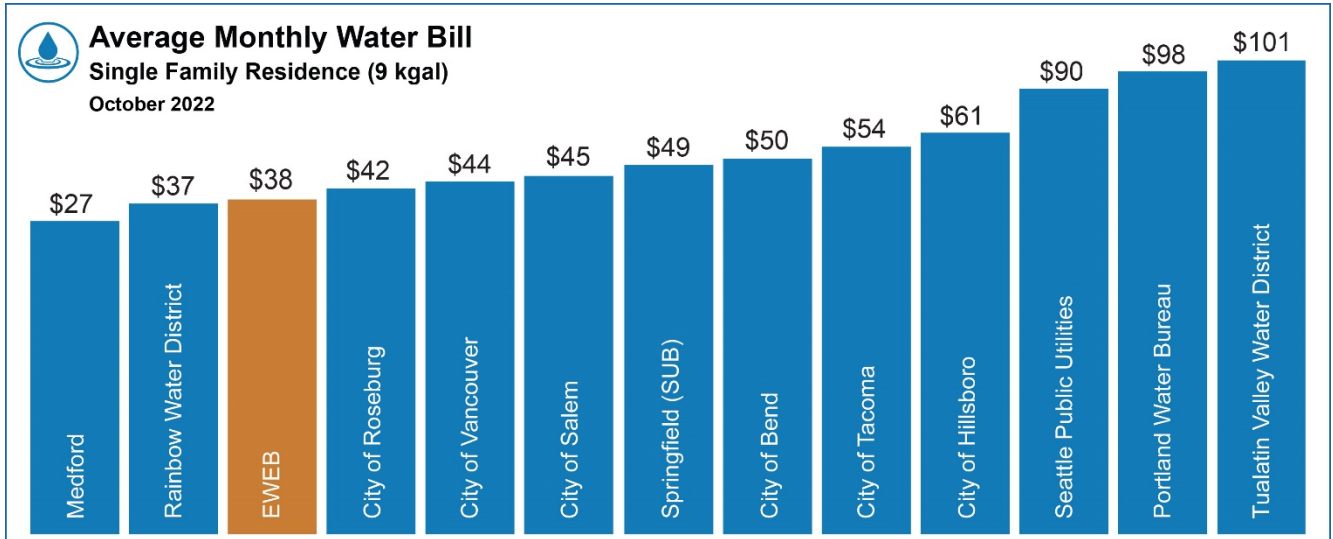
Year	Customer Count	% Ch.	KGAL Sales	% Ch.
2017	52,587	N/A	7,354,000	N/A
2018	53,680	2.1%	7,654,000	4.1%
2019	54,112	0.8%	7,297,000	-4.7%
2020	54,518	0.8%	7,268,000	-0.4%
2021	54,855	0.6%	7,964,000	9.6%

¹ Excludes Water District customers

C. Retail Price Comparison

A comparison of current monthly residential bills for selected Northwest water utilities 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 current residential price. The resulting monthly average water bill based on this proposal is \$40.21, an increase of \$2.11 over 2022. Sample bills for the residential price proposal are shown in *Table 8*.

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 2023 proposed budgeted expenses and revenue requirements.

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.

All levels of the EWEB organization are involved in preparation of the annual Water Utility budget 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 can 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. Revenue Requirements

The water system costs are forecasted to be met with forecasted revenue including the current price proposal as outlined in Table 2 below.

Table 2
Water System Revenue Requirements
For 2023 Budget Year

	2022 Current Prices	Revenues at Proposed Prices	% of Total
Operating Revenues	\$38,265,000	\$40,569,000	85%
Interest, and Other Income ¹	7,042,000	7,042,000	15%
	45,307,000	47,611,000	100%
Expenditures			
Source of Supply ²	11,954,000	11,954,000	32%
Pumping	1,818,000	1,818,000	5%
Power for Pumping	1,203,000	1,203,000	3%
Purification	4,219,000	4,219,000	11%
Transmission & Distribution	7,426,000	7,426,000	20%
Customer Accounting	2,699,000	2,699,000	7%
Conservation	841,000	841,000	2%
Administrative & General	6,991,000	6,991,000	19%
Subtotal	37,151,000	37,151,000	78%
Construction & Capital	12,267,000	12,267,000	26%
Debt Service, Interest, and Amortization	4,355,000	4,355,000	9%
Balance Sheet Changes	(\$386,000)	(\$386,000)	-1%
Subtotal	16,236,000	16,236,000	34%
To (From) Working Cash/ Reserves	(\$5,776,000)	(\$5,776,000)	-12%
Revenue Requirements	\$47,611,000	\$47,611,000	100%
Surplus / (Deficiency)	(\$2,304,000)	-	
As a % of Rate Revenue	-6.0%	-	

¹ Includes Watershed Recovery Fee Revenue, System Development Charge Revenue

² 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.

B. Methodology and Procedures

In order to develop appropriate water prices, EWEB's annual system forecast of 95% of the last five years was 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.

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. 2023 Forecast Results

The results of EWEB's forecast of sales for the 2023 budget are summarized below (Table 3):

Table 3
Water System Consumption
2023 Price Proposal

Customer Class	Count	KGAL Sales	% of Sales
Residential - Inside City ¹	48,151	3,808,923	48.7%
Residential - Outside City ¹	477	48,636	0.6%
General Service - Inside City ¹	6,161	3,132,833	40.0%
General Service - Outside City ¹	286	183,446	2.3%
Water Districts	2	542,849	6.9%
Willamette Water Company	7	29,882	0.4%
City of Veneta	2	81,913	1.0%
Private Fire Lines	N/A	N/A	0.1%
Total	55,086	7,828,482	100.0%

¹ Elevation number of customers and consumption sales are included in the above customer classes

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 Summary

In 2021, staff completed a three-year Cost of Service Analysis (COSA), with 2023 as year two in that study. The intent of the multi-year COSA is to incorporate gradualism into specific recommendations and provide customers cost-based price signals while easing and forecasting single year impacts. Last year’s multi-year results provided a forecast of revenue requirements as shown in Table 4.

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

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

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

VI. PRICE RECOMMENDATIONS

Staff evaluated changes in 2023 draft budgets compared to the multi-year analysis. Revenue requirements and consumption characteristics among customer classes showed negligible change, and recommended rate adjustments for 2023 are proportional to the multi-year rate increase presented in 2021. There is a reduction in 2023 recommended rate adjustments due to long term financial planning efforts to smooth the overarching rate trajectory. Staff recommend 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 and 2023 updates remain in alignment with contractual provisions in the multi-year analysis. Like retail customers, wholesale price recommendations are proportional to the multi-year rate increase presented in 2021.

Table 6
Water Utility Recommended Rate Adjustments
2023 Price Proposal

Customer Class	Price Schedules	2023
Residential ¹	R-1, R-2	6.0%
General Service ¹	G-1, G-2	6.0%
Water Districts	4	4.1%
Willamette Water Company	5	4.3%
City of Veneta	6	4.5%
Elevation	N/A	18.0%

¹ Includes both Inside and Outside City

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 \$3.54, \$6.43, and \$10.33, from \$3, \$5.45, and \$8.75 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, Schedule R-1
Existing vs. Proposed Prices

	Existing Price	Proposed Price	
Basic Charge			
< 1"	\$20.98	\$22.24	per month
1"	\$28.33	\$30.03	per month
1 - 1/2"	\$43.34	\$45.94	per month
2"	\$77.65	\$82.31	per month
3"	\$169.83	\$180.02	per month
Volume Charge			
First 8 kgal	\$1.458	\$1.545	per kgal
Next 22 kgal	\$2.463	\$2.611	per kgal
Over 30 kgal	\$3.988	\$4.227	per kgal
Elevation Basic Charge			
Pumping Level 1	\$3.00	\$3.54	per month
Pumping Level 2	\$5.45	\$6.43	per month
Pumping Level 3	\$8.75	\$10.33	per month
Elevation Volume Charge			
Pumping Level 1	\$0.249	\$0.294	per kgal
Pumping Level 2	\$0.544	\$0.642	per kgal
Pumping Level 3	\$0.923	\$1.089	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	\$23.98	\$25.24	5.2%
1	\$25.44	\$26.78	5.3%
2	\$26.90	\$28.33	5.3%
3	\$28.35	\$29.88	5.4%
4	\$29.81	\$31.42	5.4%
5	\$31.27	\$32.97	5.4%
6	\$32.73	\$34.51	5.5%
7	\$34.19	\$36.06	5.5%
8	\$35.64	\$37.60	5.5%
9	\$38.11	\$40.21	5.5%
10	\$40.57	\$42.82	5.6%
15	\$52.89	\$55.88	5.7%
20	\$67.66	\$71.54	5.7%
25	\$79.98	\$84.60	5.8%
30	\$92.29	\$97.65	5.8%
35	\$112.23	\$118.79	5.8%
40	\$132.17	\$139.92	5.9%
45	\$152.11	\$161.06	5.9%
50	\$172.05	\$182.20	5.9%

¹ Includes Watershed Recovery Fee

February 2023 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, 2023

Meter Size	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue at Existing Prices	Proposed Charge	Proposed Annual Revenue²
BASIC CHARGE						
< 1"	44,469	533,628	\$20.98	\$11,195,515	\$22.24	\$11,811,269
1"	3,591	43,092	\$28.33	\$1,220,796	\$30.03	\$1,287,940
1 - 1/2"	87	1,044	\$43.34	\$45,247	\$45.94	\$47,736
2"	4	48	\$77.65	\$3,727	\$82.31	\$3,932
Total	48,151	577,812		\$12,465,286		\$13,150,877
VOLUME CHARGE						
First 8,000 gallons	63.6%	2,421,165	\$1.458	\$3,530,059	\$1.55	\$3,724,212
Next 22,000 gallons	28.2%	1,073,931	\$2.463	2,645,091	\$2.61	\$2,790,571
Over 30,000 gallons	8.2%	313,827	\$3.988	1,251,541	\$4.23	\$1,320,375
Total		3,808,923		\$7,426,691		\$7,835,159
Total Calculated Revenue				\$19,891,977		\$20,986,035
Revenue Increase						\$1,094,059
% Change						5.5%

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"	\$27.30	\$28.94	per month
1"	\$36.82	\$39.03	per month
1 - 1/2"	\$56.34	\$59.72	per month
2"	\$100.94	\$107.00	per month
3"	\$220.78	\$234.03	per month
 Volume Charge			
First 8 kgal	\$1.896	\$2.010	per kgal
Next 22 kgal	\$3.201	\$3.393	per kgal
Over 30 kgal	\$5.185	\$5.496	per kgal
 Elevation Basic Charge			
Pumping Level 1	\$3.00	\$3.54	per month
Pumping Level 2	\$5.45	\$6.43	per month
Pumping Level 3	\$8.75	\$10.33	per month
 Elevation Volume Charge			
Pumping Level 1	\$0.249	\$0.294	per kgal
Pumping Level 2	\$0.544	\$0.642	per kgal
Pumping Level 3	\$0.923	\$1.089	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	\$30.30	\$31.94	5.4%
1	\$32.20	\$33.95	5.4%
2	\$34.09	\$35.96	5.5%
3	\$35.99	\$37.97	5.5%
4	\$37.88	\$39.98	5.5%
5	\$39.78	\$41.99	5.5%
6	\$41.68	\$44.00	5.6%
7	\$43.57	\$46.01	5.6%
8	\$45.47	\$48.02	5.6%
9	\$48.67	\$51.41	5.6%
10	\$51.87	\$54.80	5.7%
15	\$67.88	\$71.77	5.7%
20	\$87.08	\$92.13	5.8%
25	\$103.09	\$109.09	5.8%
30	\$119.09	\$126.06	5.8%
35	\$145.02	\$153.54	5.9%
40	\$170.94	\$181.02	5.9%
45	\$196.87	\$208.50	5.9%
50	\$222.79	\$235.98	5.9%

¹ Includes Watershed Recovery Fee

February 2023 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, 2023

Meter Size	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue at Existing Prices	Proposed Charge	Proposed Annual Revenue ²
BASIC CHARGE						
< 1"	411	4,932	\$27.30	\$134,644	\$28.94	\$142,049
1"	61	732	\$36.82	\$26,952	\$39.03	\$28,435
1 - 1/2"	4	48	\$56.34	\$2,704	\$59.72	\$2,853
2"	1	12	\$100.94	\$1,211	\$107.00	\$1,278
Total	477	5,724		\$165,511		\$174,615
VOLUME CHARGE						
First 8,000 gallons	38.2%	18,601	\$1.896	\$35,268	\$2.010	\$37,208
Next 22,000 gallons	27.0%	13,122	\$3.201	42,003	\$3.393	\$44,314
Over 30,000 gallons	34.8%	16,913	\$5.185	87,694	\$5.496	\$92,517
Total		48,636		\$164,965		\$174,038
Total Calculated Revenue				\$330,477		\$348,653
Revenue Increase						\$18,176
% Change						5.5%

¹ Excludes Watershed Recovery Fee

² Proposed revenue includes one month at current prices and eleven months at proposed prices

February 2023 Water Price Proposal

Table 13
Calculation of the Revenues at Present and Proposed Prices
ELEVATION CHARGES - CONSUMPTION CHARGES
 Estimated 12 Months Ended December 31, 2023

Pumping Level	Active Services	Projected	Existing		Proposed	
		Annual Consumption (KGAL)	Charge	Annual Revenue	Charge	Annual Revenue ¹
Residential Inside City						
1	ALL KGAL	437,832	\$0.249	\$109,020	\$0.294	\$127,009
2	ALL KGAL	226,337	\$0.544	\$123,127	\$0.642	\$143,443
3	ALL KGAL	147,067	\$0.923	\$135,743	\$1.089	\$158,140
Total		811,236		\$367,890		\$428,592
Residential Outside City						
1	ALL KGAL	2,960	\$0.249	\$737	\$0.294	\$859
2	ALL KGAL	6,560	\$0.544	\$3,569	\$0.642	\$4,157
3	ALL KGAL	15,277	\$0.923	\$14,100	\$1.089	\$16,427
Total		24,796		\$18,406		\$21,443
General Service Inside City						
1	ALL KGAL	88,009	\$0.249	\$21,914	\$0.294	\$25,530
2	ALL KGAL	17,350	\$0.544	\$9,438	\$0.642	\$10,996
3	ALL KGAL	6,492	\$0.923	\$5,993	\$1.089	\$6,981
Total		111,851		\$37,345		\$43,507
General Service Outside City						
1	ALL KGAL	18,081	\$0.249	\$4,502	\$0.294	\$5,245
2	ALL KGAL	160	\$0.544	\$87	\$0.642	\$102
3	ALL KGAL	444	\$0.923	\$410	\$1.089	\$477
Total		18,685		\$4,999		\$5,824
Total Calculated Revenue				\$428,640		\$499,366

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

February 2023 Water Price Proposal

Table 14
Calculation of the Revenues at Present and Proposed Prices
ELEVATION CHARGES - METER CHARGES
 Estimated 12 Months Ended December 31, 2023

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	\$3.54	\$238,471
2	2,436	29,232	\$5.45	\$159,314	\$6.43	\$185,601
3	1,039	12,468	\$8.75	\$109,095	\$10.33	\$127,096
Total	9,161	109,932		\$473,105		\$551,168
Residential Outside City						
1	25	300	\$3.00	\$900	\$3.54	\$1,049
2	59	708	\$5.45	\$3,859	\$6.43	\$4,495
3	84	1,008	\$8.75	\$8,820	\$10.33	\$10,275
Total	168	2,016		\$13,579		\$15,819
General Service Inside City						
1	96	1,152	\$3.00	\$3,456	\$3.54	\$4,026
2	23	276	\$5.45	\$1,504	\$6.43	\$1,752
3	8	96	\$8.75	\$840	\$10.33	\$979
Total	127	1,524		\$5,800		\$6,757
General Service Outside City						
1	4	48	\$3.00	\$144	\$3.54	\$168
2	1	12	\$5.45	\$65	\$6.43	\$76
3	2	24	\$8.75	\$210	\$10.33	\$245
Total	7	84		\$419		\$489
Total Calculated Revenue				\$492,904		\$574,233

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, 2023

Meter Size	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue at Existing Prices	Proposed Charge	Proposed Annual Revenue ¹
BASIC CHARGE						
< 1"	2,658	31,896	\$24.39	\$777,943	\$25.85	\$820,730
1"	1,529	18,348	\$32.93	\$604,200	\$34.91	\$637,431
1 - 1/2"	1,026	12,312	\$50.36	\$620,032	\$53.38	\$654,134
2"	651	7,812	\$90.24	\$704,955	\$95.65	\$743,727
3"	135	1,620	\$203.30	\$329,346	\$215.50	\$347,460
4"	60	720	\$347.11	\$249,919	\$367.94	\$263,665
6"	65	780	\$520.84	\$406,255	\$552.09	\$428,599
8"	35	420	\$753.93	\$316,651	\$799.17	\$334,066
10"	2	24	\$1,064.83	\$25,556	\$1,128.72	\$26,961
Total	6,161	73,932		\$4,034,857		\$4,256,774
VOLUME CHARGE						
All KGAL (1,000 gallons)		3,132,833	\$2.970	\$9,304,514	\$3.148	\$9,834,938
Total Calculated Revenue				\$13,339,371		\$14,091,712
Revenue Increase						\$752,341
% Change						5.6%
Average Cost per kgal (1,000 gallons)				\$4.258		\$4.498

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

February 2023 Water Price Proposal

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	\$27.39	\$28.85	5.3%												
5	\$42.24	\$44.59	5.6%												
10	\$57.09	\$60.34	5.7%	\$65.63	\$69.39	5.7%									
15	\$71.94	\$76.08	5.7%	\$80.48	\$85.13	5.8%									
20	\$86.79	\$91.82	5.8%	\$95.33	\$100.87	5.8%	\$154.14	\$163.12	5.8%						
25	\$101.64	\$107.56	5.8%	\$110.18	\$116.61	5.8%	\$168.99	\$178.86	5.8%						
30	\$116.49	\$123.30	5.8%	\$125.03	\$132.35	5.9%	\$183.84	\$194.60	5.9%						
40	\$146.19	\$154.78	5.9%	\$154.73	\$163.83	5.9%	\$213.54	\$226.08	5.9%						
50	\$175.89	\$186.26	5.9%	\$184.43	\$195.32	5.9%	\$243.24	\$257.56	5.9%	\$507.61	\$537.35	5.9%			
75				\$258.68	\$274.02	5.9%	\$317.49	\$336.27	5.9%	\$581.86	\$616.05	5.9%			
100				\$332.93	\$352.73	5.9%	\$391.74	\$414.97	5.9%	\$656.11	\$694.76	5.9%	\$835.84	\$884.91	5.9%
200				\$629.93	\$667.55	6.0%	\$688.74	\$729.79	6.0%	\$953.11	\$1,009.58	5.9%	\$1,132.84	\$1,199.73	5.9%
250				\$778.43	\$824.96	6.0%	\$837.24	\$887.20	6.0%	\$1,101.61	\$1,166.99	5.9%	\$1,281.34	\$1,357.14	5.9%
500							\$1,579.74	\$1,674.25	6.0%	\$1,844.11	\$1,954.04	6.0%	\$2,023.84	\$2,144.19	5.9%
750										\$2,586.61	\$2,741.09	6.0%	\$2,766.34	\$2,931.24	6.0%
1,000										\$3,329.11	\$3,528.14	6.0%	\$3,508.84	\$3,718.29	6.0%
1,500													\$4,993.84	\$5,292.39	6.0%
2,000													\$6,478.84	\$6,866.49	6.0%
2,500													\$7,963.84	\$8,440.59	6.0%

¹ Includes Watershed Recovery Fee

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

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

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

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

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, 2023

Meter Size	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue at Existing Prices	Proposed Charge	Proposed Annual Revenue ¹
BASIC CHARGE						
< 1"	154	1,848	\$31.71	\$58,600	\$33.61	\$61,823
1"	59	708	\$42.79	\$30,295	\$45.36	\$31,962
1 - 1/2"	25	300	\$65.47	\$19,641	\$69.40	\$20,721
2"	19	228	\$117.29	\$26,742	\$124.33	\$28,213
3"	7	84	\$264.29	\$22,200	\$280.15	\$23,421
4"	5	60	\$451.24	\$27,074	\$478.31	\$28,563
6"	4	48	\$677.09	\$32,500	\$717.72	\$34,288
8"	13	156	\$980.12	\$152,899	\$1,038.93	\$161,308
Total	286	3,432		\$369,952		\$390,300
VOLUME CHARGE						
All KGAL (1,000 gallons)		183,446	\$3.862	\$708,470	\$4.094	\$748,827
Total Calculated Revenue				\$1,078,422		\$1,139,127
Revenue Increase						\$60,704
% Change						5.6%
Average Cost per kgal (1,000 gallons)				\$5.88		\$6.21

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	\$34.71	\$36.61	5.5%												
5	\$54.02	\$57.08	5.7%												
10	\$73.33	\$77.55	5.8%	\$84.41	\$89.29	5.8%									
15	\$92.64	\$98.02	5.8%	\$103.72	\$109.76	5.8%									
20	\$111.95	\$118.49	5.8%	\$123.03	\$130.23	5.9%	\$200.53	\$212.20	5.8%						
25	\$131.26	\$138.96	5.9%	\$142.34	\$150.70	5.9%	\$219.84	\$232.67	5.8%						
30	\$150.57	\$159.42	5.9%	\$161.65	\$171.17	5.9%	\$239.15	\$253.14	5.8%						
40	\$189.19	\$200.36	5.9%	\$200.27	\$212.11	5.9%	\$277.77	\$294.08	5.9%						
50	\$227.81	\$241.30	5.9%	\$238.89	\$253.04	5.9%	\$316.39	\$335.01	5.9%	\$656.34	\$695.00	5.9%			
75				\$335.44	\$355.39	5.9%	\$412.94	\$437.36	5.9%	\$752.89	\$797.34	5.9%			
100				\$431.99	\$457.73	6.0%	\$509.49	\$539.70	5.9%	\$849.44	\$899.69	5.9%	\$1,081.29	\$1,145.09	5.9%
200				\$818.19	\$867.10	6.0%	\$895.69	\$949.07	6.0%	\$1,235.64	\$1,309.06	5.9%	\$1,467.49	\$1,554.46	5.9%
250				\$1,011.29	\$1,071.79	6.0%	\$1,088.79	\$1,153.76	6.0%	\$1,428.74	\$1,513.74	5.9%	\$1,660.59	\$1,759.15	5.9%
500							\$2,054.29	\$2,177.19	6.0%	\$2,394.24	\$2,537.17	6.0%	\$2,626.09	\$2,782.58	6.0%
750										\$3,359.74	\$3,560.60	6.0%	\$3,591.59	\$3,806.01	6.0%
1,000										\$4,325.24	\$4,584.03	6.0%	\$4,557.09	\$4,829.44	6.0%
1,500													\$6,488.09	\$6,876.30	6.0%
2,000													\$8,419.09	\$8,923.16	6.0%
2,500													\$10,350.09	\$10,970.02	6.0%

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, 2023

	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue at Existing Prices	Proposed Charge	Proposed Annual Revenue¹
BASIC CHARGE	2	12	\$3,744.68	\$44,936	\$3,898.21	\$45,857
VOLUME CHARGE						
Jan-June	All KGAL	206,970	\$3.210	\$664,374	\$3.210	\$664,374
July - Dec	All KGAL ²	335,879	\$3.210	1,078,171	\$3.342	1,122,376
Total		542,849		\$1,742,545		\$1,786,750
Total Calculated Revenue				\$1,787,481		\$1,832,608
Revenue Increase						\$45,126
% Change						2.5%
Average Cost per KGAL (1,000 gallons)				\$3.293		\$3.376

¹ Proposed revenue includes six months at current prices and six months at proposed prices

² July 1, 2023 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, 2023

Meter Size	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue at Existing Prices	Proposed Charge	Proposed Annual Revenue¹
BASIC CHARGE						
< 1"	5	60	\$27.89	\$1,673	\$29.09	\$1,739
1"	1	12	\$37.64	\$452	\$39.26	\$469
1 - 1/2"	0	0	\$57.53	\$0	\$60.00	\$0
2"	0	0	\$103.13	\$0	\$107.56	\$0
3"	0	0	\$232.35	\$0	\$242.34	\$0
4"	0	0	\$396.68	\$0	\$413.74	\$0
6"	0	0	\$595.22	\$0	\$620.81	\$0
8"	1	12	\$861.61	\$10,339	\$898.66	\$10,747
Total	7	84		\$12,464		\$12,956
VOLUME CHARGE						
All KGAL (1,000 gallons)		29,882	\$3.551	\$106,111	\$3.704	\$110,431
Total Calculated Revenue				\$118,576		\$123,387
Revenue Increase						\$4,811
% Change						4.1%
Average Cost per KGAL (1,000 gallons)				\$3.97		\$4.13

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, 2023

	Projected Active Services	Projected Annual Consumption	Existing Charge	Revenue at Existing Prices	Proposed Charge	Proposed Annual Revenue¹
BASIC CHARGE	2	24	\$1,105.00	\$26,520	\$1,154.73	\$27,614
VOLUME CHARGE						
All KGAL (1,000 gallons)		81,913	\$1.397	\$114,432	\$1.460	\$119,212
Total Calculated Revenue				\$140,952		\$146,826
% Change						4.2%
Average Cost per KGAL (1,000 gallons)						\$1.79

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 6.0% 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"	\$45.47	\$48.20	\$57.95	\$61.43
1 - 1/2"	\$45.47	\$48.20	\$57.95	\$61.43
2"	\$45.47	\$48.20	\$57.95	\$61.43
3"	\$45.47	\$48.20	\$57.95	\$61.43
4"	\$45.47	\$48.20	\$57.95	\$61.43
6"	\$68.21	\$72.30	\$86.93	\$92.14
8"	\$90.94	\$96.40	\$115.90	\$122.85
10"	\$113.68	\$120.50	\$144.88	\$153.57
12"	\$136.41	\$144.59	\$173.85	\$184.28
16"	\$181.88	\$192.79	\$231.80	\$245.71