



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Barofsky, Schlossberg, Brown, Carlson, and Morris
FROM: Frank Lawson, General Manager/CEO
DATE: March 26, 2025 (April 1, 2025 Board Meeting)
SUBJECT: Addressing Customer Concerns Re: Higher Bills
OBJECTIVE: Information

Issue

A confluence of factors is driving customer bills to reach unusually high levels, more extreme for a small percentage of customers in EWEB's McKenzie Valley territory.

Discussion

A planned rate increase took effect in February, adding \$5 per month to the Residential Electric Basic Charge and a small – 1 cent per kilowatt hour – to the usage rate. EWEB's Board of Commissioners [approved the rate increase \(LINK\)](#) to pay for critical investments in electric infrastructure and to begin to catch up with the rising costs of providing electricity that [have far surpassed EWEB's rate adjustments \(LINK\)](#).

As jointly and proactively communicated by EWEB and the City of Eugene, effective February 1, 2025, the City of Eugene implemented a 5% increase in stormwater fees and expanded the stormwater service fee eligibility to help fund some Parks and Open Space services, in addition to regular stormwater system maintenance and operations. This means EWEB customers will see two City of Eugene fee increases on their bills in 2025—the February increase described herein, and the annual adjustment typically implemented in July

Estimated Bills

Occasionally, EWEB needs to estimate usage because an accurate reading of non-transmitting meters (smart meters) is not possible or practical. This is a standard practice for utilities. **Once the meter is read, EWEB only charges customers for the energy that is actually used.**

When a bill is estimated or includes a true-up calculation, customers are notified in the following ways:

- On page 1 of the bill, the following notice is displayed in the Message Center:
"This bill includes an estimated meter reading. Barring unforeseen circumstances, your next bill will correct any difference between your actual and estimated readings. More at eweb.org/EstimateBill.

- On page 2 of the bill, a message appears above the usage graph stating, *"Based on an estimated read."* Depending on the circumstance, this message may appear for the current read, the previous read, or both (examples below)

For approximately one-fifth of customers upriver, the most significant contributing factor might have been that EWEB could not read those customers' meters in either December or January. In December, EWEB estimated the energy usage of 22% of upriver customers due to a windstorm that caused outages and blocked access to certain meters. In January, EWEB estimated the energy usage of 18% of upriver customers due to resource constraints. Usage for approximately 6.5% of upriver customers was estimated in both December and January. This is not common, and EWEB is committed to avoiding multi-month estimated billings whenever possible.

When EWEB is unable to read a customer's meter, the utility estimates usage based on the same month one year prior. In 2024, the winter months saw significantly milder weather conditions and much lower consumption, including some outage days of non-consumption during the ice storm. This algorithm, based on 2024 data, drove bills estimated in 2025 to be significantly low for the non-meter-reading periods.

When EWEB read the meters of those customers in February, the actual usage came in higher than estimated. In February, customers then needed to pay the difference between the estimated bill amounts and the actual amount due for the prior months that were estimated. **In under-estimated situations, the "true up" is not an increase in actual consumption for the single month, but accounts for differences for potentially several months.**

Flexible Customer Payments / Re-Reads & Meter Testing

EWEB understands that it can be challenging for customers to budget when a bill is higher than the previous one. That is why EWEB has payment plans and other options for customers who need it. Customers can take advantage of EWEB's payment plan system if they need to spread the payments out over a longer period. Customers should call EWEB at 541-685-7000 and speak to a customer service representative to discuss their options.

EWEB is working with customers on a case-by-case basis to find solutions to manage the higher bills, including by spacing out payments. We encourage customers who need tailored solutions to reach out to Customer Service. Despite all of the communications and flexibility provided, some customers don't believe that they have used the energy recorded by the meter. In these cases, EWEB offers to re-read the meter, or in extreme cases test the meter for accuracy (charges may apply if the meter is accurate). It is extremely rare that a meter is not recording consumption accurately.

Weather

Cold weather drove energy usage to record levels in January and February. Bills were higher than expected (or estimated) because of cold weather that drove community-wide energy usage to record-setting levels. In late January, demand for electricity in EWEB's service territory reached the highest levels of the winter to that point, with [demand peaking at 475 megawatts on Jan. 28 \(LINK\)](#).

Just two weeks later, demand for electricity surpassed that level, [topping out at 493 megawatts on Feb. 12 \(LINK\)](#). That level of demand was the highest that EWEB has seen in nearly a decade.

During both the January and February cold snaps, overnight low temperatures dipped into the low 20s. When that happens, electric heating systems work overtime to keep homes warm, resulting in higher energy usage, even if customers leave thermostats untouched. Independent of the heat source, colder weather drives people indoors, fans for furnaces, water heaters, and other usages goes up.

[As temperatures drop, customers' bills rise \(LINK\)](#). For instance, when the average temperature falls from 65 degrees in October to 48 degrees in January, a typical home with electric resistance heat that sets the thermostat at 68 degrees will see a corresponding rise in electricity usage from 830 kilowatt hours to 2,400 kilowatt hours. This would result in a bill increase from \$111 to \$272. For customers with larger homes or poorly insulated homes, or who set the thermostat higher, that energy usage would rise even higher when the mercury falls.

Smart Meters

Smart meters will reduce the need for estimations. For the last several years, EWEB has been installing smart meters for customers in Eugene, eliminating the need for meter readers to drive to each house – and greatly reducing the need for estimations. EWEB did not need to estimate bills of customers in Eugene in either December or January.

The rural nature of EWEB's upriver service territory has posed extra obstacles to installing smart meters upriver, but smart meter installation will begin upriver later this year. This will allow EWEB to gather accurate information about energy usage every month, except under rare circumstances. Smart meters won't completely eliminate the need for estimations, but they will dramatically reduce their frequency.

Recommendation/Requested Board Action

None. This memorandum is for informational purposes only.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Barofsky, Schlossberg, Brown, Carlson, and Morris

FROM: Megan Capper, Energy Resources Manager; Jonathan Hart, Power Planning Supervisor; Emily Tozier, Senior Energy Resource Analyst

DATE: March 21, 2025

SUBJECT: 2025 Power Market, Budget Hedging and Generation Update

OBJECTIVE: Information

Issue

The purpose of this correspondence is to provide an annual update of wholesale power markets and a generation resource outlook.

Background

The Energy Division, which is comprised of the Power Planning and Trading Operations Departments, manages EWEB's power supply and wholesale market activities consistent with utility financial objectives in accordance with Board Strategic Direction Policy SD8, and as further described in the Power Risk Management Procedures (Procedures) maintained by the Power Risk Management Committee (RMC). The Generation Department manages EWEB's owned generation assets.

Summary

Power market prices have gradually decreased from their peak in 2022/2023. New resource development in the region is primarily focused on non-dispatchable sources like solar and wind. As a result, while EWEB expects electric prices to remain lower in 2025, similar to the trends observed in 2024, staff anticipate that price volatility will persist, especially during times of high demand or limited resource availability, such as the January 2024 ice storm. EWEB continues to participate in, and implement, the non-binding phase of the Western Power Pool's (WPP) Western Resource Adequacy Program (WRAP), which aims to address forecasted capacity scarcity by creating a set of shared standards and practices to ensure regional reliability and market liquidity. Staff are working to modernize EWEB's 5-year hedging program to better align with, and incorporate, these new Resource Adequacy standards into EWEB's overall portfolio hedging strategy.

Generation staff continue their efforts at various EWEB owned projects related to implementation of the Carmen Smith license, with overhaul on unit 2 expected to be completed before the end of 2025. Staff are also continuing efforts for a decommissioning plan for Leaburg and a strategic evaluation of the Walterville project. Walterville is currently out of service, with an uncertain return date due to dam safety issues and resulting Federal Energy Regulatory Commission (FERC) order(s).

Staff are currently working with FERC to develop a plan to safely return the unit to service. The Stone Creek Hydroelectric, International Paper TGU#4, and Harvest Wind Projects continue to operate normally and are expected to do so throughout 2025.

This update for markets and generation is reflected in our current financial projections.

Discussion

Market Price Update

Wholesale energy markets can generally be described as either near-term “spot markets” or longer term “forward markets”¹. Spot market prices are impacted by weather (e.g., temperature and precipitation), fuel costs, and operational phenomena (e.g., generation and transmission availability), while forward markets tend to reflect longer term market expectations of capacity, or potential energy supply, and consumer demand. Both forward and spot markets can influence the cost of balancing EWEB’s energy portfolio in annual, monthly, daily, and hourly time frames.

Spot Markets

In recent years, the WECC² region, including the Pacific Northwest (Northwest), has seen simultaneous continued generation additions from renewable resources like wind and solar, and incremental retirements of conventional, thermal resources like coal and nuclear. This shift in the composition of regional generation has increased the abundance of low and zero cost marginal energy while at the same time reducing the amount of controllable capacity resources available to meet demand during high load periods³. This has resulted in recent spot markets that can be characterized as periods of generally low/stable prices, interspersed with short, intense periods of extremely high and volatile pricing. Because the Northwest is interconnected with other parts of the WECC Region (e.g., with and through California) and experiencing similar changes in regional supply mix⁴, it is exhibiting similar trends in local spot market and forward market pricing.

EWEB Positions Within Spot Markets

EWEB maintains energy positions, consistent with EWEB’s risk management policies, to ensure EWEB can properly serve load with a high level of cost confidence. However, changing load and resource conditions can cause rebalancing trades in spot markets where prices are variable. EWEB’s trading and risk management teams proactively manage practices and strategies to ensure that EWEB maintains optimal positions and that spot market trading risk is appropriately contained.

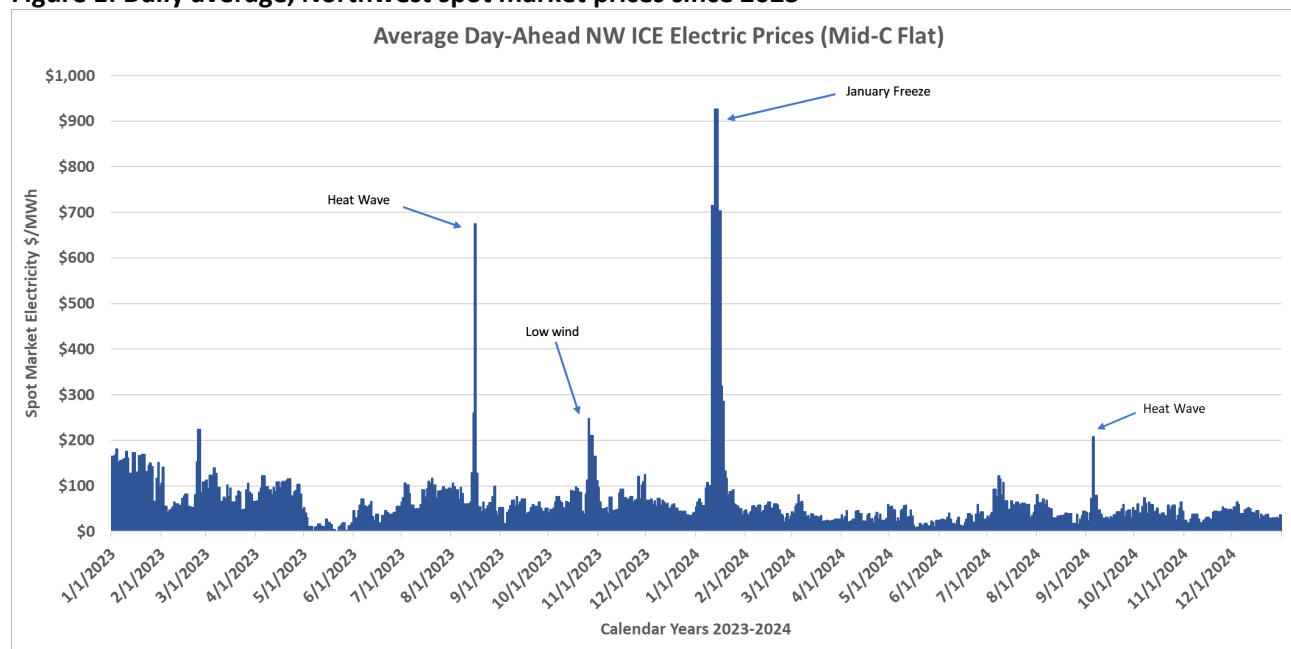
1 Spot markets typically refer to markets where commodities are traded for immediate (next day, next hour) delivery, whereas forward markets imply markets where the traded commodity is delivered in a future period.

2 Western Electricity Coordinating Council.

3 Market penetration of capacity only resources (i.e. batteries) is growing but still limited. As such, the current fleet of renewable resources can only replace a portion of the effective capacity of now retired thermal resources.

4 <https://www.nwccouncil.org/energy/energy-topics/power-supply>

Figure 1: Daily average, Northwest spot market prices since 2023



Spot Market Drivers

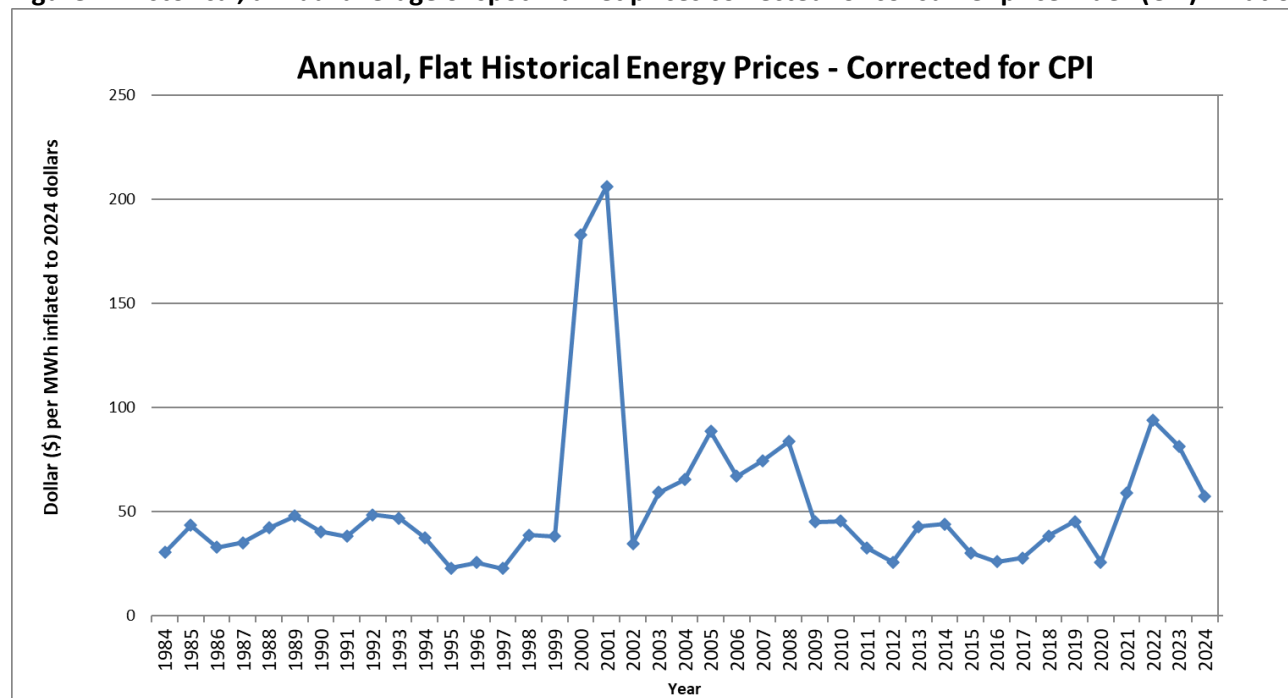
2023 prices started high, relative to 10-year historical norms, driven primarily by scarce natural gas storage in the Western region. Though January Henry Hub (national gas) prices averaged \$3.27, local Northwest gas prices surpassed \$48 per MMBtu, which had a large impact on Northwest electric energy prices. Pricing remained strong during the spring, but began to soften, and appeared less volatile when compared to the prior year. Despite a general return to more familiar price levels, there were still periods of short-term price volatility. The highest hourly peak prices of 2023 were over \$1,000 per MWh on August 16, as the entire Pacific Northwest experienced an extremely warm weather event. During this time, observed temperatures at Portland International Airport reached 108 degrees Fahrenheit. In late October, prices surged again due to a combination of colder temperatures, reduced generation capacity at the Columbia Generating Station, low regional wind output, and constrained hydro operations. After the event, prices were relatively stable until the start of the new year.

2024 saw moderate, and more stable, spot market pricing, primarily driven by reductions in natural gas prices, apart from two notable events. In January, a weeklong winter storm caused a large increase in Northwest energy demand, during a time of relatively limited hydro production. This resulted in day-ahead electric prices that averaged over \$700 per MWh during the event. In early September a heat wave across the entire West caused electric Mid-C prices to increase to \$208/MWh. As mentioned, 2024 natural gas prices have returned to price levels that existed prior to the pandemic, mostly due to increased levels of gas storage in the west. Regional Sumas, WA natural gas pipeline prices dropped from almost \$5 per MMBtu in January 2024, to under \$2 in March, and settling around the \$3 range⁵ by November. In addition to changes in natural gas, WECC added over

⁵ [Sumas, WA Natural Gas Pipeline Imports From Canada \(Dollars per Thousand Cubic Feet\)](#)

6,000 MWs of batteries in 2024⁶. Additional batteries storage is not very useful for long-term weather events, but this capacity has been helpful for reducing price volatility in summer periods where peak load events occur over shorter durations.

Figure 2: Historical, annual average of spot market prices corrected for consumer price index (CPI) inflation



Forward Markets

Forward market prices for 2025 are currently trading just under 2024 spot market prices, at \$53/MWh, much lower than the 2024 forward price of \$84/MWh one year ago. The reduction coincides with the lower cost of natural gas fuel supplies for generators. Though natural gas prices have moderated, they are still generally higher than periods before 2022, as there are continued effects from increased US LNG exports to Europe and other regions impacted by the Ukraine war and reductions in Russian natural gas exports⁷. Elevated natural gas prices, changing regulatory policy, shifts in regional load resource balance, and the general uncertainty surrounding physical resource adequacy continue to create upward pressure on forward prices.

Natural gas: January 2023 saw historic highs in natural gas prices due to increasing global exports, lagging production, and low levels of gas storage in the west. Natural gas prices moderated as west coast storage recovered during a period of strong production⁸, increased storage capacity, and mild weather. 2024 US LNG exports increased by only half of one percent over 2023, the lowest increase

⁶ [Preliminary Monthly Electric Generator Inventory \(based on Form EIA-860M as a supplement to Form EIA-860\) - U.S. Energy Information Administration \(EIA\)](#)

⁷ [Russia's natural gas pipeline exports to Europe decline to almost 40-year lows - U.S. Energy Information Administration \(EIA\)](#)

⁸ [Natural gas prices fall in first half of 2023 amid record production and mild temperatures - U.S. Energy Information Administration \(EIA\)](#)

since 2013⁹. The U.S. Energy Information Administration (EIA) forecasts that U.S. natural gas production should grow 2% in 2025 and 2026 along with price increases, after holding stable through the end of 2024 around historic natural gas low prices¹⁰.

Carbon Policy: Emergent Carbon policy, including the Washington Climate Commitment Act (CCA), continues to have a direct impact on Northwest energy markets. The most recent carbon allowance auction (March 2025) included more than 7 million 2023-2025 allowances that sold at a settlement price of \$50.00, up from auction prices at the end of 2024, where prices settled at \$40.26. There is an initiative to link¹¹ the WA carbon market to markets in California and Quebec which could be approved in late 2025. The initiative is expected to impact Northwest electricity prices, as it is assumed that the cost of carbon compliance is embedded in power market prices, though the total dollar impact has yet to be determined.

Regional Resource Mix and Resource Adequacy: In 2020, renewable resources became the second most abundant source of electric generation in the United States¹², surpassing sources of controllable thermal energy like coal and nuclear. Further for 2024 and 2025, the largest forecasted increase in resource capacity is expected to come from renewable resources¹³ and batteries¹⁴. In regions with high levels of renewable penetration, market prices can experience drastic swings with changes in the level of renewable energy production. Batteries can help with short-term, in-day volatility, but the technology has not progressed to the point of addressing multi-day load and resource balance concerns. When combined with load variability and hydro uncertainty, these factors prompt concerns about general market scarcity, leading market participants to consider adding risk premiums in their bilateral pricing to address increasing levels of potential physical scarcity risk.

Figure 3 below shows both forward market price curves and spot market prices over time. A forward curve reflects prices for future periods of delivery, which can be traded today. The first line on the left reflects a forward curve taken at the end of 2017 and subsequent lines reflect changing forward price curves for the years that followed. In 2021, changes in natural gas price forwards as well as changes in regional policy have caused electric market price curves to jump drastically and reflected some of the highest pricing seen since the 2001 West Coast energy crisis. Since 2024, improvement in Pacific gas storage, particularly California storage increases at Aliso Canyon as well as looser protocols for gas withdrawal, have helped reduce pressure on power forwards. The 2024 curve reflected moderation from the previous year, with **2025 prices considerably reduced from 2024** and reflecting a contango, or upward sloping, futures curve, not common since 2018.

9 [Liquefied U.S. Natural Gas Exports \(Million Cubic Feet\)](#)

10 [Short-Term Energy Outlook - U.S. Energy Information Administration \(EIA\)](#)

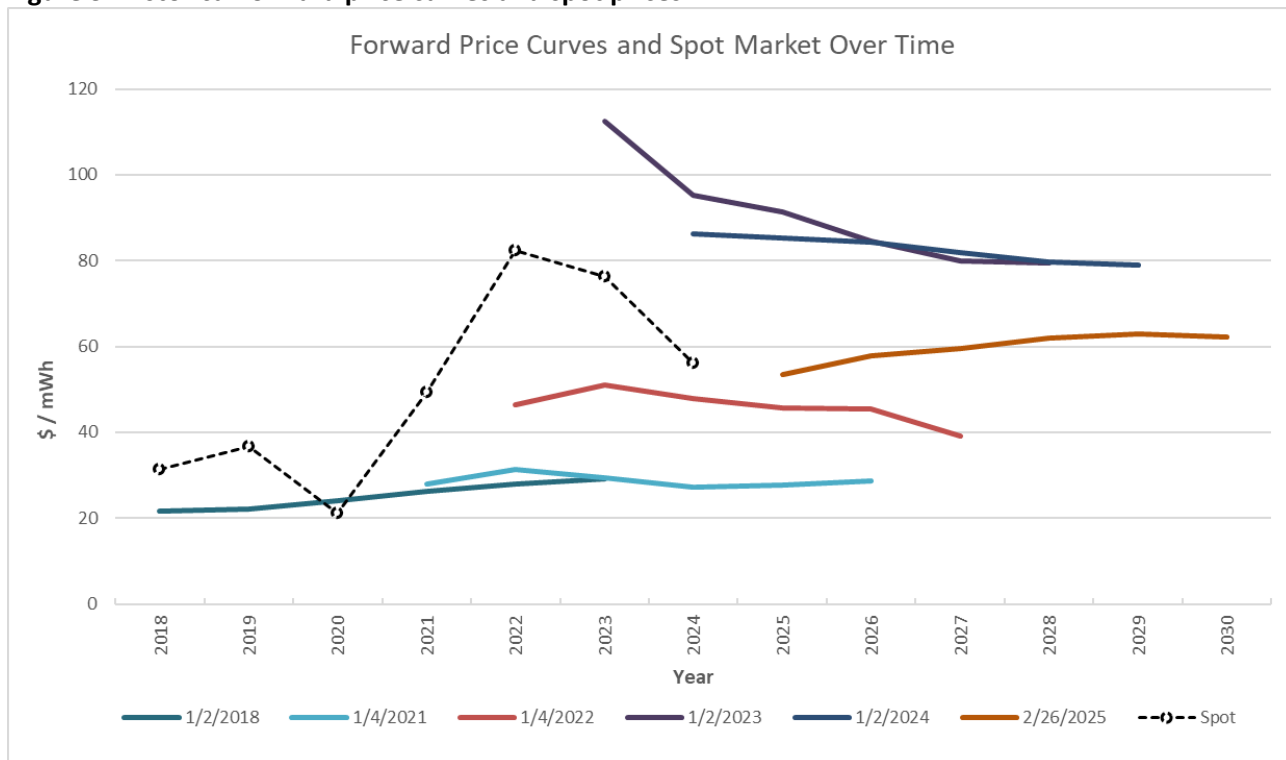
11 [Linkage - Washington State Department of Ecology](#)

12 [U.S. electric capacity mix shifts from fossil fuels to renewables in AEO2023 - U.S. Energy Information Administration \(EIA\)](#)

13 <https://www.eia.gov/todayinenergy/detail.php?id=55239>

14 <https://www.eia.gov/todayinenergy/detail.php?id=54939>

Figure 3: Historical forward price curves and spot prices



Resource Adequacy (RA)

EWEB continues to actively participate in the Western Power Pool's (WPP) RA effort. Last year, the Federal Energy Regulatory Commission (FERC) approved the tariff for the [Western Resource Adequacy Program \(WRAP\)](#), which means that the WPP can complete the implementation of the program. As such, the program has begun the transition from a “non-binding” implementation to a “binding” paradigm where the tariff dictates how the program operates.

To date, 22 entities including EWEB have signed up to participate in the next phase of the WRAP program. EWEB sees several benefits to program participation. Externally, we want to provide continued support for the development of new resource adequacy standards and want to be able to advocate for business practices that reflect the capabilities of EWEB's resources and transmission rights. Internally, we want to gain insights into how well EWEB's portfolio aligns with these new standards. Those learnings will inform operational changes as well as assumptions included in our IRP modeling.

Much of the work in the next year will be to provide testing to the various data communications that will make the program work. This includes gathering and transferring of actual EWEB data to the program operator, submitting forecasts of generator outages and loads to the program operator, the transfer of analysis results from the program operator to EWEB planning, and operational transfer of data between EWEB and the system operator as the program moves into the operational timeframe.

As a potential participant, EWEB has elected to not be “bound by the tariff¹⁵” until Winter of 2027, the last election period and aligned with BPA’s participation. This timeframe is almost one year prior to the start of the next BPA contract in October of 2028. Since the majority of EWEB’s resources come from BPA, it is integral that future BPA products and market participation align with WRAP, before EWEB fully commits to the program. Should EWEB determine that the WRAP program is not a good fit, or it is misaligned with our BPA product decision, withdrawal is allowed with two years’ notice. Until such time, EWEB is still committed to fully participating in the planning and operational communications efforts of the program.

Surplus Position Hedging Update

In accordance with EWEB’s Procedures, staff hedges¹⁶ a portion of its surplus position¹⁷ up to five years in advance. In years past, this has provided two benefits: 1) it has reduced financial exposure related to market prices; and 2) it has resulted in sales executed at various times which diversify the sales price by “dollar cost averaging” through time. This strategy resulted in near-term years being fully hedged while year five is the least hedged, with interim years somewhere in between. EWEB does not hedge any surplus energy beyond five years.

An effort is underway to modernize EWEB’s approach to budget hedging and portfolio balancing activities. This effort recognizes that EWEB’s portfolio needs are changing, with awareness and response to WPP’s WRAP initiatives and capacity markets, and that current market dynamics including GHG regulations may require adjustment to existing hedging goals, requirements, strategies and metrics. Until this effort is complete, budget hedging activities will primarily be focused on early years, though RMC will continue to monitor emergent needs in all five years. Staff expect most of the length of 2026 to be hedged in the next couple months. After that, the focus will shift to 2027.

Figures 4 and 5 below show EWEB’s surplus market peak and off-peak positions for 2026 and 2027 based on a budget hydro assumption of 90% of expected hydro generation. For each chart, the top of each stacked column indicates EWEB’s original surplus market position (i.e., the amount of forecasted generation EWEB expects to realize more than that which is forecasted as being necessary for reliable load service). The white and red/blue column segments represent the volume of energy risk already hedged by staff, currently zero, and efforts which will be started soon. The solid red/blue column segments represent the remaining unhedged surplus. The black and red/blue column segments reflect energy that is reserved by the RMC for strategic management of seasonal risk. The gray area behind the stacked columns reflects EWEB’s expected surplus, without the conservative hydro assumption.

15 Subject to the full requirements of the tariff including operational requirement and penalty structures for non-performance.

16 A hedge is a trade, or set of trades, that reduces the market price exposure risk inherent in EWEB’s portfolio length. EWEB hedges to provide greater wholesale revenue certainty.

17 Surplus position is an amount of energy that staff forecasts will not be needed to serve EWEB’s customers and is therefore exposed to changes in market price. For 2026-2027 there is about 54 aMWs of surplus compared to EWEB’s load of about 283 aMWs

Figure 4: Peak Budget Hedging Progress

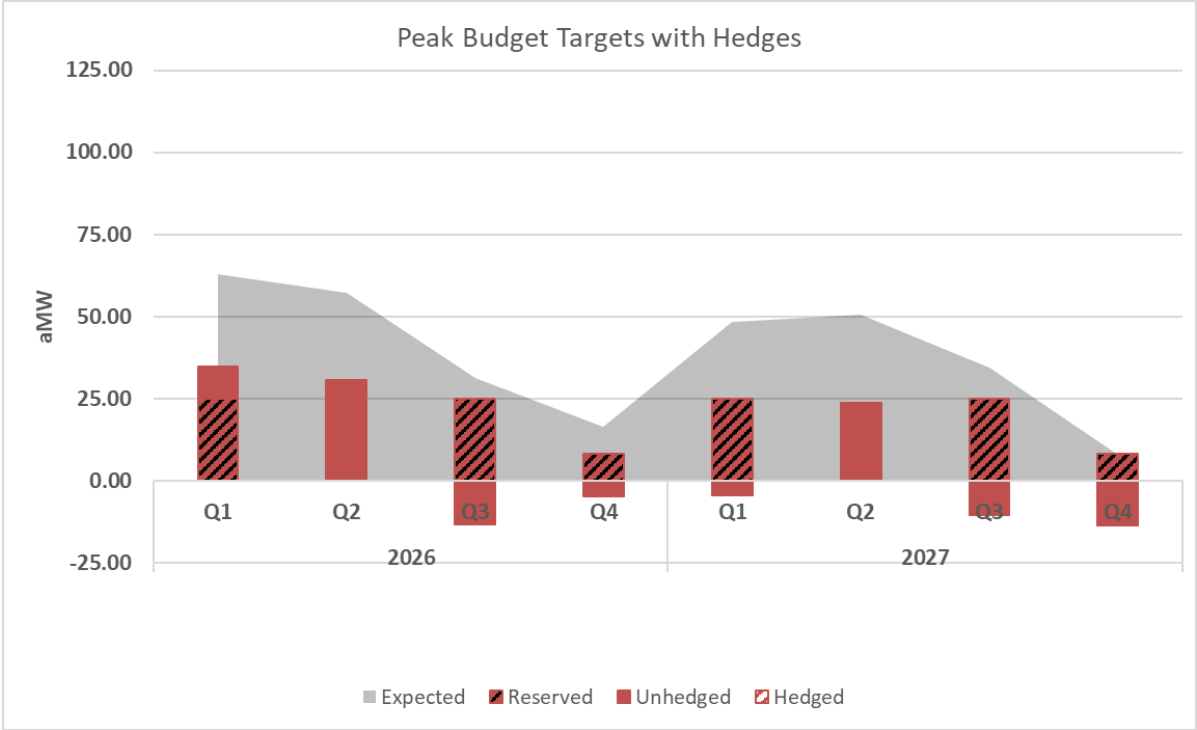
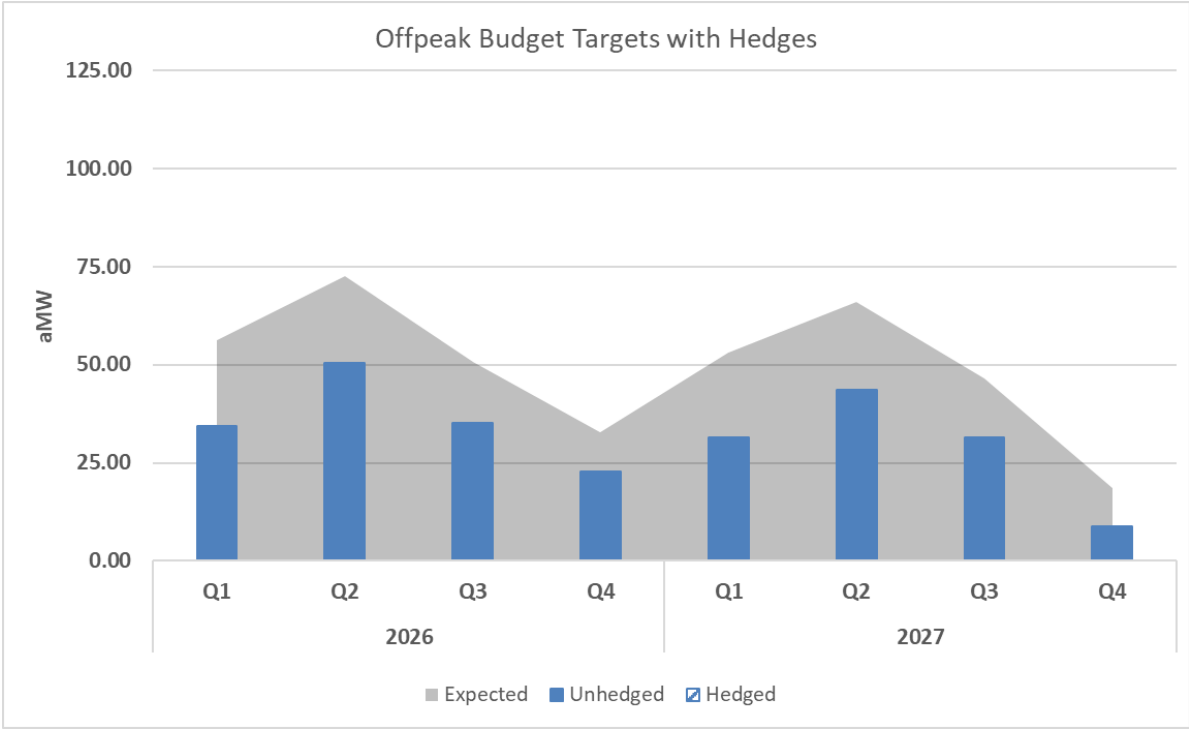


Figure 5: Offpeak Budget Hedging Progress



EWEB-Owned Generation Update

EWEB McKenzie Hydro Projects:

Following Board approval of the Leaburg Decommissioning Action Plan (LDAP) in January 2024, staff began the implementation of more detailed planning work. The detailed planning includes facilitating Lane County's study of transportation alternatives for crossing the McKenzie River once the dam is removed since the County's decision will significantly influence how EWEB needs to perform the dam removal work. Staff also hired a consulting team to coordinate the multitude of studies and stakeholder engagement efforts that will be necessary to draft EWEB's official application to FERC for the decommissioning of Leaburg.

The Walterville Hydroelectric Project was taken out of service following a seepage event at the power plant's forebay in late February 2024. Subsequent investigations revealed that a repair to the canal liner at the forebay would be required before returning to service. In addition to the liner repair for addressing excessive seepage, FERC is also requiring EWEB to determine if the repair work should include structural upgrades to improve the seismic stability of the forebay and canal. Due to these complexities, the timing for the repair work and return to service is uncertain. An element of the Board's resolution to decommission the Leaburg Project was a directive to complete a strategic evaluation of the Walterville Project by 2030 in an effort to help inform a Board decision on whether to relicense or decommission. The Walterville Strategic Evaluation is expected to begin in 2025.

At the Carmen-Smith Project, refurbishment of the first turbine-generator unit at the Carmen Plant was completed in early 2024, officially returning to service in April. Following two months of reliable operation to confirm readiness of the first unit for continuous service, the second Carmen unit was taken out of service for its refurbishment starting in June 2024. **The second Carmen unit overhaul is expected to complete before the end of 2025.** There was also substantial progress on environmental and recreational improvements in 2024. EWEB completed habitat improvements at the spawning channel below Trail Bridge Dam and also installed habitat structures within Trail Bridge and Smith Reservoirs. More habitat structure construction will take place at Carmen Diversion Reservoir and a reach of the McKenzie River upstream of Trail Bridge Reservoir in 2025. EWEB also started recreational improvements at Smith Reservoir, including reconstruction of the Lake's End Campground and day use improvements near Smith Dam. These improvements will be completed in 2025 along with the construction of day use improvements at Carmen Diversion Reservoir. All of the recreation improvements will be accessible to the public starting in the spring of 2026. Regarding sinkholes discovered in Trail Bridge Reservoir in May 2021, EWEB completed investigations into root causes and critical details on sinkhole formation mechanisms by early 2024. The findings allowed for a Quantitative Risk Assessment (QRA) for the Trail Bridge sinkholes, with special focus on their potential to complicate construction of the trap and haul fish passage facility required by the new FERC license. The QRA results were very favorable, concluding that the sinkholes are highly unlikely to progress to a dam failure and that construction of the trap and haul facility can safely proceed without aggravating the sinkhole conditions.

Current 2025 river flow forecasts are trending slightly above average for this spring/summer on the McKenzie River below Trail Bridge and at Vida. Ongoing changes to the Army Corps' reservoir operations are anticipated to result in **slightly higher-than-normal summertime flows in the lower McKenzie**, though the Walterville Project will remain out of service regardless, pending repairs at the power plant's forebay.

Other EWEB Owned Projects:

EWEB completed upgrades to the switchgear and protective relay systems for the steam-turbine generator at the International Paper Mill in May 2024 and plans to upgrade the exciter and control system in September 2025.

Both the Stone Creek Hydroelectric Project and Harvest Wind are scheduled to have typical maintenance outages this year. No other significant capital improvements are currently planned to take place in 2025.

TBL Assessment

There is no TBL associated with this informational memo

Recommendation/Requested Board Action

This item is information only and no Board action is requested.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Barofsky, Schlossberg, Brown, Carlson, and Morris

FROM: Deborah Hart, Assistant General Manager/CFO; Aaron Balmer, Acting Financial Services Manager; Timothy Poublon, Interim Power Risk Supervisor; Amanda Lane, Financial Analyst II

DATE: March 26, 2025

SUBJECT: Annual Report on Power Trading Compliance

OBJECTIVE: Information

Issue

Board Strategic Direction Policy SD8 (SD8), which governs Power Risk Management, requires the Chief Financial Officer to present a report to the Board covering trading and contracting compliance on at least an annual basis. This backgrounder provides information for the calendar year 2024.

Background

In addition to SD8, Board Strategic Direction Policy SD6 requires funds used for EWEB's activity in power markets be managed to maximize benefits to customers while minimizing the risk of adverse impacts on retail prices. Accordingly, EWEB's activities in power markets must be associated with the provision of electricity to meet anticipated sales and generation forecasts. SD8 establishes the formation of the Power Risk Management Committee (RMC), a horizontal and cross-functional team comprised of five voting members (Members) responsible for oversight, compliance with SD8, setting limits, and establishing and maintaining Power Risk Management Procedures (Procedures) for power trading operations.

Discussion

The specific responsibilities of the RMC outlined in SD8 are listed below with a characterization of compliance status and instances in which compliance was maintained through exception.

Anti-Speculation Statutes: In Compliance

Compliance with Board Policy and anti-speculation statute is maintained through megawatt limits on market positions to monitor and limit opportunities for speculation and exposure to price volatility. At times, changes to load and/or generation forecasts can result in position limits being exceeded. In such instances, the Procedures require positions to be brought back into compliance no later than the next trading day, unless an exception has been approved by the Fiscal Services Supervisor and Power Planning Supervisor, or the individual to whom they report. EWEB maintained compliance with this provision in 2024, which included forward market positions from 2024 through

2025. No exceptions for financial position limit exceedances were requested in 2024.

There were three instances where a volumetric market position limit exception was approved by either the RMC and/or the Fiscal Services Supervisor and Power Planning Supervisor:

- In January, an industrial customer changed the timing of a major maintenance outage from one month to another, causing the March 2024 Mid-Term market position to exceed the compliance threshold. The Fiscal Services Supervisor and Energy Resources Manager approved an exception to hold the position until the end of January, at which time the period would exit the Mid-Term compliance window and enter the Short-Term compliance window, falling within the volumetric compliance limits of the Short-Term trade book. The position exceedance and exception were reported to the RMC at the February meeting.
- In April, an update to an industrial customer's load forecast caused the 2028 period to exceed the Mid-Term market position compliance threshold by less than one average megawatt. The Fiscal Services Supervisor and Energy Resources Manager approved an exception to hold the position until the April RMC meeting, at which point RMC Members approved a continuation of the exception. The exceedance was cured in May following the receipt of updated generation forecasts.
- In September, updates to BPA generation forecasts caused the Q2 2025 Mid-Term market compliance position to exceed the compliance threshold. The Fiscal Services Supervisor and Power Planning Supervisor approved an exception to hold the position exceedance to allow sufficient time for EWEB traders to solicit competitive bids in the market. The exception was held until the next RMC meeting in September, at which point RMC Members approved a continuation of the exception. The position was cured following a trade later that week.

Development of Detailed Control Procedures: In Compliance

SD8 requires the RMC to establish and maintain Power Risk Management Procedures which define processes governing roles, responsibilities, daily trade activity, and exception authorization. Staff solicited feedback on the Procedures from internal stakeholders in Q3 2024 and incorporated recommended edits for clarification and evolving business practices into an updated Procedures document unanimously approved by RMC Members on November 19, 2024.

Notification of Changes to Compliance Limits: In Compliance

No changes to compliance limits were recommended by staff or approved by the RMC during the 2024 calendar year.

Oversee Control Infrastructure and Monitor Compliance: In Compliance

The RMC meets monthly to monitor and review compliance limits. RMC Members are notified of the status of Short-Term compliance measures weekly to provide insight into both current compliance status and market trends that may influence future compliance periods.

- In 2023, the Acting Financial Services Manager approved an extension for counterparty credit review documentation to accommodate staff work on EWEB's Energy Trading and Risk Management application upgrade. Progress on outstanding counterparty credit reviews continued into 2024 and all 2023 credit reviews were completed by Q2 2024. In 2024, nine

documentation schedule extensions were approved by the Acting Financial Services Manager or RMC to align with financial statement releases and balance staff workloads. Each extension was reported to the RMC, and all 2024 credit reviews were current at year-end.

- In July, a trade was executed with a counterparty that had recently exceeded its credit exposure limit. The Real Time Supervisor and Acting Financial Services Manager were notified per Procedures. No further action was recommended as the counterparty's exposure was forecasted to fall below its credit exposure limit in the coming days. The occurrence was reported at the July RMC.

Authorize and Monitor Risk Reports for Financial Results, Market Positions, and Credit Exposure: In Compliance

RMC meetings are held monthly. Prior to each meeting, Members receive updated compliance reporting materials providing the basis for monitoring financial results and compliance with market position limits and credit. RMC meetings were hybrid, offering video conference participation for Members each month in 2024 except January, where materials were disbursed in lieu of the meeting as year-end 2023 financials were being prepared, the absence of which yielded a light meeting agenda.

Review and Approve Contracts Which Impact EWEB's Power Portfolio: In Compliance

The RMC provides cross-functional oversight and review of any contracts that may have an impact on EWEB's portfolio to ensure Board-mandated risk mitigation and financial stability are maintained. Where contracts require Board approval, the RMC provides direction and preliminary review in advance of Board action. No changes to the approval thresholds were requested in 2024.

The RMC provided preliminary review of two contracts in advance of Board action. In September, Board Resolution No. 2412 authorized the General Manager and RMC Members to execute two contracts selling output from EWEB owned or contracted resources. The agreements required Board approval as they were greater than one year in duration and the fixed-price components of each agreement exceeded the \$3 million threshold outlined in SD8.

Recommendation and Requested Board Action

This item is information only and no Board action is requested.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Barofsky, Schlossberg, Brown, Carlson, and Morris
FROM: Julie McGaughey, CCO; Danielle Wright, Customer Operations Manager
DATE: March 17, 2025
SUBJECT: Late Fee Timeline
OBJECTIVE: Information only

Background

At the March 4, 2025, Board meeting, commissioners requested information regarding EWEB's collection timeline including bill due dates and late fees.

Discussion

In June 2023, EWEB revised the bill collection timeline to help customers avoid accumulating significant unpaid balances, reduce uncollectible accounts, and align more closely with industry best practices.

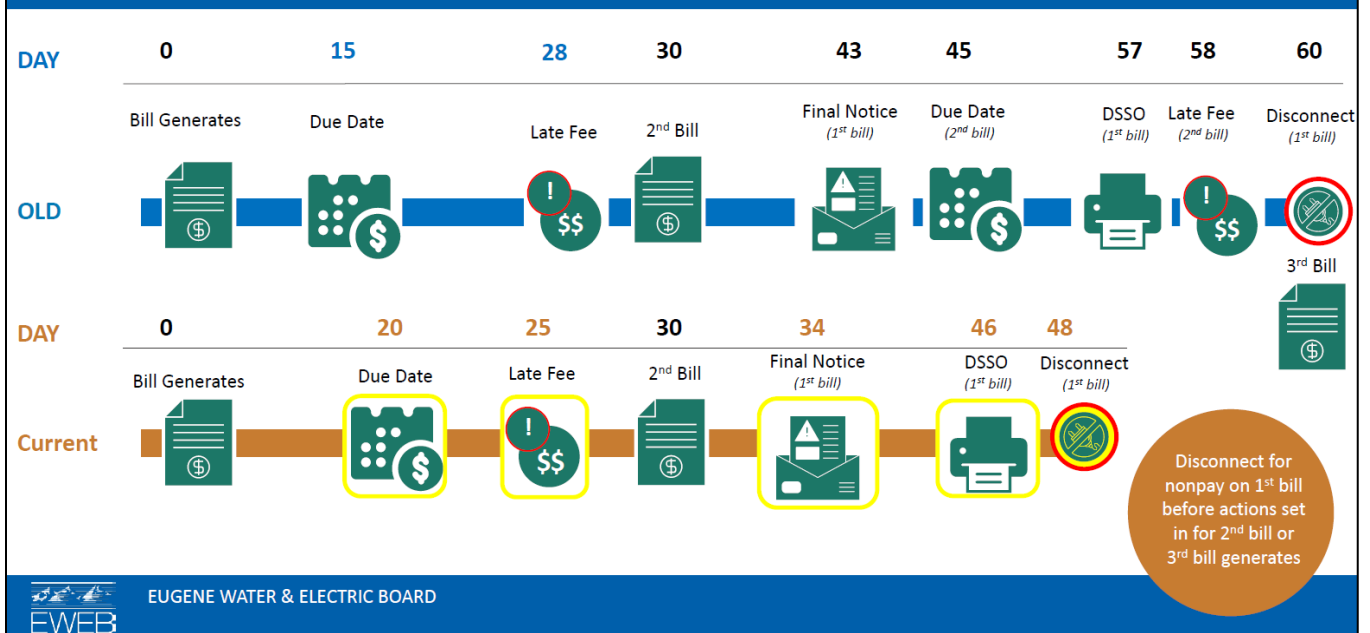
To restore service after a disconnect for non-payment, customers are required to pay the full balance, including fees and, in some circumstances, a deposit. Under the updated policy, customers are now allowed only one past-due bill before possible disconnection. Prior to this update, customers could accrue up to three months of charges which would have to be paid in full before they could be reconnected. While the grace period was reduced from 13 days to 5 days, the overall due date was extended from 15 days to 20 days. This change effectively reduced the late fee penalty step by just three days. Customers now have 25 days from the bill's issue date to make a payment before incurring a late fee.

As EWEB planned for the transition to SAP's Customer Information System, the decision to remain standard and avoid customizations allowed us to more fully utilize all installment and payment plan options.

Customer Service Analysts have the discretion to waive late fees and are encouraged to do so as appropriate. If a customer is unable to pay their bill by the due date and contacts EWEB before the grace period expires, a payment plan can be established, preventing the late fee from being applied.

The below graphic illustrates EWEB's previous collection stream as well as the current one, detailing each step of the customer billing process.

Shortening the collections path



2024 Late Fees and Disconnections

In 2024, excluding the period of transition to the new Customer and Finance System when late charges and disconnections were temporarily suspended, approximately 13,255 late fees were charged per month (11,927 Residential, 1,327 Commercial) totaling approximately \$76,701 per month (\$59,959 Residential, \$16,736 Commercial). On an average basis, EWEB generates approximately 4,835 Disconnection Orders per Month (4,455 Residential, 380 Commercial) and performs approximately 451 disconnections per month (428 Residential, 23 Commercial).

Requested Board Action

Information only



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Barofsky, Schlossberg, Brown, Carlson, and Morris

FROM: Mike Masters, Water Operations Manager; and Susan Fricke, Water Resources and Quality Assurance Supervisor

DATE: March 18, 2025

SUBJECT: Pentachlorophenol Plume Update Associated with International Paper Mill Complex

OBJECTIVE: Information

Issue

Provide the Board with the requested update concerning potential drinking water threats associated with groundwater pentachlorophenol plume adjacent to the McKenzie River. Beginning in 2026, the annual State of the Watershed Report will be rescheduled to April allowing this information to be included.

Background

For the past 29 years, the Oregon Department of Environmental Quality (DEQ) has been working with both Weyerhaeuser Company (Weyerhaeuser) and International Paper Company (IP) to address the pentachlorophenol (PCP) plume originating from the Springfield mill site at 801 North 42nd Street. Wood treatment practices using PCP occurred at the site until 1986. Weyerhaeuser discovered soil contamination at the mill site after removing their sawmill facility in 1991. Weyerhaeuser entered into Consent Order WMCSR-WR-95-09 with the DEQ on September 5th, 1995, agreeing to investigate the contamination and identify potential solutions to protect human health and the environment. To be protective of the Springfield Utility Board (SUB)/Rainbow Water District (RWD) well field, Weyerhaeuser installed a carbon filtration system in 1996 to treat water from the SUB/RWD wells should PCP be detected.

On December 3rd, 2002, DEQ approved a final Remedial Design/Remedial Action Work Plan (RD/RA) for the site and has been tracking the implementation of this plan. The RD/RA work plan requires continued monitoring and reporting on the progress and extent of the groundwater PCP plume as it migrates to the northwest and toward the SUB/RWD supply wells adjacent to the McKenzie River. IP was granted approval by DEQ in 2021 to change their progress reporting from semiannual reporting to annual reporting. Both the progress report and annual report for a given year are typically submitted to DEQ on March 15th of the following year.

Ongoing groundwater monitoring of the PCP plume is conducted by NV5 Environmental, Inc. (NV5) on behalf of IP. Prior to 2012, monitoring wells were sampled monthly. However, beginning in July 2012, sample collection was modified to semiannually for tested monitoring wells after DEQ

approved proposed monitoring changes as requested by IP. In addition, the SUB/RWD drinking water wells and the well field treatment system are sampled monthly during production for chlorinated phenolic compounds (CPCs), with one well also sampled for volatile organic compounds (VOCs).

Discussion

The following status update is based on findings in Progress Report Number 96 and the 2024 Annual Report for the RD/RA Project at the Springfield Mill, submitted to DEQ on March 17th, 2025, by NV5 on behalf of IP (see Figure 1), and made available the same day to SUB, RWD and EWEB. **No CPCs or VOCs were detected in SUB/RWD drinking water wells during the 2024 operational period**, which included sampling events on July 8th, August 5th, September 4th and October 9th (due to lab error, the only CPC analyzed was PCP on 10/9). These wells are all located downgradient of the PCP plume. The most recent PCP detection reported for any SUB/RWD well occurred on 9/8/2015, at a concentration of 0.092 micrograms per liter (ug/L). The U.S. EPA maximum contaminant level (MCL) for PCP in drinking water is 1 ug/L.

Analytical results for downgradient PCP groundwater monitoring wells sampled in 2024 (January and July) show continued non-detect or decreasing PCP concentrations at most intermediate and deep well depths. Two exceptions remain including Well MW-18d (deep well), where PCP concentrations showed a slight increasing trend between 2011 (1.9 ug/L) and 2020 (8.2 ug/L) but now appear to have stabilized with 2024 concentrations at 6.9 and 6.3 ug/L respectively, and Well MW-19d (deep well), where recent PCP concentrations (8.7 and 6.1 ug/L respectively) show some variability, although still on a decreasing trend from peak concentrations in 2010/2013 (32 ug/L). Both wells are located near the northwest edge of the property, near Highway 126. It should be noted that the July monitoring well samples encountered several issues during processing that resulted in estimated value flags being applied to all associated results, including elevated cooler temperatures and sample analysis past hold times. However, impacted data were qualified and determined to be acceptable for consideration in the report findings.

General groundwater flow patterns observed across the site in 2024 continue to remain consistent with previous findings. The long-term cleanup goal of RD/RA monitoring efforts is to see groundwater PCP concentrations naturally attenuate below 0.5 ug/L across all sites, which is expected to occur before 2040 based upon recent PCP-concentration trends and model predictions, as determined by an outside consulting firm (Integral Consulting, Inc.). According to NV5, groundwater monitoring results from 2024 are “consistent with the RD/RA Project continuing to making progress towards this cleanup goal.”

Future updates regarding the PCP plume will continue to be incorporated into the annual State of the Watershed report, although the report will now be presented to the Board in April to allow staff adequate time to incorporate findings from the previous year’s PCP monitoring activities (which again, are due in March of the following year).

Recommendation

This memo is for informational purposes only. Based on current data and information, staff do not believe the PCP groundwater plume poses a significant threat to EWEB’s drinking water quality at this time. Staff will continue to monitor the situation.

Requested Board Action

For information only, no formal action is requested at this time.

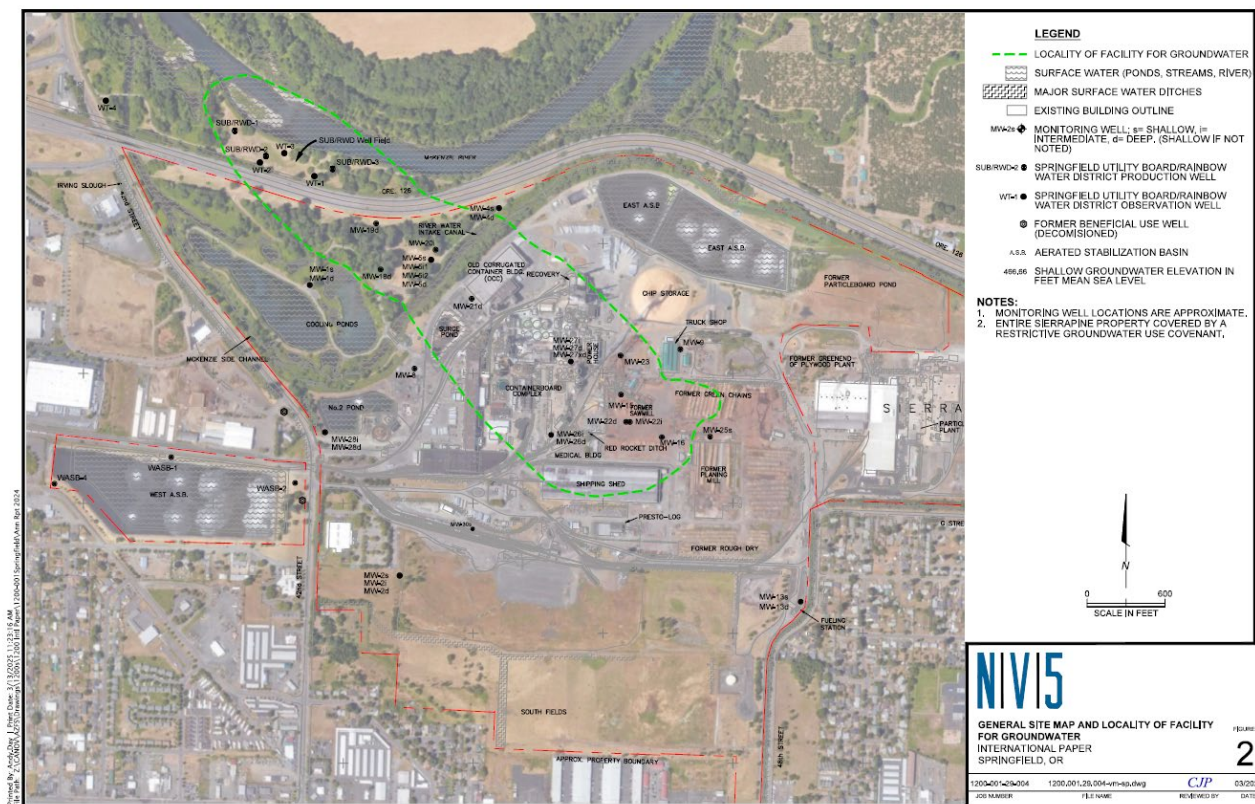


Figure 1. Map of Project Area from Progress Report Number 96 and the 2024 Annual Report for the RD/RA Project at the Springfield Mill, submitted to DEQ on March 17th, 2025 by NV5 on behalf of IP.



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Barofsky, Schlossberg, Brown, Carlson, and Morris
FROM: Jason Heuser, Public Policy and Government Affairs Program Manager
DATE: March 20, 2025
SUBJECT: April 2025 State Legislative Update
OBJECTIVE: Information

Issue

EWEB monitors, influences, and strategically plans around legislative and regional policy issues.

Background

The Board adopts general policy directives for advocacy on legislation and other public policy matters, which guide the work of EWEB's lobbying activities. When political considerations test the applicability of those directives, the General Manager makes a determination as to whether a fundamental shift in direction is required. The Board may be asked to reaffirm policy directives or direct staff to make necessary adjustments.

Discussion

The Oregon Legislature convened on January 21 for the start of 2025 Oregon Legislative Session and over 3600 bills have been introduced. Upcoming legislative deadlines in late March and early April for bills to be scheduled for a public hearing and work session and advanced out of their committee of origin will soon narrow down greatly the scope of bills being given active consideration in the legislature. Some of the key bills EWEB is advocating in support/opposition or actively monitoring include:

SB 427 – Prohibition on water use changes that reduce streamflow – OPPOSE

This bill would prohibit water transfers and other proposed changes related to the appropriation or use of water that will result in any diminishment of streamflow. This bill has been referred to the Senate Natural Resources and Wildfire Committee. The bill had a public hearing on February 24th – it has not been scheduled for a work session as of yet. EWEB staff testified in person at the public hearing and identified impacts from the bill as currently drafted that could produce significant obstacles to EWEB's effort to successfully operate a future Willamette Water Treatment Plant and diversify Eugene's water supply.

EWEB's Permit S-54805 for the use of water from the Willamette River has 4 authorized points-of-delivery (PODs) but in the future will require an additional POD to match the location of the planned new intake. In Oregon a transfer is the only mechanism to change an existing water right. The Oregon Water Resources Department (OWRD) may not approve a transfer if the transfer would (i) enlarge or expand an existing water right in any way, or (ii) cause injury to any other existing water right on the water system. As applied, the injury standard ensures that existing water rights, including instream water rights, are protected. Senate Bill

427 introduces a third and incredibly broad standard that would require OWRD to determine whether a proposed transfer will result in “diminishment of streamflow.”

An additional point-of-delivery established to match the location of the planned new intake on the Willamette would be upstream from the existing authorized PODs and it would not cause injury to other existing water rights – EWEB’s permit is junior in priority to the instream water right, so it would be regulated off if the instream water right is not met. However, SB 427 creates a new test that would prohibit any diminishment of streamflow at all even without injury which would create serious new obstacles to establishing an additional point-of-delivery, jeopardizing EWEB’s efforts to provide a second source of water.

SB 1153 – Water Right Transfer Review – OPPOSE

Provisions of SB 1153, introduced at the request of Governor Tina Kotek, could jeopardize EWEB’s efforts to begin obtaining water from the Willamette River under its existing permit. EWEB’s permit currently authorizes diversion of water from the Willamette River at a location downstream from the location that EWEB’s engineers have determined it should construct the new intake. Accordingly, EWEB will need the Oregon Water Resources Department (OWRD) to approve a permit amendment that moves the authorized point of diversion upstream to the planned intake location. Under the current permit amendment statutes and OWRD requirements, EWEB should be able to amend its permit to move the authorized point of diversion upstream because OWRD would be expected to find that the change would not cause injury to existing water rights.

SB 1153 could, however, preclude the Oregon Water Resources Department from approving EWEB’s permit amendment application. SB 1153 would add two additional review criteria to OWRD’s current review process for permit amendment applications and other processes allowing changes to existing rights. In addition to the existing criteria, the bill would allow OWRD to approve a permit amendment only after determining that the change would not result in a loss of in-stream habitat for sensitive, threatened or endangered aquatic species in stream reaches not protected by an existing water right; or contribute to water quality impairment in water quality limited streams. These criteria are vague and create significant uncertainty as to their impact on EWEB’s needed permit amendment. As an example, SB 1153 is unclear as to what constitutes “protection by an existing water right.” At a minimum, the bill should be amended to clarify that the existence of an instream water right in the affected reach is sufficient to eliminate the need for OWRD to review this additional criterion.

In addition to having vague review criteria, the bill would likely exacerbate OWRD’s already slow processing timelines. Although not specified, it appears likely that the determinations for the new criteria would be completed by the Oregon Department of Fish and Wildlife (ODFW) and the Department of Environmental Quality (DEQ). Currently, OWRD’s processing time for transfer applications can exceed two years. Referring transfer applications to ODFW and DEQ for additional analysis will only create further delays. It is important to understand that ODFW is currently required to provide input on certain municipal permit extension applications by recommending “fish persistence” conditions. Many municipal water providers have been waiting well over a decade to receive these reviews from ODFW. EWEB cannot wait more than a decade for ODFW to provide feedback on its permit amendment application.

Further, the proposed review criteria are generally unnecessary for large-scale municipal water provider projects to construct new diversion facilities, such as EWEB’s, because these types of evaluations will be

completed through the U.S. Army Corps of Engineers and Department of State Lands joint removal/fill permit process. Accordingly, this bill would only result in redundant efforts and unnecessary delays and uncertainty. EWEB and other water providers should not be required to expend additional public funds for an unclear process that provides no additional benefit to our water resources.

Finally, SB 1153 adds a process by which federally recognized Indian tribes in the state can review transfer applications “in specific counties.” However, the bill does not identify these counties. The bill should be amended to specify the affected counties.

As currently drafted, SB 1153 adds substantial uncertainty to water right modification processes, and could prevent EWEB from modifying its Willamette River water use permit leaving EWEB without the needed redundant water supply source.

The bill has been referred to the Senate Natural Resources and Wildfire Committee but has not yet had a public hearing. However, as a bill brought forward by the Oregon Governor’s Office this bill could be moved to the Senate Rules Committee and avoid legislative deadlines on the advancement of bills out of their committee of origin.

HB 3666 – Wildfire Safety Certification – SUPPORT

This bill would require investor-owned utilities (IOUs) and allows consumer-owned utilities (COUs) voluntarily to apply to the Public Utility Commission for a Wildfire Safety Certification to:

- Audit and verify that the utility is prudently implementing its PUC or COU Board approved, wildfire protection plan, which is already required by law and outlines wildfire prevention efforts like risk assessment, clearing vegetation, and system hardening, etc.
- Confirm the utility’s commitment to wildfire safety and continuous improvement;

If the PUC issues a safety certificate, the certification establishes that the utility is acting reasonably regarding wildfire safety practices and is materially consistent with its approved wildfire mitigation plan. This action is consistent with the ability of state agencies to establish, implement and enforce safety standards. The certificate can be used in court as one piece of evidence weighed by the judge or jury and does not make a utility immune from lawsuits.

HB 3666 had a public hearing in the House Judiciary Committee on March 18th and awaits further action.

SB 1192 – Protecting Hydroelectric Water Rights from Conversion – SUPPORT

This bill has been requested by EWEB and is sponsored by Senator James Manning. SB 1192 specifies that the Oregon Water Resources Department (OWRD) may not forcibly convert a hydroelectric water right whose holder has ceased generating electricity on instruction from the Federal Energy Regulatory Commission.

In December of 2021, the Oregon Supreme Court issued a decision in *WaterWatch of Oregon v. the Water Resources Department (WRD) and Warm Springs Hydro LLC*. The key takeaway from the ruling is that water rights for hydroelectric projects, when not used for electric generation for longer than 5 years, could be at risk of being converted to permanent in-stream rights. Prior to this decision it was common for a hydroelectric project not generating for a period of time to temporarily lease hydroelectric water rights for another beneficial use, typically instream water rights, as an acceptable method of tolling the statute and avoiding potential conversion of the water right (forfeiture). This once proven approach is no longer an

option after the ruling. The 2021 decision does include a footnote describing an administrative process that a hydroelectric water rights holder could avail themselves to avoid conversion because of not generating electricity for 5 years – a time limited transfer changing the character of use of the water right. EWEB has initiated this administrative process with the Oregon Water Resources Department (OWRD) for the Leaburg Power Plant to preserve all future options. EWEB's application is the first of its kind. It is the view of EWEB staff and consultants that it would be advisable for the legislature to address any ambiguity and provide clear clarification on how a FERC licensee and hydroelectric water rights holder may preserve that state water right when ceasing generation under a FERC order or directive.

HB 2064 – Microgrids – NEUTRAL WITH AMENDMENT

This bill is designed to facilitate Community Microgrids with Islanding Capabilities and provides guidance on updated flexibility on building and safety codes and zoning overlays to put more decision-making power into the hands of local governments to promote microgrids, including configurations that would allow microgrids using front-of-meter generation and energy storage resources.

HB 2064 positions the Oregon Public Utility Commission as the entity with oversight to review and approve a local government's proposal to align building code and zoning with microgrids, even if the local government's political boundaries are primarily or entirely located in the service area of a consumer-owned utility. EWEB and other consumer-owned utilities have requested an amendment to transfer this role to the governing body of a consumer-owned utility providing electrical service to the local government in those instances. This was noted in testimony when the bill had a public hearing on February 6. This amendment is expected to be included if the bill is scheduled for a work session.

HB 3628 – Oregon Transmission Authority – NEUTRAL

This legislation would establish an Oregon Transmission Authority tasked with the following activity:

- Engage in transmission planning activities that enhance grid reliability
- Identify and establish designated electric transmission corridors in Oregon
- Coordinate, assess, plan, prioritize and negotiate with in-state and out-of-state entities to develop interstate transmission corridors
- Explore options and alternatives that improve the efficiency of the transmission system
- Enter into partnerships with public or private entities to develop transmission

While the intentions of this bill are good, EWEB staff identified some concerns with the bill that should be addressed. 1) the funding source for the authority would be a nonbypassable charge on existing large electric loads over 20 average megawatts, which would include at least one EWEB customer, even if these customers have existed for many years at current load levels and have little or no nexus to drivers of the regional need for new transmission; 2) the makeup of the members of the authority does not have adequate utility sector representation; and 3) the bill does little to address the biggest obstacles to building new transmission – needing siting and permitting reforms – and the authority would likely struggle with the same challenges facing existing entities attempting to build new transmission if these topics are not addressed.

This bill could have some benefit if amended to address some of these concerns and EWEB staff are monitoring possible amendments to HB 3628.

SB 863 – State Fire Marshal Fire Cost Recovery – NEUTRAL WITH AMENDMENT

This bill establishes cost-recovery processes for suppression of fires caused by willful, malicious, or negligent actions. SB 863 provides the State Fire Marshal the means to seek and secure those funds. The bill purports to model this authority on the existing cost recovery authority provided in state law to the Oregon Department of Forestry (ODF).

Local government associations, including those representing consumer-owned utilities that are public bodies, are seeking an amendment and/or further clarification of legislative intent on the record that the cost recovery authority in SB 863 is no different and no greater than the existing authority for ODF – and also that this new authority for the State Fire Marshal would not circumvent the Oregon Tort Claims Acts as applicable to public bodies and their employees.

LC 3690 – Solar Consumer Protection – SUPPORT

EWEB initiated the drafting of LC 3690 (modeled after solar consumer protection legislation enacted by the Washington legislature in 2024) under the sponsorship of local Representative John Lively, chair of the House Energy and Environment Committee. Subsequently a stakeholder group formed including Representative Lively and his staff, Oregon Solar Energy Industries Association, EWEB, Oregon Consumer Justice, National Association of Consumer Advocates, Oregon Citizens Utility Board, OSPIRG, Oregon Department of Justice, Energy Trust of Oregon, Oregon Department of Consumer and Business Services and the Oregon Department of Energy.

This group has been meeting almost weekly since December and has worked through policy design choices and viewpoints in a very collaborative and solutions-oriented fashion and in early February presented Rep. Lively with a modified version of LC3690 broadly supported by the stakeholder group. A resulting bill is expected to be introduced soon and be referred to the House Energy and Environment Committee Chaired by Representative Lively.

The modified version of LC 3690 is designed to prohibit deceptive and/or high-pressure sales tactics. It will create a model disclosure for solar installations both in contract language as well as a separate disclosure addendum. The disclosure would provide a clear explanation of system performance, estimated bill savings and consumer rights, including the opportunity to cancel a contract within the first 72 hours. It would also create a private right of action for damages for solar consumers, which will act as a deterrent that would complement provisions of LC 3690 that will lead to enhanced enforcement of the Unlawful Trade Practices Act by the Financial Fraud/Consumer Protection Section at the Oregon Department of Justice with regard to solar installations.

SB 179 – Recreational Immunity (Removes Sunset on 2024 Restoration) – SUPPORT

SB 1576A was enacted in the 2024 legislative session and included a restoration of recreational immunity, a priority for local governments and recreation enthusiasts. The bill added running, walking and biking to the definition of recreational immunity, but included a sunset date at the end of 2025 to allow for pending court cases to be resolved and a workgroup to craft a more durable solution to be adopted in the 2025 legislative session. Reportedly, the workgroup was able to reach consensus on a permanent solution. In the absence of successful negotiations, SB 179 removes the sunset date included in SB 1576A from the 2024 legislative session.

The bill was approved by the Senate on a 30-0 unanimous vote on March 13 and was referred to the House Judiciary Committee the following day.

HB 2256 – Indemnifying for conservation purposes sellers of units of land not lawfully established -- SUPPORT

This bill exempts the seller and the nonprofit purchaser of property for conservation purposes from civil or criminal liability for selling units of land not lawfully established. HB 2256 was introduced by local Representative Lisa Fragala at the request of the McKenzie River Trust (MRT)

EWEB has provided funding for MRT conservation acquisitions as well as applied for grant funds on behalf of MRT or assisted MRT grant funding applications. In some instances, concerns around legal lot determination have created additional expense and delays that can acquisitions. Strategic conservation properties can become difficult to transact once lot determination issues are identified. Sellers can be reluctant to take on the potential liability or costly delays – which can result in losing purchase opportunities facing obstacles to apply for grant funding due to uncertain timelines around fixing the liability concerns. HB 2256 is a solution to the problem of legal lot determination by waiving the liability of the seller for selling an unlawfully created unit of land if the buyer is both a 501(c)(3) and is clear in its intent to acquire the land for conservation purposes.

HB 2256 was approved by the House 45-12 on March 6 and referred to the Senate Natural Resources and Wildfire Committee on March 11.

HB 3179 – Investor-Owned Utility Rate Caps – MONITOR

This bill would limit private, investor-owned utility rate requests, allowing them only once every 18 months. Exceptions could be granted in the event of a natural disaster or weather emergency. Rate increases would have to go into effect before Nov. 1 or after March 31 so ratepayers would not suddenly be hit with a bigger bill in winter when usage is highest. The bill would also require that the Public Utility Commission (OPUC) that regulates investor-owned utilities would be directed to look at socio-economic data of customers when considering rate increases, including factors such as median customer income, regional unemployment rate and number of customers receiving public services and the PUC would analyze company profits from the 24 months leading up to a rate hike request to determine whether the rate increase is appropriate. This bill had a public hearing on February 20 in the House Commerce and Consumer Protection Committee and awaits further action

SB 634 – Expands Hydropower Qualifying for Renewable Portfolio Standard (RPS) – Neutral

On principle SB 634 makes sense in authorizing legacy hydropower (pre-1995) to qualify for the Oregon Renewable Portfolio Standard (RPS) – hydropower is deserving of the same qualifying renewable status as other clean energy sources. However, the Oregon RPS has numerous components that were negotiated and calibrated to work together in pursuit of specific statewide goals. Changes in the definition of qualifying renewable electricity in the RPS statute (ORS 469A) would necessitate consideration of other changes in the statute to keep intact the goals of the Oregon RPS. SB 634 though is only a standalone change to the qualifying electricity definition in the RPS without consideration for the other components of the Oregon RPS and could have unintended consequences.

The Oregon RPS was enacted to facilitate the development of new additional renewable electricity resources in the region and thus excluded older hydropower resources constructed decades ago from qualifying. However, the RPS distinguishes these resources from resources powered by fossil fuels. Tier One Preference Power provided by the Bonneville Power Administration (BPA) from the Federal Columbia River Power System (FCRPS), along with any non-qualifying non-fossil fuel electricity source – including EWEB's

legacy hydroelectric projects on the McKenzie River – is “exempt from displacement”. These exemptions can reduce an Oregon utility’s compliance obligations immensely and, in many circumstances, completely offset a compliance obligation (when a utility has more annual megawatt hours of exempt electricity in its portfolio than annual megawatt hours of electric load, as EWEB has had in almost every year of RPS compliance).

The bill had a public hearing on March 17 in the Senate Energy and Environment Committee, it is not expected to advance out of committee although it did stimulate a great deal of conversation from committee members.

HB 3527 – Drinking Water and Sewer Ratepayer Assistance Program Reauthorization – SUPPORT

This bill would be a de facto reauthorization of an existing but defunct temporary program created with federal funding that has run out. Oregon had a Low-Income Household Water Assistance Program in 2022 and 2023 that was established and funded by Congress in the American Rescue Plan Act (ARPA) of 2021 and modeled after the long-standing Low Income Home Energy Assistance Program (LIHEAP) — the inclusion of this funding in ARPA was a special priority for US Senators Jeff Merkley and Ron Wyden. The program was administered by Oregon Housing and Community Services, which received a \$13.8 million allocation for the statewide program. EWEB participated in advisory groups for the rulemaking to establish the statewide program. Although no funds were awarded to EWEB directly, Lane County Human Services (HSD) was authorized to receive and to apply state funds and coordinate with EWEB to directly credit assistance to EWEB customer accounts. It was projected at the start of the program that up to \$600,000 would be credited to assist customers in the EWEB service territory over 2022-2023.

HB 3527 had a public hearing on February 17 in the House Agriculture, Land Use, Natural Resources and Water Committee and awaits a work session. It has a subsequent referral to the Joint Ways and Means Committee.

HB 2410 – Umatilla County Small Modular Nuclear Reactor Demonstration Project – Neutral

This bill would allow the Oregon Energy Facility Siting Council (EFSC) to issue a site certificate for a small modular reactor energy facility demonstration project in Umatilla County, potentially as part of a microgrid. The bill would require that a site certificate be contingent on approval from Umatilla County voters. HB 2410 had a public hearing on February 28 in the House Energy and Environment Committee and awaits further action.

Note: HB 2410 has been initiated by the Umatilla County Board of Commissioners, without the involvement of Umatilla Electric Cooperative.

HJM 10 – Resolution to Congress on role of Bonneville Power Administration – Neutral, Possible Informational Testimony.

This bill would request the United States Department of Energy and the United States Congress to support the Bonneville Power Administration in providing cleaner, more affordable and more reliable energy to all consumers in the Pacific Northwest.

The bill was referred to the House Climate and Energy Committee. At the time of this memo, this bill has not received a public hearing and is no longer believed to be under consideration.

Recommendation/Requested Board Action

These are informational updates, and no action is required at this time.