



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

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

FROM: Deborah Hart, Assistant General Manager/CFO; Adam Rue, Rates Manager

DATE: May 6, 2025

SUBJECT: Proposed Charges and Fees, including adjustments to Dark Fiber, Transmission Service, and Joint Use, etc.

OBJECTIVE: Direction on Updates to Fees and Charges

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## Issue

The Eugene Water & Electric Board consolidated updates to various fees, rates, and other charges to customers into a single Spring Fee Update starting in 2024. This is the first of two agenda items on fees. Staff will incorporate any Board feedback and request approval of fee updates at the June 3, 2025, Board meeting.

In June 2024, the Board approved Resolutions No. 2409 and No. 2410 to adjust fees for the Electric and Water utilities, respectively. The *2024 Spring Fee Update* was the first annual update to consolidate and streamline the Board fee and charges approval process.

## Background

This memo provides an overview of updates to various fees listed below.

- Dark Fiber Lease
- Transmission Service Fees
- Joint Use Fee
- Downtown Network Fees
- Water Service Installation Charge
- Traffic Signals & Beacon Lights

Fees are generally reviewed and/or updated annually. This correspondence is to solicit feedback and direction on fees that will be brought in June for proposed action.

The fees represent other operating revenue, which offsets retail rate revenue in the revenue requirement. Periodic updates to these fees help to ensure that customers and parties who are responsible for the underlying costs are charged accordingly.

This item is for information and direction. Feedback will be incorporated and brought back in June to seek approval of the proposed changes.

## **Discussion**

The revenue collected from EWEB customers and other parties is updated annually in two components at two different times of the year. The mid-year fee update (presented in this memo) are fees and charges that typically impact a relatively small number of customers and are directly attributable to the products and services being provided. The annual rate changes are consumption-based rates and charges applicable to the broader customer base and apply to the respective customer classes.

Below are the proposed fee changes to the Customer Service Policies being recommended for revision this year. In the past these fees have been updated at various times throughout the year but starting in 2024 they have been compiled into one broader fee update memo for the May and June Board meetings.

### **CUSTOMER SERVICE POLICY, APPENDIX B – ELECTRIC SERVICE PRICES AND CHARGES**

- **Dark Fiber Lease Rates** were last updated in 2024 with a CPI increase. Details of the proposed update to the fee can be found in Attachment 1.
- **Transmission Delivery Service** was last updated in 2024. Details of the proposed update to the fee can be found in Attachment 2.
- **Joint Use Fees** were last updated in 2024. Details of the proposed update to the fee can be found in Attachment 3.
- **Downtown Network Fee** was last updated in 2020 and has been infrequently utilized since its development in 2020. The recommended adjustment to the fee reflects aggregate inflation which has impacted EWEB costs since 2020. Details of the proposed update to the fee can be found in Attachment 4.

### **CUSTOMER SERVICE POLICY, APPENDIX C – WATER SERVICE PRICES AND CHARGES**

- **Water Service Installation Charges** were last updated in 2024 and a phase in approach was suggested and approved by the Board to avoid rate impact of the proposed charges. Details of the proposed update to the fee can be found in Attachment 5.

Below are several fees in the Customer Service Policy that were reviewed as well, however there are currently no proposed changes.

### **CUSTOMER SERVICE POLICY, APPENDIX A – UTILITY SERVICE CHARGES AND PRICES**

- **Customer Service Charges** include several fees, such as Late Fees, Account Collection, Move In/Move Out, Return Payment, and Account Process Charge. These fees were last comprehensively updated in 2018. Many of the processes are being reviewed and modified post-SAP implementation and therefore these may be adjusted in future fee updates.
  - *EWEB Collection and Late Fee correspondence was provided to the Board at the April 2025 Board meeting.*
  - *Future AMI/Manual Meter Reading Fees agenda item is also scheduled for May 2025 Board discussion.*

- **Overhead Charges** were last updated in 2012 and approved with Resolution No. 1221. This rate is periodically reviewed by General Accounting and does not indicate the need for revision.
- **Property Management Activity Fee** schedule was last updated in 2015 and approved with Resolution No. 1532. This fee is infrequently utilized. Revision of the fee has been the subject of internal discussions, and no change is recommended.

#### **CUSTOMER SERVICE POLICY, APPENDIX B – ELECTRIC SERVICE PRICES AND CHARGES**

- ***Permanent Single-Phase Electric Service Installation Charges*** were first developed in 2024 with Resolution No. 2417. The rate was newly developed and will be reevaluated in later fee updates.

#### **CUSTOMER SERVICE POLICY, APPENDIX D – WATER SYSTEM DEVELOPMENT CHARGES**

- **System Development Charges** are currently under discussion at the policy level by the EWEB Board at the May 2025 Board meeting. Staff will incorporate feedback from the Board discussions and the latest Water Master Plan analysis into an updated System Development Charge Proposal in 2026.

#### **Requested Board Action**

No action is requested at this time. Approval of the proposed fee adjustments will be requested at the June 2025 Board Meeting.

Attachment 1: Dark Fiber Lease

Attachment 2: Transmission Service Fees

Attachment 3: Joint Use Fee

Attachment 4: Downtown Network Fees

Attachment 5: Water Service Installation Charge

Attachment 6: Traffic Signals & Beacon Lights

**Attachment 1**  
**Dark Fiber Lease**

In 2013, Board Resolution No. 1304 established a dark fiber lease rate. In Board Resolution No. 1705, the intention to develop an updated fiber cost of service model (COSA). A CPI adjustment is typically recommended in years without a full COSA to modify rates. The current proposal is an annual adjustment based on the CPI adjustment. The last updated fiber cost of service model was in 2024.

The table below reflects the current and proposed fiber rates, based on the CPI methodology. The rates reflect the cost per strand-mile month.

***Table 9: Current and Proposed Dark Fiber Lease***

<b>Customer Type</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
Public Agencies	\$32.91	\$33.70
School District	\$5.85	\$5.99
For-Profit	\$65.82	\$67.40

There are 31 entities charged under this tariff, which represents nearly \$1 million in revenue for the electric utility.

The proposed redline for the Customer Service Policy will be provided at the June Board meeting.

## Attachment 2

### Transmission Services Fee

The Board last approved changes to Transmission Rates in Resolution No. 2409 in 2024. This item was previously updated in 2024 and has generally been updated on a five-year review/update schedule. However, EWEB has established an annual process to review fees in the spring and will review and potentially adjust this fee annually in the future.

In 2018, the Board approved the current Transmission Policy.

The last rate update was approved in 2024 for rates effective July 2024. Therefore, the percentage changes from current to proposed reflect the compound annual growth rate for the period from 2024 to 2025.

**Table 2: Current and Proposed Transmission Rates**

Item	Current (kilowatt-month)	Proposed (kilowatt-month)	Change	% Change
Transmission	\$1.63	\$1.68	\$0.05	2.8%
Transformation (substation)	\$1.60	\$1.64	\$0.04	2.5%
Distribution (primary OH)	\$1.49	\$1.45	(\$0.04)	-2.7%

The 2025 Transformation and Distribution Rate reflects consistent methodology with updates in asset plant-in-service balances and five-year historical basis.

	Transmission System	Transformation (Substation)	Distribution (OH Lines)	Units
Annual	\$20.15	\$19.68	\$17.40	kilowatt year
Long-Term	\$1.68	\$1.64	\$1.45	kilowatt-month
Short-Term	\$0.06	\$0.05	\$0.05	kilowatt-day
Hourly	2.30	2.25	1.99	mills per hour

The update to the transmission rates includes the distribution rate and interconnection rate for operations and maintenance of interconnection facilities with SUB. These were previously calculated and used in billing but not published in the Customer Service Policies.

**Table 3: Current and Proposed Interconnection Facilities Charge**

Item	Current	Proposed
Interconnection Facilities 1/	\$7,225	\$8,563

1/ Interconnection and Operation Agreement between EWEB and SUB

There are three entities charged under this tariff, which represents approximately \$350,000 in revenue for the electric utility.

The proposed redline for the Customer Service Policy will be provided at the June Board meeting.

### Attachment 3

#### Pole Attachment / Joint Use Fees

The Federal Communications Commission is the federal agency holding jurisdiction over telecommunications and enacts rules related to pole attachments and rates charged for attaching to utility poles. However, Congress recognized the important role of states in ensuring that utilities provide access to poles, ducts, conduits, and rights-of-way in a manner consistent with statute. Under the “reverse preemption” provision, states may certify that they regulate rates, terms, and conditions for pole attachments in their respective states; the Commission (Federal Communications Commission) retains jurisdiction over pole attachments only in states that do not so certify.

Oregon has developed rates, terms, and conditions under the “reverse preemption” provision, in which Oregon revised statute 757.270 to 757.290 establishes the Attachment Regulations for the State of Oregon. Specifically, 757.276 Attachments by licensees to customer-owned utility facilities regulated states,

The Public Utilities Commission of Oregon shall have the authority to regulate the rates, terms, and conditions of attachments by licensees to poles or other facilities of customer-owned utilities.

The rate formula is cited in Oregon Administrative Rule 860-028-0000 through OAR 860-028-0310 of the Public Utility Code.

EWEB follows the methodology proscribed in the Public Utility Code OAR, which is based on applying the respective administrative and general, maintenance, depreciation, taxes, and cost of money to the net investment in plant for determination of pole attachment rates charged to pole occupants.

The Joint Use Pole attachment fee includes both a Compliance and Non-compliance rate, which refers to the adherence to Oregon Public Utility Commission (OPUC) rules for safety standards and practices. The Non-compliance rate is one way to address an entity’s lack of compliance with rules and terms, and there are escalating consequences for non-compliant attaching entities. Entities attaching to EWEB poles comply with applicable rules 99% of the time and are charged the standard compliance rate. However, the existence of the non-compliance rate is an important tool to hold all attaching entities accountable.

The current proposed Compliance and Non-Compliance Rate is listed below in Table 1.

**Table 1: Current and Proposed Joint Use Fees for Pole Attachments**

Rate	Current	Proposed
Compliance Rate	\$20.03	\$19.81
Non-Compliance Rate	\$23.14	\$22.89

This adjustment is consistent with applicable laws and industry’s best practices. The change in maintenance expenses was the most impactful change to the year-over-year comparison. The 2024 maintenance expense was elevated due to the January storm expenditure. A portion of these storm

related expenditures are eligible for FEMA reimbursement and deemed highly likely for reimbursement and therefore, the expected reimbursement is incorporated into the updated fee proposal.

There are 17,700 attachments charged under this tariff, which represents approximately \$300,000 - \$350,000 in revenue for the electric utility. The fees include a share of maintenance costs including tree trimming and storm repair for a share of the pole available for telecommunications leasing. Staff actively manage pole attachment contracts and communicate directly with telecommunications entities leasing space on EWEB assets to maintain utility right of way and protect EWEB assets.

EWEB Joint Use Specialist has reached out to the telecommunication companies to remind them to trim trees, if necessary, when they are attaching to EWEB's poles. The EWEB Joint Use Inspectors have also been asked to keep an eye out for trees that need to be trimmed and have communicated any issues to the Joint Use Specialist, who then forwards the info to our Vegetation department for tree trimming.

The proposed redline for the Customer Service Policy will be provided at the June Board meeting.



## Attachment 4

### Downtown Network Charge

In January 2020, the EWEB board approved Resolution No. 2004 to establish the Downtown Network Connection Charge to reduce the price disparity between similarly sized projects within the network, to promote transparency and predictability for customers, and reduce the response times for high level cost estimates and administrative burden to producing estimates for new projects in the downtown network.

The downtown secondary network offers increased redundancy and high reliability to customers. However, the configuration of the network requires new services to use specialized equipment and installation standards. The charge affects all customers adding new load to the downtown network. The cost is applied regardless of whether a new transformer is required in the network, or if the customer can be served under existing capacity.

As described in the November 2019 memo, the change to implement the downtown network charge mitigates the previous incentive to choose natural gas to avoid equipment costs for upgrades. The costs are shared among customers within the network and not customers outside the network. The capital investment is recovered over time as customers join the network and add new load.

The downtown connection charge was developed in 2020 and since that time there have been limited utilization within the network. Over that time from 2020 and 2025 there has been significant inflationary pressure that has increased overall utility costs, and specifically construction costs for electric infrastructure.

The proposed increase to the current rate for the Downtown Network Fee is shown below.

	Current	Proposed	Units
Downtown Network Fee	\$315	\$415	per kilowatt

The proposed redline for the Customer Service Policy will be provided at the June Board meeting.

## Attachment 5

### Water Service Installation Charges

The **Customer Service Policy Appendix C** includes items that are annually adjusted with annual rate adjustments at the end of the year. It also includes fees and charges that are updated periodically. The fees presented below are the proposed fee updates. Many of these are presented as a three-year phase in, based on Board guidance in 2024. This is the second year of the three-year phase in so the projected 2026 final year of the phase in is included for reference.

The **Water Meter Installation Charges** were last updated in 2013 with Resolution No. 1319. The Meter Installation Charges are updated as shown below to reflect increases in construction, material, and labor costs over the past 10 plus years. The biggest driver of this cost increase is the switch to AMI meters and the higher material costs for the meters and communication modules.

**Table 1: Current and Proposed Water Meter Installation Charges**

Meter Size	Current	Proposed
less than 1"	\$275	\$500
1"	\$375	\$630
1 ½ and larger	At estimated cost	

The **Water Service Installation Charges** were last updated in 2024 with Resolution No. 2410.

The Board directed the Water Service Installation Charges to be phased in over a three-year period to balance the principles of *cost of service* with *gradualism*. The proposal for Phase 2 of the three-year phase in is shown below and reflects the initial fee recommendation with the 3% CPI increase to maintain alignment of overall inflationary pressures. Prior to the Phase 1 adjustment in 2024, these fees had not been updated since 2013.

**Table 2: Current and Proposed Water Service Installation Charges**

Meter Size	Current	Proposed	2026
1" x less than 1"	\$3,400	\$4,100	\$4,800
1" x 1"	\$3,500	\$4,200	\$4,900
1 ½ and larger	At estimated cost		

The **Plan Review Fees** are the costs incurred by EWEB to review and comment on design plans prepared by Developer/Customer. These fees were not increased in 2024. They are recommended to increase in 2025 at CPI increase of 3%.

**Table 3: Current and Proposed Plan Review Fees**

Meter Size	Current	Proposed	2026
Up to 500 feet	\$1,000	\$1,000	\$1,000
500 feet to 1,000	\$1,200	\$1,200	\$1,200
1,001 feet to 2,000	\$1,600	\$1,600	\$1,600
2,001 feet to 3,000	\$2,000	\$2,100	\$2,200

3,001 feet to 4,000	\$2,400	\$2,500	\$2,600
Greater than 4,000	\$2,800	\$2,900	\$3,000

The **Financial Guarantee** is required prior to approval of a plat for a subdivision. These guarantees are typically in the form of a bond or letter of credit. The **Financial Guarantee** was last updated in 2024 with Resolution No. 2410.

The Board directed the **Financial Guarantee** to be phased in over a three-year period to balance the principles of cost of service with gradualism. The proposal for Phase 2 of the three-year phase in is shown below and reflects the initial fee recommendation with the 3% CPI increase to maintain alignment of overall inflationary pressures.

**Table 5: Current and Proposed Financial Guarantee**

	Current	Proposed	2026
Cost per foot of pipe (up to 8")	\$135	\$140	\$150
Cost per service	\$1,800	\$2,300	\$2,700

The **System Connection Fee** is for costs incurred by EWEB to physically connect the newly constructed main extension into EWEB's system. The **System Connection Fees** were last updated in 2024 with Resolution No. 2410.

The Board directed the **System Connection Fees** to be phased in over a three-year period to balance the principles of cost of service with gradualism. The proposal for Phase 2 of the three-year phase in is shown below and reflects the initial fee recommendation with the 3% CPI increase to maintain alignment of overall inflationary pressures. Prior to the Phase 1 adjustment in 2024, these fees had not been updated since 2013.

**Table 6: Current and Proposed System Connection Fee**

	Current	Proposed	2026
Cost per System Connection (with hard surface restoration)	\$11,300	\$13,600	\$15,900
Cost per System Connection (with no hard surface restoration)	\$7,900	\$9,300	\$10,600

The **Disinfectant and Hydrant Testing Fee** is for EWEB staff to disinfect new main extensions prior to connecting into EWEB system. Once connected, flow tests are completed for all fire hydrants. The current and proposed rates are shown below in Table 7. The disinfection cost was previously charged per foot, but it was determined that this is more appropriate as a lump sum charge.

**Table 7: Current and Proposed Disinfectant and Hydrant Testing Fee**

	Current	Proposed
Disinfection Cost	\$1,250	\$1,300
Cost of Hydrant Test	\$500	\$500

The Inspection and Permit Fee is for EWEB staff to provide periodic inspection of new main extension and witness all pressure tests for new systems. EWEB also obtains the City Permits.

**Table 8: Current and Proposed Inspection and Permit Fee**

	Current	Proposed
Cost per Foot (Inspection)	\$3 per foot	\$3 per foot
Pressure Test	\$320	\$330
Permit Cost	Calculated by City	

In the past year there were 5 customers requesting to connect to the water system and charged under various fees and charges included in this tariff. This represented approximately \$70,000 in revenue for the water utility.

The proposed redline for the Customer Service Policy will be provided at the June Board meeting.

## Attachment 6

### Traffic Signals / Beacon Lights

The City of Eugene and EWEB track the installation of traffic control devices and the wattage associated with each device. These accounts are not metered individually and rely on fixed wattage assumptions. Therefore, the basic charge is adjusted to remove the meter, meter reading, and meter maintenance costs.

The last update to these rates was in 2024 and therefore the compound annual growth rate is presented for reference.

***Table 9: Current and Proposed Traffic Signal and Beacon Light Rates***

Customer Type	Current Rate	Proposed Rate	Change
Basic Charge	\$28.75	\$28.18	-2%
Energy Charge	\$0.08048	\$0.0818	2%

There are just under 350 locations and EWEB collects approximately \$35,000 of revenue annually.