



# 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: August 27, 2025

SUBJECT: Bonneville Power Administration Power Cost Adjustment

OBJECTIVE: Information

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## Issue

As part of Bonneville Power Administration's (BPA) regular rate-setting cycle, previously discussed with the Board, BPA is adjusting rates and charges effective October 1, 2025. EWEB will be implementing the BPA Power Cost Adjustment provision in Customer Service Policies, Retail Power Contracts, and Board Policy SD10 Power Cost Recovery Policy to reflect the increase in BPA costs effective November 1, 2025. Although originally projected to average 4.0%, the actual increase will average 3.4% across all classes, 2.7% for residential customers.

## Background

In late 2024, as part of EWEB's normal budget process, EWEB announced a two-part electricity rate adjustment for 2025:

- February 2025 - A 7.7% increase to residential electric rates to support EWEB's operational needs and capital investments.
- October 2025 - A separate BPA pass-through adjustment, originally projected at 4%, to reflect BPA's updated wholesale rates.

EWEB intentionally separated these changes rather than bundling them together to provide clarity about the drivers behind each rate adjustment and to lessen the immediate financial impact on customers through a phased approach.

On July 24, 2025, BPA released the Administrator's Final Record of Decision, BP 26-A-01 for BP-26 Rate Case Proceeding, including Appendix D: Power Rate Schedules and General Rate Schedules<sup>1</sup> and Appendix E: Transmission Rate Schedules and General Rate Provisions<sup>2</sup>. BPA's final rates reflect a series of settlements among rate case parties and BPA staff, resulting in increases that are lower than

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<sup>1</sup><https://www.bpa.gov/-/media/Aep/rates-tariff/bp-26/Final-Proposal/Appendix-DFinal-Proposal-Power-Rate-Schedules-and-GRSPsBP26A01AP01.pdf>

<sup>2</sup><https://www.bpa.gov/-/media/Aep/rates-tariff/bp-26/Final-Proposal/Appendix-EFinal-Proposal-Transmission-Rate-Schedules-and-GRSPsBP26A01AP02.pdf>

those initially projected. These rates continue to support necessary investments in the federal power and transmission systems.

## Discussion

BPA's new rates effect its customers differently, depending on the types of power and transmission services they buy. For Priority Firm Tier 1 power, the BPA overall average increase is 8.9% while for transmission services, the average increase across all products is 19.9%.

EWEB Customer Service Policies and retail power supply contracts contain a BPA Power Cost Adjustment. This means that when BPA changes prices, we pass those changes on to our customers. The amount is calculated by dividing the total BPA cost change by the number of kilowatt-hours we expect to sell in the period.

For the BP-26 rate case, EWEB's costs will increase by \$5.5 million, or 9%, for power including both BPA's rate changes and EWEB's increased allocation of BPA Priority Firm Tier 1 power to replace generation from the retired Leaburg hydro plant. Transmission costs will go up by \$1.5 million, or 16%. Together, this represents an increase of \$7 million in costs, which **equates to 3.4% for EWEB customers overall.**

EWEB expects to sell about 2.34 billion kilowatt hours of electricity during the 2025-26 fiscal year. Dividing the \$7 million revenue requirement by that amount results in a BPA cost adjustment of 0.0378 cents per kilowatt-hour.

	<b>FY 2025/26</b>
Amount to be recovered	\$7,047,456
Kilowatt Hour Sales	2,339,035,160
<b>Dollars / MWH</b>	<b>\$3.57</b>
<b>CILT Adjusted (in MWHs)</b>	<b>\$3.78</b>
<b>In kilowatt-hours</b>	<b>\$0.00378</b>

The BPA Power Cost Adjustment will affect customer classes differently, and customers within each class will see varying impacts depending on usage patterns. The table below illustrates the overall class average impact of the BPA pass-through.

	<b>Class Average (Cost of Service / MWH)</b>	<b>Rate Impact</b>
Residential	\$140.68	2.7%
Small General Service	\$151.03	2.5%
Medium General Service	\$107.56	3.5%
Large General Service	\$91.47	4.1%
Street Lighting	\$200.81	1.9%
Private Lighting	\$246.90	1.5%
Contracts	\$55.07	6.9%

<b>Overall Weighted Average of Rate Impact</b>	<b>\$112.70</b>	<b>3.4%</b>
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As previously communicated, EWEB plans to implement the BPA Power Cost Adjustment in October 2025. When first announced, the pass-through was projected at 4.0%, so the actual 2.7% for residential customers represents a smaller impact than anticipated.

According to Board Policy SD10 Cost Recovery Policy, *(E)lectric rates may be automatically adjusted for up to 12 months to reflect a future variance in projected power costs due to changes in Bonneville Power Administration (BPA) wholesale rates.* While EWEB has, in recent years, deferred the pass-through and absorbed BPA cost increases with our annual budget and February rate change process, the size of the current BPA increase, along with cash reserve projections near target levels, support implementing the adjustment separately in October. This approach also enhances transparency by clearly distinguishing BPA-driven cost factors from other operational and capital needs.

#### Customer Communication

EWEB has an established communication plan to keep customers informed about the October 2025 BPA Power Cost Adjustment. Throughout the 2025 budget and rate-setting process, we communicated that a BPA pass-through would occur in October, originally estimated at 4% for residential customers. We are now updating that message to reflect the smaller 2.7% impact for residential customers.

EWEB's outreach—via bill messaging, newsletters, our website, and other channels—will highlight this lower-than-anticipated adjustment, explain the factors behind it, and reaffirm our commitment to transparency.

#### **Recommendation**

The BPA Power Cost Adjustment serves as an interim pass-through of direct BPA costs for up to 12 months. Staff recommend that these costs be incorporated into the December rate action for permanent inclusion in EWEB's retail rates effective February 2026.

#### **Requested Board Action**

No action is requested at this time.



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

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TO: Commissioners Barofsky, Schlossberg, Brown, Carlson, and Morris  
FROM: Julie McGaughey, Chief Customer Officer; Danielle Wright, Customer Operations Manager  
DATE: August 27<sup>th</sup>, 2025  
SUBJECT: Intergovernmental Agreement with City of Eugene for Billing Services  
OBJECTIVE: Information only

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## Issue

The Eugene Water & Electric Board (EWEB) and the City of Eugene (City) are updating the Intergovernmental Agreement (IGA) for utility billing services. The current agreement will expire in October 2025.

## Background

The current IGA was approved in 2020. As part of the renewal process, staff from both organizations are reviewing the agreement, with updates focused on improving clarity and adding specificity throughout. Additionally, the methodology to allocate costs to the city is under revision. Although annual Consumer Price Index (CPI) updates were applied to the per bill fee, the allocation methodology has not been updated since the 2020 IGA.

## Discussion

### ***Key Revisions to the IGA***

Staff have focused the edits on improving clarity and adding specificity throughout the agreement. The notable proposed additions and revisions include:

- **Public Communications** - A new section has been added to better define the roles and responsibilities related to billing newsletters and rate change notices. The City will include a statement that clarifies that EWEB serves solely as the billing agent and is not responsible for establishing or adjusting City stormwater or wastewater charges in regular communications about rate adjustments.
- **Cost Responsibility for System Participation** - Language has been added to specify that the City may be responsible for incremental costs associated with participation in billing system training, upgrades, or design modifications, particularly when such changes are requested by or implemented exclusively for the benefit of the City.
- **User Access to Billing Systems (Clarified)** - The proposed agreement now includes detailed provisions regarding City personnel access to EWEB's Customer Information System (CIS). Access will be granted through least privilege, individually identified accounts for defined

business functions, and is subject to EWEB's security policies and periodic review. The City is required to notify EWEB of personnel changes within five business days to maintain account security and compliance.

### ***Proposed Fee Update***

The current per-bill fee paid by the City of Eugene is \$1.97. Under the revised agreement, the proposed rate is \$3.48 per bill. This change reflects a more comprehensive and equitable cost allocation methodology based on actual resource use and shared services. Key drivers of the proposed increase include:

- Customer Service Cost Allocation:
  - Previously, Customer Service expenses were calculated based on an estimate of direct labor for discrete phone and lobby customer transactions, amounting to \$265,000. The revised annual cost allocation (excluding merchant services) is \$1,036,000 and now includes a more complete accounting of expenses necessary to operate. The prior approach did not account for:
    - Expenses for the Billing Department, which account for 35% of all customer service costs. Staff supervision, training, leave time, and any other paid time, associated with operating a call center and lobby.
- Merchant Services:
  - Merchant Services (credit card processing) costs have historically been billed separately from the per-bill fee, with the City paying approximately \$205,000 annually. This amount has significantly underrepresented the City's actual share of these fees. The updated allocation is \$355,000, an increase of \$150,000. These costs will be included in the per-bill fee moving forward.
- Customer Care Program Allocation:
  - The City currently contributes \$132,000/year, based on a historical allocation from 2016–2017. The 2025 Customer Care budget is \$1.575 million. Using a revenue-based allocation of 19.6%, the City's updated share is \$308,700.

EWEB and City staff will continue finalizing the proposed edits. Approval of the proposed updated IGA will be requested via consent at the October 2025 Board Meeting.

### **Requested Board Action**

No action is requested at this time.