MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO:	Commissioners Carlson, Barofsky, McRae, Schlossberg, and Brown
FROM:	Deborah Hart, CFO; Aaron Balmer, AIC Financial Services Manager; Alicia Voorhees, Interim Budgets & Rates Supervisor; Janice Lee, Interim Senior Financial Analyst; Daniel Davidson, Senior Financial Analyst
DATE:	November 1, 2023
SUBJECT:	2024 Proposed Budgets and Prices
OBJECTIVE:	Direction on 2024 Budget and Price Proposals

Issue

The annual budget process is an iterative cycle with opportunities for Board direction and customer feedback. November 7th is the first of two public hearings on the 2024 proposed Electric and Water Utility budgets and price proposals. Following Board direction, final proposed budgets and prices will be prepared for the December meeting. The Board is required by statute to approve the Utility budgets prior to January 1st, and staff will seek Board approval following the second public hearing on December 5th.

Background

Current budgets include increased revenue requirements for both utilities, and the 10-year financial plan includes additional increases in subsequent years as both utilities enter a period of significant infrastructure investment. EWEB will continue to manage costs and related revenue requirement increases by benchmarking revenue requirement projections against anticipated inflation. Increases outpacing inflation are anticipated for the Water Utility as planned investments in storage and treatment facilities are needed to renew an aging system and enhance resiliency.

Staff completed a three-year Cost of Service Analysis (COSA) for each Utility in 2021, with 2024 as year three in that analysis. Current price proposals have been evaluated based on changes in the 2024 draft budgets. Allowing for price pressure from incorporating Leaburg funding plans, price changes for the Electric Utility retail customers have tracked with overall 3 year forecasts. Price changes for the Water Utility have tracked lower than overall 3 year forecasts, following direction from the Board to reduce single year pricing impacts in the Long Term Financial Plan. EWEB prepares organizational budgets annually and uses this information for each Utility's COSA. The intent of the multi-year COSA is to incorporate gradualism into specific recommendations and provide customers cost-based price signals while easing and forecasting single year impacts.

Discussion

Budgets

Proposed budgets were developed in alignment with EWEB's strategic priorities and total $471.5 million for the Water and Electric Utilities. The total proposed budgets represent a $2.1 million reduction from the 2023 budget.

The decrease is due to the following net changes:

- Water O&M costs have decreased by $4.5 million. Watershed protection efforts continue, however the 2024 budget does not factor in spending of grant funding not yet awarded.
- Capital investment for the Water Utility decreased $1.5 million.
- Water Debt Service increased $2.9 million following a bond issuance in 2023.
- Electric O&M increased $7 million due to the following:
    - Rising labor costs tied to inflationary market changes and to support strategic initiatives
    - Leaburg decommissioning activity
    - Implementing changing regulatory requirements
- The Capital budget for the Electric Utility decreased by $4.3 million following a robust investment plan in 2023.

The 2024 Electric Utility capital budget includes:

- Significant plans to perform relicensing investments at Carmen-Smith
- Substation improvements enhancing the resilient spine
- EWEB Enterprise Solutions (EES) implementation efforts to modernize legacy information systems
- Continued advanced meter infrastructure deployment, core to creating operational and consumption flexibility
- Initial phase of the Bertelsen Property Operations expansion
- Interim risk reduction measures for Leaburg stormwater conveyance and decommissioning
- Compulsory improvements to maintain and improve system reliability and safety

The 2024 Water Utility capital budget includes:

- Enhancing resiliency for base-level storage at College Hill and Shasta 975 reservoir projects
- Transmission main work to connect the East 40th water storage project to the water system as well as HQ-Knickerbocker main work
- Designing and permitting support for the Willamette Treatment Plant
- EWEB Enterprise Solutions implementation efforts to modernize our legacy information systems
- Continued advanced meter infrastructure deployment, core to creating operational and consumption flexibility
- Initial phase of the Bertelsen Property Operations expansion
- Compulsory improvements to maintain and improve system reliability and safety

At the October 3rd Board meeting, staff presented 2024 draft budgets and updated long-term financial plans developed using several assumptions. The primary assumptions for creating the proposed 2024 Budgets are outlined in Attachment 1. These are the same assumptions presented in October, and Management believes they balance financial responsibility, operational resiliency, and affordability.

<u>Pricing Changes</u>

The overall increases in the revenue requirement correspond to varying impacts among customer classes. Staff perform annual analysis to derive price proposals for each customer class using a utility COSA framework. Price proposals for each utility have been prepared and outline respective methodologies and procedures used to develop 2024 pricing schedules.

Staff used forward wholesale power market prices as the basis for updating market-based rates, such as customer generation and partial requirements services. Management is seeking approval for these market-based rates in 2024, as well. Market prices can be highly volatile and therefore annual updates allow EWEB to better manage risks associated with wholesale power markets as well as provide customers with effective rate signals for these market-based rates. Forward market prices increased by $3/MWh year-over-year.

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

Affordability

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

Analysis Year	2017	2018	2019	2020	2021	2022	2023
% MHI	4.06%	3.87%	3.71%	3.59%	3.65%	3.53%	3.48%

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

Recommendation

Management recommends the Board direct staff to:

1) Propose 2024 budgets using the assumptions set forth in this document
2) Propose updates to the Customer Service Policy, Appendix B – Electric Service Charges and Prices to modify retail service rates, Customer Generation Rates, and Partial Requirements Service Pricing for new wholesale market price forecast
3) Propose updates to the Customer Service Policy, Appendix C – Water Service Charges and Prices to modify retail service rates, Pumping and Delivery Charges Above the Base (Elevation), Surplus and Wholesale Water Sales Prices
4) Propose updates to the Environmental Product Lines, Appendix G – Cleanpower and Carbon Offsets

Requested Board Action

Management is not requesting Board action at the November 7th meeting; however, Management is requesting the Board provide clear direction on the recommendations. At the December 5th Board meeting, after the public hearing, Management will request approval of the proposed 2024 Budgets and pricing updates for the Electric and Water Utilities.

Attachment 1 – 2024 Key Budget Assumptions
Attachment 2 – Median Household Income (MHI) %
Attachment 3 – Average Bill Comparison
Attachment 4 – 2024 Proposed Budget Document
Attachment 5 – 2024 Electric Price Proposal
Attachment 6 – 2024 Water Price Proposal

Attachment 1

2024 Key Budget Assumptions

Both Utilities

- Non-Labor O&M Escalation – 2024 is escalated at 3.0%
- Labor Cost Escalation – fully loaded costs indexed to a combination of inflation factors and expected labor market comparators and benefit cost escalations. IBEW employee wages are escalated according to the Collective Bargaining Agreement
- Capital Escalation – 2024 is escalated at 5% inflation
- 5% interest rate on borrowing
- Customer Care funding of $1.3 million, an increase of $100,000 from 2023 budget levels based on EWEB's Utility-Burden Assistance Calculation

Electric

- Retail load approximately 2.3 million MWh's, roughly the same as 2023 budget. Forecast for 2024 includes electrification load of approximately 14,000 MWh's
- Contribution margin risk tolerance of $14.3 million
- $83/MWh melded mid-market price curve in 2024
- Environmental Commodities represent roughly $4 million of wholesale revenue in 2024
- Rate increase for Leaburg funding and project costs are included in 2024
- $64 million Bond issuance with $24 million of proceeds supporting capital investments in 2024
- Use of $9 million in Rate Stabilization funds for capital investments

Water

- Consumption of approximately 7.8 million kgal
- Contribution margin risk tolerance of $1.2 million in 2024
- System Development Charge reserve draw of $910 thousand for debt service payments in 2024
- Includes watershed recovery fee funding and expenditure. Though grant revenues are anticipated to fund watershed efforts, grants not yet awarded are not modeled as revenue sources

Attachment 2

Background

The source of each comparator's Median Household Income (MHI) is from the United States Census Bureau website. The methodology uses the following data:

1. Monthly water and electric bill at average residential consumption
2. Annual bill at same level of use
3. Median household income (in 2021 dollars)

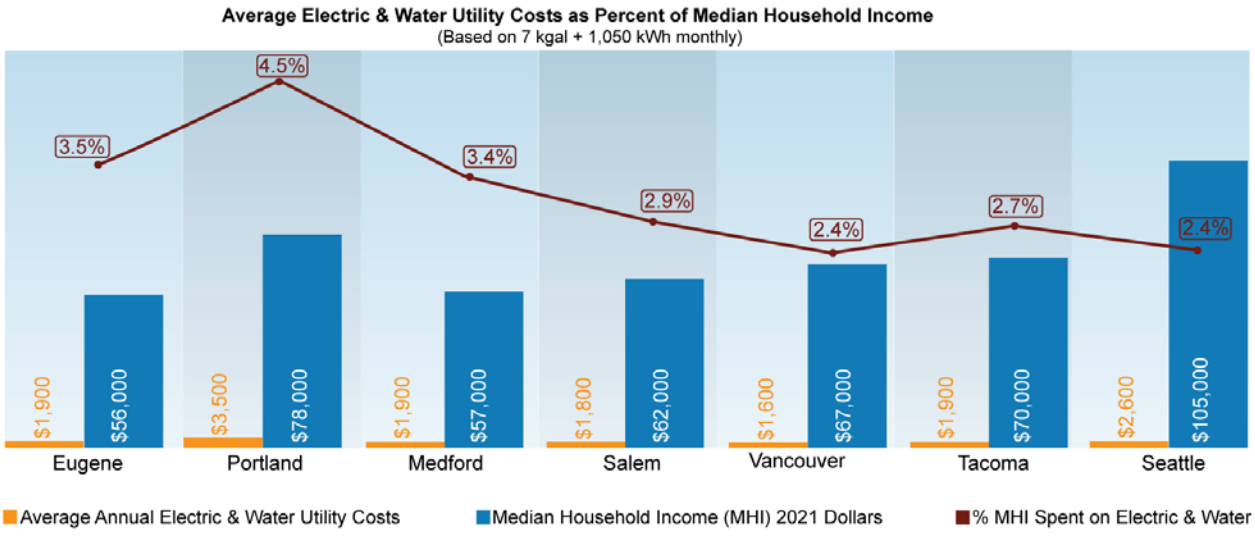
Currently there is no national standard for what affordable percent (%) of MHI value is or is not.

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

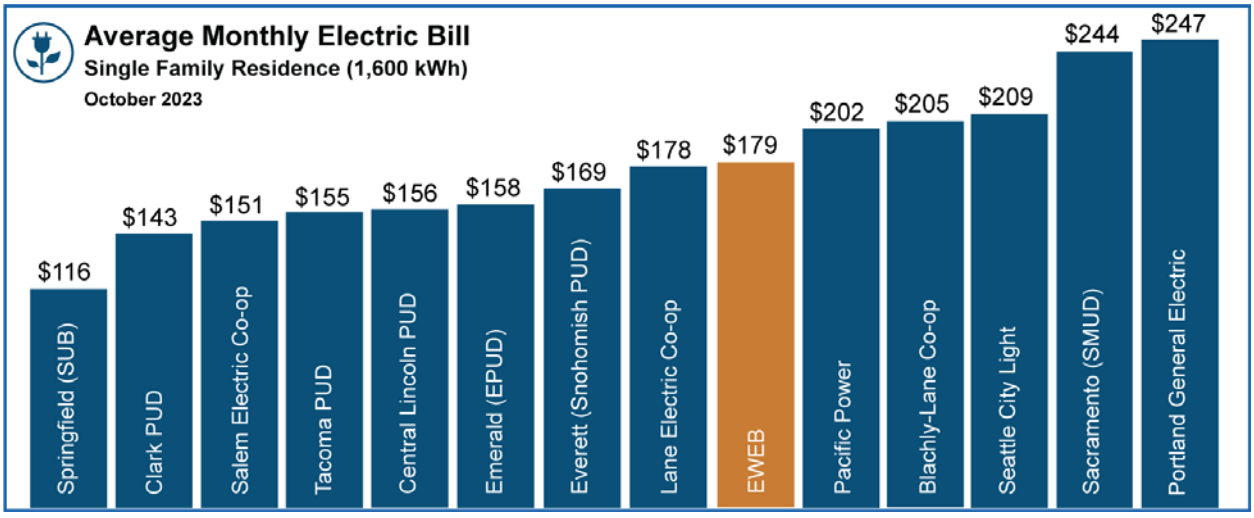
To address the limited income customer-owner bill impact, EWEB has maintained a Customer Care program for many years that provides assistance for bill payment and weatherization programs.

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

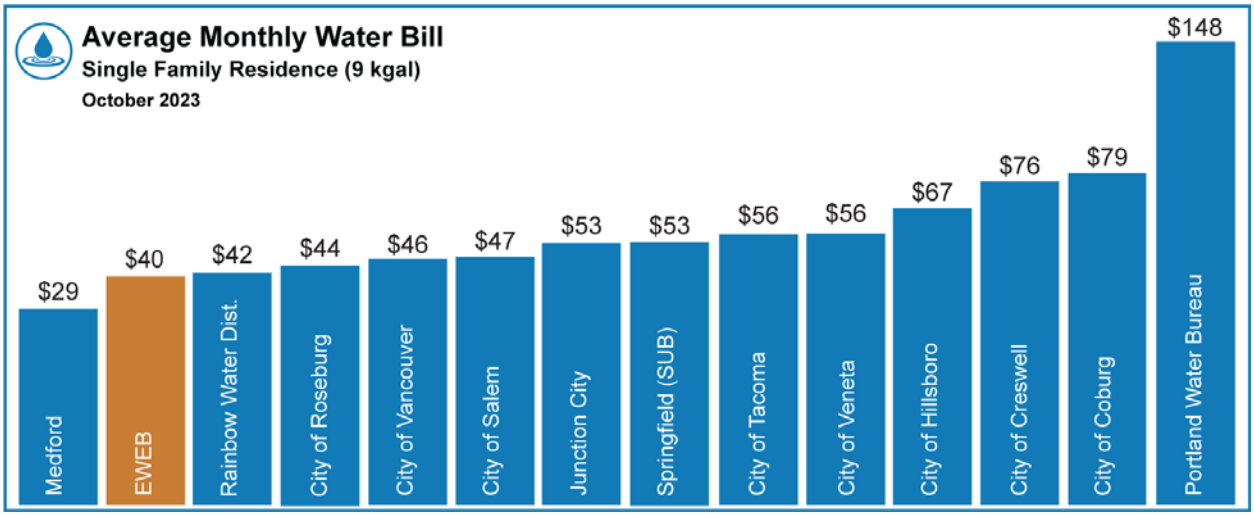
Findings



Attachment 3



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



EWEB

Fiscal Year 2024

Proposed Annual Budget

Rely on us.

Board of Commissioners

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LETTER TO THE BOARD OF COMMISSIONERS

Board of Commissioners,

The 2024 Eugene Water & Electric Board Operations & Maintenance (O&M) and Capital & Debt Service budgets are submitted for your consideration and direction. The combined total for both Utilities is $471.5 million, representing a decrease of 0.4% compared to the 2023 budget. Individual utility budgets are $400.3 million for the Electric Utility and $71.2 million for the Water Utility. Both Utilities' have increases in the overall revenue requirement and consequently, price increases are proposed among customer classes.

Financial planning is a means of targeting EWEB's strategic direction to *Foster Customer Confidence, Position for Flexibility,* and *Resilient Delivery.* Organizational values are also modeled through the allocation of resources in the proposed budgets for 2024.

Safe — Through best practice methods and continuous improvement, we prioritize employee and community safety. Our budget reflects investments in providing clean, healthy water, safeguarding the community during power outages, and preparing for emergencies.

Reliable — The electric grid and drinking water systems our customers rely on everyday are threatened by aging infrastructure, natural disasters, and climate change. Our budget reflects necessary investments to provide constant, reliable power and water under both normal operating conditions and disruptive events.

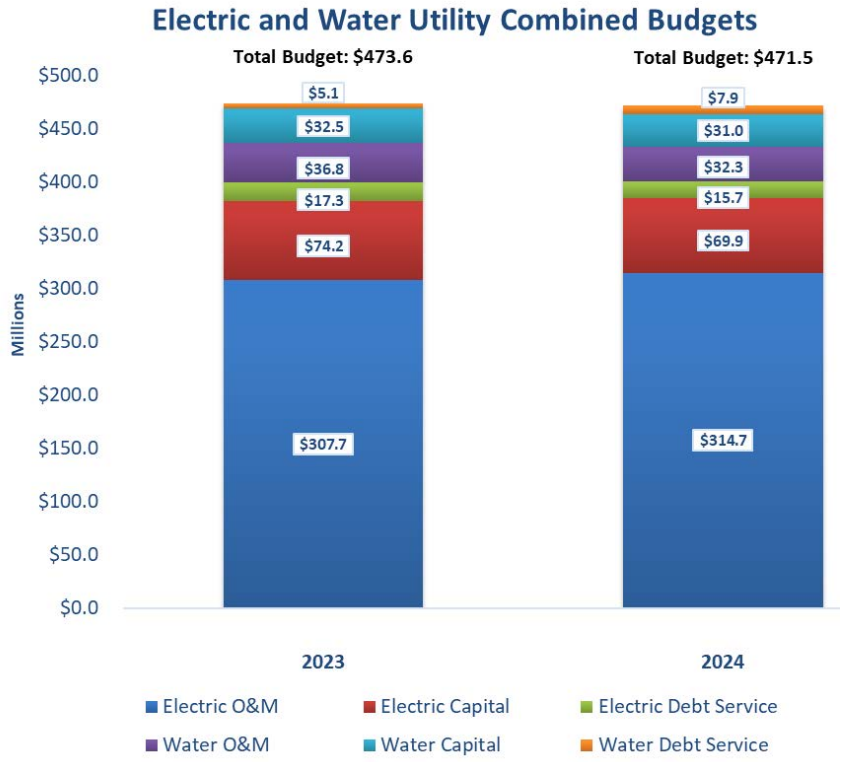
Affordable — We understand the economic pressures facing so many customers and we work hard to control costs and operate as efficiently as possible.

Environmental — Our environmentally-conscious community wants us to provide clean, renewable energy and to protect our watersheds. We continue to offer comprehensive energy and water efficiency incentives along with voluntary programs to help customers reduce greenhouse gas emissions and finance projects that benefit the environment.

Community — We transfer a portion of revenues to local schools, programs to support limited income customers, and the Cities of Eugene and Springfield General Funds to help pay for services such as police, fire, and parks.

EWEB continues to be a strong community partner as evidenced by its Community Care Program, which seeks to mitigate the utility burden of annual average water and electric expenses for at least 5% of the residential customer base. EWEB also provides $450,000 annually in grants to local schools and $230,000 annually for green power and solar programs. In addition, incentive programs to encourage electrification of the transportation sector as well as building heating and cooling systems continue with additional resources proposed in 2024.

The following chart depicts the combined Electric and Water budgets for 2023 and 2024.



ELECTRIC UTILITY

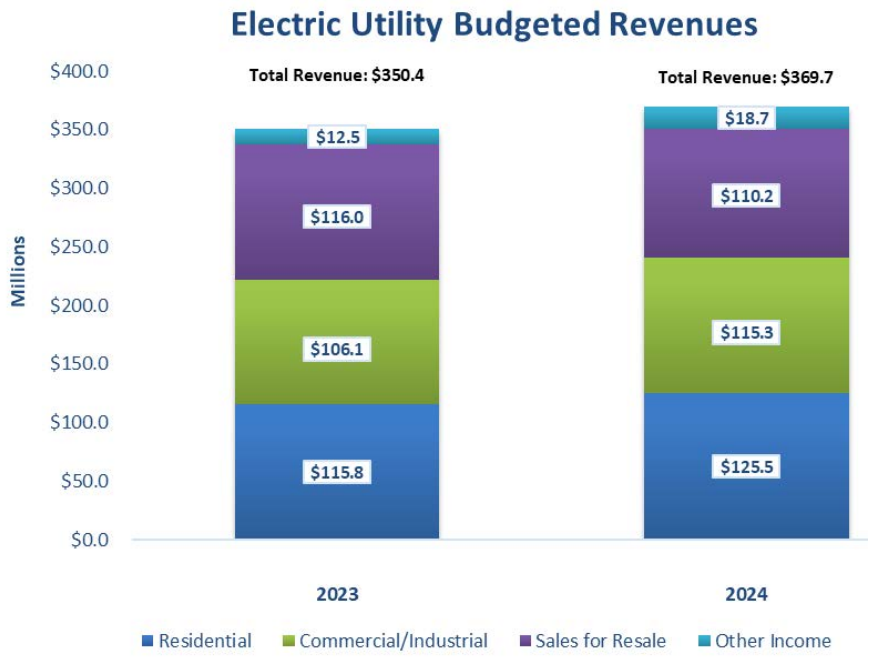
Overview and Revenue

The Electric Utility faces challenges related to evolving retail demand patterns, infrastructure investment and replacement needs, and volatile power markets in which it buys and sells energy. To navigate these challenges EWEB has invested in energy efficiency and electrification incentive programs, employed conservative demand and hydro assumptions, increased capital budgets for aging infrastructure replacement, and continued an active hedging and risk management program to mitigate market risk.

For the 2024 Budgets, electric retail load increased 1.5% relative to 2023. The 2024 budget assumes a contribution margin risk tolerance of $14.3 million, which protects the Utility against revenue declines beyond its control. Given its surplus power position, EWEB has a strong hedging program designed to protect the Utility from falling wholesale prices and budget impacts. In recent years, extreme weather events have led to changing demand for electricity. Summer temperatures have consistently exceeded historical conditions and cooling loads have approached winter peaks. These weather patterns also affect hydroelectric generation. Wholesale revenue decreased by $5.8 million between 2023 and 2024. The decrease is due to lower budgeted volumes and consistent wholesale market price assumptions year-over-year.

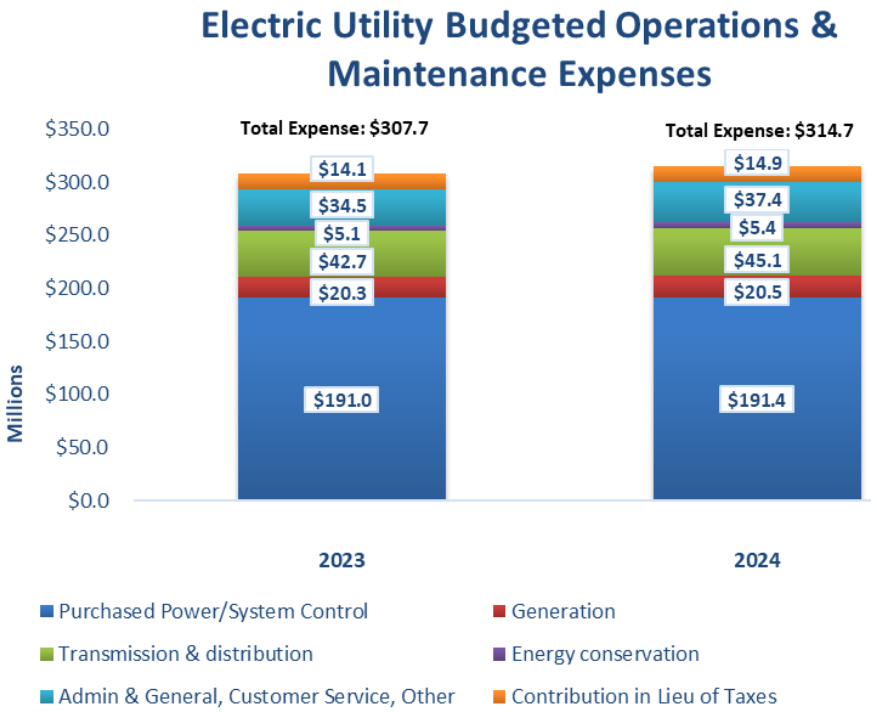
In the future, as EWEB continues to assist customers with achieving their greenhouse gas (GHG) emission reduction goals as directed by EWEB's Climate Change Policy, there will likely be impacts on retail demand for electricity. Long-term conservation, energy efficiency, and demand-response goals are established as part of the Utility's Integrated Resource Planning (IRP) process, and EWEB will continue to monitor the impacts on peak demand and energy sales.

The following chart presents the Electric 2023 and 2024 revenue budgets.



Operations & Maintenance Budget

The 2024 Electric O&M budget is $314.7 million compared to the 2023 O&M budget of $307.7 million. The budget for purchased power and system control expense represents the majority of costs and remained relatively flat year over year. Increases in other operational areas are driven by labor market changes and increases supporting strategic initiatives. The O&M budget projects a $7.1 million deposit to reserves, while the Capital budget anticipates a $33.6 million draw on reserves including use of bond proceeds. The following chart presents the Electric 2023 and 2024 O&M expense budgets.



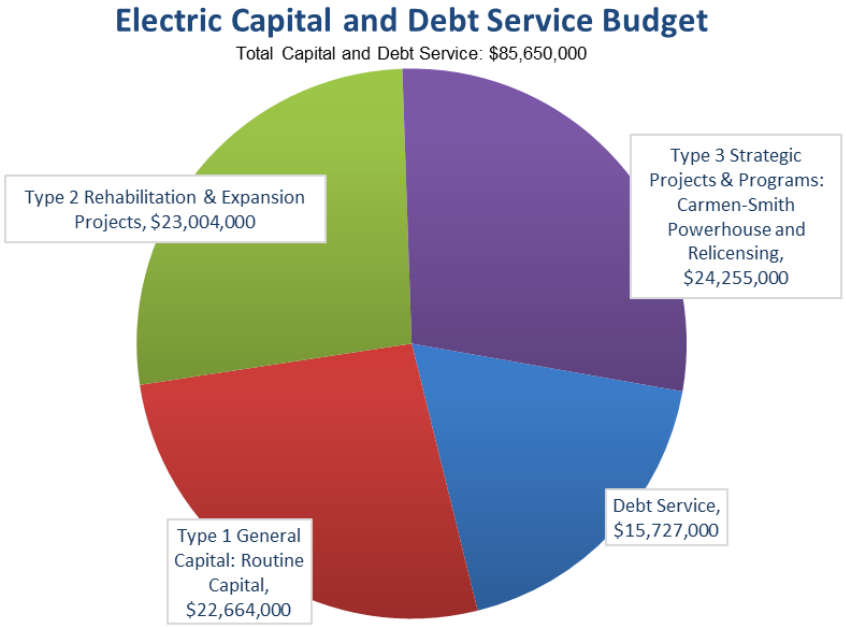
Capital and Debt Service Budget

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

Following a robust investment plan in 2023, the Electric Capital & Debt Service budget of $85.6 million is $5.8 million lower. $32.1 million of the 2024 capital work is funded with electric retail revenue, which is an increase from $19.8 million funded from retail revenue in 2023. Additional detail on the capital budget is included in Attachment 1.

The 2024 budget includes $15.7 million to service existing debt and plans for a $64 million bond issuance to support capital projects through the next few years. The overall debt amount following the additional borrowing would be approximately $240 million in principal at the end of 2024.

The following chart details the budget by type of cost.

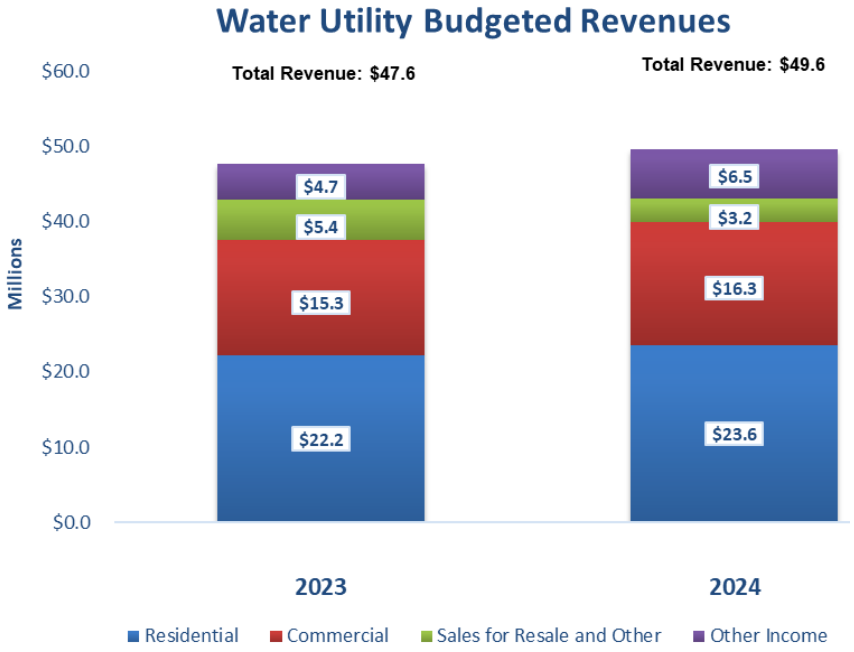


WATER UTILITY

Overview and Revenue

The Water Utility faces challenges such as, replacement of aging infrastructure, water source protection, and developing a second source water treatment facility.

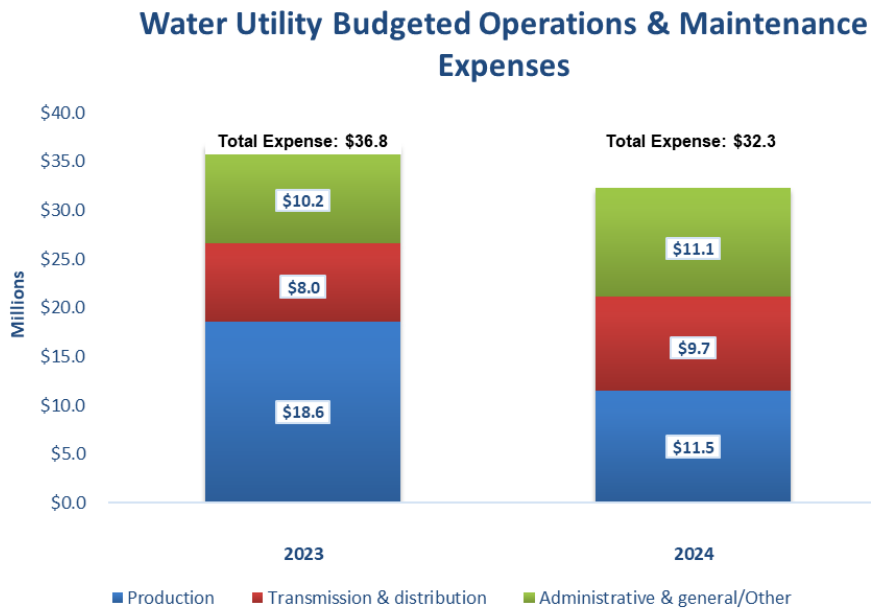
2024 budgeted sales are 7.8 billion gallons, which is 0.6% lower than was budgeted in 2023. The sales forecast assumes 95% of historical 5-year average Water consumption for the first five years, resulting in a contribution margin risk tolerance of approximately $1.2 million in 2024. Residential revenue makes up 48% of the Water Utility's total revenues, while 33% is from commercial.



Operations & Maintenance Budget

The 2024 Water Utility O&M budget is $32.3 million compared to $36.8 million in 2023. The budget assumes $2.4 million for Watershed Recovery work, to be funded by Watershed Restoration Fee revenues.

The O&M budget projects a $5.4 million deposit to reserves, while the Capital budget projects a draw of $24.6 million draw on reserves including use of bond proceeds. The 2024 budget does not include potential funding from grants not yet awarded to support watershed restoration projects. Changes in production budgets are due to the reduced watershed restoration spending levels. In the event project grants are secured, a budget amendment would be proposed to the Board to accommodate increased spending. Increases in other categories are driven by changes in labor. The following chart compares the 2024 and 2023 Water Utility Operations & Maintenance budgets.



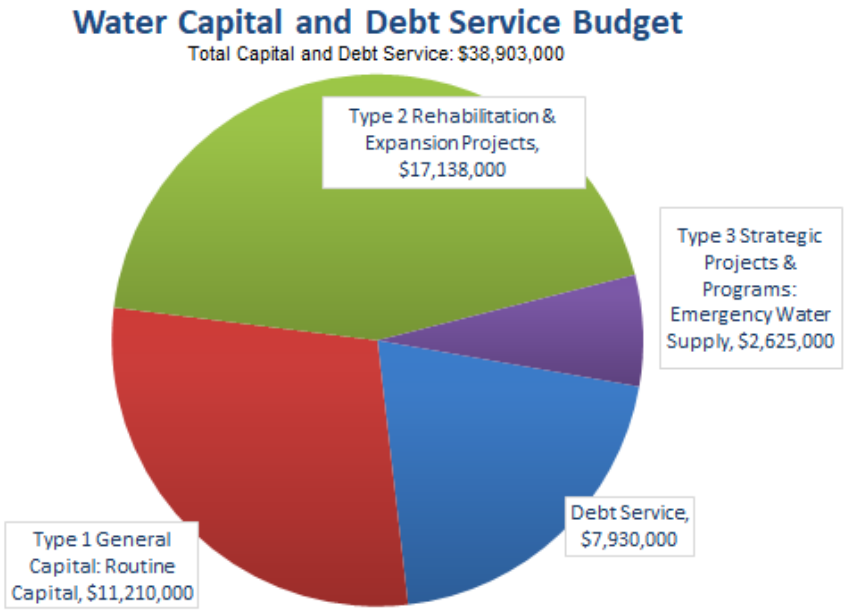
Capital and Debt Service Budget

The Water Utility's investment priority is in base level storage and in-town transmission infrastructure. The East 40th storage project is planned for completion in 2023 with final earthwork and landscaping

continuing into 2024. Additional base level storage facilities, such as College Hill, will be renewed in coming years. In addition, 2024 budgets incorporate plans for EWEB to continue design and permitting efforts for construction of a treatment plant on the Willamette River.

The Water Capital & Debt Service budget of $38.9 million reflects a $1.4 million increase from the 2023 budget. Depending on the type of project, funding is through water retail prices, customer contributions, or bonds.

The 2024 budget includes $7.9 million to service existing debt. The overall principal debt amount will be approximately $95 million at the end of 2024.



The 2024 budgets position both the Electric and Water Utilities to maintain their financial resiliency and flexibility. EWEB faces the challenge of effectively planning and operating in an environment of a changing climate, new technology, developing markets, political and regulatory flux, natural and human-caused threats, and evolving community expectations. In this environment, we need to embed resiliency into all of our operations, processes and decision making – from how we upgrade aging infrastructure, to planning for our community's energy future, and transforming the technology and programs that build customer trust and enable operational consumption flexibility. I am pleased how EWEB has rallied around this focus, and I want to thank EWEB management, staff, and Commissioners for their assistance in helping EWEB achieve its mission "to enhance our community's vitality by delivering drinking water and electric services consistent with the values of our customer-owners".

Respectfully submitted,

Frank Lawson, General Manager

DID YOU KNOW?

EWEB's Source Water Protection Team led partners in a drill simulating an emergency response to an oil spill on the McKenzie River – the sole source of drinking water for 200,000 people in Eugene and Springfield. More than 40 volunteers from a dozen local, State, and Federal agencies who are part of the McKenzie Watershed Emergency Response System answered the call to join the drill. Their primary objective is to develop strategies and techniques to get oil or diesel out of the water to protect the watershed.

ATTACHMENT 1

2024 PROPOSED BUDGET

DID YOU KNOW?

EWEB sold the former headquarters located at 500 East Fourth Avenue to the City of Eugene in 2023. The Eugene City Council plans on utilizing the riverfront property as a new location for its city hall. EWEB will maintain a small customer service center on the site.

EUGENE WATER & ELECTRIC BOARD
ELECTRIC UTILITY OPERATIONS & MAINTENANCE BUDGET AND REVENUE REQUIREMENTS
2024 PROPOSED BUDGET COMPARED WITH 2023 ADOPTED BUDGET AND 2022 ACTUAL

	2024 Proposed Budget		2023 Adopted Budget		2022 Actual		
	MWH	Revenue and Expense	MWH	Revenue and Expense	MWH	Revenue and Expense	
Residential	970,000	$ 125,450,000	947,000	$ 115,789,000	985,000	$ 115,117,000	
Commercial	873,000	90,281,000	862,000	84,930,000	864,000	82,281,000	
Industrial	490,000	25,023,000	490,000	21,137,000	501,000	24,884,000	
Retail sales	2,333,000	240,754,000	2,299,000	221,856,000	2,350,000	222,282,000	
Wholesale sales	1,351,000	110,202,000	1,582,000	116,018,000	1,620,000	91,193,000	
Other Operating Revenues		9,991,000		9,346,000		13,725,000	
	3,684,000	360,947,000	3,881,000	347,220,000	3,970,000	327,200,000	
Other revenue		1,857,000		1,602,000		3,737,000	
Interest earnings		6,850,000		1,557,000		(1,023,000)	
Non-operating revenues		8,707,000		3,159,000		2,714,000	
Total revenues		369,654,000		350,379,000		329,914,000	
Purchased Power		184,937,000		185,698,000		164,546,000	
System control		6,438,000		5,277,000		4,546,000	
Generation		20,497,000		20,294,000		17,012,000	
Wheeling		12,840,000		12,795,000		12,976,000	
Transmission & distribution		32,365,000		29,963,000		26,746,000	
Customer accounting		9,973,000		8,783,000		9,185,000	
Energy conservation		6,972,000		6,521,000		4,853,000	
Administrative & general		28,459,000		27,086,000		26,185,000	
Operating expenses		302,481,000		296,417,000		266,049,000	
Contributions in lieu of taxes		14,851,000		14,138,000		13,463,000	
Change in balance sheet accounts/ other expenses		(2,650,000)		(2,811,000)		51,612,000	[1]
Non-operating expenses		12,201,000		11,327,000		65,075,000	
Total operations and maintenance expenses		314,682,000		307,744,000		331,124,000	
Rate funded capital		32,100,000		19,803,000			
Rate funded debt service		15,727,000		17,273,000			
Total rate funded capital related expenses		47,827,000		37,076,000			
Total rate funded expenses		362,509,000		344,820,000			
Revenues over/(under) expenses		$ 7,145,000		$ 5,559,000			
Deposit to Leaburg Reserve		4,200,000		-			
Deposit to Unrestricted Reserves		2,945,000	[3]	5,559,000			
Net change in reserves from operations		$ 7,145,000		$ 5,559,000			
Change in Net Position						$ (1,210,000)	[2]

[1] Includes depreciation, other revenue deductions, interest and amortization expense, contribution in aid, and contributed plant assets
[2] Actual results are not directly comparable to budget due to a difference in accounting treatment
[3] Board will allocate working cash above target to specific designated funds after annual audit
Dollars rounded to nearest thousand.

EUGENE WATER & ELECTRIC BOARD
ELECTRIC UTILITY CAPITAL AND DEBT SERVICE BUDGET
2024 PROPOSED BUDGET COMPARED WITH 2023 ADOPTED BUDGET

	2024 Proposed Budget	2023 Adopted Budget
Funding Source by Type		
Source of Funds		
Retail Revenue	$ 32,100,000	$ 19,803,000
Draw on Rate Stabilization Reserves	9,336,000	11,629,000
Bond Proceeds (Type II & III)	24,255,000	38,661,000
Customer Contributions in Aid	3,019,000	4,001,000
Grant Funding	1,213,000	63,000
Total Source of Funds	69,923,000	74,157,000
Expenditures by Type		
Type 1- General Capital [1]		
Downtown Network	1,198,000	1,093,000
Electric Infrastructure- Generation	1,937,000	2,202,000
Electric Infrastructure- Substations	2,966,000	2,793,000
Electric Infrastructure- Transmission & Distribution	8,561,000	9,698,000
Electric Meters	-	525,000
General Plant- Information Technology	4,039,000	4,656,000
General Plant- Buildings & Land	233,000	359,000
General Plant- Fleet	2,790,000	1,486,000
Telecommunications	940,000	992,000
Total Type 1	22,664,000	23,804,000
Type 2- Rehabilitation & Expansion Projects [2]		
General Plant- Buildings & Land	5,270,000	2,593,000
Resiliency	3,717,000	12,075,000
Information Technology	9,006,000	2,866,000
Electric Infrastructure- Generation	1,050,000	3,629,000
Electric Meters	3,961,000	1,594,000
Total Type 2	23,004,000	22,757,000
Type 3- Strategic Projects & Programs [3]		
Carmen Smith Relicensing	24,255,000	27,596,000
Total Type 3	24,255,000	27,596,000
Total Electric Capital Budget	69,923,000	74,157,000
Rate Funded Debt Service	15,727,000	17,273,000
Total Electric Capital and Debt Service Budget	$ 85,650,000	$ 91,430,000

[1] Type 1 capital is routine capital work for projects totaling less than $1 million and is primarily funded with rates and customer contributions

[2] Type 2 capital projects are discrete, with a defined completion period, and lifetime expenditures over $1 million. Depending on the project, this work may be funded with rates, customer contributions, or bond funds

[3] Type 3 capital projects are large strategic programs with long-term impacts, and are generally bond funded

Dollars rounded to the nearest thousand

EUGENE WATER & ELECTRIC BOARD
WATER UTILITY OPERATIONS & MAINTENANCE BUDGET AND REVENUE REQUIREMENTS
2024 PROPOSED BUDGET COMPARED WITH 2023 ADOPTED BUDGET AND 2022 ACTUAL

	2024 Proposed Budget		2023 Adopted Budget		2022 Actual		
	Gal (000)	Revenue and Expense	Gal (000)	Revenue and Expense	Gal (000)	Revenue and Expense	
Residential	3,835,000	$ 23,556,000	3,858,000	$ 22,195,000	3,771,000	$ 20,483,000	
Commercial	3,305,000	16,316,000	3,316,000	15,282,000	3,423,000	15,435,000	
Sales for Resale and Other	646,000	3,214,000	656,000	5,392,000	630,000	8,144,000	
Operating revenues	7,786,000	43,086,000	7,830,000	42,869,000	7,824,000	44,062,000	
Other revenue		3,999,000		4,412,000		1,745,000	
Interest income		2,541,000		330,000		(425,000)	
Non-operating revenues		6,540,000		4,742,000		1,320,000	
Total revenues		49,626,000		47,611,000		45,382,000	
Production		11,520,000		18,580,000		12,909,000	
Transmission & distribution		9,687,000		8,040,000		7,756,000	
Customer accounting		3,000,000		2,699,000		1,845,000	
Conservation		933,000		841,000		581,000	
Administrative & general		7,590,000		6,991,000		4,929,000	
Operating expenses		32,730,000		37,151,000		28,020,000	
Change in balance sheet accounts/ other expenses		(408,000)		(386,000)		8,424,000	1
Non-operating expenses		(408,000)		(386,000)		8,424,000	
Total operations and maintenance expenses		32,322,000		36,765,000		36,444,000	
Rate funded capital		4,928,000		12,267,000			
Rate funded debt service		7,020,000		4,355,000			
Total rate funded capital related expenses		11,948,000		16,622,000			
Total rate funded expenses		44,270,000		53,387,000			
Revenues over expenses		$ 5,356,000		$ (5,776,000)			
Deposit to Unrestricted Reserves		4,406,000		1,204,000			
Deposit/(Draw) on Rate Stabilization Fund		950,000		(6,980,000)			
Net change in reserves from operations		$ 5,356,000		$ (5,776,000)			
Change in Net Position						$ 8,938,000	2

1. Includes depreciation, other revenue deductions, interest and amortization expense, contribution in aid, and contributed plant assets
2. Actual results are not directly comparable to budget due to a difference in accounting treatment

Dollars rounded to nearest thousand.

EUGENE WATER & ELECTRIC BOARD
WATER UTILITY CAPITAL AND DEBT SERVICE BUDGET
2024 PROPOSED BUDGET COMPARED WITH 2023 ADOPTED BUDGET

	2024 Proposed Budget	2023 Adopted Budget
Funding Source by Type		
Source of Funds		
Retail Revenue	$ 4,928,000	$ 12,267,000
Draw on Capital Reserve	350,000	5,270,000
Draw on Rate Stabilization Reserves	7,320,000	-
Draw on AWS Reserve	1,625,000	1,050,000
Bond Proceeds	15,294,000	12,600,000
Customer Contributions in Aid	1,166,000	1,166,000
System Development Charges, Improvements	290,000	115,000
Total Source of Funds	30,973,000	32,468,000
Expenditures by Type		
Type 1 - General Capital [1]		
Source - Water Intakes & Filtration Plant	1,075,000	1,359,000
Distribution & Pipe Services	4,852,000	6,385,000
Distribution Facilities	3,290,000	1,365,000
Information Technology	1,070,000	1,134,000
Buildings, Land & Fleet	923,000	763,000
Total Type 1	11,210,000	11,006,000
Type 2- Rehabilitation & Expansion Projects [2]		
Distribution	11,760,000	16,695,000
Water Meters	1,500,000	2,000,000
Information Technology	2,844,000	905,000
Buildings, Land & Fleet	1,034,000	812,000
Total Type 2	17,138,000	20,412,000
Type 3- Strategic Projects & Programs [3]		
Willamette Water Treatment Plant	2,625,000	1,050,000
Total Type 3	2,625,000	1,050,000
Total Water Capital Budget	30,973,000	32,468,000
Rate Funded Debt Service	7,020,000	4,355,000
SDC Reimbursement Funded Debt Service	910,000	720,000
Total Water Capital and Debt Service Budget	$ 38,903,000	$ 37,543,000

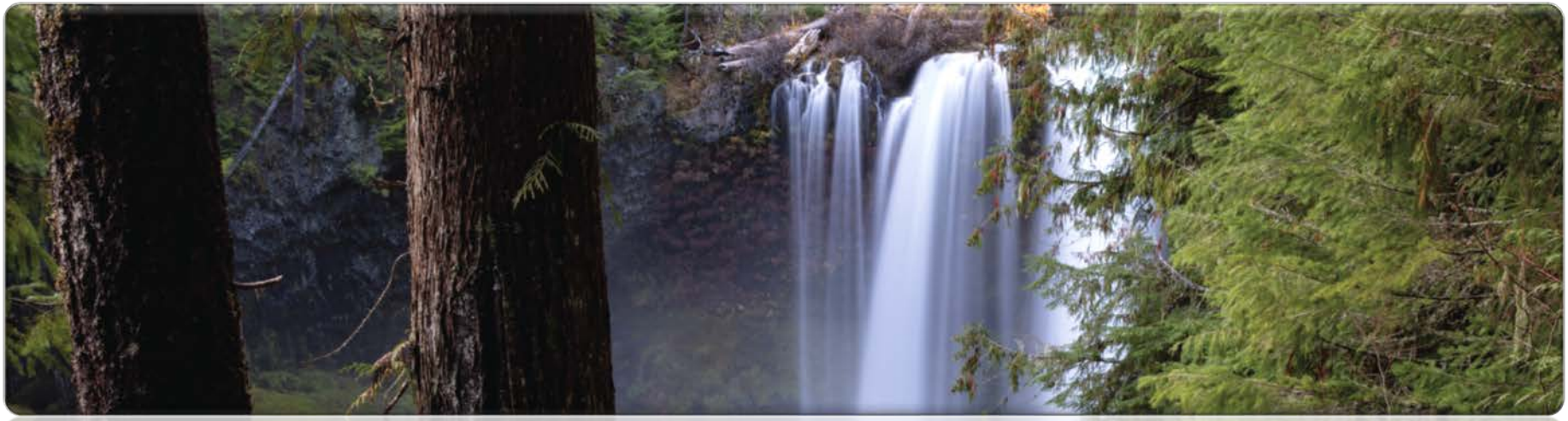
[1]Type 1 capital is routine capital work for projects totaling less than $1 million and is funded with rates and customer contributions.
[2]Type 2 capital projects are discrete, with a defined completion period, and lifetime expenditures over $1 million. Depending on the project, this work may be funded with rates, customer contributions, or bond funds.
[3]Type 3 capital projects are large strategic programs with long-term impacts, and are generally bond funded.

Dollars rounded to nearest thousand.

ATTACHMENT 2

DEPARTMENT OPERATIONS & MAINTENANCE

2024 BUDGET COMPARED TO PRIOR YEARS



DID YOU KNOW?

In 2023, EWEB published a new resource for staff, partner agencies, businesses, and the community at large to learn more about how EWEB is confronting climate change and the progress we're making to reduce emissions. It's called the EWEB Climate Guidebook. Specifically, the guidebook provides clarity around EWEB's climate impact, what EWEB is doing to fight climate change, and how EWEB's climate strategy fits into the City of Eugene's climate strategy. Find it at eweb.org/environment-and-climate/climate-guidebook.

Eugene Water & Electric Board – Department Operations & Maintenance Budget: Summary

	2024 Proposed Budget Dollars	2023 Adopted Budget Dollars	2022 Actual Dollars
Business Continuity	$8,231,000	$5,584,000	$4,293,000
Customer Service	17,451,000	14,525,000	12,815,000
Electric	30,074,000	28,250,000	25,234,000
Energy	223,742,000	223,565,000	198,118,000
Finance	14,650,000	13,242,000	10,689,000
General Manager	2,029,000	1,704,000	1,449,000
Information Services	14,242,000	12,335,000	12,787,000
Support Services	15,165,000	15,256,000	13,176,000
Water	20,197,000	26,135,000	20,761,000
Workforce Services	3,685,000	4,055,000	3,504,000
Total Operations and Maintenance Budget	$349,466,000	$344,651,000	$302,826,000

Note: Due to re-organization, prior year numbers have been restated for comparability. Business Continuity previously was included with the General Manager division.

Business Continuity
Operations & Maintenance Budget

	2024 Proposed Budget Dollars	2023 Adopted Budget Dollars	2022 Actual Dollars
Wages / Benefits	$4,790,000	$2,932,000	$2,169,000
Purchases			
Stores Materials and Supplies	3,000	5,000	2,000
EWEB Equipment	94,000	76,000	68,000
Materials and Supplies	107,000[1]	16,000	16,000
Technology / Office Equipment	95,000	85,000	28,000
Total Purchases	**$299,000**	**$182,000**	**$114,000**
Services			
Contract Labor	5,000	5,000	5,000
Miscellaneous Services	143,000	71,000	73,000
Professional and Technical Services	376,000[1]	119,000	198,000
Software/Hardware Maintenance and Services	16,000	40,000	25,000
Legal Services	95,000	180,000	90,000
Insurance	2,385,000[2]	2,005,000	1,608,000
Training and Travel	122,000	50,000	11,000
Total Services	**$3,142,000**	**$2,470,000**	**$2,010,000**
Total	**$8,231,000**	**$5,584,000**	**$4,293,000**

Note: Due to re-organization, prior year numbers have been restated for comparability. Business Continuity previously was included with the General Manager division.

[1] Includes employee recruitment and wellness program, cyber security, and fire mitigation initiative previously budgeted in other divisions

[2] Insurance premium increases for property, liability, and cyber security coverages

Customer Service
Operations & Maintenance Budget

	2024 Proposed Budget Dollars	2023 Adopted Budget Dollars	2022 Actual Dollars
Wages / Benefits	$9,104,000	$6,934,000	$6,604,000
Purchases			
EWEB Equipment	16,000	19,000	21,000
Materials and Supplies	7,000	17,000	4,000
Technology / Office Equipment	13,000	15,000	6,000
Total Purchases	**$36,000**	**$51,000**	**$31,000**
Services			
Conservation Measures and Incentives	3,650,000[1]	3,650,000	2,656,000
Electrification Incentive [2]	1,530,000	1,250,000	809,000
Miscellaneous Services	90,000	54,000	33,000
Professional and Technical Services	645,000[3]	316,000	201,000
Printing and Postage	43,000	48,000	7,000
Training and Travel	95,000	69,000	58,000
Grants	958,000	953,000	847,000
Limited Income Services	1,300,000	1,200,000	1,569,000[4]
Total Services	**$8,311,000**	**$7,540,000**	**$6,180,000**
Total	$17,451,000	$14,525,000	$12,815,000

[1] Conservation Incentives based on eligibility for reimbursement by BPA

[2] Load Growth Incentive for Transportation and Building Electrification augmented by increased Clean Fuel Credit revenue

[3] Demand side optimization study for IRP initiative

[4] Customer Care Program supplemented by customer donations

Electric
Operations & Maintenance Budget

	2024 Proposed Budget Dollars	2023 Adopted Budget Dollars	2022 Actual Dollars
Wages / Benefits	$21,270,000	$18,879,000	$16,053,000
Purchases			
Stores Materials and Supplies	689,000	547,000	739,000
EWEB Equipment	1,860,000	1,762,000	1,586,000
Maintenance and Repairs	19,000	27,000	59,000
Equipment	5,000	15,000	2,000
Materials and Supplies	413,000	405,000	449,000
Technology / Office Equipment	61,000	45,000	73,000
Total Purchases	**$3,047,000**	**$2,801,000**	**$2,908,000**
Services			
Contract Labor	26,000	170,000	19,000
Construction Agreements	4,211,000	4,781,000[1]	4,353,000
Miscellaneous Services	140,000	189,000	199,000
Professional and Technical Services	734,000[2]	838,000[2]	371,000
Software/Hardware Maintenance and Services	70,000	14,000	58,000
Property Rent	15,000	5,000	15,000
Legal Services	2,000	2,000	855,000[3]
Fees and Licenses	260,000	250,000	193,000
Training and Travel	299,000	321,000	210,000
Total Services	**$5,757,000**	**$6,570,000**	**$6,273,000**
Total	**$30,074,000**	**$28,250,000**	**$25,234,000**

[1] Single year increase in scale of services to address vegetation management work

[2] Wildfire mitigation initiative and resiliency program

[3] 2022 legal service expenses related to the Holiday Farm Fire now covered by insurance due to self-insurance limit coverage reached

Energy
Operations & Maintenance Budget

	2024 Proposed Budget Dollars	2023 Adopted Budget Dollars	2022 Actual Dollars
Wages / Benefits	$11,852,000	$10,391,000	$9,157,000
Purchases			
Stores Materials and Supplies	7,000	8,000	39,000
EWEB Equipment	690,000	574,000	497,000
Maintenance and Repairs	126,000	104,000	110,000
Equipment	44,000	40,000	23,000
Energy	185,127,000	185,893,000	164,719,000[1]
Fuels[2]	2,678,000	2,843,000	3,042,000
Materials and Supplies	241,000	301,000	244,000
Total Purchases	**$188,913,000**	**$189,763,000**	**$168,674,000**
Services			
Contract Labor	195,000	257,000	80,000
Wheeling	12,840,000	12,795,000	12,976,000
Construction Agreements	3,407,000[3]	5,200,000[4]	2,722,000
Miscellaneous Services	82,000	136,000	145,000
Professional and Technical Services	3,509,000[5]	2,801,000	2,103,000
Software/Hardware Maintenance and Services	816,000	776,000	650,000
Memberships and Dues	748,000	697,000	556,000
Legal Services	684,000[6]	105,000	122,000
Fees and Licenses	451,000	419,000	818,000[7]
Training and Travel	245,000	225,000	115,000
Total Services	**$22,977,000**	**$23,411,000**	**$20,287,000**
Total	$223,742,000	$223,565,000	$198,118,000

[1] Lower wholesale market prices
[2] Fuel cost for shared co-generation facility
[3] Reduced services for Trail Bridge remediation work that is delayed until 2025
[4] Higher contracted costs for wind and co-generation facilities and Trail Bridge sinkhole remediation
[5] Increasing due to BPA contract negotiation and organized market readiness
[6] Implementing requirements from regulatory changes to the power industry
[7] 2022 Actual higher due to the timing of renewal fees and Trail Bridge geological survey

Finance
Operations & Maintenance Budget

	2024 Proposed Budget Dollars	2023 Adopted Budget Dollars	2022 Actual Dollars
Wages / Benefits	$11,331,000	$9,762,000	$8,420,000
Purchases			
Stores Materials and Supplies	26,000	20,000	7,000
EWEB Equipment	164,000	180,000	193,000
Materials and Supplies	50,000	36,000	25,000
Technology / Office Equipment	43,000	120,000	-
Total Purchases	**$283,000**	**$356,000**	**$225,000**
Services			
Contract Labor	90,000	87,000	32,000
Miscellaneous Services	29,000	77,000	51,000
Professional and Technical Services [1]	2,121,000	2,241,000	1,522,000
Software/Hardware Maintenance and Services	40,000	7,000	8,000
Legal Services	35,000	10,000	12,000
Fees and Licenses	90,000	47,000	51,000
Training and Travel	231,000	130,000	51,000
Uncollectable Accounts	400,000	525,000	317,000
Total Services	**$3,036,000**	**$3,124,000**	**$2,044,000**
Total	$14,650,000	$13,242,000	$10,689,000

Note: Due to re-organization, prior year numbers have been restated for comparability

[1] Merchant processing and collection services fees

General Manager
Operations & Maintenance Budget

	2024 Proposed Budget Dollars	2023 Adopted Budget Dollars	2022 Actual Dollars
Wages / Benefits	$1,845,000	$1,565,000	$1,378,000
Purchases			
Materials and Supplies	21,000	20,000	5,000
Technology / Office Equipment	6,000	6,000	1,000
Total Purchases	**$27,000**	**$26,000**	**$6,000**
Services			
Miscellaneous Services	39,000	41,000	37,000
Professional and Technical Services	46,000	11,000	7,000
Training and Travel	62,000	51,000	17,000
Grants	10,000	10,000	4,000
Total Services	**$157,000**	**$113,000**	**$65,000**
Total	$2,029,000	$1,704,000	$1,449,000

Note: Due to re-organization, prior year numbers have been restated for comparability. Business Continuity previously was included with the General Manager division.

Information Services
Operations & Maintenance Budget

	2024 Proposed Budget Dollars	2023 Adopted Budget Dollars	2022 Actual Dollars
Wages / Benefits	$8,683,000	$6,885,000	$6,586,000
Purchases			
Stores Materials and Supplies	405,000	389,000	411,000
Technology / Office Equipment	510,000	221,000	1,291,000[1]
Total Purchases	**$915,000**	**$610,000**	**$1,702,000**
Services			
Contract Labor	25,000	25,000	-
Miscellaneous Services	486,000	553,000	437,000
Professional and Technical Services	608,000	503,000	1,045,000[1]
Software/Hardware Maintenance and Services	2,925,000	3,285,000[2]	2,626,000
Printing and Postage	420,000	324,000	336,000
Fees and Licenses	11,000	11,000	10,000
Training and Travel	169,000	139,000	45,000
Total Services	**$4,644,000**	**$4,840,000**	**$4,499,000**
Total	$14,242,000	$12,335,000	$12,787,000

[1] Software as a services (SaaS) contracts related to EWEB Enterprise Solutions. Some SaaS contracts will be capitalized moving forward.

[2] Anticipated increases to maintenance agreements

Support Services
Operations & Maintenance Budget

	2024 Proposed Budget Dollars	2023 Adopted Budget Dollars	2022 Actual Dollars
Wages / Benefits	$8,543,000	$8,814,000	$7,886,000
Purchases			
Stores Materials and Supplies	63,000	31,000	44,000
EWEB Equipment	1,377,000	1,342,000	1,307,000
Maintenance and Repairs	23,000	22,000	8,000
Energy	252,000[1]	477,000	485,000
Water	102,000[1]	155,000	161,000
Fuels	110,000	72,000	102,000
Vehicle Fuel and Oil	713,000	757,000	754,000
Materials and Supplies	423,000	390,000	346,000
Technology / Office Equipment	60,000	56,000	17,000
Total Purchases	**$3,123,000**	**$3,302,000**	**$3,224,000**
Services			
Construction Agreements	2,067,000[2]	1,764,000	1,022,000
Miscellaneous Services	197,000	234,000	231,000
Professional and Technical Services	482,000	468,000	299,000
Software/Hardware Maintenance and Services	110,000	105,000	94,000
Property Rent	134,000	128,000	128,000
Legal Services	90,000	90,000	56,000
Printing and Postage	17,000	17,000	12,000
Fees and Licenses	208,000	205,000	181,000
Training and Travel	194,000	129,000	43,000
Total Services	**$3,499,000**	**$3,140,000**	**$2,066,000**
Total	$15,165,000	$15,256,000	$13,176,000

Note: Due to re-organization, prior year numbers have been restated for comparability

[1] Reduced due to sale of HQ building

[2] Shift of Capital activity to Operations & Maintenance

Water
Operations & Maintenance Budget

	2024 Proposed Budget Dollars	2023 Adopted Budget Dollars	2022 Actual Dollars
Wages / Benefits	$11,050,000	$9,778,000	$9,978,000
Purchases			
Stores Materials and Supplies	285,000	300,000	416,000
EWEB Equipment	1,130,000	1,132,000	1,053,000
Maintenance and Repairs	52,000	46,000	36,000
Equipment	19,000	18,000	11,000
Energy	1,195,000	1,181,000	1,091,000
Water	18,000	22,000	17,000
Materials and Supplies	917,000	1,062,000 [1]	2,261,000
Technology / Office Equipment	44,000	42,000	28,000
Total Purchases	**$3,660,000**	**$3,803,000**	**$4,913,000**
Services			
Contract Labor	62,000	58,000	42,000
Conservation Measures and Incentives	35,000	1,220,000[2]	322,000
Construction Agreements	2,250,000	5,521,000[2]	2,231,000
Miscellaneous Services	130,000	203,000	288,000
Professional and Technical Services	2,596,000	5,078,000[1,2]	2,698,000
Software/Hardware Maintenance and Services	134,000	205,000	71,000
Printing and Postage	25,000	22,000	17,000
Fees and Licenses	109,000	119,000	116,000
Training and Travel	128,000	103,000	60,000
Grants	18,000	25,000	25,000
Total Services	**$5,487,000**	**$12,554,000**	**$5,870,000**
Total	$20,197,000	$26,135,000	$20,761,000

[1] A realignment of budget among resources between Materials and Supplies and Professional and Technical Services

[2] Increased for watershed recovery efforts through collaborative agreements with agencies such as USGS (United States Geological Survey) and LCOG (Lane Council of Governments). Staff continue to pursue grant opportunities that could expand the 2024 watershed recovery budget.

Workforce Services
Operations & Maintenance Budget

	2024 Proposed Budget Dollars	2023 Adopted Budget Dollars	2022 Actual Dollars
Wages / Benefits	$3,126,000	$3,265,000	$2,920,000
Purchases			
EWEB Equipment	-	12,000	11,000
Materials and Supplies	38,000	121,000	61,000
Technology / Office Equipment	2,000	6,000	2,000
Total Purchases	**$40,000**	**$139,000**	**$74,000**
Services			
Contract Labor	10,000	-	6,000
Construction Agreements	7,000	7,000	-
Miscellaneous Services	58,000	70,000	106,000
Professional and Technical Services	202,000	300,000	235,000
Software/Hardware Maintenance and Services	9,000	15,000	9,000
Legal Services	130,000	130,000	85,000
Training and Travel	103,000	129,000	69,000
Total Services	**$519,000**	**$651,000**	**$510,000**
Total	$3,685,000	$4,055,000	$3,504,000

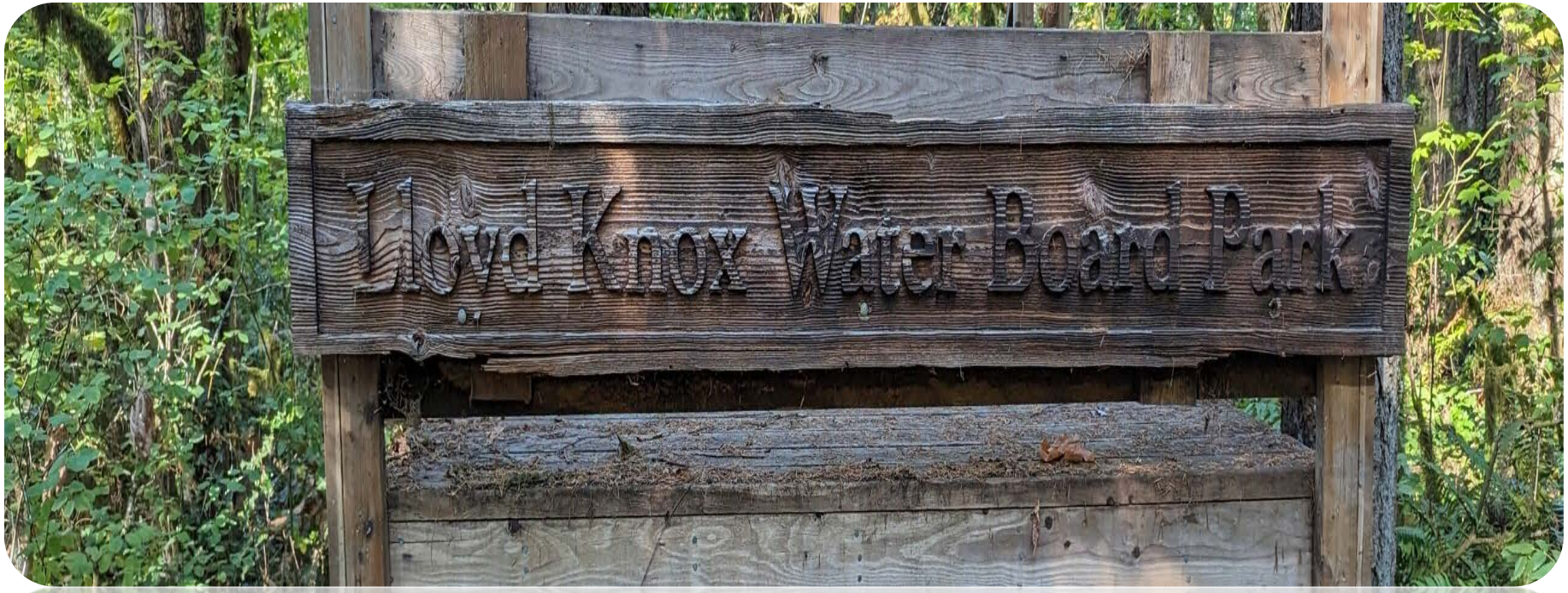
Note: Due to re-organization, prior year numbers have been restated for comparability

DID YOU KNOW?

EWEB forecasts that electricity demand in Eugene is going to grow as people replace gasoline-powered cars and gas furnaces with electric vehicles and heat pumps. But where will EWEB get this additional electricity? To assess the options, EWEB is developing an Integrated Resource Plan (IRP). The plan forecasts Eugene's electricity needs for the next 20 years and uses advanced modeling software to determine which combination of energy resources – such as wind, hydropower, solar, natural gas, and others – might best meet Eugene's needs.

ATTACHMENT 3

LABOR & EMPLOYEE BENEFIT COSTS



DID YOU KNOW?

Each year the McKenzie Watershed Council and McKenzie Flyfishers organize the McKenzie Cleanup. Volunteers patrol on the river and on the shore, from Finn Rock to Armitage Park, to pick up litter at the end of the summer recreation season. EWEB volunteers take the Lloyd Knox Park and clean along both shores of Leaburg Lake. This year, they collected 300 gallons of litter. Volunteers throughout the watershed reported less trash in 2023 than in previous years - a good sign for our watershed health.

EUGENE WATER & ELECTRIC BOARD
LABOR AND EMPLOYEE BENEFITS
2024 PROPOSED BUDGET COMPARED WITH PRIOR YEARS

	2024 Proposed Budget		2023 Adopted Budget		2022 Actual	
	Budget	% of Total wages	Budget	% of Total wages	Actual	% of Total wages
Wages & benefits						
Regular Wages	$ 62,771,000	97.7%	$ 58,452,000	98.3%	$ 49,949,000	92.3%
Premium Wages	1,468,000	2.3%	1,026,000	1.7%	4,192,000	7.7%
Total wages	64,239,000	100.0%	59,478,000	100.0%	54,141,000	100.0%
Public employees retirement fund	15,825,000	24.6%	13,776,000	23.2%	11,682,000	21.6%
Other benefits – employer contribution [1]	6,311,000	9.8%	5,559,000	9.3%	4,018,000	7.4%
Health insurance [2]	15,162,000	23.6%	12,398,000	20.8%	10,121,000	18.7%
Post-retirement medical	279,000	0.4%	350,000	0.6%	405,000	0.7%
Long-term disability	367,000	0.6%	332,000	0.6%	311,000	0.6%
Life insurance	443,000	0.7%	402,000	0.7%	405,000	0.7%
Total benefits	38,387,000	59.7%	32,817,000	55.2%	26,942,000	49.7%
Total wages & benefits	$ 102,626,000		$ 92,295,000		$ 81,083,000	

[1] Includes Social Security/Medicare tax, Unemployment Insurance, Workers' Compensation Insurance
[2] Includes Voluntary Employee's Beneficiary Association (VEBA) expense

ATTACHMENT 4

RESERVE INFORMATION

DID YOU KNOW?

Thirty-eight substations, often called EWEB's "resilient spine," connect the utility's electric grid. The redundancy of substations in the system ensures reliable power flows to homes and businesses despite unexpected equipment failures and routine maintenance. Substations step down high voltage electricity from power generation stations to levels that can be safely distributed to homes and businesses.

EUGENE WATER & ELECTRIC BOARD
PROJECTED RESERVES, DESIGNATED, UNRESTRICTED AND RESTRICTED FUNDS
($000s omitted)

	Electric System			Water System		
	Target	12/31/23 Projected[1]	12/31/24 Projected[1]	Target	12/31/23 Projected[1]	12/31/24 Projected[1]
Reserves						
Operating and Self-Insurance	$ 5,720	$ 5,720	$ 5,720	$ 1,280	$ 1,280	$ 1,280
Power Operating	23,000	23,000	23,000			
Capital Improvement[2]	25,000	25,000	26,000	8,000	7,314	8,002
Total Reserves	53,720	53,720	54,720	9,280	8,594	9,282
Board Designated Funds[3]						
Rate Stabilization Fund	5,000	26,700	17,400	1,000	15,300	8,930
Water Stewardship Fund - Septic Repairs					80	80
Alternative Water Supply					3,488	1,863
Leaburg Reserves		-	4,200			
Pension and Medical Funds		1,450	1,450		700	700
Total Designated Funds	5,000	28,150	23,050	1,000	19,568	11,573
Working Cash[4]	42,000	47,770	53,870	3,400	4,990	8,358
Total Working Cash and Unrestricted Funds	**$ 100,720**	**$ 129,640**	**$ 131,640**	**$ 13,680**	**$ 33,152**	**$ 29,213**
Legally Restricted						
Bond Funds - Capital[5]		$ -	$ 39,745		$ 30,469	$ 15,175
Harvest Wind Reserve		500	500			
System Development Charge Reserves[6]					218	170
Reserves for Debt Service		6,100	6,100		1,590	1,590
Customer Care/Customer Deposit		2,200	2,200			
Total Restricted Funds		**$ 8,800**	**$ 48,545**		**$ 32,277**	**$ 16,935**

* After completion of the annual audit, the Board of Commissioners reviews cash balances and may make transfers between funds.

[1] Projections as of October 13, 2023

[2] Capital Improvement reserves includes funds set aside for Meter replacements. 2024 balances include transfers from working cash to be approved by the Board

[3] Designated funds are used for one-time expenses

[4] 2023 changes to unrestricted reserves are included in working cash. The Board will officially transfer funds in the second quarter of 2024

[5] The Electric Utility is planning to issue bonds in 2024 to fund capital investments; anticipated issuances are $64 million.

[6] SDC Reimbursement Reserve is funding $0.9 million of debt service payments in 2024

ATTACHMENT 5

BUDGETED FINANCIAL RATIOS & STATISTICS

DID YOU KNOW?

At the October 2023 Board meeting Commissioners approved a new Diversity Equity & Inclusion (DEI) policy. The principles of diversity, equity, and inclusion are foundational to the consistent application of EWEB's values in the pursuit of our vision and fulfillment of our mission. Furthermore, EWEB recognizes and strives to celebrate our human differences and will ensure representation across a wide spectrum of characteristics and experiences, combat bias and discrimination that negatively impacts members of our community and foster an inclusive culture that welcomes people and leads to a sense of belonging and shared commitment.

EUGENE WATER & ELECTRIC BOARD
BUDGETED FINANCIAL RATIOS
December 31, 2024

	Electric Utility	Water Utility
Financial Ratios		
Debt Service Coverage Ratio[1]	3.92	3.30
Days Cash[2]	160	330
Target		
Debt Service Coverage Ratio	1.75 to 2.00	2.00 to 2.50
Days Cash	> 150 days	> 150 days

NOTE: A higher number for Debt Service Coverage Ratio and Days Cash and reflects a stronger financial position.

[1] Ratio of net revenues available for debt service to total long-term debt service costs for the year. This ratio measures the utility's ability to meet its annual long-term debt obligation

[2] Ratio of total available cash to adjusted average daily cash requirements for operating and other non-capital expenses. This measures the length of time the utility can carry projected non-capital related operations with readily available cash. Calculations include rate stabilization funds. In 2024, Management will be recommending options for the Board to consider for reserves above Board target

EWEB

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

February 2024 Electric Price Proposal

Fiscal Services Department
November 2023

EUGENE WATER & ELECTRIC BOARD
FEBRUARY 2024 ELECTRIC PRICE PROPOSAL

TABLE OF CONTENTS

EXECUTIVE SUMMARY

The 2024 Electric Price Proposal was developed in accordance with the proposed 2024 budget. The Cost of Service analysis, revenue requirements, and proposed price schedules by customer class are included in this document.

Overall average price change: An overall average price increase of 5.7% is required to recover revenue largely due to increases in operating expenses and capital investment needs.

Cost of Service Analysis: In accordance with industry standards, EWEB conducts a comprehensive Cost of Service Analysis (COSA) a minimum of every 3-5 years or when a major shift occurs in COSA variables. In 2022, EWEB completed a multi-year COSA for testing years 2022 through 2024. EWEB staff updated the COSA for 2024 and recommended rates are based on the output of this analysis.

Price Design and Other Price Schedules: The following price/rate design proposal is recommended to meet the Board rate making principles of Sufficiency, Affordability, Efficiency, Cost Basis, Equity, and Gradualism.

- Retail Rates
  - Residential
  - Small General Service
  - Medium General Service
  - Large General Service
  - Customer-Owned Street Lighting

- Market Based Rates
  - Partial Requirements Service Pricing
  - Customer Generation Rates

- Environmental Product Lines

I. INTRODUCTION

Purpose of Study

The purpose of this price study is to provide background information and technical analysis in support of Eugene Water & Electric Board (EWEB) staff recommendations for electric prices. The study summarizes electric system revenue requirements, projected system loads and sales, and allocation of ongoing utility costs to customer classes for the 12-month period beginning January 2024. The most recent electric price revision was in February 2023, with an overall average revenue requirement increase of 3.25%.

Establishment of Prices

EWEB is a locally regulated municipal utility operating under the authority of the Eugene City Charter and pertinent provisions of Oregon law. The responsibilities delegated to the Board pursuant to the City Charter are carried out by five elected Commissioners who serve without pay. As an independent municipal agency, the EWEB Commissioners have exclusive jurisdiction to approve annual budgets and establish prices for electric service.

Although EWEB's electric prices are not subject to regulatory review by any federal or state utility commission or similar agency, the Board must comply with the requirements of applicable state and federal statutes as they pertain to the development of prices and the general conduct of utility business. Current statutes and related case law provide two general standards concerning the establishment of retail electric prices.

The first of these price making standards allows EWEB to set prices at a level sufficient to recover the ongoing costs of utility operation. These costs include annual operating expense, capital additions, interest and amortization of outstanding debt, applicable tax obligations, and the need to maintain adequate reserves. This standard is intended to ensure the financial integrity of the utility, while defining the costs of operation which can be lawfully recovered through prices.

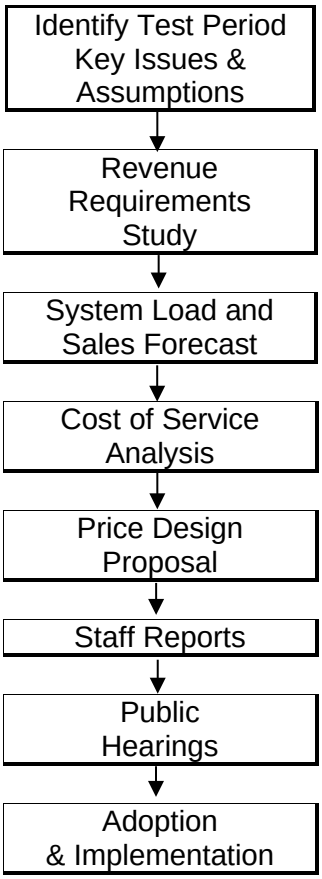
The second standard requires prices and charges for utility service be fair and non-discriminatory. Prices are considered non-discriminatory when customers receiving like and contemporaneous service under similar circumstances are treated equally in the development and application of specific prices. This second standard protects the equity concerns of individual utility customers, based on established utility policies and practices for allocating costs among customers and customer classes.

The above standards, together with established Board policies concerning cost allocation and price design, allow EWEB to maintain prices at the lowest possible level consistent with sound financial principles and traditional utility price making practices. They also give EWEB's elected Board of Commissioners complete authority to approve prices which are cost-based, non-discriminatory and in concert with the needs of EWEB customers.

Price Review Process

EWEB's electric prices are reviewed with each annual budget cycle to ensure that they remain adequate to cover the cost of utility operations over the budget period. When budget projections or other forecasted operating conditions indicate the need for a price adjustment, EWEB staff are directed to prepare studies to determine appropriate price levels for each customer class. This formal review process involves several steps, all of which are coordinated with the EWEB Commissioners, General Manager, and management of the utility's operating departments. The process also affords an opportunity for review and comment by EWEB customers and other interested parties (see *Figure 1*).

Figure 1
Price Review Process



The first step in the price review process is a detailed examination of the projected operating expenses, capital costs, and anticipated revenues at current prices. The purpose of this effort is to confirm the overall revenue requirements which serve as a basis for development of proposed prices, the timing of the proposed price adjustment, and the period of time (or "test period") over which the new prices are expected to remain in place.

The next step is an assessment of the electric system load and resource forecasts. These projections are prepared by EWEB's Fiscal Services Department, consistent with historical and future growth trends in the EWEB service area. The forecasts are then used to estimate system

sales by price class, as well as purchased power costs for the next several years. Test period load and sales forecasts are of major importance, since wholesale purchased power costs comprise more than half of EWEB's total annual operating expenses.

Once EWEB's projected operating costs, revenue requirements, and sales forecasts have been determined, the Finance staff typically perform a detailed Cost of Service Analysis (COSA). The purpose is to allocate test period costs to customer classes and update price schedules according to where individual cost items are incurred. EWEB's COSA procedures employ standard utility industry methods, consistent with the policy guidelines established by the Board.

Public Notice and Hearings Schedule

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

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

Publication Name	Date
Register Guard	October 5, 2023
Register Guard	November 2, 2023

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

EXHIBIT 1

BEFORE THE EUGENE WATER & ELECTRIC BOARD

In the Matter of Consideration and Adoption of Budgets, Revised Prices for EWEB Electric and Water Service

NOTICE OF PUBLIC HEARINGS AND INVITATION TO COMMENT

1. Three dates are scheduled for public hearings to seek comment regarding proposed 2024 budget approval and adjustments to EWEB water and electric prices. If approved, the proposed changes for residential, general service and other customers of the Eugene Water & Electric Board would become effective with utility billings rendered, on or after February 1, 2024.

2. Public hearings will be held in person and virtually (details to be posted on eweb.org). Meeting dates and times:

   October 3, 2023 - 5:30 p.m.
   November 7, 2023 - 5:45 p.m.
   December 5, 2023 - 5:30 p.m.

   Background information concerning the budget and price proposals will be presented at the meeting, followed by the public hearing which will provide opportunity for public testimony and comment.

3. Specific price recommendations for each customer class may be obtained on EWEB's website: https://www.eweb.org/your-public-utility/board-of-commissioners/public-meetings or by calling EWEB's Fiscal Services Department at (541) 685-7000 or emailing budget@eweb.org. Copies of the budget document and price proposals will also be made available upon request.

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

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

   Written comments may also be mailed to:
   EWEB Fiscal Services
   4200 Roosevelt Blvd
   Eugene, Oregon 97402

   To ensure timely consideration, requests to speak or written comments must be received by 2:00 p.m. on November 7, 2023. Please indicate "public hearing" in your written comments or request to speak.

II. BACKGROUND INFORMATION

A. Organizational Structure

EWEB is responsible for providing electric and water service within the City of Eugene and certain outlying areas. The specific duties delegated to the Board pursuant to the Eugene City Charter are carried out by five elected Commissioners who serve without pay. The Commissioners and their respective terms of office are as follows:

	Area	Term Expires
Sonya Carlson, President	Wards 6, 7	First meeting after 2024
John Barofsky, Vice President	Wards 2, 3	First meeting after 2024
John Brown	Wards 4, 5	First meeting after 2026
Matt McRae	Wards 1, 8	First meeting after 2024
Mindy Schlossberg	At-Large	First meeting after 2026

As EWEB's primary policy and decision-making body, the individual Board members represent a broad range of professional experience and community perspectives on matters concerning local utility service. The Board meets regularly on the first Tuesday of each month. All meetings are open to the public and provide opportunities for public participation.

The executive management team, responsible for each of the major operating areas, is as follows:

Executive	Department
Frank Lawson	General Manager
Rod Price	Assistant General Manager
Deborah Hart	Chief Financial Officer
Lena Kostopulos	Chief Workforce Services Officer
Julie McGaughey	Chief Customer Officer
Karen Kelley	Chief Operations Officer
Travis Knabe	Chief Information Officer
Brian Booth	Chief Energy Resource Officer
Anne Kah	Administrative Services Manger

The utility's business priorities are reviewed annually by the Board, General Manager, and a planning group made up of the executive management team and other key personnel. Major organizational goals, strategic issues, opportunities, and planning contingencies for the coming year are then documented in the annual EWEB Strategic Plan. The General Manager meets regularly with the executive team members, who then hold meetings with their department staff to maintain employee productivity and efficient operations.

Table 1 below shows the percentage change in customers and electric sales over the past ten years. Electric customer counts have increased consistently over the past ten years. Megawatt hour sales are weather dependent but have generally been flat or slightly declining over the past ten years.

Table 1
Customer & Megawatt-Hour Sales Statistics
For the Period 2013-2022

Year	Customer Count	% Change	MWh Sales	% Change
2013	90,100	0.9%	2,489,496	1.3%
2014	91,100	1.1%	2,411,455	-3.1%
2015	92,300	1.3%	2,377,381	-1.4%
2016	93,000	0.8%	2,288,056	-3.8%
2017	93,800	0.9%	2,454,901	7.3%
2018	94,200	0.4%	2,342,636	-4.6%
2019	95,300	1.2%	2,367,667	1.1%
2020	96,100	0.8%	2,261,295	-4.5%
2021	96,800	0.7%	2,301,228	1.8%
2022	98,100	1.3%	2,350,341	2.1%

NOTE: The above figures are as of the end of each year.

EWEB places a high value on quality service and responsiveness to the needs of its customers. Because of its standards for reliability and design, electric service interruptions are infrequent and limited to short duration unless operation of electrical lines or equipment present a safety risk to our customers and community. EWEB also offers a variety of customer programs to provide information about utility services, promote efficient use of energy resources, and assist customers.

B. Electric System Highlights

EWEB is the largest publicly owned utility in the state of Oregon, the principal generating public utility in Oregon, and the sixth largest public agency customer of the Bonneville Power Administration. Founded by the citizens of Eugene in 1911, EWEB has remained a successful provider of essential utility services to the local community for over 100 years.

The 236-square-mile area served by EWEB includes most of the City of Eugene and adjacent areas, including locations near EWEB-owned power projects at Walterville and Leaburg. EWEB's service area adjoins the City of Springfield municipal electric system on the east, the Emerald People's Utility District on the north, the Blachly-Lane Electric Cooperative on the west, and the Lane Electric Cooperative system on the south.

Current customers range in size from smaller residential and commercial customers to moderately sized processing and manufacturing facilities, to large institutional and industrial accounts. System load characteristics therefore vary throughout the year, with peak loads occurring in the winter months consistent with local weather patterns and building heating demands. In recent years summer temperatures have consistently exceeded historical conditions and cooling loads have approached winter peaks. Staff continue to monitor this trend as it will impact COSA results if EWEB shifts from a winter to summer peaking utility.

EWEB's local electric system consists principally of three hydroelectric projects, an industrial cogeneration facility, and the necessary transmission and distribution facilities for provision of service to the end use consumers. EWEB currently maintains 38 substations which are networked together through 129 circuit miles of transmission lines and 1,100 circuit miles of primary distribution lines. The book value of the EWEB electric utility plant-in-service is approximately $848 million.

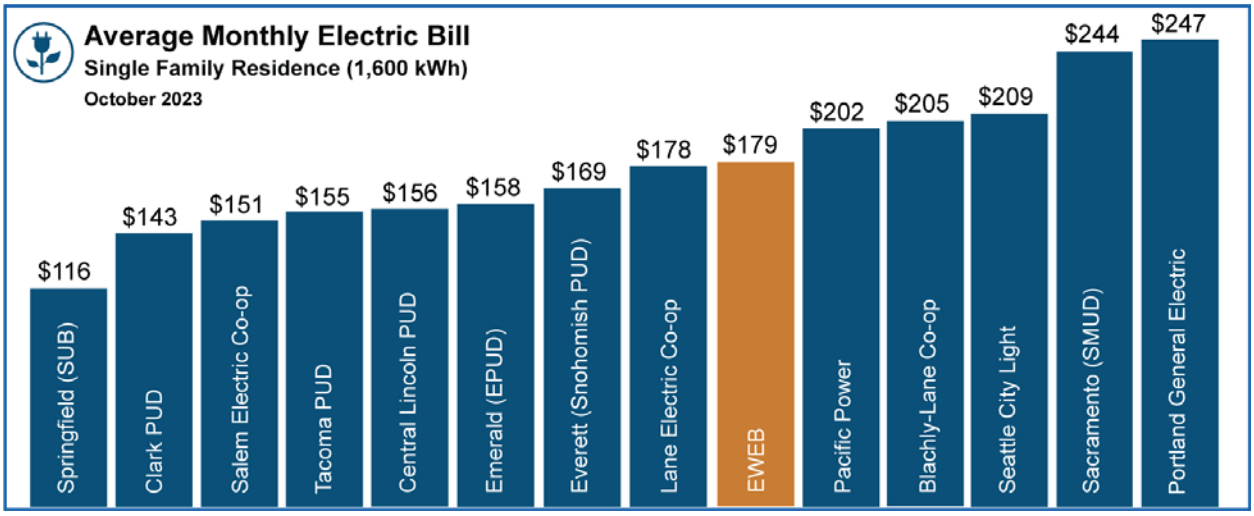
As Oregon's largest generating public utility, EWEB customers are served by EWEB-owned generation facilities as well as through contracts with public and private utilities and energy suppliers. The largest portion of EWEB's power portfolio is obtained through long-term contracts with the Bonneville Power Administration (BPA), a federal power marketing agency.

Although EWEB's power supply costs have historically ranked fairly low nationally, recent proposed increases in BPA wholesale power prices and concern about future BPA price stability have emphasized the need for continued resource planning. EWEB staff drafted an updated Integrated Resource Plan (IRP) approved by the Board with the goal to help inform decisions involving EWEB's energy supply contracts, EWEB-owned generation, demand-side energy services, electric resource management, and energy trading. The IRP will continue to be updated on a biennial basis.

C. Residential Bill Comparisons

A comparison of current monthly residential bills for selected Northwest electric utilities is shown in *Figure 2*. Sample bills are calculated using EWEB's average monthly single family residence consumption of 1,600 kilowatt-hours. A bill of $179.02 for EWEB in the figure is calculated using the existing residential price. The resulting monthly average electric bill based on this proposal is $190.12, an increase of $11.10 over 2023. Sample bills for the residential price proposal are shown in *Table 8*.

Figure 2



III. REVENUE REQUIREMENTS STUDY

This section contains a general description of EWEB's annual budgeting process. It also includes documentation of EWEB's 2024 proposed budget for operating and capital expenses and revenue requirements which has been designated as the test period for the current price proposal. In addition to determining the overall revenue requirement needed to sustain operation of the electric utility, test period revenue requirements are a primary input to the Cost of Service Analysis.

A. Preparation of Annual Budgets

At the beginning of each annual budget cycle the utility's strategic priorities are identified by the Board and the General Manager. Major organizational goals, strategic issues, opportunities, and planning contingencies are then documented in the EWEB Strategic Plan. The Strategic Plan drives specific performance targets to address management priorities through ongoing work assignments and schedules.

Management and supervisory levels of EWEB are involved in preparation of the annual Electric Utility Budget in order to place responsibility for cost control on the managers who forecast and incur the costs. If a budget deficit cannot be corrected through cost reductions or deferrals, the amount of the deficit becomes an additional revenue requirement recommended for recovery through an electric price adjustment.

A draft budget with explanations on variances from prior years is discussed with the EWEB Commissioners. The Board reviews the draft budget and may suggest program adjustments and revisions. Public hearings are held to ensure customers have the opportunity to provide feedback. The Board approves a final budget in December, which then becomes the operating plan for the next year.

All supervisors are required to expend funds in a manner consistent with approved budget estimates. On a monthly basis, year-to-date balances are reviewed and compared to budgets to ensure that costs continue to track as expected. Quarterly financial reports and any significant deviations are brought to the attention of the Board for review in accordance with Board Policy EL-1, Financial Controls. Year-end results are routinely checked against budgets, with differences noted for potential input to the next year's budget cycle.

B. Revenue Requirements

EWEB has designated calendar year 2024 as the "test period" for development of electric system costs and revenues in this current price proposal. This corresponds with the expenditures included in the 2024 Proposed Electric Budget and any known or anticipated impacts in subsequent years.

For the February 2024 price study, staff were able to incorporate the projected sales, revenues, and expenditure data from the proposed 2024 budget directly as a basis for this revenue requirement proposal.

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

Table 2

Revenues	**Current Prices**	**Revenue at Proposed Prices**	**% of Total**
Operating Revenues	$227,745,000	$240,754,000	65%
Wholesale Revenue, Interest, and Other Income	128,900,000	128,900,000	35%
Subtotal	**356,645,000**	**369,654,000**	**100%**
Expenditures			
Operating & Maintenance			
Purchased Power	184,937,000	184,937,000	50%
System Control	6,438,000	6,438,000	2%
Generation	20,497,000	20,497,000	6%
Wheeling	12,840,000	12,840,000	3%
Transmission & Distribution	32,365,000	32,365,000	9%
Customer Accounting	9,973,000	9,973,000	3%
Conservation	6,972,000	6,972,000	2%
Administration & General	28,459,000	28,459,000	8%
Subtotal	**302,481,000**	**302,481,000**	**82%**
Other Expenditures			
Contribution in Lieu of Tax	14,851,000	14,851,000	4%
Construction & Capital	32,100,000	32,100,000	8%
Debt Service, Interest, and Amortization	15,727,000	15,727,000	4%
Balance Sheet Changes	-2,650,000	-2,650,000	-1%
Subtotal	**60,028,000**	**60,028,000**	**16%**
To (From) Reserves	**7,145,000**	**7,145,000**	**2%**
Revenue Requirement	**369,654,000**	**369,654,000**	**100%**
Surplus / (Deficit)	**-13,009,000**	**0**	
As a % of Rate Revenue	**-5.7%**	**0.00%**	

*Figures may not sum due to rounding.

IV. SYSTEM LOAD AND SALES FORECAST

A. Overview of the Forecasting Process

EWEB routinely prepares both short and long-range electric system load forecasts as part of its ongoing planning activities. Annual projections of total system electric loads are prepared by the Fiscal Services Department in conjunction with power resource scheduling and contracting functions. These annual forecasts employ both historical load data from EWEB records and projected economic, demographic, and climate trends for the Eugene area. Other regional forecasts are also reviewed for consistency and applicability to EWEB.

Basic growth projections for EWEB's system are developed through application of various forecasting methods, which include statistical trending, econometric analysis, and end-use models. Annual system forecasts are examined regularly and adjusted for changing local economic conditions and customer characteristics. The resulting base forecasts become a key input to energy resource planning, power scheduling, facilities design, and preparation of annual budgets. They also become an integral part of the price development process as a basis for allocation of operating costs and design of proposed prices for each customer class. Most recent forecasts reflect an anticipated increased electrification demand caused by electric vehicle usage. Overall actual growth may vary considerably from year-to-year due to changes in local weather patterns and commercial activity.

EWEB's annual electric load forecast was adopted directly as the basis for estimating total system sales for the current price study. Specifically, the twelve-month period from January through December 2024 was selected for analysis, corresponding with the test period budget and revenue requirements. The remainder of this section describes how the system load and sales forecasts are applied to the development of retail prices and describes the results obtained for the 2024 test period.

B. Methodology and Procedures

In order to develop appropriate retail electric prices, EWEB's annual system forecast must be translated into a detailed projection of monthly energy sales and customer use characteristics for the upcoming price period. This is done in a manner consistent with original forecast assumptions to arrive at a monthly estimate of customer counts, kilowatt-hour sales, and consumption patterns for each of EWEB's major customer classes.

Monthly historical sales statistics are obtained from EWEB financial statements and accounting records. Other local agencies are consulted as necessary for additional data pertinent to the forecasting of utility sales. Customer-specific data is also sought for major commercial/industrial users, since the short-run requirements of these customers are often related to their unique business cycles rather than long-term trends.

Once the basic forecasting data is assembled, it is reviewed for consistency with recent historical trends, budget assumptions, and conditions expected to prevail over the price test period. Such review ensures the sales forecast used in the price design process remains consistent with projections used to prepare purchased power budgets and the EWEB revenue requirements discussed in Section III.

The next step in the forecasting process is to divide the total system forecast into component parts by month and price class grouping. Customer sales statistics for the past three to ten years were used to calculate current class contribution to annual system sales and typical monthly distribution of consumption for each class.

Monthly projections for some classes, such as Street and Private Lighting, were calculated directly based on known load characteristics and seasonal traits. Customer-supplied estimates for larger commercial/industrial accounts were substituted for historical averages when it was reasonable to do so. The final projections were then correlated with available load research and engineering data for the EWEB system. The results were used to determine projected customer class contribution to system peaks, non-coincident peak loads, and demand billing units.

C. 2024 Forecast Results

The results of EWEB's forecast of sales for the 2024 price test period are summarized below in *Table 3*:

Table 3
Test Period Forecast of Electric Utility
Customers & Sales by Price Class
For 2024 Price Test Period

Customer Class	Customer Counts	Energy Sales in MWH	% of Sales
Residential	88,681	969,752	41.6%
Small General Service	8,588	172,054	7.4%
Medium General Service	1,666	499,658	21.4%
Large General Service	55	201,603	8.6%
Contract A	1	410,038	17.6%
Contract C	1	70,642	3.0%
Street Lighting	N/A	8,888	0.4%
Private Lighting	N/A	1,008	0.0%
Total	**98,992**	**2,333,643**	**100.0%**

NOTE: Energy Sales does not include line loss.

The above information represents an increase in EWEB customers by the end of 2024, which is a trend over the last several years and projected new service connections. Total electric sales for the period are forecast at 2.3 billion kilowatt-hours.

The 2024 Load and Sales Forecast are used as a basis for cost allocation, price design and revenue projections at current and proposed prices.

V. COST OF SERVICE ANALYSIS

This section documents the procedures used in development of a Cost of Service study.

A. Cost of Service Methods and Procedures

EWEB's Cost of Service methodology uses standard electric utility costing procedures to allocate the test period revenue requirements to each customer class. The allocated costs reflect the contribution of each price class to total system costs during the period for which prices are being developed. Study results also measure the equity of prices charged to individual customer classes by testing the adequacy of revenues received relative to allocated costs of service.

Through this process, the Cost of Service study apportions the test period revenue difference as a basis for determining appropriate price levels and percentage adjustments for each customer class. The study also derives unit costs used to assist in development of the actual energy, demand, and basic charge components recommended for each electric price schedule.

EWEB's Cost of Service study begins with a detailed assessment of utility proposed operating budget and revenue requirements for the upcoming price period. The analysis relies on anticipated electric system expenditures, retail sales, and projected revenues contained in the Proposed Electric Utility Budget.

Once the total utility revenue requirement has been determined, individual line-item costs are grouped according to major utility functions, such as power production, transmission, distribution, or customer accounting. Each line item expense is then classified as varying with contribution to monthly system peak demands, total energy consumption or number of customers for each price class. Specific items are also identified for direct assignment when they are clearly associated with service to a price class.

To assign costs more accurately to individual price classes, EWEB's Cost of Service model also breaks down the various demand and customer costs into sub-classifications. Demand-related costs are segregated into transmission, and primary and secondary distribution components according to voltage level. Basic customer costs are sub-classified as either facilities or customer service related.

After classification and sub-classification, each cost category is distributed to one or more price classes through a detailed allocation procedure. Several related analyses are conducted to develop the many allocation factors applied in this step. For example, calculating the class contribution to monthly system peaks and seasonal energy requirements involves a full examination of all customer loads during the test period. Accordingly, the allocation step relies on sales projections and available load research data described in Section IV, System Load and Sales Forecast.

When all of the allocation factors have been developed, they are then applied to yield a segregation of total system costs assigned to the different price classes. The final step is to combine the calculations in a summary table showing total allocated costs and recommended percentage adjustments for each customer class. These results can then be represented as unit costs, which form the basis for actual price design.

B. Cost of Service Results

In 2021, staff completed a three-year Cost of Service Analysis (COSA), with 2024 as year three in that study. The intent of the multi-year COSA is to incorporate gradualism into specific recommendations and provide customers cost-based price signals while easing and forecasting single year impacts. The initial multi-year results provided a forecast of recommended rate adjustments as shown below.

Multi-year Forecast of Electric Utility
Recommended Rate Adjustments
for 2022-2024 Test Periods

Customer Class	Price Schedule(s)	2022	2023	2024
Residential	R-6	3.72%	3.72%	2.86%
Small General Service	G-1	3.68%	3.83%	3.27%
Medium General Service	G-2	3.69%	3.59%	2.99%
Large General Service	G-3	6.00%	6.00%	5.25%
Street Lighting	J-3, J-4, J-5	0.00%	3.00%	2.80%
Private Lighting	L-3, L-4, L-5	12.29%	12.29%	11.68%

EWEB prepares organizational budgets annually and uses this information to update the COSA. Updates to contract customer pricing as well as the record of decision to decommission Leaburg required a refresh to 2024 results, and the cost of service results indicate the allocated total costs to each specific customer class for the test year 2024.

Table 4
Forecast of Electric Utility
Proposed Revenue Requirement by Price Class
for 2024 Test Period

Customer Class	Price Schedule(s)	2024 Revenue Requirement
Residential	R-6	127,750,201
Small General Service	G-1	24,735,006
Medium General Service	G-2	50,548,032
Large General Service	G-3	17,234,769
Street Lighting	J-3, J-4, J-5	1,218,430
Private Lighting	L-3, L-4, L-5	135,254

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

Table 5
Forecast of Electric Utility
Forecasted Revenue Requirement Shortfall by Price Class
for 2024 Test Period

Customer Class	Price Schedule(s)	2024
Residential	R-6	6.43%
Small General Service	G-1	9.25%
Medium General Service	G-2	5.79%
Large General Service	G-3	10.02%
Street Lighting	J-3, J-4, J-5	28.00%
Private Lighting	L-3, L-4, L-5	-0.13%

VI. PRICE RECOMMENDATIONS

Current price proposals have been evaluated based on changes in the 2024 draft budgets. Proposed revenue requirements for each of EWEB's major customer classes are shown in *Table 6.*

Table 6
Forecast of Electric Utility
Recommended Rate Adjustments
for 2024 Test Period

Customer Class	Price Schedule(s)	2024
Residential	R-6	6.25%
Small General Service	G-1	8.50%
Medium General Service	G-2	7.00%
Large General Service	G-3	8.50%
Street Lighting	J-3, J-4, J-5	10.00%
Private Lighting	L-3, L-4, L-5	0.00%

Prices were developed in accordance with EWEB's price design objectives, to balance recovery based on the costs allocated to each customer class in the COSA with the principles of Gradualism. In addition, these proposals reflect other legitimate price making objectives, such as stability of prices, equity to customers within a class and proper price signals in keeping with EWEB's costs.

The following subsections briefly describe pertinent issues for the design of charges in each published price schedule. Tables showing projected billing units, current and proposed prices, and projected revenues follow each subsection, with a summary of anticipated customer impacts.

APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

A. Residential Service (Schedule R-6)

Residential customers are served under EWEB's Schedule R-6, which applies to single family and smaller multi-family dwellings. This price schedule consists of a fixed monthly customer charge with a tiered energy price applied to all monthly metered consumption. Currently, about 88,000 residential customers are served under this schedule.

Residential Service - Schedule R-6

In this proposal, all price components increase by roughly 6.25% and preserve the current design structure. Slight weighting in proposed rates was placed on the basic charge as the COSA indicated a higher basic charge necessary to recover the fixed costs of the Electric System. The proposed prices are shown in *Table 7*.

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

	Current Rates		Proposed 2024 Rates	
Basic Charge:	$23.50		$25.00	
Delivery Charge:	$0.0279		$0.0296	
Energy Charge:	$0.0693		$0.0736	

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

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

				Proposed 2024 Bill Impact		
% of Bills	**Usage Range**	**Average Usage**	**Current Tariff**	**Proposed Tariff**	**Bill Impact**	**% Impact**
6%	0 - 425	267	$ 49.49	$ 52.59	$ 3.10	6.27%
8%	425 - 600	517	73.76	78.37	4.60	6.24%
9%	601 - 750	677	89.29	94.85	5.56	6.23%
12%	751 - 950	848	105.97	112.56	6.59	6.22%
12%	951 - 1150	1,047	125.28	133.06	7.78	6.21%
10%	1151 - 1350	1,246	144.65	153.63	8.98	6.21%
10%	1351 - 1600	1,469	166.24	176.55	10.31	6.20%
12%	1601 - 2000	1,781	196.62	208.81	12.19	6.20%
10%	2001 - 2600	2,256	242.78	257.81	15.04	6.19%
11%	2601 and over	3,640	377.34	400.68	23.34	6.19%

APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

B. Small General Service (Schedule G-1)

The Small General Service schedule consists of accounts with monthly billing demands from 0 to 30 kW. Customers are assigned to this class based on an average of the three highest demands in the prior 12 months falling below 30 kW.

There are about 8,500 commercial customers presently served in the demand range for Small General Service (Schedule G-1). This price typically applies to non-residential accounts for service at secondary distribution voltages of 480 volts or less. Under the General Service schedule, EWEB provides all distribution and service facilities necessary to meet the power requirements of the customer.

The structure of the Small General Service price is similar to the Residential schedule in that both contain a basic charge and an energy charge. It varies from the Residential price structure, in that it includes a demand charge (based on the customer's peak load during the month), a flat energy charge, and a two-step delivery charge. Under the General Service price, these costs are separate price components and are additive in computing the bill.

There is an overall class increase of 8.50% for the Small General Service Schedule G-1. *Table 9* provides the current prices versus proposed prices. Slight weighting in proposed rates was placed on the basic charge as the COSA indicated a higher basic charge necessary to recover the fixed costs of the Electric System.

Table 9

Small General Service G-1

Current Prices vs Proposed Prices

(0 - 30 Monthly kW)

	Current Prices	Proposed 2024 Prices	
Basic Charge			
Single-Phase	**$27.50**	**$30.00**	**per month**
Three-Phase	**$41.00**	**$44.50**	**per month**
Demand Charge			
First 10 kW	**No Charge**	**No Charge**	**per kW**
Over 10 kW	**$7.563**	**$8.206**	**per kW**
Delivery Charge			
First 1,750 kWh	**$0.0380**	**$0.0412**	**per kWh**
Additional kWh	**$0.0014**	**$0.0015**	**per kWh**
Energy Charge			
All kWh	**$0.0732**	**$0.0794**	**per kWh**

APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

C. Medium General Service (Schedule G-2)

The Medium General Service Schedule consists of accounts with monthly billing demands between 31 and 500 kW. Customers are assigned to the class based on an average of the three highest demands in the last 12 months falling between 31 and 500 kW.

There are approximately 1,700 commercial customers presently served in the demand range for Medium General Service (Schedule G-2). This price typically applies to non-residential accounts for service at secondary distribution voltages of 480 volts and primary voltages of up to 12.47 kilovolts. Under the General Service schedule, EWEB provides all distribution and service facilities necessary to meet the power requirements of the customer at the delivered voltage.

Similar to the Small General Service price, the proposed form of the Medium General Service price also includes a basic charge, a demand charge (based on the customer's peak load during the month), and an energy charge.

In addition to the standard or “secondary” Medium General Service price, EWEB offers an alternative price to larger qualifying customers. The Primary Service Power price is available to any commercial or industrial customer located outside the underground secondary network who:

1) receives single-point delivery at primary distribution voltages of 12.47 kV or greater,

2) is willing to contract for and pay for a minimum of 300 kilowatts of demand per month, and

3) is willing to provide, own, install and maintain all necessary transformers, cutouts, protection equipment, primary metering enclosures, and all distribution facilities beyond the point of delivery.

There is an overall rate increase of 7.00% to all price components for Medium General Service Schedule G-2. *Table 10* provides information on current versus proposed prices. Slight weighting in proposed rates was placed on the basic charge as the COSA indicated a higher basic charge necessary to recover the fixed costs of the Electric System.

Table 10
Medium General Service G-2
Current Prices vs Proposed Prices
(31 - 500 Monthly kW)

	Current Prices		Proposed 2024 Prices		
	Secondary	Primary	Secondary	Primary	
Basic Charge					
Single-Phase	$65.00	---	$70.00	---	per month
Three-Phase	$100.00	$3,715	$107.00	$3,975	per month
Demand Charge					
First 300 kW	$8.025	---	$8.587	---	per kW
Over 300 kW	$8.025	$7.864	$8.587	$8.414	per kW
Energy Charge					
All kWh	$0.0663	$0.0654	$0.0709	$0.0700	per kWh

APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

D. Large General Service (Schedule G-3)

The Large General Service class consists of accounts with monthly billed demands greater than 501 kW up to 10,000 kW. Customers are assigned to the class based on an average of the three highest demands in the last 12 months falling between 501 - 10,000 kW.

There are 55 commercial, industrial, and public agency customers presently served in the demand range for Large General Service price (Schedule G-3). This price typically applies to non-residential accounts for service at secondary distribution voltages of 480 volts and primary voltages of up to 12.47 kilovolts. Under the General Service schedule, EWEB provides all distribution and service facilities necessary to meet the power requirements of the customer at the delivered voltage.

In addition to the "secondary" Large General Service price, EWEB offers an alternative commercial price to larger qualifying customers. The Primary Service Power price is available to any commercial or industrial customer located outside the underground secondary network who:

1) receives single-point delivery at primary distribution voltages of 12.47 kV or greater,

2) is willing to contract for and pay for a minimum of 300 kilowatts of demand per month, and

3) is willing to provide, own, install and maintain all necessary transformers, cutouts, protection equipment, primary metering enclosures, and all distribution facilities beyond the point of delivery.

There is an overall class increase of 8.50% to all price components for the Large General Service Schedule G-3. *Table 11* provides information on current versus proposed prices for Large General Service customers.

Table 11
Large General Service G-3
Current Prices vs Proposed Prices
(501 - 10,000 Monthly kW)

	Current Prices			Proposed 2024 Prices		
	Secondary	Primary		Secondary	Primary	
Basic Charge	**$2,969**	**$2,886**		**$3,220**	**$3,130**	**per month**
Demand Charge						
First 300 kW	**---**	**---**		**---**	**---**	**per kW**
Over 300 kW	**$8.279**	**$8.062**		**$8.983**	**$8.747**	**per kW**
Energy Charge						
All kWh	**$0.0536**	**$0.0526**		**$0.0582**	**$0.0571**	**per kWh**

APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

E. Customer-Owned Street Lighting (Schedule J-3, J-4, J-5)

Customer-owned street lighting service is available to government agencies, lighting districts, and water districts. Proposed street lighting prices do not include any direct costs for installation or maintenance of customer-owned fixtures. The proposed price schedules recover only costs for energy and associated costs necessary to operate the customer's lighting equipment which meets the Board's specifications. This practice is appropriate because ongoing maintenance tasks are now the responsibility of the other agencies.

There are approximately 12,000 street lights served on the EWEB system. It is estimated that agency street lights will consume 8.9 million kilowatt-hours during 2024. This estimate is based on the wattage rating of each individual lighting fixture and the total number of night-time hours per year. The proposed agency lighting prices reflect allocated customer, demand, and energy costs by fixture type, consistent with available engineering data.

There is an overall class increase of 10.00% to all price components for the Customer-Owned Street Lighting customers schedules J-3, J-4, and J-5. *Table 12* provides information on current versus proposed prices for Customer-Owned Street Lighting.

Table 12
Street Lighting J-3, J-4, J-5
Current Prices vs Proposed Prices

Rate Schedule	Fixture	Bulb	Current Rates	Proposed 2024 Rates
J-3	175 Watt MV	175 Watt Bulb (Mercury Vapor)	$8.07	$8.88
J-3	250 Watt MV	250 Watt Bulb (Mercury Vapor)	$10.58	$11.64
J-3	400 Watt MV	400 Watt Bulb (Mercury Vapor)	$15.28	$16.81
J-3	700 Watt MV	700 Watt Bulb (Mercury Vapor)	$24.79	$27.27
J-4	35 Watt HPS	35 Watt Bulb (High Pressure Sodium)	$3.74	$4.11
J-4	50 Watt HPS	50 Watt Bulb (High Pressure Sodium)	$4.20	$4.62
J-4	70 Watt HPS	70 Watt Bulb (High Pressure Sodium)	$5.11	$5.62
J-4	100 Watt HPS	100 Watt Bulb (High Pressure Sodium)	$5.77	$6.35
J-4	150 Watt HPS	150 Watt Bulb (High Pressure Sodium)	$7.39	$8.13
J-4	200 Watt HPS	200 Watt Bulb (High Pressure Sodium)	$9.30	$10.23
J-4	250 Watt HPS	250 Watt Bulb (High Pressure Sodium)	$11.07	$12.18
J-4	310 Watt HPS	310 Watt Bulb (High Pressure Sodium)	$12.97	$14.27
J-4	400 Watt HPS	400 Watt Bulb (High Pressure Sodium)	$15.82	$17.40
J-4	1000 Watt HPS	1000 Watt Bulb (High Pressure Sodium)	$33.51	$36.86
J-4	1000 Watt MH	1000 Watt Bulb (Metal Halide)	$33.23	$36.55
J-5	0 to 40 Watt LED	0 to 40 Watt Bulb (Light Emitting Diode)	$3.17	$3.49
J-5	41 to 80 Watt LED	41 to 80 Watt Bulb (Light Emitting Diode)	$3.74	$4.11
J-5	81 to 120 Watt LED	81 to 120 Watt Bulb (Light Emitting Diode)	$5.45	$6.00
J-5	121 to 200 Watt LED	121 to 200 Watt Bulb (Light Emitting Diode)	$6.74	$7.41
J-5	201 to 280 Watt LED	201 to 280 Watt Bulb (Light Emitting Diode)	$9.58	$10.54
J-5	281 to 360 Watt LED	281 to 360 Watt Bulb (Light Emitting Diode)	$11.44	$12.58
J-5	361+ Watt LED	361+ Watt Bulb (Light Emitting Diode)	$18.13	$19.94

APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

F. Private Property Lighting Service (Schedule L-3, L-4, L-5)

EWEB also offers lighting service to individuals and businesses to provide overhead outdoor lighting for private property from dusk to dawn each day throughout the year. All equipment used to furnish service under this schedule is installed, owned, operated, and maintained by EWEB.

There are presently about 1,400 private security lights comprised of various lamp sizes on the EWEB system. It is estimated that these lights will consume about 890,000 kWh during the 12-month test period. In addition to collecting energy revenue, the prices presently in effect for private security lighting are designed to amortize capital costs and to provide for depreciation, funds for fixture replacement, maintenance, regular lamp washing, and lamp replacement.

Recommended charges for Private Property Lighting Service are based on the wattage rating and cost characteristics of each lamp size. Where there is a EWEB pole dedicated for private lighting, there is a $1.00 per month pole rental charge.

In 2006, a new price schedule was added, Schedule L-4, Private Property Lighting Service. The schedule accommodates the gradual transition of L-3 private lights to high-efficiency, low-diffusion, high pressure sodium (HPS) lights, in accordance with standards mandated by Eugene City Code, Section 9.6725. Schedule L-3 is closed to new services and is being phased out. Schedule L-5, LED Private Lighting Service, was created in 2022 to implement a rate for LED private lighting.

There is no overall class price adjustment for Private Lighting schedules L-3, L-4, and L-5 recommended.

APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

G. Partial Requirements Service Pricing

In December 2022, the Board approved Resolution No. 2228 for electric partial requirements service pricing effective in 2023. There are currently no customers on this price schedule. Proposed additions to the policy are in red print.

The **Partial Requirements Service Pricing** uses marginal energy and transmission costs, which are based on weighted ICE Mid-C wholesale power prices and probability of peak analysis for incremental transmission purchases from Bonneville Power Administration for time differentiated energy charges. The Basic Charge and Facilities Charge are derived from the embedded cost of service analysis (COSA), and, if applicable, the Power Indifference Charge reflects the difference between marginal and embedded energy costs to recover fixed infrastructure investments made by the utility.

Effected Schedule in the Customer Service Policy, Appendix B is **Partial Requirements Service Pricing (C-PRP) (for services from 1,000 kW or greater)**. *Table 14* provide current prices versus proposed prices for Partial Requirements Service Pricing.

Table 13
Partial Requirements Service Pricing (C-PRP)
(For Services from 1,000 kW or greater)
Current Prices vs Proposed Prices

	Current Rates		Proposed 2024 Rates	
Basic Charge:	$303.66		$320.97	per month
Delivery Charge:				
Per Kilowatt of Facilities Capacity	$4.23		$4.87	per gross kW
Power Indifference Surcharge:				
Per Kilowatt of Facilities Capacity	$4.95		$0	per gross kW
Energy Charge:				
Summer On-Peak Kilowatt-Hours	$0.0842		$0.1263	per kWh
Summer Mid-Peak Kilowatt-Hours	$0.0402		$0.0930	per kWh
Summer Off-Peak Kilowatt-Hours	$0.0635		$0.0617	per kWh
Shoulder On-Peak Kilowatt-Hours	$0.0698		$0.0821	per kWh
Shoulder Mid-Peak Kilowatt-Hours	$0.0551		$0.0725	per kWh
Shoulder Off-Peak Kilowatt-Hours	$0.0425		$0.0595	per kWh
Winter On-Peak Kilowatt-Hours	$0.0895		$0.1320	per kWh
Winter Mid-Peak Kilowatt-Hours	$0.0746		$0.1106	per kWh
Winter Off-Peak Kilowatt-Hours	$0.0645		$0.0756	per kWh

APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

H. Electric Customer Generation Rates

Proposed additions to the policy are in red print and proposed eliminations are in red strike through print.

In December 2021, the Board approved Resolution No. 2119 for customer generation rates for 2022. This rate is approved annually and is set at the ~~average~~ marginal cost of energy, as calculated when the budget is set for the next year . EWEB's Power Purchase Rate Schedules provide rates for purchasing electricity from two different renewable customer-generation configurations.

The **Renewable Net Metered Rate** is designed for customers with installed capacity less than or equal to 25kW who generate surplus renewable electricity. At the end of each monthly meter reading cycle, excess energy generated shall be credited at the Renewable Net Metered Rate. The rate for the excess energy is based on a one-year energy value, based on the average cost of marginal energy, as calculated when the budget is set for the next year ~~avoided cost to EWEB and scaled up to account for transmission and distribution loss reductions resulting from customer generation resources~~. The customer retains the right to Renewable Energy Credits (RECs) if applicable.

The **Annual Renewable Generation Purchase Rate** is designed for customers with generation systems less than 200 kW, who elect to sell available energy and RECs from their system to EWEB. The rate is available to customers with new or existing distributed generation. This rate includes the same one-year energy value and scaling for transmission and distribution losses as the Renewable Net Metered, and the one-year value of RECs retained by EWEB.

Effected Schedules in the Customer Service Policy, Appendix B are **Renewable Net-Metered Rate** and **Annual Renewable Generation Purchase Rate**. Proposed rate changes are included in the table below (*Table 15*).

Table 14

	Current Rates		**Proposed 2024 Rates**	
Renewable Net-Metered *(for generation less than or equal to 25kW)*				
Excess generation for CG Systems will be credited based on the following rate.				
All kWh of excess generation	**$0.0693**		**$0.1045**	**per kWh**
Annual Renewable Generation Purchase *(for generation less than 200 kW)*				
Purchased Power and RECs	**$0.0724**		**$0.1102**	**per kWh**
Purchased Power Only	**$0.0693**		**$0.1045**	**per kWh**

APPENDIX G - ENVIRONMENTAL PRODUCT LINE PRICES

I. Environmental Product Line Rates

EWEB provides voluntary pricing options in support of various environmental programs. Proposed additions to the policy are in red print and proposed eliminations are in red strike through print.

The purpose of **Cleanpower** product line is to provide an affordable and voluntary pricing option for the procurement and retirement of Renewable Energy Certificates (RECs), representing the legal property rights to the environmental attributes of renewable electricity generation on behalf of participating customers. This service is available to both Residential and General Service customers that either meet the minimum consumption criteria required for variable pricing under this service or participate under the block option. Funds received from customers under this schedule will cover program costs and match REC procurement and retirement with customer subscriptions.

EWEB will procure and retire an amount of RECs equivalent to the aggregate subscription volume for all Cleanpower participants. A REC is a tradeable, market-based instrument that represents the legal property rights to the non-power, environmental attributes of renewable electricity generation. A REC is created for every megawatt hour (MWh) of electricity generated and delivered to the grid from a renewable energy resource.

In accordance with Environmental Protection Agency guidance, purchasers of RECs own the exclusive rights to characterize the quantity of their purchased electricity associated with the RECs as low or zero-emissions electricity. All RECs retired under this schedule are generated by zero-emissions generating resources for the purposes of Greenhouse Gas Emissions Reporting to the Department of Environmental Quality (DEQ). The certification and retirement of RECs purchased under this schedule shall be performed by and executed within the Western Renewable Energy Generation Information System, or any equivalent successor thereto.

Customers purchasing RECs under this schedule will have two subscription options:

1. Full Requirements – A variable quantity of RECs which are equivalent to 100% of kWh consumption billed under Energy Charges on the customer bill.
2. Block purchases – Fixed amounts in increments of 5,000 kWh or 20,000 kWh.

Under either option, subscriptions may not exceed 2X average monthly consumption for any individual customer. Customers must have a minimum average consumption of 5,000 kWh per month to participate in the full requirements option. Notwithstanding the foregoing, all customers are eligible to purchase a single small block of 5,000 kWh.

The price of service under this schedule is additive to all other services, charges and/or fees. ~~Variable and Block~~ Prices are calculated annually, based upon transacted purchase price and/or a 12-month rolling average of comparable market prices for qualifying RECs, plus an additional 28% for transactional and administrative expenses.

Variable Rate: $0.00475 per kWh ($4.75 per MWh)
Block Rates: Small Block of 5,000 kWh $23.75 or Large Block of 20,000 kWh $95

The purpose of **Carbon Offsets** product line is to provide resources to customers which allow them to mitigate carbon footprint above and beyond EWEB energy use through the purchase and retirement of carbon off-sets. This service is available to Residential customers only. Funds received from customers under this schedule will cover program costs and match voluntary Carbon Offset procurement and retirement with customer subscriptions. Retirements will be performed annually and in aggregate for all participants.

Carbon offset credits represent verified greenhouse gas (GHG) emissions reductions or removal enhancements achieved under voluntary market protocols. Offsets are issued as Emission Reduction Tons (ERTs). One ERT represents the reduction or removal from the atmosphere equivalent to one metric tonne of carbon dioxide.

All offsets retired under this schedule shall be verified with a registry approved by California Air Resources Board (ARB) as an Offset Project Registry. These entities oversee the registration and independent verification of projects that meet science-based Standards and follow approved carbon accounting methodologies which ensure accuracy, precision, and rigor in the measurement, monitoring and verification of emissions reductions. Approved registries currently include the American Carbon Registry (ACR), Climate Action Reserve (CAR) and Verra.

Customers purchasing Carbon Offsets under this schedule will have two subscription options:

1. Small Block – 1 MT CO2e
2. Large Block – 5 MT CO2e

Multiple blocks may be purchased. However, total offsets may not exceed 16 MT CO2e in a calendar year. The annual quantity of offsets shall be divided by 12 and charged monthly, such that the total quantity and charge for offset subscription amounts can be accomplished with a full year of program participation.

The price of service under this schedule is additive to all other services, charges and/or fees. Prices are calculated annually, based upon transacted purchase price and/or a 12- month rolling average of comparable market prices for qualifying Carbon Offsets, plus an additional 28% for transactional and administrative expenses.

Small Block (1 MT CO2e) = $1.25/mo.
Large Block (5 MT CO2e) = $6.00/mo.

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

February 2024 Water Price Proposal

Fiscal Services Department
November 2023

EUGENE WATER & ELECTRIC BOARD
2024 Water Price Proposal

TABLE OF CONTENTS

EXECUTIVE SUMMARY

The 2024 Water Price Proposal was developed in accordance with the proposed 2024 budget. The Cost of Service analysis, revenue requirements, and proposed price schedules by customer class are included in this document.

Overall average price change: An overall average price increase of 7.8% to generate required revenues in support of operating expenses and capital investment needs.

Cost of Service Analysis: In accordance with industry standards, EWEB conducts a comprehensive Cost of Service Analysis (COSA) a minimum of every 3-5 years or when a major shift in COSA variables occurs. EWEB completed a multi-year COSA for testing years 2022 through 2024. EWEB staff updated the COSA for 2024 and recommended rates are based on the output of this analysis.

Price Design and Other Price Schedules: The following price design proposal is recommended to meet the Board rate making principles of Sufficiency, Affordability, Efficiency, Cost Basis, Equity, and Gradualism.

- Residential Customer Class
- General Service Customer Class
- Elevation Charges
- City of Veneta Wholesale Contract

I. INTRODUCTION

Purpose of Study

The purpose of this price study is to provide background information and technical analysis in support of the Eugene Water & Electric Board (EWEB) management proposal for revised water prices. The study includes documentation of water system revenue requirements, projected system loads and sales, and unit costs for serving water customers during the twelve-month period beginning January 2024. The most recent changes to water prices occurred in February 2023, with an overall average increase of 6.0%.

Establishment of Prices

EWEB is a locally regulated municipal utility operating under the authority of the Eugene City Charter and pertinent provisions of Oregon law. Five elected Commissioners who serve without pay carry out the responsibilities delegated to the Board pursuant to the City Charter. The EWEB Commissioners have exclusive jurisdiction to approve annual budgets and establish prices for water service.

Although EWEB's water prices are not subject to regulatory review by any federal or state utility commission or similar agency, the Board must comply with the requirements of applicable state and federal statutes as they pertain to the development of prices and the general conduct of utility business. Current statutes and related case law provide two general standards concerning the establishment of water prices.

The first of these price making standards allows EWEB to set prices at a level sufficient to recover the ongoing costs of utility operations. These costs include annual operating expenses, requirements for capital additions, interest and amortization of outstanding debts, and additions to reserves. This standard is intended to ensure the financial integrity of the utility, while defining the costs of operation that can be lawfully recovered through prices.

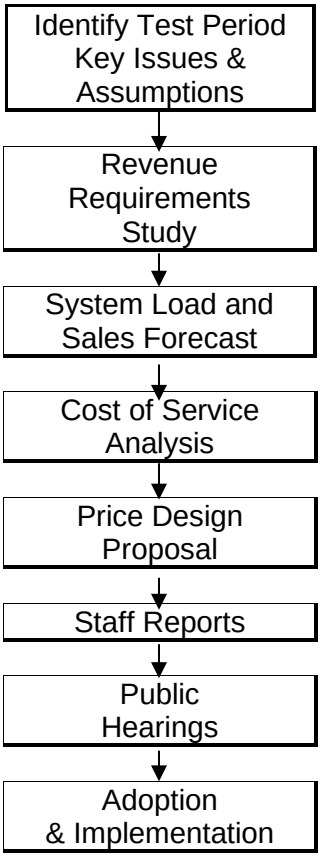
The second standard requires that prices and charges for utility service be fair and non-discriminatory. Prices are considered non-discriminatory when customers who receive similar and synchronous services under comparable circumstances are treated equally in the development and application of specific prices. This second standard protects the equity concerns of individual utility customers, based on established utility policies and practice for allocating costs among customers and customer classes.

The above standards, together with the established Board policies concerning cost allocation and price design, allow EWEB to maintain prices at the lowest possible level consistent with sound financial principles and traditional utility price making practice. They also give EWEB's elected Board of Commissioners complete authority to approve prices that are cost-based, non-discriminatory, and in concert with the needs of EWEB customers.

Price Review Process

EWEB's water prices are reviewed with each annual budget cycle to ensure they remain adequate to cover the cost of utility operations over the budget period. When budget projections or other forecasted operating conditions indicate the need for a price adjustment, EWEB staff is directed to prepare studies which determine appropriate price levels for each customer class. This formal review process involves several steps, all of which are coordinated with the EWEB Commissioners, General Manager, and management of the utility's operating departments. The process also affords an opportunity for review and comment by EWEB customers and other interested parties (see *Figure 1*).

Figure 1
Price Review Process



The first step in the price review process is a detailed examination of the projected operating expenses, capital costs, and anticipated revenues at current prices. The purpose of this effort is to confirm the overall revenue requirements that serve as a basis for development of proposed prices, the timing of the proposed price adjustment, and the period of time (or "test period") over which the new prices are expected to remain in place.

The next step is an assessment of the water system sales forecasts. These projections, consistent with historical and future growth trends in the EWEB service area, are then used to estimate system sales by price class.

Once EWEB's projected operating costs, revenue requirements, and sales forecasts have been determined, a cost of service study is performed. This study allocates test period costs to each of EWEB's customer classes and price schedules in accordance with the manner in which individual cost items are incurred. EWEB's COSA procedures employ standard utility industry costing methods, consistent with the policy guidelines established by the Board. The resulting unit costs are then used to inform and recommend specific revisions for EWEB's published water service schedules.

Public Notice and Hearings Schedule

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

Publication Name	Date
Register Guard	October 5, 2023
Register Guard	November 2, 2023

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

EXHIBIT 1

BEFORE THE EUGENE WATER & ELECTRIC BOARD

In the Matter of Consideration and Adoption of Budgets, Revised Prices for EWEB Electric and Water Service	NOTICE OF PUBLIC HEARINGS AND INVITATION TO COMMENT

1. Three dates are scheduled for public hearings to seek comment regarding proposed 2024 budget approval and adjustments to EWEB water and electric prices. If approved, the proposed changes for residential, general service, and other customers of the Eugene Water & Electric Board would become effective with utility billings rendered either, on or after February 1, 2024.

2. Public hearings will be held in person and virtually (details to be posted on eweb.org). Meeting dates and times:

   October 3, 2023 - 5:30 p.m.
   November 7, 2023 - 5:45 p.m.
   December 5, 2023 - 5:30 p.m.

   Background information concerning the budget and price proposals will be presented at the meeting, followed by the public hearing which will provide opportunity for public testimony and comment.

3. Specific price recommendations for each customer class may be obtained on EWEB's website: https://www.eweb.org/your-public-utility/board-of-commissioners/public-meetings or by calling EWEB's Fiscal Services Department at (541) 685-7000 or emailing budget@eweb.org. Copies of the budget document and price proposals will be made available upon request.

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

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

   Written comments may also be mailed to:
   EWEB Fiscal Services
   4200 Roosevelt Blvd
   Eugene OR 97402.

   To ensure timely consideration, requests to speak or written comments must be received by 2:00 p.m. on November 7, 2023. Please indicate "public hearing" in your written comments or request to speak.

II. BACKGROUND INFORMATION

A. Organizational Structure

EWEB is responsible for providing electric and water service within the City of Eugene and certain outlying areas. The specific duties delegated to the Board pursuant to the Eugene City Charter are carried out by five elected Commissioners who serve without pay. The Commissioners and their respective terms of office are as follows:

	Area	Term Expires
Sonya Carlson, President	Wards 6 & 7	First Meeting After 2024
John Barofsky, Vice President	Wards 2 & 3	First Meeting After 2024
John Brown	Wards 4 & 5	First Meeting After 2026
Matt McRae	Wards 1 & 8	First Meeting After 2024
Mindy Schlossberg	At Large	First Meeting After 2026

As EWEB's primary policy and decision-making body, the individual Board members represent a broad range of professional experience and community perspectives on matters concerning local utility service. The Board meets regularly on the first Tuesday of each month. All meetings are open to the public and provide opportunities for public participation.

The executive and leadership staff, responsible for each of the major operating areas, is as follows:

Executive	Department
Frank Lawson	General Manager
Rod Price	Assistant General Manager
Deborah Hart	Chief Financial Officer
Lena Kostopulos	Chief Workforce Services Officer
Julie McGaughey	Chief Customer Officer
Karen Kelley	Chief Operations Officer
Travis Knabe	Chief Information Officer
Brian Booth	Chief Energy Resource Officer
Anne Kah	Administrative Services Manger

The utility's business priorities are reviewed annually by the Board, General Manager, and a planning group made up of the leadership staff and other key personnel. Major organizational goals, strategic issues, opportunities, and planning contingencies for the coming year are then documented in the annual EWEB Strategic Plan. The General Manager meets regularly with the executive team members, who then hold regular meetings with their department staff to ensure employee productivity and efficient operations.

B. Water System Highlights

EWEB is the largest publicly owned utility in the state of Oregon. Founded by the citizens of Eugene in 1911, EWEB has been a successful provider of essential utility services to the local community for over 100 years.

The Water System provides water to all areas within the city, two water districts, Willamette Water Company, and the City of Veneta. Water is supplied from the McKenzie River and is treated at the Hayden Bridge Filtration Plant, one of the largest treatment plants in Oregon. Water is pumped from the Hayden Bridge Filtration Plant into the distribution system through two large transmission mains. The water distribution system consists of 22 reservoirs with a combined storage capacity of 89 million gallons, 25 pump stations, and approximately 800 miles of distribution mains.

Historical customer and consumption information is presented in the table below (*Table 1*). In 2022 consumption decreased by 9.7% compared to 2021, returning to a more typical range. Despite an overall rise in average temperatures during 2022, there were fewer occurrences of high heat spikes compared to the preceding year.

Table 1
Customer & Thousand Gallon Sales Statistics [1]
For Period 2018-2022

Year	Customer Count	% Ch.	KGAL Sales	% Ch.
2018	53,680	2.1%	7,654,000	4.1%
2019	54,112	0.8%	7,297,000	-4.7%
2020	54,518	0.8%	7,268,000	-0.4%
2021	54,855	0.6%	7,964,000	9.6%
2022	55,014	0.3%	7,194,000	-9.7%

[1] Excludes Water District customers

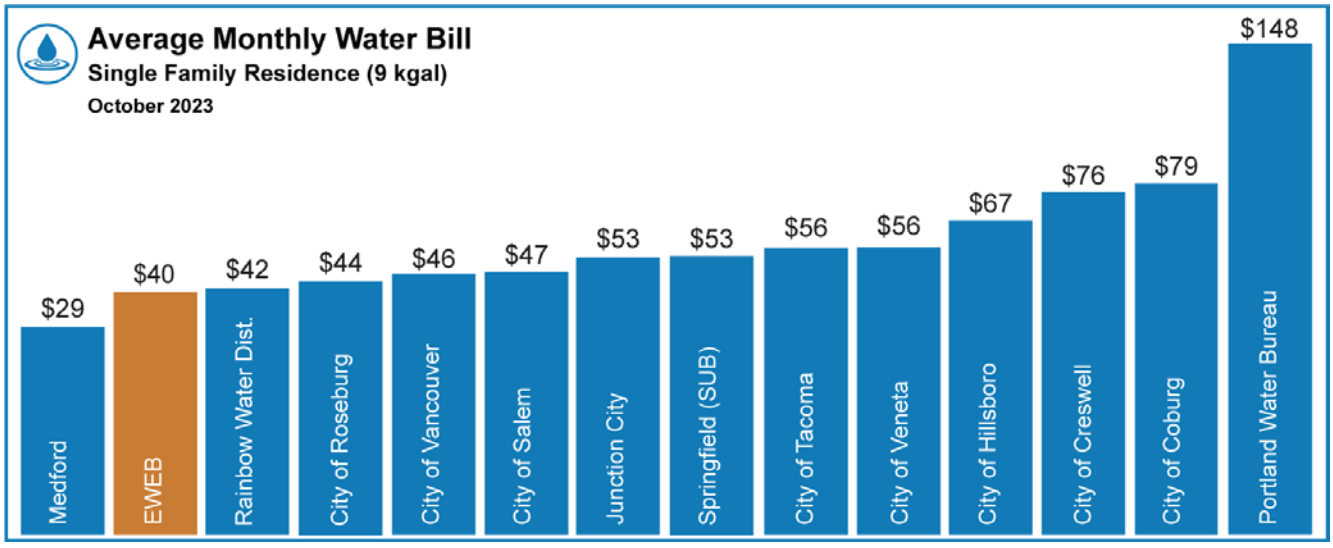
NOTE: The above figures are as of the end of each year.

EWEB places a high value on quality service and responsiveness to the needs of its customers. Because of its standards for reliability and design, water service interruptions are infrequent and limited to short duration.

C. Retail Price Comparison

A comparison of current monthly residential bills for selected Northwest water utilities is shown in *Figure 2*. Sample bills are calculated using EWEB's monthly average single family residence consumption of 9 kgal. A bill of $40.21 for EWEB in the figure is calculated using the current residential price. The resulting monthly average water bill based on this proposal is $43.30, an increase of $3.09 over 2023. Sample bills for the residential price proposal are shown in *Table 9*.

Figure 2


Average Monthly Water Bill
Single Family Residence (9 kgal)
October 2023
$29
Medford
$40
EWEB
$42
Rainbow Water Dist.
$44
City of Roseburg
$46
City of Vancouver
$47
City of Salem
$53
Junction City
$53
Springfield (SUB)
$56
City of Tacoma
$56
City of Veneta
$67
City of Hillsboro
$76
City of Creswell
$79
City of Coburg
$148
Portland Water Bureau

III. REVENUE REQUIREMENTS STUDY

This section contains a general description of EWEB's annual budgeting process. It includes the documentation of EWEB's 2024 proposed budget for operating and capital expenses and revenue requirements which has been designated as the test period for the current price proposal. In addition to determining the overall revenue requirement needed to sustain operation of the water utility, test period revenue requirements are a primary input to the Cost of Service analysis.

A. Preparation of Annual Budgets

At the beginning of each annual budget cycle, the utility's strategic priorities are identified by the Board and the General Manager. Major organizational goals, strategic issues, opportunities, and planning contingencies are then documented in the EWEB Strategic Plan. The Strategic Plan drives specific performance targets to address management priorities through ongoing work assignments and schedules.

Management and supervisory levels of EWEB are involved in preparation of the annual Water Utility Budget in order to place responsibility for cost control on the managers who forecast and incur the costs. If a budget deficit cannot be corrected through cost reductions or deferrals, the amount of the deficit becomes an additional revenue requirement recommended for recovery through a water price adjustment.

A draft budget with explanations on variances from prior years is discussed with the EWEB Commissioners. The Board reviews the draft budget and may suggest program adjustments and revisions. Public hearings are held to ensure customers have the opportunity to provide feedback. The Board approves a final budget in December, which then becomes the operating plan for the next budget year.

All supervisors are required to expend funds in a manner consistent with approved budget estimates. On a monthly basis, year-to-date balances are reviewed and compared to budgets to ensure that costs continue to track as expected. Quarterly financial reports and any significant deviations are brought to the attention of the Board for review in accordance with Board Policy EL-1, Financial Controls. Year-end results are routinely checked against budgets, with differences noted for potential input to the next year's budget cycle.

B. Revenue Requirements

EWEB has designated calendar year 2024 as the “test period” for the development of water system costs and revenues in this current price proposal. This corresponds with the expenditures included in the 2024 Proposed Water Budget and any known or anticipated impacts in subsequent years.

For the February 2024 price study, staff were able to incorporate the projected sales, revenues, and expenditure data from the proposed 2024 budget directly as a basis for this revenue requirement proposal.

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

Table 2
Water System Revenue Requirements
For 2024 Budget Year

	2023 Current Prices	Revenues at Proposed Prices	% of Total
Operating Revenues	$39,091,000	$42,138,000	85%
Interest, and Other Income[1]	7,488,000	7,488,000	15%
	46,579,000	**49,626,000**	**100%**
Expenditures			
Source of Supply[2]	4,281,000	4,281,000	13%
Pumping	2,307,000	2,307,000	7%
Power for Pumping	1,213,000	1,213,000	4%
Purification	4,396,000	4,396,000	13%
Transmission & Distribution	9,010,000	9,010,000	28%
Customer Accounting	2,993,000	2,993,000	9%
Conservation	940,000	940,000	3%
Administrative & General	7,590,000	7,590,000	23%
Subtotal	**32,730,000**	**32,730,000**	**66%**
Construction & Capital	14,223,000	14,223,000	29%
Debt Service, Interest, and Amortization	7,020,000	7,020,000	14%
Balance Sheet Changes	($408,000)	($408,000)	-1%
Subtotal	**20,835,000**	**20,835,000**	**42%**
To (From) Working Cash/ Reserves	($3,939,000)	($3,939,000)	-8%
Revenue Requirements	**$49,626,000**	**$49,626,000**	**100%**
Surplus / (Deficiency)	**($3,047,000)**	-	
As a % of Rate Revenue	**-7.8%**	-	

[1] Includes Watershed Recovery Fee Revenue, System Development Charge Revenue

[2] Includes Watershed Recovery Expenditure

IV. SYSTEM SALES AND REVENUE FORECAST

A. Overview of EWEB's Forecasting Process

EWEB routinely prepares both short and long-range water system sales forecasts as part of its ongoing planning activities. Annual projections of the total system water sales are prepared by the Fiscal Services Department. The annual forecasts employ historical sales data from EWEB records. The annual sales forecast forms the basis for revenue projections in the water cost of service analysis.

Basic growth projections for EWEB's system are developed through application of various forecasting methods, which include trending and econometric analysis. System forecasts are examined regularly and adjusted for changing local economic conditions and customer characteristics. The resulting base forecasts become a key input to water resource planning, facilities design, and preparation of annual budgets. They also become an integral part of the price development process as a basis for allocation of operating costs and design of proposed prices for each customer class. Actual consumption may vary considerably from year to year due to changes in local weather patterns, the economy and commercial activities.

EWEB's annual water sales forecast was adopted directly as the basis for estimating total system sales for the current price study. Specifically, the twelve-month period from January through December 2024 was selected for analysis, corresponding with the test period budget and revenue requirements. The remainder of this section describes how the system sales and revenue forecasts are applied to the development of retail prices and describes the results obtained for the 2024 test period.

B. Methodology and Procedures

In order to develop appropriate water prices, EWEB's annual system forecast of 95% of the last five years was used to develop a detailed projection of water sales and customer use characteristics for the upcoming price period.

Projection of customer sales relies on historical data collected by EWEB's Fiscal Services Department. Historical sales statistics are obtained from EWEB financial statements and accounting records. In addition, Fiscal Services maintains a detailed record of customer billing statistics for each price classification.

Once the basic forecasting data is assembled, it is reviewed for consistency with recent historical trends, budget assumptions and conditions expected to prevail over the price test period. Such review ensures that the sales forecast used in the price design process remains consistent with projections used to prepare the EWEB revenue requirements.

The next step in the forecasting process is to divide the total system forecast into component parts by month and price class groupings. Historical customer sales statistics were used to calculate current class contribution to annual system sales and typical distribution of consumption for each class. These historical ratios are then applied to the initial aggregate utility forecast to produce a projection of consumption by price class.

C. 2024 Forecast Results

The results of EWEB's forecast of sales for the 2024 budget are summarized below (*Table 3*):

Table 3
Water System Consumption
2024 Price Proposal

Customer Class	Count	KGAL Sales	% of Sales
Residential - Inside City[1]	48,198	3,787,285	48.6%
Residential - Outside City[1]	475	47,709	0.6%
General Service - Inside City[1]	6,045	3,124,446	40.1%
General Service - Outside City[1]	285	181,060	2.3%
Water Districts	2	533,596	6.9%
Willamette Water Company	7	30,877	0.4%
City of Veneta	2	81,120	1.0%
Private Fire Lines	N/A	N/A	0.1%
Total	**55,014**	**7,786,093**	**100.0%**

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

The above information represents an increase in EWEB customers by the end of 2024, which is a trend over the last several years and projected new service connections. Total water sales for the period are forecast at 7.8 billion gallons.

The 2024 Sales and Revenue Forecast are used as a basis for cost allocation, price design and revenue projections at current and proposed prices.

V. COST OF SERVICE ANALYSIS

This section documents the procedures used in development of a Cost of Service study.

A. Costing Methods and Procedures

EWEB's Cost of Service methodology uses standard water utility costing procedures to allocate the test period revenue requirements to each customer class. The allocated costs reflect the contribution of each price class to total system costs during the period for which prices are being developed. Study results also measure the degree of equity in prices charged to individual customer classes by testing the adequacy of revenues received relative to allocated costs of service. Through this process, the Cost of Service study apportions the test period revenue deficiency as a basis for determining appropriate price levels and percentage adjustments for each customer class.

EWEB's Cost of Service study begins with a detailed assessment of utility proposed operating budget and revenue requirements for the upcoming price period. The analysis relies on anticipated water system expenditures, retail sales, and projected revenues contained in the Proposed Water Utility Budget.

Once the total utility revenue requirement has been determined, individual line-item costs are grouped according to major utility functions, such as power for pumping, transmission, distribution, or customer accounting. Each line-item expense is then classified according to its contribution to system peak demands, total water consumption, or number of customers for each price class. Specific items are also identified for direct assignment when they are clearly associated with service to particular price classes.

The Cost of Service model breaks down the various demand and customer costs into sub-components to assign costs to individual price classes. Demand-related costs are segregated into max day demand for each month, while basic customer costs are sub-classified as relating to either "meters and services" or "billing and collecting."

After classification and sub-classification, each cost category is distributed to one or more price classes through a detailed allocation procedure. Several related analyses are conducted to develop the many allocation factors applied in this step. For example, calculating the class contribution to peak-day demand involves full examination of all customer sales during the test period. Accordingly, the allocation step relies on the revenue projections and available sales data described in Section IV, System Sales and Revenue Forecast.

When all of the allocation factors have been developed, they are then applied to yield a segregation of total system costs assigned to the different price classes. The final step is to combine the calculations in a summary table showing the total allocated costs and recommended percentage adjustments for each customer class. These results can then be represented as unit costs, which form the basis for actual price design.

B. Cost of Service Summary

EWEB prepares organizational budgets annually and uses this information to update the COSA. The revenue requirements are allocated to each customer class and can be evaluated relative to the revenue of test rates for revenue requirement increases for each customer class. In 2021, staff completed a three-year Cost of Service Analysis (COSA), with 2024 as year three in that study. The intent of the multi-year COSA is to incorporate gradualism into specific recommendations and provide customers cost-based price signals while easing and forecasting single year impacts. The initial multi-year results provided a forecast of revenue requirements and the corresponding shortfall as shown in the tables below (*Tables 4 and 5*).

Table 4
Forecast of Water Utility Proposed Revenue Requirement by Price Class for 2022-2024 Test Periods

Customer Class	Price Schedules	2022 Revenue Requirement	2023 Revenue Requirement	2024 Revenue Requirement
Residential[1]	R-1, R-2	$19,826,933	$21,397,005	$23,762,394
General Service[1]	G-1, G-2	$14,332,524	$15,518,687	$17,226,547
Water Districts	4	$1,918,021	$2,034,187	$2,287,556
Willamette Water Company	5	$114,592	$122,153	$136,857
City of Veneta	6	$149,390	$158,317	$172,423
Elevation	N/A	$906,190	$1,239,080	$1,184,257

[1]Includes both Inside and Outside City

Table 5
Forecast of Water Utility Revenue Requirement Shortfall by Price Class for 2022-2024 Test Periods

Customer Class	Price Schedules	2022	2023	2024
Residential[1]	R-1, R-2	3.2%	8.2%	12.3%
General Service[1]	G-1, G-2	5.0%	8.7%	12.5%
Water Districts	4	3.1%	6.2%	13.6%
Willamette Water Company	5	-2.8%	6.4%	12.5%
City of Veneta	6	14.2%	6.8%	10.8%
Elevation[2]	N/A	12.7%	41.4%	-6.8%

[1]Includes both Inside and Outside City
[2]Average of Levels 1, 2 and 3

Revenue requirements are allocated to each customer class and can be evaluated relative to the revenue of current rates for revenue requirement increases for each customer class. *Table 6* displays the expected deficit for 2024 Test Period at present rates to the allocated revenue requirement.

Table 6
Forecast of Water Utility
Forecasted Revenue Requirement Shortfall by Price Class
for 2024 Test Period

Customer Class	Price Schedules	2024
Residential[1]	R-1, R-2	10.7%
General Service[1]	G-1, G-2	7.4%
Water Districts	4	-0.8%
Willamette Water Company	5	-13.5%
City of Veneta	6	11.0%
Elevation[2]	N/A	5.7%

[1] Includes both Inside and Outside City
[2] Average of Levels 1, 2 and 3

VI. PRICE RECOMMENDATIONS

Updates to economic assumptions and the capital plan required a refresh to 2024 results. Current price proposals have been evaluated based on changes in 2024 draft budgets. Staff recommend the revenue requirement be allocated in accordance with *Table 7* to employ the pricing principle of gradualism for retail customers. There is a reduction in 2024 recommended rate adjustments due to long term financial planning efforts to smooth the overarching rate trajectory. Wholesale prices are established according to their contracts.

Table 7
Water Utility Recommended Rate Adjustments
2024 Price Proposal

Customer Class	Price Schedules	2024
Residential[1]	R-1, R-2	8.3%
General Service[1]	G-1, G-2	8.3%
Water Districts	4	0.0%
Willamette Water Company	5	0.0%
City of Veneta	6	10.0%
Elevation[2]	N/A	5.9%

[1] Includes both Inside and Outside City
[2] Average of Levels 1, 2 and 3

A. Residential Service – Schedules R-1 and R-2

Residential customers are served under Schedule R-1, which applies to single family and smaller multi-family dwellings inside the City of Eugene. The price schedule consists of a fixed monthly basic charge depending on meter size and a 3-tiered usage price applied to all monthly metered consumption. Residential customers outside the City of Eugene are served under Schedule R-2, which includes a 30% price differential from R-1.

The price increase for residential customers is illustrated in *Table 8*. The monthly elevation charge determined by pumping level is proposed to increase only for Pumping Level 2 and Pumping Level 3 to $3.54, $6.60, and $11.88, from $3.54, $6.43, and $10.33 depending on the level. *Table 9* provides information on price and monthly bill comparison using current and proposed prices for a residential customer within the City of Eugene. *Tables 10 and 11* provide information on the calculation of revenues at current and proposed prices for residential customers outside City limits.

Table 8
Residential Service Within City Limits, SCHEDULE R-1
Existing vs. Proposed Prices

	Existing Price	Proposed Price	
Basic Charge			
< 1"	$22.24	$24.09	per month
1"	$30.03	$32.52	per month
1 - 1/2"	$45.94	$49.75	per month
2"	$82.31	$89.14	per month
3"	$180.02	$194.96	per month
Volume Charge			
First 8 kgal	$1.545	$1.673	per kgal
Next 22 kgal	$2.611	$2.828	per kgal
Over 30 kgal	$4.227	$4.578	per kgal
Elevation Basic Charge			
Pumping Level 1	$3.54	$3.54	per month
Pumping Level 2	$6.43	$6.60	per month
Pumping Level 3	$10.33	$11.88	per month
Elevation Volume Charge			
Pumping Level 1	$0.294	$0.294	per kgal
Pumping Level 2	$0.642	$0.659	per kgal
Pumping Level 3	$1.089	$1.252	per kgal

Table 9

EUGENE WATER & ELECTRIC BOARD

Price and Monthly Bill Comparison[1]

Residential Water Service Inside City Limits

SCHEDULE R-1

< 1" Service

Monthly Usage Level (KGAL)	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Difference
0	$25.24	$27.09	7.3%
1	$26.79	$28.76	7.4%
2	$28.33	$30.43	7.4%
3	$29.88	$32.11	7.5%
4	$31.42	$33.78	7.5%
5	$32.97	$35.45	7.5%
6	$34.51	$37.13	7.6%
7	$36.06	$38.80	7.6%
8	$37.60	$40.47	7.6%
9	$40.21	$43.30	7.7%
10	$42.82	$46.13	7.7%
15	$55.88	$60.27	7.9%
20	$68.93	$74.40	7.9%
25	$81.99	$88.54	8.0%
30	$95.04	$102.68	8.0%
35	$116.18	$125.57	8.1%
40	$137.31	$148.46	8.1%
45	$158.45	$171.35	8.1%
50	$179.58	$194.24	8.2%

[1] Includes Watershed Recovery Fee

Table 10
Residential Service Outside City Limits, SCHEDULE R-2
Existing vs. Proposed Prices

	Existing Price	Proposed Price	
Basic Charge			
< 1"	$28.94	$31.34	per month
1"	$39.03	$42.27	per month
1 - 1/2"	$59.72	$64.68	per month
2"	$107.00	$115.88	per month
3"	$234.03	$253.45	per month
Volume Charge			
First 8 kgal	$2.010	$2.177	per kgal
Next 22 kgal	$3.393	$3.675	per kgal
Over 30 kgal	$5.496	$5.952	per kgal
Elevation Basic Charge			
Pumping Level 1	$3.54	$3.54	per month
Pumping Level 2	$6.43	$6.60	per month
Pumping Level 3	$10.33	$11.88	per month
Elevation Volume Charge			
Pumping Level 1	$0.294	$0.294	per kgal
Pumping Level 2	$0.642	$0.659	per kgal
Pumping Level 3	$1.089	$1.252	per kgal

Table 11

Price and Monthly Bill Comparison[1]

Residental Water Service Outside City Limits
SCHEDULE R-2

< 1" Service

Monthly Usage Level (KGAL)	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Difference
0	$31.94	$34.34	7.5%
1	$33.95	$36.52	7.6%
2	$35.96	$38.70	7.6%
3	$37.97	$40.87	7.6%
4	$39.98	$43.05	7.7%
5	$41.99	$45.23	7.7%
6	$44.00	$47.40	7.7%
7	$46.01	$49.58	7.8%
8	$48.02	$51.76	7.8%
9	$51.41	$55.43	7.8%
10	$54.81	$59.11	7.8%
15	$71.77	$77.48	8.0%
20	$88.74	$95.85	8.0%
25	$105.70	$114.23	8.1%
30	$122.67	$132.60	8.1%
35	$150.15	$162.36	8.1%
40	$177.63	$192.12	8.2%
45	$205.11	$221.88	8.2%
50	$232.59	$251.64	8.2%

[1] Includes Watershed Recovery Fee

B. General Service Inside City Limits (Schedule G-1)

EWEB's commercial and industrial customers inside the City of Eugene are presently served at the General Service price Schedule G-1. This price also applies to larger multi-family residential accounts. Under the General Service schedule, EWEB provides all distribution and service facilities necessary to meet the water requirements of the customer.

Table 12 provides information on existing and proposed prices.
Table 13 provides information on monthly bill comparisons at existing and proposed prices.

Table 12

General Service Water Service Inside City Limits, SCHEDULE G-1
Existing vs. Proposed Prices

	Existing Price	Proposed Price	
BASIC CHARGE			
< 1"	$25.85	$28.00	per month
1"	$34.91	$37.81	per month
1 - 1/2"	$53.38	$57.81	per month
2"	$95.65	$103.59	per month
3"	$215.50	$233.39	per month
4"	$367.94	$398.48	per month
6"	$552.09	$597.91	per month
8"	$799.17	$865.50	per month
10"	$1,128.72	$1,222.40	per month
VOLUME CHARGE			
All KGAL (1,000 gallons)	$3.148	$3.409	per kgal
Elevation Basic Charge			
Pumping Level 1	$3.54	$3.54	per month
Pumping Level 2	$6.43	$6.60	per month
Pumping Level 3	$10.33	$11.88	per month
Elevation Volume Charge			
Pumping Level 1	$0.294	$0.294	per kgal
Pumping Level 2	$0.642	$0.659	per kgal
Pumping Level 3	$1.089	$1.252	per kgal

Table 13

EUGENE WATER & ELECTRIC BOARD

Price and Monthly Bill Comparison[1]

GENERAL SERVICE INSIDE CITY LIMITS
SCHEDULE G-1

	< 1" SERVICE			1" SERVICE			2" SERVICE			4" SERVICE			6" SERVICE		
Monthly Usage Level (KGAL)	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Difference	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Difference	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Difference	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Difference	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Difference
0	$28.85	$31.00	7.4%												
5	$44.59	$48.04	7.7%												
10	$60.33	$65.09	7.9%	$69.39	$74.90	7.9%									
15	$76.07	$82.13	8.0%	$85.13	$91.95	8.0%									
20	$91.81	$99.18	8.0%	$100.87	$108.99	8.1%	$163.11	$176.27	8.1%						
25	$107.55	$116.23	8.1%	$116.61	$126.04	8.1%	$178.85	$193.32	8.1%						
30	$123.29	$133.27	8.1%	$132.35	$143.09	8.1%	$194.59	$210.37	8.1%						
40	$154.77	$167.37	8.1%	$163.83	$177.18	8.1%	$226.07	$244.46	8.1%						
50	$186.25	$201.46	8.2%	$195.31	$211.27	8.2%	$257.55	$278.55	8.2%	$537.34	$580.94	8.1%			
75				$274.01	$296.50	8.2%	$336.25	$363.79	8.2%	$616.04	$666.18	8.1%			
100				$352.71	$381.74	8.2%	$414.95	$449.02	8.2%	$694.74	$751.41	8.2%	$884.89	$956.84	8.1%
200				$667.51	$722.66	8.3%	$729.75	$789.95	8.2%	$1,009.54	$1,092.34	8.2%	$1,199.69	$1,297.77	8.2%
250				$824.91	$893.13	8.3%	$887.15	$960.41	8.3%	$1,166.94	$1,262.80	8.2%	$1,357.09	$1,468.23	8.2%
500							$1,674.15	$1,812.73	8.3%	$1,953.94	$2,115.12	8.2%	$2,144.09	$2,320.56	8.2%
750										$2,740.94	$2,967.44	8.3%	$2,931.09	$3,172.88	8.2%
1,000										$3,527.94	$3,819.76	8.3%	$3,718.09	$4,025.20	8.3%
1,500													$5,292.09	$5,729.84	8.3%
2,000													$6,866.09	$7,434.48	8.3%
2,500													$8,440.09	$9,139.12	8.3%

[1] Includes Watershed Recovery Fee

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

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

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

Table 14 provides information on existing and proposed prices.
Table 15 provides information on monthly bill comparisons at existing and proposed prices.

Table 14

General Service Water Service Outside City Limits, SCHEDULE G-2
Existing vs. Proposed Prices

	Existing Price	Proposed Price	
BASIC CHARGE			
< 1"	$33.61	$36.40	per month
1"	$45.36	$49.12	per month
1 - 1/2"	$69.40	$75.16	per month
2"	$124.33	$134.65	per month
3"	$280.15	$303.40	per month
4"	$478.31	$518.01	per month
6"	$717.72	$777.29	per month
8"	$1,038.93	$1,125.16	per month
VOLUME CHARGE			
All KGAL (1,000 gallons)	$4.094	$4.434	per kgal
Elevation Basic Charge			
Pumping Level 1	$3.54	$3.54	per month
Pumping Level 2	$6.43	$6.60	per month
Pumping Level 3	$10.33	$11.88	per month
Elevation Volume Charge			
Pumping Level 1	$0.294	$0.294	per kgal
Pumping Level 2	$0.642	$0.659	per kgal
Pumping Level 3	$1.089	$1.252	per kgal

Table 15

EUGENE WATER & ELECTRIC BOARD

Price and Monthly Bill Comparison[1]

GENERAL SERVICE OUTSIDE CITY LIMITS
SCHEDULE G-2

	< 1" SERVICE			1" SERVICE			2" SERVICE			4" SERVICE			6" SERVICE		
Monthly Usage Level (KGAL)	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.	Monthly Bill at Present Prices	Monthly Bill at Proposed Prices	Percent Diff.
0	$36.61	$39.40	7.6%												
5	$57.08	$61.57	7.9%												
10	$77.55	$83.74	8.0%	$89.30	$96.46	8.0%									
15	$98.02	$105.91	8.0%	$109.77	$118.63	8.1%									
20	$118.49	$128.08	8.1%	$130.24	$140.80	8.1%	$212.21	$229.33	8.1%						
25	$138.96	$150.24	8.1%	$150.71	$162.97	8.1%	$232.68	$251.49	8.1%						
30	$159.43	$172.41	8.1%	$171.18	$185.14	8.2%	$253.15	$273.66	8.1%						
40	$200.37	$216.75	8.2%	$212.12	$229.48	8.2%	$294.09	$318.00	8.1%						
50	$241.31	$261.09	8.2%	$253.06	$273.81	8.2%	$335.03	$362.34	8.2%	$695.01	$751.70	8.2%			
75				$355.41	$384.66	8.2%	$437.38	$473.18	8.2%	$797.36	$862.54	8.2%			
100				$457.76	$495.51	8.2%	$539.73	$584.03	8.2%	$899.71	$973.39	8.2%	$1,145.12	$1,238.67	8.2%
200				$867.16	$938.89	8.3%	$949.13	$1,027.41	8.2%	$1,309.11	$1,416.77	8.2%	$1,554.52	$1,682.05	8.2%
250				$1,071.86	$1,160.58	8.3%	$1,153.83	$1,249.10	8.3%	$1,513.81	$1,638.46	8.2%	$1,759.22	$1,903.74	8.2%
500							$2,177.33	$2,357.55	8.3%	$2,537.31	$2,746.91	8.3%	$2,782.72	$3,012.19	8.2%
750										$3,560.81	$3,855.36	8.3%	$3,806.22	$4,120.64	8.3%
1,000										$4,584.31	$4,963.81	8.3%	$4,829.72	$5,229.09	8.3%
1,500													$6,876.72	$7,445.99	8.3%
2,000													$8,923.72	$9,662.89	8.3%
2,500													$10,970.72	$11,879.80	8.3%

[1] Includes Watershed Recovery Fee

D. Sale of Surplus Water (Schedule 6)

EWEB provides firm surplus wholesale water to Santa Clara and River Road Water Districts and Willamette Water Company and surplus wholesale water to the City of Veneta. Each district has two contractual agreements with EWEB, one is for the service to be provided by EWEB and a second is for the supply of firm surplus water. Prices include a basic and a volume charge.

Price changes for Santa Clara and River Road Water Districts and Willamette Water Company are not recommended per the results of the Cost of Service Analysis. The rate base for surplus water contracts incorporates existing plant-in-service values as opposed to the retail customer rate base which incorporates current year capital spending. It is anticipated increases for surplus water customers will be more manifest following completion of large capital investments in water storage and treatment.

The proposed increase for Veneta is driven by increased overall costs, particularly customer allocated costs, such as meters and meter reading. The increased costs also impacted other contract customers, but the surplus sales contracts had offsetting factors that reduced costs, which resulted in no need for a net increase in rates for those customers. *Table 16* provides information on existing and proposed prices for the City of Veneta.

Table 16

City of Veneta, SCHEDULE 6
Existing vs. Proposed Prices

	Existing Price	Proposed Price
BASIC CHARGE	**$1,154.73**	**$1,270.20**
VOLUME CHARGE		
All KGAL (1,000 gallons)	$1.460	$1.606

E. Private Fire Lines

Private fire lines are separate attachments or services to the system for the provision of sufficient water capacity to meet fire requirements. The services are typically larger than the customer's normal domestic line but conduct water for emergency use only. Fire protection lines are usually a requirement of the municipal fire chief and/or insurance companies. Since there is no routine water consumption for a private fire line, the only charge for the service is a flat price per month, based on the per-inch diameter of the pipe.

In this proposal, management recommends a 7.8% change to fire line prices. Prices for fire lines are contained within the Customer Service Policy & Procedures for General Service Inside (Schedule G-1) and Outside City (Schedule G-2). *Table 17* provides information on existing and proposed prices.

Table 17

Private Fire Lines
Existing vs. Proposed Charges

Line Size	Existing Inside City	Proposed Inside City	Existing Outside City	Proposed Outside City
1"	$48.20	$51.96	$61.43	$66.22
1 - 1/2"	$48.20	$51.96	$61.43	$66.22
2"	$48.20	$51.96	$61.43	$66.22
3"	$48.20	$51.96	$61.43	$66.22
4"	$48.20	$51.96	$61.43	$66.22
6"	$72.30	$77.94	$92.14	$99.33
8"	$96.40	$103.92	$122.85	$132.44
10"	$120.50	$129.89	$153.57	$165.55
12"	$144.59	$155.87	$184.28	$198.66
16"	$192.79	$207.83	$245.71	$264.87