



**MEMORANDUM**  
EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Erin Erben, Manager of Power Resources & Strategy Planning  
Megan Capper, Senior Energy Resource Analyst  
DATE: February 20, 2013  
SUBJECT: Bonneville Power Administration FY2014-15 Rate Proceedings

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**Issue**

At the February 5, 2013 Board meeting, Commissioner Helgeson requested an update on the current BPA rate proceedings.

**Background**

Every two years BPA establishes the rates to be charged for power and transmission services in a formal evidentiary hearing process. During the current rate process BPA will establish power, transmission, control area services, and ancillary services for FY2014-15. EWEB has joined with Cowlitz as a Party to the Rate Case and we share legal costs. This relationship has worked well in the past and continues to provide benefit.

In November 2012, BPA filed its Initial Proposal (IP) with FERC. The IP outlined BPA's thoughts on how the rates would be calculated. On January 28, 2013, after interested Parties had the opportunity to submit data requests and ask clarifying questions, the rate case Parties filed their "Direct" Testimony challenging or supporting BPA's IP. Below is an outline of some key issues and EWEB's positions. As the rate case proceeds through rebuttal testimony, clarification, oral arguments, and cross examination we anticipate a number of additional issues to arise. The Administrator's Record of Decision (ROD) is due the end of July 2013.

**Discussion**

Power Rate Case Issues

This is the second rate case conducted under the Tiered Rate Methodology and Regional Dialogue contracts implemented in 2011. Many of the key issues were debated and resolved in the FY2012-13 rate case. For this rate case EWEB has presented the following positions on power rates:

- With low forecasted secondary revenues and increased capital costs, BPA needs to look at alternatives to rate increases to recover costs especially as BPA's rates continue to be above market.
- BPA's proposal to delay their decision to manage risk by relying more heavily on net revenues from rates rather than a Cost Recovery Adjustment Clause (CRAC) mechanism needs additional customer review. We are recommending BPA develop a proposal for customer review.
- EWEB requests BPA add language to the Energy and the Generation Imbalance Rates to authorize BPA to waive the penalty portion of those rates when an imbalance occurs from factors outside the control of the customer. Our testimony uses the Persistent Deviation authority to waive a penalty as a model.

- We support testimony provided by slice customers to revise the definition of a slice customer's demand entitlement. We believe the proposed methodology falls short of the intended definition as defined by BPA in their initial proposal.

#### Transmission Rate Case Issues

BPA hasn't fully litigated a transmission rate case since 1996. Each rate case since has been settled. For this reason, there is a focus on revisiting the cost allocation methodologies in this rate case. The key issues are defined below.

- BPA has proposed a network cost allocation change from a one-month coincident peak load bill factor (1CP) to a method using twelve monthly, non-coincident peak load factors (12NCP). While EWEB supports this change as a step in the right direction, we are also strong advocates for BPA to move to a twelve-month, coincident peak (12CP) methodology, as we believe BPA's transmission costs are driven more by capacity use at the time of their system peak, rather than the peaks of the individual utilities. As an NT customer, this would provide a significant rate reduction and align BPA with the FERC's approved methodology.
- BPA collected \$70 million more in revenue than expected last year. We've seen this trend over the past few rate cases and have asked BPA to revisit its revenue requirement assumptions.
- EWEB supports the concept of using part of BPA's current \$450 million of financial reserves to buy down the rate increase. One party testified BPA could use \$100 million in financial reserves and still meet the required 95% Treasure Payment Probability.
- BPA is under political pressure to roll the costs of the Montana Intertie into the BPA Network. While the short term costs are insignificant, the potential long term costs appear extreme and the precedent it sets for a decision with regard to the Southern Intertie concerns us.

#### Generation Inputs Rate Case Issues

While this is not a separate rate case proceeding it is comprised of a separate set of hearings that impact both the transmission and power rate cases.

The uses of federal generation to support the transmission system and maintain reliability are generally referred to as generation inputs. These include capacity products such as balancing reserves, where the system stands ready to make up any energy deviations between energy produced and scheduled. Given the variability of wind generation and the forecasted increase of wind turbines in the BPA balance authority, generation inputs and how their costs are allocated is a primary issue in this rate case.

This week BPA made a generation input settlement proposal in which they are asking customers to agree on a two-year cost allocation method to allow BPA and the region time to develop mechanisms to reduce capacity requirements and develop internal systems to further address wind integration needs. Parties are evaluating the proposal and will reconvene in the next two weeks to discuss. Below are the positions EWEB has taken to date outside of the settlement proposal.

- BPA is forecasting that the federal system will no longer have excess capacity to allocate to reserve services at the end of the next rate period. BPA proposes to proportionally allocate the costs of the balancing reserves on the federal system to generation and load. This approach would have any costs associated with additional acquisition of reserves allocated to those incurring the costs (primarily wind generation). We support BPA's proposal and appreciate its cost causation approach. We are cautious, however, to fully endorse the method until we see how it is implemented under an ever-changing wind environment.

- BPA should allocate the embedded costs of the “Big 10” hydro projects to reserve services based on the larger of “incs” and “decs” (ramp up and down on the system) needed to provide the service, as opposed to BPA only allocating costs to incs (as historically done). In the last rate case, we footnoted ourselves out of PPC’s testimony on this matter because they wanted to add the incs and the decs together. This year we have been successful in convincing PPC to argue the allocation should be based on the larger of the incs and decs (which would usually result in decs).

Oversupply Rate Case Issues

BPA is conducting a third rate case to determine who will pay the past and future costs incurred during spring oversupply (OS) conditions. The plan is to develop a formula rate to be applied to actual costs, which will be collected at the end of each year. This formula rate may apply to the past costs incurred (\$2.7 million in 2012 and \$12 million in 2011) and would likely set precedent for OS costs incurred in 2014 and 2015. BPA estimates future OS costs will average \$12million/year with a range between \$0-\$50 million/year.

In July 2012, BPA filed a revised Oversupply (OS) Protocol with FERC, called Attachment P, to the Open Access Transmission Tariff (OATT). In the revised Attachment P, BPA described its initial cost allocation proposal of a 50/50 cost split between transmission and power customers. This was their initial proposal prior to the public rate case process required by the NW Power Act. In FERC’s December 2012 response, this requirement was overlooked when FERC ruled the 50/50 split did not produce comparable rates. As a result of this ruling, BPA filed a stay and request for rehearing to FERC. In the meantime, BPA has stopped its rate case to discuss alternative proposals with customers. In these discussions it appears there are two opposing arguments likely to be filed, detailed below.

1. Full Cost Allocation to Transmission Customers - This is the position EWEB/Cowlitz is planning to argue. We believe this is consistent with FERC’s intent. FERC ruled that managing OS is a cost of managing the transmission system under certain conditions. The costs of managing the transmission system are transmission costs that must be equitably allocated to all uses of the transmission system under both the Transmission System Act and the NW Power Act.
2. Full Cost Allocation to Power Customers - This appears to be the wind position. The rationale used with this position is that OS costs are the result of the fish and all fish costs are to be allocated to power rates according to the NW Power Act. Allocating fish costs to power rates is not the same as keeping all fish costs out of transmission rates. With this argument we will likely argue that Transmission Services buys power for generation inputs from Power Services, and the price paid for such inputs is in effect a power rate, and the costs of generation inputs to support transmission are transmission costs.

The table below provides the anticipated cost share to EWEB on future OS costs from various rate case outcomes.

| <b>BPA OS COSTS</b>     | <b>Costs Allocated to Tx<br/>EWEB = .0136</b> | <b>Costs Allocated to Power<br/>EWEB =.0349</b> |
|-------------------------|---|---|
| Future avg of \$12m/yr  | \$163,000/year                                | 419,000/year                                    |
| Future high of \$50m/yr | \$680,000/year                                | 1,750,000/year                                  |

Within the next week we anticipate BPA will send out a new OS rate case schedule. BPA is expected to file a Record of Decision (ROD) in August this year.



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

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TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Roger Kline, Generation Manager, and Mike McCann, Carmen-Smith Project Manager  
DATE: February 20, 2013  
SUBJECT: Carmen-Smith Project Update

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## **Issue**

This memorandum provides an update on the relicensing efforts at EWEB's Carmen-Smith Hydroelectric Project and describes the revised construction schedule developed for implementation of the new license and Settlement Agreement.

## **Background**

The Carmen-Smith Project, which is located 71 miles east of Eugene on the upper McKenzie River, represents almost half of EWEB's total owned generation capacity. EWEB received an initial federal license for the Carmen-Smith Project in 1958, and the project went online in 1963. The original 50-year license expired in November 2008, and EWEB has been operating under an annual license from the FERC since that time. The annual license renews automatically until EWEB receives a new license for the Project from the FERC.

EWEB has been engaged in a process to relicense the Carmen-Smith Project since 2002. This relicensing process resulted in the development of draft and final license applications that were submitted to the FERC in 2006. Beginning in early 2007, EWEB entered into settlement negotiations with a stakeholder group that included federal and state agencies, three Native American tribes, and a number of non-governmental organizations. The negotiations concluded in October 2008 with an agreement signed by EWEB and 16 other groups (EWEB Board Resolution #0833, October 21, 2008). The Settlement Agreement was filed with the FERC on October 23, 2008 in support of and as a supplement to EWEB's 2006 license application. In late 2010 and early 2011, the FERC received a Clean Water Act Section 401 Certification from the Oregon Department of Environmental Quality (ODEQ) and biological opinions (BiOps) from the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (USFWS) in support of the license application and settlement agreement. In May 2011, EWEB confirmed with the FERC that the FERC had in its possession all of the requisite pieces to process the new license for the Carmen-Smith Project.

## **Discussion**

A combination of environmental and financial issues has lead staff to re-set the Project implementation schedule. EWEB has yet to receive the new FERC license for Carmen-Smith due to

issues having to do with the McKenzie Wild & Scenic River and habitat designated for the northern spotted owl. While neither environmental issue is likely to impact EWEB's ability to obtain an operating license for the Carmen-Smith Project, it is unlikely that the FERC will be able to resolve these issues and issue an operating license before early 2014. We also believe a revised implementation schedule is consistent with EWEB's strategy to maintain stable reserves, improve debt service coverage and minimize rate increases. Smoothing and extending the Project implementation schedule will allow for smaller debt issuances over a longer construction period.

The Wild & Scenic River issue has to do with boundary errors and jurisdictional matters involving FERC and Forest Service authority under the Federal Power Act and Wild & Scenic Rivers Act. In 2012, the FERC identified survey errors that dated back to the original McKenzie W&S designation by the Forest Service. The Forest Service corrected those survey errors in November 2012. The Forest Service subsequently needs to revise their analysis of potential project effects (termed a "Section 7 Determination" after Section 7 of the Wild & Scenic Rivers Act). The revised Section 7 Determination is expected to be filed with the FERC by the Forest Service in March 2013. In the following month, EWEB staff will file with the FERC a letter on behalf of all settlement parties acknowledging resolution of the W&S River issue and asking the FERC to proceed with licensing the Carmen-Smith project consistent with the Settlement Agreement.

In November 2012, the U.S. Fish & Wildlife Service (USFWS) finalized a designation of critical habitat for the northern spotted owl, and parts of the Carmen-Smith Project are included in the critical habitat designation (roughly Smith and Trail Bridge Reservoirs and the forests and stream reaches nearby). EWEB, acting as the FERC's designated representative, has initiated work on a revised Biological Assessment (BA) to address the critical habitat designation. Staff hope to be able to file a final revised BA with the FERC by the end of April 2013. The FERC will then initiate formal consultation with the USFWS. This process is expected to take between 90 and 135 days to complete, based upon past experience.

Because of the licensing, and scheduling, impacts from these environmental issues and the overall financial condition of the organization, EWEB staff have begun the process of re-setting the Project implementation schedule. When issued, the new license will contain the negotiated timelines for implementation of the required actions. By using the time allowed under the Settlement Agreement to create a manageable financial and construction sequencing plan, EWEB staff hope to spread and smooth the construction work for the overall benefit of EWEB. This will result in a more manageable annual workload for EWEB and our contractors, and a more balanced expenditure projection over the life of the construction project:

- 2014 – Begin powerhouse, transmission and substation work.
- 2015 – Complete transmission and substation construction.
- 2016 – Carmen powerhouse re-commission; begin fish passage construction.
- 2017 – Begin turbine and generator work; continue fish passage and habitat work.
- 2018 – Complete turbine and generator work; continue fish passage and habitat work.
- 2019 – Complete fish passage and habitat work.
- 2020 – Complete campgrounds and other ancillary project work.

It is also worth noting that in re-evaluating the Project implementation schedule and looking at critical work elements, it has become apparent that due to the aging infrastructure, EWEB needs to focus on the power generation components of the Project in the short term, and then use the time allowed under the Settlement Agreement to complete the majority of the fish passage elements.

Taking this path will enable us to manage several important aspects of the Project appropriately: (1) we preserve the ability to generate power at Carmen-Smith by addressing that risk first, (2) we schedule the majority of the project spending into 2016 and beyond, which benefits the organization's financial picture, and (3) we maintain a spread in project construction work so that no particular year is too heavy in either construction or expenditures. An updated economic analysis based upon this schedule, including impacts to the long term financial plan, has been scheduled for Board discussion on April 2, 2013.

**Recommendation**

This memorandum is being provided for the Board's information only.

**Requested Board Action**

None.



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Roger Gray and Taryn Johnson  
DATE: March 5, 2013  
SUBJECT: Commissioner Advance Questions on Board Agenda and Consent Calendar Items

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Generally speaking, Consent Calendar items are intended to be approved as a group with little or no discussion (e.g. minutes, small contracts, etc.). The advance background materials included with these items are intended to provide background and to anticipate and address possible questions that Commissioners may have. Larger contracts (by Board policy) and even smaller contracts and items that Management believes could and should generate more Board questions and discussions are put on the agenda as separate agenda items.

In some cases whether those items are on the Consent Calendar or listed as a separate agenda item. Commissioners will sometimes ask questions in advance so Management can provide supplemental information. In many cases, these answers will help that Board member better understand background. In few cases, Board members may still “pull” the item from a Consent Calendar list for discussion at the Board meeting.

EWEB’s current practice is to have personnel directly tied to every agenda item including those on the Consent Calendar available at Board meetings “just in case” a Board member pulls the item from the Consent Calendar for discussion. This is not a particularly efficient use of personnel resources.

In order to improve efficiency and process flow, the following recommendations are made:

- 1) If a Commissioner has any advance questions about Consent Calendar items or any other agenda item, they can contact Management (GM, AGM and Executive Assistant (EA)) per the communication protocol. Management will use reasonable efforts to answer such questions in advance of Board meetings. Answers will be supplied to all Commissioners because the information should be available to everyone. It is important that this process be viewed only as factual or administrative information exchange and not be used to deliberate the merits of a Consent Calendar or separate agenda item.
- 2) If any Commissioner intends to “pull” a Consent Calendar item, even after seeing such additional information, said Commissioner shall use reasonable efforts to notify the Board President and the EA by 9 a.m. of Board meetings. For separate agenda items and for Consent Calendar items that have been identified as “pulled”, Management will continue to have personnel at the Board meeting for such items only. For items not identified as being pulled, Management will cease the practice of having personnel for those “un-pulled” items, but such personnel will be available telephonically in case a last minute issue arises.

Please contact Roger Gray or Taryn Johnson if you have questions.  
For additional information please refer to Board Policy GP 7.



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

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TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Roger Gray and Taryn Johnson  
DATE: March 5, 2013  
SUBJECT: Commissioner Request to Change or Edit Board Minutes

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## **Minute Corrections and Additions**

EWEB meeting minutes are not intended to be verbatim transcriptions of EWEB Board meetings. Rather they are intended to cover decisions, votes, outcomes and the basic essence of discussion during Board meetings. Minutes may also include written materials submitted during public comment as well. Occasionally, Board Members or Management may feel that draft minutes are inaccurate (minutes are draft until they are approved by the Board in which case they are final)

Corrections Process – Individual Board members (or Management, if applicable) may make suggested corrections or additions to the draft minutes if the proposed meeting minutes are factually incorrect in summarizing discussion or statements made at the meeting or if they contain “typos” or are missing key words or phrases that are material in nature and could lead to confusion in the future.

From a process standpoint, once the draft minutes are created and presented in the Board package, Board Members or Management may propose changes in advance to the Executive Assistant. Such proposed changes will be specific in the form of a “red-line” to the draft minutes. For example, strike the word *AAAAA* and replace with *BBBBB*. Proposed changes shall not be general in nature such as, “I don’t think that is what I said or I did not say it that way.” If a Board member feels that key information is missing then they may suggest additional text consistent with their recollection of what was said or they may request that the Executive Assistant obtain verbatim recordings of that portion of the meeting to assist with proposed changes.

The Executive Assistant will consult with the EWEB minutes recorder to assess whether the proposed changes are clearly supported by the recording or not. If the proposed changes are clearly supported by the recording the Executive Assistant will prepare an amended version of said minutes in advance (in red-line form) with a statement that the proposed changes are clear and incontrovertible. The amended version shall be considered part of the consent calendar for normal approval. The Executive Assistant shall make it clear that the amended version is the version that the Board is acting upon when the Board acts on the consent calendar.

If in the Executive Assistant’s judgment the change is either not supported by the minute taker’s verbatim recording or the proposed change is potentially arguable, then the Executive Assistant will prepare both a redline version of the draft minutes and obtain a verbatim transcription of that portion of the audio tape(s) to determine the appropriateness of the proposed changes. Those draft minutes



will be pulled by the Board President from the consent calendar so that the Board can discuss the draft minutes, proposed changes and the verbatim transcript. An example of “arguable” is if one Board member proposes to add language directly from the recording that is consistent with the recording, but appears to “bolster” an argument on one side of an issue while leaving the other side of the argument out. Again, EWEB minutes are intended to capture the essence of discussion and not be verbatim.

If a majority of the Board agrees that the requested correction or addition is accurate or consistent with EWEB’s minute’s practices, the minutes will be changed as proposed in the red-line or as amended at the Board meeting.

If the minutes accurately reflect what was said, regardless of the accuracy of the statement itself, the minutes will not be corrected. The process to change minutes is not intended to change what was actually said in the past. However, if a Commissioner and Management feel they wish to correct what they said they can do so, on a new record, but not change the past record.

In this instance, a Commissioner or Management may ask that a clarifying or correcting statement be entered into the minutes of the current meeting.

Once the Board meetings minutes have been approved – no changes/ edits or additions can be made. If, in the future, a Board member or Management believes approved minutes contain a material factual error they may make a statement on the current meeting record their finding or belief.

Please contact Roger Gray or Taryn Johnson if you have questions.

For additional information please refer to Board Policy GP 7.



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

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TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Wendi Schultz-Kerns, Cash Accounting Supervisor  
Mark Freeman, Energy Management & Customer Services Manager  
DATE: February 12, 2013  
SUBJECT: EWEB Customer Care Plus program effectiveness analysis

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## Issue

In 2012, The Board requested staff to continue a series of work relating to our Customer & Community Care Programs. This included an evaluation to determine the effectiveness of the EWEB Customer Care Plus (ECCP) year-long education program.

This memo is to provide the Board with final results of the ECCP analysis as summarized in the discussion section below, and in the attached comprehensive five-year Outcomes Summary. This data analysis was compiled over the course of 2012 by our administrative partners at The Lane County Human Service Division (HSD).

## Background

Leading up to this evaluation staff engaged community partners to help EWEB determine the effectiveness of our programs, including EWEB's current funding allocation between direct assistance and education needs in our community. Furthermore, this work led to staff's completion of economic trigger evaluations and subsequent budget recommendations to the Board for funding EWEB's Customer Care Programs in 2012 and 2013.

To highlight some key points from our previous focus groups, community leaders recommended that EWEB maintain funding allocations between education and direct assistance at the current 50/50 split (approximate), as well as retain the bill assistance cap at \$200, given the economic condition at this time. Also, due to financial constraints within EWEB, staff made recommendations to sunset Community Care Program funding, and the Board approved base Customer Care Program funding of \$1.7 million for the 2013 calendar year budget. This budget includes funding for both ECC (bill credit assistance) & ECCP educational programs.

The ECCP program has evolved since inception in 2005 as we've adapted our program delivery to meet the changing needs of the community. Consistent with past Board actions, EWEB management maintains flexibility within EWEB programs to address shifting community needs. For example, as a recommendation of the community focus groups, EWEB staff and our HSD partners developed and implemented two new educational activities this past year; 1) an on-line EWEB incentive activity, and 2) an energy education workshop incentive; both of which grant customers a \$25 bill credit after completion. Staff also worked with our partner agencies to schedule two up-river pilot intake dates for our McKenzie river customers who have limited public transportation to our Springfield intake agency. This action stemmed from customer feedback during an upriver Board meeting. Both upriver pilot intake sessions

were successful; as evident from the positive feedback we received from EWEB customers who took advantage of this new opportunity.

## **Discussion**

Since 2005, EWEB and HSD have partnered to provide ECCP for EWEB's limited-income customers. ECCP has two goals: (1) to reduce the number of credit actions (i.e. final notices, missed payments, etc.) and (2) to reduce the energy use of participating households. Approximately 1,000 EWEB customers enroll in ECCP each year.

### Program Description

All of the ECCP participants are low-income. About half of the participants enroll because they've heard about ECCP and want to earn payment credits on their EWEB bill. The other half enroll because EWEB has recently placed a deposit on their account due to poor payment practices and they are seeking deposit relief from the Deposit Guarantor program. The Deposit Guarantor program will forgive half of the deposit if a customer pays one-half of the deposit and enrolls in ECCP.

ECCP is an interactive education program and participation is driven by participants, so some participants are more active than others. Participants earn bill credits on their EWEB account by completing various activities called incentive activities. Examples of incentive activities include:

*Kit Installation* – Participants receive a kit of energy saving devices (thermometers, aerators, switch plate sealers, etc.) during the ECCP enrollment appointment. Following the appointment, they can earn a \$25 incentive credit on their EWEB account by recording details about the installation and use of each the kit item.

*Lifeline Budget Education* – Participants can earn a \$100 credit on their EWEB account by attending four two-hour budget education classes taught by Neighborhood Economic Development Corporation (NEDCO).

ECCP program enrollment lasts for one year and participants can earn up to \$350 in incentive payments during that time.

### Program Evaluation

EWEB and HSD measure the impact of ECCP on participants' payment behavior and energy usage. We collect one year of "pre" data from the 12 months before the participant enrolls in ECCP, and two years of "post" data (1-12 and 13-24 months) after they complete ECCP. This allows us to do a before and after comparison to see if there is an improvement in the participants' credit behavior and energy usage after participation and if that improvement persists. Because we collect two years of "post" participation data, and the participation period is a full year, we have to wait a full three calendar years after enrollment before collecting and analyzing the "pre" and "post" data. Thus, the analysis on the 2009 enrollees couldn't be undertaken until January of 2012.

### Credit Action analysis

We count the number of missed payments, final notices, door hangers and disconnections for non-payment before and after participation. The disconnections for non-payment are infrequent, both before and after participation, but they are costly to the customer and to EWEB and thus are included in the analysis.

### Energy Usage analysis

We also compare energy usage before and after ECCP participation. We do this by counting and comparing the total number of kilowatt hours (kWhs) used by participants before and after participation. These data are adjusted for heating degree days so temperature fluctuations from one winter to another don't skew the results. Some winters are colder than others, which can mask or exaggerate the impacts of the program. We use the National Oceanic and Atmospheric Administration (NOAA) web-site to determine and adjust the heating degree days for each day included in the analysis. The data measured and compared in the analysis are for the 6-month period of Oct – March only.

### **Analysis Results** (attached Outcomes Summary):

#### Changes in the Number of Credit Actions

Table 1 indicates ECCP participants had significantly fewer missed payments, final notices and door hangers in both the 1- 12 months and the 13 – 24 months after completing the program. These three credit actions are the most common credit actions for ECCP participants, typically numbering in the hundreds or thousands in a given year.

We also count the number of disconnections for non-payment experienced by ECCP participants. This analysis shows an increase in the incidence of disconnections for non-payment following program participation. It should be noted that this increase involves a small number of disconnections, averaging 43 in a given year. This suggests a small number of customers have increasing difficulty with bill payment after participation.

#### Changes in Energy Consumption

Table 2 indicates that for the 1-12 month and the 13–24 month periods after participation, participants had significant and persistent reductions in energy usage.

### **TBL Assessment**

Not Applicable

### **Recommendation**

Staff recommends continued Board support for our ECCP education programs. As a result of our Community focus groups, staff will continue to engage industry leaders and we will remain flexible to adjust program efficiencies as needed to meet changing community needs.

### **Requested Board Action**

This memo is informational and no formal Board action is requested at this time.

## EWEB Customer Care Plus (ECCP) Outcomes Summary 2005-2009

**Summary:** The data in this document cover the five year period 2005 - 2009. These data show that, overall, the impact of the ECCP program has been positive. After participating in the ECCP program, participants reduced their energy usage and had fewer of the most frequently-occurring credit actions (missed payments, door hangers, and final notices). The one negative result was that participants had an increase in disconnections. It should be noted that disconnections occur with far less frequency than other credit actions. Overall results were more positive in 2005, 2006, and 2008 than in 2007 and 2009

**Table 1: Changes in Credit Actions**

| Year of Participation | Post Participation Period | Number of Participants | Missed Payment                  | Final Notice                      | Door Hanger                      | Disconnect                     |
|-----------------------|---------------------------|------------------------|---------------------------------|-----------------------------------|----------------------------------|--------------------------------|
| 2005 Participants     | 1-12 months post          | N = 777                | -33%<br>Pre N=225<br>Post N=157 | -16%<br>Pre N=2107<br>Post N=1727 | -8%<br>Pre N=1083<br>Post N=946  | 11%<br>Pre N=19<br>Post N = 21 |
| 2005 Participants     | 13-24 months post         | N = 777                | -48%<br>Pre N=225<br>Post N=116 | -27%<br>Pre N=2107<br>Post N=1543 | -19%<br>Pre N=1083<br>Post N=878 | 63%<br>Pre N=19<br>Post N=31   |
| 2006 Participants     | 1-12 months post          | N = 565                | -27%<br>Pre N=194<br>Post N=141 | -10%<br>Pre N=1698<br>Post N=1524 | -8%<br>Pre N=1004<br>Post N=927  | -26%<br>Pre N=35<br>Post N=26  |
| 2006 Participants     | 13-24 months post         | N = 565                | -54%<br>Pre N=194<br>Post N=90  | -15%<br>Pre N=1698<br>Post N=1448 | -19%<br>Pre N=1004<br>Post N=810 | 6%<br>Pre N=35<br>Post N=37    |
| 2007 Participants     | 1-12 months post          | N = 371                | -18%<br>Pre N=79<br>Post N=65   | 8%<br>Pre N=878<br>Post N=946     | 4%<br>Pre N=566<br>Post N=491    | 69%<br>Pre N=16<br>Post N=27   |
| 2007 Participants     | 13-24 months post         | N = 371                | -38%<br>Pre N=79<br>Post N=49   | -3%<br>Pre N=878<br>Post N=856    | -16%<br>Pre N=566<br>Post N=477  | 19%<br>Pre N=16<br>Post N=19   |
| 2008 Participants     | 1-12 months post          | N = 618                | -20%<br>Pre N=84<br>Post N=68   | -10%<br>Pre N=1363<br>Post N=1183 | -20%<br>Pre N=783<br>Post N=615  | -26%<br>Pre N=19<br>Post N=14  |
| 2008 Participants     | 13-24 months post         | N = 618                | -25%<br>Pre N=84<br>Post N=63   | -21%<br>Pre N=1363<br>Post N=1076 | -30%<br>Pre N=783<br>Post N=547  | 47%<br>Pre N=19<br>Post N=28   |
| 2009 Participants     | 1-12 months post          | N = 405                | -22%<br>Pre N=41<br>Post N=32   | 12%<br>Pre N=695<br>Post N=780    | -6%<br>Pre N=418<br>Post N=394   | 0%<br>Pre N=12<br>Post N=12    |
| 2009 Participants     | 13-24 months post         | N = 405                | -61%<br>Pre N=41<br>Post N=16   | 6%<br>Pre N=695<br>Post N=736     | -15%<br>Pre N=418<br>Post N=354  | 0%<br>Pre N=12<br>Post N=12    |

Green indicates better results after ECCP participation.  
Yellow indicates worse results after ECCP participation.  
White indicates no change

Table 1 illustrates the percent change in the number of the most frequently occurring credit actions incurred by ECCP participants for 1-12 months after participation and 13 – 24 months after participation compared to the 12 month period before participation in ECCP.

Table 1 shows a pattern of consistent and significant reductions in the frequency of final notices, missed payments, and door hangers after ECCP participation. These credit actions typically number collectively in the hundreds for ECCP participants in any given year.

Disconnections for non-payments are also counted. There are few occurrences of this credit action. However, for those few customers who experienced disconnections for non-payment, there was a net increase in disconnections after participation in ECCP in six out of ten post-participation years.

Analysis of the data in terms of households shows that the program is most effective with households with a history of frequent credit actions. For disconnections, the “number of households” results show the same patterns as the “changes in credit actions” results.

**Table 2: Pre – Post Energy Consumption\*  
Based on months of Oct – March**

| <b>Year of Participation</b> | <b>Post Participation Period</b> | <b>Change in Energy Usage</b> |
|------------------------------|----------------------------------|-------------------------------|
| <b>2005 Participants</b>     | <b>1-12 months post</b>          | <b>-8%</b>                    |
| <b>2005 Participants</b>     | <b>13-24 months post</b>         | <b>-8%</b>                    |
|                              |                                  |                               |
| <b>2006 Participants</b>     | <b>1-12 months post</b>          | <b>-1%</b>                    |
| <b>2006 Participants</b>     | <b>13-24 months post</b>         | <b>-9%</b>                    |
|                              |                                  |                               |
| <b>2007 Participants</b>     | <b>1-12 months post</b>          | <b>-8%</b>                    |
| <b>2007 Participants</b>     | <b>13-24 months post</b>         | <b>-3%</b>                    |
|                              |                                  |                               |
| <b>2008 Participants</b>     | <b>1-12 months post</b>          | <b>-8%</b>                    |
| <b>2008 Participants</b>     | <b>13-24 months post</b>         | <b>-4%</b>                    |
|                              |                                  |                               |
| <b>2009 Participants</b>     | <b>1-12 months post</b>          | <b>-1%</b>                    |
| <b>2009 Participants</b>     | <b>13-24 months post</b>         | <b>-5%</b>                    |

\*Adjusted for heating degree days

The data in Table 3 show a consistent pattern of significant reduction in energy use for CY 2005, 2006, 2007, and 2008 program participants. Reduction in energy use for 2009 participants the first year after participation was negligible (less than 1%). Analysis of second year of data for 2006 participants suggests that program benefits endure into the second year after program participation.



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Roger Gray, General Manager; Greg Armstead, Architect; Matt Sayre, CIO  
DATE: February, 2012  
SUBJECT: Information Technology (IT) Update

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## Issue and Purpose

Board Policy SD 16 authorizes and directs the General Manager to establish and maintain a governance framework for implementing information management technology. As part of this framework, the General Manager will periodically report on the status of strategy development and the implementation of information management plans.

This memorandum and associated presentation are to provide such a periodic status report. It reflects recently completed 2013 IS Department Goal setting.

## Background

Policy SD16 identifies five main focus areas of IT governance:

- Strategic Alignment – ensuring the IT organization is aligned with the Board and meets the needs of the business
- Value Delivery – sufficient benefits are obtained for the dollars invested in IT functions
- Risk Management – the degree to which IT assets are safeguarded and continuity of operations is assured through disaster recovery and other means
- Resource Management – optimizing the knowledge and use of IT infrastructure
- Performance Measurement – Tracking project delivery and monitoring the efficiency and effectiveness of IT services

## Strategic Alignment

A 10 Year IT Plan has been developed and aligns IS with organizational strategic planning and budget considerations. Longer terms views of IT capital spending have been improved and will be visible to the Board during spring updates of water and electric CIP.

IT Projects are in the process of being more actively managed with strategic focuses. The idea is that projects should be selected similar to a portfolio of investments.. Alignment of the IT Project Portfolio is being done in accordance with EWEB's strategic business objectives. A Project Planning Status 'Dashboard' will be used to report out quarterly to stakeholders. On page 3 of this document, please note the high level overview of the project portfolio of the next 5 years.

## **Value Delivery**

The Project Status Dashboard communicates the expected return of the project portfolio based on the net present value (NPV) of each project. Two of the larger IT investments in the project portfolio (AMI and WAM) already have established positive NPV, as presented to the Board. This approach will be increasingly applied to smaller investments that collectively make up a significant portion of the IT spend.

## **Risk Management**

10% of funding invested in IT will be directed towards reducing/mitigation IT risk. EWEB's Leadership Team recently adopted a set of strategies to add an IT disaster recovery service to the IT service portfolio, based on "warm site" approach that focuses on restoration of critical communications systems within first 5 days and critical business systems in following 5-10 days. Initial DR capabilities should begin to be deployed during the second half of 2013.

Significant investment is currently underway in telecommunications (MetroE) and backup control center IT infrastructure (BCC) that will meet NERC backup control center requirements by June 30, 2013.

## **Resource Management**

One of our core strategies in this area is to simplify and standardize our foundational IT infrastructure, reducing the number of one-off systems at EWEB. We drive toward decreasing spending on maintaining legacy technologies and increasing investment on new enterprise centric innovation. Success in this area will reflect increased operational efficiency. Core IS operations should realize decreasing costs over time. Percent of IT budget spend will be reported annually. 'New Initiative/Innovation' Versus Maintenance target is 50%/50% or better.

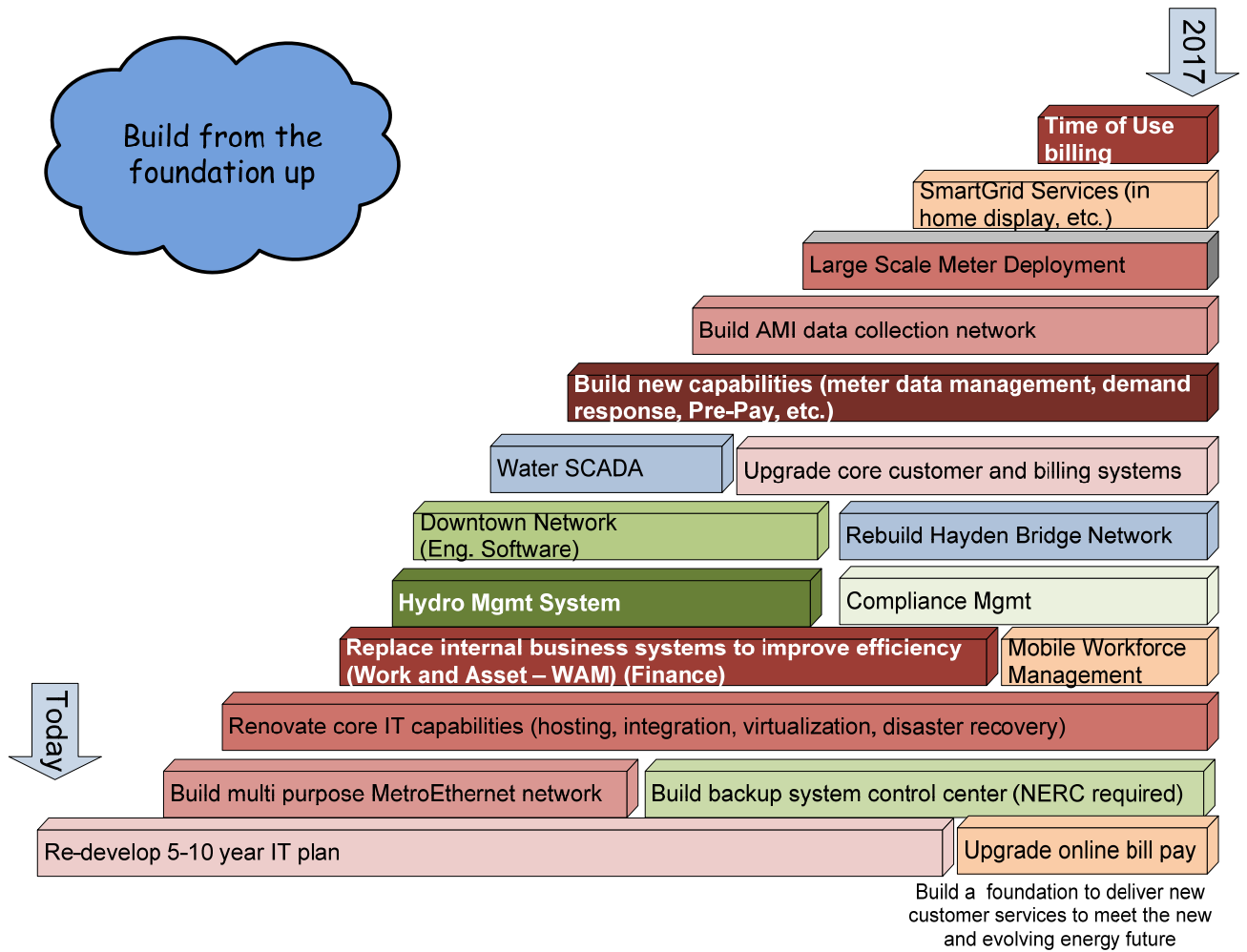
In concert with our 'simplify and standardize' approach, we are transitioning to a more modern integration architecture. For companies with complex IT environments like ours, that have multiple systems and ageing integration architectures, the need is urgent and the time-scales immediate. Benefits of this direction include increased organizational agility, reduced integration costs; reduced software cost through re-use, faster time to market for new initiatives and reduced operational risk.

## **Performance Measurement**

Project Execution – We are currently executing our 10 Year Business Systems Plan. Projects are expected to be delivered on time, within budget, and scope. A project execution 'dashboard' will be shared with stakeholders detailing goal outcomes on a monthly cadence.



# High level sequencing of major IT initiatives





# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital  
FROM: Gary Lentsch, Fleet Supervisor & Roger Kline, Generation & Fleet Services Manager  
DATE: February 26, 2013  
SUBJECT: 2013 Fleet Services Capital Improvement Plan & Fleet Lifecycles

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## **Issue**

This memo provides information on the 2013 fleet capital improvement plan and an overall shift in fleet lifecycle asset management.

## **Background**

In 2010, fleet services rolled out a vehicle/equipment capital replacement program that allowed for a more predictable budget process with less “peak and valley” expenditures. This plan enables us to prioritize the resources needed to maintain a safe and cost effective fleet, while establishing a more accurate utilization budget.

The estimated replacement value of EWEB’s fleet is approximately twenty-three million dollars and consists of 370 assets consisting of vehicles, equipment and trailers. These units will be driven approximately 1.4 million miles on public roadways annually.

In 2011, fleet services started extending the average expected lifecycles of the entire fleet. In 2012 this lifecycle was further extended to 11.2 years and in 2013 the average lifecycle will be even further extended to 13 years. In addition, Fleet Services has transitioned to a practice of expanded standardization and less customization across the EWEB fleet. This allows the fleet to be more versatile, efficient and cost effective.

## **Discussion**

In aligning with the 2013 capital budget, fleet plans to purchase vehicles that have met the replacement criteria by either exceeding the mileage or age threshold. The assets being replaced will have reached age limits of 14-15 years or the mileage thresholds by the time the replacements arrive. These units include two dump trucks and two bucket trucks. These types of vehicles are considered the “heart of the fleet”, meaning they are on-call at all times, and relied upon in a variety of situations. Also included in the 2013 fleet capital budget is a light duty vehicle package to replace existing assets that have reached or exceeded the replacement criteria. Four contracts totaling \$2,118,000 appear on the March 5, 2013 consent calendar; of this amount \$1,484,000 are 2013 expenditures and \$634,000 are anticipated expenditures for 2014. These contracts account for vehicles included in the 2013 capital budget as described herein. In addition, two of the contracts

include expenditures for vehicles which will meet the replacement criteria in 2014. The 2014 expenditures will be included in the 2014 capital budget.

**Recommendation**

As a normal course of business practice, it is staff recommendation to replace the aforementioned fleet assets in order to maintain a safe and reliable fleet. The 2013 purchases are all within the previously board approved 2013 capital plans and the contracts now appear before you on the March 5, 2013 board agenda as four consent calendar requests.