



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Brown, Helgeson, Manning and Mital
FROM: Cathy Bloom, Finance Manager
Susan Eicher, General Accounting and Treasury Supervisor
DATE: April 19, 2013
SUBJECT: First Quarter 2013 Financial Report
OBJECTIVE: Information only

Issue

This memo provides a summary of operating results for the first quarter of 2013.

Background

This information is provided to the Board on a quarterly basis to report the ongoing financial performance of both utilities. Below are key highlights relating to the various attached reports.

Discussion

Electric Utility:

Net Income:

The 2013 budget anticipates net income at year end of \$150 thousand. Year to date net income was \$11.5 million, an increase of \$5.7 million from last year, with most of the difference from last year attributable to an increase in retail sales and decreases in operating expenses. Electric utility residential revenues are subject to seasonal variations, with the peak being in the winter months. The projection for year-end net income is \$9.1 million.

Operating Revenue:

At the end of the first quarter, electric retail sales were \$1.2 million above 2012 levels and over all classes, was 0.62% under budget. The change in revenue was due to the 5% rate increase that took effect in May of 2012. Total retail electric consumption was 2.4% less than 2011 consumption due to the milder 2012 winter.

Wholesale and other sales were \$385 thousand under last year at this time, and were \$3 million below budget. Sales volume was down 14.2% from last year and prices remain low. The budget assumes streamflows of 90% of normal. Through March, actual streamflows were 91.8%. The projection for year end is 95.1%.

Operating Expenses:

Operating expenses were \$3.1 million less than last year at this time and were at 24% of budget. Power related expenses, purchased power, transmission and fuel, were \$1.1 million more than last year, but were under budget for the year.

Cost savings measures implemented in 2012, including cuts to programs and to staff have resulted in operating expense decreases compared to 2013. All operating expense categories except for purchased power have decreased.

The methodology for accounting for CILT has changed. Retail and wholesale revenue are now reflected net of the CILT collected in rates to remit to the City and not as an expense line on the income statement.

Contribution Margin:

Contribution margin (CM) is the net of CM revenues and expenses. It is meant to express the amount that power activity contributes to supporting the fixed costs of the utility. CM revenue is made up of retail and wholesale sales plus other miscellaneous power revenue. CM expenses are purchased power, transmission, and fuel for International Paper generation. The CM realized through March was \$892 thousand better than budget. At this time, the forecast also shows a positive variance at year-end of \$2.9 million.

Cash and Reserves Balances:

Working cash is above target and most other reserves are at or higher than target as of the end of March. Working cash includes cash generated by the better than budgeted net income for 2012, and the positive contribution margin variance from 2012. The Purchased Power Reserve is under target due to the budgeted transfer to general cash for year-end 2012.

Financing:

The electric utility budgeted to issue bonds in 2013. However, funding of pension costs are now expected in 2015 from reserves instead of borrowing.

Water Utility**Net Income:**

Water utility net income at year end is budgeted to be \$3.7 million. Year to date net income was \$133 thousand, compared to a net loss of \$736 thousand at this time last year with most of the difference from last year attributable to higher operating revenues.

Operating Revenue:

At the end of the first quarter, operating revenues were \$700 thousand higher than the previous year but about \$400 thousand under the seasonally adjusted budget. Sales dollars have increased compared to last year at this time primarily due to the May 2012 and February 2013 rate increases.

Operating Expenses:

Operating expenses were \$5 thousand more than last year at this time and were at 21% of budget. On average, year to date activity should be approximately 25% of the yearly budget and most of the operating expense categories were near or below budget forecasts.

Cost savings measures implemented in 2012, including cuts to programs and to staff have resulted in operating expense decreases compared to 2013.

Contribution Margin:

Contribution margin (CM) is the net of CM revenues and expenses. It is meant to express the amount that water sales activity contributes to supporting the fixed costs of production. CM revenue is made up of residential, commercial and industrial plus other miscellaneous sales, including sales to water districts. CM expenses are source of supply, pumping and purification. At this time, the forecast shows a small positive variance for the year of about \$360 thousand due primarily to expected lower production costs.

Cash and Reserves Balances:

General cash levels of \$2.6 million at March 31, 2013 are above year-end targeted levels of \$2.0 million but are expected to decrease in the second quarter. The Water Utility normally must rely on revenues from the high volume summer months to rebuild general cash and other designated reserves. It is too early in the year to project any positive or negative results with regard to cash targets at year-end.

Recommendation

There is no specific recommendation or requested action. This is for information only.

**Eugene Water & Electric Board
Cash Targets & Balances
March 31, 2013**

CASH ACCOUNT	FINANCIAL POLICY REFERENCE	ELECTRIC SYSTEM			WATER UTILITY		
		TARGET FLOOR	TARGET CEILING	BALANCE 03/31/2013	TARGET FLOOR	TARGET CEILING	BALANCE 03/31/2013
RESERVES							
1) Operating Reserve	Rate Stability Policy	\$ 1,000,000	\$ -	\$ 1,013,123	\$ 1,000,000	\$ -	\$ -
2) Self-Insurance Reserve	Rate Stability Policy	1,720,000	-	1,749,798	280,000	-	284,804
3) Power Reserve	Rate Stability Policy	19,800,000	-	16,811,860	-	-	-
4) Capital Improvement Reserve	Capital Reserve Policy	7,500,000	15,000,000	12,718,987	3,500,000	7,000,000	1,761,332
RESERVES TOTAL		\$ 30,020,000	\$ 15,000,000	\$ 32,293,768	\$ 4,780,000	\$ 7,000,000	\$ 2,046,136
DESIGNATED FUNDS⁽¹⁾							
5) Unallocated Power Fund		-	-	13,728,594	-	-	-
Water Stewardship Fund- Septic Repairs		-	-	-	-	-	96,723
Economic Development Loan Pilot Program Fund		-	-	2,007,959	-	-	-
Steam Transition Fund		-	-	1,994,917	-	-	-
Riverfront Master Plan Make-Ready Fund		-	-	504,639	-	-	-
Carmen-Smith Fund		-	-	20,010,811	-	-	-
6) Pension & Post Retirement Medical Fund		-	-	8,750,645	-	-	-
DESIGNATED FUNDS TOTAL		\$ -	\$ -	\$ 46,997,565	\$ -	\$ -	\$ 96,723
CASH FOR OPERATIONS							
7) Working Cash	Rate Sufficiency Policy	15,000,000	-	33,710,288	2,000,000	-	2,625,468
CASH TARGETS & BALANCES TOTAL		\$ 45,020,000	\$ 52,520,000	\$ 113,001,621	\$ 6,780,000	\$ 10,280,000	\$ 4,768,327

Financial Policy - Total Targets included in ceiling

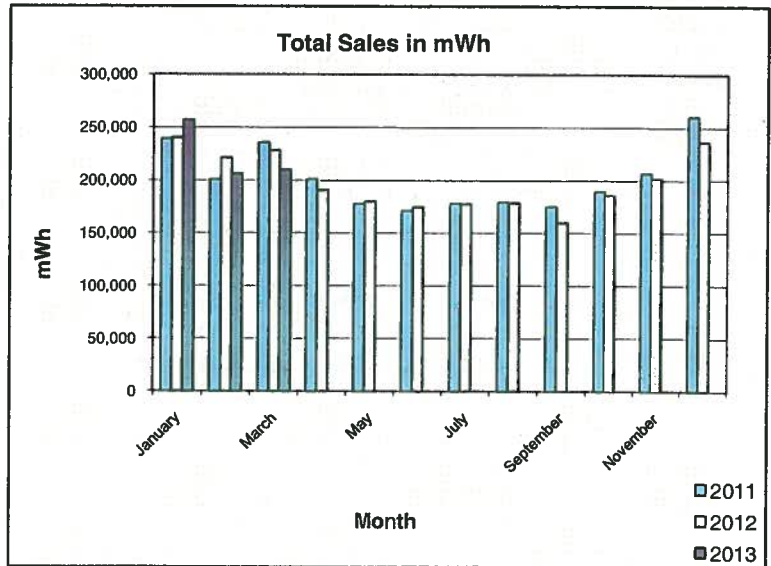
- 1) Operating Reserve - for emergency operating costs.
- 2) Self-Insurance Reserve - reserve to pay for claims incurred during the year and target is based on the \$2 million self-insurance coverage limit.
- 3) Power Reserve - amount of reserves to offset fluctuations in purchased power costs related to market price variability, uncertainty in regard to hydro generation, customer load and annual budgeted reserve draws.
- 4) Capital Improvement Reserve - reserve for capital improvements and target is based on one years depreciation.
- 5) Unallocated Power Fund - funds available for one time expenditures. To be allocated based on Board direction.
- 6) No Target - Amount designated to fund Supplemental Retirement Plan, and PERS or OPEB Trust.
- 7) Working Cash - amount of cash needed to pay for ongoing operational costs during the year.

Notes:

⁽¹⁾ Designated funds are used for one time expenditures.

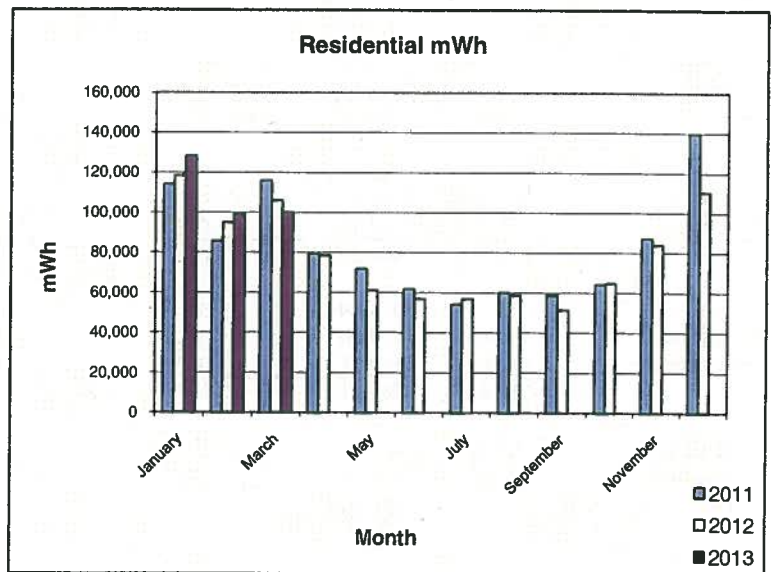
Electric Utility Sales In mWh
March 2013

	2011	2012	2013
January	239,069	240,373	257,093
February	200,719	221,301	206,073
March	235,734	228,123	209,892
Q1 total	675,522	689,797	673,058
April	200,943	190,510	0
May	177,764	179,943	0
June	171,248	174,557	0
Q2 total	549,955	545,010	0
July	178,219	177,718	0
August	179,347	178,883	0
September	175,166	160,149	0
Q3 total	532,732	516,750	0
October	189,411	185,806	0
November	206,689	201,486	0
December	260,167	236,220	0
Q4 total	656,267	623,512	0
Annual total	2,414,476	2,375,069	673,058



Residential Sales in mWh

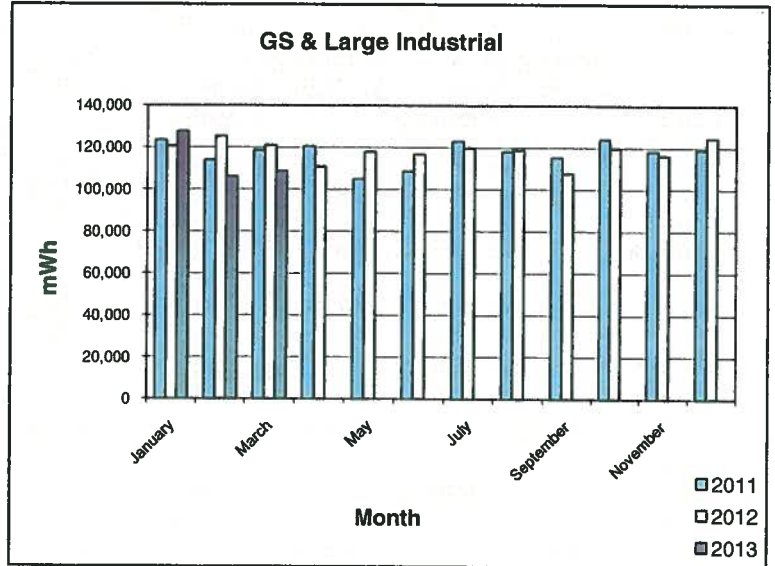
	2011	2012	2013
January	114,131	118,374	128,308
February	85,600	94,954	98,751
March	115,985	105,964	100,089
Q1 total	315,716	319,292	327,148
April	79,380	78,633	0
May	71,871	61,146	0
June	61,796	56,895	0
Q2 total	213,046	196,674	0
July	54,146	56,933	0
August	60,009	58,651	0
September	58,594	51,328	0
Q3 total	172,749	166,912	0
October	64,093	64,742	0
November	87,202	83,974	0
December	139,741	110,327	0
Q4 total	291,036	259,043	0
Total	992,547	941,921	327,148



Electric Utility Sales in mWh
March 2013

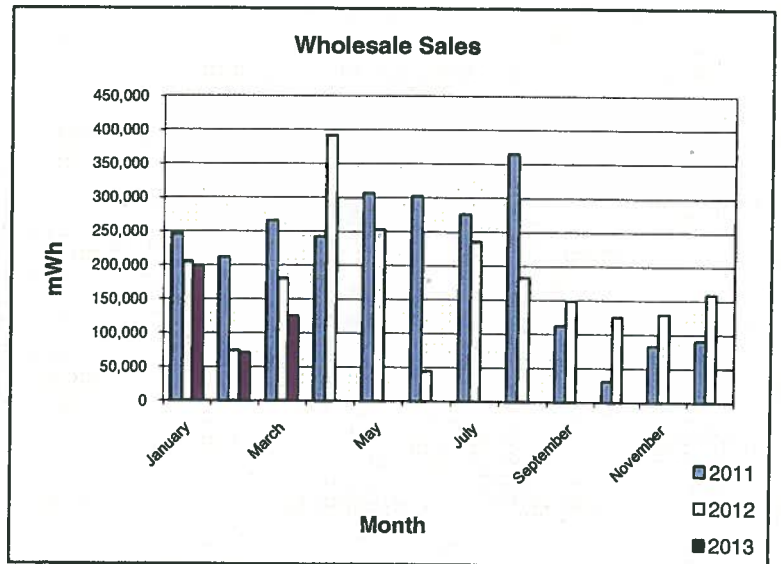
General Service & Large Industrial Sales in mWh

	2011	2012	2013
January	123,497	120,705	127,580
February	113,931	125,266	106,201
March	118,555	121,056	108,764
	<u>355,983</u>	<u>367,027</u>	<u>342,545</u>
April	120,566	110,882	0
May	104,907	117,887	0
June	108,535	116,739	0
	<u>334,009</u>	<u>345,508</u>	<u>0</u>
July	123,060	119,760	0
August	118,143	118,835	0
September	115,373	107,697	0
	<u>356,576</u>	<u>346,292</u>	<u>0</u>
October	124,091	119,782	0
November	118,187	116,238	0
December	119,018	124,563	0
	<u>361,296</u>	<u>360,583</u>	<u>0</u>
Total	<u><u>1,407,864</u></u>	<u><u>1,419,410</u></u>	<u><u>342,545</u></u>



Total Wholesale Sales in mWh

	2011	2012	2013
January	245,899	204,606	198,192
February	211,448	73,597	70,543
March	265,627	180,645	124,994
	<u>722,974</u>	<u>458,848</u>	<u>393,729</u>
April	242,042	391,978	0
May	306,075	252,453	0
June	301,715	44,137	0
	<u>849,832</u>	<u>688,568</u>	<u>0</u>
July	275,918	235,240	0
August	364,598	183,066	0
September	112,016	148,673	0
	<u>752,532</u>	<u>566,979</u>	<u>0</u>
October	30,594	125,449	0
November	82,963	128,963	0
December	90,419	158,694	0
	<u>203,976</u>	<u>413,106</u>	<u>0</u>
Total	<u><u>2,529,314</u></u>	<u><u>2,127,501</u></u>	<u><u>393,729</u></u>



Generation % 83% 106% 101%

Eugene Water and Electric Board
Electric System
Statement of Net Position
March 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>	<u>December 2012</u>
Assets			
<u>Capital assets</u>			
Utility plant in service	\$ 685,405,004	\$ 671,624,122	\$ 684,999,356
Less - Accumulated depreciation	(341,212,381)	(328,167,695)	(336,564,454)
Net utility plant in service	<u>344,192,623</u>	<u>343,456,427</u>	<u>348,434,902</u>
Property held for future use	3,452,910	814,588	3,435,734
Construction work in progress	16,218,836	12,250,306	11,818,950
Net utility plant	<u>363,864,369</u>	<u>356,521,321</u>	<u>363,689,586</u>
<u>Current assets</u>			
Cash and cash equivalents	7,623,904	2,938,313	11,813,883
Short-term investments	27,151,353	13,538,067	6,845,739
Restricted cash and investments			
Debt service reserve	9,330,637	7,277,865	9,330,357
Customer deposit reserve	4,486,982	5,327,553	4,440,970
Harvest wind escrow accounts	2,209,265	2,205,593	2,208,608
Construction reserve	29,925,620	21,730,144	31,665,516
Investments for debt service	6,970,906	13,599,100	7,666,057
Designated cash and investments			
Power reserve	16,812,649	24,739,843	18,884,541
Unallocated power fund	13,729,447	20,584,528	12,092,946
Capital improvement reserve	13,597,035	13,220,322	13,340,556
Carmen-Smith fund	20,012,094	5,392,005	8,490,542
Operating reserve	7,273,693	4,174,725	7,283,429
Pension and medical fund	8,752,855	7,500,328	4,935,602
Receivables, less allowances	32,604,381	31,745,598	32,395,845
Due from Water System	741,625	843,007	830,899
Materials and supplies, at average cost	2,994,311	2,798,905	2,700,210
Prepays	3,224,680	2,684,756	3,472,853
Option premiums, short-term	1,040,520	2,523,288	1,250,280
Total current assets	<u>208,481,955</u>	<u>182,823,941</u>	<u>179,648,833</u>
<u>Non-current assets</u>			
Prepaid retirement obligation	12,668,835	13,613,095	12,904,900
Long-term receivable, conservation and other	4,941,479	4,909,135	4,975,404
Due from Water System	19,062,383	19,672,271	19,212,750
Long-term investments	-	-	24,101,265
Investment in WGA	1,802,851	753,374	1,802,851
Investment in Harvest Wind	28,463,029	27,964,913	27,304,913
Nonutility Property	7,711,720	5,023,582	7,606,393
Other assets	52,624,575	48,464,763	52,639,381
Total non-current assets	<u>127,274,872</u>	<u>120,401,133</u>	<u>150,547,858</u>

Eugene Water and Electric Board
Electric System
Statement of Net Position
March 31, 2013 and 2012

	2013	2012	2012
Deferred Outflows			
Accumulated decrease in fair value of hedging derivatives	3,003,140	6,725,438	2,431,088
Total Assets and Deferred Outflows	\$ 702,624,337	\$ 666,471,833	\$ 696,317,365
Liabilities			
<u>Current liabilities</u>			
Payables	\$ 18,176,007	\$ 18,030,052	\$ 21,604,137
Accrued payroll and benefits	3,861,941	5,458,693	3,688,205
Accrued interest on long-term debt	2,694,225	8,506,239	4,868,981
Long-term debt due within one year	8,586,582	9,552,386	8,586,582
Total current liabilities	33,318,755	41,547,371	38,747,905
<u>Non-current liabilities</u>			
Long-term debt	306,552,041	273,132,637	306,717,433
Other liabilities	5,999,767	16,457,992	5,131,213
Total liabilities	345,870,562	331,138,001	350,596,551
Deferred Inflows			
Accumulated increase in fair value of hedging derivatives	1,842,147	3,259,647	2,625,350
Net Position			
Net investment in capital assets	146,894,960	168,850,510	152,834,356
Restricted	18,858,525	18,354,110	17,459,188
Unrestricted	189,158,142	144,869,565	172,801,920
Total net position	354,911,627	332,074,185	343,095,464
Total Liabilities, Deferred Inflows, and Net Position	\$ 702,624,337	\$ 666,471,833	\$ 696,317,365

Eugene Water & Electric Board
Electric System
Statement of Revenues, Expenses and and Changes in Net Position
for the three months ended March 31, 2013 and March 31, 2012

	<u>2013</u>	<u>2012</u>
Residential	\$ 29,394,721	\$ 27,488,160
Commercial and industrial	21,796,185	22,476,661
Sale for resale and other	12,665,972	12,280,738
Regulatory credits - net	-	1,552,045
Operating Revenues	<u>63,856,878</u>	<u>63,797,604</u>
Purchased power	28,317,125	27,144,834
System control	1,354,685	1,467,040
Wheeling	3,209,296	3,232,964
Generation	2,608,742	3,077,692
Transmission and distribution	3,867,598	5,164,242
Customer accounting	1,880,149	2,074,253
Conservation expenses	1,093,942	1,679,616
Administrative and general	4,466,149	5,645,155
Depreciation on utility plant	4,386,382	4,777,820
Operating Expenses	<u>51,184,068</u>	<u>54,263,616</u>
Net Operating Income (Loss)	<u>12,672,810</u>	<u>9,533,988</u>
Investment earnings	235,994	(303,553)
Interest earnings, Water	225,734	228,778
Allowance for funds used during construction	12,866	13,136
Other revenue	1,861,259	362,756
Non-operating Revenues	<u>2,335,853</u>	<u>301,117</u>
Other expenses	297,189	704,912
Interest expense and related amortization	3,239,754	3,284,585
Allowance for borrowed funds used during construction	(11,200)	(10,800)
Other Non-operating Expenses	<u>3,525,743</u>	<u>3,978,697</u>
Income (Loss) Before Capital Contributions	11,482,920	5,856,408
Contributions in aid of construction	333,243	279,290
Contributed plant assets	-	1,266
Increase (Decrease) in Net Position	11,816,163	6,136,964
Total net position at beginning of year	<u>343,095,464</u>	<u>325,937,221</u>
Total Net Position at End of the Period	<u>\$ 354,911,627</u>	<u>\$ 332,074,185</u>

Overview and Definitions – Statement of Revenues, Expenses in Net Position

Residential – Retail sales to residential electric customers.

Commercial and industrial– Retail sales to commercial and industrial electric customers.

Sales for Resale and Other – Wholesale sales, power marketing services, REC and other miscellaneous sales.

Regulatory credits – net - Deferral of revenue from the current year and/or recognition of revenue previously deferred.

Purchased Power – Power purchases from BPA and wholesale counterparties.

System Control – Trading and dispatching of power sales and power purchases (including labor).

Wheeling – Fees for movement of power across transmission and distribution (T&D) lines not owned or under contract for general EWEB use.

Generation – Maintenance, labor and other fixed costs of power generation at EWEB hydroelectric sites and co-generation sites.

Transmission and Distribution – Labor and other costs to maintain T&D infrastructure and transport power and steam to customer sites.

Customer Accounting – Primarily the Customer Service function, also meter reading, bad debt expense and low-income assistance.

Conservation Expenses – Labor and other costs to provide energy saving measures to customers.

Administrative and General – Salaries and other expenses for management and support functions.

Depreciation– Systematic expensing of acquisition costs for all capital assets (fixed assets which degrade over time: buildings and equipment other than land).

Investment Earnings – Earnings on investments, including changes in market value while investments are held and changes in the market value of investment derivatives.

Interest Earnings, Water – Interest paid by the water utility to the electric utility for intercompany loans.

Allowance for Funds Used During Construction – Estimated financing costs associated with self-construction of assets. Costs are deferred/added to income and the asset balance then expensed over time through depreciation.

Other Revenue – Nonoperating revenues such as leases of real property and telecom, gains on disposals of assets, equity increases in WGA, and reimbursable work.

Other Expenses – Nonoperating expenses including amortization of conservation assets and losses on disposals of property.

Interest Expense and Related Amortization – Interest on debt and amortization of bond issuance costs, discounts and premiums.

Allowance for Borrowed Funds Used During Construction – Costs of borrowing for self-constructed assets. Costs are deferred/reducing interest expense and added to the cost of fixed assets for eventual expensing through depreciation.

Contributions in Aid of Construction – Payments from customers or contractors to offset the cost of new services.

Contributed Plant Assets – Value of plant assets that are constructed by contractors and donated to EWEB

Net Position – Accumulated equity

**Eugene Water and Electric Board
Electric System
Financial Ratios
March 31, 2013**

	YEAR-TO-DATE		12/31/2012	TARGET
	2013	2012		
Current Ratio	6.257	4.400	4.636	3.250
Debt to Total Assets	0.492	0.502	0.501	0.600
Debt Service Coverage	3.969	2.747	1.932	2.000
Operating Ratio	0.733	0.776	0.822	0.770
Days Unrestricted Cash	212	180	156	
Days Available Cash	133	128	105	
Debt to Equity	88%	88%	92%	91%

Note that the target ratios are based on annual results. Year-to-date amounts may vary from annual results.

Note that the debt service ratio methodology has been revised to include the Harvest Wind note payable due in March of 2015.

See next page for Ratio definitions and benchmark sources

**Eugene Water and Electric Board
Electric System
Financial Ratios
March 31, 2013**

Current Ratio

Total current assets to total current liabilities.

This ratio measures the utility's short-term liquidity (ability to pay bills).

Debt to Total Assets

Long-term debt plus current liabilities to total assets.

This ratio measures a utility's ability to meet its current and long-term liabilities based on the availability of assets.

Debt Service Coverage

Ratio of net revenues available for debt service to total long-term debt service for the year.

This ratio measures the utility's ability to meet its annual long-term debt obligation.

Operating Ratio

Total electric operation and maintenance expenses to total electric operating revenues.

This ratio measures the proportion of revenues received from electric sales and other electric activities required to cover operation and maintenance costs associated with producing and selling electricity.

Days Unrestricted Cash (Rating Agency Model)

Ratio of total unrestricted cash and cash equivalents

to average daily cash requirements for operating expenses (defined as yearly budgeted operating expenses net of depreciation divided by 365 days in the year).

This figure measures the length of time the utility can carry on normal operations with available unrestricted cash not otherwise designated for future capital needs.

Days Available Cash (EWEB Internal Model)

Ratio of total available cash (defined as working cash and equivalents plus general operating reserves) to adjusted average daily cash requirements for operating and other non-capital expenses (defined as actual YTD expenditures plus remaining pro-rated budget expenses for the year divided by 365 days in the year). This is a modification of Days Unrestricted Cash measuring the length of time (in calendar days) the utility can carry on projected non-capital related operations with readily available cash (defined as working cash and equivalents plus general operating reserves)

Debt to Equity

Ratio of total liabilities, net of current liabilities, to total equity (net assets), expressed as a percentage.

If the ratio exceeds 100% it means that outside borrowing (liabilities) exceeds the utility's own equity (net assets).

**Electric System
Quarterly Projections
(\$'s in millions)**

	Quarter 1			Quarter 2		Quarter 3		Quarter 4		Total Annual Budget	Total Annual Projection	Total Budget Estimate Variance
	Budget Estimate 3/31/13	Actual 3/31/13	QTD Variance 3/31/13	Budget Estimate 6/30/13	Projection 6/30/13	Budget Estimate 9/30/13	Projection 9/30/13	Budget Estimate 12/31/13	Projection 12/31/13			
Income Statement:												
Operating revenues	\$67.6	\$63.9	(\$3.7)	\$54.3	\$55.5	\$53.3	\$55.0	\$63.7	\$63.6	\$238.9	\$238.0	(\$0.8)
Operating expenses	61.2	51.2	10.1	53.5	54.5	56.7	58.1	59.1	57.6	230.5	221.4	9.1
Net operating revenue (loss)	6.3	12.7	6.3	0.9	1.1	(3.4)	(3.1)	4.6	6.0	8.4	16.7	8.3
Other revenues	1.4	2.3	1.0	1.4	1.4	1.4	1.4	1.4	1.4	5.5	6.5	1.0
Other expenses	3.5	3.5	(0.0)	3.1	3.5	3.5	3.5	3.5	3.5	13.5	14.0	(0.5)
Income (loss) Before contributed capital	\$4.2	\$11.5	\$7.2	(\$0.8)	(\$1.1)	(\$5.5)	(\$5.2)	\$2.4	\$3.9	\$0.4	\$9.1	\$8.8
Contribution margin:	\$30.3	\$31.2	\$0.9	\$24.8	\$25.0	\$20.5	\$20.9	\$28.5	\$30.0	\$104.2	\$107.1	\$2.9
Capital activity:												
Plant additions	\$4.6	\$4.9	\$0.2	\$7.2	\$7.1	\$11.5	\$11.4	\$5.2	\$5.2	\$28.6	\$28.6	\$0.0
Carmen Smith	0.3	1.0	0.8	0.5	0.4	0.7	0.5	1.5	1.0	3.0	3.0	0.0
Total capital	\$4.9	\$5.9	\$1.0	\$7.7	\$7.5	\$12.3	\$12.0	\$6.7	\$6.2	\$31.6	\$31.6	\$0.0
Debt activity:												
Payment of interest and principal	\$5.8	\$5.0	(\$0.9)	\$5.8	\$5.0	\$5.8	\$5.0	\$5.8	\$5.0	\$23.3	\$19.8	(\$3.5)
Proceeds from borrowing	0.0	0.0	0.0	0.0	0.0	19.4	0.0	0.0	0.0	19.4	0.0	(19.4)
Total debt activity	\$5.8	\$5.0	(\$0.9)	\$5.8	\$5.0	\$25.2	\$5.0	\$5.8	\$5.0	\$42.7	\$19.8	(\$22.9)
	Budget Estimate 3/31/13	Actual 3/31/13	Variance 3/31/13	Budget Estimate 6/30/13	Projection 6/30/13	Budget Estimate 9/30/13	Projection 9/30/13	Budget Estimate 12/31/13	Projection 12/31/13	Total Annual Target/Budget	Total Annual Projection	Total Budget Estimate Variance
Unrestricted cash:												
Cash and cash equivalents	\$15.0	\$34.8	\$19.8	\$15.0	\$31.8	\$15.0	\$22.2	\$15.0	\$23.9	\$15.0	\$23.9	\$8.9
Power reserve	19.8	16.8	(3.0)	19.8	16.8	19.8	16.9	19.8	16.9	19.8	16.9	(2.9)
Unallocated power funds	0.0	13.7	13.7	0.0	13.7	0.0	13.7	0.0	13.7	0.0	13.7	13.7
Capital improvement funds	7.5	13.6	6.1	7.5	12.7	7.5	10.3	7.5	10.9	7.5	10.9	3.4
Operating and self-insurance funds	2.7	7.3	4.6	2.7	7.3	2.7	7.3	2.7	7.3	2.7	7.3	4.6
Pension and medical funds	0.0	8.8	8.8	0.0	3.0	0.0	3.0	0.0	3.0	0.0	3.0	3.0
Carmen-Smith funds	0.0	20.0	20.0	0.0	20.0	0.0	20.1	0.0	20.1	0.0	20.1	20.1
Total unrestricted cash	\$45.0	\$115.0	\$70.0	\$45.0	\$105.4	\$45.0	\$93.6	\$45.0	\$95.9	\$45.0	\$95.9	\$50.9
Restricted cash:												
Customer deposits and other restricted cash	\$6.7	\$6.7	(\$0.0)	\$6.7	\$6.7	\$6.7	\$6.7	\$6.7	\$6.7	\$6.7	\$6.7	\$0.0
Construction reserve	\$29.9	\$29.9	\$0.0	\$26.7	\$26.7	\$21.9	\$21.9	\$18.5	\$18.5	\$18.5	\$18.5	\$0.0
Investments and reserves for debt service	17.0	16.3	(0.7)	22.0	21.3	11.5	10.8	15.8	15.8	15.8	15.8	(0.0)
Total restricted cash	\$53.6	\$52.9	(\$0.7)	\$55.4	\$54.7	\$40.1	\$39.4	\$41.0	\$41.0	\$41.0	\$41.0	\$0.0

Footnotes:

All numbers are presented in millions

Annual adopted budget is estimated by quarter. The projection includes actual results and estimated results for the balance of the year.

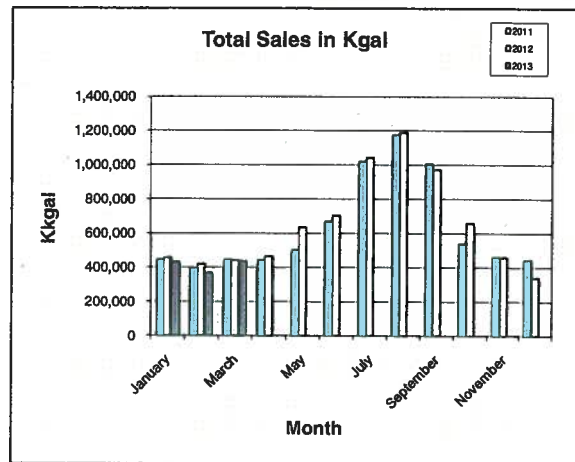
QTD variances are actual cumulative results compared to budget estimates for each quarter.

Total budget estimate variances compare actual results and projections through year-end to to the annual budget.

Water Utility Sales in Kgal 2013

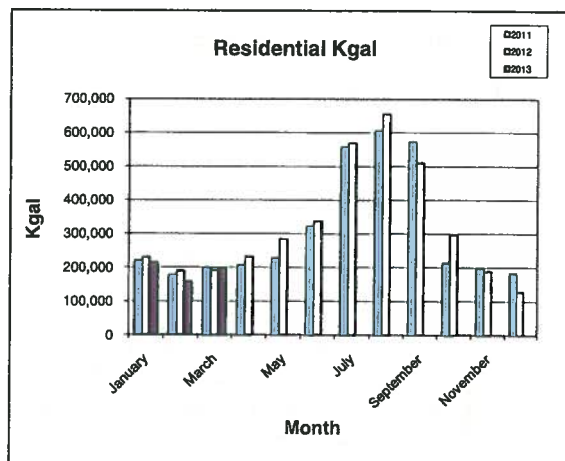
Total Water Sales in Kgal

	2011	2012	2013
January	445,496	456,723	432,590
February	396,846	419,244	368,791
March	445,702	442,401	436,077
Q1 total	1,288,044	1,318,368	1,237,458
April	441,475	463,512	0
May	501,716	633,981	0
June	671,623	702,522	0
Q2 total	1,614,814	1,800,015	0
July	1,020,097	1,042,623	0
August	1,174,270	1,187,331	0
September	1,005,946	970,920	0
Q3 total	3,200,313	3,200,874	0
October	539,886	656,952	0
November	460,473	458,211	0
December	445,761	339,931	0
Q4 total	1,446,120	1,455,094	0
Annual total	7,549,291	7,774,351	1,237,458



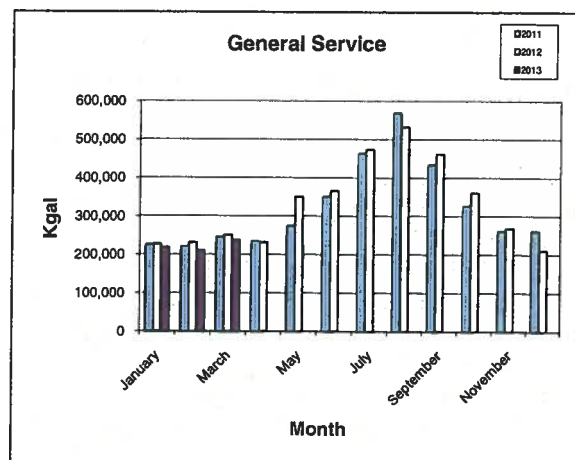
Residential Sales in Kgal

	2011	2012	2013
January	220,809	229,790	214,316
February	176,895	188,850	157,996
March	199,732	192,009	199,000
Q1 total	597,436	610,649	571,312
April	207,160	231,678	0
May	227,603	283,710	0
June	321,733	336,946	0
Q2 total	756,496	852,334	0
July	557,545	569,350	0
August	605,740	655,596	0
September	572,327	509,996	0
Q3 total	1,735,612	1,734,942	0
October	213,590	296,821	0
November	198,428	189,396	0
December	183,842	128,668	0
Q4 total	595,860	614,885	0
Total	3,685,404	3,812,810	571,312



General Service in Kgal

	2011	2012	2013
January	224,687	226,933	218,274
February	219,951	230,394	210,795
March	245,970	250,392	237,077
Q1 total	690,608	707,719	666,146
April	234,315	231,834	0
May	274,113	350,271	0
June	349,890	365,576	0
Q2 total	858,318	947,681	0
July	462,552	473,273	0
August	568,530	531,735	0
September	433,619	460,924	0
Q3 total	1,464,701	1,465,932	0
October	326,296	360,131	0
November	262,045	268,815	0
December	261,919	211,263	0
Q4 total	850,260	840,209	0
Total	3,863,887	3,961,541	666,146



Eugene Water and Electric Board
Water System
Statement of Net Position
March 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>	<u>December 2012</u>
Assets			
<u>Capital assets</u>			
Utility plant in service	\$ 210,299,627	\$ 202,658,311	\$ 209,614,427
Less - Accumulated depreciation	(90,885,399)	(85,760,875)	(89,554,151)
Net utility plant in service	119,414,228	116,897,436	120,060,276
Property held for future use	968,578	968,578	968,578
Construction work in progress	6,989,288	4,521,613	5,969,029
Net Utility Plant	<u>127,372,094</u>	<u>122,387,627</u>	<u>126,997,883</u>
<u>Current assets</u>			
Cash and cash equivalents	2,626,162	704,286	1,640,554
Restricted cash and investments			
Debt service reserve	2,366,604	2,356,800	2,366,533
Customer deposits and others	295	0	295
Construction reserve	12,215,159	14,099,365	12,962,779
System development charge reserves	786,761	1,554,058	977,955
Investments for debt service	1,254,272	2,416,185	1,473,981
Designated cash and investments			
Capital improvement reserve	1,762,258	2,722,744	2,382,357
Operating reserve	381,708	426,840	428,744
Receivables, less allowances	2,261,236	1,967,744	2,268,479
Material and supplies, at average cost	590,992	656,133	621,627
Prepayments and special deposits	485,618	428,928	505,761
Total current assets	<u>24,731,065</u>	<u>27,333,083</u>	<u>25,629,065</u>
<u>Non-current assets</u>			
Prepaid retirement obligation	2,780,973	2,988,250	2,832,792
Other assets	1,340,198	1,527,069	1,380,993
Total non-current assets	<u>4,121,171</u>	<u>4,515,319</u>	<u>4,213,785</u>
Total Assets	<u>\$ 156,224,330</u>	<u>\$ 154,236,029</u>	<u>\$ 156,840,733</u>

**Eugene Water and Electric Board
Water System
Statement of Net Position
March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>	<u>December 2012</u>
Liabilities			
<u>Current liabilities</u>			
Payables	\$ 413,907	\$ 345,174	\$ 1,130,210
Accrued payroll and benefits	851,624	813,850	548,229
Accrued interest on long-term debt	367,246	1,543,509	918,112
Long-term debt due within one year	1,325,000	1,270,000	1,325,000
Due to Electric system	741,625	843,008	830,899
Total curent liabilities	<u>3,699,402</u>	<u>4,815,541</u>	<u>4,752,450</u>
<u>Non-current liabilities</u>			
Long term debt			
-note and bonds payable	48,614,488	49,873,586	48,598,013
Due to Electric System	19,062,383	19,672,271	19,212,750
Other liabilities and deferred credits	163,738	388,456	384,122
Total liabilities	<u>71,540,011</u>	<u>74,749,854</u>	<u>72,947,335</u>
Net Position			
Net investment in capital assets	72,960,277	68,273,407	72,895,012
Restricted	4,040,686	4,783,535	3,900,652
Unrestricted	7,683,356	6,429,233	7,097,734
Total net position	<u>84,684,319</u>	<u>79,486,175</u>	<u>83,893,398</u>
Total Liabilities and Total Net Position	<u>\$ 156,224,330</u>	<u>\$ 154,236,029</u>	<u>\$ 156,840,733</u>

Eugene Water & Electric Board
Water System
Statement of Revenues, Expenses and Changes in Net Position
for the three months ended March 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Residential	\$ 3,090,060	\$ 2,628,084
Commercial and industrial	2,357,445	2,148,060
Sale for resale and other	<u>241,093</u>	<u>198,139</u>
Operating Revenues	<u>5,688,598</u>	<u>4,974,283</u>
Source of supply, pumping and purification	563,972	651,579
Transmission and distribution	1,640,245	1,612,587
Customer accounting	314,660	281,002
Conservation expenses	42,156	70,810
Administrative and general	1,027,748	1,000,192
Depreciation on utility plant	<u>1,265,068</u>	<u>1,232,640</u>
Operating Expenses	<u>4,853,849</u>	<u>4,848,810</u>
Net Operating Income (Loss)	<u>834,749</u>	<u>125,473</u>
Investment earnings	11,772	15,658
Allowance for funds used during construction	7,412	9,097
Other revenue	<u>151,181</u>	<u>10,692</u>
Non-operating Revenues	<u>170,366</u>	<u>35,447</u>
Other revenue deductions	63,953	56,928
Interest expense and related amortization	586,469	614,416
Interest expense, Electric	225,734	228,778
Allowance for borrowed funds used during construction	<u>(4,300)</u>	<u>(3,500)</u>
Non-operating Expenses	<u>871,856</u>	<u>896,622</u>
Income (loss) before capital contributions	<u>133,259</u>	<u>(735,702)</u>
Contribution in aid of construction	221,614	21,271
Contributed plant assets	-	-
System development charges	<u>436,048</u>	<u>93,940</u>
Capital Contributions	<u>657,662</u>	<u>115,211</u>
Increase (Decrease) in net position	790,921	(620,491)
Total net position at beginning of year	<u>83,893,398</u>	<u>80,106,666</u>
Total Net Position at End of Year	<u>\$ 84,684,319</u>	<u>\$ 79,486,175</u>

Overview and Definitions – Statement of Revenues, Expenses and Net Position

Residential – Retail sales to residential water customers.

Commercial and industrial– Retail sales to commercial and industrial water customers, including Santa Clara and River Road Water Districts.

Sales for Resale and Other – Miscellaneous sale and other operating revenues, including Water District and Sewer service/billing charges.

Source of supply, pumping and purification - Costs of delivering water to distribution system.

Transmission and Distribution – Labor and other costs to maintain T&D infrastructure and transport water to customer meters.

Customer Accounting – Primarily the Customer Service function, also meter reading, bad debt expense and low-income assistance.

Conservation Expenses – Labor and other costs to provide water saving measures to customers.

Administrative and General – Salaries and other expenses for management and support functions.

Depreciation on utility plant – Systematic expensing of acquisition costs for all capital assets (fixed assets which degrade over time: buildings and equipment other than land).

Investment earnings – Earnings on investments, including changes in market value while investments are held.

Allowance for Funds Used During Construction – Estimated financing costs associated with self-construction of assets. Costs are deferred/added to income and the asset balance then expensed over time through depreciation.

Other Revenue – Non-operating revenues such as leases of real property, gains on disposals of assets, and reimbursements for work billed to customers.

Other Revenue Deductions – Non-operating expenses including amortization of prepaid retirement obligation and disposals of property.

Interest Expense and Related Amortization – Interest on debt and amortization of bond issuance costs, discounts and premiums.

Interest Expense, Electric – Reimbursement of interest to Electric utility on capital lease and PERS note.

Allowance for Borrowed Funds Used During Construction – Costs of borrowing for self-constructed assets. Costs are deferred/reducing interest expense and added to the cost of fixed assets for eventual expensing through depreciation.

Contributions in Aid of Construction – Payments from customers or contractors to offset the cost of new services.

Contributed Plant Assets – Value of plant assets that are constructed by contractors and donated to EWEB

System Development Charges – Charges collected from customers, primarily contractors and developers, for new water capital development.

Net Position – Accumulated equity

**Eugene Water and Electric Board
Water Utility
Financial Ratios
Month**

	YEAR-TO-DATE		12/31/2012	TARGET
	2013	2012		
Current Ratio	2.192	1.434	1.651	
Debt to Total Assets	0.458	0.485	0.465	0.600
Debt Service Coverage	1.455	1.415	2.781	2.000
Operating Ratio	0.631	0.727	0.599	0.570
Days Unrestricted Cash	92	90	103	
Days Available Cash	44	20	34	
Debt to Equity	80%	88%	81%	89%

Note that the target ratios are based on annual results. Year-to-date amounts may vary from annual results.

See next page for Ratio definitions

Definitions

Current Ratio

Ratio of current assets, net of designated SDC reserves, to total current liabilities.
Measures the utility's short-term liquidity (ability to pay bills).

Debt to Total Assets

Ratio of long-term debt plus current liabilities to total assets. Measures a utility's ability to meet its current and long-term liabilities based on the availability of assets.

Debt Service Coverage

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

Operating Ratio

Ratio of total water operation and maintenance expenses to total water operating revenues.
This ratio measures the proportion of revenues received from water sales and other water activities required to cover operation and maintenance costs associated with producing and selling water.

Days Unrestricted Cash (Rating Agency Model)

Ratio of total unrestricted cash and cash equivalents, net of designated SDC reserves, to average daily cash requirements for operating expenses (defined as yearly budgeted operating expenses net of depreciation divided by 365 days in the year).
This figure measures the length of time the utility can carry on normal operations with available unrestricted cash not otherwise designated for future capital needs (ie SDC reserves)

Days Available Cash (EWEB Internal Model)

Ratio of total available cash (defined as working cash and equivalents plus general operating reserves) to adjusted average daily cash requirements for operating and other non-capital expenses (defined as actual YTD expenditures plus remaining pro-rated budget expenses for the year divided by 365 days in the year). This is a modification of Days Unrestricted Cash measuring the length of time (in calendar days) the utility can carry on projected non-capital related operations with readily available cash (defined as working cash and equivalents plus general operating reserves)

Debt to Equity

Ratio of total liabilities, net of current liabilities, to total equity (net assets), expressed as a percentage. If the ratio exceeds 100% it means that outside borrowing (liabilities) exceeds the utility's own equity (net assets)

**Water System
2013 Quarterly Projections
(\$'s in Thousands)**

	Quarter 1			Quarter 2		Quarter 3		Quarter 4		Total Annual Budget	Total Annual Projection	Total Budget Estimate Variance
	Budget Estimate 3/31/13	Actual 3/31/13	Qtrly Variance 3/31/13	Budget Estimate 6/30/13	Projection 6/30/13	Budget Estimate 9/30/13	Projection 9/30/13	Budget Estimate 12/31/13	Projection 12/31/13			
Income Statement												
Operating revenues	\$5,260	\$5,689	\$429	\$6,327	\$6,327	\$13,271	\$12,942	\$5,667	\$5,567	\$30,525	\$30,525	\$0
Operating expenses	5,897	4,854	(1,043)	5,897	6,097	5,897	6,179	5,897	5,997	23,587	23,126	(461)
Net operating revenue (loss)	(637)	835	1,472	430	230	7,374	6,763	(230)	(430)	6,938	7,398	461
Other revenues	32	170	139	32	32	32	32	32	32	126	265	139
Other expenses	925	872	(53)	925	925	925	952	925	925	3,698	3,673	(26)
Income (loss) Before contributed capital	(1,530)	133	\$1,663	(\$463)	(\$663)	\$6,481	\$5,843	(\$1,123)	(\$15)	\$3,365	3,991	625
Contribution margin	\$3,760	\$4,323	\$563	\$4,827	\$4,827	\$11,771	\$11,571	\$4,167	\$4,167	\$24,525	\$24,888	\$363
Capital activity:												
Plant additions - net of contributions	\$2,832	\$1,538	(\$1,295)	\$2,832	\$2,832	\$5,665	\$6,665	\$2,832	\$2,832	\$14,161	\$13,867	(\$295)
Total capital	\$2,832	\$1,538	(\$1,295)	\$2,832	\$2,832	\$5,665	\$6,665	\$2,832	\$2,832	\$14,161	\$13,867	(\$295)
Bond activity:												
Debt service payments	\$1,324	\$1,258	(\$66)	\$1,324	\$1,389	\$1,392	\$1,392	\$1,425	\$1,425	\$5,465	\$5,464	(\$1)
Bond proceeds - net	-	-	-	-	-	-	-	-	-	-	-	-
Total bond activity	\$1,324	\$1,258	(\$66)	\$1,324	\$1,389	\$1,392	\$1,392	\$1,425	\$1,425	\$5,465	\$5,464	(\$1)
	Budget Estimate 3/31/13	Actual 3/31/13	Variance 3/31/13	Budget Estimate 6/30/13	Projection 6/30/13	Budget Estimate 9/30/13	Projection 9/30/13	Budget Estimate 12/31/13	Projection 12/31/13	Total Annual Budget	Total Annual Projection	Total Budget Estimate Variance
Unrestricted cash:												
Cash and cash equivalents	\$1,500	\$2,626	\$1,126	\$500	\$800	\$2,500	\$2,400	\$2,000	\$2,000	\$2,000	\$2,000	-
Capital improvement reserve	3,000	1,762	(1,238)	2,000	2,000	4,000	4,000	3,500	3,500	\$3,500	3,500	-
Operating and self-insurance funds	350	382	32	300	320	290	300	280	280	280	280	-
Total unrestricted cash	\$4,850	\$4,770	(\$80)	\$2,800	\$3,120	\$6,790	\$6,700	\$5,780	\$5,780	\$5,780	\$5,780	-
Restricted cash:												
Construction funds	\$12,000	\$12,215	\$215	\$8,000	\$10,000	\$4,000	\$5,000	-	-	-	-	-
System development charge reserves	800	787	(13)	600	650	400	450	-	-	-	-	-
Investments for debt service	3,620	3,621	1	4,500	4,503	3,030	3,025	4,010	4,010	4,010	4,010	-
Total restricted cash	\$16,420	\$16,623	\$203	\$13,100	\$15,153	\$7,430	\$8,475	\$4,010	\$4,010	\$4,010	\$4,010	-

Footnotes:

PLEASE NOTE, due to scale of dollar operations being much smaller than the Electric System, Water utility numbers are presented in thousands
2013 annual adopted budget is estimated by quarter. The projection includes Q1 actual results and estimated results for the remaining quarters.
Budget estimate is adopted budget plus any budget amendments to date
Quarterly variances are for those quarters only