



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Brown, Mital, Helgeson, Manning and Simpson

FROM: Cathy Bloom, Finance Manager; Sue Fahey, Fiscal Services Supervisor; Janice Lee, Financial Analyst II

DATE: April 29, 2014

SUBJECT: Amendment to Increase Electric Operations & Maintenance Budget for February Storm Costs

OBJECTIVE: Board Approval

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## Issue

Board Policy EL-1 requires Management propose a budget amendment for Board approval if the Electric Utility's Operations & Maintenance (O&M) budget is projected to exceed the authorized budget amount. The 2014 Electric O&M budget does not include amounts for significant storm damage given the infrequent nature of occurrence. Accordingly, the budget needs to be increased for the incremental costs incurred during the February ice storm.

## Discussion

Lane County experienced a major ice storm in February which cost EWEB's Electric Utility approximately \$1.9 million. Incremental costs (e.g., overtime, materials, tree trimming, etc.) were \$1.6 million. In April, President Obama declared Lane County, as well as other Oregon counties, a disaster area because of the severe damage caused by the storm. The declaration allows EWEB to apply for federal reimbursement for the repair and replacement of damaged facilities. The amount and timing of the federal reimbursement is not yet known; however it is expected to be received by year end. Staff proposes that revenue be increased by \$1.3 million to recognize unbudgeted revenue from EWEB's power contract with Grant Public Utility District (Grant), and the Operating Reserve be reduced by \$300,000 in order to provide budget authority for storm costs. The Grant contract represents EWEB's portion of Grant's hydro project generation. Staff also proposes that the federal reimbursement be placed in the Operating Reserve when received.

## Recommendation and Requested Board Action

Management recommends and requests that the Board approve a budget amendment as stated above to increase the Electric Utility's O&M budget by \$1.6 million. Additionally, Management recommends and requests that the Board approve placing the federal reimbursement in the Operating Reserve when received.