



The following questions have been posed by Commissioners prior to the scheduled Board Meeting on August 6, 2024. Staff responses are included below and are sorted by Agenda topic.

#### **Quarterly Strategic & Operational Report for Q2**

**On page 7 of the Q2 report it indicates the YTD Hydro availability factor was 65% where our targets are greater than 90%. Given that Q3 will probably have less water etc., what will that do to our budget? (HART)**

*RESPONSE: Availability factor includes water and equipment availability, which includes water delivery (canals), generators, transmission, etc. The year-to-date impact of unfavorable hydro production has been \$7.6 million to budget. The impact of unfavorable price variances has been \$3 million. After updating the price and hydro forecasts, we expect to make up some of that unfavorable variance and be unfavorable to budget by \$6.6 for the year.*

**When we budget for a 90% water year and the forecast indicates we may have an 84% water year, how do we adjust our financial projections to compensate for revenue we budgeted for and won't receive? (HART)**

*RESPONSE: We budget a **contribution margin risk tolerance** to mitigate price, hydro, and load risks. For 2024 that was \$14.3 million. Our contribution margin and overall budget are monitored monthly, and forecasts are updated for changes in the water year and power prices. If the forecasted loss in revenue or volatility in power prices exceeds the contribution margin risk tolerance, there are organizational adjustments available. The first is to look for reductions in expenditures (or increases to other revenue). At the July meeting management committed to finding \$3 million for 2024. That has been identified and staff continue to look for more opportunity. A second adjustment is planned capital spending and the potential to shift work. A third is the use of reserves; specifically, power reserves although other reserves, such as any excess in working cash, could also be used. Power reserves (currently at \$25 million) are established to dampen the impact of price, hydro, and load volatility. Recognizing the increasing volatility in this area, the latest Long Term Financial Plan modeled increases to several reserves over the next 10 years. In years that the utility outperforms to budget, the board has the opportunity to add to reserves that would then be available for use in more challenging years.*

**Contract report Appendix F: What was the procurement protocol for contracting for \$80,000 in river guide services? (KELLEY/HART)**

*RESPONSE: Procurement protocol for a contract of this size is to use an informal quote process. Staff surveys the market and reaches out and attempts to obtain quotes from 3 different vendors and will select on lowest bid. This balances a competitive process with the resources necessary to conduct a formal solicitation. To maintain fairness and transparency, it is our standard practice to obtain 3 quotes in every informal quote process.*

**Did the McKenzie River Guides association know of this need?**

*RESPONSE: Yes, the person EWEB had been utilizing previously for this work, Doug Caven, went to the McKenzie Guides at their annual meeting to let them know that he was retiring and to see if others were interested in working with EWEB in the future. A number of guides expressed interest, and Doug shared his list with EWEB. EWEB utilized this list to reach out directly to interested vendors to generate informal quotes that were considered before the contract was awarded to Mr. Wright.*

*Additional Scope/Background: This contract is for providing guide service to shuttle EWEB employees and contractors to areas along the McKenzie River. For example, on an annual basis we need to shuttle crews on and off the EWEB-owned Kaldor and Rodman islands. Crews can include up to 10 or more Northwest Youth Corps personnel, along with*

*substantial camping equipment and work tools. Contractors often need to move quantities of potted trees for fall/spring planting, and equipment and personnel for the summer irrigation of plantings. Occasionally, there may be a need to provide a drift along either side of the islands, and/or on other reaches of the McKenzie, for surveys and project planning. We set this up as a blanket contract so that other EWEB groups can utilize the guide services, as needed. For example, the Leaburg Decommissioning effort or mercury monitoring, as needed. The main anticipated use, however, is for the ongoing work on Kaldor and Rodman Islands.*

**Contract report Appendix F: Regarding the USDA Forest Service contract \$52,000 we spend on an upriver fish regulation enforcement person; do we ever have any feedback on what they did over the past year? Things like how many citations, etc. did they issue. (KELLEY/KRENTZ)**

**RESPONSE:** *We do not receive a report on the USFW enforcement actions. Funding of the ½ FTE (Forest Protection Officer) for fish regulation enforcement and outreach is a license requirement.*