MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson

FROM: Frank Lawson, CEO & General Manager

DATE: September 20, 2024 (October 1, 2024, Board Meeting)

SUBJECT: Upcoming Resolution 2417 Customer Service Policy Update of Shared Transformer Capacity Costs

OBJECTIVE: Information/Guidance – Preview of Requested Action (November 2024)

Issue

EWEB management plans to revise customer charges associated with load-based single-phase electrical transformer upgrades, specifically in residential and small general service applications.

Background

Presently and historically, customers significantly increasing electrical load are either requested or required to contact EWEB, under the rationale that the customer is liable for damaged utility equipment because of overloading. If an analysis determines that the customer's increasing load requires an upgrade of the distribution transformer, the "Customer/Entity of Cause" bears the total net cost of the upgrade even though the transformer capacity may be shared by other customers. Therefore, the full economic burden of initial installation and/or distribution transformer upgrade falls solely on single customer(s). This may create a deterrent to customer reporting, growth, and electrification and results in unfair sharing of the transformer capacity cost.

Discussion

Through policy to be proposed to the Board, EWEB will change from assessing the full net cost of shared transformer installations or upgrades solely to the Customer/Entity of Cause to a cost-sharing model that assesses any Customer/Entity of Cause a proportional share of the needed/increased transformation capacity based on levelized costs. For individual services, new installations and/or service upgrades that share transformer assets will be charged a per-amp transformation fee based on the premise's increased main breaker size (upgrade). Early investigations and comparisons with other utilities estimate the transformation charge in the $4-5 per Amp, therefore the fee to upgrade from a 100A to 200A main breaker will be $400-$500. Increases in electricity load within the same main breaker size will not be charged to the individual/entity of cause, although EWEB may request voluntary notification.

It should be noted that load increases may still require upgrades to non-shared equipment and assets only associated with the premise of the Customer/Entity of Cause (e.g. service conductors), of which the Customer/Entity of Cause is solely responsible for upgrade costs.

Infrastructure costs upstream of shared distribution transformers (e.g. neighborhood feeders, substations, etc.) are operated, maintained, upgraded, and replaced by EWEB, with costs allocated and included in customer rates.

By dividing and distributing the costs of shared distribution transformer capacity, EWEB proposes to spread the costs fairly by and between customers, which has the following benefits.

Development – Only allocating the portion of the cost of shared distribution transformation costs required by the individual/entity will remove unfair barriers to inter-fill and/or expansion of development of residential and commercial facilities.

Electrification – As customers electrify, EWEB will divide and distribute "system" cost impacts in a way proportional to the utilization of the system.

Clarity/Transparency – By establishing and dividing the aggregated costs of transformer upgrades on a per-unit basis, the conditions and basis for costs incurred by decision makers (individuals/entities) are clarified.

Customer Communications – EWEB encourages the communication of substantive increases in customer consumption/load. Clarifying potential or perceived punitive costs eliminates a potential barrier for customers to communicate with EWEB.

Efficiency – EWEB efficiencies are realized by reducing individual administration of each potential service or upgrade.

Per Board Policy SD3, Customer Service Policy, the *"Board periodically reviews this document (available at www.eweb.org) and approves all substantive changes."* Management deems the creation of this new levelized proportional fee as substantive, which requires Board Action. Per Board Policy GP7, Board Parliamentary Procedures, formal resolutions are required with the adoption of new or revised Board policies and the creation of new Fees.

Recommendation(s)
Barring Commissioner objection(s), Staff will continue to develop the details and conditions of the transformer fee, along with appropriate updates to the Customer Service Policy.

Board Action
No Board Action is required currently, although Commissioners are encouraged to comment or question. At an upcoming meeting, likely November 2024, the Board will be asked to approve Resolution No. 2417 creating a levelized transformation fee along with supporting revisions to the Electric Customer Service Policy.

MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO:	Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson
FROM:	Travis Knabe, Chief Information Officer; Julie McGaughey, Chief Customer Officer
DATE:	October 1, 2024
SUBJECT:	EWEB Enterprise Solutions (EES) – Customer Communications Summary
OBJECTIVE:	Information

Issue

EWEB is on track to go-live with "Season One" (Financial & Customer Information System(s), Customer Portal) of EWEB Enterprise Solutions (EES) the week of December 2, 2024. A detailed launch and customer communications plan has been created.

Background

Season One of EES kicked off in May 2023 to replace legacy Customer and Finance applications and add functionality to the customer portal. The new systems will impact customers differently, ranging from visual changes on the bill and customer portal to more complex account management tools and program changes. EWEB is committed to ensuring clear, timely communication with all customer groups.

Discussion

Most EWEB customers will receive six touchpoints informing them of changes that may impact their interactions including bill messaging, direct mail, and email, in addition to social media and website updates. There will be targeted communication to specific audiences based on changes to programs or information that is relevant. These audiences include:

- Registered portal users
- Budget Bill participants
- Automatic Hookup Agreement (AHU) participants
- Key accounts

Some targeted audience outreach is planned for September and October, with broader communication to all customers concentrated in November and December. Communication will continue in 2025 through regular channels for more promotional and "did-you-know?" messaging. Many of these communications will be highlighted in the "weekly roundup" report provided to Commissioners.

Requested Board Action

Information only

MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson

FROM: Lisa Krentz, Electric Generation Manager; Mark Zinniker, Generation Engineering Supervisor; Jeremy Somogye, Generation Engineering Planner

DATE: October 1, 2024

SUBJECT: Leaburg Decommissioning Action Plan Update

OBJECTIVE: Informational Briefing

Issue

This memo provides a summary of 2024 efforts to date toward decommissioning the Leaburg Development of the Leaburg-Walterville Hydropower Project. It also summarizes progress implementing the Leaburg Canal near-term risk reduction measures, and the Walterville Strategic Evaluation.

Background

The Leaburg Decommissioning Action Plan (LDAP), approved by the Board on January 9, 2024, identified the activities and regulatory path to decommission the Leaburg Development. It described the regulatory process; information needs; properties and assets; financial considerations; staffing and resource planning needs; timelines, decisions, and milestones; and participant engagement.

Staffing and Resource Planning

To help meet internal resourcing needs, including Leaburg Decommissioning, EWEB recently hired an additional Engineering Planner to support the project. Additional internal staffing needs will continue to be evaluated as the project progresses.

A competitive procurement process is currently underway to secure consultant services to augment internal staff, providing Program Management Support that may include strategic planning, project management, risk identification and management, programmatic oversight, and regulatory and technical support, as needed. The contract will:

- Have a duration of up to 10 years with an anticipated contract value of $18 million.
- Include options for cancellation at milestones, or if the services are no longer required.
- Include built in flexibility to allow the consultant to self-perform technical work if it creates efficiencies and their subject matter experts are well-suited for performing the required task orders.

EWEB advertised a request for proposals (RFP) on August 26, 2024 for the consulting services described above. The advertising period ended on September 24, 2024. The proposals received

are currently being evaluated. We anticipate interviewing the two highest-ranked firms during the week of October 8, 2024, making a final selection in late-October, and bringing a contract approval request to the Board at the December 2024 meeting.

Leaburg Dam Transportation Alternatives Analysis

Determining the long-term access across the McKenzie River, currently provided by Leaburg Dam, is a critical path for advancing the Leaburg decommissioning project. EWEB is not a transportation agency and does not make transportation decisions. However, EWEB is committed to coordinating with Lane County Public Works and the Oregon Department of Transportation in resolving access issues resulting from dam removal. To understand the long-term impacts to the local transportation system and short-term impacts during decommissioning construction activities, EWEB, in coordination with Lane County Public Works, is currently evaluating river crossing alternatives.

After a competitive RFP process, DOWL was selected to perform the Leaburg Transportation Alternatives Analysis. DOWL is a multi-disciplined engineering firm with extensive transportation and bridge experience. DOWL is partnering with Parametrix and Good Company for the Triple Bottom Line portion of the analysis.

The Board approved the DOWL contract at the July 2024 Board meeting and the project is underway with an expected completion by Q4 2025. EWEB mailed information about the transportation analysis and Right of Entry requests in early September to the property owners where field visits are necessary to assess site constraints. EWEB also sent information about the transportation project and potential impacts to property owners located in proximity to prospective routes, notifying them of the analysis and process being developed for providing feedback.

Near-Term Risk Reduction

The Federal Energy Regulatory Commission, Division of Dam Safety and Inspections (FERC D2SI), requires EWEB to implement measures to mitigate risks associated with the Leaburg Canal conveying tributary and stormwater flows. The work is to be completed as soon as reasonably practicable and prior to completing decommissioning. Our intent is to align all near-term risk reduction measures with the ultimate decommissioning strategy.

Managing tributary flows from Johnson and Cogswell Creeks, which are intercepted by the canal, remains a primary goal of the near-term risk reduction strategy. In January 2024, EWEB completed a major risk reduction measure to address wet weather periods when tributary creek and stormwater flows into the canal are high. The project has greatly increased the low-level discharge capacity of the Leaburg forebay by routing additional flows through the Leaburg Powerhouse. This improvement will significantly relieve hydraulic loading of the canal embankments during storms. Although the upgraded low-level outlet does not fully mitigate FERC's concerns about hydraulic loading of the canal embankments during potential extreme weather events, it does provide an important mechanism to help manage the stormwater and tributary flows during the more typical wet weather seasons.

The development of additional actions for managing flows requires detail on subsurface conditions and geotechnical considerations. A Drilling Program Plan (DPP) was submitted to

the FERC-D2SI in March 2023 for their review and approval. In response to FERC D2SI review comments received in May 2024, EWEB submitted a revised DPP in mid-August 2024. EWEB awaits their approval so drilling can commence as soon as possible, as this has delayed the planning and design of measures to repatriate Johnson and Cogswell Creeks. In the interim, Generation Division staff met with a key property owner along the former path of Johnson Creek, and plan to engage Lane County Planning and the Oregon Water Resources Department (OWRD).

Walterville Strategic Evaluation

Board Resolution 2302 to decommission the Leaburg Development also calls for a strategic evaluation and triple bottom line analysis of the Walterville Development to guide decisions related to relicensing or decommissioning this facility at the end of the current license term (2040). Although the Walterville strategic evaluation work will be a separate and parallel effort, staff are prepared to adjust the LDAP regulatory path in accordance with the outcome of the analysis. Concurrent efforts to progress the decommissioning of Leaburg will remain valid and applicable to any modified regulatory path regardless of the long-term decision for Walterville.

As described in the October 2024 "Walterville Canal Forebay Repair" Board Correspondence detailing the excessive seepage conditions and recommended liner improvements at the Walterville Canal forebay, FERC D2SI has made it clear they will need to review seismic stability results for the forebay structures before they can determine the acceptability of the proposed repair plan that focuses solely on the excessive seepage conditions.

In addition to determining the necessary scope for the Walterville forebay leak repairs, the seismic stability results will be foundational information for the Walterville strategic evaluation. As such, EWEB plans to initiate the Walterville Strategic Evaluation once FERC's review of the seismic stability analysis is complete. EWEB expects to complete the Walterville Strategic Evaluation by mid-2026.

Community Outreach

EWEB is committed to frequent community outreach throughout decommissioning planning and implementation. The outreach events described below have occurred since the last formal Board update in January.

The McKenzie Valley Customer Appreciation Dinner was held on May 23 at the Walterville Community Center. The theme of the spring event was "Communicating through the changes to come," and a new, round-table format allowed EWEB Commissioners and staff to listen to guests, discuss how to stay connected through emergencies, and how to work together through the decommissioning process. More than 100 people attended and, at the end of the event, EWEB Commissioners and staff reported out what they heard at their tables and identified points for follow-up with community members.

EWEB staff also attended the Walterville Fair on September 7th, hosting an information table to provide updates and hear concerns. Most of the interest was focused on the Walterville Canal outage, which will continue into summer 2025. An update about the duration of the Walterville Canal outage was also sent to the McKenzie River Reflections newspaper and to upriver email newsletters.

Grant Funding
It is too early in the decommissioning process to be competing for most grant funding, which typically requires plans to be developed beyond what is feasible at this time. However, given the plans for near-term risk reduction measures are more advanced, EWEB recently submitted a pre-application for the Building Resilient Infrastructure and Communities (BRIC) hazard mitigation assistance program for those projects.

The BRIC program is administered by the Federal Emergency Management Administration (FEMA) in collaboration with the Oregon Department of Emergency Management (OEM). If the pre-application is selected, EWEB will have the opportunity to submit a formal, comprehensive application for consideration. It is expected that the status of the pre-application be communicated to EWEB by the end of this year.

The Transportation Alternatives Analysis described above will also evaluate the grant funding potential of the proposed alternatives to inform the decision-making process. EWEB will continue to coordinate with the local transportation agencies during the analysis and supports potential partnerships for joint grant applications and opportunities to achieve shared interests.

Progress Reporting
EWEB staff will provide periodic progress reports to the Board on Leaburg Decommissioning, the inter-related near-term risk reduction measures, and the Walterville Strategic Evaluation. These will include the Strategic and Operational Quarterly Report, annual Capital Improvement Plan and Operations and Maintenance budget updates, and Board presentations or workshops, as needed.

Requested Board Action
No Board action is requested at this time. With the Leaburg Decommissioning Program Support contract approval request expected to be in December 2024, staff welcome questions and feedback from the Board regarding the forthcoming Contract as well as any other topics and updates discussed herein.

MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

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TO:	Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson
FROM:	Karen Kelley, Chief Operations Officer; Mike Masters, Water Operations Manager; Susan Fricke, Water Resources & Quality Assurance Supervisor; and Gina Dally, Senior Project Manager
DATE:	October 1, 2024
SUBJECT:	McKenzie Watershed Recovery and Restoration Plan Update, 2025-2026
OBJECTIVE:	Project Update

Background

In 2018, EWEB's Board of Commissioners approved a 10-year strategic plan to protect the McKenzie Watershed as EWEB's sole source of drinking water. The programs and partnerships formed to implement this strategic plan are now fundamental to the timely response to the Holiday Farm Fire (HFF) and the building blocks to effecting large scale watershed restoration efforts over the longer term.

The devastation from the HFF resulted in immediate and longer-term threats to water quality. On October 6, 2020, the Board passed Resolution 2024 authorizing $1,000,000 for immediate response to this direct threat to Eugene's drinking water (see Board Memo dated 9/25/20). EWEB and the Pure Water Partners (PWP) team took a number of actions in the first 6-7 months to stabilize ash and debris, assess and install erosion control measures, and revegetate riparian and floodplain areas on high priority properties. Details of these activities are contained in the Board Memo dated 1/20/2021.

On March 2, 2021, the Board authorized $3.9 million for budget year 2021 to design and implement the next phase of watershed recovery and restoration work (see Board Memo dated 1/20/2021). This work would be funded through a newly established "Watershed Recovery Surcharge" (surcharge) collected on monthly water bills starting in July and sunsetting in 60 months (June, 2026). The surcharge provides stable, reliable funds to continue time-sensitive restoration work while staff seek numerous avenues for outside resources to complement EWEB dollars.

On December 7, 2021, the Board approved EWEB's 2022 budget, which included $4.25 million for watershed recovery and restoration planned work as outlined in the Board memo dated August 27, 2021. This work is funded through the surcharge.

Discussion

The watershed restoration plan includes three categories of investment that the Board can dial up or down based on fiscal considerations and other factors to achieve the right balance for the greatest benefit: 1) risk-based early actions; 2) longer-term resilience actions; and 3) strategic actions that focus primarily on watershed restoration but have a secondary benefit of carbon sequestration (see Board memo dated 8/27/21). The following discussion provides an update on EWEB expenditures associated with the various

watershed restoration activities completed to date, the current status of work, and what will be left after the fee sunsets.

Watershed Restoration Program Projects Status at a glance:

The following is a general summary of the Watershed Recovery restoration efforts to date and includes Risk-Based actions, Long-Term resilience actions and Strategic actions.

- The PWP team along with EWEB's source protection Sr. Environmental Specialist secured over 200 7-year Watershed Stewardship Agreements, that EWEB holds, with private landowners, which allowed EWEB-contracted crews to plant close to one million native trees and shrubs in high priority riparian and floodplain areas. EWEB also contracted crews to remove invasive vegetation that would compete with the newly planted trees and shrubs as well as degrades watershed health and riparian function. The funding for this work was front-loaded by the EWEB surcharge. The contractual work for planting and invasive vegetation removal was reimbursed by grant sources. This work will continue for another 2-3 years to get the properties under agreements "free to grow", meaning that the native trees and shrubs planted have a good chance of out-growing undesired competing grass, brush, and invasive vegetation to become part of a vigorous, healthy forest.
- The EWEB surcharge allowed for an increase in PWP project manager capacity through PWP partner organizations to help EWEB manage over 200 plus privately-owned properties under agreement for rehabilitation for 7 years and beyond. The surcharge funded PWP project managers to conduct activities such as landowner outreach, landowner-specific management plans, and oversight of planting and was why we were so successful at enrolling over 200 landowners under the Watershed Stewardship Agreements.
- EWEB's Sr. project manager with help from PWP project managers implemented hazard fuels reduction treatments on priority properties using the Northwest Youth Corps (NYC) and EWEB contractors. Wood from these fuels treatments was donated to local residents as firewood through the McKenzie fire wood program in coordination with McKenzie Watershed Council (MWC) and EWEB contractors or was chipped to mulch for PWP planting sites.
- EWEB's Sr. Project Manager worked with EWEB consultants and state and local regulatory agency staff to create best management practices for restoration and stewardship in upland and riparian areas beyond the emergency phase to incorporate and adhere to regulatory compliance and industry standards.
- EWEB project management facilitated multiple trainings for the PWP with local partners, regulatory agencies and consultants on the proper use of herbicide and together created a list of approved herbicides to obtain best management with least amount of use.
- EWEB project management facilitated trainings and offers support for the PWP on project and contract management for project consistency and cost containment. EWEB's partners, who have been building up contract and grant management capacity, found this training and support extremely useful as they develop their out policies. This support is also enabling the partners to take on more aspects of grant and contract management, thereby reducing the pressure on and amount of resources needed by EWEB to hold grants and contracts for collaborative projects.
- EWEB fiscal services, grant specialist, and project management created a system to monitor grant investments along with the surcharge for accuracy in reporting to funders.
- EWEB project management asked for Oregon Department of Forestry (ODF) to educate the PWP on the Private Forest Accord to assist navigating work on private lands with waters of the State to meet ODF requirements. ODF met with EWEB contractors to review the Industrial Fire Precaution Level (IFPL) requirements for contractors while implementing work for EWEB during fire season.

- EWEB contributed surcharge funding to develop and hire a Tribal Liaison (housed at the McKenzie Watershed Council (MWC)) that has increased Tribal coordination by developing relationships and partnerships with federally recognized Tribal staff and Tribal community members. The seed money for this position that came from the surcharge helped source funding from other entities including FEMA, OWEB, EPA, and OHA, which turned this term position into a permanent position. This is an added benefit as it takes time to build solid relationships with Tribes.
- EWEB surcharge allowed partial FTE for a Naturescaping Specialist housed with MWC to encourage naturescaping concepts and provide design services with recommendations to landowners following these property assessments.
- EWEB's source protection GIS analyst designed and led implementation of project management software development with consultation from Cartegraph. This has been essential to data collection, prioritizing work on the ground, contractor management, and grant reporting.
- EWEB surcharge went to securing a 50-year easement of 80 acres on Campbell Global property to create contiguous restoration efforts with acquired lands on Quartz Creek. This easement agreement allowed supporting partners to secure a $7.5 million NOAA grant for largescale floodplain restoration on 180 acres in Quartz Creek. EWEB is responsible for the stewardship of this easement area.
- McKenzie River Trust (MRT) has acquired floodway parcels including a large parcel in Quartz Creek with help from EWEB in cost-sharing land purchase and stewardship. These properties have provided unique opportunity for floodplain restoration underway or completed.
- EWEB project management and Source Protection assisted partners (i.e., MWC, US Forest Service (USFS), and MRT) completed large scale floodplain restoration projects, with Quartz Creek and South Fork design underway for implementation in 2025 and 2027 as well as completed Finn Rock Phase II restoration project in 2023. The EWEB surcharge paid for design and feasibility to then allow for partners to apply for grant funding to implement.
- University of Oregon partnership agreement for carbon research on EWEB's High Banks property and Quartz Creek flood plain project to yield data on carbon sequestration for both converted agricultural land to forest and floodplain restoration projects, respectively.
- EWEB continues to maintain a network of real-time water quality stations as an early warning system for Hayden Bridge operators and source protection staff and worked with USGS to install a flow and water quality station at Quartz Creek.
- EWEB facilitated the distribution of a combined 3 million dollars from Lane County and Department of Environmental Quality for landowner septic repair and replacement.
- EWEB secured $14 million in funding with help from the surcharge and leveraged another $9.8 million to date in the restoration of the McKenzie Watershed. Success in grant awards has in part lead to the development of a grants management program within EWEB which has been critical in competing for these opportunities.

UPDATE ON EXPENDITURES TO DATE (Entire Program):

Watershed Recovery Funding Roll Up

Revenue as of 8/31/24	
Watershed Restoration Fee:	$7,189,094
Grants and Partner Reimbursements	$6,070,404
Total Revenue:	$13,259,498

Expenses through 8/31/24*	
Restoration Activities:	$15,472,392
*total program projects costs	
Total Expenses:	$15,472,392

Net:	$(2,212,894)

FORECASTED REMAINING SURCHARGE:

Watershed Recovery Funding to Sunset

Forecasted Revenue to Sunset	
Total Revenue:	$22,495,924

Forecasted Expenses to Sunset	
Total Expenses:	$20,533,541

Net (remaining surcharge at project completion) :	$1,962,383

The forecasted budget and remaining project expenditures show a net of approximately $1.9 million of surcharge funds left to partially meet program and project commitments.

The following is a general summary of the project commitments to meet after the surcharge sunsets:

1. Continued stewardship of EWEB easement on Campbell Global land in Quartz Creek for the next 50 years. This includes planting trees in winter of 2024 and again after flood plain restoration implementation in 2026. Stewardship to meet ODF requirements to get trees free to grow within 5 years and plan for alternate practice to lower conifer count and inundate with native hard wood trees, shrubs and bushes. Future desired conditions will require funding until we no longer hold the easement.

    - **Estimated costs for easement stewardship over next 5 years $500,000.**

2. High Banks soil carbon research area will need maintenance for another 3-5 years to continue supporting the investment in carbon research to restore pastureland back to native valley floor mixed forest. EWEB stewardship on the property will also include forestry and invasive species management to improve watershed health. This property includes part of Cedar Creek which is impacted by urban runoff and reduces water quality and has restoration potential to reduce pollutants through riparian management similar to our work with landowners in the PWP.

- **Estimated stewardship costs over the next 5 years $300,000**

3. Resiliency actions for the Holiday Farm Fire recovery work under the 7-year Watershed Stewardship Agreements for landowners enrolled in the PWP will need to continue for 2-3 years to meet the 7-year free to grow agreements with the landowners we committed to in 2020-21.

    - **Estimated stewardship costs over the next 3 years $300,000**

4. Commitments to 20-year riparian protection agreements, which are similar to an easement in that the landowner gets paid a lump sum by EWEB to conserve or improve their land for riparian protections. These are the agreements the PWP used before the HFF, and we plan on continuing enrolling interested landowners in these agreements as they provide a protection to properties with high ecological value.

    - **Estimated protection costs over the next 5 years $150,000**

5. Commitments to partners to support, at some level, stewardship of the work completed including Naturescaping Program (PWP Operations)

    - **Estimated stewardship costs for 2025 and 2026 $750,000**

6. Acquisitions are still in process with MRT. We are actively working with MRT on another strategic acquisition that could support a floodplain restoration project in one of our most heavily impacted McKenzie River tributaries. This, along with Quartz Creek, could yield significant improvement and resiliency in water quality and infrastructure protection.

    - **EWEB / OWEB $1 million grant award supplemented with surcharge funding**

7. EWEB Fuels mitigation and infrastructure grant funding projects will continue into late 2026. This is fully funded by a grant award of which agreements for funding were approved by the Board in September 2024.

    - **EWEB USFS $1 million grant award**

8. Federal Emergency Management Agency (FEMA) – Cedar Creek, which has 3/5 urban outflows impacting water quality and watershed health, has a feasibility study for a channel migration zone easement program in process with FEMA funding through 2025. EWEB has been working with Oregon Emergency Management (OEM) to utilize these funds in an appropriate manner and is coordinating this project with MWC and MRT. EWEB will work with OEM to request an extension to 2026 later this year. If the feasibility study shows implementation can move forward, EWEB will apply for Building Resilient Infrastructure and Communities (BRIC) funding and will need funds to match or assist in implementation efforts. If BRIC funding is not awarded, EWEB and partners will strategize on other funding opportunities.

9. FEMA – Ennis and other McKenzie River tributary (referenced in #6 above once acquired) feasibility and design for floodplain (stage 0/8) restoration is in process. EWEB has been working with OEM to utilize these funds in an appropriate manner and is coordinating these projects with MWC, MRT, and USFS. EWEB will work with OEM to request an extension to 2026 later this year. Once the feasibility and design gets to an advanced stage, EWEB may apply for BRIC funding and will need funds to

match or assist in implementation efforts. If BRIC funding is not awarded, EWEB and partners will strategize on other funding opportunities.

Funding for Future Work

There is projected to be ~$1.9 million of Watershed Recovery Funding to be collected through the surcharge by 2026 (see Forecasted Remaining Schedule above). We intend to use this remaining funding to wrap up the Holiday Farm Fire Watershed Restoration work that we have committed to for our partners, funders, and landowners. With Watershed Restoration work closed out, work will be focused once again on Drinking Water Protection. However, there will likely be opportunities that benefit the watershed that go beyond our basic protection programs. To fund these opportunities, we've considered the following options:

1. **O&M Budgeting**: Increase the Drinking Water Protection O&M budget to account for possible opportunities.
2. **Request Board Spending Authority**: As opportunities arise, staff could request spending authority directly from the Board using existing policies through a budget amendment, funded with operating revenues or reserves.
3. **New Drinking Water Protection Surcharge (required or voluntary)**: The current Watershed Restoration Surcharge has served its intended purpose. However, there may be advantages to creating a new surcharge including transparency of work in that customers are aware of where the funding is going and in providing a dedicated fund that could be used for larger items like matching federal grants and strategic land acquisitions. If the Board supports this option, it could be a required surcharge as it exists currently or become a voluntary surcharge that customers could opt to participate in. While a voluntary surcharge is a good mechanism for customers to support projects that they are interested in, customer interest has been limited for projects like carbon research support. The yield from these contributions last year was just over $4,000 and isn't enough to support larger projects like grant matching and acquisitions.

Management recommends Option #1 or #2 at this time. However, for acquisitions, pre-approval by the Board is also recommended (like is done currently) because it would allow negotiations and grant applications to begin in a timely way ahead of formal Board approval.

Requested Board Action

This is an informational update only. Input from the Board on funding options beyond the sunset of the surcharge is welcome, but not pressing at this time. The sunset does not occur until June 2026 leaving plenty of time to consider the pros and cons of each option and/or options not yet considered.

MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO:	Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson
FROM:	Julie McGaughey, CCO; Danielle Wright, Customer Operations Manager
DATE:	October 1, 2024
SUBJECT:	Revisions to Customer Service Policy
OBJECTIVE:	Information only

Issue

EWEB plans to do a comprehensive review and multi-phased updates to the Customer Service Policy over the next year. The first phase contains the revisions necessary for consistency and compatibility with SAP and the EWEB Enterprise Solutions (EES) Program. This includes language that needs to be updated and some revisions to current programs. These changes to the Customer Service Policy are not substantive and do not require board action.

Discussion

The following changes to the Customer Service Policy are planned for revision.

Preface

Revision:

The term "Customer" has been updated to include "Business Partners" and "others who do business with EWEB". The updated terminology is necessary for consistency with SAP.

1.3 Account Security Requirements

Revision:

The Guarantor program is being discontinued. Under the current Guarantor program, an individual takes financial responsibility for the customer instead of the customer needing a monetary deposit to secure their account. EWEB currently has only 16 active guarantors. At go-live with SAP, there are plans in place to assist these customers with account security in order to remove the guarantor from the account. EWEB will offer payment plans on deposits and will continue to offer the DG24 program where EWEB pays half of the deposit for eligible customers. All references to the Guarantor Program are being removed from the policy.

2.2 Bill Payment and Financial Assistance

Revision:

Updating language to remove mention of specific programs EWEB offers to allow flexibility in the future for changing and adding new programs.

"EWEB offers a variety of customer programs and assistance options for qualifying Account Holders. More information is available on eweb.org or by calling Customer Service."

Appendix B – Electric Service Charges and Prices
P. Private Property Lighting Service- Schedule L-5

Revision:

The Lamp Type is being changed from High Pressure Sodium to Light Emitting Diode (LED). EWEB has changed the bulb type used for greater efficiency. A rate code does not exist in the current Customer Information System for bulb replacement to dedicated LED. We are building this rate code into SAP for future use. There is no change to the fee.

Requested Board Action
Information only.

MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson

FROM: Frank Lawson, CEO & General Manager; Karen Kelly, Chief Operations Officer; Deborah Hart, AGM/Chief Financial Officer

DATE: September 24, 2024 (October 1, 2024, Board Meeting)

SUBJECT: Water System Development Charges (SDCs) Policy Development

OBJECTIVE: Recommendation (General Commissioner Concurrence)

Issue

Going forward, EWEB Staff recommends aligning System Development Charge (SDC) methodology and cost allocation updates with EWEB's 10-Year Water Master Plan, scheduled for release this coming spring, along with a recommended mid-period (5 year) re-assessment. In interim years, EWEB will review and escalate SDC fees as normal practice based on generally accepted inflationary indices.

Staff is also recommending the development of a Board Policy to align and clarify the legalities, purpose, and priorities used in the development and implementation of SDCs. To facilitate Board Policy development, prior to year-end, the Board will need to provide direction as to how the value of water system capacity is divided and compensated for.

Background

System Development Charges (SDCs) are one-time fees charged on new development, and certain types of redevelopments, to help pay for existing and planned infrastructure to serve the development. SDCs are one means of financing growth available to local governments. Although SDCs are not required, State law authorizes local governments to assess SDCs and specifies how, when, and for what improvements they can be imposed. Under ORS 223.297 – 223.314, SDCs may be used for capital improvements for water supply treatment and distribution. The fees may be a reimbursement by new development for a portion of unused infrastructure capacity and/or an improvement fee for planned infrastructure.

In September 2024, Staff presented the Board with an update on system capacity cost determinants, allocation, and collection methodology. The memorandum, with Water SDC Update Study from Galardi Rothstein Group attached, can be found at [LINK:SDC_Memo_Sept_2024]. Accordingly, because the SDCs had not been updated since 2016, during a time of significant increase in the cost/value of capacity, including significant un-used unreimbursed existing capacity, the proposed SDC fees increased dramatically. Additionally, the methodology for allocating and compensating for the value was restructured to align with other City of Eugene SDC criteria.

At the September Board Meeting, Commissioners posed several questions, with Staff responses attached to this memorandum.

Discussion

System Development Charges exemplify that there is value in system capacity, and when allocated that value is realized. Fundamentally, EWEB needs to decide who, when, and how that realized value is compensated for by answering the following question(s). In order to develop long-term guidance, the following question(s) will need clarity at the November Meeting.

When a project requires/consumes system capacity, should the SDC-eligible value of that capacity be:

- ***paid as part of the project that needs the system capacity, thus adding value to the project, and likely passed on to the specific users/beneficiaries (i.e., tenants) of that project.***
- ***paid for by the broader customer base, via rates, over time as the capacity is used***
- ***split between the project (direct beneficiaries) and the general customer base***
- ***based on the category/type of the project, and whether the Board feels there is Social/Community value worth spreading across the broad customer base. (In this scenario, specific criteria should be developed for qualifying projects and the legalities of categorical SDCs evaluated.) Are there categories the Board is willing rate-fund more aggressively?***

Recommendations

Staff is recommending the development of a Board Policy to align and clarify the legalities, purpose, and priorities used in the development and implementation of SDCs. Board Policy, by definition, survives a single Board and is an effective mechanism for establishing long-term direction, as is the case with SDCs. Normally, Board Policies are discussed in detail at year-end.

Staff also recommends that the policy be used to revise the results and recommendations presented in September 2024 for alignment with the 10-Year Water Master Plan, planned for publication in late Spring 2025.

Board Action

Staff recommends allocating time at the November Board Meeting to discuss and understand Commissioner positions related to the question(s) above. This discussion will drive the development of an initial draft of a Board Policy for discussion in either December or January.

Attachment: 2024 SDC Proposed Changes – Staff Responses (September Meeting Questions)

Attachment A:
2024 SDC Proposed Changes – Staff Responses

Below are staff responses to questions raised by Commissioners during the September 3, 2024, EWEB Board Meeting.

1. ***Please add local comparators for other utilities charging SDCs – i.e. Springfield, Junction City, Corvallis, Albany, Cottage Grove and Corvallis.***

   The following provides a local comparison using a square-footage and per-meter basis.

Water SDCs									
Square Foot Basis									
EWEB	Residential Service (base level)				General Service (base level)				
	<800 sq ft	801-1,500 sq ft	1,501-3,000 sq ft	>3,000 sq ft	1 inch	1 1/2 inch	2 inch	3 inch	4 inch
	$ 1,493	$ 2,558	$ 3,933	$ 6,592	$ 9,702	$ 21,657	$ 52,337	$ 138,542	$ 181,983
SUB	3/4 Inch Meter (base level - $2.37 per sq ft)				Larger Than 3/4 inch Meter (base level)				
	800 sq ft	1,500 sq ft	3,000 sq ft	4,000 sq ft	1 inch	1 1/2 inch	2 inch	3 inch	4 inch
	$ 1,896	$ 3,555	$ 7,110	$ 9,480	$ 11,840	$ 23,680	$ 37,888	$ 71,040	$ 118,401
Meter Basis									
		EWEB[1]	Albany[2]	Corvallis[3]	Cottage Grove	Lebanon	Roseburg	Salem	
	Typ. Residential	$3,933-$5,618	$4,500	$2,966-$11,035	$6,940	$3,019	$4,115	$11,977	
	<1"	$3,644	$4,737	Based on Water Supply Fixture Units	$6,940	$3,019	$4,115	$11,977	
	1"	$9,702	$7,910		$17,350	$7,545	$6,860	$20,360	
	1 1/2"	$21,657	$15,773		$34,700	$15,092	$13,721	$39,517	
	2"	$52,337	$25,247		$55,520	$24,145	$21,956	$63,468	
	3"	$138,542	$50,541		$111,040	$48,297	$48,028	$128,126	
	4"	$181,983	$78,961		$173,500	$75,023	$82,329	$199,973	
	[1] Average								
	[2] Albany uses $2.00 per sf for single dwelling unit (SDC shown is based on mean dwelling size of 2,250 SQ FT).								
	The SDC is $2,461 per dwelling unit for duplex/triplex/fourplex, and $1,941 per dwelling units in larger apartments.								
	[3] Corvallis's SDCs (updated in 2024) are based water supply fixture units and service level.								
	The SDC shown is for a typical single family dwelling with 28 fixture units.								

2. ***Consider a purely square foot basis in lieu of tiered rates.***

   The initial discussions included both a square foot and tiered approach. Staff recommends a tiered approach to limit the administrative burden and maintain alignment with the City of Eugene. The alignment of approach between EWEB and COE potentially reduces confusion among the developers as they interact with the two agencies.

3. ***Please provide some additional context to SDCs by responding to the following.***

   a. ***How much do we collect and spend annually on SDCs?***

      The revenue collect from SDCs varies annually, depending on the number and size of projects constructed during the year. As mentioned at the September Board meeting, the current SDC revenue is approximately $1M annually.

b. How many SDCs are collected for the various size meters typically.

The following shows how many projects collected SDCs segmented by meter size and elevation.

SDC Charge	Meter Size	2023 Counts	2024 Counts Thru Aug. 31
SDB1	<1" - Base	83	116
SDB3	1" - Base	7	10
SDB4	1.5" - Base	4	2
SDB5	2" - Base	5	2
SDB6	3" - Base	9	1
SDB7	4" - Base	2	2
SDL1	<1" - Upper Level	43	35
SDL3	1" - Upper Level	4	0
SDL4	1.5" - Upper Level	0	0
SDL5	2" - Upper Level	0	0
SDL6	3" - Upper Level	1	0
SDL7	4" - Upper Level	0	0
	Total	158	168

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c. For residential apartments served by large meters – how many units are served and what is cost per unit

Compared to single-family residential homes, multi-unit development reduces the SDC cost per unit as highlighted in the table below. For comparison, the SDC for a 1,200 square foot home is $2,558, and a 1,700 square foot home is $3,933, respectively.

Year	Address	# Units	Proposed General Service SDC	SDC Charge Per Unit	Property Valuation (COE Permit Records)
2" Meters					
2022	3060 River Rd	70	$52,337	$748	$5,599,044
2022	172 Oakleigh Ln	39	$52,337	$1,342	$4,727,160
2023	995 Umpqua Ave	24	$52,337	$2,181	$1,459,132
2023	1080 Umpqua Ave	48	$52,337	$1,090	$2,586,129
2023	1390 Umpqua Ave	40	$52,337	$1,308	$2,598,778
	AVG	44.2		$1,334	$3,394,049
3" Meters					
2022	1491 Umpqua Ave	253	$138,542	$548	$2,586,129
2022	1291 Umpqua Ave	224	$138,542	$618	$2,586,129
2022	355 E 5th Ave	130	$138,542	$1,066	$37,777,000
2022	500 Ferry St	116	$138,542	$1,194	$15,953,064
2022	601 Country Club Rd	76	$138,542	$1,823	Not available
2023	1840 Garden Ave	65	$138,542	$2,131	$6,500,000
2023	871 E 13th Ave	103	$138,542	$1,345	Not available
2023	754 E 13th	122	$138,542	$1,136	$22,750,000
	AVG	136.1		$1,233	$14,692,054
4" Meters					
2022	475 E Broadway	238	$181,983	$765	$66,802,303
2023	435 Alexander Loop	184	$181,983	$989	$27,788,999
2023	155 Fairway Loop	162	$181,983	$1,123	Not available
	AVG	194.7		$959	$47,295,651
		Avg for large Appartment Complex		$1,175	

4. Consider separating out residential for the large 4" meters serving apartments.

Existing EWEB Customer Service Policy defines residential and general service and "all separately metered single-family residences, mobile homes, duplexes, triplexes, quads, townhouses and multifamily structures with less than four Living Units" are defines as residential and "… multifamily structures with four or more Living Units served through one Meter…" are defines as General Service. Separating out residential from general service for large apartment complexes would require a policy change that could have unintended consequences including changes to many other rate schedules for both utilities. In addition, given the relatively low SDC Charge per apartment unit (average approximately 33% less than lowest residential charge) as shown in attachment tab Q3.c, there is little to no benefit to changing the policy. As such, we recommend keeping the residential and general service definitions as shown in the current Customer Service Policy.

5. ***Give examples around town that commissioners might be familiar with and show SDC cost vs. overall project cost.***

   Although not the total project cost, property valuation for the projects are listed above in response to Question 3 (c).

6. ***Consider a longer phase in for the meters.***

   Staff will be proposing that the phase in period be part of future Board Policy development.

7. ***Consider pulling out second source from the project list as principal driver is redundancy.***

   The Water Master Plan, required by statute, determines the growth capacity needs for each system function (e.g., source, storage, pumping). The SDCs determine the value of capacity needed for growth by function based on the 10-year capital improvement plan and existing facilities, which is exclusive of facilities to be decommissioned. Second Source is a part of "source" costs which collectively provide capacity for future growth. As is the case in the current 2016 SDC methodology, which also includes the second treatment plant, growth is allocated to a portion of Second Source costs given its capacity in proportion to future projected total water supply capacity needs (where growth is estimated to represent about 21%.) As noted above, Second Source has been included in the project list since 2016, and since it will contribute to capacity in the future staff recommend it remain in the project list.

8. ***How is capacity determined for specific projects (e.g. Santa Clara Reservoir)?***

   The Water Master Plan, required by statute, determines the growth capacity needs for each system function (e.g., source, storage, pumping). The SDCs determine the value of capacity needed for growth by function based on the 10-year capital improvement plan and existing facilities and as mentioned in the previous item, is exclusive of facilities to be decommissioned. For example, the existing 20MG Santa Clara Reservoir is an existing facility to be decommissioned, and as such is not included in the SDCs. However, the replacement storage, although less storage, still provides capacity for growth and is eligible for inclusion in the SDCs.

9. ***Compare the Auxiliary Dwelling Unit (ADU) charge now to <800 square ft charge of the future and explain why it is less.***

   The current ADU charge is lower than the less than 800 square foot charge because an ADU development typically does not result in an increase in irrigation demand. Instead, ADUs potentially reduce irrigation demand because they are occupying space, and therefore have a different impact on the system than a standalone, less than 800 square foot, premise.

10. ***Explain how the total revenue we are seeking is calculated and what happens if we take projects off the list and can't collect that revenue?***

    If EWEB collected less SDCs, then the difference is funded with retail rates. In the 2025 budget, EWEB is assuming an incremental increase of 20% on roughly $1M in revenue. If SDCs are increased, general rate relief may be realized. Conversely, limiting or reducing SDCs in the future could bring rate pressures.

11. Explain savings already realized for SDCs using a smaller meter now because of technology allowing greater capacity.

The change in meter technology results in higher flows per meter size classification (e.g. “3/4-inch meter”). Therefore, developers that previously required 4-inch meters to serve their demand, now may require a 3-inch meter. This incremental flow per meter size provides a value for developers that is not easily quantified but exists.

MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson

FROM: Lisa Krentz, Electric Generation Manager; Mark Zinniker, Generation Engineering Supervisor; Laura Ohman, Chief Dam Safety Engineer

DATE: September 20, 2024

SUBJECT: Walterville Canal Forebay Repair

OBJECTIVE: Information

Issue

This memorandum provides an update on the development of a repair plan for excessive seepage conditions at the Walterville Canal forebay. Staff expect to be requesting approvals on repair-related contracts at upcoming Board meetings, so are providing important background information to invite Board feedback and questions.

Background

On February 27th, 2024, flow from a known area of seepage that has been under close surveillance at the Walterville Canal forebay spiked from approximately 30 gallons per minute (gpm) to over 100 gpm in less than an hour. The seepage flow was temporarily turbid, indicating the potential for active internal erosion within the canal embankment. Operations staff immediately intervened by lowering the water level in the forebay, essentially eliminating the seepage flow. EWEB spoke with engineers from the Federal Energy Regulatory Commission's Division of Dam Safety and Inspections (FERC D2SI) on February 28th and March 1st. FERC D2SI issued an Order on March 5th directing EWEB to maintain a drawdown of the Walterville Canal until they authorize increased water levels.

Since this incident, EWEB has been working closely with consulting engineers to develop a repair plan for the forebay. Results of the investigation indicate that it is fiscally feasible for EWEB to invest in a targeted repair to address the excessive seepage issue and bring the project back online as soon as possible to maximize the benefit under the current operating license that expires in 2040.

If additional repairs to address broader seismic stability issues are required by FERC, further cost-benefit analysis would be needed to determine both the scope and cost of those repairs and if the expense is recoupable within the current license period.

Discussion

A new plastic liner is likely to resolve the excessive seepage issue, allowing another fifteen years of generation under the current license at a cost of about three years of generation revenue from the project.

The repair planning work has focused on the relatively thin concrete liner located immediately upstream of the more massive concrete gravity walls of the forebay structure. This concrete liner has extensive construction joints, expansion joints, and settlement cracks that have required ongoing re-sealing throughout its more than 100-year service life. Available evidence indicates the poor performance of the

liner system is responsible for the excessive seepage conditions, and the consultant team determined that a new liner system is necessary. After completing an assessment of alternative repair strategies, consultants have recommended that EWEB install a proprietary flexible plastic liner over the existing concrete liner. Initial estimates for the new liner system range from $3 million to $7 million. Since the value of power generation from Walterville equates to $1.6 to $4.6 million per year, there currently appears to be a reasonable economic basis for performing the repair work.

Although FERC D2SI understands EWEB's position to focus on forebay repairs, their responsibility to oversee dam safety may lead to additional repair requirements.

Results from the investigation, evaluation of repair alternatives, and recommended liner improvements were presented to FERC D2SI staff on July 16th. During the discussion, FERC staff inquired about the potential for addressing any seismic deficiencies as part of the repair effort. FERC D2SI had recently provided their approval of EWEB's updated Seismic Hazard Assessment on July 3rd and pointed out that the information necessary to conduct seismic stability analyses is now available. EWEB's intent has been to focus the repairs on the excessive seepage conditions only because we view the dam safety hazards associated with internal erosion as the highest priority given they are present at all times during normal operating conditions. In contrast, the risks associated with seismic hazards are relatively unlikely. Since there are only 15 years left on the FERC operating license, we indicated that our intent would be to invest in seismic improvements only if we decided to relicense Walterville and continue generating power for an additional 40 years or more, noting that an important advantage of the flexible plastic liner system is that it could be temporarily detached from the embankment to construct seismic improvements and then re-installed once complete. Though FERC understands EWEB's rationale, it is clear that they will need to review seismic stability results for the forebay structures before they can determine the acceptability of a repair plan that focuses solely on the excessive seepage condition.

To enable a timely repair, EWEB plans to proceed with both the repair planning and the seismic analysis concurrently, rather than waiting for the results of the seismic analysis before developing repair plans.

Preparing the detailed design documents for a new liner system, obtaining FERC approvals to construct, procuring the construction materials/services, and then implementing the construction work will be time intensive. Expedited performance of this work will require approximately a year. The time requirements seismic analyses and FERC review could easily take six months. As such, to maintain the potential for 2025 construction or repairs, schedule compression is necessary. EWEB will need to steadily advance the liner design work in the near term while performing the seismic stability analyses in parallel. Sequential performance of the seismic analyses followed by detailed design could easily add a year to the outage duration, thus forgoing the value of Walterville generation for another year while also increasing the potential for deterioration of the dewatered canal embankments due to drying of the embankment soils.

Staff intend to develop engineering design and construction contracts for the forebay repairs in a manner that accommodates cancellation in the event of adverse seismic analysis results or FERC determinations regarding the necessary timing for seismic improvements. Contract language will include hold points that allow EWEB to ensure that regulatory approvals are progressing favorably before committing to subsequent phases of the repair work.

Requested Board Action

No Board action is requested at this time. Liner design and construction contract approval requests may come to the Board as soon as November 2024. Staff welcome questions and feedback from the Board regarding the proposed approach for schedule compression.