# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

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|---|---|
| TO: | Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson |
| FROM: | Deborah Hart, Assistant General Manager/CFO; Aaron Balmer, AIC Financial Services Manager; Adam Rue, Rates Manager; Alicia Voorhees, Interim Budgets & Rates Supervisor; Janice Lee, Interim Senior Financial Analyst; Daniel Davidson, Senior Financial Analyst |
| DATE: | November 6, 2024 |
| SUBJECT: | 2025 Proposed Budgets and Prices |
| OBJECTIVE: | Direction on 2025 Budget and Price Proposals |

**Issue**

The annual budget process is an iterative cycle with opportunities for Board direction and customer feedback. November 12th is the first of two public hearings on the 2025 proposed Electric and Water Utility budgets and price proposals. Following Board direction proposed budgets and prices will be prepared for the December meeting. The Board is required by statute to approve the Utility budgets prior to January 1st, and staff will seek Board approval following the second public hearing on December 3rd.

**Background**

Current budgets include increased revenue requirements for both utilities, and the 10-year financial plan includes additional increases in subsequent years as both utilities enter a period of significant infrastructure investment. Like utilities across the country, most of our community's electric grid was built in the 1960s and 1970s and is reaching the end of its useful life. Water storage reservoirs and pipes built by previous generations are also aging and do not meet modern seismic standards.

In addition, EWEB navigated an economic environment with uncomfortably high inflation over the past several years. Rate increases proposed in 2025 for both utilities will aid in adjusting for inflation and the new cost to doing business. EWEB will continue to manage costs and related revenue requirement increases by benchmarking revenue requirement projections against anticipated inflation. Increases outpacing inflation are anticipated for the Electric Utility to pre-fund the Leaburg decommissioning and for the Water Utility as planned investments in storage and treatment facilities are needed to renew an aging system and enhance resiliency.

BPA rates are forecast to increase 10% in October 2025, which translates to approximately 4% for EWEB customers. Management's proposal includes mitigating the impact of a 2025 increase on customers by splitting it into two smaller increases, deferring the portion attributed to BPA

until October. Actual rate increases for EWEB customers will depend on the final rates from BPA and would be done as a strict pass through. Implementing the BPA increase as a pass through significantly reduces the annual action in February and spreads the required overall increase to customers across a broader period, allowing for gradualism and greater transparency around our BPA costs. Beyond 2025, the Long-Term Financial plan assumes BPA rate increases of 6% in 2028, 2030, 2032, and 2034, which translates to 2.5% for EWEB customers.

A three-year Cost of Service Analysis (COSA) has been completed using 2025 budget and financial plan assumptions for 2026 and 2027. EWEB prepares organizational budgets annually and uses this information for each utility's COSA. The intent of the multi-year COSA is to incorporate gradualism into specific recommendations and provide customers with cost-based price signals while easing and forecasting single year impacts.

The updated COSA provided an opportunity to review and validate assumptions and ensure the models align with industry standards and best practices. EWEB engaged GDS Consulting to support its COSA review for both Water and Electric Utilities.

This year's COSA has two notable assumptions. First, the upcoming Bonneville Power Administration rate increase for the electric utility scheduled for October 2025 was not factored into the COSA and will be treated as a pass-through at the time of the increase. Second, EWEB is developing a 5-year rate plan for the Board. The COSA analysis doesn't pre-suppose any Board rate strategy direction but provides a tool to inform those discussions.

**Discussion**

Budgets

Proposed 2025 budgets were developed in alignment with EWEB's strategic priorities and total $489.6 million for the Water and Electric Utilities combined. The total proposed budgets represent a $18.1 million increase from the 2024 approved budget.

The increase is due to the following net changes:

- Water Capital investments increased by $9.3 million for construction on College Hill reservoirs as well as detailed design work for the Willamette Treatment Plant
- Water Operations & Maintenance increased by $3.1 million to support new technology, services, and infrastructure
- Electric Capital investments increased by $7.9 million to meet near-term regulatory requirements and risk mitigation work
- Electric Debt Service increased by $4.1 million following this year's bond issuance
- Electric Operations & Maintenance decreased by $6.4 million as a result of lower wholesale purchase power prices

The 2025 Electric Utility capital budget includes:

- Significant plans to perform relicensing investments at Carmen-Smith
- Substation improvements enhancing the resilient spine
- EWEB Enterprise Solutions (EES) implementation efforts to modernize legacy information systems

- Advanced meter infrastructure deployment in the McKenzie River service territory, core to creating operational and consumption flexibility
- Initial phase of the Bertelsen Property Operations expansion
- Interim risk reduction measures for Leaburg stormwater conveyance and decommissioning
- Repairs on Walterville spillway and forebay to address seepage and seismic stability issues
- Compulsory improvements to maintain and improve system reliability and safety

The 2025 Water Utility capital budget includes:

- Enhancing resiliency for base-level storage at College Hill and Shasta 975 reservoir projects
- Alder Street transmission main work
- Designing and permitting support for the Willamette Treatment Plant
- EWEB Enterprise Solutions implementation efforts to modernize legacy information systems
- Continued advanced meter infrastructure deployment, core to creating operational and consumption flexibility
- Initial phase of the Bertelsen Property Operations expansion
- Compulsory improvements to maintain and improve system reliability and safety

At the October 1st Board meeting, staff presented 2025 draft budgets and updated long-term financial plans developed using several assumptions. The primary assumptions for creating the proposed 2025 Budgets are outlined in Attachment 1. These are the same assumptions presented in October, and Management believes they balance financial responsibility, operational resiliency, and affordability.

Pricing Changes

The overall increases in the revenue requirement correspond to varying impacts among customer classes. Staff perform annual analysis to derive price proposals for each customer class using a utility COSA framework. Price proposals for each utility have been prepared and outline respective methodologies and procedures used to develop 2025 pricing schedules.

EWEB historically used forward wholesale power market prices as the basis for updating market-based rates, such as customer generation. Staff plan to align retail products and services with wholesale price forecast methodologies used in the Energy Resource Plan rather than the forward curve. Consideration of gradualism will be incorporated into the change in methodology from forward curve to forecasted wholesale market rates.

The annual COSA model is also used to derive and update contracted rates for retail power supply contracts. EWEB will update contract customers per individual contract terms.

Affordability

EWEB assesses how much of customers' median household income (MHI) is spent on utility bills to measure affordability. This indicator has shown a downward trend in recent years as bills have generally remained flat or increased at a slower pace than MHI measures.

| Analysis Year | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|
| % MHI | 4.06% | 3.87% | 3.71% | 3.59% | 3.65% | 3.53% | 3.48% | 3.36% |

The MHI results are included in Attachment 2. Attachment 3 compares EWEB's current average single-family residential bill with other utilities in the Pacific Northwest.

**Recommendation**

Management recommends the Board direct staff to:

1) Propose 2025 budgets using the assumptions set forth in this document
2) Propose updates to the Customer Service Policy, Appendix B – Electric Service Charges and Prices to modify retail service rates, Customer Generation Rates, and Partial Requirements Service Pricing for new wholesale market price forecast
3) Propose updates to the Customer Service Policy, Appendix C – Water Service Charges and Prices to modify retail service rates, Pumping and Delivery Charges Above the Base (Elevation), Surplus and Wholesale Water Sales Prices
4) Propose updates to the Environmental Product Lines, Appendix G – Cleanpower

**Requested Board Action**

Management is not requesting Board action at the November 12th meeting; however, Management is requesting the Board provide clear direction on the recommendations. At the December 3rd Board meeting, after the public hearing, Management will request approval of the proposed 2025 Budgets and pricing updates for the Electric and Water Utilities.

Attachments

Attachment 1 – 2025 Key Budget Assumptions
Attachment 2 – Median Household Income (MHI) %
Attachment 3 – Average Bill Comparison
Attachment 4 – 2025 Proposed Budget Document
Attachment 5 – 2025 Electric Price Proposal
Attachment 6 – 2025 Water Price Proposal

**Attachment 1**

## 2025 Key Budget Assumptions

Both Utilities

- Non-Labor Operations and Maintenance Escalation – 2025 is escalated at 3.0%
- Labor Cost Escalation – fully loaded costs indexed to a combination of inflation factors and expected labor market comparators and benefit cost escalations
- Capital Escalation – 2025 is escalated at 5%
- Customer Care funding of $1.6 million, an increase of $275,000 from 2024 budget levels based on EWEB's Utility-Burden Assistance Calculation

Electric

- Retail load approximately 2.3 million MWh's, roughly the same as 2024 budget. Forecast for 2025 includes electrification load of approximately 22,000 MWh's
- Contribution margin risk tolerance of $10.5 million
- BPA estimated rate increase of 10% in October 2025 translating to 4% for EWEB customer-owners
- $62/MWh melded mid-market price curve in 2025
- Environmental Commodities represent roughly $14 million of wholesale revenue in 2025
- Use of $7.2 million of Rate Stabilization Reserve funds for capital work in 2025
- Use of Power Operating Reserve in 2025 due to power market fluctuations during January ice storm
- Emergent Regulatory Mitigation Fund is funded at $5 million in 2025

Water

- Consumption of approximately 7.8 million kgal
- Contribution margin risk tolerance of $1.3 million in 2025
- System Development Charge reserve draw of $600 thousand for debt service payments in 2025
- Includes watershed recovery fee funding and expenditure. Though grant revenues are anticipated to fund watershed efforts, grants not yet awarded are not modeled as revenue sources and associated expenses are not included

## Background

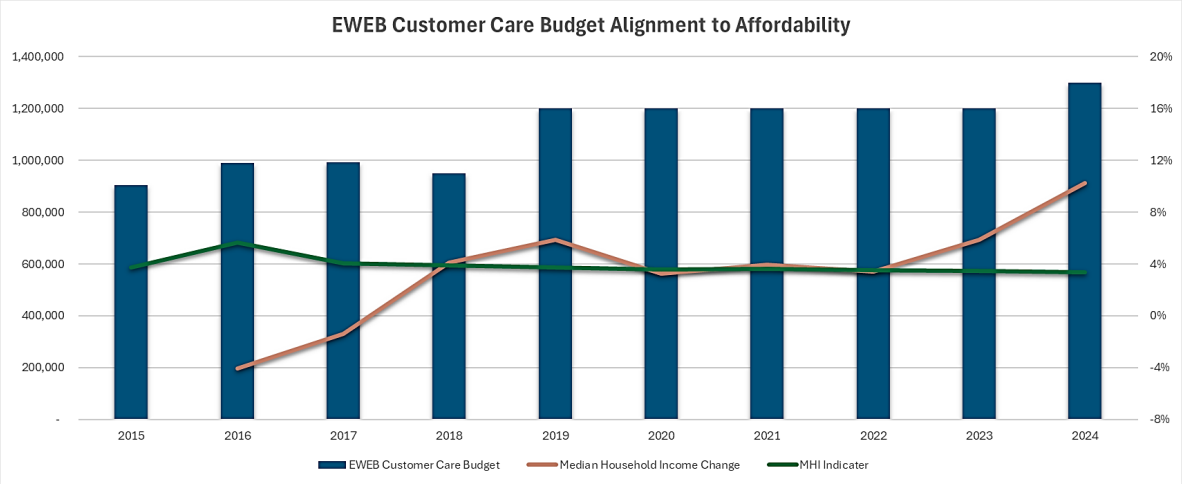
The source of each comparator's Median Household Income (MHI) is from the United States Census Bureau website. The methodology uses the following data:

1. Monthly water and electric bill at average residential consumption
2. Annual bill at same level of use
3. Median household income (in 2022 dollars)

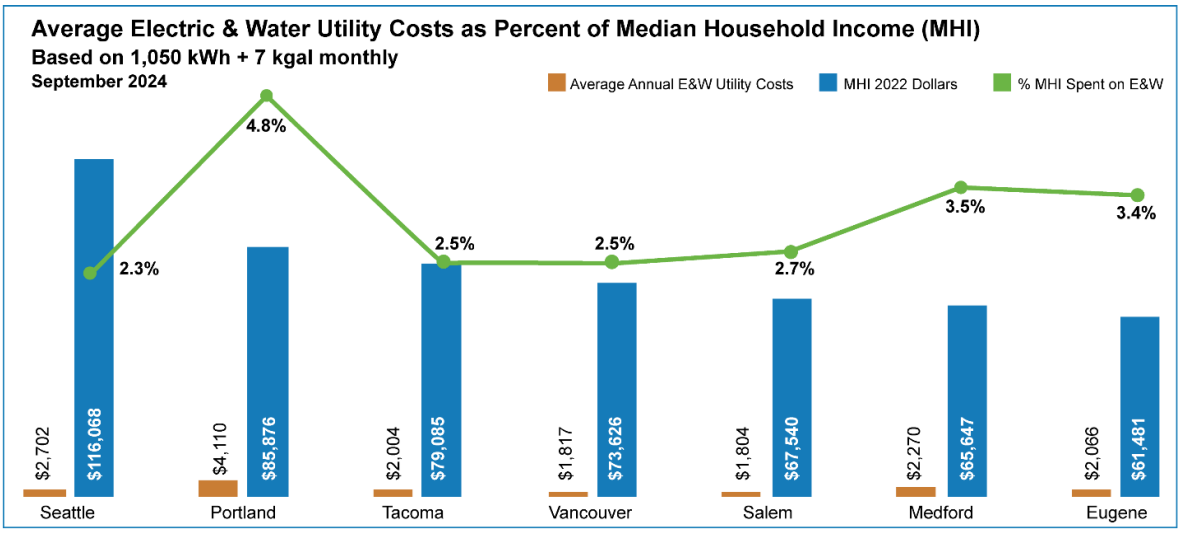
Consideration must be given to financial sustainability of the utility as a whole, in addition to affordability of price. Setting artificially lower prices may produce financial constraints to reinvesting in the system and eventually harm public health through poor product quality and service.

The state of Oregon considers households energy burdened when energy-related expenditures exceed 6% of income. While on average, EWEB bills fall well below that, we recognize our customers fall across a range of incomes. To address the limited income customer-owner bill impact, EWEB has maintained a Customer Care program for many years that provides assistance for bill payment and weatherization programs.

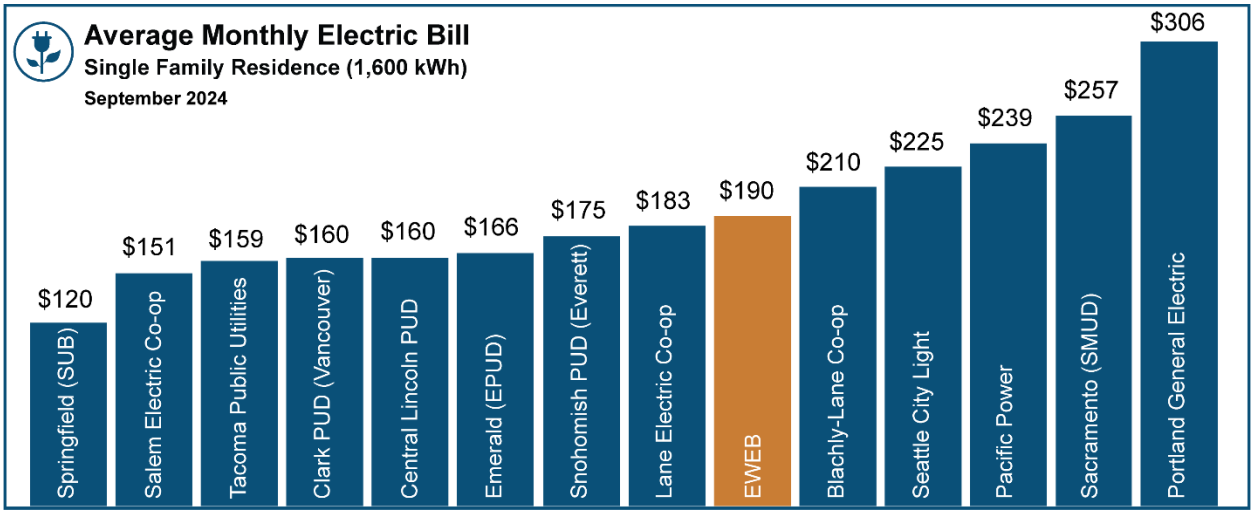
Historical funding for the Customer Care program is shown in the bar chart below. The MHI indicator is represented by the green line as the affordability measured each year. The MHI indicator has had a slight downward trend over the past 10 years as a function of EWEB bills growing at a slower pace than median household income.



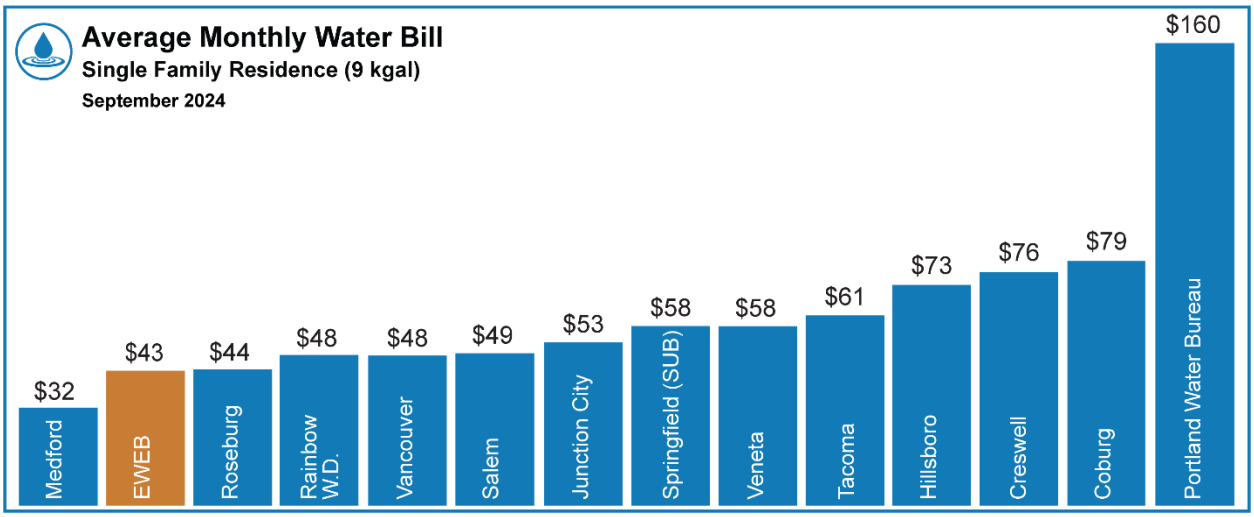

Included below are the combined average water and electric bills for residential customers in Eugene, Portland, Medford, Salem, Vancouver, Tacoma, and Seattle. Average consumption is based on 7 kgal of water and 1,050 kWh of electricity respectively. The average is annualized and compared as a percentage of MHI.


Average Electric & Water Utility Costs as Percent of Median Household Income (MHI)
Based on 1,050 kWh + 7 kgal monthly
September 2024
Average Annual E&W Utility Costs
MHI 2022 Dollars
% MHI Spent on E&W
2.3%
4.8%
2.5%
2.5%
2.7%
3.5%
3.4%
$2,702
$116,068
$4,110
$85,876
$2,004
$79,085
$1,817
$73,626
$1,804
$67,540
$2,270
$65,647
$2,066
$61,481
Seattle
Portland
Tacoma
Vancouver
Salem
Medford
Eugene

**Attachment 3**




- Clark PUD serves the Vancouver, WA area
- Pacific Power serves areas of Corvallis, Junction City, Coburg, Creswell, Cottage Grove, Medford, and Portland metro
- For an average single-family residence, the proposed February increase would be approximately $12




- For an average single-family residence, the proposed February increase would be approximately $2.50

EWEB

# Fiscal Year 2025

## Proposed Annual Budget


Rely on us.

# Board of Commissioners

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# LETTER TO THE BOARD OF COMMISSIONERS

## Board of Commissioners,

The 2025 Eugene Water & Electric Board Operations & Maintenance (O&M) and Capital & Debt Service budgets are submitted for your consideration and approval. The combined total for both Utilities is $489.6 million, representing an increase of 3.8% compared to the 2024 budget. Individual utility budgets are $406.1 million for the Electric Utility and $83.5 million for the Water Utility. Both Utilities' have increases in the overall revenue requirement and, accordingly, price increases are proposed among customer classes.

Financial planning is a means of targeting EWEB's strategic direction to *Foster Customer Confidence, Position for Flexibility,* and *Actualize Resilient Delivery.* Organizational values are also modeled through the allocation of resources in the proposed budgets for 2025.

**Safe** — Through best practice methods and continuous improvement, we prioritize employee and community safety. Our budget reflects investments in providing clean, healthy water, safeguarding the community during power outages, and preparing for emergencies.

**Reliable** — The electric grid and drinking water systems our customers rely on everyday are threatened by aging infrastructure, natural disasters, and climate change. Our budget reflects necessary investments to provide constant, reliable power and water under both normal operating conditions and disruptive events.

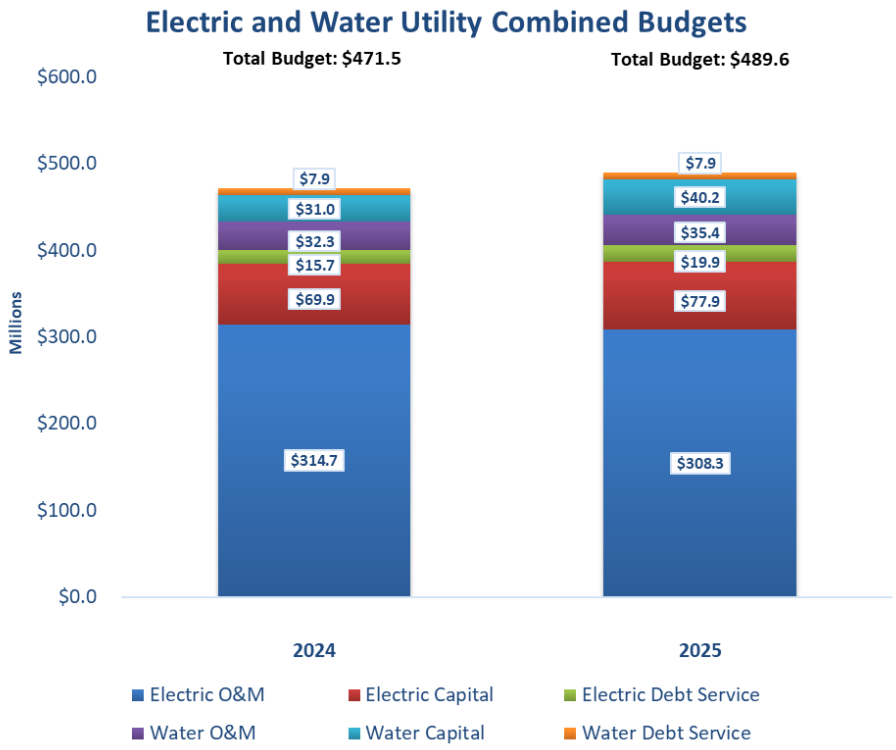
**Affordable** — We understand the economic pressures facing so many customers and we work hard to control costs and operate as efficiently as possible.

**Environmental** — Our environmentally-conscious community values that we provide clean, renewable energy and protect our watersheds. We continue to offer comprehensive incentives for energy and water efficiency programs, along with voluntary programs designed to help customers reduce greenhouse gas emissions and finance environmentally sustainable projects.

**Community** — We contribute a portion of revenues to local schools, programs to support limited income customers, and the Cities of Eugene and Springfield General Funds to help pay for services such as police, fire, and parks.

EWEB continues to be a strong community partner as evidenced by its Customer Care Program, which seeks to mitigate the utility burden of annual average water and electric expenses for at least 5% of the residential customer base. EWEB also provides $450,000 annually in grants to local schools and $230,000 annually for Greenpower and solar programs. In addition, incentive programs to encourage electrification of the transportation sector as well as building heating and cooling systems continue in 2025.

The following chart depicts the combined Electric and Water budgets for 2024 and 2025.



# ELECTRIC UTILITY

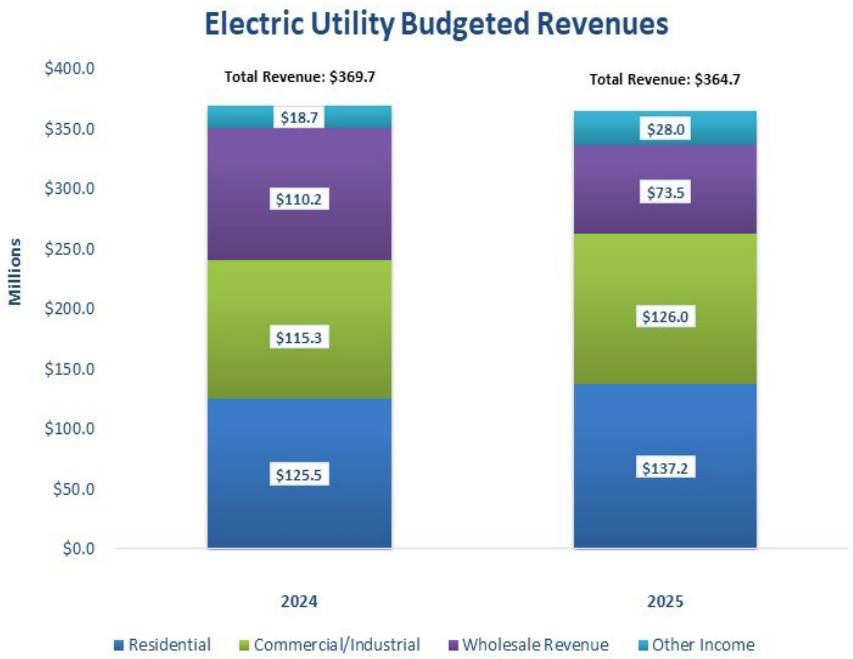
## Overview and Revenue

The Electric Utility faces challenges related to evolving retail demand patterns, infrastructure investment and replacement needs, and volatile power markets in which it buys and sells energy. To navigate these challenges EWEB has invested in energy efficiency and electrification incentive programs, employed conservative demand and hydro assumptions, increased capital budgets for aging infrastructure replacement, and continued an active hedging and risk management program to mitigate market risk.

For the 2025 Budgets, electric retail load increased 0.4% relative to 2024. The 2025 budget assumes a contribution margin risk tolerance of $10.5 million, which mitigates risk the Utility will experience revenue declines beyond its control. Given its surplus power position, EWEB has a strong hedging program designed to protect the Utility from falling wholesale prices and budget impacts. In recent years, extreme weather events have led to changing demand for electricity. Summer temperatures have consistently exceeded historical conditions, and cooling loads from air conditioning have approached winter peaks. These weather patterns also affect hydroelectric generation. Wholesale revenue decreased by $36.7 million between 2024 and 2025. The decrease is due to lower wholesale market price assumptions year-over-year. Other income increased by $9.1 million between 2024 and 2025. The increase is due to higher contracted REC sales.

In the future, as EWEB continues to assist customers with achieving their greenhouse gas (GHG) emission reduction goals as directed by EWEB's Climate Change Policy, there will likely be impacts on retail demand for electricity. Long-term conservation, energy efficiency, and demand-response goals are established as part of the Utility's Energy Resource Plan process, and EWEB will continue to monitor the impacts on peak demand and energy sales.

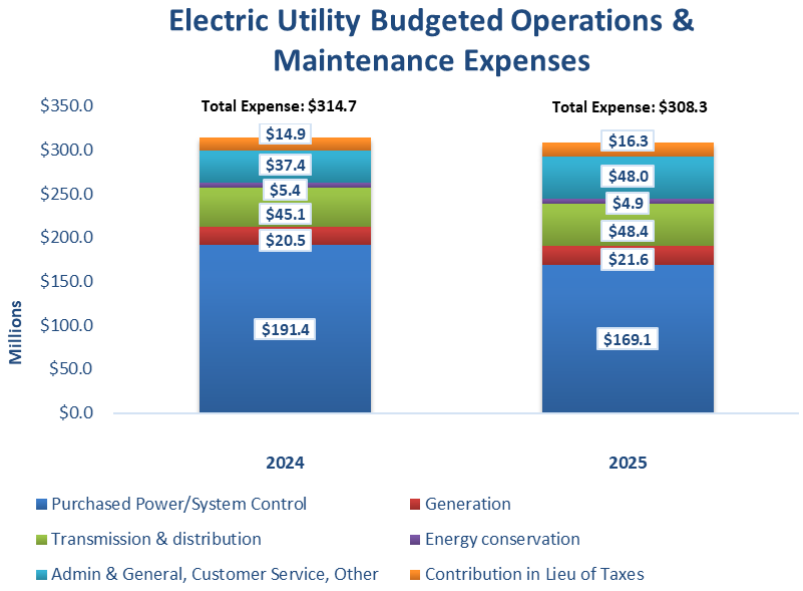
The following chart presents the Electric 2024 and 2025 revenue budgets.




## Operations & Maintenance Budget

The 2025 Electric O&M budget is $308.3 million compared to the 2024 O&M budget of $314.7 million. The budget for purchased power and system control expense represents the majority of costs and decreased by $22 million year-over-year as a result of lower wholesale market price assumptions. Increases in other operational areas are driven by labor market changes and resources to support new technology, services, and infrastructure. The O&M budget projects a $3.1 million deposit to reserves.

The following chart presents the Electric 2024 and 2025 O&M expense budgets.



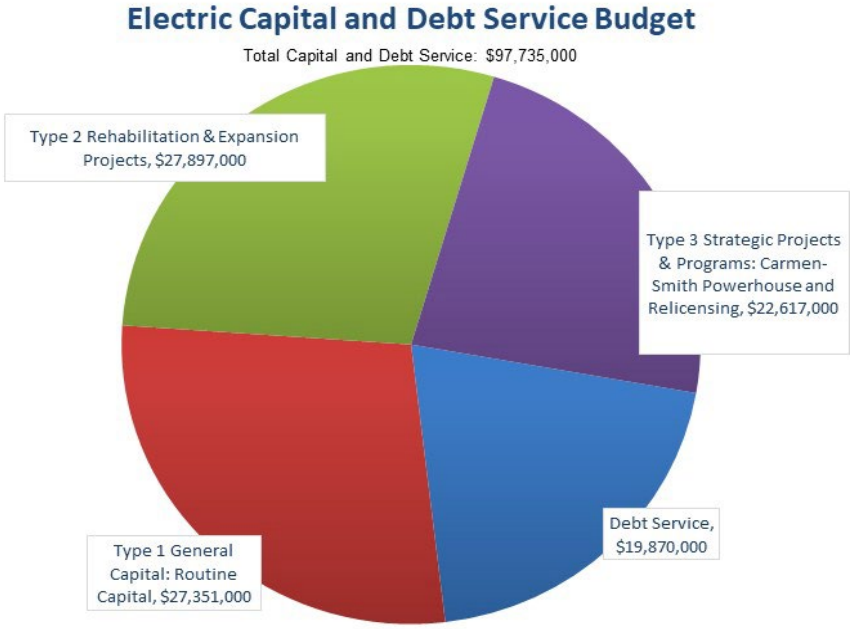

## Capital and Debt Service Budget

The Electric Utility installed significant distribution infrastructure in the 1960s and 1970s. The service life of these assets is ending, and therefore, EWEB needs to manage the replacement of these aging assets while maintaining reliability and increasing resiliency during disruptive events. The electric system investments will be prioritized by managing high customer-impact assets and systems that increase resiliency to critical locations. The Capital budget anticipates a $41 million draw on reserves including use of bond proceeds.

The 2025 Electric Capital & Debt Service budget of $97.7 million is $7.9 million higher than the 2024 budget, aimed at addressing near-term regulatory requirements and risk mitigation efforts. $33.5 million of the 2025 capital work is funded with electric retail revenue, which is a $1.4 million increase from $32.1 million funded from retail revenue in 2024. Additional detail on the capital budget is included in Attachment 1.

The 2025 budget includes $19.9 million to service existing debt and the overall debt amount will be approximately $255 million in principal at the end of 2025.

The following chart details the budget by type of cost.

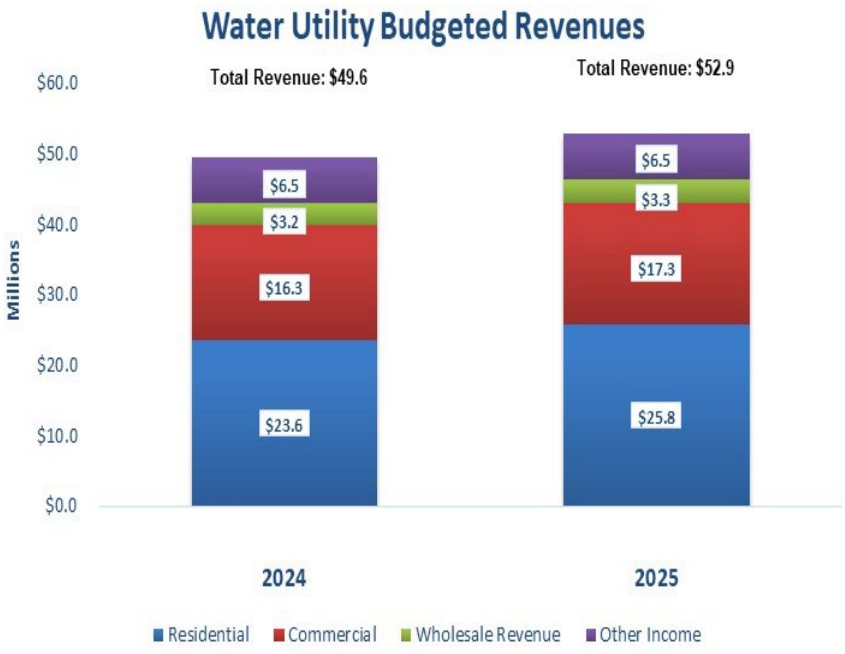


# WATER UTILITY

## Overview and Revenue

The Water Utility faces challenges such as replacement of aging infrastructure, water source protection, and developing a second source water treatment facility.

The budgeted sales for 2025 are 7.8 billion gallons, remaining flat to sales budgeted in 2024. The sales forecast assumes 95% of historical 5-year average water consumption for the first five years, resulting in a contribution margin risk tolerance of approximately $1.3 million in 2025. Residential revenue makes up 52% of the Water Utility's total revenues, while 48% is from commercial, sales for resale and other operating revenue.

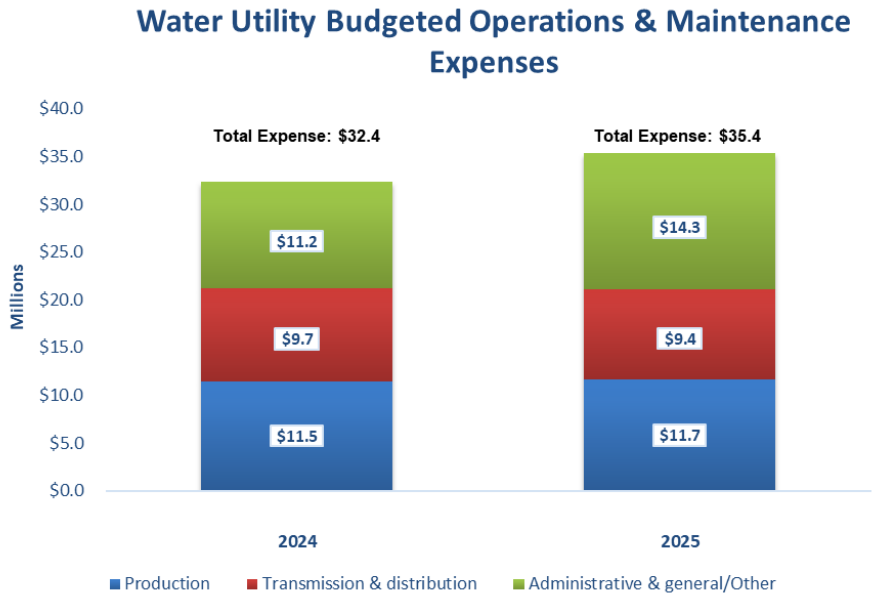



## Operations & Maintenance Budget

The 2025 Water Utility O&M budget is $35.4 million compared to $32.4 million in 2024. The budget assumes $2.4 million for Watershed Recovery work, to be funded by Watershed Restoration Fee revenues.

The O&M budget projects a $5.8 million draw from reserves. The 2025 budget does not include potential funding from grants not yet awarded to support watershed restoration projects. In the event project grants are secured, a budget amendment would be proposed to the Board to accommodate increased spending. Year-over-year increases are driven by labor market changes and resources to support new technology, services, and infrastructure.

The following chart compares the 2025 and 2024 Water Utility Operations & Maintenance budgets.

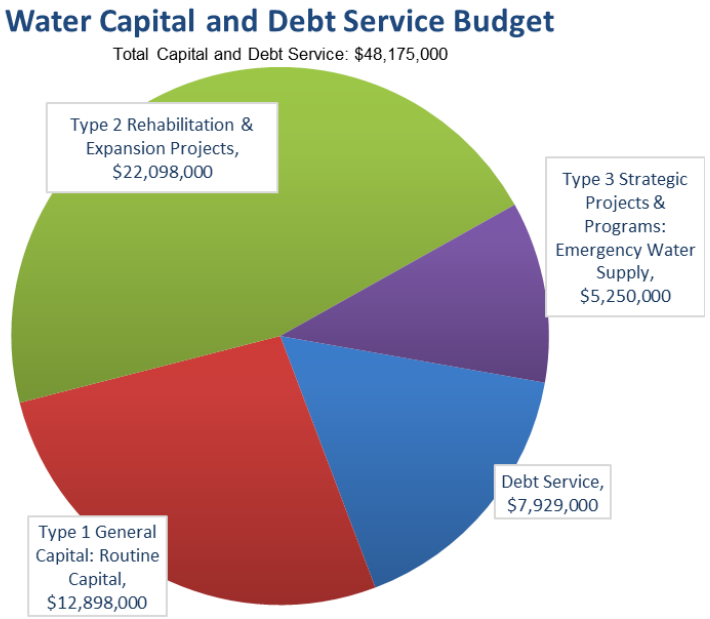


## Capital and Debt Service Budget

The Water Utility prioritizes investments in base-level storage and in-town transmission infrastructure. Construction will ramp up in 2025 and 2026 for the College Hill Reservoirs as well as the Alder Street transmission main. In addition, 2025 budgets incorporate plans for EWEB to continue design and permitting efforts for construction of a treatment plant on the Willamette River. The Capital budget projects a draw of $22.7 million on reserves including the use of bond proceeds.

The Water Capital & Debt Service budget of $48.2 million reflects a $9.3 million increase from the 2024 budget. Depending on the type of project, funding is through water retail prices, customer contributions, or bonds.

The 2025 budget includes $7.9 million for servicing existing debt, with the total principal debt expected to be around $104 million at the end of 2025.




The 2025 budgets position both the Electric and Water Utilities to maintain their financial resiliency and flexibility. EWEB faces the challenge of effectively planning and operating in an environment of inflationary pressures, a changing climate, new technology, developing markets, political and regulatory flux, natural and human-caused threats, and evolving community expectations. In this environment, we need to embed resiliency into all our operations, processes, and decision making – from how we upgrade aging infrastructure, to planning for our community's energy future, and transforming the technology and programs that build customer trust and enable operational consumption flexibility. I am pleased how EWEB has rallied around this focus, and I want to thank EWEB management, staff, and Commissioners for their assistance in helping EWEB achieve its mission "to enhance our community's vitality by delivering drinking water and electric services consistent with the values of our customer-owners".

Respectfully submitted,

Frank Lawson, General Manager

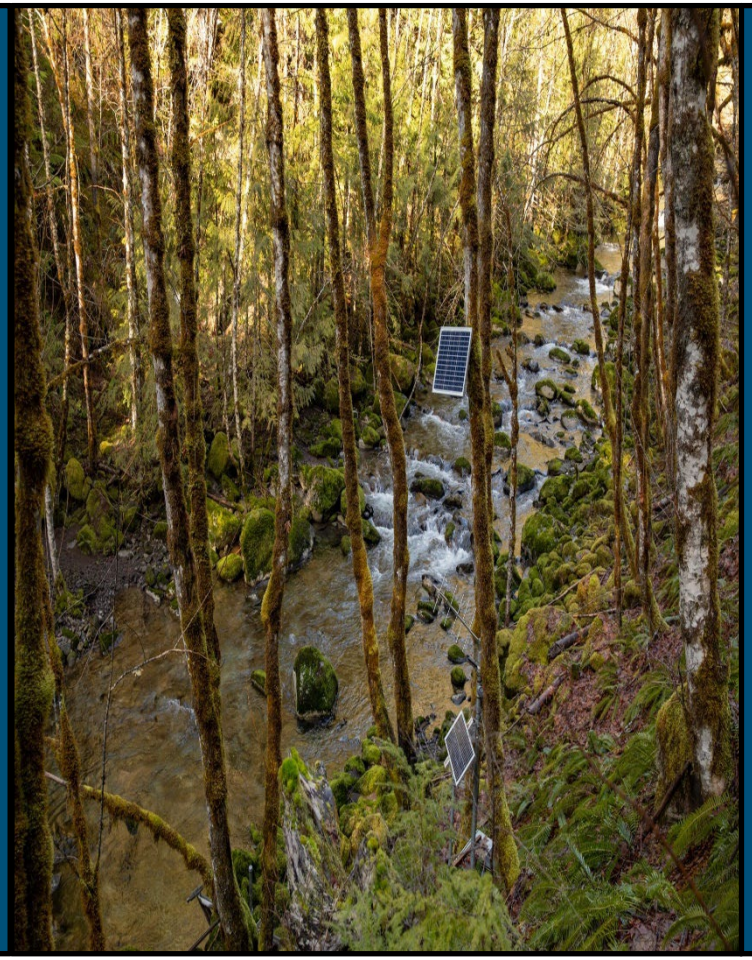
# DID YOU KNOW?

**Carmen-Smith Relicensing**

EWEB recently finished upgrading the Spawning Channel as part of relicensing the Carmen-Smith Hydroelectric Project. Habitat improvements include improving spawning gravels for adults to lay their eggs, creating riffles to oxygenate the water for egg development, and pools to slow the flow for juvenile fish once they've hatched.

# 2025 PROPOSED BUDGET

DID YOU KNOW?



**Carmen-Smith Relicensing**

In a partnership with USGS, EWEB installed a water and weather station at Smith River below the reservoir. The system will help monitor turbidity and other effects when water is released from Smith's spillway. There is another monitoring station at the bottom of Smith's reach just above Trail Bridge Reservoir.

# EUGENE WATER & ELECTRIC BOARD
# ELECTRIC UTILITY OPERATIONS & MAINTENANCE BUDGET AND REVENUE REQUIREMENTS
# 2025 PROPOSED BUDGET COMPARED WITH 2024 ADOPTED BUDGET AND 2023 ACTUAL

| | 2025 Proposed Budget | | 2024 Adopted Budget | | 2023 Actual | | |
|---|---|---|---|---|---|---|---|
| | MWH | Revenue and Expense | MWH | Revenue and Expense | MWH | Revenue and Expense | |
| Residential | 981,000 | $ 137,209,000 | 970,000 | $ 125,450,000 | 984,000 | $ 120,206,000 | |
| Commercial | 868,000 | 99,334,000 | 873,000 | 90,281,000 | 840,000 | 83,398,000 | |
| Industrial | 494,000 | 26,685,000 | 490,000 | 25,023,000 | 490,000 | 21,702,000 | |
| Retail sales | 2,343,000 | 263,228,000 | 2,333,000 | 240,754,000 | 2,314,000 | 225,306,000 | |
| Wholesale sales | 1,165,000 | 73,468,000 | 1,351,000 | 110,202,000 | 1,038,000 | 64,994,000 | |
| Other Operating Revenues | | 19,094,000 | | 9,991,000 | | 11,485,000 | |
| Operating revenues | 3,508,000 | 355,790,000 | 3,684,000 | 360,947,000 | 3,352,000 | 301,785,000 | |
| Other revenue | | 1,945,000 | | 1,857,000 | | 4,523,000 | |
| Interest earnings | | 7,010,000 | | 6,850,000 | | 6,843,000 | |
| Non-operating revenues | | 8,955,000 | | 8,707,000 | | 11,366,000 | |
| **Total revenues** | | **364,745,000** | | **369,654,000** | | **313,151,000** | |
| Purchased Power | | 162,768,000 | | 184,937,000 | | 148,313,000 | |
| System control | | 6,304,000 | | 6,438,000 | | 4,588,000 | |
| Generation | | 21,595,000 | | 20,497,000 | | 16,461,000 | |
| Wheeling | | 15,062,000 | | 12,840,000 | | 13,189,000 | |
| Transmission & distribution | | 33,331,000 | | 32,365,000 | | 30,366,000 | |
| Customer accounting | | 10,756,000 | | 9,973,000 | | 10,004,000 | |
| Energy conservation | | 6,821,000 | | 6,972,000 | | 5,397,000 | |
| Administrative & general | | 38,109,000 | | 28,459,000 | | 27,509,000 | |
| Operating expenses | | 294,746,000 | | 302,481,000 | | 255,827,000 | |
| Contributions in lieu of taxes | | 16,315,000 | | 14,851,000 | | 13,450,000 | |
| Change in balance sheet accounts/ other expenses | | (2,806,000) | | (2,650,000) | | 30,471,000 | [1] |
| Non-operating expenses | | 13,509,000 | | 12,201,000 | | 43,921,000 | |
| **Total operations and maintenance expenses** | | **308,255,000** | | **314,682,000** | | **299,748,000** | |
| Rate funded capital | | 33,529,000 | | 32,100,000 | | | |
| Rate funded debt service | | 19,870,000 | | 15,727,000 | | | |
| Total rate funded capital related expenses | | 53,399,000 | | 47,827,000 | | | |
| **Total rate funded expenses** | | **361,654,000** | | **362,509,000** | | | |
| **Revenues over/(under) expenses** | | **$ 3,091,000** | | **$ 7,145,000** | | | |
| Deposit to Leaburg Reserve | | 2,160,000 | | 4,200,000 | | | |
| Deposit to / (Draw from) Unrestricted Reserves | | 931,000 | [3] | 2,945,000 | | | |
| **Net change in reserves from operations** | | **$ 3,091,000** | | **$ 7,145,000** | | | |
| **Change in Net Position** | | | | | | **$ 13,403,000** | [2] |

[1] Includes depreciation, other revenue deductions, interest and amortization expense, contribution in aid, and contributed plant assets
[2] Actual results are not directly comparable to budget due to a difference in accounting treatment
[3] Board will allocate working cash above target to specific designated funds after annual audit
Dollars rounded to nearest thousand.

# EUGENE WATER & ELECTRIC BOARD
# ELECTRIC UTILITY CAPITAL AND DEBT SERVICE BUDGET
# 2025 PROPOSED BUDGET COMPARED WITH 2024 ADOPTED BUDGET

| | 2025 Proposed Budget | 2024 Adopted Budget |
|---|---|---|
| **Funding Source by Type** | | |
| Source of Funds | | |
| Retail Revenue | $ 33,529,000 | $ 32,100,000 |
| Draw on Rate Stabilization Reserves | 7,166,000 | 9,336,000 |
| Bond Proceeds | 33,854,000 | 24,255,000 |
| Customer Contributions in Aid | 2,276,000 | 3,019,000 |
| Grant Funding | 1,040,000 | 1,213,000 |
| **Total Source of Funds** | **77,865,000** | **69,923,000** |
| | | |
| **Expenditures by Type** | | |
| Type 1- General Capital [1] | | |
| Electric Infrastructure- Generation | 1,307,000 | 1,937,000 |
| Electric Infrastructure- Substations | 4,016,000 | 2,966,000 |
| Electric Infrastructure- Transmission & Distribution | 9,641,000 | 8,561,000 |
| Downtown Network | 1,092,000 | 1,198,000 |
| Telecommunications | 1,106,000 | 940,000 |
| General Plant- Information Technology | 6,632,000 | 4,039,000 |
| General Plant- Buildings & Land | 430,000 | 233,000 |
| General Plant- Fleet | 3,127,000 | 2,790,000 |
| **Total Type 1** | **27,351,000** | **22,664,000** |
| | | |
| Type 2- Rehabilitation & Expansion Projects [2] | | |
| Electric Infrastructure- Generation | 6,857,000 | 1,050,000 |
| Electric Infrastructure- Resiliency & Reliability Projects | 2,205,000 | 3,717,000 |
| Electric Meters | 2,471,000 | 3,961,000 |
| General Plant- Information Technology | 8,187,000 | 9,006,000 |
| General Plant- Buildings & Land | 8,177,000 | 5,270,000 |
| **Total Type 2** | **27,897,000** | **23,004,000** |
| | | |
| Type 3- Strategic Projects & Programs [3] | | |
| Carmen-Smith Relicensing | 22,617,000 | 24,255,000 |
| **Total Type 3** | **22,617,000** | **24,255,000** |
| | | |
| **Total Electric Capital Budget** | **77,865,000** | **69,923,000** |
| **Rate Funded Debt Service** | **19,870,000** | **15,727,000** |
| **Total Electric Capital and Debt Service Budget** | **$ 97,735,000** | **$ 85,650,000** |

[1] Type 1 capital is routine capital work for projects totaling less than $1 million and is primarily funded with rates and customer contributions

[2] Type 2 capital projects are discrete, with a defined completion period, and lifetime expenditures over $1 million. Depending on the project, this work may be funded with rates, customer contributions, or bond funds

[3] Type 3 capital projects are large strategic programs with long-term impacts, and are generally bond funded

Dollars rounded to the nearest thousand

# EUGENE WATER & ELECTRIC BOARD

## WATER UTILITY OPERATIONS & MAINTENANCE BUDGET AND REVENUE REQUIREMENTS
## 2025 PROPOSED BUDGET COMPARED WITH 2024 ADOPTED BUDGET AND 2023 ACTUAL

| | 2025 Proposed Budget | | 2024 Adopted Budget | | 2023 Actual | | |
|---|---|---|---|---|---|---|---|
| | Gal (000) | Revenue and Expense | Gal (000) | Revenue and Expense | Gal (000) | Revenue and Expense | |
| Residential | 3,830,000 | $ 25,778,000 | 3,835,000 | $ 23,556,000 | 4,010,000 | $ 22,494,000 | |
| Commercial | 3,304,000 | 17,342,000 | 3,305,000 | 16,316,000 | 3,608,000 | 16,927,000 | |
| Sales for Resale and Other | 642,000 | 6,813,000 | 646,000 | 6,666,000 | 674,000 | 6,770,000 | |
| Operating revenues | 7,776,000 | 49,933,000 | 7,786,000 | 46,538,000 | 8,292,000 | 46,191,000 | |
| Other revenue | | 1,061,000 | | 547,000 | | 3,869,000 | |
| Interest earnings | | 1,914,000 | | 2,541,000 | | 2,550,000 | |
| Non-operating revenues | | 2,975,000 | | 3,088,000 | | 6,419,000 | |
| **Total revenues** | | **52,908,000** | | **49,626,000** | | **52,610,000** | |
| Production | | 11,677,000 | | 11,520,000 | | 13,059,000 | |
| Transmission & distribution | | 9,402,000 | | 9,687,000 | | 7,663,000 | |
| Customer accounting | | 2,934,000 | | 3,000,000 | | 2,484,000 | |
| Conservation | | 1,075,000 | | 933,000 | | 649,000 | |
| Administrative & general | | 10,688,000 | | 7,590,000 | | 7,310,000 | |
| Operating expenses | | 35,776,000 | | 32,730,000 | | 31,165,000 | |
| Change in balance sheet accounts/ other expenses | | (419,000) | | (408,000) | | 9,536,000 | [1] |
| Non-operating expenses | | (419,000) | | (408,000) | | 9,536,000 | |
| **Total operations and maintenance expenses** | | **35,357,000** | | **32,322,000** | | **40,701,000** | |
| Rate funded capital | | 15,991,000 | | 4,927,000 | | | |
| Rate funded debt service | | 7,329,000 | | 7,020,000 | | | |
| Total rate funded capital related expenses | | 23,320,000 | | 11,947,000 | | | |
| **Total rate funded expenses** | | **58,677,000** | | **44,269,000** | | | |
| **Revenues over expenses** | | **$ (5,769,000)** | | **$ 5,357,000** | | | |
| Deposit to / (Draw from) Unrestricted Reserves | | (5,669,000) | | 4,407,000 | | | |
| Deposit to / (Draw from) Rate Stabilization Fund | | (100,000) | | 950,000 | | | |
| **Net change in reserves from operations** | | **$ (5,769,000)** | | **$ 5,357,000** | | | |
| **Change in Net Position** | | | | | | **$ 11,909,000** | [2] |

[1] Includes depreciation, other revenue deductions, interest and amortization expense, contribution in aid, and contributed plant assets
[2] Actual results are not directly comparable to budget due to a difference in accounting treatment
Dollars rounded to nearest thousand.

# EUGENE WATER & ELECTRIC BOARD
# WATER UTILITY CAPITAL AND DEBT SERVICE BUDGET
# 2025 PROPOSED BUDGET COMPARED WITH 2024 ADOPTED BUDGET

| | 2025 Proposed Budget | 2024 Adopted Budget |
|---|---|---|
| **Funding Source by Type** | | |
| Source of Funds | | |
| Retail Revenue | $ 15,991,000 | $ 4,927,000 |
| Draw on Alternative Water Supply Reserve | 1,752,000 | 1,625,000 |
| Draw on Capital Reserve | 380,000 | 350,000 |
| Draw on Rate Stabilization Reserves | - | 7,320,000 |
| Bond Proceeds | 20,541,000 | 15,294,000 |
| Customer Contributions in Aid | 1,166,000 | 1,166,000 |
| System Development Charges, Improvements | 416,000 | 291,000 |
| **Total Source of Funds** | **40,246,000** | **30,973,000** |
| **Expenditures by Type** | | |
| Type 1 - General Capital [1] | | |
| Source- Water Intakes & Filtration Plant | 1,443,000 | 1,075,000 |
| Water Infrastructure- Distribution & Pipe Services | 7,855,000 | 7,155,000 |
| Water Infrastructure- Distribution Facilities | 1,197,000 | 987,000 |
| General Plant- Information Technology | 1,562,000 | 1,070,000 |
| General Plant- Buildings, Land & Fleet | 841,000 | 923,000 |
| **Total Type 1** | **12,898,000** | **11,210,000** |
| Type 2- Rehabilitation & Expansion Projects [2] | | |
| Water Infrastructure- Distribution | 15,750,000 | 11,760,000 |
| Water Meters | 2,327,000 | 1,500,000 |
| General Plant- Information Technology | 2,586,000 | 2,844,000 |
| General Plant- Buildings, Land & Fleet | 1,435,000 | 1,034,000 |
| **Total Type 2** | **22,098,000** | **17,138,000** |
| Type 3- Strategic Projects & Programs [3] | | |
| Willamette Water Treatment Plant | 5,250,000 | 2,625,000 |
| **Total Type 3** | **5,250,000** | **2,625,000** |
| **Total Water Capital Budget** | **40,246,000** | **30,973,000** |
| **Rate Funded Debt Service** | **7,329,000** | **7,020,000** |
| **SDC Reimbursement Funded Debt Service** | **600,000** | **910,000** |
| **Total Water Capital and Debt Service Budget** | **$ 48,175,000** | **$ 38,903,000** |

[1] Type 1 capital is routine capital work for projects totaling less than $1 million and is primarily funded with rates and customer contributions

[2] Type 2 capital projects are discrete, with a defined completion period, and lifetime expenditures over $1 million. Depending on the project, this work may be funded with rates, customer contributions, or bond funds

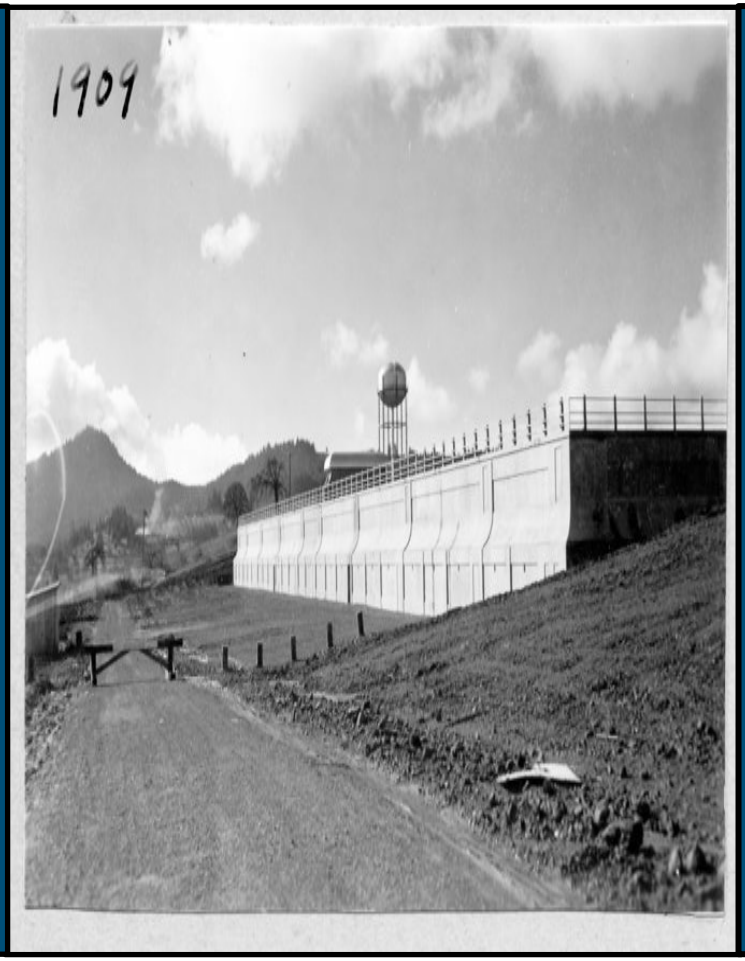
[3] Type 3 capital projects are large strategic programs with long-term impacts, and are generally bond funded

Dollars rounded to the nearest thousand

# DEPARTMENT OPERATIONS & MAINTENANCE

## 2025 BUDGET COMPARED TO PRIOR YEARS

DID YOU KNOW?




**College Hill Reservoir**

EWEB is replacing an 80-year-old 15-million-gallon drinking water reservoir with new earthquake-proof tanks that will store and protect drinking water for all Eugene residents. The College Hill Reservoir was fully drained at the beginning of 2024 after EWEB finished construction on the new earthquake-proof drinking water storage tanks near East 40th Ave. and Patterson St.

## Eugene Water & Electric Board – Division Operations & Maintenance Budget Summary

| | 2025 Proposed Budget Dollars | 2024 Adopted Budget Dollars | 2023 Actual Dollars |
|---|---|---|---|
| Business Continuity | $8,609,000 | $8,231,000 | $6,497,000 |
| Customer Service | 22,373,000 | 21,302,000 | 17,983,000 |
| Electric | 31,316,000 | 30,074,000 | 28,918,000 |
| Energy | 204,920,000 | 223,742,000 | 181,806,000 |
| Finance | 7,490,000 | 7,605,000 | 6,310,000 |
| General Manager | 1,827,000 | 2,029,000 | 1,697,000 |
| Human Resources | 4,144,000 | 3,685,000 | 3,393,000 |
| Information Services | 23,697,000 | 14,242,000 | 13,587,000 |
| Support Services | 19,034,000 | 18,359,000 | 16,357,000 |
| Water | 20,510,000 | 20,197,000 | 20,376,000 |
| Total Operations and Maintenance Budget | $343,920,000 | $349,466,000 | $296,924,000 |

Note: Due to re-organization, prior year numbers have been restated for comparability.

# Business Continuity
# Operations & Maintenance Budget

| | 2025 Proposed Budget Dollars | 2024 Adopted Budget Dollars | 2023 Actual Dollars |
|---|---|---|---|
| Wages / Benefits | $4,865,000 | $4,790,000 | $3,725,000 |
| | | | |
| Purchases | | | |
| Stores Materials and Supplies | 2,000 | 3,000 | 1,000 |
| EWEB Equipment | 110,000 | 94,000 | 87,000 |
| Materials and Supplies | 113,000 | 107,000 | 99,000 |
| Technology / Office Equipment | 93,000 | 95,000 | 111,000 |
| **Total Purchases** | **$318,000** | **$299,000** | **$298,000** |
| | | | |
| Services | | | |
| Contract Labor | 5,000 | 5,000 | - |
| Miscellaneous Services | 178,000 | 143,000 | 96,000 |
| Professional and Technical Services | 428,000 [1] | 376,000 | 190,000 |
| Software/Hardware Maintenance and Services | 19,000 | 16,000 | 7,000 |
| Legal Services | 120,000 | 95,000 | 105,000 |
| Insurance | 2,561,000 [2] | 2,385,000 | 1,986,000 |
| Training and Travel | 115,000 | 122,000 | 90,000 |
| **Total Services** | **$3,426,000** | **$3,142,000** | **$2,474,000** |
| | | | |
| Total | $8,609,000 | $8,231,000 | $6,497,000 |

[1] Includes employee wellness events, safety program, cyber security, and resiliency and fire mitigation initiatives

[2] Insurance premium increases for property, liability, and cyber security coverages

## Customer Service
## Operations & Maintenance Budget

| | 2025 Proposed Budget Dollars | 2024 Adopted Budget Dollars | 2023 Actual Dollars |
|---|---|---|---|
| Wages / Benefits | $12,248,000 | $10,745,000 | $8,711,000 |
| Purchases | | | |
| EWEB Equipment | 22,000 | 16,000 | 19,000 |
| Materials and Supplies | 16,000 | 12,000 | 5,000 |
| Technology / Office Equipment | 37,000 | 18,000 | 2,000 |
| **Total Purchases** | **$75,000** | **$46,000** | **$26,000** |
| Services | | | |
| Contract Labor | 12,000 | 10,000 | 10,000 |
| Conservation Measures and Incentives [1] | 3,650,000 | 3,650,000 | 2,845,000 |
| Electrification Incentive [2] | 1,110,000 | 1,530,000 | 1,031,000 |
| Miscellaneous Services | 44,000 | 80,000 | 26,000 |
| Professional and Technical Services | 2,095,000 [3] | 2,424,000 | 1,455,000 |
| Property Rent | 10,000 | - | - |
| Printing and Postage | 47,000 | 44,000 | 24,000 |
| Training and Travel | 129,000 | 115,000 | 73,000 |
| Grants | 978,000 | 958,000 | 1,670,000 [4] |
| Uncollectable Accounts | 400,000 | 400,000 | 381,000 |
| Limited Income Services | 1,575,000 [5] | 1,300,000 | 1,731,000 |
| **Total Services** | **$10,050,000** | **$10,511,000** | **$9,246,000** |
| Total | $22,373,000 | $21,302,000 | $17,983,000 |

Note: Due to re-organization prior year numbers have been restated for comparability

[1] Conservation Incentives based on eligibility for reimbursement by Bonneville Power Administration (BPA)

[2] Load Growth Incentives for Transportation and Building Electrification programs augmented by Clean Fuel Credit revenue

[3] Merchant processing and collection services fees and lower consultation services for IRP initiative, Demand Side Potential Assessment (DSPA)

[4] Includes grants issued for Holiday Farm Fire recovery, reimbursable by Lane County and the Department of Environmental Quality (DEQ)

[5] Increased Customer Care payments supplemented by customer donations

# Electric
## Operations & Maintenance Budget

| | 2025 Proposed Budget Dollars | 2024 Adopted Budget Dollars | 2023 Actual Dollars |
|---|---|---|---|
| Wages / Benefits | $21,962,000 | $21,270,000 | $18,732,000 |
| | | | |
| Purchases | | | |
| Stores Materials and Supplies | 741,000 | 689,000 | 729,000 |
| EWEB Equipment | 2,024,000 | 1,860,000 | 1,915,000 |
| Maintenance and Repairs | 25,000 | 19,000 | 52,000 |
| Equipment | 10,000 | 5,000 | 11,000 |
| Materials and Supplies | 547,000 | 413,000 | 672,000 |
| Technology / Office Equipment | 43,000 | 61,000 | 12,000 |
| **Total Purchases** | **$3,390,000** | **$3,047,000** | **$3,391,000** |
| | | | |
| Services | | | |
| Construction Agreements | 4,380,000 | 4,211,000 | 5,129,000 [1] |
| Miscellaneous Services | 178,000 | 166,000 | 166,000 |
| Professional and Technical Services | 698,000 [2] | 734,000 [2] | 342,000 |
| Software/Hardware Maintenance and Services | 69,000 | 70,000 | 56,000 |
| Property Rent | 16,000 | 15,000 | 15,000 |
| Legal Services | 2,000 | 2,000 | 584,000 [3] |
| Fees and Licenses | 255,000 | 260,000 | 201,000 |
| Training and Travel | 366,000 | 299,000 | 302,000 |
| **Total Services** | **$5,964,000** | **$5,757,000** | **$6,795,000** |
| | | | |
| Total | $31,316,000 | $30,074,000 | $28,918,000 |

[1] Single year increase in scale of services to address vegetation management work. 2023 cost driven by efforts to catch-up on backlog of work

[2] Wildfire mitigation initiative and resiliency program

[3] 2023 legal service expenses related to the Holiday Farm Fire now covered by insurance due to self-insurance limit coverage reached

# Energy
## Operations & Maintenance Budget

| | 2025 Proposed Budget Dollars | | 2024 Adopted Budget Dollars | 2023 Actual Dollars |
|---|---|---|---|---|
| Wages / Benefits | $13,046,000 | | $11,852,000 | $10,306,000 |
| Purchases | | | | |
| Stores Materials and Supplies | 5,000 | | 7,000 | 17,000 |
| EWEB Equipment | 765,000 | | 690,000 | 573,000 |
| Maintenance and Repairs | 85,000 | | 126,000 | 88,000 |
| Equipment | 34,000 | | 44,000 | 28,000 |
| Energy | 162,989,000 | [1] | 185,127,000 | 148,504,000 |
| Fuels | 2,272,000 | [2] | 2,678,000 | 1,997,000 |
| Materials and Supplies | 265,000 | | 241,000 | 233,000 |
| **Total Purchases** | **$166,415,000** | | **$188,913,000** | **$151,440,000** |
| Services | | | | |
| Contract Labor | 170,000 | | 195,000 | 99,000 |
| Wheeling | 15,062,000 | [3] | 12,840,000 | 13,189,000 |
| Construction Agreements | 3,347,000 | [4] | 3,407,000 | 2,945,000 |
| Miscellaneous Services | 104,000 | | 82,000 | 123,000 |
| Professional and Technical Services | 3,609,000 | [5] | 3,509,000 | 1,593,000 |
| Software/Hardware Maintenance and Services | 779,000 | | 816,000 | 451,000 |
| Memberships and Dues | 752,000 | | 748,000 | 518,000 |
| Legal Services | 895,000 | [6] | 684,000 | 539,000 |
| Fees and Licenses | 446,000 | | 451,000 | 425,000 |
| Training and Travel | 295,000 | | 245,000 | 178,000 |
| **Total Services** | **$25,459,000** | | **$22,977,000** | **$20,060,000** |
| Total | $204,920,000 | | $223,742,000 | $181,806,000 |

[1] Lower wholesale market prices
[2] Fuel cost for shared co-generation facility
[3] Increased transmission costs due to BPA rate increases
[4] Contracted costs for wind and co-generation facilities and Trail Bridge sinkhole remediation
[5] BPA contract negotiation, organized market readiness, and Leaburg decommissioning engineering
[6] Increased Leaburg decommissioning support

# Finance
## Operations & Maintenance Budget

| | 2025 Proposed Budget Dollars | 2024 Adopted Budget Dollars | 2023 Actual Dollars |
|---|---|---|---|
| Wages / Benefits | $6,628,000 | $6,675,000 | $5,770,000 |
| | | | |
| Purchases | | | |
| Stores Materials and Supplies | 4,000 | 12,000 | 3,000 |
| EWEB Equipment | 40,000 | 27,000 | 28,000 |
| Materials and Supplies | 31,000 | 40,000 | 22,000 |
| Technology / Office Equipment | 28,000 | 38,000 | 18,000 |
| **Total Purchases** | **$103,000** | **$117,000** | **$71,000** |
| | | | |
| Services | | | |
| Contract Labor | 75,000 | 90,000 | 32,000 |
| Miscellaneous Services | 26,000 | 26,000 | 17,000 |
| Professional and Technical Services | 387,000 | 342,000 | 311,000 |
| Software/Hardware Maintenance and Services | 10,000 | 40,000 | 8,000 |
| Legal Services | 35,000 | 35,000 | 11,000 |
| Fees and Licenses | 75,000 | 90,000 | 33,000 |
| Training and Travel | 151,000 | 190,000 | 57,000 |
| **Total Services** | **$759,000** | **$813,000** | **$469,000** |
| | | | |
| Total | $7,490,000 | $7,605,000 | $6,310,000 |

Note: Due to re-organization prior year numbers have been restated for comparability

## General Manager
## Operations & Maintenance Budget

| | 2025 Proposed Budget Dollars | 2024 Adopted Budget Dollars | 2023 Actual Dollars |
|---|---|---|---|
| Wages / Benefits | $1,702,000 | $1,845,000 | $1,563,000 |
| Purchases | | | |
| Materials and Supplies | 14,000 | 21,000 | 7,000 |
| Technology / Office Equipment | 6,000 | 6,000 | 1,000 |
| **Total Purchases** | **$20,000** | **$27,000** | **$8,000** |
| Services | | | |
| Miscellaneous Services | 47,000 | 39,000 | 39,000 |
| Professional and Technical Services | 8,000 | 46,000 | 38,000 |
| Training and Travel | 40,000 | 62,000 | 38,000 |
| Grants | 10,000 | 10,000 | 11,000 |
| **Total Services** | **$105,000** | **$157,000** | **$126,000** |
| Total | $1,827,000 | $2,029,000 | $1,697,000 |

## Human Resources
## Operations & Maintenance Budget

| | 2025 Proposed Budget Dollars | 2024 Adopted Budget Dollars | 2023 Actual Dollars |
|---|---|---|---|
| Wages / Benefits | $3,526,000 | $3,126,000 | $2,955,000 |
| Purchases | | | |
| EWEB Equipment | - | - | 2,000 |
| Materials and Supplies | 37,000 | 38,000 | 12,000 |
| Technology / Office Equipment | 3,000 | 2,000 | 3,000 |
| **Total Purchases** | **$40,000** | **$40,000** | **$17,000** |
| Services | | | |
| Contract Labor | 10,000 | 10,000 | 39,000 |
| Miscellaneous Services | 67,000 | 65,000 | 49,000 |
| Professional and Technical Services | 259,000 | 202,000 | 208,000 |
| Software/Hardware Maintenance and Services | 9,000 | 9,000 | 1,000 |
| Legal Services | 130,000 | 130,000 | 83,000 |
| Training and Travel | 103,000 | 103,000 | 41,000 |
| **Total Services** | **$578,000** | **$519,000** | **$421,000** |
| Total | $4,144,000 | $3,685,000 | $3,393,000 |

# Information Services
## Operations & Maintenance Budget

| | 2025 Adopted Budget Dollars | 2024 Adopted Budget Dollars | 2023 Actual Dollars |
|---|---|---|---|
| Wages / Benefits | $13,404,000 [1] | $8,683,000 | $7,210,000 |
| Purchases | | | |
| Stores Materials and Supplies | 405,000 | 405,000 | 392,000 |
| Technology / Office Equipment | 186,000 | 510,000 | 2,019,000 [2] |
| **Total Purchases** | **$591,000** | **$915,000** | **$2,411,000** |
| Services | | | |
| Contract Labor | 25,000 | 25,000 | 3,000 |
| Miscellaneous Services | 461,000 | 486,000 | 380,000 |
| Professional and Technical Services | 1,108,000 [3] | 608,000 | 575,000 |
| Software/Hardware Maintenance and Services | 2,200,000 | 2,925,000 | 2,514,000 |
| SBITA Services | 5,243,000 [2] | - | - |
| Printing and Postage | 414,000 | 420,000 | 383,000 |
| Fees and Licenses | 11,000 | 11,000 | 10,000 |
| Training and Travel | 240,000 | 169,000 | 101,000 |
| **Total Services** | **$9,702,000** | **$4,644,000** | **$3,966,000** |
| Total | $23,697,000 | $14,242,000 | $13,587,000 |

[1] Transfers from other divisions and increases in staffing with specialized technical expertise to provide ongoing infrastructure support for modernizing technology

[2] New cost category following implementation of a new accounting standard for Subscription-Based Information Technology Arrangements (SBITA). Consolidates Software as a Services (SaaS) contracts, some subscription contracts were previously captured in capital budgets and/or in other divisions, others will expire as applications are retired due to EWEB Enterprise Solutions

[3] Includes new service maintenance contract

## Support Services
## Operations & Maintenance Budget

| | 2025 Proposed Budget Dollars | 2024 Adopted Budget Dollars | 2023 Actual Dollars |
|---|---|---|---|
| Wages / Benefits | $11,843,000 | $11,558,000 | $10,806,000 |
| | | | |
| Purchases | | | |
| Stores Materials and Supplies | 59,000 | 71,000 | 12,000 |
| EWEB Equipment | 1,733,000 | 1,514,000 | 1,675,000 |
| Maintenance and Repairs | 18,000 | 23,000 | 10,000 |
| Energy | 392,000 | 252,000 | 391,000 |
| Water | 164,000 | 102,000 | 157,000 |
| Fuels | 100,000 | 110,000 | 102,000 |
| Vehicle Fuel and Oil | 732,000 | 713,000 | 627,000 |
| Materials and Supplies | 521,000 | 434,000 | 406,000 |
| Technology / Office Equipment | 70,000 | 60,000 | - |
| **Total Purchases** | **$3,789,000** | **$3,279,000** | **$3,380,000** |
| | | | |
| Services | | | |
| Construction Agreements | 1,848,000 | 2,067,000 [1] | 974,000 |
| Miscellaneous Services | 216,000 | 199,000 | 206,000 |
| Professional and Technical Services | 525,000 | 483,000 | 422,000 |
| Software/Hardware Maintenance and Services | 111,000 | 110,000 | 78,000 |
| Property Rent | 146,000 | 134,000 | 139,000 |
| Legal Services | 90,000 | 90,000 | 63,000 |
| Printing and Postage | 20,000 | 17,000 | 19,000 |
| Fees and Licenses | 214,000 | 208,000 | 200,000 |
| Training and Travel | 232,000 | 214,000 | 70,000 |
| **Total Services** | **$3,402,000** | **$3,522,000** | **$2,171,000** |
| | | | |
| Total | $19,034,000 | $18,359,000 | $16,357,000 |

Note: Due to re-organization prior year numbers have been restated for comparability

[1] Shift of capital activity to Operations & Maintenance

# Water
## Operations & Maintenance Budget

| | 2025 Proposed Budget Dollars | | 2024 Adopted Budget Dollars | 2023 Actual Dollars |
|---|---|---|---|---|
| Wages / Benefits | $11,360,000 | | $11,050,000 | $10,723,000 |
| | | | | |
| Purchases | | | | |
| Stores Materials and Supplies | 326,000 | | 285,000 | 249,000 |
| EWEB Equipment | 1,161,000 | | 1,130,000 | 1,240,000 |
| Maintenance and Repairs | 71,000 | | 52,000 | 60,000 |
| Equipment | 19,000 | | 19,000 | 16,000 |
| Energy | 1,321,000 | [1] | 1,195,000 | 1,181,000 |
| Water | 31,000 | | 18,000 | 17,000 |
| Materials and Supplies | 976,000 | | 917,000 | 970,000 |
| Technology / Office Equipment | 29,000 | | 44,000 | 12,000 |
| **Total Purchases** | **$3,934,000** | | **$3,660,000** | **$3,745,000** |
| | | | | |
| Services | | | | |
| Contract Labor | 47,000 | | 62,000 | 3,000 |
| Conservation Measures and Incentives | 35,000 | | 35,000 | 9,000 |
| Construction Agreements | 2,291,000 | [2] | 2,250,000 | 3,010,000 |
| Miscellaneous Services | 158,000 | | 130,000 | 195,000 |
| Professional and Technical Services | 2,253,000 | [3] | 2,596,000 | 2,441,000 |
| Software/Hardware Maintenance and Services | 152,000 | | 134,000 | 92,000 |
| Printing and Postage | 22,000 | | 25,000 | 21,000 |
| Fees and Licenses | 116,000 | | 109,000 | 63,000 |
| Training and Travel | 124,000 | | 128,000 | 74,000 |
| Grants | 18,000 | | 18,000 | - |
| **Total Services** | **$5,216,000** | | **$5,487,000** | **$5,908,000** |
| | | | | |
| Total | $20,510,000 | | $20,197,000 | $20,376,000 |

[1] Increased energy rate for self-consumption
[2] Watershed recovery and water quality monitoring and analytical work
[3] Updates to 10-year Water Master Plan

# LABOR & EMPLOYEE BENEFIT COSTS

DID YOU KNOW?

**Emergency Water Stations**

Completed in 2024, the Amazon Park Emergency Water Station is the sixth such site established and operated by EWEB. Once the seventh and final station at Kennedy Middle School is completed at the end of 2024, Eugene will have a full network of geographically distributed Emergency Water Stations. Together, the stations have the capacity to provide immediate and reliable access to two gallons of water per person per day to everyone in Eugene following a disaster.

# EUGENE WATER & ELECTRIC BOARD
# LABOR AND EMPLOYEE BENEFITS
# 2025 PROPOSED BUDGET COMPARED WITH PRIOR YEARS

| | 2025 Proposed Budget | | 2024 Adopted Budget | | 2023 Actual | |
|---|---|---|---|---|---|---|
| | Budget | % of Total wages | Budget | % of Total wages | Actual | % of Total wages |
| **Wages & benefits** | | | | | | |
| Regular Wages | $ 71,321,000 | 98.0% | $ 62,771,000 | 97.7% | $ 53,493,000 | 91.9% |
| Premium Wages | 1,420,000 | 2.0% | 1,468,000 | 2.3% | 4,709,000 | 8.1% |
| **Total wages** | **72,741,000** | **100.0%** | **64,239,000** | **100.0%** | **58,202,000** | **100.0%** |
| Public employees retirement fund | 18,434,000 | 25.3% | 15,825,000 | 24.6% | 15,407,000 | 26.5% |
| Other benefits – employer contribution [1] | 6,963,000 | 9.6% | 6,311,000 | 9.8% | 5,398,000 | 9.3% |
| Health insurance [2] | 16,258,000 | 22.4% | 15,162,000 | 23.6% | 13,163,000 | 22.6% |
| Post-retirement medical | 154,000 | 0.2% | 279,000 | 0.4% | 447,000 | 0.8% |
| Long-term disability | 383,000 | 0.5% | 367,000 | 0.6% | 375,000 | 0.6% |
| Life insurance | 547,000 | 0.8% | 443,000 | 0.7% | 526,000 | 0.9% |
| **Total benefits** | **42,739,000** | **58.8%** | **38,387,000** | **59.7%** | **35,316,000** | **60.7%** |
| **Total wages & benefits** | **$ 115,480,000** | | **$ 102,626,000** | | **$ 93,518,000** | |

[1] Includes Social Security/Medicare tax, Unemployment Insurance, Workers' Compensation Insurance
[2] Includes Voluntary Employee's Beneficiary Association (VEBA) expense

## ATTACHMENT 4

# RESERVE INFORMATION

DID YOU KNOW?


**Currin Substation**

Originally constructed over 60 years ago, the Currin Substation rebuild is anticipated to be completed by year-end 2024, marking a significant milestone in EWEB's investment in major infrastructure modernizations. The rebuilt Currin substation will contribute to improved future reliability by minimizing the frequency of outages resulting from equipment failure or routine maintenance. The substation's new design will also meet modern earthquake standards for infrastructure to withstand the Cascadia Subduction Zone earthquake.

# EUGENE WATER & ELECTRIC BOARD
# PROJECTED RESERVES, DESIGNATED, UNRESTRICTED AND RESTRICTED FUNDS
# ($000s omitted)

| | Electric System | | | Water System | | |
|---|---|---|---|---|---|---|
| | *Target* | 12/31/24 Projected [1] | 12/31/25 Projected [1] | *Target* | 12/31/24 Projected [1] | 12/31/25 Projected [1] |
| **Reserves** | | | | | | |
| Operating and Self-Insurance | *$ 5,720* | $ 5,720 | $ 5,720 | *$ 1,280* | $ 1,280 | $ 1,280 |
| Power Operating [2] | *25,000* | 25,000 | 20,900 | | | |
| Capital Improvement | *26,000* | 26,000 | 26,000 | *9,000* | 9,380 | 9,000 |
| Total Reserves | *56,720* | 56,720 | 52,620 | *10,280* | 10,660 | 10,280 |
| **Board Designated Funds** [3] | | | | | | |
| Rate Stabilization Fund | *5,000* | 13,700 | 6,500 | *1,000* | 4,220 | 4,120 |
| Water Stewardship Fund - Septic Repairs | | | | | 90 | 90 |
| Alternative Water Supply | | | | | 2,150 | 400 |
| Leaburg Decommissioning | | 5,200 | 7,400 | | | |
| Emergent Regulatory Mitigation Fund | | - | 5,000 | | | |
| Pension and Medical Funds | | 1,600 | 1,600 | | 840 | 840 |
| Total Designated Funds | *5,000* | 20,500 | 20,500 | *1,000* | 7,300 | 5,450 |
| Working Cash [4] | *45,000* | 40,800 | 45,000 | *3,400* | 9,530 | 3,400 |
| **Total Working Cash and Unrestricted Funds** | ***$ 106,720*** | **$ 118,020** | **$ 118,120** | ***$ 14,680*** | **$27,490** | **$19,130** |
| **Legally Restricted** | | | | | | |
| Bond Funds - Capital | | $ 40,100 | $ 6,200 | | $ 25,190 | $ 4,650 |
| Harvest Wind Reserve | | 500 | 500 | | | |
| System Development Charge Reserves [5] | | | | | 230 | 120 |
| Reserves for Debt Service | | 5,600 | 5,600 | | 1,160 | 1,160 |
| Customer Care/Customer Deposit | | 2,500 | 2,500 | | | |
| **Total Restricted Funds** | | **$ 48,700** | **$ 14,800** | | **$ 26,580** | **$ 5,930** |

[*] After completion of the annual audit, the Board of Commissioners reviews cash balances and may make transfers between funds.

[1] Projections as of October 2024

[2] Power Operating reserves projection for 2025 includes using funds to re-establish Working Cash reserves to target. It is anticipated that Power Operating reserves will be replenished in 2026

[3] Designated funds are used for one-time expenses

[4] 2024 changes to unrestricted reserves are included in working cash. The Board will officially transfer funds in the second quarter of 2025

[6] SDC Reimbursement Reserve is funding $600,000 of debt service payments in 2025

## ATTACHMENT 5

# PROJECTED FINANCIAL RATIOS &

DID YOU KNOW?


**Wildfire Mitigation Initiatives**

EWEB crews installed 150 fault indicators on power lines. When an outage occurs on a section of line, these indicators light up, helping crews locate the specific location of the issue, even at night. This technology should significantly reduce outage patrol time and speed up the restoration process.

# EUGENE WATER & ELECTRIC BOARD
# PROJECTED FINANCIAL RATIOS
# December 31, 2025

| | Electric Utility | Water Utility |
|---|---|---|
| **Financial Ratios** | | |
| Debt Service Coverage Ratio[1] | 3.06 | 2.33 |
| Days Cash[2] | 148 | 202 |
| | | |
| **Target** | | |
| Debt Service Coverage Ratio | 1.75 to 2.00 | 2.00 to 2.50 |
| Days Cash | > 150 days | > 150 days |

NOTE: A higher number for Debt Service Coverage Ratio and Days Cash and reflects a stronger financial position.

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

[2] Ratio of total available cash to adjusted average daily cash requirements for operating and other non-capital expenses. This measures the length of time the utility can carry projected non-capital related operations with readily available cash. Calculations include rate stabilization funds. In 2025, Management will recommend options for the Board to consider for reserves above Board target

# EWEB

**Eugene Water & Electric Board**
4200 Roosevelt Blvd
Eugene, Oregon 97402-6520
541-685-7000

# February 2025 Electric Price Proposal

**Fiscal Services Department**

**November 2024**

**EUGENE WATER & ELECTRIC BOARD**
**FEBRUARY 2024 ELECTRIC PRICE PROPOSAL**

**TABLE OF CONTENTS**

## EXECUTIVE SUMMARY

The 2025 Electric Price Proposal was developed in accordance with the proposed 2025 budget. The Cost of Service analysis, revenue requirements, and proposed price schedules by customer class are included in this document.

**Overall average price change:** An overall average price increase of 7.0% is required to recover revenue largely due to increases in operating expenses and capital investment needs. This price change does not include impact of the BPA rate change expected to go into effect November 1, 2025. The BPA increase will be implemented at the time of the increase through the *BPA Power Cost Recovery Adjustment*.

**Cost of Service Analysis:** EWEB conducts a comprehensive Cost of Service Analysis (COSA) every 3-5 years or when a major shift occurs in COSA variables. The current COSA provides analysis to support the 2025 – 2027 pricing for retail electric service.

**Price Design and Other Price Schedules:** The following price/rate design proposal is recommended to meet the Board rate making principles of Sufficiency, Affordability, Efficiency, Cost Basis, Equity, and Gradualism.

- Standard Retail Rates
  - Residential
  - Small General Service
  - Medium General Service
  - Large General Service
  - Street Lighting

- Market Based Rates
  - Partial Requirements Service Pricing
  - Customer Generation Rates

- Environmental Product Lines

# I. INTRODUCTION

## Purpose of Study

The purpose of this price study is to provide background information and technical analysis in support of Eugene Water & Electric Board (EWEB) staff recommendations for electric prices. The study summarizes electric system revenue requirements, projected system loads and sales, and allocation of ongoing utility costs to customer classes for the 12-month period beginning January 2025. The most recent electric price revision was in February 2024, with an overall average revenue requirement increase of 5.7%.

## Establishment of Prices

EWEB is a locally regulated municipal utility operating under the authority of the Eugene City Charter and pertinent provisions of Oregon law. The responsibilities delegated to the Board pursuant to the City Charter are carried out by five elected Commissioners who serve without pay. As an independent municipal agency, the EWEB Commissioners have exclusive jurisdiction to approve annual budgets and establish prices for electric service.

Although EWEB's electric prices are not subject to regulatory review by any federal or state utility commission or similar agency, the Board must comply with the requirements of applicable state and federal statutes as they pertain to the development of prices and the general conduct of utility business. Current statutes and related case law provide two general standards concerning the establishment of retail electric prices.

The first of these price making standards allows EWEB to set prices at a level sufficient to recover the ongoing costs of utility operation. These costs include annual operating expense, capital additions, interest and amortization of outstanding debt, applicable tax obligations, and the need to maintain adequate reserves. This standard is intended to ensure the financial integrity of the utility, while defining the costs of operation which can be lawfully recovered through prices.

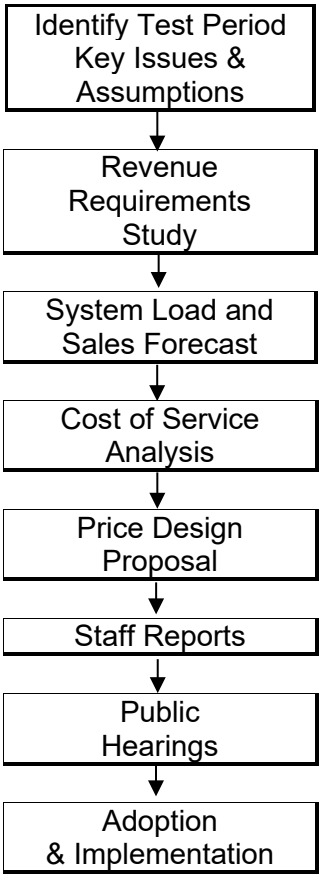
The second standard requires prices and charges for utility service be fair and non-discriminatory. Prices are considered non-discriminatory when customers receiving like and contemporaneous service under similar circumstances are treated equally in the development and application of specific prices. This second standard protects the equity concerns of individual utility customers, based on established utility policies and practices for allocating costs among customers and customer classes.

The above standards, together with established Board policies concerning cost allocation and price design, allow EWEB to maintain prices at the lowest possible level consistent with sound financial principles and traditional utility price making practices. They also give EWEB's elected Board of Commissioners complete authority to approve prices which are cost-based, non-discriminatory and in concert with the needs of EWEB customers.

## Price Review Process

EWEB's electric prices are reviewed with each annual budget cycle to ensure that they remain adequate to cover the cost of utility operations over the budget period. When budget projections or other forecasted operating conditions indicate the need for a price adjustment, EWEB staff are directed to prepare studies to determine appropriate price levels for each customer class. This formal review process involves several steps, all of which are coordinated with the EWEB Commissioners, General Manager, and management of the utility's operating departments. The process also affords an opportunity for review and comment by EWEB customers and other interested parties (see *Figure 1*).

***Figure 1***
**Price Review Process**




The first step in the price review process is a detailed examination of the projected operating expenses, capital costs, and anticipated revenues at current prices. The purpose of this effort is to confirm the overall revenue requirements which serve as a basis for development of proposed prices, the timing of the proposed price adjustment, and the period of time (or "test period") over which the new prices are expected to remain in place.

The next step is an assessment of the electric system load and resource forecasts. These projections are prepared by EWEB's Power Planning and Fiscal Services Departments,

consistent with historical and future growth trends in the EWEB service area. The forecasts are then used to estimate system sales by price class, as well as purchased power costs for the next several years. Test period load and sales forecasts are of major importance, since wholesale purchased power costs comprise more than half of EWEB's total annual operating expenses.

Once EWEB's projected operating costs, revenue requirements, and sales forecasts have been determined, the Finance staff typically perform a detailed Cost of Service Analysis (COSA). The purpose is to allocate test period costs to customer classes and update price schedules according to where individual cost items are incurred. EWEB's COSA procedures employ standard utility industry methods, consistent with the policy guidelines established by the Board.

**Public Notice and Hearings Schedule**

EWEB's price review process is a formal, sequential procedure. The underlying objective is to ensure EWEB customers and the general public receive adequate notice and explanation of price change proposals. It also allows the Board to hear and consider public comment prior to approval and implementation of revised prices. Accordingly, EWEB Commissioners have adopted specific guidelines for public notice and hearings to run concurrent with the budget approval process.

The name of the newspaper and publication date for the legal notice is as follows:

| Publication Name | Date |
|---|---|
| Register Guard | October 2, 2024 |
| Register Guard | October 30, 2024 |

*Exhibit 1* contains the text used in the published legal notices.

***EXHIBIT 1***

BEFORE THE EUGENE WATER & ELECTRIC BOARD

| | |
|---|---|
| In the Matter of Consideration and Adoption of Budgets, Revised Prices for EWEB Electric and Water Service | NOTICE OF PUBLIC HEARINGS AND INVITATION TO COMMENT |

1. Three dates are scheduled for public hearings to seek comment regarding proposed 2025 budget approval and adjustments to EWEB water and electric prices. If approved, the proposed changes for residential, general service and other customers of the Eugene Water & Electric Board would become effective with utility billings rendered, on or after February 1, 2025.

2. Public hearings will be held in person and virtually (details to be posted on eweb.org). Meeting dates and times:

   October 1, 2024 - 5:30 p.m.
   November 12, 2024 - 5:30 p.m.
   December 3, 2024 - 5:30 p.m.

   Background information concerning the budget and price proposals will be presented at the meeting, followed by the public hearing which will provide opportunity for public testimony and comment.

3. Specific price recommendations for each customer class may be obtained on EWEB's website: https://www.eweb.org/your-public-utility/board-of-commissioners/public-meetings or by calling EWEB's Fiscal Services Department at (541) 685-7000 or emailing budget@eweb.org. Copies of the budget document and price proposals will also be made available upon request.

4. To provide spoken public comments in-person or via telephone, sign up at: https://www.eweb.org/x2936.

   Written comments may be emailed to commissioners at: https://www.eweb.org/your-public-utility/board-of-commissioners/contact-eweb-commissioners

   Written comments may also be mailed to:
   EWEB, Attn: Board of Commissioners
   4200 Roosevelt Blvd
   Eugene, Oregon 97402

   To ensure timely consideration, requests to speak or written comments must be received by 2:00 p.m. on November 12, 2024. Please indicate "public hearing" in your written comments or request to speak.

# II. BACKGROUND INFORMATION

## A. Organizational Structure

EWEB is responsible for providing electric and water service within the City of Eugene and certain outlying areas. The specific duties delegated to the Board pursuant to the Eugene City Charter are carried out by five elected Commissioners who serve without pay. The Commissioners and their respective terms of office are as follows:

| | Area | Term Expires |
|---|---|---|
| Matt McRae, President | Wards 1, 8 | First meeting after 2024 |
| John Barofsky, Vice President | Wards 2, 3 | First meeting after 2024 |
| John Brown | Wards 4, 5 | First meeting after 2026 |
| Mindy Schlossberg | At-Large | First meeting after 2026 |
| Sonya Carlson | Wards 6, 7 | First meeting after 2024 |

As EWEB's primary policy and decision-making body, the individual Board members represent a broad range of professional experience and community perspectives on matters concerning local utility service. The Board meets regularly on the first Tuesday of each month. All meetings are open to the public and provide opportunities for public participation.

The executive management team, responsible for each of the major operating areas, is as follows:

| Executive | Department |
|---|---|
| Frank Lawson | General Manager |
| Rodney Price | Assistant General Manager |
| Deborah Hart | Assistant General Manager, Chief Financial Officer |
| Julie McGaughey | Chief Customer Officer |
| Karen Kelley | Chief Operations Officer |
| Travis Knabe | Chief Information Officer |
| Brian Booth | Chief Energy Resource Officer |
| Anne Kah | Administrative Services Manager |

The utility's business priorities are reviewed annually by the Board, General Manager, and a planning group made up of the executive management team and other key personnel. Major organizational goals, strategic issues, opportunities, and planning contingencies for the coming year are then documented in the annual EWEB Strategic Plan. The General Manager meets regularly with the executive team members, who then hold meetings with their department staff to maintain employee productivity and efficient operations.

*Table 1* below shows the percentage change in customers and electric sales over the past ten years. Electric customer counts have increased consistently over the past ten years. Megawatt hour sales are weather dependent but have generally been flat or slightly declining over the past ten years.

***Table 1***
**Customer & Megawatt-Hour Sales Statistics**
**For the Period 2014-2023**

| Year | Customer Count | % Change | MWh Sales | % Change |
|---|---|---|---|---|
| 2014 | 91,100 | 4.5% | 2,411,455 | -3.1% |
| 2015 | 92,300 | 1.3% | 2,377,381 | -1.4% |
| 2016 | 93,000 | 0.8% | 2,288,056 | -3.8% |
| 2017 | 93,800 | 0.9% | 2,454,901 | 7.3% |
| 2018 | 94,200 | 0.4% | 2,342,636 | -4.6% |
| 2019 | 95,300 | 1.2% | 2,367,667 | 1.1% |
| 2020 | 96,100 | 0.8% | 2,261,295 | -4.5% |
| 2021 | 96,800 | 0.7% | 2,301,228 | 1.8% |
| 2022 | 98,100 | 1.3% | 2,350,341 | 2.1% |
| 2023 | 98,700 | 0.6% | 2,311,488 | -1.7% |

*NOTE: The above figures are as of the end of each year.*

EWEB places a high value on quality service and responsiveness to the needs of its customers. Because of its standards for reliability and design, electric service interruptions are infrequent and limited to short duration unless operation of electrical lines or equipment present a safety risk to our customers and community. EWEB also offers a variety of customer programs to provide information about utility services, promote efficient use of energy resources, and assist customers.

## B. Electric System Highlights

EWEB is the largest publicly owned utility in the state of Oregon, the principal generating public utility in Oregon, and the sixth largest public agency customer of the Bonneville Power Administration. Founded by the citizens of Eugene in 1911, EWEB has remained a successful provider of essential utility services to the local community for over 100 years.

The 236-square-mile area served by EWEB includes most of the City of Eugene and adjacent areas, including locations near EWEB-owned power projects at Walterville and Leaburg. EWEB's service area adjoins the City of Springfield municipal electric system on the east, the Emerald People's Utility District on the north, the Blachly-Lane Electric Cooperative on the west, and the Lane Electric Cooperative system on the south.

Current customers range in size from smaller residential and commercial customers to moderately sized processing and manufacturing facilities, to large institutional and industrial accounts. System load characteristics therefore vary throughout the year, with peak loads occurring in the winter months consistent with local weather patterns and building heating demands. In recent years summer temperatures have consistently exceeded historical conditions and cooling loads have approached winter peaks. Staff continue to monitor this trend as it will impact COSA results if EWEB shifts from a winter to summer peaking utility.

EWEB's local electric system consists principally of three hydroelectric projects, an industrial cogeneration facility, and the necessary transmission and distribution facilities for provision of

service to the end use consumers. EWEB currently maintains 38 substations which are networked together through 126 circuit miles of transmission lines and 1,150 circuit miles of overhead and underground distribution lines. The book value of the EWEB electric utility plant-in-service is approximately $875 million.

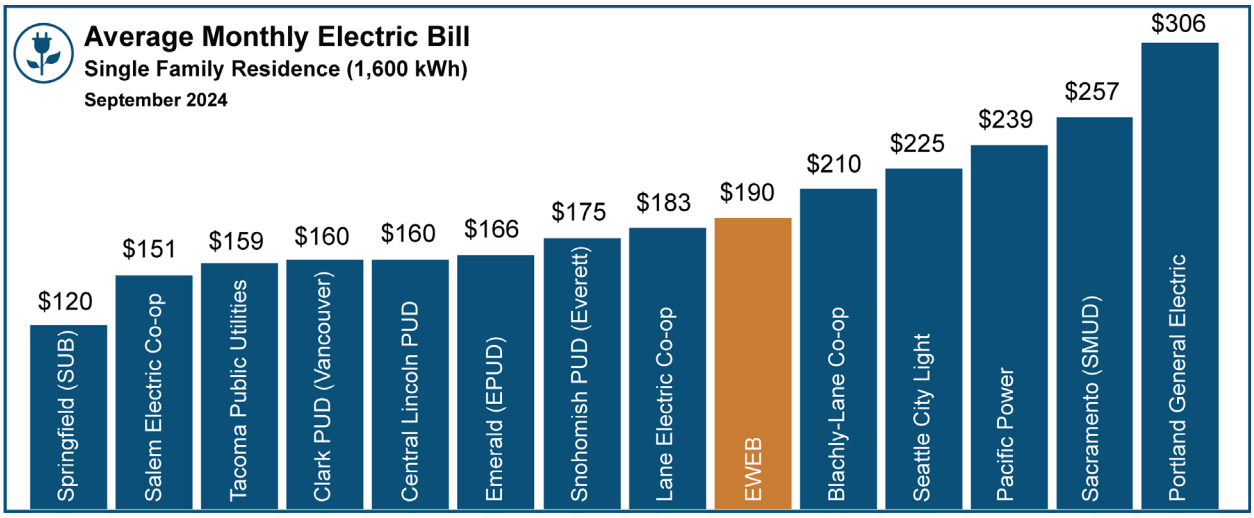
As Oregon's largest generating public utility, EWEB customers are served by EWEB-owned generation facilities as well as through contracts with public and private utilities and energy suppliers. The largest portion of EWEB's power portfolio is obtained through long-term contracts with the Bonneville Power Administration (BPA), a federal power marketing agency.

Although EWEB's power supply costs have historically ranked fairly low nationally, recent proposed increases in BPA wholesale power prices and concern about future BPA price stability have emphasized the need for continued resource planning. EWEB staff drafted an updated Energy Resource Plan (ERP), formerly referred to as its Integrated Resource Plan (IRP), which was approved by the Board with the goal to help inform decisions involving EWEB's energy supply contracts, EWEB-owned generation, demand-side energy services, electric resource management, and energy trading. The ERP will continue to be updated on a biennial basis.

## C. Residential Bill Comparisons

A comparison of current monthly residential bills for selected Northwest electric utilities is shown in *Figure 2*. Sample bills are calculated using EWEB's average monthly single family residence consumption of 1,600 kilowatt-hours. A bill of $190 for EWEB in the figure is calculated using the existing residential price. The resulting monthly average electric bill based on this proposal is $203, an increase of $13 over current prices.

***Figure 2***



# III. REVENUE REQUIREMENTS STUDY

This section contains a general description of EWEB's annual budgeting process. It also includes documentation of EWEB's 2025 proposed budget for operating and capital expenses and revenue requirements which has been designated as the test period for the current price proposal. In addition to determining the overall revenue requirement needed to sustain operation of the electric utility, test period revenue requirements are a primary input to the Cost of Service Analysis.

## A. Preparation of Annual Budgets

At the beginning of each annual budget cycle the utility's strategic priorities are identified by the Board and the General Manager. Major organizational goals, strategic issues, opportunities, and planning contingencies are then documented in the EWEB Strategic Plan. The Strategic Plan drives specific performance targets to address management priorities through ongoing work assignments and schedules.

Management and supervisory levels of EWEB are involved in preparation of the annual Electric Utility Budget in order to place responsibility for cost control on the managers who forecast and incur the costs. If a budget deficit cannot be corrected through cost reductions or deferrals, the amount of the deficit becomes an additional revenue requirement recommended for recovery through an electric price adjustment.

A draft budget with explanations on variances from prior years is discussed with the EWEB Commissioners. The Board reviews the draft budget and may suggest program adjustments and revisions. Public hearings are held to ensure customers have the opportunity to provide feedback. The Board approves a final budget in December, which then becomes the operating plan for the next year.

All supervisors are required to expend funds in a manner consistent with approved budget estimates. On a monthly basis, year-to-date balances are reviewed and compared to budgets to ensure that costs continue to track as expected. Quarterly financial reports and any significant deviations are brought to the attention of the Board for review in accordance with Board Policy EL-1, Financial Controls. Year-end results are routinely checked against budgets, with differences noted for potential input to the next year's budget cycle.

## B. Revenue Requirements

EWEB has designated calendar year 2025 as the "test period" for development of electric system costs and revenues in this current price proposal. This corresponds with the expenditures included in the 2025 Proposed Electric Budget and any known or anticipated impacts in subsequent years.

For the February 2025 price study, staff were able to incorporate the projected sales, revenues, and expenditure data from the proposed 2025 budget directly as a basis for this revenue requirement proposal.

The electric system costs are forecasted to be met with forecasted revenue including the current price proposal, as outlined in *Table 2*.

***Table 2***

| **Revenues** | **Current Prices** | **Revenue at Proposed Prices** | **% of Total** |
|---|---|---|---|
| Operating Revenues | $246,561,000 | $263,600,000 | 72% |
| Wholesale Revenue, Interest, and Other Income | 98,756,000 | 98,756,000 | 28% |
| **Subtotal** | **345,317,000** | **362,356,000** | **100%** |
| **Expenditures** | | | |
| Operating & Maintenance | | | |
| Purchased Power | 160,405,000 | 160,405,000 | 44% |
| System Control | 6,304,000 | 6,304,000 | 2% |
| Generation | 21,568,000 | 21,568,000 | 6% |
| Wheeling | 15,062,000 | 15,062,000 | 4% |
| Transmission & Distribution | 33,331,000 | 33,331,000 | 9% |
| Customer Accounting | 10,756,000 | 10,756,000 | 3% |
| Conservation | 6,821,000 | 6,821,000 | 2% |
| Administration & General | 38,109,000 | 38,109,000 | 11% |
| **Subtotal** | **292,356,000** | **292,356,000** | **81%** |
| Other Expenditures | | | |
| Contribution in Lieu of Tax | 16,315,000 | 16,315,000 | 5% |
| Construction & Capital | 33,529,000 | 33,529,000 | 9% |
| Debt Service, Interest, and Amortization | 19,870,000 | 19,870,000 | 5% |
| Balance Sheet Changes | -2,806,000 | -2,806,000 | -1% |
| **Subtotal** | **66,908,000** | **66,908,000** | **18%** |
| **To (From) Reserves** | **3,091,000** | **3,091,000** | **1%** |
| **Revenue Requirement** | **362,355,000** | **362,356,000** | **100%** |
| **Surplus / (Deficit)** | **-17,038,000** | **0** | |
| **As a % of Rate Revenue** | **-7%** | **0%** | |

Note: Purchased Power excludes impact of BPA rate change
*Figures may not sum due to rounding.

# IV. SYSTEM LOAD AND SALES FORECAST

## A. Overview of the Forecasting Process

EWEB routinely prepares both short and long-range electric system load forecasts as part of its ongoing planning activities. Annual projections of total system electric loads are prepared by the Energy Division in conjunction with the Fiscal Services Department. These annual forecasts employ both historical load data from EWEB records and projected economic, demographic, and climate trends for the Eugene area. Other regional forecasts are also reviewed for consistency and applicability to EWEB.

Basic growth projections for EWEB's system are developed through application of various forecasting methods, which include statistical trending, econometric analysis, and end-use models. Annual system forecasts are examined regularly and adjusted for changing local economic conditions and customer characteristics. The resulting base forecasts become a key input to energy resource planning, power scheduling, facilities design, and preparation of annual budgets. They also become an integral part of the price development process as a basis for allocation of operating costs and design of proposed prices for each customer class. Most recent forecasts reflect an anticipated increased electrification demand caused by electric vehicle usage. Overall actual growth may vary considerably from year-to-year due to changes in local weather patterns and commercial activity.

EWEB's annual electric load forecast was adopted directly as the basis for estimating total system sales for the current price study. Specifically, the twelve-month period from January through December 2025 was selected for analysis, corresponding with the test period budget and revenue requirements. The remainder of this section describes how the system load and sales forecasts are applied to the development of retail prices and describes the results obtained for the 2025 test period.

## B. Methodology and Procedures

In order to develop appropriate retail electric prices, EWEB's annual system forecast must be translated into a detailed projection of monthly energy sales and customer use characteristics for the upcoming price period. This is done in a manner consistent with original forecast assumptions to arrive at a monthly estimate of customer counts, kilowatt-hour sales, and consumption patterns for each of EWEB's major customer classes.

Monthly historical sales statistics are obtained from EWEB financial statements and accounting records. Other local agencies are consulted as necessary for additional data pertinent to the forecasting of utility sales. Customer-specific data is also sought for major commercial/industrial users, since the short-run requirements of these customers are often related to their unique business cycles rather than long-term trends.

Once the basic forecasting data is assembled, it is reviewed for consistency with recent historical trends, budget assumptions, and conditions expected to prevail over the price test period. Such review ensures the sales forecast used in the price design process remains consistent with projections used to prepare purchased power budgets and the EWEB revenue requirements discussed in Section III.

The next step in the forecasting process is to divide the total system forecast into component parts by month and price class grouping. Customer sales statistics for the past three to ten years were used to calculate current class contribution to annual system sales and typical monthly distribution of consumption for each class.

Monthly projections for some classes, such as Street and Private Lighting, were calculated directly based on known load characteristics and seasonal traits. Customer-supplied estimates for larger commercial/industrial accounts were substituted for historical averages when it was reasonable to do so. The final projections were then correlated with available load research and engineering data for the EWEB system. The key end use load analysis is related to electrification. The results were used to determine projected customer class contribution to system peaks, non-coincident peak loads, and demand billing units.

## C. 2025 Forecast Results

The results of EWEB's forecast of sales for the 2025 price test period are summarized below in *Table 3*:

***Table 3***
**Test Period Forecast of Electric Utility**
**Customers & Sales by Price Class**
**For 2025 Price Test Period**

| Customer Class | Customer Counts | Energy Sales in MWH | % of Sales |
|---|---|---|---|
| Residential | 89,751 | 980,787 | 42.0% |
| Small General Service | 8,672 | 175,744 | 7.5% |
| Medium General Service | 1,693 | 492,611 | 21.1% |
| Large General Service | 55 | 199,803 | 8.5% |
| Contract A | 1 | 402,489 | 17.2% |
| Contract C | 1 | 82,069 | 3.5% |
| Street Lighting | N/A | 5,160 | 0.2% |
| Private Lighting | N/A | 373 | 0.0% |
| **Total** | **100,173** | **2,339,036** | **100.0%** |

NOTE: Energy Sales do not include line loss.

The above information represents an increase in EWEB customers by the end of 2025, which is a trend over the last several years and projected new service connections. Total electric sales for the period are forecast at 2.3 billion kilowatt-hours.

The 2025 Load and Sales Forecast are used as a basis for cost allocation, price design and revenue projections at current and proposed prices.

# V. COST OF SERVICE ANALYSIS

This section documents the procedures used in the development of a Cost-of-Service study.

## A. Cost of Service Methods and Procedures

EWEB's Cost of Service methodology uses standard electric utility costing procedures to allocate the test period revenue requirements to each customer class. The allocated costs reflect the contribution of each price class to total system costs during the period for which prices are being developed. Study results also measure the equity of prices charged to individual customer classes by testing the adequacy of revenues received relative to allocated costs of service.

Through this process, the Cost of Service study apportions the test period revenue difference as a basis for determining appropriate price levels and percentage adjustments for each customer class. The study also derives unit costs used to assist in development of the actual energy, demand, and basic charge components recommended for each electric price schedule.

EWEB's Cost of Service study begins with a detailed assessment of utility proposed operating budget and revenue requirements for the upcoming price period. The analysis relies on anticipated electric system expenditures, retail sales, and projected revenues contained in the Proposed Electric Utility Budget.

Once the total utility revenue requirement has been determined, individual line-item costs are grouped according to major utility functions, such as power production, transmission, distribution, or customer accounting. Each line item expense is then classified as varying with contribution to monthly system peak demands, total energy consumption or number of customers for each price class. Specific items are also identified for direct assignment when they are clearly associated with service to a price class.

To assign costs more accurately to individual price classes, EWEB's Cost of Service model also breaks down the various demand and customer costs into sub-classifications. Demand-related costs are segregated into transmission, and primary and secondary distribution components according to voltage level. Basic customer costs are sub-classified as either facilities or customer service related.

After classification and sub-classification, each cost category is distributed to one or more price classes through a detailed allocation procedure. Several related analyses are conducted to develop the many allocation factors applied in this step. For example, calculating the class contribution to monthly system peaks and seasonal energy requirements involves a full examination of all customer loads during the test period. Accordingly, the allocation step relies on sales projections and available load research data described in Section IV, System Load and Sales Forecast.

When all of the allocation factors have been developed, they are then applied to yield a segregation of total system costs assigned to the different price classes. The final step is to combine the calculations in a summary table showing total allocated costs and recommended percentage adjustments for each customer class. These results can then be represented as unit costs, which form the basis for actual price design.

## B. Class Definitions

The rate making principles of fairness apply to the equity in rates and allocating costs and charging customers fairly. Hypothetically, the exact cost of serving each customer could be determined and each customer would be allocated the exact cost of service on an individual customer basis. However, both calculating and administering the exact rates and costs for each individual customer would be very challenging and burdensome.

Alternatively, a uniform tariff would charge each customer the same rate in a uniform tariff. This approach would be easier to administer but may not fully capture the nuance and differences in the cost of providing service to different customer types.

The balanced approach is to develop clearly defined customer classes. Customers classes allow different categories of customers with shared characteristics to be grouped together and charged the same for their electricity use. The characteristics used to determine customer class can include *Delivery Voltage*, *Peak Monthly Demand*, *Energy Consumed*, *Load and End-Use Characteristics*, *Conditions of Service*, *Geography*, and *Conditions* and *Type of Metering*.

The customer classes used by EWEB are generally shown below and described in detail in the next section.

- Residential customers
- Commercial customers
- Industrial customers
- Street Lighting customers

No changes to the existing customer classes described below are being proposed at this time.

The various EWEB classes each have similar characteristics, but significant variability also exists within each customer class.

There are six major cost of service rate schedules:

**Schedule R-6 Residential Service**, which includes Basic Charge, volumetric Delivery Charge for transmission and distribution costs and a volumetric Energy Charge.

These charges apply to Residential separately metered single-family residences, duplexes, triplexes, quads, townhouses, multifamily structures with less than four living units and mobile homes. There are over 84,000 accounts billed on this tariff.

**Schedule G-1 Small General Service**, which includes monthly Basic Charge, volumetric two block Delivery Charge, two block Demand Charge for highest 15-minute period during the month, and volumetric Energy Charge.

These charges apply to commercial, industrial, irrigation, public buildings, churches, public and private schools, hospitals, multifamily with four or more living units served through one meter and their common use facilities. Service under this schedule is applicable to Customers with monthly billing Demands that do not exceed 30 kilowatts. There are currently over 5,200 Single Phase and 3,400 three-phase customers billed on this tariff.

**Schedule G-2 Medium General Service**, which includes monthly Basic Charge, two block Demand Charge for highest 15-minute period during the month, and volumetric Energy Charge.

These charges apply to commercial, industrial, irrigation, public buildings, churches, public and private schools, hospitals, multifamily with four or more living units served through one meter and their common use facilities. Service under this schedule is applicable to Customers with monthly billing Demands that fall between 31 and 500 kilowatts. There are currently roughly 190 Single Phase, and 1,500 three-phase customers billed on this tariff.

**Schedule G-3 Large General Service**, which includes monthly Basic Charge, volumetric two block Delivery Charge, two block Demand Charge for highest 15-minute period during the month, and volumetric Energy Charge.

These charges apply to commercial, industrial, irrigation, public buildings, churches, public and private schools, hospitals, multifamily with four or more living units served through one meter and their common use facilities. Service under this schedule is applicable to Customers with monthly billing Demands between 501 and 10,000 kilowatts. There are currently 13 Primary and 42 Secondary customers billed on this tariff.

**Schedule G-4 Very Large General Service**, which currently includes monthly Basic Charge, two block Demand Charge for highest 15-minute period during the month, and volumetric Energy Charge.

Service under this schedule is applicable to Customers with monthly billing Demands that exceed 10,000 kilowatts or are classified as New Large Single Load (“NLSL”) by the Bonneville Power Administration (“BPA”). This schedule includes provisions to protect other customer classes from impacts of power supply and Renewable Portfolio Standard compliance.

There are currently no customers billed on this tariff, but there is one large industrial site that has the NLSL designation by the BPA.

**Schedules J-3, J-4, J-5, L-3, L-4, and L-5 Customer-Owned Street Lighting and Private Lighting Service** are currently billing on a monthly basis. The rates charged each month are differentiated based on bulb wattage.

## C. Cost of Service Results

Staff completed a three-year Cost of Service Analysis (COSA), with 2025 as year one in that study. The intent of the multi-year COSA is to incorporate gradualism into specific recommendations and provide customers cost-based price signals while easing and forecasting single year impacts. The initial multi-year results provided a forecast of recommended rate adjustments as shown below.

***Table 4***
**Forecasted Revenue Requirement Shortfall by Price Class for 2025-2027 Test Periods**

| Customer Class | Price Schedule(s) | 2025 | 2026 | 2027 |
|---|---|---|---|---|
| Residential | R-6 | 7.7% | 7.1% | 4.1% |
| Small General Service | G-1 | 6.7% | 4.5% | 3.0% |
| Medium General Service | G-2 | 5.1% | 6.8% | 2.4% |
| Large General Service | G-3 | 8.6% | 5.8% | 0.5% |
| Street Lighting | J-3, J-4, J-5 | -5.0% | 7.5% | 5.3% |
| Private Lighting | L-3, L-4, L-5 | -17.9% | 6.3% | 5.4% |

EWEB prepares organizational budgets annually and uses this information to update the COSA. The unit costs are determined for each customer class to inform rate design. The key cost categories are as follows:

- ***Customer Costs (customer allocated)*** – for customer specific facilities and customer related costs, which includes meter, service drop meter reading, customer service, etc.
- ***Distribution – Facilities (demand allocated)*** – for investments and operations and maintenance of shared distribution assets, such as substations and overhead and underground lines.
- ***Energy Services (energy and other basis to allocate)*** – for conservation, customer assistance, CILT, etc.
- ***Transmission and Reliability (demand and energy allocated) –*** for investments and operations and maintenance of EWEB transmission system and third-party wheeling and ancillary transmission costs to deliver power to EWEB system and maintain grid reliability.
- ***Energy Charge (demand and energy allocated)*** – for investments and operations and maintenance of EWEB generating assets and purchased power from power contracts, such as BPA.

The overall rate increase of 7% impacts on the respective customer classes differently. The street lighting and private lighting are smaller customer classes and are typically stable usage characteristics. However, these classes were reviewed as a part of the three-year rate plan and shifts in customer counts and wattage sizes occurred since the last review. This resulted in impacts differing from the other classes and the overall increase.

## VI. PRICE RECOMMENDATIONS

Current price proposals have been evaluated based on changes in the proposed budgets for 2025. Proposed revenue requirements for each of EWEB's major customer classes are shown in *Table 5*.

***Table 5***
**Forecast of Electric Utility**
**Recommended Rate Adjustments**
**for 2025 Test Period**

| Customer Class | Price Schedule(s) | 2025 |
|---|---|---|
| Residential | R-6 | 7.7% |
| Small General Service | G-1 | 6.7% |
| Medium General Service | G-2 | 5.1% |
| Large General Service | G-3 | 8.6% |
| Street Lighting | J-3, J-4, J-5 | 0.0% |
| Private Lighting | L-3, L-4, L-5 | 0.0% |

Prices were developed in accordance with EWEB's price design objectives, to balance recovery based on the costs allocated to each customer class in the COSA with the principles of Gradualism. In addition, these proposals reflect other legitimate price making objectives, such as stability of prices, equity to customers within a class and proper price signals in keeping with EWEB's costs. The rates align with COSA allocations, with the exception of lighting classes, which reflect initial year reductions and increases in subsequent years. The proposal employes gradualism to avoid reducing and then increasing rates.

The following subsections briefly describe pertinent issues for the design of charges in each published price schedule. Tables showing projected billing units, current and proposed prices, and projected revenues follow each subsection, with a summary of anticipated customer impacts.

## APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

### *A. Residential Service (Schedule R-6) Rate Design*

Residential customers are served under EWEB's Schedule R-6, which applies to single family and smaller multi-family dwellings. This price schedule consists of a fixed monthly customer charge with a delivery and energy price applied to all monthly metered consumption. Currently, about 90,000 residential customers are served under this schedule.

EWEB is recommending increasing the Residential Basic Charge from $25 to $30 per month. The embedded customer cost of the Basic Charge is approximately $34 per month and escalates to $40 per month over the next three years. The current rate of $25 per month increasing to $34 would produce significant bill impact for affected customers, which are primarily lower usage customer segment. EWEB intends to recommend modifying its rates over the three-year period to a cost-of-service basis.

The updated three-year COSA results are shown below in *Table 6*.

**Table 6: Three Year COSA Results for Residential Class**

| | **2025 COSA** | **2026 COSA** | **2027 COSA** |
|---|---|---|---|
| Basic Charge (fixed monthly) | $34.11 | $36.79 | $40.07 |
| Distribution Facilities Charge (kwh) | $0.0170 | $0.0193 | $0.0207 |
| Energy Services (kwh) | $0.0134 | $0.0141 | $0.0147 |
| Transmission & Reliability (kwh) | $0.0168 | $0.0174 | $0.0169 |
| Energy Charge (kwh) | $0.0560 | $0.0588 | $0.0590 |

*Table 7* summarizes the proposed Residential prices.

**Table 7**
**Residential – Schedule 6 Proposed Prices**

| **Category** | **Current Prices** | **Proposed 2025 Prices** |
|---|---|---|
| Basic Charge | $25 per month | $30 per month |
| Delivery Charge (Transmission & Distribution Related) | $0.0296 per kilowatt hour | $0.0338 per kilowatt hour |
| Energy Charge | $0.0736 per kilowatt hour | $0.0740 per kilowatt hour |

The recommended increase in Basic Charge is proportionally higher than the overall increase and increases the revenue from fixed monthly charge from 21% to 23% of Residential customer class revenue on a projected basis for 2025.

The Delivery Charge is directly aligned with the Transmission and Distribution ("Grid Services") cost categories. These costs and revenue are between 20 – 25% of total customer bills.

The Energy Charge is aligned with the power production cost, energy efficiency and contributions in lieu of tax, and purchased power costs. These costs and revenue represent over half of total costs and customer bills.

In this proposal, all price components increase towards the COSA results and align them to the current design structure to mitigate bill impacts. Slight weighting in proposed rates was placed on the basic charge as the COSA indicated a higher basic charge necessary to recover the fixed costs of the Electric System.

A monthly bill comparison at various usage levels for existing versus proposed prices can be found in *Table 8.*

***Table 8***
**Residential Service (R-6)**
**Monthly Bill Comparison**

| | | | | Proposed 2025 Bill Impact | | |
|---|---|---|---|---|---|---|
| % of Bills | Usage Range | Average Usage | Current Tariff | Proposed Tariff | Bill Impact | % Impact |
| 9.6% | 0 – 250 | 152 | $40.69 | $46.39 | $5.70 | 14% |
| 10.8% | 251 – 400 | 335 | 59.57 | 66.11 | 6.54 | 11% |
| 8.3% | 401 - 500 | 455 | 71.96 | 79.05 | 7.09 | 10% |
| 8.4% | 501 - 600 | 553 | 82.07 | 89.61 | 7.54 | 9% |
| 11.9% | 601 - 750 | 677 | 94.87 | 102.98 | 8.11 | 9% |
| 10.3% | 751 - 900 | 825 | 110.14 | 118.94 | 8.80 | 8% |
| 10.9% | 901 - 1100 | 997 | 127.89 | 137.48 | 9.59 | 7% |
| 9.7% | 1101 - 1300 | 1219 | 150.80 | 161.41 | 10.61 | 7% |
| 10.1% | 1351 - 1800 | 1549 | 184.86 | 196.98 | 12.12 | 7% |
| 10.0% | 1801 and over | 2551 | 288.26 | 305.00 | 16.74 | 6% |

## APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

### B. Small General Service (Schedule G-1)

The Small General Service schedule consists of accounts with monthly billing demands from 0 to 30 kW. Customers are assigned to this class based on an average of the three highest demands in the prior 12 months falling below 30 kW.

There are about 8,700 commercial customers presently served in the demand range for Small General Service (Schedule G-1). This price typically applies to non-residential accounts for service at secondary distribution voltages of 480 volts or less. Under the General Service schedule, EWEB provides all distribution and service facilities necessary to meet the power requirements of the customer.

The updated three-year COSA results are shown below in *Table* 9.

**Table 9: Three Year COSA Results for Small Commercial Class**

| | 2025 COSA | 2026 COSA | 2027 COSA |
|---|---|---|---|
| Basic Charge (fixed monthly) | $72.90 | $76.73 | $84.93 |
| Distribution Facilities Charge (kwh/kW) | $3.49 | $3.96 | $4.25 |
| Energy Services (kwh) | $0.0146 | $0.0152 | $0.0157 |
| Transmission & Reliability (kwh/kW) | $3.87 | $3.99 | $3.89 |
| Energy Charge (kwh) | $0.0591 | $0.0609 | $0.0600 |

The structure of the Small General Service price includes a fixed monthly charge, a demand charge (based on the customer's peak load during the month), a flat energy charge, and a two-step delivery charge. Under the General Service price, these costs are separate price components and are additive in computing the bill.

*Table* 10 summarizes the proposed Small General Service prices.

**Table 10**
**Small General Service – Schedule G-1 Proposed Prices**

| Category | Current Prices | Proposed 2025 Prices |
|---|---|---|
| Basic Charge (single phase) | $30.00 per month | $45.00 per month |
| Basic Charge (three phase) | $44.50 per month | $60.00 per month |
| Demand Charge (over 10 kw) | $8.206 per kilowatt hour | $8.206 per kilowatt month |
| Delivery Charge (first 1750) | $0.0412 per kilowatt hour | $0.0412 per kilowatt hour |
| Energy Charge | $0.0732 per kilowatt hour | $0.0800 per kilowatt hour |

The recommended increase in Basic Charge is proportionally higher than the overall increase and increases the fixed monthly charge revenue from 15% to 20% of Small Commercial customer class revenue on a projected basis for 2025.

The Delivery and Demand Charges are aligned with the Transmission and Distribution ("Grid Services") cost categories. These costs and revenue are between 25 – 30% of total customer bills.

The Energy Charge is aligned with the power production cost, energy efficiency and contributions in lieu of tax, and purchased power costs. These costs and revenue represent over half of total costs and customer bills.

There is an overall rate increase of 6.7% to all price components for Small General Service Schedule G-1.

A monthly bill comparison at various usage and demand volumes for existing versus proposed prices can be found in *Table 11.*

**Eugene Water & Electric Board**
**Electric Utility - 2025 Rate Design**
**Small General Service - Schedule G-1**
**Table 11 - Bill Impact**

| KW LEVEL | 1 KW | | | 2 KW | | | 3 KW | | | 4 KW | | | | 5 KW | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| KWH LEVEL | Monthly Bill at Present Rates | Monthly Bill at Proposed Rates | Percent Diff | Monthly Bill at Present Rates | Monthly Bill at Proposed Rates | Percent Diff | Monthly Bill at Present Rates | Monthly Bill at Proposed Rates | Percent Diff | Monthly Bill at Present Rates | Monthly Bill at Proposed Rates | Percent Diff | | Monthly Bill at Present Rates | Monthly Bill at Proposed Rates | Percent Diff | |
| 100 | $42.06 | $ 57.12 | 35.8% | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| 250 | 60.15 | 75.30 | 25.2% | $ 60.15 | $ 75.30 | 25.2% | $ 60.15 | $ 75.30 | 25.2% | -- | -- | -- | -- | -- | -- | -- | -- |
| 500 | 90.30 | 105.60 | 16.9% | 90.30 | 105.60 | 16.9% | 90.30 | 105.60 | 16.9% | $ 90.30 | 105.6 | 16.9% | | $ 90.30 | $ 105.60 | 16.9% | |
| 750 | -- | -- | -- | 120.45 | 135.90 | 12.8% | 120.45 | 135.90 | 12.8% | 120.45 | 135.9 | 12.8% | | 120.45 | 135.90 | 12.8% | |
| 1,000 | -- | -- | -- | 150.60 | 166.20 | 10.4% | 150.60 | 166.20 | 10.4% | 150.60 | 166.2 | 10.4% | | 150.60 | 166.20 | 10.4% | |
| 1,200 | -- | -- | -- | 174.72 | 190.44 | 9.0% | 174.72 | 190.44 | 9.0% | 174.72 | 190.44 | 9.0% | | 174.72 | 190.44 | 9.0% | |
| 1,500 | -- | -- | -- | -- | -- | -- | 210.90 | 226.80 | 7.5% | 210.90 | 226.8 | 7.5% | | 210.90 | 226.80 | 7.5% | |
| 2,000 | -- | -- | -- | -- | -- | -- | -- | -- | -- | 261.28 | 277.1 | 6.1% | | 261.28 | 277.10 | 6.1% | |
| 2,500 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | 301.73 | 317.10 | 5.1% | |
| 3,000 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | 342.18 | 357.10 | 4.4% | |
| 3,500 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |

## APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

### C. Medium General Service (Schedule G-2)

The Medium General Service Schedule consists of accounts with monthly billing demands between 31 and 500 kW. Customers are assigned to the class based on an average of the three highest demands in the last 12 months falling between 31 and 500 kW.

There are approximately 1,700 commercial customers presently served in the demand range for Medium General Service (Schedule G-2). This price typically applies to non-residential accounts for service at secondary distribution voltages of 480 volts and primary voltages of up to 12.47 kilovolts. Under the General Service schedule, EWEB provides all distribution and service facilities necessary to meet the power requirements of the customer at the delivered voltage.

Similar to the Small General Service price, the proposed form of the Medium General Service price also includes a basic charge, a demand charge (based on the customer's peak load during the month), and an energy charge.

In addition to the standard or "secondary" Medium General Service price, EWEB offers an alternative price to larger qualifying customers. The Primary Service Power price is available to any commercial or industrial customer located outside the underground secondary network who:

1) receives single-point delivery at primary distribution voltages of 12.47 kV or greater,

2) is willing to contract for and pay for a minimum of 300 kilowatts of demand per month, and

3) is willing to provide, own, install and maintain all necessary transformers, cutouts, protection equipment, primary metering enclosures, and all distribution facilities beyond the point of delivery.

The updated three-year COSA results are shown below in *Table 12*.

**Table 12: Three Year COSA Results for Medium Commercial Class**

| | 2025 COSA | 2026 COSA | 2027 COSA |
|---|---|---|---|
| Basic Charge (fixed monthly) | $144.77 | $156.14 | $177.31 |
| Distribution Facilities Charge (kW) | $5.34 | $6.06 | $6.52 |
| Energy Services (kwh) | $0.0105 | $0.0110 | $0.0115 |
| Transmission & Reliability (kW) | $5.35 | $5.53 | $5.37 |
| Energy Charge (kwh) | $0.0576 | $0.0608 | $0.0611 |

The structure of the Medium General Service price includes a fixed monthly charge, a demand charge (based on the customer's peak load during the month), and a flat energy charge. Under the

General Service price, these costs are separate price components and are additive in computing the bill.

Table 13 summarizes the proposed Medium General Service prices.

**Table 13**
**Medium General Service – Schedule G-2 Proposed Prices**

| Category | Current Prices | Proposed 2025 Prices |
|---|---|---|
| Basic Charge (single phase) | $70 per month | $105 per month |
| Basic Charge (three-phase) | $107 per month | $145 per month |
| Basic Charge (primary) | $3,975 per month | $2,706 per month |
| Demand Charge (secondary) | $8.587 per kilowatt month | $8.587 per kilowatt month |
| Demand Charge (primary over 300 kW) | $8.414 per kilowatt month | $8.372 per kilowatt month |
| Energy Charge (secondary) | $0.0709 per kilowatt hour | $0.0754 per kilowatt hour |
| Energy Charge (primary) | $0.0700 per kilowatt hour | $0.0735 per kilowatt hour |

There is an overall rate increase of 5.1% to all price components for Medium General Service Schedule G-2.

A monthly bill comparison at various usage and demand volumes for existing versus proposed prices can be found in *Table 14.*

**Eugene Water & Electric Board**
**Electric Utility - 2025 Rate Design**
**Medium General Service - Schedule G-2**
**Table 14 - Bill Impact**

| KW LEVEL | 20 kW | | | 100 kW | | | 500 kW | | |
|---|---|---|---|---|---|---|---|---|---|
| KWH LEVEL | Monthly Bill at Present Rates | Monthly Bill at Proposed Rates | Percent Diff | Monthly Bill at Present Rates | Monthly Bill at Proposed Rates | Percent Diff | Monthly Bill at Present Rates | Monthly Bill at Proposed Rates | Percent Diff |
| 2,000 | $ 420.54 | $ 467.54 | 11.2% | -- | -- | -- | -- | -- | -- |
| 2,500 | 455.99 | 505.24 | 10.8% | -- | -- | -- | -- | -- | -- |
| 3,000 | 491.44 | 542.94 | 10.5% | -- | -- | -- | -- | -- | -- |
| 3,500 | 526.89 | 580.64 | 10.2% | -- | -- | -- | -- | -- | -- |
| 4,000 | 562.34 | 618.34 | 10.0% | -- | -- | -- | -- | -- | -- |
| 6,000 | 704.14 | 769.14 | 9.2% | -- | -- | -- | -- | -- | -- |
| 8,000 | 845.94 | 919.94 | 8.7% | $ 1,532.90 | $ 1,606.90 | 4.8% | -- | -- | -- |
| 10,000 | 987.74 | 1,070.74 | 8.4% | 1,674.70 | 1,757.70 | 5.0% | -- | -- | -- |
| 12,000 | 1,129.54 | 1,221.54 | 8.1% | 1,816.50 | 1,908.50 | 5.1% | -- | -- | -- |
| 15,000 | 1,342.24 | 1,447.74 | 7.9% | 2,029.20 | 2,134.70 | 5.2% | -- | -- | -- |
| 17,500 | 1,519.49 | 1,636.24 | 7.7% | 2,206.45 | 2,323.20 | 5.3% | -- | -- | -- |
| 20,000 | 1,696.74 | 1,824.74 | 7.5% | 2,383.70 | 2,511.70 | 5.4% | -- | -- | -- |
| 22,500 | 1,873.99 | 2,013.24 | 7.4% | 2,560.95 | 2,700.20 | 5.4% | -- | -- | -- |
| 25,000 | 2,051.24 | 2,201.74 | 7.3% | 2,738.20 | 2,888.70 | 5.5% | -- | -- | -- |
| 27,500 | 2,228.49 | 2,390.24 | 7.3% | 2,915.45 | 3,077.20 | 5.5% | -- | -- | -- |
| 30,000 | 2,405.74 | 2,578.74 | 7.2% | 3,092.70 | 3,265.70 | 5.6% | -- | -- | -- |
| 32,500 | 2,582.99 | 2,767.24 | 7.1% | 3,269.95 | 3,454.20 | 5.6% | $ 6,704.75 | $ 6,889.00 | 2.7% |
| 35,000 | -- | -- | -- | 3,447.20 | 3,642.70 | 5.7% | 6,882.00 | 7,077.50 | 2.8% |
| 40,000 | -- | -- | -- | 3,801.70 | 4,019.70 | 5.7% | 7,236.50 | 7,454.50 | 3.0% |
| 60,000 | -- | -- | -- | 5,219.70 | 5,527.70 | 5.9% | 8,654.50 | 8,962.50 | 3.6% |
| 80,000 | -- | -- | -- | -- | -- | -- | 10,072.50 | 10,470.50 | 4.0% |
| 100,000 | -- | -- | -- | -- | -- | -- | 11,490.50 | 11,978.50 | 4.2% |
| 120,000 | -- | -- | -- | -- | -- | -- | 12,908.50 | 13,486.50 | 4.5% |
| 150,000 | -- | -- | -- | -- | -- | -- | 15,035.50 | 15,748.50 | 4.7% |
| 180,000 | -- | -- | -- | -- | -- | -- | 17,162.50 | 18,010.50 | 4.9% |
| 200,000 | -- | -- | -- | -- | -- | -- | 18,580.50 | 19,518.50 | 5.0% |

## APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

### D. Large General Service (Schedule G-3)

The Large General Service class consists of accounts with monthly billed demands greater than 501 kW up to 10,000 kW. Customers are assigned to the class based on an average of the three highest demands in the last 12 months falling between 501 - 10,000 kW.

There are 55 commercial, industrial, and public agency customers presently served in the demand range for Large General Service price (Schedule G-3). This price typically applies to non-residential accounts for service at secondary distribution voltages of 480 volts and primary voltages of up to 12.47 kilovolts. Under the General Service schedule, EWEB provides all distribution and service facilities necessary to meet the power requirements of the customer at the delivered voltage.

In addition to the "secondary" Large General Service price, EWEB offers an alternative commercial price to larger qualifying customers. The Primary Service Power price is available to any commercial or industrial customer located outside the underground secondary network who:

1) receives single-point delivery at primary distribution voltages of 12.47 kV or greater,

2) is willing to contract for and pay for a minimum of 300 kilowatts of demand per month, and

3) is willing to provide, own, install and maintain all necessary transformers, cutouts, protection equipment, primary metering enclosures, and all distribution facilities beyond the point of delivery.

The updated three-year COSA results are shown below in *Table 15*.

**Table 15: Three Year COSA Results for Large Commercial Class**

| | 2025 COSA | 2026 COSA | 2027 COSA |
|---|---|---|---|
| Basic Charge (fixed monthly) | $378.41 | $412.48 | $450.40 |
| Distribution Facilities Charge (kW) | $4.71 | $5.35 | $5.74 |
| Energy Services (kwh) | $0.0087 | $0.0090 | $0.093 |
| Transmission & Reliability (kW) | $5.44 | $5.62 | $5.46 |
| Energy Charge (kwh) | $0.0534 | $0.0556 | $0.0551 |

The structure of the Large General Service price includes a fixed monthly charge, a demand charge (based on the customer's peak load during the month), and a flat energy charge. Under the General Service price, these costs are separate price components and are additive in computing the bill.

*Table 16* summarizes the proposed Large General Service prices.

**Table 16**
**Large General Service – Schedule G-3 Proposed Prices**

| Category | Current Prices | Proposed Prices |
|---|---|---|
| Basic Charge (secondary) | $3,220 per month | $3,423 per month |
| Basic Charge (primary) | $3,130 per month | $3,337 per month |
| Demand Charge (secondary over 300 kW) | $8.983 per kilowatt | $10.15 per kilowatt month |
| Demand Charge (primary over 300 kW) | $8.747 per kilowatt month | $9.90 per kilowatt month |
| Energy Chage (secondary) | $0.0582 per kilowatt hour | $0.0628 per kilowatt hour |
| Energy Charge (primary | $0.00571 per kilowatt hour | $0.0612 per kilowatt hour |

There is an overall rate increase of 8.6% to all price components for Large General Service Schedule G-2. *Table 17* provides information on current prices versus proposed prices.

***Table 17***
**Large General Service G-3**
**Current Prices vs Proposed Prices**
**(501 - 10,000 Monthly kW)**

| | Current Prices | | | Proposed 2025 Prices | | |
|---|---|---|---|---|---|---|
| | Secondary | Primary | | Secondary | Primary | |
| **Basic Charge** | **$3,220** | **$3,130** | | **$3,423** | **$3,337** | **per month** |
| **Demand Charge** | | | | | | |
| **First 300 kW** | **---** | **---** | | **---** | **---** | **per kW** |
| **Over 300 kW** | **$8.983** | **$8.747** | | **$10.15** | **$9.90** | **per kW** |
| **Energy Charge** | | | | | | |
| **All kWh** | **$0.0582** | **$0.0571** | | **$0.0628** | **$0.0612** | **per kWh** |

A monthly bill comparison at various usage and demand volumes for existing versus proposed prices can be found in *Table 18.*

**Eugene Water & Electric Board**
**Electric Utility - 2025 Rate Design**
**Large General Service - Schedule G-3**
**Table 18 - Bill Impact**

| KW LEVEL | 500 kW | | | 1000 kW | | | 3000 kW | | |
|---|---|---|---|---|---|---|---|---|---|
| KWH LEVEL | Monthly Bill at Present Rates | Monthly Bill at Proposed Rates | Percent Diff | Monthly Bill at Present Rates | Monthly Bill at Proposed Rates | Percent Diff | Monthly Bill at Present Rates | Monthly Bill at Proposed Rates | Percent Diff |
| 40,000 | $ 7,345 | $ 7,965 | 8.4% | | | | | | |
| 60,000 | $ 8,509 | $ 9,221 | 8.4% | -- | -- | -- | -- | -- | -- |
| 80,000 | $ 9,673 | $ 10,477 | 8.3% | -- | -- | -- | -- | -- | -- |
| 100,000 | $ 10,837 | $ 11,733 | 8.3% | $ 15,328 | $ 16,808 | 9.7% | -- | -- | -- |
| 150,000 | $ 13,747 | $ 14,873 | 8.2% | 18,238 | 19,948 | 9.4% | -- | -- | -- |
| 200,000 | $ 16,657 | $ 18,013 | 8.1% | 21,148 | 23,088 | 9.2% | -- | -- | -- |
| 250,000 | $ 19,567 | $ 21,153 | 8.1% | 24,058 | 26,228 | 9.0% | -- | -- | -- |
| 300,000 | $ 22,477 | $ 24,293 | 8.1% | 26,968 | 29,368 | 8.9% | -- | -- | -- |
| 350,000 | $ 25,387 | $ 27,433 | 8.1% | 29,878 | 32,508 | 8.8% | $ 47,844 | $ 52,808 | 10.4% |
| 500,000 | -- | -- | -- | 38,608 | 41,928 | 8.6% | 56,574 | 62,228 | 10.0% |
| 600,000 | -- | -- | -- | 44,428 | 48,208 | 8.5% | 62,394 | 68,508 | 9.8% |
| 700,000 | -- | -- | -- | 50,248 | 54,488 | 8.4% | 68,214 | 74,788 | 9.6% |
| 800,000 | -- | -- | -- | -- | -- | -- | 74,034 | 81,068 | 9.5% |
| 1,000,000 | -- | -- | -- | -- | -- | -- | 85,674 | 93,628 | 9.3% |
| 1,500,000 | -- | -- | -- | -- | -- | -- | 114,774 | 125,028 | 8.9% |
| 2,000,000 | -- | -- | -- | -- | -- | -- | 143,874 | 156,428 | 8.7% |

## APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

### E. Customer-Owned Street Lighting (Schedule J-3, J-4, J-5)

Customer-owned street lighting service is available to government agencies, lighting districts, and water districts. Proposed street lighting prices do not include any direct costs for installation or maintenance of customer-owned fixtures. The proposed price schedules recover only costs for energy and associated costs necessary to operate the customer's lighting equipment which meets the Board's specifications. This practice is appropriate because ongoing maintenance tasks are now the responsibility of the other agencies.

There are approximately 13,000 street lights served on the EWEB system. It is estimated that agency street lights will consume 5.2 million kilowatt-hours during 2025. This estimate is based on the wattage rating of each individual lighting fixture and the total number of night-time hours per year. The proposed agency lighting prices reflect allocated customer, demand, and energy costs by fixture type, consistent with available engineering data.

The updated three-year COSA results are shown below in *Table 19*.

**Table 19: Three Year COSA Results for Street Lighting Class**

| | 2025 COSA | 2026 COSA | 2027 COSA |
|---|---|---|---|
| Basic Charge (fixed monthly) | $3.24 | $3.54 | $3.81 |
| Grid Services (per watt-month) | $0.0155 | $0.0207 | $0.0223 |
| Energy Charge (per kilowatt hour) | $0.0472 | $0.0496 | $0.0501 |

## APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

### F. Private Property Lighting Service (Schedule L-3, L-4, L-5)

EWEB also offers lighting service to individuals and businesses to provide overhead outdoor lighting for private property from dusk to dawn each day throughout the year. All equipment used to furnish service under this schedule is installed, owned, operated, and maintained by EWEB.

There are presently about 1,400 private security lights comprised of various lamp sizes on the EWEB system. It is estimated that these lights will consume about 373,000 kWh during the 12-month test period. In addition to collecting energy revenue, the prices presently in effect for private security lighting are designed to amortize capital costs and to provide for depreciation, funds for fixture replacement, maintenance, regular lamp washing, and lamp replacement.

Recommended charges for Private Property Lighting Service are based on the wattage rating and cost characteristics of each lamp size. Where there is a EWEB pole dedicated for private lighting, there is a $1.00 per month pole rental charge.

In 2006, a new price schedule was added, Schedule L-4, Private Property Lighting Service. The schedule accommodates the gradual transition of L-3 private lights to high-efficiency, low-diffusion, high pressure sodium (HPS) lights, in accordance with standards mandated by Eugene City Code, Section 9.6725. Schedule L-3 is closed to new services and is being phased out. Schedule L-5, LED Private Lighting Service, was created in 2022 to implement a rate for LED private lighting.

The updated three-year COSA results are shown below in *Table 20*.

**Table 20: Three Year COSA Results for Street Lighting Class**

| | 2025 COSA | 2026 COSA | 2027 COSA |
|---|---|---|---|
| Basic Charge (fixed monthly) | $3.24 | $3.54 | $3.81 |
| Grid Services (per watt-month) | $0.0155 | $0.0207 | $0.0223 |
| Energy Charge (per kilowatt hour) | $0.0564 | $0.0592 | $0.0601 |

## APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

### G. Partial Requirements Service Pricing

In December 2022, the Board approved Resolution No. 2228 for electric partial requirements service pricing effective in 2023. There are currently no customers on this price schedule. Proposed additions to the policy are in red print.

The **Partial Requirements Service Pricing** uses marginal energy and transmission costs, which are based on weighted ICE Mid-C wholesale power prices and probability of peak analysis for incremental transmission purchases from Bonneville Power Administration for time differentiated energy charges. The Basic Charge and Facilities Charge are derived from the embedded cost of service analysis (COSA), and, if applicable, the Power Indifference Charge reflects the difference between marginal and embedded energy costs to recover fixed infrastructure investments made by the utility.

Effected Schedule in the Customer Service Policy, Appendix B is **Partial Requirements Service Pricing (C-PRP) (for services from 1,000 kW or greater)**. *Table 21* provides current prices versus proposed prices for Partial Requirements Service Pricing.

***Table 21***
**Partial Requirements Service Pricing (C-PRP)**
**(For Services from 1,000 kW or greater)**
**Current Prices vs Proposed Prices**

| | Current Rates | | Proposed 2025 Rates | |
|---|---|---|---|---|
| **Basic Charge:** | $320.97 | | $2,027 | per month |
| **Delivery Charge:** | | | | |
| Per Kilowatt of Facilities Capacity | $4.87 | | $6.23 | per gross kW |
| **Power Indifference Surcharge:** | | | | |
| Per Kilowatt of Facilities Capacity | $0.00 | | $1.50 | per gross kW |
| **Energy Charge:** | | | | |
| Summer On-Peak Kilowatt-Hours | $0.1263 | | $0.1351 | per kWh |
| Summer Mid-Peak Kilowatt-Hours | $0.0930 | | $0.0995 | per kWh |
| Summer Off-Peak Kilowatt-Hours | $0.0617 | | $0.0660 | per kWh |
| Shoulder On-Peak Kilowatt-Hours | $0.0821 | | $0.0878 | per kWh |
| Shoulder Mid-Peak Kilowatt-Hours | $0.0725 | | $0.0776 | per kWh |
| Shoulder Off-Peak Kilowatt-Hours | $0.0595 | | $0.0637 | per kWh |
| Winter On-Peak Kilowatt-Hours | $0.1320 | | $0.1412 | per kWh |
| Winter Mid-Peak Kilowatt-Hours | $0.1106 | | $0.1183 | per kWh |
| Winter Off-Peak Kilowatt-Hours | $0.0756 | | $0.0809 | per kWh |

## APPENDIX B - ELECTRIC SERVICE CHARGES AND PRICES

### H. Electric Customer Generation Rates

EWEB recently updated its Avoided Cost rates and established an avoided cost for Eugene Solar. To align pricing to its avoided cost, staff is proposing to update Power Purchase Rate Schedules to align with its Avoided Cost rates for Eugene Solar.

Staff recommend changing the historical practice of using forward wholesale power market prices as the basis for EWEB distributed generation rates, to using the wholesale market forecast used in its Avoided Cost.

The change in methodology represents a change in pricing that Staff is recommending mitigating to meet the principle of gradualism by deferring the change until next year for the 2026 annual update. The current forward prices (existing methodology) have decreased to a level approaching the Avoided Cost rate and therefore updating using the existing methodology is recommended for the 2025 adjustment.

**Table 22: Customer Generation Rates**

| | 2024 Rates | 2025 Avoided Cost | 2025 Proposed |
|---|---|---|---|
| DG Rate Power & RECs | $0.1102 | $0.0634 | $0.0768 |
| DG Rate Power Only | $0.1045 | $0.0399 | $0.0710 |

Effected Schedules in the Customer Service Policy, Appendix B are **Renewable Net-Metered Rate** and **Annual Renewable Generation Purchase Rate**. Proposed rate changes are included in *Table 23* below.

***Table 23***

| | Current Rates | | Proposed 2025 Rates | |
|---|---|---|---|---|
| **Renewable Net-Metered** *(for generation less than or equal to 25kW)* | | | | |
| Excess generation for CG Systems will be credited based on the following rate. | | | | |
| **All kWh of excess generation** | **$0.1045** | | **$0.0710** | **per kWh** |
| **Annual Renewable Generation Purchase** *(for generation less than 200 kW)* | | | | |
| **Purchased Power and RECs** | **$0.1102** | | **$0.0768** | **per kWh** |
| **Purchased Power Only** | **$0.1045** | | **$0.0710** | **per kWh** |

## APPENDIX G - ENVIRONMENTAL PRODUCT LINE PRICES

### I. Environmental Product Line Rates

The purpose of **CleanPower** product line is to provide an affordable and voluntary pricing option for the procurement and retirement of Renewable Energy Certificates (RECs), representing the legal property rights to the environmental attributes of renewable electricity generation on behalf of participating customers. This service is available to both Residential and General Service customers that either meet the minimum consumption criteria required for variable pricing under this service or participate under the block option. Funds received from customers under this schedule will cover program costs and match REC procurement and retirement with customer subscriptions.

EWEB will procure and retire an amount of RECs equivalent to the aggregate subscription volume for all CleanPower participants. A REC is a tradeable, market-based instrument that represents the legal property rights to the non-power, environmental attributes of renewable electricity generation. A REC is created for every megawatt hour (MWh) of electricity generated and delivered to the grid from a renewable energy resource.

**Table 24: CleanPower Rates**

| CleanPower Rates | 2024 Rates | 2025 Avoided Cost |
|---|---|---|
| Variable Rates | $0.00475 ($4.75/MWH) | TBD |
| Block Rates (5,000 kwh) | $23.75 | TBD |
| Block Rates (20,000 kwh) | $95.00 | TBD |

The price of service under this schedule is additive to all other services, charges and/or fees. Prices are calculated annually, based upon transacted purchase price and/or a 12-month rolling average of comparable market prices for qualifying RECs, plus an additional 28% for transactional and administrative expenses.

**Note: [REC portfolio pricing for Lead Green program is still under review and will be finalized for inclusion in December Board meeting]**

**Eugene Water & Electric Board**
4200 Roosevelt Blvd
Eugene, Oregon 97402-6520
541-685-7000

# February 2025 Water Price Proposal

**Fiscal Services Department**
**November 2024**

**EUGENE WATER & ELECTRIC BOARD**
**2025 Water Price Proposal**

**TABLE OF CONTENTS**

## EXECUTIVE SUMMARY

The 2025 Water Price Proposal was developed in accordance with the proposed 2025 budget. The Cost-of-Service analysis, revenue requirements, and proposed price schedules by customer class are included in this document.

**Overall average price change:** An overall average price increase of 8.0% to generate required revenues in support of operating expenses and capital investment needs.

**Cost of Service Analysis:** EWEB conducts a comprehensive Cost-of-Service Analysis (COSA) every 3-5 years or when a major shift occurs in COSA variables. The 2025 cost of service analysis provides analysis to support the 2025 – 2027 pricing for retail water service and wholesale contracts.

**Price Design and Other Price Schedules:** The following price design proposal is recommended to meet the Board rate making principles of Sufficiency, Affordability, Efficiency, Cost Basis, Equity, and Gradualism.

- Residential Customer Class
- General Service Customer Class
- Elevation Charges
- City of Veneta
- Wholesale Contracts

# I. INTRODUCTION

## Purpose of Study

The purpose of this price study is to provide background information and technical analysis in support of the Eugene Water & Electric Board (EWEB) management proposal for revised water prices. The study includes documentation of water system revenue requirements, projected system loads and sales, and unit costs for serving water customers during the twelve-month period beginning January 2025. The most recent changes to water prices occurred in February 2024, with an overall average increase of 7.8%.

## Establishment of Prices

EWEB is a locally regulated municipal utility operating under the authority of the Eugene City Charter and pertinent provisions of Oregon law. Five elected Commissioners who serve without pay carry out the responsibilities delegated to the Board pursuant to the City Charter. The EWEB Commissioners have exclusive jurisdiction to approve annual budgets and establish prices for water service.

Although EWEB's water prices are not subject to regulatory review by any federal or state utility commission or similar agency, the Board must comply with the requirements of applicable state and federal statutes as they pertain to the development of prices and the general conduct of utility business. Current statutes and related case law provide two general standards concerning the establishment of water prices.

The first of these rate making standards allows EWEB to set prices at a level sufficient to recover the ongoing costs of utility operations. These costs include annual operating expenses, requirements for capital additions, interest and amortization of outstanding debts, and additions to reserves. This standard is intended to ensure the financial integrity of the utility, while defining the costs of operation that can be lawfully recovered through prices.

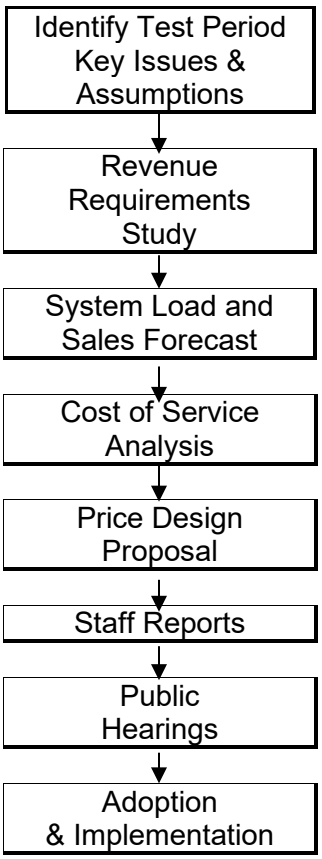
The second standard requires that prices and charges for utility service be fair and non-discriminatory. Prices are considered non-discriminatory when customers who receive similar and synchronous services under comparable circumstances are treated equally in the development and application of specific prices. This second standard protects the equity concerns of individual utility customers, based on established utility policies and practice for allocating costs among customers and customer classes.

The above standards, together with the established Board policies concerning cost allocation and price design, allow EWEB to maintain prices at the lowest possible level consistent with sound financial principles and traditional utility price making practice. They also give EWEB's elected Board of Commissioners complete authority to approve prices that are cost-based, non-discriminatory, and in concert with the needs of EWEB customers.

## Price Review Process

EWEB's water prices are reviewed with each annual budget cycle to ensure they remain adequate to cover the cost of utility operations over the budget period. When budget projections or other forecasted operating conditions indicate the need for a price adjustment, EWEB staff is directed to prepare studies which determine appropriate price levels for each customer class. This formal review process involves several steps, all of which are coordinated with the EWEB Commissioners, General Manager, and management of the utility's operating departments. The process also affords an opportunity for review and comment by EWEB customers and other interested parties (see *Figure 1*).

***Figure 1***
**Price Review Process**




The first step in the price review process is a detailed examination of the projected operating expenses, capital costs, and anticipated revenues at current prices. The purpose of this effort is to confirm the overall revenue requirements that serve as a basis for development of proposed prices, the timing of the proposed price adjustment, and the period of time (or "test period") over which the new prices are expected to remain in place.

The next step is an assessment of the water system sales forecasts. These projections, consistent with historical and future growth trends in the EWEB service area, are then used to estimate system sales by price class.

Once EWEB's projected operating costs, revenue requirements, and sales forecasts have been determined, a cost-of-Service study is performed. This study allocates test period costs to each of EWEB's customer classes and price schedules in accordance with the manner in which individual cost items are incurred. EWEB's COSA procedures employ standard utility industry costing methods, consistent with the policy guidelines established by the Board. The resulting unit costs are then used to inform and recommend specific revisions for EWEB's published water service schedules.

**Public Notice and Hearings Schedule**

EWEB's price review process is a formal, sequential procedure. The underlying objective is to ensure EWEB customers and the general public receive adequate notice and explanation of price change proposals. It also allows the Board to hear and consider public comment prior to approval and implementation of revised prices. Accordingly, EWEB Commissioners have adopted specific guidelines for public notice and hearings to run concurrent with the budget approval process. A legal notice of the public hearing is published as follows:

| Publication Name | Date |
|---|---|
| Register Guard | October 2, 2024 |
| Register Guard | October 30, 2024 |

*Exhibit 1* contains the text used in the published legal notice.

***EXHIBIT 1***

BEFORE THE EUGENE WATER & ELECTRIC BOARD

| | |
|---|---|
| In the Matter of Consideration and Adoption of Budgets, Revised Prices for EWEB Electric and Water Service | NOTICE OF PUBLIC HEARINGS AND INVITATION TO COMMENT |

1. Three dates are scheduled for public hearings to seek comment regarding proposed 2025 budget approval and adjustments to EWEB water and electric prices. If approved, the proposed changes for residential, general service, and other customers of the Eugene Water & Electric Board would become effective with utility billings rendered either, on or after February 1, 2025.

2. Public hearings will be held in person and virtually (details to be posted on eweb.org). Meeting dates and times:

   October 1, 2024 - 5:30 p.m.
   November 12, 2024 - 5:30 p.m.
   December 3, 2024 - 5:30 p.m.

   Background information concerning the budget and price proposals will be presented at the meeting, followed by the public hearing which will provide opportunity for public testimony and comment.

3. Specific price recommendations for each customer class may be obtained on EWEB's website: https://www.eweb.org/your-public-utility/board-of-commissioners/public-meetings or by calling EWEB's Fiscal Services Department at (541) 685-7000 or emailing budget@eweb.org. Copies of the budget document and price proposals will be made available upon request.

4. To provide spoken public comments in person or via telephone, sign up at: https://www.eweb.org/x2936.

   Written comments may be emailed to commissioners at: https://www.eweb.org/your-public-utility/board-of-commissioners/contact-eweb-commissioners.

   Written comments may also be mailed to:
   EWEB, Attn: Board of Commissioners
   4200 Roosevelt Blvd
   Eugene OR 97402.

   To ensure timely consideration, requests to speak or written comments must be received by 2:00 p.m. on November 12, 2024. Please indicate "public hearing" in your written comments or request to speak.

# II. BACKGROUND INFORMATION

## A. Organizational Structure

EWEB is responsible for providing electric and water service within the City of Eugene and certain outlying areas. The specific duties delegated to the Board pursuant to the Eugene City Charter are carried out by five elected Commissioners who serve without pay. The Commissioners and their respective terms of office are as follows:

| | Area | Term Expires |
|---|---|---|
| Matt McRae, President | Wards 1 & 8 | First Meeting After 2024 |
| John Barofsky, Vice President | Wards 2 & 3 | First Meeting After 2024 |
| John Brown | Wards 4 & 5 | First Meeting After 2026 |
| Mindy Schlossberg | At Large | First Meeting After 2026 |
| Sonya Carlson | Wards 6 & 7 | First Meeting After 2024 |

As EWEB's primary policy and decision-making body, the individual Board members represent a broad range of professional experience and community perspectives on matters concerning local utility service. The Board meets regularly on the first Tuesday of each month. All meetings are open to the public and provide opportunities for public participation.

The executive and leadership staff, responsible for each of the major operating areas, is as follows:

| Executive | Department |
|---|---|
| Frank Lawson | General Manager |
| Rodney Price | Assistant General Manager |
| Deborah Hart | Assistant General Manager, Chief Financial Officer |
| Julie McGaughey | Chief Customer Officer |
| Karen Kelley | Chief Operations Officer |
| Travis Knabe | Chief Information Officer |
| Brian Booth | Chief Energy Resource Officer |
| Anne Kah | Administrative Services Manger |

The utility's business priorities are reviewed annually by the Board, General Manager, and a planning group made up of the leadership staff and other key personnel. Major organizational goals, strategic issues, opportunities, and planning contingencies for the coming year are then documented in the annual EWEB Strategic Plan. The General Manager meets regularly with the executive team members, who then hold regular meetings with their department staff to ensure employee productivity and efficient operations.

## B. Water System Highlights

EWEB is the largest publicly owned utility in the state of Oregon. Founded by the citizens of Eugene in 1911, EWEB has been a successful provider of essential utility services to the local community for over 100 years.

The Water System provides water to all areas within the city, two water districts, Willamette Water Company, and the City of Veneta. Water is supplied from the McKenzie River and is treated at the Hayden Bridge Filtration Plant, one of the largest treatment plants in Oregon. Water is pumped from the Hayden Bridge Filtration Plant into the distribution system through two large transmission mains, a 45 inches and 60 inches. The water distribution system consists of 23 reservoirs with a combined storage capacity of 89 million gallons, 26 pump stations, 36.5 miles of transmission pipe and approximately 800 miles of distribution mains.

Historical customer and consumption information is presented in the table below (*Table 1*). Annual consumption varies, particularly for the residential class, based on climatological conditions. These conditions are most clearly identified and correlated with summer temperatures and rainfall.

***Table 1***
**Customer & Thousands of Gallons Sales Statistics[1]**
**For the Period 2018-2023**

| Year | Customer Count | % Change | KGAL Sales | % Change |
|---|---|---|---|---|
| 2019 | 54,112 | 0.8% | 7,289,000 | -4.6% |
| 2020 | 54,518 | 0.8% | 7,261,000 | -0.4% |
| 2021 | 54,934 | 0.8% | 7,956,000 | 9.6% |
| 2022 | 55,039 | 0.2% | 7,168,000 | -9.9% |
| 2023 | 55,156 | 0.2% | 7,614,000 | 6.2% |

[1] *Excludes Water District customers*
*NOTE: The above figures are as of the end of each year.*

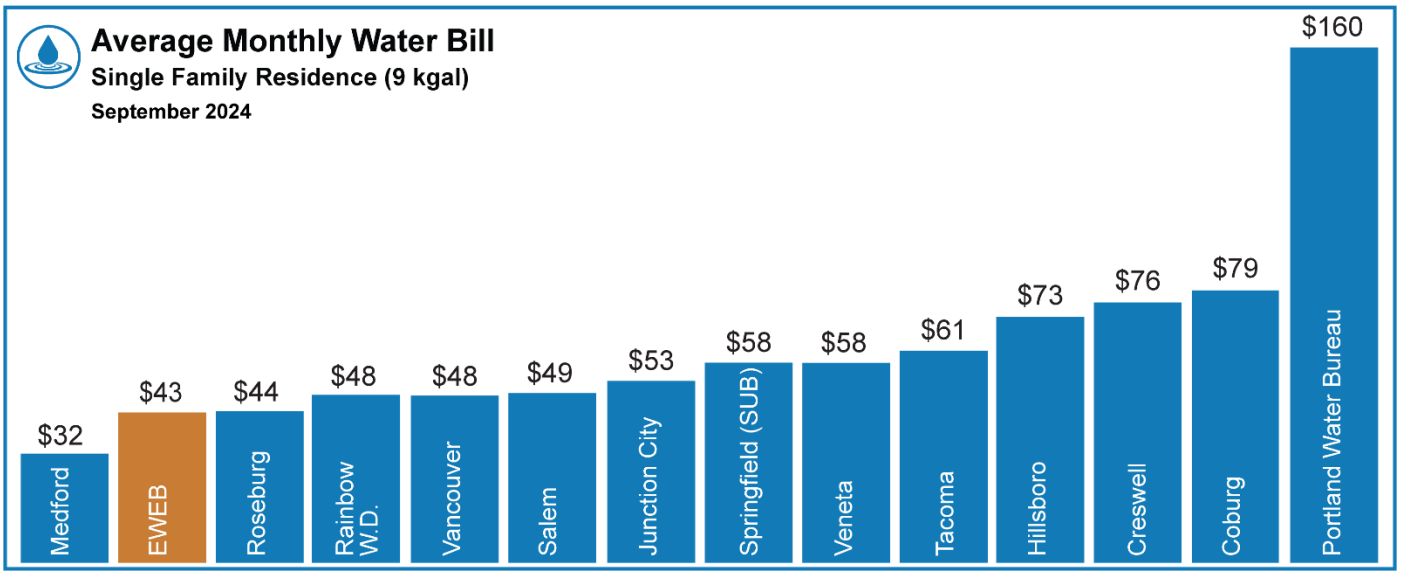
EWEB places a high value on quality service and responsiveness to the needs of its customers. Because of its standards for reliability and design, water service interruptions are infrequent and limited to short duration.

## C. Retail Price Comparison

A comparison of current monthly residential bills for selected Northwest water utilities is shown in *Figure 2*. Sample bills are calculated using EWEB's monthly average single family residence consumption of 9 thousand gallons.

A bill of $43.30 for EWEB in the figure is calculated using the current residential price. The resulting monthly average water bill based on this proposal is $45.81, an increase of $2.51 over current prices. Sample bills for the residential price proposal are shown in *Table 9*.

***Figure 2***




*NOTE: Portland Water Bureau fixed monthly charge is for water, sewer and wastewater.*
*NOTE: Includes impact of Watershed Protection Fee*

# III. REVENUE REQUIREMENTS STUDY

This section contains a general description of EWEB's annual budgeting process. It includes the documentation of EWEB's 2025 proposed budget for operating and capital expenses and revenue requirements which has been designated as the test period for the current price proposal. In addition to determining the overall revenue requirement needed to sustain operation of the water utility, test period revenue requirements are a primary input to the Cost-of-Service analysis.

## A. Preparation of Annual Budgets

At the beginning of each annual budget cycle, the utility's strategic priorities are identified by the Board and the General Manager. Major organizational goals, strategic issues, opportunities, and planning contingencies are then documented in the EWEB Strategic Plan. The Strategic Plan drives specific performance targets to address management priorities through ongoing work assignments and schedules.

Management and supervisory levels of EWEB are involved in preparation of the annual Water Utility Budget in order to place responsibility for cost control on the managers who forecast and incur the costs. If a budget deficit cannot be corrected through cost reductions or deferrals, the amount of the deficit becomes an additional revenue requirement recommended for recovery through a water price adjustment.

A draft budget with explanations of variances from prior years is discussed with the EWEB Commissioners. The Board reviews the draft budget and may suggest program adjustments and revisions. Public hearings are held to ensure customers have the opportunity to provide feedback. The Board approves a final budget in December, which then becomes the operating plan for the next budget year.

All supervisors are required to expend funds in a manner consistent with approved budget estimates. On a monthly basis, year-to-date balances are reviewed and compared to budgets to ensure that costs continue to track as expected. Quarterly financial reports and any significant deviations are brought to the attention of the Board for review in accordance with Board Policy EL-1, Financial Controls. Year-end results are routinely checked against budgets, with differences noted for potential input to the next year's budget cycle.

## B. Revenue Requirements

EWEB has designated calendar year 2025 as the “test period” for the development of water system costs and revenues in this current price proposal. This corresponds with the expenditure included in the 2025 Proposed Water Budget and any known or anticipated impacts in subsequent years.

For the February 2025 price study, staff were able to incorporate the projected sales, revenues, and expenditure data from the proposed 2025 budget directly as a basis for this revenue requirement proposal.

The water system costs are forecasted to be met with forecasted revenue, including the current price proposal as outlined in the table below (*Table 2*).

***Table 2***
**Water System Revenue Requirements**
**For 2025 Budget Year**

| **Revenues** | **Current Prices** | **Revenue at Proposed Prices** | **% of Total** |
|---|---|---|---|
| Operating Revenues | $42,280,000 | $45,384,000 | 86% |
| Interest and Other Income[1] | 7,524,000 | 7,524,000 | 14% |
| **Subtotal** | **49,804,000** | **52,908,000** | **100%** |
| **Expenditures** | | | |
| Operating & Maintenance | | | |
| Source of Supply[2] | 4,188,000 | 4,188,000 | 12% |
| Pumping | 1,614,000 | 1,614,000 | 5% |
| Power for Pumping | 1,349,000 | 1,349,000 | 4% |
| Purification | 4,526,000 | 4,526,000 | 13% |
| Transmission & Distribution | 9,402,000 | 9,402,000 | 26% |
| Customer Accounting | 2,934,000 | 2,934,000 | 8% |
| Conservation | 1,075,000 | 1,075,000 | 3% |
| Administration & General | 10,688,000 | 10,688,000 | 30% |
| **Subtotal** | **35,776,000** | **35,776,000** | **68%** |
| Other Expenditures | | | |
| Construction & Capital | 15,991,000 | 15,991,000 | 30% |
| Debt Service, Interest, and Amortization | 7,329,000 | 7,329,000 | 14% |
| Balance Sheet Changes | (419,000) | (419,000) | -1% |
| **Subtotal** | **22,901,000** | **22,901,000** | **43%** |
| **To (From) Reserves** | **(5,769,000)** | **(5,769,000)** | **-11%** |
| **Revenue Requirement** | **52,908,000** | **52,908,000** | **100%** |
| **Surplus / (Deficit)** | **(3,104,000)** | **0** | |
| **As a % of Rate Revenue** | **-7.3%** | **0.00%** | |

[1] Includes Watershed Recovery Fee Revenue, System Development Charge Revenue
[2] Includes Watershed Recovery Expenditure

# IV. SYSTEM SALES AND REVENUE FORECAST

## A. Overview of EWEB's Forecasting Process

EWEB routinely prepares both short and long-range water system sales forecasts as part of its ongoing planning activities. Annual projections of the total system water sales are prepared by the Fiscal Services Department. The annual forecasts employ historical sales data from EWEB records. The annual sales forecast forms the basis for revenue projections in the water cost of service analysis.

Basic growth projections for EWEB's system are developed through application of various forecasting methods, which include trending and econometric analysis. System forecasts are examined regularly and adjusted for changing local economic conditions and customer characteristics. The resulting base forecasts become a key input to water resource planning, facilities design, and preparation of annual budgets. They also become an integral part of the price development process as a basis for allocation of operating costs and design of proposed prices for each customer class. Actual consumption may vary considerably from year to year due to changes in local weather patterns, the economy and commercial activities.

EWEB's annual water sales forecast was adopted directly as the basis for estimating total system sales for the current price study. Specifically, the twelve-month period from January through December 2025 was selected for analysis, corresponding with the test period budget and revenue requirements. The remainder of this section describes how the system sales and revenue forecasts are applied to the development of retail prices and describes the results obtained for the 2025 test period.

## B. Methodology and Procedures

In order to develop appropriate water prices, EWEB's annual system forecast of 95% of the last five years was used to develop a detailed projection of water sales and customer use characteristics for the upcoming price period.

Projection of customer sales relies on historical data collected by EWEB's Fiscal Services Department. Historical sales statistics are obtained from EWEB financial statements and accounting records. In addition, Fiscal Services maintains a detailed record of customer billing statistics for each price classification.

Once the basic forecasting data is assembled, it is reviewed for consistency with recent historical trends, budget assumptions and conditions expected to prevail over the price test period. Such review ensures that the sales forecast used in the price design process remains consistent with projections used to prepare the EWEB revenue requirements.

The next step in the forecasting process is to divide the total system forecast into component parts by month and price class groupings. Historical customer sales statistics were used to calculate current class contribution to annual system sales and typical distribution of

consumption for each class. These historical ratios are then applied to the initial aggregate utility forecast to produce a projection of consumption by price class.

## C. 2025 Forecast Results

The results of EWEB's forecast of sales for the 2025 budget are summarized below (*Table 3*):

***Table 3***
**Water System Consumption**
**Customers & Sales by Price Class**
**2025 Price Proposal**

| Customer Class | Customer Counts | Water Sales In KGAL | % of Sales |
|---|---|---|---|
| Residential – Inside City[1] | 48,319 | 3,784,000 | 48.6% |
| Residential – Outside City[1] | 468 | 46,000 | 0.6% |
| General Service – Inside City[1] | 5,219 | 3,125,000 | 40.2% |
| General Service – Outside City[1] | 241 | 179,000 | 2.3% |
| Water Districts | 2 | 529,000 | 6.8% |
| Willamette Water Company | 7 | 30,000 | 0.4% |
| City of Veneta | 2 | 83,000 | 1.1% |
| Private Fire Lines | N/A | N/A | 0.0% |
| **Total** | **54,258** | **7,776,000** | **100.0%** |

[1] *Elevation number of customers and consumption are included in the above customer classes.*

The above information represents an increase in EWEB customers by the end of 2025, which is a trend over the last several years and projected new service connections. Total water sales for the period are forecast at 7.8 billion gallons.

The 2025 Sales and Revenue Forecast are used as a basis for cost allocation, price design and revenue projections at current and proposed prices.

# V. COST-OF-SERVICE ANALYSIS

This section documents the procedures used in the development of a Cost-of-Service study.

## A. Costing Methods and Procedures

EWEB's Cost-of-Service methodology uses standard water utility costing procedures to allocate the test period revenue requirements to each customer class. The allocated costs reflect the contribution of each price class to total system costs during the period for which prices are being developed. Study results also measure the degree of equity in prices charged to individual customer classes by testing the adequacy of revenues received relative to allocated costs of service. Through this process, the Cost-of-Service study apportions the test period revenue deficiency as a basis for determining appropriate price levels and percentage adjustments for each customer class.

EWEB's Cost-of-Service study begins with a detailed assessment of utility's proposed operating budget and revenue requirements for the upcoming price period. The analysis relies on anticipated water system expenditures, retail sales, and projected revenues contained in the Proposed Water Utility Budget.

Once the total utility revenue requirement has been determined, individual line-item costs are grouped according to major utility functions, such as power for pumping, transmission, distribution, or customer accounting. Each line-item expense is then classified according to its contribution to the system's peak demands, total water consumption, or number of customers for each price class. Specific items are also identified for direct assignment when they are clearly associated with service to particular price classes.

The Cost-of-Service model breaks down the various demand and customer costs into sub-components to assign costs to individual price classes. Demand-related costs are segregated into max day demand for each month, while basic customer costs are sub-classified as relating to either "meters and services" or "billing and collecting."

After classification and sub-classification, each cost category is distributed to one or more price classes through a detailed allocation procedure. Several related analyses are conducted to develop the many allocation factors applied in this step. For example, calculating the class contribution to peak-day demand involves full examination of all customer sales during the test period. Accordingly, the allocation step relies on the revenue projections and available sales data described in Section IV, System Sales and Revenue Forecast.

When all of the allocation factors have been developed, they are then applied to yield a segregation of total system costs assigned to the different price classes. The final step is to combine the calculations in a summary table showing the total allocated costs and recommended percentage adjustments for each customer class. These results can then be represented as unit costs, which form the basis for actual price design.

## B. Cost of Service Summary

The three-year Cost-of-Service Analysis (COSA) was developed for the years 2025 through 2027. The intent of the multi-year COSA is to incorporate gradualism into specific recommendations and provide customers cost-based price signals while easing and forecasting single year impacts. The multi-year results provided a forecast of recommended rate adjustments as shown below.

**Table 4**
**Multi-year Forecast of Water Utility**
**Recommended Rate Adjustments**
**for 2025-2027 Test Periods**

| Customer Class | Price Schedule(s) | 2025 | 2026 | 2027 |
|---|---|---|---|---|
| Residential[1] | R-1, R-2 | 6.6% | 7.5% | 10.0% |
| General Service[1] | G-1, G-2 | 8.3% | 8.2% | 7.9% |
| Water Districts | 4 | 14.3% | 19.8% | 6.5% |
| Willamette Water Company | 5 | 9.5% | N/A | N/A |
| City of Veneta | 6 | 7.6% | N/A | N/A |
| Elevation[2] | N/A | 22.1% | 29.6% | 12.1% |

[1] *Includes both Inside and Outside City*
[2] *Average of Levels 1, 2, and 3*

The differential for Inside and Outside City for both Residential and General Service is 30%. The differential is not derived from the Cost-of-Service Analysis and therefore the combined customer classes are allocated and then the differential is applied.

*Table 5* displays the revenue requirement compared to projected revenue at proposed rates for 2025.

***Table 5***
**Proposed Revenue Requirement by Price Class**
**for 2025 Test Period**

| Customer Class | Price Schedule(s) | 2025 COSA Rev Req | Revenue Projection | % Var |
|---|---|---|---|---|
| Residential[1] | R-1, R-2 | $24,398,000 | $24,405,000 | 0.0% |
| General Service[1] | G-1, G-2 | $17,407,000 | $17,407,000 | 0.0% |
| Water Districts | 4 | $2,127,000 | $2,116,000 | 0.5% |
| Willamette Water Company | 5 | $136,000 | $135,000 | 0.0% |
| City of Veneta | 6 | $176,000 | $176,000 | 0.0% |
| Elevation[2] | N/A | $1,436,000 | $1,436,000 | 0.0% |

[1] *Includes both Inside and Outside City*
[2] *Average of Levels 1, 2, and 3*

## VI. PRICE RECOMMENDATIONS

Updates to economic assumptions and the capital plan required a refresh to 2025 results. Staff recommend the revenue requirement be allocated in accordance with *Table 6* to employ the pricing principle of gradualism for retail customers. Wholesale prices are established according to their contracts.

***Table 6***

**Proposed Revenue Requirement by Price Class**

| Customer Class | Price Schedule(s) | 2025 |
|---|---|---|
| Residential[1] | R-1, R-2 | 6.6% |
| General Service[1] | G-1, G-2 | 8.3% |
| Water Districts | 4 | 14.3% |
| Willamette Water District | 5 | 9.5% |
| City of Veneta | 6 | 7.6% |
| Elevation[2] | N/A | 22.1% |

[1] *Includes both Inside and Outside City*
[2] *Average of Levels 1, 2, and 3*

Prices were developed in accordance with EWEB's price design objectives, to balance recovery based on the costs allocated to each customer class in the COSA. In addition, these proposals reflect other legitimate price making objectives, such as stability of prices, equity to customers within a class and proper price signals in keeping with EWEB's costs. EWEB water rates include fixed and variable components:

- Fixed water rates differ by capacity to serve the respective customer. The meter sizes range from smaller than 1-inch to 10-inches for some general service customers.
  AWWA recommends meter weighting that is incorporated into the COSA for cost allocation. The proposal recommends transitioning over three years to the recommended weighting.
- Variable water rates are tiered for residential customer class and flat volumetric rate for general service customers.

The American Water Works Association (AWWA) standard for meter weighting is shown below. This weighting underlies the cost allocation of many capacity related costs of the COSA. There is currently a disconnect between the AWWA standard weighting and the fixed monthly charge, as demonstrated in table 7.

**Table 7**
**Meter Size Weighting**

| | COSA | Residential Ratio | General Service Ratio |
|---|---|---|---|
| 5/8 Inch Meter | 1 | 1 | 1 |
| 3/4 Inch Meter | 1.5 | 1 | 1 |
| 1 Inch Meter | 2.5 | 1.3 | 1.4 |
| 1 1/2 Inch Meter | 5 | 2.1 | 2.1 |
| 2 Inch Meter | 8 | 3.7 | 3.7 |
| 3 Inch Meter | 16 | 8.1 | 8.3 |
| 4 Inch Meter | 25 | - | 14.2 |
| 6 Inch Meter | 50 | | 17.8 |
| 8 Inch Meter | 80 | | 30.9 |
| 10 Inch Meter | 120 | | 43.7 |

The transition to the COSA (AWWA standard) meter weighting would cause significant bill impacts and therefore the recommendation reflects a three-year transition.

The following subsections briefly describe pertinent issues for the design of charges in each published price schedule. The tables below demonstrate the projected billing units, current and proposed prices, and projected revenues follow each subsection, with a summary of anticipated customer impacts.

## A. Residential Service – Schedules R-1 and R-2

Residential customers are served under Schedule R-1, which applies to single family and smaller multi-family dwellings inside the City of Eugene. The price schedule consists of a fixed monthly basic charge depending on meter size and a 3-tiered usage price applied to all monthly metered consumption.

The price increase for residential customers is illustrated in *Table 8*. *Table 9* provides information on price and monthly bill comparison using current and proposed prices for a residential customer within the City of Eugene.

***Table 8***
**Residential Service Within City Limits, SCHEDULE R-1**
**Existing vs. Proposed Prices**

| | Existing Price | Proposed Price | |
|---|---|---|---|
| **Basic Charge** | | | |
| < 1" | $24.09 | $25.00 | per month |
| 1" | $32.52 | $36.39 | per month |
| 1 - 1/2" | $49.75 | $61.37 | per month |
| 2" | $89.14 | $106.04 | per month |
| 3" | $194.96 | $225.30 | per month |
| **Volume Charge** | | | |
| First 8 kgal | $1.673 | $1.820 | per kgal |
| Next 22 kgal | $2.828 | $3.250 | per kgal |
| Over 30 kgal | $4.578 | $5.265 | per kgal |

*Table 9*
**EUGENE WATER & ELECTRIC BOARD**
**Price and Monthly Bill Comparison[1]**

**Residential Water Service Inside City Limits**
**SCHEDULE R-1**

**< 1" Service**

| Monthly Usage Level (KGAL) | Monthly Bill at Present Prices | Monthly Bill at Proposed Prices | Percent Difference |
|---|---|---|---|
| 0 | $27.09 | $28.00 | 3.4% |
| 1 | $28.76 | $29.82 | 3.7% |
| 2 | $30.44 | $31.64 | 4.0% |
| 3 | $32.11 | $33.46 | 4.2% |
| 4 | $33.78 | $35.28 | 4.4% |
| 5 | $35.46 | $37.10 | 4.6% |
| 6 | $37.13 | $38.92 | 4.8% |
| 7 | $38.80 | $40.74 | 5.0% |
| 8 | $40.47 | $42.56 | 5.2% |
| 9 | $43.30 | $45.81 | 5.8% |
| 10 | $46.13 | $49.06 | 6.4% |
| 15 | $60.27 | $65.31 | 8.4% |
| 20 | $74.41 | $81.56 | 9.6% |
| 25 | $88.55 | $97.81 | 10.5% |
| 30 | $102.69 | $114.06 | 11.1% |
| 35 | $125.58 | $140.39 | 11.8% |
| 40 | $148.47 | $166.71 | 12.3% |
| 45 | $171.36 | $193.04 | 12.6% |
| 50 | $194.25 | $219.36 | 12.9% |

[1] Includes Watershed Recovery Fee

Residential customers outside the City of Eugene are served under Schedule R-2, which includes a 30% price differential from R-1. *Tables 10 and 11* provide information on the calculation of revenues at current and proposed prices for residential customers outside City limits.

***Table 10***
**Residential Service Outside City Limits, SCHEDULE R-2**
**Existing vs. Proposed Prices**

| | Existing Price | Proposed Price | |
|---|---|---|---|
| **Basic Charge** | | | |
| < 1" | $31.34 | $32.50 | per month |
| 1" | $42.27 | $47.30 | per month |
| 1 - 1/2" | $64.68 | $79.78 | per month |
| 2" | $115.88 | $137.85 | per month |
| 3" | $253.45 | $292.89 | per month |
| **Volume Charge** | | | |
| First 8 kgal | $2.177 | $2.366 | per kgal |
| Next 22 kgal | $3.675 | $4.225 | per kgal |
| Over 30 kgal | $5.952 | $6.845 | per kgal |

*Table 11*

**Price and Monthly Bill Comparison[1]**
**Residential Water Service Outside City Limits**
**SCHEDULE R-2**

**< 1" Service**

| Monthly Usage Level (KGAL) | Monthly Bill at Present Prices | Monthly Bill at Proposed Prices | Percent Difference |
|---|---|---|---|
| 0 | $34.34 | $35.50 | 3.4% |
| 1 | $36.52 | $37.87 | 3.7% |
| 2 | $38.69 | $40.23 | 4.0% |
| 3 | $40.87 | $42.60 | 4.2% |
| 4 | $43.05 | $44.96 | 4.5% |
| 5 | $45.23 | $47.33 | 4.7% |
| 6 | $47.40 | $49.70 | 4.8% |
| 7 | $49.58 | $52.06 | 5.0% |
| 8 | $51.76 | $54.43 | 5.2% |
| 9 | $55.43 | $58.65 | 5.8% |
| 10 | $59.11 | $62.88 | 6.4% |
| 15 | $77.48 | $84.00 | 8.4% |
| 20 | $95.86 | $105.13 | 9.7% |
| 25 | $114.23 | $126.25 | 10.5% |
| 30 | $132.61 | $147.38 | 11.1% |
| 35 | $162.37 | $181.60 | 11.8% |
| 40 | $192.13 | $215.82 | 12.3% |
| 45 | $221.89 | $250.05 | 12.7% |
| 50 | $251.65 | $284.27 | 13.0% |

[1] Includes Watershed Recovery Fee

## B. General Service Inside City Limits (Schedule G-1)

EWEB's commercial and industrial customers inside the City of Eugene are presently served at the General Service price Schedule G-1. This price also applies to larger multi-family residential accounts. Under the General Service schedule, EWEB provides all distribution and service facilities necessary to meet the water requirements of the customer.

*Table 12* provides information on existing and proposed prices.
*Table 13* provides information on monthly bill comparisons at existing and proposed prices.

***Table 12***

**General Service Water Service Inside City Limits, SCHEDULE G-1**
**Existing vs. Proposed Prices**

| | Existing Price | Proposed Price | |
|---|---|---|---|
| **BASIC CHARGE** | | | |
| < 1" | $28.00 | $30.00 | per month |
| 1" | $37.81 | $43.67 | per month |
| 1 - 1/2" | $57.81 | $73.63 | per month |
| 2" | $103.59 | $127.23 | per month |
| 3" | $233.39 | $275.93 | per month |
| 4" | $398.48 | $457.78 | per month |
| 6" | $597.91 | $763.12 | per month |
| 8" | $865.50 | $1,143.43 | per month |
| 10" | $1,222.40 | $1,648.33 | per month |
| **VOLUME CHARGE** | | | |
| All KGAL (1,000 gallons) | $3.409 | $3.549 | per kgal |

*Table 13*

**EUGENE WATER & ELECTRIC BOARD**

**Price and Monthly Bill Comparison[1]**

**GENERAL SERVICE INSIDE CITY LIMITS**

**SCHEDULE G-1**

| | < 1" SERVICE | | | 1" SERVICE | | | 2" SERVICE | | | 4" SERVICE | | | 6" SERVICE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Monthly Usage Level (KGAL) | Monthly Bill at Present Prices | Monthly Bill at Proposed Prices | Percent Difference | Monthly Bill at Present Prices | Monthly Bill at Proposed Prices | Percent Difference | Monthly Bill at Present Prices | Monthly Bill at Proposed Prices | Percent Difference | Monthly Bill at Present Prices | Monthly Bill at Proposed Prices | Percent Difference | Monthly Bill at Present Prices | Monthly Bill at Proposed Prices | Percent Difference |
| 0 | $31.00 | $33.00 | 6.5% | | | | | | | | | | | | |
| 5 | $48.05 | $50.75 | 5.6% | | | | | | | | | | | | |
| 10 | $65.09 | $68.49 | 5.2% | $74.90 | $82.16 | 9.7% | | | | | | | | | |
| 15 | $82.14 | $86.24 | 5.0% | $91.95 | $99.91 | 8.7% | | | | | | | | | |
| 20 | $99.18 | $103.98 | 4.8% | $108.99 | $117.65 | 7.9% | $176.27 | $202.71 | 15.0% | | | | | | |
| 25 | $116.23 | $121.73 | 4.7% | $126.04 | $135.40 | 7.4% | $193.32 | $220.46 | 14.0% | | | | | | |
| 30 | $133.27 | $139.47 | 4.7% | $143.08 | $153.14 | 7.0% | $210.36 | $238.20 | 13.2% | | | | | | |
| 40 | $167.36 | $174.96 | 4.5% | $177.17 | $188.63 | 6.5% | $244.45 | $273.69 | 12.0% | | | | | | |
| 50 | $201.45 | $210.45 | 4.5% | $211.26 | $224.12 | 6.1% | $278.54 | $309.18 | 11.0% | $580.93 | $647.23 | 11.4% | | | |
| 75 | | | | $296.49 | $312.85 | 5.5% | $363.77 | $397.91 | 9.4% | $666.16 | $735.96 | 10.5% | | | |
| 100 | | | | $381.71 | $401.57 | 5.2% | $448.99 | $486.63 | 8.4% | $751.38 | $824.68 | 9.8% | $956.81 | $1,136.02 | 18.7% |
| 200 | | | | $722.61 | $756.47 | 4.7% | $789.89 | $841.53 | 6.5% | $1,092.28 | $1,179.58 | 8.0% | $1,297.71 | $1,490.92 | 14.9% |
| 250 | | | | $893.06 | $933.92 | 4.6% | $960.34 | $1,018.98 | 6.1% | $1,262.73 | $1,357.03 | 7.5% | $1,468.16 | $1,668.37 | 13.6% |
| 500 | | | | | | | $1,812.59 | $1,906.23 | 5.2% | $2,114.98 | $2,244.28 | 6.1% | $2,320.41 | $2,555.62 | 10.1% |
| 750 | | | | | | | | | | $2,967.23 | $3,131.53 | 5.5% | $3,172.66 | $3,442.87 | 8.5% |
| 1,000 | | | | | | | | | | $3,819.48 | $4,018.78 | 5.2% | $4,024.91 | $4,330.12 | 7.6% |
| 1,500 | | | | | | | | | | | | | $5,729.41 | $6,104.62 | 6.5% |
| 2,000 | | | | | | | | | | | | | $7,433.91 | $7,879.12 | 6.0% |
| 2,500 | | | | | | | | | | | | | $9,138.41 | $9,653.62 | 5.6% |

[1] Includes Watershed Recovery Fee

## C. General Service Outside City Limits (Schedule G-2)

EWEB also offers a General Service water price for customers located outside the Eugene city limits. The schedule applies to commercial and industrial customers alike, as their total number is comparatively few.

The price structure of this schedule is identical to General Service (Schedule G-1). The only distinction is a differential in the prices themselves. EWEB and other water utilities typically charge a higher price to retail customers outside the city boundary in recognition of cost differences for serving non-municipal customers. Price schedule G-2 includes a 30% price differential from price schedule G-1.

*Table 14* provides information on existing and proposed prices.
*Table 15* provides information on monthly bill comparisons at existing and proposed prices.

***Table 14***
**General Service Water Service Outside City Limits, SCHEDULE G-2**
**Existing vs. Proposed Prices**

| | Existing Price | Proposed Price | |
|---|---|---|---|
| **BASIC CHARGE** | | | |
| < 1" | $36.40 | $39.00 | per month |
| 1" | $49.12 | $56.78 | per month |
| 1 - 1/2" | $75.16 | $95.72 | per month |
| 2" | $134.65 | $165.40 | per month |
| 3" | $303.40 | $358.71 | per month |
| 4" | $518.01 | $595.12 | per month |
| 6" | $777.29 | $992.05 | per month |
| 8" | $1,125.16 | $1,486.45 | per month |
| **VOLUME CHARGE** | | | |
| All KGAL (1,000 gallons) | $4.434 | $4.61 | per kgal |

*Table 15*

**EUGENE WATER & ELECTRIC BOARD**

**Price and Monthly Bill Comparison[1]**

**GENERAL SERVICE OUTSIDE CITY LIMITS**

**SCHEDULE G-2**

| | < 1" SERVICE | | | 1" SERVICE | | | 2" SERVICE | | | 4" SERVICE | | | 6" SERVICE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Monthly Usage Level (KGAL) | Monthly Bill at Present Prices | Monthly Bill at Proposed Prices | Percent Diff. | Monthly Bill at Present Prices | Monthly Bill at Proposed Prices | Percent Diff. | Monthly Bill at Present Prices | Monthly Bill at Proposed Prices | Percent Diff. | Monthly Bill at Present Prices | Monthly Bill at Proposed Prices | Percent Diff. | Monthly Bill at Present Prices | Monthly Bill at Proposed Prices | Percent Diff. |
| 0 | $39.40 | $42.00 | 6.6% | | | | | | | | | | | | |
| 5 | $61.57 | $65.07 | 5.7% | | | | | | | | | | | | |
| 10 | $83.74 | $88.14 | 5.3% | $96.46 | $105.91 | 9.8% | | | | | | | | | |
| 15 | $105.91 | $111.21 | 5.0% | $118.63 | $128.98 | 8.7% | | | | | | | | | |
| 20 | $128.08 | $134.27 | 4.8% | $140.80 | $152.05 | 8.0% | $229.33 | $263.68 | 15.0% | | | | | | |
| 25 | $150.25 | $157.34 | 4.7% | $162.97 | $175.12 | 7.5% | $251.50 | $286.75 | 14.0% | | | | | | |
| 30 | $172.42 | $180.41 | 4.6% | $185.14 | $198.19 | 7.0% | $273.67 | $309.81 | 13.2% | | | | | | |
| 40 | $216.76 | $226.55 | 4.5% | $229.48 | $244.32 | 6.5% | $318.01 | $355.95 | 11.9% | | | | | | |
| 50 | $261.10 | $272.69 | 4.4% | $273.82 | $290.46 | 6.1% | $362.35 | $402.09 | 11.0% | $751.71 | $837.80 | 11.5% | | | |
| 75 | | | | $384.67 | $405.80 | 5.5% | $473.20 | $517.43 | 9.3% | $862.56 | $953.15 | 10.5% | | | |
| 100 | | | | $495.52 | $521.15 | 5.2% | $584.05 | $632.77 | 8.3% | $973.41 | $1,068.49 | 9.8% | $1,238.69 | $1,471.42 | 18.8% |
| 200 | | | | $938.92 | $982.52 | 4.6% | $1,027.45 | $1,094.14 | 6.5% | $1,416.81 | $1,529.86 | 8.0% | $1,682.09 | $1,932.79 | 14.9% |
| 250 | | | | $1,160.62 | $1,213.20 | 4.5% | $1,249.15 | $1,324.83 | 6.1% | $1,638.51 | $1,760.54 | 7.4% | $1,903.79 | $2,163.48 | 13.6% |
| 500 | | | | | | | $2,357.65 | $2,478.25 | 5.1% | $2,747.01 | $2,913.97 | 6.1% | $3,012.29 | $3,316.90 | 10.1% |
| 750 | | | | | | | | | | $3,855.51 | $4,067.39 | 5.5% | $4,120.79 | $4,470.33 | 8.5% |
| 1,000 | | | | | | | | | | $4,964.01 | $5,220.82 | 5.2% | $5,229.29 | $5,623.75 | 7.5% |
| 1,500 | | | | | | | | | | | | | $7,446.29 | $7,930.60 | 6.5% |
| 2,000 | | | | | | | | | | | | | $9,663.29 | $10,237.45 | 5.9% |
| 2,500 | | | | | | | | | | | | | $11,880.29 | $12,544.30 | 5.6% |

[1] Includes Watershed Recovery Fee

## D. Elevation Charges

The elevation charges have been updated to reflect cost of serving at the respective elevation levels. This increase affects all customers equally whether residential, general service, inside or outside city limits.

***Table 16***

**Calculation of the Revenues at Present and Proposed Prices**
**ELEVATION CHARGES - CONSUMPTION CHARGES**
Estimated 12 Months Ended December 31, 2025

| Pumping Level | Existing Charge | Proposed Charge |
|---|---|---|
| Pumping Level 1 | $0.294 | $0.368 |
| Pumping Level 2 | $0.659 | $0.846 |
| Pumping Level 3 | $1.252 | $1.555 |

***Table 17***

**Calculation of the Revenues at Present and Proposed Prices**
**ELEVATION CHARGES - METER CHARGES**
Estimated 12 Months Ended December 31, 2025

| Pumping Level | Existing Charge | Proposed Charge |
|---|---|---|
| Pumping Level 1 | $3.54 | $ 4.43 |
| Pumping Level 2 | $6.60 | $ 7.69 |
| Pumping Level 3 | $11.88 | $ 14.14 |

## E. Sale of Surplus Water (Schedule 4-6)

EWEB provides firm surplus wholesale water to Santa Clara and River Road Water Districts and Willamette Water Company and surplus wholesale water to the City of Veneta. Each district has two contractual agreements with EWEB, one is for the service to be provided by EWEB and a second is for the supply of firm surplus water. Prices include a basic and a volume charge.

Price changes for Santa Clara and River Road Water Districts are recommended below.

*Table 18*

| | | Existing Price | Proposed Price |
|---|---|---|---|
| **BASIC CHARGE** | | **$3,898.21** | **$4,455.65** |
| **VOLUME CHARGE** | | | |
| Jan-June | All KGAL | $3.342 | $3.342 |
| July - Dec | All KGAL[1] | $3.342 | $3.820 |

[1] July 1, 2025 effective date

The proposed increase for Willamette Water Company is driven by increased overall costs. *Table 19* provides information on existing and proposed prices for Willamette Water Company.

*Table 19*
**Willamette Water Company, Schedule 5**
**Existing vs. Proposed Prices**

| | Existing Price | Proposed Price |
|---|---|---|
| **BASIC CHARGE** | | |
| < 1" | $29.09 | $31.71 |
| 1" | $39.26 | $42.79 |
| 1 - 1/2" | $60.00 | $65.40 |
| 2" | $107.56 | $117.24 |
| 3" | $242.34 | $264.15 |

| | | |
|---|---|---|
| 4" | $413.74 | $450.98 |
| 6" | $620.81 | $676.68 |
| 8" | $898.66 | $979.54 |
| | | |
| **VOLUME CHARGE** | | |
| All KGAL (1,000 gallons) | $3.704 | $4.04 |

The proposed increase for Veneta is driven by increased overall costs. *Table 20* provides information on existing and proposed prices for the City of Veneta.

***Table 20***
**City of Veneta, SCHEDULE 6**
**Existing vs. Proposed Prices**

| | **Existing Price** | **Proposed Price** |
|---|---|---|
| **BASIC CHARGE** | **$1,270.20** | **$1,371.82** |
| **VOLUME CHARGE** | | |
| All KGAL (1,000 gallons) | $1.606 | **$1.734** |

## F. Private Fire Lines

Private fire lines are separate attachments or services to the system for the provision of sufficient water capacity to meet fire requirements. The services are typically larger than the customer's normal domestic line but conduct water for emergency use only. Fire protection lines are usually a requirement of the municipal fire chief and/or insurance companies. Since there is no routine water consumption for a private fire line, the only charge for the service is a flat price per month, based on the per-inch diameter of the pipe.

In this proposal, management recommends an 8% change to fire line prices. Prices for fire lines are contained within the Customer Service Policy & Procedures for General Service Inside (Schedule G-1) and Outside City (Schedule G-2). *Table 21* provides information on existing and proposed prices.

***Table 21***
**Private Fire Lines**
**Existing vs. Proposed Charges**

| Line Size | Existing Inside City | Proposed Inside City | Existing Outside City | Proposed Outside City |
|---|---|---|---|---|
| 1" | $51.96 | $56.11 | $66.22 | $71.52 |
| 1 - 1/2" | $51.96 | $56.11 | $66.22 | $71.52 |
| 2" | $51.96 | $56.11 | $66.22 | $71.52 |
| 3" | $51.96 | $56.11 | $66.22 | $71.52 |
| 4" | $51.96 | $56.11 | $66.22 | $71.52 |
| 6" | $77.94 | $84.17 | $99.33 | $107.27 |
| 8" | $103.92 | $112.23 | $132.44 | $143.03 |
| 10" | $129.89 | $140.29 | $165.55 | $178.79 |
| 12" | $155.87 | $168.34 | $198.66 | $214.55 |
| 16" | $207.83 | $224.46 | $264.87 | $286.06 |