MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

TO:	Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson
FROM:	Frank Lawson, CEO & General Manager; Adam Rue, Rates Manager; Multiple Staff Members
DATE:	November 24, 2024 (Board Meeting December 3, 2024)
SUBJECT:	Draft Rate Design Plan
OBJECTIVE:	Discussion/Direction

Issue

EWEB Management wishes to discuss a draft Rate Design Plan, attached, consistent with EWEB's 2024 Organizational Goal as stated below.

> Consistent with 2024 Organizational Goal #5, "In order to improve customer choice and business operations and to further optimize energy delivery, EWEB will develop a 5-year rate design plan for Board review and input in 2024. The rate design plan will include timelines for key initiatives required to enact said plan for the mutual benefit of the community, the environment, and the product/program participants."

Background

The principles and priorities of rate design have been discussed with Commissioners several times over the past two years, including in October 2024 (Background_Memo_Link) where Commissioners provided direction on potential goals and outcomes of future rate design elements.

Discussion

At the October 2024 public meeting, the utility's elected Board expressed a preference for structuring rates around a dual philosophy of cost- and behavior-based principles rather than basing rates on socially driven goals or outcomes. Although all Commissioners expressed backing for continuing limited income support programs, this decision suggests that the Board sees the utility's primary role of rates as ensuring financial sustainability, operational efficiency, and reliable service for all customers rather than directly addressing broader social issues through rate design.

Prioritizing cost-based rate structures underscores the importance of recovering the full costs of service, ensuring that the community's sole provider of critical water and electricity services remains financially sustainable. Cost-based rates aim to fairly distribute operational and infrastructure expenses across customer classes according to the costs they impose on the system. This approach reflects a view that EWEB's first responsibility is to maintain a stable financial foundation so the utility can continue to deliver reliable and high-quality service without compromising on safety, maintenance, or system upgrades.

The emphasis on behavior-based rate structures highlights the Board's intention to use pricing as a tool to incentivize customer behaviors that will have benefit for both the utility and the community. Behavior-based rates, such as time-of-use pricing or demand charges, are designed to shape customer usage patterns to improve grid management, lower peak demand, and encourage energy efficiency.

Putting less focus on socially driven rate goals, such as income-based pricing, emphasizes EWEB's core mission as a provider of essential services. While addressing social inequities is an important community value, other government agencies, social services, or specialized assistance programs can often be a more effective and appropriate use of funds than addressing these issues through utility rate design.

The rate design process will involve multiple stages, including research, public meetings, and pilot programs where necessary. The project is divided into three phases:

- Phase I (2024/25): Development of a five-year rate design plan, alignment with organizational goals, and initiation of interdependent projects.
- Phase II (2025-2026) Aligning Cost-Causation: Codification of rate design principles, customer engagement strategy, research and analysis, and initial implementation of rate design elements. Initial implementation of select rate design fundamental elements including adjustments to fixed versus variable charges based on cost assessments, implementation of demand charges for residential service.
- Phase III (2027-2028) Establishing Value for Beneficial Consumption Behavior: Finalization and rollout of new rates, customer support for transition, and continuous evaluation of pricing structures. Anticipated rate design changes include Time-of-Use (TOU) rates and Demand Response (DR) programs.

As the rate design process progresses, plans, timelines, and deliverables may evolve based on new insights, feedback, and changing community needs. It is planned that Management and the Board will discuss progress routinely throughout the next several years using quarterly reports, recurring agenda topics, and organizational goals.

Recommendation

Management recommends the course set forth in the Rate Design Plan, which shall be used to guide the organization's development of customer rates over the next several years.

Requested Board Action

While Management is not asking for a "discrete" approval (yes/no) Action of the Rate Design Plan at the December 2024 meeting, Commissioners are invited to provide comments and guidance related on the plan for incorporation before final discussion and a potential approval request (est. first quarter 2025).

Attachment: Rate Design Plan, EWEB's Initiative to Redesign Customer Rates (December 2024 Draft)

Rate Design Plan

EWEB's Initiative to Redesign Customer Rates

INITIAL DRAFT – December 2024

Introduction

EWEB will be launching a multi-year rate re-design project to ensure fair, sustainable, and future-ready pricing for electricity and water. Our goal is to develop a rate structure that improves customer choice, responds to changing electricity supply and demand, and ensures the continued financial stability of the electric and water utilities.

The rate design process will involve multiple stages, including research, public meetings, and pilot programs. We are committed to a transparent process that culminates in a rate structure that is fair for all our customers.

We anticipate initiating new rate designs in 2026/2027, with opportunities for Board and community input throughout the process.

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Utility rate design: A complex process

Utility rate design is an intricate process involving a range of issues--such as financial sustainability, social equity, and environmental goals --that must be carefully weighed to ensure reliable, affordable, and equitable services.

Every rate design involves tradeoffs, as different choices impact customer costs, energy use, and the long-term health of the utility. Moreover, varying values and perspectives within the community—such as the need to protect vulnerable customers, incentivize energy efficiency, or support local businesses—make these decisions even more nuanced.

The following list outlines some of the critical elements that EWEB must consider when designing rate structures. Each of these factors influences the delicate balance of providing clean and reliable energy while aligning with community goals and customer needs for affordability.

Utility Cost Recovery: EWEB must recover costs to maintain infrastructure, invest in new technologies, comply with regulations, and adapt to environmental changes.

Cost Allocation: Different customer types (e.g., households, small businesses, industrial users) have varied energy needs, infrastructure impacts, and capacity requirements. Cost-of-service studies help fairly distribute costs among different customer classes based on usage patterns and the costs they impose on the system and therefore other customers.

Equity: Equity concerns often require utilities to ensure that certain customers are not disproportionately affected by energy costs. This requires carefully crafted policies that ensure customers are charged fair, nondiscriminatory rates, while considering the economic and social interests of a community.

Demand Management and Grid Reliability: Rates need to support effective grid management and encourage behaviors that help balance changing energy supply and demand. This will reduce overall future energy use and manage peak load times to reduce costs for both EWEB and our customers while contributing to environmental goals.

Long-term Investments and Innovation: Rate design requires recovering and/or facilitating investment in modernization and innovation to support resilience.

Regulatory and Environmental Considerations: Rate design should consider current and/or potential future public policies, such as those aimed at reducing carbon emissions by increasing renewable energy adoption and encouraging electrification of transportation and buildings.

How customer rates are currently set

EWEB establishes rates on a cost-basis, meaning rates are based on the total expenses for producing and delivering water and electricity, including infrastructure investments, energy generation/water production, operations and maintenance, and regulatory compliance. Expenses are divided among different categories of customers via rates.

There are three main activities presently associated with establishing customer rates: establishing a revenue requirement, segmenting and allocating costs, and determining methods of collection.

Establishing a Revenue Requirement: The revenue requirement is the total amount of money EWEB needs to operate reliably while ensuring safe, sustainable service. This includes funding day-to-day operations, maintaining and upgrading infrastructure, repaying debts, and planning for future projects and regulatory compliance. Long-term capital planning is crucial in setting revenue needs to ensure system resilience and reliability.

Segmenting and Allocating Costs: EWEB allocates the total costs across different customer categories (e.g., residential, commercial, industrial) based on the cost to service them including their consumption (i.e. gallons or kilowatt hours used), how much they contribute to overall system demand (i.e. transmission and distribution infrastructure) and the customer-specific costs (i.e. meter, service, customer services). For example, a large industrial customer might place more strain on the system compared to a single-family home, leading to higher allocated costs for that class. Cost-of-Service studies help guide this process, ensuring that each customer class pays its fair share of the utility's total costs. These costs can fluctuate over time due to economic, system allocation, supply chain or inflation as well as added regulations the utility may be required to operate to.

Determining Methods of Collection: Once costs are allocated to different customer classes, the utility determines how to collect revenue through rate structures, which include fixed charges, demand-related charges, and consumption-based charges. Fixed charges recover costs related to infrastructure and customer service that remain constant, regardless of usage. Demand-related charges are fixed for a period of time but can increase or decrease over time based on demand trends. Consumption-based charges fluctuate based on how much a customer uses, ensuring that they pay in proportion to their consumption, while also covering the utility's operational costs for providing service.

Variable charges include two components: the energy charge and the demand or delivery charges. The energy charge covers the cost of the electricity a customer consumes. This reflects the cost of generating or purchasing the power or water that the utility delivers to homes or businesses. The delivery charge covers the cost of transporting that electricity through the utility's infrastructure, including transmission and distribution systems, to the customer's location. This part of the charge ensures that the utility can maintain the lines, pipes, and other essential infrastructure needed to reliably deliver the resource.

The balance between fixed and variable charges can be adjusted to encourage beneficial behavior, support community objectives, or stabilize finances (i.e., revenue). There is a similar set of charges for drinking water delivery.

The public process

Because EWEB is community-owned, utility business (including rate setting) is conducted in public meetings. A citizen-elected Board of Commissioners has exclusive authority to set rates and customer classes to the extent the rates are just, and reasonable, and do not discriminate between similarly situated persons. EWEB's Board developed and regularly reviews policies associated with rate design and rate setting.

EWEB begins the rate-setting process annually every spring. Through a series of public meetings, your elected Board of Commissioners provides direction on spending for major capital projects and potential price changes for customers. During the summer and fall, EWEB staff follow that direction from the Board to develop a proposed spending budget for the following year.

The final budget is adopted in December after two public hearings in November and December and public hearings on the Financial Plan in October during which customers are invited to provide testimony on any proposed adjustments.

Beyond rates: More financial tools

In addition to rates, EWEB utilizes a variety of other financial tools to manage expenses and support its operations. Each tool serves a distinct role in helping EWEB meet customer needs, maintain financial stability, and advance broader objectives like sustainability and social equity.

Utility rates are charges that customers pay for the consumption of electricity and water. They are typically designed to recover the costs of providing the service, including generation, transmission, and distribution, and can be structured in various ways (e.g., flat rates, tiered rates, time-of-use rates).

Fees are specific charges related to particular services or administrative functions, such as connection fees, installation charges, or late payment penalties. They are typically designed to cover the costs associated with specific actions or services provided to customers, rather than the ongoing cost of service for consumption. These fees are directly charged to customers and the revenue generated offsets EWEB retail rates by allocating costs more directly to the beneficiary or impacted party.

Customer programs refer to initiatives or incentives offered by EWEB to encourage behaviors and support operational goals or community values. Examples include energy efficiency rebates, bill assistance, and electrification or renewable energy incentives. These programs may

be funded by voluntary customer donations (e.g. Greenpower and Energy Share), funded externally, or funded by retail rates (e.g. Customer Care).

It's also important to recognize that EWEB is part of a larger ecosystem of organizations and agencies that contribute to the community's overall well-being. By working together, these entities ensure that essential services remain affordable and accessible while addressing shared goals like energy efficiency, resilience, and environmental stewardship.

Supporting low- and moderate-income (LMI) customers

Affordability is one of EWEB's stated organizational values. Specifically, *"we value and respect our customer-owners' financial resources by making wise investments and controlling costs and rates."* We understand the financial impacts of our services and charges on customers with limited resources, and we want to find solutions to help customers pay their bills.

EWEB offers the following programs for customer financial support:

- EWEB Customer Care Program
- Community Partner Care Program
- Partner agency collaborations
- Income-based Efficiency Rebates and Loans

Additionally, EWEB works with government partners to administer additional support through the Limited Income Home Energy Assistance Program (LIHEAP).

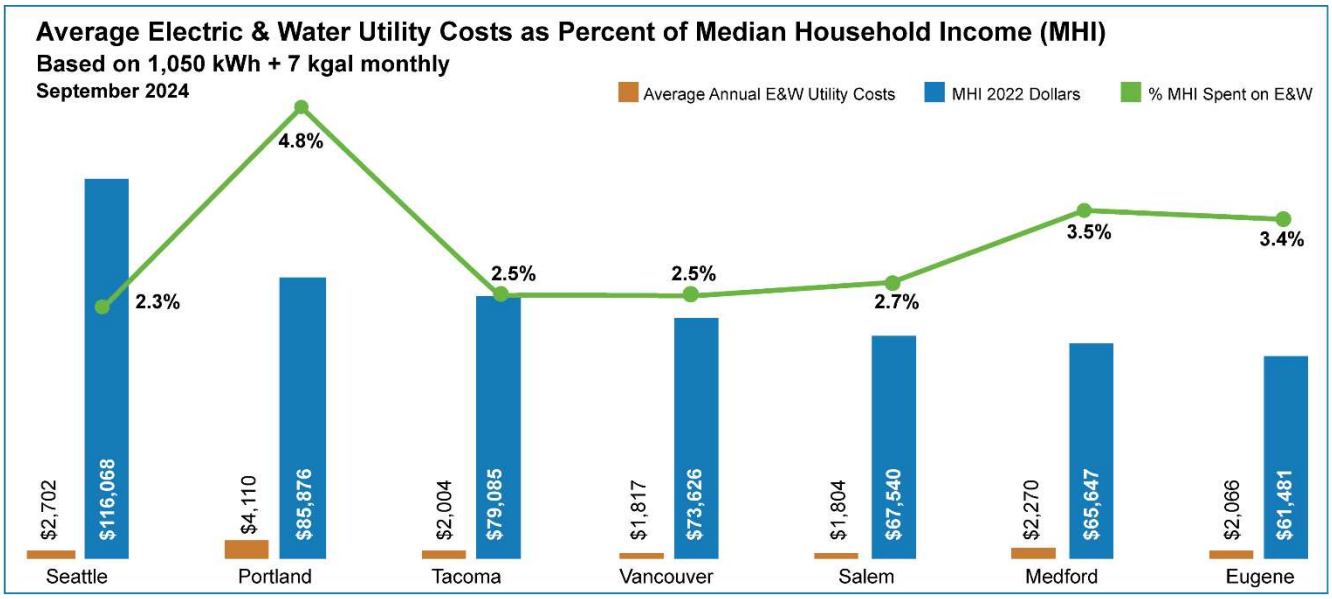
EWEB Customer Care Program

Although up for refinement/revision, presently income-eligible customers can apply for $280 bill credit once per calendar year. Refinement may include a tiered or scaled approach to assistance based on income level or classification. Social security numbers are not required on the application, as legal status is not an eligibility criterion.

	Total Assistance Provided	Number of Recipients
2022	$1,335,600	4,770
2023	$1,411,979	5,043
2024	$1,500,000*	3,843**

* Estimated ** Year-to-Date

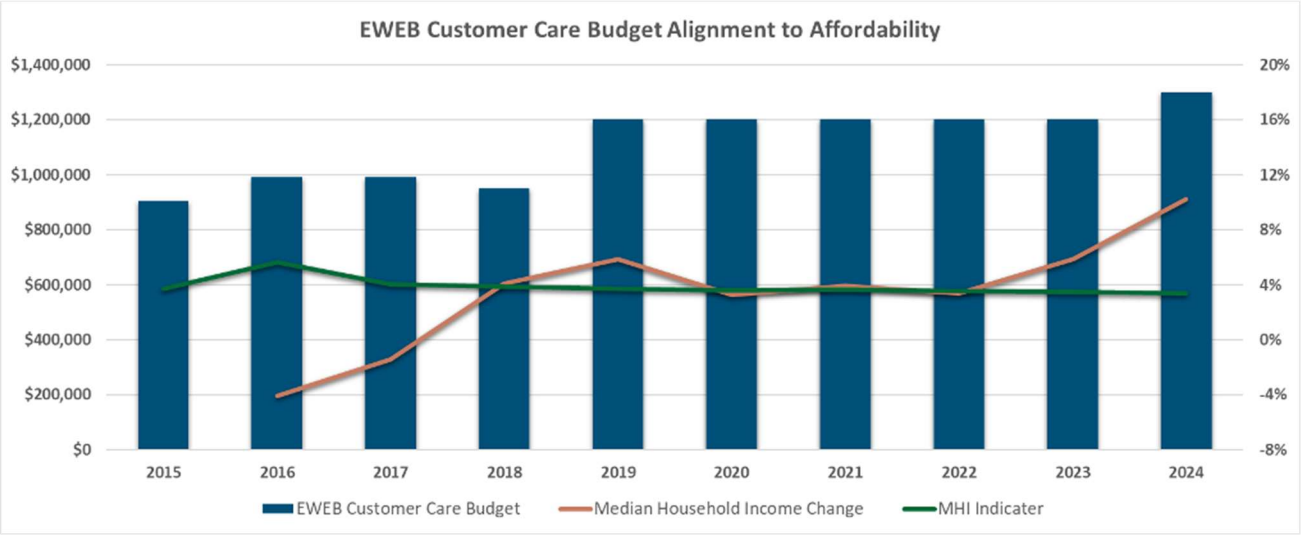
The State of Oregon defines an "affordable" utility bill as one that costs less than 6% of the median household income (MHI). On average, EWEB residential customers spend approximately 3.4% of MHI on combined electricity and water, which is below the threshold for a utility burden. However, we recognize that some customers pay a significantly higher percentage. The Customer Care Program is designed to help reduce the utility burden for those individuals, historically providing assistance to at least 5% of EWEB's residential customer base each year.



The bar chart below illustrates historical funding for Customer Care. It shows that while household income is rising, the Median Household Income Indicator has seen a slight downward trend. This indicates that, despite an upward trend in income change rates, the actual median income level is slightly declining.

This decrease is occurring even as utility bills have been increasing, though at a slower rate than the growth in MHI. This suggests that utility rates have been managed to reduce the financial impact on households. While this is positive for affordability, it highlights the need to monitor income trends closely to maintain utility bill sustainability for our community.

As we plan for 2025, we are evaluating funding and distribution to better target and support customers in need.



In addition to the Customer Care Program, EWEB collects community donations via the Energy Share program to supplement Customer Share's budget to assist additional customers. In 2023, the funds collected from Energy Share donations amounted to approximately $200,000 (including contributions from City of Eugene and fundraising through Run to Stay Warm) with more than 1,600 customers receiving assistance. These customers do not have the same eligibility requirements as the Customer Care Program.

Community Partner Care Program

EWEB's Community Partner Care program provides a bill credit to facilities that offer sheltering services, alleviating operating costs and allowing the facilities to allocate more resources toward their core services. Eligible organizations can apply for EWEB bill credits to cover 10% of annual EWEB utility charges with a grant cap based on duration of operations.

The program is funded by voluntary customer donations. Since 2023, the Community Partner Care Program has provided more than $24,000 in bill assistance to more than a dozen local facilities including ShelterCare and SquareOne Villages.

Partner agency collaborations

Collaborating with the City of Eugene is another important way that EWEB invests in the community. For approved housing projects, EWEB provides credits towards the utility's water development charges, allowing developers to optimize their funds toward higher-quality building materials and energy-efficient appliances. Since 2022, EWEB has provided nearly $100,000 in credits for projects that, when complete will add 224 affordable housing units throughout Eugene. A recently completed project, St. Vincent de Paul's William's Place, created 10 transitional units for veterans experiencing homelessness. Of the $2.9 million project, EWEB offset the $11,000 in utility development charges. EWEB also allows for additional flexibility for temporary electrical connections for shelter sites and priority for design resources to reduce connection time.

Similar credits or waivers have also supported the development of two shelter sites for unhoused people.

Income-based Efficiency Rebates and Loans

EWEB's energy efficiency rebate and loan programs enable customers to invest in year-round energy savings by reducing the initial cost of home improvements such as upgrading heating systems or installing new insulation

For example, improving insulation is often the single most effective step a homeowner can take to reduce energy use and lower electricity bills. EWEB offers a rebate that can cover up to 100 percent of the cost of upgrading insulation for income-qualifying customers. EWEB customers can also take advantage of rebates and zero-interest loans on high-efficiency heating and hot water appliances.

Income-qualifying customers who combine EWEB rebates with state and federal programs may be able to upgrade to a brand new, high-efficiency heat pump systems with little to no out-of-pocket cost, potentially saving thousands of dollars in utility bills over the life of the system. EWEB incentives alone, offer generous premiums to Income-qualified customers. Though actual results vary by project, the cost of procuring conservation savings from these customers is three to four times greater than for other residential customers on a dollar-per-megawatt-hour basis.

LMI rebates and loans are available for the following energy-efficiency products:

Product	Rebate	Zero Interest Loan
Ductless Heat Pump	Owner Occupied: $4,500 Rental:$1,000	Up to $6,000, plus $2,000 per additional head installed (maximum 5 total heads)
Ducted Heat Pump	Owner Occupied: $6,000 Rental: $1,000	Up to $15,000
Duct Sealing	$500	NA
Insulation	100 percent of eligible program costs	NA
Windows	Owner Occupied: $20/sq ft of glass Rental: $10/sq ft of glass	Up to $4,000
Heat Pump Water Heater	Owner Occupied: $1,700 Rental: $1,000	Up to $2,500
Water Leak Repair Assistance	100 percent of eligible costs	NA

EWEB also offers energy efficiency programs for nonprofit organizations to reduce operational costs. By implementing energy-efficient practices and technologies, such as upgrading to LED lighting, improving insulation, or installing energy-efficient HVAC systems, nonprofits can lower their utility bills substantially over time. These savings can then be redirected towards enhancing programs or expanding outreach efforts.

A prime example is SquareOne's Peace Village Co-op, which provides 70 resident-owned affordable housing units in north Eugene. EWEB contributed approximately $60,000 to support the installation of super-efficient heat pump water heaters and ductless heat pump systems. The EWEB incentive not only aided SquareOne in funding the project but also ensured that Peace Village residents enjoy lower utility bills thanks to the highly efficient heating and hot water systems.

Low Income Home Energy Assistance Program (LIHEAP)

In addition to EWEB's Customer Care Program, customers may also qualify for the federal LIHEAPprogram. Under LIHEAP, EWEB distributes federal money to limited-income households for home heating and energy bills and payments can be applied to electricity, gas, wood, pellets, and propane.

In 2023, EWEB distributed $1.4M of federal support funds to 3,785 customers.

Rate Design Philosophies and Tradeoffs

EWEB is tasked with designing rates that cover utility costs and ensure that customers receive reliable and affordable service. EWEB face challenges, however, as we balance a changing resource mix (energy and water), evolving regulations, new technology developments, affordability, and meeting other customer and community needs.

Having a clear, shared vision of EWEB's role in the community is necessary for evaluating various approaches to rate design, such as designing rates based on actual realized costs, incentivizing behaviors that could create future benefits and/or avoid future expenses or aligning rates with socially driven interests or priorities. While each philosophy offers valuable insights, they will not always be perfectly aligned, and tensions between them will require thoughtful consideration.

Cost-Based Rate Design

A cost-based rate design philosophy prioritizes setting rates that directly reflect the ***present actual or realized costs*** (i.e., "cost causation") of providing utility services. This approach ensures that customers pay rates proportional to the expenses incurred in acquiring and delivering electricity and water. The goal is to match rates as closely as possible to the true cost of serving different customer classes with a variety of consumption characteristics, while promoting fairness and financial transparency and covering the utility's operational and capital costs.

EWEB has historically utilized an embedded cost-based rate design philosophy, which includes a Basic Charge, Delivery Charge, and Energy Charge for electric service and an Elevation Charge

for drinking water services. The embedded cost approach evaluates average cost of service rather than an incremental or marginal cost-based approach.

Behavior-Based Rate Design

In some circumstances, the cost-based approach doesn't provide an adequate price signal to elicit the desired customer response. For example, on- and off-peak pricing needs might need to be exaggerated to encourage customers to shift demand. A behavior-based rate design philosophy aims to encourage behaviors that help reduce ***future expenses***, such as lowering peak demand or promoting energy efficiency, by charging rates that reflect the cost of serving additional load or the savings from avoided infrastructure upgrades. By incentivizing customers to use resources more efficiently, this philosophy seeks to minimize future operational costs and delay or avoid costly expansions or upgrades, benefiting both the utility and the community in the long term.

Behavior-based designs often utilize higher variable rates or specific charges that elicit a desired response from customers allowing customers to see more direct savings by adjusting their usage patterns. This approach maximizes the incentive for customers to engage in behaviors that help the utility avoid future costs.

In a behavior-based rate design philosophy, demand charges and time-differentiated rates are key tools for incentivizing customer behaviors that reduce future costs. Demand charges are based on a customer's peak usage during a billing period, encouraging customers to reduce their maximum power draw, particularly during times of high system demand. This can help lower the need for costly infrastructure upgrades or investments in additional generation capacity.

Time-differentiated rates (such as time-of-use pricing) vary depending on the time of day, charging more during peak periods when energy is more expensive to generate or purchase, and less during off-peak times. This pricing structure encourages customers to shift their energy usage to times when the grid is less strained, reducing the need for new capacity or costly energy purchases during peak demand.

By incorporating these elements, the rate design sends clear signals to customers to adjust both the timing and magnitude of their consumption, aligning customer behaviors with the utility's cost-saving goals. *Often, an important consideration in a Behavior-Based Philosophy is who/how are the benefits of cost-saving behaviors shared between the participants and community at-large.*

Social-Based Rate Design

A social or community values-based rate design philosophy prioritizes aligning utility rates with the broader social and environmental goals of the community. This approach often includes cross-subsidies of various types, including income-based or those intended to boost a particular sector of the economy. It may also incorporate funding for environmental or social

programs, such as specific energy initiatives or conservation efforts or community housing, which reflect the community's commitment to a special interest or priority.

An example of social-based rate design would be if the "Basic Charge" was scaled according to income brackets or business type, attempting to provide relief for low-income or startup business customers. Another example may be by setting tiered rates at levels higher than embedded or marginal cost, customers are incentivized to adjust consumption that may have other social or environmental impacts.

*With a social-based approach, **who** is consuming and **what** they are using the consumption for matter in the rate design*.

Challenges with Income-Based Rates

Some utilities and advocates have explored income-based rates as one way to address the tensions between the need to recover utility costs, manage a changing energy supply and demand landscape, and ensure that customers receive reliable and affordable services.

Combining an income-based basic charge with variable rates that accurately charge customers based on the cost of providing electricity at different times or under different conditions can promote equitable and cost-effective behavior changes that align with both community values and financial objectives.

However, this approach to electricity rates raises important questions related to:

Equity: Charging different rates for the same service could be seen as unfair unless supported by data demonstrating intentional targeted social or community benefits.

Revenue Stability: Offering lower rates to some customers means that others will have to pay more to cover the revenue shortfall.

Administrative Complexity: Income based rate discounts are more challenging to manage from a budget perspective. Income eligible rate discounts typically remain in place for 1-2 years, of which income may change. Open ended enrollment for discount rates would expose the utility to higher demand and therefore rate pressure for all.

Efficiency and Conservation: Income-based rates can inadvertently discourage energy efficiency or conservation among eligible customers.

Program Overlap: Low-income rate designs may overlap with existing assistance programs, leading to confusion or redundancy if not well-coordinated.

Lack of Focus: Rate design efforts can result in programs that overreach or distract from objectives by trying to be all things to all stakeholders. The intended focus of rate design efforts

for EWEB is to synchronize supply and demand, inspiring beneficial consumption behavior, and income-based rates do not align with that objective.

The challenge lies in finding an approach that integrates various approaches to serve our customers and community equitably and sustainably, while also ensuring the financial stability of the utility.

Preliminary Direction for Rate Design: Balancing Cost and Behavior-Based Principles

At the October 2024 public meeting, the utility's elected Board expressed a preference for structuring rates around a dual philosophy of cost- and behavior-based principles rather than basing rates on socially driven goals or outcomes. Although all Commissioners expressed backing for continuing limited income support programs, this decision suggests that the Board sees the utility's primary role of rates as ensuring financial sustainability, operational efficiency, and reliable service for all customers rather than directly addressing broader social issues through rate design.

Focus on Cost Recovery and Financial Health: Prioritizing cost-based rate structures underscores the importance of recovering the full costs of service, ensuring that the community's sole provider of critical water and electricity services remains financially sustainable. Cost-based rates aim to fairly distribute operational and infrastructure expenses across customer classes according to the costs they impose on the system. This approach reflects a view that EWEB's first responsibility is to maintain a stable financial foundation so the utility can continue to deliver reliable and high-quality service without compromising on safety, maintenance, or system upgrades. A dual cost- and behavior-based philosophy also reflects a commitment to transparency and fairness in how rates are designed.

Encouraging Beneficial Customer Behaviors: The emphasis on behavior-based rate structures highlights the Board's intention to use pricing as a tool to incentivize customer behaviors that will have benefit for both the utility and the community. Behavior-based rates, such as time-of-use pricing or demand charges, are designed to shape customer usage patterns to improve grid management, lower peak demand, and encourage energy efficiency. This approach aligns with goals like reducing operational costs, improving system reliability, and lowering environmental impacts. It emphasizes that EWEB is a steward of resources and infrastructure and that rates should encourage customers to participate in managing energy use in ways that optimize the system as a whole.

Limiting Social Policy Roles for the Utility: Putting less focus on socially-driven rate goals, such as income-based pricing, emphasizes EWEB's core mission as a provider of essential services. While addressing social inequities is an important community value, other government

agencies, social services, or specialized assistance programs can often be a more effective and appropriate use of funds than addressing these issues through utility rate design.

It is important to note that a dual cost- and behavior-based philosophy still allows for responsiveness to community needs to improve affordability and sustainability in ways that align with EWEB's mission and scope. For example, behavior-based rates can indirectly benefit low-income customers by rewarding conservation and off-peak usage, potentially lowering bills without explicitly targeting a specific income bracket. Additionally, cost-based principles ensure that the rate structure remains transparent, fair, and aligned with the actual costs of service.

Alternatives to Income-Based Rate Design

EWEB offers multiple programs to assist low-income customers without altering the overall rate structure. Each program has unique advantages, and we welcome community feedback on ways to improve these offerings to better serve our customers' needs.

Bill Assistance Programs (i.e. EWEB Customer Care): These programs provide direct financial support, such as bill credits, to eligible low-income households, allowing EWEB to address affordability without restructuring rates for all customers. Dedicated assistance programs can be specifically managed to achieve intentional outcomes, particularly when they leverage partnerships with local social services like EWEB's collaboration with Catholic Community Services for income verification.

The EWEB Customer Care Program also offers flexibility and can be adjusted based on needs, external conditions (e.g., extreme weather), or utility revenues. For example, EWEB expanded our Customer Care program during the Coronavirus pandemic to offer the bill credit to any customer who lost their job, regardless of income.

Energy Efficiency and Weatherization Programs: By helping low-income customers improve their home's energy efficiency—through insulation, HVAC upgrades, or energy-efficient appliances—EWEB can support long-term reductions in energy usage and bills. Unlike temporary financial aid, energy efficiency measures provide ongoing savings, empowering customers to manage costs sustainably. These programs also align with EWEB's broader goals of energy conservation and environmental stewardship.

Payment Plans and Budget Billing: Offering levelized billing, like EWEB's Budget Billing program, allows customers to pay a fixed amount each month, avoiding seasonal spikes that may strain household budgets. Flexible installment plans also help customers pay off larger balances over time, reducing the risk of disconnection.

Payment Methods: Once technically and administratively available, programs such as Pre-Pay will allow customers with limited funds to avoid deposits while using funds specifically for services provided.

Customer Education and Engagement: Educational programs can help low-income customers better understand their energy usage, available assistance programs, and how to take advantage of efficiency measures. Empowering customers with information can encourage energy-saving behaviors, leading to bill reductions without major adjustments to the rate structure.

Each of these strategies offers different strengths, and a combined approach can complement rate design to offer comprehensive support for low-income customers.

Rate Design Scope and Timeline

The project scope outlines the boundaries and focus areas for EWEB's 5-year plan for rate design. It defines the customer segments, rate types, and other key elements that will be addressed throughout the project, including interdependent organizational initiatives.

The project will be executed over five years and includes the following key components:

- Rate Design Objectives: Refinement of EWEB's rate design objectives based on strategic Board discussions.
- Cost of Service Analysis (COSA): Alignment of fixed and variable costs through a comprehensive COSA over three-year durations.
- Rate Types and Components: Evaluation of electric and water rate structures, including fixed charges, volumetric rates, and demand charges.
- Customer Programs: Assessment of customer programs that complement rate design, promoting energy efficiency and financial assistance.
- Evaluation Criteria: Development of criteria to assess the feasibility and alignment of proposed rate products with organizational goals.
- Technology and Data Integration: Examination of current systems and data requirements to enhance the effectiveness of new rate programs.
- Customer Engagement: Ongoing customer feedback through surveys, workshops, and public meetings to foster community understanding and support.

The rate design process will involve multiple stages, including research, public meetings, and pilot programs where necessary. EWEB is committed to a transparent process that culminates in a rate structure that is fair and equitable for all our customers, including low-income and vulnerable populations.

EWEB will initiate the plan in 2025, with new rate design elements appearing in 2026/2027 and opportunities for public input throughout the process.

The project is divided into three phases:

- Phase I (2024/25): Development of a five-year rate design plan, alignment with organizational goals, and initiation of interdependent projects.

- Phase II (2025-2026) Aligning Cost-Causation: Codification of rate design principles, customer engagement strategy, research and analysis, and initial implementation of rate design elements. Initial implementation of select rate design fundamental elements including adjustments to fixed versus variable charges based on cost assessments, implementation of demand charges for residential service.

- Phase III (2027-2028) Establishing Value for Beneficial Consumption Behavior: Finalization and rollout of new rates, customer support for transition, and continuous evaluation of pricing structures. Anticipated rate design changes include Time-of-Use (TOU) rates and demand response (DR) programs.

As the rate design process progresses, plans, timelines, and deliverables may evolve based on new insights, feedback, and changing community needs. EWEB is committed to keeping customers informed every step of the way and considering feedback from all customer demographics. By gathering customer input, EWEB can design rate structures that are not only technically and economically sound but also aligned with customer preferences and community values. Updates will be shared regularly through a project website, emails, bill inserts, mailings, public meetings, and survey tools.