

Eugene

Water

&

Electric

Board

Nineteen

Annual

Hundred

Report

Ninety

One

Corporate
Plan

Financial Highlights

(THOUSANDS OF DOLLARS)

Electric Utility (EXCLUDING TROJAN PROJECT)

	1991	1990	1989	1988
For the Year				
Gross Operating Revenues	89 016	84 719	76 972	71 788
Net Operating Revenues	10 040	7 649	6 733	5 278
Net Revenue	3 040	1 100	827	915
Capital Expenditures	7 869	6 196	8 177	14 067
At Year End				
Net Working Capital	13 510	11 780	12 400	11 866
Long-Term Debt	45 005	34 990	36 037	37 293
Retained Earnings	125 882	122 842	121 741	120 914

Water Utility

	1991	1990	1989	1988
For the Year				
Gross Operating Revenues	8 206	7 533	6 981	6 977
Net Operating Revenues	841	186	53	1 021
Net Revenue	357	(269)	(341)	489
Capital Expenditures	1 013	766	995	991
At Year End				
Net Working Capital	2 892	2 600	2 606	3 273
Long-Term Debt	9 001	9 778	10 500	11 192
Retained Earnings	17 914	7 557	17 826	18 167

Bond Ratings

	Standard & Poor's Corporation	Moody's Investors Service
Electric Utility System Revenue Bonds	AA	A1
Electric Utility System Conservation Bonds	AA-	Aa
Water Utility System Revenue Bonds	AA-	A1
Trojan Nuclear Project Revenue Bonds	AA	Aa



Eugene Water & Electric Board

500 East 4th Avenue
P.O. Box 10148
Eugene, Oregon 97440-2148
503-484-2411 Fax 503-484-3762

Reliability

Purity

Satisfaction

The electricity, water and steam products that EWEB provides are vital to the personal and economic health of the people we serve.

The production facilities, transmission and distribution lines, control equipment and other technologies that make these products safe and reliable are lifelines to the well-being of our community.

Through 80 years of service EWEB has enjoyed a reputation for delivering high quality, reliable products. But this record didn't happen by accident. It was achieved through the ideas, efforts and commitment of employees, managers, commissioners, and citizens.

It's no accident that EWEB's electric rates are among the very lowest for any major city in the nation and that our electric reliability is one of the very highest.

It's no accident that EWEB's water purity far exceeds increasingly stringent water quality standards and that our water recently won a Northwest taste test.

And it's no accident that our customers report high satisfaction with the responsiveness

President's Message

and helpfulness of EWEB employees.

As good as our past performance has been, we cannot rest on our successes or we will be ill-prepared to meet future challenges. The same group of people—employees, managers, commissioners and citizens—must remain committed to the long-term goal of maintaining EWEB as a high performance organization, in order for the utility to succeed.

High performance is hard work. Increasing efficiency. Controlling costs. Improving service. Acquiring resources. Protecting the environment. Keeping energy affordable. Treating people equitably. Listening. Learning. Communicating. Doing. This is everyone's job at EWEB.



Susan L. Smith, President
Eugene Water & Electric Board



Susie Smith [At Large Representative] *"I believe that careful, long-range planning for managing the resources and products that*

The Board Nineteen Hundred Ninety-One *EWEB provides is critical*

to our ability to minimize costs and risks. And I believe it's equally important that our planning reflects the values and concerns of the community. This year's work on the Energy Resource Plan is an excellent example of both. The plan not only outlines cost-effective strategies for meeting the community's energy needs, those strategies are heavily influenced by the recommendations of a special energy resources citizens advisory group."



*Board members
serving in 1991
(from L. to R.):
Dorothy Anderson,
Sarah Hendrickson,
Susie Smith, Mike
Dyer, Jack Delos*

Commissioner Smith is a land use planner for the City of Springfield. She has a long-time interest in renewable energy issues and has served on the Board of the Solar Energy Association of Oregon for six years, including two years as vice-president. She has helped research and develop state legislation regarding residential weatherization, least-cost utility planning, and other energy policy issues.

Dorothy Anderson [City Wards 2 & 3] *"I find the issues facing EWEB today both exciting and challenging: looking for innovative ways of increasing energy conservation, searching for new, environmentally benign energy resources, working with other users of the McKenzie River to assure better overall management of this precious resource. The opportunity to work with EWEB's dedicated staff and customer advisory groups makes the search for answers in these areas a truly rewarding endeavor."*

Commissioner Anderson has been active in community affairs since the early 1960s, serving on a number of advisory boards. Her main areas of interest are land use, governmental structure and open public process. She was a member of the State's Land Conservation and Development Commission, and the Eugene Planning Commission. She has served the League of Women Voters in various capacities and is treasurer of the Mount Pisgah Arboretum.

Mike Dyer [City Wards 1 & 8] *"As we move toward the 21st century, EWEB is faced with the challenge of providing for an increasing demand for its products while maintaining the lowest possible rates for our customers. This can only be accomplished through adequate resource planning coupled with sound financial and budgetary controls. As a municipal utility we must always remember the primary reason for public power, low rates and local involvement."*

Commissioner Dyer is Treasurer for Vik Construction Company in Eugene. A certified public accountant, Commissioner Dyer was formerly associated with the firm of Coopers & Lybrand, C.P.A.s where he served as auditor and consultant for numerous utilities. He held the position of Comptroller of the Emerald People's Utility District from 1985-89.

Dr. Sarah Hendrickson [City Wards 6 & 7] *"This utility is one of the few places I've seen where government runs the way it ought to run. We have broad community support as well as the challenges of a well-informed public. The Board and staff operate in a working atmosphere that is diverse, consensus-driven, and genuinely open to input from many contributors."*

"I'm particularly aware of the sometimes subtle balance that we on the Board must try to achieve. We must weigh individual needs and the costs of meeting those needs versus the equally real needs for long term environmental protection and social responsibility, and the real costs of meeting those goals."

Commissioner Hendrickson has served on the EWEB Board for eleven years. In addition to her duties as a family physician, businesswoman and mother, she is active in civic and professional organizations.

Jack Delay [City Wards 4 & 5] *"It's clear to me that everybody on the Board genuinely cares about doing the right kind of job and seeking what, in their own minds, represents the best decision for the community. I think this commitment is clear and preeminent in each person on the Board. And that means a lot."*

Commissioner Delay has worked for 28 years in the field of computer systems and network software. He has also been extensively involved in community affairs including service as President of the Eugene City Council, Chairman of the Lane Regional Air Pollution Authority, and Chairman of the Community Development Committee.

In December 1991, Commissioner Jack Delay relocated to Bellingham, Washington and resigned his position with the board. Glen Gibbons Jr., was appointed in January 1992 to represent wards 4&5 in Delay's place.

A Purpose. A Plan. A Structure.

Through 80 years of work, foresight and progress, the Eugene Water & Electric Board has established itself as a reliable service provider to a growing community, and a competent leader among the region's utilities. At the start of 1991, it was clear that continued success depended on the organization's ability to respond to change.

Creating a plan to guide future actions and position the organization to respond to a changing environment was the crowning accomplishment of the year. The EWEB Corporate Plan, like no other document in our history, states a clear purpose for our work, outlines a plan of action for achieving results, and provides a structure for measuring our effectiveness.

Mission:

"To be an outstanding provider of energy and water products that meet customer needs and benefit the citizens of Eugene."

Development of the Corporate Plan began in late 1990 at the direction of the utility's newly constituted Board of Commissioners and newly appointed General Manager. Faced with a growing agenda of issues and initiatives, the Board wanted a firm foundation for its decision-making. Starting with a clear statement of why EWEB exists—our mission—executive management staff built a framework of guiding principles and key results the utility must attain to fulfill its mission. By the end of 1991, executive management staff had developed performance indicators stating what EWEB would measure to ensure that results are being met.



Deborah Brewer
Strategic Planning Manager

"The EWEB Corporate Plan is the basis for measuring and improving EWEB's performance."

Strengthening the Structure

As work on the Corporate Plan progressed, the Board reviewed its role as a decision-making body and its relationship to the utility's executive staff. In early April, the Board revised its bylaws to clarify its role in setting utility policy and to place full authority for the operation of the utility in the hands of the General Manager.

More than providing a clear purpose and direction for EWEB's future, the Corporate Plan highlighted a need for change in the structure of the organization. To enable the utility to follow through with its plans, General Manager Randy Berggren instituted a restructuring to clarify authority and accountability for EWEB's three products and to assure competent management of the utility's financial, material, and corporate resources.

As of February 1992, the EWEB organization moved from a four division structure based on functional expertise, to a six-division structure based on products and services. The Electric, Water, and Storm divisions are charged with managing all aspects of their product lines, from acquisition of resources to end use. Three service divisions—Financial, Facilities, and Management—oversee the systems and services needed to support EWEB's products.

• Key Result Areas—

• To measure organizational improvement in achieving our mission, EWEB will monitor the degree to which:

-
-
-
-
-
-
-
-
-
-

Product quality meets customer needs

Product costs are minimized

Customers find EWEB responsive in delivering services

EWEB activities promote public health and safety

The community and its citizens benefit from EWEB activities

Providing safe drinking water and reliable electric and steam services to customers is our daily business.

Building, maintaining, monitoring,

Going Beyond The Basics

and responding at a moment's notice is the foundation of EWEB's commitment to outstanding service. Beyond these basics is a continuing search to find new ways to serve our customers and our community.

At EWEB, community education goes beyond tours and talks. By providing teacher training programs, we ensure that our energy and water education efforts reap long-term benefits. This year, 85 local teachers gained new ideas, skills and tools to enhance their science, safety, and environmental curriculums by taking

part in EWEB workshops designed especially for them. Also in 1991, EWEB participated with the Lane County business and education exchange program to bring new skills to developmentally disabled students who in turn created ready-made teaching aids.

Responding to the needs of low-income community members has been the focus of EWEB's Energy Share program since its inception in 1986. To date, the Energy Share Program has helped more than 2,400 families meet their energy costs through the critical winter months. In 1991 EWEB initiated the "Fresh Start" program to help homeless families obtain new housing. By waiving deposits and earmarking some Energy Share funds to help with electric bills, EWEB and its customers helped remove critical barriers to families re-establishing themselves in their own homes.

Reducing customers' energy costs by cutting down energy waste is an added benefit of EWEB's energy management programs.



With the help of friends and community members, employee **Sherry Fleming** created a multi-media display to celebrate African-American history. The exhibit was featured in the EWEB headquarters building during Black History Month, February 1991 and 1992.

"I wanted to provide a piece of the puzzle that's missing in American history."

Along with helping reduce the amount of energy EWEB must buy or produce to meet the community's needs, these programs provide personal energy management services to residential and commercial/industrial customers alike. Long recognized among Northwest utilities as a leader in conservation, EWEB celebrated an impressive milestone this year. In October, the number of homes weatherized under the EWEB/BPA home weatherization program reached 25,000. This means that nearly two-thirds of our electric heat customers have benefited from the increased efficiency, livability, and cost savings of a weatherized home.

Being responsive to customers' needs can also mean being on the forefront of emerging issues. Growing concern over the possible health effects of electromagnetic fields is one example. Over the past three years, EWEB staff continually monitored research on all sides of the EMF controversy and developed a community lending library on the subject. Anticipating a growth in awareness of the EMF issue, EWEB in 1991 created a team of technicians to respond to customers' concerns. Armed with milligauss meters, the EMF team made house calls on request, measuring EMF levels of nearby power lines and appliances within the customers' homes and providing a summary of the broad range of thinking on the health effects of electromagnetic fields.

Securing Our Resource Future

5

Energy

Resource

Management

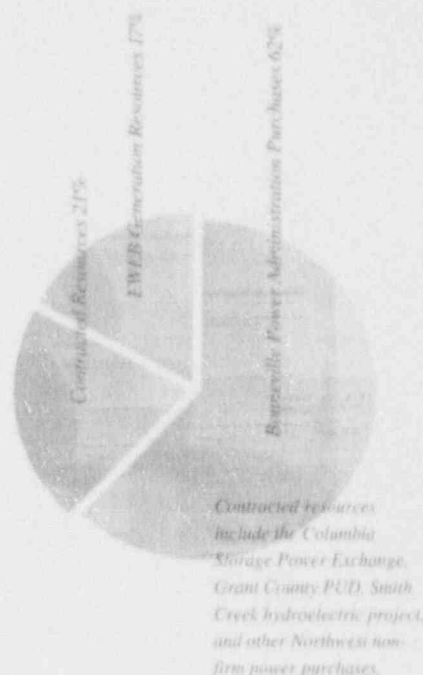
Though the BPA now supplies about 65 percent of EWEB's power, without future resource development EWEB's share of BPA power will grow to 80 percent.

by the end of the decade. Faced with a projected regional power deficit within the next 20 years and changing policies of the federal government, good planning dictates that EWEB aggressively pursue a diverse mix of power resources.

In 1991, as part of the corporate planning process, EWEB staff developed the utility's first Energy Resource Management Plan to guide development and acquisition of energy resources for the next 20 years. To ensure community involvement in this effort, the Board established an independent citizen committee to study energy issues and recommend strategies for meeting our future energy needs. The plan, which was released for public review in March 1992, will put into motion activities to increase energy management programs, add new environmentally sound generating resources and establish power supply contracts with the goal of reducing our future dependence on BPA and providing long-term power cost savings to our customers.

From its beginnings, EWEB has been able to supply the highest quality water to our community from the bountiful, pristine McKenzie River. Construction of the utility's Hayden Bridge Filtration Plant in 1950, with an addition in the late 1970's, enable EWEB to continue to meet the needs of Eugene and nearby water districts through the 90's.

As we look ahead, however, it is clear that continued population growth and increased competition for water resources demand a solid plan for managing this critical resource.



**Ensuring
an Adequate
Water Supply**

The Water Resources Management Plan, to be developed in 1992-93, will address changing state and federal regulations, watershed protection, and the water rate structure. In addition, the plan will outline a course for developing water conservation programs and evaluate options for meeting the community's future water supply needs in conjunction with other water suppliers in the region.

Sustaining Our

Steam Utility

An aging plant, stringent environmental regulations, fuel supply questions, and increasing competition for a limited number of customers posed almost daunting challenges to EWEB's steam utility at the end of 1990.

Through the concerted effort of a special task force of EWEB staff expert in financial analysis, steam operations, resource acquisition, marketing and strategic planning, a clear path was charted for continued operation of the plant.

A pivotal part of that plan—the interconnection of EWEB's steam system with the University of Oregon's steam plant—was completed in early March 1992. The interconnection will enhance the reliability of both systems by providing backup capability, add to cost-efficiency by allowing the plants to coordinate operations and run at full capacity, and reduce the combined amount of pollutants emanating from the plants.



Paula Fleitell
Resource Planner

"The resource plan will get EWEB prepared for diversity in the 90s, which means fire control and considering the changes occurring within the region."

1991 - The Year in Review

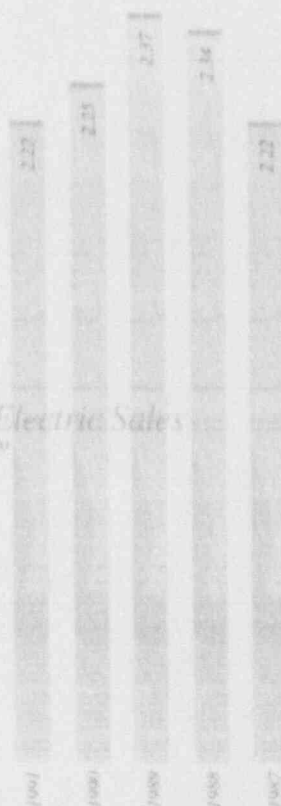
Following a successful bond election in March 1991, the electric utility issued \$12 million in electric system bonds for major capital projects in the electric and steam utilities. An additional \$10 million in voter authorized bonds, will be issued as needed.

Among the capital projects initiated in 1991 were capacity, environmental and safety improvements to EWEB's hydroelectric facilities on the McKenzie River. These improvements included evaluations associated with federal relicensing of the Leaburg and Walterville facilities; initiation of a three-year project to upgrade a portion of the upriver transmission system from 69kV to 115kV, and replacement of obsolete cable in the underground distribution system.

In December 1991, EWEB submitted an application to the Federal Energy Regulatory Commission to grant a new license to the Leaburg and Walterville hydroelectric facilities located on the lower McKenzie River. The application marks a major milestone in EWEB's relicensing efforts which began in 1989 and will continue until FERC grants a new license.

The electric utility delivered 2.2 billion kilowatt-hours of energy in 1991, down 1.0% from 1990 levels. These sales brought in \$81.8 million in revenues, up 5.7% from the previous year. The increased revenues resulted from an average 6% rate increase that took effect in April. EWEB served approximately 68,000 customers (up 2.3%). Average residential use was 15,985 kWh (down 1.3%). The average residential customer used 1332 kilowatt-hours per month at an average rate of 4.02 cents per kilowatt-hour for an average monthly cost of \$53.55.

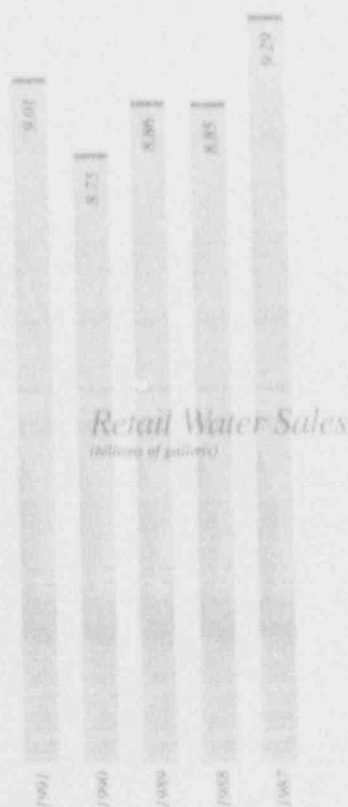
Retail Electric Sales
(billions of kWh)



Water Utility

New regulations under the Safe Drinking Water Act required water purveyors to enhance testing and treatment for coliform bacteria. EWEB's state-of-the-art treatment facility made it possible to meet the more restrictive regulations without addition of staff or equipment.

Major capital projects in the water utility included upgrade of electric service to Hayden Bridge Filtration Plant, and addition of a pumping station to enhance water service in the Laurel Hill neighborhood.



The number of general service and residential water customers served increased by 1.6% in 1991, while total sales were up 2.9% from 1990 levels. These sales brought in \$7.9 million in revenue—a 9.3% increase over 1990 levels. Water rates were raised an average 7.5% in April.

Steam Utility

Connecting EWEB's Willamette Steam Plant with the steam plant operated by the University of Oregon was the largest capital expenditure in the steam utility during 1991. EWEB's portion of the interconnection, which will enhance both plants' operational efficiency, was financed by the sale of electric system bonds authorized by voters in March 1991.

The steam distribution system served 115 customers at the end of 1991. During the year, the system produced 28.1 million pounds of steam, down 13.5 percent from 1990's figures. These sales brought in \$2.7 million in revenues. Although there was no increase in general rates, fuel cost adjustments were applied monthly to customer bills to offset increased hogged-fuel costs.

1991 Analysis of Sales

1991 Electric Sales

and percent change from 1990 sales

Class of Service	Average Number of Customers		Consumption (Kilowatt-hours)		Total Revenue	
Residential	60 615	+2.5%	968 937 051	+1.1%	\$39 007 863	+8.2%
General Service	7 358	+0.8%	733 554 792	-0.6%	27 183 427	+6.2%
Large Commercial & Industrial	25	+4.2%	490 722 805	-8.2%	14 872 982	-1.5%
Street Lighting	10	+25.0%	6 811 376	+16.0%	245 687	+13.5%
Water Utility	1	0.0%	16 237 467	+1.6%	517 907	+9.3%
Retail Electric Sales	68 009	+2.3%	2 216 263 491	-1.6%	\$81 827 866	+5.7%
Sales for Resale	16		178 951 000	-12.7%	3 371 321	-18.5%
Total Electric Sales	68 025		2 395 214 491	-2.5%	\$85 199 187	+4.4%

1991 Water Sales

and percent change from 1990 sales

Class of Service	Average Number of Customers		Consumption (1,000 Gallons)		Total Revenue	
Residential	32 543	+1.8%	3 726 885	+4.6%	\$4 157 358	+9.6%
General Service	4 436	+0.2%	3 984 612	0.0%	3 005 542	+7.3%
Water Districts	3	0.0%	1 205 765	+8.3%	698 812	+15.7%
Electric Utility	1	0.0%	92 374	-4.7%	53 863	+15.7%
Total Water Sales	36 983	+1.6%	9 009 636	+2.9%	\$7 915 575	+9.3%

1991 Payments in Lieu of Taxes

and percent change from 1990 sales

City of Eugene	School Districts & Others	Total
\$8 010 940 +8.7%	\$2 408 444 -16.9%	\$10 419 384 +1.4%

We have audited the financial statements of the Eugene Water & Electric Board for the years ended December 31, 1991 and 1990, which are included herein. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

*Report of Independent
Accountants To the
Board of Commissioners of
Eugene Water & Electric Board:*

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects:

- (1) the financial position of the Electric System and Water System of the Eugene Water & Electric Board at December 31, 1991 and 1990, and the results of their operations and their cash flows for the years then ended; and
- (2) the assets and liabilities of the Electric System's Distribution Division and Trojan Project of the Eugene Water & Electric Board at December 31, 1991, and the results of their operations and their cash flows for the years ended December 31, 1991 and 1990,

all in conformity with generally accepted accounting principles.

Coopers & Lybrand

Eugene, Oregon
March 27, 1992

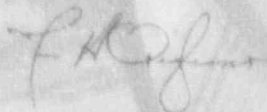
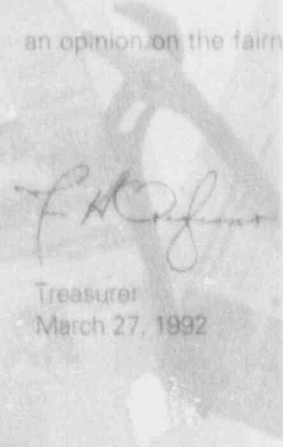
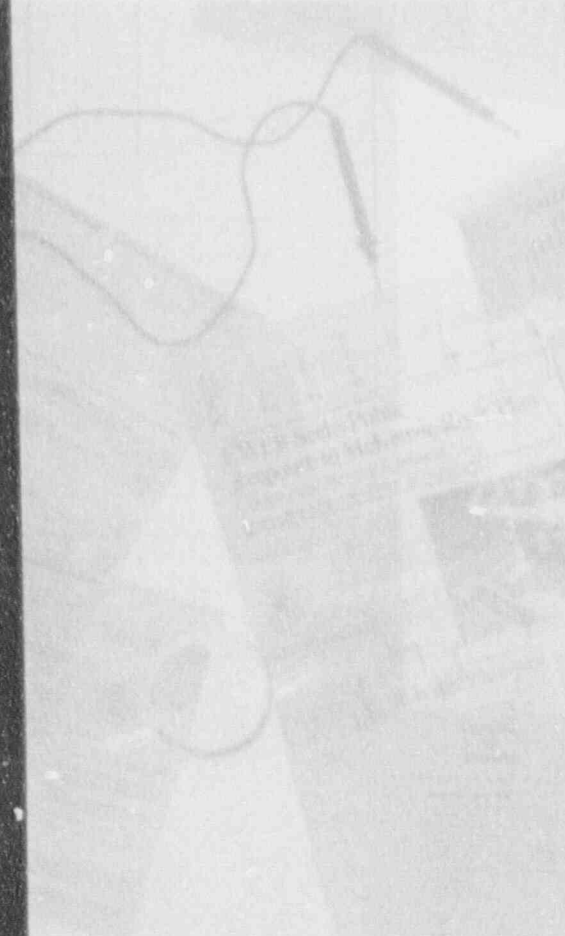


Financial Statement

The management of the Eugene Water & Electric Board maintains a system of internal controls to meet its responsibility for the integrity and objectivity of its financial statements and to safeguard its assets.

The financial statements were prepared in conformity with generally accepted accounting principles for public utilities and accounting requirements of the Federal Energy Regulatory Commission. They reflect all adjustments which are, in the opinion of management, necessary for a fair statement of financial condition and results of operations.

Coopers & Lybrand, independent certified public accountants, are engaged to perform an audit of the Board's financial statements. Their audit provides an objective review of management's responsibility to report operating results and financial condition. Working with our internal auditors, they perform such tests and procedures as they deem necessary to arrive at an opinion on the fairness of data included in the financial statements.



Treasurer
March 27, 1992

Electric System

Balance Sheet

December 31, 1991 and 1990

Assets

		1991		1990
	Distribution Division	Trojan Project	Electric System	Electric System
Plant in service	226 115 007	240 252 505	466 367 512	442 099 783
Less - Accumulated depreciation & amortization	99 428 939	42 695 097	142 124 036	129 058 191
	126 686 068	197 557 408	324 243 476	313 041 592
Property held for future use	500 000		500 000	500 000
Construction work in progress	4 003 655		4 003 655	4 643 898
Nuclear fuel, less accumulated amortization 1991 - \$79,335,404; 1990 - \$17,927,152		17 957 111	17 957 111	10 929 249
Utility Plant	131 189 723	215 514 519	346 704 242	329 114 739
Bond funds	2 353 030	10 528 950	12 881 980	12 559 219
Reserve & contingency fund		2 130 136	2 130 136	2 605 889
Renewal & replacement fund	501 141		501 141	500 000
Conservation project fund	1 182 343		1 182 343	1 491 762
Construction funds	8 840 159		8 840 159	
Decommissioning reserve fund		6 830 655	6 830 655	4 414 535
Segregated Funds	12 876 673	19 489 741	32 366 414	20 971 405
Cash & cash equivalents	7 590 846	7 385 359	14 976 205	17 548 296
Capital improvement reserve	1 414 209		1 414 209	1 727 153
Segregated cash & investments	5 113 631	3 491 949	8 605 580	7 474 613
Receivables, less allowances				
1991 - \$268,101; 1990 - \$234,567	13 027 858	90 720	13 118 578	12 980 943
Materials & supplies, at average cost	2 677 157	7 643 870	10 321 027	9 386 262
Prepayments & special deposits	636 304	888 909	1 525 213	1 311 443
Current Assets	30 460 005	19 500 807	49 960 812	50 428 710
Advance refunding costs		7 361 677	7 361 677	7 778 461
Long-term receivable, BPA	10 622 657		10 622 657	11 228 238
Deferred charges & other	6 528 340	2 377 331	8 905 671	6 229 751
Other Assets	17 150 997	9 739 008	26 890 005	25 236 450
	\$191 677 398	\$264 244 075	\$455 921 473	\$425 751 304

The accompanying notes are an integral part of this statement.

Equity & Liabilities

	<i>Distribution Division</i>	<i>1991 Trojan Project</i>	<i>Electric System</i>	<i>1990 Electric System</i>
Balance at beginning of year	122 841 679		122 841 679	121 741 401
Net income for the year	3 040 061		3 040 061	1 100 278
Retained Earnings	<u>125 881 740</u>		<u>125 881 740</u>	<u>122 841 679</u>
Long-term Debt	<u>45 005 123</u>	<u>110 548 610</u>	<u>155 553 733</u>	<u>149 275 782</u>
Accounts payable	11 401 280	13 615 371	25 016 651	16 298 247
Accrued payroll & benefits	1 623 669		1 623 669	1 377 767
Accrued interest on long-term debt	2 074 691	2 237 833	4 312 524	3 996 215
Long-term debt due within one year	<u>1 850 000</u>	<u>3 840 000</u>	<u>5 690 000</u>	<u>5 030 000</u>
Current Liabilities	<u>16 949 640</u>	<u>19 693 204</u>	<u>36 642 844</u>	<u>26 702 229</u>
Unamortized gain on defeasance of debt	3 056 513		3 056 513	3 535 387
Deferred credits & other	<u>784 382</u>		<u>784 382</u>	<u>619 148</u>
Other Liabilities and Deferred Credits	<u>3 840 895</u>		<u>3 840 895</u>	<u>4 154 535</u>
Deferred Trojan Net Billings		<u>134 002 261</u>	<u>134 002 261</u>	<u>122 777 079</u>
	<u>\$191 677 398</u>	<u>\$264 244 075</u>	<u>\$455 921 473</u>	<u>\$425 751 304</u>

Electric System*Statement of Net Income*

For the Years Ended December 31, 1991 and 1990

	1991	1990
Residential	39 007 863	36 048 760
Commercial & industrial	42 820 003	41 395 388
Sales for resale & other	4 529 321	5 065 286
Steam heating	2 658 640	2 209 145
Operating Revenues	<u>89 015 827</u>	<u>84 718 579</u>
Purchased power	44 767 039	45 991 452
Steam & hydraulic production	2 519 174	1 962 691
Transmission & distribution	7 442 380	7 329 511
Customer accounting	2 833 823	2 418 956
Conservation expenses	2 297 644	1 803 407
Administrative & general	9 127 608	8 206 880
Steam heating expenses	2 828 373	2 388 902
Depreciation & amortization - Plant	7 159 980	6 968 273
Operating Expenses	<u>78 976 017</u>	<u>77 070 072</u>
Net Operating Income	<u>10 039 810</u>	<u>7 648 507</u>
Interest earnings on investments	1 170 675	981 327
Allowance for funds used during construction	176 200	177 800
Other revenue	152 509	93 479
Grant revenue	922 204	519 949
Grant expense	(922 204)	(519 949)
Other Revenue	<u>1 499 384</u>	<u>1 252 606</u>
Contributions in lieu of taxes	6 358 396	6 029 315
Other revenue deductions	596 372	526 660
Interest expense & discount amortization	1 591 165	1 295 060
Allowance for borrowed funds used during construction	(46 800)	(50 200)
Revenue Deductions	<u>8 499 133</u>	<u>7 800 835</u>
System Net Income	<u>\$3 040 061</u>	<u>\$1 100 278</u>

The accompanying notes are an integral part of this statement.

Electric System*Statement of Cash Flows*

For the Years Ended December 31, 1991 and 1990

	1991	1990
Cash flows from operating activities		
Net operating income	10 039 810	7 648 507
Adjustments to reconcile net operating income to net cash provided by operating activities		
Depreciation & amortization	7 503 234	7 100 925
Increase in receivables	(88 798)	(246 968)
(Increase) decrease in materials & supplies	(46 131)	29 023
(Increase) decrease in prepayments & special deposits	(10 226)	17 943
Increase in deferred charges	(1 730 473)	(1 166 111)
Increase (decrease) in accounts payable & accrued payroll & benefits	(904 004)	2 633 681
Increase in deferred credits & other	165 234	201 033
Conservation loans issued	(186 151)	
Collection of conservation loans	27 007	
Contribution in lieu of taxes	(6 358 396)	(6 029 315)
Other revenue	152 509	93 479
Other revenue deductions	(596 372)	(526 660)
Distribution Division	<u>7 967 243</u>	<u>9 755 537</u>
Depreciation & amortization	7 450 666	11 417 521
Increase in receivables	(9 720)	(81 000)
Increase in materials & supplies	(888 634)	(1 395 905)
Increase in prepayments & special deposits	(203 544)	(24 825)
Increase in deferred charges	(886 442)	(819 838)
Increase (decrease) in accounts payable	9 868 312	(225 499)
Increase in deferred Trojan net billings	<u>18 602 596</u>	<u>21 066 786</u>
Trojan Project	<u>33 933 234</u>	<u>29 937 240</u>
Net Cash Provided by Operating Activities	<u>41 900 477</u>	<u>39 692 777</u>
Cash flows from investing activities		
(Increase) decrease in segregated funds	(9 213 943)	468 850
Decrease in capital improvement reserve	312 944	194 093
Increase in segregated cash & investments	(1 215 453)	(40 271)
Interest earnings on investments	<u>1 170 675</u>	<u>981 327</u>
Distribution Division	<u>(8 945 777)</u>	<u>1 603 999</u>
Increase in segregated funds	(2 490 485)	(2 125 806)
(Increase) decrease in segregated cash & investments	<u>56 999</u>	<u>(36 153)</u>
Trojan Project	<u>(2 433 486)</u>	<u>(2 161 959)</u>
Net Cash Used in Investing Activities	<u>(11 379 263)</u>	<u>(557 960)</u>

Electric System*Statement of Cash Flows (cont.)*

For the Years Ended December 31, 1991 and 1990

	1991	1990
Cash flows from noncapital financing activities		
Bond principal payments	(915 000)	
Decrease in bond funds used for weatherization	309 419	
Proceeds from issuance of bonds		13 635 000
Bond refunding payment		(14 145 000)
Decrease in long-term receivable, BPA	605 581	510 000
Conservation grants issued	908 429	368 520
Conservation grant payments	(922 204)	(519 949)
Distribution Division	(13 775)	(151 429)
Net Cash Used in Noncapital Financing Activities	(13 775)	(151 429)
Cash flows for capital & related financing activities		
Proceeds from issuance of bonds	12 000 000	
Bond principal payments	(480 000)	(451 500)
Additions to utility plant-Net	(8 185 639)	(7 151 845)
Interest payments-net of related amortizations	(1 715 307)	(1 580 254)
Distribution Division	1 619 054	(9 183 599)
Additions to utility plant-Net	(24 134 764)	(8 845 154)
Bond principal payments	(3 660 000)	(3 475 000)
Interest payments-net of related amortizations	(6 903 820)	(7 081 045)
Trojan Project	(34 698 584)	(19 401 199)
Net Cash Used in Capital & Related Financing Activities	(33 079 530)	(28 584 798)
Distribution Division increase in cash & cash equivalents	626 745	2 024 508
Trojan Project increase (decrease) in cash & cash equivalents	(3 198 836)	8 374 082
Net Increase (Decrease) in Cash & Cash Equivalents	(2 572 091)	10 398 590
Cash & cash equivalents at beginning of year	17 548 296	7 149 706
Cash & Cash Equivalents at End of Year	\$ 14 976 205	\$ 17 548 296

The accompanying notes are an integral part of the statement.

Water System**Balance Sheet**

December 31, 1991 and 1990

Assets

Plant in service	
Less - Accumulated depreciation & amortization	
Property held for future use	
Construction work in progress	
Utility Plant	

Segregated Bond Funds

Cash & cash equivalents	
Segregated cash & investments	
Receivables, less allowances 1991 - \$18,991; 1990 - \$16,835	
Materials & supplies, at average cost	
Prepayments & special deposits	

Current Assets

Advance refunding costs	
Deferred charges & other	

Other Assets**Equity & Liabilities**

Balance at beginning of year	
Net income (loss) for the year	

Retained Earnings**Long-term Debt**

Accounts payable	
Accrued payroll & benefits	
Accrued interest on long-term debt	
Long-term debt due within one year	

Current Liabilities**Deferred Credits and Other****1991****1990**

50,009,795	49,325,786
29,444,953	27,670,622
20,564,842	21,655,164
104,766	104,766
835,961	447,267
<u>21,505,569</u>	<u>22,207,197</u>

<u>1,523,748</u>	<u>1,530,559</u>
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2,700,693	2,368,115
2,275,266	1,834,368

784,190	757,708
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509,891	472,388
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117,953	130,666
---------	---------

<u>6,387,993</u>	<u>5,563,245</u>
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896,509	987,523
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292,150	236,055
---------	---------

<u>1,188,659</u>	<u>1,223,578</u>
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<u>\$30,605,969</u>	<u>\$30,524,579</u>
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17,556,562	17,825,950
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356,969	(269,388)
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<u>17,913,531</u>	<u>17,556,562</u>
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<u>9,000,858</u>	<u>9,778,442</u>
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2,161,611	1,586,619
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295,730	372,110
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253,721	273,981
---------	---------

785,000	730,000
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<u>3,496,062</u>	<u>2,962,710</u>
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<u>195,518</u>	<u>226,865</u>
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<u>30,605,969</u>	<u>\$30,524,579</u>
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The accompanying notes are an integral part of this statement.

Water System*Statement of Net Income (Loss)*

For the Years Ended December 31, 1991 and 1990

	1991	1990
Residential	4 157 358	3 791 900
Commercial & industrial	3 758 217	3 452 433
Other	290 678	288 874
Operating Revenues	<u>8 206 253</u>	<u>7 533 207</u>
Source of supply, pumping & purification	1 581 443	1 589 804
Transmission & distribution	1 775 574	1 838 568
Customer accounting	575 195	552 239
Administrative & general	1 716 288	1 670 730
Depreciation & amortization - Plant	1 716 336	1 695 960
Operating Expenses	<u>7 364 836</u>	<u>7 347 301</u>
Net Operating Income	<u>841 417</u>	<u>185 906</u>
Interest earnings on investments	278 466	333 651
Allowance for funds used during construction	20 000	15 400
Other revenue	33 323	20 883
Other Revenue	<u>331 789</u>	<u>371 934</u>
Other revenue deductions	81 976	42 314
Interest expense & discount amortization	744 261	793 514
Allowance for borrowed funds used during construction	(10 000)	(8 600)
Revenue Deductions	<u>816 237</u>	<u>827 228</u>
System Net Income (loss)	<u>\$356 969</u>	<u>(\$269 388)</u>

The accompanying notes are an integral part of this statement.

Water System*Statement of Cash Flows*

For the Years Ended December 31, 1991 and 1990

	1991	1990
Cash flows from operating activities		
Net operating income	841 417	185 906
Adjustments to reconcile net operating income to net cash provided by operating activities		
Depreciation & amortization	1 772 214	1 789 254
Increase in receivables	(26 482)	(89 178)
Increase in materials & supplies	(37 503)	(12 417)
Decrease in prepayments & special deposits	12 713	291 829
Increase in deferred charges	(64 631)	(33 942)
Increase (decrease) in accounts payable & accrued payroll & benefits	498 612	(1 998)
Increase (decrease) in deferred credits & other	(31 347)	147 458
Other revenue	33 323	20 883
Other revenue deductions	(81 976)	(42 314)
Net Cash Provided By Operating Activities	<u>2 916 340</u>	<u>2 255 481</u>
Cash flows from investing activities		
(Increase) decrease in segregated bond funds	6 812	(174 366)
(Increase) decrease in segregated cash & investments	(440 898)	51 235
Interest earnings on investment	278 465	335 651
Net Cash (Used In) Provided By Investing Activities	<u>(155 621)</u>	<u>212 520</u>
Cash flows from capital & related financing activities		
Additions to utility plant - Net	(1 040 587)	(820 357)
Bond principal payments	(730 000)	(700 239)
Interest payments	(657 554)	(702 240)
Net Cash Used in Capital & Related Financing Activities	<u>(2 428 141)</u>	<u>(2 222 836)</u>
Net Increase in Cash & Cash Equivalents	<u>332 578</u>	<u>245 165</u>
Cash & cash equivalents at beginning of year	2 368 115	2 122 950
Cash & Cash Equivalents at End of Year	<u>\$ 2 700 693</u>	<u>\$2 368 115</u>

Notes to Financial Statements

December 31, 1991

Summary of Significant Accounting Policies:

General - The Eugene Water & Electric Board, an administrative unit of the City of Eugene, Oregon, is responsible for the ownership and operation of the electric and water utility systems. The Board has the authority to fix rates and charges. Board accounting policies conform to generally accepted accounting principles for public utilities and governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant policies are described below.

Cash & Cash Equivalents - For purposes of the statement of cash flows, the Board considers all nonsegregated highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable - The Board provides energy and water to residential, commercial and industrial customers located in its service area. The credit practices of the Board require an evaluation of each new customer's credit worthiness on a case-by-case basis. At the discretion of management, a deposit may be obtained from the customer. Credit losses have been within management's expectations.

Utility Plant & Depreciation - Utility plant is stated at original cost. Cost includes labor, materials and related indirect costs such as engineering, transportation and allowance for funds used during construction.

The cost of additions, renewals and betterments is capitalized. Repairs and minor replacements are charged to operating expenses.

The cost of property and removal cost, less salvage, is charged to accumulated depreciation when property is retired.

Depreciation is computed using straight-line composite rates which are equivalent to approximately 3.2% of the Electric System Distribution Division and 3.5% of the Water System original costs of depreciable utility plant. Depreciation for the Trojan Plant is computed using the 6% sinking fund method based on a 33-year plant life.

Operating Income - Operating income is recorded on the basis of service delivered. Approximately 11% of 1991 and 1990 Electric System operating income was the result of sales to one industrial customer.

Interutility Rent - The Board has an interutility rent agreement expiring in 2011 in which the Electric System assesses the Water System an annual rental amount for its proportionate share of the headquarters facility. Payments under the agreement were \$310,000 for 1991 and 1990.

Other Accounting Policies - Debt premium, discount, expenses and advance refunding costs are being amortized over the terms of the respective issues. Nuclear fuel amortization is based on the quantity of heat produced without provision for salvage value. Grant revenues are recognized as funds are expended.

Reclassifications - For comparability, certain 1990 amounts have been reclassified to conform with account classifications used in 1991. There was no effect on previously reported net income (loss).

Cash & Investments:

The Board maintains cash and investments in several accounts in accordance with Bond resolutions. Cash and investments are carried at cost or amortized cost plus accrued interest which approximates market. The Board's investments during the year included repurchase agreements and obligations of the U.S. Government, all of which are authorized by state statutes and bond resolutions. The Board maintains depository insurance under federal depository insurance funds or state and financial institution collateral pools for its cash deposits and investments. Cash deposits were held at regional commercial banks and at times during the year exceeded amounts insured. Repurchase agreements, obligations of the U.S. Government and deferred compensation mutual fund deposits are exempt from statutes requiring such insurance. The entire bank balance of the demand deposits totaling \$466,341 for the Distribution Division and Water System, and \$2,262 for the Trojan Project are fully insured at December 31, 1991.

The Board's investments are categorized to give an indication of the level of risk assumed by the Board at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Board or its agent in the Board's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Board's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the Board's name. Investments held by the counterparty financial institution in safekeeping are considered to be Category 3 in accordance with GASB interpretations. The Board's investments, except deferred compensation mutual funds, and the investment in the State of Oregon local government investment pool, are held in safekeeping in book entry form by the financial institution counterparty in the Board's name and are considered to be Category 3 investments under the above criteria.

Cash and investments consist of the following at December 31, 1991:

	<i>Segregated Funds</i>	<i>Cash and Cash Equivalents</i>	<i>Capital Improvement Reserve</i>	<i>Segregated Cash and Investments</i>	<i>Total Carrying Amount</i>
Distribution Division					
Cash on hand		12 586			12 586
Cash in bank demand deposits	31 697	(867 447)		14 363	(821 387)
Investment - Deferred compensation mutual funds				3 773 283	3 773 283
Investments - Direct obligations of U.S. Government	6 736 575	2 324 246		1 281 876	10 342 697
Investments in the State of Oregon local gov't investment pool	<u>6 108 401</u>	<u>6 121 461</u>	<u>1 414 209</u>	<u>44 109</u>	13 688 180
Total	<u>\$12 876 673</u>	<u>\$7 590 846</u>	<u>\$1 414 209</u>	<u>\$5 113 631</u>	
Trojan Project					
Cash in bank demand deposit	555 299	2 262			557 561
Investments - Direct obligations of U.S. Government	<u>18 934 442</u>	<u>7 383 097</u>		<u>3 491 949</u>	29 809 488
Total	<u>\$19 489 741</u>	<u>\$7 385 359</u>		<u>\$3 491 949</u>	
Water System					
Cash in bank demand deposits	11 633	(113 423)		11 724	(90 066)
Cash in bank demand deposits - Other agency collections				1 073 634	1 073 634
Investment - Deferred compensation mutual funds				614 255	614 255
Investments - Direct obligations of U.S. Government	1 512 115	773 629		568 615	2 854 359
Investments in the State of Oregon local gov't investment pool	<u></u>	<u>2 040 487</u>		<u>7 038</u>	2 047 525
Total	<u>\$1 523 748</u>	<u>\$2 760 693</u>		<u>\$2 275 266</u>	

Long-term Debt

1991

Electric Utility System Revenue Bonds

Series 1986, 7-1-86 issue

Serial Bonds, 5.75-7.50%, due 1993-2003

4 340 000

Term Bonds, 7.60%, due 2011

6 330 000

1986 Series M, 9-22-86 issue, 7.16% capital appreciation, due 1996

984 500

Series 1987, 12-1-87 issue, 6.15-7.90%, due 1993-2011

8 970 000

1988 Series M, 4-5-88 issue, 6.80% capital appreciation, due 1997-2004

1 397 500

Series 1991, 7-15-91 issue, 4.75 - 6.70%, due 1993-2011

11 725 000

Electric Utility System Conservation Revenue Bonds Series 1990,

7-1-90 issue, 5.90-6.65%, due 1993-2000, subordinate to Series 1986,

1986 Series M, Series 1987, 1988 Series M, and Series 1991

11 630 000

45 377 000

Less unamortized discount

371 877

Distribution Division long-term debt

45 005 123

Trojan Nuclear Project Revenue Bonds, Series of 1977, subordinate

to Series 1986, 1986 Series M, Series 1987, 1988 Series M, and Series 1991

Serial Bonds, 5.20-5.75%, due 1993-98

27 925 000

Term Bonds, 5.90%, due 2009

83 700 000

111 625 000

Less unamortized discount

1 076 390

Trojan Project long-term debt

110 548 610

Electric System Long-term Debt

\$155 553 733

Water Utility System Revenue Bonds

8-1-66 issue, 4.35%, due 1993-99

990 000

8-1-68 issue, 4.00-4.90%, due 1993-99

810 000

12-1-82 issue, 8.50-9.00%, due 1993

450 000

Water Utility System Revenue Refunding Bonds, 11-15-86 issue,

5.00-6.60%, due 1993-2006, subordinate to 8-1-66, 8-1-68 and

12-1-82 issues

6 800 000

9 050 000

Less unamortized discount

49 142

Water System Long-term Debt

\$ 9 000 858

Total debt requirements during the years 1992 through 1996 are as follows:

	<i>Electric System</i>			<i>Water System</i>
	<i>Distribution Division</i>			
	<i>Maturities</i>	<i>Reverse Deposits</i>	<i>Trojan Project</i>	<i>Maturities</i>
1992	1 850 000	316 281	3 840 000	785 000
1993	2 015 000	233 532	4 055 000	835 000
1994	2 125 000	233 532	4 275 000	445 000
1995	2 240 000	233 532	4 500 000	470 000
1996	2 349 000	116 766	4 755 000	495 000

The Board has observed, performed and fulfilled its covenants and obligations as required by resolutions authorizing the issuance of revenue bonds.

In July 1990, the Board placed an amount in trust, from the issuance of the 1990 Conservation Revenue Bonds, to refund the Electric Utility System Conservation Revenue Bonds, Series 1985 on September 4, 1990, the call date. The Board and the Bonneville Power Administration (BPA) have entered into the Bond Financing Agreement to fund BPA's share of weatherization measures with the proceeds from the Electric Utility System Conservation Revenue Bonds. Under terms of the agreement, the Board has agreed to expend the 1990 bond proceeds in accordance with the terms of the Bond Financing Agreement and the Program Agreement, and BPA has agreed to pay the debt service and any other costs associated with the 1990 bonds. A receivable is recorded by the Board for the difference between the unspent bond proceeds and the outstanding principal and accrued interest on the bonds. There is no effect on the Electric System statement of net income and, therefore, interest receipts and expenditures approximating \$606,000 for 1991 are not included in such statement.

During 1987, the Board extinguished \$19,488,000 of Electric System Distribution Division Series A, C and D Bonds through an in-substance defeasance. The in-substance defeasance was accomplished by placing approximately \$14,300,000 into an irrevocable trust from which principal and interest payments will be made on the Bonds through August 1, 2004, the final maturity date. The resulting gain on defeasance of approximately \$5,188,000 has been deferred and is being amortized over the remaining life of the defeased Bond issues.

In November 1986, the Board extinguished \$6,610,000 of Series 1982 Water Bonds through an in-substance defeasance. The in-substance defeasance was accomplished by placing the Water Refunding Bond Series 1986 proceeds and segregated funds in an irrevocable trust from which principal and interest payments will be made on the Bonds through August 1, 1994, the earliest call date. The resulting refunding cost of approximately \$1,657,000 has been deferred and is being amortized over the remaining life of the Series 1986 bonds.

As of December 31, 1991, the amount of defeased debt still outstanding but removed from the Board's long-term debt amounted to \$15,373,000 for the Electric System Distribution Division and \$6,610,000 for the Water System.

Trojan Nuclear Plant:

The Board has assigned to BPA and other public agency participants its 30% share of the output from the Trojan Nuclear Plant. The Board will receive payments and credits (net billings) equal to its share of all Plant costs, including decommissioning, spent fuel storage and debt service whether or not the Plant is operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of Plant output.

Net billings may vary from expenses each year but are recognized in each accounting period only to the extent of current expenses. There is no effect on the Electric System statement of net income and, accordingly, net billings and operating expenses are not included in the statement of net income. The accumulated excess of net billings over expenses is stated in the balance sheet as "Deferred Trojan Net Billings". Following is an analysis of changes in this account during 1991 and 1990:

	1991	1990
Total net billings	90 688 107	76 210 896
Add interest earned	2 522 603	2 294 661
Less		
Operation & maintenance expenses	58 710 263	44 201 691
Depreciation & amortization	7 450 666	11 417 521
Other fuel expense	8 447 185	1 819 559
Interest expense	7 377 414	7 562 586
Increase in		
Deferred Trojan		
Net Billings	<u>\$11 225 182</u>	<u>\$13 504 200</u>

Power Supply Resources:

The Board receives approximately 17% of its power requirements from its own generating resources and 83% from BPA and other agencies under contractual agreements expiring through 2017. BPA provided approximately 76% of the Board's purchased power in 1991 (83% in 1990).

Retirement Benefits:

All regular employees with at least six months of service participate in the Oregon Public Employees Retirement System (PERS), an agent multiple-employer defined benefit pension plan established by State statute and administered by the State of Oregon, which is designed to provide a benefit equal to 1.67% of a participant's highest 35-month average salary. Benefits are established by State statute under which covered employees are required to contribute 6% of their salary, which the Board has agreed to pay on the employees' behalf. The Board is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The Board's required contributions, an additional 10.63% of covered wages, are actuarially determined using the entry age actuarial cost method. The Board's payroll for employees covered by PERS for 1991 was \$18,800,000 (\$16,400,000 for 1990), total payroll was \$19,300,000 (\$16,800,000 for 1990). PERS contributions funded and expensed for 1991 were approximately \$2,547,000 for the Electric System and \$450,000 for the Water System (\$2,323,000 and \$510,000, respectively, for 1990), including amortization of the unfunded liability for the present value of all past normal costs over a 30-year period.

The Eugene Water & Electric Board supplemental retirement plan is a single-employer defined benefit pension plan established and administered by the Board. Benefits are established by the Board. During 1987, the Board renegotiated its contract with PERS to provide benefits accumulated in the supplemental plan as of June 30, 1988 by then active employees through PERS. Accordingly, the supplemental plan was amended to only cover retired employees who were plan participants at June 30, 1988. As a result of eliminating active employees from the plan, the Board had no payroll for participants during 1991 and 1990. In 1988, the plan's actuarial funding method was changed from the attained age normal method to the unit credit method. Under the new method, an unfunded actuarial accrued liability is established equal to the difference between the present value of accrued benefits at the valuation date, and assets available to provide these benefits. This liability will be amortized and funded over a period not to exceed 20 years. For 1991, the amounts funded and expensed were approximately \$294,000 for the Electric System and \$56,000 for the Water System (\$142,000 and \$30,000, respectively, for 1990).

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected wage increases and step rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of projected benefits, is intended to help users assess funding status on a going-

concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparison among PERS and employers. The measure is independent of the actuarial funding method used to determine contributions to the plans. However, the significant actuarial assumptions used to compute the pension benefit obligation are the same as those used to compute the actuarially determined contributions.

Under PERS no obligation for retired members is attributed to the Board, as PERS pools the risk related to retired employees among all the participating employers. PERS transfers the obligation for benefits from individual employers to the PERS as a whole when benefits become payable. Accordingly, the pension benefit obligation shown below for PERS covers only current and terminated employees. The most recent actuarial valuation for PERS is December 31, 1989.

Significant actuarial assumptions:

	PERS	Supplemental Plan
Date of actuarial valuation	Dec. 31, 1989	Jan. 1, 1991
Estimated annual return on assets	8.0%	9.0%
Projected annual salary increases	6.0%	N.A.*
Projected annual cost of living increases to retirees	2.0%	2.0%
Increase in benefits for members with unutilized sick leave		
Male	8.0%	N.A.*
Female	5.0%	N.A.*
Pension benefit obligation		
Retirees & beneficiaries currently receiving benefits & terminated employees not yet receiving benefits		4 538 823
Accumulated employee contributions, including allocated investment earnings	18 742 835	
Employer -		
Financed vested	13 912 379	
Employer -		
Financed nonvested	955 804	
	33 611 018	4 538 823
Net assets available for benefits	20 479 926	3 688 587
Unfunded Pension		
Benefit Obligation	\$13 131 092	\$ 850 236

*Not Applicable

Trend information is useful in assessing the plan's progress in accumulating sufficient assets to pay benefits

when due. Available trend information regarding the plan's progress is shown below:

	<i>Valuation Date</i>	<i>Net Assets As a Percent of Benefit Obligation</i>	<i>Annual Covered Payroll</i>	<i>Unfunded Pension Benefit Obligation As a Percent of Covered Salary</i>	<i>Employer Contribution As a Percent of Covered Salary</i>
Supplemental Retirement Plan					
1988	January 1, 1988	58.9%	Not Applicable	Not Applicable	Not Applicable
1989	January 1, 1989	65.5%	Not Applicable	Not Applicable	Not Applicable
1990	January 1, 1990	77.7%	Not Applicable	Not Applicable	Not Applicable
1991	January 1, 1991	81.3%	Not Applicable	Not Applicable	Not Applicable
Oregon Public Employees Retirement System					
1988	December 31, 1987	55.3%	\$15,800,000	77.6%	11.41%
1989	Not Available	Not Available	\$16,300,000	Not Available	11.41%
1990	December 31, 1989	60.9%	\$16,400,000	78.2%	10.63%
1991	Not Available	Not Available	\$18,800,000	Not Available	10.63%

In addition to pension benefits, the Board provides post-retirement health care and life insurance benefits at no cost to all employees who retire at any age with at least 30 years of service or at age 55 regardless of years of service. Currently 217 retirees meet those eligibility requirements. The life insurance benefit is a fixed amount \$5,000 per retiree. Health care coverage reimburses 80 percent of the amount of validated claims for certain medical, dental, vision, and hospitalization costs. Retiree dependent health care coverage is provided at \$29 per month

for retirees under age 65 at January 1, 1990 and under \$10 per month for other retirees. These provisions will apply to all eligible employees retiring prior to January 1, 1994. Subsequent retirees will contribute to the cost of coverage on a scale determined by years of service. The parameters, which are, less than 11 years of service will pay 100%, over 20 years of service will pay 25%. The 1991 cost, recognized as expense as claims are made, was \$438,000 for the Electric System and \$93,000 for the Water System (expense for 1990 was \$413,000 and \$94,000, respectively).

Deferred Compensation:

The Board offers all employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Aggregate amounts deferred at December 31, 1991 which are included in assets and accounts payable are \$3,773,283 and \$614,255 for the Electric System and Water System, respectively (\$3,038,090 and \$494,573, respectively, at December 31, 1990).

All amounts of compensation deferred under the plan

and all income attributable to those amounts are solely the property of the Board, subject only to the claims of the Board's general creditors. Participants' rights under the plan are equal to those of general creditors of the Board in an amount equal to the fair market value of the deferred account for each participant.

Participating employees have several investment options with varying degrees of market risk. The Board has no liability for losses under the plan, but does have the duty to administer the plan in a prudent manner. The Board believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Commitments and Contingencies:

Commitments - At December 31, 1991, the Board had contractual commitments to construct or purchase various projects in the normal course of business of approximately \$895,000.

Self Insurance - The Board is self-insured for a portion of losses on various liability policies and a group medical policy. Self-insured losses are generally limited to \$75,000 to \$100,000 per occurrence. The Board's workers' compensation insurance is a retrospective premium plan with a self-insurance component. At December 31, 1991, the Board's maximum retrospective premium exposure is approximately \$890,000. All known claims filed

and an estimate of all incurred but unreported claims existing at December 31, 1991 have been recorded.

Claims and Other Legal Proceedings - The Board is involved in various litigation. In the opinion of management, the ultimate outcome of these claims will not have a material effect on the Board's financial position beyond amounts already accrued as of December 31, 1991.

Grant Programs - The Board receives grant revenues for conservation programs which are subject to audit and adjustment by the federal grantor agency. Any costs expended from the grant funds which are questioned and ultimately disallowed may become a liability of the Board. Management believes that adjustments, if any, will not materially effect the Board's financial position.

Randy L. Berggren

The Executive Management Team

Randy Berggren was selected by the EWEB Commissioners to serve as the Board's General Manager in August 1990—he had been acting General Manager since February 1990. Berggren joined EWEB in 1985 as engineering manager. He served as assistant general manager of planning and development from 1988 to 1990. Berggren holds a bachelor's degree in electronic engineering and a master's degree in electrical engineering. Prior to joining EWEB, Berggren was director of the Springfield (Oregon) Utility Board's electric utility, and held various engineering and administrative positions with Southern California Edison Company.

Susan E. Brody

Susan Brody joined EWEB as director of the Planning & Development Division in May 1991. In January 1992 the division was renamed Management Services. It encompasses the human resources, public information, community education, training, environmental management, customer relations, and strategic planning departments. Prior to joining EWEB, Brody served as director of the Oregon Department of Land Conservation and Development (1989-91), Planning Director for the City of Eugene (1984-88), and Director of the House Research Agency for the Alaska Legislature (1982-84). Brody has a bachelor's and a master's degree in political science and a master's degree in city planning.

James H. Brown

In January 1992, Jim Brown was selected to head EWEB's Water Division. Prior to his appointment, Brown had served as director of the former Operations & Engineering Division for six years. Brown began his EWEB career in 1963 as an engineer. In 1976 he was appointed supervisor of civil/mechanical engineering, and in 1984 he was named assistant director of the Operations & Engineering Division. Brown holds a bachelor's degree in civil engineering and is a Registered Professional Engineer.

Garry Kunkel

Director of the power management division since 1983, Garry Kunkel was appointed in January 1992 to head the newly established Electric Division. This division encompasses the energy management services, power resources, resource planning, electric operations, and generation departments. Kunkel's 28-year career at EWEB includes positions as assistant commercial manager, systems analyst, and rate manager. Kunkel is on the Board of Directors of the Pacific Northwest Utilities Conference Committee and is a board member of Goodwill Industries of Lane County.



*The EWEB Executive Management Team
(bottom row) Jim Origliosso,
Susan Brody; (middle row)
Tom Buckhouse, Garry
Kunkel; Jim Brown
(top row) Randy Berggren,
Dick Helgeson.*

James H. Origliosso

EWEB's Financial Services Division Director, Jim Origliosso, joined EWEB in 1988. The division he heads includes the general accounting, cash accounting, rates, risk management and customer service departments. Previously employed as the chief financial officer for City Water, Light and Power of Springfield, Illinois, Origliosso has a bachelor's degree in behavioral science and a master's degree in urban affairs and policy analysis. In addition, Origliosso is a Certified Public Accountant and a Certified Information Systems Auditor.

During 1991, EWEB's executive management team was comprised of General Manager

Two New Directors Named in 1992

Randy Berggren and the directors of EWEB's four major divisions—Jim Origliosso, Jim Brown, Garry Kunkel, and Susan Brody. In January 1992, Berggren reorganized the four functional divisions into six product and service divisions. As a result, two new directors were appointed to head the new divisions and serve on the executive management team.

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Thomas E. Buckhouse

Tom Buckhouse joined EWEB in 1991 as Facilities Planning Manager. In January 1992, he was appointed to head the new Facilities Services Division. Prior to joining EWEB, Buckhouse served for six years in charge of the Electric Department at the Truckee Donner Public Utility District, and was Director of Operations for the Central Lincoln Peoples Utility District for five years. Prior to those positions, Buckhouse worked for Southern California Edison Company for nine years in various engineering and planning positions.

Richard C. Helgeson

Dick Helgeson was appointed director of the newly established Steam Division in January 1992. Prior to becoming director, Helgeson headed the Steam planning task force, and served as EWEB's rates manager for six years. Helgeson joined EWEB in 1976 as a programmer/analyst. In 1992 he transferred to the rates department and in 1984 was appointed assistant rates manager. Helgeson is a member of the Public Power Council's Rates and Contracts Committee, the Northwest Public Power Association, and the International Society of Heating and Cooling Association.

Corporate Officers to the Board

Randy L. Berggren, Secretary

Krista K. Hince, Assistant Secretary

James H. Origliosso, Treasurer

David C. Johnson, Assistant Treasurer

Executive Management

Randy L. Berggren, General Manager

Susan E. Brody, Director, Management Services Division

James H. Brown, Director, Water Division

Thomas F. Buckhouse, Director, Facilities Services Division

Richard C. Helgeson, Director, Steam Division

Garry W. Kunkel, Director, Electric Division

James H. Origliosso, Director, Financial Services Division

Advisors and Consultants

Black & Veatch; Independent Engineer/Consulting Engineer

Calkins & Calkins; General Counsel

Coates Kenney, Inc.; Consulting Actuaries

Coopers & Lybrand; Independent Auditor

Schwabe, Williamson & Wyatt; Special Counsel

Seattle Northwest Securities Corporation; Financial Consultant

Wood Dawson Smith & Hellman; Bond Counsel

