

Seneca contract exemplifies EWEB's poor management

A steady stream of articles, editorials and letters to the editor has appeared in The Register-Guard in recent months dealing with multiple problems associated with the Eugene Water & Electric Board, Eugene's customer-owned utility and the largest such entity in the state. As rate-paying residents of Eugene, we should all be angry that, over and over, EWEB hasn't gotten it right — at our expense.

Electricity rates in Eugene are 165 percent those in Springfield (\$106 per kwh vs. \$64 per kwh). A recent commenter on The Register-Guard website said "EWEB's 'basic charge' for electricity was \$6.50 per month in 2010. Since then, it's been raised to \$20 per month for 2015, and the proposed increase could bring it up to \$25 per month for 2016.

According to EWEB General Manager Roger Gray, this "basic charge" will probably increase by \$5 each year until it reaches \$35-\$40 per month. In contrast, the Springfield Utility Board has a basic charge of \$11.10 per month.

Like a flat tax, increases in the basic charge are extremely regressive.

EWEB's stated mission is "Providing affordable products and services," "Caring about our community and the environment," "Being flexible, innovative and adaptable to community needs," and (most ironically) "Defining value through the customer's eyes."

The past decade demonstrates utter failure in that mission. Ratepayers are now paying through the nose for power we don't even need. The market has caught EWEB flatfooted and the utility is reeling. Simply put, EWEB is not up to the task of fulfilling its vital mandate.

Equally ominous, in my opinion, is EWEB's allowing itself to be manipulated by private interests. And here we come to my pet peeve: the secret Seneca biomass contract signed in 2009.

We may all wonder how a public utility can legally sign secret deals. Most infuriating to me is that the people of Eugene must pay exorbitant rates to Seneca for electricity that will be resold at a loss and that pollutes our air. This could continue until the contract expires in 2025.

How on earth did EWEB get us into this expensive boondoggle?

At a recent Eugene Sustainability Commission meeting, a commissioner confided, "Over the years, EWEB has been led like a sheep to slaughter." It is, indeed, remarkable that this large utility is not more savvy with regard to protecting our pocketbooks.

Financial mechanisms (such as swing contracts, virtual bidding, and transmission rights) do exist to manage price and volume volatility in the deregulated electricity market.

Thankfully, the upcoming May 17 election offers some potential to influence the political landscape. Bob Cassidy (the single EWEB commissioner to vote against the Seneca biomass deal) is running for mayor of Eugene, while Rich Cunningham (who first moved to propose the Seneca contract) is running for reelection to the EWEB board.

It is also possible that EWEB's way of doing business is and has been illegal. According to Oregon law, all transactions entered into by electric utilities must be "economic, dependable and cost-effective" (ORS 261.348). We can be confident that the electricity delivered by the Seneca biomass plant is dependable, but it has proven neither economic nor cost-effective.

Of course, neither EWEB nor Seneca is responsible for price swings, but the point is that the law forbids EWEB from signing contracts where even the possibility of economic harm exists “for the production, supply or delivery of electricity.” Thus, the Seneca Sustainable Energy-EWEB contract may well be null and void.

In any case, EWEB needs to stop engaging in risky long-term contracts that jeopardize the pocketbook (and health) of Eugeneans, thinking it can simply raise the basic rate for electricity one more time. In the Seneca-EWEB case, millions of dollars are at stake and possibly multiple rate hikes. More broadly, however, Eugene must reclaim its utility in order to ensure a healthy and prosperous future.

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