EWEB On-Bill Financing Program

Misty Fisher
Kathy Grey
Mark Freeman
Dan Morehouse
Eugene Water & Electric Board
Eugene Water & Electric Board (EWEB)

- Municipal utility with independently elected Board
- Founded 1911
- 89,000 customers (79,000 residential)
- Municipal utility with independently elected Board
- Energy efficiency department established in 1978
Why would a utility want to loan money to customers?

It’s too risky to loan ratepayer money, isn’t it?

• In 1989 asked customers why they weren’t installing efficiency measures

  Answer:Didn’t have access to low cost money for out of pocket costs
What do you need to get started?

- A pot of money to loan
- Trust from Finance Department and Board
- A loan offering
- Requirements for qualifying applicants
- A way to get the money back—”refill the pot of money”
- Security for the loan (based on credit worthiness & all loans over $5,000)
The pot of money

Self-fund or outsource to financial institution?

- Decided to self-fund
- Initial request meager ~ $350,000
- Over time built pool to ~ $3 million
- Morphed into revolving fund, so no longer need to put funds into pool
Trust from Finance and Board

Skeptics ruled at first

- 1990 – 1991 pilot to test customer interest
- 1992 – 1995 limited residential program assumed 2% default going in
  - Default rate was far lower than assumed
  - Program helped move customers to action
- 1995, full approval and expansion to business customers and residential multi-family
The loan offering

Residential

- Zero interest loan(s) up to $20,000
  - Aggregate per customer – programs have max loan amounts
- Four – Five year payback term on bill
  - Customer may request shorter term prior to loan contracts being prepared

Business

- Interest bearing loan, currently at 4% – no fixed cap
- Five year payback term on bill
Requirements for qualifying applicants

• Approval process includes:
  • Confirmation of ownership
  • EWEB payment history
  • Credit check (TransUnion)

• Larger commercial loans require additional information

• Loans over $50,000 require approval by internal credit committee
How we get the money back

- Set up through CIS to appear as a charge on customer bill
- Pre-payment is allowed
- Partial payments spread evenly across all items on bill – can’t skip loan payment
- Payments programmed in CIS to credit the loan account and replenish the pool
### Current Charge Summary

<table>
<thead>
<tr>
<th>Service</th>
<th>Amount Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric</td>
<td>$166.31</td>
</tr>
<tr>
<td>Water</td>
<td>$18.04</td>
</tr>
<tr>
<td>Additional Services</td>
<td>$116.67</td>
</tr>
<tr>
<td>City of Eugene Wastewater</td>
<td>$29.18</td>
</tr>
<tr>
<td>City of Eugene Stormwater</td>
<td>$10.89</td>
</tr>
<tr>
<td><strong>Current Charges</strong></td>
<td><strong>$341.09</strong></td>
</tr>
</tbody>
</table>

### Electric Detail

<table>
<thead>
<tr>
<th></th>
<th>Days</th>
<th>Avg Temp F</th>
<th>Usage in KWH</th>
<th>Avg. KWH/day</th>
<th>Avg. Cost $/day</th>
</tr>
</thead>
<tbody>
<tr>
<td>This Month</td>
<td>29</td>
<td>42</td>
<td>1817</td>
<td>62</td>
<td>5.73</td>
</tr>
<tr>
<td>Last Month</td>
<td>33</td>
<td>39</td>
<td>2236</td>
<td>67</td>
<td>6.23</td>
</tr>
<tr>
<td>Last Year</td>
<td>29</td>
<td>42</td>
<td>2429</td>
<td>83</td>
<td>7.23</td>
</tr>
</tbody>
</table>

**Meter # 47700**  
01/18/2012 to 02/16/2012  
Read 55449

**Usage x Rate = Charge**

<table>
<thead>
<tr>
<th>Description</th>
<th>Usage</th>
<th>Rate</th>
<th>Charge</th>
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</thead>
<tbody>
<tr>
<td>Cost Of Basic Service</td>
<td>1817</td>
<td>0.0288700</td>
<td>$52.46</td>
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<tr>
<td>Delivery Charge</td>
<td>800</td>
<td>0.0483400</td>
<td>$38.67</td>
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<tr>
<td>Energy Charge: Winter</td>
<td>1017</td>
<td>0.0650700</td>
<td>$66.18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$166.31</strong></td>
</tr>
</tbody>
</table>

### Timely tips & info

What would you do with an extra $70? Replace the five most used light fixtures or incandescent lamps in your home with ENERGY STAR qualified models and save up to $70 a year in electricity costs. Visit eweb.org/saveenergy/home/lighting for details.
## Water Detail

<table>
<thead>
<tr>
<th></th>
<th>Days</th>
<th>Usage KGAL</th>
<th>Avg Cost. $/day</th>
</tr>
</thead>
<tbody>
<tr>
<td>This Month</td>
<td>29</td>
<td>4</td>
<td>0.62</td>
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<tr>
<td>Last Month</td>
<td>33</td>
<td>3</td>
<td>0.52</td>
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<tr>
<td>Last Year</td>
<td>29</td>
<td>3</td>
<td>0.55</td>
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</tbody>
</table>

Meter # 22302  01/18/2012 to 02/16/2012  Read 736

### Cost Of Basic Service

Water-Residential-Inside City  4.488  1.2800000  $5.74

Total  $18.04

## Additional Services

- Heat Pump Loan  $116.67

### City of Eugene Charges

For wastewater and stormwater questions call (541) 682-4900. Please go to www.eugene-or.gov and click on Services.

#### Wastewater Detail

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Of Basic Service</td>
<td>$10.90</td>
</tr>
<tr>
<td>4.488 KGAL @ $4.072</td>
<td>$18.28</td>
</tr>
<tr>
<td>Total</td>
<td>$29.18</td>
</tr>
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</table>

#### Stormwater Detail

City Of Eugene Stormwater Service  $10.89
Security

- Loans over $5,000 require security mechanism
  - UCC-1A lien or
  - Memorandum of Agreement through County
- May require automatic bank draft or recurring credit card if credit issues
- LLCs and partnerships require members or partners to sign Personal Guarantees
Our current EMS loan offerings?

Residential

- Insulation, windows, ductless heat pumps, ducted heat pumps

Commercial

- Out of pocket expenses for custom projects
Commercial loans

Number of commercial Projects
Number of commercial loans
Loaned Amount

Graph showing the number of commercial projects, the number of commercial loans, and the loaned amount over the years from 1995 to 2014.
Cost of the loan program

- Labor for loan administration
- County recording fees and credit checks
- Estimated cost approximately $100,000 per year (~ 0.5%)
- Charge $50 loan origination fee to help cover EWEB’s administrative costs
How risky was it?

Despite fairly liberal credit terms, overall default rate since 1990 has been under 0.50%!

Why?

- The power of power—no pay, no power!
- Partial payments of bills are proportioned across all items
Other considerations…. It’s not all rainbows and unicorns…

- Refinance limitations
- Subordination restrictions
- Move out concerns – loan is due & payable
- Red Flag implications
- Divorce / customer issues complicating loan
Additional Loans

- **Septic system** (Repair or replacement)  5  $38,027
- **Water Leaks** (Repair or replacement)  52  $164,801
- **Steam Transition**  24  $3,335,658
- **Business Growth**  5  $713,744

  & Retention (Economic Development)

- **Human Resources Repay**  1  $3,800
- **Electric Vehicle**  0  $0

**Infrastructure**
Successful?

- 11,692 loans provided to customers
- $47.4 million loaned
- 35% of residential and 6% of commercial projects used EWEB loans
- Under 0.50% default rate
Questions?

From left to right:
- Kathy Grey, Residential Energy Management Program Supervisor
- Mark Freeman, Energy Management & Customer Services Manager
- Misty Fisher, Loan Administrator
- Dan Morehouse, Commercial & Industrial Energy Management Program Supervisor