

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

**Eugene Water & Electric Board**500 East 4th Ave
PO Box 10148
Eugene OR 97440Main Office & Customer Service:
(541) 685-7000
www.eweb.org

Service at:

Billing Date
FEB 22, 12

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Account
NumberPrevious
Balance

\$376.44

Payments
Made

\$376.44

Balance
Forward

\$0.00

Current
Charges

\$341.09

Amount
Due

\$341.09

Payment
Due

MAR 08, 2012

Current Charge Summary

Electric	\$166.31
Water	\$18.04
Additional Services	\$116.67
City of Eugene Wastewater	\$29.18
City of Eugene Stormwater	\$10.89
Current Charges	\$341.09

Timely tips & info

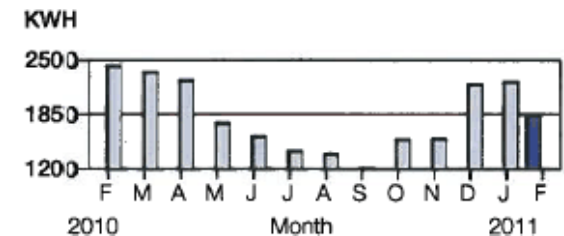
What would you do with an extra \$70? Replace the five most used light fixtures or incandescent lamps in your home with ENERGY STAR? qualified models and save up to \$70 a year in electricity costs. Visit eweb.org/saveenergy/home/lighting for details.

Electric Detail

	Days	Avg Temp F	Usage in KWH	Avg. KWH/day	Avg. Cost \$/day
This Month	29	42	1817	62	5.73
Last Month	33	39	2236	67	6.23
Last Year	29	42	2429	83	7.23

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

	Usage	x	Rate	=	Charge
Cost Of Basic Service					\$9.00
Delivery Charge	1817		0.0288700		\$52.46
Energy Charge: Winter	800		0.0483400		\$38.67
	1017		0.0650700		\$66.18
Total					\$166.31

Electric Usage

Eugene Water & Electric Board

Remit to address: PO Box 8990, Vancouver, WA 98668-8990

Account Number:

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Water Detail

	Days	Usage KGAL	Avg Cost. \$/day
This Month	29	4	0.62
Last Month	33	3	0.52
Last Year	29	3	0.55

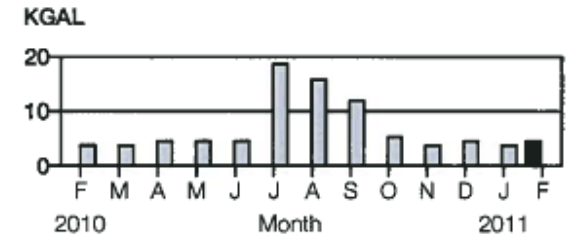
Meter # 22302 01/18/2012 to 02/16/2012 Read 736

Cost Of Basic Service			\$12.30
Water-Residential-Inside City	4.488	1.2800000	\$5.74
Total			\$18.04

Additional Services

Heat Pump Loan	\$116.67
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Water Usage



City of Eugene Charges

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

EWEB is appointed by the City Charter to collect and remit to the City of Eugene all charges for wastewater and stormwater services.

Wastewater Detail

service from 01/18/2012 to 02/16/2012

Cost Of Basic Service	\$10.90
4.488 KGAL @ \$4.072	\$18.28
Total	\$29.18

Stormwater Detail

City Of Eugene Stormwater Service	\$10.89
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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?

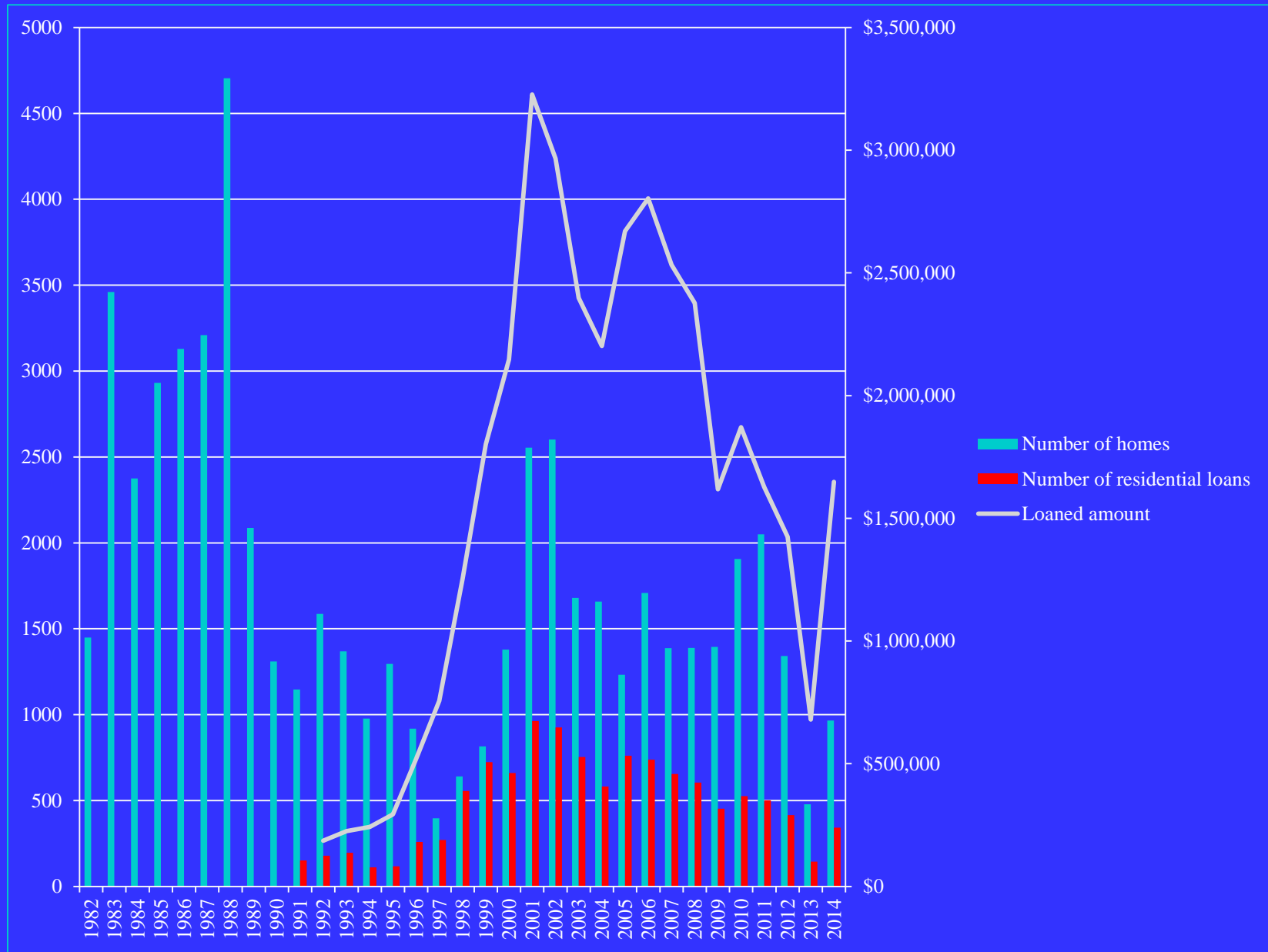
Residential

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

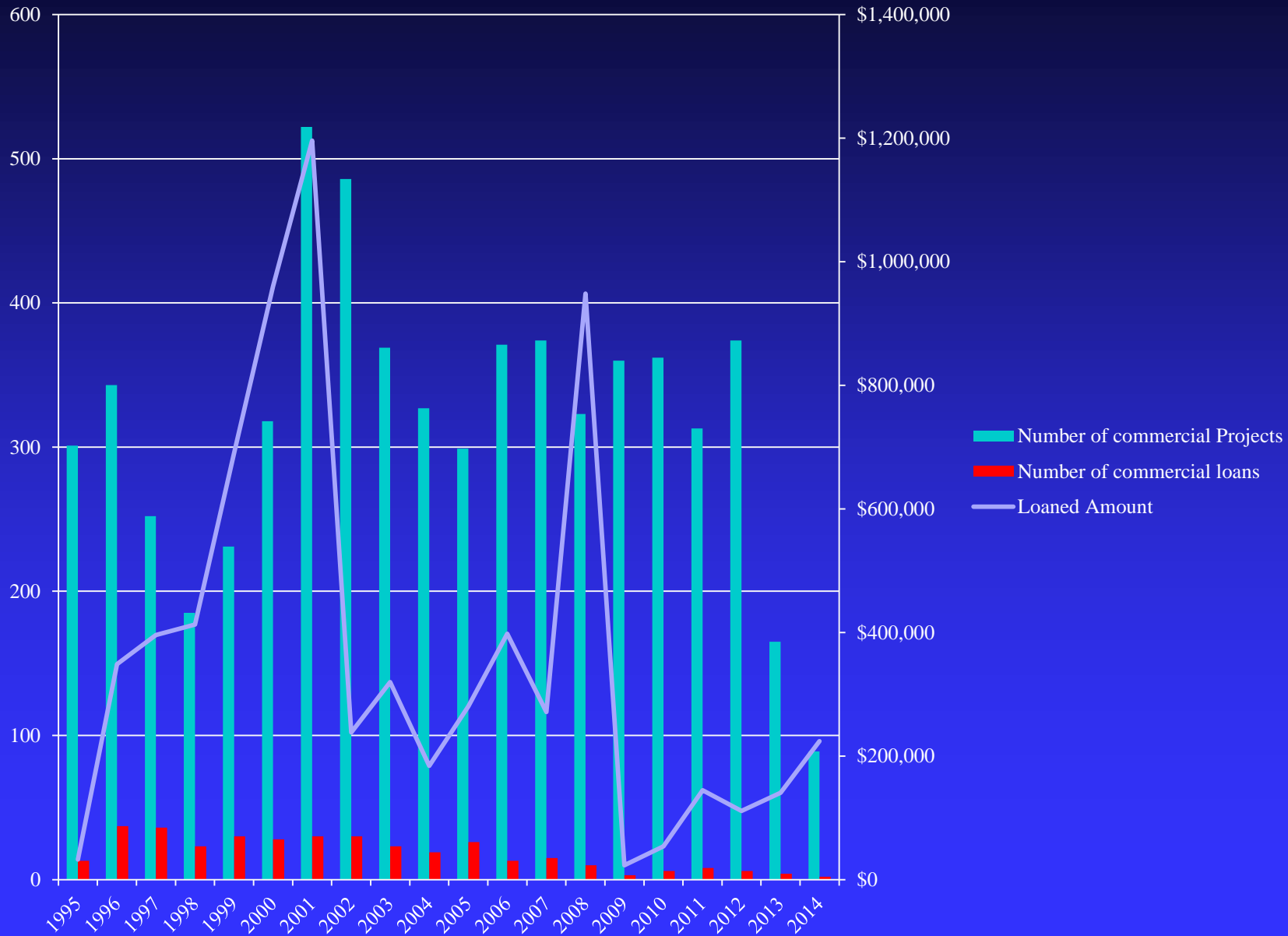
Commercial

- Out of pocket expenses for custom projects

Residential loans



Commercial loans



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