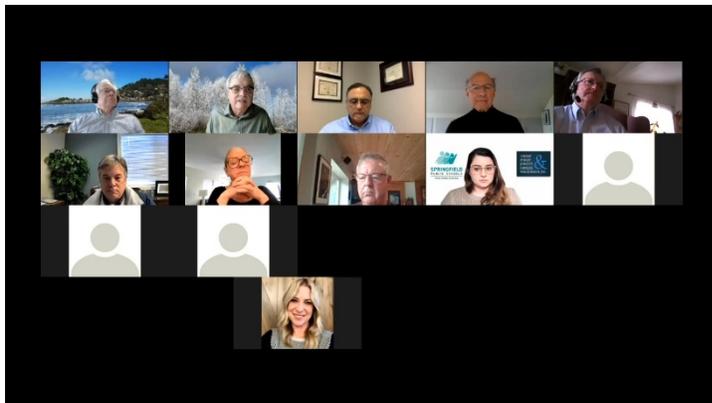


Long term capital development was a major focus of the Springfield Utility Board of Directors as they meet in a public meeting hosted over Zoom by the Springfield City Club on January 6. Board member John DeWenter pointed to five areas where the municipal utility is making major investments to sustain services in the future.

While most were in areas traditionally associated with the utility, Mr. DeWenter also emphasized the “Blue McKenzie” development which involves an eight-story structure on the property between the Scherer Buick site and the downtown post office on A street. This will create an eight-story building with ground floor commercial sites on the ground floor and seven floors of residential development above. Funded in part by a loan from the Springfield Economic Development Agency, the development will be the first in Springfield to use mass timber construction, including cross laminated panels.

Other projects he pointed to include a \$37 million water intake and treatment plant on the banks of the McKenzie at the eastern edge of the city, the construction of a new substation in Glenwood, at a cost of About \$10 million, to support development in that area and expansion of both the water infrastructure in the city and the downtown electric infrastructure.

When the water projects are completed, he said that SUB will be able to rely on three sources for domestic water for the city – the McKenzie and Willamette Rivers and the well fields that current supply a major portion of water for city residents. In addition, the upgrades will make it possible to move water around the city to meet supply needs and, as well, enable SUB to join with EWEB and the Rainbow Water District is supporting each other when water supply issues arise. Board chair Mike Eyster did note that because SUB is anticipating significant water expenses over the next several years, including for projects such as these, there is some pressure on future water rates.



SUB’s electric rates remain among the lowest in the area, even with the planned infrastructure improvements. Even so, Board member Mark Molina emphasized that the customer care program of SUB was focused on supporting those members of the community for whom even these low rates were a difficult challenge.

In large part the ability to maintain low rates depends on the utility reliance on power from the Bonneville Power Authority. Because Bonneville’s supply is virtually all hydropower, the electric supply is not dependent on fossil fuels. Even though Bonneville makes major investments to protect salmon, hydropower is still the cheapest form of energy other than nuclear. For that same reason, there is relatively little advantage for SUB to increase reliance on other non-fossil alternatives, such as solar. While, as Jeff Nelson, General Manager of SUB said, they are happy to work with users who choose to utilize solar sources and have a net metering program so that excess power generated by users can be sent to the SUB grid, the economics of utility-scale solar are not positive at this time. Mr. Eyster said that while SUB had recently adopted a \$500 incentive program to encourage users to install electric vehicle charging stations on their properties, there are, at present, no other incentives. The heavy reliance on Bonneville has, in the past, created some concern because of regular suggestions in Congress that Bonneville sell its excess power on the

private market and return that money to the U.S. Treasury rather than devoting it to keeping costs to utilities down. That issue has not arisen, in the past few years, however, and thus the risk might be lessened.

In response to a question, Mr. Nelson said SUB believed it could manage the expected growth in electric vehicles over the next 10-15 years through its current programs. "Expansion of electric vehicle charging requirements will occur over time," he said, "and SUB should be able to adapt to ensure that there is adequate supply."

Board member David Willis said SUB continued to watch development of additional alternatives for electricity and said the agency would focus on keeping its sources from those that supply clean energy. He cautioned that water issues might be more urgent and noted that the growth in wildfires was a concern for the security of the portion of the water supply that came from the rivers.

Mr. DeWenter also reminded that audience that several years ago SUB installed a significant ring of optical fiber in the community. Although the initial purpose was to support data acquisition and management of SUB facilities, the 1800 strand miles of fiber are now only about 50 percent utilized. SUB is now working on two programs to expand use of that fiber backbone by other providers to extend telecommunications services to more of the community.

Mr. Eyster also gave a brief overview of SUB, noting that while it is a municipal utility it is functionally separate from the City of Springfield and has its own separately elected Board of Directors. It does coordinate with the City regularly on infrastructure issues and, in addition, provides billing services to the City for the City's wastewater and storm drainage fees. As a separate entity, Mr. Eyster said, the utility does not pay property taxes, but does make a payment in lieu of taxes of about \$2 million a year. At present, the utility has no outside debt.