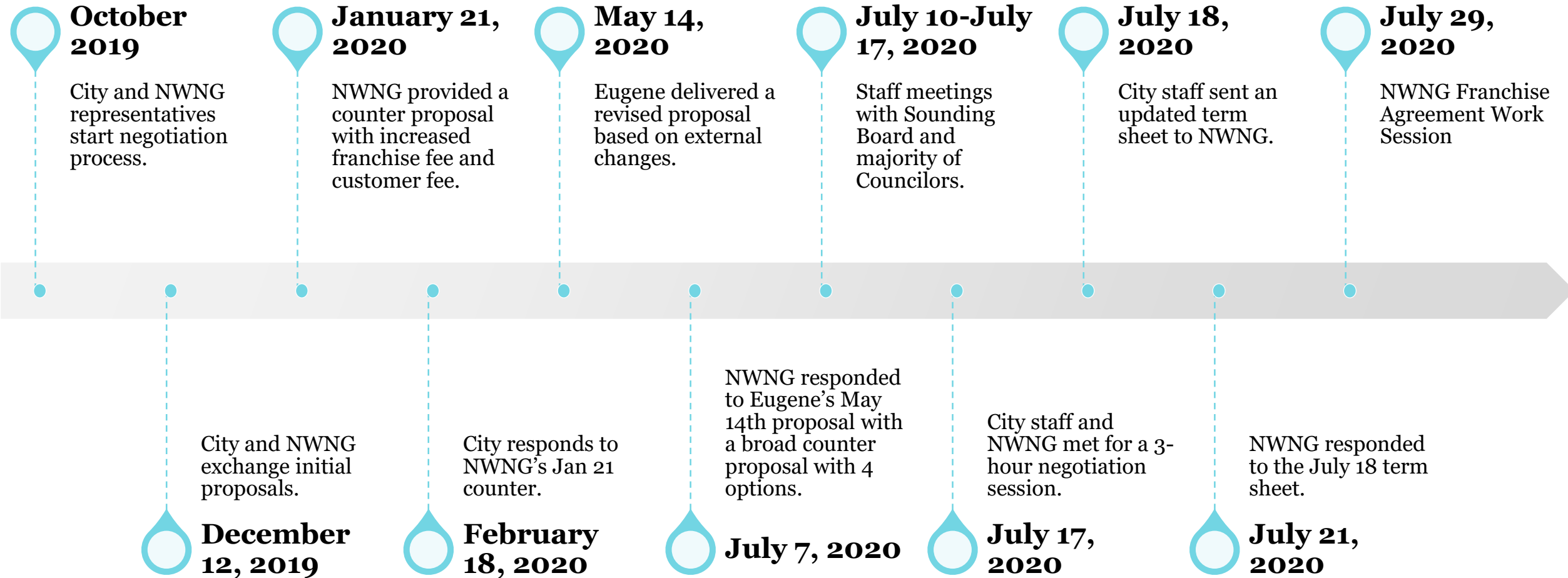


Franchise Agreement Negotiation Timeline



Item	Parties in Agreement?	Eugene	NWNG
Length	X	10 year with reopener at year 3	10 year with reopener at year 3
Franchise Fee	X	5.5% of gross revenue year 1 and 2. 6% of gross revenue year 3-10	5.5% of gross revenue year 1 and 2. 6% of gross revenue year 3-10
Pilots Projects		Targeted Energy Efficiency (GeoTEE) and Electrification	N/A
System Expansion		Voluntary limitation on new service expansion for residential and commercial.	No voluntary limitations. Council efforts to ban or limit natural gas will terminate the CRA.
Carbon Reduction Agreement (CRA)		City agrees to a separate Franchise Agreement and CRA, provided they are linked, including provisions that provide in the event one agreement is terminated, the other will simultaneously terminate.	NWNG wishes to have a separate Franchise Agreement and CRA. NWNG would prefer that the Franchise Agreement continue in effect even if the CRA is terminated, but would accept simultaneous termination of both agreements, if the parties were to agree on all other terms in both agreements.
Carbon Reduction Fee (CRF)		City will assess a 2.5% fee on NWNG to fund carbon reduction investments, contingent on PUC approval (if required).	City will levy a 2.5% fee on NWNG customers to fund carbon reduction efforts and NWNG will put it on their bill. Contingent on PUC approval.
CRF-management	X	NWNG to collect and remit to the carbon reduction fee to the City for the City to manage.	NWNG to collect and remit to City, City to manage funding.
CRF-oversight		Council to establish an CRF Advisory Committee. 7 members appointed by Council. 1 slot for NWNG Representative and 2 slots for customer perspectives	Does not agree to Committee Structure.
CRF-use of funds		Prioritize investments in energy efficiency, focus on low income support, potential cost effective renewable natural gas projects, minimal purchase of offsets. Conceded on removing electrification pilots from use of funds, with the caveat that NWNG's termination clause not be tied to City using other funds to support electrification pilots.	Prioritize annual purchase of offsets, renewable natural gas investments, energy efficiency, and low income
CRF-low income programs		Requested NWNG to match any CRF investments in low-income programs with non-customer funds	NWNG does not agree to match CRF investments in low-income programs

COUNCIL POTENTIAL MOTIONS

The motions listed below take into account that, per Charter requirements, for an ordinance to be effective by November 11, 2020, the ordinance must be drafted and published by September 3, 2020, with a public hearing on September 21, 2020, and Council action on September 28, 2020.

Motion for Option 1: Move to direct the City Manager to prepare an ordinance and schedule a public hearing in September 2020, to extend Northwest Natural Gas's Franchise Agreement for 6 months and to schedule a work session in early September 2020 for an update on the negotiations.

Motion for Option 2: Move to direct City Manager to prepare an ordinance and schedule a public hearing in September 2020, to adopt a Franchise Agreement and Carbon Reduction Agreement with Northwest Natural Gas consistent with the terms currently agreed to by NWNG. In the event the two agreements are not completed in time for the September public hearing, the City Manager is directed to prepare an ordinance and schedule a public hearing on a 6-month extension.

Motion for Option 3: Move to direct City Manager to cease franchise negotiations with Northwest Natural Gas.