

WATER RATES

May 19, 2010



Portland Water Bureau

Budget Overview

- Total Budget = \$148.2 million (same as FY 2009-10)
 - \$ 75.5 million Operating
 - \$ 72.7 million Capital
- Revenue
 - Rates & Charges = \$121.0 million
 - Retail = \$101.3 million
 - Wholesale = \$15.2 million
 - Capital Contributions = \$2.5 million
 - SDCs = \$2.0 million
- Positions = 643 (no change)

Primary Rate Drivers for FY 2010-11

- **CIP 7.3%**
 - LT2 5.8%
 - Interstate facility 0.8%
 - Normal capital projects 2.4%
 - Project deferrals & underspending -1.7%
- **Interest rates 0.5%**
 - Lower earnings
 - Lower return from wholesale customers
- **Deferral of prior year rate increases 3.7%**
 - Resources were available to offer temporary rate mitigation, but those resources are being used up.
 - Covered increased maintenance, increased CIP, new wholesale contracts, decreased demand
- **Retail Demand 1.0%**
 - 1% demand reduction
- **Other -0.5%**
 - Reduced non-rate revenue 0.2%
 - Reimbursable work
 - SDCs
 - No COLA -0.7%

Demand

- Lower Demand Increases Rates
 - Fixed Costs
- Lowering the Forecast to Align with 2009 Actual
- Forecast next year 27.5 million ccf
- Actual Demands
 - Sold 27.5 million ccf in Calendar 2009
 - Sold 27.7 million ccf in FY 2008-09
 - 27.0 million ccf or less only occurred 1 time since 1970.

FY 2010-11 Rate Summary

- The average effective retail rate increase is 12.0%.
- Low income discount program
 - Discount for single family residential customers of 50%, which is \$10.96 per month (\$131.52 per year in total discount).
 - Crisis vouchers of \$150, safety net, fixture repairs, payment plans, and more
- System Development Charge (SDC) decreases 4.6 percent.
 - Basic residential SDC decreases from \$1,793 to \$1,710
 - Portland remains well below other regional providers.
 - Waivers for affordable housing continue and temporary ADU exemptions.
- Establishing fixed prices for services, mains, and other facilities
 - Provides bill certainty for developers

Base Charge

- Base Charge and Volume Charge both increase same percentage
 - Base charge currently below cost-of-service
 - Excludes meter purchases, meter testing, meter maintenance, & overhead
- Cost of service would:
 - Increase base charge further
 - Mitigate increase in volume charge
- Cost of service supported by OMF and Joint Staff-PURB work group
- Proposal for cost of service being deferred
 - Wait for improvement in economy

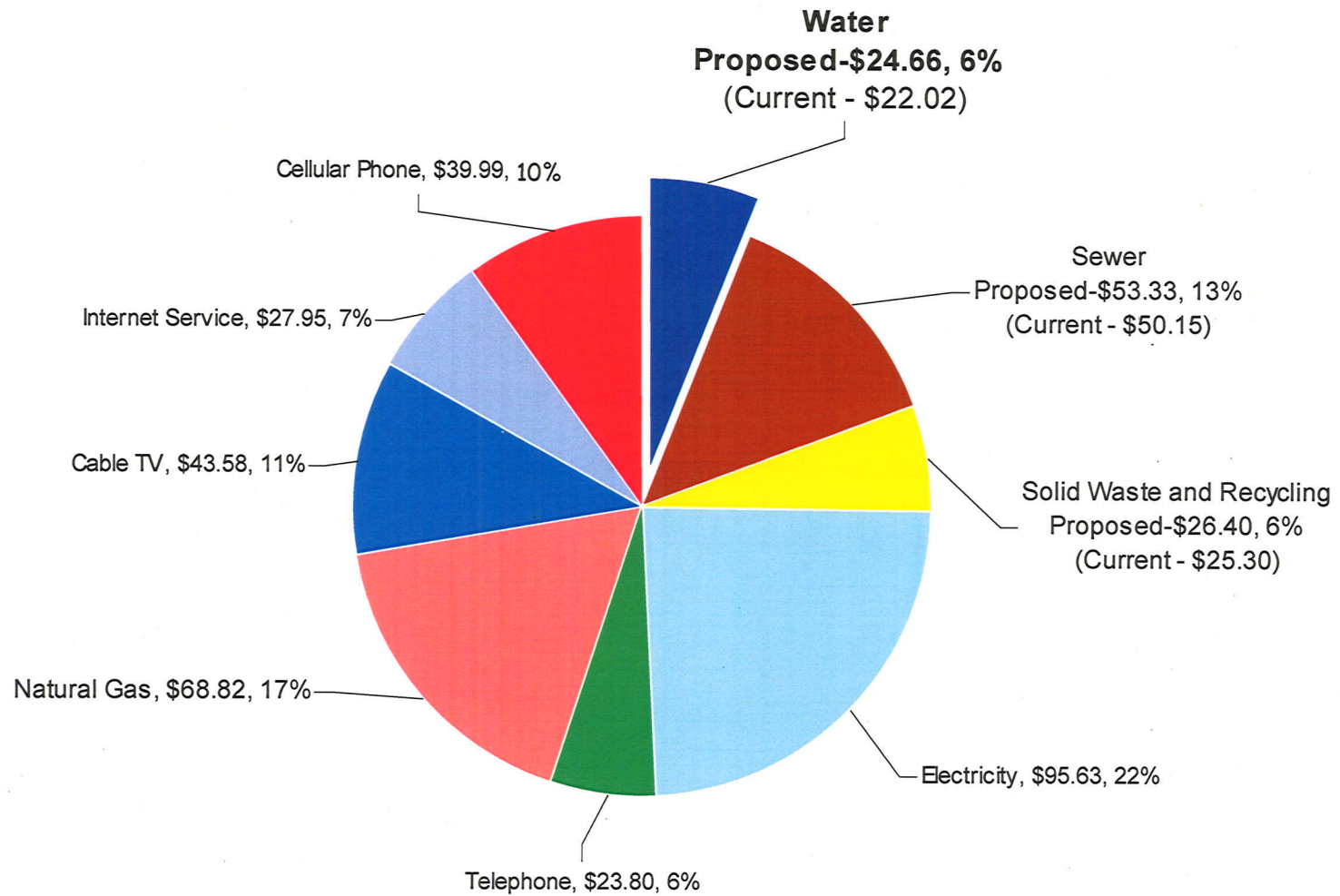
Water Bills

- Typical residential (6 ccf) monthly bill increases \$2.64, - from \$22.02 to \$24.66.
- Qualified low income residential (5 ccf) monthly bill increases \$1.17 - from \$9.79 to \$10.96 (with discount).
- Medium commercial (200 ccf) monthly bill increases \$61.26 - from \$510.13 to \$571.39.
- Portland water bills are only about 6 percent of the typical utility services for retail residential customers.

Water-Sewer Bills

Monthly Bill	FY 2010	FY 2011	\$	%
	Current	Proposed Alternative		
Residential (6 ccf) - 4,488 gallons				
Volume Charge	\$14.64	\$16.40		
Base Charge	\$7.38	\$8.26		
Total Water Monthly Bill	\$22.02	\$24.66	\$2.64	12.0%
Total Sewer/Stormwater Monthly Bill	\$50.15	\$53.33	\$3.18	6.34%
Total	\$72.17	\$77.99	\$5.82	8.1%

Average Utility Services



1) The proposed rates for Water, Sewer and Solid Waste & Recycling are to be effective July 1, 2010.

Comparison of Typical Residential System Development Charges

Portland (proposed)	\$1,710.00
Tigard	\$2,041.00
Beaverton	\$3,180.00
Gresham	\$4,153.00
Tualatin Valley Water District	\$5,538.00