



ENVIRONMENTAL SERVICES
CITY OF PORTLAND
working for clean rivers

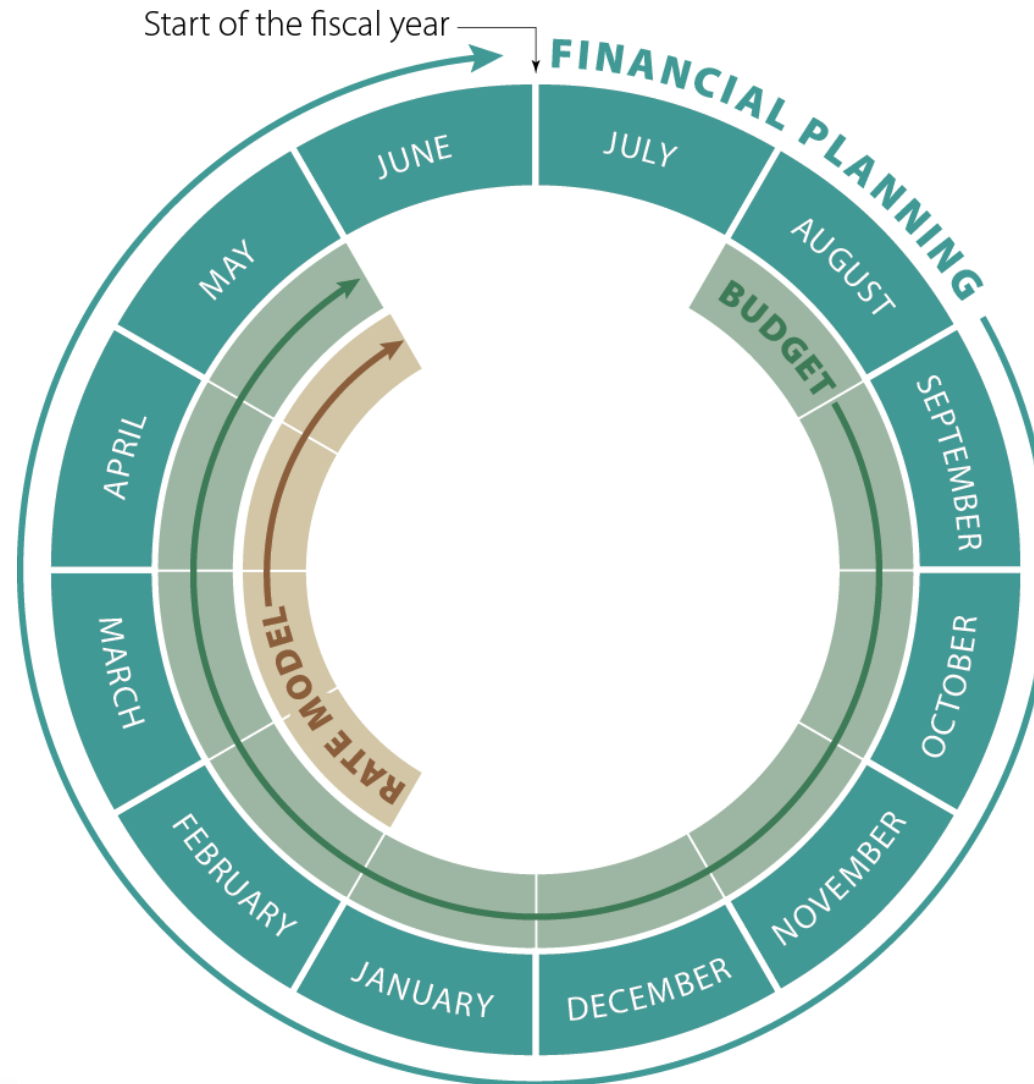


Rate Methodology

A presentation for the Portland Utility Board

Tuesday February 7, 2017

Financial Planning Cycle

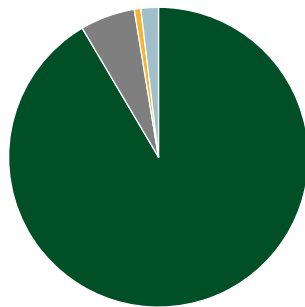


Ratemaking Principles

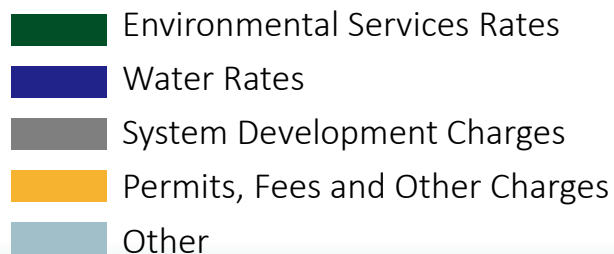
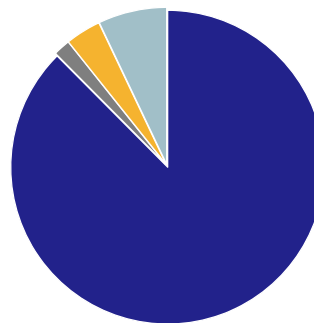
The budget is primarily funded by rates.

Resources that fund the budget include:

Environmental Services



Water

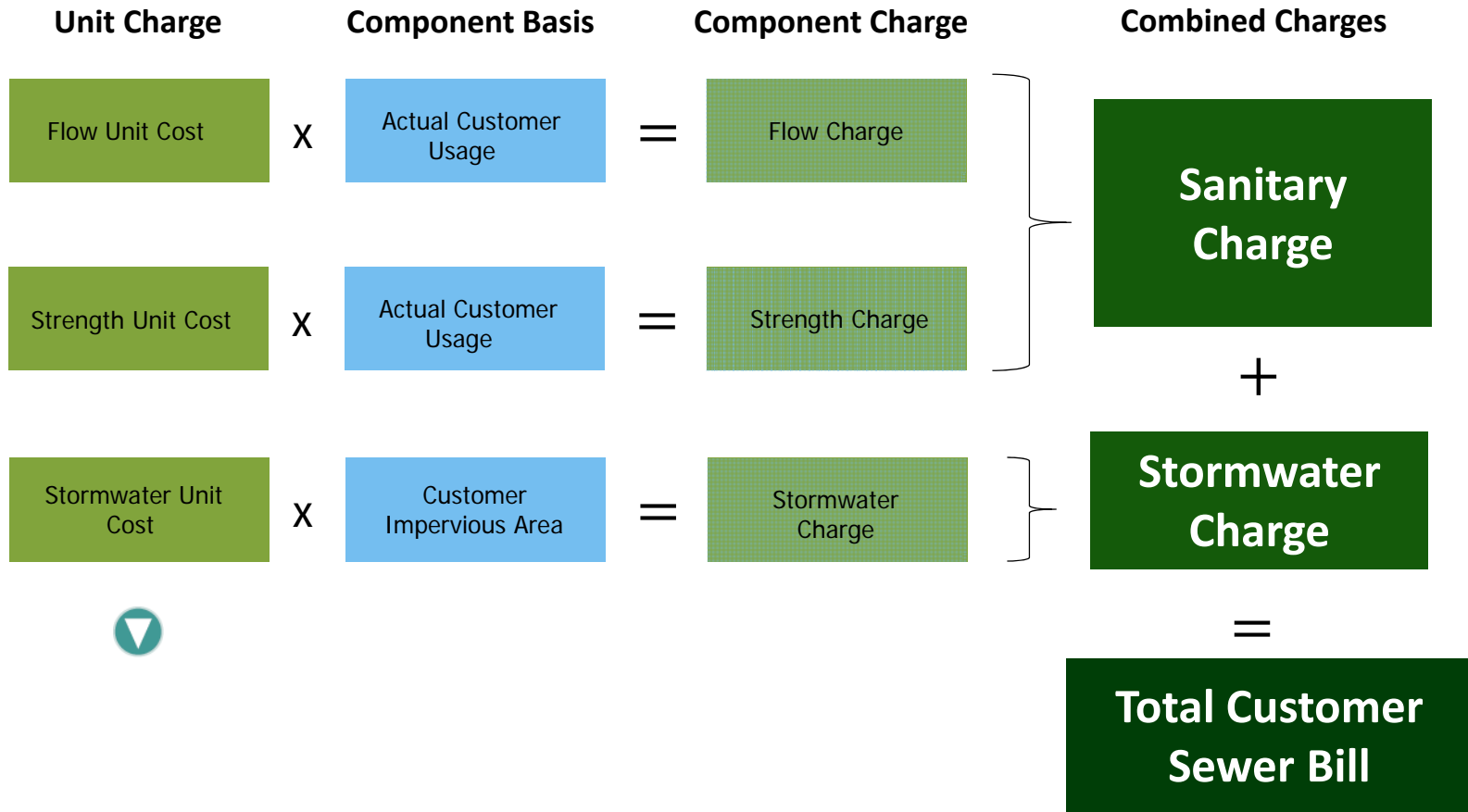


- Rates, permits, fees and charges are designed to be equitably distributed to all customers.
- **Rates are set to avoid sudden shocks.** Rate increases are manageable and predictable.
- Rates, permits, fees and charges are set using the principle of cost recovery.
- The System Development Charge (SDC) is a reimbursement fee.



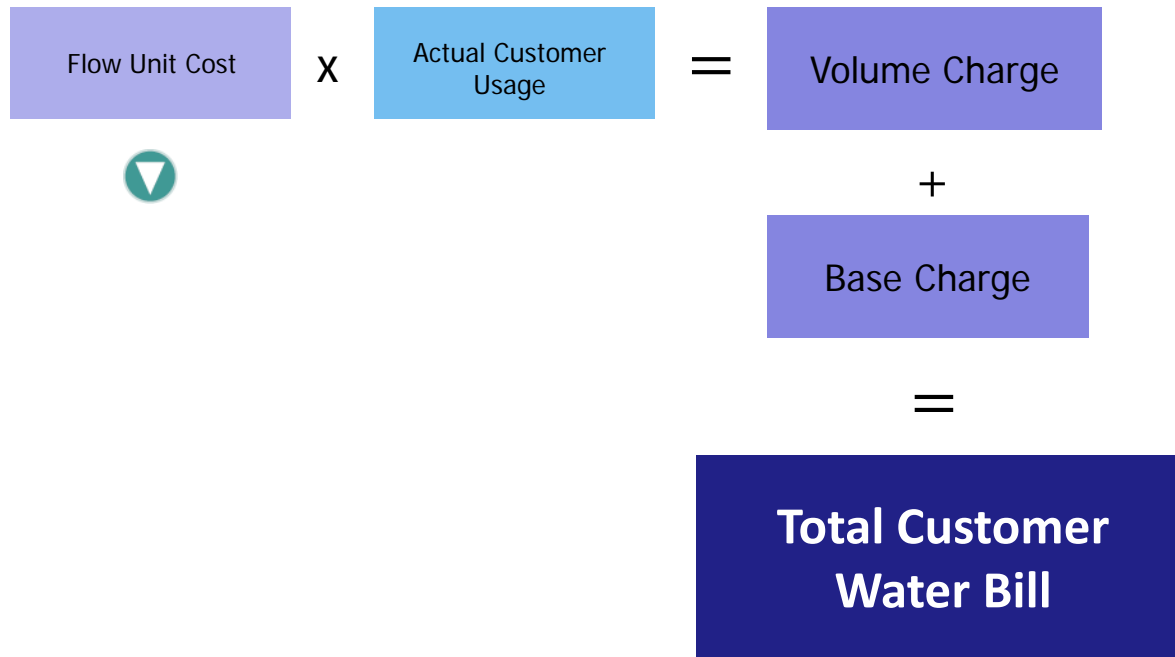
Sanitary and Stormwater Charges

Calculating the customer's sewer and stormwater bill.



Water Charges

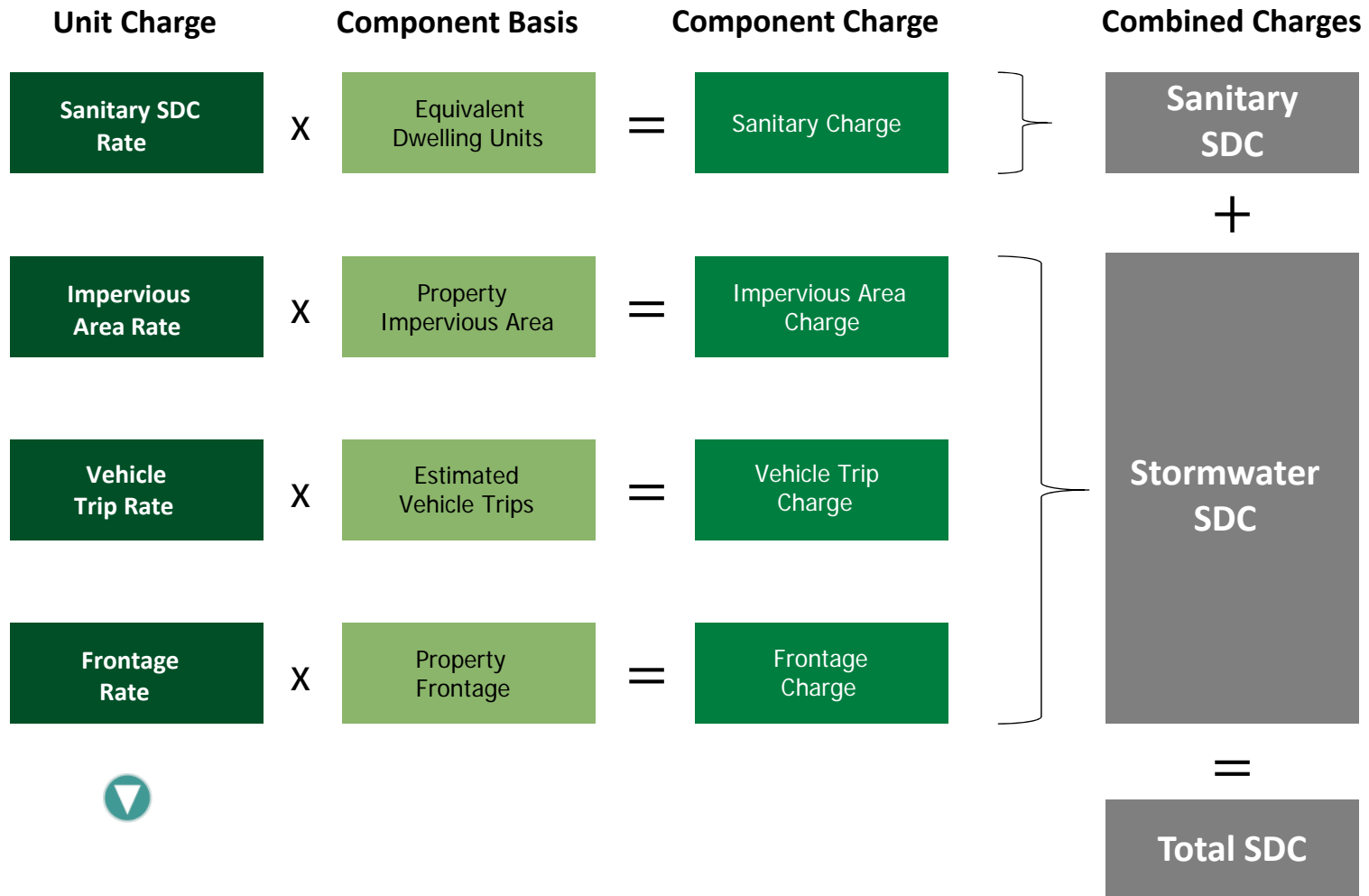
Calculating the customer's water bill.



Permits, Fees and Other Charges

$$\begin{array}{c} \text{Total Cost Per} \\ \text{Hour Of Review} \end{array} \times \begin{array}{c} \text{Estimated Review} \\ \text{Hours} \end{array} + \begin{array}{c} \text{Actual Cost} \\ \text{of Materials} \\ \text{(when applicable)} \end{array} = \begin{array}{c} \text{Total Cost} \end{array}$$

Sewer SDCs



Water SDCs

SDC Rate per
Equivalent Meter Unit

X

Meter Equivalent
Capacity Ratio

=

Water SDC



Conclusion

- Rate model is “the math” to calculate revenues to fund total system costs over the forecast period.
- All Rates, Fees and Charges are approved by Council via the Rate Ordinance in May.
- Rates are effective July 1 of every year.

