



July 12, 2017

The Honorable Nick Fish
City of Portland
1221 SW Fourth Avenue, Room 240
Portland, Oregon 97204

Dear Commissioner Fish:

The Portland Business Alliance (Alliance) has a long history with the city's response to cryptosporidium. A decade ago, we worked with the city to understand potential threats to the Bull Run system, analyzed potential treatment options, and ultimately worked with the city at the federal level to obtain a variance from treatment so long as the water system did not detect any cryptosporidium. With the recent discovery of cryptosporidium that exceeds the levels of the variance in tests of the city's water supply, the Oregon Health Authority has indicated it will revoke the city's variance. The question now becomes what the best option for the city to be in compliance with regulations is, taking into account short- and long-term costs and benefits.

The Alliance understands there are two options for treatment – ultraviolet treatment or filtration – both of which have pros and cons. Ultraviolet treatment is less expensive, thereby minimizing rate impacts, and can be put in place quicker. However, this option only protects against cryptosporidium, not other potential issues in the water system. Filtration, on the other hand, is more expensive and will take longer to plan and construct, but does address other possible concerns with water quality that may arise in the future.

We are aware that there is discussion of a hybrid approach that would use ultraviolet treatment in the near term, and, at the same time, set aside a modest amount of ratepayer funds into a sinking fund for use in the future for either installation of a filtration system, if that becomes necessary, or replacement of the ultraviolet system when it reaches the end of its useful life.

We believe this hybrid approach makes sense. In the near-term, this minimizes rate impacts at a time when other significant and necessary projects are under construction, while still ensuring the city's water system remains in compliance with regulations. It also exhibits long-term thinking and fiscal discipline to set up a sinking fund to pay for anticipated future costs. We know any equipment will ultimately need replacement and starting to set aside money now for that eventuality, without pre-judging what the replacement would be, represents sound fiscal planning and is in the best interest of system ratepayers because it helps prevent future rate spikes due to large capital outlays.

Thank you for the opportunity to comment on this critical issue. We look forward to working collaboratively with you as you and your Council colleagues determine how best to move forward.

Sincerely,

Sandra McDonough
President & CEO