

To: Portland Utility Board (PUB)
From: Melissa Merrell, PUB Analyst
Re: Bureau Responses to Request for Additional Information on Rate Requests
On: January 3, 2018

PUB member Mike Weedall requested additional information prior to today's meeting. Specifically, he requested:

1. What is the draft proposed budget increase from last year in dollars for each bureau, split between operating and capital?
2. What is the draft proposed total budget request?
3. How much are interagencies (\$\$ and percent of budget) for each bureau?
4. How much additional revenue will result from the requested rate of increase?

Bureau Responses:

Water from Cecelia

FY2017-2018 Operating Budget = \$88.1 M

FY2018-2019 preliminary Operating Budget = \$89.7 M; an increase of \$1.6 M. FY2018-19 includes all Decision Packages. Of the \$89.7M, \$17.1M or 19% is for Interagencies.

FY2017-18 CIP Budget = \$109.2 M

FY2018-19 CIP Budget = \$138.1 M; an increase of \$28.9 M

Water cannot at this time provide the amount of additional revenue that will result from the requested rate of increase since they have not finalized their proposed rate increase.

BES from Jonas

Note that these preliminary numbers have fairly rounded edges and will be more tightly refined over the next couple of weeks. Note also that the bureau's financial forecast works on a multi-year, long-term basis - not just a one-year budget cycle - so changes to projected revenues, expenses or assumptions over the long-term forecast can potentially create impacts to any single, isolated year. But the summary below should provide a reasonable snapshot of the currently proposed/projected FY2018-19 changes vis-à-vis new rate revenues.

FY2017-18 Operating Budget = \$150.5 million

FY2018-19 Operating Budget (forecast), including proposed adjustments, ~\$4.3 million new operating Decision Package items and estimated inflation/IAs/etc = total increase of ~\$8.5 million

FY2017-18 CIP Budget = \$114.4 million

FY2018-19 CIP Budget (projected) = \$133.4 million, an increase of ~\$19.0 million.

The projected 3.00% rate increase is estimated to produce just over \$9 million in additional revenue. We expect that amount to be sufficient to cover the projected increase in operating expenditures, plus increases in debt service resulting from changes in the CIP.