



ENVIRONMENTAL SERVICES
CITY OF PORTLAND

working for clean rivers



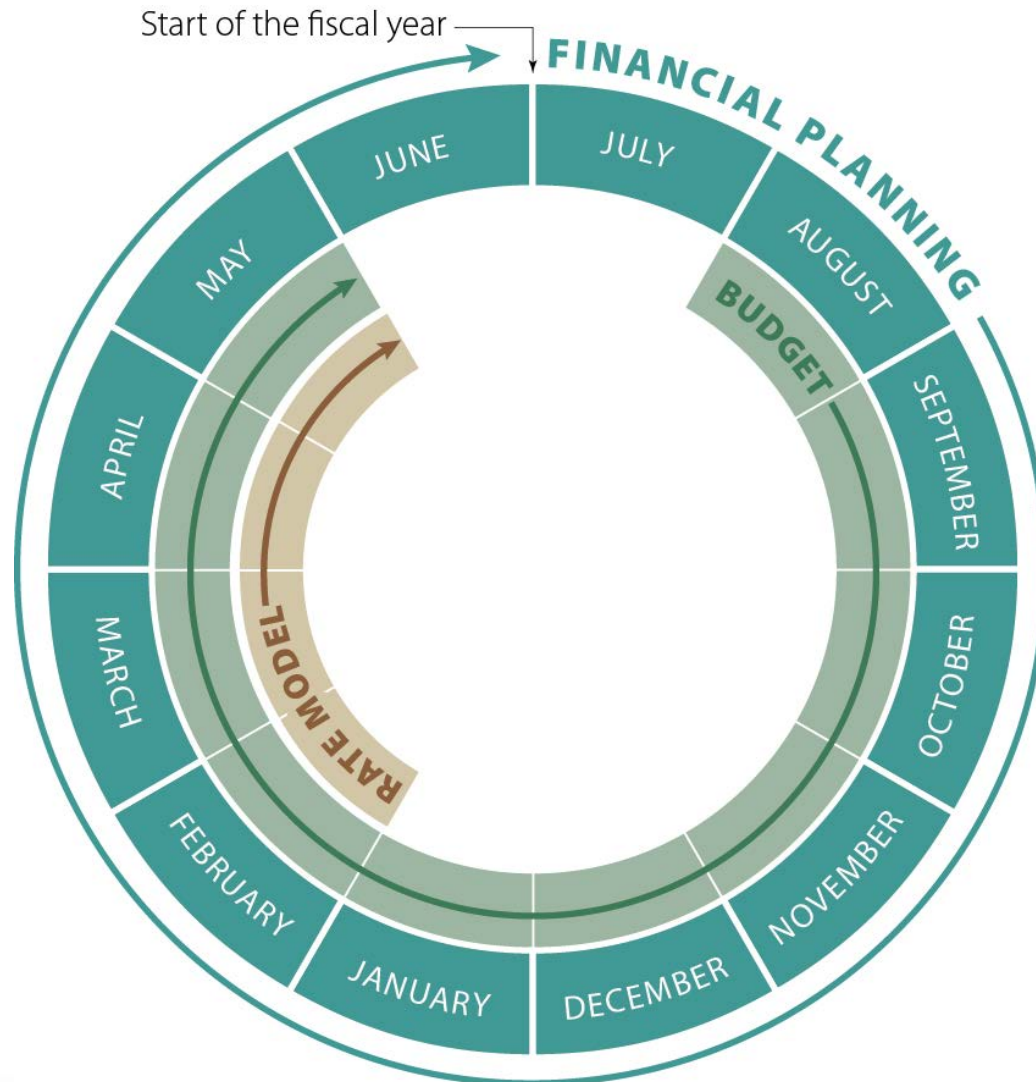
FROM FOREST TO FAUCET

Rate Methodology

Read ahead materials for the
Portland Utility Board

Monday April 16, 2018

Financial Planning Cycle

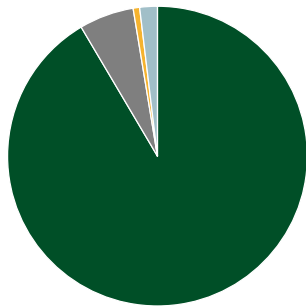


Ratemaking Principles

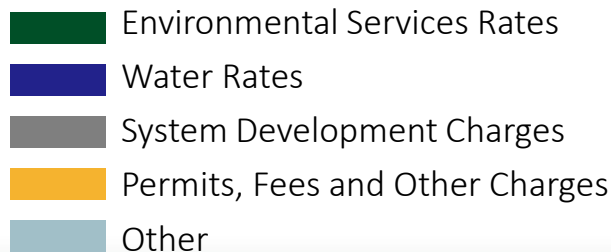
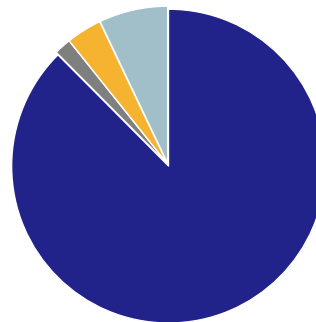
The budget is primarily funded by rates.

Resources that fund the budget include:

Environmental Services



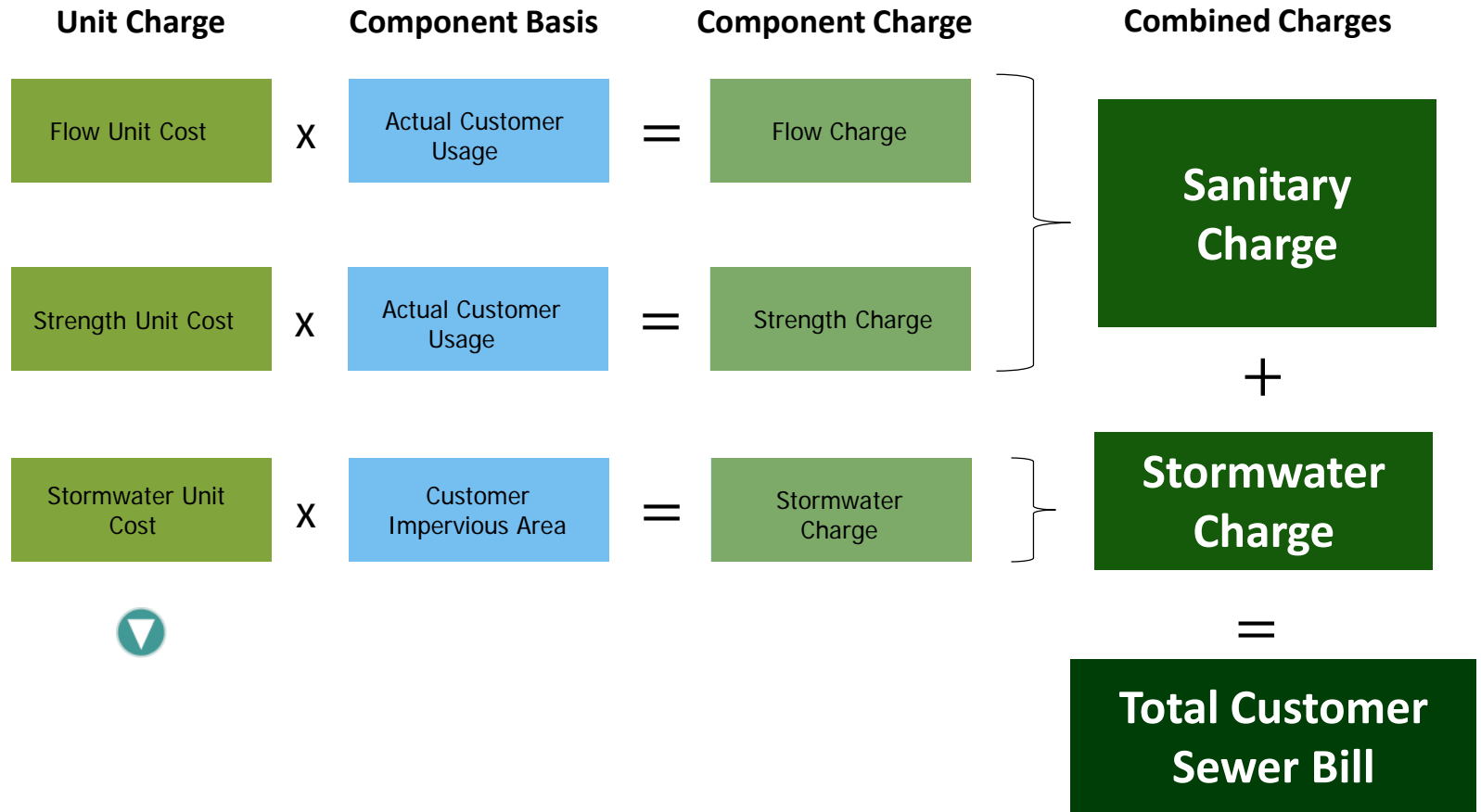
Water



- 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.

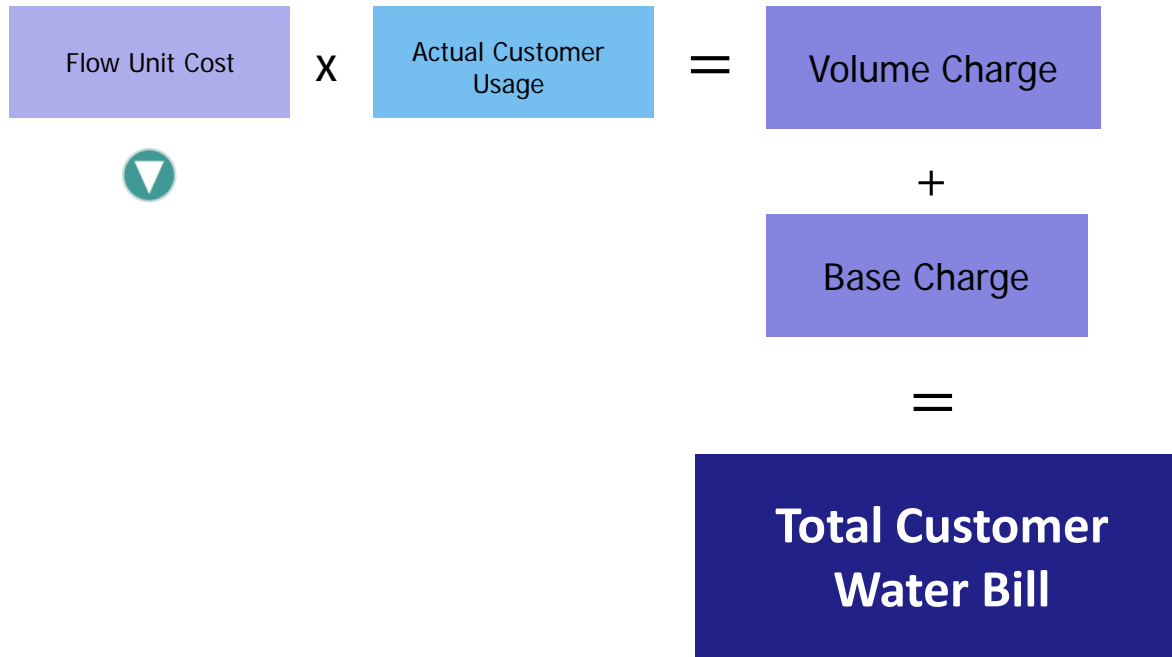
Sanitary and Stormwater Charges

Calculating the customer's sewer and stormwater bill.



Water Charges

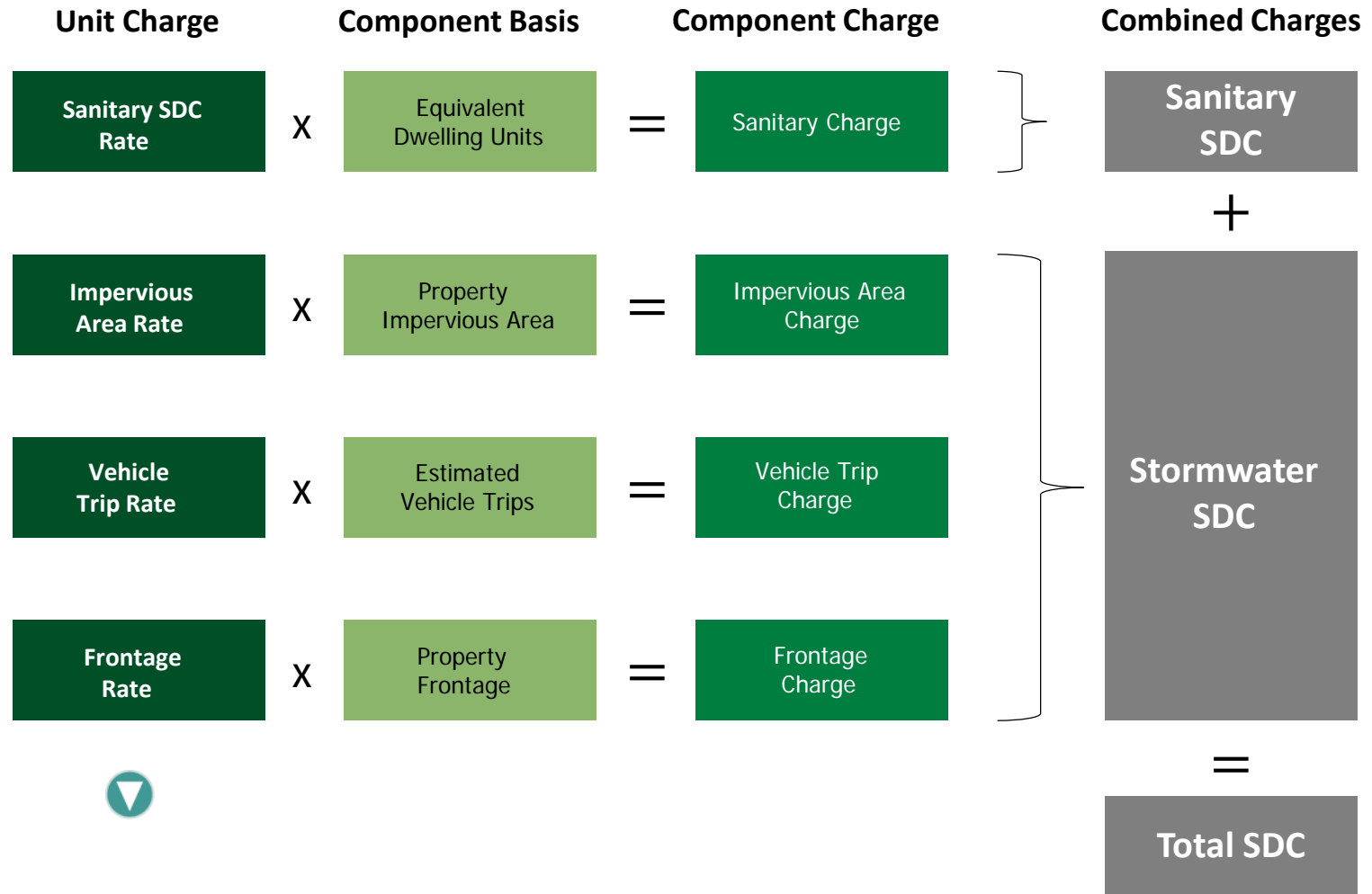
Calculating the customer's water bill.



Permits, Fees and Other Charges

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

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.