

Hydroelectric Power Operating Fund

Managing Bureau: Portland Water Bureau

Statement of Purpose: The Hydroelectric Power Operating Fund is the City of Portland financial fund through which the business activity for the City's Portland Hydroelectric Project (PHP) is conducted. The operating budget portion of this fund which supports the administration and monitoring of the PHP was previously budgeted as the Bureau of Hydroelectric Power. The resources that support this fund come primarily from the sales of power generated at the PHP. The assets for this fund are held by the City of Portland's Treasury Department and are invested with their overall City of Portland Investment Portfolio.

Sources of Revenue: This fund's resources are assigned to meet the City of Portland's responsibilities associated with its PHP. The primary source of revenue for the Hydroelectric Power Operating Fund is from PHP power sales.

The current PSA for the PHP defines how power sales payments will be made from PGE to the Hydroelectric Power Operating Fund as follows: (1) A payment for the City's administration of the PHP's business and monitoring activities which is based on a lump-sum amount that is inflated along with the Bureau of Labor's Consumer Price Index for All Urban Consumers; (2) a profit payment for the generation of power at the PHP that is tied to the actual amount of power produced at the PHP during any given Contract Year which is in turn dependent on the amount and distribution of precipitation falling in the Bull Run Watershed and the availability of the PHP powerhouses to operate when needed, (3) another profit payment based on the difference between the unit cost paid by PGE for power received from the PHP and power generated at one of their own thermal power generation plants. This payment, which is termed the "Share The Savings Element", does not generate revenue for the City at this time.

This fund also receives cash transfers from the Hydroelectric Power R&R Fund as needed to reimburse PGE for their performance of repairs or replacements of the facilities at the PHP.

Another source of revenue for this fund is from an Interagency Agreement with the Portland Water Bureau's Water Division for work that Hydropower Division staff performs on Water Division owned facilities.

Contingency Requirements: Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Hydroelectric Power Operating Fund.

Reserve Requirements: There are no reserve requirements for this fund.

Disposition of Funds: In the event the fund is closed, all remaining resources shall revert to the General Fund.