

Palatine Hill Water District

Public Hearing - Water Rate Increase

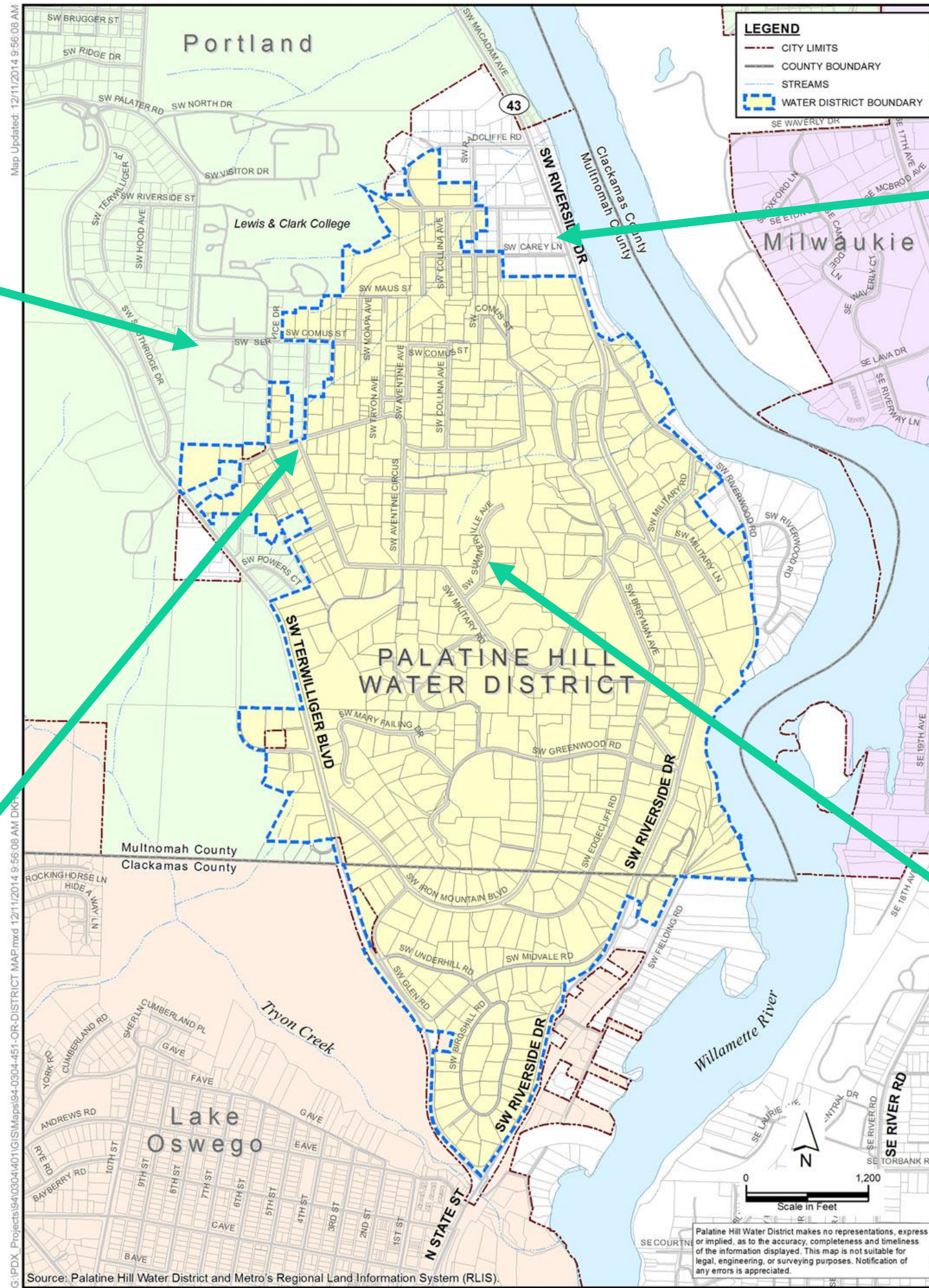
February 5, 2025, 5:30 p.m.
Riverdale Grade School

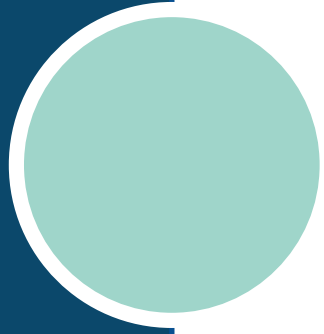




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Water System Overview





- Current Water Rate Structure
 - Base Charge (includes first 10 CCF)
 - 3 tier usage charge

\$150 for first 10 CCF

\$5.50 per CCF for 10-50

\$6.50 per CCF for 50-100

\$9.00 per CCF over 100

- Previous Rate Increases:
 - 2020 (current rates)
 - 2016
 - 2011
 - 2009
 - 2006

- Inflationary Impacts
 - **~22% increase since 2020** * CPI-U West, All Items (February 2020 – December 2024)
- Increased System Renewal & Replacement Costs
 - Construction costs (materials and labor) increasing faster than inflation
 - **>30% increase since 2020** * Engineer News Record Construction Cost Index – Seattle, WA (February 2020 to January 2025)
- Wholesale Water Rates
 - 30 Year Portland Water Bureau Wholesale Contract (effective July 1, 2026)
 - Rate Considers Peak Season and Peak Daily Usage
 - **Projected Cumulative Rate Increase (2019 to 2023) ~ 281%**
 - **Actual (2019 to 2023): 0.5%**
 - **Projected Cumulative Rate Increase (2025 to 2028) ~80%**
 - **Projected Cumulative Rate Increase (2025 to 2033) ~270%**
 - Washington Park Reservoir (2020-21) -- >\$200M
 - Willamette River Crossing - ~\$90M
 - **PWB Filtration Plant (2025 +/-) -- >\$2B+**
 - Loss of Wholesale Customer Base (Tigard, TVWD, Rockwood PUD, Gresham)

Goal: Fund capital improvements needed to maintain/increase level of service in advance of projected PWB rate increases.

- Reduced System Improvement Fund Transfers
 - Delays system improvements
 - Increased Risk to Service Reliability
 - Increased O&M Cost
- **Uniform Increase in Base and Usage Tiers**
 - All customers receive a similar increase in bill
 - Prior rate increase (2020) was structured to reflect cost of service
 - **20% increase in base and usage charges**
- Other Alternatives
 - Change supply source (considered previously... no feasible options)
 - Bond, or other debt financing, for system improvements

Rate Increase – Typical Monthly Bill Impact

Option	Details	Minimum Household (<5 CCF)	Low Household (10 CCF)	Average Household (18 CCF)	High Use Household (36 CCF)	Heavy Use Household (100 CCF)	Extra Heavy Use Household (150 CCF)	Extreme Use Household (200 CCF)
Existing Rates (2024)	\$150 for first 10 CCF	\$150	\$150	\$150	\$150	\$150	\$150	\$150
	\$5.5 per CCF for 10 - 50			\$44	\$143	\$220	\$220	\$220
	\$6.50 per CCF for 50 - 100					\$325	\$325	\$325
	\$9.00 per CCF for over 100						\$450	\$900
	Total Charge		\$150	\$150	\$194	\$293	\$695	\$1,145
Proposed Rates (March 2025)	\$180 for first 10 CCF	\$180.00	\$180.00	\$180.00	\$180.00	\$180.00	\$180.00	\$180.00
	\$6.60 per CCF for 10 - 50			\$52.80	\$171.60	\$264.00	\$264.00	\$264.00
	\$7.80 per CCF for 50 - 100					\$390.00	\$390.00	\$390.00
	\$10.80 per CCF for over 100						\$540.00	\$1,080.00
	Total Charge		\$180.00	\$180.00	\$232.80	\$351.60	\$834.00	\$1,374.00



- PWB Wholesale Rate Forecast
 - Currently forecasted wholesale rate increases will require the District to raise rates more frequently
- Changes to PWB Wholesale Contract
 - New contract takes effect in 2026
 - *New contract will not result in major changes to projected rate increases*
- System Renewal and Replacement Investments
 - Aging infrastructure (1920s and 1950s Cast Iron Pipe)



Q&A



Thank you!

Rate Comparison Data

Rate Breakdown	Water Provider													
	City of Portland (Retail)		City of Lake Oswego		West Slope WD		Tualatin Valley WD		City of Tigard		Palatine Hill WD (existing)		Palatine Hill WD (proposed)	
Fixed Charge*		\$137.18		\$62.34		\$71.88		\$82.72		\$150.82		\$150		\$180
Volume Charge														
Tier 1		\$7.56	0-8 ccf	\$3.27		\$7.61	0-28 ccf	\$10.08	0-6 ccf	\$3.80	10-50 ccf	\$5.50	10-50 ccf	\$6.60
Tier 2			9-16 ccf	\$4.71			> 28 ccf	\$14.36	7-15 ccf	\$5.54	50-100 ccf	\$6.50	50-100 ccf	\$7.80
Tier 3			> 17 ccf	\$8.48					> 15 ccf	\$6.34	> 100 ccf	\$9.00	> 100 ccf	\$10.80
Calculated Bi-monthly Bill														
@10 ccf		\$212.77		\$97.92		\$147.98		\$183.52		\$195.78		\$150.00		\$180.00
@ 20 ccf		\$288.36		\$151.62		\$224.08		\$284.32		\$249.64		\$205.00		\$246.00
@50 ccf		\$515.13		\$406.02		\$452.38		\$680.88		\$439.84		\$370.00		\$444.00
@100 ccf		\$893.08		\$830.02		\$832.88		\$1,398.88		\$756.84		\$695.00		\$834.00

Notes:

* normalized for 1-inch meter and bi-monthly billing.