Tuesday, 7 P.M. **January 12, 1999**

UTILITY RATE REVIEW COMMITTEE MINUTES

Public Safety Building **Newberg, Oregon**

Members Present:

Paula Fowler, Chair	Myrna Miller	Matson Haug
Rebecka Radcliffe	Barry Babin	
Dan Schutter	Debbie Sumner	

Others Present:

Mike Soderquist, Community Development Director
Randy Naef, Utilities Manager
Katherine Tri, Finance Director
Bob Tomlinson, CH2M HILL Consultant

1. Call to Order

The meeting was called to order at 7:00 p.m. by Chair Paula Fowler.

2. Roll Call

Roll call was noted by Kathy Tri. The two new members, Debbie Sumner and Dan Schutter, were introduced.

3. Approval of Minutes

Haug/Miller moved to approve the minutes of the December 15, 1998 meeting. Motion passed unanimously.

4. Water Rate Discussion

The Committee reviewed the re-drafted "Utility Rate Principles," and re-affirmed them.

Bob Tomlinson reviewed the cost of service water rate study.

Page 2: Rate making steps: He reviewed the revenue requirements (cost of the utility (O&M costs), depreciation and debt service, and capital projects financed through rates, less interest earnings and existing reserves. The next step after determining revenue requirements was to allocate costs based on functions (treatment, distribution, supply and billing costs), demand (average day, peak demand, and meter services) and customer characteristics.

Page 3: Bob Tomlinson reviewed the various City customer classes. He explained that customer classes are used to determine needs and use of the system. The City has seven classes. The study also looked at consumption characteristics: average demand for the entire year, peak day demand (residential class is the highest

peaking class and the system is built to meet this demand) and meter sizes which relate to demand requirements and maintenance costs.

Geographic characteristics relate to inside customers versus outside customers, extra pumping requirements (such as Bull Mountain in Tigard; there are not such requirements in Newberg), and distance from the plant. The latter is not typically used and looping the water mains generally takes care of this problem.

Mat Haug felt that the City had a lot of classes. Bob Tomlinson agreed but suggested that there is a greater emphasis to differentiate between classes. He requested reviewing the classes again at the next meeting.

Use 1: This table showed the number of water meters by customer class. It showed that 81% of the customers are in the residential class and 93% of the meters are 3/4".

Use 2: This table converted Use 1 meters to meter equivalents based on AWWA hydraulic design criteria. This changed the residential meters to 66.5% and total meters from 4,770 to 5,815. The percentages will allocate meter costs. Mat Haug asked if the study accounts for volume in two different ways. Bob Tomlinson responded that the study will allocate a small percentage of system costs based on this table.

Use 3: This table projected number of meters by customer class for five years based on 3.6% population growth. Committee members pointed out that certain accounts should probably not increase by that percentage, such as the college, public agencies and possibly industry. Bob Tomlinson will review these projections.

Use 4: This table converted the five year projection into meter equivalents. Mr. Tomlinson will review the "5-year total" column.

Use 5: This table projected the annual number of water bills generated over the five year period.

Use 6: This table projected the two-year average billed water demand by customer class. The table outlined the maximum months of August and September. Kathy Tri pointed out that the billed months are one month behind "use" month. So the peak usage months were July and August. The low month was March (February usage).

Use 7: This table annualized the information in Use 6. It gave the base and average flow and is used to allocate flow costs.

Use 8: This table showed the monthly water demand by customer class

for five years. Bob Tomlinson will check the math on this table.

Use 9: This table estimated the peaking factors by customer class. The maximum day by class was estimated based on a AWWA equation. Committee members asked for more information about the formula. Randy Naef agreed to provide that by the next meeting. The table showed that public agencies (City, School District and Park District) have the highest peaking factor primarily due to irrigation. The university was second. Multi-family and commercial had the lowest since they tend to not irrigate. Bob Tomlinson stated that these peaking factors were reasonable.

Use 10: This table estimated maximum day and hour factors by customer class and the percentages are used to allocate peaking costs. It was pointed out that the percentages in Use 7 are close to those in Use 10.

O&M1 & 2: These tables projected operating and maintenance costs for five years. Kathy Tri and Bob Tomlinson agreed to review the projections. Committee members also asked for more information on cash flow needs which Kathy Tri agreed to provide.

Rev 1: This table projected "Non-rate revenue" for five years.

Bob Tomlinson indicated that at the next meeting the committee would review cost allocation based on function, service characteristics and customer class.

5. Adjournment

The committee discussed how many more meetings would be needed. Staff felt that three more meetings would be sufficient. The meeting was adjourned at approximately 8:55 p.m. until the next meeting at 7:00 p.m. on January 26, 1999 at the Public Safety Building.

Approved by the Utility Rate Review Committee on this 26th day of January, 1999.

ATTEST:

Kelli Highley, Secretary

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