

**CANBY UTILITY**  
**REGULAR BOARD MEETING**  
**SEPTEMBER 12, 2023**  
**7:00 P.M.**

**AGENDA**

- I. CALL TO ORDER
- II. AGENDA
  - Additions, Deletions or Corrections to the Meeting Agenda
- III. CONSENT AGENDA
  - Approval of Agenda
  - Approval of Regular Board Meeting Minutes of August 8, 2023 (pp. 1-4)
  - Approval of Write-Offs
  - Approval of Payment of Water and Electric Bills
- IV. CITIZEN INPUT ON NON-AGENDA ITEMS *Citizen's wanting to speak virtually, please email or call the Board Secretary-Clerk by 4:30 p.m. on September 12, 2023 with your name, the topic you would like to speak on, and contact information: [bbenson@canbyutility.org](mailto:bbenson@canbyutility.org) or 503-263-4312.*
- V. PRESENTATION Cost of Service and Rate Study – Craig Woycheese, Toth & Associates
- VI. RECOMMENDATION Approval of Proposed Electric Rates Adjustment – Mike Schelske, Finance Manager and Carol Sullivan, General Manager (pp. 5-21)
- VII. RECOMMENDATION Revise Exhibit A to Resolution No. 267, Related to the Master Fee Schedule – Mike Schelske, Finance Manager (pp. 22-24)
- VIII. RESOLUTION NO. 313 Revising Canby Utility's Water System Development Charges – Mike Schelske, Finance Manager (pp. 25-28)
- IX. BOARD REPORT
  - Chair Comments
  - Board Member Comments
- X. STAFF REPORTS

Operations Field Supervisor:

  - Fire Hydrant Replacement ProjectGeneral Manager Updates
- XI. ADJOURN

# ***CANBY UTILITY REGULAR BOARD MEETING MINUTES AUGUST 8, 2023***

**Board Present:** Chair Thompson; Members Horrax, Molamphy, and Pendleton

**Staff Present:** Carol Sullivan, General Manager; Barbara Benson, Board Secretary; Jason Berning, Operations Manager; Mike Schelske, Finance Manager; Sue Arthur, Purchasing Agent; Cindy Dittmar, Customer Service Supervisor; and Jason Peterson, Operations Field Supervisor

**Others Present:** Ashleigh Dougill, Board Attorney, Beery Elsner & Hammond; Jason Padden, City Council Liaison; Joe Brennan and Jake Hill

Chair Thompson called the Regular Board Meeting to order at 7:00 p.m.

Chair Thompson presented the meeting agenda for consideration. She asked for any additions, deletions, or corrections to the meeting agenda, and there were none.

Chair Thompson presented the consent agenda for approval. Member Molamphy made the \*MOTION to approve the consent agenda, consisting of the meeting agenda, work session minutes of June 22, 2023, regular meeting minutes of July 11, 2023, write-offs of \$308.98, and payment of the electric and water department bills for \$983,651.53. Member Horrax seconded the motion. Member Pendleton asked about the check needing approval for the Efficiency Services Group for \$39,543.68. Finance Manager Mike Schelske and Customer Service Supervisor Cindy Dittmar responded to his question. Efficiency Services Group is a company that Canby Utility contracts with to perform all of our energy efficiency programs for rebates and incentives from the Bonneville Power Administration. The most significant cost is related to their Direct Install program, where they come to Canby Utility customers and provide them with power strips and light bulbs. After discussion, the motion passed 4-0.

Ashleigh Dougill, Board Attorney, with Beery Elsner & Hammond, provided training for the board members, including an introduction and purpose for the training, the Canby Utility Board's background, public meetings, executive sessions, public records, and ethics. A copy of the training presentation is attached as a reference. Dougill departed the meeting at 7:52 p.m.

Chair Thompson asked for citizen input on non-agenda items, and there was none.

Human Resources/Administration Manager Barbara Benson presented a revised Procedure 410 for consideration. This procedure summarizes benefits for all Canby Utility employees unless a benefit is addressed explicitly in a separate policy, procedure, or collective bargaining agreement. Benson reviewed the changes proposed, including the healthcare premium cost share for non-represented employees, renaming City/County Insurance Services (CIS) self-funded

plans, adding a new voluntary short-term plan option through MetLife due to discontinuation of The Hartford plan as a result of the upcoming Paid Leave Oregon insurance program, referencing the existing Employee Assistance Program, adding supplemental benefit plans offered by CIS, and updating the observed holidays to reflect the new 4/10 workweek. The 32 hours of dependent sick leave was also discontinued due to the new Paid Leave Oregon program, which only impacted how employees use their sick leave bank. Benson stated that the change in premium cost share would result in an additional expense of just over \$6,000; however, the cost is likely to be fully offset by the lower-than-budgeted cost-of-living adjustment (COLA) for the management team. The anticipated lower COLA is due to a downward trend in inflation that affects the Consumer Price Index used to determine wage adjustments. After a brief discussion, Member Horrax made the \*MOTION to adopt revised Procedure 410, updating the summary of benefits for Canby Utility employees. Member Molamphy seconded, and the motion passed 4-0.

Member Pendleton brought up the topic of time-of-day electric rates for discussion. He highly recommends having Canby Utility's engineers review the alternative rate structure when completing the electric long-range master plan. Pendleton shared information he learned from attending NWPPA's Flipping the Switch: A Public Power Boot Camp in Tacoma, WA. Many utilities have added or plan to add the new time-of-day alternative rate structure. He said it would be necessary for the Board to understand the cost impacts to Canby Utility in offering alternative rates. The driver for alternative rates stems from customer interest due to the increase in electric vehicles. He also recommended we consider options for generation ownership, if possible. Utilities that have ownership in generation facilities have lower kilowatt rates. Pendleton felt it was important to bring these topics to the Board. Operations Manager Jason Berning said the electric master plan will be completed in 2024-2025. Staff could have the planning consultant consider projects needed to facilitate an alternative rate structure.

Berning expressed concern that most of the utilities with time-of-day rates are for-profit utilities with generation facilities. He is also concerned that industrial customers may adjust their operations during the lowest-cost time of day, which could impact revenues and our ratepayers. Pendleton said the utilities are trying to control peak load to reduce rate risks. The Bonneville Power Administration (BPA) purchases power on the market. The better utilities can manage their peak demands, the less high-cost power BPA has to buy on the market to serve utilities. Berning noted that Canby Utility has approximately 2,000 AMI meters that will be capable of measuring time-of-day use and 6,300 meters that are not. The meter cost is \$120 each. Having the meter vendor maintain the specialized metering is also an added cost. Chair Thompson shared her experience with professional master planning and expressed that the Board needs to understand better what Canby's drivers are that would move the utility towards implementing an alternative rate structure. Member Molamphy added that Canby Utility, which is small, only has approximately 26 electric vehicles within its service territory. He feels the Board needs to wait until the new wholesale power contract with BPA in 2028 to consider alternative rates. Berning also added that Canby Utility's electric load is well balanced, and there are no concerns for capacity.

Board Secretary Barbara Benson presented the board planning calendar for the fiscal year. This calendar provides information such as board meeting dates, holidays, special events, and other items of interest that staff anticipates will occur over the year. Benson encouraged feedback from board members, noting that the dates are subject to change throughout the year.

General Manager Carol Sullivan reported that the water rate study, SDC analysis, and financial plan are being re-advertised, having received only two responses. One responder suggested we remove the cost-of-service analysis (COSA) so that some customers would not be adversely affected by a duplicated upward adjustment and increase. Removing the COSA would also reduce our cost for the study, resulting in the price being closer to the budget. The study will now have an anticipated completion date of November 29, 2023, with new rates in effect by March 1, 2024.

Sullivan also said Interim City Administrator Eileen Stein visited Canby Utility's office. She was introduced to the staff, toured the facility, and Sullivan gave her an update on the South Ivy Street project.

Sullivan also reported meeting with Principal Engineer Lee Odell, Consor, whose specialty is water treatment plant design. Odell provided staff with samples of Request for Qualifications that the team can use to help write ours. Odell also facilitated a virtual meeting with Principal Libby Bakke, Barney & Worth, whose expertise is in strategic planning, communications, facilitation, and community engagement. Bakke also has significant knowledge of the Water Infrastructure Finance and Innovation Act (WIFIA) funding. She has been involved in several water treatment plant projects and holds a Water Distribution Level 4 certification. Sullivan plans to have Bakke attend the joint City Council workshop.

Sullivan said she received a call from Sundt Construction regarding our future water treatment plant project. They are constructing the Willamette Water Supply System's treatment plant in the City of Sherwood. Sundt Construction has offered to give a presentation to staff in September that will help the team better understand alternative delivery, which is the complete process of developing, procuring, designing, and building the final product. Sullivan gave examples of different approaches to building the water treatment plant.

Sullivan distributed a copy of Canby Utility's letter sent to the Water Resources Department in November 1991 regarding the Willamette River point of diversion. In the letter, Canby Utility wrote, in part, "Taking CUB's full water rights from the Molalla may or may not be desirable. To provide another alternative CUB has filed for an additional 12.4 cfs from the Willamette River at a location near the City-CUB shops. The intent would be to build a second treatment plant on the City land then pump into the distribution system at Redwood and Territorial." Sullivan distributed an Water Service Area map from that time showing that the current future water treatment plant site was identified then as a location for a new treatment plant.

Sullivan reported that staff has been reviewing the Water Master Plan draft with Consor, and the final will be ready for the September board meeting. Discussion ensued regarding the content of

**Canby Utility  
Regular Board Meeting Minutes  
August 8, 2023  
Page 4 of 4**

their presentation and potential dates for a joint City Council – Canby Utility Board work session. Sullivan is going to plan for an October workshop.

Member Molamphy made the \*MOTION to adjourn the meeting. Member Horrax seconded, and the motion passed 4-0.

The meeting adjourned at 8:37 p.m.

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Melody Thompson, Chair

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David Horrax, Member

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John Molamphy, Member

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Jack Pendleton, Member

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Barbara Benson, Board Secretary



## MEMORANDUM

September 7, 2023

TO: Chair Thompson, Member Horrax, Member Molamphy, and Member Pendleton

FROM: Mike Schelske, Finance Manager and Carol Sullivan, General Manager

SUBJECT: Set Proposed Electric Rate Hearing for Rates Effective November 1, 2023

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***Suggested Motion:*** *Motion to approve Management's recommendation of a proposed overall 7.5% rate adjustment and schedule a rate hearing for public input for October 10, 2023.*

### **Recommendation:**

Management recommends the Board approve proposed overall electric rate increase of 7.5% and schedule a rate hearing for public input on October 10, 2023. The rate proposal is based on the rate analysis and cost of service study performed by Toth & Associates.

### **Key Information:**

Canby Utility Board last raised the electric rates in 2019. In 2021 the Board opted to absorb the wholesale power rate increase and did not adjust rates.

The need for a rate adjustment is driven primarily by increases in the cost of wholesale electric power and operating expenses. BPA is forecasting a 14.46% increase in wholesale power costs for CU in FY 2024-25. This is primarily due to higher market prices for Tier 2 power. In addition, a 4% increase in operating expenses for FY 2025 over FY 2024 was included in the Toth study.

The 7.5% overall retail rate increase will provide sufficient revenue needed to achieve a positive operating margin for the combined two-year period of FY 2024 and FY 2025 and to maintain current reserve levels.

Thank you, and we will be available to answer any questions the Board may have.

# City of Canby, Oregon

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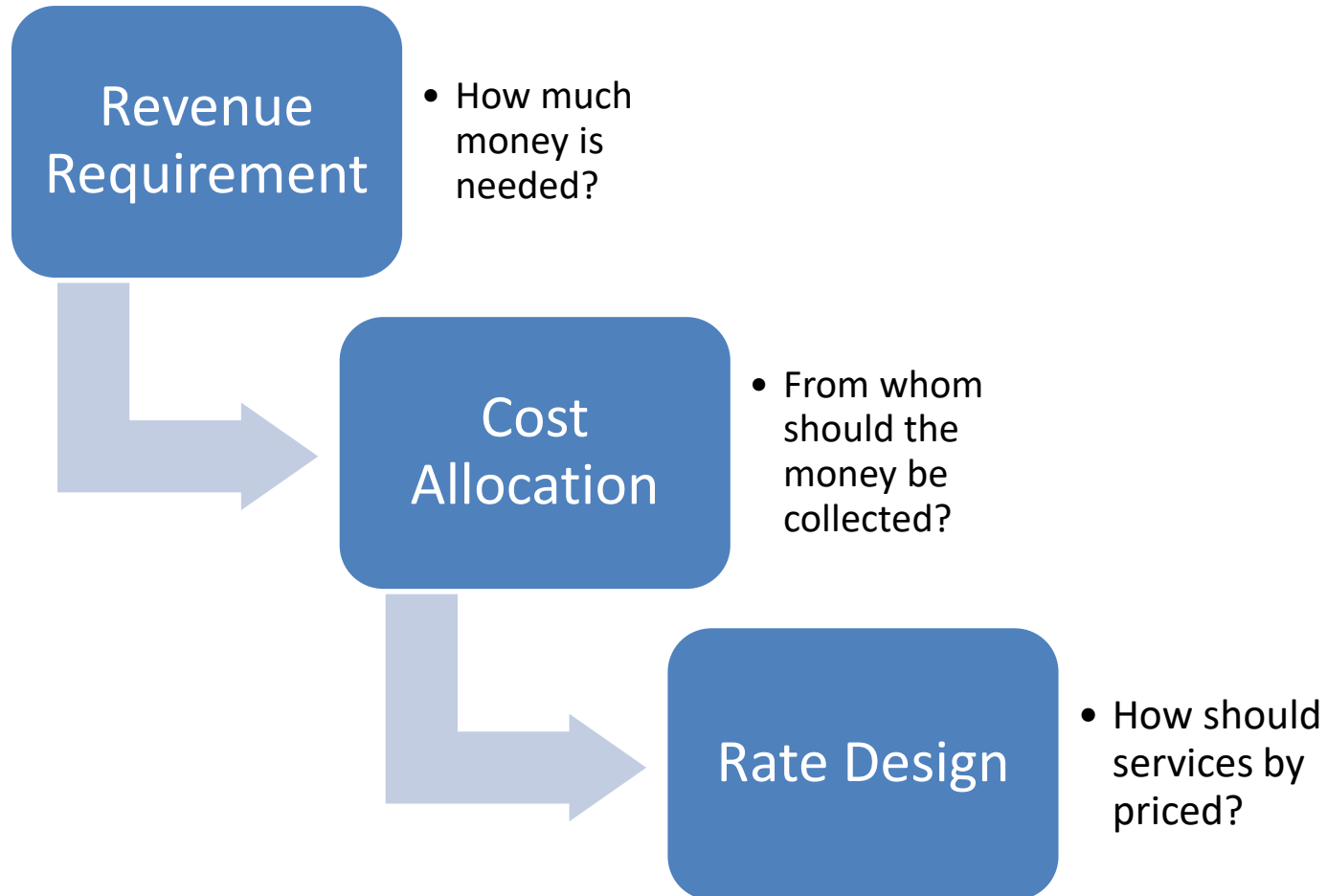
Electric Cost of Service Study  
September 12, 2023

Presented by Craig Woycheese, CPA  
Senior Utility Rate Consultant

[cwoycheese@tothassociates.com](mailto:cwoycheese@tothassociates.com)

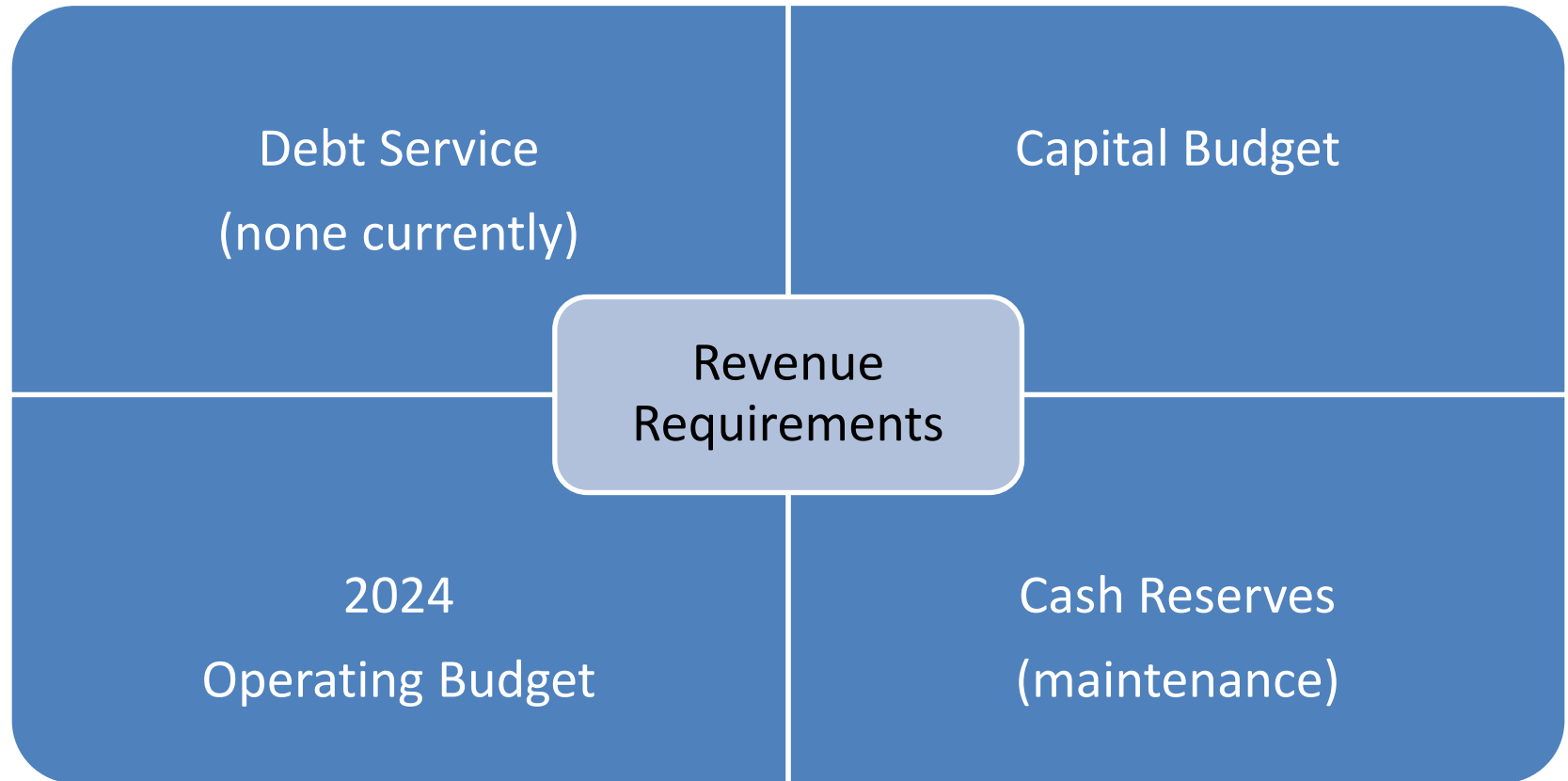


# Rate Study Elements





# Revenue Requirement



# Test Year Ending June 2022 Kilowatt-Hour Consumption

Rate	Total Bills	Total kWh	Average Usage
Residential Service	86,191	83,119,298	964
General Service - Single Phase	5,021	7,222,170	1,438
General Service - Three Phase	4,791	70,323,492	14,678
General Service - Three Phase, Primary Disc.	36	26,707,800	741,883
City Street Lighting	--	859,498	
Total Kilowatt-Hour Usage		188,232,258	



# Test Year Ending June 2022 Revenue Summary

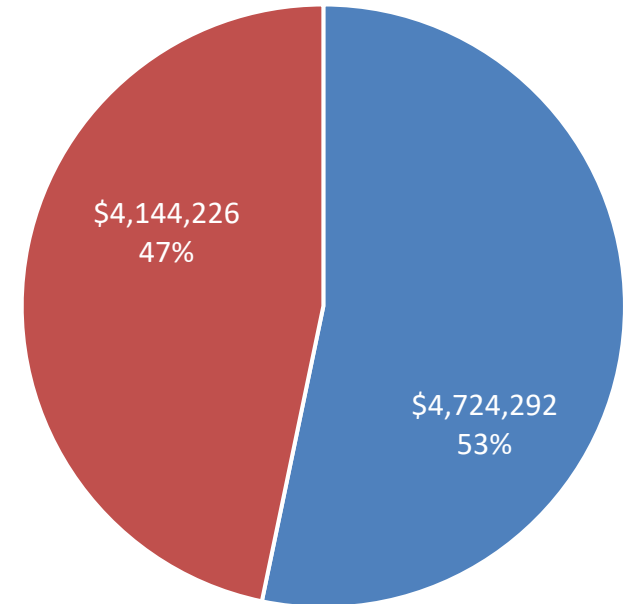
Rate	Rate Schedule Revenue	Other Operating Revenue	Total Present Revenue	Revenue Per kWh
Residential Service	\$7,055,267	\$205,685	\$7,260,952	\$0.0849
General Service - Single Phase	\$465,835	\$13,581	\$479,415	\$0.0645
General Service - Three Phase	\$4,513,457	\$131,582	\$4,645,040	\$0.0642
General Service - Three Phase, Primary Disc.	\$1,605,650	\$46,810	\$1,652,460	\$0.0601
City Street Lighting	\$44,384	\$1,294	\$45,678	\$0.0516
Total Kilowatt-Hour Usage	\$13,684,592	\$398,952	\$14,083,544	\$0.0727

Note: Revenue per kWh includes Rate Schedule Revenue only



# Forecasted Power Costs

Power Cost Summary	
CSP Demand (kW)	400,633
TSP Demand (kW)	326,000
Energy (kWh) – TIER 1	193,003,435
Energy (kWh) – TIER 2	22,995,000
Tier 1	\$6,568,595
Tier 2	\$1,467,771
Transmission	\$832,152
Total	\$8,868,518
Classification	
Demand	\$4,724,292
Energy	\$4,144,226
Total	\$8,868,518



■ Demand ■ Energy

4.1 cents per kWh



# Income Statement Summary – 5.9% Increase

4% Rate of Inflation on Operating Expenses in Pro Forma Fiscal Year 2025

<u>Item</u>	Test Year Ending 6/2022	Adjustments	Adjusted Fiscal Year 2024	Rate Adjustment	Pro Forma Fiscal Year 2024	Pro Forma Fiscal Year 2025
Total Operating Revenues	\$14,000,321	\$83,223	\$14,083,544	\$803,624	\$14,887,168	\$14,887,168
Total Operating Expenses	\$12,660,413	\$2,236,944	\$14,897,357	\$40,181	\$14,937,538	\$15,152,899
Operating Margin	\$1,339,908	(\$2,153,720)	(\$813,812)	\$763,442	<b>(\$50,370)</b>	<b>(\$265,731)</b>
Total Change in Net Position	\$2,673,872	(\$1,381,964)	\$1,291,908	\$763,442	\$2,055,350	\$1,839,989
Less: Capital Expenditures	\$1,669,879	\$299,086	\$1,968,965	\$0	\$1,968,965	\$1,968,965
Add: Depreciation	\$1,082,239	\$189,283	\$1,271,522	\$0	\$1,271,522	\$1,322,758
Change in Cash Position	\$2,086,232	\$488,369	\$594,465	\$763,442	<b>\$1,357,907</b>	<b>\$1,193,782</b>

Notes: For sales revenue and power cost, test year billing determinants and most current rates are used to determine adjusted year totals. Pass through of power cost increases amounts to a 5.9% rate adjustment.



# Income Statement Summary – 7.5% Increase

4% Rate of Inflation on Operating Expenses in Pro Forma Fiscal Year 2025

<u>Item</u>	Test Year Ending 6/2022	Adjustments	Adjusted Fiscal Year 2024	Rate Adjustment	Pro Forma Fiscal Year 2024	Pro Forma Fiscal Year 2025
Total Operating Revenues	\$14,000,321	\$83,223	\$14,083,544	\$1,029,431	\$15,112,975	\$15,112,975
Total Operating Expenses	\$12,660,413	\$2,236,944	\$14,897,357	\$51,472	\$14,948,828	\$15,164,189
Operating Margin	\$1,339,908	(\$2,153,720)	(\$813,812)	\$977,959	<b>\$164,147</b>	<b>(\$51,214)</b>
Total Change in Net Position	\$2,673,872	(\$1,381,964)	\$1,291,908	\$977,959	\$2,269,867	\$2,054,506
Less: Capital Expenditures	\$1,669,879	\$299,086	\$1,968,965	\$0	\$1,968,965	\$1,968,965
Add: Depreciation	\$1,082,239	\$189,283	\$1,271,522	\$0	\$1,271,522	\$1,322,758
Change in Cash Position	\$2,086,232	\$488,369	\$594,465	\$977,959	<b>\$1,572,424</b>	<b>\$1,408,299</b>

Note: For sales revenue and power cost, test year billing determinants and most current rates are used to determine adjusted year totals. Pass through of power cost increases and increases in Operating Expenses amounts to a 7.5% rate adjustment.



# Cost of Service Summary – No Rate Adjustment

Item	Residential Service	General Service 1Ø	General Service 3Ø	General Service 3Ø, Primary Discount	City Street Lighting	Total
Revenue						
Revenue - Existing Sales	\$7,055,267	\$465,835	\$4,513,457	\$1,605,650	\$44,384	\$13,684,592
Revenue - Other	<u>\$205,685</u>	<u>\$13,581</u>	<u>\$131,582</u>	<u>\$46,810</u>	<u>\$1,294</u>	<u>\$398,952</u>
Total Revenue	\$7,260,952	\$479,415	\$4,645,040	\$1,652,460	\$45,678	\$14,083,544
Operating Expense	\$7,247,076	\$612,617	\$5,215,946	\$1,758,920	\$62,798	\$14,897,357
Operating Margin	\$13,876	(\$133,202)	(\$570,907)	(\$106,460)	(\$17,120)	(\$813,812)
Margin as % of Revenue	<b>0.2%</b>	<b>(27.8%)</b>	<b>(12.3%)</b>	<b>(6.4%)</b>	<b>(37.5%)</b>	<b>(5.8%)</b>
Relative Margin as % of Revenue	(0.03)	4.81	2.13	1.11	6.49	1.00
kWh Sold	83,119,298	7,222,170	70,323,492	26,707,800	859,498	188,232,258
Unit Revenue - Sales	\$0.08488	\$0.06450	\$0.06418	\$0.06012	\$0.05164	\$0.07270



# Cost of Service Summary – 5.9% Rate Increase

## Pro Forma Fiscal Year 2024

Item	Residential Service	General Service 1Ø	General Service 3Ø	General Service 3Ø, Primary Discount	City Street Lighting	Total
Revenue						
Revenue - Proposed Sales	\$7,386,170	\$491,125	\$4,832,388	\$1,731,948	\$46,585	\$14,488,216
Revenue - Other	<u>\$205,685</u>	<u>\$13,581</u>	<u>\$131,582</u>	<u>\$46,810</u>	<u>\$1,294</u>	<u>\$398,952</u>
Total Revenue	\$7,591,855	\$504,706	\$4,963,970	\$1,778,758	\$47,879	\$14,887,168
Operating Expense	\$7,265,644	\$614,210	\$5,230,572	\$1,764,112	\$62,999	\$14,937,538
Operating Margin	\$326,210	(\$109,505)	(\$266,602)	\$14,646	(\$15,120)	(\$50,370)
Margin as % of Revenue	<b>4.3%</b>	<b>(21.7%)</b>	<b>(5.4%)</b>	<b>0.8%</b>	<b>(31.6%)</b>	<b>(0.3%)</b>
Relative Margin as % of Revenue	(12.70)	64.13	15.87	(2.43)	93.34	1.00
kWh Sold	83,119,298	7,222,170	70,323,492	26,707,800	859,498	188,232,258
Unit Revenue - Sales	\$0.08886	\$0.06800	\$0.06872	\$0.06485	\$0.05420	\$0.07697
Rate Increase	\$330,903	\$25,291	\$318,930	\$126,298	\$2,201	\$803,624
Rate Increase Percentage	4.7%	5.4%	7.1%	7.9%	5.0%	5.9%





# Cost of Service Summary – 7.5% Rate Increase

## Pro Forma Fiscal Year 2024

Item	Residential Service	General Service 1Ø	General Service 3Ø	General Service 3Ø, Primary Discount	City Street Lighting	Total
Revenue						
Revenue - Proposed Sales	\$7,485,842	\$499,792	\$4,916,776	\$1,763,997	\$47,616	\$14,714,023
Revenue - Other	<u>\$205,685</u>	<u>\$13,581</u>	<u>\$131,582</u>	<u>\$46,810</u>	<u>\$1,294</u>	<u>\$398,952</u>
Total Revenue	\$7,691,527	\$513,372	\$5,048,358	\$1,810,808	\$48,910	\$15,112,975
Operating Expense	\$7,270,862	\$614,658	\$5,234,681	\$1,765,571	\$63,055	\$14,948,828
Operating Margin	\$420,665	(\$101,286)	(\$186,323)	\$45,236	(\$14,145)	\$164,147
Margin as % of Revenue	<b>5.5%</b>	<b>(19.7%)</b>	<b>(3.7%)</b>	<b>2.5%</b>	<b>(28.9%)</b>	<b>1.1%</b>
Relative Margin as % of Revenue	5.04	(18.16)	(3.40)	2.30	(26.63)	1.00
kWh Sold	83,119,298	7,222,170	70,323,492	26,707,800	859,498	188,232,258
Unit Revenue - Sales	\$0.09006	\$0.06920	\$0.06992	\$0.06605	\$0.05540	\$0.07817
Rate Increase	\$430,575	\$33,957	\$403,319	\$158,348	\$3,233	\$1,029,431
Rate Increase Percentage	6.1%	7.3%	8.9%	9.9%	7.3%	7.5%



# Summary of Present & Proposed Rates

	Current Rates	Proposed 5.9% Rates	Unit Change	Proposed 7.5% Rates	Unit Change
<b>Residential Service</b>					
Base Charge	\$13.57	\$15.00	\$1.43	\$15.00	\$1.43
Energy Charge: First 2,000 kWh	\$0.0706	\$0.0731	\$0.0025	\$0.0743	\$0.0037
Energy Charge: Over 2,000 kWh	\$0.0764	\$0.0789	\$0.0025	\$0.0801	\$0.0037
<b>General Service</b>					
Base Charge: Single Phase	\$17.88	\$19.25	\$1.37	\$19.25	\$1.37
Base Charge: Three Phase	\$38.75	\$43.25	\$4.50	\$43.25	\$4.50
Demand Charge: Under 50 kW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Demand Charge: Over 50 kW	\$7.50	\$8.50	\$1.00	\$8.50	\$1.00
Demand Charge: Primary Disc.	(\$0.62)	(\$0.62)	\$0.00	(\$0.62)	\$0.00
Energy Charge: First 25,000 kWh	\$0.0517	\$0.0542	\$0.0025	\$0.0554	\$0.0037
Energy Charge: Over 25,000 kWh	\$0.0446	\$0.0471	\$0.0025	\$0.0483	\$0.0037
<b>New or Expanding Large Load Customers</b>					
Base Charge: Single Phase	\$17.88	\$19.25	\$1.37	\$19.25	\$1.37
Base Charge: Three Phase	\$38.75	\$43.25	\$4.50	\$43.25	\$4.50
Demand Charge: Under 50 kW	\$0.00	\$9.50	\$9.50	\$9.50	\$9.50
Demand Charge: Over 50 kW	\$7.50	\$9.50	\$2.00	\$9.50	\$2.00
Demand Charge: Primary Disc.	(\$0.62)	(\$0.62)	\$0.00	(\$0.62)	\$0.00
Energy Charge: First 25,000 kWh	\$0.0616	\$0.0842	\$0.0226	\$0.0854	\$0.0238
Energy Charge: Over 25,000 kWh	\$0.0544	\$0.0771	\$0.0227	\$0.0783	\$0.0239
<b>City Lighting Service</b>					
Energy Charge	\$0.0517	\$0.0542	\$0.0025	\$0.0554	\$0.0037



# Residential Service - Billing Comparison 5.9%

<u>Percentage of Total Bills</u>	<u>Average kWh Usage</u>	<u>Existing Revenue</u>	<u>Proposed Revenue</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
0-10%	212	\$28.53	\$30.49	\$1.96	6.9%
11-20%	398	\$41.67	\$44.10	\$2.43	5.8%
21-30%	517	\$50.05	\$52.77	\$2.72	5.4%
31-40%	631	\$58.12	\$61.13	\$3.01	5.2%
41-50%	753	\$66.73	\$70.04	\$3.31	5.0%
51-60%	889	\$76.37	\$80.02	\$3.65	4.8%
61-70%	1,047	\$87.52	\$91.57	\$4.05	4.6%
71-80%	1,250	\$101.83	\$106.39	\$4.56	4.5%
81-90%	1,550	\$123.02	\$128.33	\$5.31	4.3%
91-100%	2,392	\$184.74	\$192.15	\$7.41	4.0%
<b>System Average</b>	<b>964</b>	<b>\$81.63</b>	<b>\$85.47</b>	<b>\$3.84</b>	<b>4.7%</b>

	<u>Existing Rate</u>	<u>Proposed Rate</u>
Base Charge	\$13.57	\$15.00
Energy Charge: First 2,000 kWh	\$0.0706	\$0.0731
Energy Charge: Over 2,000 kWh	\$0.0764	\$0.0789



# Residential Service - Billing Comparison 7.5%

<u>Percentage of Total Bills</u>	<u>Average kWh Usage</u>	<u>Existing Revenue</u>	<u>Proposed Revenue</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
0-10%	212	\$28.53	\$30.74	\$2.21	7.8%
11-20%	398	\$41.67	\$44.58	\$2.90	7.0%
21-30%	517	\$50.05	\$53.39	\$3.34	6.7%
31-40%	631	\$58.12	\$61.89	\$3.76	6.5%
41-50%	753	\$66.73	\$70.94	\$4.22	6.3%
51-60%	889	\$76.37	\$81.09	\$4.72	6.2%
61-70%	1,047	\$87.52	\$92.83	\$5.31	6.1%
71-80%	1,250	\$101.83	\$107.89	\$6.06	5.9%
81-90%	1,550	\$123.02	\$130.19	\$7.17	5.8%
91-100%	2,392	\$184.74	\$195.02	\$10.28	5.6%
<b>System Average</b>	<b>964</b>	<b>\$81.63</b>	<b>\$86.62</b>	<b>\$5.00</b>	<b>6.1%</b>

	<u>Existing Rate</u>	<u>Proposed Rate</u>
Base Charge	\$13.57	\$15.00
Energy Charge: First 2,000 kWh	\$0.0706	\$0.0743
Energy Charge: Over 2,000 kWh	\$0.0764	\$0.0801



# Time of Day Rate Considerations

- **Drivers:** AMI Metering allows rate design to mirror incurred costs
- **Rate of Adoption:** Less than 10% but increasing as utilities are adopting AMI metering
- **Effect on Revenue:** Marginal neutral, if not an optional rate
- **Potential Cost-Savings:** Marginal neutral, if designed properly, where generation demand is explicitly the peak TOU kWh driver, a TOU demand rate is fairer.
- **Pros:** Provides marginal stability, allows customer control
- **Cons:** More complex (need to provide customer education), data collection can be challenging
- **Infrastructure & System Requirements:** AMI metering with multiple registers, upgrades to CIS software to collect meter data





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## MEMORANDUM

September 7, 2023

TO: Chair Thompson, Member Horrax, and Member Molamphy, Member Pendleton

FROM: Mike Schelske, Finance Manager

SUBJECT: Master Fee Schedule Update

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**RECOMMENDATION:** Adopt Revised Exhibit A to Resolution No. 267, Related to the Master Fee Schedule effective October 1, 2023.

**BACKGROUND:** On September 24, 2013, the Board adopted Resolution No. 267, establishing a master fee schedule for Canby Utility's water, electric, and customer services, and allowing for an annual review of and update to the exhibit of fees.

Staff proposes the following revisions to Exhibit A to reflect current costs:

- Water line inspection fee increase to \$93 from \$87 per hour.
- Water line flushing fee increase to \$93 from \$87 per hour.
- Water pressure and fire flow tests fee increase to \$93 from \$87 per hour.
- Water hook-up main to meter service lateral including meter, updated as follows:
  - 5/8" – 1" Increase to \$11,210 from \$9,885
  - 1-1/2" – 2" Increase to \$12,350 from \$10,949
- Water hook-up charge for meter installation only, updated as follows:
  - 5/8" – 3/4" Increase to \$480 from \$440
  - 1" Increase to \$720 from \$700
  - 1-1/2" Increase to \$1,230 from \$1,200
  - 2" Increase to \$970 from \$950
- Added the existing New Account Deposit to the fee schedule.
- Added the Hydrant Deposit to the fee schedule and increased the amount to \$2,500 from \$150 (fee may be waived for current customers with favorable credit).

Staff will answer any questions the Board may have.

# CANBY UTILITY MASTER FEE SCHEDULE

## RESOLUTION 267 EXHIBIT A

OTHER SERVICES	FEE
JOB COST ESTIMATE	\$500 (Excess funds applied to the job or refunded)
WATER LINE INSPECTION	\$93 per hour plus estimated water use at Irrigation rate
WATER LINE FLUSHING	\$93 per hour plus estimated water use at Irrigation rate
WATER PRESSURE / FIRE FLOW TEST	\$93 per hour plus estimated water use at Irrigation rate
WATER THEFT CHARGE	\$250 (1 <sup>ST</sup> offense), \$500 (2 <sup>nd</sup> offense), \$1,000 (additional offenses) plus estimated water use at Irrigation rate
DOORHANGER FEE	\$25
DISCONNECT NOTICE FEE	\$25
FAILED PAYMENT ARRANGEMENT	\$25
NSF CHECK	\$33
PRE-DISCONNECTION	\$25
RECONNECTION	\$50
SAME DAY SERVICE FEE	\$50
AFTER-HOURS RECONNECTION	\$250
ACCOUNT SET UP FEE	\$25
PUBLIC RECORDS	Staff time and benefits, and material costs (first 30 minutes no charge).
PUBLIC RECORDS (Mailing Costs)	Actual cost plus \$1 handling
PUBLIC RECORDS (Faxing Costs)	\$0.50 per page
PHOTOCOPIES (Single/Double Sided)	\$0.25
PHOTOCOPIES (Color or Printouts)	\$0.75

STREET LIGHTING FIXTURE RENTAL	MONTHLY FEE
100 WATT	\$4.00
150 WATT	\$4.10
200 WATT	\$6.75
250 WATT	\$6.90
400 WATT	\$7.25

STREET LIGHTING POLE RENTAL	MONTHLY FEE
24' ALUMINUM POLE	\$3.00
30' WOOD POLE	\$1.50
35' WOOD POLE	\$1.75
40' WOOD POLE	\$2.75



<b>WATER HOOK-UP MAIN TO METER SERVICE LATERAL INCLUDING METER</b>	
<b>METER SIZE</b>	<b>CHARGE</b>
5/8" – 1"	\$11,210
1-1/2"- 2"	\$12,350
Above 2"	Job Cost Estimate

<b>WATER HOOK-UP METER INSTALLATION ONLY</b>	
<b>METER SIZE</b>	<b>CHARGE</b>
5/8" – 3/4"	\$480
1"	\$720
1-1/2"	\$1,230
2"	\$970
Above 2"	Job Cost Estimate

<b>DEPOSITS</b>	<b>FEE</b>
NEW ACCOUNT DEPOSIT	Minimum of \$150
HYDRANT DEPOSIT	\$2,500 (may be waived for current customers with favorable credit)

**Source Documents:**

Customer Service Policies & Procedures:	Resolution No. 288
Electric Service Conditions:	Resolution No. 254
Water Service Policies and Procedures:	Resolution No. 259
Public Records Request Procedures:	Procedure 402
Temporary Water Service Agreement	Version September 2023



## MEMORANDUM

September 7, 2023

TO: Chair Thompson, Member Horrax, Member Molamphy, and Member Pendleton

FROM: Mike Schelske, Finance Manager

SUBJECT: Water System Development Charge Annual Inflationary Adjustment

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**Suggested Motion:** Adopt Resolution No. 313, adjusting Canby Utility's Water System Development Charges by the prescribed inflationary amount effective October 1, 2023, and repeal Resolution No. 310.

**Background:** Each year, the Board is presented with a staff recommendation to adjust Canby Utility's Water System Development Charges (SDC) based on an inflationary index adjustment.

SDC's account for new development impacts on water infrastructure needs and planning. When a new water connection is made the SDC must be paid to buy-in to the existing infrastructure and the capital reserves planning for future water needs. Infrastructure costs, both existing and future, are calculated in our 2010 Water Master Plan.

The amount of a SDC paid corresponds to the size of meter requested, based on water consumption needs computed from a single dwelling unit equivalent (DUE). Canby Utility's SDC methodology allows for an annual inflation adjustment to the charges using the Engineering News Record's Construction Cost Index.

The fiscal year 2024 inflation factor increase is 2.56% for one DUE or \$119. The fiscal year 2023 inflation factor increase was 8.86% for one DUE or \$377. Please see the attached Resolution No. 313, Exhibit A.

Staff has notified a list of interested parties regarding the recommendation to adjust the SDC's. This notification gives them an opportunity to comment on the proposal and attend the September 12th board meeting.

Staff will be available to answer questions.

## RESOLUTION NO. 313

### **A RESOLUTION OF THE CANBY UTILITY BOARD ADOPTING REVISED WATER SYSTEM DEVELOPMENT CHARGES REFLECTING ANNUAL ADJUSTMENTS FOR INFLATION, REPEALING RESOLUTION NO. 310.**

The CANBY UTILITY BOARD resolves as follows:

Section 1. The 2004 Water System Development Charge methodology contains a method of annual adjustment of Water System Development Charges (SDCs) to account for inflation as determined by a known and recognized index, the Engineering News Record Construction Cost Index (CCI).

Section 2. The purpose of this Resolution is to apply this index to reflect changes in the index as a proxy for construction-related inflation between now and the last Water Master Plan update in 2010.

Section 3. Applying the CCI index change to the current SDC schedule results in inflation-index adjusted Water SDCs as reflected in Exhibit A attached hereto and incorporated herein by reference. The adjusted Water SDCs are set forth in Exhibit B attached hereto and incorporated herein by reference.

Section 4. Resolution No. 310 is hereby repealed.

Section 5. Effective date. This Resolution shall become effective on the 1st day of October 2023.

THIS RESOLUTION IS ADOPTED BY THE CANBY UTILITY BOARD THIS 12th DAY OF SEPTEMBER 2023.

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Melody Thompson, Chair

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David Horrax, Member

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John Molamphy, Member

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Jack Pendleton, Member

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Vacant

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Barbara Benson, Board Secretary

# RESOLUTION NO. 313

## Exhibit A

### System Development Charge - Proposed Adjustment Summary

Class / Meter Size	DUEs	Current SDC	Proposed SDC	Change	% Change
<b>Residential</b>					
5/8 x 3/4 Inch	1.0	\$ 4,635	\$ 4,754	\$ 119	2.57%
1 Inch	1.6	7,416	7,606	190	2.56%
<b>Non Residential</b>					
5/8 x 3/4 Inch	1.1	\$ 5,099	\$ 5,229	\$ 130	2.55%
1 Inch	2.3	10,661	10,934	273	2.56%
1.5 Inch	3.9	18,077	18,541	464	2.57%
2 Inch	9.4	43,569	44,688	1,119	2.57%
3 Inch	13.9	64,427	66,081	1,654	2.57%
4 Inch	20.4	94,554	96,982	2,428	2.57%
<b>Irrigation</b>					
5/8 x 3/4 Inch	1.6	\$ 7,416	\$ 7,606	\$ 190	2.56%
1 Inch	5.6	25,956	26,622	666	2.57%
1.5 Inch	5.3	24,566	25,196	630	2.56%
2 Inch	8.2	38,007	38,983	976	2.57%
3 Inch	13.9	64,427	66,081	1,654	2.57%
<b>Multi Family (SDC Per DUE)</b>	0.7	\$ 3,245	\$ 3,328	83	2.56%
<b>Qualifying Small-lot Planned Unit Development (SDC Per DUE)</b>	0.7	\$ 3,245	\$ 3,328	\$ 83	2.56%
<p>Note: The Water System Development Charge will increase by \$119 for a 1.0 Dwelling Unit Equivalent (DUE) and by a factor of that amount for all customer classes and meter sizes based upon results of the Red Oak Consultant's study.</p>					

**RESOLUTION NO. 313**  
**Exhibit B**

**System Development Charge - Recommended Adjustment Summary**

<b>Class</b>	<b>Meter Size</b>	<b>SDC</b>
<b>Residential</b>		
	5/8 x 3/4 Inch	\$ 4,754
	1 Inch	7,606
<b>Non Residential</b>		
	5/8 x 3/4 Inch	\$ 5,229
	1 Inch	10,934
	1.5 Inch	18,541
	2 Inch	44,688
	3 Inch	66,081
	4 Inch	96,982
<b>Irrigation</b>		
	5/8 x 3/4 Inch	\$ 7,606
	1 Inch	26,622
	1.5 Inch	25,196
	2 Inch	38,983
	3 Inch	66,081
<b>Multi-Family</b>	SDC per Dweling Unit	\$ 3,328
<b>Qualifying Small-lot Planned Unit Development</b>	SDC per Dwelling Unit	\$ 3,328