

***CANBY UTILITY
REGULAR BOARD MEETING
JANUARY 13, 2026
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 November 12, 2025, Special Meeting Minutes of December 2, 2025, and Special Meeting Minutes of December 16, 2025 (pp. 1-14)
 - Approval of Payment of Water and Electric Bills
- IV. CITIZEN INPUT ON NON-AGENDA ITEMS
- V. PUBLIC HEARING Electric Rate Proposal (pp. 15-33)
- VI. RESOLUTION NO. 339 Revising Electric Rates - Kari Duncan, General Manager, and Mike Schelske, Finance Manager (pp. 34-53)
- VII. PRESENTATION Canby Water Supply Project Update – Andrew Nishihara, Stantec (pp. 54-59)
- VIII. RECOMMENDATION Approve Green Power Donation for City Parks and Transit Mall – Sergio Avalos, Customer Service Supervisor (pg. 60)
- IX. NOMINATIONS FOR 2026 BOARD CHAIR (pg. 61)
- X. BOARD REPORT
 - Chair Comments
 - Board Member Comments
- XI. STAFF REPORTS

Operations Manager:

 - Quarterly Reliability Report (pp. 62-63)

Customer Service Supervisor:

 - Share the Warmth Update (pg. 64)

General Manager:

 - General Manager Goals (pp. 65-67)
 - Staff Report (pp. 68)
- XII. ADJOURN

CANBY UTILITY REGULAR BOARD MEETING MINUTES NOVEMBER 12, 2025

Board Present: Chair Thompson; Members Molamphy, Pendleton, Hill, and Westcott

Staff Present: Kari Duncan, General Manager; Barbara Benson, Board Secretary; Jason Berning, Operations Manager; Mike Schelske, Finance Manager; and Jason Peterson, Operations Field Supervisor

Others Present: Brian Hutchins, Veolia Water North America; Joe Brennan; Andrew Nishihara and Eric Ward, Stantec; Corrienne Burnette, Carollo; Craig Woycheese and Paul Ruban, Toth & Associates; and Ron Yarbrough

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 Hill made the *MOTION to approve the consent agenda, consisting of the meeting agenda, regular meeting minutes of August 12, 2025, and September 9, 2025, and payment of the electric and water department bills for \$1,439,425.01. Member Molamphy seconded, and the motion passed 5-0.

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

Finance Manager Mike Schelske introduced Craig Woycheese, CPA at Toth & Associates, to present the electric cost-of-service study (COSS), noting that they also completed a COSS in 2023 and are familiar with Canby Utility.

Rate Consultant Craig Woycheese provided background on the firm's regional presence and experience conducting rate studies in the Northwest, including familiarity with BPA and related rate structures. He explained that the COSS is built from a defined "test year" ending June 30, 2025, which represents the historic cost, billing, and load data used as the starting point for the analysis. He stated that Canby Utility's FY26 budget was used to forecast operating expenses, while wholesale power costs and revenues were forecast using the BPA rates for the test-year loads to develop a forecast-year view for 2026.

Woycheese outlined the COSS framework at a high level, describing it as a multi-step process. First, the revenue requirement determines how much total revenue is needed to operate the electric system and cover essential costs, including operating costs, maintaining cash reserves for contingencies, and providing sufficient margins to fund capital replacements and improvements.

Second, the study results allocate the revenue requirement across rate classes to determine how much revenue should be collected from each class, identifying the classes used in the study as residential, general service (single-phase and three-phase), data centers (single-phase and three-phase), street lighting, and primary service. Third, rate design translates the cost-of-service findings into specific rate components, such as base rate and energy charges, with the study serving as a benchmarking tool to guide the board in setting equitable rates.

Woycheese reviewed the revenue requirement using sales and customer data by rate class and explained that the first step was to calculate present revenues based on consumption and billing counts. He identified the total present rate-schedule revenue as approximately \$15.3 million, which served as a starting point for evaluating the revenue requirement and potential rate adjustment.

He presented a comparison of class energy usage versus revenue contribution, noting that residential customers accounted for approximately 84 million kilowatt-hours, or about 43 percent of total system sales, while generating approximately \$7.6 million, or about 50 percent of total rate revenue. He explained that this relationship indicates comparatively stronger margins from the residential class relative to commercial classes.

Woycheese presented the power cost forecast using the test-year load and BPA's 2026 rates, separating BPA power rates from transmission costs. BPA power cost was projected to increase by approximately \$422,000, and BPA transmission costs by approximately \$169,000, resulting in an overall projected power cost of about \$9.9 million.

He introduced two rate adjustment options: Option 1, an overall 8 percent rate increase, and Option 2, an overall 5 percent rate increase. Without a rate increase, the Utility would project an operating deficit of approximately \$1.16 million. Under Option 1, additional revenue of approximately \$1.2 million would result in a modest positive operating margin of approximately \$65,000. Under Option 2, the Utility would continue to experience a negative operating margin of approximately \$400,000.

Woycheese reviewed the proposed rate impacts by customer class for both options and explained why the adjustments were not applied uniformly across all classes, highlighting each rate class margin as a percentage of revenue. Option 1 would result in a net positive margin of 0.4 percent. Option 2 would continue to result in net negative margins.

Woycheese reviewed the rate summary comparing existing rates to the proposed rate adjustment for both options. He presented the base charge, energy charge, and, if applicable, demand charge adjustments for each customer class. The study moves away from the current declining block rates to either flat or inclining block rates. For data centers, the single-phase account is being charged as the general service single-phase, noting there is only one customer in this class.

The group being referred to as data centers in the study appears to be an outlier in the analysis, with loads showing relatively high kilowatt-hour usage but comparatively very low billed

demand. He explained that the study reflects a higher allocated cost for that class because the demand-related costs are calculated based on the demand billing component, which appears understated. He further noted that, for rate design purposes, he is treating this group of customers similarly to the New and Expanding Large Load rate class, which applies a flat demand charge. He added that this flat demand charge is a common feature of data center rate structures.

He reviewed average residential bill impacts, explaining that for a typical household using approximately 1,250 kilowatt-hours per month, the average bill would increase from \$107.89 to \$112.39 under Option 1 or to \$110.51 under Option 2. He then presented similar bill-impact comparisons for the remaining rate classes and discussed the varying impacts across groups based on their usage characteristics.

Board discussion followed regarding customer classifications, data center rate structures, capital planning, and reserve levels. Staff reported that legal counsel has reviewed the staff's recommendation for a separate data center rate class that must be supported by revenue significance and volatility.

General Manager Kari Duncan informed the Board that BPA has recently indicated the potential implementation of a 2 percent surcharge for the remainder of the current fiscal year due to its low reserve levels. A surcharge is permitted under existing power supply contracts. Duncan noted that the proposed rate study does not account for this potential surcharge and that the Board would need to determine whether the additional cost should be absorbed by the Utility or passed through to customers. Discussion followed.

The presentation concluded, and the Board thanked Mr. Woycheese for his presentation. He departed the meeting at 8:12 p.m.

Schelske then presented a recommendation that the board set a rate hearing and propose the overall 8 percent rate increase that was presented as Option 1, as outlined in the COSS. Member Pendleton made the *MOTION to approve management's recommendation of a proposed overall electric rate adjustment of 8 percent and schedule a rate hearing for public input for December 9, 2025. Member Hill seconded the motion. Chair Thompson asked about the customer notification process. Discussion followed regarding the anticipated outreach efforts to Canby customers. Proposed rate adjustments must be published in the local newspaper in accordance with the City Charter. In addition, the Board directed staff to prepare a rate flyer to be mailed to all customers by December 1 to help ensure customers are fully informed of the proposed changes. Following the discussion, Chair Thompson called for the vote, and the motion passed unanimously, 5-0.

Andrew Nishihara and Eric Ward, Project Managers with Stantec, provided the Board with an update on the Canby Water Supply Project, noting that it has been a particularly active month for the project team. Nishihara reported that a meeting was held with Clackamas County land use staff to review the project and candidate sites. The preliminary feedback from the County's pre-application conference was largely positive and receptive, with representatives from the City of

Canby, ODOT, the Planning Commission, the Fire District, and other agencies in attendance. Nishihara stated that the County confirmed the project's classification as a water facility allows for exemptions from certain traditional setback requirements and that no significant concerns were identified. He noted that the County has issued written findings from the pre-application conference, which the project team will review in detail, and emphasized that while the findings are preliminary, no major issues or surprises are anticipated as the project moves forward.

Nishihara reported that a meeting was also held with the Department of Environmental Quality (DEQ) to discuss site options and identify any potential fatal flaws related to locating the intake relative to the City's wastewater treatment plant. He stated that the discussion was straightforward and that DEQ did not raise significant concerns, provided the intake is located upstream of the wastewater discharge. He explained that the project team has evaluated two potential sites, including a preferred site and a nearby alternative, and reviewed constraints related to river geometry and intake placement. Nishihara concluded by reporting that updated cost estimates were received shortly before the meeting and will be reviewed with staff, with additional discussion anticipated during an upcoming workshop.

Mr. Ward stated that work is ongoing to finalize items associated with the selected site and noted that the project team has held numerous coordination meetings on water treatment plant planning, intake planning, and integrating the new facilities into the existing water system. He reiterated that updated cost estimates have been received and that a permit strategy has been developed for the proposed site. Ward explained that the remaining elements, including the detailed project schedule and funding plan, are still under development.

Chair Thompson asked whether there were any obstacles delaying a final decision on the intake location, and a discussion ensued. Nishihara is targeting having the updated cost estimates to the Board by the January meeting.

Human Resources/Administration Manager Barbara Benson recommended updating the signature authorities for banking and money market accounts following Kari Duncan's appointment. She would be listed as the primary representative on all Columbia Bank accounts, including the General, Payroll, Online/ACH Banking, Share the Warmth, Money Market, and Credit Card accounts. Staff also recommended adding Finance Manager Mike Schelske as an authorized signer on the Share the Warmth account to approve customer bill-assistance payments.

Benson further recommended adding Ms. Duncan as an authorized representative to the Local Government Investment Pool (LGIP) account, with Schelske serving as the second staff representative. It was noted that the utility's auditors have previously requested formal Board approval for changes to LGIP authorization; therefore, a separate motion was included for this action. Benson stated she will remain an authorized signer on the General, Payroll, Share the Warmth, and Credit Card accounts. Cindy Dittmar, retired Customer Service Supervisor, and Carol Sullivan, retired General Manager, will be removed from all accounts.

Member Hill made the *MOTION to adopt Resolution number 337, a resolution updating the Canby Utility Board's banking services signature authority and related information. Member Molamphy seconded, and the motion passed 5-0.

Member Molamphy made the *MOTION to add General Manager Kari Duncan to the Local Government Investment Pool account. Member Hill seconded, and the motion passed 5-0.

Member Hill announced that he has submitted his resignation from the Board of Directors today to the City of Canby. He and his wife will be moving out of Canby due to his work. He expressed sadness in leaving the board and has been honored to be a part of the organization and community. He will continue to serve until mid-January.

Operations Manager Jason Berning reported that the two Hyster forklifts planned for the budget have arrived. He shared information about the new equipment and thanked the board for approving the purchase.

Finance Manager Mike Schelske presented two financial reports: the FY25 year-end financials and the first-quarter FY26 financials. He noted that the auditors are scheduled to present the FY25 audit report to the Board in December and will provide additional detail at that time. Schelske began with the fourth-quarter FY25 year-end financials through June 30, 2025. He reported that results for both the electric and water funds were positive for the year, with sales exceeding budget and both funds reporting positive operating income.

Schelske reported that electric sales totaled approximately \$15.5 million, resulting in operating income of \$162,000, which was higher than budget, noting a small operating loss had been anticipated. Net income for the electric fund totaled approximately \$2 million, \$154,000 below budget, primarily due to lower capital contributions. The water fund, with sales of approximately \$5.1 million, generated an operating income of \$1 million, which was higher than the budget. Net income for the water fund of \$3.2 million was slightly below budget, due to lower capital contributions. Schelske clarified that net income includes other income, such as interest earnings, line extension fees, and contributed capital that do not affect operations and were excluded.

Schelske then presented the first-quarter FY26 financial reports through September 30, 2025, noting that the results reflected a mix of favorable and unfavorable variances. He reported that sales for both the electric and water funds were at or above budget and that operating income for both funds was also at or above budget. He identified the most significant negative variance as lower-than-budgeted capital contributions for both funds.

The electric fund's operating revenue was \$4.1 million, resulting in an operating loss of nearly \$300,000. Net income was approximately \$11,000, \$102,000 below budget, primarily due to lower capital contributions. He explained that the operating loss was driven largely by higher power costs and noted that this trend reinforces the need for a rate adjustment.

The water fund's operating revenues of \$2.1 million generated approximately \$1 million in operating income, \$126,000 above budget. Net income totaled approximately \$1.5 million, slightly below budget due to lower capital contributions. He explained that the strong operating income was driven by increased water sales during the first quarter, combined with the recent rate increase and unusually dry conditions.

Board Secretary Barbara Benson reported that RSVPs for the Annual Employee Recognition Dinner have been distributed. She stated that the event is scheduled for December 13 and shared the activities planned for the evening. Benson noted that the event is well-received by staff and encouraged board members to return their RSVPs to assist with planning.

General Manager Kari Duncan reported on several topics. She stated that both staff and board members have been very welcoming and that she is quickly getting up to speed on the utility's operations. She has been meeting individually with staff and Board members and expressed her appreciation for the warm welcome and support.

Duncan reported that she attended the Oregon Municipal Electric Utilities annual meeting, which included several valuable presentations and provided an opportunity to meet with peer utility managers to discuss shared priorities and current industry topics.

Duncan reported that staff completed the Customer Service Supervisor recruitment following Cindy Dittmar's retirement. The position was posted with a short recruitment window, and Sergio Avalos was promoted to fill the vacancy.

Duncan provided an update regarding a potential Bonneville Power Administration (BPA) 2 percent surcharge that could be effective from December 2025 through September 2026. She explained that the surcharge is being considered in response to recent low-water years, which have reduced BPA's financial reserves. Duncan also updated the Board on discussions and negotiations regarding the Residential Exchange Program.

General Manager Kari Duncan provided a brief update on Portland General Electric (PGE) transmission capacity constraints. She reported that she has been coordinating with Operations Manager Jason Berning and participating in meetings about the issue.

Duncan reported that she attended the annual PCC meeting last week along with Board Member Molamphy.

Finally, Duncan referenced the recent Stantec presentation and the electric rate cost-of-service study.

Chair Thompson discussed the City Planning Department's development overview spreadsheet. Operations Manager Jason Berning noted that he is aware of the information presented and has been tracking the identified projects. He explained that the primary challenges are uncertainty about whether projects will ultimately move forward and, if they do, determining their placement

in the project queue. General Manager Kari Duncan added that it will be important for staff to coordinate with the City to assess the likelihood of projects advancing, particularly to support discussions with BPA.

Member Molamphy made the *MOTION to adjourn the meeting at 8:58 p.m. Member Hill seconded, and the motion passed 5-0.

Melody Thompson, Chair

John Molamphy, Member

Jake Hill, Member

Jack Pendleton, Member

Robert Westcott, Member

Barbara Benson, Board Secretary

CANBY UTILITY SPECIAL MEETING MINUTES DECEMBER 2, 2025

Board Present: Chair Thompson; Members Hill, Westcott, Molamphy, and Pendleton

Staff Present: Kari Duncan, General Manager; Barbara Benson, Board Secretary; Jason Peterson, Operations Field Supervisor

Others Present: Mark Dewar, Pat Van Duser, and Joe Brennan

Chair Thompson called the Special Meeting to order at 5:59 p.m. The purpose of the special meeting was to discuss the General Manager's goals. Thompson highlighted the need to take a proactive approach in light of upcoming initiatives at Canby Utility, including power-supply challenges, the pending water treatment plant project, and other general business matters. Chair Thompson noted she was impressed with the General Manager's long-term and short-term goals prepared for discussion.

General Manager Kari Duncan shared her prior experience with goal setting and explained that the proposed goals were intended to facilitate an open discussion with the Board. She emphasized the importance of aligning the goals with the mission statement, clarifying desired outcomes, identifying role-specific versus team-based goals, and establishing appropriate timelines, including multi-year objectives. Duncan also noted the need to consider staffing capacity, follow-up, and accountability. She explained the goal structure, which is organized into three categories: general goals, specific goals, and optional goals.

Chair Thompson discussed the proposed general goals, identifying which of the nine goals presented she feels are for the General Manager, or are also intended for the leadership team. Specifically, she identified Goal 2: Communicate clearly and effectively with the Board, Goal 3: Model effective leadership attributes and work habits to employees, and Goal 7: Meet applicable regulations and requirements as leadership team goals.

Member Pendleton asked Duncan about her experience and expectations with representing the utility on committees and with the public, related to Goal 8. Duncan discussed her past and current committee involvement and the time and commitments required to serve on a trade association board of directors. Duncan plans to continue to engage with a select number of committees, such as the Oregon Municipal Electric Utilities. Discussion ensued regarding the benefits of her joining local organizations, such as Rotary, Kiwanis, or the Chamber of Commerce, to engage with the community. Duncan discussed her plan with trade organizations. She plans to use these strategically, as she has received information about the BPA contract and has been connecting with other utilities and hearing about the transmission issues. The trade organizations will help us connect with leaders and state funding, which will be needed for the upcoming water infrastructure project.

Member Hill recommended that the Board consider using the SMART goals framework, in which goals are defined as Specific, Measurable, Achievable, Relevant, and Time-bound, to help state the objectives and track progress. He also feels there is an opportunity to improve the utility's communication with the public and engage with the local community. He also encourages organizing goals by short, medium, and long-term goal setting with a designated review timeline.

Discussion ensued regarding the proposed general goals, including the importance of recognizing that priorities may shift throughout the year, maintaining a strong customer-focused approach, and interest in quantifying descriptive terms such as reliable, reasonable, stable, and balanced, as identified in the utility's mission statement. The Board emphasized that communication with customers is critically important.

Next, the Board and General Manager Duncan discussed the proposed Specific Goals. Duncan explained that, for the Canby Water Supply Program, she identified key tasks and sub-goals anticipated over the next six years as the project progresses. The Board discussed the need for internal management oversight, noting that while additional staffing is not needed at this time, it will become critical as the project advances. Duncan stated that the design phase will be labor-intensive and that the need for additional staff could arise as early as next year (2026). The Board requested that the addition of this staffing resource be included as a goal.

The Board then discussed the second Specific Goal related to BPA/PGE transmission capacity, a long-term effort to ensure sufficient transmission capacity. Board Member Hill noted the potential need for engineering consultation to support discussions with BPA and PGE, stating that Canby Utility has repeatedly requested information but encountered challenges in obtaining timely responses, and that an additional resource may help advance these discussions. Hill also emphasized the need for a more proactive and aggressive approach to load forecasting by coordinating with the City on growth projections and communicating that information to BPA and PGE early.

General Manager Duncan reported that discussions with BPA and PGE are progressing well. She noted that Canby Utility's natural load growth is approximately 1% to 2% annually, which is manageable for smaller developments, but that potential new large-load customers require additional planning. Discussion ensued regarding capacity limitations on the 57 kV transmission line and why the 1 MW study threshold was not identified earlier. She stated she plans to further evaluate the issue with existing staff and review future staffing needs. Chair Thompson suggested examining the prior communication breakdown between Canby Utility, BPA, and PGE to help prevent similar problems in the future.

The next Specific Goal discussed was the Electric System Five-Year Planning Study (CIP), which is scheduled for completion soon. Discussion focused on the importance of actively managing the capital projects identified in the study, updating projects as needed, and utilizing engineering consultants for support. Operations Field Supervisor Jason Peterson reported that

Stoddard Engineering was retained in July 2025 and that the operations team holds weekly coordination meetings with the consulting engineer.

The next Specific Goal discussed was public information and outreach. General Manager Duncan explained that Stantec is currently assisting with outreach efforts related to the Canby Water Supply Project and that she has discussed a more utility-wide communication approach with staff. Discussion ensued regarding outreach opportunities, including the use of social media to share information with customers across multiple platforms quickly. The possibility of creating a marketing position was mentioned. Duncan noted that social media was used effectively in her previous employment and should be explored, while also emphasizing the need to ensure professionalism in engaging on social media channels.

The final Specific Goal discussed was union bargaining in 2026. Board Member Hill asked whether Canby Utility utilizes a bargaining partner to assist with negotiations or bargains directly with the union. Human Resources/Administration Manager Barbara Benson explained that Canby Utility bargains directly with IBEW Local 125. She stated that Steven Schuback of Peck Rubanoff & Hatfield serves as Canby Utility's chief negotiator, while IBEW is represented by its Business Representative and Shop Steward as the union's primary negotiators.

The following Optional and Long-Term Goals were discussed. General Manager Duncan requested that the Board prioritize the top three goals. The first goal presented was to review and develop recommendations for water and electric Capital Improvement Plans, a fleet replacement plan, and a technology replacement plan.

The next goal discussed was to review the status of the mapping and GIS systems and develop an improvement plan. Duncan explained that challenges arose during the transition to GIS due to issues with the consulting contractor. As a result, staff must now rely on multiple systems—including CAD, GIS, and paper maps—to locate infrastructure, increasing complexity and frustration, particularly during emergencies. Staff also identified the mapping limitations as a safety concern, especially for new employees locating underground utilities.

The next goal discussed was benchmarking and reporting, including the potential development of Key Performance Indicators. Duncan shared her prior experience using AWWA benchmarking tools to track utility statistics, noting that such tools can help the utility stay organized and provide meaningful reporting to the Board.

The next goal discussed was to review and evaluate the utility's water and power conservation programs. General Manager Duncan stated that, as she is new to the organization, she is still assessing existing conservation efforts. Discussion included BPA's energy conservation programs, the water conservation policy, the Water Management and Water Conservation Plan, and the importance of providing conservation information to customers in advance of upcoming rate changes. The Board also discussed challenges posed by Homeowners' Association (HOA) requirements for green lawns and the need to help customers navigate conservation options when HOA rules require ongoing irrigation.

The final goal discussed is to review and consider the utility's approach/cost/benefit to emerging trends.

The Board expressed consensus on its top three Optional and Long-Term Goals, identifying mapping and GIS, water and power conservation programs, and emerging trends as the priority areas, corresponding to Optional and Long-Term Goals 2, 4, and 5. General Manager Duncan stated she will revise the goals accordingly and present a more finalized version at the January meeting. Chair Thompson suggested that at least some of the goals be posted on the Canby Utility website.

Board Member Westcott asked how many customers currently receive paper statements. General Manager Duncan estimated that approximately 20% of customers are enrolled in electronic billing, and Human Resources/Administration Manager Barbara Benson confirmed, noting that customers who no longer receive paper statements also no longer receive the utility newsletter. Board members complimented staff on the mailed notice provided for the upcoming electric rate hearing.

Member Molamphy made the *MOTION to adjourn the special meeting. Member Hill seconded, and the motion passed 5-0.

There being no further business, the meeting was adjourned at 7:44 p.m.

Melody Thompson, Chair

Jake Hill, Member

John Molamphy, Member

Jack Pendleton, Member

Robert Westcott, Member

Barbara Benson, Board Secretary

CANBY UTILITY SPECIAL BOARD MEETING MINUTES DECEMBER 16, 2025

Board Present: Chair Thompson; Members Molamphy, Pendleton, Hill, and Westcott

Staff Present: Kari Duncan, General Manager; Barbara Benson, Board Secretary; and Mike Schelske, Finance Manager

Others Present: Keith Simovic and Ayde Alvarado, Baker Tilly

Chair Thompson called the Special Board Meeting to order at 6:03 p.m. The meeting was conducted in a hybrid format, with Board members attending either in person or virtually.

Chair Thompson stated that the special meeting was held to receive the fiscal year-end audit report.

Finance Manager Mike Schelske reported that the Fiscal Year 2025 audit conducted by Baker Tilly, formerly Moss Adams, had been completed. He noted that Baker Tilly and Moss Adams merged earlier in the year; however, the merger had no impact on Canby Utility's audit, as the same audit team members remained assigned, providing continuity with prior years. Schelske then introduced Ayde Alvarado and Keith Simovic, who presented the audit results.

Keith Simovic, Principal with Baker Tilly and former Partner with Moss Adams, provided a brief overview of the merger, which was finalized in June. He explained that the scope of services provided to Canby Utility included the Independent Auditor's Report on the individual and combined financial statements; assistance with and technical review of financial statements for compliance with Generally Accepted Accounting Principles (GAAP); required disclosures and independent auditor comments under the Oregon Minimum Standards for Audits of Oregon Municipal Corporations; and Communications to Those Charged with Governance. Simovic outlined the work performed in connection with each of these services. He noted that a significant portion of audit time focused on compliance with Oregon statutes related to procurement processes and verification that investment activities complied with State Treasury requirements.

The audit areas of focus included management override of controls; utility plant accounting and the timely closure of work orders; adoption of GASB Statement No. 101 related to compensated absences; compliance with Oregon Minimum Standards; and revenue, billing, and cash receipt processes.

Ayde Alvarado reported that Canby Utility received an unmodified (clean) opinion on its financial statements. She stated that the auditors reviewed compliance with the Oregon Minimum Standards and identified no reportable findings. Alvarado reviewed the Report to Those Charged with Governance and Internal Controls and noted that no material weaknesses were identified. She also reviewed the Summary of Required Communications, including the auditor's responsibilities under auditing standards; management's judgments and accounting estimates; proposed audit adjustments; significant accounting policies, including the adoption of GASB Statements No. 101 and 102; and audit observations and recommendations.

Three audit recommendations were identified. First, auditors recommended establishing internal controls to properly identify contributions in aid of construction at year-end and reclassify those amounts to unearned revenue. Second, management was advised to review and enhance controls over the preparation and approval of journal entries, particularly those involving complex or significant balances such as Other Post-Employment Benefits (OPEB). Third, auditors recommended implementing procedures to ensure that all journal entries include formal documentation identifying both the preparer and reviewer, along with the respective dates of preparation and review.

Two corrected audit adjustments were noted. The first involved reclassifying customer deposits from electric work in process to unearned contributed capital in the amount of \$850,274. The second adjustment corrected deferred inflows related to OPEB recorded during the year to align with the most recent actuarial valuation, in the amount of \$27,660.

One uncorrected audit adjustment related to GASB Statement No. 101 required management to analyze prior-year balances. Management determined that, due to the immaterial nature of the amount, the adjustment would not be recorded in the prior year's net position. The uncorrected balance totaled \$85,153.

Alvarado invited questions from the Board. Chair Thompson requested clarification regarding the differences between GASB standards and the Oregon Minimum Standards. Alvarado explained that GASB establishes accounting and financial reporting standards for governmental entities nationwide, while the Oregon Minimum Standards are specific requirements established by the State of Oregon.

Alvarado also reviewed upcoming accounting standards, including GASB Statement No. 103 related to financial reporting model improvements and GASB Statement No. 104 addressing disclosure of certain capital assets.

Alvarado thanked Canby Utility staff for their assistance and professionalism throughout the audit process. Simovic also acknowledged and highlighted the audit service team assigned to Canby Utility.

Simovic responded to Board questions regarding healthcare cost trend assumptions provided by Milliman, the actuary supporting the audit, as well as the timing of the audit presentation relative to the fiscal year-end. He confirmed that the financial statements were filed with the Oregon Secretary of State Audits Division within the required six-month deadline following the fiscal year end.

Member Westcott made the *MOTION to adjourn the meeting at 6:33 p.m. Member Molamphy seconded, and the motion passed 4-0. Member Pendleton departed the meeting before the vote.

Melody Thompson, Chair

John Molamphy, Member

Jake Hill, Member

Jack Pendleton, Member

Robert Westcott, Member

Barbara Benson, Board Secretary



Rate Design Proposals: Original Recommendation and Alternative Option

Board Meeting January 13, 2026

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- Rate Schedules
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Rate Study Objectives

- Determine amount of additional revenue needed due to increased costs:
 - BPA cost increases – new 3-year rate (10/01/25 – 9/30/28):
 - 5.0% for Supply
 - 18.5% for Transmission
 - Operating cost increases:
 - Cost-of-living allowance (non-union personnel)
 - Union contract
 - Inflation (materials, services, insurance)
 - Power costs are 55% of the annual budget and operating expenses are 45%
- Align revenues and service costs by each customer class to avoid cross-subsidization.
- Develop rates to ensure fairness and comply with requirements of the City of Canby / Canby Utility charter.

COSS Summary – Present Rates

Item	Residential Service	General Service 1/0	General Service 3/0	General Service 3/0 Primary Discount	HDLS 1/0	HDLS 3/0	City Street Lighting	Total
Revenue								
Revenue - Existing Sales	\$7,644,354	\$488,450	\$4,497,611	\$1,786,803	\$4,172	\$811,876	\$45,027	\$15,278,294
Revenue - Other	\$159,114	\$10,167	\$93,616	\$37,192	\$87	\$16,899	\$937	\$318,012
Total Revenue	\$7,803,469	\$498,617	\$4,591,227	\$1,823,995	\$4,259	\$828,775	\$45,965	\$15,596,306
Operating Expense	\$8,108,590	\$657,281	\$4,944,563	\$1,838,876	\$5,348	\$1,134,984	\$66,409	\$16,756,051
Operating Margin	(\$305,121)	(\$158,664)	(\$353,336)	(\$14,881)	(\$1,089)	(\$306,209)	(\$20,444)	(\$1,159,745)

COSS - Rate Option 1 – Presented at December Board meeting

Item	Residential Service	General Service 1/0	General Service 3/0	General Service 3/0 Primary Discount	HDLS 1/0	HDLS 3/0	City Street Lighting	Total
Revenue								
Revenue - Proposed Sales	\$7,971,313	\$602,609	\$4,920,749	\$1,945,502	\$5,148	\$999,025	\$58,926	\$16,503,272
Revenue - Other	\$159,114	\$10,167	\$93,616	\$37,192	\$87	\$16,899	\$937	\$318,012
Total Revenue	\$8,130,428	\$612,776	\$5,014,365	\$1,982,693	\$5,235	\$1,015,924	\$59,863	\$16,821,284
Operating Expense								
Operating Expense	\$8,108,590	\$657,281	\$4,944,563	\$1,838,876	\$5,348	\$1,134,984	\$66,409	\$16,756,051
Operating Margin	\$21,838	(\$44,505)	\$69,802	\$143,817	(\$113)	(\$119,060)	(\$6,546)	\$65,234
Margin as % of Revenue	0.3%	(7.3%)	1.4%	7.3%	(2.2%)	(11.7%)	(10.9%)	0.4%
Relative Margin as % of Revenue	0.69	(18.73)	3.59	18.70	(5.56)	(30.22)	(28.20)	1.00
Rate Increase Dollars	\$326,959	\$114,159	\$423,138	\$158,698	\$976	\$187,149	\$13,898	\$1,224,979
Rate Increase Percentage	4.3%	23.4%	9.4%	8.9%	23.4%	23.1%	30.9%	8.0%

8% Overall Increase =

Rate Increase Dollars \$1,224,979 / Total Revenue Present Rates \$15,278,294 (amount from previous slide)

Rate Option 2 Proposal

Overview

- 8% overall increase in three phases
- Lower initial increase for rate class General Service 1/0, HDLS 1/0 and 3/0, and City Lighting
- Rates based on the 8% overall increase will be fully implemented by Phase 3

Key Changes

- 10% or lower rate increase by class per phase
- Demand charge for HDLS 3/0 in Phase 1 reduced from \$9.25 to \$3.00

COSS Summary Rate Option 2 – Phased Increases

<u>COSS Summary</u>			Option 2		
Item	Current Rates	Option 1	Phase 1	Phase 2	Phase 32
			2/1/2026	11/1/2026	11/1/2027
Revenue					
Revenue - Existing Sales	\$15,278,294	\$16,503,174	\$16,302,220	\$16,425,919	\$16,503,272
Revenue - Other	\$318,012	\$318,012	\$318,012	\$318,012	\$318,012
Total Revenue	\$15,596,306	\$16,821,186	\$16,620,232	\$16,743,931	\$16,821,284
Operating Expense	\$16,756,051	\$16,756,051	\$16,756,051	\$16,961,352	\$17,172,813
Operating Margin	(\$1,159,745)	\$65,135	(\$135,818)	(\$217,421)	(\$351,529)

❖ Reserves and Interest Income will fund the negative Operating Margin

Rate Option 2 – % Increases by Class

Average Customer Percentage Rate Increase by Rate Class (Increase Over Current or Prior Year)				
		Option 2		
		Phase 1	Phase 2	Phase 32
	Option 1	2/1/2026	11/1/2026	11/1/2027
Item				
Residential	4.3%	4.3%	0.0%	0.0%
General Service 1Ø	23.4%	9.1%	6.6%	6.2%
General Service 3Ø	9.4%	9.1%	0.1%	0.1%
General Service 3Ø, Primary Service	8.9%	8.9%	0.0%	0.0%
HDLS General Service 1Ø	23.4%	9.0%	6.6%	6.2%
HDLS General Service 3Ø	23.1%	9.7%	8.7%	3.2%
City Street Lighting Service	30.9%	9.0%	10.0%	9.1%
Average	8.0%	6.7%	0.8%	0.5%

Average = new revenues / total revenues	
Example for Residential:	
Revenues at current rates	\$ 7,644,354
Additional revenue based on Phase 1 rates	\$ 326,959
Average percentage increase for all residential customers	4.3%

Average Composite Cost per kWh by Class

Cost per kWh					
Item	Current Rate	Option 1	Option 2		
			Phase 1	Phase 2	Phase 32
			<u>2/1/2026</u>	<u>11/1/2026</u>	<u>11/1/2027</u>
Residential	\$ 0.0906	\$ 0.0946	\$ 0.0945	\$ 0.0946	\$ 0.0946
General Service 1Ø	\$ 0.0706	\$ 0.0871	\$ 0.0770	\$ 0.0820	\$ 0.0871
General Service 3Ø	\$ 0.0716	\$ 0.0783	\$ 0.0781	\$ 0.0782	\$ 0.0783
General Service 3Ø, Primary Service	\$ 0.0663	\$ 0.0722	\$ 0.0722	\$ 0.0722	\$ 0.0722
HDLS General Service 1Ø	\$ 0.0766	\$ 0.0945	\$ 0.0835	\$ 0.0890	\$ 0.0945
HDLS General Service 3Ø	\$ 0.0553	\$ 0.0680	\$ 0.0606	\$ 0.0659	\$ 0.0680
City Street Lighting Service	\$ 0.0554	\$ 0.0725	\$ 0.0604	\$ 0.0665	\$ 0.0725
Average	\$ 0.0778	\$ 0.0840	\$ 0.0830	\$ 0.0836	\$ 0.0840

Cost calculation formula: Total Revenues / Total kWh - \$\$ / kWh

* Revenue amounts include all bill components: base, energy, and demand charges.

* kWh figures represent actual kilowatt-hours billed during FY 2025.

Staff Recommendation

Staff recommends Board adopt Rate Option 2 with Phased Increases

Pros	Cons
<ul style="list-style-type: none">• Provides lower initial costs for some customer groups scheduled for the highest increases	<ul style="list-style-type: none">• Lower revenues from phased increases create negative operating margins in all phases
<ul style="list-style-type: none">• Responds to customer concerns about the size and pace of the Option 1 rate increase	<ul style="list-style-type: none">• Subsidies for some groups continue until Phase 3, November 1, 2027
<ul style="list-style-type: none">• Allows businesses more time to adjust to higher rates	<ul style="list-style-type: none">• Delays achieving full revenue recovery

Other Considerations

BPA FRP (Financial Reserve Policy) Surcharge

- Under the BPA FRP, a surcharge will be charged to Canby Utility from December 2025 through September 2026.
- The total cost will be \$153,281.

Infrastructure / CIP

- Costs of new infrastructure or large capital improvements are not covered by the rate increase.
- Standard capital expenditures for operations are part of the annual budget and are funded from current operating cash flow, such as vehicles or equipment.

Rate Schedules

Rate Option 1 Rate Schedule

Residential, Green Power, City Lighting, NELL

RESIDENTIAL RATES		
	Existing Rate	New Rate
Base Charge (\$ per month)	\$ 15.00	\$ 16.00
Energy Charge (\$ per kWh):		
First 2,000 kWh	\$ 0.0743	\$ 0.0771
More than 2,000 kWh	\$ 0.0801	\$ 0.0829

GREEN POWER RATES		
	Existing Rate	New Rate
Green Power Charge (\$ per 100 kWh)	\$ 0.92	\$ 0.92

CITY LIGHTING SERVICE		
Energy Charges (\$ per kWh):	\$ 0.0554	\$ 0.0725

NEW OR EMERGING LARGE LOAD > 3.1 aMW		
	Existing Rate	New Rate
Demand Charge (\$ per kW):		
All kW	\$ 9.50	\$ 10.25
Energy Charges (\$ per kWh):		
First 25,000 kWh	\$ 0.0854	\$ 0.0887
More than 25,000 kWh	\$ 0.0783	\$ 0.0887

Rate Option 1 Rate Schedule

General Service

GENERAL SERVICE RATES					
	Existing Rate	New Rate		Existing Rate	New Rate
Energy Charges (\$ per kWh):			Base Charge (\$ per month):		
Single-Phase			Single-Phase	\$ 19.25	\$ 20.00
First 25,000 kWh	\$ 0.0554	\$ 0.0725	Three-Phase & 3-Ph Primary	\$ 43.25	\$ 46.75
More than 25,000 kWh	\$ 0.0483	\$ 0.0786			
Three-Phase			Demand Charge (\$ per kW):		
First 25,000 kWh	\$ 0.0554	\$ 0.0554	Single-Phase		
More than 25,000 kWh	\$ 0.0483	\$ 0.0594	First 50 kW	No Charge	No Charge
Three-Phase - Primary			More than 50 kW	\$ 8.50	No Charge
First 25,000 kWh	\$ 0.0554	\$ 0.0528	Three-Phase & 3-Ph Primary		
More than 25,000 kWh	\$ 0.0483	\$ 0.0528	First 50 kW	No Charge	No Charge
			More than 50 kW	\$ 8.50	\$ 9.25
			Primary Service		
			Discount (\$ per kW)	\$ 0.62	\$ 0.67

Option 1 Rate Schedule

HDLS

HIGH-DENSITY LOAD SERVICE (HDLS) ¹					
	Existing Rate ²		New Rate		
Energy Charges (\$ per kWh):					
Single-Phase					
First 25,000 kWh	\$	0.0554	\$	0.0725	
More than 25,000 kWh	\$	0.0483	\$	0.0786	
Energy Charges (\$ per kWh):					
Three-Phase					
First 25,000 kWh	\$	0.0554	\$	0.0608	
More than 25,000 kWh	\$	0.0483	\$	0.0608	
Base Charge (\$ per month):					
Single-Phase	\$	19.25	\$	20.00	
Three-Phase	\$	43.25	\$	46.75	
Demand Charge (\$ per kW):					
Single-Phase					
First 50 kW	No Charge		No Charge		
More than 50 kW	\$	8.50	No Charge		
Three-Phase					
First 50 kW	No Charge		\$	9.25	
More than 50 kW	\$	8.50	\$	9.25	

¹ The HDLS Rate Class includes data centers, cryptocurrency mining operations, AI hosting centers, and other similar entities.

² The current HDLS rate is identical to the General rate because existing customers are billed under the General Service rate.

Rate Schedule

Rate Option 1

RESIDENTIAL RATES		
	Existing Rate	New Rate
Base Charge (\$ per month)	\$ 15.00	\$ 16.00
Energy Charge (\$ per kWh):		
First 2,000 kWh	\$ 0.0743	\$ 0.0771
More than 2,000 kWh	\$ 0.0801	\$ 0.0829

GENERAL SERVICE RATES		
	Existing Rate	New Rate
Base Charge (\$ per month):		
Single-Phase	\$ 19.25	\$ 20.00
Three-Phase & 3-Ph Primary	\$ 43.25	\$ 46.75
Demand Charge (\$ per kW):		
Single-Phase		
First 50 kW	No Charge	No Charge
More than 50 kW	\$ 8.50	No Charge
Three-Phase & 3-Ph Primary		
First 50 kW	No Charge	No Charge
More than 50 kW	\$ 8.50	\$ 9.25
Primary Service Discount (\$ per kW)	\$ 0.62	\$ 0.67
Energy Charges (\$ per kWh):		
Single-Phase		
First 25,000 kWh	\$ 0.0554	\$ 0.0725
More than 25,000 kWh	\$ 0.0483	\$ 0.0786
Three-Phase		
First 25,000 kWh	\$ 0.0554	\$ 0.0554
More than 25,000 kWh	\$ 0.0483	\$ 0.0594
Three-Phase - Primary		
First 25,000 kWh	\$ 0.0554	\$ 0.0528
More than 25,000 kWh	\$ 0.0483	\$ 0.0528

CITY LIGHTING SERVICE		
Energy Charges (\$ per kWh):	\$ 0.0554	\$ 0.0725

GREEN POWER RATES		
	Existing Rate	New Rate
Green Power Charge (\$ per 100 kWh)	\$ 0.92	\$ 0.92

HIGH-DENSITY LOAD SERVICE (HDLS) ¹		
	Existing Rate ²	New Rate
Base Charge (\$ per month):		
Single-Phase	\$ 19.25	\$ 20.00
Three-Phase	\$ 43.25	\$ 46.75
Demand Charge (\$ per kW):		
Single-Phase		
First 50 kW	No Charge	No Charge
More than 50 kW	\$ 8.50	No Charge
Three-Phase		
First 50 kW	No Charge	\$ 9.25
More than 50 kW	\$ 8.50	\$ 9.25
Energy Charges (\$ per kWh):		
Single-Phase		
First 25,000 kWh	\$ 0.0554	\$ 0.0725
More than 25,000 kWh	\$ 0.0483	\$ 0.0786
Three-Phase		
First 25,000 kWh	\$ 0.0554	\$ 0.0608
More than 25,000 kWh	\$ 0.0483	\$ 0.0608

NEW OR EMERGING LARGE LOAD > 3.1 aMW		
	Existing Rate	New Rate
Demand Charge (\$ per kW):		
All kW	\$ 9.50	\$ 10.25
Energy Charges (\$ per kWh):		
First 25,000 kWh	\$ 0.0854	\$ 0.0887
More than 25,000 kWh	\$ 0.0783	\$ 0.0887

¹ The HDLS Rate Class includes data centers, cryptocurrency mining operations, AI hosting centers, and other similar entities.

² The current HDLS rate is identical to the General rate because existing customers are billed under the General Service rate.

Rate Schedule Rate Option 2, Phase 1 February 1, 2026

RESIDENTIAL RATES		
	Existing Rate	Rate 2/1/26
Base Charge (\$ per month)	\$ 15.00	\$ 16.00
Energy Charge (\$ per kWh):		
First 2,000 kWh	\$ 0.0743	\$ 0.0771
More than 2,000 kWh	\$ 0.0801	\$ 0.0829

GENERAL SERVICE RATES		
	Existing Rate	Rate 2/1/26
Base Charge (\$ per month):		
Single-Phase	\$ 19.25	\$ 20.00
Three-Phase & 3-Ph Primary	\$ 43.25	\$ 46.75
Demand Charge (\$ per kW):		
Single-Phase		
First 50 kW	No Charge	No Charge
More than 50 kW	\$ 8.50	No Charge
Three-Phase & 3-Ph Primary		
First 50 kW	No Charge	No Charge
More than 50 kW	\$ 8.50	\$ 9.25
Primary Service Discount (\$ per kW)	\$ 0.62	\$ 0.67
Energy Charges (\$ per kWh):		
Single-Phase		
First 25,000 kWh	\$ 0.0554	\$ 0.0624
More than 25,000 kWh	\$ 0.0483	\$ 0.0685
Three-Phase		
First 25,000 kWh	\$ 0.0554	\$ 0.0552
More than 25,000 kWh	\$ 0.0483	\$ 0.0592
Three-Phase - Primary		
First 25,000 kWh	\$ 0.0554	\$ 0.0528
More than 25,000 kWh	\$ 0.0483	\$ 0.0528

CITY LIGHTING SERVICE		
Energy Charges (\$ per kWh):	\$ 0.0554	\$ 0.0604

GREEN POWER RATES		
	Existing Rate	Rate 2/1/26
Green Power Charge (\$ per 100 kWh)	\$ 0.92	\$ 0.92

HIGH-DENSITY LOAD SERVICE (HDLS) ¹		
	Existing Rate ²	Rate 2/1/26
Base Charge (\$ per month):		
Single-Phase	\$ 19.25	\$ 20.00
Three-Phase	\$ 43.25	\$ 46.75
Demand Charge (\$ per kW):		
Single-Phase		
First 50 kW	No Charge	No Charge
More than 50 kW	\$ 8.50	No Charge
Three-Phase		
First 50 kW	No Charge	\$ 3.00
More than 50 kW	\$ 8.50	\$ 9.25
Energy Charges (\$ per kWh):		
Single-Phase		
First 25,000 kWh	\$ 0.0554	\$ 0.0615
More than 25,000 kWh	\$ 0.0483	\$ 0.0676
Three-Phase		
First 25,000 kWh	\$ 0.0554	\$ 0.0552
More than 25,000 kWh	\$ 0.0483	\$ 0.0592

NEW OR EMERGING LARGE LOAD > 3.1 aMW		
	Existing Rate	Rate 2/1/26
Demand Charge (\$ per kW):		
All kW	\$ 9.50	\$ 10.25
Energy Charges (\$ per kWh):		
First 25,000 kWh	\$ 0.0854	\$ 0.0887
More than 25,000 kWh	\$ 0.0783	\$ 0.0887

¹ The HDLS Rate Class includes data centers, cryptocurrency mining operations, AI hosting centers, and other similar entities.

² The current HDLS rate is identical to the General rate because existing customers are billed under the General Service rate.

Rate Schedule

Rate Option 2, Phase 2

November 1, 2026

RESIDENTIAL RATES		
	Rate 2/1/26	Rate 11/1/26
Base Charge (\$ per month)	\$ 16.00	\$ 16.00
Energy Charge (\$ per kWh):		
First 2,000 kWh	\$ 0.0771	\$ 0.0771
More than 2,000 kWh	\$ 0.0829	\$ 0.0829

GENERAL SERVICE RATES		
	Rate 2/1/26	Rate 11/1/26
Base Charge (\$ per month):		
Single-Phase	\$ 20.00	\$ 20.00
Three-Phase & 3-Ph Primary	\$ 46.75	\$ 46.75
Demand Charge (\$ per kW):		
Single-Phase		
First 50 kW	No Charge	No Charge
More than 50 kW	No Charge	No Charge
Three-Phase & 3-Ph Primary		
First 50 kW	No Charge	No Charge
More than 50 kW	\$ 9.25	\$ 9.25
Primary Service Discount (\$ per kW)	\$ 0.67	\$ 0.67
Energy Charges (\$ per kWh):		
Single-Phase		
First 25,000 kWh	\$ 0.0624	\$ 0.0675
More than 25,000 kWh	\$ 0.0685	\$ 0.0736
Three-Phase		
First 25,000 kWh	\$ 0.0552	\$ 0.0553
More than 25,000 kWh	\$ 0.0592	\$ 0.0593
Three-Phase - Primary		
First 25,000 kWh	\$ 0.0528	\$ 0.0528
More than 25,000 kWh	\$ 0.0528	\$ 0.0528

CITY LIGHTING SERVICE		
Energy Charges (\$ per kWh):	\$ 0.0604	\$ 0.0665

GREEN POWER RATES		
	Rate 2/1/26	Rate 11/1/26
Green Power Charge (\$ per 100 kWh)	\$ 0.92	\$ 0.92

HIGH-DENSITY LOAD SERVICE (HDLS) ¹		
	Rate 2/1/26	Rate 11/1/26
Base Charge (\$ per month):		
Single-Phase	\$ 20.00	\$ 20.00
Three-Phase	\$ 46.75	\$ 46.75
Demand Charge (\$ per kW):		
Single-Phase		
First 50 kW	No Charge	No Charge
More than 50 kW	No Charge	No Charge
Three-Phase		
First 50 kW	\$ 3.00	\$ 9.25
More than 50 kW	\$ 9.25	\$ 9.25
Energy Charges (\$ per kWh):		
Single-Phase		
First 25,000 kWh	\$ 0.0615	\$ 0.0670
More than 25,000 kWh	\$ 0.0676	\$ 0.0731
Three-Phase		
First 25,000 kWh	\$ 0.0552	\$ 0.0580
More than 25,000 kWh	\$ 0.0592	\$ 0.0600

NEW OR EMERGING LARGE LOAD > 3.1 aMW		
	Rate 2/1/26	Rate 11/1/26
Demand Charge (\$ per kW):		
All kW	\$ 10.25	\$ 10.25
Energy Charges (\$ per kWh):		
First 25,000 kWh	\$ 0.0887	\$ 0.0887
More than 25,000 kWh	\$ 0.0887	\$ 0.0887

¹ The HDLS Rate Class includes data centers, cryptocurrency mining operations, AI hosting centers, and other similar entities.

Rate Schedule Option 2, Phase 3 November 1, 2027

RESIDENTIAL RATES		
	11/1/2026	11/1/2027
Base Charge (\$ per month)	\$ 16.00	\$ 16.00
Energy Charge (\$ per kWh):		
First 2,000 kWh	\$ 0.0771	\$ 0.0771
More than 2,000 kWh	\$ 0.0829	\$ 0.0829

GENERAL SERVICE RATES		
	11/1/2026	11/1/2027
Base Charge (\$ per month):		
Single-Phase	\$ 20.00	\$ 20.00
Three-Phase & 3-Ph Primary	\$ 46.75	\$ 46.75
Demand Charge (\$ per kW):		
Single-Phase		
First 50 kW	No Charge	No Charge
More than 50 kW	No Charge	No Charge
Three-Phase & 3-Ph Primary		
First 50 kW	No Charge	No Charge
More than 50 kW	\$ 9.25	\$ 9.25
Primary Service Discount (\$ per kW)	\$ 0.67	\$ 0.67
Energy Charges (\$ per kWh):		
Single-Phase		
First 25,000 kWh	\$ 0.0675	\$ 0.0725
More than 25,000 kWh	\$ 0.0736	\$ 0.0786
Three-Phase		
First 25,000 kWh	\$ 0.0553	\$ 0.0554
More than 25,000 kWh	\$ 0.0593	\$ 0.0594
Three-Phase - Primary		
First 25,000 kWh	\$ 0.0528	\$ 0.0528
More than 25,000 kWh	\$ 0.0528	\$ 0.0528

CITY LIGHTING SERVICE		
Energy Charges (\$ per kWh):	\$ 0.0665	\$ 0.0725

GREEN POWER RATES		
	11/1/2026	11/1/2027
Green Power Charge (\$ per 100 kWh)	\$ 0.92	\$ 0.92

HIGH-DENSITY LOAD SERVICE (HDLS) ¹		
	11/1/2026	11/1/2027
Base Charge (\$ per month):		
Single-Phase	\$ 20.00	\$ 20.00
Three-Phase	\$ 46.75	\$ 46.75
Demand Charge (\$ per kW):		
Single-Phase		
First 50 kW	No Charge	No Charge
More than 50 kW	No Charge	No Charge
Three-Phase		
First 50 kW	\$ 9.25	\$ 9.25
More than 50 kW	\$ 9.25	\$ 9.25
Energy Charges (\$ per kWh):		
Single-Phase		
First 25,000 kWh	\$ 0.0670	\$ 0.0725
More than 25,000 kWh	\$ 0.0731	\$ 0.0786
Energy Charges (\$ per kWh):		
Three-Phase		
First 25,000 kWh	\$ 0.0580	\$ 0.0608
More than 25,000 kWh	\$ 0.0600	\$ 0.0608

NEW OR EMERGING LARGE LOAD > 3.1 aMW		
	11/1/2026	11/1/2027
Demand Charge (\$ per kW):		
All kW	\$ 10.25	\$ 10.25
Energy Charges (\$ per kWh):		
First 25,000 kWh	\$ 0.0887	\$ 0.0887
More than 25,000 kWh	\$ 0.0887	\$ 0.0887

¹ The HDLS Rate Class includes data centers, cryptocurrency mining operations, AI hosting centers, and other similar entities.



MEMORANDUM

January 13, 2026

TO: Chair Thompson, Member Molamphy, Member Pendleton, and Member Hill, and Member Westcott

FROM: Mike Schelske, Finance Manager and Kari Duncan, General Manager

SUBJECT: Recommended Electric Rates

Suggested Motion: *Motion to approve either (select one):*

- *Motion to approve Resolution No. 339, a resolution revising electric rate schedules and repealing Resolution No. 315, using Rate Option 1 effective February 1, 2026; or,*
- *Motion to approve Resolution No. 339, a resolution revising electric rate schedules and repealing Resolution No. 315, using Rate Option 2 with Phase 1 effective February 1, 2026, Phase 2 effective November 1, 2026, and Phase 3 effective November 1, 2027.*

Recommendation:

Management recommends the Board Adopt **Rate Option 2** with Phased rate increases.

Key Information:

The last electric rate increase took effect on **November 1, 2023**, with an overall increase of **7.5%**.

Proposal Options:

Management has prepared two electric rate proposals for consideration:

- **Rate Option 1** implements an overall rate increase of 8% effective February 1, 2026.
- **Rate Option 2** implements the same overall rate increase as Option 1 but is phased in over three phases.

Rate Option 1 Highlights:

- Achieves a positive operating margin for FY 2026
- Reduce negative operating margins across several customer rate classes and better align revenues with costs
- Minimizes or eliminates cross-subsidization among customer groups
- Maintains current reserve levels

Note: This rate adjustment does not provide additional revenue to fund future infrastructure investments.

Rate Option 2 Highlights:

- Provide lower initial costs for some customer groups facing the largest increases
- Gives customers and businesses more time to adjust to higher rates
- Results in negative operating margins in all Phases, offset by interest income on reserves.
- Some customer classes will remain subsidized until Phase 3 rates are in effect

Staff will be available to answer any questions the Board may have.

RESOLUTION NO. 339

OPTION 1

RESOLUTION NO. 339

A RESOLUTION REVISING ELECTRIC RATE SCHEDULES AND REPEALING RESOLUTION NO. 315

WHEREAS, the Canby City Charter requires electric rates to “be sufficient to pay all operating and maintenance costs of the Electric Department and its operations;” and

WHEREAS, Canby Utility has a contract to purchase electricity from the Bonneville Power Administration (BPA) at wholesale prices; and

WHEREAS, BPA concluded a rate case (BP-26) that implements new wholesale power and transmission rates effective on October 1, 2025, and ending on September 30, 2028; and

WHEREAS, Canby Utility signed a Regional Dialogue power sales contract with the BPA for delivery of a certain share of the Federal Columbia River Power System that began October 2011 through September 2028, known as a Tier 1 power, that BPA determines every two-year rate period; and

WHEREAS, Canby Utility must acquire market-based power for load growth, known as Tier 2 power that is typically priced higher than Tier 1 power.

WHEREAS, Canby Utility procured an electric rate study that projects the costs the utility will incur to prudently maintain, operate and maintain sufficient reserves to make timely and necessary improvements to the electric system; and

WHEREAS, the Board believes it is necessary to raise electric rates in order for Canby Utility to continue to effectively and efficiently maintain and operate the system and maintain adequate reserves.

NOW, THEREFORE, the Canby Utility Board resolves as follows:

SECTION 1. RESIDENTIAL RATES AND STANDARDS

A. Rates.

Meter (Base) Charge: \$16.00/month

Energy Charge:

First 2,000 kWh: \$0.0771/kWh

Over 2,000 kWh: \$0.0829/kWh

B. Applicability.

1. The Residential rate applies to single family residences and individually metered residential apartment units for domestic uses and incidental lighting and power

service at one point of delivery. Where a portion of a dwelling is used regularly to conduct business or where a portion of the electricity supplied is used for other than domestic and incidental power, service will be supplied under the General Service rate. Canby Utility will not make a connection to a three-phase service or serve a single-phase motor exceeding a rated capacity of 7.5 horsepower under this section.

2. This section also applies to houses/residential units under construction and prior to occupancy except as provided in Resolution No. 293.
 3. The Residential rate is not applicable to electric service for resale, clubs, fraternities, schools, churches, group homes or orphanages, jointly metered multi-family residential complexes, rooming houses, laundry facilities, or similar groups/uses as Canby Utility in its sole discretion may classify. The General Service rate applies to such groups/uses.
- C. Character of Service. Energy will be supplied at approximately 60 Hz, alternating current. The Board reserves the right to specify the voltage and phase of service supplied under the Residential rate.
- D. Delivery Point. The Residential rate is based on the supply of service at a single voltage through a single delivery and metering point. Separate supply for the same customer at a different voltage or other points of consumption will be separately metered and billed.

SECTION 2. GENERAL SERVICE RATES AND STANDARDS

A. Rates.

Meter (Base) Charge:

Single-phase:	\$20.00/month
Three-phase:	\$46.75/month

Demand Charges:

Single-phase:	
First 50 kW:	No Charge
Over 50kW:	No Charge

Three-phase and three-phase primary:

First 50 kW:	No Charge
Over 50kW:	\$9.25

Primary Service Discount:	\$0.67/kW
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Energy Charge:

Single-phase:	
First 25,000 kWh:	\$0.0725/kWh
Over 25,000 kWh:	\$0.0786/kWh

Three-phase:

First 25,000 kWh:	\$0.0554/kWh
Over 25,000 kWh:	\$0.0594/kWh

Three-phase Primary:

First 25,000 kWh:	\$0.0528/kWh
Over 25,000 kWh:	\$0.0528/kWh

- B. Applicability. The General Service rate applies to commercial, industrial and all other services that the Residential rate does not explicitly cover. This section also applies to houses/residential units under construction and prior to occupancy except as provided in Resolution No. 293.
- C. Character of Service. Energy will be supplied at approximately 60 Hz, alternating current. The Board reserves the right to specify the voltage and phase of service supplied under the General Service rate.
- D. Demand Charge.
1. Kilowatt demand for the billing period will be determined by suitable metering and will be measured as the average kilowatt delivery during the 30-minute period with the greatest amount of consumption.
 2. Metering, at the Board's option, may be done at the utilization voltage or at the primary voltage.
 3. The demand charge will be adjusted for power factor, at the Board's option, by increasing the measured demand by one percent or fraction thereof, for each one percent or fraction thereof that the average power factor is less than 95 percent lagging or more than 100 percent leading.
- E. Primary Service Discount. For customers that take service at the primary voltage and who own and maintain transformer switches, protection equipment and related apparatus necessary for service, the total demand charges at the applicable rate will be reduced by \$0.67/kW of demand charge. This discount is available only if Canby Utility determines that the customer's equipment has been properly designed, constructed and maintained.

SECTION 3. HIGH-DENSITY LOAD SERVICE (HDLS)

A. Rates.

Meter (Base) Charge:

Single-phase:	\$20.00/month
Three-phase:	\$46.75/month

Demand Charge:

Single-phase:

First 50 kW:	No Charge
Over 50 kW:	No Charge

Three-phase:

First 50 kW:	\$9.25
Over 50 kW:	\$9.25

Energy Charge:

Single-phase:

First 25,000 kWh:	\$0.0725/kWh
Over 25,000 kWh:	\$0.0786/kWh

Three-phase:

First 25,000 kWh:	\$0.0608/kWh
Over 25,000 kWh:	\$0.0608/kWh

- B. Applicability. The High-Density Load Service applies to data centers, hosting or operating cryptocurrency mining activities, A.I. hosting centers, web hosting centers, or other similar facilities or operations. CU retains sole discretion in evaluating and classifying customers under this definition. Classification decisions will be based on a holistic assessment of the customer's operations, energy usage patterns, business model, and other relevant characteristics. Customers classified as High-Density Load Service must take service under the designated HDLS Rate Schedule.
- c. Character of Service. Energy will be supplied at approximately 60 Hz, alternating current. The Board reserves the right to specify the voltage and phase of service supplied under the General Service rate.
- d. Demand Charge.
- Kilowatt demand for the billing period will be determined by suitable metering and will be measured as the average kilowatt delivery during the 30-minute period with the greatest amount of consumption.
 - Metering, at the Board's option, may be done at the utilization voltage or at the primary voltage.
 - The demand charge will be adjusted for power factor, at the Board's option, by increasing the measured demand by one percent or fraction thereof, for each one percent or fraction thereof that the average power factor is less than 95 percent lagging or more than 100 percent leading.

SECTION 4. NEW OR EXPANDING LARGE LOAD RATES AND STANDARDS

A. Rates.

Meter (Base) Charge:

Single-phase: \$20.00/month

Three-phase: \$46.75/month

Demand Charge:

First 50 kW: \$10.25/kW

Over 50 kW: \$10.25/kW

Primary Service Discount: \$0.67/kW

Energy Charge:

First 25,000 kWh: \$0.0887/kWh

Over 25,000 kWh: \$0.0887/kWh

B. Definitions. For the purposes of this section, the following definitions apply:

1. “New Load” means any service that is first connected to the electrical distribution system after October 1, 2013 and that is expected to have a load of greater than or equal to 3.1 average megawatts (aMW) or peak of 3.1 MW.
2. “Expanding Load” means any service currently connected to the electrical distribution system and that is expected to increase average annual load greater than or equal to 3.1 aMW or additional peak of 3.1 MW when compared to that service’s monthly energy and demand consumption history during the immediately preceding calendar year.

C. Applicability.

1. The New or Expanding Large Load service rate applies to all New Loads and Expanded Loads.
2. A New Load can have an Expanded Load component and the cumulative New and Expanded loads will determine the applicability of this section.
3. This section does not apply to a load designated by Canby Utility or the BPA as New Large Single Load as defined by the BPA in their New Large Single Load Policy document, as amended from time to time. Section 3.G of this resolution governs the rates for such loads.
4. The NELL retail cost impact to the Residential and General Service rate classes shall be capped at an estimated five percent (5%) retail rate increase cost impact to Canby Utility.

D. Character of Service. Energy will be supplied at approximately 60 Hz, alternating current. The Board reserves the right to specify the voltage and phase of service supplied under this section.

E. Demand Charge.

1. Kilowatt demand for the billing period will be determined by suitable metering and will be measured as the average kilowatt delivery during the 30-minute period with the greatest amount of consumption.
2. Metering, at the Board's option, may be done at the utilization voltage or at the primary voltage.
3. The demand charge will be adjusted for power factor, at the Board's option, by increasing the measured demand by one percent or fraction thereof, for each one percent or fraction thereof that the average power factor is less than 95 percent lagging or more than 100 percent leading.

F. Primary Service Discount. For customers that take service at the primary voltage and who own and maintain transformer switches, protection equipment and related apparatus necessary for service, the total demand charges at the applicable rate will be reduced by \$0.67/kW of demand charge. This discount is available only if Canby Utility determines that the customer's equipment has been properly designed, constructed and maintained.

G. Contract Rate for New Large Single Loads. Canby Utility may negotiate and implement a contract rate for a General Service customer designated, or prospective customer expected to be designated, by Canby Utility or BPA as a New Large Single Load as defined by the BPA in their New Large Single Load Policy document, as amended from time to time. The contract rate will be designed to directly pass-through Canby Utility's power costs, transmission costs, ancillary service costs and taxes, if any. The contract rate may not shift costs onto other customers.

SECTION 5. RATES FOR UNMETERED LIGHTING FIXTURES

The monthly billing charge for all unmetered lighting fixtures shall be the lamp rating of that fixture in watts divided by 1000 multiplied by 365 hours of operation per month multiplied by the then current General Service billing rate. The monthly hours of operation is determined as 365 days in a year multiplied by 12 hours average operation per day divided by 12 months, which equals 365.

Based on a General Service rate of \$0.0725/kWh the following charges would apply to the sample lamp ratings listed:

Lamp Size in Watts:

70

Monthly Charge:

\$1.85

100	\$2.65
150	\$3.97
250	\$6.62
400	\$10.59

SECTION 6. OPTIONAL RENEWABLE ENERGY (GREEN POWER) RATE

A. Rate.

Energy Charge:

Per 100 kWh: \$0.92/100 kWh

The optional monthly charge is *in addition to* all other charges contained in the rate schedule under which the customer receives service. The green power charge will be added to the customer's bill as a separate line item.

- B. Applicability. Service under this schedule is available to all customers who choose it as an option.
- C. Definition. For the purposes of this resolution, green power means "Environmentally-Preferred Power" as BPA defines that term and includes renewable energy resources, programs and related costs.
- D. Terms and Conditions. Customers must enroll in advance to participate in the green power program. Customers may apply for, or terminate participation in, the program at any time during the year. Canby Utility will bill a prorated amount to customers who terminate their participation in the program.

SECTION 7. BPA WHOLESALE POWER COST ADJUSTMENTS AND CHARGES

- A. Applicability. Under BPA's General Rate Schedule Provisions, it has the authority to adjust up or down the price at which it sells power to wholesale customers such as Canby Utility. Such price adjustments for the October 1, 2023, to September 30, 2025, BPA rate period would be a monthly dollar amount per one percentage point of Non-Slice TOCA (Tier One Cost Allocation) and applied to Canby Utility's Non-Slice Customer Rate after other applicable rate adjustments and charges. Canby Utility reserves the right to pass through to its customers with prior notice those wholesale cost impacts, plus five percent (5%) for the City of Canby's Payment-In-Lieu-Of-Taxes fee, that result from such BPA adjustments and charges so long as the cost impacts and the in-lieu-of fee combined do not exceed \$300,000 on an annualized basis. The Canby Utility Board will hold a public hearing prior to passing through cost impacts exceeding that threshold amount to its customers.
- B. Rate. Retail Rate Increase: The total wholesale cost increase plus increases in operating expenses and reserves will be allocated to reflect Canby's total system demand load

according to a cost-of-service analysis. The resulting class dollar amounts will be applied to the meter and energy charge.

- C. Special Terms and Conditions. BPA wholesale rate adjustments that trigger changes to Canby Utility's retail rates may be calculated at least once every six months and changed as needed. The changes will include all applicable adjustments that BPA may define and assess.

SECTION 8. OTHER REQUIREMENTS

- A. At the Board's option, customers may be required to execute a contract for the purchase of energy for a minimum period that the Board establishes.
- B. Service received under the rate schedules contained in this resolution remains subject to all other applicable rules, regulations and policies of Canby Utility.

SECTION 9. EFFECTIVE DATE

This resolution and the rates contained in it are applicable to all meter readings on or after February 1, 2026.

SECTION 10. REPEAL OF CONFLICTING RESOLUTIONS

This resolution supersedes and replaces Resolution No. 315 and all other resolutions, ordinances and previously adopted policies that conflict with this resolution's terms.

ADOPTED by the Canby Utility Board this _____ day of _____, 2026.

Melody Thompson, Chair

John Molamphy, Member

Jack Pendleton, Member

Jake Hill, Member

Robert Westcott, Member

Barbara Benson, Board Secretary

RESOLUTION NO. 339

OPTION 2

RESOLUTION NO. 339

A RESOLUTION REVISING ELECTRIC RATE SCHEDULES AND REPEALING RESOLUTION NO. 315

WHEREAS, the Canby City Charter requires electric rates to “be sufficient to pay all operating and maintenance costs of the Electric Department and its operations;” and

WHEREAS, Canby Utility has a contract to purchase electricity from the Bonneville Power Administration (BPA) at wholesale prices; and

WHEREAS, BPA concluded a rate case (BP-26) that implements new wholesale power and transmission rates effective on October 1, 2025, and ending on September 30, 2028; and

WHEREAS, Canby Utility signed a Regional Dialogue power sales contract with the BPA for delivery of a certain share of the Federal Columbia River Power System that began October 2011 through September 2028, known as a Tier 1 power, that BPA determines every two-year rate period; and

WHEREAS, Canby Utility must acquire market-based power for load growth, known as Tier 2 power that is typically priced higher than Tier 1 power.

WHEREAS, Canby Utility procured an electric rate study that projects the costs the utility will incur to prudently maintain, operate and maintain sufficient reserves to make timely and necessary improvements to the electric system; and

WHEREAS, the Board believes it is necessary to raise electric rates in order for Canby Utility to continue to effectively and efficiently maintain and operate the system and maintain adequate reserves.

NOW, THEREFORE, the Canby Utility Board resolves as follows:

SECTION 1. RESIDENTIAL RATES AND STANDARDS

<u>A. Rates.</u>	<u>Feb. 1, 2026</u>	<u>Nov. 1, 2026</u>	<u>Nov. 1, 2027</u>
Meter (Base) Charge:	\$16.00/month	\$16.00/month	\$16.00/month
Energy Charge:			
First 2,000 kWh:	\$0.0771/kWh	\$0.0771/kWh	\$0.0771/kWh
Over 2,000 kWh:	\$0.0829/kWh	\$0.0771/kWh	\$0.0771/kWh

B. Applicability.

1. The Residential rate applies to single family residences and individually metered residential apartment units for domestic uses and incidental lighting and power

service at one point of delivery. Where a portion of a dwelling is used regularly to conduct business or where a portion of the electricity supplied is used for other than domestic and incidental power, service will be supplied under the General Service rate. Canby Utility will not make a connection to a three-phase service or serve a single-phase motor exceeding a rated capacity of 7.5 horsepower under this section.

2. This section also applies to houses/residential units under construction and prior to occupancy except as provided in Resolution No. 293.
 3. The Residential rate is not applicable to electric service for resale, clubs, fraternities, schools, churches, group homes or orphanages, jointly metered multi-family residential complexes, rooming houses, laundry facilities, or similar groups/uses as Canby Utility in its sole discretion may classify. The General Service rate applies to such groups/uses.
- C. Character of Service. Energy will be supplied at approximately 60 Hz, alternating current. The Board reserves the right to specify the voltage and phase of service supplied under the Residential rate.
- D. Delivery Point. The Residential rate is based on the supply of service at a single voltage through a single delivery and metering point. Separate supply for the same customer at a different voltage or other points of consumption will be separately metered and billed.

SECTION 2. GENERAL SERVICE RATES AND STANDARDS

A. <u>Rates.</u>	<u>Feb. 1, 2026</u>	<u>Nov. 1, 2026</u>	<u>Nov. 1, 2027</u>
Meter (Base) Charge:			
Single-phase:	\$20.00/month	\$20.00/month	\$20.00/month
Three-phase:	\$46.75/month	\$46.75/month	\$46.75/month
Demand Charges:			
Single-phase:			
First 50 kW:	No Charge	No Charge	No Charge
Over 50kW:	No Charge	No Charge	No Charge
Three-phase and three-phase primary:			
First 50 kW:	No Charge	No Charge	No Charge
Over 50kW:	\$9.25/kW	\$9.25/kW	\$9.25/kW
Primary Service Discount:	\$0.67/kW	\$0.67/kW	\$0.67/kW
Energy Charge:			
Single-phase:			
First 25,000 kWh:	\$0.0624/kWh	\$0.0675/kWh	\$0.0725/kWh
Over 25,000 kWh:	\$0.0685/kWh	\$0.0736/kWh	\$0.0786/kWh

Three-phase:

First 25,000 kWh:	\$0.0552/kWh	\$0.0553/kWh	\$0.0554/kWh
Over 25,000 kWh:	\$0.0592/kWh	\$0.0593/kWh	\$0.0554/kWh

Three-phase Primary:

First 25,000 kWh:	\$0.0528/kWh	\$0.0528/kWh	\$0.0528/kWh
Over 25,000 kWh:	\$0.0528/kWh	\$0.0528/kWh	\$0.0528/kWh

- B. Applicability. The General Service rate applies to commercial, industrial and all other services that the Residential rate does not explicitly cover. This section also applies to houses/residential units under construction and prior to occupancy except as provided in Resolution No. 293.
- C. Character of Service. Energy will be supplied at approximately 60 Hz, alternating current. The Board reserves the right to specify the voltage and phase of service supplied under the General Service rate.
- D. Demand Charge.
1. Kilowatt demand for the billing period will be determined by suitable metering and will be measured as the average kilowatt delivery during the 30-minute period with the greatest amount of consumption.
 2. Metering, at the Board's option, may be done at the utilization voltage or at the primary voltage.
 3. The demand charge will be adjusted for power factor, at the Board's option, by increasing the measured demand by one percent or fraction thereof, for each one percent or fraction thereof that the average power factor is less than 95 percent lagging or more than 100 percent leading.
- E. Primary Service Discount. For customers that take service at the primary voltage and who own and maintain transformer switches, protection equipment and related apparatus necessary for service, the total demand charges at the applicable rate will be reduced by \$0.67/kW of demand charge. This discount is available only if Canby Utility determines that the customer's equipment has been properly designed, constructed and maintained.

SECTION 3. HIGH-DENSITY LOAD SERVICE (HDLS)

A. <u>Rates</u> .	<u>Feb. 1, 2026</u>	<u>Nov. 1, 2026</u>	<u>Nov. 1, 2027</u>
Meter (Base) Charge:			
Single-phase:	\$20.00/month	\$20.00/month	\$20.00/month
Three-phase:	\$46.75/month	\$46.75/month	\$46.75/month

Demand Charge:

Single-phase:

First 50 kW:	No Charge	No Charge	No Charge
Over 50 kW:	No Charge	No Charge	No Charge

Three-phase:

First 50 kW:	\$3.00/kW	\$9.25/kW	\$9.25/kW
Over 50 kW:	\$9.25/kW	\$9.25/kW	\$9.25/kW

Energy Charge:

Single-phase:

First 25,000 kWh:	\$0.0615/kWh	\$0.0670/kWh	\$0.0725/kWh
Over 25,000 kWh:	\$0.0676/kWh	\$0.0731/kWh	\$0.0786/kWh

Three-phase:

First 25,000 kWh:	\$0.0552/kWh	\$0.0580/kWh	\$0.0608/kWh
Over 25,000 kWh:	\$0.0592/kWh	\$0.0600/kWh	\$0.0608/kWh

Primary Service Discount:	\$0.67/kW	\$0.67/kW	\$0.67/kW
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- B. Applicability. The High-Density Load Service applies to data centers, hosting or operating cryptocurrency mining activities, A.I. hosting centers, web hosting centers, or other similar facilities or operations. CU retains sole discretion in evaluating and classifying customers under this definition. Classification decisions will be based on a holistic assessment of the customer's operations, energy usage patterns, business model, and other relevant characteristics. Customers classified as High-Density Load Service must take service under the designated HDLS Rate Schedule.
- C. Character of Service. Energy will be supplied at approximately 60 Hz, alternating current. The Board reserves the right to specify the voltage and phase of service supplied under the General Service rate.
- D. Demand Charge.
- Kilowatt demand for the billing period will be determined by suitable metering and will be measured as the average kilowatt delivery during the 30-minute period with the greatest amount of consumption.
 - Metering, at the Board's option, may be done at the utilization voltage or at the primary voltage.
 - The demand charge will be adjusted for power factor, at the Board's option, by increasing the measured demand by one percent or fraction thereof, for each one percent or fraction thereof that the average power factor is less than 95 percent lagging or more than 100 percent leading.

SECTION 4. NEW OR EXPANDING LARGE LOAD RATES AND STANDARDS

A. <u>Rates.</u>	<u>Feb. 1, 2026</u>	<u>Nov. 1, 2026</u>	<u>Nov. 1, 2027</u>
Meter (Base) Charge:			
Single-phase:	\$20.00/month	\$20.00/month	\$20.00/month
Three-phase:	\$46.75/month	\$46.75/month	\$46.75/month
Demand Charge:			
First 50 kW:	\$10.25/kW	\$10.25/kW	\$10.25/kW
Over 50 kW:	\$10.25/kW	\$10.25/kW	\$10.25/kW
Energy Charge:			
First 25,000 kWh:	\$0.0887/kWh	\$0.0887/kWh	\$0.0887/kWh
Over 25,000 kWh:	\$0.0887/kWh	\$0.0887/kWh	\$0.0887/kWh

B. Definitions. For the purposes of this section, the following definitions apply:

1. “New Load” means any service that is first connected to the electrical distribution system after October 1, 2013 and that is expected to have a load of greater than or equal to 3.1 average megawatts (aMW) or peak of 3.1 MW.
2. “Expanding Load” means any service currently connected to the electrical distribution system and that is expected to increase average annual load greater than or equal to 3.1 aMW or additional peak of 3.1 MW when compared to that service’s monthly energy and demand consumption history during the immediately preceding calendar year.

C. Applicability.

1. The New or Expanding Large Load service rate applies to all New Loads and Expanded Loads.
2. A New Load can have an Expanded Load component and the cumulative New and Expanded loads will determine the applicability of this section.
3. This section does not apply to a load designated by Canby Utility or the BPA as New Large Single Load as defined by the BPA in their New Large Single Load Policy document, as amended from time to time. Section 3.G of this resolution governs the rates for such loads.
4. The NELL retail cost impact to the Residential and General Service rate classes shall be capped at an estimated five percent (5%) retail rate increase cost impact to Canby Utility.

D. Character of Service. Energy will be supplied at approximately 60 Hz, alternating

current. The Board reserves the right to specify the voltage and phase of service supplied under this section.

E. Demand Charge.

1. Kilowatt demand for the billing period will be determined by suitable metering and will be measured as the average kilowatt delivery during the 30-minute period with the greatest amount of consumption.
2. Metering, at the Board's option, may be done at the utilization voltage or at the primary voltage.
3. The demand charge will be adjusted for power factor, at the Board's option, by increasing the measured demand by one percent or fraction thereof, for each one percent or fraction thereof that the average power factor is less than 95 percent lagging or more than 100 percent leading.

F. Primary Service Discount. For customers that take service at the primary voltage and who own and maintain transformer switches, protection equipment and related apparatus necessary for service, the total demand charges at the applicable rate will be reduced by \$0.67/kW of demand charge. This discount is available only if Canby Utility determines that the customer's equipment has been properly designed, constructed and maintained.

G. Contract Rate for New Large Single Loads. Canby Utility may negotiate and implement a contract rate for a General Service customer designated, or prospective customer expected to be designated, by Canby Utility or BPA as a New Large Single Load as defined by the BPA in their New Large Single Load Policy document, as amended from time to time. The contract rate will be designed to directly pass-through Canby Utility's power costs, transmission costs, ancillary service costs and taxes, if any. The contract rate may not shift costs onto other customers.

SECTION 5. RATES FOR UNMETERED LIGHTING FIXTURES

The monthly billing charge for all unmetered lighting fixtures shall be the lamp rating of that fixture in watts divided by 1000 multiplied by 365 hours of operation per month multiplied by the then current General Service billing rate. The monthly hours of operation is determined as 365 days in a year multiplied by 12 hours average operation per day divided by 12 months, which equals 365.

Based on a General Service rate of \$0.0725/kWh the following charges would apply to the sample lamp ratings listed:

<u>Lamp Size in Watts:</u>	<u>Monthly Charge (All Phases):</u>
70	\$1.85
100	\$2.65

150	\$3.97
250	\$6.62
400	\$10.59

SECTION 6. OPTIONAL RENEWABLE ENERGY (GREEN POWER) RATE

A. Rate.

Energy Charge:

Per 100 kWh: \$0.92/100 kWh (All Phases)

The optional monthly charge is *in addition to* all other charges contained in the rate schedule under which the customer receives service. The green power charge will be added to the customer's bill as a separate line item.

- B. Applicability. Service under this schedule is available to all customers who choose it as an option.
- C. Definition. For the purposes of this resolution, green power means "Environmentally-Preferred Power" as BPA defines that term and includes renewable energy resources, programs and related costs.
- D. Terms and Conditions. Customers must enroll in advance to participate in the green power program. Customers may apply for, or terminate participation in, the program at any time during the year. Canby Utility will bill a prorated amount to customers who terminate their participation in the program.

SECTION 7. BPA WHOLESALE POWER COST ADJUSTMENTS AND CHARGES

- A. Applicability. Under BPA's General Rate Schedule Provisions, it has the authority to adjust up or down the price at which it sells power to wholesale customers such as Canby Utility. Such price adjustments for the October 1, 2023, to September 30, 2025, BPA rate period would be a monthly dollar amount per one percentage point of Non-Slice TOCA (Tier One Cost Allocation) and applied to Canby Utility's Non-Slice Customer Rate after other applicable rate adjustments and charges. Canby Utility reserves the right to pass through to its customers with prior notice those wholesale cost impacts, plus five percent (5%) for the City of Canby's Payment-In-Lieu-Of-Taxes fee, that result from such BPA adjustments and charges so long as the cost impacts and the in-lieu-of fee combined do not exceed \$300,000 on an annualized basis. The Canby Utility Board will hold a public hearing prior to passing through cost impacts exceeding that threshold amount to its customers.
- B. Rate. Retail Rate Increase: The total wholesale cost increase plus increases in operating expenses and reserves will be allocated to reflect Canby's total system demand load according to a cost-of-service analysis. The resulting class dollar amounts will be applied to the meter and energy charge.

- C. Special Terms and Conditions. BPA wholesale rate adjustments that trigger changes to Canby Utility's retail rates may be calculated at least once every six months and changed as needed. The changes will include all applicable adjustments that BPA may define and assess.

SECTION 8. OTHER REQUIREMENTS

- A. At the Board's option, customers may be required to execute a contract for the purchase of energy for a minimum period that the Board establishes.
- B. Service received under the rate schedules contained in this resolution remains subject to all other applicable rules, regulations and policies of Canby Utility.

SECTION 9. EFFECTIVE DATE

This resolution and the rates contained in it are applicable to all meter readings on or after February 2, 2026.

SECTION 10. REPEAL OF CONFLICTING RESOLUTIONS

This resolution supersedes and replaces Resolution No. 315 and all other resolutions, ordinances and previously adopted policies that conflict with this resolution's terms.

ADOPTED by the Canby Utility Board this _____ day of _____, 2026.

Melody Thompson, Chair

John Molamphy, Member

Jack Pendleton, Member

Jake Hill, Member

Robert Westcott, Member

Barbara Benson, Board Secretary



MEMORANDUM

To: Chair Thompson, Member Molamphy, Member Pendleton, Member Hill, and Member Westcott

Copy to: Kari Duncan, Barbara Benson, Jason Berning, Mike Schelske

From: Andrew Nishihara, Stantec

Date: January 13, 2026

Subject: CWSP Progress Update – January 2026

The status of the tasks as part of delivering Year 1 CWSP services is as follows. A schedule is provided as an attachment.

Most of the remaining deliverables as part of **Task 1 – Conceptual Engineering** have been submitted to Canby Utility or are being planned for submission by the end of January. Activities under **Task 2 – Owner's Representative Services** are largely complete or will be deferred to Year 2. Overall, the work from Year 1 is planned to be completed on track in March.

Key activities for the remainder of this month include:

- Consultant team site visits for both candidate sites to perform preliminary environmental assessments – working with City of Canby for access
- Criteria development with CU staff to select preferred site
- CU review of technical memoranda deliverables
- Overall project schedule and budget updates – including cost estimate

Conceptual Engineering / Project Definition Services

1.a - Identification of Service Level Goals

- CU comments on draft submittal received, revised draft to be delivered end of January

1.b - Water System Integration Plan

- Deliverable scheduled to CU by end of January
- Task completion in February

1.c - Intake Planning

- Deliverable scheduled to CU this week
- Task completion in February

1.d - Water Treatment Planning

- Deliverable submitted to CU 1/5/26
- Task completion in February



Conceptual site layout of new treatment facilities

1.e - Raw and Finished Water Pipeline Planning (on track)

- Deliverable schedule to CU this week
- Task completion in February

1.f - Real Estate Acquisition Plan (on track)

- Deliverable submitted to CU 1/5/26
- Task completion end of January

1.g - Permitting Strategy (on track)

- Deliverable scheduled to CU in February
- Task completion in March

1.h - Communications Plan (on track)

- Deliverable submitted and reviewed by CU
- Task completion in March

1.i - Updated Cost Estimates (schedule adjusted)

- Deliverable scheduled to CU by end of January
- Task completion in March

1.j - Updated Project Schedule

- Deliverable scheduled to CU this week
- Task completion in February

1.k - Project Funding Plan

- Deliverable submitted to CU 1/7/26
- Task completion in February

Owner's Representative Services

2.a - Project Management Plan

- Task is complete, no further work anticipated

2.b - Project Budget and Budget Management Plan

- Task is complete, no further work anticipated

2.c - Contracting Strategy and Project Delivery Planning

- Task to be progressed January through end of Year 1 services

2.d - *Procurement Support*

- *Task deferred to Year 2*

2.e - Communications Support

- Continued routine support through end of Year 1

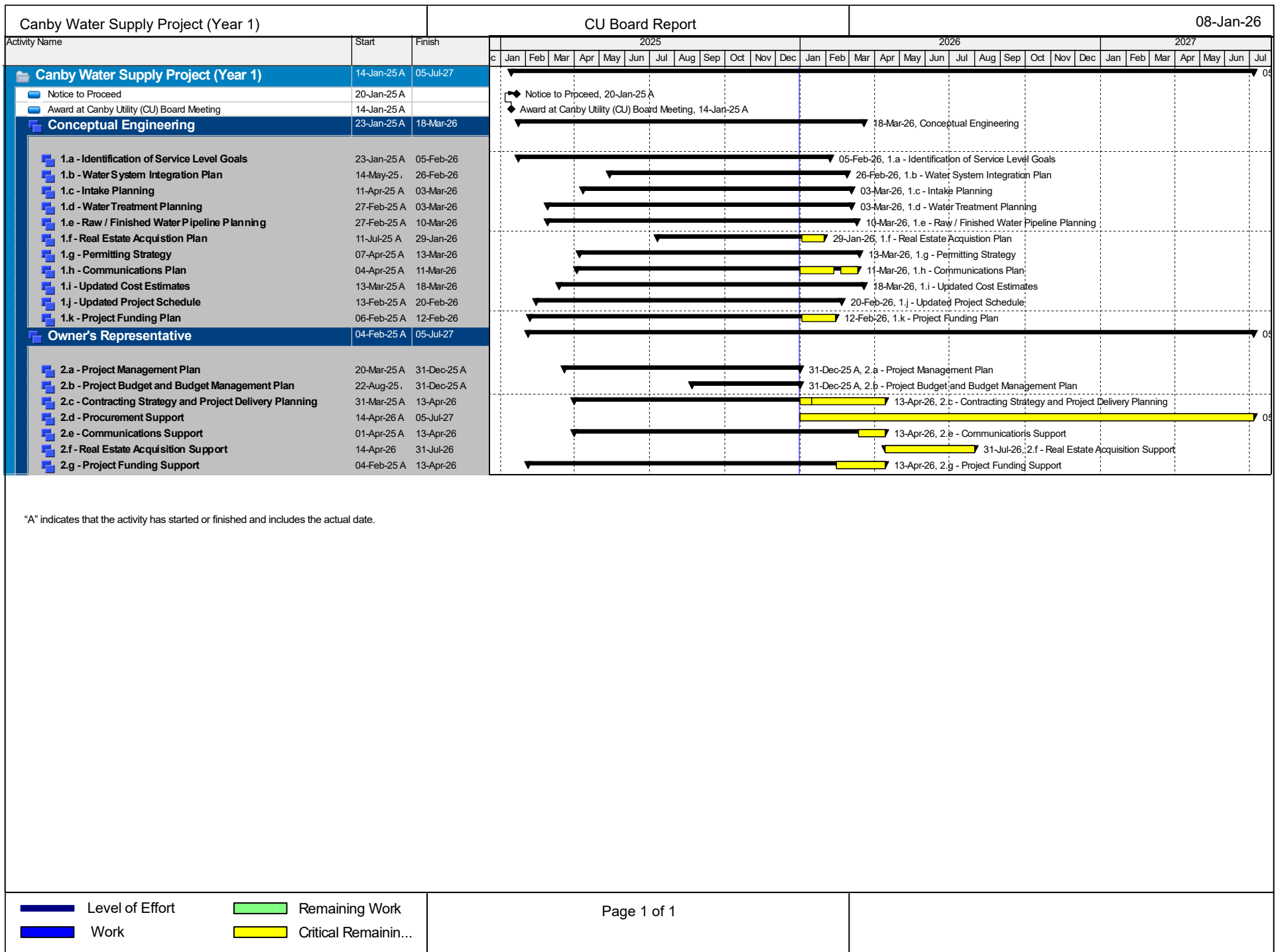
2.f - *Real Estate Acquisition Support*

- *No real estate acquisition support has been required for shortlisted sites*
- *Task deferred to Year 2*

2.g - Project Funding Support

- Letter of interest for funding opportunities and general support through March

.





MEMORANDUM

To: Chair Thompson, Member Molamphy, Member Pendleton, Member Hill, and Member Westcott

Copy to: Kari Duncan, Jason Berning

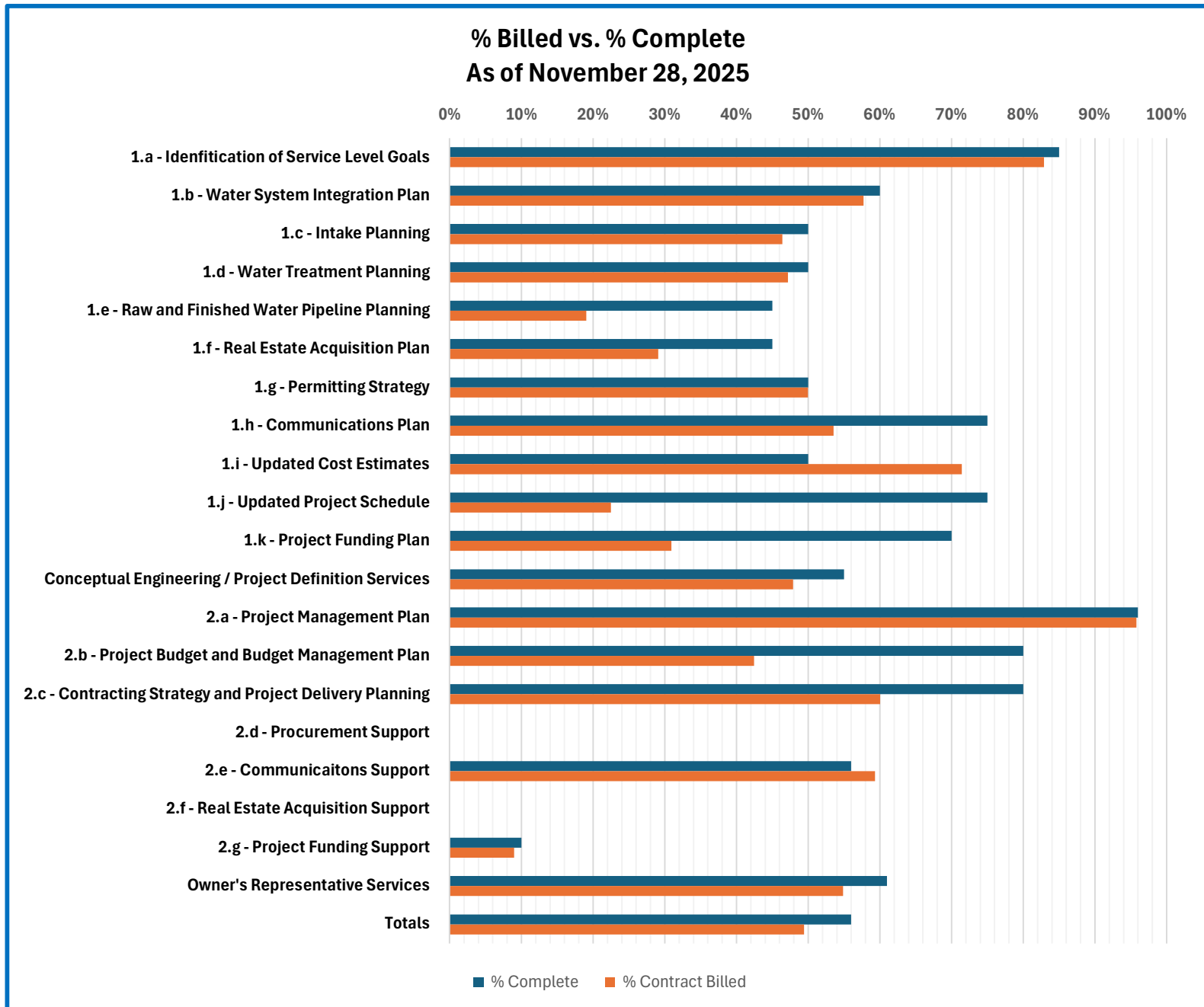
From: Mike Schelske, Finance Manager

Date: January 13, 2026

Subject: CWSP Budget Report as of November 28, 2025

Attached is a report outlining CWSP expenditures through November 28, 2025, for each task, alongside the corresponding budget allocations. The report also includes a chart comparing the percentage of each task billed to its percentage of completion, providing a snapshot of progress and financial alignment.

Stantec staff will be available to address any questions or provide further clarification as needed.





MEMORANDUM

January 6, 2026

TO: Chairperson Thompson, Member Horrax, Member Molamphy, Member Pendleton, and Member Hill

FROM: Sergio Avalos, Customer Service Supervisor

SUBJECT: Continue Green Power Donation for City Parks and Transit Mall

Recommended Motion: Motion to approve to continue to make a monthly donation of Green Power on behalf of the city parks and transit mall.

Background: Canby Utility has made a monthly donation of Green Power since January 2008 to the City of Canby. We donate 45 blocks (1 block = 100 kWh) of environmentally preferred power (EPP) to “green-up” the parks and transit mall each month. The cost is \$0.92 per block or a monthly cost of \$41.40. The Board has authorized donations through December 31, 2025. Staff is requesting approval to extend the donation for an additional year.

Canby Utility used the donation to the city parks and transit mall as a way to promote Green Power. In December we had 172 customers purchase \$1,040.52 for 1131 blocks of green power. The number of customers that purchase green power remains fairly consistent over the course of the year.

I will be available at the meeting to answer any questions the Board may have.



MEMORANDUM

January 8, 2026

TO: Chair Thompson, Member Molamphy, Member Pendleton, Member Hill,
and Member Westcott

FROM: Barbara Benson, Board Secretary

SUBJECT: Annual Board Chair Election

Pursuant to Chapter X, Section 4, of the City of Canby Charter, at its first meeting in January of each year, the Board is required to elect one of its members to serve as Chairman (Chair).

If the Chair is absent from any meeting, the members present shall appoint a Chair pro tem. The Chair presides over all meetings of the Board and, to the extent practicable, conducts meetings in accordance with Robert's Rules of Order. With the Board's approval, the Chair is authorized to sign all resolutions and orders of the Board, as well as notes, contracts, deeds, mortgages, bonds, and other agreements of the Board.

Any Board member may nominate another member to serve as Chair. Nominations must be accepted by the nominee and seconded, and more than one nomination may be made. Once nominations are closed, the current Chair will call for a motion to conduct the election. The member elected as Chair will assume the role immediately upon election unless the Board designates otherwise.

The call for nominations for the 2026 Board Chair is included on the agenda for the January 13 Board meeting.

OUTAGE AVERAGES Jan 2025 THROUGH Dec 2025

MONTH	YEAR	NUMBER OF OUTAGES	NUMBER OF CUSTOMERS AFFECTED	TOTAL CUSTOMER MINUTES OFF	MONTHLY NUMBER OF CUSTOMERS IN THE SYSTEM	NUMBER OF MOMENTARY INTERRUPTIONS
Jan	2025	0	0	0	8404	2
Feb	2025	0	0	0	8402	0
March	2025	0	0	0	8412	0
April	2025	0	0	0	8423	0
May	2025	1	482	130140	8432	1
June	2025	0	0	0	8434	0
July	2025	0	0	0	8437	1
Aug	2025	0	0	0	8449	1
Sep	2025	3	22	10350	8449	1
Oct	2025	0	0	0	8466	1
Nov	2025	0	0	0	8439	0
Dec	2025	1	329	118440	8462	2
12 MONTH TOTALS		5	833	258,930	101,209	9
12 MONTH AVERAGE		0.42	69	21,578	8,434	0.8

			C.U.	Industry Typical Value
SAIDI =	$\frac{\text{Sum of all customer interruption minutes}}{\text{Total number of customers}}$	$= \frac{258,930}{8,434}$	$= 30.7004$	$\frac{87.0}{}$
SAIFI =	$\frac{\text{Total number of customer interruptions}}{\text{Total number of customers}}$	$= \frac{833}{8,434}$	$= 0.10$	$\frac{0.93}{}$
MAIFI=	$\frac{\text{Total number of cust. momentary interruptions}}{\text{Total number of customers}}$	$= \frac{9}{8,434}$	$= 0.001$	$\frac{0.96}{}$
CAIDI =	$\frac{\text{Total interruption minutes for 12 months}}{\text{Total number of interruptions}}$	$= \frac{311}{6}$	$= 52$	$\frac{107.25}{}$

System Average Interruption Duration Index (SAIDI)

SAIDI indicates the total sustained interruption duration for the average customer during a predefined period of time. It is commonly measured in minutes or hours of interruption.

System Average Interruption Frequency Index (SAIFI)

SAIFI indicates how often the average customer experiences a sustained interruption during a predefined period of time.

Momentary Average Interruption Frequency Index (MAIFI)

MAIFI is a reliability indicator used by electric power utilities. MAIFI is the average number of momentary interruptions that a customer would experience during a given period (typically a year).

Customer Average Interruption Duration Index (CAIDI)

CAIDI gives the average outage duration that any given customer would experience. CAIDI can also be viewed as the average restoration time.



MEMORANDUM

January 5, 2026

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

FROM: Sergio Avalos, Customer Service Supervisor

SUBJECT: Share the Warmth Update

The table below is a yearly accounting of disbursed funds, customers assisted, intake fees paid, customer donations, and the number of customer donations for calendar year 2022 through 2025. Please note that the program is based upon a calendar year while funding is for Canby Utility's fiscal year, July 1 through June 30. The Canby Adult Center (CAC) receives \$5 for each intake and is paid on a quarterly basis.

Year	Disbursed to Customer Accounts	Number of Customers Assisted/ Intakes	Intake Fees Paid to CAC	Total of Customer Donations	Number of Customer Donations
2022	\$49,646	249	\$2,005	\$12,671	110
2023	\$48,275	224	\$1,120	\$8,997	110
2024	\$50,625	224	\$1,120	\$12,017	108
2025	\$56,700	252	\$1,255	\$9,700	97

Donations are down in FY2026 compared to previous years. Contributions have come from customers, local organizations, businesses, and some donors outside our service area. The Board's annual donation of \$40,000 truly ensures the success of this program and allows us to assist many customers.



MEMORANDUM

To: Chair Thompson, Members Molamphy, Pendleton, Hill, and Westcott
From: Kari Duncan, General Manager
Date: January 5, 2026
Subject: Staff Report – General Manager Goals 2026

Background:

The Board met on December 2 to review and provide feedback on proposed General Manager Goals. The specific feedback from the Board was incorporated into the revised goals. It was discussed at the meeting that many of the goals are long term and will not be complete at the end of calendar year 2026, however progress is expected and will be reported at the end of the year for each of the attached goals.

General Goals

1. Build and maintain a positive and effective working relationship with the Board (GM).
2. Communicate clearly and effectively with the Board, employees, customers, and stakeholders. (GM and Leadership Team)
3. Model effective leadership attributes and work habits to employees. (GM and Leadership Team)
4. Work with Finance Manager to complete a successful annual audit of financial performance, annual budget process, rate setting, promote internal controls, and procedures. (GM)
5. Work with HR Manager/Board Secretary to prepare and present monthly Board packets, including Manager Reports and departmental status reports. (GM)
6. Work with Operations Manager to support reliable power and water operations in the Utility, safe and timely service and repairs. (GM)
7. Meet applicable regulations and requirements (example- EPA/OHA Drinking Water Regulations). (GM and Leadership Team)
8. Represent the Utility to community/professional organizations such as Canby Rotary, Oregon Municipal Electric Utilities Association (OMEU), Oregon Infrastructure Finance Authority (IFA), Special District Association of Oregon (SDAO), and the Oregon Water Utility Council (OWUC). (GM)

9. Promote growth development strategies for individual Utility employees focusing on professional development, training and continuity of operations/succession planning. (GM)

Specific Goals for 2026

1. Canby Water Supply Program (CWSP):
 - a. Project Management- develop position description and hire an internal Project Manager that will be a Canby Utility employee to provide direct oversight of CWSP and consultants.
 - b. Project Management- Report progress on CWSP to Board on regular schedule.
 - c. Public Outreach- work with consultants to develop and implement public outreach plans for the project.
 - d. Permitting- work with consultants to begin permit applications for the project to include water rights transactions, land use and environmental permitting.
 - e. Financial and Rate Planning, Debt Issuance.
 - i. *Confirm financial rate model/plan will meet revised cost estimates for project. Establish financing plan and begin process of loan application/debt issuance.*
 - f. Project Delivery Model
 - i. *Review and determine type of project delivery model – (eg. Traditional Design-Bid-Build, vs alternative delivery such as Design Build, CMGC, etc...)*
 - g. Issue RFP(s)/Begin Project Design in calendar year 2026
2. BPA/PGE Transmission Capacity- develop long term concept for ensuring sufficient transmission capacity to meet Canby Utility power supply needs.
3. Canby Utility 5-year CIP plan – complete 5 year CIP and consider long term power supply planning requirements.
4. Public Information and Outreach- develop goals and plans for utility outreach efforts, including the use of social media.
5. Union Bargaining- upcoming 2026.
6. Mapping and GIS- review status and develop improvement plans for mapping and GIS systems.
7. Review and evaluate Utility approach to water and power conservation programs.

8. Review and consider Utility approach/cost/benefit to emerging trends such as:
 - a. Local power supply options (solar, in-line hydroelectric generation, etc.)
 - b. Smart grid technology
 - c. Electrification
 - d. Water re-use technology
 - e. Aquifer storage and recovery (ASR)



MEMORANDUM

To: Chair Thompson, Members Molamphy, Pendleton, Hill, and Westcott
From: Kari Duncan, General Manager
Date: January 7, 2026
Subject: Staff Report – January 13th Board Meeting

Power Supply and Transmission Capacity

Staff continue to meet with the City, PGE, and BPA related to the transmission capacity topic. Through these meetings and evaluation, it was determined that an additional large customer that had been waiting for a will-serve letter from Canby Utility would be able to be served. The will-serve letter was provided this week to the customer. At this time, all customers that have requested service have received will-serve letters and are proceeding through development of their projects. Staff is working on developing a policy to address future large service requests to ensure a clear, consistent process and well-defined expectations for Canby Utility and the City to follow. This policy update will come to the Board for consideration at a future meeting.

Canby Water Supply Program –Project Update

A workshop with Canby Utility staff and Stantec was held on December 17. The workshop centered around review of the scope of work for the second year of the CWSP. Canby Utility staff have also received several draft reports for review by the project management team including the Facility Land Use Considerations, Water Treatment Planning Tech Memo, Real Estate Plan, and Funding Plan. Included in this packet is a report from the consultant. The Board has been looking forward to a Cost Estimate update, and this update is under review by the consultant and is expected to be shared with Staff at the end of January. I want to acknowledge that this update is coming in later than initially anticipated, and the additional time is to review and confirm the estimates to be confident that the consultant provides us with accurate information.

Public Power Council

I attended a virtual PPC Executive Committee meeting on January 8. Topics such as the Residential Exchange Program, Markets Update, and Transmission were discussed.

Rate Hearing

The Board is familiar with the well-attended Rate Hearing on December 9 and the continued hearing scheduled for the January 13th meeting. Staff have been busy reviewing the public testimony and conducting research on solutions to the concerns introduced during the testimony. A revised rate plan for the board to consider will be presented at the January board meeting and is included in the packet.