

***CANBY UTILITY
REGULAR BOARD MEETING
SEPTEMBER 12, 2017
7:00 P.M.***

AGENDA

- I. CALL TO ORDER
- I. AGENDA
 - Additions, Deletions or Corrections to the Meeting Agenda
- II. CONSENT AGENDA
 - Approval of the September 12, 2017 Agenda
 - Approval of Regular Board Meeting Minutes of August 8, 2017 (pp. 1-4)
 - Approval of Write-Offs
 - Approval of Payment of Water and Electric Bills
- III. CITIZEN INPUT ON NON-AGENDA ITEMS
- IV. PRESENTATION Electric Rates Cost of Service Analysis – Carol Sullivan, Finance Manager, Dan Murphy, General Manager, and Bob Brooks, Brooks & Associates (pp. 5-25)
- V. RESOLUTION NO. 292 Award Combined Service Center Project to Bidder – Dan Murphy, General Manager and Adam Olsen, Mackenzie (pp. 26-28)
- VI. RESOLUTION NO. 293 Restating the Electrical Line Extension and Upgrade Policy – Jim Stuart, Operations Manager (pp. 29-35)
- VII. RECOMMENDATION Authorize Purchase of Pavement Saw – Jim Stuart, Operations Manager (pg. 36)
- VIII. BOARD REPORT
 - Chairman Comments
 - Board Member Comments
- IX. STAFF REPORTS

Operations Manager:

 - August 29 Power Outage
 - NW 9th Place Main Line Replacement Contract

Board Secretary-Clerk/Admin-HR Manager:

 - Groundman/Truck Driver Position Recruitment

Customer Service Supervisor

 - Energy Conservation Project Funding

General Manager Updates
- X. ADJOURN

***CANBY UTILITY
REGULAR BOARD MEETING MINUTES
AUGUST 8, 2017***

Board Present: Chairman Potter; Members Maxwell, Daniels, Brito, and Wagner

Staff Present: Daniel P. Murphy, General Manager; Barbara Benson, Board Secretary; Carol Sullivan, Finance Manager; Sue Arthur, Purchasing Agent; Dee Anne Wunder, Customer Service Supervisor; and Jim Stuart, Operations Manager

Chairman Potter called the Regular Board Meeting to order at 7:00 p.m.

Chairman Potter presented the meeting agenda for consideration. He asked for any additions, deletions or corrections to the meeting agenda and there were none.

Chairman Potter presented the consent agenda for approval. Member Brito made the *MOTION to approve the consent agenda, consisting of the meeting agenda, regular meeting minutes of June 13 and July 11, 2017, write-offs in the amount of \$233.42, payment of the electric and water department bills in the amount of \$1,142,507.13, with carry-ins in the amount of \$41,204.62, for a total of \$1,183,711.75. Member Daniels seconded, and the motion passed unanimously.

Chairman Potter asked for citizen input on non-agenda items and there was none.

Finance Manager Carol Sullivan presented a recommendation to adjust the water system development charges (SDCs) based on an inflationary index. The annual adjustment for inflation, as allowed by Canby Utility's SDC methodology, will increase charges by 3.87 percent. This change in the index will result in a single dwelling unit equivalent SDC increase of \$143. Staff mailed letters to interested parties to notify them of the proposed adjustment and Sullivan only received one inquiry. The inquiry was from Pacific Lifestyle Homes asking about the notification process once the Board approves the increase. Sullivan then presented the comparison between the current charges and the proposed charges for the various customer classes and meter sizes. The board had no questions. Member Daniels made the *MOTION to adopt Resolution No. 291, a resolution of the Canby Utility Board adopting revised Water System Development Charges reflecting annual adjustments for inflation, repealing Resolution No. 285. Member Brito seconded the motion and the roll call ballot was as follows: Member Brito, aye; Member Daniels, aye; Member Maxwell, aye; Member Wagner, aye; and Chairman Potter, aye. The motion passed 5 to 0.

Chairman Potter commented on an article in the Oregonian regarding the City of Portland's source water. Portland has been able to avoid treating the Bull Run water supply for many years; however, positive Cryptosporidium sampling results is putting pressure on the Portland City Council to approve building a new treatment facility to begin treating the source water.

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According to the article, the estimated cost for the new facility is between \$300 and \$500 million. The cost will be passed along to their rate payers and increase their monthly bill by approximately \$10 per month.

Operations Manager Jim Stuart gave a report on the July 27, 2017 water main break near the intersection of S.W. 13th Avenue and S. Ivy Street. The 14-inch water main was repaired under pressure, thereby avoiding the need to issue a boil water advisory. Stuart stated the initial call came in around 6:00 a.m. and the repairs were completed by 3:30 p.m. Stuart complimented the crew on their performance. He also noted that the City of Albany donated a specialty part and that he will be mailing a letter of appreciation for their assistance.

Stuart also reported that the water crew will be repairing a water main along 14th Avenue and Maple Street on Friday, August 11. This work is not being done under pressure, and, therefore, will require the boil water advisory. Stuart then reviewed the protocol for when boil water advisory or boil water notice is issued, which occurs when water quality is or may be compromised. Stuart stated when the crew has to shut down a water main to make repairs, the repairs are made and the line is recharged to pressure. Water samples are then taken and tested at a local laboratory to ensure there are no contaminants present. Staff receives a verbal result within approximately 18 hours. The advisory that is sent to the effected customers states that if they do not hear from Canby Utility within 24 hours, the water is safe. These notices and advisories were not being issued under previous management as required, but Stuart assured the Board that these announcements will be issued moving forward. This change in practice may be unfamiliar to customers. Customer Service Supervisor Dee Anne Wunder shared a copy of the advisory with the Board. There will also be information on our website to help educate customers on the need for the boil water advisory. General Manager Dan Murphy talked about the new procedure of customer notification, but added that we are not changing the way we operate the water system. Canby is experiencing the typical issues of aging infrastructure. Member Brito asked about the amount of aging infrastructure issues staff is experiencing. Stuart stated that we are in the early stages of replacing the old infrastructure, noting that the internal and external liners in our steel pipe have been in the ground a long time and is beginning to corrode. Chairman Potter asked about any customer concerns with the 100 advisory notices distributed. Stuart stated that a few customers called expressing concern for the short notice.

Stuart reported that the operations center annual clean-up day has been scheduled for August 17. The annual activity is in collaboration with the City of Canby's public works department to clean the grounds, discard non-reusable materials, and reorganize the warehouses. Stuart commented that good housekeeping helps to make a safe place for everyone. Chairman Potter commented on Stuart's efforts on reestablish this annual event and that it will help in continuing good working relationships with the city.

Stuart reported that Premier Gear is an industrial customer coming to Canby's Pioneer Industrial Park. They will be adding approximately $\frac{3}{4}$ megawatt load to our electric system.

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Customer Service Supervisor Dee Anne Wunder reported on the annual customer account agings for the past 13 months. The report was previously given to the Board on a quarterly basis. Wunder reviewed the report details and commented on the efforts from staff to take deposits and getting enough information up front from customers to keep working the accounts to minimize outstanding balances. Member Wagner asked about the increase in total outstanding balances for the electric accounts and if they were tied to multiple accounts or mostly a large customer account. Wunder stated that she believed it to be multiple accounts.

Wunder also reported that the customer drive-up payment drop access is closed indefinitely. The neighboring construction extends to the property line making a safety concern for customers. Wunder said she's only had a couple customers inquire about the drive-thru reopening. Discussion ensued about establishing new payment drop off locations.

General Manager Dan Murphy reported the progress on the new office building project. The public bid opening will be on August 16 at 2:00 p.m. If board members plan to attend, they should notify Board Secretary Barb Benson so that a quorum notice could be posted.

Murphy also reported on Canby Utility's experience with the recent extreme heat event. On August 3, the temperature rose to 105 degrees, which gave us an opportunity to evaluate our demand and capacity on the electric and water systems under extreme conditions. The water peak demand was nearly 5 million gallons in a day. Murphy noted we have the capacity to treat eight million gallons per day at the water treatment plan. Historical data looking at the past 10 years shows there have been 90 times when the demand has reached four million gallons per day and only three times has it reached over five million gallons per day. Murphy noted that the demand has not reached 6 million gallons per day in the past 10 years. The average demand is about three to three and one-half million gallons per day. The electric system peaked at 35.4 megawatts during the extreme heat event. The total capacity between the two substations is 90 megawatts. This information shows that Canby Utility has plenty of capacity.

Murphy concluded with a note that he will be on vacation for the next three days and then for a week beginning on August 18.

Member Maxwell made the *MOTION to Adjourn the Meeting. Member Daniels seconded, and the motion passed unanimously.

There being no further business, the meeting was adjourned at 7:42 p.m.

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Gary Potter, Chairman

Robert Maxwell, Member

Jack Brito, Member

Walt Daniels, Member

Todd Wagner, Member

Barbara Benson, Board Secretary

MEMORANDUM

Date: September 12, 2017

To: Board of Directors

From: Carol Sullivan, Finance Manager and Dan Murphy, General Manager

Subject: Recommendation on Proposed Electric Retail Rate Adjustment

Suggested Motion: *Motion that management's proposal for a retail rate adjustment of approximately 2.0% be approved and a rate hearing be scheduled for October 10, 2017 to hear public input and decide the matter at hand.*

Recommendation: management recommends that the Board approve its proposal for a retail rate adjustment of 2.0% on average as recommended by Rate Consultant Bob Brooks in the Cost of Service Study presented to the board at the September 12, 2017 Regular Board Meeting; follow the recommended methodology for assessing the adjustment across customer classes following Brooks' Option II for Residential Class and Option III for Small and Large General Service Classes.

Result: The proposed 2.0% Rate Adjustment will generate the additional annual revenue needed to cover expected costs as follows:

- | | |
|---|------------------|
| • BPA PF-18 Wholesale Power Rate Increase: | \$163,000 |
| • Increases in current period operating expenses: | <u>81,000</u> |
| Total Proposed Rate Increase Revenue: | <u>\$244,000</u> |

**CANBY UTILITY
COST OF SERVICE STUDY
2018 TEST YEAR**

Scenario: 2.0% Overall Rate Increase

FERC Account Cost Element	Allocation Basis	System Total	Residential	Small Commercial	Large Commercial	Industrial	Public Authorities	Internal	Street Lighting
Schedule 1: Summary of Results									
A. REVENUE REQUIREMENT CALCULATION (CASH BASIS)									
<u>Operating Expenses:</u>									
Operation & Maintenance Expenses	Schedule 3	10,142,340	5,308,620	544,951	2,241,220	1,732,797	135,444	141,233	38,074
Franchise Tax	Sales Revenues	615,840	323,123	33,786	137,419	102,526	8,286	8,474	2,226
Total Operating Expenses		10,758,180	5,631,743	578,737	2,378,640	1,835,323	143,730	149,707	40,300
<u>Operating Margin:</u>									
Capital Improvements	Rate Base	2,031,830	1,135,824	117,109	448,657	267,585	26,741	26,204	9,711
Debt Service		-	-	-	-	-	-	-	-
Interest Expense	Rate Base	(2,508)	(1,402)	(145)	(554)	(330)	(33)	(32)	(12)
Total Operating Margin		2,029,322	1,134,422	116,965	448,103	267,254	26,708	26,172	9,699
Total Required Revenues		12,787,502	6,766,165	695,702	2,826,742	2,102,578	170,438	175,879	49,999
Less: Other Operating Revenues	Schedule 2	(317,913)	(202,213)	(16,262)	(50,597)	(41,713)	(3,035)	(3,281)	(811)
Less: Other Income	Schedule 2	(162,220)	(95,556)	(7,276)	(40,681)	(15,158)	(1,515)	(1,484)	(550)
Plus: Transfer to (from) Reserves	Rate Base	-	-	-	-	-	-	-	-
Required Revenues From Sales		12,307,369	6,468,396	672,164	2,735,465	2,045,706	165,888	171,113	48,637
Revenues at Existing Rates	Schedule 2	12,063,200	6,329,400	661,800	2,691,800	2,008,300	162,300	166,000	43,600
Increase (Decrease) Required - \$		244,169	138,996	10,364	43,665	37,406	3,588	5,113	5,037
- %		2.0%	2.2%	1.6%	1.6%	1.9%	2.2%	3.1%	11.6%

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B. BILLING UNITS									
Energy (MWh): Annual	energy sales	174,878	77,249	10,802	45,202	35,630	2,517	2,479	999
Demand (kW): Annual	billing demands		-	339	71,215	59,048	2,494	5,813	-
Customers (#)	average # customers	7,067	6,355	496	158	13	41	3	1
C. UNIT COSTS									
<u>Customer Cost:</u>	Customer Cost (\$)	\$ 1,217,426	\$ 1,009,981	\$ 91,390	\$ 94,973	\$ 11,720	\$ 7,183	\$ 2,107	\$ 73
Unit Cost	\$/customer/month	14.36	13.24	15.35	50.09	75.13	14.60	58.54	6.05
<u>Energy Cost:</u>	Energy Cost (\$)	\$ 289,025	\$ 136,306	\$ 17,579	\$ 70,841	\$ 54,840	\$ 3,980	\$ 3,975	\$ 1,503
Unit Cost	cents/kWh	0.17	0.18	0.16	0.16	0.15	0.16	0.16	0.15
<u>Demand Cost:</u>	Demand Cost (\$)	\$ 10,800,919	\$ 5,322,109	\$ 563,195	\$ 2,569,651	\$ 1,979,146	\$ 154,725	\$ 165,031	\$ 47,061
Unit Cost	\$/kW/month			21.15	18.81	26.50	23.98	18.84	
Unit Cost	cents/kWh	6.18	6.89	5.21	5.68	5.55	6.15	6.66	4.71
<u>Total (Customer/Energy/Demand):</u>	Total Cost (\$)	\$ 12,307,369	\$ 6,468,396	\$ 672,164	\$ 2,735,465	\$ 2,045,706	\$ 165,888	\$ 171,113	\$ 48,637
Unit Cost	cents/kWh	7.04	8.37	6.22	6.05	5.74	6.59	6.90	4.87

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D. UNBUNDLED COSTS									
Power Supply:									
Energy		289,025	136,306	17,579	70,841	54,840	3,980	3,975	1,503
Demand		7,006,241	3,383,191	359,435	1,659,402	1,370,471	99,620	108,160	25,963
Total		7,295,266	3,519,498	377,014	1,730,243	1,425,311	103,599	112,135	27,467
Delivery Service ("Wires Charge"):									
Demand		3,794,677	1,938,918	203,760	910,249	608,676	55,105	56,871	21,098
Customer Service ("Meter Charge"):									
Customer		1,217,426	1,009,981	91,390	94,973	11,720	7,183	2,107	73
TOTAL		12,307,369	6,468,396	672,164	2,735,465	2,045,706	165,888	171,113	48,637
E. UNBUNDLED UNIT COSTS									
Power Supply:									
Energy	cents/kWh	0.17	0.18	0.16	0.16	0.15	0.16	0.16	0.15
Demand	\$/kW/month			\$ 13.50	\$ 12.15	\$ 18.35	\$ 15.44	\$ 12.35	
Demand	cents/kWh	4.01	4.38	3.33	3.67	3.85	3.96	4.36	2.60
Delivery Service ("Wires Charge"):									
Demand	\$/kW/month			\$ 7.65	\$ 6.66	\$ 8.15	\$ 8.54	\$ 6.49	
Demand	cents/kWh	2.17	2.51	1.89	2.01	1.71	2.19	2.29	2.11
Customer Service ("Meter Charge"):									
Customer	\$/customer/month	\$ 14.36	\$ 13.24	\$ 15.35	\$ 50.09	\$ 75.13	\$ 14.60	\$ 58.54	\$ 6.05

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FERC Account Cost Element	Allocation Basis	System Total	Residential	Small Commercial	Large Commercial	Industrial	Public Authorities	Internal	Street Lighting
Schedule 2: Operating Revenues									
<u>Revenues from Sales:</u>									
Residential Sales		6,329,400	6,329,400						
Commercial and Industrial Sales:									
Small Commercial		661,800		661,800					
Large Commercial		2,691,800			2,691,800				
Industrial		2,008,300				2,008,300			
Public Authorities		162,300					162,300		
Internal		166,000						166,000	
Street Lighting Sales		43,600							43,600
Total Electric Sales Revenues		12,063,200	6,329,400	661,800	2,691,800	2,008,300	162,300	166,000	43,600
<u>Other Operating Revenues:</u>									
Miscellaneous Fees	95% Resid; 5% Small GS	30,912	29,366	1,546	-	-	-	-	-
Green Power Sales	95% Resid; 5% Small GS	12,000	11,400	600	-	-	-	-	-
Door Hangers	95% Resid; 5% Small GS	61,200	58,140	3,060	-	-	-	-	-
Other Electric Revenues	Purchased Power	213,801	103,307	11,056	50,597	41,713	3,035	3,281	811
Total Other Operating Revenues		317,913	202,213	16,262	50,597	41,713	3,035	3,281	811
<u>Other Income and Expenses:</u>									
Rental Lights	Security Lighting	34,272	19,006	-	15,266	-	-	-	-
Street Lighting	Street Lighting	-	-	-	-	-	-	-	-
Other Non-Operating Revenues	95% Resid; 5% Small GS	15,635	14,853	782	-	-	-	-	-
Expenses of Nonutility Operations	95% Resid; 5% Small GS	(2,784)	(2,645)	(139)	-	-	-	-	-
Interest Income	Rate Base	115,097	64,341	6,634	25,415	15,158	1,515	1,484	550
Total Other Income		162,220	95,556	7,276	40,681	15,158	1,515	1,484	550
TOTAL REVENUES AND INCOME		12,543,333	6,627,169	685,338	2,783,078	2,065,171	166,850	170,766	44,961

**CANBY UTILITY
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2018 TEST YEAR**

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FERC Account Cost Element	Allocation Basis	System Total	Residential	Small Commercial	Large Commercial	Industrial	Public Authorities	Internal	Street Lighting
Schedule 3: O&M Expenses									
POWER PRODUCTION EXPENSES:									
555 Purchased Power:									
Demand									
Summer	Summer 6CP	2,606,289	1,149,005	132,363	693,467	544,927	37,470	42,986	6,072
Winter	Winter 6CP	3,708,899	1,905,478	191,680	798,792	688,769	52,305	54,381	17,494
Energy									
Summer	Summer Energy at Input	(37,203)	(15,274)	(2,363)	(10,294)	(7,918)	(567)	(550)	(236)
Winter	Winter Energy at Input	316,306	147,091	19,319	78,610	60,796	4,409	4,391	1,690
Total		6,594,291	3,186,299	341,000	1,560,575	1,286,574	93,617	101,207	25,019
TOTAL PRODUCTION EXPENSE		6,594,291	3,186,299	341,000	1,560,575	1,286,574	93,617	101,207	25,019
TRANSMISSION EXPENSES:									
565 Transm of Elec by Others	12CP	831,618	396,766	42,605	200,310	164,212	11,843	12,959	2,924
565 Transm of Elec by Others - Energy	Annual Energy at Input	88,250	39,159	5,474	22,905	17,674	1,275	1,256	506
TOTAL TRANSMISSION EXPENSE		919,868	435,925	48,079	223,214	181,887	13,118	14,215	3,430

**CANBY UTILITY
COST OF SERVICE STUDY
2018 TEST YEAR**

Scenario: 2.0% Overall Rate Increase

FERC Account	Cost Element	Allocation Basis	System Total	Residential	Small Commercial	Large Commercial	Industrial	Public Authorities	Internal	Street Lighting
DISTRIBUTION EXPENSES:										
<u>Operation:</u>										
580	Operation Supervision and Engineering	NCP - Primary	151,802	77,403	8,059	35,831	25,220	2,179	2,240	870
583	Overhead Line Expenses									
	Primary	Accts 364-365 (OH Lines)	42,679	21,762	2,266	10,074	7,091	613	630	245
	Secondary	Accts 364-365 (OH Lines)	871	444	46	206	145	13	13	5
584	Underground Line Expenses									
585	Street Lighting Expenses		-	-	-	-	-	-	-	-
588	Miscellaneous Distribution Expenses	NCP - Primary	39,467	20,124	2,095	9,316	6,557	566	582	226
589	Rents	NCP - Primary	46,476	23,698	2,467	10,970	7,721	667	686	267
	Subtotal		281,295	143,430	14,934	66,395	46,734	4,037	4,151	1,613
<u>Maintenance:</u>										
590	Maint. Supervision and Engineering	Distribution Maintenance	197,471	108,014	11,722	47,064	25,176	2,362	2,331	802
591	Maintenance of Structures	Account 361 (Structures)	-	-	-	-	-	-	-	-
592	Maintenance of Station Equipment	NCP - Primary	12,000	6,119	637	2,832	1,994	172	177	69
593	Maintenance of Overhead Lines									
	Primary	Accts 364-365 (OH Lines)	20,580	10,494	1,093	4,858	3,419	295	304	118
	Secondary	Accts 364-365 (OH Lines)	420	214	22	99	70	6	6	2
594	Maintenance of Underground Lines									
	Primary	Accts 366-367 (UG Lines)	53,172	27,112	2,823	12,550	8,834	763	785	305
	Secondary		-	-	-	-	-	-	-	-
595	Maintenance of Line Transformers	NCP - Secondary	1,200	712	74	330	36	20	21	8
596	Maint. of Street Lighting Equipment	Street Lighting	-	-	-	-	-	-	-	-
597	Maintenance of Meters	Meters	36,264	22,977	2,690	8,797	1,410	222	167	-
598	Maint. of Misc. Distribution Plant	Distribution Maintenance	-	-	-	-	-	-	-	-
	Subtotal		321,107	175,642	19,061	76,531	40,938	3,842	3,790	1,304
	TOTAL DISTRIBUTION EXPENSE		602,402	319,072	33,996	142,926	87,672	7,879	7,940	2,917

**CANBY UTILITY
COST OF SERVICE STUDY
2018 TEST YEAR**

Scenario: 2.0% Overall Rate Increase

FERC Account	Cost Element	Allocation Basis	System Total	Residential	Small Commercial	Large Commercial	Industrial	Public Authorities	Internal	Street Lighting
CUSTOMER ACCTS AND SALES EXPENSES:										
901	Supervision	Customer Accounts	229,212	214,950	12,575	1,234	102	320	23	8
902	Meter Reading	Meter Reading	-	-	-	-	-	-	-	-
903	Customer Records and Collection	Accounting and Billing	-	-	-	-	-	-	-	-
904	Uncollectible Accounts	95% Resid; 5% Small GS	9,455	8,982	473	-	-	-	-	-
908	Customer Assistance	Average Customers	3,000	2,698	211	67	6	17	1	0
910	Misc Customer Accounts Expenses	Average Customers	40,475	36,397	2,841	905	74	235	17	6
912	Conservation and Other Programs	Accounting and Billing	-	-	-	-	-	-	-	-
913	Advertising	Average Customers	1,000	899	70	22	2	6	0	0
916	Miscellaneous Sales Expenses		-	-	-	-	-	-	-	-
	TOTAL CUSTOMER EXPENSES		283,142	263,926	16,169	2,229	183	578	42	14
ADMINISTRATIVE & GENERAL EXPENSE:										
920	Administrative and General Salaries	Salaries and Wages	355,538	225,916	21,595	63,242	35,708	4,114	3,608	1,354
921	Office Supplies and Expenses	Salaries and Wages	474,086	301,243	28,796	84,328	47,615	5,486	4,811	1,806
923	Outside Services	Salaries and Wages	31,642	20,106	1,922	5,628	3,178	366	321	121
924	Property Insurance	Total Plant	33,203	18,749	1,933	7,290	4,212	436	423	159
925	Injuries and Damages		-	-	-	-	-	-	-	-
926	Employee Pensions and Benefits	Salaries and Wages	722,564	459,131	43,889	128,527	72,571	8,362	7,333	2,753
928	Regulatory (Director) Expenses	Salaries and Wages	3,780	2,402	230	672	380	44	38	14
930	General Advertising		-	-	-	-	-	-	-	-
930.2	Miscellaneous General Expenses	A&G Operation	72,592	46,021	4,405	12,974	7,330	842	741	278
933	Transportation	Salaries and Wages	23,556	14,968	1,431	4,190	2,366	273	239	90
935	Maintenance of General Plant	General Plant	25,676	14,862	1,508	5,424	3,122	329	314	118
	TOTAL A&G EXPENSE		1,742,637	1,103,398	105,708	312,276	176,482	20,252	17,828	6,693
	TOTAL O&M EXPENSES		10,142,340	5,308,620	544,951	2,241,220	1,732,797	135,444	141,233	38,074

**CANBY UTILITY
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Scenario: 2.0% Overall Rate Increase

FERC Account	Cost Element	Allocation Basis	System Total	Residential	Small Commercial	Large Commercial	Industrial	Public Authorities	Internal	Street Lighting
Schedule 4: Electric Plant in Service										
DISTRIBUTION PLANT:										
360	Land and Land Rights	Account 361 (Structures)	1,119,741	570,949	59,449	264,298	186,033	16,070	16,522	6,421
361	Structures and Improvements									
361	Structures and Improvements	NCP - Primary	3,462,034	1,765,268	183,805	817,160	575,179	49,686	51,083	19,852
362	Station Equipment									
362	Station Equipment	NCP - Primary	2,912,851	1,485,243	154,648	687,534	483,938	41,804	42,980	16,703
364	Poles, Towers, and Fixtures									
364	Poles, Towers, and Fixtures	NCP - Primary	1,229,966	627,151	65,301	290,314	204,345	17,652	18,149	7,053
365	Overhead Conductors and Devices									
365	Overhead Conductors and Devices	NCP - Primary	688,908	351,270	36,575	162,606	114,455	9,887	10,165	3,950
366	Underground Conduit									
366	Underground Conduit	NCP - Primary	3,898,450	1,987,793	206,976	920,169	647,685	55,950	57,523	22,355
367	Underground Conductors and Devices									
367	Underground Conductors and Devices	NCP - Primary	5,063,855	2,582,026	268,849	1,195,245	841,304	72,675	74,719	29,038
368	Line Transformers	NCP - Secondary	2,120,486	1,258,029	130,990	582,354	63,151	35,409	36,405	14,148
369	Services	Services	2,957,553	2,440,165	238,065	254,806	-	19,679	4,838	-
370	Meters	Meters	1,230,244	779,490	91,257	298,451	47,837	7,543	5,667	-
371	Vaults	Services	-	-	-	-	-	-	-	-
372	Leased Property on Customer Premises	95% Resid; 5% Small GS	108,144	102,737	5,407	-	-	-	-	-
373	Security Lighting Equipment	Security Lighting	-	-	-	-	-	-	-	-
TOTAL DISTRIBUTION PLANT			24,792,234	13,950,121	1,441,323	5,472,937	3,163,926	326,356	318,051	119,521

**CANBY UTILITY
COST OF SERVICE STUDY
2018 TEST YEAR**

Scenario: 2.0% Overall Rate Increase

FERC Account Cost Element	Allocation Basis	System Total	Residential	Small Commercial	Large Commercial	Industrial	Public Authorities	Internal	Street Lighting
GENERAL PLANT:									
389 Land and Land Rights	Distribution Plant	-	-	-	-	-	-	-	-
390 Structures and Improvements	Distribution Plant	1,054,862	593,551	61,326	232,863	134,619	13,886	13,532	5,085
391 Office Furniture and Equipment	Salaries and Wages	714,444	453,971	43,395	127,082	71,755	8,268	7,250	2,722
392 Transportation Equipment	PTD Salaries & Wages	1,275,322	717,600	74,142	281,530	162,754	16,788	16,361	6,148
393 Stores Equipment	Materials & Supplies	3,638	2,047	212	803	464	48	47	18
394 Tools, Shop, and Garage Equipment	PTD Salaries & Wages	242,776	136,605	14,114	53,593	30,982	3,196	3,114	1,170
395 Laboratory Equipment		-	-	-	-	-	-	-	-
396 Power Operated Equipment	PTD Salaries & Wages	49,451	27,825	2,875	10,916	6,311	651	634	238
397 Communication Equipment	PTD Salaries & Wages	117,548	66,142	6,834	25,949	15,001	1,547	1,508	567
398 Miscellaneous Equipment	Salaries and Wages	67,236	42,723	4,084	11,960	6,753	778	682	256
399 Other Tangible Property		-	-	-	-	-	-	-	-
TOTAL GENERAL PLANT		3,525,276	2,040,464	206,981	744,697	428,639	45,162	43,129	16,204
TOTAL PLANT IN SERVICE		28,317,510	15,990,585	1,648,304	6,217,633	3,592,565	371,518	361,180	135,725

**CANBY UTILITY
COST OF SERVICE STUDY
2018 TEST YEAR**

Scenario: 2.0% Overall Rate Increase

FERC Account Cost Element	Allocation Basis	System Total	Residential	Small Commercial	Large Commercial	Industrial	Public Authorities	Internal	Street Lighting
Schedule 5: Accumulated Depreciation									
DISTRIBUTION PLANT:									
361 Structures and Improvements									
361 Structures and Improvements Station Equipment	NCP - Primary	1,312,818	669,397	69,700	309,870	218,110	18,841	19,371	7,528
362 Station Equipment Poles, Towers, and Fixtures	NCP - Primary	961,249	490,134	51,034	226,888	159,701	13,796	14,184	5,512
364 Poles, Towers, and Fixtures Overhead Conductors and Devices	NCP - Primary	849,622	433,217	45,108	200,540	141,155	12,194	12,536	4,872
365 Overhead Conductors and Devices Underground Conduit	NCP - Primary	280,183	142,863	14,875	66,133	46,549	4,021	4,134	1,607
366 Underground Conduit Underground Conductors and Devices	NCP - Primary	2,039,676	1,040,017	108,290	481,434	338,870	29,273	30,096	11,696
367 Underground Conductors and Devices	NCP - Primary	2,171,012	1,106,984	115,263	512,434	360,690	31,158	32,034	12,449
368 Line Transformers	NCP - Secondary	1,092,150	647,944	67,466	299,940	32,526	18,237	18,750	7,287
369 Services	Services	1,539,943	1,270,548	123,956	132,673	-	10,246	2,519	-
370 Meters	Meters	466,555	295,612	34,608	113,184	18,141	2,861	2,149	-
371 Vaults	Services	-	-	-	-	-	-	-	-
372 Leased Property on Customer Premises	95% Resid; 5% Small GS	42,365	40,246	2,118	-	-	-	-	-
373 Security Lighting Equipment	Security Lighting	-	-	-	-	-	-	-	-
TOTAL DISTRIBUTION PLANT		10,755,572	6,136,963	632,419	2,343,096	1,315,743	140,627	135,774	50,951

**CANBY UTILITY
COST OF SERVICE STUDY
2018 TEST YEAR**

Scenario: 2.0% Overall Rate Increase

FERC Account Cost Element	Allocation Basis	System Total	Residential	Small Commercial	Large Commercial	Industrial	Public Authorities	Internal	Street Lighting
GENERAL PLANT:									
390 Structures and Improvements	Distribution Plant	237,515	133,645	13,808	52,432	30,311	3,127	3,047	1,145
391 Office Furniture and Equipment	Salaries and Wages	160,865	102,217	9,771	28,614	16,157	1,862	1,632	613
392 Transportation Equipment	PTD Salaries & Wages	287,154	161,576	16,694	63,390	36,646	3,780	3,684	1,384
393 Stores Equipment	Materials & Supplies	819	461	48	181	105	11	11	4
394 Tools, Shop, and Garage Equipment	PTD Salaries & Wages	54,664	30,758	3,178	12,067	6,976	720	701	264
395 Laboratory Equipment		-	-	-	-	-	-	-	-
396 Power Operated Equipment	PTD Salaries & Wages	11,134	6,265	647	2,458	1,421	147	143	54
397 Communication Equipment	PTD Salaries & Wages	26,467	14,893	1,539	5,843	3,378	348	340	128
398 Miscellaneous Equipment	Salaries and Wages	15,139	9,620	920	2,693	1,520	175	154	58
399 Other Tangible Property		-	-	-	-	-	-	-	-
TOTAL GENERAL PLANT		793,757	459,434	46,604	167,677	96,513	10,169	9,711	3,649
TOTAL ACCUM. DEPRECIATION		11,549,329	6,596,398	679,023	2,510,773	1,412,256	150,795	145,485	54,600

**CANBY UTILITY
COST OF SERVICE STUDY
2018 TEST YEAR**

Scenario: 2.0% Overall Rate Increase

FERC Account Cost Element	Allocation Basis	System Total	Residential	Small Commercial	Large Commercial	Industrial	Public Authorities	Internal	Street Lighting
Schedule 6: Rate Base									
NET PLANT IN SERVICE:									
Distribution Plant	Schedule 4	24,792,234	13,950,121	1,441,323	5,472,937	3,163,926	326,356	318,051	119,521
General Plant	Schedule 4	3,525,276	2,040,464	206,981	744,697	428,639	45,162	43,129	16,204
Total Plant		28,317,510	15,990,585	1,648,304	6,217,633	3,592,565	371,518	361,180	135,725
Accum. Provision for Depreciation	Schedule 5	(11,549,329)	(6,596,398)	(679,023)	(2,510,773)	(1,412,256)	(150,795)	(145,485)	(54,600)
NET PLANT INVESTMENT		16,768,181	9,394,187	969,281	3,706,860	2,180,309	220,723	215,695	81,125
ADD:									
Materials and Supplies Inventories	Schedule 7	920,443	517,916	53,511	203,190	117,465	12,116	11,808	4,437
Construction Work in Progress	Schedule 7	378,328	212,878	21,994	83,517	48,281	4,980	4,853	1,824
Working Capital Allowance (1/8)	O&M - Purch Pwr	443,506	265,290	25,494	85,081	55,778	5,228	5,003	1,632
Purchased Power Allowance (1/12)	Purchased Power	549,524	265,525	28,417	130,048	107,214	7,801	8,434	2,085
DEDUCT:									
Customer Deposits	Schedule 7	265,329	149,296	15,425	58,572	33,861	3,493	3,404	1,279
RATE BASE		18,794,653	10,506,500	1,083,272	4,150,123	2,475,187	247,356	242,390	89,824

**CANBY UTILITY
COST OF SERVICE STUDY
2018 TEST YEAR**

Scenario: 2.0% Overall Rate Increase

FERC Account Cost Element	Allocation Basis	System Total	Residential	Small Commercial	Large Commercial	Industrial	Public Authorities	Internal	Street Lighting
Schedule 7: Miscellaneous									
Customer Deposits	Distribution Plant	265,329	149,296	15,425	58,572	33,861	3,493	3,404	1,279
Construction Work in Progress:									
Distribution	Distribution Plant	378,328	212,878	21,994	83,517	48,281	4,980	4,853	1,824
General		-	-	-	-	-	-	-	-
Total		378,328	212,878	21,994	83,517	48,281	4,980	4,853	1,824
Materials and Supplies Inventories:									
Distribution	Distribution Plant	920,443	517,916	53,511	203,190	117,465	12,116	11,808	4,437
General		-	-	-	-	-	-	-	-
Total		920,443	517,916	53,511	203,190	117,465	12,116	11,808	4,437
Salaries and Wages:									
Distribution	Distribution Plant	772,350	434,587	44,901	170,498	98,565	10,167	9,908	3,723
Customer Accounting	Average Customers	356,620	320,691	25,030	7,973	656	2,069	151	50
Administrative and General	Distribution Plant	521,161	293,247	30,298	115,047	66,509	6,860	6,686	2,512
Total		1,650,131	1,048,525	100,229	293,518	165,731	19,096	16,745	6,286

CANBY UTILITY
 RATE PROPOSALS: 2.0% RATE INCREASE SCENARIO
 2018 TEST YEAR

	Revenues at Existing Rates	COSA Results	Increase Required to Achieve Full Cost		Target Revenues
			Dollars	%	
Residential	6,329,400	6,468,396	138,996	2.2%	6,468,396
Small Commercial	661,800	672,164	10,364	1.6%	672,164
Large Commercial (1)	3,020,100	3,072,466	52,366	1.7%	3,072,466
Industrial	2,008,300	2,045,706	37,406	1.9%	2,045,706
Street Lighting	43,600	48,637	5,037	11.6%	48,637
Total	12,063,200	12,307,369	244,169	2.0%	12,307,369
GS Rate Class (2)	5,690,200	5,790,336	100,136	1.8%	5,790,336

Notes:

(1) Includes Public Authorities and Internal Use

(2) Includes Small Commercial, Large Commercial, Industrial, Public Authorities, and Internal Use

CANBY UTILITY
 RATE PROPOSALS: 2.0% RATE INCREASE SCENARIO
 2018 TEST YEAR

	Target Revenues	Results of Rate Proposals					
		Option I		Option II		Option III	
		Results	Variance	Results	Variance	Results	Variance
Residential	6,468,396	6,465,635	(2,761)	6,468,624	228	6,469,149	753
General Service	5,790,336	5,787,629	(2,706)	5,791,255	919	5,792,703	2,367
Street Lighting	48,637	48,637	-	48,637	-	48,637	-
Total	12,307,369	12,301,902	(5,467)	12,308,516	1,147	12,310,489	3,120

	Target Revenues	Recommended Option	Results	Variance	
Residential	6,468,396	II	6,468,624	228	0.00%
General Service	5,790,336	III	5,792,703	2,367	0.04%
Street Lighting	48,637	across the board	48,637	-	0.00%
Total	12,307,369		12,309,964	2,595	0.02%

Residential Rate Options

		Existing Rates	Option I Across-the-Board Increase to All Charges	Option II Increase Energy Charges	Option III Meter Charge at Full Cost			
		Rate	Rate	Rate	Rate			
Meter Charge (\$/month)		\$ 13.57	\$ 13.87	\$ 13.57	\$ 13.24			
Energy Charge (cents/kWh):								
0 to 2,000 kWh		6.51	6.65	6.67	\$ 6.71			
over 2,000 kWh		7.02	7.17	7.21	\$ 7.24			
% of Cust.	Consumption (kWh)	Bill Under Existing Rates	Bill Under Option I	% Change from Existing Rates	Bill Under Option II	% Change from Existing Rates	Bill Under Option III	% Change from Existing Rates
0.6%	-	\$ 13.57	\$ 13.87	2.2%	\$ 13.57	0.0%	\$ 13.24	-2.4%
1.2%	100	\$ 20.08	\$ 20.52	2.2%	\$ 20.24	0.8%	\$ 19.95	-0.6%
15.2%	200	\$ 26.59	\$ 27.17	2.2%	\$ 26.91	1.2%	\$ 26.66	0.3%
7.4%	500	\$ 46.12	\$ 47.12	2.2%	\$ 46.92	1.7%	\$ 46.79	1.5%
14.2%	600	\$ 52.63	\$ 53.77	2.2%	\$ 53.59	1.8%	\$ 53.50	1.7%
12.3%	800	\$ 65.65	\$ 67.07	2.2%	\$ 66.93	1.9%	\$ 66.92	1.9%
10.3%	1,000	\$ 78.67	\$ 80.37	2.2%	\$ 80.27	2.0%	\$ 80.34	2.1%
11.3%	1,200	\$ 91.69	\$ 93.67	2.2%	\$ 93.61	2.1%	\$ 93.76	2.3%
3.1%	1,500	\$ 111.22	\$ 113.62	2.2%	\$ 113.62	2.2%	\$ 113.89	2.4%
5.0%	1,600	\$ 117.73	\$ 120.27	2.2%	\$ 120.29	2.2%	\$ 120.60	2.4%
3.9%	1,800	\$ 130.75	\$ 133.57	2.2%	\$ 133.63	2.2%	\$ 134.02	2.5%
3.2%	2,000	\$ 143.77	\$ 146.87	2.2%	\$ 146.97	2.2%	\$ 147.44	2.6%
3.5%	2,200	\$ 157.81	\$ 161.21	2.2%	\$ 161.39	2.3%	\$ 161.92	2.6%
3.8%	2,500	\$ 178.87	\$ 182.72	2.2%	\$ 183.02	2.3%	\$ 183.64	2.7%
3.4%	3,000	\$ 213.97	\$ 218.57	2.1%	\$ 219.07	2.4%	\$ 219.84	2.7%
1.1%	4,000	\$ 284.17	\$ 290.27	2.1%	\$ 291.17	2.5%	\$ 292.24	2.8%
0.5%	5,000	\$ 354.37	\$ 361.97	2.1%	\$ 363.27	2.5%	\$ 364.64	2.9%
100.0%								
Estimated Revenues		6,329,400	6,465,635		6,468,624		6,469,149	
Target Revenues		6,468,396	6,468,396		6,468,396		6,468,396	
Difference		(138,996)	(2,761)		228		753	

Combined General Service Rate Options

Note: Includes Internal and Public Agencies

	Existing Rates	Option I Across-the-Board Increase	Option II Bulk of Increase in Demand Charges	Option III Modest Increase in Demand Charges
	Rate	Rate	Rate	Rate
Meter Charges (\$/month):				
Single Phase	\$ 16.81	\$ 17.11	\$ 17.11	\$ 17.11
Three Phase	\$ 36.51	\$ 37.15	\$ 37.15	\$ 37.15
Demand Charges (\$/kW):				
over 50 kW	\$ 7.25	\$ 7.39	\$ 7.90	\$ 7.50
Primary Service Discount	\$ 0.60	\$ 0.61	\$ 0.65	\$ 0.62
Energy Charges (cents/kWh):				
1st 25,000 kWh	4.82	4.90	4.83	4.89
over 25,000 kWh	4.21	4.28	4.22	4.27
Other Charges (Green Power, cable amplifier, etc.)	\$0	\$0	\$0	\$0
Estimated Revenues	5,690,200	5,787,629	5,791,255	5,792,703
Target Revenues	<u>5,790,336</u>	<u>5,790,336</u>	<u>5,790,336</u>	<u>5,790,336</u>
Difference	(100,136)	(2,706)	919	2,367
Target Increase		1.8%	1.8%	1.8%

Canby Utility

Scenario: 2.0% Overall Rate Increase

Small GS Cust (<50 kW):

Consumption (kWh)	Bill Under	Bill Under	% Change	Bill Under	% Change	Bill Under	% Change
	Existing Rates	Option I	from Existing Rates	Option II	from Existing Rates	Option III	from Existing Rates
-	\$ 16.81	\$ 17.11	1.8%	\$ 17.11	1.8%	\$ 17.11	1.8%
250	\$ 28.86	\$ 29.36	1.7%	\$ 29.19	1.1%	\$ 29.34	1.6%
500	\$ 40.91	\$ 41.61	1.7%	\$ 41.26	0.9%	\$ 41.56	1.6%
750	\$ 52.96	\$ 53.86	1.7%	\$ 53.34	0.7%	\$ 53.79	1.6%
1,000	\$ 65.01	\$ 66.11	1.7%	\$ 65.41	0.6%	\$ 66.01	1.5%
1,250	\$ 77.06	\$ 78.36	1.7%	\$ 77.49	0.6%	\$ 78.24	1.5%
1,500	\$ 89.11	\$ 90.61	1.7%	\$ 89.56	0.5%	\$ 90.46	1.5%
1,700	\$ 98.75	\$ 100.41	1.7%	\$ 99.22	0.5%	\$ 100.24	1.5%
2,000	\$ 113.21	\$ 115.11	1.7%	\$ 113.71	0.4%	\$ 114.91	1.5%
2,500	\$ 137.31	\$ 139.61	1.7%	\$ 137.86	0.4%	\$ 139.36	1.5%
3,000	\$ 161.41	\$ 164.11	1.7%	\$ 162.01	0.4%	\$ 163.81	1.5%
3,500	\$ 185.51	\$ 188.61	1.7%	\$ 186.16	0.4%	\$ 188.26	1.5%
4,000	\$ 209.61	\$ 213.11	1.7%	\$ 210.31	0.3%	\$ 212.71	1.5%
4,500	\$ 233.71	\$ 237.61	1.7%	\$ 234.46	0.3%	\$ 237.16	1.5%
5,000	\$ 257.81	\$ 262.11	1.7%	\$ 258.61	0.3%	\$ 261.61	1.5%
6,000	\$ 306.01	\$ 311.11	1.7%	\$ 306.91	0.3%	\$ 310.51	1.5%
7,000	\$ 354.21	\$ 360.11	1.7%	\$ 355.21	0.3%	\$ 359.41	1.5%

Canby Utility

Scenario: 2.0% Overall Rate Increase

Large GS Customers (≥50 kW):

	Consumption (kWh)	Load Factor	Bill Under Existing Rates	Bill Under Option I	% Change from Existing Rates	Bill Under Option II	% Change from Existing Rates	Bill Under Option III	% Change from Existing Rates
50 kW	-	0%	\$ 16.81	\$ 17.11	1.8%	\$ 17.11	1.8%	\$ 17.11	1.8%
	9,125	25%	\$ 456.64	\$ 464.24	1.7%	\$ 457.85	0.3%	\$ 463.32	1.5%
	18,250	50%	\$ 896.46	\$ 911.36	1.7%	\$ 898.59	0.2%	\$ 909.54	1.5%
	27,375	75%	\$ 1,321.80	\$ 1,343.76	1.7%	\$ 1,324.84	0.2%	\$ 1,341.02	1.5%
	36,500	100%	\$ 1,705.96	\$ 1,734.31	1.7%	\$ 1,709.91	0.2%	\$ 1,730.66	1.4%
100 kW	-	0%	\$ 379.31	\$ 386.61	1.9%	\$ 412.11	8.6%	\$ 392.11	3.4%
	18,250	25%	\$ 1,258.96	\$ 1,280.86	1.7%	\$ 1,293.59	2.8%	\$ 1,284.54	2.0%
	36,500	50%	\$ 2,068.46	\$ 2,103.81	1.7%	\$ 2,104.91	1.8%	\$ 2,105.66	1.8%
	54,750	75%	\$ 2,836.79	\$ 2,884.91	1.7%	\$ 2,875.06	1.3%	\$ 2,884.94	1.7%
	73,000	100%	\$ 3,605.11	\$ 3,666.01	1.7%	\$ 3,645.21	1.1%	\$ 3,664.21	1.6%
200 kW	-	0%	\$ 1,104.31	\$ 1,125.61	1.9%	\$ 1,202.11	8.9%	\$ 1,142.11	3.4%
	36,500	25%	\$ 2,793.46	\$ 2,842.81	1.8%	\$ 2,894.91	3.6%	\$ 2,855.66	2.2%
	73,000	50%	\$ 4,330.11	\$ 4,405.01	1.7%	\$ 4,435.21	2.4%	\$ 4,414.21	1.9%
	109,500	75%	\$ 5,866.76	\$ 5,967.21	1.7%	\$ 5,975.51	1.9%	\$ 5,972.76	1.8%
	146,000	100%	\$ 7,403.41	\$ 7,529.41	1.7%	\$ 7,515.81	1.5%	\$ 7,531.31	1.7%
300 kW	-	0%	\$ 1,849.01	\$ 1,884.65	1.9%	\$ 2,012.15	8.8%	\$ 1,912.15	3.4%
	54,750	25%	\$ 4,306.49	\$ 4,382.95	1.8%	\$ 4,475.10	3.9%	\$ 4,404.98	2.3%
	109,500	50%	\$ 6,611.46	\$ 6,726.25	1.7%	\$ 6,785.55	2.6%	\$ 6,742.80	2.0%
	164,250	75%	\$ 8,916.44	\$ 9,069.55	1.7%	\$ 9,096.00	2.0%	\$ 9,080.63	1.8%
	219,000	100%	\$ 11,221.41	\$ 11,412.85	1.7%	\$ 11,406.45	1.6%	\$ 11,418.45	1.8%
400 kW	-	0%	\$ 2,574.01	\$ 2,623.65	1.9%	\$ 2,802.15	8.9%	\$ 2,662.15	3.4%
	73,000	25%	\$ 5,799.81	\$ 5,903.05	1.8%	\$ 6,035.25	4.1%	\$ 5,934.25	2.3%
	146,000	50%	\$ 8,873.11	\$ 9,027.45	1.7%	\$ 9,115.85	2.7%	\$ 9,051.35	2.0%
	219,000	75%	\$ 11,946.41	\$ 12,151.85	1.7%	\$ 12,196.45	2.1%	\$ 12,168.45	1.9%
	292,000	100%	\$ 15,019.71	\$ 15,276.25	1.7%	\$ 15,277.05	1.7%	\$ 15,285.55	1.8%
500 kW	-	0%	\$ 3,299.01	\$ 3,362.65	1.9%	\$ 3,592.15	8.9%	\$ 3,412.15	3.4%
	91,250	25%	\$ 7,293.14	\$ 7,423.15	1.8%	\$ 7,595.40	4.1%	\$ 7,463.53	2.3%
	182,500	50%	\$ 11,134.76	\$ 11,328.65	1.7%	\$ 11,446.15	2.8%	\$ 11,359.90	2.0%
	273,750	75%	\$ 14,976.39	\$ 15,234.15	1.7%	\$ 15,296.90	2.1%	\$ 15,256.28	1.9%
	365,000	100%	\$ 18,818.01	\$ 19,139.65	1.7%	\$ 19,147.65	1.8%	\$ 19,152.65	1.8%
1,000 kW	-	0%	\$ 6,924.01	\$ 7,057.65	1.9%	\$ 7,542.15	8.9%	\$ 7,162.15	3.4%
	182,500	25%	\$ 14,759.76	\$ 15,023.65	1.8%	\$ 15,396.15	4.3%	\$ 15,109.90	2.4%
	365,000	50%	\$ 22,443.01	\$ 22,834.65	1.7%	\$ 23,097.65	2.9%	\$ 22,902.65	2.0%
	547,500	75%	\$ 30,126.26	\$ 30,645.65	1.7%	\$ 30,799.15	2.2%	\$ 30,695.40	1.9%
	730,000	100%	\$ 37,809.51	\$ 38,456.65	1.7%	\$ 38,500.65	1.8%	\$ 38,488.15	1.8%
2,000 kW	-	0%	\$ 14,174.01	\$ 14,447.65	1.9%	\$ 15,442.15	8.9%	\$ 14,662.15	3.4%
	365,000	25%	\$ 29,693.01	\$ 30,224.65	1.8%	\$ 30,997.65	4.4%	\$ 30,402.65	2.4%
	730,000	50%	\$ 45,059.51	\$ 45,846.65	1.7%	\$ 46,400.65	3.0%	\$ 45,988.15	2.1%
	1,095,000	75%	\$ 60,426.01	\$ 61,468.65	1.7%	\$ 61,803.65	2.3%	\$ 61,573.65	1.9%
	1,460,000	100%	\$ 75,792.51	\$ 77,090.65	1.7%	\$ 77,206.65	1.9%	\$ 77,159.15	1.8%

Proposed Street Lighting Rates

Service	\$ per Month		Percent Change
	Existing Rate	Proposed Rate	
100 Watt	\$ 1.58	\$ 1.76	11.4%
150 Watt	\$ 2.36	\$ 2.63	11.4%
175 Watt	\$ 2.75	\$ 3.07	11.6%
200 Watt	\$ 3.14	\$ 3.50	11.5%
250 Watt	\$ 3.94	\$ 4.40	11.7%
400 Watt	\$ 6.29	\$ 7.02	11.6%
1000 Watt	\$ 15.73	\$ 17.55	11.6%

MEMORANDUM

Date: September 7, 2017

To: Canby Utility Board

From: Dan Murphy, General Manager

Subject: Resolution for Awarding Combined Service Center Project to General Contractor

Suggested Motion: *Motion that, upon recommendation of the General Manager and Mackenzie Architects, Resolution 292 be adopted awarding Canby Utility's Combined Service Center Project to the lowest responsive bidder 2G Construction Company.*

Recommendation: Management and its architect Mackenzie recommends that the board approve the proposed Resolution 292, which will formally approve and accept the bid of 2G Construction Company for construction of the Canby Utility Combined Service Center project located at 1265 SE 3rd Avenue.

Background: A Public Bid Opening was held at the Canby Utility Board Room on Wednesday, August 16, 2017 at 2:00 p.m. Bids were received from five different general contractors. All bids submitted were at or below the approved Mackenzie project budget, so with that development the project was "a go."

Mackenzie reviewed each bid submitted for completeness and legitimacy to develop a recommendation for the board on the bid award. Mackenzie's analysis led to the determination that 2G Construction Company is the lowest responsive bidder for the project and should be awarded the project.

The bid tabulation form listing each participating general contractor bid is attached for the board's reference.

Unofficial Bid Tabulation - Canby Utility Combined Service Center - 2:00PM, August 16th, 2017

BIDDER:	SIGNED BID FORM - ALL PAGES	ADDENDA ACKNOWLEDGED (ONE, TWO AND THREE)	BID SECURITY - FORM OF BID BOND	CONSTRUCTION CONTRACTORS BOARD LICENSE	BIDDER RESPONSIBILITY INFORMATION FORM - ALL PAGES	BASE BID	ALT. #1	ALT. #2	TOTAL ALTERNATES	BASE BID WITH ALTERNATES APPLIED	1ST TIER SUBCONTRACTOR DISCLOSURE: DUE BY 4:00PM, 8/16/2017
1 Yorke & Curtis	X	X	X	X	X	\$3,837,255.00	\$736,360.00	\$56,559.00	\$792,919.00	\$4,630,174.00	X
2 Woodburn Construction Company	X	X	X	X	X	\$3,893,656.00	\$729,625.00	\$0.00	\$729,625.00	\$4,623,281.00	X
3 Centrex Construction	X	X	X	X	X	\$4,096,207.00	\$945,695.00	\$0.00	\$945,695.00	\$5,041,902.00	
4 2KG Construction	X	X	X	X	X	\$3,640,000.00	\$690,000.00	\$0.00	\$690,000.00	\$4,330,000.00	X
5 Corp Inc Construction	X	X	X	X	X	\$3,967,349.00	\$750,000.00	\$0.00	\$750,000.00	\$4,717,349.00	X
ALTERNATE DESCRIPTIONS: ALTERNATE #1: BUILDING A SOUTH HALF SHELL CONSTRUCTION IN PHASE 1 ALTERNATE #2: PHASE 1 CONSTRUCTION DURATION EXTENSION											

RESOLUTION NO. 292

A RESOLUTION AUTHORIZING THE AWARD OF A CONTRACT TO 2KG CONTRACTORS, INC. TO CONSTRUCT PHASE 1 OF THE CANBY UTILITY COMBINED SERVICE CENTER

WHEREAS, in accordance with Oregon law, Canby Utility issued an invitation to bid for the construction of the first phase of a new “Combined Service Center;”

WHEREAS, 2KG Contractors, Inc. was the lowest responsible bidder;

WHEREAS, Canby Utility issued a notice of intent to award the contract to 2KG Contractors, Inc. on September 1, 2017; and

WHEREAS, no protests were filed within the seven day deadline that followed the notice of intent to award.

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

Section 1. The Canby Utility Board authorizes General Manager Daniel P. Murphy to sign a contract with 2KG Contractors, Inc. in the amount of \$4,330,000.00 for Phase 1 of the Canby Utility Combined Service Center.

Section 2. This resolution takes effect immediately upon its adoption.

THIS RESOLUTION IS ADOPTED BY THE CANBY UTILITY BOARD THIS 12th DAY OF SEPTEMBER, 2017

Gary Potter, Chair

Todd Wagner, Member

Walt Daniels, Member

Jack Brito, Member

Robert Maxwell, Member

Barbara Benson, Board Secretary



MEMORANDUM

September 7, 2017

TO: Chairman Potter; Members Maxwell, Daniels, Brito and Wagner

FROM: Jim Stuart, Operations Manager

SUBJECT: Resolution No. 293 – Electrical Line Extension and Upgrade Policy

Recommendation: Adopt Resolution No. 293, a resolution of the Canby Utility Board restating the electrical line extension and upgrade policy; rescinding Resolution No. 227 and any conflicting policies.

Background: Canby Utility has an established policy for electric line extensions and upgrades for single-family residential, multi-family residential, commercial, and industrial customers. The last revision to the policy was in 2008. The existing policy stated that all line extensions and upgrades would be estimated, and that any over-estimation would be refunded back to the customer. This process is inefficient, time consuming, and a strain on our limited resources.

Staff is proposing establishing a fixed charge for line extensions and upgrades for only single-family residential dwellings. All other customer classes will continue to be estimated due to the nature of those installations. The fixed charge was calculated based on an average weighted cost of service installations in newly developed subdivisions. Staff will review the costs annually to determine if any adjustments are needed.

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

RESOLUTION NO 293

A RESOLUTION OF THE CANBY UTILITY BOARD RESTATING THE ELECTRICAL LINE EXTENSION AND UPGRADE POLICY

WHEREAS, on November 18, 2008 the Canby Utility Board (Board) adopted Resolution No. 227, relating to Canby Utility's (CU's) Line Extension and Upgrade Policy; and

WHEREAS, the Board wishes to restate the Line Extension and Upgrade Policy to streamline the process for efficiencies and establish a fixed charge for single-family residential service installations; and

WHEREAS, the Canby Utility Board desires to annually review and update the existing charges as appropriate, based on trending data.

NOW, THEREFORE, be it resolved by Board that it rescinds Resolution No. 227, along with all prior and subsequent motions or resolutions pertaining to the Line Extension and Upgrade Policy and hereby adopts the following Line Extension and Upgrade Policy for CU.

CANBY UTILITY BOARD LINE EXTENSION AND UPGRADE POLICY DATED OCTOBER 1, 2017

I. OVERVIEW

This Line Extension and Upgrade Policy (Policy) defines the responsibilities of CU and the responsibilities of the customer for the extension and/or upgrade of CU facilities for new or upgraded electrical service. The Policy is written to cover the majority of probable line extension and upgrade situations. The Policy cannot, and is not intended to, cover every specific situation or eventuality. The General Manager is therefore authorized to make policy adjustments to accommodate those unique situations as they arise.

II. APPLICABILITY

The Policy applies to all customers as defined in this resolution. CU may be unable to extend electrical service where the extension is either physically or economically not feasible and, in such situation, may not be able to provide new electrical service.

III. DEFINITIONS

Aid to Construction – Cash and/or approved construction work required of the customer.

Base System – The power system needed to serve a customer, excluding meter(s) and service drop(s).

Customer – CU customers, builders or developers who have or seek to have electrical service.

Customer Contribution – The cash portion of aid to construction.

Electrical Service – All necessary lines and equipment—base system and secondary service facilities—needed to provide electricity to the customer.

Questionable Permanence – Facilities that are to be served for short periods, or that may be speculative in nature, as determined by CU.

Secondary Service Facilities – The meter(s) and service drop(s) excluded from the base system.

Service Drop – The electrical line(s) including the terminus on CU equipment through conduit, if needed, to the customer's equipment.

IV. LINE EXTENSIONS – GENERAL

CU will construct electrical service necessary to extend such service to new customers, or to serve additional loads of existing customers, subject to the latest revisions of CU's rules, regulations, construction standards and practices.

1. The extension must be from an existing distribution line used by CU.
2. The extension must be located along a permanently established road upon which CU has, or may obtain, a satisfactory permit or franchise; or if not on an established road, a permanent easement or right-of-way must be provided at no cost to CU.
3. The extension shall be constructed, owned, operated, and maintained by CU. (The division of expenses is detailed in the following sections of this policy.)

V. SERVICE FROM EXISTING BASE SYSTEM

All CU-provided electrical service will be designed to achieve the most efficient, direct route practical and at the least expense to CU. If a customer requests a more expensive

alternative, and CU agrees to provide it, the customer will pay the additional expense as determined by CU.

VI. RESIDENTIAL BASE SYSTEM CHARGES

Charges for base system extension to boundary of development:

No direct charge to customer for extension of CU's most efficient, direct and least expensive route practical to boundary of development. The customer is responsible for trenching, excavation, backfill and paving (see Section X).

Charges for base system extension within development boundary:

Charges will be based on CU market cost estimates at the time of extension for costs such as material, labor, equipment and overhead and the electrical service design required.

An estimate of the charges will be provided as soon as practical following the City of Canby's pre-application meeting with the customer and receipt from the customer by CU of information that CU may request at that meeting.

VII. RESIDENTIAL SECONDARY SERVICE FACILITIES CHARGES

Single-Family Residential Development: Will be charged for secondary service facilities required to provide service from the base system to the point of delivery (customer meter base). All charges are due prior to installation. See Exhibit A.

Multi-Family Residential Development: Will be charged for secondary service facilities required to provide service from the base system to the point of delivery (customer meter base). An estimate of the charges will be provided as soon as practical following the joint CU and City of Canby Pre-Construction Conference with the customer and receipt from the customer by CU of information that CU may request at that meeting. All charges due are payable prior to start of construction.

Telephone and cable TV utility services may be installed in the service drop trench at no additional cost, if installation is coordinated to meet CU's construction schedule.

In the event temporary construction power is required, a fee for installation will be added to the above applicable charges. For this fee, CU shall provide a temporary service unit and electricity for up to six (6) months. After the initial six (6) month period of time, a monthly fixed rate will be charged to the customer, builder, or developer for the temporary power. See Exhibit A.

If CU determines that a standard temporary construction service unit is inadequate to meet the needs of the project, CU will charge fees based on the cost to provide the temporary service.

VIII. COMMERCIAL AND INDUSTRIAL ELECTRICAL SERVICE CHARGES

Commercial and industrial electrical service charges will be calculated on a case-by-case basis. An estimate of the charges will be provided as soon as practical following the City of Canby's pre-application meeting with the customer and receipt from the customer by CU of information that CU may request at that meeting.

IX. CONTRIBUTIONS IN AID OF CONSTRUCTION

At the election of CU, contributions in aid of construction may be in cash or in approved construction work. Cash contributions must be made before work can begin on the extension. Approved construction work will be limited to general construction such as trenching, right-of-way clearing, etc. No electrical construction work will be approved as a contribution. No right, title or interest in the extension will accrue to the customer from this contribution.

X. SUBDIVISION OR DEVELOPMENT BASE SYSTEM CHARGES

The customer shall provide all trenching, excavating, backfill and paving. Based off the estimate prepared for the project, payment will be due in advance of construction.

Individual residential customers requesting service within a subdivision or development shall be provided service in accordance with the applicable specifications in Section VII.

XI. HIGH VOLTAGE SERVICE

CU will provide high voltage service (over 600 volts) under certain conditions. These will be negotiated with the customer.

XII. SERVICE TO A LOAD OF QUESTIONABLE PERMANENCE

If, in the opinion of CU, and at its sole discretion, the extension is to be constructed to serve a load of questionable permanence, the customer will be required to make a cash payment, in advance of construction, in an amount equal to the estimated irrecoverable cost. Irrecoverable costs are defined as the cost of construction of the facilities, plus the cost of removal of the same facilities, minus salvage value.

The amount of this cash payment in excess of the normal customer contribution will be refunded on the basis of not more than 20% (twenty percent) per anniversary year of full operation, up to a maximum of five years. In the event the customer discontinues service prior to the full amount being refunded, the balance of the advance will be retained and received by CU and will not be refunded.

XIII. EFFECTIVE DATE

This resolution and the charges contained herein shall be effective October 1, 2017.

THIS RESOLUTION IS ADOPTED BY THE CANBY UTILITY BOARD THIS _____ DAY OF _____, 2017.

Gary Potter, Chair

Todd Wagner, Member

Walt Daniels, Member

Jack Brito, Member

Robert Maxwell, Member

Barbara Benson, Board Secretary

Exhibit A

RESIDENTIAL SECONDARY SERVICE INSTALLATIONS		
	Charge	Notes:
Single Family Residential	\$1,200.00	Payment due prior to installation
Multi-Family Residential	Job Cost Estimate	Payment due prior to installation
Temporary Construction Power	\$250.00	Charge covers first 6 months.
Temporary Construction Power	\$25.00 per month	After initial 6 month period.
<p>Telephone and cable TV service drops may be installed in the electric service drop trench at no additional cost, if the installation is coordinated to meet CUB's construction schedule.</p>		

Resolution No. 293
 Table Revised: 10/1/17

MEMORANDUM

Date: September 12, 2017
To: Canby Utility Board
From: Jim Stuart, Operations Manager
Subject: Approval for unbudgeted purchase of 20" pavement saw.

Suggested Motion: *Motion to approve the unbudgeted purchase of a new 20" pavement saw and trailer.*

Recommendation: Management recommends that the Board approve the unbudgeted purchase of a new 20" pavement saw, and trailer for transporting, for the water department.

Background: The 20" pavement saw that CU currently owns will no longer function. The motor has become inoperable. The saw was purchased, used, in FY 16. The cost to repair would exceed 50 percent of the new purchase price. New layers of pavement are being added to our streets annually. Without the ability to cut through all layers of pavement, we must break through the lower layers, creating a larger and jagged excavation. Having the saw that will cut through all of the layers of pavement reduces the costs of our paving contracts both in labor and materials. Paving contractors charge us additionally for straight cutting and T-cutting in order to pave over our excavations.

Options: CU Operations has considered three options.

Option 1: Rental - There are no rental agencies in the general area that have this size saw in their rental inventories.

Option 2: Contractor - This option would be highly impractical due to the urgency of our responses. A standing contract would require the ability to respond 24/7. The cost of this type of contract would be non-beneficial and is not feasibly practical to our budget.

Option 3: Purchase - The estimated cost of replacement is \$30k. This would provide CU with a new, warranted machine for several years to come. We would also need to purchase a trailer for the saw at a cost of < \$6k. The FY 2018 budget has \$3K carry-over from FY 17 for this trailer. The additional funding would allow for a trailer that would not only accommodate the new saw, water tank, hose reel, blade and tool bin and pump, but would also accommodate the smaller saw and coring tool for the water dept. This in effect would consolidate our equipment and eliminate the use of two trailers in the course of performing water leak repairs and replacements.