

**RESOLUTION NO. 2018-14**

**RESOLUTION ADOPTING NEW LIGHT AND POWER DEPARTMENT  
ELECTRIC RATE SCHEDULES AND DEFINITIONS AND DESCRIPTIONS  
AND REPEALING RESOLUTION NO. 2017-13**

**WHEREAS**, the City, through the Light and Power Department, provides electric service to customers within the City and some surrounding areas; and

**WHEREAS**, the City has determined that continued increases to Light and Power electric rates are necessary to ensure appropriate department revenues; and

**WHEREAS**, the notice of the proposed rate increase was included in the December FYI included with all utility bills mailed to customers; and

**WHEREAS**, the City of Forest Grove published a hearing notice on this proposed resolution in the *NewsTimes* on January 3, 2018; and

**WHEREAS**, a duly-noticed Public Hearing was held Monday, January 8, 2018, on the proposed rate resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE AS FOLLOWS:**

**Section 1.** The City Council adopts the revised Light and Power Electric Rate Schedules and Definitions and Descriptions marked Exhibit A.

**Section 2.** The new Light and Power Electric Rate Schedules shall be effective for services provided on or after February 20, 2018.

**Section 3.** Resolution No. 2017-13 is hereby repealed upon the effective implementation date of the foregoing Light and Power electric rates.

**Section 4.** This resolution is effective immediately upon its enactment by the City Council.

**PRESENTED AND PASSED** this 8<sup>th</sup> day of January, 2018.

  
\_\_\_\_\_  
Anna D. Ruggles, City Recorder

**APPROVED** by the Mayor this 8<sup>th</sup> day of January, 2018.

  
\_\_\_\_\_  
Peter B. Truax, Mayor

**ELECTRIC SERVICE**  
**DEFINITIONS AND DESCRIPTIONS**

**RESIDENTIAL SERVICE:**

Service furnished to customers using energy for domestic purposes in single family dwellings, apartments where each dwelling unit is separately metered, mobile homes being utilized as a family dwelling, and farms.

Where a portion of the electric energy in a residential premise is used regularly for the conduct of a business or profession, electric service used in such portion must be metered separately and billed under a nonresidential schedule; otherwise, the entire premises will be classified as nonresidential.

Service through one meter to two dwelling units will be classified as residential where an existing dwelling unit is or has been divided into two dwelling units. However, in the case where service is supplied through one meter to two or more new dwelling units, or to three or more existing dwelling units, service will be classified as nonresidential.

Additional meters on residential premises will be classified as residential, provided energy is used for domestic purposes and each such meter is on a separate building or structure separated from the other meters by such distance that service through the same point of delivery is impractical. Should any portion of the energy used on an additional meter on a residential premises be used for the conduct of a business or profession, the service will be classified as nonresidential. Service through additional meters will be supplied only when additional facilities can be installed under the Department's line extension rules. All residential customers are billed according to the terms and rates as stated in Schedule 1.

**SWIMMING POOL SERVICE:**

Existing service furnished to residential swimming pools which is a separate service in addition to the service to the dwelling. This service is limited to providing electrical energy to equipment directly related to the operation and maintenance of domestic swimming pools and only to those having had the service previously installed. All Swimming Pool Service customers are billed according to the terms and rates as stated in Schedule 6.

**GENERAL SERVICE:**

Nonresidential service furnished to businesses and professions whose electrical energy requirements are limited to less than 50 KW demand for any month during the prior 12-month period. This service is further limited to exclude irrigation customers. General Service customers are billed according to the terms and rates as stated in Schedule 2.

**LARGE COMMERCIAL AND INDUSTRIAL SERVICE:**

Nonresidential service furnished to businesses and professions whose electrical energy requirements include three phase service and with a demand of over 50 KW for any month during the previous 12-month period. This service is further limited to exclude irrigation service, and any electrical service having a measured demand of 5,000 kW or greater. This service is also limited to exclude any electrical service exceeding 22,000,000 annual kWh consumption. Large Commercial and Industrial Service customers are billed according to the terms and rates as stated in Schedule 3.

**IRRIGATION SERVICE:**

Nonresidential service provided only for agricultural irrigation and drainage pumping. This service is totally limited to the described usage and, therefore, absolutely no portion of this electrical service may be used for any other function or process. Irrigation Service customers are billed according to the terms and rates as

stated in Schedule 8.

**STREET LIGHTING SERVICE:**

Service provided to City and publicly owned streets, highways, roadways, bikeways, walkways, parking lots, parks and traffic control lights. Street Lighting Service customers are billed according to the terms and rates of Schedule 4.

**NONMETERED GENERAL SERVICE:**

Nonresidential service provided to loads utilizing relatively small amounts of electrical energy and demand and, which remain constant from day to day. Typical loads are telephone booths, cable television in-line amplifiers, etc. This service is provided only at the option of the Light and Power Department. Monthly billing is a fixed amount computed from equipment design load data furnished by the customer or from tests performed by the Light and Power Department. Nonmetered General Service customers are billed according to the terms and rates of Schedule 5.

**OUTDOOR AREA LIGHTING SERVICE:**

Outdoor rental light service is available and provided upon request to all Light and Power Department customers. The type and size of lighting fixtures, poles, and related equipment that can be provided is limited to the Department's normal inventory items. Outdoor Area Lighting Service customers are billed according to the terms and rates of Schedule 7.

**CONTRACTED SERVICE:**

Any special services not covered by the aforewritten definitions (i.e., services at transmission voltages, services having a demand of 5000 KW or greater, and alternate service) are provided in accordance with a negotiated service contract.

**ALTERNATE SERVICE:**

Service provided to a customer from a second, electrically independent primary voltage circuit. This service is available to 3 phase large commercial and industrial customers only who have a higher than normal degree of need for service continuity. The design and arrangement of both the preferred and alternate services will be the option of the Light and Power Department. Customers receiving alternate service will be billed an additional amount on their normal monthly demand charge.

**DISCONNECT/RECONNECT CHARGES AND METER TAMPERING:**

The Reconnection Service fee shall apply during normal business hours, and the After-Hours Reconnection Service fee shall apply during the hours of 5:01 pm – 8:00 pm, Monday through Friday, for reconnection service resulting from failure to pay. An Electric Meter Tamper/Damage Fee shall be imposed where applicable. Referenced fees are published in the Forest Grove Fee Schedule as adopted by City Council.

**SURGE SUPPRESSION SERVICE:**

Utility-provided whole-house surge suppression service is available through a utility installed, meter mounted device. This service is available to residential customers and small commercial customers with single phase, self-contained meters only.

**TIME OF USE SERVICE**

All large commercial and industrial customers with demand metered service will be billed for energy usage on a time of use basis. Time of use service will be available to all general service customers at their option. This service will feature a separate kilowatt hour rate for heavy load hours and light load hours. Heavy load hours are from 6:00am to 10:00pm Monday through Saturday. Light load hours are all other times.

## **NET METERING**

The City will enter into an agreement with customer-generators that own a net metering facility. A net metering facility is an electric generation facility that uses solar, wind, fuel cell, or hydroelectric power to generate electricity. The rated generating capacity of any customer-generator facility cannot exceed 25 kilowatts. The net metering facility must be located on the customer's property, must comply with all applicable safety provisions, and must be compatible with the City's distribution system. The primary intent of the net metering facility will be to offset part or all of the customer's own electric power requirements. The Customer will be required to enter into a net metering agreement with the City, and all customer-generation facilities must be inspected by the City prior to inter-connection. The energy charge for customers with an approved Net Metering facility will be determined by net kWh consumption (kWh delivered by City less kWh generated by customer).

## **GREEN POWER SERVICE**

Voluntary program to support green power resources. Green power may be purchased in 200 kWh units. This program is available to all electric customers of the City of Forest Grove.

## **ENERGY ANALYSIS SOFTWARE**

Voluntary service offered to large commercial and industrial customers. The Energy Analysis Software is a web-based energy management/analysis service that provides customers with interval usage data depicted in charts and graphs for the purpose of comparing current and historic load data, identifying anomalies in usage, tracking savings from efficiency projects, and understanding usage.

## **CUSTOMER CHARGE**

Customer Charge is defined as a flat fee charged per billing interval when the meter is read which may or may not coincide with a calendar month. The Customer Charge is assessed when a new billing interval begins or when occupancy changes and a different customer is established on the account.

**SCHEDULE 1**  
**RESIDENTIAL SERVICE**

Page 1 of 1

**AVAILABILITY:**

Available in all territory served by the City Light and Power Department.

**APPLICABILITY:**

Applicable to domestic use of all residential and farm customers.

Service under the residential rate shall apply only to electrical service in a single private dwelling and its appurtenances, for general farm service or for heating or pumping water in a private swimming pool, and not for resale to others.

Electricity consumed in that portion at a private dwelling regularly used for the conduct of a business will be separately metered and billed under the General Service Rate. If separate circuits are not provided by the customer, the entire premises shall be classified as non-residential and billed accordingly.

The residential rate shall not apply to service institutions such as clubs, fraternities, orphanages or homes, to recognized rooming or boarding houses, or to the spaces in an apartment or other residential building primarily devoted to use as an office or studio for professional or other gainful purposes or to general use by tenants.

**CHARACTER OF SERVICE:**

Single phase, sixty hertz alternating current at 120/240 volts, or at the City Light and Power Department's option, 120/208 volts.

**CHARGES PER BILLING INTERVAL:**

Customer Charge:	\$18.04
Energy Charge:	0-1000 kWh at 6.18 cents/kWh 1001+ kWh at 7.27 cents/kWh

**SURGE SUPPRESSION SERVICE:**

At the customer's option, whole house surge suppression service is available at a monthly rate of \$4.65.

**DELIVERY POINT:**

The above rates are 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 at other points of consumption shall be separately metered and billed.

**RULES AND REGULATIONS:**

Service under this classification is subject to the rules and regulations of the City, as set out in Sections 4-200 through 4-215 of the Code and elsewhere.

**SCHEDULE 2**  
**GENERAL SERVICE**

Page 1 of 1

**AVAILABILITY:**

Available in all territory served by the City Light and Power Department.

**APPLICABILITY:**

Applicable to commercial, non-agricultural pumping and other non-residential electrical service. Not applicable to agricultural irrigation or pumping, or services with a demand of 50 KW or more for any month during the previous 12-month period..

Energy supplied under this schedule shall not be resold to others.

**CHARACTER OF SERVICE:**

Single phase or three phase, sixty hertz alternating current at such voltage as the Light and Power Department may have available.

**CHARGES PER BILLING INTERVAL:**

Customer Charge: \$20.75 - Single-phase service  
\$32.51- Three-phase service

Energy Charge: 6.84 cents/kWh

**OPTIONAL TIME OF USE RATE:**

Customer Charge: \$20.75 - Single-phase service  
\$32.51- Three-phase service

Energy Charge:  
Heavy Load hours 7.20 cents/kWh  
Light Load hours 6.41 cents/kWh

**SURGE SUPPRESSION SERVICE:**

For qualified customers, surge suppression service is available at a monthly rate of \$4.65.

**DELIVERY POINT:**

The above rates are 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 at other points of consumption shall be separately metered and billed.

**RULES AND REGULATIONS:**

Service under this classification is subject to the rules and regulations of the City as set out in Code Sections 4-200 through 4-215 and elsewhere.

**NOTE: Customers opting for time of use service will be charged a one-time meter conversion fee of \$103.00.**

**SCHEDULE 3**  
**LARGE COMMERCIAL AND INDUSTRIAL SERVICE**

Page 1 of 2

**AVAILABILITY:**

Available in all territory served by the City Light and Power Department.

**APPLICABILITY:**

Applicable to commercial, industrial, non-agricultural pumping, and other non-residential electrical service with a minimum electrical demand of 50 KW for any month during the previous 12-month period. Not applicable to any electrical service exceeding 5,000 kW measured demand. Not applicable to any electrical service exceeding 22,000,000 annual kWh consumption. Not applicable to agricultural irrigation or pumping.

Energy supplied under this schedule shall not be resold to others.

**CHARACTER OF SERVICE:**

Three Phase, sixty hertz alternating current of such voltage as the City Light and Power Department may have available.

**CHARGES PER BILLING INTERVAL:**

Customer Charge:	<b>\$67.65</b>
Energy Charge:	
Heavy Load hours	<b>5.00</b> cents/kWh
Light Load hours	<b>4.16</b> cents/kWh
Demand Charge:	<b>\$6.83/kW</b>

**DEMAND CHARGE:**

Based on the highest 15 minute average demand recorded during the billing period measured in kilowatts (kW).

**REACTIVE DEMAND:**

In addition to the energy and demand charges, the customer shall pay **\$2.49** for each kilovolt ampere of reactive demand in excess of 40 percent of the kilowatt billing demand.

**ENERGY ANALYSIS SOFTWARE:**

Energy analysis software is available as an optional service at a monthly rate of **\$51.50** per meter. Customer is responsible for installation costs.

**SCHEDULE 3**  
**LARGE COMMERCIAL AND INDUSTRIAL SERVICE**

Page 2 of 2

**DELIVERY POINT:**

The above rates are based on the supply of service at a single voltage through a single delivery and metering point. Separate supply to the same customer at a different voltage or at other points of consumption shall be separately metered and billed.

**ALTERNATE SERVICE:**

Customers receiving alternate service under this rate schedule shall pay an additional **\$0.90** per kilowatt of demand per month.

**SPECIAL CONDITIONS:**

If the Department's transformers are used exclusively for service to the customer, the Department may, at its option, permit installation of metering equipment on the primary voltage side of the transformers. In this case, billing will be based on meter registration less a deduction of 2.0 percent to compensate for transformer losses. Metering equipment will be installed at customer expense and all distribution and service facilities on the load side of the meter, except for transformers, will be owned and maintained by the customer.

**RULES AND REGULATIONS:**

Service under this classification is subject to the rules and regulations of the City as set out in Code Sections 4-200 through 4-215 and elsewhere.

**SCHEDULE 4**  
**STREET LIGHTING SERVICE**

Page 1 of 1

**AVAILABILITY:**

Available within the corporate city limits of the City of Forest Grove.

**APPLICABILITY:**

Applicable for lighting of City owned streets, roadways, bikeways, walkways, parking lots, parks and traffic control lights.

**CHARACTER OF SERVICE:**

From dusk to dawn daily, controlled by photo-electric control or time switch.

**CHARGES PER BILLING INTERVAL:**

Energy Charge: 6.72 cents/kWh

**ANNUAL INVESTMENT CHARGE:**

The investment in property and equipment used as a basis for the investment charge shall consist of the installed cost of the property and equipment used solely for lighting purposes such as fixtures, brackets, mast-arms, conductors, poles, posts, standards, control equipment, switches, transformers, etc. computed on June 30 of each year. The annual investment charge shall be 10.5 percent of such investment.

**LIGHT SYSTEM MAINTENANCE:**

All maintenance expenses shall be borne by the City Light and Power Department.

**METERING:**

For billing purposes, the total energy consumed by the street lighting system shall be computed by application of a meter multiplier to the meter reading of a selected part of the system which is metered. The meter multiplier shall represent the ratio of the entire system load to the load being metered. Accuracy of the meter multiplier will be verified at least annually by the Light and Power Department and any changes reported to the City Management and Finance Department.

If more than one part of the street lighting system is metered, the meter multiplier shall be applied to only one selected meter and the other metered loads shall not be included in the multiplier calculation. In the event of multiple meters, the readings shall be consolidated for billing purposes.

**RULES AND REGULATIONS:**

Service under this classification is subject to the rules and regulations of the City, as set out in Code Sections 4-200 through 4-215 and elsewhere.

**SCHEDULE 5**  
**NONMETERED GENERAL SERVICE**

Page 1 of 1

**AVAILABILITY:**

Available in all territory served by the City Light and Power Department.

**APPLICABILITY:**

Applicable to commercial service where both electric demand and energy usage are small and constant such as telephone booths, traffic signals, cable television, in-line amplifiers, etc. Under such circumstances, and at the Light and Power Department's option, service may be provided without metering. A monthly billing amount will be computed from equipment design load data furnished by the customer or from tests performed by the Light and Power Department and thereafter will be a fixed charge.

**CHARACTER OF SERVICE:**

Single phase, sixty hertz alternating current of such voltage as the City Light and Power Department may have available.

**CHARGES PER BILLING INTERVAL:**

Customer Charge:	\$11.44
Energy Charge:	6.72 cents/kWh

**DELIVERY POINT:**

The above rates are based on the supply of service at a single voltage through a single delivery point. Charges for a separate supply for the same customer at other points of consumption shall be computed on the same rate basis but may be consolidated on a common monthly bill.

**RULES AND REGULATIONS:**

Service under this classification is subject to the rules and regulations of the City as set out in Code Sections 4-200 through 4-215 and elsewhere.

**SCHEDULE 6**  
**SWIMMING POOL SERVICE**

Page 1 of 1

**AVAILABILITY:**

Available only to those customers and for those loads presently served under this rate schedule.

**APPLICABILITY:**

Applicable to residential customers for heating water for private swimming pools and for other electrical loads directly related to swimming pool operation.

**CHARACTER OF SERVICE:**

Single phase, sixty hertz alternating current at 120/240 volts, or at the City Light and Power Department's option, 120/208 volts.

**CHARGES PER BILLING INTERVAL:**

Customer Charge:	\$8.60
Energy Charge:	6.99 cents/kWh (for all kWhs)

**DELIVERY POINT:**

The above rates are 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 at other points of consumption shall be separately metered and billed.

**SPECIAL CONDITIONS:**

A customer being served under this rate schedule may continue to be served only so long as no increase in capacity is made in this service equipment. If such changes are needed by the customer, the entire service load will be reclassified as Residential Service, Schedule 1. The customer may, at his option and expense, combine this load with his existing Residential Service.

**RULES AND REGULATIONS:**

Service under this classification is subject to the rules and regulations of the City as set out in Code Sections 4-200 through 4-215 and elsewhere.

**SCHEDULE 7**  
**OUTDOOR AREA LIGHTING SERVICE**

Page 1 of 2

**AVAILABILITY:**

Available in all territory served by the City Light and Power Department.

**APPLICABILITY:**

Applicable to outdoor area lighting.

**CHARACTER OF SERVICE:**

Outdoor area lighting from dusk to dawn daily, by means of Department-owned luminaries mounted on Department-owned poles, in accordance with Department specifications as to equipment, installation, maintenance and operations.

Maintenance by the Department includes lamp replacement on a scheduled basis. Individual lamps will be replaced on burnout as soon as reasonably possible after notification by the customer and subject to the Department's operating schedules and requirements. Current standard lamps will be used for replacement purposes.

**CHARGES PER BILLING INTERVAL:**

<u>LAMP TYPE AND WATTAGE</u>		<u>FIXTURE STYLE</u>	<u>RATE PER MONTH</u>
<u>HPS</u>	<u>MH</u>		
100	---	Security	8.78
100*	---	Post Top and Pole	14.77
100*	---	Post Top w/o Pole	9.03
100	---	Projection Flood	9.79
200	---	Projection Flood	14.46
250*	---	Projection Flood	14.77
400	400	Projection Flood	22.47
---	1000	Projection Flood	47.16
100	---	Cobra Head Type	8.01
200	---	Cobra Head Type	11.43
400	---	Cobra Head Type	17.61
LED 53	---	Parking Lot Cobra Head	1.45**

HPS - High Pressure Sodium MH - Metal Halide

\* No new service offered.

\*\* Energy Only, Future Availability TBD

**SCHEDULE 7**  
**OUTDOOR AREA LIGHTING SERVICE**

Page 2 of 2

All rates, except that for the post top light and pole, are based on mounting the light fixture on an existing pole. Special poles required for service hereunder will be billed according to the following schedule:

<u>POLE TYPE</u>	<u>LENGTH</u>	<u>FIXTURE HEIGHT</u>	<u>RATE PER MONTH</u>
Pressure Treated Wood	30'	25 ft.	\$2.37
Pressure Treated Wood	45'	39 ft.	4.43
Galvanized Steel with Arm*	25'	26 ft.	4.38
Aluminum with Arm*	25'	26 ft.	4.38
Fiberglass with Arm	30'	25 ft.	5.10

**INSTALLATION CHARGES:**

Installation charges will be calculated and billed to the customer for lighting systems not mounted on existing power poles, for those systems employing underground electrical feed, and for temporary installations. Such charges will be paid upon completion of the lighting system installation.

**RULES AND REGULATIONS:**

Service under this classification is subject to the rules and regulations of the City as set out in Code Sections 4-200 through 4-215 and elsewhere.

\* No new service offered.

**SCHEDULE 8**  
**IRRIGATION SERVICE**

Page 1 of 2

**AVAILABILITY:**

Available in all territory served by the City Light and Power Department.

**APPLICABILITY:**

Applicable only to agricultural irrigation and drainage pumping electrical service.

Energy supplied under this schedule shall not be resold to others.

**CHARACTER OF SERVICE:**

Single or three phase, sixty hertz alternating current of such voltage as the City Light and Power Department may have available.

**CHARGES PER BILLING INTERVAL:**

Customer Charge:

March 16-October 15	\$19.33
October 16-March 15	none

Energy Charge: 5.75 cents/KWh

**SEASONAL DEFINITION AND BILLING:**

Irrigation season is defined as starting on March 16 and ending on October 15. All irrigation services will be available for use during this period. Use outside of this period must be specifically requested by the customer. Meters will be read on March 15 and again on October 16 and will be the basis for the seasonal energy billings. Customers will receive monthly service charge bills only during the irrigation season. No disconnect/reconnect charges will be assessed.

**SCHEDULE 8**  
**IRRIGATION SERVICE**

Page 2 of 2

**CONNECTION CHARGE:**

Line Extension charges will be calculated and billed to the customer for all electrical services provided under the Irrigation Service Schedule. Connection charges must be paid upon completion of service installation. At the City Light and Power Department's option, all or part of the connection charge may be in the form of facilities provided by the customer for the Department's use. Such facilities must be inspected by the Department and must meet all applicable City, County, State, and National Electrical Codes.

**DELIVERY POINT:**

The above rates are 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 at other points of consumption shall be separately metered and billed.

**RULES AND REGULATIONS:**

Service under this classification is subject to the rules and regulations of the City as set out in Code Sections 4-200 through 4-215 and elsewhere.

**SCHEDULE 9**  
**GREEN POWER SERVICE**

Page 1 of 1

**AVAILABILITY:**

Available in all territory served by the City Light and Power Department.

**APPLICABILITY:**

Applicable to all customers who sign up for the voluntary program to help support the production of green power.

**CHARACTER OF SERVICE:**

Funds collected in this program will be used to purchase renewable energy resources, which will in turn use the funds to support the production of new green power sources throughout the region.

**CHARGES PER BILLING INTERVAL:**

Customer Charge: \$4.00 /200kWh unit

**SPECIAL CONDITIONS:**

Customers may sign up voluntarily for the program. A minimum six-month commitment to the program is required.

**RULES AND REGULATIONS:**

Service under this classification is subject to the rules and regulations of the City as set out in Code Sections 3-200 through 4-215 and elsewhere.



A place where families and businesses thrive.

CITY RECORDER USE ONLY:	
AGENDA ITEM #:	7.
MEETING DATE:	1/8/18
FINAL ACTION:	Reso 2018-14

3% increase  
Eff: Feb 20, 2018

**CITY COUNCIL STAFF REPORT**

**TO:** City Council

**FROM:** Jesse VanderZanden, City Manager

**MEETING DATE:** January 8, 2018

**PROJECT TEAM:** Paul Downey, Administrative Services Director  
Keith Hormann, Light and Power Director

**SUBJECT TITLE:** Electric Rate Increase Effective February 20, 2018

**ACTION REQUESTED:**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Ordinance	Order	X	Resolution	Motion	Informational

X all that apply

**ISSUE STATEMENT:** Due to increasing costs within the Light & Power Department (L&P), staff has prepared a resolution for Council consideration to increase electric rates by three percent (3.00%) effective for services provided after February 20, 2018.

**BACKGROUND:** The City completed a formal cost of service and rate study in December 2014. Prior to that study, rate increases had been done to only pass the costs of rate increases from Bonneville Power Administration (BPA) through to the retail customers. With increases in other operating costs and the capital requirements of replacing three substation transformers and rebuilding two substations, the City saw the need to do a cost of service study and a rate study.

City staff and Financial Consulting Solutions Group (FCSG) looked at current and projected operating costs, power costs, capital requirements, and reserve requirements to determine what, if any increases, were needed in electric rates over the next four years. The result of that study was that the City needed to increase electric rates by an average of six percent (6%) for each of the next four years starting in January 2015. Council implemented a six percent (6%) rate increase in January 2015, a four and one-half percent (4.5%) increase in January 2016, and a four and three-quarter percent (4.75%) increase in February 2017.

For the 2017 rate increase, the consultants did a limited update of the model to determine what rate increase was needed to ensure the City met its cash flow requirements and to determine if sufficient operating and capital reserves were being maintained. Based on the update of the model, a rate increase of 4.75% was determined to be needed to maintain the financial position L&P. Staff will recommend a full update of the model with updated load information in the FY 2018-19 budget.

For determining the February 2018 rate increase, staff reviewed the financial performance for FY 2016-17 and known cost increases for FY 2017-18. In FY 2016-17, L&P was able to fully cover all of its costs, including capital outlay, by \$16,141 with normal operating revenue primarily due to: 1) staff vacancies in L&P management and engineering; and 2) smaller capital outlays as the substations capital expenditures slowed due to design work being completed in FY 2016-17 and the large transformers had been purchased in FY 2015-16. Fund balance is higher than projected at June 30, 2017, because the substation improvement projects were not completed on the original projected timeline so some of the funds borrowed for this project have not yet been spent and are in the fund balance. Fund balance is expected to come down as the substation project is completed.

The 2014 Cost of Services study projected a 6% rate increase for FY 2017-18. After reviewing projected operating costs for FY 2017-18, staff is recommending a 3% increase in electric rates which consists of: 1) 2.75% for costs included in the Costs of Service Study; and 2) 0.25% to fund the third year of the increase in funding for L&P's share of the increasing defined benefit plan costs.

As discussed in a presentation to the City Council on November 27, 2017, the reasons for the proposed rate increase are:

- BPA's October 2017 rate increase for power sold to the City was 3.14%. Purchased power is approximately 55% of L&P's operating costs.
- For fiscal year 2017-18, L&P will lose \$86,549 due to having to sell power that was purchased in anticipation of the high water mark being exceeded. The high water mark was not exceeded so L&P had to sell the power. A similar loss will probably be experienced in FY 2018-19 as L&P will have to sell power that it has committed to purchase since the high water mark was not exceeded.
- Salaries and benefits will continue to increase in future years.
- Fund Balance is stronger than the financial model predicted it would be so staff feels the 6.0% rate increase that the model projected is not necessary to maintain adequate future results. Also debt service was not as costly as had been projected in the financial model.

Based on a 3.0% increase on an average 2016 residential usage of 1,084 kWh, an average monthly residential electric bill would increase by \$2.49 from \$83.46 in 2017 to \$85.95 in 2018 of which \$18.04 would be for the customer charge and \$67.91 would be for the energy charge.

Attached is a chart which compares estimated residential bills at 1,100 kWh usage for the City of Forest Grove, PGE, and McMinnville Water and Light with current rates and rates after upcoming increases.

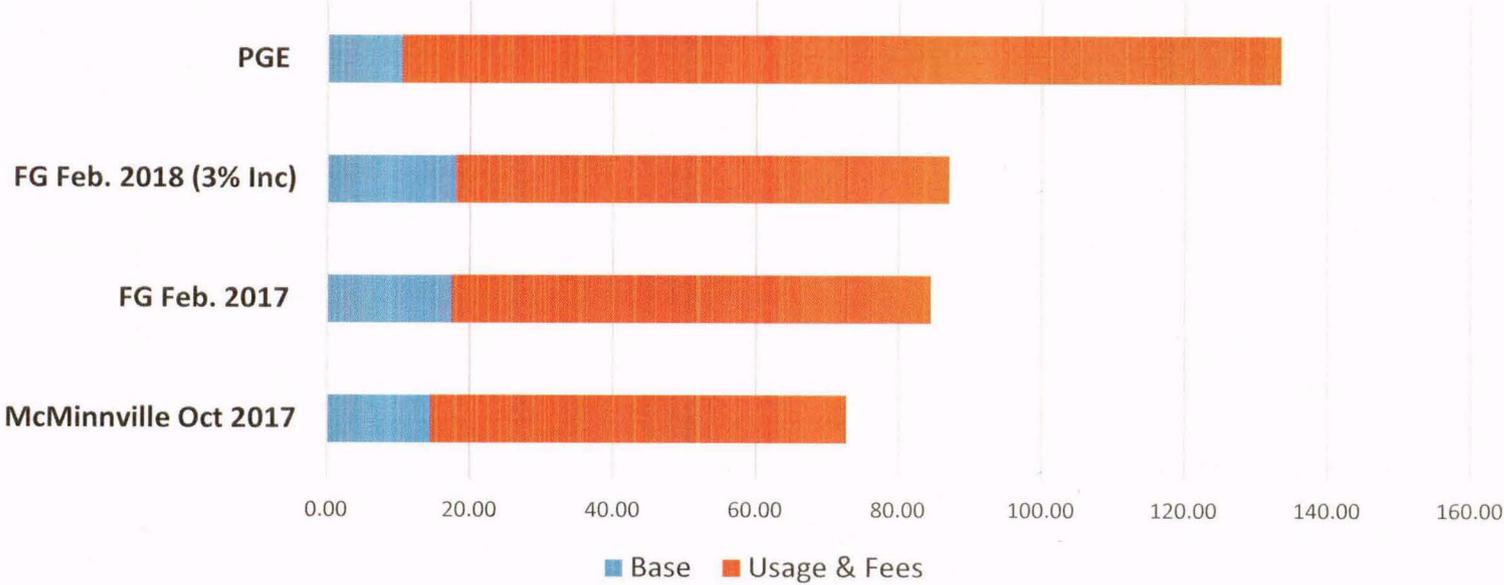
A public hearing notice was published in the January 3, 2018, Forest Grove News-Times and the proposed rate increase was included in the December FYI Forest Grove which is included in all of the utility bills sent to customers.

**FISCAL IMPACT:** The updated rate model indicates that the City will maintain its financial reserves target in the short term with a 3.00% rate increase. Actual results will fluctuate depending on the actual revenue received and the actual expenditures incurred. Weather and resulting consumption of electricity is a large driver of revenue and costs particularly if the winter has extended cold periods.

**STAFF RECOMMENDATION:** Staff recommends that the City Council approve the attached resolution which authorizes an across-the-board 3.00% increase for all classes of service effective for usage on or after February 20, 2018. Revisions are shown in red in the attached Exhibit A.

**ATTACHMENT(s):** Resolution Adopting New Light and Power Department Electric Rate Schedules with Exhibit A and Chart Comparing Electric Rates with PGE and McMinnville Water & Light

Est. Rates - 1,100 kWh Usage - Residential





*A place where families and businesses thrive.*

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## **NOTICE OF PUBLIC HEARING ELECTRIC UTILITY RATE INCREASE FOR THE CITY OF FOREST GROVE**

**NOTICE IS HEREBY GIVEN** that the Forest Grove City Council will hold a Public Hearing on **Monday, January 8, 2018**, at **7:00 p.m.** or thereafter, in the Community Auditorium, 1915 Main Street, Forest Grove, to consider adopting a resolution that would increase electric utility rates approximately three percent (3%) for all Forest Grove customers. The proposed new electric utility rates would be effective upon approval by the City Council and shall become effective for services rendered on or after February 19, 2018.

This hearing is open to the public and interested parties are encouraged to attend. A copy of the report and resolution listing the proposed rate schedules are available for inspection before the hearing at the City Recorder's Office or by visiting the City's website at [www.forestgrove-or.gov](http://www.forestgrove-or.gov). Written comments or testimony may be submitted at the hearing, e-mailed to [aruggles@forestgrove-or.gov](mailto:aruggles@forestgrove-or.gov), or sent to the attention of the City Recorder's Office, P. O. Box 326, 1924 Council Street, Forest Grove, OR 97116, prior to the hearing. For further information, please call the City Recorder's Office at 503.992.3235.

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Anna D. Ruggles, CMC, City Recorder  
City of Forest Grove  
Publish 01/03/2018



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**AFFIDAVIT OF PUBLICATION**

State of Oregon, County of Washington, SS I, Charlotte Allsop, being the first duly sworn, depose and say that I am the Accounting Manager of the **Forest Grove News Times**, a newspaper of general circulation, published at Forest Grove, in the aforesaid county and state, as defined by ORS 193.010 and 193.020, that

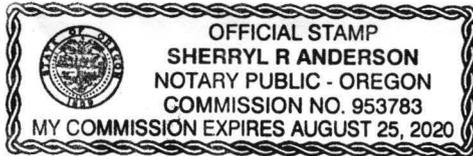
**City of Forest Grove  
NOTICE OF PUBLIC HEARING - Electric  
Utility Rate Increase  
Ad#: 22739**

A copy of which is hereto annexed, was published in the entire issue of said newspaper(s) for 1 week(s) in the following issue:  
**01/03/2018**

*Charlotte Allsop*  
Charlotte Allsop (Accounting Manager)

Subscribed and sworn to before me this 01/03/2018.

*Sherryl R Anderson*  
NOTARY PUBLIC FOR OREGON



Acct #: 104052  
**Attn: ANNA RUGGLES**  
FOREST GROVE, CITY OF  
PO BOX 326  
FOREST GROVE, OR 97116

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ELECTRIC UTILITY RATE INCREASE  
FOR THE CITY OF FOREST GROVE**

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Anna D. Ruggles, CMC, City Recorder  
City of Forest Grove  
Publish 01/03/2018.

FGNT22739

Date: January 8, 2018

Agenda Item: 7.

Subject: PUBLIC HEARING: RESOLUTION NO. 2018-14 ADOPTING NEW LIGHT AND POWER DEPARTMENT ELECTRIC RATES (3% INCREASE), EFFECTIVE FEBRUARY 20, 2018

# CITY COUNCIL MEETING

## Request to Testify at Public Hearing

**Public Hearings – Public hearings are held on each matter required by state law or City policy. Anyone wishing to testify should sign-in for the Public Hearing prior to the meeting. The Mayor or presiding officer will review the complete hearing instructions prior to testimony. The Mayor or presiding officer will call the individual or group by the name given on the sign-in form. When addressing the Mayor and Council, please move to the witness table (center front of the room). Each person should speak clearly into the microphone and must state their first and last name and provided a mailing address for the record. All testimony is electronically recorded. In the interest of time, Public Hearing testimony is limited to three minutes unless the Mayor or presiding officer grants an extension. Written or oral testimony is heard prior to any Council action.**

*Please sign-in below to testify.*

**PROPONENTS:**                      *(Please print legibly)*

**First & Last Name:**

**Address:**

**City, State & Zip Code:**

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**OPPONENTS:**                      *(Please print legibly)*

**First & Last Name:**

**Address:**

**City, State & Zip Code:**

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**OTHERS:**                              *(Please print legibly)*

**First & Last Name:**

**Address:**

**City, State & Zip Code:**

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