



**CITY OF HILLSBORO UTILITIES COMMISSION
PRELIMINARY AGENDA
Monday, October 7, 2019**

7:00 pm

Conference Room 113B/C

Public Hearing

150 E. Main Street

Assistive Listening Devices (ALD) and sign language interpreters are available, at no cost, and can be scheduled for this meeting. Please provide at least 72 hours notice prior to the meeting. To obtain these services, call (503) 681-6100 or TTY (503) 681-6284.

ALL TESTIMONY IS ELECTRONICALLY RECORDED.

A work session will be held at 5:30 pm, in Room 333.

A Water Department Informational Session will be held at 6:00 pm, in Rooms 113 B & C.

The Public Hearing will call to order at 7:00 pm in Room 113B/C.

1. PUBLIC HEARING

- A. Consider adoption of Resolution 235-W, concerning revisions to water rates and charges
 - 1. Staff summaries.
 - 2. **Public Hearing** - Testimony from public.
 - 3. Discussion and questions from Utilities Commissioners.

It is anticipated that a decision regarding proposed Resolution 235-W, will be made at the November 12, 2019, Utilities Commission meeting.

2. ADVICE/INFORMATION ITEMS

- A. The next regular Utilities Commission meeting is scheduled for 1:30 p.m. on October 8, 2019, at the Civic Center in Room C207.



STAFF REPORT

To: Utilities Commission

From: Niki Iverson, Water Director
Lee Lindsey, Administration Manager

Date: October 7, 2019

Re: Agenda Item 1A – Public Hearing to Consider Adoption of Resolution 235-W to Increase Retail and Wholesale Water Rates

Staff Recommendation:

Informational only. Proposed 2020 Water rates will be considered for adoption by the Utilities Commission at its regular meeting on November 12, 2019.

Background:

The proposed 2020 water rates are included in the proposed Resolution and summarized in this document. The Resolution will be considered for adoption by the Commission at its meeting on November 12, 2019. If approved, the new rates would take effect on January 1, 2020.

Based on the “City of Hillsboro Utilities Commission Water Rate Study October 2018” (2018 Rate Study), which included a detailed cost of service analysis, a 2020 rate proposal and proposed Resolution were prepared. However, it is important to note that a key goal of the 2018 Rate Study was to increase the stability of revenue derived from water rates. A commission goal is to derive about one-third of retail water rate revenue from base rates. To accomplish this, the fixed (base) charge for several customer classes that are below the one-third goal have been increased, and the fixed (base) has been held flat for most customers in the single family residential customer class, which is currently above the one-third goal. For other customer classes, the overall revenue adjustment was applied to base and volume charges equally. These rate adjustments are projected to generate about an overall 10.5% revenue increase as recommended in the 2018 Rate Study. The chart below provides the overall increase by rate class taking in all of the changes. However, these are “typical customer” percentage changes, and individual customer accounts may change by a different percentage. The adjustments for FY 2021, 2022, and 2023 are presented for information only. Also, for Single Family Residential rates, the FY 2021, 2022, and 2023 rate proposals may be adjusted in future years to “smooth” the annual rate increases.

Draft – Final report will be presented at Utilities Commission Meeting on November 12, 2019.

Summary of Proposed Overall Adjustments Year 2 - If Approved, Effective 01-01-2020			Estimated Projection		
Customer Class	Year 1 Effective 02-01-2019	Year 2 Proposed 01-01-2020	Year 3 2021	Year 4 2022	Year 5 2023
C-1 Residential / Domestic ¹	5.0%	4.9%	5.0%	10.5%	10.5%
C-10 Non-Profit	6.0%	10.4%	10.5%	10.5%	10.5%
C-9 Industrial	8.5%	10.5%	10.5%	10.5%	10.5%
C-7 Sales / Other Water Utilities - Cornelius	9.2%	9.2%	2.5%	2.5%	2.5%
C-7 Sales / Other Water Utilities - Gaston, LA Co-op	10.9%	2.6%	2.5%	2.5%	2.5%
C-8 Multi-Family ²	14.7%	11.1%	10.5%	10.5%	10.5%
C-2 Commercial	14.7%	12.9%	10.5%	10.5%	10.5%
C-6 Sales / Public Authorities	14.7%	14.7%	10.5%	10.5%	10.5%
C-4 Private/C-5 Public Fire Protection	14.7%	11.3%	10.5%	10.5%	10.5%
C-11 Irrigation	20.0%	20.0%	20.0%	10.5%	10.5%
Bulk Water ³	91.2%	12.9%	10.5%	10.5%	10.5%

¹ For a typical residential customer using 8 ccf/month, the rate adjustment is comprised of a 9.9% rate adjustment to the volume charge and a 0.0% adjustment to the base rate. 1-1/2" and 2" residential meter base rates were increased to align with AWWA standard multipliers.

² Multi-Family percent increase will vary based on peak usage volume, the percentage shown is for 1.5 peak factor.

³ Bulk Water rate is now tied to the Commercial rate.

This next chart shows the proposed rate increase percentage by customer classification for a typical customer. Two examples are provided for Multi-Family Residential to illustrate the rate design change which is discussed in detail later in this report. Individual customer rate changes may be different depending on the combination of meter sizes and water volumes:

Proposed 2020 Rate Adjustment Examples for Typical Customers <small>1 ccf = 748 gals</small>	Meter	Volume Usage ccf	Average Monthly Charge	Charge Per Residence	Increase per Residence	Average Percent Increase*
Single Family Residential	5/8"x3/4"	8		1		
	\$16.58	\$19.44	\$36.02	\$36.02	\$1.68	4.89%
Multi-Family Residential 25 Residence Complex at 1.0 peak factor	1-1/2"	200 all year		25		
	\$97.49	\$586.00	\$683.49	\$27.34	\$1.99	7.85%
Multi-Family Residential 25 Residence Complex at 1.5 peak factor	1-1/2"	200W/300S		25		
	\$97.49	\$758.00	\$855.49	\$34.22	\$3.41	11.07%
Commercial	1-1/2"	100				
	\$119.82	\$316.00	\$435.82			12.93%
Industrial	Two 4"	1,500				
	\$1,833.20	\$4,440.00	\$6,273.20			10.53%
Irrigation	1"	60				
	\$73.12	\$355.80	\$428.92			20.03%
Public Entities	2"	160				
	\$186.41	\$555.20	\$741.61			14.72%
Non-profit	5/8"x3/4"	25				
	\$31.45	\$69.00	\$100.45			10.43%
Fire Protection	1"	0				
	\$6.03	\$0.00	\$6.03			11.25%

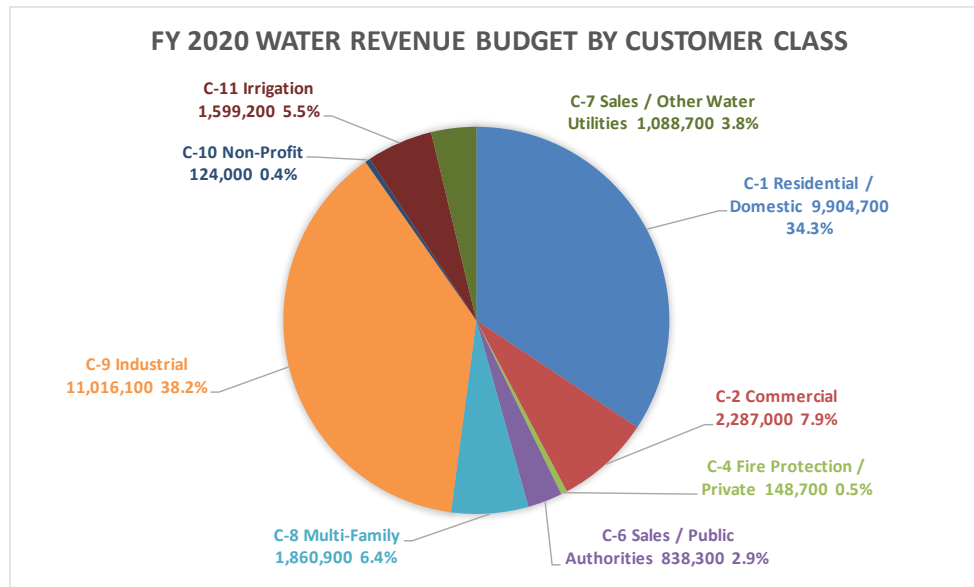
* These are examples of typical customers. Actual usage patterns may result in different increases.

Budget:

The City of Hillsboro’s Fiscal Year (FY) 2020 Adopted Budget includes revenue from water sales budgeted at about \$28.8 million, including an overall rate adjustment similar to this proposal. This budget is comprised of a \$1.1 million wholesale customer sales budget and a retail customer sales budget of \$27.7 million. With a proposed effective date of January 1, 2020, the

Draft – Final report will be presented at Utilities Commission Meeting on November 12, 2019.

rate adjustments noted above would be in force for the second half of FY 2020, if approved. Following is a chart of the Water Department’s budget:



The major drivers of the proposed rate adjustments were primarily from the cost of service analysis and American Water Works Association (AWWA) Best Practices:

1. Increases in debt service costs to fund the portion of the water system capital improvement program allocated to rate-paying customers. New development, through system development charges (SDCs), will pay about 60% of the capital and debt service costs for the City’s investments in the Willamette Water Supply System (WWSS). Water rate revenue will cover about 40% of the investment. The City of Hillsboro recently closed on a \$50 million revenue bond and a \$251 million EPA Water Infrastructure Finance and Innovation Act (WIFIA) loan with both debt instruments secured by and to be repaid from revenues of the Water Department. Additional debt may accumulate depending on the level of capitalized interest incurred for this project. The Water rate increases planned over the next several years are needed to increase the Water Department’s annual revenue to cover debt service payments, ongoing capital improvements, and ongoing operating costs. The Water Department plans to cover some costs for WWSS with cash reserves as cash flows allow, which will help reduce capitalized interest expense.
2. Changes in the assets serving a particular customer class.
3. Changes to the overall peaking factors (the difference between summer and winter water usage) within a customer class.
4. Restructuring base rates relative to AWWA recommended standard multipliers by meter size.
5. Implementation of various rate adjustments to achieve about an overall 10.5% annual revenue increase as supported by the 2018 Rate Study.

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Since the completion of the 2018 Rate Study and cost of service analysis, staff worked with the rate consultant on proposed rate design changes as follows:

1. Multi-Family Residential - Two rate design changes are proposed for this customer classification:
 - 1.1. Duplexes and triplexes served by a single meter will be moved to the Single Family Residential classification.
 - 1.2. The Multi-Family Residential water volume charge will be split into a Winter Volume and Usage over Winter Volume Charge, similar to other rate classifications.
2. Industrial - Two design changes are proposed for the Industrial rate schedule to increase the percentage of revenue from base rates. The combination of changes in the base and volume charges has been calibrated to achieve an overall Industrial class revenue increase of 10.5%:
 - 2.1. The Base rate for the industrial schedule will be increased by about 16% to increase base revenue. The volume charge will be increased by about 8.4%.
 - 2.2. A Large Industrial schedule will be added to this classification with rates and volume charges for 6", 8" and 10" meters where the total water usage at a single site is at least four million gallons per day (4 MGD). The base rates are increased above the existing schedule. The volume charge is lower than the Industrial volume rate in recognition of the higher base rate.

Retail Rates:

Water Department staff propose that the Commission approve the proposed rates for each customer class as noted in Exhibit A. Over 80% of the Water Department's customer accounts are centered in the Single Family Residential classification. For the typical Single Family Residential customer, who uses an average of 8 hundred cubic feet (ccf) or about 6,000 gallons each month, about a 4.9% change in rates would increase the monthly cost for water from \$34.34 to \$36.02, an increase of \$1.68 per month. The 4.9% rate adjustment is comprised of about a 9.7% rate adjustment applied to the volume charge and a 0.0% change to the base rate. However, the applicable percentage increase has been rounded to the whole cent and individual rates in the chart below may be further adjusted, for example to align the rate schedule to AWWA standard multipliers. As a result, the proposed base rates for Single Family Residential service for a 1-1/2" and 2" meter have been increased from current rates to account for properly aligning the base rates to American Water Works Association (AWWA) recommended base rate multipliers by meter size.

A Commission goal is to generate about one-third of retail rate revenue from base charges. At present, base revenue from Single Family customers is above this target percentage. To reduce the percentage of base revenue for Single Family Residential, the base rate percentage increase was held flat, and the rate increase was only applied to the volume charge. However, as noted above, the base rates for the small number (5) of 1-1/2" and 2" meters in Single Family Residential service were further adjusted to align to AWWA standards.

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The Rate Study recommended five years of rate adjustments. This is the second year, and about a 4.9% rate increase is proposed. The plan is to implement about a 5.0% rate increase next year as well, then the system average of 10.5% in the fourth and fifth years. An alternative proposal could be to propose an increase above 5% next year which would allow for a slightly reduced increase in the fourth and fifth years to smooth out the annual rate increases. Staff plan to provide the Commission with alternate options in the coming years. The actual amount of increases in subsequent years will be impacted by the terms of financing secured for the capital program, actual revenue and expenditure results, and other changes. The table below summarizes historical and proposed water rates:

Effective Date	Residential Rate @ 8 ccf	Increase	Percent Increase
Oct 1, 2017	\$32.74	\$3.25	11.0%
Oct 1, 2018	\$32.74	\$0.00	0.0%
Feb 1, 2019	\$34.34	\$1.60	5.0%
Jan 1, 2020 Proposed	\$36.02	\$1.68	4.9%

Proposed Rate Design Changes:

1. **Multi-Family Residential Rate Design Change Proposals.** Two rate design changes are proposed for this customer classification.

1.1. This proposal will result in all duplexes and triplexes being served under the same rate schedule.

Duplexes and triplexes served by a single meter will be moved to the Single Family Residential classification. In Duplex Table 1, the first calculation shows that a duplex served by a single 5/8"x3/4" meter, using 8 ccf per residence or 16 ccf total would realize an 8.8% increase resulting in a \$38.07 monthly charge per residence under the proposed Multi-Family Residential rate schedule. On a per residence basis, this is higher than the typical Single Family Residential (SFR) bill of \$36.02. The second calculation shows that moving duplexes to the Single Family Residential rate schedule will reduce the charge per residence by \$7.27 per month for a typical customer and will bring the per residence charge below the typical SFR bill.

Duplex Table 1

Proposed 2020 Rate Design Change for Typical Customers 1 ccf = 748 gals	Meter	Volume Usage ccf	Monthly Charge	Charge Per Residence	Increase per Residence	Percent Increase
Multi-Family Residential - Duplex	5/8"x3/4"	16		2		
		\$29.25	\$46.88	\$76.13	\$38.07	\$3.07
Single Family Residential - Duplex (Assumes Multi-Family rates for prior year)	5/8"x3/4"	16		2		
		\$16.58	\$38.88	\$55.46	\$27.73	(\$7.27)

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Triplex Table 1 is a similar calculation showing the change when triplexes are moved to the Single Family Residential rate schedule.

Triplex Table 1

Proposed 2020 Rate Design Change for Typical Customers 1 ccf = 748 gals	Meter	Volume Usage ccf	Monthly Charge	Charge Per Residence	Increase per Residence	Percent Increase
Multi-Family Residential - Triplex	1"	24		3		
		\$48.75	\$70.32	\$119.07	\$39.69	\$4.84
Single Family Residential - Triplex (Assumes Multi-Family rates for prior year)	1"	24		3		
		\$27.63	\$58.32	\$85.95	\$28.65	(\$11.72)

Without this change, duplexes and triplexes would be charged a per residence rate above the typical Single Family Residential charge. Since it’s likely that duplexes and triplexes are occupied by more low- to moderate-income residents, reducing the per-residence charge will help support the Commission’s and the City’s goals of promoting affordability. Reducing the duplex and triplex charge per residence to \$27.73 and \$28.65, respectively, will compare favorably to the \$36.02 rate for a typical single family home. The rate consultant concluded that this proposal will not adversely impact the existing Single Family class because most duplexes and triplexes are served by multiple meters and are therefore already billed under Single Family rates. Multi-Family would not be significantly impacted because duplexes and triplexes represent only a small percentage of total accounts.

- 1.2. The Multi-Family Residential water volume charge will be split into a Winter Volume and Usage over Winter Volume Charge (or Summer), similar to other rate classifications. Customer usage during winter months (November 1 through April 30) will be averaged to determine the Winter Volume. When usage exceeds this average, only the usage above the average will be charged at the proposed higher rate. This proposal will help promote the Commission’s and the City’s goals of promoting affordability by providing customers with more control over their water bills.

Staff identified that most Multi-Family customers have relatively low peak summer usage. No summer peak usage would result in a 1.0 peaking factor, while using 50% more water in summer months would result in a 1.5 peaking factor. Many Multi-Family accounts were below 1.5 with some customers very close to 1.0. However, a number of accounts have exhibited very high peaking at 2.0 and higher. By adding a Winter/Summer split rate schedule, customers with low peaking will see a small increase in their summer water bills, while customers with high peaking factors will see higher summer water bills. This will help to meet the Commission’s goal that each customer should pay for their fair share of costs. This is also helping to moderate the proposed Multi-Family rate increase to about 7.9%, which is the proposed increase for a customer with a 1.0 peaking factor and about 11.1% for a 1.5 summer peaking factor.

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If the split rate were not implemented, then the overall rate increase would be about 14.7%.

Multi-Family Base and Volume Charge per ccf			
	Base	Winter Volume	Usage Above Winter Volume
2019	\$26.32	\$2.73	\$2.73
2020 proposed	\$29.25	\$2.93	\$3.44
Increase	\$2.93	\$0.20	\$0.71
Percent	11.13%	7.33%	26.01%

The next chart shows examples of two customer bills at different peaking factors. The first example shows a customer using the same amount of water for each month during the year or a 1.0 peaking factor. This customer will see about a 7.9% average monthly bill increase. The second example shows a customer using 50% more water during six months of the year, or a 1.5 peaking factor. The summer bills will increase by a higher percentage than the winter bills, for an average annual percentage increase of about 11.1%. Customers that are heavy users of water in the summer will see a higher average annual percentage increase.

Proposed 2020 Rate Adjustment Examples for Typical Customers 1 ccf = 748 gals	Meter	Volume Usage ccf	Monthly Charge	Charge Per Residence	Increase per Residence	Percent Increase*	
Multi-Family Residential 25 Residence Complex	1-1/2"	200 all year		25			
			\$97.49	\$586.00	\$683.49	\$27.34	\$1.99
Multi-Family Residential 25 Residence Complex	1-1/2"	250		25			
			\$97.49	\$758.00	\$855.49	\$34.22	\$3.41

* These are examples of typical customers. Actual usage patterns may result in different increases.

- 2. Industrial Rate Design Change Proposal.** Two rate design changes are proposed for this customer classification. The proposed base rates have been increased and recalibrated with the volume charge to achieve an overall 10.5% increase. A Large Industrial schedule will be added to this classification with rates and volume charges for 6", 8" and 10" meters where the total water usage at a single site is at least four million gallons per day (4 MGD). The large industrial base rates will be increased above the existing schedule. The large industrial volume charge will be adjusted in recognition of the higher base rate, in order to achieve an overall 10.5% revenue increase. This would increase the base rate revenue which helps meet the Commission's goal to generate about one-third of revenue for each customer classification from base rates. An additional adjustment to base rates may be proposed in future years to move the base rate percentage closer to the one-third goal.

RESOLUTION NO. 235-W

A RESOLUTION OF THE HILLSBORO UTILITIES COMMISSION ESTABLISHING WATER RATES, MONETARY PENALTIES AND FEES

WHEREAS, Section 38 of the Hillsboro City Charter gives the Hillsboro Utilities Commission (Commission) general authority over the operation of the City’s water system both inside and outside the City’s boundaries including the specific authority to make rules, set rates, penalties and other charges for services; and

WHEREAS, the Commission retained a consultant to conduct a Cost of Service Analysis and a Comprehensive Water Rate Update Study during 2018 (“2018 Rate Study”), including an analysis of revenue requirements to fund projected capital construction costs, debt service, and operations and maintenance costs for the upcoming fiscal year and for projected increases in those costs over the next 30 years; and

WHEREAS, the 2018 Rate Study identified the rate adjustments necessary to eliminate existing subsidies between customer classes, resulting in recommended adjustments for each customer class, so as to bring rates for each retail and wholesale classification in line with the cost of service for each classification; and

WHEREAS, the Commission has considered the 2018 Rate Study and other relevant information, and agrees that the recommended rate adjustments are sound, and that together with future anticipated increases in the water system development charge will produce the needed water system revenue in an equitable, affordable and reasonable fashion; and

WHEREAS, based on the Commission’s conclusion that the 2018 Rate Study is sound and should be implemented, this Resolution implements the rate increases and adjustments recommended in the 2018 Rate Study; and

WHEREAS, the Commission has considered updated revenue requirements analyses and financial modeling which demonstrate the need for an overall retail revenue increase of 10.5%; and

WHEREAS, based on the Commission’s conclusions that the updated analyses and modeling are sound, and that together with increases in the water system development charge, the recommended rate increase will produce the needed water system revenue in an equitable, affordable and reasonable fashion, this Resolution implements the retail rate increases recommended in the updated analyses; and

WHEREAS, the Commission’s contracts with its wholesale customers provide that wholesale rates will be periodically revised through an updated cost of service analysis, and that the 2018 Rate Study was completed; and

WHEREAS, the Commission has considered the 2018 Rate Study which demonstrates the need for a wholesale rate increase of 9.2% for the City of Cornelius for the second year of the two year phase in period including the applicable 2.4% annual inflation adjustment, with the result rounded to the whole cent.

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WHEREAS, the Commission’s contracts with its wholesale customers provide that wholesale rates will be periodically revised through an updated cost of service analysis, and that the next five-year periodic update is scheduled to be conducted by the Hillsboro Water Department in calendar year 2023 for rate adjustment recommendations for 2024 through 2028, and in years between periodic updates the contracts provide that wholesale rates will be adjusted annually for inflation; and

WHEREAS, the applicable inflation index is the CPI-U published by the U.S. Department of Labor’s Bureau of Labor Statistics, and the index for the calendar year 2018 is 2.4%, with the result rounded to the whole cent.

WHEREAS, it is necessary and appropriate to adjust rates, penalties and charges to reflect the on-going operational needs and costs of the City’s water system.

Now, therefore, based on the foregoing, the City of Hillsboro Utilities Commission resolves as follows:

1. As used in this Resolution, the following terms are defined as:
 - 1.1. “ccf” means one hundred (100) cubic feet.
 - 1.2. “City” means the City of Hillsboro.
 - 1.3. “Inside” means accounts for properties inside the City’s corporate limits.
 - 1.4. “Outside” means accounts for properties outside the City’s corporate limits.
 - 1.5. “Base usage” or “Winter volume” as applied to multi-family, commercial, nonprofit and public entity class accounts is the mean average of monthly water usage for the period between November 1 and April 30.
 - 1.6. “Usage over base” or “Usage over winter volume” as applied to multi-family, commercial, nonprofit and public entity class accounts is the water usage for a particular account over Base usage for the prior November 1 through April 30.
 - 1.7. “Compound meter” means a meter with a “low” and “high” flow switch where the meter is not providing Fire Protection service. Base rates for a compound meter shall be calculated on the high flow for the applicable customer classification.
- 2.1. Single Family Residential Service is defined as water service to a single family dwelling unit, duplex, or triplex using water primarily for personal or domestic accommodation, including a group home. Other multi-unit developments with separate meters billed by the City to each individual residence is single family residential for each individual residence. Legally established home occupation businesses may utilize single family residential service if the primary use of the structure is maintained as residential. However, legally established home occupation businesses must utilize Commercial service if the primary use of the structure is maintained as commercial, or more than 50 percent of the fixture units or floor area are associated with commercial use. Then, a change of use will be deemed to have occurred, and the Water Department will reclassify the service to the Commercial service rate classification.

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For a duplex or triplex served by a single meter, the Block Volume monthly charges will be proportionately adjusted for the number of households. For example, a duplex served by single meter would have 0 to 16 ccf in block 1, etc.

The applicable percentage increase has been applied, and then the result is rounded to the whole cent and individual rates in the chart below may be further adjusted, for example to align the rate schedule to AWWA standard multipliers. As a result, the proposed base rates for Single Family Residential service for a 1-1/2” and 2” meter have been increased from current rates to account for properly aligning the base rates to American Water Works Association (AWWA) recommended base rate multipliers by meter size. Single family residential rates minimum base charges (also known as “fixed charge”) per meter per month by meter size and volume charges are:

SINGLE FAMILY RESIDENTIAL										
Inside City of Hillsboro Monthly Rates					2020	Outside City of Hillsboro Monthly Rates (Upper System)				
C-1 Single Family Residential		Class Code 1 Monthly Volume Charge				C-1 Single Family Residential		Class Code 1 Monthly Volume Charge		
Meter Size	Base Rate	Block 1 0 - 8 ccf	Block 2 9 - 18 ccf	Block 3 19+ ccf		Meter Size	Base Rate	Block 1 0 - 8 ccf	Block 2 9 - 18 ccf	Block 3 19+ ccf
5/8"x3/4"	\$16.58	\$2.43	\$3.79	\$5.14	5/8"x3/4"	\$24.87	\$3.65	\$5.70	\$7.72	
3/4"	\$16.58	\$2.43	\$3.79	\$5.14	3/4"	\$24.87	\$3.65	\$5.70	\$7.72	
1"	\$27.63	\$2.43	\$3.79	\$5.14	1"	\$41.45	\$3.65	\$5.70	\$7.72	
1-1/2"	\$55.21	\$2.43	\$3.79	\$5.14	1-1/2"	\$82.81	\$3.65	\$5.70	\$7.72	
2"	\$88.37	\$2.43	\$3.79	\$5.14	2"	\$132.56	\$3.65	\$5.70	\$7.72	

2.2. Multi-Family Residential Service is defined as water service to a multifamily dwelling unit on one parcel of land using water primarily for personal or domestic accommodation with four or more separate living units or spaces, i.e. mobile home parks, trailer courts, apartment complexes, condominiums, and group homes in which all living units are billed by the City for their water service as a single utility bill. This classification also includes homeowner association clubhouses. This category does not include hotels or motels. However, legally established home occupation businesses must utilize Commercial service if the primary use of the structure is maintained as commercial, or more than 50 percent of the fixture units or floor area are associated with commercial use. Then, a change of use will be deemed to have occurred, and the Water Department will reclassify the service to the Commercial service rate classification.

The applicable percentage increase has been applied, and then the result is rounded to the whole cent and individual rates in the chart below may be further adjusted. Multi-Family Residential minimum base charges per meter per month by meter size and volume charges are:

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MULTI-FAMILY RESIDENTIAL								
Inside City of Hillsboro Monthly Rates				2020	Outside City of Hillsboro Monthly Rates (Upper System)			
C-8 Multi-Family Residential Class Code 2					C-8 Multi-Family Residential Class Code 2			
Meter Size	Base Rate	Winter Volume	Usage over Winter Volume per ccf		Meter Size	Base Rate	Winter Volume	Usage over Winter Volume per ccf
5/8"x3/4"	\$29.25	\$ 2.93	\$3.44	5/8"x3/4"	\$43.87	\$ 4.39	\$5.17	
1"	\$48.75	\$ 2.93	\$3.44	1"	\$73.12	\$ 4.39	\$5.17	
1-1/2"	\$97.49	\$ 2.93	\$3.44	1-1/2"	\$146.24	\$ 4.39	\$5.17	
2"	\$155.99	\$ 2.93	\$3.44	2"	\$233.98	\$ 4.39	\$5.17	
3"	\$312.00	\$ 2.93	\$3.44	3"	\$467.99	\$ 4.39	\$5.17	
4"	\$487.48	\$ 2.93	\$3.44	4"	\$731.24	\$ 4.39	\$5.17	
6"	\$974.97	\$ 2.93	\$3.44	6"	\$1,462.45	\$ 4.39	\$5.17	
8"	\$2,729.91	\$ 2.93	\$3.44	8"	\$4,094.86	\$ 4.39	\$5.17	
10"	\$4,094.86	\$ 2.93	\$3.44	10"	\$6,142.30	\$ 4.39	\$5.17	

2.3. Commercial Service is defined as water service to a business or businesses engaged in the manufacture and/or sale of a commodity or commodities, or the rendering of a service. This category includes stores, offices, manufacturing and industry offices, restaurants, daycare facilities, dairies, warehouses, private schools, private colleges, hospitals, hotels, motels, and other entities. This category also includes Bulk Water for volume usage charges, calculated at the Winter Volume rate. Legally established home occupation businesses must utilize Commercial service if the primary use of the structure is maintained as commercial, or more than 50 percent of the fixture units or floor area are associated with commercial use.

The applicable percentage increase has been applied, and then the result is rounded to the whole cent and individual rates in the chart below may be further adjusted. Commercial minimum base charges per meter per month by meter size and volume charges are:

COMMERCIAL								
Inside City of Hillsboro Monthly Rates				2020	Outside City of Hillsboro Monthly Rates (Upper System)			
C-2 Commercial Class Code 3					C-2 Commercial Class Code 3			
Meter Size	Base Rate	Winter Volume	Usage over Winter Volume per ccf		Meter Size	Base Rate	Winter Volume	Usage over Winter Volume per ccf
5/8"x3/4"	\$35.95	\$3.16	\$4.45	5/8"x3/4"	\$53.92	\$4.74	\$6.68	
1"	\$59.92	\$3.16	\$4.45	1"	\$89.86	\$4.74	\$6.68	
1-1/2"	\$119.82	\$3.16	\$4.45	1-1/2"	\$179.70	\$4.74	\$6.68	
2"	\$191.72	\$3.16	\$4.45	2"	\$287.53	\$4.74	\$6.68	
3"	\$383.45	\$3.16	\$4.45	3"	\$575.07	\$4.74	\$6.68	
4"	\$599.13	\$3.16	\$4.45	4"	\$898.54	\$4.74	\$6.68	
6"	\$1,198.25	\$3.16	\$4.45	6"	\$1,797.07	\$4.74	\$6.68	
8"	\$3,355.12	\$3.16	\$4.45	8"	\$5,031.79	\$4.74	\$6.68	
10"	\$5,032.68	\$3.16	\$4.45	10"	\$7,547.69	\$4.74	\$6.68	

2.4. Industrial Service is defined as water service to a business enterprise engaged in the manufacture of products, materials, equipment, machinery or supplies where water is primarily used in the manufacturing process and not used for personal or domestic accommodation. Wineries where water is primarily used in the manufacturing of wine and not for irrigation is deemed industrial. Water usage is relatively constant between winter and summer months for industrial users. The Large Industrial rate applies to

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connections averaging water usage of four million gallons per day (MGD) or greater, combined from all industrial meters at a single facility.

The applicable percentage increase has been applied, and then the result is rounded to the whole cent and individual rates in the chart below may be further adjusted. Industrial minimum base charges per meter per month by meter size and volume charges are:

INDUSTRIAL								
Inside City of Hillsboro Monthly Rates				2020	Outside City of Hillsboro Monthly Rates (Upper System)			
C-9 Industrial Class Code 4					C-9 Industrial Class Code 4			
Meter Size	Base Rate	All Volume Charge per ccf			Meter Size	Base Rate	All Volume Charge per ccf	
5/8"x3/4"	\$55.00	\$2.96		5/8"x3/4"	\$82.51	\$4.45		
1"	\$91.66	\$2.96		1"	\$137.51	\$4.45		
1-1/2"	\$183.31	\$2.96		1-1/2"	\$275.00	\$4.45		
2"	\$293.31	\$2.96		2"	\$440.00	\$4.45		
3"	\$586.62	\$2.96		3"	\$880.01	\$4.45		
4"	\$916.60	\$2.96		4"	\$1,375.02	\$4.45		
6"	\$1,833.18	\$2.96		6"	\$2,750.02	\$4.45		
8"	\$5,132.92	\$2.96		8"	\$7,700.05	\$4.45		
10"	\$7,699.38	\$2.96		10"	\$11,550.07	\$4.45		
6" & 4 MGD ¹	\$6,966.00	\$2.65						
8" & 4 MGD ¹	\$19,505.00	\$2.65						
10" & 4 MGD ¹	\$29,257.00	\$2.65						

2.5. Irrigation Service is defined as water service to a public park or irrigation user with seasonal use for recreational, landscaping or horticultural purposes or other similar uses, but not primarily for personal or domestic accommodation. Vineyards and other operations primarily growing vegetation are irrigation users. Irrigation includes outdoor residential and commercial sprinkler services when on separate meters. Irrigation customers may shut off and restart service each growing season, subject to the applicable service fee.

The applicable percentage increase has been applied, and then the result is rounded to the whole cent and individual rates in the chart below may be further adjusted. Irrigation minimum base charges per meter per month by meter size and volume charges are:

IRRIGATION								
Inside City of Hillsboro Monthly Rates				2020	Outside City of Hillsboro Monthly Rates (Upper System)			
C-11 Irrigation Class Code 5					C-11 Irrigation Class Code 5			
Meter Size	Base Rate	All Volume Charge per ccf			Meter Size	Base Rate	All Volume Charge per ccf	
5/8"x3/4"	\$43.87	\$5.93		5/8"x3/4"	\$65.81	\$8.89		
1"	\$73.12	\$5.93		1"	\$109.68	\$8.89		
1-1/2"	\$146.24	\$5.93		1-1/2"	\$219.36	\$8.89		
2"	\$233.99	\$5.93		2"	\$350.98	\$8.89		
3"	\$467.96	\$5.93		3"	\$701.95	\$8.89		
4"	\$731.20	\$5.93		4"	\$1,096.80	\$8.89		
6"	\$1,462.40	\$5.93		6"	\$2,193.60	\$8.89		
8"	\$4,094.72	\$5.93		8"	\$6,142.08	\$8.89		
10"	\$6,142.08	\$5.93		10"	\$9,213.12	\$8.89		

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2.6. Public Entities Service is water service to publicly owned or leased land or buildings, under city, district, county, state, or federal ownership including public schools, public colleges, and post offices. Public Entities Service also includes property under the control or authority of a city, district, county, state or federal government including publicly accessible property owned or controlled by Tri-Met such as transit stations, transit centers, bus shelters and light rail passenger platforms.

The applicable percentage increase has been applied, and then the result is rounded to the whole cent and individual rates in the chart below may be further adjusted. Public Entities minimum base charges per meter per month by meter size and volume charges are:

PUBLIC ENTITIES								
Inside City of Hillsboro Monthly Rates				2020	Outside City of Hillsboro Monthly Rates (Upper System)			
C-6 Public Entities Class Code 6					C-6 Public Entities Class Code 6			
Meter Size	Base Rate	Winter Volume	Usage over Winter Volume per ccf		Meter Size	Base Rate	Winter Volume	Usage over Winter Volume per ccf
5/8"x3/4"	\$34.96	\$3.47	\$4.87	5/8"x3/4"	\$52.43	\$5.20	\$7.31	
1"	\$58.25	\$3.47	\$4.87	1"	\$87.38	\$5.20	\$7.31	
1-1/2"	\$116.50	\$3.47	\$4.87	1-1/2"	\$174.75	\$5.20	\$7.31	
2"	\$186.41	\$3.47	\$4.87	2"	\$279.61	\$5.20	\$7.31	
3"	\$372.81	\$3.47	\$4.87	3"	\$559.23	\$5.20	\$7.31	
4"	\$582.52	\$3.47	\$4.87	4"	\$873.79	\$5.20	\$7.31	
6"	\$1,165.05	\$3.47	\$4.87	6"	\$1,747.57	\$5.20	\$7.31	
8"	\$3,262.13	\$3.47	\$4.87	8"	\$4,893.20	\$5.20	\$7.31	
10"	\$4,893.20	\$3.47	\$4.87	10"	\$7,339.80	\$5.20	\$7.31	

2.7. Nonprofit Service is defined as water service to a nonprofit entity that is organized as a public benefit corporation or religious corporation as those terms are defined under ORS 65.001.

The applicable percentage increase has been applied, and then the result is rounded to the whole cent and individual rates in the chart below may be further adjusted, for example to align the rate schedule to AWWA standard multipliers. As a result, the proposed base rate for Nonprofit service for a 1-1/4” meter has been increased from current rates to account for properly aligning the base rates to American Water Works Association (AWWA) recommended base rate multipliers by meter size. No new 1-1/4” meters are available. The 1-1/4” rate is for the few remaining meters in service. Nonprofit minimum base charges per meter per month by meter size and volume charges are:

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NONPROFIT								
Inside City of Hillsboro Monthly Rates				2020	Outside City of Hillsboro Monthly Rates (Upper System)			
C-10 Nonprofit Class Code 8					C-10 Nonprofit Class Code 8			
Meter Size	Base Rate	Winter Volume	Usage over Winter Volume per ccf		Meter Size	Base Rate	Winter Volume	Usage over Winter Volume per ccf
5/8"x3/4"	\$31.45	\$2.76	\$3.89	5/8"x3/4"	\$47.17	\$4.14	\$5.83	
1"	\$52.41	\$2.76	\$3.89	1"	\$78.62	\$4.14	\$5.83	
1-1/4"	\$102.84	\$2.76	\$3.89	1-1/4"	\$154.25	\$4.14	\$5.83	
1-1/2"	\$104.83	\$2.76	\$3.89	1-1/2"	\$157.24	\$4.14	\$5.83	
2"	\$167.73	\$2.76	\$3.89	2"	\$251.59	\$4.14	\$5.83	
3"	\$335.44	\$2.76	\$3.89	3"	\$503.17	\$4.14	\$5.83	
4"	\$524.13	\$2.76	\$3.89	4"	\$786.21	\$4.14	\$5.83	
6"	\$1,048.28	\$2.76	\$3.89	6"	\$1,572.42	\$4.14	\$5.83	
8"	\$2,935.18	\$2.76	\$3.89	8"	\$4,402.76	\$4.14	\$5.83	
10"	\$4,402.76	\$2.76	\$3.89	10"	\$6,604.14	\$4.14	\$5.83	

3. The applicable percentage increase has been applied, and then the result is rounded to the nearest whole cent. Wholesale volume charges are set as follows:

City of Hillsboro Water Rates			
Service Type	Rate	2020	
C-7 City of Hillsboro Wholesale - Cornelius	\$1.66	per ccf volume rate (Class code 7)	
C-7 City of Hillsboro Wholesale - Gaston	\$1.60	per ccf volume rate (Class code 7)	
C-7 City of Hillsboro Wholesale - LA Water Co-op	\$1.60	per ccf volume rate (Class code 7)	

4. Fire Protection Service is defined as water service for fire suppression with minimal average usage. The applicable percentage increase has been applied, and then the result is rounded to the whole cent and individual rates in the chart below may be further adjusted. Fire Protection charge per meter per month are set as follows:

FIRE PROTECTION		
Monthly Rates - All Fire Protection		
C-4 Private Fire Protection & C-5 Public Fire Protection		
Meter Size	Base Rate	2020
1"	\$6.03	
2"	\$12.06	
3"	\$18.10	
4"	\$24.13	
6"	\$36.19	
8"	\$48.26	
10"	\$60.32	
12"	\$72.39	

5. Bulk Water Service is defined as temporary water service through a City meter attached to an appropriate hydrant under a valid bulk water permit. All water use not associated with a specific meter water service line must be obtained through the City’s Bulk Water System. Bulk Water volume usage is charged at the commercial winter volume rate as noted in section 5.5 of the chart below. Bulk Water Supply and Hydrant Usage fees are set as follows:

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Section	Hillsboro Water: Bulk Water Supply and Hydrant Use Fees	2020
Bulk Water Service is defined as temporary water service through a City meter attached to an appropriate hydrant under a valid bulk water permit. Full definition is in the Utilities Commission Resolution.		
5.1	Permit fee per day. Permit fees accrue daily until surrendered by user or terminated by Department. Permit fees may be billed monthly, semi-monthly, other interval, and/or upon surrendering of the permit.	\$1.00
5.2	Hydrant meter rental fee per day. Rental fees accrue daily until return of assembly to Department Distribution Office. Rental fees may be billed monthly, semi-monthly, other interval, and/or upon surrendering of the hydrant meter.	\$3.00
5.3	Hydrant meter deposit. Deposit is refundable less any damage cost or unpaid permit, rental and consumption fees or charges.	\$675.00
5.4	Site specific hydrant permit fee. No proration of fees for partial year usage.	\$130.00
5.5	Bulk water fee per 1,000 gallons.	\$4.22
5.6	Designated filling station fee per occurrence.	\$15.00
5.7	Vehicle inspection at Distribution Office. Fee per vehicle.	\$0.00
5.8	Vehicle inspection on-site. Fee per vehicle.	\$30.00
5.9	Small building construction bulk water permit fee (Standpipe). Department cost plus 10%.	
5.10	Hydrant Wench Purchase. Department cost plus 10%.	
5.11	Backflow device rental fee per day. Rental fees accrue daily until return of assembly to Department Distribution Office. Rental fees may be billed monthly, semi-monthly, other interval, and/or upon surrendering of the hydrant meter.	\$2.00
5.12	Backflow Device Deposit: Deposit is refundable less any damage cost or unpaid permit, rental and consumption fees or charges.	\$350.00

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6. Monetary Penalties Per Occurrence are set as follows:

Section	Hillsboro Water: Monetary Penalties (Charge per occurrence)	2020
6.1	Meter tampering	\$100.00
6.2	Department removal of meter if the customer removes or attempts to remove lock	\$150.00
6.3	Setter space bridging, bypassing an installed meter, relocating a meter, or other similar water usage through service line without a valid meter recording water usage.	\$500.00
6.4	Department removal of service line from main if the customer re-attempts to bridge the gap resulting from meter removal or by-passes the meter.	\$500.00
6.5	Department reinstallation of service line from the main caused by action in Section 6.4; Department costs on a time and materials basis.	
6.6	Lost or stolen meters during construction, damage to water service after installation, repair of meter caused by customer tampering: Department repair costs on a time and materials basis.	
6.7	Tampering with a hydrant meter.	\$500.00
6.8	Improper use of a public hydrant.	\$500.00
6.9	Use of bulk water system hydrant without a bulk water permit or with permit but not using designated hydrant.	\$500.00
6.10	Use of unregistered water conveyance vehicle or a water conveyance vehicle with an expired registration decal.	\$500.00
6.11	Damage from improper use of a hydrant (via water hammer), the hydrant, or the surrounding area (erosion): Department repair costs on a time and materials basis.	
6.12	Damage, water lost, and equipment either lost or stolen from Permittee leaving the meter/chapman valve assembly attached to the hydrant unattended: Department repair costs on a time and materials basis.	
6.13a	Water theft by illegal fixed plumbing on-site taps. Residential customer fine per day until corrected.	\$5.00
6.13b	Water theft by illegal fixed plumbing on-site taps. Commercial/industrial customer fine per day until corrected. One percent of annual utility bill per day until corrected.	

7. Operational Fees are set as follows:

Section	Hillsboro Water: Operational Fees	2020
7.1	Check returned for insufficient funds (NSF)	\$25.00
7.2	Posting or mailing final notice	\$5.00
7.3a	Service charges for voluntary interruption of customer connections: First call in calendar year, if made Monday through Friday during normal office hours (8 a.m. to 4 p.m.).	\$0.00
7.3b	Service charges for voluntary interruption of customer connections: Each additional call during a calendar year, made Monday through Friday during normal office hours (8 a.m. to 4 p.m.)	\$25.00
7.3c	Service charges for voluntary interruption of customer connections: Calls after normal office hours and weekends.	\$100.00
7.4	Response to calls for leaks or emergencies beyond the customer's control.	\$0.00
7.5a	Shutoff process for non-payment or for violation of backflow requirements: Inside corporate limits, fee applied to account at time disconnection is scheduled.	\$50.00
7.5b	Shutoff process for non-payment or for violation of backflow requirements: Outside corporate limits, fee applied to account at time disconnection is scheduled.	\$75.00
7.6	Service charges to turn on and unlock water meter when water service has been shut off for non-payment of accounts or for violation of backflow requirements: Between the hours of 4:01 p.m. and 7:59 a.m. on regular working days, all day on Saturdays, Sundays, and legal holidays, inside and outside corporate limits.	\$100.00
7.7a	A required service order must be executed and a connection service charge will be added to the opening utility bill. Inside corporate limits.	\$15.00
7.7b	A required service order must be executed and a connection service charge will be added to the opening utility bill. Outside corporate limits.	\$35.00
7.7c	If the connection service charge is not paid, the delinquent process shall begin.	
7.8	Service charge for third party collection: Pass through of full service cost charged by the third party collection entity.	

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8. Review and Permit Fees are set as follows:

Section	Hillsboro Water: Review and Permit Fees	2020
8.1	Review and permit fee if water improvements construction estimate less than \$10,000.	\$750.00
8.2	Review and permit fee: Five percent (5%), but not less than \$750, if water improvements construction estimate less than \$50,000.	
8.3	Review and permit fee: Four percent (4%), but not less than \$2,550, if water improvements construction estimate less than \$250,000.	
8.4	Review and permit fee: Three and one-half percent (3.5%), but not less than \$10,000, if water improvements construction estimate over \$250,000.	
8.5	Review and permit fee: Fee listed, plus one year warranty bond for fire hydrant, fire service line, right of way permit.	\$250.00
8.6	Application fee for extraterritorial water service (outside City limits) for 3/4" and 1" water meters.	\$250.00
8.7	Application fee for extraterritorial water service (outside City limits) for water meters larger than 1".	\$500.00

9. Testing Fees are set as follows:

Section	Hillsboro Water: Testing Fees	2020
9.1	Fire hydrant flow testing: Fee each occurrence.	\$150.00
9.2	Fire hydrant flow testing with extended static hydrant pressure logging: Fee each occurrence.	\$250.00

10. The rates and fees set by this Resolution become effective January 1, 2020, and all statements for service after that date will be pro-rated. Water used or fees charged before January 1, 2020 will be calculated at the old rate and water used or fees charged on or after January 1, 2020 will be calculated at the new rate.

11. Repeal. This Resolution repeals as of January 1, 2020, Resolution No. 229-W, 229-W Revised, and all previous resolutions or parts of resolutions that conflict with this Resolution.

12. This Resolution is effective from and after its adoption by the Commission.

Adopted by the City of Hillsboro Utilities Commission.

Chairman

Attest: _____
Commission Clerk

Date: _____