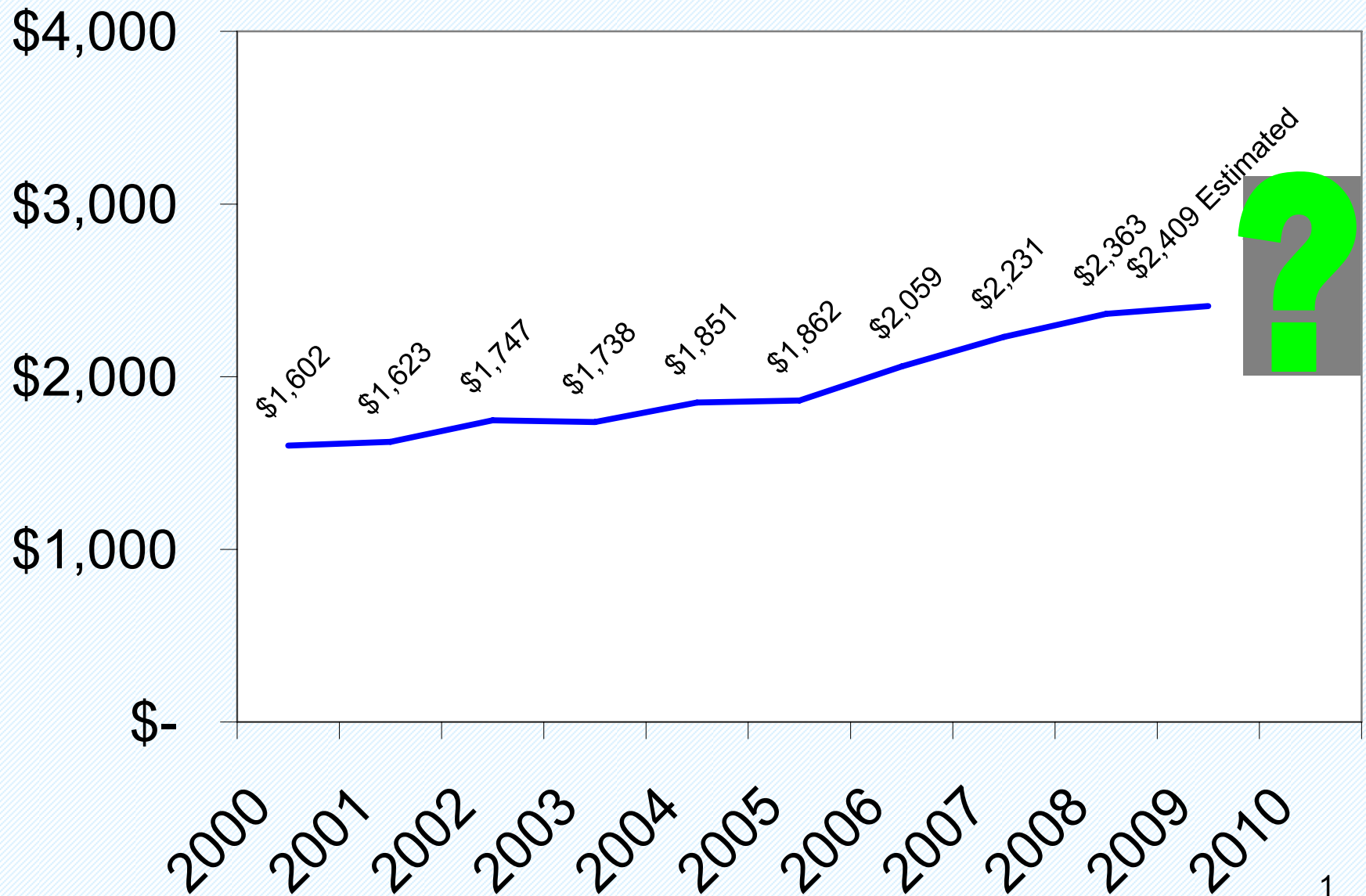


October 6, 2009
City Council
Utility Rate Study Presentation



Glenn Cutler, Director of Public Works & Utilities
Larry Dunbar, Deputy Director of Power Systems

Port Angeles Utility Customer Cost?



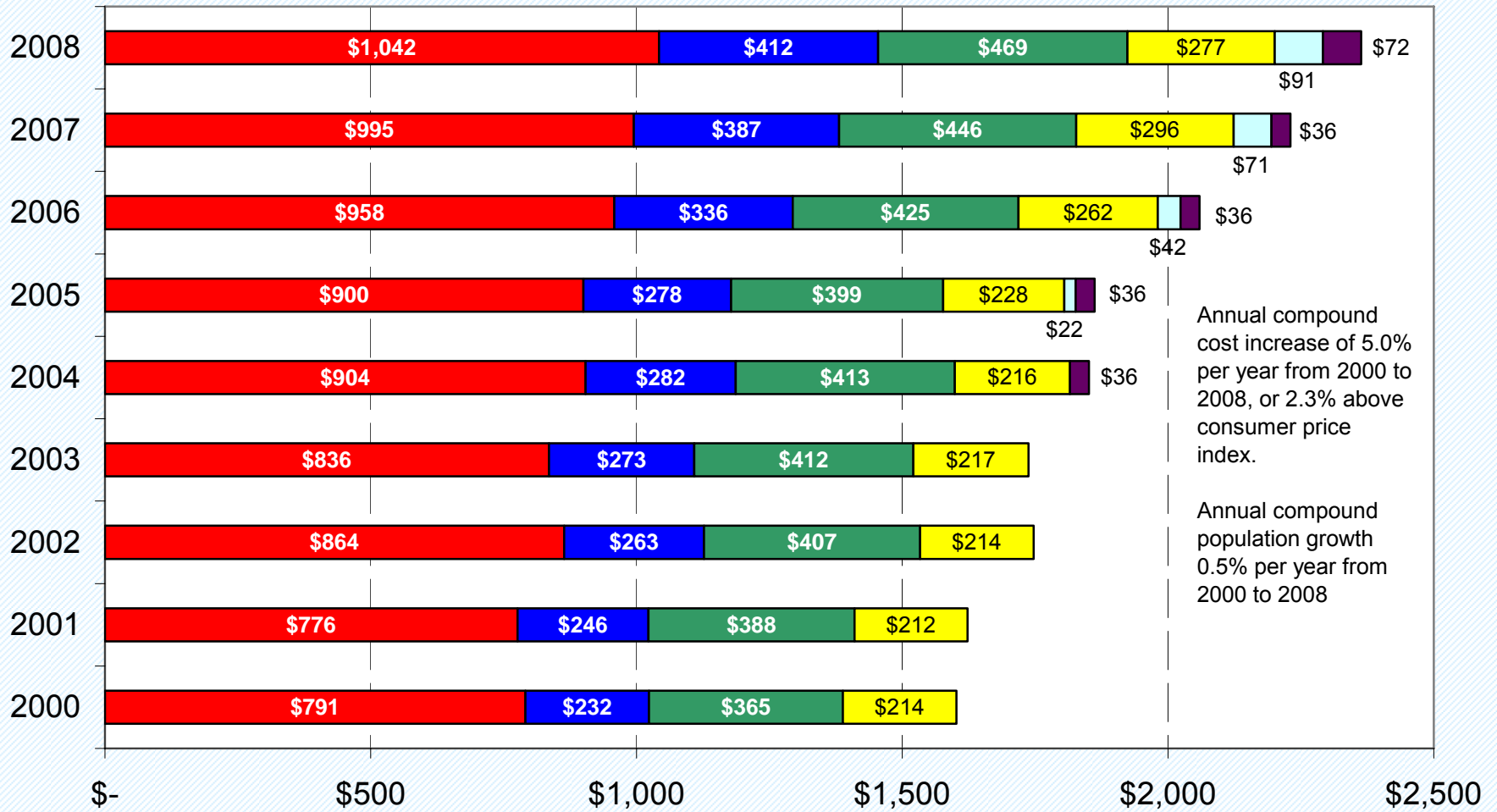
Proposed Agenda

1. Historical Utility Rates & Costs
2. 2010 Proposed Utility Rate Adjustments
3. 2010 Proposed Utility Fee Adjustments
4. Ongoing Utility Cost Savings Efforts
5. 2010 Unrestricted Cash Snapshot
6. Electric, Collection, Stormwater, Water, Wastewater, and Transfer Station Utility Rate Studies
7. Summary & What's Next?

Historical Rate Adjustments

Utility	2005	2006	2007	2008	2009
Electric - Base	-	-	-	-	-
Electric - Consumption	6.5%	-	5.9%	-	-
Stormwater	-	-	-	100.0%	-
Collections - Weekly Pickup	5.0%	24.8%	-	-1.8%	1.5%
Collections - EOW Pickup	-	-	-	-10.9%	1.5%
Water - Base	4.0%	3.0%	19.0%	19.0%	7.0%
Water - Consumption	4.0%	3.0%	19.0%	19.0%	7.0%
Wastewater	-	4.3%	4.8%	5.3%	2.1%
Wastewater - CSO	-	108.0%	54.0%	37.0%	29.0%
Transfer Station	5.0%	5.0%	14.5%	7.5%	10.5%
Blue Mountain	-	-	-	7.5%	3.5%

Port Angeles Utility Customer Cost



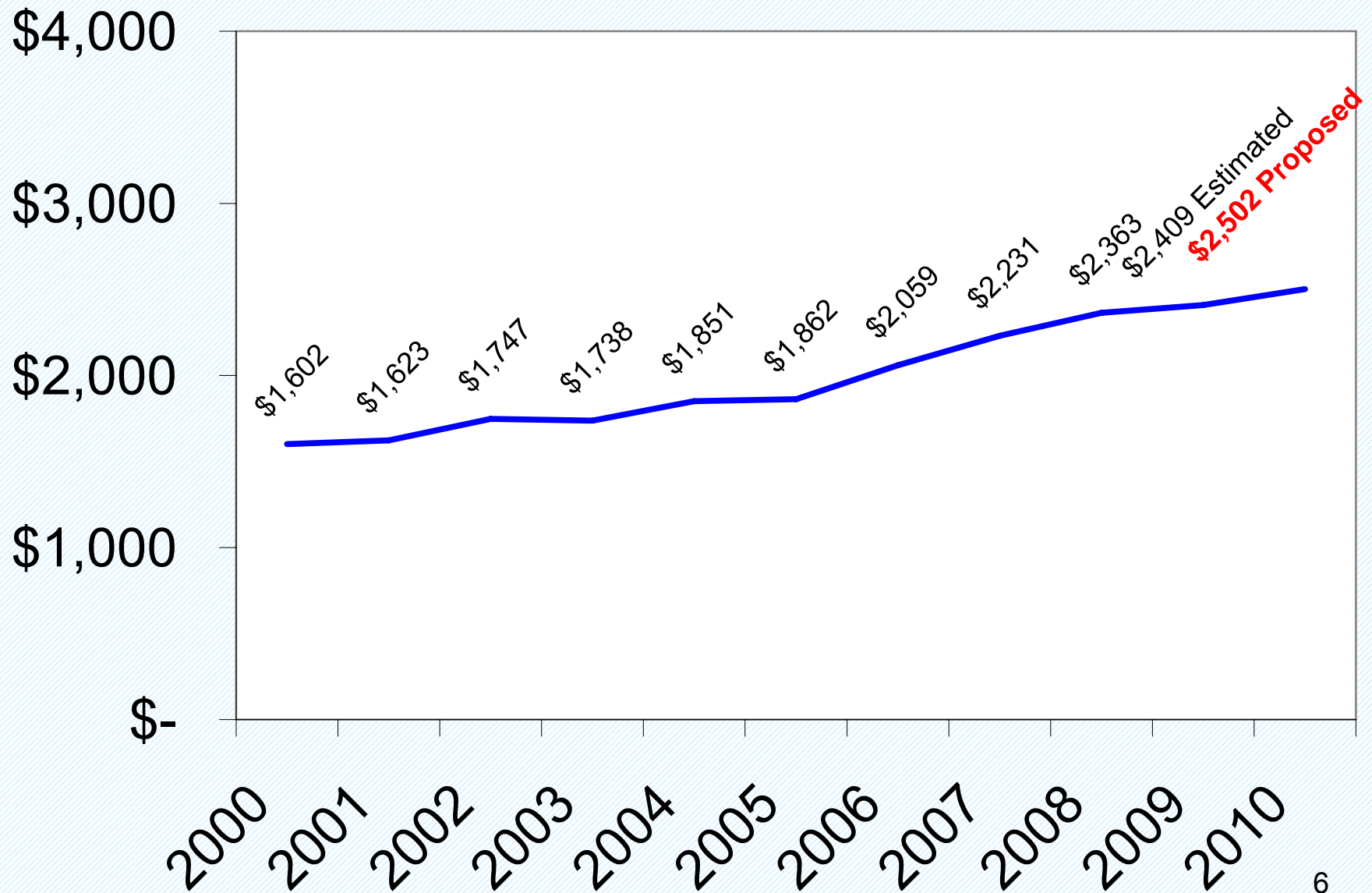
Average Annual Cost (based on actual charges, customers, and consumption)

■ Electric
 ■ Water
 ■ Wastewater
 ■ Garbage
 ■ Combined Sewer Overflow
 ■ Stormwater

2010 Proposed Rate Adjustments Port Angeles Utility Customers

Utility	2009 Residential Rates	2010 Proposed Rate Adjustment	Monthly Increase	FCS Group Report
Electric - Base	\$11.00/month	0.0%	\$ -	0.0%
Electric - Consumption	0.0582/kWh	0.0%	\$ -	0.0%
Stormwater	6.00/month	0.0%	\$ -	N/A
Collections - Weekly Pickup	27.20/month	0.0%	\$ -	3.5%
Collections - EOW Pickup	19.75/month	0.0%	\$ -	3.5%
Water - Base	24.65/month	8.5%	\$ 2.10	8.5%
Water - Consumption	1.92/100 CF	8.5%	\$ 1.07	8.5%
Wastewater	38.35/month	4.0%	\$ 1.50	4.0%
Wastewater - CSO	10.25/month	30.1%	\$ 3.10	30.1%
Average Customer Total 1,300 kWh & 655 CF	\$198.23/month	3.9%	\$ 7.77	
	Without CSO	2.5%	\$ 4.67	

Port Angeles Utility Customer Cost?



2010 Proposed Rate Adjustments Transfer Station Utility

Transfer Station	2009 Rates (per ton)	2010 Proposed Rate Adjustment	Increase (per ton)	FCS Group Report
Transfer Station - Collection Entities	\$91.35	4.5%	\$4.11	10.5%
Transfer Station - Self Haulers	\$114.90	4.5%	\$5.17	10.5%
Yard Waste - Collection Entities	\$25.75	4.5%	\$1.16	10.5%
Yard Waste - Self Haulers	\$43.00	4.5%	\$1.94	10.5%
Biosolids - Collection Entities	\$45.00	4.5%	\$2.03	10.5%
Blue Mountain - Self Haulers	\$204.65	0.0%	\$0.00	10.5%

2010 Proposed Rate Adjustments Transfer Station Utility

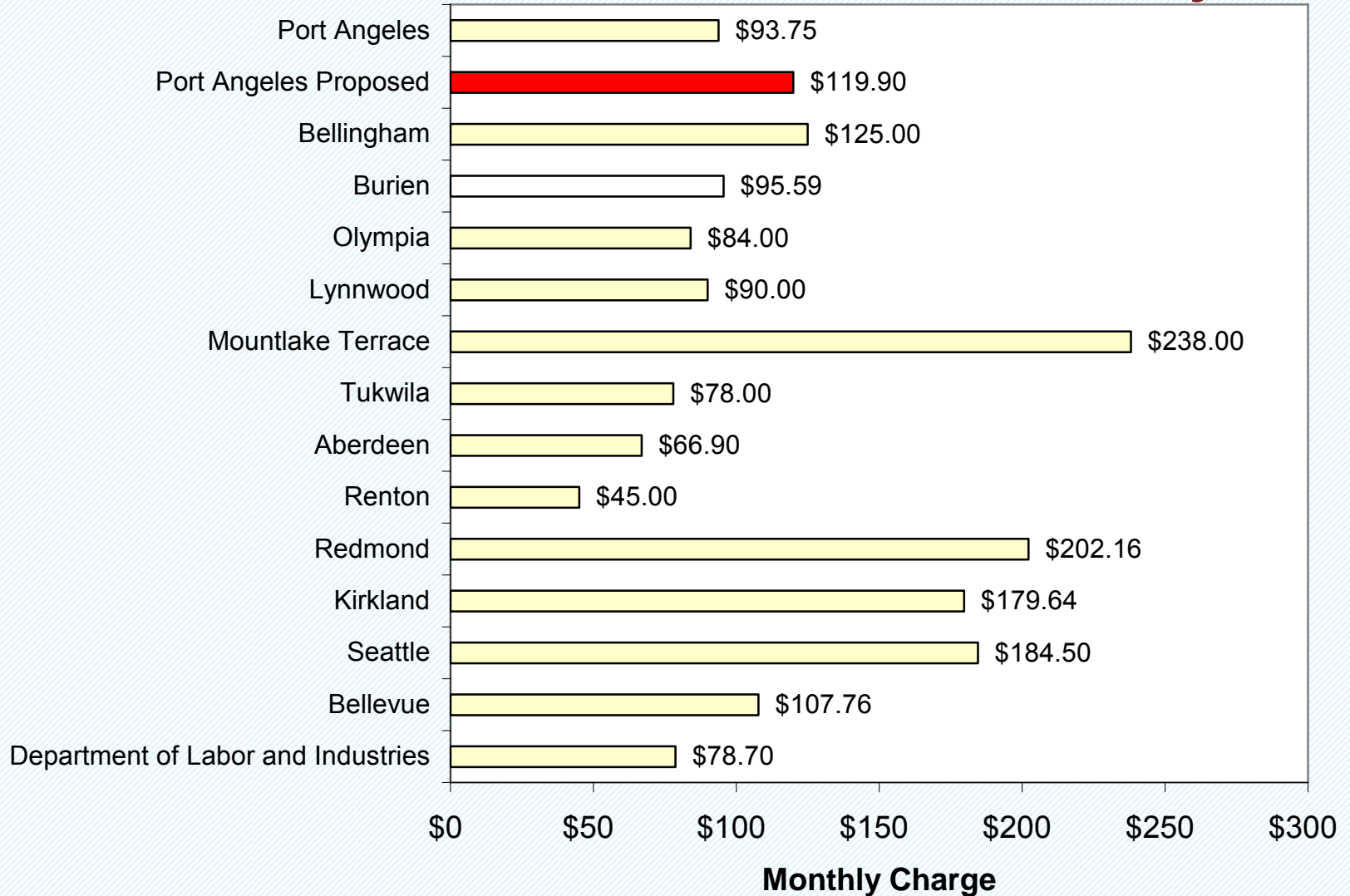
Transfer Station	2009 Rates (per yard)	2010 Proposed Rate Adjustment	Increase (per yard)	FCS Group Report
Compost 1-3 Yards	\$20.00	0.0%	\$0.00	10.5%
Compost 4-49 Yards	\$17.00	0.0%	\$0.00	10.5%
Compost 50-99 Yards	\$15.00	6.7%	\$1.00	10.5%
Compost 100-299 Yards	\$14.00	7.1%	\$1.00	10.5%
Compost 300 Yards or More	\$13.00	7.7%	\$1.00	10.5%
Compost 4 Yards or More (Schools, Non-Profit, or Governmental Agencies)	\$15.00	0.0%	\$0.00	10.5%

2010 Proposed Electric Utility Fee Adjustments

Electric Utility	2009 Fees	2010 Total Proposed Fee		2010 Proposed Fee Increase		2010 Proposed Taxes		FCS Group 2010 Proposed	
Electrical Work Permits	\$93.75	\$119.90	27.9%	16.7%	\$15.66	8.7%	\$10.49	25.0%	\$109.41
Pole Attachments	\$11.50	\$13.80	20.0%	9.6%	\$1.10	8.7%	\$1.20	37.8%	\$15.85
Construction Contribution	Varies	Varies	9.6%	0.0%	\$0.00	8.7%	Varies	N/A	N/A
Transformer Fees	\$410	\$440	7.3%	0.0%	\$0.00	7.5%	\$30.00	7.5%	\$440
(Overhead/Underground)	\$713	\$770	8.0%	0.0%	\$0.00	7.5%	\$57.00	7.5%	\$770

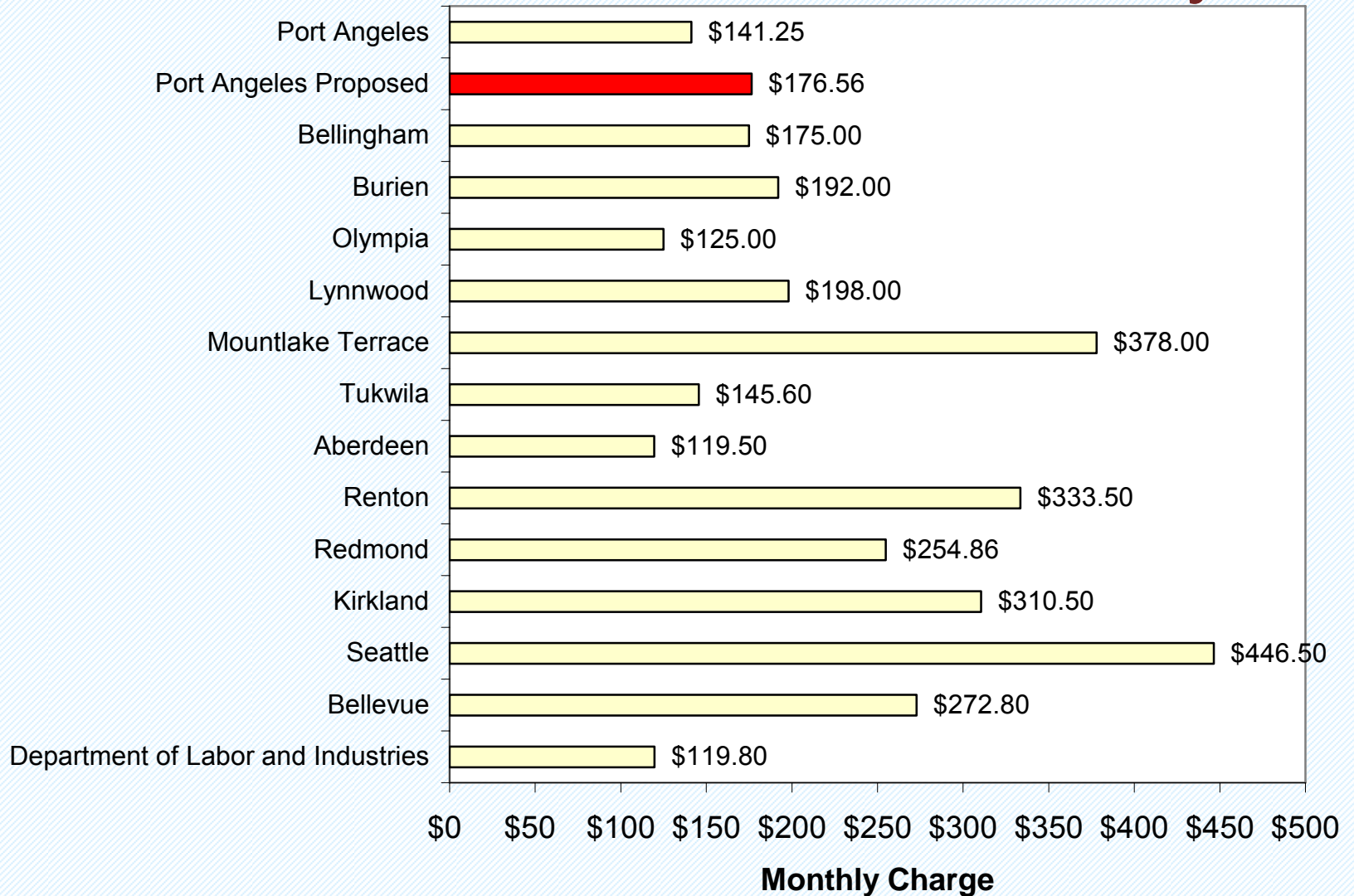
Electrical Work Permit Fee Survey

2009 Rate Survey
200 AMP Altered Service

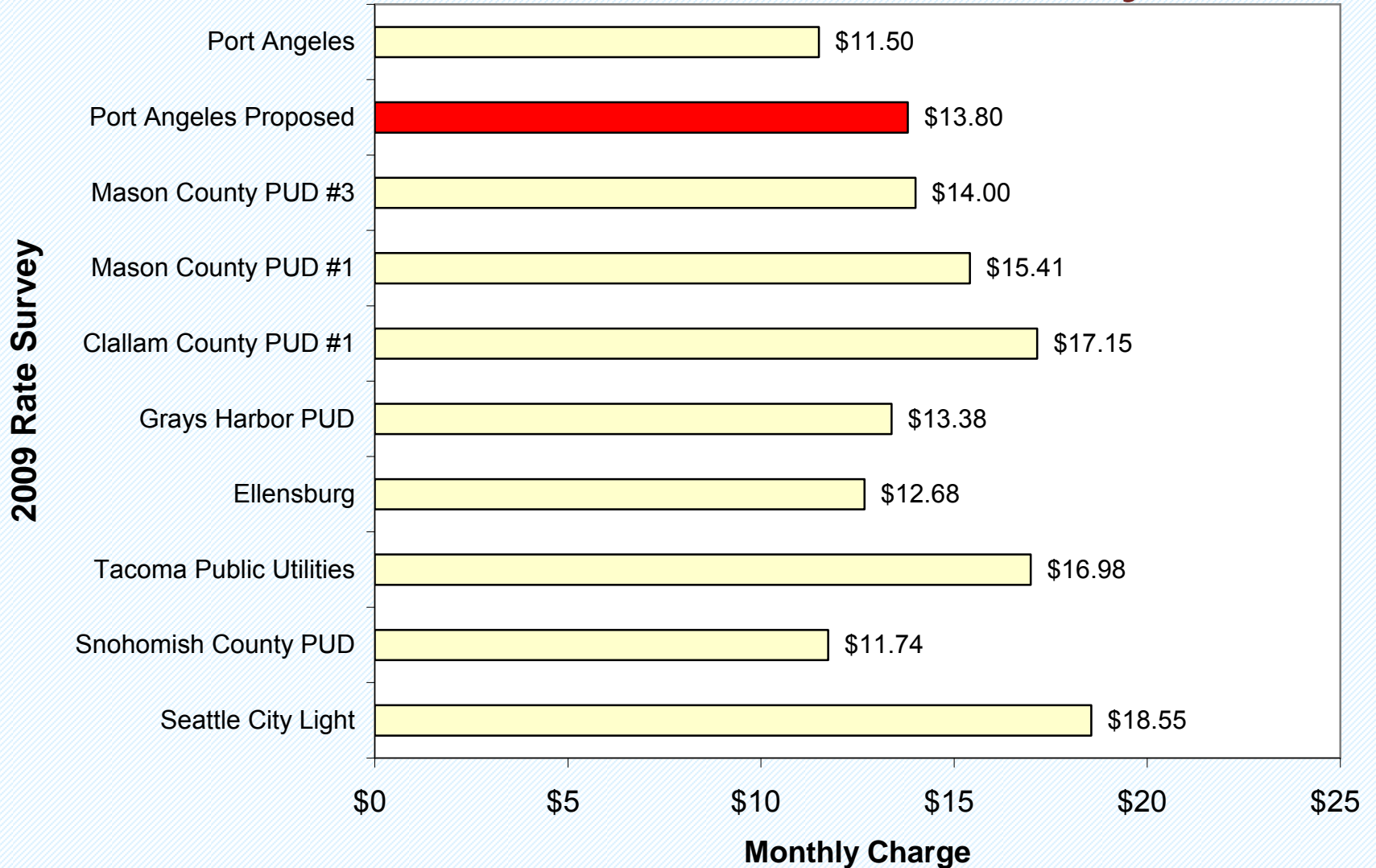


Electrical Work Permit Fee Survey

2009 Rate Survey
2200 Square Foot Home



Pole Attachment Fee Survey

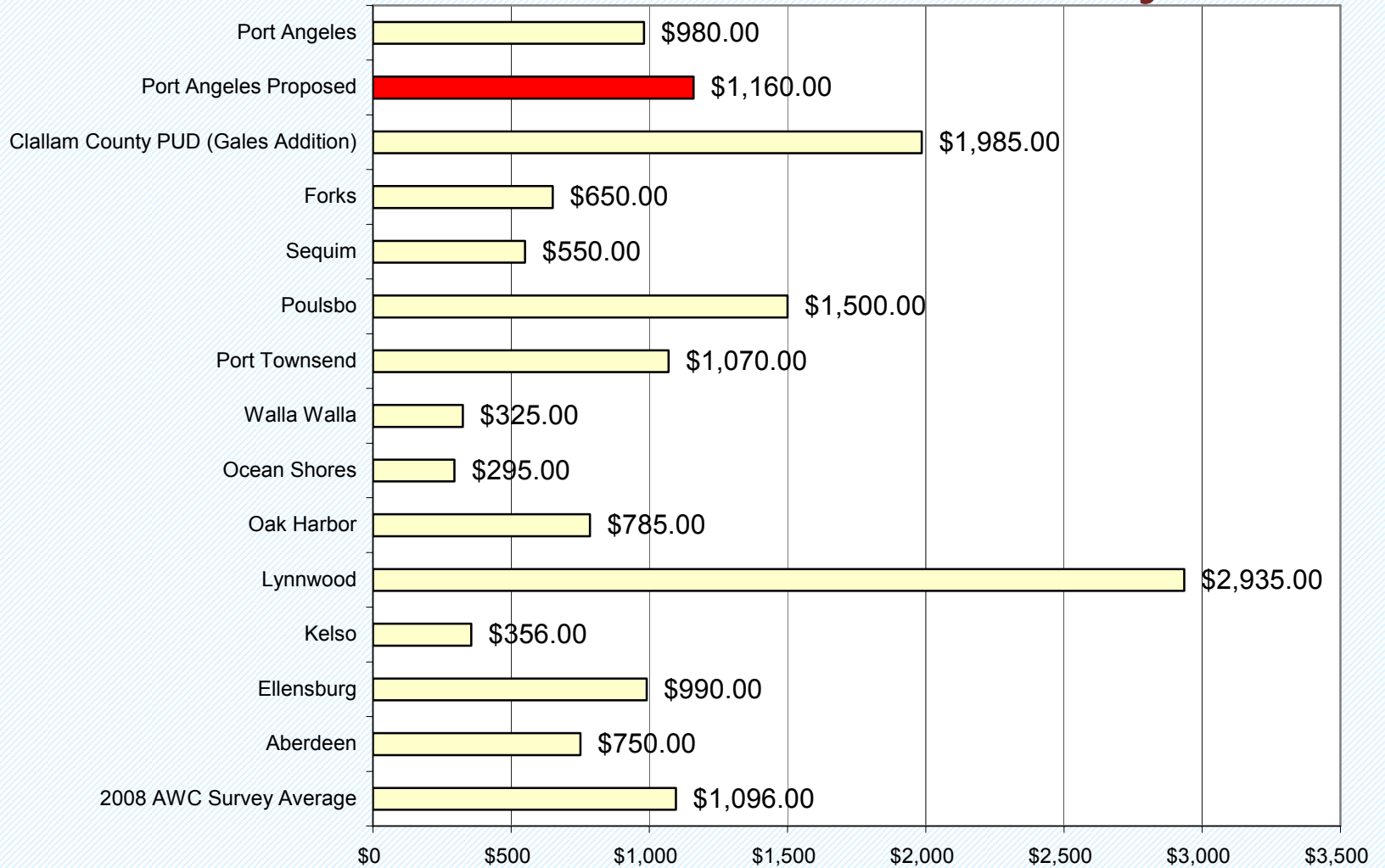


2010 Proposed Water Utility Fee Adjustments

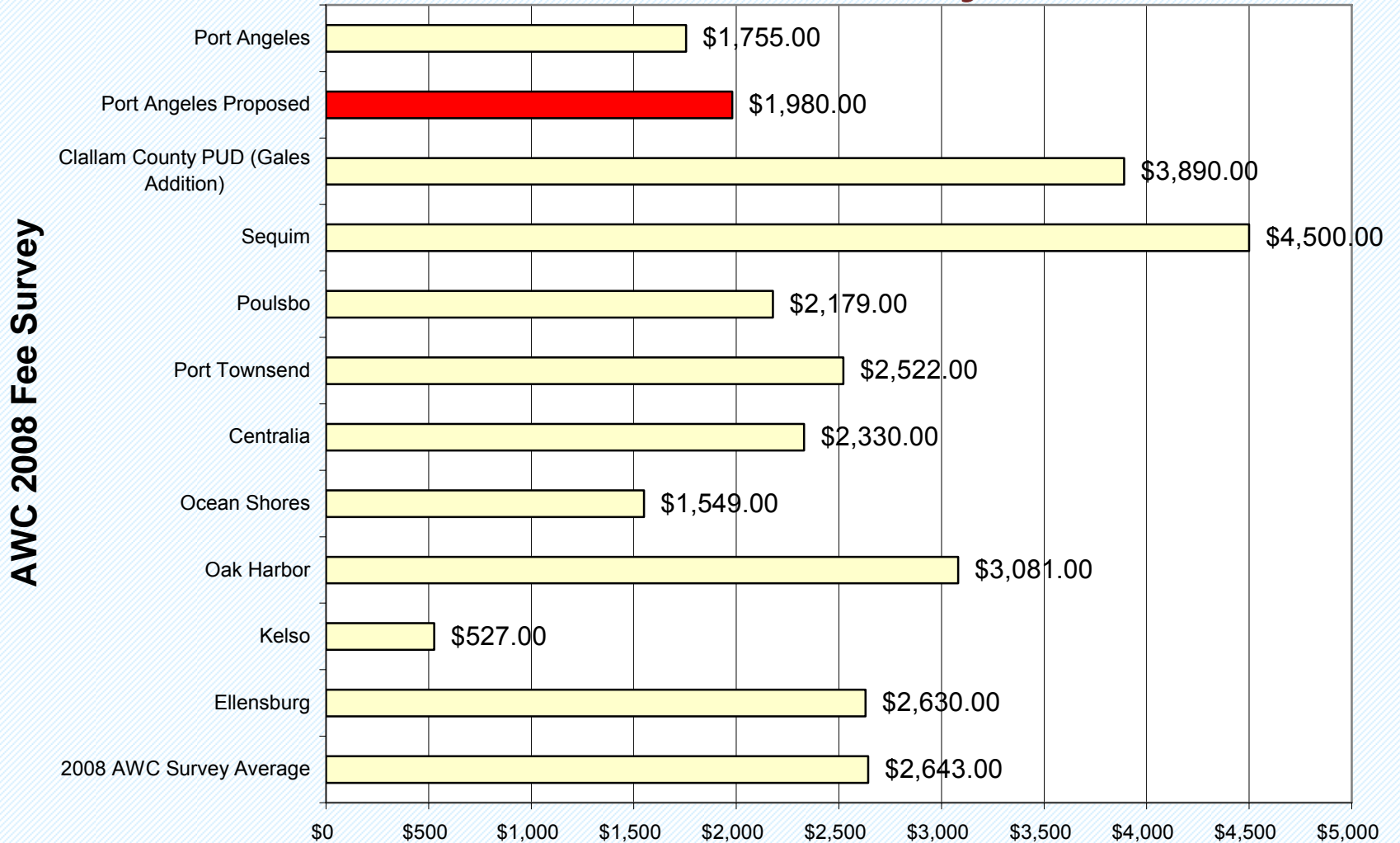
Water Utility - Residential	2009 Fees	2010 Total Proposed Fee	2010 Proposed Fee Increase	2010 Proposed Taxes	FCS Group 2010 Proposed
Connection 5/8 Inch	\$980	\$1,160 18.4%	5.0% \$49.00	11.5% \$131.00	21.4% \$1,190
Connection 3/4 Inch	\$980	\$1,160 18.4%	5.0% \$49.00	11.5% \$131.00	21.4% \$1,190
Connection 1 Inch	\$1,060	\$1,260 18.9%	5.0% \$53.00	11.5% \$147.00	21.7% \$1,290
	2010 Fee	2010 Revised Fee			
WUGA Connection	\$3,500	\$3,950 12.9%	0.0% \$0.00	11.5% \$450.00	N/A N/A
System Development	\$1,755	\$1,980 12.8%	0.0% \$0.00	11.5% \$225.00	N/A N/A
	2011 Fee	2011 Revised Fee			
System Development	\$2,000	\$2,260 13.0%	0.0% \$0.00	11.5% \$260.00	N/A N/A
Water Utility - Commercial	2009 Fees	2010 Total Proposed Fee	2010 Proposed Fee Increase	2010 Proposed Taxes	FCS Group 2010 Proposed
Connection 1 Inch	\$1,515	\$1,710 12.9%	0.0% \$0.00	11.5% \$195.00	0.0% \$1,515
Connection 1-1/2 Inch	\$2,700	\$3,200 18.5%	5.0% \$135.00	11.5% \$365.00	22.8% \$3,315
Connection 2 Inch	\$2,700	\$3,200 18.5%	5.0% \$135.00	11.5% \$365.00	22.8% \$3,315
	2010 Fee	2010 Revised Fee			
WUGA Connection	\$5,600	\$6,330 13.0%	0.0% \$0.00	11.5% \$730.00	0.00% \$0

Water Connection Fee Survey

AWC 2008 Fee Survey



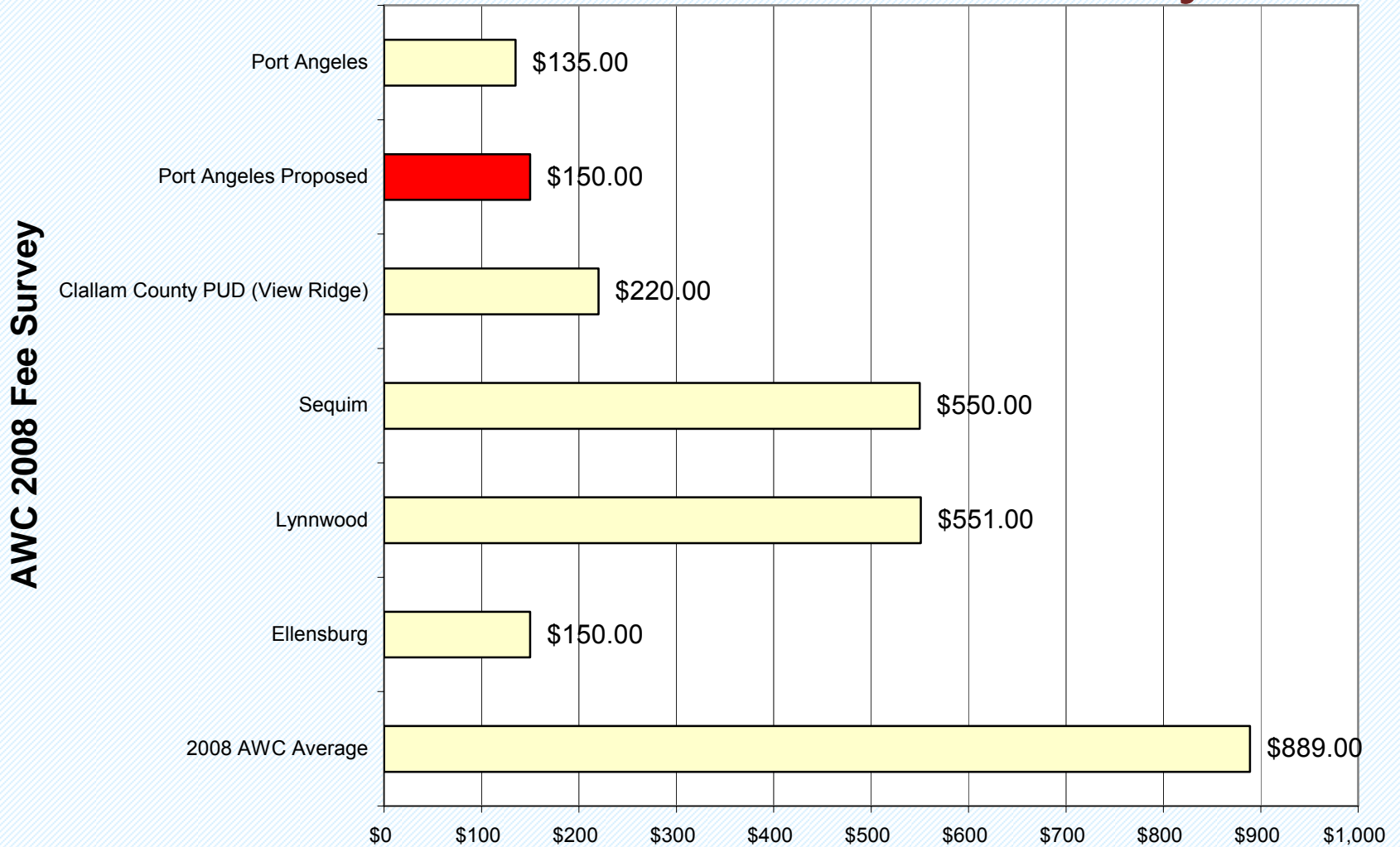
Water SDC Survey



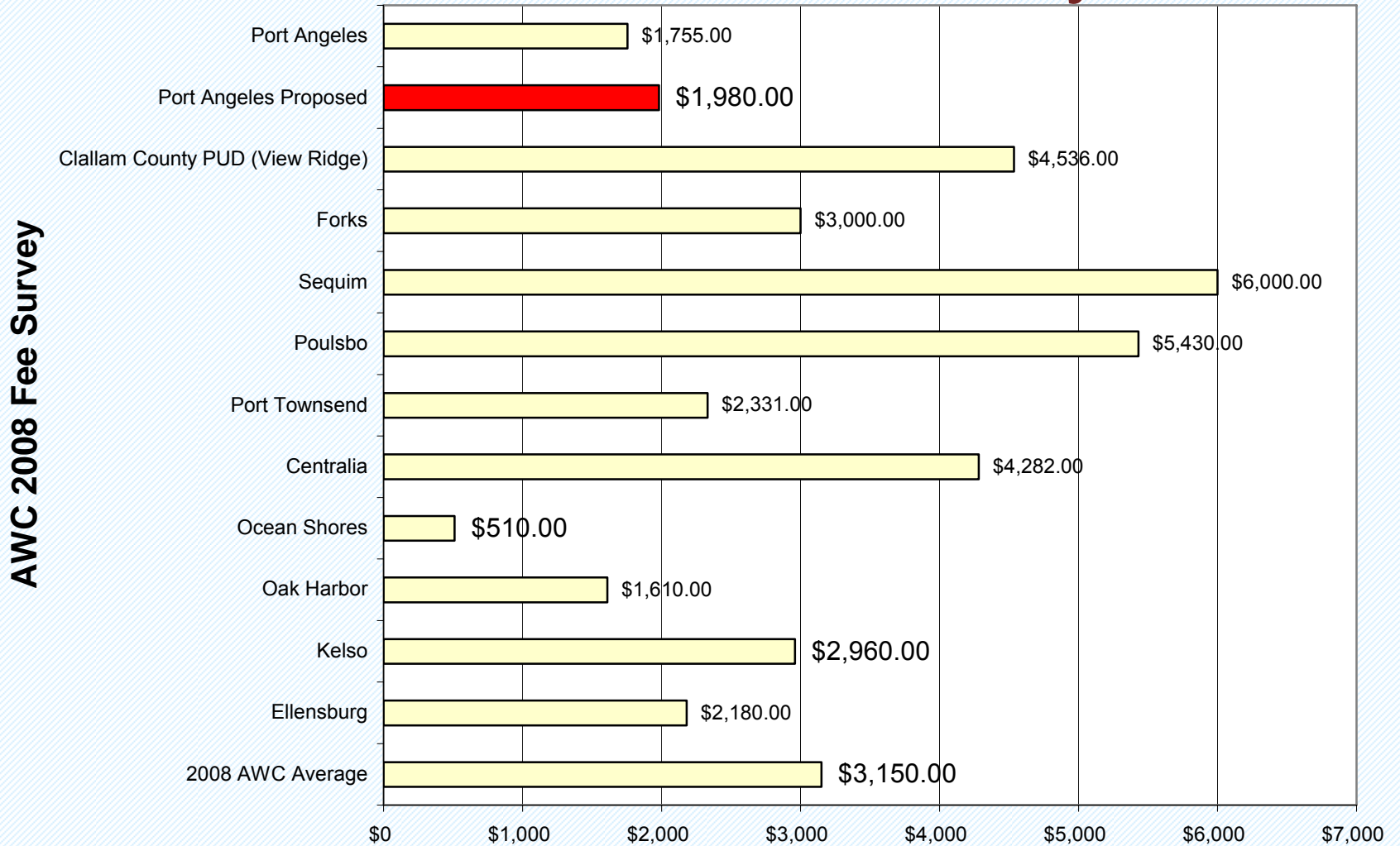
2010 Proposed Wastewater Utility Fee Adjustments

Wastewater Utility	2009 Fees	2010 Total Proposed Fee	2010 Proposed Fee Increase	2010 Proposed Taxes	FCS Group 2010 Proposed
Septic Hauler Fee	\$70	\$80 14.3%	1.2% \$0.84	11.5% \$9.16	N/A N/A
Sewer Permits	\$135	\$150 11.1%	1.6% \$2.16	11.5% \$12.84	N/A N/A
WUGA Connection	\$4,600	\$5,200 13.0%	0.0% \$0.00	11.5% \$600.00	N/A N/A
WUGA Connection	\$1,900	\$2,150 13.2%	0.0% \$0.00	11.5% \$250.00	N/A N/A
	2010 Fee	2010 Revised Fee			
System Development	\$1,755	\$1,980 12.8%	0.0% \$0.00	11.5% \$225.00	N/A N/A
	2011 Fee	2011 Revised Fee			
System Development	\$2,000	\$2,260 13.0%	0.0% \$0.00	11.5% \$260.00	N/A N/A

Wastewater Permit Fee Survey



Wastewater SDC Survey



2010 Proposed Utility Service Fee Adjustments

Service Fees	2009 Fees	2010 Total Proposed Fee	2010 Proposed Fee Increase		2010 Proposed Taxes		FCS Group 2010 Proposed	
Electric Utility	\$25	\$30 20.0%	6.5%	\$1.63	11.4%	\$3.38	N/A	N/A
Water Utility	\$25	\$30 20.0%	6.3%	\$1.58	11.5%	\$3.43	N/A	N/A
Wastewater Utility	\$25	\$30 20.0%	6.3%	\$1.58	11.5%	\$3.43	N/A	N/A
Collection Utility	\$25	\$30 20.0%	2.0%	\$0.50	15.1%	\$4.50	N/A	N/A
			Service Fee is proposed to not apply to Yard Waste containers beyond the first container					
Transfer Station Utility	\$25	\$30 20.0%	4.3%	\$1.08	13.1%	\$3.93	N/A	N/A
			Service Fee is proposed to also apply to reader card and transponder card replacement not due to normal wear and tear.					

Summary of 2010 Proposed Utility Fee Revenue Adjustments

Description	Fee Adjustment	Tax Adjustment	Total Adjustment
Service & Hookup Chgs	\$ -	\$ 8,000	\$ 8,000
Connection Fees	-	1,000	1,000
Electrical Permits	15,000	8,000	23,000
Pole Rental Contacts	5,130	7,000	12,130
Construction Contribution	-	16,000	16,000
Electric Total	20,130	40,000	60,130
Service & Hookup Chgs	-	4,000	4,000
Watermain Installation	-	2,000	2,000
System User Fees	-	5,000	5,000
Water Total	-	11,000	11,000
Commercial Leachate	-	16,000	16,000
Sewer Permits	-	1,000	1,000
EUGA System Dev Fee	-	1,000	1,000
Sewer System Dev	-	7,000	7,000
Dischg Chgs - Interfund From Landfill	-	3,000	3,000
Wastewater Total	-	28,000	28,000
Total all Utilities	\$ 20,130	\$ 79,000	\$ 99,130

Ongoing Utility Cost Savings Efforts

Description	Electric	Water	Wastewater	Collection	Transfer Station	Stormwater
Personnel reduction	Implemented	Implemented	Implemented	Implemented	Implemented	Implemented
Supplies reduction	Implemented	Implemented	Implemented	Implemented	Implemented	Implemented
Outsourced functions	Implemented	Not Considered	Not Considered	Implemented	Implemented	Not Considered
Charges & services reduction	Implemented	Implemented	Implemented	Implemented	Implemented	Implemented
Tax audit cost reduction	Implemented	Implemented	Implemented	Implemented	Implemented	Implemented
Debt service refinancing	Not Available	Implemented	Implemented	Not Applicable	Not Available	Not Applicable
Capital Facilities Plan postponement	Implemented	Implemented	Implemented	Not Applicable	Not Applicable	Implemented
CFP cash reduction/financing increase	Implemented	Implemented	Implemented	Not Applicable	Not Applicable	Implemented
Contribution to other funds reduction	Not Considered	Not Considered	Not Considered	Not Considered	Not Applicable	Not Applicable

Legend

Implemented
Available
Not Available
Not Applicable
Not Considered

2010 Unrestricted Cash Snapshot After Proposed Rate Adjustments

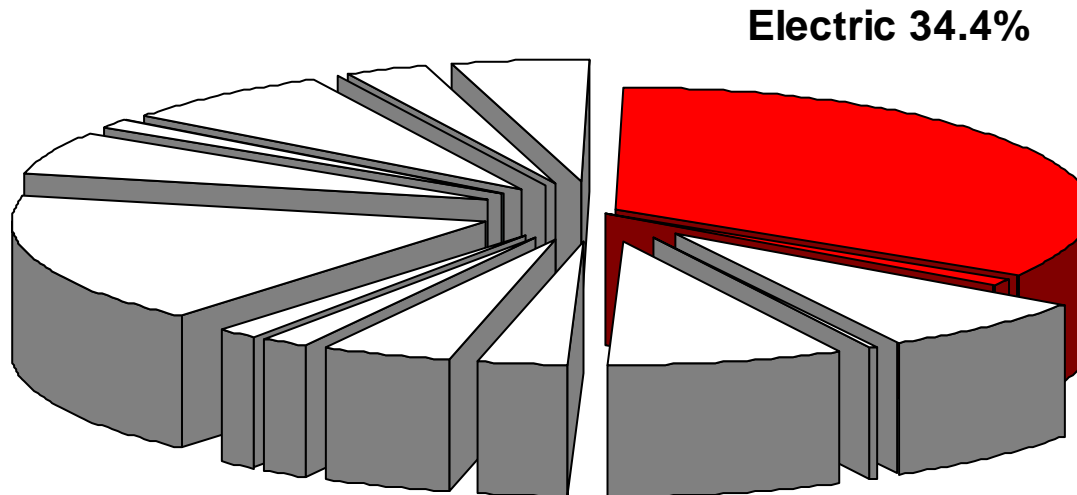
Description	Electric	Water	Wastewater	Collection	Transfer Station	Stormwater
Revenues less expenses (including CFP)	Positive	Neutral	Negative	Negative	Negative	Positive
Use unrestricted cash	Not Required	Not Required	Required	Required	Required	Not Required
Add to unrestricted cash						
Use rate stabilization reserve	Not Required		Not Required			
Use other cash reserves	Morse Creek	WTP O&M Fund	CSO & Septic		Post Closure	
Add to other cash reserves	Bond Reserve Light Operation	Bond Reserve	CSO, Septic, Bond Reserve		Post Closure	

Legend

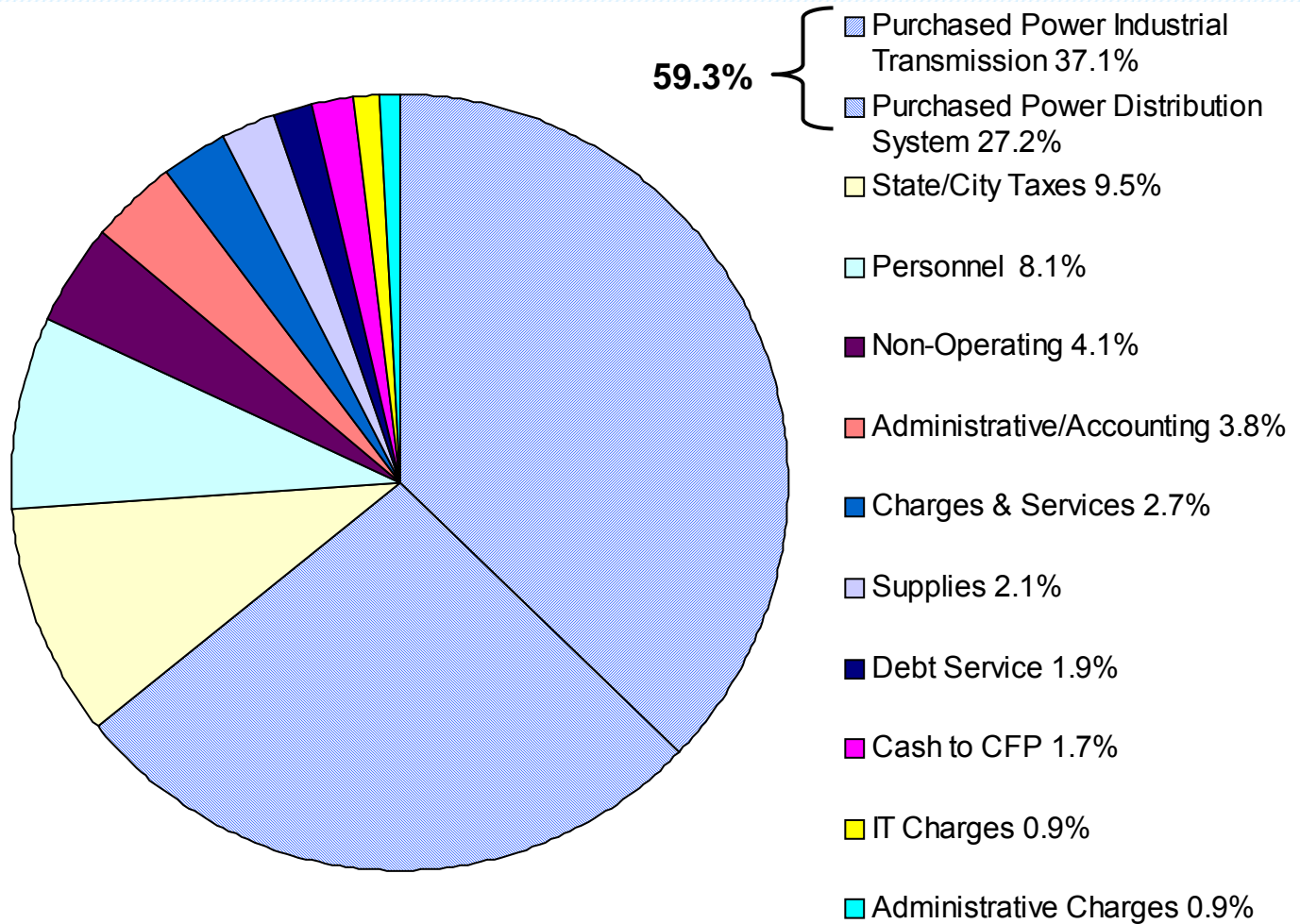
Implemented
Available
Not Available
Not Applicable
Not Considered

Electric Utility Rate Study

City Budget Breakdown



Electric Utility Expenses



Electric Rate Study Assumptions

- 2009 Revenues ▼\$1,219K
- 2009 O&M - ▼3,195K
- 2010 retail rate deficiency 0%
- 2010 retail rate adjustment proposed 0%
- ~7% BPA Wholesale Increase (no step)
- Reduction of “Lookback Credit”
- No BPA Transmission Increase
- Industrial Transmission Pass-Through

Electric Rate Study Assumptions

- Electric work permit – 2nd of 3rd year cost recovery proposed
- Pole attachments – 1st of 4th year extended cost recovery proposed
- No staff additions (2 of 3 crew unfilled)
- Light operation facility contribution
- Additional debt service
- No customer growth
- Rate stabilization adequate

Electric Rate Study Assumptions

- COLA included
- PERS decrease Medical Increase
- Tier 2 expanded conservation program
- Smart grid grant not included
- 2011 enhanced revenues due to meter error, shrinkage, meter reading
- Street lighting description & master-metered street lights clarifications

Electric Utility Challenges

- Increasing energy conservation program
- Advanced metering infrastructure, demand response, smart grid projects
- Future 9/30/2011 Tier 2 decision & BPA wholesale Tiered Rates
- Retail rate design under BPA wholesale Tiered Rates
- Climate change & renewables legislation
- Residential exchange program litigation
- 2011 economic development State law sunset

Electric Rate Study Findings

Capital Facilities Plan (\$1,000)

Capital Facilities Plan	2009	2010
Elwha Mitigation	255	-
Downtown Upgrades	60	-
Upgrade College Substation	50	-
Laurel Substation Structure	105	-
Replace Cable @ Crabapple Road	50	-
Replace Cable in Plaza Mall	90	-
Rayonier Transmission Line Renovation	30	-
Demand Management Tier 2 Generation	-	30
F Street 1202 Upgrade	-	170
WA Substation Transmission Line Renovation	-	200
Cable Restoration Phase II	-	100
Morse Creek Hydro Improvements	-	75
Advanced Metering Infrastructure	-	2,777
BPA Demand Response & Smart Grid	-	500
Total	640	3,852

Electric Rate Study Findings

Capital Facilities Plan Funding Sources (\$1,000)

Capital Facilities Plan Funding Sources	2009	2010
CFP Beginning Cash	254	-
Other Note Proceeds	-	2,777
Department of Energy	-	500
Cash/Rate Financed Contribution	281	500
Morse Creek Hydro Reserve	-	75
Elwha Mitigation	105	-
CFP Ending Cash	-	-

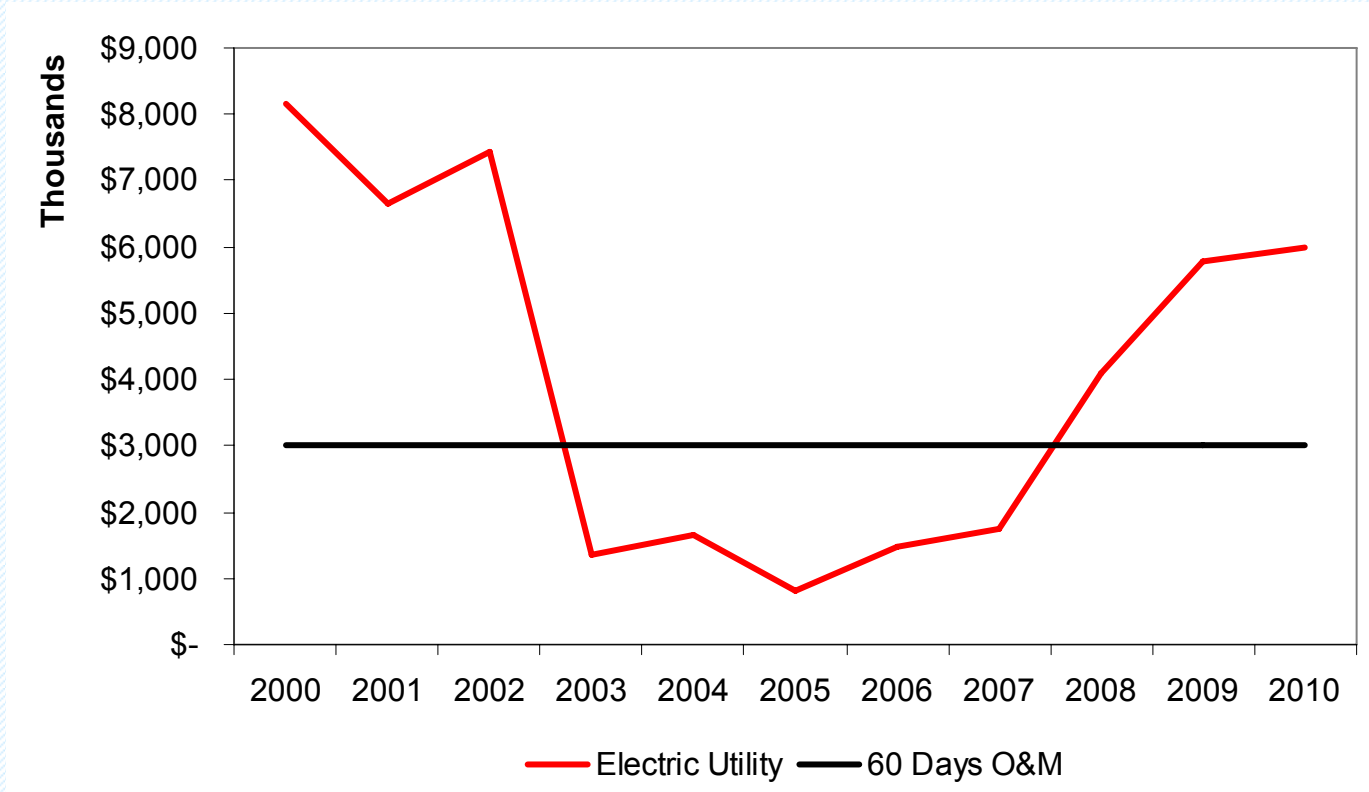
Electric Rate Study Findings

With 0% Rate Increase

Revenue Requirements (\$1,000)

Description	2009	2010
Distribution System Sales	17,317	17,317
Industrial Transmission Sales	11,001	12,375
Permit & Construction Related	343	386
Miscellaneous	419	208
Pole Rental	59	71
Total Revenues	29,139	30,357
Operation & Maintenance	5,975	6,623
Purchased Generation & Transmission	17,346	19,387
Taxes	2,814	2,877
Transfer Payments	352	174
Debt Service	451	565
Materials - Job Cost	520	520
Total Expenses	27,458	30,146
Revenues Less Expenses	1,682	211

Electric Unrestricted Cash Balance



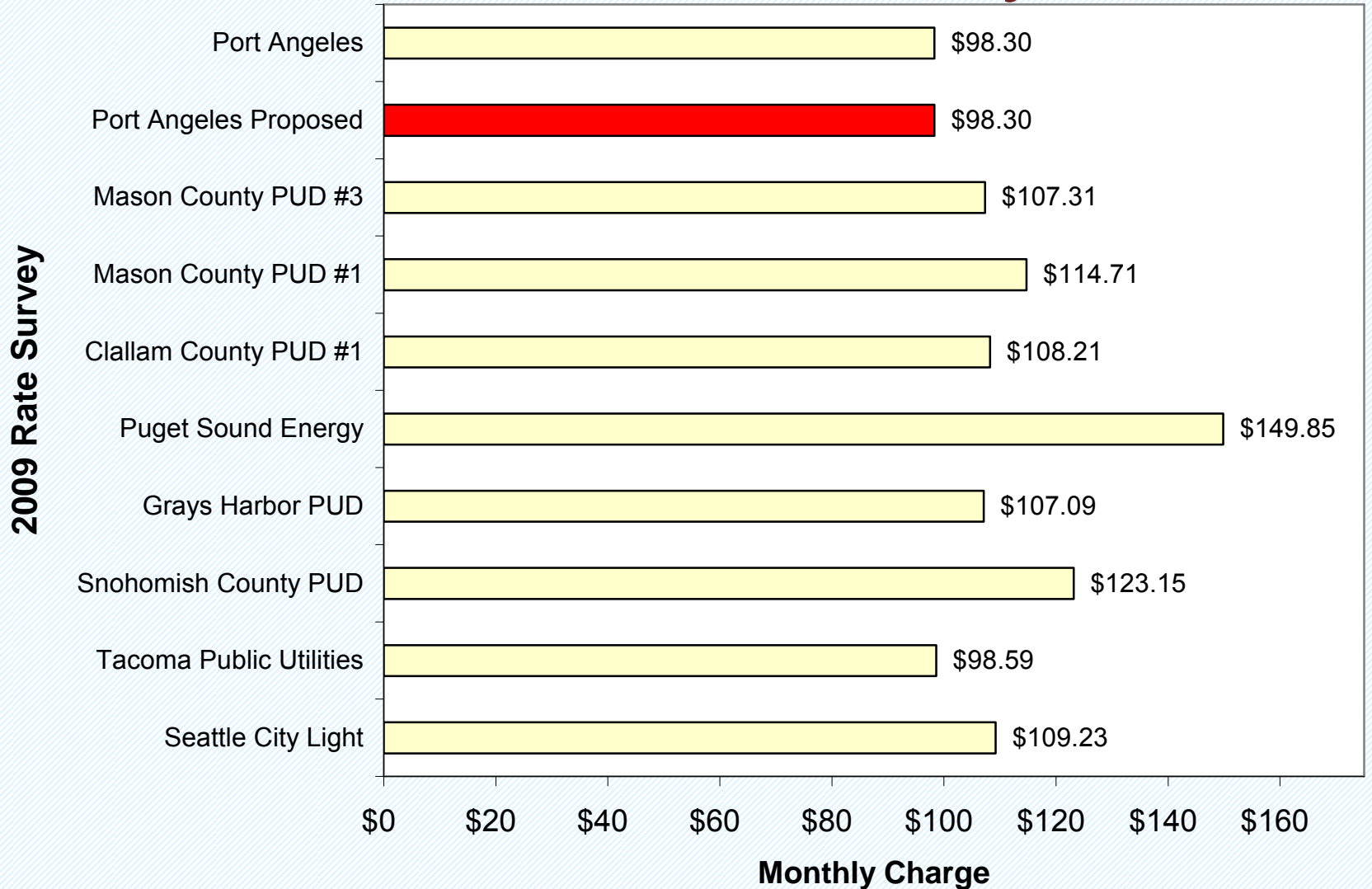
Electric Rate Study Findings

With 0% Rate Increase

Ending Fund Balances (\$1,000)

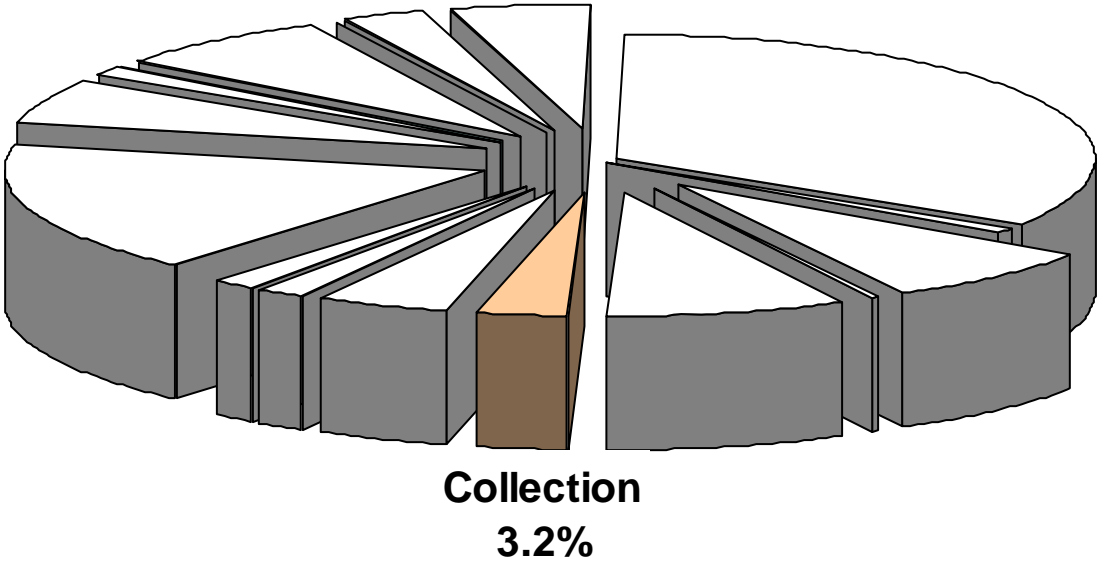
Type of Reserve	2009	2010	Requirement	
Ending Unrestricted Cash Balance	5,776	5,985	3,000	60 Days O&M
Ending Rate Stabilization Balance - Tier 2	900	900	900	EES Consulting
Ending CFP Balance	-	-	-	-
Ending Morse Creek Hydro Balance	105	30	-	-
Ending Bond Reserves	173	395	395	Bond Covenant
Ending Light Operations Center Balance	536	641	2,000	Replacement Cost
Total Reserves	7,490	7,951	6,295	

Electric Rate Survey

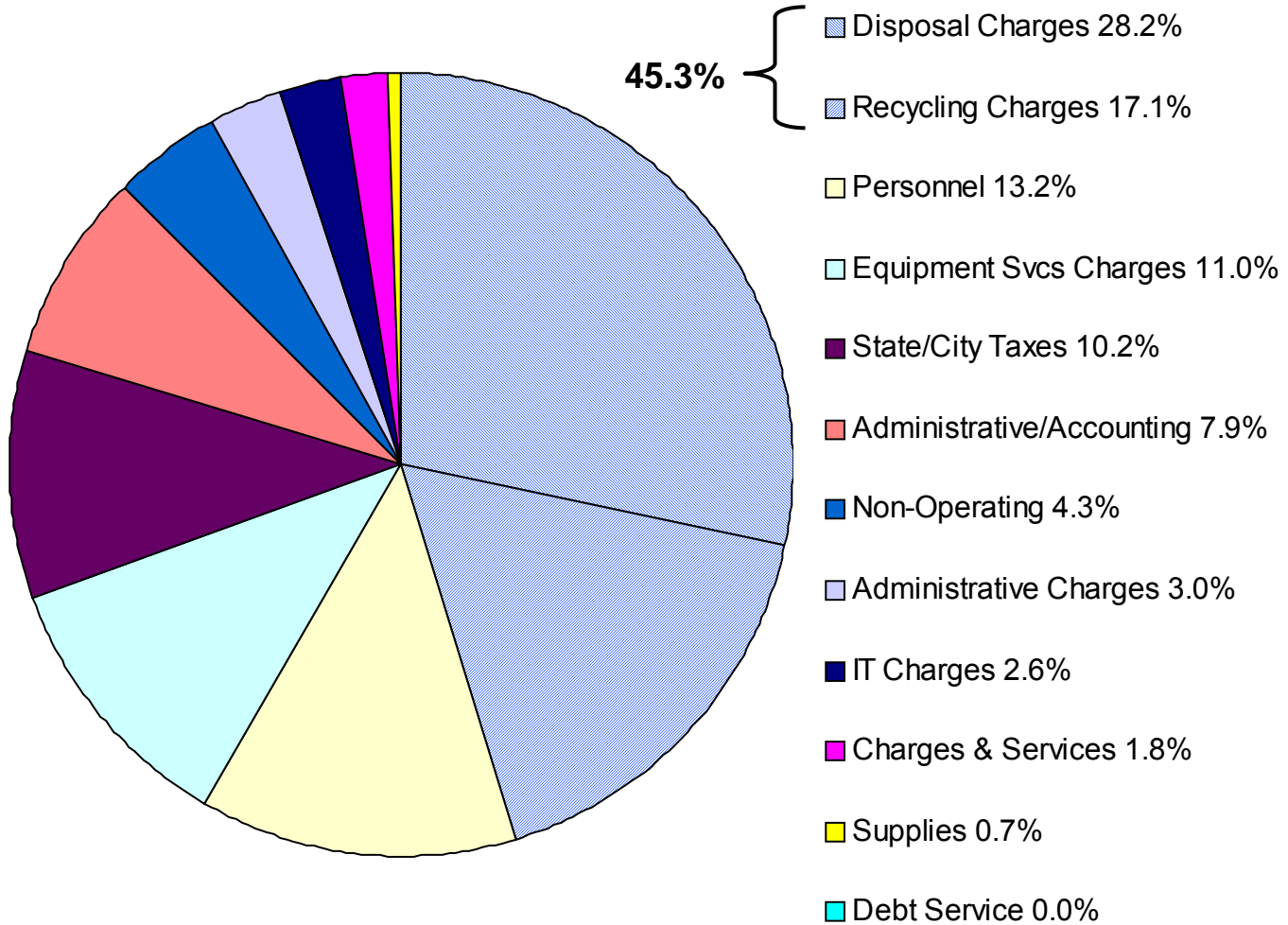


Solid Waste Collection Rate Study

City Budget Breakdown



Collection Utility Expenses



Collection Rate Study Assumptions

- 2009 revenues ▼ \$88K
- 2009 O&M ▼ \$15K
- 2010 retail rate deficiency 11.9%
- 2010 retail rate adjustment proposed 0%
- No customer growth in 2010
- COLA Included
- PERS decrease Medical Increase
- Increased disposal costs

Collection Rate Study Challenges

- Increasing recycling efficiency
- Increasing yard waste collection
- Reducing disposal tonnage
- Increasing every other week garbage collection
- Packer replacements

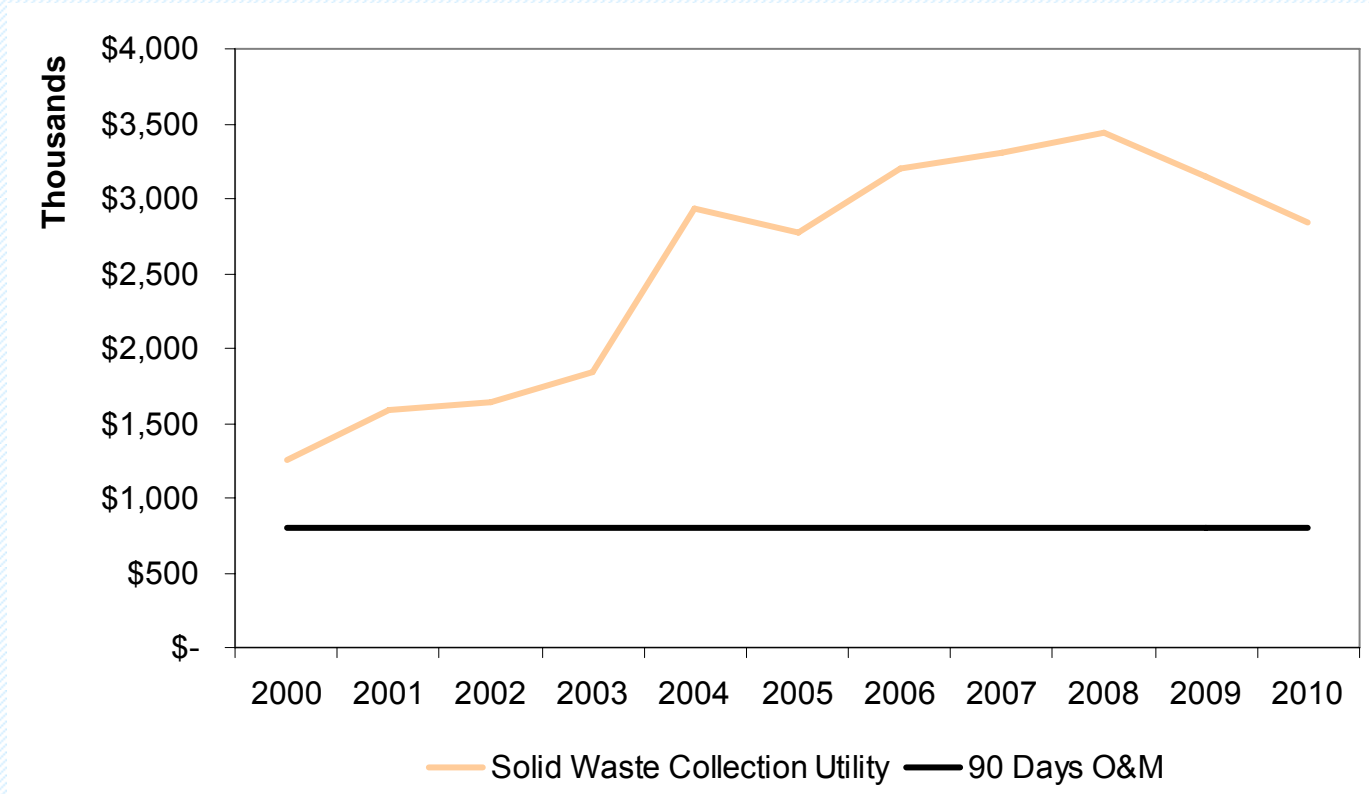
Collection Rate Study Findings

With 0% Rate Increase

Revenue Requirements (\$1,000)

Description	2009	2010
Residential Weekly	1,199	1,199
Residential Every-Other-Week	770	770
Residential Yard Waste	205	205
Commercial	941	941
Commercial Recycling	5	5
Investment Interest	110	77
Miscellaneous Revenues	15	16
Total Revenues	3,245	3,213
O&M	1,024	943
Administration & General	452	481
Disposal Charges	954	995
Recycling, Yard Waste, OCC	588	601
Taxes	366	358
Transfer Payments	150	150
Debt Service	-	-
Total Expenses	3,533	3,528
Revenues Less Expenses	(289)	(315)

Collection Unrestricted Cash Balance

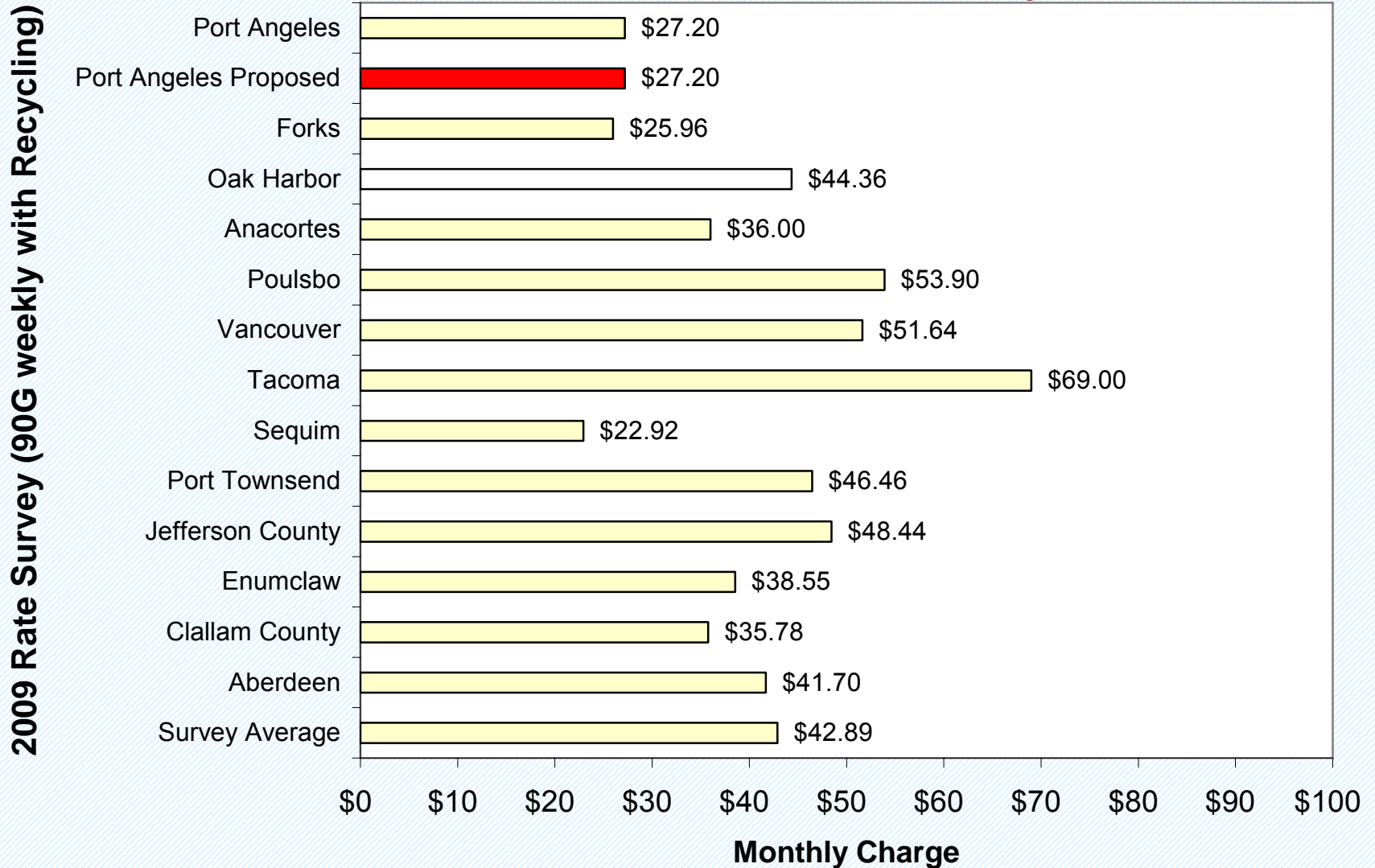


Collection Rate Study Findings

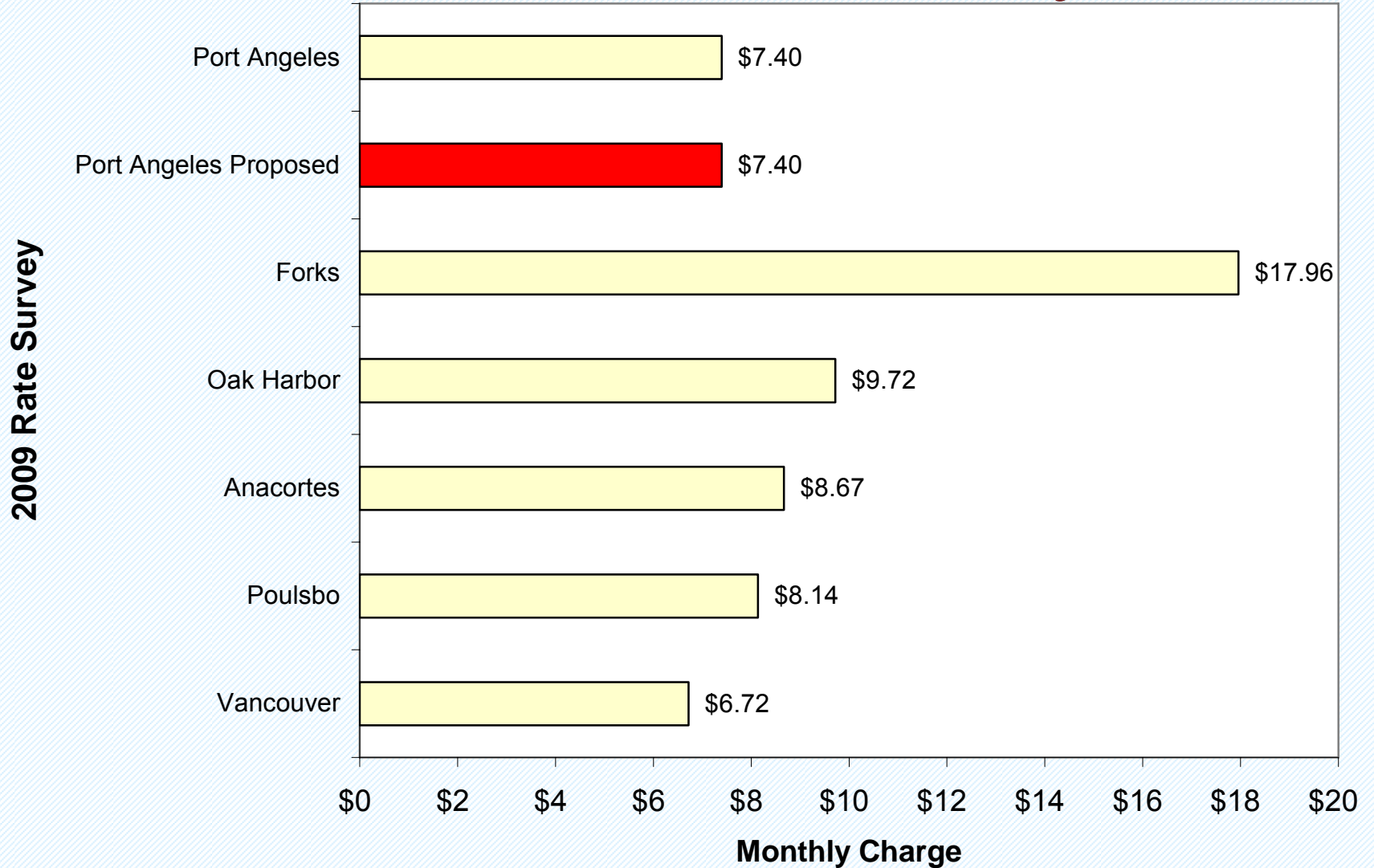
With 0% Rate Increase Ending Fund Balances (\$1,000)

Type of Reserve	2009	2010	Requirement	
Ending Unrestricted Cash Balance	3,152	2,837	800	90 Days O&M
Total Reserves	3,152	2,837	800	

Collection Rate Survey

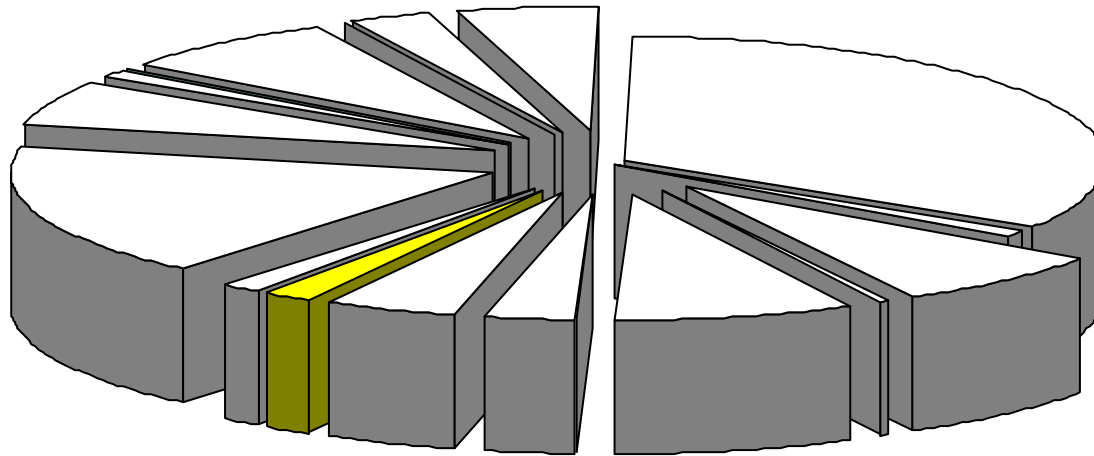


Yard Waste Rate Survey



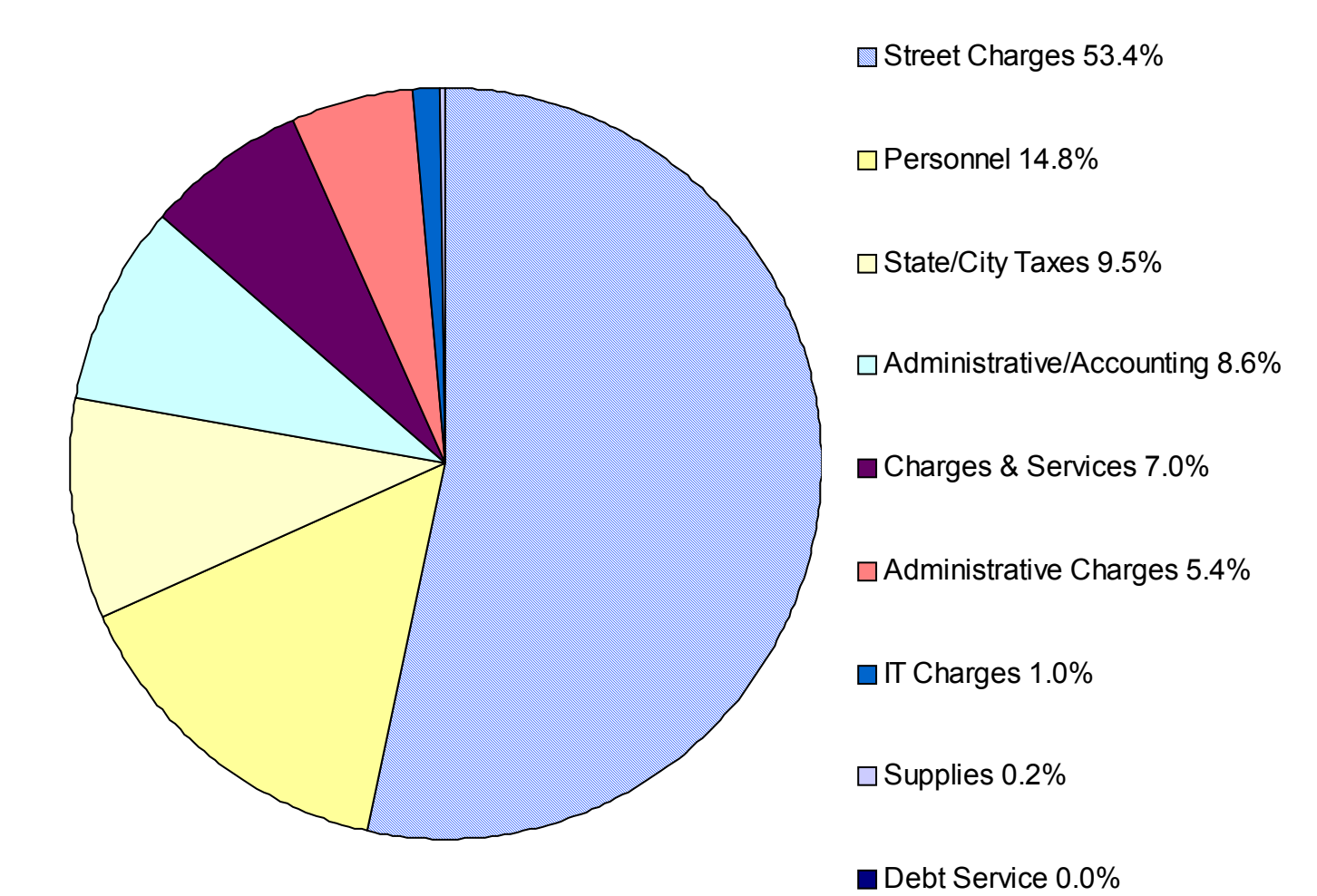
Stormwater

City Budget Breakdown



Stormwater
1.7%

Stormwater Expenses



Stormwater Utility Challenges

- NPDES Phase 2 Permit requirements:
 - 1) Development and re-development activities, and
 - 2) Street and stormwater maintenance and monitoring activities
- 2011 Rate Study

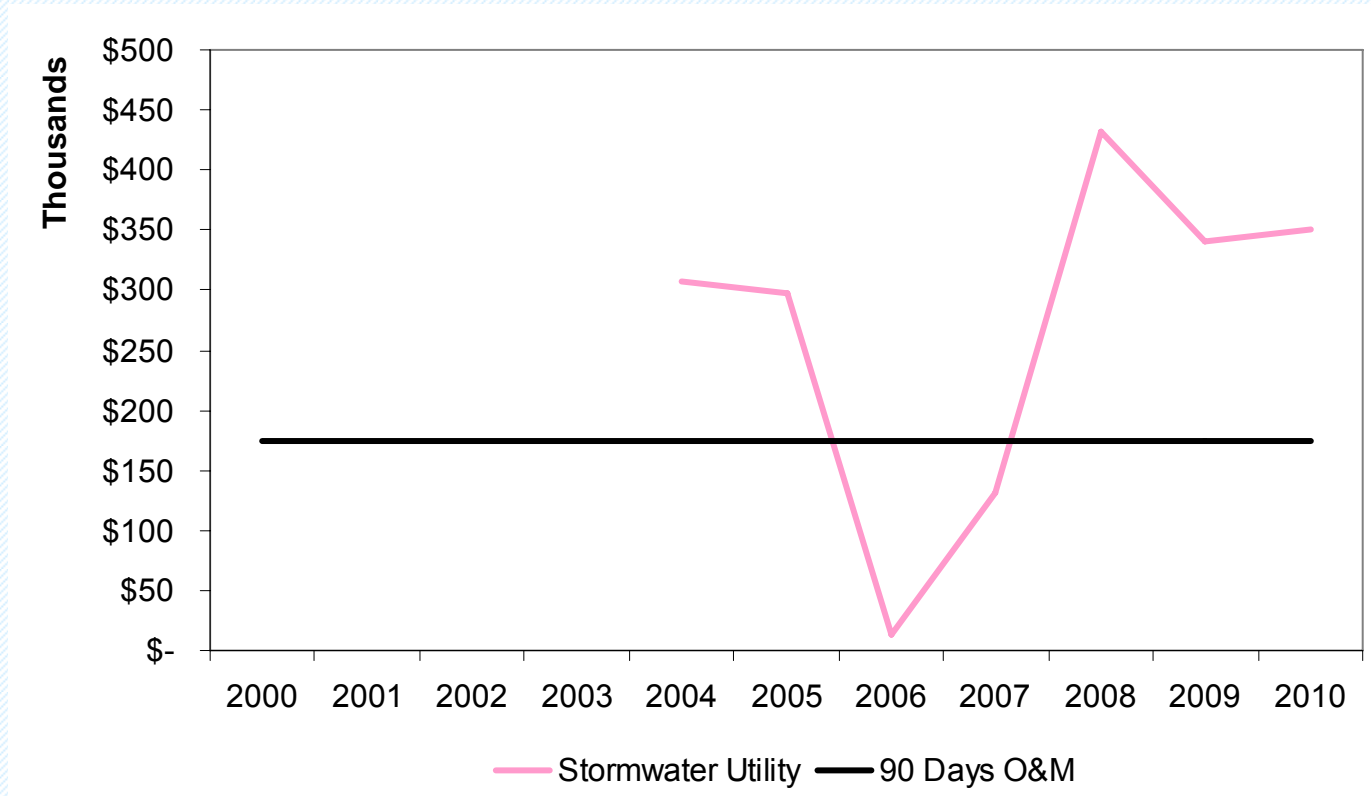
Stormwater Summary

With 0% Rate Increase

Revenue Requirements (\$1,000)

Description	2009	2010
Stormwater Revenue	709	700
Investment Interest	10	8
Miscellaneous Revenue	1	8
Total Revenues	721	716
Street Charges	234	373
Personnel	98	103
Supplies	2	2
O&M	127	49
Administration & General	96	105
Taxes	67	67
Debt Service	-	-
Total Expenses	624	697
Revenues Less Expenses	96	19

Stormwater Unrestricted Cash Balance



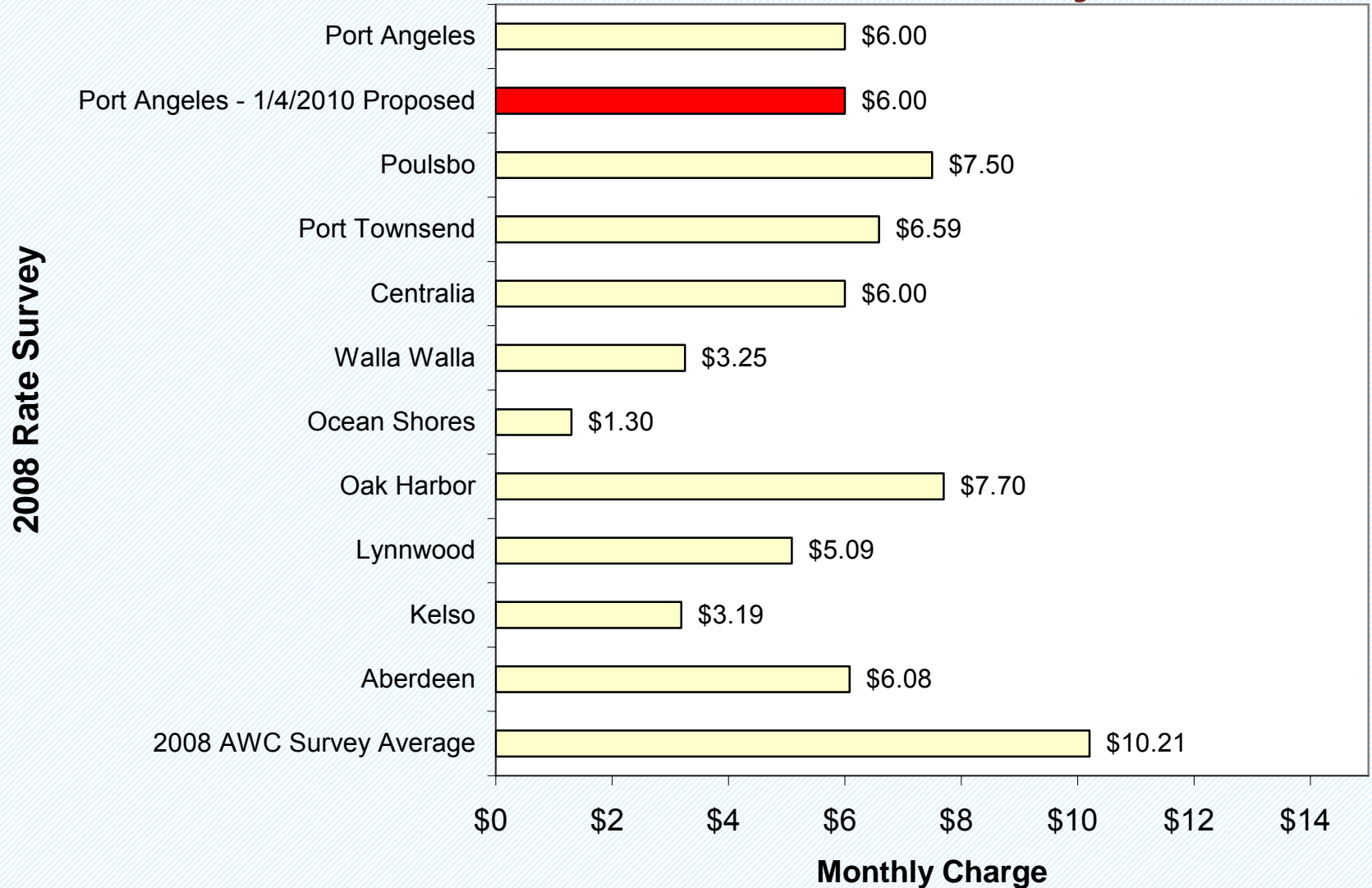
Stormwater Summary

With 0% Rate Increase

Ending Fund Balances (\$1,000)

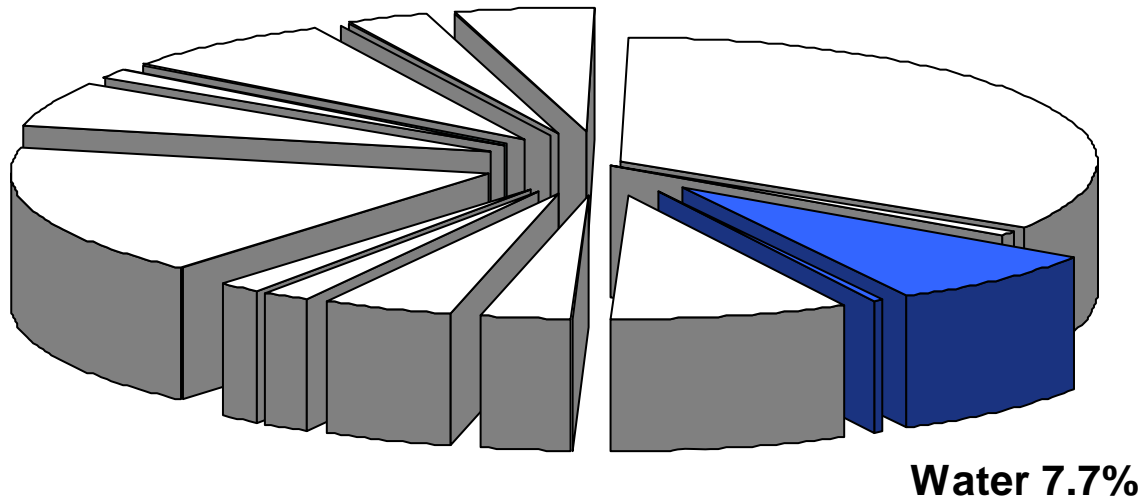
Type of Reserve	2009	2010	Requirement	
Ending Unrestricted Cash Balance	340	351	200	90 Days O&M
Ending CIP Cash Balance	-	542	-	
Total Reserves	340	351	200	

Stormwater Rate Survey

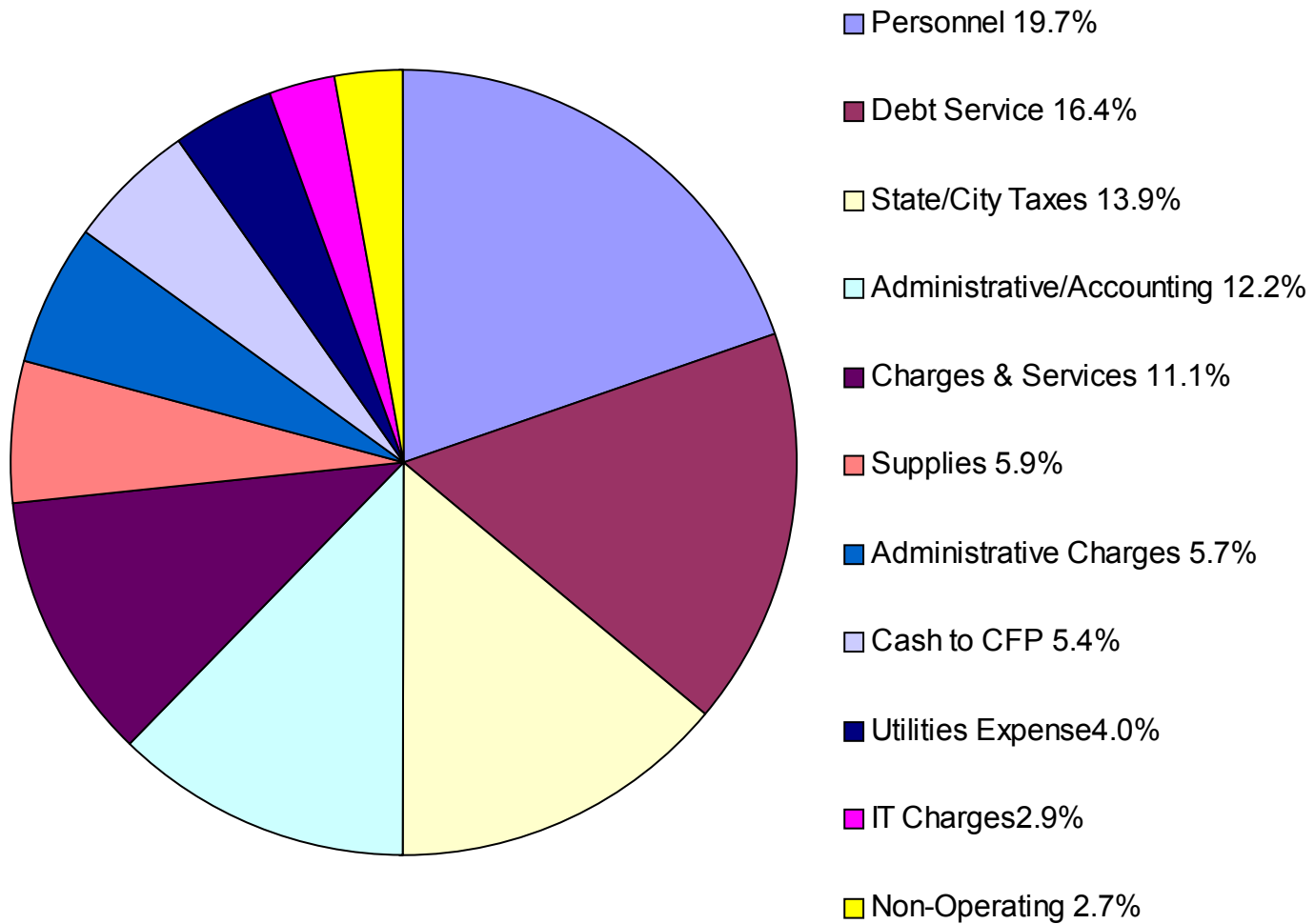


Water Utility Rate Study

City Budget Breakdown



Water Utility Expenses



Water Rate Study Assumptions

- 2009 revenues ▼\$61K
- 2009 O&M ▼\$51K
- 2010 retail rate deficiency 8.3%
- 2010 retail rate adjustment proposed 8.5%
- No customer growth in 2010
- Refunded bond debt service savings
- 2011 enhanced revenues due to meter error, shrinkage, meter reading

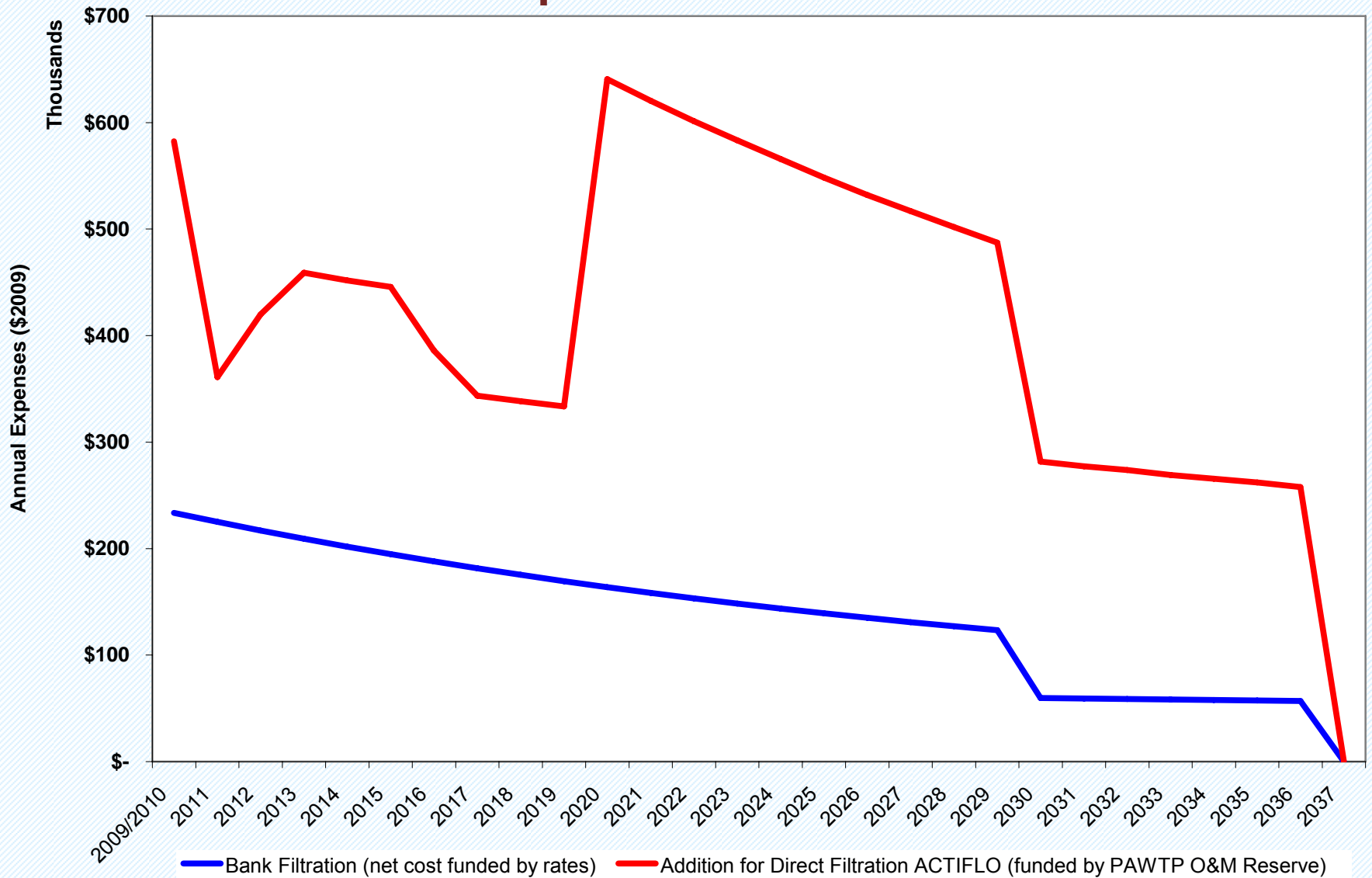
Water Rate Study Assumptions

- Connection fees – 2nd of 4th year extended cost recovery program
- Flat rate – 2nd of 3rd year cost recovery program
- COLA Included
- PERS decrease Medical Increase
- Additional debt service
- Fire hydrant clarification
- Leak ordinance clarification

Water Rate Study Assumptions

- New Port Angeles Water Treatment Plant (PAWTP)
- PAWTP O&M Fund
- PAWTP net cost \$234K (67% of 8.5%)

PAWTP Expenses - O&M Fund



Water Utility Challenges

- Water Use Efficiency distribution system leakage standard
- Operation of new PAWTP

Water Rate Study Findings

Capital Facilities Plan (\$1,000)

Capital Facilities Plan	2009	2010
Dry Creek Water Settlement	150	-
Computer Maintenance Management System	102	-
Directed Services	85	55
McDougal Pump	40	500
Bi-Annual Replacements	150	150
Design for Morse Creek Water Line	-	100
Design Phase II Transmission Line	-	575
Advanced Metering Infrastructure	-	1,113
Total	527	2,493

Water Rate Study Findings

Capital Facilities Plan Funding Sources (\$1,000)

Capital Facilities Plan Funding Sources	2009	2010
CFP Beginning Cash	182	-
Other Note Proceeds	-	2,188
PWTF Loan Proceeds	-	-
Miscellaneous Revenues - Dry Creek Water	75	-
Treatment Plant O&M	102	-
Cash/Rate Financed Contribution	168	305
CFP Ending Cash	-	-

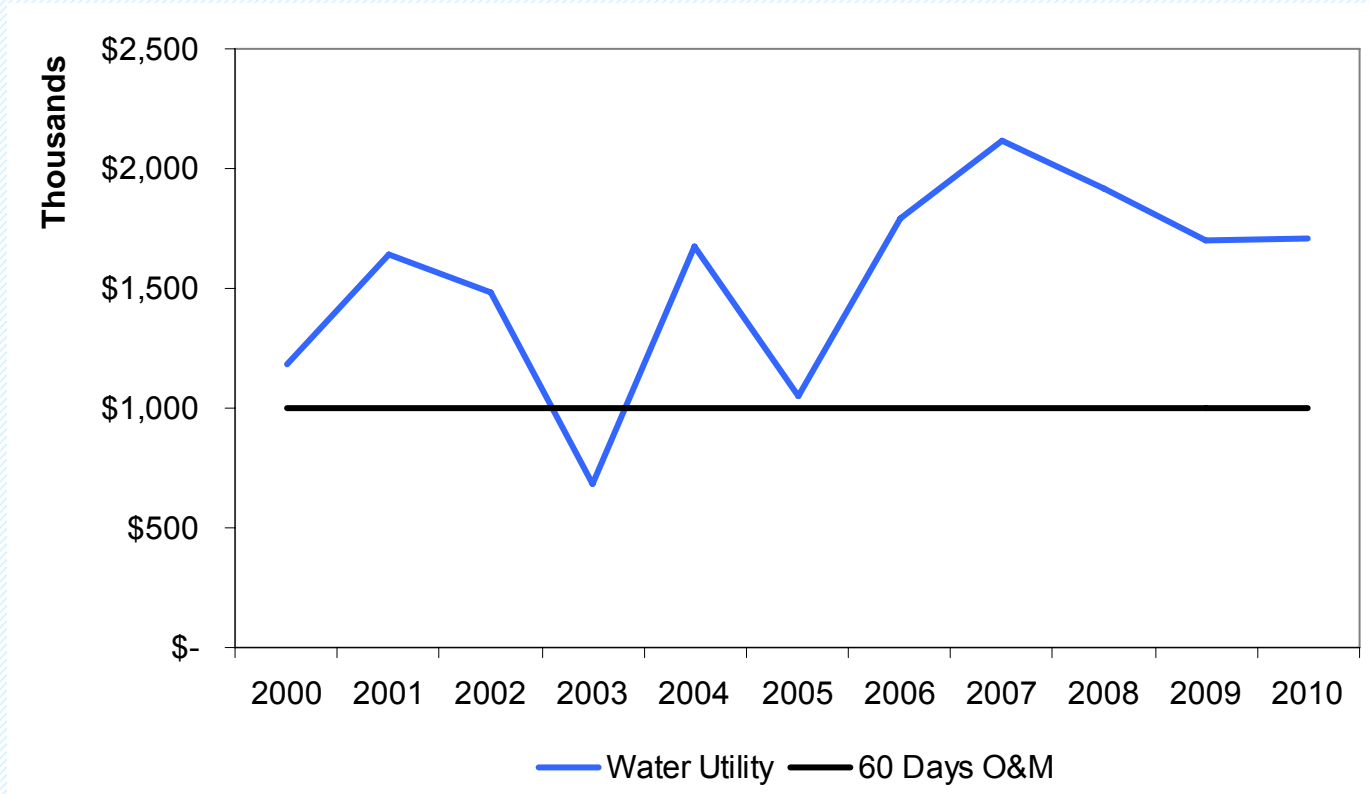
Water Rate Study Findings

With 8.5% Rate Increase

Revenue Requirements (\$1,000)

Description	2009	2010
Irrigation Sales	121	131
Residential Sales	3,114	3,379
Commercial Sales	1,354	1,469
PUD Wholesale Sales	260	282
Elwha & Industrial Sales	16	16
Other Fees	83	94
Investment Interest	50	35
Miscellaneous Revenues	305	343
Total Revenues	5,182	5,617
O&M	1,856	2,151
Administration & General	1,175	1,172
Utilities	209	227
Chemicals	115	81
Taxes	717	778
Transfer Payments	347	360
Debt Service	848	843
Total Expenses	5,268	5,612
Revenues Less Expenses	-86	5

Water Unrestricted Cash Balance



Water Rate Study Findings

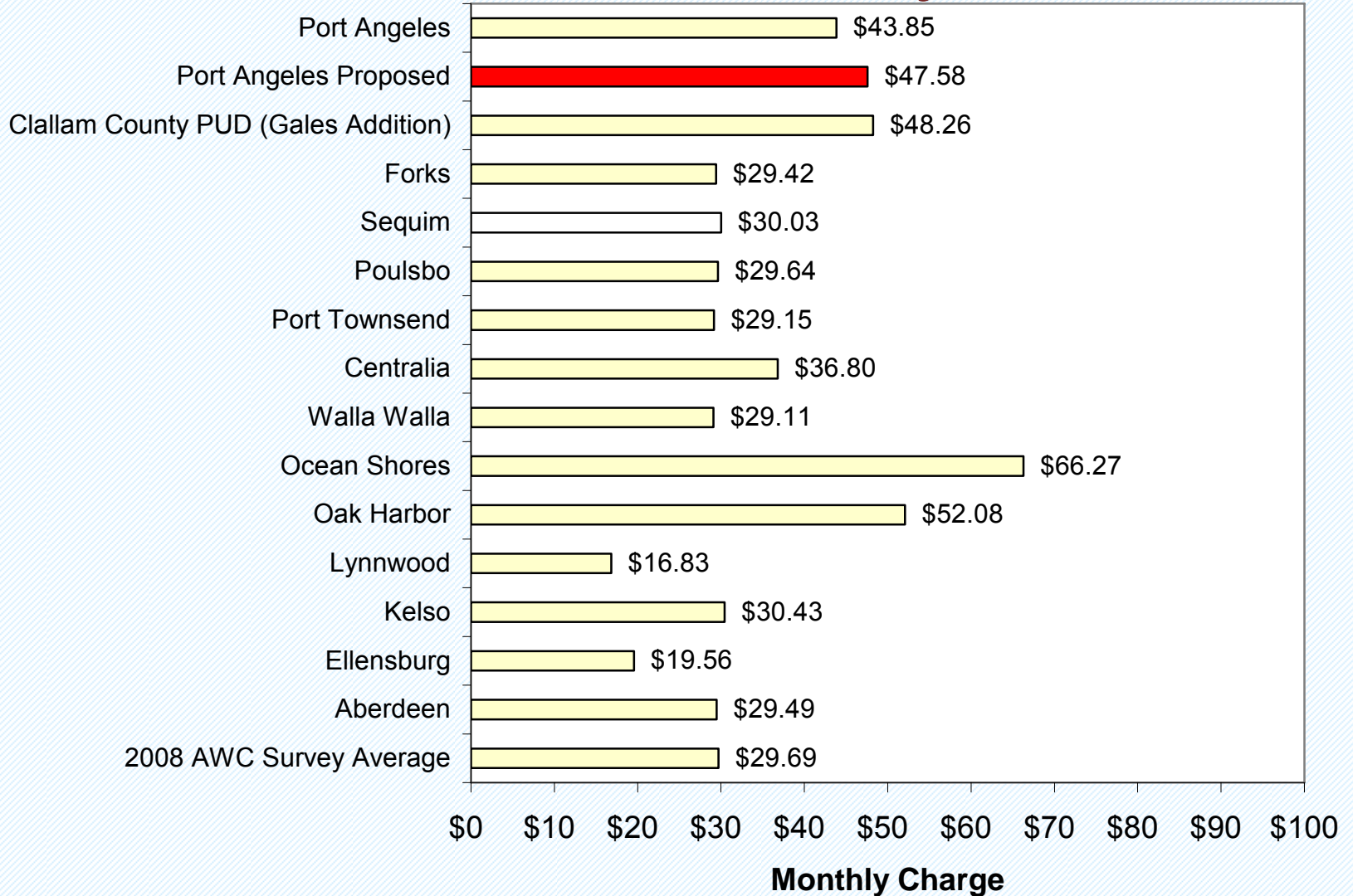
With 8.5% Rate Increase

Ending Fund Balances (\$1,000)

Type of Reserve	2009	2010	Requirement	
Ending Unrestricted Cash Balance	1,703	1,708	1,000	60 Days O&M
Ending Rate Stabilization Balance	-	-	-	-
Ending Port Angeles Water Treatment Plant O&M	7,798	7,640	7,640	7,640
Ending Bond Reserves	339	428	428	Bond Covenant
Ending CFP Balance	-	-	-	-
Total Ending Reserves	9,840	9,776	9,068	

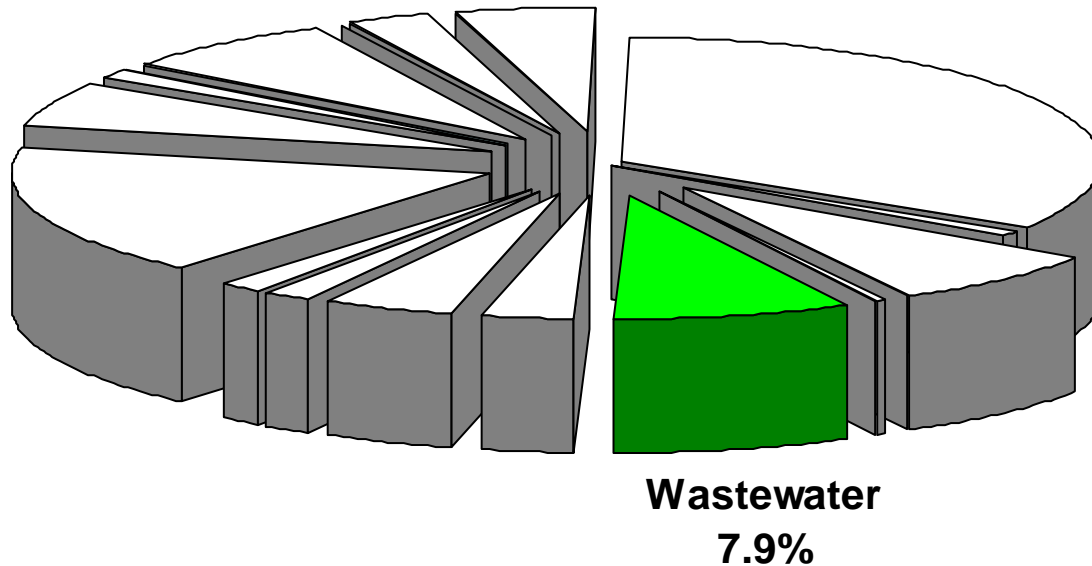
Water Rate Survey

2008 Rate Survey @ 1,000 CF

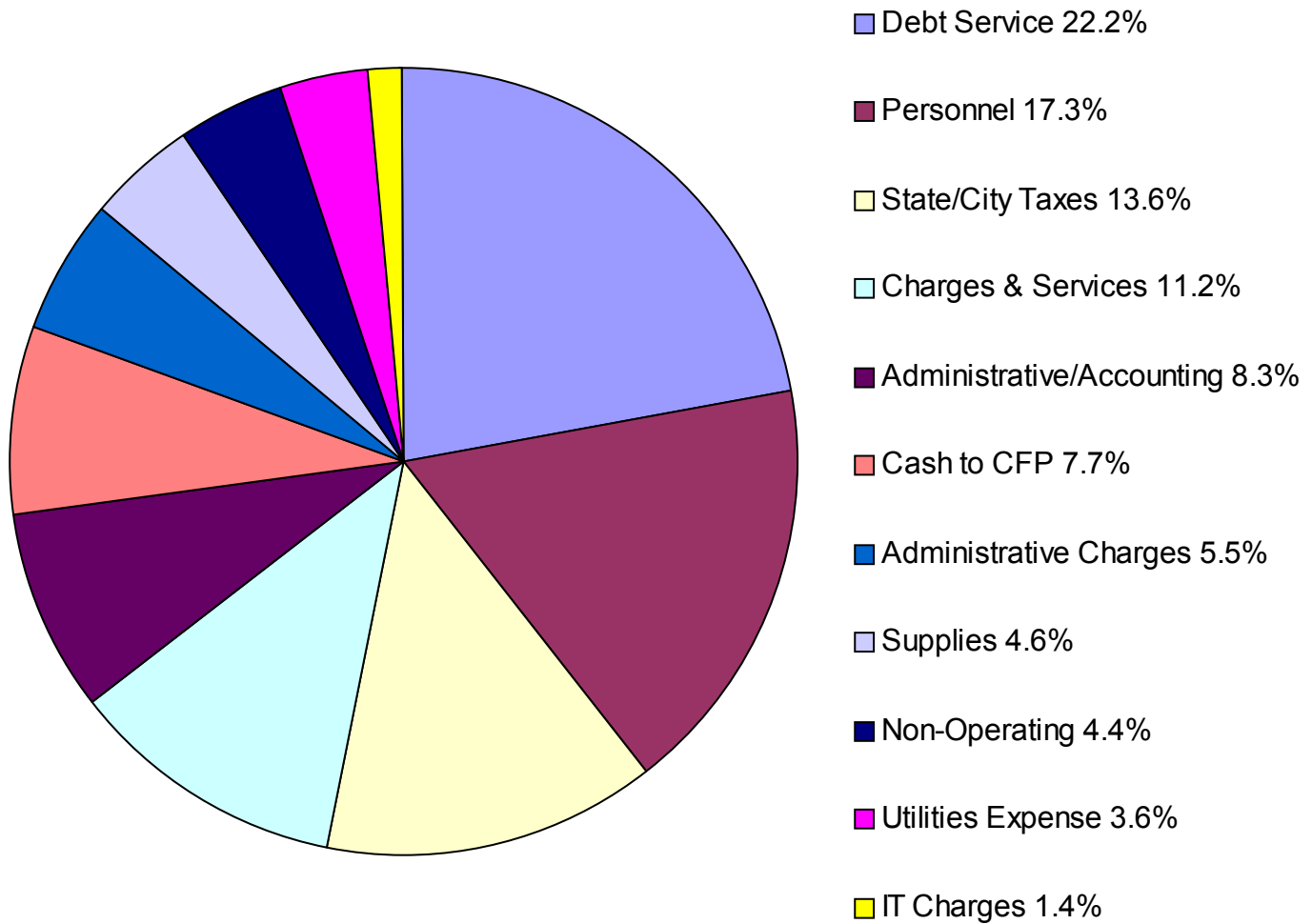


Wastewater Utility Rate Study

City Budget Breakdown



Wastewater Utility Expenses (No CSO)



Wastewater Rate Study Assumptions

- 2009 revenues ▲ \$360K
- 2009 O&M ▲ \$139K
- 2010 rate deficiency 17.9%
- 2010 rate adjustment proposed 4.0%
- 2010 CSO adjustment proposed 30.1%
- No customer growth in 2010
- Refunded bond debt service savings
- COLA Included

Wastewater Rate Study Assumptions

- PERS decrease Medical Increase
- 2011 enhanced revenues due to meter error, shrinkage, meter reading

Wastewater Utility Challenges

- Combined Sewer Overflow project
- Pretreatment program
- Septic receiving station design

Wastewater Rate Study Findings

Capital Facilities Plan (\$1,000)

Capital Facilities Plan	2009	2010
Dry Polymer Feed Replacement	54	-
Bi-Annual Line Replacements	275	-
EUGA Cost Settlement	640	-
Plant Headworks Design	25	-
Additional Design for CSO Phase I	1,680	700
Preliminary Septage Receiving Station	28	103
Directed Services	60	65
Carbon Scrubbers for WWTP	-	53
Waste Activated Sludge Thickening	-	105
Sewer Trestle at Francis & 8th	-	75
Pump Replacements at PS#3	-	145
Advanced Metering Infrastructure	-	1,113
Total	2,762	2,359

Wastewater Rate Study Findings

Capital Facilities Plan Funding Sources (\$1,000)

Capital Facilities Plan Funding Sources	2009	2010
CFP Beginning Cash Balance	3,703	2,773
Construction Contribution	376	-
Other Note Proceeds	-	1,813
PWTF Loan Proceeds	1,428	-
Cash/Rate Financed Contribution	-	443
Septic Waste Fund	28	103
CSO Reserve Fund	-	-
CFP Ending Cash Balance	2,773	2,773

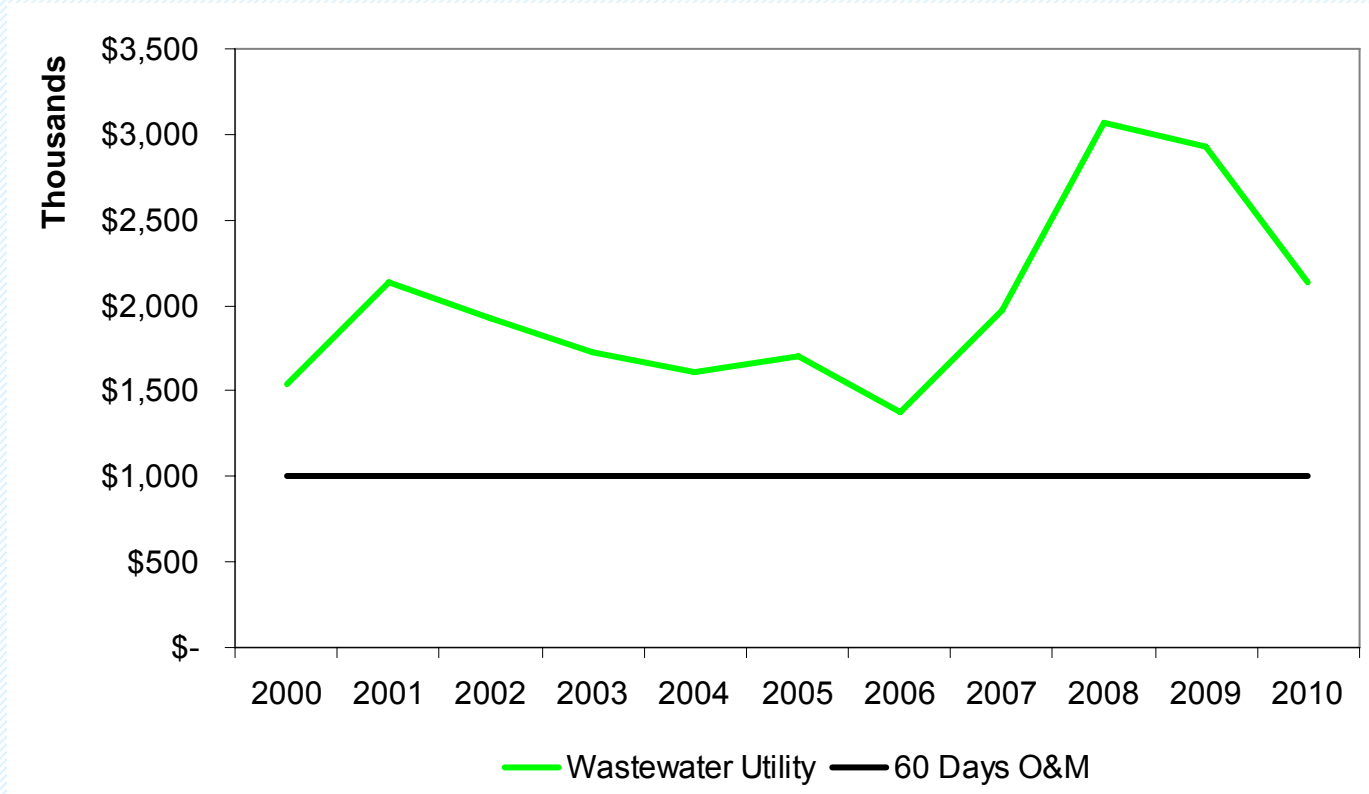
Wastewater Rate Study Findings

With 4.0% & 30.1% CSO Rate Increases

Revenue Requirements (\$1,000)

Description	2009	2010
Residential	3,158	3,284
Commercial	1,153	1,199
Septic Disposal	326	326
Leachate	139	163
Combined Sewer Overflow	1,128	1,467
Investment Interest	240	167
Miscellaneous Revenues	241	132
Total Revenues	6,385	6,738
O&M	2,316	2,341
Administration & General	906	875
Utilities	200	205
Chemicals	65	62
Taxes	725	782
Transfer Payments	1,195	1,965
Debt Service	1,123	1,294
Total Expenses	6,530	7,524
Revenues Less Expenses	(145)	(787)

Wastewater Unrestricted Cash Balance



Wastewater Rate Study Findings

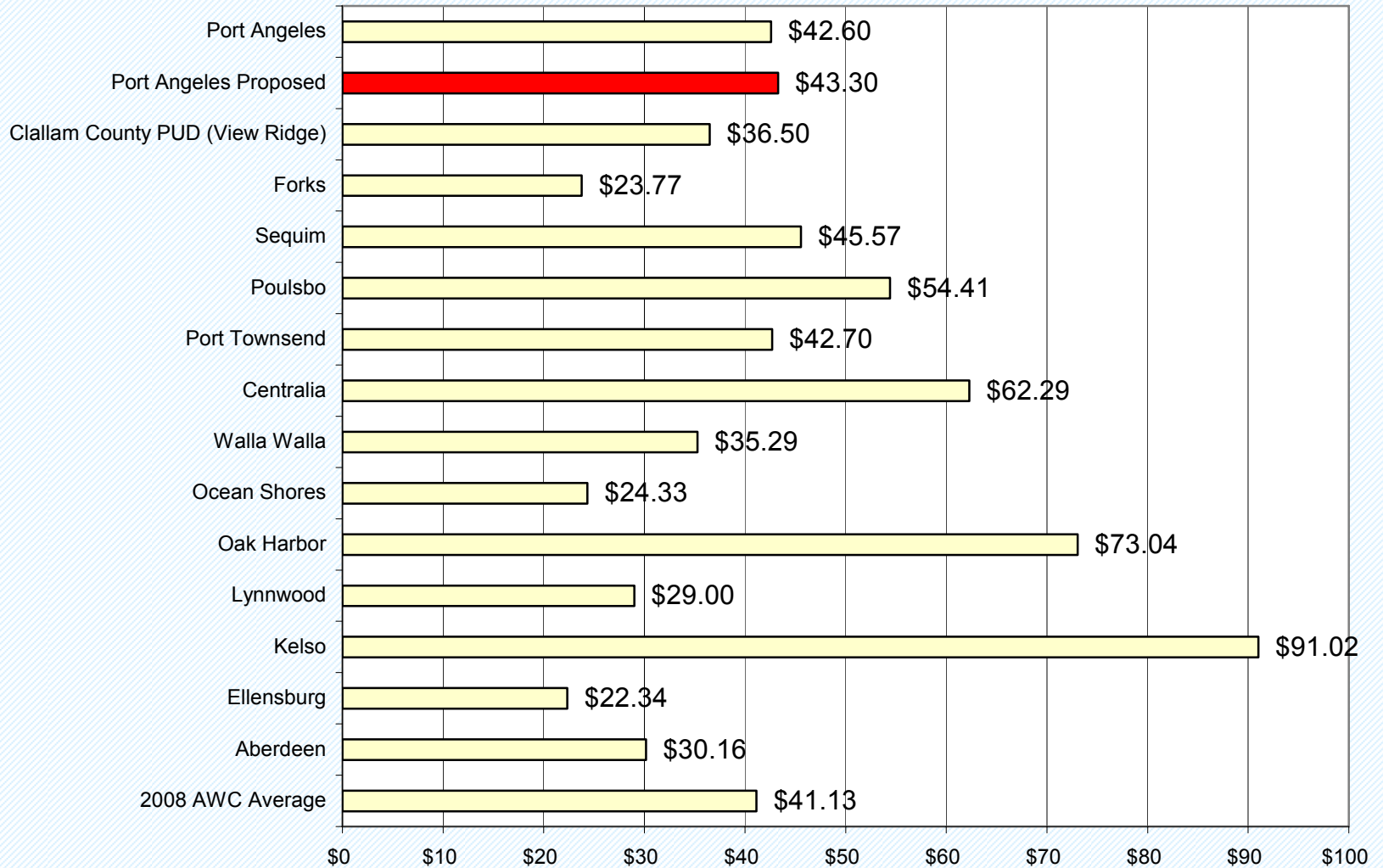
With 4.0% & 30.1% CSO Rate Increases

Ending Fund Balances (\$1,000)

Type of Reserve	2009	2010	Requirement	
Ending Unrestricted Cash Balance	2,924	2,137	1,000	60 Days O&M
Ending Rate Stabilization Balance	1,130	1,130	-	Discretionary
Ending Combined Sewer Overflow Balance	1,668	3,135	3,135	CSO Financing Plan
Septic Waste Cash Balance	298	522	728	Capital Facilities Plan
Ending Bond Reserves	583	672	672	Bond Covenant
Ending CFP Balance - Wastewater	-	-	-	-
Ending CFP Balance - CSO	2,773	2,773	2,773	CSO Financing Plan
Total Reserves	9,375	10,368	8,307	

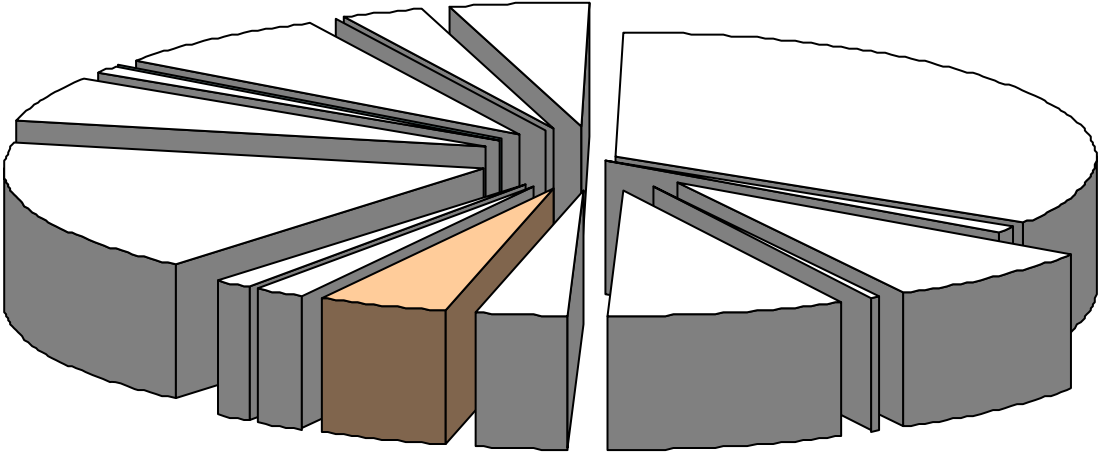
Wastewater Rate Survey (No CSO)

AWC 2008 Rate Survey @ 1,000 CF No CSO



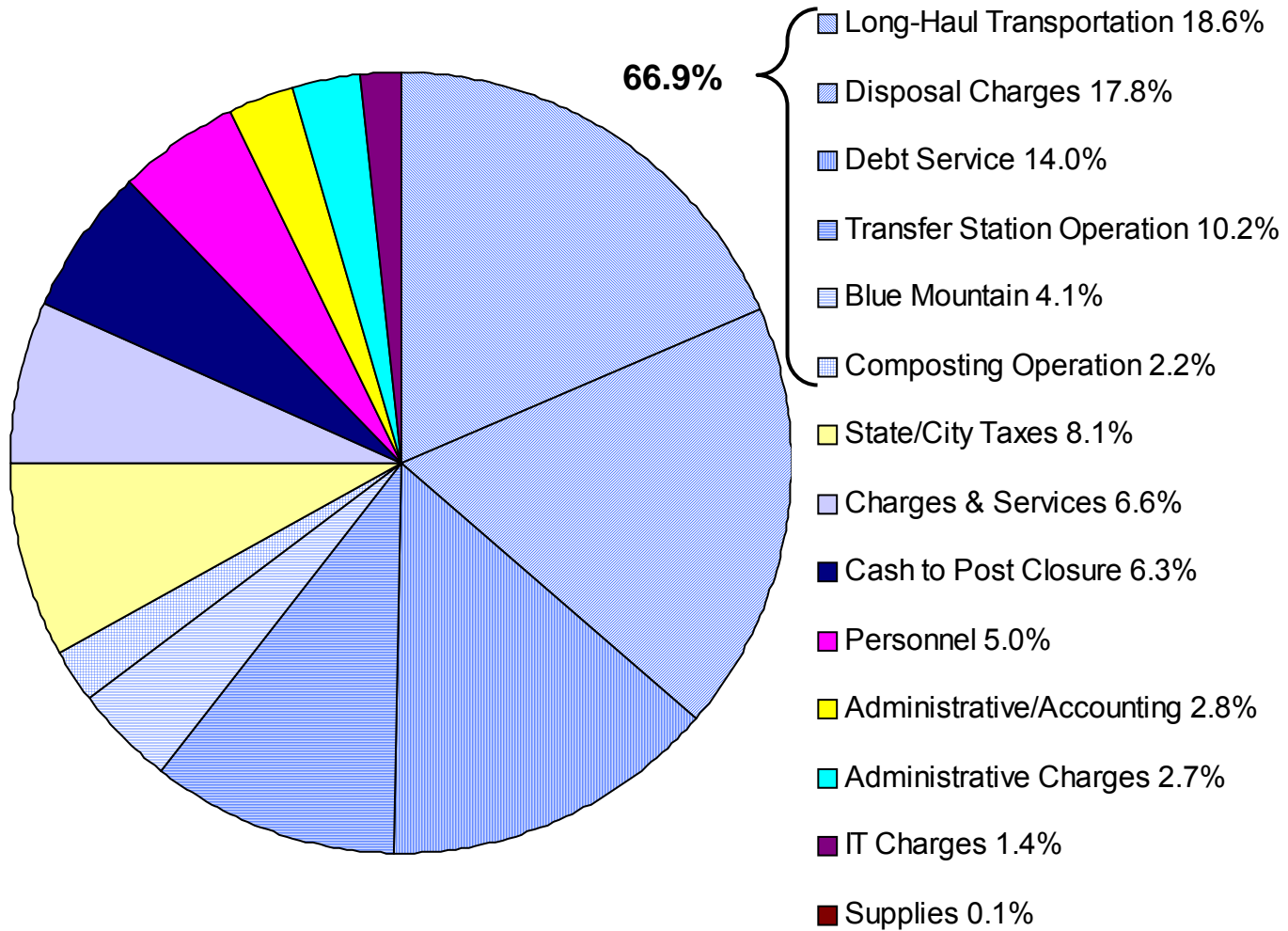
Transfer Station/Landfill Rate Study

City Budget Breakdown



**Transfer
Station 4.4%**

Transfer Station Expenses



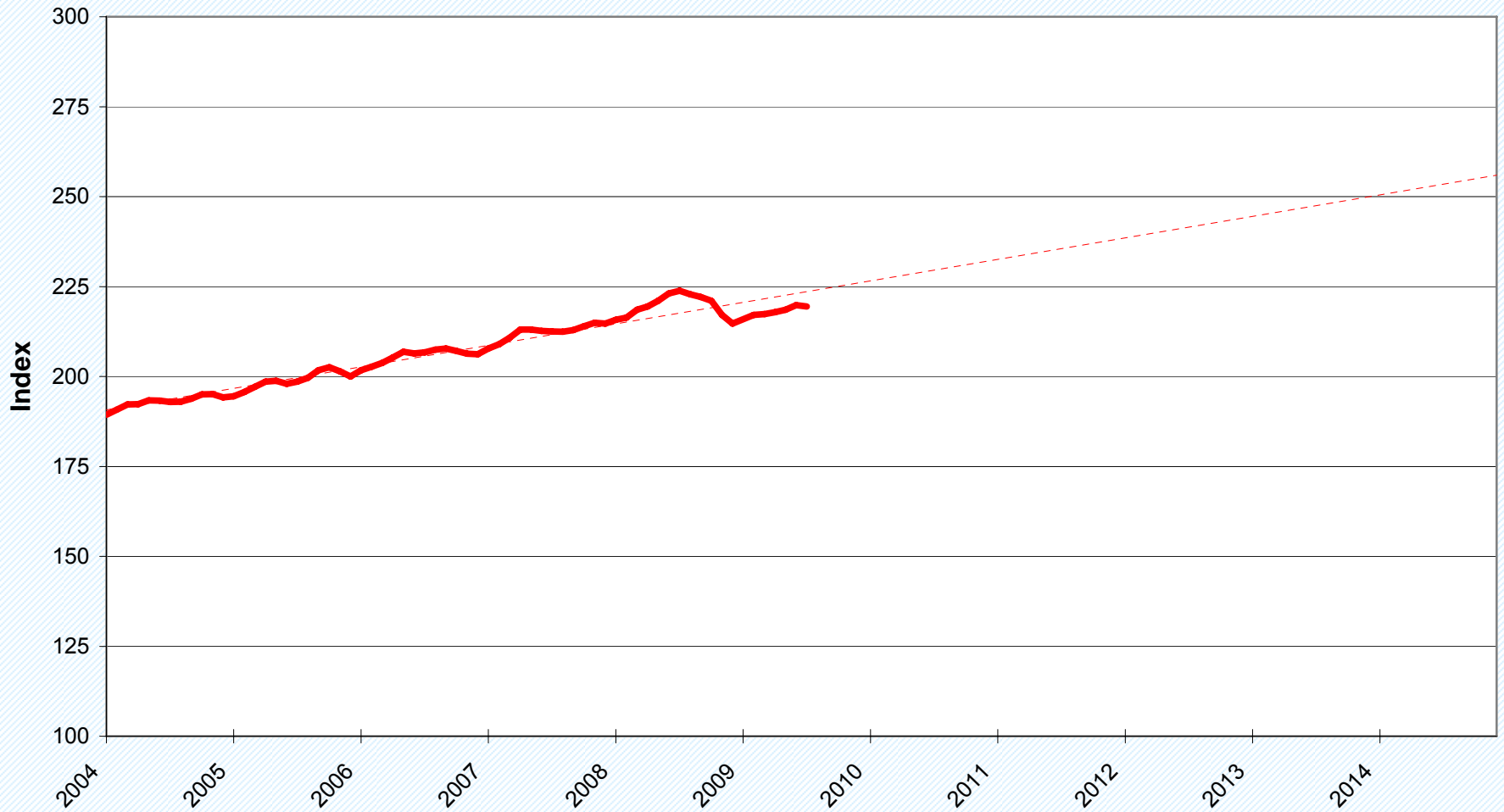
Transfer Station Rate Study Assumptions

- 2009 revenues ▼\$1,195K
- 2009 O&M ▼\$1,191K
- 2010 retail rate adjustment need 22.7%
- 2010 retail rate adjustment proposed 4.5%
- Blue Mountain retail rate adjustment proposed 0%
- No customer growth in 2010
- Planned use of reserves through 2011
- COLA Included

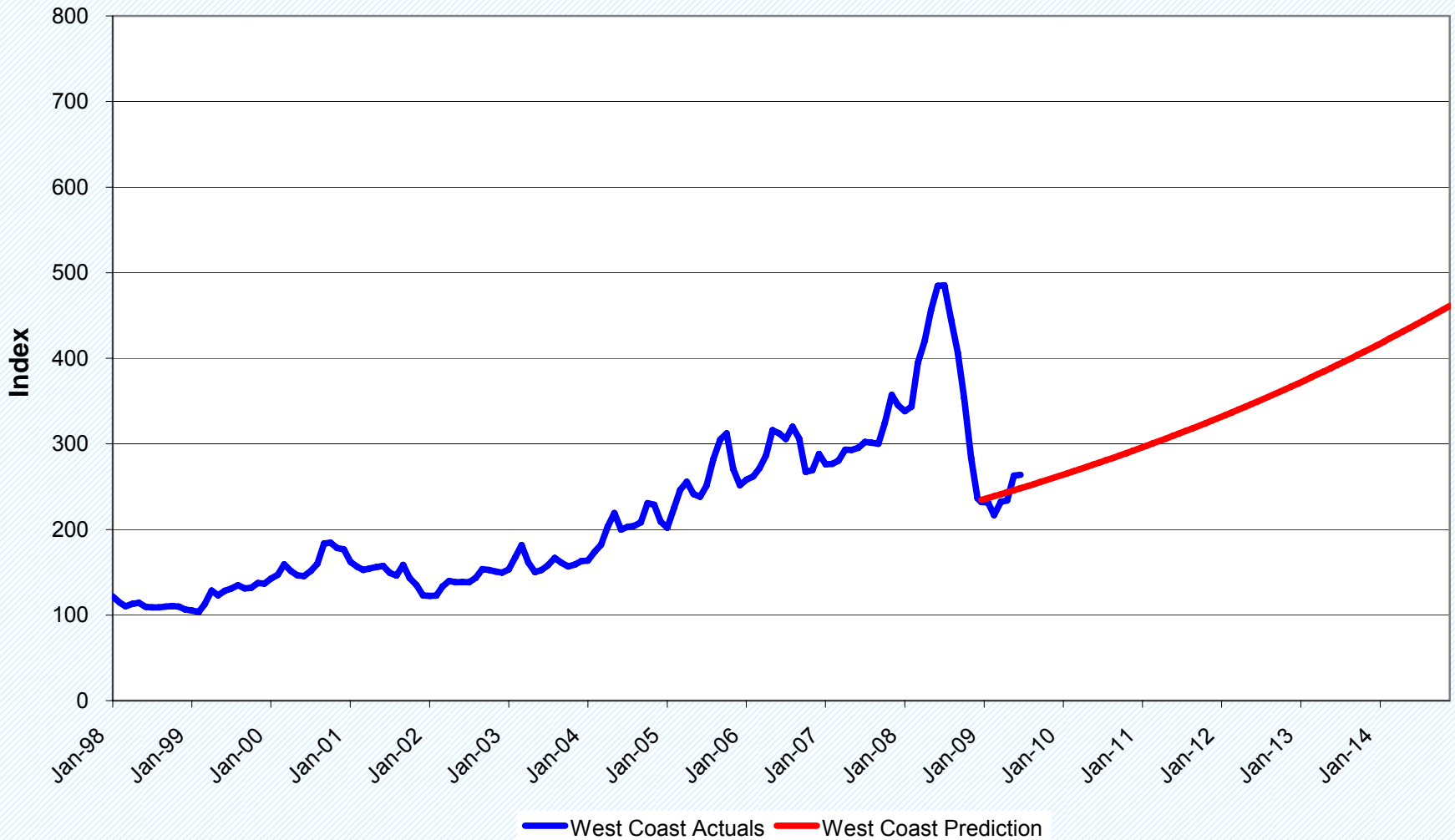
Transfer Station Rate Study Assumptions

- PERS decrease Medical Increase
- Service Agreement fees tied to CPI & FPI
- Reduced long-haul service fees

Consumer Price Index Forecast



Fuel Price Index Forecast



Transfer Station Utility Challenges

- Economic recession effects tonnage
- Expansion of moderate-risk waste program
- Transition to full cost of service rates in 2011
- Strong demand for compost
- Landfill gas beneficial use study
- Post-closure maintenance costs, risks, regulation

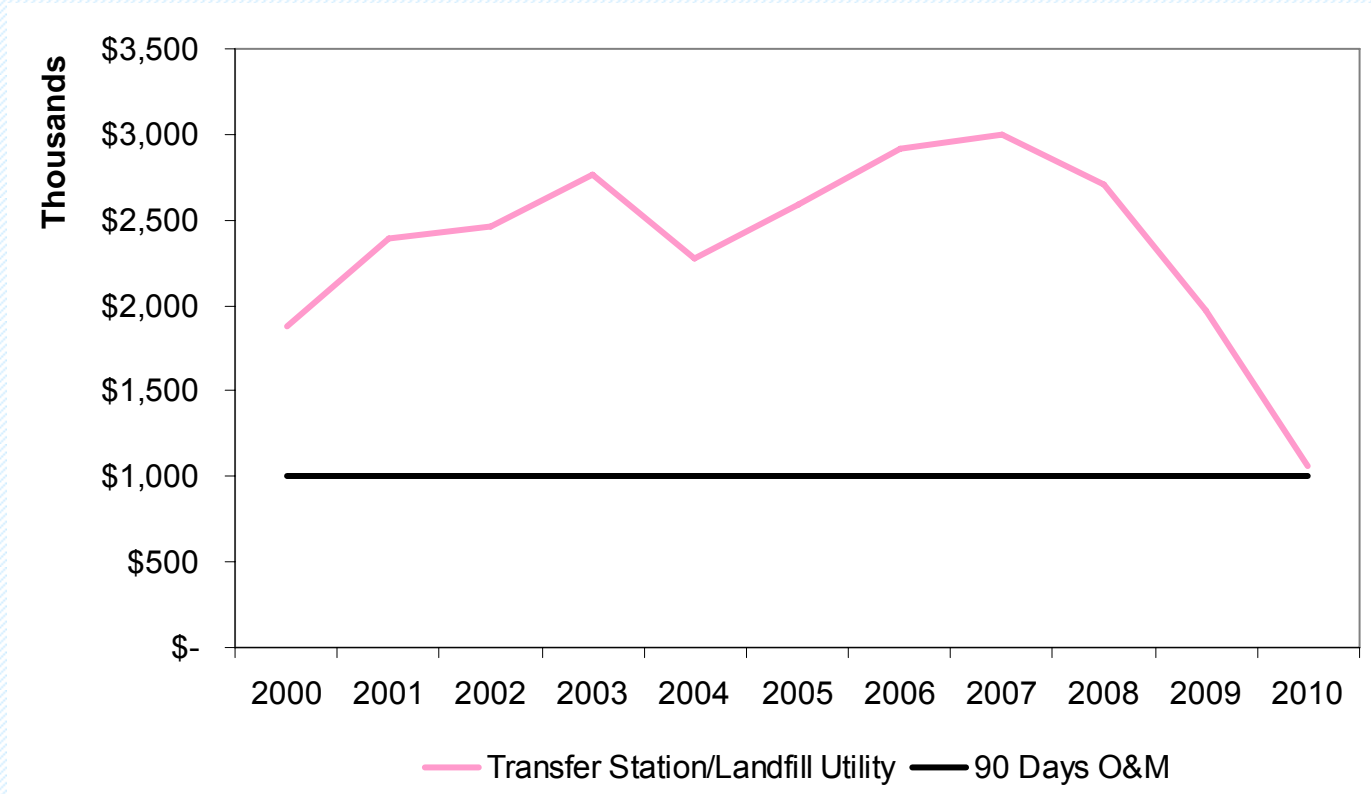
Transfer Station Rate Study Findings

With 4.5% Rate Increase

Revenue Requirements (\$1,000)

Description	2009	2010
Collection Entities	2,262	2,365
Self-Haulers	1,312	1,371
Yard Waste & Compost	197	206
Elwha & FEMA	0	0
Intra-Fund Transfers	199	269
Miscellaneous Revenues	572	542
Blue Mountain Drop Box	219	219
Total Revenues	4,542	4,753
O&M	610	600
Administration & General	391	386
Transfer Station Operations	662	692
Long Haul & Disposal	2,030	1,963
Debt Service	753	753
Post-Closure Maintenance	199	269
Taxes	418	437
Transfer Payments	-	337
Blue Mountain Drop Box	220	222
Total Expenses	5,283	5,658
Revenues Less Expenses	(740)	(905)

Transfer Station Unrestricted Cash Balance



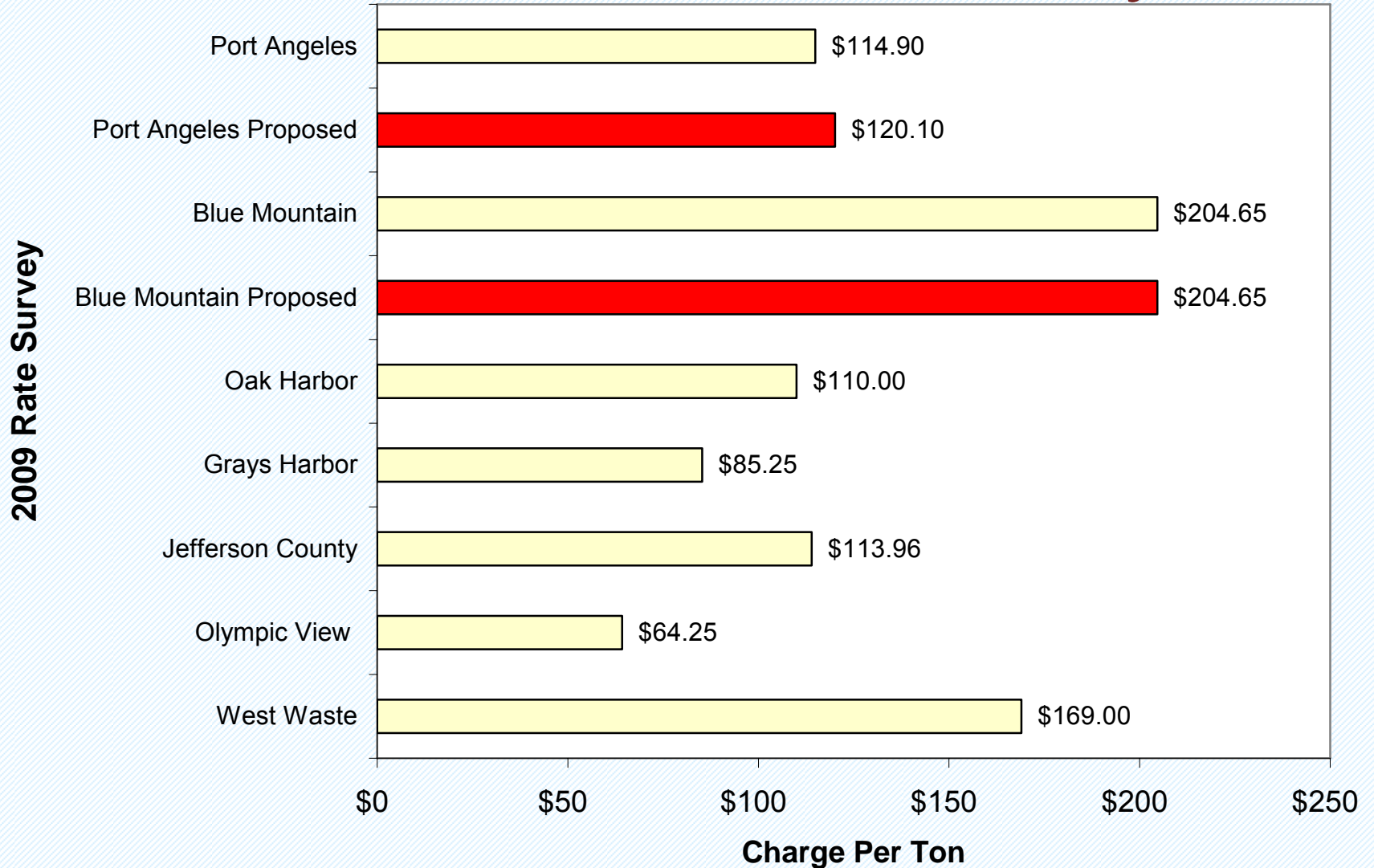
Transfer Station Rate Study Findings

With 4.5% Rate Increase

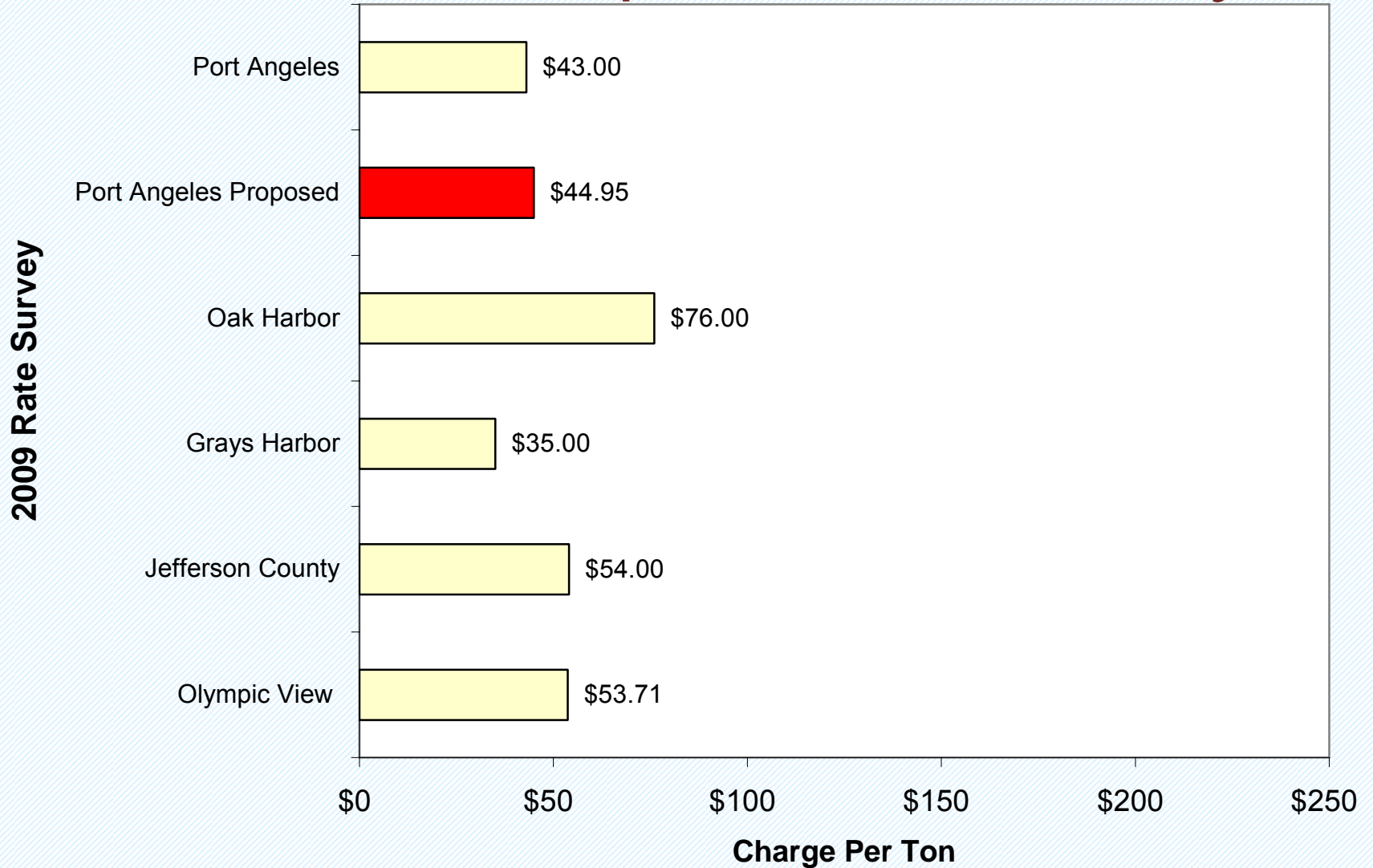
Ending Fund Balances (\$1,000)

Type of Reserve	2009	2010	Requirement	
Ending Unrestricted Cash Balance	1,971	1,066	1,005	90 Days O&M
Ending Closure Balance	-	-	-	-
Ending CFP Balance	-	-	-	-
Ending Post-Closure Balance	3,560	3,628	3,628	Post-Closure Plan
Total Reserves	5,531	4,694	4,633	-

Transfer Station Rate Survey



Yard Waste Disposal Rate Survey



Utility Rate Study Summary

Fee adjustments proposed:

Electric work permits, pole attachments

Fee adjustments proposed (City/State taxes):

Electric work permits, pole attachments, water connection & system development, wastewater permit & system development, service fees

Retail rate adjustments proposed:

Water 8.5%, wastewater 4.0%, CSO 30.1%, transfer station 4.5%

No retail rate adjustment proposed:

Electric, solid waste collection, stormwater

Questions?

- Utility rate studies
- Draft fee ordinance amendments
- Draft rate ordinance amendments

What's Next?

- City Council opens public hearing tonight
- October 13, 2009, Utility Advisory Committee recommendation
- October 20, 2009, City Council continues/closes public hearing-adopts ordinance amendments
- January 4, 2010, proposed rates & fees effective