5-Year Water Retail Rates Forecast

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Inflation (4.5%) /Lower Interest Earnings	3.7%	2.9%	3.0%	2.0%	2.4%
Capital Program (6% bond rate assumed)	11.1%	19.5%	12.1%	2.7%	3.7%
Rate Stabilizaton Account	-4.8%	-8.2%	-1.6%	1.2%	0.5%
Deferred Rates	4.3%				
Non-Rep COLA	0.5%				
Retail Demand from FY 2011-12		0.6%			
Wholesale Revenue				1.8%	
FY 2013 Adopted Plan	**14.8%**	**14.8%**	**13.5%**	**7.7%**	**6.7%**
2012 Bonds Sale Rate savings	-1.2%				
2012 Year End Updates	-0.2%	-0.6%			
2013 Bonds Rate (from 6% to 4.5%)	-1.6%				
Additional Non-Rate Revenues	-0.1%				
Updated Rates (9/1/2012)	**11.7%**	**14.2%**	**13.5%**	**7.7%**	**6.7%**
Wholesale Updates	0.7%				0.2%
Pension Obligation Bonds (POBS)	-0.1%				
Inflation Update (October update from OMF)		0.3%	0.3%	0.1%	0.3%
Lower Retail Demand	1.5%	1.5%	0.8%		
5-Year CIP Update	-1.1%	-0.5%			
Groups 5% Operating Reductions	-3.1%				
General Fund Reimbursement of $1.6 million	-0.1%				
Rates Before Levelizing	9.5%	15.5%	14.6%	7.8%	7.2%
Levelize Rates (utilizing Rate Stabilization Account)		-1.1%	-0.2%	0.5%	1.1%
Updated Rates (11/8/12)	**9.5%**	**14.4%**	**14.4%**	**8.3%**	**8.3%**

Portland Water Bureau Forecast Assumptions

FY 2012-13 5% underspending goal is achieved (one-time saving)
FY 2012-13 Water Sale revenue shortfall remains at about $3 million
Retail Demand
- FY 2013-14 - 26.5 million ccf
- FY 2014-15 - 26.0 million ccf
- FY 2015-16 - 25.75 million ccf

Inflation Assumptions
- FY 2014-15 - 3.7%
- FY 2015-16 - 3.9%
- FY 2016-17 - 3.0%
- FY 2017-18 - 3.4%

All Positions are funded
FY 2012-13 Capital will be spent per plan
Updated 5-Year CIP
Bonds Sale Schedule
- March 2013 - $120 million (approx), 4.5% assumed bond rate
- March 2014 - $160 million (approx), 6% assumed bond rate
- October 2015 - $135 million (approx), 6% assumed bond rate
- October 2017 - $160 million (approx), 6% assumed bond rate

Risks/Opportunities to Forecast
Retail Demand
Wholesale Updates
COLA/Inflation Updates
Interagencies/GFOH
- space
- phones/computers inventory review