

# Water

## Summary

Hermiston implemented the third 4% increase of an eventual total increase of 16% to water rates on Jan. 1, 2015. However, since the 2014 analysis, most of the other cities have also raised their water rates. Hermiston is therefore still the lowest-cost provider among the surveyed cities. Projecting forward, once the full 16% increase is implemented on July 1, 2015, Hermiston's future rate would still rank it as the lowest-cost provider compared to the other surveyed cities' current rates.

## Base Charge

Most water utilities charge a base charge, which applies to all customers regardless of actual water usage. Higher base charges can reduce the marginal benefit that customers see in their bills through conservation efforts, and can disproportionately impact lower-income customers. Utilities which charge a lower base charge may be more susceptible to revenue fluctuations through variations in water usage (i.e. a wet spring means less water is used for landscaping, which reduces the amount of water purchased). Hermiston now features the third-lowest base charge.

Base Water Charges by City	
City	Base Charge
Ontario	\$10.00
Hermiston	\$16.48
Pendleton	\$17.70
La Grande	\$23.58
Baker City	\$30.37
The Dalles	\$55.30

## Usage Charges

The remainder of a water bill is tied to actual water usage. Different utilities use many different units to measure usage, but predominantly use is measured in either gallons, or cubic feet. Hermiston measures usage based on gallons, and this analysis uses a monthly average<sup>10</sup> for residential customers of 24,400 gallons. Utilities use different thresholds for usage that they tie into their base-rates. In Hermiston, the base rate includes the first 3,000 gallons, but this threshold is different depending on the city, so it is difficult to yield a comparable per-gallon charge. Therefore, this analysis simply identifies an average monthly use, and compares the final result.

Seasonally Adjusted Bill by City	
City	Monthly Bill
Hermiston	\$40.72
Ontario	\$42.94
Baker City	\$50.51
Pendleton	\$55.63
La Grande	\$63.54
The Dalles	\$79.49

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<sup>10</sup> Average smoothed for seasonal variations in usage, and seasonal discrepancies between utilities in meter-reading practices.

### Current Rate Comparison

Even though Hermiston raised its rates by 4% on Jan. 1, 2015, Hermiston users still enjoy a 5% savings compared to the next-closest provider.

### Comparison of Future Rates Against Current Rates in Other Cities

Applying the same methodology to the rates which will be charged in Hermiston on July 1, 2015, once the full 16% increase takes effect, shows that Hermiston rate payers will still be the lowest cost provider, with Ontario being slightly more.

The graph below shows that even using Hermiston's full planned increase, our users will be paying the lowest bill of all of the surveyed cities. Last year's analysis predicted that La Grande and Ontario were likely to raise water rates soon because they had gone the longest without an adjustment. La Grande's rates did increase substantially in 2014, but Ontario's remained the same again. Therefore although Ontario's rate will only be slightly higher than Hermiston's once the full increase is implemented, it will have been at least 3 years since their last rate adjustment.

**Hermiston's Current & Future Rates vs. Current Rates in Other Cities**  
**Monthly Water Bills**

