



Total Residential Utility Burden

Benchmark Analysis: Update

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Executive Summary

The Total Utility Burden is a measure of how much residents pay for all of their utility services combined. When services are viewed separately, some cities compare favorably with Hermiston, but when all of the services are combined, which is what residents must account for in their real-life budgets, it is clear that Hermiston residents enjoy all of the necessary utilities at a much lower rate than any of the other surveyed cities.

Total Burden

By adding together the costs of the four utilities analyzed in this report (electricity, solid waste¹, water, & sewer), we can see what an “average” household pays each month, and annually, for utilities in each of the surveyed cities.

Total Utility Burden by City		
City	Monthly Bills	Annual Bills
Hermiston	\$149.17	\$1,790
Baker City	\$177.23	\$2,127
Ontario	\$188.05	\$2,257
The Dalles	\$212.61	\$2,551
La Grande	\$214.92	\$2,579
Pendleton	\$222.57	\$2,671

Comparison

When comparing the annual bill for all utilities against what residents of Hermiston pay, the real savings begin to materialize. Even with the 4% increases in water and sewer service in Hermiston, rate payers in the city enjoy at least a 19% savings on their total utility burden compared to the surveyed cities. This is actually a slight improvement compared to last year’s analysis when Baker City was 16% higher than Hermiston. This change occurs because other communities also increase their rates from time to time on their various utilities.

Total Utility Burden vs. Hermiston		
City	Cost vs. Hermiston	Annually Paid More than Hermiston
Hermiston	100%	\$0
Baker City	119%	\$337
Ontario	126%	\$467
The Dalles	143%	\$761
La Grande	144%	\$789
Pendleton	149%	\$881

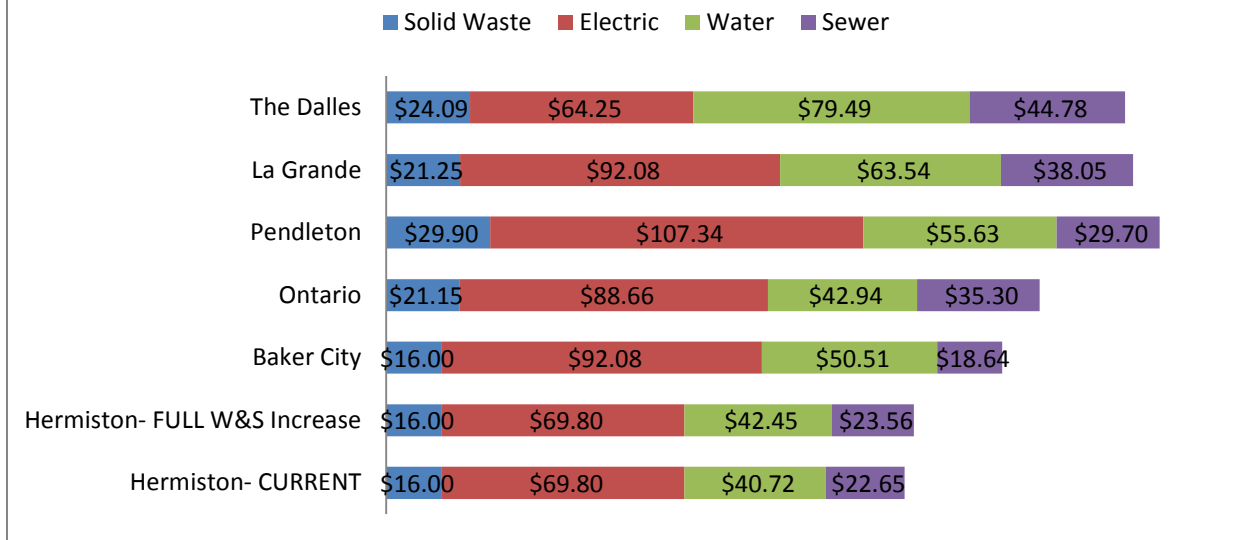
When comparing the annual bill for all utilities against what residents of Hermiston pay, the real savings begin to materialize. Even with the 4% increases in water and sewer service in Hermiston, rate payers in the city enjoy at least a 19% savings on their total utility burden compared to the surveyed cities. This is actually a slight improvement compared to last year’s analysis when Baker City was 16% higher than Hermiston. This change occurs because other communities also increase their rates from time to time on their various utilities.

Compared to last year, Hermiston’s Total Utility Burden saw an increase of 3.3%, which was lower than most other communities. For the year-over-year change, Baker City’s rose by 5.6%, Ontario’s rose by 4.1%, La Grande’s rose by 14.1%, The Dalles’ rose by 3.2%, and Pendleton’s rose by 5.2%.

This report provides an apples to apples comparison of the cost of electric, solid waste, water, and sewer services available to residents of cities of comparable size to Hermiston (Baker City, La Grande, Ontario, Pendleton, & The Dalles). Because of differences in billing, services provided, and units of measurement, a legitimate comparison can often be difficult. The various sections of this report explain the methodology of reaching the costs shown herein.

¹ The Total Utility Burden uses the actual rates charged for the most comparable service available in each of the surveyed cities, not the adjusted per-gallon rates discussed on pg. 5.

Total Monthly Utility Burden



Note: The listing of "Hermiston- FULL W&S INCREASE" shows Hermiston's rates inclusive of the scheduled water and sewer rates on July 1, 2015 for comparative purposes. All other rates represent current rates as of December 29, 2014.

Methodology

Due to differences in billing practices between jurisdictions, which account for variances in services offered, units of measurement, and pricing through tiered rates, comparisons of utility rates can often be suspect when trying to apply a comparison to a specific rate payer's circumstances. Therefore, this analysis simply presents an "average" user (1,000 Kwh per month of electricity, most popular solid waste service offered, 24,400 gallons per month of water usage, and base sewer rates) and consistently applies those parameters in each jurisdiction. Adjusting these parameters may result in slight variations in how each jurisdiction's final costs relate to each other.

All rates shown in this report were current as of December 29, 2014, unless otherwise indicated. There are several instances where, for illustration purposes, Hermiston's future rates for water and sewer are also included to offer a comparison.

Electricity

Summary

Hermiston residents² still generally enjoy the second-lowest monthly electricity bills of the surveyed areas³. Since the 2012 analysis was done, several of the providers in the other cities have raised rates in various ways, and while The Dalles is still lower than Hermiston, that difference has narrowed from \$9 per month to \$5 per month. Additionally, Hermiston has widened its savings relative to other cities.

Base Rates

Most every electric utility charges a “Base Rate,” which is automatically billed every month, regardless of usage. The base rate for Hermiston is \$6.50 for a residential customer. All of the other cities surveyed feature higher base rates, as high as \$21.56 per month in Baker City and La Grande. A high base rate is viewed as a regressive fee because it applies to all customers, regardless of usage.

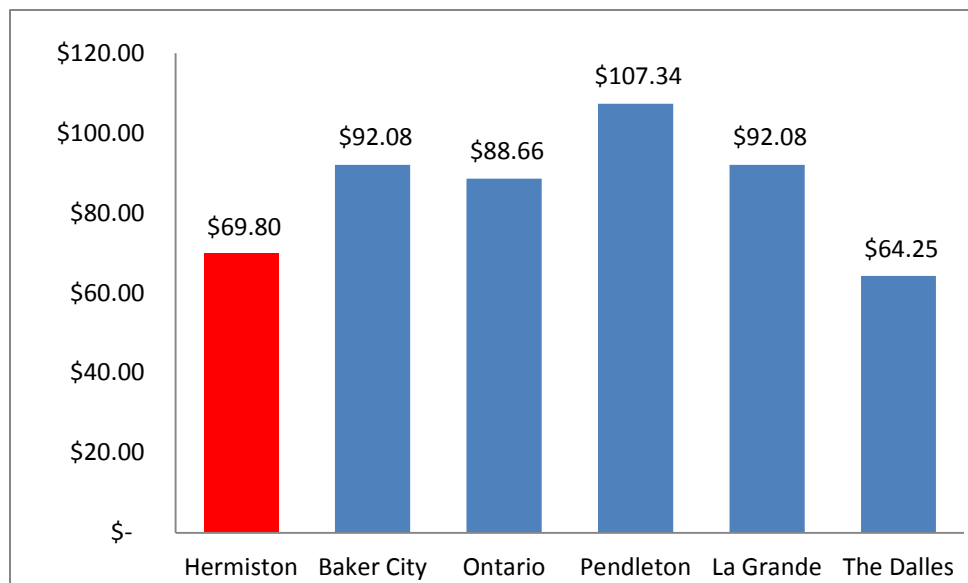
Base Rates by City	
City	Base Rate
Hermiston	\$6.50
Ontario	\$8.00
Pendleton	\$9.61
The Dalles	\$11.25
Baker City	\$21.56
La Grande	\$21.56

Energy Charges

The remainder of an electricity bill comes from the charges for usage, measured in kilowatt-hours (Kwh). A commonly accepted usage for residential customers is 1,000 Kwh per month. This usage amount can then be used to compare costs across different utilities. Hermiston’s usage rate of \$0.0633/Kwh is lower than all of the other utilities surveyed, with the exception of The Dalles.

Energy Charges by City	
City	Energy Charge
The Dalles	\$0.0530
Hermiston	\$0.0633
Ontario	\$0.0807
Pendleton	\$0.0977
Baker City	\$0.0705
La Grande	\$0.0705

(Right): Monthly electric bills calculated for a residential customer using 1,000 Kwh per month.



² This analysis only takes into account Hermiston Energy Services, and does not include Umatilla Electric Co-op.

³ Utilities surveyed: The Dalles—North Wasco County PUD; Ontario—Idaho Power; Pendleton—Pacific Power; Baker City—Oregon Trail Electric Co-Op; La Grande—Oregon Trail Electric Co-Op.

Solid Waste

Summary

Hermiston residents tie for paying the lowest rates for solid waste services among all of the cities surveyed, at \$16 per month for “standard” service. The standard service is not uniform among the various cities. When services are adjusted to reflect a true per-gallon rate, Hermiston residents pay at least 32% less than residents of the other cities.

Standard Service

The “Standard” service for Hermiston is a 90-Gallon cart emptied once per week. This is considered standard because it is the most popular service among residential customers. Because other cities may use different sizes for their standard service, comparing straight-across service costs may introduce bias into the survey. For example, residents of Hermiston and Baker City both pay \$16 per month, but Baker City residents receive 75% of the service for the same price, therefore making them not truly comparable services.

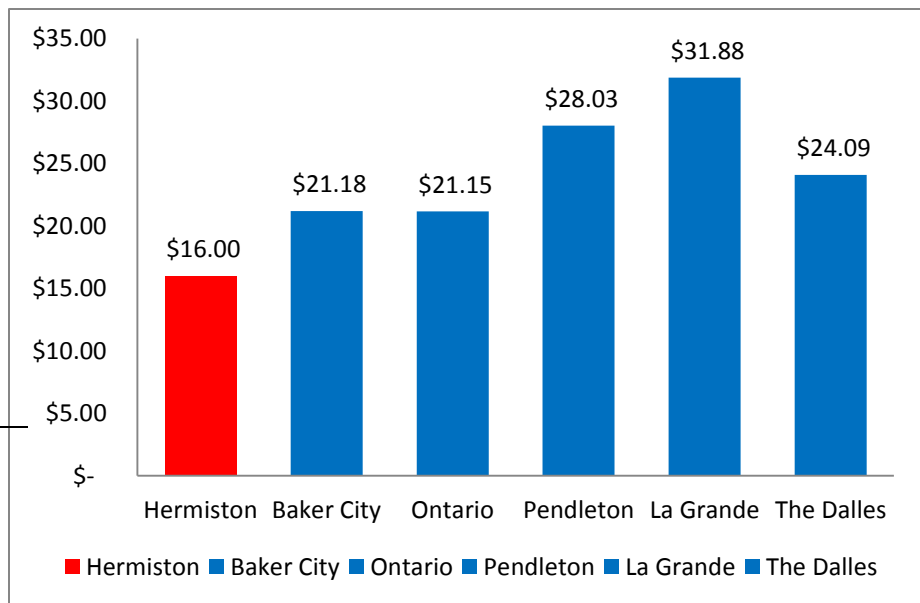
Standard Service Charges by City	
City	Service Charge
Hermiston ⁴	\$16.00
Baker City ⁵	\$16.00
Ontario ⁶	\$21.15
La Grande ⁷	\$21.25
The Dalles ⁸	\$24.09
Pendleton ⁹	\$29.90

Service Value

A better way to compare services between different cities is to look at the service value, or cost on a per-unit basis. By determining the per-gallon charge of all of the surveyed cities, it is possible to determine what the value would be in the other cities for an identical 90 gallon service, which is used in Hermiston. This process shows that Hermiston residents enjoy a much higher value for their rates than residents of the other cities surveyed.

Adjusted Charges for 90 Gal. Service	
City	Service Charge
Hermiston	\$16.00
Baker City	\$21.18
Ontario	\$21.15
La Grande	\$31.88
The Dalles	\$24.09
Pendleton	\$28.03

(Right): Monthly charge on a per-gallon basis converted to a 90 gallon equivalent to show the true value compared to Hermiston.



⁴ Hermiston: 90 Gallon Cart
⁵ Baker City: 68 Gallon Cart
⁶ Ontario: 90 Gallon Cart
⁷ La Grande: 60 Gallon Cart
⁸ The Dalles: 90 Gallon Cart
⁹ Pendleton: 96 Gallon Cart

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 average¹⁰ 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

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

Current Rate Comparison

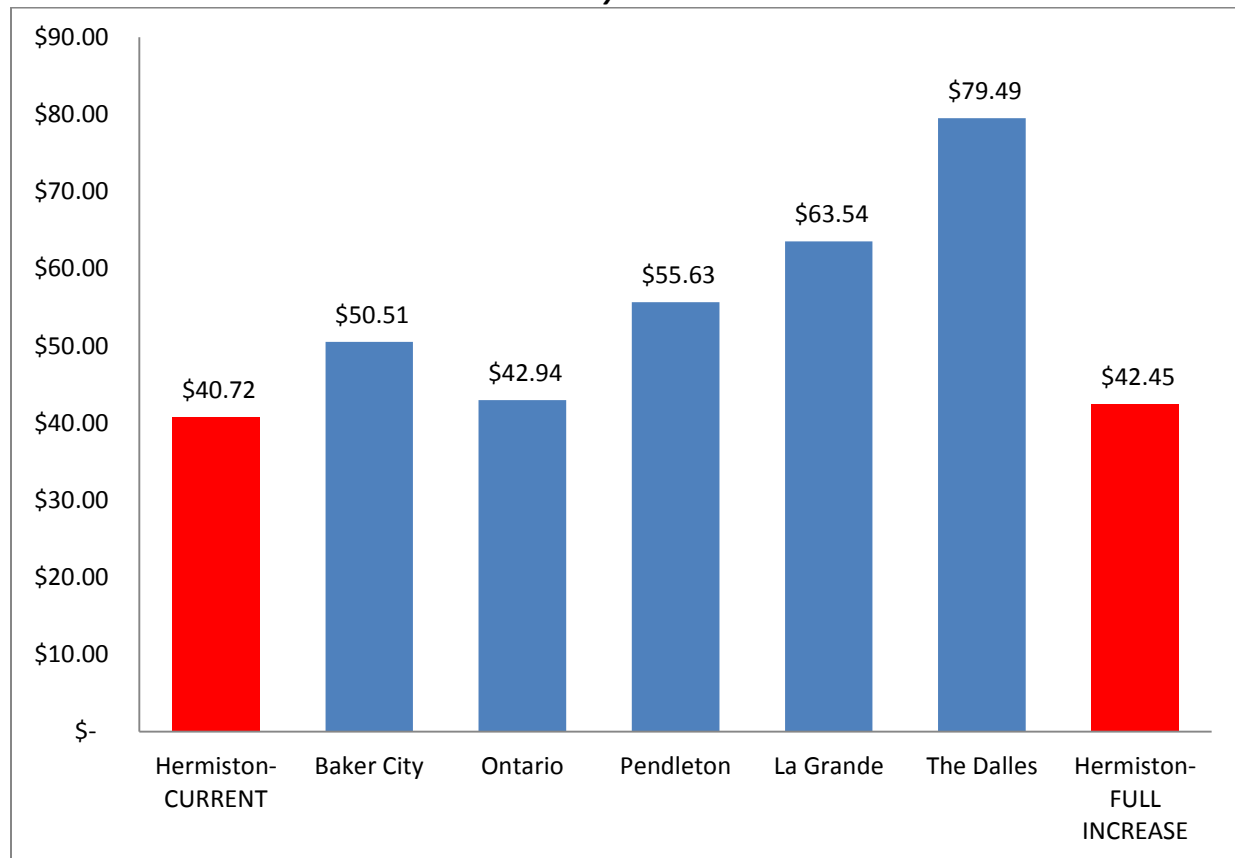
Even though Hermiston raised its rates by 4% on Jan. 1, 2015, Hermiston users still enjoy a 5% savings compared to the next-closest provider.

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



Sewer

Summary

Despite the 12% rate increase since the last analysis, Hermiston residents still enjoy the second-lowest sewer bills compared to the other surveyed cities. Looking ahead, the rates which will take effect July 1, 2015 in Hermiston will result in Hermiston residents still enjoying the second-lowest sewer bills.

Comparison

Sewer rates are much simpler to compare across jurisdictions because most cities simply charge one base rate for residential units, irrespective of usage. Therefore, a straight-across comparison is possible.

Hermiston residents pay 22% more than residents of Baker City for sewer service. Since the last analysis was done, Baker City also raised its rate for sewer service. Hermiston residents also currently pay 31% less than residents of Pendleton, the next lowest cost provider.

Monthly Sewer Charges by City	
City	Monthly Charge
Baker City	\$18.64
Hermiston	\$22.65
Pendleton	\$29.70
La Grande	\$38.05
Ontario	\$35.30
The Dalles	\$44.78

Comparing Future Rates Against Current Rates in Other Cities

If Hermiston’s rate which is scheduled to take effect July 1, 2015 is compared against the current rates charged in the other surveyed cities, Hermiston rate payers would still enjoy the second-lowest cost, and still pay 26% less than the next-lowest-cost provider.

Hermiston’s Current & Future Rates vs. Current Rates in Other Cities
Monthly Sewer Bills

