

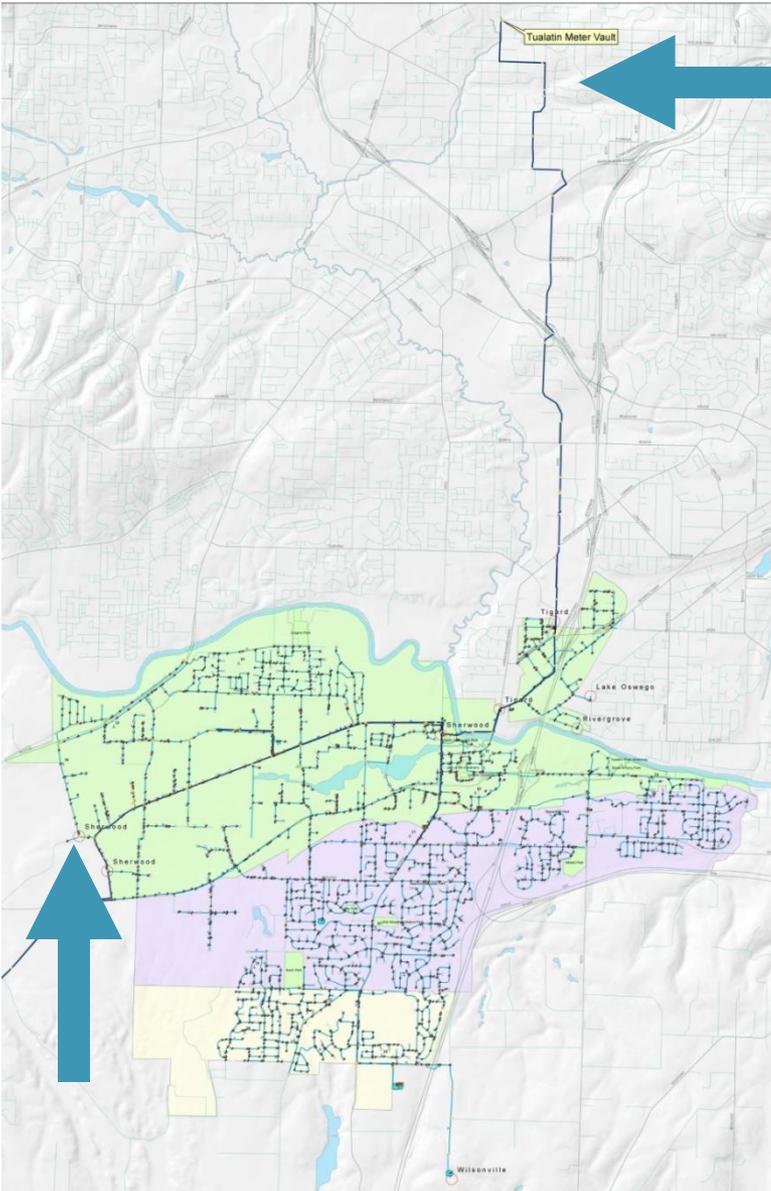


City of Tualatin

**City of Tualatin
WATER SUPPLY
FINANCIAL EVALUATION**

March 23, 2015

Today we will be sharing results of the financial evaluation of available water supply options



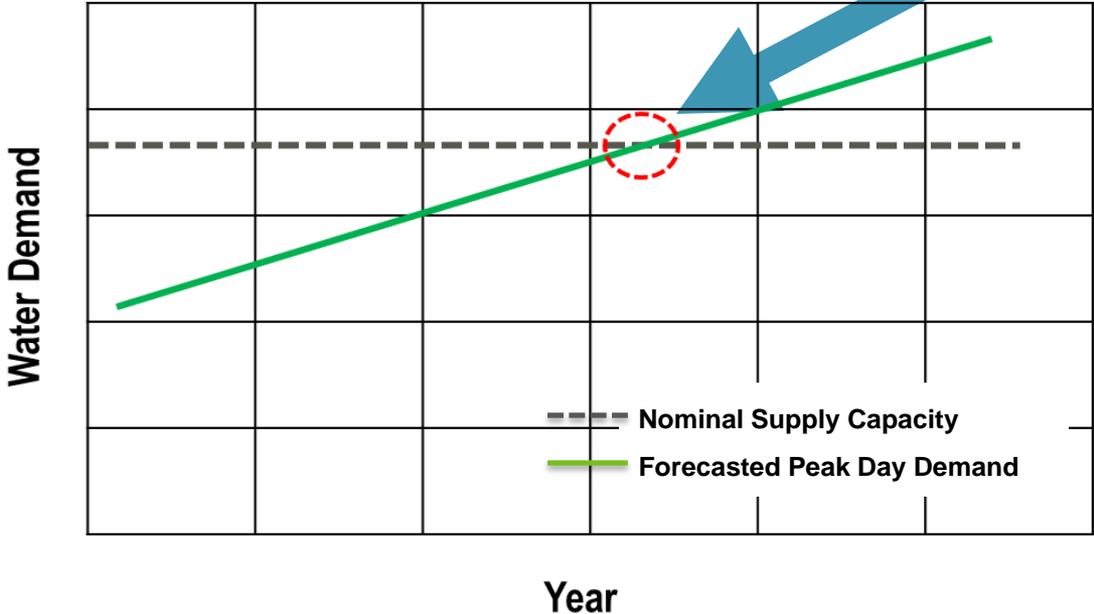
Continuation or expansion of the Portland Supply

Willamette Supply (either via the Sherwood Pipeline or the Willamette Water Supply Program)

Note: Supply options include Tualatin's existing ASR supply

The City is projected to require additional water supply within the next 10 years

Current supply of 11.5 mgd projected to be exceeded as early as 2023*



*Note: Based on demand forecast from 2013 Water Master Plan (Addendum)

The following slides show the financial comparison between Portland and the Willamette River Water Sources

Over a 30-year period, what are the potential rate implications of those options?

All rate projections presented today are intended to show relative impacts only; they are not intended to represent actual future rates.

The findings from this analysis rely on numerous assumptions

- Options dependent on partnerships with other agencies
- Portland rate structure is very complex
- Relied on reasonable and best information available within the period and scope of the study

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We started by comparing expansion of the Portland supply to switching to the Willamette River

Supply	Description
1. Expansion of Portland Supply	Includes leasing additional capacity in the Washington County Supply Line from another agency
2. Switch to Willamette supply via the Sherwood Pipeline	Includes purchasing capacity in the Sherwood pipeline and expanding the existing Willamette Water Treatment Plant.

*Tualatin's total available capacity from Washington County Supply Line is 10.8 mgd
Both scenarios assume continued usage of the City's ASR well (~0.7 mgd)*

We included both “higher” and “lower” estimates of future Portland supply costs

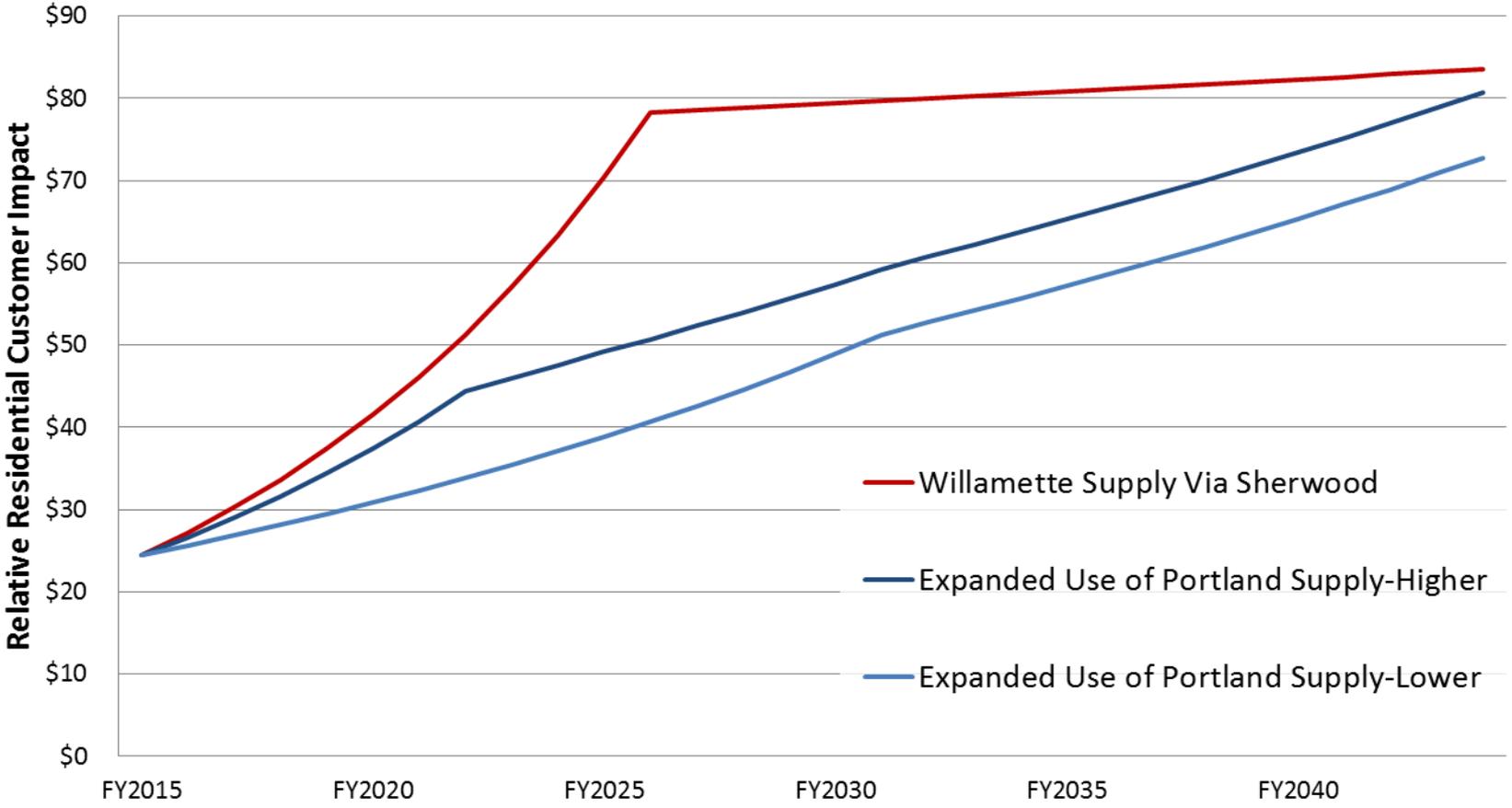
Component	Assumption
Additional capital cost shares for major projects in 5-year CIP <i>(Powell Butte; Kelly Butte Reservoirs; and Conduit Improvements)</i>	Higher based on high allocation to wholesalers Lower based on low allocation to wholesalers as provided by the City
Future UV treatment	Higher assumes implementation in 2020 Lower assumes no UV treatment

Projections take into account reduced usage of the Portland supply by Tualatin Valley Water District and the City of Tigard; assume available capacity in the Washington County Supply Line.

This analysis has several limitations

- Supply needs and associated infrastructure costs are specific to City of Tualatin
- Portland capital investments are uncertain after the 5-year Capital Improvement Program
- Portland may make additional investments to rehabilitate aging infrastructure, leading to higher rate than shown in this projection

Within the limitations of this analysis, Portland Supply rates were estimated to be lower than the Willamette Supply option over the 30-year period



Information presented is based on relative rate increases only and is not intended as a projection of actual future rates.

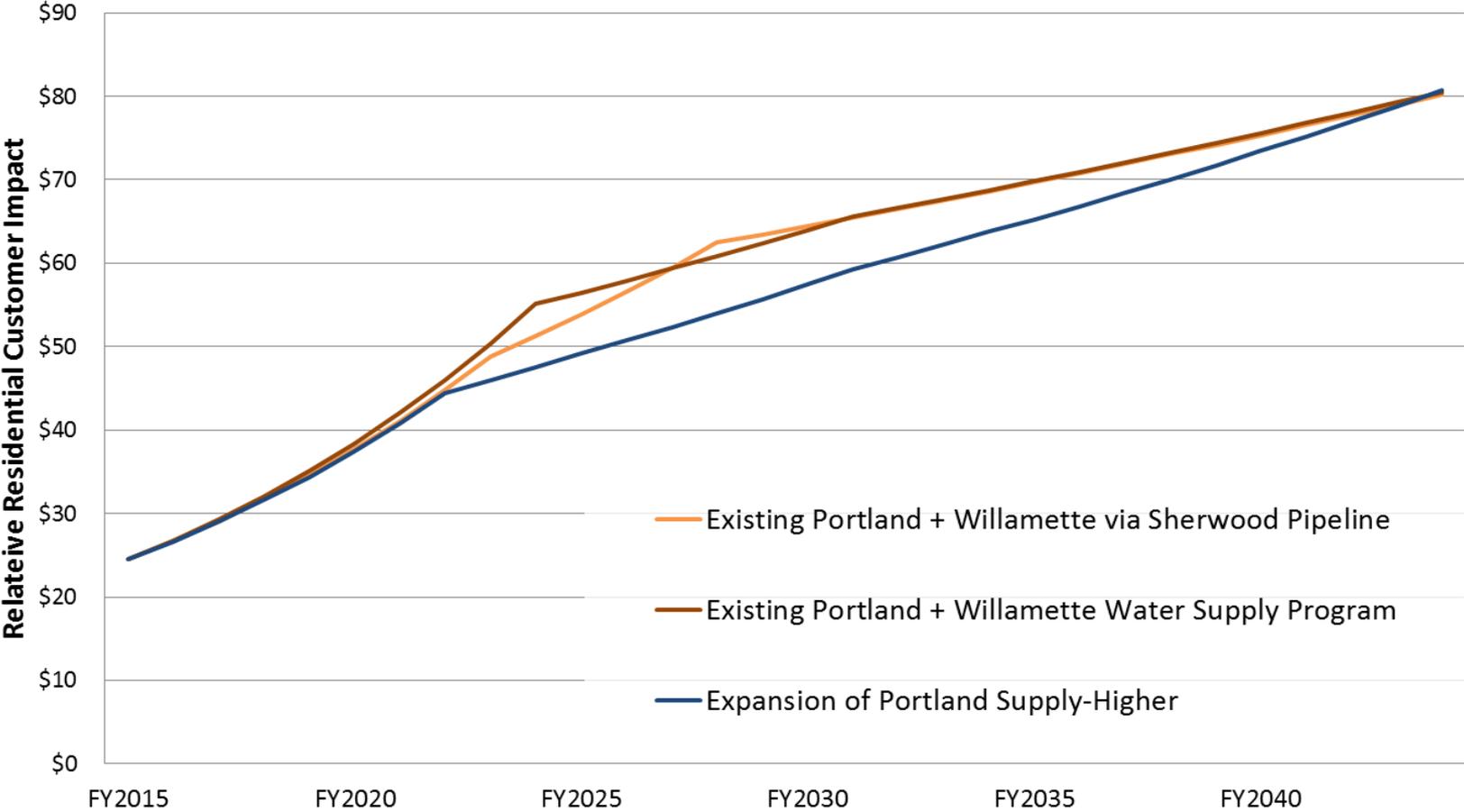
2

We then evaluated hybrid options, where we maximized use of the existing Portland supply then expanded to the Willamette

Supply	Description
3A. Maximize use of existing Portland Supply + use Sherwood Pipeline for additional supply needs	Continue use of Portland indefinitely; purchase incremental needed capacity in Sherwood pipeline and Willamette Water Treatment Plant.
3B. Maximize use of existing Portland Supply + participate in Willamette Water Supply Program for additional supply needs	Continue use of Portland indefinitely; purchase incremental needed capacity in Willamette Water Supply Program.

Both scenarios assume continued usage of the City's ASR well; and include the "higher" Portland costs

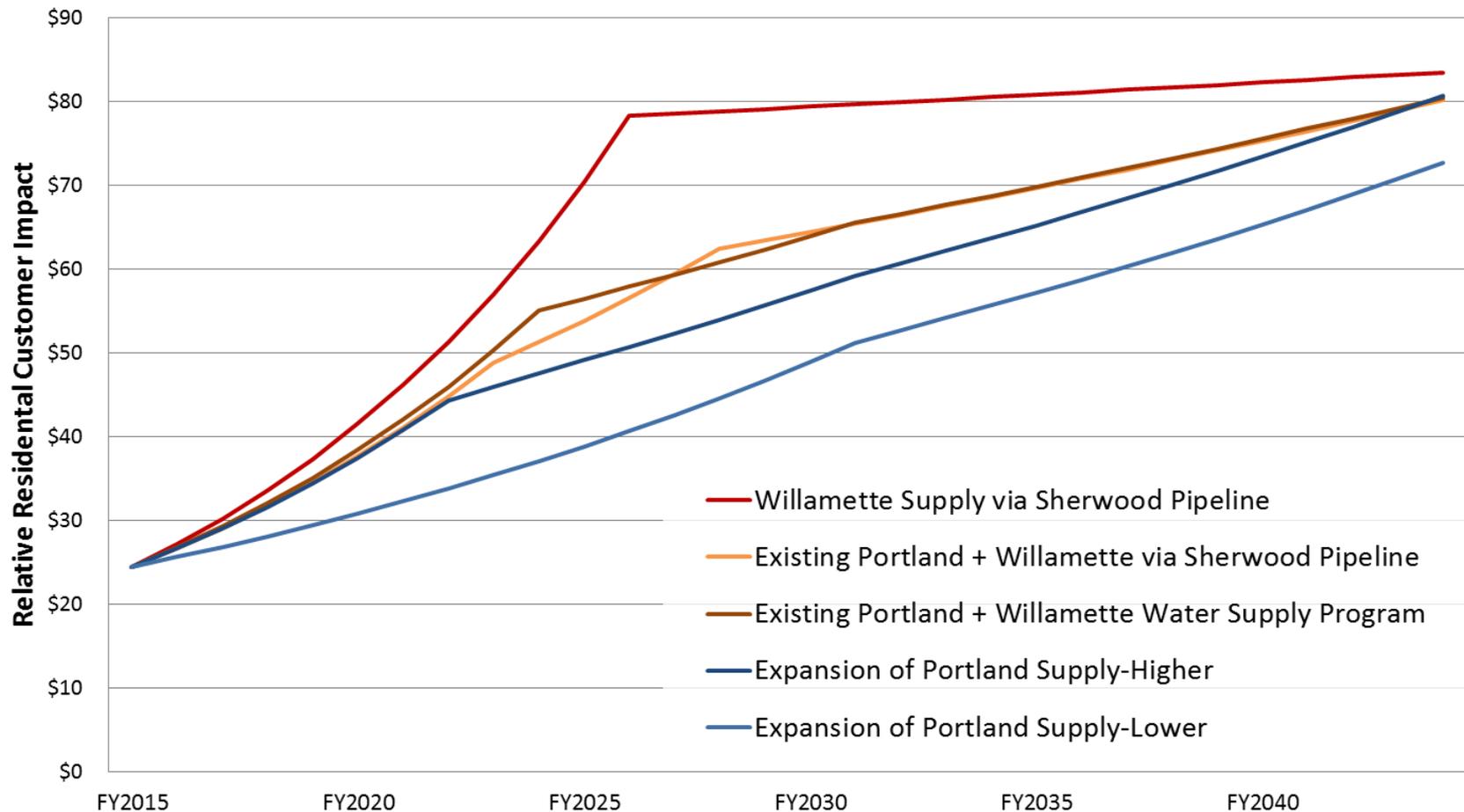
Within the limitations of this analysis, Portland Supply was estimated to have similar relative rates to the hybrid options by the end of the 30-year analysis period



Information presented is based on relative rate increases only and is not intended as a projection of actual future rates.

Overall Conclusion:

Depending on future Portland investments, there is the potential for any of the evaluated options to have the lowest relative rates by the end of the 30-year period



Information presented is based on relative rate increases only and are not a projection of actual future rates.

Questions?