

CITY of CASCADE LOCKS

AGENDA

CITY COUNCIL MEETING, Monday, February 25, 2013, 7:00 PM, CITY HALL

Purpose: The City Council meets on the 2nd and 4th Mondays of each month to conduct city business.

1. **Call to Order/Pledge of Allegiance/Roll Call.**
2. **Additions or amendments to the Agenda.** (The Mayor may add items to the agenda after it is printed and distributed only when required by business necessity and only after an explanation has been given. The addition of agenda items after the agenda has been printed is otherwise discouraged.)
3. **Adoption of Consent Agenda.** (Consent Agenda may be approved in its entirety in a single motion. Items are considered to be routine. Any Councilor may make a motion to remove any item from the Consent Agenda for individual discussion.)
 - a. **Approval of Minutes of February 11, 2013 Council Meeting.**
 - b. **Approval of Minutes of February 13, 2013 Council Work Session.**
 - c. **Ratification of the Bills in the Amount of \$54,021.51.**
 - d. **Approve Resolution No. 1254 Check Signers.**
 - e. **Approve IGA in Support of a CDBG for Low-Moderate Income Housing Program.**
4. **Public Hearings.**
5. **Action Items:**
 - a. **Vacant Council/Committee Appointments**
 - b. **Second Reading and Adoption of Ordinance No. 420.**
 - c. **Approve Resolution No. 1255 for Sale of Old Fire Hall.**
 - d. **Adopt 2013/2014 Budget Priorities.**
6. **Appearance of Interested Citizens to Share a Variety of Perspectives on Issues Facing Our Community.** (Comments on matters not on the agenda or previously discussed.)
7. **Reports and Presentations.**
 - a. **City Committees.**
 - b. **Martha LaMont – Fish Food Bank.**
 - c. **Water and Sewer Master Plan Status Reports.**
 - d. **BKI Final Report on Electric Rate Study.**
 - e. **City Administrator Zimmerman Report.**
8. **Mayor and City Council Comments.**
9. **Other matters.**
10. **Executive Session as may be required.**
11. **Adjournment.**

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for person with disabilities, should be made at least 48 hours in advance of the meeting by contacting the City of Cascade Locks office at 541-374-8484.

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1. **Call to Order/Pledge of Allegiance/Roll Call.** Mayor Cramblett called the meeting to order at 7:01 PM. CM's Groves, Fitzpatrick, and Mayor Cramblett were present. Also present were City Administrator Gordon Zimmerman, City Attorney Ruben Cleaveland, City Recorder Kathy Woosley, Electric Superintendent Tracy Hupp, Justice of the Peace Cindy Mitchell, Sandra Kelley, Pam Morse, Karen Peck, Ken Hutton, Don Haight, Bobby Walker, Marva Janik, Megan Janik, Virginia Fitzpatrick, Lori Madrigal, Rob Brostoff, Jeff Helfrich, Richard Randall, Kirby Neumann-Rae, and Camera Operator Betty Rush.

2. **Additions or amendments to the Agenda.** Mayor Cramblett said 5.a. would move ahead with an interview for the one candidate that applied for the vacant position and then oath of office for appointees.

CA Zimmerman stated he received an email from Cody Steelman expressing concern about approving the consent agenda if not filling vacancies until later in the agenda.

Ms. Kelley reminded people that are taking their oath tonight will mean upholding the Charter, which includes the citizen initiatives. She said the last election reinforced the people's understanding of what they intended. She hoped that the ones accepting these positions will uphold the Charter.

CA Zimmerman stated he had approached Mr. Hesgard, Mr. Helfrich, and Mr. Randall about filling vacancies. He stated Mr. Hesgard declined. He said one application was received from Bobby Walker. The Council interviewed Bobby Walker.

Motion: CM Fitzpatrick moved, seconded by CM Groves, to accept the appointments of Jeff Helfrich, Richard Randall, and Bobby Walker to fill vacancies. The motion was passed unanimously by CM's Groves, Fitzpatrick, and Mayor Cramblett.

Justice of the Peace Mitchell administered the Oath of Office to Jeff Helfrich, Richard Randall, and Bobby Walker.

3. **Adoption of Consent Agenda.**

a. **Approval of Minutes of January 14, 2013 Council Meeting.**

b. **Approval of Minutes of January 28, 2013 Council Meeting.**

c. **Ratification of the Bills in the Amount of \$303,781.09.**

Mayor Cramblett read the list of items on the Consent Agenda. **Motion:** CM Helfrich moved, seconded by CM Fitzpatrick, to adopt the Consent Agenda. The motion was passed unanimously by CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, and Mayor Cramblett.

4. **Public Hearings. Sale of Old Fire Hall.** Mayor Cramblett opened the public hearing at 7:20 PM. CA Zimmerman explained that the City is in negotiations for the sale of the old fire hall for \$150,000.00.

Ms. Kelley asked what the property was appraised at. Mayor Cramblett said there have been a few appraisals and he thought the most recent was \$300,000.00 for both properties. CM Helfrich said this business will be a good fit for the community.

Hearing no other testimony, Mayor Cramblett closed the public hearing at 7:24 PM.

5. **Action Items:**

a. **Fill Council Vacancies and Perform Oath of Office.** This took place earlier in the meeting.

b. **Various Committee Appointments.** Mayor Cramblett appointed Buzzy Nielsen and Shirley Carr to the Budget Committee, Cindilee Baseman and Debbie Fine to the Tourism Committee, Todd Mohr and Gyda Haight to the Planning Commission, and Sandra Kelley and Darlene Sullenger to the Finance and Operations Sub-Committee. He appointed CM Helfrich and CM Fitzpatrick to the Joint Work Group on Economic Development. **Motion:** CM Fitzpatrick moved, seconded by CM Groves, to accept the Mayor's appointments. The motion passed unanimously by CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, and Mayor Cramblett.

c. **Set Date for 2013/2014 Budget Priorities.** Consensus of Council was to set date of February 13, 2013 at 7:00 PM for work session on budget priorities.

d. **Request for OSU Economic Impact Study.** **Motion:** CM Helfrich moved, seconded by CM Walker, to authorize the Mayor to sign a letter to Bruce Sorte requesting an economic analysis from OSU Extension Service. The motion was passed unanimously by CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, and Mayor Cramblett. CM Helfrich stated this was very important and Mayor Cramblett said that Mr. Sorte is committed to help the City with economic development.

e. **Approve Request for DLCD Funding.** CA Zimmerman said this is a program to help fund a planning consultant to assist the City in reviewing and making necessary updates to the Community Development Code. **Motion:** CM Fitzpatrick moved, seconded by CM Helfrich, to authorize the Mayor to apply for the code assistance through the TGM program with DLCD and ODOT. The motion was passed unanimously by CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, and Mayor Cramblett.

f. **First Reading of Ordinance No. 420 Repealing Ordinance No. 304, as amended by 391, Creating a Park and Recreation Commission for Cascade Locks Oregon, Providing for the Community and Adequate Program and Plan of Public Recreations; Defining its Duties and Responsibilities.** Mrs. Peck said that she and Ms. Morse would like to continue some of the events through the City and be covered by the City's insurance. She said the City's Parks and Recreation Program events were provided for youth even if they couldn't pay. She said she didn't know if Community Education could provide that same opportunity. Mrs. Peck said she was afraid that some of the youth would not be able to participate in the Community Education Program.

Motion: CM Helfrich moved, seconded by CM Walker, to have the first reading of Ordinance No. 420.

CM Fitzpatrick asked if events could still be provided by Mrs. Peck and Ms. Morse without being a committee. CA Zimmerman said this would be an insurance liability. He explained that the HRCSD is accepting the liability for the Community Education Program. He explained that it would require additional coverage for the City as it would no longer be an advisory committee.

CM Helfrich said he would like to amend his motion to, adopt and have the first reading of Ordinance No. 420, an ordinance repealing Ordinance No. 304 as amended by Ordinance No. 391. CM Walker agreed to the amendment.

CM Helfrich said that Community Education will vastly improve the opportunities for the youth. He said he appreciated the work that Mrs. Peck and Ms. Morse had done with the youth but this is also an effort to reduce liability and spending.

Mayor Cramblett said the Parks and Recreation Committee provided a lot of activities over the years and hopefully the City can get it back. He said Community Education is an opportunity to take youth programs to another level.

CM Randall encouraged Mrs. Peck and Ms. Morse to be involved in Community Education. Mrs. Peck said they have been attending the meetings.

CA Zimmerman read Ordinance No. 420 by title only.

g. **Second Reading and Adoption of Ordinance No. 419.** CA Zimmerman read an email from Cody Steelman expressing his concerns regarding Ordinance No. 123 and suggesting another ordinance be created for the office of Finance Officer. He said Mr. Steelman was also requesting that Council consider a city wide ordinance concerning the next stage of a financial policy.

CA Zimmerman read Section 10 of the Charter explaining that he supervises the Finance Officer.

CA Zimmerman gave the second reading of Ordinance No. 419. CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, and Mayor Cramblett voted unanimously to adopt Ordinance No. 419.

h. Authorize Payment in the Amount of \$3,672.00 to Cascade Locks Automotive invoice for Repairs to F550. CA Zimmerman apologized for authorizing this as it was over his spending limit. He said this repair was authorized because the truck was needed for snow plowing. **Motion:** CM Helfrich moved, seconded by CM Randall, to authorize payment of \$3,672.00 for invoice dated 1/2/13 to Cascade Locks Automotive. The motion passed unanimously by CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, and Mayor Cramblett.

CM Helfrich said he appreciated CA Zimmerman's humbleness and the leadership shown in getting the vehicle fixed but next time he could do an electronic poll of Council.

i. ODOT Flexible Source Agreement. CA Zimmerman explained that ODOT and the City have exchanged gravel and deice chemical for water for years. He said now ODOT is requiring a Flexible Source Agreement where each agency will track the usage of traded material. He said once a year the City and ODOT will reconcile the charges and exchange invoices. **Motion:** CM Fitzpatrick moved, seconded by CM Helfrich, to approve the ODOT Flexible Service Agreement and authorize the Mayor to sign. The motion passed with CM's Groves, Fitzpatrick, Randall, Helfrich, and Mayor Cramblett voting in favor. CM Walker abstained.

j. Public Safety Sub-committee. CA Zimmerman said the Public Safety Task Force recommended a Public Safety Finance and Operations Sub-committee specifically for the Emergency Services Department. He said this would be a committee of three councilors and three citizens. **Motion:** CM Helfrich moved, seconded by CM Walker, to create the Emergency Services Department Finance and Operations Sub-committee and would direct staff to advertise for citizen appointees. The motion was passed unanimously by CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, and Mayor Cramblett. Mayor Cramblett appointed CM's Walker, Groves, and Randall.

CM Fitzpatrick said this is a great idea. He said the City needs to find sufficient funding.

k. Authorize Mayor to sign 2013 SCA Agreement. CA Zimmerman reported that the City has received a \$50,000.00 grant and the \$5,000.00 match was budgeted for in the 2012/2013 budget. He said per the recently passed financial policies the City will be working with MCEDD to be the grant administrator for this project. **Motion:** CM Randall moved, seconded by CM Helfrich, to accept the ODOT SCA Agreement and authorize the Mayor to sign the agreement.

CM Walker said at times departments will partnership where ODOT would do part of the work and trade for services, etc. CM Fitzpatrick asked about scheduling of this project and the water issues that the City has. He said any water issues should be fixed before the paving. CA Zimmerman said he would talk with Public Works Superintendent Griffin about that. He said the work will be done this construction season.

The motion passed with CM's Groves, Fitzpatrick, Randall, Helfrich, and Mayor Cramblett voting in favor. CM Walker abstained.

6. Appearance of Interested Citizens to Share a Variety of Perspectives on Issues Facing Our Community. CA Zimmerman read an email from Cody Steelman regarding the 8% franchise fee. He said Mr. Steelman attached an opinion from a previous attorney.

7. Reports and Presentations.

a. City Committees. None.

b. Warehouse Addition. ES Hupp stated that a six foot extension is needed on the Herman Creek Warehouse to store the new bucket truck as the bays at City Hall are too small to house the vehicle. He said that a digger derrick to be purchased at a later date will also be too large to fit in the bays at City Hall. He said he has received a verbal quote and estimates the job to cost around \$20,000.00. ES Hupp explained the bays then opened up at City Hall would house the service trucks, which are now sitting out in the weather.

CM Fitzpatrick said since the main expense for the project is the doors and tying into the roof there should be an estimate for extending the building further than six feet to make it worth the cost of extending the building. ES Hupp said he was just considering the least amount of dollars to accomplish what was needed. He said he could extend further but space is limited.

Consensus of Council was to direct staff to obtain bids for extending the Herman Creek Warehouse in 6, 10 and 12 foot increments.

c. White Paper Tri-City Agreement and Setting Date for Joint Meeting. Consensus of Council was to have CA Zimmerman choose dates for a joint meeting and ask the City of North Bonneville to host the next meeting.

d. CATV. CA Zimmerman said negotiations are progressing.

e. City Administrator Zimmerman Report. CA Zimmerman reported on code violations, pot hole repair, the eastern urban area boundary line, Columbia Cascade Housing IGA, and the CIS Annual Conference. He said ODOT is doing an investigation on the Bridge of the Gods and considering reducing the load limit on the bridge. He said the Port is busy working on identifying and correcting the problems.

8. Mayor and City Council Comments. CM Helfrich said he was glad to be on Council and looking forward to working with all the new City Council Members and moving the City forward. CM Walker said he was glad to be on Council and wanted to get to work. CM Randall said he didn't take his appointment lightly and thanked Council for trusting him to further ongoing projects. CM Fitzpatrick welcomed the appointees and said he was ready to move forward. CM Groves thanked the appointees for stepping up. Mayor Cramblett said there is still another vacancy on Council and there are still committee vacancies. He urged interested citizens to apply.

9. Other matters. None.

10. Executive Session as may be required. None.

11. Adjournment. Motion: CM Helfrich moved, seconded by CM Randall, to adjourn. The motion was passed unanimously by CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, and Mayor Cramblett. The meeting was adjourned at 8:51 PM.

Prepared by
Kathy Woosley, City Recorder

APPROVED:

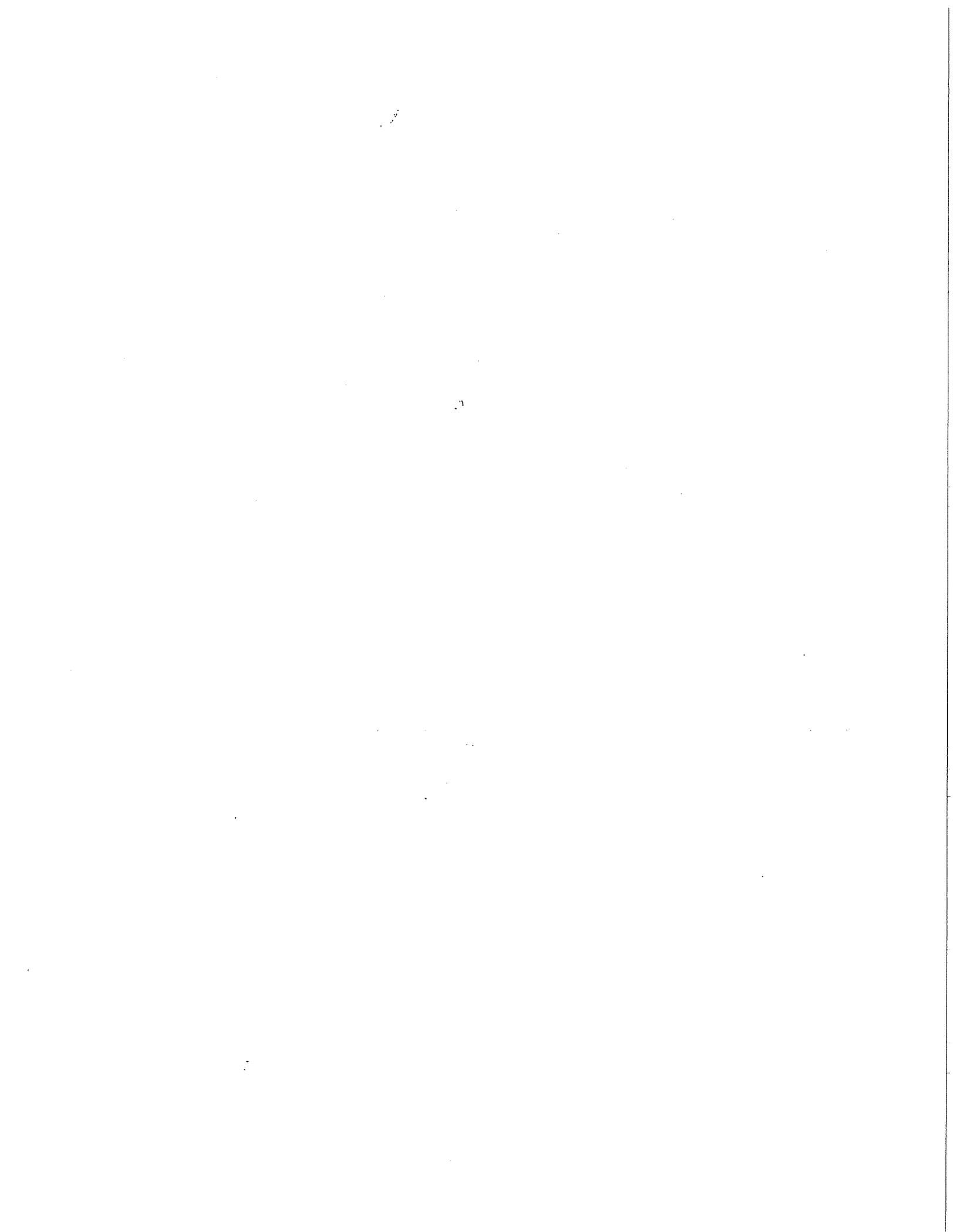
Tom Cramblett, Mayor

1. **Call to Order/Pledge of Allegiance/Roll Call.** Mayor Cramblett called the meeting to order at 7:00 PM. CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, and Mayor Cramblett were present. Also present were City Administrator Gordon Zimmerman, City Recorder Kathy Woosley, Finance Officer Marianne Bump, Electric Superintendent Tracy Hupp, Public Works Foreman Sheldon Price, Station Captain Jesse Metheny, Tourism Chair Kayla Carron, and Camera Operator Betty Rush.
2. **Additions or amendments to the Agenda.** None.
3. **Departmental Issues and Concerns for 2013/2014 Budget.** Staff presented their departmental issues and concerns for the 2013/2014 budget.
4. **Boards and Committees Issues and Concerns for 2013/2014 Budget.** TC Carron presented the Tourism Committee's issues and concerns for the 2013/2014 budget.
5. **Council Discussion and Selection of City Administrator Priorities.** Consensus of Council was to review the budget priorities and deliberate on the City Administrator priorities at a later date.
6. **Council Establishes Proposed 2013/2014 Budget Priorities.** Council's additions to the lists of issues and concerns included hiring a forensic accountant, work/time study, CATV, and PERS/health insurance. Each Councilor placed dots on their top priorities.
7. **Adjournment. Motion:** CM Helfrich moved, seconded by CM Walker, to adjourn. The motion was passed unanimously by CM's Groves, Fitzpatrick, Randall, Walker, Helfrich, and Mayor Cramblett. The work session was adjourned at 9:49 PM.

Prepared by
Kathy Woosley

APPROVED:

Tom Cramblett, Mayor



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DEPARTMENT: CITY OF CASCADE LOCKS
COVER SHEET AND SUMMARY

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DATE:	DESCRIPTION:	AMOUNT:
2/15/2013	Mid Month AP	\$ 54,021.51

GRAND TOTAL \$ 54,021.51

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APPROVAL:

Mayor

Report Criteria:
Report type: GL detail

Check Number	GL Period	Check Issue Date	Vendor Number	Invoice No.	Payee	Description	GL Account	Amount
3271	02/13	02/15/2013	10	2186	1889 - Oregon's Magazine	Ad	0840562160	1,250.00
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3272	02/13	02/15/2013	20	16449	ADDYLAB	Water Sample Testing	2140562150	45.00
Total 3272: 45.00								
3273	02/13	02/15/2013	40	9907599544	AIRGAS	Cylinder Rental	0540562351	17.64
Total 3273: 17.64								
3274	02/13	02/15/2013	180	013113	ASIFLEX	Admin Fees	5140562110	3.75
Total 3274: 3.75								
3275	02/13	02/15/2013	330	1046223	BENNETT PAPER & SUPPLY CO	Cleaning Supplies	0140462540	105.55
Total 3275: 105.55								
3276	02/13	02/15/2013	370	29791	BIO-MED TESTING SERVICE	Drug Testing	0140162063	40.00
3276	02/13	02/15/2013	370	29791	BIO-MED TESTING SERVICE	Drug Testing	0140462063	75.00
3276	02/13	02/15/2013	370	29791	BIO-MED TESTING SERVICE	Drug Testing	5140562063	75.00
Total 3276: 190.00								
3277	02/13	02/15/2013	650	010213	CASCADE LOCKS CHEVRON (DBA)	F550 Ball Joints, Parking Lamp, Steering	0340562441	1,224.00
3277	02/13	02/15/2013	650	010213	CASCADE LOCKS CHEVRON (DBA)	F550 Ball Joints, Parking Lamp, Steering	2140562441	1,224.00
3277	02/13	02/15/2013	650	012913	CASCADE LOCKS CHEVRON (DBA)	F550 Ball Joints, Parking Lamp, Steering	3140562441	1,224.00
3277	02/13	02/15/2013	650	012913	CASCADE LOCKS CHEVRON (DBA)	Shocks Ram 2500	5140562201	220.40
3277	02/13	02/15/2013	650	020513	CASCADE LOCKS CHEVRON (DBA)	Shocks Ram 2500	5140562201	330.60
3277	02/13	02/15/2013	650	020513	CASCADE LOCKS CHEVRON (DBA)	Cooling System Ram 2500	5140562201	346.00
3277	02/13	02/15/2013	650	11313	CASCADE LOCKS CHEVRON (DBA)	Cooling System Ram 2500	5140862201	346.00
3277	02/13	02/15/2013	650	12213	CASCADE LOCKS CHEVRON (DBA)	Durango Diagnostic/Survey	0540562441	80.00
3277	02/13	02/15/2013	650	12913	CASCADE LOCKS CHEVRON (DBA)	Door Handle	0540562441	17.19
3277	02/13	02/15/2013	650	12913	CASCADE LOCKS CHEVRON (DBA)	Front End on 2001 Ram 2500	5140562201	594.90
3277	02/13	02/15/2013	650	12913	CASCADE LOCKS CHEVRON (DBA)	Front End on 2001 Ram 2500	5140862201	892.35

Check Number	GL Period	Check Issue Date	Vendor Number	Invoice No.	Payee	Description	GL Account	Amount
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Total 3277:								7,653.44
3278	02/13	02/15/2013	670	2/2013 SSS	CASCADE LOCKS LIGHT CO.	Senior Sewer Subsidy	0140562025	204.30
3278	02/13	02/15/2013	670	2/2013 UBS	CASCADE LOCKS LIGHT CO.	City Utilities	0140162551	195.83
3278	02/13	02/15/2013	670	2/2013 UBS	CASCADE LOCKS LIGHT CO.	City Utilities	0140462551	1,231.81
3278	02/13	02/15/2013	670	2/2013 UBS	CASCADE LOCKS LIGHT CO.	City Utilities	0540562439	1,146.37
3278	02/13	02/15/2013	670	2/2013 UBS	CASCADE LOCKS LIGHT CO.	City Utilities	0840562071	28.80
3278	02/13	02/15/2013	670	2/2013 UBS	CASCADE LOCKS LIGHT CO.	City Utilities	1740562551	21.30
3278	02/13	02/15/2013	670	2/2013 UBS	CASCADE LOCKS LIGHT CO.	City Utilities	2140562070	1,258.96
3278	02/13	02/15/2013	670	2/2013 UBS	CASCADE LOCKS LIGHT CO.	City Utilities	2142162071	307.33
3278	02/13	02/15/2013	670	2/2013 UBS	CASCADE LOCKS LIGHT CO.	City Utilities	3140562070	2,374.80
3278	02/13	02/15/2013	670	2/2013 UBS	CASCADE LOCKS LIGHT CO.	City Utilities	4142162071	478.35
3278	02/13	02/15/2013	670	2/2013 UBS	CASCADE LOCKS LIGHT CO.	City Utilities	5140562800	21.30
3278	02/13	02/15/2013	670	2/2013 UBS	CASCADE LOCKS LIGHT CO.	City Utilities	5142162071	461.00
3278	02/13	02/15/2013	670	CL-330	CASCADE LOCKS LIGHT CO.	211913314mcc	5140562138	150.00
Total 3278:								7,880.15
3279	02/13	02/15/2013	740	47426	CASELLE, INC.	March Support	0140162082	129.00
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3279	02/13	02/15/2013	740	47426	CASELLE, INC.	March Support	0540562082	27.00
3279	02/13	02/15/2013	740	47426	CASELLE, INC.	March Support	2140562082	231.00
3279	02/13	02/15/2013	740	47426	CASELLE, INC.	March Support	3140562082	205.00
3279	02/13	02/15/2013	740	47426	CASELLE, INC.	March Support	4140562082	59.00
3279	02/13	02/15/2013	740	47426	CASELLE, INC.	March Support	4140562082	32.00
3279	02/13	02/15/2013	740	47426	CASELLE, INC.	March Support	5140562082	404.00
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Total 3279:								1,185.00
3280	02/13	02/15/2013	970	013113	CL VOLUNTEER EMERGENCY SVC A	Pmt #1 12/13	0540562112	1,500.00
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3281	02/13	02/15/2013	1210	5002266 12/	COMMUNITY NEWSPAPERS, INC	Ads	0840562160	280.00

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3282	02/13	02/15/2013	1540	61158-01311	DMV SERVICES STATE OF OREGON	Driving Records	0140162110	280.00
Total 3282:								
3283	02/13	02/15/2013	1620	2015	EFFICIENCY SERVICES GROUP, LLC	Admin Fees	5140562139	6.00
Total 3283:								
3284	02/13	02/15/2013	2020	1200041	GENERAL PACIFIC INC.	PVC Elbow	5140563921	750.00
3284	02/13	02/15/2013	2020	1200042	GENERAL PACIFIC INC.	Cable Cleaner	5140562770	303.75
3284	02/13	02/15/2013	2020	1200042	GENERAL PACIFIC INC.	Elbow Loadbreak	5140563670	93.60
3284	02/13	02/15/2013	2020	1200042	GENERAL PACIFIC INC.	Elbow Loadbreak	5140563670	281.52
3284	02/13	02/15/2013	2020	1200043	GENERAL PACIFIC INC.	Light Fixtures	5140562800	187.88
3284	02/13	02/15/2013	2020	1200210	GENERAL PACIFIC INC.	Fuse Link	5140562770	504.00
3284	02/13	02/15/2013	2020	1200210	GENERAL PACIFIC INC.	Street Light Fixture	5140562770	82.50
3284	02/13	02/15/2013	2020	1200284	GENERAL PACIFIC INC.	Bolts	5140562800	82.50
3284	02/13	02/15/2013	2020	1200278	GENERAL PACIFIC INC.	Tape	5140562780	284.00
3284	02/13	02/15/2013	2020	1200519	GENERAL PACIFIC INC.		5140562770	58.20
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3285	02/13	02/15/2013	2080	14474861	GLOBALSTAR	Sat Phone	0540562050	99.24
Total 3285:								
3286	02/13	02/15/2013	2350	732874	HERITAGE OPERATING L.P.	Propane	0540562439	1,956.99
3286	02/13	02/15/2013	2350	733486	HERITAGE OPERATING L.P.	Propane	0540562439	27.31
Total 3286:								
3287	02/13	02/15/2013	2420	2/13 DL	HOOD RIVER CO. - FINANCE	Dog License	0121011	2,176.28
3287	02/13	02/15/2013	2420	2/13 DL	HOOD RIVER CO. - FINANCE	Dog License	0130143280	25.00
3287	02/13	02/15/2013	2420	6669	HOOD RIVER CO. - FINANCE	January Deputy Service	0141962250	.50
Total 3287:								
3288	02/13	02/15/2013	2680	12813	HUPP JR., TRACY N.	Reimburse Mileage	5140562020	7,261.00
Total 3288:								

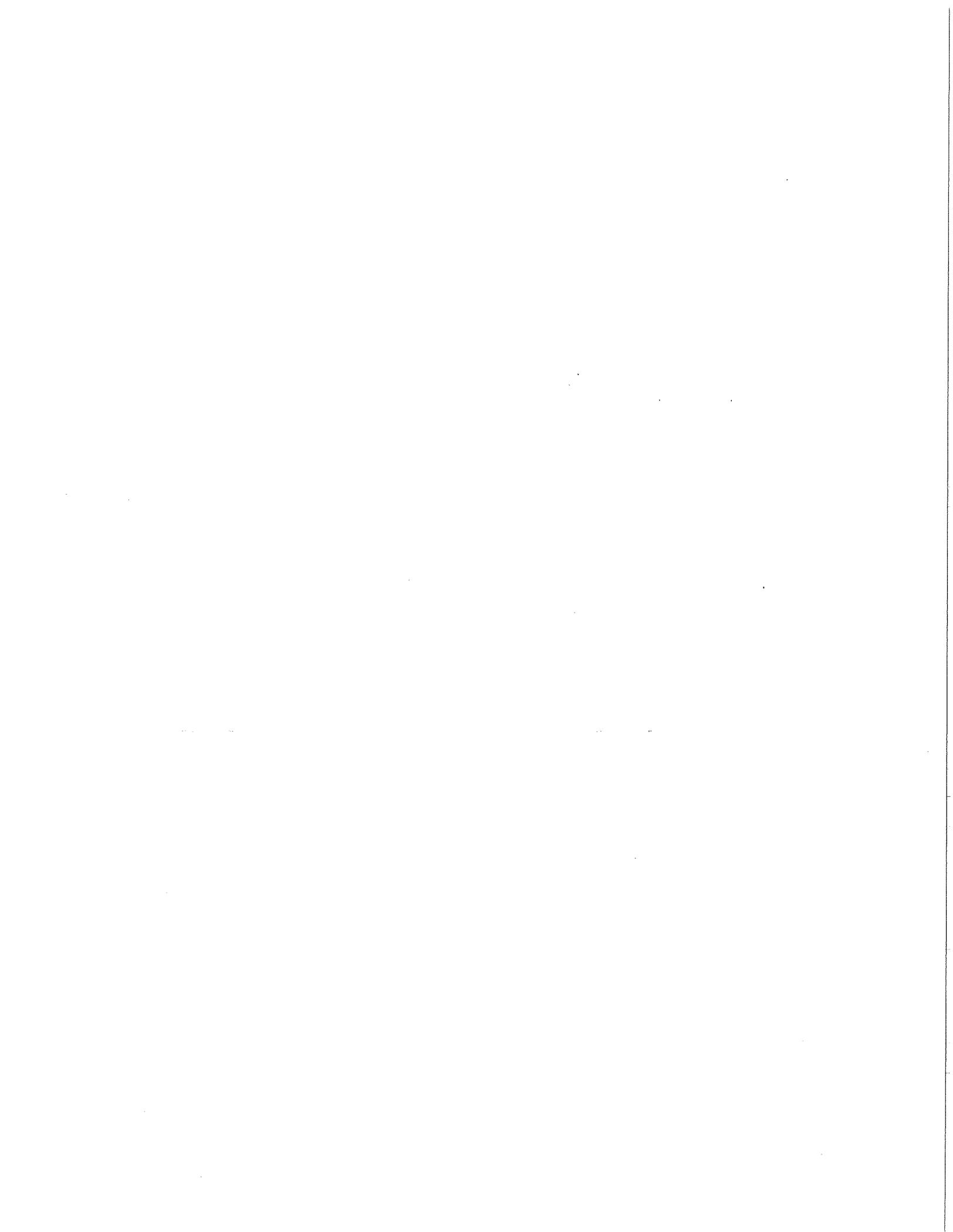
Check Number	GL Period	Check Issue Date	Vendor Number	Invoice No.	Payee	Description	GL Account	Amount
Total 3288:								
3289	02/13	02/15/2013	2970	021013	Koch Consulting, INC.	Interim CA Services	0140162093	77.04
3289	02/13	02/15/2013	2970	021013	Koch Consulting, INC.	Interim CA Services	0140262093	89.04
3289	02/13	02/15/2013	2970	021013	Koch Consulting, INC.	Interim CA Services	0340562093	27.50
3289	02/13	02/15/2013	2970	021013	Koch Consulting, INC.	Interim CA Services	0340562093	27.50
3289	02/13	02/15/2013	2970	021013	Koch Consulting, INC.	Interim CA Services	0542162093	25.85
3289	02/13	02/15/2013	2970	021013	Koch Consulting, INC.	Interim CA Services	2142162093	65.77
3289	02/13	02/15/2013	2970	021013	Koch Consulting, INC.	Interim CA Services	3142162093	65.94
3289	02/13	02/15/2013	2970	021013	Koch Consulting, INC.	Interim CA Services	4142162093	45.54
3289	02/13	02/15/2013	2970	021013	Koch Consulting, INC.	Interim CA Services	5142162093	202.80
Total 3289: 549.94								
Total 3290:								
3290	02/13	02/15/2013	3070	1500063560	LES SCHWAB TIRE CENTER	Dismount/Mount	5140562201	10.50
3290	02/13	02/15/2013	3070	1500063560	LES SCHWAB TIRE CENTER	Dismount/Mount	5140662201	10.50
3290	02/13	02/15/2013	3070	1500064874	LES SCHWAB TIRE CENTER	Backhoe Tire/Chain	0340562441	185.00
3290	02/13	02/15/2013	3070	1500064874	LES SCHWAB TIRE CENTER	Backhoe Tire/Chain	5140562201	164.48
3290	02/13	02/15/2013	3070	1500064874	LES SCHWAB TIRE CENTER	Backhoe Tire/Chain	5140662201	164.42
Total 3290: 534.85								
Total 3291:								
3291	02/13	02/15/2013	3160	21113	MARIANNE BUMP/PETTY CASH	Reimburse Petty Cash	0140162055	1.77
3291	02/13	02/15/2013	3160	21113	MARIANNE BUMP/PETTY CASH	Reimburse Petty Cash	0140262055	.57
3291	02/13	02/15/2013	3160	21113	MARIANNE BUMP/PETTY CASH	Reimburse Petty Cash	0140462540	4.00
3291	02/13	02/15/2013	3160	21113	MARIANNE BUMP/PETTY CASH	Reimburse Petty Cash	0140962024	9.12
3291	02/13	02/15/2013	3160	21113	MARIANNE BUMP/PETTY CASH	Reimburse Petty Cash	0542162055	.19
3291	02/13	02/15/2013	3160	21113	MARIANNE BUMP/PETTY CASH	Reimburse Petty Cash	2142162055	1.13
3291	02/13	02/15/2013	3160	21113	MARIANNE BUMP/PETTY CASH	Reimburse Petty Cash	3142162055	.95
3291	02/13	02/15/2013	3160	21113	MARIANNE BUMP/PETTY CASH	Reimburse Petty Cash	4142162055	.14
3291	02/13	02/15/2013	3160	21113	MARIANNE BUMP/PETTY CASH	Reimburse Petty Cash	5142162055	2.64
Total 3291: 20.51								
Total 3292:								
3292	02/13	02/15/2013	3380	KPDx 1/13	Meredith Corporation	207 Subs	4140562740	62.10
3292	02/13	02/15/2013	3380	KPTV 1/13	Meredith Corporation	207 Subs	4140562740	134.55
Total 3292: 196.65								
Total 3293:								
3293	02/13	02/15/2013	3490	96-01-01 2/1	MID-COLUMBIA ECONOMIC	Loan 96-01-01	4640562711	1,203.09

Check Number	GL Period	Check Issue Date	Vendor Number	Invoice No.	Payee	Description	GL Account	Amount
3293	02/13	02/15/2013	3490	96-01-01 2/1	MID-COLUMBIA ECONOMIC	Loan 96-01-01	4640562712	315.59
3293	02/13	02/15/2013	3490	96-01-02 2/1	MID-COLUMBIA ECONOMIC	Loan 96-01-02	4640562711	972.99
3293	02/13	02/15/2013	3490	96-01-02 2/1	MID-COLUMBIA ECONOMIC	Loan 96-01-02	4640562712	292.57
Total 3293: 2,784.24								
3294	02/13	02/15/2013	3820	10965985	Norco, INC	Cylinder Rental	0640562351	55.80
Total 3294: 55.80								
3295	02/13	02/15/2013	3910	100987	NORTHWEST PUBLIC POWER ASSOC	2013 Membership Dues	5140562030	701.08
3295	02/13	02/15/2013	3910	100987	NORTHWEST PUBLIC POWER ASSOC	2013 Membership Dues	5140562030	467.39
Total 3295: 1,168.47								
3296	02/13	02/15/2013	4060	021113	OMFOA	Spring Conference Registration MBump	0140162020	123.00
3296	02/13	02/15/2013	4060	021113	OMFOA	Spring Conference Registration MBump	2142162020	36.00
3296	02/13	02/15/2013	4060	021113	OMFOA	Spring Conference Registration MBump	3142162020	26.00
3296	02/13	02/15/2013	4060	021113	OMFOA	Spring Conference Registration MBump	4142162020	4.00
3296	02/13	02/15/2013	4060	021113	OMFOA	Spring Conference Registration MBump	5142162020	106.00
Total 3296: 295.00								
3297	02/13	02/15/2013	4120	14510	OREGON ASSOCIATION OF	WW/C Review	3140562020	270.00
Total 3297: 270.00								
3298	02/13	02/15/2013	4290	16	OREGON MUNICIPAL ELECTRIC UTILI	OMIEU Energy Efficiency Lunch	5140562030	10.00
3298	02/13	02/15/2013	4290	8	OREGON MUNICIPAL ELECTRIC UTILI	2013 Assessment	5140562030	4,896.71
3298	02/13	02/15/2013	4290	8	OREGON MUNICIPAL ELECTRIC UTILI	2013 Assessment	5140562030	3,264.47
Total 3298: 8,171.18								
3299	02/13	02/15/2013	4500	10027392-10	PAGEONE NORTHWEST	Airtime Service Fee/Paging Service	5140562110	89.85
3299	02/13	02/15/2013	4500	10027392-10	PAGEONE NORTHWEST	Airtime Service Fee/Paging Service	5140562110	89.85
Total 3299: 179.70								
3300	02/13	02/15/2013	4520	021113	PAM MORSE	Parks & Rec Inventory	0140962110	30.00

Check Number	GL Period	Check Issue Date	Vendor Number	Invoice No.	Payee	Description	GL Account	Amount
Total 3300:								
3301	02/13	02/15/2013	6769	1-29-698	PARC Resources, LLC	Planning Services	0140262090	495.00
Total 3301:								
3302	02/13	02/15/2013	4610	113097247	PHYSIO-CONTROL, INC.	Batter/charger for lifepak	0540562443	624.00
Total 3302:								
3303	02/13	02/15/2013	4650	3164259	PLATT ELECTRIC SUPPLY	Cadet Heaters Council Chambers	5640563941	189.17
Total 3303:								
3304	02/13	02/15/2013	6824	C02537936	Providence Health & Services	PF Review Resp HX Form	0540562017	16.00
3304	02/13	02/15/2013	6824	H130320014	Providence Health & Services	PF Review Resp HX Form	0540562017	16.00
3304	02/13	02/15/2013	6824	H130320014	Providence Health & Services	PF Review Resp HX Form	0540562017	16.00
3304	02/13	02/15/2013	6824	H130320014	Providence Health & Services	PF Review Resp HX Form	0540562017	16.00
3304	02/13	02/15/2013	6824	H130320016	Providence Health & Services	PF Review Resp HX Form	0540562017	16.00
3304	02/13	02/15/2013	6824	H130320017	Providence Health & Services	PF Review Resp HX Form	0540562017	16.00
3304	02/13	02/15/2013	6824	H130320017	Providence Health & Services	PF Review Resp HX Form	0540562017	16.00
Total 3304:								
3305	02/13	02/15/2013	5040	013113	ROCKRANCH ENTERPRISES	Contract PW Super	0140262080	12.60
3305	02/13	02/15/2013	5040	013113	ROCKRANCH ENTERPRISES	Contract PW Super	0140462080	163.80
3305	02/13	02/15/2013	5040	013113	ROCKRANCH ENTERPRISES	Contract PW Super	0340562080	289.80
3305	02/13	02/15/2013	5040	013113	ROCKRANCH ENTERPRISES	Contract PW Super	2140562080	466.20
Total 3305:								
3306	02/13	02/15/2013	5160	70443	SAWTOOTH TECHNOLOGIES, LLC	Internet Service	4140662050	802.00
Total 3306:								
3307	02/13	02/15/2013	5270	020113CR	SHIRELLE PRICE	Reimburse for Exam Fee	3140562020	100.00

Check Number	GL Period	Check Issue Date	Vendor Number	Invoice No.	Payee	Description	GL Account	Amount
Total 3307:								
3308	02/13	02/15/2013	5460	020513	Sosnkowski & Cleaveland P.C.	Attorney Fees	0140162100	371.11
3308	02/13	02/15/2013	5460	020513	Sosnkowski & Cleaveland P.C.		0140262100	90.62
3308	02/13	02/15/2013	5460	020513	Sosnkowski & Cleaveland P.C.		0542162100	11.51
3308	02/13	02/15/2013	5460	020513	Sosnkowski & Cleaveland P.C.		2142162100	123.70
3308	02/13	02/15/2013	5460	020513	Sosnkowski & Cleaveland P.C.		3142162100	207.13
3308	02/13	02/15/2013	5460	020513	Sosnkowski & Cleaveland P.C.		4142162100	30.21
3308	02/13	02/15/2013	5460	020513	Sosnkowski & Cleaveland P.C.	Attorney Fees	4142162100	466.60
3308	02/13	02/15/2013	5460	020513	Sosnkowski & Cleaveland P.C.		5142162100	604.12
Total 3308: 1,907.00								
3309	02/13	02/15/2013	5540	020713	STATE OF OREGON	Notary Renewal	0140162030	12.00
3309	02/13	02/15/2013	5540	020713	STATE OF OREGON	Notary Renewal	0140262030	11.00
3309	02/13	02/15/2013	5540	020713	STATE OF OREGON	Notary Renewal	2142162030	3.00
3309	02/13	02/15/2013	5540	020713	STATE OF OREGON	Notary Renewal	3142162030	3.00
3309	02/13	02/15/2013	5540	020713	STATE OF OREGON	Notary Renewal	4142162030	1.00
3309	02/13	02/15/2013	5540	020713	STATE OF OREGON	Notary Renewal	5142162030	10.00
Total 3309: 40.00								
3310	02/13	02/15/2013	6823	13013	State of Oregon - EMS	EMS Provider License Renewal	0540562030	710.00
Total 3310: 710.00								
3311	02/13	02/15/2013	6350	0224696-IN	WAGNER-SMITH EQUIPMENT	Poly Plus Rope	5140563690	60.93
3311	02/13	02/15/2013	6350	0224696-IN	WAGNER-SMITH EQUIPMENT	Poly Plus Rope	5140663690	60.92
Total 3311: 121.85								
3312	02/13	02/15/2013	6720	1-297989-03	YOUR RENTAL CENTER	Heater Rental	0140462520	33.00
Total 3312: 33.00								
3313	02/13	02/15/2013	6730	120131980	ZCORUM INC.	Internet	4140662730	964.50
Total 3313: 964.50								

Check Number	GL Period	Check Issue Date	Vendor Number	Invoice No.	Payee	Description	GL Account	Amount
Grand Totals:								
								54,020.51



STAFF REPORT

Date Prepared: 2/14/13

For City Council Meeting on: February 14, 2013

TO: Honorable Mayor and City Council

PREPARED BY: Kathy Woosley, City Recorder *KW*

APPROVED BY: CA Zimmerman

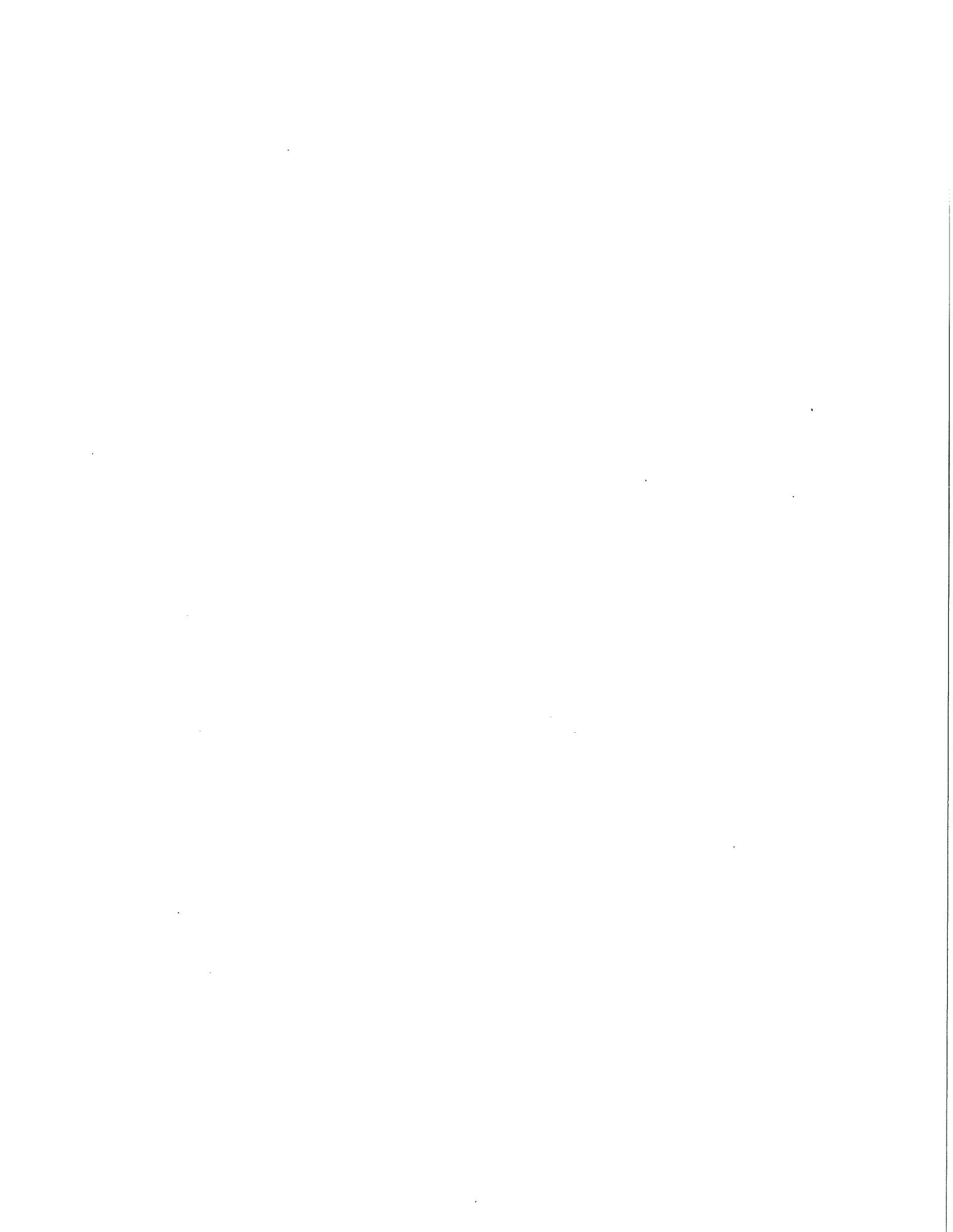
SUBJECT: Authorizing Check Signers

SYNOPSIS: The recent appointment of Councilors will require a change in the names of those authorized to sign checks on behalf of the City.

CITY COUNCIL OPTIONS:

1. Approve Resolution No. 1254.
2. Do not take action at this time.
3. Take other action as desired by City Council.

RECOMMENDATION: That City Council, by motion, approve Resolution No. 1254 authorizing specific staff members and City Councilors to sign checks for the City of Cascade Locks; and repeal Resolution No. 1252.



RESOLUTION NO. 1254

A RESOLUTION AUTHORIZING SPECIFIC STAFF MEMBERS AND CITY COUNCILORS TO SIGN CHECKS FOR THE CITY OF CASCADE LOCKS; AND REPEALING RESOLUTION NO. 1252.

WHEREAS, Resolution No. 1252, adopted January 14, 2013, requires two signatures to validate each City check; and

WHEREAS, one of those signatures must be that of a City Councilor or Mayor and the other must be the City Recorder or City Administrator, unless the Mayor or City Councilors are not available, then the City Recorder, Finance Officer and City Administrator are authorized to sign the checks; and

WHEREAS, when the terms of the Mayor and Councilors expire and new officials are elected, changes to the list of persons authorized to sign City checks are required; and

WHEREAS, the City's financial institution requires that a resolution be in place identifying those specific individuals that have been granted authority to sign City checks;

THE COMMON COUNCIL FOR THE CITY OF CASCADE LOCKS, HOOD RIVER COUNTY, OREGON, RESOLVES AS FOLLOWS:

SECTION 1. Identification of Individuals Authorized to Sign City Checks. The City hereby authorizes the following individuals to sign City checks:

Tom Cramblett, Mayor
Gordon Zimmerman, City Administrator
Kathy E. Woosley, City Recorder
Marianne Bump, Finance Officer
Glenda Groves, City Councilor
Bruce Fitzpatrick, City Councilor
Richard Randall, City Councilor
Bobby Walker, City Councilor
Jeff Helfrich, City Councilor

SECTION 2. Revocation of Prior Authorization to Sign City Checks. Signers previously authorized, but not listed above, are no longer authorized to sign City checks.

SECTION 3. Repeal of Prior Resolutions. Resolution No. 1252 is hereby repealed.

SECTION 3. Effective Date. This resolution shall become effective upon adoption by the City Council and approval by the Mayor.

SECTION 4. Expiration. This resolution shall remain in effect until repealed by the City Council.

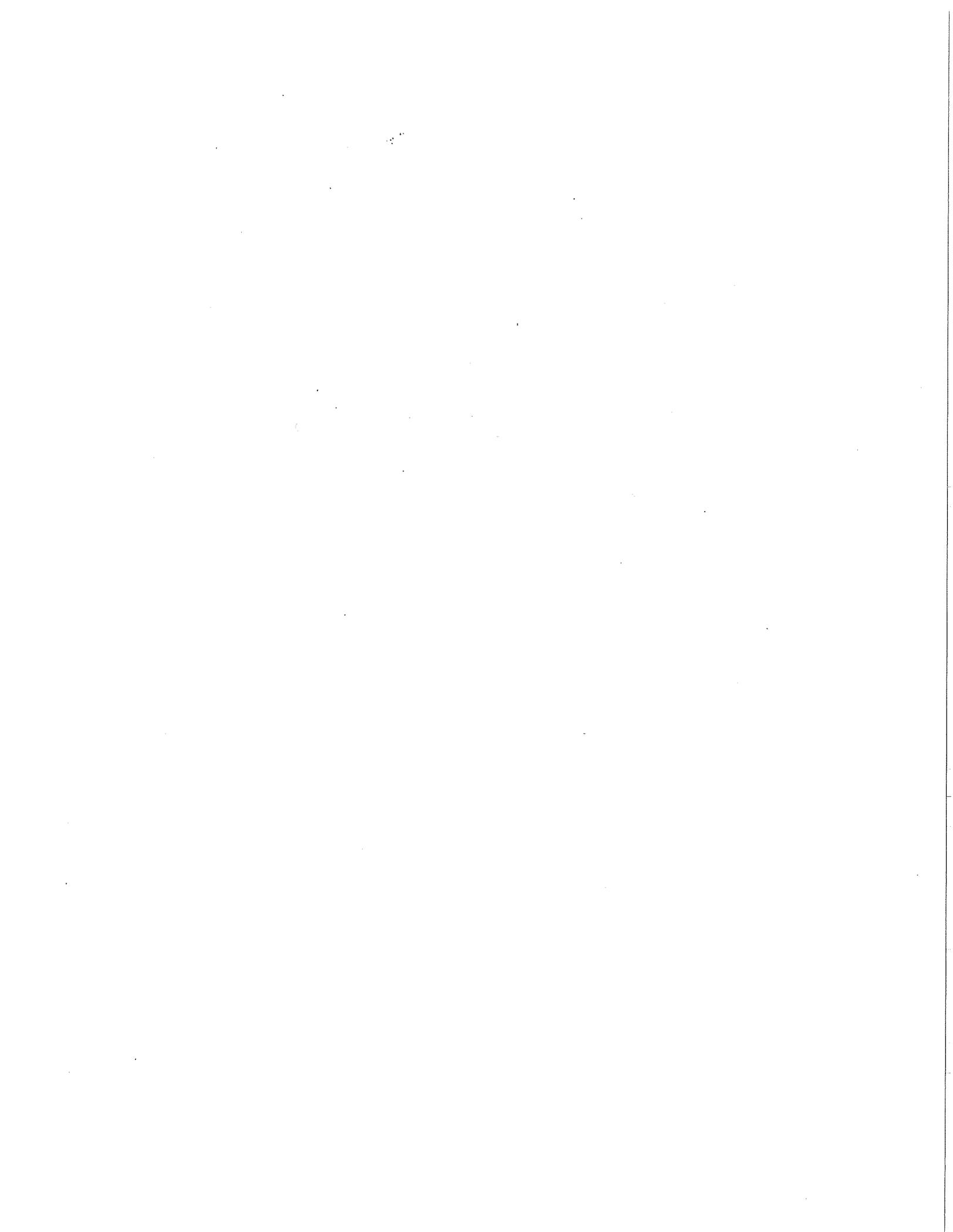
ADOPTED by the City Council this 25th day of February, 2013.

APPROVED by the Mayor this 25th day of February, 2013.

ATTEST:

Mayor

City Recorder



STAFF REPORT

Date Prepared: 2/14/13

For City Council Meeting on: 02/25/13

TO: Honorable Mayor and City Council

PREPARED BY: Kathy Woosley, City Recorder *KW*

APPROVED BY: CA Zimmerman *ca*

SUBJECT: In order for Cascade Locks citizens to participate in the funding opportunity the City has to approve and sign the Intergovernmental Agreement.

SYNOPSIS: CA Zimmerman reported on the Home Repair Program at the last Council meeting. The next funding cycle would require an IGA from the participating entities.

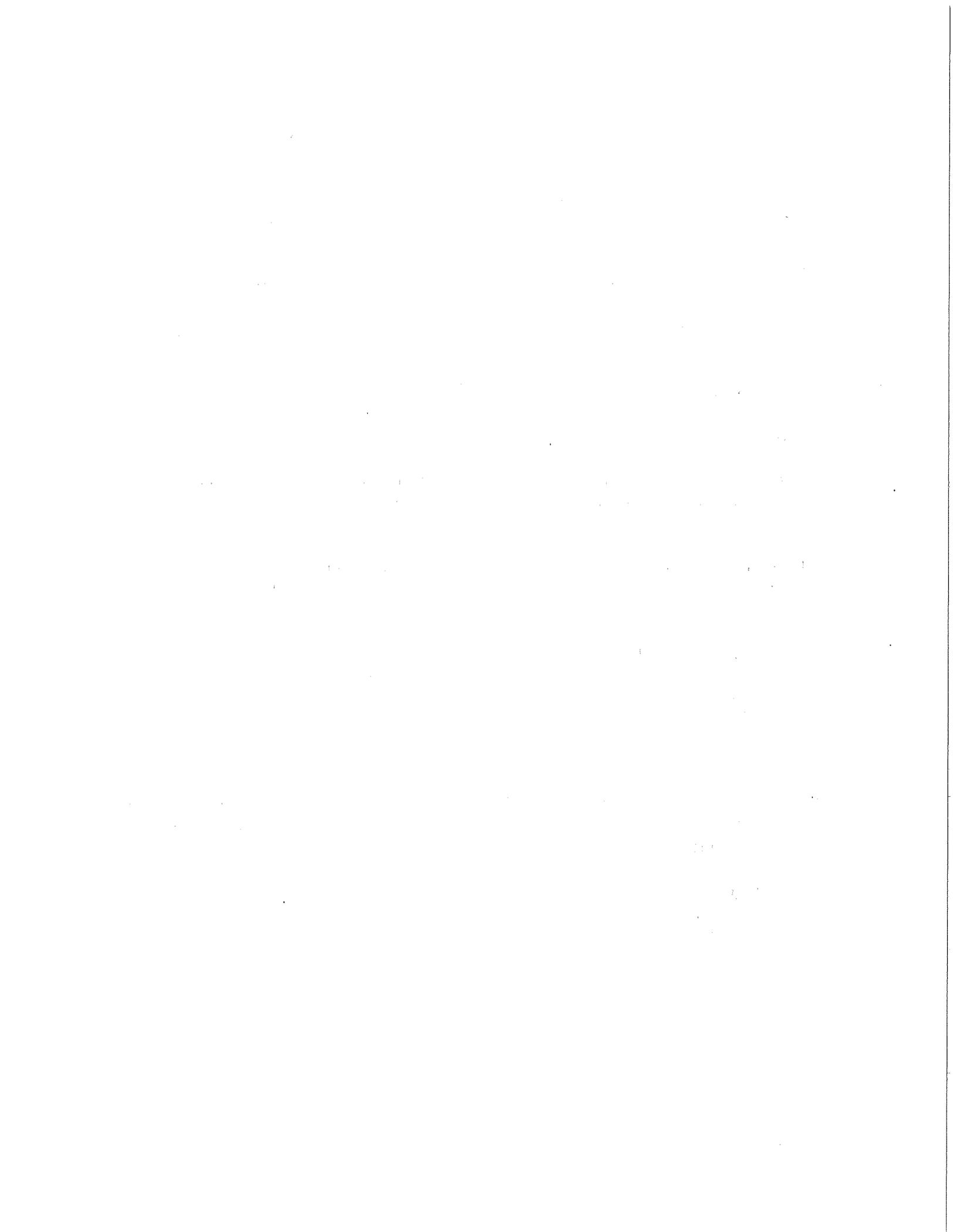
CITY COUNCIL OPTIONS:

1. Take no action.
2. Approve the IGA.
3. Take other action as desired by City Council.

RECOMMENDATION: That City Council, by motion, approve the IGA in support of a CDBG from the 2013 CDBG Program administered by the Oregon Business Development Department, Infrastructure Finance Authority, and authorize the Mayor to sign.

Legal Review and Opinion: N/A

Financial review and status: N/A



**Intergovernmental Agreement In Support Of a Community Development Block Grant
From The 2013 Community Development Block Grant Program
Administered By the Oregon Business Development Department,
Infrastructure Finance Authority**

Agreement Title: Sponsorship of the Mid-Columbia Regional Home Repair Program

Agreement Date: January 28, 2013

Signatory parties: **City of The Dalles, Wasco County, Hood River County, Sherman County, City of Cascade Locks, City of Hood River, City of Dufur, City of Maupin, City of Mosier, City of Shaniko, City of Antelope, City of Moro, City of Rufus, City of Wasco, and the City of Grass Valley** Agreement: The above signatory parties agree to jointly sponsor a housing rehabilitation program provided through a Community Development Block Grant (CDBG), administered by the Oregon Business Development Department, Infrastructure Finance Authority and recognize The City of The Dalles as the lead agency that will be responsible for applying, receiving and administering the CDBG award.

Grant Activity: The purpose of the proposed CDBG is to manage a housing rehabilitation grant fund to provide assistance to low income homeowners to repair their homes.

Constraints: One-hundred percent (100%) of the benefitted owner occupied household occupants must have incomes below the federal low- and moderate-income limit (80% of the median family income as adjusted by family size).

Only persons who reside within the boundaries of the cities and unincorporated/ nonentitlement county areas of the signatory parties are to receive the housing rehabilitation funding.

Columbia Cascade Housing Corporation will enter into a sub-recipient agreement with the lead agency, The City of The Dalles to manage the housing rehabilitation program.

Counterparts: This agreement may be signed in counterparts and each counterpart will be deemed an original. Copies of all signatures will be provided as part of the grant application and to each signator.

Multiple Parties: In the event that one or more of the signatories identified above decline to sign this agreement, it remains sufficient for all other signatories to receive the benefits of the agreement.

So Agreed:

	City of The Dalles	Date
	Wasco County	Date
	Hood River County	Date
	Sherman County	Date

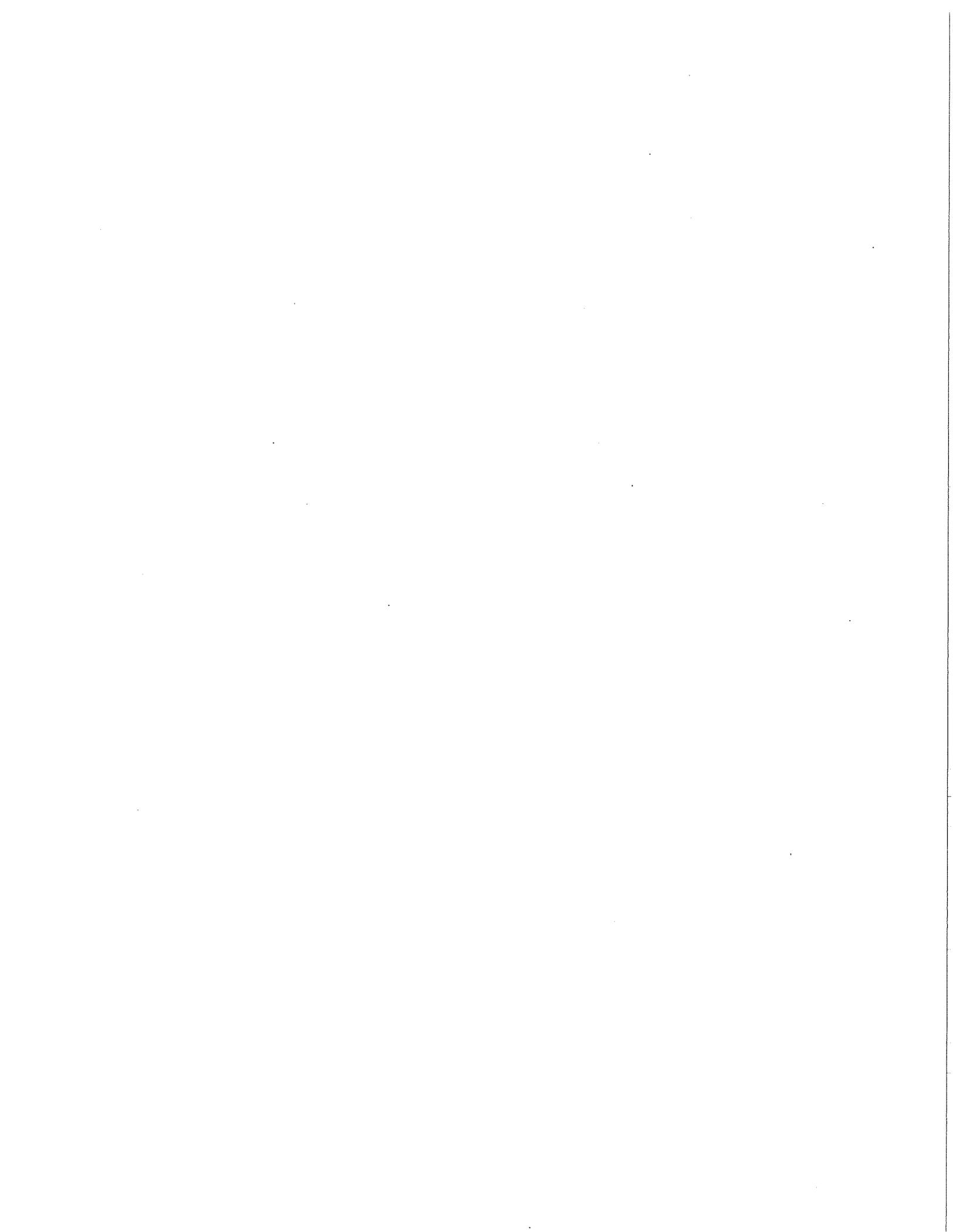
Intergovernmental Agreement In Support Of A 2011 Community Development Block Grant From The United States, Department Of Housing And Urban Development, Administered By The Oregon Business Development Department, Infrastructure Finance Authority

City of Cascade Locks	Date
City of Hood River	Date
City of Dufur,	Date
City of Maupin	Date
City of Mosier	Date
City of Shaniko	Date
City of Antelope	Date
City of Moro	Date
City of Rufus	Date
City of Wasco	Date
City of Grass Valley	Date

**Mid-Columbia Regional Home Repair Program
Information fact sheet**

- **Columbia Cascade Housing Corporation (CCHC) plans on applying for \$400,000 of funding from the Community Development Block Grant (CDBG) Program by March 31, 2013.**
- **The City of The Dalles will be the applicant. Only the City of The Dalles would be impacted with CDBG restrictions on the number of open CDBG grants.**
- **Per CDBG guidelines, other municipalities must sign an Intergovernmental Agreement if they wish to have any residents in their jurisdiction be eligible to participate in the program.**
- **CCHC is now accepting pre-applications from homeowners to assess the need for a regional Home Repair Program in Sherman, Wasco and Hood River Counties.**
- **Under this program, low and moderate-income homeowners may be GRANTED up to \$15,000 for repairs and upgrades to their homes using local contractors. The previous program provided zero interest loans to homeowners; this funding cycle allows for grants that do not need to be repaid.**
- **Unlike previous programs, homeowners in mobile home parks will be potentially eligible for the program.**

**FOR MORE INFORMATION: David Peters at 541-296-3397 x18 or
davep@columbiacascadehousingcorp.org**



STAFF REPORT

Date Prepared: 2/14/13

For City Council Meeting on: February 25, 2013

TO: Honorable Mayor and City Council

PREPARED BY: Kathy Woosley, City Recorder 

APPROVED BY: City Administrator Zimmerman 

SUBJECT: Adopt Ordinance No. 420.

SYNOPSIS: The City Council gave direction at their meeting on January 14, 2013 to close down the City's Parks and Recreation Program and move it to the Community Education Program which will be offering programs in the Cascade Locks School building.

At the February 11, 2013 Council meeting a motion was made to adopt and have first reading by title only of Ordinance No. 420.

1. ORDINANCE NO. 304 – AN ORDINANCE CREATING A PARK AND RECREATION COMMISSION FOR CASCADE LOCKS OREGON, PROVIDING FOR THE COMMUNITY AND ADEQUATE PROGRAM AND PLAN OF PUBLIC RECREATION; DEFINING ITS DUTIES AND RESPONSIBILITIES; AND REPEALING ORDINANCE NO. 148.

2. ORDINANCE NO. 391- AN ORDINANCE REDUCING THE NUMBER OF MEMBERS OF THE PARKS AND RECREATION COMMISSION AND AMENDING ORDINANCE NO. 304.

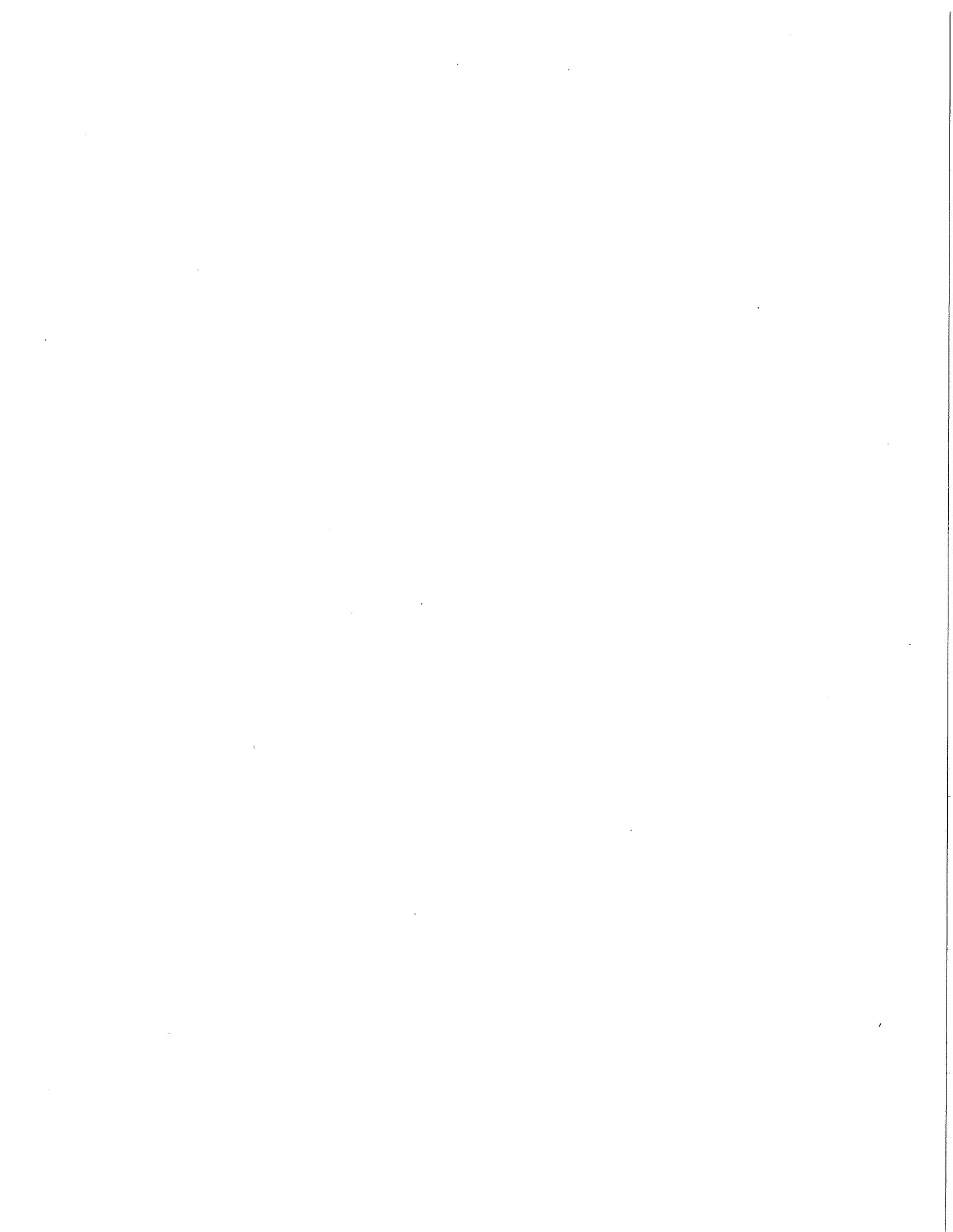
CITY COUNCIL OPTIONS:

1. Accept staff recommendation and adopt Ordinance No. 420.
2. Take no action at this time.
3. Other action as may be desired by City Council.

RECOMMENDATION: That Council have the second reading and vote on the motion to adopt Ordinance No. 420, an ordinance repealing Ordinance No. 304 as amended by Ordinance No. 391.

Legal Review and Opinion: N/A

Financial review and status: N/A



ORDINANCE NO. 420

**AN ORDINANCE REPEALING ORDINANCE NO. 304 AS AMENDED BY
ORDINANCE NO. 391.**

WHEREAS, the City Council gave direction to close down the Parks and Recreation Program and move it to the Community Education Program through Hood River County;

WHEREAS, the City should repeal unnecessary ordinances;

**THE CITY OF CASCADE LOCKS, HOOD RIVER COUNTY, OREGON,
ORDAINS AS FOLLOWS:**

SECTION 1. Repeal. Ordinance No. 304 as amended by Ordinance No. 391.

ADOPTED by the City Council this 11th day of February, 2013.

APPROVED by the Mayor this 25th day of February, 2013.

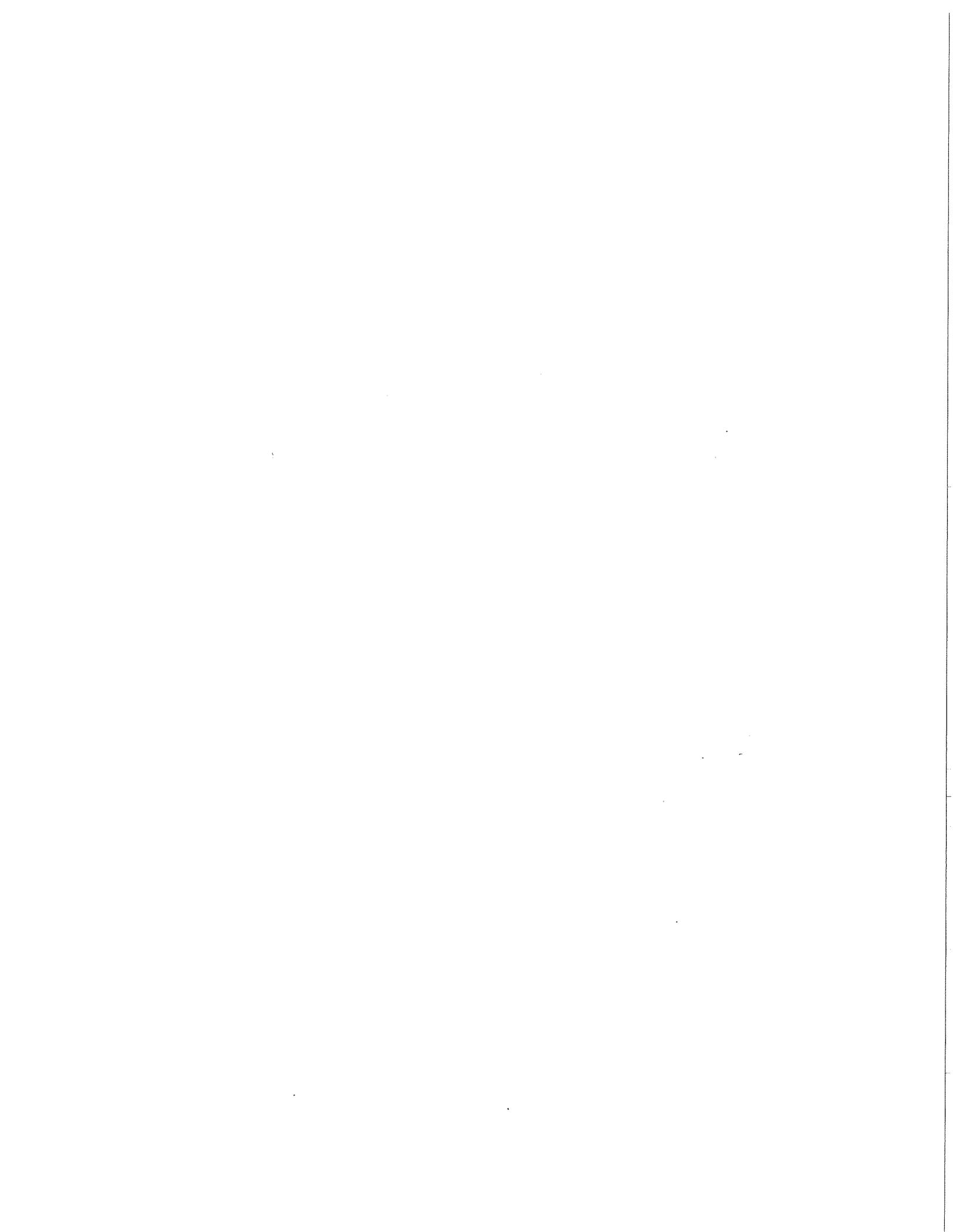
Mayor

ATTEST:

City Recorder

First Reading Approved: February 11, 2013; Ayes 6 Nays 0

Second Reading Approved: February 25, 2013; Ayes Nays



CASCADE LOCKS STAFF REPORT

Date Prepared: Feb. 20, 2013

For City Council Meeting on: Feb. 25, 2013

TO: Honorable Mayor and City Council

PREPARED BY: Gordon Zimmerman, City Administrator 

SUBJECT: Approve Resolution 1255 Authorizing the Sale of the Old Fire Hall

SYNOPSIS: After the construction of the new Fire Hall, the old Fire Hall at 505 WaNaPa Street became unnecessary to the function of the City. The City Council desired to sell the vacant property to a developer who was interested in putting a new business in the unused facility. A Public Hearing was held on this date to receive public comment about discontinuing the use of this building in the public interest. The Council, by passage of this resolution declares that the building is not currently being used as a public facility, is needed as a public facility, and declares the building to be surplus inventory and thus able to be sold.

I have also included the proposal and the addendum prepared by our legal counsel for your approval with passage of the resolution.

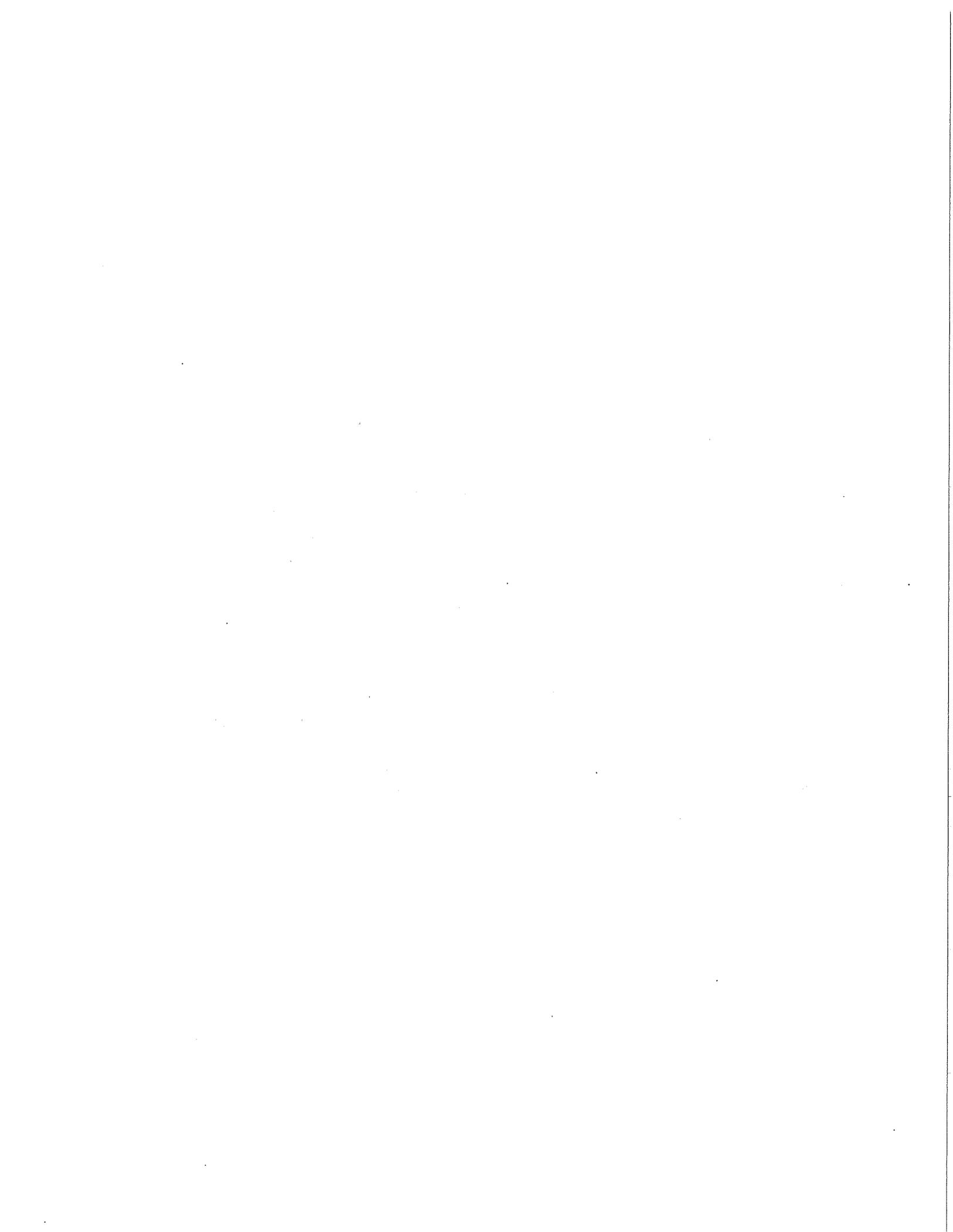
CITY COUNCIL OPTIONS: The City Council has the following options related to this issue.

1. Pass Resolution 1255 authorizing the sale of real property.
2. Reject the resolution and give staff further direction for the disposal of this public asset.

RECOMMENDATION: "I move to approve Resolution 1255 declaring surplus property and authorizing the sale of real property."

Legal Review and Opinion: The City Attorney has reviewed and approved the resolution.

Financial review and status: At closing the City will receive the sale proceeds less any applicable costs in the transaction.



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Christopher Williams, Designer/Builder
43400 SE Hogue Mill, Corbett, Oregon 97019
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chrisw@sandyriverboatworks.com www.sandyriverboatworks.com

January 28, 2013

City of Cascade Locks
140 SW WaNaPa
Cascade Locks, OR 97014

Attn: Mayor & City Council

Re: Old Cascade Locks Fire Hall – Purchase Proposal

Mr. Mayor:

Thank you for the opportunity to present this revised Purchase Proposal for the Fire Hall property in Cascade Locks.

Attached you will find:

- 1) Purchase proposal dated January 28, 2013;
- 2) Copy of escrow cashier's check in the amount of \$10,000 made out to AmeriTitle;
- 3) Copy of current Morgan Stanley Smith Barney account statement indicating availability of funds to consummate transaction.

Again, thank you!

*Best regards,
Chris Williams, Principal, Sandy River Boatworks*

Purchase Proposal

The following is a proposal for purchase of the Old Fire Hall property. The City of Cascade Locks will be designated as 'Seller' and Christopher Williams as 'Buyer', with no lender intermediary. When accepted by Seller this offer becomes binding on both parties in accordance with its terms.

1. Property Description:

This proposal is for the purchase of the existing building & site generally referred to as the Old Fire Hall, 505 WaNaPa Street, Cascade Locks, Oregon, 2N-7E-12CD-1400 Hood River County, approx .28 acres. The building formerly was home to the Cascade Locks fire department which has been relocated to a new facility. Also to be included in this sale are:

- a) Existing exterior & interior lighting, plumbing, & electrical systems & fixtures;
- b) Existing equipment & appliances;
- c) Existing gas heating system & related equipment;
- d) Existing as-built plans of building & site surveys;
- e) Existing documentation, including service/user manuals, for equipment;
- f) Permanent easement to provide access from WaNaPa Street to the rear of the property.

2. Purchase Price:

The Buyer proposes a purchase price of \$150,000 for the property as described above, to be paid as follows:

- a) **\$10,000 earnest money** in the form of cashier's check, to be deposited with escrow agency within 3 days of proposal acceptance, payable at closing, subject to stipulations to follow (copy of cashier's check attached);
- b) **\$140,000 balance** payable in one lump sum through escrow at closing (copy of account statement indicating availability of funds attached);
- c) **\$150,000 total** purchase price.

3. Contingencies:

The Buyer's decision to purchase is based on several contingent provisions (see also **5. Buyer's Due Diligence Review of Seller Disclosures & Right to Cancel** below):

- a) **A permanent access easement to the rear of the property shall be provided by the city upon closing.**
Rationale: The building will need to be substantially enlarged in the near future due to revisions to Sandy River Boatwork's business strategy. Preliminary design indicates that the rear of the property will not be accessible from WaNaPa Street by vehicle once the building has been expanded. Access by means of a shared access agreement with the adjoining parcel will be necessary to make the project viable.
- b) **Hood River County planning shall review & approve proposed new use of the Fire Hall.**
Rationale: There have been discussions regarding the county's view of the existing building & our proposed new use with regard to upgrades & new use approvals. An achievable upgrade requirement to the building & approval of our intended use profile is needed to make this project viable. This will be addressed by the Buyer through Due Diligence.
- c) **Repairs related to recent plumbing leak shall have been completed.**
Rationale: A recent plumbing line leak within the building interior was discovered resulting in some interior damage to the building. The extent is unknown to Buyer, but it is assumed the building will be returned to its condition prior to the burst pipe event. Buyer will review damage repairs at Due Diligence.

4. Seller Disclosures:

Within 10 days of Seller acceptance of this proposal, Seller shall provide Buyer, without cost to Buyer, copies of the following disclosure documents:

- a) Operating statements (utilities, city fees, etc) for a period of one (1) year while the building was in use;
- b) Studies &/or reports previously done on the property, including environmental reports, soils studies, site plans & surveys;
- c) Existing permits issued, or permitting in process, for alterations &/or improvements to building or site, if any;
- d) List of completed or currently contracted alterations &/or improvements to building or site, if any;
- e) Deficiency notices relating to environmental, building &/or zoning issues;
- f) Current leases & rental agreements relating to the property, if any;
- g) Current schedule of Cascade Locks fees & charges for business & construction permitting & inspections;
- h) Draft of permanent easement per 3a above. Final to be reviewed prior to closing.

Seller's initials: _____ Date: _____ Buyer's initials: CW Date: 1-28-2013

5. Buyer's Due Diligence Review of Seller Disclosures & Right to Cancel:

Within 30 days of Seller acceptance of this proposal, Buyer shall complete a due diligence review of Seller disclosures during which time Buyer may, if the results of the review are unacceptable & at his discretion, cancel this contract by written notice to Seller. Buyer's due diligence will include:

- a) Buyer's review & acceptance of the Seller disclosures above;
- b) Buyer's physical inspection & acceptance of the property;
- c) Buyer's review & acceptance of applicable agency laws, ordinances & regulations governing use of the property.

Seller agrees to cooperate with & facilitate Buyer's due diligence schedule, including Buyer's on site inspection.

6. Closing:

Within 40 days of Seller acceptance of this proposal, or on a date agreed to by Buyer & Seller, closing shall take place. Buyer & Seller shall each pay one half of the fee charged by the escrow office for its services in the closing process, excepting the cost of providing clear title & title insurance, which shall be borne by Seller. Prorates, including operating costs, taxes & assessments for the current year, shall be calculated at closing. Seller shall convey good & marketable title by statutory warranty deed to Buyer at closing, free of encumbrances, & shall provide to Buyer a title insurance policy in the amount of the purchase price. At closing, Seller shall deliver physical possession of property to Buyer.

7. Conversion of Offer to Contract:

This offer becomes contract once signed & dated by both Buyer & Seller. Together with addenda (if any), exhibits & Seller disclosures, it comprises the entire contract between Buyer & Seller & supersedes any prior understandings or negotiations & cannot be changed except by written agreement by Buyer & Seller.

8. Authority of Signers:

The person executing this Contract on behalf of Seller hereby warrants his or her authority to do so. Seller acknowledges the person acting on its behalf & agrees to representation.

9. Disputes:

Contract or performance disputes to be addressed as follows:

If Buyer defaults, Seller may elect to retain the earnest money deposit as liquidated damages. If Seller defaults, Seller shall return earnest money deposit to Buyer plus an amount equal to earnest money deposit as liquidated damages. Other remedies available at law may be sought by either party. In the event of litigation or binding arbitration to enforce this contract, the prevailing party shall be entitled to costs & reasonable attorney fees. Attorney fees shall not be awarded for participation in mediation.

10. Venue: In the event of litigation or binding arbitration to enforce this contract, any dispute resolution &/or remediation shall take place in Multnomah County, Oregon.

11. Notices:

Notices required by this contract must be in writing, must be signed by the party giving notice, & must be issued & received in a timely manner.

12. Survival of Seller Warranties & Representations:

All Seller's warranties & representations shall survive closing & issuance of deed.

13. Risk of Loss:

Risk of loss to the property, including physical damage due to any cause other than ordinary wear & tear, shall be passed to Buyer at closing.

14. Fax & Email Copies & Counterparts:

Fax &/or email transmissions or retransmissions of signed copies of this contract, as well as any addenda &/or counteroffer, shall be considered the same as delivery of an original. Execution may be in counterparts.

15. Time is of the Essence:

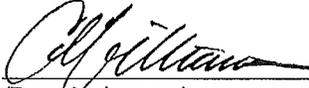
Performance or deliveries under this contract shall be required by 5:00 PM PST on the appropriate date. The term 'days' shall mean calendar days counted beginning on the day following the event triggering the time requirement. If a performance date falls on a Saturday, Sunday or on a State or Federal legal holiday, performance shall be required on the next business day. Extensions must be agreed to by both Buyer & Seller.

Seller's initials: _____ Date: _____

Buyer's initials: CW Date: 1-28-2013

16. Seller's Response to Purchase Proposal:

Buyer's purchase proposal is time dependent. This offer will become null & void unless Seller's acceptance is received by Buyer no later than **January 31, 2013, 5:00 PM PST**. Upon acceptance, Buyer will deposit \$10,000 earnest money with escrow agency. By signing below, Buyer is validating this purchase proposal.


(Buyer's signature)

January 28, 2013
(Date)

Christopher A. Williams
(Buyer's name)

43400 SE Hogue Mill Rd, Corbett, OR 97019
(Address)

(503) 695-2462; cell (503) 312-6810
(Phone)

chrisw@sandyriverboatworks.com
(Email)

Acceptance - Counteroffer - Rejection

Seller to check one:

Acceptance of Purchase Proposal: Seller accepts the above purchase proposal complete with the terms & conditions specified.

Counteroffer: Seller presents for Buyer's Acceptance the terms of Buyer's offer subject to the exceptions or modifications specified in the attached ADDENDUM NO. _____

Rejection of Purchase Proposal: Seller rejects Buyer's purchase proposal in its entirety.

(Seller's signature)

(Date)

(Seller's name)

(Address)

(Phone)

(Email)

(file: oldfirehall_offer_01-28-2013.doc)

Seller's initials: _____ Date: _____

Buyer's initials: CW Date: 1-28-2013

10-16-12 14:13:19 664755 CHRISTOPHER WILLIAMS 0721

Escrow
CHECK NUMBER: 010732083 CHECK AMOUNT: 10000.00

CHECK NO: 010732083

AmeriTitle
Re: Cascade Locks Fire Hall

THE REVERSE SIDE OF THIS DOCUMENT INCLUDES A TRUE WATERMARK - HOLD TO LIGHT TO VIEW

DATE
10-16-12

24-7588
3230

CHECK NO: 010732083

1 2

OnPoint
COMMUNITY CREDIT UNION

CASHIER'S CHECK

AMOUNT
*****10,000.00

PAY TEN THOUSAND AND .00 DOLLARS.

TO THE ORDER OF AmeriTitle
Re: Cascade Locks Fire Hall

REF Escrow

Robert A. Adams
AUTHORIZED SIGNATURE



CHRISTOPHER A WILLIAMS AND
KARYN L WILLIAMS JT TEN
43400 SE HOGUE MILL RD
CORBETT OR 97019-8757

Your Branch

4800 SW MEADOWS RD STE 400
LAKE OSWEGO, OR 97035
Telephone: 503-636-2700
Alt. Phone: 888-771-0705
Fax: 503-636-6985

Client Interaction Center

800-869-3326
24 Hours a Day, 7 Days a Week

Access your accounts online

www.morganstanley.com/online

TOTAL VALUE LAST PERIOD
(as of 8/31/12) \$319,163.69

TOTAL VALUE OF YOUR ACCOUNTS
(as of 9/30/12) **\$324,077.88**
(Total Values include accrued interest)

Your Financial Advisor

DOWNEY
503-534-3476

Addendum A
To
Purchase Proposal

This Addendum A is made to the Purchase Proposal from Chris Williams, Principal, Sand River Boatworks, as Buyer, and the City of Cascade Locks, as Seller, dated November 5, 2012. Seller accepts Buyer's offer subject to the following terms. Except as provided below, Seller accepts all other terms and conditions of Buyer's proposal:

3(h). Within 10 days of Seller acceptance of this proposal, Seller shall provide Buyer, without cost to Buyer, a copy of a preliminary title report on the property.

5. Prorates, if any, will be prorated at closing to the extent they are not covered by prepaid utilities, taxes and assessments.

8. Delete additional liquidated damages if Seller defaults. If the transaction does not close for any reason, the earnest money will be returned to Buyer.

9. Venue for any dispute resolution &/or mediation shall take place in Hood River County, Oregon.

If Buyer accepts the terms in this Addendum A, Buyer shall do so within 10 days of receipt of Seller's acceptance and this Addendum A by signing below and returning to Seller.

Buyer

Date

Resolution No. 1255

A RESOLUTION AUTHORIZING THE SALE OF REAL PROPERTY

WHEREAS, the Council now wishes to sell the property at 505 SW WaNaPa Street, the previous fire hall and property, in a way to maximize its potential to pay back its interfund loan from City Light, and open up this existing location to prime commercial redevelopment;

WHEREAS, the property is not currently being used as a public facility, and is also not needed as a public facility with the construction of a new fire hall;

WHEREAS, the City Council has previously authorized the City Administrator to seek proposals for sale;

WHEREAS, the City Council has directed the City Administrator to negotiate a sales agreement with the only viable proposal received;

WHEREAS, the City Administrator has negotiated a sales agreement with a gentleman who desires to develop a business in the downtown area;

WHEREAS, following notice, a public hearing was held on February 11, 2013 by the City Council concerning the proposed sale of the existing fire hall property, and

NOW, THEREFORE, THE COMMON COUNCIL FOR THE CITY OF CASCADE LOCKS, HOOD RIVER COUNTY, OREGON, RESOLVES AS FOLLOWS:

SECTION 1. Declaration as Surplus: Fire Hall building and property at 505 SW WaNaPa Street is hereby declared surplus and shall be sold by the City in accordance with the sale parameters set forth in Section 2 below.

SECTION 2. Parameters for Sale:

- a. **Sale of Property:** A proposal has been received for \$150,000. The proposal and addendum have been attached to this resolution.
- b. **Authorizing Signature:** The City Council herewith authorizes the Mayor to sign the acceptance of the proposal and the documents required at closing.

SECTION 3. Effective Date. This resolution shall become effective upon adoption by the City Council and approval by the Mayor.

ADOPTED by the City Council this 25th day of February, 2013.

APPROVED by the Mayor this 25th day of February, 2013.

Tom Cramblett, Mayor

ATTEST:

Kathy Woosley, City Recorder

CASCADE LOCKS STAFF REPORT

Date Prepared: Wednesday, February 20, 2013

For City Council Meeting on: Monday, February 25, 2013

TO: Honorable Mayor and City Council

PREPARED BY: Gordon Zimmerman, City Administrator



SUBJECT: Adopt 2013-2014 Budget Priorities

SYNOPSIS: The City Council met with staff on the evening of Wednesday, February 13, to review staff suggestions and Council recommendations for building the budget for the Fiscal Year 2013-2014. There was lots of good questions and discussion concerning the operations of the City. At the end of the evening the Council spent time indicating the issues with which they had the greatest concerns and through its vote the budget priorities have been defined.

Please find attached the summarized list of budget issues and concerns. The first page lists all those concerns which received two or more votes. We started the evening with 61 issues. By combining like issues (and cross departmental concerns), we have reduced the list to 46 issues – 23 prioritized by the Council and 23 which I have classified by department as “Administrative Issues.”

These concerns and issues are extensive and broad reaching. The staff will now take this list into consideration as we build the budget for the upcoming fiscal year. We will address as many of these issues as we can dependent on City resources (time and money).

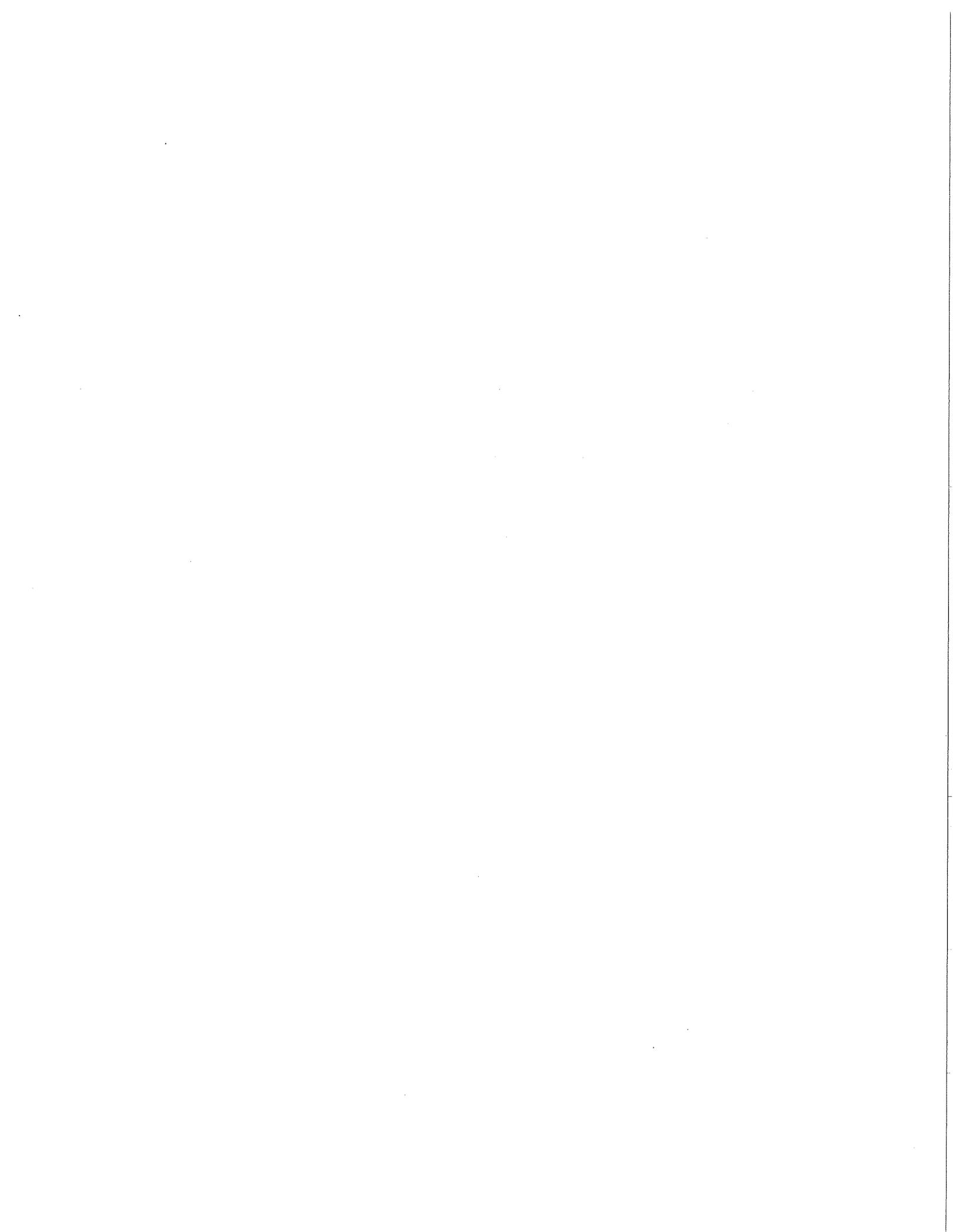
CITY COUNCIL OPTIONS: The City Council has the following options related to this issue.

1. Adopt Budget Priorities as presented.
2. Modify or adjust any issue in the priority listing as desired by the Council.

RECOMMENDATION: “I move to adopt the budget priorities as identified by the City Council for the 2013-2014 Fiscal Year.”

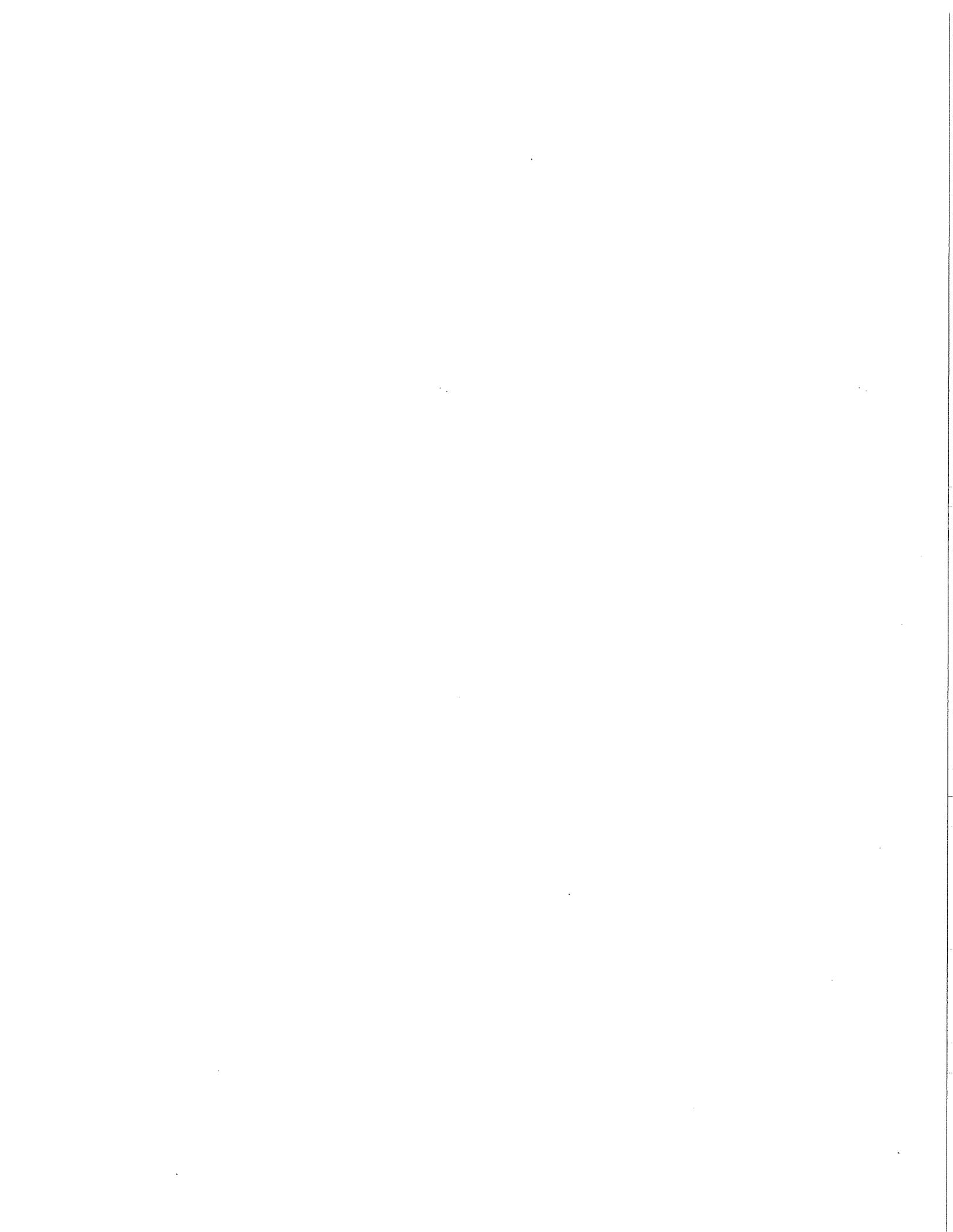
Legal Review and Opinion: n/a

Financial review and status: Budget dependent.



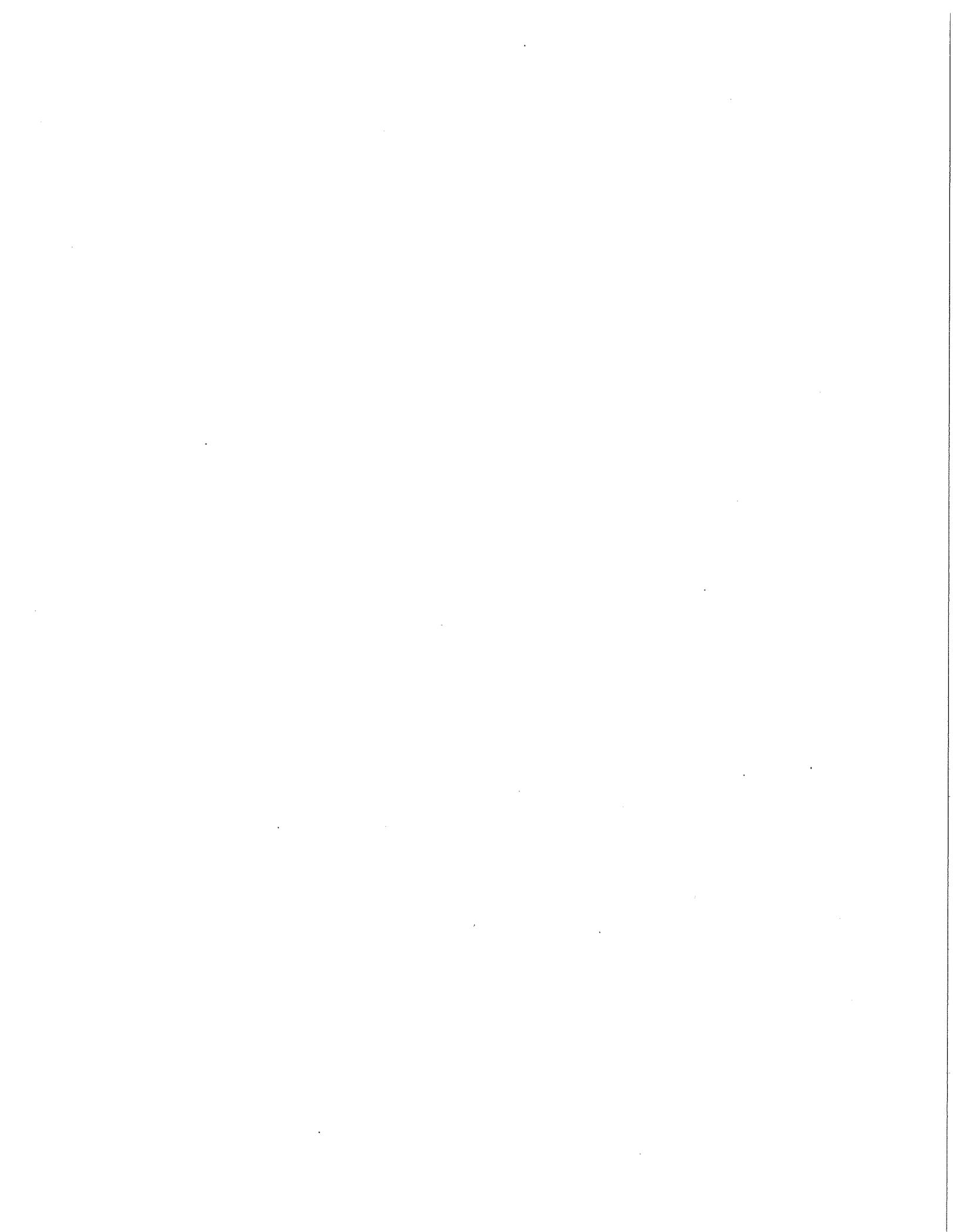
City of Cascade Locks
 Council Budget Priorities for 2013-2014

Department	Issue	Priority
1 Public Works	Increase Budget for Water System Repairs	*****
2 EMS	Determine Stable Long Term Funding, Review Current Rate Policy and Contracting City Services outside City Limits	*****
3 EMS	Enhance Volunteer Corp through Recruitment, Retention, Training and Certification	*****
4 Administration/CC	Good Governance (Fiscal Management, Communication, Staff Development/Morale, Partnerships, Shared Services, 3City In.)	*****
5 City Council	Hire Forensic Accountant to Review City Finances	*****
6 Electric/Finance	Implement Work Order System	*****
7 Electric/PW	Service Rate Increases	*****
8 EMS/PW/Finance	Develop Equipment Replacement Plan	****
9 Administration	Comprehensive Fee Review	***
10 Electric/EMS/Finance	Continue Receiving Payments on Fire Station Loan	***
11 CR/Planning	Continue Revision of Development Code	***
12 EMS/Finance	Develop Reverse 911 Partnering with Hood River County	***
13 Electric Department	Electric Department Master Plan	***
14 Public Works	Implement Street Maintenance Plan	***
15 Administration	Investigate Jurisdiction of WaNaPa Street	***
16 CR/Planning	Solve Document Storage Issue	***
17 Finance Department	Allow Payment of Bills Through Credit/Debit/Electronic Payments	**
18 Administration	Continue ADA Enhancements at City Hall (Reception, Restroom, ADA Requirements	**
19 City Council	Continue Exploring CATV Options (if not completed in 2012-2013)	**
20 Administration	Continue RARE Intern Program in Partnership with Tourism Committee	**
21 EMS	Enhance Community Involvement Through Preparedness and Education	**
22 Tourism	Increase Transient Room Tax Collection through Audits and Increased Tourism	**
23 Administration	Seek Grants for Projects with Council Approval	**



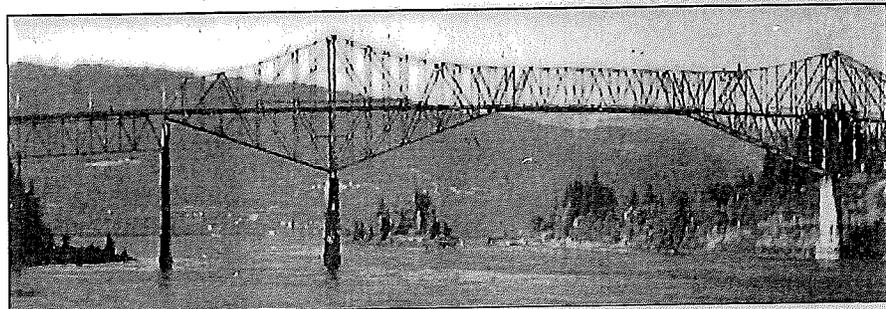
City of Cascade Locks
 Council Budget Priorities for 2013-2014

Department	Issue	Priority
Administrative Issues		
1 Administration	Explore City Engineer Concept	*
2 Administration	Explore Organizational Restructure Across all Departments	
3 Administration	Functioning Safety Committee	
4 City Council	Review PERS/Health Insurance	*
5 City Council/Finance	Work Load/Wage Study	*
6 CR/Planning	Complete Codification and ongoing maintenance of ordinances	
7 CR/Planning	Complete Council Chambers Cleanup	
8 CR/Planning	Website Update and Upgrade	
9 Electric Department	Complete Neutral Project	
10 Electric Department	Complete PUC Inspection Report Requirements	*
11 Electric Department	Modify and Enhance Shop Building for Vehicle Storage and Safety	*
12 EMS	Explore Development of Sleeper Program	*
13 EMS	Immediate Water Rescue Response	
14 Finance Department	Development Equipment Replacement Program for Information Technology	*
15 Finance Department	Purchase/Install Backup Generator for City Hall	
16 Finance Department	Standardize/Streamline PublicWorks/City Light Timekeeping	*
17 Public Works	Continue Staff Training and Certifications	
18 Tourism	Work with Port to Promote Park Events	*
19 Tourism	Create Event Planning Criteria/Schedule	*
20 Tourism	Hold Tourism Symposium	
21 Tourism	Increase Number of Volunteers	
22 Tourism	Seek Grants for Projects	
23 Tourism	Strengthen Existing Relationships with Community Leaders	



CITY OF CASCADE LOCKS

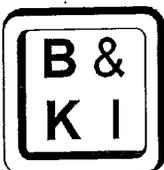
2012 Cost of Service & Rate Report *Preliminary Final Draft*



Cascade Locks, Oregon

FEBRUARY 2013

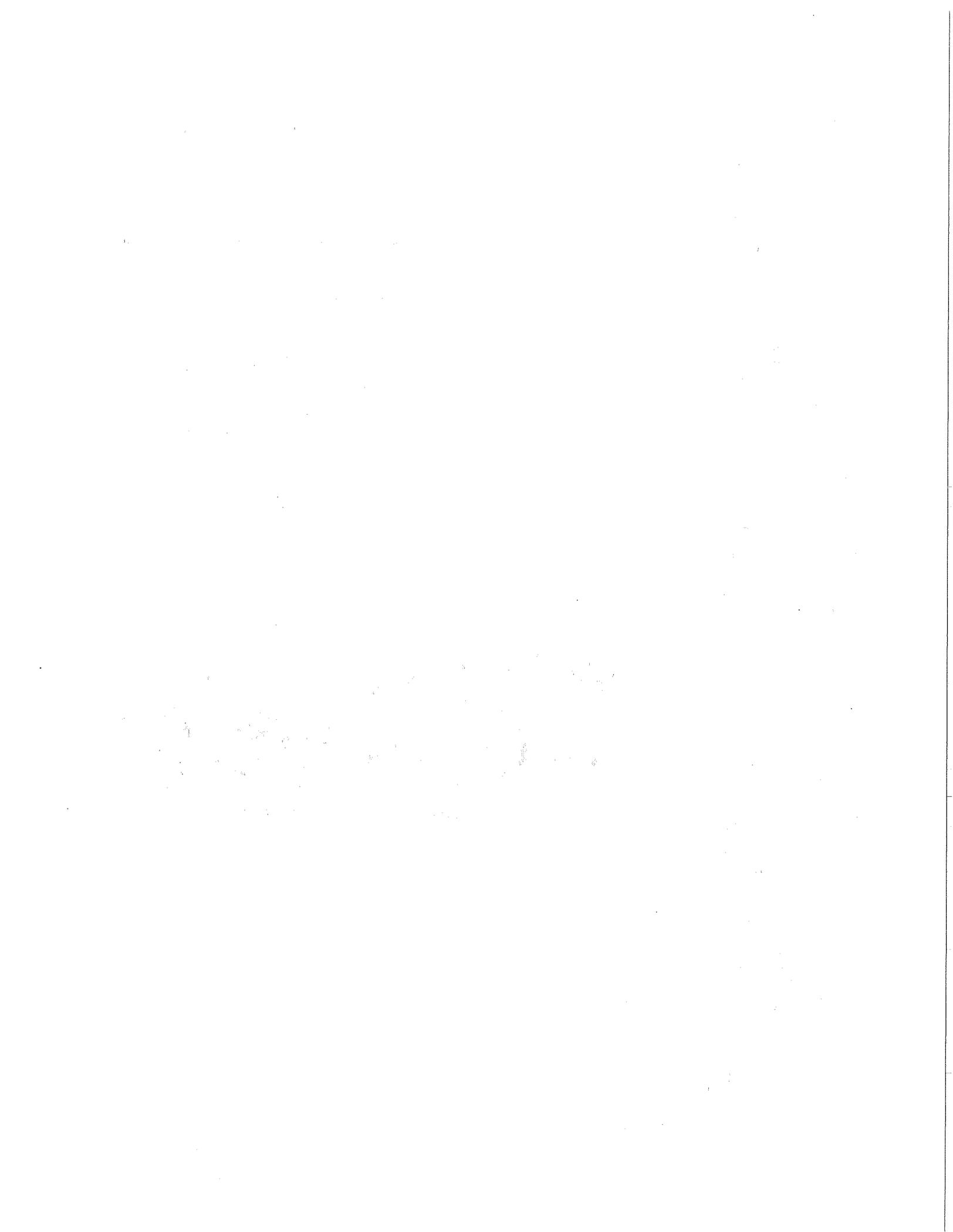
Project #CL12-002 • Revision 0



Brown & Kysar, Inc.
Engineering & Consulting

P.O. Box 1720
Battle Ground, WA 98604
360.687.3966
360.687.5139 FAX

**140 SW WA NA PA
CASCADE LOCKS, OR**



EXECUTIVE SUMMARY

Purpose of Study

The focus of the Cost of Service Analysis (COSA) and Rate Analysis is:

- Analyze historical data and trends to determine future revenue requirements and capital expenditure levels.
- Forecast revenue, expenses, operating margins and capital expenditures for at least three years.
- Make recommendations for improvements in the rate structure that provides fair and equitable rates to existing rate payers and encourages economic development in Cascade Locks.

COSA Report

The preliminary Cost of Service Analysis and report is attached, for reference, in Appendix A of this report. The following are the salient points of that report:

- The last rate adjustment was put into effect in March 2005, almost 8-years ago.
- In fiscal year 2011, the net operating revenue was a loss of \$5,000.
- Net operating revenue must increase 11% to avoid depletion of the electrical asset base and restore margins to generally accepted levels in the electric utility industry.

Rate Analysis Report

The following are recommended changes to the rate structure:

- Immediate rate increase of 8.5%, followed by a 7.5% rate increase in December 2014. Refer to Section 4.7 for additional details.
- Merge Rural and South Bank rate classifications. Customers outside the city limits are rural customers.
- Implement a purchased power adjustment clause for all rate classes to “pass through” increased purchased power costs as a result of the BPA Tier 2 rate. Refer to Section 4.7 for additional details.
- Add an industrial rate for customers with electrical demands of 500 kilowatts. The recommended rate includes an economic development incentive during the first 3-years of operation. Recommendations are included for the Port of Cascade Locks participation in facilitating economic development by funding infrastructure upgrades for new industrial customers. Refer to Section 4.6 for more details.
- Defer ownership of BPA substation until increases in system load and revenues will support the carrying charges of the substation facilities.

Other COSA based forecasts are included in this report. The different scenarios demonstrate the sensitivity of the operating margins to the proposed BPA rate increase (9% - power, 13% transmission services) in October 2013 (Section 4.3) and other factors.

Final Step

Brown & Kysar will incorporate feedback from the City Council in a resolution of rate structure changes for adoption by the City Council.

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LIST OF APPENDICES

APPENDIX A - Cascade Locks COST OF SERVICE Analysis Report

10-21-12

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1.0 CONCLUSIONS & RECOMMENDATIONS

Brown & Kysar, Inc. is pleased to provide the results of the 2012 cost of service and rate analysis. Forecasts and other information are contained in this report to support the following conclusions and recommendations.

An interim report, dated 10-21-12, regarding the results of the cost of service analysis was presented to the city council. The cost of service analysis (COSA) concluded that the operating revenue and expenses were practically equal. The COSA identified declining sales in the General Service customer class was the principal cause for the decline in Net Operating Margins.

A revenue requirements calculation was based on the COSA data. Based on the revenue requirements the sales revenues must be increased by 11% to pay operating expenses and have enough net margin to sustain the Net Assets in the Electrical Fund. A summary of the historical data and assumptions is discussed in Section 2 of this report.

The rate analysis is based on the allocation of income and expenses determined in the COSA analysis. A 5-year load forecast was developed based on historical trends. A discussion of the assumptions to forecast the load are included in Section 3 of this report.

Using the load forecast, several financial forecasts were developed to analyze the impact of customer rate structure changes, BPA rate increases and impact of BPA Tier 2 rates, and developing a rate with an incentive for economic development in Cascade Locks.

The comparison of financial forecasts for alternative scenarios is discussed in Section 4 of this report. Section 4.7 discusses the recommended rate adjustment plan.

Section 4.6 also includes the recommended industrial rate with an economic development incentive for new industrial customers and recommended involvement of the Port of Cascade Locks with financing infrastructure improvements that may be required to serve a new industrial customer.

After discussion of the results of this report, the next and final step will be incorporating feedback from the Council to make final edits on rate changes and strategies to formulate a resolution for Council adoption.

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2.0 HISTORICAL DATA AND ANALYSIS ASSUMPTIONS

The cost of service and rate analysis is based on customer usage patterns and trends during the fiscal years ending June 30, 2007 through 2011. The last rate adjustment was put into effect in March 2005, almost 8-years ago.

The cost of service allocation methodology that was used in this analysis is endorsed by Northwest Public Power Association. This methodology is used by rate analysts in the northwest and across the nation.

An interim report, dated October 21, 2012 has been presented to the City Council that summarizes the data that was used to complete the cost of service allocations. The interim report is attached as Appendix A of this report.

The Operating Statement of income and expenses for fiscal year 2011 was adjusted to remove abnormal expenditures to normalize the revenues and expenses for a base for the cost of service analysis. This is the "test year" data that was used for the analysis. The determination of test year minimum working capital and revenue requirements determination is summarized in Exhibit 1.

A summary of system statistics, cost allocation factors, forecasting factors and BPA statistics are summarized in Exhibits 2, 3 and 4.

Test Year Minimum Working Capital Determination

Operating Expenses other than Purchased Power	\$	968,000
Days in year		365
Average per day	\$	2,652
Lag in days		45
Working Capital - Expenses	\$	119,000
Purchased Power	\$	621,000
Days in year		365
Average per day	\$	1,701
Lag in Days		20
Working Capital - Power Supply	\$	34,000
Non-Operating Reserves includes:		
Reserves for Insurance deductibles, catastrophic event & Other (I.e. FEMA)		
Reserves for Reimbursible Projects (180-days)		
Reserves for Capital Improvements		
Original Cost of Fixed Plant	\$	3,969,000
% of Fixed Plant		20%
	\$	794,000
Total Minimum Reserve Fund for Working Capital	\$	947,000

NOTE: Calculation revised since 10-21-12 report, Figure 10.

Test Year Test Year Revenue Requirements Determination

Net Fixed Plant	\$	2,270,874
Working Capital		
Purchased Power	\$	34,000
Other Operating Expenses	\$	119,000
Test Year Rate Base	\$	2,423,874
Rate of Return		7%
Net Operating Revenue Requirement	\$	170,000

NOTE: Calculation revised since 10-21-12 report, Figure 11.

EXHIBIT 1: WORKING CAPITAL & REVENUE REQUIREMENT DETERMINATION

Electric System Statistics		
System Loss Factors		
		Comments
Secondary (Service Lines)	1.00%	Based on a Typical System
Primary System (Lines & Transformers)	2.59%	
Street Lighting	0.55%	Unmetered - based on 110,000 kWh per year
Substation	0.48%	Based on BPA power bills
Total System Loss (kWh sold/hWh purchased)	4.61%	

Minimum System Allocation Factors		
	Demand	Customer
Station Equipment	90%	10%
Poles	80%	20%
Overhead Conductors and Devices	80%	20%
Underground Conduits, Conductors and Devices	80%	20%
Line Transformers	90%	10%
Services	60%	40%

Load Statistics			
FY 2010 - 11 Data			
Total System	kW	Billing Month	
Minimum monthly kW demand	2,360	June	
Average monthly kW demand	3,403		
Maximum monthly kW demand	4,500	February	
kWh purchased from BPA	HLH kWh	LLH kWh	Total kWh
Cascade Locks Substation (City)	10,111,500	6,772,770	16,884,270
Acton Substation (South Bank)	1,991,290	1,179,920	3,171,210
	12,102,790	7,952,690	20,055,480
% of Total Purchased	60%	40%	
High Load Hours (HLH) & Low Load Hours (LLH) Statistics			
High Load hours (6am to 10 pm Monday-Saturday)			
Low Load hours (10pm to 6am Monday-Saturday & Sunday)			
	% HLH	% LLH	
% of hours	57%	43%	8760 hrs/year
	Minimum Monthly	Maximum Monthly	Average Annual
Total System Load Factors	56%	73%	67.61%
	November	September	

EXHIBIT 2: ELECTRIC SYSTEM STATISTICS

Electric System Statistics

Customer kW Demand Coincidence Factors

Customer Class Type	Individual Customer Demand (NCP) / Customer Class Demand
Residential - City	125%
Residential - Rural	125%
Residential - South Bank	125%
General Service - City	195%
General Service - Rural	195%
General Service - South Bank	195%
Public Agency - City	200%
Public Agency - Rural	200%
Public Agency - South Bank	200%

Forecasting Factors

	Status Quo
Inflation rate	3.2%
Energy consumption growth rate	
Residential	5.3%
Commerolal	7.2%
Public Bodies	7.2%
Street Lighting Revenue (reduction) (prior year adjustment, one time change)	(\$3,500)
Load Profile	No Change
Load Factor	No change
Population Growth & Customer Count changes	0.0%
Capital Improvements	\$ 139,000
New Customer Load Profile	
Type of business	Industrial
Small, Medium or Large	Medium
Power requirements	1000 kW
Work Schedule	24/7 June - September
limit economic development incentive to 3 years	

EXHIBIT 3: ELECTRIC SYSTEM STATISTICS

Electric System Statistics

BPA

RHWM	2610	akW	
BPA rate (power & transmission bill combined)			
effective cost of power	0.02891	per kWh	
Demand Charge	\$ 3.0198	/kW	
HLH Energy	\$ 0.02984	/kWh	100%
LLH Energy	\$ 0.02185	/kWh	73.22%
Customer charge & other adjustments	-6.0%		

Refer to TAB: 4 COSA FY11 Time of Use data

EXHIBIT 4: ELECTRIC SYSTEM STATISTICS

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3.0 ELECTRICAL LOAD FORECASTS BY CUSTOMER CLASS

The energy consumption (kWh) for high load hours (HLH) and low load hours (LLH), and demand (kW) for each customer class during the test year are summarized in Exhibit 5.

The annual growth or decline (-) during the previous 5-years for each customer class is stated in the Annual Growth Factor column. The previous trend in consumption was used to forecast the consumption for the next 5-years.

The load forecast data was used to determine the revenue from sales to each customer class and purchased power cost forecast for the next 5-years.

The General Service class of customers has a significant decline in energy consumption and the resulting drop in revenues for that customer class. The number of customers is relatively constant over the past 5-years. It seems like these customers have been affected the most by the slowdown in the economy.

The overall growth rate for all customers is 2% per year.

Electrical Load Forecasts by Customer Rate Class											
kWh and kW demand forecasts											
Rate Class	Test Year kWh and kW demand statistics				Annual Growth Factor	kWh and kW demand forecasts					
	HLH (7:00 AM to 11:00 PM)	LLH (1:00 PM to 7:00 AM)	TOEI kWh	kW Class Coincident Demand		2012 kWh	2013 kWh	2014 kWh	2015 kWh	2016 kWh	2017 kWh
Residential - City	4,604,148	3,093,697	7,698,043	15,860	8,065,509	8,524,571	8,976,979	9,452,121	9,851,083	10,258	
Residential - Rural	59,887	40,113	100,000	207	105,800	110,881	116,058	122,948	129,482	267	
Residential - South Bank	813,767	482,190	1,295,957	2,505	1,394,643	1,468,968	1,513,729	1,593,325	1,677,771	3,243	
Residential - Total	5,477,802	3,606,200	9,084,000	18,582	9,565,452	10,072,421	10,606,239	11,168,391	11,760,316	24,069	
General Service - Commercial & Small Industrial											
General Service - City	3,389,222	2,268,120	5,657,342	11,679	5,247,228	4,659,729	4,518,650	4,193,474	3,991,544	8,038	
General Service - Rural	329,379	220,621	550,000	1,136	510,400	473,651	439,848	407,901	378,552	792	
General Service - South Bank	600,000	297,658	1,097,658	2,463	1,018,627	945,285	877,225	814,069	756,462	1,695	
Security Lighting - several types				Note 1							
General Service - Total	4,515,601	2,786,399	7,302,000	15,278	6,776,256	6,288,966	5,895,603	5,415,440	5,025,528	10,515	
Public Bodies											
Public Agency - City	1,192,455	796,716	1,989,171	4,113	2,194,635	2,286,222	2,452,974	2,629,538	2,818,918	5,623	
Public Agency - Rural	179,891	120,399	300,000	620	321,800	344,755	369,978	399,187	424,713	877	
Public Agency - South Bank	400,000	148,829	548,829	1,231	588,345	630,706	676,116	724,797	770,962	1,743	
Public Bodies - Total	1,772,116	1,067,894	2,840,000	5,964	3,044,480	3,263,883	3,498,668	3,750,572	4,020,613	8,443	
Public Street & Security Lighting											
Street Lighting - Res	48,889	61,111	110,000	off peak							
Street Lighting - Com											
Street Lighting - Public Agency											
Public Street & Security Lighting - Total	48,889	61,111	110,000	Note 1							
Note 1: Street Lighting is not metered (kWh is included in system losses)											
Total System	11,874,406	7,921,594	19,338,000	39,833	19,498,188	19,734,469	20,050,530	20,444,403	20,916,457	43,027	

EXHIBIT 5: LOAD FORECAST BY CUSTOMER CLASS

4.0 OPERATING REVENUE AND EXPENSE FORECASTS

4.1 STATUS QUO

Based on the Test Year Operating Revenues and Expenses, a financial forecast was developed using the existing rates as shown in Exhibit 4.

The trend in the Net Operating Margins shows a growing deficit due to insufficient sales revenue to cover operating expenses.

The Total Operating Revenues are growing at a rate of 2% per year. The Total Operating Expenses at about 2.5% per year. The shortfall in the net operating margin will disappear when the General Service class customer rebounds when the economy improves.

At this time, it is uncertain when a sustained growth in the economy will occur again. Until the General Service customer rebound, a larger percentage of the operating expenses are allocated to the Residential and Public Agency customer classes.

Page 4-2 of Exhibit 4 also indicates an average decline in the net assets in the Electric Fund of 1% per year.

OPERATING REVENUES & EXPENSES FORECAST							
STATUS QUO							
OPERATING REVENUES (Sales & Customer Charges)	Test Year 2011	Annual Growth Rate	2012	2013	2014	2015	2016
City	602,714		634,658	668,294	703,714	741,011	780,285
Rural	8,113		8,543	8,995	9,472	9,974	10,503
SB	144,363		152,014	160,071	168,555	177,488	186,895
Residential Sales	\$765,000	5.30%	\$795,216	\$837,361	\$881,741	\$928,473	\$977,683
City	380,097		352,730	327,333	303,765	281,894	261,598
Rural	37,514		34,813	32,306	29,980	27,822	25,819
SB	112,629		104,520	96,994	90,011	83,530	77,516
Security Lighting - several types	5,299		5,299	5,299	5,299	5,299	5,299
General Service Sales	536,000	-7.12%	497,362	461,933	429,055	398,545	370,231
City	168,663		180,807	193,826	207,780	222,741	238,778
Rural	25,889		27,753	29,751	31,893	34,189	36,651
SB	67,566		72,431	77,646	83,236	89,230	95,654
Public Agency Sales	262,000	7.20%	\$280,991	\$301,222	\$322,910	\$346,169	\$371,083
Street Lighting Sales	25,000		25,000	25,000	25,000	25,000	25,000
Total Sales Revenue	\$1,578,000		\$1,599,000	\$1,626,000	\$1,659,000	\$1,698,000	\$1,744,000
Customer install charges (New)	7,000		7,224	7,455	7,694	7,940	8,194
Total Operating Revenues	\$1,585,000	2.02%	\$1,606,000	\$1,633,000	\$1,667,000	\$1,706,000	\$1,752,000
OPERATING EXPENSES							
Purchased Power (BPA Power & Transmission)	\$621,000	1.58%	\$626,145	\$633,797	\$643,948	\$656,598	\$671,758
Operations and Maintenance (Labor, Materials, Equipment, Tools,	542,000	3.20%	559,344	577,243	595,715	614,778	634,451
Customer Accounts (Meter reading, Meter Expense, Billing & Uncollectable Accounts)	49,000	3.20%	50,568	52,186	53,856	55,580	57,358
Administrative	183,000	3.20%	188,856	194,899	201,136	207,573	214,216
Depreciation	96,000	2.47%	91,486	93,750	96,070	98,447	100,883
Other Expenses (energy efficiency program, capital reserve fund, insurance, contract services & misc.)	98,000	3.20%	101,136	104,372	107,712	111,159	114,716
Total Operating Expenses	\$1,589,000	2.45%	\$1,617,535	\$1,656,248	\$1,698,437	\$1,744,134	\$1,793,381
NET OPERATING MARGINS	(4,000)		(11,535)	(23,248)	(31,437)	(38,134)	(41,381)

OPERATING REVENUES & EXPENSES FORECAST							
STATUS QUO							
OPERATING REVENUES (Sales & Customer Charges)	Test Year 2011	Annual Growth Rate	2012	2013	2014	2015	2016
NET NON-OPERATING REVENUES & EXPENSE	(\$3,600)		(\$3,932)	(\$2,838)	(\$2,016)	(\$1,364)	(\$978)
TOTAL MARGINS	(\$7,600)		(\$15,467)	(\$26,086)	(\$33,453)	(\$39,497)	(\$42,359)
NET ASSETS IN ELECTRICAL FUND							
Balance at Beginning of Year	\$3,214,000		\$3,206,400	\$3,190,933	\$3,164,847	\$3,131,393	\$3,091,896
Total Margins	(\$7,600)		(\$15,467)	(\$26,086)	(\$33,453)	(\$39,497)	(\$42,359)
Balance at End of Year	\$3,206,400	-1.00%	\$3,190,933	\$3,164,847	\$3,131,393	\$3,091,896	\$3,049,537

EXHIBIT 6: STATUS QUO FORECAST

4.2 COSA BASED RATES FORECAST

Revised rate schedules for each customer class are shown in Exhibit 7. The amount for the customer charge, energy and demand charges are based on the allocation of expenses and revenue requirements determination using the cost of service methodology endorsed by the NWPPA and used by many rate analysts across the country.

Generally the customer charges are about double the customer charge on the existing rate schedule for each class of customer. There is often a deviation from the rate structure determination using a COSA analysis methodology due to specific local circumstances or the rate structures of neighboring utilities.

A reduction in the fixed monthly charge, will allocate some of the fixed monthly expenses to the demand and/or energy rates. The revenues for demand and energy sales are variable each month. For example, the sales of power to the General Service customers are insufficient to pay for the fixed expenses that were allocated to this customer class when the rate was established.

Rate Schedules: COSA based			
Residential			
Monthly Customer Charge	City	Rural	South Bank
	\$18.28	\$19.05	\$18.62
\$/kWh - All kWh's	\$0.0640	\$0.0830	\$0.0830
General Service			
Monthly Customer Charge	City	Rural	South Bank
	\$63.34	\$57.70	\$45.39
\$/kWh - (7:00 AM to 11:00 PM)	\$0.0475	\$0.0650	\$0.0650
\$/kWh - (11:00 PM to 7:00 AM)	\$0.0347	\$0.0475	\$0.0475
Billing Demand \$/kW	\$6.85	\$6.85	\$7.25
Note: Replace Meters with Time of Day (TOD) Registers			
Public Agency Rate			
Minimum Monthly Customer Charge	City	Rural	South Bank
	\$32.64	\$32.76	\$44.49
\$/kWh - (7:00 AM to 11:00 PM)	\$0.0475	\$0.0650	\$0.0650
\$/kWh - (11:00 PM to 7:00 AM)	\$0.0347	\$0.0475	\$0.0475
Billing Demand \$/kW	\$3.50	\$9.50	\$9.50
Note: Replace Meters with Time of Day (TOD) Registers			
Security Lighting		Street Lighting	
Wattage	\$/Month	Customer account	\$/Month
100	\$15.87	Residential	\$2.59
200	\$20.47	Public Agency	\$8.05
		Commercial	\$8.05
Large Industrial, >1000 kW demand Special contract needed			
Cogen & small power Special contract Rate = BPA avoided cost			
Rural = (outside city limits, i.e. Wyeth)			

EXHIBIT 7: RATE SCHEDULES: COSA BASED

Exhibit 8 is the financial forecast using the rate determination using the COSA methodology. The sales revenues in the test rate were adjusted using the COSA rate schedule. The operating expenses in the test year do not change.

The forecast for sales revenues increase 2% per year, but the COSA rates eliminate the shortfall in the Net Operating Margins. Increased Net Operating Margins provide sufficient funds to replace fixed assets that have reached the end of their useful life with new materials and equipment. Instead of depleting the Net Assets in the Electrical Fund, the amount increases a nominal 3% per year. This rate happens to be about the same as the inflation rate (3.2%) used in the forecast.

OPERATING REVENUES & EXPENSES FORECAST							
COSA BASED RATES							
OPERATING REVENUES (Sales & Customer Charges)	Test Year 2011	Annual Growth Rate	2012	2013	2014	2015	2016
City	547,317		676,324	606,870	639,034	672,902	708,666
Rural	9,070		9,551	10,057	10,590	11,151	11,743
SB	205,558		216,452	227,924	240,004	252,724	266,119
Residential Sales	\$762,000	5.30%	\$802,327	\$844,851	\$889,628	\$936,778	\$986,427
City	442,677		410,804	381,226	353,778	328,306	304,668
Rural	38,621		35,841	33,260	30,865	28,643	26,681
SB	111,631		103,501	96,049	89,133	82,715	76,760
Security Lighting - several types	6,094		6,094	6,094	6,094	6,094	6,094
General Service Sales	\$599,000	-7.12%	\$556,240	\$516,629	\$479,871	\$445,759	\$414,103
City	286,788		307,437	329,572	353,301	378,739	406,008
Rural	19,445		20,845	22,346	23,955	25,679	27,528
SB	25,861		27,722	29,719	31,858	34,152	36,611
Public Agency Sales	\$332,000	7.20%	\$356,004	\$381,636	\$409,114	\$438,670	\$470,147
Street Lighting Sales	28,210		28,210	28,210	28,210	28,210	28,210
Total Sales Revenue	\$1,721,000	1.99%	\$1,743,000	\$1,771,000	\$1,807,000	\$1,849,000	\$1,899,000
Customer install charges (New accounts)	7,000		7,224	7,455	7,694	7,940	8,194
Total Operating Revenues	\$1,728,000	1.99%	\$1,760,000	\$1,778,000	\$1,815,000	\$1,867,000	\$1,907,000
OPERATING EXPENSES (Same as Status Quo)							
Total Operating Expenses	\$1,689,000	2.45%	\$1,617,535	\$1,656,248	\$1,698,437	\$1,744,134	\$1,793,381
NET OPERATING MARGIN	139,000		132,465	121,752	116,563	112,866	113,619
NET NON-OPERATING REVENUES & EXPENSE	(\$3,600)		(\$11,132)	(\$10,088)	(\$9,416)	(\$8,914)	(\$8,728)
TOTAL MARGINS	\$135,400	-4.98%	\$121,333	\$111,664	\$107,147	\$103,953	\$104,891
NET ASSETS IN ELECTRICAL FUND							
Balance at Beginning of Year	\$3,214,000		\$3,349,400	\$3,470,733	\$3,582,397	\$3,689,543	\$3,793,496
Total Margins	\$135,400		\$121,333	\$111,664	\$107,147	\$103,953	\$104,891
Balance at End of Year	\$3,349,400	3.08%	\$3,470,733	\$3,582,397	\$3,689,543	\$3,793,496	\$3,898,387
NET CHANGE IN NET OPERATING MARGIN	\$148,000		\$144,000	\$145,000	\$148,000	\$151,000	\$155,000

EXHIBIT 8: COSA BASED RATE FORECAST

4.3 PROPOSED BPA RATE INCREASE

The sales revenues are based on the existing rate schedules (Status Quo).

BPA is proposing a rate increase that goes into effect in October 2013. The proposed increase on the BPA Power bill rates is 9%. The proposed increase on the BPA Transmission services bill is 13%. The impact of the BPA rate increase is shown in Exhibit 9.

OPERATING REVENUES & EXPENSES FORECAST							
BPA RATE INCREASE (OCTOBER 2013)							
OPERATING REVENUES (Sales & Customer Charges)	Test Year 2011	Annual Growth Rate	2012	2013	2014	2015	2016
Residential Sales	\$755,000	5.30%	\$795,215	\$837,361	\$881,741	\$928,473	\$977,683
General Service Sales	536,000	-7.12%	497,362	461,933	429,055	398,545	370,231
Public Agency Sales	262,000	7.20%	\$280,991	\$301,222	\$322,910	\$346,159	\$371,083
Street Lighting Sales	25,000		25,000	25,000	25,000	25,000	25,000
Total Sales Revenue	\$1,578,000		\$1,599,000	\$1,626,000	\$1,659,000	\$1,698,000	\$1,744,000
Customer install charges (New accounts)	7,000		7,224	7,455	7,694	7,940	8,194
Total Operating Revenues	\$1,585,000	2.02%	\$1,606,000	\$1,633,000	\$1,667,000	\$1,706,000	\$1,752,000
OPERATING EXPENSES							
Purchased Power	\$621,000	3.30%	\$626,145	\$633,797	\$691,024	\$719,075	\$730,463
Operations and Maintenance	542,000	3.20%	559,344	577,243	595,715	614,778	634,451
Customer Accounts	49,000	3.20%	50,568	52,186	53,856	55,580	57,358
Administrative	183,000	3.20%	188,856	194,899	201,136	207,573	214,215
Depreciation	96,000	1.00%	91,486	93,750	96,070	98,447	100,883
Other Expenses	98,000	3.20%	101,136	104,372	107,712	111,159	114,716
Total Operating Expenses	\$1,589,000	3.11%	\$1,617,535	\$1,656,248	\$1,745,514	\$1,806,610	\$1,852,086
NET OPERATING MARGINS	(4,000)		(11,535)	(23,248)	(78,514)	(100,610)	(100,086)
\$ Reduction in Total Margins due to BPA rate increase					(47,076)	(62,477)	(58,705)
% of Total Sales Revenue					2.84%	3.68%	3.37%
NET NON-OPERATING REVENUES & EXPENSE	(\$3,600)		(\$972)	\$3,390	\$7,812	\$12,426	\$17,162
TOTAL MARGINS	(\$7,600)		(\$12,507)	(\$19,859)	(\$70,701)	(\$88,184)	(\$82,923)
NET ASSETS IN ELECTRICAL FUND							
Balance at Beginning of Year	\$3,214,000		\$3,206,400	\$3,193,893	\$3,174,035	\$3,103,333	\$3,015,149
Total Margins	(\$7,600)		(\$12,507)	(\$19,859)	(\$70,701)	(\$88,184)	(\$82,923)
Balance at End of Year	\$3,206,400	-1.77%	\$3,193,893	\$3,174,035	\$3,103,333	\$3,015,149	\$2,932,226

EXHIBIT 9: PROPOSED BPA RATE INCREASE FORECAST

The purchased power expenses have been increased for part of fiscal year 2014, and fiscal years 2015 and 2016. The deficit in Net Operating Margins has increased in the range of 2.8% to 3.7% of Total Sales Revenue.

The increase in the purchased power expense as a result of the BPA rate increase will require the revenue from sales to increase an additional 3% to 4%.

The larger deficits result in a further decline in the Electric Fund Net Asset from -1%, Status Quo to a decline of -1.77%.

4.4 ALL RATES INCREASED 11% IN DECEMBER 2012

The forecast with all existing rates increased by 11% is shown in Exhibit 10. Since December is the midway through fiscal year 2013. The change in Net Operating margins in 2013 is one-half the change during 2014 to 2016.

The 11% increase is the amount of additional revenue from sales that is needed by the revenue requirements determination that was included in the October 21, 2012 report.

The Net Margins are primarily reinvested in the Electric Fund to replace assets that have reached the end of useful life.

OPERATING REVENUES & EXPENSES FORECAST							
ALL RATES INCREASED 11% IN DECEMBER 2012							
OPERATING REVENUES (Sales & Customer Charges)	Test Year 2011	Annual Growth Rate	2012	2013	2014	2015	2016
City	602,714		634,658	704,977	783,087	824,591	868,294
Rural	8,113		8,543	9,489	10,540	11,099	11,687
SB	144,363		152,014	168,857	187,567	197,508	207,976
Residential Sales	\$765,000	7.68%	\$795,215	\$883,323	\$981,195	\$1,033,198	\$1,087,957
City	380,097		352,730	345,300	338,027	313,689	291,104
Rural	37,514		34,813	34,080	33,362	30,960	28,731
SB	112,629		104,520	102,318	94,951	88,115	81,771
Security Lighting - several types	5,299		5,299	5,590	5,897	5,897	5,897
General Service Sales	\$36,000	-5.33%	497,362	487,288	472,238	438,661	407,502
City	168,663		180,807	204,464	231,216	247,864	265,710
Rural	25,889		27,753	31,384	35,490	38,046	40,785
SB	67,666		72,431	81,908	92,625	99,294	106,443
Public Agency Sales	262,000	9.53%	\$280,991	\$317,756	\$359,331	\$385,203	\$412,938
Street Lighting Sales	25,000	2.16%	25,000	26,372	27,820	27,820	27,820
Total Sales Revenue	\$1,578,000	4.17%	\$1,699,000	\$1,715,000	\$1,841,000	\$1,885,000	\$1,936,000
Customer install charges (New)	7,000	3.20%	7,224	7,455	7,694	7,940	8,194
Total Operating Revenues	\$1,585,000	4.17%	\$1,606,000	\$1,722,000	\$1,849,000	\$1,893,000	\$1,944,000
OPERATING EXPENSES							
Total Operating Expenses	\$1,589,000	2.45%	\$1,617,535	\$1,656,248	\$1,698,437	\$1,744,134	\$1,793,381
NET OPERATING MARGINS	(4,000)		(11,535)	65,752	150,563	148,866	160,619
NET NON-OPERATING REVENUES & EXPENSE	(\$3,600)		(\$3,932)	(\$7,288)	(\$11,116)	(\$10,714)	(\$10,578)
TOTAL MARGINS	(\$7,600)		(\$15,467)	\$58,464	\$139,447	\$138,153	\$140,041
NET ASSETS IN ELECTRICAL FUND							
Balance at Beginning of Year	\$3,214,000		\$3,206,400	\$3,190,933	\$3,249,397	\$3,388,843	\$3,526,996
Total Margins	(\$7,600)		(\$15,467)	\$58,464	\$139,447	\$138,153	\$140,041
Balance at End of Year	\$3,206,400	2.72%	\$3,190,933	\$3,249,397	\$3,388,843	\$3,526,996	\$3,667,037
NET CHANGE IN NET OPERATING MARGIN				\$89,000	\$182,000	\$187,000	\$192,000

EXHIBIT 10: ALL RATES INCREASED 11%

4.5 COSA BASED INDUSTRIAL RATE

The existing rate schedule does not include an industrial rate. The existing General Service rate applies to small and midsize business customers. General Service customers with electrical energy demands over 25 kW are billed for demand (kW) in addition to energy charges (kWh).

A new Industrial rate was developed for customers that consume large amounts of energy. These customers would have demands of 500 kW or more. An industrial customer with a demand of 1000 kW was used as an example for the development of a COSA based industrial rate. A customer with a 500 kW demand will have one-half the values of sales revenue, purchased power cost, and net operating margin as shown in Exhibit 11.

Using the COSA methodology, the addition of one (1) new industrial customer will increase sales revenue by \$373,000. The additional revenue from industrial sales is approximately 2/3 of the sales revenue of the entire General Service group of customers.

The purchased power costs will increase \$194,000. The cost of the power for the industrial customer is based on the existing BPA rates. The purchased power costs include the estimated energy consumption and demand of the new industrial customer with a similar load profile of the General Service Customer. The purchased power cost includes the power sold plus the normal system losses of 3.6%.

All of the operating expense, except purchased power, is reallocated using standard COSA allocation methodology. The rate assumes that any additional infrastructure will be a reimbursable project that is paid for by the new customer and is the same as other customer classes. The Net Operation Margin in the Test Year increased from -\$4,000 to \$149,000 (a net change of \$153,000).

OPERATING REVENUES & EXPENSES SUMMARY	
COSA BASED INDUSTRIAL RATE	

OPERATING REVENUES (Sales & Customer Charges)	Test Year 2011
Residential Sales	\$685,000
General Service Sales	543,000
Public Agency Sales	292,000
Industrial Sales	373,000
Street Lighting Sales	28,210
Total Sales Revenue	\$1,921,000
Customer install charges (New accounts)	7,000
Total Operating Revenues	\$1,928,000

OPERATING EXPENSES (Same as Status Quo + Industrial)

Power Bill	399,819
Transmission	92,832
City	492,651
Power Bill	24,769
Transmission	5,692
Rural	30,461
Power Bill	79,081
Transmission	18,661
SB	97,742
Added cost of Industrial power	194,000
Purchased Power (BPA Power & Transmission)	\$815,000
Operations and Maintenance (Labor, Materials, Equipment, Tools, etc)	542,000
Customer Accounts (Meter reading, Meter Expense, Billing & Uncollectable Accounts)	49,000
Administrative	183,000
Depreciation	96,000
Other Expenses (energy efficiency program, capital reserve fund, insurance, contract services & misc.)	98,000
Total Operating Expenses	\$1,783,000

NET OPERATING MARGIN 145,000

NET NON-OPERATING REVENUES & EXPENSE (\$3,600)

TOTAL MARGINS **\$141,400**

NET ASSETS IN ELECTRICAL FUND

Balance at Beginning of Year \$3,214,000

Total Margins \$141,400

Balance at End of Year \$3,355,400

NET CHANGE IN NET OPERATING MARGIN **\$149,000**

EXHIBIT 11: COSA BASED INDUSTRIAL RATE

The proposed rate schedule for the COSA based Industrial rate is shown in Exhibit 12.

If this one industrial customer had been operating during the Test Year, the proposed rate increase would have been less than 2% instead of 11%. There is a significant financial benefit to other customer classes if the Electric Utility serves one or more industrial customers.

Industrial		City
Monthly Customer Charge		\$118.58
\$/kWh - (7:00 AM to 11:00 PM)		\$0.0580
\$/kWh - (11:00 PM to 7:00 AM)		\$0.0420
Billing Demand	\$/kW	\$6.32

EXHIBIT 12: COSA BASED INDUSTRIAL RATE SCHEDULE

4.6 PROPOSED INDUSTRIAL RATE

Since the rate structure for other Cascade Locks customers is significantly different than the structure based on COSA methodology, we used the Northern WASCO PUD rate for a similar size industrial customer to compare to the industrial rate for a Cascade Locks customer.

The Northern WASCO rate for customers with a demand over 50 kW is shown in Exhibit 13. Northern WASCO has another industrial rate for customers that receive service directly at the primary (Cascade Locks is 13,800 Volts) distribution system or higher voltages. Since Cascade Locks does not offer primary voltage service to any customers, we did not use the WASCO primary rate for comparison. Primary service customers will have a kW demand over 2000 kW.

Northern WASCO over 50 kW rate schedule
APPLICABLE: Electric service to all three phase and all single phase customers with a total demand of over 50 kW in any one of the past eleven (11) months.
CHARACTER OF SERVICE: Alternating current, sixty hertz, 120/240, 120/208, 277/480 or 480 volts nominal, single or three phase.
Facilities Charge: \$50.00 per month
Plus:
Demand Charge (all kW): \$ 3.96/kW
Plus:
Energy Charge:
First 50,000 kWh \$0.03724/kWh
Over 50,000 kWh \$0.03464/kWh
BILLING DEMAND: Billing demand is the average kilowatts delivered during the 30 minute period in which the use of energy is the greatest during the month for which the determination is made. Power factor measurements may be made at the discretion of the District by suitable instruments at the point of delivery. Billing demand may be increased for power factor correction by one percent (1%) for each percent the customer power factor is less than 97% lagging.

EXHIBIT 13: NORTHERN WASCO PUD INDUSTRIAL RATE

The structure for the proposed industrial rate used some of the COSA methodology to develop the allocation of HLH and LLH energy rates, and billing demand charge. The other sales revenues and operating expenses remained the same as the "Status Quo" scenario, but none of the existing operating expenses were allocated to the new industrial customer. The impact on the Operating Revenues, Expenses and Margins is shown in Exhibit 14.

OPERATING REVENUES & EXPENSES SUMMARY	
PROPOSED INDUSTRIAL RATE	

OPERATING REVENUES (Status Quo + Industrial Sales) (Sales & Customer Charges)	Test Year 2011
Residential Sales	\$755,000
General Service Sales	536,000
Public Agency Sales	262,000
Industrial Sales	254,000
Street Lighting Sales	24,543
Total Sales Revenue	\$1,832,000
Customer install charges (New accounts)	7,000
Total Operating Revenues	\$1,839,000

OPERATING EXPENSES (Same as Status Quo + Purchased Power for Industrial Customer)

Power Bill	399,819
Transmission	92,832
City	492,651
Power Bill	24,769
Transmission	5,692
Rural	30,461
Power Bill	79,081
Transmission	18,661
SB	97,742

Added cost of industrial power	194,000
Purchased Power (BPA Power & Transmission)	\$815,000
Operations and Maintenance (Labor, Materials, Equipment, Tools, etc)	542,000
Customer Accounts (Meter reading, Meter Expense, Billing & Uncollectable Accounts)	49,000
Administrative	183,000
Depreciation	96,000
Other Expenses (energy efficiency program, capital reserve fund, insurance, contract services & misc.)	98,000
Total Operating Expenses	\$1,783,000

NET OPERATING MARGIN	56,000
NET NON-OPERATING REVENUES & EXPENSE	(\$3,600)
TOTAL MARGINS	\$52,400
NET ASSETS IN ELECTRICAL FUND	
Balance at Beginning of Year	\$3,214,000
Total Margins	\$52,400
Balance at End of Year	\$3,266,400
NET CHANGE IN NET OPERATING MARGIN	\$60,000

EXHIBIT 14: OPERATING REVENUES AND EXPENSES WITH ONE INDUSTRIAL CUSTOMER

While the formal reallocation of operating expenses was temporarily postponed, the new industrial customer contributes \$60,000 to net operating margins which could offset short term rate increases. In the long term, it is recommended that operation and maintenance expenses be allocated to the Industrial customer class. Initially the existing infrastructure may have sufficient capacity to serve the industrial customer. If additional capacity is necessary, the customer is responsible, as a reimbursable project, for infrastructure upgrades. The maintenance of the new infrastructure is expected to be minimal during the first 5 to 6-years. Beyond 6-years, an allocation for maintenance expenses to the industrial customer class would be appropriate.

The proposed industrial rate schedule is shown in Exhibit 15. If this industrial customer had been online during the test year, at the proposed rate, the 11% rate increase would have been reduced by 1/3 to 7.3%.

<u>Industrial</u>	City
Monthly Customer Charge	\$59.00
\$/kWh - (7:00 AM to 11:00 PM)	\$0.0371
\$/kWh - (11:00 PM to 7:00 AM)	\$0.0340
Billing Demand \$/kW	\$3.95
Power Factor Adjustment: The billing demand is	

EXHIBIT 15: PROPOSED INDUSTRIAL RATE

We also recommend that the industrial rate includes a power factor clause like the WASCO PUD rate: **"BILLING DEMAND:** Billing demand is the average kilowatts delivered during the 15 minute period in which the use of energy is the greatest during the month for which the determination is made. Billing demand will be increased for power factor correction by one percent (1%) for each percent the customer power factor is less than 97% lagging." The power factor penalty will encourage customers to maintain a power factor over 97% and will avoid costly power factor penalties on the BPA bill.

We recommend that the initial industrial rate include a discount for new industrial customers. A 10% discount (i.e. \$2,100 per month) would be applied to the monthly bill during the first year of operation. The discount would be 5% the second year of operation, and would be eliminate thereafter. This discount would provide incentive to the new customers for community development.

Finally, we recommend that the Port of Cascade Locks offer financing to the new industrial customer for infrastructure modifications or additions to provide service to the

new plant. The Port of Cascade Locks can borrow at lower interest rates than privately owned companies. A Key Account agreement with the industrial customer would be setup for direct payments from the customer over a 5 to 10-year term. Another possibility would be to use some or all of the increased property taxes paid by the industrial customer to amortize the debt over 5 to 10-years. The contract should include provisions for repayment in the event that the operation ceases prior to the payback of the debt.

4.7 RECOMMENDED RATE INCREASE STRATEGY

We recommend a two-stage rate increase. The first stage would be implemented in January 2013 and would be an 8.5% increase across the board. If the increase takes effect in January 2013, the Electric Utility is half way through the 2014 fiscal year. The forecast with the proposed rate increases is shown in Exhibit 16.

OPERATING REVENUES & EXPENSES FORECAST							
ALL RATES INCREASED 8.5% IN DECEMBER 2012 & 7.5% IN DECEMBER 2014							
& BPA RATE INCREASE (9% POWER & 13% TRANSMISSION) IN OCTOBER 2013							
OPERATING REVENUES (Sales & Customer Charges)	Test Year	Annual Growth Rate	2012	2013	2014	2015	2016
Residential Sales	\$755,000	8.66%	\$795,215	\$872,949	\$958,282	\$1,046,911	\$1,143,737
General Service Sales	536,000	0.73%	497,362	481,565	466,300	509,110	555,868
Public Agency Sales	262,000	9.84%	\$280,991	\$314,024	\$350,940	\$383,398	\$418,658
Street Lighting Sales	25,000		25,000	26,063	27,170	28,189	28,189
Total Sales Revenue	\$1,578,000		\$1,599,000	\$1,695,000	\$1,803,000	\$1,968,000	\$2,147,000
Customer install charges (New accounts)	7,000	3.20%	7,224	7,455	7,694	7,940	8,194
Total Operating Revenues	\$1,585,000	6.34%	\$1,606,000	\$1,702,000	\$1,811,000	\$1,976,000	\$2,155,000
OPERATING EXPENSES							
Purchased Power (BPA Power & Transmission)	\$621,000	3.52%	\$626,145	\$633,797	\$690,966	\$721,438	\$738,096
Operations and Maintenance (Labor, Materials, Equipment, Tools, etc)	542,000	3.20%	559,344	577,243	595,715	614,778	634,451
Customer Accounts (Meter reading, Meter Expense, Billing & Uncollectable Accounts)	49,000	3.20%	50,568	52,186	53,856	55,580	57,358
Administrative	183,000	3.20%	188,656	194,899	201,136	207,573	214,215
Depreciation	96,000	1.00%	91,486	93,750	96,070	98,447	100,883
Other Expenses (energy efficiency program, capital reserve fund, insurance, contract services & misc.)	98,000	3.20%	101,136	104,372	107,712	111,159	114,716
Total Operating Expenses	\$1,589,000	3.20%	\$1,617,535	\$1,656,248	\$1,745,445	\$1,808,974	\$1,859,719
NET OPERATING MARGINS	(4,000)		(11,535)	45,752	65,555	167,026	295,281
NET NON-OPERATING REVENUES & EXPENSE	(\$3,600)		(\$3,932)	(\$6,288)	(\$9,216)	(\$14,864)	(\$21,128)
TOTAL MARGINS	(\$7,600)		(\$15,467)	\$39,464	\$56,338	\$152,163	\$274,154
NET ASSETS IN ELECTRICAL FUND							
Balance at Beginning of Year	\$3,214,000		\$3,206,400	\$3,190,933	\$3,230,397	\$3,286,735	\$3,438,898
Total Margins for Year	(\$7,600)		(\$15,467)	\$39,464	\$56,338	\$152,163	\$274,154
Balance at End of Year	\$3,206,400	2.98%	\$3,190,933	\$3,230,397	\$3,286,735	\$3,438,898	\$3,713,051
NET CHANGE IN NET OPERATING MARGIN				\$69,000	\$96,992	\$205,160	\$336,663

EXHIBIT 16: PROPOSED RATE INCREASE STRATEGY

In October 2013, BPA has proposed the rate increase that impacts the Purchased Power Expense. This increase will change the Operating Expenses in 2014 and beyond. In January 2015, the second stage rate increase (7.5%) would be implemented. This level of rate increases is necessary to avoid depleting the net assets in the Electric Fund.

It is possible that an improvement in the economy or a new industrial customer is added that improves the sales trends, especially the General Service class. If either of these scenarios materializes, the magnitude of the second stage rate increase could be reduced or eliminated.

We also recommend adding a Power Cost Adjustment Clause (PCAC) to adjust the cost of energy (kWh) sold based on the increase in cost from BPA as a result of Tier 2 power cost differential. The proposed method of adjustment is calculate the average effective cost of power purchased from BPA during the fiscal year divided by the total kWh purchased, and calculate the percent different difference of effective cost per kWh in the test year ($\$621,000/20,151,840 = \0.0308 per kWh). If this ratio is a 5% increase (i.e. average cost = $\$0.0323$), then the PCAC is $\frac{1}{2}$ that percentage increase (i.e. 2.5%) of the proposed average sales cost of $\$0.0906$ per kWh (i.e. PCAC is $\$0.0023$ per kWh sold.)

The PCAC passes the increased expense of energy to all energy users. Therefore higher energy users pay a larger portion of the cost increase. This methodology will avoid frequent rate changes caused by a fluctuating purchased power cost.

A comparison of an average monthly bill for a residential customer using the city, rural, and south bank rate is shown in Exhibit 17.

Billing Comparison - Residential Class						
		Existing Rate		Proposed Rate		
	Average kWh per month	Average Monthly Bill	Average Cost per kWh	Average Monthly Bill	Average Cost per kWh	% Change
City	1,250	\$ 98.29	\$ 0.079	\$ 106.64	\$ 0.085	8.50%
Rural	1,190	\$ 96.68	\$ 0.081	\$ 104.79	\$ 0.088	8.50%
South Bank	1,030	\$ 114.67	\$ 0.111	\$ 124.31	\$ 0.121	8.50%

Billing Comparison - Combine Rural with South Bank						
		Existing Rate		South Bank Rate		
	Average kWh per month	Average Monthly Bill	Average Cost per kWh	Average Monthly Bill	Average Cost per kWh	% Change
Rural using South Bank Rate	1,190	\$ 98.29	\$ 0.081	\$ 132.37	\$ 0.111	34.67%

EXHIBIT 17: RESIDENTIAL MONTHLY BILL COMPARISON

Exhibit 17 also compares the monthly bill for a residential customer using the Rural rate compared to the South Bank rate. The average monthly bill for a rural residential customer will be 35% higher if the rural rate is changed to the south bank rate. A similar 35% increase will also be experienced by the General Service and Public Agency customers.

4.8 OWNERSHIP OF SUBSTATION

The assessment of ownership of the substation providing power for the city and rural customers was discussed in the COSA report dated 10-21-12. Figure 18 summarizes the Utility delivery charge (\$36,568 per year) that is avoided if Cascade Locks owns the substation and receives power directly from the BPA 115 kV transmission grid. Presently BPA steps down the voltage from 115 kV to 13.8 kV to provide distribution voltage to Cascade Locks.

Substation Ownership Assessment

Utility Delivery Charge

2010 Jul	\$	2,115
Aug	\$	2,686
Sept	\$	2,674
Oct	\$	2,909
Nov	\$	2,965
Dec	\$	3,905
2011 Jan	\$	4,051
Feb	\$	3,849
Mar	\$	3,760
Apr	\$	2,227
May	\$	2,954
June	\$	2,473
Annual	\$	36,568

Substation Losses

Pyramid	6000 kVA rating
No Load losses	96,360 kWh
Typical Load Loss @ 6000 kVA (6 times no load loss)	578,160 kWh
Average Load	3400 kW
Percent of full load loss	56.67%
Load Loss @ 3400 kW	185,654 kWh

Average Power Cost	\$	0.03081	\$/kWh
Annual energy cost	\$	2,969	
Average kW due to tx load loss		21	

Annual Demand	386 kW
Ave Annual Cost	\$ 3.020 per kW
	\$ 14,000

Cost of losses @ BPA wholesale rate	\$	16,969
--	----	---------------

	\$	19,599
		13.8%
Substation investment	\$	142,000

EXHIBIT 18: SUBSTATION OWNERSHIP ASSESSMENT

If Cascade Locks owns and operates the substation, the avoided Utility Delivery Charge is offset by substation maintenance expenses, transformer losses and debt service on the cost of substation facilities. When all of the factors are considered the maximum investment in the substation facilities is limited to \$142,000.

Since the cost of a new substation, with adequate capacity for future growth, will likely cost \$800,000 to \$1,000,000, the ownership of the substation is not justified at the present load. If a couple industrial customers or the casino load would become reality, then the economics will favor ownership of the substation facilities since the Utility Delivery Charges will double or triple when the load doubles or triples.

I would be worthwhile contacting the federal and state economic development agencies for possible grants that may be available to pay for some or all of the investment in the substation facilities.

APPENDICES

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APPENDIX A -

CASCADE LOCKS COST OF SERVICE ANALYSIS REPORT

10-21-12

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Brown & Kysar, Inc.
Engineering & Consulting

MEMORANDUM

Project No.: Cascade Locks Cost of Service Analysis Report

Date: October 12, 2012

From: LNS

Subject: Summarize Analysis and identify factors for forecasting load, expenses, revenues etc. for the rate analysis

DRAFT 10-12-12

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Test Year Revenues, Expenses, And Capital Investment	8
Working Capital & Minimum Cash Reserves	13
Target Net Operating Income	15
Forecasting and Allocation Factors	16

INTRODUCTION

The cost of service analyses the historical financial records of the electric utility to determine trends in electric operating revenues, expenses, and plant expansion or improvement projects that impact to the financial position (i.e. health) of the electric utility. Existing City Council resolutions (rate structure) and other electrical policies that impact the finances of the electric utility will be reviewed during this analysis.

The City Council (Board) is given the authority to own and operate public utilities by the State of Oregon in ORS Chapter 225. The Board is authorized in subsections 225.210 to 225.300 to set rates and allows the Board to adjust rates annually to provide sufficient funds

“for the probable expense of maintaining and conducting the electric light plant or distributing system during the next ensuing year, including the cost of any contemplated alterations, improvements, additions or extensions, together with the probable amount necessary for redemption of any unpaid warrants and the interest thereon, as well as the amount required for payment of interest and maturing principal on any outstanding bonds of the city issued for or in connection with any such electric light plant or distributing system....

and the Board may also include a further amount sufficient to create such fund, as in the judgment of the Board may be desirable or necessary to meet requirements of future contemplated additions, improvements or extensions to the plant or system.”

Since the most recent rate adjustment was implemented in 2006, a cost of service analysis and rate review is long overdue. Many of the expenses and capital expenditures continue to increase due to inflation. Electrical facilities that were placed in service 50-years ago cost only a fraction of the replacement cost for facilities that have reached the end of their useful life.

Upon completion of the cost of service analysis and report, load growth and energy consumption will be forecasted. Operating expenses and plant additions or improvements will be forecasted. Revenue, expenses and capital improvements will be allocated to the rate classes (customer types) as a basis for financial projections.

The rate review, following the discussion of the results of the cost of service report will include a sensitivity analysis to determine the projected financial condition of the utility by adjusting load growth rates, inflation rates, new customer impacts, and other factors.

EXISTING CONDITIONS

The operating statement for the fiscal year that ended June 30, 2011 (FY 2011) is shown in Figure 1. The FY 2012 financial data has not been through the audit process yet.

**City of Cascade Locks
 2012 Cost of Service Analysis**

**ELECTRICAL DEPARTMENT
 REVENUE & EXPENSE STATEMENT 2010-2011**

OPERATING REVENUES	
Residential Sales	\$760,175
General Service Sales	524,614
Public Agency Sales	263,589
Street Lighting & Security Lighting Sales	28,800
Total Sales	\$1,577,179
Customer install charges	6,590
Total Operating Revenues	\$1,583,769
OPERATING EXPENSES	
Purchased Power	\$620,854
Operations and Maintenance	525,702
Customer Accounts	45,288
Administrative & General	193,493
Depreciation	96,059
Other Expenses	106,974
Total Operating Expenses	\$1,588,370
 OPERATING MARGIN (LOSS)	 \$ (4,601)

Figure 1 – FY 2011 Operating Statement

The electric sales are the primary source of revenues for the electric utility. The expenses includes cost to purchase the power; operate and maintain the outside plant; carry out customer meter reading, billing and collections; utility administration and general expenses; an allowance for the depreciation (i.e. reduction in useful life) of the plant assets; and other expenses (i.e. energy efficiency rebates, reserve fund, and miscellaneous).

Non-operational expenditures for reimbursable projects may be made by the utility. These costs are not included in the operating statement. The costs vary from year to year, but are reimbursed by the developer. The payments are independent of operating revenues received

from the electric sales. Another example of non-operating income, that is independent of the rate base, is for joint use of poles with telecommunication companies.

The allocation of operating expenses is shown in Figure 2.

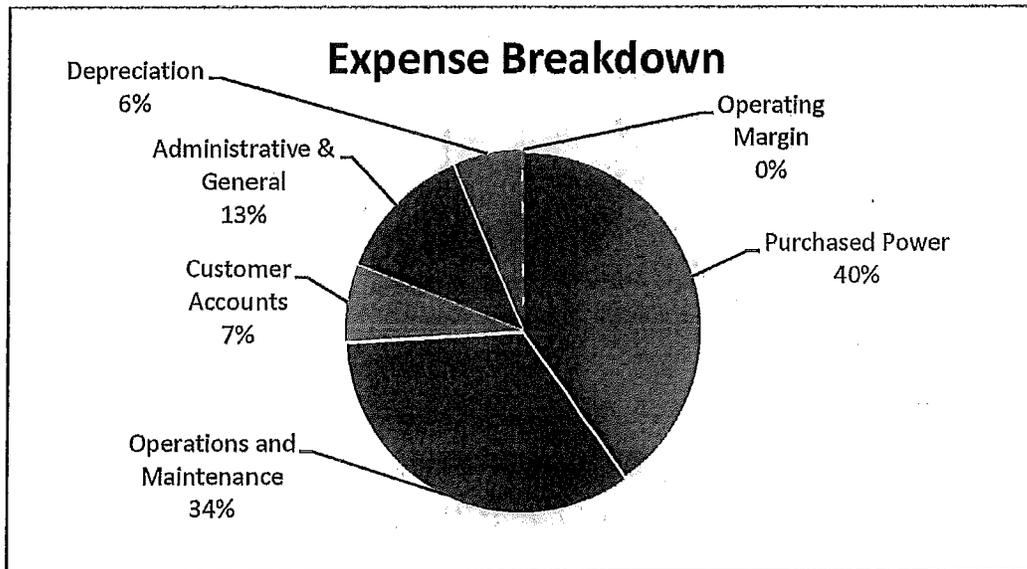


Figure 2 - Operating Expense Breakdown

The major component of the operating costs is purchased power. The utility is under contract with BPA for all of its power supply. BPA makes adjustments to the wholesale power rates on a biennial schedule. BPA has adjusted rates three times since the last time Cascade Locks adjusted rates in 2006. The BPA rate adjustments are increases, not reductions.

In 2011, BPA implemented a tiered rate structure for power purchased by Cascade Locks. Cascade Locks was allocated preferred power at Tier 1 rates. The Tier 1 allocation is based on the hydro-electric facilities that are owned and operated by BPA. Load growth in the BPA service area that is over the hydro-electric rating will be purchased for other power producers at market rates. Power purchased by BPA at market rates and sold to its customers is called Tier 2 power. The surplus natural gas that is available in the energy market has suppressed the market price, but the long-term expectation is that BPA's Tier 2 rates will be higher than Tier 1 rates. The impact of anticipated BPA rate changes will be considered in the rate review.

Based on FY 2011 operations, there was a slightly negative operating margin. Adjustments to the operating revenues, expenses, or both are necessary since a continuous loss depletes the asset base of utility and will ultimately lead to insolvency.

Figure 3 shows the electric energy (kWh) consumption and sales (\$) during calendar years 2007 through 2011. Each chart includes a breakdown for each year by customer type and rate class.

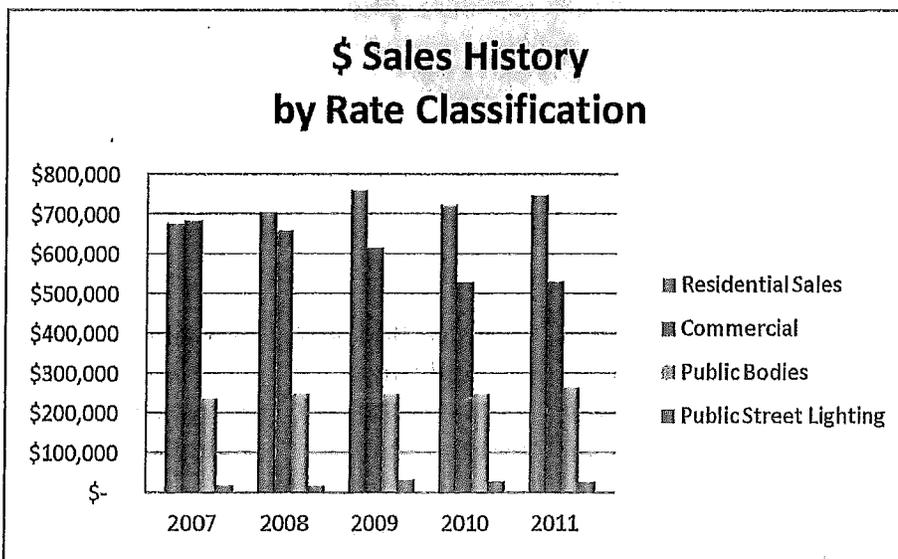
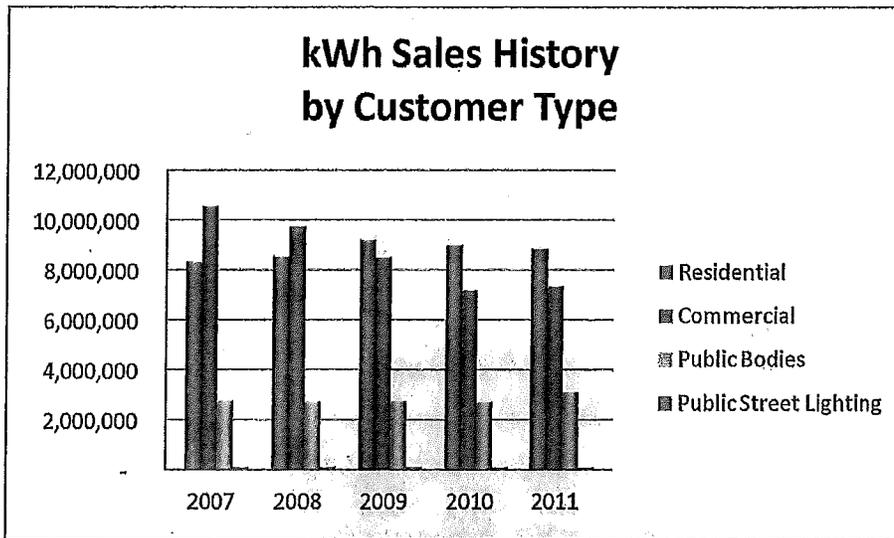


Figure 3 - Energy Consumption & Sales History

Residential energy consumption and sales increased from 2007 to 2009 and remained relatively constant from 2009 to 2011. Consumption and Sales to Commercial customers has been declining since 2007, a revenue decrease of 22.5% from 2007 to 2011. Sales to Public Bodies and revenues from Public Street Lighting have also remained relatively constant.

Most of the drop in commercial consumption and sales is likely attributed to the slumping economy. Figure 4 shows the sales breakdown by customer classification in 2004. In 2004, Commercial sales were 80% of the Residential sales. In 2001, Commercial sales were 71% of the Residential sales. This decline not only results in less revenues, but more of the cost to operate and maintain the physical plant is shift to Residential and Public Body customers.

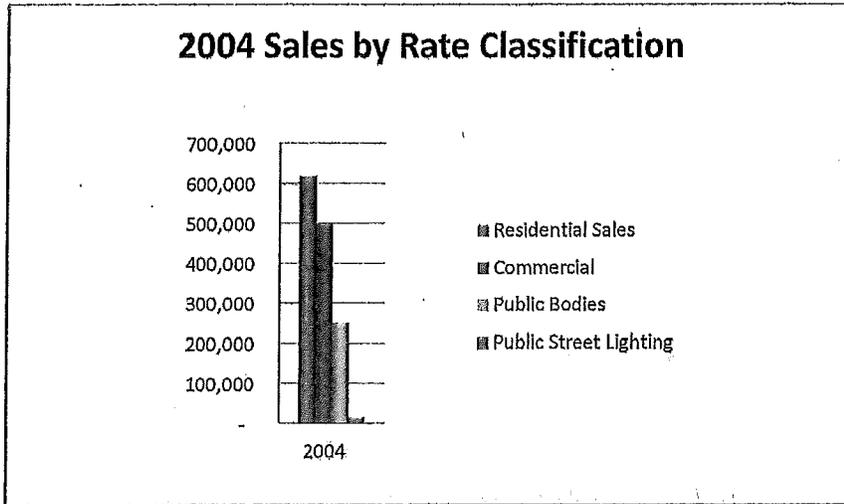


Figure 4 - 2004 Sales Breakdown

TEST YEAR REVENUES, EXPENSES, AND CAPITAL INVESTMENT

A "Test Year" operating statement, Figure 5, has been prepared based on FY 2011 operation and capital improvement projects.

**City of Cascade Locks
 2012 Cost of Service Analysis**

**ELECTRICAL DEPARTMENT
 REVENUE & EXPENSE STATEMENT TEST YEAR**

OPERATING REVENUES	Test Year 2011-2012
Residential Sales	\$760,000
General Service Sales	525,000
Public Agency Sales	264,000
Street Lighting & Security Lighting Sales	29,000
Total Sales	\$1,578,000
Customer install charges	6,000
Total Operating Revenues	\$1,584,000
OPERATING EXPENSES	
Purchased Power	\$621,000
Operations and Maintenance	526,000
Customer Accounts (Meter reading, Billing & Collections)	47,000
Administrative & General	195,000
Depreciation	97,000
Other Expenses	102,000
Total Operating Expenses	\$1,588,000
 NET OPERATING MARGINS	 (4,000)

Figure 5 - Test Year Operating Statement

The Test Year values of net plant ("rate base") are adjusted to \$1,000 increments as shown in Figure 6. The utility has made significant investments, over \$4 million, for plant facilities to distribute and deliver electric power to its customers. Except for land, a portion of the plant is used every year. The depreciation expense represents the amount of the system used on an annual basis.

**City of Cascade Locks
2012 Cost of Service Analysis**

**Test Year
Rate Base Determination**

Plant Account	Original Cost	Accumulated Depreciation	Rate Base
Land	\$ 36,000	\$ -	\$ 36,000
Substation	146,000	142,000	4,000
Overhead Lines	850,000	472,000	378,000
Underground Lines	1,833,000	326,000	1,507,000
Meters	50,000	6,000	44,000
Services	77,000	63,000	14,000
General Plant	600,000	470,000	130,000
Transformers	402,000	113,000	289,000
Street Lighting	114,000	61,000	53,000
Totals	\$ 4,108,000	\$ 1,653,000	\$ 2,455,000

Figure 6 - Test Year Net Plant Rate Base

The depreciation expense each year is accumulated for each plant account. The difference between original cost and the accumulated depreciation represents the unused value of the plant. "Rate Base" is the term used to describe the unused plant value. In addition to net plant, working capital is also required for operation of the utility. Working Capital is discussed in a later section of this report.

A rate of return on the net plant rate base is one of the components of revenue required to operate and maintain the utility. Sufficient revenue is required to pay all of the operation & maintenance expenses, the depreciation expense, and net operating income earned should equal the calculated percentage (rate of return) of the rate base. This approach to determining the revenue requirements is called the "Utility Basis".

The advantages of the Utility Basis approach are more stable and consistent rate adjustments and typically leads to a more financially stable and healthy utility. The disadvantages of the Utility Basis approach is that the concepts of depreciation and rate of return are more difficult to understand, the need to justify cash reserves and funding non-cash expenses (i.e. depreciation).

The City is already including depreciation in the financial reporting of the electric utility operation. The City has been accumulating operating surpluses in a reserve fund. An alternate approach to determine revenue requirements is called the "Cash Basis". The cash inflow (i.e. customer bill payments) is matched with the operation & maintenance expenses (excluding maintenance), capital expenses, and debt service (principle and interest). This approach to determining the revenue requirements is called the "Utility Basis".

Figure 7 compares the revenue requirements for the Utility Basis and Cash basis approaches.

City of Cascade Locks
2012 Cost of Service Analysis
Cash vs. Utility Basis Revenue Requirements

	FY 2011	Define Revenue Requirements	
		Cash Basis	Utility Basis
Revenue from Sales	\$ 1,577,179	\$ -	\$ -
Customer install charges	6,590	\$ (6,590)	\$ (6,590)
Total Revenues	1,583,769	\$ (6,590)	\$ (6,590)
Expenses			
Purchased Power	\$ 620,854	\$ 620,854	\$ 620,854
Operations and Maintenance	525,702	\$ 525,702	\$ 525,702
Customer Accounts	45,288	\$ 45,288	\$ 45,288
Administrative & General	193,493	\$ 193,493	\$ 193,493
Depreciation	96,059	\$ -	\$ 96,059
Other Expenses	106,974	\$ -	\$ 106,974
Rate of Return (7% of rate base)	171,850	\$ -	\$ 171,850
Debt Service Payments	NONE	NONE	\$ -
Capital Improvements	139,000	\$ 139,000	\$ -
Total Revenue Requirement		\$ 1,517,747	\$ 1,753,630
		Cash Basis	Utility Basis

Figure 7 - Cash vs. Utility Basis Revenue Requirements

The Cash Basis approach tends to result in unexpected and large rate adjustment and conceals major rate problems and revenue deficiencies. The Cash Basis approach is not generally accepted by courts if the rates are challenged. The Cash Basis approach attempts to match cash inflows and outflows on a yearly basis. This approach will meet bond obligations.

Since the utility does not have any bond obligations at this time, the Cash Basis revenue requirements are lower than the Utility Basis revenue requirements. Although this may be attractive this year, large rate increases may be necessary if unexpected cash outlays are needed for storm damage repairs or other unforeseen expenditures.

Figure 7 does not address the amount of cash needed for working capital. Working capital is like the balance in your checkbook that is needed from the time you have to pay your car loan or house payment (BPA power bill) and the day you deposit your paycheck (Customer payments).

If the capital improvements budget varies from year to year, rate adjustments may be necessary annually using the Cash Basis approach.

The test year values are the basis for forecasting revenues and expenditures, determining the future revenue requirements of the utility, and allocation of revenue requirements and costs to the various rate classifications.

The existing rate schedules are shown in Figure 8. All of the customer rates include a customer charge that is related to the cost for meter reading, billing and collections. Each residential customer class is billed for their energy consumption (kWh) based on a single rate for all kWh's consumed.

**City of Cascade Locks
2012 Cost of Service Analysis**

Existing Rate Schedules:

Residential	City	Rural	South Bank
Monthly Customer Charge	\$9.90	\$12.65	\$18.20
\$/kWh - All kWh's	\$0.0705	\$0.0705	\$0.0937

General Service	City	Rural	South Bank
Monthly Customer Charge	\$10.20	\$13.20	\$18.70
First 15,000 kWh \$/kWh - All kWh's	\$0.0655	\$0.0655	\$0.0950
First 25kW of Billing Demand \$/kW	No Charge	No Charge	No Charge
Over 15,000 kWh \$/kWh - (7:00 AM to 11:00 PM)	\$0.0380	\$0.0380	\$0.0546
\$/kWh - (11:00 PM to 7:00 AM)	\$0.0380	\$0.0380	\$0.0546
Over 25kW of Billing Demand \$/kW	\$6.60	\$6.60	\$8.80
Off peak demand \$/kW - (11:00 PM to 7:00 AM)	No Charge	No Charge	No Charge

Public Agency Rate	City	Rural	South Bank
Minimum Monthly Customer Charge	\$14.30	\$17.05	\$23.10
First 15,000 kWh \$/kWh	\$0.0715	\$0.0715	\$0.1084
First 25kW of Billing Demand \$/kW	No Charge	No Charge	No Charge
Over 15,000 kWh \$/kWh - (7:00 AM to 11:00 PM)	\$0.0495	\$0.0495	\$0.0655
\$/kWh - (11:00 PM to 7:00 AM)	\$0.0495	\$0.0495	\$0.0655
Over 25kW of Billing Demand \$/kW	\$7.70	\$7.70	\$9.90
Off peak demand \$/kW - (11:00 PM to 7:00 AM)	No Charge	No Charge	No Charge

Security Lighting	
Wattage	\$/Month
100	\$13.80
200	\$17.80

Street Lighting	
Customer account	\$/Month
Residential	\$2.25
Public Agency	\$7.00
Commercial	\$7.00

Large Industrial, >1000 kW demand Special contract needed
Cogen & small power Special contract Rate = BPA avoided cost

Rural = (outside city limits, i.e. Wyeth)

Figure 8 - Existing Rate Schedules

The energy rate is independent of when the energy is consumed (i.e. high load hour (HLH) or low load hour (LLH)). The energy rate differs due to load density and distribution system configuration. The distribution system configuration affects the operation and maintenance costs and results in the South Bank customers having a higher energy rate than city and rural residential customers. The South Bank customers are connected to the distribution system along the Columbia River, West of the Bridge of the Gods.

General Service and Public Body customers have similar rate structures. The first 15,000 kWh of energy consumption is based on a fixed rate that is dependent of where the customer service is connected to the South Bank distribution system. Consumption that is over 15,000 kWh per month is billed at a reduced rate and the HLH rate could be set higher than the LLH rate. These rates also include a kW demand charge. The kW demand is related to the maximum rate that energy is consumed during a 15-minute interval. The first 25kW of demand has "no charge". Demands over 25 kW are billed at the respective \$/kW rates. The demand charge is usually related to the cost of additional fixed plant (i.e. line conductors, cables and related equipment) that is required for a high kW demand, but is under-utilized most of the time.

The existing rate schedule does not have specific rates for Industrial customers or for distributed generation customers. The lack of specific rates may deter potential customers from considering Cascade Locks since electrical power rates cannot be compared with power costs at other locations being considered for a new plant.

A cost comparison for municipal utilities and public utility districts in Oregon is shown in Figure 9. The data is based on statistics collected by American Public Power Association (APPA) for the 2010 revenues.

Based on FY 2011 data, the average cost per kWh sold is 8.2 cents.

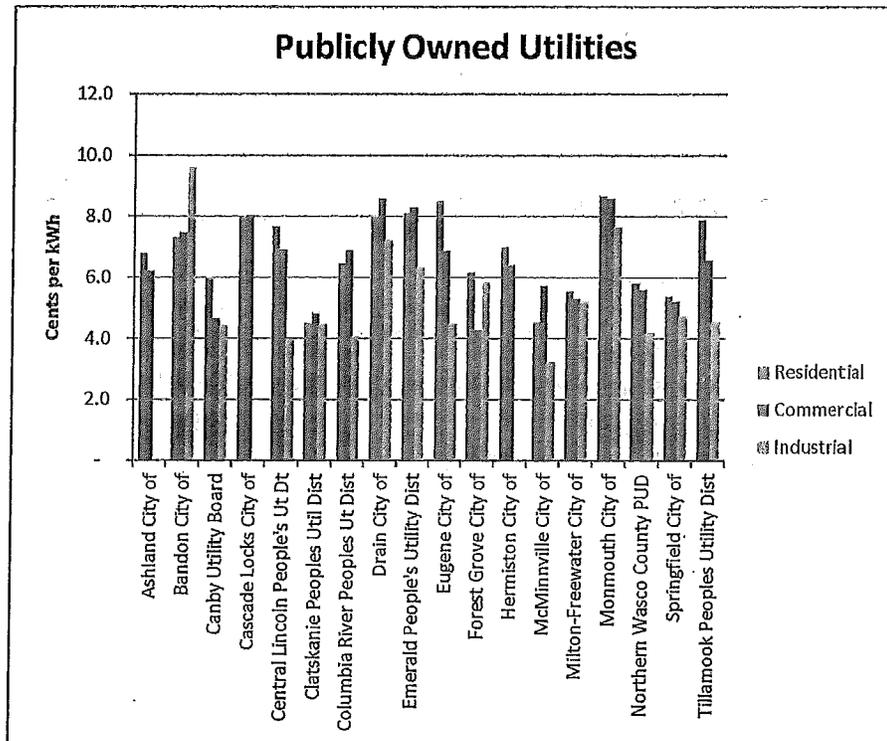


Figure 9 - Publicly Owned Utilities Rate Comparison

WORKING CAPITAL & MINIMUM CASH RESERVES

Cash reserves are the accumulation of surplus earnings. Surplus earnings are the result of more revenues than expenses. Cash reserves will fluctuate over time and depends on the age of the system. Many utilities have lowered rates because cash reserves appeared to be above an appropriate amount only to incur substantial replacement costs a few years later and not have the cash available.

Cash reserves are used for funding daily expenditures and a variety of non-plant investments that are necessary to sustain on-going operations of the utility until those expenditures can be recovered through revenues. Cash reserves may be used to pay for normal capital improvement projects, insurance deductibles, and "carry" late payments from customers.

The reserve fund can be used for catastrophic events such as wind storm or ice storm damage. Some utilities will use reserve funds for matching requirements required by FEMA reimbursement.

Without cash reserves, alternative short term borrowing and/or bonds may need to be issued. The other sources for cash have up-front costs and may place restrictions on utility operations (i.e. maintain a minimum multiple of net income for debt service coverage) or may have high interest rates due to bond market conditions or risk of default due to insufficient revenues.

The "ideal" cash reserve should not be targeted, only the minimum. The minimum reserves for operations and non-operating expenditures are shown in Figure 10.

**City of Cascade Locks
 2012 Cost of Service Analysis**

**Test Year
 Minimum Working Capital Determination**

Operating Expenses other than Purchased Power	\$	967,000
Days in year		365
Average per day	\$	2,649
Lag in days		45
Working Capital - Expenses	\$	119,000
Purchased Power	\$	621,000
Days in year		365
Average per day	\$	1,701
Lag in Days		20
Working Capital - Power Supply	\$	34,000
Non-Operating Reserves includes:		
Reserves for Insurance deductibles, catastrophic event & Other (i.e. FEMA)		
Reserves for Reimbursible Projects (180-days)		
Reserves for Capital Improvements		
Original Cost of Fixed Plant	\$	4,108,000
% of Fixed Plant		20%
	\$	822,000
Total Minimum Reserve Fund for Working Capital	\$	975,000

Figure 10 - Minimum Working Capital

The cash reserves should include ample working capital for 3 to 6 months of operating expenses. This does not include allowances for storms or capital improvement expenditures. A normal allocation for non-operating working capital is to maintain 20% to 25% of the historical investment to replace the system. This allocation provides cash for major catastrophes, and cash would be available for most system improvements.

A comprehensive long range plan (master plan) for system improvements, couple with a forecast of financial needs of the utility will ultimately provide benefits to the utility customers with cost effective rates and a reliable power distribution system.

TARGET NET OPERATING INCOME

The revenue requirements determination in Figure 11 is based on the preferred "Utility Basis" approach. The net book value or rate base for the Test Year is \$2,455,000 as shown in Figure 6.

Not sure if this includes contributions in aid of construction.

The equity in assets is equal to the rate base because there is no outstanding debt.

**City of Cascade Locks
 2012 Cost of Service Analysis**

**Test Year
 Test Year Revenue Requirements Determination**

Net Fixed Plant	\$	2,455,000
Working Capital		
Purchased Power	\$	34,000
Other Operating Expenses	\$	119,000
Test Year Rate Base	\$	2,608,000
Rate of Return		7%
Net Operating Revenue Requirement	\$	183,000

Figure 11 - Revenue Requirements Determination

A typical rate of return for the publicly owned electric utilities is 7%. If the utility had outstanding debt, this rate of return would be blended with bond(s) and other borrowing and their respective interest rates.

The target net operating income for the test year is \$183,000. The Test Year sales of \$1,578,000 (Figure 5) must increase at least 11.6 % to meet the net operating revenue target. The Rate Analysis will determine the allocation of the rate increase by type of customer.

A frequently asked question is "Should a Public Utility have a rate of return?" The short answer is "Yes". The rate of return or "operating surplus" pays for the interest expense on debt (bonds or other shorter borrowing). The operating surplus attempts to recover sufficient funds to replace the assets at some point in the future. If the operating surplus is too low, today's customers are being subsidized by future customers. The previous operating surplus is "cushioning" the unexpected downward trend in the commercial customer sales.

FORECASTING AND ALLOCATION FACTORS

This report summarizes historical financial and system operating data. Figure 12 lists factors for forecasting load growth, sales and expenses. A five year forecast will be included in a rate analysis. The analysis model will vary some or all of these factors to determine the sensitivity of a financial outcome relative to a most likely outcome.

Factors for Load Forecast & Financial Model

	Proposed	Most Likely	Sensitivity analysis rates	Comments
Inflation rate				
Labor				
Materials & Equipment				
Energy consumption growth rate				
Residential				
Commercial				
Public Bodies				
Street & Security Lighting				
Load Profile changes				
Residential				
Commercial				
Public Bodies				
Street & Security Lighting				
Load Factor changes				
Residential				
Commercial				
Public Bodies				
Street & Security Lighting				
Population Growth & Customer Count changes				
Residential				
Commercial				
Public Bodies				
Street & Security Lighting				
Rate schedules (customer charge, energy, demand)				
Residential				
Commercial				
Public Bodies				
Street & Security Lighting				
Seasonal or Time-of-day (BPA HLH & LLH)				
Residential				
Commercial				
Public Bodies				
Labor allocator				
Substations				
Overhead Lines				
Underground Lines				
Meters				
Services				
General Plant				
Transformers				
Street Lighting				

Factors for Load Forecast & Financial Model

	Proposed	Most Likely	Sensitivity analysis rates	Comments
Minimum System Allocation				
Substation				
Poles				
Overhead Conductors and Devices				
Line Transformers				
Services				
Underground Conduits, Conductors and Devices				
Capital Improvements				
Substations				
Overhead Lines				
Underground Lines				
Meters				
Services				
General Plant				
Transformers				
Street Lighting				
New Customers				
Type of business				
Small, Medium or Large				
Power requirements				
Work Schedule (8/5, 24/7, etc.)				
Substation Assesment				
Pyramid Substation				
Purchase Cascade Locks substation from BPA				
Construct new substation				
Alternative Energy Sources				
Type (solar, wind, bio-fuel, etc.)				
Small, Medium or Large				
Energy/Demand output				
Type of operation (firm, peaking, when available)				
Reserve Fund				
Status Quo				
Preference for Borrowing (bonds, short, etc.)				
Economic Development Rate Criteria				
Should be limited to 3 - 5 yrs				
Rate adjustments				
once				
staged over time				