Payment in Lieu of Tax (PILOT)

JANUARY 26, 2021
ROCHESTER PUBLIC UTILITY BOARD
History

- Policy adopted January 1, 1984
  Last updated June 29, 1999
- Based on Commodity sales
  Electric – kilowatt-hours (kWh)
  Water – hundred cubic feet (CCF)
- Payment for City Services
- Return to the residents of Rochester for Ownership (Not in Policy)
- Rates are indexed by Consumer Price Index when
  a rate increase is approved.
- Designed to give consistency and discourage government using
  Enterprise funds for City Government requirements.
- Water & Electric PILOT as percent of Property Tax Revenue –
  2019: 17.2%
  2020: 16.0%
Water Utility

Impacts

- CCF Sales.
- Customer growth
- Conservation
- Weather (hot and dry summer)
Impacts

- kWh Sales.
- Customer growth
- Conservation - Rebates
- Weather (hot and humid summer)
- Pandemic impact in 2020
Comparison

- Electric Utilities rated by Fitch
- AA and AAA rated Utilities (67)
- Range 0 to 16.7%
- Portfolio Median 4.3% of sales
  - Electric Utility – 5.3% of gross sales
  - Water Utility – 3.2% of gross sales

Note: Gross sales includes contributed assets which do not contribute any cash.

APPA Survey National Average  5.4%
Investor Owed National Average  4.8%
(property tax)
Questions?

THANK YOU

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