

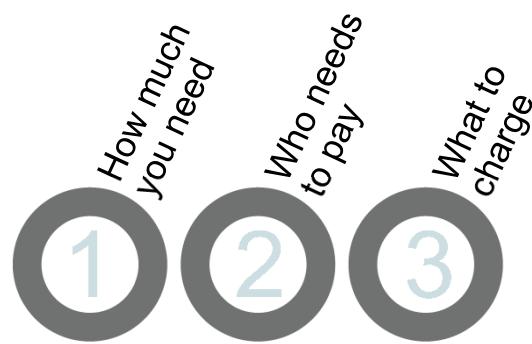


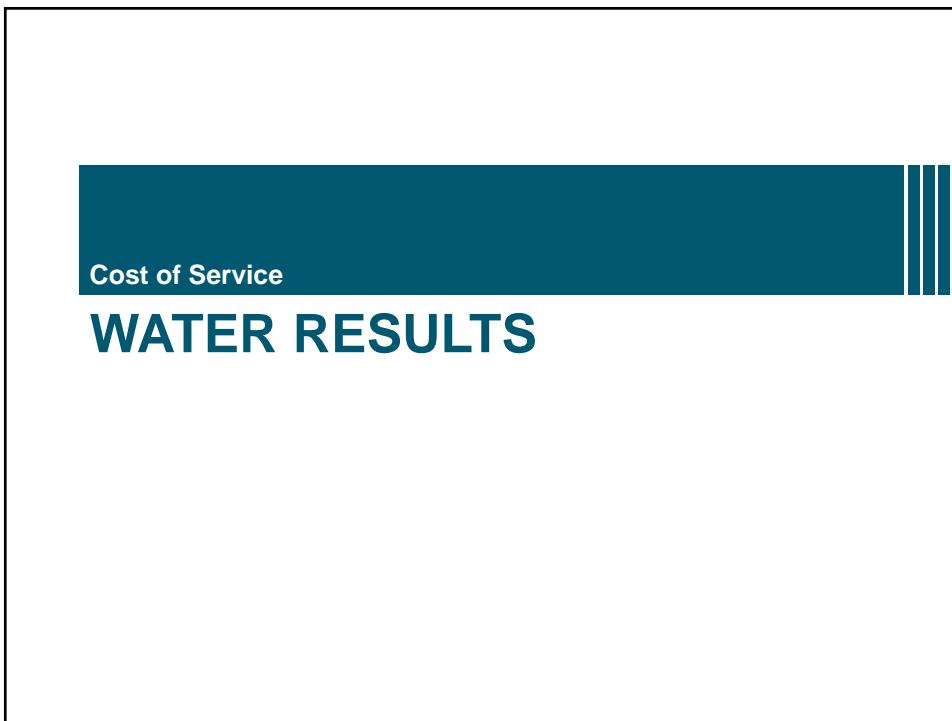
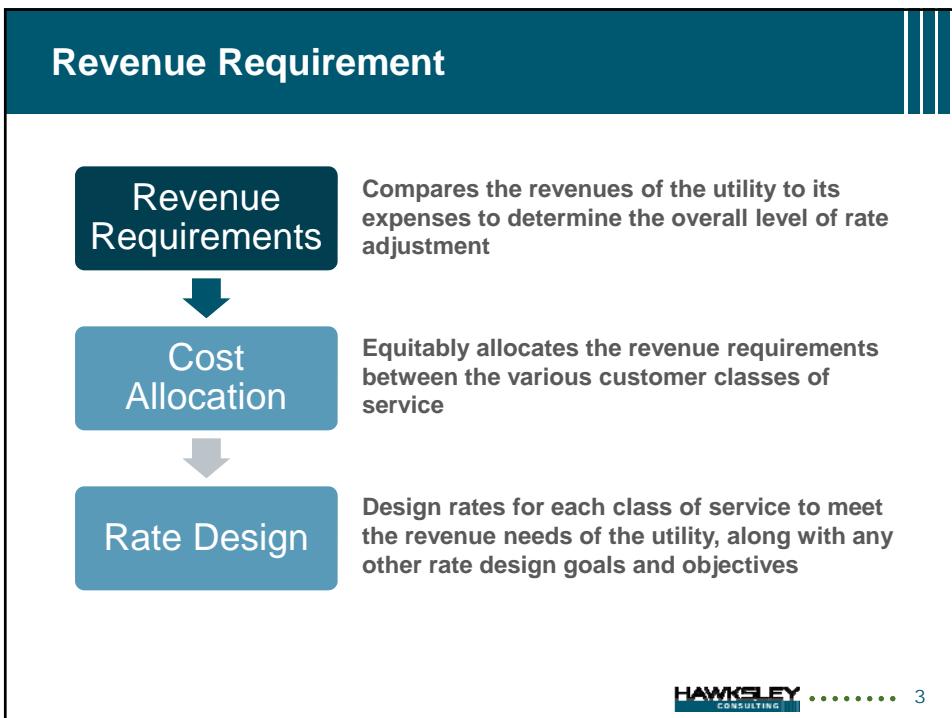
Water & Wastewater
Cost of Service
Draft Results

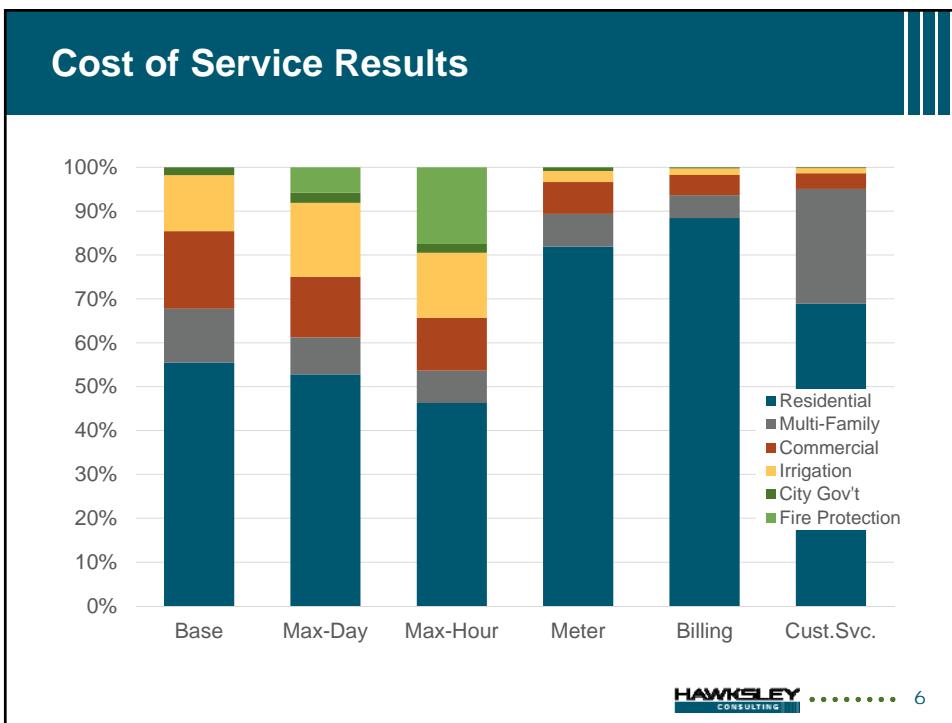
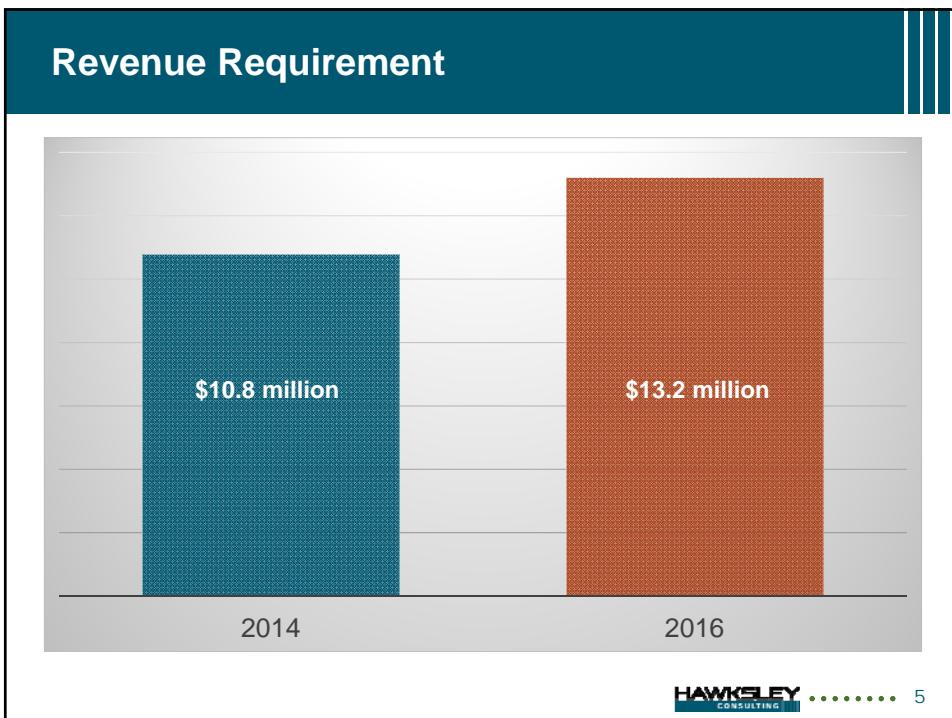


June 17, 2015

WHAT IS A RATE STUDY?







Cost of Service Results

Class	Cost of Service Revenue	Revenue w/ Existing Rates	Difference	Difference %
Residential	\$8,366,662	\$7,832,835	\$533,828	6.8%
Multi-Family	1,377,259	1,294,557	82,702	6.4%
Commercial	1,784,263	1,661,320	122,944	7.4%
Irrigation	1,456,436	1,305,721	150,715	11.5%
City Gov't	217,987	125,157	92,831	74.2%
Total	\$13,202,608	\$12,219,588	\$983,020	8.0%

Findings

Our analysis indicates a reduction in monthly service charges.

Why?

Decreasing costs for meter, billing, and customer service coupled with increasing customer units results in decreased average cost per unit.

Findings

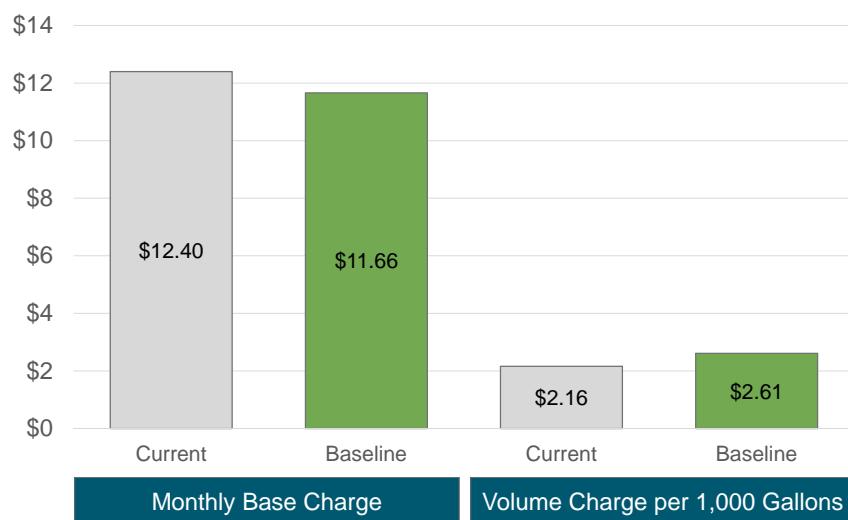
Costs allocated to average day demand (base) increase almost double.

Why?

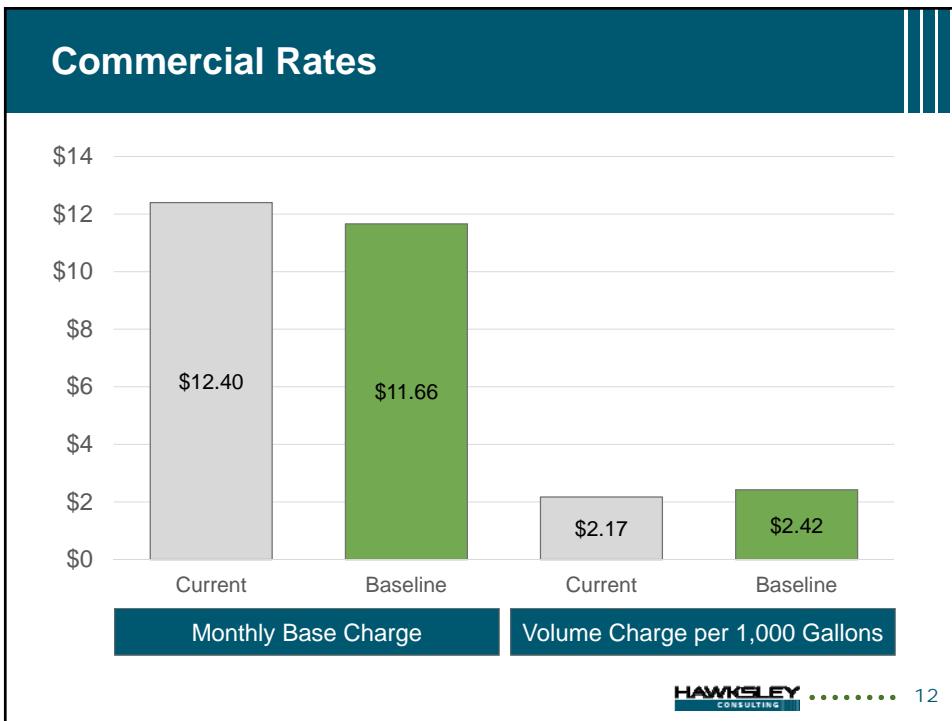
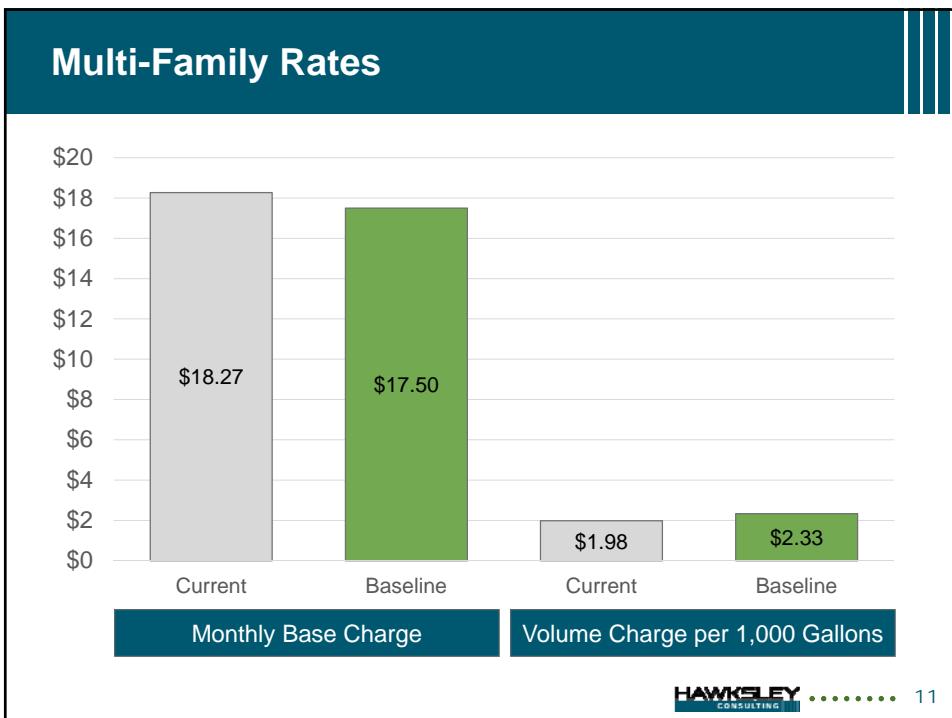
Lower customer usage is one reason. Another reason is a large reduction in non-rate revenue (\$7 million).

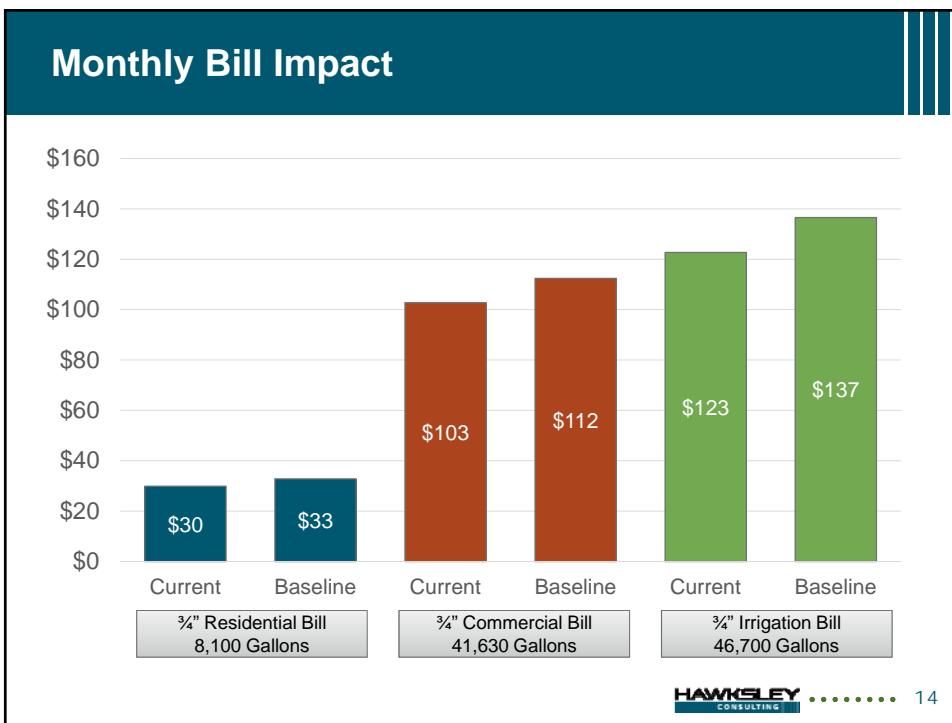
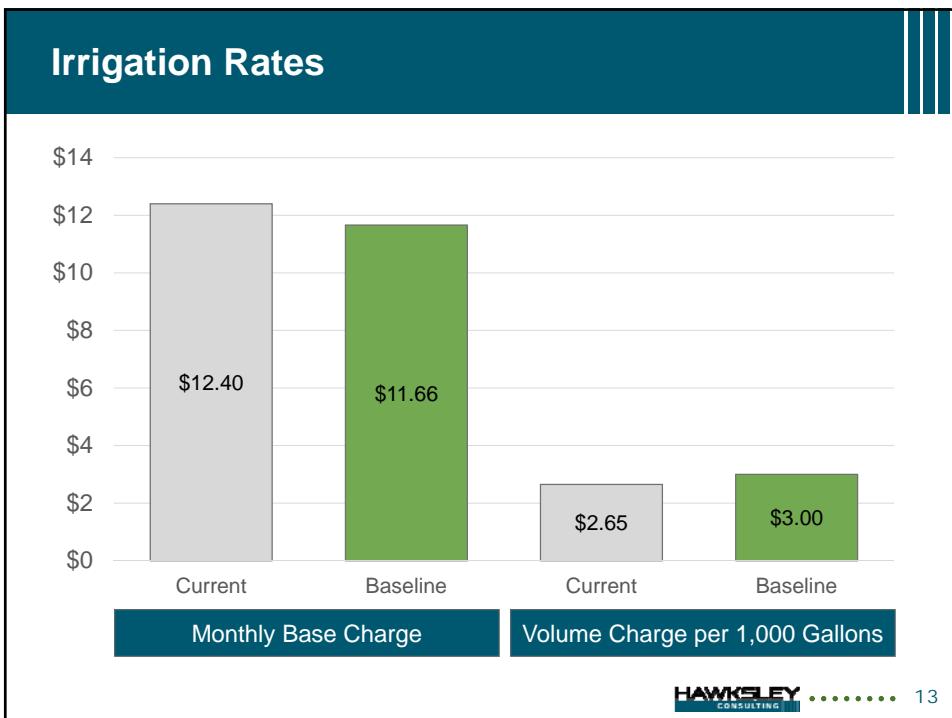
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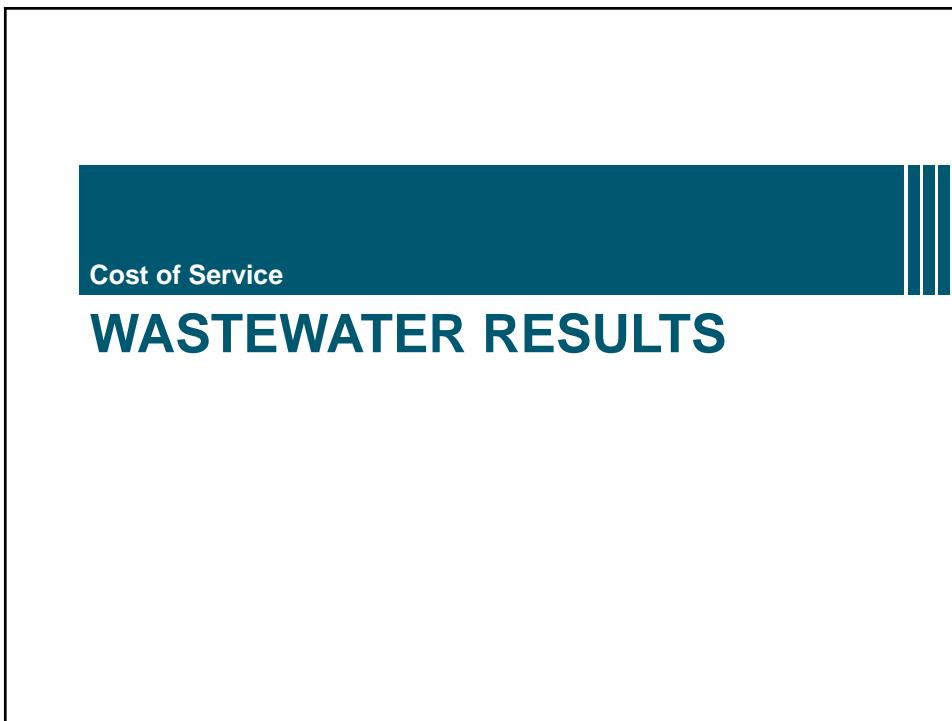
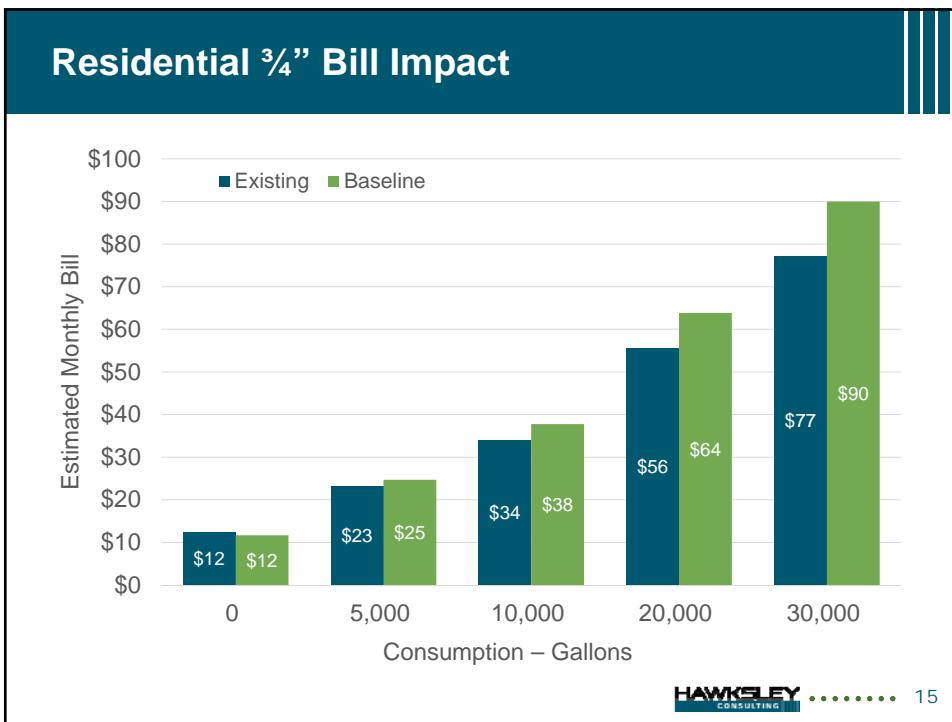
Residential Rates

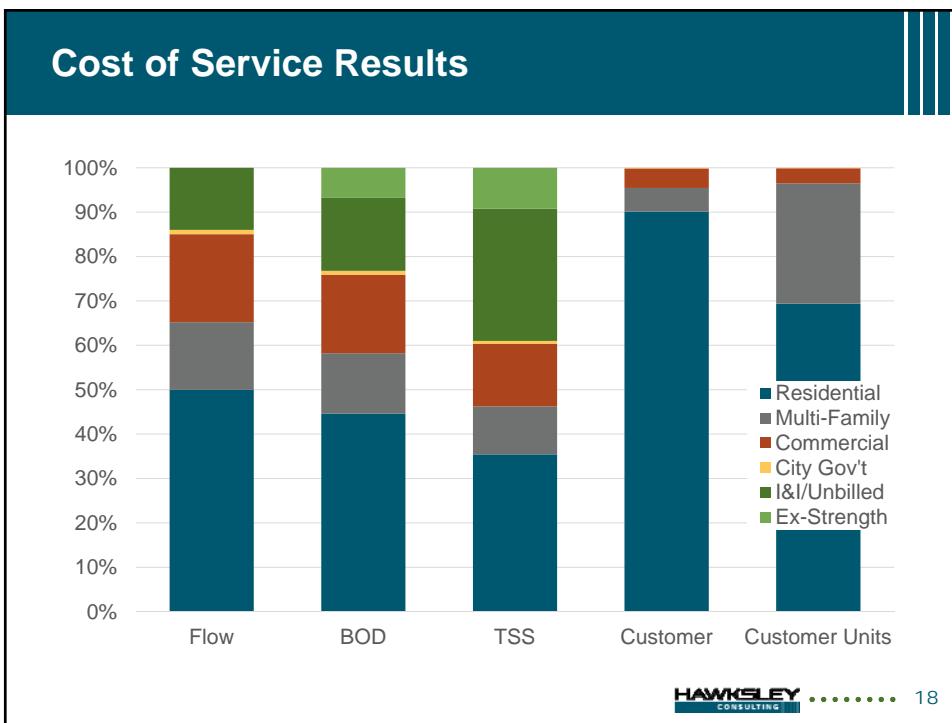
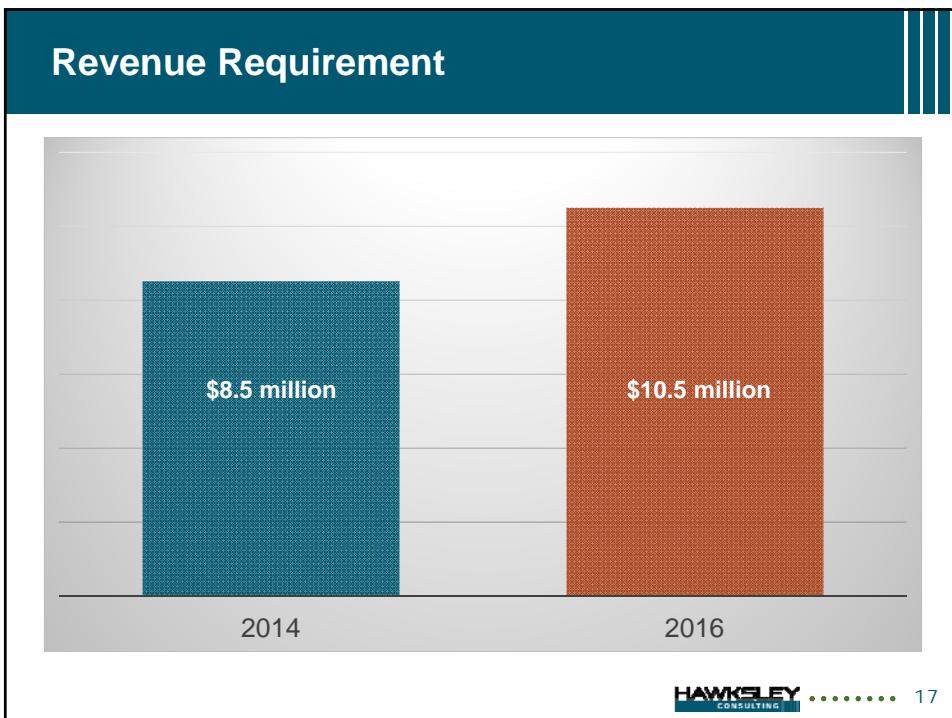


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Cost of Service Results

Class	Cost of Service Revenue	Revenue w/ Existing Rates	Difference	Difference %
Residential	\$6,847,419	\$6,688,670	\$158,750	2.4%
Multi-Family	1,567,323	1,224,367	342,956	28.0%
Commercial	1,641,440	1,520,084	121,357	8.0%
City Gov't	77,076	68,956	8,119	11.8%
Ex-Strength	357,498	441,599	- 84,101	- 19.0%
Total	\$10,490,756	\$9,943,675	\$547,081	5.5%

Findings

Our analysis indicates an increase in monthly service charges for multi-family accounts.

Why?

Increasing costs for meter, billing, and customer service coupled with charges applied to the customer accounts, rather than the dwelling units.

Findings

Our analysis indicates an a decrease in extra-strength surcharges.

Why?

The City currently bills for some but not all of the extra strengths indicated in the analysis – the “unaccounted” for strengths have to be reallocated.

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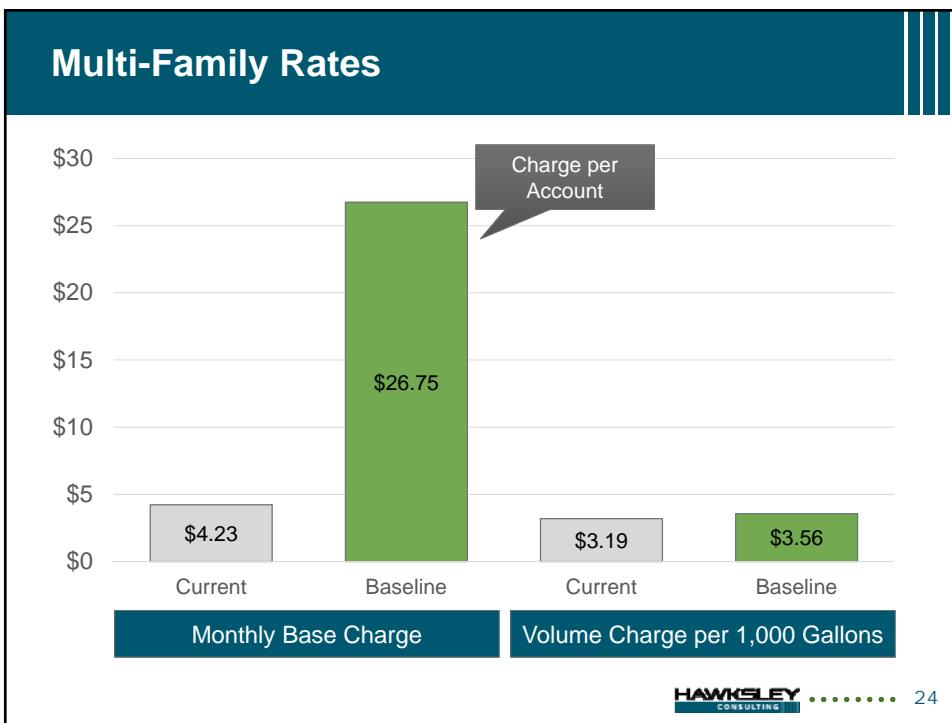
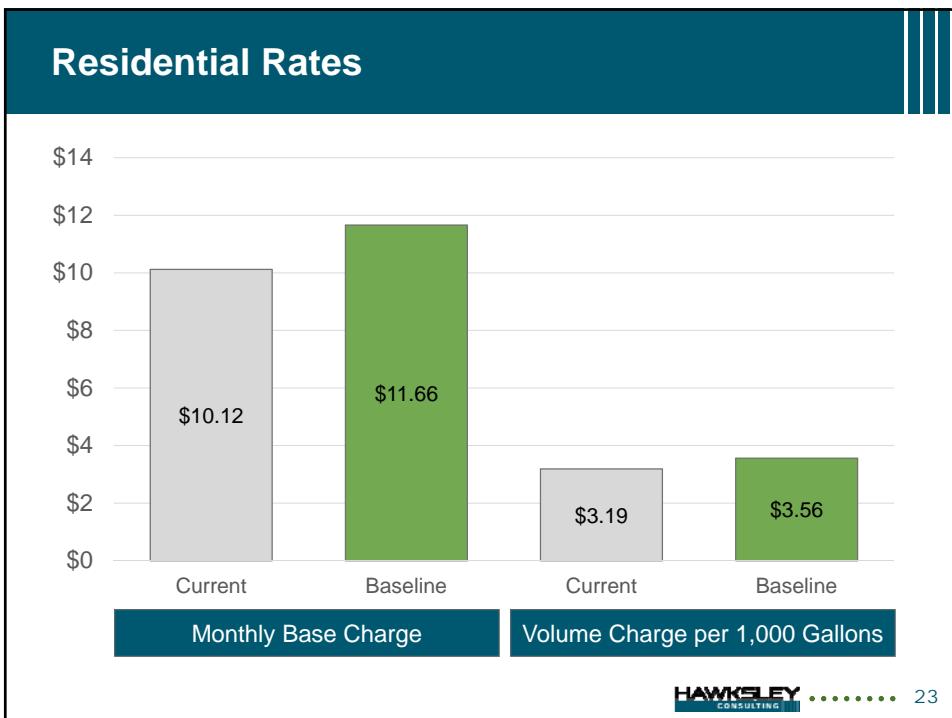
Findings

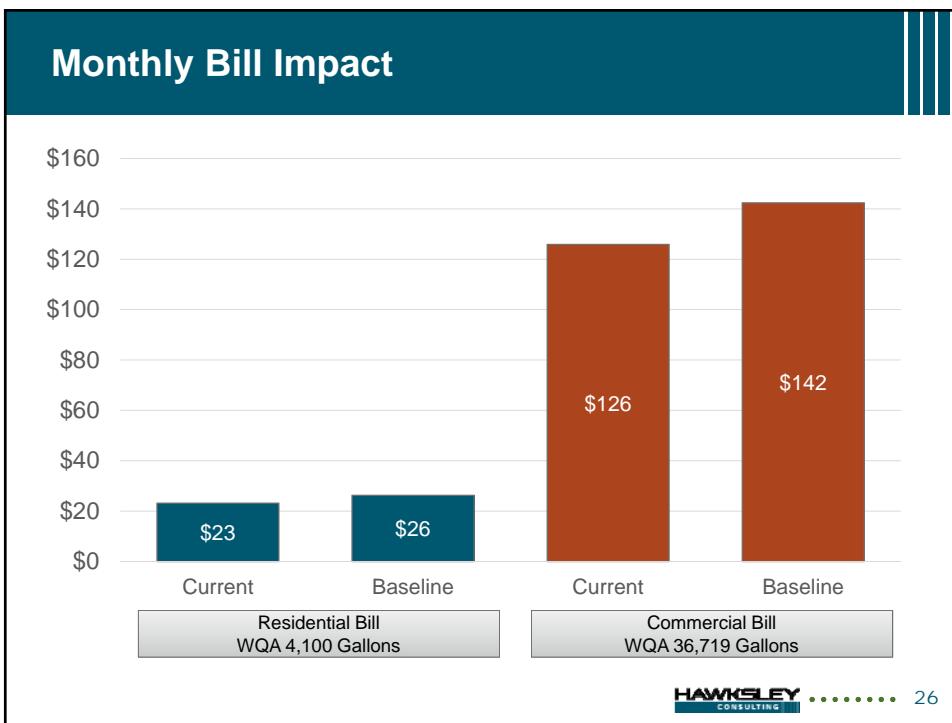
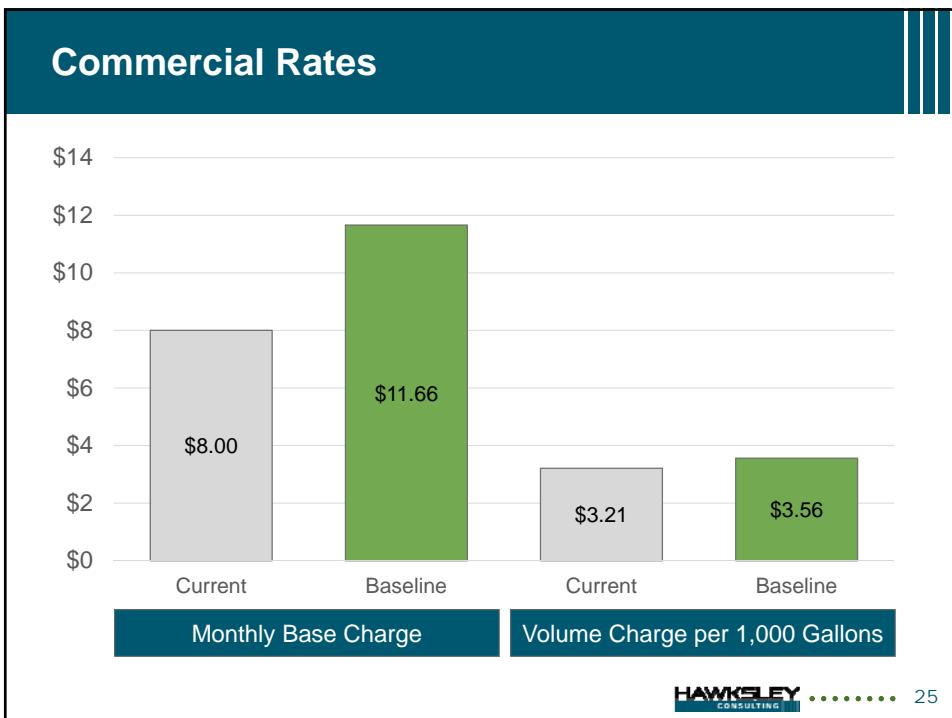
Our analysis indicates that multi-family base charges need to be increased substantially.

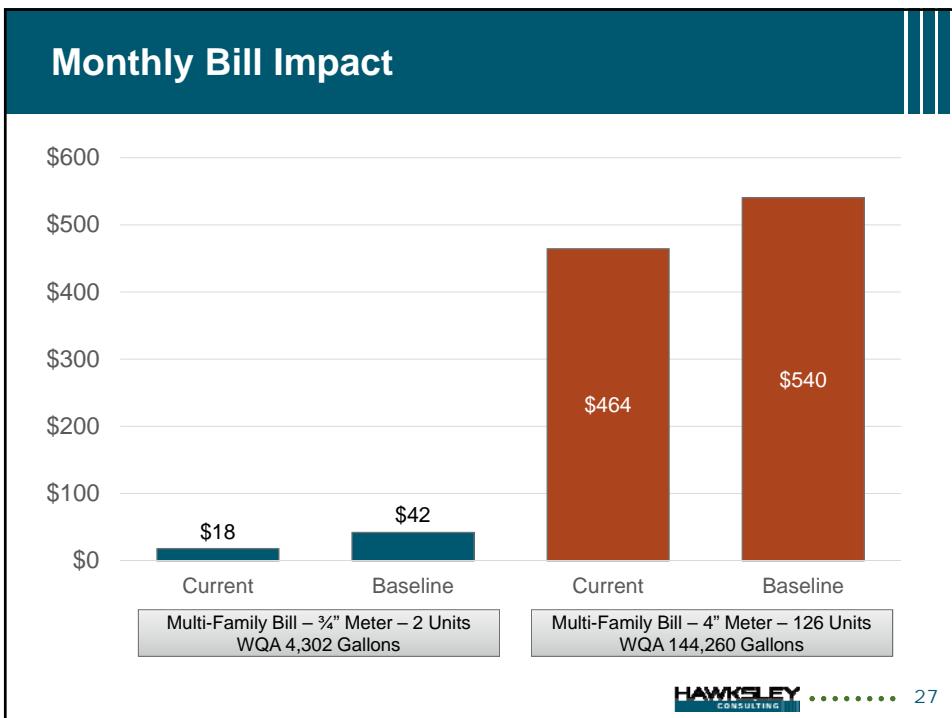
Why?

The previous understanding was that multi-family customers were billed based on no. of units, but actual practice is based on number of connections.

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Other Wastewater Rates

Extra-Strength		
	Existing	Proposed
BOD	\$0.54	\$0.45
TSS	\$0.32	\$0.25

Wholesale City		
	Existing	Proposed
Base	\$40.43	\$45.85
Volume	\$2.49	\$2.76

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