

APRIL 2015

UPDATE

REPORT ON REVENUE REQUIREMENTS & WATER RATES

(UPDATE TO THE FEBRUARY 2014 REPORT)



NCWD

NEWHALL COUNTY WATER DISTRICT

TABLE OF CONTENTS

SECTION 1 - INTRODUCTION.....	3
1.1 PURPOSE OF UPDATED REPORT	3
1.2 GENERAL ASSUMPTIONS	3
SECTION 4 - WATER REVENUE REQUIREMENTS	5
4.1.1 Operating and Maintenance Expenses	5
4.1.2 Capital Improvement	5
4.1.3 Debt Service	6
4.1.4 Reserves	6
4.1.5 Renewal and Replacement Fund	7
4.2 SUMMARY OF REVENUE REQUIREMENTS	8
SECTION 5 - SUMMARY-RESULTS OF OPERATIONS AT PRESENT RATES	9
5.1 ESTIMATED RESULTS OF OPERATIONS AT PRESENT RATES	9
SECTION 6 - DESIGN OF RATE SCHEDULE	10
6.2 RATE DESIGN	10
SECTION 7 - PROPOSED RATES	12
7.1 PROPOSED RATES	12
SECTION 8 - SUMMARY-RESULTS OF OPERATIONS AT PROPOSED RATES	14
8.1 ESTIMATED SERVICE CHARGE REVENUE AT PROPOSED RATES	14
8.2 ESTIMATED COMMODITY CHARGE REVENUES	14
8.3 RESULTS OF OPERATIONS AT PROPOSED RATES	15
SECTION 9 - COMPARISON OF AVERAGE BILLS	16
9.1 BILL COMPARISON	16
SECTION 10 - FUTURE ECONOMIC CONSIDERATIONS	17
10.1 WATER REVENUE ADJUSTMENT FACTOR	17
10.2 BALANCING ACCOUNT	17
SECTION 11 - SUMMARY AND RECOMMENDATIONS	18
11.1 SUMMARY	18
11.2 RECOMMENDATIONS	18

APPENDIX

TABLE E1 METER/AVERAGE USAGE HISTORY	19
TABLE F1 CAPITAL IMPROVEMENT DETAIL	20
TABLE G1 SERVICE CHARGE REVENUE AT PROPOSED RATES	21
TABLE H1 COMMODITY REVENUES AT PROPOSED RATES	22
TABLE I1 SUMMARY OF OPERATING EXPENSES	23
TABLE J1 SOURCE OF SUPPLY	24
TABLE K1 PROJECTED NEW CONNECTIONS	25
TABLE L1 DEVELOPMENT OF PROPOSED RATES FY 2017.....	26
TABLE M1 DEVELOPMENT OF PROPOSED RATES FY 2018	27
TABLE N1 DEVELOPMENT OF PROPOSED RATES FY 2019	28
TABLE O1 DEVELOPMENT OF PROPOSED RATES FY 2020	29

LIST OF TABLES

TABLE 1 - ESCALATION FACTORS	4
TABLE 7 - SUMMARY OF OPERATING AND MAINTENANCE EXPENSES	5
TABLE 8 - SUMMARY OF WATER SYSTEM CAPITAL COSTS	6
TABLE 9 - DEBT SERVICE OBLIGATIONS ON OUTSTANDING DEBT	6
TABLE 10 - STATUS OF RESERVES	7
TABLE 11 - RENEWAL & REPLACEMENT FUND UNDER PROPOSED RATES	8
TABLE 12 - SUMMARY OF REVENUE REQUIREMENTS	8
TABLE 13 - ESTIMATED RESULTS OF OPERATIONS AT PRESENT RATES	9
TABLE 14 - DEVELOPMENT OF PROPOSED RATES	10
TABLE 15 - DEVELOPMENT OF PROPOSED RATES FY 2016	11
TABLE 16 - PROPOSED RATES	13
TABLE 17 - ESTIMATED SERVICE CHARGE REVENUES AT PROPOSED RATES	14
TABLE 18 - ESTIMATED COMMODITY CHARGE REVENUES	14
TABLE 19 - RESULTS OF OPERATIONS AT PROPOSED RATES	15
TABLE 20 - BILL COMPARISON	16

SECTION 1 INTRODUCTION

1.1 PURPOSE OF UPDATED REPORT

California is currently suffering from a severe - and by some measures, unprecedented - drought. We have had dry periods before - they are a recurring feature of our variable climate. The difficulty, expense, and pain of droughts, however, depend on two things: how severe they are and how we react.

In February 2014, Newhall County Water District (“District”) adopted a Report on Revenue Requirements and Water Rates, which was intended to assist the District in maintaining the mandates of Senate Bill x7-7 which required a 20% reduction in water demand by the year 2020.

As a result of the continuing drought conditions, California Governor Jerry Brown asked all Californians to immediately cut water use by 20% beginning in August 2014. Due to less than normal rainfall in 2015, the Governor issued (April 2015) an Executive Order implementing a 25% mandatory restriction in water use.

Because water utilities are dependent on the sale of water to recoup costs, reduced sales can result in deficits. During the process of reviewing the budget FY 2016, the District made the decision to proactively address the reduction in water sales because of conservation efforts by our customers.

The purpose of this updated report is to update the 2014 Report on Revenue Requirements and Water Rates to reflect the current conditions facing the District. This amendment updates revenue requirements using the FY 2016 budget projections and current capital improvement needs of the District. Furthermore, customer statistics such as count and average water use have been updated.

1.2 GENERAL ASSUMPTIONS

General assumptions used in the analysis of revenues and revenue requirements are summarized on the flowing pages. Any substantial differences between the assumptions and the actual occurrences may affect the indicated revenue adjustments and proposed changes presented in this amended report.

General Assumptions

Revenue

- Revenue projections are based on existing customers and customer additions projected to occur during the forecast period.

- Projected use is based on actual and projected (FY 2015) water volume per customer, residing in specific meter sizes. An overall 15% decrease in customer usage (from FY 2014) has been projected.
- Other operating and non-operating revenue projected is based on the aforementioned customer growth rate for applicable fees and earnings.

Operating and Maintenance Expense

Projected expenses, associated with the operation of the water system are adjusted for growth based on the escalation factors in **Table 1**.

TABLE 1
ESCALATION FACTORS

FACTOR	ANNUAL
Labor Escalation	1.00%
Customer Growth (1)	0% - 1.80%
Materials & Supplies	3.00%
Electric/Fuel Factor	3.00%
Benefits Factor	1.00%

Note:

1. In FY 2016, the forecast of customer growth is 0%, thereafter, annual growth rates of 0.4%, 1%, 1.3% and 1.8% are utilized for FY 2017, FY 2018, FY 2019 and FY 2020, respectively.

Major Capital Improvements

Includes all improvements identified in FY 2016 through FY 2020 capital improvement plan referenced in Appendix F.

Due to the extent of the present capital improvement program and the amount of funding available from operating revenues, the proposed rate plan includes the utilization of Renewal and Replacement Funds (R&R Funds) in the amount of \$741,371 through FY 2018.

Other Assumptions

Throughout the entirety of the forecast period, defined herein, the District targets a minimum cash balance of \$500,000 in the operating account.

NOTE: Section and Table numbers are consistent with the Report on Revenue Requirements and Water Rates (February 2014) to maintain simplicity and only tables that have significant changes are included in this updated report.

SECTION 4 WATER REVENUE REQUIREMENTS

4.1.1 Operating and Maintenance Expenses

Operating and maintenance expenses include the annual expenses associated with source of supply; pumping; treatment; transmission and distribution; customer accounts; other operating; and administrative and general services. These expenses include the annual salaries and wages of personnel, costs for material and supplies, fuel and electric power costs, and other costs such as employee benefits, insurance, and contract services. **Table 7** summarizes the operating and maintenance expenses for the water system over the forecast period.

Projections of estimated operating and maintenance expenses are based on budget information from FY 2015 and an analysis of current and anticipated operating conditions and trends. The amounts have increased by the factors in **Table 1**. In recent years, operating and maintenance expenses have increased primarily due to the cost of purchased water and the combined effects of inflation, energy prices and regulatory compliance. Included in these projections are the aforementioned factors as well as other pertinent factors. Appendix I and J provide details relating to operating and maintenance expenses.

TABLE 7
SUMMARY OF OPERATING AND MAINTENANCE EXPENSE

OPERATING EXPENSES	ESTIMATED FY 2016	ESTIMATED FY 2017	ESTIMATED FY 2018	ESTIMATED FY 2019	ESTIMATED FY 2020
Source of Supply	\$ 2,574,876	\$ 2,577,589	\$ 2,585,671	\$ 2,598,623	\$ 2,615,703
Pumping Expense	1,716,450	1,761,656	1,803,922	1,855,381	1,911,859
Water Treatment	406,184	428,155	437,575	447,241	457,161
Trans & Distribution	526,728	537,636	548,943	560,539	572,431
Customer Accounts	634,422	653,513	663,831	688,360	705,525
Other Oper Expense	672,784	687,298	701,924	716,921	732,305
G&A Expense	3,225,488	3,102,847	3,221,271	3,205,391	3,362,719
TOTAL	\$ 9,756,932	\$ 9,748,694	\$ 9,963,137	\$ 10,072,456	\$ 10,357,703

4.1.2 Capital Improvement

A summary of the proposed water system capital improvements over the forecast period is shown in **Table 8**. The estimated cost of these improvements is \$10 million over the forecast period.

The proposed capital improvement projects shown in **Table 8** were identified based on future needs and current regulatory mandates. Additional projects may also be required to meet future regulations. The nature and magnitude of these potential projects is not known but should they be required, additional funding beyond what is indicated herein would be necessary.

The cost of the scheduled capital improvements are expected to be funded from annual operating revenues available for capital improvements and the renewal and replacement fund, as shown in **Table 8**. Appendix F provides more detail related to the five-year capital improvement program.

TABLE 8
SUMMARY OF WATER SYSTEM CAPITAL COSTS

DESCRIPTION	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Replacements	\$ 912,000	\$ 565,000	\$ 565,000	\$ 565,000	\$ 565,000
Pipelines	556,000	660,000	595,000	960,000	445,000
Reservoirs	-	275,000	275,000	175,000	500,000
Wells & Boosters	-	-	150,000	200,000	400,000
Equipment & Other	512,000	315,000	255,000	315,000	255,000
TOTAL CIP	\$ 1,980,000	\$ 1,815,000	\$ 1,840,000	\$ 2,215,000	\$ 2,165,000

4.1.3 Debt Service

The District has debt obligations consisting of three outstanding loans, which the District will gradually retire per scheduled principal and interest payments. There is no new debt anticipated for FY 2016 through FY 2020. **Table 9** shows the debt service obligations on outstanding debt for the forecast period. Appendix P, in the original report, shows more detail related to the debt service.

TABLE 9
DEBT SERVICE OBLIGATIONS ON OUTSTANDING DEBT

FYE	DEBT SERVICE OBLIGATIONS
2016	\$1,889,553
2017	\$1,889,553
2018	\$1,889,553
2019	\$ 608,494
2020	\$ 608,494

4.1.4 Reserves

Reserves are typically used to construct facilities, infrastructure replacement, unforeseen contingencies, and to offset various liabilities. It is the policy of the Newhall County Water District's Board of Directors to maintain prudent reserve amounts, so if an unanticipated event or disaster occurs, adequate funds will be available for operations and maintenance, rate stabilization, capital improvement, debt service and emergency funds. The appropriate amount of reserves for a given fund varies, due to the differences in services required. The policy explains how the reserves are funded and what the reserve can be used for. It also explains the difference between funds as well as the target funding level. The reserve funding level is updated each year as part of the budget process.

No additions to reserves have been proposed in the revenue requirement study from user rates.

The District typically has used the buy-in portion of the connection fees and earned interest to increase reserves. Although some addition of connection fees is anticipated, any additional buy-in fees received will increase the reserve funding.

Without reserves on hand to react to emergencies and to take advantage of timing situations, the District could end up paying more either through the higher cost of construction or reduced services. With an adequate reserve, when existing infrastructure is in need of replacement, the funds will be available.

Table 10 shows the status of reserves for the forecast period. Interest earned is calculated at 0.50% in FY 2016 and increases by 0.25% annually for the forecast period.

TABLE 10
STATUS OF RESERVES

	O & M	RATE STABILIZATION	DEBT SERVICE	EMER/ DISASTER	TOTAL
BALANCE FY 2015	\$ 424,733	\$ 964,403	\$ 944,777	\$ 1,500,000	\$ 3,833,913
ADDITIONS	14,635	4,918			19,553
BALANCE FY 2016	439,368	969,321	944,777	1,500,000	3,853,466
ADDITIONS	21,631	7,270			28,901
BALANCE FY 2017	460,999	976,591	944,777	1,500,000	3,882,367
ADDITIONS	171,559	152,266			323,825
BALANCE FY 2018	632,558	1,128,857	944,777	1,500,000	4,206,192
ADDITIONS USES	275,544	211,158	(640,530)		486,702 (640,530)
BALANCE FY 2019	908,102	1,340,015	304,247	1,500,000	4,052,364
ADDITIONS	735,639	22,513			758,152
BALANCE FY 2020	\$ 1,643,741	\$ 1,362,528	\$ 304,247	\$ 1,500,000	\$ 4,810,516

4.1.5 Renewal and Replacement Fund

In the event water revenues are not adequate to allow funding for the entire capital improvements identified, those projects can be funded with the proceeds from the Renewal & Replacement Fund (R&R Fund). Accumulating money uniformly over time prior to the actual need for replacement provides a way to shave the peak costs, and spread all the costs more evenly over a period of time. **Table 11** shows the projected uses from the renewal and replacement fund.

In FY 2018, the District will complete the payoff of one of the debt obligations (CNB 2012) and anticipates being in the position to increase the R&R Fund with funds previously used to repay debt.

TABLE 11
RENEWAL AND REPLACEMENT FUND UNDER PROPOSED RATES

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Beginning Balance	\$2,190,613	\$1,390,613	\$1,277,251	\$1,449,242	\$2,730,301
Uses	(800,000)	(113,362)			
Additions			171,991	1,281,059	1,281,059
Balance	\$1,390,613	\$1,277,251	\$1,449,242	\$2,730,301	\$4,011,360

4.2 SUMMARY OF REVENUE REQUIREMENTS

Total revenue requirements, including operating and maintenance expenses, capital projects and debt service obligations for the District are projected as shown in Table 12.

TABLE 12
SUMMARY OF REVENUE REQUIREMENTS

	TABLE	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Operating Expenses	7	\$ 9,756,932	\$ 9,748,694	\$ 9,963,137	\$10,072,457	\$10,357,702
Capital Program	8	1,980,000	1,815,000	1,840,000	2,215,000	2,165,000
Debt Service	9	1,889,553	1,889,553	1,889,553	608,494	608,494
Reserves	10	-	-	-	-	-
R&R Fund	11	(800,000)	(113,362)	171,991	1,281,059	1,281,059
Total		\$12,826,485	\$13,339,885	\$13,864,681	\$14,177,010	\$14,412,255

SECTION 5
SUMMARY - RESULTS OF OPERATIONS AT PRESENT RATES

5.1 ESTIMATED RESULTS OF OPERATIONS AT PRESENT RATES

Table 13 compares revenue requirements to total revenues and shows the estimated results at present rates are insufficient to meet revenue requirements.

TABLE 13
ESTIMATED RESULTS OF OPERATIONS AT PRESENT RATES

DESCRIPTION	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
SOURCES					
Service Charges	\$ 2,621,410	\$ 2,670,035	\$ 2,734,267	\$ 2,796,022	\$ 2,852,667
Water Sales (commodity)	9,051,713	9,053,547	9,120,669	9,198,817	9,305,954
Property Taxes	429,200	433,491	437,826	442,204	446,626
Communication Lease	222,307	226,754	231,289	235,915	240,633
Fire service	93,795	94,733	95,680	96,637	97,603
Interest	2,006	2,036	2,077	2,098	2,119
TOTAL REVENUES	\$ 12,420,431	\$12,480,596	\$12,621,808	\$ 12,771,693	\$ 12,945,602
USES					
Operating Expenses	\$ 9,756,932	\$ 9,748,694	\$ 9,963,137	\$ 10,072,457	\$ 10,357,702
Capital Program	1,980,000	1,815,000	1,840,000	2,215,000	2,165,000
Debt Service	1,889,553	1,889,553	1,889,553	608,494	608,494
Reserves	-	-	-	-	-
Renewal & Replacement Fund	(800,000)	(113,362)	171,991	1,281,059	1,281,059
TOTAL REVENUE REQUIREMENTS	\$ 12,826,485	\$13,339,885	\$ 13,864,681	\$ 14,177,010	\$ 14,412,255
Surplus (Deficit)	\$ (406,054)	\$ (859,289)	\$ (1,242,873)	\$ (1,405,317)	\$ (1,466,653)

SECTION 6 DESIGN OF RATE SCHEDULES

6.2 RATE DESIGN

Table 14 below shows the estimated FY 2016 revenue requirements with additional breakdown as well as how other revenues have been allocated to offset certain costs.

The District charges a baseline monthly service charge to all customers. It covers basic costs, such as customer support and insurance. The commodity rate covers the cost of the water, distribution, operations, employees and additional services that all work to ensure reliability.

TABLE 14
DEVELOPMENT OF PROPOSED RATES FY 2016

DESCRIPTION	TABLE	TOTAL	SERVICE CHARGE	CLWA PASS THRU	COMMODITY CHARGE
Operating Expenses					
Source of Supply	7	\$ 2,574,876		\$2,538,939	\$ 35,937
Pumping Expenses	7	1,716,450			1,716,450
Water Treatment	7	406,184			406,184
Transmission & Distribution	7	526,728			526,728
Customer Accounts	7	634,422	634,422		-
Other Operating	7	672,784			672,784
General & Admin	7	3,225,488	1,986,988		1,238,500
Capital Projects	8	1,980,000			1,980,000
Debt Service	9	1,889,553			1,889,553
Reserve Funding	10	-			-
R&R Fund	11	(800,000)			(800,000)
Revenue Requirement		\$12,826,485	\$2,621,410	\$2,538,939	\$ 7,666,136
Less Other Revenue Sources Available:					
Property Taxes		(429,200)			(429,200)
Communication Leases		(222,307)			(222,307)
Fire Service		(93,795)			(93,795)
Interest		(2,006)			(2,006)
Net Revenue Requirements		\$12,079,177	\$2,621,410	\$2,538,939	\$ 6,918,828

Table 15 below shows the calculation that develops rates designed to meet estimated revenue requirements.

**TABLE 15
DEVELOPMENT OF PROPOSED RATES FY 2016**

FYE JUNE 30, 2016	TOTAL	SERVICE CHARGE	CLWA PASS THRU	COMMODITY CHARGE
Net Revenue Requirement	\$12,079,177	\$2,621,410	\$ 2,538,939	\$ 6,918,828
SERVICE CHARGE				
Number of 3/4" Meter Equivalentents		14,076		
Annual Charge per 3/4" Meter		\$ 186.23		
Calculated Monthly Charge per 3/4" Meter		\$ 15.52		
Present (FY 2015)		\$ 15.27		
COMMODITY CHARGE				
Estimated Water to be Sold in CCF's			3,740,971	
Calculated Charge per CCF			\$ 0.6787	\$ 1.8495

For FY 2016, the uniform volume rate has been determined to be \$1.8495 per CCF and the CLWA pass thru to be \$0.6787 per CCF. The uniform volume rate and CLWA pass thru will be applied to all customer classes.

SECTION 7 PROPOSED RATES

7.1 PROPOSED RATES

The rates designed in Section 6 would be adequate to generate water revenues of \$12,079,177 in FY 2016.

For FY 2016 through FY 2020 revenue sources meet revenue requirements by utilizing the District's R&R Funds. In FY 2019, the amount of revenues not needed to meet revenue requirements will be transferred into the R&R Fund to finance future capital projects.

The detail rate calculation for FY 2016 has been demonstrated in Section 6. Detail spreadsheets for FY 2017 through FY 2020 are shown in Appendices L, M, N, and O which demonstrate the calculation of proposed rates. Proposed rates for FY 2016 through FY 2020 are presented in **Table 16**.

California Government Code Section 53756 allows an agency providing water service to adopt a schedule of fees or charges authorizing automatic adjustments. Specifically:

- 1) An agency that purchases wholesale water from a public agency may provide for automatic adjustment that pass through the adopted increases or decreases in the wholesale charges for water established by the other agency.
- 2) The schedule of fees or charges may include a schedule of adjustments, including a clearly defined formula for adjusting for inflation.

The District has been following the provisions of Resolution 2012-5 which calls for a pass through to District customers of increases by CLWA in its wholesale water rate. The resolution has a detailed example of how the pass through mechanism works.

The CLWA pass thru rates included in this report have been adjusted per the calculation in Resolution 2012-5. Included in Resolution 2012-5 is a true-up mechanism so the actual recovery from customers equals the costs incurred by the District to pay for wholesale water.

In addition, the District has proposed Resolution 2015-5 to implement a Water Revenue Adjustment Factor (WRAF) allowing for adjustments based on inflation within the parameters set by California Government Code Section 53756. The WRAF is designed to adjust the commodity rate due to inflation or deflation in unit cost attributed to fluctuations in real demand.

The District must comply with the provisions of California Proposition 218 which requires water rates be based on the cost of providing the water service. The rates designed in Section 6 of this report is based on the District's revenue requirements, which are the District's cost of providing water service. Additionally, California State Water Code Section 370 provides the basis for public entities to design rate structures to promote water conservation.

Table 16 shows the proposed rates designed to allow the District to generate adequate revenues to meet revenue requirements as determined in Section 4. See Section 6 and Appendices L, M, N and O for actual detail calculation of proposed rates.

TABLE 16
PROPOSED RATES

MONTHLY SERVICE CHARGE

Meter Size	Meter Equiv.	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
3/4"	1.00	\$ 15.52	\$ 15.75	\$ 15.96	\$ 16.11	\$ 16.14
1"	1.67	25.92	26.30	26.66	26.90	26.96
1 1/2"	3.33	51.68	52.45	53.15	53.65	53.75
2"	5.33	82.72	83.95	85.08	85.87	86.04
2 1/2"	8.00	124.15	126.00	127.69	128.88	129.13
3"	10.00	155.19	157.50	159.62	161.10	161.42
4"	16.67	258.70	262.55	266.08	268.55	269.08
6"	33.33	517.25	524.95	532.00	536.95	538.00
8"	53.33	827.64	839.95	851.24	859.15	860.84
10"	76.67	1,189.85	1,207.55	1,223.78	1,235.15	1,237.58

MONTHLY DEDICATED FIRE SERVICE CHARGE

Meter Size	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
2"	\$ 22.07	\$ 22.29	\$ 22.51	\$ 22.74	\$ 22.97
4"	70.21	71.26	72.33	73.05	73.78
6"	132.79	134.78	136.80	138.17	139.55
8"	207.73	210.85	214.01	216.15	218.31

COMMODITY CHARGE - PER CCF

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Uniform Volume Rate	\$ 1.8495	\$ 1.9675	\$ 2.0731	\$ 2.1119	\$ 2.1226
CLWA Pass Through*	0.6787	0.6781	0.6758	0.6720	0.6670
Total Commodity Charge	\$ 2.5282	\$ 2.6456	\$ 2.7489	\$ 2.7839	\$ 2.7896

*Any rate changes for purchased water will be passed through

SECTION 8
SUMMARY - RESULTS OF OPERATIONS AT PROPOSED RATES

8.1 ESTIMATED SERVICE CHARGE REVENUE AT PROPOSED RATES

Appendix G contains the calculation demonstrating the estimated annual service charge revenues at proposed rates by taking the average customers by meter size times the monthly service charge rates demonstrated in **Table 17**.

TABLE 17
ESTIMATED SERVICE CHARGE REVENUES
AT PROPOSED RATES

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Estimate Service Charge Revenues	\$ 2,621,410	\$ 2,670,035	\$ 2,735,267	\$ 2,796,022	\$ 2,852,667

8.2 ESTIMATED COMMODITY CHARGE REVENUE AT PROPOSED RATES

Table 18 shows the estimated commodity charge revenues at proposed rates. This information was multiplied by proposed rates from **Table 16** to produce the following table. Appendix H contains the detail calculation of revenues at proposed rates.

TABLE 18
ESTIMATED COMMODITY CHARGE REVENUES

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Estimate Commodity Revenues	\$ 9,457,767	\$ 9,912,836	\$ 10,363,542	\$ 10,604,134	\$10,772,608

8.3 RESULTS OF OPERATIONS AT PROPOSED RATES

Table 19 presents results of operations at proposed rates and will be adequate to meet revenue requirements at present conditions as presented in **Table 16**.

TABLE 19
RESULTS OF OPERATIONS AT PROPOSED RATES

DESCRIPTION	TABLE	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
SOURCES						
Service Charge Revenue	4	\$ 2,621,410	\$ 2,670,035	\$ 2,734,267	\$ 2,796,022	\$ 2,852,667
Commodity Revenue	4	9,457,767	9,912,836	10,363,542	10,604,134	10,772,607
Property Taxes	5	429,200	433,491	437,826	442,204	446,626
Communication Lease	5	222,307	226,754	231,289	235,915	240,633
Fire service	5	93,795	94,733	95,680	96,637	97,603
Interest	5	2,006	2,036	2,077	2,098	2,119
Revenue Sources		\$ 12,826,485	\$13,339,885	\$ 13,864,681	\$ 14,177,010	\$14,412,255
REVENUE REQUIREMENTS						
Operating Expenses	7	\$ 9,756,932	\$ 9,748,694	\$ 9,963,137	\$ 10,072,457	\$ 10,357,702
Capital Program	8	1,980,000	1,815,000	1,840,000	2,215,000	2,165,000
Debt Service	9	1,889,553	1,889,553	1,889,553	608,494	608,494
Reserves	10	-	-	-	-	-
R&R Fund	11	(800,000)	(113,362)	171,991	1,281,059	1,281,059
Revenue Requirements		\$ 12,826,485	\$13,339,885	\$ 13,864,681	\$ 14,177,010	\$14,412,255
SURPLUS/(DEFICIT)						
Surplus (Deficit)		\$ -	\$ -	\$ -	\$ -	\$ -

SECTION 9 COMPARISON OF AVERAGE BILLS

9.1 BILL COMPARISON

Of the District's current 9,662 active customers, 8,188 or approximately 85% are ¾" customers. The category of ¾" customers use 233 CCF on average annually. This equates to 19 units per month on average. The District has used 19 units per month to determine the typical customer to demonstrate the effect of the rate structure change.

Table 20 shows how the average customer will be impacted under the proposed rates.

TABLE 20
BILL COMPARISON

FY 2016	Present	Proposed	Difference	
Meter size	¾"	¾"		
Usage (CCFs)	19	19		
Service charge	\$ 15.27	\$ 15.52	\$ 0.25	0.42%
CLWA Pass Thru (per CCF)	\$ 0.5764	\$ 0.6787		
CLWA Pass Thru	\$ 10.95	\$ 12.90	\$ 1.94	3.29%
Uniform Volume (per CCF)	\$ 1.7283	\$ 1.8495		
Commodity Charge	\$ 32.84	\$ 35.14	\$ 2.30	3.90%
TOTAL	\$ 59.06	\$ 63.56	\$ 4.50	
Percentage Increase (decrease)	7.61%			

SECTION 10 FUTURE ECONOMIC CONSIDERATIONS

This report provided an analysis of the District's rates and revenues for FY 2016 through FY 2020 and assumed the District's customers (as a whole) will respond to the District's messages of conservation and efficient use of water and reduce consumption by 25% from FY 2013 usage. The current reduction in overall use has allowed the District to meet the mandates as required in SBx7-7.

The total reduction in water use has not been incorporated into the calculations and estimates of revenues at proposed rates. As a means to mitigate potential fluctuations in water commodity revenues, the District has proposed Resolution 2015-5 that will allow the District to make adjustments in the rise and fall of commodity revenues and create a balancing account.

10.1 WATER REVENUE ADJUSTMENT FACTOR

Effective July 1, 2015, the District shall institute a Water Revenue Adjustment Factor (WRAF), designed to adjust the commodity rate due to inflation or deflation in unit cost attributed to fluctuations in real demand, which, at the discretion of the Board, may be automatically passed through to customers pro rata based on volume of water consumed.

The WRAF formula is: $(a - b) / c = \text{Demand Factor per unit}$

a = The **Target Commodity Revenue** from the previous period as identified in the Adopted Operating Budget. The Target Commodity Revenue will include the net revenues collected from the previous period WRAF adjustment, if any.

b = The **Actual Commodity Revenue** recorded in the general ledger for water consumed by NCWD's Customers for the period (excluding revenue from the purchased water pass through).

c = The **Projected Consumption** (in ccf) calculated for the period as adopted in NCWD's current budget.

10.2 BALANCING ACCOUNT

A per unit water cost of service **Balancing Account** shall be maintained by the District. Following the end of each period, the Target Commodity Revenue set for the period minus the Actual Commodity Revenue recorded in the general ledger for the period will be calculated and applied to the Balancing Account. The entry may be positive or negative.

SECTION 11 SUMMARY AND RECOMMENDATIONS

11.1 SUMMARY

As demonstrated in Section 5, forecasted revenue sources at present rates will not be sufficient to meet forecasted revenue requirements.

The rate calculation in Section 6 shows that the proposed rate (for a ¾" customer) with the service charge rate of \$15.55 per month, a commodity rate of \$1.8495 per CCF and a CLWA pass through of \$0.6787 per CCF for all water used is adequate to cover revenue requirements after utilizing the R&R Fund in FY 2016 and FY 2017.

The proposed rates as designed, will allow the District to generate revenues adequate to meet revenue requirements.

11.2 RECOMMENDATIONS

Staff recommends the District adopt the proposed rates, as presented in **Table 16** and Resolution 2015-5 establishing a Water Revenue Adjustment Factor and Balancing Account to ensure the District has adequate revenues to meet revenue requirements through FY 2020.

APPENDIX E
METER/AVERAGE USAGE HISTORY

TABLE E1
METER/AVERAGE USAGE HISTORY

METER SIZE		3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"	2 1/2"	TOTAL
FY 06	Use	2,313,079	415,273	179,729	954,233	241	157,217	105,986	224,615	86,936	28,771	4,466,080
	Aver Cust	7,656	801	122	254	1	18	11	11	3	26	8,903
	Use per Cust	302	518	1,473	3,757	241	8,734	9,635	20,420	28,979	1,107	502
FY 07	Use	2,532,789	475,626	218,904	1,079,917	186	169,173	77,365	233,798	88,362	93,547	4,969,667
	Aver Cust	7,840	815	128	331	1	18	10	11	3	28	9,185
	Use per Cust	323	584	1,710	3,263	186	9,399	7,737	21,254	29,454	3,341	541
FY 08	Use	2,430,074	449,564	227,087	1,076,176	209	158,243	76,585	229,494	69,101	20,664	4,737,197
	Aver Cust	7,999	827	134	408	1	19	10	10	3	27	9,438
	Use per Cust	304	544	1,695	2,638	209	8,329	7,659	22,949	23,034	765	502
FY 09	Use	2,351,365	450,003	224,826	1,056,842	123	142,598	70,378	233,485	88,532	19,927	4,638,079
	Aver Cust	8,043	831	135	412	1	30	18	14	3	24	9,511
	Use per Cust	292	542	1,665	2,565	123	4,753	3,910	16,678	29,511	830	488
FY 10	Use	2,081,248	391,635	197,872	902,342	155	124,781	64,971	206,078	57,243	14,337	4,040,662
	Aver Cust	8,076	833	137	414	1	17	10	10	3	20	9,521
	Use per Cust	258	470	1,444	2,180	155	7,340	6,497	20,608	19,081	717	424
FY 11	Use	2,045,062	379,317	195,847	932,645	127	128,147	65,042	195,360	55,240	10,645	4,007,432
	Aver Cust	8,125	833	140	414	1	16	10	10	3	19	9,571
	Use per Cust	252	455	1,399	2,253	127	8,009	6,504	19,536	18,413	560	419
FY 12	Use	2,135,875	399,241	207,608	881,887	129	137,737	68,259	185,311	68,398	15,462	4,099,907
	Aver Cust	8,157	836	142	414	1	17	11	11	3	21	9,613
	Use per Cust	262	478	1,462	2,130	129	8,102	6,205	16,846	22,799	736	426
FY 13	Use	2,201,860	415,041	221,739	963,212	303	139,987	70,699	186,073	65,010	26,608	4,290,532
	Aver Cust	8,175	835	143	417	1	17	11	11	3	20	9,633
	Use per Cust	269	497	1,551	2,310	303	8,235	6,427	16,916	21,670	1,330	445
FY 14	Use	2,238,787	431,751	219,285	1,037,155	349	137,117	75,206	188,724	38,822	31,892	4,399,088
	Aver Cust	8,183	839	144	424	1	18	10	10	3	22	9,654
	Use per Cust	274	515	1,523	2,446	349	7,618	7,521	18,872	12,941	1,450	456
FY 15 4 mths	Use	1,905,986	381,335	198,432	864,748	466	110,853	65,455	163,105	27,012	23,579	3,740,971
	Aver Cust	8,188	830	147	431	1	21	10	12	3	19	9,662
	Avg. Use per Cust	233	459	1,350	2,006	466	5,279	6,546	13,592	9,004	1,241	387
10 Year Average 2006-2015		281	512	1,536	2,663	269	7,699	7,023	19,009	21,913	1,224	in ccf

APPENDIX F - FIVE-YEAR CAPITAL IMPROVEMENT DETAIL

**TABLE F1
CAPITAL IMPROVEMENT DETAIL**

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
General Facility Replacements	\$ 447,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Meter Replacements	275,000	275,000	275,000	275,000	275,000
Appurtenance Replacements	90,000	90,000	90,000	90,000	90,000
Equipment Replacements	224,000	95,000	95,000	95,000	170,000
Pump/Motor Repair & Replacements	100,000	100,000	100,000	100,000	100,000
Pipeline Replacement	556,000	750,000	750,000	750,000	750,000
Storage Tank Recondition and Replacement	-	275,000	175,000	500,000	175,000
Booster Station Rehabilitation and Replacement	-	-	-	200,000	250,000
Well Rehabilitation and Replacement	-	-	150,000	-	150,000
SCADA	125,000	50,000	50,000	50,000	50,000
Office Equipment	46,000	50,000	25,000	25,000	25,000
Software Upgrades	32,000	10,000	10,000	10,000	10,000
Geographic Information System	25,000	20,000	20,000	20,000	20,000
CMMS	60,000	-	-	-	-
TOTAL	\$1,980,000	\$1,815,000	\$1,840,000	\$2,215,000	\$2,165,000

APPENDIX G - SERVICE CHARGE REVENUE AT PROPOSED RATES

Total service charge revenues at proposed rates (**Table G1**) have been developed by multiplying the estimated number of customers by meter size, by the proposed monthly service charge (**Table 16**).

TABLE G1
SERVICE CHARGE REVENUE AT PROPOSED RATES

METER SIZE	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
3/4"	\$ 1,524,648	\$ 1,557,176	\$ 1,606,487	\$ 1,657,729	\$ 1,712,070
1"	\$ 258,325	\$ 261,948	\$ 265,434	\$ 267,924	\$ 268,522
1 1/2"	\$ 91,164	\$ 92,522	\$ 93,757	\$ 94,639	\$ 94,815
2"	\$ 427,828	\$ 434,189	\$ 440,034	\$ 444,120	\$ 444,999
2 1/2"	\$ 28,306	\$ 28,728	\$ 29,113	\$ 29,385	\$ 29,442
3"	\$ 1,862	\$ 1,890	\$ 1,915	\$ 1,933	\$ 1,937
4"	\$ 65,192	\$ 66,163	\$ 67,052	\$ 67,675	\$ 67,808
6"	\$ 62,070	\$ 62,994	\$ 63,840	\$ 64,434	\$ 64,560
8"	\$ 119,180	\$ 120,953	\$ 122,579	\$ 123,718	\$ 123,961
10"	\$ 42,835	\$ 43,472	\$ 44,056	\$ 44,465	\$ 44,553
TOTAL	\$ 2,621,410	\$ 2,670,035	\$ 2,734,267	\$ 2,796,022	\$ 2,852,667

APPENDIX H - COMMODITY REVENUES AT PROPOSED RATES

**TABLE H1
COMMODITY REVENUES AT PROPOSED RATES**

	UNIFORM VOLUME
WATER USE ESTIMATED (IN CCF's)	
FY 2016	3,740,971
FY 2017	3,747,023
FY 2018	3,770,068
FY 2019	3,809,175
FY 2020	3,861,783
COMMODITY RATE	
FY 2016	\$1.8495
FY 2017	\$1.9675
FY 2018	\$2.0731
FY 2019	\$2.1119
FY 2020	\$2.1226
CLWA PASS THRU	
FY 2016	\$0.6787
FY 2017	\$0.6781
FY 2018	\$0.6758
FY 2019	\$0.6720
FY 2020	\$0.6670
TOTAL COMMODITY RATE	
FY 2016	\$2.5282
FY 2017	\$2.6456
FY 2018	\$2.7489
FY 2019	\$2.7839
FY 2020	\$2.7896
TOTAL COMMODITY REVENUES	
FY 2016	\$9,457,767
FY 2017	\$9,912,836
FY 2018	\$10,363,542
FY 2019	\$10,604,134
FY 2020	\$10,772,608

APPENDIX I - OPERATING EXPENSES

**TABLE I1
SUMMARY OF OPERATING EXPENSES**

OPERATING EXPENSES	ADOPTED BUDGET	PROPOSED BUDGET ESTIMATED (Inflation Assumption - Expense 1 - 3%)				
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Source of Supply	\$ 2,498,801	\$ 2,574,876	\$2,577,589	\$2,585,672	\$ 2,598,624	\$ 2,615,703
Pumping Expense	1,596,812	1,716,450	1,761,656	1,803,922	1,855,381	1,911,859
Water Treatment	403,472	406,184	428,155	437,575	447,241	457,161
Trans. & Distribution	570,278	526,728	537,636	548,943	560,539	572,431
Customer Accounts	624,705	634,422	653,513	663,831	688,360	705,525
Other Operating Expense	679,438	672,784	687,298	701,923	716,921	732,304
General & Admin	3,053,755	3,225,488	3,102,847	3,221,271	3,205,391	3,362,719
Total Operating Expense	\$9,427,261	\$9,756,932	\$9,748,694	\$9,963,137	\$10,072,457	\$10,357,702

APPENDIX J - SOURCE OF SUPPLY DETAIL

TABLE J1
SOURCE OF SUPPLY

Description	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Total CCF's					
Estimated to be Sold	3,740,971	3,747,023	3,770,068	3,809,175	3,861,783
Total Acre Feet					
Estimated to be Sold	8,588	8,602	8,655	8,745	8,865
*Unaccounted for Water (@6.3%)	577	578	582	588	596
Total Acre Feet Estimated to be Needed	9,166	9,180	9,237	9,333	9,462
SOURCE:					
Pumped - Alluvial	1,400	1,400	1,400	1,400	1,400
Pumped - Saugus	4,000	4,000	4,000	4,000	4,000
Purchased - CLWA	3,766	3,780	3,837	3,933	4,062
Total	9,166	9,180	9,237	9,333	9,462
Purchased at Saugus Cost	1,100	1,100	1,100	1,100	1,100
Purchased at CLWA Cost	2,666	2,680	2,737	2,833	2,962
Saugus Cost	\$ 167.14	\$ 167.14	\$ 167.14	\$ 167.14	\$ 167.14
CLWA Fixed Cost	759.40	755.18	739.61	714.60	683.50
CLWA Variable Cost	124.14	124.12	124.14	124.14	124.14
Total Purchased - Saugus Cost	\$ 183,854	\$ 183,854	\$ 183,854	\$ 183,854	\$ 183,854
Total Purchased - CLWA Cost	\$2,355,085	\$2,356,823	\$2,363,898	\$2,375,814	\$2,391,830
Estimated Cost of Purchased Water	\$2,538,939	\$2,540,677	\$2,547,752	\$2,559,668	\$2,575,684

APPENDIX K - PROJECTED NEW CONNECTIONS

TABLE K1
PROJECTED NEW CONNECTIONS

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<u>Castaic</u>					
<u>Castaic High School (1" Equiv)</u>	0	11	0	0	0
Buy In Fee	0	0	0	0	0
Master Plan Fee	0	0	0	0	0
	<hr/>				
Buy In Fee	0	0	0	0	0
Master Plan Fee	0	0	0	0	0
	0	0	0	0	0
<u>Pinetree</u>					
<u>Spring Canyon</u>	0	0	34	24	100
Buy In Fee	0	0	109,684	77,424	322,600
Master Plan Fee	0	0	0	0	0
	<hr/>				
<u>Tick Canyon</u>	0	0	50	100	100
Buy In Fee	0	0	173,900	347,800	347,800
Master Plan Fee	0	0	0	0	0
	<hr/>				
Buy In Fee	0	0	283,584	425,224	670,400
Master Plan Fee	0	0	0	0	0
	0	0	283,584	425,224	670,400
<u>Newhall</u>					
<u>Gate/King (1" Equiv.)</u>	0	10	64	64	64
Buy In Fee	0	0	0	0	0
Master Plan Fee	0	0	0	0	0
	<hr/>				
<u>Disney Studios (1" Equiv.)</u>	0	30	0	0	0
Buy In Fee	0	0	0	0	0
Master Plan Fee	0	0	0	0	0
	<hr/>				
Buy In Fee	0	0	0	0	0
Master Plan Fee	0	0	0	0	0
	0	0	0	0	0
<u>Tesoro</u>					
Buy In Fee	0	0	0	0	0
Master Plan Fee	0	0	0	0	0
	<hr/>				
Buy In Fee	0	0	0	0	0
Master Plan Fee	0	0	0	0	0
	0	0	0	0	0
	<i>0</i>	<i>51</i>	<i>148</i>	<i>188</i>	<i>264</i>
Total Buy In Fees	0	0	283,584	425,224	670,400
Total Master Plan Fees	0	0	0	0	0
Total Buy In and Master Plan Fees	\$ -	\$ -	\$283,584	\$425,224	\$670,400

APPENDIX L - DEVELOPMENT OF PROPOSED RATES FY 2017

**TABLE L1
DEVELOPMENT OF PROPOSED RATES
FY 2017**

OPERATING EXPENSES	Total	Service Charge	CLWA Pass Thru	Commodity Charge
Source of Supply	\$ 2,577,589		\$ 2,540,677	\$ 36,912
Pumping Expenses	1,761,656			1,761,656
Water Treatment	428,155			428,155
Transmission & Distribution	537,636			537,636
Customer Accounts	653,513	653,513		-
Other Operating	687,298			687,298
General & Admin	3,102,847	2,016,522		1,086,325
Capital Projects	1,815,000			1,815,000
Debt Service	1,889,553			1,889,553
Reserve Funding	-			-
R&R Fund	(113,362)			(113,362)
	\$13,339,885	\$ 2,670,035	\$ 2,540,677	\$ 8,129,173
Less Other Revenue Sources Available:				
Property Taxes	(433,491)			(433,491)
Communication Leases	(226,754)			(226,754)
Fire Service	(94,733)			(94,733)
Interest	(2,036)			(2,036)
Net Revenue Requirements	\$12,582,871	\$ 2,670,035	\$ 2,540,677	\$ 7,372,159
SERVICE CHARGE:	Total	Service Charge	CLWA Pass Thru	Commodity Charge
Net Revenue Requirement	\$12,582,871	\$ 2,670,035	\$ 2,540,677	\$ 7,372,159
Service Charge - # of 3/4" Meter Equivalentents		14,127		
Annual Charge per 3/4" Meter		\$ 189.00		
Calculated Monthly Charge per 3/4" Meter		\$ 15.75		
Present (FY 2016)		\$ 15.52		
COMMODITY CHARGE				
Estimated Water to be Sold in CCF's			3,747,023	
Calculated Charge per CCF			\$ 0.6781	\$ 1.9675

APPENDIX M - DEVELOPMENT OF PROPOSED RATES FY 2018

**TABLE M1
DEVELOPMENT OF PROPOSED RATES
FY 2018**

OPERATING EXPENSES	Total	Service Charge	CLWA Pass Thru	Commodity Charge
Source of Supply	\$ 2,585,672		\$ 2,547,752	\$ 37,920
Pumping Expenses	1,803,922			1,803,922
Water Treatment	437,575			437,575
Transmission & Distribution	548,943			548,943
Customer Accounts	663,831	663,831		-
Other Operating	701,923			701,923
General & Admin	3,221,271	2,070,436		1,150,835
Capital Projects	1,840,000			1,840,000
Debt Service	1,889,553			1,889,553
Reserves	-			-
R&R Fund	171,991			171,991
	\$ 13,864,681	\$ 2,734,267	\$ 2,547,752	\$ 8,582,662
Less Other Revenue Sources Available:				
Property Taxes	(437,826)			(437,826)
Communication Leases	(231,289)			(231,289)
Fire Service	(95,680)			(95,680)
Interest	(2,077)			(2,077)
Net Revenue Requirements	\$13,097,809	\$ 2,734,267	\$ 2,547,752	\$ 7,815,790
SERVICE CHARGE:	Total	Service Charge	CLWA Pass Thru	Commodity Charge
Net Revenue Requirement	\$ 13,097,809	\$ 2,734,267	\$ 2,547,752	\$ 7,815,790
Service Charge - # of 3/4" Meter Equivalents		14,275		
Annual Charge per 3/4" Meter		\$ 191.54		
Calculated Monthly Charge per 3/4" Meter		\$ 15.96		
Present (FY 2016)		\$ 15.52		
COMMODITY CHARGE				
Estimated Water to be Sold in CCF's			3,770,068	
Calculated Charge per CCF			\$ 0.6758	\$ 2.0731

APPENDIX N - DEVELOPMENT OF PROPOSED RATES FY 2019

**TABLE N1
DEVELOPMENT OF PROPOSED RATES
FY 2019**

OPERATING EXPENSES	Total	Service Charge	CLWA Pass Thru	Commodity Charge
Source of Supply	\$ 2,598,624		\$ 2,559,670	\$ 38,954
Pumping Expenses	1,855,381			1,855,381
Water Treatment	447,241			447,241
Transmission & Distribution	560,539			560,539
Customer Accounts	688,360	688,360		-
Other Operating	716,921			716,921
General & Admin	3,205,391	2,107,662		1,097,729
Capital Projects	2,215,000			2,215,000
Debt Service	608,494			608,494
Reserves	-			-
R&R Fund	1,281,059			1,281,059
	\$ 14,177,010	\$ 2,796,022	\$ 2,559,670	\$ 8,821,318
Less Other Revenue Sources Available:				
Property Taxes	(442,204)			(442,204)
Communication Leases	(235,915)			(235,915)
Fire Service	(96,637)			(96,637)
Interest	(2,098)			(2,098)
Net Revenue Requirements	\$ 13,400,156	\$ 2,796,022	\$ 2,559,670	\$ 8,044,464
SERVICE CHARGE:				
	Total	Service Charge	CLWA Pass Thru	Commodity Charge
Net Revenue Requirement	\$ 13,400,156	\$ 2,796,022	\$ 2,559,670	\$ 8,044,464
Service Charge - # of 3/4" Meter Equivalents		14,463		
Annual Charge per 3/4" Meter		\$ 193.32		
Calculated Monthly Charge per 3/4" Meter		\$ 16.11		
Present (FY 2016)		\$ 15.52		
COMMODITY CHARGE				
Estimated Water to be Sold in CCF's			3,809,175	
Calculated Charge per CCF			\$ 0.6720	\$ 2.1119

APPENDIX O - DEVELOPMENT OF PROPOSED RATES FY 2020

TABLE O1
DEVELOPMENT OF PROPOSED RATES
FY 2020

OPERATING EXPENSES	Total	Service Charge	CLWA Pass Thru	Commodity Charge
Source of Supply	\$ 2,615,703		\$ 2,575,684	\$ 40,019
Pumping Expenses	1,911,859			1,911,859
Water Treatment	457,161			457,161
Transmission & Distribution	572,431			572,431
Customer Accounts	705,525	705,525		-
Other Operating	732,304			732,304
General & Admin	3,362,719	2,147,142		1,215,577
Capital Projects	2,165,000			2,165,000
Debt Service	608,494			608,494
Reserves	-			-
R&R Fund	1,281,059			1,281,059
	14,412,255	\$ 2,852,667	\$ 2,575,684	\$ 8,983,904
Less Other Revenue Sources Available:				
Property Taxes	(446,626)			(446,626)
Communication Leases	(240,633)			(240,633)
Fire Service	(97,603)			(97,603)
Interest	(2,119)			(2,119)
Net Revenue Requirements	\$ 13,625,274	\$ 2,852,667	\$ 2,575,684	\$ 8,196,923
SERVICE CHARGE:	Total	Service Charge	CLWA Pass Thru	Commodity Charge
Net Revenue Requirement	\$ 13,625,274	\$ 2,852,667	\$ 2,575,684	\$ 8,196,923
Service Charge - # of 3/4" Meter Equivalents		14,727		
Annual Charge per 3/4" Meter		\$ 193.70		
Calculated Monthly Charge per 3/4" Meter		\$ 16.14		
Present (FY 2016)		\$ 15.52		
COMMODITY CHARGE				
Estimated Water to be Sold in CCF's			3,861,783	
Calculated Charge per CCF			\$ 0.6670	\$ 2.1226