

# PREFERRED FINANCIAL PLAN SCENARIO & WATER RATE DESIGN ALTERNATIVE

	<b>Mid Flat Rate Increases</b>	<ul style="list-style-type: none"> <li>✓ Limited CIP through Year 5</li> <li>✓ Reserves recover by Year 10</li> <li>✓ Phased-In CIP Spending</li> </ul>
2.	<b>10-Year Phase In</b>	<ul style="list-style-type: none"> <li>✓ 100% of CIP by Year 10</li> <li>✓ 100% of Reserves by Year 10</li> </ul>
3.	<b>5-Year Phase In</b>	<ul style="list-style-type: none"> <li>✓ 100% of CIP by Year 5</li> <li>✓ 100% of Reserves by Year 5</li> </ul>
4.	<b>Rates with Phased-In CIP</b>	<ul style="list-style-type: none"> <li>✓ Limited CIP through Year 5</li> <li>✓ Phased-In CIP Spending</li> <li>✓ 100% of Reserves by Year 5</li> </ul>
5.	<b>Low Flat Rate Increases</b>	<ul style="list-style-type: none"> <li>✓ Limited CIP through Year 5</li> <li>✓ Reserves recover after Year 10</li> <li>✓ Phased-In CIP Spending</li> </ul>

1.	<b>50% F / 50% V</b>	✓ Single Tier
2.	<b>30% F / 70% V</b>	✓ Single Tier
3.	<b>50% F / 50% V</b>	✓ 2 Tiers
4.	<b>30% F / 70% V</b>	✓ 2 Tiers

**FINANCIAL PLAN AND RATE DESIGN RESULTS ARE SUBJECT TO CHANGES.**

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## Financial Plan Alternative #4: Rates with Phased-In CIP

### Single Family Residence 5/8" or 3/4" meter:

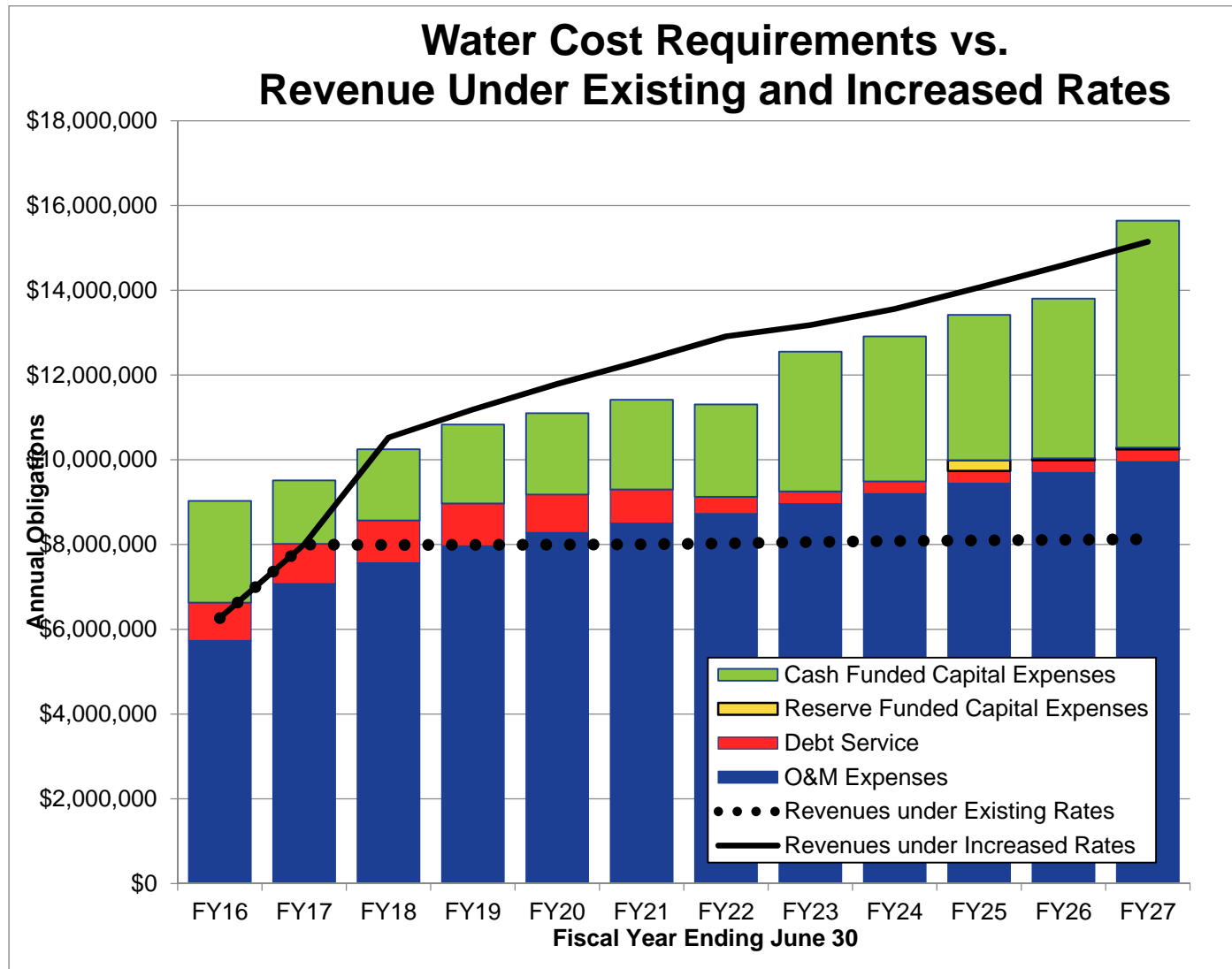
CCF per Month	Customers as a % at this level of consumption	% of total customers	Total Bill with Current Rates	Total Bill with Proposed Rates - 30% Fixed / 70% Variable - SINGLE TIER					Year 1 Effective Rate Increase (%)	Year 5 Effective Rate Increase (%)	Compound Annual Growth Rate (CAGR) %
				FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22			
				37.00%	7.00%	6.00%	5.00%	5.00%			
0	0.6%	0.6%	\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34	-16.9%	4.0%	0.8%
1	9.9%	10.5%	\$38.81	\$38.39	\$41.08	\$43.54	\$45.72	\$48.00	-1.1%	23.7%	4.3%
2	13.8%	24.3%	\$43.62	\$48.51	\$51.91	\$55.02	\$57.77	\$60.66	11.2%	39.1%	6.8%
3	16.9%	41.1%	\$48.43	\$58.63	\$62.74	\$66.50	\$69.83	\$73.32	21.1%	51.4%	8.6%
4	15.3%	56.4%	\$53.24	\$68.76	\$73.57	\$77.98	\$81.88	\$85.98	29.1%	61.5%	10.1%
5	13.2%	69.6%	\$59.21	\$78.88	\$84.40	\$89.47	\$93.94	\$98.64	33.2%	66.6%	10.7%
6	9.2%	78.8%	\$65.18	\$89.00	\$95.23	\$100.95	\$105.99	\$111.29	36.5%	70.7%	11.3%
7	6.8%	85.6%	\$71.15	\$99.13	\$106.06	\$112.43	\$118.05	\$123.95	39.3%	74.2%	11.7%
8	3.8%	89.4%	\$77.12	\$109.25	\$116.90	\$123.91	\$130.10	\$136.61	41.7%	77.1%	12.1%
9	2.8%	92.3%	\$83.09	\$119.37	\$127.73	\$135.39	\$142.16	\$149.27	43.7%	79.6%	12.4%
10	1.9%	94.2%	\$89.06	\$129.49	\$138.56	\$146.87	\$154.22	\$161.93	45.4%	81.8%	12.7%

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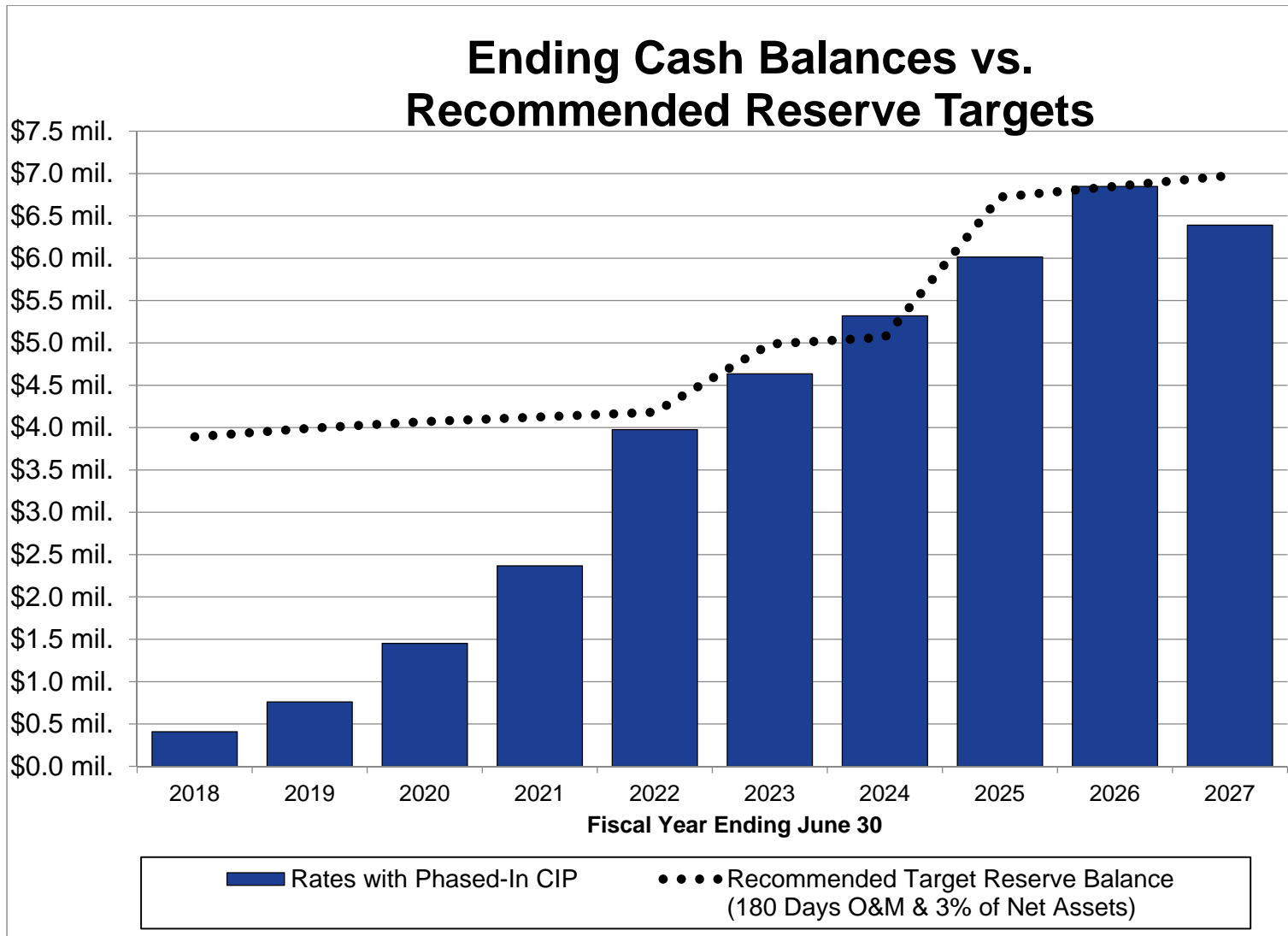
Water Rate Schedule	Current Rates		Proposed Rates - 30% Fixed / 70% Variable				
			FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
<i>Projected Increase in Rate Revenue per Financial Plan:</i>			37.00%	7.00%	6.00%	5.00%	5.00%
<b>Fixed Service Charge</b>							
<b>Monthly Fixed Service Charges:</b>							
5/8 inch	<i>per account</i>	\$34.00	<b>\$28.27</b>	\$30.24	\$32.06	\$33.66	\$35.34
3/4 inch	<i>per account</i>	\$34.00	<b>\$28.27</b>	\$30.24	\$32.06	\$33.66	\$35.34
1 inch	<i>per account</i>	\$56.50	<b>\$42.36</b>	\$45.33	\$48.05	\$50.45	\$52.97
1 1/2 inch	<i>per account</i>	\$114.00	<b>\$77.61</b>	\$83.04	\$88.03	\$92.43	\$97.05
2 inch	<i>per account</i>	\$181.50	<b>\$119.91</b>	\$128.30	\$136.00	\$142.80	\$149.94
3 inch	<i>per account</i>	\$341.00	<b>\$232.70</b>	\$248.98	\$263.92	\$277.12	\$290.97
4 inch	<i>per account</i>	\$567.00	<b>\$359.58</b>	\$384.75	\$407.84	\$428.23	\$449.64
Surplus Water (1)	<i>per account</i>	\$114.00	<b>\$77.61</b>	\$83.04	\$88.03	\$92.43	\$97.05
<b>Volumetric Charges for All Water Consumed</b>							
Tier 1	<i>0-4 ccf</i>	\$3.81	--	--	--	--	--
Tier 2	<i>5-15 ccf</i>	\$4.97	--	--	--	--	--
Tier 3	<i>16-50 ccf</i>	\$5.96	--	--	--	--	--
Tier 4	<i>51+ ccf</i>	\$6.61	--	--	--	--	--
Drought Surcharge	<i>per CCF</i>	\$1.00	--	--	--	--	--
Flat Rate (Uniform Rate)	<i>per CCF</i>	\$4.64	<b>\$10.12</b>	\$10.83	\$11.48	\$12.06	\$12.66
Surplus Water	<i>per CCF</i>	\$10.00	<b>\$14.39</b>	\$15.40	\$16.32	\$17.14	\$17.99

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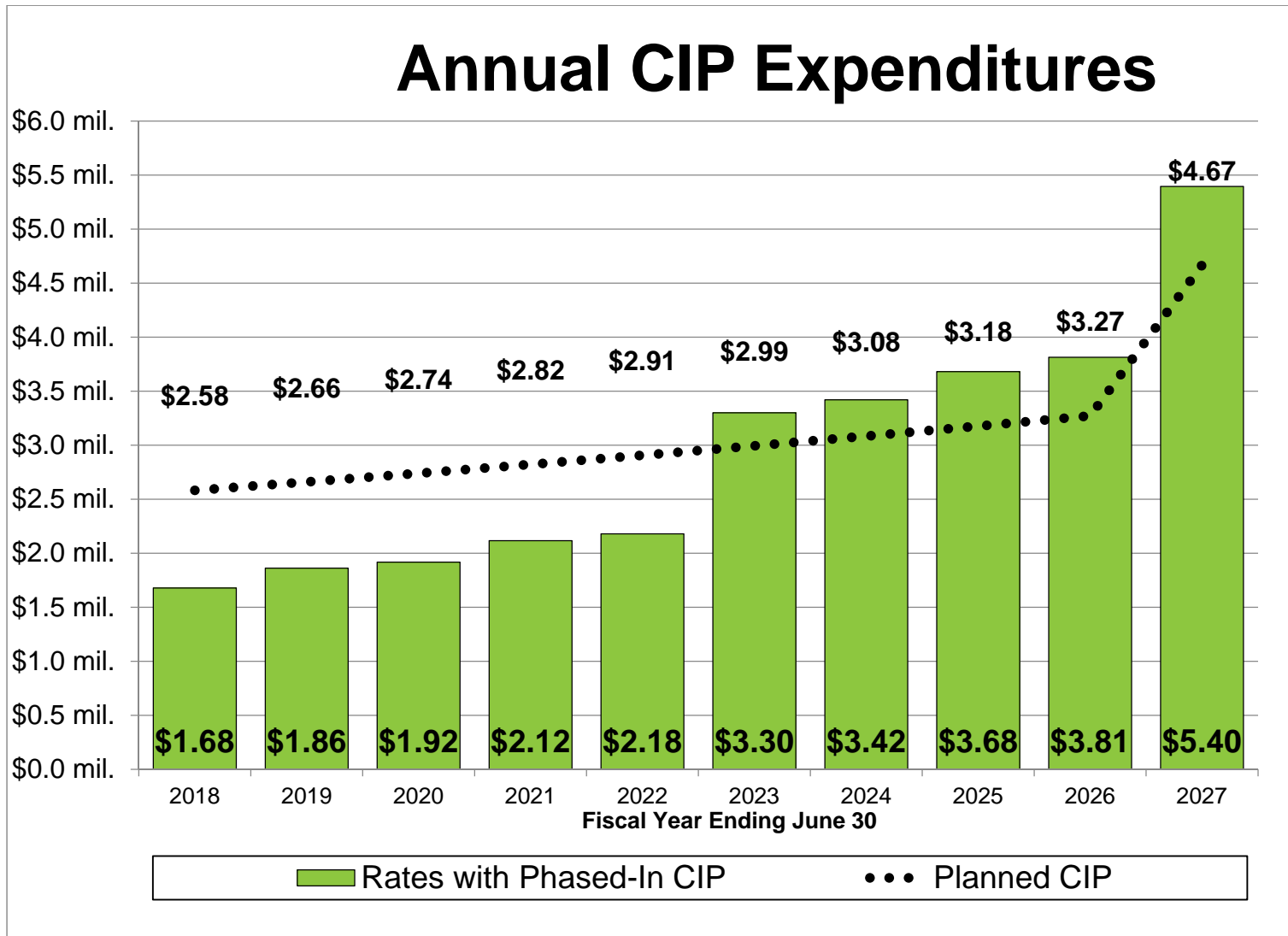
## Various Financial Plan Graphs & Tables



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Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget	Projected				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
<b>Operating Reserve</b>						
Ending Balance	\$ 407,815	\$ 759,703	\$ 1,451,579	\$ 2,126,000	\$ 2,182,000	\$ 2,808,482
<i>Recommended Minimum Target</i>	<i>1,892,000</i>	<i>1,992,000</i>	<i>2,071,000</i>	<i>2,126,000</i>	<i>2,182,000</i>	<i>2,987,000</i>
<b>Capital Rehabilitation &amp; Replacement Reserve</b>						
Ending Balance	\$ -	\$ -	\$ -	\$ 242,096	\$ 1,794,566	\$ 1,825,971
<i>Recommended Minimum Target</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>	<i>2,000,000</i>
<b>Debt Reserve</b>						
Ending Balance	\$ 376,765	\$ 379,591	\$ 383,387	\$ 388,179	\$ 394,002	\$ 400,897
<i>Recommended Minimum Target</i>	<i>498,687</i>	<i>498,687</i>	<i>498,687</i>	<i>498,687</i>	<i>498,687</i>	<i>498,687</i>
<b>Total Ending Balance</b>	<b>\$ 784,580</b>	<b>\$ 1,139,294</b>	<b>\$ 1,834,966</b>	<b>\$ 2,756,275</b>	<b>\$ 4,370,568</b>	<b>\$ 5,035,349</b>
<b><i>Total Recommended Minimum Target</i></b>	<b><i>\$ 4,390,687</i></b>	<b><i>\$ 4,490,687</i></b>	<b><i>\$ 4,569,687</i></b>	<b><i>\$ 4,624,687</i></b>	<b><i>\$ 4,680,687</i></b>	<b><i>\$ 5,485,687</i></b>