

**FINAL REPORT**



*Truckee Donner  
Public Utilities District*  
**Water Rate Study Update**  
June 2015



June 17, 2015

Mr. Bob Mescher  
Treasurer and Administrative Services Manager  
Truckee Donner Public Utility District  
11570 Donner Pass Road  
Truckee, California 96161

***Subject: Truckee Donner Public Utility District Water Rate Study Update***

Dear Mr. Mescher:

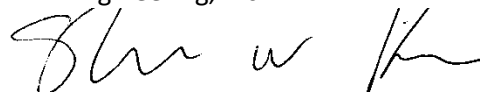
HDR Engineering, Inc. (HDR) is pleased to present the final report on the water rate study update conducted for Truckee Donner Public Utility District (PUD). For this update, the main objective for HDR was to develop a financial plan that updated the 2013 study and provide rate projections that will generate sufficient revenue to fund the operating and capital needs of the water utility. This report outlines the approach, methodology, findings, and conclusions of the comprehensive rate study process.

In addition, given recent Proposition 218 challenges and court decisions, the development of the District's tiered rates was reviewed. Ultimately, an approach was developed to provide the cost-basis of the proposed water rates and tier pricing.

This report was developed utilizing the PUD's accounting, operating, and billing records. HDR has relied upon this information to develop our analyses that form our findings, conclusions, and recommendations. At the same time, this study was developed utilizing generally accepted water rate setting principles. The conclusions and recommendations contained within this report are intended to provide a financial plan that meets the operating and capital needs of the PUD and provide cost-based and equitable water rates for its customers.

We appreciate the assistance provided by the PUD staff, management, and Board in the development of this study.

Sincerely yours,  
HDR Engineering, Inc.



Shawn Koorn  
Associate Vice President



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# Rate Study Conclusions & Recommendations

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## Introduction

HDR Engineering, Inc. (HDR) was retained by the Truckee Donner Public Utility District (PUD) to perform a water rate study update. HDR completed a water rate study in 2013 for the PUD that continued to refine metered rates as the PUD continues to install meters on the remaining un-metered customers and collects additional consumption data. Since the completion of the 2013 study there have been changes that make this analysis distinct to the previous study. The majority of customers are now metered with actual metered data available to develop the study. In addition, the current drought that California has been facing has resulted in State mandated conservation which the analysis needed to incorporate as customer consumption levels have been declining over the past two years. The District has also determined the need to accelerate the main replacement program to reduce unaccounted for water from deteriorating pipelines. There are also additional rate development requirements from the recent San Juan Capistrano decision regarding tiered water rates and the methodologies involved in developing the cost-basis for the tier pricing.

The development of this study examines the adequacy of the existing water rates, provides the basis for adjustments to water rates, and seeks to adequately fund and achieve the goals of the PUD going forward. This section of the report describes the methodology, findings, and conclusions of the water rate study update.

For this study, the main focus was on the overall revenue needs of the PUD and the ability to fund the proposed capital improvements to the system along with annual operations and maintenance expenses. In conjunction with providing adequate funding, the analysis focused on the rate designs and a rate structure that provides a sufficient and sustainable revenue stream and equitable rates for the PUD's customers. Attention was specifically given to water consumption projections as the recent drought must be incorporated as well as the effects of the State mandated conservation.

## Rate Study Assumptions

As part of the development of the water rate study update, the following assumptions were utilized to build the analyses used in the study.

- The 2015 budget was the starting point for the analysis
- Escalation factors were used to project O&M expenses over the review period
- A ten year financial plan was developed (2015 – 2024)
- A capital funding plan was developed to adequately fund the PUD's capital needs
  - Based on the District's current capital improvement plan (CIP)
  - Includes funding for renewal & replacement of the existing system as well as for growth related projects
  - Rate funded capital component is established and maintained at a prudent level
  - Accelerated pipeline replacement projects were identified as a priority for the aging system going forward

- Current debt obligations are met
  - Debt service coverage ratio are maintained above the 1.5 times coverage target
  - No new debt issues over the ten-year period reviewed
- Transfers to reserves were developed, when revenues are available during the five year period, to meet Board target reserve fund levels
- A five-year rate transition plan was developed for Board adoption

## Rate Study Results

A comprehensive review of the PUD's water rates was undertaken. The utility was financially evaluated on a stand alone basis. By viewing the water utility on a stand alone basis, the need to adequately fund both O&M and capital infrastructure is balanced against the rate impacts to customers.

Based on the technical analysis undertaken as part of this study, the following findings, conclusions, and recommendations were noted.

- A rate transition plan was developed to adequately fund operating and capital needs for 2016 through 2020
- Recommend annual rate adjustments of 6.0% for 2016, 5.0% for 2017, and 3.0% annually from 2018 - 2020
  - Need to prudently fund the accelerated pipeline replacement program
  - The proposed rate adjustments are necessary for the PUD to meet target reserve fund minimum balances over the long-term. Absent future rate adjustments the PUD will not have sufficient funds to maintain reserve balances based on Board policy, while accelerating the needed pipeline replacement
  - State mandated conservation impacts consumption based revenue
- The cost of service was reviewed and no major cost differences from the previous study were apparent
- The cost-basis for the development of the tier pricing was established based on the conservation expenses related specifically to residential customers using water in the upper (second) tier of the water rate structure
- Proposed rates were developed for 2016 through 2020 for implementation purposes
  - Water rates were provided for a 5-year period to provide the PUD Board with a projection of rates necessary to meet future operating and capital needs
- By 2020, the PUD should review the need for additional rate adjustments based on customer characteristics



# Section 1: Revenue Requirement Analysis

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## 1.1 Introduction

This section describes the development of the revenue requirement analysis for the PUD’s water utility. The revenue requirement analysis is the first analytical step in the comprehensive rate study process. This analysis determines the adequacy of the PUD’s overall water rates at current rate levels. From this analysis, a determination can be made as to the overall level of rate adjustment needed to provide adequate and prudent funding for both operating and capital needs. HDR developed an independent analysis based on information provided by PUD staff as part of the review of proposed rate adjustments.

## 1.2 Determining the Water Utility Revenue Requirement

In developing the revenue requirement, it was assumed the utility must financially “stand on its own” and be properly funded. As a result, the revenue requirement as developed herein assumes the full and proper funding needed to operate and maintain the system on a financially sound and prudent basis. This includes maintaining adequate reserve levels, prudently funding annual renewal and replacement needs, and meeting other industry standard financial metrics (e.g., debt service coverage). Provided in the following sections is a more detailed discussion of the development of the revenue requirement analysis for the PUD’s water utility.

## 1.3 Establishing a Time Frame and Approach

The first step in calculating the revenue requirement for the water utility was to establish a time frame for the revenue requirement analysis. For this study, the revenue requirement was developed for a ten-year projected time period (2015 – 2024). Reviewing a multi-year time period is recommended to identify and incorporate any known additional operating or capital expenses that may be on the horizon. By anticipating future financial requirements, the PUD can begin planning for these changes earlier, thereby minimizing short-term rate impacts and overall long-term rates.

The second step in determining the revenue requirement for the PUD was to decide on the basis of accumulating costs. For the PUD’s revenue requirement, a cash basis approach was utilized. This method was established in the 2013 study, and is the most commonly used methodology by municipal utilities to set their revenue requirement. The actual revenue requirement developed for the PUD was customized to follow the PUD’s system of accounts (budget documents). However, the PUD’s revenue requirement still contains the four basic cost components of a cash basis methodology.

Given a time period around which to develop the revenue requirement and a method to accumulate the appropriate costs, the focus then shifts to the development and projection of the revenues and expenses of the water utility.

The primary financial inputs in this process were the PUD’s historical billing records, operating budget, and current capital improvement plan. Presented below is a detailed discussion of the steps and key assumptions contained in the development of the projections of the PUD’s revenues and expenses.

## 1.4 Projection of Revenues

The PUD receives revenue from two primary sources, rates and other revenue. Rate revenues are based on the current rate structure and collected on a monthly basis. Other revenue includes items such as

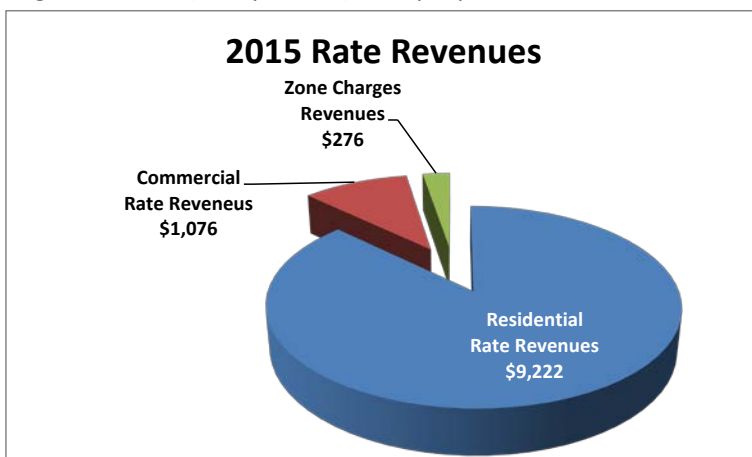
interest income, late fees, and other miscellaneous revenues. The following will provide a discussion of the revenue collected by the PUD.

### 1.4.1 Projection Rate Revenue

The first step in developing the revenue requirement was to develop a projection of rate revenues, at present rate levels. In general, this process involved developing projected consumption/billing units for each customer group. The billing units for each customer group were then multiplied by the applicable current rates. This method of independently calculating revenues assures the projected revenues used within the analysis tie to the projected billing units used in the rate design analysis. The consumption for the metered customers was based on historical consumption records. The un-metered rates were based on the monthly flat rates and number of customers.

A key aspect of the projection of rate revenues was developing a forecast of customer consumption levels given the current drought in California and State mandated conservation. Given recent consumption data from 2014 a projection of consumption levels for 2015 was developed assuming the additional conservation mandate to reduce consumption 18% in 2015-2016. This level of consumption was held flat over the time period reviewed to reflect the new consumption levels and projection of revenues over the five year rate setting period.

Currently, the PUD has several different types of customers and rate schedules. These different customers are: residential, commercial, and golf courses (non-potable). For purposes of cost of service and rate design the customers have been split into two customer classes of service; residential and all other customers.



In total, at present rates, the PUD is projected to receive approximately \$10.6 million in rate revenues in 2015. The vast majority of the PUD's rate revenues are derived from residential customers. Over the planning horizon of this study, customer growth is expected to be 1% in 2015 and there after resulting in total rate revenues of approximately \$11.5 million in 2024, without any rate adjustments.

### 1.4.2 Other Revenue

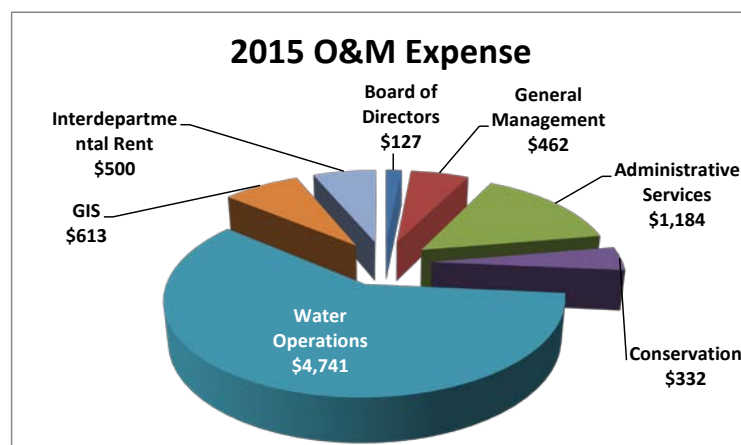
In addition to rate revenues, the PUD also receives a variety of miscellaneous revenues which includes interest income, non-potable irrigation water sales, interdepartmental sales, stand-by fees, hydrant revenue, miscellaneous rent, and miscellaneous operating revenue. The utility is projected to receive approximately \$586,000 in miscellaneous revenues in 2015. Miscellaneous revenues are expected to increase slightly over time to \$652,000 in 2024.

On a combined basis, taking into account the rate revenues along with miscellaneous revenues, the PUD's total projected revenues are expected to be approximately \$11.2 million in 2015, increasing to \$12.1 million by the year 2024.

## 1.5 Projection of Operations and Maintenance Expenses

Operation and maintenance (O&M) expenses are incurred by the PUD to operate and maintain the existing plant in service. The costs incurred in this area are expensed during the current year and are not capitalized or depreciated. In general, operation and maintenance expenses are grouped into a number of different functional categories. To begin the process of projecting O&M expenses over the planning horizon, escalation factors were developed. Escalation factors were developed for the basic types of expenses the PUD incurs: labor, benefits, materials and supplies, utilities, equipment, and miscellaneous expenses. Escalation factors were projected based on recent inflationary trends and assumed to be approximately 3% per year. It should be noted that the only change in annual operating and maintenance expenses was the addition of a new water utility manager starting in 2019. No other changes or increases over the proposed budget levels for operating expenses were assumed.

To project future O&M expenses, the first step was to determine the functional categories for purposes of projecting costs. The PUD's 2015 budget contained the appropriate level of detail to develop the



revenue requirement analysis. Therefore, in developing this analysis, HDR maintained the overall functional nature of the PUD's system of accounts.

Given the budgeted 2015 O&M expenses, HDR then escalated the O&M expenses based on the previously mentioned escalation factors. Total operation and maintenance expenses for the PUD are projected to be approximately \$8.0 million in 2015. O&M expenses are projected to increase

to approximately \$10.2 million by 2024 primarily as a result of the new staff position and the assumed inflation over the time period. With the exception of the additional FTE after 2019, no additional extraordinary O&M expenses were assumed during the planning period.

## 1.6 Capital Improvement Projects Funded Through Rates

The PUD has a long-term capital improvement plan that was utilized for the rate study. The average amount of capital projects per year is approximately \$3.4 million over the planning period (2015 – 2024). A funding plan was developed for the capital improvements over the ten-year period. It was assumed that all improvements would be funded through a mix of rate revenues and available reserves. No new additional long-term debt was proposed.

The PUD's capital improvement plan includes an accelerated pipeline replacement program when compared to the 2013 study. This plan was developed by the PUD to reduce unaccounted for water and leaks in the existing system. This accelerated plan will also result in helping meet the State mandated conservation targets as production levels are decreased over time. Provided below in Table 1-1 is a summary of the capital improvement plan and funding sources.



Table 1 – 1  
Summary of the Capital Improvement Projects (\$000s)

Project Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Capital Projects</b>										
SCADA Replacement Project	\$587	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SCADA Site Security Camera Project	84	0	0	0	0	0	0	0	0	0
SCADA Operations Center	8	0	0	0	0	0	0	0	0	0
Water Meters	450	252	103	106	109	113	116	119	123	123
Vehicle Replacement	96	170	175	180	186	191	197	203	209	209
Pipeline Replacement	1,053	1,200	1,236	1,273	1,311	1,351	1,391	1,433	1,476	1,520
Add'l Pipeline Replacement	0	600	618	637	400	675	696	716	738	694
Wells	0	0	0	0	0	0	0	700	900	900
Tanks	0	100	103	106	109	113	116	119	123	123
Pump Station	0	300	309	318	328	338	348	358	369	369
Misc. IT	0	400	408	416	424	433	442	450	459	459
Northside Well Building Replacement	369	0	0	0	0	0	0	0	0	0
Digital Media Extension	6	0	0	0	0	0	0	0	0	0
<b>Total Capital Projects</b>	<b>\$2,653</b>	<b>\$3,022</b>	<b>\$2,952</b>	<b>\$3,037</b>	<b>\$2,868</b>	<b>\$3,213</b>	<b>\$3,305</b>	<b>\$4,100</b>	<b>\$4,397</b>	<b>\$4,397</b>
<b>Less: Outside Funding</b>										
Operating Cash Fund	\$630	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Reserve Funded	525	0	0	0	0	0	0	0	0	0
Facility Fee Fund	0	0	0	0	0	0	0	0	0	0
Meter Replacement Reserve	450	152	0	0	0	0	0	0	0	0
Vehicle Replacement Fund	96	170	175	180	186	191	197	203	209	209
New Debt	0	0	0	0	0	0	0	0	0	0
<b>Total Outside Funding</b>	<b>\$1,701</b>	<b>\$322</b>	<b>\$175</b>	<b>\$180</b>	<b>\$186</b>	<b>\$191</b>	<b>\$197</b>	<b>\$203</b>	<b>\$209</b>	<b>\$209</b>
<b>Rate Funded Capital</b>	<b>\$952</b>	<b>\$2,700</b>	<b>\$2,777</b>	<b>\$2,856</b>	<b>\$2,682</b>	<b>\$3,022</b>	<b>\$3,108</b>	<b>\$3,897</b>	<b>\$4,188</b>	<b>\$4,188</b>

There are a number of different methods which may be used to fund the capital plan. Among the methods that may be used to finance these capital improvement projects are long-term debt, developer funding, grants, capital reserves, and rates.

A general financial guideline states that, at a minimum, a utility should fund an amount equal to or greater than annual depreciation through rates. Annual depreciation expense reflects the current investment in plant being depreciated or “losing” its useful life. Therefore, this portion of plant investment needs to be replaced to maintain the existing level of infrastructure. It must be kept in mind that, in theory, annual depreciation expense reflects an investment in infrastructure an average of 15 years ago, assuming a 30-year useful, depreciable, life. Simply funding an amount equal to annual depreciation expense will not be sufficient to replace the existing or depreciated facility. Therefore, consideration should be given to funding within rates some amount greater than annual depreciation expense for renewals and replacements. Given the PUD’s historical, and projected, “pay as you go” approach for funding capital improvements, the PUD is moving towards funding an adequate level of capital through rates when balanced with the use of available reserves.

The PUD’s water capital improvement plan totals approximately \$33.9 million over the 2015 through 2024 time horizon. The funding sources for these projects are assumed to be from the PUD’s existing capital reserves and rates. Of the total to be funded, the PUD is planning on funding approximately \$3.5 million from reserve funds and approximately \$30.4 million will be funded from rates over the 10 year period.

## **1.7 Projection of Debt Service**

The final component of the PUD’s revenue requirement is debt service. At the present time, the PUD has three outstanding debt obligations: 2006 COP, DWP Prop 55, and MSG-1551-Tank Loan. The debt obligations combine to average approximately \$2.2 million in 2015. The annual level of debt service declines over the time period as issues mature and are paid off. In discussion with PUD staff and the funding for the current capital plan it was assumed that no new debt would be issued during the time period reviewed. The PUD has facility fees which are charged to new customer connecting to the system and are used to offset annual debt service payments. Given the minimal growth experienced by the PUD in the past several years, facility fees are not available to offset annual debt service payments in 2015. Based on growth projections, facility fees are assumed to be available to offset debt in the following years of the plan. If this growth does not occur, the PUD will need to revise rates to reflect the additional funding needs for annual debt service payments.

## **1.8 Transfers to Reserves**

Currently the PUD has three unrestricted reserve funds, operating/cash reserve, capital reserve, and the vehicle replacement reserve. Historically, the funding mechanism for the reserves is a transfer of rate revenue annually. For the current analysis, given the need to balance rate adjustments and ending reserve fund balances, the only direct transfer is to the vehicle replacement fund. However, as noted in the prior section (1.7) the PUD is using rate revenues annually to fund capital improvements which are transferred through the operating fund.

## **1.9 Summary of the Revenue Requirement**

Given the above projections of revenues and expenses, a summary of the revenue requirement for the PUD’s water utility can be developed. In developing the revenue requirement, consideration was given to the financial planning considerations of the PUD. In particular, emphasis was placed on attempting to minimize rates, yet still have adequate funds to support the operational activities and capital projects

throughout the projected time period. Presented in Table 1-2 is a summary of the revenue requirement. Detailed analysis can be found in the Technical Appendices. It is important to note the annual deficiencies in Table 1-2 are cumulative. That is, any adjustment in the initial years will reduce the needed deficiency in the following years.

Table 1-2  
Summary of the Revenue Requirements (\$000s)

	Budgeted	Projected								
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenue</b>										
Rate Revenues [1]	\$10,574	\$10,669	\$10,765	\$10,861	\$10,959	\$11,058	\$11,158	\$11,258	\$11,360	\$11,463
Non-Operating Revenues	586	576	589	591	595	603	610	621	636	652
<b>Total Sources of Funds</b>	<b>\$11,160</b>	<b>\$11,245</b>	<b>\$11,354</b>	<b>\$11,452</b>	<b>\$11,555</b>	<b>\$11,661</b>	<b>\$11,767</b>	<b>\$11,879</b>	<b>\$11,996</b>	<b>\$12,114</b>
<b>Application of Funds</b>										
Total Operations & Maintenance	\$7,960	\$8,158	\$8,362	\$8,571	\$9,036	\$9,265	\$9,500	\$9,743	\$9,992	\$10,248
Rate Funded Capital	952	2,700	2,777	2,856	2,682	3,022	3,108	3,897	4,188	4,188
Net Debt Service	2,261	1,647	1,648	1,647	1,650	1,648	1,484	603	605	601
Transfer To/From (+/-) Reserves	151	155	160	165	170	175	180	185	191	195
<b>Total Revenue Requirements</b>	<b>\$11,324</b>	<b>\$12,660</b>	<b>\$12,947</b>	<b>\$13,238</b>	<b>\$13,538</b>	<b>\$14,109</b>	<b>\$14,272</b>	<b>\$14,428</b>	<b>\$14,976</b>	<b>\$15,233</b>
Balance/(Deficiency) of Funds	(\$164)	(\$1,415)	(\$1,593)	(\$1,786)	(\$1,983)	(\$2,448)	(\$2,504)	(\$2,549)	(\$2,980)	(\$3,118)
<b>Proposed Rate Adjustment</b>	<b>0.0%</b>	<b>6.0%</b>	<b>5.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
Add'l Revenue from Adjustment	\$0	\$640	\$1,216	\$1,590	\$1,981	\$2,391	\$2,819	\$3,268	\$3,737	\$4,228
Total Bal./(Def.) of Funds	(\$164)	(\$775)	(\$377)	(\$196)	(\$2)	(\$58)	\$315	\$719	\$757	\$1,110
<i>[1] – Revenue before proposed rate adjustment</i>										

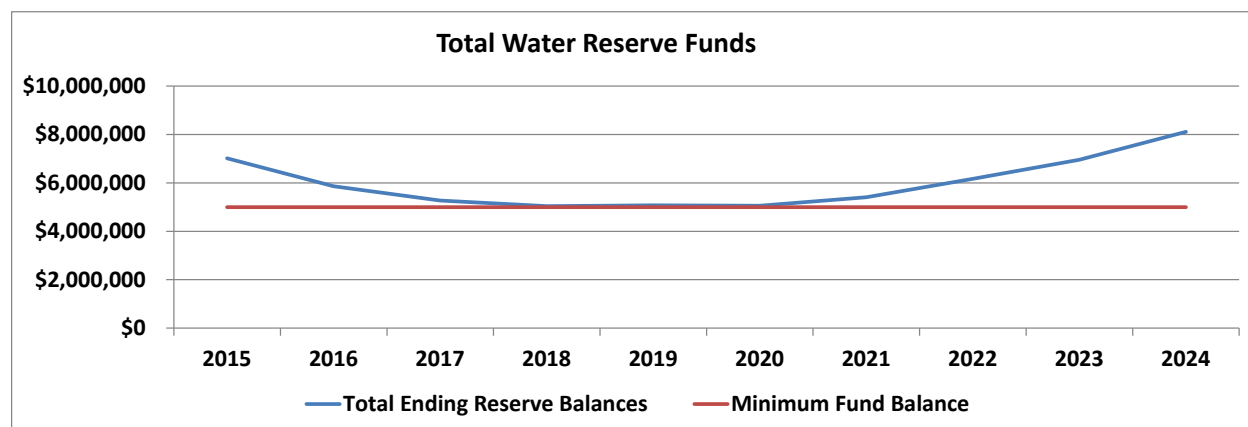
The results of the revenue requirement analysis indicate a deficiency of funds over the planning period (2015 - 2024). The deficiency ranges from approximately \$164,000 in 2015 to \$3.1 million in 2024 cumulatively, without any rate adjustments. The proposed annual rate adjustments of 6.0% in 2015, 5.0% in 2017, and 3.0% from 2018 through 2024 will provide adequate funding for annual operating and capital needs as developed within this study. Note that impacts are primarily the result of inflationary impacts, the need to provide adequate funding for annual renewal and replacement needs to maintain the system infrastructure, fund the accelerated main replacement program, and maintain prudent financial measures such as minimum reserve levels and debt service coverage requirements. It is also important to note that the rate setting period is focused on the next five-year period of 2016 through 2020.

### 1.10 Debt Service Coverage Ratios

Generally, long-term debt issues contain rate covenants requiring rates to be set at an adequate level to assure meeting a specified minimum debt service coverage ratio (DSC). This is a financial measure of the utility’s ability to repay the debt. In general the DSC ratio is set at a level such that revenues less operating expenses will be 1.30 times greater than the maximum annual debt service on the outstanding debt. However, each specific issue may have its own ratio. Given a minimum DSC, it is often prudent to plan or set rates at a level which exceeds this minimum. This guarantees meeting the minimum DSC, and at the same time, provides a slight cushion for unexpected changes. This should also strengthen the PUD’s ability to issue revenue bonds in the future, if necessary, since bond rating agencies would review The PUD’s past financial strength and ability to repay the bonds. Under the proposed rates, over the 10-year period, the District will maintain a strong debt service coverage ratio and exceed the minimum targets. This is the result of funding a prudent level of capital annually through rates and the PUD’s ability to minimize the use of long-term debt to fund infrastructure needs.

### 1.11 Review of Reserve Levels

Reserves are an important part of a utility’s financial picture. There can be many different purposes for reserves. The PUD currently has five reserve funds: operating, capital, facility fee, water meter replacement, and equipment replacement. The capital reserve fund is used to fund the PUD’s capital plan. Over the test period the water system will use approximately \$3.5 million in reserves. As stated previously, given the proposed rate adjustments, the PUD will not meet its target minimum reserve levels until the end of the test period assuming the proposed rate adjustments are implemented. Based on the current analysis the PUD will drop to near the Board policy minimum reserve levels (approximately \$5.0 million) by 2018. After that, the analysis shows that from 2020 forward, the PUD’s reserve funds will begin to increase towards the goal of a \$8 million balance.



## 1.12 Consultant's Recommendations

Based upon the revenue requirement analysis developed, HDR recommends the PUD increase the overall revenue levels of the water utility 6% at this time. This adjustment in 2016 should be followed by subsequent adjustments at 5% in 2017, and annually at 3% until 2024. The anticipated adjustments would allow for the PUD to fully fund its operations and planned capital improvements as well as put it on a financially secure footing going forward. Shown below in Table 1-3 is a summary of the rate transition plan as well as the average monthly residential bill.

Table 1-3 Average Monthly Residential Bill						
	Present Rates	2016	2017	2018	2019	2020
<b>Proposed Rate Adjustment</b>		<b>6.0%</b>	<b>5.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
Residential Average Monthly Bill [1]	\$60.48	\$64.11	\$67.31	\$69.33	\$71.41	\$73.56
Monthly \$ Change		3.63	3.21	2.02	2.08	2.14
Cumulative \$ Change		3.63	6.83	8.85	10.93	13.08

[1] – Assumes 3/4" meter and 5,000 gallons of consumption



## Section 2: Cost of Service Analysis

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### 2.1 Introduction

In the previous section, the revenue requirement analysis focused on the total sources and application of funds required to adequately fund the PUD's water utility. A cost of service analysis is concerned with the equitable allocation of the total revenue requirement between the various customer classes of service (i.e., residential, commercial). The cost of service analysis developed for the prior rate study was updated and reviewed as part of this study.

### 2.2 Objectives of a Cost of Service Study

There are two primary objectives in conducting a cost of service study:

- Equitably allocate the revenue requirement among the customer classes of service; and
- Derive average unit costs for subsequent rate designs

The objectives of the cost of service analysis are different from determining revenue requirement. As noted in the previous section, a revenue requirement analysis determines the utility's overall financial needs, while the cost of service study determines the fair and equitable manner to collect the revenue requirement.

The second rationale for conducting a cost of service analysis is to ensure a rate is designed such that it properly reflects the costs incurred by the PUD. For example, a water utility incurs costs related to flow, average day, peak day, fire protection, and customer cost components. A water utility must build sufficient capacity to meet summer peak capacity needs. Therefore, those customers creating this summer peak requirement should pay their fair share of the cost to meet this peak demand. Each of these types of costs may be collected in a slightly different manner as to allow for the development of rates that collect costs in the same manner as they are incurred.

### 2.3 Determining the Customer Classes of Service

The first step in a cost of service study is to determine the customer classes of service. As noted in the development of the revenue requirement analysis, for rate setting purposes the PUD has two classes of service; residential and commercial. These are the same customer classes as the prior studies completed for the PUD.

### 2.4 General Cost of Service Procedures

In order to determine the cost to serve each customer class of service on the PUD's system, a cost of service analysis is conducted. A cost of service study utilizes a three-step approach to review costs, and take the form of functionalization, classification, and allocation. No changes to the cost of service methodology were made as part of this study update.

Functionalization is the arrangement of expenses and asset (plant) data by major operating functions within each utility. For example, transmission, pumping, distribution, etc. Within this study, the functionalization of the cost data was accomplished through the PUD's system of accounts.

Classification determines why the expenses were incurred or what type of need is being met. The PUD's plant accounts and revenue requirement were reviewed and classified using the same cost classifiers as

the prior study of commodity, capacity, customer, public fire protection and revenue. The classification of costs followed the same approach as the previous study completed for the PUD. The approach is based on industry standard methodologies and was based on PUD specific customer and system data.

Once the classification process is complete, and the customer groups have been defined, the various classified costs were allocated to each customer group. The PUD's classified costs were allocated to the various customer groups using the allocation factors developed for each of the prior classification components mentioned above. Each allocation factor was based on PUD customer specific information and data.

For the PUD's study, the revenue requirement for 2015 was functionalized, classified, and allocated. As noted earlier, the PUD utilized a cash basis revenue requirement, which was comprised of operation and maintenance expenses, taxes, debt service, and capital additions funded from rates.

## **2.5 Major Assumptions of the Cost of Service Study**

A number of key assumptions were used within the PUD's cost of service study. Below is a brief discussion of the major assumptions used.

- The test period used for the cost of service analysis was 2015.
- A cash basis approach was utilized which conforms to generally accepted water cost of service approaches and methodologies.
- The classification of plant in service was developed based upon generally accepted cost allocation techniques.
- Capacity allocation factors were based upon each customer group's average to peak month relationship, along with certain estimates of the relationship by class of service.
- Pump Zone Charges were calculated based on actual electricity costs and based on the number of times it was pumped to reach the customer.

## **2.6 Summary of the Cost of Service Results**

In summary form, this cost of service analysis began by functionalizing the PUD's plant asset records and then the operating expenses. The functionalized plant and expense accounts were then classified into their various cost components. The individual classification totals were then allocated to the various customer groups based upon the appropriate allocation factors. The allocated expenses for each customer group were then aggregated to determine each customer group's overall revenue responsibility. The results of the cost of service analysis showed minor cost differences between the various customer classes of service, which were very similar to prior year's results. It is appropriate to determine whether these findings are consistent over time, and adjust accordingly as the cost of service is based on one year of data and system information.

## **2.7 Consultant's Conclusions and Recommendations**

As noted, minor cost differences were found in the cost of service analysis. However, given that customers have only been metered for a short time period, and the current drought in California, the results may change over time as customers continue to adjust their usage based on metered rates and conservation requirements. Given these results, it is recommended that no cost of service adjustments be made at this time. It is recommended that the PUD implement the rate transition plan as developed to prudently fund operating and capital needs over the next five-year period





## Section 3: Rate Design Analysis

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### 3.1 Introduction

The final step of the comprehensive rate study process is the design of water rates to collect the desired levels of revenues, based upon the results of the revenue requirement and cost of service analysis. In reviewing the rate designs, consideration is given to the level of the rates and the structure of the rates.

### 3.2 Review of the Overall Rate Adjustments

The results of the revenue requirement indicated the need to adjust rates over the 10-year time period reviewed. While the cost of service analysis resulted in cost allocation differences, no adjustments are proposed as consumption may still fluctuate given the recent move to metered rates and conservation requirements. As a result, the priority for the PUD was to implement rates that meet the overall funding needs for operating and capital over the next two year period. In addition, future rate adjustments are necessary in order for the PUD to maintain adequate reserves over the time period reviewed. Based on the discussion with PUD staff and Board, water rates have been developed for the five-year period of 2016 through 2024.

### 3.3 Development of Cost-Based Rates

Developing a methodology to establish cost-based and equitable rates is of paramount importance in developing proposed water rates. While always a key consideration in developing rates, meeting the legal requirements, and documenting the steps taken to meet the requirements, has been in the forefront with the recent legal challenges in the State of California on water rates. Given this, the PUD's proposed water rates have been developed to meet the legal requirements of Proposition 218 (Prop. 218). A key component of Prop. 218 is the development of rates which reflect the cost of providing service and are proportionally allocated between the various customer classes of service. HDR would point out that there is no single methodology for equitably assigning costs to the various customer groups. The American Water Works Association M1 Manual clearly delineates various methodologies which may be used to establish cost-based rates. Unfortunately, Proposition 218 is not prescriptive. It simply requires the adoption of "cost-based" rates and does not provide a clear definition or methodology for establishing cost-based rates. Given that, HDR developed the PUD's proposed water rates based on generally accepted rate setting methodologies to meet the requirements of Proposition 218 and recent legal decisions to provide an administrative record of the steps taken to establish the water rates.

HDR is of the opinion that the proposed rates meet the industry definition of "cost-based" rates, along with the spirit (intent) and legal requirements of Proposition 218. HDR reaches this conclusion based upon the following:

- **The revenues derived from the water rates do not exceed the funds required to provide the property related service (i.e. potable water service).** The proposed rates are designed to collect the overall revenue requirements of the PUD.
- **The revenues derived from water rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the City's water rates are used exclusively to operate and maintain the PUD's water system.

- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** This study has focused almost exclusively on the issue of proportional assignment of costs to customer classes of service. The proposed rates have appropriately grouped customers into customer classes of service (residential and commercial) that reflect the varying consumption patterns and system requirements of each customer class of service. The grouping of customers and rates into these classes of service creates the equity and fairness expected under Proposition 218 by having differing rates by customer classes of service which reflect both the level of revenue to be collected by the utility, but also the manner in which these costs are incurred and equitably assigned to customer classes of service based upon their proportional impacts.

At its very core, Proposition 218 requires a water utility to establish cost-based rates for the services provided. However, like most propositions or voter's initiatives, Proposition 218 provided certain direction, but lacked clarity and definition in certain areas. Hence, there have been a number of lawsuits in recent years related to utility rates and Proposition 218. Most recently, in the *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, the City of San Juan Capistrano (Capistrano) was challenged, among other items, over the cost-basis for the tiers (price blocks) of their tiered water rate structure. In this specific case, it appears that the key issue was the pricing of the upper blocks (3<sup>rd</sup> and 4<sup>th</sup> blocks) and the price/cost difference between the prior tiers pricing. The change in prices between Capistrano's tiers was significant, and was the main challenge by the plaintiffs claiming that the "punitive" pricing was not cost justified under Proposition 218. Capistrano believed that the pricing was justified under the constitutional requirement to use water efficiently and Capistrano viewed the pricing as penalty blocks for inefficient or wasteful use.

The initial ruling of the court in this case was not favorable to Capistrano. Capistrano appealed the court's decision, and the Appellate Court hearing this case recently upheld the lower court's decision as it pertained to the pricing of the tiers within the Capistrano's water rate design. However, the Appellate Court ruled that tiered rates are a valid rate structure under Proposition 218, but to be legally compliant with Proposition 218, the pricing of the tiers must be cost-based. Unless there is an appeal of this ruling to the California State Supreme Court, the *San Juan Capistrano* decision will continue the trend of more narrowly defining "cost-based" rates, particularly as they relate to the pricing used in rate design. The Court's decision has greatly diminished the latitude for policy input of the legislative body in establishing a local utility's rates, but it has also placed a greater burden of proof on the utility to demonstrate the cost basis for tiered pricing.

The PUD has residential tiered rates with two usage/price tiers. As a part of this study, HDR developed an analysis to demonstrate and support the proposed residential water rates and tiered pricing given the recent Capistrano decision.

### **3.4 Present and Proposed Water Rates**

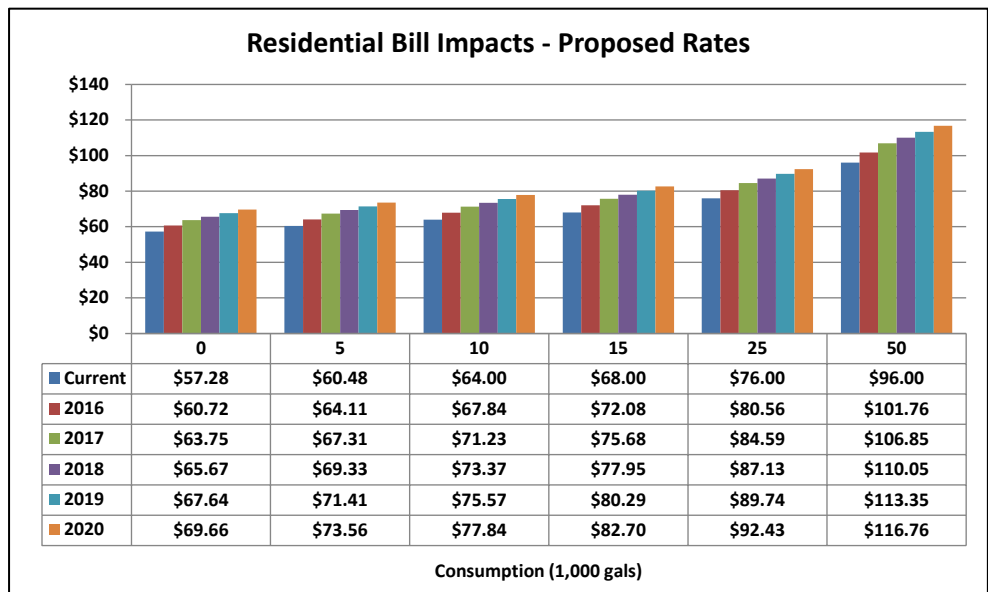
In developing the proposed rate designs, the PUD's existing rate structure was examined and analyzed versus the cost of service and revenue requirements to assess the equitability and level of revenues generated. For each class of service rates were developed for 2016 through 2020. In discussion with the PUD staff and Board it was determined that the current rate structure would be maintained for both residential and commercial customers.

### 3.4.1 Present and Proposed Residential Water Rate Designs

The PUD currently has a monthly base charge based on the meter size of the service line and a two tiered increasing block volumetric commodity charge on a per 1,000 gallon basis. There is also a residential flat rate that encompasses both the volume and meter charges, the District is almost complete in transitioning all residential customers to metered water use. Presented in Table 3-1 below is a summary of the present and proposed residential rates.

Table 3 – 1 Present and Proposed Residential Rates						
	Present Rate	Proposed				
		2016	2017	2018	2019	2020
<b>Base (Meter) Charge</b>	<b>\$/Month</b>					
5/8" or 3/4"	\$57.28	\$60.72	\$63.75	\$65.67	\$67.64	\$69.66
3/4"	57.28	60.72	63.75	65.67	67.64	69.66
1"	68.32	72.42	76.04	78.32	80.67	83.09
<b>Commodity Charge</b>	<b>\$/1,000 gal</b>					
0 - 8,000 gal	\$0.64	\$0.68	\$0.71	\$0.73	\$0.76	\$0.78
Over 8,000 gal	0.80	0.85	0.89	0.92	0.94	0.97

The proposed residential water rate design includes a monthly meter charge based on meter size and a 2-Tier increasing rate structure. As discussed earlier, the decision from the San Juan Capistrano case noted that the tier differential must be cost based. The District's commodity charge currently has a \$0.16 differential between the first and second tier. For this review, the 2015 conservation costs were used as the cost basis for establishing the difference between the tiers. The PUD provided conservation related O&M expenses that focused on those customers in tier 2, which were aimed at reducing discretionary, or outdoor, use. Since the first tier includes up to 8,000 gallons, the use in the second tier is, on average, assumed to be outdoor use. Therefore, all of the costs related to conservation efforts can be allocated to the second tier. The costs were then divided by the total projected consumption in the second tier to calculate a unit cost per 1,000 gallons. The 2015 conservation costs are budgeted at \$100,000 and the projected consumption for tier 2 is 2.9 million gallons. The unit cost is then calculated at \$0.35 per 1,000 gallons. This



differential can then be used to establish the cost basis between the two tiers. The current differential of \$0.16 falls within this threshold and the remaining differential is collected through the monthly meter charges.

At present rates, excluding the applicable zone charges, a residential customer consuming approximately 5,000 gallons a month with a 5/8" or 3/4" meter would pay \$60.48. Under the proposed rates, the same customer with a 5/8" or 3/4" meter consuming 5,000 gallons of water in a month would pay \$64.11 in 2016 and \$73.56 by 2020; a \$3.63 and \$13.08 cumulative increase per month verse 2015, respectively.

In addition to the metered rate, for the remaining un-metered customers, a flat monthly rate of \$68.90 for 2016 and \$79.05 in 2020, plus the applicable flat pump zone charge, would apply.

### 3.4.2 Present and Proposed Commercial Water Rate Designs

Currently commercial customers are charged a monthly meter charge varying by meter size and a uniform consumption charge based on all usage. Provided below in Table 3-2 is the present and proposed commercial rates.

Table 3 – 2 Present and Proposed Commercial Rates						
	Present Rate	Proposed				
		2016	2017	2018	2019	2020
<b>Base (Meter) Charge</b>	<b>\$/Month</b>					
5/8" or 3/4"	\$57.28	\$60.72	\$63.75	\$65.67	\$67.64	\$69.66
3/4"	57.28	60.72	63.75	65.67	67.64	69.66
1"	68.32	72.42	76.04	78.32	80.67	83.09
1.5"	96.04	101.80	106.89	110.10	113.40	116.80
2"	132.03	139.95	146.95	151.36	155.90	160.58
3"	221.02	234.28	246.00	253.38	260.98	268.81
4"	316.25	335.23	351.99	362.55	373.42	384.62
6"	474.37	502.83	527.97	543.81	560.13	576.93
8"	592.96	628.54	659.96	679.76	700.16	721.16
<b>Commodity Charge</b>						
\$/1,000 gal	\$1.57	\$1.66	\$1.75	\$1.80	\$1.85	\$1.91

The proposed rate design for the commercial customer class maintained the existing rate structure, or the uniform rate for all consumption per 1,000 gallons and the monthly fixed meter charge. This customer class has a wide variety of customers (both meter size and usage characteristics). The monthly consumption varies significantly from customer to customer given the broad range of customers included in the commercial class. As an example, the commercial rates apply to a small office which may have minimal monthly consumption to a school with greater monthly consumption. Given the various customers a uniform rate, or one that charges the same for all consumption, is the most appropriate rate structure for this customer class of service. The bill comparison is intended to illustrate

the impacts of a range of consumption for this customer class of service. For example, at the present rates, a commercial customer with a 5/8' x 3/4" meter consuming 50,000 gallons a month will be charged \$135.78, assuming the customer is in pump zone 1. That same customer under the proposed rates would pay \$143.93 in 2016 and by 2020 it would be \$165.14; an increase of \$8.15 and \$29.36 cumulatively, respectively (again assuming pump zone 1).

### 3.4.3 Pump Zone Charges

In addition to the monthly meter charge and commodity charges, The PUD has a separate zone charge to reflect the cost of pumping water to higher pump zones within the service area. Each customer is charged the applicable zone charge on a per 1,000 gallon basis, or a flat charge for un-metered customers. During the previous rate study the zone charges were revised to reflect a simpler approach to charging customer in various zones. The current approach was maintained for the proposed zone charges. However the zone charges were increased to collect the costs associated with electricity for pumping to the various zones. Provided below in Table 3-3 is a summary of the present and proposed zone charges.

Table 3 – 3 Present and Proposed Zone Charges						
	Present Rate	Proposed				
		2016	2017	2018	2019	2020
<b>Commodity Charge</b>	<b>\$/1,000 Gal</b>					
Zone 1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Zone 2	0.35	0.40	0.45	0.50	0.55	0.60
Zone 3	0.70	0.80	0.90	1.00	1.10	1.20
Zone 4	1.05	1.20	1.35	1.50	1.65	1.80
Zone 5	1.40	1.60	1.80	2.00	2.20	2.40
Zone 6	1.75	2.00	2.25	2.50	2.75	3.00
Zone 7	2.10	2.40	2.70	3.00	3.30	3.60

It should be noted that Zone 1 is the base pressure zone and there is not an additional charge for this zone. The commodity rates in the rate designs include the costs of pumping for Zone 1. As can be seen from the above Table, the zone charges have been increased to reflect the cost of pumping water to the higher elevation zones. The PUD should continue to monitor the costs associated with pumping water to higher elevation zones and adjust the zone charges as necessary.

## 3.5 Summary of the Water Rate Study Update

This completes the analysis for the PUD's water utility. It is recommended that rates be increased by 6.0% in 2016, 5.0% in 2017, and inflationary adjustments of approximately 3.0%, thereafter. Full and complete technical appendices of the development of the comprehensive rate study and the proposed rate adjustments can be found in appendices of this report.



## Technical Appendices

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**Truckee Donner Public Utility District  
Water Revenue Requirement Summary  
Exhibit 1**

Account Name	Budget		Projected									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
<b>Revenue</b>												
Residential Rate Revenues	\$9,053,952	\$9,222,028	\$9,310,176	\$9,399,206	\$9,489,126	\$9,579,945	\$9,671,672	\$9,764,316	\$9,857,887	\$9,952,394	\$10,047,845	
Commercial Rate Revenues	\$1,129,207	\$1,075,853	\$1,082,563	\$1,089,341	\$1,096,186	\$1,103,099	\$1,110,082	\$1,117,135	\$1,124,258	\$1,131,452	\$1,138,719	
Zone Charges Revenues	\$288,237	\$276,094	\$276,094	\$276,094	\$276,094	\$276,094	\$276,094	\$276,094	\$276,094	\$276,094	\$276,094	
Non-Operating Revenues	567,751	586,047	576,213	589,021	590,626	595,471	602,858	609,885	620,838	636,022	651,818	
<b>Total Sources of Funds</b>	<b>\$11,039,146</b>	<b>\$11,160,022</b>	<b>\$11,245,046</b>	<b>\$11,353,661</b>	<b>\$11,452,031</b>	<b>\$11,554,609</b>	<b>\$11,660,706</b>	<b>\$11,767,430</b>	<b>\$11,879,077</b>	<b>\$11,995,962</b>	<b>\$12,114,476</b>	
<b>Application of Funds</b>												
Board of Directors	\$113,066	\$126,957	\$130,766	\$134,689	\$138,729	\$142,891	\$147,178	\$151,593	\$156,141	\$160,825	\$165,650	
General Management	443,379	462,307	476,176	490,461	505,175	520,331	535,941	552,019	568,579	585,637	603,206	
Administrative Services	1,126,254	1,184,378	1,219,909	1,256,507	1,294,202	1,333,028	1,373,019	1,414,209	1,456,636	1,500,335	1,545,345	
Conservation	319,645	332,151	342,116	352,379	362,950	373,839	385,054	396,606	408,504	420,759	433,382	
Water Operations	4,648,458	4,741,386	4,857,495	4,976,825	5,099,472	5,475,531	5,612,603	5,753,515	5,898,380	6,047,313	6,200,434	
GIS	554,440	613,292	631,691	650,641	670,161	690,266	710,974	732,303	754,272	776,900	800,207	
Interdepartmental Rent	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	
<b>Total Operations &amp; Maintenance</b>	<b>\$7,705,242</b>	<b>\$7,960,471</b>	<b>\$8,158,152</b>	<b>\$8,361,502</b>	<b>\$8,570,689</b>	<b>\$9,035,885</b>	<b>\$9,264,768</b>	<b>\$9,500,245</b>	<b>\$9,742,511</b>	<b>\$9,991,769</b>	<b>\$10,248,223</b>	
<b>Capital Funded Through Rates</b>	<b>\$809,201</b>	<b>\$952,004</b>	<b>\$2,700,000</b>	<b>\$2,777,000</b>	<b>\$2,856,230</b>	<b>\$2,682,119</b>	<b>\$3,021,643</b>	<b>\$3,107,963</b>	<b>\$3,896,785</b>	<b>\$4,188,184</b>	<b>\$4,188,185</b>	
<b>Net Debt Service</b>	<b>\$2,257,511</b>	<b>\$2,261,112</b>	<b>\$1,646,884</b>	<b>\$1,648,180</b>	<b>\$1,646,885</b>	<b>\$1,650,439</b>	<b>\$1,647,880</b>	<b>\$1,483,609</b>	<b>\$603,445</b>	<b>\$604,873</b>	<b>\$601,233</b>	
<b>Transfer To/From (+/-) Reserves</b>	<b>\$146,316</b>	<b>\$150,706</b>	<b>\$155,227</b>	<b>\$159,884</b>	<b>\$164,680</b>	<b>\$169,621</b>	<b>\$174,709</b>	<b>\$179,950</b>	<b>\$185,349</b>	<b>\$190,909</b>	<b>\$194,964</b>	
<b>Total Revenue Requirements</b>	<b>\$10,918,270</b>	<b>\$11,324,293</b>	<b>\$12,660,263</b>	<b>\$12,946,566</b>	<b>\$13,238,484</b>	<b>\$13,538,064</b>	<b>\$14,108,999</b>	<b>\$14,271,767</b>	<b>\$14,428,090</b>	<b>\$14,975,735</b>	<b>\$15,232,605</b>	
<b>Balance/(Deficiency) of Funds</b>	<b>\$120,876</b>	<b>(\$164,272)</b>	<b>(\$1,415,217)</b>	<b>(\$1,592,905)</b>	<b>(\$1,786,453)</b>	<b>(\$1,983,455)</b>	<b>(\$2,448,294)</b>	<b>(\$2,504,337)</b>	<b>(\$2,549,013)</b>	<b>(\$2,979,772)</b>	<b>(\$3,118,129)</b>	
<b>Adjustment as a % of Rate Revenues</b>	<b>-1.3%</b>	<b>1.8%</b>	<b>15.2%</b>	<b>16.9%</b>	<b>18.8%</b>	<b>20.7%</b>	<b>25.3%</b>	<b>25.6%</b>	<b>25.9%</b>	<b>29.9%</b>	<b>31.0%</b>	
<b>Proposed Rate Adjustment</b>	<b>0.0%</b>	<b>0.0%</b>	<b>6.0%</b>	<b>5.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	
<b>Additional Revenue from Adjustment</b>	<b>\$0</b>	<b>\$0</b>	<b>\$640,130</b>	<b>\$1,216,404</b>	<b>\$1,590,001</b>	<b>\$1,981,212</b>	<b>\$2,390,764</b>	<b>\$2,819,415</b>	<b>\$3,267,952</b>	<b>\$3,737,195</b>	<b>\$4,227,997</b>	
<b>Total Balance/(Deficiency) of Funds</b>	<b>\$120,876</b>	<b>(\$164,272)</b>	<b>(\$775,087)</b>	<b>(\$376,500)</b>	<b>(\$196,452)</b>	<b>(\$2,243)</b>	<b>(\$57,530)</b>	<b>\$315,078</b>	<b>\$718,939</b>	<b>\$757,423</b>	<b>\$1,109,868</b>	
<b>Additional Rate Increase Needed</b>	<b>-1.2%</b>	<b>1.6%</b>	<b>7.3%</b>	<b>3.5%</b>	<b>1.8%</b>	<b>0.0%</b>	<b>0.5%</b>	<b>-2.8%</b>	<b>-6.4%</b>	<b>-6.7%</b>	<b>-9.7%</b>	
<b>Debt Service Coverage Ratio (Target 1.5)</b>												
<i>Before Rate Adjustment</i>	1.65	1.60	1.66	1.64	1.73	1.61	1.55	1.62	2.96	2.82	1.94	
<i>After RR Rate Adjustment</i>	1.59	1.68	2.32	2.38	2.62	2.60	2.77	2.98	5.61	5.91	5.19	
<i>After Proposed Rate Adjustment</i>	1.65	1.60	1.96	2.20	2.52	2.60	2.74	3.15	6.36	6.70	6.35	
<b>Residential Monthly Average Rate [2]</b>												
<i>After Proposed Rate Adjustment</i>	60.48	60.48	64.11	67.31	69.33	71.41	73.56	75.76	78.04	80.38	82.79	
<i>Monthly \$ Change</i>	0.00	0.00	3.63	3.21	2.02	2.08	2.14	2.21	2.27	2.34	2.41	
<i>Cumulative \$ Change</i>	0.00	0.00	3.63	6.83	8.85	10.93	13.08	15.28	17.56	19.90	22.31	
<b>Ending Fund Balances</b>												
Operating Cash Fund	\$2,530,000	\$1,735,728	\$960,641	\$584,141	\$387,689	\$385,446	\$327,916	\$642,994	\$1,361,932	\$2,119,355	\$3,229,223	
Operating Reserve Fund	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000	3,630,000	
Facility Fee Fund	452,000	730,000	520,248	327,520	301,237	358,412	413,295	469,616	524,108	577,935	631,202	
Water Meter Replacement Fund	795,000	344,621	192,518	192,518	192,518	192,518	192,518	192,518	192,518	192,518	192,518	
Capital Replacement Reserves	880,000	355,263	355,263	355,263	355,263	355,263	355,263	355,263	355,263	355,263	355,263	
Vehicle Replacement Reserve Fund	159,000	214,183	199,410	184,194	168,521	152,378	135,751	118,624	100,984	82,814	68,700	
<b>Total Ending Fund Balance</b>	<b>\$8,446,000</b>	<b>\$7,009,795</b>	<b>\$5,858,081</b>	<b>\$5,273,636</b>	<b>\$5,035,228</b>	<b>\$5,074,018</b>	<b>\$5,054,743</b>	<b>\$5,409,015</b>	<b>\$6,164,805</b>	<b>\$6,957,886</b>	<b>\$8,106,906</b>	

Truckee Donner Public Utility District  
 Water Exhibit 2  
 Escalation Factors

	Budget 2014	Budget 2015	Projected									
			2016	2017	2018	2019	2020	2021	2022	2023	2024	
<b>Revenues:</b>												
Customer Growth	Calculated	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Consumer Price Index	Budget	Budget	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	
Standby Fees	Budget	Budget	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	
Miscellaneous Revenues	Budget	Budget	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Consumption Growth	Budget	Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>Expenses:</b>												
Labor	Budget	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Benefits	Budget	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Power	Budget	Budget	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Supplies & Materials	Budget	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Equipment	Budget	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Miscellaneous	Budget	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Utilities	Budget	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Flat	Budget	Budget	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
<b>Interest:</b>	0.8%	0.8%	0.8%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
<b>Revenue Bond</b>												
Term in Years	20	20	20	20	20	20	20	20	20	20	20	
Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
<b>Facility Fee Income</b>												
Facility Fee charge per Sqft	\$1.61	\$1.65	\$1.65	\$1.65	\$1.65	\$1.65	\$1.65	\$1.65	\$1.65	\$1.65	\$1.65	
Number of ERU's	80	85	90	95	100	125	125	125	125	125	125	
Average Square Footage per ERU	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	
Impact Fee Revenue	\$262,000	\$278,000	\$297,000	\$313,500	\$330,000	\$412,500	\$412,500	\$412,500	\$412,500	\$412,500	\$412,500	
<b>Meter Reserve Surcharge (Ends 12/31/2013)</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Input



Truckee Donner Public Utility District  
 Water- Exhibit 3  
 Revenues And Expenses  
 Projected 2013 - 2024

Account Name	Budget	Budget	Projected									Notes:
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
<b>Revenue</b>												
<b>Rate Revenues</b>												
Residential Fixed Charges	\$8,570,009	\$8,814,800	\$8,902,948	\$8,991,977	\$9,081,897	\$9,172,716	\$9,264,443	\$9,357,088	\$9,450,659	\$9,545,165	\$9,640,617	As Customer Growth
Residential Consumption	483,942	407,228	407,228	407,228	407,228	407,228	407,228	407,228	407,228	407,228	407,228	As Consumption Growth
Commercial Fixed Charges	651,246	671,032	677,743	684,520	691,365	698,279	705,262	712,314	719,438	726,632	733,898	As Customer Growth
Commercial Consumption	477,961	404,820	404,820	404,820	404,820	404,820	404,820	404,820	404,820	404,820	404,820	As Consumption Growth
Zone Surcharges	288,237	276,094	276,094	276,094	276,094	276,094	276,094	276,094	276,094	276,094	276,094	As Consumption Growth
<b>Total Rate Revenues</b>	<b>\$10,471,395</b>	<b>\$10,573,975</b>	<b>\$10,668,833</b>	<b>\$10,764,640</b>	<b>\$10,861,405</b>	<b>\$10,959,138</b>	<b>\$11,057,848</b>	<b>\$11,157,545</b>	<b>\$11,258,239</b>	<b>\$11,359,940</b>	<b>\$11,462,658</b>	
<b>Non-Operating Revenues</b>												
Non-Potable Irrigation	\$97,101	\$97,997	\$100,545	\$103,159	\$105,841	\$108,593	\$111,416	\$114,313	\$117,285	\$120,335	\$123,463	As Consumer Price Index
Fund Interest Income	49,908	67,236	51,161	57,541	52,527	50,557	50,931	50,743	54,274	61,826	69,775	As Miscellaneous Revenues
Interdepartmental Sales	2,378	2,450	2,499	2,549	2,600	2,652	2,705	2,759	2,814	2,871	2,928	As Miscellaneous Revenues
Misc. Operating Revenue	222,924	222,924	227,382	231,930	236,569	241,300	246,126	251,049	256,070	261,191	266,415	As Miscellaneous Revenues
Miscellaneous Rents	38,000	38,000	38,760	39,535	40,326	41,132	41,955	42,794	43,650	44,523	45,414	As Miscellaneous Revenues
Standby Revenue	157,440	157,440	155,866	154,307	152,764	151,236	149,724	148,227	146,744	145,277	143,824	As Standby Fees
<b>Total Non-Operating Revenues</b>	<b>\$567,751</b>	<b>\$586,047</b>	<b>\$576,213</b>	<b>\$589,021</b>	<b>\$590,626</b>	<b>\$595,471</b>	<b>\$602,858</b>	<b>\$609,885</b>	<b>\$620,838</b>	<b>\$636,022</b>	<b>\$651,818</b>	
<b>Total Sources of Funds</b>	<b>\$11,039,146</b>	<b>\$11,160,022</b>	<b>\$11,245,046</b>	<b>\$11,353,661</b>	<b>\$11,452,031</b>	<b>\$11,554,609</b>	<b>\$11,660,706</b>	<b>\$11,767,430</b>	<b>\$11,879,077</b>	<b>\$11,995,962</b>	<b>\$12,114,476</b>	
<b>Application of Funds</b>												
<b>Board of Directors</b>												
Outside Services Employed	\$12,500	\$12,500	\$12,875	\$13,261	\$13,659	\$14,069	\$14,491	\$14,926	\$15,373	\$15,835	\$16,310	As Labor
Miscellaneous General Expenses	100,566	114,457	117,891	121,427	125,070	128,822	132,687	136,668	140,768	144,991	149,340	As Labor
<b>Total Board of Directors</b>	<b>\$113,066</b>	<b>\$126,957</b>	<b>\$130,766</b>	<b>\$134,689</b>	<b>\$138,729</b>	<b>\$142,891</b>	<b>\$147,178</b>	<b>\$151,593</b>	<b>\$156,141</b>	<b>\$160,825</b>	<b>\$165,650</b>	
<b>General Management</b>												
Administrative & General - Salaries	\$335,537	\$352,857	\$363,443	\$374,346	\$385,576	\$397,144	\$409,058	\$421,330	\$433,970	\$446,989	\$460,398	As Labor
Administrative & General - GM	0	0	0	0	0	0	0	0	0	0	0	As Labor
Office Supplies & Expenses	31,939	31,805	32,759	33,742	34,754	35,797	36,871	37,977	39,116	40,290	41,498	As Supplies & Materials
Outside Services Employed	31,500	32,000	32,960	33,949	34,967	36,016	37,097	38,210	39,356	40,537	41,753	As Labor
Injuries & Damages (Safety)	21,679	22,114	22,777	23,461	24,165	24,890	25,636	26,405	27,197	28,013	28,854	As Miscellaneous
General Advertising Expenses	3,950	3,986	4,106	4,229	4,356	4,486	4,621	4,759	4,902	5,049	5,201	As Miscellaneous
Miscellaneous General Expenses	18,774	19,545	20,131	20,735	21,357	21,998	22,658	23,338	24,038	24,759	25,502	As Miscellaneous
<b>Total General Management</b>	<b>\$443,379</b>	<b>\$462,307</b>	<b>\$476,176</b>	<b>\$490,461</b>	<b>\$505,175</b>	<b>\$520,331</b>	<b>\$535,941</b>	<b>\$552,019</b>	<b>\$568,579</b>	<b>\$585,637</b>	<b>\$603,206</b>	
<b>Administrative Services</b>												
Meters/Services Operations Expenses	\$4,715	\$4,963	\$5,112	\$5,265	\$5,423	\$5,586	\$5,753	\$5,926	\$6,104	\$6,287	\$6,476	As Labor
Maintenance of Distribution Lines	0	0	0	0	0	0	0	0	0	0	0	As Labor
Customer Account Operations Expense-Salaries	77,742	80,697	83,118	85,611	88,180	90,825	93,550	96,356	99,247	102,225	105,291	As Labor
Meter Reading Expense	3,450	3,604	3,712	3,823	3,938	4,056	4,178	4,303	4,432	4,565	4,702	As Labor
Customer Records & Collections Expenses	418,943	440,578	453,795	467,409	481,431	495,874	510,751	526,073	541,855	558,111	574,854	As Labor
Customer Records & Collections Meter Readers	0	0	0	0	0	0	0	0	0	0	0	As Labor
Provision for Bad Debt	11,550	11,897	12,254	12,622	13,000	13,390	13,792	14,206	14,632	15,071	15,523	As Miscellaneous
Administrative & Operations General - Salaries	339,557	364,209	375,135	386,389	397,981	409,920	422,218	434,885	447,931	461,369	475,210	As Labor
Office Supplies & Expenses	69,115	71,188	73,324	75,523	77,789	80,123	82,526	85,002	87,552	90,179	92,884	As Supplies & Materials
Outside Services Employed	28,330	29,180	30,055	30,957	31,886	32,842	33,828	34,842	35,888	36,964	38,073	As Labor
Insurance	170,705	175,826	181,101	186,534	192,130	197,894	203,831	209,945	216,244	222,731	229,413	As Miscellaneous
Injuries & Damages (Safety)	2,147	2,236	2,303	2,372	2,443	2,517	2,592	2,670	2,750	2,832	2,917	As Miscellaneous
<b>Total Administrative Services</b>	<b>\$1,126,254</b>	<b>\$1,184,378</b>	<b>\$1,219,909</b>	<b>\$1,256,507</b>	<b>\$1,294,202</b>	<b>\$1,333,028</b>	<b>\$1,373,019</b>	<b>\$1,414,209</b>	<b>\$1,456,636</b>	<b>\$1,500,335</b>	<b>\$1,545,345</b>	

Truckee Donner Public Utility District  
 Water- Exhibit 3  
 Revenues And Expenses  
 Projected 2013 - 2024

Account Name	Budget	Budget	Projected								Notes:	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		2024
<b>Conservation</b>												
Public Benefits - Conservation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Miscellaneous
PB - Research & Development	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
Public Benefits - Low Income	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
PB - Renewable Power	0	0	0	0	0	0	0	0	0	0	0	As Utilities
Public Benefits - Rebates	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
Water Conservation	183,113	188,648	194,307	200,137	206,141	212,325	218,695	225,256	232,013	238,974	246,143	As Miscellaneous
Public Information	89,438	94,564	97,401	100,323	103,333	106,433	109,626	112,914	116,302	119,791	123,385	As Miscellaneous
Admin. & Gen Exp-Salaries	15,740	16,568	17,065	17,577	18,104	18,647	19,207	19,783	20,377	20,988	21,617	As Labor
Office Supplies & Expenses	6,000	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063	As Supplies & Materials
Office Supplies & Exp. Leg&Reg	9,836	10,199	10,505	10,820	11,145	11,479	11,823	12,178	12,543	12,920	13,307	As Supplies & Materials
Professional Services	0	0	0	0	0	0	0	0	0	0	0	As Labor
Injuries and Damages	368	387	399	411	423	436	449	462	476	490	505	As Miscellaneous
General Advertising	12,750	13,133	13,527	13,933	14,351	14,781	15,225	15,681	16,152	16,636	17,136	As Miscellaneous
Misc. General Expense	2,400	2,472	2,546	2,623	2,701	2,782	2,866	2,952	3,040	3,131	3,225	As Miscellaneous
<b>Total Public Benefits - Conservation</b>	<b>\$319,645</b>	<b>\$332,151</b>	<b>\$342,116</b>	<b>\$352,379</b>	<b>\$362,950</b>	<b>\$373,839</b>	<b>\$385,054</b>	<b>\$396,606</b>	<b>\$408,504</b>	<b>\$420,759</b>	<b>\$433,382</b>	
<b>Water Operations</b>												
Operations Supervision & Engineering	\$239,831	\$267,091	\$275,104	\$283,357	\$291,858	\$300,613	\$309,632	\$318,921	\$328,488	\$338,343	\$348,493	As Labor
FTE	0	0	0	0	0	250,000	257,500	265,225	273,182	281,377	289,819	As Labor
Facilities Operations	624,014	648,356	667,807	687,841	708,476	729,730	751,622	774,171	797,396	821,318	845,958	As Labor
Power Supply	1,306,425	1,306,648	1,319,714	1,332,912	1,346,241	1,359,703	1,373,300	1,387,033	1,400,904	1,414,913	1,429,062	As Power
Distribution Operations/PM	616,629	608,397	626,649	645,448	664,812	684,756	705,299	726,458	748,252	770,699	793,820	As Labor
Meters/Services Operation	86,749	90,135	92,839	95,624	98,493	101,448	104,491	107,626	110,855	114,180	117,606	As Labor
Miscellaneous General Operations/PM	253,530	260,439	268,252	276,300	284,589	293,126	301,920	310,978	320,307	329,916	339,814	As Labor
Maint. Of Operations Supervision & Engineering	95,886	101,365	104,406	107,538	110,764	114,087	117,510	121,035	124,666	128,406	132,258	As Labor
Maintenance of Facilities	814,764	844,184	869,510	895,595	922,463	950,137	978,641	1,008,000	1,038,240	1,069,387	1,101,469	As Labor
Maintenance of Distribution Lines	493,925	494,789	509,633	524,922	540,669	556,889	573,596	590,804	608,528	626,784	645,587	As Labor
Meter Reading Expense	0	0	0	0	0	0	0	0	0	0	0	As Labor
Injuries & Damages (Safety)	116,705	119,982	123,581	127,289	131,108	135,041	139,092	143,265	147,563	151,990	156,549	As Miscellaneous
Transportation Expenses	0	0	0	0	0	0	0	0	0	0	0	As Supplies & Materials
Maintenance of District Office Building	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
<b>Total Water Operations</b>	<b>\$4,648,458</b>	<b>\$4,741,386</b>	<b>\$4,857,495</b>	<b>\$4,976,825</b>	<b>\$5,099,472</b>	<b>\$5,475,531</b>	<b>\$5,612,603</b>	<b>\$5,753,515</b>	<b>\$5,898,380</b>	<b>\$6,047,313</b>	<b>\$6,200,434</b>	
<b>GIS</b>												
Operations Supervision & Engineering	\$126,160	\$156,903	\$161,610	\$166,458	\$171,452	\$176,596	\$181,894	\$187,350	\$192,971	\$198,760	\$204,723	As Labor
Misc. General Operations	90,483	99,401	102,383	105,455	108,618	111,877	115,233	118,690	122,251	125,918	129,696	As Labor
Meter Reading	33,360	33,555	34,562	35,598	36,666	37,766	38,899	40,066	41,268	42,506	43,782	As Labor
Customer Records	88,622	84,248	86,775	89,379	92,060	94,822	97,667	100,597	103,614	106,723	109,925	As Labor
Administrative & General Ops	171,670	196,126	202,010	208,070	214,312	220,742	227,364	234,185	241,210	248,447	255,900	As Labor
Office Supplies & Expenses	17,200	16,090	16,573	17,070	17,582	18,109	18,653	19,212	19,789	20,382	20,994	As Labor
Professional Services	26,320	26,320	27,110	27,923	28,761	29,623	30,512	31,427	32,370	33,341	34,342	As Labor
Safety	625	649	668	689	709	730	752	775	798	822	847	As Labor
Regulatory Commission Expense	0	0	0	0	0	0	0	0	0	0	0	As Labor
<b>Total GIS</b>	<b>\$554,440</b>	<b>\$613,292</b>	<b>\$631,691</b>	<b>\$650,641</b>	<b>\$670,161</b>	<b>\$690,266</b>	<b>\$710,974</b>	<b>\$732,303</b>	<b>\$754,272</b>	<b>\$776,900</b>	<b>\$800,207</b>	
<b>Interdepartmental Rent</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	As Flat
<b>Total Operations and Maintenance</b>	<b>\$7,705,242</b>	<b>\$7,960,471</b>	<b>\$8,158,152</b>	<b>\$8,361,502</b>	<b>\$8,570,689</b>	<b>\$9,035,885</b>	<b>\$9,264,768</b>	<b>\$9,500,245</b>	<b>\$9,742,511</b>	<b>\$9,991,769</b>	<b>\$10,248,223</b>	

Truckee Donner Public Utility District  
 Water- Exhibit 3  
 Revenues And Expenses  
 Projected 2013 - 2024

Account Name	Budget	Budget	Projected									Notes:
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
<b>Capital Funded Through Rates [1]</b>	<b>\$809,201</b>	<b>\$952,004</b>	<b>\$2,700,000</b>	<b>\$2,777,000</b>	<b>\$2,856,230</b>	<b>\$2,682,119</b>	<b>\$3,021,643</b>	<b>\$3,107,963</b>	<b>\$3,896,785</b>	<b>\$4,188,184</b>	<b>\$4,188,185</b>	
<b>Debt Service</b>												
06 COP Rates (Excludes Debt on Assesments)	1,441,798	1,445,599	1,440,403	1,441,699	1,440,404	1,443,958	1,441,399	1,430,369	703,445	704,873	701,233	From Debt Schedule
06 COP Rates Reduction from Refinance	0	0	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	
06 COP FF (Excludes Debt on Assesments)	359,075	358,875	356,594	356,070	356,284	355,324	357,617	356,179	358,008	358,672	359,233	From Debt Schedule
DWR Prop 55 Rates	306,481	306,481	306,481	306,481	306,481	306,481	306,481	153,241	0	0	0	From Debt Schedule
MSG #1551 FF	150,158	150,158	150,158	150,158	0	0	0	0	0	0	0	From Debt Schedule
New Revenue Bond	0	0	0	0	0	0	0	0	0	0	0	20 yrs; 5.5%
<b>Total Debt Service</b>	<b>\$2,257,511</b>	<b>\$2,261,112</b>	<b>\$2,153,636</b>	<b>\$2,154,408</b>	<b>\$2,003,169</b>	<b>\$2,005,763</b>	<b>\$2,005,497</b>	<b>\$1,839,788</b>	<b>\$961,453</b>	<b>\$963,545</b>	<b>\$960,466</b>	
<b>Less Facility Fees</b>	<b>0</b>	<b>0</b>	<b>\$506,752</b>	<b>\$506,228</b>	<b>\$356,284</b>	<b>\$355,324</b>	<b>\$357,617</b>	<b>\$356,179</b>	<b>\$358,008</b>	<b>\$358,672</b>	<b>\$359,233</b>	Covers Debt for Bridge Street Tank
<b>Less O&amp;M</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Net Debt Service</b>	<b>\$2,257,511</b>	<b>\$2,261,112</b>	<b>\$1,646,884</b>	<b>\$1,648,180</b>	<b>\$1,646,885</b>	<b>\$1,650,439</b>	<b>\$1,647,880</b>	<b>\$1,483,609</b>	<b>\$603,445</b>	<b>\$604,873</b>	<b>\$601,233</b>	
<b>Transfer To/From (+/-) Reserves</b>												
To Operating Cash Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
To Capital Improvement Reserve	0	0	0	0	0	0	0	0	0	0	0	2% of Rate Revenue
To Operating Reserve Fund	0	0	0	0	0	0	0	0	0	0	0	6% of Rate Revenue
To Glenshire Assessment Reserve	0	0	0	0	0	0	0	0	0	0	0	
To Vehicle Reserve Fund	146,316	150,706	155,227	159,884	164,680	169,621	174,709	179,950	185,349	190,909	194,964	
To Water Meter Reserve Fund	0	0	0	0	0	0	0	0	0	0	0	
To Meter Reserve Cost Savings	0	0	0	0	0	0	0	0	0	0	0	
To Meter Reserve Surcharge	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Change in Working Capital</b>	<b>\$146,316</b>	<b>\$150,706</b>	<b>\$155,227</b>	<b>\$159,884</b>	<b>\$164,680</b>	<b>\$169,621</b>	<b>\$174,709</b>	<b>\$179,950</b>	<b>\$185,349</b>	<b>\$190,909</b>	<b>\$194,964</b>	
<b>Total Revenue Requirement</b>	<b>\$10,918,270</b>	<b>\$11,324,293</b>	<b>\$12,660,263</b>	<b>\$12,946,566</b>	<b>\$13,238,484</b>	<b>\$13,538,064</b>	<b>\$14,108,999</b>	<b>\$14,271,767</b>	<b>\$14,428,090</b>	<b>\$14,975,735</b>	<b>\$15,232,605</b>	
<b>Balance/(Deficiency) of Funds</b>	\$120,876	(\$164,272)	(\$1,415,217)	(\$1,592,905)	(\$1,786,453)	(\$1,983,455)	(\$2,448,294)	(\$2,504,337)	(\$2,549,013)	(\$2,979,772)	(\$3,118,129)	
<b>Adjustment as a % of Rate Revenues</b>	-1.2%	1.6%	13.3%	14.8%	16.4%	18.1%	22.1%	22.4%	22.6%	26.2%	27.2%	
<b>Proposed Rate Adjustment</b>	<b>0.0%</b>	<b>0.0%</b>	<b>6.0%</b>	<b>5.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	
<b>Additional Revenue from Adjustment</b>	\$0	\$0	\$640,130	\$1,216,404	\$1,590,001	\$1,981,212	\$2,390,764	\$2,819,415	\$3,267,952	\$3,737,195	\$4,227,997	
<b>Total Balance/(Deficiency) of Funds</b>	\$120,876	(\$164,272)	(\$775,087)	(\$376,500)	(\$196,452)	(\$2,243)	(\$57,530)	\$315,078	\$718,939	\$757,423	\$1,109,868	
<b>Additional Rate Increase Needed</b>	-1.2%	1.6%	7.3%	3.5%	1.8%	0.0%	0.5%	-2.8%	-6.4%	-6.7%	-9.7%	

<b>Residential Monthly Average Rate [2]</b>	\$60.48											
After Proposed Rate Adjustment	\$60.48	\$60.48	\$64.11	\$67.31	\$69.33	\$71.41	\$73.56	\$75.76	\$78.04	\$80.38	\$82.79	
Monthly \$ Change	0.00	0.00	3.63	3.21	2.02	2.08	2.14	2.21	2.27	2.34	2.41	
Cumulative \$ Change	0.00	0.00	3.63	6.83	8.85	10.93	13.08	15.28	17.56	19.90	22.31	
<b>Debt Service Coverage Ratio (Target 1.5)</b>												
Before Rate Adjustment	1.65	1.60	1.66	1.64	1.73	1.61	1.55	1.62	2.96	2.82	1.94	
After RR Rate Adjustment	1.59	1.68	2.32	2.38	2.62	2.60	2.77	2.98	5.61	5.91	5.19	
After Proposed Rate Adjustment	1.65	1.60	1.96	2.20	2.52	2.60	2.74	3.15	6.36	6.70	6.35	

[1] Additional Detail for the Capital Improvements Funded Through Rates are provided in Exhibit 3  
 [2] Residential Monthly Average Rate does not include zone surcharges; assumes 3/4" Meter and 5,000 gallons

Truckee Donner Public Utility District  
 Water- Exhibit 3  
 Revenues And Expenses  
 Projected 2013 - 2024

Account Name	Budget	Budget	Projected								Notes:
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
<b>Operating Cash Fund</b>											
Beginning Balance	\$0	\$2,530,000	\$1,735,728	\$960,641	\$584,141	\$387,689	\$385,446	\$327,916	\$642,994	\$1,361,932	\$2,119,355
Plus: To Operating Reserves	0	0	0	0	0	0	0	0	0	0	0
Less: Uses of Funds	0	(630,000)	0	0	0	0	0	0	0	0	0
Ending Balance/(Deficiency)	120,876	(164,272)	(775,087)	(376,500)	(196,452)	(2,243)	(57,530)	315,078	718,939	757,423	1,109,868
Ending Balance	\$2,530,000	\$1,735,728	\$960,641	\$584,141	\$387,689	\$385,446	\$327,916	\$642,994	\$1,361,932	\$2,119,355	\$3,229,223
60 days O&M	1,267,000	1,309,000	1,341,000	1,374,000	1,409,000	1,485,000	1,523,000	1,562,000	1,602,000	1,642,000	1,685,000
<b>Operating Reserve Fund</b>											
Beginning Balance	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000
Plus: To Operating Reserves	0	0	0	0	0	0	0	0	0	0	0
Plus: To Reserves	0	0	0	0	0	0	0	0	0	0	0
Less: Uses of Funds	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000	\$3,630,000
<b>Facility Fee Fund</b>											
Beginning Balance	\$714,000	\$452,000	\$730,000	\$520,248	\$327,520	\$301,237	\$358,412	\$413,295	\$469,616	\$524,108	\$577,935
Plus: To Reserves	262,000	278,000	297,000	313,500	330,000	412,500	412,500	412,500	412,500	412,500	412,500
Less: Uses of Funds	0	0	506,752	506,228	356,284	355,324	357,617	356,179	358,008	358,672	359,233
Ending Balance	\$452,000	\$730,000	\$520,248	\$327,520	\$301,237	\$358,412	\$413,295	\$469,616	\$524,108	\$577,935	\$631,202
<b>Water Meter Replacement Fund</b>											
Beginning Balance	\$1,189,659	\$795,000	\$344,621	\$192,518	\$192,518	\$192,518	\$192,518	\$192,518	\$192,518	\$192,518	\$192,518
Plus: To Reserves (Metering Surcharge)	0	0	0	0	0	0	0	0	0	0	0
Plus: Rate Funding	0	0	0	0	0	0	0	0	0	0	0
Less: Uses of Funds (Metering Projects)	394,659	450,379	152,103	0	0	0	0	0	0	0	0
Ending Balance	\$795,000	\$344,621	\$192,518	\$192,518	\$192,518	\$192,518	\$192,518	\$192,518	\$192,518	\$192,518	\$192,518
<b>Capital Replacement Reserves</b>											
Beginning Balance	\$880,000	\$880,000	\$355,263	\$355,263	\$355,263	\$355,263	\$355,263	\$355,263	\$355,263	\$355,263	\$355,263
Plus: To Reserves	0	0	0	0	0	0	0	0	0	0	0
Less: Uses of Funds	0	(524,737)	0	0	0	0	0	0	0	0	0
Ending Balance	\$880,000	\$355,263	\$355,263	\$355,263	\$355,263	\$355,263	\$355,263	\$355,263	\$355,263	\$355,263	\$355,263
Target Capital & Land Sales Reserve Fund Targets	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
<b>Vehicle Replacement Reserve Fund</b>											
Beginning Balance	\$257,699	\$159,000	\$214,183	\$199,410	\$184,194	\$168,521	\$152,378	\$135,751	\$118,624	\$100,984	\$82,814
Plus: Trade in Value of Surplused Vehicles	0	0	0	0	0	0	0	0	0	0	0
Plus Addition of Funds	146,316	150,706	155,227	159,884	164,680	169,621	174,709	179,950	185,349	190,909	194,964
Less: Uses of Funds	47,617	95,523	170,000	175,100	180,353	185,764	191,336	197,077	202,989	209,079	209,079
Ending Balance	\$159,000	\$214,183	\$199,410	\$184,194	\$168,521	\$152,378	\$135,751	\$118,624	\$100,984	\$82,814	\$68,700
<b>Total Ending Reserve Fund Balance</b>	<b>\$8,446,000</b>	<b>\$7,009,795</b>	<b>\$5,858,081</b>	<b>\$5,273,636</b>	<b>\$5,035,228</b>	<b>\$5,074,018</b>	<b>\$5,054,743</b>	<b>\$5,409,015</b>	<b>\$6,164,805</b>	<b>\$6,957,886</b>	<b>\$8,106,906</b>

Truckee Donner Public Utility District  
 Exhibit 4  
 Capital Improvement Funding

Capital Improvement Projects	Budget		Budget										Notes:
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
SCADA Reliability Improvement	\$165,090	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	OP
SCADA Replacement Project	502,713	587,089	0	0	0	0	0	0	0	0	0	0	OP
SCADA Site Security Camera Project	4,452	84,079	0	0	0	0	0	0	0	0	0	0	OP
SCADA Operations Center	0	7,655	0	0	0	0	0	0	0	0	0	0	OP
Water Meters	394,659	450,379	252,103	103,000	106,090	109,273	112,551	115,927	119,405	122,987	122,987	122,987	MR
Vehicle Replacement	47,617	95,523	170,000	175,100	180,353	185,764	191,336	197,077	202,989	209,079	209,079	209,079	Vehicle Replacement Reserve
Pipeline Replacement	1,208,933	1,052,564	1,200,000	1,236,000	1,273,080	1,311,272	1,350,611	1,391,129	1,432,863	1,475,849	1,520,124	1,520,124	CR/OP (mostly CR in 14 & 15, OP only after 2015)
Add'l Pipeline Replacement	0	0	600,000	618,000	636,540	400,000	675,305	695,564	716,431	737,924	737,924	693,650	
Wells	0	0	0	0	0	0	0	0	700,000	900,000	900,000	900,000	Rate Funded
Tanks	0	0	100,000	103,000	106,090	109,273	112,551	115,927	119,405	122,987	122,987	122,987	Rate Funded
Pump Station	0	0	300,000	309,000	318,270	327,818	337,653	347,782	358,216	368,962	368,962	368,962	Rate Funded
Misc IT	0	0	400,000	408,000	416,160	424,483	432,973	441,632	450,465	459,474	459,474	459,474	Rate Funded
Office Remodel	64,762	0	0	0	0	0	0	0	0	0	0	0	CR
Donner View Replacement	156,637	0	0	0	0	0	0	0	0	0	0	0	CR
Northside Well Building Replacement	0	368,957	0	0	0	0	0	0	0	0	0	0	CR
AutoCad Upgrade	15,000	0	0	0	0	0	0	0	0	0	0	0	OP
Digital Media Extension	13,936	6,397	0	0	0	0	0	0	0	0	0	0	OP
NISC Smart Hub	4,816	0	0	0	0	0	0	0	0	0	0	0	OP
USA Ticket Integration	10,669	0	0	0	0	0	0	0	0	0	0	0	OP
<b>Total Planned Capital Improvement Projects</b>	<b>\$2,589,284</b>	<b>\$2,652,643</b>	<b>\$3,022,103</b>	<b>\$2,952,100</b>	<b>\$3,036,583</b>	<b>\$2,867,883</b>	<b>\$3,212,980</b>	<b>\$3,305,039</b>	<b>\$4,099,774</b>	<b>\$4,397,263</b>	<b>\$4,397,264</b>		
<b>Total Capital Improvement Projects</b>	<b>\$2,589,284</b>	<b>\$2,652,643</b>	<b>\$3,022,103</b>	<b>\$2,952,100</b>	<b>\$3,036,583</b>	<b>\$2,867,883</b>	<b>\$3,212,980</b>	<b>\$3,305,039</b>	<b>\$4,099,774</b>	<b>\$4,397,263</b>	<b>\$4,397,264</b>		
<b>Less: Outside Funding</b>													
Operating Cash Fund	\$0	\$630,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Reserve Funded	1,337,807	524,737	0	0	0	0	0	0	0	0	0	0	0
Facility Fee Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
Meter Replacement Reserve	394,659	450,379	152,103	0	0	0	0	0	0	0	0	0	0
Vehicle Replacement Fund	47,617	95,523	170,000	175,100	180,353	185,764	191,336	197,077	202,989	209,079	209,079	209,079	
New Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Outside Funding</b>	<b>\$1,780,083</b>	<b>\$1,700,639</b>	<b>\$322,103</b>	<b>\$175,100</b>	<b>\$180,353</b>	<b>\$185,764</b>	<b>\$191,336</b>	<b>\$197,077</b>	<b>\$202,989</b>	<b>\$209,079</b>	<b>\$209,079</b>		
<b>Total Capital Funded Through Rates</b>	<b>\$809,201</b>	<b>\$952,004</b>	<b>\$2,700,000</b>	<b>\$2,777,000</b>	<b>\$2,856,230</b>	<b>\$2,682,119</b>	<b>\$3,021,643</b>	<b>\$3,107,963</b>	<b>\$3,896,785</b>	<b>\$4,188,184</b>	<b>\$4,188,185</b>		Dep. Exp. \$3,400,615 (2013)

Truckee Donner Public Utility District  
 Exhibit 5  
 Development of Revenue at Present Rates (FY 2015 Rates)

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total		
<b>Residential Fixed Charges</b>															
<i>Metered Residential</i>	<i>As of 3/1/2014</i>	<i>As of 1/1/2015</i>													
5/8" x 3/4"	\$55.59	\$57.28	11,727	11,727	11,727	11,727	11,727	11,727	11,727	11,727	11,727	11,727	11,727		
3/4"	55.59	57.28	240	240	240	240	240	240	240	240	240	240	240		
1"	66.31	68.32	0	0	0	0	0	0	0	0	0	0	0		
<i>Total Number of Customers</i>	11,967	11,967	11,967	11,967	11,967	11,967	11,967	11,967	11,967	11,967	11,967	11,967	11,967		
<b>Total Monthly Charge</b>	\$685,470	\$685,470	\$685,470	\$685,470	\$685,470	\$685,470	\$685,470	\$685,470	\$685,470	\$685,470	\$685,470	\$685,470	\$8,225,637		
<b>Residential Consumption</b>															
<i>Consumption (1,000 gal)</i>	<i>As of 3/1/2014</i>	<i>As of 1/1/2015</i>													
0 - 8000 gal (block 1)	\$0.62	\$0.64	5,294	3,683	3,620	2,791	7,663	30,036	54,867	57,646	44,652	30,339	26,995	8,581	276,167
8000 + gal (block 2)	0.77	0.80	24,058	18,970	19,403	16,169	21,142	29,828	35,369	36,279	32,552	27,544	11,456	15,331	288,102
<i>Total Consumption</i>	29,353	22,654	23,022	18,959	28,805	59,864	90,236	93,926	77,205	57,884	38,450	23,912	564,269		
<b>Total Consumption Charge</b>	\$22,635	\$17,534	\$17,839	\$14,721	\$21,818	\$43,085	\$63,410	\$65,917	\$54,619	\$41,453	\$26,441	\$17,757	\$407,228		
<b>Total Residential</b>	\$708,105	\$703,003	\$703,308	\$700,191	\$707,288	\$728,555	\$748,880	\$751,387	\$740,089	\$726,922	\$711,911	\$703,226	\$8,632,866		
<b>\$/1,000 Gallons</b>															
<b>Additional Zone Charge</b>	<i>As of 3/1/2014</i>	<i>As of 1/1/2015</i>													
Zone 1	\$0.00	\$0.00	13,331	10,289	10,456	8,611	13,083	27,189	40,984	42,659	35,065	26,290	17,464	10,860	256,281
Zone 2	0.30	0.35	6,706	5,176	5,260	4,332	6,581	13,677	20,617	21,460	17,639	13,225	8,785	5,463	128,922
Zone 3	0.60	0.70	2,928	2,260	2,297	1,891	2,874	5,972	9,002	9,370	7,702	5,774	3,836	2,385	56,292
Zone 4	0.90	1.05	3,750	2,895	2,942	2,422	3,681	7,649	11,530	12,001	9,865	7,396	4,913	3,055	72,098
Zone 5	1.20	1.40	2,005	1,548	1,573	1,295	1,968	4,089	6,164	6,416	5,274	3,954	2,627	1,633	38,546
Zone 6	1.50	1.75	336	260	264	217	330	686	1,034	1,076	885	663	441	274	6,467
Zone 7	1.80	2.10	295	227	231	190	289	601	906	943	775	581	386	240	5,664
<i>Total</i>	29,353	22,654	23,022	18,959	28,805	59,864	90,236	93,926	77,205	57,884	38,450	23,912	564,269		
<b>Residential Zone Surcharges</b>	\$12,350	\$9,531	\$9,686	\$7,977	\$12,119	\$25,186	\$37,965	\$39,517	\$32,482	\$24,353	\$16,177	\$10,060	\$237,404		
<b>Un-metered Residential</b>															
<i>As of 3/1/2014</i>	<i>As of 1/1/2015</i>														
Zone 1	\$64.00	\$65.00	175	175	175	175	175	175	175	175	175	175	175	175	
Zone 2	67.50	67.50	140	140	140	140	140	140	140	140	140	140	140	140	
Zone 3	71.00	71.00	95	95	95	95	95	95	95	95	95	95	95	95	
Zone 4	74.50	74.50	166	166	166	166	166	166	166	166	166	166	166	166	
Zone 5	78.00	78.00	81	81	81	81	81	81	81	81	81	81	81	81	
Zone 6	81.30	81.30	13	13	13	13	13	13	13	13	13	13	13	13	
Zone 7	85.00	85.00	21	21	21	21	21	21	21	21	21	21	21	21	
<i>Total</i>	691	691	691	691	691	691	691	691	691	691	691	691	691		
<b>Un-metered Residential Zone Surcharges</b>	\$49,097	\$49,097	\$49,097	\$49,097	\$49,097	\$49,097	\$49,097	\$49,097	\$49,097	\$49,097	\$49,097	\$49,097	\$589,163		

Truckee Donner Public Utility District  
 Exhibit 5  
 Development of Revenue at Present Rates (FY 2015 Rates)

			Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total
<b>Commercial Fixed Charges</b>	<i>As of 3/1/2014</i>	<i>As of 1/1/2015</i>													
5/8" x 3/4"	\$55.59	\$57.28	0	0	0	0	0	0	0	0	0	0	0	0	0
3/4"	55.59	57.28	334	334	334	334	334	334	334	334	334	334	334	334	334
1"	66.31	68.32	177	177	177	177	177	177	177	177	177	177	177	177	177
1.5"	93.21	96.04	86	86	86	86	86	86	86	86	86	86	86	86	86
2"	128.13	132.03	73	73	73	73	73	73	73	73	73	73	73	73	73
3"	214.50	221.02	5	5	5	5	5	5	5	5	5	5	5	5	5
4"	306.92	316.25	12	12	12	12	12	12	12	12	12	12	12	12	12
6"	460.37	474.37	4	4	4	4	4	4	4	4	4	4	4	4	4
8"	575.47	592.96	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Number of Customers			691	691	691	691	691	691	691	691	691	691	691	691	691
Total Monthly Charge			\$55,919	\$55,919	\$55,919	\$55,919	\$55,919	\$55,919	\$55,919	\$55,919	\$55,919	\$55,919	\$55,919	\$55,919	\$671,032
<b>Commercial Consumption</b>	<i>As of 3/1/2014</i>	<i>As of 1/1/2015</i>													
\$/1,000 gal	\$1.52	\$1.57	12,006	11,110	11,192	9,827	17,652	34,716	41,071	38,007	32,590	23,236	15,586	10,854	257,847
Total Consumption			12,006	11,110	11,192	9,827	17,652	34,716	41,071	38,007	32,590	23,236	15,586	10,854	257,847
Water Consumption Charge			\$18,850	\$17,443	\$17,572	\$15,428	\$27,714	\$54,503	\$64,482	\$59,671	\$51,166	\$36,481	\$24,470	\$17,040	\$404,820
<b>Total Commercial</b>			\$74,769	\$73,362	\$73,491	\$71,348	\$83,633	\$110,423	\$120,401	\$115,590	\$107,086	\$92,400	\$80,389	\$72,959	\$1,075,853
<b>Additional Zone Charge</b>	<i>\$/1,000 Gallons</i>														
	<i>As of 3/1/2014</i>	<i>As of 1/1/2015</i>													
Zone 1	\$0.00	\$0.00	9,840	9,106	9,173	8,054	14,467	28,452	33,661	31,149	26,710	19,044	12,774	8,895	211,324
Zone 2	0.30	0.35	639	591	596	523	939	1,847	2,185	2,022	1,734	1,236	829	578	13,720
Zone 3	0.60	0.70	171	158	160	140	252	495	586	542	465	331	222	155	3,676
Zone 4	0.90	1.05	1,279	1,184	1,193	1,047	1,881	3,699	4,377	4,050	3,473	2,476	1,661	1,157	27,478
Zone 5	1.20	1.40	66	61	61	54	97	191	225	209	179	128	86	60	1,416
Zone 6	1.50	1.75	1	1	1	1	2	4	5	4	4	3	2	1	30
Zone 7	1.80	2.10	9	9	9	8	14	27	32	30	26	18	12	9	204
			12,006	11,110	11,192	9,827	17,652	34,716	41,071	38,007	32,590	23,236	15,586	10,854	257,847
<b>Commercial/Government Zone Surcharges</b>			\$1,802	\$1,667	\$1,679	\$1,475	\$2,649	\$5,209	\$6,163	\$5,703	\$4,890	\$3,487	\$2,339	\$1,629	\$38,690
<b>Golf Courses Non-Potable</b>															
Meter Charge (\$/Month)	\$306.92	\$316.25	8	8	8	8	8	8	8	8	8	8	8	8	8
Total Number of Customers			8	8	8	8	8	8	8	8	8	8	8	8	8
Total Monthly Charge			\$2,530	\$2,530	\$2,530	\$2,530	\$2,530	\$2,530	\$2,530	\$2,530	\$2,530	\$2,530	\$2,530	\$2,530	\$30,360
<b>Non-Potable Consumption (gal)</b>															
Consumption (Jan - May)	\$0.288	\$0.288	23	48	3	30	13,400	0	0	0	0	0	0	0	13,503
Consumption (Jun - Dec)	\$0.294	\$0.294	0	0	0	0	0	37,589	54,733	42,471	37,786	34,779	8,668	804	216,829
Total Consumption			23	48	3	30	13,400	37,589	54,733	42,471	37,786	34,779	8,668	804	230,333
Water Consumption Charge			\$7	\$14	\$1	\$9	\$3,859	\$11,051	\$16,091	\$12,486	\$11,109	\$10,225	\$2,548	\$236	\$67,637
<b>Total Golf Courses Non-Potable</b>			\$2,537	\$2,544	\$2,531	\$2,539	\$6,389	\$13,581	\$18,621	\$15,016	\$13,639	\$12,755	\$5,078	\$2,766	\$97,997

**Truckee Donner Public Utility District  
Water Rate Study  
Rate Summary**

	<b>Present Rates</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<i>Rate Adj.</i>	6.0%	5.0%	3.0%	3.0%	3.0%
<b>Residential</b>						
<b><i>Metered Residential</i></b>						
5/8" x 3/4"	\$57.28	\$60.72	\$63.75	\$65.67	\$67.64	\$69.66
3/4"	57.28	60.72	63.75	65.67	67.64	69.66
1"	68.32	72.42	76.04	78.32	80.67	83.09
<b><i>Consumption (1,000 gal)</i></b>						
0 - 8000 gal (block 1)	\$0.64	\$0.68	\$0.71	\$0.73	\$0.76	\$0.78
8000 + gal (block 2)	0.80	0.85	0.89	0.92	0.94	0.97
<b><i>Un-metered Residential</i></b>						
Zone 1	\$65.00	\$68.90	\$72.35	\$74.52	\$76.75	\$79.05
Zone 2	67.50	71.55	75.13	77.38	79.70	82.09
Zone 3	71.00	75.26	79.02	81.39	83.84	86.35
Zone 4	74.50	78.97	82.92	85.41	87.97	90.61
Zone 5	78.00	82.68	86.81	89.42	92.10	94.86
Zone 6	81.30	86.18	90.49	93.20	96.00	98.88
Zone 7	85.00	90.10	94.61	97.44	100.37	103.38
<b>Commercial</b>						
<b><i>Commercial Fixed Charges</i></b>						
5/8" x 3/4"	\$57.28	\$60.72	\$63.75	\$65.67	\$67.64	\$69.66
3/4"	57.28	60.72	63.75	65.67	67.64	69.66
1"	68.32	72.42	76.04	78.32	80.67	83.09
1.5"	96.04	101.80	106.89	110.10	113.40	116.80
2"	132.03	139.95	146.95	151.36	155.90	160.58
3"	221.02	234.28	246.00	253.38	260.98	268.81
4"	316.25	335.23	351.99	362.55	373.42	384.62
6"	474.37	502.83	527.97	543.81	560.13	576.93
8"	592.96	628.54	659.96	679.76	700.16	721.16
<b><i>Commercial Consumption</i></b>						
\$/1,000 gal	\$1.57	\$1.66	\$1.75	\$1.80	\$1.85	\$1.91
<b>Elevation (Zone) Charges</b>						
Zone 1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Zone 2	0.35	0.40	0.45	0.50	0.55	0.60
Zone 3	0.70	0.80	0.90	1.00	1.10	1.20
Zone 4	1.05	1.20	1.35	1.50	1.65	1.80
Zone 5	1.40	1.60	1.80	2.00	2.20	2.40
Zone 6	1.75	2.00	2.25	2.50	2.75	3.00
Zone 7	2.10	2.40	2.70	3.00	3.30	3.60