

EXAMPLE NO. II

MUNICIPALITY WITH ALL SERVICES METERED, 3-STEP SCHEDULE

ABBREVIATIONS: C = Contingency Allowance; Dom. = Domestic Rate; G, followed by a number = Guideline Item; Incr. = Increment; Int. = Intermediate; M & O = Maintenance & Operation; M.G. = Thousand Gallons; Q = Quarter year; Ratio = Group Capacity Ratio; S = Sewer; W = Water; Wh. = Wholesale rate.

USE SPACES BELOW ( ) TO INSERT YOUR OWN DATA.

Data for preceding year should be projected for 2 years so rates will not have to be changed too often, e.g., estimate increases in costs, number of likely new customers, additional water sales.

CUSTOMERS:	W & S	718	( )	If any customers are located outside
	W only	1	( )	Municipality, or L.I.D., limits, (see
	S only	-	( )	G. 21) these are also to be included
				in the number of customers indicated
	Total	<u>719</u>	( )	here.

METERS:	Connected to system.	5/8 inch	685	( )
		3/4 "	10	( )
		1 "	20	( )
		1 1/2 "	2	( )
		2 "	<u>2</u>	( )
	Total		719	( )

CAPITAL COST OF SYSTEM, ANNUAL DEBENTURE COST & CONTINGENCY ALLOWANCE:

	<u>Capital Cost</u>		<u>Contingency Allowance G.5.</u>	
Water Production System	\$210,000	( )	\$2,100	( )
Water Distribution System	250,000	( )	2,500	( )
Sewage Collection System	175,000	( )	1,750	( )
Sewage Disposal System	<u>75,000</u>	( )	<u>750</u>	( )
Total	\$710,000	( )	\$7,100	( )

Annual debenture costs - \$40,000 ( )

Recovered by:

Frontage charges	\$15,000	( )
Taxes on assessment	\$25,000	( )
Rates	-	( )

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UTILITY CASH SURPLUS, accumulated to end of previous year	\$10,000	( )	G.6
UTILITY RESERVE FUND, balance end of previous year	\$20,000	( )	
WATER: Produced or purchased	55,000 M.G.	( )	
Sold:			
3rd step - Wholesale	1,600	( )	
2nd step - Intermediate	11,830	( )	
1st step - Domestic	36,040	( )	
* Sales through hydrants	-	( )	
Bulk sales	<u>800</u>	( )	
Total Sales	<u>50,270</u>	( )	
Unaccounted for	4,730	( )	
percentage of water produced or purchased	8.6%	( )	

Note: Water used through hydrants for fire-fighting, building construction, etc., should be estimated and charged at the appropriate rate, usually the Domestic rate. Water unaccounted for includes water used for flushing sewers, which is a Utility expense.

ANNUAL WATER CONSUMPTION (PER QUARTER) NOTE: This data to be filed as additional information

- (a) No. of 5/8" meters and total consumption through all 5/8" meters.
- (b) Quarterly consumption data for each customer with a meter size larger than 5/8", listing in each case the customer description and meter size.

RATE CALCULATIONS:

Based on operating expenses and contingency allowances. G. 9. If any debenture costs are to be recovered through rates, these should be included as an expense also. (See G.4). Hydrant rentals are charged to recover cost of maintaining and replacing hydrants, which are part of the W. Distribution system: these rentals should be deducted from W. Distribution costs in calculating rates, as shown below.

<u>Annual Costs</u>		<u>Calculation of rates</u>	<u>Rates Derived</u>
			<u>Per Quarter</u>
\$ 7,200 ( )	ADMINISTRATION COSTS: G.2. Cost \$7,200 ( ) Customers 719 ( ) X	4 Q. = <u>Customer Service Charge</u>	= \$2.50 ( )
\$35,800 ( )	WATER PRODUCTION COSTS, OR M & O \$33,700 ( ) Total W. sales - 50,270 M.G. ( )	W. PURCHASED: G. 11 + C \$2,100 ( ) = <u>Wholesale W. rate</u>	<u>Per M.G.</u> = \$0.70 ( )

Per M.G.

\$16,760 WATER DISTRIBUTION COSTS:  
 ( ) M & O \$14,260 ( ) + C \$2,500 ( ) ,  
 less Hydrant rentals \$1,200 ( )  
 = Net cost - \$15,560 ( ) .

Half net W. Dist. Cost \$7,780 ( )  
 Total W. sales 50,270 M.G. ( ) ,  
 less Wh. W. 1,600 M.G. ( ) = 48,670 M.G. ( )  
 = Intermediate increment \$0.15 ( )  
 + Wholesale W. rate \$0.70 ( )  
 = Intermediate W. rate = \$0.85 ( )

Half net W. Dist. Cost \$7,780 ( )  
 Dom. W. sales 36,040 M.G. ( )  
 + Bulk sales 800 M.G. ( ) = 36,840 M.G. ( )  
 = Domestic increment \$0.25 ( )  
 + Intermediate W. rate of \$0.85 ( )  
 = Domestic W. rate = \$1.10 ( )

\$19,000 SEWAGE COLLECTION & DISPOSAL COSTS:  
 ( ) M & O \$16,500 ( ) + C \$2,500 ( )  
 Total W. sales 50,270 M.G. ( ) ,  
 less W. customers only 1,000 M.G. ( ) ,  
 & less Bulk sales 800 M.G. ( )  
 = 48,470 M.G. ( )  
 = Sewer rate for all steps = \$0.40 ( )

\$78,760 Total expenses for rate calculation, excluding debenture  
 ( ) charges which are collected through taxes.

BULK SALES RATE: G.22

M & O & C costs \$78,760 ( ) + Debenture  
Costs \$40,000 ( ) = \$118,760 ( )  
 M & O & C costs \$78,760 ( )

multiplied by Dom W. rate \$1.10 ( )  
 = Bulk sales rate = \$1.70 ( )

SCHEDULE OF QUARTERLY RATES:

1. <u>Commodity Rates per M.G.</u>	<u>Water</u>	<u>Sewer</u>	<u>Water &amp; Sewer</u>
Domestic - First 20,000( ) gallons per quarter	\$1.10( )	\$0.40( )	\$1.50( )
Intermediate-Next 80,000( ) gallons per quarter	0.85( )	.40( )	1.25( )
Wholesale -Over 100,000( ) gallons per quarter	.70( )	.40( )	1.10( )

2. Minimum Quarterly Charges G.8

Notwithstanding the Commodity Rates set forth in paragraph 1 hereof, all customers will pay the applicable minimum charges set out below, which will include water allowances indicated:

Meter Size	Group Capacity Ratio	Water Included, Gallons	Customer Service Charge	Commodity Charges		Total Quarterly Minimum
				Water	Sewer	
<u>Water &amp; Sewer Customers</u>						
5/8"	1	3,000( )	\$2.50( )	\$3.30( )	\$1.20( )	\$ 7.00( )
3/4"	2	6,000( )	2.50( )	6.60( )	2.40( )	11.50( )
1"	4	12,000( )	2.50( )	13.20( )	4.80( )	20.50( )
1 1/2"	10	30,000( )	2.50( )	30.50( )	12.00( )	45.00( )
2"	25	75,000( )	2.50( )	68.75( )	30.00( )	101.25( )

Water only customers

Minimum Charge will be the same as shown above for each meter size, but Sewer Commodity Charge will be excluded.

Sewer only residential customers

The average quarterly consumption in gallons of water used for residential customer at the domestic sewer rate plus the quarterly service charge.

3. Bulk Sales Rate G 22

See page 12 for method of calculation and insert the rate here.

4. Service to customers outside Municipality, or L.I.D., limits

The Council of the Municipality may sign agreements with customers for the provision of water and sewer services to properties located outside the legal boundaries of the Municipality. Such agreements shall provide for payment of the appropriate rates as set forth in paragraphs 1 and 2 of this schedule, as well as a surcharge set by resolution of Council, which shall be equivalent to the frontage levy, and general and special taxes for Utility purposes in effect at the time, or may be in effect from time to time, and which would be levied on the property concerned if it were within these boundaries. In addition, all costs of connecting to the Utility's mains, and installing and maintaining service connections will be paid by the customer.

5. Reconnection Fee G.25

A customer who has had his service disconnected for any reason, shall not be reconnected until all regulations have been complied with, and all arrears paid, as well as any penalties and a reconnection fee of \$5.00. (This fee is set by the Municipality to cover costs of connection and disconnection).

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6. Billing and penalties. See G. 23 & 24.

7. Hydrant Rentals. See G. 17.

ESTIMATED ANNUAL REVENUE AND EXPENSES:

REVENUE:

Service Charges - 719 ( ) customers  
@ \$2.50 ( ) times 4 Q. \$ 7,190 ( )

Commodity Charges:

W & S: Dom. Rate - 35,960 M.G. ( )  
@ \$1.50 ( ) per M.G. 53,940 ( )

Int. rate - 11,510 M.G. ( )  
@ \$1.25 ( ) per M.G. 14,384 ( )

Wh. Rate - 1,000 M.G. ( )  
@ \$1.10 ( ) per M.G. 1,100 ( )

W. only: Dom. Rate - 80 M.G. ( )  
@ \$1.10 ( ) per M.G. 88 ( )

Int. rate - 320 M.G. ( )  
@ \$0.85 ( ) per M.G. 272 ( )

Wh. Rate - 600 M.G. ( )  
@ \$0.70 ( ) per M.G. 420 ( )

Bulk Sales: 800 M.G. ( ) @ \$1.70 ( ) 1,360 ( )

Hydrant rentals: 30 ( ) hydrants @ \$40.00 per year ( ) 1,200 ( )

Total revenue \$79,954 ( )

Total expenses (See page 3 of this example) 78,760 ( )

Estimated surplus \$ 1,194 ( )

Note: Estimated revenue should exceed estimated expenses.