Board Members Present: Chair Laurie Ho, Clyde Nakaya, Sherman Shiraishi, Lawrence Dill, Beth Tokioka

Excused: Michael Dahilig, Lyle Tabata

Staff Present: Manager and Chief Engineer Kirk Saiki, Marites Yano, Dustin Moises, Keith Aoki, Kim Tamaoka, Fay Tateishi, Anne Parrott, MJ Akuna

Guests: Raffelis Financial Consultants Sudhir Pardiwala & Hannah Phan; Hal Parrott, private citizen

AGENDA
Mr. Dill moved to approve the Agenda as circulated; seconded by Mr. Nakaya; with no objections motion carried with 5 ayes.

NEW BUSINESS
1. Water Financial Plan and Rate Study

BACKGROUND:
Raffelis Financial Consultants presented an overview of the Water Financial Plan and Rate Study to the Board. The PowerPoint hand out was Received for the Record (see attached). The agenda items included the following:

➢ Study Objectives
➢ Preliminary Financial Plan
  • Key Assumptions
  • Revenue and Expenses
  • Proposed Revenue Adjustments
➢ Rate Structure
  • Scenarios Review
➢ Next Steps

Various comments by the Board and consultants were made and listed under each of the slide headings below.

O & M Expenses (page 6)
9-1/2% is high and could not be supported by Mr. Dill or Mr. Nakaya.

Key Assumptions (pages 4-5)
The DOW’s target rating of debt coverage is 150%; however, 125% is the typical max requirement for a debt issue. A higher target earns a better rating.
Typically, 125% is the minimum for bond coverage by the market.
Debt ratio is based on 1.5% of net operating income.
Proposed Revenue Adjustment (page 8)
Manager Saiki commented that actual expenses were below the budget based on five (5) projects a year or $12M a year (a lower amount of rate increases).
9 ½ is projected for 10 years; 100% is the debt ratio.
The Capital Improvement Projects (CIP) could be smoothed out equaling a 0 debt CIP reduction.

The $6M annual reduction reflects what the Department experienced last year and is based on not being fully staff depending on which division.

Manager Saiki commented that the potential rate increase for the surface water plant will be brought before the Board next month for discussion the reduction in FRC for affordable housing is not factored in the rates. With the direction of the Board, how will the Department make up the revenue? Ms. Phan indicated the estimate of $200,000 per year would be from FRC based on 10 new accounts.

Waterworks Controller Ms. Yano mentioned that the previous series of increases was 11.5% the past four (4) years but there was no rate increase last year. Capital financing did not issue new debt and $10M a year would be financed through rates and FRC. Ms. Phan mentioned the Department will receive about $4M in grants / $8M over three years in the fund balance.

Mr. Dill had two (2) concerns: 1) Is $12M CIP sufficient? 2) Define ending balances? What is the target balance based on? Ms. Phan commented that the current target reserve for emergency is 25% of the net operating expenses and 50% of annual debt service. Staff would like some working capital to cover 25% of the operating expenses that have a fund balance. 3 ½% increase every year would be above the target level.

CIP Financing Plan (page 7)
FY 2019 - Rate/FRC Funded – There is no grant money or no SRF loans (original 9.5% increase scenario). The Department’s rates could handle the amount of capital expenses work to be done. The following year needs to fund debt.

Ms. Tokioka suggested other ways to use the reserves by subsidizing FRC. Manager Saiki said the Department could get SRF loans to use for projects. Mr. Pardiwala added that there is flexibility to issuing additional debt.

Mr. Dill inquired if debt coverage goal and the target being lower, doesn’t it make a difference?

Chair Ho understood to keep debt coverage at 150%, normally 125%, asked what was the difference? In 2011, 150% was determined at the last rate study. Manager Saiki said having it at 150% may not be workable.

Rate Design
Based on the current rate structure, a comparison could be made from an equity prospective.

How are Tiers set for different meter sizes?
95% customers use 5/8" meters.
3 customer use 8" meters.

<table>
<thead>
<tr>
<th>Tier</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 0</td>
<td>$3.80</td>
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<tr>
<td>Tier 3</td>
<td>$9.50</td>
</tr>
<tr>
<td>Tier 4</td>
<td>$10.00</td>
</tr>
</tbody>
</table>

Tier 3 & 4 make up 12% of the total usage.
FY 2015 Customer Data (page 15)
Average monthly use in 2015 = 9,000 gallons per month/gpm.
4 people in household/mainland numbers for indoor usage.
Total Average 15,000 gpm.
Single Family – should be using about 7,500 gpm.
¾” meter – commercial use or condos.
4” to 6” – have a huge increase of usage. Focus on the larger users to incentive conservation use.
6” - hotels
8” – airport (uses 2 meters)
Tier 0 and Tier 1 = 64% of water use.

Meter Capacity Factors (page 18)
The consultants mentioned there were no rational basis on the number of Tiers and the number was arbitrary.

The 5/8” uses a capacity of 20 gpm.
6” is 2,400 gpm use more than their capacity and should be charged more.
The Tier method shows how to allocate water usage to the different meter sizes.
The ratios are consistent with the ratio on the meter charge except for the 4” and 8” meters.

Tier Options (page 20)
Ms. Phan commented to include Tier 0 into the meter charge. Fix revenue will be maintained. She explained the Proposed Tiers – 4 Tiers (Scenario 1) and Proposed Tiers – 4 Tiers (Scenario 2).

Usage Distribution (page 23)
Significant impact to current structure in Tiers 3 & 4. Rates for Tier 3 & 4 do not need to be that high.
The breakpoints for the larger meters are very generous.
The AWWA capacity factor would be a significant impact on the usage allocation per Tier.
The consultants will look at the impact on various customers on different levels of usages.

Proposed Monthly Meter Charges – FY 2017 (page 24)
Recommend monthly meter charges do not have a fix charge on Tier 0.
Total rate revenue from monthly meter charges are 25%.
The proposed rates and the current rates collect the same revenue. Need to see rates changed if restructured.

Proposed Rates (page 25) – has 3 different components:
a. Water supply costs - lower water costs allocated to ag rates and the lower Tiers.
b. Base delivery cost – system fixed costs, distribution line
c. Peaking cost – size of pipes

Proposed Rates – FY 2017 (page 26)
Represents range of impact that could be experienced.
Ag current rates of $2.32 ($/kgal) pay for the supply and peaking costs.

Customer Impacts – 5/8” (page 27)
Potential customer impacts in Scenario 1 & 2.
Chart compares Current Fixed with the Current Commodity and Proposed Fixed with the Proposed Commodity. There would be a reduction in the Total Bill. A reduction keeps dropping due to usage.

**Customer Impacts – 1”** (page 28)
Shows the different levels of how the impacts are on the water customer uses.

**Customer Impacts 1 1/2”** (page 29)
As the meters go up in size, there are more water allocations (commercial users).

**Rate Alternatives** (page 30)
1) Do a rate restructuring with discussion (i.e., where to set the Tiers and Tier rates).
2) No rate structure – increase everyone across the board.

**Customer Impacts – 5/8”** (page 27)
Ms. Tokioka noticed the 5/8” does not incentivize conservation.

The consultants will look at the average use per meter based on the Tiers and not on the capacity. The 3” does not have enough data for a good rational.

Mr. Shiraishi mentioned if the Department incentivizes conservation, the revenue would be reduced. Currently there is no water problem.

Chair Ho asked without data points, is across the board easier? Could we ever get to fair and equitable? Ms. Phan said there are pros and cons.

**Proposed Monthly Meter** (page 24)
Ms. Tokioka commented that residential users are paying more and everyone else is paying less. She asked if the 5/8” meters could be revenue neutral and everyone else go less? It would make sense to go into a fair structure. Mr. Pardiwala said the structure could be phased over time. The Tiers could be changed with small changes every year so that the impacts are not substantial. Ms. Tokioka added the Department could help users on how to conserve better with tools to minimize the impact. Ms. Phan suggested reducing the number of Tiers. The cost structure doesn’t support 4 Tiers. Chair Ho was not in favor of increasing the agriculture rates.

Mr. Dill understood that the basis of this analysis is cost of service and user pay. He considered doing a phase out of a discount for ag rates if a discount exists. Ag users should maintain service water systems to provide their needs.

Manager Saiki pointed out that farmers do not use the Department’s water due to the cost. Chair Ho asked how much agriculture water do we sell? What about food safety? The Food Safety and Modernization Act would require farmers to purchase water from the DOW. Chair Ho could provide an agriculture membership list and will work with the Department on a survey to 1) find out how many users use water for ag purposes, and 2) what are their anticipated needs.

Mr. Dill inquired about the acquisition of the surface treatment plant and asked if this is factored into the water rate cost. Water cost will be the same. Manager Saiki spoke to Grove Farm about increasing the rates (catch up rate). Mr. Dill asked how can the Department be sure that ag rates are given to legitimate
farmers? Manager Saiki said through a General Excise Tax Schedule F form to prove they are generating agricultural income.

Ms. Tokioka commented that as an agency, the Department is connected with other agencies and needs to look at how the Department places priorities for the overall island (incentivize ag & affordable housing). Need to keep the business in mind and prudent with finances and to support other priorities.

Discussion Summary:
1. Meter charges by capacity charges – good rational.
2. Tier structure – identify the Tiers for 5/8” meter and proportion the other meters.
3. Minimize the impact to the larger meters (could adjust with less reduction).
4. Rates could be adjusted.
5. Do annual adjustments over the 5 year period to minimize the cost impact.
6. Do customer impacts on the other meter sizes.
7. Do gradual changes other than the 5/8” meter or status quo rather than a reduction.
8. Reduce the number of Tiers.
9. Financial Plan – to use the actuals with the 4% increase or up to 5% increase.
10. Consultants will provide a proposal to adjust 3” or 4” Tiers.

Mr. Dill moved to adjourn the Water Financial Plan and Rate Study Workshop at 9:45 a.m.; seconded by Ms. Tokioka; with no objections, motion carried with 5 ayes.

Respectfully submitted,

Edie Ignacio Neumiller
Commission Support Clerk

Approved,

Sherman Shiraishi
Secretary – Board of Water Supply
AGENDA

Study Objectives
Preliminary Financial Plan
Key Assumptions
Revenue and Expenses
Proposed Revenue Adjustments
Rate Design
Scenarios Review
Next Steps
Q&A
» Adequate funding of the water utility’s ongoing operation and capital needs
  › Overall financial stability and adequate reserves
  › Minimize overall impacts
    – Review multiple scenarios

» Development of water rates that
  › Provide revenue stability
  › Are fair and equitable to customers
KEY ASSUMPTIONS

» Inflation Factors:
  › General (CPI) – 3% per year
  › Salaries, benefits, and utilities – 5% per year
  › Chemicals and capital – 4% per year

» Miscellaneous revenue growth rate – 1% per year

» Customer growth rate – 0.05% per year (~10 new accounts per year)
» Financing assumptions:
  › Bonds – 5% interest, 30 year term, 2% issuance cost
  › SRF Loan – 2% interest, 20 year term
» Debt coverage – 150% of annual debt service
» Reserve interest rate – 1% per year until FY 2018, 1.5% in FY 2019 and 2% per year
Assume bond issue of $25M in FY 2018 and $35M in FY 2020, and $4.4M in grant funding in FY 2017
Revenue Adjustments & Debt Coverage

Assume rates effective every July 1 starting July 1, 2017.
Financial Plan

- FY 2017
- FY 2018
- FY 2019
- FY 2020
- FY 2021

Grant money

- O&M Expenses
- Debt Service
- Capital
- Net Income
- Revenue - Current
- Revenue - Proposed

Millions

$50

$40

$30

$20

$10

$0

($10)
CURRENT TARGET RESERVE

- Utility Fund
- Emergency Reserve Fund
  - 25% of operating expenses, net of depreciation
- Debt Reserve Fund
  - 50% of annual debt service budget
Fund Ending Balances - Total Funds

<table>
<thead>
<tr>
<th>Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>$40</td>
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</tr>
<tr>
<td>$15</td>
</tr>
<tr>
<td>$10</td>
</tr>
<tr>
<td>$5</td>
</tr>
</tbody>
</table>

FY 2017   FY 2018   FY 2019   FY 2020   FY 2021

- Ending Balance
- Target Balance
» CIP option
» O&M expenses
» Revenue adjustments
Monthly service charge + 5-tier consumption rate

- Tiers are based on meter size
- Agriculture customers have uniform rate of $2.20/kgal
- Power adjustment rate of $0.12/kgal for everyone

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>No. of Meters</th>
<th>Meter Charge</th>
<th>Tier 0 Min</th>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3</th>
<th>Tier 4</th>
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<td>$9.50</td>
<td>$10.00</td>
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<td></td>
</tr>
<tr>
<td>1 1/2&quot;</td>
<td>209</td>
<td>$65.50</td>
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<td>$934.00</td>
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</tr>
</tbody>
</table>
## FY 2015 CUSTOMER DATA

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Usage (kgal)</th>
<th>Number of Meters</th>
<th>Average Monthly Use (kgal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8 inch</td>
<td>2,160,717</td>
<td>20,784</td>
<td>9</td>
</tr>
<tr>
<td>3/4 inch</td>
<td>48,851</td>
<td>108</td>
<td>38</td>
</tr>
<tr>
<td>1 inch</td>
<td>117,981</td>
<td>211</td>
<td>47</td>
</tr>
<tr>
<td>1-1/2 inch</td>
<td>273,491</td>
<td>209</td>
<td>109</td>
</tr>
<tr>
<td>2 inch</td>
<td>362,748</td>
<td>132</td>
<td>229</td>
</tr>
<tr>
<td>3 inch</td>
<td>343,110</td>
<td>47</td>
<td>608</td>
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<tr>
<td>4 inch</td>
<td>200,570</td>
<td>17</td>
<td>983</td>
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<tr>
<td>6 inch</td>
<td>411,961</td>
<td>10</td>
<td>3,433</td>
</tr>
<tr>
<td>8 inch</td>
<td>82,843</td>
<td>3</td>
<td>2,301</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4,002,272</strong></td>
<td><strong>21,521</strong></td>
<td><strong>15</strong></td>
</tr>
</tbody>
</table>
FY 2015 Consumption by Tier

- Tier 1: 54%
- Tier 2: 22%
- Tier 3: 6%
- Tier 4: 6%
FY 2015 Meter Equivalents v. Use

<table>
<thead>
<tr>
<th>Size</th>
<th>Use</th>
<th>Meter Equiv</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8 inch</td>
<td>54%</td>
<td>80.1%</td>
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<tr>
<td>3/4 inch</td>
<td>1%</td>
<td>0.6%</td>
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<tr>
<td>1 inch</td>
<td>3%</td>
<td>2.0%</td>
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<tr>
<td>1-1/2 inch</td>
<td>7%</td>
<td>4.0%</td>
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<tr>
<td>2 inch</td>
<td>9%</td>
<td>4.1%</td>
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<tr>
<td>3 inch</td>
<td>9%</td>
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<tr>
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<td>5%</td>
<td>2.1%</td>
</tr>
<tr>
<td>6 inch</td>
<td>10%</td>
<td>2.5%</td>
</tr>
<tr>
<td>8 inch</td>
<td>2%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>
# Meter Capacity Factors

<table>
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<tr>
<th>Meter Size</th>
<th>Capacity (gpm)</th>
<th>AWWA Ratio</th>
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</thead>
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<td>5/8&quot;</td>
<td>20</td>
<td>1.00</td>
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<tr>
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<tr>
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<td>50</td>
<td>2.50</td>
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<td>17.50</td>
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<td>1,300</td>
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</tr>
<tr>
<td>8&quot;</td>
<td>2,400</td>
<td>120.00</td>
</tr>
<tr>
<td>Meter Size</td>
<td>Tier 1 Rate</td>
<td>Ratio</td>
</tr>
<tr>
<td>------------</td>
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<td>-------</td>
</tr>
<tr>
<td>5/8&quot;</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>3/4&quot;</td>
<td>1.50</td>
<td>1.50</td>
</tr>
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<td>1&quot;</td>
<td>2.22</td>
<td>2.22</td>
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<td>65.00</td>
<td>65.00</td>
</tr>
<tr>
<td>8&quot;</td>
<td>120.00</td>
<td>120.00</td>
</tr>
</tbody>
</table>
Reduce to 4 tiers (Tier 0 include in meter charges)

- **Scenario 1:**
  - Tier 1 – 25th percentile for 5/8” meter (4 kgal/mo)
  - Tier 2 – 60th percentile for 5/8” meter (8 kgal/mo)
  - Tier 3 – 85th percentile for 5/8” meter (14 kgal/mo)
  - Tier 4 – over 14 kgal/mo

- **Scenario 2:**
  - Tier 1 – 50th percentile for 5/8” meter (6 kgal/mo)
  - Tier 2 – 75th percentile for 5/8” meter (10 kgal/mo)
  - Tier 3 – 95th percentile for 5/8” meter (24 kgal/mo)
  - Tier 4 – over 24 kgal/mo

- Tiers for larger meter sizes would be based on AWWA capacity factors
# Proposed Tiers – 4 Tiers
*(Scenario 1)*

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Tier 1 Kgal/mo</th>
<th>Tier 2 Kgal/mo</th>
<th>Tier 3 Kgal/mo</th>
<th>Tier 4 Kgal/mo</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8&quot;</td>
<td>4</td>
<td>8</td>
<td>14</td>
<td>14+</td>
</tr>
<tr>
<td>3/4&quot;</td>
<td>6</td>
<td>12</td>
<td>21</td>
<td>21+</td>
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<td>1&quot;</td>
<td>10</td>
<td>20</td>
<td>35</td>
<td>35+</td>
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<td>252</td>
<td>441</td>
<td>441+</td>
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<td>260</td>
<td>520</td>
<td>910</td>
<td>910+</td>
</tr>
<tr>
<td>8&quot;</td>
<td>480</td>
<td>960</td>
<td>1,680</td>
<td>1,680+</td>
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</table>
## Proposed Tiers – 4 Tiers (Scenario 2)

<table>
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<tr>
<th>Meter Size</th>
<th>Tier 1 Kgal/mo</th>
<th>Tier 2 Kgal/mo</th>
<th>Tier 3 Kgal/mo</th>
<th>Tier 4 Kgal/mo</th>
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</thead>
<tbody>
<tr>
<td>5/8&quot;</td>
<td>6</td>
<td>10</td>
<td>24</td>
<td>24+</td>
</tr>
<tr>
<td>3/4&quot;</td>
<td>9</td>
<td>15</td>
<td>36</td>
<td>36+</td>
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<td>1&quot;</td>
<td>15</td>
<td>25</td>
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<td>60+</td>
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<tr>
<td>1 1/2&quot;</td>
<td>30</td>
<td>50</td>
<td>120</td>
<td>120+</td>
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<tr>
<td>2&quot;</td>
<td>48</td>
<td>80</td>
<td>192</td>
<td>192+</td>
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<td>420+</td>
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<td>189</td>
<td>315</td>
<td>756</td>
<td>756+</td>
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<td>390</td>
<td>650</td>
<td>1,560</td>
<td>1,560+</td>
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<td>720</td>
<td>1,200</td>
<td>2,880</td>
<td>2,880+</td>
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FY 2015 Usage Distribution (exclude Ag)

Scenario 1: ~20% of 5/8” usage is in Tier 4, ~68% of all other meter usage is in Tier 4

Scenario 2: ~11% of 5/8” usage is in Tier 4, ~53% of all other meter usage is in Tier 4
Current fixed charge revenue is ~19% without Tier 0 revenue, ~25% with Tier 0 revenue

Proposed fixed charge revenue is retained at ~25%

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Meter Ratio</th>
<th>Meter Component</th>
<th>Billing Component</th>
<th>Total Monthly Charges + Tier 0</th>
<th>Current</th>
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<tbody>
<tr>
<td>5/8&quot;</td>
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<td>$12.94</td>
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<td>$47.90</td>
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<td>$103.50</td>
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<td>$1,562.35</td>
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</table>
Water rates are comprised on 3 components:

- Water supply cost – lower cost water would be allocated to Ag and lower tiers
  - Groundwater (~80% of total water)
  - Purchased water (~20% of total water)
- Base delivery cost – all system costs to provide water at average rate of use
- Peaking cost – costs to provide extra capacity in the water system
## PROPOSED RATES – FY 2017

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Supply Unit Cost</th>
<th>Base Delivery Unit Cost</th>
<th>Peaking Unit Cost</th>
<th>Total Rate ($/kgal)</th>
<th>Current Rate ($/kgal)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>$1.60</td>
<td>$1.56</td>
<td>$0.00</td>
<td>$3.16</td>
<td>$4.97</td>
<td>($1.81)</td>
</tr>
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<td>$1.76</td>
<td>$4.91</td>
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<tr>
<td>Tier 4</td>
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<td>$7.02</td>
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<tr>
<td>Agricultural</td>
<td>$1.60</td>
<td>$1.56</td>
<td>$0.88</td>
<td>$4.04</td>
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<td>$1.72</td>
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</table>

<table>
<thead>
<tr>
<th>Scenario 2</th>
<th>Supply Unit Cost</th>
<th>Base Delivery Unit Cost</th>
<th>Peaking Unit Cost</th>
<th>Total Rate ($/kgal)</th>
<th>Current Rate ($/kgal)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>$1.60</td>
<td>$1.56</td>
<td>$0.00</td>
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<tr>
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<td>$1.56</td>
<td>$1.07</td>
<td>$4.23</td>
<td>$2.32</td>
<td>$1.91</td>
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# Customer Impacts - 5/8"

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<th>Scenario 1</th>
<th></th>
<th>Scenario 2</th>
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<th>Difference</th>
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</thead>
<tbody>
<tr>
<td>Monthly Usage (Kgal)</td>
<td>Current Fixed</td>
<td>Current Commodity</td>
<td>Current Total Bill</td>
<td>Proposed Fixed</td>
<td>Proposed Commodity</td>
<td>Proposed Total Bill</td>
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## CUSTOMER IMPACTS – 1"

<table>
<thead>
<tr>
<th>Meter Size (kgal)</th>
<th>Current Fixed + Tier 0</th>
<th>Current Commodity</th>
<th>Current Total Bill</th>
<th>Proposed Fixed</th>
<th>Proposed Commodity</th>
<th>Proposed Total Bill</th>
<th>Difference Total Bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>$47.90</td>
<td>$59.64</td>
<td>$107.54</td>
<td>$41.77</td>
<td>$51.80</td>
<td>$93.57</td>
<td>($13.97)</td>
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<td>$109.34</td>
<td>$157.24</td>
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</table>

## Scenario 2

<table>
<thead>
<tr>
<th>Meter Size (kgal)</th>
<th>Current Fixed + Tier 0</th>
<th>Current Commodity</th>
<th>Current Total Bill</th>
<th>Proposed Fixed</th>
<th>Proposed Commodity</th>
<th>Proposed Total Bill</th>
<th>Difference Total Bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>$47.90</td>
<td>$59.64</td>
<td>$107.54</td>
<td>$41.77</td>
<td>$47.40</td>
<td>$89.17</td>
<td>($18.37)</td>
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<tr>
<td>25</td>
<td>$47.90</td>
<td>$109.34</td>
<td>$157.24</td>
<td>$41.77</td>
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<td>($25.77)</td>
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<td>$47.90</td>
<td>$233.59</td>
<td>$281.49</td>
<td>$41.77</td>
<td>$221.95</td>
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<tr>
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<td>$1,382.25</td>
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</tr>
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<td>$1,863.28</td>
<td>$41.77</td>
<td>$1,777.75</td>
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</table>
## CUSTOMER IMPACTS – 1-1/2"

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>1 1/2&quot;</th>
<th>Scenario 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Usage (kgal)</td>
<td>Current Fixed + Tier 0</td>
<td>Current Commodity</td>
</tr>
<tr>
<td>35</td>
<td>$103.50</td>
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<tr>
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<table>
<thead>
<tr>
<th>Meter Size</th>
<th>1 1/2&quot;</th>
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</tr>
</thead>
<tbody>
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<td>Monthly Usage (kgal)</td>
<td>Current Fixed + Tier 0</td>
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<tr>
<td>35</td>
<td>$103.50</td>
<td>$124.25</td>
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<tr>
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<tr>
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</tr>
<tr>
<td>400</td>
<td>$103.50</td>
<td>$2,270.95</td>
</tr>
</tbody>
</table>
Rate restructuring for FY 2017
  › Scenario 1
  › Scenario 2
FY 2018 rates will be x% higher than FY 2017
Across the board rate increase
  › No change to rate structure, everyone sees same rate increase
NEXT STEPS

» Finalize financial plan
» Finalize rate structure
» Finalize water rates
» Develop water rate report