



City of Castroville, Texas

2016 Electric, Gas, Water and Wastewater

Rate Study and Financial Forecast

City Council Briefing

August 2016

Presentation Format



- ◆ Introduction
- ◆ Electric Rate Study
- ◆ Natural Gas Rate Study
- ◆ Water/WW Rate Study
- ◆ Presentation Summary



Facts about Utility Rates in Texas and USA



- ◆ Average electric, water and wastewater utility has been increasing rates 3-6% per year; trend expected to continue
- ◆ Natural Gas costs have decreased yet remain highly volatile
- ◆ Many reasons for increases are beyond a utility's ability to influence
- ◆ 30-40% of utilities charge rates that do not cover their costs

Utility Rate Plans Overall Goals



- ◆ Fund all operating expenses
- ◆ Provide means to finance Capital Improvement Plan
- ◆ Ensure that each utility is fully self-sustaining
- ◆ Minimize impact of any rate adjustments on ratepayers



City of Castroville Initial Observations



- ◆ Previous annual rate adjustments have contributed to the financial health and stability of the utility
- ◆ However, due to increasing costs, rate adjustments are necessary to ensure all operating costs are covered and identified capital requirements are funded



Electric Utility Analysis and Recommendations

Current Electric Rates Effective October 1, 2015



	Residential Inside	Residential Outside	Residential Senior	Commercial Inside	Commercial Outside
Minimum Bill	\$ 9.13	\$ 9.13	\$ 8.67	\$ 23.97	\$ 23.97
Metered Usage \$ per kWh	0.1266	0.1266	0.1203	0.1266	0.1266

Residential - Sr. Account get a 5% discount off rates

Electric Monthly Residential Charges for 1,000 kWh Usage



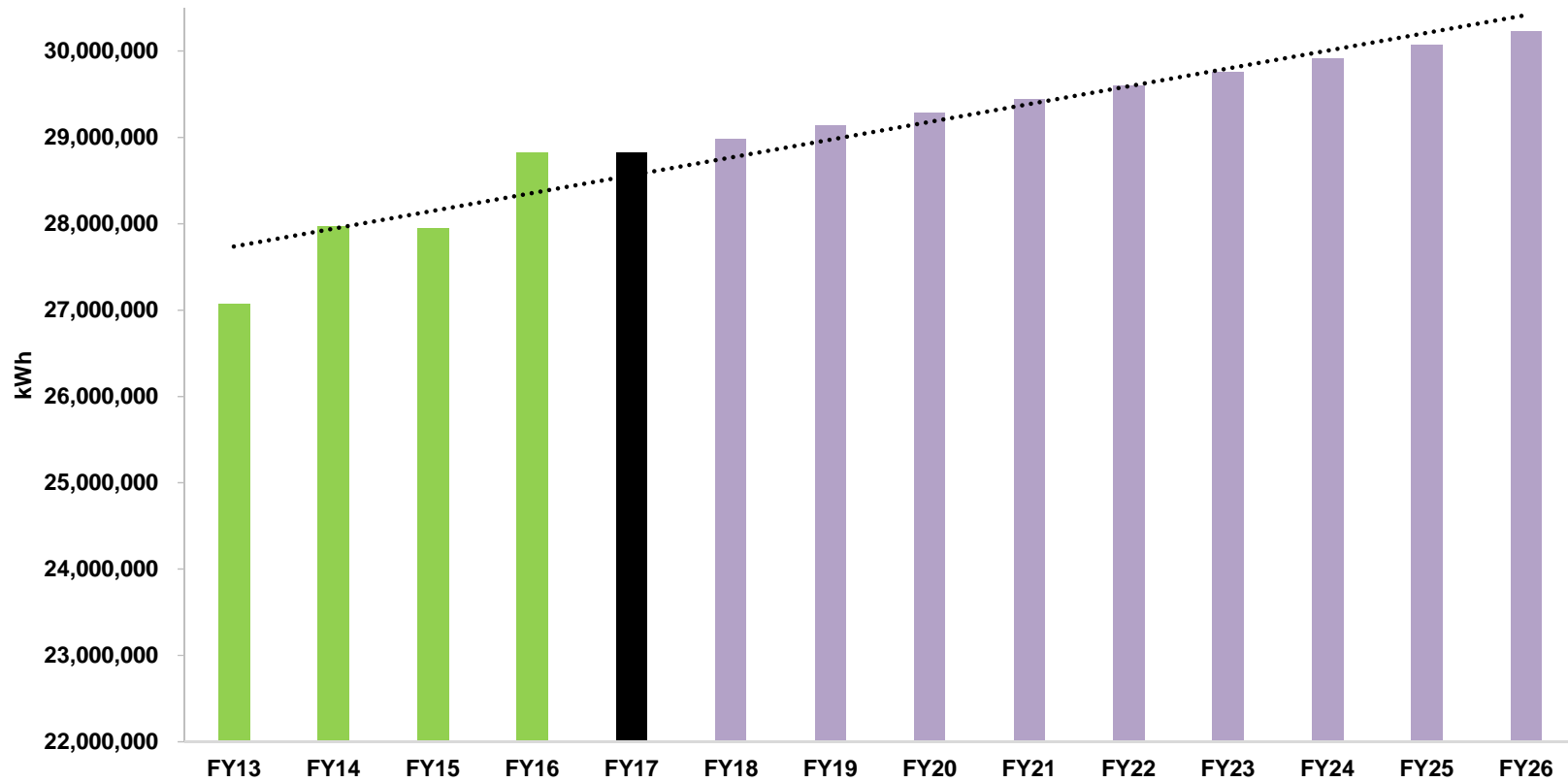
Population of each City indicated in parentheses

Electric Test Year Customers and Usage



	July 2016	Usage -- kWh August 2015 - July 2016	Percent of Total Usage
Residential - In	913	11,866,741	41.17%
Residential - Out	8	91,068	0.32%
Residential- Senior	271	3,219,217	11.17%
Commercial - In	248	11,423,279	39.63%
Commercial - Out	3	66,300	0.23%
City Accounts	51	2,158,694	7.49%
Total	1,494	28,825,299	100.00%

Electric Historical and Forecast Sales



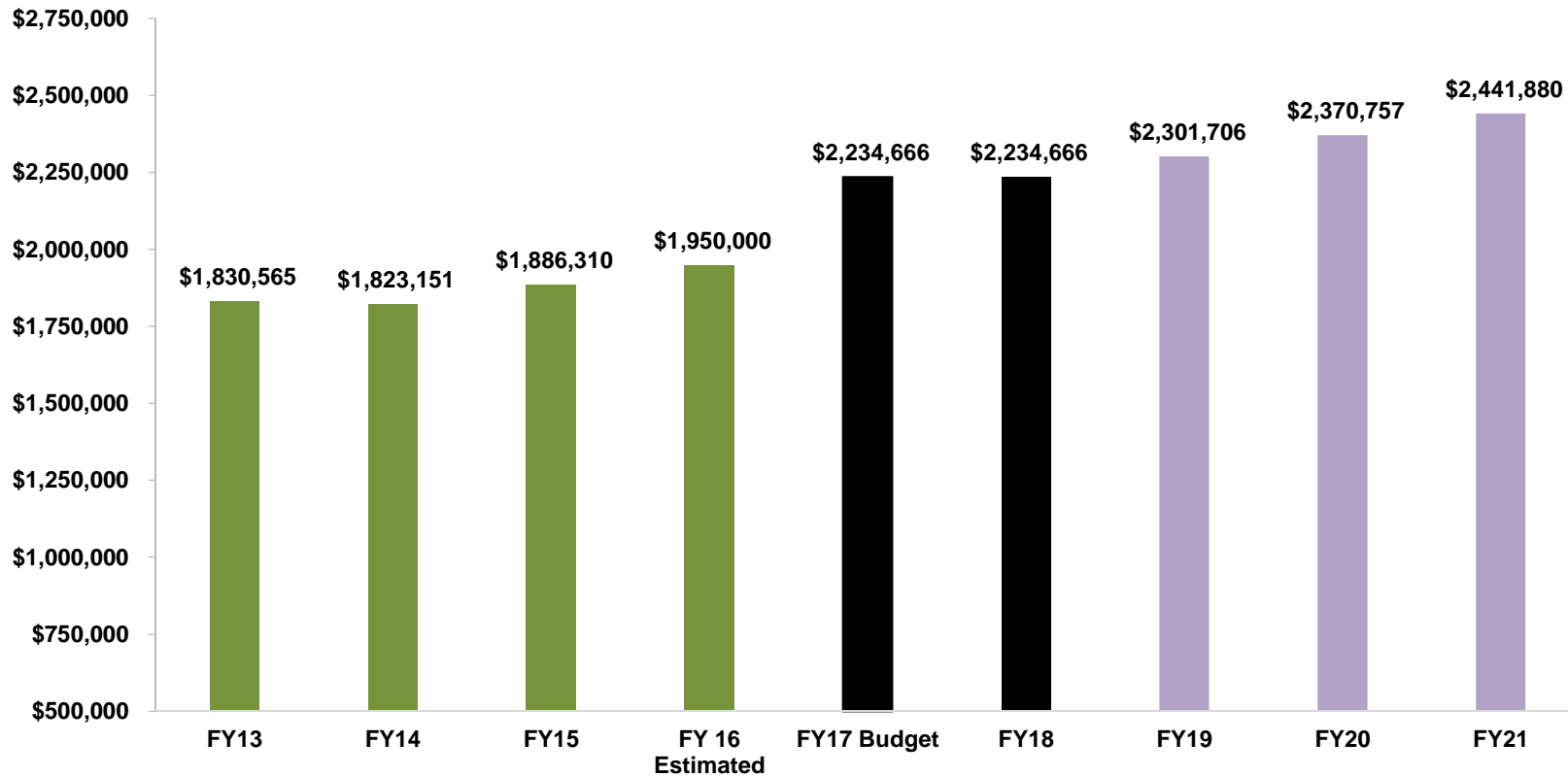
Electric Utility 5 Year Financial Forecast Primary Assumptions



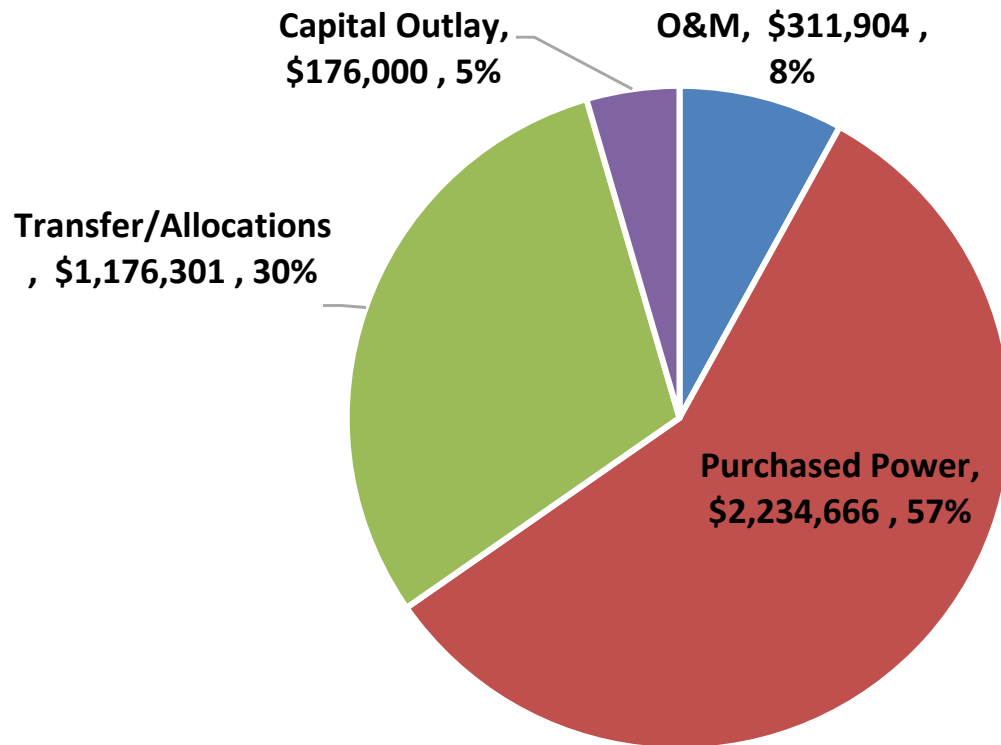
- ◆ Account growth is expected to increase by 5 Residential and 2 Commercial accounts per year
- ◆ Outside Residential and Commercial Rates 25% higher than Inside City Rates Beginning in FY17
- ◆ Most personnel/operating costs increase 3.0 – 8.0% per year
- ◆ CPS Contract has Pricing Term changes effective October 2016 -- Electric Supply Costs expected to increase 13% in FY17 and remain flat in FY18
- ◆ City issues \$2.6 million bond in FY 2020 to fund capital improvements



CPS Contracted Electric Supply Costs



FY 2017 Electric Cost of Service



Total = \$3,898,871

Electric Utility CIP and Forecast Schedule for New Bond Issues



- ◆ FY 2020 – Country Village District: \$1.1 Million
- ◆ FY 2021 – River Bluff District: \$2.5 Million
- ◆ Total Electric Debt Issued in FY 2020 = \$2.6 Million

Electric Utility Forecast Net Revenue Requirement



	2017	2018	2019	2020	2021
Operating Expense	\$ 311,904	\$ 323,781	\$ 336,206	\$ 349,211	\$ 362,830
Purchased Power	2,234,666	2,234,666	2,301,706	2,370,757	2,441,880
Transfers/Allocations	1,176,301	1,211,590	1,247,938	1,285,376	1,323,937
Debt Service	-	-	-	-	250,237
Capital Outlays	<u>176,000</u>	<u>178,880</u>	<u>181,846</u>	<u>184,902</u>	<u>158,049</u>
Total Cost of Service	\$ 3,898,871	\$ 3,948,917	\$ 4,067,696	\$ 4,190,246	\$ 4,536,932
Less Non-Rate Revs	<u>(62,923)</u>	<u>(62,923)</u>	<u>(62,923)</u>	<u>(62,923)</u>	<u>(62,923)</u>
Net Revenue Rqmt	\$ 3,835,948	\$ 3,885,994	\$ 4,004,774	\$ 4,127,323	\$ 4,474,010

Proposed Electric Rate Plan



	Oct-15	Effective Oct-16	Effective Oct-17	Effective Oct-18	Effective Oct-19	Effective Oct-20
Residential - In						
Minimum Bill	\$ 9.13	\$ 9.40	\$ 9.69	\$ 9.98	\$ 10.28	\$ 10.69
Energy per kWh	0.1266	0.1304	0.1343	0.1383	0.1425	0.1482
Residential - Out						
Minimum Bill	9.13	11.75	12.11	12.47	12.84	13.36
Energy per kWh	0.1266	0.1630	0.1679	0.1729	0.1781	0.1852
Residential- Senior						
Minimum Bill	8.67	8.93	9.20	9.48	9.76	10.15
Energy per kWh	0.1203	0.1239	0.1276	0.1314	0.1354	0.1408
Commercial - In						
Minimum Bill	23.97	24.69	25.43	26.19	26.98	28.06
Energy per kWh	0.1266	0.1304	0.1343	0.1383	0.1425	0.1482
Commercial - Out						
Minimum Bill	23.97	30.86	31.79	32.74	33.72	35.07
Energy per kWh	0.1266	0.1630	0.1679	0.1729	0.1781	0.1852

Electric Rate Proposal -- Impact on Monthly Residential - Inside and Outside Bills



Residential INSIDE Monthly Charges

KWh		Oct-15	Effective Oct-16	Effective Oct-17	Effective Oct-18	Effective Oct-19	Effective Oct-20
500	Total	\$ 72.43	\$ 74.60	\$ 76.84	\$ 79.15	\$ 81.52	\$ 84.78
	Increase		2.17	2.24	2.31	2.37	3.26
1,000	Total	135.73	139.80	144.00	148.32	152.77	158.88
	Increase		4.07	4.19	4.32	4.45	6.11
2,000	Total	262.33	270.20	278.31	286.66	295.25	307.06
	Increase		7.87	8.11	8.35	8.60	11.81

Residential OUTSIDE Monthly Charges

500	Total	\$ 72.43	\$ 93.25	\$ 96.05	\$ 98.93	\$ 101.90	\$ 105.98
	Increase		20.82	2.80	2.88	2.97	4.08
1,000	Total	\$ 135.73	\$ 174.75	\$ 179.99	\$ 185.39	\$ 190.96	\$ 198.59
	Increase		39.02	5.24	5.40	5.56	7.64
2,000	Total	\$ 262.33	\$ 337.75	\$ 347.88	\$ 358.32	\$ 369.07	\$ 383.83
	Increase		75.42	10.13	10.44	10.75	14.76

Average Residential Electric Usage = 1,000 kWh per month

Gas Utility Analysis and Recommendations

Current Gas Rates



	Residential Inside	Residential Outside	Commercial Inside	Commercial Outside
Service Fee	\$ 10.73	\$ 10.73	\$ 13.11	\$ 13.11
Usage Charge (per 1,000 CF)	8.22	8.22	8.22	8.22
Cost of Gas to City	VARIES MONTHLY			

Comparison of Average Price Per MCF – CY 2014



* Municipally Owned Distribution Systems

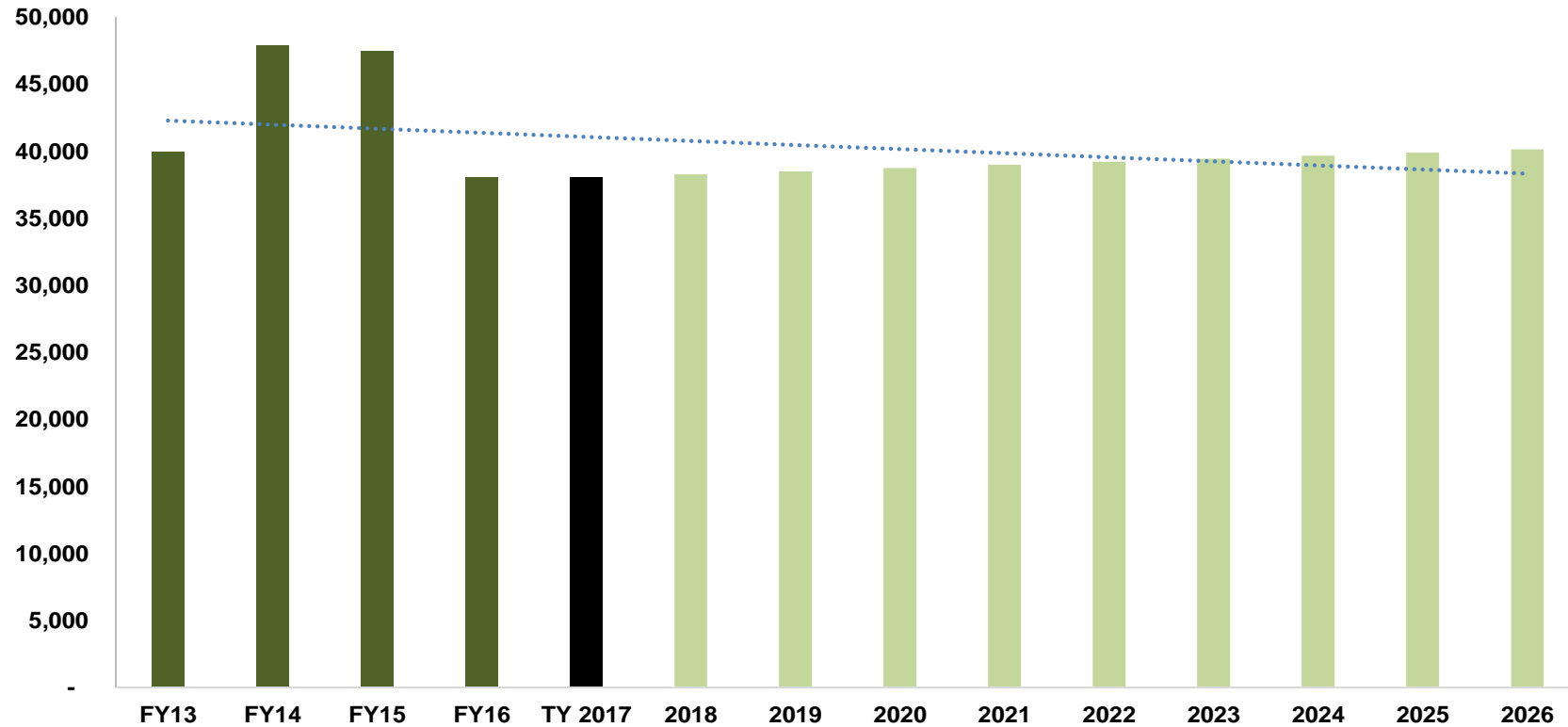
Source: : Railroad Commission of Texas – CY 2014 Average Price of Gas for Municipally and Investor Owned Systems

Gas Test Year Customers and Usage



	July 2016	Usage - MCF August 2015 - July 2016	Percent of Total Usage
Residential - In	747	17,902	47.97%
Residential - Out	9	267	0.71%
Commercial - In	85	15,972	42.80%
Commercial - Out	12	3,125	8.37%
City Accounts	<u>4</u>	<u>53</u>	<u>0.14%</u>
Total	857	37,319	100.00%

Gas Historical and Forecast Sales



Total Gas Sales Decreased 20% in FY 2016

Gas Department Primary Assumptions



- ◆ Account growth is expected to increase by 4 Residential and 2 Commercial accounts per year
- ◆ Most personnel/operating costs increase 3.0 – 8.0% per year
- ◆ Cost of Gas to City is based on FY2017 Budget
- ◆ Utilities System Maintenance and Line Testing/Repair are funded from Rate Revenue

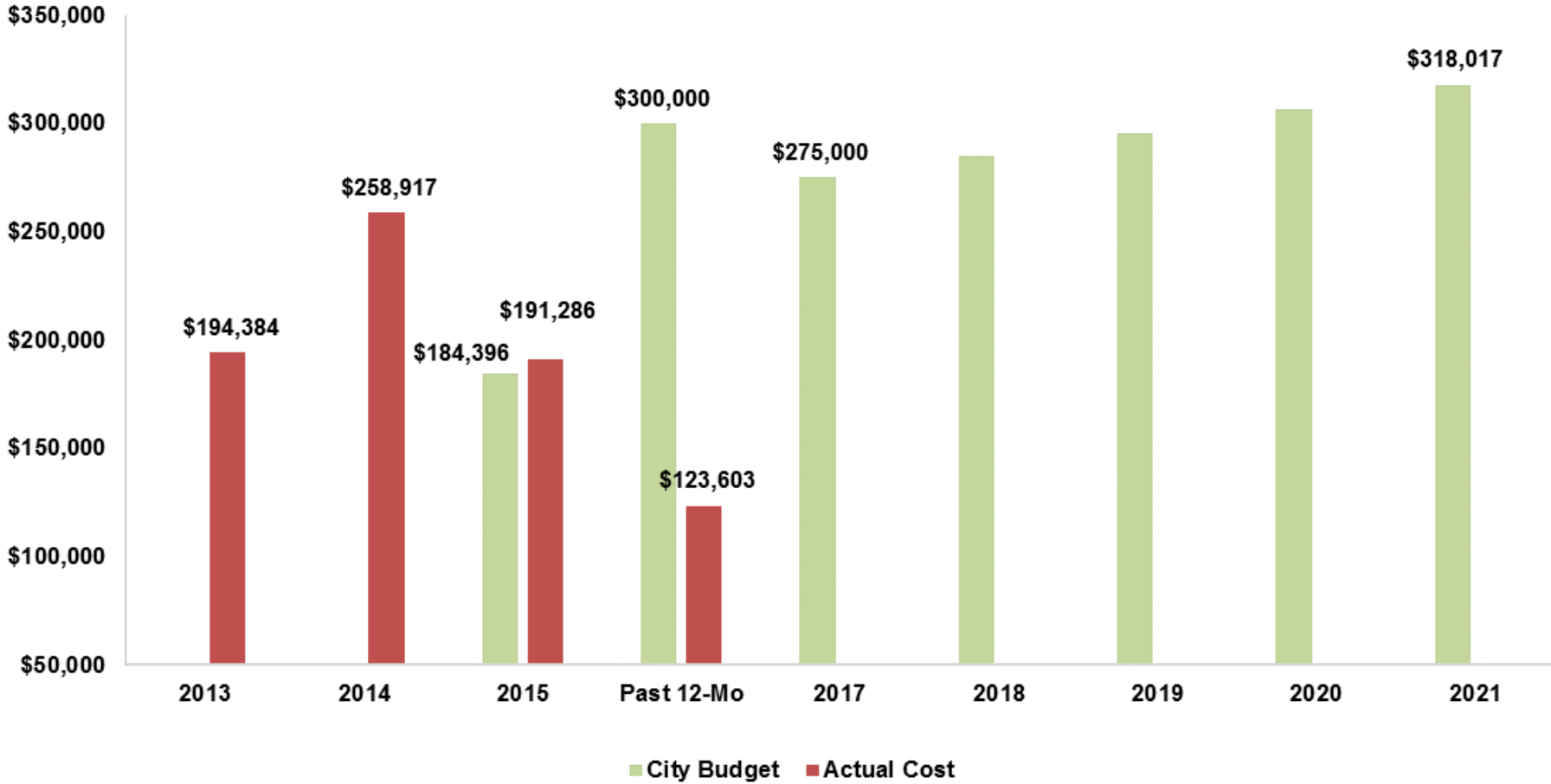
City Purchased Gas Supply



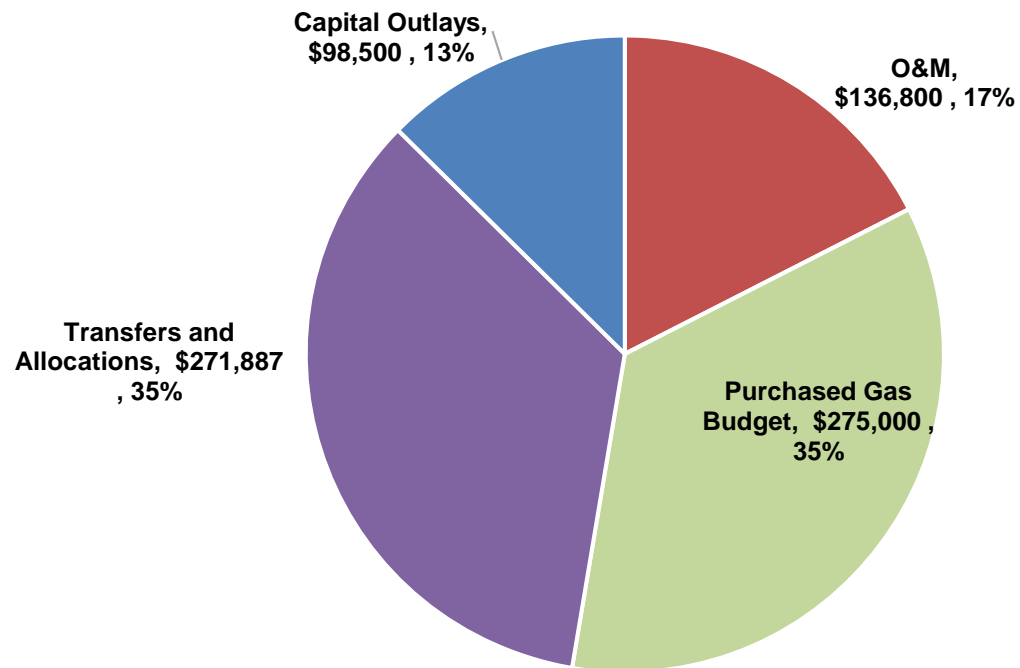
- ◆ Current Supply Contract is with West Texas Gas Marketing, Inc. and is effective December 1, 2015 – November 30, 2016
- ◆ Contract Price is based on the First of the month East Texas – Houston Ship Channel index price as published in “Inside FERC’s – Gas Market Report, under the table entitled, Market Center Spot Gas Prices, plus \$.65 per MMBtu
- ◆ Spot Gas Prices are highly volatile and currently at historic lows. Futures settlement prices between September 2016 and September 2018 vary up to 20%



West Texas Contracted Gas Supply Costs and Budget



Gas Cost of Service FY 2017



Total = \$782,187

Gas Department Forecast Net Revenue Requirement



	2017	2018	2019	2020	2021
Operating Expense	\$ 136,800	\$ 140,932	\$ 145,189	\$ 149,574	\$ 154,092
Purchased Gas	275,000	285,175	295,713	306,626	317,928
Transfers/Allocations	27,128	27,942	28,780	29,643	30,533
Capital Outlays	98,500	100,000	53,045	54,636	56,275
Debt Service	-	-	-	-	-
Total Cost of Service	\$ 782,187	\$ 806,151	\$ 782,392	\$ 807,935	\$ 834,306
Less Non-Rate Revenues	(14,886)	(14,886)	(14,886)	(14,886)	(14,886)
Net Revenue Rqmt	\$ 767,301	\$ 791,265	\$ 767,506	\$ 793,049	\$ 819,420

2 Rate Plan Alternatives Based on Funding Approach



- ◆ Alternative 1: Rate Pay Full Gas Utility Cost of Service
- ◆ Alternative 2: Drawdown Fund Balance by \$100,000 to reduce magnitude of rate adjustment
- ◆ Both alternatives - Outside Residential and Commercial Rates 25% higher than Inside City Rates Beginning in FY17



Gas Alt 1 - Cost of Service Recommended Rate Plan



	Oct-15	Effective Oct-16	Effective Oct-17	Effective Oct-18	Effective Oct-19	Effective Oct-20
Cost of Gas to City VARIES MONTHLY	\$ 3.19	\$ 7.09	\$ 7.30	\$ 7.52	\$ 7.75	\$ 7.98
Residential - In						
Service Fee	\$ 10.73	\$ 13.09	\$ 13.48	\$ 13.89	\$ 14.30	\$ 14.73
Usage Charge (Per 1,000 CF)	8.22	10.03	10.33	10.64	10.96	11.29
Residential - Out						
Service Fee	\$ 10.73	\$ 16.36	\$ 16.85	\$ 17.36	\$ 17.88	\$ 18.42
Usage Charge (Per 1,000 CF)	8.22	12.54	12.91	13.30	13.70	14.11
Commercial - In						
Service Fee	\$ 13.11	\$ 15.99	\$ 16.47	\$ 16.97	\$ 17.48	\$ 18.00
Usage Charge (Per 1,000 CF)	8.22	10.03	10.33	10.64	10.96	11.29
Commercial - Out						
Service Fee	\$ 13.11	\$ 19.99	\$ 20.59	\$ 21.21	\$ 21.85	\$ 22.50
Usage Charge (Per 1,000 CF)	8.22	12.54	12.91	13.30	13.70	14.11
City Accounts						
Service Fee	\$ 13.11	\$ 15.99	\$ 16.47	\$ 16.97	\$ 17.48	\$ 18.00
Usage Charge (Per 1,000 CF)	8.22	10.03	10.33	10.64	10.96	11.29

Gas Alt 1 - Cost of Service Impact on Residential Rates



	Oct-15	Effective Oct-16	Effective Oct-17	Effective Oct-18	Effective Oct-19	Effective Oct-20
Residential INSIDE Monthly Charges						
Cost of Gas to City Per CF VARIES MONTHLY	\$ 3.19	\$ 7.09	\$ 7.30	\$ 7.52	\$ 7.75	\$ 7.98
2,000 CF	\$ 27.17	\$ 33.15	\$ 34.14	\$ 35.17	\$ 36.22	\$ 37.31
Increase		5.98	0.99	1.02	1.05	1.09
4,000 CF	\$ 43.61	\$ 53.20	\$ 54.80	\$ 56.44	\$ 58.14	\$ 59.88
Increase		9.59	1.60	1.64	1.69	1.74
Residential OUTSIDE Monthly Charges						
Cost of Gas to City Per CF VARIES MONTHLY	\$ 3.19	\$ 7.09	\$ 7.30	\$ 7.52	\$ 7.75	\$ 7.98
2,000 CF	\$ 27.17	\$ 41.43	\$ 42.68	\$ 43.96	\$ 45.28	\$ 46.63
Increase		14.26	1.24	1.28	1.32	1.36
4,000 CF	\$ 43.61	\$ 66.51	\$ 68.50	\$ 70.56	\$ 72.67	\$ 74.85
Increase		22.90	2.00	2.06	2.12	2.18

Gas Alt 2 - Fund Balance Drawdown Recommended Rate Plan



	Oct-15	Effective Oct-16	Effective Oct-17	Effective Oct-18	Effective Oct-19	Effective Oct-20
Cost of Gas to City VARIES MONTHLY	\$ 3.19	\$ 7.09	\$ 7.30	\$ 7.52	\$ 7.75	\$ 7.98
Residential - In						
Service Fee	\$ 10.73	\$ 11.53	\$ 12.11	\$ 12.47	\$ 12.85	\$ 13.23
Usage Charge (Per 1,000 CF)	8.22	8.84	9.28	9.56	9.84	10.14
Residential - Out						
Service Fee	\$ 10.73	\$ 14.42	\$ 15.14	\$ 15.59	\$ 16.06	\$ 16.54
Usage Charge (Per 1,000 CF)	8.22	11.05	11.60	11.95	12.30	12.67
Commercial - In						
Service Fee	\$ 13.11	\$ 14.09	\$ 14.80	\$ 15.24	\$ 15.70	\$ 16.17
Usage Charge (Per 1,000 CF)	8.22	8.84	9.28	9.56	9.84	10.14
Commercial - Out						
Service Fee	\$ 13.11	\$ 17.62	\$ 18.50	\$ 19.05	\$ 19.62	\$ 20.21
Usage Charge (Per 1,000 CF)	8.22	11.05	11.60	11.95	12.30	12.67
City Accounts						
Service Fee	\$ 13.11	\$ 14.09	\$ 14.80	\$ 15.24	\$ 15.70	\$ 16.17
Usage Charge (Per 1,000 CF)	8.22	8.84	9.28	9.56	9.84	10.14

Gas Alt 2 - Fund Balance Drawdown Impact on Residential Rates



	Oct-15	Effective Oct-16	Effective Oct-17	Effective Oct-18	Effective Oct-19	Effective Oct-20
Residential INSIDE Monthly Charges						
Cost of Gas to City Per CF VARIES MONTHLY	\$ 3.19	\$ 7.09	\$ 7.30	\$ 7.52	\$ 7.75	\$ 7.98
2,000 CF	\$ 27.17	\$ 29.21	\$ 30.67	\$ 31.59	\$ 32.54	\$ 33.51
Increase		2.04	1.46	0.92	0.95	0.98
4,000 CF	\$ 43.61	\$ 46.88	\$ 49.22	\$ 50.70	\$ 52.22	\$ 53.79
Increase		3.27	2.34	1.48	1.52	1.57
Residential OUTSIDE Monthly Charges						
Cost of Gas to City Per CF VARIES MONTHLY	\$ 3.19	\$ 7.09	\$ 7.30	\$ 7.52	\$ 7.75	\$ 7.98
2,000 CF	\$ 27.17	\$ 36.51	\$ 38.34	\$ 39.49	\$ 40.67	\$ 41.89
Increase		9.34	1.83	1.15	1.18	1.22
4,000 CF	\$ 43.61	\$ 58.60	\$ 61.53	\$ 63.38	\$ 65.28	\$ 67.24
Increase		14.99	2.93	1.85	1.90	1.96

Gas Alt 1 and Alt 2 – Comparison of Impact on Residential Rates



	Oct-15	Effective Oct-16	Effective Oct-17	Effective Oct-18	Effective Oct-19	Effective Oct-20
Residential Monthly Charges						
Cost of Gas to City Per CF VARIES MONTHLY	\$ 3.19	\$ 7.09	\$ 7.30	\$ 7.52	\$ 7.75	\$ 7.98
2,000 CF						
Alt 1 - Cost of Service	\$ 27.17	\$ 33.15	\$ 34.14	\$ 35.17	\$ 36.22	\$ 37.31
Alt 2 - Fund Bal Draw down	27.17	29.21	30.67	31.59	32.54	33.51
		3.94	3.47	3.58	3.68	3.80
4,000 CF						
Alt 1 - Cost of Service	\$ 43.61	\$ 53.20	\$ 54.80	\$ 56.44	\$ 58.14	\$ 59.88
Alt 2 - Fund Bal Draw down	43.61	46.88	49.22	50.70	52.22	53.79
		6.32	5.58	5.74	5.92	6.09
6,000 CF						
Alt 1 - Cost of Service	\$ 60.05	\$ 73.26	\$ 75.46	\$ 77.72	\$ 80.05	\$ 82.46
Alt 2 - Fund Bal Draw down	60.05	64.55	67.78	69.81	71.91	74.07
		8.71	7.68	7.91	8.14	8.39

Average Residential Gas Usage = 2,000 CF per month

Water and Wastewater Utility Analysis and Recommendations

City of Castroville Current Water/WW Rate Structure



Water Base Rates - Inside and Outside

Minimum Charge		
Residential	\$	15.51
Commercial		19.38

Water Volume Rates - Inside & Outside

Volume Rate (per 1,000 Gallons)		
0 - 5000	\$	3.65
5001 - 10000		3.90
10001 - 20000		4.31
20001 - 30000		4.56
30001 - 40000		4.81
40001 - 50000		5.06
50001 - Above		5.82

Wastewater Base Rate - Inside & Outside

Minimum Charge - includes first 2,000 Gallons		
Residential	\$	14.31
Commercial		20.27

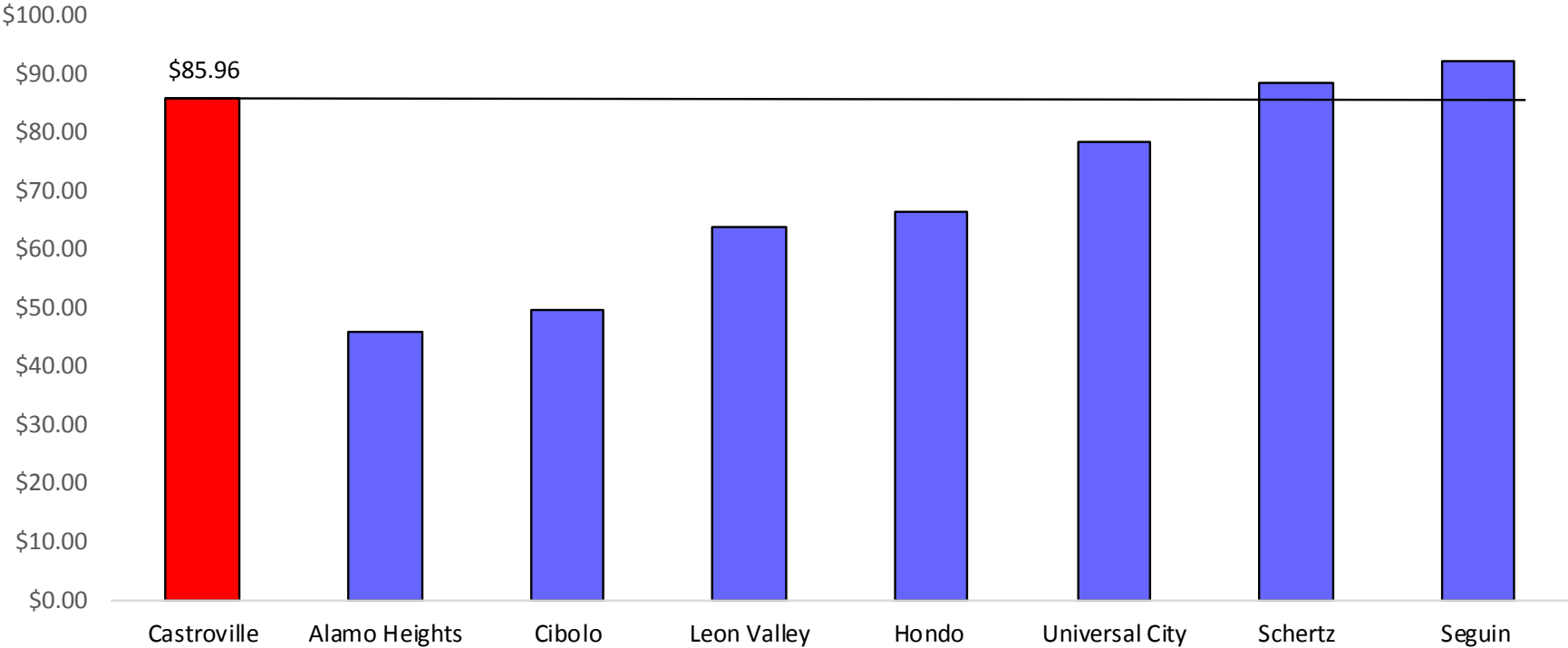
Wastewater Volume Rates - Inside & Outside

Volume Rate per 1,000 Gallons over 2,000	\$	6.13
--	----	------

Residential volume charges are based on average of monthly water usage during November through February with exception of highest month



Monthly Residential Charge Comparison 10,000 Gallons Water & 5,000 Gallons WW



Current Water and Wastewater Accounts



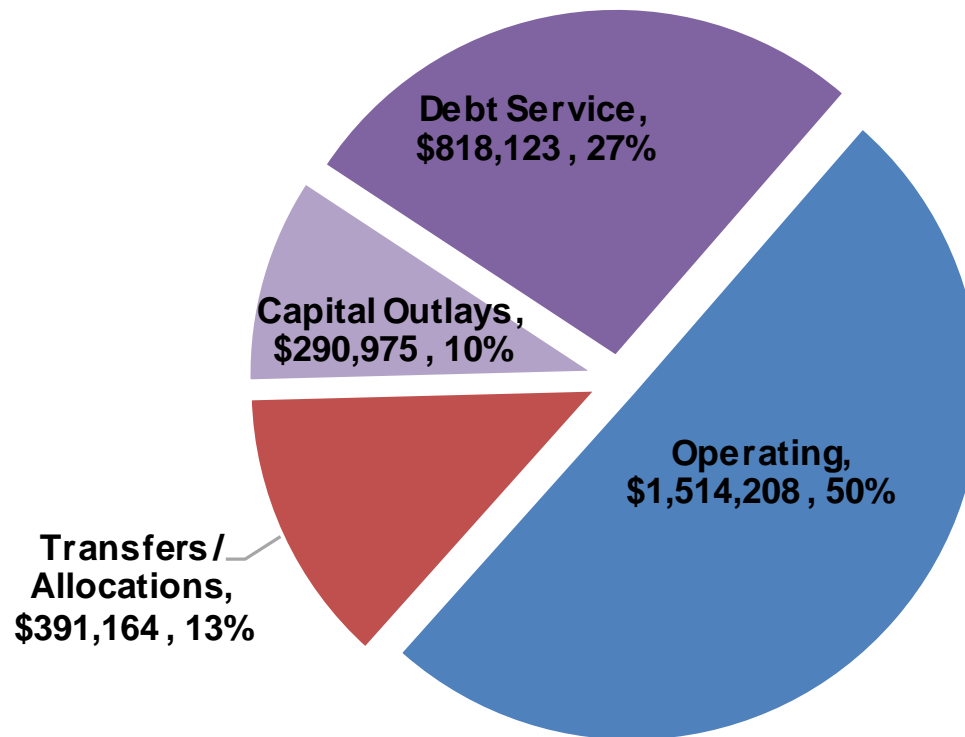
WATER Accounts		WASTEWATER Accounts	
Residential Inside	1,019	Residential Inside	970
Residential Outside	59	Residential Outside	2
Commercial Inside	164	City Average Res Insi	2
Comm Inside No Sew	-	Explicit Avg Resid	34
Commercial Outside	13	Commercial Inside	154
All City Accounts	<u>37</u>	Commercial Outside	2
		Explicit Commercial	<u>2</u>
Total	1,292	Total	1,166

Key Assumptions Driving W/WW Forecast Revenue Requirement & Rate Plan



- ◆ Account and consumption growth expected to be nominal
- ◆ Most personnel & operating expenses increase 3-5% per year
- ◆ One additional WW employee to be added in conjunction with the WWTP expansion
- ◆ CIP funded through debt issued in FY 2015, impact fees and \$7.1 million in new debt over next five years for Water related projects
- ◆ Although CIP calls for water projects funded through debt to be implemented in FY 2018 – FY 2020, model defers debt 2 years in order for rate revenues to meet debt coverage

Water and Wastewater Test Year Cost of Service



Total Cost of Service
\$3,014,470

5 Year Water and Wastewater Capital Improvement Plan

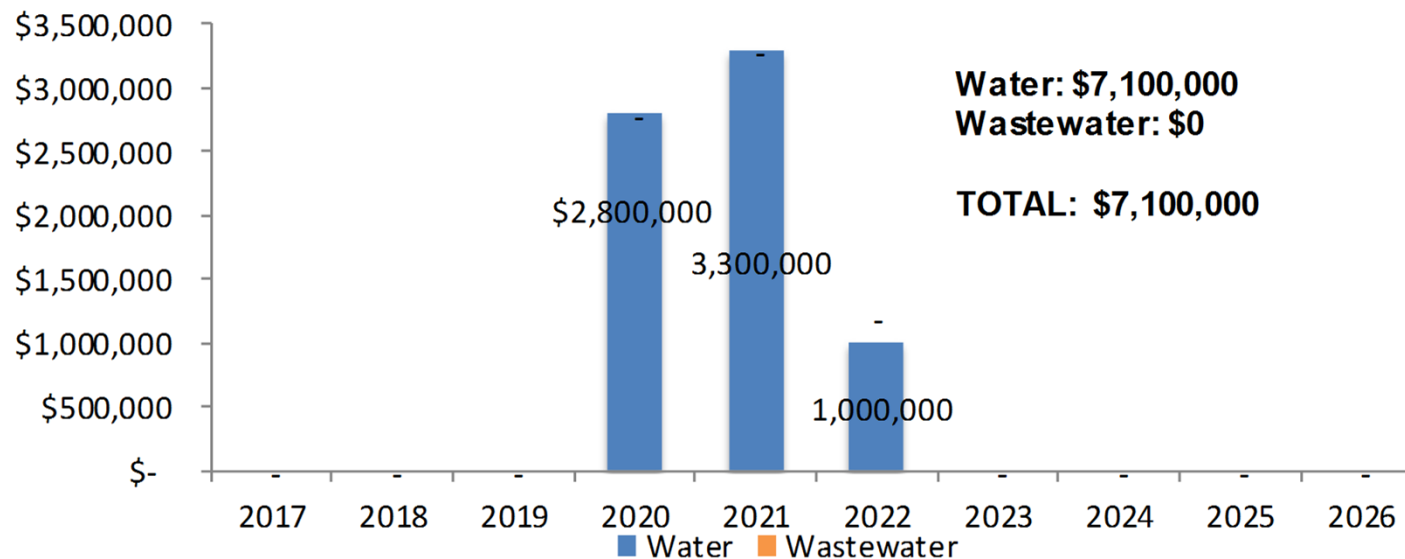


Project	FY17	FY18	FY19	FY20	Total By Project
Water Projects					
Water Line Replacement	\$2,000,003	already issued- 2015			\$2,000,003
Hwy. 90 Looping	\$150,000				\$150,000
Airport Plant/Distribution			\$3,300,000	\$0	\$3,300,000
Cross Hill Distribution		\$0	\$0	\$1,000,000	\$1,000,000
Eastside Elev Storage Tank		\$2,800,000	\$0	\$0	\$2,800,000
Wastewater Projects					
East Side Lift Station	\$3,050,000	already issued- 2015A			\$3,050,000
WWTP Improvement	\$7,330,745	already issued- 2015B			\$7,330,745
Total By Year	\$12,530,748	\$2,800,000	\$3,300,000	\$1,000,000	
Total by Impact Fees	\$150,000				\$150,000
Total By Utility Debt		\$2,800,000	\$3,300,000	\$1,000,000	\$7,100,000
Total By TWDB Loan	\$10,380,745				\$10,380,745

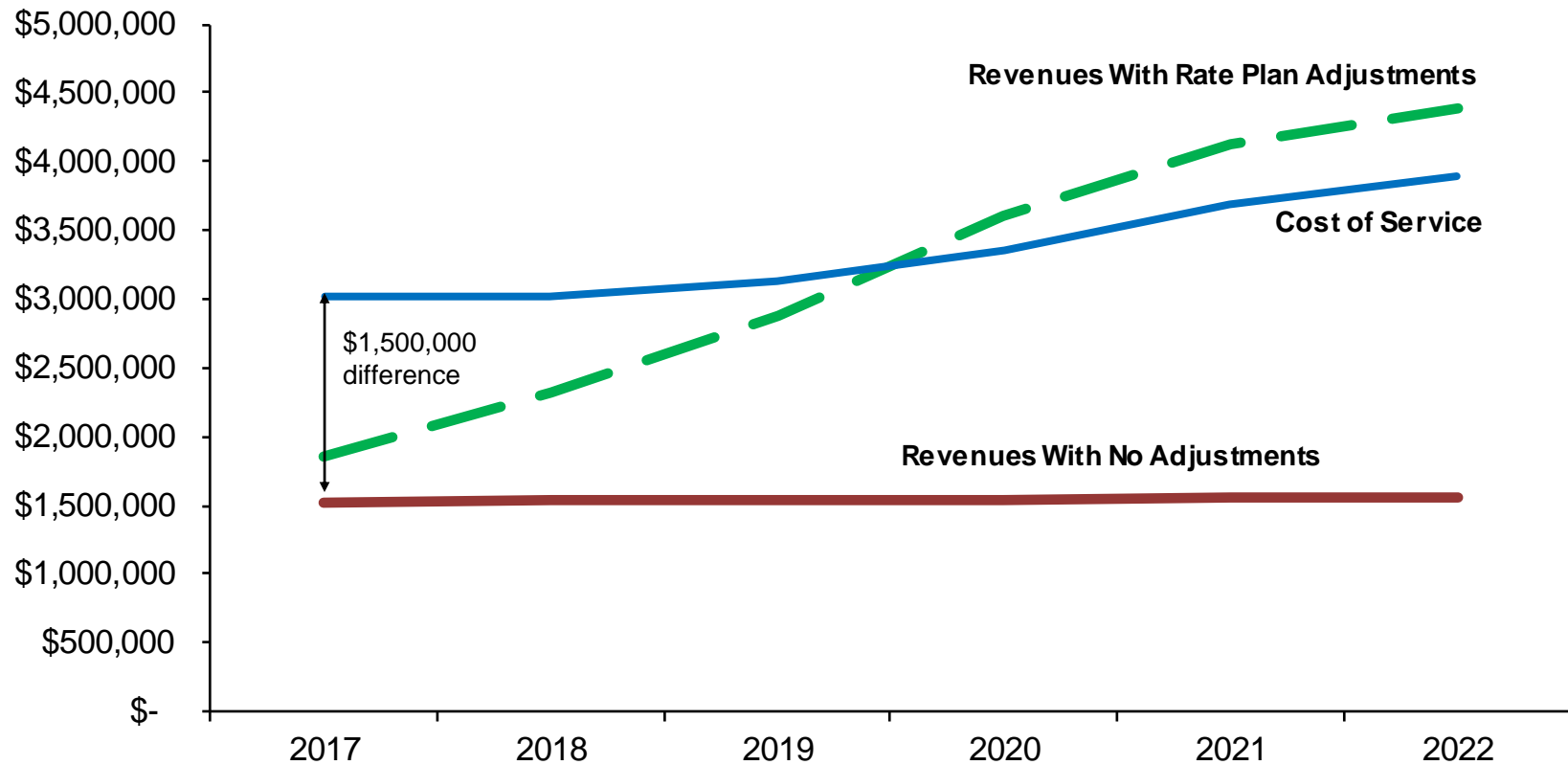
Forecast Schedule for New Bond Issues



- ◆ FY 2018 (moved to FY 2020) - Elevated Water Storage Tank: \$2.80 Million
- ◆ FY 2019 (FY 2021) - Airport Plant/Distribution: \$3.30 Million
- ◆ FY 2020 (FY 2022) - Cross Hill Distribution: \$1.00 Million
- ◆ Total over next four years + \$7.10 Million in new Water Debt



Water/Wastewater Cost of Service and Revenues With & Without Rate Adjustments



Adjustments Need To Be Aggressive, Draw On Fund Balance & Defer CIP



- ◆ If lender reviews W/WW separately from other utilities, W/WW debt revenues would need to improve to attain acceptable debt coverage ratio to issue new debt
- ◆ Suggest all major CIP projects and debt plans be deferred by 2 years and new debt deferred until FY 2020 if possible
- ◆ Alternative 1 assumes deferral of new debt until FY 2020, positive cash flow for water and wastewater by FY 2020

Water and Wastewater Forecast Cost of Service



	2017	2018	2019	2020	2021
Operating	\$ 1,199,737	\$ 1,275,213	\$ 1,369,981	\$ 1,363,460	\$ 1,441,570
Transfers/Allocations	705,635	718,051	730,839	744,011	757,578
Capital Outlays	290,975	200,000	200,000	200,000	200,000
Debt Service	<u>818,123</u>	<u>823,039</u>	<u>822,782</u>	<u>1,039,464</u>	<u>1,295,316</u>
Total Cost of Services	\$ 3,014,470	\$ 3,016,302	\$ 3,123,602	\$ 3,346,935	\$ 3,694,464

Alternative 1 – Fund Balance Drawdown Proposed Water Rate Plan



Alt 1 - CIP 2 Yr deferral/FB draw	Effective Date of Rate Adjustment						
	Current	Oct-16	Oct-17	Oct-18	Oct-19	Oct-20	Oct-21
WATER Rates							
Minimum Charge – Residential Inside							
All Meters	\$ 15.51	\$ 19.39	\$ 24.23	\$ 30.29	\$ 37.87	\$ 39.76	\$ 41.75
Minimum Charge – Commercial Inside							
All Meters	19.38	24.23	30.28	37.85	47.31	49.68	52.16
Volume/1,000 Gal – All Rate Classes - Inside							
0 -- 5,000	3.65	4.56	5.70	7.13	8.91	9.36	9.82
5,001 10,000	3.90	4.88	6.09	7.62	9.52	10.00	10.50
10,001 20,000	4.31	5.39	6.73	8.42	10.52	11.05	11.60
20,001 -- 30,000	4.56	5.70	7.13	8.91	11.13	11.69	12.27
30,001 -- 40,000	4.81	6.01	7.52	9.39	11.74	12.33	12.95
40,001 -- 50,000	5.06	6.33	7.91	9.88	12.35	12.97	13.62
50,001 -- Above	5.82	7.28	9.09	11.37	14.21	14.92	15.67

For Outside Accounts, Add 25% Surcharge to all rate components beginning October 2016

Alternative 1 – Fund Balance Drawdown Proposed Wastewater Rate Plan



Alt 1 - CIP 2 Yr deferral/FB draw	Effective Date of Rate Adjustment						
	Current	Oct-16	Oct-17	Oct-18	Oct-19	Oct-20	Oct-21

WASTEWATER Rates

Residential Inside – Min. & Volume Charges

Minimum Chg	\$	14.31	\$	17.89	\$	22.36	\$	27.95	\$	34.94	\$	43.67	\$	45.85
Volume/1,000 Gal (Based on Winter Avg)		6.13		7.66		9.58		11.97		14.97		18.71		19.64

Commercial Inside-- Min. & Volume Charges

Minimum Charge	\$	20.27	\$	25.34	\$	31.67	\$	39.59	\$	49.49	\$	61.86	\$	64.95
Volume/1,000 Gal		6.13		7.66		9.58		11.97		14.97		18.71		19.64

For Outside Accounts, Add 25% Surcharge to all rate components beginning October 2016

Alt 1 Proposed Water/WW Rate Plan Impact on Monthly Residential Charges



Alt 1 - CIP 2 Yr deferral/FB draw	Effective Date of Rate Adjustment					
	Current	Oct-16	Oct-17	Oct-18	Oct-19	Oct-20

Residential Monthly Bills

5,000 Water, 5,000 WW	\$ 66.46	\$ 83.08	\$ 103.84	\$ 129.80	\$ 162.26	\$ 186.34
		16.62	20.77	25.96	32.45	24.08
10,000 Water, 5,000 WW	85.96	107.45	134.31	167.89	209.86	236.32
		21.49	26.86	33.58	41.97	26.46

Summary of Results -- Rate Calculator

	2017	2018	2019	2020	2021
Net Revenues Available for Contingency and Coverage					
Water	(260,523)	91,381	367,492	594,662	428,081
Wastewater	(896,877)	(784,883)	(607,509)	(328,811)	5,129
Total	(1,157,400)	(693,503)	(240,017)	265,850	433,210

Debt Coverage W WW Only	(0.06)	0.40	0.95	1.45	1.49
Days of Fund Balance W/WW only	361	277	239	252	271

Debt Coverage All Utilities	5.08	5.18	5.41	4.37	3.05
Days of Fund Balance All Utilities	250	181	156	179	198

Impact on Average Residential Ratepayer on Consolidated Bill for all Four Utilities



		Effective Date of Rate Adjustment					
		Current	Oct-16	Oct-17	Oct-18	Oct-19	Oct-20
Residential Monthly Bill 5,000 Gallons Water & WW							
5,000 Gal Wtr & WW	Total	\$ 66.46	\$ 83.08	\$ 103.84	\$ 129.80	\$ 162.26	\$ 186.34
Electric Rates - Residential							
Average Usage							
1000 kWh	Total for Minimum and kWh	\$ 135.73	\$ 139.80	\$ 144.00	\$ 148.32	\$ 152.77	\$ 158.88
Gas Rates -- Residential							
2,000 CF	Total for Base and Usage	\$ 27.17	\$ 29.21	\$ 30.67	\$ 31.59	\$ 32.54	\$ 33.51
Consolidated Billing for 5,000 gallons water; 5,000 gallons wastewater; 1,000 kWh Electric; 2,000 CF Gas							
	Total for all utilities	\$ 229.36	\$ 252.08	\$ 278.51	\$ 309.71	\$ 347.56	\$ 378.72
	Increase -- \$		22.72	26.42	31.20	37.85	31.17

Regular Revenue and Expense Reviews are recommended in order to adjust rate plan for changes in CIP, Expenses, Growth, Usage, etc.

Presentation Summary

How Will Rate Plan Benefit City and Citizens?



- ◆ Rate plan is necessary to enable the City to recover all of its costs
- ◆ Without rate plan, the City will be selling its service at below cost and will be unable to contribute to General Fund
- ◆ Adoption of rate plan will ensure that the City is able to continue to maintain a financially healthy utility



Next Steps



- ◆ Refine assumptions and scenarios based on City input
- ◆ Schedule Public Hearing if needed and adopt rate plan
- ◆ Complete and submit Rate Study Report

