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# **Additional Cash Flow and Rate Impact Scenarios**

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**Date: 1/24/2009**

**Abstract:** This paper addresses additional cash flow and rate impact scenarios using prevailing interest rates, standard loan terms, and a commercially viable price for the purchase of the Pine Water Company and Strawberry Water Company by the PSWID District.

# Executive Summary

The District has made an offer of \$2,554,292 for the purchase of Pine Water Company (PWCo) and Strawberry Water Company (SWCo). The District plans to borrow an additional \$2,000,000 to set up operations of the water District and initial capital improvements. The District plans to borrow \$2,500,000 in 2012 for additional capital improvements. The District plans to finance this by using loans at 4.5% interest with a 25 year term and the first two years of the loan being interest only payments.

An Economists.com cash flow analysis, based upon a scenario for the purchase and financing of the water system, was commissioned by the District. This scenario is a very “best case” scenario. This report will look at a more realistic scenario’s for the purchase and operation of the water companies. This report addresses the following scenarios:

1. \$6,000,000 acquisition loan and a \$2,500,000 CIP loan in 2012. Borrowed at 5.5% interest and paid quarterly. Creative financing loan terms of 25 years, with first two years being interest only payments.
2. \$6,000,000 acquisition loan and a \$2,500,000 CIP loan in 2012. Borrowed at 5.5% interest and paid quarterly. Standard financing loan terms of 20 years.
3. \$8,000,000 acquisition loan and a \$2,500,000 CIP loan in 2012. Borrowed at 5.5% interest and paid quarterly. Creative financing loan terms of 25 years, with first two years being interest only payments.
4. \$8,000,000 acquisition loan and a \$2,500,000 CIP loan in 2012. Borrowed at 5.5% interest and paid quarterly. Standard financing loan terms of 20 years.

The use of creative financing adds 13.5% to the life time cost of the loans when compared to a standard financing approach. This ranged from an additional \$1,898,696 to \$2,345,449 over the life of the loans.

The purchase of the water companies will/should require an immediate consolidation of all of the current rate bases for Pine and Strawberry into one common rate base. Rate payers would see increases in the following ranges, depending upon the specific scenario used, between current rates and the initial 2009 rates for 3000 gallons of usage:

- Pine, Winter: \$13.63 to \$22.81 (43.5% to 72.9%)
- Pine Summer: \$7.49 to \$16.67 (20.0% to 44.5%)
- Williamson: \$14.09 to \$23.27 (45.7% to 75.4%)
- United: \$22.34 to \$31.52 (98.8% to 139.5%)
- E&R: \$16.29 to \$25.47 (56.9% to 88.9%)

Rate payers would see increases in the following ranges between current rates and the initial 2009 rates for 5000 gallons of usage:

- Pine, Winter: \$20.51 to \$33.19 (49.7% to 80.5%)
- Pine Summer: \$10.29 to \$22.97 (20.0% to 44.6%)
- Williamson: \$23.89 to \$36.57 (63.1% to 96.6%)
- United: \$33.09 to \$45.77 (115.5% to 159.8%)
- E&R: \$23.74 to \$36.42 (62.5% to 95.8%)

Over the next five years, from 2009 through 2013, the total additional increase, over the initial increase, with 3000 gallons of usage for each of the scenarios is:

- \$6,000,000 with Creative Financing: \$14.15 (31.5%)
- \$6,000,000 with Standard Financing: \$12.13 (24.3%)
- \$8,000,000 with Creative Financing: \$15.37 (32.6%)
- \$8,000,000 with Standard Financing: \$11.95 (22.1%)

Over the next five years, from 2009 through 2013, the total additional increase, over the initial increase, with 5000 gallons of usage for each of the scenarios is:

- \$6,000,000 with Creative Financing: \$19.49 (31.5%)
- \$6,000,000 with Standard Financing: \$16.65 (24.3%)
- \$8,000,000 with Creative Financing: \$21.07 (32.6%)
- \$8,000,000 with Standard Financing: \$16.54 (22.2%)

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# 1 Introduction

The District has made an offer of \$2,554,292 for the purchase of Pine Water Company (PwCo) and Strawberry Water Company (SWCo). The District plans to borrow an additional \$2,000,000 to set up operations of the water District and initial capital improvements. The District plans to borrow \$2,500,000 in 2012 for additional capital improvements. The District plans to finance this by using loans at 4.5% interest with a 25 year term and the first two years of the loan being interest only payments.

Economists.com prepared a cash flow analysis and rate impact analysis based upon the District's plan. The Economists.com analysis has six serious errors in it and they were corrected in a separate report that can be found here: <http://www.waterforpinestrawberry.com/data%20pages/CashFlowCorrection.htm>. This report will use the corrected cash flow and rate impact analysis as the starting point.

The Economists.com cash flow analysis is based upon a scenario for the purchase and financing of the water system that is extremely favorable for the District. The odds are very low that the numbers used by Economists.com will be the same numbers when the purchase of the water companies is complete. This report will look at what the more likely scenarios are for the purchase of the water companies. The report will look at scenarios where more realistic values of the following are used:

- Acquisition Loan Value. The acquisition loan value consists of the purchase price plus money for startup of the water District and initial capital improvements. Purchase prices of \$4,000,000 and \$6,000,000 will be used in this report to bracket the likely range. The additional \$2,000,000 that is currently in the District's plan will be used without modification.
- Interest Rates. At the November PSWID meeting, Mr. Haney stated that the interest rate on the loan would be a "little bit higher" than the 4.5% used in the Economists.com analysis. An interest rate of 5.5% will be used in this report.
- Loan Terms. The Economists.com analysis uses creative financing to make the cost look smaller in the early years by extending the length of the loan to 25 years and making the first two years be interest only payments. This increases the total cost over the life of the loan, when compared to the standard municipal loan of 20 years with immediate payment of principle and interest. Both the creative financing and standard financing loan terms will be used.

The \$2,500,000 capital improvement loan value in 2012 will be left as is, but changes in interest rates and loan terms will be the same as those used for the initial acquisition loan.

Section 2 provides a summary of how the different scenarios will impact the monthly water bill for a 3000 gallon per month user and a 5000 gallon per month user. Section 3 provides the detailed support for the determination of the cash flow required for each scenario. Section 4 shows the water rates that would be needed to provide the revenue required for each scenario. Section 5 provides details on how the monthly water bills will change based upon the rates that were determined for each scenario.

## 1.1 Acquisition Price

The biggest unknown in all of this is what the purchase price for the water companies will be. When a home appraisal is done, the appraiser will calculate a value for the home based upon new construction costs and another value based upon comparable sales. The comparable sales number is the one that carries the weight in determining the appraised value of the home.

A similar situation exists when valuing the water companies. There is a value that is calculated based on the cost of building the system new minus the current depreciation of the system. The other value is a per customer cost that is based upon sales of other water systems. The Coe and Van Loo (CVL) valuation of the water companies came up with a new construction minus depreciation value of \$1,986,000 and a per customer value of \$7,927,145. The District has focused on the low number as the basis for their offer and certainly Brooke will focus on the high number in their valuation. There is an argument that can be made that the \$7,927,145 is low because CVL included a lot of old water system sales which depressed the value.

1 The only sure bet in all of this is that the final price won't be the appraisal number provided by either the District or  
2 Brooke. It will be somewhere in between. The middle of the acquisition range between the \$1,986,000 and  
3 \$7,927,145 number is \$5,000,000. For this report we will bracket that value and use purchase prices of \$4,000,000  
4 and \$6,000,000. The \$2,000,000 for the initial costs of setting up the water District and immediate capital  
5 improvements is then added to that. This results in the initial loan ranging from \$6,000,000 to \$8,000,000.  
6

## 7 **2 Summary of Results**

8 In this report the following scenarios have been investigated:

- 9 1. \$6,000,000 acquisition loan and a \$2,500,000 CIP loan in 2012. Borrowed at 5.5% interest and paid  
10 quarterly. Creative financing loan terms of 25 years, with first two years being interest only payments.
- 11 2. \$6,000,000 acquisition loan and a \$2,500,000 CIP loan in 2012. Borrowed at 5.5% interest and paid  
12 quarterly. Standard financing loan terms of 20 years.
- 13 3. \$8,000,000 acquisition loan and a \$2,500,000 CIP loan in 2012. Borrowed at 5.5% interest and paid  
14 quarterly. Creative financing loan terms of 25 years, with first two years being interest only payments.
- 15 4. \$8,000,000 acquisition loan and a \$2,500,000 CIP loan in 2012. Borrowed at 5.5% interest and paid  
16 quarterly. Standard financing loan terms of 20 years.  
17

18 In this section the impact of the scenarios on monthly water bills is examined. The differences in the total cost of the  
19 loans between creative and standard financing is looked at.

### 20 **2.1 Monthly Cost Impact from Current to Initial 2009 Rates**

21 The purchase of the water companies will require an immediate consolidation of all of the current rate bases for Pine  
22 and Strawberry into one common rate base. That consolidation, along with the increase in rates needed to cover the  
23 costs of purchasing the water companies will result in a significant increase.  
24

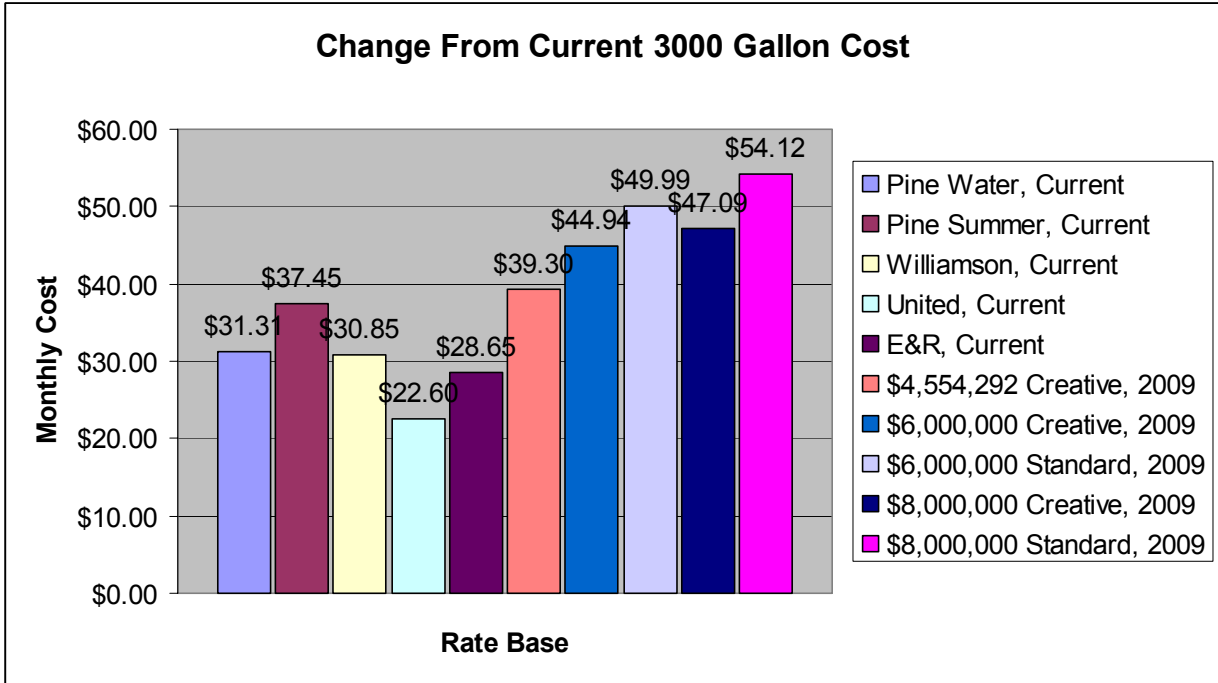
25 Figure 1 and Figure 2 show the difference in monthly cost between the current rate sets and the rates for the first  
26 year that the water District is providing water for each of the scenarios. Rate payers would see increases in the  
27 following ranges between current rates and the initial 2009 rates for the various scenarios for 3000 gallons of usage:

- 28 • Pine, Winter: \$13.63 to \$22.81 (43.5% to 72.9%)
- 29 • Pine Summer: \$7.49 to \$16.67 (20.0% to 44.5%)
- 30 • Williamson: \$14.09 to \$23.27 (45.7% to 75.4%)
- 31 • United: \$22.34 to \$31.52 (98.8% to 139.5%)
- 32 • E&R: \$16.29 to \$25.47 (56.9% to 88.9%)  
33

34 Rate payers would see increases in the following ranges between current rates and the initial 2009 rates for the  
35 various scenarios for 5000 gallons of usage:

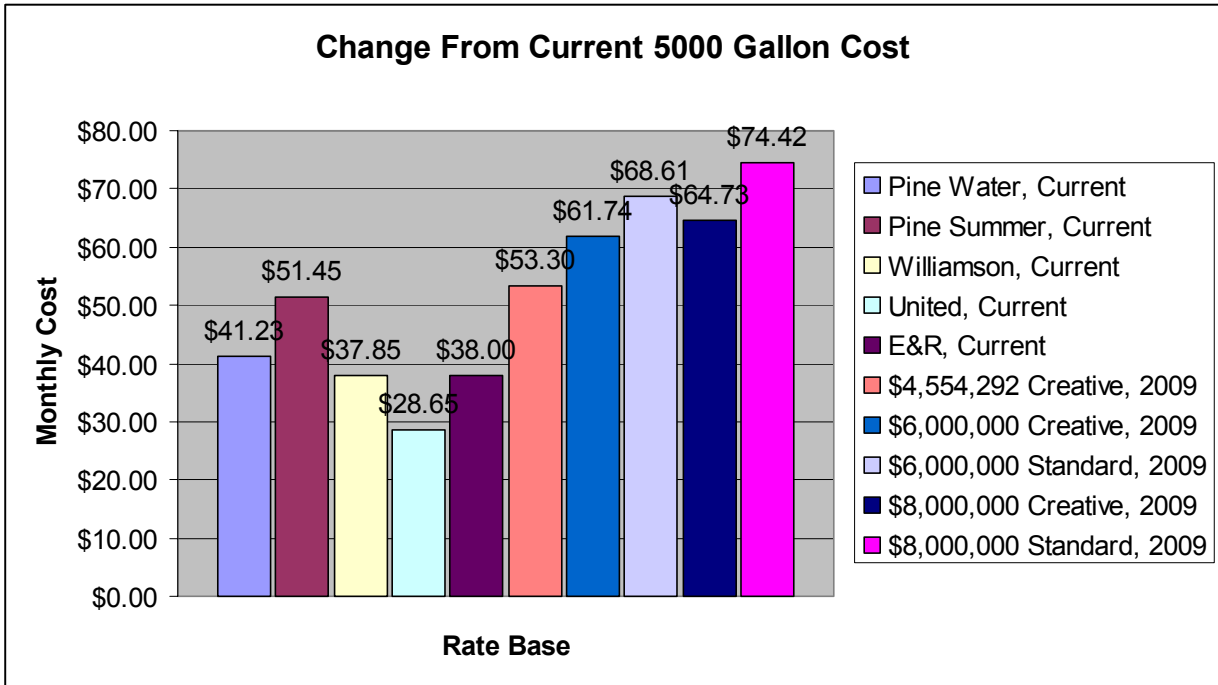
- 36 • Pine, Winter: \$20.51 to \$33.19 (49.7% to 80.5%)
- 37 • Pine Summer: \$10.29 to \$22.97 (20.0% to 44.6%)
- 38 • Williamson: \$23.89 to \$36.57 (63.1% to 96.6%)
- 39 • United: \$33.09 to \$45.77 (115.5% to 159.8%)
- 40 • E&R: \$23.74 to \$36.42 (62.5% to 95.8%)  
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#### 42 **Figure 1 Change From Current Cost for 3000 Gallons Usage**



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Figure 2 Change From Current Cost for 5000 Gallons Usage



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## 2.2 Monthly Cost Impact from 2009 to 2013

7 The increases in the monthly bills for the first five years, for 3000 and 5000 gallons of monthly usage, are shown in  
8 Figure 3 and Figure 4, respectively. The lowest line in the charts is for the monthly bill cost based upon the  
9 District's current plan. The four lines above represent the four scenarios covered in this document. The standard

1 financing cost starts out higher than the creative financing cost in the beginning but grows less after that. The  
 2 creative financing cost grows faster in the 2010 to 2012 years and the gap between standard and creative financing  
 3 costs is smaller by the end.

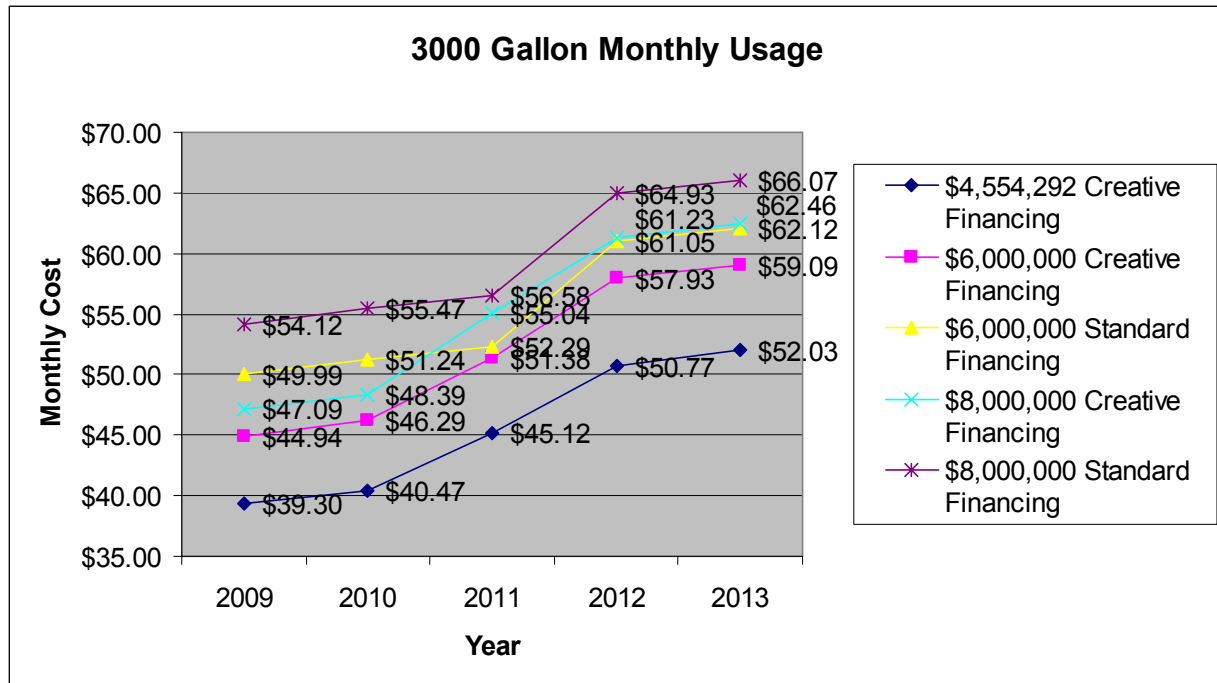
4  
 5 In the first five years, from 2009 through 2013, the total additional increase, over the initial increase, with 3000  
 6 gallons of usage for each of the scenarios is:

- 7 • \$6,000,000 with Creative Financing: \$14.15 (31.5%)
- 8 • \$6,000,000 with Standard Financing: \$12.13 (24.3%)
- 9 • \$8,000,000 with Creative Financing: \$15.37 (32.6%)
- 10 • \$8,000,000 with Standard Financing: \$11.95 (22.1%)

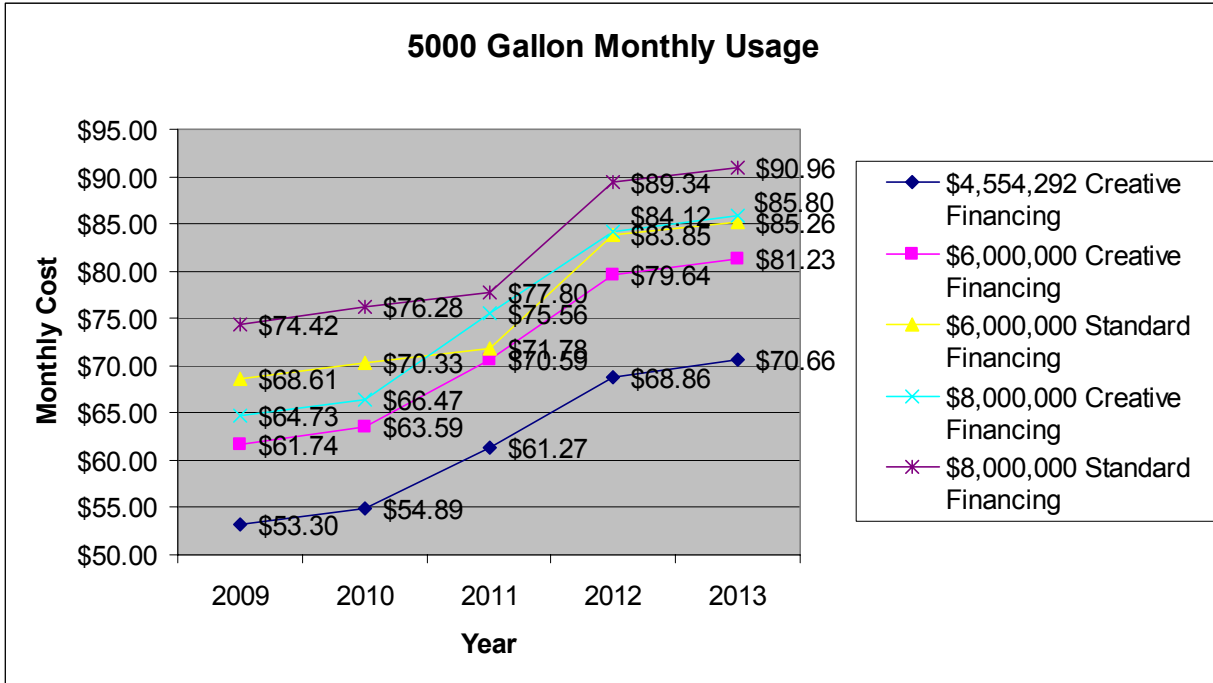
11  
 12 In the first five years, from 2009 through 2013, the total additional increase, over the initial increase, with 5000  
 13 gallons of usage for each of the scenarios is:

- 14 • \$6,000,000 with Creative Financing: \$19.49 (31.5%)
- 15 • \$6,000,000 with Standard Financing: \$16.65 (24.3%)
- 16 • \$8,000,000 with Creative Financing: \$21.07 (32.6%)
- 17 • \$8,000,000 with Standard Financing: \$16.54 (22.2%)

18  
 19 **Figure 3 3000 Gallon Monthly Usage**



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 21  
 22 **Figure 4 5000 Gallon Monthly Usage**



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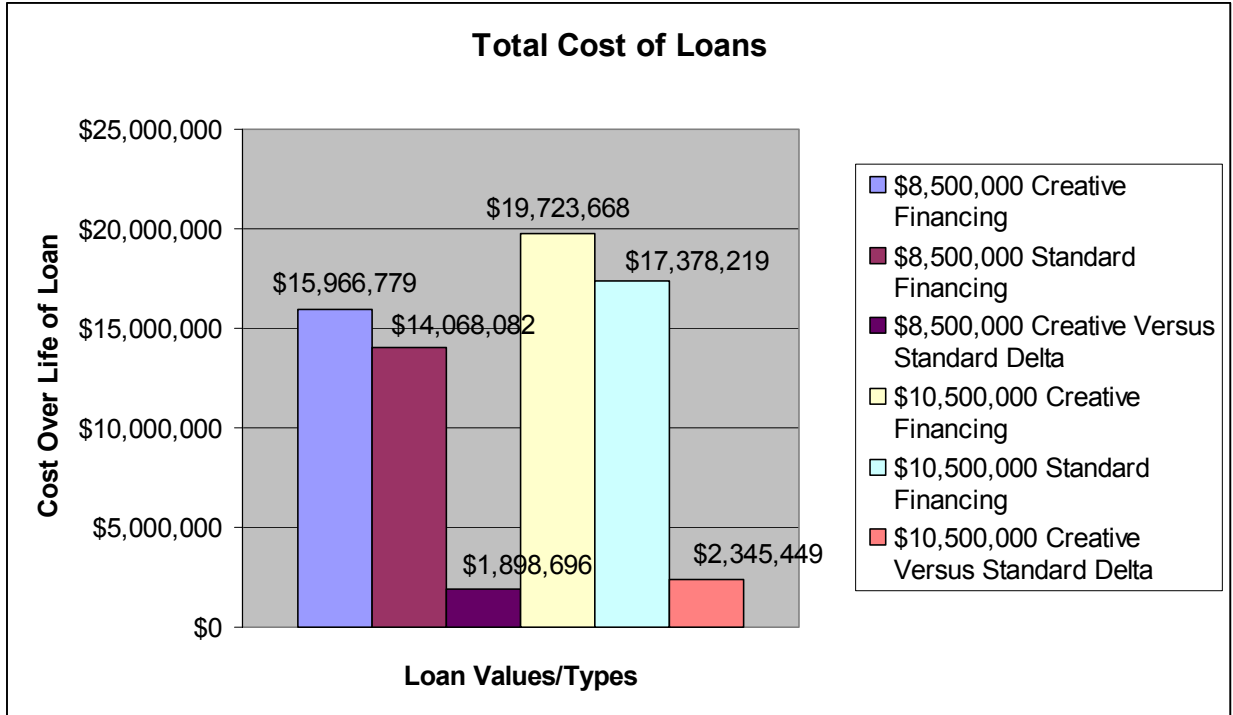
3 **2.3 Life Time Cost of Loans**

4 The use of creative financing reduces the size of each payment, but increases the overall cost of the loan. In Figure  
 5 5, the overall cost of the initial acquisition loan and the CIP loan are added together for acquisition loan values of  
 6 \$6,000,000 and \$8,000,000 for both creative and standard financing. Also shown in the figure are the differences  
 7 between the life time costs of the creative versus the standard financing for both cases.

8

9 The use of creative financing adds 13.5% to the life time cost of the loans when compared to a standard financing  
 10 approach.

11 **Figure 5 Total Cost of Loans**



### 3 Expanded Analysis

In this expanded analysis of cash flow, the following scenarios will be addressed:

1. \$6,000,000 acquisition loan and a \$2,500,000 CIP loan in 2012. Borrowed at 5.5% interest and paid quarterly. Creative financing loan terms of 25 years, with first two years being interest only payments.
2. \$6,000,000 acquisition loan and a \$2,500,000 CIP loan in 2012. Borrowed at 5.5% interest and paid quarterly. Standard financing loan terms of 20 years.
3. \$8,000,000 acquisition loan and a \$2,500,000 CIP loan in 2012. Borrowed at 5.5% interest and paid quarterly. Creative financing loan terms of 25 years, with first two years being interest only payments.
4. \$8,000,000 acquisition loan and a \$2,500,000 CIP loan in 2012. Borrowed at 5.5% interest and paid quarterly. Standard financing loan terms of 20 years.

For a detailed analysis of the numbers used for Metered Revenue, Non-Rate Revenue, and Operational Expense, see the earlier report on correcting the Economists.com analysis. It can be found here:

<http://www.waterforpinestrawberry.com/data%20pages/CashFlowCorrection.htm>.

#### 3.1 Cash Flow for Creative Financing of \$6,000,000

Table 1 has the cash flow analysis for the creative financing of \$6,000,000.

Table 1 Creative Financing of \$6,000,000

	2009	2010	2011	2012	2013
Metered Revenue	\$1,201,434.43	\$1,206,851.52	\$1,261,959.15	\$1,457,795.77	\$1,508,127.04
Non-Rate Revenues	\$30,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
Operational Expense	\$1,020,046.00	\$1,060,847.84	\$1,103,281.75	\$1,147,413.02	\$1,193,309.54
Acquisition Loan	\$330,000.00	\$330,000.00	\$461,333.36	\$461,333.36	\$461,333.36

Expense					
Acquisition Loan Reserve	\$120,000.00	\$120,000.00	\$120,000.00	\$120,000.00	\$120,000.00
CIP Loan Expense	\$0.00	\$0.00	\$0.00	\$137,500.00	\$137,500.00
CIP Loan Reserve	\$0.00	\$0.00	\$0.00	\$40,000.00	\$40,000.00
Balance	-\$238,611.57	-\$283,996.32	-\$402,655.97	-\$428,450.62	-\$424,015.86
Generated Cash (5% Revenue)	\$60,071.72	\$60,342.58	\$63,097.96	\$72,889.79	\$75,406.35
Additional Revenue Required	\$298,683.29	\$344,338.89	\$465,753.92	\$501,340.41	\$499,422.21
Percentage Revenue Increase	24.9%	28.5%	36.9%	34.4%	33.1%

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### 2 **3.2 Cash Flow for Standard Financing of \$6,000,000**

3 Table 2 has the cash flow analysis for the standard financing of \$6,000,000.

4

5 **Table 2 Standard Financing of \$6,000,000**

	2009	2010	2011	2012	2013
Metered Revenue	\$1,201,434.43	\$1,206,851.52	\$1,261,959.15	\$1,457,795.77	\$1,508,127.04
Non-Rate Revenues	\$30,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
Operational Expense	\$1,020,046.00	\$1,060,847.84	\$1,103,281.75	\$1,147,413.02	\$1,193,309.54
Acquisition Loan Expense	\$496,520.56	\$496,520.56	\$496,520.56	\$496,520.56	\$496,520.56
Acquisition Loan Reserve	\$120,000.00	\$120,000.00	\$120,000.00	\$120,000.00	\$120,000.00
CIP Loan Expense	\$0.00	\$0.00	\$0.00	\$206,883.56	\$206,883.56
CIP Loan Reserve	\$0.00	\$0.00	\$0.00	\$40,000.00	\$40,000.00
Balance	-\$405,132.13	-\$450,516.88	-\$437,843.17	-\$533,021.38	-\$528,586.62
Generated Cash (5% Revenue)	\$60,071.72	\$60,342.58	\$63,097.96	\$72,889.79	\$75,406.35
Additional Revenue Required	\$465,203.85	\$510,859.45	\$500,941.12	\$605,911.17	\$603,992.97
Percentage Revenue Increase	38.7%	42.3%	39.7%	41.6%	40.0%

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1 **3.3 Cash Flow for Creative Financing of \$8,000,000**

2 Table 3 has the cash flow analysis for the creative financing of \$8,000,000.

3  
4 **Table 3 Creative Financing of \$8,000,000**

	2009	2010	2011	2012	2013
Metered Revenue	\$1,201,434.43	\$1,206,851.52	\$1,261,959.15	\$1,457,795.77	\$1,508,127.04
Non-Rate Revenues	\$30,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
Operational Expense	\$1,020,046.00	\$1,060,847.84	\$1,103,281.75	\$1,147,413.02	\$1,193,309.54
Acquisition Loan Expense	\$440,000.00	\$440,000.00	\$615,111.16	\$615,111.16	\$615,111.16
Acquisition Loan Reserve	\$120,000.00	\$120,000.00	\$120,000.00	\$120,000.00	\$120,000.00
CIP Loan Expense	\$0.00	\$0.00	\$0.00	\$137,500.00	\$137,500.00
CIP Loan Reserve	\$0.00	\$0.00	\$0.00	\$40,000.00	\$40,000.00
Balance	-\$348,611.57	-\$393,996.32	-\$556,433.77	-\$582,228.42	-\$577,793.66
Generated Cash (5% Revenue)	\$60,071.72	\$60,342.58	\$63,097.96	\$72,889.79	\$75,406.35
Additional Revenue Required	\$408,683.29	\$454,338.89	\$619,531.72	\$655,118.21	\$653,200.01
Percentage Revenue Increase	34.0%	37.6%	49.1%	44.9%	43.3%

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6 **3.4 Cash Flow for Standard Financing of \$8,000,000**

7 Table 4 has the cash flow analysis for the standard financing of \$8,000,000.

8  
9 **Table 4 Standard Financing of \$8,000,000**

	2009	2010	2011	2012	2013
Metered Revenue	\$1,201,434.43	\$1,206,851.52	\$1,261,959.15	\$1,457,795.77	\$1,508,127.04
Non-Rate Revenues	\$30,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
Operational Expense	\$1,020,046.00	\$1,060,847.84	\$1,103,281.75	\$1,147,413.02	\$1,193,309.54
Acquisition Loan Expense	\$662,027.40	\$662,027.40	\$662,027.40	\$662,027.40	\$662,027.40
Acquisition Loan Reserve	\$120,000.00	\$120,000.00	\$120,000.00	\$120,000.00	\$120,000.00
CIP Loan Expense	\$0.00	\$0.00	\$0.00	\$206,883.56	\$206,883.56

CIP Loan Reserve	\$0.00	\$0.00	\$0.00	\$40,000.00	\$40,000.00
Balance	-\$570,638.97	-\$616,023.72	-\$603,350.01	-\$698,528.22	-\$694,093.46
Generated Cash (5% Revenue)	\$60,071.72	\$60,342.58	\$63,097.96	\$72,889.79	\$75,406.35
Additional Revenue Required	\$630,710.69	\$676,366.29	\$666,447.96	\$771,418.01	\$769,499.81
Percentage Revenue Increase	52.5%	56.0%	52.8%	52.9%	51.0%

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**4 Rate Impacts**

This analysis assumes that when a rate increase is made that the rates are consolidated for all Pine and Strawberry users. The base rates for larger meters are not shown in the interest of keeping it simple. The base rates for the larger meters were included in the revenue calculations.

**4.1 Current Rates**

The current rates for Pine and Strawberry are shown in Table 5. Almost all residential users are using a 5/8” meter, so for simplicity only the base rate for that meter is shown. Pine has three tiers (1, 2, and 3) of water usage rates and Strawberry has two tiers (A and B):

- Tier 1: 0 to 2000 gallons
- Tier 2: 2001 to 6000 gallons
- Tier 3: 6001 and above gallons
- Tier A: 0 to 4000 gallons
- Tier B: 4001 and above gallons

**Table 5 Current Water Rates**

			Current Usage Rates	Current 5/8” Meter Base Rate
Pine	Winter	Tier 1	\$3.95	\$18.45
		Tier 2	\$4.96	
		Tier 3	\$6.00	
	Summer	Tier 1	\$6.00	
		Tier 2	\$7.00	
		Tier 3	\$8.00	
Strawberry	Williamson	Tier A	\$3.50	\$20.35
		Tier B	\$3.50	
	United	Tier A	\$2.20	\$16.00
		Tier B	\$3.85	
	E&R	Tier A	\$3.40	\$18.45
		Tier B	\$5.95	

19

1 **4.2 Rates for Creative Financing for \$6,000,000**

2 The water rates required to produce the amount of revenue needed for the creative financing of \$6,000,000 are  
3 shown in Table 6.

4 **Table 6 Rates for Creative Financing for \$6,000,000**

<b>Usage Rates</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Tier 1 Rate	\$7.20	\$7.42	\$8.23	\$9.30	\$9.49
Tier 2 Rate	\$8.40	\$8.65	\$9.60	\$10.85	\$11.07
Tier 3 Rate	\$9.60	\$9.89	\$10.98	\$12.40	\$12.65
<b>Base Rates</b>					
5/8" Meter	\$22.14	\$22.80	\$25.31	\$28.48	\$29.05

6 **4.3 Rates for Standard Financing for \$6,000,000**

7 The water rates required to produce the amount of revenue needed for the standard financing of \$6,000,000 are  
8 shown in Table 7.

9 **Table 7 Rates for Standard Financing for \$6,000,000**

<b>Usage Rates</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Tier 1 Rate	\$7.98	\$8.18	\$8.35	\$9.77	\$9.92
Tier 2 Rate	\$9.31	\$9.54	\$9.74	\$11.40	\$11.57
Tier 3 Rate	\$10.64	\$10.91	\$11.14	\$13.03	\$13.22
<b>Base Rates</b>					
5/8" Meter	\$24.72	\$25.34	\$25.85	\$30.11	\$30.72

11 **4.4 Rates for Creative Financing for \$8,000,000**

12 The water rates required to produce the amount of revenue needed for the creative financing of \$8,000,000 are  
13 shown in Table 8.

14 **Table 8 Rates for Creative Financing for \$8,000,000**

<b>Usage Rates</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Tier 1 Rate	\$7.56	\$7.75	\$8.80	\$9.81	\$10.00
Tier 2 Rate	\$8.82	\$9.04	\$10.26	\$11.44	\$11.67
Tier 3 Rate	\$10.08	\$10.33	\$11.73	\$13.08	\$13.34
<b>Base Rates</b>					
5/8" Meter	\$23.15	\$23.85	\$27.19	\$30.18	\$30.78

16 **4.5 Rates for Standard Financing for \$8,000,000**

17 The water rates required to produce the amount of revenue needed for the standard financing of \$8,000,000 are  
18 shown in Table 9.

19 **Table 9 Rates for Standard Financing for \$8,000,000**

<b>Usage Rates</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Tier 1 Rate	\$8.70	\$8.92	\$9.10	\$10.46	\$10.67
Tier 2 Rate	\$10.15	\$10.40	\$10.61	\$12.20	\$12.45
Tier 3 Rate	\$11.60	\$11.89	\$12.13	\$13.95	\$14.23
<b>Base Rates</b>					

5/8" Meter	\$26.57	\$27.23	\$27.78	\$31.80	\$32.28
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## 5 Monthly Bill Impact

Using the rates that were determined for each of the scenarios, the monthly water bills under each scenario are determined. The monthly water bill for 3000 gallons per month is provided in Table 10. The monthly water bill for 5000 gallons per month is provided in Table 11.

The Change and Percentage Increase that is shown in the tables for year 2009 is the change and percentage increase when compared to the corrected Economists.com analysis' 2009 value. For the later years, Change and Percentage Increase are relative to the prior year for that scenario.

**Table 10 Cost for 3000 Gallons per Month for Additional Scenarios**

		2009	2010	2011	2012	2013
<b>Corrected Economists.com Analysis</b>	Monthly Charge	\$39.30	\$40.47	\$45.12	\$50.77	\$52.03
	Change	NA	\$1.18	\$4.65	\$5.65	\$1.26
	Percentage Increase	NA	3.0%	11.5%	12.5%	2.5%
<b>\$6,000,000 at 5.5% with Creative Financing</b>	Monthly Charge	\$44.94	\$46.29	\$51.38	\$57.93	\$59.09
	Change	\$5.65	\$1.35	\$5.09	\$6.55	\$1.16
	Percentage Increase	14.4%	3.0%	11.0%	12.8%	2.0%
<b>\$6,000,000 at 5.5% with Standard Financing</b>	Monthly Charge	\$49.99	\$51.24	\$52.29	\$61.05	\$62.12
	Change	\$10.70	\$1.25	\$1.05	\$8.76	\$1.07
	Percentage Increase	27.2%	2.5%	2.1%	16.8%	1.7%
<b>\$8,000,000 at 5.5% with Creative Financing</b>	Monthly Charge	\$47.09	\$48.39	\$55.04	\$61.23	\$62.46
	Change	\$7.80	\$1.29	\$6.65	\$6.19	\$1.22
	Percentage Increase	19.8%	2.7%	13.7%	11.3%	2.0%
<b>\$8,000,000 at 5.5% with Standard Financing</b>	Monthly Charge	\$54.12	\$55.47	\$56.58	\$64.93	\$66.07
	Change	\$14.82	\$1.35	\$1.11	\$8.35	\$1.14
	Percentage Increase	37.7%	2.5%	2.0%	14.8%	1.8%

**Table 11 Cost for 5000 Gallons per Month for Additional Scenarios**

		2009	2010	2011	2012	2013
<b>Corrected Economists.com Analysis</b>	Monthly Charge	\$53.30	\$54.89	\$61.27	\$68.86	\$70.66
	Change	NA	\$1.60	\$6.38	\$7.58	\$1.80
	Percentage Increase	NA	3.0%	11.6%	12.4%	2.6%
<b>\$6,000,000 at 5.5% with Creative Financing</b>	Monthly Charge	\$61.74	\$63.59	\$70.59	\$79.64	\$81.23
	Change	\$8.45	\$1.85	\$7.00	\$9.05	\$1.59
	Percentage Increase	15.8%	3.0%	11.0%	12.8%	2.0%
<b>\$6,000,000 at 5.5% with Standard Financing</b>	Monthly Charge	\$68.61	\$70.33	\$71.78	\$83.85	\$85.26
	Change	\$15.32	\$1.72	\$1.45	\$12.07	\$1.41

<b>Standard Financing</b>	Percentage Increase	28.7%	2.5%	2.1%	16.8%	1.7%
<b>\$8,000,000 at 5.5% with Creative Financing</b>	Monthly Charge	\$64.73	\$66.47	\$75.56	\$84.12	\$85.80
	Change	\$11.44	\$1.73	\$9.09	\$8.55	\$1.68
	Percentage Increase	21.5%	2.7%	13.7%	11.3%	2.0%
<b>\$8,000,000 at 5.5% with Standard Financing</b>	Monthly Charge	\$74.42	\$76.28	\$77.80	\$89.34	\$90.96
	Change	\$21.12	\$1.86	\$1.53	\$11.53	\$1.63
	Percentage Increase	39.6%	2.5%	2.0%	14.8%	1.8%

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