

# Water Rate Study Prepared for the Village of Capitan (Final Report)

At the Request of the Village of Capitan



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# 1. Executive Summary

The purpose of this rate study is to assist the Village plan for the revenue needs of water enterprise fund over the next five years (FY24-FY28) through an examination of its rate structure. These needs include adequate revenue for operations, debt, reserves, and projected capital improvements. Recent elevated levels of inflation have exacerbated the need for this rate review.<sup>1 2</sup>

This report identifies three rate options for Village consideration. Rate Option 1 provides no increase in utility charges; Rate Option 2 applies a uniform increase to the existing rate structure, while Rate Option 3 realigns the existing rate structure based on standard industry practices including meter size analysis. Rate Option 3 would reduce the amount included in the base charge from 6,000 to 3,000 gallons per month.

This report recommends adoption of Rate Option 3, which would meet the revenue needs of the utility, streamline the Village's existing water rate structure, and reduce the impact of increased rates on most utility customers. For a typical residential household *using 6,000 gallons per month*, utility rates would increase by **\$4.07** per month effective April 2023. Subsequent increases, reflecting additional revenue needs identified by the utility, are slated for July 2024 (9%), July 2025 (6%), July 2026 (6%), and July 2027 (3%).

In addition to the primary recommendation of implementing a rate increase, the report advises the Village to evaluate supporting sources of revenue including impact fees, late fees, and connection fees, which were not evaluated in this study. To improve operating and planning efficiency, the report recommends the utility consider best practices including implementing an asset management plan, conducting an energy audit, and investigating sources of water loss and non-revenue water.

Finally, the report incorporates assumptions about revenue, expenses, water consumption, inflation, system growth, reserve contributions, and the timing and financing of capital improvements, which if not realized, could either increase or diminish the need to adjust rates throughout the forecast period. The Village should review its rate structure periodically (at least annually) implementing appropriate adjustments as needed.

**Supplemental Note: *Two additional rate options developed at the request of Village trustees are presented as addenda to this report. At a 3.07.23 council meeting, Village trustees unanimously passed a motion to approve the rate option (named "Village Trustee Option") identified in Addendum #2.***

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<sup>1</sup> <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>

<sup>2</sup> <https://www.usnews.com/news/business/articles/2022-06-19/inflation-taking-bite-out-of-new-infrastructure-projects>

## 2. Introduction

### Rural Community Assistance Corporation (RCAC)

Founded in 1978, RCAC is a 501(c) (3) nonprofit organization that provides training, technical and financial resources and advocacy so rural communities can achieve their goals and visions. For more than 40 years, our dedicated staff and active board, coupled with our key values of leadership, collaboration, commitment, quality, and integrity, have helped rural communities throughout the West achieve positive change.

### Purpose of this Rate Study

The purpose of this study is to make The Village of Capitan aware of the need to assess appropriate rates for its water utility. The utility must be able to maintain operations and build reserves to cover the inevitable need to replace all components of the operation.

### Board Responsibilities

The Governing Body has a fiduciary responsibility to set the rates at such a level that the utility will be able to continue to operate now and into the future, including providing funds to replace all parts of the system as they wear out. While this document recommends certain rates, the ultimate decision rests with the Governing Body.

### Guiding Principles of This Study

This study is guided by the following principles:

**Sustainability:** Water rates should cover costs permitting The Village of Capitan to provide respective services now and for the foreseeable future.

**Fairness:** Rates should be fair to all rate payers. No single rate payer or group of rate payers should be singled out for different rates. The Village should not charge more for such services than the cost to provide them.

**Ease of Understanding:** Rates should be easy for staff to understand, implement and explain to customers. The structure should be compatible with current utility billing software.

**Justifiability:** Rates must be based on actual financial needs of the water enterprise fund. Revenue generated from such rates cannot be used for anything else but to pay for the costs of procuring, treating, and distributing water within its service area, plus related administrative costs and reserves.

### Disclaimer

The recommendations contained in this rate study are based on financial information provided to RCAC by the Village and its representatives. Although every effort was made to assure the reliability of this information, no warranty is expressed or implied as to the correctness, accuracy or completeness of the information contained herein.

Any opinions, findings, and conclusions or recommendations expressed in this material are solely the responsibility of the author and do not necessarily represent the official views of RCAC. For accounting advice, a Certified Public Accountant should be consulted. For legal advice, the Village should seek the advice of an attorney.

## 3. Community

### Description

Located in rural Lincoln County, New Mexico, The Village of Capitan is home to Smokey the Bear, whose remains are buried at the Smokey the Bear National Monument. Historically, a commercial hub serving nearby Ft. Stanton, as well as surrounding coal mining and ranching interests, the area enjoys a mild, dry climate receiving approximately 18 inches of rain annually. Average daytime highs range from 49 degrees F in January to 84 degrees in July.<sup>3</sup> The Village prides itself as a small, friendly, family-oriented community.

The community consists primarily of detached single-family housing units, along with some commercial establishments, a K-12 school system, and one industrial enterprise. Residential units comprise approximately 85% of the water utility's current connections.

According to U.S. Census data, the Village of Capitan had a population of 1356 residents in 2020 representing a 10.7% decline since the 2010 census.<sup>4</sup> While the population of the community declined during this period, recent estimates indicate that this population has stabilized with a census of 1405 residents recorded in 2021.<sup>5</sup> Discussion with the water utility director indicates that the number of connections in the service area has also remained stable over the past several years.

### Median Household Income

A community's Median Household Income (MHI) is a factor in determining grant funding and can reflect general economic conditions of the community, including the proportion of residents on fixed and/or limited incomes. According to the most recent 5-year American Community Survey (2017-2021), The Village of Capitan had a Median Household Income (MHI) of \$46,179 (+/- \$4,045)<sup>6</sup>. This amount is lower than the corresponding 5-year estimate for the State of New Mexico (\$54,020 +/- \$484), as well as the 2021 1-year ACS national estimate for the United States as a whole (69,717 +/- \$134)<sup>7</sup>. The median household size was 2.41 persons per unit.<sup>8</sup>

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<sup>3</sup> [https://en.wikipedia.org/wiki/Capitan,\\_New\\_Mexico#Climate](https://en.wikipedia.org/wiki/Capitan,_New_Mexico#Climate)

<sup>4</sup> <https://datausa.io/profile/geo/capitan-nm>

<sup>5</sup> <https://www.newmexico-demographics.com/capitan-demographics>

<sup>6</sup> [Search Results \(census.gov\)](#)

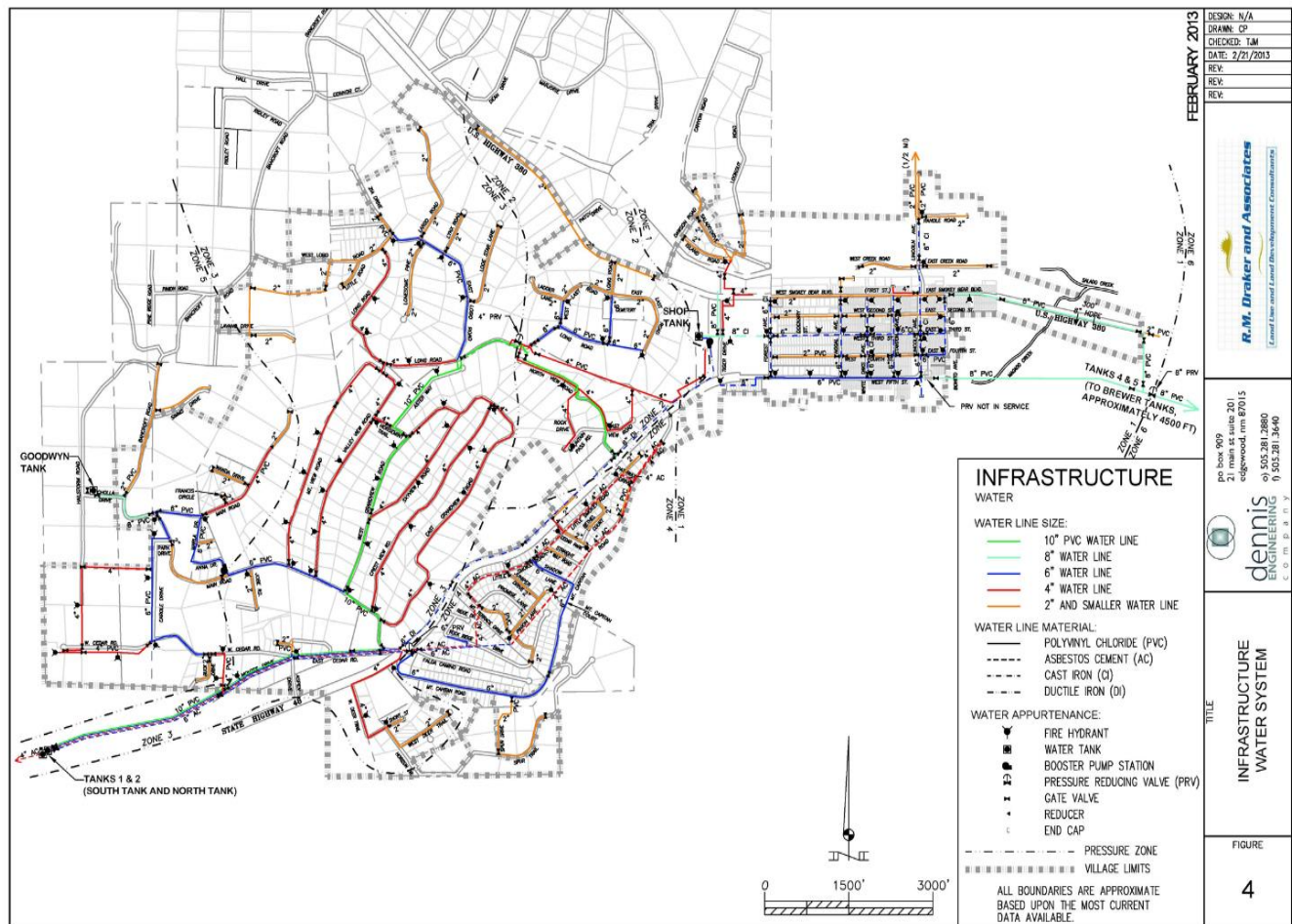
<sup>7</sup> <https://data.census.gov/table?q=new+mexico+median+household+income&y=2021&tid=ACST5Y2021.S1901>

<sup>8</sup> Source: 2021 5-year American Community Survey ([S1101: HOUSEHOLDS AND FAMILIES - Census Bureau Table](#))

## 4. Water System

As depicted in the map below key infrastructure for the Village's water utility consists of three production wells, six storage tanks, and approximately 46 miles of transmission and distribution line ranging from 2 to 10 inches in diameter and composed of various materials including asbestos cement (AC), cast iron (CI), ductile iron (DI), and polyvinyl chloride (PVC).

**Exhibit 1: Captain Water System Infrastructure Map**



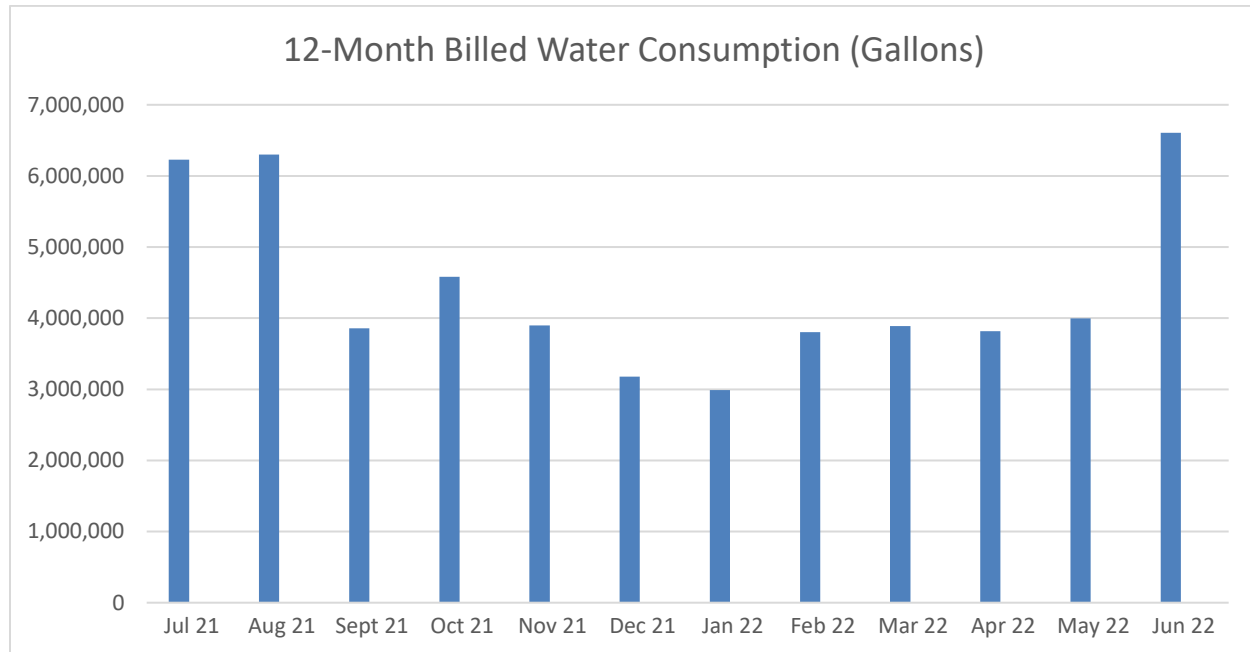
Following distribution line and tank rehabilitation upgrades ending in 2020, the Village has not undertaken any major improvements to its water system. Much of the existing water line was installed between the 1940's and 1970's, while tanks and wells are of more recent installation, ranging from 10 years to 50 years in age.

### Water Usage and Production

The following exhibit shows billed water consumption for the July 2021-June 2022 billed period, upon which forecasted water sales for the rate analysis was based. Water usage during this period displayed a typical

seasonal pattern with greater consumption during summer months due to outdoor activities. Total billed water usage during the 12-month period was 53,149,943 gallons with an average monthly water consumption of 5401 gallons per connection.

**Exhibit 2: Monthly Billed Water Consumption (Village of Capitan Water Utility)**



The following exhibit displays the average billed monthly water consumption per month by utility rate code:

**Exhibit 3: Average Billed Monthly Usage by Water Rate Code (July 21-June 22)**

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 468O	WU76-01	WU76-01 TE	IND 1.5"
Description	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Comm, 3/4", Tax exempt	Comm, 1.5",	Comm, 1.5", Tax exempt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax exempt	Industrial, 1.5"
Connections	692	4	32	2	43	14	9	3	9	9	3	1
Avg. Mo. Gals. /Conn.	4,305	8,786	6,029	4,603	6,042	5,176	13,007	2,758	4,922	56,376	599	51,014



As discussed in the Village's comprehensive planning document, this demand is well within the Village's allocated water rights and physical capacity to deliver water through its water utility.<sup>9</sup>

### Historic Water Production and Usage

During the 2019-2021 period, the volume of water produced has generally exceeded the total volume billed. Differences in production and billed volume can be attributed to numerous factors, including real and apparent losses, which a water loss control audit can help identify.<sup>10</sup> The Village's water utility director noted large distribution line leaks in 2019 may have contributed to the wide margin between produced and billed volumes noted for that year.<sup>11</sup> Utility staff identified billed water consumption for the July 2021-June 2022 period (53.145M gallons) period as suitable for forecasting purposes.

**Exhibit 4: 2019-2021 Village Water Production and Usage (in gallons)**

Description	2019	2020	2021
Billed to Water Customers	56,685,880	60,713,192	51,829,875
Billed to Sewer Customers	9,097,736	7,949,843	7,624,419
Total Billed Volume	65,783,616	68,663,035	59,454,294
Total Volume Produced	81,300,000	67,438,580	65,978,270
Billed to Produced Ratio	0.81	1.02	0.90

### Forecasted Growth

As summarized below, following consultation with utility staff, the report forecasts no change in community growth (i.e., water system connections) and per capita water consumption during the next five years (FY24-FY28). Changes in these values will impact revenue of the water enterprise fund and should be monitored closely.

**Exhibit 5: Annual Change in Water Connections and Per Connection Usage**

Item	FY23	FY24	FY25	FY26	FY27	FY28
Change in number of connections	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Change in per connection usage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

<sup>9</sup> Comprehensive Plan for the Village of Capitan, New Mexico (May 2013), R.M. Draker & Associates and Dennis Engineering Company

<sup>10</sup> <https://www.awwa.org/Resources-Tools/Resource-Topics/Water-Loss-Control/Free-Water-Audit-Software>

<sup>11</sup> Discussion with Village of Capitan water utility director, Steve Osborn, on 2.06.23

## 5. Projects

The following exhibit identifies water projects in the Village's 2024-2028 Capital Improvement Plan, which remains unfunded:

**Exhibit 6: The Village of Capitan Infrastructure Capital Improvement Plan**

ID	Year	Rank	Project Title	Category	Funded to date	2024	2025	2026	2027	2028	Total Project Cost	Amount Not Yet Funded	Phases?
33029	2024	001	Construct New Water Department Building	Facilities - Administrative Facilities	90,000	650,000	0	0	0	0	740,000	650,000	No
40806	2024	002	Healing Americas Heroes 2023	Economic Development	0	0	0	0	0	0	0	0	No
40074	2024	003	Solar for waste water treatment plant	Equipment - Other	0	150,000	0	0	0	0	150,000	150,000	No
30143	2024	004	Asset Management Plan	Other - Other	0	55,000	0	0	0	0	55,000	55,000	No
37874	2024	005	Rehabilitation of Water Storage Tank	Water - Other	0	360,000	0	0	0	0	360,000	360,000	No
37867	2024	006	Replacing Water Lines from Wells to Brewer Tanks	Water - Water Supply	0	750,000	0	0	0	0	750,000	750,000	No
37897	2024	007	Renovate and Repair Smokey Bear Museum	Facilities - Museums	0	350,000	0	0	0	0	350,000	350,000	No
40380	2024	008	Water meter replacement	Other - Utilities (publicly owned)	0	100,000	0	0	0	0	100,000	100,000	No
37875	2024	009	Fire Hydrant Project	Water - Water Supply	0	600,000	0	0	0	0	600,000	600,000	No
28456	2024	010	SCADA System	Water - Other	25,000	238,000	0	0	0	0	263,000	238,000	Yes
26860	2024	011	Walking/Bike Trail Enhancements	Transportation - Bike/Pedestrian/Equestrian	0	190,000	0	0	0	0	190,000	190,000	No
40276	2024	011	Park and playground upgrade	Equipment - Other	0	707,930	0	0	0	0	707,930	707,930	No
Number of projects:			12										
			Funded to date:	Year 1:	Year 2:	Year 3:	Year 4:	Year 5:	Total Project Cost:		Total Not Yet Funded:		
Grand Totals:			115,000	4,150,930	0	0	0	0	4,265,930		4,150,930		

As a municipality, the Village is eligible to apply for loan-grant assistance to finance these water capital improvement projects. Since financing for the listed projects has not been established, the following worksheet was developed in consultation with utility to assess potential financing. The exhibit assumes that Village might receive more generous overall grant funding from a variety of sources (e.g., Capital Outlay, NM Drinking Water State Revolving Loan Fund, NMFA Water Trust Fund, NMFA Colonias Fund, Community Development Block Grant) during initial years of the 5-year period, followed by less generous in the latter part of the 5-year period. While the Village has been successful securing high levels of grant funding in the past (up to 100% grant), this conservative approach is deemed reasonable and will maximize potential funding opportunities for the utility in the absence of existing funding offers. Under this construct, the utility's projected annual loan payment for all listed projects would be **\$88,616.08** by FY28 (July 2027).

## Exhibit 7: Funding Scenario for The Village of Capitan's Proposed Water Projects

Proposed Water Capital Improvement Projects								
Description	Type	Payments Begin	Total Funding Requested	% Grant	Loan Amount	Term (years)	Interest Rate	Annual PMT
Water Bldg	Water	FY24	\$ 650,000.00	75%	\$162,500.00	20.00	2.0%	\$9,937.97
Mt. Capitan Waterline Replacement	Water	FY25	\$ 1,050,000.00	75%	\$262,500.00	20.00	2.0%	\$16,053.64
Replace Water Line (Brewer)	Water	FY27	\$ 750,000.00	50%	\$375,000.00	20.00	2.0%	\$22,933.77
Water Meter Replacement	Water	FY27	\$ 100,000.00	50%	\$50,000.00	20.00	2.0%	\$3,057.84
Water Tank Rehab	Water	FY28	\$ 360,000.00	50%	\$180,000.00	20.00	2.0%	\$11,008.21
Fire Hydrants Replacement	Water	FY28	\$ 600,000.00	50%	\$300,000.00	20.00	2.0%	\$18,347.02
SCADA System	Water	FY28	\$ 238,000.00	50%	\$119,000.00	20.00	2.0%	\$7,277.65
			\$3,748,000.00		\$1,449,000.00			\$88,616.08

## 6. Financial Condition

### Classification of Revenue and Expenses

The Village of Capitan's water enterprise fund earns system revenue from various sources. The rate study separated these sources of revenue into two categories:

- Operating Revenue – Metered and bulk water sales; other operating revenue (connection fees, late fees, administrative fees, and misc. other charges)
- Non-Operating Revenue – Municipal GRT-Infrastructure; interest earned

Similarly, the rate study separated costs into two categories:

- Base Operating Expenses – Broadly categorized into administrative and operating costs, these expenses are incurred in operating the utility. Examples include salaries and wages, employee benefits, maintenance & repairs, professional services (accounting, engineering, legal), field and office supplies, software, fuel and vehicle maintenance, supplies, telecommunications, field supplies, postage, printing/publishing/advertising, training, travel, and utilities (electricity).
- Debt payments – consists of principal and interest payments on water system loans

### FY19-FY22 Financial Performance

Incorporating financial reporting into these categories, the following exhibit presents a summary of the utility's financial performance for the past three years (FY20-FY22):

### Exhibit 8: The Village of Capitan Water Enterprise Fund (3-Year Financial Performance)

<b>WATER</b>				
<b>Operating Revenue</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>Average</b>
Metered Water Sales	\$ 499,207.48	\$ 494,213.70	\$ 484,869.47	\$ 492,763.55
Bulk Water Sales	\$ 18,075.74	\$ 29,046.54	\$ 29,887.95	\$ 25,670.08
Other Operating Revenue	\$ 12,319.95	\$ 2,476.56	\$ 14,280.39	\$ 9,692.30
Total Operating Revenue	\$ 529,603.17	\$ 523,375.24	\$ 529,037.81	\$ 528,125.93
<b>Earned Non-Operating Revenue</b>				
GRT-Municipal Infrastructure	\$ 38,389.21	\$ 76,607.51	\$ 58,047.28	\$ 57,681.33
Earned Investment Income	\$ 4,835.04	\$ -	\$ -	\$ 1,611.68
Earned Non-Operating Revenue	\$ 43,224.25	\$ 76,607.51	\$ 58,047.28	\$ 59,293.01
<b>Total System Revenue</b>	\$ 572,827.42	\$ 599,982.75	\$ 587,085.09	\$ 586,631.75
Less Base Operating Expenses	\$ 547,623.40	\$ 585,861.91	\$ 567,422.67	\$ 566,969.33
Less Annual Debt Service	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00
<b>Net System Revenue</b>	\$ 18,210.02	\$ 7,126.84	\$ 12,668.42	\$ 12,668.43
Revenue to Expense Ratio (incl. debt service)	1.03	1.01	1.02	1.02

With an average revenue/expense ratio of 1.02, the exhibit shows that while the utility is marginally covering base operating expenses and debt, it is not making a meaningful contribution to covering the depreciation of system assets, which was stated at **\$186,796 annually** in the in the Village's most recent financial audit<sup>12</sup> Further, the exhibit shows that proceeds from GRT-Municipal revenue source, intended to help cover the replacement of capital assets, are being used to subsidize basic operating expenses. Considering the system's projected revenue needs and continued inflation, one can expect further deterioration in the system's financial condition of the fund without additional revenue.

### Current Rate Schedule

The following shows the water utility's current effective rate schedule for metered water service, upon which the utility derives more than 90% of its operating revenue. In 2015, the Village implemented a water rate increase, which included a provision to adjust rates according to annual increases to the Consumer Price Index (CPI). The Village partially implemented this provision with a 0.3% adjustment to base and usage charges in 2020. **The CPI has increased 2.3%, 1.4%, 7.0%, and 6.5% annually since 2019.**<sup>13</sup>

<sup>12</sup> Village of Capitan Audited Financial Statements and Supplementary Information, June 30, 2020, p.52 (<https://www.osa-app.org/uploads/2021/1365f81b-211c-4ab0-8662->

<sup>13</sup> [https://www.bls.gov/regions/southwest/data/consumerpriceindexcyhistorical\\_southwest\\_table.htm](https://www.bls.gov/regions/southwest/data/consumerpriceindexcyhistorical_southwest_table.htm)

The rate schedule is comprised of various residential and commercial rate codes based on meter size and whether the customer is located inside or outside (extraterritorial) of the Village's boundary.<sup>14</sup> The schedule also includes one industrial rate code and two codes with double meters (WU-RES2 and WU-02).

#### Exhibit 9: Village of Capitan Current Water Rate Schedule

Rate Code	WU-RES	WU-RES2	WU-RES0	WU02	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Comm, 3/4", Tax Exmpt	Comm, 1.5",	Comm, 1.5", Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5
Base Charge (No Usage)	\$ 33.47	\$ 66.94	\$ 50.44	\$161.98	\$ 37.28	\$ 37.28	\$ 52.48	\$ 52.48	\$55.76	\$90.81	\$90.81	\$129.04
6000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12000	\$ 2.28	\$ 4.60	\$ 3.40	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30
20000	\$ 2.28	\$ 4.60	\$ 3.40	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30
35000	\$ 3.00	\$ 8.00	\$ 6.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00
50000	\$ 4.00	\$ 16.00	\$ 12.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00
75000	\$ 5.00	\$ 32.00	\$ 24.00	\$ 6.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 6.00	\$ 4.00	\$ 4.00	\$ 4.00
100000	\$ 6.00	\$ 64.00	\$ 48.00	\$ 7.50	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 7.00	\$ 5.00	\$ 5.00	\$ 5.00
125000	\$ 6.00	\$ 128.00	\$ 96.00	\$ 8.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 9.00	\$ 6.00	\$ 6.00	\$ 6.00
999999999	\$ 12.80	\$ 256.00	\$ 192.00	\$ 18.00	\$ 12.80	\$ 12.80	\$ 12.00	\$ 12.00	\$ 18.00	\$ 12.00	\$ 12.00	\$ 12.00

Additionally, the Village assesses a \$0.03/gallon charge (\$30/1000 gallons) for the purchase of bulk water, as well as miscellaneous services charges, which were beyond the scope of the rate study.

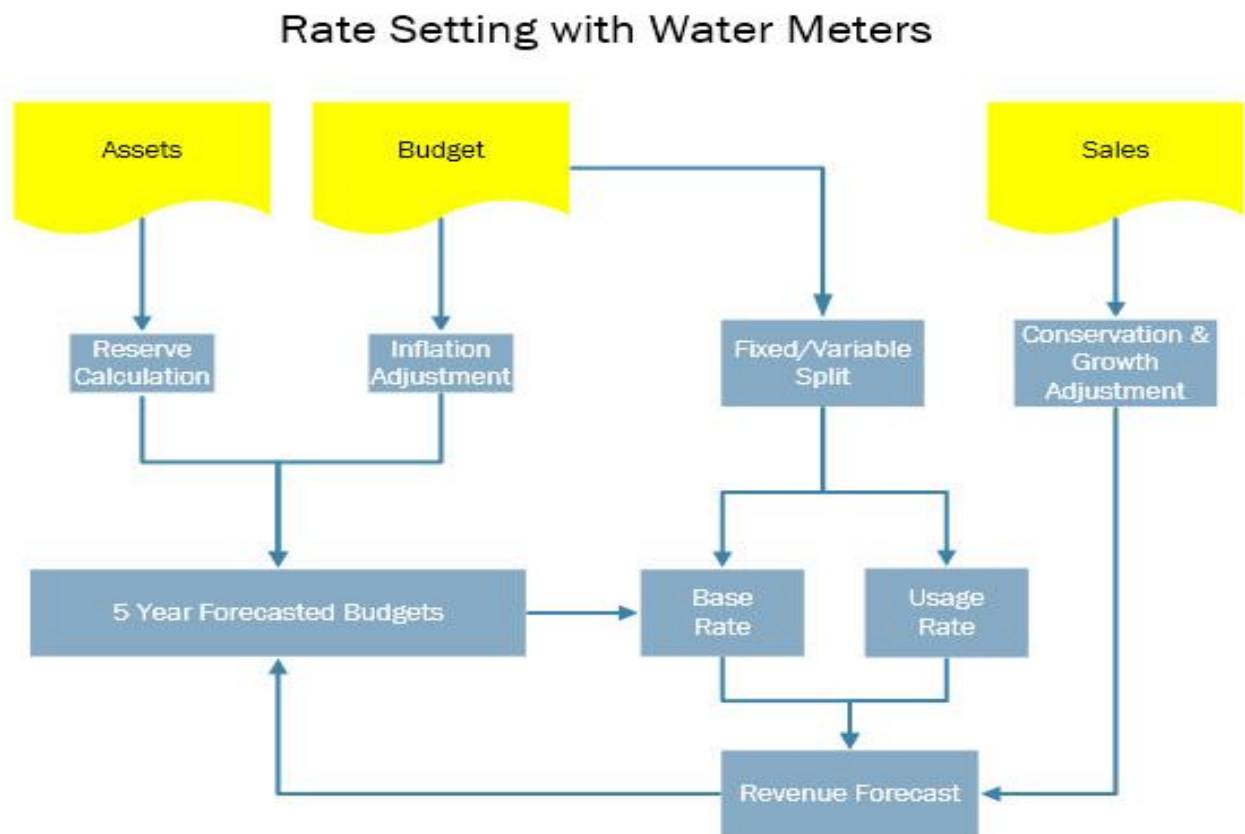
## 7. Rate Setting Process

Based on guidance developed by the American Water Works Association<sup>15</sup>, the following graph depicts the rate setting process used to establish proposed rate options for the Village's water utility. The process consists of analyzing key inputs (Sales, Budget, and Assets) to derive an appropriate rate structure that helps fulfill the revenue requirements of the water utility. The process involves compiling lists of all capitalized assets, the current budget, and the current sales history as provided by Village, which is adjusted for anticipated changes in usage and number of connections. Recommended reserves are calculated and entered in a 5 to 6-year budget forecast, which is adjusted for inflation. The budgeted expenses are then divided between fixed and variable costs, which leads to the calculation of the recommended access (base rate) and usage charges based on meter size and other factors.

<sup>14</sup> Extraterritorial connections are charged 1.5x the respective in-town residential and commercial rates

<sup>15</sup> Principles of Water Rates, Fees and Charges, 7<sup>th</sup> Edition (2017), American Water Works Association

**Exhibit 10: Rate Setting Process**



**Sales**

The Village’s water utility derives more than 90% of its operating revenue from metered water sales. Sales from these connections were confirmed by obtaining individual monthly water data from each customer during the July 2021-June 2022 period and applying the appropriate access and usage charges stated in Exhibit 9.

# 8. Capital Replacement Program

Detailed in Appendix C, the water utility has established a Capital Replacement Program consisting of two categories: 1) replacement and rehabilitation of existing capital infrastructure; and 2) replacement of future unfunded capital improvement projects.

Shown in the following table, the utility has identified cash contributions for items in each category based on remaining useful life and expected replacement or rehabilitation cost. Calculation of expected cost is based on a **3%** annual inflation factor. While adaptable to fit specific needs, the funding approach enables the utility to pay

for smaller cost capital items using 100% cash, thereby providing maximum flexibility, while making smaller % cash contributions for larger cost items and projects for which loan-grant financing could likely be obtained.

**Exhibit 11: Funding of Capital Asset Replacements**

Replacement Value From	To	Cash	Grant	Loan
\$0	\$20,000	100%	0%	0%
\$20,001	\$50,000	20%	50%	30%
\$50,001	\$250,000	10%	50%	40%
\$250,001	\$1,000,000	5.0%	50%	45%
\$1,000,001	\$99,999,999	2.0%	50%	48%

<b>Capitalization Threshold</b>	<b>\$ 5,000</b>
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The analysis assumes that assets below the capitalization threshold would be included in the system's annual maintenance budget

## 9. Budget and Forecast

The purpose of the water system operating budget is to ensure the system's revenues balance its expenditures and needed reserves. To achieve a balanced budget, the utility should assess the following items with respect to future operational and capital needs, including the impact of inflation, system growth and water use trends:

- Historic revenues and expenses from the past 2 to 4 fiscal years
- Current debt-service requirements
- Operating revenues and costs
- Uncollectable accounts (as a % of sales)
- Any unplanned "emergency" expenses that occurred within the past several years
- Revenues from customer billings and other sources of income for the past several years
- Required "reserve" levels necessary for the coming year
- Transfers to/from financial reserves

To establish a basis for evaluating the system's revenue needs and for setting appropriate rates, three areas required examination: allocation of joint expenses, designation of fixed and variable costs, and determination of appropriate reserve contributions. RCAC completed this examination in close consultation with utility staff.

### Allocation of Joint Expenses

Establishing a basis (budget) for forecasting purposes required examining the current FY22-23 joint utility budget as well as historic costs. Upon determining an appropriate basis, additional analysis was needed to separate the share of water and sewer expenses within this budget so that appropriate allocation of costs could be realized. Analysis for this activity is shown in Appendix D.

### Fixed and Variable Costs

Once this allocation was completed, RCAC worked with utility staff to analyze the fixed and variable costs of the water system. Fixed costs (e.g., insurance) remain the same regardless of the amount of water sold, while variable

costs (e.g., electricity) vary with the cost of water sold. In theory, base charges should cover the system's fixed costs, while usage charges should cover the system's variable costs. Based on this analysis fixed costs are expected to comprise 83% of total costs during the FY23-FY28 period (See Appendix D).

### Reserve Funding

AWWA standards guiding this water rate study recommend a review of four types of reserves. RCAC recommends funding for these reserves as cited below. As illustrated in the exhibit below most of this funding would come from utility's unrestricted cash funding, which was identified at **\$460,743** at the beginning of FY23 (July 1, 2022):

1. Debt Reserve: Funding of a debt reserve is required by some lenders. For example, USDA-RD requires its borrowers contribute 10% of an annual loan payment each year until a full year's debt payment has been accumulated. With this requirement in mind, RCAC identifies a 10% annual contribution for new debt as it is incurred with \$0 funding from existing reserves.
2. Operating Reserve: Operating reserves are established to provide the utility with the ability to withstand short term cash-flow fluctuations. A 45- to 90-day operating reserve is a frequently used industry norm.<sup>16</sup> Recognizing the cash flow needs of the enterprise fund, the rate study identified a larger operating reserve balance of **\$107,738.28** which would be funded from the utility's unrestricted cash balance. The contribution would establish a 45- to 90-day operating cash (or working capital) reserve throughout the FY24-FY28 period.
3. Emergency Reserve: Emergency reserves are intended to help utilities deal with short-term emergencies, such as mainline breaks or pump failures. The water utility director has recommended establishing an initial **\$40,000** contribution to this fund from existing cash reserves.
4. Capital Replacement Program (CRP) Reserve: This reserve is designated strictly for funding the replacement and rehabilitation of water system assets identified in Appendix C. Contributions to this account consist of initial funding (**\$250,004.72**) from the utility's unrestricted cash balance and a **\$47,965.18** annual contribution for the FY23 through FY28 period.

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<sup>16</sup> Developing Rates for Small Systems, AWWA Manual M54, 1st Edition (2004), p. 22



## Exhibit 12: Allocation of Existing Reserves

WATER Enterprise Fund			
Description	Amount	Balance	Remarks
Unrestricted Cash Balance (July 1, 2022)	\$ 460,743.00	\$ 460,743.00	Unrestricted Water Fund Cash Balance (July 1, 2022)
Less Budget Adjustments		\$ 460,743.00	Balance to be invested earning est. 1% interest
Less Debt Reserve		\$ 460,743.00	10% of estimated FY24-FY28 project debt payments
Less Emergency Reserve	\$ 40,000.00	\$ 420,743.00	per discussion with utility director
Less Operating Reserve	\$ 107,738.28	\$ 313,004.72	60 days of FY24-FY28 avg. annual expenses
Adjusted Available Balance	\$ 313,004.72		
Less Gov't Springs Construction (Cash)	\$ 35,000.00	\$ 278,004.72	
Less Well #3 Startup (Cash)	\$ 20,000.00	\$ 258,004.72	
Less Additional Cash Needs	\$ 8,000.00	\$ 250,004.72	Juniper Road lower line 600 yards, Meter Goodwyn booster, Meter Cora Dunton booster
Adjusted Remaining Balance for Capital Reserve	\$ 250,004.72	\$ 250,004.72	
Existing Projects Capital Contribution (short-lived)	\$ 187,503.54	\$ 62,501.18	primarily short-lived assets (75% of available capital reserve balance)
Future Projects Capital Reserve Contribution	\$ 62,501.18	\$ -	future projects (25% of adj. of available capital reserve balance)
Remaining Available Balance	\$ -		

## 10. Forecasted Revenue Needs

Incorporating information and targets provided by the utility, the following exhibit identifies the anticipated revenue needs for the FY23-FY28 period. Based on this information the utility will need to generate **\$4.133M** in revenue to meet these needs. Reflecting the timing of these revenue needs, the rate study adopts a phased approach for meeting this goal.

### Exhibit 13: Projected Revenue Needs for Village of Capitan Water Enterprise Fund (FY23-FY28)

Village of Capitan Water Enterprise Fund (Revenue Needed)						
	FY23 Expected	FY24	FY25	FY26	FY27	FY28
<b>Operating Revenue</b>						
Metered Water Sales (Net 5% GRT)	\$ 464,727.50	\$ 534,436.63	\$ 534,436.63	\$ 582,535.92	\$ 617,488.08	\$ 654,537.36
Bulk Water Sales (Net 5% GRT)	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95
Other Operating Revenue (fees, connections, penalties, etc.)	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46
<b>Total Operating Revenue</b>	<b>\$ 500,807.91</b>	<b>\$ 570,517.04</b>	<b>\$ 570,517.04</b>	<b>\$ 618,616.33</b>	<b>\$ 653,568.49</b>	<b>\$ 690,617.77</b>
Additonal Revenue From Revenue Adjustment	\$ 69,709.13	\$ -	\$ 48,099.30	\$ 34,952.16	\$ 37,049.28	\$ 19,636.12
Partial Year Adjustment	\$ (52,281.84)	\$ -	\$ -	\$ -	\$ -	\$ -
Write-Off/Billing Adjustments	\$ (2,323.64)	\$ (2,852.59)	\$ (3,093.08)	\$ (3,267.84)	\$ (3,453.09)	\$ (3,551.27)
<b>Adjusted Total Revenue</b>	<b>\$ 515,911.55</b>	<b>\$ 567,664.45</b>	<b>\$ 615,523.25</b>	<b>\$ 650,300.64</b>	<b>\$ 687,164.68</b>	<b>\$ 706,702.62</b>
Less: Base Operating Expenses	\$ 591,453.75	\$ 518,248.92	\$ 533,796.39	\$ 549,810.28	\$ 566,304.59	\$ 583,293.73
Less: Additional Operating Expenses (Additional Employee)		\$ 31,200.00	\$ 32,136.00	\$ 33,100.08	\$ 34,093.08	\$ 35,115.87
Less: Additional Operating Expenses (Government Springs)		\$ 13,500.00	\$ 13,905.00	\$ 14,322.15	\$ 14,751.81	\$ 15,194.37
<b>Net Operating Revenue</b>	<b>\$ (75,542.20)</b>	<b>\$ 4,715.53</b>	<b>\$ 35,685.86</b>	<b>\$ 53,068.13</b>	<b>\$ 72,015.20</b>	<b>\$ 73,098.65</b>
Less: Existing Debt Payments (Principal & Interest)	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00
Less: Debt Payments (Addnl Projects)		\$ 9,937.97	\$ 25,991.61	\$ 25,991.61	\$ 51,983.21	\$ 88,616.08
Plus: Municipal Gross Receipts-Infrastructure	\$ 48,000.00	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33
Plus: Interest Earned		\$ 4,607.43	\$ 4,607.43	\$ 4,607.43	\$ 4,607.43	\$ 4,607.43
<b>Net System Revenue</b>	<b>\$ (34,536.20)</b>	<b>\$ 50,072.32</b>	<b>\$ 64,989.02</b>	<b>\$ 82,371.29</b>	<b>\$ 75,326.75</b>	<b>\$ 39,777.33</b>
<b>Plus: Beginning Operating Cash Position</b>	<b>\$ 107,738.28</b>	<b>\$ 25,236.91</b>	<b>\$ 26,350.25</b>	<b>\$ 40,774.93</b>	<b>\$ 72,581.88</b>	<b>\$ 94,745.13</b>
<b>Net Position Before Contribution to Reserves</b>	<b>\$ 73,202.09</b>	<b>\$ 75,309.23</b>	<b>\$ 91,339.27</b>	<b>\$ 123,146.22</b>	<b>\$ 147,908.63</b>	<b>\$ 134,522.45</b>
Debt Reserve (10%)		\$ 993.80	\$ 2,599.16	\$ 2,599.16	\$ 5,198.32	\$ 8,861.61
Operating Reserve		\$ -	\$ -	\$ -	\$ -	\$ -
Emergency Reserve						
Capital Reserve	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18
<b>Total Reserves</b>	<b>\$ 47,965.18</b>	<b>\$ 48,958.98</b>	<b>\$ 50,564.34</b>	<b>\$ 50,564.34</b>	<b>\$ 53,163.50</b>	<b>\$ 56,826.79</b>
<b>Net Position After Reserves</b>	<b>\$ 25,236.91</b>	<b>\$ 26,350.25</b>	<b>\$ 40,774.93</b>	<b>\$ 72,581.88</b>	<b>\$ 94,745.13</b>	<b>\$ 77,695.67</b>
Operating Ratio (incl. debt service)	86.2%	97.9%	100.4%	103.2%	101.9%	96.9%
Revenue/Expenses (incl. debt service)	94.2%	111.2%	113.2%	115.7%	113.7%	107.7%
Debt Coverage Ratio	-493.8%	395.7%	297.0%	349.7%	227.7%	141.6%

The study indicates an initial revenue increase of 15% in April 2023. Adopting the phased-in approach, additional increases of 9%, 6%, 6%, and 3%, respectively, are identified on July 1 annually for the 2024-2027 (FY25-FY28) period. These increases will pay for additional labor, anticipated project debt, and contributions to reserves. Relying on key assumptions below, use of the operating reserve (\$107,738.28) will help cover anticipated fluctuations in cash flow.

### Key Assumptions

Exhibit 13 relies on the following key assumptions, which were developed in consultation with Village staff:

- Estimated FY23 revenue based on sales data provided (net 5% GRT)
- Implementation of revenue increases as indicated: April 2023 (15%), July 2023/FY24 (0%), July 2024/FY25 (9%), July 2025/FY26 (6%), July 2026/FY27 (6%), and July 2027/FY28 (3%)
- 0.5% write-off on billed revenue (uncollectable)
- Expected base operating expenses in of \$591,453.75 in FY23.

- Expected base operating expenses of \$518,248.92 in FY24 with 3% annual increases anticipated thereafter for the remainder of the FY24-28 forecast period.<sup>17</sup>
- Additional operating expenses of \$44,700.00 in FY24 with 3% annual increases for FY25-28<sup>18</sup>
- Continued payment of existing debt per debt schedule
- Incurrence of additional annual debt per terms and timing identified in Exhibit 7
- Annual Municipal Gross Receipts-Infrastructure revenue of \$57,681.33 for FY23-FY28 period based on FY20-FY22 average.
- 1.0% simple<sup>19</sup> return on invested funds beginning in FY24 based on FY23 adjusted available cash balance (\$460,743) shown in Exhibit 12
- Application of a \$107,738.28 operating reserve identified in Exhibit 12.
- 10% annual contributions to debt reserve based on anticipated additional debt identified for FY24-FY28 period
- Annual contributions to a capital replacement/short-lived asset reserve (i.e., capital replacement reserve) per Appendix C
- No change in connections during FY23-28 forecast period
- No change in water usage during the FY23-28 forecast period

## 11. Rate Options

**NOTE: Please refer to the consolidated rate schedules provided in Appendix A**

Incorporating revenue requirements expressed in the previous section RCAC identified three rate options for Village consideration:

**Option 1:** No change in existing rates over the forecast period (FY23-FY28)

**Option 2:** Implementation of a 15% increase in monthly base and water usage charges based on current rates, followed by uniform increases to base and usage charges for all customers as follows: 9% in FY25 (July 2024), 6% in FY 26 (July 2025), 6% in FY27 (July 2026), and 3% in FY28 (July 2027).

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<sup>18</sup> Cost is for water portion of additional labor needed for water and wastewater operations and Government Springs Operation.

<sup>19</sup> Not compounded

**Option 3 [Recommended Option]:** Implementation of a 15% *average* overall increase to rates based on meter equivalency in FY23 with a uniform usage charge schedule for all customers, followed by uniform increases to base and usage charges for all customers as follows: 9% in FY25 (July 2024), 6% in FY 26 (July 2025), 6% in FY27 (July 2026), and 3% in FY28 (July 2027)

Appendix A identifies the consolidated rate schedule for all rate codes. Rate Options 1 and 2 maintain the 6,000 gallons of monthly water usage included in the base rate, while Option 3 reduces this amount to 3,000 gallons per month.<sup>20</sup> Rate Option 3 would preserve the existing base multipliers for extraterritorial and double meter customers (1.5x and 2x, respectively), but would eliminate these multipliers on the usage charge. No adjustments will apply to the water system's current bulk charge of \$30 per thousand gallons.

### Meter Equivalency Analysis (Rate Option 3)

Rate Option 3 is guided by an analysis of meter size based on the concept of capacity demand. Under this concept, smaller meters exert a smaller demand on system resources based on maximum safe operating pressure, while larger meters exert a higher demand. Using this concept, fixed costs are distributed across the population of meters to establish a theoretical monthly fixed charge for each meter size.

Often the full theoretical monthly charge is not applied. Rather, a proportion of this charge is applied across all meter size classes with the remainder of the system revenue from rates derived from the water usage charge. Consultation with The Village of Capitan staff established a proportional charge of **73.62%** of the full theoretical base rate. The following table summarizes the results of the Meter Equivalency analysis used to establish the base rate under Option 3, which includes an assessment for three 4" meters currently charged a 3" rate:

**Exhibit 15: Meter Equivalency Analysis**

Meter Size (inches)	Meter Size (Decimal)	Number of Meters	AWWA Safe Maximum Operating Cap. (GPM)	Max Demand (GPM)	% of Max Demand by Meter Size	Total Fixed Costs Allocated by Meter Size	Theoretical Monthly Base Rate by Meter Size	Proportioned Monthly Base Rate at this % of the Theor. Value
A	B	C	D	E=D*C	F = % of Total	G = % * Total	H = G/C/12	73.62%
5/8"	0.625	0	20		0.00%			
3/4"	0.75	802	30	24,060	79.30%	\$ 451,510.03	\$ 46.92	\$ 34.54
1"	1	12	50	600	1.98%	\$ 11,259.60	\$ 78.19	\$ 57.57
1 1/2"	1.5	13	100	1,300	4.28%	\$ 24,395.80	\$ 156.38	\$ 115.13
2"	2		160	-	0.00%	\$ -	#DIV/0!	#DIV/0!
3"	3	9	320	2,880	9.49%	\$ 54,046.09	\$ 500.43	\$ 368.42
4"	4	3	500	1,500	4.94%	\$ 28,149.00	\$ 781.92	\$ 575.66
6"	6		1600	-	0.00%	\$ -	#DIV/0!	#DIV/0!
<b>Total</b>		<b>839</b>		<b>30,340</b>	<b>100%</b>	<b>\$ 569,360.53</b>		

<sup>20</sup> Utilities will sometimes justify limited amount of water in the base rate, often 1-2K gallons, on the merit that such volumes represent the average amount of potable water in the distribution line per connection prior to reaching the customer's meter.

Based on data provided, the Village does not have any 2" or 6" meters. Based on this census the expected monthly base rate for a 2" meter based would be \$182.50, while a corresponding 6" meter would be \$1749.84.

## 12. Evaluation and Impact

### Evaluation

The rate study evaluated each based on multiple criteria including the ability to meet the system's defined revenue needs, fairness, justifiability, ease of understanding, ease of implementation, and alignment with existing utility goals such as water conservation. The following table summarizes the relative strengths and weaknesses of each rate option:

#### Option 1

Advantages – lowest rate impact, customer acceptance

Disadvantages – Option is not viable based on inability to meet forecasted revenue needs of the utility; inconsistent rate charges; less fair based on inclusion of 6,000 gallons in base rate.

#### Option 2

Advantages – meets forecasted revenue needs of the utility; customer familiarity; easy to implement

Disadvantages – less fair based on meter size analysis (capacity demand) and inclusion of 6,000 gallons in the base rate; customer acceptance unknown

#### Option 3

Advantages – meets forecasted revenue needs of the utility, simplifies existing rate structure, fairer based on meter size analysis (capacity demand) and adjustments to usage charges.<sup>21</sup>

### Rate Impact

Eliminating Option 1 as unviable, Option 3 is expected to provide the most affordable monthly rates for most of the Village's customers based on meter size and usage. Recognizing that residential users in the village with standard ¾" meters constitute ~85% of the utility's customer base, the following exhibit provides a comparison of anticipated monthly charges for this group of customers (Rate Code WU-RES) at selected usage levels.

**Exhibit 16: Rate Impact for Standard in-Village Residential Customers at Selected Usage Levels – Rate Code WU-RES (April 2023)**

Proposed Implementation	4/1/2023	Active # of Accounts		692
Monthly Usage Level (Gallons)	Option 1 (No Change)	Option 2	Option 3 (Recommended)	% of Registers at or Below this Level
Base Charge (No Usage)	\$33.47	\$38.49	\$34.54	5%
3,000	\$33.47	\$38.49	\$34.54	50%
6,000	\$33.47	\$38.49	\$37.54	80%
10,000	\$42.59	\$48.98	\$49.54	92%
15,000	\$53.99	\$62.09	\$64.54	97%
50,000	\$170.39	\$195.95	\$204.54	100%
Affordability at 6K gals. Monthly Usage (MHI = \$46,179)	0.87%	1.00%	0.98%	
Note: Rates do not include sales tax.			Avg. Monthly Usage (Gallons)	4,305

Based on average monthly usage of approximately 4,300 gallons, Option 3, which includes 3K gallons in the base charge, will provide the most affordable monthly rates, particularly for customers on limited or fixed incomes who may not use large volumes of water. Under Rate Option 3, monthly charges may increase substantially for some customers based on meter size, although this impact will be mitigated for very large users with the reduction in usage charge at the highest consumption levels.

### Fiscal Impact

The following table summarizes the fiscal impact of each rate option with detailed statements provided in Appendix B:

**Exhibit 17: Fiscal Impact of Each Rate Option**

Option	Projected Outcome	Details (End FY23/End FY28)
Option 1: No Change in Rates	Deteriorating fiscal position jeopardizing operations and access to needed funding	Net Position (\$7.8K/- <b>\$675K</b> ), Revenue/Expense Ratio ( <b>91%/88%</b> ) Projected Debt Coverage Ratio ( <b>deficient as provided through enterprise fund</b> )
Option 2: Uniform Increase to Existing Base and Usage Charges (15% in FY23, 0% in FY24, 9% in FY25, 6% in FY 26, 6% in FY27, and 3% in FY28)	Stable fiscal position meeting system revenue needs	Net Position (\$25K/\$78K), Revenue/Expense Ratio (94%/108%) Projected Debt Coverage Ratio (deficient/142%)
Option 3: Meter Equivalency Approach (15% <i>average overall</i> increase in system rates in FY23, followed by uniform increases to base and usage charges per Option 2 for FY24-FY28)	Stable fiscal position meeting system revenue needs	Net Position (\$25K/\$78K), Revenue/Expense Ratio (94%/108%) Projected Debt Coverage Ratio (deficient/142%)

During the next 6 years (FY23-28) the Village's water enterprise fund will need to generate approximately **\$4.133M** to meet the utility's defined revenue needs including daily operating expenses, proposed debt, and recommended reserves. Shown in Rate Option 1, unless changes are made the utility will experience a severe revenue shortfall **(-\$675K)** by the end of the forecast period jeopardizing system operations. Rate Options 2 and 3 will place the utility on a sustainable path.

### Summary

Based on the discussion in this section, this report recommends Rate Option 3 for Village approval.

## 13. Conclusion and Recommendations

During the next six years (through FY28) the water enterprise fund will need to generate \$4.133M in revenue to cover anticipated system needs including daily operating expenses, debt, reserves, and projected capital improvements. Working closely with The Village of Capitan staff, and guided by AWWA methodology, this report identified three rate options for board consideration.

The report recommends adoption of Rate Option 3, which reduces the impact of needed rate increases for most utility customers, while providing a fairer and more streamlined approach to meeting the system's revenue needs based on meter size. Having stated this, Option 2 provides equivalent revenue and may be deemed suitable based on customer acceptance and familiarity with existing rates. The report dismisses Option 1, which reflects an unsustainable path for the utility.

In addition to recommending Option 3, the report recommends that the utility evaluate additional sources of revenue outside the scope of this report including impact fees, late fees, and connections. Importantly, this report recommends that The Village of Capitan closely monitor performance of the selected option with particular attention to the assumptions outlined in the report, as changes in these assumptions will have fiscal consequences. Looking beyond the forecast period, as revenue needs are met, the utility is strongly advised to implement an annual cost adjustment based on the Consumer Price Index, or similar index, to help prevent recurrence of revenue shortfalls. Finally, The Village of Capitan is encouraged to assess best practices that could improve operating efficiency. These practices include developing an asset management plan, conducting an energy audit, and investigating sources of water loss and non-revenue water.

# 14. Appendices

## Appendix A – Consolidated Rate Schedules (FY23-FY28)

### FY23 (April 2023)

#### Rate Option 1

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Comm, 3/4", Tax Exmpt	Comm, 1.5",	Comm, 1.5", Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5
Base Charge (No Usage)	\$ 33.47	\$ 66.94	\$ 50.44	\$161.98	\$ 37.28	\$ 37.28	\$ 52.48	\$ 52.48	\$55.76	\$90.81	\$90.81	\$129.04
6000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12000	\$ 2.28	\$ 4.60	\$ 3.40	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30
20000	\$ 2.28	\$ 4.60	\$ 3.40	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30
35000	\$ 3.00	\$ 8.00	\$ 6.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00
50000	\$ 4.00	\$ 16.00	\$ 12.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00
75000	\$ 5.00	\$ 32.00	\$ 24.00	\$ 6.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 6.00	\$ 4.00	\$ 4.00	\$ 4.00
100000	\$ 6.00	\$ 64.00	\$ 48.00	\$ 7.50	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 7.00	\$ 5.00	\$ 5.00	\$ 5.00
125000	\$ 6.00	\$ 128.00	\$ 96.00	\$ 8.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 9.00	\$ 6.00	\$ 6.00	\$ 6.00
9999999999	\$ 12.80	\$ 256.00	\$ 192.00	\$ 18.00	\$ 12.80	\$ 12.80	\$ 12.00	\$ 12.00	\$ 18.00	\$ 12.00	\$ 12.00	\$ 12.00

#### Rate Option 2

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Comm, 3/4", Tax Exmpt	Comm, 1.5",	Comm, 1.5", Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5
Base Charge (No Usage)	\$ 38.491	\$ 76.981	\$ 58.006	\$ 186.277	\$ 42.872	\$ 42.872	\$ 60.352	\$ 60.352	\$ 64.124	\$ 104.432	\$ 104.432	\$ 148.396
6000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12000	\$ 2.62	\$ 5.29	\$ 3.91	\$ 3.91	\$ 2.64	\$ 2.64	\$ 2.64	\$ 2.64	\$ 3.91	\$ 2.64	\$ 2.64	\$ 2.65
20000	\$ 2.62	\$ 5.29	\$ 3.91	\$ 3.91	\$ 2.65	\$ 2.65	\$ 2.65	\$ 2.65	\$ 3.91	\$ 2.65	\$ 2.65	\$ 2.65
35000	\$ 3.45	\$ 9.20	\$ 6.90	\$ 5.18	\$ 3.45	\$ 3.45	\$ 3.45	\$ 3.45	\$ 5.18	\$ 3.45	\$ 3.45	\$ 3.45
50000	\$ 4.60	\$ 18.40	\$ 13.80	\$ 5.18	\$ 3.45	\$ 3.45	\$ 3.45	\$ 3.45	\$ 5.18	\$ 3.45	\$ 3.45	\$ 3.45
75000	\$ 5.75	\$ 36.80	\$ 27.60	\$ 6.90	\$ 4.60	\$ 4.60	\$ 4.60	\$ 4.60	\$ 6.90	\$ 4.60	\$ 4.60	\$ 4.60
100000	\$ 6.90	\$ 73.60	\$ 55.20	\$ 8.63	\$ 5.75	\$ 5.75	\$ 5.75	\$ 5.75	\$ 8.05	\$ 5.75	\$ 5.75	\$ 5.75
125000	\$ 6.90	\$ 147.20	\$ 110.40	\$ 9.20	\$ 6.90	\$ 6.90	\$ 6.90	\$ 6.90	\$ 10.35	\$ 6.90	\$ 6.90	\$ 6.90
9999999999	\$ 14.72	\$ 294.40	\$ 220.80	\$ 20.70	\$ 14.72	\$ 14.72	\$ 13.80	\$ 13.80	\$ 20.70	\$ 13.80	\$ 13.80	\$ 13.80

#### Rate Option 3

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"	Comm 4"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Comm, 3/4", Tax Exmpt	Comm, 1.5",	Comm, 1.5", Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"	Commercial, 4.0"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5	4
Base Charge (No Usage)	\$ 34.540	\$ 69.08	\$ 51.81	\$ 172.70	\$ 34.54	\$ 34.54	\$ 115.133	\$ 115.13	\$ 86.35	\$ 368.42	\$ 368.42	\$ 115.13	\$ 575.66
3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,000	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
15,000	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
50,000	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
9999999999	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00



## FY25 (July 2024)

### Rate Option 1

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Tax Exmpt	Comm, 1.5"	Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5
Base Charge (No Usage)	\$ 33.47	\$ 66.94	\$ 50.44	\$161.98	\$ 37.28	\$ 37.28	\$ 52.48	\$ 52.48	\$55.76	\$90.81	\$90.81	\$129.04
6000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12000	\$ 2.28	\$ 4.60	\$ 3.40	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30
20000	\$ 2.28	\$ 4.60	\$ 3.40	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30
35000	\$ 3.00	\$ 8.00	\$ 6.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00
50000	\$ 4.00	\$ 16.00	\$ 12.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00
75000	\$ 5.00	\$ 32.00	\$ 24.00	\$ 6.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 6.00	\$ 4.00	\$ 4.00	\$ 4.00
100000	\$ 6.00	\$ 64.00	\$ 48.00	\$ 7.50	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 7.00	\$ 5.00	\$ 5.00	\$ 5.00
125000	\$ 6.00	\$ 128.00	\$ 96.00	\$ 8.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 9.00	\$ 6.00	\$ 6.00	\$ 6.00
999999999	\$ 12.80	\$ 256.00	\$ 192.00	\$ 18.00	\$ 12.80	\$ 12.80	\$ 12.00	\$ 12.00	\$ 18.00	\$ 12.00	\$ 12.00	\$ 12.00

### Rate Option 2 – 9% uniform increase to base and usage charges

Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Tax Exmpt	Comm, 1.5"	Comm, 1.5", Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5
Base Charge (No Usage)	\$ 41.955	\$ 83.909	\$ 63.227	\$ 203.042	\$ 46.730	\$ 46.730	\$ 65.784	\$ 65.784	\$ 69.895	\$ 113.830	\$ 113.830	\$ 161.752
6000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12000	\$ 2.86	\$ 5.77	\$ 4.26	\$ 4.26	\$ 2.88	\$ 2.88	\$ 2.88	\$ 2.88	\$ 4.26	\$ 2.88	\$ 2.88	\$ 2.88
20000	\$ 2.86	\$ 5.77	\$ 4.26	\$ 4.26	\$ 2.88	\$ 2.88	\$ 2.88	\$ 2.88	\$ 4.26	\$ 2.88	\$ 2.88	\$ 2.88
35000	\$ 3.76	\$ 10.03	\$ 7.52	\$ 5.64	\$ 3.76	\$ 3.76	\$ 3.76	\$ 3.76	\$ 5.64	\$ 3.76	\$ 3.76	\$ 3.76
50000	\$ 5.01	\$ 20.06	\$ 15.04	\$ 5.64	\$ 3.76	\$ 3.76	\$ 3.76	\$ 3.76	\$ 5.64	\$ 3.76	\$ 3.76	\$ 3.76
75000	\$ 6.27	\$ 40.11	\$ 30.08	\$ 7.52	\$ 5.01	\$ 5.01	\$ 5.01	\$ 5.01	\$ 7.52	\$ 5.01	\$ 5.01	\$ 5.01
100000	\$ 7.52	\$ 80.22	\$ 60.17	\$ 9.40	\$ 6.27	\$ 6.27	\$ 6.27	\$ 6.27	\$ 8.77	\$ 6.27	\$ 6.27	\$ 6.27
125000	\$ 7.52	\$ 160.45	\$ 120.34	\$ 10.03	\$ 7.52	\$ 7.52	\$ 7.52	\$ 7.52	\$ 11.28	\$ 7.52	\$ 7.52	\$ 7.52
999999999	\$ 16.04	\$ 320.90	\$ 240.67	\$ 22.56	\$ 16.04	\$ 16.04	\$ 15.04	\$ 15.04	\$ 22.56	\$ 15.04	\$ 15.04	\$ 15.04

### Rate Option 3 – 9% uniform increase to base and usage charges

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"	Comm 4"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Tax Exmpt	Comm, 1.5"	Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"	Commercial, 4.0"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5	4
Base Charge (No Usage)	\$ 37.648	\$ 75.30	\$ 56.47	\$ 188.24	\$ 37.65	\$ 37.65	\$ 125.494	\$ 125.49	\$ 94.12	\$ 401.58	\$ 401.58	\$ 125.49	\$ 627.47
3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,000	\$ 1.09	\$ 1.09	\$ 1.09	\$ 1.09	\$ 1.09	\$ 1.09	\$ 1.09	\$ 1.09	\$ 1.09	\$ 1.09	\$ 1.09	\$ 1.09	\$ 1.09
15,000	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27
50,000	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36
999999999	\$ 6.54	\$ 6.54	\$ 6.54	\$ 6.54	\$ 6.54	\$ 6.54	\$ 6.54	\$ 6.54	\$ 6.54	\$ 6.54	\$ 6.54	\$ 6.54	\$ 6.54

## FY26 (July 2025)

### Rate Option 1

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Tax Exmpt	Comm, 1.5"	Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5
Base Charge (No Usage)	\$ 33.47	\$ 66.94	\$ 50.44	\$161.98	\$ 37.28	\$ 37.28	\$ 52.48	\$ 52.48	\$55.76	\$90.81	\$90.81	\$129.04
6000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12000	\$ 2.28	\$ 4.60	\$ 3.40	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30
20000	\$ 2.28	\$ 4.60	\$ 3.40	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30
35000	\$ 3.00	\$ 8.00	\$ 6.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00
50000	\$ 4.00	\$ 16.00	\$ 12.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00
75000	\$ 5.00	\$ 32.00	\$ 24.00	\$ 6.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 6.00	\$ 4.00	\$ 4.00	\$ 4.00
100000	\$ 6.00	\$ 64.00	\$ 48.00	\$ 7.50	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 7.00	\$ 5.00	\$ 5.00	\$ 5.00
125000	\$ 6.00	\$ 128.00	\$ 96.00	\$ 8.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 9.00	\$ 6.00	\$ 6.00	\$ 6.00
999999999	\$ 12.80	\$ 256.00	\$ 192.00	\$ 18.00	\$ 12.80	\$ 12.80	\$ 12.00	\$ 12.00	\$ 18.00	\$ 12.00	\$ 12.00	\$ 12.00

### Rate Option 2 – 6% uniform increase to base and usage charges

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Tax Exmpt	Comm, 1.5"	Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5
Base Charge (No Usage)	\$ 44.472	\$ 88.944	\$ 67.020	\$ 215.224	\$ 49.534	\$ 49.534	\$ 69.731	\$ 69.731	\$ 74.089	\$ 120.660	\$ 120.660	\$ 171.457
6000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12000	\$ 3.03	\$ 6.11	\$ 4.52	\$ 4.52	\$ 3.05	\$ 3.05	\$ 3.05	\$ 3.05	\$ 4.52	\$ 3.05	\$ 3.05	\$ 3.06
20000	\$ 3.03	\$ 6.11	\$ 4.52	\$ 4.52	\$ 3.06	\$ 3.06	\$ 3.06	\$ 3.06	\$ 4.52	\$ 3.06	\$ 3.06	\$ 3.06
35000	\$ 3.99	\$ 10.63	\$ 7.97	\$ 5.98	\$ 3.99	\$ 3.99	\$ 3.99	\$ 3.99	\$ 5.98	\$ 3.99	\$ 3.99	\$ 3.99
50000	\$ 5.31	\$ 21.26	\$ 15.94	\$ 5.98	\$ 3.99	\$ 3.99	\$ 3.99	\$ 3.99	\$ 5.98	\$ 3.99	\$ 3.99	\$ 3.99
75000	\$ 6.64	\$ 42.52	\$ 31.89	\$ 7.97	\$ 5.31	\$ 5.31	\$ 5.31	\$ 5.31	\$ 7.97	\$ 5.31	\$ 5.31	\$ 5.31
100000	\$ 7.97	\$ 85.04	\$ 63.78	\$ 9.97	\$ 6.64	\$ 6.64	\$ 6.64	\$ 6.64	\$ 9.30	\$ 6.64	\$ 6.64	\$ 6.64
125000	\$ 7.97	\$ 170.07	\$ 127.56	\$ 10.63	\$ 7.97	\$ 7.97	\$ 7.97	\$ 7.97	\$ 11.96	\$ 7.97	\$ 7.97	\$ 7.97
999999999	\$ 17.01	\$ 340.15	\$ 255.11	\$ 23.92	\$ 17.01	\$ 17.01	\$ 15.94	\$ 15.94	\$ 23.92	\$ 15.94	\$ 15.94	\$ 15.94

### Rate Option 3 – 6% uniform increase to base and usage charges

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"	Comm 4"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Tax Exmpt	Comm, 1.5"	Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"	Commercial, 4.0"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5	4
Base Charge (No Usage)	\$ 39.907	\$ 79.81	\$ 59.86	\$ 199.54	\$ 39.91	\$ 39.91	\$ 133.024	\$ 133.02	\$ 99.77	\$ 425.68	\$ 425.68	\$ 133.02	\$ 665.12
3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,000	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16
15,000	\$ 3.47	\$ 3.47	\$ 3.47	\$ 3.47	\$ 3.47	\$ 3.47	\$ 3.47	\$ 3.47	\$ 3.47	\$ 3.47	\$ 3.47	\$ 3.47	\$ 3.47
50,000	\$ 4.62	\$ 4.62	\$ 4.62	\$ 4.62	\$ 4.62	\$ 4.62	\$ 4.62	\$ 4.62	\$ 4.62	\$ 4.62	\$ 4.62	\$ 4.62	\$ 4.62
999999999	\$ 6.93	\$ 6.93	\$ 6.93	\$ 6.93	\$ 6.93	\$ 6.93	\$ 6.93	\$ 6.93	\$ 6.93	\$ 6.93	\$ 6.93	\$ 6.93	\$ 6.93

## FY27 (July 2026)

### Rate Option 1

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Comm, 3/4", Tax Exmpt	Comm, 1.5", Tax Exmpt	Comm, 1.5", Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5
Base Charge (No Usage)	\$ 33.47	\$ 66.94	\$ 50.44	\$161.98	\$ 37.28	\$ 37.28	\$ 52.48	\$ 52.48	\$55.76	\$90.81	\$90.81	\$129.04
6000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12000	\$ 2.28	\$ 4.60	\$ 3.40	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30
20000	\$ 2.28	\$ 4.60	\$ 3.40	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30
35000	\$ 3.00	\$ 8.00	\$ 6.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00
50000	\$ 4.00	\$ 16.00	\$ 12.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00
75000	\$ 5.00	\$ 32.00	\$ 24.00	\$ 6.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 6.00	\$ 4.00	\$ 4.00	\$ 4.00
100000	\$ 6.00	\$ 64.00	\$ 48.00	\$ 7.50	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 7.00	\$ 5.00	\$ 5.00	\$ 5.00
125000	\$ 6.00	\$ 128.00	\$ 96.00	\$ 8.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 9.00	\$ 6.00	\$ 6.00	\$ 6.00
999999999	\$ 12.80	\$ 256.00	\$ 192.00	\$ 18.00	\$ 12.80	\$ 12.80	\$ 12.00	\$ 12.00	\$ 18.00	\$ 12.00	\$ 12.00	\$ 12.00

### Rate Option 2 – 6% Uniform Increase to Base and Usage Charges

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Comm, 3/4", Tax Exmpt	Comm, 1.5", Tax Exmpt	Comm, 1.5", Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5
Base Charge (No Usage)	\$ 47.140	\$ 94.280	\$ 71.041	\$ 228.138	\$ 52.506	\$ 52.506	\$ 73.915	\$ 73.915	\$ 78.534	\$ 127.900	\$ 127.900	\$ 181.744
6000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12000	\$ 3.21	\$ 6.48	\$ 4.79	\$ 4.79	\$ 3.23	\$ 3.23	\$ 3.23	\$ 3.23	\$ 4.79	\$ 3.23	\$ 3.23	\$ 3.24
20000	\$ 3.21	\$ 6.48	\$ 4.79	\$ 4.79	\$ 3.24	\$ 3.24	\$ 3.24	\$ 3.24	\$ 4.79	\$ 3.24	\$ 3.24	\$ 3.24
35000	\$ 4.23	\$ 11.27	\$ 8.45	\$ 6.34	\$ 4.23	\$ 4.23	\$ 4.23	\$ 4.23	\$ 6.34	\$ 4.23	\$ 4.23	\$ 4.23
50000	\$ 5.63	\$ 22.53	\$ 16.90	\$ 6.34	\$ 4.23	\$ 4.23	\$ 4.23	\$ 4.23	\$ 6.34	\$ 4.23	\$ 4.23	\$ 4.23
75000	\$ 7.04	\$ 45.07	\$ 33.80	\$ 8.45	\$ 5.63	\$ 5.63	\$ 5.63	\$ 5.63	\$ 8.45	\$ 5.63	\$ 5.63	\$ 5.63
100000	\$ 8.45	\$ 90.14	\$ 67.60	\$ 10.56	\$ 7.04	\$ 7.04	\$ 7.04	\$ 7.04	\$ 9.86	\$ 7.04	\$ 7.04	\$ 7.04
125000	\$ 8.45	\$ 180.28	\$ 135.21	\$ 11.27	\$ 8.45	\$ 8.45	\$ 8.45	\$ 8.45	\$ 12.68	\$ 8.45	\$ 8.45	\$ 8.45
999999999	\$ 18.03	\$ 360.56	\$ 270.42	\$ 25.35	\$ 18.03	\$ 18.03	\$ 16.90	\$ 16.90	\$ 25.35	\$ 16.90	\$ 16.90	\$ 16.90

### Rate Option 3 – 6% Uniform Increase to Base and Usage Charges

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"	Comm 4"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Comm, 3/4", Tax Exmpt	Comm, 1.5", Tax Exmpt	Comm, 1.5", Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"	Commercial, 4.0"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5	4
Base Charge (No Usage)	\$ 42.30	\$ 84.60	\$ 63.45	\$ 211.51	\$ 42.30	\$ 42.30	\$ 141.01	\$ 141.01	\$ 105.75	\$ 451.22	\$ 451.22	\$ 141.01	\$ 705.03
3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,000	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22
15,000	\$ 3.67	\$ 3.67	\$ 3.67	\$ 3.67	\$ 3.67	\$ 3.67	\$ 3.67	\$ 3.67	\$ 3.67	\$ 3.67	\$ 3.67	\$ 3.67	\$ 3.67
50,000	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90	\$ 4.90
999999999	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35

## FY28 (July 2027)

### Rate Option 1

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Comm, 3/4", Tax Exmpt	Comm, 1.5"	Comm, 1.5", Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5
Base Charge (No Usage)	\$ 33.47	\$ 66.94	\$ 50.44	\$161.98	\$ 37.28	\$ 37.28	\$ 52.48	\$ 52.48	\$55.76	\$90.81	\$90.81	\$129.04
6000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12000	\$ 2.28	\$ 4.60	\$ 3.40	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30
20000	\$ 2.28	\$ 4.60	\$ 3.40	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30	\$ 2.30	\$ 3.40	\$ 2.30	\$ 2.30	\$ 2.30
35000	\$ 3.00	\$ 8.00	\$ 6.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00
50000	\$ 4.00	\$ 16.00	\$ 12.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00
75000	\$ 5.00	\$ 32.00	\$ 24.00	\$ 6.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 6.00	\$ 4.00	\$ 4.00	\$ 4.00
100000	\$ 6.00	\$ 64.00	\$ 48.00	\$ 7.50	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 7.00	\$ 5.00	\$ 5.00	\$ 5.00
125000	\$ 6.00	\$ 128.00	\$ 96.00	\$ 8.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 9.00	\$ 6.00	\$ 6.00	\$ 6.00
999999999	\$ 12.80	\$ 256.00	\$ 192.00	\$ 18.00	\$ 12.80	\$ 12.80	\$ 12.00	\$ 12.00	\$ 18.00	\$ 12.00	\$ 12.00	\$ 12.00

### Rate Option 2 – 3% Uniform Adjustment to Base and Usage Charges

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Comm, 3/4", Tax Exmpt	Comm, 1.5"	Comm, 1.5", Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5
Base Charge (No Usage)	\$ 48.554	\$ 97.109	\$ 73.173	\$ 234.982	\$ 54.082	\$ 54.082	\$ 76.132	\$ 76.132	\$ 80.890	\$ 131.737	\$ 131.737	\$ 187.196
6000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12000	\$ 3.31	\$ 6.67	\$ 4.93	\$ 4.93	\$ 3.33	\$ 3.33	\$ 3.33	\$ 3.33	\$ 4.93	\$ 3.33	\$ 3.33	\$ 3.34
20000	\$ 3.31	\$ 6.67	\$ 4.93	\$ 4.93	\$ 3.34	\$ 3.34	\$ 3.34	\$ 3.34	\$ 4.93	\$ 3.34	\$ 3.34	\$ 3.34
35000	\$ 4.35	\$ 11.61	\$ 8.70	\$ 6.53	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 6.53	\$ 4.35	\$ 4.35	\$ 4.35
50000	\$ 5.80	\$ 23.21	\$ 17.41	\$ 6.53	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 6.53	\$ 4.35	\$ 4.35	\$ 4.35
75000	\$ 7.25	\$ 46.42	\$ 34.82	\$ 8.70	\$ 5.80	\$ 5.80	\$ 5.80	\$ 5.80	\$ 8.70	\$ 5.80	\$ 5.80	\$ 5.80
100000	\$ 8.70	\$ 92.84	\$ 69.63	\$ 10.88	\$ 7.25	\$ 7.25	\$ 7.25	\$ 7.25	\$ 10.15	\$ 7.25	\$ 7.25	\$ 7.25
125000	\$ 8.70	\$ 185.69	\$ 139.27	\$ 11.61	\$ 8.70	\$ 8.70	\$ 8.70	\$ 8.70	\$ 13.06	\$ 8.70	\$ 8.70	\$ 8.70
999999999	\$ 18.57	\$ 371.38	\$ 278.53	\$ 26.11	\$ 18.57	\$ 18.57	\$ 17.41	\$ 17.41	\$ 26.11	\$ 17.41	\$ 17.41	\$ 17.41

### Rate Option 3 – 3% Uniform Adjustment to Base and Usage Charges

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"	Comm 4"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Comm, 3/4", Tax Exmpt	Comm, 1.5"	Comm, 1.5", Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"	Commercial, 4.0"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5	4
Base Charge (No Usage)	\$ 43.57	\$ 87.14	\$ 65.36	\$ 217.85	\$ 43.57	\$ 43.57	\$ 145.24	\$ 145.24	\$ 108.93	\$ 464.75	\$ 464.75	\$ 145.24	\$ 726.18
3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,000	\$ 1.26	\$ 1.26	\$ 1.26	\$ 1.26	\$ 1.26	\$ 1.26	\$ 1.26	\$ 1.26	\$ 1.26	\$ 1.26	\$ 1.26	\$ 1.26	\$ 1.26
15,000	\$ 3.78	\$ 3.78	\$ 3.78	\$ 3.78	\$ 3.78	\$ 3.78	\$ 3.78	\$ 3.78	\$ 3.78	\$ 3.78	\$ 3.78	\$ 3.78	\$ 3.78
50,000	\$ 5.05	\$ 5.05	\$ 5.05	\$ 5.05	\$ 5.05	\$ 5.05	\$ 5.05	\$ 5.05	\$ 5.05	\$ 5.05	\$ 5.05	\$ 5.05	\$ 5.05
999999999	\$ 7.57	\$ 7.57	\$ 7.57	\$ 7.57	\$ 7.57	\$ 7.57	\$ 7.57	\$ 7.57	\$ 7.57	\$ 7.57	\$ 7.57	\$ 7.57	\$ 7.57

## Appendix B: Fiscal Impact of Each Rate Option

### Rate Option 1

Village of Capitan Water Enterprise Fund (Rate Option 1 - No Change in Rates)						
	FY23 Expected	FY24	FY25	FY26	FY27	FY28
<b>Operating Revenue</b>						
Metered Water Sales (Net 5% GRT)	\$ 464,727.50	\$ 464,727.50	\$ 464,727.50	\$ 464,727.50	\$ 464,727.50	\$ 464,727.50
Bulk Water Sales (Net 5% GRT)	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95
Other Operating Revenue (fees, connections, penalties, etc.)	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46
<b>Total Operating Revenue</b>	<b>\$ 500,807.91</b>	<b>\$ 500,807.91</b>	<b>\$ 500,807.91</b>	<b>\$ 500,807.91</b>	<b>\$ 500,807.91</b>	<b>\$ 500,807.91</b>
Additonal Revenue From Revenue Adjustment		\$ -	\$ -	\$ -	\$ -	\$ -
Partial Year Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Write-Off/Billing Adjustments	\$ (2,323.64)	\$ (2,323.64)	\$ (2,323.64)	\$ (2,323.64)	\$ (2,323.64)	\$ (2,323.64)
<b>Adjusted Total Revenue</b>	<b>\$ 498,484.27</b>	<b>\$ 498,484.27</b>	<b>\$ 498,484.27</b>	<b>\$ 498,484.27</b>	<b>\$ 498,484.27</b>	<b>\$ 498,484.27</b>
Less: Base Operating Expenses	\$ 591,453.75	\$ 518,248.92	\$ 533,796.39	\$ 549,810.28	\$ 566,304.59	\$ 583,293.73
Less: Additional Operating Expenses (Additional Employee)		\$ 31,200.00	\$ 32,136.00	\$ 33,100.08	\$ 34,093.08	\$ 35,115.87
Less: Additional Operating Expenses (Government Springs)		\$ 13,500.00	\$ 13,905.00	\$ 14,322.15	\$ 14,751.81	\$ 15,194.37
<b>Net Operating Revenue</b>	<b>\$ (92,969.48)</b>	<b>\$ (64,464.65)</b>	<b>\$ (81,353.12)</b>	<b>\$ (98,748.24)</b>	<b>\$ (116,665.21)</b>	<b>\$ (135,119.70)</b>
Less: Existing Debt Payments (Principal & Interest)	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00
Less: Debt Payments (Addn'l Projects)		\$ 9,937.97	\$ 25,991.61	\$ 25,991.61	\$ 51,983.21	\$ 88,616.08
Plus: Municipal Gross Receipts-Infrastructure	\$ 48,000.00	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33
Plus: Interest Earned		\$ 4,607.43	\$ 4,607.43	\$ 4,607.43	\$ 4,607.43	\$ 4,607.43
<b>Net System Revenue</b>	<b>\$ (51,963.48)</b>	<b>\$ (19,107.85)</b>	<b>\$ (52,049.96)</b>	<b>\$ (69,445.08)</b>	<b>\$ (113,353.66)</b>	<b>\$ (168,441.02)</b>
<b>Plus: Beginning Operating Cash Position</b>	<b>\$ 107,738.28</b>	<b>\$ 7,809.63</b>	<b>\$ (60,257.21)</b>	<b>\$ (162,871.51)</b>	<b>\$ (282,880.93)</b>	<b>\$ (449,398.09)</b>
<b>Net Position Before Contribution to Reserves</b>	<b>\$ 55,774.81</b>	<b>\$ (11,298.23)</b>	<b>\$ (112,307.16)</b>	<b>\$ (232,316.59)</b>	<b>\$ (396,234.59)</b>	<b>\$ (617,839.11)</b>
Debt Reserve (10%)		\$ 993.80	\$ 2,599.16	\$ 2,599.16	\$ 5,198.32	\$ 8,861.61
Operating Reserve		\$ -	\$ -	\$ -	\$ -	\$ -
Emergency Reserve						
Capital Reserve	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18
<b>Total Reserves</b>	<b>\$ 47,965.18</b>	<b>\$ 48,958.98</b>	<b>\$ 50,564.34</b>	<b>\$ 50,564.34</b>	<b>\$ 53,163.50</b>	<b>\$ 56,826.79</b>
<b>Net Position After Reserves</b>	<b>\$ 7,809.63</b>	<b>\$ (60,257.21)</b>	<b>\$ (162,871.51)</b>	<b>\$ (282,880.93)</b>	<b>\$ (449,398.09)</b>	<b>\$ (674,665.90)</b>
Operating Ratio (incl. debt service)	83.3%	86.0%	81.3%	79.1%	73.9%	68.4%
Revenue/Expenses (incl. debt service)	91.3%	99.0%	93.6%	91.0%	85.0%	78.5%
Debt Coverage Ratio	-743.0%	-12.9%	-57.8%	-110.5%	-92.2%	-76.2%

## Rate Option 2

Village of Capitan Water Enterprise Fund (Rate Option 2)						
	FY23 Expected	FY24	FY25	FY26	FY27	FY28
<b>Operating Revenue</b>						
Metered Water Sales (Net 5% GRT)	\$ 464,727.50	\$ 534,436.63	\$ 534,436.63	\$ 582,535.92	\$ 617,488.08	\$ 654,537.36
Bulk Water Sales (Net 5% GRT)	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95
Other Operating Revenue (fees, connections, penalties, etc.)	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46
<b>Total Operating Revenue</b>	<b>\$ 500,807.91</b>	<b>\$ 570,517.04</b>	<b>\$ 570,517.04</b>	<b>\$ 618,616.33</b>	<b>\$ 653,568.49</b>	<b>\$ 690,617.77</b>
Additonal Revenue From Revenue Adjustment	\$ 69,709.13	\$ -	\$ 48,099.30	\$ 34,952.16	\$ 37,049.28	\$ 19,636.12
Partial Year Adjustment	\$ (52,281.84)	\$ -	\$ -	\$ -	\$ -	\$ -
Write-Off/Billing Adjustments	\$ (2,323.64)	\$ (2,852.59)	\$ (3,093.08)	\$ (3,267.84)	\$ (3,453.09)	\$ (3,551.27)
<b>Adjusted Total Revenue</b>	<b>\$ 515,911.55</b>	<b>\$ 567,664.45</b>	<b>\$ 615,523.25</b>	<b>\$ 650,300.64</b>	<b>\$ 687,164.68</b>	<b>\$ 706,702.62</b>
Less: Base Operating Expenses	\$ 591,453.75	\$ 518,248.92	\$ 533,796.39	\$ 549,810.28	\$ 566,304.59	\$ 583,293.73
Less: Additional Operating Expenses (Additional Employee)		\$ 31,200.00	\$ 32,136.00	\$ 33,100.08	\$ 34,093.08	\$ 35,115.87
Less: Additional Operating Expenses (Government Springs)		\$ 13,500.00	\$ 13,905.00	\$ 14,322.15	\$ 14,751.81	\$ 15,194.37
<b>Net Operating Revenue</b>	<b>\$ (75,542.20)</b>	<b>\$ 4,715.53</b>	<b>\$ 35,685.86</b>	<b>\$ 53,068.13</b>	<b>\$ 72,015.20</b>	<b>\$ 73,098.65</b>
Less: Existing Debt Payments (Principal & Interest)	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00
Less: Debt Payments (Addn'l Projects)		\$ 9,937.97	\$ 25,991.61	\$ 25,991.61	\$ 51,983.21	\$ 88,616.08
Plus: Municipal Gross Receipts-Infrastructure	\$ 48,000.00	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33
Plus: Interest Earned		\$ 4,607.43	\$ 4,607.43	\$ 4,607.43	\$ 4,607.43	\$ 4,607.43
<b>Net System Revenue</b>	<b>\$ (34,536.20)</b>	<b>\$ 50,072.32</b>	<b>\$ 64,989.02</b>	<b>\$ 82,371.29</b>	<b>\$ 75,326.75</b>	<b>\$ 39,777.33</b>
<b>Plus: Beginning Operating Cash Position</b>	<b>\$ 107,738.28</b>	<b>\$ 25,236.91</b>	<b>\$ 26,350.25</b>	<b>\$ 40,774.93</b>	<b>\$ 72,581.88</b>	<b>\$ 94,745.13</b>
<b>Net Position Before Contribution to Reserves</b>	<b>\$ 73,202.09</b>	<b>\$ 75,309.23</b>	<b>\$ 91,339.27</b>	<b>\$ 123,146.22</b>	<b>\$ 147,908.63</b>	<b>\$ 134,522.45</b>
Debt Reserve (10%)		\$ 993.80	\$ 2,599.16	\$ 2,599.16	\$ 5,198.32	\$ 8,861.61
Operating Reserve		\$ -	\$ -	\$ -	\$ -	\$ -
Emergency Reserve						
Capital Reserve	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18
<b>Total Reserves</b>	<b>\$ 47,965.18</b>	<b>\$ 48,958.98</b>	<b>\$ 50,564.34</b>	<b>\$ 50,564.34</b>	<b>\$ 53,163.50</b>	<b>\$ 56,826.79</b>
<b>Net Position After Reserves</b>	<b>\$ 25,236.91</b>	<b>\$ 26,350.25</b>	<b>\$ 40,774.93</b>	<b>\$ 72,581.88</b>	<b>\$ 94,745.13</b>	<b>\$ 77,695.67</b>
<b>Operating Ratio (incl. debt service)</b>	<b>86.2%</b>	<b>97.9%</b>	<b>100.4%</b>	<b>103.2%</b>	<b>101.9%</b>	<b>96.9%</b>
<b>Revenue/Expenses (incl. debt service)</b>	<b>94.2%</b>	<b>111.2%</b>	<b>113.2%</b>	<b>115.7%</b>	<b>113.7%</b>	<b>107.7%</b>
<b>Debt Coverage Ratio</b>	<b>-493.8%</b>	<b>395.7%</b>	<b>297.0%</b>	<b>349.7%</b>	<b>227.7%</b>	<b>141.6%</b>

## Rate Option 3

Village of Capitan Water Enterprise Fund (Rate Option 3 - Recommended)						
	FY23 Expected	FY24	FY25	FY26	FY27	FY28
<b>Operating Revenue</b>						
Metered Water Sales (Net 5% GRT)	\$ 464,727.50	\$ 534,510.80	\$ 534,510.80	\$ 582,616.77	\$ 617,573.77	\$ 654,628.20
Bulk Water Sales (Net 5% GRT)	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95
Other Operating Revenue (fees, connections, penalties, etc.)	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46
<b>Total Operating Revenue</b>	<b>\$ 500,807.91</b>	<b>\$ 570,591.21</b>	<b>\$ 570,591.21</b>	<b>\$ 618,697.18</b>	<b>\$ 653,654.18</b>	<b>\$ 690,708.61</b>
Additonal Revenue From Revenue Adjustment	\$ 69,783.30	\$ -	\$ 48,105.97	\$ 34,957.01	\$ 37,054.43	\$ 19,638.85
Partial Year Adjustment	\$ (52,337.47)	\$ -	\$ -	\$ -	\$ -	\$ -
Write-Off/Billing Adjustments	\$ (2,323.64)	\$ (2,852.96)	\$ (3,093.49)	\$ (3,268.27)	\$ (3,453.54)	\$ (3,551.74)
<b>Adjusted Total Revenue</b>	<b>\$ 515,930.10</b>	<b>\$ 567,738.25</b>	<b>\$ 615,603.69</b>	<b>\$ 650,385.91</b>	<b>\$ 687,255.07</b>	<b>\$ 706,795.72</b>
Less: Base Operating Expenses	\$ 591,453.75	\$ 518,248.92	\$ 533,796.39	\$ 549,810.28	\$ 566,304.59	\$ 583,293.73
Less: Additional Operating Expenses (Additional Employee)		\$ 31,200.00	\$ 32,136.00	\$ 33,100.08	\$ 34,093.08	\$ 35,115.87
Less: Additional Operating Expenses (Government Springs)		\$ 13,500.00	\$ 13,905.00	\$ 14,322.15	\$ 14,751.81	\$ 15,194.37
<b>Net Operating Revenue</b>	<b>\$ (75,523.65)</b>	<b>\$ 4,789.33</b>	<b>\$ 35,766.30</b>	<b>\$ 53,153.40</b>	<b>\$ 72,105.58</b>	<b>\$ 73,191.75</b>
Less: Existing Debt Payments (Principal & Interest)	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00
Less: Debt Payments (Addn'l Projects)		\$ 9,937.97	\$ 25,991.61	\$ 25,991.61	\$ 51,983.21	\$ 88,616.08
Plus: Municipal Gross Receipts-Infrastructure	\$ 48,000.00	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33
Plus: Interest Earned		\$ 4,607.43	\$ 4,607.43	\$ 4,607.43	\$ 4,607.43	\$ 4,607.43
<b>Net System Revenue</b>	<b>\$ (34,517.65)</b>	<b>\$ 50,146.13</b>	<b>\$ 65,069.46</b>	<b>\$ 82,456.56</b>	<b>\$ 75,417.13</b>	<b>\$ 39,870.43</b>
<b>Plus: Beginning Operating Cash Position</b>	<b>\$ 107,738.28</b>	<b>\$ 25,255.45</b>	<b>\$ 26,442.60</b>	<b>\$ 40,947.72</b>	<b>\$ 72,839.94</b>	<b>\$ 95,093.57</b>
<b>Net Position Before Contribution to Reserves</b>	<b>\$ 73,220.63</b>	<b>\$ 75,401.57</b>	<b>\$ 91,512.06</b>	<b>\$ 123,404.28</b>	<b>\$ 148,257.07</b>	<b>\$ 134,964.00</b>
Debt Reserve (10%)		\$ 993.80	\$ 2,599.16	\$ 2,599.16	\$ 5,198.32	\$ 8,861.61
Operating Reserve		\$ -	\$ -	\$ -	\$ -	\$ -
Emergency Reserve						
Capital Reserve	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18
<b>Total Reserves</b>	<b>\$ 47,965.18</b>	<b>\$ 48,958.98</b>	<b>\$ 50,564.34</b>	<b>\$ 50,564.34</b>	<b>\$ 53,163.50</b>	<b>\$ 56,826.79</b>
<b>Net Position After Reserves</b>	<b>\$ 25,255.45</b>	<b>\$ 26,442.60</b>	<b>\$ 40,947.72</b>	<b>\$ 72,839.94</b>	<b>\$ 95,093.57</b>	<b>\$ 78,137.21</b>
Operating Ratio (incl. debt service)	86.2%	97.9%	100.5%	103.2%	101.9%	96.9%
Revenue/Expenses (incl. debt service)	94.2%	111.2%	113.2%	115.7%	113.7%	107.7%
Debt Coverage Ratio	-493.5%	396.2%	297.3%	350.0%	227.9%	141.7%

## **APPENDIX C: Village of Capitan Water Utility Capital Replacement Program**

To facilitate timely replacement and rehabilitation of capital assets, the utility has established a capital replacement program. Contributions to this reserve are designated on a default cash-needs basis as follows:

Replacement Value From	To	Cash	Grant	Loan
\$0	\$20,000	100%	0%	0%
\$20,001	\$50,000	20%	50%	30%
\$50,001	\$250,000	10%	50%	40%
\$250,001	\$1,000,000	5.0%	50%	45%
\$1,000,001	\$99,999,999	2.0%	50%	48%

<b>Capitalization Threshold</b>	<b>\$ 5,000</b>
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The following table lists the assets under the program, which are grouped into two categories. The total annual reserve contribution for both categories is \$47,965. RCAC strongly encourages the utility to establish an asset management plan, which will help the entity further develop this program.



# Village of Capitan Water Utility Capital Replacement Program (Cont.)

#	Asset	Year Acquired	Unit Cost (Historic, Current or Future)	Cost Type (H, C, F)	% Belonging to Water	Estimated Historic Cost (Water only)	Normal Estimated Life	Current Age	Estimated Current Cost	Planned Remaining Life	Estimated Remaining Life	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Existing Reserves	Annual Reserve Required
<b>Replacement of Existing Capital Assets</b>																	
1	Well S-2 Soft Starter	2014	2,500	C	100%	\$1,901	10	9	2,500	1	1	2,575	100%	0%	0%	426	Not Cap.
1	Well S-2 pump.	2014	12,000	C	100%	\$9,123	10	9	12,000	1	1	12,360	100%	0%	0%	2,044	10,316
1	Well S-2 motor	2014	16,000	C	100%	\$12,164	10	9	16,000	1	1	16,480	100%	0%	0%	2,726	13,754
1	Well S-2 wire	2014	4,100	C	100%	\$3,117	10	9	4,100	1	1	4,223	100%	0%	0%	698	Not Cap.
1	Well S-4 Soft Starter	2021	2,500	C	100%	\$2,352	10	2	2,500	8	8	3,167	100%	0%	0%	426	Not Cap.
1	Well S-4 pump.	2021	12,000	C	100%	\$11,291	20	2	12,000	18	18	20,429	20%	50%	85%	409	168
1	Well S-4 motor	2021	16,000	C	100%	\$15,054	20	2	16,000	18	18	27,239	20%	50%	30%	545	224
1	Well S-4 wire	2021	4,100	C	100%	\$3,858	20	2	4,100	18	18	6,980	100%	0%	0%	698	287
1	Well POD 7 Soft Starter	2022	2,500	C	100%	\$2,425	10	1	2,500	9	9	3,262	100%	0%	0%	426	Not Cap.
1	Well POD 7 pump.	2022	12,000	C	100%	\$11,640	10	1	12,000	9	9	15,657	100%	0%	0%	2,044	1,378
1	Well POD 7 motor	2022	18,000	C	100%	\$17,460	10	1	18,000	9	9	23,486	20%	50%	30%	613	413
1	Well POD 7 wire	2022	15,000	C	100%	\$14,550	10	1	15,000	9	9	19,572	100%	0%	0%	2,555	1,722
1	Well POD 7 pipe	2020	12,000	C	100%	\$10,952	50	3	12,000	47	47	48,143	20%	50%	30%	409	117
1	CI 2 Dosing Pump S-2	2018	1,600	C	100%	\$1,374	10	5	1,600	5	5	1,855	100%	0%	0%	273	Not Cap.
1	CI 2 Dosing Pump S-4 Needed	2023	1,600	C	100%	\$1,600	10	0	1,600	10	10	2,150	100%	0%	0%	273	Not Cap.
1	CI 2 Dosing Pump POD 7 Needed	2023	1,600	C	100%	\$1,600	10	0	1,600	10	10	2,150	100%	0%	0%	273	Not Cap.
1	Meter S-2	1988	800	C	100%	\$275	20	35	800	-15	0	800	100%	0%	0%	136	0
1	Meter S-4	1996	800	C	100%	\$352	20	27	800	-7	0	800	100%	0%	0%	136	0
1	Meter POD 7	2012	800	C	100%	\$572	20	11	800	9	9	1,044	100%	0%	0%	136	Not Cap.
1	Well Generator (needed)	2023	40,000	C	100%	\$40,000	20	0	40,000	20	20	72,244	10%	50%	40%	681	263
1	Main Booster Station Soft Starter #1	2012	2,500	C	100%	\$1,788	10	11	2,500	-1	0	2,500	100%	0%	0%	426	0
1	Main Booster Station Soft Starter #2	2012	2,500	C	100%	\$1,788	10	11	2,500	-1	0	2,500	100%	0%	0%	426	0
1	Main Booster Station Pump #1	2019	9,600	C	100%	\$8,499	10	4	9,600	6	6	11,463	100%	0%	0%	1,635	1,545
1	Main Booster Station Pump #2	2018	9,600	C	100%	\$8,244	10	5	9,600	5	5	11,129	100%	0%	0%	1,635	1,811
1	Main Booster Station Meter	2000	800	C	100%	\$397	20	23	800	-3	0	800	100%	0%	0%	136	0
1	Main Booster Station Check Valve #1	2021	3,000	C	100%	\$2,823	15	2	3,000	13	13	4,406	100%	0%	0%	511	Not Cap.
1	Main Booster Station Check Valve #2	2021	3,000	C	100%	\$2,823	15	2	3,000	13	13	4,406	100%	0%	0%	511	Not Cap.
1	Main Booster Station Generator (Needed)	2023	40,000	C	100%	\$40,000	20	0	40,000	20	20	72,244	10%	50%	40%	681	263
1	Filter Plant Booster Station Pump #1	2021	6,300	C	100%	\$5,928	10	2	6,300	8	8	7,981	100%	0%	0%	1,073	796
1	Filter Plant Booster Station Meter (Needed)	2023	800	C	100%	\$800	20	0	800	20	20	1,445	100%	0%	0%	136	Not Cap.
1	Filter Plant Booster Station Generator (Needed)	2023	20,000	C	100%	\$20,000	20	0	20,000	20	20	36,122	20%	50%	30%	681	263
1	Goodwyn Booster Station Pump #1	2019	4,250	C	100%	\$3,762	10	4	4,250	6	6	5,075	100%	0%	0%	724	684
1	Goodwyn Booster Station Meter (Needed)	2023	800	C	100%	\$800	20	0	800	20	20	1,445	100%	0%	0%	136	Not Cap.
1	Goodwyn Booster Generator (Needed)	2023	20,000	C	100%	\$20,000	20	0	20,000	20	20	36,122	20%	50%	30%	681	263
1	Tank Dive Inspections	2020	10,000	C	100%	\$9,127	5	3	10,000	2	2	10,609	100%	0%	0%	1,704	4,400
1	SCADA Site 2 Million gal tank	2015	6,000	C	100%	\$4,702	15	8	6,000	7	7	7,379	100%	0%	0%	1,022	847
1	SCADA Site Main Booster	2015	6,000	C	100%	\$4,702	15	8	6,000	7	7	7,379	100%	0%	0%	1,022	847
1	SCADA Site Subdivision Tanks	2015	6,000	C	100%	\$4,702	15	8	6,000	7	7	7,379	100%	0%	0%	1,022	847
1	SCADA Site Wells	2015	6,000	C	100%	\$4,702	15	8	6,000	7	7	7,379	100%	0%	0%	1,022	847
1	SCADA Site Goodwyn Tank (Needed)	2023	6,000	C	100%	\$6,000	15	0	6,000	15	15	9,348	100%	0%	0%	1,022	472
1	SCADA Site Goodwyn Booster (Needed)	2023	6,000	C	100%	\$6,000	15	0	6,000	15	15	9,348	100%	0%	0%	1,022	472
1	Zero turn mower	2019	3,600	C	100%	\$3,187	15	4	3,600	11	11	4,983	100%	0%	0%	613	Not Cap.
1	Husqvarna Weed Eater	2016	600	C	100%	\$485	5	7	600	-2	0	600	100%	0%	0%	102	0
1	Husqvarna Weed Eater	2019	600	C	100%	\$531	5	4	600	1	1	618	100%	0%	0%	102	Not Cap.
1	Husqvarna Weed Eater	2021	600	C	100%	\$565	5	2	600	3	3	656	100%	0%	0%	102	Not Cap.
1	Ditch Witch Hydro Excavator	2012	45,000	C	100%	\$32,189	30	11	45,000	19	19	78,908	10%	50%	40%	767	305
1	2 Million Gallon Tank Paint Interior & Exterior	1996	600,000	C	100%	\$263,626	20	27	600,000	-7	0	600,000	5%	50%	45%	5,111	0
1	300,000 Gallon Tank Paint Interior & Exterior	1988	300,000	C	100%	\$103,308	20	35	300,000	-15	0	300,000	5%	50%	45%	2,555	0
1	100,000 Gallon Sop Tank Paint Interior & Exterior	2015	300,000	C	100%	\$235,123	20	8	300,000	12	12	427,728	5%	50%	45%	2,555	1,382
1	30,000 Gallon Goodwyn Tank Paint Interior & Exterior	2002	200,000	C	100%	\$105,496	20	21	200,000	-1	0	200,000	10%	50%	40%	3,407	0
1	200,000 Gallon East Sub Tank Paint Interior & Exterior	1960	250,000	C	100%	\$36,691	20	63	250,000	-43	0	250,000	10%	50%	40%	4,259	0
1	200,000 Gallon West Sub Tank Paint Interior & Exterior	1970	460,000	C	100%	\$91,550	20	53	460,000	-33	0	460,000	5%	50%	45%	3,918	0
1	Pipe Locator need	2022	1,800	C	100%	\$1,746	5	1	1,800	4	4	2,026	100%	0%	0%	307	Not Cap.
1	Service Vehicle #1	2014	35,000	C	90%	\$23,947	10	9	31,500	1	1	32,445	20%	50%	30%	1,073	5,416
1	Service Vehicle #2	2014	35,000	C	90%	\$23,947	10	9	31,500	1	1	32,445	20%	50%	30%	1,073	5,416
1	Service Vehicle #	2014	35,000	C	90%	\$23,947	10	9	31,500	1	1	32,445	20%	50%	30%	1,073	5,416
1	John Deere Backhoe	2002	151,376	C	90%	\$71,863	20	21	136,239	-1	0	136,239	10%	50%	40%	2,321	0
					100%		0						0%	0%	100%	0	0
<b>Subtotal Replacement of Existing Capital Assets</b>						\$1,337,449			2,737,989			3,100,167	14%	46%	39%	62,501	60,933
Enter Existing Reserves for Replacement of Funded Project Assets																	
	Asset	Year to be Purchased	Unit Cost (Current or Future)	Cost Type (C, F)	% Belonging to Water			Years to save	Estimated Current Cost			Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Existing Reserves	Annual Reserve Required
<b>Reserves for Additional Capital Assets</b>																	
1	Water Bldg	2024	650,000	C	100%			1	650,000			669,500	5%		95%	40,898	-7,423
1	Mt. Capitan Waterline Replacement	2025	1,050,000	C	100%			2	1,050,000			1,113,945	2%	75%	23%	26,427	-2,184
1	Replace Water Line (Brewer)	2027	750,000	C	100%			4	750,000			844,132	5%	50%	45%	47,190	-1,557
1	Water Meter Replacement	2027	100,000	C	100%			4	100,000			112,551	10%	50%	40%	12,584	-415
1	Water Tank Rehab	2028	360,000	C	100%			5	360,000			417,339	5%	50%	45%	22,651	-521
1	Fire Hydrants Replacement	2028	600,000	C	100%			5	600,000			695,564	5%	50%	45%	37,752	-868
													0%	0%	0%	0	0
													0%	0%	0%	0	0
													0%	0%	0%	0	0
<b>Subtotal Reserves for Additional Capital Assets</b>									3,510,000			3,853,031	4%	49%	47%	187,504	-12,968
Enter Existing Reserves for Additional Capital Assets																	
<b>Total Capital Reserves</b>									6,247,989			6,953,198	9%	48%	44%	250,005	47,965

## APPENDIX D: Expense Analysis (Village of Capitan Water Enterprise Fund)

The following table establishes the allocation of joint utility expenses into water and sewer components, as well as the determination of fixed costs, and projected increases in water utility costs (including debt payments and reserve contributions) during the FY23-28 period.

Water Utility Fund Analysis																
FY23 Joint Budget Expense	AMT	% Water	FY23 Water Allocation	Cost Factor	FY24 Basis	Cost Factor	FY25	Cost Factor	FY26	Cost Factor	FY27	Cost Factor	FY28	FY23-FY28 Total	% Fixed	Total Fixed
51020 Salaries - Full-Time Positions	\$ 202,259.00	75%	\$ 151,694.25	1.06	\$ 160,795.91	1.03	\$ 165,619.78	1.03	\$ 170,588.38	1.03	\$ 175,706.03	1.03	\$ 180,977.21	\$ 1,005,381.55	90%	\$ 904,843.39
52010 FICA - Regular	\$ 12,540.00	75%	\$ 9,405.00	1.06	\$ 9,969.30	1.03	\$ 10,268.38	1.03	\$ 10,576.43	1.03	\$ 10,893.72	1.03	\$ 11,220.53	\$ 62,333.37	90%	\$ 56,100.03
52011 FICA - Medicare	\$ 2,933.00	75%	\$ 2,199.75	1.06	\$ 2,331.74	1.03	\$ 2,401.69	1.03	\$ 2,473.74	1.03	\$ 2,547.95	1.03	\$ 2,624.39	\$ 14,579.25	90%	\$ 13,121.32
52020 Retirement	\$ 6,604.00	75%	\$ 4,953.00	1.06	\$ 5,250.18	1.03	\$ 5,407.69	1.03	\$ 5,569.92	1.03	\$ 5,737.01	1.03	\$ 5,909.12	\$ 32,826.92	90%	\$ 29,544.23
52030 Health and Medical Premiums	\$ 34,906.00	75%	\$ 26,179.50	1.03	\$ 26,964.89	1.03	\$ 27,773.83	1.03	\$ 28,607.05	1.03	\$ 29,465.26	1.03	\$ 30,349.22	\$ 169,339.74	90%	\$ 152,405.76
52100 Workers' Compensation Premium	\$ 1,953.00	75%	\$ 1,464.75	1.03	\$ 1,508.69	1.03	\$ 1,553.95	1.03	\$ 1,600.57	1.03	\$ 1,648.59	1.03	\$ 1,698.05	\$ 9,474.60	90%	\$ 8,527.14
52110 Workers' Compensation Employer's Fee	\$ 40.00	75%	\$ 30.00	1.03	\$ 30.90	1.03	\$ 31.83	1.03	\$ 32.78	1.03	\$ 33.77	1.03	\$ 34.78	\$ 194.05	90%	\$ 174.65
52999 Other Employee Benefits	\$ 1,250.00	75%	\$ 937.50	1.03	\$ 965.63	1.03	\$ 994.59	1.03	\$ 1,024.43	1.03	\$ 1,055.16	1.03	\$ 1,086.82	\$ 6,064.13	90%	\$ 5,457.72
53030 Travel - Employees	\$ 1,000.00	75%	\$ 750.00	1.03	\$ 772.50	1.03	\$ 795.68	1.03	\$ 819.55	1.03	\$ 844.13	1.03	\$ 869.46	\$ 4,851.31	90%	\$ 4,366.18
54010 Maintenance & Repairs - Building/Structure	\$ 525.00	75%	\$ 393.75	1.03	\$ 405.56	1.03	\$ 417.73	1.03	\$ 430.26	1.03	\$ 443.17	1.03	\$ 456.46	\$ 2,546.94	100%	\$ 2,546.94
54040 Maintenance & Repairs - Vehicles	\$ 3,000.00	75%	\$ 2,250.00	1.03	\$ 2,317.50	1.03	\$ 2,387.03	1.03	\$ 2,458.64	1.03	\$ 2,532.39	1.03	\$ 2,608.37	\$ 14,553.92	100%	\$ 14,553.92
54050 Maintenance & Repair - Furniture/Fixtures/Equipment	\$ 90,000.00	100%	\$ 90,000.00	1.03	\$ 41,200.00	1.03	\$ 42,436.00	1.03	\$ 43,709.08	1.03	\$ 45,020.35	1.03	\$ 46,370.96	\$ 308,736.40	100%	\$ 308,736.40
55020 Contract - Attorney Fees	\$ 6,000.00	75%	\$ 4,500.00	1.03	\$ 7,725.00	1.03	\$ 7,956.75	1.03	\$ 8,195.45	1.03	\$ 8,441.32	1.03	\$ 8,694.56	\$ 45,513.07	100%	\$ 45,513.07
55030 Contract - Professional Services	\$ 37,000.00	100%	\$ 37,000.00	1.03	\$ 16,274.00	1.03	\$ 16,762.22	1.03	\$ 17,265.09	1.03	\$ 17,783.04	1.03	\$ 18,316.53	\$ 123,400.88	100%	\$ 123,400.88
55999 Contract - Other Services	\$ 1,000.00	75%	\$ 750.00	1.03	\$ 772.50	1.03	\$ 795.68	1.03	\$ 819.55	1.03	\$ 844.13	1.03	\$ 869.46	\$ 4,851.31	100%	\$ 4,851.31
56010 Software	\$ 2,500.00	75%	\$ 1,875.00	1.03	\$ 1,931.25	1.03	\$ 1,989.19	1.03	\$ 2,048.86	1.03	\$ 2,110.33	1.03	\$ 2,173.64	\$ 12,128.27	100%	\$ 12,128.27
56020 Supplies - General Office	\$ 2,000.00	75%	\$ 1,500.00	1.03	\$ 1,545.00	1.03	\$ 1,591.35	1.03	\$ 1,639.09	1.03	\$ 1,688.26	1.03	\$ 1,738.91	\$ 9,702.61	100%	\$ 9,702.61
56040 Supplies - Furniture/Fixtures/Equipment (Non-Capital)	\$ 15,000.00	75%	\$ 11,250.00	1.03	\$ 11,587.50	1.03	\$ 11,935.13	1.03	\$ 12,293.18	1.03	\$ 12,661.97	1.03	\$ 13,041.83	\$ 72,769.61	90%	\$ 65,492.65
56120 Supplies - Vehicle Fuel	\$ 14,000.00	75%	\$ 10,500.00	1.03	\$ 10,815.00	1.03	\$ 11,139.45	1.03	\$ 11,473.63	1.03	\$ 11,817.84	1.03	\$ 12,172.38	\$ 67,918.30	90%	\$ 61,126.47
56121 Supplies - Vehicle Lub & Anti Freeze	\$ 1,000.00	75%	\$ 750.00	1.03	\$ 772.50	1.03	\$ 795.68	1.03	\$ 819.55	1.03	\$ 844.13	1.03	\$ 869.46	\$ 4,851.31	90%	\$ 4,366.18
56122 Supplies - Vehicle Tires	\$ 2,500.00	75%	\$ 1,875.00	1.03	\$ 1,931.25	1.03	\$ 1,989.19	1.03	\$ 2,048.86	1.03	\$ 2,110.33	1.03	\$ 2,173.64	\$ 12,128.27	90%	\$ 10,915.44
56999 Supplies - Other	\$ 10,000.00	75%	\$ 7,500.00	1.03	\$ 7,725.00	1.03	\$ 7,956.75	1.03	\$ 8,195.45	1.03	\$ 8,441.32	1.03	\$ 8,694.56	\$ 48,513.07	90%	\$ 43,661.77
57050 Employee Training	\$ 2,000.00	75%	\$ 1,500.00	1.03	\$ 1,545.00	1.03	\$ 1,591.35	1.03	\$ 1,639.09	1.03	\$ 1,688.26	1.03	\$ 1,738.91	\$ 9,702.61	100%	\$ 9,702.61
57070 Insurance - General Liability/Property	\$ 11,085.00	75%	\$ 8,313.75	1.03	\$ 8,563.16	1.03	\$ 8,820.06	1.03	\$ 9,084.66	1.03	\$ 9,357.20	1.03	\$ 9,637.91	\$ 53,776.74	100%	\$ 53,776.74
57080 Postage	\$ 3,000.00	75%	\$ 2,250.00	1.03	\$ 2,317.50	1.03	\$ 2,387.03	1.03	\$ 2,458.64	1.03	\$ 2,532.39	1.03	\$ 2,608.37	\$ 14,553.92	100%	\$ 14,553.92
57090 Printing/Publishing/Advertising	\$ 2,000.00	75%	\$ 1,500.00	1.03	\$ 1,545.00	1.03	\$ 1,591.35	1.03	\$ 1,639.09	1.03	\$ 1,688.26	1.03	\$ 1,738.91	\$ 9,702.61	100%	\$ 9,702.61
57150 Subscriptions & Dues	\$ 5,400.00	75%	\$ 4,050.00	1.03	\$ 4,171.50	1.03	\$ 4,296.65	1.03	\$ 4,425.54	1.03	\$ 4,558.31	1.03	\$ 4,695.06	\$ 26,197.06	100%	\$ 26,197.06
57160 Telecommunications	\$ 7,200.00	75%	\$ 5,400.00	1.03	\$ 5,562.00	1.03	\$ 5,728.86	1.03	\$ 5,900.73	1.03	\$ 6,077.75	1.03	\$ 6,260.08	\$ 34,929.41	100%	\$ 34,929.41
57170 Utilities - Electricity	\$ 85,000.00	100%	\$ 85,000.00	1.03	\$ 87,550.00	1.03	\$ 90,176.50	1.03	\$ 92,881.80	1.03	\$ 95,668.25	1.03	\$ 98,538.30	\$ 549,814.84	15%	\$ 82,472.23
57171 Utilities - Natural Gas	\$ 3,675.00	75%	\$ 2,756.25	1.03	\$ 2,838.94	1.03	\$ 2,924.11	1.03	\$ 3,011.83	1.03	\$ 3,102.18	1.03	\$ 3,195.25	\$ 17,828.55	100%	\$ 17,828.55
57173 Utilities - Water	\$ 5,680.00	75%	\$ 4,245.00	1.03	\$ 4,372.35	1.03	\$ 4,503.52	1.03	\$ 4,638.63	1.03	\$ 4,777.78	1.03	\$ 4,921.12	\$ 27,458.40	100%	\$ 27,458.40
57999 Other Operating Costs	\$ 50,000.00	100%	\$ 50,000.00	1.03	\$ 25,750.00	1.03	\$ 26,522.50	1.03	\$ 27,318.18	1.03	\$ 28,137.72	1.03	\$ 28,981.85	\$ 186,710.25	100%	\$ 186,710.25
56030 Supplies - Field Supplies	\$ 50,000.00	100%	\$ 50,000.00	1.03	\$ 51,500.00	1.03	\$ 53,045.00	1.03	\$ 54,636.35	1.03	\$ 56,275.44	1.03	\$ 57,963.70	\$ 323,420.49	80%	\$ 258,736.40
56050 Supplies - Janitorial/Maintenance	\$ 2,000.00	75%	\$ 1,500.00	1.03	\$ 1,545.00	1.03	\$ 1,591.35	1.03	\$ 1,639.09	1.03	\$ 1,688.26	1.03	\$ 1,738.91	\$ 9,702.61	100%	\$ 9,702.61
56090 Supplies - Safety	\$ 2,000.00	75%	\$ 1,500.00	1.03	\$ 1,545.00	1.03	\$ 1,591.35	1.03	\$ 1,639.09	1.03	\$ 1,688.26	1.03	\$ 1,738.91	\$ 9,702.61	100%	\$ 9,702.61
56110 Supplies - Uniforms/Linen	\$ 3,375.00	75%	\$ 2,531.25	1.03	\$ 2,607.19	1.03	\$ 2,685.40	1.03	\$ 2,765.97	1.03	\$ 2,848.94	1.03	\$ 2,934.41	\$ 16,373.16	100%	\$ 16,373.16
58060 Lease Purchase	\$ 4,200.00	75%	\$ 3,150.00	1.03	\$ 3,244.50	1.03	\$ 3,341.84	1.03	\$ 3,442.09	1.03	\$ 3,545.35	1.03	\$ 3,651.71	\$ 20,375.49	100%	\$ 20,375.49
Base Operating Expenses	\$ 684,605.00		\$ 591,453.75		\$ 518,248.92		\$ 533,796.39		\$ 549,810.28		\$ 566,304.59		\$ 583,293.73	\$ 3,342,907.66		\$ 2,659,758.40
Additional Operating Expenses (Additional Employee)					\$ 31,200.00	1.03	\$ 32,136.00	1.03	\$ 33,100.08	1.03	\$ 34,093.08	1.03	\$ 35,115.87	\$ 165,645.04	90%	\$ 149,080.53
Additional Operating Expense (Government Springs)					\$ 13,500.00	1.03	\$ 13,905.00	1.03	\$ 14,322.15	1.03	\$ 14,751.81	1.03	\$ 15,194.37	\$ 71,673.33	100%	\$ 71,673.33
Additional Operating Expenses	\$ -				\$ 44,700.00		\$ 46,041.00		\$ 47,422.23		\$ 48,844.90		\$ 50,310.24	\$ 237,318.37		\$ 220,753.87
Debt and Reserves																
Existing Loan Payments (Principal and Interest)	\$ 6,994.00	100%	\$ 6,994.00		\$ 6,994.00		\$ 6,994.00		\$ 6,994.00		\$ 6,994.00		\$ 6,994.00	\$ 41,964.00	100%	\$ 41,964.00
Additional Loan Payments	\$ -	100%	\$ -		\$ 9,937.97		\$ 25,991.61		\$ 25,991.61		\$ 51,983.21		\$ 88,616.08	\$ 202,520.47	100%	\$ 202,520.47
Debt Reserve (10%)	\$ -	100%	\$ -		\$ 993.80		\$ 2,599.16		\$ 2,599.16		\$ 5,198.32		\$ 8,861.61	\$ 20,252.05	100%	\$ 3,375.34
Operating Reserve	\$ -	100%	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	\$ -	100%	\$ -
Emergency Reserve	\$ -	100%	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	\$ -	100%	\$ -
Capital Reserve	\$ 47,965.18	100%	\$ 47,965.18		\$ 47,965.18		\$ 47,965.18		\$ 47,965.18		\$ 47,965.18		\$ 47,965.18	\$ 287,791.08	100%	\$ 287,791.08
Total Debt and Reserves	\$ 54,959.18	100%	\$ 54,959.18		\$ 65,890.94		\$ 83,549.95		\$ 83,549.95		\$ 112,140.71		\$ 152,436.87	\$ 552,527.60		\$ 535,650.90
Total All Expenses	\$ 739,564.18		\$ 646,412.93		\$ 628,839.87		\$ 663,387.34		\$ 680,782.46		\$ 727,290.20		\$ 786,040.85	\$ 4,132,753.64	82.7%	\$ 3,416,163.17
														FY23-28 AVG		\$ 569,360.53

# 15. Addendum #1

In response to comments following a 2.21.23 council meeting to discuss the rate study, RCAC prepare a 4<sup>th</sup> rate option for Village consideration **based on Rate Option 3**. This rate option would modify the variable rate increases identified for FY25-FY28 (July 2024 through July 2027) under Option 3 to 6.0% uniform annual increases during the same period<sup>22</sup>. The report expects application of the 1.5x commodity surcharge for extraterritorial customers would generate an additional \$2,706 in metered water sales, which could be applied to the proposed rate structure (under Option 3), resulting in a small reduction in access charges for system customers.<sup>23</sup>

**Table 1: Projected Rates Under Option 4 (April 2023)**

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU 312	WU 312 TE	WU44-01	WU44-01 TE	WU 4680	WU76-01	WU76-01 TE	IND 1.5"	Comm 4"
Type	Res (3/4")	Res (3/4") - Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Tax Exmpt	Comm, 1.5", Tax Exmpt	Comm, 1.5", Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"	Commercial, 4.0"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5	4
Base Charge (No Usage)	\$ 34.32	\$ 68.64	\$ 51.48	\$ 171.60	\$ 34.32	\$ 34.32	\$ 114.40	\$ 114.40	\$ 85.80	\$ 366.09	\$ 366.09	\$ 114.40	\$ 572.01
3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,000	\$ 1.00	\$ 1.00	\$ 1.50	\$ 1.50	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.50	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
15,000	\$ 3.00	\$ 3.00	\$ 4.50	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 4.50	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
50,000	\$ 4.00	\$ 4.00	\$ 6.00	\$ 6.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 6.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
9999999999	\$ 6.00	\$ 6.00	\$ 9.00	\$ 9.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 9.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00

**Advantages:** Application of an extraterritorial commodity charge is consistent with existing practice; the charge would result in a slight decrease in projected base charges (versus Option 3); uniform increases might be easier for customers to understand and follow.

**Disadvantages:** Varying commodity charges not supported by analysis of system's fixed and variable expenses.

<sup>22</sup> Current anticipated annual increases to base and commodity charges under Rate Option 3, which reflect a just-in-time approach, are 9%, 6%, 6%, and 3%, respectively, for FY25-FY28, with no increase identified in FY24 (July 2023).

<sup>23</sup> For example, the proposed access charge for standard residential customers (WU-RES) under Option 3 would decrease by \$0.22 per month (\$34.54 - \$34.32 = \$0.22).

**Table 2: Fiscal Impact of Rate Option 4 (FY23-FY28)**

Village of Capitan Water Enterprise Fund (Rate Option 4)						
	FY23 Expected	FY24	FY25	FY26	FY27	FY28
<b>Operating Revenue</b>						
Metered Water Sales (Net 5% GRT)	\$ 464,727.50	\$ 534,519.65	\$ 534,519.65	\$ 566,590.83	\$ 600,586.28	\$ 636,621.46
Bulk Water Sales (Net 5% GRT)	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95
Other Operating Revenue (fees, connections, penalties, etc.)	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46
<b>Total Operating Revenue</b>	<b>\$ 500,807.91</b>	<b>\$ 570,600.06</b>	<b>\$ 570,600.06</b>	<b>\$ 602,671.24</b>	<b>\$ 636,666.69</b>	<b>\$ 672,701.87</b>
Additonal Revenue From Revenue Adjustment	\$ 69,792.15	\$ -	\$ 32,071.18	\$ 33,995.45	\$ 36,035.18	\$ 38,197.29
Partial Year Adjustment	\$ (52,344.11)	\$ -	\$ -	\$ -	\$ -	\$ -
Write-Off/Billing Adjustments	\$ (2,323.64)	\$ (2,853.00)	\$ (3,013.36)	\$ (3,183.33)	\$ (3,363.51)	\$ (3,554.50)
<b>Adjusted Total Revenue</b>	<b>\$ 515,932.31</b>	<b>\$ 567,747.06</b>	<b>\$ 599,657.88</b>	<b>\$ 633,483.36</b>	<b>\$ 669,338.36</b>	<b>\$ 707,344.66</b>
Less: Base Operating Expenses	\$ 591,453.75	\$ 518,248.92	\$ 533,796.39	\$ 549,810.28	\$ 566,304.59	\$ 583,293.73
Less: Additional Operating Expenses (Additional Employee)		\$ 31,200.00	\$ 32,136.00	\$ 33,100.08	\$ 34,093.08	\$ 35,115.87
Less: Additional Operating Expenses (Government Springs)		\$ 13,500.00	\$ 13,905.00	\$ 14,322.15	\$ 14,751.81	\$ 15,194.37
<b>Net Operating Revenue</b>	<b>\$ (75,521.44)</b>	<b>\$ 4,798.14</b>	<b>\$ 19,820.49</b>	<b>\$ 36,250.85</b>	<b>\$ 54,188.87</b>	<b>\$ 73,740.69</b>
Less: Existing Debt Payments (Principal & Interest)	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00
Less: Debt Payments (Addn'l Projects)		\$ 9,937.97	\$ 25,991.61	\$ 25,991.61	\$ 51,983.21	\$ 88,616.08
Plus: Municipal Gross Receipts-Infrastructure	\$ 48,000.00	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33
Plus: Interest Earned		\$ 4,607.43	\$ 4,607.43	\$ 4,607.43	\$ 4,607.43	\$ 4,607.43
<b>Net System Revenue</b>	<b>\$ (34,515.44)</b>	<b>\$ 50,154.94</b>	<b>\$ 49,123.65</b>	<b>\$ 65,554.00</b>	<b>\$ 57,500.42</b>	<b>\$ 40,419.37</b>
<b>Plus: Beginning Operating Cash Position</b>	<b>\$ 107,738.28</b>	<b>\$ 25,257.66</b>	<b>\$ 26,453.62</b>	<b>\$ 25,012.93</b>	<b>\$ 40,002.59</b>	<b>\$ 44,339.52</b>
<b>Net Position Before Contribution to Reserves</b>	<b>\$ 73,222.84</b>	<b>\$ 75,412.60</b>	<b>\$ 75,577.27</b>	<b>\$ 90,566.94</b>	<b>\$ 97,503.02</b>	<b>\$ 84,758.88</b>
Debt Reserve (10%)		\$ 993.80	\$ 2,599.16	\$ 2,599.16	\$ 5,198.32	\$ 8,861.61
Operating Reserve		\$ -	\$ -	\$ -	\$ -	\$ -
Emergency Reserve						
Capital Reserve	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18
<b>Total Reserves</b>	<b>\$ 47,965.18</b>	<b>\$ 48,958.98</b>	<b>\$ 50,564.34</b>	<b>\$ 50,564.34</b>	<b>\$ 53,163.50</b>	<b>\$ 56,826.79</b>
<b>Net Position After Reserves</b>	<b>\$ 25,257.66</b>	<b>\$ 26,453.62</b>	<b>\$ 25,012.93</b>	<b>\$ 40,002.59</b>	<b>\$ 44,339.52</b>	<b>\$ 27,932.09</b>
Operating Ratio (incl. debt service)	86.2%	97.9%	97.9%	100.5%	99.3%	97.0%
Revenue/Expenses (incl. debt service)	94.2%	111.2%	110.5%	113.0%	111.0%	107.8%
Debt Coverage Ratio	-493.5%	396.2%	248.9%	298.7%	197.5%	142.3%

**Table 3: Rate Impact for Standard in-Village Residential Customers at Selected Usage Levels – Rate Code WU-RES (April 2023)**

Proposed Implementation	4/1/2023	Active # of Accounts			692
Monthly Usage Level (Gallons)	Option 1 (No Change)	Option 2	Option 3 (Recommended)	Option 4	% of Registers at or Below this Level
Base Charge (No Usage)	\$33.47	\$38.49	\$34.54	\$34.32	5%
3,000	\$33.47	\$38.49	\$34.54	\$34.32	50%
6,000	\$33.47	\$38.49	\$37.54	\$37.32	80%
10,000	\$42.59	\$48.98	\$49.54	\$49.32	92%
15,000	\$53.99	\$62.09	\$64.54	\$64.32	97%

## 16. Addendum #2

In response to comments following a 2.28.23 council meeting to discuss the rate study, RCAC prepared a final option for Village consideration **based on Rate Option 3**. This rate option, named the “Village Trustee Option”, would provide for additional revenue through rate adjustments to offset proposed transfers from the water fund to the wastewater fund. Effective 4.01.23, this option identifies an *average overall rate increase* of 23%, with subsequent annual increases of 6.7% applied to both the access (base rate) and commodity charges (user rate) for the FY25-FY28 period (July 2024 – July 2027). The option would retain the existing 1.5x surcharge for extraterritorial customers on both access and commodity charges. The following tables below provide additional information regarding this option:

**Table 1: Projected Rates Under “Village Trustee Option” (April 2023)**

Rate Code	WU-RES	WU-RES2	WU-RESO	WUO2	WU312	WU312 TE	WU44-01	WU44-01 TE	WU4680	WU76-01	WU76-01 TE	IND 1.5"	Comm 4"
Type	Res (3/4")	Res (3/4")-Double	Res (3/4")-ET	Comm (1"), Double, O/S	Comm, 3/4"	Comm, 3/4", Tax Exmpt	Comm, 1.5",	Comm, 1.5", Tax Exmpt	Comm, 1", O/S	Comm, 3"	Comm, 3", Tax Exmpt	Industrial, 1.5"	Commercial, 4.0"
Meter Size (inches)	0.75	0.75	0.75	1	0.75	0.75	1.5	1.5	1	3	3	1.5	4
Base Charge (No Usage)	\$ 36.61	\$ 73.22	\$ 54.92	\$ 183.06	\$ 36.61	\$ 36.61	\$ 122.04	\$ 122.04	\$ 91.53	\$ 390.53	\$ 390.53	\$ 122.04	\$ 610.21
3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,000	\$ 1.08	\$ 1.08	\$ 1.62	\$ 1.62	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.62	\$ 1.08	\$ 1.08	\$ 1.08	\$ 1.08
15,000	\$ 3.24	\$ 3.24	\$ 4.86	\$ 4.86	\$ 3.24	\$ 3.24	\$ 3.24	\$ 3.24	\$ 4.86	\$ 3.24	\$ 3.24	\$ 3.24	\$ 3.24
50,000	\$ 4.32	\$ 4.32	\$ 6.48	\$ 6.48	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32	\$ 6.48	\$ 4.32	\$ 4.32	\$ 4.32	\$ 4.32
9999999999	\$ 6.48	\$ 6.48	\$ 9.72	\$ 9.72	\$ 6.48	\$ 6.48	\$ 6.48	\$ 6.48	\$ 9.72	\$ 6.48	\$ 6.48	\$ 6.48	\$ 6.48

**Advantages:** Application of an extraterritorial commodity charge is consistent with existing practice; uniform rate increases identified for FY25-FY28 period (6.7%) might be easier for customers to understand and follow.

**Disadvantages:** Higher commodity charges for extraterritorial customers are not supported by the analysis of system’s fixed and variable expenses; recovery of proposed transfer to wastewater fund through additional rate increases is not justified by allocation of water and wastewater costs.

**Table 2: “Village Trustee” Rate Option Fiscal Impact (FY23-FY28)**

Village of Capitan Water Enterprise Fund (Village Trustee Option)						
	FY23 Expected	FY24	FY25	FY26	FY27	FY28
<b>Operating Revenue</b>						
Metered Water Sales (Net 5% GRT)	\$ 464,727.50	\$ 571,694.03	\$ 571,694.03	\$ 609,997.53	\$ 650,867.37	\$ 694,475.48
Bulk Water Sales (Net 5% GRT)	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95	\$ 29,887.95
Other Operating Revenue (fees, connections, penalties, etc.)	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46	\$ 6,192.46
<b>Total Operating Revenue</b>	<b>\$ 500,807.91</b>	<b>\$ 607,774.44</b>	<b>\$ 607,774.44</b>	<b>\$ 646,077.94</b>	<b>\$ 686,947.78</b>	<b>\$ 730,555.89</b>
Additional Revenue From Revenue Adjustment	\$ 106,966.53	\$ -	\$ 38,303.50	\$ 40,869.83	\$ 43,608.11	\$ 46,529.86
Partial Year Adjustment	\$ (80,224.90)	\$ -	\$ -	\$ -	\$ -	\$ -
Write-Off/Billing Adjustments	\$ (2,323.64)	\$ (3,038.87)	\$ (3,230.39)	\$ (3,434.74)	\$ (3,652.78)	\$ (3,885.43)
<b>Adjusted Total Revenue</b>	<b>\$ 525,225.91</b>	<b>\$ 604,735.57</b>	<b>\$ 642,847.55</b>	<b>\$ 683,513.04</b>	<b>\$ 726,903.11</b>	<b>\$ 773,200.32</b>
Less: Base Operating Expenses	\$ 591,453.75	\$ 518,248.92	\$ 533,796.39	\$ 549,810.28	\$ 566,304.59	\$ 583,293.73
Less: Additional Operating Expenses (Additional Employee)		\$ 31,200.00	\$ 32,136.00	\$ 33,100.08	\$ 34,093.08	\$ 35,115.87
Less: Additional Operating Expenses (Government Springs)		\$ 13,500.00	\$ 13,905.00	\$ 14,322.15	\$ 14,751.81	\$ 15,194.37
<b>Net Operating Revenue</b>	<b>\$ (66,227.84)</b>	<b>\$ 41,786.65</b>	<b>\$ 63,010.16</b>	<b>\$ 86,280.53</b>	<b>\$ 111,753.62</b>	<b>\$ 139,596.35</b>
Less: Existing Debt Payments (Principal & Interest)	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00	\$ 6,994.00
Less: Debt Payments (Addn'l Projects)		\$ 9,937.97	\$ 25,991.61	\$ 25,991.61	\$ 51,983.21	\$ 88,616.08
Plus: Municipal Gross Receipts-Infrastructure	\$ 48,000.00	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33	\$ 57,681.33
Plus: Interest Earned		\$ 4,607.43	\$ 4,607.43	\$ 4,607.43	\$ 4,607.43	\$ 4,607.43
<b>Net System Revenue</b>	<b>\$ (25,221.84)</b>	<b>\$ 87,143.44</b>	<b>\$ 92,313.32</b>	<b>\$ 115,583.68</b>	<b>\$ 115,065.18</b>	<b>\$ 106,275.03</b>
<b>Plus: Beginning Operating Cash Position</b>	<b>\$ 107,738.28</b>	<b>\$ (1,093.22)</b>	<b>\$ (266.38)</b>	<b>\$ 254.17</b>	<b>\$ 20,736.74</b>	<b>\$ 34,631.93</b>
<b>Less: Transfer to Wastewater Fund</b>	<b>\$ (35,644.48)</b>	<b>\$ (37,357.63)</b>	<b>\$ (41,228.43)</b>	<b>\$ (44,536.76)</b>	<b>\$ (48,006.49)</b>	<b>\$ (49,446.68)</b>
<b>Net Position Before Contribution to Reserves</b>	<b>\$ 46,871.96</b>	<b>\$ 48,692.60</b>	<b>\$ 50,818.51</b>	<b>\$ 71,301.09</b>	<b>\$ 87,795.43</b>	<b>\$ 91,460.27</b>
Debt Reserve (10%)		\$ 993.80	\$ 2,599.16	\$ 2,599.16	\$ 5,198.32	\$ 8,861.61
Operating Reserve		\$ -	\$ -	\$ -	\$ -	\$ -
Emergency Reserve						
Capital Reserve	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18	\$ 47,965.18
<b>Total Reserves</b>	<b>\$ 47,965.18</b>	<b>\$ 48,958.98</b>	<b>\$ 50,564.34</b>	<b>\$ 50,564.34</b>	<b>\$ 53,163.50</b>	<b>\$ 56,826.79</b>
<b>Net Position After Reserves</b>	<b>\$ (1,093.22)</b>	<b>\$ (266.38)</b>	<b>\$ 254.17</b>	<b>\$ 20,736.74</b>	<b>\$ 34,631.93</b>	<b>\$ 34,633.48</b>
Operating Ratio (incl. debt service)	87.8%	104.3%	104.9%	108.5%	107.8%	106.0%
Revenue/Expenses (incl. debt service)	95.8%	117.8%	117.7%	121.1%	119.7%	117.0%
Debt Coverage Ratio (post transfer)		394.0%	254.9%	315.4%	213.7%	159.4%

Note: The debt coverage ratio under this option is based on all identified sources of revenue and includes adjustment for proposed transfers to wastewater fund. After proposed transfers to the wastewater fund this option would provide a 46-day cash-on-hand operating balance at the end of the FY28 forecast period.

**Table 3: Rate Impact for Standard in-Village Residential Customers at Selected Usage Levels – Rate Code WU-RES (April 2023)**

Proposed Implementation	4/1/2023	Active # of Accounts			692
Monthly Usage Level (Gallons)	Option 1 (No Change)	Option 2	Option 3 (Recommended)	Village Trustee Option	% of Registers at or Below this Level
Base Charge (No Usage)	\$33.47	\$38.49	\$34.54	\$36.61	5%
3,000	\$33.47	\$38.49	\$34.54	\$36.61	50%
6,000	\$33.47	\$38.49	\$37.54	\$39.85	80%
10,000	\$42.59	\$48.98	\$49.54	\$52.81	92%
15,000	\$53.99	\$62.09	\$64.54	\$69.01	97%