



JACKSON THORNTONS

Water Cost of Service

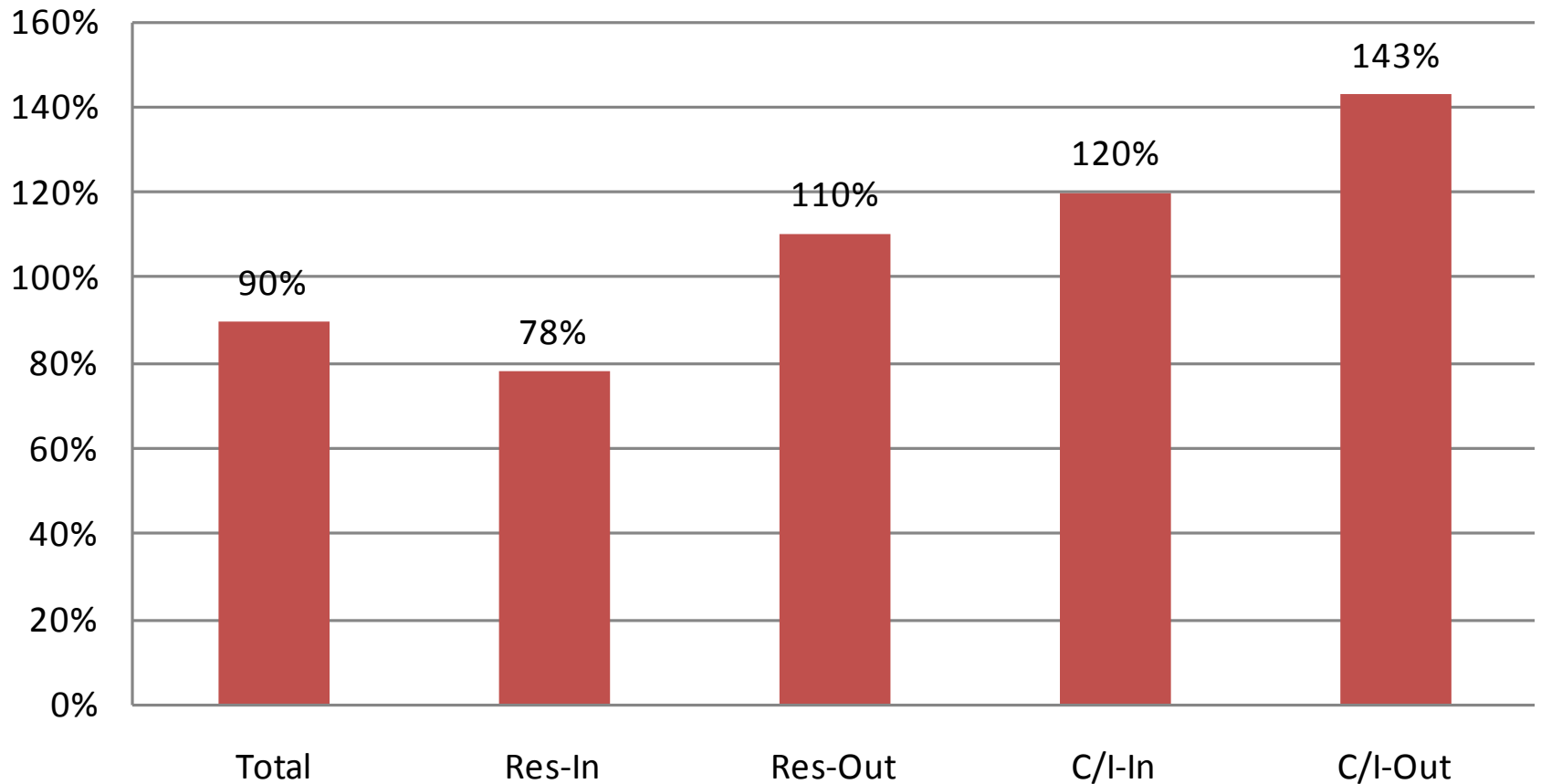
Test Year 12-Months Ending
June 2011 ProForma



Recovery by Class



Recovery by Rate Class





Results & Options - Water

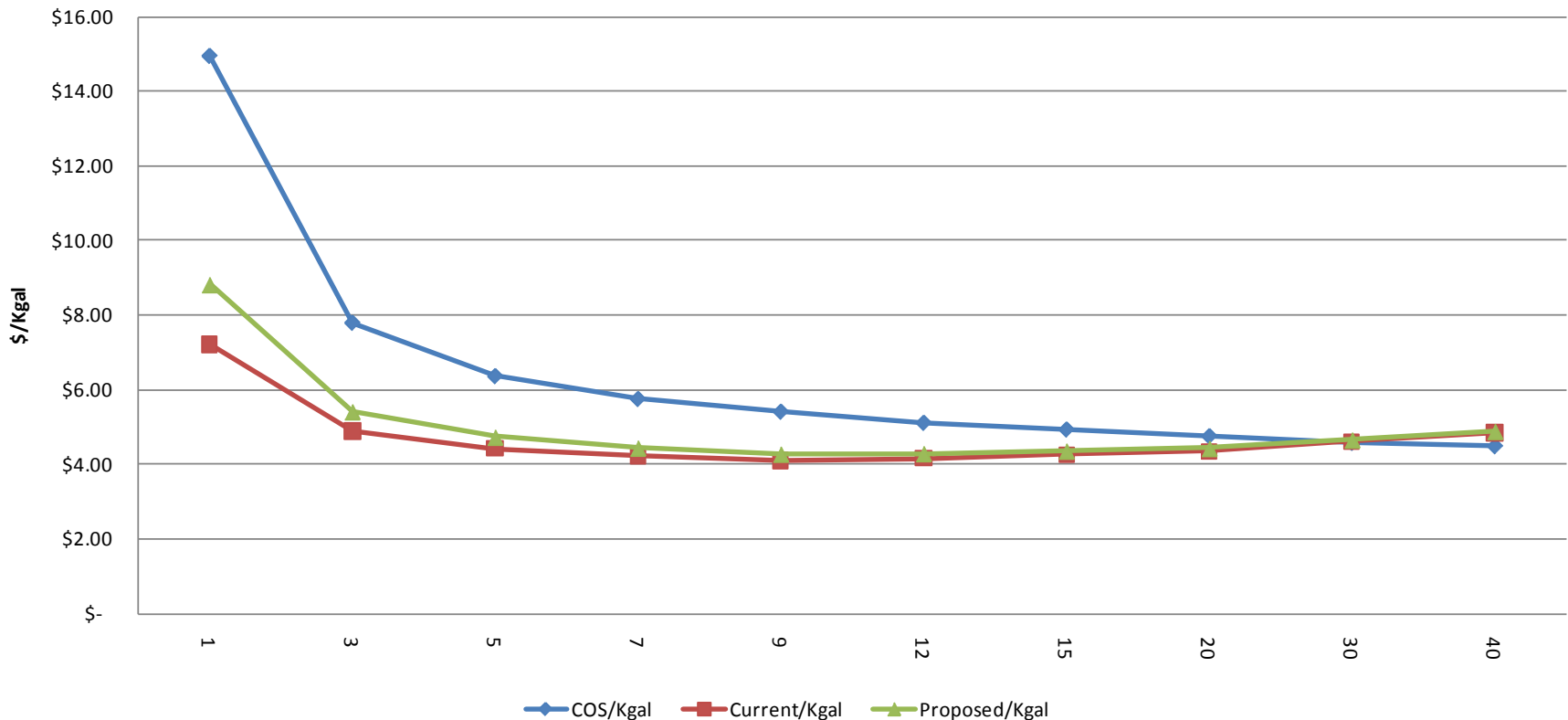


- Based on the 12-months ending June 2011, the City is projected to under-recover by approximately \$954,000
- As discussed at the meeting held on September 28th, in taking a measured 5 Year Approach, 4% annual rate increases should be enough to achieve revenue sufficiency for the water system. A 4% increase this year is approximately \$308,000.

Water Rate Change - Res-Inside

	Cost of Service	Current	Proposed	Difference
Availability Charge (1,000 Gal)	\$ 10.71	\$ 7.22	\$ 8.82	\$ 1.60
Next 9,000 Gallons	\$ 4.23	\$ 3.72	\$ 3.72	\$ -
Next 15,000 Gallons		\$ 4.65	\$ 4.65	\$ -
All Additional		\$ 5.58	\$ 5.58	\$ -

Res Inside - Cost Curve/Kgal



Water Rate Impacts (Res-Inside)



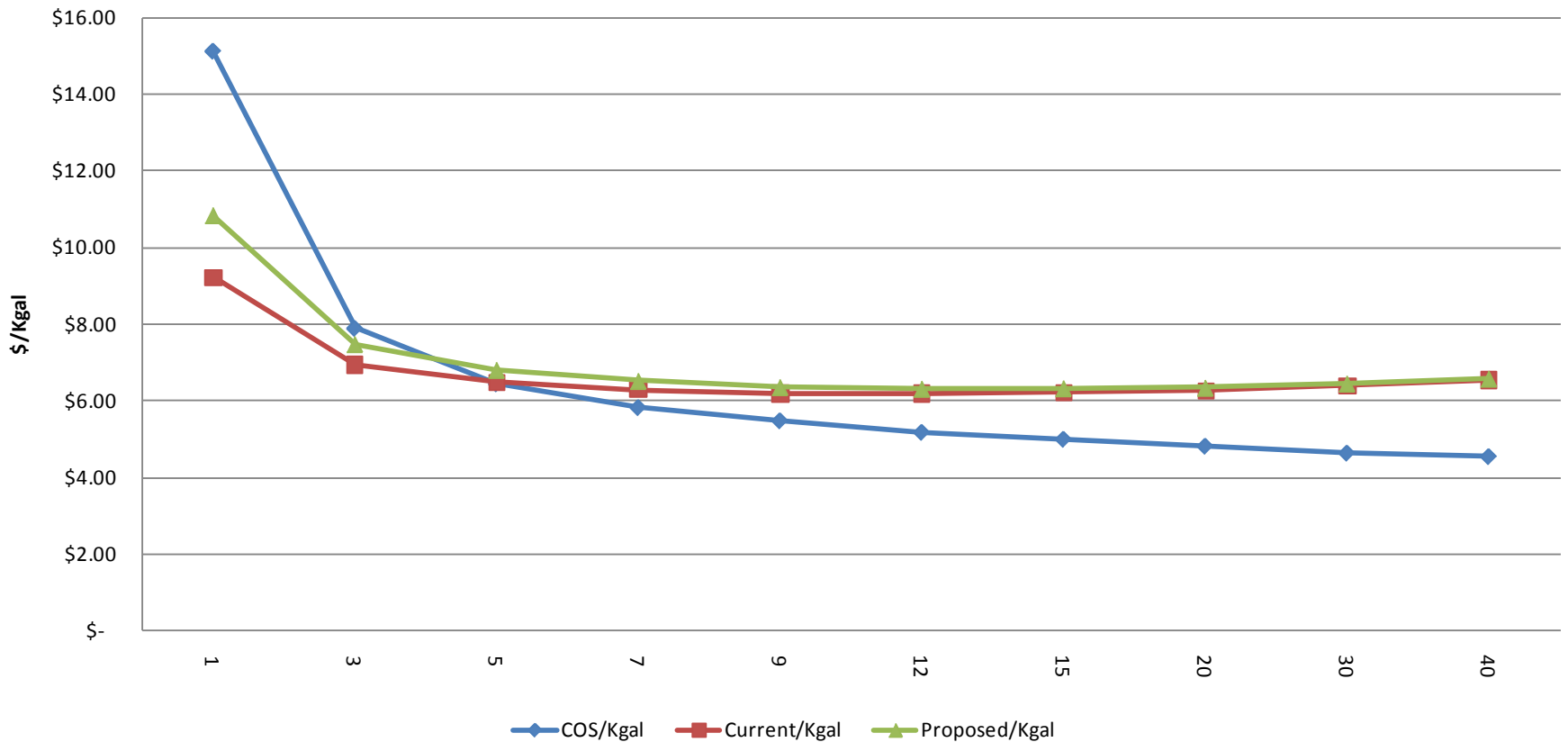
Usage (Kgal)	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	COS Rate/kGal	Current Rate/kGal	Proposed Rate/kGal	Change/Kgal
1	\$ 14.94	\$ 7.22	\$ 8.82	\$ 1.60	\$ 0.05	\$ 14.94	\$ 7.22	\$ 8.82	\$ 1.60
3	\$ 23.39	\$ 14.66	\$ 16.26	\$ 1.60	\$ 0.05	\$ 7.80	\$ 4.89	\$ 5.42	\$ 0.53
5	\$ 31.85	\$ 22.10	\$ 23.70	\$ 1.60	\$ 0.05	\$ 6.37	\$ 4.42	\$ 4.74	\$ 0.32
7	\$ 40.31	\$ 29.54	\$ 31.14	\$ 1.60	\$ 0.05	\$ 5.76	\$ 4.22	\$ 4.45	\$ 0.23
9	\$ 48.77	\$ 36.98	\$ 38.58	\$ 1.60	\$ 0.05	\$ 5.42	\$ 4.11	\$ 4.29	\$ 0.18
12	\$ 61.45	\$ 50.00	\$ 51.60	\$ 1.60	\$ 0.05	\$ 5.12	\$ 4.17	\$ 4.30	\$ 0.13
15	\$ 74.14	\$ 63.95	\$ 65.55	\$ 1.60	\$ 0.05	\$ 4.94	\$ 4.26	\$ 4.37	\$ 0.11
20	\$ 95.28	\$ 87.20	\$ 88.80	\$ 1.60	\$ 0.05	\$ 4.76	\$ 4.36	\$ 4.44	\$ 0.08
30	\$ 137.57	\$ 138.35	\$ 139.95	\$ 1.60	\$ 0.05	\$ 4.59	\$ 4.61	\$ 4.67	\$ 0.05
40	\$ 179.85	\$ 194.15	\$ 195.75	\$ 1.60	\$ 0.05	\$ 4.50	\$ 4.85	\$ 4.89	\$ 0.04
Average Usage		6,607							

Proposed Increase in Availability Revenue	\$ 249,592
Proposed Increase in Usage Revenue	\$ -
Proposed Increase in Revenue	<u>\$ 249,592</u>

Water Rate Change - Res-Outside

	Cost of Service	Current	Proposed	Difference
Availability Charge (1,000 Gal)	\$ 10.84	\$ 9.22	\$ 10.82	\$ 1.60
Next 9,000 Gallons	\$ 4.28	\$ 5.80	\$ 5.80	\$ -
Next 15,000 Gallons		\$ 6.38	\$ 6.38	\$ -
All Additional		\$ 6.96	\$ 6.96	\$ -

Res Outside Cost Curve/Kgal



Water Rate Impacts (Res-Outside)

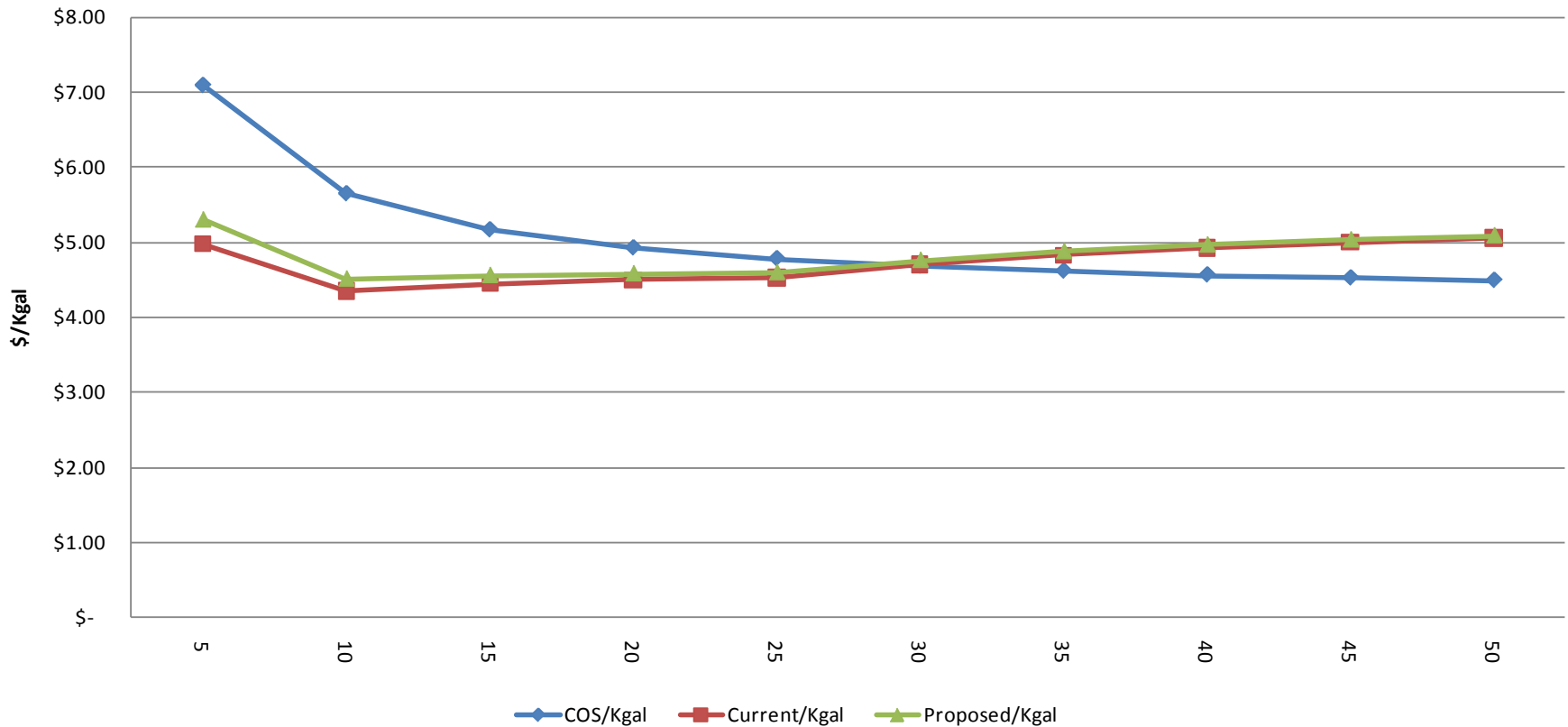
Usage (Kgal)	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	COS Rate/kGal	Current Rate/kGal	Proposed Rate/kGal	Change/Kgal
1	\$ 15.12	\$ 9.22	\$ 10.82	\$ 1.60	\$ 0.05	\$ 15.12	\$ 9.22	\$ 10.82	\$ 1.60
3	\$ 23.67	\$ 20.82	\$ 22.42	\$ 1.60	\$ 0.05	\$ 7.89	\$ 6.94	\$ 7.47	\$ 0.53
5	\$ 32.23	\$ 32.42	\$ 34.02	\$ 1.60	\$ 0.05	\$ 6.45	\$ 6.48	\$ 6.80	\$ 0.32
7	\$ 40.78	\$ 44.02	\$ 45.62	\$ 1.60	\$ 0.05	\$ 5.83	\$ 6.29	\$ 6.52	\$ 0.23
9	\$ 49.34	\$ 55.62	\$ 57.22	\$ 1.60	\$ 0.05	\$ 5.48	\$ 6.18	\$ 6.36	\$ 0.18
12	\$ 62.17	\$ 74.18	\$ 75.78	\$ 1.60	\$ 0.05	\$ 5.18	\$ 6.18	\$ 6.32	\$ 0.13
15	\$ 75.00	\$ 93.32	\$ 94.92	\$ 1.60	\$ 0.05	\$ 5.00	\$ 6.22	\$ 6.33	\$ 0.11
20	\$ 96.39	\$ 125.22	\$ 126.82	\$ 1.60	\$ 0.05	\$ 4.82	\$ 6.26	\$ 6.34	\$ 0.08
30	\$ 139.17	\$ 191.92	\$ 193.52	\$ 1.60	\$ 0.05	\$ 4.64	\$ 6.40	\$ 6.45	\$ 0.05
40	\$ 181.94	\$ 261.52	\$ 263.12	\$ 1.60	\$ 0.05	\$ 4.55	\$ 6.54	\$ 6.58	\$ 0.04
Average Usage		6,976							

Proposed Increase in Customer Revenue	\$ 44,088
Proposed Increase in Usage Revenue	\$ -
Proposed Increase in Revenue	<u>\$ 44,088</u>

Water Rate Change - Com-Inside

	Cost of Service	Current	Proposed	Difference
Availability Charge (1,000 Gal)	\$ 14.46	\$ 10.01	\$ 11.61	\$ 1.60
Next 9,000 Gallons	\$ 4.20	\$ 3.72	\$ 3.72	\$ -
Next 15,000 Gallons		\$ 4.65	\$ 4.65	\$ -
All Additional		\$ 5.58	\$ 5.58	\$ -

Com Inside Cost Curve/Kgal



Water Rate Impacts (Com-Inside)

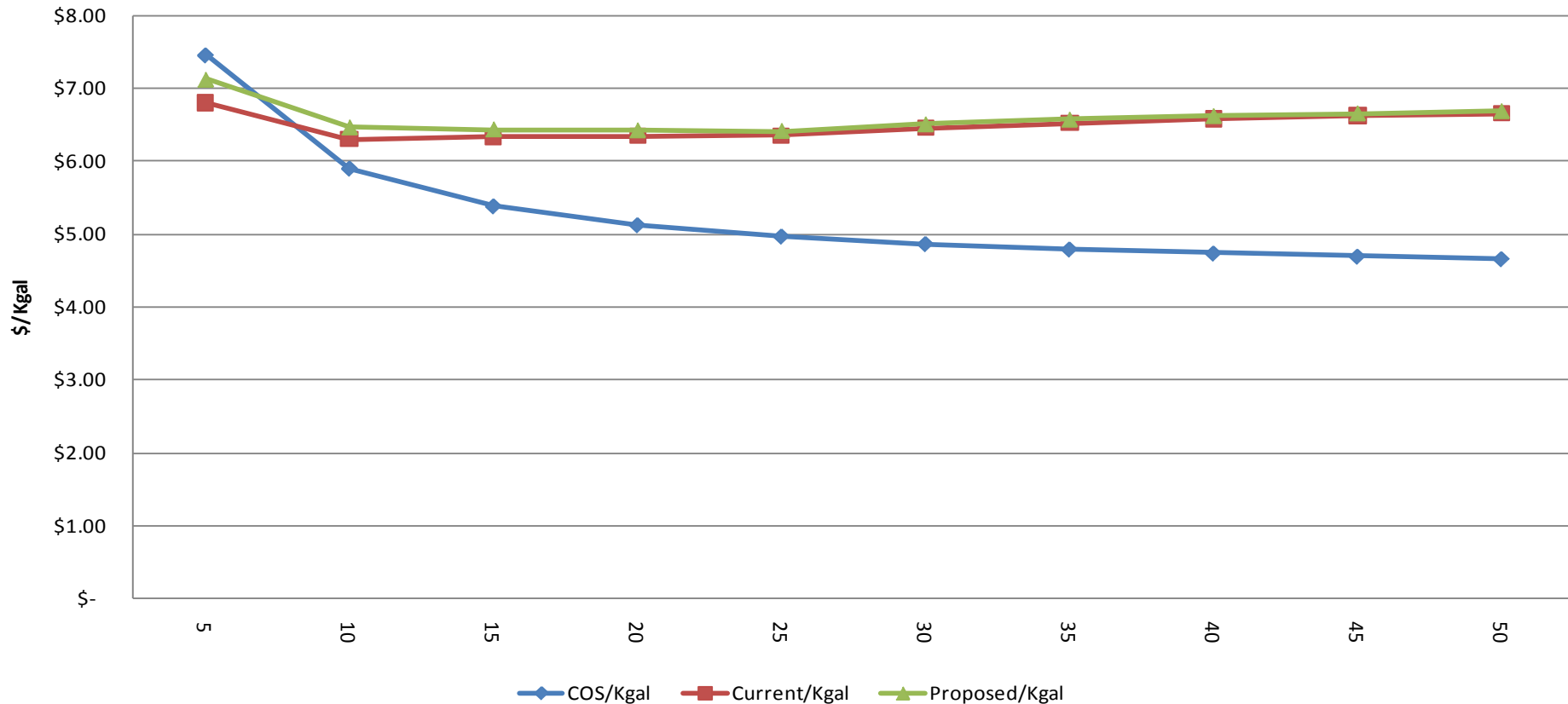
Usage (Kgal)	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	COS Rate/kGal	Current Rate/kGal	Proposed Rate/kGal	Change/kGal
5	\$ 35.45	\$ 24.89	\$ 26.49	\$ 1.60	\$ 0.05	\$ 7.09	\$ 4.98	\$ 5.30	\$ 0.32
10	\$ 56.44	\$ 43.49	\$ 45.09	\$ 1.60	\$ 0.05	\$ 5.64	\$ 4.35	\$ 4.51	\$ 0.16
15	\$ 77.42	\$ 66.74	\$ 68.34	\$ 1.60	\$ 0.05	\$ 5.16	\$ 4.45	\$ 4.56	\$ 0.11
20	\$ 98.41	\$ 89.99	\$ 91.59	\$ 1.60	\$ 0.05	\$ 4.92	\$ 4.50	\$ 4.58	\$ 0.08
25	\$ 119.40	\$ 113.24	\$ 114.84	\$ 1.60	\$ 0.05	\$ 4.78	\$ 4.53	\$ 4.59	\$ 0.06
30	\$ 140.38	\$ 141.14	\$ 142.74	\$ 1.60	\$ 0.05	\$ 4.68	\$ 4.70	\$ 4.76	\$ 0.05
35	\$ 161.37	\$ 169.04	\$ 170.64	\$ 1.60	\$ 0.05	\$ 4.61	\$ 4.83	\$ 4.88	\$ 0.05
40	\$ 182.36	\$ 196.94	\$ 198.54	\$ 1.60	\$ 0.05	\$ 4.56	\$ 4.92	\$ 4.96	\$ 0.04
45	\$ 203.34	\$ 224.84	\$ 226.44	\$ 1.60	\$ 0.05	\$ 4.52	\$ 5.00	\$ 5.03	\$ 0.04
50	\$ 224.33	\$ 252.74	\$ 254.34	\$ 1.60	\$ 0.05	\$ 4.49	\$ 5.05	\$ 5.09	\$ 0.03
Average Usage		23,948							

Proposed Increase in Customer Revenue	\$ 19,662
Proposed Increase in Usage Revenue	\$ -
Proposed Increase in Revenue	<u>\$ 19,662</u>

Water Rate Change - Com-Outside

	Cost of Service	Current	Proposed	Difference
Availability Charge (1,000 Gal)	\$ 15.54	\$ 10.81	\$ 12.41	\$ 1.60
Next 9,000 Gallons	\$ 4.35	\$ 5.80	\$ 5.80	\$ -
Next 15,000 Gallons		\$ 6.38	\$ 6.38	\$ -
All Additional		\$ 6.96	\$ 6.96	\$ -

Com Outside Cost Curve/Kgal



Water Rate Impacts (Com-Outside)

Usage (Kgal)	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	COS Rate/kGal	Current Rate/kGal	Proposed Rate/kGal	Change/kGal
5	\$ 37.29	\$ 34.01	\$ 35.61	\$ 1.60	\$ 0.05	\$ 7.46	\$ 6.80	\$ 7.12	\$ 0.32
10	\$ 59.04	\$ 63.01	\$ 64.61	\$ 1.60	\$ 0.05	\$ 5.90	\$ 6.30	\$ 6.46	\$ 0.16
15	\$ 80.79	\$ 94.91	\$ 96.51	\$ 1.60	\$ 0.05	\$ 5.39	\$ 6.33	\$ 6.43	\$ 0.11
20	\$ 102.54	\$ 126.81	\$ 128.41	\$ 1.60	\$ 0.05	\$ 5.13	\$ 6.34	\$ 6.42	\$ 0.08
25	\$ 124.29	\$ 158.71	\$ 160.31	\$ 1.60	\$ 0.05	\$ 4.97	\$ 6.35	\$ 6.41	\$ 0.06
30	\$ 146.05	\$ 193.51	\$ 195.11	\$ 1.60	\$ 0.05	\$ 4.87	\$ 6.45	\$ 6.50	\$ 0.05
35	\$ 167.80	\$ 228.31	\$ 229.91	\$ 1.60	\$ 0.05	\$ 4.79	\$ 6.52	\$ 6.57	\$ 0.05
40	\$ 189.55	\$ 263.11	\$ 264.71	\$ 1.60	\$ 0.05	\$ 4.74	\$ 6.58	\$ 6.62	\$ 0.04
45	\$ 211.30	\$ 297.91	\$ 299.51	\$ 1.60	\$ 0.05	\$ 4.70	\$ 6.62	\$ 6.66	\$ 0.04
50	\$ 233.05	\$ 332.71	\$ 334.31	\$ 1.60	\$ 0.05	\$ 4.66	\$ 6.65	\$ 6.69	\$ 0.03
Average Usage		26,169							

Proposed Increase in Customer Revenue	\$ 1,221
Proposed Increase in Usage Revenue	\$ -
Proposed Increase in Revenue	<u>\$ 1,221</u>



Water – Summary

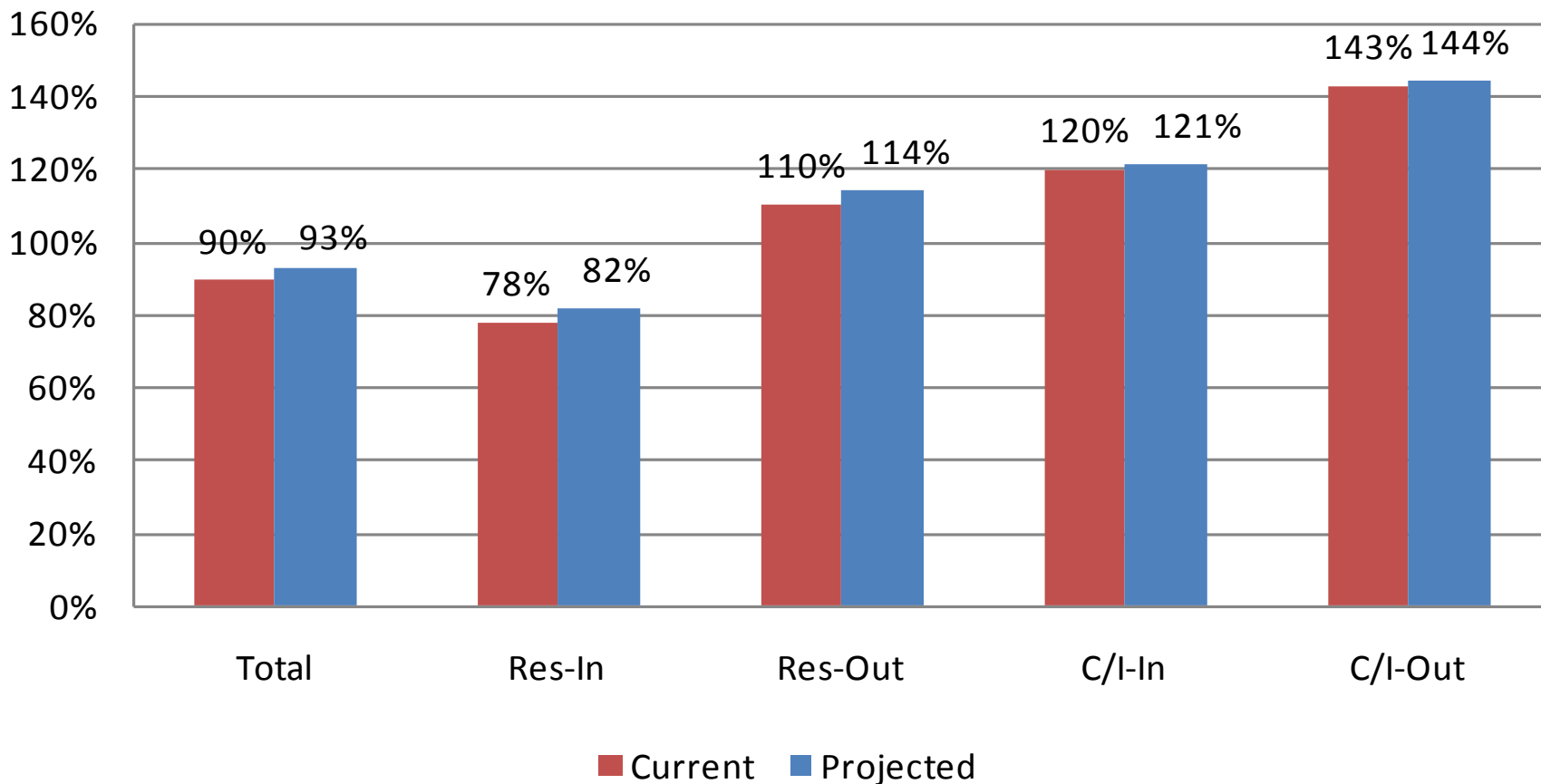


Rate Class	Additional Revenue
Residential - Inside	\$ 249,592
Residential - Outside	\$ 44,088
Com/Ind - Inside	\$ 19,662
Com/Ind - Outside	\$ 1,221
Total	<u>\$ 314,563</u>

Water – Projected Recovery



Water Projected Recovery



Wastewater Cost of Service

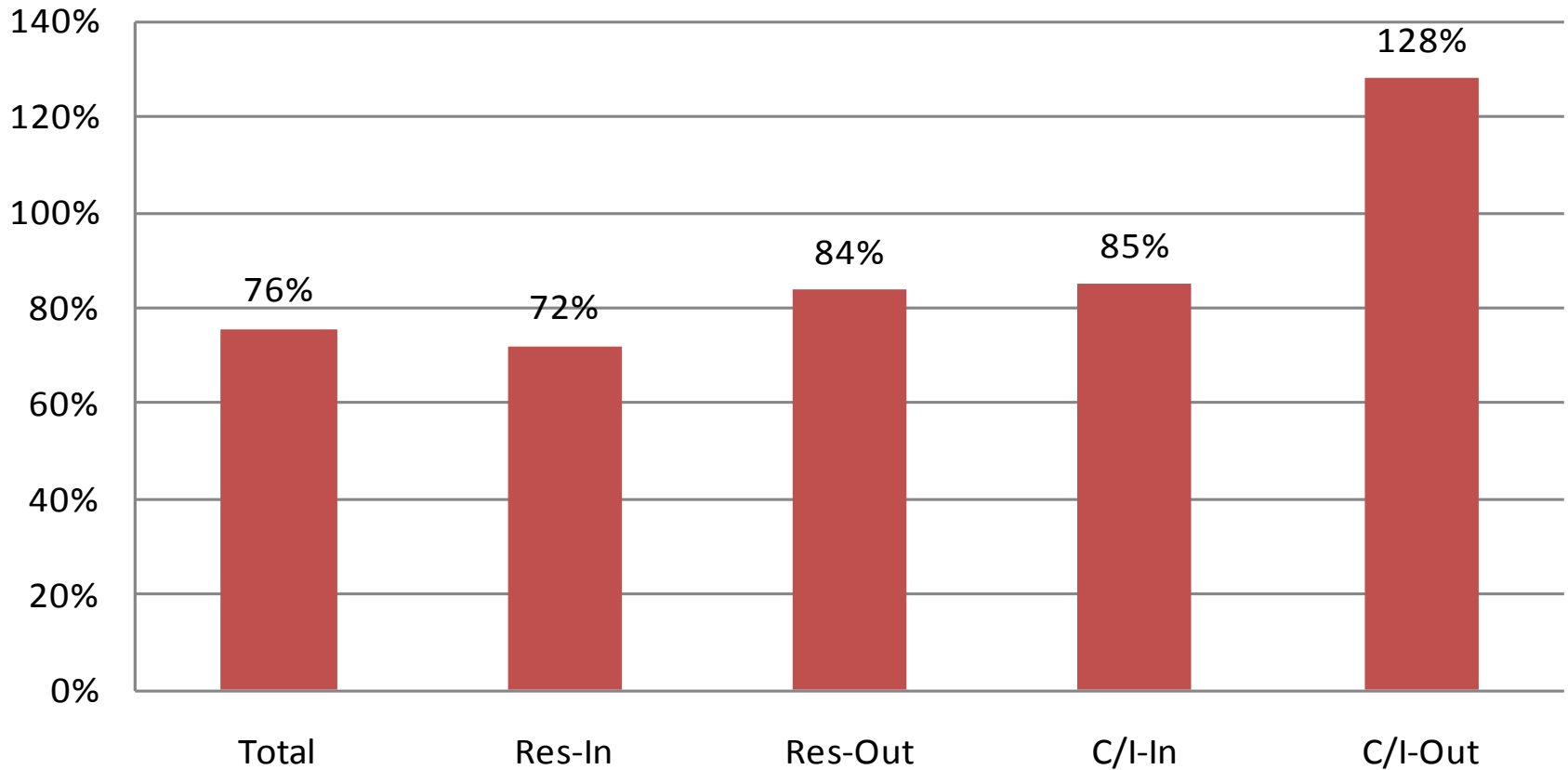
Test Year 12-Months Ending
June 2011 ProForma



Sewer Recovery by Class



Recovery by Rate Class





Results & Options - Wastewater

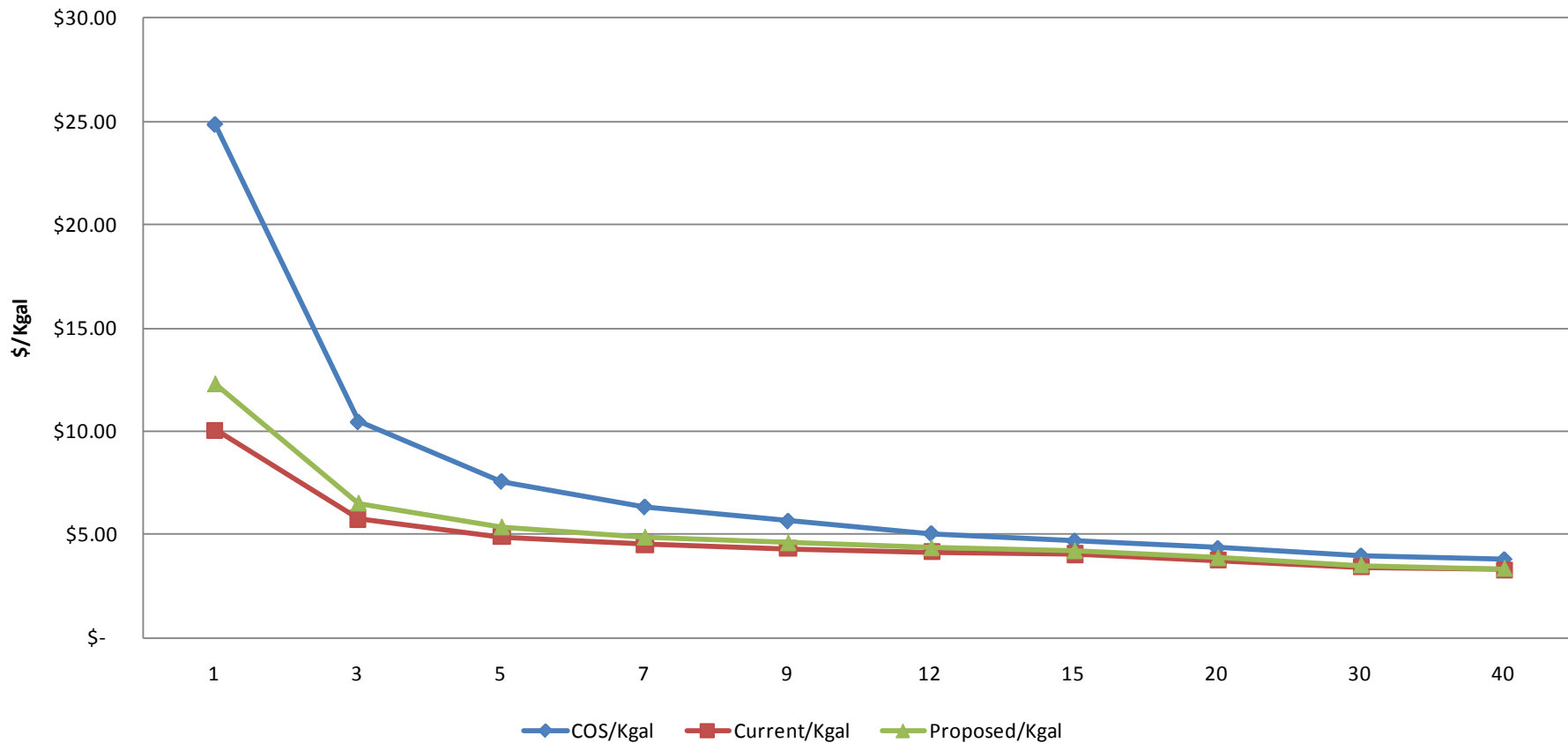


- Based on the 12-months ending June 2011, the City is projected to under-recover by approximately \$3,052,000
- As discussed at the meeting held on September 28th, in taking a measured 5 Year Approach, 7% annual rate increases should be enough to achieve revenue sufficiency for the water system. A 7% increase this year is approximately \$664,000.

Wastewater Rate Change - Res-Inside

	Cost of Service	Current	Proposed	Difference
Availability Charge (1,000 Gal)	\$ 21.56	\$ 10.05	\$ 12.30	\$ 2.25
Next 14,000 Gallons	\$ 3.26	\$ 3.61	\$ 3.61	\$ -
All Additional		\$ 2.82	\$ 2.82	\$ -

Res Inside Cost Curve/Kgal



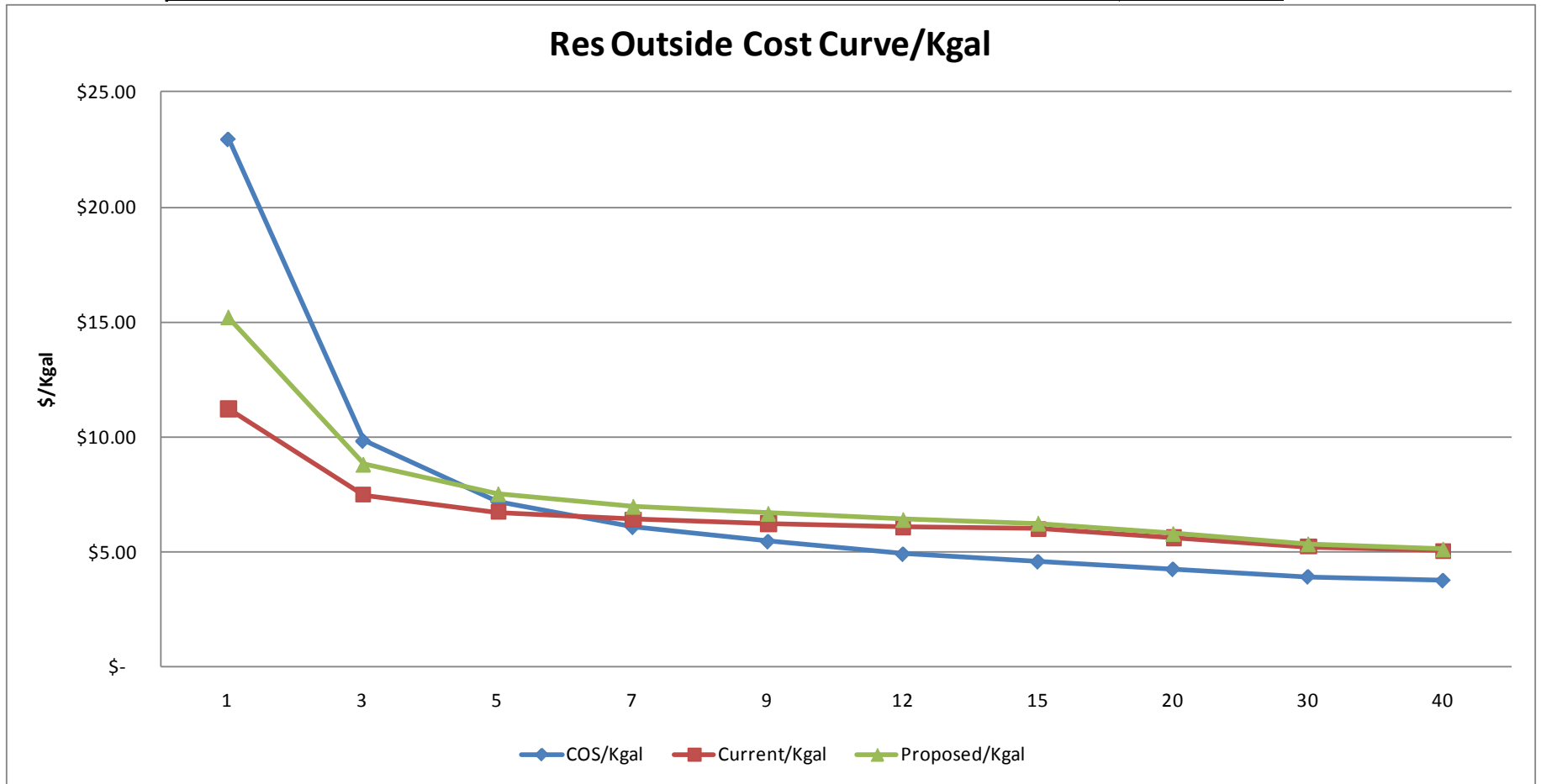
Wastewater Rate Impacts (Res-Inside)

Usage (Kgal)	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	COS Rate/kGal	Current Rate/kGal	Proposed Rate/kGal	Change/kGal
1	\$ 24.82	\$ 10.05	\$ 12.30	\$ 2.25	\$ 0.08	\$ 24.82	\$ 10.05	\$ 12.30	\$ 2.25
3	\$ 31.35	\$ 17.27	\$ 19.52	\$ 2.25	\$ 0.08	\$ 10.45	\$ 5.76	\$ 6.51	\$ 0.75
5	\$ 37.87	\$ 24.49	\$ 26.74	\$ 2.25	\$ 0.08	\$ 7.57	\$ 4.90	\$ 5.35	\$ 0.45
7	\$ 44.40	\$ 31.71	\$ 33.96	\$ 2.25	\$ 0.08	\$ 6.34	\$ 4.53	\$ 4.85	\$ 0.32
9	\$ 50.93	\$ 38.93	\$ 41.18	\$ 2.25	\$ 0.08	\$ 5.66	\$ 4.33	\$ 4.58	\$ 0.25
12	\$ 60.72	\$ 49.76	\$ 52.01	\$ 2.25	\$ 0.08	\$ 5.06	\$ 4.15	\$ 4.33	\$ 0.19
15	\$ 70.51	\$ 60.59	\$ 62.84	\$ 2.25	\$ 0.08	\$ 4.70	\$ 4.04	\$ 4.19	\$ 0.15
20	\$ 86.83	\$ 74.69	\$ 76.94	\$ 2.25	\$ 0.08	\$ 4.34	\$ 3.73	\$ 3.85	\$ 0.11
30	\$ 119.46	\$ 102.89	\$ 105.14	\$ 2.25	\$ 0.08	\$ 3.98	\$ 3.43	\$ 3.50	\$ 0.07
40	\$ 152.10	\$ 131.09	\$ 133.34	\$ 2.25	\$ 0.08	\$ 3.80	\$ 3.28	\$ 3.33	\$ 0.06
Average Usage		6,707							

Proposed Increase in Customer Revenue	\$ 484,490
Proposed Increase in Usage Revenue	\$ -
Proposed Increase in Revenue	<u>\$ 484,490</u>

Wastewater Rate Change - Res- Outside

	Cost of Service	Current	Proposed	Difference
Availability Charge (1,000 Gal)	\$ 19.68	\$ 11.21	\$ 15.21	\$ 4.00
Next 14,000 Gallons	\$ 3.26	\$ 5.62	\$ 5.62	\$ -
All Additional		\$ 4.47	\$ 4.47	\$ -



Wastewater Rate Impacts (Res-Outside)

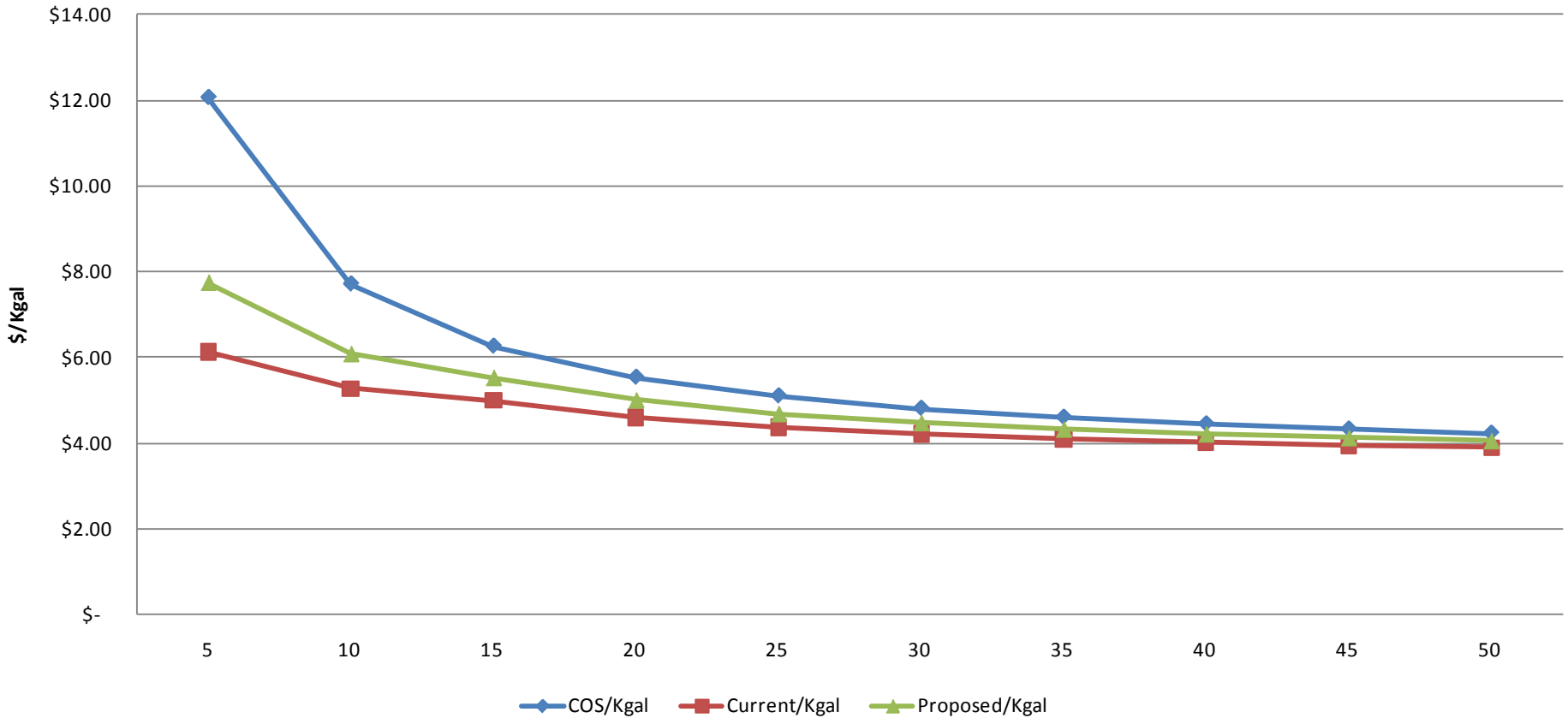
Usage (Kgal)	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	COS Rate/kGal	Current Rate/kGal	Proposed Rate/kGal	Change/ Kgal
1	\$ 22.94	\$ 11.21	\$ 15.21	\$ 4.00	\$ 0.13	\$ 22.94	\$ 11.21	\$ 15.21	\$ 4.00
3	\$ 29.47	\$ 22.45	\$ 26.45	\$ 4.00	\$ 0.13	\$ 9.82	\$ 7.48	\$ 8.82	\$ 1.33
5	\$ 36.00	\$ 33.69	\$ 37.69	\$ 4.00	\$ 0.13	\$ 7.20	\$ 6.74	\$ 7.54	\$ 0.80
7	\$ 42.52	\$ 44.93	\$ 48.93	\$ 4.00	\$ 0.13	\$ 6.07	\$ 6.42	\$ 6.99	\$ 0.57
9	\$ 49.05	\$ 56.17	\$ 60.17	\$ 4.00	\$ 0.13	\$ 5.45	\$ 6.24	\$ 6.69	\$ 0.44
12	\$ 58.84	\$ 73.03	\$ 77.03	\$ 4.00	\$ 0.13	\$ 4.90	\$ 6.09	\$ 6.42	\$ 0.33
15	\$ 68.63	\$ 89.89	\$ 93.89	\$ 4.00	\$ 0.13	\$ 4.58	\$ 5.99	\$ 6.26	\$ 0.27
20	\$ 84.95	\$ 112.24	\$ 116.24	\$ 4.00	\$ 0.13	\$ 4.25	\$ 5.61	\$ 5.81	\$ 0.20
30	\$ 117.58	\$ 156.94	\$ 160.94	\$ 4.00	\$ 0.13	\$ 3.92	\$ 5.23	\$ 5.36	\$ 0.13
40	\$ 150.22	\$ 201.64	\$ 205.64	\$ 4.00	\$ 0.13	\$ 3.76	\$ 5.04	\$ 5.14	\$ 0.10
Average Usage		3,686							

Proposed Increase in Customer Revenue	\$ 16,132
Proposed Increase in Usage Revenue	\$ -
Proposed Increase in Revenue	<u>\$ 16,132</u>

Wastewater Rate Change – Com-Inside

	Cost of Service	Current	Proposed	Difference
Availability Charge (1,000 Gal)	\$ 43.52	\$ 13.00	\$ 21.00	\$ 8.00
Next 14,000 Gallons	\$ 3.35	\$ 4.42	\$ 4.42	\$ -
All Additional		\$ 3.43	\$ 3.43	\$ -

Com Inside Cost Curve/Kgal



Wastewater Rate Impacts (Com-Inside)

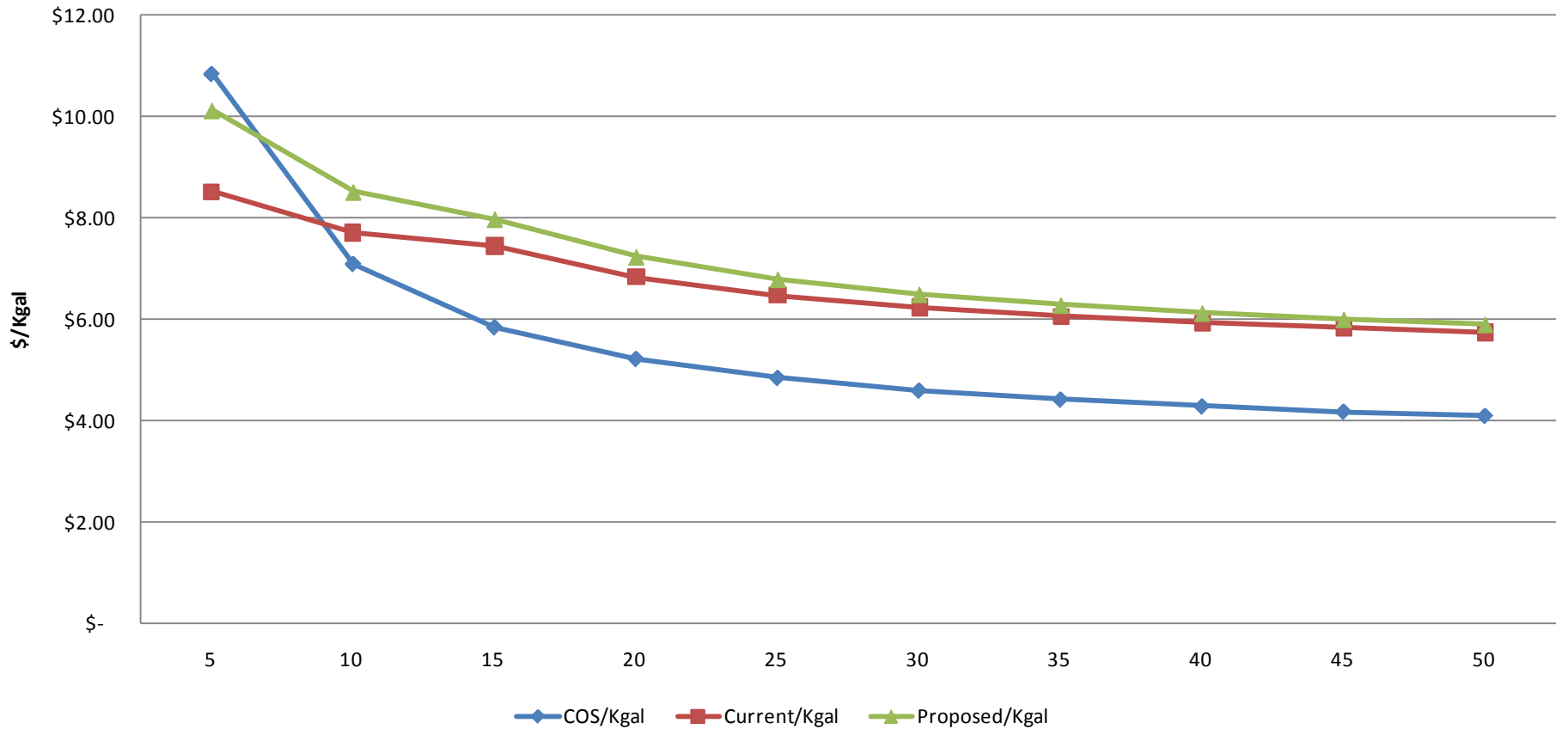
Usage (Kgal)	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	COS Rate/kGal	Current Rate/kGal	Proposed Rate/kGal	Change/kGal
5	\$ 60.30	\$ 30.68	\$ 38.68	\$ 8.00	\$ 0.27	\$ 12.06	\$ 6.14	\$ 7.74	\$ 1.60
10	\$ 77.07	\$ 52.78	\$ 60.78	\$ 8.00	\$ 0.27	\$ 7.71	\$ 5.28	\$ 6.08	\$ 0.80
15	\$ 93.85	\$ 74.88	\$ 82.88	\$ 8.00	\$ 0.27	\$ 6.26	\$ 4.99	\$ 5.53	\$ 0.53
20	\$ 110.62	\$ 92.03	\$ 100.03	\$ 8.00	\$ 0.27	\$ 5.53	\$ 4.60	\$ 5.00	\$ 0.40
25	\$ 127.40	\$ 109.18	\$ 117.18	\$ 8.00	\$ 0.27	\$ 5.10	\$ 4.37	\$ 4.69	\$ 0.32
30	\$ 144.17	\$ 126.33	\$ 134.33	\$ 8.00	\$ 0.27	\$ 4.81	\$ 4.21	\$ 4.48	\$ 0.27
35	\$ 160.95	\$ 143.48	\$ 151.48	\$ 8.00	\$ 0.27	\$ 4.60	\$ 4.10	\$ 4.33	\$ 0.23
40	\$ 177.72	\$ 160.63	\$ 168.63	\$ 8.00	\$ 0.27	\$ 4.44	\$ 4.02	\$ 4.22	\$ 0.20
45	\$ 194.50	\$ 177.78	\$ 185.78	\$ 8.00	\$ 0.27	\$ 4.32	\$ 3.95	\$ 4.13	\$ 0.18
50	\$ 211.27	\$ 194.93	\$ 202.93	\$ 8.00	\$ 0.27	\$ 4.23	\$ 3.90	\$ 4.06	\$ 0.16
Average Usage		40,923							

Proposed Increase in Customer Revenue	\$ 130,248
Proposed Increase in Usage Revenue	\$ -
Proposed Increase in Revenue	<u>\$ 130,248</u>

Wastewater Rate Change – Com-Outside

	Cost of Service	Current	Proposed	Difference
Availability Charge (1,000 Gal)	\$ 37.46	\$ 15.00	\$ 23.00	\$ 8.00
Next 14,000 Gallons	\$ 3.35	\$ 6.91	\$ 6.91	\$ -
All Additional		\$ 5.02	\$ 5.02	\$ -

Cost Curve/Kgal



Wastewater Rate Impacts (Com-Outside)

Usage (Kgal)	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	COS Rate/kGal	Current Rate/kGal	Proposed Rate/kGal	Change/Kgal
5	\$ 54.24	\$ 42.64	\$ 50.64	\$ 8.00	\$ 0.27	\$ 10.85	\$ 8.53	\$ 10.13	\$ 1.60
10	\$ 71.01	\$ 77.19	\$ 85.19	\$ 8.00	\$ 0.27	\$ 7.10	\$ 7.72	\$ 8.52	\$ 0.80
15	\$ 87.79	\$ 111.74	\$ 119.74	\$ 8.00	\$ 0.27	\$ 5.85	\$ 7.45	\$ 7.98	\$ 0.53
20	\$ 104.56	\$ 136.84	\$ 144.84	\$ 8.00	\$ 0.27	\$ 5.23	\$ 6.84	\$ 7.24	\$ 0.40
25	\$ 121.34	\$ 161.94	\$ 169.94	\$ 8.00	\$ 0.27	\$ 4.85	\$ 6.48	\$ 6.80	\$ 0.32
30	\$ 138.11	\$ 187.04	\$ 195.04	\$ 8.00	\$ 0.27	\$ 4.60	\$ 6.23	\$ 6.50	\$ 0.27
35	\$ 154.89	\$ 212.14	\$ 220.14	\$ 8.00	\$ 0.27	\$ 4.43	\$ 6.06	\$ 6.29	\$ 0.23
40	\$ 171.66	\$ 237.24	\$ 245.24	\$ 8.00	\$ 0.27	\$ 4.29	\$ 5.93	\$ 6.13	\$ 0.20
45	\$ 188.44	\$ 262.34	\$ 270.34	\$ 8.00	\$ 0.27	\$ 4.19	\$ 5.83	\$ 6.01	\$ 0.18
50	\$ 205.21	\$ 287.44	\$ 295.44	\$ 8.00	\$ 0.27	\$ 4.10	\$ 5.75	\$ 5.91	\$ 0.16
Average Usage		31,436							

Proposed Increase in Customer Revenue	\$ 6,472
Proposed Increase in Usage Revenue	\$ -
Proposed Increase in Revenue	<u>\$ 6,472</u>



Wastewater – Summary



Rate Class	Additional Revenue
Res - Inside	\$ 484,490
Res - Outside	\$ 16,132
Com/Ind - Inside	\$ 130,248
Com/Ind - Outside	\$ 6,472
Total	<u>\$ 637,342</u>

Wastewater Projected Recovery

