NIPOMO COMMUNITY SERVICES DISTRICT

Water and Wastewater Rate
Study Update

November 2000

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INTRODUCTION

INTRODUCTION

Maintaining an adequate level of revenue, which is collected equitably from all classes of customers using utility services, is a major responsibility of water and wastewater utility management.

Demonstrating its commitment to efficient and equitable managerial practices, the Nipomo Community Services District ("District") commissioned Perry R. Louck, Certified Public Accountant, to update its water and wastewater rate study completed in March of 1996. One of the more significant recommendations of the 1996 study was the completion of a replacement cost study. The recommended study would determine the timing and cost requirements of aging facility replacement. The District engaged Boyle Engineering Corporation to perform the replacement study, which was completed in January of 2000. The "Water and Sewer Replacement Study" provided the cost data that could now be integrated into the District's revenue plan.

The plan update includes an analyses of water and wastewater operating rates and charges for the Town and Black Lake Divisions. The intent of this plan update is to assess the District's revenue requirements and provide an independent evaluation of the equity of the charge structure. A proposed rate structure that enables the District to meet revenue requirements, provide for replacement of aging facilities, and to maintain fairness and equity among ratepayers is recommended.

BACKGROUND

The District is located along Highway 101 in the Southern portion of San Luis Obispo County, California and is situated between the cities of San Francisco and Los Angeles.

The District provides water and sewer services to an unincorporated area of San Luis Obispo County. The primary service areas of the District are known as the Nipomo Town division and the Black Lake division. The District provides both water and sewer services to the two divisions.

The District currently bills customers once every two months on a bi-monthly basis. All rates, fees, and allotments computed in the study are shown on a monthly basis and current bi-monthly rates were adjusted to a monthly basis for comparison purposes.

FOREWARD

FOREWORD

The plan update was approached in two phases. Phase one of the study calculated the revenue coverage of the current rate structures exclusive of replacement costs. During this phase all variable, or water commodity rates, were calculated based upon 100% recovery of variable costs while all fixed monthly rates were calculated based upon 100% recovery of fixed costs. Phase two of the plan update integrated and calculated the annual replacement requirement and integrated this cost into the appropriate rates and charges. This phase included meetings with the Rate review committee whose members recommended the integration of the annual replacement requirement at 100% over a five-year period. The integration of the annual replacement requirement in the water rates was phased in over a five-year period.

As with the Water Rate Study, the sewer operating rate portion of the study calculates the recommended monthly sewer rates necessary to recover sewer operating costs from the two sewer divisions and replacement costs at 100%. All sewer rates calculated under this study are fixed based upon the number of dwelling unit equivalents (DUE's) being served. The integration of the annual replacement requirement in the sewer rates was phased in over a five-year period.

POLICY DECISIONS AFFECTING RATES

POLICY DECISIONS AFFECTING RATES

CASH RESERVES

The study evaluates the appropriate level of cash reserves for each of the operating divisions. The appropriate level of cash reserves for various types of operations is dependent on a number of factors, as follows:

1 - The ratio of fixed-to-variable revenue coverage when compared to fixed *and* variable expenses;

2 - The volatility of sales volumes;

3 - The contribution margin of additional sales revenue; and

4 - The volatility of costs from year to year.

After evaluating the factors impacting reserve requirements for the District, it was determined that the water reserves should be set at 50% (six months) of variable operating costs. Variable operating costs were chosen as the reserve requirement target for the water divisions because fixed operating costs tend to be less volatile and are recovered in the study with fixed revenues. Variable costs, however, tend to be more volatile and variable revenues are impacted by the volatility of water sales.

The wastewater divisions reserve targets were determined at 25%, or four months of operating costs, net of the depreciation reserve requirements. The reserve requirements for the wastewater divisions are lower than those required for the water divisions, because the majority of costs relating to wastewater treatment are fixed in nature and are, therefore, less volatile than variable costs. In addition, wastewater plants tend to gain economies of scale as customers are added and experience less cost volatility than water operations.

GENERAL FUND BALANCES

DIVISION	REQUIRED BALANCE	BALANCE
TOWN WATER	$304,162	$419,499
BLACK LAKE WATER	$61,679	$667,359
TOWN SEWER	$130,000	$652,744
BLACK LAKE SEWER	$55,167	$24,653

DEPRECIATION RECOVERY

Setting aside replacement reserves for aging facilities is of particular importance to water and wastewater utilities because of the relatively large investment in utility plant required to provide service. Depreciation of utility plant assets is an economic fact that must be given explicit and systematic recognition as a cost of rendering service. A failure to adequately fund the replacement of utility assets over their useful life will result in substantial financing requirements in the future.

A lack of adequate funding for utility plant replacement is, in fact, a form of deficit spending because depreciation costs relating to current sales revenues will be financed with future debt to be paid for by future customers. The need for adequate replacement funding requires that the use of replacement reserves be restricted and utilized only for the replacement of aging facilities.

The Town Water division is currently funding $154,000 or 39% of its annual replacement requirement. The study recommends funding replacement at 100%. Replacement funding was increased over the five-year life of the study to achieve 100% coverage of $350,000 by the fiscal year ending June 30, 2006.

The Town Sewer division is currently funding $100,000 or 40% of its annual replacement requirement. The study recommends funding replacement at 100%. Replacement funding was increased over the five-year life of the study to achieve 100% coverage of $250,000 by the fiscal year ending June 30, 2006. In order to minimize the impact of the replacement funding requirement on rates, the General Fund reserve requirements were compared to the actual reserve balance. During this review with the Rate Setting Committee, it was recommended that a transfer of $400,000 from the Town Sewer General Fund reserve be made to the replacement fund reserve so that the impact of replacement funding on rates and charges would be minimized.

The Black Lake Water division is currently funding $27,000 or 54% of its annual replacement requirement. The study recommends funding replacement at 100%. Replacement funding was increased over the five-year life of the study to achieve 100% coverage of $50,000 by the fiscal year ending June 30, 2006. In order to minimize the impact of the replacement funding requirement on rates, the General Fund reserve requirements were compared to the actual reserve balance. During this review with the Rate Setting Committee, it was recommended that a transfer of $400,000 from the Black Lake General Fund reserve be made to the replacement fund reserve so that the impact of replacement funding on rates and charges would be minimized. As a result of the General Fund transfer, the replacement requirement was reduced to $20,000 per year.

The Black Lake Sewer division is currently funding $9,000 or 26% of it's annual replacement requirement. The study recommends funding replacement at 100%, therefore; funding was increased over the five-year life of the study to achieve 100% coverage of $34,000 by the fiscal year ending June 30, 2006. There were inadequate general fund reserves available to help mitigate the annual replacement reserve requirement for this division.

REPLACEMENT ANALYSIS

DIVISION	CURRENT	REQUIRED	% OF REQ.
TOWN WTR	$154,000	$350,000	44%
BLACK LK WTR	$27,000	$50,000	54%
TOWN SWR	$100,000	$250,000	40%
BLACK LK SWR	$9,000	$35,000	26%

CURRENT RATE STRUCTURE

CURRENT RATE STRUCTURE

The District's current water rate structure includes both a commodity and fixed monthly rate. The water commodity rate structure is ascending in nature and is broken down into blocks as follows:

TOWN WATER DIVISION

COMMODITY RATES - PER MONTH

Block 1	0 - 20 HCF @ $.80
Block 2	20+ HCF @ $1.15

FIXED MONTHLY RATES

WATER - BY METER SIZE

5/8 to 1 inch	8.75
1-1/2 inch	18.00
2 inch	25.00
3 inch	35.00
4 inch	50.00
6 inch	82.50

MONTHLY SEWER RATES

SEWER - PER DUE

NIPOMO	$18.00

BLACK LAKE WATER DIVISION

COMMODITY RATES - PER MONTH

Block 1	0 - 20 HCF @ $.75
Block 2	20+ HCF @ $1.15

FIXED MONTHLY RATES

WATER - BY METER SIZE

5/8 to 1 inch	$ 6.50
1-1/2 inch	15.00
2 inch	21.00
3 inch	30.00
4 inch	45.00
6 inch	75.00

MONTHLY SEWER RATES

SEWER - PER DUE

BLACK LAKE	$21.50

This study examines and evaluates the current rate structure and proposes possible changes.

CURRENT RATE ANALYSIS

CURRENT RATE ANALYSIS

WATER DIVISIONS

Nipomo Town Water Division

The total rate revenue required to recover total operating costs for this water division for the fiscal year ending June 30, 2001 is **$1,105,792**. This amount includes **$350,000** to achieve 100% replacement funding. The projected revenue under current rates, assuming water sales of 642,743 hundred cubic feet (hcf) is **$636,315**, and the projected fixed meter revenue is **$205,854**. The combined fixed and variable revenue is estimated at **$842,169** creating an operating ***deficit*** of **$263,623**.

Black Lake Division

The total rate revenue required to recover total operating costs for this water division for the fiscal year ending June 30, 2001 is **$156,252**. This amount includes **$20,000** to achieve 100% replacement funding. The projected revenue under current rates, assuming water sales of 127,000 hcf is **$125,730**, and the projected fixed meter revenue is **$49,740**. The combined fixed and variable revenue is estimated at **$175,470** creating an operating surplus of **$19,218**. Although there is an operating surplus projected for the 1999-2000 fiscal year, total rate requirements will increase to **$178,506** by the 2005/2006 fiscal year. The surplus from the current year will be used to replenish the General Fund reserve that was depleted by $400,000 to offset replacement funding requirements.

WASTEWATER DIVISIONS

The **Nipomo wastewater division** has a current revenue requirement of **$480,045**, which includes replacement funding at 100% or **$250,000**. Revenues at current rates are projected at **$424,320**, creating a projected operating ***deficit*** of **$55,725**.

The Black Lake wastewater division revenue requirement is **$144,333**, which includes replacement funding at 100% or **$34,000**. Revenues are projected at **$105,600** creating a projected operating deficit of **$38,733**.

The current rate structure for the Town Water, Town Sewer and Black Lake Sewer divisions do not provide for 100% of cost recovery. If the current rates are not adjusted to reflect the true cost of service, the district will be forced to deplete operating reserves and obtain operating capital from outside sources or borrow from its capital and replacement reserves.

WATER DIVISIONS RATE ANALYSIS

WATER REVENUE REQUIREMENT AND COST ALLOCATION ANALYSIS

This chapter identifies revenues that must be raised from water rate payers and allocates the requirements into cost categories.

The purpose of the rate analysis is to develop rates that generate sufficient revenues to cover all expenditures needed to operate, maintain, and administer the water and sewer utility and that equitably reflect the costs imposed by the customer on the system. A well-designed analysis will balance the needs above and, at the same time, create a rate structure that encourages the furtherance of the District's operating goals and objectives.

WATER AND CAPACITY RATE ANALYSIS

The 2000-2001 budgets were adjusted to facilitate 100% replacement funding. The 2000-2001 budgets also include $114,667 for special litigation costs relating to water rights litigation. Due to the uncertainty of this litigation, these amounts were included in the operating costs over the five-year study period.

Next, the operating costs of the District's Water Divisions were broken down between their fixed and variable components. These components are defined as the commodity or variable component, and the fixed or capacity component. The fixed and variable analysis is critical to the effectiveness of the rate plan due to the nature of fixed and variable costs. Fixed costs are costs that do not vary with the amount of water sold, as opposed to variable costs, which change in direct proportion to the quantity of water sold. Examples of variable costs would be utilities related to well pumping, certain maintenance functions, and chemicals.

The third step of the analysis projects the operating costs over the five-year study period. Costs were estimated to inflate by three percent per year over the next five years. As a part of this third step, general and administration costs were allocated between fixed and variable costs based upon their relative percentage to all other operating costs.

The fourth step in the analysis was to determine the quantity of both the amount of water sold and the number of capacity units currently held by district customers. The capacity units represent each customers potential demand on the water system and is based upon meter size. These two quantities were then inflated for estimated growth.

Finally, the revenue requirements are divided by the water sales quantities and capacity units to determine the rates required for

100 percent cost recovery. These rates are titled "commodity" rate for the variable cost recovery and "capacity" rate for the fixed rate recovery. The justification for the capacity rate arises from the fact that the District must incur fixed costs in order to be prepared to meet the capacity demands placed on the system by the customers. These fixed costs vary directly with the various meter sizes and, therefore, follow the escalating capacity rates.

A summary of the rate requirements is as follows:

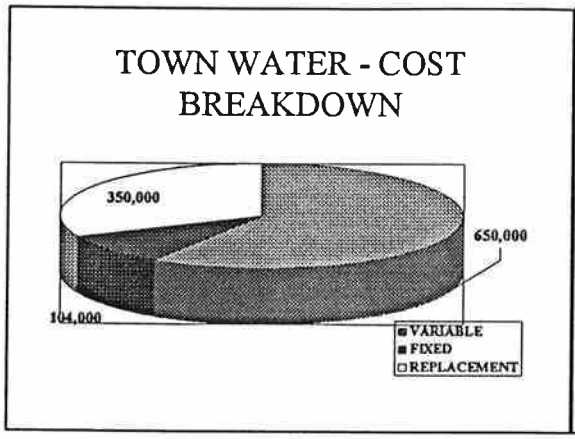
Town Water Division

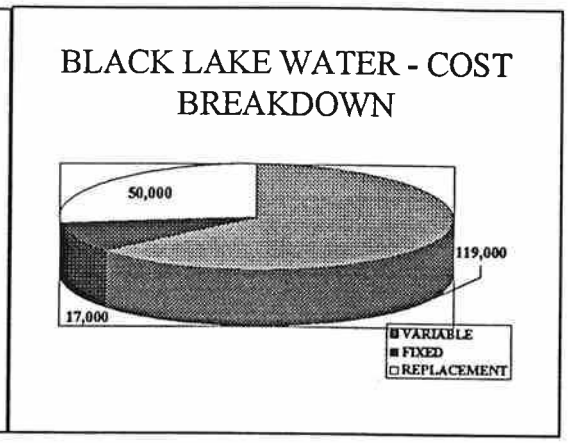
COMMODITY RATES	2001 (OLD)	2001 (NEW)	2002	2003	2004	2005	2006
0 - 20 hcf	.80	.85	.90	.95	1.00	1.05	1.10
% Increase		6.25%	5.8%	5.6%	5.3%	5.0%	4.8%
20+ hcf	1.15	1.24	1.33	1.42	1.51	1.60	1.68
% Increase		7.8%	7.2%	6.8%	6.3%	5.9%	5.0%

MONTHLY CAPACITY CHARGE BY METER SIZE						
Meter Size	2001	2002	2003	2004	2005	2006
5/8 & 3/4"	8.75	8.75	8.75	8.75	8.75	8.75
1 Inch	8.75	8.75	8.75	8.75	8.75	8.75
1-1/2 Inch *	18.00	18.90	19.85	20.83	21.15	21.15
2 INCH *	25.00	26.25	27.56	28.94	30.38	31.91
3 INCH *	35.00	36.75	38.58	40.51	42.54	44.67

*** Although the analysis demonstrates justification for raising the monthly meter fee for sizes 1 ½ inch and greater by up to 60%, it is recommended that these fee increases be held at 5% per year.**

As is demonstrated in the table above, the commodity rate increases appear reasonable when compared to the current rates and inflation.





Black Lake Water Division

COMMODITY RATES	2001 (OLD)	2001 (NEW)	2002	2003	2004	2005	2006
0 - 20 hcf	.75	.75	.75	.75	.75	.75	.75
% Increase		0%	0%	0%	0%	0%	0%
20+ hcf	1.15	1.15	1.15	1.15	1.15	1.15	1.15
% Increase		0%	0%	0%	0%	0%	0%

MONTHLY CAPACITY CHARGE BY METER SIZE						
Meter Size	2001	2002	2003	2004	2005	2006
5/8 & 3/4" *	6.50	6.50	6.50	6.50	6.50	6.50
1 Inch *	6.50	6.50	6.50	6.50	6.50	6.50
1-1/2 Inch *	15.00	15.00	15.00	15.00	15.00	15.00
2 INCH *	21.00	21.00	21.00	21.00	21.00	21.00
3 INCH *	30.00	30.00	30.00	30.00	30.00	30.00

* Although the analysis demonstrates justification for raising the monthly meter fees 7% per annum, it is recommended that the fee be held at the current level and re-evaluated in five years.

SEWER DIVISIONS RATE ANALYSIS

WASTEWATER RATE ANALYSIS

This chapter identifies revenue requirements for the Town and Black Lake sewer divisions.

The purpose of the wastewater rate analysis is to develop rates that generate sufficient revenues to cover all expenditures needed to operate, maintain, and administer the sewer utility, and that equitably reflect the costs imposed by the customer on the system.

The sewer rate analysis is simpler than that required for the water system due to the fact that the costs of operating a sewer utility are basically fixed in nature. This eliminates the need for the fixed and variable cost component analysis.

Step one of this analysis consists of the projection of inflation factors as applied to the District's current sewer budgets. It is expected that the District's newly finished plant expansion, competed in June 2000, will not materially affect these projections on a DUE basis. Inflation was assumed at three percent per annum.

Step two of the analysis projected the growth of sewer DUE's for the Nipomo and Black Lake Sewer Divisions to be at 2.3% and 0%, respectively. The final step of the analysis was to divide the revenue requirements by the sewer DUE projections.

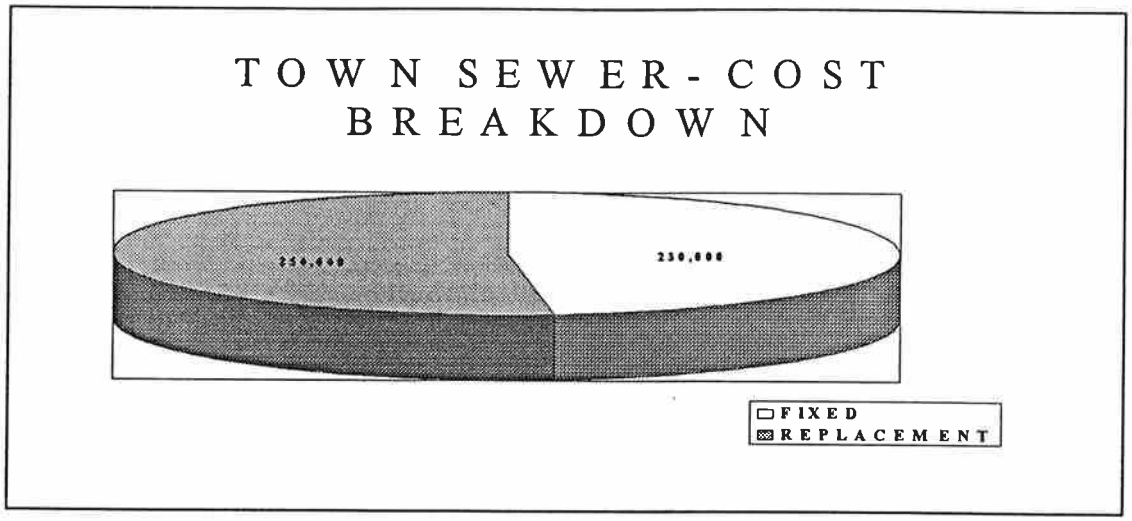
WASTEWATER RATE ANALYSIS RESULTS

NIPOMO DIVISION

As is demonstrated in the Nipomo division rate models located in Appendix B, the current rate of **$18** per DUE should be increased to **$18.48** by fiscal year 2005/2006. This equates to a 2.69% increase or less than 1% per year.

FIVE-YEAR RATE SCHEDULE MONTHLY RATE						
	2001 (OLD)	2002 (NEW)	2003	2004	2005	2006
PER DUE	18.00	18.18	18.26	18.33	18.41	18.48
% CHANGE	0.0%	1.00%	.88%	.38%	.43%	.38%

Since the required increase is less than 1% a year the District may wish to raise the rate by 1% for fiscal years 2001, 2003 and then 1% in fiscal year 2005.



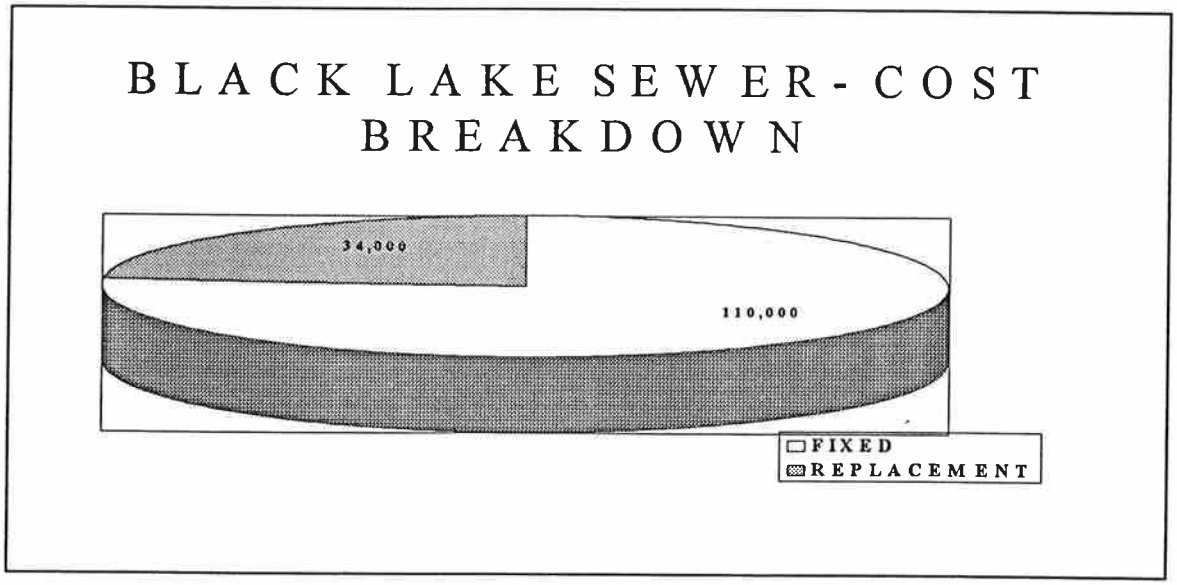
BLACK LAKE DIVISION

As is demonstrated in the Black Lake division models located in Appendix B, the current rate of **$21.50** per DUE should be increased to **$25.35** per DUE for the fiscal year ending 2005/2006. This equates to an 18% increase over the five-year period or 3.58% per year.

Replacement reserve requirements are the driving factor behind the required rate increase for this division. Currently this division is only funding $9,000 or 26% of it's replacement requirement. The annual replacement funding should be increased to $34,000 per year to achieve 100% replacement funding.

BLACK LAKE WASTEWATER RATE RECOMMENDATIONS

FIVE-YEAR RATE SCHEDULE MONTHLY RATE						
	2001 (OLD)	2002	2003	2004	2005	2006
PER DUE	21.50	22.25	23.00	23.75	24.50	25.35
% CHANGE		3.50%	3.40%	3.30%	3.10%	3.50%



APPENDIX A – WATER DIVISION MODELS

NIPOMO COMMUNITY SERVICES DISTRICT
WATER & CAPACITY RATE CALCULATIONS

TOWN DIVISION
REPLACEMENT %

	100%								
	FISCAL YEAR ENDING JUNE 30, 2001					FISCAL YEAR ENDING JUNE 30, 2002			
WATER DIVISION	TOTAL	COMMODITY %	COMMODITY	CAPACITY	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY
OPERATING COSTS		%					%		
CHEMICALS	$5,100	100.00%	$5,100	$0	3.00%	$5,253	100.00%	$5,253	$0
ENGINEERING	$10,000	50.00%	$5,000	$5,000	3.00%	$10,300	50.00%	$5,150	$5,150
EQUIPMENT RENTAL	$0	75.00%	$0	$0	3.00%	$0	75.00%	$0	$0
LAB TESTS & SUPPLIES	$8,800	75.00%	$6,600	$2,200	3.00%	$9,064	75.00%	$6,798	$2,266
OUTSIDE SERVICES	$14,500	75.00%	$10,875	$3,625	3.00%	$14,935	75.00%	$11,201	$3,734
OPERATING SUPPLIES	$19,000	75.00%	$14,250	$4,750	3.00%	$19,570	75.00%	$14,678	$4,893
PAGING EXPENSE	$0	75.00%	$0	$0	3.00%	$0	75.00%	$0	$0
PERMITS & OPERATING FEES	$7,200	75.00%	$5,400	$1,800	3.00%	$7,416	75.00%	$5,562	$1,854
R&M VEHICLES	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
R&M WATER	$40,000	75.00%	$30,000	$10,000	3.00%	$41,200	75.00%	$30,900	$10,300
SMALL TOOLS & SUPPLIES	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
UNDERGROUND NOTIFICATION	$480	0.00%	$0	$480	3.00%	$494	0.00%	$0	$494
UNIFORMS	$1,800	0.00%	$0	$1,800	3.00%	$1,854	0.00%	$0	$1,854
ELECTRICITY	$150,000	100.00%	$150,000	$0	3.00%	$154,500	100.00%	$154,500	$0
UTILITIES-GAS	$40,500	100.00%	$40,500	$0	3.00%	$41,715	100.00%	$41,715	$0
WAGES-MAINTENANCE	$82,225	75.00%	$61,669	$20,556	3.00%	$84,692	75.00%	$63,519	$21,173
WAGES-MAINTENANCE O.T.	$20,000	100.00%	$20,000	$0	3.00%	$20,600	100.00%	$20,600	$0
INTEREST EXPENSE	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
CONTINGENCY	$500	50.00%	$250	$250	3.00%	$515	50.00%	$258	$258
DEBT SERVICE	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
REPLACEMENT	$350,000	75.00%	$262,500	$87,500	3.00%	$360,500	75.00%	$270,375	$90,125
METER INSTALLATIONS	$17,000	100.00%	$17,000	$0	3.00%	$17,510	100.00%	$17,510	$0
LITIGATION CONTINGENCY	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
DEPRECIATION	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
FIXED ASSETS/CAPITAL OUTLAY	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
METER REPLACEMENT PROGRAM	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
SUB-TOTAL	$767,105		$629,144	$137,961		$790,118		$648,018	$142,100
SUB-TOTAL %	100.00%		82.02%	17.98%		100.00%		82.02%	17.98%
ALLOCATION OF G & A	$390,037		$319,890	$70,147	3.00%	$401,738		$329,487	$72,251
TOTAL COSTS	$1,157,142		$949,034	$208,108		$1,191,856		$977,505	$214,351
LESS OTHER REVENUE	($51,350)		($42,115)	($9,235)	3.00%	($52,891)		($43,378)	($9,512)
TOTAL TO BE RECOVERED	**$1,105,792**		**$906,919**	**$198,873**		**$1,138,966**		**$934,127**	**$204,839**
REVENUE			**$897,850**	**$198,873**					
WATER SALES - HUNDRED CUBIC FEET			***642,743***		2.30%			657,526	
CAPACITY UNITS				32,117	2.30%				32,855
UNIT COST			$1.4110	$6.19				$1.4207	$6.23
RESERVE - NET SOURCES AND USES									
RESERVE BALANCE			$419,499					$389,961	
% OF TOTAL VARIABLE COSTS			46.26%					41.75%	
DEPRECIATION AT 100%	$400,000					$420,000			
% RECOVERED	0.00%					0.00%		0.68%	0.68%

NIPOMO COMMUNITY SERVICES DISTRICT
WATER & CAPACITY RATE CALCULATIONS

TOWN DIVISION
REPLACEMENT %

WATER DIVISION	FISCAL YEAR ENDING JUNE 30, 2003					FISCAL YEAR ENDING JUNE 30, 2004				
OPERATING COSTS	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY
CHEMICALS			%					%		
ENGINEERING	3.00%	$5,411	100.00%	$5,411	$0	3.00%	$5,573	100.00%	$5,573	$0
EQUIPMENT RENTAL	3.00%	$10,609	50.00%	$5,305	$5,305	3.00%	$10,927	50.00%	$5,464	$5,464
LAB TESTS & SUPPLIES	3.00%	$0	75.00%	$0	$0	3.00%	$0	75.00%	$0	$0
OUTSIDE SERVICES	3.00%	$9,336	75.00%	$7,002	$2,334	3.00%	$9,616	75.00%	$7,212	$2,404
OPERATING SUPPLIES	3.00%	$15,383	75.00%	$11,537	$3,846	3.00%	$15,845	75.00%	$11,883	$3,961
PAGING EXPENSE	3.00%	$20,157	75.00%	$15,118	$5,039	3.00%	$20,762	75.00%	$15,571	$5,190
PERMITS & OPERATING FEES	3.00%	$0	75.00%	$0	$0	3.00%	$0	75.00%	$0	$0
R&M VEHICLES	3.00%	$7,638	75.00%	$5,729	$1,910	3.00%	$7,868	75.00%	$5,901	$1,967
R&M WATER	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
SMALL TOOLS & SUPPLIES	3.00%	$42,436	75.00%	$31,827	$10,609	3.00%	$43,709	75.00%	$32,782	$10,927
UNDERGROUND NOTIFICATION	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
UNIFORMS	3.00%	$509	0.00%	$0	$509	3.00%	$525	0.00%	$0	$525
ELECTRICITY	3.00%	$1,910	0.00%	$0	$1,910	3.00%	$1,967	0.00%	$0	$1,967
UTILITIES-GAS	3.00%	$159,135	100.00%	$159,135	$0	3.00%	$163,909	100.00%	$163,909	$0
WAGES-MAINTENANCE	3.00%	$42,966	100.00%	$42,966	$0	3.00%	$44,255	100.00%	$44,255	$0
WAGES-MAINTENANCE O.T.	3.00%	$87,233	75.00%	$65,424	$21,808	3.00%	$89,849	75.00%	$67,387	$22,462
INTEREST EXPENSE	3.00%	$21,218	100.00%	$21,218	$0	3.00%	$21,855	100.00%	$21,855	$0
CONTINGENCY	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
DEBT SERVICE	3.00%	$530	50.00%	$265	$265	3.00%	$546	50.00%	$273	$273
REPLACEMENT	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
METER INSTALLATIONS	3.00%	$371,315	75.00%	$278,486	$92,829	3.00%	$382,454	75.00%	$286,841	$95,614
LITIGATION CONTINGENCY	3.00%	$18,035	100.00%	$18,035	$0	3.00%	$18,576	100.00%	$18,576	$0
DEPRECIATION	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
FIXED ASSETS/CAPITAL OUTLAY	3.00%	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
METER REPLACEMENT PROGRAM	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
	3.00%	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
SUB-TOTAL		$813,822		$667,459	$146,363		$838,236		$687,482	$150,754
SUB-TOTAL %		100.00%		82.02%	17.98%		100.00%		82.02%	17.98%
ALLOCATION OF G & A	3.00%	$414,296		$339,786	$74,510	3.00%	$426,725		$349,980	$76,745
TOTAL COSTS		$1,228,118		$1,007,245	$220,873		$1,264,961		$1,037,462	$227,499
LESS OTHER REVENUE	3.00%	($54,477)		($44,680)	($9,798)	3.00%	($56,112)		($46,020)	($10,091)
TOTAL TO BE RECOVERED		**$1,173,641**		**$962,565**	**$211,075**		**$1,208,850**		**$991,442**	**$217,408**
REVENUE										
WATER SALES - HUNDRED CUBIC FEET	2.30%			672,649		2.30%			688,120	
CAPACITY UNITS	2.30%				33,611	2.30%				34,384
UNIT COST				$1.4310	$6.28				$1.4408	$6.32
RESERVE - NET SOURCES AND USES										
RESERVE BALANCE				$389,961					$389,961	
% OF TOTAL VARIABLE COSTS				40.51%					39.33%	
DEPRECIATION AT 100%		$441,000					$463,050			
% RECOVERED		0.00%		0.73%	0.73%		0.00%		0.68%	0.68%

NIPOMO COMMUNITY SERVICES DISTRICT
WATER & CAPACITY RATE CALCULATIONS

TOWN DIVISION
REPLACEMENT %

	FISCAL YEAR ENDING JUNE 30, 2005					FISCAL YEAR ENDING JUNE 30, 2006				
WATER DIVISION	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY
OPERATING COSTS			%					%		
CHEMICALS	3.00%	$5,740	100.00%	$5,740	$0	3.00%	$5,912	100.00%	$5,912	$0
ENGINEERING	3.00%	$11,255	50.00%	$5,628	$5,628	3.00%	$11,593	50.00%	$5,796	$5,796
EQUIPMENT RENTAL	3.00%	$0	75.00%	$0	$0	3.00%	$0	75.00%	$0	$0
LAB TESTS & SUPPLIES	3.00%	$9,904	75.00%	$7,428	$2,476	3.00%	$10,202	75.00%	$7,651	$2,550
OUTSIDE SERVICES	3.00%	$16,320	75.00%	$12,240	$4,080	3.00%	$16,809	75.00%	$12,607	$4,202
OPERATING SUPPLIES	3.00%	$21,385	75.00%	$16,039	$5,346	3.00%	$22,026	75.00%	$16,520	$5,507
PAGING EXPENSE	3.00%	$0	75.00%	$0	$0	3.00%	$0	75.00%	$0	$0
PERMITS & OPERATING FEES	3.00%	$8,104	75.00%	$6,078	$2,026	3.00%	$8,347	75.00%	$6,260	$2,087
R&M VEHICLES	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
R&M WATER	3.00%	$45,020	75.00%	$33,765	$11,255	3.00%	$46,371	75.00%	$34,778	$11,593
SMALL TOOLS & SUPPLIES	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
UNDERGROUND NOTIFICATION	3.00%	$540	0.00%	$0	$540	3.00%	$556	0.00%	$0	$556
UNIFORMS	3.00%	$2,026	0.00%	$0	$2,026	3.00%	$2,087	0.00%	$0	$2,087
ELECTRICITY	3.00%	$168,826	100.00%	$168,826	$0	3.00%	$173,891	100.00%	$173,891	$0
UTILITIES-GAS	3.00%	$45,583	100.00%	$45,583	$0	3.00%	$46,951	100.00%	$46,951	$0
WAGES-MAINTENANCE	3.00%	$92,545	75.00%	$69,409	$23,136	3.00%	$95,321	75.00%	$71,491	$23,830
WAGES-MAINTENANCE O.T.	3.00%	$22,510	100.00%	$22,510	$0	3.00%	$23,185	100.00%	$23,185	$0
INTEREST EXPENSE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
CONTINGENCY	3.00%	$563	50.00%	$281	$281	3.00%	$580	50.00%	$290	$290
DEBT SERVICE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
REPLACEMENT	3.00%	$393,928	75.00%	$295,446	$98,482	3.00%	$405,746	75.00%	$304,309	$101,436
METER INSTALLATIONS	3.00%	$19,134	100.00%	$19,134	$0	3.00%	$19,708	100.00%	$19,708	$0
LITIGATION CONTINGENCY	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
DEPRECIATION	3.00%	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
FIXED ASSETS/CAPITAL OUTLAY	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
METER REPLACEMENT PROGRAM	3.00%	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
SUB-TOTAL		$863,383		$708,107	$155,277		$889,285		$729,350	$159,935
SUB-TOTAL %		100.00%		82.02%	17.98%		100.00%		82.02%	17.98%
ALLOCATION OF G & A	3.00%	$439,527		$360,479	$79,047	3.00%	$452,713		$371,294	$81,419
TOTAL COSTS		$1,302,910		$1,068,586	$234,324		$1,341,998		$1,100,644	$241,354
LESS OTHER REVENUE	3.00%	($57,795)		($47,401)	($10,394)	3.00%	($59,529)		($48,823)	($10,706)
TOTAL TO BE RECOVERED		**$1,245,115**		**$1,021,186**	**$223,930**		**$1,282,469**		**$1,051,821**	**$230,648**
REVENUE										
WATER SALES - HUNDRED CUBIC FEET	2.30%			703,947		2.30%			720,137	
CAPACITY UNITS	2.30%				35,175	2.30%				35,984
UNIT COST				$1.4507	$6.37				$1.4606	$6.41
RESERVE - NET SOURCES AND USES										
RESERVE BALANCE				$389,961					$389,961	
% OF TOTAL VARIABLE COSTS				38.19%					37.07%	
DEPRECIATION AT 100%		$486,203					$510,513			
% RECOVERED		0.00%		0.68%	0.68%		0.00%		0.68%	0.68%

NIPOMO COMMUNITY SERVICES DISTRICT
WATER & CAPACITY RATE CALCULATIONS

BLACK LAKE WATER
REPLACEMENT % **100%**

	FISCAL YEAR ENDING JUNE 30, 2001					FISCAL YEAR ENDING JUNE 30, 2002			
WATER DIVISION	TOTAL	COMMODITY %	COMMODITY	CAPACITY	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY
OPERATING COSTS		%					%		
CHEMICALS	$1,500	100.00%	$1,500	$0	3.00%	$1,545	100.00%	$1,545	$0
ENGINEERING	$500	50.00%	$250	$250	3.00%	$515	50.00%	$258	$258
EQUIPMENT RENTAL	$0	75.00%	$0	$0	3.00%	$0	75.00%	$0	$0
LAB TESTS & SUPPLIES	$2,000	75.00%	$1,500	$500	3.00%	$2,060	75.00%	$1,545	$515
OUTSIDE SERVICES	$1,850	75.00%	$1,388	$463	3.00%	$1,906	75.00%	$1,429	$476
OPERATING SUPPLIES	$1,000	75.00%	$750	$250	3.00%	$1,030	75.00%	$773	$258
PAGING EXPENSE	$0	75.00%	$0	$0	3.00%	$0	75.00%	$0	$0
PERMITS & OPERATING FEES	$1,400	75.00%	$1,050	$350	3.00%	$1,442	75.00%	$1,082	$361
R&M VEHICLES	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
R&M WATER	$7,000	75.00%	$5,250	$1,750	3.00%	$7,210	75.00%	$5,408	$1,803
SMALL TOOLS & SUPPLIES	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
UNDERGROUND NOTIFICATION	$65	0.00%	$0	$65	3.00%	$67	0.00%	$0	$67
UNIFORMS	$240	0.00%	$0	$240	3.00%	$247	0.00%	$0	$247
ELECTRICITY	$50,000	100.00%	$50,000	$0	3.00%	$51,500	100.00%	$51,500	$0
UTILITIES-GAS	$60	100.00%	$60	$0	3.00%	$62	100.00%	$62	$0
WAGES-MAINTENANCE	$17,875	75.00%	$13,406	$4,469	3.00%	$18,411	75.00%	$13,808	$4,603
WAGES-MAINTENANCE O.T.	$4,000	100.00%	$4,000	$0	3.00%	$4,120	100.00%	$4,120	$0
INTEREST EXPENSE	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
CONTINGENCY	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
DEBT SERVICE	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
REPLACEMENT	$20,000	0.00%	$0	$20,000	0.00%	$20,000	0.00%	$0	$20,000
METER INSTALLATIONS	$2,000	100.00%	$2,000	$0	3.00%	$2,060	100.00%	$2,060	$0
CORRECTIVE MAINTENANCE	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
DEPRECIATION	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
FIXED ASSETS/CAPITAL OUTLAY	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
METER REPLACEMENT PROGRAM	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
SUB-TOTAL	$109,490		$81,154	$28,336		$112,175		$83,588	$28,586
SUB-TOTAL %	100.00%		74.12%	25.88%		100.00%		74.52%	25.48%
ALLOCATION OF G & A	$49,617		$36,776	$12,841	3.00%	$51,105		$38,082	$13,024
TOTAL COSTS	$159,107		$117,930	$41,177		$163,280		$121,670	$41,610
LESS OTHER REVENUE	($2,855)		($2,116)	($739)	3.00%	($2,941)		($2,191)	($749)
TOTAL TO BE RECOVERED	**$156,252**		**$115,813**	**$40,438**		**$160,339**		**$119,479**	**$40,860**
WATER SALES - HUNDRED CUBIC FEET			***127,000***		0.00%			127,000	
CAPACITY UNITS				8,268	0.00%				8,268
UNIT COST			$0.9119	$4.89				$0.9408	$4.94

NIPOMO COMMUNITY SERVICES DISTRICT
WATER & CAPACITY RATE CALCULATIONS

BLACK LAKE WATER
REPLACEMENT %

	FISCAL YEAR ENDING JUNE 30, 2003					FISCAL YEAR ENDING JUNE 30, 2004				
WATER DIVISION	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY
OPERATING COSTS			%					%		
CHEMICALS	3.00%	$1,591	100.00%	$1,591	$0	3.00%	$1,639	100.00%	$1,639	$0
ENGINEERING	3.00%	$530	50.00%	$265	$265	3.00%	$546	50.00%	$273	$273
EQUIPMENT RENTAL	3.00%	$0	75.00%	$0	$0	3.00%	$0	75.00%	$0	$0
LAB TESTS & SUPPLIES	3.00%	$2,122	75.00%	$1,591	$530	3.00%	$2,185	75.00%	$1,639	$546
OUTSIDE SERVICES	3.00%	$1,963	75.00%	$1,472	$491	3.00%	$2,022	75.00%	$1,516	$505
OPERATING SUPPLIES	3.00%	$1,061	75.00%	$796	$265	3.00%	$1,093	75.00%	$820	$273
PAGING EXPENSE	3.00%	$0	75.00%	$0	$0	3.00%	$0	75.00%	$0	$0
PERMITS & OPERATING FEES	3.00%	$1,485	75.00%	$1,114	$371	3.00%	$1,530	75.00%	$1,147	$382
R&M VEHICLES	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
R&M WATER	3.00%	$7,426	75.00%	$5,570	$1,857	3.00%	$7,649	75.00%	$5,737	$1,912
SMALL TOOLS & SUPPLIES	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
UNDERGROUND NOTIFICATION	3.00%	$69	0.00%	$0	$69	3.00%	$71	0.00%	$0	$71
UNIFORMS	3.00%	$255	0.00%	$0	$255	3.00%	$262	0.00%	$0	$262
ELECTRICITY	3.00%	$53,045	100.00%	$53,045	$0	3.00%	$54,636	100.00%	$54,636	$0
UTILITIES-GAS	3.00%	$64	100.00%	$64	$0	3.00%	$66	100.00%	$66	$0
WAGES-MAINTENANCE	3.00%	$18,964	75.00%	$14,223	$4,741	3.00%	$19,532	75.00%	$14,649	$4,883
WAGES-MAINTENANCE O.T.	3.00%	$4,244	100.00%	$4,244	$0	3.00%	$4,371	100.00%	$4,371	$0
INTEREST EXPENSE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
CONTINGENCY	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
DEBT SERVICE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
REPLACEMENT	0.00%	$20,000	0.00%	$0	$20,000	0.00%	$20,000	0.00%	$0	$20,000
METER INSTALLATIONS	3.00%	$2,122	100.00%	$2,122	$0	3.00%	$2,185	100.00%	$2,185	$0
CORRECTIVE MAINTENANCE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
DEPRECIATION	3.00%	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
FIXED ASSETS/CAPITAL OUTLAY	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
METER REPLACEMENT PROGRAM	3.00%	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
SUB-TOTAL		$114,940		$86,096	$28,844		$117,788		$88,679	$29,109
SUB-TOTAL %		100.00%		74.91%	25.09%		100.00%		75.29%	24.71%
ALLOCATION OF G & A	3.00%	$53,144		$39,808	$13,336	3.00%	$54,739		$41,211	$13,528
TOTAL COSTS		$168,084		$125,904	$42,180		$172,527		$129,890	$42,637
LESS OTHER REVENUE	3.00%	($3,029)		($2,269)	($760)	3.00%	($3,120)		($2,349)	($771)
TOTAL TO BE RECOVERED		**$165,055**		**$123,635**	**$41,420**		**$169,407**		**$127,641**	**$41,866**
WATER SALES - HUNDRED CUBIC FEET	0.00%			127,000		0.00%			127,000	
CAPACITY UNITS	0.00%				8,268	0.00%				8,268
UNIT COST				$0.9735	$5.01				$1.0043	$5.06

NIPOMO COMMUNITY SERVICES DISTRICT
WATER & CAPACITY RATE CALCULATIONS

BLACK LAKE WATER
REPLACEMENT %

	FISCAL YEAR ENDING JUNE 30, 2005					FISCAL YEAR ENDING JUNE 30, 2006				
WATER DIVISION	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY	INFLATOR	TOTAL	COMMODITY %	COMMODITY	CAPACITY
OPERATING COSTS			%					%		
CHEMICALS	3.00%	$1,688	100.00%	$1,688	$0	3.00%	$1,739	100.00%	$1,739	$0
ENGINEERING	3.00%	$563	50.00%	$281	$281	3.00%	$580	50.00%	$290	$290
EQUIPMENT RENTAL	3.00%	$0	75.00%	$0	$0	3.00%	$0	75.00%	$0	$0
LAB TESTS & SUPPLIES	3.00%	$2,251	75.00%	$1,688	$563	3.00%	$2,319	75.00%	$1,739	$580
OUTSIDE SERVICES	3.00%	$2,082	75.00%	$1,562	$521	3.00%	$2,145	75.00%	$1,608	$536
OPERATING SUPPLIES	3.00%	$1,126	75.00%	$844	$281	3.00%	$1,159	75.00%	$869	$290
PAGING EXPENSE	3.00%	$0	75.00%	$0	$0	3.00%	$0	75.00%	$0	$0
PERMITS & OPERATING FEES	3.00%	$1,576	75.00%	$1,182	$394	3.00%	$1,623	75.00%	$1,217	$406
R&M VEHICLES	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
R&M WATER	3.00%	$7,879	75.00%	$5,909	$1,970	3.00%	$8,115	75.00%	$6,086	$2,029
SMALL TOOLS & SUPPLIES	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
UNDERGROUND NOTIFICATION	3.00%	$73	0.00%	$0	$73	3.00%	$75	0.00%	$0	$75
UNIFORMS	3.00%	$270	0.00%	$0	$270	3.00%	$278	0.00%	$0	$278
ELECTRICITY	3.00%	$56,275	100.00%	$56,275	$0	3.00%	$57,964	100.00%	$57,964	$0
UTILITIES-GAS	3.00%	$68	100.00%	$68	$0	3.00%	$70	100.00%	$70	$0
WAGES-MAINTENANCE	3.00%	$20,118	75.00%	$15,089	$5,030	3.00%	$20,722	75.00%	$15,542	$5,181
WAGES-MAINTENANCE O.T.	3.00%	$4,502	100.00%	$4,502	$0	3.00%	$4,637	100.00%	$4,637	$0
INTEREST EXPENSE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
CONTINGENCY	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
DEBT SERVICE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
REPLACEMENT	0.00%	$20,000	0.00%	$0	$20,000	0.00%	$20,000	0.00%	$0	$20,000
METER INSTALLATIONS	3.00%	$2,251	100.00%	$2,251	$0	3.00%	$2,319	100.00%	$2,319	$0
CORRECTIVE MAINTENANCE	3.00%	$0	0.00%	$0	$0	3.00%	$0	0.00%	$0	$0
DEPRECIATION	3.00%	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
FIXED ASSETS/CAPITAL OUTLAY	3.00%	$0	50.00%	$0	$0	3.00%	$0	50.00%	$0	$0
METER REPLACEMENT PROGRAM	3.00%	$0	100.00%	$0	$0	3.00%	$0	100.00%	$0	$0
SUB-TOTAL		$120,722		$91,339	$29,383		$123,743		$94,079	$29,664
SUB-TOTAL %		100.00%		75.66%	24.34%		100.00%		76.03%	23.97%
ALLOCATION OF G & A	3.00%	$56,381		$42,658	$13,723	3.00%	$58,072		$44,151	$13,921
TOTAL COSTS		$177,102		$133,997	$43,105		$181,816		$138,230	$43,585
LESS OTHER REVENUE	3.00%	($3,213)		($2,431)	($782)	3.00%	($3,310)		($2,516)	($793)
TOTAL TO BE RECOVERED		**$173,889**		**$131,566**	**$42,323**		**$178,506**		**$135,714**	**$42,792**
WATER SALES - HUNDRED CUBIC FEET	0.00%			127,000		0.00%			127,000	
CAPACITY UNITS	0.00%				8,268	0.00%				8,268
UNIT COST				$1.0360	$5.12				$1.0686	$5.18

APPENDIX B – SEWER DIVISION MODELS

NIPOMO
REPLACEMENT %
WASTEWATER DIVISION RATE MODEL

	100%											
	FISCAL YEAR 2001		FISCAL YEAR 2002		FISCAL YEAR 2003		FISCAL YEAR 2004		FISCAL YEAR 2005		FISCAL YEAR 2006	
OPERATING COSTS	BUDGET		INFLATOR	ESTIMATE	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE
ACCOUNTING	$670		3.00%	$690	3.00%	$711	3.00%	$732	3.00%	$754	3.00%	$777
ADVERTISING	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
BANK CHARGES	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
CHEMICALS	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
COMPUTER EXPENSE	$2,400		3.00%	$2,472	3.00%	$2,546	3.00%	$2,623	3.00%	$2,701	3.00%	$2,782
CONSULTING	$2,070		3.00%	$2,132	3.00%	$2,196	3.00%	$2,262	3.00%	$2,330	3.00%	$2,400
DIRECTOR FEES	$3,400		3.00%	$3,502	3.00%	$3,607	3.00%	$3,715	3.00%	$3,827	3.00%	$3,942
DUES & SUBSCRIPTIONS	$960		3.00%	$989	3.00%	$1,018	3.00%	$1,049	3.00%	$1,080	3.00%	$1,113
EDUCATION & TRAINING	$1,300		3.00%	$1,339	3.00%	$1,379	3.00%	$1,421	3.00%	$1,463	3.00%	$1,507
ENGINEERING	$1,000		3.00%	$1,030	3.00%	$1,061	3.00%	$1,093	3.00%	$1,126	3.00%	$1,159
EQUIPMENT RENTAL	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
FIRE ALARM-MAINT BLDG	$120		3.00%	$124	3.00%	$127	3.00%	$131	3.00%	$135	3.00%	$139
FUEL	$1,840		3.00%	$1,895	3.00%	$1,952	3.00%	$2,011	3.00%	$2,071	3.00%	$2,133
INSURANCE - LIABILITY	$3,500		3.00%	$3,605	3.00%	$3,713	3.00%	$3,825	3.00%	$3,939	3.00%	$4,057
INSURANCE - MEDICAL/DENTAL	$10,200		3.00%	$10,506	3.00%	$10,821	3.00%	$11,146	3.00%	$11,480	3.00%	$11,825
INSURANCE WORKMANS COMP.	$1,900		3.00%	$1,957	3.00%	$2,016	3.00%	$2,076	3.00%	$2,138	3.00%	$2,203
LAB TESTS & SUPPLIES	$7,500		3.00%	$7,725	3.00%	$7,957	3.00%	$8,195	3.00%	$8,441	3.00%	$8,695
LEGAL	$1,000		3.00%	$1,030	3.00%	$1,061	3.00%	$1,093	3.00%	$1,126	3.00%	$1,159
LEGAL-SPECIAL COUNSEL	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
LEGAL -WATER COUNSEL			3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
MAPS & BLUEPRINTS	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
MISCELLANEOUS	$1,875		3.00%	$1,931	3.00%	$1,989	3.00%	$2,049	3.00%	$2,110	3.00%	$2,174
NEWSLETTER	$100		3.00%	$103	3.00%	$106	3.00%	$109	3.00%	$113	3.00%	$116
OFFICE SUPPLIES	$1,000		3.00%	$1,030	3.00%	$1,061	3.00%	$1,093	3.00%	$1,126	3.00%	$1,159
OUTSIDE SERVICES	$11,500		3.00%	$11,845	3.00%	$12,200	3.00%	$12,566	3.00%	$12,943	3.00%	$13,332
OPERATING SUPPLIES	$2,600		3.00%	$2,678	3.00%	$2,758	3.00%	$2,841	3.00%	$2,926	3.00%	$3,014
PAGING EXPENSE	$350		3.00%	$361	3.00%	$371	3.00%	$382	3.00%	$394	3.00%	$406
PERMITS & OPERATING FEES	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
POSTAGE	$1,600		3.00%	$1,648	3.00%	$1,697	3.00%	$1,748	3.00%	$1,801	3.00%	$1,855
PRINTING	$500		3.00%	$515	3.00%	$530	3.00%	$546	3.00%	$563	3.00%	$580
PUBLIC & LEGAL NOTICES	$400		3.00%	$412	3.00%	$424	3.00%	$437	3.00%	$450	3.00%	$464
RENT	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
R&M VEHICLES	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
R&M BUILDINGS	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
R&M SEWER	$25,000		3.00%	$25,750	3.00%	$26,523	3.00%	$27,318	3.00%	$28,138	3.00%	$28,982
R&M MISC.	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
RETIREMENT BENEFITS	$4,800		3.00%	$4,944	3.00%	$5,092	3.00%	$5,245	3.00%	$5,402	3.00%	$5,565
SMALL TOOLS & SUPPLIES	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
TAXES PAYROLL	$1,360		3.00%	$1,401	3.00%	$1,443	3.00%	$1,486	3.00%	$1,531	3.00%	$1,577
TELEPHONE	$900		3.00%	$927	3.00%	$955	3.00%	$983	3.00%	$1,013	3.00%	$1,043
TRAVEL & MILEAGE	$2,500		3.00%	$2,575	3.00%	$2,652	3.00%	$2,732	3.00%	$2,814	3.00%	$2,898
UNDERGROUND NOTIFICATION	$180		3.00%	$185	3.00%	$191	3.00%	$197	3.00%	$203	3.00%	$209
UNIFORMS	$690		3.00%	$711	3.00%	$732	3.00%	$754	3.00%	$777	3.00%	$800
ELECTRICITY	$55,000		2.30%	$56,265	2.30%	$57,559	2.30%	$58,883	2.30%	$60,237	2.30%	$61,623
UTILITIES-GAS	$160		3.00%	$165	3.00%	$170	3.00%	$175	3.00%	$180	3.00%	$185
TRASH COLLECTION	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
WAGES - OFFICE/MANAGEMENT	$40,375		3.00%	$41,586	3.00%	$42,834	3.00%	$44,119	3.00%	$45,442	3.00%	$46,806
WAGES O.T. OFFICE/MANAGEMENT	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
WAGES-MAINTENANCE	$17,875		3.00%	$18,411	3.00%	$18,964	3.00%	$19,532	3.00%	$20,118	3.00%	$20,722
WAGES-MAINTENANCE O.T.	$4,500		3.00%	$4,635	3.00%	$4,774	3.00%	$4,917	3.00%	$5,065	3.00%	$5,217
INTEREST EXPENSE			3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
CONTINGENCY	$500		3.00%	$515	3.00%	$530	3.00%	$546	3.00%	$563	3.00%	$580
ADMINISTRATION	$28,720		3.00%	$29,582	3.00%	$30,469	3.00%	$31,383	3.00%	$32,325	3.00%	$33,294
DEPRECIATION/SEWER RESERVE	$250,000		2.30%	$255,750	2.30%	$281,632	2.30%	$267,650	2.30%	$273,806	2.30%	$280,103
FIXED ASSETS/CAPITAL OUTLAY	$20,000		3.00%	$20,600	3.00%	$21,218	3.00%	$21,855	3.00%	$22,510	3.00%	$23,185
TOTAL	$510,345			$523,520		$537,042		$550,919		$565,161		$579,777
LESS :												
INTEREST SUPPLEMENT	($28,800)			($28,800)		($28,800)		($28,800)		($28,800)		($28,800)
OTHER REVENUES	($1,500)		3.00%	($1,545)	3.00%	($1,591)	3.00%	($1,639)	3.00%	($1,688)	3.00%	($1,739)
NET REVENUE REQUIREMENT	$480,045			$493,175		$506,651		$520,480		$534,672		$549,238
ANNUAL DUE UNITS	28,520		2.30%	27,130	2.30%	27,754	2.30%	28,392	2.30%	29,045	2.30%	29,713
TOTAL DUE'S	2,210											
MONTHLY CHARGE	$18.10			$18.18		$18.26		$18.33		$18.41		$18.48

BLACK LAKE SEWER

REPLACEMENT % 100%

WASTEWATER DIVISION RATE MODEL

	FISCAL YEAR 2001		FISCAL YEAR 2002		FISCAL YEAR 2003		FISCAL YEAR 2004		FISCAL YEAR 2005		FISCAL YEAR 2006	
	BUDGET		INFLATOR	ESTIMATE	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE	INFLATOR	ESTIMATE
OPERATING COSTS												
ACCOUNTING	$270		3.00%	$278	3.00%	$286	3.00%	$295	3.00%	$304	3.00%	$313
ADVERTISING	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
BANK CHARGES	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
CHEMICALS	$8,000		3.00%	$8,240	3.00%	$8,487	3.00%	$8,742	3.00%	$9,004	3.00%	$9,274
COMPUTER EXPENSE	$960		3.00%	$989	3.00%	$1,018	3.00%	$1,049	3.00%	$1,080	3.00%	$1,113
CONSULTING	$810		3.00%	$834	3.00%	$859	3.00%	$885	3.00%	$912	3.00%	$939
DIRECTOR FEES	$1,360		3.00%	$1,401	3.00%	$1,443	3.00%	$1,486	3.00%	$1,531	3.00%	$1,577
DUES & SUBSCRIPTIONS	$380		3.00%	$391	3.00%	$403	3.00%	$415	3.00%	$428	3.00%	$441
EDUCATION & TRAINING	$520		3.00%	$536	3.00%	$552	3.00%	$568	3.00%	$585	3.00%	$603
ENGINEERING	$500		3.00%	$515	3.00%	$530	3.00%	$546	3.00%	$563	3.00%	$580
EQUIPMENT RENTAL	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
FIRE ALARM-MAINT BLDG	$50		3.00%	$52	3.00%	$53	3.00%	$55	3.00%	$56	3.00%	$58
FUEL	$720		3.00%	$742	3.00%	$764	3.00%	$787	3.00%	$810	3.00%	$835
INSURANCE - LIABILITY	$1,400		3.00%	$1,442	3.00%	$1,485	3.00%	$1,530	3.00%	$1,576	3.00%	$1,623
INSURANCE - MEDICAL/DENTAL	$4,080		3.00%	$4,202	3.00%	$4,328	3.00%	$4,458	3.00%	$4,592	3.00%	$4,730
INSURANCE WORKMANS COMP.	$760		3.00%	$783	3.00%	$806	3.00%	$830	3.00%	$855	3.00%	$881
LAB TESTS & SUPPLIES	$7,200		3.00%	$7,416	3.00%	$7,638	3.00%	$7,868	3.00%	$8,104	3.00%	$8,347
LEGAL	$1,000		3.00%	$1,030	3.00%	$1,061	3.00%	$1,093	3.00%	$1,126	3.00%	$1,159
MAPS & BLUEPRINTS	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
MISCELLANEOUS	$660		3.00%	$680	3.00%	$700	3.00%	$721	3.00%	$743	3.00%	$765
NEWSLETTER	$40		3.00%	$41	3.00%	$42	3.00%	$44	3.00%	$45	3.00%	$46
OFFICE SUPPLIES	$400		3.00%	$412	3.00%	$424	3.00%	$437	3.00%	$450	3.00%	$464
OUTSIDE SERVICES	$900		3.00%	$927	3.00%	$955	3.00%	$983	3.00%	$1,013	3.00%	$1,043
OPERATING SUPPLIES	$1,000		3.00%	$1,030	3.00%	$1,061	3.00%	$1,093	3.00%	$1,126	3.00%	$1,159
PAGING EXPENSE	$130		3.00%	$134	3.00%	$138	3.00%	$142	3.00%	$146	3.00%	$151
PERMITS & OPERATING FEES	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
POSTAGE	$640		3.00%	$659	3.00%	$679	3.00%	$699	3.00%	$720	3.00%	$742
PRINTING	$200		3.00%	$206	3.00%	$212	3.00%	$219	3.00%	$225	3.00%	$232
PUBLIC & LEGAL NOTICES	$160		3.00%	$165	3.00%	$170	3.00%	$175	3.00%	$180	3.00%	$185
RENT	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
R&M VEHICLES	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
R&M BUILDINGS	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
R&M SEWER	$2,500		3.00%	$2,575	3.00%	$2,652	3.00%	$2,732	3.00%	$2,814	3.00%	$2,898
R&M MISC.	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
RETIREMENT BENEFITS	$1,920		3.00%	$1,978	3.00%	$2,037	3.00%	$2,098	3.00%	$2,161	3.00%	$2,226
SMALL TOOLS & SUPPLIES	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
TAXES PAYROLL	$545		3.00%	$561	3.00%	$578	3.00%	$596	3.00%	$613	3.00%	$632
TELEPHONE	$600		3.00%	$618	3.00%	$637	3.00%	$656	3.00%	$675	3.00%	$696
TRAVEL & MILEAGE	$1,000		3.00%	$1,030	3.00%	$1,061	3.00%	$1,093	3.00%	$1,126	3.00%	$1,159
UNDERGROUND NOTIFICATION	$75		3.00%	$77	3.00%	$80	3.00%	$82	3.00%	$84	3.00%	$87
UNIFORMS	$270		3.00%	$278	3.00%	$286	3.00%	$295	3.00%	$304	3.00%	$313
ELECTRICITY	$15,000		3.00%	$15,450	3.00%	$15,914	3.00%	$16,391	3.00%	$16,883	3.00%	$17,389
UTILITIES-GAS	$70		3.00%	$72	3.00%	$74	3.00%	$76	3.00%	$79	3.00%	$81
TRASH COLLECTION	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
WAGES - OFFICE/MANAGEMENT	$7,125		3.00%	$7,339	3.00%	$7,559	3.00%	$7,786	3.00%	$8,019	3.00%	$8,260
WAGES O.T. OFFICE/MANAGEMENT	$0		3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
WAGES-MAINTENANCE	$25,025		3.00%	$25,776	3.00%	$26,549	3.00%	$27,345	3.00%	$28,166	3.00%	$29,011
WAGES-MAINTENANCE O.T.	$6,700		3.00%	$6,901	3.00%	$7,108	3.00%	$7,321	3.00%	$7,541	3.00%	$7,767
INTEREST EXPENSE			3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
CONTINGENCY	$500		3.00%	$515	3.00%	$530	3.00%	$546	3.00%	$563	3.00%	$580
SEWER RESERVE			3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0	3.00%	$0
ADMINISTRATION	$11,238		3.00%	$11,575	3.00%	$11,922	3.00%	$12,280	3.00%	$12,648	3.00%	$13,028
REPLACEMENT RESERVE	$34,000		3.00%	$35,020	3.00%	$36,071	3.00%	$37,153	3.00%	$38,267	3.00%	$39,415
FIXED ASSETS/CAPITAL OUTLAY	$5,625		3.00%	$5,794	3.00%	$5,968	3.00%	$6,147	3.00%	$6,331	3.00%	$6,521
TOTAL	$144,333			$148,663		$153,123		$157,717		$162,448		$167,322
ANNUALIZED DUE'S	6,600		0.00%	$6,600	0.00%	6,600	0.00%	6,600	0.00%	6,600	0.00%	6,600
TOTAL DUE'S	550			550		550		550		550		550
MONTHLY RATE PER DUE	$21.87			$22.52		$23.20		$23.90		$24.61		$25.35

APPENDIX C – REPLACEMENT MODELS

INTEREST RATE - 5.0% 5.0%
GROWTH RATE - 2.3% 2.3%

YEAR	1	2	3	4	5
TOWN WATER					
REPLACEMENT %	**100%**	**$0**			
OPENING BALANCE	$505,936	$595,733	$983,569	$1,399,033	$1,843,694
SOURCES					
WATER REPLACEMENT REVENUE	$350,000	$358,050	$366,285	$374,710	$383,328
INTEREST EARNINGS	$25,297	$29,787	$49,178	$69,952	$92,185
TOTAL SOURCES	$375,297	$387,837	$415,464	$444,661	$475,513
REPLACEMENT VALUE - NOTE 1	$ 60,000	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1	$ 225,500				
TOTAL USES	$ 285,500	$ -	$ -	$ -	$ -
ENDING BALANCE	$595,733	$983,569	$1,399,033	$1,843,694	$2,319,207
	$1,455,753				
100% replacement	$350,000				

BLACK LAKE WATER					
REPLACEMENT %	**100%**	**$400,000**			
OPENING BALANCE	$454,639	$438,571	$480,499	$524,524	$570,751
SOURCES					
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000
INTEREST EARNINGS	$22,732	$21,929	$24,025	$26,226	$28,538
TOTAL SOURCES	$42,732	$41,929	$44,025	$46,226	$48,538
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1	$ 58,800				
TOTAL USES	$ 58,800	$ -	$ -	$ -	$ -
ENDING BALANCE	$438,571	$480,499	$524,524	$570,751	$619,288
	$136,635				
100% replacement	$20,000				
1 - From Boyle Engineering study - January 2000					

INTEREST RATE - 5.0%
GROWTH RATE - 2.3%

YEAR	6	7	8	9	10	11
TOWN WATER						
REPLACEMENT %						
OPENING BALANCE	$2,319,207	($3,269,529)	($3,031,841)	($2,773,043)	($2,491,865)	($2,186,973)
SOURCES						
WATER REPLACEMENT REVENUE	$392,145	$401,164	$410,391	$419,830	$429,486	$439,364
INTEREST EARNINGS	$115,960	($163,476)	($151,592)	($138,652)	($124,593)	($109,349)
TOTAL SOURCES	$508,105	$237,687	$258,799	$281,178	$304,892	$330,015
REPLACEMENT VALUE - NOTE 1	$ 5,944,341	$ -	$ -	$ -	$ -	$ 998,700
REPAIR VALUE - NOTE 1	$ 152,500					$ 104,000
TOTAL USES	$ 6,096,841	$ -	$ -	$ -	$ -	$ 1,102,700
ENDING BALANCE	($3,269,529)	($3,031,841)	($2,773,043)	($2,491,865)	($2,186,973)	($2,959,658)
100% replacement						

BLACK LAKE WATER						
REPLACEMENT %						
OPENING BALANCE	$619,288	$611,753	$662,340	$715,457	$771,230	$829,792
SOURCES						
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
INTEREST EARNINGS	$30,964	$30,588	$33,117	$35,773	$38,562	$41,490
TOTAL SOURCES	$50,964	$50,588	$53,117	$55,773	$58,562	$61,490
REPLACEMENT VALUE - NOTE 1	$ 50,000	$ -	$ -	$ -	$ -	$ 59,900
REPAIR VALUE - NOTE 1	$ 8,500					$ 21,600
TOTAL USES	$ 58,500	$ -	$ -	$ -	$ -	$ 81,500
ENDING BALANCE	$611,753	$662,340	$715,457	$771,230	$829,792	$809,781
100% replacement						
1 - From Boyle Engineering study - January 2000						

INTEREST RATE - 5.0%
GROWTH RATE - 2.3%

YEAR	12	13	14	15	16	17
TOWN WATER						
REPLACEMENT %						
OPENING BALANCE	($2,959,658)	($2,658,171)	($2,331,273)	($1,977,454)	($1,595,125)	($3,939,002)
SOURCES						
WATER REPLACEMENT REVENUE	$449,469	$459,807	$470,383	$481,201	$492,269	$503,591
INTEREST EARNINGS	($147,983)	($132,909)	($116,564)	($98,873)	($79,756)	($196,950)
TOTAL SOURCES	$301,486	$326,899	$353,819	$382,329	$412,513	$306,641
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ 2,734,390	$ -
REPAIR VALUE - NOTE 1					$ 22,000	
TOTAL USES	$ -	$ -	$ -	$ -	$ 2,756,390	$ -
ENDING BALANCE	($2,658,171)	($2,331,273)	($1,977,454)	($1,595,125)	($3,939,002)	($3,632,361)
100% replacement						

BLACK LAKE WATER						
REPLACEMENT %						
OPENING BALANCE	$809,781	$870,270	$933,784	$1,000,473	$1,070,497	$1,091,521
SOURCES						
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
INTEREST EARNINGS	$40,489	$43,514	$46,689	$50,024	$53,525	$54,576
TOTAL SOURCES	$60,489	$63,514	$66,689	$70,024	$73,525	$74,576
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ 52,500	$ -
REPAIR VALUE - NOTE 1					$ -	
TOTAL USES	$ -	$ -	$ -	$ -	$ 52,500	$ -
ENDING BALANCE	$870,270	$933,784	$1,000,473	$1,070,497	$1,091,521	$1,166,098
100% replacement						
1 - From Boyle Engineering study - January 2000						

INTEREST RATE - 5.0%
GROWTH RATE - 2.3%

YEAR	18	19	20	21	22	23
TOWN WATER						
REPLACEMENT %						
OPENING BALANCE	($3,632,361)	($3,298,805)	($2,936,722)	($2,544,414)	($3,830,670)	($3,457,974)
SOURCES						
WATER REPLACEMENT REVENUE	$515,174	$527,023	$539,144	$551,545	$564,230	$577,208
INTEREST EARNINGS	($181,618)	($164,940)	($146,836)	($127,221)	($191,534)	($172,899)
TOTAL SOURCES	$333,556	$362,083	$392,308	$424,324	$372,697	$404,309
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ 1,651,580	$ -	$ -
REPAIR VALUE - NOTE 1				$ 59,000		
TOTAL USES	$ -	$ -	$ -	$ 1,710,580	$ -	$ -
ENDING BALANCE	($3,298,805)	($2,936,722)	($2,544,414)	($3,830,670)	($3,457,974)	($3,053,665)
100% replacement						

BLACK LAKE WATER						
REPLACEMENT %						
OPENING BALANCE	$1,166,098	$1,244,402	$1,326,623	$1,412,954	$789,341	$848,808
SOURCES						
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
INTEREST EARNINGS	$58,305	$62,220	$66,331	$70,648	$39,467	$42,440
TOTAL SOURCES	$78,305	$82,220	$86,331	$90,648	$59,467	$62,440
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ 714,260	$ -	$ -
REPAIR VALUE - NOTE 1				$ -		
TOTAL USES	$ -	$ -	$ -	$ 714,260	$ -	$ -
ENDING BALANCE	$1,244,402	$1,326,623	$1,412,954	$789,341	$848,808	$911,249
100% replacement						
1 - From Boyle Engineering study - January 2000						

INTEREST RATE - 5.0%
GROWTH RATE - 2.3%

YEAR	24	25	26	27	28	29
TOWN WATER						
REPLACEMENT %						
OPENING BALANCE	($3,053,665)	($2,615,865)	($2,142,593)	($2,378,945)	($1,865,722)	($1,312,297)
SOURCES						
WATER REPLACEMENT REVENUE	$590,483	$604,064	$617,958	$632,171	$646,711	$661,585
INTEREST EARNINGS	($152,683)	($130,793)	($107,130)	($118,947)	($93,286)	($65,615)
TOTAL SOURCES	$437,800	$473,271	$510,828	$513,224	$553,425	$595,970
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ 688,180	$ -	$ -	$ -
REPAIR VALUE - NOTE 1			$ 59,000			
TOTAL USES	$ -	$ -	$ 747,180	$ -	$ -	$ -
ENDING BALANCE	($2,615,865)	($2,142,593)	($2,378,945)	($1,865,722)	($1,312,297)	($716,326)
100% replacement						

BLACK LAKE WATER						
REPLACEMENT %						
OPENING BALANCE	$911,249	$976,811	$1,045,652	$999,234	$1,069,196	$1,142,656
SOURCES						
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
INTEREST EARNINGS	$45,562	$48,841	$52,283	$49,962	$53,460	$57,133
TOTAL SOURCES	$65,562	$68,841	$72,283	$69,962	$73,460	$77,133
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ 118,700	$ -	$ -	$ -
REPAIR VALUE - NOTE 1			$ -			
TOTAL USES	$ -	$ -	$ 118,700	$ -	$ -	$ -
ENDING BALANCE	$976,811	$1,045,652	$999,234	$1,069,196	$1,142,656	$1,219,789
100% replacement						
1 - From Boyle Engineering study - January 2000						

INTEREST RATE - 5.0%
GROWTH RATE - 2.3%

YEAR	30	31	32	33	34	35
TOWN WATER						
REPLACEMENT %						
OPENING BALANCE	($716,326)	($75,341)	($303,222)	$389,910	$1,133,988	$1,931,936
SOURCES						
WATER REPLACEMENT REVENUE	$676,802	$692,368	$708,293	$724,583	$741,249	$758,297
INTEREST EARNINGS	($35,816)	($3,767)	($15,161)	$19,495	$56,699	$96,597
TOTAL SOURCES	$640,985	$688,601	$693,131	$744,079	$797,948	$854,894
REPLACEMENT VALUE - NOTE 1	$ -	$ 916,482	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1						
TOTAL USES	$ -	$ 916,482	$ -	$ -	$ -	$ -
ENDING BALANCE	($75,341)	($303,222)	$389,910	$1,133,988	$1,931,936	$2,786,831
100% replacement						

BLACK LAKE WATER						
REPLACEMENT %						
OPENING BALANCE	$1,219,789	$1,300,778	$1,185,817	$1,265,108	$1,348,363	$1,435,782
SOURCES						
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
INTEREST EARNINGS	$60,989	$65,039	$59,291	$63,255	$67,418	$71,789
TOTAL SOURCES	$80,989	$85,039	$79,291	$83,255	$87,418	$91,789
REPLACEMENT VALUE - NOTE 1	$ -	$ 200,000	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1						
TOTAL USES	$ -	$ 200,000	$ -	$ -	$ -	$ -
ENDING BALANCE	$1,300,778	$1,185,817	$1,265,108	$1,348,363	$1,435,782	$1,527,571
100% replacement						
1 - From Boyle Engineering study - January 2000						

INTEREST RATE - 5.0%
GROWTH RATE - 2.3%

YEAR	36	37	38	39	40	41
TOWN WATER						
REPLACEMENT %						
OPENING BALANCE	$2,786,831	$964,651	$1,806,463	$2,708,619	$3,674,555	$4,707,889
SOURCES						
WATER REPLACEMENT REVENUE	$775,738	$793,580	$811,833	$830,505	$849,606	$869,147
INTEREST EARNINGS	$139,342	$48,233	$90,323	$135,431	$183,728	$235,394
TOTAL SOURCES	$915,080	$841,813	$902,156	$965,936	$1,033,334	$1,104,542
REPLACEMENT VALUE - NOTE 1	$ 2,737,260	$ -	$ -	$ -	$ -	$ 6,316,270
REPAIR VALUE - NOTE 1						
TOTAL USES	$ 2,737,260	$ -	$ -	$ -	$ -	$ 6,316,270
ENDING BALANCE	$964,651	$1,806,463	$2,708,619	$3,674,555	$4,707,889	($503,839)
100% replacement						

BLACK LAKE WATER						
REPLACEMENT %						
OPENING BALANCE	$1,527,571	$688,669	$743,103	$800,258	$860,271	$923,284
SOURCES						
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
INTEREST EARNINGS	$76,379	$34,433	$37,155	$40,013	$43,014	$46,164
TOTAL SOURCES	$96,379	$54,433	$57,155	$60,013	$63,014	$66,164
REPLACEMENT VALUE - NOTE 1	$ 935,280	$ -	$ -	$ -	$ -	$ 368,220
REPAIR VALUE - NOTE 1						
TOTAL USES	$ 935,280	$ -	$ -	$ -	$ -	$ 368,220
ENDING BALANCE	$688,669	$743,103	$800,258	$860,271	$923,284	$621,228
100% replacement						
1 - From Boyle Engineering study - January 2000						

INTEREST RATE - 5.0%
GROWTH RATE - 2.3%

YEAR	42	43	44	45	46	TOTAL
TOWN WATER						
REPLACEMENT %						
OPENING BALANCE	($503,839)	$360,106	$1,287,700	$2,282,593	$3,348,633	$505,936
SOURCES						
WATER REPLACEMENT REVENUE	$889,138	$909,588	$930,508	$951,910	$973,804	$ 28,095,718
INTEREST EARNINGS	($25,192)	$18,005	$64,385	$114,130	$167,432	$ (1,442,582)
TOTAL SOURCES	$863,946	$927,593	$994,893	$1,066,040	$1,141,236	$ 26,653,135
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ 3,034,115	$ 25,081,318
REPAIR VALUE - NOTE 1						$ 622,000
TOTAL USES	$ -	$ -	$ -	$ -	$ 3,034,115	$ 25,703,318
ENDING BALANCE	$360,106	$1,287,700	$2,282,593	$3,348,633	$1,455,753	$1,455,753
100% replacement						

BLACK LAKE WATER						
REPLACEMENT %						
OPENING BALANCE	$621,228	$672,290	$725,904	$782,200	$841,310	$454,639
SOURCES						
WATER REPLACEMENT REVENUE	$20,000	$20,000	$20,000	$20,000	$20,000	$ 920,000
INTEREST EARNINGS	$31,061	$33,614	$36,295	$39,110	$42,065	$ 2,116,496
TOTAL SOURCES	$51,061	$53,614	$56,295	$59,110	$62,065	$ 3,036,496
					-	
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ 766,740	$ 3,265,600
REPAIR VALUE - NOTE 1						$ 88,900
TOTAL USES	$ -	$ -	$ -	$ -	$ 766,740	$ 3,354,500
ENDING BALANCE	$672,290	$725,904	$782,200	$841,310	$136,635	$136,635
100% replacement						
1 - From Boyle Engineering study - January 2000						

YEAR	1	2	3	4	5
TOWN SEWER					
REPLACEMENT %	**100%**	**$400,000**			
OPENING BALANCE	$985,603	$1,012,550	$1,185,594	$1,373,173	$1,576,148
SOURCES					
REPLACEMENT REVENUE	$250,000	$255,750	$261,632	$267,650	$273,806
INTEREST EARNINGS	$49,280	$50,627	$59,280	$68,659	$78,807
TOTAL SOURCES	$299,280	$306,377	$320,912	$336,308	$352,613
REPLACEMENT VALUE	$ 35,000	$ -	$ -	$ -	$ -
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
REPAIR VALUE - NOTE 1	$ 104,000				
TOTAL USES	$ 272,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
ENDING BALANCE	$1,012,550	$1,185,594	$1,373,173	$1,576,148	$1,795,427
100% replacement = $250,000	$250,000				

BLACK LAKE SEWER					
REPLACEMENT %	**100%**	$0			
OPENING BALANCE	$34,321	($14,705)	$18,560	$53,488	$90,162
SOURCES					
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000
INTEREST EARNINGS	$1,716	($735)	$928	$2,674	$4,508
TOTAL SOURCES	$35,716	$33,265	$34,928	$36,674	$38,508
REPLACEMENT VALUE - NOTE 1	$ 69,742	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1	$ 15,000				
TOTAL USES	$ 84,742	$ -	$ -	$ -	$ -
ENDING BALANCE	($14,705)	$18,560	$53,488	$90,162	$128,670
100% replacement	$34,000				
	$146,760				

1 - From Boyle Engineering study - January 2000

YEAR	6	7	8	9	10	11
TOWN SEWER						
REPLACEMENT %						
OPENING BALANCE	$1,795,427	$1,967,969	$2,219,580	$2,490,361	$2,781,424	$3,093,938
SOURCES						
REPLACEMENT REVENUE	$280,103	$286,546	$293,136	$299,878	$306,776	$313,831
INTEREST EARNINGS	$89,771	$98,398	$110,979	$124,518	$139,071	$154,697
TOTAL SOURCES	$369,875	$384,944	$404,115	$424,396	$445,847	$468,528
REPLACEMENT VALUE	$ 60,000	$ -	$ -	$ -	$ -	$ 143,420
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
REPAIR VALUE - NOTE 1	$ 4,000					$ 44,500
TOTAL USES	$ 197,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 321,253
ENDING BALANCE	$1,967,969	$2,219,580	$2,490,361	$2,781,424	$3,093,938	$3,241,213
100% replacement = $250,000						

BLACK LAKE SEWER						
REPLACEMENT %						
OPENING BALANCE	$128,670	$82,104	$120,209	$160,219	$202,230	$246,342
SOURCES						
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000
INTEREST EARNINGS	$6,434	$4,105	$6,010	$8,011	$10,112	$12,317
TOTAL SOURCES	$40,434	$38,105	$40,010	$42,011	$44,112	$46,317
REPLACEMENT VALUE - NOTE 1	$ 72,000	$ -	$ -	$ -	$ -	$ 15,000
REPAIR VALUE - NOTE 1	$ 15,000					$ 32,000
TOTAL USES	$ 87,000	$ -	$ -	$ -	$ -	$ 47,000
ENDING BALANCE	$82,104	$120,209	$160,219	$202,230	$246,342	$245,659
100% replacement						

1 - From Boyle Engineering study - January 2000

YEAR	12	13	14	15	16	17
TOWN SEWER						
REPLACEMENT %						
OPENING BALANCE	$3,241,213	$3,590,990	$3,965,639	$4,366,576	$4,795,286	$5,166,338
SOURCES						
REPLACEMENT REVENUE	$321,049	$328,434	$335,988	$343,715	$351,621	$359,708
INTEREST EARNINGS	$162,061	$179,549	$198,282	$218,329	$239,764	$258,317
TOTAL SOURCES	$483,110	$507,983	$534,270	$562,044	$591,385	$618,025
REPLACEMENT VALUE	$ -	$ -	$ -	$ -	$ 60,000	$ -
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
REPAIR VALUE - NOTE 1					$ 27,000	
TOTAL USES	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 220,333	$ 133,333
ENDING BALANCE	$3,590,990	$3,965,639	$4,366,576	$4,795,286	$5,166,338	$5,651,030
100% replacement = $250,000						

BLACK LAKE SEWER						
REPLACEMENT %						
OPENING BALANCE	$245,659	$291,942	$340,539	$391,566	$445,144	$446,902
SOURCES						
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000
INTEREST EARNINGS	$12,283	$14,597	$17,027	$19,578	$22,257	$22,345
TOTAL SOURCES	$46,283	$48,597	$51,027	$53,578	$56,257	$56,345
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ 15,000	$ -
REPAIR VALUE - NOTE 1					$ 39,500	
TOTAL USES	$ -	$ -	$ -	$ -	$ 54,500	$ -
ENDING BALANCE	$291,942	$340,539	$391,566	$445,144	$446,902	$503,247
100% replacement						

1 - From Boyle Engineering study - January 2000

YEAR	18	19	20	21	22	23
TOWN SEWER						
REPLACEMENT %						
OPENING BALANCE	$5,651,030	$6,168,229	$6,719,752	$7,307,510	$7,097,646	$7,722,217
SOURCES						
REPLACEMENT REVENUE	$367,981	$376,445	$385,103	$393,961	$403,022	$412,291
INTEREST EARNINGS	$282,551	$308,411	$335,988	$365,375	$354,882	$386,111
TOTAL SOURCES	$650,533	$684,856	$721,091	$759,336	$757,904	$798,402
REPLACEMENT VALUE	$ -	$ -	$ -	$ 805,366	$ -	$ -
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
REPAIR VALUE - NOTE 1				$ 30,500		
TOTAL USES	$ 133,333	$ 133,333	$ 133,333	$ 969,199	$ 133,333	$ 133,333
ENDING BALANCE	$6,168,229	$6,719,752	$7,307,510	$7,097,646	$7,722,217	$8,387,285
100% replacement = $250,000						

BLACK LAKE SEWER						
REPLACEMENT %						
OPENING BALANCE	$503,247	$562,409	$624,529	$689,756	$750,244	$821,756
SOURCES						
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000
INTEREST EARNINGS	$25,162	$28,120	$31,226	$34,488	$37,512	$41,088
TOTAL SOURCES	$59,162	$62,120	$65,226	$68,488	$71,512	$75,088
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1				$ 8,000		
TOTAL USES	$ -	$ -	$ -	$ 8,000	$ -	$ -
ENDING BALANCE	$562,409	$624,529	$689,756	$750,244	$821,756	$896,844
100% replacement						

1 - From Boyle Engineering study - January 2000

YEAR	24	25	26	27	28	29
TOWN SEWER						
REPLACEMENT %						
OPENING BALANCE	$8,387,285	$9,095,090	$9,847,986	$10,451,100	$11,291,873	$12,185,069
SOURCES						
REPLACEMENT REVENUE	$421,774	$431,475	$441,398	$451,551	$461,936	$472,561
INTEREST EARNINGS	$419,364	$454,755	$492,399	$522,555	$564,594	$609,253
TOTAL SOURCES	$841,138	$886,229	$933,798	$974,106	$1,026,530	$1,081,814
REPLACEMENT VALUE	$ -	$ -	$ 161,350	$ -	$ -	$ -
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
REPAIR VALUE - NOTE 1			$ 36,000			
TOTAL USES	$ 133,333	$ 133,333	$ 330,683	$ 133,333	$ 133,333	$ 133,333
ENDING BALANCE	$9,095,090	$9,847,986	$10,451,100	$11,291,873	$12,185,069	$13,133,550
100% replacement = $250,000						

BLACK LAKE SEWER						
REPLACEMENT %						
OPENING BALANCE	$896,844	$975,686	$1,058,470	$1,125,894	$1,216,188	$1,310,998
SOURCES						
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000
INTEREST EARNINGS	$44,842	$48,784	$52,924	$56,295	$60,809	$65,550
TOTAL SOURCES	$78,842	$82,784	$86,924	$90,295	$94,809	$99,550
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1			$ 19,500			
TOTAL USES	$ -	$ -	$ 19,500	$ -	$ -	$ -
ENDING BALANCE	$975,686	$1,058,470	$1,125,894	$1,216,188	$1,310,998	$1,410,548
100% replacement						

1 - From Boyle Engineering study - January 2000

YEAR	30	31	32	33	34	35
TOWN SEWER						
REPLACEMENT %						
OPENING BALANCE	$13,133,550	$4,431,274	$175,214	$556,565	$968,619	$1,413,180
SOURCES						
REPLACEMENT REVENUE	$483,430	$494,549	$505,923	$517,560	$529,463	$541,641
INTEREST EARNINGS	$656,678	$221,564	$8,761	$27,828	$48,431	$70,659
TOTAL SOURCES	$1,140,107	$716,112	$514,684	$545,388	$577,894	$612,300
REPLACEMENT VALUE	$ 9,709,050	$ 4,838,839	$ -	$ -	$ -	$ -
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
REPAIR VALUE - NOTE 1						
TOTAL USES	$ 9,842,383	$ 4,972,172	$ 133,333	$ 133,333	$ 133,333	$ 133,333
ENDING BALANCE	$4,431,274	$175,214	$556,565	$968,619	$1,413,180	$1,892,147
100% replacement = $250,000						

BLACK LAKE SEWER						
REPLACEMENT %						
OPENING BALANCE	$1,410,548	$1,515,075	$1,135,329	$1,226,095	$1,321,400	$1,421,470
SOURCES						
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000
INTEREST EARNINGS	$70,527	$75,754	$56,766	$61,305	$66,070	$71,073
TOTAL SOURCES	$104,527	$109,754	$90,766	$95,305	$100,070	$105,073
REPLACEMENT VALUE - NOTE 1	$ -	$ 489,500	$ -	$ -	$ -	$ -
REPAIR VALUE - NOTE 1						
TOTAL USES	$ -	$ 489,500	$ -	$ -	$ -	$ -
ENDING BALANCE	$1,515,075	$1,135,329	$1,226,095	$1,321,400	$1,421,470	$1,526,543
100% replacement						

1 - From Boyle Engineering study - January 2000

YEAR	36	37	38	39	40	41
TOWN SEWER						
REPLACEMENT %						
OPENING BALANCE	$1,892,147	$1,160,972	$1,652,530	$2,181,704	$2,750,673	$3,361,736
SOURCES						
REPLACEMENT REVENUE	$554,099	$566,843	$579,880	$593,218	$606,862	$620,820
INTEREST EARNINGS	$94,607	$58,049	$82,627	$109,085	$137,534	$168,087
TOTAL SOURCES	$648,706	$624,892	$662,507	$702,303	$744,395	$788,906
REPLACEMENT VALUE	$ 1,246,548	$ -	$ -	$ -	$ -	$ 1,279,364
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333
REPAIR VALUE - NOTE 1						
TOTAL USES	$ 1,379,881	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 1,412,697
ENDING BALANCE	$1,160,972	$1,652,530	$2,181,704	$2,750,673	$3,361,736	$2,737,944
100% replacement = $250,000						

BLACK LAKE SEWER						
REPLACEMENT %						
OPENING BALANCE	$1,526,543	$656,771	$723,609	$793,790	$867,479	$944,853
SOURCES						
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000	$34,000
INTEREST EARNINGS	$76,327	$32,839	$36,180	$39,689	$43,374	$47,243
TOTAL SOURCES	$110,327	$66,839	$70,180	$73,689	$77,374	$81,243
REPLACEMENT VALUE - NOTE 1	$ 980,100	$ -	$ -	$ -	$ -	$ 409,322
REPAIR VALUE - NOTE 1						
TOTAL USES	$ 980,100	$ -	$ -	$ -	$ -	$ 409,322
ENDING BALANCE	$656,771	$723,609	$793,790	$867,479	$944,853	$616,774
100% replacement						

1 - From Boyle Engineering study - January 2000

YEAR	42	43	44	45	46	TOTAL
TOWN SEWER						
REPLACEMENT %						
OPENING BALANCE	$2,737,944	$3,376,607	$4,061,809	$4,796,215	$5,582,629	$985,603
SOURCES						
REPLACEMENT REVENUE	$635,098	$649,706	$664,649	$679,936	$695,574	$ 20,068,370
INTEREST EARNINGS	$136,897	$168,830	$203,090	$239,811	$279,131	$ 10,088,298
TOTAL SOURCES	$771,996	$818,536	$867,739	$919,747	$974,706	$ 30,156,668
REPLACEMENT VALUE	$ -	$ -	$ -	$ -	$ 1,933,110	$ 20,272,047
STATE LOAN RESERVE REQUIREMENT	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 6,133,333
REPAIR VALUE - NOTE 1						$ 246,000
TOTAL USES	$ 133,333	$ 133,333	$ 133,333	$ 133,333	$ 2,066,443	$ 26,651,380
ENDING BALANCE	$3,376,607	$4,061,809	$4,796,215	$5,582,629	$4,490,891	$4,490,891
100% replacement = $250,000						

BLACK LAKE SEWER						
REPLACEMENT %						
OPENING BALANCE	$616,774	$681,612	$749,693	$821,178	$896,237	$34,321
SOURCES						
REPLACEMENT REVENUE	$34,000	$34,000	$34,000	$34,000	$34,000	$ 1,564,000
INTEREST EARNINGS	$30,839	$34,081	$37,485	$41,059	$44,812	$ 1,556,391
TOTAL SOURCES	$64,839	$68,081	$71,485	$75,059	$78,812	$ 3,120,391
REPLACEMENT VALUE - NOTE 1	$ -	$ -	$ -	$ -	$ 828,288	$ 2,878,952
REPAIR VALUE - NOTE 1						$ 129,000
TOTAL USES	$ -	$ -	$ -	$ -	$ 828,288	$ 3,007,952
ENDING BALANCE	$681,612	$749,693	$821,178	$896,237	$146,760	$146,760
100% replacement						

1 - From Boyle Engineering study - January 2000