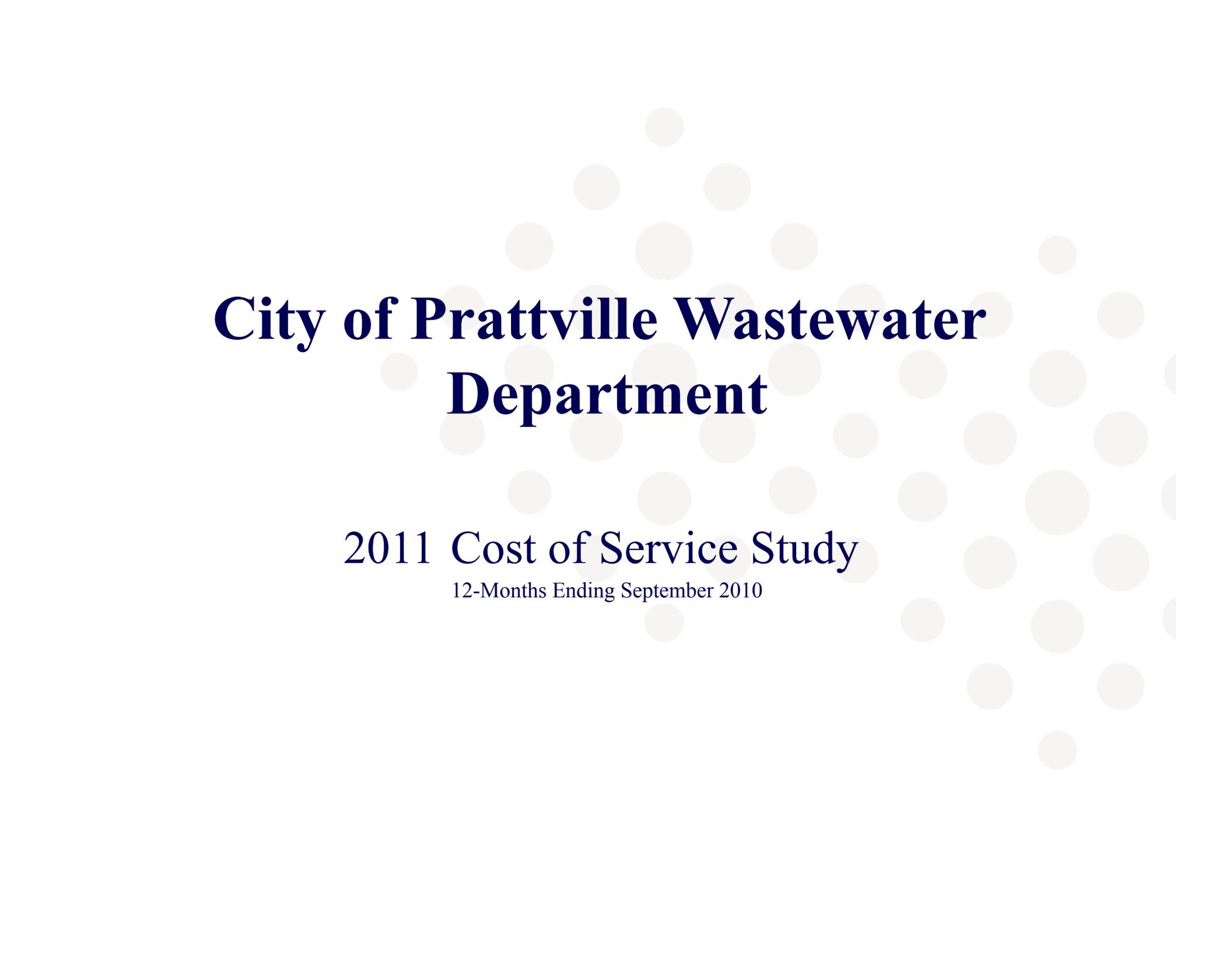




JACKSON THORNTONS



City of Prattville Wastewater Department

2011 Cost of Service Study
12-Months Ending September 2010



Typical Objectives of Rate Study



1. Revenue Stability and Sufficiency
2. Fairness and Equity
 - Fair is related to cross subsidies
 - Equity is related to $\text{Price}=\text{Cost}$
3. Ability to Pay
4. Simplicity (Admin & Cust Understanding)
5. Legally Defendable



Overview of Process



1. **Determine Revenue Requirements**
 - How much does the system need to make?
2. **Develop Revenue Requirements by Rate Class**
 - How much revenue is needed from each rate class?
3. **Develop COS Rates and Design Acceptable Rates**
 - How are the needed revenues best recovered?
4. **Implement Rate Changes**



Cash Method – System Revenue Requirement

TOTAL REV. REQ.

Operations & Maintenance Expense	\$ 3,350,000
Plus: Debt Service	\$ 450,000
Total Revenue Requirement	<u>\$ 3,800,000</u>

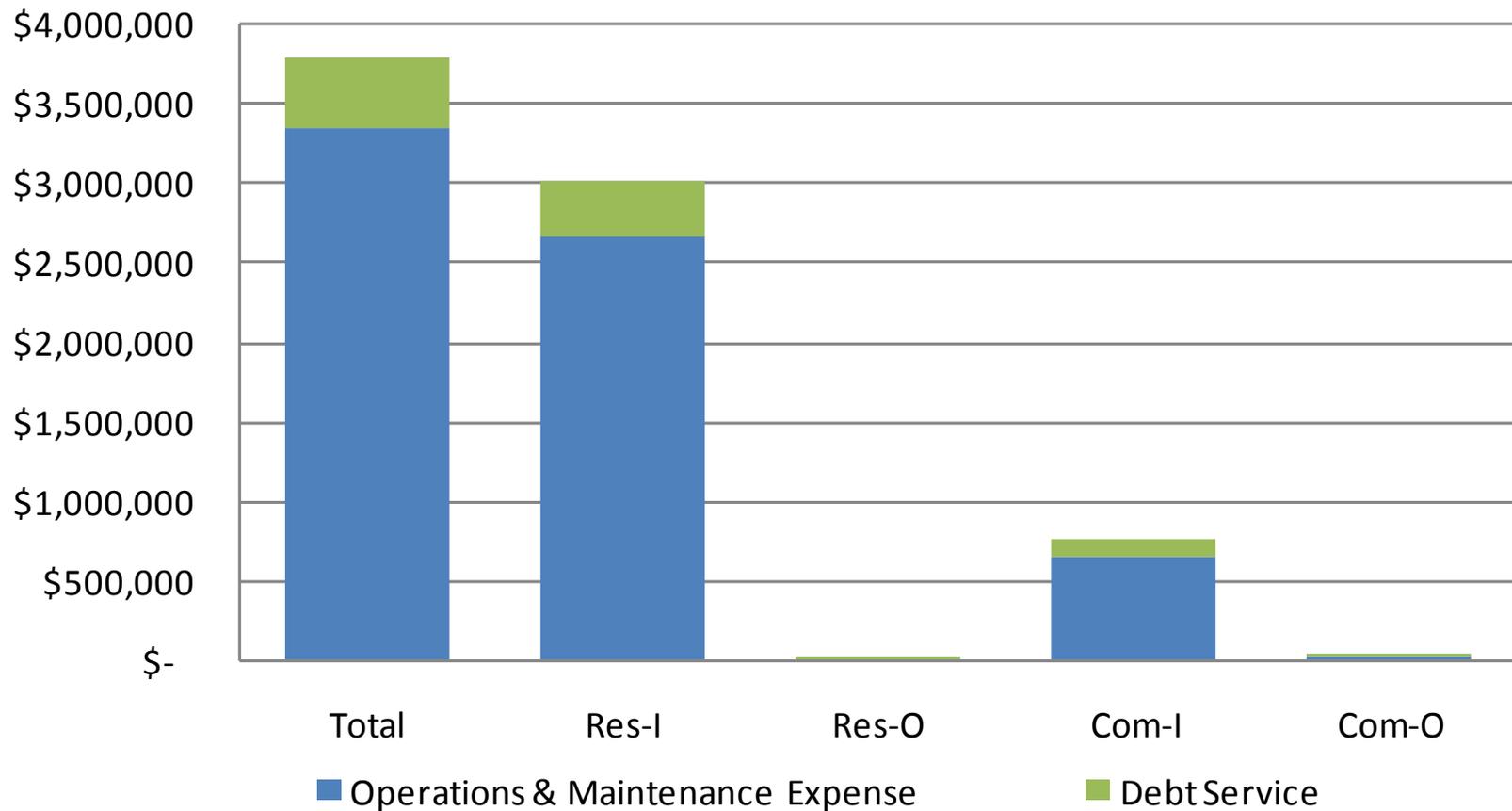
**2012 Budget provided by Goodwyn, Mills, & Cawood



Revenue Requirement by Class



Rev. Req. by Rate Class

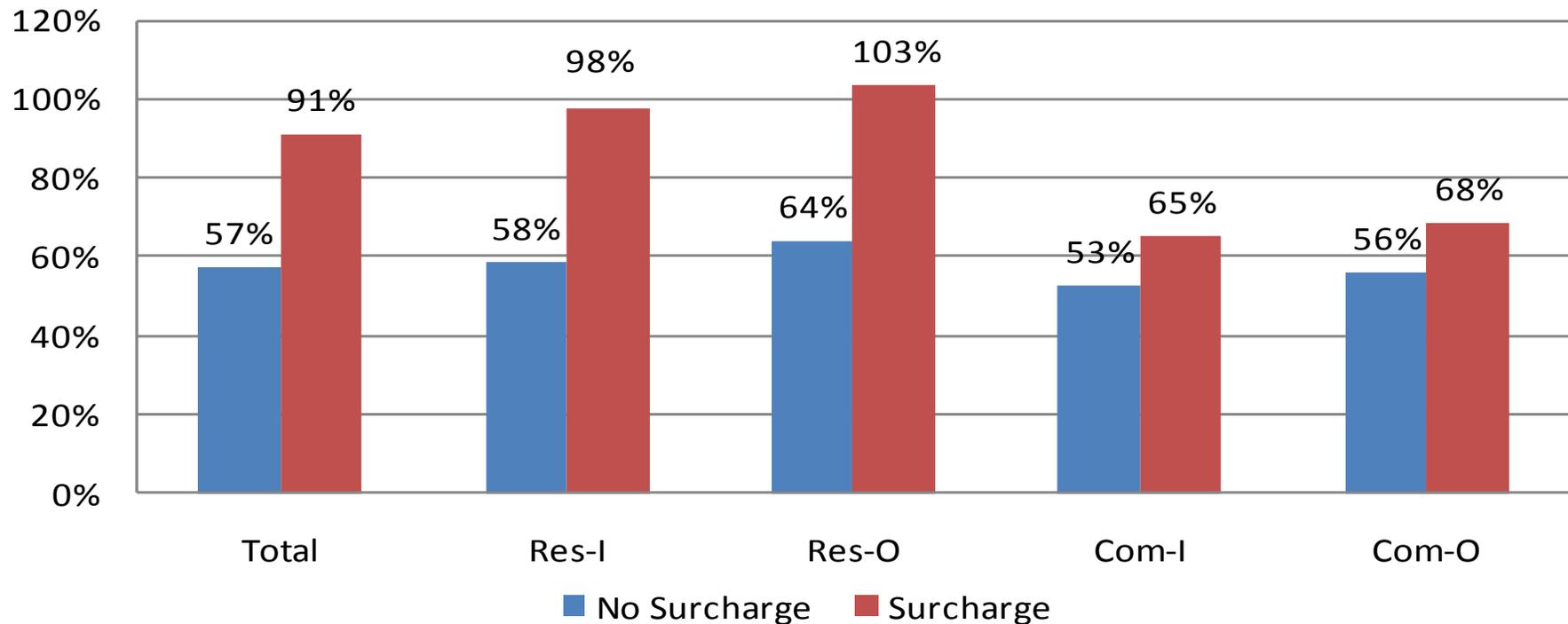




Recovery by Rate Class



Recovery by Rate Class - FY 2012 Budget



2010 Actual Revenue	\$ 2,176,999
Estimated Surcharge Revenue	\$ 1,281,810
Revised 2010 Revenue	<u>\$ 3,458,809</u>

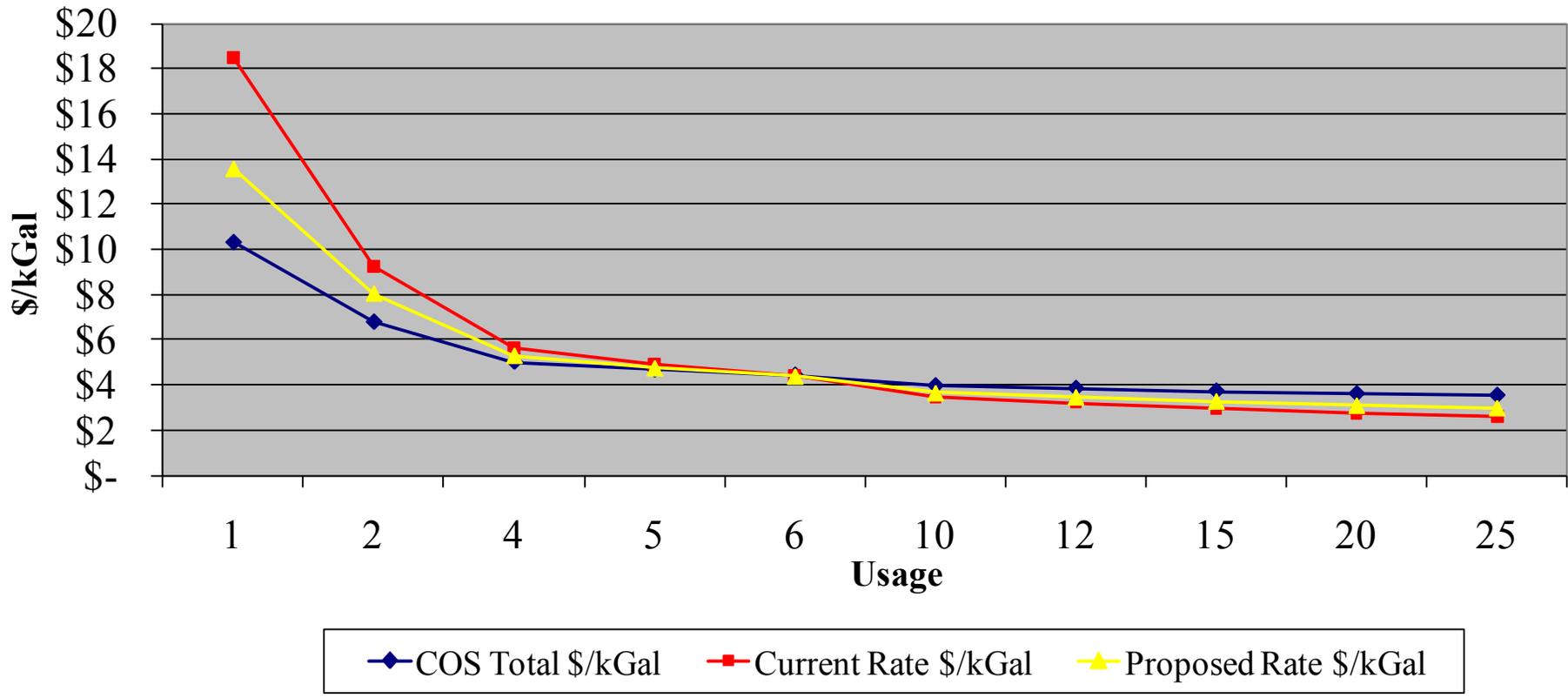


Proposed Residential Inside Rate



	Cost of Service	Current Rate	Proposed Rate	Difference	Proposed Rate
Customer Charge (2,000 Gallons)	\$ 7.08	\$ 18.50	\$ 11.00	\$ (7.50)	Customer Charge (no usage)
All Additional Usage	\$ 3.24	\$ 2.00	\$ 2.55	\$ 0.55	All Usage

Res-Inside Cost Curve





Proposed Residential Inside Rate



Usage		COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	Current \$/kGal	Proposed \$/kGal
1	\$	10.32	\$ 18.50	\$ 13.55	\$ (4.95)	\$ (0.17)	\$ 18.50	\$ 13.55
2	\$	13.56	\$ 18.50	\$ 16.10	\$ (2.40)	\$ (0.08)	\$ 9.25	\$ 8.05
4	\$	20.04	\$ 22.50	\$ 21.20	\$ (1.30)	\$ (0.04)	\$ 5.63	\$ 5.30
5	\$	23.29	\$ 24.50	\$ 23.75	\$ (0.75)	\$ (0.03)	\$ 4.90	\$ 4.75
6	\$	26.53	\$ 26.50	\$ 26.30	\$ (0.20)	\$ (0.01)	\$ 4.42	\$ 4.38
10	\$	39.49	\$ 34.50	\$ 36.50	\$ 2.00	\$ 0.07	\$ 3.45	\$ 3.65
12	\$	45.97	\$ 38.50	\$ 41.60	\$ 3.10	\$ 0.10	\$ 3.21	\$ 3.47
15	\$	55.70	\$ 44.50	\$ 49.25	\$ 4.75	\$ 0.16	\$ 2.97	\$ 3.28
20	\$	71.90	\$ 54.50	\$ 62.00	\$ 7.50	\$ 0.25	\$ 2.73	\$ 3.10
25	\$	88.11	\$ 64.50	\$ 74.75	\$ 10.25	\$ 0.34	\$ 2.58	\$ 2.99
Average Usage			5,617					

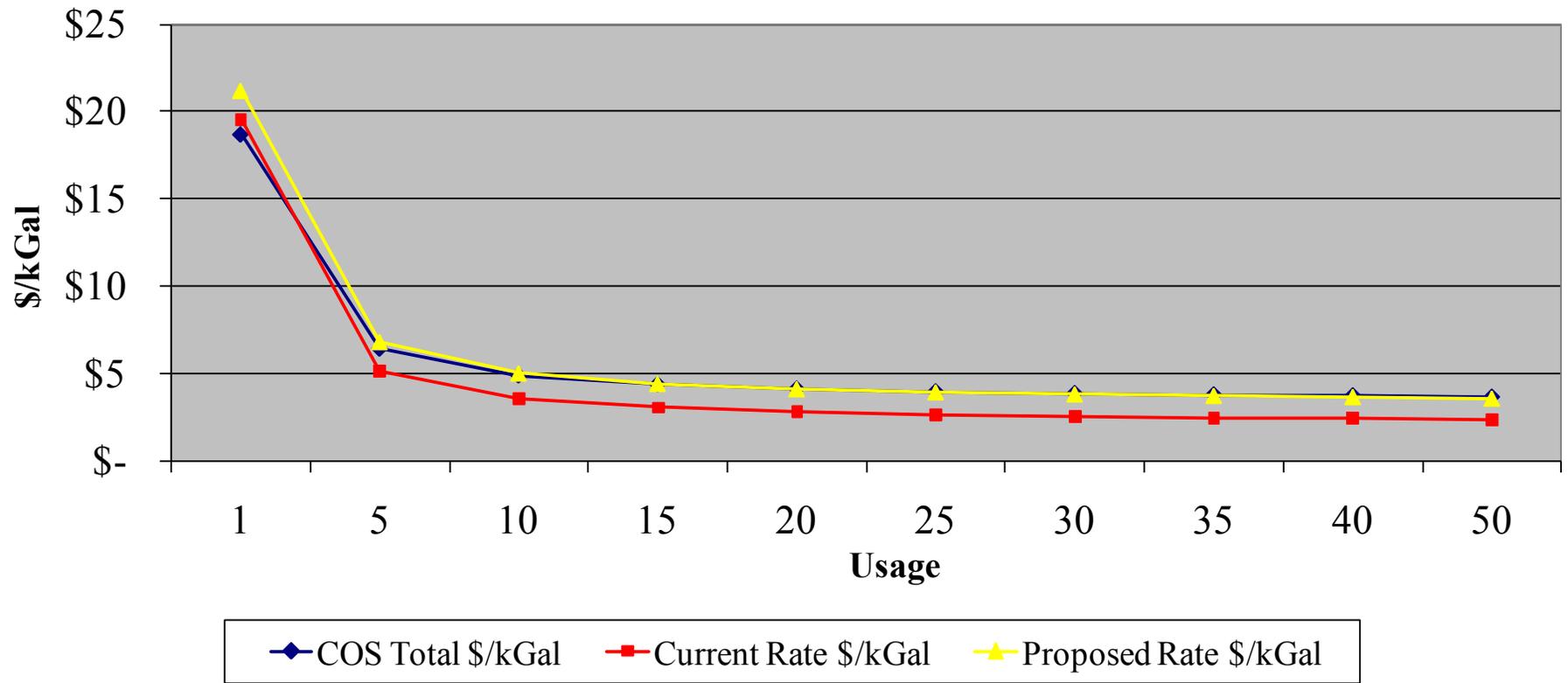


Proposed Commercial Inside Rate



	<u>Cost of Service</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Difference</u>	<u>Proposed Rate</u>
Customer Charge (2,000 Gallons)	\$ 15.40	\$ 19.50	\$ 18.00	\$ (1.50)	Customer Charge (no usage)
All Additional Usage	\$ 3.30	\$ 2.00	\$ 3.20	\$ 1.20	All Usage

Com-Inside Cost Curve





Proposed Commercial Inside Rate



Usage	COS Rates	Current Rates	Proposed Rates	Monthly Change	Daily Change	Current \$/kGal	Proposed \$/kGal
1	\$ 18.70	\$ 19.50	\$ 21.20	\$ 1.70	\$ 0.06	\$ 19.50	\$ 21.20
5	\$ 31.92	\$ 25.50	\$ 34.00	\$ 8.50	\$ 0.28	\$ 5.10	\$ 6.80
10	\$ 48.44	\$ 35.50	\$ 50.00	\$ 14.50	\$ 0.48	\$ 3.55	\$ 5.00
15	\$ 64.96	\$ 45.50	\$ 66.00	\$ 20.50	\$ 0.68	\$ 3.03	\$ 4.40
20	\$ 81.48	\$ 55.50	\$ 82.00	\$ 26.50	\$ 0.88	\$ 2.78	\$ 4.10
25	\$ 98.00	\$ 65.50	\$ 98.00	\$ 32.50	\$ 1.08	\$ 2.62	\$ 3.92
30	\$ 114.52	\$ 75.50	\$ 114.00	\$ 38.50	\$ 1.28	\$ 2.52	\$ 3.80
35	\$ 131.04	\$ 85.50	\$ 130.00	\$ 44.50	\$ 1.48	\$ 2.44	\$ 3.71
40	\$ 147.56	\$ 95.50	\$ 146.00	\$ 50.50	\$ 1.68	\$ 2.39	\$ 3.65
50	\$ 180.60	\$ 115.50	\$ 178.00	\$ 62.50	\$ 2.08	\$ 2.31	\$ 3.56
Average Usage		21,071					



Proposed Rate Summary



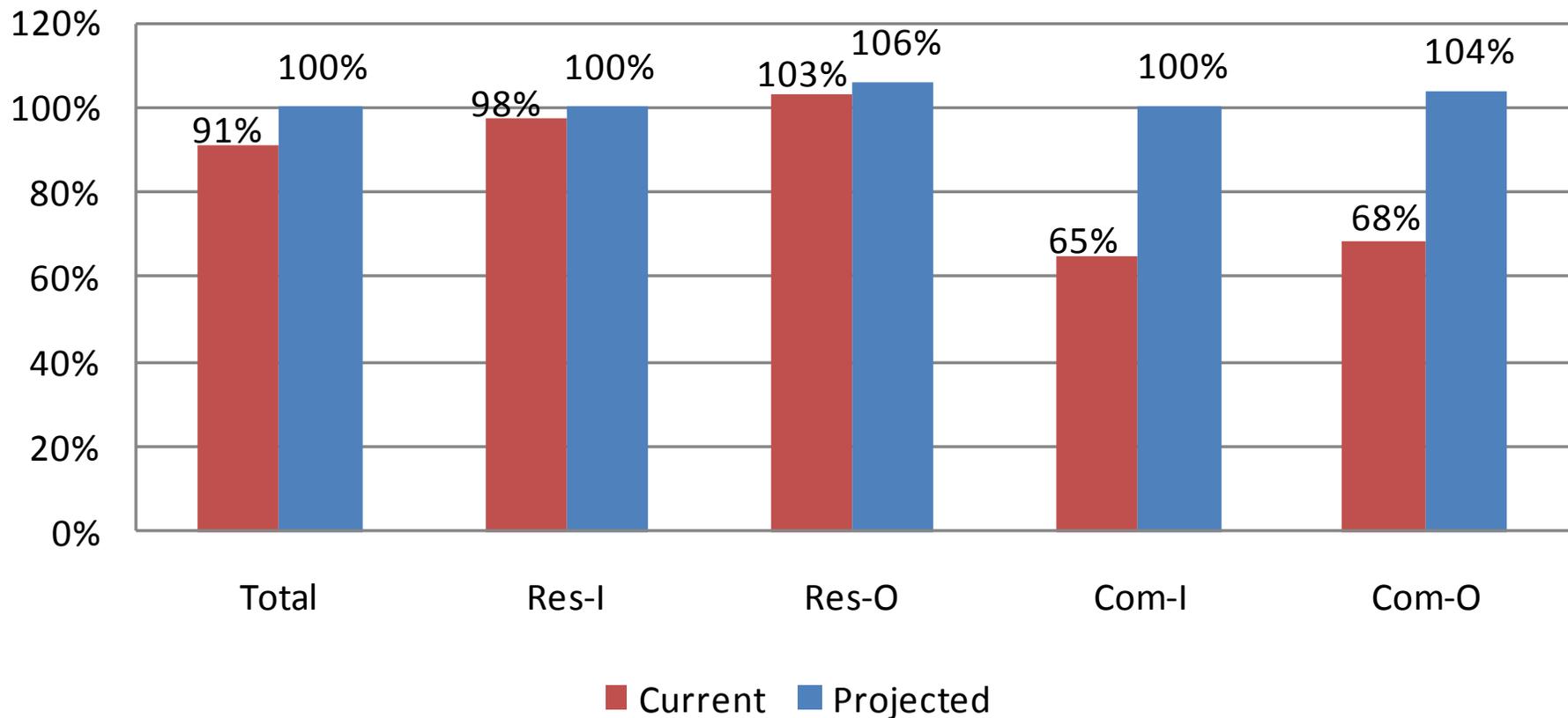
	Res-Inside	Res-Outside	Com-Inside	Com-Outside
Customer Charge	\$ 11.00	\$ 12.50	\$ 18.00	\$ 21.00
Consumption Charge (per kGal)	\$ 2.55	\$ 2.55	\$ 3.20	\$ 3.20



Proposed Residential Inside Rate



Proposed Recovery - FY 2012 Budget





Impact Fee Adjustment



Impact Fee Analysis - FY 2004

Existing Used Residential Capacity (Gal)	684,700,000
Existing Residential Customers	108,697
Annual Usage per Cust	75,590
Total Existing Used Capacity	869,678,000
Equivalent Residential Units (ERU's)	11,505
Existing System Valuation	\$ 13,111,250
Average Cost Per ERU	\$ 1,140