reduce revenue, and a lot of the costs of our operation cannot be cut. We're just not built to absorb $27 million in losses year after year."

This situation may sound vaguely familiar – after all, Austin has been steadily raising rates for more than a decade to pay off major investments, such as a $400 million, federally mandated upgrade of the sewer system. It is not unique to Austin, either; cities across Texas have also raised rates substantially as the drought took hold.

Anyone who has looked at Lake Travis lately saw a powerful argument for conservation. Lakes Travis and Buchanan, which are the main water supplies for Central Texas, are only about 38 percent full. That is approaching the all-time low of 30 percent, with summer yet to come. Nearly every water official says the region is in a crisis.

Largely because of conservation efforts, Austin homes and businesses have used less water each year since 2006, despite population growth and hard droughts. Utility officials say the main reason is the once-a-week watering restriction, which Meszaros said will probably not be lifted for years. Utility officials also credit public education, giveaways of low-flow toilets, rebate programs and the current rate structure, which includes progressive "tiered" rates intended to discourage profligate water use.

In the 2006 fiscal year, per-person water use in Austin averaged 190 gallons a day; in the 2013 fiscal year, daily use had dropped to 136 gallons per capita. A more sophisticated analysis, which uses a five-year average to smooth out unusually wet and dry years, shows a similar trend. Likewise, the total amount of water pumped by the water utility peaked in 2007.

Even the summer scorchers of recent years haven't changed the basic picture.

"It used to be that in dry years, water utility revenues would go up, and in wet years it would go down. It's still down in wet years, but now it also is down in dry years," said Daryl Slusher, an assistant director of the water utility who oversees its conservation efforts.

The revenue shortfall is happening despite rates that have more than doubled over the past 12 years. And it is happening despite one of Austin's worst-kept secrets: Some houses are watering during days on which watering is not allowed – and producing revenue the city would not be collecting were it enforcing its conservation rules more vigorously.

Fiscal conservatives question whether the utility should cut rebates and other programs that kneecap revenues. Environmental activists say the city should not have added nearly a billion dollars worth of debt, to be

? True?

Blind team defeats Seattle Police Department to keep baseball game

Gregory Mc Queen prostitution hearing wraps up at Ft. Hood

Kourtney Kardashian reportedly pregnant with third child

Familiar judge to hear school finance recusal case

paid back over 30 years, for a water-treatment plant now under construction, particularly at a time when citywide use is declining.

For years the city had also given developers steep discounts on water-and-wastewater hookup fees, a practice the City Council recently concluded should be curtailed because it pushed water-utility costs onto everyone else.

Even Mayor Lee Leffingwell recently alluded to nonvital expenses while trying to persuade his City Council colleagues to be more cognizant of the city's bottom line. Leffingwell noted that a few years ago, the council decided to use Austin Water Utility revenue to maintain the Balcones Canyonlands Preserve, a high-profile nature conservation effort, "because that's where the money was."

To deal with the expected budget crunch, the water utility has begun cutting. Its plans include: reducing conservation advertising; hiring fewer consultants to help fashion conservation strategies; signing fewer contracts, such as those for leak detection and assessment of the utility's water distribution system; creating less-generous rebate programs; and deferring maintenance of pumps and other equipment. But utility executives expect those cuts to yield only about $4.5 million in savings.

Last year, the utility dealt with the $27 million shortfall partly by refinancing some of its outstanding debt, which saved about $5 million, said David Anders, an assistant director who oversees the utility's finances. The rest of the shortfall was covered by borrowing money to finance some construction projects, instead of paying for them with cash. Meszaros, the utility director, said it may do an even more pronounced shift from cash to borrowing in the coming years, which would save money in the short term but adds interest payments.

Meszaros added that the utility is looking to save more money by delaying more construction and maintenance projects.

"When we're in a cash crunch, that's one of the big knobs we can turn," Meszaros said.

Expert reporting

Marty Toohey has written about local government since 2005, and has reported on Austin City Hall since 2009. He has taken in-depth looks at how Austin Energy revenue supports the city budget, the rise in government pension and health care costs and the combined burden of various local tax entities on area property owners.

By the numbers

190: Average daily water use, in gallons, per person in Austin in 2006

136: Average daily water use, in gallons, per person in Austin in 2013

$27 million: Shortfall in Austin Water sales last year

$10 million: Shortfall in Austin Water sales for the first quarter of this year

Source: Austin Water Utility

PREVIOUS: CRIME & LAW

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All Comments (9)

Post a Comment

Comment(s) 1-9 of 9

Report

807swr

I suspect this is the new norm. I sense a Hurricane bonus for those 1 in 10 year events where the lakes are recharged and AWU can revert back to conventional operations and maintenance costs.

Of course the developers will keep on building until we shut them off from water for sanitation and fire protection.

1:46 p.m. Feb. 24, 2014

Report

OldBlowhard

Lay off the deadwood in the administrative suites and cut the pay of the ones who keep jobs. Make Slusher

the manager. He has succeeded Don't even THINK about screwing the people for conserving precious water and hard-earned money If the present City Council can't deal with it the new one will

4:57 a.m. Feb 25, 2014

Report

educated

Poor management and lack of foresight has sunk our boat

5:25 a.m. Feb 25, 2014

Report

BillBunch

Austin a "victim of its own success"? This is what is called revisionist history

Austin water ratepayers are victims of pork barrel politics at its worst and a failure of integrity and leadership from AWU director Greg Meszaros, from his boss, City Manager Marc Ott, and from his boss, a narrow 4-3 city council majority that includes sitting Mayor Leffingwell and councilmembers Mike Martinez and Sheryl Cole

The "Save Water Save Money" coalition of SOS Alliance Austin Sierra Club, Clean Water Action, and Environment Texas documented for two years running that water use was not increasing as Water Utility directors insisted, such that building the "Billion Dollar Mistake on the Lake" water plant was a total waste of ratepayer funds. We documented that it would lead directly to the rate trap that we are in right now It was all crystal clear from 2009 through 2011 before construction on the plant began It was clear that Austin Water had a finance and water waste problem not a treatment problem

But the Austin Chamber the Real Estate Council, the contractors, and the Statesman editorial board all ignored the facts that were clear in the Water Utility's own data and fell for the scare tactics and misrepresentations of Meszaros and Company

Austinites are saving water because rates have skyrocketed and they care about our city and our planet. They are saving despite the incompetence of city management With Water Treatment Plant No 4, Meszaros, Ott and Leffingwell led Austin over a cliff Someone should be held accountable. Price and Toohey should tell the truth

8:02 a.m. Feb 25, 2014

Report

Gritsforbreakfast

Gee, if only this could have been predicted when the Statesman Chronicle and city council were pushing a half billion dollars in debt for a water treatment plant we didn't need Oh wait, it was, in detail

http://www.sosalliance.org/file-library/doc_view/250-the-perfect-storm-setting-priorities-at-the-austin-water-utility-in-a-time-of-fiscal-crisis

To blame massive rate hikes on the pittance spent on rebates or the Balcones Canyonlands Preserve is shockingly disingenuous Some enterprising reporter should compare Leffingwell and Meszaros' comments today on the topic of water rates with the mendacious foolishness they were spewing when they wanted to

build WTP4 This was all both predictable and predicted

The environmentalists opposing all that new debt were the real "fiscal conservatives " Leffingwell, the Statesman, Chronicle and other WTP4 boosters all owe ratepayers a big mea culpa

8:47 a.m. Feb. 25, 2014

TominAustin Report

Hey boss what's up? These people are cutting back water use so much we can't rake in a profit like we used to. What'll we do now? Son, GMAB, easy - just bump the rates like we always do. We know that conserving does not save a $. Look at Austin Energy, they bumped rates. Recycling trash? A cash cow for us means nothing to the environment. Get with the program, keep Austin Weird. 6-figure city boss

8:33 a.m. Feb. 25, 2014

Timmy1234 Report

So that clown Leffingwell wants to limit "nonvital" expenses?

Novel concept

10:29 a.m. Feb. 25, 2014

JOEY68 Report

lets cut the city water service off and let the truck roll on into the neiborhoods We have to watch the water we use because of the drought Ok so now lets forget about the restriction and waste water so we dont have that stupid and dumd water rate raise Our politicians are dumd!!!!!!

4:06 p.m. Feb. 25, 2014

WonderBread Report

I am agree with Old Blowhard Bill Bunch, and GritsforBreakfast comments at the same time My head may explode. The new 10-1 city council members need to put a stop to the city staff undermining water conservation efforts in the future.

9:44 p.m. Feb. 25, 2014

Comment(s) 1-9 of 9

All Comments (9) Post a Comment

(E)

2010-2011 PROPOSED BUDGET
RESPONSE TO REQUEST FOR INFORMATION

DEPARTMENT: Austin Water Utility

REQUEST NO.: 14

REQUESTED BY: Riley

DATE REQUESTED: 8/3/10

REQUEST: Have the bonds approved in 1984 been used for any WTP4-related costs? If so, please describe how these bonds are incorporated in the $508M figure for the FY 2008-2014 total projected CIP spending. If these bonds were not used for WTP4, please describe what these bonds have been used for.

RESPONSE:
The 1984 Proposition 4 voter authorized bonds have been appropriated for use for the site acquisitions, engineering design, and construction of the specific bond proposition related projects including:

	Appropriated Funds
• Four Points / Spicewood Transmission Main	$1.8
• Four Points Reservoir	$5.2
• WTP4 - Bull Creek Site Related Projects	$55.2
• WTP4 – Bullick Hollow Site Related Projects	$77.6
Total 1984 Prop 4 Bonds Appropriated	$139.8

All of the $141 million in voter authorized bonds will be issued and expended on the previous bond proposition projects constructed in the 1980s, Bull Creek site acquisition and engineering completed in the 1980s, and the current WTP4 and transmission main construction at the Bullick Hollow Site.

The $508 million in WTP4 construction at the Bullick Hollow site is currently estimated to be funded through $78.8 million of the 1984 Proposition 4 bond authority, $327.6 million in commercial paper which will be converted to long-term revenue bonds, and $101.6 million in cash funding from Austin Water Utility current revenue.

The Council approved Financial Policies for the Austin Water Utility allow the voter authorized bond authority to be increased by inflation plus an additional 50% for construction of the original scope of bond projects that have been significantly delayed. By applying this financial policy, the total funding for WTP4 is authorized at $597.9 million when including inflation and the additional 50% limit. This funding limit will provide sufficient funding to complete the construction of WTP4.

(E)

2011-2012 FINANCIAL FORECAST
RESPONSE TO REQUEST FOR INFORMATION

DEPARTMENT: Austin Water

REQUEST NO.: 33

REQUESTED BY: Spelman

DATE REQUESTED: 6/30/2011

REQUEST: For expenditures made on the WTP4 project at the Bull Creek site, or are otherwise excluded from the $508 million budget, please state the current outstanding debt for those expenditures and give the annual payment schedule for that debt. For this same time period, please also give the projected annual Operations & Maintenance costs.

RESPONSE:

Of the $55.7 million expended on the Bull Creek Site, about $7.6 million was funded with cash and capital recovery fees, and the remaining $48.1 million was debt financed. The current outstanding debt on the original Bull Creek Site is approximately $28.9 million with annual debt service of about $2.2 million through November 2030. **Appendix A** is an estimated debt service schedule for the Bull Creek Site bond-funded expense.

The Bull Creek site has been repurposed and has been dedicated to the Balcones Canyonland Preserve. There are minimal Operations & Maintenance costs to maintain the site as part of the BCP; however, those costs are not associated with WTP4 now, or in the future.

Appendix A

CITY OF AUSTIN, TEXAS
Estimate of WTP#4 Debt Service for Bull Creek Site Only
1985-2009

Date	Principal Outstanding	Principal Additions	Principal	Coupon	Interest	Total	Fiscal Year Total
					-	-	
		8 000 000 00					
11/15/85	8 000 000 00		-	12 000%	480 000 00	480,000 00	
05/15/86	8 000 000 00	13 513,000 00	-		480,000 00	480,000 00	960,000 00
11/15/86	21,513 000 00	-	305 390 97	12.000%	1,290,780 00	1,596,170.97	
05/15/87	21,207,609 03	10 000 000 00	-		1 272,456.54	1,272,456.54	2,868,627 51
11/15/87	31,207 609 03	-	466 666.40	12 000%	1 872,456.54	2,339,122 94	
05/15/88	30,740 942 64		-		1,844,456 56	1,844 456.56	4 183,579 50
11/15/88	30 740,942 64		484,232 62	6 400%	983 710 16	1 467 942 78	
05/15/89	30,256 710 02	5 000 000 00	-		968 214 72	968,214 72	2 436 157 50
11/15/89	35 256,710.02	-	585,018 32	6.400%	1 128,214 72	1 713,233 04	
05/15/90	34 671 691 70		-		1 109,494 13	1 109,494 13	2,822 727 17
11/15/90	34 671,691 70		606,029 18	6 400%	1,109,494 13	1 715,523 32	
05/15/91	34 065,662.52		-		1,090 101 20	1 090 101 20	2.805 624 52
11/15/91	34,065 662 52		527,229 06	6.400%	1 090,101 20	1,717 330.26	
05/15/92	33.438.433 47		-		1 070,029 87	1 070 029 87	2.787.360 13
11/15/92	33,438,433 47		648 553.90	6 400%	1 070 029.87	1,718.583 77	
05/15/93	32.789.879 56		-		1 049,276 15	1,049,276 15	2.767 859 92
11/15/93	32 789 879 56		669 932 12	6 600%	1,082,066 03	1,751,998 14	
05/15/94	32 119 947 45	1 149 152 00	-		1 059,958 27	1 059,958.27	2 811 956 41
11/15/94	33 269 099 45		716,016 20	6 700%	1 114,514.83	1,830,531 03	
05/15/95	32 553 083 25		-		1,090 528 29	1 090.528 29	2 921 059.32
11/15/95	32 553 083 25		738 014 26	6 000%	976,592 50	1 714,606 76	
05/15/96	31 815 068 99		-		954,452 07	954 452.07	2,669.058 83
11/15/96	31 815 068 99		759,794 80	6 000%	954,452 07	1 714,246 87	
05/15/97	31 055.274 19		-		931,658.23	931 658 23	2.645 905 10
11/15/97	31,055 274 19		781,249.30	6 000%	931 658 23	1,712 907 52	
05/15/98	30.274,024 89		-		908,220 75	908.220 75	2 621 128 27
11/15/98	30,274,024 89		802 260.22	6 000%	908 220.75	1,710.480 97	
05/15/99	29 471,764 67		-		884 152 94	884,152 94	2.594 633 91
11/15/99	29.471.764.67	8 198 00	822 701 07	5 675%	836.261 32	1 658,962 39	
05/15/00	28,657 261 61		-		813,149 80	813,149 80	2,472 112 19
11/15/00	28.657.261.61	1 577 00	842 677 57	5 675%	813 149 80	1,655.827 36	
05/15/01	27 816 161 04		-		789.283 57	789 283 57	2,445,110 93
11/15/01	27,816 161 04	1 114 00	861 617 99	5 500%	764,944 43	1,626 562.42	
05/15/02	26,955 657 05		-		741 280.57	741 280 57	2,367 842 99
11/15/02	26 955 657 05		879 545 51	5 500%	741,280.57	1,620 826 07	
05/15/03	26,076,111 54		-		717,093 07	717,093.07	2,337,919 14
11/15/03	26,076 111 54	506,000 00	896,276.57	5 500%	717 093 07	1,613,369.64	
05/15/04	25,685,834 97		-		706,360 46	706,360 46	2,319 730 10
11/15/04	25,685,834 97		930 001 67	5 500%	706,360 46	1,636 362 13	
05/15/05	24,755,833 30		-		680 785 42	680,785 42	2,317 147 54
11/15/05	24,755,833 30		944 187 86	5.250%	649 840 62	1,594,028 48	
05/15/06	23,811 645 44		-		625 055 69	525 055 69	2,219.084 18
11/15/06	23 811 645 44		956.667 66	5 250%	625,055 69	1 581,723 35	
05/15/07	22,854.977 78		-		599 943 17	599,943 17	2 181 666 52
11/15/07	22,854 977 78	3,000 000 00	967.260 19	5 250%	599,943.17	1 567 203.36	
05/15/08	24 887 717 59		-		653,302.59	653,302.59	2,220,505.94
11/15/08	24 887 717 59		1 109,528 35	5 250%	653,302.59	1 762 830 94	
05/15/09	23 778,189 24	6 918,976 00	-		624,177 47	624 177 47	2 387,008 41
11/15/09	30,697 165 24		902,661 70	4.500%	690 686.22	1,593,347 92	
05/15/10	29,794,503 54		-		670 376 33	670 376 33	2 263 724 25
11/15/10	29,794,503.54		922,898 03	4 600%	685 273.58	1,608,171 61	
05/15/11	28,871,605 51		-		664 046 93	664 046 93	2 272,218 54
11/15/11	28,871,605 51		942,061 65	4 600%	664,046 93	1 606,108 58	

CITY OF AUSTIN, TEXAS
Estimate of WTP#4 Debt Service for Bull Creek Site Only
1985-2009

Date	Principal Outstanding	Principal Additions	Principal	Coupon	Interest	Total	Fiscal Year Total
05/15/12	27 929 543 85				642,379 51	642 379 51	2,248,488 09
11/15/12	27 929,543.85		959,981 93	4 600%	642,379 51	1 602 361 44	
05/15/13	26,969 561 92				620,299 92	620 299 92	2,222 661 36
11/15/13	26,969,561 92		1 028,619 50	4 600%	620,299 92	1,648,919.43	
05/15/14	25,940,942.42				596,641 68	596,641 68	2,245,561 10
11/15/14	25,940,942.42		1 042,215.28	4 600%	596 641 68	1,638,856 96	
05/15/15	24,898 727 14				572,670 72	572,670 72	2,211 527 68
11/15/15	24,898,727 14		1 110,019 17	4 600%	572 670 72	1 682,689.90	
05/15/16	23,788,707 97				547 140 28	547,140.28	2,229,830 18
11/15/16	23,788 707.97		1,176,808 61	4 600%	547 140 28	1 723,948 89	
05/15/17	22,611 899 36				520,073 69	520 073.69	2,244,022 58
11/15/17	22,611,899 36		1,241,234 03	4.600%	520 073 69	1 761 307 71	
05/15/18	21,370,665 33				491,525 30	491 525 30	2,252,833 02
11/15/18	21,370,665 33		1 301 716.23	4 600%	491,525.30	1 793,241 53	
05/15/19	20 068,949 10				461,585 83	461 585 83	2 254 827.36
11/15/19	20 068,949 10		1 367 972 94	4 600%	461,585 83	1,829,558 77	
05/15/20	18 700,976 15				430 122 45	430,122.45	2 259,681 22
11/15/20	18 700,976 15		1,386,932 76	4.600%	430,122.45	1 817,055 21	
05/15/21	17 314 043 39				398,223.00	398,223 00	2,215,278 21
11/15/21	17 314,043 39		1,474,527 23	4 600%	398,223 00	1 872,750 23	
05/15/22	15 839 516 16				364 308 87	364 308 87	2,237,059 10
11/15/22	15,839,516 16		1 539,025 30	4 600%	364 308 87	1 903,334 17	
05/15/23	14 300,490 86				328 911 29	328 911 29	2,232,245 46
11/15/23	14,300 490 86		1 603 995 34	4 600%	328 911 29	1,932,906 63	
05/15/24	12 696 495 53				292 019 40	292,019 40	2,224 926 02
11/15/24	12 696,495 53		1 678,015.27	4 600%	292,019 40	1 970,034 66	
05/15/25	11 018 480 26				253,425 05	253,425 05	2,223,459 71
11/15/25	11 018 480 26		1 764 760 08	4 600%	253,425 05	2 018 185 13	
05/15/26	9,253 720 18				212 835 56	212,835 56	2,231 020.69
11/15/26	9,253,720 18		1,838 127 14	4 600%	212,835 56	2,050 962 70	
05/15/27	7 415,593 04				170 558 64	170,558.64	2,221,521 34
11/15/27	7,415,593 04		1 936,683 39	4 600%	170,558 64	2,107,242 03	
05/15/28	5 478,909 65				126,014 92	126 014 92	2,233,256.95
11/15/28	5 478,909 65		2 022 614 32	4 600%	126,014 92	2,148,629 24	
05/15/29	3,456,295 33				79,494 79	79,494 79	2 228 124 03
11/15/29	3,456,295 33		2 126 187 27	4 600%	79,494 79	2,205 682 07	
05/15/30	1 330 108 06				30 592 49	30,592 49	2 236,274.55
11/15/30	1 330 108 06		1 330 108 06	4 600%	30,592 49	1,360,700.55	
05/15/31	0 00				0 00	0.00	1,360 700 55
Totals		48,098,017.00	48,098,017 00		61,415,031 02	109,513,048.02	109,513,048 02

(E)

2011-2012 FINANCIAL FORECAST
RESPONSE TO REQUEST FOR INFORMATION

DEPARTMENT: Austin Water

REQUEST NO.: 34

REQUESTED BY: Spelman

DATE REQUESTED: 6/30/2011

REQUEST: For the $508 million budget for WTP4, please give an annual expenditure projection, starting the year the $508 million budget covers, showing both cash/out of pocket payment and debt service for each year, and show that projection through the end of the projected debt payment schedule.

RESPONSE:

The $508 million capital infrastructure expense annual expenditure projections, showing both cash/out of pocket (equity financing) and debt service (commercial paper and revenue bond) is shown in Appendix A.

APPENDIX A

CITY OF AUSTIN, TEXAS
AUSTIN WATER UTILITY

WTP4
Capital Infrastructure Cost Summary ($508.0 Million)

*** DRAFT ***	Actual 2007-08	CYE Projected 2008-09	1 Proj 2009-10	2 Proj 2010-11	3 Proj 2011-12	4 Proj 2012-13	5 Proj 2013-14	6 Proj 2014-15	7 Proj 2015-16	8 Proj 2016-17	9 Proj 2017-18	10 Proj 2018-19	11 Proj 2019-20
Debt Service Requirements													
Commercial Paper Debt Service	$112,760	$782,550	$1,741,110	$1,731,748	$2,478,483	$2,513,625	$1,753,407	$561,429	$0	$0	$0	$0	$0
Revenue Bond Debt Service	0	374,894	4,027,761	7,365,697	11,917,401	17,634,826	23,241,046	26,871,464	27,907,087	28,024,460	27,989,153	27,974,501	27,982,399
Total Debt Service	$112,760	$1,157,444	$5,768,871	$9,097,443	$14,395,884	$20,148,451	$24,994,453	$27,432,893	$27,907,087	$28,024,460	$27,989,153	$27,974,501	$27,982,399
Other Requirements													
Transfer to CIP (Equity Financing)	$0	$0	$12,526,027	$23,924,232	$28,243,552	$24,668,115	$12,238,073	$0	$0	$0	$0	$0	$0
Total Debt Service & Equity Requirement	$112,760	$1,157,444	$18,294,898	$33,021,676	$42,639,436	$44,816,566	$37,232,526	$27,432,893	$27,907,087	$28,024,460	$27,989,153	$27,974,501	$27,982,399

	12 Proj 2020-21	13 Proj 2021-22	14 Proj 2022-23	15 Proj 2023-24	16 Proj 2024-25	17 Proj 2025-26	18 Proj 2026-27	19 Proj 2027-28	20 Proj 2028-29	21 Proj 2029-30	22 Proj 2030-31	23 Proj 2031-32	24 Proj 2032-33
Debt Service Requirements													
Commercial Paper Debt Service	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Revenue Bond Debt Service	27,998,635	28,010,615	28,012,055	27,999,368	27,968,663	27,928,281	27,887,168	27,854,022	27,829,202	27,813,544	27,808,842	27,814,311	27,825,966
Total Debt Service	$27,998,635	$28,010,615	$28,012,055	$27,999,368	$27,968,663	$27,928,281	$27,887,168	$27,854,022	$27,829,202	$27,813,544	$27,808,842	$27,814,311	$27,825,966
Other Requirements													
Transfer to CIP (Equity Financing)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Debt Service & Equity Requirement	$27,998,635	$28,010,615	$28,012,055	$27,999,368	$27,968,663	$27,928,281	$27,887,168	$27,854,022	$27,829,202	$27,813,544	$27,808,842	$27,814,311	$27,825,966

	25 Proj 2033-34	26 Proj 2034-35	27 Proj 2035-36	28 Proj 2036-37	29 Proj 2037-38	30 Proj 2038-39	31 Proj 2039-40	32 Proj 2040-41	33 Proj 2041-42	34 Proj 2042-43	35 Proj 2043-44	Total
Debt Service Requirements												
Commercial Paper Debt Service	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$11,695,300
Revenue Bond Debt Service	27,842,828	27,861,241	27,880,891	27,627,689	24,817,632	20,796,423	16,881,670	11,222,755	5,447,915	1,380,195	0	785,820,589
Total Debt Service	$27,842,828	$27,861,241	$27,880,891	$27,627,689	$24,817,632	$20,796,423	$16,881,670	$11,222,755	$5,447,915	$1,380,195	$0	$797,515,889
Other Requirements												
Transfer to CIP (Equity Financing)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$101,599,999
Total Debt Service & Equity Requirement	$27,842,828	$27,861,241	$27,880,891	$27,627,689	$24,817,632	$20,796,423	$16,881,670	$11,222,755	$5,447,915	$1,380,195	$0	$899,115,888

Exh 4 - 1999 COS

1.0 Executive Summary

1.1 General

Over the past twelve (12) months, the Black and Veatch team conducted a comprehensive cost of service study for water and wastewater services under the direction of the Water and Wastewater Utility. The goal has been to replace the cost of service rate study model adopted in 1993 with an updated model consistent with current practice and data. The Utility's job in conducting the study has been to balance the interests of all customers so that all can be served.

The Study team was asked **to analyze rates without regard to past assumptions and to devise a new rate model that the Utility staff will use and adapt over the next five or more years.** The goals for the new rate structure are that it be equitable to all customer classes, fully defensible, implementable with available resources, and a reflection of as much consensus as possible, while providing adequate revenue to the Utility.

The Black and Veatch team was particularly sensitive to ensuring **fully defensible** methodologies are used, since the City of Austin has in past years spent more than $7 million unsuccessfully defending rates not based on accepted cost-of-service methods.

The new model has been developed to be **"revenue neutral"** in that it does not increase the Utility's total projected revenue to be generated from rates. Impact fees and recycled water rates were excluded from this study.

Cost of service rate studies deal with how to divide the rate burden among different types of customers. The overall amount of revenue required is not the subject of this study, but rather how to "cut up the pie" so that all customer groups pay their fair share. **Any revenue not contributed by one customer class must be provided by other customers**—thus, rate-setting is inherently controversial.

The consulting team had the benefit of the active participation of a **Public Involvement Committee** comprising representatives of all customer classes selected by the rate-paying groups themselves in conducting this study. The Council also appointed and funded a Residential Rate Advocate to represent in-City residential and small commercial ratepayers.

In 1993, the City Council made **a commitment to charge wholesale customers cost of service rates as part of a legal settlement and to move toward cost-based rates for all customers.** Since then, the Council has reviewed and adjusted rates annually in fulfilling this commitment. However, in-City residential ratepayers continue

adopting any rate structure. See "Section 1.4 Decisions Facing the Council" later in this Executive Summary for more on this subject.

1.3 Features of the Recommended Rate Structure and Model

1.3.1 More Accuracy and Precision

The new rate structures and corresponding models are **more accurate and precise** because they are based on fixed asset data that the Utility staff has developed since the previous rate study was completed. These and other data make it possible to more accurately attribute costs to particular water or wastewater service functions.

One finding that resulted from this greater accuracy is that the fixed service or "customer charge" for water and wastewater rates should be increased. The fixed charge is higher in the new rate structure largely because the study team was able to identify the fixed asset and depreciation costs associated with customer's meters and services which make up much of the fixed charge. This is just one example of many details altered by the use of fixed asset data.

1.3.2 More Incentives for Conservation

The recommended rate structure **introduces water conservation incentives for commercial, industrial and multifamily customers through the use of seasonal rates,** which impose a higher rate per 1,000 gallons of consumption during the peak-use summer months than during the winter months. Presently, the single-family residential customers are charged on the basis of a four-tier inverted block conservation rate structure without any corresponding incentives given to other customer classes. The seasonal rates are "revenue neutral" in that they recover the same amount of revenue from affected classes, but charge a higher price on their consumption during the peak–use summer months and a lower price during the winter months.

Wholesale customers are exempted from seasonal rates in the recommended structure because many already assess conservation rates on their retail customers. The Utility will investigate wholesale customers' conservation incentives and in the future may recommend that those without adequate retail incentives be charged seasonal rates

In addition, the new model **adds a fifth inverted block to the top tier of residential water rates** that would affect about 5% of the largest-volume customers to discourage excessive water use.

The new model uses a "non-coincident peak" methodology that spreads the cost of serving water customers during peak-use periods more broadly across customer classes

average usage per customer account which reflects expected normalized climatic and economic conditions for each user category. For example, the average usage per account for the inside City residential single family customer class was based on an analysis of the FY 1996-1998 usage, and is projected to be 8,400 gallons per month in FY 2000.

Wholesale water service is provided to 16 entities for resale to individual users. These customers generally represent municipal utility districts (MUD), water supply corporations (WSC), and municipal entities as shown on Table W-2. Water sales to wholesale customers are projected based upon recent historical consumption levels, and assume that FY 2000 purchased water quantities will not appreciably deviate from recent past levels.

Of the total water sales forecast for FY 2000, approximately 87.9% is expected to be used by the inside-City customer classes, 4.6% by the outside-City retail customer classes, and 7.5% by the wholesale customers.

In recent years, water sales have averaged approximately 88 percent of water system pumpage resulting in an approximate 12 percent unaccounted for water ratio. The difference between water sales and water pumpage reflects unmetered but known uses of water for fire fighting, sewer and hydrant flushing, and street cleaning, etc., and unaccounted for system losses in the transmission and distribution system. While recent historical experience would suggest that future unaccounted for water should approximate 12 percent of system pumpage, the annexation of a number of outside City wholesale customers effective January 1998 resulted in the unaccounted for water ratio to decline to an average of 11 percent since the annexation occurred. This reduced unaccounted for water ratio has consistently been experienced since that time. A ratio of 11 percent unaccounted for water is well within accepted industry standards or averages. It is estimated that 6 percent of this amount is lost in the smaller size mains distribution system in which wholesale customers should not share in

4.1.2 Water Revenue Under Existing Rates

The principal revenue for Austin's water system is derived from charges for metered water sales. For informational purposes, historical and projected metered water sales revenue is shown in Table W-3. The projection of revenue from metered water sales for FY 2000 is based upon the schedule of rates that became effective November 1, 1998, and is estimated to total $106,964,100.

The estimated $107 million of future metered water sales revenue is based upon the projection of customer growth and water sales volumes presented in Tables W-1 and W-2. A bill tabulation analysis of customer bills and usage for the respective customer classes was conducted to verify billing units and the application of existing rates to the projected sales quantities in arriving at the revenue estimates. Of the total projected sales revenue, it is estimated that the inside-City customer classes will contribute 88.7 %, the outside City retail

The FY 2000 operating budget as summarized in Table W-4 represents the Utility's budgetary organization structure based upon division, section, and activity categories. The principal function and activities of each organizational category are noted on the table. The treatment division encompasses responsibility for the operation and maintenance of the Utility's Green, Davis, and Ullrich water treatment plants (WTP); pumping stations, reservoirs, and instrument & control maintenance; water quality and instrument laboratories, and process engineering associated with water purification activities.

The pipeline division primarily is responsible for the operation and maintenance of the water distribution system (small & large mains) from the North and South Operations Centers. Other activities of the division include central support, field support services, and special services.

The engineering and planning division's activities include facility engineering, pipeline engineering (design, records & computer mapping), water resource planning, and construction and pipeline rehabilitation.

The business support division encompasses the meter maintenance shop, tap sales and inspection activities, retail customer service, and other support services. Some of the other business support services include the office of the director; environmental and regulatory compliance; public involvement; human resources; financial and budget-accounting management; and information technology.

The last category referred to as special support includes the Utility Customer Service Office (UCSO), bad debt, water conservation activities, special support, and other categories of a general nature.

As a part of the review process to ensure that appropriate operation and maintenance expense items are being assigned to the proper water and wastewater functions, Utility staff conducted an examination of the percentage allocation basis of the direct and joint-use activities of each division, section, and activity. Some expense items are readily identifiable as being related to providing water or wastewater service, while other items are shared between the two Utility functions. Further, for budgeting purposes, some items of expense relating to water functions may be reflected in a wastewater organizational category, and similarly some expense items related to wastewater functions may be reflected in a water organizational category. In those instances where expenses are jointly budgeted for, a determination was made as to how to apportion these expenses to water and wastewater functions by relating them to number of customer accounts, work orders, service activity statistics, and other such criteria. The percentage allocation basis for the Utility's operation and maintenance costs for each category of expense between water and wastewater service is shown in the Appendix A section to this report. Further, additional expense detail by organization code for each division, section, and activity of the water and wastewater utility

Table W-5

Water Utility
Operating Fund Cash Flow Analysis

Line No.	Description	Fiscal Year Ending September 30 1998 $	1999 $	Budget Year 2000 $
	Revenues			
1	Metered Water Sales Revenue	103,832,289	107,184,453	106,964,100
2	Fire Protection Charges			0
3	Additional Water Service Revenue Required:			
	Date / Revenue Increase / Months Effective			
	0.0% / 12			0
4	Total Water Sales Revenue	103,832,289	107,184,453	106,964,100
5	Miscellaneous Revenue	1,157,918	1,950,787	1,973,100
6	Investment Income	6,269,192	4,546,801	4,188,400
7	**Total Revenues**	111,259,399	113,682,041	113,125,600
	Revenue Requirements			
8	Operation & Maintenance Expense	44,282,500	46,509,300	49,360,000
	Debt Service			
	Revenue Bonds (Net)			
9	Existing	25,400,368	28,961,467	31,336,100
10	Proposed			0
11	Total Revenue Bonds	25,400,368	28,961,467	31,336,100
	Other Debt Service			
12	Commercial Paper	2,176,329	2,143,172	3,471,700
13	Contract Bond (Net)	4,963,532	5,448,161	5,529,700
14	Cert. of Part. & Contr. Oblig.	1,554,652	1,739,725	1,713,600
15	Water District Bonds	1,226,790	2,226,533	2,196,900
16	Total Debt Service	35,321,671	40,519,058	44,248,000
	Transfer to Other Funds			
17	Payment to the City General Fund	7,827,861	8,279,203	8,720,100
18	Routine Capital Outlay	820,438	590,811	1,190,600
19	Transfer to Capital Fund	8,125,000	11,737,500	12,149,000
20	Operating Transfers	703,863	517,346	1,528,300
21	Other Transfers	11,661,839	9,605,000	125,000
22	Total Transfers	29,139,001	30,729,860	23,713,000
23	**Total Revenue Requirements**	108,743,172	117,758,218	117,321,000
24	**Excess of Revenues Over Requirements**	2,516,227	(4,076,177)	(4,195,400)
	Debt Service Coverage			
25	Revenue Bonds	2.18	1.94	1.69
26	Total Debt Service	1.88	1.65	1.41

Other water system financial obligations include transfer payments to the City General Fund, the Capital Improvement Program (CIP) Fund, other fund transfers, and payments for other water utility obligations. Transfer payments to the City General Fund are established at 8.2 percent of the average gross revenues of the water system over the current and previous two years.

The total revenue requirements for FY 2000 are indicated to total $117,321,000. It is projected that without an overall revenue increase, a $4,195,400 revenue shortfall will occur that will be met from a portion of the Utility's operating reserves.

As a policy matter, the Utility strives to maintain a minimum operating reserve for working capital purposes to pay bills when due. The targeted minimum reserve amount is established at 30 days, or approximately 8.3 percent, of annual operating and maintenance expenses plus any operating fund transfers. Accepted water industry practice is to maintain at least 45 days or 12.5 percent of a utility's annual operation and maintenance requirement to ensure sufficient funds are on hand. While not shown on Table W-5, the Utility projects that it will have sufficient operating reserves to fund the revenue deficiency shown on Line 24.

(26)

A summary of FY 2000 revenue requirements and the relative proportion that each element bears to the total is as follows:

	FY2000 Revenue Requirements	
Element	Amount	Percent
Operation and Maintenance Expense	$ 49,360,000	42.1%
Debt Service	44,248,000	37.7%
Payment to General Fund	8,720,100	7.4%
Transfer to Capital Fund	12,149,000	10.4%
Routine Capital Outlay	1,190,600	1.0%
Other Transfers/Payments	1,653,300	1.4%
Total	$117,321,000	100.0%

Revenue bond debt service coverage, shown on Lines 25 and 26, represents the relationship of system net revenue to annual revenue bond and total debt service for each year. Maintaining adequate debt service coverage is a specific requirement for having issued utility revenue bonds and provides an indication of the financial support for issuance of proposed additional water utility revenue bonds. Coverage for the Utility's outstanding revenue bonds is shown on Line 25 to range from 218 percent (2.18 ratio) in FY 1998 to 169 percent in FY 2000 under existing revenue/rate levels. Total debt service coverage is shown to range from 188 percent to 141 percent over the same period.

a given function. In order to provide adequate service to its customers at all times, the system must be capable of providing not only the average annual amount of water used, but also supplying water at maximum rates of demand. Since all customers do not exert maximum demands at the same time, capacities of the various system components are established to meet the maximum coincidental demand of all classes of customers. The capacities of some facilities, such as water treatment (purification) and high service pumping, and transmission mains are designed to meet maximum day demands Other facilities, such as booster pumping, tanks and water storage reservoirs, and distribution mains are designed to meet maximum hourly rates of water use. These requirements result in different ratios of average to maximum demands, or load factors to be met by the various parts of the system. The demand ratios, in turn, provide the basis for allocating costs of respective facilities to the Base and Extra Capacity cost components.

Water system facilities are designed to meet peak demands projected on the basis of experienced demands. Based on an evaluation of the Utility's recent system pumpage statistics, the FY 1996 to FY 1998 year demands generally reflect the highest peaks recorded in recent years and are used to reflect the relationship of average demands to maximum demands. The system demand characteristics are:

Fiscal Year	Usage			Ratio- MD to AD	Ratio- MH to AD
	Average Day mgd	Maximum Day mgd	Maximum Hour mgd		
1995-96	125.53	195.74	298.70	1.56	2.38
1996-97	117.27	190.92	278.20	1.63	2.37
1997-98	127.18	206.37	318.40	1.62	2.50
3 Yr. Avg.	123.33	197.68	298.43	1.60	2.42

(E)

mgd – million gallons per day
MD – Maximum Day; MH – Maximum Hour; AD – Average Day

The historical 3-year average annual, maximum day, and maximum hour water demands, shown as follows, are the bases of allocation factors used in this study. Shown in the tabulation are the total system coincidental demands and the corresponding allocation percentage factors.

reflects expected normalized climatic and economic conditions. Wastewater volume for all customer classes is based on a winter average approach, or the average monthly amount of water used over a 90-day period from January through March. The estimated average usage per account for the inside City residential single family customer class for FY 2000 is based on an analysis of the 1996-1998 usage and is projected to be 5,000 gallons per month

Wholesale wastewater service is provided to 10 entities that collect wastewater within their individual systems, and discharge it to Austin's conveyance system for treatment and disposal. The largest of these customers include the Wells Branch Municipal Utility District (MUD), North Austin MUD No. 1, and Springwoods MUD. Wastewater sales to wholesale customers are projected based upon recent historical contributed sales levels, and assume that the FY 2000 wastewater quantities will not appreciably deviate from recent past levels.

In recent years a statistical analysis indicates that wastewater sales have averaged under 80 percent of wastewater treatment plant flow resulting in an approximate 20 percent infiltration/inflow (I/I) rate. The difference between wastewater sales and treated wastewater flow generally reflects normal infiltration of groundwater and inflow from stormwater runoff into the sewer system. It is believed that some of the measured wastewater flows at the plants may be in error due to meter inaccuracies, while in other instances some of the data was outright missing. Therefore, based on other available studies, an I/I rate of 15 percent is assumed for the purposes of this study which is well within accepted industry standards or averages under normalized conditions.

7.1.2 Wastewater Revenue Under Existing Rates

The principal revenue for Austin's wastewater system is derived from charges from wastewater sales and extra strength surcharges. For informational purposes, historical and projected wastewater sales revenue is shown in Table S-3. The projection of revenue from wastewater sales for the FY 2000 is based upon the schedule of rates that became effective November 1, 1998, and is estimated to total $101,048,800.

Projected wastewater sales revenue by customer class under existing rates for the FY 2000 is shown in Table S-4. The estimated $101 million of future wastewater sales revenue is based upon the projection of customer growth and wastewater sales volumes presented in Tables S-1 and S-2. A bill tabulation analysis of the number of bills and wastewater volumes for each of the classes for a recent period was conducted to verify the billing units to which the existing rates applied in determining the revenue estimates. Projected revenues for the inside and outside City customer classes are shown indicating that 91.5 percent and 8.5 percent of the total revenue are derived from these respective groups.

Another component of the Utility's wastewater sales revenue is derived from industrial wastewater surcharges which are estimated to total $3,570,400 in FY 2000. Other

Table S-7

Wastewater Utility
Summary of Test Year Rate Base and Depreciation Expense to be Allocated
1999-2000 Test Year

Line No.	Description	(1) Original Cost Investment $	(2) Accumulated Depreciation Reserve $	(3) Annual Depreciation $	(4) Original Cost less Accumulated Depreciation $ Col (1) - Col. (2)
1	Existing Plant in Service	895,834,500	256,629,800	25,682,800	639,204,700
2	Work in Progress	25,746,100	369,100	369,100	25,377,000
3	Subtotal (a)	921,580,600	256,998,900	26,051,900	664,581,700
4	Less: Contributions (b)	155,933,600	40,793,900	0	115,139,700
5	Net Plant Investment (Rate Base)	765,647,000	216,205,000	26,051,900	549,442,000

(a) Original cost investment as of September 30, 1998.
(b) Includes impact fees, grants, developer and customer contributions in aid of construction as of September 30, 1998.

contributed volume of each class is generally based upon wastewater winter average billing records that exclude estimated water use not reaching the wastewater system, such as that used for lawn sprinkling and car washing.

Based on a historical analysis, it is estimated that the amount of flow entering the sewers through infiltration/inflow will average about 15 percent of the total wastewater flow reaching the treatment plants. Each customer class should bear its proportionate share of the costs associated with infiltration/inflow as the wastewater system must be adequate to convey and process the total flow. Recognizing that the major cost responsibility for infiltration/inflow is allocable on an individual connection basis, two-thirds (66.7%) of the infiltration/inflow volume is allocated to customer classes based on the estimated number of customer connections with the remaining one-third (33.3%) allocated on the basis of contributed volume. The allocation of I/I on this basis to customer classes is shown on Table S-12.

The responsibility for collection system capacity cost varies with the estimated peak flow rates of both contributed wastewater and infiltration attributable to each customer class. Infiltration/inflow is estimated to comprise about 30 percent of the total peak flows.

The BOD and suspended solids responsibility of each customer class is based on estimated average domestic strength concentrations and contributed wastewater volume for each class. Estimated average BOD and suspended solids concentrations of contributed domestic sewage are estimated to be about 144 milligrams per liter (mg/l) and 200 mg/l, respectively, for all customers excluding industrial users. Because of the pretreatment efforts of these customers, their strengths are estimated to be 77 mg/l for BOD and 82 mg/l for suspended solids. An average infiltration/inflow strength allowance of 40 mg/l for BOD and 95 mg/l for suspended solids was also used to balance total wastewater loadings contributed by normal and excess strength users with the total wastewater loadings received at the wastewater treatment plants.

The BOD and suspended solids strengths that are in excess of normal domestic limits of 200 mg/l are assigned to the surcharge customer classification as shown on Line 22 of Table S-11. The estimates of excess strength quantities for surcharge customers are based on a detailed analysis of extra strength data provided by historical surcharge billings of the Utility.

Customer costs are distributed among customer classes on the basis of the number of bills rendered.

8.4.3 Customer Class Cost of Service

Costs of service are distributed among customer classes by application of unit costs of service to respective service requirements. Unit costs of service are based upon the total costs previously allocated to functional components and the total number of applicable units of service.

Table S-12

Wastewater Utility
Allocation Of Infiltration / Inflow to Customer Classes

Line No.	Customer Class	(1) Number of Accounts	(2) Customer Related I/I 1,000 gals	(3) Billable Volume 1,000 gals	(4) Volume Related I/I 1,000 gals	(5) Total I/I 1,000 gals	(6) Total Treated Volume 1,000 gals
	Inside City						
1	Residential	144,200	2,593,340	8,753,978	514,940	3,108,280	11,862,258
2	Multi-Family	4,803	86,379	5,884,751	346,162	432,541	6,317,292
3	Commercial	10,317	185,544	5,679,488	334,088	519,632	6,199,120
4	Industrial	9	162	3,992,454	234,850	235,012	4,227,466
5	Utility	10	180	18,000	1,059	1,239	19,239
6	Total Inside City	159,339	2,865,604	24,328,671	1,431,098	4,296,703	28,625,374
	Outside City						
7	Residential	1,951	35,087	118,718	6,983	42,071	160,789
8	Multi-Family	152	2,734	179,223	10,543	13,276	192,499
9	Commercial	157	2,824	241,053	14,180	17,003	258,056
10	Total Outside City Retail	2,260	40,645	538,994	31,706	72,350	611,344
	Wholesale						
11	Branch Creek Estates WSC	392	7,050	17,699	1,041	8,091	25,790
12	Brushy Creek MUD (a)	0	0	30,764	1,810	1,810	32,574
13	Fern Bluff MUD (a)	0	0	54,671	3,216	3,216	57,887
14	North Austin MUD #1	2,489	44,763	225,285	13,252	58,015	283,300
15	Northtown MUD	663	11,924	36,405	2,141	14,065	50,470
16	Rollingwood, City of	13	234	11,445	673	907	12,352
17	Shady Hollow MUD (a)	0	0	82,868	4,875	4,875	87,743
18	Springwoods MUD	1,560	28,056	148,548	8,738	36,794	185,342
19	Sunset Valley, City of	5	90	37,473	2,204	2,294	39,767
20	Wells Branch MUD - N.A.G.C	2,823	50,770	404,820	23,813	74,583	479,403
21	Total Wholesale	7,945	142,885	1,049,978	61,763	204,649	1,254,627
22	Total System	169,544	3,049,134	25,917,643	1,524,567	4,573,702	30,491,345
23	Proportion of Total		66.7%		33.3%	100.0%	

(a) Customer with sewage flow meters not assigned customer related I/I ; accounted for in their measured flow.

Water Utility
Allocation of Net Plant Investment To Functional Cost Components
Allocation Percentages

Line No.	Description	Common to All			Resale Only			Meters & Services	Customer Billing	Direct Fire	Watershed Land Purchases	Contract Revenue Debt	Excess Reserve Capacity
			Extra Capacity			Extra Capacity							
		Base	Maximum Day	Maximum Hour	Base	Maximum Day	Maximum Hour						
		%	%	%	%	%	%	%	%	%	%	%	%
1	Raw Water Pumping	62.4%	37.6%										
2	Basins	62.4%	37.6%										
3	Treatment Facilities	62.4%	37.6%										
4	Pump Stations	41.4%	24.9%	33.7%									
5	Booster Stations	41.4%	24.9%	33.7%									
6	Tanks/Reservoirs	41.4%	24.9%	33.7%									
7	Transmission Mains	62.4%	37.6%										
8	Distribution Mains				41.4%	24.9%	33.7%						
9	Hydrants									100.0%			
10	Services							100.0%					
11	Meters							100.0%					
12	Land and Easements	39.2%	23.6%	3.5%	14.0%	8.4%	11.4%						
13	Watershed Land Purchases										100.0%		
14	Buildings and Equipment	37.0%	22.3%	3.3%	13.2%	7.9%	10.7%	3.8%	0.0%	1.8%			
15	Misc. Engineering	37.0%	22.3%	3.3%	13.2%	7.9%	10.7%	3.8%	0.0%	1.8%			
16	Other General Facilities	37.0%	22.3%	3.3%	13.2%	7.9%	10.7%	3.8%	0.0%	1.8%			
17	Const. Work In Progress	37.0%	22.3%	3.3%	13.2%	7.9%	10.7%	3.8%	0.0%	1.8%			
18	Total Plant												
	Less: Contributed Plant												
19	State and Federal Grants	62.4%	37.6%										
20	Impact Fees/Developer Contr.	24.7%	14.9%	2.2%	20.5%	12.4%	16.7%	4.1%		4.6%			
21	Municipality Contribution	39.2%	23.6%	3.5%	14.0%	8.4%	11.4%						
22	Net Plant Investment												

Water Utility
Allocation of Annual Depreciation Expense To Functional Cost Components
Allocation Percentages

Line No.	Description	Common to All			Retail Only			Meters & Services	Customer Billing	Direct Fire	Watershed Land Purchases	Contract Revenue Debt	Excess Reserve Capacity
			Extra Capacity			Extra Capacity							
		Base	Maximum Day	Maximum Hour	Base	Maximum Day	Maximum Hour						
		%	%	%	%	%	%	%	%	%	%	%	%
1	Raw Water Pumping	62.4%	37.6%										
2	Basins	64.0%	36.0%										
3	Treatment Facilities	62.4%	37.6%										
4	Pump Stations	41.4%	24.9%	33.7%									
5	Booster Stations	41.4%	25.0%	33.6%									
6	Tanks/Reservoirs	41.4%	24.9%	33.7%									
7	Transmission Mains	62.4%	37.6%										
8	Distribution Mains				41.4%	24.9%	33.7%						
9	Hydrants									100.0%			
10	Services							100.0%					
11	Meters							100.0%					
12	Land and Easements												
13	Buildings and Equipment	37.4%	22.6%	3.8%	10.9%	6.6%	8.9%	8.4%	0.0%	1.5%	0.0%	0.0%	0.0%
14	Misc. Engineering	37.4%	22.6%	3.8%	10.9%	6.6%	8.9%	8.5%	0.0%	1.5%	0.0%	0.0%	0.0%
15	Other General Facilities	37.4%	22.6%	3.8%	10.9%	6.6%	8.9%	8.4%	0.0%	1.5%	0.0%	0.0%	0.0%
16	Const. Work In Progress	37.4%	22.6%	3.8%	10.9%	6.6%	8.9%	8.4%	0.0%	1.5%	0.0%	0.0%	0.0%
17	Total Depreciation Expense												

Water Utility

Allocation of Operation and Maintenance Expense To Functional Cost Components

Allocation Percentages

Line No.	Description	Commodity Demand			Retail Only			Meters & Services %	Customer Billing %	Direct Fly %	Revenue Based Allocation %
		Base %	Extra Capacity		Base %	Main Capacity					
			Maximum Day %	Maximum Hour %		Maximum Day %	Maximum Hour %				
	Treatment										
	Water Treatment Plant:										
	Operation										
1	Electrical	90.0%	10.0%								
2	Chemical	100.0%									
3	Other	62.4%	37.6%								
4	Maintenance	62.4%	37.6%								
5	Subtotal Treatment Plant										
6	SCADA Operations	41.4%	24.9%	33.7%							
7	Pump Station & Reservoir Maintenance	48.2%	14.8%								
8	Instrument & Control Maint./Electric	48.2%	14.8%								
9	Water Laboratory/Process Engineering	48.2%	14.8%								
10	Treatment Support	41.4%	25.0%	33.6%							
11	Subtotal Treatment										
	Pipeline Operations & Maintenance										
12	Small Cells				100.0%						
13	House Connections				100.0%						
14	Small Operations	36.9%	18.7%		28.9%	12.0%	17.5%				
15	Meter Operations	36.9%	18.6%		28.9%	12.6%	17.0%				
16	Other Pipeline Operations & Maintenance	37.8%	16.9%		18.8%	11.3%	15.9%			10.0%	
17	Subtotal Pipeline Operations & Maintenance										
	Engineering and Planning										
18	Facility Engineering	80.2%	19.8%								
19	Pipeline Engineering	30.9%	18.7%		20.3%	12.6%	17.5%				
20	Other Engineering and Planning	47.3%	10.8%	6.0%	15.4%	8.4%	11.4%				
21	Subtotal Engineering & Planning										
	Business Support										
22	Meter Shop				100.0%			100.0%			
23	Tap Sales and Inspection				100.0%						
24	Retail Customer Service										
25	Other Business Support	53.7%	10.2%	3.6%	9.5%	4.2%	5.7%	5.1%			
26	Subtotal Business Support										
	Special Support										
27	Utility Customer Service Office	100.0%									
28	Water Conservation	100.0%									
29	Bad Debt Expense										
30	Other Special Support	48.1%	15.2%	3.0%	8.6%	3.5%	4.8%	4.3%			
31	Subtotal Special Support										
32	Total Operation & Maintenance Expense										
	Less Other Operating Revenue										
33	Customer Related								100.0%		
34	Interest Income	49.3%	15.2%	3.0%	8.6%	3.5%	4.8%	4.3%	10.4%		1.0%
35	All Other	49.3%	15.2%	3.0%	8.6%	3.5%	4.8%	4.3%	10.4%		1.0%
36	Subtotal										
37	Net Operating Expense										
38	Percentage of Total										

COA Treated Water Usage In Million Gallons

Month	Usage (MGD) Usage	Avg. Day Usage	Max Day Usage	Max Hour Usage	Max Day to Avg. Day	Max Hour to Avg. Day	Rainfall Inches
Oct-92	3,733	120.43	137.75	200.20	1.14	1.66	1.38
Nov-92	2,808	93.61	103.22	169.80	1.10	1.81	3.76
Dec-92	2,661	85.82	96.02	132.70	1.12	1.55	3.29
Jan-93	2,544	82.07	94.18	136.30	1.15	1.66	3.39
Feb-93	2,288	81.71	87.39	131.00	1.07	1.60	3.14
Mar-93	2,634	84.95	96.83	155.70	1.14	1.83	2.09
Apr-93	2,749	91.63	113.26	154.00	1.24	1.68	2.94
May-93	2,982	96.19	114.11	156.60	1.19	1.63	5.30
Jun-93	3,163	105.43	128.00	205.80	1.21	1.95	3.99
Jul-93	4,644	149.80	179.39	271.10	1.20	1.81	0.00
Aug-93	5,498	177.35	185.44	285.70	1.05	1.61	0.75
Sep-93	4,096	136.54	160.92	209.10	1.18	1.53	0.34
FY 92-93	**39,799**	**109.04**	**185.44**	**285.70**	**1.70**	**2.62**	**30.37**
Oct-93	3,554	117.66	144.25	217.00	1.22	1.84	2.42
Nov-93	2,755	91.83	99.95	148.20	1.09	1.61	1.00
Dec-93	2,628	84.78	93.23	137.70	1.10	1.62	1.14
Jan-94	2,650	85.47	92.99	136.40	1.09	1.60	1.43
Feb-94	2,429	86.74	94.35	135.40	1.09	1.56	2.13
Mar-94	2,731	88.09	100.34	149.30	1.14	1.69	1.70
Apr-94	3,008	100.26	119.77	167.30	1.19	1.67	1.68
May-94	3,087	99.59	116.82	171.80	1.19	1.73	3.68
Jun-94	3,723	124.11	163.37	241.50	1.32	1.95	0.74
Jul-94	5,428	175.11	196.78	295.90	1.12	1.69	0.26
Aug-94	4,255	137.26	180.35	273.00	1.31	1.99	8.50
Sep-94	3,425	114.17	144.61	197.60	1.27	1.73	5.69
FY 93-94	**39,773**	**108.97**	**196.78**	**295.90**	**1.81**	**2.72**	**30.37**
Oct-94	3,262	105.24	136.82	187.20	1.30	1.78	7.65
Nov-94	2,804	93.47	100.54	164.40	1.08	1.76	1.83
Dec-94	2,670	86.14	94.32	155.90	1.09	1.81	5.67
Jan-95	2,681	86.48	94.92	134.80	1.10	1.56	0.81
Feb-95	2,530	90.36	103.12	133.40	1.14	1.48	1.44
Mar-95	2,818	90.92	102.69	140.20	1.13	1.54	2.21
Apr-95	2,899	96.65	112.59	160.00	1.16	1.66	3.08
May-95	3,239	104.49	117.12	152.80	1.12	1.46	9.49
Jun-95	3,541	118.04	147.58	204.90	1.25	1.74	2.74
Jul-95	4,850	156.45	191.31	309.00	1.22	1.98	0.63
Aug-95	4,484	144.63	171.40	260.50	1.19	1.73	5.71
Sep-95	3,805	126.83	164.60	236.40	1.30	1.86	2.70
FY 94-95	**39,585**	**108.45**	**191.31**	**309.00**	**1.76**	**2.85**	**44.16**
Oct-95	4,075	131.45	145.62	233.30	1.11	1.77	1.43
Nov-95	3,175	105.82	116.55	164.90	1.10	1.56	3.22
Dec-95	3,079	99.32	112.43	162.70	1.13	1.64	0.51
Jan-96	3,254	104.97	122.27	172.40	1.16	1.64	0.07
Feb-96	3,352	119.73	133.56	202.30	1.12	1.69	0.62
Mar-96	3,389	109.33	127.43	176.60	1.17	1.62	0.60
Apr-96	3,733	124.42	147.07	227.60	1.18	1.83	1.90
May-96	4,517	145.72	173.51	266.60	1.19	1.83	1.62
Jun-96	3,950	131.67	165.51	253.50	1.26	1.93	4.48
Jul-96	5,265	169.82	191.99	298.70	1.13	1.76	0.15
Aug-96	4,594	148.20	195.74	282.70	1.32	1.91	8.81
Sep-96	3,436	114.54	129.60	170.60	1.13	1.49	4.02
FY 95-96	**45,819**	**125.53**	**195.74**	**298.70**	**1.56**	**2.38**	**27.83**

Month	Usage (MGD) Usage	Avg. Day Usage	Max Day Usage	Max Hour Usage	Max Day to Avg. Day	Max Hour to Avg. Day	Rainfall Inches
Oct-96	3,652	117 80	132.62	183.50	1.13	1.56	0.78
Nov-96	3,162	105 39	115.14	161 70	1.09	1.44	4 13
Dec-96	3,035	97 91	108.13	146.10	1.10	1.49	2.19
Jan-97	3,082	99.41	109 94	138.20	1.11	1.39	1 07
Feb-97	2,714	96.92	111.93	149 90	1.15	1.55	3 94
Mar-97	2,992	96.51	110.87	160 20	1 15	1.66	1 58
Apr-97	3,008	100.28	115.03	168 70	1 15	1.68	5 59
May-97	3,257	105.05	117.62	162.30	1.12	1.54	7 10
Jun-97	3,269	108 97	124.29	169.90	1.14	1 56	8 97
Jul-97	5,021	161 98	190.92	278 20	1 18	1.72	2 13
Aug-97	4,867	156.99	175.21	247 50	1.12	1.58	2.34
Sep-97	4,747	158.24	184 43	255 50	1.17	1 61	1.46
FY 96-97	**42,805**	**117.27**	**190.92**	**278.20**	**1.63**	**2.37**	**41.26**
Oct-97	3,875	125 00	161.86	217.40	1.29	1 74	5.42
Nov-97	3,243	104.60	127.92	169.10	1.22	1.62	2.91
Dec-97	2,925	94.38	102.86	146.20	1 09	1.55	4.46
Jan-98	2,882	92 98	98.24	151 80	1 06	1.63	2.67
Feb-98	2,682	92.22	97.53	152.00	1.06	1.65	3.26
Mar-98	3,001	96.80	108.88	197.20	1.12	2.04	3.07
Apr-98	3,485	116.15	140.38	246 70	1.21	2.12	0.76
May-98	4,736	152.78	177.45	305 10	1.16	2 00	0.73
Jun-98	5,214	173.81	202.44	318 40	1.16	1 83	1.56
Jul-98	5,549	178.99	206.25	311 30	1 15	1 74	0.90
Aug-98	4,878	157 36	206 37	314.70	1.31	2 00	1.39
Sep-98	4,049	130.63	176.47	249.80	1.35	1.91	5.76
FY 97-98	**46,420**	**127.18**	**206.37**	**318.40**	**1.62**	**2.50**	**33.91**

Notes:

1) Information provided by B & V - obtained from COA

2) Usage = treated water delivered to the distribution system

3) Pumpage = total of all water treatment plant pumpage

4) Rainfall from Robert Miller Municipal Airport

Austin Water Utility
Contract Revenue Bond Debt Service

Line No	CRB Description	Budget Year 2000
		$
1	Circle C MUD #3	962,384
2	Circle C MUD #3 Assumed	161,831
3	Circle C MUD #4	0
4	Circle C MUD #4 Assumed	0
5	Maple Run MUD	1,388,658
6	Maple Run MUD Assumed	248,331
7	North Austin MUD	0
8	North Austin MUD Assumed	0
9	Southland Oaks MUD	704,065
10	Southland Oaks MUD Assumed	36,277
11	Tanglewood MUD	114,281
12	Tanglewood MUD Assumed	37,084
13	Village at W.O. MUD	1,507,636
14	Village at W.O. MUD Assumed	263,969
15	Wells Branch MUD	105,220
16	Wells Branch MUD Assumed	0
17	Unused	0
18	Total CRB Debt Service	5,529,736

Exh 5 - 1999 IP (2) √(E)

components of required revenue in the cost of service study. By making it easier for people to identify specific revenue items, it gives ratepayers greater confidence that the cost of service process is open and fair. In addition, because specific revenue components can be more easily identified, items of disagreement can more easily be discussed and debated.

The cash basis approach continues to treat outside city customers in the same manner – requiring those customers to bear the risks and rewards of ownership – as in the past. Conversion to the utility method would require charging outside-city users a return on investment on ownership risks that the city has previously shared with those users.

The cash basis avoids the inherent controversy of determining the appropriate, higher rate of return for outside city customers than for inside city customers.

Conclusion on Revenue Basis: On the basis of the (conceptual) discussion to date, the cash basis is the clear choice over the utility basis. However, the Rate Advocate recommends that the COS study be performed on both cash and utility bases to allow PIC members to better understand the impacts of this decision on COS issues.

The choice presented to the PIC has been whether to study the cash basis or the utility basis. The Rate Advocate believes that such a choice is unnecessary and undesirable. As described by the COS consultant, the utility basis appears to require more extensive work than the cash basis. Creating a cash basis revenue requirement alternative computer model should not be overly burdensome. Moreover, a new COS study is done very infrequently and at a significant cost to utility consumers. The opportunity to perform a thorough analysis of the choice between cash and utility bases in this COS study seems to amply justify the COS consultant's time.

Test Year:

Consultant Recommendation: Use Projected or Budgeted test year

Searcy Willis, Multifamily:

I agree with the recommendation made by the rate consultant on this issue.

There is absolutely no reason to use a historical test year, unless the City desires to have each customer class scrutinize the budget (which is already approved). To reinvent the wheel by in effect reconciling between some audited historical period to the current budget would be pointless. I suppose that any customer class has the right to participate in the budget process, but to second guess an existing budget would imply that the City would have to revise the budget if costs were disapproved

Donna Howe, Wholesale:

I believe we should follow a historical test year, not the projected test year.

I. **Test Year**

As a outside observer, this seems a confusing topic. If, as was stated, there was no difference in outcomes, why would the city not wish to choose the method that has the least amount of controversy. Section 2.1.1 in the issue paper states that "because there is no profit motive, there is no obvious reason why the utility would

want to overstate its revenue requirements. In fact, city councils generally attempt to minimize costs in order to limit rate increases. This is a very common political goal, which effectively limits the potential for unreasonably high revenue requirements."

Yet in Austin, this does not appear to be the case. With a policy decision to keep In-City residential customers at a seven year average of 28.8% below Cost of Service, there is a sufficient motive to overstate revenue requirements for other customer classes. In the last seven years, how often have the utility budgeted revenue requirements been challenged during the budget process? I doubt the record will show any credible and meaningful discussion on water utility revenue requirements during the budget public hearings or council debate to pass the utility budget and rates.

In Texas, an historical test year is used in determining rates for investor owned utilities. Adjustments are permitted for known and measurable changes. However, as indicated by Mr. Willis, these adjustments are subjected to a high level of scrutiny. It is unreasonable to assume that the standard used to adjust historical cost in the process of preparing the City budget is the same standard that would be applied in a regulatory review. If rates are to be determined on a utility basis, the appropriate starting point is an historical test year. Each adjustment to historical costs and revenues needs to be explained and documented.

II. Recommendation

A change in cost of service methods will inevitably shift costs among customer classes, and may shift costs within the wholesale class. The City should provide both a cash/budget analysis and a utility/historical test year analysis. Both analyses are required in order to assure wholesale customers that the ratemaking process is not being manipulated

Michael Banner, Wholesale:

I do not agree with the recommendation made by the rate consultant on this issue.

The reasons I oppose the recommendation of the rate consultant are as follows:

Using the historical test year adjusted for known and measurable changes is, in my opinion, the only practical and defensible methodology. It provides a stronger foundation and is more difficult to misuse than a projected test year. Using a projected test year is an incentive for the Utility to overstate its revenue requirements. (Which it consistently does even now)

I feel confident and I am sure I speak for the entire wholesale class when I say "So far this process is looking like a total reversal of the 1992 Cost of Service report and policy. Needless to say, it will be impossible to build any consensus and support for this new study. In order for me to sell it to my colleagues, I must first believe in it myself. From what I have seen so far, this appears to be the first phase of a systematic destruction of a policy that we, the Wholesale Customers, have come to accept as reasonable. I do hope you are able to reverse my early observation and opinion to this point." (2)

Joe Vickers, Outside City Residential:

I agree with the recommendation made by the rate consultant on this issue.

	Co Asset No	Acq Date	Description	[redacted]
WTP #4	200810000018392	1/10/2008	LAND-N RANCH ROAD 620 (GAX08010908427)	32,034,370.10
WTP #4	198700000139960	6/1/1987	WTP #4 CONST BOWMAN TRACT	5,855,081.70
WTP #4	198500000139820	11/1/1985	WATER TREATMENT PLT #4 BOWMA	5,067,100.07
WTP #4	2005UP000111160	30/9/2006	WTP#4 DESIGN	4,737,561.23
WTP #4	198600000139950	11/1/1986	WTP #4 CONST BOWMAN TRACT	3,805,818.90
WTP #4	199800000147190	30/9/1998	WTP #4/TRANS MAIN PH7-TUNNEL	4,707,087.63
WTP #4	198400000139810	11/1/1984	WATER TREATMENT PLANT #4	2,651,523.05
WTP #4	2005UP000111160	10/1/2005	WTP#4 DESIGN	3,276,582.64
WTP #4	198700000140220	12/1/1987	WATER TRMT PLT #4/LIME CRK R	2,100,000.00
WTP #4	199800000147200	30/9/1998	WTP #4/TRANS MAIN PH6-TUNNEL	2,568,397.88
WTP #4	199800000153620	30/9/1998	RIVERPLACE TO WTP #4-STREET	2,418,372.09
WTP #4	199800000158690	30/9/1998	WTP #4/TRANS MAIN PH6-LINES	3,425,861.02
WTP #4	199800000158660	30/9/1998	WTP #4/TRANS MAIN PH7-LINES	3,132,653.73
WTP #4	199800000158630	30/9/1998	WTP #4/TRANS MAIN PH5-LINES	3,085,879.89
WTP #4	201010000035621	8/1/2010	WTP4 BULLICK HOLLOW ROAD	973,144.69
WTP #4	199800000158730	30/9/1998	WTP #4/36" TRANSMISSION MAIN	1,637,758.91
WTP #4	198700000154660	9/1/1987	WATER TREATMENT PLANT #4 ENG	1,497,612.25
WTP #4	199800000153610	30/9/1998	WTP #4/36" TRANSM MAIN-DR IM	561,807.07
WTP #4	198600000139940	2/1/1986	WTP #4 RAW WATER TUN COMANCH	382,605.00
WTP #4	200910000028359	16/4/2009	WTP #4 PERIMETER FENCE	367,614.65
WTP #4	199800000158640	30/9/1998	WTP #4/TRANS MAIN PH5-VALVES	643,758.59
WTP #4	199800000153600	30/9/1998	WTP #4/TRANS MAIN PH6-IMP TO	430,871.05
WTP #4	199800000158770	30/9/1998	WTP #4/36" TRANSM MAIN-DRNG	552,572.17
WTP #4	199800000153590	30/9/1998	WTP #4/TRANS MAIN PH7-IMP TO	218,457.07
WTP #4	199800000158730	10/1/2002	WTP #4/36" TRANSMISSION MAIN	136,025.20
WTP #4	198700000140200	4/1/1987	WTP #4 NW TRNS MN-OLD LMPSAS	82,100.00
WTP #4	199800000158700	30/9/1998	WTP #4/TRANS MAIN PH6-VALVES	166,724.03
WTP #4	199800000153630	30/9/1998	WTP #4/STREET-CURB INLETS	113,331.06
WTP #4	199800000158650	30/9/1998	WTP #4/TRANS MAIN PH5-MANHOL	159,886.49
WTP #4	198800000143690	12/1/1988	WTP#4 -DEPOSIT CAUSE#1642	65,216.00
WTP #4	199800000158740	30/9/1998	WTP #4/36" TRANSMISSION MAIN	105,960.28

WTP #4	199800000158670	30/9/1998	WTP #4/TRANS MAIN PH7-VALVES	105,788.27
WTP #4	199800000158680	30/9/1998	WTP #4/TRANS MAIN PH7-MANHOL	79,126.18
WTP #4	198800000143580	7/1/1988	WTP #4/HWY620/WATERLINE ESMN	35,049.00
WTP #4	198800000143590	7/1/1988	WTP #4/RM 620/WATERLN ESMNT	30,708.00
WTP #4	199800000158720	30/9/1998	WTP #4/TRANS MAIN PH6-FIRE H	51,087.99
WTP #4	198800000143680	12/1/1988	WTP#4 DEPOSIT-CAUSE#1643	22,745.00
WTP #4	198800000143640	9/1/1988	WTP#4 ESMNT	20,000.00
WTP #4	199800000158750	30/9/1998	WTP #4/36" TRANSM MAIN-MANHO	34,230.68
WTP #4	199800000158760	30/9/1998	WTP #4/36" TRANS MAIN-FIRE H	30,790.41
WTP #4	200910000028483	10/1/2008	WTP #4 PRE DESIGN STUDY	17,535.69
WTP #4	198800000143560	6/1/1988	WTP #4/RR620 N/WATERLINE ESM	11,211.00
WTP #4	198800000143610	8/1/1988	WTP #4 W ESMNT NWB""	9,767.00
WTP #4	198800000143550	6/1/1988	WTP #4/W ESMNT NW B"/RM620"	8,189.00
WTP #4	198600000144060	8/1/1986	WTP #4-RAW WATER TUN HWY 620	7,500.00
WTP #4	198800000139730	9/1/1988	WTP#4 APPRAISAL OF TRACT	7,500.00
WTP #4	199800000147210	30/9/1998	WTP #4/STREET-CONTROL STRUCT	9,288.73
WTP #4	198800000143570	6/1/1988	WTP #4/RM 620/WATERLINE ESMN	6,323.00
WTP #4	198600000143950	6/1/1986	WTP #4 RAW WATER TUNNEL ACQU	5,047.83
WTP #4	198600000143970	7/1/1986	WTP #4 RAW WATER TUNNEL ACQU	4,425.00
WTP #4	198600000144040	7/1/1986	WTP#4 RAW WATER TUN ZIMMERMA	4,000.00
WTP #4	198700000153240	3/1/1987	WTP #4-INSTALL CHAIN LINK FE	7,472.40
WTP #4	198600000144020	5/1/1986	WTP #4 RAW WATER TUN ZIMMERM	3,200.00
WTP #4	199800000158710	30/9/1998	WTP #4/TRANS MAIN PH6-MANHOL	5,865.66
WTP #4	198600000143940	2/1/1986	WTP #4 ACQUISITION-SERVICES-	2,930.00
WTP #4	198600000143960	5/1/1986	WTP #4 WATER TUNNEL ACQUISIT	2,556.25
WTP #4	198600000144010	8/1/1986	WTP#4 RAW WATER TUN ZIMMERMA	2,410.00
WTP #4	198800000143700	12/1/1988	WTP#4 - COMMISSIONERS FEE	1,800.00
WTP #4	198600000144090	12/1/1986	WTP#4-ANDER MILL RD 12004 RO	1,600.00
WTP #4	198800000143540	5/1/1988	WTP#4/RM620@ST 880/WATERLINE	1,518.00
WTP #4	198600000144000	5/1/1986	WTP #4 APPRAISAL FEE 20.129A	1,200.00
WTP #4	198600000144030	5/1/1986	WTP#4 APPRAISAL FEE 4.92AC W	1,200.00
WTP #4	198600000144050	5/1/1986	WTP #4 APPRAISAL FEE 308.58A	1,200.00
WTP #4	198600000144080	5/1/1986	WTP #4 APPRAISAL FEE 46.74AC	1,200.00
WTP #4	198600000143990	9/1/1986	WTP #4 N/W A" WATER TRNS MN	1,200.00
WTP #4	198600000144100	11/1/1986	WTP #4 N/W A TRANS LN TITLE	550.00

WTP #4	198800000139720	9/1/1988	WTP#4 COST/ASSOC/WITH -COUR	270.00
WTP #4	198700000143500	7/1/1987	WTP #4 ZIMMERMAN LN/E RM 620	250.00
WTP #4	198700000143510	7/1/1987	WTP#4/OLP LAMPASAS/EASMNT TI	221.00
WTP #4	198700000139710	12/1/1987	WTP #4/OVERNT MAIL SVC/AIRBO	8.50
			Total WTP #4	87,498,699.03

[redacted]	YTD Deprec	Code	Useful Life	Standard Acq Date	Acq Year	Useful Life	[redacted]
-	-	1	-	1/10/2008	2008	-	-
-	-	1	-	6/1/1987	1987	-	-
-	-	1	-	11/1/1985	1985	-	-
628,114.91	256,840.38	16	20.00	30/9/2006	2006	20	19,739.84
-	-	1	-	11/1/1986	1986	-	-
1,162,572.71	93,276.70	21	50.00	30/9/1998	1998	50	7,845.15
-	-	1	-	11/1/1984	1984	-	-
818,947.65	163,812.41	16	20.00	10/1/2005	2005	20	13,652.43
-	-	1	-	12/1/1987	1987	-	-
634,351.71	50,895.96	21	50.00	30/9/1998	1998	50	4,280.66
597,297.79	47,923.00	21	50.00	30/9/1998	1998	50	4,030.62
1,659,869.44	135,845.47	21	25.00	30/9/1998	1998	25	11,419.54
1,517,807.12	124,218.95	21	25.00	30/9/1998	1998	25	10,442.18
1,495,144.74	122,364.26	21	25.00	30/9/1998	1998	25	10,286.27
3,999.22	3,999.22	16	40.00	8/1/2010	2010	40	2,027.38
793,513.23	64,941.99	21	25.00	30/9/1998	1998	25	5,459.20
674,989.07	30,557.44	16	50.00	9/1/1987	1987	50	2,496.02
158,407.27	10,615.75	21	50.00	30/9/1998	1998	50	936.35
-	-	1	-	2/1/1986	1986	-	-
13,395.25	9,190.34	15	40.00	16/4/2009	2009	40	765.86
311,908.37	25,526.91	21	25.00	30/9/1998	1998	25	2,145.86
121,488.54	8,141.64	21	50.00	30/9/1998	1998	50	718.12
281,222.31	20,873.04	21	25.00	30/9/1998	1998	25	1,841.91
61,596.10	4,127.91	21	50.00	30/9/1998	1998	50	364.10
46,875.81	5,243.26	21	25.00	10/1/2002	2002	25	453.42
-	-	1	-	4/1/1987	1987	-	-
84,851.34	6,297.92	21	25.00	30/9/1998	1998	25	555.75
31,954.72	2,141.48	15	50.00	30/9/1998	1998	50	188.89
81,371.42	6,039.60	21	25.00	30/9/1998	1998	25	532.95
-	-	1	-	12/1/1988	1988	-	-
53,926.70	4,002.62	21	25.00	30/9/1998	1998	25	353.20

53,839.05	3,996.08	21	25.00	30/9/1998	1998	25	352.63
37,968.96	3,165.27	21	25.00	30/9/1998	1998	25	263.75
-	-	1	-	7/1/1988	1988	-	-
-	-	1	-	7/1/1988	1988	-	-
24,514.61	2,043.65	25	25.00	30/9/1998	1998	25	170.29
-	-	1	-	12/1/1988	1988	-	-
-	-	1	-	9/1/1988	1988	-	-
16,425.65	1,369.34	21	25.00	30/9/1998	1998	25	114.10
14,774.85	1,231.72	21	25.00	30/9/1998	1998	25	102.63
1,750.58	876.79	5	20.00	10/1/2008	2008	20	73.07
-	-	1	-	6/1/1988	1988	-	-
-	-	1	-	8/1/1988	1988	-	-
-	-	1	-	6/1/1988	1988	-	-
-	-	1	-	8/1/1986	1986	-	-
-	-	1	-	9/1/1988	1988	-	-
2,227.95	185.79	15	50.00	30/9/1998	1998	50	15.48
-	-	1	-	6/1/1988	1988	-	-
-	-	1	-	6/1/1986	1986	-	-
-	-	1	-	7/1/1986	1986	-	-
-	-	1	-	7/1/1986	1986	-	-
3,515.23	149.77	15	50.00	3/1/1987	1987	50	12.45
-	-	1	-	5/1/1986	1986	-	-
2,814.57	234.67	21	25.00	30/9/1998	1998	25	19.55
-	-	1	-	2/1/1986	1986	-	-
-	-	1	-	5/1/1986	1986	-	-
-	-	1	-	8/1/1986	1986	-	-
-	-	1	-	12/1/1988	1988	-	-
-	-	1	-	12/1/1986	1986	-	-
-	-	1	-	5/1/1988	1988	-	-
-	-	1	-	5/1/1986	1986	-	-
-	-	1	-	5/1/1986	1986	-	-
-	-	1	-	5/1/1986	1986	-	-
-	-	1	-	5/1/1986	1986	-	-
-	-	1	-	9/1/1986	1986	-	-
-	-	1	-	11/1/1986	1986	-	-

-	-	1	-	9/1/1988	1988	-	-		
-	-	1	-	7/1/1987	1987	-	-		
-	-	1	-	7/1/1987	1987	-	-		
-	-	1	-	12/1/1987	1987	-	-		
11,391,436.87	1,210,129.33								101,659.65

Code Desc	Book Value	Year	CCI	RCNLD
Land & Easements	32,034,370.00	2008	8,311.10	34,958,666.00
Land & Easements	5,855,082.00	1987	4,420.00	12,014,619.00
Land & Easements	5,067,100.00	1985	4,202.30	10,936,463.00
Treatment	4,109,446.00	2006	7,751.20	4,808,528.00
Land & Easements	3,805,819.00	1986	4,305.00	8,018,152.00
Transmission Mains	3,544,515.00	1998	5,920.40	5,430,025.00
Land & Easements	2,651,523.00	1984	4,149.80	5,795,258.00
Treatment	2,457,635.00	2005	7,446.00	2,993,608.00
Land & Easements	2,100,000.00	1987	4,420.00	4,309,197.00
Transmission Mains	1,934,046.00	1998	5,920.40	2,962,865.00
Transmission Mains	1,821,074.00	1998	5,920.40	2,789,798.00
Transmission Mains	1,765,992.00	1998	5,920.40	2,705,413.00
Transmission Mains	1,614,847.00	1998	5,920.40	2,473,867.00
Transmission Mains	1,590,735.00	1998	5,920.40	2,436,929.00
Treatment	969,145.00	2010	8,752.40	1,004,293.00
Transmission Mains	844,246.00	1998	5,920.40	1,293,343.00
Treatment	822,623.00	1987	4,420.00	1,688,022.00
Transmission Mains	403,400.00	1998	5,920.40	617,989.00
Land & Easements	382,605.00	1986	4,305.00	806,077.00
General Buildings/Other Structures	354,219.00	2009	8,569.80	374,887.00
Transmission Mains	331,850.00	1998	5,920.40	508,378.00
Transmission Mains	309,383.00	1998	5,920.40	473,959.00
Transmission Mains	271,350.00	1998	5,920.40	415,695.00
Transmission Mains	156,861.00	1998	5,920.40	240,303.00
Transmission Mains	89,149.00	2002	6,537.90	123,674.00
Land & Easements	82,100.00	1987	4,420.00	168,469.00
Transmission Mains	81,873.00	1998	5,920.40	125,425.00
General Buildings/Other Structures	81,376.00	1998	5,920.40	124,665.00
Transmission Mains	78,515.00	1998	5,920.40	120,281.00
Land & Easements	65,216.00	1988	4,528.00	130,631.00
Transmission Mains	52,034.00	1998	5,920.40	79,713.00

Transmission Mains	51,949.00	1998	5,920.40	79,584.00
Transmission Mains	41,157.00	1998	5,920.40	63,051.00
Land & Easements	35,049.00	1988	4,528.00	70,205.00
Land & Easements	30,708.00	1988	4,528.00	61,510.00
Hydrants	26,573.00	1998	5,920.40	40,709.00
Land & Easements	22,745.00	1988	4,528.00	45,559.00
Land & Easements	20,000.00	1988	4,528.00	40,061.00
Transmission Mains	17,805.00	1998	5,920.40	27,276.00
Transmission Mains	16,016.00	1998	5,920.40	24,535.00
Engineering/Studies Contributed Capital	15,785.00	2008	8,311.10	17,226.00
Land & Easements	11,211.00	1988	4,528.00	22,456.00
Land & Easements	9,767.00	1988	4,528.00	19,564.00
Land & Easements	8,189.00	1988	4,528.00	16,403.00
Land & Easements	7,500.00	1986	4,305.00	15,801.00
Land & Easements	7,500.00	1988	4,528.00	15,023.00
General Buildings/Other Structures	7,061.00	1998	5,920.40	10,817.00
Land & Easements	6,323.00	1988	4,528.00	12,665.00
Land & Easements	5,048.00	1986	4,305.00	10,635.00
Land & Easements	4,425.00	1986	4,305.00	9,323.00
Land & Easements	4,000.00	1986	4,305.00	8,427.00
General Buildings/Other Structures	3,957.00	1987	4,420.00	8,120.00
Land & Easements	3,200.00	1986	4,305.00	6,742.00
Transmission Mains	3,051.00	1998	5,920.40	4,674.00
Land & Easements	2,930.00	1986	4,305.00	6,173.00
Land & Easements	2,556.00	1986	4,305.00	5,386.00
Land & Easements	2,410.00	1986	4,305.00	5,077.00
Land & Easements	1,800.00	1988	4,528.00	3,605.00
Land & Easements	1,600.00	1986	4,305.00	3,371.00
Land & Easements	1,518.00	1988	4,528.00	3,041.00
Land & Easements	1,200.00	1986	4,305.00	2,528.00
Land & Easements	1,200.00	1986	4,305.00	2,528.00
Land & Easements	1,200.00	1986	4,305.00	2,528.00
Land & Easements	1,200.00	1986	4,305.00	2,528.00
Land & Easements	1,200.00	1986	4,305.00	2,528.00
Land & Easements	550.00	1986	4,305.00	1,159.00

Land & Easements	270.00	1988	4,528.00	541.00
Land & Easements	250.00	1987	4,420.00	513.00
Land & Easements	221.00	1987	4,420.00	453.00
Land & Easements	9.00	1987	4,420.00	17.00
	76,107,262.00			111,601,534.00