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Addendum StartPage: 0

SOAH DOCKET NO. 473-20-1554.WS
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2020 JUN 16 AM 9:59

PETITION BY OUTSIDE CITY RATEPAYERS APPEALING THE WATER RATES ESTABLISHED BY THE CITY OF CELINA	§ § § §	PUBLIC UTILITY COMMISSION OF TEXAS

CITY OF CELINA'S FIRST SUPPLEMENTAL RESPONSES TO COMMISSION STAFF'S THIRD SET OF REQUESTS FOR INFORMATION

Now comes CITY OF CELINA ("CELINA") and serves its First Supplemental Responses to the Commission Staff's Third Request for Information.

These supplemental responses are timely filed consistent with the duty to supplement and pursuant to the previously agreed wording of the questions negotiated between Staff and CELINA. CELINA stipulates that these responses to requests for information can be treated by all parties as if the answers were filed under oath. CELINA reserves the right to amend or supplement its responses.

Respectfully submitted,

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ATTORNEYS FOR CITY OF CELINA

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document has been served on all parties of record on this 16th day of June, 2019, in accordance with 16 Tex. Admin. Code § 22.74.

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PETITION BY OUTSIDE CITY RATEPAYERS APPEALING THE WATER RATES ESTABLISHED BY THE CITY OF CELINA	§	
	§	PUBLIC UTILITY COMMISSION
	§	
	§	OF TEXAS

CITY OF CELINA'S FIRST SUPPLEMENTAL RESPONSES TO COMMISSION STAFF'S THIRD SET OF REQUESTS FOR INFORMATION

TABLE OF ATTACHMENTS

ATTACHMENT NAME

REQUEST FOR INFORMATION STAFF 3-1:

Staff 3-1. Provide any and all rate studies for the past 5 years, including methodologies, best practice references, and calculations, and assumptions used to support the rate changes subject to this appeal. [AS MODIFIED BY AGREEMENT]

RESPONSE:

See attached Supplemental Response.

Sponsor: Dan V. Jackson

REQUEST FOR INFORMATION STAFF 3-2:

Staff 3-2. Please provide any and all rate studies showing the calculations for costs allocated between the inside city and outside city customers receiving water and/or sewer service that the City has in its possession or that was prepared by or prepared at the direction of the City. [AS MODIFIED BY AGREEMENT]

RESPONSE:

See attached Supplemental Response.

Sponsor: Dan V. Jackson

REQUEST FOR INFORMATION STAFF 3-3:

Staff 3-3. Please provide any all documents showing the cost of service for water and waste water service provided by the City to inside city and outside city customers for the past 5 years. [AS MODIFIED BY AGREEMENT]

RESPONSE:

See attached Supplemental Response.

Sponsor: Dan V. Jackson

REQUEST FOR INFORMATION 3-4:

Staff 3-4. Provide all documentation and information for the last 5 years used by the City to set the rates which went into effect January 01, 2019 and March 19, 2019 subject to this appeal. [AS MODIFIED BY AGREEMENT]

RESPONSE:

See attached Supplemental Response.

Sponsor: Dan V. Jackson

REQUEST FOR INFORMATION 3-9:

Staff 3-9. Please explain in detail what entity installed and paid for the infrastructure to provide water and wastewater service to the out of city customers and provide all agreements for the past 5 years made with any entities that shared in payment for such infrastructure. [AS MODIFIED BY AGREEMENT]

RESPONSE:

See attached Supplemental Response.

Sponsor: Dan V. Jackson

REQUEST FOR INFORMATION 3-10:

Staff 3-10. Please provide the source(s) and amounts of funding used to install infrastructure used by the City to provide water and sewer service to the outside city customers.

RESPONSE:

See attached Supplemental Response.

Sponsor: Dan V. Jackson

REQUEST FOR INFORMATION 3-13:

Staff 3-13. Please provide the revenue requirement including detailed expenses used to set the rates and supporting financial statements or budget used to determine the revenue requirement.

RESPONSE:

See attached Supplemental Response.

Sponsor: Dan V. Jackson

REQUEST FOR INFORMATION 3-15:

Staff 3-15. Please provide any explanation between the historical financial statements and/or the budget used and the revenue requirement used to set the rates subject to this appeal.

RESPONSE:

See attached Supplemental Response.

Sponsor: Dan V. Jackson

PUCT DOCKET NO. 49225
SOAH DOCKET NO. 473-20-1554.WS
PETITION BY OUTSIDE CITY RATEPAYERS
APPEALING THE WATER AND WASTEWATER RATES ESTABLISHED BY
THE CITY OF CELINA

PRELIMINARY DRAFT
REBUTTAL TESTIMONY OF DAN V. JACKSON
ON BEHALF OF
THE CITY OF CELINA

AUGUST 2020

Q. Please state your name and business address.

A. My name is Dan V. Jackson. My business address is 5500 Democracy Drive, Ste. 130, Plano, Texas 75024. My office telephone number is (972) 378-6588, and my email address is djackson@willdan.com. My qualifications are detailed in my direct testimony submitted on March 17, 2020.

Q. What is the purpose of your testimony today?

A. The purpose of my testimony is to provide a critique of the prefiled testimony submitted by the petitioners, specifically Mr. Jay Joyce of Expergy, on May 26, 2020. Mr. Joyce states on the cover of his testimony that he has filed on behalf of the "outside city ratepayers", though Expergy was engaged by and is being funded by Collin County MUD #1 ("CCMUD1"), who is not a customer of the City of Celina and is not a party to these proceedings.

I have divided my testimony into the following sections:

Section I – General Conclusions
Section II – Specific Critique of Petitioner Cost of Service Analysis
Section III – Other Observations

I also wish to emphasize that this testimony remains preliminary at this time. The City has issued a series of RFIs to the petitioners to clarify several confusing and contradictory issues within their testimony, and as the City receives responses, I reserve the right to revise my analysis as appropriate.

Finally, I want to emphasize that if I do not address certain of the ratepayers' calculations or representations at this time, it should not be inferred that I agree with them.

Q. Have you prepared any exhibits?

A. Yes. For ease of review, I have embedded my exhibits within the text of this prefiled testimony. I have also included several appendices, which I will reference during the course of this testimony.

Q. Did you have any assistance in preparing your testimony?

A. I am responsible for the preparation of all of this testimony and accompanying exhibits. However, as with my direct testimony, I have been assisted by Mr. Daniel Lanning, Willdan Project Manager. I have also relied on the testimony of Mr. Jason Gray of JD Gray Group. Mr. Gray is the former City Manager of Celina and has over 20 years' experience working directly for and consulting at executive levels with Texas local governments. His resume is presented in his direct testimony dated March 17, 2020.

I am also relying on the analysis and rebuttal testimony to be provided by the international engineering firm Freese and Nichols. Freese and Nichols has served as the City of Celina's consulting engineers for the past five years and has assisted in developing the City's master plan and capital improvement plan designed to manage its unprecedented growth. They will provide testimony and evidence supporting the City's contention that the Celina water and wastewater system is a unified, fully integrated system, all components of which are used and useful in providing service to the City's outside ratepayers, including but not limited to the Light Farms subdivision. They will also provide testimony documenting the reasonableness of the City's CIP, the fact that all projects designated for the 2019 – 2021 time period of the City's rate plan are currently under way, and reaffirming the calculation of the City's rate base for the three-year period encompassing the City's adopted rate plan.

Section I – General Conclusions

Q. Can you summarize your opinion regarding the petitioners' testimony?

A. Yes. I have found the petitioners' analysis, cost of service calculations and rate recommendations to be **unreasonable, inconsistent, contradictory, and so fundamentally and fatally flawed that they should be disregarded in their entirety.**

In this first section, I will address the following fatal flaws in the petitioners' case:

- The petitioners' cost of service calculation does not even pass a basic test of reasonableness. They base their cost of service on the City's historical 2018 expenses, but do not account for any known and measurable changes, even though the City's consumed volumes and accounts have increased by 47% since 2018. This means that their two-year old revenue requirement calculation does not take into consideration any of the City's spectacular growth, and if adopted would not even enable the City to cover its current operating expenses. This manifestly flawed revenue requirement and rate plan would leave the City with no ability to pay even its current debt service, to speak nothing of the future debt required to fund its growth. Their cost of service and rate plan would financially cripple the City, and therefore should be summarily rejected.

- At no point in their prefiled testimony do the petitioners even address the City's $164,283,000 capital improvement plan. Any recommended rate plan for the City of Celina that ignores the most transforming event in the City's history, its need to service its unprecedented growth, is by definition inapplicable and should be disregarded.

- The petitioners' calculations are inconsistent and contradictory. They base their cost of service on 2018 expenses, but they base their rate design on 2020 account and volume levels, which are 47% greater than 2018. The result of this is to overstate revenues while understating expenses, both of which are to the benefit of the petitioners. This is clearly inappropriate, and therefore the petitioners' cost of service and rate design should be disregarded in their entirety.

- The petitioners originally filed their case on the argument that the City's policy of setting a multiplier on rates to outside city customers is "discriminatory, unjust, unreasonable, and not allowed under Texas law." Yet nowhere in their testimony do they even address the issue of a rate multiplier for outside customers, the very issue that spurred this lengthy litigation. Their attempts to "move the goalposts" and set new objectives for their case should be summarily rejected.

In Section II of this testimony, I will address the following detailed fatal flaws in the petitioners' cost of service calculations:

- The petitioners use out of date historical data on which to base rates without adjusting for the clear known and measurable changes associated with a growth rate of 47%.

- In addition to using clearly out of date and unadjusted data, the petitioners augment their unreasonably low cost of service recommendations through a series of unsupportable reductions to the City's expenses and rate base. They attempt to disallow entirely legitimate expenses and reduce rate base for assets that continue to service the water and wastewater system. This is nothing more than an attempt to transfer costs from the petitioners (who are outside the City limits) to the inside city residents and taxpayers. Their adjustments should be summarily rejected.

- They make a series of improper adjustments to the City's rate base, including a clearly inappropriate attempt to minimize their own cost of service and rates through disallowing CWIP. Any attempt to disallow CWIP would cripple the City financially, would ensure that the outside city ratepayers would not pay any of the carrying costs of the City's $164,283,000 CIP, and would jeopardize the City's ability to fund any portion of their CIP.

- They ignore the clear and distinct need to implement Post Test Year adjustments to rate base to account for the $164,283,000 CIP currently being implemented by the City. It makes no sense to calculate a rate base that does not include any of the transforming capital improvements that the City is undertaking, much of which will benefit the outside city ratepayers.

- They attempt to arbitrarily lower rate base by reducing asset levels through customer deposits, which are not owned by the City, and "contributed capital" levels that do not exist.

- They attempt to overrule PUC guidelines to implement an artificially low rate of return, thus costing the City of Celina millions of dollars of compensation for the enormous risk it is incurring to service growth, much of which is occurring outside the City limits.

In Section III I will outline several additional observations and issues I have with the petitioners' case:

- I will address the petitioners' utter mischaracterization of the City's rate plan as somehow "arbitrary", when in fact it was well thought out, based on a comprehensive rate model, and unlike the petitioners' recommendation, allows the City to meet its financial goals
- I will discuss the petitioners' unilateral attempt to overrule City conservation policy
- I will express my disagreement with the attempt by the petitioners, who brought forth this case against the City, to penalize the City by disallowing the City's rate case expenses it has incurred to defend itself.

I also find their attempt to disregard the development agreement they signed with the City to be highly disturbing. Mr. Gray calculates that through this development agreement, CCMUD1 and the Light Farms development have received approximately $90,000,000 in financial benefits from the City of Celina from 2007 to the present. In exchange for these substantial benefits, the petitioners specifically agreed that a rate differential of 1.5 times inside city rates was "reasonable", and specifically waived any claims against the City regarding these rates. Now they are not only attempting to disavow their obligations under the agreement, after having received $90,000,000 in benefits, they attempt to brush off the City's entirely-valid concerns about their refusal to adhere to the agreement as "frivolous"[1]. Needless to say, I assert that a development agreement that bestows such substantial benefits on a specific group of ratepayers should be considered in the development of ratemaking policy and guidelines.

The bottom line is that the petitioners are recommending that the Commission set a rate that is far below the cost the City incurs to serve its outside customers, and would require the City to either implement a significant rate increase to its inside city customers, use general fund tax revenues to support its water and wastewater system, or take immediate steps to

[1] Joyce testimony, p. 41

halt all growth and development. Any of these courses of action would be disastrous for the City of Celina.

Finally, in reviewing the petitioners' recommendations, I also urge the reader to consider something very important. The City of Celina is not a private utility, with wealthy stockholders who can make up the difference for any disallowed expenses or revenue shortfalls. The City is a public entity, owned by its inside-city residents. An expense that is "disallowed" by the petitioners does not disappear; it is still incurred by the City. All it means is that this expense is not paid by the petitioners, who reside outside the City; instead it is the taxpayers of the City of Celina who will have to fund any such shortfalls. In short, adopting the petitioners' recommendations would result in a significant transfer of cost and responsibility from the outside city customers, who reside in homes with an average value mostly in the $400,000-$500,000 range, to the inside customers who have an average income level that is 42% lower than those who reside in Light Farms.

Q. As a result of reviewing the petitioners' testimony, do you recommend any changes to the rate plan you presented in your March 17, 2020 prefiled testimony?

A. No. I continue to recommend that the Commission reaffirm the City's adopted three-year rate plan. This plan implements a series of 3.0% water rate increases and 9.0% wastewater rate increases, with a multiplier of 1.50 for outside city water rates and no multiplier for outside city wastewater rates. The plan is based on the City's calculated cost of service by year for the three-year period, 2019, 2020 and 2021.

However, I have made a few modest adjustments to my cost of service calculations based on the Freese and Nichols review of my proposed rate base and capital improvement plan. Freese and Nichols has recommended a few fairly nominal adjustments in the City's asset base and CIP. These adjustments are not material, but they do tweak some of my cost of service numbers, and do not require me to change either my recommended rates or my underlying conclusions.

Appendix A to this prefiled testimony contains the following spreadsheets:

- A comparison of my operating expenses for the three-year period of the rate plan, 2019-2021, with the petitioners' unreasonable 2018 operating expenses

- My revised rate base, depreciation and rate of return calculations for the three-year period

- Revised schedules from my March 17, 2020 testimony; again changed only nominally to reflect the rate base adjustments

I am also submitting my updated electronic model for review by the Commission. Because the petitioners were willing to submit an "unlocked" version of their rate model, I have, somewhat reluctantly, concluded that I should do the same. However, I ask that all reviewers respect the fact that this rate model is based on the model we prepare for all of my clients across the USA and the Pacific region. It represents proprietary work product and intellectual property of Willdan Financial Services, and I ask that it not be shared with outside parties and it be filed under seal with the Public Utility Commission.

Q. Let's examine each of your general conclusions in more detail. Please describe what you mean when you assert that the petitioners' revenue requirements calculation "does not even pass a basic test of reasonableness".

A. Cost of service analyses are complex and detailed, are based on numerous assumptions, and require the development of sophisticated financial models that encompass dozens of spreadsheets and thousands of calculations. It is not uncommon for analysts to focus so intently on the technical details that they fail to step back and evaluate what the model is actually telling them. To use the classic axiom, it is "failing to see the forest for the trees".

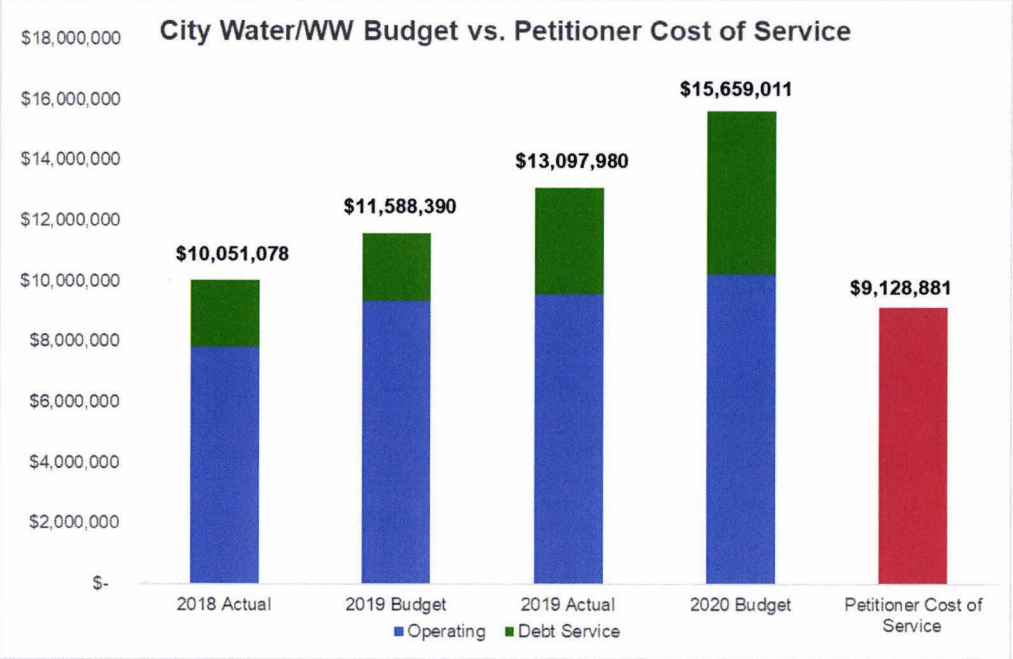
So before we even get into the specifics of the petitioners' analysis, let's take a look at their bottom line. For the City of Celina, they recommend a single year overall water cost of service of $5,344,090, and a wastewater overall cost of service of $4,125,989[2]. Although they base their estimates on the City's costs for the historic test year of 2018, they fail to make any known and measurable changes or acknowledge the City's three-year rate plan,

[2] Jay Joyce testimony, Exhibit JJJ-1

which does not begin until 2019. As I said in my direct testimony, the City is undergoing an explosive growth rate so it was forced to implement a three-year rate plan in order to keep pace with the growth, but avoid the rate shock associated with a single rate increase all at once. The first of the three increases became effective in March 2019. So before we even start, we recognize that the petitioners' calculations are at least a year out of date, which as we will see, for a City growing by approximately 25% per year, is highly significant.

Now let's compare the petitioners' cost of service recommendation with the City's actual water and wastewater utility budget for the period encompassing the City's three-year rate plan. This is presented in **Chart DVJ-R1.** Supporting calculations for this chart are presented in **Appendix B.**

Chart DVJ-R1



As this chart reveals, the City's actual and budgeted expenses for the water and wastewater operation increased by 55.8% between 2018 and 2020. This is unsurprising, given the City's spectacular growth. Yet the petitioners base their calculated cost of service on out of date and unadjusted 2018 data, and reduce it even further through a series of unsupportable

disallowances. As a result, they present a cost of service that is 12% below the City's 2018 budget.

The totals on Chart DVJ-R1 represent actual dollars the City has spent, and will spend. This is not an academic exercise; these expenditures actually occurred, and will occur. In other words, these are actual liabilities incurred by the City of Celina. The only reason the City's 2019 actual was higher than its budget was that the City's debt service increased even more than expected due to its need to fund its $164,283,000 capital improvement plan.

The cost increases experienced by the City since the adoption of its rate plan makes perfect sense. Remember, we are dealing with one of the fastest growing cities in Texas and the USA. In 2018, the City had 5,090 water accounts. The Willdan rate study and my prefiled testimony both forecast that the total would increase to 7,482 water accounts in FY 2020. This forecast has proven to be highly accurate, as the City's actual water accounts as of April 2020 is 7,498.

Given this 47% growth in accounts, it makes no sense for the petitioners to base a current cost of service and rate calculation on two-year-old data that contain no adjustments for known and measurable changes. Far from presenting a cost of service that is fair, just and reasonable to all parties, this calculation accomplishes nothing more than minimizing the cost to themselves. And as I will demonstrate later in this testimony, the petitioners claim that by doing this they are following guidelines established by the PUC for using historical actual data, but this argument was specifically rejected by the Commission in their *Order No. 6 Denying Petitioners' Motion to Strike.*

The chart further shows that if the petitioners' cost of service recommendations were adopted, it would leave the City unable to fund even its basic water and wastewater operating expenses. The petitioners' cost of service estimate of $9,128,881 is less than the City's operating expenses in 2019 and 2020. Further, there would be no ability to fund even the City's existing debt service through its rates, to say nothing of the additional debt the City

will require to fund its $164,283,000 capital improvement plan. Nor would it allow the City to achieve its debt coverage goals, which would likely damage the City's credit rating.

The Celina City Council was well aware of how growth would increase its budget at the time it set its rate plan in November 2018. The Willdan rate study, and my prefiled testimony, presented the estimated budget for 2019, 2020 and 2021 that the Council used as a basis for passing a three-year water and wastewater rate plan. The Council understood that the City's budget was going to significantly increase, and they prudently passed a rate and financial plan that allowed them to fund these increases. And as I will show in Section II, the budget estimates used in the study, the rate plan, the rate model and in my prefiled testimony for the 2018 – 2020 time period have proven to be remarkably accurate, within 0.7% of the City's actual expenses and adopted budgets for the same period.

In short, the rate plan adopted by the City, and outlined in my March 2020 prefiled testimony, will enable the City to cover its actual expenses and calculated cost of service for its inside and outside city ratepayers. The petitioners' plan will not even come close.

Q. Do the petitioners address the City's $164,283,000 capital improvement plan in his testimony?

A. No. Frankly, I find the absence of any reference to the City's CIP in either Mr. Joyce's or Mr. Carlson's testimony, or in developing a recommended rate plan for the City, to be quite extraordinary.

For much of its existence, the City of Celina has been a small farming community on the plains of North Texas. Growing up in North Dallas and Richardson, I remember having only a vague awareness that there even was a neighboring town called "Celina". And then, virtually overnight, the City has become a bustling, suburban metropolis. From a population of 9,836 in 2017, the City is well on its way to achieving its projected population level of 48,000 by 2030.

This kind of growth is fundamentally transforming to a community. It requires planning, investment, and the acceptance of an extraordinary level of risk. Not all cities can manage this growth; some are overwhelmed, others are simply unwilling to invest resources in growth will end up being choked by overpopulation and traffic. By any definition, Celina has managed its growth in a highly professional and expeditious manner.

The growth that has come to Celina is by far the most important development in the City's history, exceeding even that of its high school's multiple football state championships. The City has meticulously developed a comprehensive capital improvement plan that will enable it to continue to manage and service its growth, much of which will be driven by development in its outside city ETJ. It seems obvious than any financial or rate plan proposed for the City should include the impact of this extraordinary growth, which from a percentage standpoint is among the highest in the nation.

Yet the petitioners' prefiled testimony does not mention the $164,283,000 capital improvement plan a single time. The petitioners present no analysis or indication of how their rate plan could enable the City to fund any portion of its CIP. To the contrary, as I stated above, their plan, if adopted, will not generate sufficient rate revenue to even fund the City's current debt service, to speak nothing of its future debt requirements.

As the petitioners themselves concede throughout their testimony, any revenue requirement and cost of service based on historical data must incorporate the "known and measurable changes" that will impact the system. There is no more obvious "known and measurable change" than a $164,283,000 CIP that will service growth approaching 400% over the next decade. Yet their case not only doesn't account for this CIP, it doesn't even mention it. This is simply unacceptable, and should result in their rate plan being disregarded in its entirety.

Q. You also state that the petitioners' calculations are "fundamentally inconsistent and contradictory". Please elaborate.

A. As I outlined above, the petitioners base their cost of service and revenue requirement on the City's 2018 expenses, which they further reduce through a series of inappropriate

disallowances. The use of 2018 expenses without any adjustment for the obvious known and measurable changes that occur from the City's unprecedented growth results in an expense level that is massively understated, and an artificially low rate for outside city ratepayers.

But despite using a cost of service based on 2018 expenses with no adjustments, the petitioners calculate their rate design from the City's 2020 volumes and accounts, which have increased by 47% over 2018 levels. It is good to see that there is at least one section of the petitioners' case where they acknowledge the City's extraordinary growth. However, they only use growth to estimate revenues, not expenses, thus the inherent contradiction in their overall analysis. This has a double-negative impact on the City, by overstating outside city revenues and understating outside city expenses.

Let me elaborate through an example. The City receives substantially all of its treated water from Upper Trinity Regional Water District ("UTRWD"). UTRWD charges for every 1,000 gallons of service. The petitioners use 2018 UTRWD costs in their recommended water and wastewater cost of service, but they use 2020 water and wastewater volumes for their rate design. This means that in their own models they use a 2020 water and wastewater consumption amount that is 47% greater than 2018.

How can the City service 47% more water and wastewater consumption at the same expense from UTRWD as it incurred in 2018? Short answer – it cannot. Using 2020 consumption with 2018 expenses results in petitioner UTRWD expenses that are understated by $1,681,126. By 2021 this understatement will increase to $2,174,073.

This imbalance exists through their calculation of all of the City's other expenses. Through their use of 2020 accounts and volumes in their rate design, the petitioners acknowledge that the system is 47% larger than it was in 2018. This means that virtually all of the City's water and wastewater operating expenses will be higher, from the number of personnel to the postage for monthly bills to the electricity required to pump such significantly greater

amounts of water through the City's system, and so on. Yet the petitioners take none of this into account in their cost of service estimate.

Also remember that the City's $164,283,000 capital improvement plan is designed to construct the system that is required to serve this additional growth. Yet not only does the petitioners' cost of service contain no consideration of the capital costs of the 47% increase in accounts and volumes, they even attempt to disallow the CWIP necessary to finance this growth. How is the infrastructure required to service these additional 47% accounts supposed to be paid for if neither the assets nor the CIP is allowed into rate base?

The City's astonishing account and system growth must be taken into consideration when calculating both the cost of service and the revenue recovery. While my model accurately forecasts increased expenses due to this growth (as I will demonstrate in the next section), I also properly calculate increased revenues through account growth. The increased revenues from these new accounts minimizes the need for rate increases over the three-year period, though unfortunately it does not eliminate the requirement to adjust rates.

In contrast, the petitioners' model benefits outside city ratepayers by understating expenses, and also benefits outside city ratepayers by overstating revenues. Quite frankly, this obvious and fundamental imbalance and contradiction in the petitioners' calculations should completely invalidate their cost of service and rate design recommendations.

Q. Please address the issue of the petitioners' failure to address the issue of rate multipliers.

A. I found this omission from the petitioners' case to be particularly troubling. When the petitioners filed their *First Amended Petition Appealing Water and Wastewater Rates for the City of Celina*, they cited as a principal argument supporting their action that the setting of rates based on multipliers is inherently unjust. Their petition states the following:

> "the proposed rates charge Petitioners an arbitrary 1.5 times more than rates charged to residents located within the City, which the use of such a multiplier

> against outside-city customers the Commission has previously ruled to be discriminatory, unjust, unreasonable and not allowed under Texas law."[3]

The petitioners make substantially the same argument in their *Motion for Referral to SOAH and Request for Interim Rates*, which was denied by the Commission.

So despite the fact that the petitioners framed these entire proceedings as an issue regarding the inherent ability of a city to charge a higher rate to an outside city customer, their prefiled case fails to address this issue at all. There is no mention of this issue in their testimony, and no calculation of their proposed differential between inside and outside customers. They concentrate only on their deeply flawed calculation of the cost of service and rate recommendations for outside city customers only. This represents the type of subtle "moving of the goal posts" that both prolongs these types of cases and contributes to the time, effort and expense involved in adjudicating these proceedings.

Let me provide an example. Because the petitioners themselves raised the issue of the "unreasonable" nature of rate multipliers for outside customers, I challenged this talking point by presenting an analysis showing that rate multipliers are common across the Denton/Collin County Corridor, the state of Texas and the USA. This undermines the argument that a practice is "unreasonable" when it is so commonly practiced across the USA. Yet the petitioners' response to this analysis was to claim, without evidence, that my analysis was somehow "biased"[4], and that it has "no bearing on these proceedings"[5]. In fact, the petitioners go so far as to recommend that the expense the City incurred in responding to their raising of this issue should be excluded from recovery[6], thus making such expense a responsibility of the taxpayers of the City of Celina.

To the contrary, the petitioners' abrupt changing of tactics and goalpost moving just provides more justification for the City's recovery of rate case expenses from the petitioners. Also, the petitioners have issued an immense amount of discovery to the City, forcing the City to

[3] First Amended Petition, pp. 3-4
[4] Joyce Testimony, p.12
[5] Joyce Testimony, p.12
[6] Joyce Testimony, p.41

incur an ever-increasing level of rate case expenses. The City did not ask for this rate case appeal, but at the very least it should be allowed to recover its just and reasonable rate case expenses incurred to defend itself pursuant to the Texas Water Code. Celina taxpayers should not have to pay for the petitioners' intensive discovery based on their mercurial and self-serving strategy.

Q. Mr. Jackson, what would happen if the Commission adopted the petitioners' rate plan?

A. If the petitioners' rate plan were adopted, the City's water and wastewater utility would be financially crippled. As Chart DVJ-R1 plainly shows, the petitioners' cost of service recommendations, if adopted, would result in cost of service that is 30% below the City's FY 2020 budget and 42% below the City's FY 2021 budget. Such a catastrophic reduction in the revenue base would present the City with the following options:

a. Implement an immediate and significant rate increase on its inside city ratepayers.

b. Use general fund tax revenue, paid for by inside city ratepayers, to subsidize the water and wastewater operation.

c. Immediately halt all new construction and development in its CCN.

None of these options are good, for either the inside or outside city ratepayers. I guess this is what I find to be most puzzling about the approach the petitioners have taken in this case. The outside ratepayers do receive service from the City, so it is hard to imagine how they will benefit from imposing a rate plan on the City that cripples it financially. No one wants to pay more for water and wastewater service, I certainly understand that. But cities, and ratepayers, must manage their utilities in a responsible manner that not only enables the utility to fund its operating and capital costs, but also to ensure that the utility they hand to the next generation is as financially and operationally healthy as the one they inherited. This means that as costs increase (and they always do, even in well-managed utilities like Celina), ratepayers must, however grudgingly, accept the responsibility to share in those cost increases. The petitioners should simply not be permitted to use a series of highly

questionable, contradictory and unsupportable assumptions and disallowances to artificially low-ball their cost of service and rate design.

What is also puzzling is that CCMUD1, the Light Farms development, still has approximately 1,000 undeveloped lots, and their growth requirements are a not-insignificant portion of the City's capital improvement plan. It is sadly ironic that CCMUD1 is funding a rate dispute that should they prevail will cripple the City's ability to fund its own future growth. How does CCMUD1 expect the City to service 1,000 additional accounts in Light Farms if its expense recovery is limited to less than levels from two years ago?

Therefore I continue to recommend that the Commission reaffirm the City's adopted rate plan, which is based on a three-year estimate of its revenue requirement for the 2019 – 2021 time period.

Section II – Specific Critique of Petitioner Cost of Service Analysis

Q. Mr. Jackson, let's now address the specifics of your critique of the Petitioners' cost of service. How do you propose we proceed?

A. I will concentrate my critique on the following topics:

- The use of 2018 expenses as the basis for the petitioners' cost of service analysis without adjustment for the obvious known and measurable changes that have transformed Celina in the past two years
- The improper disallowance of operating expenses, including the City's General Fund Transfer, in an attempt to artificially suppress the City's cost of service
- The petitioners' manifestly flawed calculation of the City's rate base, including the ignoring of the City's $164,283,000 CIP, the improper exclusion of CWIP, the erroneous disallowance of assets, and the inappropriate attempt to reduce rate base by subtracting refundable customer deposits and what they mischaracterize as "contributed capital"
- The misguided attempt to lower the rate of return calculation to a level far below that permitted by PUC guidelines

I will summarize by restating my calculation of the City's actual cost of service and rate recommendations. I have nominally amended my calculations by taking into account an updated analysis of rate base presented by the City's engineer, Freese and Nichols.

Appendix A to this testimony presents all the critical cost of service and rate calculations from my comprehensive model. It includes the following:

- My calculated operating expenses for the three-year period of the rate plan, 2019-2021, along with a comparison to the unreasonably low estimates provided by the petitioners
- My calculation of the City's rate base for the three-year period of the rate plan, along with the remaining seven years of the rate forecast. This rate base includes the critical post test year adjustments that factor in both the City's CWIP and the $164,283,000 CIP required to fund growth

- The cost of service and rate schedules from my March 17, 2020 prefiled testimony, updated to reflect the nominal rate base changes suggested by Freese and Nichols

The Use of 2018 Actual Expenses as the Basis for the Petitioners' Operating Expenses without Adjustment for Known and Measurable Changes

Q. Let's start with a discussion of the City's operating expenses. How did you develop the operating expenses used in your rate plan?

A. In my 2018 rate study, my prefiled testimony, and this rebuttal testimony, I calculate a revenue requirement for each year of the City's three-year rate plan, 2019, 2020 and 2021. I begin with the City's budget for 2018, and I estimated the City's budget for 2019, 2020 and 2021 using a set of accelerators based on the City's obvious known and measurable changes, my specific knowledge of the City's operations and my general skills developed over the past 35 years as a financial consultant.

The use of accelerators to estimate expenses over time is a common and accepted form of financial analysis and forecasting. I have done this for virtually every one of the 300 plus rate studies I have conducted over the past three decades. Such a practice reflects simple common sense, as it takes into account the fact that expenses tend to increase over time due to inflation and other factors that often are beyond the control of a City.

Q. How did the petitioners calculate their operating expenses?

A. The petitioners calculate a single year cost of service based on the City's actual expenses for 2018.

Q. Do you agree with their calculations?

A. No. I wish to state two primary reasons why I believe their calculations are inappropriate.

Q. What is the first reason you consider these calculations to be inappropriate?

A. The first reason is that actual 2018 audited data was not available to the City prior to the release of the 2018 Comprehensive Annual Financial Report ("CAFR") in March 2019. The

petitioners incorrectly assert that actual data was available "long before" the November 2018 rate adoption[7]. In the autumn of 2018, FY 2018 "actual" data was preliminary, unaudited, and subject to adjustments and revisions, which given the City's growth rate were potentially substantial. Therefore, since audited data was not available, it is improper for the petitioners to use unaudited actual 2018 data, and their substitution and reduction in the City's cost of service should therefore be disregarded.

Q What is the second reason the petitioners' use of 2018 actual data is inappropriate?

A. The second reason is that their use of 2018 expenses does not take into consideration the known and measurable changes that stem from the City's remarkable growth. Mr. Joyce acknowledges on page 14 of his testimony that "the utility's test year expenses as adjusted for known and measurable changes may be considered." So even though he concedes that known and measurable changes may be included in the test year cost of service, he makes no effort to calculate any such known and measurable changes, despite acknowledging in his own model the City's 47% growth in accounts over the 2018-2020 period. This once again has the impact of artificially reducing the City's cost of service.

On page 33 of his testimony, Mr. Joyce states that the reason he did not conduct an analysis of known and measurable changes, an exercise that anyone preparing a long-term rate plan for a growing city would be obligated to complete, was that he alleges the City provided a "non-substantive and "unsupported" response to an RFI question about such known and measurable changes. Obviously, I dispute this interpretation. In answering the referenced question, one of 180 RFI questions asked by the petitioners, I simply stated the rather obvious fact that the changes in my estimate of 2019, 2020 and 2021 expenses from 2018 expenses, using a series of plainly-identified accelerators based primarily on the City's documented growth, by definition represent "known and measurable changes". Therefore, there was no need to waste the City's time and money repeating all the line items showing expense changes when a simple review of the accelerators and comparison of the data in my rate model did just that. The fact that the petitioners did not like my answer is not a basis

[7] Joyce Testimony, page 33

for the Commission to disallow millions of dollars of legitimate expenses incurred by the City of Celina.

The petitioners' reference to a discovery response was just a ruse to avert attention away from the fact that they intentionally used smaller 2018 cost of service numbers and combined that with larger 2020 revenues to create a false narrative that the City was taking in more than it needed. The Commission is obligated to consider a "just and reasonable" cost of service and rate plan, and the exclusion of any consideration of the increase to expenses from the City's unprecedented growth will inevitably result in a rate plan and cost of service that is not "just and reasonable". The petitioners' analysis therefore fails a basic test of reasonableness and should be disregarded in its entirety.

Q. On Page 20 of his testimony, Mr. Joyce provides his "impressions" of the City's proposed cost of service. Please respond.

A. Mr. Joyce states, again without evidence, that my analysis is based on "made up" data with "unsupported adjustments". These allegations are false, and I take particular exception to the completely unsubstantiated assertion that the data was "made up".

Mr. Joyce compounds his specious allegations on page 32, by questioning my use of accelerators to estimate the City's expenses for 2019, 2020 and 2021. He claims, again falsely, that I supplied a "non-substantive" answer to inquiries about the use of these accelerators.

As I stated earlier, the use of accelerators to forecast expenses beyond the test year is a common approach used in financial analysis and forecasting. The diligent analyst must account for the general fact that costs will increase over time, and that certain specific costs will increase at a higher rate as the system expands. That is why my accelerators typically include such factors as general inflation and account growth. There also must be accelerators that account for critical components such as additional personnel, expected salary increases and cost increases by the City of Celina's major supplier, UTRWD. I used

conservative, well-established norms for all accelerators to ensure the City's adjustments to the test year were only those that were known and measurable.

All of these factors clearly impact the City's expenses. A simple review of my model will reveal that the three primary accelerators I used in estimating expenses for 2019, 2020 and 2021 are inflation, account/consumption growth and UTRWD increases. The petitioners have already acknowledged that the City's account growth is a known and measurable change by their use of 2020 accounts in their analysis, which are 47% greater than 2018. And it seems difficult to believe that the petitioners, or anyone else for that matter, would not acknowledge that general inflation exerts a known and measurable change over time on the City's water and wastewater utility. Finally, the City released volumes of documentation showing UTRWD annual cost increases, which are typical for regional suppliers in North Texas.

Once again, I want to emphasize that City staff and Council were fully aware of the estimated operating expenses for the 2019 – 2021 period that I used in the 2018 Willdan rate study. These expenses served as the basis for the rate plan adopted in November 2018. The fact that the Council unanimously adopted a rate plan based on these estimates is all the evidence required to conclude that the City considered the estimates to be reasonable and appropriate, and obviously not "made up" as the petitioners falsely asserted.

Q. So the petitioners assert that your accelerators, known and measurable changes and estimates for 2019, 2020 and 2021 are "unsubstantiated" and should not be used as the basis for the City's cost of service. You say they are reasonable and appropriate and should form the basis for a cost of service and rate calculation. How do we determine who is right?

A. There is one very simple means to determine whether my accelerators and cost estimates are reasonable and represent known and measurable changes. That is to compare what these accelerators and estimates predicted vs. what actually happened.

This is answered in **Table DVJ-R2** below. Backup and support for this table is presented in **Appendix B** of my rebuttal testimony. There are two components to this table. The first is to compare the City's budget operating expenses for 2018 and 2019 to actual operating expenses for the same period. The table reveals that for 2018 and 2019, the City's actual expenditures were within **0.5%** of its adopted budgets. This tells us that the use of City budget data is a reasonable and accurate estimate of the expenses the City will incur.

The City of Celina's highly accurate budget process should be no surprise to those who are familiar with City management and operations. The City's proposed budgets are reviewed extensively by City staff, subject to multiple public hearings, and approved by a vote of the City Council. The City has received the Government Finance Officers Association *Distinguished Budget Award*, reflecting its meeting of the highest principles of governmental budgeting. In order to receive the award, the City satisfied nationally recognized guidelines regarding its budget's ability to serve as a policy document, financial plan and operations device.

The second component of Table DVJ-R2 compares the operating expenses estimated in the Willdan rate model and my prefiled testimony for the period 2018 – 2020 to actual results. This reveals that for this period the rate model's estimated expenses turned out to be within **0.7%** of the City's actual (and for 2020, budget) totals.

So the obvious conclusion is that **the use of my accelerators to estimate the City's expenses is reasonable and appropriate to estimate known and measurable changes, given that it results in operating expenses that are within 0.7% of what the City actually incurred**. This further shows that the petitioners' criticism of the process I used to develop my estimates is entirely unwarranted and should be disregarded.

Table DVJ-R2

CITY OF CELINA
COMPARISON OF OPERATING COSTS

I. Comparison of City Budget vs. City Actual

	2018	2019	2020	2018-2019
Operating Costs				
Budget	$ 8,148,732	$ 9,356,917	$ 10,232,612	$ 17,505,649
Actual	7,819,605	9,591,279	NA	17,410,884
Difference				
Dollars	(329,127)	234,362	NA	(94,765)
Percent	-4.0%	2.5%	NA	-0.5%

II. Comparison of City vs. Willdan Rate Model

	2018 Actual	2019 Actual	2020 Budget	2018-2020
Operating Costs				
City	$ 7,819,605	$ 9,591,279	$ 10,232,612	$ 27,643,496
Rate Model	8,109,850	9,208,142	10,118,624	27,436,616
Difference				
Dollars	290,245	(383,137)	(113,988)	(206,880)
Percent	3.7%	-4.0%	-1.1%	-0.7%

Q. Is it appropriate to use budget data in the development of a cost of service and rate design for a municipal or non-profit utility?

A. Absolutely, for several reasons. First, for the vast majority of the 300 plus rate studies I have managed or participated in, budget data was used as the basis for the test year and the rate design. These studies routinely forecast expenses for a five to ten-year period, to enable rates to be designed to meet both current and future revenue requirements.

Second, it makes perfect sense from an analytical standpoint. Rates should be designed to meet the needs of the present and future, not the no-longer-relevant circumstances of the past. And when such obvious known and measurable changes such as a 47% growth in

accounts over two years impacts a utility, an analyst has an obligation to ensure the impact of these changes are fully reflected in any developed rate plan.

Third, for high-growth cities like Celina, taking the petitioners' approach of basing expenses on two-year-old actual data (hewing to the historic test year but ignoring obvious known and measurable adjustments) risks setting an unreasonably low revenue requirement that will not fund the additional costs associated with growth. I have already addressed that topic in Section I of this rebuttal testimony and I will focus on it again in this section. It is important for impartial analysts to consider all circumstances in determining revenue requirements, and not to conceal a bias behind an artifice of an excessively purist interpretation of only a select portion of the regulations.

Finally, I note that in its *Order Number 6 Denying Petitioners' Motions to Strike*, the petitioners sought to disallow my cost estimates on the grounds that they were "irrelevant because rates must be based on actual test-year data adjusted for known and measurable changes"[8]. The ALJs denied the petitioners' motion, stating that "municipally owned utilities are not prohibited from using budgeted data in setting rates"[9]. I not only agree that municipalities should be allowed to use budget data in setting rates, I believe that the unique circumstances faced by the City of Celina make the appropriateness of the use of budget data irrefutable.

Q. How does the petitioners' use of 2018 data undercount the City's revenue requirements?

A. As I have repeatedly illustrated, the City has radically changed in the not-quite two-year period since the rate plan was adopted. The City has increased from 5,090 water accounts in 2018 to 7,482 in 2020, an increase of 47%. This level of growth is going to impact the majority of the City's water and wastewater expenses, particularly those direct volume-related expenses such as the purchase of water and wastewater service from UTRWD, electricity, etc.

[8] Order No. 6, p. 4
[9] Ibid.

In my rate model I present a line by line comparison of the operating expenses proposed by the petitioners vs. those I estimated for the purposes of my cost of service. This is reproduced in **Appendix A** of this rebuttal testimony. I have summarized the operating expense portion of Appendix A into **Table DVJ-R3** below. I do this because I want to highlight just a few elements that I assert should lead reviewers to summarily dismiss the petitioners' proposed operating costs.

Table DVJ-R3

CITY OF CELINA
UTILITY BASIS OPERATING EXPENSES

		Petitioners	CITY OF CELINA 2019	CITY OF CELINA 2020	CITY OF CELINA 2021
	WATER UTILITY				
1	TRANSFERS				
2	TRANSFER TO GENERAL FUND	$ -	$ 247,267	$ 254,685	$ 262,325
3	W / S REVENUE TRANSFER	-	122,931	126,619	130,417
4	TOTAL TRANSFERS	-	370,198	381,304	392,743
5	WATER OPERATIONS				
6	SALARIES	678,745	753,062	838,164	928,479
7	ELECTRICITY	183,410	220,500	231,525	243,101
8	UPPER TRINITY RWD WATER	2,226,264	2,841,778	3,246,517	3,548,227
9	OTHER OPERATING	1,052,601	936,166	967,644	1,000,337
10	TOTAL WATER OPERATIONS	4,141,020	4,751,506	5,283,850	5,720,145
11	UTILITY BILLING	128,543	192,418	229,926	238,882
12	**TOTAL WATER**	**4,269,563**	**5,314,121**	**5,895,080**	**6,351,770**
	SEWER UTILITY				
13	TRANSFERS				
14	TRANSFER TO GENERAL FUND	-	115,293	118,752	122,315
15	W / S REVENUE TRANSFER	-	57,319	59,039	60,810
16	TOTAL TRANSFERS	-	172,612	177,791	183,124
17	SEWER OPERATIONS				
18	SALARIES	273,459	429,374	445,408	517,851
19	ELECTRICITY	46,292	68,250	71,663	75,246
20	UPPER TRINITY RWD -- SEWER (TOTAL)	1,822,904	2,230,525	2,483,777	2,675,014
21	OTHER OPERATING	570,196	603,807	637,965	668,751
22	TOTAL SEWER OPERATIONS	2,712,851	3,331,956	3,638,812	3,936,861
23	UTILITY BILLING	59,934	89,719	107,208	111,384
24	**TOTAL SEWER**	**2,772,785**	**3,594,287**	**3,923,811**	**4,231,369**

First, review the expense totals for line 8, Upper Trinity RWD water costs, and line 20, Upper Trinity RWD Sewer Costs. My estimates fully reflect the impact of the City's astounding growth in water and wastewater accounts, due to the obvious fact that as the City grows it

will purchase more water and send more sewage to UTRWD. However, the petitioners' estimates completely fail to take this account growth into account, even though they acknowledge the legitimacy of the City's growth through their use of 2020 accounts to design rates. The result of this is that the petitioners' estimate undercounts UTRWD water costs by $1,321,963 (59%) by FY 2021 and undercounts UTRWD sewer costs by $852,110 (47%) by FY 2021.

The same argument can be made with regards to personnel and electricity. Once again, it is fairly obvious that a system that increases by 47% will require more operating personnel and will incur greater amounts of electricity expenses. Yet once again the petitioners' fail to take this into account, thereby significantly underrepresenting City expenses.

Clearly, the failure to adjust the City's operating expenses in any form despite the obvious known and measurable change of a 47% increase in accounts should cause the petitioners' operating expenses to be disregarded in their entirety.

Q. In addition to failing to adjust for growth, the petitioners also attempt to reduce the City's 2018 expenses by disallowing the City's General Fund transfers. Please address this topic.

A. General fund transfers are a common and accepted form of reimbursement for the very real costs that are incurred by a municipality in supporting its water and wastewater operation. The vast majority of water utilities for whom I have provided consulting services have implemented some form of general fund transfer.

In response to a petitioner RFI, the City provided documentation from its financial statements confirming that the transfer is used to reimburse the general fund for the use of "office space, financial services, administrative services, engineering services, infrastructure repair, information technology, and various other services and benefits." These transfers are common and easily identifiable to anyone with any substantive knowledge of municipal operations. Funds transfers have been City of Celina policy for decades. Yet despite this clear language, the petitioners have (once again) mischaracterized the City's response to

one of its 180 RFIs by claiming that the City provided "no basis" for its requested transfer amounts.

Cities incur real costs in supporting their water and wastewater operations, from the time and effort of the City Manager, the police force, administration, City Council time, inspectors, city clerks, etc. If a City does not implement a general fund transfer to reimburse the General Fund for this time and effort, essentially it means the City's General Fund is providing a hidden subsidy to its water and wastewater operation, and the City's water and wastewater rates do not reflect the true cost of providing this service. And this hidden subsidy must be funded through taxes by the City's residents, a group that does not include the outside city ratepayers.

The petitioners' recommendation to disallow the general fund transfers is just another attempt to ignore a normal part of a revenue requirement for a municipally owned water utility in order to reassign costs away from the petitioners and to the City's inside ratepayers, and this attempt should be summarily disregarded.

Q. Now that you have addressed the petitioners' improper attempts to reduce operating expenses, please address their rate base adjustments.

A. Certainly. I will address the following improper exclusions from rate base by the petitioners:

- Construction Work in Progress ("CWIP")
- Post Test Year Adjustments
- Standpipe costs
- Customer Deposits
- Contributed Capital

Q. How did you develop the City's rate base?

A. As I outlined in my prefiled testimony, I developed the City's rate base for each year of the three-year rate plan, 2019, 2020 and 2021. I actually calculated the rate base for the entire ten-year period encompassed by my rate model. All of my calculations of the City's rate base are presented in Appendix A.

I began with the City's existing assets as of September 30, 2018, and I added portions of the City's $164,283,000 capital improvement plan in accordance with their schedule for completion for each of the three years of the rate plan. The logic behind this is obvious. The existing assets are clearly part of the rate base. But the CIP must be incorporated as well, given that the City must add to its rate base to service its rapidly increasing customer base.

The City's CIP is clearly eligible as a Post Test Year Adjustment to the City's rate base, because it is well-defined and in the process of being implemented. The City has already issued $32 million in debt to fund these improvements, these improvements are under construction and completed, and the City plans on issuing another $50 million in 2020 to further complete these improvements. All criteria for inclusion of the CIP as a Post Test Year Adjustment has clearly been met.

However, the petitioners have questioned the reasonableness of the rate base, and have attempted to disallow not only all portions of the $164,283,000 CIP from rate base, but they even go so far as to try to exclude the CWIP from the prior-funded capital improvements. They also make the stunningly self-serving claim that the Light Farms system is essentially a "stand-alone" system, a claim that is effectively debunked by Mr. Jason Gray in his prefiled and rebuttal testimony.

Q. As part of this rebuttal testimony, did you review your Rate Base calculations?

A. Yes. In response to the petitioners' claims, the City engaged its engineering consultants, the international firm Freese and Nichols, to review my spreadsheets contained in my rate model that listed both the City's existing assets and its CIP. They verified the vast majority of the totals, but their analysis did "tweak" a few of the numbers. They reclassified the percent allocation to water and wastewater of a few assets, and eliminated a couple of stormwater-based assets that were incorrectly assigned to the water and wastewater utility.

Though I do not consider any of their adjustments to be material, I accepted these changes because, as always, I want to ensure the numbers reflect the City's asset base as accurately as possible.

Freese and Nichols' adjusted rate base and CIP calculation for the three-year period of the rate plan, 2019, 2020 and 2021, as well as for the remaining years of the ten-year forecast, is contained as part of **Appendix A** of my rebuttal testimony.

Freese and Nichols is in the process of presenting an analysis of the City's system and critique of the petitioners' claims in memo format, and that memo will be presented in **Appendix C** of this testimony. That memo is not yet available at the time of this writing, but will be submitted as soon as it is complete. Among their conclusions are the following:

- The City's outside city customer base includes more than just the residents of Light Farms. While there is only a handful of such customers at present, hundreds if not thousands of additional outside city customers are currently in development. **Appendix D** of this testimony presents a map of development under way in the City. It is clear that a significant portion of development is occurring within Celina's CCN but outside the city limits.

- The entire City water and wastewater system is used and useful in providing service to Light Farms and the City's outside city customers.

- The City's $164,283,000 CIP benefits both inside and outside city ratepayers, and it will specifically enable the City to serve the additional 1,000 connections that are forecast to be developed in CCMUD1 and the Light Farms subdivision.

- Every project listed on the City's $164,283,000 CIP is reasonably estimated in terms of its total cost and schedule for completion.

- The assets listed in the revised CIP used in this testimony are not "double-counted" on the City's 2018 existing asset list or CWIP. This effectively refutes Mr. Joyce's assertions that assets on my rate base are double-counted or already represented in CWIP balances.

- **Every project listed on the City's $164,283,000 CIP for the period 2018 through 2021 is at present in various stages of completion**. In other words, the CIP is right on schedule.

The last point is important. The City Council was well aware of the magnitude and obligations of the $164,283,000 CIP at the time it adopted its three-year rate plan in November 2018. The City Council approved, and the City issued, a $32 million bond in late 2018 to fund the first set of these projects, and the City is currently in the initial stages of issuing an additional $45-50 million bond in 2020 to continue the expansion. These projects are real, and they are happening. Therefore they make the need for Post-Test Year Adjustments to include these projects in rate base apparent.

Q. How does the CIP impact the City's rate base?

A. It impacts the City's rate base in two ways – the inclusion of CWIP in rate base, and the inclusion of Post Test Year Adjustments in rate base as well. I will discuss each in turn.

Q. How do the petitioners treat the City's CWIP?

A. The petitioners exclude all CWIP, both the CWIP in place as of the date the rate plan was implemented, and the CWIP expected to be incurred from the implementation of the $164,283,000 CIP.

The only rationale offered by the petitioners for this financially crippling exclusion is that the City "fails to mention CWIP at all in its direct testimony"[10]. They also add the evidence-free assertion that "it appears the City hoped that no one would notice that CWIP was included in rate base without the required showing of financial distress[11].

As we have come to expect, the petitioners have once again made a highly misleading statement that mischaracterizes the City's painstakingly assembled case. The petitioners carefully focus on the prefiled testimony only, and fail to mention that in response to petitioner RFIs 2-9 through 2-14, Mr. Jason Gray and I personally wrote a thirteen-page detailed analysis addressing the reasonableness of including CWIP in rate base. This response is presented in **Appendix E** of this rebuttal testimony. The fact that this highly detailed narrative laying out the City's arguments for inclusion of CWIP in rate base was

[10] Joyce testimony, p. 28
[11] Joyce testimony, p. 28

available to the petitioners well before they filed their testimony means that their only stated rationale for excluding CWIP, the City's alleged failure to address CWIP, is invalid.

Even more important, the same logic that is applied to the petitioners' failure to address known and measurable adjustments to the City's operating costs can be applied here. Even if one were to accept their claim that the City "did not address" CWIP, why did they make no effort of their own to analyze whether the City's CWIP met the criteria for inclusion into rate base? Their lack of doing so lends further credibility to the argument that the petitioners experts' case is not an effort at determining a "fair, just and reasonable" cost of service for the City so much as it is advocacy for the lowest possible rate, no matter how irrational, for their clients, the outside city ratepayers.

Q. Why did you believe that CWIP should be included in rate base?

A. I refer to my answer to Ratepayer RFI 2-13 in Appendix E for a detailed discussion of why the inclusion of CWIP in rate base is critical to preserve the financial integrity of the City's utility. Let me summarize it here.

In RFI 2-13, I first assert that recovery of CWIP is clearly allowable under AWWA guidelines as set forth in *Manual M-1*. I then discuss how the specific inclusion of CWIP is critical to the financial integrity of the City's utility, and the exclusion of CWIP essentially would mean that outside city ratepayers would pay none of the financing costs for the CIP, much of which is necessary to fund the future growth of outside city customers. Finally, I point to the City's response to RFI 2-14, in which Mr. Gray proves that the City's asset base and CIP have been well managed by outlining the detailed policies and procedures employed by the City to manage its CIP.

But to truly accept the appropriateness of including CWIP in rate base, one need simply take a step back and evaluate what is actually happening from a "big picture" standpoint. The City's 2017 CAFR shows that as of September 30, 2017 the City had a net capital asset balance in its Water and Wastewater Enterprise fund of $37,693,768. And for the ten-year period ending 2028 the City's CIP shows the need to invest $164,283,000 in the system.

This is a **335%** increase in its asset base in just ten years to meet the projected 400% population growth.

So obviously the City is incurring, and is going to continue to incur, enormous levels of CWIP in the next ten years. Therefore the inclusion of CWIP into rate base is critical for two reasons. First, it assures that outside city customers will fund their portion of the financing and carrying costs of these projects. The City's inside city ratepayers are already funding their share of the financing and carrying costs through the payment of debt service on the existing bonds, the new $32 million 2018 bond, and the soon to be issued $50 million bond, used to construct these assets. Why should the petitioners, the outside city ratepayers, not be required to pay their share of the financing costs through the inclusion of CWIP in rate base?

Second, as outlined by such publications as *Alternative Regulation and Ratemaking Approaches for Water Companies* by the Brattle Group, inclusion of CWIP is critical for the following reason:

> "The CWIP in rate base allows utilities to recover costs incurred from financing construction on a current basis ... CWIP provides a more gradual rate increase and less rate shock."

In summary, to arbitrarily exclude CWIP from a $164,283,000 CIP, that will increase the City's asset base by 335% over the next decade, would severely damage the City's financial integrity.

Contrast all of this detailed analysis, from the thirteen pages of personally written responses to the clear and obvious need as demonstrated by the City's $164,283,000 CIP, with the petitioners' only argument against the inclusion of CWIP, that I did not personally mention it in my prefiled testimony. Petitioners requested this information in RFIs, I provided a robust response under oath, and then they conveniently failed to mention my response in their testimony.

Q. What levels of CWIP should be included in rate base?

A. To answer this question, I must first point out that there are two components of CWIP that must be included in rate base. The first component is the CWIP that was actually in existence at the time the rate plan was implemented, in November 2018. This total is shown in the rate base calculation developed jointly by Freese and Nichols and me, and is presented in Appendix A. The total is $11,469,232. This is actual, existing CWIP and its inclusion should be straightforward and indisputable given the facts I have laid out.

But there is another element to CWIP, and that is the CWIP involved in funding the $164,283,000 capital improvement plan. These capital improvements were unfunded, and were not listed in the 2018 asset listing. They are in addition to the CWIP already on the 2018 financial statement.

Once again, it is simply obvious that a utility that is funding $164,283,000 in additional capital improvements over the period 2018 – 2028 is going to incur significant levels of CWIP. The only question is, how much should be estimated?

I would suggest 3 potential alternatives for estimating CWIP. These alternatives are summarized in **Table DVJ-R4** below. The alternatives are as follows:

Alternative #1 – this is the assumption that CWIP used to fund the City's $164,283,000 CIP for the years FY 2018 – FY 2027 would be equivalent to actual CWIP in FY 2017. The advantage of this alternative is that it is based on the CWIP that was actually incurred by the City in the prior year. Another advantage of this alternative is that it is the most conservative alternative, given that CIP in the years 2018 – 2027 is forecast to be significantly greater than CIP in the prior years, as the City grows from a population of 9,846 to a population approaching 48,000.

Alternative #2 – this alternative assumes that CWIP is equal to the expected totals entered into rate base in the following year. Projects completed in 2019 are expected to be under construction in 2018. Projects completed in 2020 are expected to be under construction in 2019. And so on. These same projects are financed by bonds that were issued in 2018 and which already are the responsibility of the inside city limit ratepayers. However, this can lead to variations in total CWIP, as total construction project expenditures will vary from year to year.

Alternative #3 – this alternative assumes that the CWIP will be equivalent to the average annual CIP to be expended during the three-year period of the rate plan.

Table DVJ-R4

		Water/WW CIP	CWIP Estimate Methods Alternative #1 2017 CAFR	Alternative #2 Actual CIP	Alternative #3 3 Year Avg CIP
	2018	$ 20,700,000	$ 19,284,479	$ 11,895,000	$ 18,587,000
Year 1	2019	11,895,000	19,284,479	24,682,000	18,587,000
Year 2	2020	24,682,000	19,284,479	19,184,000	18,587,000
Year 3	2021	19,184,000	19,284,479	20,074,000	18,587,000
	2022	20,074,000			

NOTES.
#1 -- Assumes CWIP from FY 2017 CARF remains at 2017 levels
#2 -- Assumes CWIP is equivalent to total CIP that is entered into rate base the following year
#3 -- Assumes CWIP is equal to average of 3 year CIP during period of 3 year rate plan

I should note that these numbers are nominally different from my answers to RFIs 2-9 through 2-14 due to the Freese and Nichols review and tweaking of the City's CIP.

As the table reveals, each of these alternatives results in an equivalent amount of CWIP over the three-year period of the rate plan. While I believe that Alternative #1 is the most reasonable alternative, since it is based on actual totals incurred by the City, the City would be willing to accept any of these three alternatives. Further, the City believes that the adoption of either Alternative #2 or Alternative #3 will not materially impact the rate plan proposed by the City.

Q. Do you believe the combination of CWIP that was funded prior to 2018 and the CWIP that is funded as part of the $164,283,000 CIP represents a fair and reasonable amount of CWIP to include in rate base?

A. Yes I do, for the reasons stated above. Once again, all this information was available to City staff and Council when they set the rate plan.

And I note that there is one more test of reasonableness, and that is to compare the estimated CWIP with the CWIP that the City actually ended up incurring. My estimate of CIP for 2019 was $30,753,711. The City's 2019 CAFR shows that as of September 30, 2019 the City's water and sewer fund actual CWIP was $42,006,115. This shows not only the magnitude of the City's continued implementation of its capital improvement plan, but is also show that if anything my estimate is conservative and beneficial to the outside city ratepayers.

Q. What levels of Post Test Year Adjustments should be included in the City's rate base?

A. I recommend that the City be allowed to adjust its rate base for each of the three years of the rate plan, 2019, 2020 and 2021, by the amounts listed in Appendix A under the calculation of rate base. These amounts represent the incorporation of both the capital projects under way in 2018, the time the rate plan was implemented, and the additional capital projects that represent the City's unfunded $164,283,000 rate base.

The CIP is the primary reason why the City implemented its rate plan in the first place. Since explosive population growth is driving need for the CIP, and the CIP is driving the need for the City to implement a new rate plan, the impact of the CIP should be included in rate base. Further, the post test year adjustments are known and measurable, and are confirmed to be in the process of being completed by Freese and Nichols. All of the criteria for inclusion as post test year adjustments have been met by the City.

Q. The petitioners have made further unilateral disallowances of the City's rate base. One is the disallowance of a $105,300 standpipe. Please comment on this.

A. The petitioners disallow a $105,300 standpipe, using the argument that it is no longer used and useful based solely on notes from my February 18, 2018 meeting with the City Manager. Meeting notes represent nothing more than an attempt to memorialize conversations, and comments or representations in meetings are usually based on memory and are not always 100% accurate. Therefore, before attempting to penalize the City, the prudent course of action for the petitioners would have been to seek clarification from the City on this particular asset.

Although the petitioners submitted 180 RFIs to the City, they did not ask a question addressing the City's standpipe. Had they done so, the City would have informed them that this standpipe, while not pumping water at present, is still used by the City as a storage or backup source of water. Therefore the asset retains value and remains used and useful to the City, and must be included in rate base.

Q. The petitioners also attempt to reduce the rate base by $622,234 for customer deposits. Please respond.

A. I recommend the commission reject this adjustment. The City's policy is to refund customer deposits after termination of service. Therefore the City is only a custodian of these deposits, and does not "own" them. Since they are refundable to ratepayers, by definition they cannot be "non-investor supplied capital", and it makes no financial sense to attempt to reduce the rate base by this amount. Deposits belong to each ratepayer, not to the City.

Q. The petitioners also attempt to reduce the rate base for what they claim are "contributed capital" balances by the developers of the Light Farms subdivision. Please respond.

A. In his rebuttal testimony Mr. Gray definitively establishes that the City paid for all the assets that are serving the Light Farms subdivision. Therefore there are no "contributed capital" balances from the developers, and the petitioners' calculations and adjustments should be disregarded.

Q. Please summarize your calculation of rate base.

A. As stated earlier, I have nominally revised my rate base calculations based on the review completed by the City's engineers, Freese and Nichols. The revised rate base for each year of the three-year rate plan, 2019, 2020 and 2021, is presented in detail in Appendix A and is summarized in **Table DVJ-R5** below.

While it is substantially similar to what I presented to the Commission in my March 17, 2020 direct testimony, it does contain a few nominal adjustments. However, these adjustments do not significantly impact my rate recommendations. I continue to recommend that the Commission reaffirm the rate plan adopted by the City in November 2018 as fair, just and reasonable.

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Table DVJ-R5

CITY OF CELINA
ANNUAL DEPRECIATION AND RATE BASE

	Annual Depreciation Expense				Net Rate Base			
	2018	Rate Plan Period 2019	2020	2021	2018	Rate Plan Period 2019	2020	2021
WATER Utility								
Current Assets								
Asset A/C#: 101 - CAPITAL OUTLAY - W/S	$ 29,083	$ 29,083	$ 29,083	$ 29,083	$ 512,325	$ 483,242	$ 454,159	$ 425,077
Asset A/C#: 102 - EQUIPMENT	82,369	68,198	67,255	67,255	1,177,647	1,109,449	1,042,193	974,938
Asset A/C#: 103 - SERVICE AREA (GRWSC)	25,701	25,701	25,701	25,701	618,914	593,212	567,511	541,809
Asset A/C#: 104 - SEWER LINES	-	-	-	-	-	-	-	-
Asset A/C#: 105 - SEWER PLANT	-	-	-	-	-	-	-	-
Asset A/C#: 106 - VEHICLES	67,096	65,198	53,181	47,321	262,018	196,820	143,639	96,319
Asset A/C#: 107 - W & S BUILDING	547	547	547	547	7,933	7,386	6,839	6,292
Asset A/C#: 108 - WATER LINES	389,471	389,471	389,471	374,471	13,698,235	13,308,764	12,919,293	12,544,822
Asset A/C#: 109 - LAND	-	-	-	-	666,079	666,079	666,079	666,079
Asset A/C#: 110 - Existing Funded CIP	-	256,644	256,644	256,644	10,265,770	10,009,126	9,752,482	9,495,838
Asset – Unfunded Future CWIP, Working Capital, Prepai	-	-	-	-	10,032,459	10,098,589	10,145,427	10,182,023
Total	**594,267**	**834,843**	**821,883**	**801,023**	**37,241,381**	**36,472,669**	**35,697,623**	**34,933,196**
Unfunded CIP								
CRPS Improvements	67,500	137,500	137,500	137,500	2,632,500	5,295,000	5,157,500	5,020,000
CRPS & Downtown Pump Station - Phase 1	62,500	112,500	112,500	112,500	2,437,500	4,325,000	4,212,500	4,100,000
Downtown Water Improvements	11,250	11,250	26,250	41,250	438,750	427,500	1,001,250	1,560,000
Coit Rd 2 MGD Water Tower Construction	97,010	97,010	97,010	97,010	3,783,400	3,686,390	3,589,379	3,492,369
Preston Road Water Line	-	-	25,000	25,000	-	-	975,000	950,000
Frontier Pkwy water line	-	-	-	-	-	-	-	-
Pressure Plane Modification	-	4,375	4,375	4,375	-	170,625	166,250	161,875
Discharge Line from CRPS to RR	-	34,000	34,000	34,000	-	1,326,000	1,292,000	1,258,000
30" and 36" Discharge Line from RR to DTPS	-	24,000	24,000	24,000	-	936,000	912,000	888,000
30" and 24" Parallel Line from DTPS to Sunset	-	15,000	15,000	15,000	-	585,000	570,000	555,000
30" and 24" Parallel Line from CRPS to Sunset	-	-	-	-	-	-	-	-
30" and 36" Discharge Line from RR to DTPS	-	-	175,475	175,475	-	-	6,843,525	6,668,050
30" and 24" Parallel Line from DTPS to Sunset	-	-	77,150	77,150	-	-	3,008,850	2,931,700
30" and 24" Discharge Line from RR to DTPS	-	-	123,500	123,500	-	-	4,816,500	4,693,000
Business 289 12" line	-	-	75,000	75,000	-	-	2,925,000	2,850,000
New 6 MG GST at CRPS	-	-	-	33,750	-	-	-	1,316,250
New 6 MG GST at CRPS	-	-	-	175,000	-	-	-	6,825,000
18" line on Glendenning (CR 55) form RR to Preston	-	-	-	-	-	-	-	-
18" and 24" lines along Legacy Drive	-	-	-	-	-	-	-	-
24" Line to increase capacity in the Low pressure plane	-	-	-	-	-	-	-	-
18" and 24" to Morgan Lakes	-	-	-	-	-	-	-	-
SCADA Improvements	-	-	35,000	35,000	-	-	315,000	280,000
12" line along Settlers Ridge	-	-	-	-	-	-	-	-
Future Project	-	-	-	-	-	-	-	-
Total	**238,260**	**435,635**	**961,760**	**1,185,510**	**9,292,150**	**16,751,515**	**35,784,754**	**43,549,244**
TOTAL WATER UTILITY	**832,527**	**1,270,478**	**1,783,643**	**1,986,533**	**46,533,531**	**53,224,183**	**71,482,377**	**78,482,440**
WASTEWATER Utility	**Annual Depreciation Expense**				**Net Rate Base**			
Current Assets								
Asset A/C#: 101 - CAPITAL OUTLAY - W/S	$ 1,708	$ 1,708	$ 1,708	$ 1,708	$ 71,984	$ 70,276	$ 68,568	$ 66,860
Asset A/C#: 102 - EQUIPMENT	38,589	24,419	23,476	23,476	136,172	111,753	88,277	64,801
Asset A/C#: 103 - SERVICE AREA (GRWSC)	-	-	-	-	-	-	-	-
Asset A/C#: 104 - SEWER LINES	395,239	395,239	395,239	395,239	16,402,263	16,007,023	15,611,784	15,216,545
Asset A/C#: 105 - SEWER PLANT	170,391	170,391	170,391	170,391	3,732,746	3,562,356	3,391,965	3,221,575
Asset A/C#: 106 - VEHICLES	61,451	59,553	53,181	47,321	251,670	192,116	138,935	91,615
Asset A/C#: 107 - W & S BUILDING	547	547	547	547	7,933	7,386	6,839	6,292
Asset A/C#: 108 - WATER LINES	-	-	-	-	-	-	-	-
Asset A/C#: 109 - LAND	-	-	-	-	661,964	661,964	661,964	661,964
Asset A/C#: 110 - Existing Funded CIP	-	30,087	30,087	30,087	1,203,461	1,173,375	1,143,288	1,113,202
Asset – Unfunded Future CWIP, Working Capital, Prepai	-	-	-	-	10,032,459	10,098,589	10,145,427	10,182,023
Total	**667,925**	**681,944**	**674,628**	**668,768**	**32,500,653**	**31,884,840**	**31,257,049**	**30,624,876**
Unfunded CIP								
Downtown WWTP Upgrade to .95 MGD	217,500	317,500	342,500	342,500	8,482,500	12,165,000	12,822,500	12,480,000
WWTP 2 MGD	-	-	25,000	25,000	-	-	975,000	950,000
WWTP 2 MGD	-	-	-	50,000	-	-	-	1,950,000
WWTP 3 MGD	-	-	-	-	-	-	-	-
WWTP 3 MGD	-	-	-	-	-	-	-	-
Mustang WWTP Shared Cost	-	-	-	25,000	-	-	-	975,000
Ownsby Parkway Sewer	-	-	-	72,500	-	-	-	2,827,500
Downtown WW Improvements	11,250	11,250	26,250	41,250	438,750	427,500	1,001,250	1,560,000
Downtown Rehab Sewer	12,500	12,500	12,500	12,500	487,500	475,000	462,500	450,000
Bus 289 Sewer line	-	-	-	75,000	-	-	-	2,925,000
8" and 10" line to replace Shawnee Trail No. 1 LS	-	-	29,300	29,300	-	-	1,142,700	1,113,400
10" and 12" line adding capacity for Chalk	-	-	22,875	22,875	-	-	892,125	869,250
18" line adding capacity for Downtown	-	-	-	-	-	-	-	-
15" line along FM 455	-	-	-	18,350	-	-	-	715,650
12" line to replace Carter Ranch LS	-	-	-	-	-	-	-	-
30", 36", 42", 60" Interceptor from Downtown to WWTP	-	-	-	-	-	-	-	-
21" line from Dallas Pkwy to Preston	-	-	-	-	-	-	-	-
Construct 15"- 30" interceptor Doe Branch to CR 51	-	-	-	-	-	-	-	-
Construct 10" - 21" interceptor Doe Branch to CR 83	-	-	-	-	-	-	-	-
Future Project	-	-	-	-	-	-	-	-
Total	**241,250**	**341,250**	**458,425**	**714,275**	**9,408,750**	**13,067,500**	**17,296,075**	**26,815,800**
TOTAL WASTEWATER UTILITY	**909,175**	**1,023,194**	**1,133,053**	**1,383,043**	**41,909,403**	**44,952,340**	**48,553,124**	**57,440,676**
TOTAL WATER AND WASTEWATER	**1,741,702**	**2,293,672**	**2,916,696**	**3,369,576**	**88,442,933**	**98,176,523**	**120,035,501**	**135,923,116**

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Q. Now let's move on to rate of return. Do you agree with the petitioners' attempt to reduce the City's rate of return by 56%?

A. No. In my direct testimony I presented a rate of return based on a combination of PUC guidelines for Class B utilities and an extensive analysis and discussion of the specific risk factors to which the City is subjected. It seems intuitively obvious that a City that is in the process of growing by 400% in ten years is going to face significantly elevated levels of business, interest rate, financial and liquidity risk. Therefore the development of a reasonable and appropriate rate of return is essential to support a fair, just and reasonable cost of service.

I used this combination to develop the rate of return calculation that is summarized in **Table DVJ-R6** below. It is nominally revised from my March 17, 2020 calculation due to the adjustment in rate base from the Freese and Nichols study that I discussed earlier.

Table DVJ-R6

CITY OF CELINA
Scenario: 2020 06 08 DVJ Rebuttal Testimony Scen I

Weighted Cost of Debt 2018

Source 2017 CAFR Bond Issue	FY 2017 Ending	Due in One Year	FY 2018 Ending	Interest Rate	Weighted Interest
CO Series 2004	$ 261,425	$ 17,110	$ 244,315	4.81%	0.04%
GO Series 2007	769,570	216,780	552,790	4 13%	0.07%
CO Series 2007	495,000	215,000	280,000	3.10%	0.03%
GO Series 2012	2,590,000	405,000	2,185,000	2.50%	0.17%
CO Series 2012	575,000	30,000	545,000	3.00%	0.05%
CO Series 2014	2,300,000	15,000	2,285,000	3.00%	0.21%
CO Series 2014A	1,625,000	95,000	1,530,000	2.65%	0.12%
CO Series 2015	12,880,000	275,000	12,605,000	3.50%	1.35%
CO Series 2016	7,485,000	70,000	7,415,000	3.00%	0.68%
CO Series 2017	5,110,000	180,000	4,930,000	2.75%	0 42%
Total Oustanding Debt	**34,090,995**	**1,518,890**	**32,572,105**		**3.14%**

Weighted Cost of Capital

Capital Structure Component	$	Cost of Capital	Weighted %
Outstanding Debt	32,572,105	3.14%	1.16%
Equity (Rate Base less Debt)	55,870,828	12.00%	7.58%
Total	**88,442,933**		**8.74%**

In contrast, the petitioners prepared no such analysis of the City's risk factors, nor did they follow PUC guidelines in calculating the rate of return. All they did was to dredge up some testimony I prepared on behalf of another client in a case that bears no resemblance whatsoever to the issues that the City of Celina is facing today.

Specifically, the case the petitioners reference involves the Laguna Madre Water District, who serves South Padre Island and the surrounding mainland. The case addressed a raw water line and its service to a single customer, a golf course. The raw water line is a single component of the City's system, has been in place for 32 years, and poses little "risk" to the District. There is only nominal maintenance-driven CIP related to the raw water line. The rate of return, and the rate, charged to that golf course was derived from a twenty-year-old contract. There were no customer class cost allocations. District management and the Board of Directors preferred a lower rate of return in order to assure that the rate for the golf course would not be excessive and the business would not be burdened. The LMWD is experiencing some modest growth but nothing approaching that of the City of Celina.

In short, there is no comparison between the two cases, and therefore no justification for the petitioners to either overrule PUC guidelines for setting the rate of return, or discount the clear, significant and unique risk faced by the City of Celina by substituting this calculation. Such a ham-fisted attempt by the petitioners to use a manifestly unrelated case to reduce the City's rate of return by 56% would be humorous, were it not for the fact that if successful it would severely damage the City by reducing its cost of service by millions of dollars.

Q. Please summarize your cost of service recommendations, based on your review of the petitioners' case?

A. My revised cost of service is presented in **Table DVJ-R7** for the water utility, and **Table DVJ-R8** for the wastewater utility. The totals are only nominally different from those I presented in my March 2020 prefiled testimony. But the conclusion, that the City's cost to serve its outside city customers is significantly greater than that for its inside customers, remains valid.

Table DVJ-R7

CITY OF CELINA
Scenario: 2020 06 08 DVJ Rebuttal Testimony Scen I

Total Cost of Service and Net Revenue Requirement to be Raised from Rates

		3-Year Period Total	2018	2019	2020	2021
WATER Utility						
CASH BASIS						
1	Operating Expenses	$ 20,556,058	$ 4,139,331	$ 4,943,924	$ 5,513,776	$ 5,959,027
2	Transfers	1,503,659	359,415	370,198	381,304	392,743
3	Capital Outlays	727,292	181,823	181,823	181,823	181,823
4	Current Debt Service	5,016,320	1,278,633	1,285,388	1,248,679	1,203,620
5	Future Debt Service	5,542,668	-	1,187,714	1,187,714	3,167,239
6	Depreciation Expense	-	-	-	-	-
7	Return	-	-	-	-	-
	Cost of Service	**33,345,997**	**5,959,203**	**7,969,047**	**8,513,296**	**10,904,451**
	Less Non-Rate Revenues	(6,509,298)	(1,675,083)	(1,675,083)	(1,793,131)	(1,366,001)
	Net Revenue Requirement	**26,836,699**	**4,284,120**	**6,293,965**	**6,720,165**	**9,538,450**
UTILITY BASIS						
1	Operating Expenses	$ 20,556,058	$ 4,139,331	$ 4,943,924	$ 5,513,776	$ 5,959,027
2	Transfers	1,503,659	359,415	370,198	381,304	392,743
3	Capital Outlays	-	-	-	-	-
4	Current Debt Service	-	-	-	-	-
5	Future Debt Service	-	-	-	-	-
6	Depreciation Expense	5,873,181	832,527	1,270,478	1,783,643	1,986,533
7	Return	21,817,553	4,065,503	4,650,047	6,245,214	6,856,789
	Cost of Service	**49,750,452**	**9,396,777**	**11,234,647**	**13,923,937**	**15,195,092**
	Percent Greater than Cash Basis	**49.2%**	**57.7%**	**41.0%**	**63.6%**	**39.3%**
	Less Non-Rate Revenues	(6,509,298)	(1,675,083)	(1,675,083)	(1,793,131)	(1,366,001)
	Net Revenue Requirement	**43,241,154**	**7,721,694**	**9,559,564**	**12,130,805**	**13,829,091**
	Percent Greater than Cash Basis	**61.1%**	**80.2%**	**51.9%**	**80.5%**	**45.0%**

SOURCE Celina Water and WW Rate Model, Forecast W4, W4S

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Table DVJ-R8

CITY OF CELINA
Scenario: 2020 06 08 DVJ Rebuttal Testimony Scen I

Total Cost of Service and Net Revenue Requirement to be Raised from Rates

		3-Year Period Total	2018	2019	2020	2021
WASTEWATER UTILITY						
CASH BASIS						
1	Operating Expenses	$ 14,359,724	$ 3,143,785	$ 3,421,674	$ 3,746,020	$ 4,048,245
2	Transfers	701,112	167,585	172,612	177,791	183,124
3	Capital Outlays	471,644	117,911	117,911	117,911	117,911
4	Current Debt Service	3,902,443	942,359	946,083	986,587	1,027,414
5	Future Debt Service	3,761,096	-	923,778	923,778	1,913,540
6	Depreciation Expense	-	-	-	-	-
7	Return	-	-	-	-	-
	Cost of Service	**23,196,019**	**4,371,639**	**5,582,058**	**5,952,087**	**7,290,234**
	Less Non-Rate Revenues	(4,671,617)	(1,204,217)	(1,204,217)	(1,294,743)	(968,440)
	Net Revenue Requirement	**18,524,402**	**3,167,422**	**4,377,841**	**4,657,344**	**6,321,794**
UTILITY BASIS						
1	Operating Expenses	$ 14,359,724	$ 3,143,785	$ 3,421,674	$ 3,746,020	$ 4,048,245
2	Transfers	701,112	167,585	172,612	177,791	183,124
3	Capital Outlays	-	-	-	-	-
4	Current Debt Service	-	-	-	-	-
5	Future Debt Service	-	-	-	-	-
6	Depreciation Expense	4,448,466	909,175	1,023,194	1,133,053	1,383,043
7	Return	16,849,245	3,661,506	3,927,359	4,241,949	5,018,430
	Cost of Service	**36,358,547**	**7,882,051**	**8,544,840**	**9,298,814**	**10,632,843**
	Percent Greater than Cash Basis	**56.7%**	**80.3%**	**53.1%**	**56.2%**	**45.9%**
	Less Non-Rate Revenues	(4,671,617)	(1,204,217)	(1,204,217)	(1,294,743)	(968,440)
	Net Revenue Requirement	**31,686,929**	**6,677,834**	**7,340,623**	**8,004,071**	**9,664,402**
	Percent Greater than Cash Basis	**71.1%**	**110.8%**	**67.7%**	**71.9%**	**52.9%**

SOURCE: Celina Water and WW Rate Model, Forecast WW3

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6

Section III – Other Observations

Q. What is the purpose of this section of your rebuttal testimony?

A. In this section I would like to address some of the other statements made by the petitioners in their testimony. I will address the following topics:

- The City's outside city rate comparison
- The petitioners' mischaracterization of the City's recommended rate plan
- The petitioners' attempt to override City policy regarding conservation
- The petitioners' attempt to disallow the City's rate case expenses
- The petitioners' failure to consider the Developer Agreement

Q. Let's start with the first topic. The petitioners made several allegations concerning your outside city rate comparison. Please respond.

A. I have already touched on this topic, through my discussion in Section I of rate multipliers. But I want to return to address some of the petitioners' additional inaccurate and misleading criticism.

First, the petitioners claim that I did not provide the source documentation supporting the rate multipliers for other cities[12]. This is incorrect. My workpapers submitted with my prefiled testimony contain a spreadsheet listing the website addresses and PDFs of many of these cities' rate departments, as well as the *Raftelis* report documenting national outside city premiums. The remaining premiums are publicly available either on the cities' websites or obtainable through a simple phone call.

Second, the petitioners claim that I used my analysis as the "primary basis" for my rate review and recommendations. My prefiled testimony, page 35, states precisely the opposite:

> The purpose of these charts is not to provide a sole justification for the City of Celina to charge a 1.50 multiplier. It is just one of many factors that will lead to the conclusion that the City's policy of a 1.50 multiplier is fair, just

[12] Joyce Testimony, p. 12

> and reasonable. In the next section I will provide additional evidence, including a comprehensive cost of service analysis, that will fully justify Celina's outside city rate multiplier ... I have included these charts to make three points. First, the implementation of a multiplier for outside city service is a common and accepted practice in the water and wastewater industry. Second, the City of Celina's multiplier of 1.50 is typical for those cities that do assess outside city rates. And third, when compared to other utilities, Celina's outside customers cannot rightly argue that they were disproportionately or uniquely burdened by a 1.50 multiplier."

I assert that the petitioners' inclusion of such easily disprovable allegations undermines the overall credibility of their case.

Q. On page 12 of his prefiled testimony, Mr. Joyce characterized the City's three-year rate plan recommendations as "arbitrary". Please respond.

A. The use of the term "arbitrary" is unreasonable and inappropriate, and completely mischaracterizes the City's rate plan. In reality, the rate increases were based on a highly detailed, several hundred-page rate model that forecast every single expense line item for a ten-year basis. The rate model carefully examines the City's cash flow requirements, including its need to fund the debt required to finance its $164,283,000 capital improvement plan. The rate model also calculates the City's debt coverage requirements and ensures that the calculated debt coverage achieves the City's goals and objectives. To the best extent possible it minimizes the impact of rate adjustments on ratepayers. In other words, it achieves several goals acknowledged by Mr. Joyce on page 15 of his testimony from *Principles of Public Utility Rates* regarding the attributes of a "sound rate structure":

- It is simple, understandable, publicly acceptable, and is feasible in application
- As far as the City is concerned, and to an objective observer, it is free from controversy regarding interpretation
- It effectively yields total revenue requirements based on prudent expenditures
- It provides revenue stability from year to year
- It is stable, and allows existing customers to experience minimal unexpected changes
- In the City's opinion, it apportions the total cost of service fairly among the different customer classes
- It avoids "undue discrimination"
- It promotes efficiency and discourages wasteful use

I note that the model presented by the petitioners does none of this. The petitioners' model is wholly inadequate for the purposes of setting general rate policy for the City of Celina. Without even referencing the numerous inappropriate adjustments to expenses and rate base, the petitioners' model does not even calculate rates for inside city customers, nor does it even forecasts costs and revenues beyond a single year.

The City's adopted rate plan is well thought out, consistent with the recovery of its cost of service for all customers, and enables the City to fund its $164,283,000 capital improvement program. The use of the term "arbitrary" is yet another of many examples of misleading characterizations employed by the petitioners against the City.

Q. Please discuss the petitioners' attempt to disallow the City's conservation-based sewer rate.

A. As I outlined in my March 17, 2020 prefiled testimony, after careful consideration the City Council chose a rate option designed to encourage conservation by implementing an inverted block rate on associated wastewater usage. This is a common rate design used by utilities to implement a financial disincentive for greater amounts of associated water usage.

The petitioners allege that the City failed to provide any evidence to support the volumes used in the sewer rate blocks of 2,000-5,000 and 5,001-14,000[13]. This allegation reveals a fundamental lack of understanding of how the City's rate model operates. Without getting into excessive detail, let me state that in response to petitioners' RFI 5-4, the City directed the petitioners to the Revenue Test spreadsheet in the rate model, which validates the accuracy of the block percentages by providing estimated water and wastewater revenues that ended up being within 1.0% of actual revenues collected by the City. The volume blocks for wastewater were based on associated water usage which the Revenue Test spreadsheet confirms is highly accurate.

[13] Joyce testimony, page 39

The petitioners present no analysis of their own addressing the volume blocks, other than incorrectly stating that the City did not provide "evidence" that the volumes were accurate.

The City Council made a policy decision to encourage conservation by implementing a tiered wastewater rate. The petitioners seek to unilaterally overrule that very policy objective, with no evidence other than an easily disprovable allegation. I recommend that the petitioners' suggestion be denied, and that the rate design adopted by the City Council be confirmed.

Q. The petitioners recommend that "rate case expenses for any and all of Willdan's services that are not fully supported by detailed time entries for the tasks performed for the hours worked each day" be denied[14]. Please respond.

A. The petitioners claim, once again with no supporting evidence, that Willdan's documentation is "inadequate" to support our billings and rate case expenses.

Willdan is an international, publicly traded company with in excess of $1 billion in revenues. The company is audited annually. The billing data compiled for this engagement is the exact same billing data that the company compiles for every other engagement, and is based on a highly sophisticated web-based time management system. Our billing records have always been more than adequate for the City of Celina to base payment to us. And as far as I know, the petitioners' alleged concern about the adequacy of our billing records is not shared by any of the company's 1,200 plus clients.

This argument by the petitioners is nothing more than a red-herring, the purpose of which is to deny the City the ability to recover its rate case expenses, which of course the City would then have to recover from its inside city taxpayers, a group that does not include the petitioners. So on the one hand, the petitioners instigated this appeal, forced the City to fund a defense of its rates, and imposed 180 intrusive RFI questions on the City. And now the petitioners seek to block the City from recovering the expenses it incurred in defending itself.

[14] Joyce testimony, p. 41

I recommend that these efforts be summarily rejected by the Commission, and that the City be allowed to recover its rate case expenses.

Q. Did the petitioners address the development agreement or the 380 agreement in their prefiled case?

A. Not in any material manner, other than a brief dismissal of it as "frivolous".

I could not disagree more. I believe that the petitioners should address the issue of why they believe that they should not be held to the terms of the development agreement, a legal document they executed and from which they have received in Mr. Gray's estimate $90,000,000 in benefits over the past decade. As I outline in my prefiled testimony, in return for receiving these benefits, the petitioners specifically agreed that any rate of up to 1.5 times the City's adopted inside city rate would be considered "reasonable". They also waived any claims against the City regarding the validity of the rates. The City of Celina has meticulously followed its obligations under this agreement, has used this document to set rate policy and has used the revenues they received from their water rates to issue tens of millions of dollars of debt.

So why should the petitioners not be required to at least address the issue of why they believe this development agreement no longer applies to them? Shouldn't they also be requested to state why they do not consider themselves to be obligated to adhere to the portion of the agreement that applies to them? I would very much like to hear the answers to those questions.

But then again, if I were representing a group of petitioners who appealed a rate after specifically agreeing in writing to a 1.5 rate multiplier, and then receiving $90,000,000 in benefits from that written agreement, and then also in that agreement specifically waiving any claims against that rate design, I would also probably want to pretend it didn't exist.

Summary and Recommendations

Q. Please summarize your analysis of the petitioners' case.

A. After many hours reviewing the prefiled case compiled by the petitioners, I have seen nothing that leads me to change the recommendations I set forth in my March 17, 2020 testimony in any way. I have found the petitioners' analysis, cost of service calculations and rate recommendations to be unreasonable, inconsistent, contradictory, and so fundamentally and manifestly flawed that they should be disregarded in their entirety.

Q. What are your rate recommendations?

A. My principal recommendation remains that this commission reaffirm the three-year rate plan adopted by the City of Celina in November 2018. The rate schedules are presented on **Table DVJ-R9** and **Table DVJ-R10** on the following pages.

However, if the Commission prefers to set a full cost of service rate for outside customers, I present such a plan on **Table DVJ-R11** and **Table DVJ-R12**. Once again, I emphasize that this is not the City's preferred course of action. The City prefers that the Petitioners continue to honor the development agreement that has been in place since 2007.

Table DVJ-R9

CITY OF CELINA
ADOPTED WATER AND WASTEWATER RATE PLAN

			Prior	Effective Mar-19	Effective Jan-20	Effective Jan-21
	Water Rate and Charges					
W1	**Residential Inside**					
	Monthly Minimum Charge					
		3/4"	$ 23.15	$ 23.84	$ 24.56	$ 25.30
		1"	38.93	40.10	41.30	42.54
		1 1/2"	77.87	80.21	82.61	85.09
		2"	124.59	128.33	132.18	136.14
	Volume Rate/1,000 Gal					
	2,001	10,000	5.06	5.21	5.37	5.53
	10,001	20,000	7.66	7.89	8.13	8.37
	20,001	30,000	9.02	9.29	9.57	9.86
	30,001	Above	13.02	13.41	13.81	14.23
WO1	**Residential Outside**					
	Monthly Minimum Charge					
		3/4"	34.72	35.77	36.84	37.95
		1"	58.40	60.15	61.95	63.81
		1 1/2"	116.81	120.31	123.92	127.64
		2"	186.89	192.50	198.27	204.21
	Volume Rate/1,000 Gal					
	2,001	10,000	7.59	7.82	8.05	8.29
	10,001	20,000	11.49	11.84	12.19	12.56
	20,001	30,000	13.53	13.94	14.35	14.78
	30,001	Above	19.53	20.12	20.72	21.34
W2	**Commercial Inside**					
	Monthly Minimum Charge					
		3/4"	27.81	28.64	29.50	30.39
		1"	48.67	50.13	51.63	53.18
		1 1/2"	97.34	100.26	103.27	106.37
		2"	155.74	160.41	165.22	170.18
		3"	233.60	240.61	247.83	255.26
		4"	389.34	401.02	413.05	425.44
	Volume Rate/1,000 Gal					
	2,001	10,000	5.06	5.21	5.37	5.53
	10,001	20,000	7.66	7.89	8.13	8.37
	20,001	30,000	9.02	9.29	9.57	9.86
	30,001	Above	13.02	13.41	13.81	14.23
WO2	**Commercial Outside**					
	Monthly Minimum Charge					
		3/4"	41.72	42.97	44.26	45.58
		1"	73.01	75.20	77.45	79.77
		1 1/2"	146.01	150.39	154.90	159.55
		2"	233.61	240.62	247.84	255.27
		3"	350.40	360.91	371.74	382.89
		4"	584.01	601.53	619.58	638.16
	Volume Rate/1,000 Gal					
	2,001	10,000	7.59	7.82	8.05	8.29
	10,001	20,000	11.49	11.84	12.19	12.56
	20,001	30,000	13.53	13.94	14.35	14.78
	30,001	Above	19.53	20.12	20.72	21.34

Table DVJ-R10

CITY OF CELINA
ADOPTED WATER AND WASTEWATER RATE PLAN

			Prior	Effective Mar-19	Effective Jan-20	Effective Jan-21
2	Wastewater Monthly Rates and Charges					
	Residential Inside					
	Monthly Minimum Charge					
		3/4"	$ 21.50	$ 23.44	$ 25.54	$ 27.84
		1"	38.63	42.11	45.90	50.03
		1 1/2"	72.10	78.59	85.66	93.37
		2"	123.60	134.72	146.85	160.07
	Volume Rate/1,000 Gal					
	2,001	5,000	5.84	5.84	6.37	6.94
	5,001	Maximum	5.84	7.23	7.88	8.59
		Maximum Gallons	14,000	13,000	12,000	11,000
	Commercial Inside					
	Monthly Minimum Charge					
		3/4"	25.75	28.07	30.59	33.35
		1"	48.29	52.64	57.37	62.54
		1 1/2"	90.13	98.24	107.08	116.72
		2"	154.50	168.41	183.56	200.08
		4"	386.25	421.01	458.90	500.20
	Volume Rate/1,000 Gal					
	2,001	Above	5.84	6.37	6.94	7.56

Table DVJ-R11

CITY OF CELINA
ADOPTED WATER AND WASTEWATER RATE PLAN
Scenario: 2020 06 08 DVJ Rebuttal Testimony Scen II -- Full Cost Recovery

			Prior	Effective Mar-19	Effective Jan-20	Effective Jan-21
Water Rate and Charges						
WI1	**Residential Inside**					
	Monthly Minimum Charge					
		3/4"	$ 23 15	$ 23 15	$ 23 15	$ 24 31
		1"	38 93	38 93	38 93	40 88
		1 1/2"	77 87	77.87	77 87	81 76
		2"	124 59	124 59	124 59	130 82
	Volume Rate/1,000 Gal					
	2,001	10,000	5 06	5 06	5 06	5 31
	10,001	20,000	7 66	7 66	7 66	8 04
	20,001	30,000	9 02	9 02	9 02	9 47
	30,001	Above	13 02	13 02	13 02	13 67
WO1	**Residential Outside**					
	Monthly Minimum Charge					
		3/4"	34 72	40 51	40 51	41 33
		1"	58 40	68 13	68 13	69 49
		1 1/2"	116 81	136.27	136 27	139 00
		2"	186 89	218 04	218 03	222 39
	Volume Rate/1,000 Gal					
	2,001	10,000	7.59	8 86	8 86	9 03
	10,001	20,000	11 49	13 41	13 41	13 67
	20,001	30,000	13 53	15 79	15 79	16 10
	30,001	Above	19 53	22 79	22 79	23 24
WI2	**Commercial Inside**					
	Monthly Minimum Charge					
		3/4"	27 81	27 81	27 81	29 20
		1"	48 67	48 67	48 67	51 10
		1 1/2"	97 34	97 34	97 34	102 21
		2"	155 74	155 74	155 74	163 53
		3"	233 60	233 60	233 60	245 28
		4"	389 34	389 34	389 34	408 81
	Volume Rate/1,000 Gal					
	2,001	10,000	5 06	5 06	5 06	5 31
	10,001	20,000	7 66	7 66	7 66	8 04
	20,001	30,000	9 02	9 02	9 02	9 47
	30,001	Above	13 02	13 02	13 02	13 67
WO2	**Commercial Outside**					
	Monthly Minimum Charge					
		3/4"	41 72	41 72	41 72	43 80
		1"	73 01	73 01	73 01	76 66
		1 1/2"	146 01	146 01	146 01	153 31
		2"	233 61	233 61	233 61	245 29
		3"	350 40	350 40	350 40	367 92
		4"	584 01	584 01	584 01	613 21
	Volume Rate/1,000 Gal					
	2,001	10,000	7 59	7 59	7 59	7 97
	10,001	20,000	11 49	11 49	11 49	12 06
	20,001	30,000	13 53	13 53	13 53	14 21
	30,001	Above	19 53	19 53	19 53	20 51

Table DVJ-R12

CITY OF CELINA
ADOPTED WATER AND WASTEWATER RATE PLAN
Scenario: 2020 06 08 DVJ Rebuttal Testimony Scen II -- Full Cost Recovery

		Prior	Effective Mar-19	Effective Jan-20	Effective Jan-21
2 **Wastewater Monthly Rates and Charges**					
Residential Inside					
Monthly Minimum Charge					
	3/4"	$ 21 50	$ 21 50	$ 21 50	$ 21 50
	1"	38 63	38 63	38 63	38 63
	1 1/2"	72 10	72 10	72 10	72 10
	2"	123 60	123 60	123 60	123 60
Volume Rate/1,000 Gal					
2,001	5,000	5.84	5 84	5 84	5 84
5,001	Maximum	5 84	7 23	7 23	7 23
	Maximum Gallons	14,000	13,000	12,000	11,000
Residential Outside					
Monthly Minimum Charge					
	3/4"	21 50	53 75	53 75	53 75
	1"	38 63	96.58	96 58	96 58
	1 1/2"	72 10	180 25	180 25	180 25
	2"	123 60	309 00	309.00	309 00
Volume Rate/1,000 Gal					
2,001	5,000	5 84	14 60	14 60	14 60
5,001	Maximum	5 84	18 08	18 08	18 08
	Maximum Gallons	14,000	13,000	12,000	11,000
Commercial Inside					
Monthly Minimum Charge					
	3/4"	25 75	25 75	25 75	25 75
	1"	48 29	48 29	48 29	48 29
	1 1/2"	90 13	90 13	90 13	90 13
	2"	154 50	154 50	154 50	154 50
	3"	-	-	-	-
	4"	386 25	386 25	386 25	386 25
Volume Rate/1,000 Gal					
2,001	Above	5 84	5 84	5 84	5 84

Q. Does this conclude your rebuttal testimony?

A. Yes it does. However, I reserve the right to make any necessary adjustments during the course of these proceedings.

APPENDIX A

Operating Expenses

CITY OF CELINA
UTILITY BASIS OPERATING EXPENSES

	Petitioners	CITY OF CELINA 2019	2020	2021
	WATER UTILITY			
TRANSFERS				
TRANSFER TO GENERAL FUND	$ -	$ 247,267	$ 254,685	$ 262,325
W / S REVENUE TRANSFER	-	122,931	126,619	130,417
TOTAL TRANSFERS	-	370,198	381,304	392,743
WATER OPERATIONS				
SALARIES	482,490	523,582	579,565	638,349
OVERTIME	56,234	22,660	25,083	27,627
SPECIAL EVENT PAY	-	515	570	628
P/R TAX EXPENSE	-	41,827	46,300	50,996
SUTA	-	3,921	4,340	4,781
GROUP HEALTH INSURANCE	90,351	91,647	106,028	122,084
RETIREMENT-TMRS	31,510	35,594	39,399	43,396
WORKMAN'S COMPENSATION	16,896	31,110	34,437	37,929
LONGEVITY PAY	1,264	2,206	2,442	2,690
SUB-TOTAL	678,745	753,062	838,164	928,479
SCHOOL, REGISTRATION & TUITION	6,566	6,026	6,206	6,392
TRAVEL, MEALS & LODGING	785	1,030	1,061	1,093
UNIFORMS	12,932	9,013	9,283	9,561
CONTRACT LABOR	10,458	-	-	-
ROAD MAINTENANCE	56,392	20,600	21,218	21,855
LEGAL	100	-	-	-
WATER METERS	552,039	484,512	499,047	514,019
COMPUTER SOFTWARE / HARDWARE	993	5,665	5,835	6,010
OFFICE SUPPLIES	713	2,060	2,122	2,185
MATERIALS/SUPPLIES	168,938	165,315	170,274	175,383
CHEMICALS	14,667	21,600	23,328	25,194
MAINTENANCE AGREEMENTS	26,610	27,810	28,644	29,504
FACILITY MAINTENANCE	13,442	10,300	10,609	10,927
EQUIPMENT REPAIRS	71,995	61,800	63,654	65,564
GASOLINE	33,283	29,160	31,493	34,012
VEHICLE REPAIRS	13,545	6,180	6,365	6,556
TESTING W/S SAMPLES	4,571	9,270	9,548	9,835
LAND PHONE LINE	1,488	2,060	2,122	2,185
CELL PHONE	10,805	13,904	14,321	14,751
INTERNET DSL	432	2,060	2,122	2,185
ELECTRICITY	183,410	220,500	231,525	243,101
LICENSES/PERMITS/FILING FEES	10,420	6,180	6,365	6,556
POSTAGE	991	210	221	232
GENERAL INSURANCE	16,073	17,010	18,371	19,840
MEMBERSHIPS & DUES	9,813	11,330	11,670	12,020
HIRING EXPENSES FOR NEW EMP	335	412	424	437
ADVERTISING	577	-	-	-
EQUIPMENT RENTAL	607	-	-	-
PAYING AGENT FEES	5,981	6,180	6,365	6,556
UTRWD H20	2,226,264	2,841,778	3,246,517	3,548,227
NTC GROUNDWATER CONSERVATION	883	16,480	16,974	17,484
MISCELLANEOUS EXPENSE	6,167	-	-	-
SUB-TOTAL	3,462,275	3,998,444	4,445,686	4,791,666
TOTAL WATER OPERATIONS	4,141,020	4,751,506	5,283,850	5,720,145

CITY OF CELINA
UTILITY BASIS OPERATING EXPENSES

	Petitioners	CITY OF CELINA 2019	2020	2021
UTILITY BILLING				
SALARIES	44,400	83,594	107,000	110,210
OVERTIME	467	1,959	2,507	2,583
SPECIAL EVENT PAY	-	979	1,254	1,291
P/R TAX EXPENSE	-	6,620	8,473	8,727
SUTA	-	705	903	930
GROUP HEALTH INSURANCE	11,975	19,744	26,260	28,360
RETIREMENT-TMRS	2,668	5,633	7,210	7,427
WORKMAN'S COMPENSATION	240	389	498	513
LONGEVITY PAY	107	542	694	715
SUB-TOTAL	**59,857**	**120,165**	**154,799**	**160,756**
SCHOOL, REGISTRATION & TUITION	-	784	807	831
TRAVEL, MEALS & LODGING	-	1,306	1,345	1,385
UNIFORMS	-	490	504	520
OFFICE FURNITURE	62	2,285	2,354	2,425
COMPUTER HARDWARE/SFTWR	-	2,285	2,354	2,425
OFFICE SUPPLIES	2,092	1,110	1,143	1,178
MATERIALS/ SUPPLIES	370	326	336	346
GENERAL SUPPLIES	-	326	336	346
MAINTENANCE AGREEMENTS	8,919	6,530	6,725	6,927
FACILITY MAINTENANCE	114	3,265	3,363	3,464
TELEPHONE	940	653	673	693
INTERNET DSL	2,968	6,268	6,456	6,650
NATURAL GAS	79	166	175	183
ELECTRICITY	2,993	3,661	3,844	4,036
CREDIT CARD FEES	18,749	11,737	12,089	12,452
POSTAGE	29,183	28,123	29,529	31,006
GENERAL INSURANCE	1,294	1,369	1,479	1,597
OFFICE CLEANING	-	784	807	831
EQUIPMENT RENTAL	923	784	807	831
SUB-TOTAL	**68,686**	**72,252**	**75,127**	**78,126**
TOTAL UTILITY BILLING	**128,543**	**192,418**	**229,926**	**238,882**
TOTAL OPERATIONS AND MAINTENANCE	**4,269,563**	**5,314,121**	**5,895,080**	**6,351,770**

CITY OF CELINA
UTILITY BASIS OPERATING EXPENSES

	Petitioners	CITY OF CELINA 2019	2020	2021
	WASTEWATER UTILITY			
TRANSFERS				
TRANSFER TO GENERAL FUND	-	115,293	118,752	122,315
W / S REVENUE TRANSFER	-	57,319	59,039	60,810
TOTAL TRANSFERS	-	**172,612**	**177,791**	**183,124**
SEWER OPERATIONS				
SALARIES	211,061	296,113	304,996	352,270
OVERTIME	15,382	12,360	12,731	14,704
P/R TAX EXPENSE	-	23,598	24,306	28,074
SUTA	-	2,253	2,320	2,680
GROUP HEALTH INSURANCE	27,313	63,049	68,093	82,052
RETIREMENT - TMRS	13,302	20,082	20,684	23,890
WORKER I S COMPENSATION	5,837	10,982	11,311	13,065
LONGEVITY PAY	564	937	965	1,115
SUB-TOTAL	**273,459**	**429,374**	**445,408**	**517,851**
SCHOOL, REGISTRATION & TUITION	1,687	3,605	3,713	3,825
TRAVEL, MEALS & LODGING	476	206	212	219
UNIFORMS	9,542	5,150	5,305	5,464
CONTRACT SERVICES	12,100	-	-	-
ROAD REPAIRS	5,773	10,300	10,609	10,927
ENGINEERING	212,959	190,550	196,267	202,154
LEGAL	466	-	-	-
COMPUTER SOFTWARE / HARDWARE	839	1,545	1,591	1,639
OFFICE SUPPLIES	206	1,030	1,061	1,093
MATERIAL AND SUPPLIES	47,656	51,500	53,045	54,636
CHEMICALS	-	21,600	23,328	25,194
LIFT STATION UPGRADES/ELECT.	65,710	54,590	56,228	57,915
MAINTENANCE AGREEMENT	7,003	22,883	26,142	28,571
FACILITY MAINTENANCE	3,119	2,060	2,122	2,185
EQUIPMENT REPAIRS	95,402	82,400	84,872	87,418
FLEET FUEL (GASOLINE 6 DIESEL)	25,996	21,000	22,050	23,153
VEHICLE REPAIRS	4,353	4,635	4,774	4,917
TESTING OF SEWER SAMPLE	11,019	12,360	12,731	13,113
SEWER PLANT SLUDGE REMOVAL	5,472	22,660	23,340	24,040
LAND PHONE LINES	611	1,030	1,061	1,093
CELL PHONE	4,412	9,270	9,548	9,835
INTERNET DSL	640	1,030	1,061	1,093
ELECTRICITY	46,292	68,250	71,663	75,246
LICENSES & PERMITS	3,328	5,768	5,941	6,119
POSTAGE/ COURIER	29	-	-	-
GENERAL LIABILITY INSURANCE	9,695	10,260	11,081	11,967
MEMBERSHIPS, DUES & SUBSCRIP.	9,166	11,330	11,670	12,020
HIRING EXPENSES FOR NEW EMP.	738	206	212	219
ADVERTISING	952	-	-	-
EQUIPMENT RENTAL	14	-	-	-
UTRWD SEWER	573,829	1,093,488	1,346,740	1,537,977
UTRWD REGIONAL PLANT DEBT PAY	899,846	789,531	789,531	789,531
UTRWD MAIN TRUNK DEBT PAYMENT	349,229	347,506	347,506	347,506
MISCELLANEOUS EXPENSE	30,833	-	-	-
SUB-TOTAL	**2,439,392**	**2,902,582**	**3,193,404**	**3,419,011**
TOTAL SEWER OPERATIONS	**2,712,851**	**3,331,956**	**3,638,812**	**3,936,861**

CITY OF CELINA
UTILITY BASIS OPERATING EXPENSES

	Petitioners	CITY OF CELINA 2019	2020	2021
UTILITY BILLING				
SALARIES	20,703	38,977	49,891	51,388
OVERTIME	218	913	1,169	1,204
SPECIAL EVENT PAY	-	457	585	602
P/R TAX EXPENSE	-	3,087	3,951	4,069
SUTA	-	329	421	434
GROUP HEALTH INSURANCE	5,583	9,206	12,244	13,224
RETIREMENT-TMRS	1,244	2,627	3,362	3,463
WORKMAN'S COMPENSATION	112	181	232	239
LONGEVITY PAY	50	253	323	333
SUB-TOTAL	**27,910**	**56,030**	**72,178**	**74,956**
SCHOOL, REGISTRATION & TUITION	-	365	376	388
TRAVEL, MEALS & LODGING	-	609	627	646
UNIFORMS	-	228	235	242
OFFICE FURNITURE	29	1,066	1,098	1,130
COMPUTER HARDWARE/SFTWR	-	1,066	1,098	1,130
OFFICE SUPPLIES	975	518	533	549
MATERIALS/ SUPPLIES	173	152	157	161
GENERAL SUPPLIES	-	152	157	161
MAINTENANCE AGREEMENTS	4,158	3,045	3,136	3,230
FACILITY MAINTENANCE	53	1,522	1,568	1,615
TELEPHONE	438	304	314	323
INTERNET DSL	1,384	2,923	3,010	3,101
NATURAL GAS	37	78	81	86
ELECTRICITY	1,395	1,707	1,792	1,882
CREDIT CARD FEES	8,742	5,473	5,637	5,806
POSTAGE	13,607	13,113	13,769	14,457
GENERAL INSURANCE	603	638	690	745
OFFICE CLEANING	-	365	376	388
EQUIPMENT RENTAL	430	365	376	388
SUB-TOTAL	**32,024**	**33,689**	**35,030**	**36,428**
TOTAL UTILITY BILLING	**59,934**	**89,719**	**107,208**	**111,384**
TOTAL OPERATIONS AND MAINTENANCE	**2,772,785**	**3,594,287**	**3,923,811**	**4,231,369**

Rate Base

CITY OF CELINA
ANNUAL DEPRECIATION AND RATE BASE

	Annual Depreciation Expense				Net Rate Base			
		Rate Plan Period				Rate Plan Period		
	2018	2019	2020	2021	2018	2019	2020	2021
WATER Utility								
Current Assets								
Asset A/C#: 101 - CAPITAL OUTLAY - W/S	$ 29,083	$ 29,083	$ 29,083	$ 29,083	$ 512,325	$ 483,242	$ 454,159	$ 425,077
Asset A/C#: 102 - EQUIPMENT	82,369	68,198	67,255	67,255	1,177,647	1,109,449	1,042,193	974,938
Asset A/C#: 103 - SERVICE AREA (GRWSC)	25,701	25,701	25,701	25,701	618,914	593,212	567,511	541,809
Asset A/C#: 104 - SEWER LINES	-	-	-	-	-	-	-	-
Asset A/C#: 105 - SEWER PLANT	-	-	-	-	-	-	-	-
Asset A/C#: 106 - VEHICLES	67,096	65,198	53,181	47,321	262,018	196,820	143,639	96,319
Asset A/C#: 107 - W & S BUILDING	547	547	547	547	7,933	7,386	6,839	6,292
Asset A/C#: 108 - WATER LINES	389,471	389,471	389,471	374,471	13,698,235	13,308,764	12,919,293	12,544,822
Asset A/C#: 109 - LAND	-	-	-	-	666,079	666,079	666,079	666,079
Asset A/C#: 110 - Existing Funded CIP	-	256,644	256,644	256,644	10,265,770	10,009,126	9,752,482	9,495,838
Asset -- Unfunded Future CWIP, Working Capital, Prepa	-	-	-	-	10,032,459	10,098,589	10,145,427	10,182,023
Total	**594,267**	**834,843**	**821,883**	**801,023**	**37,241,381**	**36,472,669**	**35,697,623**	**34,933,196**
Unfunded CIP								
CRPS Improvements	67,500	137,500	137,500	137,500	2,632,500	5,295,000	5,157,500	5,020,000
CRPS & Downtown Pump Station - Phase 1	62,500	112,500	112,500	112,500	2,437,500	4,325,000	4,212,500	4,100,000
Downtown Water Improvements	11,250	11,250	26,250	41,250	438,750	427,500	1,001,250	1,560,000
Colt Rd 2 MGD Water Tower Construction	97,010	97,010	97,010	97,010	3,783,400	3,686,390	3,589,379	3,492,369
Preston Road Water Line	-	-	25,000	25,000	-	-	975,000	950,000
Frontier Pkwy water line	-	-	-	-	-	-	-	-
Pressure Plane Modification	-	4,375	4,375	4,375	-	170,625	166,250	161,875
Discharge Line from CRPS to RR	-	34,000	34,000	34,000	-	1,326,000	1,292,000	1,258,000
30" and 36" Discharge Line from RR to DTPS	-	24,000	24,000	24,000	-	936,000	912,000	888,000
30" and 24" Parallel Line from DTPS to Sunset	-	15,000	15,000	15,000	-	585,000	570,000	555,000
30" and 24" Parallel Line from CRPS to Sunset	-	-	-	-	-	-	-	-
30" and 36" Discharge Line from RR to DTPS	-	-	175,475	175,475	-	-	6,843,525	6,668,050
30" and 24" Parallel Line from DTPS to Sunset	-	-	77,150	77,150	-	-	3,008,850	2,931,700
30" and 24" Discharge Line from RR to DTPS	-	-	123,500	123,500	-	-	4,816,500	4,693,000
Business 289 12" line	-	-	75,000	75,000	-	-	2,925,000	2,850,000
New 6 MG GST at CRPS	-	-	-	33,750	-	-	-	1,316,250
New 6 MG GST at CRPS	-	-	-	175,000	-	-	-	6,825,000
18" line on Glendenning (CR 55) form RR to Preston	-	-	-	-	-	-	-	-
18" and 24" lines along Legacy Drive	-	-	-	-	-	-	-	-
24" Line to increase capacity in the Low pressure plane	-	-	-	-	-	-	-	-
18" and 24" to Morgan Lakes	-	-	-	-	-	-	-	-
SCADA Improvements	-	-	35,000	35,000	-	-	315,000	280,000
12" line along Settlers Ridge	-	-	-	-	-	-	-	-
Future Project	-	-	-	-	-	-	-	-
Total	**238,260**	**435,635**	**961,760**	**1,185,510**	**9,292,150**	**16,751,515**	**35,784,754**	**43,549,244**
TOTAL WATER UTILITY	**832,527**	**1,270,478**	**1,783,643**	**1,986,533**	**46,533,531**	**53,224,183**	**71,482,377**	**78,482,440**
WASTEWATER Utility								
Current Assets								
Asset A/C#: 101 - CAPITAL OUTLAY - W/S	$ 1,708	$ 1,708	$ 1,708	$ 1,708	$ 71,984	$ 70,276	$ 68,568	$ 66,860
Asset A/C#: 102 - EQUIPMENT	38,589	24,419	23,476	23,476	136,172	111,753	88,277	64,801
Asset A/C#: 103 - SERVICE AREA (GRWSC)	-	-	-	-	-	-	-	-
Asset A/C#: 104 - SEWER LINES	395,239	395,239	395,239	395,239	16,402,263	16,007,023	15,611,784	15,216,545
Asset A/C#: 105 - SEWER PLANT	170,391	170,391	170,391	170,391	3,732,746	3,562,356	3,391,965	3,221,575
Asset A/C#: 106 - VEHICLES	61,451	59,553	53,181	47,321	251,670	192,116	138,935	91,615
Asset A/C#: 107 - W & S BUILDING	547	547	547	547	7,933	7,386	6,839	6,292
Asset A/C#: 108 - WATER LINES	-	-	-	-	-	-	-	-
Asset A/C#: 109 - LAND	-	-	-	-	661,964	661,964	661,964	661,964
Asset A/C#: 110 - Existing Funded CIP	-	30,087	30,087	30,087	1,203,461	1,173,375	1,143,288	1,113,202
Asset -- Unfunded Future CWIP, Working Capital, Prepa	-	-	-	-	10,032,459	10,098,589	10,145,427	10,182,023
Total	**667,925**	**681,944**	**674,628**	**668,768**	**32,500,653**	**31,884,840**	**31,257,049**	**30,624,876**
Unfunded CIP								
Downtown WWTP Upgrade to .95 MGD	217,500	317,500	342,500	342,500	8,482,500	12,165,000	12,822,500	12,480,000
WWTP 2 MGD	-	-	25,000	25,000	-	-	975,000	950,000
WWTP 2 MGD	-	-	-	50,000	-	-	-	1,950,000
WWTP 3 MGD	-	-	-	-	-	-	-	-
WWTP 3 MGD	-	-	-	-	-	-	-	-
Mustang WWTP Shared Cost	-	-	-	25,000	-	-	-	975,000
Ownsby Parkway Sewer	-	-	-	72,500	-	-	-	2,827,500
Downtown WW Improvements	11,250	11,250	26,250	41,250	438,750	427,500	1,001,250	1,560,000
Downtown Rehab Sewer	12,500	12,500	12,500	12,500	487,500	475,000	462,500	450,000
Bus 289 Sewer line	-	-	-	75,000	-	-	-	2,925,000
8" and 10" line to replace Shawnee Trail No. 1 LS	-	-	29,300	29,300	-	-	1,142,700	1,113,400
10" and 12" line adding capacity for Chalk	-	-	22,875	22,875	-	-	892,125	869,250
18" line adding capacity for Downtown	-	-	-	-	-	-	-	-
15" line along FM 455	-	-	-	18,350	-	-	-	715,650
12" line to replace Carter Ranch LS	-	-	-	-	-	-	-	-
30", 36", 42", 60" Interceptor from Downtown to WWTP	-	-	-	-	-	-	-	-
21" line from Dallas Pkwy to Preston	-	-	-	-	-	-	-	-
Construct 15"- 30" interceptor Doe Branch to CR 51	-	-	-	-	-	-	-	-
Construct 10" - 21" interceptor Doe Branch to CR 83	-	-	-	-	-	-	-	-
Future Project	-	-	-	-	-	-	-	-
Total	**241,250**	**341,250**	**458,425**	**714,275**	**9,408,750**	**13,067,500**	**17,296,075**	**26,815,800**
TOTAL WASTEWATER UTILITY	**909,175**	**1,023,194**	**1,133,053**	**1,383,043**	**41,909,403**	**44,952,340**	**48,553,124**	**57,440,676**
TOTAL WATER AND WASTEWATER	**1,741,702**	**2,293,672**	**2,916,696**	**3,369,576**	**88,442,933**	**98,176,523**	**120,035,501**	**135,923,116**

Forecast
2018

CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

	1	2	3	4	5	6	7	8	9	10
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027

WATER Summary -- Annual Depreciation and RBase

WATER Utility — **Annual Depreciation Expense**

Rate of Return	8.7%

Current Assets

Asset A/C#: 101 - CAPITAL OUTLAY - W/S	$ 29,083	$ 29,083	$ 29,083	$ 29,083	$ 29,083	$ 29,083	$ 29,083	$ 29,083	$ 28,772	$ 28,453
Asset A/C#: 102 - EQUIPMENT	82,369	68,198	67,255	67,255	57,254	57,254	48,774	48,564	48,564	48,564
Asset A/C#: 103 - SERVICE AREA (GRWSC)	25,701	25,701	25,701	25,701	25,701	25,701	25,701	25,701	25,701	25,701
Asset A/C#: 104 - SEWER LINES	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 105 - SEWER PLANT	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 106 - VEHICLES	67,096	65,198	53,181	47,321	29,394	26,700	-	-	-	-
Asset A/C#: 107 - W & S BUILDING	547	547	547	547	547	547	547	547	547	547
Asset A/C#: 108 - WATER LINES	389,471	389,471	389,471	374,471	374,471	374,471	374,471	374,471	374,471	374,471
Asset A/C#: 109 - LAND	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 110 - Existing Funded CIP	-	256,644	256,644	256,644	256,644	256,644	256,644	256,644	256,644	256,644
Asset -- Unfunded Future CWIP, Working Capital, Prepaids	-	-	-	-	-	-	-	-	-	-
Total	**594,267**	**834,843**	**821,883**	**801,023**	**773,095**	**770,400**	**735,220**	**735,011**	**734,700**	**734,381**

Future Unfunded CIP

CRPS Improvements	67,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500	137,500
CRPS & Downtown Pump Station - Phase 1	62,500	112,500	112,500	112,500	112,500	112,500	112,500	112,500	112,500	112,500
Downtown Water Improvements	11,250	11,250	26,250	41,250	56,250	71,250	86,250	101,250	116,250	131,250
Colt Rd 2 MGD Water Tower Construction	97,010	97,010	97,010	97,010	97,010	97,010	97,010	97,010	97,010	97,010
Preston Road Water Line	-	-	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Frontier Pkwy water line	-	-	-	-	-	-	-	-	-	-
Pressure Plane Modification	-	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375	4,375
Discharge Line from CRPS to RR	-	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
30" and 36" Discharge Line from RR to DTPS	-	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
30" and 24" Parallel Line from DTPS to Sunset	-	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
30" and 24" Parallel Line from CRPS to Sunset	-	-	-	-	-	-	-	-	-	-
30" and 36" Discharge Line from RR to DTPS	-	-	175,475	175,475	175,475	175,475	175,475	175,475	175,475	175,475
30" and 24" Parallel Line from DTPS to Sunset	-	-	77,150	77,150	77,150	77,150	77,150	77,150	77,150	77,150
30" and 24" Discharge Line from RR to DTPS	-	-	123,500	123,500	123,500	123,500	123,500	123,500	123,500	123,500
Business 289 12" line	-	-	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
New 6 MG GST at CRPS	-	-	-	33,750	33,750	33,750	33,750	33,750	33,750	33,750
New 6 MG GST at CRPS	-	-	-	175,000	175,000	175,000	175,000	175,000	175,000	175,000
18" line on Glendenning (CR 55) form RR to Preston	-	-	-	-	25,000	25,000	25,000	25,000	25,000	25,000
18" and 24" lines along Legacy Drive	-	-	-	-	-	83,825	83,825	83,825	83,825	83,825
24" Line to increase capacity in the Low pressure plane	-	-	-	-	-	-	133,500	133,500	133,500	133,500
18" and 24" to Morgan Lakes	-	-	-	-	-	120,000	120,000	120,000	120,000	120,000
SCADA Improvements	-	-	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
12" line along Settlers Ridge	-	-	-	-	82,700	82,700	82,700	82,700	82,700	82,700
Future Project -- TBD	-	-	-	-	-	-	-	29,788	59,577	89,365
Future Project	-	-	-	-	-	-	-	-	-	-
Future Project	-	-	-	-	-	-	-	-	-	-
Total	**238,260**	**435,635**	**961,760**	**1,185,510**	**1,308,210**	**1,527,035**	**1,675,535**	**1,720,324**	**1,765,112**	**1,809,900**

TOTAL WATER UTILITY	**832,527**	**1,270,478**	**1,783,643**	**1,986,533**	**2,081,305**	**2,297,435**	**2,410,756**	**2,455,334**	**2,499,812**	**2,544,281**

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Forecast
2018

CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

	1	2	3	4	5	6	7	8	9	10
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027

WATER Summary -- Annual Depreciation and R

WATER Utility — **Net Rate Base**

Rate of Return	8.7%

Current Assets

Asset A/C#: 101 - CAPITAL OUTLAY - W/S	$ 512,325	$ 483,242	$ 454,159	$ 425,077	$ 395,994	$ 366,911	$ 337,828	$ 309,056	$ 280,603	$ 252,150
Asset A/C#: 102 - EQUIPMENT	1,177,647	1,109,449	1,042,193	974,938	917,684	860,430	811,656	763,092	714,528	665,964
Asset A/C#: 103 - SERVICE AREA (GRWSC)	618,914	593,212	567,511	541,809	516,108	490,407	464,705	439,004	413,303	387,601
Asset A/C#: 104 - SEWER LINES	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 105 - SEWER PLANT	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 106 - VEHICLES	262,018	196,820	143,639	96,319	66,924	40,225	40,225	40,225	40,225	40,225
Asset A/C#: 107 - W & S BUILDING	7,933	7,386	6,839	6,292	5,745	5,198	4,651	4,104	3,557	3,009
Asset A/C#: 108 - WATER LINES	13,698,235	13,308,764	12,919,293	12,544,822	12,170,351	11,795,880	11,421,409	11,046,938	10,672,467	10,297,996
Asset A/C#: 109 - LAND	666,079	666,079	666,079	666,079	666,079	666,079	666,079	666,079	666,079	666,079
Asset A/C#: 110 - Existing Funded CIP	10,265,770	10,009,126	9,752,482	9,495,838	9,239,193	8,982,549	8,725,905	8,469,261	8,212,616	7,955,972
Asset -- Unfunded Future CWIP, Working Capital, Prepaids	10,032,459	10,098,589	10,145,427	10,182,023	10,259,642	10,295,835	10,332,892	10,416,414	10,456,886	10,499,867
Total	37,241,381	36,472,669	35,697,623	34,933,196	34,237,721	33,503,514	32,805,350	32,154,172	31,460,263	30,768,863

Future Unfunded CIP

CRPS Improvements	2,632,500	5,295,000	5,157,500	5,020,000	4,882,500	4,745,000	4,607,500	4,470,000	4,332,500	4,195,000
CRPS & Downtown Pump Station - Phase 1	2,437,500	4,325,000	4,212,500	4,100,000	3,987,500	3,875,000	3,762,500	3,650,000	3,537,500	3,425,000
Downtown Water Improvements	438,750	427,500	1,001,250	1,560,000	2,103,750	2,632,500	3,146,250	3,645,000	4,128,750	4,597,500
Colt Rd 2 MGD Water Tower Construction	3,783,400	3,686,390	3,589,379	3,492,369	3,395,359	3,298,349	3,201,338	3,104,328	3,007,318	2,910,308
Preston Road Water Line	-	-	975,000	950,000	925,000	900,000	875,000	850,000	825,000	800,000
Frontier Pkwy water line	-	-	-	-	-	-	-	-	-	-
Pressure Plane Modification	-	170,625	166,250	161,875	157,500	153,125	148,750	144,375	140,000	135,625
Discharge Line from CRPS to RR	-	1,326,000	1,292,000	1,258,000	1,224,000	1,190,000	1,156,000	1,122,000	1,088,000	1,054,000
30" and 36" Discharge Line from RR to DTPS	-	936,000	912,000	888,000	864,000	840,000	816,000	792,000	768,000	744,000
30" and 24" Parallel Line from DTPS to Sunset	-	585,000	570,000	555,000	540,000	525,000	510,000	495,000	480,000	465,000
30" and 24" Parallel Line from CRPS to Sunset	-	-	-	-	-	-	-	-	-	-
30" and 36" Discharge Line from RR to DTPS	-	-	6,843,525	6,668,050	6,492,575	6,317,100	6,141,625	5,966,150	5,790,675	5,615,200
30" and 24" Parallel Line from DTPS to Sunset	-	-	3,008,850	2,931,700	2,854,550	2,777,400	2,700,250	2,623,100	2,545,950	2,468,800
30" and 24" Discharge Line from RR to DTPS	-	-	4,816,500	4,693,000	4,569,500	4,446,000	4,322,500	4,199,000	4,075,500	3,952,000
Business 289 12" line	-	-	2,925,000	2,850,000	2,775,000	2,700,000	2,625,000	2,550,000	2,475,000	2,400,000
New 6 MG GST at CRPS	-	-	-	1,316,250	1,282,500	1,248,750	1,215,000	1,181,250	1,147,500	1,113,750
New 6 MG GST at CRPS	-	-	-	6,825,000	6,650,000	6,475,000	6,300,000	6,125,000	5,950,000	5,775,000
18" line on Glendenning (CR 55) form RR to Preston	-	-	-	-	975,000	950,000	925,000	900,000	875,000	850,000
18" and 24" lines along Legacy Drive	-	-	-	-	-	3,269,175	3,185,350	3,101,525	3,017,700	2,933,875
24" Line to increase capacity in the Low pressure plane	-	-	-	-	-	-	5,206,500	5,073,000	4,939,500	4,806,000
18" and 24" to Morgan Lakes	-	-	-	-	-	4,680,000	4,560,000	4,440,000	4,320,000	4,200,000
SCADA Improvements	-	-	315,000	280,000	245,000	210,000	175,000	140,000	105,000	70,000
12" line along Settlers Ridge	-	-	-	-	3,225,300	3,142,600	3,059,900	2,977,200	2,894,500	2,811,800
Future Project -- TBD	-	-	-	-	-	-	-	1,161,742	2,293,695	3,395,861
Future Project	-	-	-	-	-	-	-	-	-	-
Future Project	-	-	-	-	-	-	-	-	-	-
Total	9,292,150	16,751,515	35,784,754	43,549,244	47,149,034	54,374,999	58,639,463	58,710,670	58,737,088	58,718,718

TOTAL WATER UTILITY	46,533,531	53,224,183	71,482,377	78,482,440	81,386,755	87,878,513	91,444,814	90,864,842	90,197,351	89,487,581

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Forecast
2018

CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

	1	2	3	4	5	6	7	8	9	10
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027

WASTEWATER Summary -- Annual Depreciation and Rate Base

WASTEWATER Utility — **Annual Depreciation Expense**

Rate of Return	8.7%

Current Assets

Asset A/C#: 101 - CAPITAL OUTLAY - W/S	$ 1,708	$ 1,708	$ 1,708	$ 1,708	$ 1,708	$ 1,708	$ 1,708	$ 1,708	$ 1,398	$ 1,078
Asset A/C#: 102 - EQUIPMENT	38,589	24,419	23,476	23,476	13,475	13,475	210	-	-	-
Asset A/C#: 103 - SERVICE AREA (GRWSC)	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 104 - SEWER LINES	395,239	395,239	395,239	395,239	395,239	395,239	395,239	395,239	395,239	395,239
Asset A/C#: 105 - SEWER PLANT	170,391	170,391	170,391	170,391	170,391	170,391	170,391	170,391	170,391	170,391
Asset A/C#: 106 - VEHICLES	61,451	59,553	53,181	47,321	29,394	26,700	-	-	-	-
Asset A/C#: 107 - W & S BUILDING	547	547	547	547	547	547	547	547	547	547
Asset A/C#: 108 - WATER LINES	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 109 - LAND	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 110 - Existing Funded CIP	-	30,087	30,087	30,087	30,087	30,087	30,087	30,087	30,087	30,087
Asset -- Unfunded Future CWIP, Working Capital, Prepaids	-	-	-	-	-	-	-	-	-	-
Total	**667,925**	**681,944**	**674,628**	**668,768**	**640,840**	**638,146**	**598,181**	**597,972**	**597,661**	**597,342**

Treatment	$ 170,938	$ 198,911	$ 198,911	$ 198,911	$ 198,911	$ 198,911	$ 198,911	$ 198,911	$ 198,911	$ 198,911
Collection	496,988	483,033	475,717	469,857	441,929	439,235	399,270	399,061	398,750	398,431
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
Total	**667,925**	**681,944**	**674,628**	**668,768**	**640,840**	**638,146**	**598,181**	**597,972**	**597,661**	**597,342**

Future Unfunded CIP

Downtown WWTP Upgrade to .95 MGD	217,500	317,500	342,500	342,500	342,500	342,500	342,500	342,500	342,500	342,500
WWTP 2 MGD	-	-	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
WWTP 2 MGD	-	-	-	50,000	275,000	275,000	275,000	275,000	275,000	275,000
WWTP 3 MGD	-	-	-	-	25,000	25,000	25,000	25,000	25,000	25,000
WWTP 3 MGD	-	-	-	-	-	150,000	300,000	300,000	300,000	300,000
Mustang WWTP Shared Cost	-	-	-	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Ownsby Parkway Sewer	-	-	-	72,500	72,500	72,500	72,500	72,500	72,500	72,500
Downtown WW Improvements	11,250	11,250	26,250	41,250	56,250	71,250	86,250	101,250	116,250	131,250
Downtown Rehab Sewer	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Bus 289 Sewer line	-	-	-	75,000	75,000	75,000	75,000	75,000	75,000	75,000
6" and 10" line to replace Shawnee Trail No. 1 LS	-	-	29,300	29,300	29,300	29,300	29,300	29,300	29,300	29,300
10" and 12" line adding capacity for Chalk	-	-	22,875	22,875	22,875	22,875	22,875	22,875	22,875	22,875
18" line adding capacity for Downtown	-	-	-	-	76,650	76,650	76,650	76,650	76,650	76,650
15" line along FM 455	-	-	-	18,350	18,350	18,350	18,350	18,350	18,350	18,350
12" line to replace Carter Ranch LS	-	-	-	-	37,500	37,500	37,500	37,500	37,500	37,500
30", 36", 42", 60" Interceptor from Downtown to WWTP	-	-	-	-	-	-	125,000	250,000	375,000	500,000
21" line from Dallas Pkwy to Preston	-	-	-	-	-	62,500	125,000	125,000	125,000	125,000
Construct 15"- 30" interceptor Doe Branch to CR 51	-	-	-	-	-	-	-	150,000	150,000	150,000
Construct 10" - 21" interceptor Doe Branch to CR 83	-	-	-	-	-	-	-	-	80,000	80,000
Future Project	-	-	-	-	-	-	-	-	-	-
Future Project	-	-	-	-	-	-	-	-	-	-
Future Project	-	-	-	-	-	-	-	-	-	-
Future Project	-	-	-	-	-	-	-	-	-	-
Future Project	-	-	-	-	-	-	-	-	-	-
Total	**241,250**	**341,250**	**458,425**	**714,275**	**1,093,425**	**1,320,925**	**1,673,425**	**1,963,425**	**2,183,425**	**2,323,425**

TOTAL WASTEWATER UTILITY	**909,175**	**1,023,194**	**1,133,053**	**1,383,043**	**1,734,265**	**1,959,071**	**2,271,606**	**2,561,397**	**2,781,086**	**2,920,767**

Forecast 2018	CITY OF CELINA WATER/WASTEWATER COST OF SERVICE MODEL									
	1	2	3	4	5	6	7	8	9	10
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027

WASTEWATER Summary -- Annual Depreciation an

WASTEWATER Utility **Net Rate Base**

Rate of Return	8.7%

Current Assets

Asset A/C#: 101 - CAPITAL OUTLAY - W/S	$ 71,984	$ 70,276	$ 68,568	$ 66,860	$ 65,152	$ 63,444	$ 61,736	$ 60,339	$ 59,260	$ 58,182
Asset A/C#: 102 - EQUIPMENT	136,172	111,753	88,277	64,801	51,327	37,852	37,643	37,643	37,643	37,643
Asset A/C#: 103 - SERVICE AREA (GRWSC)	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 104 - SEWER LINES	16,402,263	16,007,023	15,611,784	15,216,545	14,821,305	14,426,066	14,030,827	13,635,588	13,240,348	12,845,109
Asset A/C#: 105 - SEWER PLANT	3,732,746	3,562,356	3,391,965	3,221,575	3,051,184	2,880,794	2,710,403	2,540,013	2,369,622	2,199,232
Asset A/C#: 106 - VEHICLES	251,670	192,116	138,935	91,615	62,220	35,521	35,521	35,521	35,521	35,521
Asset A/C#: 107 - W & S BUILDING	7,933	7,386	6,839	6,292	5,745	5,198	4,651	4,104	3,557	3,009
Asset A/C#: 108 - WATER LINES	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 109 - LAND	661,964	661,964	661,964	661,964	661,964	661,964	661,964	661,964	661,964	661,964
Asset A/C#: 110 - Existing Funded CIP	1,203,461	1,173,375	1,143,288	1,113,202	1,083,115	1,053,029	1,022,942	992,856	962,769	932,683
Asset -- Unfunded Future CWIP, Working Capital, Prepaids	10,032,459	10,098,589	10,145,427	10,182,023	10,259,642	10,295,835	10,332,892	10,416,414	10,456,886	10,499,867
Total	**32,500,653**	**31,884,840**	**31,257,049**	**30,624,876**	**30,061,655**	**29,459,703**	**28,898,578**	**28,384,440**	**27,827,570**	**27,273,209**
Treatment	$ 9,145,188	$ 8,974,526	$ 8,795,623	$ 8,612,345	$ 8,446,591	$ 8,263,141	$ 8,080,059	$ 7,916,826	$ 7,735,204	$ 7,554,653
Collection	23,355,465	22,910,313	22,461,426	22,012,531	21,615,065	21,196,562	20,818,519	20,467,613	20,092,366	19,718,556
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
Total	**32,500,653**	**31,884,840**	**31,257,049**	**30,624,876**	**30,061,655**	**29,459,703**	**28,898,578**	**28,384,440**	**27,827,570**	**27,273,209**

Future Unfunded CIP

Downtown WWTP Upgrade to .95 MGD	8,482,500	12,165,000	12,822,500	12,480,000	12,137,500	11,795,000	11,452,500	11,110,000	10,767,500	10,425,000
WWTP 2 MGD	-	-	975,000	950,000	925,000	900,000	875,000	850,000	825,000	800,000
WWTP 2 MGD	-	-	-	1,950,000	10,675,000	10,400,000	10,125,000	9,850,000	9,575,000	9,300,000
WWTP 3 MGD	-	-	-	-	975,000	950,000	925,000	900,000	875,000	850,000
WWTP 3 MGD	-	-	-	-	-	5,850,000	11,550,000	11,250,000	10,950,000	10,650,000
Mustang WWTP Shared Cost	-	-	-	975,000	950,000	925,000	900,000	875,000	850,000	825,000
Ownsby Parkway Sewer	-	-	-	2,827,500	2,755,000	2,682,500	2,610,000	2,537,500	2,465,000	2,392,500
Downtown WW Improvements	438,750	427,500	1,001,250	1,560,000	2,103,750	2,632,500	3,146,250	3,645,000	4,128,750	4,597,500
Downtown Rehab Sewer	487,500	475,000	462,500	450,000	437,500	425,000	412,500	400,000	387,500	375,000
Bus 289 Sewer line	-	-	-	2,925,000	2,850,000	2,775,000	2,700,000	2,625,000	2,550,000	2,475,000
8" and 10" line to replace Shawnee Trail No. 1 LS	-	-	1,142,700	1,113,400	1,084,100	1,054,800	1,025,500	996,200	966,900	937,600
10" and 12" line adding capacity for Chalk	-	-	892,125	869,250	846,375	823,500	800,625	777,750	754,875	732,000
18" line adding capacity for Downtown	-	-	-	-	2,989,350	2,912,700	2,836,050	2,759,400	2,682,750	2,606,100
15" line along FM 455	-	-	-	715,650	697,300	678,950	660,600	642,250	623,900	605,550
12" line to replace Carter Ranch LS	-	-	-	-	1,462,500	1,425,000	1,387,500	1,350,000	1,312,500	1,275,000
30", 36", 42", 60" Interceptor from Downtown to WWTP	-	-	-	-	-	-	4,875,000	9,625,000	14,250,000	18,750,000
21" line from Dallas Pkwy to Preston	-	-	-	-	-	2,437,500	4,812,500	4,687,500	4,562,500	4,437,500
Construct 15"- 30" interceptor Doe Branch to CR 51	-	-	-	-	-	-	-	5,850,000	5,700,000	5,550,000
Construct 10" - 21" interceptor Doe Branch to CR 83	-	-	-	-	-	-	-	-	3,120,000	3,040,000
Future Project	-	-	-	-	-	-	-	-	-	-
Future Project	-	-	-	-	-	-	-	-	-	-
Future Project	-	-	-	-	-	-	-	-	-	-
Future Project	-	-	-	-	-	-	-	-	-	-
Future Project	-	-	-	-	-	-	-	-	-	-
Total	**9,408,750**	**13,067,500**	**17,296,075**	**26,815,800**	**40,888,375**	**48,667,450**	**61,094,025**	**70,730,600**	**77,347,175**	**80,623,750**

TOTAL WASTEWATER UTILITY	**41,909,403**	**44,952,340**	**48,553,124**	**57,440,676**	**70,950,030**	**78,127,153**	**89,992,603**	**99,115,040**	**105,174,745**	**107,896,959**

Forecast
2018

CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

WATER Utility -- Existing Assets Depreon and Rate Base

WATER Existing Rate Base

Rate of Return 8.7%

Asset Number	Description	Date Acquired	Year Acquired	Total Lifespan Years	Remaining Lifespan Years	Total Asset Original Cost	Total Asset Accum Depr 2017	Total Asset Annual Depr Expense	Percent Water	Water unctionalization	WATER Utility Original Cost	WATER Utility Accum Depr	WATER Utility Annual Depr Expense
	Asset A/C#: 101 - CAPITAL OUTLAY - W/S												
	13 WATER & SEWER ADDITIONS	10/01/85	1986	40	8	$ 24,845	$ 20,497	$ 621	50%	D	12,423	10,249	311
	14 WATER & SEWER ADDITIONS	10/01/86	1987	40	9	25,527	20,422	638	50%	D	12,764	10,211	319
	15 WATER WELL STAND PIPE	10/01/87	1988	40	10	468,000	351,000	11,700	100%	D	468,000	351,000	11,700
	16 PUMP STATION & PRESSURE T	04/01/97	1997	40	19	86,284	44,221	2,157	100%	D	86,284	44,221	2,157
	34 WATER TOWER	07/31/00	2000	40	22	540,704	232,052	13,518	100%	D	540,704	232,052	13,518
	MORGAN LAKE STANDPIPE - WATER TOWER	06/20/07	2007	10	-	74,745	74,745	-	100%	D	74,745	74,745	-
	Preston Road Utility Relocation	09/30/14	2014	40	36	81,010	6,245	2,025	50%	D	40,505	3,122	1,013
	Drainage Master Plan	09/30/18	2018	40	40	264,100	-	550	0%	D	-	-	-
	Preston Hills Retaining Wall	09/30/18	2018	40	40	32,880	-	69	0%	D	-	-	-
	Twelve Oaks Phase 2	09/30/18	2018	40	40	63,166	-	132	50%	D	31,583	-	66
					-						-	-	-
• SubTotal	**Asset A/C#: 101 - CAPITAL OUTLAY - W/S**					1,661,261	749,181	31,410			1,267,007	725,599	29,083
	Treatment				Treatment						-	-	-
	Distribution				Distribution						1,267,007	725,599	29,083
	Administration				Administration						-	-	-
	Customer				Customer						-	-	-
	Asset A/C#: 102 - EQUIPMENT												
	RADIO READ WATER METER	09/30/04	2004	40	26	235,656	77,079	5,891	100%	D	235,656	77,079	5,891
	Sewer Inspection Camera	11/02/11	2012	5	-	3,978	3,978	-	0%		-	-	-
	Top Hat 16 ft 10k Trailer	12/17/12	2012	7	1	2,799	1,933	400	50%	D	1,400	966	200
	Bearcat 9 " wood chipper	09/25/13	2013	5	-	3,467	2,831	636	50%	D	1,733	1,416	318
	AMI Meter Replacement Project	03/02/15	2015	25	22	1,066,821	110,238	42,673	100%	D	1,066,821	110,238	42,673
	Vacuum Jetter and Trailer	06/01/15	2015	7	4	56,833	18,944	8,119	50%	D	28,416	9,472	4,059
	GIS Database Support & Hosting	09/30/16	2016	3	1	83,823	27,941	27,941	50%	D	41,912	13,971	13,971
	Single Turner Valve Maintenance Trailer	11/30/16	2017	5	4	59,419	10,894	11,884	50%	D	29,710	5,447	5,942
	Crawler Main Line Sewer Camera	01/13/17	2017	7	6	33,494	3,589	4,785	0%		-	-	-
	Caterpillar Backhoe Loader	01/26/17	2017	7	6	118,723	12,720	16,960	50%	D	59,362	6,360	8,480
	Wireless Headset	04/28/17	2017	3	2	5,658	943	1,886	50%	D	2,829	472	943
	GIS Database Support and hosting	09/30/18	2018	7	7	35,197	-	419	50%	D	17,599	-	210
					-						-	-	-
• SubTotal	**Asset A/C#: 102 - EQUIPMENT**					1,705,867	271,090	121,594			1,485,436	225,420	82,687
	Treatment				Treatment						-	-	-
	Distribution				Distribution						1,485,436	225,420	82,687
	Administration				Administration						-	-	-
	Customer				Customer						-	-	-

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Forecast
2018

CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

	Date Acquired	Year Acquired	Total Lifespan Years	Remaining Lifespan Years	Total Asset Original Cost	Total Asset Accum Depr 2017	Total Asset Annual Depr Expense	Percent Water	Water unctionalization	WATER Utility Original Cost	WATER Utility Accum Depr	WATER Utility Annual Depr Expense
WATER Utility -- Existing Assets Deprecon and Rate Base												
WATER Existing Rate Base												
Asset A/C#: 103 - SERVICE AREA (GRWSC)												
32 SERVICE AREA (GRWSC) WAT	07/11/96	1996	40	18	485,338	257,836	12,133	100%	D	485,338	257,836	12,133
GUNTER CCN AZQUI IPPILITO PROPERTY	09/30/04	2004	40	26	30,665	10,030	767	100%	D	30,665	10,030	767
CCN SERVICE AREA AGREEMENT MARILEE SPE(	05/22/08	2008	40	30	94,403	22,224	2,360	100%	D	94,403	22,224	2,360
CCN SERVICE AREA AGREEMENT MARILEE SPE(	07/16/08	2008	40	30	258,240	59,718	6,456	100%	D	258,240	59,718	6,456
CCN SERVICE AREA AGREEMENT	04/06/09	2009	40	31	153,875	32,698	3,847	100%	D	153,875	32,698	3,847
CCN SERVICE AREA AGREEMENT	01/21/11	2011	40	33	5,535	934	138	100%	D	5,535	934	138
				-						-	-	-
* SubTotal **Asset A/C#: 103 - SERVICE AREA (GRWSC)**					1,028,055	383,440	25,701			1,028,055	383,440	25,701
Treatment				Treatment						-	-	-
Distribution				Distribution						1,028,055	383,440	25,701
Administration				Administration						-	-	-
Customer				Customer						-	-	-
Asset A/C#: 104 - SEWER LINES												
25 SEWER LINE EXTENSION	12/01/90	1991	40	13	128,210	84,939	3,205	0%		-	-	-
26 SEWER LINES (SOUTHSIDE - 19	03/31/93	1993	40	15	644,228	394,590	16,106	0%		-	-	-
27 SEWER LINES (WESTSIDE)	04/01/94	1994	40	16	223,699	131,423	5,592	0%		-	-	-
28 SEWER LINES (NORTHSIDE - 19	07/01/95	1995	40	17	497,089	276,506	12,427	0%		-	-	-
29 SEWER LINES (NORTHSIDE)	10/01/95	1996	40	18	2,800	1,540	70	0%		-	-	-
30 SEWER LINES (MID-TOWN 199	08/15/98	1998	40	20	377,833	181,045	9,446	0%		-	-	-
31 SEWER LINES (MID-TOWN-199)	10/01/98	1999	40	21	1,628	773	41	0%		-	-	-
35 SEWER LINES-HIGHPOINT EST	08/15/00	2000	40	22	87,896	37,722	2,197	0%		-	-	-
CARTER RANCH 12 OAKS	09/30/04	2004	40	26	330,378	108,061	8,259	0%		-	-	-
CARTER RANCH NE/SE HIG	09/30/04	2004	40	26	259,848	84,992	6,496	0%		-	-	-
CISD SEWER LINE	07/31/08	2008	40	30	1,168,348	276,316	29,209	0%		-	-	-
Southeast Sector Sewer Line	07/31/17	2017	40	39	11,150,493	69,374	278,762	0%		-	-	-
Creeks of Legacy Phase 2b - Sewer	10/01/17	2018	40	40	188,205	-	4,705	0%		-	-	-
Creeks of Legacy Phase 2c - Sewer	10/02/17	2018	40	40	102,207	-	2,555	0%		-	-	-
Ownsby Farms - Sewer	04/26/18	2018	40	40	699,112	-	8,739	0%		-	-	-
Lilyana 2A-1 - Sewer	04/27/18	2018	40	40	196,602	-	2,458	0%		-	-	-
Creeks of Legacy West Phase 1 - Sewer	09/13/18	2018	40	40	570,405	-	1,188	0%		-	-	-
SE Sector Sewer Line to PAWC	09/30/18	2018	40	40	1,815,801	-	3,783	0%		-	-	-
				-						-	-	-
* SubTotal **Asset A/C#: 104 - SEWER LINES**					18,444,782	1,647,280	395,239			-	-	-
Treatment				Treatment						-	-	-
Distribution				Distribution						-	-	-
Administration				Administration						-	-	-
Customer				Customer						-	-	-

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CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

Forecast 2018

WATER Utility -- Existing Assets Deprecn and Rate Base

	Date Acquired	Year Acquired	Total Lifespan Years	Remaining Lifespan Years	Total Asset Original Cost	Total Asset Accum Depr 2017	Total Asset Annual Depr Expense	Percent Water	Water unctionalization	WATER Utility Original Cost	WATER Utility Accum Depr	WATER Utility Annual Depr Expense
WATER Existing Rate Base												
Asset A/C#: 105 - SEWER PLANT												
23 SEWER PLANT (EPA PROJECT)	10/01/88	1989	40	11	1,255,088	909,939	31,377	0%		-	-	-
24 LIFT STATION	01/01/96	1996	40	18	26,500	14,409	663	0%		-	-	-
43 SEWER PLANT EXPANSION - T	10/01/02	2003	40	25	1,232,644	462,241	30,816	0%		-	-	-
WWTP SEWER PLANT EXP 04	09/30/04	2004	40	26	238,677	-	-	0%		-	-	-
WATER CAUSTIC TREATMENT	09/30/06	2006	40	28	1,940	538	49	0%		-	-	-
2005 TCDP SEWER REHAB	09/30/06	2006	40	28	308,488	85,477	7,712	0%		-	-	-
2005 TCDP LIFT STATION REBUILD	09/30/07	2007	40	29	21,553	5,433	539	0%		-	-	-
UTRWD	10/01/09	2010	40	32	231,951	46,390	5,799	0%		-	-	-
UTRWD	09/30/11	2011	40	33	86,905	13,217	2,173	0%		-	-	-
Sewer Plant Improvement TWDB PROJECT	09/01/14	2014	25	21	2,221,711	275,699	88,868	0%		-	-	-
Doe Branch Regional Sewer Plant Main Trunk	10/01/15	2016	40	38	95,813	4,791	2,395	0%		-	-	-
				-						-	-	-
• SubTotal **Asset A/C#: 105 - SEWER PLANT**					5,721,270	1,818,133	170,391			-	-	-
Treatment				Treatment						-	-	-
Distribution				Distribution						-	-	-
Administration				Administration						-	-	-
Customer				Customer						-	-	-
Asset A/C#: 106 - VEHICLES												
2006 Ford F-750 DUMP TRUCK	11/20/06	2007	5	-	49,891	49,891	-	50%	D	24,946	24,946	-
2008 Ford F250 Utility Truck	07/01/12	2012	5	-	12,000	12,000	-	50%	D	6,000	6,000	-
2013 Chevy 2500 Crew Cab	10/24/12	2013	5	-	43,439	43,439	-	50%	D	21,719	21,719	-
2014 Ford F-250	07/01/14	2014	5	1	18,974	12,333	3,795	50%	D	9,487	6,167	1,897
2015 Chevy 1500 pickup G53216 Sewer	08/06/15	2015	5	2	31,862	13,807	6,372	0%	D	-	-	-
2015 Chevrolet 1500 pickup G192609 Water	08/06/15	2015	5	2	30,043	13,019	6,009	100%	D	30,043	13,019	6,009
2015 Chevrolet 1500 Pickup Water	08/06/15	2015	5	2	30,043	13,019	6,009	100%	D	30,043	13,019	6,009
2016 Chevrolet Silverado G108101	12/17/15	2016	5	3	29,300	10,743	5,860	50%	D	14,650	5,372	2,930
2016 Chevrolet Silverado G108089	12/17/15	2016	5	3	29,300	10,743	5,860	50%	D	14,650	5,372	2,930
Ford Transit Van VIN 1287088	11/01/16	2017	5	4	23,626	4,331	4,725	50%	D	11,813	2,166	2,363
Ford Transit Van VIN 1287452	11/01/16	2017	5	4	23,626	4,331	4,725	50%	D	11,813	2,166	2,363
Ford Transit Van VIN 1252848	11/01/16	2017	5	4	23,818	4,367	4,764	50%	D	11,909	2,183	2,382
2016 Chevy Silverado 3500 VIN GZ160642	11/28/16	2017	5	4	40,586	7,441	8,117	50%	D	20,293	3,720	4,059
2016 Chevy 3500 Silverado VIN GZ101612	11/28/16	2017	5	4	40,161	7,363	8,032	50%	D	20,081	3,681	4,016
2017 Chevy Silverado VIN 292616	05/15/17	2017	5	4	27,450	2,288	5,490	50%	D	13,725	1,144	2,745
2018 Peterbilt JM458011 Vacuum Camera Truck	08/17/17	2017	7	6	373,794	8,900	53,399	50%	D	186,897	4,450	26,700
2017 Silverado 1500 VIN: 4JZ101232	12/20/17	2018	5	5	32,335	-	5,389	50%	D	16,168	-	2,695
				-						-	-	-
• SubTotal **Asset A/C#: 106 - VEHICLES**					860,248	218,014	128,546			444,236	115,122	67,096
Treatment				Treatment						-	-	-
Distribution				Distribution						444,236	115,122	67,096
Administration				Administration						-	-	-
Customer				Customer						-	-	-

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CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

Forecast
2018

	Date Acquired	Year Acquired	Total Lifespan Years	Remaining Lifespan Years	Total Asset Original Cost	Total Asset Accum Depr 2017	Total Asset Annual Depr Expense	Percent Water	Water unctionalization	WATER Utility Original Cost	WATER Utility Accum Depr	WATER Utility Annual Depr Expense
WATER Utility -- Existing Assets Depreon and Rate Base												
WATER Existing Rate Base												
Asset A/C#: 107 - W & S BUILDING												
17 W & S BUILDING (1/2 W, 1/2 S)	03/31/93	1993	40	15	43,769	26,808	1,094	50%	D	21,885	13,404	547
* SubTotal **Asset A/C#: 107 - W & S BUILDING**					43,769	26,808	1,094			21,885	13,404	547
Treatment				Treatment						-	-	-
Distribution				Distribution						21,885	13,404	547
Administration				Administration						-	-	-
Customer				Customer						-	-	-
Asset A/C#: 108 - WATER LINES												
33 WATER LINES (1998 TDCA GRA	01/01/99	1999	40	21	352,611	165,287	8,815	100%	D	352,611	165,287	8,815
41 WATER LINES - PRESTON 455	06/30/01	2001	40	23	9,750	3,961	244	100%	D	9,750	3,961	244
42 DANVILLE WATER LINES	09/30/01	2001	20	3	300,000	240,000	15,000	100%	D	300,000	240,000	15,000
44 WATER LINES - TXI	04/01/02	2002	40	24	84,149	32,608	2,104	100%	D	84,149	32,608	2,104
45 WATER LINES - TDCA	10/01/02	2003	40	25	11,100	4,163	278	100%	D	11,100	4,163	278
RELOCATE WILSON CREEK LINE	09/30/03	2003	40	25	18,870	6,604	472	100%	D	18,870	6,604	472
CARTER RANCH WATERLINE	09/30/04	2004	40	26	196,614	64,309	4,915	100%	D	196,614	64,309	4,915
16' WATER LINE DOWNTOWN PUMP STATION	09/30/04	2004	40	26	1,377,559	450,577	34,439	100%	D	1,377,559	450,577	34,439
OLD PUMPSTATION TO SH 289	09/30/04	2004	40	26	12,721	4,161	318	100%	D	12,721	4,161	318
N PRESTON LAKES WATERLINE	09/30/04	2004	40	26	1,164,682	291,171	29,117	100%	D	1,164,682	291,171	29,117
WATER/SEWER LINE	09/30/04	2004	40	26	210,215	68,758	5,255	100%	D	210,215	68,758	5,255
WATER CCN ACQUISITION	09/30/04	2004	40	26	56,736	18,557	1,418	100%	D	56,736	18,557	1,418
GROUND STORAGE 1MGD CELINA RD	09/30/04	2004	7	-	382,481	382,481	-	100%	D	382,481	382,481	-
DOWNTOWN PUMP STATION	09/30/04	2004	40	26	1,012,780	331,263	25,319	100%	D	1,012,780	331,263	25,319
PUMP STATION 12 OAKS	09/30/04	2004	40	26	49,148	16,075	1,229	100%	D	49,148	16,075	1,229
UTRWD PUMP STATION	09/30/04	2004	40	26	1,322,574	432,592	33,064	100%	D	1,322,574	432,592	33,064
DANVILLE TAKEOVER	09/30/04	2004	40	26	530,364	159,109	13,259	100%	D	530,364	159,109	13,259
KENTUCY WATER LINE UPGRADE	07/31/05	2005	40	27	12,420	3,804	311	100%	D	12,420	3,804	311
WATER/SEWER LINE - DICKERSON	09/30/06	2006	40	28	31,048	8,538	776	100%	D	31,048	8,538	776
ORCA GRANT WATERLINE REHAB	01/06/09	2009	40	31	529,389	115,804	13,235	100%	D	529,389	115,804	13,235
Marilee SUD Hwy 289 and FM 455 section	04/01/12	2012	35	29	76,983	12,097	2,200	100%	D	76,983	12,097	2,200
Light Farms Water Tower Project	06/02/15	2012	40	34	3,248,102	189,473	81,203	100%	D	3,248,102	189,473	81,203
Southeast Sector Water Line	07/31/17	2017	40	39	3,941,909	24,637	98,548	100%	D	3,941,909	24,637	98,548
Creeks of Legacy Phase 2b - Water	10/01/17	2018	40	40	136,660	-	3,417	100%	D	136,660	-	3,417
Creeks of Legacy Phase 2C - Water	10/02/17	2018	40	40	142,622	-	3,566	100%	D	142,622	-	3,566
Ownsby Farms - Water	04/27/18	2018	40	40	570,725	-	7,134	100%	D	570,725	-	7,134
Lilyana 2A-1 - Water	07/18/18	2018	40	40	255,105	-	1,594	100%	D	255,105	-	1,594
Creeks of Legacy West Phase 1 - Water	09/13/18	2018	40	40	571,225	-	1,190	100%	D	571,225	-	1,190
Downtown Rehab Water Project	09/30/18	2018	40	40	505,193	-	1,052	100%	D	505,193	-	1,052
* SubTotal **Asset A/C#: 108 - WATER LINES**					17,113,734	3,026,028	389,471			17,113,734	3,026,028	389,471

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Forecast
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CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

	Date Acquired	Year Acquired	Total Lifespan Years	Remaining Lifespan Years	Total Asset Original Cost	Total Asset Accum Depr 2017	Total Asset Annual Depr Expense	Percent Water	Water unctionalization	WATER Utility Original Cost	WATER Utility Accum Depr	WATER Utility Annual Depr Expense
WATER Utility -- Existing Assets Deprecon and Rate Base												
WATER Existing Rate Base												
Treatment				Treatment						-	-	-
Distribution				Distribution						17,113,734	3,026,028	389,471
Administration				Administration						-	-	-
Customer				Customer						-	-	-
Asset A/C#: 109 - LAND												
12.2 ACRES GROUND STORAGE	09/03/03	2003	-	-	154,115	-	-	100%	D	154,115	-	-
20' Sewer Easement - Light Farms	08/04/08	2008	-	-	150,000	-	-	0%	D	-	-	-
Easements - SE Sector Water & Sewer Line	09/30/17	2017	-	-	1,023,928	-	-	50%	D	511,964	-	-
				-						-	-	-
• SubTotal **Asset A/C#: 109 - LAND**					1,328,043	-	-			666,079	-	-
Treatment				Treatment						-	-	-
Distribution				Distribution						666,079	-	-
Administration				Administration						-	-	-
Customer				Customer						-	-	-

Forecast
2018

CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

		Date Acquired	Year Acquired	Total Lifespan Years	Remaining Lifespan Years	Total Asset Original Cost	Total Asset Accum Depr 2017	Total Asset Annual Depr Expense	Percent Water	Water unctionalization	WATER Utility Original Cost	WATER Utility Accum Depr	WATER Utility Annual Depr Expense
WATER Utility -- Existing Assets Deprecon and Rate Base													
WATER Existing Rate Base													
Asset A/C#: 110 - Existing Funded CIP													
LOMR and POWC Water/sewer Line Project		09/30/14	2014	40	36	54,325	-	1,358	50%	D	27,162	-	679
2 MGD Elevated Storage Tank		09/30/16	2016	40	38	79,114	-	1,978	100%	D	79,114	-	1,978
Downtown WWTP Prof Services		09/30/17	2017	40	39	448,510	-	11,213	0%		-	-	-
Celina RD/DT Pump Station		09/30/17	2017	40	39	395,011	-	9,875	100%	D	395,011	-	9,875
DC Ranch		09/30/17	2017	40	39	46,735	-	1,168	100%	D	46,735	-	1,168
Celina GST Rehab		09/30/17	2017	40	39	4,697	-	117	100%	D	4,697	-	117
2 MGD Elevated Storage Tank		09/30/17	2017	40	39	1,146,602	-	28,665	100%	D	1,146,602	-	28,665
Merritt Erosion Project		09/30/17	2017	40	39	-	-	-	100%	D	-	-	-
Downtown WWTP - Prof SVC		09/30/18	2018	40	40	629,444	-	15,736	0%	D	-	-	-
2 MGD Elevated Storage tanks		09/30/18	2018	40	40	1,519,590	-	37,990	100%	D	1,519,590	-	37,990
DC Ranch		09/30/18	2018	40	40	831,447	-	20,786	100%	D	831,447	-	20,786
Celina GST Rehab		09/30/18	2018	40	40	7,458	-	186	100%	D	7,458	-	186
Merrit Erosion		09/30/18	2018	40	40	-	-	-	50%	D	-	-	-
Downtown Rehab - Sewer		09/30/18	2018	40	40	44,037	-	1,101	0%		-	-	-
Downtown WWTP upgrade to .95 MGP		09/30/18	2018	40	40	40,978	-	1,024	0%		-	-	-
Southeast Sector 5B		09/30/18	2018	40	40	5,430	-	136	0%	D	-	-	-
CRPS Improvements		09/30/18	2018	40	40	50,507	-	1,263	100%	D	50,507	-	1,263
Oklahoma Water Line		09/30/18	2018	40	40	29,670	-	742	100%	D	29,670	-	742
Discharge Line CRPS		09/30/18	2018	40	40	257,187	-	6,430	100%	D	257,187	-	6,430
3488 Preston Hills Circle		09/30/18	2018	40	40	8,950	-	224	50%	D	4,475	-	112
Caruth Morgan Lakes		09/30/18	2018	40	40	6,850	-	171	50%	D	3,425	-	86
Celina Road/Downtown Pump Station		09/30/18	2018	40	40	5,862,690	-	146,567	100%	D	5,862,690	-	146,567
* SubTotal **Asset A/C#: 110 - Existing Funded CIP**						11,469,232	-	286,731			10,265,770	-	256,644
Treatment					Treatment						-	-	-
Distribution					Distribution						10,265,770	-	256,644
Administration					Administration						-	-	-
Customer					Customer						-	-	-
Asset -- Unfunded Future CWIP, Working Capital, Pids													
Unfunded Construction Work in Progress -- Based on Sept. 30, 2017		09/30/17	2018	40	40	19,284,479	-	-	50%	D	9,642,240	-	-
Working Capital (45 Day Convention)		09/30/17			-						-	-	-
Inventory & Supplies Balance (Per Staff)		09/30/17			-						-	-	-
Prepaid Balance (Estimate)		09/30/17			-						-	-	-
					-						-	-	-
* SubTotal **Asset -- Unfunded Future CWIP, Working Capital, I**						19,284,479	-	-			9,642,240	-	-
Treatment					Treatment						-	-	-
Distribution					Distribution						9,642,240	-	-
Administration					Administration						-	-	-
Customer					Customer						-	-	-
Total Water						78,660,742	8,139,975	1,550,177			41,934,442	4,489,013	851,229
Water Functionalization													
Treatment											-	-	-
Distribution											41,934,442	4,489,013	851,229
Administration											-	-	-
Customer											-	-	-
Total											41,934,442	4,489,013	851,229

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CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

Forecast 2018	1 2018	2 2019	3 2020	4 2021	5 2022	6 2023	7 2024	8 2025	9 2026	10 2027
WATER Utility -- Existing Assets Deprec										
WATER Existing Rate Base	**Annual Depreciation Expense**									
Rate of Return **8.7%**										
Asset Number **Description**										
Asset A/C#: 101 - CAPITAL OUTLAY - W/S										
13 WATER & SEWER ADDITIONS	311	311	311	311	311	311	311	311	-	-
14 WATER & SEWER ADDITIONS	319	319	319	319	319	319	319	319	319	-
15 WATER WELL STAND PIPE	11,700	11,700	11,700	11,700	11,700	11,700	11,700	11,700	11,700	11,700
16 PUMP STATION & PRESSURE T	2,157	2,157	2,157	2,157	2,157	2,157	2,157	2,157	2,157	2,157
34 WATER TOWER	13,518	13,518	13,518	13,518	13,518	13,518	13,518	13,518	13,518	13,518
MORGAN LAKE STANDPIPE - WATER TOWER	-	-	-	-	-	-	-	-	-	-
Preston Road Utility Relocation	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013
Drainage Master Plan	-	-	-	-	-	-	-	-	-	-
Preston Hills Retaining Wall	-	-	-	-	-	-	-	-	-	-
Twelve Oaks Phase 2	66	66	66	66	66	66	66	66	66	66
	-	-	-	-	-	-	-	-	-	-
* SubTotal **Asset A/C#: 101 - CAPITAL OUTLAY - W/S**	29,083	29,083	29,083	29,083	29,083	29,083	29,083	29,083	28,772	28,453
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	29,083	29,083	29,083	29,083	29,083	29,083	29,083	29,083	28,772	28,453
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 102 - EQUIPMENT										
RADIO READ WATER METER	5,891	5,891	5,891	5,891	5,891	5,891	5,891	5,891	5,891	5,891
Sewer Inspection Camera	-	-	-	-	-	-	-	-	-	-
Top Hat 18 ft 10k Trailer	200	-	-	-	-	-	-	-	-	-
Bearcat 9 " wood chipper	-	-	-	-	-	-	-	-	-	-
AMI Meter Replacement Project	42,673	42,673	42,673	42,673	42,673	42,673	42,673	42,673	42,673	42,673
Vacuum Jetter and Trailer	4,059	4,059	4,059	4,059	-	-	-	-	-	-
GIS Database Support & Hosting	13,971	-	-	-	-	-	-	-	-	-
Single Turner Valve Maintenance Trailer	5,942	5,942	5,942	5,942	-	-	-	-	-	-
Crawler Main Line Sewer Camera	-	-	-	-	-	-	-	-	-	-
Caterpillar Backhoe Loader	8,480	8,480	8,480	8,480	8,480	8,480	-	-	-	-
Wireless Headset	943	943	-	-	-	-	-	-	-	-
GIS Database Support and hosting	210	210	210	210	210	210	210	-	-	-
	-	-	-	-	-	-	-	-	-	-
* SubTotal **Asset A/C#: 102 - EQUIPMENT**	82,369	68,198	67,255	67,255	57,254	57,254	48,774	48,564	48,564	48,564
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	82,369	68,198	67,255	67,255	57,254	57,254	48,774	48,564	48,564	48,564
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-

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Forecast
2018

CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

	1	2	3	4	5	6	7	8	9	10
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027

WATER Utility -- Existing Assets Deprec

WATER Existing Rate Base	Annual Depreciation Expense									
Asset A/C#: 103 - SERVICE AREA (GRWSC)										
32 SERVICE AREA (GRWSC) WAT	12,133	12,133	12,133	12,133	12,133	12,133	12,133	12,133	12,133	12,133
GUNTER CCN AZQUI IPPILITO PROPERTY	767	767	767	767	767	767	767	767	767	767
CCN SERVICE AREA AGREEMENT MARILEE SPE(	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360	2,360
CCN SERVICE AREA AGREEMENT MARILEE SPE(	6,456	6,456	6,456	6,456	6,456	6,456	6,456	6,456	6,456	6,456
CCN SERVICE AREA AGREEMENT	3,847	3,847	3,847	3,847	3,847	3,847	3,847	3,847	3,847	3,847
CCN SERVICE AREA AGREEMENT	138	138	138	138	138	138	138	138	138	138
	-	-	-	-	-	-	-	-	-	-
* SubTotal **Asset A/C#: 103 - SERVICE AREA (GRWSC)**	25,701	25,701	25,701	25,701	25,701	25,701	25,701	25,701	25,701	25,701
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	25,701	25,701	25,701	25,701	25,701	25,701	25,701	25,701	25,701	25,701
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 104 - SEWER LINES										
25 SEWER LINE EXTENSION	-	-	-	-	-	-	-	-	-	-
26 SEWER LINES (SOUTHSIDE - 19	-	-	-	-	-	-	-	-	-	-
27 SEWER LINES (WESTSIDE)	-	-	-	-	-	-	-	-	-	-
28 SEWER LINES (NORTHSIDE - 19	-	-	-	-	-	-	-	-	-	-
29 SEWER LINES (NORTHSIDE)	-	-	-	-	-	-	-	-	-	-
30 SEWER LINES (MID-TOWN 199	-	-	-	-	-	-	-	-	-	-
31 SEWER LINES (MID-TOWN-199)	-	-	-	-	-	-	-	-	-	-
35 SEWER LINES-HIGHPOINT EST	-	-	-	-	-	-	-	-	-	-
CARTER RANCH 12 OAKS	-	-	-	-	-	-	-	-	-	-
CARTER RANCH NE/SE HIG	-	-	-	-	-	-	-	-	-	-
CISD SEWER LINE	-	-	-	-	-	-	-	-	-	-
Southeast Sector Sewer Line	-	-	-	-	-	-	-	-	-	-
Creeks of Legacy Phase 2b - Sewer	-	-	-	-	-	-	-	-	-	-
Creeks of Legacy Phase 2c - Sewer	-	-	-	-	-	-	-	-	-	-
Ownsby Farms - Sewer	-	-	-	-	-	-	-	-	-	-
Lilyana 2A-1 - Sewer	-	-	-	-	-	-	-	-	-	-
Creeks of Legacy West Phase 1 - Sewer	-	-	-	-	-	-	-	-	-	-
SE Sector Sewer Line to PAWC	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
* SubTotal **Asset A/C#: 104 - SEWER LINES**	-	-	-	-	-	-	-	-	-	-
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-

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Forecast 2018	CITY OF CELINA WATER/WASTEWATER COST OF SERVICE MODEL									
	1	2	3	4	5	6	7	8	9	10
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027

WATER Utility -- Existing Assets Deprec

WATER Existing Rate Base	Annual Depreciation Expense									
Asset A/C#: 105 - SEWER PLANT										
23 SEWER PLANT (EPA PROJECT)	-	-	-	-	-	-	-	-	-	-
24 LIFT STATION	-	-	-	-	-	-	-	-	-	-
43 SEWER PLANT EXPANSION - T	-	-	-	-	-	-	-	-	-	-
WWTP SEWER PLANT EXP 04	-	-	-	-	-	-	-	-	-	-
WATER CAUSTIC TREATMENT	-	-	-	-	-	-	-	-	-	-
2005 TCDP SEWER REHAB	-	-	-	-	-	-	-	-	-	-
2005 TCDP LIFT STATION REBUILD	-	-	-	-	-	-	-	-	-	-
UTRWD	-	-	-	-	-	-	-	-	-	-
UTRWD	-	-	-	-	-	-	-	-	-	-
Sewer Plant Improvement TWDB PROJECT	-	-	-	-	-	-	-	-	-	-
Doe Branch Regional Sewer Plant Main Trunk	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
* SubTotal **Asset A/C#: 105 - SEWER PLANT**	-	-	-	-	-	-	-	-	-	-
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 106 - VEHICLES										
2006 Ford F-750 DUMP TRUCK	-	-	-	-	-	-	-	-	-	-
2008 Ford F250 Utility Truck	-	-	-	-	-	-	-	-	-	-
2013 Chevy 2500 Crew Cab	-	-	-	-	-	-	-	-	-	-
2014 Ford F-250	1,897	-	-	-	-	-	-	-	-	-
2015 Chevy 1500 pickup G53216 Sewer	-	-	-	-	-	-	-	-	-	-
2015 Chevrolet 1500 pickup G192609 Water	6,009	6,009	-	-	-	-	-	-	-	-
2015 Chevrolet 1500 Pickup Water	6,009	6,009	-	-	-	-	-	-	-	-
2016 Chevrolet Silverado G108101	2,930	2,930	2,930	-	-	-	-	-	-	-
2016 Chevrolet Silverado G108089	2,930	2,930	2,930	-	-	-	-	-	-	-
Ford Transit Van VIN 1287088	2,363	2,363	2,363	2,363	-	-	-	-	-	-
Ford Transit Van VIN 1287452	2,363	2,363	2,363	2,363	-	-	-	-	-	-
Ford Transit Van VIN 1252848	2,382	2,382	2,382	2,382	-	-	-	-	-	-
2016 Chevy Silverado 3500 VIN GZ160842	4,059	4,059	4,059	4,059	-	-	-	-	-	-
2016 Chevy 3500 Silverado VIN GZ101612	4,016	4,016	4,016	4,016	-	-	-	-	-	-
2017 Chevy Silverado VIN 292616	2,745	2,745	2,745	2,745	-	-	-	-	-	-
2018 Peterbilt JM458011 Vacuum Camera Truck	26,700	26,700	26,700	26,700	26,700	26,700	-	-	-	-
2017 Silverado 1500 VIN: 4JZ101232	2,695	2,695	2,695	2,695	2,695	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
* SubTotal **Asset A/C#: 106 - VEHICLES**	67,096	66,198	53,181	47,321	29,394	26,700	-	-	-	-
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	67,096	66,198	53,181	47,321	29,394	26,700	-	-	-	-
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-

Forecast 2018	CITY OF CELINA WATER/WASTEWATER COST OF SERVICE MODEL									
	1	2	3	4	5	6	7	8	9	10
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
WATER Utility -- Existing Assets Deprec										
WATER Existing Rate Base	**Annual Depreciation Expense**									
Asset A/C#: 107 - W & S BUILDING										
17 W & S BUILDING (1/2 W, 1/2 S)	547	547	547	547	547	547	547	547	547	547
	-	-	-	-	-	-	-	-	-	-
* SubTotal **Asset A/C#: 107 - W & S BUILDING**	547	547	547	547	547	547	547	547	547	547
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	547	547	547	547	547	547	547	547	547	547
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 108 - WATER LINES										
33 WATER LINES (1998 TDCA GRA	8,815	8,815	8,815	8,815	8,815	8,815	8,815	8,815	8,815	8,815
41 WATER LINES - PRESTON 455	244	244	244	244	244	244	244	244	244	244
42 DANVILLE WATER LINES	15,000	15,000	15,000	-	-	-	-	-	-	-
44 WATER LINES - TXI	2,104	2,104	2,104	2,104	2,104	2,104	2,104	2,104	2,104	2,104
45 WATER LINES - TDCA	278	278	278	278	278	278	278	278	278	278
RELOCATE WILSON CREEK LINE	472	472	472	472	472	472	472	472	472	472
CARTER RANCH WATERLINE	4,915	4,915	4,915	4,915	4,915	4,915	4,915	4,915	4,915	4,915
18' WATER LINE DOWNTOWN PUMP STATION	34,439	34,439	34,439	34,439	34,439	34,439	34,439	34,439	34,439	34,439
OLD PUMPSTATION TO SH 289	318	318	318	318	318	318	318	318	318	318
N PRESTON LAKES WATERLINE	29,117	29,117	29,117	29,117	29,117	29,117	29,117	29,117	29,117	29,117
WATER/SEWER LINE	5,255	5,255	5,255	5,255	5,255	5,255	5,255	5,255	5,255	5,255
WATER CCN ACQUISITION	1,418	1,418	1,418	1,418	1,418	1,418	1,418	1,418	1,418	1,418
GROUND STORAGE 1MGD CELINA RD	-	-	-	-	-	-	-	-	-	-
DOWNTOWN PUMP STATION	25,319	25,319	25,319	25,319	25,319	25,319	25,319	25,319	25,319	25,319
PUMP STATION 12 OAKS	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229	1,229
UTRWD PUMP STATION	33,064	33,064	33,064	33,064	33,064	33,064	33,064	33,064	33,064	33,064
DANVILLE TAKEOVER	13,259	13,259	13,259	13,259	13,259	13,259	13,259	13,259	13,259	13,259
KENTUCY WATER LINE UPGRADE	311	311	311	311	311	311	311	311	311	311
WATER/SEWER LINE - DICKERSON	776	776	776	776	776	776	776	776	776	776
ORCA GRANT WATERLINE REHAB	13,235	13,235	13,235	13,235	13,235	13,235	13,235	13,235	13,235	13,235
Marilee SUD Hwy 289 and FM 455 section	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Light Farms Water Tower Project	81,203	81,203	81,203	81,203	81,203	81,203	81,203	81,203	81,203	81,203
Southeast Sector Water Line	98,548	98,548	98,548	98,548	98,548	98,548	98,548	98,548	98,548	98,548
Creeks of Legacy Phase 2b - Water	3,417	3,417	3,417	3,417	3,417	3,417	3,417	3,417	3,417	3,417
Creeks of Legacy Phase 2C - Water	3,566	3,566	3,566	3,566	3,566	3,566	3,566	3,566	3,566	3,566
Ownsby Farms - Water	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134
Lilyana 2A-1 - Water	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594	1,594
Creeks of Legacy West Phase 1 - Water	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190	1,190
Downtown Rehab Water Project	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052
	-	-	-	-	-	-	-	-	-	-
* SubTotal **Asset A/C#: 108 - WATER LINES**	389,471	389,471	389,471	374,471	374,471	374,471	374,471	374,471	374,471	374,471

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CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

Forecast 2018	1 2018	2 2019	3 2020	4 2021	5 2022	6 2023	7 2024	8 2025	9 2026	10 2027
WATER Utility -- Existing Assets Deprec										
WATER Existing Rate Base	**Annual Depreciation Expense**									
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	389,471	389,471	389,471	374,471	374,471	374,471	374,471	374,471	374,471	374,471
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 109 - LAND										
12.2 ACRES GROUND STORAGE	-	-	-	-	-	-	-	-	-	-
20' Sewer Easement - Light Farms	-	-	-	-	-	-	-	-	-	-
Easements - SE Sector Water & Sewer Line	-	-	-	-	-	-	-	-	-	-
* SubTotal **Asset A/C#: 109 - LAND**	-	-	-	-	-	-	-	-	-	-
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-

CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

Forecast 2018		1 2018	2 2019	3 2020	4 2021	5 2022	6 2023	7 2024	8 2025	9 2026	10 2027
WATER Utility -- Existing Assets Deprec											
WATER Existing Rate Base	**Annual Depreciation Expense**										
Asset A/C#: 110 - Existing Funded CIP											
LOMR and POWC Water/sewer Line Project	-	679	679	679	679	679	679	679	679	679	679
2 MGD Elevated Storage Tank	-	1,978	1,978	1,978	1,978	1,978	1,978	1,978	1,978	1,978	1,978
Downtown WWTP Prof Services	-	-	-	-	-	-	-	-	-	-	-
Celina RD/DT Pump Station	-	9,875	9,875	9,875	9,875	9,875	9,875	9,875	9,875	9,875	9,875
DC Ranch	-	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168	1,168
Celina GST Rehab	-	117	117	117	117	117	117	117	117	117	117
2 MGD Elevated Storage Tank	-	28,665	28,665	28,665	28,665	28,665	28,665	28,665	28,665	28,665	28,665
Merritt Erosion Project	-	-	-	-	-	-	-	-	-	-	-
Downtown WWTP - Prof SVC	-	-	-	-	-	-	-	-	-	-	-
2 MGD Elevated Storage tanks	-	37,990	37,990	37,990	37,990	37,990	37,990	37,990	37,990	37,990	37,990
DC Ranch	-	20,786	20,786	20,786	20,786	20,786	20,786	20,786	20,786	20,786	20,786
Celina GST Rehab	-	186	186	186	186	186	186	186	186	186	186
Merrit Erosion	-	-	-	-	-	-	-	-	-	-	-
Downtown Rehab - Sewer	-	-	-	-	-	-	-	-	-	-	-
Downtown WWTP upgrade to .95 MGP	-	-	-	-	-	-	-	-	-	-	-
Southeast Sector 5B	-	-	-	-	-	-	-	-	-	-	-
CRPS Improvements	-	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263	1,263
Oklahoma Water Line	-	742	742	742	742	742	742	742	742	742	742
Discharge Line CRPS	-	6,430	6,430	6,430	6,430	6,430	6,430	6,430	6,430	6,430	6,430
3488 Preston Hills Circle	-	112	112	112	112	112	112	112	112	112	112
Caruth Morgan Lakes	-	86	86	86	86	86	86	86	86	86	86
Celina Road/Downtown Pump Station	-	146,567	146,567	146,567	146,567	146,567	146,567	146,567	146,567	146,567	146,567
* SubTotal **Asset A/C#: 110 - Existing Funded CIP**	-	256,644	256,644	256,644	256,644	256,644	256,644	256,644	256,644	256,644	256,644
Treatment	-	-	-	-	-	-	-	-	-	-	-
Distribution	-	256,644	256,644	256,644	256,644	256,644	256,644	256,644	256,644	256,644	256,644
Administration	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-
Asset -- Unfunded Future CWIP, Working Capital, P											
Unfunded Construction Work In Progress -- Based on Sept. 30, 2017	-	-	-	-	-	-	-	-	-	-	-
Working Capital (45 Day Convention)	-	-	-	-	-	-	-	-	-	-	-
Inventory & Supplies Balance (Per Staff)	-	-	-	-	-	-	-	-	-	-	-
Prepaid Balance (Estimate)	-	-	-	-	-	-	-	-	-	-	-
* SubTotal **Asset -- Unfunded Future CWIP, Working Capital, I**	-	-	-	-	-	-	-	-	-	-	-
Treatment	-	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-
Total Water	**594,267**	**834,843**	**821,883**	**801,023**	**773,095**	**770,400**	**735,220**	**735,011**	**734,700**	**734,381**
Water Functionalization										
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	594,267	834,843	821,883	801,023	773,095	770,400	735,220	735,011	734,700	734,381
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
Total	**594,267**	**834,843**	**821,883**	**801,023**	**773,095**	**770,400**	**735,220**	**735,011**	**734,700**	**734,381**

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Forecast 2018	CITY OF CELINA WATER/WASTEWATER COST OF SERVICE MODEL									
	1 2018	2 2019	3 2020	4 2021	5 2022	6 2023	7 2024	8 2025	9 2026	10 2027

WATER Utility -- Existing Assets Deprec

WATER Existing Rate Base **Net Rate Base**

Rate of Return 8.7%

Asset Number	Description									
	Asset A/C#: 101 - CAPITAL OUTLAY - W/S									
	13 WATER & SEWER ADDITIONS	1,863	1,553	1,242	932	621	310	-	-	-	-
	14 WATER & SEWER ADDITIONS	2,234	1,914	1,595	1,276	957	638	319	-	-	-
	15 WATER WELL STAND PIPE	105,300	93,600	81,900	70,200	58,500	46,800	35,100	23,400	11,700	0
	16 PUMP STATION & PRESSURE T	39,907	37,749	35,592	33,435	31,278	29,121	26,964	24,807	22,650	20,493
	34 WATER TOWER	295,134	281,617	268,099	254,581	241,064	227,546	214,029	200,511	186,993	173,476
	MORGAN LAKE STANDPIPE - WATER TOWER	-	-	-	-	-	-	-	-	-	-
	Preston Road Utility Relocation	36,370	35,358	34,345	33,332	32,320	31,307	30,295	29,282	28,269	27,257
	Drainage Master Plan	-	-	-	-	-	-	-	-	-	-
	Preston Hills Retaining Wall	-	-	-	-	-	-	-	-	-	-
	Twelve Oaks Phase 2	31,517	31,451	31,386	31,320	31,254	31,188	31,122	31,057	30,991	30,925
		-	-	-	-	-	-	-	-	-	-
* SubTotal	**Asset A/C#: 101 - CAPITAL OUTLAY - W/S**	**512,325**	**483,242**	**454,159**	**425,077**	**395,994**	**366,911**	**337,828**	**309,056**	**280,603**	**252,150**
	Treatment	-	-	-	-	-	-	-	-	-	-
	Distribution	512,325	483,242	454,159	425,077	395,994	366,911	337,828	309,056	280,603	252,150
	Administration	-	-	-	-	-	-	-	-	-	-
	Customer	-	-	-	-	-	-	-	-	-	-
	Asset A/C#: 102 - EQUIPMENT									
	RADIO READ WATER METER	152,685	146,794	140,903	135,011	129,120	123,228	117,337	111,446	105,554	99,663
	Sewer Inspection Camera	-	-	-	-	-	-	-	-	-	-
	Top Hat 18 ft 10k Trailer	233	233	233	233	233	233	233	233	233	233
	Bearcat 9 " wood chipper	318	318	318	318	318	318	318	318	318	318
	AMI Meter Replacement Project	913,910	871,237	828,564	785,891	743,219	700,546	657,873	615,200	572,527	529,854
	Vacuum Jetter and Trailer	14,885	10,825	6,766	2,706	2,706	2,706	2,706	2,706	2,706	2,706
	GIS Database Support & Hosting	13,971	13,971	13,971	13,971	13,971	13,971	13,971	13,971	13,971	13,971
	Single Turner Valve Maintenance Trailer	18,321	12,379	6,437	495	495	495	495	495	495	495
	Crawler Main Line Sewer Camera	-	-	-	-	-	-	-	-	-	-
	Caterpillar Backhoe Loader	44,521	36,041	27,561	19,080	10,600	2,120	2,120	2,120	2,120	2,120
	Wireless Headset	1,415	472	472	472	472	472	472	472	472	472
	GIS Database Support and hosting	17,389	17,179	16,970	16,760	16,551	16,341	16,132	16,132	16,132	16,132
		-	-	-	-	-	-	-	-	-	-
* SubTotal	**Asset A/C#: 102 - EQUIPMENT**	**1,177,647**	**1,109,449**	**1,042,193**	**974,938**	**917,684**	**860,430**	**811,656**	**763,092**	**714,528**	**665,964**
	Treatment	-	-	-	-	-	-	-	-	-	-
	Distribution	1,177,647	1,109,449	1,042,193	974,938	917,684	860,430	811,656	763,092	714,528	665,964
	Administration	-	-	-	-	-	-	-	-	-	-
	Customer	-	-	-	-	-	-	-	-	-	-

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Forecast 2018	CITY OF CELINA WATER/WASTEWATER COST OF SERVICE MODEL									
	1	2	3	4	5	6	7	8	9	10
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027

WATER Utility -- Existing Assets Deprec

WATER Existing Rate Base	Net Rate Base									
Asset A/C#: 103 - SERVICE AREA (GRWSC)										
32 SERVICE AREA (GRWSC) WAT	215,369	203,235	191,102	178,968	166,835	154,701	142,568	130,434	118,301	106,168
GUNTER CCN AZQUI IPPILITO PROPERTY	19,868	19,101	18,335	17,568	16,802	16,035	15,268	14,502	13,735	12,969
CCN SERVICE AREA AGREEMENT MARILEE SPEC	69,819	67,459	65,099	62,739	60,379	58,019	55,659	53,299	50,938	48,578
CCN SERVICE AREA AGREEMENT MARILEE SPEC	192,066	185,610	179,154	172,698	166,242	159,786	153,330	146,874	140,418	133,962
CCN SERVICE AREA AGREEMENT	117,329	113,482	109,636	105,789	101,942	98,095	94,248	90,401	86,554	82,708
CCN SERVICE AREA AGREEMENT	4,463	4,324	4,186	4,047	3,909	3,771	3,632	3,494	3,356	3,217
	-	-	-	-	-	-	-	-	-	-
• SubTotal **Asset A/C#: 103 - SERVICE AREA (GRWSC)**	**618,914**	**593,212**	**567,511**	**541,809**	**516,108**	**490,407**	**464,705**	**439,004**	**413,303**	**387,601**
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	618,914	593,212	567,511	541,809	516,108	490,407	464,705	439,004	413,303	387,601
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 104 - SEWER LINES										
25 SEWER LINE EXTENSION	-	-	-	-	-	-	-	-	-	-
26 SEWER LINES (SOUTHSIDE - 19	-	-	-	-	-	-	-	-	-	-
27 SEWER LINES (WESTSIDE)	-	-	-	-	-	-	-	-	-	-
28 SEWER LINES (NORTHSIDE - 19	-	-	-	-	-	-	-	-	-	-
29 SEWER LINES (NORTHSIDE)	-	-	-	-	-	-	-	-	-	-
30 SEWER LINES (MID-TOWN 199	-	-	-	-	-	-	-	-	-	-
31 SEWER LINES (MID-TOWN-199)	-	-	-	-	-	-	-	-	-	-
35 SEWER LINES-HIGHPOINT EST	-	-	-	-	-	-	-	-	-	-
CARTER RANCH 12 OAKS	-	-	-	-	-	-	-	-	-	-
CARTER RANCH NE/SE HIG	-	-	-	-	-	-	-	-	-	-
CISD SEWER LINE	-	-	-	-	-	-	-	-	-	-
Southeast Sector Sewer Line	-	-	-	-	-	-	-	-	-	-
Creeks of Legacy Phase 2b - Sewer	-	-	-	-	-	-	-	-	-	-
Creeks of Legacy Phase 2c - Sewer	-	-	-	-	-	-	-	-	-	-
Ownsby Farms - Sewer	-	-	-	-	-	-	-	-	-	-
Lilyana 2A-1 - Sewer	-	-	-	-	-	-	-	-	-	-
Creeks of Legacy West Phase 1 - Sewer	-	-	-	-	-	-	-	-	-	-
SE Sector Sewer Line to PAWC	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
• SubTotal **Asset A/C#: 104 - SEWER LINES**	-	-	-	-	-	-	-	-	-	-
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-

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CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

Forecast 2018	1 2018	2 2019	3 2020	4 2021	5 2022	6 2023	7 2024	8 2025	9 2026	10 2027
WATER Utility -- Existing Assets Deprec										
WATER Existing Rate Base	**Net Rate Base**									
Asset A/C#: 105 - SEWER PLANT										
23 SEWER PLANT (EPA PROJECT)	-	-	-	-	-	-	-	-	-	-
24 LIFT STATION	-	-	-	-	-	-	-	-	-	-
43 SEWER PLANT EXPANSION - T	-	-	-	-	-	-	-	-	-	-
WWTP SEWER PLANT EXP 04	-	-	-	-	-	-	-	-	-	-
WATER CAUSTIC TREATMENT	-	-	-	-	-	-	-	-	-	-
2005 TCDP SEWER REHAB	-	-	-	-	-	-	-	-	-	-
2005 TCDP LIFT STATION REBUILD	-	-	-	-	-	-	-	-	-	-
UTRWD	-	-	-	-	-	-	-	-	-	-
UTRWD	-	-	-	-	-	-	-	-	-	-
Sewer Plant Improvement TWDB PROJECT	-	-	-	-	-	-	-	-	-	-
Doe Branch Regional Sewer Plant Main Trunk	-	-	-	-	-	-	-	-	-	-
* SubTotal **Asset A/C#: 105 - SEWER PLANT**	-	-	-	-	-	-	-	-	-	-
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 106 - VEHICLES										
2006 Ford F-750 DUMP TRUCK	-	-	-	-	-	-	-	-	-	-
2008 Ford F250 Utility Truck	-	-	-	-	-	-	-	-	-	-
2013 Chevy 2500 Crew Cab	-	-	-	-	-	-	-	-	-	-
2014 Ford F-250	1,423	1,423	1,423	1,423	1,423	1,423	1,423	1,423	1,423	1,423
2015 Chevy 1500 pickup G53216 Sewer	-	-	-	-	-	-	-	-	-	-
2015 Chevrolet 1500 pickup G192609 Water	11,016	5,007	5,007	5,007	5,007	5,007	5,007	5,007	5,007	5,007
2015 Chevrolet 1500 Pickup Water	11,016	5,007	5,007	5,007	5,007	5,007	5,007	5,007	5,007	5,007
2016 Chevrolet Silverado G108101	6,348	3,418	488	488	488	488	488	488	488	488
2016 Chevrolet Silverado G108089	6,348	3,418	488	488	488	488	488	488	488	488
Ford Transit Van VIN 1287088	7,285	4,922	2,559	197	197	197	197	197	197	197
Ford Transit Van VIN 1287452	7,285	4,922	2,559	197	197	197	197	197	197	197
Ford Transit Van VIN 1252848	7,344	4,962	2,580	198	198	198	198	198	198	198
2016 Chevy Silverado 3500 VIN GZ160642	12,514	8,455	4,397	338	338	338	338	338	338	338
2016 Chevy 3500 Silverado VIN GZ101612	12,383	8,367	4,351	335	335	335	335	335	335	335
2017 Chevy Silverado VIN 292616	9,836	7,091	4,346	1,601	1,601	1,601	1,601	1,601	1,601	1,601
2018 Peterbilt JM458011 Vacuum Camera Truck	155,748	129,048	102,348	75,649	48,949	22,250	22,250	22,250	22,250	22,250
2017 Silverado 1500 VIN: 4JZ101232	13,473	10,778	8,084	5,389	2,695	2,695	2,695	2,695	2,695	2,695
	-	-	-	-	-	-	-	-	-	-
* SubTotal **Asset A/C#: 106 - VEHICLES**	262,018	196,820	143,639	96,319	66,924	40,225	40,225	40,225	40,225	40,225
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	262,018	196,820	143,639	96,319	66,924	40,225	40,225	40,225	40,225	40,225
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-

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CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

Forecast 2018	1 2018	2 2019	3 2020	4 2021	5 2022	6 2023	7 2024	8 2025	9 2026	10 2027
WATER Utility -- Existing Assets Deprec										
WATER Existing Rate Base	**Net Rate Base**									
Asset A/C#: 107 - W & S BUILDING										
17 W & S BUILDING (1/2 W, 1/2 S)	7,933	7,386	6,839	6,292	5,745	5,198	4,651	4,104	3,557	3,009
	-	-	-	-	-	-	-	-	-	-
* SubTotal **Asset A/C#: 107 - W & S BUILDING**	7,933	7,386	6,839	6,292	5,745	5,198	4,651	4,104	3,557	3,009
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	7,933	7,386	6,839	6,292	5,745	5,198	4,651	4,104	3,557	3,009
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 108 - WATER LINES										
33 WATER LINES (1996 TDCA GRA	178,509	169,694	160,879	152,063	143,248	134,433	125,618	116,802	107,987	99,172
41 WATER LINES - PRESTON 455	5,545	5,302	5,058	4,814	4,570	4,327	4,083	3,839	3,595	3,352
42 DANVILLE WATER LINES	45,000	30,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
44 WATER LINES - TXI	49,437	47,334	45,230	43,126	41,022	38,919	36,815	34,711	32,608	30,504
45 WATER LINES - TDCA	6,660	6,383	6,105	5,828	5,550	5,273	4,995	4,718	4,440	4,163
RELOCATE WILSON CREEK LINE	11,794	11,322	10,850	10,378	9,907	9,435	8,963	8,491	8,020	7,548
CARTER RANCH WATERLINE	127,389	122,474	117,559	112,643	107,728	102,813	97,897	92,982	88,067	83,151
18' WATER LINE DOWNTOWN PUMP STATION	892,543	858,104	823,665	789,226	754,787	720,348	685,909	651,470	617,031	582,592
OLD PUMPSTATION TO SH 289	8,242	7,924	7,606	7,288	6,970	6,652	6,334	6,016	5,698	5,380
N PRESTON LAKES WATERLINE	844,394	815,277	786,160	757,043	727,926	698,809	669,692	640,575	611,458	582,341
WATER/SEWER LINE	136,202	130,947	125,691	120,436	115,180	109,925	104,670	99,414	94,159	88,904
WATER CCN ACQUISITION	36,760	35,342	33,923	32,505	31,087	29,668	28,250	26,831	25,413	23,995
GROUND STORAGE 1MGD CELINA RD	-	-	-	-	-	-	-	-	-	-
DOWNTOWN PUMP STATION	656,197	630,877	605,558	580,238	554,919	529,599	504,280	478,960	453,641	428,321
PUMP STATION 12 OAKS	31,844	30,615	29,386	28,158	26,929	25,700	24,472	23,243	22,014	20,786
UTRWD PUMP STATION	856,918	823,853	790,789	757,725	724,660	691,596	658,532	625,467	592,403	559,339
DANVILLE TAKEOVER	357,996	344,737	331,478	318,218	304,959	291,700	278,441	265,182	251,923	238,664
KENTUCY WATER LINE UPGRADE	8,306	7,995	7,685	7,374	7,064	6,753	6,443	6,132	5,822	5,511
WATER/SEWER LINE - DICKERSON	21,734	20,957	20,181	19,405	18,629	17,853	17,076	16,300	15,524	14,748
ORCA GRANT WATERLINE REHAB	400,350	387,116	373,881	360,646	347,412	334,177	320,942	307,707	294,473	281,238
Marilee SUD Hwy 289 and FM 455 section	62,686	60,486	58,287	56,087	53,888	51,688	49,489	47,289	45,090	42,890
Light Farms Water Tower Project	2,977,427	2,896,224	2,815,022	2,733,819	2,652,617	2,571,414	2,490,212	2,409,009	2,327,806	2,246,604
Southeast Sector Water Line	3,818,724	3,720,176	3,621,629	3,523,081	3,424,533	3,325,985	3,227,438	3,128,890	3,030,342	2,931,795
Creeks of Legacy Phase 2b - Water	133,244	129,827	126,411	122,994	119,578	116,161	112,745	109,328	105,912	102,495
Creeks of Legacy Phase 2C - Water	139,057	135,491	131,925	128,360	124,794	121,229	117,663	114,098	110,532	106,967
Ownsby Farms - Water	563,591	556,457	549,323	542,189	535,055	527,921	520,787	513,653	506,519	499,385
Lilyana 2A-1 - Water	253,511	251,916	250,322	248,727	247,133	245,539	243,944	242,350	240,755	239,161
Creeks of Legacy West Phase 1 - Water	570,035	568,845	567,655	566,465	565,275	564,085	562,895	561,705	560,515	559,325
Downtown Rehab Water Project	504,141	503,088	502,036	500,983	499,931	498,878	497,826	496,773	495,721	494,668
	-	-	-	-	-	-	-	-	-	-
* SubTotal **Asset A/C#: 108 - WATER LINES**	13,698,236	13,308,764	12,919,293	12,544,822	12,170,351	11,795,880	11,421,409	11,046,938	10,672,467	10,297,996

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CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

Forecast 2018	1 2018	2 2019	3 2020	4 2021	5 2022	6 2023	7 2024	8 2025	9 2026	10 2027
WATER Utility -- Existing Assets Deprec										
WATER Existing Rate Base	**Net Rate Base**									
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	13,698,235	13,308,764	12,919,293	12,544,822	12,170,351	11,795,880	11,421,409	11,046,938	10,672,467	10,297,996
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
Asset A/C#: 109 - LAND										
12.2 ACRES GROUND STORAGE	154,115	154,115	154,115	154,115	154,115	154,115	154,115	154,115	154,115	154,115
20' Sewer Easement - Light Farms	-	-	-	-	-	-	-	-	-	-
Easements - SE Sector Water & Sewer Line	511,964	511,964	511,964	511,964	511,964	511,964	511,964	511,964	511,964	511,964
	-	-	-	-	-	-	-	-	-	-
* SubTotal **Asset A/C#: 109 - LAND**	**666,079**	**666,079**	**666,079**	**666,079**	**666,079**	**666,079**	**666,079**	**666,079**	**666,079**	**666,079**
Treatment	-	-	-	-	-	-	-	-	-	-
Distribution	666,079	666,079	666,079	666,079	666,079	666,079	666,079	666,079	666,079	666,079
Administration	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-

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Forecast
2018

CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

WATER Utility -- Existing Assets Deprec

		1 2018	2 2019	3 2020	4 2021	5 2022	6 2023	7 2024	8 2025	9 2026	10 2027
	WATER Existing Rate Base	**Net Rate Base**									
	Asset A/C#: 110 - Existing Funded CIP										
	LOMR and POWC Water/sewer Line Project	27,162	26,483	25,804	25,125	24,446	23,767	23,088	22,409	21,730	21,051
	2 MGD Elevated Storage Tank	79,114	77,136	75,158	73,180	71,203	69,225	67,247	65,269	63,291	61,313
	Downtown WWTP Prof Services	-	-	-	-	-	-	-	-	-	-
	Celina RD/DT Pump Station	395,011	385,136	375,260	365,385	355,510	345,635	335,759	325,884	316,009	306,134
	DC Ranch	46,735	45,587	44,398	43,230	42,062	40,893	39,725	38,556	37,388	36,220
	Celina GST Rehab	4,697	4,580	4,462	4,345	4,227	4,110	3,992	3,875	3,758	3,640
	2 MGD Elevated Storage Tank	1,146,602	1,117,937	1,089,272	1,060,607	1,031,942	1,003,277	974,612	945,947	917,282	888,617
	Merritt Erosion Project	-	-	-	-	-	-	-	-	-	-
	Downtown WWTP - Prof SVC	-	-	-	-	-	-	-	-	-	-
	2 MGD Elevated Storage tanks	1,519,590	1,481,600	1,443,611	1,405,621	1,367,631	1,329,641	1,291,652	1,253,662	1,215,672	1,177,682
	DC Ranch	831,447	810,661	789,875	769,088	748,302	727,516	706,730	685,944	665,158	644,371
	Celina GST Rehab	7,458	7,272	7,085	6,899	6,712	6,526	6,339	6,153	5,966	5,780
	Merrit Erosion	-	-	-	-	-	-	-	-	-	-
	Downtown Rehab - Sewer	-	-	-	-	-	-	-	-	-	-
	Downtown WWTP upgrade to .95 MGP	-	-	-	-	-	-	-	-	-	-
	Southeast Sector 5B	-	-	-	-	-	-	-	-	-	-
	CRPS Improvements	50,507	49,244	47,982	46,719	45,456	44,194	42,931	41,668	40,406	39,143
	Oklahoma Water Line	29,670	28,928	28,187	27,445	26,703	25,961	25,220	24,478	23,736	22,994
	Discharge Line CRPS	257,187	250,757	244,328	237,898	231,468	225,039	218,609	212,179	205,750	199,320
	3488 Preston Hills Circle	4,475	4,363	4,251	4,139	4,028	3,916	3,804	3,692	3,580	3,468
	Caruth Morgan Lakes	3,425	3,339	3,254	3,168	3,083	2,997	2,911	2,826	2,740	2,654
	Celina Road/Downtown Pump Station	5,862,690	5,716,123	5,569,556	5,422,988	5,276,421	5,129,854	4,983,287	4,836,719	4,690,152	4,543,585
* SubTotal	**Asset A/C#: 110 - Existing Funded CIP**	**10,265,770**	**10,009,126**	**9,752,482**	**9,495,838**	**9,239,193**	**8,982,549**	**8,725,905**	**8,469,261**	**8,212,616**	**7,955,972**
	Treatment	-	-	-	-	-	-	-	-	-	-
	Distribution	10,265,770	10,009,126	9,752,482	9,495,838	9,239,193	8,982,549	8,725,905	8,469,261	8,212,616	7,955,972
	Administration	-	-	-	-	-	-	-	-	-	-
	Customer	-	-	-	-	-	-	-	-	-	-
	Asset -- Unfunded Future CWIP, Working Capital, F										
	Unfunded Construction Work In Progress -- Based on Sept. 30, 2017	9,642,240	9,642,240	9,642,240	9,642,240	9,642,240	9,642,240	9,642,240	9,642,240	9,642,240	9,642,240
	Working Capital (45 Day Convention)	340,219	408,350	453,187	489,783	567,403	603,596	640,652	724,174	764,646	807,627
	Inventory & Supplies Balance (Per Staff)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	Prepaid Balance (Estimate)	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
* SubTotal	**Asset -- Unfunded Future CWIP, Working Capital, I**	**10,032,459**	**10,098,589**	**10,145,427**	**10,182,023**	**10,259,642**	**10,295,835**	**10,332,892**	**10,416,414**	**10,456,886**	**10,499,867**
	Treatment	-	-	-	-	-	-	-	-	-	-
	Distribution	10,032,459	10,098,589	10,145,427	10,182,023	10,259,642	10,295,835	10,332,892	10,416,414	10,456,886	10,499,867
	Administration	-	-	-	-	-	-	-	-	-	-
	Customer	-	-	-	-	-	-	-	-	-	-
	Total Water	**37,241,381**	**36,472,669**	**35,697,623**	**34,933,196**	**34,237,721**	**33,503,514**	**32,805,350**	**32,154,172**	**31,460,263**	**30,768,863**
	Water Functionalization										
	Treatment	-	-	-	-	-	-	-	-	-	-
	Distribution	37,241,381	36,472,669	35,697,623	34,933,196	34,237,721	33,503,514	32,805,350	32,154,172	31,460,263	30,768,863
	Administration	-	-	-	-	-	-	-	-	-	-
	Customer	-	-	-	-	-	-	-	-	-	-
	Total	**37,241,381**	**36,472,669**	**35,697,623**	**34,933,196**	**34,237,721**	**33,503,514**	**32,805,350**	**32,154,172**	**31,460,263**	**30,768,863**

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Forecast
2018

CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

Wastewater Utility -- Existing Assets Depreciation and Rate Base

WASTEWATER Existing Rate Base

Rate of Return	8.7%

Asset Number	Description	Date Acquired	Year Acquired	Total Lifespan Years	Remaining Lifespan Years	Total Asset Original Cost	Total Asset Accum Depr 2017	Total Asset Annual Depr Expense	Percent Wastewater	Wastewater unctionalization	WASTEWATER Utility Original Cost	WASTEWATER Utility Accum Depr	WASTEWATER Utility Annual Depr Expense
	Asset A/C#: 101 - CAPITAL OUTLAY - W/S												
	13 WATER & SEWER ADDITIONS	10/01/85	1986	40	8	$ 24,845	$ 20,497	$ 621	50%	C	12,423	10,249	311
	14 WATER & SEWER ADDITIONS	10/01/86	1987	40	9	25,527	20,422	638	50%	C	12,764	10,211	319
	15 WATER WELL STAND PIPE	10/01/87	1988	40	10	468,000	351,000	11,700	0%		-	-	-
	16 PUMP STATION & PRESSURE T	04/01/97	1997	40	19	86,284	44,221	2,157	0%		-	-	-
	34 WATER TOWER	07/31/00	2000	40	22	540,704	232,052	13,518	0%		-	-	-
	MORGAN LAKE STANDPIPE - WATER TOWER	06/20/07	2007	10	-	74,745	74,745	-	0%		-	-	-
	Preston Road Utility Relocation	09/30/14	2014	40	36	81,010	6,245	2,025	50%	C	40,505	3,122	1,013
	Drainage Master Plan	09/30/18	2018	40	40	264,100	-	550	0%	C	-	-	-
	Preston Hills Retaining Wall	09/30/18	2018	40	40	32,880	-	69	0%	C	-	-	-
	Twelve Oaks Phase 2	09/30/18	2018	40	40	63,166	-	132	50%	C	31,583	-	66
	0	01/00/00	0	-	-	-	-	-	100%		-	-	-
* SubTotal	**Asset A/C#: 101 - CAPITAL OUTLAY - W/S**					1,661,261	749,181	31,410			97,274	23,582	1,708
T	Treatment			T	Treatment						-	-	-
C	Collection			C	Collection						97,274	23,582	1,708
A	Administration			A	Administration						-	-	-
CU	Customer			CU	Customer						-	-	-
	Asset A/C#: 102 - EQUIPMENT												
	RADIO READ WATER METER	09/30/04	2004	40	26	235,656	77,079	5,891	0%		-	-	-
	Sewer inspection Camera	11/02/11	2012	5	-	3,978	3,978	-	100%	C	3,978	3,978	-
	Top Hat 18 ft 10k Trailer	12/17/12	2012	7	1	2,799	1,933	400	50%	C	1,400	966	200
	Bearcat 9 " wood chipper	09/25/13	2013	5	-	3,467	2,831	636	50%	C	1,733	1,416	318
	AMI Meter Replacement Project	03/02/15	2015	25	22	1,066,821	110,238	42,673	0%		-	-	-
	Vacuum Jetter and Trailer	06/01/15	2015	7	4	56,833	18,944	8,119	50%	C	28,416	9,472	4,059
	GIS Database Support & Hosting	09/30/16	2016	3	1	83,823	27,941	27,941	50%	C	41,912	13,971	13,971
	Single Turner Valve Maintenance Trailer	11/30/16	2017	5	4	59,419	10,894	11,884	50%	C	29,710	5,447	5,942
	Crawler Main Line Sewer Camera	01/13/17	2017	7	6	33,494	3,589	4,785	100%	C	33,494	3,589	4,785
	Caterpillar Backhoe Loader	01/26/17	2017	7	6	118,723	12,720	16,960	50%	C	59,362	6,360	8,480
	Wireless Headset	04/26/17	2017	3	2	5,658	943	1,886	50%	C	2,829	472	943
	GIS Database Support and hosting	09/30/18	2018	7	7	35,197	-	419	50%	C	17,599	-	210
	0	01/00/00	0	-	-	-	-	-	100%		-	-	-
* SubTotal	**Asset A/C#: 102 - EQUIPMENT**					1,705,867	271,090	121,594			220,431	45,670	38,907
T	Treatment			T	Treatment						-	-	-
C	Collection			C	Collection						220,431	45,670	38,907
A	Administration			A	Administration						-	-	-
CU	Customer			CU	Customer						-	-	-

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CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

Wastewater Utility -- Existing Assets Depreciation and Rate Base

		Date Acquired	Year Acquired	Total Lifespan Years	Remaining Lifespan Years	Total Asset Original Cost	Total Asset Accum Depr 2017	Total Asset Annual Depr Expense	Percent Wastewater	Wastewater unctionalization	WASTEWATER Utility Original Cost	WASTEWATER Utility Accum Depr	WASTEWATER Utility Annual Depr Expense
	WASTEWATER Existing Rate Base												
	Asset A/C#: 103 - SERVICE AREA (GRWSC)												
	32 SERVICE AREA (GRWSC) WAT	07/11/96	1996	40	18	485,338	257,836	12,133	0%		-	-	-
	GUNTER CCN AZQUI IPPILITO PROPERTY	09/30/04	2004	40	26	30,665	10,030	767	0%		-	-	-
	CCN SERVICE AREA AGREEMENT MARILEE SPECI	05/22/08	2008	40	30	94,403	22,224	2,360	0%		-	-	-
	CCN SERVICE AREA AGREEMENT MARILEE SPECI	07/16/08	2008	40	30	258,240	59,718	6,456	0%		-	-	-
	CCN SERVICE AREA AGREEMENT	04/06/09	2009	40	31	153,875	32,698	3,847	0%		-	-	-
	CCN SERVICE AREA AGREEMENT	01/21/11	2011	40	33	5,535	934	138	0%		-	-	-
	0	01/00/00	0	-	-	-	-	-	100%		-	-	-
* SubTotal	**Asset A/C#: 103 - SERVICE AREA (GRWSC)**					1,028,055	383,440	25,701			-	-	-
T	Treatment			T	Treatment						-	-	-
C	Collection			C	Collection						-	-	-
A	Administration			A	Administration						-	-	-
CU	Customer			CU	Customer						-	-	-
	Asset A/C#: 104 - SEWER LINES												
	25 SEWER LINE EXTENSION	12/01/90	1991	40	13	128,210	84,939	3,205	100%	C	128,210	84,939	3,205
	26 SEWER LINES (SOUTHSIDE - 19	03/31/93	1993	40	15	644,228	394,590	16,106	100%	C	644,228	394,590	16,106
	27 SEWER LINES (WESTSIDE)	04/01/94	1994	40	16	223,699	131,423	5,592	100%	C	223,699	131,423	5,592
	28 SEWER LINES (NORTHSIDE - 19	07/01/95	1995	40	17	497,089	276,506	12,427	100%	C	497,089	276,506	12,427
	29 SEWER LINES (NORTHSIDE)	10/01/95	1996	40	18	2,800	1,540	70	100%	C	2,800	1,540	70
	30 SEWER LINES (MID-TOWN 199	08/15/96	1998	40	20	377,833	181,045	9,446	100%	C	377,833	181,045	9,446
	31 SEWER LINES (MID-TOWN-199)	10/01/98	1999	40	21	1,628	773	41	100%	C	1,628	773	41
	35 SEWER LINES-HIGHPOINT EST	08/15/00	2000	40	22	87,896	37,722	2,197	100%	C	87,896	37,722	2,197
	CARTER RANCH 12 OAKS	09/30/04	2004	40	26	330,378	108,061	8,259	100%	C	330,378	108,061	8,259
	CARTER RANCH NE/SE HIG	09/30/04	2004	40	26	259,848	84,992	6,496	100%	C	259,848	84,992	6,496
	CISD SEWER LINE	07/31/08	2008	40	30	1,168,348	276,316	29,209	100%	C	1,168,348	276,316	29,209
	Southeast Sector Sewer Line	07/31/17	2017	40	39	11,150,493	69,374	278,762	100%	C	11,150,493	69,374	278,762
	Creeks of Legacy Phase 2b - Sewer	10/01/17	2018	40	40	188,205	-	4,705	100%	C	188,205	-	4,705
	Creeks of Legacy Phase 2c - Sewer	10/02/17	2018	40	40	102,207	-	2,555	100%	C	102,207	-	2,555
	Ownsby Farms - Sewer	04/26/18	2018	40	40	699,112	-	8,739	100%	C	699,112	-	8,739
	Lilyana 2A-1 - Sewer	04/27/18	2018	40	40	196,602	-	2,458	100%	C	196,602	-	2,458
	Creeks of Legacy West Phase 1 - Sewer	09/13/18	2018	40	40	570,405	-	1,188	100%	C	570,405	-	1,188
	SE Sector Sewer Line to PAWC	09/30/18	2018	40	40	1,815,801	-	3,783	100%	C	1,815,801	-	3,783
	0	01/00/00	0	-	-	-	-	-	100%		-	-	-
* SubTotal	**Asset A/C#: 104 - SEWER LINES**					18,444,782	1,647,280	395,239			18,444,782	1,647,280	395,239
T	Treatment			T	Treatment						-	-	-
C	Collection			C	Collection						18,444,782	1,647,280	395,239
A	Administration			A	Administration						-	-	-
CU	Customer			CU	Customer						-	-	-

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CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

		Date Acquired	Year Acquired	Total Lifespan Years	Remaining Lifespan Years	Total Asset Original Cost	Total Asset Accum Depr 2017	Total Asset Annual Depr Expense	Percent Wastewater	Wastewater unctionalization	WASTEWATER Utility Original Cost	WASTEWATER Utility Accum Depr	WASTEWATER Utility Annual Depr Expense
Wastewater Utility -- Existing Assets Depreciation and Rate Base													
WASTEWATER Existing Rate Base													
Asset A/C#: 105 - SEWER PLANT													
23 SEWER PLANT (EPA PROJECT)		10/01/88	1989	40	11	1,255,088	909,939	31,377	100%	T	1,255,088	909,939	31,377
24 LIFT STATION		01/01/96	1996	40	18	26,500	14,409	663	100%	T	26,500	14,409	663
43 SEWER PLANT EXPANSION - T		10/01/02	2003	40	25	1,232,644	462,241	30,816	100%	T	1,232,644	462,241	30,816
WWTP SEWER PLANT EXP 04		09/30/04	2004	40	26	238,677	-	-	100%	T	238,677	-	-
WATER CAUSTIC TREATMENT		09/30/06	2006	40	28	1,940	538	49	100%	T	1,940	538	49
2005 TCDP SEWER REHAB		09/30/06	2006	40	28	308,488	85,477	7,712	100%	T	308,488	85,477	7,712
2005 TCDP LIFT STATION REBUILD		09/30/07	2007	40	29	21,553	5,433	539	100%	T	21,553	5,433	539
UTRWD		10/01/09	2010	40	32	231,951	46,390	5,799	100%	T	231,951	46,390	5,799
UTRWD		09/30/11	2011	40	33	86,905	13,217	2,173	100%	T	86,905	13,217	2,173
Sewer Plant Improvement TWDB PROJECT		09/01/14	2014	25	21	2,221,711	275,699	88,868	100%	T	2,221,711	275,699	88,868
Doe Branch Regional Sewer Plant Main Trunk		10/01/15	2016	40	38	95,813	4,791	2,395	100%	T	95,813	4,791	2,395
0		01/00/00	0	-	-	-	-	-	100%		-	-	-
* SubTotal **Asset A/C#: 105 - SEWER PLANT**						5,721,270	1,818,133	170,391			5,721,270	1,818,133	170,391
T Treatment				T	Treatment						5,721,270	1,818,133	170,391
C Collection				C	Collection						-	-	-
A Administration				A	Administration						-	-	-
CU Customer				CU	Customer						-	-	-
Asset A/C#: 106 - VEHICLES													
2006 Ford F-750 DUMP TRUCK		11/20/06	2007	5	-	49,891	49,891	-	50%	C	24,946	24,946	-
2008 Ford F250 Utility Truck		07/01/12	2012	5	-	12,000	12,000	-	50%	C	6,000	6,000	-
2013 Chevy 2500 Crew Cab		10/24/12	2013	5	-	43,439	43,439	-	50%	C	21,719	21,719	-
2014 Ford F-250		07/01/14	2014	5	1	18,974	12,333	3,795	50%	C	9,487	6,167	1,897
2015 Chevy 1500 pickup G53216 Sewer		08/06/15	2015	5	2	31,862	13,807	6,372	100%	C	31,862	13,807	6,372
2015 Chevrolet 1500 pickup G192609 Water		08/06/15	2015	5	2	30,043	13,019	6,009	0%		-	-	-
2015 Chevrolet 1500 Pickup Water		08/06/15	2015	5	2	30,043	13,019	6,009	0%		-	-	-
2016 Chevrolet Silverado G108101		12/17/15	2016	5	3	29,300	10,743	5,860	50%	C	14,650	5,372	2,930
2016 Chevrolet Silverado G108089		12/17/15	2016	5	3	29,300	10,743	5,860	50%	C	14,650	5,372	2,930
Ford Transit Van VIN 1287088		11/01/16	2017	5	4	23,626	4,331	4,725	50%	C	11,813	2,166	2,363
Ford Transit Van VIN 1287452		11/01/16	2017	5	4	23,626	4,331	4,725	50%	C	11,813	2,166	2,363
Ford Transit Van VIN 1252848		11/01/16	2017	5	4	23,818	4,367	4,764	50%	C	11,909	2,183	2,382
2016 Chevy Silverado 3500 VIN GZ160642		11/28/16	2017	5	4	40,586	7,441	8,117	50%	C	20,293	3,720	4,059
2016 Chevy 3500 Silverado VIN GZ101612		11/28/16	2017	5	4	40,161	7,363	8,032	50%	C	20,081	3,681	4,016
2017 Chevy Silverado VIN 292616		05/15/17	2017	5	4	27,450	2,288	5,490	50%	C	13,725	1,144	2,745
2018 Peterbilt JM458011 Vacuum Camera Truck		08/17/17	2017	7	6	373,794	8,900	53,399	50%	C	186,897	4,450	26,700
2017 Silverado 1500 VIN: 4JZ101232		12/20/17	2018	5	5	32,335	-	5,389	50%	C	16,168	-	2,695
0		01/00/00	0	-	-	-	-	-	100%		-	-	-
* SubTotal **Asset A/C#: 106 - VEHICLES**						860,248	218,014	128,546			416,012	102,892	61,451
T Treatment				T	Treatment						-	-	-
C Collection				C	Collection						416,012	102,892	61,451
A Administration				A	Administration						-	-	-
CU Customer				CU	Customer						-	-	-

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CITY OF CELINA
WATER/WASTEWATER COST OF SERVICE MODEL

Wastewater Utility -- Existing Assets Depreciation and Rate Base

		Date Acquired	Year Acquired	Total Lifespan Years	Remaining Lifespan Years	Total Asset Original Cost	Total Asset Accum Depr 2017	Total Asset Annual Depr Expense	Percent Wastewater	Wastewater unctionalization	WASTEWATER Utility Original Cost	WASTEWATER Utility Accum Depr	WASTEWATER Utility Annual Depr Expense
WASTEWATER Existing Rate Base													
Asset A/C#: 107 - W & S BUILDING													
	17 W & S BUILDING (1/2 W, 1/2 S)	03/31/93	1993	40	15	43,769	26,808	1,094	50%	T	21,885	13,404	547
	0	01/00/00	0	-	-	-	-	-	100%		-	-	-
• SubTotal	**Asset A/C#: 107 - W & S BUILDING**					43,769	26,808	1,094			21,885	13,404	547
T	Treatment			T	Treatment						21,885	13,404	547
C	Collection			C	Collection						-	-	-
A	Administration			A	Administration						-	-	-
CU	Customer			CU	Customer						-	-	-
Asset A/C#: 108 - WATER LINES													
	33 WATER LINES (1998 TDCA GRA	01/01/99	1999	40	21	352,611	165,287	8,815	0%		-	-	-
	41 WATER LINES - PRESTON 455	06/30/01	2001	40	23	9,750	3,961	244	0%		-	-	-
	42 DANVILLE WATER LINES	09/30/01	2001	20	3	300,000	240,000	15,000	0%		-	-	-
	44 WATER LINES - TXI	04/01/02	2002	40	24	84,149	32,608	2,104	0%		-	-	-
	45 WATER LINES - TDCA	10/01/02	2003	40	25	11,100	4,163	278	0%		-	-	-
	RELOCATE WILSON CREEK LINE	09/30/03	2003	40	25	18,870	6,604	472	0%		-	-	-
	CARTER RANCH WATERLINE	09/30/04	2004	40	26	196,614	64,309	4,915	0%		-	-	-
	18' WATER LINE DOWNTOWN PUMP STATION	09/30/04	2004	40	26	1,377,559	450,577	34,439	0%		-	-	-
	OLD PUMPSTATION TO SH 289	09/30/04	2004	40	26	12,721	4,161	318	0%		-	-	-
	N PRESTON LAKES WATERLINE	09/30/04	2004	40	26	1,164,682	291,171	29,117	0%		-	-	-
	WATER/SEWER LINE	09/30/04	2004	40	26	210,215	68,758	5,255	0%		-	-	-
	WATER CCN ACQUISITION	09/30/04	2004	40	26	56,736	18,557	1,418	0%		-	-	-
	GROUND STORAGE 1MGD CELINA RD	09/30/04	2004	7	-	382,481	382,481	-	0%		-	-	-
	DOWNTOWN PUMP STATION	09/30/04	2004	40	26	1,012,780	331,263	25,319	0%		-	-	-
	PUMP STATION 12 OAKS	09/30/04	2004	40	26	49,148	16,075	1,229	0%		-	-	-
	UTRWD PUMP STATION	09/30/04	2004	40	26	1,322,574	432,592	33,064	0%		-	-	-
	DANVILLE TAKEOVER	09/30/04	2004	40	26	530,364	159,109	13,259	0%		-	-	-
	KENTUCY WATER LINE UPGRADE	07/31/05	2005	40	27	12,420	3,804	311	0%		-	-	-
	WATER/SEWER LINE - DICKERSON	09/30/06	2006	40	28	31,048	8,538	776	0%		-	-	-
	ORCA GRANT WATERLINE REHAB	01/06/09	2009	40	31	529,389	115,804	13,235	0%		-	-	-
	Marilee SUD Hwy 289 and FM 455 section	04/01/12	2012	35	29	76,983	12,097	2,200	0%		-	-	-
	Light Farms Water Tower Project	06/02/15	2012	40	34	3,248,102	189,473	81,203	0%		-	-	-
	Southeast Sector Water Line	07/31/17	2017	40	39	3,941,909	24,637	98,548	0%		-	-	-
	Creeks of Legacy Phase 2b - Water	10/01/17	2018	40	40	136,660	-	3,417	0%		-	-	-
	Creeks of Legacy Phase 2C - Water	10/02/17	2018	40	40	142,622	-	3,566	0%		-	-	-
	Ownsby Farms - Water	04/27/18	2018	40	40	570,725	-	7,134	0%		-	-	-
	Lilyana 2A-1 - Water	07/18/18	2018	40	40	255,105	-	1,594	0%		-	-	-
	Creeks of Legacy West Phase 1 - Water	09/13/18	2018	40	40	571,225	-	1,190	0%		-	-	-
	Downtown Rehab Water Project	09/30/18	2018	40	40	505,193	-	1,052	0%		-	-	-
	0	01/00/00	0	-	-	-	-	-	100%		-	-	-
• SubTotal	**Asset A/C#: 108 - WATER LINES**					17,113,734	3,026,028	389,471			-	-	-
T	Treatment			T	Treatment						-	-	-
C	Collection			C	Collection						-	-	-
A	Administration			A	Administration						-	-	-
CU	Customer			CU	Customer						-	-	-