



Control Number: 49225



Item Number: 71

Addendum StartPage: 0

**SOAH DOCKET NO. 473-20-1554.WS  
DOCKET NO. 49225**

<b>PETITION BY OUTSIDE CITY RATEPAYERS APPEALING THE WATER RATES ESTABLISHED BY THE CITY OF CELINA</b>	§ § § §	<b>PUBLIC UTILITY COMMISSION  OF TEXAS</b>
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**CITY OF CELINA'S RESPONSES TO OUTSIDE CITY RATEPAYERS'  
FIRST REQUEST FOR INFORMATION**

Now comes CITY OF CELINA ("CELINA" or "City") and serves its Responses to the Outside City Ratepayers' First Request for Information.

These responses are timely filed. CELINA stipulates that 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,

**DAVIDSON TROILO REAM & GARZA, P.C.**  
919 Congress Avenue, Suite 810  
Austin, Texas 78701  
Telephone: (512) 469-6006  
Facsimile: (512) 473-2159

By: \_\_\_\_\_  
Scott Smyth  
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**ATTORNEYS FOR CITY OF CELINA**

**CERTIFICATE OF SERVICE**

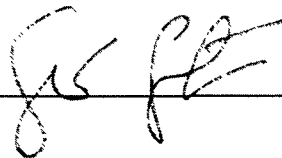
I hereby certify that a copy of the foregoing document has been served on all parties of record on this 26<sup>th</sup> day of March, 2020, in accordance with 16 Tex. Admin. Code § 22.74.

Randall B. Wilburn  
Helen S. Gilbert  
Gilbert Wilburn, PLLC  
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Austin, TX 78711  
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\_\_\_\_\_  
Scott Smyth

A handwritten signature in black ink, appearing to be 'JS' followed by a stylized flourish, written over a horizontal line.

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

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'**  
**FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-1**

Ratepayers' 1-1.      Please provide the legal theories and, in general, the factual bases of your claims or defenses

**Response**

The City has filed its direct testimony in this case which provides the City's response to this question. Also, please see the attached workpapers of Dan V. Jackson, Willdan Financial.

Sponsor: Jason Laumar, Dan V. Jackson

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<b>THE CITY OF CELINA</b>	§	<b>OF TEXAS</b>

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'**  
**FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-2**

Ratepayers' 1-2.      Please provide the name, address, and telephone number of persons having knowledge of relevant facts, and a brief statement of each identified person's connection with the Application.

**Response:**

Jason Laumar  
City Hall  
142 North Ohio Street  
Celina, TX 75009  
972-382-2682  
Mr. Laumar is the City Manager for the City of Celina.

Dan V. Jackson  
Willdan Financial Services  
5500 Democracy Drive, Suite 130  
Plano, TX 75024  
972-378-6588  
Mr. Jackson is a consultant hired by the City.

Jason Gray  
JDGray Group LLC  
11625 Custer Road  
Suite 110-281  
Frisco, Texas 75035  
972-885-6472  
Mr. Gray is a consultant hired by the City.

Mayor Sean Terry  
Mayor Pro Tem Chad Anderson  
Councilman Justin Steiner  
Councilman Wayne Nabors  
Councilman Andy Hopkins  
Councilwoman Carmen Roberts  
Councilwoman Mindy Koehn  
City Secretary Vicki Tarrant  
Director of Finance Jay Toutounchian  
Director of Engineering Kimberly Brawner  
Asst. Director of Engineering Andy Glasgow  
Public Works Administrative Assistant Kamye Pemberton  
Utility Billing Clerk Amy Kuehn  
Utility Bill Clerk Yuli Gurrola  
The persons who have held the above-listed positions since 2000 to present.

Each of the above persons may have knowledge of facts relating to the Application. Each of the above persons are connected to the application because their respective duties of office and job description may require them to make decision or to gather, review, and store data and information that may relate to the application.

The address for each of the persons listed above by name is at the Celina City Hall, 142 N. Ohio Street, Celina, TX 75009. The name and address of persons formerly holding the positions listed above are not readily known at this time.

Sponsor: Jason Laumar

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<b>PETITION BY OUTSIDE CITY RATEPAYERS APPEALING THE WATER RATES ESTABLISHED BY THE CITY OF CELINA</b>	<b>§ § § §</b>	<b>PUBLIC UTILITY COMMISSION   OF TEXAS</b>
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**CITY OF CELINA'S RESPONSE TO RATEPAYERS'  
FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-3**

- Ratepayers' 1-3. Please provide the following information for any testifying expert:
- (1) the expert's name, address, and telephone number;
  - (2) the subject matter on which the expert will testify;
  - (3) the general substance of the expert's mental impressions and opinions and a brief summary of the basis for them, or if the expert is not retained by, employed by, or otherwise subject to the control of the responding party, documents reflecting such information;
  - (4) if the expert is retained by, employed by, or otherwise subject to the control of the responding party:
    - (A) all documents, tangible things, reports, models, or data compilations that have been provided to, reviewed by, or prepared by or for the expert in anticipation of the expert's testimony; and
    - B) the expert's current resume and bibliography.

**Response:**

See response to Ratepayers' 1-2, the direct testimony and exhibits filed by the City in this case, and the attached workpapers of Dan V. Jackson, Willdan Financial.

Sponsor: Jason Laumar, Dan V. Jackson

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<b>PETITION BY OUTSIDE CITY</b>	§	
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<b>THE CITY OF CELINA</b>	§	<b>OF TEXAS</b>

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'  
FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-4**

Ratepayers' 1-4      Please identify all documents you intend to introduce as exhibits at the hearing on the merits

**Response:**

See the direct testimony of the City filed in this case. The determination for any other documents has not been made and will be made during the course of the hearing on the merits.

Sponsor: Jason Laumar

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

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'**  
**FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-5**

Ratepayers' 1-5. Please identify all persons you intend to call as fact witnesses at the hearing on the merits, including their title, employer, address, telephone number, and a brief statement of the subject of their testimony.

**Response:**

See direct testimony of the City filed in this case.

Sponsor: Jason Laumar



**SOAH DOCKET NO. 473-20-1554.WS  
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<b>PETITION BY OUTSIDE CITY</b>	<b>§</b>	
<b>RATEPAYERS APPEALING THE</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>WATER RATES ESTABLISHED BY</b>	<b>§</b>	
<b>THE CITY OF CELINA</b>	<b>§</b>	<b>OF TEXAS</b>

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'  
FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-6**

Ratepayers 1-6.      Please produce all documents relevant to this matter that were provided, reviewed, or created by or relied upon by any consulting witness

**Response:**

Please see the City's direct testimony filed in this case and the attached workpapers of Dan V. Jackson, Willdan Financial.

Sponsor: Dan V Jackson

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PETITION BY OUTSIDE CITY	§	
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THE CITY OF CELINA	§	OF TEXAS

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'**  
**FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-7**

Ratepayers' 1-7. Please produce any resumes or *curriculum vitae*, if any, for any persons you intend to call as fact witnesses.

**Response:**

See direct testimony of the City filed in this case.

Sponsor: Jason Laumar

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<b>PETITION BY OUTSIDE CITY</b>	<b>§</b>	
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<b>WATER RATES ESTABLISHED BY</b>	<b>§</b>	
<b>THE CITY OF CELINA</b>	<b>§</b>	<b>OF TEXAS</b>

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'  
FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-8**

Ratepayers' 1-8      Please describe in detail all information available to the City Council regarding the rates that are the subject of the Petition.

**Response:**

The City had engaged the consulting services of Willdan Financial to ascertain their financial needs regarding water and wastewater service. The workpapers of Dan V. Jackson, Willdan Financial, and the PowerPoints used at City Council meetings also attached constitute the relevant documents responsive to this request

Sponsor: Dan V. Jackson, Jason Laumar

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

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'**  
**FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-9**

Ratepayers' 1-9.      Please identify and produce all documents available to the City Council regarding the rates that are the subject of the Petition.

**Response:**

The City had engaged the consulting services of Willdan Financial to ascertain their financial needs regarding water and wastewater service. The workpapers of Dan V. Jackson, Willdan Financial, and the PowerPoints used at City Council meetings also attached constitute the relevant documents responsive to this request

Sponsor: Dan V. Jackson, Jason Laumar

**SOAH DOCKET NO. 473-20-1554.WS  
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<b>PETITION BY OUTSIDE CITY</b>	§	
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**CITY OF CELINA'S RESPONSE TO RATEPAYERS'  
FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-10**

Ratepayers' 1-10. Please produce all recordings of and documents related to the recordings for any portion of any of City's meetings of its City Council related to the Petition.

**Response:**

The recordings of the City Council's deliberations on this matter are provided as MP3 files electronically via CD ROM for the following:

- 4/10/2018 (Willdan Company hired to do rate study)
- 10/09/2018 (Willdan presented rate study to Council)
- 11/13/2018 (new rates ordinance passed)
- 3/19/19 (rate correction ordinance passed)

For agendas and meeting minutes of these meetings, please use the following link:

<http://celinacitytx.igmi2.com/Citizens/Default.aspx>

Sponsor: Jason Laumar

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THE CITY OF CELINA	§	OF TEXAS

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'**  
**FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-11**

Ratepayers' 1-11      Please identify and produce all documents discussed at any City Council meetings related to the Petition.

**Response:**

Please see the response to Ratepayers' 1-10 and presentations of Dan V. Jackson included in the workpapers of Dan V. Jackson, Willdan Financial.

Sponsor: Jason Laumar, Dan V. Jackson

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

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'  
FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-12**

Ratepayers' 1-12      Please identify and produce all documents discussed at any meetings between or among City staff or any consultants related to the Petition

**Response:**

Please see response to Ratepayers' 1-11.

Sponsor: Jason Laumar, Dan V. Jackson

SOAH DOCKET NO. 473-20-1554.WS  
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PETITION BY OUTSIDE CITY §  
RATEPAYERS APPEALING THE § PUBLIC UTILITY COMMISSION  
WATER RATES ESTABLISHED BY §  
THE CITY OF CELINA § OF TEXAS

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'**  
**FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-13**

Ratepayers' 1-13. Please produce all recordings of and documents related to the recordings for any portion of any City Council meetings related to the water rates effective March 19, 2019.

**Response:**

Please see response to Ratepayers' 1-11.

Sponsor: Jason Laumar, Dan V. Jackson



SOAH DOCKET NO. 473-20-1554.WS  
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PETITION BY OUTSIDE CITY	§	
RATEPAYERS APPEALING THE	§	PUBLIC UTILITY COMMISSION
WATER RATES ESTABLISHED BY	§	
THE CITY OF CELINA	§	OF TEXAS

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'**  
**FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-14**

Ratepayers' 1-14 Please identify and produce all documents discussed at any City Council meetings related to the water rates effective March 19, 2019.

**Response:**

Please see response to Ratepayers' 1-11.

Sponsor: Jason Laumar, Dan V Jackson

SOAH DOCKET NO. 473-20-1554.WS  
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PETITION BY OUTSIDE CITY                    §  
RATEPAYERS APPEALING THE                §        PUBLIC UTILITY COMMISSION  
WATER RATES ESTABLISHED BY            §  
THE CITY OF CELINA                        §                        OF TEXAS

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'**  
**FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-15**

Ratepayers' 1-15.     Please identify and produce all documents discussed at any meetings  
between or among City staff or any consultants related to the water rates  
effective March 19, 2019

**Response:**

Please see response to Ratepayers' 1-11.

Sponsor. Jason Laumar, Dan V. Jackson

**SOAH DOCKET NO. 473-20-1554.WS  
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<b>PETITION BY OUTSIDE CITY</b>	<b>§</b>	
<b>RATEPAYERS APPEALING THE</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
<b>WATER RATES ESTABLISHED BY</b>	<b>§</b>	
<b>THE CITY OF CELINA</b>	<b>§</b>	<b>OF TEXAS</b>

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'  
FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-16**

Ratepayers' 1-16. Please produce all recordings of and documents related to the recordings for any portion of any City Council meetings related to the wastewater rates effective March 19, 2019.

**Response:**

Please see response to Ratepayers' 1-11

Sponsor: Jason Laumar, Dan V. Jackson

**SOAH DOCKET NO. 473-20-1554.WS  
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<b>PETITION BY OUTSIDE CITY RATEPAYERS APPEALING THE WATER RATES ESTABLISHED BY THE CITY OF CELINA</b>	<b>§ § § §</b>	<b>PUBLIC UTILITY COMMISSION   OF TEXAS</b>
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**CITY OF CELINA'S RESPONSE TO RATEPAYERS'  
FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-17**

Ratepayers' 1-17. Please identify and produce all documents discussed at any City Council meetings related to the wastewater rates effective March 19, 2019

**Response:**

Please see response to Ratepayers' 1-11

Sponsor: Jason Laumar, Dan V Jackson

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<b>PETITION BY OUTSIDE CITY</b>	<b>§</b>	
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<b>THE CITY OF CELINA</b>	<b>§</b>	<b>OF TEXAS</b>

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'  
FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-18**

Ratepayers' 1-18      Please identify and produce all documents discussed at any meetings between or among City staff or any consultants related to the wastewater rates effective March 19, 2019.

**Response:**

Please see response to Ratepayers' 1-11.

Sponsor: Jason Laumar, Dan V. Jackson

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PETITION BY OUTSIDE CITY	§	
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THE CITY OF CELINA	§	OF TEXAS

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'**  
**FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-19**

Ratepayers' 1-19. Please produce the working Excel spreadsheets in unlocked, editable form, used to develop the water rates that went into effect March 19, 2019 with all formulae and links intact.

**Response:**

The Excel spreadsheet with formulae and links intact contained in the testimony of Dan V. Jackson is provided electronically via CD ROM

Sponsor. Dan V Jackson

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<b>WATER RATES ESTABLISHED BY</b>	<b>§</b>	
<b>THE CITY OF CELINA</b>	<b>§</b>	<b>OF TEXAS</b>

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'**  
**FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-20**

Ratepayers' 1-20.      Please produce all Excel spreadsheets and other documents that are linked to the document described in Ratepayers' Request to City 1-19 with all formulae and links intact and in unlocked and editable form and any other linked spreadsheets and documents

**Response:**

The Excel spreadsheet with formulae and links intact contained in the testimony of Dan V. Jackson is provided electronically via CD ROM.

Sponsor: Dan V Jackson

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

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'**  
**FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-21**

Ratepayers' 1-21. Please produce the working Excel spreadsheets in unlocked, editable form, used to develop the wastewater rates that went into effect March 19, 2019 with all formulae and links intact

**Response:**

The Excel spreadsheet with formulae and links intact contained in the testimony of Dan V. Jackson is provided electronically via CD ROM.

Sponsor: Dan V Jackson



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**CITY OF CELINA'S RESPONSE TO RATEPAYERS'  
FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-22**

Ratepayers' 1-22.      Please produce all Excel spreadsheets and other documents that are linked to the document described in Ratepayers' Request to City 1-21 with all formulae and links intact and in unlocked and editable form and any other linked spreadsheets and documents.

**Response:**

The Excel spreadsheet with formulae and links intact contained in the testimony of Dan V Jackson is provided electronically via CD ROM.

Sponsor: Dan V Jackson

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PETITION BY OUTSIDE CITY	§	
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**CITY OF CELINA'S RESPONSE TO RATEPAYERS'**  
**FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-23**

Ratepayers' 1.23. Identify all persons who assisted in the preparation of the answers to the foregoing Requests.

**Response:**

Jason Laumar, Dan V. Jackson

Sponsor. Jason Laumar, Dan V. Jackson

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<b>PETITION BY OUTSIDE CITY</b>	<b>§</b>	
<b>RATEPAYERS APPEALING THE</b>	<b>§</b>	<b>PUBLIC UTILITY COMMISSION</b>
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<b>THE CITY OF CELINA</b>	<b>§</b>	<b>OF TEXAS</b>

**CITY OF CELINA'S RESPONSE TO RATEPAYERS'  
FIRST REQUEST FOR INFORMATION**

**REQUEST FOR INFORMATION RATEPAYERS' 1-24**

Ratepayers' 1-24.      Please produce all documents relied upon in preparing answers to the foregoing Requests

**Response:**

Please see the direct testimony and the attached workpapers of Dan V. Jackson and responses to Ratepayers' 1-11 .

Sponsor: Jason Laumar, Dan V. Jackson



## **City of Celina**

### **2018 Water and Wastewater**

### **Rate Study and Financial Forecast**

### **Staff Work Session**



**July 2018**

# Facts about Water and WW Rates in the 21<sup>st</sup> Century



- Average utility has been increasing rates 5-6% per year; trend expected to continue
- Rate adjustments are primarily due to reasons beyond a utility's control – inflation, system replacement, etc.
- 30-40% of utilities currently charge rates that do not cover their costs
- General rule: a utility can have low rates or high quality service but NOT both!

**028**

# City of Celina Current Water Rate Structure



Minimum Charge by Meter Size	3/4"	\$ 23.15
(Includes 2,000 Gallons in Base)	1"	38.93
	1 1/2"	77.87
	2"	124.59

Volume Rate (per 1,000 Gallons)		
2,001 10,000	\$	5.06
10,001 20,000		7.66
20,001 30,000		9.02
30,001 Above		13.02

Minimum Charge by Meter Size	3/4"	\$ 27.81
(Includes 2,000 Gallons in Base)	1"	48.67
	1 1/2"	97.34
	2"	155.74
	3"	233.60
	4"	389.34

Volume Rate (per 1,000 Gallons)		
2,001 10,000	\$	5.06
10,001 20,000		7.66
20,001 30,000		9.02
30,001 Above		13.02

## Residential Rates

Minimum Charge	3/4"	\$ 21.50
(Includes 2,000 Gallons in Base)	1"	38.63
	1 1/2"	72.10
	2"	123.60

Volume Rate (per 1,000 Gallons)	\$ 5.84
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\* Volumes are capped at 14,000 monthly water use

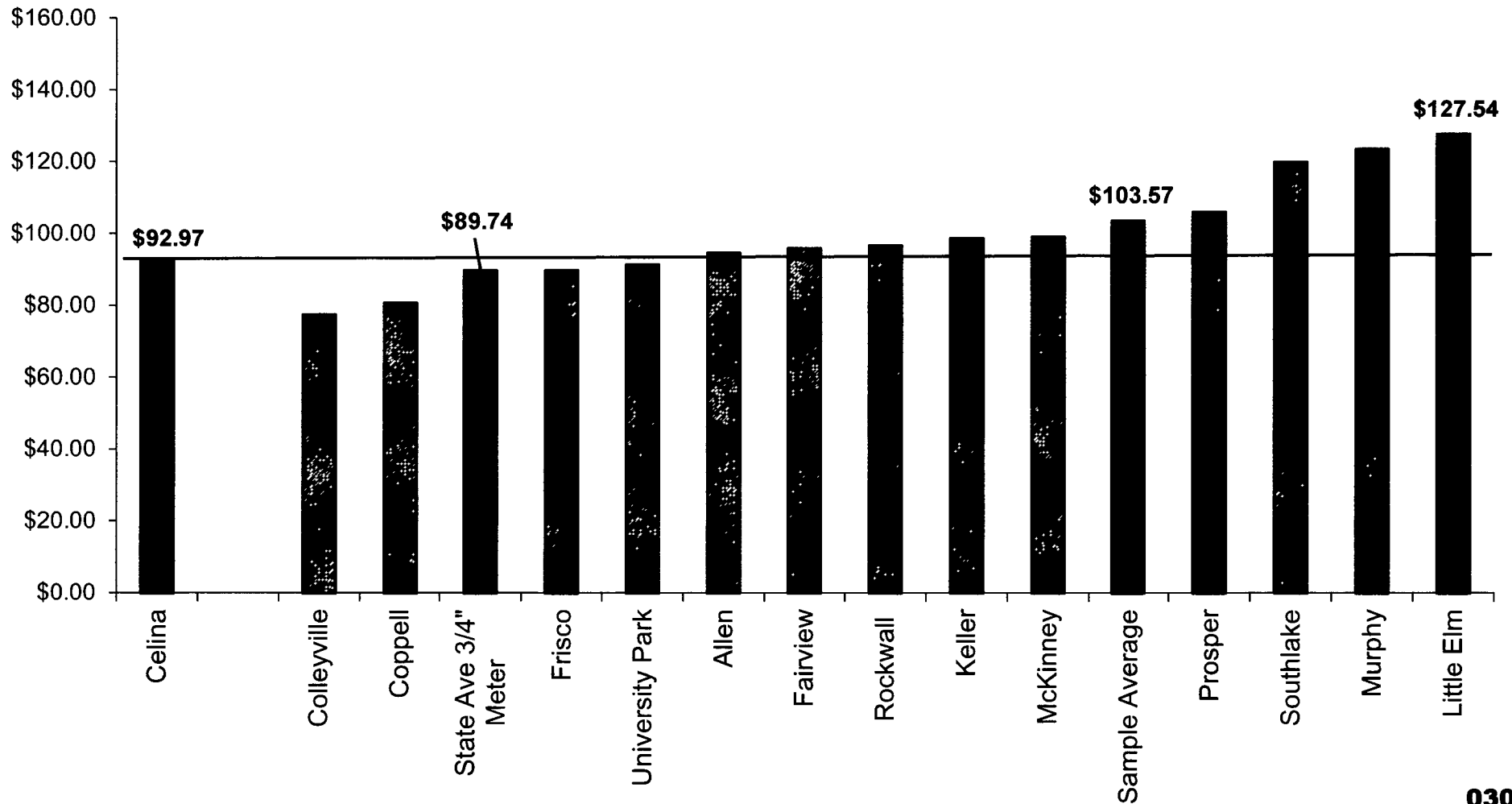
## Commercial Rates

Minimum Charge by Meter Size	3/4"	\$ 25.75
(Includes 2,000 Gallons in Base)	1"	48.29
	1 1/2"	90.13
	2"	154.50
	4"	386.25

Volume Rate (per 1,000 Gallons)	\$ 5.84
---------------------------------	---------

029

# Monthly Residential Charge Comparison 5,000 Gal Water/WW



030

# Current Water and Wastewater Accounts



## WATER Customer Accounts

Residential	3,611
Residential Outside	1,211
Commercial	241
Commercial Outside	<u>28</u>
<b>Total Accounts</b>	<b>5,090</b>

## WASTEWATER Customer Accounts

Residential	4,208
Residential Outside	1
Commercial	146
Commercial Outside	<u>1</u>
<b>Total Accounts</b>	<b>4,356</b>

031



# Service Area Forecast Population Growth

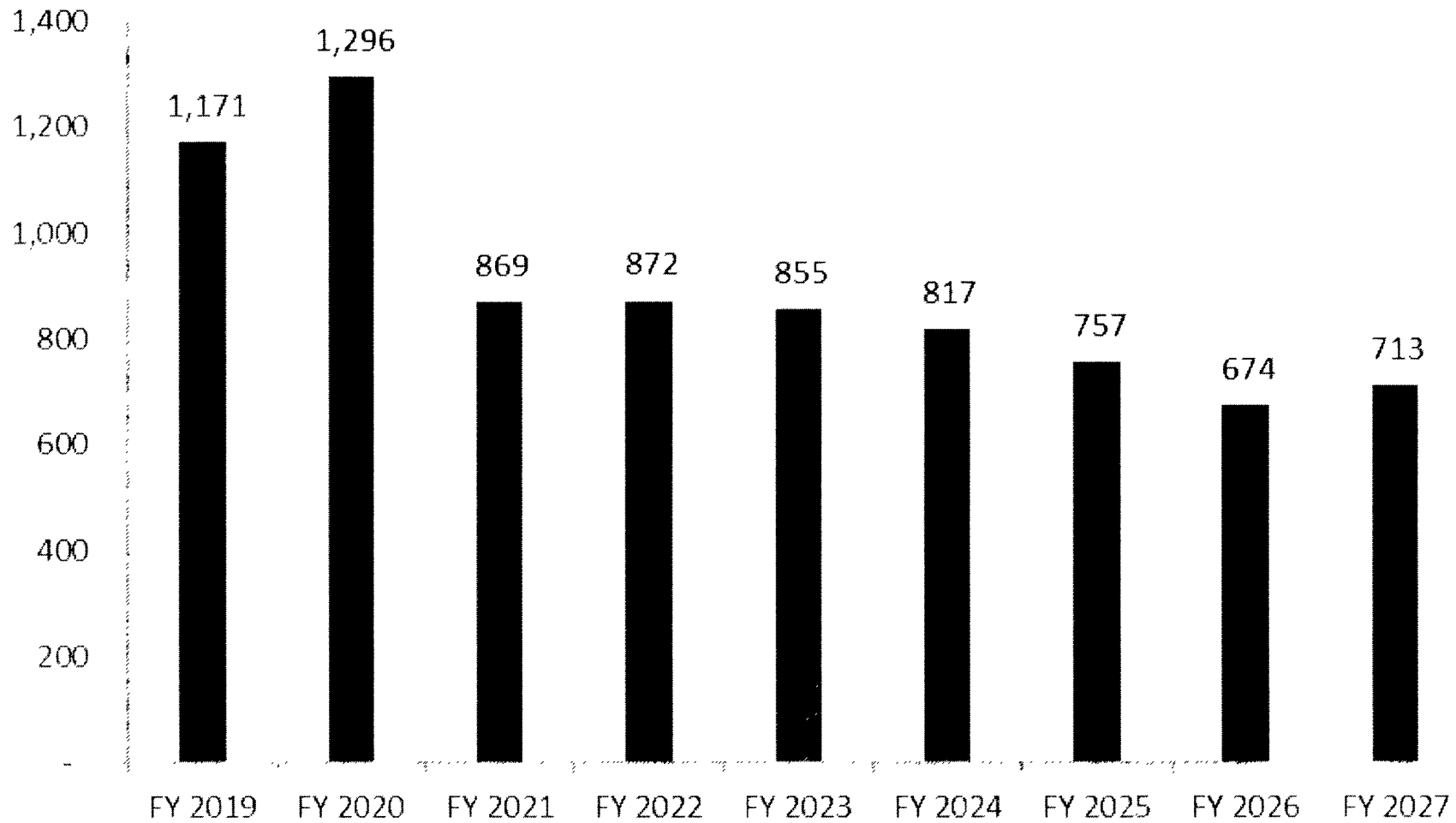


	<u>Population</u>	<u>Total Increase</u>	
		<u>Actual</u>	<u>Percent</u>
2018	20,410		
2019	25,076	4,666	22.9%
2020	31,306	6,230	24.8%
2021	38,025	6,719	21.5%
2022	45,286	7,261	19.1%

Source: City of Celina

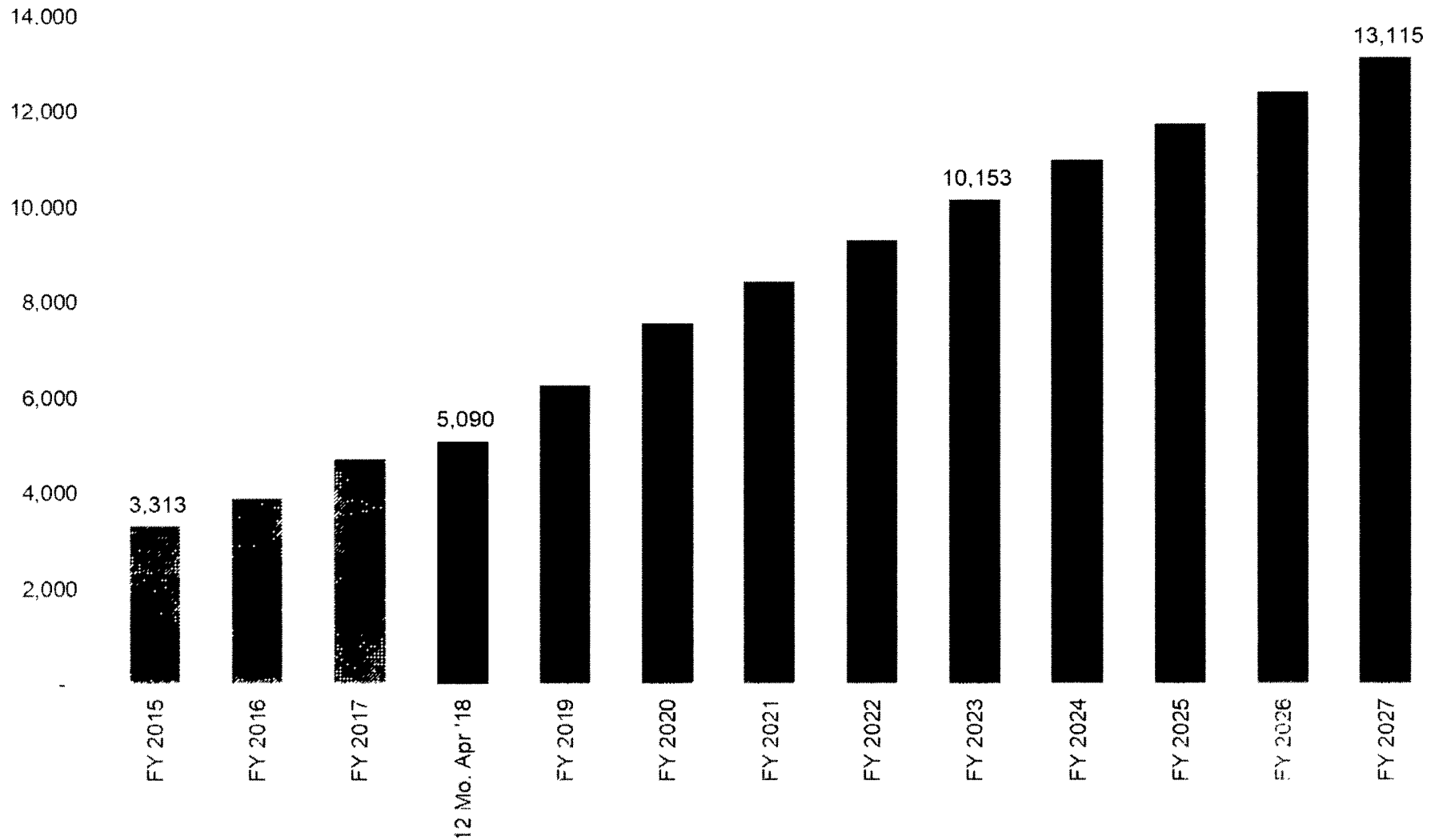
**032**

# Forecast Annual New Water Accounts



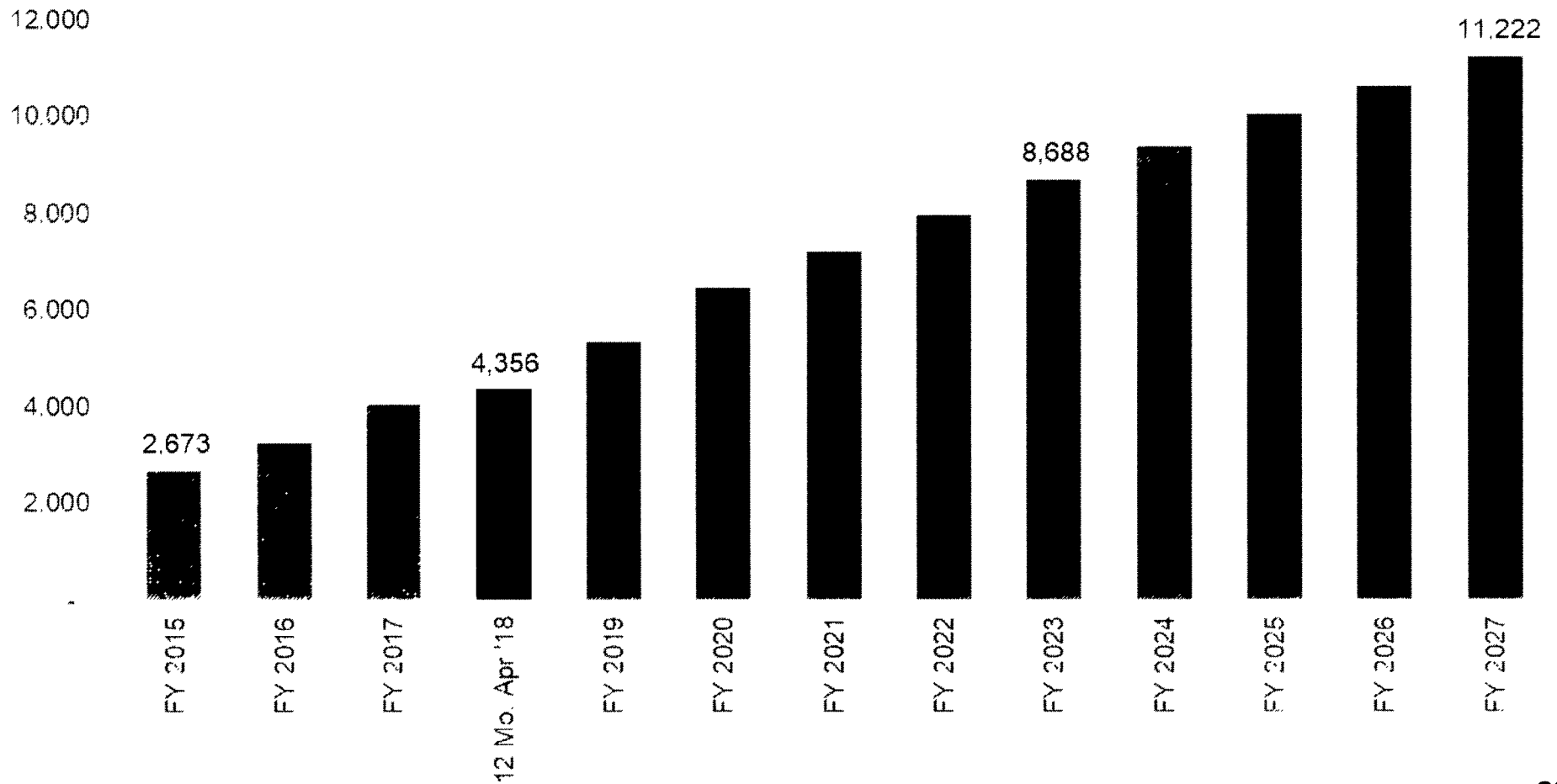
<b>Percent Inc</b>	<b>23.0%</b>	<b>20.7%</b>	<b>11.5%</b>	<b>10.3%</b>	<b>9.2%</b>	<b>8.1%</b>	<b>6.9%</b>	<b>5.8%</b>	<b>5.8%</b>	<b>033</b>
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# Actual and Forecast Total Water Accounts



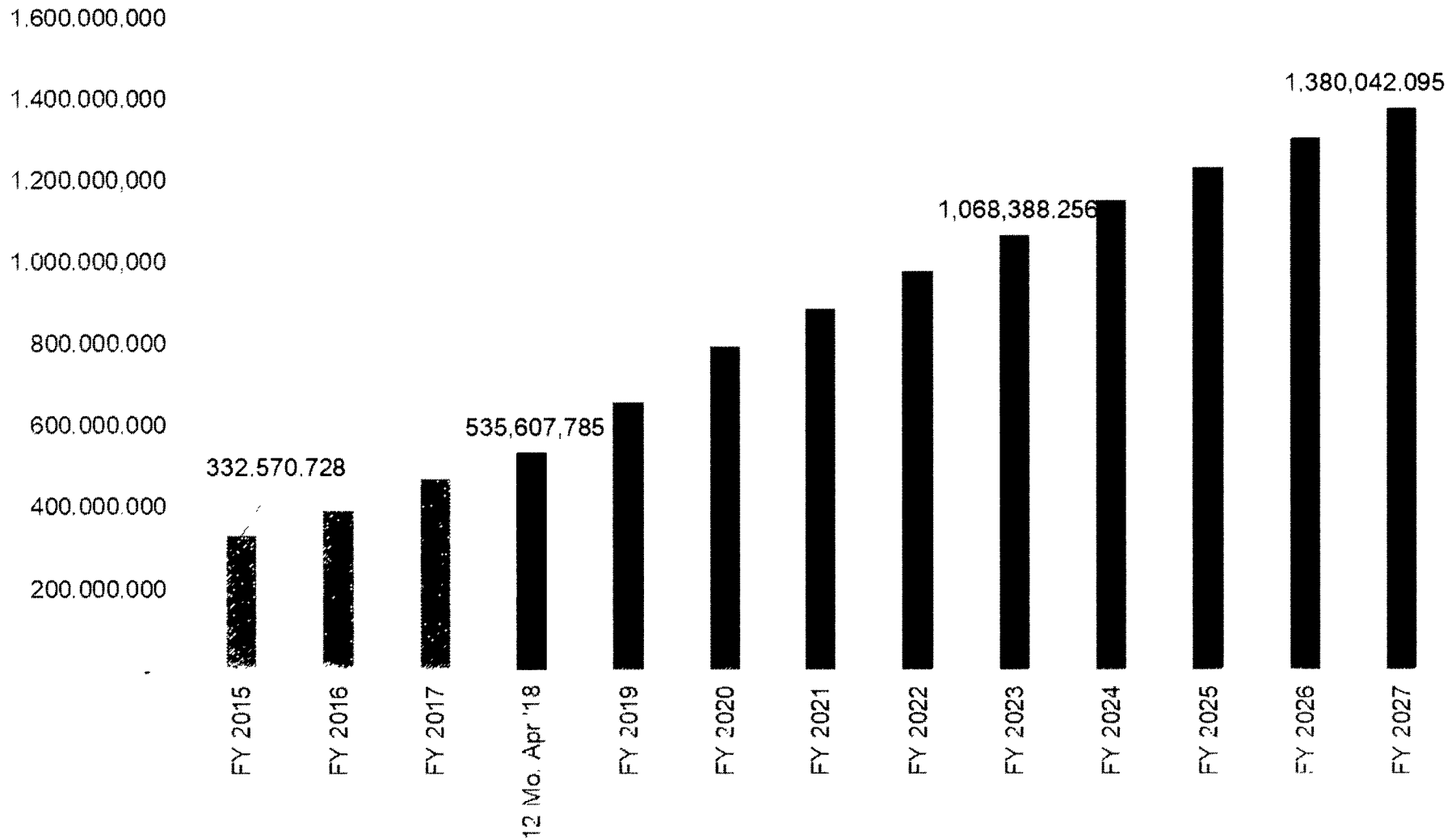
034

# Actual and Forecast Total Wastewater Accounts



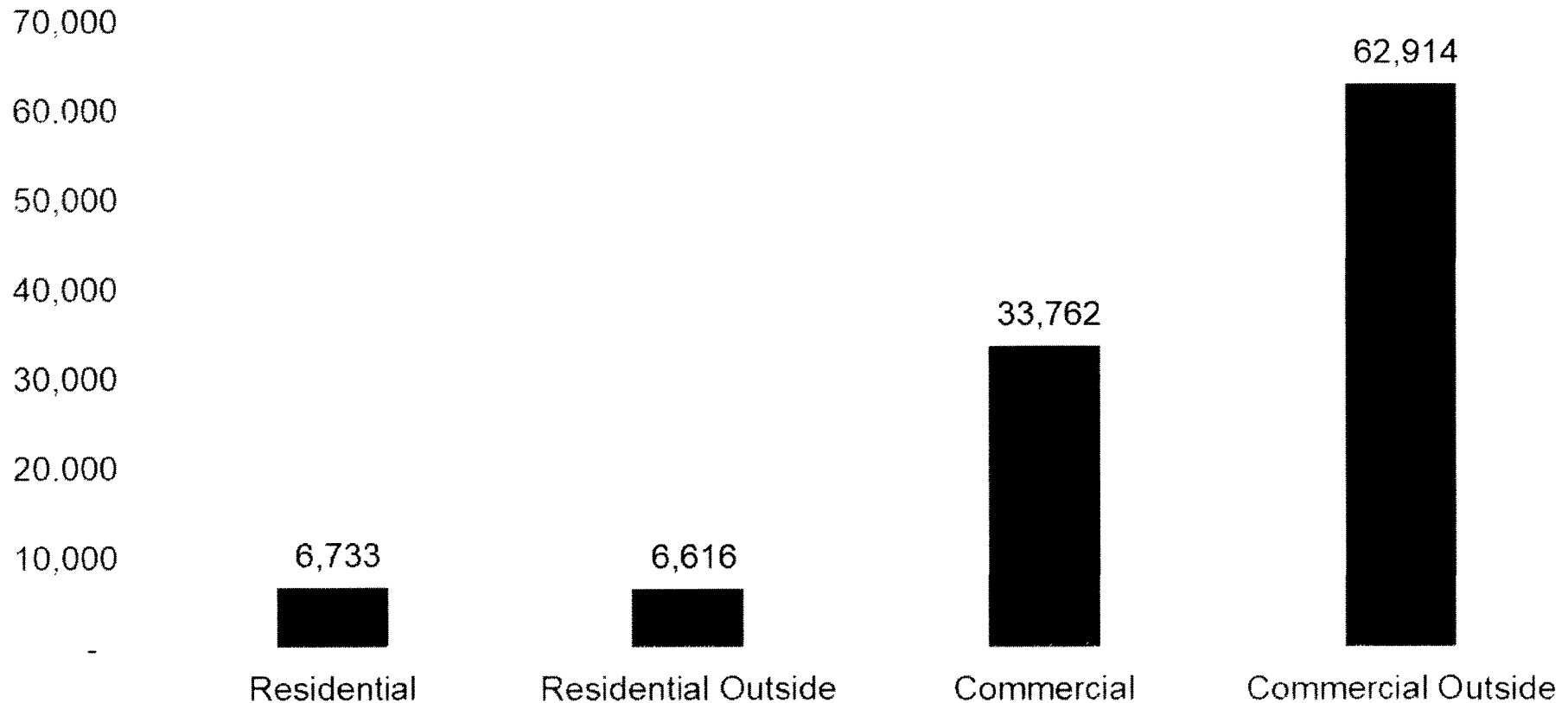
035

# Actual and Forecast Water Consumption



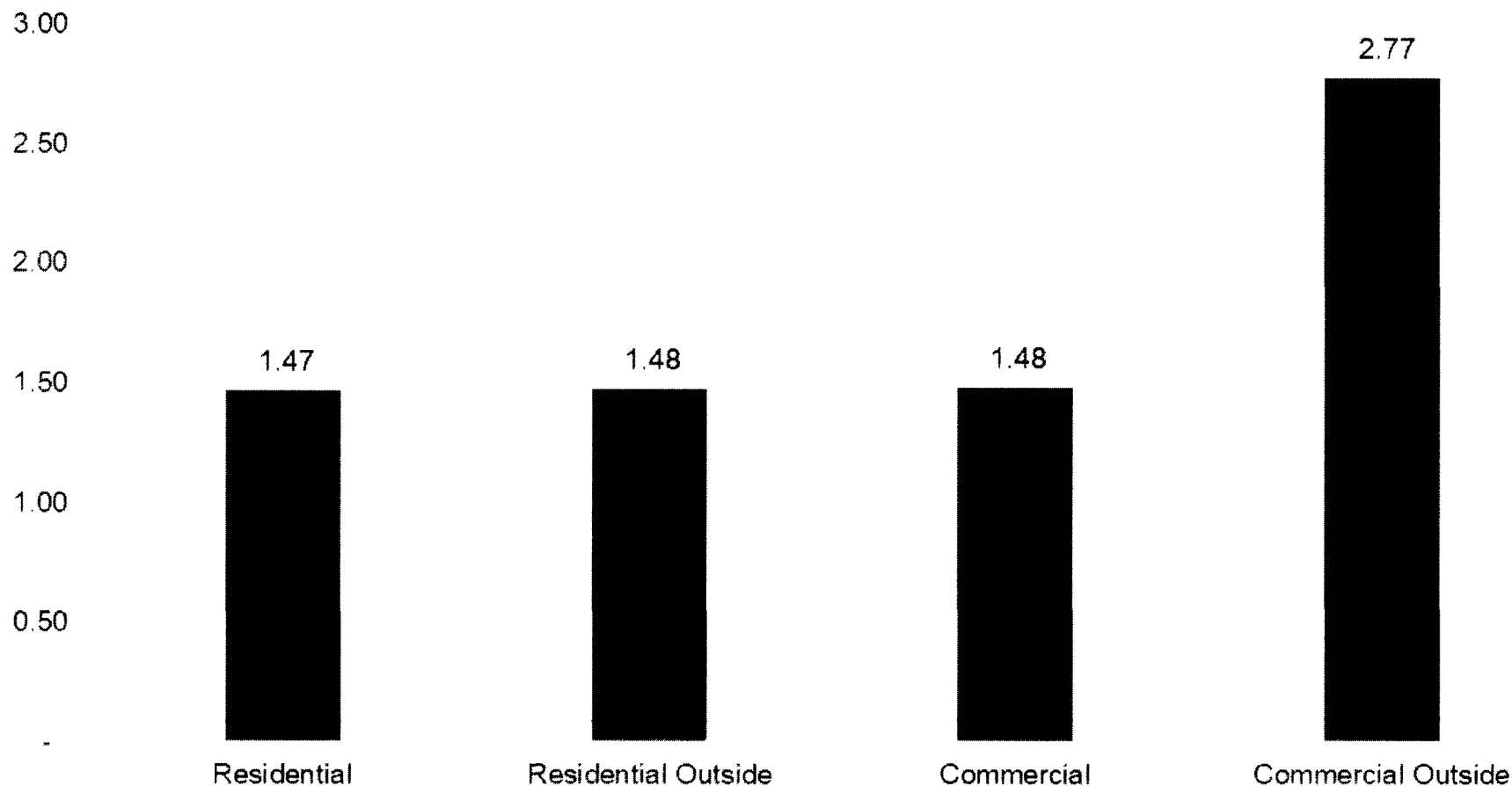
036

# Test Year Average Monthly Consumption/Account



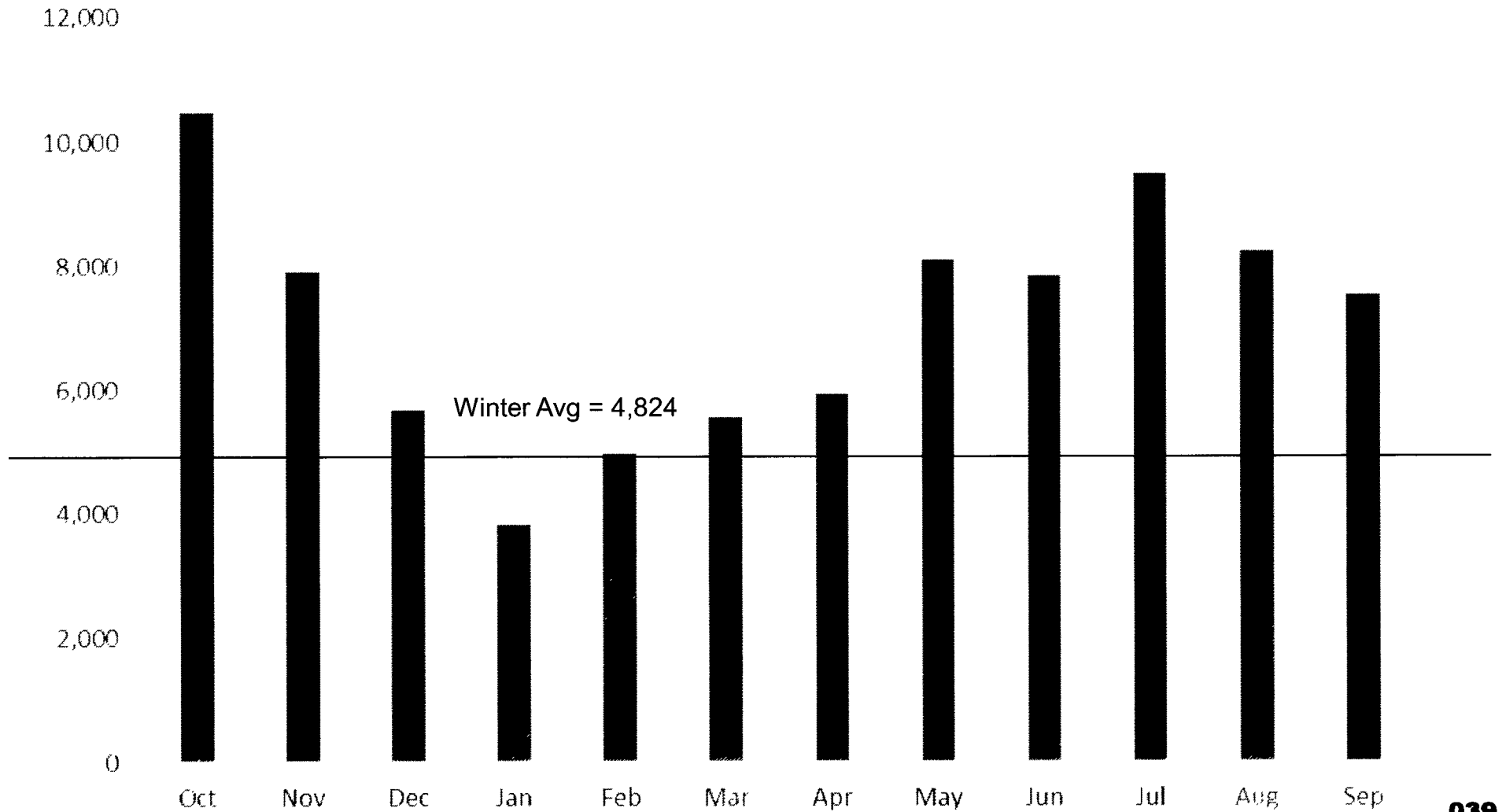
037

# Test Year Peak to Average Ratios by Customer Class



038

# City of Celina Winter Average Analysis



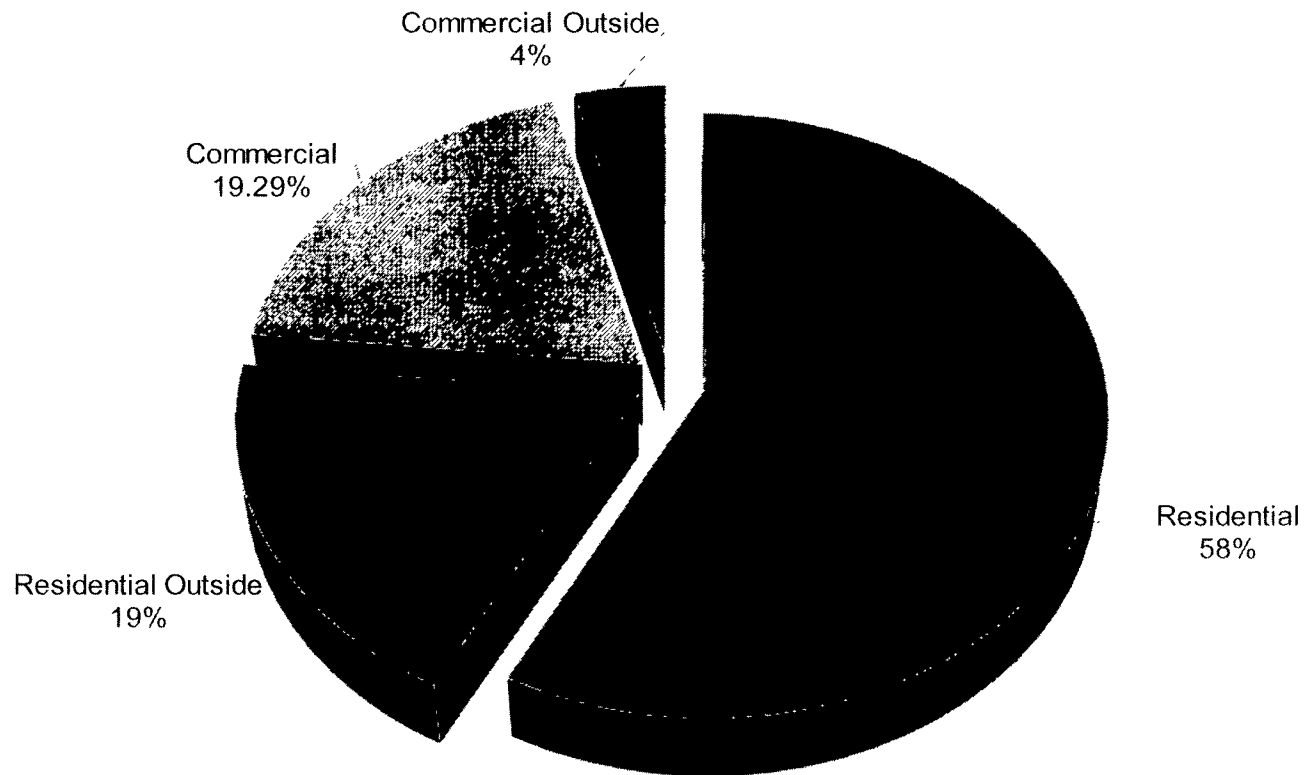
**039**



# Water Consumption By Class



**Total = 535,607,785**



# Forecast Financial and Rate Plan Key Assumptions



- Most personnel and operating expenses will increase 3% per year
- Certain expenses will increase with volume and customer growth (electricity/chemicals/health insurance)
- Budget costs are allocated to water and wastewater utilities in the manner displayed on following page
- Biggest impacts on rate plan:
  - UTRWD Cost Increases
  - New Debt required to fund CIP

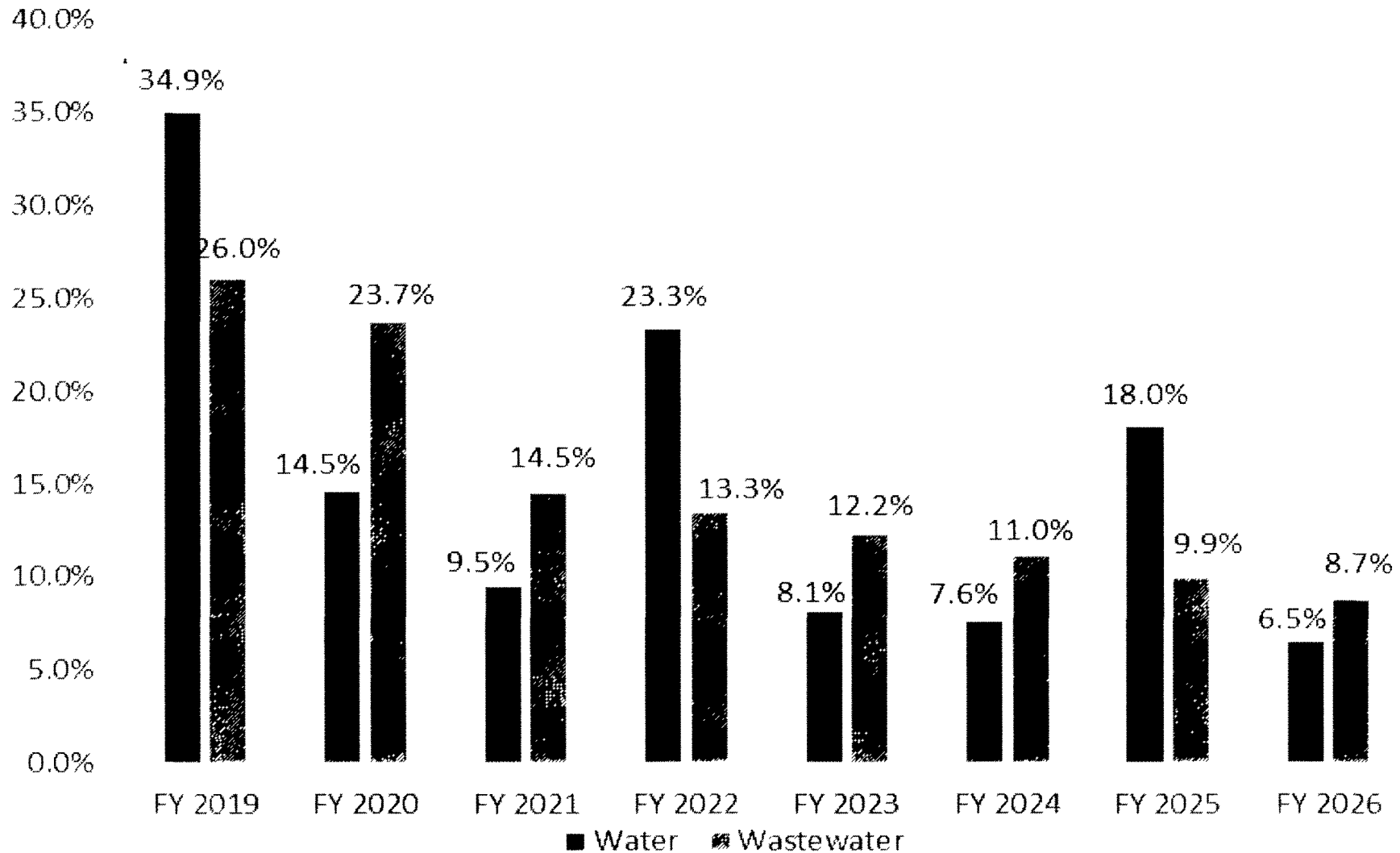
# Celina FY 2018 Budget Allocation to Water and Wastewater



<u>City Budget Category</u>	Percent Allocated To:			
	Total	Water	W/W	Total
Water Operations	\$ 3,954,058	100.0%	0.0%	100.0%
Sewer Operations	3,057,397	0.0%	100.0%	100.0%
Utility Billing	292,258	63.4%	36.6%	100.0%
Transfers	527,000	68.2%	31.8%	100.0%
Capital Outlays	299,734	Allocated Based on Specific Costs		
Debt Service	<u>2,220,995</u>			100.0%
<b>Total</b>	<b>\$ 10,351,442</b>			

**042**

# UTRWD Forecast Water/WW Cost Increases



043

# Long-Term Capital/Debt Financing Principal Assumptions

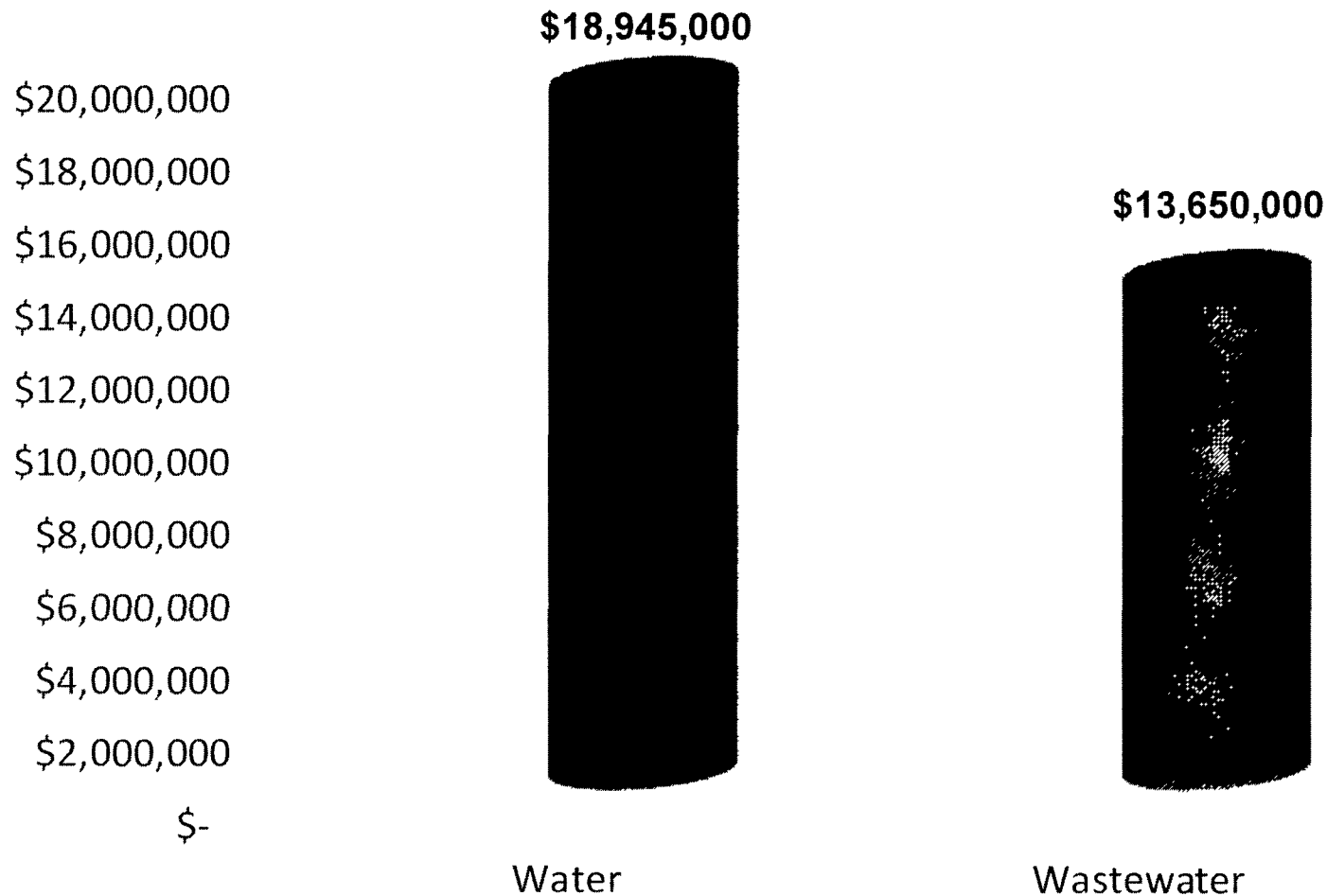


- For high-growth cities like Celina, capital improvement plans are highly volatile and subject to significant and continuous change
- For purposes of this study, City has only provided CIP data for the period through 2020
- Identified capital needs total **\$32,595,000** through 2020
- Rate plan assumes that a significant portion of CIP needs beyond this total will be funded through Impact Fees

# Forecast Water/Wastewater Capital Improvement Plan



**Total = \$32,595,000**



# Forecast Water/Wastewater Capital Improvement Plan



CRPS Improvements	\$ 5,500,000
DTPS Improvements	4,500,000
Downtown Water Improvements	450,000
2 MGD Water Tower Construction	5,400,000
Future Project	-
Pressure Plane Modification	175,000
Discharge Line from CRPS to RR	1,360,000
30" and 24" Discharge Line from RR to DTPS	960,000
30" and 24" Parallel Line from DTPS to Sunset	600,000
<b>Total Water Projects</b>	<b>\$ 18,945,000</b>

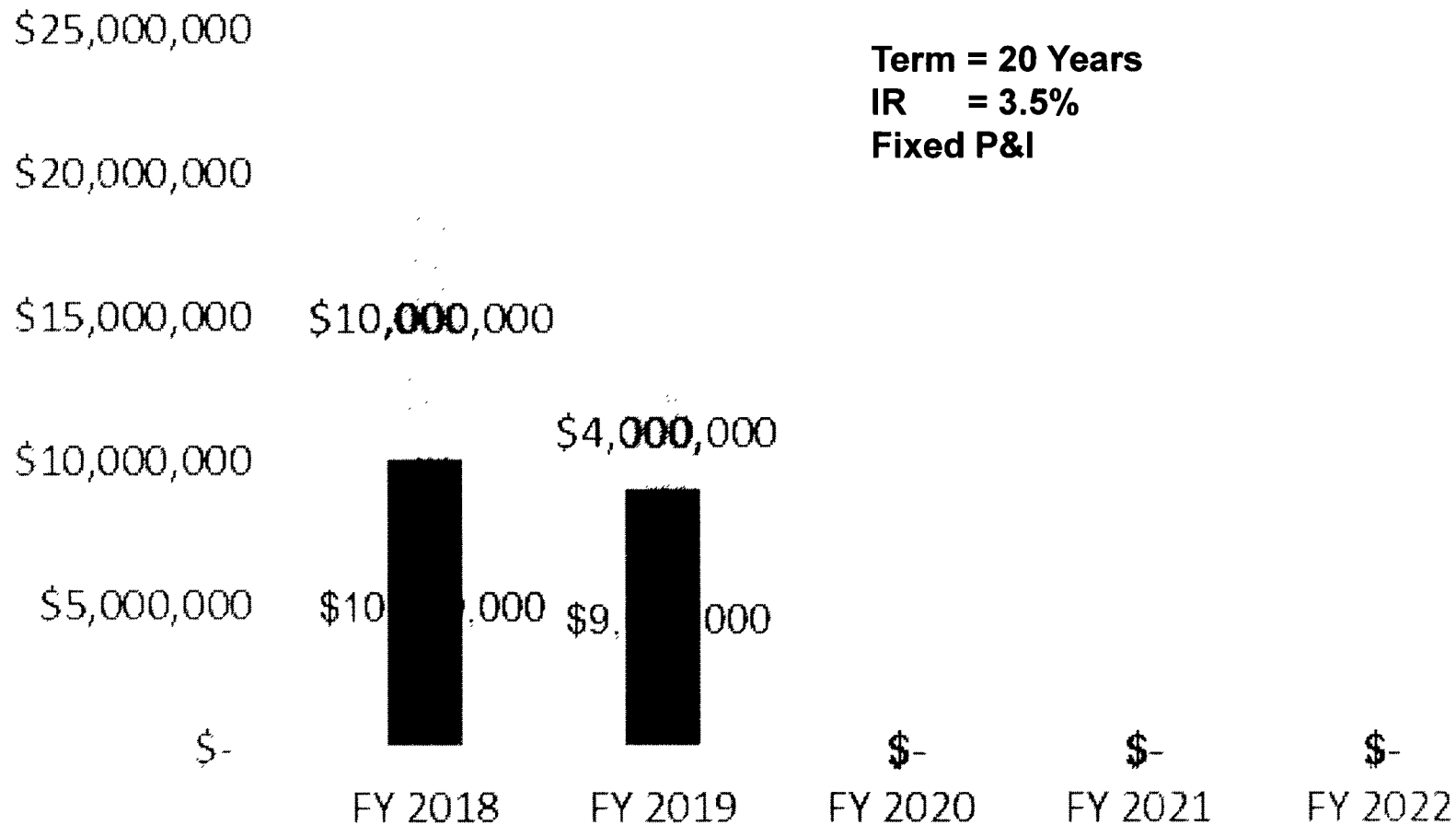
## WASTEWATER PROJECTS

Downtown WWTP Upgrade to .95 MGD	\$ 12,700,000
Downtown WW Improvements	450,000
I&I	500,000
<b>Total Wastewater Projects</b>	<b>\$ 13,650,000</b>

**Total Water and Wastewater Projects** **\$ 32,595,000**

**046**

# Long-Term Financing Forecast Bond Issues



047



# Debt Service Forecast



Year			Wastewater		Total
	Current	Forecast	Current	Forecast	
TY 2018	\$ 1,313,274	\$ -	\$ 907,720	\$ -	\$ 2,220,995
FY 2019	1,319,470	717,683	912,003	717,683	3,666,839
FY 2020	1,321,713	1,363,598	913,553	1,004,756	4,603,620
FY 2021	1,319,211	1,363,598	911,824	1,004,756	4,599,389
FY 2022	1,320,325	1,363,598	912,594	1,004,756	4,601,273
FY 2023	1,318,293	1,363,598	911,189	1,004,756	4,597,836
FY 2024	1,323,037	1,363,598	914,468	1,004,756	4,605,859
FY 2025	1,134,909	1,363,598	784,437	1,004,756	4,287,700
FY 2026	1,137,219	1,363,598	786,033	1,004,756	4,291,607
FY 2027	1,132,256	1,363,598	782,603	1,004,756	4,283,213

NOTE: Assumes no new debt issued after 2020

048

# Forecast Non-Rate Revenues



	Connection			Wastewater			Total
	Fees	Other	Total	Fees	Other	Total	Total
2018	\$1,166,000	\$ 509,083	<b>\$1,675,083</b>	\$ 891,000	\$ 313,217	<b>\$ 1,204,217</b>	<b>\$ 2,879,300</b>
2019	1,166,000	509,083	<b>1,675,083</b>	891,000	313,217	<b>1,204,217</b>	<b>2,879,300</b>
2020	1,290,762	509,083	<b>1,799,845</b>	986,337	313,217	<b>1,299,554</b>	<b>3,099,399</b>
2021	865,528	509,083	<b>1,374,610</b>	661,394	313,217	<b>974,611</b>	<b>2,349,221</b>
2022	868,557	509,083	<b>1,377,640</b>	663,709	313,217	<b>976,926</b>	<b>2,354,566</b>
2023	851,958	509,083	<b>1,361,041</b>	651,024	313,217	<b>964,242</b>	<b>2,325,282</b>
2024	814,046	509,083	<b>1,323,129</b>	622,054	313,217	<b>935,271</b>	<b>2,258,400</b>
2025	753,923	509,083	<b>1,263,005</b>	576,111	313,217	<b>889,328</b>	<b>2,152,333</b>
2026	671,619	509,083	<b>1,180,702</b>	513,219	313,217	<b>826,436</b>	<b>2,007,138</b>
2027	710,238	509,083	<b>1,219,320</b>	542,729	313,217	<b>855,946</b>	<b>2,075,266</b>

**Note: Connection Fees = 71% of TY Non-Rate Revenue**

**049**

# Test Year 2018 Revenue Requirement



	<b>Total Budget</b>		<b>Wastewater</b>
Total Operating	\$ 3,138,150	\$ 2,028,131	\$ 1,110,019
UTRWD Purchases	4,165,563	2,111,200	2,054,363
Transfers	527,000	359,415	167,585
Capital Outlays	299,734	181,823	117,911
Debt Service	<u>2,220,995</u>	<u>1,313,274</u>	<u>907,720</u>
<b>Total Cost of Service</b>	<b>10,351,442</b>	<b>5,993,844</b>	<b>4,357,598</b>
Less: Non-Rate Revenue	<u>2,879,300</u>	<u>1,675,083</u>	<u>1,204,217</u>
<b>Net Revenue Requirement Raised From Rates</b>	<b>7,472,142</b>	<b>4,318,761</b>	<b>3,153,381</b>

050

# Forecast Revenue Requirement



	Operating Expenses	Capital Outlays	Debt Service	Transfers & Contingencies	Total Cost of Service	Less Non-Rate Revenues	Net Revenue Requirement
<b>WASTEWATER Revenue Requirement</b>							
2018	\$ 4,139,331	\$ 181,823	\$ 1,313,274	\$ 359,415	\$ 5,993,844	\$ 1,675,083	\$ 4,318,761
2019	4,950,554	181,823	2,037,153	370,198	7,539,728	1,675,083	5,864,645
2020	5,529,792	181,823	2,685,311	381,304	8,778,230	1,799,845	6,978,385
2021	5,982,835	181,823	2,682,809	392,743	9,240,210	1,374,610	7,865,599
2022	6,936,090	181,823	2,683,923	404,525	10,206,360	1,377,640	8,828,720
2023	7,386,226	181,823	2,681,890	416,661	10,666,600	1,361,041	9,305,560
2024	7,847,491	181,823	2,686,635	429,160	11,145,109	1,323,129	9,821,980
2025	8,874,363	181,823	2,498,507	442,035	11,996,729	1,263,005	10,733,723
2026	9,377,759	181,823	2,500,817	455,296	12,515,696	1,180,702	11,334,994
2027	9,913,088	181,823	2,495,854	468,955	13,059,721	1,219,320	11,840,400
<b>WASTEWATER Revenue Requirement</b>							
2018	3,164,382	117,911	907,720	167,585	4,357,598	1,204,217	3,153,381
2019	3,448,526	117,911	1,629,686	172,612	5,368,736	1,204,217	4,164,518
2020	3,784,521	117,911	1,918,309	177,791	5,998,532	1,299,554	4,698,978
2021	4,093,861	117,911	1,916,580	183,124	6,311,477	974,611	5,336,866
2022	4,443,065	117,911	1,917,350	188,618	6,666,944	976,926	5,690,018
2023	4,844,175	117,911	1,915,945	194,277	7,072,309	964,242	6,108,067
2024	5,136,911	117,911	1,919,225	200,105	7,374,152	935,271	6,438,881
2025	5,435,696	117,911	1,789,193	206,108	7,548,908	889,328	6,659,580
2026	5,726,514	117,911	1,790,790	212,291	7,847,506	826,436	7,021,070
2027	6,039,999	117,911	1,787,359	218,660	8,163,930	855,946	7,307,984

051

## Notes on Rate Proposal



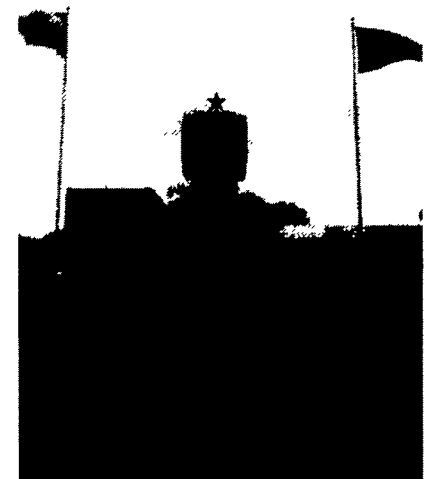
- Due to high volatility of growth forecasts and CIP requirements, project team recommends that City adopt a 3 year rate plan
- Recommended rate plan implements no water increases and only nominal wastewater rate adjustments
- Strong account growth and connection fee revenues are limiting the need for rate adjustments in next 3 years

# Notes on Rate Proposal



Project team strongly recommends that rate plan be reviewed on an annual basis to verify and/or make adjustments to the following:

- Growth forecast
- Amount of New Debt Issued to fund CIP
- Revenue recovered from Connection Fees and other Non-Rate Services



# Proposed Rate Plan -- Water Residential



		Effective Jan-18	Jan-19	Jan-20	Jan-21	Forecast Jan-22	Forecast Jan-23
<b>Minimum Charge -- 1st 2,000 Gal</b>							
3/4"	\$	23.15	\$ 23.15	\$ 23.15	\$ 23.15	\$ 23.15	\$ 23.15
1"		38.93	38.93	38.93	38.93	38.93	38.93
1 1/2"		77.87	77.87	77.87	77.87	77.87	77.87
2"		124.59	124.59	124.59	124.59	124.59	124.59
<b>Volume Rate Per 1,000 Gal</b>							
2,001 10,000		5.06	5.06	5.06	5.06	5.06	5.06
10,001 20,000		7.66	7.66	7.66	7.66	7.66	7.66
20,001 30,000		9.02	9.02	9.02	9.02	9.02	9.02
30,001 Above		13.02	13.02	13.02	13.02	13.02	13.02
<b>Minimum Charge -- 1st 2,000 Gal</b>							
3/4"		34.72	34.72	34.72	34.72	34.72	34.72
1"		58.40	58.40	58.40	58.40	58.40	58.40
1 1/2"		116.81	116.81	116.81	116.81	116.81	116.81
2"		186.89	186.89	186.89	186.89	186.89	186.89
<b>Residential Outside Volume Rate Per 1,000 Gal</b>							
2,001 10,000		7.59	7.59	7.59	7.59	7.59	7.59
10,001 20,000		11.49	11.49	11.49	11.49	11.49	11.49
20,001 30,000		13.53	13.53	13.53	13.53	13.53	13.53
30,001 Above		19.53	19.53	19.53	19.53	19.53	19.53

# Proposed Rate Plan -- Water Commercial



		Effective Jan-18	Jan-19	Jan-20	Jan-21	Forecast Jan-22	Forecast Jan-23
<b>Minimum Charge -- 1st 2,000 Gal</b>							
3/4"	\$	27.81	\$ 27.81	\$ 27.81	\$ 27.81	\$ 27.81	\$ 27.81
1"		48.67	48.67	48.67	48.67	48.67	48.67
1 1/2"		97.34	97.34	97.34	97.34	97.34	97.34
2"		155.74	155.74	155.74	155.74	155.74	155.74
3"		233.60	233.60	233.60	233.60	233.60	233.60
4"		389.34	389.34	389.34	389.34	389.34	389.34
<b>Volume Rate Per 1,000 Gal</b>							
2,001 10,000		5.06	5.06	5.06	5.06	5.06	5.06
10,001 20,000		7.66	7.66	7.66	7.66	7.66	7.66
20,001 30,000		9.02	9.02	9.02	9.02	9.02	9.02
30,001 Above		13.02	13.02	13.02	13.02	13.02	13.02
<b>Minimum Charge -- 1st 2,000 Gal</b>							
3/4"	\$	41.72	\$ 41.72	\$ 41.72	\$ 41.72	\$ 41.72	\$ 41.72
1"		73.01	73.01	73.01	73.01	73.01	73.01
1 1/2"		146.01	146.01	146.01	146.01	146.01	146.01
2"		233.61	233.61	233.61	233.61	233.61	233.61
3"		350.40	350.40	350.40	350.40	350.40	350.40
4"		584.01	584.01	584.01	584.01	584.01	584.01
<b>Volume Rate Per 1,000 Gal</b>							
2,001 10,000		7.59	7.59	7.59	7.59	7.59	7.59
10,001 20,000		11.49	11.49	11.49	11.49	11.49	11.49
20,001 30,000		13.53	13.53	13.53	13.53	13.53	13.53
30,001 Above		19.53	19.53	19.53	19.53	19.53	19.53



# Proposed Rate Plan -- Wastewater Residential and Commercial



	Effective Jan-18	Jan-19	Jan-20	Jan-21	Forecast Jan-22	Forecast Jan-23
<b>Minimum Charge -- 1st 2,000 Gal</b>						
3/4"	\$ 21.50	\$ 22.58	\$ 23.70	\$ 24.65	\$ 24.90	\$ 25.40
1"	38.63	40.56	42.59	44.29	44.74	45.63
1 1/2"	72.10	75.71	79.49	82.67	83.50	85.17
2"	123.60	129.78	136.27	141.72	143.14	146.00
Volume Rate/1,000 Gal (2,001 to 14,000)	5.84	6.13	6.44	6.76	6.90	7.03
<b>Minimum Charge -- 1st 2,000 Gal</b>						
3/4"	\$ 25.75	\$ 27.04	\$ 28.39	\$ 29.52	\$ 29.82	\$ 30.42
1"	48.29	50.70	53.24	55.37	55.92	57.04
1 1/2"	90.13	94.64	99.37	103.34	104.38	106.46
2"	154.50	162.23	170.34	177.15	178.92	182.50
4"	386.25	405.56	425.84	442.87	447.30	456.25
Volume Rate/1,000 Gal	5.84	6.13	6.44	6.76	6.90	7.03

056

# Proposed Rate Plan Impact on Residential Ratepayers



		Effective Jan-18	Jan-19	Jan-20	Jan-21	Forecast Jan-22	Forecast Jan-23
<b>Residential Monthly Charges -- 3/4"</b>							
5,000 Water	5,000 WW	\$ 77.35	\$ 79.30	\$ 81.35	\$ 83.26	\$ 83.92	\$ 84.83
	Increase -- \$		<b>1.95</b>	<b>2.05</b>	<b>1.91</b>	<b>0.65</b>	<b>0.91</b>
	Increase -- %		2.5%	2.6%	2.4%	0.8%	1.1%
10,000 Water	10,000 WW	131.85	135.26	138.84	142.37	143.69	145.30
	Increase -- \$		<b>3.41</b>	<b>3.58</b>	<b>3.52</b>	<b>1.33</b>	<b>1.60</b>
	Increase -- %		2.6%	2.6%	2.5%	0.9%	1.1%
20,000 Water	20,000 WW	231.81	236.39	241.20	246.01	247.88	250.03
	Increase -- \$		<b>4.58</b>	<b>4.81</b>	<b>4.81</b>	<b>1.87</b>	<b>2.15</b>
	Increase -- %		2.0%	2.0%	2.0%	0.8%	0.9%
<b>Outside Residential Monthly Charges -- 3/4"</b>							
5,000 Water	5,000 WW	\$ 128.44	\$ 131.99	\$ 135.71	\$ 139.27	\$ 140.53	\$ 142.19
	Increase -- \$		<b>3.55</b>	<b>3.72</b>	<b>3.56</b>	<b>1.27</b>	<b>1.66</b>
			2.8%	2.8%	2.6%	0.9%	1.2%
10,000 Water	10,000 WW	\$ 230.89	\$ 237.66	\$ 244.77	\$ 251.88	\$ 254.64	\$ 257.83
	Increase -- \$		<b>6.77</b>	<b>7.11</b>	<b>7.11</b>	<b>2.76</b>	<b>3.18</b>
			2.9%	3.0%	2.9%	1.1%	1.3%
						<b>057</b>	

# Proposed Rate Plan

## Impact on Commercial Ratepayers



		Effective Jan-18		Jan-19		Jan-20		Jan-21		Forecast Jan-22		Forecast Jan-23
<b>Commercial Monthly Charges -- 1 1/2"</b>												
30,000 Water	30,000 WW	\$ 558.27	\$	570.95	\$	584.27	\$	597.26	\$	602.08	\$	608.03
	Increase -- \$			<b>12.68</b>		<b>13.32</b>		<b>12.99</b>		<b>4.82</b>		<b>5.95</b>
				2.3%		2.3%		2.2%		0.8%		1.0%
60,000 Water	60,000 WW	1,124.07		1,145.51		1,168.03		1,190.67		1,199.55		1,209.64
	Increase -- \$			<b>21.44</b>		<b>22.51</b>		<b>22.65</b>		<b>8.88</b>		<b>10.09</b>
	Increase -- %			1.9%		2.0%		1.9%		0.7%		0.8%

058

# Proposed Rate Plan

## Forecast Revenues and Expenses



	2018	2019	2020	2021	2022	2023
Water Rate Revenues	\$ 5,793,664	\$ 7,288,514	\$ 8,797,236	\$ 9,808,918	\$ 10,824,142	\$ 11,819,963
WW Rate Revenues	2,744,716	3,540,157	4,486,171	5,232,825	5,913,299	6,574,284
Non-Rate Revenues	2,879,300	2,879,300	3,099,399	2,349,221	2,354,566	2,325,282
<b>Total Revenues</b>	<b>11,417,680</b>	<b>13,707,971</b>	<b>16,382,807</b>	<b>17,390,965</b>	<b>19,092,006</b>	<b>20,719,529</b>
Operating Expenses	7,303,713	8,399,080	9,314,313	10,076,696	11,379,154	12,230,402
Net Revenues for Transfers/COs/Debt Service	4,113,967	5,308,891	7,068,493	7,314,269	7,712,852	8,489,127
Current Debt Service	2,220,995	2,231,473	2,235,266	2,231,036	2,232,919	2,229,482
Future Debt Service	-	1,435,366	2,368,354	2,368,354	2,368,354	2,368,354
Total Debt Service	2,220,995	3,666,839	4,603,620	4,599,389	4,601,273	4,597,836
Net Revenues for COs and Transfers	1,593,239	1,342,318	2,165,139	2,415,146	2,811,845	3,591,558
<b>Total Capital Outlays and Transfers</b>	<b>826,734</b>	<b>842,544</b>	<b>858,828</b>	<b>875,601</b>	<b>892,877</b>	<b>910,671</b>
<b>Total Cost of Service</b>	<b>10,351,442</b>	<b>12,908,464</b>	<b>14,776,762</b>	<b>15,551,686</b>	<b>16,873,304</b>	<b>17,738,909</b>
<b>Net Revenues -- Contingency/Coverage</b>	<b>1,066,239</b>	<b>799,508</b>	<b>1,806,045</b>	<b>1,839,279</b>	<b>2,218,702</b>	<b>2,910,940</b>
Percent of COS	10.3%	6.2%	10.9%	11.8%	13.1%	16.8%
<b>Debt Coverage</b>						
Including COs/Transfers	1.48	1.22	1.35	1.40	1.48	1.65
Excluding COs/Transfers	1.85	1.45	1.54	1.59	1.68	1.85

059

# Rate Design Alternative 1 Convert to Winter Averaging



## Wastewater Winter Averaging Alternative (Nov, Dec, Jan)

	Residential In
May-17	21,130,170
Jun-17	21,130,170
Jul-17	21,130,170
Aug-17	21,130,170
Sep-17	21,130,170
Oct-17	21,130,170
Nov-17	21,130,170
Dec-17	21,130,170
Jan-18	21,130,170
Feb-18	21,130,170
Mar-18	21,130,170
Apr-18	21,130,170
<b>Total</b>	<b>253,562,044</b>

## Alternative Rate Calculation

Variance From Actual Y/E Apr 2018 Gallons	34,631,404
Current Volume Rate \$/ 1000 Gallons	\$ 5.84
<b>Potential Revenue (Loss)/Gain Due to Average Winter</b>	<b>\$ (202,247)</b>
Incremental volume rate increase required \$/1000 gallons	\$ 1.33
Winter Averaging Rate \$/1000 Gallons	\$ 7.17

**060**

# Rate Design Alternative 2

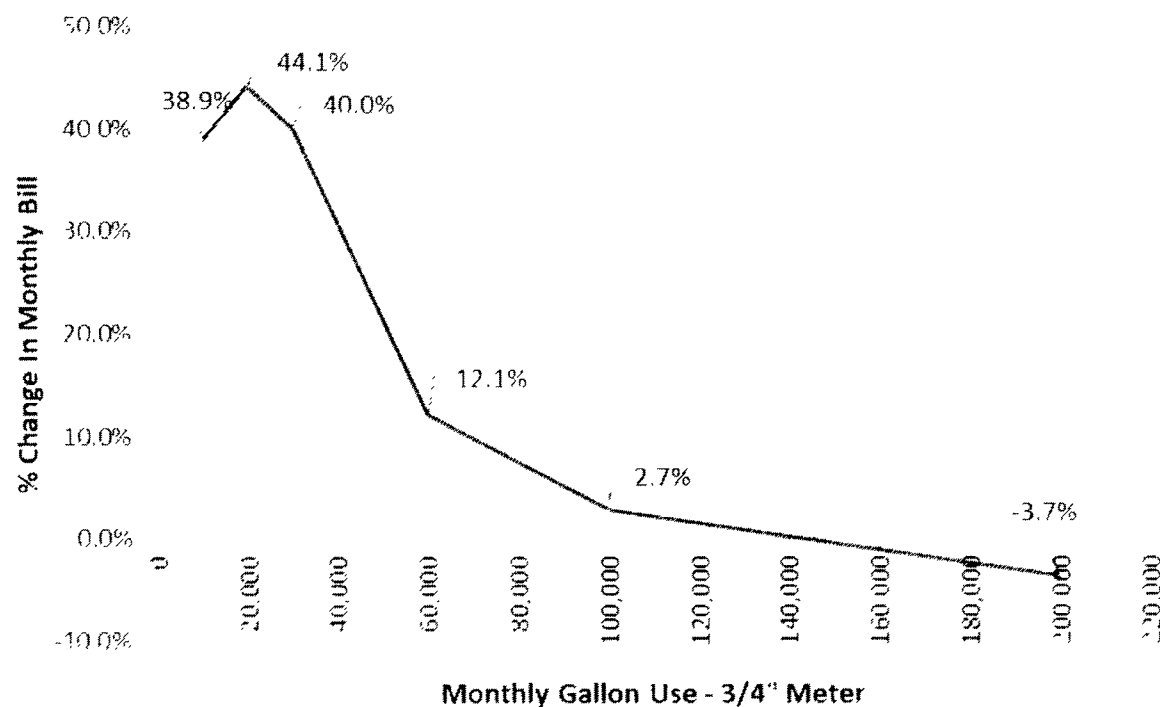
## Converting Com. Water Tiers to Uniform



Test Year Consumption:		Gallons	\$/1000 Gal	Revenue
2,001	10,000	4,916,805	\$ 5.06	\$ 24,879
10,001	20,000	4,916,805	7.66	37,663
20,001	30,000	14,750,416	9.02	133,049
30,001	Above	73,752,078	13.02	960,252
		98,336,104		\$ 1,155,843

Current Uniform Rate Required

11.75



061

# Rate Design Alternative 3

## Change Light Farms Water To Inside Rates



### Outside Residential Revenue @ Current Rates:

Minimum Charge	Number of Bills	Base Charge	Annual \$
3/4" Meter	4,932	\$ 34.72	\$ 171,229
1" Meter	9,594	58.40	560,307
	14,526		\$ 731,536

Volume Charge	Gallons	\$/1000 Gal	Annual \$
2001 10000	49,836,799	\$ 7.59	\$ 378,261
10001 20000	17,798,857	11.49	204,509
20001 30000	3,559,771	13.53	48,164
30001 Above	-	19.53	-
	71,195,428		\$ 630,934

Outside Res. Total Annual Revenues @ Current Rates **\$ 1,362,469**

### Outside Residential Revenue @ Current Inside Rates:

Minimum Charge	Number of Bills	Base Charge	Annual \$
3/4" Meter	4,932	\$ 23.15	\$ 114,169
1" Meter	9,594	38.93	373,506
	14,526		\$ 487,675

Volume Charge	Gallons	\$/1000 Gal	Annual \$
20001 30000	49,836,799	\$ 5.06	\$ 252,174
30001 Above	17,798,857	7.66	136,339
0 0	3,559,771	9.02	32,109
0 0	-	13.02	-
	71,195,428		\$ 420,623

Outside Res. Total Annual Revenues @ Current Rates **\$ 908,297**

Revenue Loss **\$ (454,172)**

**062**

# Rate Design Alternative 4 - Water 1" and 3/4" Meter Same Minimum Charge



Current Water Revenue:

	Number of Bills	Base Charge	Annual \$
3/4" Meter	26,862	\$ 23.15	\$ 621,855
1" Meter	14,022	38.93	545,876
	40,884		\$ 1,167,732

Decrease 1" Meter Charge to 3/4" Meter Charge:

	Number of Bills	Base Charge	Annual \$	% Change
3/4" Meter	26,862	\$ 23.15	\$ 621,855	0.0%
1" Meter	14,022	23.15	324,609	-40.5%
	40,884		\$ 946,465	

Revenue Loss \$ (221,267)

Increase 3/4" Meter to 1" Meter Charge

	Number of Bills	Base Charge	Annual \$	% Change
3/4" Meter	26,862	\$ 38.93	\$ 1,045,738	68.2%
1" Meter	14,022	38.93	545,876	0.0%
	40,884		\$ 1,591,614	

Revenue Added \$ 423,882

New Combined Meter Charge For Both 3/4" and 1" Meters

	Number of Bills	Base Charge	Annual \$	% Change
3/4" Meter	26,862	\$ 28.56	\$ 767,234	23.4%
1" Meter	14,022	28.56	400,497	-26.6%
	40,884		\$ 1,167,732	

Revenue Neutral

\$ -

**063**



# Rate Design Alternative 4 - Wastewater 1" and 3/4" Meter Same Minimum Charge



## Current Wastewater Revenue:

	Number of Bills	Base Charge	Annual \$
3/4" Meter	27,426	\$ 21.50	\$ 589,659
1" Meter	20,658	38.63	798,019
	48,084		\$ 1,387,678

## Decrease 1" Meter Charge to 3/4" Meter Charge:

	Number of Bills	Base Charge	Annual \$	% Change
3/4" Meter	27,426	\$ 21.50	\$ 589,659	0.0%
1" Meter	20,658	21.50	444,147	-44.3%
	48,084		\$ 1,033,806	

Revenue Loss \$ (353,872)

## Increase 3/4" Meter to 1" Meter Charge

	Number of Bills	Base Charge	Annual \$	% Change
3/4" Meter	27,426	\$ 38.63	\$ 1,059,466	79.7%
1" Meter	20,658	38.63	798,019	0.0%
	48,084		\$ 1,857,485	

Revenue Added \$ 469,807

## New Combined Meter Charge For Both 3/4" and 1" Meters

	Number of Bills	Base Charge	Annual \$	% Change
3/4" Meter	27,426	\$ 28.86	\$ 791,499	34.2%
1" Meter	20,658	28.86	596,178	-25.3%
	48,084		\$ 1,387,678	

Revenue Neutral \$ -

064

# Presentation Summary

## Benefits of Proposed Rate Plan



- ✓ Will ensure that utility operates on a stand-alone basis and independent of general fund assistance
- ✓ Will cover estimated increased cost of UTRWD purchases
- ✓ Will result in financially-healthy utility that has ability to fund operations and capital needs
- ✓ Will ensure that ratepayers pay only what it costs to provide service
- ✓ Will allow capital investment into system to improve quality of service and provide a well-functioning system for future generations

**065**

# Presentation Summary

## Next Steps



- Review historical and forecast accounts, volumes and consumption

- Review current budget assumptions:

- Expense growth rate
- Allocation of costs between water and wastewater

- Review and revise CIP financing assumptions as necessary

- Discuss and implement alternative charges

- UTRWD pass-through/surcharge
- Alternatives 1 - 4

- Prepare Board and Council presentations



## **City of Celina**

### **2018 Water and Wastewater**

### **Rate Study and Financial Forecast**

### **Staff Work Session**



**August 2018**

# Facts about Water and WW Rates in the 21<sup>st</sup> Century



- Average utility has been increasing rates 5-6% per year; trend expected to continue
- Rate adjustments are primarily due to reasons beyond a utility's control – inflation, system replacement, etc.
- 30-40% of utilities currently charge rates that do not cover their costs
- General rule: a utility can have low rates or high quality service but NOT both!

068

# City of Celina Current Water Rate Structure



Minimum Charge by Meter Size 3/4"	\$ 23.15
(Includes 2,000 Gallons in Base 1"	38.93
1 1/2"	77.87
2"	124.59

## Volume Rate (per 1,000 Gallons)

2,001 10,000	\$ 5.06
10,001 20,000	7.66
20,001 30,000	9.02
30,001 Above	13.02

Minimum Charge by Meter Size 3/4"	\$ 27.81
(Includes 2,000 Gallons in Base 1"	48.67
1 1/2"	97.34
2"	155.74
3"	233.60
4"	389.34

## Volume Rate (per 1,000 Gallons)

2,001 10,000	\$ 5.06
10,001 20,000	7.66
20,001 30,000	9.02
30,001 Above	13.02

## Residential Rates

Minimum Charge	3/4"	\$ 21.50
(Includes 2,000 Gallons in Base	1"	38.63
	1 1/2"	72.10
	2"	123.60

Volume Rate (per 1,000 Gallons)	\$ 5.84
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\* Volumes are capped at 14,000 monthly water use

## Commercial Rates

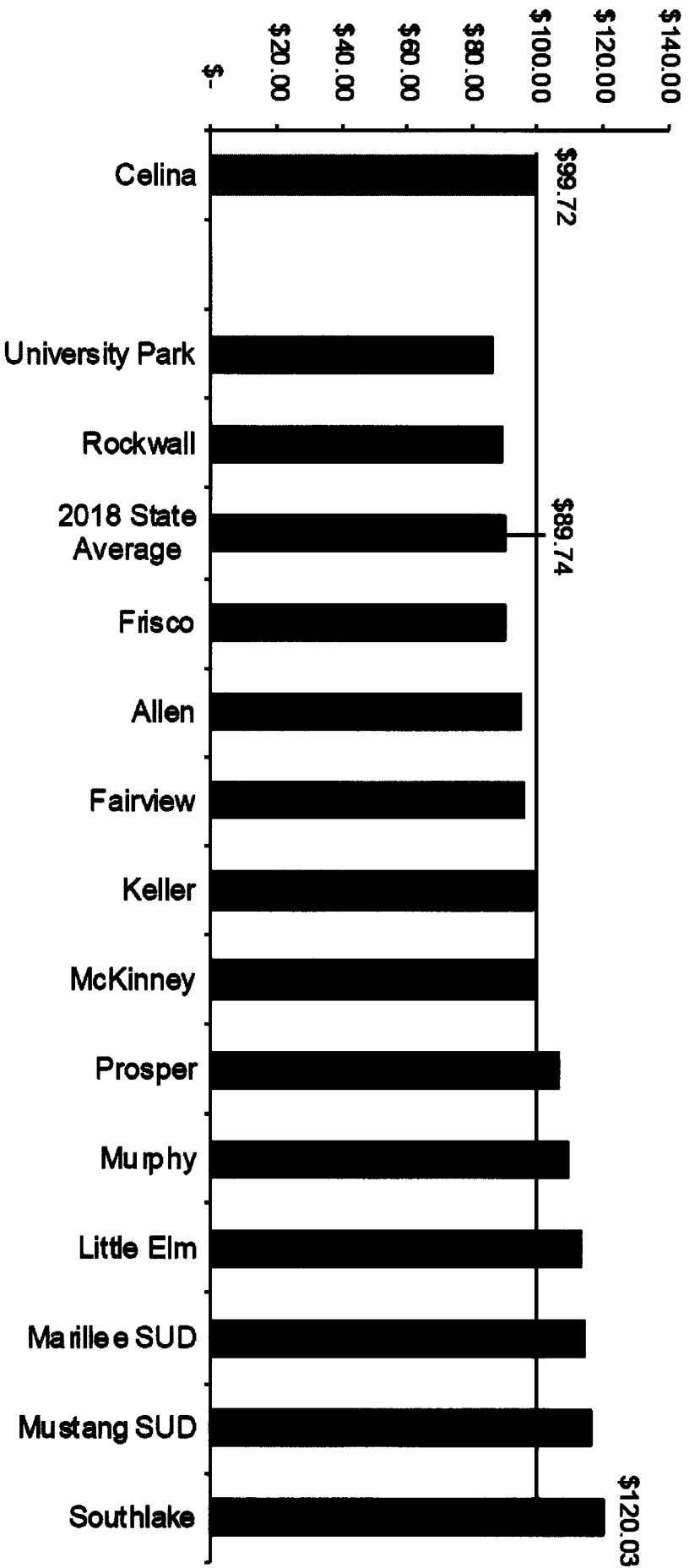
Minimum Charge by Meter Size	3/4"	\$ 25.75
(Includes 2,000 Gallons in Base)	1"	48.29
	1 1/2"	90.13
	2"	154.50
	4"	386.25

Volume Rate (per 1,000 Gallons)	\$ 5.84
---------------------------------	---------

Outside Rates 50-121% higher

069

# Monthly Residential Charge Comparison 10,000 Gal Water/ 5,000 Gal WW



# Current Water and Wastewater Accounts



## WASTEWATER Customer Accounts

Residential	3,611
Residential Outside	1,211
Commercial	241
Commercial Outside	<u>28</u>
<b>Total Accounts</b>	<b>5,090</b>

Residential	4,208
Residential Outside	1
Commercial	146
Commercial Outside	<u>1</u>
<b>Total Accounts</b>	<b>4,356</b>



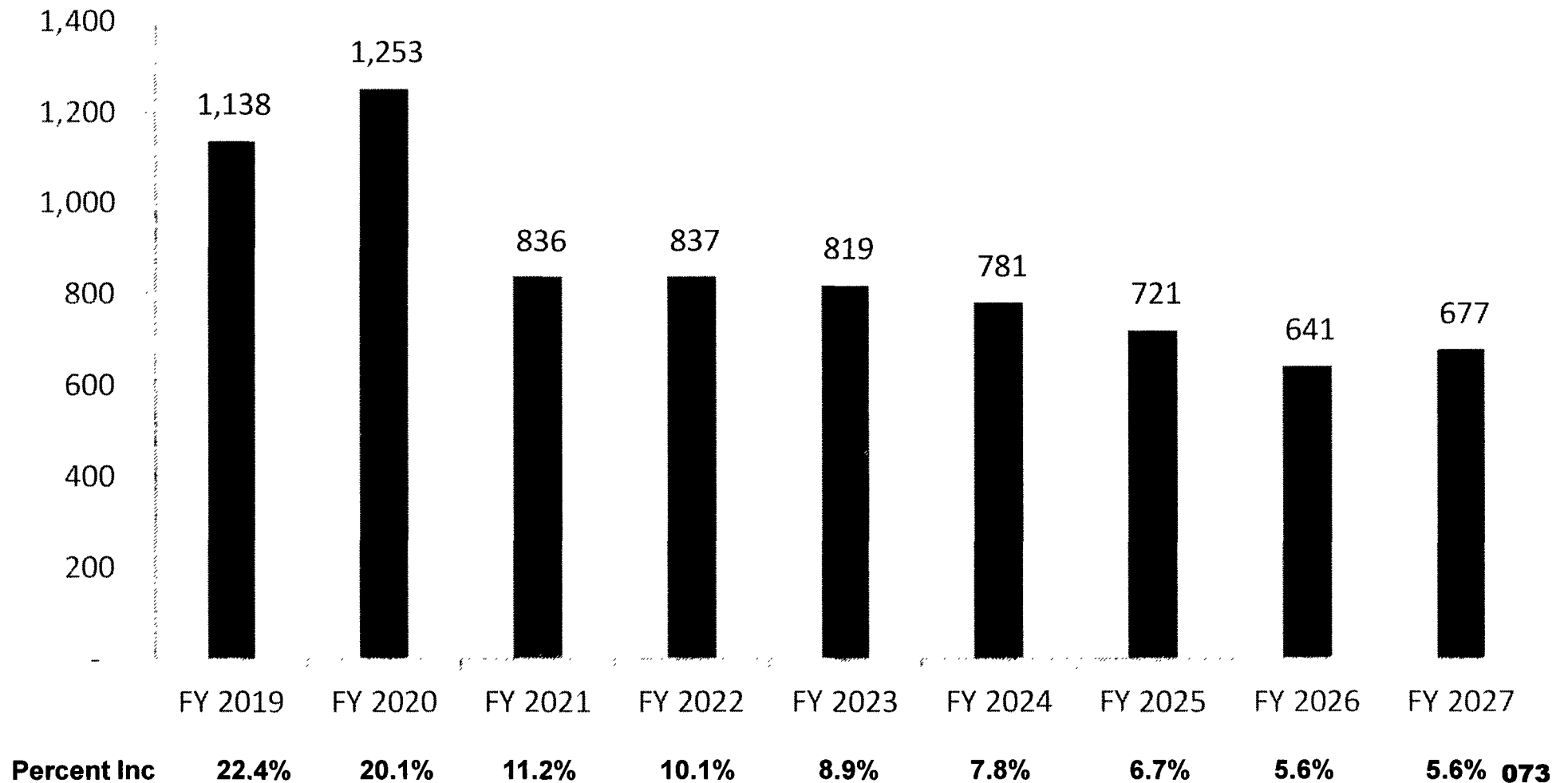
# Service Area Forecast Population Growth



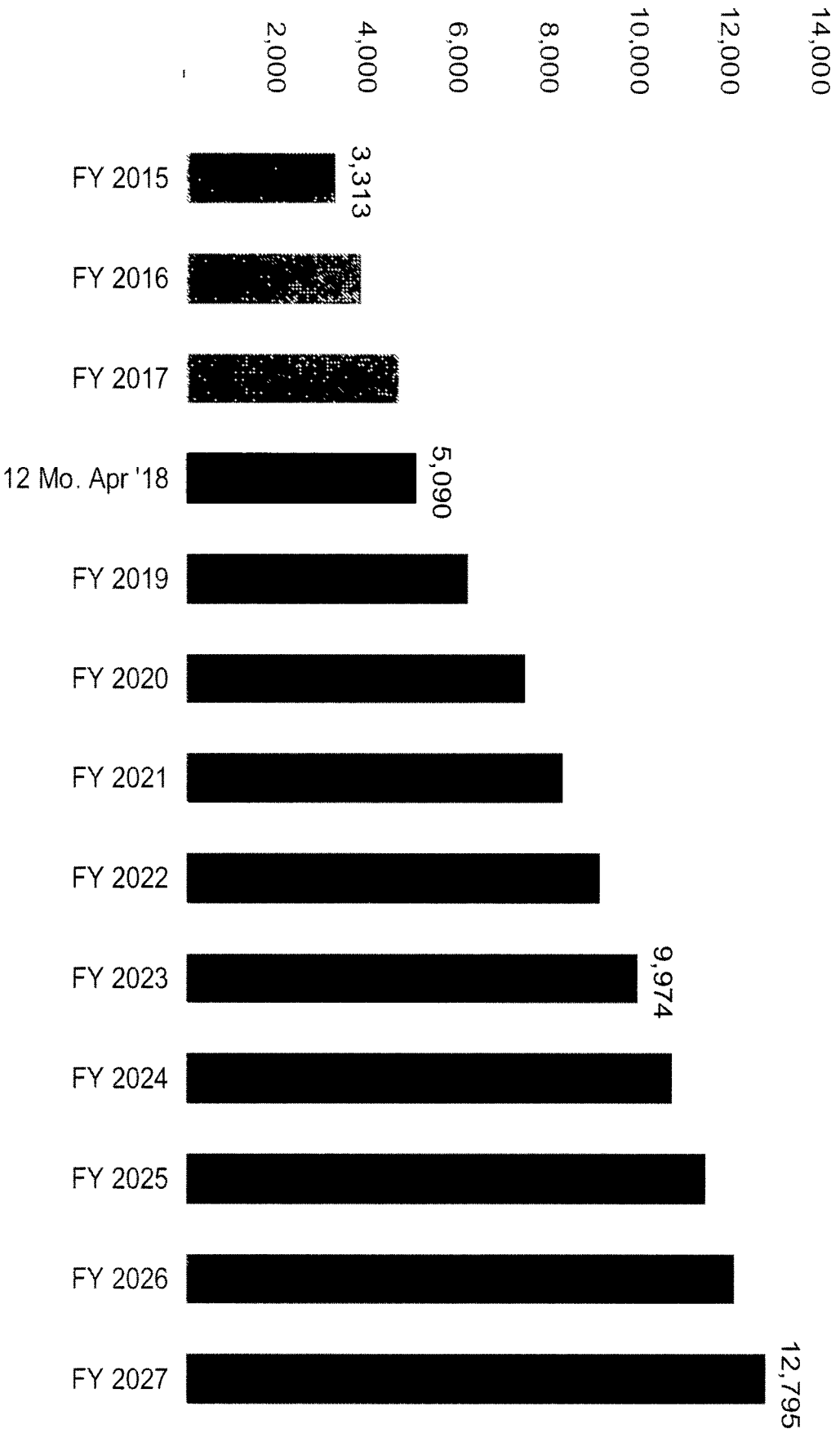
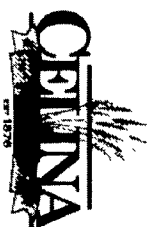
	<b>Population</b>	<b>Total Increase</b>	
		<b>Actual</b>	<b>Percent</b>
2018	16,451		
2019	20,543	4,092	24.9%
2020	25,868	5,325	25.9%
2021	31,440	5,572	21.5%
2022	37,099	5,659	18.0%

**072**

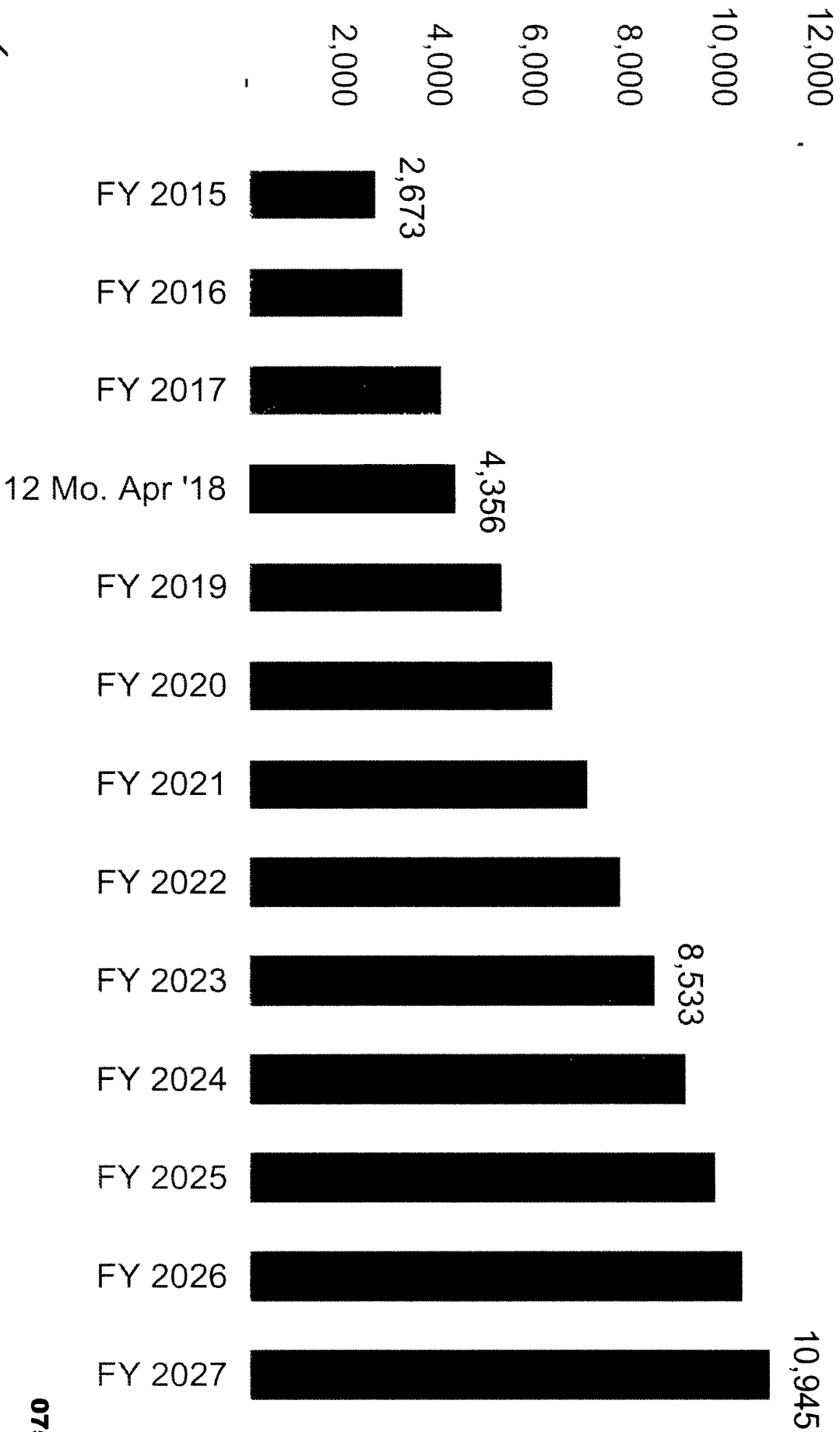
# Forecast Annual New Water Accounts



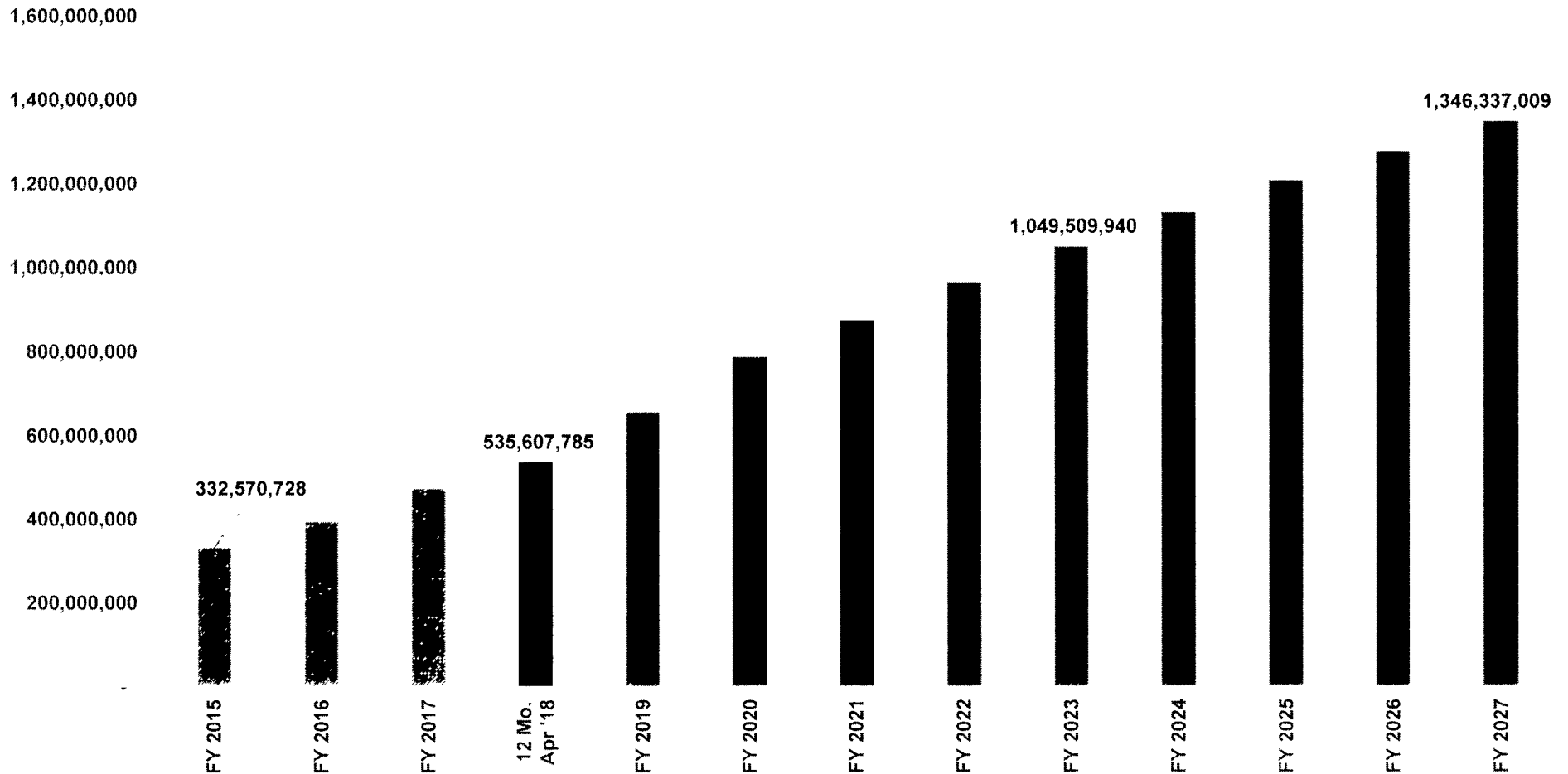
# Actual and Forecast Total Water Accounts



# Actual and Forecast Total Wastewater Accounts

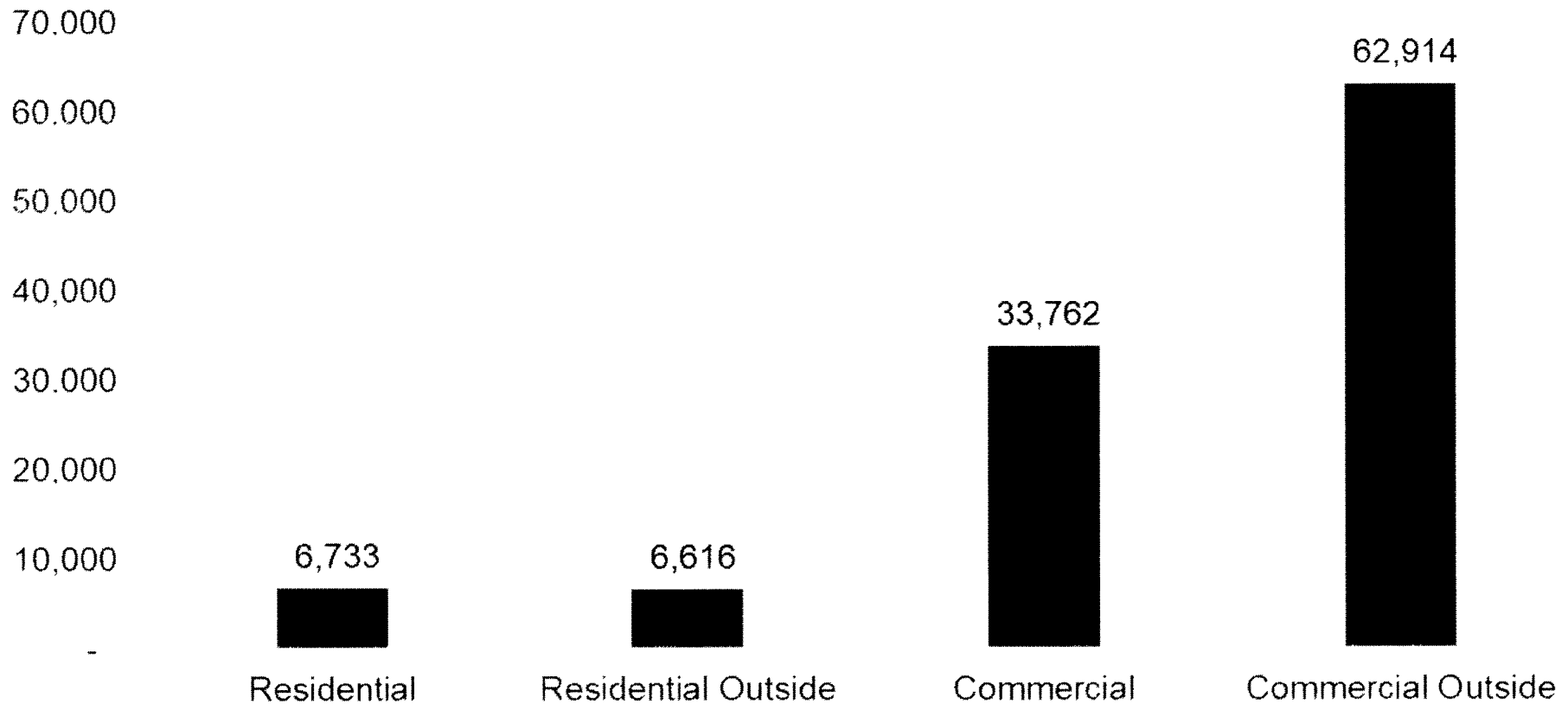


# Actual and Forecast Water Consumption



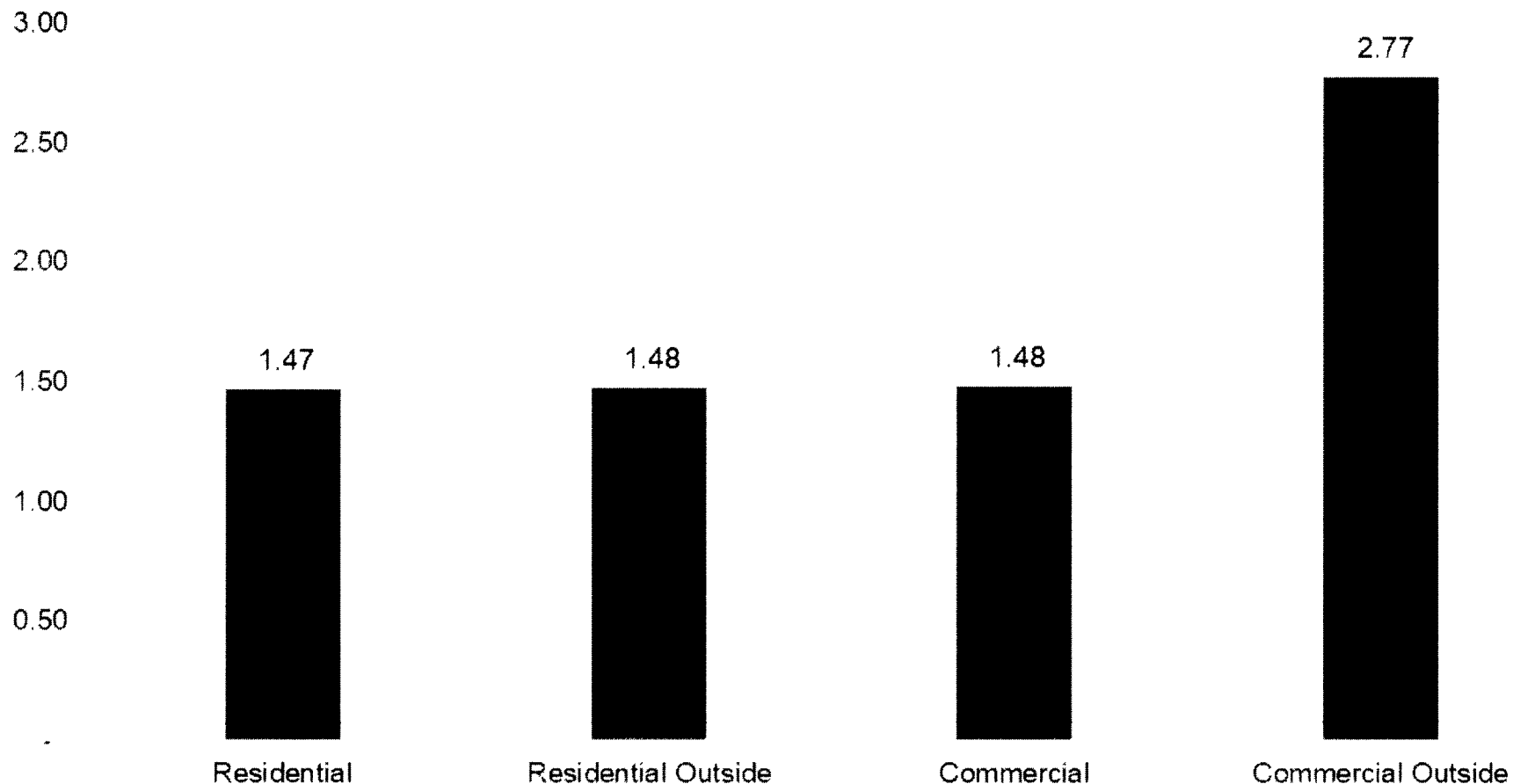
076

# Test Year Average Monthly Consumption/Account



077

# Test Year Peak to Average Ratios by Customer Class

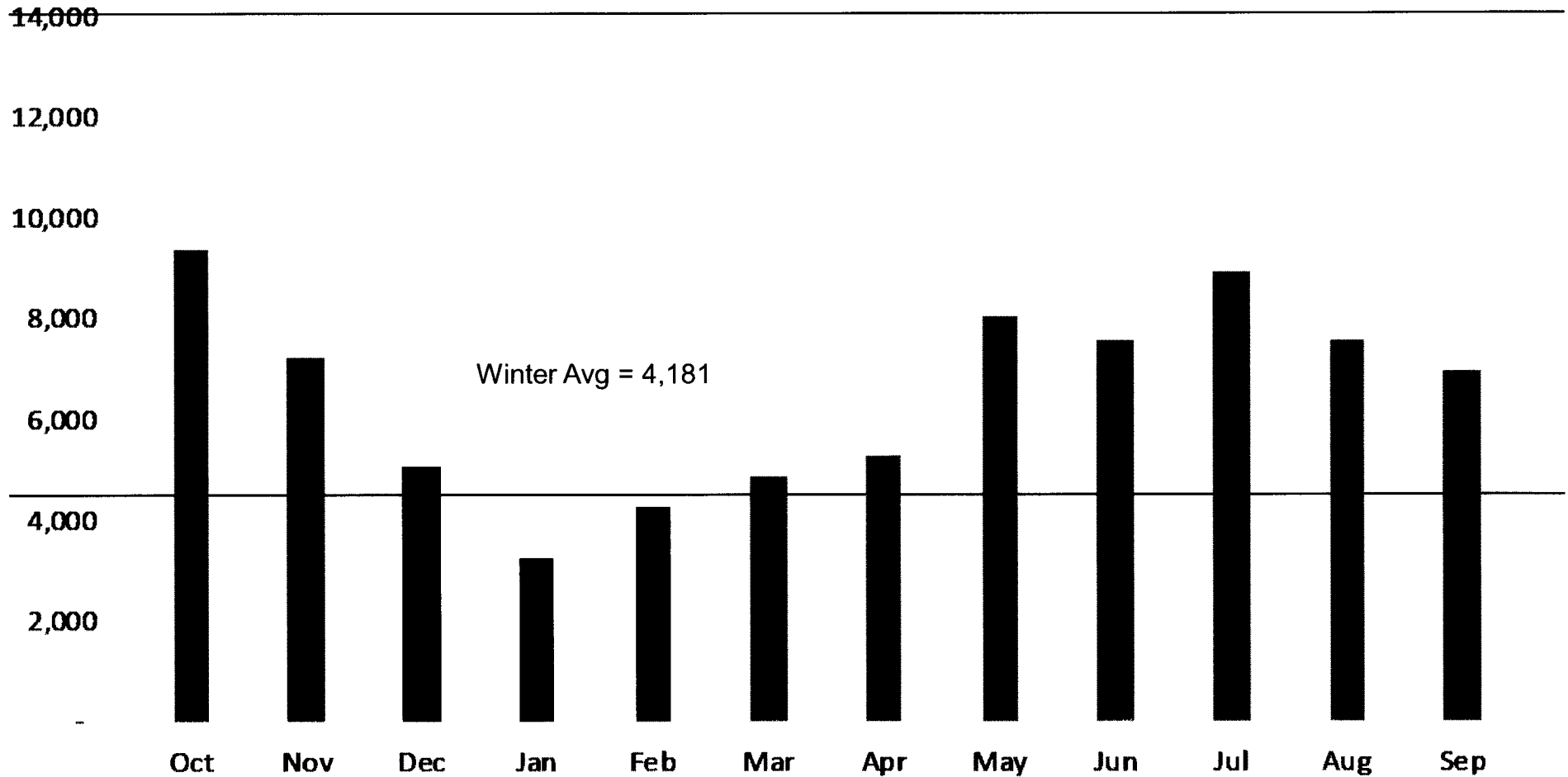


078

# City of Celina Winter Average Analysis



Current Cap = 14,000



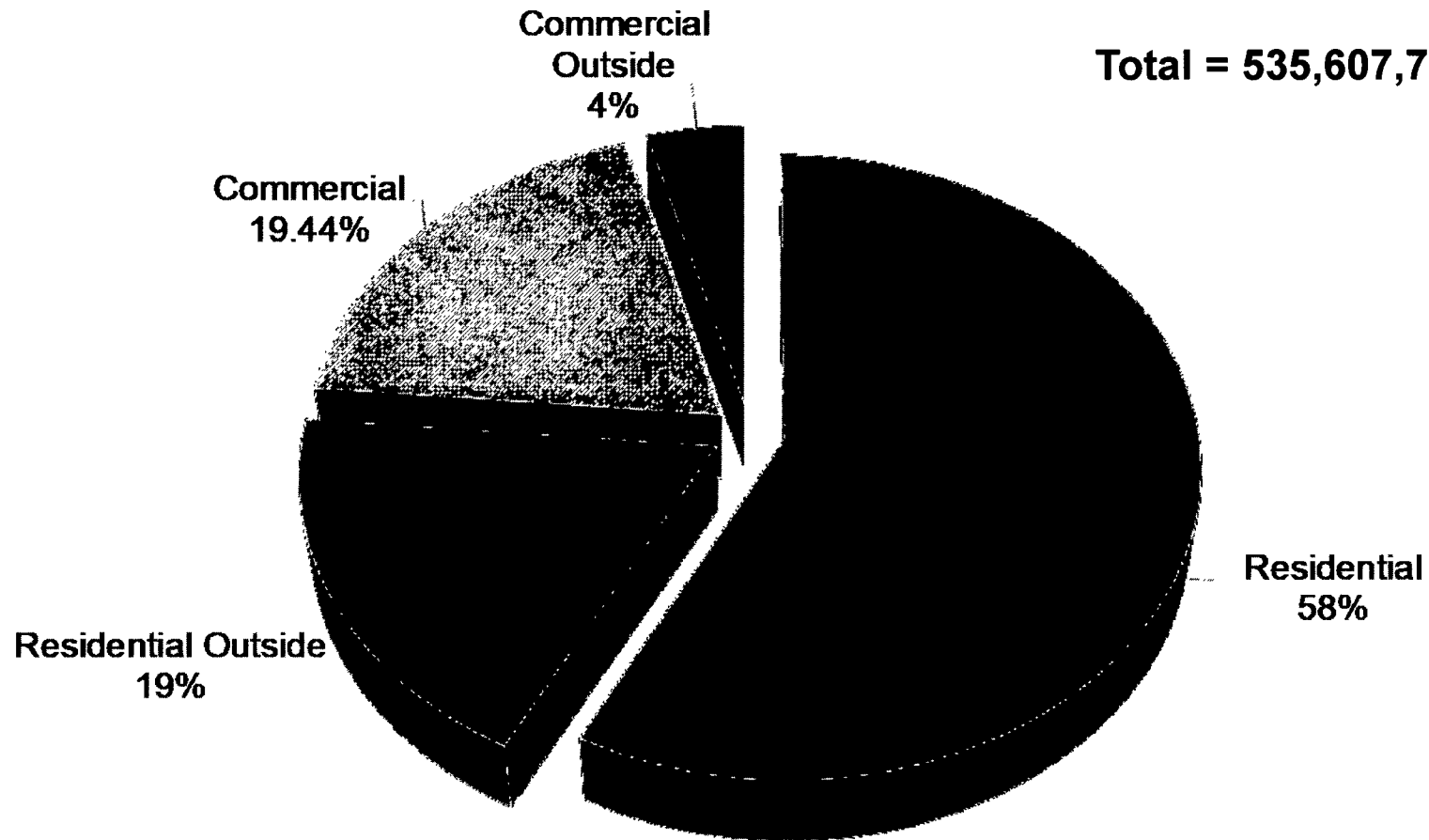
079



# Water Consumption By Class



Total = 535,607,785



080

# Forecast Financial and Rate Plan Key Assumptions



- || Most personnel and operating expenses will increase 3% per year
- || Certain expenses will increase with volume and customer growth (electricity/chemicals/health insurance)
- || Budget costs are allocated to water and wastewater utilities in the manner displayed on following page
- || Biggest impacts on rate plan:
  - ☐ UTRWD Cost Increases
  - ☐ New Debt required to fund CIP

**081**

# Test Year 2018 Revenue Requirement

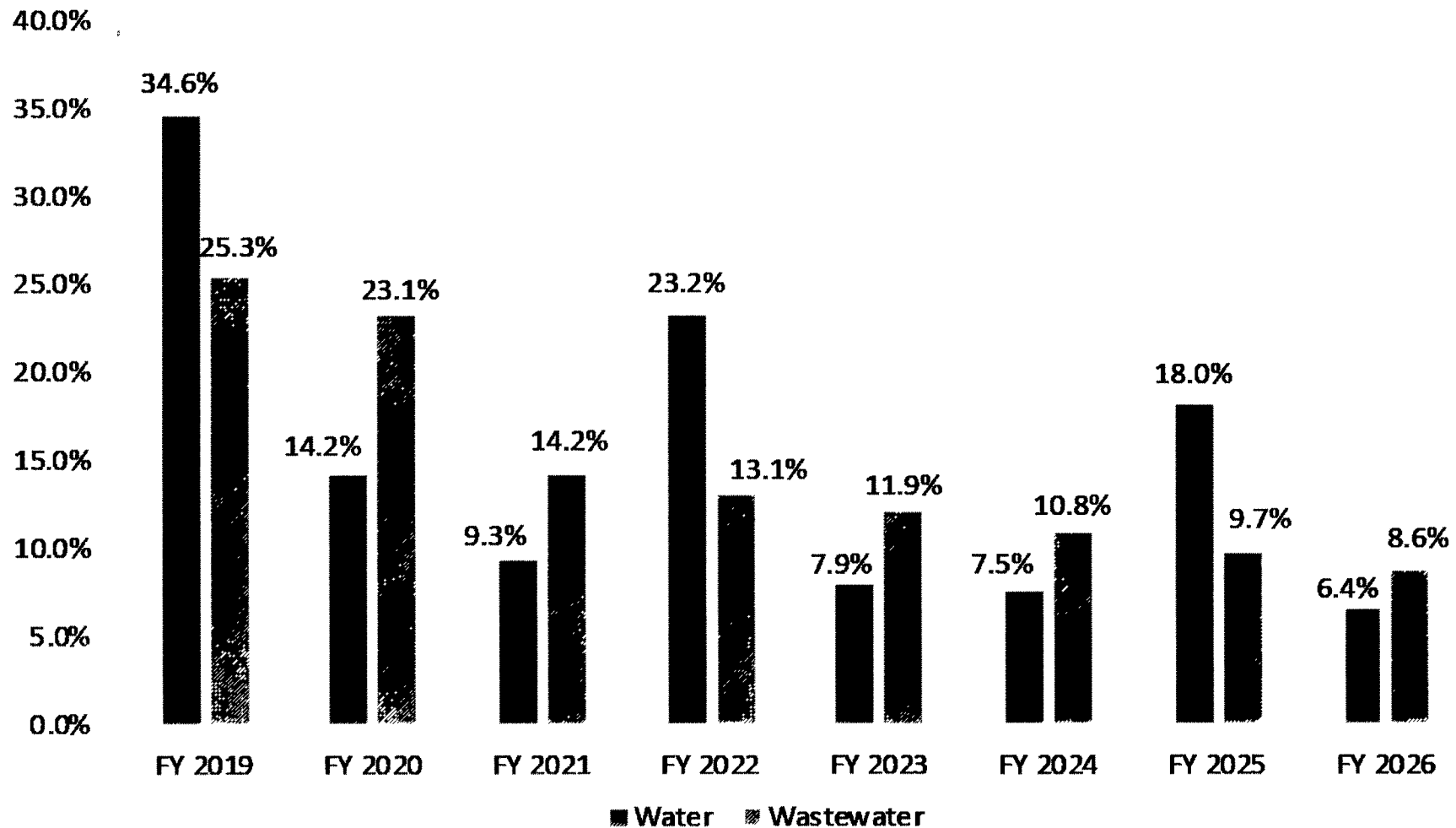


	<b>Total Budget</b>		<b>Wastewater</b>
Total Operating	\$ 3,138,150	\$ 2,028,131	\$ 1,110,019
UTRWD Purchases	4,165,563	2,111,200	2,054,363
Transfers	527,000	359,415	167,585
Capital Outlays	299,734	181,823	117,911
Debt Service	<u>2,220,995</u>	<u>1,313,274</u>	<u>907,720</u>
<b>Total Cost of Service</b>	<b>10,351,442</b>	<b>5,993,844</b>	<b>4,357,598</b>
Less: Non-Rate Revenue	<u>2,879,300</u>	<u>1,675,083</u>	<u>1,204,217</u>
<b>Net Revenue Requirement Raised From Rates</b>	<b>7,472,142</b>	<b>4,318,761</b>	<b>3,153,381</b>

082

# UTRWD

## Forecast Water/WW Cost Increases



083

# Long-Term Capital/Debt Financing Principal Assumptions



For high-growth cities like Celina, capital improvement plans are highly volatile and subject to significant and continuous change

City has provided CIP data for the period through 2027

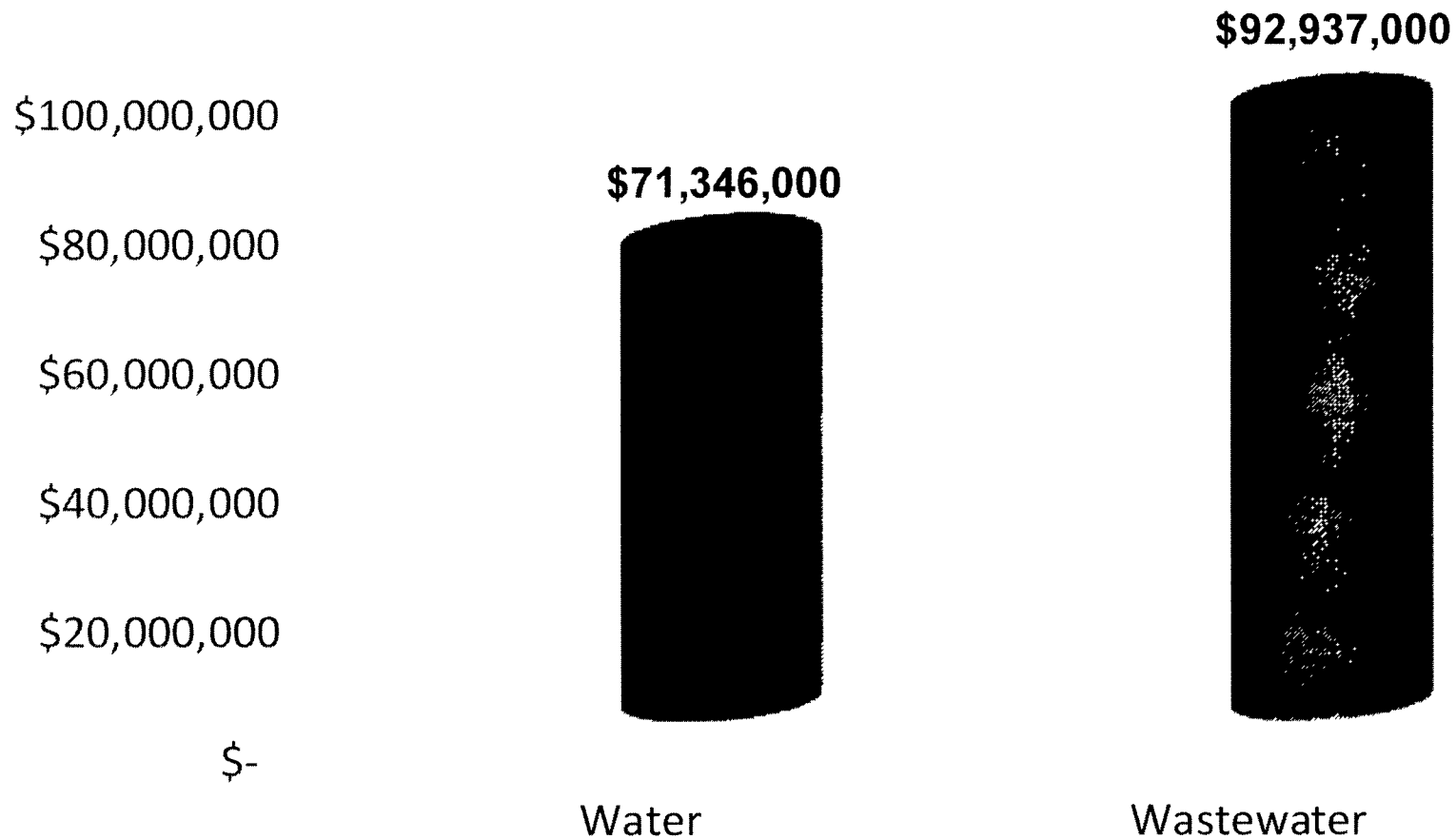
Identified capital needs total **\$164,283,000** through 2027

Rate plan assumes that a significant portion of CIP needs will be funded through bond issues

# Forecast Water/Wastewater CIP 2018 - 2027



**Total = \$164,283,000**



**065**

# Forecast Water/Wastewater Capital Improvement Plan



30" and 36" Discharge Line from RR to DTPS	\$ 8,000,000
New 6 MG GST at CRPS	7,000,000
30" and 24" Discharge Line from RR to DTPS	5,600,000
CRPS Improvements	5,500,000
Coit Rd 2 MGD Water Tower Construction	5,400,000
24" Line to increase capacity in the Low pressure plane	5,340,000
Downtown Water Improvements	5,250,000
18" and 24" to Morgan Lakes	4,800,000
CRPS & Downtown Pump Station - Phase 1	4,500,000
30" and 24" Parallel Line from DTPS to Sunset	3,500,000
Other Capital Improvement Projects	16,456,000
<b>Total Water Projects</b>	<b>\$ 71,346,000</b>

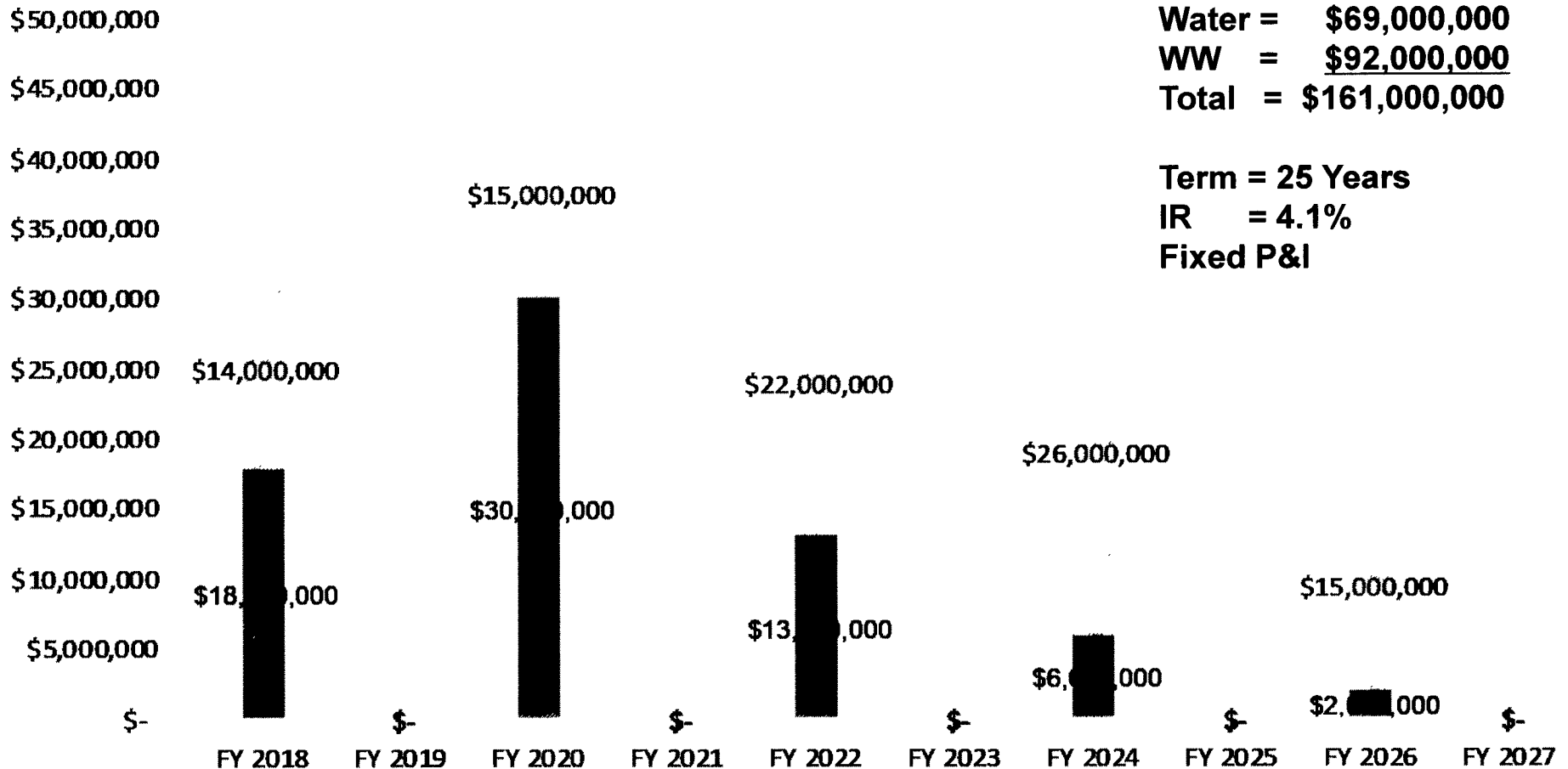
## WASTEWATER PROJECTS

30", 36", 42", 60" Interceptor from Dntown to WWT	\$ 20,000,000
Downtown WWTP Upgrade to .95 MGD	13,700,000
WWTP 3 MGD	12,000,000
WWTP 2 MGD	11,000,000
Construct 15"- 30" interceptor Doe Branch to CR 51	6,000,000
Downtown WW Improvements	5,250,000
21" line from Dallas Pkwy to Preston	5,000,000
Construct 10" - 21" interceptor Doe Branch to CR 83	3,200,000
18" line adding capacity for Downtown	3,066,000
Bus 289 Sewer line	3,000,000
Other Capital Improvement Projects	7,821,000
<b>Total Wastewater Projects</b>	<b>\$ 92,937,000</b>

**Total Water and Wastewater Projects \$ 164,283,000**

**006**

# Long-Term Financing Forecast Bond Issues



087



# Debt Service Forecast



Year			Wastewater		Total
	Current	Forecast	Current	Forecast	
TY 2018	\$ 1,313,274	\$ -	\$ 907,720	\$ -	\$ 2,220,995
FY 2019	1,319,470	1,187,714	912,003	923,778	4,342,966
FY 2020	1,321,713	1,187,714	913,553	923,778	4,346,759
FY 2021	1,319,211	3,167,239	911,824	1,913,540	7,311,814
FY 2022	1,320,325	3,167,239	912,594	1,913,540	7,313,698
FY 2023	1,318,293	4,025,032	911,189	3,365,191	9,619,706
FY 2024	1,323,037	4,025,032	914,468	3,365,191	9,627,729
FY 2025	1,134,909	4,420,937	784,437	5,080,779	11,421,062
FY 2026	1,137,219	4,420,937	786,033	5,080,779	11,424,969
FY 2027	1,132,256	4,552,906	782,603	6,070,541	12,538,306

008

# Forecast Non-Rate Revenues



	Solid Waste			Wastewater			Total
	Connection Fees	Other	Total	Connection Fees	Other	Total	Total
2018	\$ 1,166,000	\$ 509,083	\$ 1,675,083	\$ 891,000	\$ 313,217	\$ 1,204,217	\$ 2,879,300
2019	1,166,000	509,083	1,675,083	891,000	313,217	1,204,217	2,879,300
2020	1,284,048	509,083	1,793,131	981,207	313,217	1,294,424	3,087,555
2021	856,918	509,083	1,366,001	654,815	313,217	968,032	2,334,034
2022	857,451	509,083	1,366,534	655,222	313,217	968,439	2,334,973
2023	838,870	509,083	1,347,952	641,023	313,217	954,240	2,302,193
2024	799,662	509,083	1,308,744	611,062	313,217	924,279	2,233,024
2025	739,066	509,083	1,248,149	564,758	313,217	877,975	2,126,124
2026	657,203	509,083	1,166,286	502,202	313,217	815,419	1,981,705
2027	693,941	509,083	1,203,024	530,276	313,217	843,493	2,046,516

**Note: Connection Fees = 71% of TY Non-Rate Revenue**

**089**

# Forecast Revenue Requirement



	Operating Expenses	Capital Outlays	Debt Service	Transfers & Contingencies	Total Cost of Service	Less Non-Rate Revenues	Net Revenue Requirement
2018	\$ 4,139,331	\$ 181,823	\$ 1,313,274	\$ 359,415	\$ 5,993,844	\$ 1,675,083	\$ 4,318,761
2019	4,943,924	181,823	2,507,185	370,198	8,003,129	1,675,083	6,328,046
2020	5,513,776	181,823	2,509,427	381,304	8,586,330	1,793,131	6,793,199
2021	5,959,027	181,823	4,486,450	392,743	11,020,043	1,366,001	9,654,041
2022	6,903,399	181,823	4,487,564	404,525	11,977,310	1,366,534	10,610,777
2023	7,343,750	181,823	5,343,325	416,661	13,285,559	1,347,952	11,937,606
2024	7,794,602	181,823	5,348,069	429,160	13,753,654	1,308,744	12,444,910
2025	8,810,788	181,823	5,555,847	442,035	14,990,493	1,248,149	13,742,344
2026	9,303,199	181,823	5,558,157	455,296	15,498,475	1,166,286	14,332,189
2027	9,826,129	181,823	5,685,162	468,955	16,162,070	1,203,024	14,959,046
<b>WASTEWATER Revenue Requirement</b>							
2018	3,164,382	117,911	907,720	167,585	4,357,598	1,204,217	3,153,381
2019	3,442,607	117,911	1,835,781	172,612	5,568,911	1,204,217	4,364,694
2020	3,770,518	117,911	1,837,331	177,791	5,903,551	1,294,424	4,609,127
2021	4,073,256	117,911	2,825,364	183,124	7,199,656	968,032	6,231,624
2022	4,415,011	117,911	2,826,134	188,618	7,547,675	968,439	6,579,235
2023	4,807,977	117,911	4,276,380	194,277	9,396,546	954,240	8,442,305
2024	5,092,088	117,911	4,279,659	200,105	9,689,764	924,279	8,765,484
2025	5,382,040	117,911	5,865,215	206,108	11,571,275	877,975	10,693,300
2026	5,664,143	117,911	5,866,812	212,291	11,861,158	815,419	11,045,739
2027	5,967,805	117,911	6,853,144	218,660	13,157,520	843,493	12,314,027

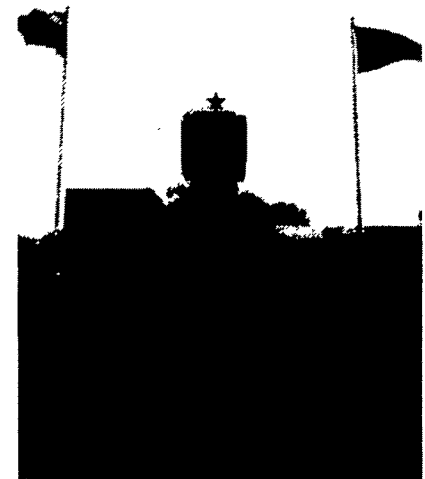
096

# Notes on Rate Proposal



Project team strongly recommends that rate plan be reviewed on an annual basis to confirm and/or make adjustments to the following:

- Growth forecast
- Amount of New Debt Issued to fund CIP
- Revenue recovered from Connection Fees and other Non-Rate Services



# Notes on Rate Proposal



Due to high volatility of growth forecasts and CIP requirements, project team recommends that City adopt a 3 year rate plan

Strong account growth and connection fee recoveries are limiting the magnitude of proposed rate adjustments

## Two Rate Plan Scenarios:

- **Scenario 1** – Status Quo
- **Scenario 2** – Modified Rate Structure:
  - **Commercial** – convert from tiered volume rate to uniform – 5 year phase-in
  - **Residential** – increase  $\frac{3}{4}$ " meter charge to = 1" charge – 5 year phase-in

092

# Scenario 1 Rate Plan Water Residential



		Effective Jan-18	Jan-19	Jan-20	Jan-21	Forecast Jan-22	Forecast Jan-23
<b>Minimum Charge -- 1st 2,000 Gal</b>							
3/4"	\$	23.15	\$ 23.84	\$ 24.56	\$ 25.30	\$ 26.06	\$ 26.84
1"		38.93	40.10	41.30	42.54	43.82	45.13
1 1/2"		77.87	80.21	82.61	85.09	87.64	90.27
2"		124.59	128.33	132.18	136.14	140.23	144.43
<b>Volume Rate Per 1,000 Gal</b>							
2,001 10,000		5.06	5.21	5.37	5.53	5.70	5.87
10,001 20,000		7.66	7.89	8.13	8.37	8.62	8.88
20,001 30,000		9.02	9.29	9.57	9.86	10.15	10.46
30,001 Above		13.02	13.41	13.81	14.23	14.65	15.09
<b>Minimum Charge -- 1st 2,000 Gal</b>							
3/4"		34.72	35.77	36.84	37.94	39.08	40.26
1"		58.40	58.40	60.15	61.95	63.81	65.72
1 1/2"		116.81	116.81	120.31	123.92	127.64	131.47
2"		186.89	186.89	192.49	198.27	204.21	210.34
<b>Residential Outside Volume Rate Per 1,000 Gal</b>							
2,001 10,000		7.59	7.59	7.82	8.05	8.29	8.54
10,001 20,000		11.49	11.49	11.83	12.19	12.56	12.93
20,001 30,000		13.53	13.53	13.94	14.35	14.78	15.23
30,001 Above		19.53	19.53	20.12	20.72	21.34	21.98

**093**

# Scenario 1 Rate Plan Water Commercial



		Effective Jan-18	Jan-19	Jan-20	Jan-21	Forecast Jan-22	Forecast Jan-23
<b>Minimum Charge -- 1st 2,000 Gal</b>							
3/4"	\$	27.81	\$ 28.64	\$ 29.50	\$ 30.39	\$ 31.30	\$ 32.24
1"		48.67	50.13	51.63	53.18	54.78	56.42
1 1/2"		97.34	100.26	103.27	106.37	109.56	112.84
2"		155.74	160.41	165.22	170.18	175.29	180.55
3"		233.60	240.61	247.83	255.26	262.92	270.81
4"		389.34	401.02	413.05	425.44	438.21	451.35
<b>Volume Rate Per 1,000 Gal</b>							
2,001	10,000	5.06	5.21	5.37	5.53	5.70	5.87
10,001	20,000	7.66	7.89	8.13	8.37	8.62	8.88
20,001	30,000	9.02	9.29	9.57	9.86	10.15	10.46
30,001	Above	13.02	13.41	13.81	14.23	14.65	15.09
<b>Minimum Charge -- 1st 2,000 Gal</b>							
3/4"	\$	41.72	\$ 42.97	\$ 44.26	\$ 45.58	\$ 46.95	\$ 48.36
1"		73.01	75.20	77.45	79.77	82.17	84.63
1 1/2"		146.01	150.39	154.90	159.55	164.34	169.27
2"		233.61	240.62	247.84	255.27	262.93	270.82
3"		350.40	360.91	371.74	382.89	394.38	406.21
4"		584.01	601.53	619.58	638.16	657.31	677.03
<b>Volume Rate Per 1,000 Gal</b>							
2,001	10,000	7.59	7.82	8.05	8.29	8.54	8.80
10,001	20,000	11.49	11.83	12.19	12.56	12.93	13.32
20,001	30,000	13.53	13.94	14.35	14.78	15.23	15.68
30,001	Above	19.53	20.12	20.72	21.34	21.98	22.64

# Scenario 1 Rate Plan

## Wastewater Residential and Commercial



	Effective Jan-18	Jan-19	Jan-20	Jan-21	Forecast Jan-22	Forecast Jan-23
<b>Minimum Charge -- 1st 2,000 Gal</b>						
3/4"	\$ 21.50	\$ 23.44	\$ 25.54	\$ 27.84	\$ 30.35	\$ 33.08
1"	38.63	42.11	45.90	50.03	54.53	59.44
1 1/2"	72.10	78.59	85.66	93.37	101.78	110.93
2"	123.60	134.72	146.85	160.07	174.47	190.17
Volume Rate/1,000 Gal (2,001 to 14,000)	5.84	6.37	6.94	7.56	8.24	8.99
<b>Minimum Charge -- 1st 2,000 Gal</b>						
3/4"	\$ 25.75	\$ 28.07	\$ 30.59	\$ 33.35	\$ 36.35	\$ 39.62
1"	48.29	52.64	57.37	62.54	68.17	74.30
1 1/2"	90.13	98.24	107.08	116.72	127.23	138.68
2"	154.50	168.41	183.56	200.08	218.09	237.72
4"	386.25	421.01	458.90	500.20	545.22	594.29
Volume Rate/1,000 Gal	5.84	6.37	6.94	7.56	8.24	8.99

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# Scenario 1 Rate Plan Impact on Residential Ratepayers



		Effective Jan-18	Jan-19	Jan-20	Jan-21	Forecast Jan-22	Forecast Jan-23
<b>Residential Monthly Charges – 3/4"</b>							
5,000 Water	5,000 WW	\$ 77.35	\$ 82.01	\$ 87.02	\$ 92.42	\$ 98.22	\$ 104.47
	Increase -- \$		<b>4.66</b>	<b>5.01</b>	<b>5.39</b>	<b>5.80</b>	<b>6.25</b>
	Increase -- %		6.0%	6.1%	6.2%	6.3%	6.4%
10,000 Water	10,000 WW	131.85	139.90	148.56	157.88	167.91	178.73
	Increase -- \$		<b>8.05</b>	<b>8.66</b>	<b>9.32</b>	<b>10.04</b>	<b>10.82</b>
	Increase -- %		6.1%	6.2%	6.3%	6.4%	6.4%
20,000 Water	20,000 WW	266.85	282.45	299.21	317.21	336.56	357.39
	Increase -- \$		<b>15.60</b>	<b>16.75</b>	<b>18.00</b>	<b>19.35</b>	<b>20.82</b>
	Increase -- %		5.8%	5.9%	6.0%	6.1%	6.2%
<b>Outside Residential Monthly Charges -- 3/4"</b>							
5,000 Water	5,000 WW	\$ 128.44	\$ 135.87	\$ 144.59	\$ 153.98	\$ 164.12	\$ 175.05
	Increase -- \$		<b>7.43</b>	<b>8.72</b>	<b>9.40</b>	<b>10.13</b>	<b>10.93</b>
			5.8%	6.4%	6.5%	6.6%	6.7%
10,000 Water	10,000 WW	\$ 230.89	\$ 244.13	\$ 260.31	\$ 277.77	\$ 296.63	\$ 317.00
	Increase -- \$		<b>13.24</b>	<b>16.18</b>	<b>17.46</b>	<b>18.86</b>	<b>20.37</b>
			5.7%	6.6%	6.7%	6.8%	6.9%

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# Proposed Rate Plan Impact on Commercial Ratepayers



		Effective Jan-18	Proposed Rates			Forecast Jan-22	Forecast Jan-23
			Jan-19	Jan-20	Jan-21		
<b>Commercial Monthly Charges -- 1 1/2"</b>							
30,000 Water	30,000 WW	\$ 558.27	\$ 590.24	\$ 624.53	\$ 661.35	\$ 700.90	\$ 743.41
	Increase -- \$		<b>31.97</b>	<b>34.30</b>	<b>36.82</b>	<b>39.55</b>	<b>42.51</b>
			5.7%	5.8%	5.9%	6.0%	6.1%
60,000 Water	60,000 WW	1,124.07	1,183.52	1,247.08	1,315.06	1,387.83	1,465.79
	Increase -- \$		<b>59.45</b>	<b>63.55</b>	<b>67.98</b>	<b>72.77</b>	<b>77.96</b>
	Increase -- %		5.3%	5.4%	5.5%	5.5%	5.6%

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# Scenario 1 Proposed Rate Plan Forecast Revenues and Expenses



	2018	2019	2020	2021	2022	2023
Water Rate Revenues	\$ 5,872,806	\$ 7,366,426	\$ 9,096,832	\$ 10,417,285	\$ 11,809,448	\$ 13,251,668
WW Rate Revenues	2,769,309	3,612,639	4,729,761	5,731,544	6,875,726	8,164,595
Non-Rate Revenues	<u>2,879,300</u>	<u>2,879,300</u>	<u>3,087,555</u>	<u>2,334,034</u>	<u>2,334,973</u>	<u>2,302,193</u>
<b>Total Revenues</b>	<b>11,521,415</b>	<b>13,858,365</b>	<b>16,914,148</b>	<b>18,482,862</b>	<b>21,020,147</b>	<b>23,718,456</b>
Operating Expenses	<u>7,303,713</u>	<u>8,386,530</u>	<u>9,284,294</u>	<u>10,032,283</u>	<u>11,318,410</u>	<u>12,151,728</u>
Net Revenues for Transfers/COs/Debt Service	4,217,702	5,471,834	7,629,854	8,450,579	9,701,737	11,566,728
Current Debt Service	2,220,995	2,231,473	2,235,266	2,231,036	2,232,919	2,229,482
Future Debt Service	<u>-</u>	<u>2,111,492</u>	<u>2,111,492</u>	<u>5,080,779</u>	<u>5,080,779</u>	<u>7,390,223</u>
Total Debt Service	2,220,995	4,342,966	4,346,759	7,311,814	7,313,698	9,619,706
Net Revenues for COs and Transfers	1,696,973	829,134	2,983,361	839,031	2,088,306	1,647,289
<b>Total Capital Outlays and Transfers</b>	<u>826,734</u>	<u>842,544</u>	<u>858,828</u>	<u>875,601</u>	<u>892,877</u>	<u>910,671</u>
<b>Total Cost of Service</b>	<b>10,351,442</b>	<b>13,572,040</b>	<b>14,489,881</b>	<b>18,219,698</b>	<b>19,524,985</b>	<b>22,682,105</b>
<del>Net Revenues – Contingency/Coverage</del>	<del>1,169,973</del>	<del>286,324</del>	<del>2,424,267</del>	<del>253,164</del>	<del>1,100,000</del>	<del>1,100,000</del>
Percent of COS	11.3%	2.1%	16.7%	1.4%	7.7%	4.6%
<b>Debt Coverage</b>						
Including COs/Transfers	1.53	1.07	1.56	1.04	1.20	1.11
Excluding COs/Transfers	1.90	1.26	1.76	1.16	1.33	1.20

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## Scenario 2 Notes



- || Scenario 2 commercial and residential rate design modifications have greatest impact on low use customers
- || Residential rate modification increases monthly  $\frac{3}{4}$ " meter charge 11–13% for water and wastewater
- || Commercial rate modification increases monthly bill for customers using 30,000 gallons by 8.5–11%
- || Note: similar modifications are implemented for outside customer rates