

**CITY OF PRESCOTT, ARIZONA  
2008 WATER AND WASTEWATER  
RATE AND IMPACT FEE STUDY  
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## Acknowledgements

During the course of this study, several City employees expended considerable time and effort in assisting the project team. These employees included the Mayor and Council, Mr. Craig McConnell, Mr. Mark Woodfill, Ms. Crista Clevenger, Mr. Jim Ciaffoni, Mr. Craig Dotseth and Ms. Connie Tucker. The project team owes a debt of gratitude to the hard work, dedication and professionalism of these employees, without whom this project would not have been successfully completed.

The project team has relied upon the extensive operational and financial data supplied by the City, and thus the integrity and findings of the study are largely dependent upon the accuracy of this financial and volumetric data.

# Executive Summary

## Background



In September 2007, the City of Prescott, Arizona (the “City”) engaged **Economists.com** to prepare a water and wastewater rate study, an impact fee study, and a long-term financial plan for FY 2008 and beyond.

The City identified numerous objectives for this study. These objectives include but are not limited to the following:

- A comprehensive review and evaluation of present rate schedules, impact fees and system development charges.
- An estimate of current and forecast accounts, water consumption and wastewater billing units for the forecast period.
- A forecast of water and wastewater revenue requirements, including operating expenses, debt service, capital outlays and non-debt financed capital expenditures for a period ten years into the future.
- An evaluation of the water and wastewater system’s current cost of service and revenue requirements as they relate to both system components and customer classes.
- An evaluation of outside city limit water and wastewater rates, including Chino Valley and County customers.
- A review of the adequacy and appropriateness of the City’s existing water and wastewater rate structures and customer classes.
- A detailed analysis and comparison of the City’s current and proposed rates and impact fees to comparable Arizona cities.
- A development of alternative rate structures that would recover the City’s cost of service, ensure equitable, just and reasonable treatment of identified customer classes and maintain critical financial ratios.

Because of the complexities both in the City’s system and its designation as an Active Management Area, the City also included several additional objectives for this study. These additional objectives are outlined in Section I.

## Water and Wastewater Rate Comparison

**Table ES-1** compares Prescott’s monthly water and wastewater charges to a selected group of cities in Arizona, including both nearby cities and the state’s largest metropolitan areas. This table provides an overview of the population, median household income and monthly charges for water and wastewater for these cities, and the percentage of each city’s respective median household income required to pay an average water and wastewater utility bill as a measure of affordability.

The rate data is based on a statewide rate survey completed in 2007 by Economists.com and published by the Water Infrastructure Finance Authority of Arizona (WIFA) on current water and wastewater rates. These rates do not include sales tax, activation or other charges beyond the basic minimum and volume charges. Additionally, where appropriate, certain cities that charge for service based on cubic feet of water have had their rates converted to an equivalent charge per 1,000 gallons.

The following is noteworthy about Table ES-1:

- The City of Prescott’s water rates are basically equivalent to those charged by other nearby cities and some of the larger cities in Arizona.
- The City’s wastewater rates are lower than most of the cities listed in Table ES-1 and considerably lower than the state’s average wastewater rate.
- The percentage of median household income required for water and wastewater services in the City of Prescott is lower than the percentage of median household income required in many other cities, including Chino Valley and Prescott Valley.

**Table ES-1**

CITY OF PRESCOTT							
Total Monthly Residential Charges for 10,000 Gallons Water and 5,000 Wastewater							
	2007 Population	Yr 2000 Census Median HH Income	10,000 Gallons Water	5,000 Gallons Wastewater	Total	% of Median HH Income	
<b>Prescott</b>	<b>43,217</b>	<b>\$ 35,446</b>	<b>\$ 45.28</b>	<b>\$ 15.65</b>	<b>\$ 60.93</b>	<b>2.06%</b>	
Avondale	75,256	49,153	21.94	21.30	43.24	1.06%	
Chino Valley	13,098	32,289	46.22	24.60	70.82	2.63%	
Clarkdale	3,986	34,911	59.50	20.47	79.97	2.75%	
Cottonwood	11,130	27,444	43.10	16.75	59.85	2.62%	
Flagstaff	64,200	37,146	38.63	14.90	53.53	1.73%	
Glendale	246,076	45,015	25.72	19.39	45.11	1.20%	
Holbrook**	5,599	31,746	24.00	20.75	44.75	1.69%	
Kingman	28,635	34,086	23.78	12.94	36.72	1.29%	
Marana ♦	32,274	52,870	33.35	15.12	48.47	1.10%	
Phoenix**	1,538,568	41,207	17.34	15.22	32.56	0.95%	
Prescott Valley	38,357	34,341	39.16	23.02	62.18	2.17%	
Scottsdale	240,126	57,484	33.99	23.29	57.28	1.20%	
Sedona*	8,020	44,042	33.86	32.54	66.40	1.81%	
Tucson ♦	541,132	30,981	21.06	15.12	36.18	1.40%	
Wickenburg**	6,380	31,716	14.89	22.00	36.89	1.40%	
Winslow	10,135	29,741	24.41	20.66	45.07	1.82%	
Yuma	93,212	35,374	35.01	28.06	63.07	2.14%	
<b>State Average</b>		<b>\$ 39,927</b>	<b>\$ 41.10</b>	<b>\$ 24.27</b>	<b>65.37</b>	<b>1.96%</b>	

\* Operated by AZ Water Company  
 \*\* Winter Water Rates  
 ♦ Operated by Pima County WW Mgt Dept.

**Customers and Meters – Ten Year Forecast**

According to the Arizona Department of Economic Security (DES), the City of Prescott has a projected population of **53,484** by 2015, which would indicate a projected growth rate of **3.09%** annually from its 2007 population estimate of 43,217. DES projections estimate the City's population in 2020 at **58,989**.

According to The City of Prescott's 2007 Wastewater Collection System Model Study, the City has a projected population of **50,803** by 2015, which would indicate a projected growth rate of **2.37%** annually from 2007 - 2015. In its study, the City projected a total population of **56,056** by 2020.

Groups such as the Prescott Chamber of Commerce typically use the DES figures for their forecasting. While population growth has recently slowed, both the DES and recent City studies indicate that Prescott will grow at an overall average annual rate of approximately 3% over the next ten years. The project team will utilize a conservative annual average population increase of **2.4%** that takes into account the recent slow down in growth.

**Table ES-2** presents actual and forecast water accounts for each of the City's defined customer classes. The tables reveal that the customer base is forecast to remain predominantly residential. In total, water accounts are forecast to increase from 21,219 in FY 2008 to **26,167** in FY 2017, a total increase of 23.3% and an average annual increase of **2.7 %**. Wastewater accounts are expected to increase from 16,883 in FY 2008 to **21,439** by FY 2017, a total increase of 27.0 % and an average annual increase of **3.0%**.

Notably, the forecast assumes that growth slows significantly in 2008 and 2009. As Table ES-2 reveals, the City added between 420 and 694 new water accounts annually during the period FY 2004 – FY 2007. Reflecting the slowdown in growth throughout the state of Arizona, the project team forecasts that the City will add only 121 water accounts in FY 2008. This annual total is forecast to gradually increase to 590 by 2011 as the housing market and the overall economy recovers.

Table ES-2

CITY OF PRESCOTT													
FORECAST TOTAL ACCOUNTS													
WATER Customer Classes													
	Res Inside	Multi-Family Inside	Irrigation Inside	Non-Res Inside	Res County	Multi-Family County	Irrigation County	Non-Res County	Res CV	Multi-Family CV	Irrigation CV	Non-Res CV	Total
<b>WATER Total Accounts</b>													
Nov-03	13,624	705	329	1,319	2,194	12	25	26	426	-	7	30	18,697
Nov-04	14,185	707	331	1,346	2,210	12	25	26	474	-	7	29	19,352
Nov-05	14,748	700	328	1,398	2,227	12	25	26	548	-	7	27	20,046
Nov-06	15,124	703	337	1,512	2,139	13	16	24	565	-	6	27	20,466
Nov-07	15,463	712	363	1,631	2,262	13	24	26	570	-	6	28	21,098
FY													
2008	15,563	716	365	1,641	2,267	13	24	26	570	-	6	28	21,219
2009	15,813	728	370	1,666	2,287	13	24	26	570	-	6	28	21,531
2010	16,238	746	378	1,701	2,307	13	24	26	570	-	6	28	22,037
2011	16,738	766	388	1,741	2,327	13	24	26	570	-	6	28	22,627
2012	17,238	786	398	1,781	2,347	13	24	26	570	-	6	28	23,217
2013	17,738	806	408	1,821	2,367	13	24	26	570	-	6	28	23,807
2014	18,238	826	418	1,861	2,387	13	24	26	570	-	6	28	24,397
2015	18,738	846	428	1,901	2,407	13	24	26	570	-	6	28	24,987
2016	19,238	866	438	1,941	2,427	13	24	26	570	-	6	28	25,577
2017	19,738	886	448	1,981	2,447	13	24	26	570	-	6	28	26,167
<b>WATER Annual New Accounts</b>													
Nov-04	561	2	2	27	16	-	-	-	48	-	-	(1)	655
Nov-05	563	(7)	(3)	52	17	-	-	-	74	-	-	(2)	694
Nov-06	376	3	9	114	(88)	1	(9)	(2)	17	-	(1)	-	420
Nov-07	339	9	26	119	123	-	8	2	5	-	-	1	632
FY 2008													
Adjustment	100	4	2	10	5	-	-	-	-	-	-	-	121
FY													
2009	250	12	5	25	20	-	-	-	-	-	-	-	312
2010	425	18	8	35	20	-	-	-	-	-	-	-	506
2011	500	20	10	40	20	-	-	-	-	-	-	-	590
2012	500	20	10	40	20	-	-	-	-	-	-	-	590
2013	500	20	10	40	20	-	-	-	-	-	-	-	590
2014	500	20	10	40	20	-	-	-	-	-	-	-	590
2015	500	20	10	40	20	-	-	-	-	-	-	-	590
2016	500	20	10	40	20	-	-	-	-	-	-	-	590
2017	500	20	10	40	20	-	-	-	-	-	-	-	590

### Test Year and Forecast Revenue Requirements

According to AWWA **Manual M-1**, there are two generally accepted approaches to determining revenue requirements. Manual M-1 specifically pertains to water ratemaking, although these principles are equally applicable to wastewater ratemaking as well. The two approaches are defined within the manual as follows:

**Cash Needs Approach** – this approach seeks to ensure that utility revenues are sufficient to recover total cash needs for a given period. The revenue requirement components of this approach include O&M expenses, debt-service principal and interest payments, and capital outlays that are not funded by long-term debt. Depreciation expense is not considered to be a cash expense and is therefore not included. The cash-needs approach is generally used by government-owned utilities for *customers who reside inside the city limits*.

**Utility Approach** – this methodology is used by investor-owned utilities and for government utilities in jurisdictions where the utility is regulated by a state commission or regulatory body. *The Utility basis is particularly applicable to those customers located outside the geographical limits of a government-*

*owned utility.* When a government-owned utility provides service to customers outside its geographical limits, the situation is similar to that of an investor-owned utility to its customers because the owner (the political subdivision) provides service to non-owner customers (customers outside the geographical limits of the city). In this situation, the government-owned utility is entitled to a reasonable return from non-owner customers based on the value of the plant it constructs to provide service to these customers. Also included in the revenue requirement under the Utility Basis are O&M expenses and depreciation.

To maintain consistency with national ratemaking standards, and to achieve a just and reasonable rate structure for all customers of the Prescott system, the project team has developed a schedule of cost of service rates based on the Cash Needs Approach for Inside City Limit customers, and the Utility Approach for Outside City Limit Customers, which includes customers residing in the County and the Town of Chino Valley.

**Table ES-3** presents the City of Prescott's forecast net revenue requirement for the water utility and the wastewater utility, under both the Cash Basis and the Utility Basis. The revenue requirement differs from the City's budget in that it represents only that amount that must be raised through the City's water and wastewater rates. This means that non-rate revenues (such as interest) must be subtracted from expenses to determine the net revenue requirement. It is noteworthy that **the City's revenue requirement is significantly higher for outside city customers under the Utility Basis.** Detailed calculations are presented in the rate model contained in Appendix A of this report.



Table ES-3

CITY OF PRESCOTT										
FORECAST NET REVENUE REQUIREMENT										
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>Net Revenue Requirement</b>										
<b>WATER</b>										
<b>CASH BASIS</b>										
Operating/Cap Outlays	\$ 8,671,801	\$ 9,214,916	\$ 9,720,163	\$ 10,389,237	\$ 11,146,863	\$ 11,782,111	\$ 12,459,334	\$ 13,388,450	\$ 14,172,563	\$ 15,009,430
Debt Service -- Current	1,243,627	1,294,576	1,241,681	1,042,053	1,043,601	1,042,951	1,044,613	1,044,562	1,045,022	1,045,815
Debt Service -- Future	-	-	1,306,968	2,269,998	5,365,449	8,254,537	8,254,537	8,254,537	8,254,537	8,254,537
Depreciation	-	-	-	-	-	-	-	-	-	-
Return	-	-	-	-	-	-	-	-	-	-
Sub-Total	\$ 9,915,428	\$ 10,509,492	\$ 12,268,812	\$ 13,701,288	\$ 17,555,913	\$ 21,079,599	\$ 21,758,484	\$ 22,687,549	\$ 23,472,122	\$ 24,309,783
Non-Rate Revs	(691,809)	(712,563)	(733,940)	(755,958)	(778,637)	(801,996)	(826,056)	(850,838)	(876,363)	(902,654)
<b>Total</b>	<b>\$ 9,223,619</b>	<b>\$ 9,796,928</b>	<b>\$ 11,534,872</b>	<b>\$ 12,945,330</b>	<b>\$ 16,777,276</b>	<b>\$ 20,277,603</b>	<b>\$ 20,932,428</b>	<b>\$ 21,836,711</b>	<b>\$ 22,595,759</b>	<b>\$ 23,407,129</b>
<b>UTILITY BASIS</b>										
Operating/Cap Outlays	\$ 8,671,801	\$ 9,214,916	\$ 9,720,163	\$ 10,389,237	\$ 11,146,863	\$ 11,782,111	\$ 12,459,334	\$ 13,388,450	\$ 14,172,563	\$ 15,009,430
Debt Service -- Current	505,997	533,897	507,329	480,656	459,094	436,626	413,148	388,414	362,624	335,786
Debt Service -- Future	-	-	872,100	1,495,131	3,525,762	5,370,776	5,241,007	5,105,398	4,963,687	4,815,599
Depreciation	2,786,262	3,842,972	4,514,081	5,813,909	6,987,489	7,206,824	7,494,283	7,681,855	7,748,263	7,886,523
Return	4,462,480	5,988,621	6,972,033	9,537,188	11,953,013	11,943,421	12,082,458	12,022,615	11,791,852	11,558,676
Sub-Total	\$ 16,426,540	\$ 19,580,405	\$ 22,585,705	\$ 27,716,121	\$ 34,072,221	\$ 36,739,758	\$ 37,690,230	\$ 38,586,732	\$ 39,038,989	\$ 39,606,014
Non-Rate Revs	(691,809)	(712,563)	(733,940)	(755,958)	(778,637)	(801,996)	(826,056)	(850,838)	(876,363)	(902,654)
<b>Total</b>	<b>\$ 15,734,731</b>	<b>\$ 18,867,842</b>	<b>\$ 21,851,765</b>	<b>\$ 26,960,162</b>	<b>\$ 33,293,584</b>	<b>\$ 35,937,762</b>	<b>\$ 36,864,173</b>	<b>\$ 37,735,894</b>	<b>\$ 38,162,626</b>	<b>\$ 38,703,361</b>
<b>WASTEWATER</b>										
<b>CASH BASIS</b>										
Operating/Cap Outlays	\$ 4,853,017	\$ 5,331,149	\$ 5,648,148	\$ 6,155,193	\$ 6,793,610	\$ 7,221,296	\$ 7,676,937	\$ 8,260,208	\$ 8,788,437	\$ 9,359,051
Debt Service -- Current	1,365,390	815,437	783,996	661,782	664,646	663,735	665,286	666,055	666,088	668,716
Debt Service -- Future	-	-	1,444,544	2,682,725	3,989,693	4,815,147	5,571,812	6,259,691	6,878,781	7,360,296
Depreciation	-	-	-	-	-	-	-	-	-	-
Return	-	-	-	-	-	-	-	-	-	-
Sub-Total	6,218,407	6,146,586	7,876,688	9,499,699	11,447,949	12,700,178	13,914,035	15,185,954	16,333,305	17,388,062
Non-Rate Revs	(916,000)	(943,480)	(971,784)	(1,000,938)	(1,030,966)	(1,061,895)	(1,093,752)	(1,126,564)	(1,160,361)	(1,195,172)
<b>Total</b>	<b>5,302,407</b>	<b>5,203,106</b>	<b>6,904,903</b>	<b>8,498,761</b>	<b>10,416,983</b>	<b>11,638,283</b>	<b>12,820,284</b>	<b>14,059,389</b>	<b>15,172,944</b>	<b>16,192,890</b>
<b>UTILITY BASIS</b>										
Operating/Cap Outlays	\$ 4,853,017	\$ 5,331,149	\$ 5,648,148	\$ 6,155,193	\$ 6,793,610	\$ 7,221,296	\$ 7,676,937	\$ 8,260,208	\$ 8,788,437	\$ 9,359,051
Debt Service -- Current	306,328	300,746	281,238	261,404	244,520	226,794	208,050	188,234	167,382	145,610
Debt Service -- Future	-	-	963,900	1,768,471	2,599,430	3,087,668	3,514,831	3,881,267	4,187,339	4,387,524
Depreciation	1,820,115	2,251,959	2,668,779	3,103,840	3,398,759	3,679,472	3,947,187	4,187,312	4,366,618	4,593,618
Return	2,377,590	3,344,892	4,253,503	5,185,961	5,753,323	6,284,599	6,779,090	7,192,574	7,450,343	7,788,162
Sub-Total	9,357,050	11,228,745	13,815,567	16,474,868	18,789,642	20,499,829	22,126,095	23,709,596	24,960,118	26,273,965
Non-Rate Revs	(916,000)	(943,480)	(971,784)	(1,000,938)	(1,030,966)	(1,061,895)	(1,093,752)	(1,126,564)	(1,160,361)	(1,195,172)
<b>Total</b>	<b>8,441,050</b>	<b>10,285,265</b>	<b>12,843,783</b>	<b>15,473,931</b>	<b>17,758,675</b>	<b>19,437,934</b>	<b>21,032,343</b>	<b>22,583,031</b>	<b>23,799,757</b>	<b>25,078,793</b>
<b>CASH BASIS TOTAL</b>										
<b>Total</b>	<b>14,526,026</b>	<b>15,000,034</b>	<b>18,439,775</b>	<b>21,444,091</b>	<b>27,194,259</b>	<b>31,915,885</b>	<b>33,752,711</b>	<b>35,896,100</b>	<b>37,768,703</b>	<b>39,600,019</b>
<b>UTILITY BASIS TOTAL</b>										
<b>Total</b>	<b>24,175,781</b>	<b>29,153,107</b>	<b>34,695,548</b>	<b>42,434,093</b>	<b>51,052,260</b>	<b>55,375,696</b>	<b>57,896,517</b>	<b>60,318,926</b>	<b>61,962,383</b>	<b>63,782,154</b>

### Capital Improvement Plan

Table ES-3 reveals that the primary component of the increased cost of service in the next decade is the forecast future water and wastewater debt service. This debt service is a result of the debt that will be required to fund the City's Capital Improvement Plan.

Like most cities, Prescott maintains an extensive and detailed capital improvement program to repair, maintain and expand its water and wastewater system. City staff and the project team have developed a comprehensive CIP that is designed to achieve the following goals:

- Fund needed repairs and replacements to the water distribution and wastewater collection systems
- Fund overhauls and expenses of the City’s water treatment capacity and wastewater treatment plants
- Fund the City’s portion of the Big Chino Water Ranch project
- Fund the expansion of the City’s wastewater systems into unsewered areas
- Ensure that the City’s system continues to provide a superior level of service quality

The City’s CIP is summarized in **Table ES-4** below.

Table ES-4

City of Prescott				
FORECAST CIP SUMMARY				
	Total	Growth	Replacement	Unsewered
Water	\$ 201,100,116	\$ 119,397,590	\$ 81,702,525	\$ -
Wastewater	140,409,000	51,948,450	61,383,200	27,077,350
<b>Total</b>	<b>341,509,116</b>	<b>171,346,040</b>	<b>143,085,725</b>	<b>27,077,350</b>

**Chart ES-5** illustrates the proposed timeframe for implementing the CIP. The chart reveals that wastewater CIP expenditures are forecast to be fairly consistent from year to year, while water CIP expenditures increase dramatically in the years that the Big Chino project is expected to be funded.

Chart ES-5

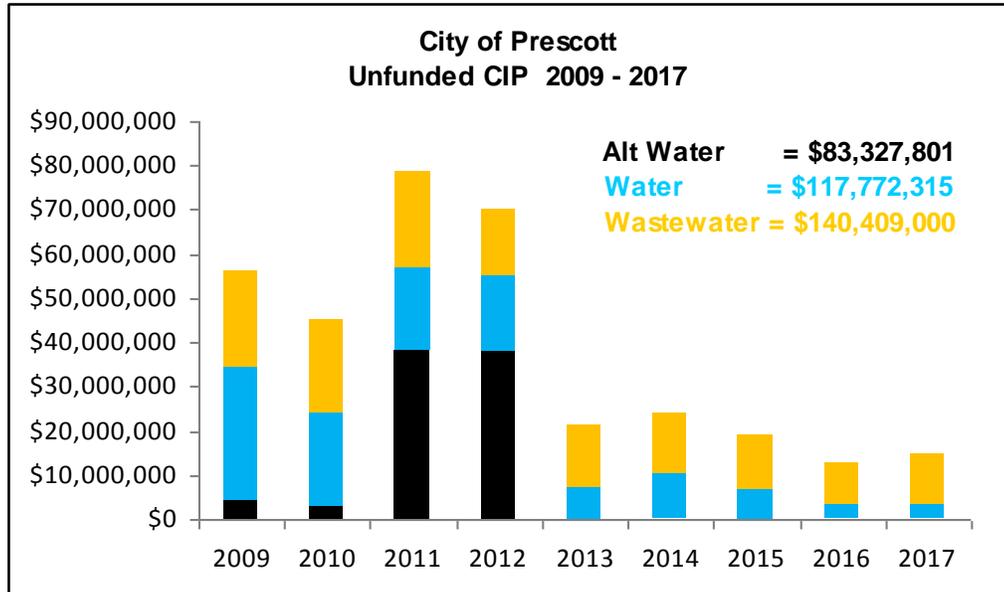


Table ES-6 below reveals that in order to fund the capital improvement plan, the City is forecast to require \$233,000,000 in long-term debt. The debt is assumed to have a 25 year term, 4.5% interest rate, and fixed principal and interest payments. The remaining portion of the CIP is expected to be funded by the City’s impact fees.

Table ES-6

CITY OF PRESCOTT				
FORECAST DEBT ISSUES				
	Alt Water	Water	Wastewater	Total
2008	\$ -	\$ -	\$ -	\$ -
2009	2,000,000	17,000,000	21,000,000	40,000,000
2010	-	14,000,000	18,000,000	32,000,000
2011	35,000,000	10,000,000	19,000,000	64,000,000
2012	34,000,000	8,000,000	12,000,000	54,000,000
2013	-	-	11,000,000	11,000,000
2014	-	-	10,000,000	10,000,000
2015	-	-	9,000,000	9,000,000
2016	-	-	6,000,000	6,000,000
2017	-	-	7,000,000	7,000,000
<b>TOTAL</b>	<b>71,000,000</b>	<b>49,000,000</b>	<b>113,000,000</b>	<b>233,000,000</b>

Rate Design – Alternative #1 – “Base”

**Table ES-7** presents a summary of the recommended water and wastewater rate designs for the City. This alternative is intended to meet all the City’s financial objectives, including funding operating expenses, financing the City’s capital improvement plan and meeting debt service obligations.

**Key Points of Alternative 1:**

- The City will implement proposed impact fees to fund growth-related capital costs.
- The annual rate increases will cause less “rate shock” among low volume ratepayers.
- The projected Capital Improvement Plan for the forecast period will be fully funded.
- Non-residential wastewater rates will be re-structured and simplified.
- The Alternate Water Resource, Water and Wastewater rates will each pay for their respective cost of service.
- The rate plan will continue to encourage conservation.

**Alternative 1 – “Base” – Impact on Ratepayers**

**Table ES-8** presents the impact of the proposed water rates for the period FY 2008 – FY 2017 on residential ratepayers. The City’s residential users are compared under various usage levels.

Table ES-8

CITY OF PRESCOTT										
Monthly Gallons		Alt#1 Rate Plan Impact on Monthly Water/WW Residential Charges								
Water	WW	Current	Jun-08	Jan-09	Jan-10	Jan-11	Jan-12	Jan-17		
5,000	5,000	\$ 41.23	\$ 45.53	\$ 47.76	\$ 53.10	\$ 59.06	\$ 69.01		\$	86.38
	Increase		4.30	2.23	5.35	5.96	9.95			
10,000	5,000	64.53	69.03	71.51	77.85	84.56	98.08			122.61
	Increase		4.50	2.47	6.35	6.71	13.52			
15,000	5,000	98.58	103.28	106.01	113.35	120.81	138.45			172.71
	Increase		4.70	2.72	7.35	7.46	17.63			
20,000	5,000	132.63	137.53	140.51	148.85	157.06	178.81			222.80
	Increase		4.90	2.97	8.35	8.21	21.75			
25,000	5,000	198.93	204.03	207.26	216.60	225.56	253.03			314.49
	Increase		5.10	3.22	9.35	8.96	27.47			
50,000	5,000	530.43	536.53	541.01	555.35	568.06	624.16			772.94
	Increase		6.10	4.48	14.35	12.71	56.10			
75,000	5,000	861.93	869.03	874.76	894.10	910.56	995.28			1,231.39
	Increase		7.10	5.73	19.35	16.46	84.72			
100,000	5,000	1,193.43	1,201.53	1,208.51	1,232.85	1,253.06	1,366.41			1,689.84
	Increase		8.10	6.98	24.34	20.21	113.35			

**Rate Design – Alternative #1A – “Base; No Change in Impact Fees”**

CITY OF PRESCOTT  
WATER/WASTEWATER RATE RECOMMENDATIONS

Table ES-7

	Current	SCENARIO: Alt #1 -- "BASE"										
		Effective Jun-08	Effective Jan 2009	Effective Jan 2010	Effective Jan 2011	Effective Jan 2012	Effective Jan 2013	Effective Jan 2014	Effective Jan 2015	Effective Jan 2016	Effective Jan 2017	
<b>Alternate Water Source Fee</b>	\$ 0.36	\$ 0.40	\$ 0.45	\$ 0.65	\$ 0.80	\$ 1.30	\$ 1.70	\$ 1.70	\$ 1.70	\$ 1.70	\$ 1.70	
<b>WATER Rate</b>												
<b>Base Charge</b>												
5/8"	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.93	\$ 7.28	\$ 7.57	\$ 7.87	\$ 8.19	\$ 8.51	
3/4"	7.05	7.05	7.05	7.05	7.05	7.40	7.77	8.08	8.41	8.74	9.09	
1"	7.95	7.95	7.95	7.95	7.95	8.35	8.76	9.12	9.48	9.86	10.25	
1 1/2"	10.20	10.20	10.20	10.20	10.20	10.71	11.25	11.70	12.16	12.65	13.16	
2"	12.90	12.90	12.90	12.90	12.90	13.55	14.22	14.79	15.38	16.00	16.64	
3"	19.20	19.20	19.20	19.20	19.20	20.16	21.17	22.01	22.90	23.81	24.76	
4"	28.20	28.20	28.20	28.20	28.20	29.61	31.09	32.33	33.63	34.97	36.37	
6"	50.70	50.70	50.70	50.70	50.70	53.24	55.90	58.13	60.46	62.88	65.39	
8"	77.70	77.70	77.70	77.70	77.70	81.59	85.66	89.09	92.65	96.36	100.22	
<b>W.1 Residential Inside</b>												
- 3,000	2.86	2.86	2.86	2.86	2.86	3.00	3.15	3.28	3.41	3.55	3.69	
3,001 10,000	4.30	4.30	4.30	4.30	4.30	4.52	4.74	4.93	5.13	5.33	5.55	
10,001 20,000	6.45	6.45	6.45	6.45	6.45	6.77	7.11	7.40	7.69	8.00	8.32	
20,001 Above	12.90	12.90	12.90	12.90	12.90	13.55	14.22	14.79	15.38	16.00	16.64	
<b>W.2 Multi-Family Inside</b>												
- 1,700	2.30	2.30	2.30	2.30	2.30	2.42	2.54	2.64	2.74	2.85	2.97	
1,701 5,000	3.46	3.46	3.46	3.46	3.46	3.63	3.81	3.97	4.13	4.29	4.46	
5,001 10,000	5.19	5.19	5.19	5.19	5.19	5.45	5.72	5.95	6.19	6.44	6.69	
10,001 Above	10.39	10.39	10.39	10.39	10.39	10.91	11.45	11.91	12.39	12.89	13.40	
<b>W.3 Irrigation Inside</b>												
- 3,000	2.61	2.61	2.61	2.61	2.61	2.74	2.88	2.99	3.11	3.24	3.37	
3,001 10,000	3.92	3.92	3.92	3.92	3.92	4.12	4.32	4.49	4.67	4.86	5.06	
10,001 20,000	5.88	5.88	5.88	5.88	5.88	6.17	6.48	6.74	7.01	7.29	7.58	
20,001 Above	11.76	11.76	11.76	11.76	11.76	12.35	12.97	13.48	14.02	14.58	15.17	
<b>W.4 Non-Res Inside</b>												
Block 1	2.61	2.61	2.61	2.61	2.61	2.74	2.88	2.99	3.11	3.24	3.37	
Block 2	3.92	3.92	3.92	3.92	3.92	4.12	4.32	4.49	4.67	4.86	5.06	
Block 3	5.88	5.88	5.88	5.88	5.88	6.17	6.48	6.74	7.01	7.29	7.58	
Block 4	11.76	11.76	11.76	11.76	11.76	12.35	12.97	13.48	14.02	14.58	15.17	
<b>Wastewater Rate</b>												
<b>WW1 Residential</b>												
Base Charge	\$ 7.00	\$ 9.50	\$ 10.45	\$ 12.54	\$ 15.05	\$ 18.06	\$ 19.41	\$ 20.19	\$ 21.00	\$ 21.84	\$ 22.71	
Volume Charge	1.73	2.05	2.26	2.71	3.25	3.90	4.19	4.36	4.53	4.71	4.90	
<b>Non-Residential</b>												
Base Charge	na	11.50	12.65	15.18	17.84	21.40	23.01	23.93	24.89	25.88	26.92	
Volume Charge	na	2.95	3.25	3.89	4.58	5.49	5.90	6.14	6.38	6.64	6.90	

Alternative #1A assumes that the City does **not** increase current impact fees. Like Alternative #1 (“Base”), this alternative is intended to meet all the City’s financial objectives, including funding operating expenses, financing the City’s capital improvement plan and meeting debt service obligations.

**Table ES-9** presents the impact of Alternative #1A rates for the period FY 2008 – FY 2017. As shown in Table ES-9, ratepayers would have to pay have to pay higher water and wastewater rates in the future if impact fees are not increased.

Table ES-9

CITY OF PRESCOTT		Residential Monthly Charges -- 10,000 Gals Water; 5,000 Gals Wastewater						
	Current	Jun-08	Jan-09	Jan-10	Jan-11	Jan-12	Jan-17	
Alt 1 -- New Impact Fees	\$ 64.53	\$ 69.03	\$ 71.51	\$ 77.85	\$ 84.56	\$ 98.08	\$ 122.61	
Alt 1A -- Keep Current Impact Fees	64.53	69.03	71.51	78.94	88.13	102.03	127.50	
Difference (\$ per Month)	-	-	-	1.09	3.57	3.95	4.89	

### Impact Fees

Arthur C. Nelson, author of *System Development Charges for Water, Wastewater and Stormwater Facilities*, succinctly defines impact fees as follows:

“System Development Charges (impact fees) are one-time charges paid by new development to finance the construction of public facilities needed to serve it.”

The basic premise of impact fees is that the development of land for residential, commercial or industrial use will have a measurable capacity impact on the public infrastructure of systems and services. Therefore, the resulting financial impact of this new capacity should be funded directly by the development itself. Under this premise, existing ratepayers should not be compelled to fund the cost of new development. Since impact fees are designed to offset the initial capital requirements associated with servicing growth or development, revenues from these fees cannot be used for personnel, operating, maintenance, repair, alteration or replacement of existing infrastructure.

The purpose of this analysis is to determine the extent to which the City’s current schedule of impact fees is recovering growth-related water and wastewater system costs, given the changes that have taken place in the City in recent years.

**Table ES-10** and **Table ES-11** present the *proposed* water and wastewater impact fees derived from the review of the City’s current information and the project team’s calculations. The City has the authority to implement any amount from zero, up to, but not exceeding these totals. **In accordance with Arizona law, impact fees can be**

adjusted on an annual basis to reflect increases in the Engineering News Record's Construction Cost Index. This is a common practice and procedure for cities that have implemented impact fees.

Table ES-10

CITY OF PRESCOTT					
Water Meter Size	AWWA Meter Ratio	Water Impact Fee		Water Resource Development Fee	
		CURRENT Fee	NEW Fee	CURRENT Fee	NEW Fee
5/8" x 3/4"	1.00	\$ 5,132	\$ 6,209	\$ 4,709	\$ 4,594
1"	2.50	8,571	15,522	7,865	11,485
1 1/2"	5.00	17,091	31,044	15,682	22,970
2"	8.00	27,356	49,671	25,100	36,752

*Impact Fees for meter sizes over 2" to be calculated individually according to a demand analysis*

Table ES-11

CITY OF PRESCOTT					
Water Meter Size	AWWA Meter Ratio	CURRENT Fee	Wastewater Impact Fee		
			NEW Wastewater Impact Fee	NEW Unsewered Impact Fee	NEW Combined Impact Fee
5/8" -- 3/4"	1.00	**	\$ 2,137	\$ 28,724	\$ 3,273
1"	2.50	**	5,341	71,809	8,183
1 1/2"	5.00	**	10,683	143,619	16,367
2"	8.00	**	17,092	229,790	26,187

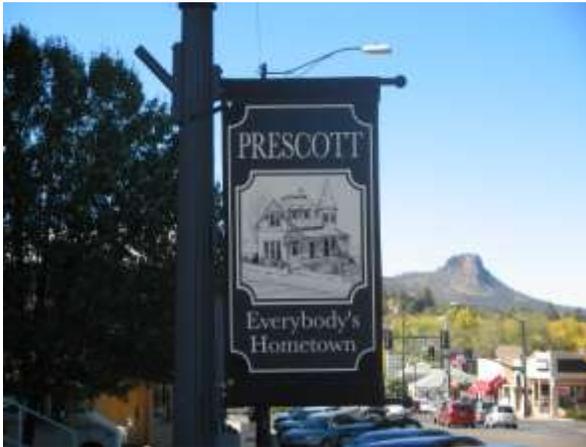
*Wastewater impact fees for new connections with water meter sizes over 2" to be calculated individually according to a demand analysis*

*\*\* Current "Buy-In" Fee based on fixture units which vary by customer and will no longer be in effect*

SECTION I

# Introduction

## Background



In September 2007, the City of Prescott, Arizona (the “City”) engaged **Economists.com** to prepare a water and wastewater rate study, an impact fee study, and a long-term financial plan for FY 2008 and beyond. For the purposes of this report and all recommendations, the terms “wastewater” and “sewer” are synonymous.

The City identified numerous objectives for this study, many of which are fairly typical for a rate study and long-term financial plan. These objectives include but are not limited to the following:

- A comprehensive review and evaluation of present rate schedules, impact fees and system development charges.
- An estimate of current and forecast accounts, water consumption and wastewater billing units for the forecast period.
- A forecast of water and wastewater revenue requirements, including operating expenses, debt service, capital outlays and non-debt financed capital expenditures for a period ten years into the future.
- An evaluation of the water and wastewater system’s current cost of service and revenue requirements as they relate to both system components and customer classes.
- An evaluation of outside city limit water and wastewater rates, including Chino Valley and County customers.
- A review of the adequacy and appropriateness of the City’s existing water and wastewater rate structures and customer classes.
- A detailed analysis and comparison of the City’s current and proposed rates and impact fees to comparable Arizona cities.
- A development of alternative rate structures that would recover the City’s cost of service, ensure equitable, just and reasonable treatment of identified customer classes and maintain critical financial ratios.

Because of the complexities both in the City’s system and its designation as an Active Management Area, the City also included several additional objectives for this study. These include the following:

- Evaluate the impact of the scope, timing, size and financing assumptions of the City's water and wastewater capital improvement plan on the City's rates and impact fees.
- Examine the impact of the financial demands and responsibility of the Big Chino Water Importation project on the City's rates, impact fees, and resource development fees.
- Ensure that alternate rate structures to be considered by the City include both level and conservation-oriented structures.
- Review the City's utility billing software for appropriateness and ability to implement any recommended rate structures.
- Factor into current and future revenue and expense forecast such variables as:
  - Environmental regulations
  - Growth
  - Droughts
  - Contingencies
  - Arsenic reduction
- Ensure that all rate alternatives will provide a stable and adequate revenue stream for the Water Fund and Sewer Fund over the next decade.
- Recommend methods for communicating with ratepayers the reasons for, and justification behind, any proposed change to the City's rate plan.
- Assist in the drafting of ordinances to implement new water and wastewater rates and impact fees.
- Evaluate the financial and customer rate impacts of incorporating planned developments and new service areas into the City's water and wastewater system.
- Assist in developing a general consensus among City staff, council, ratepayers and interest groups regarding any new rate plan.
- Evaluate the City's current policy regarding water allocations by dwelling units for the purposes of assessing resource development fees.
- Ensure that the City adheres to the changes to Arizona Revised Statute (ARS 9-463.05) regarding the implementation of impact fees enacted in 2007.

The project team visited Prescott numerous times in late 2007 and early 2008 to gather data for this study. Additional telephone conferences and fax/data transfers took place during the course of the study. Several formal meetings were held to brief the City Council on the study's findings. Throughout this engagement the City was kept continuously apprised of the project team's progress.

## Report Organization

This report is organized into the following sections:

**Section I – Introduction** - outlines the background, objectives and scope of this water and wastewater utility rate and impact fee study.

**Section II – City Demographic Profile** – presents the City’s current rate structure and a demographic profile for the City of Prescott. This includes a comparison of the City’s current water and wastewater charges with those of other Arizona cities.

**Section III – Test Year and Forecast Volumes** – analyzes the City’s customer base, total accounts and current volumes of treated water and wastewater, both for the current year and a forecast ten years into the future.

**Section IV – Test Year and Forecast Revenue Requirement** – outlines the process of analyzing the City’s current water and wastewater cost structure. The total current or “test year” revenue requirements are developed, and costs are functionalized between alternative water resources, treatment, distribution, administration and customer billing. The process by which wastewater costs are forecast is also presented in detail, as well as the functionalization between wastewater treatment, wastewater collection, administration, and customer billing. Using the test year as a basis, costs are forecast for a period ten years into the future.

**Section V – Water and Wastewater Rate Design** – analyzes the adequacy of the City’s current water and wastewater rate plan. Alternative sets of recommendations for future rate adjustments are presented which would be required to meet the City’s financial obligations, as well as the impact of these rate alternatives on customers.

**Section VI – Impact Fees** – presents a background and overview of impact fees, and outlines the current fee structure. The five step process used to develop the City’s water and wastewater system impact fees is described, culminating in a calculation of proposed water resource development fees, water system impact fees and wastewater system impact fees. Forecast revenues from the implementation of proposed impact fees are also presented.

**Appendix A** – presents a hard copy printout of the interactive Microsoft Excel spreadsheet model developed for the City to calculate current and future water and wastewater revenue requirements and rates. The model automatically generates all calculations based on a set of defined user inputs. A copy of this model will be provided to the City so that staff may use it as a tool for future rate development.

**Appendix B** – presents a hard copy printout of the interactive Microsoft Excel spreadsheet models developed for the City to calculate the resource development fees and water system impact fees. The model automatically generates all calculations based on a set of defined user inputs. A copy of these models will be provided to the City so that staff may use it as a tool for future rate development.

**Appendix C** – presents a hard copy printout of the interactive Microsoft Excel spreadsheet models developed for the City to calculate the wastewater impact fees. The model automatically generates all calculations based on a set of defined user inputs. A copy of these models will be provided to the City so that staff may use it as a tool for future rate development.

## SECTION II

## City Demographic Profile



This section of the water and wastewater utility rate and impact fee study presents a review of the City of Prescott's demographic characteristics, including population, accounts and current water and wastewater rate structures. Also included is a comparison of the city's current charges for water and wastewater service with those of other large cities and border communities in Arizona.

### City Background

Located about 90 miles northwest of the capital city of Phoenix, Prescott is the county seat of Yavapai County and is part of the "Tri-City" area, which also includes Prescott Valley and Chino Valley. The City of Prescott covers about 38 miles and is nestled among the picturesque mountains of north central Arizona. The City is surrounded by five area lakes, ideal for fishing and boating, and the Prescott National Forest which provides ample hiking trails and camp sites. In addition, Prescott has more than 6 golf courses. All this led Money Magazine to place Prescott on its "Top 5 Best Places to Retire" list in 2006.

Prescott has four mild seasons with annual snow falls between 18" to 24" – leading to its designation as "Arizona's Christmas City". Every year, thousands of revelers gather at the historic Yavapai County Courthouse in Prescott for the Christmas Lighting Ceremony.

Prescott was founded in 1863 along the Granite Creek after the discovery of gold in the area. President Abraham Lincoln designated Prescott the capital of Arizona because he wanted to keep the state's capital away from the Confederate sympathizers to the south. He settled the new town with Northerners and Midwesterners that would ally with the Union party. As a result, Prescott has the strongest Midwestern architectural influence in Arizona. Many historic Victorian homes and cottages are still found throughout the city.

In 1867, Tucson took over as the capital of Arizona. Prescott once again became Arizona's capital in 1877 before losing this designation for the final time to Phoenix in 1889. In 1900, a fire destroyed most of Prescott's downtown business district. The pioneering residents quickly forged ahead and began rebuilding their businesses within hours after the fire. Today, downtown Prescott is once again a thriving area where many of the city's activities take place. Among the downtown landmarks are The Courthouse Plaza and Whiskey Row. The Courthouse Plaza is where many of the city's activities take place, including craft fairs, art shows, and antique shows. Whiskey Row, once lined with dozens of saloons, was almost completely destroyed in the 1900 fire. It was rebuilt and now has several saloons including The Palace, Arizona's oldest saloon.

### City Leadership

The City of Prescott operates under a Council-Manager form of government. The Council consists of the Mayor and six members elected for staggered four year terms. The City Manager reports to the Mayor, Council and the citizens of Prescott and is responsible for the day-to-day operations of the city. All changes to the City's water and wastewater rate structure must be approved by a vote of the Council. **Table II-1** lists current serving Prescott officials.

The City utilizes standard governmental accounting procedures for its general and enterprise funds. The Fiscal Year begins on July 1<sup>st</sup> and ends on the following June 30<sup>th</sup>.

Table II-1

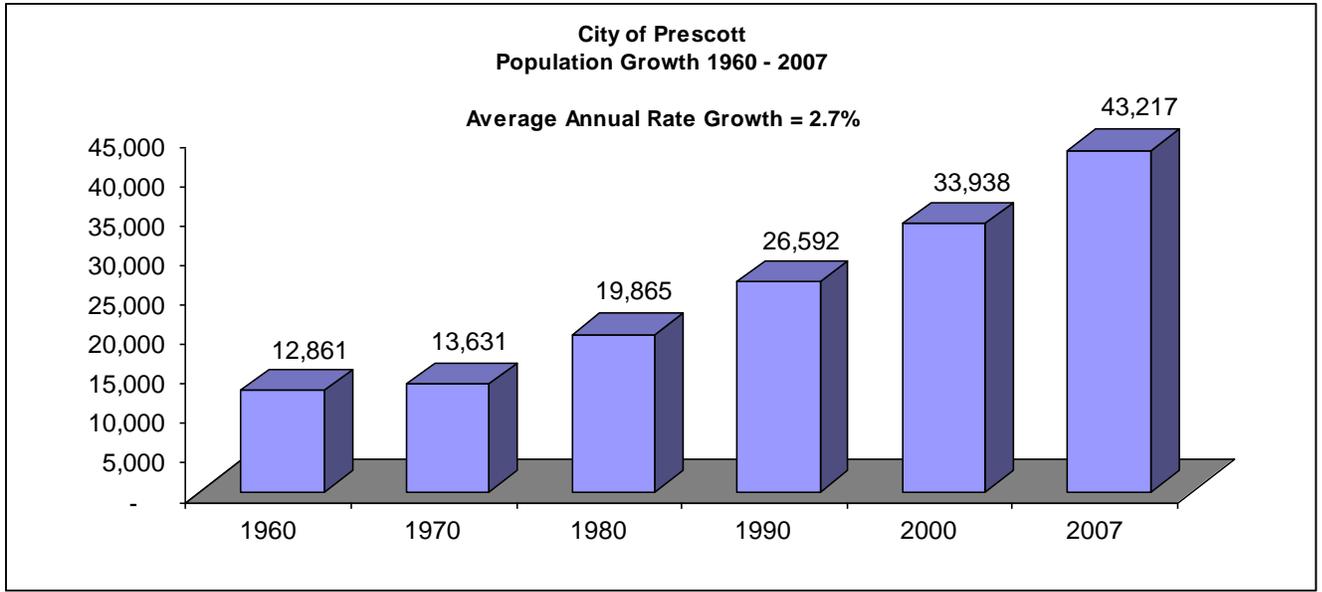
City of Prescott			
CITY OFFICIALS -- MARCH 2008			
Mayor and Council		Senior City Staff	
Jack Wilson	<i>Mayor</i>	Steve Norwood	<i>City Manager</i>
Bob Bell	<i>Council Member</i>	Craig McConnell	<i>Deputy City Manager</i>
Jim Lamerson	<i>Council Member</i>	Laurie Hadley	<i>Deputy City Manager</i>
Lora Lopas	<i>Council Member</i>	Gary Kidd	<i>City Attorney</i>
Robert Luzius	<i>Council Member</i>	Mark Woodfill	<i>Finance Director</i>
Bob Roecker	<i>Council Member</i>	Jim Ciaffoni	<i>Utilities Director</i>
Mary Ann Suttles	<i>Council Member</i>	Craig Dotseth	<i>Utilities Operations Manager</i>
		Rudy Baranko	<i>Parks &amp; Recreation Asst. Director</i>
		Liz Burke	<i>City Clerk</i>
		Connie Tucker	<i>Management Analyst</i>

### Population

The City of Prescott and surrounding areas have experienced moderate growth over the past twenty years. According to the Arizona Department of Economic Security, as of July 2007 the City's population was **43,217**; an increase of 2.7% since the official 2000 census. **Chart II-2** illustrates the steady rate of growth sustained by the City for the 47 year period 1960 – 2007. During this time the City's population increased by nearly 30,400, and the average annual growth rate was **2.7%**.

Chart II-

2



**Table II-3** compares the growth since 1990 of the City of Prescott in comparison with that of Yavapai County, the state of Arizona and 16 other Arizona cities, including nearby border communities and Arizona’s largest cities. Prescott’s growth has been steady and at a level just under that of the County and the State overall.



Table II-3

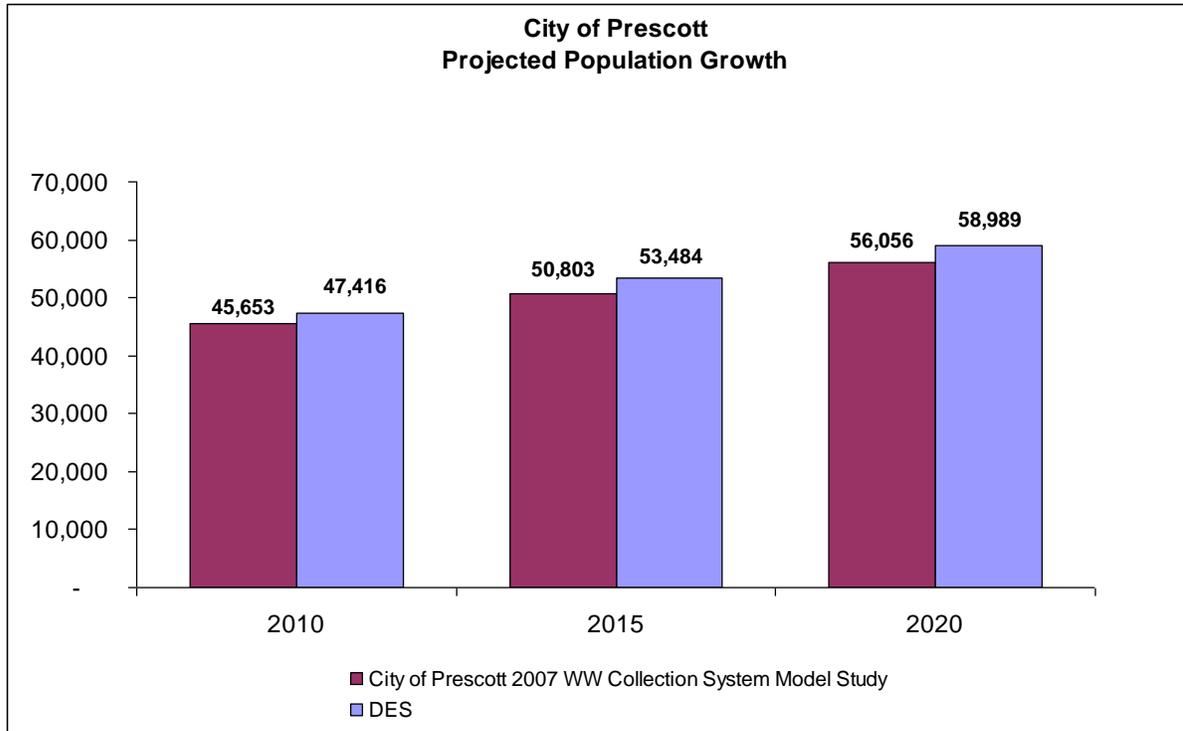
CITY OF PRESCOTT					
Population Growth 1990-2007					
	1990 Census	2000 Census	2007 Population	Avg Annual Growth 1990- 2007	Avg Annual Growth 2000- 2007
<b>Prescott</b>	<b>26,592</b>	<b>33,938</b>	<b>43,217</b>	<b>3.1%</b>	<b>4.1%</b>
Avondale	16,169	35,883	75,256	10.1%	13.1%
Chino Valley	4,837	7,835	13,098	6.4%	8.9%
Clarkdale	2,144	3,422	3,986	4.0%	2.6%
Cottonwood	5,918	9,179	11,130	4.0%	3.3%
Flagstaff	45,857	52,894	64,200	2.1%	3.3%
Glendale	147,864	218,812	246,076	3.2%	2.0%
Holbrook	4,686	4,917	5,599	1.1%	2.2%
Kingman	12,722	20,069	28,635	5.2%	6.1%
Phoenix	983,392	1,321,045	1,538,568	2.8%	2.6%
Prescott Valley	8,904	23,535	38,357	9.6%	8.5%
Scottsdale	130,075	202,705	240,126	3.9%	2.9%
Sedona	7,720	10,192	8,020	0.2%	-3.9%
Tucson	405,371	486,699	541,132	1.8%	1.8%
Wickenburg	4,515	5,082	6,380	2.2%	3.9%
Winslow	9,279	9,520	10,135	0.6%	1.0%
Yuma	56,966	77,515	93,212	3.1%	3.1%
<b>Yavapai County</b>	<b>107,714</b>	<b>167,517</b>	<b>223,934</b>	<b>4.7%</b>	<b>5.0%</b>
<b>State of Arizona</b>	<b>3,665,339</b>	<b>5,130,632</b>	<b>6,500,194</b>	<b>3.6%</b>	<b>4.0%</b>

Source: U.S. Census Bureau and Arizona Department of Economic Security

According to the Arizona Department of Economic Security (DES), the City of Prescott has a projected population of **53,484** by 2015, which would indicate a projected growth rate of **3.1%** annually. DES estimates project the City's population to be **58,989** in 2020.

According to The City of Prescott's 2007 Wastewater Collection System Model Study, the City has a projected population of **50,803** by 2015, which would indicate a projected growth rate of **2.4%** annually. The City projects its population to total **56,056** in 2020. **Chart II-4** compares the DES population projections to the City of Prescott's 2007 Wastewater Collection System Model Study projections.

Chart II-4



This study will utilize a conservative average annual growth projection of **2.4%** from 2009 – 2017, with a 1.5% increase from 2008 to 2009 that takes into account the recent slowdown in growth. Projected growth is subject to change and should be re-evaluated on an annual basis.

## Historical and Current Water and Wastewater Rates

In January 2006 the City adopted a resolution implementing water rate increases effective July 1, 2006 and July 1, 2007. Prior to these adjustments, water rates had not been changed since September 1995.

Water usage rates vary according to several factors. The base charge is determined by a combination of the customer's location relative to inside and outside city limits, and meter size. Rates are 30% higher for customers residing in the Town of Chino Valley and 39% higher for all other outside city limit customers. Volumetric charges vary according to the type of account, i.e. non-residential, single family residential or multifamily residential. The City of Prescott uses gallons as the unit of measurement for consumption. The City's current water rate schedule is listed in **Table II-5**.

The City of Prescott currently charges both residential and commercial wastewater accounts a monthly service charge and an additional volume charge by consumption. All accounts are assessed a flat charge of \$7.00 per month. Residential accounts are charged a consumption rate of \$1.73 per 1,000 gallons. Non-residential consumption rates vary significantly based on the type of business. Volume rates range from \$1.12 per 1,000 gallons for car wash establishments to \$8.43 per 1,000 gallons for auto steam cleaning businesses. The City has not significantly modified wastewater rates since 1991. The City's current wastewater rate schedule is presented in **Table II-6**.

Table II-5

CITY OF PRESCOTT

**Water Rates Effective 7/1/2007\***

**Monthly Fixed Charges**

Meter Size	Amount
5/8"	\$ 6.60
3/4"	7.05
1"	7.95
1 1/2"	10.20
2"	12.90
3"	19.20
4"	28.20
6"	50.70
8"	77.70

**Residential (rate per 1,000 gallons)**

Single Family		Multi-Family (Per Unit)	
First 3,000	\$ 2.86	First 1,700	\$ 2.30
Next 7,000	4.30	Next 3,300	3.46
Next 10,000	6.45	Next 5,000	5.19
Over 20,000	12.90	Over 10,000	10.39

**Non-Residential (rate per 1,000 gallons)**

5/8" Meter		1" Meter		1 1/2" Meter	
First 6,000	\$ 2.61	First 15,000	\$ 2.61	First 30,000	\$ 2.61
Next 22,000	3.92	Next 55,000	3.92	Next 110,000	3.92
Next 32,000	5.88	Next 80,000	5.88	Next 160,000	5.88
Over 60,000	11.76	Over 150,000	11.76	Over 300,000	11.76

2" Meter		3" Meter		4" Meter	
First 48,000	\$ 2.61	First 96,000	\$ 2.61	First 150,000	\$ 2.61
Next 176,000	3.92	Next 352,000	3.92	Next 550,000	3.92
Next 256,000	5.88	Next 512,000	5.88	Next 800,000	5.88
Over 480,000	11.76	Over 960,000	11.76	Over 1,500,000	11.76

6" Meter		8" Meter	
First 300,000	\$ 2.61	First 480,000	\$ 2.61
Next 1,100,000	3.92	Next 1,760,000	3.92
Next 1,600,000	5.88	Next 2,560,000	5.88
Over 3,000,000	11.76	Over 4,800,000	11.76

\*Rates for Customers in the Town of Chino Valley - Add 30% to the above rates

\*Rates for Customers Outside City Limits - Add 39% to the above rates

Table II-6

CITY OF PRESCOTT		Wastewater Rates Effective 1991	
<b>Service Charge - Fixed Rate</b>			
All Meters	\$		7.00
<b>Classification</b>		<b>Per 1000 Gallons</b>	<b>Classification</b>
Average Residential	\$	1.73	Laundromat
Auto Steam Cleaning		8.43	Laundry, Commercial
Bakery, Wholesale		5.93	Markets w/Garbage Disposal
Bar w/o Dining Facilities		1.89	Mortuaries
Car Wash		1.12	Professional Offices
Dept/Retail Stores		1.58	Repair Shops/Service Stations
Hospital/Convalescent		1.77	Restaurants
Hotel w/Dining Facilities		4.18	Schools and Colleges
Hotel w/o Dining Facilities		2.04	Soft Water Services
Laundry, Industrial		5.01	Septage Haulers
			Grease Disposal
			\$ 1.45
			2.90
			5.84
			5.84
			1.29
			2.07
			6.28
			1.35
			0.76
			100.00
			270.00
* Wastewater rates are based on average monthly water consumption during winter months			

## Water and Wastewater Rate Comparison

**Table II-7** compares Prescott monthly water and wastewater charges to a selected group of cities in Arizona, including both nearby cities and the state's largest metropolitan areas. This table provides an overview of the population, median household income and monthly charges for water and wastewater for these cities, and the percentage of each city's respective median household income required to pay an average water and wastewater utility bill as a measure of affordability.

The rate data is based on a statewide rate survey completed in 2007 by Economists.com and published by the Water Infrastructure Finance Authority of Arizona (WIFA) on current water and wastewater rates. These rates do not include sales tax, activation or other charges beyond the basic minimum and volume charges. Additionally, where appropriate, certain cities that charge for service based on cubic feet of water have had their rates converted to an equivalent charge per 1,000 gallons.

The following is noteworthy about **Table II-7** and the related **Chart II-8**:

- The City of Prescott's water rates are basically equivalent to those charged by other nearby cities and some of the larger cities in Arizona.
- The City's wastewater rates are lower than most of the cities listed in Table II-7 and considerably lower than the state's average wastewater rate.
- The percentage of median household income required for water and wastewater services in the City of Prescott is lower than the percentage of median household income required in many other cities, including Chino Valley and Prescott Valley.

Table II-7

CITY OF PRESCOTT							
Total Monthly Residential Charges for 10,000 Gallons Water and 5,000 Wastewater							
	2007 Population	Yr 2000 Census Median HH Income	10,000 Gallons Water	5,000 Gallons Wastewater	Total	% of Median HH Income	
<b>Prescott</b>	<b>43,217</b>	<b>\$ 35,446</b>	<b>\$ 45.28</b>	<b>\$ 15.65</b>	<b>\$ 60.93</b>	<b>2.06%</b>	
Avondale	75,256	49,153	21.94	21.30	43.24	1.06%	
Chino Valley	13,098	32,289	46.22	24.60	70.82	2.63%	
Clarkdale	3,986	34,911	59.50	20.47	79.97	2.75%	
Cottonwood	11,130	27,444	43.10	16.75	59.85	2.62%	
Flagstaff	64,200	37,146	38.63	14.90	53.53	1.73%	
Glendale	246,076	45,015	25.72	19.39	45.11	1.20%	
Holbrook**	5,599	31,746	24.00	20.75	44.75	1.69%	
Kingman	28,635	34,086	23.78	12.94	36.72	1.29%	
Marana ♦	32,274	52,870	33.35	15.12	48.47	1.10%	
Phoenix**	1,538,568	41,207	17.34	15.22	32.56	0.95%	
Prescott Valley	38,357	34,341	39.16	23.02	62.18	2.17%	
Scottsdale	240,126	57,484	33.99	23.29	57.28	1.20%	
Sedona*	8,020	44,042	33.86	32.54	66.40	1.81%	
Tucson ♦	541,132	30,981	21.06	15.12	36.18	1.40%	
Wickenburg**	6,380	31,716	14.89	22.00	36.89	1.40%	
Winslow	10,135	29,741	24.41	20.66	45.07	1.82%	
Yuma	93,212	35,374	35.01	28.06	63.07	2.14%	
<b>State Average</b>		<b>\$ 39,927</b>	<b>\$ 41.10</b>	<b>\$ 24.27</b>	<b>65.37</b>	<b>1.96%</b>	
* Operated by AZ Water Company							
** Winter Water Rates							
♦ Operated by Pima County WW Mgt Dept.							

Chart II-8

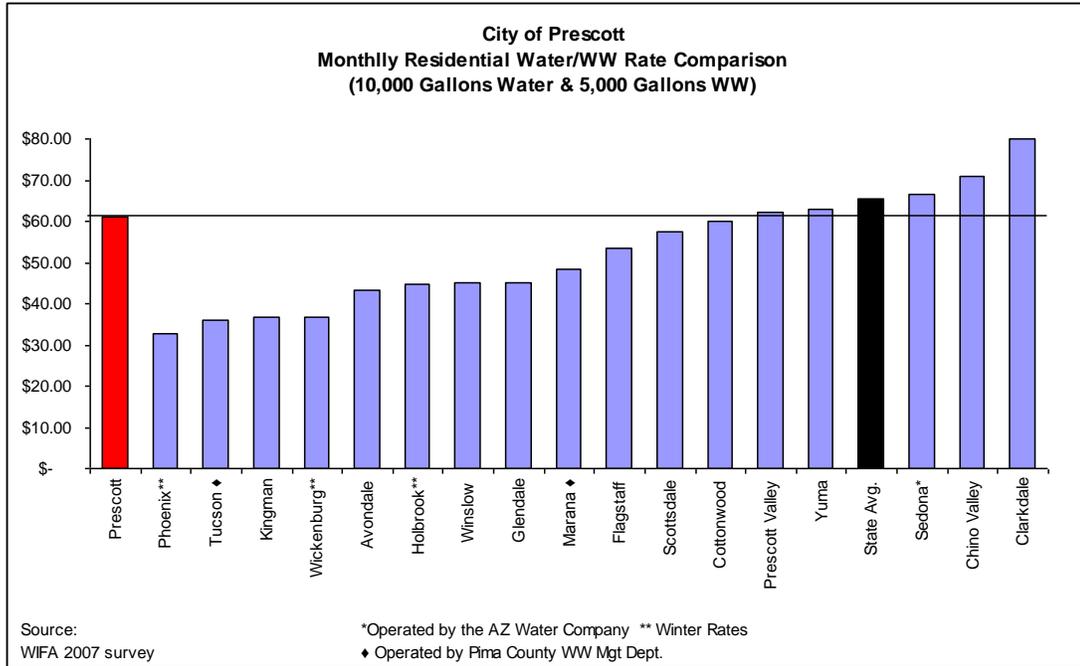


Chart II-9 and Chart II-10 compare current monthly charges for the City with comparable data from the 2007 WIFA study. This reveals the following:

- The City’s residential monthly water charges for 10,000 gallons are higher than the average for other systems with 10,000 to 50,000 connections, higher than the average for all municipalities in Arizona, higher than other systems with average revenue over \$5 million, and higher than the average for all systems in Arizona.
- The City’s wastewater charge for 5,000 gallons is significantly lower than the Arizona average. It is also lower than the average for other systems with 10,000 to 50,000 connections, lower than Arizona water systems with average revenue over \$5 million, and lower than the average for other Arizona municipal systems.

Chart II-

9

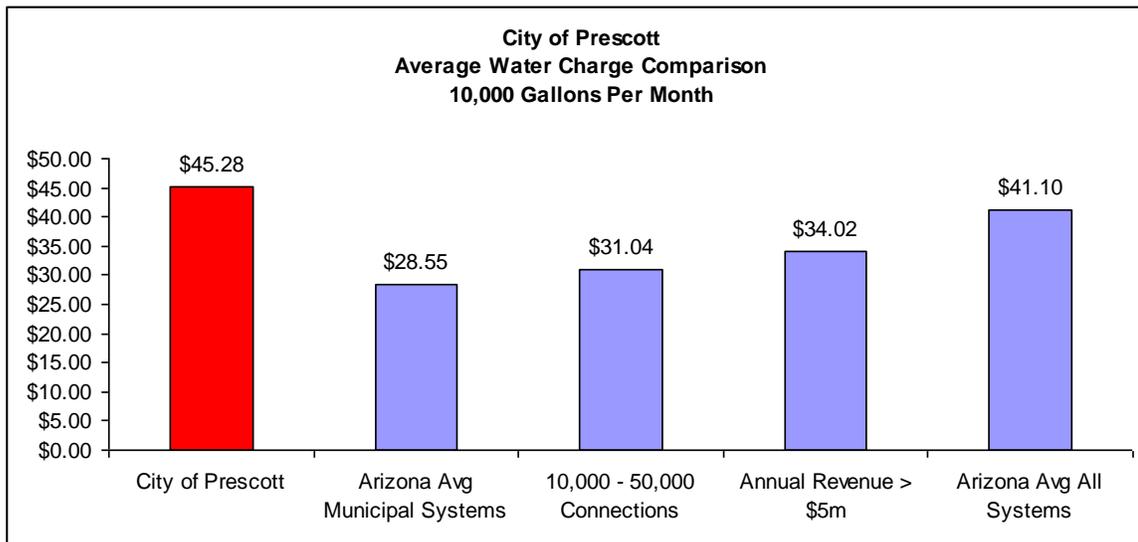
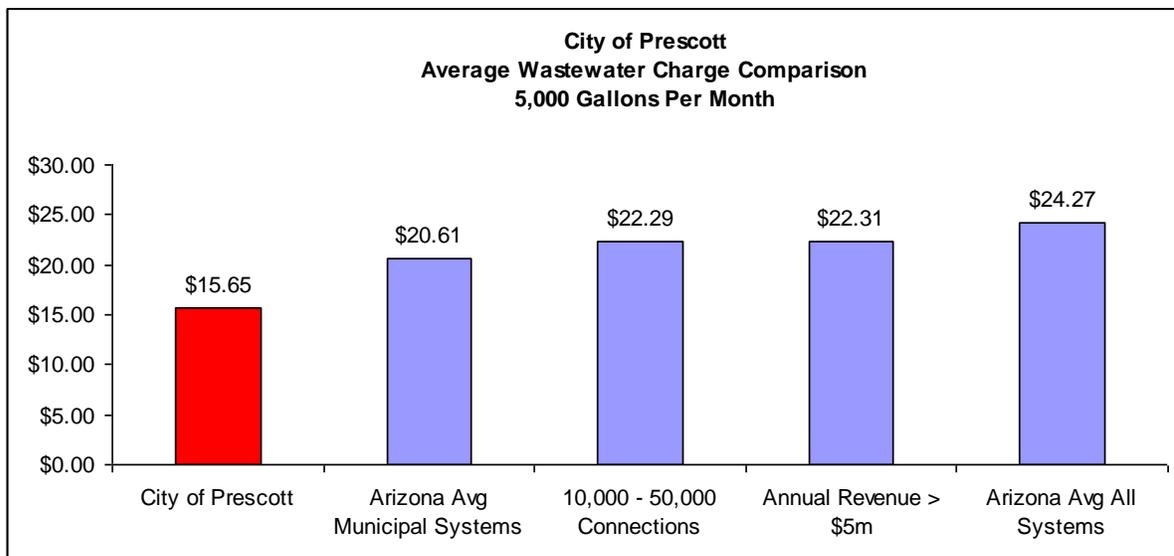


Chart II-10





## Guidelines for Rate Adjustments

In 2006, the legislature of the state of Arizona amended Section 9-511.01 of the Arizona revised statutes relating to water and wastewater rates. The amendment stated that a municipality would not be allowed to increase water or wastewater rates or fees without complying with the following:

- 1) Prepare a written report supporting the increased rate.
- 2) Have the City Council adopt a notice of intention to make such an adjustment, and hold a public hearing on the proposed increase.
- 3) After the public hearing adopt such a rate adjustment by ordinance or resolution.
- 4) Ensure that any rate adjustment is "just and reasonable".

The legislation was approved by the Governor on April 6, 2006. A copy of the revised statute is contained in **Exhibit II-11** on the following page.

It is the opinion of the project team that this study meets the "written report" requirement of the statute, and that all rate plan recommendations contained in this study meet the legislative and ratemaking definition of "just and reasonable".

## SECTION III

## ARIZONA REVISED STATUTES

### **9-511.01. Water and wastewater business; rates; procedures**

A. A municipality engaging in a domestic water or wastewater business shall not increase any water or wastewater rate or rate component, fee or service charge without complying with the following:

1. Prepare a written report or supply data supporting the increased rate or rate component, fee or service charge. A copy of the report shall be made available to the public by filing a copy in the office of the clerk of the municipality governing board at least thirty days before the public hearing described in paragraph 2.

2. Adopt a notice of intention by motion at a regular council meeting to increase water or wastewater rates or rate components, fees or service charges and set a date for a public hearing on the proposed increase that shall be held not less than thirty days after adoption of the notice of intention. A copy of the notice of intention showing the date, time and place of the hearing shall be published one time in a newspaper of general circulation within the boundaries of the municipality not less than twenty days before the public hearing date.

B. After holding the public hearing, the governing body may adopt, by ordinance or resolution, the proposed rate or rate component, fee or service charge increase or any lesser increase.

C. Notwithstanding section 19-142, subsection B, the increased rate or rate component, fee or service charge shall become effective thirty days after adoption of the ordinance or resolution.

D. Any proposed water or wastewater rate or rate component, fee or service charge adjustment or increase shall be just and reasonable.

E. Rates and charges demanded or received by municipalities for water and wastewater service shall be just and reasonable. Every unjust or unreasonable rate or charge demanded or received by a municipality is prohibited and unlawful.

## Test Year and Forecast Volumes



In order to accurately forecast future revenues and expenses, it is first necessary to examine current water and wastewater utility conditions. The initial step in developing cost of service rates is to analyze patterns of usage, both for the system as a whole and for specific customer classes.

For the City of Prescott, water production and billing records were reviewed for a four year period beginning in July 2003. Data was provided by City staff in response to the project team's requests for information. Water production records maintained by the City provided information on the monthly water volumes

produced from each of the City's water treatment plants.

The City of Prescott manages the Prescott Active Management Area (AMA) which covers 485 square miles in central Yavapai County. The AMA consists of two sub-basins – the Little Chino (LIC) and the Upper Agua Fria (UAF). These two sub-basins are bisected by a surface drainage divide. The Prescott AMA provides water for the City of Prescott, Chino Valley and Prescott Valley. Prescott Valley services all the withdrawn water from the AMA for its accounts. Chino Valley services most of its town's accounts with the water it withdraws from the AMA. The City of Prescott provides water service to approximately 600 Chino Valley accounts.

The City of Prescott's water system is complex and consists of 6 water production wells, 31 storage tanks (28 million gallons total), 40 pump stations, and 66 pressure zones. The City provides water service to all Prescott water customers, a limited number of Town of Chino Valley accounts, the Reservation of the Yavapai-Prescott Indian Tribe, and certain other surrounding unincorporated Yavapai County areas.

According to standard utility ratemaking methodology, in order to allocate revenue requirements equitably among system users, customers must be classified into relatively homogeneous groups with similar usage characteristics or service demands. Costs are then allocated to the customer classes in proportion to the usage characteristics of each class. For the water system, costs are typically allocated to customers based on their average and peak water demands.

### Customers and Meters – Current Year

Water accounts in the City of Prescott are currently charged a monthly minimum charge based on meter size and an inverted block volume rate for all accounts. The City's internal billing system utilizes three

classifications for water accounts and separates each class into inside city limits, outside city limits or Town of Chino Valley customers. The billing system also separates wastewater customers into 21 distinct customer classes with each assessed a specific volume rate for usage in addition to the monthly fixed charge.

The project team has grouped these classifications into several distinct customer classes for use in designing water and wastewater rates. **Table III-1** and **Table III-2** reconcile the City's internal billing system account codes with the rate model customer classes for water and wastewater classes.

Table III-1

CITY OF PRESCOTT												
WATER ACCOUNT KEY												
City Account Codes		Rate Model Customer Classes										
A	Inside City - Commercial										J	W.1 Residential - Inside
B	Inside City - Construction										G	W.2 Multi-Family - Inside
C	Inside City - Government							E	F			W.3 Irrigation - Inside
D	Inside City - Industrial	A	B	C	D	H	I					W.4 Non-Residential - Inside
E	Inside City - Irrigation							P				W.5 Residential - Outside
F	Inside City - Large Turf Irrigation							N				W.6 Multi-Family - Outside
G	Inside City - Multi-Family							M				W.7 Irrigation - Outside
H	Inside City - Municipal						K	L	O			W.8 Non-Residential - Outside
I	Inside City - Other								V			W.9 Residential - Chino Valley
J	Inside City - Single Family								*			W.10 Multi-Family - Chino Valley
K	Outside City - Commercial								T			W.11 Irrigation - Chino Valley
L	Outside City - Government				Q	R	S	U				W.12 Non-Residential - Chino Valley
M	Outside City - Irrigation											
N	Outside City - Multi-Family											
O	Outside City - Other											
P	Outside City - Single Family											
Q	Chino Valley - Commercial											
R	Chino Valley - Construction											
S	Chino Valley - Government											
T	Chino Valley - Irrigation											
U	Chino Valley - Other											
V	Chino Valley - Single Family											

\* Inactive (no current Customers)

Table III-2

CITY OF PRESCOTT							
WASTEWATER ACCOUNT KEY							
Rate Classification		Customer/Volume Classification		Rate Model Classification			
				Rate	Customer		
				Model			
R1	Residential	C1	Animal Hospital	R1	C2, C21	WW1	Residential
R2	* Auto Steam Cleaning	C2	Residence	R4	C3, C22	WW2	Bar w/o Dining Facilities
R3	* Bakery, Wholesale	C3	Bar w/o Restaurant	R5	C5	WW3	Car Wash
R4	Bar w/o Dining Facilities	C4	Beauty Salon/Barber Shop	R6	C4, C8, C23	WW4	Dept/Retail Stores
R5	Car Wash	C5	Car Wash	R7	C1, C7, C9	WW5	Hospital/Convalescent
R6	Dept/Retail Stores	C6	Commercial Laundry	R8	C10, C24	WW6	Hotel w Dining Facilities
R7	Hospital/Convalescent	C7	Convalescent Homes	R9	C11	WW7	Hotel w/o Dining Facilities
R8	Hotel w Dining Facilities	C8	Dept or Retail Store	R10	C12	WW8	Laundry, Industrial
R9	Hotel w/o Dining Facilities	C9	Hospital	R11	C13	WW9	Laundromat
R10	Laundry, Industrial	C10	Hotel w Restaurant	R12	C6	WW10	Laundry, Commercial
R11	Laundromat	C11	Hotel w/o Restaurant	R13	C20	WW11	Markets w Garbage Disposal
R12	Laundry, Commercial	C12	Industrial Laundry	R14	C14	WW12	Mortuaries
R13	Markets w Garbage Disposal	C13	Laundromat	R15	C15, C25	WW13	Professional Offices
R14	Mortuaries	C14	Mortuaries	R16	C16, C19	WW14	Repair Shops/Service Stations
R15	Professional Offices	C15	Professional Office	R17	C17, C26	WW15	Restaurants
R16	Repair Shops/Service Stations	C16	Repair Shop	R18	C18	WW16	Schools and Colleges
R17	Restaurants	C17	Restaurant				
R18	Schools and Colleges	C18	School/College				
R19	** Soft Water Services	C19	Service Station				
R20	** Septage Haulers	C20	Supermarket				
R21	** Grease Disposal	C21	OCL Residence				
		C22	OCL Bar w/o Restaurant				
		C23	OCL Dept or Retail Store				
		C24	OCL Hotel w Restaurant				
		C25	OCL Professional Office				
		C26	OCL Restaurant				

\*Inactive; no current Customers  
 \*\* Not included in rate model

Chart III-3 illustrates the total number of water and wastewater accounts for each year between FY 2004 and FY 2007. During this time, the total number of water accounts increased an average of 3.39% annually and the total number of wastewater accounts increased an average of 3.73% annually. These growth rates are fundamental components of the project team’s account and consumption forecasts.

Chart III-3

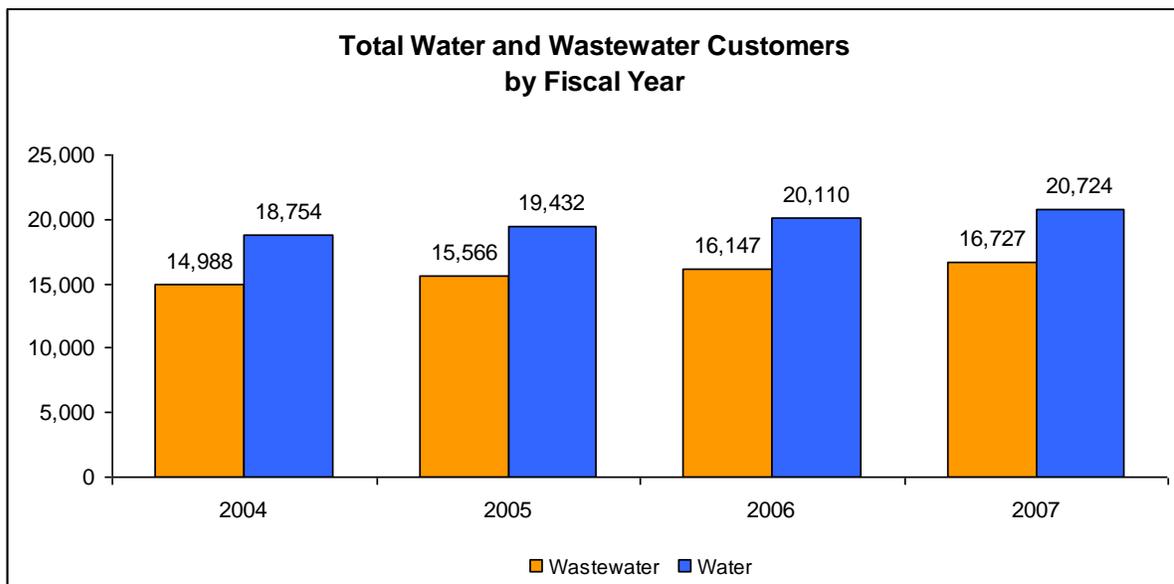


Table III-4 displays the November 2007 distribution of water and wastewater accounts by the project team’s defined customer classes.

Table III-4

CITY OF PRESCOTT					
WATER AND WASTEWATER ACCOUNTS -- NOVEMBER 2007					
WATER Accounts			WASTEWATER Accounts		
City Codes	Class	Quantity	City Codes	Class	Quantity
W.1	Residential Inside	15,463	WW1	Residential	15,535
W.2	Multi-Family Inside	712	WW2	Bar w/o Dining Facilities	25
W.3	Irrigation Inside	363	WW3	Car Wash	8
W.4	Non-Residential Inside	1,631	WW4	Dept/Retail Stores	380
W.5	Residential County	2,262	WW5	Hospital/Convalescent	24
W.6	Multi-Family County	13	WW6	Hotel w Dining Facilities	7
W.7	Irrigation County	24	WW7	Hotel w/o Dining Facilities	34
W.8	Non-Residential County	26	WW8	Laundry, Industrial	2
W.9	Residential Chino Valley	570	WW9	Laundromat	10
W.10	Multi-Family Chino Valley	-	WW10	Laundry, Commercial	3
W.11	Irrigation Chino Valley	6	WW11	Markets w Garbage Disposal	10
W.12	Non-Residential Chino Valley	28	WW12	Mortuaries	3
			WW13	Professional Offices	545
			WW14	Repair Shops/Service Stations	75
			WW15	Restaurants	59
			WW16	Schools and Colleges	52
<b>Total Water Accounts</b>		<b>21,098</b>	<b>Total Wastewater Accounts</b>		<b>16,772</b>

## Customers and Meters – Ten Year Forecast

According to the Arizona Department of Economic Security (DES), the City of Prescott has a projected population of **53,484** by 2015, which would indicate a projected growth rate of **3.1%** annually from its 2007 population estimate of 43,217. DES projections estimate the City's population in 2020 at 58,989.

According to The City of Prescott's 2007 Wastewater Collection System Model Study, the City has a projected population of **50,803** by 2015, which would indicate a projected growth rate of **2.4%** annually from 2007 - 2015. In its study, the City projected a total population of 56,056 by 2020.

Despite the current slowdown in growth, DES projections appear reasonable. Groups such as the Prescott Chamber of Commerce typically use the DES figures for their forecasting. While population growth has recently slowed, both the DES and recent City studies indicate that Prescott will grow at an overall average annual rate of approximately 3% over the next ten years. The project team will utilize a conservative annual average population increase of **2.4%** that takes into account the recent slowdown in growth.

**Table III-5** and **Table III-6** present actual and forecast water and wastewater accounts for each of the City's defined customer classes. The tables reveal that the customer base is forecast to remain predominantly residential. In total, water accounts are forecast to increase from **21,219** in FY 2008 to **26,167** in FY 2017, a total increase of 23.3% and an average annual increase of **2.7 %**. Wastewater accounts are expected to increase from 16,883 in FY 2008 to **21,439** by FY 2017, a total increase of 27.0 % and an average annual increase of **3.0%**.

Table III-5

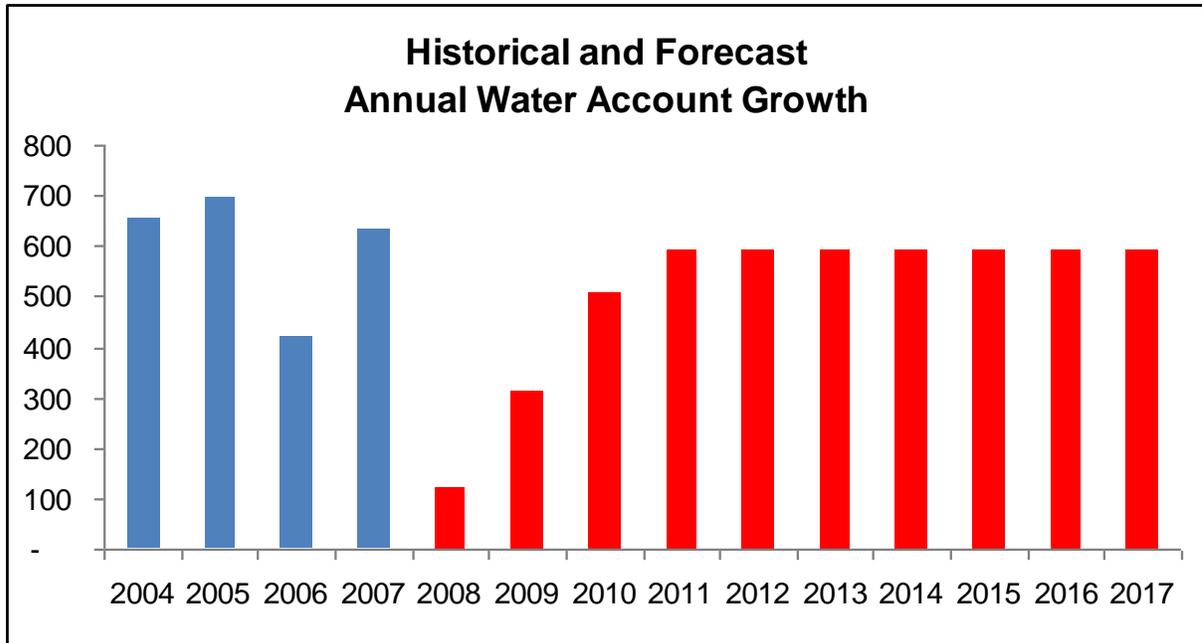
CITY OF PRESCOTT													
FORECAST TOTAL ACCOUNTS													
WATER Customer Classes													
	Res Inside	Multi-Family Inside	Irrigation Inside	Non-Res Inside	Res County	Multi-Family County	Irrigation County	Non-Res County	Res CV	Multi-Family CV	Irrigation CV	Non-Res CV	Total
<b>WATER Total Accounts</b>													
Nov-03	13,624	705	329	1,319	2,194	12	25	26	426	-	7	30	18,697
Nov-04	14,185	707	331	1,346	2,210	12	25	26	474	-	7	29	19,352
Nov-05	14,748	700	328	1,398	2,227	12	25	26	548	-	7	27	20,046
Nov-06	15,124	703	337	1,512	2,139	13	16	24	565	-	6	27	20,466
Nov-07	15,463	712	363	1,631	2,262	13	24	26	570	-	6	28	21,098
FY													
2008	15,563	716	365	1,641	2,267	13	24	26	570	-	6	28	21,219
2009	15,813	728	370	1,666	2,287	13	24	26	570	-	6	28	21,531
2010	16,238	746	378	1,701	2,307	13	24	26	570	-	6	28	22,037
2011	16,738	766	388	1,741	2,327	13	24	26	570	-	6	28	22,627
2012	17,238	786	398	1,781	2,347	13	24	26	570	-	6	28	23,217
2013	17,738	806	408	1,821	2,367	13	24	26	570	-	6	28	23,807
2014	18,238	826	418	1,861	2,387	13	24	26	570	-	6	28	24,397
2015	18,738	846	428	1,901	2,407	13	24	26	570	-	6	28	24,987
2016	19,238	866	438	1,941	2,427	13	24	26	570	-	6	28	25,577
2017	19,738	886	448	1,981	2,447	13	24	26	570	-	6	28	26,167
<b>WATER Annual New Accounts</b>													
Nov-04	561	2	2	27	16	-	-	-	48	-	-	(1)	655
Nov-05	563	(7)	(3)	52	17	-	-	-	74	-	-	(2)	694
Nov-06	376	3	9	114	(88)	1	(9)	(2)	17	-	(1)	-	420
Nov-07	339	9	26	119	123	-	8	2	5	-	-	1	632
FY 2008 Adjustment	100	4	2	10	5	-	-	-	-	-	-	-	121
FY													
2009	250	12	5	25	20	-	-	-	-	-	-	-	312
2010	425	18	8	35	20	-	-	-	-	-	-	-	506
2011	500	20	10	40	20	-	-	-	-	-	-	-	590
2012	500	20	10	40	20	-	-	-	-	-	-	-	590
2013	500	20	10	40	20	-	-	-	-	-	-	-	590
2014	500	20	10	40	20	-	-	-	-	-	-	-	590
2015	500	20	10	40	20	-	-	-	-	-	-	-	590
2016	500	20	10	40	20	-	-	-	-	-	-	-	590
2017	500	20	10	40	20	-	-	-	-	-	-	-	590

Chart III-7 illustrates historical and forecast account growth over the next decade. The chart reveals that account growth has been 500-700 annually during the 2003-2007 timeframe, but has slowed dramatically in the latter half of 2007. The project team forecast that account growth will remain modest in 2008 and 2009, and by 2010 will gradually return to prior year levels. In conclusion, the forecast assumes that the recent slowdown in growth is temporary and not indicative of a long-term trend.

Chart III-

Table III-6

CITY OF PRESCOTT																	
FORECAST TOTAL ACCOUNTS WASTEWATER Customer Classes																	
	Res	Bar w/o Dining Facilities	Car Wash	Dept/Retail Stores	Hospital/Convalescent	Hotel w Dining Facilities	Hotel w/o Dining Facilities	Laundry, Industrial	Laundromat	Laundry, Commercial	Markets w Garbage Disposal	Mortuaries	Professional Offices	Repair Shops/Service Stations	Restaurants	Schools and Colleges	Total
<b>WASTEWATER Total Accounts</b>																	
Nov-03	13,787	25	6	371	22	6	35	2	11	3	10	3	459	80	57	56	14,933
Nov-04	14,335	24	7	368	21	6	36	2	10	3	10	3	486	79	58	56	15,504
Nov-05	14,875	24	7	378	22	6	35	2	10	3	9	3	519	83	60	50	16,086
Nov-06	15,422	25	8	377	24	6	34	2	10	3	9	3	540	81	59	50	16,653
Nov-07	15,535	25	8	380	24	7	34	2	10	3	10	3	545	75	59	52	16,772
FY																	
2008	15,635	25	8	382	24	7	35	2	10	3	10	3	550	76	60	53	16,883
2009	15,947	26	8	385	25	7	36	2	10	3	10	3	560	77	61	54	17,214
2010	16,434	27	8	390	25	7	37	3	10	3	10	3	575	79	63	56	17,730
2011	16,996	28	9	398	27	8	39	3	11	3	10	3	595	82	66	59	18,337
2012	17,558	30	10	408	27	9	42	3	11	3	10	3	615	85	69	62	18,945
2013	18,120	32	11	418	29	10	45	4	12	3	11	3	635	88	72	65	19,558
2014	18,682	34	12	428	29	11	48	4	12	3	11	3	655	91	75	68	20,166
2015	19,244	36	13	438	31	12	51	4	13	3	11	3	675	94	78	71	20,777
2016	19,806	38	14	448	31	13	54	5	13	3	11	3	695	97	81	74	21,386
2017	20,368	40	15	458	33	14	57	5	14	3	11	3	715	100	84	77	21,997
<b>WASTEWATER Annual New Accounts</b>																	
Nov-04	548	(1)	1	(3)	(1)	-	1	-	(1)	-	-	-	27	(1)	1	-	571
Nov-05	540	-	-	10	1	-	(1)	-	-	-	(1)	-	33	4	2	(6)	582
Nov-06	547	1	1	(1)	2	-	(1)	-	-	-	-	-	21	(2)	(1)	-	567
Nov-07	113	-	-	3	-	1	-	-	-	-	1	-	5	(6)	-	2	119
FY 2008																	
Adjustment	100	-	-	2	-	-	1	-	-	-	-	-	5	1	1	1	111
FY																	
2009	312	1	-	3	1	-	1	-	-	-	-	-	10	1	1	1	331
2010	487	1	-	5	-	-	1	1	-	-	-	-	15	2	2	2	516
2011	562	1	1	8	2	1	2	-	1	-	-	-	20	3	3	3	607
2012	562	2	1	10	-	1	3	-	-	-	-	-	20	3	3	3	608
2013	562	2	1	10	2	1	3	1	1	-	1	-	20	3	3	3	613
2014	562	2	1	10	-	1	3	-	-	-	-	-	20	3	3	3	608
2015	562	2	1	10	2	1	3	-	1	-	-	-	20	3	3	3	611
2016	562	2	1	10	-	1	3	1	-	-	-	-	20	3	3	3	609
2017	562	2	1	10	2	1	3	-	1	-	-	-	20	3	3	3	611



### Historical and Current Water Production

The project team reviewed the City’s water production data from each of the City’s wells for the past three fiscal years. These totals are presented in **Table III-8** for each plant, along with average and maximum day production and peak to average ratio figures for the City as a whole. Peaking factors will be discussed in greater detail later in this section. The City does not purchase any treated water, nor does it possess any wholesale water contracts.

Table III-8

CITY OF PRESCOTT								
TREATED WATER PRODUCTION FY 2005 - FY 2007								
Date	Wells #1 Thru #6 Total (mil gal)			Total City (mil gal)				
	Total	Avg Day	Max Day	Total	Avg Day	Max Day	Pk/Avg Ratio	
Total FY 2005	2,537.519	6.952	14.550	2,567.465	7.034	12.217	1.737	
Total FY 2006	2,748.229	7.529	16.550	2,709.383	7.423	16.550	2.230	
Total FY 2007	2,676.716	7.333	14.046	2,684.440	7.355	14.580	1.982	

### Customer Water Usage – Current Year and Ten Year Forecast

Total water usage is summarized in **Table III-9** for all months since the beginning of FY 2004 with the current customer classes.

Table III-9

CITY OF PRESCOTT

**WATER CONSUMPTION SUMMARY  
(Gallons Consumed)**

	Residential				Multi-Family				Total Residential & Multi-Family			
	Inside	Outside	Chino	Total	Inside	Outside	Chino	Total	Inside	Outside	Chino	Total
Total FY 2004	1,136,916,092	181,585,822	37,810,851	1,356,312,765	244,547,702	16,138,775	-	260,686,477	1,381,463,794	197,724,597	37,810,851	1,616,999,242
Total FY 2005	1,080,418,972	159,904,167	44,977,438	1,285,300,577	246,267,198	16,666,262	-	262,933,460	1,326,686,170	176,570,429	44,977,438	1,548,234,037
Total FY 2006	1,133,911,455	164,544,546	48,931,960	1,347,387,961	239,747,958	16,505,065	-	256,253,023	1,373,659,413	181,049,611	48,931,960	1,603,640,984
Total FY 2007	1,111,316,164	155,844,576	51,811,343	1,318,972,083	259,176,143	18,790,950	-	277,967,093	1,370,492,307	174,635,526	51,811,343	1,596,939,176
Last 12 Mths	1,161,591,317	168,243,299	47,768,749	1,377,603,365	258,754,292	19,700,387	-	278,454,679	1,420,345,609	187,943,686	47,768,749	1,656,058,044

	Irrigation				Non-Residential				Total Water			
	Inside	Outside	Chino	Total	Inside	Outside	Chino	Total	Inside	Outside	Chino	Total
Total FY 2004	179,455,619	3,930,477	2,563,256	185,949,352	547,288,612	31,689,019	7,536,479	586,514,110	2,108,208,025	233,344,093	47,910,586	2,389,462,704
Total FY 2005	159,384,646	2,634,594	1,591,034	163,610,274	571,459,959	29,449,434	9,055,669	609,964,962	2,057,530,675	208,654,457	55,624,141	2,321,809,273
Total FY 2006	152,467,991	2,976,570	505,280	155,949,841	655,847,645	25,947,998	7,544,028	689,339,671	2,181,975,049	209,974,179	56,981,268	2,448,930,496
Total FY 2007	154,534,933	2,593,002	1,010,765	158,138,700	615,960,988	26,106,167	12,546,485	654,613,640	2,140,988,228	203,334,695	65,368,593	2,409,691,516
Last 12 Mths	163,758,226	2,547,636	834,769	167,140,631	618,287,670	27,625,919	14,981,785	660,895,374	2,202,391,505	218,117,241	63,585,303	2,484,094,049

Chart III-10 presents the distribution by customer class of water consumption in the test year. This chart reveals that while the majority of usage is residential, the commercial sector consumes about 25% of the total, not including irrigation only usage.

Chart III-

10

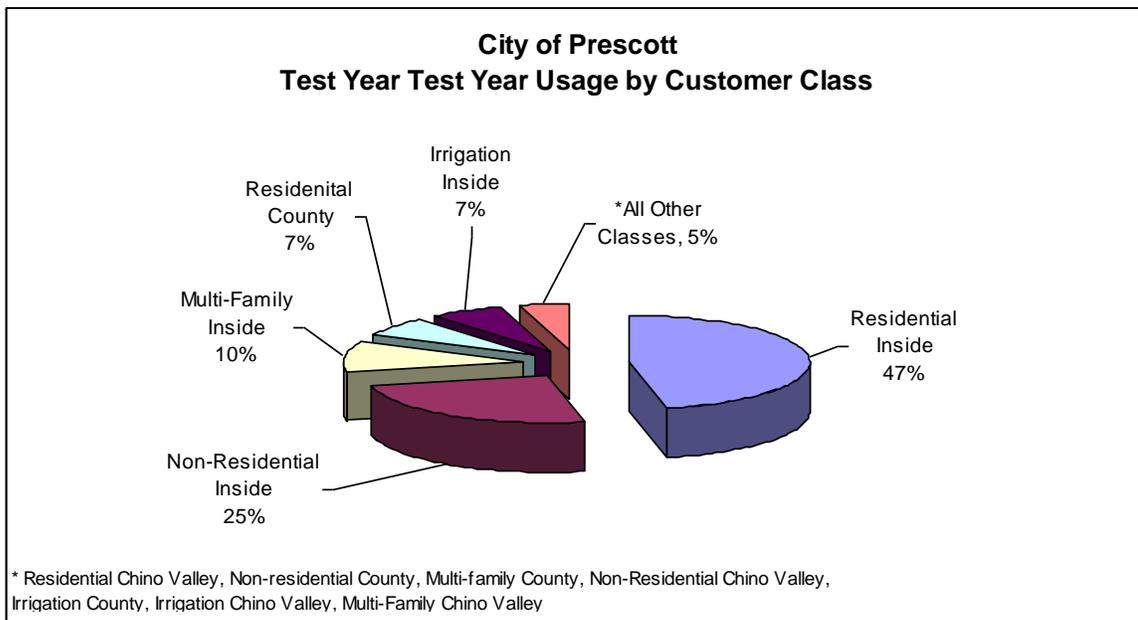


Chart III-11 and Table III-12 present actual annual water consumption by customer class as categorized in the rate model for FY 2004-2007, and forecast consumption for FY 2008- 2017. The chart illustrates the average annual growth of water consumption. An average annual water consumption increase of 1.12% is forecast for years 2008-2017. Included in the growth forecast are the following noteworthy assumptions:

- Consumption is forecast to increase at less than one-half the annual rate of increase in accounts, reflecting increased conservation efforts and the negative economic impact of higher monthly rates.
- The majority of the City's growth is expected to be residential.
- Fire hydrant and fire sprinkler volumes were not included in the volume data provided to the project team by the City.

Chart III-

11

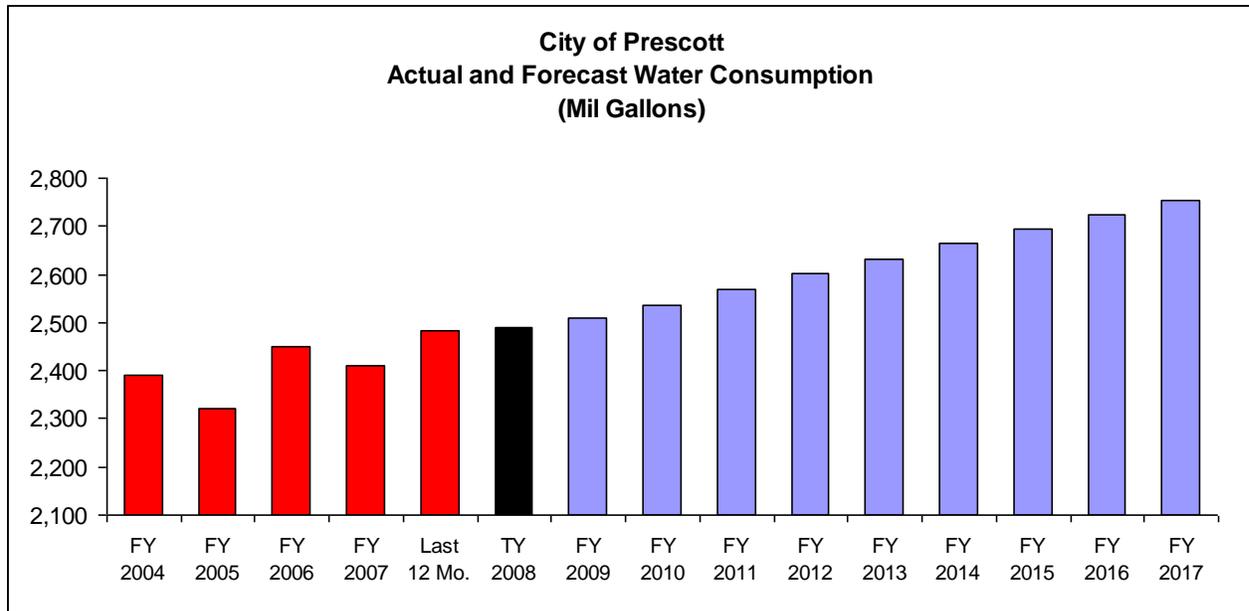


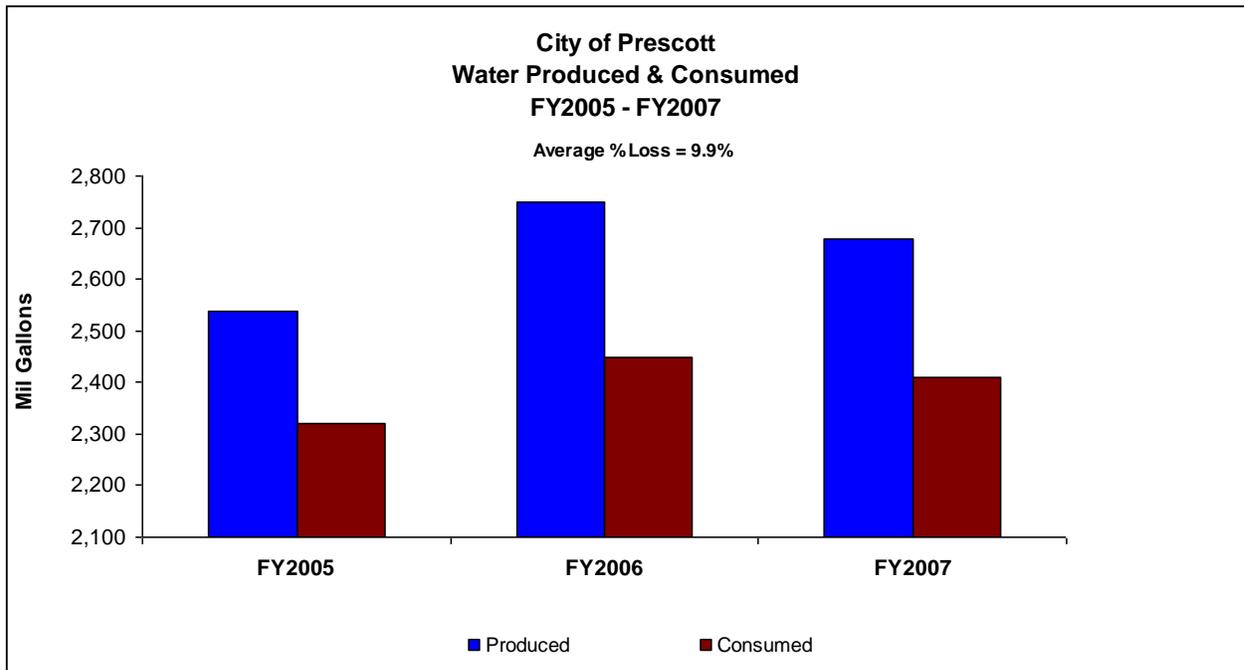
Table III-12

CITY OF PRESCOTT													FORECAST CONSUMPTION -- GALLONS	
WATER Customer Classes														
	Residential Inside	Multi-Family Inside	Irrigation Inside	Non-Res Inside	Residential County	Multi-Family County	Irrigation County	Non-Res County	Residential CV	Multi-Family CV	Irrigation CV	Non-Res CV	Total	
<b>WATER Historical Volume</b>														
FY 2004	1,136,916,092	244,547,702	179,455,619	547,288,612	181,585,822	16,138,775	3,930,477	31,689,019	37,810,851	-	2,563,256	7,536,479	2,389,462,704	
FY 2005	1,080,418,972	246,267,198	159,384,646	571,459,859	159,904,167	16,666,262	2,634,594	29,449,434	44,977,438	-	1,591,034	9,055,669	2,321,809,273	
FY 2006	1,133,911,455	239,747,958	152,467,991	655,847,645	164,544,546	16,505,065	2,976,570	25,947,998	48,931,960	-	505,280	7,544,028	2,448,930,496	
FY 2007	1,111,316,164	259,176,143	154,534,933	615,960,988	155,844,576	18,790,950	2,593,002	26,106,167	51,811,343	-	1,010,765	12,546,485	2,409,691,516	
Last 12 Mths	1,161,591,317	258,754,292	163,758,226	618,287,670	168,243,299	19,700,387	2,547,636	27,625,919	47,768,749	-	834,769	14,981,785	2,484,094,049	
<b>WATER Forecast Volume</b>														
TY 2008	1,165,347,352	259,481,130	164,209,351	620,183,095	168,429,244	19,700,387	2,547,636	27,625,919	47,768,749	-	834,769	14,981,785	2,491,109,417	
FY 2009	1,174,707,271	261,655,553	165,334,072	624,907,220	169,172,205	19,700,387	2,547,636	27,625,919	47,768,749	-	834,769	14,981,785	2,509,235,566	
FY 2010	1,190,493,352	264,890,305	167,121,468	631,471,371	169,911,918	19,700,387	2,547,636	27,625,919	47,768,749	-	834,769	14,981,785	2,537,347,658	
FY 2011	1,208,822,169	268,441,114	169,332,069	638,896,079	170,648,423	19,700,387	2,547,636	27,625,919	47,768,749	-	834,769	14,981,785	2,569,599,099	
FY 2012	1,226,877,226	271,945,567	171,514,183	646,235,494	171,381,764	19,700,387	2,547,636	27,625,919	47,768,749	-	834,769	14,981,785	2,601,413,479	
FY 2013	1,244,670,433	275,405,434	173,668,884	653,492,490	172,111,981	19,700,387	2,547,636	27,625,919	47,768,749	-	834,769	14,981,785	2,632,808,467	
FY 2014	1,262,212,862	278,822,375	175,797,179	660,669,782	172,839,112	19,700,387	2,547,636	27,625,919	47,768,749	-	834,769	14,981,785	2,663,800,556	
FY 2015	1,279,514,826	282,197,949	177,900,016	667,769,941	173,563,197	19,700,387	2,547,636	27,625,919	47,768,749	-	834,769	14,981,785	2,694,405,174	
FY 2016	1,296,585,949	285,533,622	179,978,287	674,795,401	174,284,274	19,700,387	2,547,636	27,625,919	47,768,749	-	834,769	14,981,785	2,724,636,778	
FY 2017	1,313,435,231	288,830,777	182,032,834	681,748,471	175,002,380	19,700,387	2,547,636	27,625,919	47,768,749	-	834,769	14,981,785	2,754,508,937	

## Water Loss

**Chart III-13** compares the amount of water produced and consumed in Prescott’s water system from FY2005 to FY2007. As is typical for water utilities, in each fiscal year there is more water produced than consumed. Water loss is usually attributed to system leaks and/or malfunctioning meters. An average of **9.9%** of water produced from FY2005 to FY2007 was unaccounted for in the consumption data. This total is generally in line with, or below, industry averages.

Chart III-13



## Peaking Factors

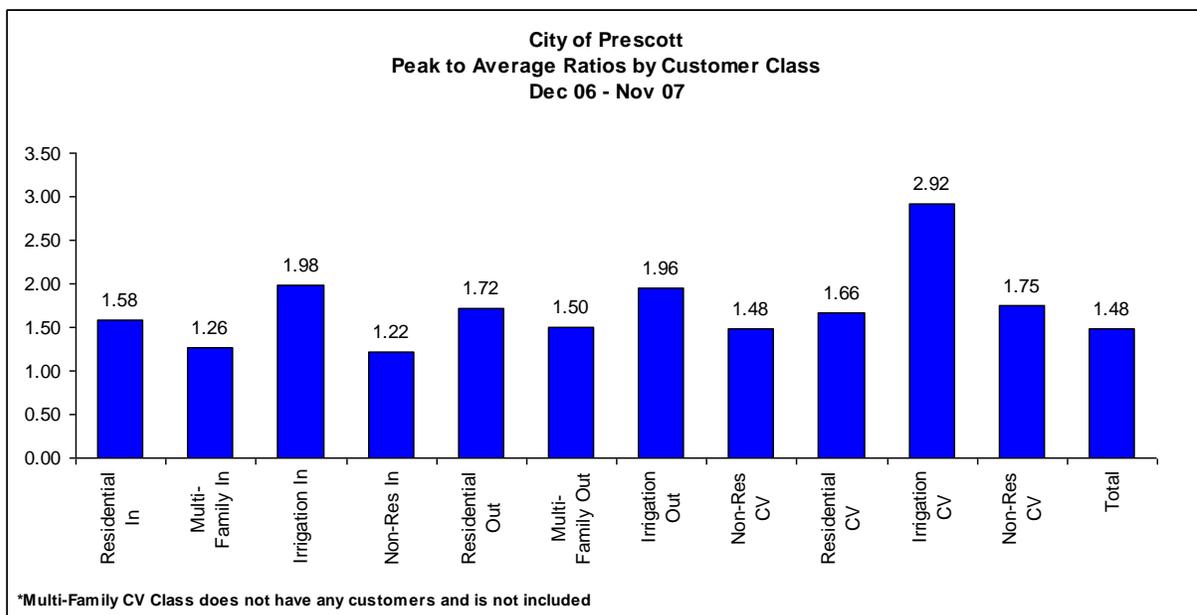
The cost of providing water to customers depends not only on the amount of water each class uses, but also on how that usage occurs over time. The maximum-day and maximum-hour peaking requirements of a water utility's customers are an important influence on the utility's costs. Because water utilities attempt to meet all of the demands of their customers, water systems are sized to meet customers' peak requirements. Therefore, during off-peak periods, there are usually significant costs associated with the unused capacity of the system. These costs must be allocated in proportion to the contribution of each customer class to the system peak, in order to develop equitable cost-based rates. Thus, it is necessary to determine the peak rate of use relative to the average rate of use for each class. This ratio is called a **Peaking Factor**.

The calculation of peaking factors for individual classes relies on available pumping and consumption information as well as professional judgment. If customer meters could record daily flow rates for each customer, more refined information could be obtained on peaking factors. This is not feasible because of the enormous cost that would be imposed on the utility. Therefore, it is accepted practice in the water industry to develop peaking factor estimates based on standard formulas using system peak day information and monthly customer class use records. This is a conservative methodology, since customer class peaking factors based on peak months will inevitably be lower than the system-wide peaking factor, which is based on the peak day.

Based on AWWA guidelines, the customer class peaking factors calculated in this study are for non-coincidental peaks. The peaking factors developed for this analysis are based on actual monthly water consumption by customer class for the most recent twelve month period, December 2006 – November 2007. The calculations of the peaking factors by class are summarized in **Chart III-14**. The combined daily peak to average ratio used in the rate model is **1.48**. The City does not maintain peak hour data, so the project team utilized an industry standard peak hour factor of **4.00**.

Chart III-

14

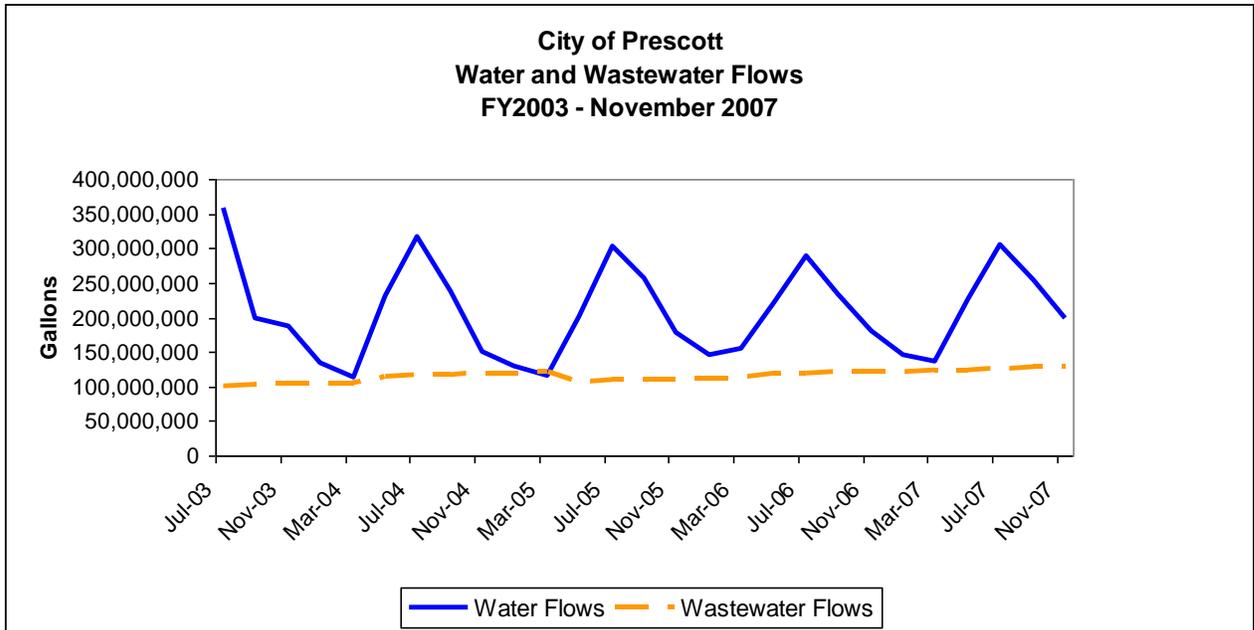


### Wastewater Flows – Historical

The City’s billed water volume was compared to wastewater treatment plant flows for each of the past four years. The results are summarized in **Chart III-15** below. The exhibits reveal that as expected, while water volume varies due to differing usage patterns in the summer and winter months, wastewater volumes are more consistent throughout the year.

Chart III-

15



### Wastewater Flows – Ten Year Forecast

As stated in Section II, the City currently charges residential and non-residential customers a monthly service charge and a volume charge for wastewater service. As stated in the City’s rate ordinance, the volume charge for non-industrial users varies based on water meter readings, water meter installation configurations, estimated return factors and customer classification strength characteristics. A dual meter rate classification denotes users with separately metered water, which is not returned to the wastewater collection system, such as irrigation, process water, cooling water, etc. Rates for industrial users are based on wastewater volume, biochemical oxygen demand, suspended solids, and other pollutants and in accordance with Pretreatment Regulations.

**Table III-16** illustrates usage by customer class for the most recent 12 month period, and projected usage for the test year and forecast period. Residential flows are estimated based on the utilization of winter water averages for the months of January through March and applied to wastewater residential accounts. While projected growth in each account classification varies slightly, the overall growth of wastewater accounts is estimated to average 2.7% annually, and wastewater flows over the same time period are estimated to increase an average of 2.7% annually as well. As Table III-16 shows, this brings the total projected volume of wastewater flows from 1,485,091,547 gallons over the previous 12 month period to 1,899,617,824 gallons in FY 2017.

Table III-16

CITY OF PRESCOTT FORECAST WASTEWATER BILLING UNITS (Gallons)											
Customer Classes	Last 12 Mths	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Residential	1,094,683,650	1,101,730,214	1,119,346,622	1,149,294,518	1,184,527,335	1,219,760,153	1,254,992,971	1,290,225,789	1,325,458,607	1,360,691,425	1,395,924,242
Bar w/o Dining Facilities	5,784,368	5,784,368	6,015,743	6,247,117	6,478,492	6,941,242	7,403,991	7,866,740	8,329,490	8,792,239	9,254,989
Car Wash	15,000,015	15,000,015	15,000,015	15,000,015	16,875,017	18,750,019	20,625,021	22,500,023	24,375,024	26,250,026	28,125,028
Dept/Retail Stores	62,671,518	63,001,368	63,496,143	64,320,768	65,640,169	67,289,419	68,938,670	70,587,920	72,237,171	73,886,421	75,535,672
Hospital/ Convalescent	60,701,963	60,701,963	63,231,211	63,231,211	68,289,708	68,289,708	73,348,205	73,348,205	78,406,702	78,406,702	83,465,199
Hotel w Dining Facilities	12,597,965	12,597,965	12,597,965	12,597,965	14,397,674	16,197,384	17,997,093	19,796,802	21,596,511	23,396,221	25,195,930
Hotel w/o Dining Facilities	36,156,878	37,220,316	38,283,753	39,347,191	41,474,066	44,664,379	47,854,691	51,045,004	54,235,317	57,425,630	60,615,943
Laundry, Industrial	732,112	732,112	732,112	1,098,168	1,098,168	1,098,168	1,464,224	1,464,224	1,464,224	1,830,280	1,830,280
Laundromat	7,114,014	7,114,014	7,114,014	7,114,014	7,825,415	7,825,415	8,536,817	8,536,817	9,248,218	9,248,218	9,959,620
Laundry, Commercial	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487
Markets w/ Garbage Disposal	10,175,222	10,175,222	10,175,222	10,175,222	10,175,222	10,175,222	11,192,744	11,192,744	11,192,744	11,192,744	11,192,744
Mortuaries	368,764	368,764	368,764	368,764	368,764	368,764	368,764	368,764	368,764	368,764	368,764
Professional Offices	63,736,490	64,321,228	65,490,705	67,244,921	69,583,874	71,922,828	74,261,782	76,600,736	78,939,689	81,278,643	83,617,597
Repair Shops/Service Stations	18,009,795	18,249,926	18,490,056	18,970,317	19,690,709	20,411,101	21,131,493	21,851,885	22,572,276	23,292,668	24,013,060
Restaurants	43,498,367	44,235,627	44,972,888	46,447,409	48,659,190	50,870,972	53,082,753	55,294,534	57,506,316	59,718,097	61,929,878
Schools and Colleges	43,402,939	44,237,611	45,072,283	46,741,627	49,245,642	51,749,658	54,253,674	56,757,689	59,261,705	61,765,721	64,269,737
<b>Total</b>	<b>1,485,091,547</b>	<b>1,495,930,208</b>	<b>1,519,765,144</b>	<b>1,559,992,136</b>	<b>1,608,282,248</b>	<b>1,656,660,966</b>	<b>1,705,482,713</b>	<b>1,753,861,430</b>	<b>1,802,505,965</b>	<b>1,850,973,289</b>	<b>1,899,617,824</b>

## Water and Wastewater Treatment Capacities

The City of Prescott depends on groundwater wells to meet its water supply requirements. The City does not currently have any surface water treatment plants in use. There is a facility at the Goldwater reservoir, but there are no plans to put this facility back in use. The City's sole source of water is the Chino well field which has 6 wells. In the near future, the City plans to add the airport well field zone to its water system. The airport well field zone will consist of 4-6 wells. At present, the City maintains a water treatment capacity of 12.90 mgd. Over the next ten years, the City's well additions are intended to increase total capacity to 18.66 mgd.

Prescott currently operates three wastewater treatment plants—Hassayampa, Sundog and Airport. The Hassayampa, rated at 0.75 mgd, is privately operated and its effluent is used to water a private golf course. It was placed into service in 1999. The City's largest wastewater treatment plant is the Sundog plant with a capacity of 6.0 mgd. It was last upgraded in 1989. The third Prescott-owned wastewater treatment plant is the Airport plant which has a permitted capacity of 2.2 mgd but an effective capacity of 1.2 mgd.

The City plans to expand Sundog in the 2014 – 2016 timeframe. These expansions will increase the capacity of Sundog to 9.0 mgd. The City also plans to expand Airport in a separate upgrade taking place between 2009 and 2011. This expansion will increase its capacity to 2.4 mgd.

**Table III-17** presents the current capacities of the City's water and wastewater systems, as well as the future capacity of each if expansion plans included in the City's Capital Improvement Plan is implemented as expected. The Capital Improvement Plan is described in detail in Section IV.

Table III-17

CITY OF PRESCOTT				
Water and Wastewater Capacity Levels (Gallons per Day)				
FY	Water System	Wastewater System		Total
		Airport	Sundog	
2008	12,900,000	1,200,000	6,000,000	7,200,000
2009	12,900,000	1,200,000	6,000,000	7,200,000
2010	14,340,000	2,400,000	6,000,000	8,400,000
2011	14,340,000	2,400,000	6,000,000	8,400,000
2012	15,780,000	2,400,000	6,000,000	8,400,000
2013	15,780,000	2,400,000	6,000,000	8,400,000
2014	17,220,000	2,400,000	6,000,000	8,400,000
2015	17,220,000	2,400,000	6,000,000	8,400,000
2016	18,660,000	2,400,000	9,000,000	11,400,000
2017	18,660,000	2,400,000	9,000,000	11,400,000

## SECTION IV

## Test Year and Forecast Revenue Requirement



In this section of the 2008 water and wastewater rate and impact fee study, the City of Prescott's test year and forecast water and wastewater utility revenue requirements are developed. As noted earlier in this report, the test year consists of the City's current fiscal year, July 1, 2007 through June 30, 2008. The revenue requirement differs from the City's budget in that it represents only that amount that must be raised through the City's water and wastewater rates. This means that non-rate revenue (such as tap fees and interest) must be subtracted from the budgeted operating expenses, capital expenditures and debt service to determine the net revenue requirement to be raised from rates.

According to AWWA **Manual M-1**, there are two generally accepted approaches to determining revenue requirements. Manual M-1 specifically pertains to water ratemaking, although these principles are equally applicable to wastewater ratemaking as well. The two approaches are defined within the manual as follows:

**Cash Needs Approach** – this approach seeks to ensure that utility revenues are sufficient to recover total cash needs for a given period. The revenue requirement components of this approach include O&M expenses, debt-service principal and interest payments, and capital outlays that are not funded by long-term debt. Depreciation expense is not considered to be a cash expense and is therefore not included. The cash-needs approach is generally used by government-owned utilities for *customers who reside inside the city limits*.

**Utility Approach** – this methodology is used by investor-owned utilities and for government utilities in jurisdictions where the utility is regulated by a state commission or regulatory body. *The Utility basis is particularly applicable to those customers located outside the geographical limits of a government-owned utility.* When a government-owned utility provides service to customers outside its geographical limits, the situation is similar to that of an investor-owned utility to its customers because the owner (the political subdivision) provides service to non-owner customers (customers outside the geographical limits of the city). In this situation, the government-owned utility is entitled to a reasonable return from non-owner customers based on the value of the plant it constructs to provide service to these customers. Also included in the revenue requirement under the Utility Basis are O&M expenses and depreciation.

Table IV-1 compares and contrasts how revenue requirements are calculated under the two approaches.

Table IV-1

CITY OF PRESCOTT			
Comparison of Revenue Requirements			
Revenue Requirement Component	Cash Needs Approach		Utility Approach
O & M Expenses	X		X
Depreciation			X
Capital Outlays	X		
Debt Principal	X		
Debt Interest	X		X
Return on Investment			X

To maintain consistency with national ratemaking standards, and to achieve a just and reasonable rate structure for all customers of the Prescott system, the project team has developed a schedule of cost of service rates based on the Cash Needs Approach for Inside City Limit customers, and the Utility Approach for Outside City Limit customers, which includes customers residing in the County and the Town of Chino Valley.

All data used in the development of the revenue requirements was obtained from the financial statements, budgets and other information provided by the City. Detailed calculations are presented in the rate model contained in Appendix A of this report. For rate design purposes, revenue requirements are developed separately for the water and wastewater systems.

The assumptions utilized in this expense forecast will be thoroughly detailed in this section of the report. These assumptions, particularly those associated with the City's capital expenditure budget, are critical to the development of both the revenue requirement and the ultimate rate recommendations. The project team reviewed these assumptions with City staff and considers all to be consistent with staff recommendations.

In this section, current and forecast Operating Costs, Capital Outlays and Debt Service will be examined first. Non-rate revenues will be subtracted from the total to yield the net revenue requirement. In addition, consistent with the requirements of the Utility Basis approach, Depreciation Expense and the Return on the Base Rate will also be examined.

### Operating Expenses and Capital Outlays – Test Year

Table IV-2 below summarizes the test year FY 2008 operating expenses and capital outlays for the City of Prescott for the Cash Needs (“Cash”) Basis and the Utility Basis. These totals are derived from the City’s proposed FY 2008 budget.

Table IV-2

CITY OF PRESCOTT				
TEST YEAR OPERATING EXPENSES				
	FY 2008 Budget	FY 2008 Rev Rqmt	WATER Utility	WASTEWATER Utility
<b>Budget Operating Expenses/Capital Outlays</b>				
<b>CASH BASIS</b>				
<b>OPERATING EXPENSES</b>				
<i>Water Division</i>	\$ 8,671,801	\$ 8,671,801	\$ 8,671,801	\$ -
<i>Wastewater Division</i>	<u>4,853,017</u>	<u>4,853,017</u>	<u>-</u>	<u>4,853,017</u>
	13,524,818	13,524,818	8,671,801	4,853,017
<b>CAPITAL OUTLAYS</b>				
<i>Water Division</i>	-	-	-	-
<i>Wastewater Division</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
<b>Total Operating/Cap Outlays</b>	<b>\$ 13,524,818</b>	<b>\$ 13,524,818</b>	<b>\$ 8,671,801</b>	<b>\$ 4,853,017</b>
<b>UTILITY BASIS</b>				
<b>OPERATING EXPENSES</b>				
<i>Water Division</i>	\$ 8,671,801	\$ 8,671,801	\$ 8,671,801	\$ -
<i>Wastewater Division</i>	<u>4,853,017</u>	<u>4,853,017</u>	<u>-</u>	<u>4,853,017</u>
<b>Total Operating/Capital Outlays</b>	<b>\$ 13,524,818</b>	<b>\$ 13,524,818</b>	<b>\$ 8,671,801</b>	<b>\$ 4,853,017</b>

The following is noteworthy about this table:

- Total operating expenses are divided by the City into the following divisions: Water Division and Wastewater Division. These funds are operated and maintained separately from and independently of each other. Alternate water resource expenses are contained within the Water Division.
- Debt service interest that is included in the City’s budget for FY 2008 is not included in the operating expenses portion when developing the revenue requirement. This accounts for the difference between the operating expenses in the budget and the revenue requirement.
- Under the Utility Basis, capital outlays are not included in the revenue requirement.

Details behind these calculations and cost allocations are presented in the water and wastewater rate model contained in Appendix A.

## Operating Expenses and Capital Outlays – Ten Year Forecast

Table IV-3 presents the project team’s ten year forecast of the City’s operating costs under the Cash Needs Basis and Utility Basis. A detailed forecast of all expenses by account and line item is presented in the rate model contained in Appendix A.

The primary assumptions used in the development of this forecast of operating costs are as follows:

- Personnel expenses are forecast to increase at a rate of 6.0% per year.
- Most operating expenses are forecast to increase at 3.0% per year.
- Certain expenses will increase at faster rates to reflect the rapid rate of increase of these costs. These expenses include workers compensation, medicare and insurance.
- Certain expenses will increase at faster rates to reflect the forecast growth in accounts and volumes. These expenses include but are not limited to chemicals, maintenance, and system repairs.

Table IV-3 reveals that under the both approaches water-related operating expenses and capital outlays are forecast to increase from the test year total of \$8,671,801 to **\$15,009,430** by FY 2017. Wastewater-related operating costs are expected to increase from the test year total of \$4,853,017 to **\$9,359,051** by FY 2017. This represents a total average annual rate of increase of **6.76%**.

Table IV-3

CITY OF PRESCOTT										
FORECAST OPERATING EXPENSES AND CAPITAL OUTLAYS										
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>Budget Operating Expenses/Capital Outlays</b>										
<b>WATER</b>										
<b>CASH BASIS</b>										
Water Division	\$ 8,671,801	\$ 9,214,916	\$ 9,720,163	\$ 10,389,237	\$ 11,146,863	\$ 11,782,111	\$ 12,459,334	\$ 13,388,450	\$ 14,172,563	\$ 15,009,430
Wastewater Division	-	-	-	-	-	-	-	-	-	-
<b>Total Operating/Cap Outlays</b>	<b>\$ 8,671,801</b>	<b>\$ 9,214,916</b>	<b>\$ 9,720,163</b>	<b>\$ 10,389,237</b>	<b>\$ 11,146,863</b>	<b>\$ 11,782,111</b>	<b>\$ 12,459,334</b>	<b>\$ 13,388,450</b>	<b>\$ 14,172,563</b>	<b>\$ 15,009,430</b>
<b>UTILITY BASIS</b>										
Water Division	\$ 8,671,801	\$ 9,214,916	\$ 9,720,163	\$ 10,389,237	\$ 11,146,863	\$ 11,782,111	\$ 12,459,334	\$ 13,388,450	\$ 14,172,563	\$ 15,009,430
Wastewater Division	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Exp.</b>	<b>\$ 8,671,801</b>	<b>\$ 9,214,916</b>	<b>\$ 9,720,163</b>	<b>\$ 10,389,237</b>	<b>\$ 11,146,863</b>	<b>\$ 11,782,111</b>	<b>\$ 12,459,334</b>	<b>\$ 13,388,450</b>	<b>\$ 14,172,563</b>	<b>\$ 15,009,430</b>
<b>WASTEWATER</b>										
<b>CASH BASIS</b>										
Water Division	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wastewater Division	4,853,017	5,331,149	5,648,148	6,155,193	6,793,610	7,221,296	7,676,937	8,260,208	8,788,437	9,359,051
<b>Total Operating/Cap Outlays</b>	<b>\$ 4,853,017</b>	<b>\$ 5,331,149</b>	<b>\$ 5,648,148</b>	<b>\$ 6,155,193</b>	<b>\$ 6,793,610</b>	<b>\$ 7,221,296</b>	<b>\$ 7,676,937</b>	<b>\$ 8,260,208</b>	<b>\$ 8,788,437</b>	<b>\$ 9,359,051</b>
<b>UTILITY BASIS</b>										
Water Division	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wastewater Division	4,853,017	5,331,149	5,648,148	6,155,193	6,793,610	7,221,296	7,676,937	8,260,208	8,788,437	9,359,051
<b>Total Operating Exp.</b>	<b>\$ 4,853,017</b>	<b>\$ 5,331,149</b>	<b>\$ 5,648,148</b>	<b>\$ 6,155,193</b>	<b>\$ 6,793,610</b>	<b>\$ 7,221,296</b>	<b>\$ 7,676,937</b>	<b>\$ 8,260,208</b>	<b>\$ 8,788,437</b>	<b>\$ 9,359,051</b>
<b>CASH BASIS TOTAL</b>										
<b>Total</b>	<b>\$ 13,524,818</b>	<b>\$ 14,546,064</b>	<b>\$ 15,368,311</b>	<b>\$ 16,544,430</b>	<b>\$ 17,940,473</b>	<b>\$ 19,003,407</b>	<b>\$ 20,136,271</b>	<b>\$ 21,648,658</b>	<b>\$ 22,960,999</b>	<b>\$ 24,368,481</b>
<b>UTILITY BASIS TOTAL</b>										
<b>Total</b>	<b>\$ 13,524,818</b>	<b>\$ 14,546,064</b>	<b>\$ 15,368,311</b>	<b>\$ 16,544,430</b>	<b>\$ 17,940,473</b>	<b>\$ 19,003,407</b>	<b>\$ 20,136,271</b>	<b>\$ 21,648,658</b>	<b>\$ 22,960,999</b>	<b>\$ 24,368,481</b>

### Capital Improvement Plan

Like most cities, Prescott maintains an extensive and detailed capital improvement program to repair, maintain and expand its water and wastewater system. City staff and the project team have developed a comprehensive ten-year CIP that is designed to achieve the following goals:

- Fund needed repairs and replacements to the water distribution and wastewater collection systems
- Fund overhauls and expenses of the City’s water treatment capacity and wastewater treatment plants
- Fund the City’s portion of the Big Chino Water Ranch project
- Fund the expansion of the City’s wastewater systems into unsewered areas
- Ensure that the City’s system continues to provide a superior level of service quality

The City’s CIP has already been funded for FY 2008. The unfunded CIP for the period FY 2009 – FY 2017 is presented in detail in **Table IV-4** on the following pages, and is summarized in **Table IV-5** below. It should be noted that for ratemaking purposes the CIP includes only the City’s portion of the Big Chino project, and not the entire cost of the project itself.

Table IV-5

City of Prescott				
FORECAST CIP SUMMARY				
	Total	Growth	Replacement	Unsewered
Water	\$ 201,100,116	\$ 119,397,590	\$ 81,702,525	\$ -
Wastewater	140,409,000	51,948,450	61,383,200	27,077,350
<b>Total</b>	<b>341,509,116</b>	<b>171,346,040</b>	<b>143,085,725</b>	<b>27,077,350</b>

Table IV-6 presents further detail on the water and wastewater CIP.

Table IV-6

Forecast 2008-2017		CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL							
		Treatment/ Dist/Admin/ Customer	Depreciable Lifespan (Years)	Percent Grant Funded	Percent Growth	Percent Replacement	Total CIP	Total Growth	Total Replacement

Input Area -- Capital Improvement Plan -- Water  
Scen: Alt #1 -- "BASE"

Input Area - Growth vs. Replacement

<b>W1 Big Chino Water Ranch -- Water Resource Development</b>							45.9%	54.1%	
W1	1 Big Chino Water Ranch Project	Alt	50	0.0%	80.0%	20.0%	\$ 79,705,801	\$ 63,764,640	\$ 15,941,160
<b>Total</b>							<b>79,705,801</b>	<b>63,764,640</b>	<b>15,941,160</b>
<b>W2 Alternative Water Sources</b>									
W2	1 Surface Water Recharge Line Replacement	Alt	50	0.0%	100.0%	0.0%	3,622,000	3,622,000	-
<b>Total</b>							<b>3,622,000</b>	<b>3,622,000</b>	<b>-</b>
<b>W3 Operations Capital</b>									
W3	1 Maintenance Management	Treat	50	0.0%	70.0%	30.0%	20,000	14,000	6,000
W3	2 Interim Arsenic Treatment Facilities	Treat	50	0.0%	0.0%	100.0%	220,000	-	220,000
W3	3 Chino Booster Station Replacement Pump	Dist	20	0.0%	0.0%	100.0%	-	-	-
W3	4 Chino Plant Chlorine Storage Building	Treat	50	0.0%	0.0%	100.0%	-	-	-
W3	5 Water Building Siding Replacement	Treat	20	0.0%	0.0%	100.0%	-	-	-
W3	6 Water Distribution Shoring Equipment	Dist	50	0.0%	0.0%	100.0%	20,000	-	20,000
W3	7 Leak Detection Program	Dist	10	0.0%	0.0%	100.0%	135,000	-	135,000
W3	8 New Water Service Line Installation	Dist	50	0.0%	0.0%	100.0%	-	-	-
W3	9 Production Well Maintenance & Repair	Treat	20	0.0%	0.0%	100.0%	720,000	-	720,000
W3	10 Fire Hydrant Repair & Replacement Program	Dist	20	0.0%	0.0%	100.0%	360,000	-	360,000
W3	11 PRV Station Upgrades	Dist	50	0.0%	0.0%	100.0%	342,000	-	342,000
W3	12 Storage Tank Maintenance Program	Dist	20	0.0%	0.0%	100.0%	1,614,815	-	1,614,815
W3	13 Telemetry (SCADA) System Installation/Upgrades Program	Dist	10	0.0%	70.0%	30.0%	200,000	140,000	60,000
W3	14 Water Meter Changeout Program	Cust	10	0.0%	0.0%	100.0%	3,000,000	-	3,000,000
W3	15 Water Production Distribution Warehouse	Treat	50	0.0%	0.0%	100.0%	-	-	-
W3	16 Wells/Booster Stations Bldg, Replacements, Refurb.	Treat	20	0.0%	0.0%	100.0%	500,000	-	500,000
W3	17 Chino Wells Auxiliary Power Transfer Switches	Treat	10	0.0%	0.0%	100.0%	-	-	-
W3	18 Future Projects	Treat	50	0.0%	0.0%	100.0%	-	-	-
<b>Total</b>							<b>7,131,815</b>	<b>154,000</b>	<b>6,977,815</b>
<b>W4 Pipes, Pumps Tanks</b>									
W4	1 Mingus Tank Reservoir Replacement	Dist	50	0.0%	50.0%	50.0%	4,300,000	2,150,000	2,150,000
W4	2 Prescott Pines Tank Reservoir Replacement	Dist	50	0.0%	50.0%	50.0%	-	-	-
W4	3 Zone 102 (Storm Ranch) Tank Reservoir	Dist	50	0.0%	100.0%	0.0%	4,000,000	4,000,000	-
W4	4 SR69 Corridor Phase 1 Public Water Infrastructure	Dist	50	0.0%	100.0%	0.0%	260,000	260,000	-
W4	5 Prescott Canyon 1.25 MG Reservoir & Piping	Dist	50	0.0%	75.0%	25.0%	1,620,000	1,215,000	405,000
W4	6 Prescott Resort Pump Station #1 Upgrade	Dist	20	0.0%	75.0%	25.0%	2,000,000	1,500,000	500,000
W4	7 Yavapai Hills Lower Pump Station Upgrade	Dist	20	0.0%	75.0%	25.0%	950,000	712,500	237,500
W4	8 SR69 Corridor Phase 2 Water Main Upgrade (Prescott Resort-Holiday Hills)	Dist	50	0.0%	75.0%	25.0%	1,200,000	900,000	300,000
W4	9 SR69 Corridor Phase 3 Water Main Upgrade	Dist	50	0.0%	75.0%	25.0%	700,000	525,000	175,000
W4	10 Indian Hills Reservoir - 1.3 MGD	Dist	50	0.0%	50.0%	50.0%	3,020,000	1,510,000	1,510,000
W4	11 12" Main - Pioneer Pump Sta. to Indian Hills Tanks	Dist	50	0.0%	50.0%	50.0%	2,957,000	1,478,500	1,478,500
W4	12 Pioneer Pump Station Upgrade	Dist	20	0.0%	50.0%	50.0%	560,000	280,000	280,000
W4	13 20" Main Aubrey St - Old South Reservoir to Pioneer Pump Station	Dist	50	0.0%	50.0%	50.0%	927,500	463,750	463,750
W4	14 Peregrine Pump Station	Dist	20	0.0%	20.0%	80.0%	-	-	-
W4	15 Mountain Club System Cross Connection Protection	Dist	50	0.0%	0.0%	100.0%	500,000	-	500,000
W4	16 12" Chino Transmission Main Relocation - Center St to Rd 4S	Dist	50	0.0%	25.0%	75.0%	600,000	150,000	450,000
W4	17 Reconstruct Willow Creek 14" Main - Willow Lake Road	Dist	50	0.0%	50.0%	50.0%	690,000	345,000	345,000

Forecast 2008-2017		CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL							
		Treatment/ Dist/Admin/ Customer	Depreciable Lifespan (Years)	Percent Grant Funded	Percent Growth	Percent Replacement	Total CIP	Total Growth	Total Replacement

Input Area -- Capital Improvement Plan -- Water  
Scen: Alt #1 -- "BASE"

Input Area - Growth vs. Replacement

W4 18	12" Line White Spar - Granite to Copper Basin	Dist	50	0.0%	20.0%	80.0%	379,000	75,800	303,200
W4 19	Copper Basin Reservoir	Dist	50	0.0%	10.0%	90.0%	2,085,000	208,500	1,876,500
W4 20	Copper Basin Reservoir Piping - Sheriffs Posse to New Reservoir	Dist	50	0.0%	10.0%	90.0%	460,000	46,000	414,000
W4 21	White Spar Pump Station Upgrade	Dist	20	0.0%	10.0%	90.0%	250,000	25,000	225,000
W4 22	Tank Road Water Reservoir Abandonment	Dist	50	0.0%	10.0%	90.0%	70,000	7,000	63,000
W4 23	Airport Zone 18" Second Feed - SR 89/89A to Chino 12" Main	Dist	50	0.0%	90.0%	10.0%	1,500,000	1,350,000	150,000
W4 24	Airport Zone 12" Main - SR 89/89A to Side Road connector	Dist	50	0.0%	90.0%	10.0%	1,250,000	1,125,000	125,000
W4 25	Airport Zone Production/Recovery Wells	Treat	50	0.0%	90.0%	10.0%	6,000,000	5,400,000	600,000
W4 26	Airport Zone 12" Main North Side Runway Loop	Dist	50	0.0%	75.0%	25.0%	2,268,000	1,701,000	567,000
W4 27	Airport Zone 12" Main South Side Runway Loop	Dist	50	0.0%	75.0%	25.0%	1,365,000	1,023,750	341,250
W4 28	Airport Zone Pump Station Upgrade	Dist	20	0.0%	10.0%	90.0%	198,000	19,800	178,200
W4 29	Airport Zone New Reservoir	Dist	50	0.0%	90.0%	10.0%	3,450,000	3,105,000	345,000
W4 30	Airport Zone 12 Tank Reservoir & Booster Station	Dist	50	0.0%	90.0%	10.0%	1,300,000	1,170,000	130,000
W4 31	Zone 113 New Tank Reservoir & Booster Station	Dist	50	0.0%	100.0%	0.0%	2,400,000	2,400,000	-
W4 32	Zone 113 Transmission Piping	Dist	50	0.0%	100.0%	0.0%	1,275,000	1,275,000	-
W4 33	Zone 101 New Tank Reservoir	Dist	50	0.0%	100.0%	0.0%	1,750,000	1,750,000	-
W4 34	Airport Zone Main Feed -- New Intermediate Storage	Dist	50	0.0%	90.0%	10.0%	1,500,000	1,350,000	150,000
W4 35	Airport Zone New Pump Station Near SR 89/89A	Dist	50	0.0%	90.0%	10.0%	2,250,000	2,025,000	225,000
W4 36	Airport Zone SR 89A Main Crossings	Dist	50	0.0%	80.0%	20.0%	1,500,000	1,200,000	300,000
W4 37	Small Water Main Replacements	Dist	50	0.0%	0.0%	100.0%	6,650,000	-	6,650,000
W4 38	Dam Repairs	Dist	50	0.0%	0.0%	100.0%	190,000	-	190,000
W4 39	Foothills Pump Station Bypass	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 40	Copper Canyon PRV Abandonment	Dist	50	0.0%	0.0%	100.0%	30,000	-	30,000
W4 41	Zone 107 New PRV -- Prescott Lakes Blvd	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 42	Eastwood PRV Rebuild	Dist	50	0.0%	0.0%	100.0%	50,000	-	50,000
W4 43	Old North Reservoir Replacement	Dist	50	0.0%	0.0%	100.0%	2,160,000	-	2,160,000
W4 44	12" Line Sundog Connector - East of Prescott Lakes Parkway	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 45	12" Line Heritage Park Road	Dist	50	0.0%	90.0%	10.0%	430,000	387,000	43,000
W4 46	12" Line SR 89 - Copper Basin Road to Prescott Pines Pump Station	Dist	50	0.0%	10.0%	90.0%	1,275,000	127,500	1,147,500
W4 47	8" Line -- Rancho Vista Drive	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 48	8" Line Oakwood Drive	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 49	8" Line East Timber Ridge Rd	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 50	12" Line Fairway View, Birch Drive	Dist	50	0.0%	0.0%	100.0%	750,000	-	750,000
W4 51	8" Line Highland Ave. - Country Club to Copper Basin	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 52	8" Line Hemlock Ave. - Copper Basin to Cedar Road	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 53	8" Line Clubhouse Dr. - Cedar Road to SR 89	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 54	36" Line Douglas Avenue - Willow Creek Road to North Reservoirs	Dist	50	0.0%	0.0%	100.0%	462,000	-	462,000
W4 55	8" Line Tolmec Road to Wildwood Drive	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 56	8" Line Angelita Drive to Woodridge Lane	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 57	Hassayampa Pump Station - New Zone 19	Dist	50	0.0%	75.0%	25.0%	188,000	141,000	47,000
W4 58	New Thumb Butte Reservoir	Dist	50	0.0%	10.0%	90.0%	2,250,000	225,000	2,025,000
W4 59	Lower Thumb Butte Pump Station Rehabilitation	Dist	20	0.0%	10.0%	90.0%	336,000	33,600	302,400
W4 60	Haisley New Reservoir	Dist	50	0.0%	50.0%	50.0%	1,612,000	806,000	806,000
W4 61	Virginia Pump Station Rehabilitation	Dist	20	0.0%	0.0%	100.0%	-	-	-
W4 62	Pinnacle Circle New Reservoir	Dist	50	0.0%	50.0%	50.0%	2,890,000	1,445,000	1,445,000
W4 63	12" Line Miller Valley Rd. - Whipple St. to Lincoln and Grove	Dist	50	0.0%	10.0%	90.0%	-	-	-
W4 64	12" Line Northridge Dr. to Rosser	Dist	50	0.0%	75.0%	25.0%	661,000	495,750	165,250
W4 65	Village Hydro System Abandonment	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 66	12" Line Mingus -- Mingus Pump Station	Dist	50	0.0%	25.0%	75.0%	-	-	-

Table IV-4

Forecast 2008-2017		CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL						
		Treatment/ Dist/Admin/ Customer	Depreciable Lifespan (Years)	Percent Grant Funded	Percent Growth	Percent Replacement	Total CIP	Total Growth

Input Area -- Capital Improvement Plan -- Water  
Scen: Alt #1 -- "BASE"

Input Area - Growth vs. Replacement

W4 67	12" Line Douglas Demerse Delano	Dist	50	0.0%	25.0%	75.0%	-	-	-
W4 68	12" Line Skyline Horizon Lookout	Dist	50	0.0%	50.0%	50.0%	450,000	225,000	225,000
W4 69	12" Line Hassayampa Village - Copper basin to Thumb Butte	Dist	50	0.0%	25.0%	75.0%	-	-	-
W4 70	12" Thumb Butte Rd - Idylwild to Hassayampa Village Rd	Dist	50	0.0%	50.0%	50.0%	-	-	-
W4 71	12" Line Thumb Butte Rd - Hassayampa Village to Lower Thumb Butte PS	Dist	50	0.0%	50.0%	50.0%	800,000	400,000	400,000
W4 72	12" Line Meadowbrook to Sherwood	Dist	50	0.0%	20.0%	80.0%	1,260,000	252,000	1,008,000
W4 73	12" Line Circle P Dr Tank to Idylwild	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 74	12" Line Gail Gardner - Fair St to Linwood	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 75	12" Line - Virginia St - Virginia St Pump Sta to Foothills Pump Sta	Dist	50	0.0%	10.0%	90.0%	625,000	62,500	562,500
W4 76	12" Line Haisley Rd - HWY 89 to Haisley Pump Sta	Dist	50	0.0%	10.0%	90.0%	450,000	45,000	405,000
W4 77	12" Line Haisley Rd - Deerfield to Valley Ranch Rd	Dist	50	0.0%	0.0%	100.0%	555,000	-	555,000
W4 78	Abandon Robinson Reservoir	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 79	Haisley Pump Station Rehabilitation	Dist	20	0.0%	10.0%	90.0%	228,000	22,800	205,200
W4 80	12" Line Bradshaw Dr. - McDonald Dr. to Robinson PRV	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 81	8" Line Hill Dr. - Robinson PRV to Emerald Trail	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 82	8" Line Onyx Pass - Robinson PRV to Topaz Trail	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 83	8" Line Buckingham Place to McDonald & Bradshaw Drive	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 84	16" Line Willow Creek Road -North Reservoirs to Whipple	Dist	50	0.0%	10.0%	90.0%	-	-	-
W4 85	Abandon Cross Town Pump Station	Dist	50	0.0%	0.0%	100.0%	-	-	-
W4 86	18" Line Smoke Tree Lane - 30" @ Willow Creek Rd. to Birchwood Cove	Dist	50	0.0%	10.0%	90.0%	1,665,000	166,500	1,498,500
W4 87	12" Line Delano Ave. - North Reservoirs to Cedarwood Tank	Dist	50	0.0%	10.0%	90.0%	-	-	-
W4 88	12" Kyle/Downer Trail	Dist	50	0.0%	80.0%	20.0%	-	-	-
W4 89	12" Sierry Peaks -Downer Trail	Dist	50	0.0%	80.0%	20.0%	-	-	-
W4 90	High Valley Pump Station Rehabilitation	Dist	20	0.0%	10.0%	90.0%	-	-	-
W4 91	Lower Rancho Vista Pump Rehabilitation	Dist	20	0.0%	10.0%	90.0%	400,000	40,000	360,000
W4 92	Upper Rancho Vista Pump Rehabilitation	Dist	20	0.0%	10.0%	90.0%	78,000	7,800	70,200
W4 93	Virginia Pump Station Rehabilitation	Dist	20	0.0%	10.0%	90.0%	250,000	25,000	225,000
W4 94	Abandon Robinson Pump Station	Dist	20	0.0%	0.0%	100.0%	-	-	-
W4 95	8" Line Rancho Vista Drive to View Point Road	Dist	50	0.0%	0.0%	100.0%	167,000	-	167,000
W4 96	12" Line Sundog Ranch Road - Prescott Lakes Parkway to Rosser Street	Dist	50	0.0%	100.0%	0.0%	440,000	440,000	-
W4 97	12" Line Northridge Dr. - Vantage Point Circle to Smoke Tree Lane	Dist	50	0.0%	50.0%	50.0%	-	-	-
W4 98	12" Line Sierry Peaks - Iron Springs to Forest View	Dist	50	0.0%	80.0%	20.0%	1,185,000	948,000	237,000
W4 99	12" Line Yakashba Dr. - Williamson Valley Road to Pinnacle Circle New Ta	Dist	50	0.0%	25.0%	75.0%	1,045,000	261,250	783,750
W4 100	12" Line Rill Road - Pinnacle Road to Country Park Pump Station	Dist	50	0.0%	25.0%	75.0%	825,000	206,250	618,750
W4 101	Foothills Pump Station Rehabilitation	Dist	20	0.0%	50.0%	50.0%	-	-	-
W4 102	Mingus Pump Station Rehabilitation	Dist	20	0.0%	50.0%	50.0%	600,000	300,000	300,000
W4 103	Southview Pump Station Rehabilitation	Dist	20	0.0%	25.0%	75.0%	372,000	93,000	279,000
W4 104	Country Park New Pump Station	Dist	50	0.0%	25.0%	75.0%	624,000	156,000	468,000
W4 105	Vista Del Cerro Pump Station Rehabilitation	Dist	20	0.0%	0.0%	100.0%	-	-	-
W4 106	Vista Del Cerro Pump Station Rehabilitation	Dist	50	0.0%	0.0%	100.0%	350,000	-	350,000
W4 94	Upper Thumb Butte Replacement Reservoir	Dist	50	0.0%	10.0%	90.0%	1,750,000	175,000	1,575,000
W4 95	Future Projects	Dist	50	0.0%	50.0%	50.0%	-	-	-
<b>Total</b>							<b>89,587,500</b>	<b>48,233,550</b>	<b>41,353,950</b>

Table IV-4

Forecast 2008-2017	Treatment/ Dist/Admin/ Customer	Depreciable Lifespan (Years)	Percent Grant Funded	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL			Total CIP	Total Growth	Total Replacement
				Percent Growth	Percent Replacement				

Input Area -- Capital Improvement Plan -- Water  
Scen: Alt #1 -- "BASE"

Input Area - Growth vs. Replacement

<b>W5</b>	<b>Street Projects</b>									
W5 1	Unpaved Streets	Dist	20	0.0%	0.0%	100.0%	4,340,000	-	4,340,000	
W5 2	Unpaved Alleys	Dist	20	0.0%	0.0%	100.0%	1,350,000	-	1,350,000	
W5 3	Demerse	Dist	20	0.0%	0.0%	100.0%	780,000	-	780,000	
W5 4	Iron Springs Road	Dist	20	0.0%	0.0%	100.0%	-	-	-	
W5 5	Downer Trail	Dist	20	0.0%	100.0%	0.0%	160,000	160,000	-	
W5 6	Copper Basin Road	Dist	20	0.0%	50.0%	50.0%	1,720,000	860,000	860,000	
W5 7	Park Avenue	Dist	20	0.0%	0.0%	100.0%	720,000	-	720,000	
W5 8	Rosser Street Phase 1	Dist	20	0.0%	0.0%	100.0%	417,000	-	417,000	
W5 9	S. Mount Vernon Avenue	Dist	20	0.0%	0.0%	100.0%	300,000	-	300,000	
W5 10	Williamson Valley Road	Dist	20	0.0%	10.0%	90.0%	1,500,000	150,000	1,350,000	
W5 11	Robinson Drive	Dist	20	0.0%	10.0%	90.0%	349,000	34,900	314,100	
W5 12	Brush Street	Dist	20	0.0%	0.0%	100.0%	110,000	-	110,000	
W5 13	Beach Street	Dist	20	0.0%	0.0%	100.0%	230,000	-	230,000	
W5 14	Bradsaw Drive	Dist	20	0.0%	10.0%	90.0%	550,000	55,000	495,000	
W5 15	College Heights	Dist	20	0.0%	50.0%	50.0%	327,000	163,500	163,500	
W5 16	Sundog Connector/Sundog Ranch Road	Dist	20	0.0%	100.0%	0.0%	350,000	350,000	-	
W5 17	Future Street Projects	Dist	20	0.0%	20.0%	80.0%	7,500,000	1,500,000	6,000,000	
	<b>Total</b>						<b>20,703,000</b>	<b>3,273,400</b>	<b>17,429,600</b>	
<b>W6</b>	<b>Infrastructure Planning Studies and Projects</b>									
W6 1	Smart Growth Plan (Planned Growth Strategy)	Dist	10	0.0%	100.0%	0.0%	100,000	100,000	-	
W6 2	East Airport Area Utilities Master Plan (Cavan)	Dist	10	0.0%	100.0%	0.0%	125,000	125,000	-	
W6 3	West Airport Area Utilities Master Plan	Dist	10	0.0%	100.0%	0.0%	125,000	125,000	-	
	<b>Total</b>						<b>350,000</b>	<b>350,000</b>	<b>-</b>	
<b>TOTAL WATER CIP</b>							<b>201,100,116</b>	<b>119,397,590</b>	<b>81,702,525</b>	
<b>Allocation to:</b>										
Alternate Water Resources							41.4%	\$ 83,327,801	\$ 67,386,640	\$ 15,941,160
								80.9%	19.1%	
Treatment							3.6%	7,240,000	5,414,000	1,826,000
Distribution							53.5%	107,532,315	46,596,950	60,935,365
Administration							0.0%	-	-	-
Customer							1.5%	3,000,000	-	3,000,000
<b>Total Water</b>								<b>117,772,315</b>	<b>52,010,950</b>	<b>65,761,365</b>
								44.2%	55.8%	
<b>Total</b>							<b>100.0%</b>	<b>201,100,116</b>	<b>119,397,590</b>	<b>81,702,525</b>
								59.4%	40.6%	

Table IV-4

Forecast 2008-2017		CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL								Total CIP	Total Growth	Total Replacement	Total Unsewered
		Treatment/ Dist/Admin/ Customer	Depreciable Lifespan (Years)	Percent Grant Funded	Percent Growth	Percent Replacement	Percent Unsewered	"General" "4-Area" Unsewered					

**Input Area -- Capital Improvement Plan -- Wastewater**

Scen: Alt #1 -- "BASE"

**Input Area - Growth vs. Replacement**

<b>WW1</b>	<b>Wastewater Treatment Plants</b>												
WW1 1	Sundog - Plant Paving	Existing Deficiency	Treat	50	0.0%	0.0%	100.0%	0.0%		\$ 700,000	\$ -	\$ 700,000	\$ -
WW1 2	Sundog- Digester Cleaning	Existing Deficiency	Treat	50	0.0%	0.0%	100.0%	0.0%		900,000	-	900,000	-
WW1 3	Site, Processes and Equip Master Plan	New Development & Unsewered Areas	Treat	50	0.0%	80.0%	0.0%	20.0%	General	100,000	80,000	-	20,000
WW1 4	Sundog - Biosolids Master Plan	New Development & Unsewered Areas	Treat	50	0.0%	45.0%	45.0%	10.0%	General	50,000	22,500	22,500	5,000
WW1 5	Sundog - Plant Process Expansion and Upgrades	New Development & Unsewered Areas	Treat	50	0.0%	80.0%	0.0%	20.0%	General	17,575,000	14,060,000	-	3,515,000
WW1 6	Sundog- Solids Handling Rehabilitation	Existing Deficiency, New Development & Unsewered	Treat	50	0.0%	45.0%	45.0%	10.0%	General	960,000	432,000	432,000	96,000
WW1 7	Sundog- Odor Control	New Development & Unsewered Areas	Treat	50	0.0%	80.0%	0.0%	20.0%	General	4,400,000	3,520,000	-	880,000
WW1 8	Sundog- Replacement Emergency Generator	Existing Deficiency	Treat	50	0.0%	0.0%	100.0%	0.0%		360,000	-	360,000	-
WW1 9	Sundog- Dewatering Bed Removals	New Development & Unsewered Areas	Treat	50	0.0%	80.0%	0.0%	20.0%	General	75,000	60,000	-	15,000
WW1 10	Sundog & Airport SCADA Systems	New Development & Unsewered Areas	Treat	50	0.0%	55.0%	30.0%	15.0%	General	95,000	52,250	28,500	14,250
WW1 11	Sundog & Airport Electronic Effluent Dispensing Syst	Existing Deficiency, New Development & Unsewered	Treat	50	0.0%	55.0%	30.0%	15.0%	General	35,000	19,250	10,500	5,250
WW1 12	Airport- Plant Capacity & Treatment Tech Assessmer	New Development & Unsewered Areas	Treat	50	0.0%	60.0%	20.0%	20.0%	General	100,000	60,000	20,000	20,000
WW1 13	Airport- Biosolids Master Plan	New Development & Unsewered Areas	Treat	50	0.0%	60.0%	20.0%	20.0%	General	50,000	30,000	10,000	10,000
WW1 14	Airport- Plant Process Upgrades	New Development & Unsewered Areas	Treat	50	0.0%	60.0%	20.0%	20.0%	General	4,400,000	2,640,000	880,000	880,000
WW1 15	Airport Ras/Was Pump Station	Existing Deficiency, New Development & Unsewered	Treat	50	0.0%	40.0%	50.0%	10.0%	General	350,000	140,000	175,000	35,000
WW1 16	Airport- Centrifuge	Existing Deficiency, New Development & Unsewered	Treat	50	0.0%	40.0%	50.0%	10.0%	General	1,693,000	677,200	846,500	169,300
WW1 17	Northeast Treatment Plant	Existing Deficiency, New Development & Unsewered	Treat	50	0.0%	100.0%	0.0%	0.0%		-	-	-	-
<b>Subtotal</b>										<b>31,843,000</b>	<b>21,793,200</b>	<b>4,385,000</b>	<b>5,664,800</b>
<b>WW2</b>	<b>Operations Capital</b>												
WW2 1	Maintenance Management	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	55.0%	30.0%	15.0%	General	-	-	-	-
WW2 2	Collection System Condition Assessment	Existing Deficiency	Coll	50	0.0%	0.0%	100.0%	0.0%		450,000	-	450,000	-
WW2 3	Lift Station Rehabilitation	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	0.0%	100.0%	0.0%		500,000	-	500,000	-
WW2 4	Sewer Manhole Rehabilitation/Replacements/Installat	Existing Deficiency	Coll	50	0.0%	0.0%	100.0%	0.0%		450,000	-	450,000	-
WW2 5	Chemical Root Control	Existing Deficiency	Coll	50	0.0%	0.0%	100.0%	0.0%		675,000	-	675,000	-
WW2 6	Lift Station Abandonment	Existing Deficiency	Coll	50	0.0%	0.0%	100.0%	0.0%		2,350,000	-	2,350,000	-
<b>Subtotal</b>										<b>4,425,000</b>	<b>-</b>	<b>4,425,000</b>	<b>-</b>
<b>WW3</b>	<b>Collections</b>												
WW3 1	North Prescott Regional Force Main - SR 89	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	10.0%	80.0%	10.0%	General	5,300,000	530,000	4,240,000	530,000
WW3 2	North Prescott Regional Force Main - Willow Lake Rt	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	35.0%	30.0%	35.0%	General	4,585,000	1,604,750	1,375,500	1,604,750
WW3 3	East Prescott Regional Force Main Rehabilitation	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	0.0%	100.0%	0.0%		-	-	-	-
WW3 4	Sewer Mainline Replacement/Rehabilitation	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	10.0%	80.0%	10.0%	General	5,400,000	540,000	4,320,000	540,000
WW3 5	Granite Street- Granite Creek to Leroux	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	45.0%	35.0%	20.0%	General	5,000,000	2,250,000	1,750,000	1,000,000
WW3 6	Storm Ranch	New Development & Unsewered Areas	Coll	50	0.0%	100.0%	0.0%	0.0%		-	-	-	-
WW3 7	Sundog Trunk Main	New Development & Unsewered Areas	Coll	50	0.0%	25.0%	65.0%	10.0%	General	15,000,000	3,750,000	9,750,000	1,500,000
WW3 8	Miller Valley Road - Brannen Ave to Hospital Entranc	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	45.0%	0.0%	55.0%	General	1,240,000	558,000	-	682,000
WW3 9	Cliff Rose Lift Station Upgrade	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	100.0%	0.0%	0.0%		1,142,000	1,142,000	-	-
WW3 10	Prescott Canyon Sewer Relocation	New Development & Unsewered Areas	Coll	50	0.0%	100.0%	0.0%	0.0%		-	-	-	-
WW3 11	Wastewater Infrastructure South of SR 89A	New Development	Coll	50	0.0%	100.0%	0.0%	0.0%		3,665,000	3,665,000	-	-
WW3 12	Forest Trails Phase 2	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	20.0%	35.0%	45.0%	General	780,000	156,000	273,000	351,000
WW3 13	Hassayampa	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	10.0%	80.0%	10.0%	General	5,026,000	502,600	4,020,800	502,600
WW3 14	Brush-Lincoln (See Gurley)	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	15.0%	85.0%	0.0%		820,000	123,000	697,000	-
WW3 15	Prescott Lakes Pkwy	New Development	Coll	50	0.0%	80.0%	20.0%	0.0%		-	-	-	-
WW3 16	Banning Creek	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	45.0%	55.0%	0.0%		274,000	123,300	150,700	-
WW3 17	Ranches	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	65.0%	35.0%	0.0%		240,000	156,000	84,000	-
WW3 18	Airport Trunk Main	New Development	Coll	50	0.0%	90.0%	10.0%	0.0%		-	-	-	-
WW3 19	Pleasant Valley	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	30.0%	30.0%	40.0%	General	5,596,000	1,678,800	1,678,800	2,238,400
WW3 20	Pinion Oaks	New Development	Coll	50	0.0%	80.0%	10.0%	10.0%	General	-	-	-	-
WW3 21	Airpark	New Development	Coll	50	0.0%	100.0%	0.0%	0.0%		947,000	947,000	-	-
WW3 22	Effluent Pipeline	Existing Deficiency, New Development & Unsewered	Coll	50	0.0%	45.0%	45.0%	10.0%	General	11,500,000	5,175,000	5,175,000	1,150,000
WW3 23	Summit Point & Tenney (partially built with Summit Pt	New Development -- Developer Funded	Coll	50	0.0%	100.0%	0.0%	0.0%		-	-	-	-
WW3 24	Crossings at Willow Creek	New Development -- Developer Funded	Coll	50	0.0%	100.0%	0.0%	0.0%		-	-	-	-
WW3 25	West of Prescott Lakes Parkway (Scheduled for 202	New Development	Coll	50	0.0%	100.0%	0.0%	0.0%		-	-	-	-
WW3 26	Old Black Canyon Highway (Scheduled for 2025)	New Development	Coll	50	0.0%	100.0%	0.0%	0.0%		-	-	-	-



<b>Forecast</b> <b>2008-2017</b>	<b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b>						<b>"General"</b> <b>"4-Area"</b>	<b>Total</b> <b>CIP</b>	<b>Total</b> <b>Growth</b>	<b>Total</b> <b>Replacement</b>	<b>Total</b> <b>Unsewered</b>
	<b>Treatment/ Dist/Admin/ Customer</b>	<b>Depreciable Lifespan (Years)</b>	<b>Percent Grant Funded</b>	<b>Percent Growth</b>	<b>Percent Replacement</b>	<b>Percent Unsewered</b>	<b>"General"</b> <b>"4-Area"</b>	<b>Total</b> <b>CIP</b>	<b>Total</b> <b>Growth</b>	<b>Total</b> <b>Replacement</b>	<b>Total</b> <b>Unsewered</b>

**Input Area -- Capital Improvement Plan -- Wastewater**

Scen: Alt #1 -- "BASE"

Input Area - Growth vs. Replacement

WW3 27	Antelope Hills	Unsewered Area	Coll	50	0.0%	0.0%	0.0%	100.0%	4-Area	1,750,000	-	-	1,750,000
WW3 28	North Prescott (Proposed Sewer Improvement District)	Unsewered Area	Coll	50	0.0%	0.0%	0.0%	100.0%	4-Area	5,900,000	-	-	5,900,000
WW3 29	White Oak Circle	Unsewered Area	Coll	50	0.0%	0.0%	0.0%	100.0%	4-Area	850,000	-	-	850,000
WW3 30	White Cloud Lane	Unsewered Area	Coll	50	0.0%	0.0%	0.0%	100.0%	4-Area	1,250,000	-	-	1,250,000
WW3 31	Lorraine Drive	Unsewered Area & Developer-Funded	Coll	50	0.0%	100.0%	0.0%	0.0%		480,000	480,000	-	-
WW3 32	Country Park Estates South (Scheduled for Buildout)	Unsewered Area	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 33	Garland Subdivision (Scheduled for Buildout)	Unsewered Area	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 34	Longview Estates (Scheduled for Buildout)	New Development & Unsewered Area	Coll	50	0.0%	30.0%	0.0%	70.0%	General	-	-	-	-
WW3 35	Valley View (Scheduled for Buildout)	Unsewered Area	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 36	Yakasha Estates (Scheduled for Buildout)	Unsewered Area	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 37	Geneva Woods (Scheduled for Buildout)	Unsewered Area	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 38	Williamson Valley Rd	Unsewered Area	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 39	Granite Park (Granite Dells)	New Development	Coll	50	0.0%	100.0%	0.0%	0.0%		-	-	-	-
WW3 40	Old Highway 89	New Development	Coll	50	0.0%	100.0%	0.0%	0.0%		-	-	-	-
WW3 41	Hillcrest Acres (Scheduled for Buildout)	New Development	Coll	50	0.0%	100.0%	0.0%	0.0%		-	-	-	-
WW3 42	Mullen Way (Copper Basin Rd Extension)	New Development & Unsewered Area	Coll	50	0.0%	90.0%	0.0%	10.0%	General	3,500,000	3,150,000	-	350,000
WW3 43	Overland Road	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 44	Senator Highway	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 45	Canyon Sights	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 46	Country Park Estates North	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 47	Country Park Ranches	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 48	Forbing Park (Private H20)	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 49	Grandview Estates	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 50	Holiday Hills	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 51	Idylwild Tract	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 52	Juniper Vista - Haisley Road	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 53	Juniper Vista (Karen Drive)	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 54	Mountain Club	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 55	Prescott Riviera	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 56	Rancho Vista Hills	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 57	Shadow Valley Ranch	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 58	Sheriffs Posse Trail	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 59	Sky Terrace	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 60	Stagecoach Acres	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 61	Sweet Acres & Sherman Pines & Oak Knoll Village	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 62	Tonkawa & Ho-Kay-Gan & Burnt Ranch	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 63	Villa Estates & Jackson Acres	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 64	Vista Del Cerro	Unsewered Area -- County	Coll	50	0.0%	0.0%	0.0%	100.0%	General	-	-	-	-
WW3 65	New Northeast Collection System	Unsewered Area -- County	Coll	50	0.0%	100.0%	0.0%	0.0%		-	-	-	-
<b>Subtotal</b>										<b>80,245,000</b>	<b>26,531,450</b>	<b>33,514,800</b>	<b>20,198,750</b>
<b>WW4</b>	<b>Recharge</b>												
WW4 1	Recharge Cell Rehabilitation	Existing Deficiency	Treat	50	0.0%	0.0%	100.0%	0.0%		150,000	-	150,000	-
WW4 2	New Recharge Cell #9	New Development & Unsewered Areas	Treat	50	0.0%	80.0%	0.0%	20.0%	General	680,000	544,000	-	136,000
<b>Subtotal</b>										<b>830,000</b>	<b>544,000</b>	<b>150,000</b>	<b>136,000</b>
<b>WW5</b>	<b>Street Projects (Packages found in 1% Streets &amp; Open Space Book)</b>												
WW5 1	Unpaved Streets		Coll	50	0.0%	0.0%	100.0%	0.0%		4,370,000	-	4,370,000	-
WW5 2	Unpaved Alleys		Coll	50	0.0%	0.0%	100.0%	0.0%		1,225,000	-	1,225,000	-
WW5 3	Iron Springs Road		Coll	50	0.0%	20.0%	80.0%	0.0%		-	-	-	-
WW5 4	Downer Trail		Coll	50	0.0%	100.0%	0.0%	0.0%		-	-	-	-
WW5 5	Copper Basin Road		Coll	50	0.0%	40.0%	55.0%	5.0%	General	1,400,000	560,000	770,000	70,000
WW5 6	Rosser Street Phase 1		Coll	50	0.0%	0.0%	100.0%	0.0%		810,000	-	810,000	-
WW5 7	Park Ave		Coll	50	0.0%	0.0%	100.0%	0.0%		620,000	-	620,000	-
WW5 8	S. Mount Vernon Avenue		Coll	50	0.0%								

<b>Forecast</b> <b>2008-2017</b>	<b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b>						<b>"General"</b> <b>"4-Area"</b>	<b>Total</b> <b>CIP</b>	<b>Total</b> <b>Growth</b>	<b>Total</b> <b>Replacement</b>	<b>Total</b> <b>Unsewered</b>
	<b>Treatment/ Dist/Admin/ Customer</b>	<b>Depreciable Lifespan (Years)</b>	<b>Percent Grant Funded</b>	<b>Percent Growth</b>	<b>Percent Replacement</b>	<b>Percent Unsewered</b>					

**Input Area -- Capital Improvement Plan -- Wastewater**

Scen: Alt #1 -- "BASE"

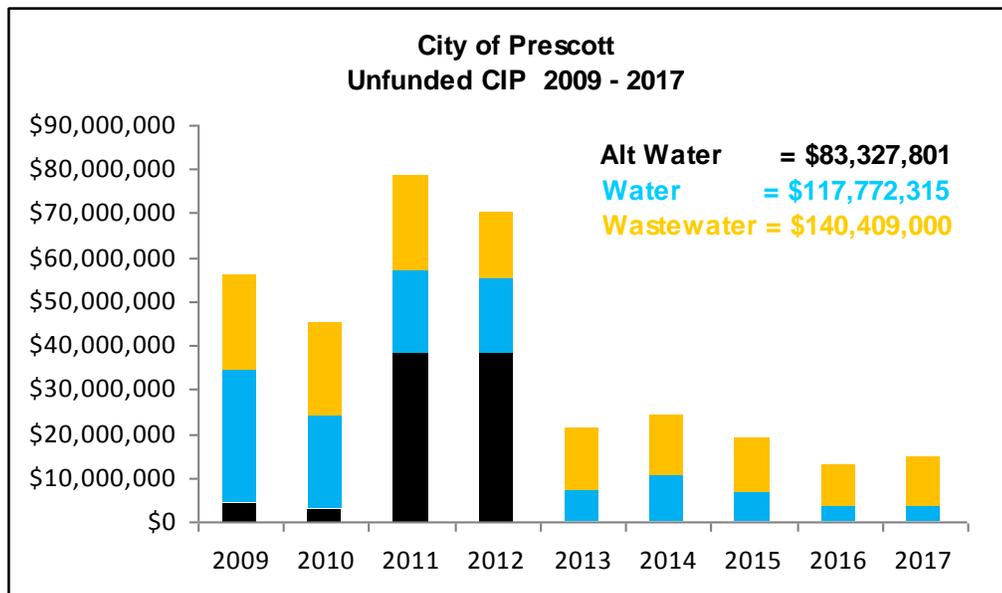
		Input Area - Growth vs. Replacement										
WW5	10 Williamson Valley Road	Coll	50	0.0%	50.0%	0.0%	50.0%	General	200,000	100,000	-	100,000
WW5	11 Robinson Drive	Coll	50	0.0%	30.0%	40.0%	30.0%	General	526,000	157,800	210,400	157,800
WW5	12 Senator Hwy	Coll	50	0.0%	100.0%	0.0%	0.0%		606,000	606,000	-	-
WW5	13 Bradsaw Drive	Coll	50	0.0%	30.0%	70.0%	0.0%		200,000	60,000	140,000	-
WW5	14 College Heights	Coll	50	0.0%	50.0%	50.0%	0.0%		262,000	131,000	131,000	-
WW5	15 Downer Trail	Coll	50	0.0%	50.0%	50.0%	0.0%		40,000	20,000	20,000	-
WW5	16 Bashford Court Alley	Coll	50	0.0%	0.0%	100.0%	0.0%		72,000	-	72,000	-
WW5	17 Sundog Connector	Coll	50	0.0%	100.0%	0.0%	0.0%		395,000	395,000	-	-
WW5	18 Future Street Projects	Coll	50	0.0%	10.0%	80.0%	10.0%	General	7,500,000	750,000	6,000,000	750,000
<b>Subtotal</b>									<b>18,516,000</b>	<b>2,779,800</b>	<b>14,658,400</b>	<b>1,077,800</b>
<b>WW6</b>	<b>Correction of Inadequate Slopes</b>											
WW6	1 Correction of Inadequate Slopes	Coll	50	0.0%	0.0%	100.0%	0.0%		4,250,000	-	4,250,000	-
<b>Subtotal</b>									<b>4,250,000</b>	<b>-</b>	<b>4,250,000</b>	<b>-</b>
<b>WW7</b>	<b>Infrastructure Planning Studies and Projects</b>											
WW7	1 Smart Growth Plan (Planned Growth Strategy)	Coll	50	0.0%	100.0%	0.0%	0.0%		100,000	100,000	-	-
WW7	2 East Airport Area Utilities Master Plan (Cavan)	Coll	50	0.0%	100.0%	0.0%	0.0%		50,000	50,000	-	-
WW7	3 West Airport Area Utilities Master Plan	Coll	50	0.0%	100.0%	0.0%	0.0%		150,000	150,000	-	-
<b>Total</b>									<b>300,000</b>	<b>300,000</b>	<b>-</b>	<b>-</b>
<b>TOTAL WASTEWATER CIP</b>									<b>140,409,000</b>	<b>51,948,450</b>	<b>61,383,200</b>	<b>27,077,350 #</b>
<b>Allocation to:</b>												
	Treatment						23.3%		32,673,000	22,337,200	4,535,000	5,800,800
	Collection						76.7%		107,736,000	29,611,250	56,848,200	21,276,550
	Administration						0.0%		-	-	-	-
	Customer						0.0%		-	-	-	-
<b>Total</b>							100.0%		<b>140,409,000</b>	<b>51,948,450</b>	<b>61,383,200</b>	<b>27,077,350 #</b>
										<b>37.0%</b>	<b>43.7%</b>	<b>19.3%</b>
<b>Unsewered Area Allocation</b>												
	General								223321932.6			17,327,350
	4-Area											9,750,000
<b>Total</b>												<b>27,077,350</b>



City of Prescott			
UNFUNDED CIP SUMMARY			
	Total	Water	Wastewater
Alt Water Resources	\$ 83,327,801	\$ 83,327,801	\$ -
Production/Treatment	39,913,000	7,240,000	32,673,000
Distribution/Collection	215,268,315	107,532,315	107,736,000
Administration	-	-	-
Customer	3,000,000	3,000,000	-
<b>Total</b>	<b>341,509,116</b>	<b>201,100,116</b>	<b>140,409,000</b>

Chart IV-7 illustrates the proposed timeframe for implementing the CIP. The chart reveals that wastewater CIP expenditures are forecast to be fairly consistent from year to year, while water CIP expenditures increase dramatically in the years that the Big Chino project is expected to be funded.

Chart IV-7



On the following pages, Table IV-8 presents the project team’s assumptions for financing the proposed CIP. The table reveals that the water and wastewater CIP is expected to be funded through a combination of long-term debt and impact fees.

**CITY OF PRESCOTT  
WATER/WASTEWATER COST OF SERVICE MODEL**

**10 Year Forecast  
2008-2017**

Total Period	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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**Input Area -- CIP Funding Scenario**

**Scen: Alt #1 -- "BASE"**

**1 Capital Project Funding Summary --ALTERNATE WATER RESOURCES**

Beginning Balance -- Resource Development Fee	\$ 285,768	\$ 913,463	\$ 387,941	\$ 452,299	\$ 711,420	\$ 147,978	\$ 3,949,139	\$ 8,016,234	\$ 12,364,076	\$ 17,008,251		
<b>Plus Sources of Funds:</b>												
Interest	2.0%	884,731	5,715	18,269	7,759	9,046	14,228	2,960	78,983	160,325	247,282	340,165
Rates		-	-	-	-	-	-	-	-	-	-	-
Long-Term Debt		71,000,000	2,000,000	-	35,000,000	34,000,000	-	-	-	-	-	-
Water Resource Dev Fees		33,122,455	621,980	1,632,675	2,817,922	3,445,081	3,617,335	3,798,202	3,988,112	4,187,517	4,396,893	4,616,738
<b>Total Sources</b>		105,007,187	627,695	3,650,944	2,825,681	38,454,127	37,631,563	3,801,161	4,067,095	4,347,842	4,644,175	4,956,903
<b>Less Uses of Funds:</b>												
Capital Improvement Plan --ALT WATER		83,327,801	-	4,176,467	2,761,322	38,195,006	38,195,006	-	-	-	-	-
<b>Ending Balance</b>			913,463	387,941	452,299	711,420	147,978	3,949,139	8,016,234	12,364,076	17,008,251	21,965,154

**2 Capital Project Funding Summary -- WATER**

Beginning Balance -- Impact Fee	\$ 7,515,854	\$ 8,999,912	\$ 187,565	\$ 161,587	\$ 239,485	\$ 581,773	\$ 3,497,233	\$ 3,706,943	\$ 8,231,585	\$ 16,745,495		
<b>Plus Sources of Funds:</b>												
Interest	2.0%	997,349	150,317	179,998	3,751	3,232	4,790	11,635	69,945	74,139	164,632	334,910
Rates		-	-	-	-	-	-	-	-	-	-	-
Long-Term Debt		49,000,000	17,000,000	14,000,000	10,000,000	8,000,000	-	-	-	-	-	-
Water Impact/Resource Dev Fees		86,172,910	1,333,741	4,196,969	7,391,271	8,996,666	9,446,499	9,918,824	10,414,765	10,935,503	11,482,279	12,056,392
<b>Total Sources</b>		136,170,259	1,484,058	21,376,967	21,395,023	18,999,897	17,451,289	9,930,459	10,484,710	11,009,642	11,646,910	12,391,302
<b>Less Uses of Funds:</b>												
Capital Improvement Plan -- WATER		117,772,315	-	30,189,315	21,421,000	18,922,000	17,109,000	7,015,000	10,275,000	6,485,000	3,133,000	3,223,000
<b>Ending Balance</b>			8,999,912	187,565	161,587	239,485	581,773	3,497,233	3,706,943	8,231,585	16,745,495	25,913,798

Table IV-8

CITY OF PRESCOTT  
WATER/WASTEWATER COST OF SERVICE MODEL

10 Year Forecast  
2008-2017

Total  
Period      2008      2009      2010      2011      2012      2013      2014      2015      2016      2017

Input Area -- CIP Funding Scenario

Scen: Alt #1 -- "BASE"

3 Capital Project Funding Summary -- WASTEWATER

Beginning Balance		\$ -	\$ -	\$ 753,790	\$ 338,756	\$ 519,106	\$ 856,393	\$ 795,070	\$ 361,848	\$ 469,355	\$ 691,876
<u>Plus Sources of Funds:</u>											
Interest	2.0%	95,724	-	15,076	6,775	10,382	17,128	15,901	7,237	9,387	13,838
Rates		-	-	-	-	-	-	-	-	-	-
Long-Term Debt		113,000,000	21,000,000	18,000,000	19,000,000	12,000,000	11,000,000	10,000,000	9,000,000	6,000,000	7,000,000
WW/Unsewered Impact Fees		27,590,881	1,351,790	2,410,890	2,926,575	3,072,904	3,226,549	3,387,877	3,557,270	3,735,134	3,921,891
<b>Total Sources</b>		140,686,604	22,351,790	20,425,966	21,933,350	15,083,286	14,243,677	13,403,778	12,564,507	9,744,521	10,935,728
<u>Less Uses of Funds:</u>											
Capital Improvement Plan -- WW		140,409,000	21,598,000	20,841,000	21,753,000	14,746,000	14,305,000	13,837,000	12,457,000	9,522,000	11,350,000
<b>Ending Balance</b>		-	753,790	338,756	519,106	856,393	795,070	361,848	469,355	691,876	277,604

4 Capital Project Funding Summary -- TOTAL

Beginning Balance		\$ 7,801,622	\$ 9,913,376	\$ 1,329,296	\$ 952,643	\$ 1,470,012	\$ 1,586,144	\$ 8,241,442	\$ 12,085,024	\$ 21,065,016	\$ 34,445,622
<u>Plus Sources of Funds:</u>											
Interest	2.0%	156,032	198,268	26,586	19,053	29,400	31,723	164,829	241,700	421,300	688,912
CIP Funded through Rates		-	-	-	-	-	-	-	-	-	-
Proceeds from Issuance of Debt		233,000,000	40,000,000	32,000,000	64,000,000	54,000,000	11,000,000	10,000,000	9,000,000	6,000,000	7,000,000
Transfer from Capacity Fee Fund		1,955,721	7,181,434	12,620,083	15,368,322	16,136,738	16,943,575	17,790,754	18,680,291	19,614,306	20,595,021
<b>Total Sources</b>		2,111,754	47,379,702	44,646,669	79,387,375	70,166,138	27,975,298	27,955,582	27,921,992	26,035,606	28,283,934
<u>Less Uses of Funds:</u>											
Total Uses of Funds		341,509,116	55,963,782	45,023,322	78,870,006	70,050,006	21,320,000	24,112,000	18,942,000	12,655,000	14,573,000
<b>Ending Balance</b>		9,913,376	1,329,296	952,643	1,470,012	1,586,144	8,241,442	12,085,024	21,065,016	34,445,622	48,156,556

As shown in **Table IV-9**, in order to fully fund the CIP the City is forecast to issue approximately \$233,000,000 in long-term debt over the next decade. For this analysis, the project team is assuming that all debt has a term of 25 years at 4.5% interest rate, with level debt service payments and no reserve requirement.

Table IV-9

CITY OF PRESCOTT				
FORECAST DEBT ISSUES				
	Alt Water	Water	Wastewater	Total
2008	\$ -	\$ -	\$ -	\$ -
2009	2,000,000	17,000,000	21,000,000	40,000,000
2010	-	14,000,000	18,000,000	32,000,000
2011	35,000,000	10,000,000	19,000,000	64,000,000
2012	34,000,000	8,000,000	12,000,000	54,000,000
2013	-	-	11,000,000	11,000,000
2014	-	-	10,000,000	10,000,000
2015	-	-	9,000,000	9,000,000
2016	-	-	6,000,000	6,000,000
2017	-	-	7,000,000	7,000,000
<b>TOTAL</b>	<b>71,000,000</b>	<b>49,000,000</b>	<b>113,000,000</b>	<b>233,000,000</b>

### Debt Service – Current and Forecast

The project team assigned the City's existing debt service to the water and wastewater functions based on the assets purchased by the funds accumulated through each debt issue. The City currently maintains debt service on eight outstanding loans.

**Table IV-10** presents total debt service under the Cash Basis and the Utility Basis. **The most important difference is that under the Utility Basis, debt principal is not recovered through rates.** A key assumption for this forecast is that the City issues additional debt to fund the capital improvement plan.

Table IV-10

CITY OF PRESCOTT										
CURRENT AND FORECAST DEBT SERVICE										
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>Budget Debt Service</b>										
<b>WATER</b>										
<b>Current Debt Service</b>										
Principal	\$ 737,630	\$ 760,679	\$ 734,352	\$ 561,397	\$ 584,507	\$ 606,325	\$ 631,465	\$ 656,148	\$ 682,398	\$ 710,029
Interest	505,997	533,897	507,329	480,656	459,094	436,626	413,148	388,414	362,624	335,786
Reserve	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,243,627</b>	<b>1,294,576</b>	<b>1,241,681</b>	<b>1,042,053</b>	<b>1,043,601</b>	<b>1,042,951</b>	<b>1,044,613</b>	<b>1,044,562</b>	<b>1,045,022</b>	<b>1,045,815</b>
<b>Future Debt Service</b>										
Principal	-	-	434,868	774,867	1,839,687	2,883,761	3,013,530	3,149,139	3,290,850	3,438,938
Interest	-	-	872,100	1,495,131	3,525,762	5,370,776	5,241,007	5,105,398	4,963,687	4,815,599
Reserve	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,306,968</b>	<b>2,269,998</b>	<b>5,365,449</b>	<b>8,254,537</b>	<b>8,254,537</b>	<b>8,254,537</b>	<b>8,254,537</b>	<b>8,254,537</b>
<b>Future Debt Service</b>										
Principal	737,630	760,679	1,169,220	1,336,264	2,424,194	3,490,086	3,644,995	3,805,287	3,973,248	4,148,967
Interest	505,997	533,897	1,379,429	1,975,787	3,984,856	5,807,403	5,654,155	5,493,812	5,326,311	5,151,385
Reserve	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,243,627</b>	<b>1,294,576</b>	<b>2,548,649</b>	<b>3,312,051</b>	<b>6,409,050</b>	<b>9,297,488</b>	<b>9,299,150</b>	<b>9,299,099</b>	<b>9,299,559</b>	<b>9,300,352</b>
<b>CASH BASIS</b>	<b>1,243,627</b>	<b>1,294,576</b>	<b>2,548,649</b>	<b>3,312,051</b>	<b>6,409,050</b>	<b>9,297,488</b>	<b>9,299,150</b>	<b>9,299,099</b>	<b>9,299,559</b>	<b>9,300,352</b>
<b>UTILITY BASIS</b>	<b>505,997</b>	<b>533,897</b>	<b>1,379,429</b>	<b>1,975,787</b>	<b>3,984,856</b>	<b>5,807,403</b>	<b>5,654,155</b>	<b>5,493,812</b>	<b>5,326,311</b>	<b>5,151,385</b>
<b>WASTEWATER</b>										
<b>Current Debt Service</b>										
Principal	\$ 1,059,062	\$ 514,691	\$ 502,758	\$ 400,378	\$ 420,126	\$ 436,941	\$ 457,236	\$ 477,821	\$ 498,706	\$ 523,106
Interest	306,328	300,746	281,238	261,404	244,520	226,794	208,050	188,234	167,382	145,610
Reserve	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,365,390</b>	<b>815,437</b>	<b>783,996</b>	<b>661,782</b>	<b>664,646</b>	<b>663,735</b>	<b>665,286</b>	<b>666,055</b>	<b>666,088</b>	<b>668,716</b>
<b>Future Debt Service</b>										
Principal	-	-	480,644	914,253	1,390,263	1,727,479	2,056,981	2,378,423	2,691,442	2,972,772
Interest	-	-	963,900	1,768,471	2,599,430	3,087,668	3,514,831	3,881,267	4,187,339	4,387,524
Reserve	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,444,544</b>	<b>2,682,725</b>	<b>3,989,693</b>	<b>4,815,147</b>	<b>5,571,812</b>	<b>6,259,691</b>	<b>6,878,781</b>	<b>7,360,296</b>
<b>Future Debt Service</b>										
Principal	1,059,062	514,691	983,402	1,314,631	1,810,389	2,164,420	2,514,217	2,856,244	3,190,148	3,495,878
Interest	306,328	300,746	1,245,138	2,029,875	2,843,950	3,314,462	3,722,881	4,069,501	4,354,721	4,533,134
Reserve	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,365,390</b>	<b>815,437</b>	<b>2,228,540</b>	<b>3,344,507</b>	<b>4,654,339</b>	<b>5,478,882</b>	<b>6,237,098</b>	<b>6,925,746</b>	<b>7,544,869</b>	<b>8,029,012</b>
<b>CASH BASIS</b>	<b>1,365,390</b>	<b>815,437</b>	<b>2,228,540</b>	<b>3,344,507</b>	<b>4,654,339</b>	<b>5,478,882</b>	<b>6,237,098</b>	<b>6,925,746</b>	<b>7,544,869</b>	<b>8,029,012</b>
<b>UTILITY BASIS</b>	<b>306,328</b>	<b>300,746</b>	<b>1,245,138</b>	<b>2,029,875</b>	<b>2,843,950</b>	<b>3,314,462</b>	<b>3,722,881</b>	<b>4,069,501</b>	<b>4,354,721</b>	<b>4,533,134</b>
<b>CASH BASIS TOTAL</b>										
<b>Total</b>	<b>2,609,017</b>	<b>2,110,013</b>	<b>4,777,189</b>	<b>6,656,558</b>	<b>11,063,389</b>	<b>14,776,370</b>	<b>15,536,249</b>	<b>16,224,845</b>	<b>16,844,428</b>	<b>17,329,364</b>
<b>UTILITY BASIS TOTAL</b>										
<b>Total</b>	<b>812,325</b>	<b>834,643</b>	<b>2,624,567</b>	<b>4,005,662</b>	<b>6,828,806</b>	<b>9,121,864</b>	<b>9,377,036</b>	<b>9,563,314</b>	<b>9,681,032</b>	<b>9,684,519</b>

## Depreciation Expense and Return on Rate Base

Development of the utility's revenue requirement for customers within the city limits is prepared under the Cash Basis approach, as discussed previously in this section. Under the Cash Basis methodology, depreciation expense and a return on the rate base are not applicable. However, these components are included in revenue requirement calculations under the Utility Basis, which is utilized for applications where customers receive service outside the geographical limits of a government owned utility. Therefore, the current and forecast depreciation expense and return on rate base for the City's water and wastewater system over the ten year period FY 2008 – FY 2017 presented in **Table IV-11** is reflected in the Utility Basis calculations of the revenue requirement. Depreciation expense is forecast to increase due to the addition of system assets through the City's capital spending program.

As described on p. 7 of AWWA *Manual M-1*, the return component is intended to provide a fair rate of return for the total equity capital employed to finance facilities used to provide water and wastewater service. This requires the establishment of a rate base, defined to be the value of the assets on which the utility is entitled to earn a return, and the setting of a fair return on the rate base. The rate base is primarily composed of the depreciated value of the utility's property devoted to serving the public.

The project team has determined that 5.0% represents a reasonable and conservative rate of return for the City of Prescott. This is based primarily on recent bond issues. A rate of 5.0% is at or below those returns set in Arizona as well as other states such as Texas and California.

Table IV-11

CITY OF PRESCOTT										
FORECAST DEPRECIATION EXPENSE										
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>Budget Depreciation Expense/Return on Rate Base</b>										
<b>WATER</b>										
<b>Depreciation Exp</b>										
Existing	\$ 2,786,262	\$ 2,771,912	\$ 2,765,924	\$ 2,740,782	\$ 2,740,782	\$ 2,739,417	\$ 2,736,266	\$ 2,733,478	\$ 2,666,126	\$ 2,666,126
Forecast (CIP)	-	1,071,060	1,748,157	3,073,127	4,246,707	4,467,407	4,758,017	4,948,377	5,082,137	5,220,397
<b>Total</b>	<b>\$ 2,786,262</b>	<b>\$ 3,842,972</b>	<b>\$ 4,514,081</b>	<b>\$ 5,813,909</b>	<b>\$ 6,987,489</b>	<b>\$ 7,206,824</b>	<b>\$ 7,494,283</b>	<b>\$ 7,681,855</b>	<b>\$ 7,748,263</b>	<b>\$ 7,886,523</b>
<b>CASH BASIS</b>										
<b>UTILITY BASIS</b>										
<b>Return on Rate Base</b>										
Plant in Service -- Existing	\$ 89,249,601	\$ 86,477,689	\$ 83,711,766	\$ 80,970,984	\$ 78,230,203	\$ 75,490,766	\$ 72,754,521	\$ 70,021,043	\$ 67,354,918	\$ 64,688,791
Plant in Service -- Forecast	-	33,294,722	55,728,887	109,772,766	160,830,065	163,377,659	168,894,642	170,431,265	168,482,128	166,484,732
<b>Total</b>	<b>\$ 89,249,601</b>	<b>\$ 119,772,411</b>	<b>\$ 139,440,653</b>	<b>\$ 190,743,750</b>	<b>\$ 239,060,268</b>	<b>\$ 238,868,425</b>	<b>\$ 241,649,163</b>	<b>\$ 240,452,308</b>	<b>\$ 235,837,046</b>	<b>\$ 231,173,523</b>
Rate of Return	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>Total Return</b>	<b>\$ 4,462,480</b>	<b>\$ 5,988,621</b>	<b>\$ 6,972,033</b>	<b>\$ 9,537,188</b>	<b>\$ 11,953,013</b>	<b>\$ 11,943,421</b>	<b>\$ 12,082,458</b>	<b>\$ 12,022,615</b>	<b>\$ 11,791,852</b>	<b>\$ 11,558,676</b>
<b>CASH BASIS</b>										
<b>UTILITY BASIS</b>										
<b>WASTEWATER</b>										
<b>Depreciation Exp</b>										
Existing	\$ 1,820,115	\$ 1,819,999	\$ 1,819,999	\$ 1,820,000	\$ 1,819,999	\$ 1,814,612	\$ 1,805,587	\$ 1,796,572	\$ 1,785,438	\$ 1,785,438
Forecast	-	431,960	848,780	1,283,840	1,578,760	1,864,860	2,141,600	2,390,740	2,581,180	2,808,180
<b>Total</b>	<b>\$ 1,820,115</b>	<b>\$ 2,251,959</b>	<b>\$ 2,668,779</b>	<b>\$ 3,103,840</b>	<b>\$ 3,398,759</b>	<b>\$ 3,679,472</b>	<b>\$ 3,947,187</b>	<b>\$ 4,187,312</b>	<b>\$ 4,366,618</b>	<b>\$ 4,593,618</b>
<b>CASH BASIS</b>										
<b>UTILITY BASIS</b>										
<b>Return on Rate Base</b>										
Plant in Service -- Existing	\$ 47,551,792	\$ 45,731,793	\$ 43,911,794	\$ 42,091,796	\$ 40,271,796	\$ 38,457,184	\$ 36,651,595	\$ 34,855,025	\$ 33,069,587	\$ 31,284,149
Plant in Service -- Forecast	-	21,166,040	41,158,260	61,627,420	74,794,660	87,234,800	98,930,200	108,996,460	115,937,280	124,479,100
<b>Total</b>	<b>\$ 47,551,792</b>	<b>\$ 66,897,833</b>	<b>\$ 85,070,054</b>	<b>\$ 103,719,216</b>	<b>\$ 115,066,456</b>	<b>\$ 125,691,984</b>	<b>\$ 135,581,795</b>	<b>\$ 143,851,485</b>	<b>\$ 149,006,867</b>	<b>\$ 155,763,249</b>
Rate of Return	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>Total Return</b>	<b>\$ 2,377,590</b>	<b>\$ 3,344,892</b>	<b>\$ 4,253,503</b>	<b>\$ 5,185,961</b>	<b>\$ 5,753,323</b>	<b>\$ 6,284,599</b>	<b>\$ 6,779,090</b>	<b>\$ 7,192,574</b>	<b>\$ 7,450,343</b>	<b>\$ 7,788,162</b>
<b>CASH BASIS</b>										
<b>UTILITY BASIS</b>										

### Non-Rate Revenues

Although sales revenues constitute the majority of the revenue received by the City for water and wastewater service, a certain amount of revenue is accrued from non-rate sources. These revenues include other general revenues, surcharges, development charges, and service revenues. These non-rate revenues are subtracted from the overall budget to determine the revenue requirement to be raised from rates.

Most non-rate revenues are conservatively forecast to increase only nominally during the next ten years. The forecast is the same under both the Cash Basis and the Utility Basis. Totals are presented in **Table IV-12**.

Table IV-12

CITY OF PRESCOTT										
FORECAST NON-RATE REVENUES										
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>Total Non-Rate Revenues</b>										
<b>WATER</b>										
Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water System Impact Fee	-	-	-	-	-	-	-	-	-	-
Water Resource Development Fee	-	-	-	-	-	-	-	-	-	-
Alternate Water Source Fees	-	-	-	-	-	-	-	-	-	-
Water Connection Fees	495,000	509,850	525,146	540,900	557,127	573,841	591,056	608,788	627,051	645,863
Rechargeable Effluent Fee	(150,000)	(154,500)	(159,135)	(163,909)	(168,826)	(173,891)	(179,108)	(184,481)	(190,016)	(195,716)
Interest Income	210,000	216,300	222,789	229,473	236,357	243,448	250,751	258,274	266,022	274,002
Misc.	136,809	140,913	145,141	149,495	153,980	158,599	163,357	168,258	173,306	178,505
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Intergovernmental Contributions	-	-	-	-	-	-	-	-	-	-
Interfund Receivable	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 691,809</b>	<b>\$ 712,563</b>	<b>\$ 733,940</b>	<b>\$ 755,958</b>	<b>\$ 778,637</b>	<b>\$ 801,996</b>	<b>\$ 826,056</b>	<b>\$ 850,838</b>	<b>\$ 876,363</b>	<b>\$ 902,654</b>
<b>CASH BASIS</b>	<b>\$ 691,809</b>	<b>\$ 712,563</b>	<b>\$ 733,940</b>	<b>\$ 755,958</b>	<b>\$ 778,637</b>	<b>\$ 801,996</b>	<b>\$ 826,056</b>	<b>\$ 850,838</b>	<b>\$ 876,363</b>	<b>\$ 902,654</b>
<b>UTILITY BASIS</b>	<b>\$ 691,809</b>	<b>\$ 712,563</b>	<b>\$ 733,940</b>	<b>\$ 755,958</b>	<b>\$ 778,637</b>	<b>\$ 801,996</b>	<b>\$ 826,056</b>	<b>\$ 850,838</b>	<b>\$ 876,363</b>	<b>\$ 902,654</b>
<b>WASTEWATER</b>										
Wastewater Collection										
Sewer Service Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Buy-In Fees	-	-	-	-	-	-	-	-	-	-
Misc.	581,000	598,430	616,383	634,874	653,921	673,538	693,744	714,557	735,993	758,073
Effluent Recharge Fees	150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716
Interest Income	175,000	180,250	185,658	191,227	196,964	202,873	208,959	215,228	221,685	228,335
Sewer Connection Fees	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Imp. District Bonds/Prop Owner Pr	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 916,000</b>	<b>\$ 943,480</b>	<b>\$ 971,784</b>	<b>\$ 1,000,938</b>	<b>\$ 1,030,966</b>	<b>\$ 1,061,895</b>	<b>\$ 1,093,752</b>	<b>\$ 1,126,564</b>	<b>\$ 1,160,361</b>	<b>\$ 1,195,172</b>
<b>CASH BASIS</b>	<b>\$ 916,000</b>	<b>\$ 943,480</b>	<b>\$ 971,784</b>	<b>\$ 1,000,938</b>	<b>\$ 1,030,966</b>	<b>\$ 1,061,895</b>	<b>\$ 1,093,752</b>	<b>\$ 1,126,564</b>	<b>\$ 1,160,361</b>	<b>\$ 1,195,172</b>
<b>UTILITY BASIS</b>	<b>\$ 916,000</b>	<b>\$ 943,480</b>	<b>\$ 971,784</b>	<b>\$ 1,000,938</b>	<b>\$ 1,030,966</b>	<b>\$ 1,061,895</b>	<b>\$ 1,093,752</b>	<b>\$ 1,126,564</b>	<b>\$ 1,160,361</b>	<b>\$ 1,195,172</b>

### Net Revenue Requirement –Cash Basis and Utility Basis

Table IV-13 presents the City of Prescott’s net revenue requirement for the water utility and the wastewater utility, under both the Cash Basis and the Utility Basis, to be raised from rates in the test year FY 2008 and the forecast period. It is noteworthy that **the City’s revenue requirement is significantly higher for outside city customers under the Utility Basis.**

Detailed calculations are presented in the rate model contained in Appendix A of this report.

Table IV-13

CITY OF PRESCOTT										
FORECAST NET REVENUE REQUIREMENT										
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>Net Revenue Requirement</b>										
<b>WATER</b>										
<b>CASH BASIS</b>										
Operating/Cap Outlays	\$ 8,671,801	\$ 9,214,916	\$ 9,720,163	\$ 10,389,237	\$ 11,146,863	\$ 11,782,111	\$ 12,459,334	\$ 13,388,450	\$ 14,172,563	\$ 15,009,430
Debt Service -- Current	1,243,627	1,294,576	1,241,681	1,042,053	1,043,601	1,042,951	1,044,613	1,044,562	1,045,022	1,045,815
Debt Service -- Future	-	-	1,306,968	2,269,998	5,365,449	8,254,537	8,254,537	8,254,537	8,254,537	8,254,537
Depreciation	-	-	-	-	-	-	-	-	-	-
Return	-	-	-	-	-	-	-	-	-	-
Sub-Total	\$ 9,915,428	\$ 10,509,492	\$ 12,268,812	\$ 13,701,288	\$ 17,555,913	\$ 21,079,599	\$ 21,758,484	\$ 22,687,549	\$ 23,472,122	\$ 24,309,783
Non-Rate Revs	(691,809)	(712,563)	(733,940)	(755,958)	(778,637)	(801,996)	(826,056)	(850,838)	(876,363)	(902,654)
<b>Total</b>	<b>\$ 9,223,619</b>	<b>\$ 9,796,928</b>	<b>\$ 11,534,872</b>	<b>\$ 12,945,330</b>	<b>\$ 16,777,276</b>	<b>\$ 20,277,603</b>	<b>\$ 20,932,428</b>	<b>\$ 21,836,711</b>	<b>\$ 22,595,759</b>	<b>\$ 23,407,129</b>
<b>UTILITY BASIS</b>										
Operating/Cap Outlays	\$ 8,671,801	\$ 9,214,916	\$ 9,720,163	\$ 10,389,237	\$ 11,146,863	\$ 11,782,111	\$ 12,459,334	\$ 13,388,450	\$ 14,172,563	\$ 15,009,430
Debt Service -- Current	505,997	533,897	507,329	480,656	459,094	436,626	413,148	388,414	362,624	335,786
Debt Service -- Future	-	-	872,100	1,495,131	3,525,762	5,370,776	5,241,007	5,105,398	4,963,687	4,815,599
Depreciation	2,786,262	3,842,972	4,514,081	5,813,909	6,987,489	7,206,824	7,494,283	7,681,855	7,748,263	7,886,523
Return	4,462,480	5,988,621	6,972,033	9,537,188	11,953,013	11,943,421	12,082,458	12,022,615	11,791,852	11,558,676
Sub-Total	\$ 16,426,540	\$ 19,580,405	\$ 22,585,705	\$ 27,716,121	\$ 34,072,221	\$ 36,739,758	\$ 37,690,230	\$ 38,586,732	\$ 39,038,989	\$ 39,606,014
Non-Rate Revs	(691,809)	(712,563)	(733,940)	(755,958)	(778,637)	(801,996)	(826,056)	(850,838)	(876,363)	(902,654)
<b>Total</b>	<b>\$ 15,734,731</b>	<b>\$ 18,867,842</b>	<b>\$ 21,851,765</b>	<b>\$ 26,960,162</b>	<b>\$ 33,293,584</b>	<b>\$ 35,937,762</b>	<b>\$ 36,864,173</b>	<b>\$ 37,735,894</b>	<b>\$ 38,162,626</b>	<b>\$ 38,703,361</b>
<b>WASTEWATER</b>										
<b>CASH BASIS</b>										
Operating/Cap Outlays	\$ 4,853,017	\$ 5,331,149	\$ 5,648,148	\$ 6,155,193	\$ 6,793,610	\$ 7,221,296	\$ 7,676,937	\$ 8,260,208	\$ 8,788,437	\$ 9,359,051
Debt Service -- Current	1,365,390	815,437	783,996	661,782	664,646	663,735	665,286	666,055	666,088	668,716
Debt Service -- Future	-	-	1,444,544	2,682,725	3,989,693	4,815,147	5,571,812	6,259,691	6,878,781	7,360,296
Depreciation	-	-	-	-	-	-	-	-	-	-
Return	-	-	-	-	-	-	-	-	-	-
Sub-Total	6,218,407	6,146,586	7,876,688	9,499,699	11,447,949	12,700,178	13,914,035	15,185,954	16,333,305	17,388,062
Non-Rate Revs	(916,000)	(943,480)	(971,784)	(1,000,938)	(1,030,966)	(1,061,895)	(1,093,752)	(1,126,564)	(1,160,361)	(1,195,172)
<b>Total</b>	<b>5,302,407</b>	<b>5,203,106</b>	<b>6,904,903</b>	<b>8,498,761</b>	<b>10,416,983</b>	<b>11,638,283</b>	<b>12,820,284</b>	<b>14,059,389</b>	<b>15,172,944</b>	<b>16,192,890</b>
<b>UTILITY BASIS</b>										
Operating/Cap Outlays	\$ 4,853,017	\$ 5,331,149	\$ 5,648,148	\$ 6,155,193	\$ 6,793,610	\$ 7,221,296	\$ 7,676,937	\$ 8,260,208	\$ 8,788,437	\$ 9,359,051
Debt Service -- Current	306,328	300,746	281,238	261,404	244,520	226,794	208,050	188,234	167,382	145,610
Debt Service -- Future	-	-	963,900	1,768,471	2,599,430	3,087,668	3,514,831	3,881,267	4,187,339	4,387,524
Depreciation	1,820,115	2,251,959	2,668,779	3,103,840	3,398,759	3,679,472	3,947,187	4,187,312	4,366,618	4,593,618
Return	2,377,590	3,344,892	4,253,503	5,185,961	5,753,323	6,284,599	6,779,090	7,192,574	7,450,343	7,788,162
Sub-Total	9,357,050	11,228,745	13,815,567	16,474,868	18,789,642	20,499,829	22,126,095	23,709,596	24,960,118	26,273,965
Non-Rate Revs	(916,000)	(943,480)	(971,784)	(1,000,938)	(1,030,966)	(1,061,895)	(1,093,752)	(1,126,564)	(1,160,361)	(1,195,172)
<b>Total</b>	<b>8,441,050</b>	<b>10,285,265</b>	<b>12,843,783</b>	<b>15,473,931</b>	<b>17,758,675</b>	<b>19,437,934</b>	<b>21,032,343</b>	<b>22,583,031</b>	<b>23,799,757</b>	<b>25,078,793</b>
<b>CASH BASIS TOTAL</b>										
<b>Total</b>	<b>14,526,026</b>	<b>15,000,034</b>	<b>18,439,775</b>	<b>21,444,091</b>	<b>27,194,259</b>	<b>31,915,885</b>	<b>33,752,711</b>	<b>35,896,100</b>	<b>37,768,703</b>	<b>39,600,019</b>
<b>UTILITY BASIS TOTAL</b>										
<b>Total</b>	<b>24,175,781</b>	<b>29,153,107</b>	<b>34,695,548</b>	<b>42,434,093</b>	<b>51,052,260</b>	<b>55,375,696</b>	<b>57,896,517</b>	<b>60,318,926</b>	<b>61,962,383</b>	<b>63,782,154</b>

### Water Utility Cost Functionalization

Once the total water and wastewater system costs have been identified, the next step in the rate development process is to isolate the costs associated with each system function. Some of these expenditures are a function of base water demand; others are based on the peak demands placed on the system. Certain costs are associated with serving customers regardless of the volume of water use or wastewater discharge.

The basic steps used to allocate the City's water revenue requirements include the following:

1. Each system's costs (revenue requirements) are categorized by utility function (i.e. alternate water source, treatment, distribution, administrative, customer). This process is known as *functionalization*.
2. Functionalized costs are classified based on the service characteristics or the types of demand served by the utility (base and maximum day). This process is known as *classification*.
3. Costs by service characteristic are allocated to customer classes in proportion to the service demands demonstrated by each class.

This three-step process allows for the allocation of system costs in the same terms as customer classes. The approaches described in this section follow standard industry practices. Water system costs are allocated to the following functions:

*Alternate Water Source* – the identification and quantification of water supply sources

*Treatment* – the process by which raw water is converted to potable water

*Distribution* – the lines that carry water to individual customers' properties

*Administration* – miscellaneous overhead and other non-operating costs

*Customer Billing* – the processes involved in billing and providing other services to customers

The project team allocated operating budget line item expenses individually to system functions based on general guidelines, specific research and input from City staff. The results of the allocation process for the test year are presented in **Table IV-14**. The rate model presented in Appendix A includes a detailed listing of the allocations by line item.

Table IV-14

CITY OF PRESCOTT		
COST FUNCTIONALIZATION TEST YEAR FY 2008		
	Cash Basis	Utility Basis
<b>WATER System</b>		
Alternate Water Source	\$ 1,005,985	\$ 3,494,639
Treatment	4,551,050	4,593,127
Distribution	2,062,579	6,123,577
Administration	1,334,124	1,334,124
Customer	961,691	881,074
<b>Total</b>	<b>\$ 9,915,428</b>	<b>\$ 16,426,540</b>

Table IV-15 presents a ten-year forecast of water department functionalized cost of services.

Table IV-15

CITY OF PRESCOTT										
FORECAST COST FUNCTIONALIZATION										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>WATER System</b>										
<b>CASH Basis</b>										
Alternate Water Source	\$ 1,005,985	\$ 1,042,335	\$ 1,621,962	\$ 2,061,893	\$ 3,387,168	\$ 4,629,076	\$ 4,677,134	\$ 4,726,412	\$ 4,779,244	\$ 4,833,749
Treatment	4,551,050	4,883,035	5,150,429	5,281,383	5,808,190	6,259,734	6,632,801	7,150,356	7,588,354	8,058,972
Distribution	2,062,579	2,171,473	2,954,083	3,557,482	5,382,361	7,030,568	7,141,497	7,348,508	7,478,111	7,617,035
Administration	1,334,124	1,394,309	1,457,728	1,638,836	1,716,529	1,798,464	1,884,899	1,976,110	2,072,390	2,174,051
Customer	961,691	1,018,339	1,084,611	1,161,694	1,261,665	1,361,757	1,422,152	1,486,164	1,554,024	1,625,975
<b>Cost of Service</b>	<b>9,915,428</b>	<b>10,509,492</b>	<b>12,268,812</b>	<b>13,701,288</b>	<b>17,555,913</b>	<b>21,079,599</b>	<b>21,758,484</b>	<b>22,687,549</b>	<b>23,472,122</b>	<b>24,309,783</b>
<b>UTILITY Basis</b>										
Alternate Water Source	\$ 3,494,639	\$ 3,774,397	\$ 4,315,533	\$ 7,197,449	\$ 10,626,175	\$ 11,306,481	\$ 11,170,788	\$ 11,034,894	\$ 10,899,026	\$ 10,763,189
Treatment	4,593,127	4,962,176	5,381,213	5,730,328	6,337,224	6,772,412	7,244,145	7,747,858	8,171,492	8,627,212
Distribution	6,123,577	8,374,656	10,159,934	11,674,676	13,851,977	15,256,299	15,744,701	16,139,189	16,160,802	16,255,838
Administration	1,334,124	1,394,309	1,457,728	1,638,836	1,716,529	1,798,464	1,884,899	1,976,110	2,072,390	2,174,051
Customer	881,074	1,074,868	1,271,297	1,474,832	1,540,316	1,606,102	1,645,696	1,688,682	1,735,279	1,785,725
<b>Cost of Service</b>	<b>16,426,540</b>	<b>19,580,405</b>	<b>22,585,705</b>	<b>27,716,121</b>	<b>34,072,221</b>	<b>36,739,758</b>	<b>37,690,230</b>	<b>38,586,732</b>	<b>39,038,989</b>	<b>39,606,014</b>

### Water Utility Cost Classification

The allocation of functionalized water system costs to service characteristics follows the base-extra capacity cost allocation method recommended by AWWA. Using this method, costs are segregated into the following categories:

- *Base costs* – capital costs and O&M expenses associated with service to customers under average demand conditions. This category does not include any costs attributable to variations in water use resulting from peaks in demand. Base costs tend to vary directly with the total quantity of water used.
- *Maximum Day/Extra Capacity costs* – costs attributable to facilities that are designed to meet peaking requirements. These costs include capital and operating charges for additional plant and system capacity beyond that required for average usage.
- *Customer Billing costs* – costs associated with any aspect of customer service, including billing, accounting, and meter services. These costs are independent of the amount of water used and the size of the customer's meter, and are not subject to peaking factors.

According to AWWA *Manual M-1* (p. 12), in the base-extra capacity method, care must be taken in separating costs between those devoted to base capacity and those devoted to extra capacity. Over the past twelve months the City's peak to average capacity factor was calculated to be **1.48**. The peak to average factor is calculated by dividing the volume on the peak day of the year by the average daily volume. This means that facilities designed to meet maximum-day requirements, such as the treatment and distribution functions, are allocated 67.57% ( $1/1.48$ ) to base, and 32.43% to extra capacity (accounting for rounding).

All customer service-related costs are allocated 100% to customer billing. Administration costs are generally not directly-assignable to individual classifications. Therefore, it is standard rate-making practice to allocate these costs on an indirect basis to service characteristics.

The rate model in Appendix A provides the detailed allocations of costs to service characteristics. The system-wide costs by service characteristic for the Cash Basis and Utility Basis are shown in **Table IV-16**. As with cost functionalization, these percentages are not expected to change significantly in the forecast period.

Table IV-16

CITY OF PRESCOTT		
COST CLASSIFICATION TEST YEAR FY 2008		
	Cash Basis	Utility Basis
WATER System		
Base	\$ 3,087,463	\$ 6,484,005
Max Day	1,772,815	5,234,218
Max Hour	3,943,947	3,749,359
Customer	1,111,203	958,958
Total	\$ 9,915,428	\$ 16,426,540

### Water Utility Cost Allocation

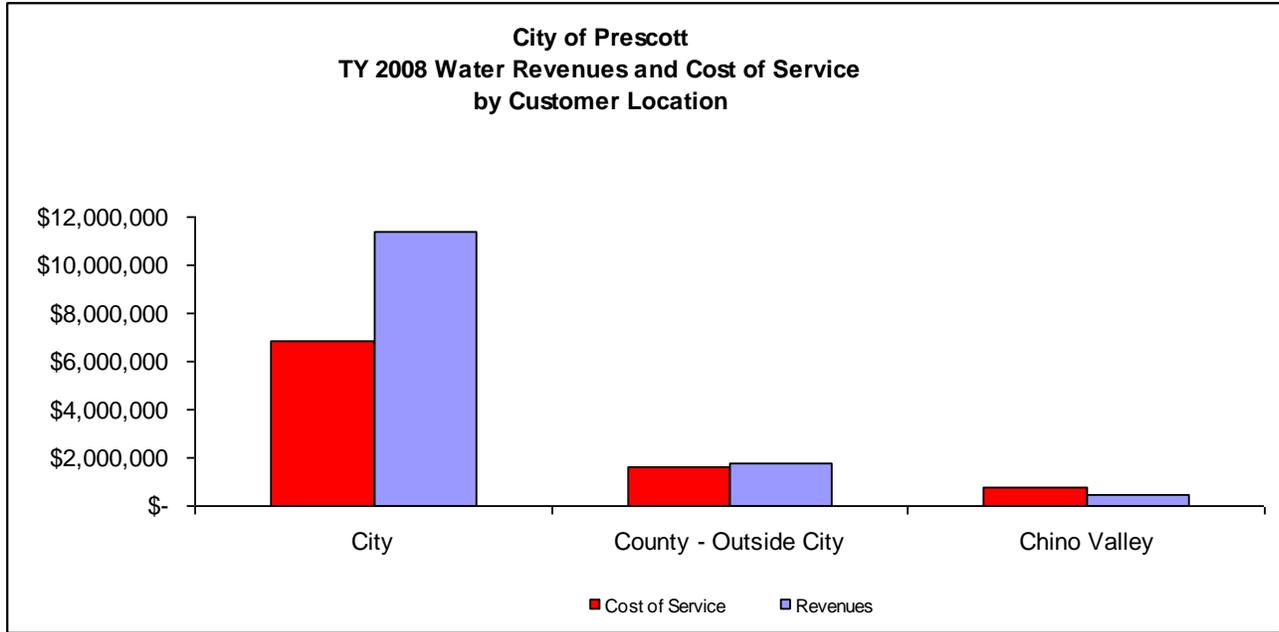
Allocation of costs by service characteristic to customer classes is based on the proportionate use levels of each characteristic by each class. Inside city customers are assigned a cost of service based on the Cash Basis, while outside city customers utilize the Utility Basis.

The total water utility costs by customer class are summarized in **Table IV-17**. Overall cost calculations are presented in detail in the rate model contained in Appendix A. **Chart IV-18** shows revenues for each customer class in comparison to their respective cost of service.

Table IV-17

CITY OF PRESCOTT										
FORECAST COST OF SERVICE BY CUSTOMER CLASS										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
WATER System										
CASH Basis										
Residential Inside	\$ 4,264,124	\$ 4,324,711	\$ 5,079,052	\$ 5,552,819	\$ 7,315,099	\$ 9,151,387	\$ 9,510,522	\$ 10,028,018	\$ 10,502,595	\$ 10,999,398
Multi-Family Inside	556,181	564,779	697,839	769,778	1,066,048	1,377,833	1,422,690	1,488,841	1,547,846	1,609,558
Irrigation Inside	776,425	793,813	925,723	1,008,039	1,319,861	1,634,150	1,694,748	1,787,268	1,868,343	1,953,681
Non-Residential Inside	1,251,360	1,268,702	1,574,804	1,736,669	2,415,734	3,130,845	3,226,634	3,369,469	3,496,356	3,629,032
UTILITY Basis										
Residential - County	\$ 1,313,723	\$ 1,572,602	\$ 1,806,315	\$ 2,170,965	\$ 2,619,461	\$ 2,804,958	\$ 2,863,171	\$ 2,917,068	\$ 2,935,223	\$ 2,962,835
Multi-Family - County	118,600	141,128	161,467	197,207	242,524	259,090	262,715	265,866	265,697	266,364
Irrigation - County	22,779	27,159	31,013	36,710	43,894	46,875	47,767	48,575	48,742	49,071
Non-Residential - County	163,324	194,323	222,365	272,084	334,970	357,790	362,656	366,871	366,546	367,366
Residential - CV	633,190	762,040	867,621	999,673	1,176,323	1,254,500	1,276,632	1,295,611	1,294,645	1,298,521
Muti-Family - CV	-	-	-	-	-	-	-	-	-	-
Irrigation - CV	11,875	14,184	16,160	18,634	21,891	23,432	24,018	24,558	24,736	25,004
Non-Residential - CV	112,038	133,488	152,512	182,752	221,472	236,743	240,875	244,566	245,029	246,299

Chart IV-18



### Wastewater Utility Cost Functionalization and Classification

Wastewater system costs are allocated to the following functions:

*Treatment* – the costs associated with treating wastewater discharges

*Collection* – the lines that transport wastewater from customers’ properties to the wastewater treatment plant

*Administration* – miscellaneous overhead and other non-operating costs

*Customer Billing* – the processes involved in billing and other services to customers

As was the case for the water system, wastewater utility operating budget line item expenses are allocated individually to functions. The results of the allocation process are presented in **Table IV-19**. The rate model in Appendix A presents a detailed listing of the cost allocations by line item. As with the water utility, these percentages are not forecast to change significantly during the next ten years.

Table IV-19

CITY OF PRESCOTT		
COST FUNCTIONALIZATION TEST YEAR FY 2008		
	Cash Basis	Utility Basis
WASTEWATER System		
Treatment	\$ 3,334,233	\$ 3,669,256
Collection	1,791,945	4,595,565
Administration	1,004,277	1,004,277
Customer	87,952	87,952
<b>Total</b>	<b>\$ 6,218,407</b>	<b>\$ 9,357,050</b>

The limited size of the system, and the absence of high strength commercial and industrial customers, eliminates the necessity to develop strength-related wastewater rates. In this case, all costs, with the exception of those specifically pertaining to customer billing, may be classified as flow-related.

### Wastewater Utility Cost Allocation

Allocation of wastewater utility costs by service characteristic to customer classes is performed in the same manner as described for the water utility. The total wastewater utility cost by customer class for the Cash Basis and the Utility Basis are summarized in **Table IV-20**. The rate model in Appendix A presents a detailed listing of the cost calculations by line item.

Table IV-20

City of Prescott										
FORECAST COST FUNCTIONALIZATION										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
WASTEWATER SYSTEM										
CASH Basis										
Treatment	\$ 3,334,233	\$ 2,974,260	\$ 3,441,628	\$ 3,875,941	\$ 4,564,129	\$ 4,984,551	\$ 5,407,516	\$ 5,835,846	\$ 6,264,486	\$ 6,689,270
Collection	1,791,945	2,031,549	3,243,205	4,378,154	5,581,652	6,353,915	7,082,107	7,859,648	8,508,767	9,065,385
Admin	1,004,277	1,048,784	1,095,604	1,144,868	1,196,701	1,251,260	1,308,701	1,369,202	1,432,941	1,500,116
Customer	87,952	91,992	96,250	100,737	105,466	110,452	115,710	121,258	127,112	133,292
<b>Cost of Service</b>	<b>6,218,407</b>	<b>6,146,586</b>	<b>7,876,688</b>	<b>9,499,699</b>	<b>11,447,949</b>	<b>12,700,178</b>	<b>13,914,035</b>	<b>15,185,954</b>	<b>16,333,305</b>	<b>17,388,062</b>
UTILITY Basis										
Treatment	\$ 3,669,256	\$ 4,208,221	\$ 4,792,672	\$ 5,528,409	\$ 6,070,986	\$ 6,396,982	\$ 6,728,422	\$ 7,232,103	\$ 7,962,755	\$ 8,809,897
Collection	4,595,565	5,879,748	7,831,041	9,700,855	11,416,488	12,741,136	13,973,261	14,987,033	15,437,312	15,830,661
Admin	1,004,277	1,048,784	1,095,604	1,144,868	1,196,701	1,251,260	1,308,701	1,369,202	1,432,941	1,500,116
Customer	87,952	91,992	96,250	100,737	105,466	110,452	115,710	121,258	127,112	133,292
<b>Cost of Service</b>	<b>9,357,050</b>	<b>11,228,745</b>	<b>13,815,567</b>	<b>16,474,868</b>	<b>18,789,642</b>	<b>20,499,829</b>	<b>22,126,095</b>	<b>23,709,596</b>	<b>24,960,118</b>	<b>26,273,965</b>

SECTION V

## Rate Design Alternatives



Rate design involves determining charges for each class of customers that will generate a desired level of revenue. Over the course of this engagement, the project team participated in numerous meetings with City staff regarding alternate rate design strategies. As a result of these work sessions, the project team has developed a long-term rate plan presented in this section. This plan is designed to allow the City to recover sufficient revenues to meet all operating and capital obligations, including the debt service required to fund the City's forecast capital improvement plan.

The rate structure presented in this section consists of a series of modified annual adjustments for both water and wastewater rates.

### Rate Design – Alternative #1 – “Base”

**Table V-1** presents a summary of the recommended water and wastewater rate designs for the City. **Table V-2** presents a detailed set of rate calculations from the rate model contained in Appendix A. This alternative is intended to meet all the City's financial objectives, including funding operating expenses, financing the City's capital improvement plan and meeting debt service obligations.

#### Key Points of Alternative 1:

- The City implements proposed impact fees, outlined in Section VI, to fund growth-related capital costs.
- The annual rate increases are intended to lessen any “rate shock” among low volume ratepayers.
- The rate plan will enable the projected Capital Improvement Plan for the forecast period to be fully funded.
- The rate plan will restructure and simplify non-residential wastewater rates. It represents the first significant adjustment since 1991.
- The rate plan will ensure that Alternate Water Resource, Water and Wastewater rates each pay for their respective cost of service.
- The rate plan will continue to encourage conservation.

CITY OF PRESCOTT  
WATER/WASTEWATER RATE RECOMMENDATIONS

Table V-1

	Current	SCENARIO: Alt #1 -- "BASE"										
		Effective Jun-08	Effective Jan 2009	Effective Jan 2010	Effective Jan 2011	Effective Jan 2012	Effective Jan 2013	Effective Jan 2014	Effective Jan 2015	Effective Jan 2016	Effective Jan 2017	
<b>Alternate Water Source Fee</b>	\$ 0.36	\$ 0.40	\$ 0.45	\$ 0.65	\$ 0.80	\$ 1.30	\$ 1.70	\$ 1.70	\$ 1.70	\$ 1.70	\$ 1.70	
<b>WATER Rate</b>												
<b>Base Charge</b>												
5/8"	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.93	\$ 7.28	\$ 7.57	\$ 7.87	\$ 8.19	\$ 8.51	
3/4"	7.05	7.05	7.05	7.05	7.05	7.40	7.77	8.08	8.41	8.74	9.09	
1"	7.95	7.95	7.95	7.95	7.95	8.35	8.76	9.12	9.48	9.86	10.25	
1 1/2"	10.20	10.20	10.20	10.20	10.20	10.71	11.25	11.70	12.16	12.65	13.16	
2"	12.90	12.90	12.90	12.90	12.90	13.55	14.22	14.79	15.38	16.00	16.64	
3"	19.20	19.20	19.20	19.20	19.20	20.16	21.17	22.01	22.90	23.81	24.76	
4"	28.20	28.20	28.20	28.20	28.20	29.61	31.09	32.33	33.63	34.97	36.37	
6"	50.70	50.70	50.70	50.70	50.70	53.24	55.90	58.13	60.46	62.88	65.39	
8"	77.70	77.70	77.70	77.70	77.70	81.59	85.66	89.09	92.65	96.36	100.22	
<b>W.1 Residential Inside</b>												
- 3,000	2.86	2.86	2.86	2.86	2.86	3.00	3.15	3.28	3.41	3.55	3.69	
3,001 10,000	4.30	4.30	4.30	4.30	4.30	4.52	4.74	4.93	5.13	5.33	5.55	
10,001 20,000	6.45	6.45	6.45	6.45	6.45	6.77	7.11	7.40	7.69	8.00	8.32	
20,001 Above	12.90	12.90	12.90	12.90	12.90	13.55	14.22	14.79	15.38	16.00	16.64	
<b>W.2 Multi-Family Inside</b>												
- 1,700	2.30	2.30	2.30	2.30	2.30	2.42	2.54	2.64	2.74	2.85	2.97	
1,701 5,000	3.46	3.46	3.46	3.46	3.46	3.63	3.81	3.97	4.13	4.29	4.46	
5,001 10,000	5.19	5.19	5.19	5.19	5.19	5.45	5.72	5.95	6.19	6.44	6.69	
10,001 Above	10.39	10.39	10.39	10.39	10.39	10.91	11.45	11.91	12.39	12.89	13.40	
<b>W.3 Irrigation Inside</b>												
- 3,000	2.61	2.61	2.61	2.61	2.61	2.74	2.88	2.99	3.11	3.24	3.37	
3,001 10,000	3.92	3.92	3.92	3.92	3.92	4.12	4.32	4.49	4.67	4.86	5.06	
10,001 20,000	5.88	5.88	5.88	5.88	5.88	6.17	6.48	6.74	7.01	7.29	7.58	
20,001 Above	11.76	11.76	11.76	11.76	11.76	12.35	12.97	13.48	14.02	14.58	15.17	
<b>W.4 Non-Res Inside</b>												
Block 1	2.61	2.61	2.61	2.61	2.61	2.74	2.88	2.99	3.11	3.24	3.37	
Block 2	3.92	3.92	3.92	3.92	3.92	4.12	4.32	4.49	4.67	4.86	5.06	
Block 3	5.88	5.88	5.88	5.88	5.88	6.17	6.48	6.74	7.01	7.29	7.58	
Block 4	11.76	11.76	11.76	11.76	11.76	12.35	12.97	13.48	14.02	14.58	15.17	
<b>Wastewater Rate</b>												
<b>WW1 Residential</b>												
Base Charge	\$ 7.00	\$ 9.50	\$ 10.45	\$ 12.54	\$ 15.05	\$ 18.06	\$ 19.41	\$ 20.19	\$ 21.00	\$ 21.84	\$ 22.71	
Volume Charge	1.73	2.05	2.26	2.71	3.25	3.90	4.19	4.36	4.53	4.71	4.90	
<b>Non-Residential</b>												
Base Charge	na	11.50	12.65	15.18	17.84	21.40	23.01	23.93	24.89	25.88	26.92	
Volume Charge	na	2.95	3.25	3.89	4.58	5.49	5.90	6.14	6.38	6.64	6.90	

Table V-2

<div style="border: 1px solid black; padding: 5px; display: inline-block; margin: 0 auto; width: 80%;"> <b>CITY OF PRESCOTT</b>  <b>WATER/WASTEWATER COST OF SERVICE MODEL</b> </div>											
	Prior	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Input Area -- Rate Calculator**  
**Scen: Alt #1 -- "BASE"**

**Water Rates**

Month of Adjustment (Jul = 1)

	11	7	7	7	7	7	7	7	7	7	7
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**Annual Adjustment**

W.1	Residential	Inside	0.00%	0.00%	0.00%	0.00%	5.00%	10.00%	4.00%	4.00%	4.00%	4.00%
W.2	Multi-Family	Inside	0.00%	0.00%	0.00%	0.00%	5.00%	10.00%	4.00%	4.00%	4.00%	4.00%
W.3	Irrigation	Inside	0.00%	0.00%	0.00%	0.00%	5.00%	10.00%	4.00%	4.00%	4.00%	4.00%
W.4	Non-Res	Inside	0.00%	0.00%	0.00%	0.00%	5.00%	10.00%	4.00%	4.00%	4.00%	4.00%
W.5	Residential	County	na	na	na	na	na	na	na	na	na	na
W.6	Multi-Family	County	na	na	na	na	na	na	na	na	na	na
W.7	Irrigation	County	na	na	na	na	na	na	na	na	na	na
W.8	Non-Res	County	na	na	na	na	na	na	na	na	na	na
W.9	Residential	CV	na	na	na	na	na	na	na	na	na	na
W.10	Multi-Family	CV	na	na	na	na	na	na	na	na	na	na
W.11	Irrigation	CV	na	na	na	na	na	na	na	na	na	na
W.12	Non-Res	CV	na	na	na	na	na	na	na	na	na	na

**Alternative Water Source**

W.1	Residential	Inside	0.36	0.40	0.45	0.55	0.80	1.25	1.65	1.71	1.71	1.71	1.71
W.2	Multi-Family	Inside	0.36	0.40	0.45	0.55	0.80	1.25	1.65	1.71	1.71	1.71	1.71
W.3	Irrigation	Inside	0.36	0.40	0.45	0.55	0.80	1.25	1.65	1.71	1.71	1.71	1.71
W.4	Non-Res	Inside	0.36	0.40	0.45	0.55	0.80	1.25	1.60	1.71	1.71	1.71	1.71
Premium over Inside City			39.00%	39.00%	39.00%	39.00%	39.00%	39.00%	39.00%	39.00%	39.00%	39.00%	39.00%
W.5	Residential	County	0.50	0.56	0.63	0.76	1.11	1.74	2.29	2.38	2.38	2.38	2.38
W.6	Multi-Family	County	0.50	0.56	0.63	0.76	1.11	1.74	2.29	2.38	2.38	2.38	2.38
W.7	Irrigation	County	0.50	0.56	0.63	0.76	1.11	1.74	2.29	2.38	2.38	2.38	2.38
W.8	Non-Res	County	0.50	0.56	0.63	0.76	1.11	1.74	2.22	2.38	2.38	2.38	2.38
Premium over Inside City			30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
W.9	Residential	CV	0.47	0.52	0.59	0.72	1.04	1.63	2.15	2.22	2.22	2.22	2.22
W.10	Multi-Family	CV	0.47	0.52	0.59	0.72	1.04	1.63	2.15	2.22	2.22	2.22	2.22
W.11	Irrigation	CV	0.47	0.52	0.59	0.72	1.04	1.63	2.15	2.22	2.22	2.22	2.22
W.12	Non-Res	CV	0.47	0.52	0.59	0.72	1.04	1.63	2.08	2.22	2.22	2.22	2.22

**WATER Monthly Charge**

<b>W.1</b>	<b>Residential</b>	<b>Inside</b>											
	Base Charge	5/8"	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.60	\$ 6.93	\$ 7.62	\$ 7.93	\$ 8.25	\$ 8.57	\$ 8.92
	Base Charge	3/4"	7.05	7.05	7.05	7.05	7.05	7.40	8.14	8.47	8.81	9.16	9.53
	Base Charge	1"	7.95	7.95	7.95	7.95	7.95	8.35	9.18	9.55	9.93	10.33	10.74
	Base Charge	1 1/2"	10.20	10.20	10.20	10.20	10.71	11.78	12.25	12.74	13.25	13.78	14.32
	Base Charge	2"	12.90	12.90	12.90	12.90	13.55	14.90	15.50	16.12	16.76	17.43	18.11
	Base Charge	3"	19.20	19.20	19.20	19.20	20.16	22.18	23.06	23.99	24.94	25.94	26.99
	Base Charge	4"	28.20	28.20	28.20	28.20	28.20	29.61	32.57	33.87	35.23	36.64	38.10
	Base Charge	6"	50.70	50.70	50.70	50.70	50.70	53.24	58.56	60.90	63.34	65.87	68.51
	Base Charge	8"	77.70	77.70	77.70	77.70	77.70	81.59	89.74	93.33	97.07	100.95	104.99
	Usage Charge	-	3,000	2.86	2.86	2.86	2.86	3.00	3.30	3.44	3.57	3.72	3.86
		3,001	10,000	4.30	4.30	4.30	4.30	4.52	4.97	5.17	5.37	5.59	5.81
		20,001	20,000	6.45	6.45	6.45	6.45	6.77	7.45	7.75	8.06	8.38	8.72
		20,001	Above	12.90	12.90	12.90	12.90	13.55	14.90	15.50	16.12	16.76	17.43

Table V-2

<div style="border: 1px solid black; padding: 5px; display: inline-block; background-color: white; color: black;"> <b>CITY OF PRESCOTT WATER/WASTEWATER COST OF SERVICE MODEL</b> </div>												
	Prior	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	

**Input Area -- Rate Calculator**  
**Scen: Alt #1 -- "BASE"**

W.2 Multi-Family	Inside																				
Base Charge	5/8"	\$	6.60	\$	6.60	\$	6.60	\$	6.60	\$	6.93	\$	7.62	\$	7.93	\$	8.25	\$	8.57	\$	8.92
Base Charge	3/4"		7.05		7.05		7.05		7.05		7.40		8.14		8.47		8.81		9.16		9.53
Base Charge	1"		7.95		7.95		7.95		7.95		8.35		9.18		9.55		9.93		10.33		10.74
Base Charge	1 1/2"		10.20		10.20		10.20		10.20		10.71		11.78		12.25		12.74		13.25		13.78
Base Charge	2"		12.90		12.90		12.90		12.90		13.55		14.90		15.50		16.12		16.76		17.43
Base Charge	3"		19.20		19.20		19.20		19.20		20.16		22.18		23.06		23.99		24.94		25.94
Base Charge	4"		28.20		28.20		28.20		28.20		29.61		32.57		33.87		35.23		36.64		38.10
Base Charge	6"		50.70		50.70		50.70		50.70		53.24		58.56		60.90		63.34		65.87		68.51
Base Charge	8"		77.70		77.70		77.70		77.70		81.59		89.74		93.33		97.07		100.95		104.99
Usage Charge	-	1,700	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.42	2.66	2.76	2.76	2.87	2.99	3.11	3.11	3.11	3.11	3.11	3.11
		1,701	3.46	3.46	3.46	3.46	3.46	3.46	3.46	3.63	4.00	4.16	4.16	4.32	4.50	4.68	4.68	4.68	4.68	4.68	4.68
		5,001	5.19	5.19	5.19	5.19	5.19	5.19	5.19	5.45	5.99	6.23	6.23	6.48	6.74	7.01	7.01	7.01	7.01	7.01	7.01
		10,001	10.39	10.39	10.39	10.39	10.39	10.39	10.39	10.91	12.00	12.48	12.48	12.98	13.50	14.04	14.04	14.04	14.04	14.04	14.04
		Above	10.39	10.39	10.39	10.39	10.39	10.39	10.39	10.91	12.00	12.48	12.48	12.98	13.50	14.04	14.04	14.04	14.04	14.04	14.04
W.3 Irrigation	Inside																				
Base Charge	5/8"	\$	6.60	\$	6.60		6.60		6.60		6.93		7.62		7.93		8.25		8.57		8.92
Base Charge	3/4"		7.05		7.05		7.05		7.05		7.40		8.14		8.47		8.81		9.16		9.53
Base Charge	1"		7.95		7.95		7.95		7.95		8.35		9.18		9.55		9.93		10.33		10.74
Base Charge	1 1/2"		10.20		10.20		10.20		10.20		10.71		11.78		12.25		12.74		13.25		13.78
Base Charge	2"		12.90		12.90		12.90		12.90		13.55		14.90		15.50		16.12		16.76		17.43
Base Charge	3"		19.20		19.20		19.20		19.20		20.16		22.18		23.06		23.99		24.94		25.94
Base Charge	4"		28.20		28.20		28.20		28.20		29.61		32.57		33.87		35.23		36.64		38.10
Base Charge	6"		50.70		50.70		50.70		50.70		53.24		58.56		60.90		63.34		65.87		68.51
Base Charge	8"		77.70		77.70		77.70		77.70		81.59		89.74		93.33		97.07		100.95		104.99
Usage Charge	-	3,000	2.61	2.61	2.61	2.61	2.61	2.61	2.61	2.74	3.01	3.14	3.14	3.26	3.39	3.53	3.53	3.53	3.53	3.53	3.53
		3,001	3.92	3.92	3.92	3.92	3.92	3.92	3.92	4.12	4.53	4.71	4.71	4.90	5.09	5.30	5.30	5.30	5.30	5.30	5.30
		10,001	5.88	5.88	5.88	5.88	5.88	5.88	5.88	6.17	6.79	7.06	7.06	7.35	7.64	7.94	7.94	7.94	7.94	7.94	7.94
		20,001	11.76	11.76	11.76	11.76	11.76	11.76	11.76	12.35	13.58	14.13	14.13	14.69	15.28	15.89	15.89	15.89	15.89	15.89	15.89
		Above	11.76	11.76	11.76	11.76	11.76	11.76	11.76	12.35	13.58	14.13	14.13	14.69	15.28	15.89	15.89	15.89	15.89	15.89	15.89
W.4 Non-Res	Inside																				
Base Charge	5/8"	\$	6.60	\$	6.60		6.60		6.60		6.93		7.62		7.93		8.25		8.57		8.92
Base Charge	3/4"		7.05		7.05		7.05		7.05		7.40		8.14		8.47		8.81		9.16		9.53
Base Charge	1"		7.95		7.95		7.95		7.95		8.35		9.18		9.55		9.93		10.33		10.74
Base Charge	1 1/2"		10.20		10.20		10.20		10.20		10.71		11.78		12.25		12.74		13.25		13.78
Base Charge	2"		12.90		12.90		12.90		12.90		13.55		14.90		15.50		16.12		16.76		17.43
Base Charge	3"		19.20		19.20		19.20		19.20		20.16		22.18		23.06		23.99		24.94		25.94
Base Charge	4"		28.20		28.20		28.20		28.20		29.61		32.57		33.87		35.23		36.64		38.10
Base Charge	6"		50.70		50.70		50.70		50.70		53.24		58.56		60.90		63.34		65.87		68.51
Base Charge	8"		77.70		77.70		77.70		77.70		81.59		89.74		93.33		97.07		100.95		104.99
Usage Charge	Block 1		2.61	2.61	2.61	2.61	2.61	2.61	2.61	2.74	3.01	3.14	3.14	3.26	3.39	3.53	3.53	3.53	3.53	3.53	3.53
	Block 2		3.92	3.92	3.92	3.92	3.92	3.92	3.92	4.12	4.53	4.71	4.71	4.90	5.09	5.30	5.30	5.30	5.30	5.30	5.30
	Block 3		5.88	5.88	5.88	5.88	5.88	5.88	5.88	6.17	6.79	7.06	7.06	7.35	7.64	7.94	7.94	7.94	7.94	7.94	7.94
	Block 4		11.76	11.76	11.76	11.76	11.76	11.76	11.76	12.35	13.58	14.13	14.13	14.69	15.28	15.89	15.89	15.89	15.89	15.89	15.89

<b>CITY OF PRESCOTT</b>												
<b>WATER/WASTEWATER COST OF SERVICE MODEL</b>												
Prior	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		

**Input Area -- Rate Calculator**  
**Scen: Alt #1 -- "BASE"**

W.5 Residential County													
Premium over Inside City		39.00%											
Base Charge	5/8"	\$ 9.17	\$ 9.17	\$ 9.17	\$ 9.17	\$ 9.17	\$ 9.63	\$ 10.60	\$ 11.02	\$ 11.46	\$ 11.92	\$ 12.40	
Base Charge	3/4"	9.80	9.80	9.80	9.80	9.80	10.29	11.32	11.77	12.24	12.73	13.24	
Base Charge	1"	11.05	11.05	11.05	11.05	11.05	11.60	12.76	13.27	13.80	14.36	14.93	
Base Charge	1 1/2"	14.18	14.18	14.18	14.18	14.18	14.89	16.38	17.03	17.71	18.42	19.16	
Base Charge	2"	17.93	17.93	17.93	17.93	17.93	18.83	20.71	21.54	22.40	23.30	24.23	
Base Charge	3"	26.69	26.69	26.69	26.69	26.69	28.02	30.82	32.06	33.34	34.67	36.06	
Base Charge	4"	39.20	39.20	39.20	39.20	39.20	41.16	45.27	47.08	48.97	50.93	52.96	
Base Charge	6"	70.47	70.47	70.47	70.47	70.47	74.00	81.40	84.65	88.04	91.56	95.22	
Base Charge	8"	108.00	108.00	108.00	108.00	108.00	113.40	124.74	129.73	134.92	140.32	145.93	
Usage Charge	-	3,000	3.98	3.98	3.98	3.98	4.17	4.59	4.78	4.97	5.16	5.37	
	3,001	10,000	5.98	5.98	5.98	5.98	6.28	6.90	7.18	7.47	7.77	8.08	
	10,001	20,000	8.97	8.97	8.97	8.97	9.41	10.36	10.77	11.20	11.65	12.11	
	20,001	Above	17.93	17.93	17.93	17.93	18.83	20.71	21.54	22.40	23.30	24.23	
W.6 Multi-Family County													
Premium over Inside City		39.00%											
Base Charge	5/8"	\$ 9.17	\$ 9.17	\$ 9.17	\$ 9.17	\$ 9.17	\$ 9.63	\$ 10.60	\$ 11.02	\$ 11.46	\$ 11.92	\$ 12.40	
Base Charge	3/4"	9.80	9.80	9.80	9.80	9.80	10.29	11.32	11.77	12.24	12.73	13.24	
Base Charge	1"	11.05	11.05	11.05	11.05	11.05	11.60	12.76	13.27	13.80	14.36	14.93	
Base Charge	1 1/2"	14.18	14.18	14.18	14.18	14.18	14.89	16.38	17.03	17.71	18.42	19.16	
Base Charge	2"	17.93	17.93	17.93	17.93	17.93	18.83	20.71	21.54	22.40	23.30	24.23	
Base Charge	3"	26.69	26.69	26.69	26.69	26.69	28.02	30.82	32.06	33.34	34.67	36.06	
Base Charge	4"	39.20	39.20	39.20	39.20	39.20	41.16	45.27	47.08	48.97	50.93	52.96	
Base Charge	6"	70.47	70.47	70.47	70.47	70.47	74.00	81.40	84.65	88.04	91.56	95.22	
Base Charge	8"	108.00	108.00	108.00	108.00	108.00	113.40	124.74	129.73	134.92	140.32	145.93	
Usage Charge	-	1,700	3.20	3.20	3.20	3.20	3.36	3.69	3.84	3.99	4.15	4.32	
	1,701	5,000	4.81	4.81	4.81	4.81	5.05	5.55	5.78	6.01	6.25	6.50	
	5,001	10,000	7.21	7.21	7.21	7.21	7.57	8.33	8.67	9.01	9.37	9.75	
	10,001	Above	14.44	14.44	14.44	14.44	15.16	16.68	17.35	18.04	18.76	19.51	
W.7 Irrigation County													
Premium over Inside City		39.00%											
Base Charge	5/8"	\$ 9.17	\$ 9.17	\$ 9.17	\$ 9.17	\$ 9.17	\$ 9.63	\$ 10.60	\$ 11.02	\$ 11.46	\$ 11.92	\$ 12.40	
Base Charge	3/4"	9.80	9.80	9.80	9.80	9.80	10.29	11.32	11.77	12.24	12.73	13.24	
Base Charge	1"	11.05	11.05	11.05	11.05	11.05	11.60	12.76	13.27	13.80	14.36	14.93	
Base Charge	1 1/2"	14.18	14.18	14.18	14.18	14.18	14.89	16.38	17.03	17.71	18.42	19.16	
Base Charge	2"	17.93	17.93	17.93	17.93	17.93	18.83	20.71	21.54	22.40	23.30	24.23	
Base Charge	3"	26.69	26.69	26.69	26.69	26.69	28.02	30.82	32.06	33.34	34.67	36.06	
Base Charge	4"	39.20	39.20	39.20	39.20	39.20	41.16	45.27	47.08	48.97	50.93	52.96	
Base Charge	6"	70.47	70.47	70.47	70.47	70.47	74.00	81.40	84.65	88.04	91.56	95.22	
Base Charge	8"	108.00	108.00	108.00	108.00	108.00	113.40	124.74	129.73	134.92	140.32	145.93	
Usage Charge	-	1,700	3.63	3.63	3.63	3.63	3.81	4.19	4.36	4.53	4.71	4.90	
	1,701	5,000	5.45	5.45	5.45	5.45	5.72	6.29	6.55	6.81	7.08	7.36	
	5,001	10,000	8.17	8.17	8.17	8.17	8.58	9.44	9.82	10.21	10.62	11.04	
	10,001	Above	16.35	16.35	16.35	16.35	17.16	18.88	19.64	20.42	21.24	22.09	

Table V-2

<b>CITY OF PRESCOTT WATER/WASTEWATER COST OF SERVICE MODEL</b>											
	Prior	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Input Area -- Rate Calculator**  
**Scen: Alt #1 -- "BASE"**

W.8 Non-Res County												
Premium over Inside City	39.00%											
Base Charge 5/8"	\$ 9.17	\$ 9.17	\$ 9.17	\$ 9.17	\$ 9.17	\$ 9.63	\$ 10.60	\$ 11.02	\$ 11.46	\$ 11.92	\$ 12.40	
Base Charge 3/4"	9.80	9.80	9.80	9.80	9.80	10.29	11.32	11.77	12.24	12.73	13.24	
Base Charge 1"	11.05	11.05	11.05	11.05	11.05	11.60	12.76	13.27	13.80	14.36	14.93	
Base Charge 1 1/2"	14.18	14.18	14.18	14.18	14.18	14.89	16.38	17.03	17.71	18.42	19.16	
Base Charge 2"	17.93	17.93	17.93	17.93	17.93	18.83	20.71	21.54	22.40	23.30	24.23	
Base Charge 3"	26.69	26.69	26.69	26.69	26.69	28.02	30.82	32.06	33.34	34.67	36.06	
Base Charge 4"	39.20	39.20	39.20	39.20	39.20	41.16	45.27	47.08	48.97	50.93	52.96	
Base Charge 6"	70.47	70.47	70.47	70.47	70.47	74.00	81.40	84.65	88.04	91.56	95.22	
Base Charge 8"	108.00	108.00	108.00	108.00	108.00	113.40	124.74	129.73	134.92	140.32	145.93	
Usage Charge Block 1	3.63	3.63	3.63	3.63	3.63	3.81	4.19	4.36	4.53	4.71	4.90	
Usage Charge Block 2	5.45	5.45	5.45	5.45	5.45	5.72	6.29	6.55	6.81	7.08	7.36	
Usage Charge Block 3	8.17	8.17	8.17	8.17	8.17	8.58	9.44	9.82	10.21	10.62	11.04	
Usage Charge Block 4	16.35	16.35	16.35	16.35	16.35	17.16	18.88	19.64	20.42	21.24	22.09	
W.9 Residential CV												
Premium over Inside City	30.00%											
Base Charge 5/8"	\$ 8.58	\$ 8.58	\$ 8.58	\$ 8.58	\$ 8.58	\$ 9.01	\$ 9.91	\$ 10.31	\$ 10.72	\$ 11.15	\$ 11.59	
Base Charge 3/4"	9.17	9.17	9.17	9.17	9.17	9.62	10.59	11.01	11.45	11.91	12.38	
Base Charge 1"	10.34	10.34	10.34	10.34	10.34	10.85	11.94	12.41	12.91	13.43	13.96	
Base Charge 1 1/2"	13.26	13.26	13.26	13.26	13.26	13.92	15.32	15.93	16.57	17.23	17.92	
Base Charge 2"	16.77	16.77	16.77	16.77	16.77	17.61	19.37	20.14	20.95	21.79	22.66	
Base Charge 3"	24.96	24.96	24.96	24.96	24.96	26.21	28.83	29.98	31.18	32.43	33.73	
Base Charge 4"	36.66	36.66	36.66	36.66	36.66	38.49	42.34	44.04	45.80	47.63	49.53	
Base Charge 6"	65.91	65.91	65.91	65.91	65.91	69.21	76.13	79.17	82.34	85.63	89.06	
Base Charge 8"	101.01	101.01	101.01	101.01	101.01	106.06	116.67	121.33	126.19	131.23	136.48	
Usage Charge - 3,000	3.72	3.72	3.72	3.72	3.72	3.90	4.29	4.47	4.64	4.83	5.02	
Usage Charge 3,001 10,000	5.59	5.59	5.59	5.59	5.59	5.87	6.46	6.71	6.98	7.26	7.55	
Usage Charge 10,001 20,000	8.39	8.39	8.39	8.39	8.39	8.80	9.68	10.07	10.47	10.89	11.33	
Usage Charge 20,001 Above	16.77	16.77	16.77	16.77	16.77	17.61	19.37	20.14	20.95	21.79	22.66	
W.10 Multi-Family CV												
Premium over Inside City	30.00%											
Base Charge 5/8"	\$ 8.58	\$ 8.58	\$ 8.58	\$ 8.58	\$ 8.58	\$ 9.01	\$ 9.91	\$ 10.31	\$ 10.72	\$ 11.15	\$ 11.59	
Base Charge 3/4"	9.17	9.17	9.17	9.17	9.17	9.62	10.59	11.01	11.45	11.91	12.38	
Base Charge 1"	10.34	10.34	10.34	10.34	10.34	10.85	11.94	12.41	12.91	13.43	13.96	
Base Charge 1 1/2"	13.26	13.26	13.26	13.26	13.26	13.92	15.32	15.93	16.57	17.23	17.92	
Base Charge 2"	16.77	16.77	16.77	16.77	16.77	17.61	19.37	20.14	20.95	21.79	22.66	
Base Charge 3"	24.96	24.96	24.96	24.96	24.96	26.21	28.83	29.98	31.18	32.43	33.73	
Base Charge 4"	36.66	36.66	36.66	36.66	36.66	38.49	42.34	44.04	45.80	47.63	49.53	
Base Charge 6"	65.91	65.91	65.91	65.91	65.91	69.21	76.13	79.17	82.34	85.63	89.06	
Base Charge 8"	101.01	101.01	101.01	101.01	101.01	106.06	116.67	121.33	126.19	131.23	136.48	
Usage Charge - 1,700	2.99	2.99	2.99	2.99	2.99	3.14	3.45	3.59	3.74	3.88	4.04	
Usage Charge 1,701 5,000	4.50	4.50	4.50	4.50	4.50	4.72	5.20	5.40	5.62	5.84	6.08	
Usage Charge 5,001 10,000	6.75	6.75	6.75	6.75	6.75	7.08	7.79	8.10	8.43	8.77	9.12	
Usage Charge 10,001 Above	13.51	13.51	13.51	13.51	13.51	14.18	15.60	16.22	16.87	17.55	18.25	

<div style="border: 1px solid black; padding: 5px; display: inline-block; margin: 0 auto; width: 80%;"> <b>CITY OF PRESCOTT WATER/WASTEWATER COST OF SERVICE MODEL</b> </div>											
	Prior	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Input Area -- Rate Calculator**  
**Scen: Alt #1 -- "BASE"**

		30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	
<b>W.11 Irrigation CV</b>												
Premium over Inside City												
Base Charge	5/8"	\$ 8.58	\$ 8.58	\$ 8.58	\$ 8.58	\$ 8.58	\$ 9.01	\$ 9.91	\$ 10.31	\$ 10.72	\$ 11.15	\$ 11.59
Base Charge	3/4"	9.17	9.17	9.17	9.17	9.17	9.62	10.59	11.01	11.45	11.91	12.38
Base Charge	1"	10.34	10.34	10.34	10.34	10.34	10.85	11.94	12.41	12.91	13.43	13.96
Base Charge	1 1/2"	13.26	13.26	13.26	13.26	13.26	13.92	15.32	15.93	16.57	17.23	17.92
Base Charge	2"	16.77	16.77	16.77	16.77	16.77	17.61	19.37	20.14	20.95	21.79	22.66
Base Charge	3"	24.96	24.96	24.96	24.96	24.96	26.21	28.83	29.98	31.18	32.43	33.73
Base Charge	4"	36.66	36.66	36.66	36.66	36.66	38.49	42.34	44.04	45.80	47.63	49.53
Base Charge	6"	65.91	65.91	65.91	65.91	65.91	69.21	76.13	79.17	82.34	85.63	89.06
Base Charge	8"	101.01	101.01	101.01	101.01	101.01	106.06	116.67	121.33	126.19	131.23	136.48
Usage Charge	-	3.39	3.39	3.39	3.39	3.39	3.56	3.92	4.08	4.24	4.41	4.58
	3,001	5.10	5.10	5.10	5.10	5.10	5.35	5.89	6.12	6.37	6.62	6.89
	10,001	7.64	7.64	7.64	7.64	7.64	8.03	8.83	9.18	9.55	9.93	10.33
	20,001	15.29	15.29	15.29	15.29	15.29	16.05	17.66	18.36	19.10	19.86	20.66
<b>W.12 Non-Res CV</b>												
Premium over Inside City												
Base Charge	5/8"	\$ 8.58	\$ 8.58	\$ 8.58	\$ 8.58	\$ 8.58	\$ 9.01	\$ 9.91	\$ 10.31	\$ 10.72	\$ 11.15	\$ 11.59
Base Charge	3/4"	9.17	9.17	9.17	9.17	9.17	9.62	10.59	11.01	11.45	11.91	12.38
Base Charge	1"	10.34	10.34	10.34	10.34	10.34	10.85	11.94	12.41	12.91	13.43	13.96
Base Charge	1 1/2"	13.26	13.26	13.26	13.26	13.26	13.92	15.32	15.93	16.57	17.23	17.92
Base Charge	2"	16.77	16.77	16.77	16.77	16.77	17.61	19.37	20.14	20.95	21.79	22.66
Base Charge	3"	24.96	24.96	24.96	24.96	24.96	26.21	28.83	29.98	31.18	32.43	33.73
Base Charge	4"	36.66	36.66	36.66	36.66	36.66	38.49	42.34	44.04	45.80	47.63	49.53
Base Charge	6"	65.91	65.91	65.91	65.91	65.91	69.21	76.13	79.17	82.34	85.63	89.06
Base Charge	8"	101.01	101.01	101.01	101.01	101.01	106.06	116.67	121.33	126.19	131.23	136.48
Usage Charge	Block 1	3.39	3.39	3.39	3.39	3.39	3.56	3.92	4.08	4.24	4.41	4.58
	Block 2	5.10	5.10	5.10	5.10	5.10	5.35	5.89	6.12	6.37	6.62	6.89
	Block 3	7.64	7.64	7.64	7.64	7.64	8.03	8.83	9.18	9.55	9.93	10.33
	Block 4	15.29	15.29	15.29	15.29	15.29	16.05	17.66	18.36	19.10	19.86	20.66

<div style="border: 1px solid black; padding: 5px; display: inline-block; background-color: white; color: black;"> <b>CITY OF PRESCOTT WATER/WASTEWATER COST OF SERVICE MODEL</b> </div>											
	Prior	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Input Area -- Rate Calculator**  
**Scen: Alt #1 -- "BASE"**

**Wastewater Monthly Charges**

Month of Adjustment (Jul = 1)		10	7	7	7	7	7	7	7	7	7
<b>Annual Adjustment</b>											
WW1 Residential		na	10.00%	15.00%	15.00%	15.00%	17.50%	4.00%	4.00%	4.00%	4.00%
Uniform Non-Residential Rate		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%
WW2 Bar w/o Dining Facilities		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%
WW3 Car Wash		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%
WW4 Dept/Retail Stores		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%
WW5 Hospital/Convalescent		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%
WW6 Hotel w Dining Facilities		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%
WW7 Hotel w/o Dining Facilities		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%
WW8 Laundry, Industrial		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%
WW9 Laundromat		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%
WW10 Laundry, Commercial		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%
WW11 Markets w Garbage Disposal		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%
WW12 Mortuaries		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%
WW13 Professional Offices		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%
WW14 Repair Shops/Service Stations		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%
WW15 Restaurants		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%
WW16 Schools and Colleges		na	10.00%	15.00%	15.00%	25.00%	17.50%	4.00%	4.00%	4.00%	4.00%

**WW1 Residential**

Base Charge			\$ 7.00	\$ 9.50	\$ 10.45	\$ 12.02	\$ 13.82	\$ 15.89	\$ 18.67	\$ 19.42	\$ 20.20	\$ 21.01	\$ 21.85
Usage Charge	-	10,000	1.73	2.05	2.26	2.59	2.98	3.43	4.03	4.19	4.36	4.53	4.71
	10,001	Above	1.73	2.05	2.26	2.59	2.98	3.43	4.03	4.19	4.36	4.53	4.71

**Uniform Non-Residential**

Base Charge			\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75
Usage Charge	-	10,000	1.89	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
	10,001	Above	1.89	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37

**WW2 Bar w/o Dining Facilities**

Base Charge			\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75
Usage Charge	-	10,000	1.89	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
	10,001	Above	1.89	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37

**WW3 Car Wash**

Base Charge			\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75
Usage Charge	-	10,000	1.12	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
	10,001	Above	1.12	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37

**WW4 Dept/Retail Stores**

Base Charge			\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75
Usage Charge	-	10,000	1.58	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
	10,001	Above	1.58	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37

**WW5 Hospital/Convalescent**

Base Charge			\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75
Usage Charge	-	10,000	1.77	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
	10,001	Above	1.77	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37

Table V-2

<div style="border: 1px solid black; padding: 5px; display: inline-block; background-color: white; color: black;"> <b>CITY OF PRESCOTT WATER/WASTEWATER COST OF SERVICE MODEL</b> </div>													
	Prior	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		

**Input Area -- Rate Calculator**  
**Scen: Alt #1 -- "BASE"**

	Prior	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
<b>WW6 Hotel w Dining Facilities</b>													
Base Charge		\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75	
Usage Charge	-	10,000	4.18	4.18	4.18	4.29	5.36	6.30	6.56	6.82	7.09	7.37	
	10,001	Above	4.18	4.18	4.18	4.29	5.36	6.30	6.56	6.82	7.09	7.37	
<b>WW7 Hotel w/o Dining Facilities</b>													
Base Charge		\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75	
Usage Charge	-	10,000	2.04	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
	10,001	Above	2.04	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
<b>WW8 Laundry, Industrial</b>													
Base Charge		\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75	
Usage Charge	-	10,000	5.01	5.01	5.01	5.01	5.36	6.30	6.56	6.82	7.09	7.37	
	10,001	Above	5.01	5.01	5.01	5.01	5.36	6.30	6.56	6.82	7.09	7.37	
<b>WW9 Laundromat</b>													
Base Charge		\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75	
Usage Charge	-	10,000	1.45	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
	10,001	Above	1.45	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
<b>WW10 Laundry, Commercial</b>													
Base Charge		\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75	
Usage Charge	-	10,000	2.90	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
	10,001	Above	2.90	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
<b>WW11 Markets w Garbage Disposal</b>													
Base Charge		\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75	
Usage Charge	-	10,000	5.84	5.84	5.84	5.84	5.84	6.30	6.56	6.82	7.09	7.37	
	10,001	Above	5.84	5.84	5.84	5.84	5.84	6.30	6.56	6.82	7.09	7.37	
<b>WW12 Mortuaries</b>													
Base Charge		\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75	
Usage Charge	-	10,000	5.84	5.84	5.84	5.84	5.84	6.30	6.56	6.82	7.09	7.37	
	10,001	Above	5.84	5.84	5.84	5.84	5.84	6.30	6.56	6.82	7.09	7.37	
<b>WW13 Professional Offices</b>													
Base Charge		\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75	
Usage Charge	-	10,000	1.29	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
	10,001	Above	1.29	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
<b>WW14 Repair Shops/Service Stations</b>													
Base Charge		\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75	
Usage Charge	-	10,000	2.07	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
	10,001	Above	2.07	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
<b>WW15 Restaurants</b>													
Base Charge		\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75	
Usage Charge	-	10,000	6.28	6.28	6.28	6.28	6.28	6.30	6.56	6.82	7.09	7.37	
	10,001	Above	6.28	6.28	6.28	6.28	6.28	6.30	6.56	6.82	7.09	7.37	
<b>WW16 Schools and Colleges</b>													
Base Charge		\$ 7.00	\$ 11.50	\$ 12.65	\$ 14.55	\$ 16.73	\$ 20.91	\$ 24.57	\$ 25.55	\$ 26.58	\$ 27.64	\$ 28.75	
Usage Charge	-	10,000	1.35	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37
	10,001	Above	1.35	2.95	3.25	3.73	4.29	5.36	6.30	6.56	6.82	7.09	7.37

### **Alternate Water Resource Rates**

- The rate plan requires gradual adjustments in the Alternate Water Resource fee effective June 2008, January 2009 and January 2010. These adjustments are required to ensure that these fees recover the full cost of service.
- Significant adjustments are forecast to be required effective January 2012 and January 2013. These are the years the City is forecast to issue debt to fund the Big Chino project.

### **Water Rates**

- Inside City residential accounts are not forecast to require a rate adjustment until January 2012. A 5.0% rate adjustment in January 2012 and January 2013 would be required. Uniform 4.0% rate increases would be required in January 2014, January 2015, January 2016 and January 2017. These increases would apply to both base charges and usage charges.
- County customer rates would continue to be charged a uniform premium of 39.0% over Inside City rates.
- Chino Valley customer rates would continue to be charged a uniform premium of 30.0% over Inside City rates.
- The higher rates for County and Chino Valley accounts will result in all customer classes paying their approximate cost of service.

### **Wastewater Rates**

- Residential accounts would require a 10.0% rate adjustment effective January 2009 followed by 20.0% rate adjustments effective January 2010, January 2011 and January 2012. A rate increase of 7.5% would be required effective January 2013, followed uniform 4.0% rate increases effective January 2014, January 2015, January 2016 and January 2017. These increases would apply to both base charges and usage charges.
- Non-residential accounts would be restructured and simplified. A uniform wastewater monthly charge and volume rate would be established for all non-residential customers.
- Non-residential customer classes with volume rates currently above the uniform non-residential rate would have their volume rate remain at its present level until it reaches parity with the uniform rate. At that point, the uniform non-residential rate would become the rate for this customer class.
- The uniform non-residential rate would require a 10.0% adjustment effective January 2009 followed by a 20.0% adjustment effective January 2010. A 17.5% rate adjustment would be required effective January 2011, followed by a 20.0% rate adjustment effective January 2012. The uniform non-residential rate would require an adjustment of 7.5% effective January 2013, followed by a

4.0% adjustment effective January 2014, January 2015, January 2016 and January 2017. These adjustments would apply to both base charges and usage charges.

Table V-3 presents a forecast of total annual water and wastewater revenues under this rate alternative.

Table V-3

CITY OF PRESCOTT						
FORECAST REVENUES						
SCENARIO: ALT 1 - "Base"						
	Alt Water	Water	Wastewater	Non-Rate Revenues	Total Revenues	
2008	\$ 1,039,003	\$ 13,539,581	\$ 4,471,496	\$ 916,000	\$ 18,927,078	
2009	1,177,486	13,648,791	5,897,982	943,480	20,490,253	
2010	1,716,940	13,818,803	6,876,673	971,784	21,667,261	
2011	2,139,302	14,014,363	8,461,353	1,000,938	23,476,654	
2012	3,519,476	14,503,837	10,397,649	1,030,966	25,932,452	
2013	4,654,714	15,434,552	12,229,415	1,061,895	28,725,862	
2014	4,707,880	16,352,861	13,353,922	1,093,752	30,800,534	
2015	4,760,386	17,226,333	14,343,102	1,126,564	32,695,999	
2016	4,812,255	18,141,487	15,363,459	1,160,361	34,665,308	
2017	4,863,512	19,100,001	16,482,386	1,195,172	36,777,559	

### Alternative 1 – “Base” – Impact on Ratepayers

Table V-4 presents the impact of the proposed water rates for the period FY 2008 – FY 2017 on residential ratepayers. The City’s residential users are compared under various usage levels. Table V-5 presents the impact of the establishment of a uniform non-residential wastewater rate on customer classes at each class average monthly usage level.

Table V-4

CITY OF PRESCOTT									
Alt#1 Rate Plan Impact on Monthly Water/WW Residential Charges									
Monthly Gallons		Current	Jun-08	Jan-09	Jan-10	Jan-11	Jan-12	Jan-17	
Water	WW								
5,000	5,000	\$ 41.23	\$ 45.53	\$ 47.76	\$ 53.10	\$ 59.06	\$ 69.01	\$	86.38
	Increase		4.30	2.23	5.35	5.96	9.95		
10,000	5,000	64.53	69.03	71.51	77.85	84.56	98.08		122.61
	Increase		4.50	2.47	6.35	6.71	13.52		
15,000	5,000	98.58	103.28	106.01	113.35	120.81	138.45		172.71
	Increase		4.70	2.72	7.35	7.46	17.63		
20,000	5,000	132.63	137.53	140.51	148.85	157.06	178.81		222.80
	Increase		4.90	2.97	8.35	8.21	21.75		
25,000	5,000	198.93	204.03	207.26	216.60	225.56	253.03		314.49
	Increase		5.10	3.22	9.35	8.96	27.47		
50,000	5,000	530.43	536.53	541.01	555.35	568.06	624.16		772.94
	Increase		6.10	4.48	14.35	12.71	56.10		
75,000	5,000	861.93	869.03	874.76	894.10	910.56	995.28		1,231.39
	Increase		7.10	5.73	19.35	16.46	84.72		
100,000	5,000	1,193.43	1,201.53	1,208.51	1,232.85	1,253.06	1,366.41		1,689.84
	Increase		8.10	6.98	24.34	20.21	113.35		

Table V-5

CITY OF PRESCOTT									
Alt#1 Rate Plan Impact on Monthly Non-Residential Wastewater Charges									
Rate Class	Description	Avg Monthly Gallons	Current	Jun-08	Jan-09	Jan-10	Jan-11	Jan-12	Jan-17
WW2	Bar w/o Dining Facilities	20,000	\$ 44.80	\$ 70.50	\$ 77.55	\$ 93.06	\$ 109.35	\$ 131.21	\$ 165.02
WW3	Car Wash	150,000	175.00	454.00	499.40	599.28	704.15	844.98	1,062.65
WW4	Dept/Retail Stores	15,000	30.70	55.75	61.33	73.59	86.47	103.76	130.49
WW5	Hospital/Convalescent	210,000	378.70	631.00	694.10	832.92	978.68	1,174.42	1,476.94
WW6	Hotel w Dining Facilities	150,000	634.00	638.50	639.65	642.18	704.15	844.98	1,062.65
WW7	Hotel w/o Dining Facilities	90,000	190.60	277.00	304.70	365.64	429.63	515.55	648.36
WW8	Laundry, Industrial	30,000	157.30	161.80	162.95	165.48	168.14	186.12	234.06
WW9	Laundromat	60,000	94.00	188.50	207.35	248.82	292.36	350.84	441.21
WW10	Laundry, Commercial	290,000	848.00	867.00	953.70	1,144.44	1,344.72	1,613.66	2,029.34
WW11	Markets w Garbage Disposal	80,000	474.20	478.70	479.85	482.38	485.04	488.60	579.31
WW12	Mortuaries	10,000	65.40	69.90	71.05	73.58	76.24	79.80	95.97
WW13	Professional Offices	10,000	19.90	41.00	45.10	54.12	63.59	76.31	95.97
WW14	Repair Shops/Service Stations	20,000	48.40	70.50	77.55	93.06	109.35	131.21	165.02
WW15	Restaurants	60,000	383.80	388.30	389.45	391.98	394.64	398.20	441.21
WW16	Schools and Colleges	70,000	101.50	218.00	239.80	287.76	338.12	405.74	510.26

### Rate Design – Alternative #1A – “Base; No Change in Impact Fees”

Alternative #1A assumes that the City does **not** increase current impact fees. Like Alternative #1 (“Base”), this alternative is intended to meet all the City’s financial objectives, including funding operating expenses, financing the City’s capital improvement plan and meeting debt service obligations.

**Table V-6** presents the impact of the proposed rates for the period FY 2008 – FY 2017 on residential ratepayers. As shown in this table, ratepayers would have to pay higher water and wastewater rates in the future if impact fees are not increased.

Table V-6

CITY OF PRESCOTT		Residential Monthly Charges -- 10,000 Gals Water; 5,000 Gals Wastewater						
		Current	Jun-08	Jan-09	Jan-10	Jan-11	Jan-12	Jan-17
Alt 1 -- New Impact Fees	\$	64.53	\$ 69.03	\$ 71.51	\$ 77.85	\$ 84.56	\$ 98.08	\$ 122.61
Alt 1A -- Keep Current Impact Fees		64.53	69.03	71.51	78.94	88.13	102.03	127.50
Difference (\$ per Month)		-	-	-	1.09	3.57	3.95	4.89

### Notes on Rate Recommendations

The forecast and recommendations presented in this study represent a combination of the best information available from the City and the project team’s expertise. However, this forecast relies in part on assumptions about future events and events beyond the control of the project team (such as account growth rates within the City). The forecast and recommendations contained in this study may be subject to revision if any of the following events occurs:

- Actual growth in accounts and consumed volumes is less than (or significantly greater than) forecast
- Capital improvement plan funding costs increase significantly due to the rising cost of materials or other factors
- An unforeseen event impacts the City, such as a recession, natural catastrophe or terrorist attack
- Increases or decreases in interest rates, coverage requirements or reserve requirements for municipal long-term debt
- City budget levels or priorities change significantly from those forecast in this study

It should be noted that none of these events are foreseen by the project team or the City at this time.

### SECTION VI



## Water and Wastewater Impact Fees



This section of the 2008 water and wastewater rate and impact fee study will focus on the City's impact fee structure. Currently, the City maintains two fees for new connections to its water system: a Water Resource Development Fee and a Water Impact Fee. At present, the City does not assess a wastewater impact fee, but instead bases a "buy in" fee on the number of fixture units in a given connection.

### Background on Impact Fees

Arthur C. Nelson, author of *System Development Charges for Water, Wastewater and Stormwater Facilities*, succinctly defines impact fees as follows:

"System Development Charges (impact fees) are one-time charges paid by new development to finance the construction of public facilities needed to serve it."

The basic premise of impact fees is that the development of land for residential, commercial or industrial use will have a measurable capacity impact on the public infrastructure systems and services. Therefore, the resulting financial impact of this new capacity should be funded directly by the development itself. Under this premise, existing ratepayers should not be compelled to fund the cost of new development through higher user rates or taxes.

Development impact fees are designed to offset the initial capital requirements associated with servicing growth or development and **cannot be used for personnel, operating, maintenance, repair, alteration or replacement of existing infrastructure**. Impact fee calculations that incorporate these expenses may be declared invalid by state or judicial authorities. Hence, the fundamental objective of impact fees is not simply to serve as another source of revenue. **The purpose is to ensure that adequate public infrastructure is provided to development in order to maintain public health, safety, and welfare.**

Several standards are available by which an impact fee must be measured in order to survive potential legal challenges or pass a test of "fairness". These standards include, but are not limited to, the following:

**Level of Service** - New development must not be held to a higher standard for delivery of services than existing development.

**Proportionality** – The impact fee charged is matched to the projected outlay for infrastructure or services. The fee charged cannot exceed the projected expenditure level.

**Universal Application** – Impact fees that are implemented must be applicable to all development projects on a non-discriminatory basis.

**Rational Nexus** – There must be a direct relationship between the impact fee charged and the actual delivery of services. For example, water impact fees may not be used to fund parks and recreation, or other municipal services.

The **rational nexus** standard is the focus of most legal concerns regarding impact fee ordinances. In his article “Financing Growth-Related Capacity”, Ed Donahue defines the rational nexus standard by the following test:

- The expansion must be operationally necessary, and must be caused by development;
- The impact fee must be based on the cost of the new facilities, and must not exceed the new development’s proportional share of the cost of the new facilities needed to serve the development;
- The impact fees must be segregated into distinct accounts and spent in such a manner as to ensure that those who pay the charges benefit from the expenditures.

### **Arizona Revised Statute Section 9-463.05**

In anticipation of the continued rapid population growth, the Arizona State Legislature approved ARS Section 9-463.05 in 1982, allowing municipalities to assess development impact fees. This statute is presented as **Exhibit VI-1**. It forms the legal and financial basis for the impact fee calculations presented in this study. It should be noted that this statute was significantly amended by the Arizona legislature in 2007, and is under consideration for further amendments in 2008.

**In accordance with Arizona law, impact fees can be adjusted on an annual basis to reflect increases in the Engineering News Record’s Construction Cost Index. This is a common practice and procedure for cities that have implemented impact fees.**

### **Current Impact Fees**

**Table VI-2** presents the City of Prescott’s current water impact fee and water resource development impact fee. As with many cities throughout Arizona, these fees are based on the size of the water connection.

The City does not currently implement wastewater impact fees. Instead, sewer buy-in fees are assessed on a per-fixture-unit basis which varies by customer.

Table VI-2

## ARIZONA REVISED STATUTES

### **9-463.05. Development fees; imposition by cities and towns; infrastructure improvements plan; annual report; limitation on actions; definition**

- A. A municipality may assess development fees to offset costs to the municipality associated with providing necessary public services to a development, including the costs of infrastructure, improvements, real property, engineering and architectural services, financing, other capital costs and associated appurtenances, equipment, vehicles, furnishings and other personalty.
- B. Development fees assessed by a municipality under this section are subject to the following requirements:
  1. Development fees shall result in a beneficial use to the development.
  2. Monies received from development fees assessed pursuant to this section shall be placed in a separate fund and accounted for separately and may only be used for the purposes authorized by this section. Monies received from a development fee identified in an infrastructure improvements plan adopted or amended pursuant to subsection D of this section shall be used to provide the same category of necessary public service for which the development fee was assessed. Interest earned on monies in the separate fund shall be credited to the fund.
  3. The schedule for payment of fees shall be provided by the municipality. The municipality shall provide a credit toward the payment of a development fee for the required dedication of public sites, improvements and other necessary public services included in the infrastructure improvements plan and for which a development fee is assessed, to the extent the public sites, improvements and necessary public services are provided by the developer. The developer of residential dwelling units shall be required to pay development fees when construction permits for the dwelling units are issued, or at a later time if specified in a development agreement pursuant to section 9-500.05. If a development agreement provides for fees to be paid at a time later than the issuance of construction permits, the deferred fees shall be paid no later than fifteen days after the issuance of a certificate of occupancy. The development agreement shall provide for the value of any deferred fees to be supported by appropriate security, including a surety bond, letter of credit or cash bond.
  4. The amount of any development fees assessed pursuant to this section must bear a reasonable relationship to the burden imposed upon the municipality to provide additional necessary public services to the development. The municipality, in determining the extent of the burden imposed by the development, shall consider, among other things, the contribution made or to be made in the future in cash or by taxes, fees or assessments by the property owner towards the capital costs of the necessary public service covered by the development fee.
  5. If development fees are assessed by a municipality, such fees shall be assessed in a nondiscriminatory manner.
  6. In determining and assessing a development fee applying to land in a community facilities district established under title 48, chapter 4, article 6, the municipality shall take into account all public infrastructure provided by the district and capital costs paid by the district for necessary public services and shall not assess a portion of the development fee based on the infrastructure or costs.

C. A municipality shall give at least sixty days' advance notice of intention to assess a new or modified development fee and shall release to the public a written report that identifies the methodology for calculating the amount of the development fee, explains the relationship between the development fee and the infrastructure improvements plan, includes documentation that supports the assessment of a new or modified development fee and identifies any index or indices to be used for automatic adjustment of the development fee pursuant to subsection F of this section and the timing of those adjustments. The municipality shall conduct a public hearing on the proposed new or modified development fee at any time after the expiration of the sixty day notice of intention to assess a new or modified development fee and at least thirty days prior to the scheduled date of adoption of the new or modified fee by the governing body. A development fee assessed pursuant to this section shall not be effective until seventy-five days after its formal adoption by the governing body of the municipality. Nothing in this subsection shall affect any development fee adopted prior to July 24, 1982.

D. Before the assessment of a new or modified development fee, the governing body of the municipality shall adopt or amend an infrastructure improvements plan. The municipality shall conduct a public hearing on the infrastructure improvements plan at least thirty days before the adoption or amendment of the plan. The municipality shall release the plan to the public, make available to the public the documents used to prepare the plan and provide public notice at least sixty days before the public hearing, subject to the following:

1. An infrastructure improvements plan may be adopted concurrently with the report required by subsection C of this section, and the municipality may provide for and schedule the notices and hearings required by this subsection together with the notices and hearings required by subsection C of this section.
2. A municipality may amend an infrastructure improvements plan without a public hearing if the amendment addresses only elements of necessary public services that are included in the existing infrastructure improvements plan. The municipality shall provide public notice of those amendments at least fourteen days in advance of their effective date.

E. For each necessary public service that is the subject of a development fee, the infrastructure improvements plan shall:

1. Estimate future necessary public services that will be required as a result of new development and the basis for the estimate.
2. Forecast the costs of infrastructure, improvements, real property, financing, other capital costs and associated appurtenances, equipment, vehicles, furnishings and other personalty that will be associated with meeting those future needs for necessary public services and estimate the time required to finance and provide the necessary public services.

F. A municipality may automatically adjust a development fee on an annual basis without a public hearing if the adjustment is based on a nationally recognized index applicable to the cost of the necessary public service that is the subject of the development fee and the adjustment mechanism is identified in the report required by subsection C of this section. The municipality shall provide public notice of those adjustments at least thirty days in advance of their effective date.

G. Each municipality that assesses development fees shall submit an annual report accounting for the collection and use of the fees. The annual report shall include the following:

1. The amount assessed by the municipality for each type of development fee.
2. The balance of each fund maintained for each type of development fee assessed as of the beginning and end of the fiscal year.
3. The amount of interest or other earnings on the monies in each fund as of the end of the fiscal year.
4. The amount of development fee monies used to repay:

(a) Bonds issued by the municipality to pay the cost of a capital improvement project that is the subject of a development fee assessment.

(b) Monies advanced by the municipality from funds other than the funds established for development fees in order to pay the cost of a capital improvement project that is the subject of a development fee assessment.

5. The amount of development fee monies spent on each capital improvement project that is the subject of a development fee assessment and the physical location of each capital improvement project.

6. The amount of development fee monies spent for each purpose other than a capital improvement project that is the subject of a development fee assessment.

H. Within ninety days following the end of each fiscal year, each municipality shall submit a copy of the annual report to the city clerk. Copies shall be made available to the public on request. The annual report may contain financial information that has not been audited.

I. A municipality that fails to file the report required by this section shall not collect development fees until the report is filed.

J. Any action to collect a development fee shall be commenced within two years after the obligation to pay the fee accrues.

K. For the purposes of this section, "infrastructure improvements plan" means one or more written plans that individually or collectively identify each public service that is proposed to be the subject of a development fee and otherwise complies with the requirements of this section, and may be the municipality's capital improvements plan.

CITY OF PRESCOTT				
Current Impact Fees				
Water Meter Size	AWWA Meter Ratio	Water Impact Fee	Water Resource Development Fee	
5/8" x 3/4"	1.00	\$ 5,132	\$ 4,709	
1"	2.50	8,571	7,865	
1 1/2"	5.00	17,091	15,682	
2"	8.00	27,356	25,100	

### Impact Fee Comparison

The project team conducted a comprehensive survey of Arizona cities to determine the extent to which impact fees are currently in place in the state. The survey focused on residential impact fees for water and wastewater services. The results of this survey for relevant cities are presented in **Table VI-3**. The following is noteworthy about this impact fee comparison:

- Several Arizona border communities do not presently have impact fees. Cities without impact fees include Patagonia, Bisbee, Douglas, Nogales, Sierra Vista, Lake Havasu City, and Tombstone. This is not surprising, given that most of these communities (with the exception of Lake Havasu City) are not experiencing a high rate of population growth or development.
- The table reveals that there is a significant variation in the level of impact fees across those communities with impact fees currently in place. There are many potential reasons for this. However, the most significant reason may be that cities are not required to set an impact fee that recovers the entire cost of future expansion. As noted earlier in this section, cities may set lower impact fees to attract development or to reflect the preferences of the community.
- It is common for cities to set water and wastewater impact fees by meter size.

Table VI-3

CITY OF PRESCOTT

**2007 AZ Residential Water and Wastewater Impact Fees**  
Based on Single Family Home (3 BR, 2000 sq. ft. lot, value of \$200,000)

County	Jurisdiction	Water	WW	Total
Pima	Tucson	\$ 1,528	na	\$ 1,528
Pinal	Florence	777	993	1,770
Pima	Oro Valley	2,074	-	2,074
Yuma	San Luis	1,259	1,015	2,274
Pima	Marana	2,331	-	2,331
Pinal	Casa Grande	-	2,389	2,389
Pinal	Eloy	1,433	1,161	2,594
Maricopa	Tempe	1,266	1,558	2,824
Pinal	Apache Junction	921	2,000	2,921
Maricopa	Mesa	1,011	2,024	3,035
Navajo	Show Low	759	2,525	3,284
Maricopa	Buckeye	2,302	1,462	3,764
Gila	Payson	3,785	-	3,785
Pinal	Queen Creek	-	4,781	4,781
Pima	Pima County	-	5,113	5,113
Maricopa	Surprise	3,335	2,245	5,580
Yavapai	Chino Valley	831	4,830	5,661
Maricopa	Peoria	3,905	2,024	5,929
Maricopa	Phoenix	4,694	2,446	7,140
Maricopa	Scottsdale	4,234	3,023	7,257
Maricopa	Chandler	5,542	2,490	8,032
Maricopa	Glendale	6,660	2,330	8,990
Maricopa	Goodyear	4,337	4,662	8,999
Maricopa	Gilbert	5,033	4,422	9,455
Yavapai	Prescott	9,841	-	9,841
Maricopa	Avondale	5,251	5,493	10,744
Yuma	Yuma	5,203	6,577	11,780

Source: 2007 National Impact Fee Survey, Duncan Associates

The City of Prescott Water and Wastewater Impact Fee Calculation Models are presented in Appendix B and C of this study.

## Impact Fee Methodology

In order to be properly calculated and implemented, the impact fee development process must adhere to a basic, generally-accepted methodology. This methodology has been closely followed during the course of this study. The methodology is known as the *Total Cost Attribution* method, and is considered by the project team to be the most appropriate for the City of Prescott.

The impact fee models presented in Appendix B and C of this report present the impact fee calculation methodology in detail.

In order to develop impact fees, the following steps are required:

1. The first step is to examine the City's actual and projected water and wastewater volumes and customer growth. The existing and projected system capabilities are also identified and incorporated into the impact fee assumptions.
2. The second step is to calculate the impact of the City's Capital Improvement Plan on the determination of impact fees. The total CIP over the next decade must be identified and segregated between those expenses devoted to repair and maintain the existing system, and those expenses devoted to growth and system expansion.
3. The third step is to calculate the amount of debt expected to be issued to fund the capital improvement plan for the water and wastewater system. The amount of debt interest is added to the CIP to develop the total funding eligible to be recovered through an impact fee.
4. The fourth step is to calculate a credit for the amount of debt service expected to be paid by new connections during the planning period through water and wastewater monthly rates. This credit is netted against the total funding eligible to be recovered through an impact fee.
5. The final step is to calculate the impact fee per Equivalent Residential Unit (ERU). The impact fee is based on the net cost of the expanded infrastructure as defined in the capital improvement plan, divided by the total new capacity to be provided by the CIP.

This process is illustrated in **Figure VI-4** on the following page.

Figure VI-4



## Volumes and Demand

Central to the calculation of impact fees is the forecast of future population, account and demand growth. **Table III-5** and **III-6** in Section III of this report present actual and forecast water and wastewater accounts for each of the City's defined customer classes. The tables reveal that water accounts are forecast to increase from 21,219 in FY 2008 to **26,167** in FY 2017, a total increase of 23.3% and an average annual increase of **2.4%**. Wastewater accounts are expected to increase from 16,883 in FY 2008 to **21,439** by FY 2017, a total increase of 27.0 % and an average annual increase of **3.0%**.

**Table VI-5** calculates current and forecast water system capacity. For the purposes of calculating a capacity charge, the system capacity is defined in terms of the total treated water production capacity. Table VI-5 reveals that the current capacity of the water system is 12,900,000 gallons per day (12.9 mgd) and will reach 18,660,000 gallons per day (18.6 mgd) upon completion of the 10-year Capital Improvement Plan. **Table VI-6** calculates current and forecast wastewater system capacity. Table VI-6 reveals that the current capacity of the wastewater system is 7,200,000 gallons per day (7.2 mgd) and will reach 11,400,000 gallons per day (11.4 mgd) upon completion of the 10-year Capital Improvement Plan.

Table VI-5

CITY OF PRESCOTT CURRENT AND FORECAST CAPACITY		
<b>WATER System</b>		
	Total WTP Capacity (gallons/day)	Total WTP Capacity (ERUs)
Gallons Per Day Per ERU		500
2008	12,900,000	25,800
2009	12,900,000	25,800
2010	14,340,000	28,680
2011	14,340,000	28,680
2012	15,780,000	31,560
2013	15,780,000	31,560
2014	17,220,000	34,440
2015	17,220,000	34,440
2016	18,660,000	37,320
2017	18,660,000	37,320
Ending Capacity	18,660,000	37,320
Beginning Capacity	12,900,000	25,800
<b>Total Increase</b>	<b>5,760,000</b>	<b>11,520</b>

Table VI-6

CITY OF PRESCOTT CURRENT AND FORECAST CAPACITY		
<b>WASTEWATER System</b>		
	<b>Total WWTP Capacity (gallons/day)</b>	<b>Total WWTP Capacity (ERUs)</b>
Gallons Per Day Per ERU		140
2008	7,200,000	51,378
2009	7,200,000	51,378
2010	8,400,000	59,941
2011	8,400,000	59,941
2012	8,400,000	59,941
2013	8,400,000	59,941
2014	8,400,000	59,941
2015	11,400,000	81,348
2016	11,400,000	81,348
2017	11,400,000	81,348
Ending Capacity	11,400,000	81,348
Beginning Capacity	<u>7,200,000</u>	<u>51,378</u>
<b>Total Increase</b>	<b>4,200,000</b>	<b>29,970</b>

## Capital Improvement Plan

The next step involved in calculating a water impact fee for the City of Prescott is to determine the cost of future system expansions and improvements. The capital improvement plan identifies the portion of each asset that is devoted to the existing system, as well as the percentage specifically related to future growth. To be conservative, the project team assumed that no portion of the CIP would be funded through state or federal grants.

Before proceeding, there is a very important distinction between the CIP used in this impact fee calculation and the CIP used in the long-term rate plan (Section IV and Section V). In the rate plan, the capital improvements earmarked for FY 2008 have already been funded by the City of Prescott. Therefore, these expenditures are excluded from the CIP for rate-setting purposes. However, because the FY 2008 CIP includes growth-related expenditures, these expenditures should be included in the calculation of an impact fee to assure that the City is reimbursed for all growth-related expenditures. While these timing and funding-related issues are common in the preparation of rate plans and impact fee studies, the contrast in the totals for the City of Prescott is greater due to the magnitude of the City's capital improvement plan.

**Table VI-7** and **Table VI-8** summarize the growth-related CIP for the water and wastewater utility. Table VI-7 shows that including the FY 2008 funded water CIP increases the water CIP from \$201,100,116, as shown in Table IV-5, to \$230,448,549. Table VI-8 shows that including the FY 2008 funded wastewater CIP increases the

wastewater CIP from \$140,409,000, as shown in Table IV-5, to \$155,521,500. The tables reveal that the majority of capital improvement expenditures over the next decade are forecast to be growth-related for the water system and replacement-related for the wastewater system.

Table VI-7

CITY OF PRESCOTT CAPITAL IMPROVEMENT PLAN					
Asset	Total Cost	Percent Growth Related	Total Growth-Related CIP	Total Replacement CIP	
<b>Water Resource Development</b>					
W1 Big Chino Water Ranch -- Water Resource Development	\$ 80,765,324	80.0%	\$ 64,612,259	\$ 16,153,065	
W2 Alternative Water Sources	5,122,000	100.0%	5,122,000	-	
<b>Total Water Resource Development</b>	<b>85,887,324</b>		<b>69,734,259</b>	<b>16,153,065</b>	
			81.2%	18.8%	
<b>Water System</b>					
W3 Operations Capital	9,753,531	3.4%	334,250	9,419,281	
W4 Pipes, Pumps Tanks	106,662,694	55.1%	58,740,746	47,921,949	
W5 Street Projects	27,795,000	19.8%	5,503,600	22,291,400	
W6 Infrastructure Planning Studies and Projects	350,000	100.0%	350,000	-	
<b>Total Water System</b>	<b>144,561,225</b>		<b>64,928,596</b>	<b>79,632,630</b>	
			44.9%	55.1%	
<b>Total Water Capital Improvements</b>	<b>\$ 230,448,549</b>		<b>\$ 134,662,855</b>	<b>\$ 95,785,694</b>	
			58.4%	41.6%	

Table VI-8

CITY OF PRESCOTT CAPITAL IMPROVEMENT PLAN						
Asset	Total Cost	Percent Growth Related	Total Growth-Related CIP	Total Replacement CIP	Total Unsewered	
<b>Wastewater System</b>						
WW1 Wastewater Treatment Plants	\$ 33,411,000	66.7%	\$ 22,290,400	\$ 5,331,500	\$ 5,789,100	
WW2 Operations Capital	5,082,500	1.3%	64,625	5,000,250	17,625	
WW3 Collections	87,788,000	31.3%	27,519,550	38,763,600	21,504,850	
WW4 Recharge	830,000	65.5%	544,000	150,000	136,000	
WW5 Street Projects (Packages found in 1% Streets & Open S	23,860,000	18.3%	4,355,800	18,216,400	1,287,800	
WW6 Correction of Inadequate Slopes	4,250,000	0.0%	-	4,250,000	-	
WW7 Infrastructure Planning Studies and Projects	300,000	100.0%	300,000	-	-	
<b>Total Wastewater Capital Improvements</b>	<b>155,521,500</b>		<b>55,074,375</b>	<b>71,711,750</b>	<b>28,735,375</b>	
			35.4%	46.1%	18.5%	

## Water System Impact Fees

The final step in the determination of water impact fees involves the calculation of the capacity charge per ERU attributable to new development. The calculation is summarized on **Table VI-9** on the following page.

Part I of Table VI-9 calculates the current and forecast water system capacity. The current capacity for the water system is estimated to be 25,800 ERUs, and upon completion of the Capital Improvement Plan this total will increase to 37,320 ERUs.

In Part II of Table VI-9, the charge per ERU for that portion of the system required to service new growth is calculated. The value of CIP to be paid from impact fees is \$71,525,650. This amount is divided by forecast expansions in ERUs, resulting in an impact fee of **\$6,209 per ERU** for growth related improvements.

It should be noted that these recommendations represent the maximum water capacity charges that can be implemented. The City has the authority to implement any amount from zero, up to, but not exceeding these totals for each meter size.

## Water Resource Development Impact Fees

The final step in the determination of water resource development impact fees involves the calculation of the capacity charge per ERU attributable to new development. The calculation is summarized on **Table VI-10** on the following page.

Part I of Table VI-10 calculates the forecast water resource development capacity. The forecast Prescott capacity increase from water resource development is 4,636 ERUs.

In Part II of Table VI-10, the charge per ERU for that portion of the system required to service new growth is calculated. The value of CIP to be paid from impact fees is \$85,197,592. This amount is divided by forecast expansions in ERUs, resulting in a water resource development fee per acre foot of \$18,376. This amount is divided by the acre feet allocation per dwelling unit, resulting in an impact fee of **\$4,594 per ERU** for growth related improvements.

As with water impact fees, these recommendations represent the maximum water resource development impact fee charges that can be implemented. The City has the authority to implement any amount from zero, up to, but not exceeding these totals.

## Wastewater System Impact Fees

The final step in the determination of wastewater impact fees is similar to that of water impact fees, in that it involves the calculation of the capacity charge per ERU attributable to new development. The calculation is summarized on **Table VI-11** on the following page.

Part I of Table VI-11 calculates the current and forecast wastewater system capacity. The current capacity for the wastewater system is estimated to be 51,378 ERUs, and upon completion of the Capital Improvement Plan this total will increase to 81,348 ERUs.

In Part II of Table VI-11, the charge per ERU for that portion of the system required to service new growth is calculated. The value of CIP to be paid from impact fees is \$98,102,514. This amount is divided by the total forecast expansions in ERUs, resulting in an impact fee of **\$3,273 per ERU** for growth related improvements.

As with water capacity fees, these recommendations represent the maximum wastewater capacity charges that can be implemented. The City has the authority to implement any amount from zero, up to, but not exceeding these totals.

Calculation Year  
2008

CITY OF PRESCOTT  
WATER RESOURCE DEVELOPMENT/SYSTEM IMPACT FEE MODEL

Table VI-9

Description

Total

Water  
Meter  
Size

AWWA  
Meter  
Ratio

MAXIMUM  
Water  
Impact  
Fee

Summary Schedule -- Calculation of Impact Fee

Water System Impact Fee

I. Current and Forecast Capacity -- ERUs

Current System Capacity	25,800
Forecast Expansions	<u>11,520</u>
Total Current and Forecast Capacity	37,320

III. Water Impact Fee by Water Meter Size

II. Impact Fee per ERU

Current CIP Value of Growth-Related Improvements	\$	64,928,596
Interest Expense Allocated to Planning Period		<u>7,218,523</u>
Sub-Total	\$	72,147,119
Less CIP Credit		<u>621,469</u>
New Value of CIP to be Paid from Impact Fees	\$	71,525,650
Forecast Expansions		11,520

Net Water Facility Impact Fee Per ERU \$ 6,209

5/8"	1.0	\$ 6,209
3/4"	1.5	9,313
1"	2.5	15,522
1 1/2"	5.0	31,044
2"	8.0	49,671
3"	15.0	93,132
4"	25.0	155,221
6"	50.0	310,441
8"	80.0	496,706

Calculation Year  
2008

CITY OF PRESCOTT  
WATER RESOURCE DEVELOPMENT/SYSTEM IMPACT FEE MODEL

Table VI-10

Description

Total

Water  
Meter  
Size

AWWA  
Meter  
Ratio

MAXIMUM  
Water  
Resource  
Development Fee

Summary Schedule -- Calculation of Development Fee

Water Resource Development Fee

I. Forecast Capacity Increase -- Acre Feet

Forecast Capacity Increase	9,570
Percent Allocated to Prescott	<u>54.1%</u>
Total Prescott Capacity Increase	5,177

II. Water Resource Development Fee Calculation

Current CIP Value of Growth-Related Improvements	\$	69,734,259
Interest Expense Allocated to Planning Period		<u>16,221,103</u>
Sub-Total	\$	85,955,362
Less CIP Credit		<u>757,770</u>
New Value of CIP to be Paid from Impact Fees	\$	85,197,592
Forecast Expansions		5,177
Water Resource Development Fee Per Acre Foot	\$	16,456
Acre Feet Allocation Per Dwelling Unit		0.25
<b>Water Resource Development Fee Per Dwelling Unit</b>	<b>\$</b>	<b>4,114</b>

III. Water Resource Development Fee

Residential (by Dwelling Unit)

Residential Fee Per Dwelling Unit	\$	4,114
Multi-Family Fee Per Dwelling Unit		4,114

Non-Residential (by Meter Size)

5/8"	1.0	\$	4,114
3/4"	1.5		6,171
1"	2.5		10,285
1 1/2"	5.0		20,570
2"	8.0		32,912
3"	15.0		61,709
4"	25.0		102,849
6"	50.0		205,697
8"	80.0		329,115

Calculation Year  
2008

CITY OF PRESCOTT  
WASTEWATER SYSTEM IMPACT FEE CALCULATION MODEL

Table VI-11

Description

Total

Water  
Meter  
Size

AWWA  
Meter  
Ratio

MAXIMUM  
Wastewater  
Impact  
Fee

Summary Schedule -- Calculation of Combined Wastewater Impact Fee

Wastewater -- Combined System Impact Fee

I. Current and Forecast Capacity (ERUs)

Current System Capacity	51,378
Forecast Expansions	<u>29,970</u>
Total Current and Forecast Capacity	81,348

III. Wastewater Impact Fee by Water Meter Size

		5/8" -- 3/4"	1.0	\$	3,273
		1"	2.5		8,183
		1 1/2"	5.0		16,367
		2"	8.0		26,187
Local Current CIP Value of Growth-Related Improvements	\$ 83,809,750	3"	15.0		49,100
Interest Expense Allocated to Planning Period	<u>15,560,433</u>	4"	25.0		81,833
Sub-Total	\$ 99,370,183	6"	50.0		163,666
Less CIP Credit	<u>1,267,669</u>	8"	80.0		261,865
New Value of CIP to be Paid from Impact Fees	\$ 98,102,514				
Total Forecast Expansions	29,970				
<b>Net Wastewater Facility Impact Fee Per ERU</b>	<b>\$ 3,273</b>				

### Forecast Revenues from Capacity Charges

Tables VI-12 and Table VI-13 display the forecasted revenues from the proposed level of capacity charges for water and wastewater. These forecasts are based on expected number of new meters.



Table VI-12

CITY OF PRESCOTT FORECAST IMPACT FEE REVENUE					
	5/8" x 3/4" Meter	1" Meter	1 1/2" Meter	2" Meter	Total
<b>Forecast New Accounts</b>					
2008	145	10	2	3	160
2009	280	20	4	6	310
2010	453	33	6	10	502
2011	529	38	7	12	586
2012	529	38	7	12	586
2013	529	38	7	12	586
2014	529	38	7	12	586
2015	529	38	7	12	586
2016	529	38	7	12	586
2017	529	38	7	12	586
<b>Water Resource Development Fee - Forecast Annual Revenues</b>					
<b>Maximum Fees</b>	\$ 4,594	\$ 11,485	\$ 22,970	\$ 36,752	
<b>Forecast Revenues</b>					
2008	\$ 666,130	\$ 114,850	\$ 45,940	\$ 110,256	\$ 937,176
2009	1,286,320	229,700	91,880	220,512	1,828,412
2010	2,081,082	379,005	137,820	367,520	2,965,427
2011	2,430,226	436,430	160,790	441,024	3,468,470
2012	2,430,226	436,430	160,790	441,024	3,468,470
2013	2,430,226	436,430	160,790	441,024	3,468,470
2014	2,430,226	436,430	160,790	441,024	3,468,470
2015	2,430,226	436,430	160,790	441,024	3,468,470
2016	2,430,226	436,430	160,790	441,024	3,468,470
2017	2,430,226	436,430	160,790	441,024	3,468,470
<b>Total</b>	<b>21,045,114</b>	<b>3,778,565</b>	<b>1,401,170</b>	<b>3,785,456</b>	<b>30,010,305</b>
<b>Water System Impact Fee - Forecast Annual Revenues</b>					
<b>Maximum Fees</b>	\$ 6,209	\$ 15,522	\$ 31,044	\$ 49,671	
<b>Forecast Revenues</b>					
2008	\$ 900,305	\$ 155,220	\$ 62,088	\$ 149,013	\$ 1,266,626
2009	1,738,520	310,440	124,176	298,026	2,471,162
2010	2,812,677	512,226	186,264	496,710	4,007,877
2011	3,284,561	589,836	217,308	596,052	4,687,757
2012	3,284,561	589,836	217,308	596,052	4,687,757
2013	3,284,561	589,836	217,308	596,052	4,687,757
2014	3,284,561	589,836	217,308	596,052	4,687,757
2015	3,284,561	589,836	217,308	596,052	4,687,757
2016	3,284,561	589,836	217,308	596,052	4,687,757
2017	3,284,561	589,836	217,308	596,052	4,687,757
<b>Total</b>	<b>28,443,429</b>	<b>5,106,738</b>	<b>1,893,684</b>	<b>5,116,113</b>	<b>40,559,964</b>
<b>Total Water Fees</b>	<b>49,488,543</b>	<b>8,885,303</b>	<b>3,294,854</b>	<b>8,901,569</b>	<b>70,570,269</b>

Table VI-13

CITY OF PRESCOTT						
FORECAST IMPACT FEE REVENUE						
	5/8" x 3/4"	1"	1 1/2"	2"	Total	
	Meter	Meter	Meter	Meter		
<b>Wastewater Impact Fees - Forecast Annual Revenues</b>						
<b>Maximum Impact Fee</b>	<b>\$ 3,273</b>	<b>\$ 8,183</b>	<b>\$ 16,367</b>	<b>\$ 26,187</b>		
<b>Forecast New Accounts</b>						
2008	99	7	1	2	109	
2009	241	17	3	5	266	
2010	407	29	6	9	451	
2011	488	35	7	11	541	
2012	489	35	7	11	542	
2013	494	35	7	11	547	
2014	489	35	7	11	542	
2015	492	35	7	11	545	
2016	490	35	7	11	543	
2017	492	35	7	11	545	
<b>Forecast Revenues</b>						
2008	\$ 324,027	\$ 57,281	\$ 16,367	\$ 52,374	\$ 450,049	
2009	788,793	139,111	49,101	130,935	1,107,940	
2010	1,332,111	237,307	98,202	235,683	1,903,303	
2011	1,597,224	286,405	114,569	288,057	2,286,255	
2012	1,600,497	286,405	114,569	288,057	2,289,528	
2013	1,616,862	286,405	114,569	288,057	2,305,893	
2014	1,600,497	286,405	114,569	288,057	2,289,528	
2015	1,610,316	286,405	114,569	288,057	2,299,347	
2016	1,603,770	286,405	114,569	288,057	2,292,801	
2017	1,610,316	286,405	114,569	288,057	2,299,347	
<b>Total Period</b>	<b>13,684,413</b>	<b>2,438,534</b>	<b>965,653</b>	<b>2,435,391</b>	<b>19,523,991</b>	

## Impact Fee Implementation Issues

In determining the appropriateness of impact fees as a tool for financing future system development, there are several special considerations that the City should take into account. In no particular order of importance, these considerations are as follows:

1. **Impact fees are not designed to "control" growth.** Impact fees are not a tool for urban planning; they are merely a mechanism for ensuring that developments responsible for growth-related expenses fund those expenses.
2. **Some local governments may choose not to collect the entire cost of system improvements through impact fees.** It may be determined that the fully-loaded impact fee would bear a sufficiently high financial burden that it would discourage further development. This is a particularly valid consideration for a community that is adjacent to other communities that do not have impact fees. However, to the extent that impact fees do not recover the full cost of development, the cost difference

must be funded by existing ratepayers. This is a fundamental policy decision that must be addressed by all communities that implement impact fees.

3. **The capital improvement plan is a critical element in the determination of an impact fee.** Impact fees based upon incomplete capital improvement plans will not generate sufficient revenues to ensure that development pays for all system expansion costs.
4. **Particularly for rapidly-growing communities, growth and cost dynamics can change significantly from year to year.** Therefore, it would be prudent for a city to review its impact fee calculations and cost structure at least once every three years.
5. **It is common for cities to form Advisory Committees to review the need for and craft the structure of impact fees.** This would ensure that primary stakeholders have a participatory role in such a process.
6. **Some impact fee ordinances allow for exemptions from impact fees for particular developments that create extraordinary economic development.** The criteria for this exemption must be developed to ensure fairness for all parties.
7. **Impact fees can be assessed at the time of platting, at the issuance of the building permit, or at the time service is actually requested.** Each would require receipt of the impact fee funds from a different source (developer, builder, ratepayer). The project team considers the building permit stage to be the most reasonable time to ensure the ability to assess the impact of the development.
8. As part of the oversight process, cities should prepare annual reports of impact fee fund revenues and disbursements.
9. **Developers typically oppose impact fees, because of the added costs they would incur.** However, there are several advantages to a developer of an impact fee. First, impact fees require communities to do extensive land use planning before being able to implement the charge. This typically leads to a more ordered community. Second, impact fees can replace the ad hoc apparatus of negotiated development exactions that exists in many communities. Third, impact fees enable a utility to finance the facilities to service the developers, something that the City may not otherwise be able to achieve. During the evaluation of any impact fee ordinance, it is important to bring these potential benefits to the attention of developers.
10. **Assessing impact fees by meter sizes is easy to explain to customers,** which increases the probability of general community acceptance.
11. Proper education of councils and communities is essential to the ultimate acceptance of impact fees among the community.

# Appendix A

**CITY OF PRESCOTT  
WATER/WASTEWATER COST OF SERVICE MODEL**

**Prior      2008      2009      2010      2011      2012      2013      2014      2015      2016      2017**

**Model Summary**

**Scen:      Alt #1 -- "BASE"**

**1 Water and Wastewater Rates**

**Water Rates -- Residential**

**Monthly Minimum Charge**

5/8"	\$	6.60	\$	6.60	\$	6.60	\$	6.60	\$	6.93	\$	7.28	\$	7.57	\$	7.87	\$	8.19	\$	8.51
3/4"		7.05		7.05		7.05		7.05		7.40		7.77		8.08		8.41		8.74		9.09
1"		7.95		7.95		7.95		7.95		8.35		8.76		9.12		9.48		9.86		10.25
1 1/2"		10.20		10.20		10.20		10.20		10.71		11.25		11.70		12.16		12.65		13.16

**Alternative Water Source/1,000 Gal**

Total	\$	0.36	\$	0.40	\$	0.45	\$	0.65	\$	0.80	\$	1.30	\$	1.70	\$	1.70	\$	1.70	\$	1.70
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**Volume Rate/1,000 Gal**

-	3,000	\$	2.86	\$	2.86	\$	2.86	\$	2.86	\$	2.86	\$	3.00	\$	3.15	\$	3.28	\$	3.41	\$	3.55	\$	3.69
3,001	10,000		4.30		4.30		4.30		4.30		4.30		4.52		4.74		4.93		5.13		5.33		5.55
10,001	20,000		6.45		6.45		6.45		6.45		6.45		6.77		7.11		7.40		7.69		8.00		8.32
20,001	Above		12.90		12.90		12.90		12.90		12.90		13.55		14.22		14.79		15.38		16.00		16.64

**Wastewater Rates -- Residential**

Base Chg	\$	7.00	\$	9.50	\$	10.45	\$	12.54	\$	15.05	\$	18.06	\$	19.41	\$	20.19	\$	21.00	\$	21.84	\$	22.71
Usage Chg		-		10,000		1.73		2.05		2.26		2.71		3.25		3.90		4.19		4.36		4.53
		10,001		Above		1.73		2.05		2.26		2.71		3.25		3.90		4.19		4.36		4.53

**2 Residential Monthly Charges -- 5/8" Meter**

5,000 W	Total	\$	41.23	\$	45.53	\$	47.76	\$	53.10	\$	59.06	\$	69.01	\$	75.07	\$	77.74	\$	80.51	\$	83.39	\$	86.38
5,000 WW	Dollar Inc				4.30		2.23		5.35		5.96		9.95		6.06		2.66		2.77		2.88		3.00
	Percent Inc				10.4%		4.9%		11.2%		11.2%		16.8%		8.8%		3.5%		3.6%		3.6%		3.6%
10,000 W	Total		64.53		69.03		71.51		77.85		84.56		98.08		107.28		110.89		114.64		118.55		122.61
5,000 WW	Dollar Inc				4.50		2.47		6.35		6.71		13.52		9.19		3.61		3.76		3.91		4.06
	Percent Inc				7.0%		3.6%		8.9%		8.6%		16.0%		9.4%		3.4%		3.4%		3.4%		3.4%
30,000 W	Total		265.23		270.53		274.01		284.35		294.06		327.26		354.61		366.76		379.39		392.52		406.18
5,000 WW	Dollar Inc				5.30		3.48		10.35		9.71		33.20		27.35		12.14		12.63		13.14		13.66
	Percent Inc				2.0%		1.3%		3.8%		3.4%		11.3%		8.4%		3.4%		3.4%		3.5%		3.5%
50,000 W	Total		539.08		546.78		552.28		568.88		584.30		643.64		694.00		718.36		743.70		770.04		797.44
10,000 WW	Dollar Inc				7.70		5.50		16.60		15.42		59.34		50.36		24.36		25.33		26.35		27.40
	Percent Inc				1.4%		1.0%		3.0%		2.7%		10.2%		7.8%		3.5%		3.5%		3.5%		3.6%
100,000 W	Total		1,202.08		1,211.78		1,219.78		1,246.38		1,269.30		1,385.89		1,490.11		1,542.92		1,597.83		1,654.95		1,714.35
10,000 WW	Dollar Inc				9.70		8.00		26.60		22.92		116.59		104.22		52.80		54.92		57.11		59.40
	Percent Inc				0.8%		0.7%		2.2%		1.8%		9.2%		7.5%		3.5%		3.6%		3.6%		3.6%

**CITY OF PRESCOTT  
WATER/WASTEWATER COST OF SERVICE MODEL**

**Prior      2008      2009      2010      2011      2012      2013      2014      2015      2016      2017**

**Model Summary**

**Scen:      Alt #1 -- "BASE"**

**3 Revenues and Expenses**

**Water Fund**

1	Water -- Impact Fees	\$ 711,761	\$ 2,564,294	\$ 4,573,350	\$ 5,551,585	\$ 5,829,164	\$ 6,120,622	\$ 6,426,653	\$ 6,747,986	\$ 7,085,385	\$ 7,439,654
2	Water -- Resource Development Fees	621,980	1,632,675	2,817,922	3,445,081	3,617,335	3,798,202	3,988,112	4,187,517	4,396,893	4,616,738
3	<b>Total</b>	<b>1,333,741</b>	<b>4,196,969</b>	<b>7,391,271</b>	<b>8,996,666</b>	<b>9,446,499</b>	<b>9,918,824</b>	<b>10,414,765</b>	<b>10,935,503</b>	<b>11,482,279</b>	<b>12,056,392</b>
4	Alternative Water Source Revenues	\$ 1,039,003	\$ 1,177,486	\$ 1,716,940	\$ 2,139,302	\$ 3,519,476	\$ 4,654,714	\$ 4,707,880	\$ 4,760,386	\$ 4,812,255	\$ 4,863,512
5	Water Rate Revenues	13,539,581	13,648,791	13,818,803	14,014,363	14,503,837	15,434,552	16,352,861	17,226,333	18,141,487	19,100,001
6	Non-Rate Revenues	691,809	712,563	733,940	755,958	778,637	801,996	826,056	850,838	876,363	902,654
7	<b>Total Operating Revenues</b>	<b>15,270,393</b>	<b>15,538,841</b>	<b>16,269,683</b>	<b>16,909,623</b>	<b>18,801,950</b>	<b>20,891,262</b>	<b>21,886,797</b>	<b>22,837,556</b>	<b>23,830,105</b>	<b>24,866,167</b>
8	Operating Expenses	8,671,801	9,214,916	9,720,163	10,389,237	11,146,863	11,782,111	12,459,334	13,388,450	14,172,563	15,009,430
9	Debt Service -- Current	1,243,627	1,294,576	1,241,681	1,042,053	1,043,601	1,042,951	1,044,613	1,045,022	1,045,022	1,045,815
10	Debt Service -- Future	-	-	1,306,968	2,269,998	5,365,449	8,254,537	8,254,537	8,254,537	8,254,537	8,254,537
11	Capital Outlays	-	-	-	-	-	-	-	-	-	-
12	<b>Total Cost of Service</b>	<b>9,915,428</b>	<b>10,509,492</b>	<b>12,268,812</b>	<b>13,701,288</b>	<b>17,555,913</b>	<b>21,079,599</b>	<b>21,758,484</b>	<b>22,687,549</b>	<b>23,472,122</b>	<b>24,309,783</b>
13	<b>Net Cash Flow Available for Contingency</b>	<b>5,354,965</b>	<b>5,029,349</b>	<b>4,000,871</b>	<b>3,208,335</b>	<b>1,246,037</b>	<b>(188,337)</b>	<b>128,313</b>	<b>150,007</b>	<b>357,984</b>	<b>556,384</b>
14	Percent of Revenues	35.1%	32.4%	24.6%	19.0%	6.6%	-0.9%	0.6%	0.7%	1.5%	2.2%
15	<b>Debt Coverage -- (3+7-8)/(9+10)</b>	<b>6.38</b>	<b>8.13</b>	<b>5.47</b>	<b>4.69</b>	<b>2.67</b>	<b>2.05</b>	<b>2.13</b>	<b>2.19</b>	<b>2.27</b>	<b>2.36</b>

**Wastewater Fund**

1	Wastewater -- Impact Fees	\$ -	\$ 1,351,790	\$ 2,410,890	\$ 2,926,575	\$ 3,072,904	\$ 3,226,549	\$ 3,387,877	\$ 3,557,270	\$ 3,735,134	\$ 3,921,891
	Wastewater -- Unsewered Area Fees	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>1,351,790</b>	<b>2,410,890</b>	<b>2,926,575</b>	<b>3,072,904</b>	<b>3,226,549</b>	<b>3,387,877</b>	<b>3,557,270</b>	<b>3,735,134</b>	<b>3,921,891</b>
2	WW Rate Revenues	4,471,496	5,897,982	6,876,673	8,461,353	10,397,649	12,229,415	13,353,922	14,343,102	15,363,459	16,482,386
3	Non-Rate Revenues	916,000	943,480	971,784	1,000,938	1,030,966	1,061,895	1,093,752	1,126,564	1,160,361	1,195,172
4	<b>Total Operating Revenues</b>	<b>5,387,496</b>	<b>6,841,462</b>	<b>7,848,457</b>	<b>9,462,291</b>	<b>11,428,615</b>	<b>13,291,310</b>	<b>14,447,674</b>	<b>15,469,666</b>	<b>16,523,821</b>	<b>17,677,558</b>
5	Operating Expenses	4,853,017	5,331,149	5,648,148	6,155,193	6,793,610	7,221,296	7,676,937	8,260,208	8,788,437	9,359,051
6	Debt Service -- Current	1,365,390	815,437	783,996	661,782	664,646	663,735	665,286	666,055	666,088	668,716
7	Debt Service -- Future	-	-	1,444,544	2,682,725	3,989,693	4,815,147	5,571,812	6,259,691	6,878,781	7,360,296
8	Capital Outlays	-	-	-	-	-	-	-	-	-	-
9	<b>Total Cost of Service</b>	<b>6,218,407</b>	<b>6,146,586</b>	<b>7,876,688</b>	<b>9,499,699</b>	<b>11,447,949</b>	<b>12,700,178</b>	<b>13,914,035</b>	<b>15,185,954</b>	<b>16,333,305</b>	<b>17,388,062</b>
10	<b>Net Cash Flow Available for Contingency</b>	<b>(830,911)</b>	<b>694,877</b>	<b>(28,230)</b>	<b>(37,408)</b>	<b>(19,334)</b>	<b>591,132</b>	<b>533,638</b>	<b>283,712</b>	<b>190,515</b>	<b>289,495</b>
11	Percent of Revenues	-15.4%	10.2%	-0.4%	-0.4%	-0.2%	4.4%	3.7%	1.8%	1.2%	1.6%
12	<b>Debt Coverage</b>	<b>0.39</b>	<b>3.51</b>	<b>2.07</b>	<b>1.86</b>	<b>1.66</b>	<b>1.70</b>	<b>1.63</b>	<b>1.55</b>	<b>1.52</b>	<b>1.52</b>
13	<b>Water/WW Net Cash Flow Available for Contingency</b>	<b>4,524,054</b>	<b>5,724,226</b>	<b>3,972,641</b>	<b>3,170,927</b>	<b>1,226,704</b>	<b>402,795</b>	<b>661,951</b>	<b>433,720</b>	<b>548,499</b>	<b>845,880</b>
14	Percent of Revenues	21.9%	25.6%	16.5%	12.0%	4.1%	1.2%	1.8%	1.1%	1.4%	2.0%
15	<b>Debt Coverage -- (1+4-5)/(6+7)</b>	<b>3.25</b>	<b>6.34</b>	<b>3.88</b>	<b>3.27</b>	<b>2.24</b>	<b>1.92</b>	<b>1.93</b>	<b>1.92</b>	<b>1.94</b>	<b>1.97</b>

**CITY OF PRESCOTT  
WATER/WASTEWATER COST OF SERVICE MODEL**

**Prior      2008      2009      2010      2011      2012      2013      2014      2015      2016      2017**

**Model Summary**

**Scen:      Alt #1 -- "BASE"**

**4 Total Accounts**

Water Accounts

<b>Total Accounts</b>	<b>21,219</b>	<b>21,531</b>	<b>22,037</b>	<b>22,627</b>	<b>23,217</b>	<b>23,807</b>	<b>24,397</b>	<b>24,987</b>	<b>25,577</b>	<b>26,167</b>
New Accounts	312	506	590	590	590	590	590	590	590	590
Avg. Annual Growth Rate		1.47%	2.35%	2.68%	2.61%	2.54%	2.48%	2.42%	2.36%	2.31%

Wastewater Accounts

<b>Total Accounts</b>	<b>16,883</b>	<b>17,214</b>	<b>17,730</b>	<b>18,337</b>	<b>18,945</b>	<b>19,558</b>	<b>20,166</b>	<b>20,777</b>	<b>21,386</b>	<b>21,997</b>
New Accounts	331	516	607	607	608	613	608	611	609	611
Avg. Annual Growth Rate		1.96%	3.00%	3.42%	3.32%	3.24%	3.11%	3.03%	2.93%	2.86%

**5 Annual Water Consumption**

W.1 Residential	Inside	1,165,347,352	1,174,707,271	1,190,493,352	1,208,822,169	1,226,877,226	1,244,670,433	1,262,212,862	1,279,514,826	1,296,585,949	1,313,435,231
W.2 Multi-Family	Inside	259,481,130	261,655,553	264,890,305	268,441,114	271,945,567	275,405,434	278,822,375	282,197,949	285,533,622	288,830,777
W.3 Irrigation	Inside	164,209,351	165,334,072	167,121,468	169,332,069	171,514,183	173,668,884	175,797,179	177,900,016	179,978,287	182,032,834
W.4 Non-Res	Inside	620,183,095	624,907,220	631,471,371	638,896,079	646,235,494	653,492,490	660,669,782	667,769,941	674,795,401	681,748,471
W.5 Residential	County	168,429,244	169,172,205	169,911,918	170,648,423	171,381,764	172,111,981	172,839,112	173,563,197	174,284,274	175,002,380
W.6 Multi-Family	County	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387
W.7 Irrigation	County	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636
W.8 Non-Res	County	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919
W.9 Residential	CV	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749
W.10 Multi-Family	CV	-	-	-	-	-	-	-	-	-	-
W.11 Irrigation	CV	834,769	834,769	834,769	834,769	834,769	834,769	834,769	834,769	834,769	834,769
W.12 Non-Res	CV	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785
<b>Total System</b>		<b>2,491,109,417</b>	<b>2,509,235,566</b>	<b>2,537,347,658</b>	<b>2,569,599,099</b>	<b>2,601,413,479</b>	<b>2,632,808,467</b>	<b>2,663,800,556</b>	<b>2,694,405,174</b>	<b>2,724,636,778</b>	<b>2,754,508,937</b>

**CITY OF PRESCOTT  
WATER/WASTEWATER COST OF SERVICE MODEL**

**Current      2008      2009      2010      2011      2012      2013      2014      2015      2016      2017**

**Revenue and Expense Summary**

Scen: Alt #1 -- "BASE"

**1 TOTAL Revenues and Expenses****Impact Fee Revenues**

1	Water -- Impact Fees	\$ 711,761	\$ 2,564,294	\$ 4,573,350	\$ 5,551,585	\$ 5,829,164	\$ 6,120,622	\$ 6,426,653	\$ 6,747,986	\$ 7,085,385	\$ 7,439,654
2	Water -- Resource Development Fees	621,980	1,632,675	2,817,922	3,445,081	3,617,335	3,798,202	3,988,112	4,187,517	4,396,893	4,616,738
3	Wastewater -- Impact Fees	-	1,351,790	2,410,890	2,926,575	3,072,904	3,226,549	3,387,877	3,557,270	3,735,134	3,921,891
4	Wastewater -- Unsewered Area Fees	-	-	-	-	-	-	-	-	-	-
5	<b>Total</b>	<b>1,333,741</b>	<b>5,548,759</b>	<b>9,802,162</b>	<b>11,923,241</b>	<b>12,519,403</b>	<b>13,145,373</b>	<b>13,802,642</b>	<b>14,492,774</b>	<b>15,217,413</b>	<b>15,978,283</b>

**Total Revenues**

6	Alternative Water Source	\$ 1,039,003	\$ 1,177,486	\$ 1,716,940	\$ 2,139,302	\$ 3,519,476	\$ 4,654,714	\$ 4,707,880	\$ 4,760,386	\$ 4,812,255	\$ 4,863,512
7	Water Rate Revenues	13,539,581	13,648,791	13,818,803	14,014,363	14,503,837	15,434,552	16,352,861	17,226,333	18,141,487	19,100,001
8	WW Rate Revenues	4,471,496	5,897,982	6,876,673	8,461,353	10,397,649	12,229,415	13,353,922	14,343,102	15,363,459	16,482,386
9	Non-Rate Revenues	1,607,809	1,656,043	1,705,725	1,756,896	1,809,603	1,863,891	1,919,808	1,977,402	2,036,724	2,097,826
10	<b>Total Revenues</b>	<b>20,657,889</b>	<b>22,380,303</b>	<b>24,118,140</b>	<b>26,371,914</b>	<b>30,230,566</b>	<b>34,182,572</b>	<b>36,334,471</b>	<b>38,307,222</b>	<b>40,353,926</b>	<b>42,543,725</b>

11	Operating Expenses	13,524,818	14,546,064	15,368,311	16,544,430	17,940,473	19,003,407	20,136,271	21,648,658	22,960,999	24,368,481
12	Net Revenues Available for Capital Outlays/Debt Service	7,133,071	7,834,239	8,749,830	9,827,484	12,290,093	15,179,165	16,198,200	16,658,564	17,392,927	18,175,243
13	Debt Service -- Current	2,609,017	2,110,013	2,025,677	1,703,835	1,708,247	1,706,686	1,709,899	1,710,617	1,711,110	1,714,531
14	Debt Service -- Future	-	-	2,751,512	4,952,722	9,355,142	13,069,684	13,826,350	14,514,228	15,133,318	15,614,833
15	<b>Total Debt Service</b>	<b>2,609,017</b>	<b>2,110,013</b>	<b>4,777,189</b>	<b>6,656,558</b>	<b>11,063,389</b>	<b>14,776,370</b>	<b>15,536,249</b>	<b>16,224,845</b>	<b>16,844,428</b>	<b>17,329,364</b>
16	Net Revenues Available for Capital Outlays	4,524,054	5,724,226	3,972,641	3,170,927	1,226,704	402,795	661,951	433,720	548,499	845,880
17	Capital Outlays	-	-	-	-	-	-	-	-	-	-
18	<b>Total Cost of Service</b>	<b>16,133,835</b>	<b>16,656,077</b>	<b>20,145,500</b>	<b>23,200,987</b>	<b>29,003,862</b>	<b>33,779,777</b>	<b>35,672,519</b>	<b>37,873,503</b>	<b>39,805,427</b>	<b>41,697,845</b>

19	<b>Net Cash Flow Available for Contingency</b>	<b>4,524,054</b>	<b>5,724,226</b>	<b>3,972,641</b>	<b>3,170,927</b>	<b>1,226,704</b>	<b>402,795</b>	<b>661,951</b>	<b>433,720</b>	<b>548,499</b>	<b>845,880</b>
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	<b>Total Debt Coverage -- (5+12)/15</b>	<b>3.25</b>	<b>6.34</b>	<b>3.88</b>	<b>3.27</b>	<b>2.24</b>	<b>1.92</b>	<b>1.93</b>	<b>1.92</b>	<b>1.94</b>	<b>1.97</b>
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20	Ending Cash Balance	4,524,054	10,248,280	14,220,920	17,391,847	18,618,551	19,021,345	19,683,297	20,117,016	20,665,515	21,511,395
21	Operating Expense/Net Cash Balance Ratio		0.70	0.93	1.05	1.04	1.00	0.98	0.93	0.90	0.88

**CITY OF PRESCOTT  
WATER/WASTEWATER COST OF SERVICE MODEL**

**Current      2008      2009      2010      2011      2012      2013      2014      2015      2016      2017**

**Revenue and Expense Summary**

Scen: Alt #1 -- "BASE"

**2 WATER Revenues and Expenses****Impact Fee Revenues**

1	Water -- Impact Fees	\$ 711,761	\$ 2,564,294	\$ 4,573,350	\$ 5,551,585	\$ 5,829,164	\$ 6,120,622	\$ 6,426,653	\$ 6,747,986	\$ 7,085,385	\$ 7,439,654
2	Water -- Resource Development Fees	621,980	1,632,675	2,817,922	3,445,081	3,617,335	3,798,202	3,988,112	4,187,517	4,396,893	4,616,738
3	<b>Total</b>	<b>1,333,741</b>	<b>4,196,969</b>	<b>7,391,271</b>	<b>8,996,666</b>	<b>9,446,499</b>	<b>9,918,824</b>	<b>10,414,765</b>	<b>10,935,503</b>	<b>11,482,279</b>	<b>12,056,392</b>

**Water Revenues**

4	Alternative Water Source	\$ 1,039,003	\$ 1,177,486	\$ 1,716,940	\$ 2,139,302	\$ 3,519,476	\$ 4,654,714	\$ 4,707,880	\$ 4,760,386	\$ 4,812,255	\$ 4,863,512
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**Water Monthly Rates**

5	Residential Inside	6,611,688	6,674,790	6,781,463	6,905,881	7,175,453	7,664,910	8,150,704	8,616,220	9,104,684	9,617,120
6	Multi-Family Inside	1,150,765	1,161,025	1,176,320	1,193,066	1,234,840	1,314,200	1,392,413	1,466,816	1,544,779	1,626,370
7	Irrigation Inside	749,532	754,921	763,538	774,162	800,988	852,253	902,712	950,690	1,000,947	1,053,500
8	Non-Res Inside	2,857,957	2,881,035	2,913,133	2,949,605	3,047,812	3,238,412	3,426,033	3,603,948	3,790,147	3,984,990
9	Residential County	1,415,470	1,422,850	1,430,180	1,437,478	1,474,862	1,556,401	1,635,669	1,709,514	1,786,620	1,867,138
10	Multi-Family County	113,415	113,415	113,415	113,415	115,778	121,567	127,124	132,209	137,497	142,997
11	Irrigation County	20,480	20,480	20,480	20,480	20,907	21,952	22,956	23,874	24,829	25,822
12	Non-Res County	193,829	193,829	193,829	193,829	197,867	207,760	217,258	225,948	234,986	244,385
13	Residential CV	336,524	336,524	336,524	336,524	343,535	360,712	377,202	392,290	407,981	424,300
14	Multi-Family CV	-	-	-	-	-	-	-	-	-	-
15	Irrigation CV	5,146	5,146	5,146	5,146	5,253	5,516	5,768	5,998	6,238	6,488
16	Non-Res CV	84,776	84,776	84,776	84,776	86,542	90,870	95,024	98,825	102,777	106,889
17	Water Rate Revenues	13,539,581	13,648,791	13,818,803	14,014,363	14,503,837	15,434,552	16,352,861	17,226,333	18,141,487	19,100,001
18	Water Non-Rate Revenues	691,809	712,563	733,940	755,958	778,637	801,996	826,056	850,838	876,363	902,654

**19 Total Revenues      15,270,393      15,538,841      16,269,683      16,909,623      18,801,950      20,891,262      21,886,797      22,837,556      23,830,105      24,866,167**

20 Operating Expenses      8,671,801      9,214,916      9,720,163      10,389,237      11,146,863      11,782,111      12,459,334      13,388,450      14,172,563      15,009,430

21 Net Revenues Available for Capital Outlays/Debt Service      6,598,592      6,323,925      6,549,520      6,520,386      7,655,087      9,109,151      9,427,463      9,449,106      9,657,543      9,856,736

22 Debt Service -- Current      1,243,627      1,294,576      1,241,681      1,042,053      1,043,601      1,042,951      1,044,613      1,044,562      1,045,022      1,045,815

23 Debt Service -- Future      -      -      1,306,968      2,269,998      5,365,449      8,254,537      8,254,537      8,254,537      8,254,537      8,254,537      8,254,537

24 Total Debt Service      1,243,627      1,294,576      2,548,649      3,312,051      6,409,050      9,297,488      9,299,150      9,299,099      9,299,559      9,300,352

25 Net Revenues Available for Capital Outlays      5,354,965      5,029,349      4,000,871      3,208,335      1,246,037      (188,337)      128,313      150,007      357,984      556,384

26 Capital Outlays      -      -      -      -      -      -      -      -      -      -

**27 Total Cost of Service      9,915,428      10,509,492      12,268,812      13,701,288      17,555,913      21,079,599      21,758,484      22,687,549      23,472,122      24,309,783**

**28 Net Cash Flow Available for Contingency      5,354,965      5,029,349      4,000,871      3,208,335      1,246,037      (188,337)      128,313      150,007      357,984      556,384**

**29 WATER Debt Coverage -- (3+21)/24      6.38      8.13      5.47      4.69      2.67      2.05      2.13      2.19      2.27      2.36**

**CITY OF PRESCOTT  
WATER/WASTEWATER COST OF SERVICE MODEL**

**Current      2008      2009      2010      2011      2012      2013      2014      2015      2016      2017**

**Revenue and Expense Summary**

Scen: Alt #1 -- "BASE"

**3 WASTEWATER Revenues and Expenses****Impact Fee Revenues**

1	Wastewater -- Impact Fees	\$ -	\$ 1,351,790	\$ 2,410,890	\$ 2,926,575	\$ 3,072,904	\$ 3,226,549	\$ 3,387,877	\$ 3,557,270	\$ 3,735,134	\$ 3,921,891
2	Wastewater -- Unsewered Area Fees	-	-	-	-	-	-	-	-	-	-
3	<b>Total</b>	-	1,351,790	2,410,890	2,926,575	3,072,904	3,226,549	3,387,877	3,557,270	3,735,134	3,921,891

**WW Revenues**

4	Residential	\$ 3,356,267	\$ 4,293,307	\$ 5,061,535	\$ 6,281,552	\$ 7,787,114	\$ 9,180,002	\$ 10,030,695	\$ 10,745,740	\$ 11,501,940	\$ 12,301,443
5	Bar w/o Dining Facilities	14,279	22,223	26,401	32,539	41,362	50,398	56,750	62,492	68,602	75,101
6	Car Wash	22,119	47,244	54,047	72,262	95,258	119,695	138,384	155,913	174,623	194,580
7	Dept/Retail Stores	149,453	250,462	290,250	352,027	428,141	501,055	543,721	578,682	615,570	654,483
8	Hospital/Convalescent	121,613	197,898	226,395	290,587	344,755	394,346	417,927	464,619	483,204	534,954
9	Hotel w Dining Facilities	53,310	53,666	53,811	64,118	82,373	104,550	121,883	138,281	155,797	174,493
10	Hotel w/o Dining Facilities	84,830	122,818	144,406	180,898	231,128	282,878	319,780	353,357	389,108	427,154
11	Laundry, Industrial	3,854	3,955	5,995	6,088	6,417	9,350	9,909	10,306	13,397	13,933
12	Laundromat	13,024	23,298	26,653	34,844	41,339	51,515	54,595	61,511	63,971	71,648
13	Laundry, Commercial	30,693	32,566	37,256	44,277	52,531	60,006	63,594	66,138	68,784	71,535
14	Markets w Garbage Disposal	60,353	60,861	61,068	61,378	61,742	68,570	70,252	73,062	75,985	79,024
15	Mortuaries	2,433	2,585	2,647	2,740	2,849	2,958	3,055	3,177	3,304	3,436
16	Professional Offices	151,920	281,747	330,953	407,005	499,105	588,673	643,524	689,700	738,541	790,186
17	Repair Shops/Service Stations	47,522	67,887	79,680	95,283	117,180	138,580	151,874	163,156	175,098	187,734
18	Restaurants	283,380	291,198	302,050	318,479	335,469	352,430	368,303	386,402	412,185	444,549
19	Schools and Colleges	76,446	146,266	173,525	217,276	270,886	324,407	359,674	390,564	423,349	458,133
20	WW Rate Revenues	4,471,496	5,897,982	6,876,673	8,461,353	10,397,649	12,229,415	13,353,922	14,343,102	15,363,459	16,482,386
21	WW Non-Rate Revenues	916,000	943,480	971,784	1,000,938	1,030,966	1,061,895	1,093,752	1,126,564	1,160,361	1,195,172
22	<b>Total Revenues</b>	<b>5,387,496</b>	<b>6,841,462</b>	<b>7,848,457</b>	<b>9,462,291</b>	<b>11,428,615</b>	<b>13,291,310</b>	<b>14,447,674</b>	<b>15,469,666</b>	<b>16,523,821</b>	<b>17,677,558</b>
23	Operating Expenses	4,853,017	5,331,149	5,648,148	6,155,193	6,793,610	7,221,296	7,676,937	8,260,208	8,788,437	9,359,051
24	Net Revenues Available for Debt Service	534,479	1,510,314	2,200,310	3,307,099	4,635,005	6,070,014	6,770,737	7,209,458	7,735,384	8,318,507
25	Debt Service -- Current	1,365,390	815,437	783,996	661,782	664,646	663,735	665,286	666,055	666,088	668,716
26	Debt Service -- Future	-	-	1,444,544	2,682,725	3,989,693	4,815,147	5,571,812	6,259,691	6,878,781	7,360,296
27	<b>Total Debt Service</b>	<b>1,365,390</b>	<b>815,437</b>	<b>2,228,540</b>	<b>3,344,507</b>	<b>4,654,339</b>	<b>5,478,882</b>	<b>6,237,098</b>	<b>6,925,746</b>	<b>7,544,869</b>	<b>8,029,012</b>
28	Net Revenues Available for Capital Outlays	(830,911)	694,877	(28,230)	(37,408)	(19,334)	591,132	533,638	283,712	190,515	289,495
29	Capital Outlays	-	-	-	-	-	-	-	-	-	-
30	<b>Total Cost of Service</b>	<b>6,218,407</b>	<b>6,146,586</b>	<b>7,876,688</b>	<b>9,499,699</b>	<b>11,447,949</b>	<b>12,700,178</b>	<b>13,914,035</b>	<b>15,185,954</b>	<b>16,333,305</b>	<b>17,388,062</b>
31	<b>Net Cash Flow Available for Contingency</b>	<b>(830,911)</b>	<b>694,877</b>	<b>(28,230)</b>	<b>(37,408)</b>	<b>(19,334)</b>	<b>591,132</b>	<b>533,638</b>	<b>283,712</b>	<b>190,515</b>	<b>289,495</b>
	<b>WASTEWATER Debt Coverage -- (3+24)/27</b>	<b>0.39</b>	<b>3.51</b>	<b>2.07</b>	<b>1.86</b>	<b>1.66</b>	<b>1.70</b>	<b>1.63</b>	<b>1.55</b>	<b>1.52</b>	<b>1.52</b>

<p><b>Forecast 2008-2017</b></p>	<p><b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b></p>									
<b>Total Expense:</b>										
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	

**Water Division -- CASH BASIS**

**NON-RATE REVENUES**

Total	\$ 691,809	\$ 712,563	\$ 733,940	\$ 755,958	\$ 778,637	\$ 801,996	\$ 826,056	\$ 850,838	\$ 876,363	\$ 902,654
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**OPERATING EXPENSES**

**1 WATER -- Alternative Water Resources**

Personnel	\$ 299,465	\$ 318,675	\$ 339,137	\$ 360,934	\$ 384,155	\$ 408,894	\$ 435,253	\$ 463,339	\$ 493,268	\$ 525,164
Supplies	13,800	14,221	14,660	15,115	15,583	16,067	16,565	17,078	17,607	18,153
Other Services/Charges	531,653	548,774	566,504	584,866	603,884	623,585	643,999	665,156	687,090	709,834
Cost Recovery	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>844,918</b>	<b>881,670</b>	<b>920,302</b>	<b>960,915</b>	<b>1,003,622</b>	<b>1,048,546</b>	<b>1,095,816</b>	<b>1,145,574</b>	<b>1,197,966</b>	<b>1,253,151</b>

**2 WATER -- Meter Reading**

Personnel	\$ 257,113	\$ 273,914	\$ 291,834	\$ 310,947	\$ 331,335	\$ 353,085	\$ 376,290	\$ 401,049	\$ 427,468	\$ 455,660
Supplies	219,500	226,306	233,446	240,866	248,522	256,422	264,572	272,982	281,659	290,612
Other Services/Charges	61,007	63,190	65,469	67,847	70,330	72,922	75,631	78,462	81,423	84,520
Cost Recovery	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>537,620</b>	<b>563,411</b>	<b>590,749</b>	<b>619,661</b>	<b>650,188</b>	<b>682,430</b>	<b>716,493</b>	<b>752,493</b>	<b>790,549</b>	<b>830,792</b>

**3 WATER -- Distribution**

Personnel	\$ 863,555	\$ 920,041	\$ 980,289	\$ 1,044,556	\$ 1,187,726	\$ 1,265,767	\$ 1,349,032	\$ 1,527,814	\$ 1,628,546	\$ 1,736,048
Supplies	312,060	322,308	333,324	344,908	356,894	369,295	382,126	395,402	409,139	423,353
Other Services/Charges	342,715	354,226	366,185	378,610	391,523	404,947	418,906	433,429	448,543	464,279
Cost Recovery	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,518,330</b>	<b>1,596,574</b>	<b>1,679,797</b>	<b>1,768,074</b>	<b>1,936,143</b>	<b>2,040,008</b>	<b>2,150,064</b>	<b>2,356,645</b>	<b>2,486,229</b>	<b>2,623,680</b>

**4 WATER -- Production**

Personnel	\$ 569,186	\$ 687,389	\$ 731,983	\$ 779,520	\$ 927,639	\$ 988,006	\$ 1,052,372	\$ 1,237,936	\$ 1,318,755	\$ 1,404,945
Supplies	226,400	233,910	242,058	250,653	259,536	268,713	278,197	287,998	298,125	308,590
Other Services/Charges	3,383,072	3,582,137	3,802,594	4,042,820	4,301,184	4,579,170	4,878,387	5,200,577	5,547,629	5,921,592
Cost Recovery	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,178,658</b>	<b>4,503,436</b>	<b>4,776,635</b>	<b>5,072,993</b>	<b>5,488,358</b>	<b>5,835,889</b>	<b>6,208,956</b>	<b>6,726,511</b>	<b>7,164,509</b>	<b>7,635,127</b>

**Forecast  
2008-2017**

**CITY OF PRESCOTT  
WATER/WW COST OF SERVICE MODEL**

**Total Expense:**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>5 WATER -- Utility Billing -- Finance</b>										
Personnel	\$ 174,482	\$ 185,833	\$ 197,935	\$ 210,840	\$ 224,601	\$ 239,276	\$ 254,929	\$ 271,624	\$ 289,432	\$ 308,430
Supplies	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524
Other Services/Charges	227,252	235,591	245,178	255,552	266,327	277,519	289,143	301,215	313,751	326,770
Cost Recovery	(260,113)	(267,916)	(275,954)	(284,232)	(292,759)	(301,542)	(310,589)	(319,906)	(329,503)	(339,388)
<b>Total</b>	<b>146,621</b>	<b>158,657</b>	<b>172,463</b>	<b>187,622</b>	<b>203,796</b>	<b>221,050</b>	<b>239,453</b>	<b>259,082</b>	<b>280,014</b>	<b>302,336</b>
<b>6 WATER -- Utilities Administration</b>										
Personnel	\$ 448,645	\$ 477,399	\$ 508,025	\$ 667,653	\$ 710,559	\$ 756,267	\$ 804,964	\$ 856,848	\$ 912,132	\$ 971,043
Supplies	17,000	17,549	18,130	18,738	19,367	20,016	20,688	21,383	22,102	22,845
Other Services/Charges	649,659	673,639	698,732	724,958	752,346	780,960	810,865	842,132	874,837	909,059
Cost Recovery	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,115,304</b>	<b>1,168,586</b>	<b>1,224,886</b>	<b>1,411,349</b>	<b>1,482,272</b>	<b>1,557,243</b>	<b>1,636,517</b>	<b>1,720,363</b>	<b>1,809,071</b>	<b>1,902,947</b>
<b>7 WATER -- Development/Retirement/Legal</b>										
Personnel	\$ 69,646	\$ 74,051	\$ 78,737	\$ 83,725	\$ 89,033	\$ 94,682	\$ 100,695	\$ 107,095	\$ 113,907	\$ 121,160
Supplies	-	-	-	-	-	-	-	-	-	-
Other Services/Charges	260,704	268,531	276,593	284,897	293,451	302,263	311,339	320,688	330,319	340,239
Cost Recovery	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>330,350</b>	<b>342,581</b>	<b>355,330</b>	<b>368,622</b>	<b>382,484</b>	<b>396,945</b>	<b>412,034</b>	<b>427,783</b>	<b>444,226</b>	<b>461,398</b>
<b>TOTAL OPERATING EXPENSES</b>										
Personnel	\$ 2,682,092	\$ 2,937,301	\$ 3,127,939	\$ 3,458,174	\$ 3,855,048	\$ 4,105,978	\$ 4,373,534	\$ 4,865,704	\$ 5,183,508	\$ 5,522,449
Supplies	793,760	819,444	846,923	875,745	905,530	936,310	968,119	1,000,992	1,034,966	1,070,077
Other Services/Charges	5,456,062	5,726,088	6,021,254	6,339,550	6,679,045	7,041,366	7,428,270	7,841,659	8,283,592	8,756,293
Cost Recovery	(260,113)	(267,916)	(275,954)	(284,232)	(292,759)	(301,542)	(310,589)	(319,906)	(329,503)	(339,388)
<b>Total</b>	<b>8,671,801</b>	<b>9,214,916</b>	<b>9,720,163</b>	<b>10,389,237</b>	<b>11,146,863</b>	<b>11,782,111</b>	<b>12,459,334</b>	<b>13,388,450</b>	<b>14,172,563</b>	<b>15,009,430</b>
<b>CAPITAL OUTLAYS</b>										
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>DEBT SERVICE -- CURRENT</b>										
Principal	\$ 737,630	\$ 760,679	\$ 734,352	\$ 561,397	\$ 584,507	\$ 606,325	\$ 631,465	\$ 656,148	\$ 682,398	\$ 710,029
Interest	505,997	533,897	507,329	480,656	459,094	436,626	413,148	388,414	362,624	335,786
Reserve	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,243,627</b>	<b>1,294,576</b>	<b>1,241,681</b>	<b>1,042,053</b>	<b>1,043,601</b>	<b>1,042,951</b>	<b>1,044,613</b>	<b>1,044,562</b>	<b>1,045,022</b>	<b>1,045,815</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<b>Total Expense:</b>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

<b>DEBT SERVICE -- FUTURE</b>										
Principal	\$ -	\$ -	\$ 434,868.4	\$ 774,866.7	\$ 1,839,687.1	\$ 2,883,760.9	\$ 3,013,530.1	\$ 3,149,138.8	\$ 3,290,849.9	\$ 3,438,938.0
Interest	-	-	872,100	1,495,131	3,525,762	5,370,776	5,241,007	5,105,398	4,963,687	4,815,599
Reserve	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>1,306,968</b>	<b>2,269,998</b>	<b>5,365,449</b>	<b>8,254,537</b>	<b>8,254,537</b>	<b>8,254,537</b>	<b>8,254,537</b>	<b>8,254,537</b>

<b>DEPRECIATION</b>										
<b>Total</b>	<b>\$ -</b>									

<b>RETURN</b>										
<b>Total</b>	<b>\$ -</b>									

<b>TOTAL COST OF SERVICE</b>										
Operating	\$ 8,671,801	\$ 9,214,916	\$ 9,720,163	\$ 10,389,237	\$ 11,146,863	\$ 11,782,111	\$ 12,459,334	\$ 13,388,450	\$ 14,172,563	\$ 15,009,430
Capital Outlays	-	-	-	-	-	-	-	-	-	-
Debt service -- Current	1,243,627	1,294,576	1,241,681	1,042,053	1,043,601	1,042,951	1,044,613	1,044,562	1,045,022	1,045,815
Debt service -- Future	-	-	1,306,968	2,269,998	5,365,449	8,254,537	8,254,537	8,254,537	8,254,537	8,254,537
Depreciation	-	-	-	-	-	-	-	-	-	-
Return	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9,915,428</b>	<b>10,509,492</b>	<b>12,268,812</b>	<b>13,701,288</b>	<b>17,555,913</b>	<b>21,079,599</b>	<b>21,758,484</b>	<b>22,687,549</b>	<b>23,472,122</b>	<b>24,309,783</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<p><b>Total Expense:</b></p>										
	<p><b>2008</b></p>	<p><b>2009</b></p>	<p><b>2010</b></p>	<p><b>2011</b></p>	<p><b>2012</b></p>	<p><b>2013</b></p>	<p><b>2014</b></p>	<p><b>2015</b></p>	<p><b>2016</b></p>	<p><b>2017</b></p>

**Wastewater Division -- CASH BASIS**

**NON-RATE REVENUES**

Total	\$	916,000	\$	943,480	\$	971,784	\$	1,000,938	\$	1,030,966	\$	1,061,895	\$	1,093,752	\$	1,126,564	\$	1,160,361	\$	1,195,172
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**OPERATING EXPENSES**

**1 WW -- Effluent Delivery**

Personnel	\$	64,447	\$	68,639	\$	73,108	\$	77,874	\$	82,956	\$	88,376	\$	94,156	\$	100,321	\$	106,898	\$	113,913
Supplies		38,860		40,188		41,638		43,224		44,852		46,550		48,298		50,136		52,015		53,988
Other Services/Charges		40,174		43,496		47,396		52,079		57,142		62,761		68,876		75,762		83,161		91,470
<b>Total</b>		<b>143,481</b>		<b>152,323</b>		<b>162,142</b>		<b>173,177</b>		<b>184,950</b>		<b>197,687</b>		<b>211,330</b>		<b>226,219</b>		<b>242,074</b>		<b>259,371</b>

**2 WW -- Wastewater Collection**

Personnel	\$	821,223	\$	1,001,149	\$	1,066,538	\$	1,207,377	\$	1,361,868	\$	1,451,106	\$	1,546,301	\$	1,738,816	\$	1,853,142	\$	1,975,127
Supplies		179,750		186,367		193,791		201,797		210,115		218,776		227,754		237,099		246,794		256,880
Other Services/Charges		475,744		502,026		532,472		568,514		606,368		647,358		690,789		738,659		788,727		843,806
<b>Total</b>		<b>1,476,717</b>		<b>1,689,542</b>		<b>1,792,800</b>		<b>1,977,688</b>		<b>2,178,351</b>		<b>2,317,240</b>		<b>2,464,844</b>		<b>2,714,574</b>		<b>2,888,663</b>		<b>3,075,813</b>

**3 WW -- Wastewater Treatment Plants**

Personnel	\$	902,647	\$	1,036,478	\$	1,103,845	\$	1,260,580	\$	1,522,769	\$	1,622,048	\$	1,727,916	\$	1,840,821	\$	1,961,238	\$	2,089,677
Supplies		262,900		272,897		284,181		297,042		310,206		324,034		338,271		353,442		368,867		385,267
Other Services/Charges		975,043		1,039,132		1,113,325		1,201,101		1,295,166		1,398,576		1,510,165		1,634,692		1,767,543		1,915,516
<b>Total</b>		<b>2,140,590</b>		<b>2,348,507</b>		<b>2,501,352</b>		<b>2,758,723</b>		<b>3,128,142</b>		<b>3,344,658</b>		<b>3,576,352</b>		<b>3,828,954</b>		<b>4,097,648</b>		<b>4,390,460</b>

**4 WW -- Wastewater Utilities Administration**

Personnel	\$	377,797	\$	402,045	\$	427,874	\$	455,389	\$	484,702	\$	515,934	\$	549,211	\$	584,671	\$	622,459	\$	662,731
Supplies		17,350		17,917		18,521		19,154		19,809		20,488		21,189		21,915		22,665		23,442
Other Services/Charges		484,375		499,960		516,102		532,826		550,149		568,100		586,704		605,994		625,995		646,744
<b>Total</b>		<b>879,522</b>		<b>919,922</b>		<b>962,496</b>		<b>1,007,369</b>		<b>1,054,661</b>		<b>1,104,522</b>		<b>1,157,105</b>		<b>1,212,580</b>		<b>1,271,119</b>		<b>1,332,916</b>

**5 WW -- Development/Retirement/Legal**

Personnel	\$	54,904	\$	58,312	\$	61,933	\$	65,781	\$	69,871	\$	74,218	\$	78,837	\$	83,748	\$	88,967	\$	94,515
Supplies		-		-		-		-		-		-		-		-		-		-
Other Services/Charges		157,803		162,543		167,425		172,455		177,635		182,972		188,470		194,133		199,967		205,976
<b>Total</b>		<b>212,707</b>		<b>220,854</b>		<b>229,358</b>		<b>238,236</b>		<b>247,506</b>		<b>257,190</b>		<b>267,307</b>		<b>277,880</b>		<b>288,934</b>		<b>300,491</b>

**TOTAL OPERATING EXPENSES**

Personnel	\$	2,221,018	\$	2,566,623	\$	2,733,298	\$	3,067,002	\$	3,522,166	\$	3,751,681	\$	3,996,422	\$	4,348,377	\$	4,632,703	\$	4,935,963
Supplies		498,860		517,369		538,130		561,217		584,983		609,847		635,512		662,591		690,342		719,576
Other Services/Charges		2,133,139		2,247,157		2,376,720		2,526,974		2,686,460		2,859,768		3,045,003		3,249,241		3,465,392		3,703,511
Cost Recovery		4,853,017		5,331,149		5,648,148		6,155,193		6,793,610		7,221,296		7,676,937		8,260,208		8,788,437		9,359,051
<b>Total</b>		<b>9,706,034</b>		<b>10,662,297</b>		<b>11,296,295</b>		<b>12,310,385</b>		<b>13,587,220</b>		<b>14,442,592</b>		<b>15,353,874</b>		<b>16,520,416</b>		<b>17,576,873</b>		<b>18,718,102</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
<b>Total Expense:</b>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**CAPITAL OUTLAYS**

Total	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
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**DEBT SERVICE -- CURRENT**

Principal	\$	1,059,062	\$	514,691	\$	502,758	\$	400,378	\$	420,126	\$	436,941	\$	457,236	\$	477,821	\$	498,706	\$	523,106
Interest		306,328		300,746		281,238		261,404		244,520		226,794		208,050		188,234		167,382		145,610
Reserve		-		-		-		-		-		-		-		-		-		-
<b>TOTAL</b>		<b>1,365,390</b>		<b>815,437</b>		<b>783,996</b>		<b>661,782</b>		<b>664,646</b>		<b>663,735</b>		<b>665,286</b>		<b>666,055</b>		<b>666,088</b>		<b>668,716</b>

**DEBT SERVICE -- FUTURE**

Principal	\$	-	\$	-	\$	480,644.0	\$	914,253.5	\$	1,390,263.2	\$	1,727,478.7	\$	2,056,981.0	\$	2,378,423.1	\$	2,691,442.3	\$	2,972,771.7
Interest		-		-		963,900		1,768,471		2,599,430		3,087,668		3,514,831		3,881,267		4,187,339		4,387,524
Reserve		-		-		-		-		-		-		-		-		-		-
<b>TOTAL</b>		<b>-</b>		<b>-</b>		<b>1,444,544</b>		<b>2,682,725</b>		<b>3,989,693</b>		<b>4,815,147</b>		<b>5,571,812</b>		<b>6,259,691</b>		<b>6,878,781</b>		<b>7,360,296</b>

**DEPRECIATION**

Total	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
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**RETURN**

Total	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
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**TOTAL COST OF SERVICE**

Operating	\$	9,706,034	\$	10,662,297	\$	11,296,295	\$	12,310,385	\$	13,587,220	\$	14,442,592	\$	15,353,874	\$	16,520,416	\$	17,576,873	\$	18,718,102
Capital Outlays		-		-		-		-		-		-		-		-		-		-
Debt service -- Current		1,365,390		815,437		783,996		661,782		664,646		663,735		665,286		666,055		666,088		668,716
Debt service -- Future		-		-		1,444,544		2,682,725		3,989,693		4,815,147		5,571,812		6,259,691		6,878,781		7,360,296
Depreciation		-		-		-		-		-		-		-		-		-		-
Return		-		-		-		-		-		-		-		-		-		-
<b>Total</b>		<b>11,071,424</b>		<b>11,477,734</b>		<b>13,524,835</b>		<b>15,654,892</b>		<b>18,241,559</b>		<b>19,921,474</b>		<b>21,590,972</b>		<b>23,446,162</b>		<b>25,121,742</b>		<b>26,747,113</b>



<b>Test Year 2008</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>						<b>Customer Billing</b>
	<b>Total Revenue Requirement</b>	<b>Water Revenue Requirement</b>	<b>Alternate Water Source</b>	<b>Treatment</b>	<b>Distribution</b>	<b>Admin</b>	

*Test Year W 1.0 -- Water Department Cost Functionalization*  
**Scen:** Alt #1 -- "BASE"

**OPERATING EXPENSES**

**Water Division**

**1 WATER -- Alternative Water Resources**

<b>PERSONNEL</b>													
110	Salaries - Full Time Perma	\$	236,173	\$	236,173	\$	236,173	\$	-	\$	-	\$	-
111	Salaries - Part Time Perma		-		-		-		-		-		-
112	Pay-For-Performance		1,185		1,185		1,185		-		-		-
130	Overtime		-		-		-		-		-		-
140	FICA		17,359		17,359		17,359		-		-		-
150	Retirement Contributions		22,787		22,787		22,787		-		-		-
170	Health Insurance		19,609		19,609		19,609		-		-		-
180	Workmen's Compensation Ins		2,352		2,352		2,352		-		-		-
	<b>Total</b>		<b>299,465</b>		<b>299,465</b>		<b>299,465</b>		<b>-</b>		<b>-</b>		<b>-</b>
<b>SUPPLIES</b>													
201	Office Supplies		2,400		2,400		2,400		-		-		-
210	Agricultural Supplies		-		-		-		-		-		-
220	Small Tools & Equipment		4,000		4,000		4,000		-		-		-
230	Uniforms		-		-		-		-		-		-
235	Uniform Cleaning & Laundry		-		-		-		-		-		-
240	Education & Recreation Sup		500		500		500		-		-		-
250	Chemicals & Laboratory Sup		-		-		-		-		-		-
260	Photographic & Duplication		300		300		300		-		-		-
270	Janitorial Supplies		100		100		100		-		-		-
280	Revolving Inventory		-		-		-		-		-		-
290	Other Operating Supplies		6,000		6,000		6,000		-		-		-
300	Landfill & Transfer Fees		-		-		-		-		-		-
310	Gas, Oil & Lubricants		500		500		500		-		-		-
315	Tires & Tubes		-		-		-		-		-		-
320	Material To Main		-		-		-		-		-		-
330	Mater.to Maintain Building		-		-		-		-		-		-
340	Paint		-		-		-		-		-		-
350	Street Maintenance Materia		-		-		-		-		-		-
	<b>Total</b>		<b>13,800</b>		<b>13,800</b>		<b>13,800</b>		<b>-</b>		<b>-</b>		<b>-</b>

<b>Test Year 2008</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>						
	<b>Total Revenue Requirement</b>	<b>Water Revenue Requirement</b>	<b>Alternate Water Source</b>	<b>Treatment</b>	<b>Distribution</b>	<b>Admin</b>	<b>Customer Billing</b>

**Test Year W 1.0 -- Water Department Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

	<b>OTHER SERVICES &amp; CHARGES</b>						
400	Computer Service	6,179	6,179	6,179	-	-	-
405	Personnel Div Charges	5,381	5,381	5,381	-	-	-
407	City Admin Cost	63,825	63,825	63,825	-	-	-
410	Architectural & Engineerin	-	-	-	-	-	-
411	Appraisal Services	-	-	-	-	-	-
412	Consultants	50,000	50,000	50,000	-	-	-
413	Legal Services	47,563	47,563	47,563	-	-	-
414	Medical Services	-	-	-	-	-	-
415	Auditing & Accounting	39,275	39,275	39,275	-	-	-
416	Bond Sale Expense	-	-	-	-	-	-
417	Advertising	500	500	500	-	-	-
418	Other Professional Service	3,000	3,000	3,000	-	-	-
420	Public Information	35,000	35,000	35,000	-	-	-
421	Postage & Freight Charges	600	600	600	-	-	-
422	Telephone & Telecom	1,100	1,100	1,100	-	-	-
438	Internal Engineering Chrg	-	-	-	-	-	-
440	Vehicle Replacement Chgs	-	-	-	-	-	-
445	Facilities Maintenance Cha	5,957	5,957	5,957	-	-	-
450	Training/Conferences	3,000	3,000	3,000	-	-	-
461	Printing & Binding	7,500	7,500	7,500	-	-	-
463	Xerox Charges	-	-	-	-	-	-
474	Machinery & Equipment Rent	-	-	-	-	-	-
475	Other Rents	-	-	-	-	-	-
481	Electric	-	-	-	-	-	-
482	Gas	-	-	-	-	-	-
483	Water	250	250	250	-	-	-
511	Insurance	20,023	20,023	20,023	-	-	-
521	Janitor Cleaning & Waste R	-	-	-	-	-	-
522	Maintenance,Bldgs & Struct	-	-	-	-	-	-
523	Maintenance,Office Equip.	500	500	500	-	-	-
524	Maintenance,machinery,equi	-	-	-	-	-	-
525	Miscellaneous Maintenance & Repair	-	-	-	-	-	-
540	Refunds, Rewards, Judgment	125,000	125,000	125,000	-	-	-
541	Credit Card Service Charge	-	-	-	-	-	-
542	DEQ Fees & Permits	-	-	-	-	-	-
545	Emp & Vol Recognition	-	-	-	-	-	-
550	Subscription & Memberships	117,000	117,000	117,000	-	-	-
575	Other Services	-	-	-	-	-	-
	<b>Total</b>	<b>531,653</b>	<b>531,653</b>	<b>531,653</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>COST RECOVERY</b>						
600	Cost Recovered From Other	-	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>Cash Basis</b>	<b>\$ 844,918</b>	<b>\$ 844,918</b>	<b>\$ 844,918</b>	<b>- \$</b>	<b>- \$</b>	<b>- \$</b>
	<b>Percent of Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
	<b>Utility Basis</b>	<b>\$ 844,918</b>	<b>\$ 844,918</b>	<b>\$ 844,918</b>	<b>- \$</b>	<b>- \$</b>	<b>- \$</b>
	<b>Percent of Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL						Customer Billing
	Total Revenue Requirement	Water Revenue Requirement	Alternate Water Source	Treatment	Distribution	Admin	

Test Year W 1.0 -- Water Department Cost Functionalization  
 Scen: Alt #1 -- "BASE"

**2 WATER -- Meter Reading**

<b>PERSONNEL</b>											
110	Salaries - Full Time Perma	\$	179,571	\$	179,571	\$	-	\$	-	\$	179,571
111	Salaries - Part Time Perma		-		-		-		-		-
112	Pay-For-Performance		815		815		-		-		815
130	Overtime		8,000		8,000		-		-		8,000
140	FICA		13,773		13,773		-		-		13,773
150	Retirement Contributions		18,084		18,084		-		-		18,084
170	Health Insurance		32,125		32,125		-		-		32,125
180	Workmen's Compensation Ins		4,745		4,745		-		-		4,745
	<b>Total</b>		<b>257,113</b>		<b>257,113</b>		<b>-</b>		<b>-</b>		<b>257,113</b>
<b>SUPPLIES</b>											
201	Office Supplies		1,200		1,200		-		-		1,200
210	Agricultural Supplies		-		-		-		-		-
220	Small Tools & Equipment		1,500		1,500		-		-		1,500
230	Uniforms		1,000		1,000		-		-		1,000
235	Uniform Cleaning & Laundry		-		-		-		-		-
240	Education & Recreation Sup		-		-		-		-		-
250	Chemicals & Laboratory Sup		-		-		-		-		-
260	Photographic & Duplication		-		-		-		-		-
270	Janitorial Supplies		200		200		-		-		200
280	Revolving Inventory		-		-		-		-		-
290	Other Operating Supplies		600		600		-		-		600
300	Landfill & Transfer Fees		-		-		-		-		-
310	Gas, Oil & Lubricants		12,000		12,000		-		-		12,000
315	Tires & Tubes		1,000		1,000		-		-		1,000
325	Infrastructure Maintenance		197,000		197,000		-		-		197,000
330	Mater.to Maintain Building		5,000		5,000		-		-		5,000
340	Paint		-		-		-		-		-
350	Street Maintenance Materia		-		-		-		-		-
	<b>Total</b>		<b>219,500</b>		<b>219,500</b>		<b>-</b>		<b>-</b>		<b>219,500</b>

<b>Test Year 2008</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>						
	<b>Total Revenue Requirement</b>	<b>Water Revenue Requirement</b>	<b>Alternate Water Source</b>	<b>Treatment</b>	<b>Distribution</b>	<b>Admin</b>	<b>Customer Billing</b>

**Test Year W 1.0 -- Water Department Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

<b>OTHER SERVICES &amp; CHARGES</b>								
400	Computer Service	1,545	1,545	-	-	-	-	1,545
405	Personnel Div Charges	-	-	-	-	-	-	-
407	City Admin Cost	-	-	-	-	-	-	-
410	Architectural & Engineerin	-	-	-	-	-	-	-
411	Appraisal Services	-	-	-	-	-	-	-
412	Consultants	-	-	-	-	-	-	-
413	Legal Services	-	-	-	-	-	-	-
414	Medical Services	100	100	-	-	-	-	100
415	Auditing & Accounting	-	-	-	-	-	-	-
416	Bond Sale Expense	-	-	-	-	-	-	-
417	Advertising	100	100	-	-	-	-	100
418	Other Professional Service	12,500	12,500	-	-	-	-	12,500
420	Public Information	-	-	-	-	-	-	-
421	Postage & Freight Charges	200	200	-	-	-	-	200
422	Telephone & Telecom	1,200	1,200	-	-	-	-	1,200
436	Internal Repair Work Order	15,000	15,000	-	-	-	-	15,000
440	Vehicle Replacement Chgs	11,940	11,940	-	-	-	-	11,940
445	Facilities Maintenance Cha	-	-	-	-	-	-	-
450	Training/Conferences	1,200	1,200	-	-	-	-	1,200
461	Printing & Binding	500	500	-	-	-	-	500
463	Xerox Charges	-	-	-	-	-	-	-
474	Machinery & Equipment Rent	-	-	-	-	-	-	-
475	Other Rents	-	-	-	-	-	-	-
481	Electric	-	-	-	-	-	-	-
482	Gas	-	-	-	-	-	-	-
483	Water	-	-	-	-	-	-	-
511	Insurance	7,002	7,002	-	-	-	-	7,002
521	Janitor Cleaning & Waste R	-	-	-	-	-	-	-
522	Maintenance,Bldgs & Struct	1,000	1,000	-	-	-	-	1,000
523	Maintenance,Office Equip.	-	-	-	-	-	-	-
524	Maintenance,machinery,equi	6,500	6,500	-	-	-	-	6,500
525	Miscellaneous Maintenance & Repair	-	-	-	-	-	-	-
540	Refunds, Rewards, Judgment	-	-	-	-	-	-	-
541	Credit Card Service Charge	-	-	-	-	-	-	-
542	DEQ Fees & Permits	-	-	-	-	-	-	-
545	Emp & Vol Recognition	100	100	-	-	-	-	100
550	Subscription & Memberships	120	120	-	-	-	-	120
575	Other Services	2,000	2,000	-	-	-	-	2,000
	<b>Total</b>	<b>61,007</b>	<b>61,007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,007</b>
<b>COST RECOVERY</b>								
600	Cost Recovered From Other	-	-	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>								
	<b>Cash Basis</b>	<b>\$ 537,620</b>	<b>\$ 537,620</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 537,620</b>
	<b>Percent of Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>100.00%</b>
	<b>Utility Basis</b>	<b>\$ 537,620</b>	<b>\$ 537,620</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 537,620</b>
	<b>Percent of Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>100.00%</b>

Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL						Customer Billing
	Total Revenue Requirement	Water Revenue Requirement	Alternate Water Source	Treatment	Distribution	Admin	

Test Year W 1.0 -- Water Department Cost Functionalization  
 Scen: Alt #1 -- "BASE"

**3 WATER -- Distribution**

<b>PERSONNEL</b>															
110	Salaries - Full Time Perma	\$	582,149	\$	582,149	\$	-	\$	-	\$	582,149	\$	-	\$	-
111	Salaries - Part Time Perma		-		-		-		-		-		-		-
112	Pay-For-Performance		2,795		2,795		-		-		2,795		-		-
130	Overtime		45,000		45,000		-		-		45,000		-		-
140	FICA		46,046		46,046		-		-		46,046		-		-
150	Retirement Contributions		60,478		60,478		-		-		60,478		-		-
170	Health Insurance		105,101		105,101		-		-		105,101		-		-
180	Workmen's Compensation Ins		21,986		21,986		-		-		21,986		-		-
	<b>Total</b>		<b>863,555</b>		<b>863,555</b>		-		-		<b>863,555</b>		-		-
<b>SUPPLIES</b>															
201	Office Supplies		2,600		2,600		-		-		2,600		-		-
210	Agricultural Supplies		-		-		-		-		-		-		-
220	Small Tools & Equipment		4,400		4,400		-		-		4,400		-		-
230	Uniforms		2,800		2,800		-		-		2,800		-		-
235	Uniform Cleaning & Laundry		4,400		4,400		-		-		4,400		-		-
240	Education & Recreation Sup		1,000		1,000		-		-		1,000		-		-
250	Chemicals & Laboratory Sup		200		200		-		-		200		-		-
260	Photographic & Duplication		130		130		-		-		130		-		-
270	Janitorial Supplies		300		300		-		-		300		-		-
280	Revolving Inventory		4,500		4,500		-		-		4,500		-		-
290	Other Operating Supplies		4,600		4,600		-		-		4,600		-		-
300	Landfill & Transfer Fees		3,000		3,000		-		-		3,000		-		-
310	Gas, Oil & Lubricants		40,650		40,650		-		-		40,650		-		-
315	Tires & Tubes		4,800		4,800		-		-		4,800		-		-
320	Material To Main		12,000		12,000		-		-		12,000		-		-
330	Mater.to Maintain Building		180,000		180,000		-		-		180,000		-		-
340	Paint		2,680		2,680		-		-		2,680		-		-
350	Street Maintenance Materia		44,000		44,000		-		-		44,000		-		-
	<b>Total</b>		<b>312,060</b>		<b>312,060</b>		-		-		<b>312,060</b>		-		-

<b>Test Year 2008</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>						
	<b>Total Revenue Requirement</b>	<b>Water Revenue Requirement</b>	<b>Alternate Water Source</b>	<b>Treatment</b>	<b>Distribution</b>	<b>Admin</b>	<b>Customer Billing</b>

**Test Year W 1.0 -- Water Department Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

	<b>OTHER SERVICES &amp; CHARGES</b>							
400	Computer Service	12,359	12,359	-	-	12,359	-	-
405	Personnel Div Charges	-	-	-	-	-	-	-
407	City Admin Cost	-	-	-	-	-	-	-
410	Architectural & Engineern	-	-	-	-	-	-	-
411	Appraisal Services	-	-	-	-	-	-	-
412	Consultants	-	-	-	-	-	-	-
413	Legal Services	-	-	-	-	-	-	-
414	Medical Services	700	700	-	-	700	-	-
415	Auditing & Accounting	-	-	-	-	-	-	-
416	Bond Sale Expense	-	-	-	-	-	-	-
417	Advertising	1,000	1,000	-	-	1,000	-	-
418	Other Professional Service	10,000	10,000	-	-	10,000	-	-
420	Public Information	-	-	-	-	-	-	-
421	Postage & Freight Charges	500	500	-	-	500	-	-
422	Telephone & Telecom	4,500	4,500	-	-	4,500	-	-
436	Internal Repair Work Order	48,000	48,000	-	-	48,000	-	-
440	Vehicle Replacement Chgs	176,460	176,460	-	-	176,460	-	-
445	Facilities Maintenance Cha	17,297	17,297	-	-	17,297	-	-
450	Training/Conferences	4,950	4,950	-	-	4,950	-	-
461	Printing & Binding	300	300	-	-	300	-	-
463	Xerox Charges	785	785	-	-	785	-	-
474	Machinery & Equipment Rent	5,000	5,000	-	-	5,000	-	-
475	Other Rents	2,900	2,900	-	-	2,900	-	-
481	Electric	-	-	-	-	-	-	-
482	Gas	-	-	-	-	-	-	-
483	Water	875	875	-	-	875	-	-
511	Insurance	24,439	24,439	-	-	24,439	-	-
521	Janitor Cleaning & Waste R	-	-	-	-	-	-	-
522	Maintenance,Bldgs & Struct	14,000	14,000	-	-	14,000	-	-
523	Maintenance,Office Equip.	2,000	2,000	-	-	2,000	-	-
524	Maintenance,machinery,equi	12,000	12,000	-	-	12,000	-	-
525	Miscellaneous Maintenance & Repair	-	-	-	-	-	-	-
540	Refunds, Rewards, Judgment	-	-	-	-	-	-	-
541	Credit Card Service Charge	-	-	-	-	-	-	-
542	DEQ Fees & Permits	-	-	-	-	-	-	-
545	Emp & Vol Recognition	250	250	-	-	250	-	-
550	Subscription & Memberships	400	400	-	-	400	-	-
575	Other Services	4,000	4,000	-	-	4,000	-	-
	<b>Total</b>	<b>342,715</b>	<b>342,715</b>	<b>-</b>	<b>-</b>	<b>342,715</b>	<b>-</b>	<b>-</b>
	<b>COST RECOVERY</b>							
600	Cost Recovered From Other	-	-	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>								
	<b>Cash Basis</b>	<b>\$ 1,518,330</b>	<b>\$ 1,518,330</b>	<b>\$ 0.00%</b>	<b>\$ 0.00%</b>	<b>\$ 1,518,330</b>	<b>\$ 0.00%</b>	<b>\$ 0.00%</b>
	<b>Percent of Total</b>		<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>
	<b>Utility Basis</b>	<b>\$ 1,518,330</b>	<b>\$ 1,518,330</b>	<b>\$ 0.00%</b>	<b>\$ 0.00%</b>	<b>\$ 1,518,330</b>	<b>\$ 0.00%</b>	<b>\$ 0.00%</b>
	<b>Percent of Total</b>		<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>

Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL						Customer Billing
	Total Revenue Requirement	Water Revenue Requirement	Alternate Water Source	Treatment	Distribution	Admin	

Test Year W 1.0 -- Water Department Cost Functionalization

Scen: Alt #1 -- "BASE"

4 WATER - Production

		Total Revenue Requirement	Water Revenue Requirement	Alternate Water Source	Treatment	Distribution	Admin	Customer Billing
<b>PERSONNEL</b>								
110	Salaries - Full Time Perma	\$ 358,413	\$ 358,413	\$ -	\$ 358,413	\$ -	\$ -	-
111	Salaries - Part Time Perma	-	-	-	-	-	-	-
112	Pay-For-Performance	1,790	1,790	-	1,790	-	-	-
130	Overtime	72,000	72,000	-	72,000	-	-	-
140	FICA	31,986	31,986	-	31,986	-	-	-
150	Retirement Contributions	41,491	41,491	-	41,491	-	-	-
170	Health Insurance	50,585	50,585	-	50,585	-	-	-
180	Workmen's Compensation Ins	12,921	12,921	-	12,921	-	-	-
	<b>Total</b>	<b>569,186</b>	<b>569,186</b>	-	<b>569,186</b>	-	-	-
<b>SUPPLIES</b>								
201	Office Supplies	2,800	2,800	-	2,800	-	-	-
210	Agricultural Supplies	1,000	1,000	-	1,000	-	-	-
220	Small Tools & Equipment	4,500	4,500	-	4,500	-	-	-
230	Uniforms	1,800	1,800	-	1,800	-	-	-
235	Uniform Cleaning & Laundry	-	-	-	-	-	-	-
240	Education & Recreation Sup	600	600	-	600	-	-	-
250	Chemicals & Laboratory Sup	67,000	67,000	-	67,000	-	-	-
260	Photographic & Duplication	-	-	-	-	-	-	-
270	Janitorial Supplies	200	200	-	200	-	-	-
280	Revolving Inventory	2,500	2,500	-	2,500	-	-	-
290	Other Operating Supplies	3,000	3,000	-	3,000	-	-	-
300	Landfill & Transfer Fees	-	-	-	-	-	-	-
310	Gas, Oil & Lubricants	10,000	10,000	-	10,000	-	-	-
315	Tires & Tubes	2,000	2,000	-	2,000	-	-	-
320	Material To Main	10,000	10,000	-	10,000	-	-	-
330	Material to Maintain Building	115,000	115,000	-	115,000	-	-	-
340	Paint	3,000	3,000	-	3,000	-	-	-
350	Street Maintenance Material	3,000	3,000	-	3,000	-	-	-
	<b>Total</b>	<b>226,400</b>	<b>226,400</b>	-	<b>226,400</b>	-	-	-

<b>Test Year 2008</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>						
	<b>Total Revenue Requirement</b>	<b>Water Revenue Requirement</b>	<b>Alternate Water Source</b>	<b>Treatment</b>	<b>Distribution</b>	<b>Admin</b>	<b>Customer Billing</b>

**Test Year W 1.0 -- Water Department Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

<b>OTHER SERVICES &amp; CHARGES</b>								
400	Computer Service	23,172	23,172	-	23,172	-	-	-
405	Personnel Div Charges	-	-	-	-	-	-	-
407	City Admin Cost	-	-	-	-	-	-	-
410	Architectural & Engineern	7,000	7,000	-	7,000	-	-	-
411	Appraisal Services	5,000	5,000	-	5,000	-	-	-
412	Consultants	-	-	-	-	-	-	-
413	Legal Services	-	-	-	-	-	-	-
414	Medical Services	400	400	-	400	-	-	-
415	Auditing & Accounting	-	-	-	-	-	-	-
416	Bond Sale Expense	-	-	-	-	-	-	-
417	Advertising	700	700	-	700	-	-	-
418	Other Professional Service	60,000	60,000	-	60,000	-	-	-
420	Public Information	-	-	-	-	-	-	-
421	Postage & Freight Charges	1,000	1,000	-	1,000	-	-	-
422	Telephone & Telecom	21,000	21,000	-	21,000	-	-	-
438	Internal Repair Work Order	23,560	23,560	-	23,560	-	-	-
440	Vehicle Replacement Chgs	43,380	43,380	-	43,380	-	-	-
445	Facilities Maintenance Cha	17,297	17,297	-	17,297	-	-	-
450	Training/Conferences	4,000	4,000	-	4,000	-	-	-
461	Printing & Binding	11,000	11,000	-	11,000	-	-	-
463	Xerox Charges	1,000	1,000	-	1,000	-	-	-
474	Machinery & Equipment Rent	770,000	770,000	-	770,000	-	-	-
475	Other Rents	3,000	3,000	-	3,000	-	-	-
481	Electric	1,620,000	1,620,000	-	1,620,000	-	-	-
482	Gas	2,900	2,900	-	2,900	-	-	-
483	Water	650	650	-	650	-	-	-
511	Insurance	92,088	92,088	-	92,088	-	-	-
521	Janitor Cleaning & Waste R	500	500	-	500	-	-	-
522	Maintenance,Bldgs & Struct	10,000	10,000	-	10,000	-	-	-
523	Maintenance,Office Equip.	1,800	1,800	-	1,800	-	-	-
524	Maintenance,machinery,equi	50,000	50,000	-	50,000	-	-	-
525	Miscellaneous Maintenance & Repair	-	-	-	-	-	-	-
540	Refunds, Rewards, Judgment	-	-	-	-	-	-	-
541	Credit Card Service Charge	-	-	-	-	-	-	-
542	DEQ Fees & Permits	22,000	22,000	-	22,000	-	-	-
545	Emp & Vol Recognition	200	200	-	200	-	-	-
550	Subscription & Memberships	225	225	-	225	-	-	-
575	Other Services	591,200	591,200	-	591,200	-	-	-
	<b>Total</b>	<b>3,383,072</b>	<b>3,383,072</b>	<b>-</b>	<b>3,383,072</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COST RECOVERY</b>								
600	Cost Recovered From Other	-	-	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>Cash Basis</b>	<b>\$ 4,178,658</b>	<b>\$ 4,178,658</b>	<b>\$ -</b>	<b>\$ 4,178,658</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
	<b>Percent of Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
	<b>Utility Basis</b>	<b>\$ 4,178,658</b>	<b>\$ 4,178,658</b>	<b>\$ -</b>	<b>\$ 4,178,658</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>
	<b>Percent of Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

<b>Test Year</b> 2008	<b>CITY OF PRESCOTT</b>						
	<b>WATER/WW COST OF SERVICE MODEL</b>						
	<b>Total</b>	<b>Water</b>	<b>Alternate Water</b>	<b>Treatment</b>	<b>Distribution</b>	<b>Admin</b>	<b>Customer</b>
	<b>Revenue</b>	<b>Revenue</b>	<b>Source</b>				<b>Billing</b>
	<b>Requirement</b>	<b>Requirement</b>					

**Test Year W 1.0 -- Water Department Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

**5 WATER -- Utility Billing -- Finance**

		\$	\$	\$	\$	\$	\$	\$
<b>PERSONNEL</b>								
110	Salaries - Full Time Perma	128,253	128,253	-	-	-	-	128,253
111	Salaries - Part Time Perma	700	700	-	-	-	-	700
112	Pay-For-Performance	640	640	-	-	-	-	640
130	Overtime	800	800	-	-	-	-	800
140	FICA	9,655	9,655	-	-	-	-	9,655
150	Retirement Contributions	12,450	12,450	-	-	-	-	12,450
170	Health Insurance	21,552	21,552	-	-	-	-	21,552
180	Workmen's Compensation Ins	432	432	-	-	-	-	432
	<b>Total</b>	<b>174,482</b>	<b>174,482</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,482</b>
<b>SUPPLIES</b>								
201	Office Supplies	2,000	2,000	-	-	-	-	2,000
210	Agricultural Supplies	-	-	-	-	-	-	-
220	Small Tools & Equipment	-	-	-	-	-	-	-
230	Uniforms	-	-	-	-	-	-	-
235	Uniform Cleaning & Laundry	-	-	-	-	-	-	-
240	Education & Recreation Sup	-	-	-	-	-	-	-
250	Chemicals & Laboratory Sup	-	-	-	-	-	-	-
260	Photographic & Duplication	-	-	-	-	-	-	-
270	Janitorial Supplies	-	-	-	-	-	-	-
280	Revolving Inventory	-	-	-	-	-	-	-
290	Other Operating Supplies	3,000	3,000	-	-	-	-	3,000
300	Landfill & Transfer Fees	-	-	-	-	-	-	-
310	Gas, Oil & Lubricants	-	-	-	-	-	-	-
315	Tires & Tubes	-	-	-	-	-	-	-
320	Material To Main	-	-	-	-	-	-	-
330	Material to Maintain Building	-	-	-	-	-	-	-
340	Paint	-	-	-	-	-	-	-
350	Street Maintenance Materia	-	-	-	-	-	-	-
	<b>Total</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>

<b>Test Year 2008</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>						
	<b>Total Revenue Requirement</b>	<b>Water Revenue Requirement</b>	<b>Alternate Water Source</b>	<b>Treatment</b>	<b>Distribution</b>	<b>Admin</b>	<b>Customer Billing</b>

**Test Year W 1.0 -- Water Department Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

<b>OTHER SERVICES &amp; CHARGES</b>								
400	Computer Service	45,000	45,000	-	-	-	-	45,000
405	Personnel Div Charges	-	-	-	-	-	-	-
407	City Admin Cost	-	-	-	-	-	-	-
410	Architectural & Engineern	-	-	-	-	-	-	-
411	Appraisal Services	-	-	-	-	-	-	-
412	Consultants	-	-	-	-	-	-	-
413	Legal Services	-	-	-	-	-	-	-
414	Medical Services	60	60	-	-	-	-	60
415	Auditing & Accounting	-	-	-	-	-	-	-
416	Bond Sale Expense	-	-	-	-	-	-	-
417	Advertising	250	250	-	-	-	-	250
418	Other Professional Service	71,000	71,000	-	-	-	-	71,000
420	Public Information	-	-	-	-	-	-	-
421	Postage & Freight Charges	80,000	80,000	-	-	-	-	80,000
422	Telephone & Telecom	2,400	2,400	-	-	-	-	2,400
438	Internal Engineering Chrg	-	-	-	-	-	-	-
440	Vehicle Replacement Chgs	-	-	-	-	-	-	-
445	Facilities Maintenance Cha	4,164	4,164	-	-	-	-	4,164
450	Training/Conferences	700	700	-	-	-	-	700
461	Printing & Binding	300	300	-	-	-	-	300
463	Xerox Charges	400	400	-	-	-	-	400
474	Machinery & Equipment Rent	-	-	-	-	-	-	-
475	Other Rents	-	-	-	-	-	-	-
481	Electric	-	-	-	-	-	-	-
482	Gas	-	-	-	-	-	-	-
483	Water	-	-	-	-	-	-	-
511	Insurance	728	728	-	-	-	-	728
521	Janitor Cleaning & Waste R	-	-	-	-	-	-	-
522	Maintenance,Bldgs & Struct	-	-	-	-	-	-	-
523	Maintenance,Office Equip.	1,000	1,000	-	-	-	-	1,000
524	Maintenance,machinery,equi	-	-	-	-	-	-	-
525	Miscellaneous Maintenance & Repair	-	-	-	-	-	-	-
540	Refunds, Rewards, Judgment	-	-	-	-	-	-	-
541	Credit Card Service Charge	21,000	21,000	-	-	-	-	21,000
542	DEQ Fees & Permits	-	-	-	-	-	-	-
545	Emp & Vol Recognition	250	250	-	-	-	-	250
550	Subscription & Memberships	-	-	-	-	-	-	-
575	Other Services	-	-	-	-	-	-	-
	<b>Total</b>	<b>227,252</b>	<b>227,252</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>227,252</b>
<b>COST RECOVERY</b>								
600	Cost Recovered From Other	(260,113)	(260,113)	-	-	-	-	(260,113)
	<b>Total</b>	<b>(260,113)</b>	<b>(260,113)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(260,113)</b>
<b>TOTAL</b>	<b>Cash Basis</b>	<b>\$ 146,621</b>	<b>\$ 146,621</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>146,621</b>
	<b>Percent of Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>100.00%</b>
	<b>Utility Basis</b>	<b>\$ 146,621</b>	<b>\$ 146,621</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>146,621</b>
	<b>Percent of Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>100.00%</b>



Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL						
	Total Revenue Requirement	Water Revenue Requirement	Alternate Water Source	Treatment	Distribution	Admin	Customer Billing

Test Year W 1.0 -- Water Department Cost Functionalization

Scen: Alt #1 -- "BASE"

6 WATER -- Utilities Administration

<b>PERSONNEL</b>													
110	Salaries - Full Time Perma	\$	353,523	\$	353,523	\$	-	\$	-	\$	318,171	\$	35,352
111	Salaries - Part Time Perma		-		-		-		-		-		-
112	Pay-For-Performance		1,615		1,615		-		-		1,454		162
130	Overtime		1,750		1,750		-		-		1,575		175
140	FICA		26,448		26,448		-		-		23,803		2,645
150	Retirement Contributions		34,263		34,263		-		-		30,837		3,426
170	Health Insurance		26,471		26,471		-		-		23,824		2,647
180	Workmen's Compensation Ins		4,575		4,575		-		-		4,118		458
	<b>Total</b>		<b>448,645</b>		<b>448,645</b>		-		-		<b>403,781</b>		<b>44,865</b>
<b>SUPPLIES</b>													
201	Office Supplies		2,000		2,000		-		-		1,800		200
210	Agricultural Supplies		-		-		-		-		-		-
220	Small Tools & Equipment		6,000		6,000		-		-		5,400		600
230	Uniforms		500		500		-		-		450		50
235	Uniform Cleaning & Laundry		-		-		-		-		-		-
240	Education & Recreation Sup		400		400		-		-		360		40
250	Chemicals & Laboratory Sup		-		-		-		-		-		-
260	Photographic & Duplication		500		500		-		-		450		50
270	Janitorial Supplies		-		-		-		-		-		-
280	Revolving Inventory		-		-		-		-		-		-
290	Other Operating Supplies		6,000		6,000		-		-		5,400		600
300	Landfill & Transfer Fees		-		-		-		-		-		-
310	Gas, Oil & Lubricants		1,000		1,000		-		-		900		100
315	Tires & Tubes		600		600		-		-		540		60
320	Material To Main		-		-		-		-		-		-
330	Material to Maintain Building		-		-		-		-		-		-
340	Paint		-		-		-		-		-		-
350	Street Maintenance Materia		-		-		-		-		-		-
	<b>Total</b>		<b>17,000</b>		<b>17,000</b>		-		-		<b>15,300</b>		<b>1,700</b>

<b>Test Year 2008</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>						
	<b>Total Revenue Requirement</b>	<b>Water Revenue Requirement</b>	<b>Alternate Water Source</b>	<b>Treatment</b>	<b>Distribution</b>	<b>Admin</b>	<b>Customer Billing</b>

**Test Year W 1.0 -- Water Department Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

<b>OTHER SERVICES &amp; CHARGES</b>							
400	Computer Service	20,083	20,083	-	-	18,075	2,008
405	Personnel Div Charges	50,821	50,821	-	-	45,739	5,082
407	City Admin Cost	285,077	285,077	-	-	256,569	28,508
410	Architectural & Engineern	10,000	10,000	-	-	9,000	1,000
411	Appraisal Services	3,500	3,500	-	-	3,150	350
412	Consultants	-	-	-	-	-	-
413	Legal Services	-	-	-	-	-	-
414	Medical Services	500	500	-	-	450	50
415	Auditing & Accounting	175,422	175,422	-	-	157,880	17,542
416	Bond Sale Expense	-	-	-	-	-	-
417	Advertising	1,500	1,500	-	-	1,350	150
418	Other Professional Service	7,000	7,000	-	-	6,300	700
420	Public Information	-	-	-	-	-	-
421	Postage & Freight Charges	7,500	7,500	-	-	6,750	750
422	Telephone & Telecom	5,000	5,000	-	-	4,500	500
438	Internal Engineering Chrg	4,000	4,000	-	-	3,600	400
440	Vehicle Replacement Chgs	5,040	5,040	-	-	4,536	504
445	Facilities Maintenance Cha	4,753	4,753	-	-	4,278	475
450	Training/Conferences	3,275	3,275	-	-	2,948	328
461	Printing & Binding	750	750	-	-	675	75
463	Xerox Charges	-	-	-	-	-	-
474	Machinery & Equipment Rent	-	-	-	-	-	-
475	Other Rents	-	-	-	-	-	-
481	Electric	-	-	-	-	-	-
482	Gas	-	-	-	-	-	-
483	Water	450	450	-	-	405	45
511	Insurance	57,101	57,101	-	-	51,391	5,710
521	Janitor Cleaning & Waste R	-	-	-	-	-	-
522	Maintenance,Bldgs & Struct	4,037	4,037	-	-	3,633	404
523	Maintenance,Office Equip.	600	600	-	-	540	60
524	Maintenance,machinery,equi	-	-	-	-	-	-
525	Miscellaneous Maintenance & Repair	250	250	-	-	225	25
540	Refunds, Rewards, Judgment	-	-	-	-	-	-
541	Credit Card Service Charge	-	-	-	-	-	-
542	DEQ Fees & Permits	-	-	-	-	-	-
545	Emp & Vol Recognition	-	-	-	-	-	-
550	Subscription & Memberships	500	500	-	-	450	50
575	Other Services	2,500	2,500	-	-	2,250	250
	<b>Total</b>	<b>649,659</b>	<b>649,659</b>	<b>-</b>	<b>-</b>	<b>584,693</b>	<b>64,966</b>
<b>COST RECOVERY</b>							
600	Cost Recovered From Other	-	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>Cash Basis</b>	<b>\$ 1,115,304</b>	<b>\$ 1,115,304</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,003,774</b>	<b>\$ 111,530</b>
	<b>Percent of Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>90.00%</b>	<b>10.00%</b>
	<b>Utility Basis</b>	<b>\$ 1,115,304</b>	<b>\$ 1,115,304</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,003,774</b>	<b>\$ 111,530</b>
	<b>Percent of Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>90.00%</b>	<b>10.00%</b>

Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL						
	Total Revenue Requirement	Water Revenue Requirement	Alternate Water Source	Treatment	Distribution	Admin	Customer Billing

Test Year W 1.0 -- Water Department Cost Functionalization

Scen: Alt #1 -- "BASE"

7 WATER -- Development/Retirement/Legal

<b>PERSONNEL</b>													
110	Salaries - Full Time Perma	\$	58,357	\$	58,357	\$	-	\$	-	\$	58,357	\$	-
111	Salaries - Part Time Perma	-	-	-	-	-	-	-	-	-	-	-	-
112	Pay-For-Performance	-	-	-	-	-	-	-	-	-	-	-	-
130	Overtime	-	-	-	-	-	-	-	-	-	-	-	-
140	FICA	4,464	4,464	-	-	-	-	-	-	4,464	-	-	-
150	Retirement Contributions	5,310	5,310	-	-	-	-	-	-	5,310	-	-	-
170	Health Insurance	-	-	-	-	-	-	-	-	-	-	-	-
180	Workmen's Compensation Ins	1,515	1,515	-	-	-	-	-	-	1,515	-	-	-
	<b>Total</b>		<b>69,646</b>		<b>69,646</b>		-		-		<b>69,646</b>		-
<b>SUPPLIES</b>													
201	Office Supplies	-	-	-	-	-	-	-	-	-	-	-	-
210	Agricultural Supplies	-	-	-	-	-	-	-	-	-	-	-	-
220	Small Tools & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
230	Uniforms	-	-	-	-	-	-	-	-	-	-	-	-
235	Uniform Cleaning & Laundry	-	-	-	-	-	-	-	-	-	-	-	-
240	Education & Recreation Sup	-	-	-	-	-	-	-	-	-	-	-	-
250	Chemicals & Laboratory Sup	-	-	-	-	-	-	-	-	-	-	-	-
260	Photographic & Duplication	-	-	-	-	-	-	-	-	-	-	-	-
270	Janitorial Supplies	-	-	-	-	-	-	-	-	-	-	-	-
280	Revolving Inventory	-	-	-	-	-	-	-	-	-	-	-	-
290	Other Operating Supplies	-	-	-	-	-	-	-	-	-	-	-	-
300	Landfill & Transfer Fees	-	-	-	-	-	-	-	-	-	-	-	-
310	Gas, Oil & Lubricants	-	-	-	-	-	-	-	-	-	-	-	-
315	Tires & Tubes	-	-	-	-	-	-	-	-	-	-	-	-
320	Material To Main	-	-	-	-	-	-	-	-	-	-	-	-
330	Material to Maintain Building	-	-	-	-	-	-	-	-	-	-	-	-
340	Paint	-	-	-	-	-	-	-	-	-	-	-	-
350	Street Maintenance Materia	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>		-		-		-		-		-		-

<b>Test Year 2008</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>						
	<b>Total Revenue Requirement</b>	<b>Water Revenue Requirement</b>	<b>Alternate Water Source</b>	<b>Treatment</b>	<b>Distribution</b>	<b>Admin</b>	<b>Customer Billing</b>

**Test Year W 1.0 -- Water Department Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

<b>OTHER SERVICES &amp; CHARGES</b>								
400	Computer Service	-	-	-	-	-	-	-
405	Personnel Div Charges	-	-	-	-	-	-	-
407	City Admin Cost	-	-	-	-	-	-	-
410	Architectural & Engineern	-	-	-	-	-	-	-
411	Appraisal Services	-	-	-	-	-	-	-
412	Consultants	-	-	-	-	-	-	-
413	Legal Services	212,438	212,438	-	-	-	212,438	-
414	Medical Services	-	-	-	-	-	-	-
415	Auditing & Accounting	-	-	-	-	-	-	-
416	Bond Sale Expense	-	-	-	-	-	-	-
417	Advertising	-	-	-	-	-	-	-
418	Other Professional Service	-	-	-	-	-	-	-
420	Public Information	-	-	-	-	-	-	-
421	Postage & Freight Charges	-	-	-	-	-	-	-
422	Telephone & Telecom	-	-	-	-	-	-	-
438	Internal Engineering Chrg	48,152	48,152	-	-	-	48,152	-
440	Vehicle Replacement Chgs	-	-	-	-	-	-	-
445	Facilities Maintenance Cha	-	-	-	-	-	-	-
450	Training/Conferences	-	-	-	-	-	-	-
461	Printing & Binding	-	-	-	-	-	-	-
463	Xerox Charges	-	-	-	-	-	-	-
474	Machinery & Equipment Rent	-	-	-	-	-	-	-
475	Other Rents	-	-	-	-	-	-	-
481	Electric	-	-	-	-	-	-	-
482	Gas	-	-	-	-	-	-	-
483	Water	-	-	-	-	-	-	-
511	Insurance	114	114	-	-	-	114	-
521	Janitor Cleaning & Waste R	-	-	-	-	-	-	-
522	Maintenance,Bldgs & Struct	-	-	-	-	-	-	-
523	Maintenance,Office Equip.	-	-	-	-	-	-	-
524	Maintenance,machinery,equi	-	-	-	-	-	-	-
525	Miscellaneous Maintenance & Repair	-	-	-	-	-	-	-
540	Refunds, Rewards, Judgment	-	-	-	-	-	-	-
541	Credit Card Service Charge	-	-	-	-	-	-	-
542	DEQ Fees & Permits	-	-	-	-	-	-	-
545	Emp & Vol Recognition	-	-	-	-	-	-	-
550	Subscription & Memberships	-	-	-	-	-	-	-
575	Other Services	-	-	-	-	-	-	-
	<b>Total</b>	<b>260,704</b>	<b>260,704</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>260,704</b>	<b>-</b>
<b>COST RECOVERY</b>								
600	Cost Recovered From Other	-	-	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>TOTAL</b>	<b>Cash Basis</b>	\$ 330,350	\$ 330,350	\$ -	\$ -	\$ -	\$ 330,350	\$ -
	<b>Percent of Total</b>	100.00%	100.00%	0.00%	0.00%	0.00%	100.00%	0.00%
	<b>Utility Basis</b>	\$ 330,350	\$ 330,350	\$ -	\$ -	\$ -	\$ 330,350	\$ -
	<b>Percent of Total</b>	100.00%	100.00%	0.00%	0.00%	0.00%	100.00%	0.00%

**TOTAL OPERATING EXPENSES**

<b>Cash Basis</b>	\$ 8,671,801	\$ 8,671,801	\$ 844,918	\$ 4,178,658	\$ 1,518,330	\$ 1,334,124	\$ 795,771
<b>Utility Basis</b>	\$ 8,671,801	\$ 8,671,801	\$ 844,918	\$ 4,178,658	\$ 1,518,330	\$ 1,334,124	\$ 795,771

<b>Test Year 2008</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>							<b>Customer Billing</b>
	<b>Total Revenue Requirement</b>	<b>Water Revenue Requirement</b>	<b>Alternate Water Source</b>	<b>Treatment</b>	<b>Distribution</b>	<b>Admin</b>		

Test Year W 1.0 -- Water Department Cost Functionalization

Scen: Alt #1 -- "BASE"

**CAPITAL OUTLAYS**

Water Division	Total Revenue Requirement	Water Revenue Requirement	Alternate Water Source	Treatment	Distribution	Admin	Customer Billing
Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expense	-	-	-	-	-	-	-
Expense	-	-	-	-	-	-	-
Expense	-	-	-	-	-	-	-
Expense	-	-	-	-	-	-	-
Expense	-	-	-	-	-	-	-
Expense	-	-	-	-	-	-	-
Expense	-	-	-	-	-	-	-
Expense	-	-	-	-	-	-	-
Expense	-	-	-	-	-	-	-
<b>TOTAL CAPITAL OUTLAYS</b>							
<b>Cash Basis</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Utility Basis</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL						
	Total Revenue Requirement	Water Revenue Requirement	Alternate Water Source	Treatment	Distribution	Admin	Customer Billing

Test Year W 1.0 -- Water Department Cost Functionalization  
Scen: Alt #1 -- "BASE"

**DEBT SERVICE -- CURRENT**

1	<b>MPC 2004-G -- JWK Ranch</b>							
	Principal	\$ 255,000	\$ 51,000	\$ 51,000	\$ -	\$ -	\$ -	\$ -
	Interest	550,336	110,067	110,067	-	-	-	-
	Reserve	-	-	-	-	-	-	-
	Sub-Total	805,336	161,067	161,067	-	-	-	-
2	<b>MPC 2004-G -- 93-E Refund</b>							
	Principal	\$ 235,301	\$ 235,301	\$ -	\$ 235,301	\$ -	\$ -	\$ -
	Interest	19,952	19,952	-	19,952	-	-	-
	Reserve	-	-	-	-	-	-	-
	Sub-Total	255,253	255,253	-	255,253	-	-	-
3	<b>MPC 1998-F -- Tanks</b>							
	Principal	\$ 107,865	\$ 107,865	\$ -	\$ -	\$ 107,865	\$ -	\$ -
	Interest	70,100	70,100	-	-	70,100	-	-
	Reserve	-	-	-	-	-	-	-
	Sub-Total	177,965	177,965	-	-	177,965	-	-
4	<b>MPC 1998-F -- Airport WWTP</b>							
	Principal	\$ 192,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Interest	124,864	-	-	-	-	-	-
	Reserve	-	-	-	-	-	-	-
	Sub-Total	316,998	-	-	-	-	-	-
5	<b>MPC 89A Refunding</b>							
	Principal	\$ 562,714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Interest	14,136	-	-	-	-	-	-
	Reserve	-	-	-	-	-	-	-
	Sub-Total	576,850	-	-	-	-	-	-
6	<b>MPC 2004-G Refund 93-E</b>							
	Principal	\$ 144,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Interest	12,218	-	-	-	-	-	-
	Reserve	-	-	-	-	-	-	-
	Sub-Total	156,314	-	-	-	-	-	-
7	<b>MPC -- 920125-08</b>							
	Principal	\$ 343,464	\$ 343,464	\$ -	\$ 61,960	\$ 193,743	\$ -	\$ 87,762
	Interest	305,878	305,878	-	55,179	172,541	-	78,158
	Reserve	-	-	-	-	-	-	-
	Sub-Total	649,342	649,342	-	117,139	366,284	-	165,919
8	<b>MPC -- 910097-08</b>							
	Principal	\$ 160,118	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Interest	155,110	-	-	-	-	-	-
	Reserve	-	-	-	-	-	-	-
	Sub-Total	315,228	-	-	-	-	-	-

**TOTAL CURRENT DEBT SERVICE**

Principal	\$ 2,000,692	\$ 737,630	\$ 51,000	\$ 297,261	\$ 301,608	\$ -	\$ 87,762
Interest	1,252,594	505,997	110,067	75,131	242,641	-	78,158
Reserve	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>3,253,286</b>	<b>1,243,627</b>	<b># 161,067</b>	<b>372,392</b>	<b>544,249</b>	<b>-</b>	<b>165,919</b>
<b>Cash Basis</b>	<b>\$ 3,253,286</b>	<b>\$ 1,243,627</b>	<b>\$ 161,067</b>	<b>\$ 372,392</b>	<b>\$ 544,249</b>	<b>\$ -</b>	<b>\$ 165,919</b>
<b>Utility Basis</b>	<b>\$ 1,252,594</b>	<b>\$ 505,997</b>	<b>\$ 110,067</b>	<b>\$ 75,131</b>	<b>\$ 242,641</b>	<b>\$ -</b>	<b>\$ 78,158</b>

<b>Test Year 2008</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>							<b>Customer Billing</b>
	<b>Total Revenue Requirement</b>	<b>Water Revenue Requirement</b>	<b>Alternate Water Source</b>	<b>Treatment</b>	<b>Distribution</b>	<b>Admin</b>		

*Test Year W 1.0 -- Water Department Cost Functionalization*

Scen: Alt #1 -- "BASE"

<b>DEBT SERVICE -- FUTURE</b>												
Principal	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Interest		-		-		-		-		-		-
Reserve		-		-		-		-		-		-
<b>TOTAL</b>		-		-		-		-		-		-
<b>Cash Basis</b>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
<b>Utility Basis</b>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

<b>DEPRECIATION</b>														
Existing	\$	2,786,262	\$	2,786,262	\$	873,164	\$	109,901	\$	1,797,683	\$	-	\$	5,514
CIP		-		-		-		-		-		-		-
<b>TOTAL</b>		2,786,262		2,786,262		873,164		109,901		1,797,683		-		5,514
<b>Cash Basis</b>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
				0.00%		0.00%		0.00%		0.00%		0.00%		0.00%
<b>Utility Basis</b>	\$	2,786,262	\$	2,786,262	\$	873,164	\$	109,901	\$	1,797,683	\$	-	\$	5,514
				100.00%		31.34%		3.94%		64.52%		0.00%		0.20%

Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL						
	Total Revenue Requirement	Water Revenue Requirement	Alternate Water Source	Treatment	Distribution	Admin	Customer Billing

Test Year W 1.0 -- Water Department Cost Functionalization  
 Scen: Alt #1 -- "BASE"

RETURN														
Net Rate Base														
Existing	\$	89,249,601	\$	89,249,601	\$	33,329,792	\$	4,588,726	\$	51,298,461	\$	-	\$	32,622
CIP		-		-		-		-		-		-		-
<b>Total</b>		<b>89,249,601</b>		<b>89,249,601</b>		<b>33,329,792</b>		<b>4,588,726</b>		<b>51,298,461</b>		<b>-</b>		<b>32,622</b>
Rate of Return		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%
<b>TOTAL RETURN</b>		<b>4,462,480</b>		<b>4,462,480</b>		<b>1,666,490</b>		<b>229,436</b>		<b>2,564,923</b>		<b>-</b>		<b>1,631</b>
Cash Basis	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
				0.00%		0.00%		0.00%		0.00%		0.00%		0.00%
Utility Basis	\$	4,462,480	\$	4,462,480	\$	1,666,490	\$	229,436	\$	2,564,923	\$	-	\$	1,631
				100.00%		37.34%		5.14%		57.48%		0.00%		0.04%

TOTAL EXPENSES														
Cash Basis	\$	11,925,087	\$	9,915,428	\$	1,005,985	\$	4,551,050	\$	2,062,579	\$	1,334,124	\$	961,691
Less Non-Rate Revenues	\$	10,317,278	\$	9,223,619	na	na	na	na	na	na	na	na	na	na
Utility Basis	\$	17,173,137	\$	16,426,540	\$	3,494,639	\$	4,593,127	\$	6,123,577	\$	1,334,124	\$	881,074
Less Non-Rate Revenues		15,565,328		15,734,731	na	na	na	na	na	na	na	na	na	na

<b>Test Year</b> 2008	<b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b>					
	<b>Base Annual Use</b>	<b>Base Daily Average</b>	<b>Capacity Factor</b>	<b>Max Day Total Capacity</b>	<b>Extra Capacity</b>	<b>Water Bills</b>

**Test Year W 2.0 -- Water Cost Allocations to Defined Customer Class Units**  
**Scen: Alt #1 -- "BASE"**

**Customer Class Units -- Test Year Forecast Volume**

W.	Residential	Inside	Base Annual Use	Base Daily Average	Capacity Factor	Max Day Total Capacity	Extra Capacity	Water Bills
W.1	Residential	Inside	1,165,347,352	3,192,732	158	5,031,089	1,838,357	15,563
W.2	Multi-Family	Inside	259,481,130	710,907	126	894,567	183,660	716
W.3	Irrigation	Inside	164,209,351	449,889	198	890,216	440,328	365
W.4	Non-Res	Inside	620,183,095	1,699,132	122	2,080,846	381,714	1,641
W.5	Residential	County	168,429,244	461,450	172	793,920	332,470	2,267
W.6	Multi-Family	County	19,700,387	53,974	150	81,082	27,108	13
W.7	Irrigation	County	2,547,636	6,980	196	13,656	6,676	24
W.8	Non-Res	County	27,625,919	75,687	148	112,068	36,380	26
W.9	Residential	CV	47,768,749	130,873	166	217,784	86,911	570
W.10	Multi-Family	CV	-	-	-	-	-	-
W.11	Irrigation	CV	834,769	2,287	292	6,679	4,392	6
W.12	Non-Res	CV	14,981,785	41,046	175	71,989	30,943	28
<b>Total System</b>			<b>2,491,109,417</b>	<b>6,824,957</b>		<b>10,193,897</b>	<b>3,368,940</b>	<b>21,219</b>

**Allocation Factors**

Base	100.00%	
Maximum Day	50.00%	50.00%
Maximum Hour	25.00%	75.00%

**Customer Class Units -- Percent of Annual Volumes**

W.1	Residential	Inside	46.78%	54.57%	73.34%
W.2	Multi-Family	Inside	10.42%	5.45%	3.37%
W.3	Irrigation	Inside	6.59%	13.07%	1.72%
W.4	Non-Res	Inside	24.90%	11.33%	7.73%
W.5	Residential	County	6.76%	9.87%	10.68%
W.6	Multi-Family	County	0.79%	0.80%	0.06%
W.7	Irrigation	County	0.10%	0.20%	0.11%
W.8	Non-Res	County	1.11%	1.08%	0.12%
W.9	Residential	CV	1.92%	2.58%	2.69%
W.10	Multi-Family	CV	0.00%	0.00%	0.00%
W.11	Irrigation	CV	0.03%	0.13%	0.03%
W.12	Non-Res	CV	<u>0.60%</u>	<u>0.92%</u>	<u>0.13%</u>
<b>Total System</b>			<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

SOURCE: Volume Input spreadsheet

<b>Test Year</b> <b>2008</b>	<b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b>							
<b>Base</b>	<b>Max Day</b>	<b>Max Hour</b>	<b>Cust Billing</b>	<b>Total Water</b>	<b>Base</b>	<b>Max Day</b>	<b>Max Hour</b>	<b>Cust Billing</b>

**Test Year W 3.0 -- Water Cost Classification**

**Scen: Alt #1 -- "BASE"**

**CASH BASIS**

**Alternate Water Source**

Operating Expenses	50.00%	50.00%	0.00%	0.00%	\$ 844,918	\$ 422,459	\$ 422,459	\$ -	\$ -
Capital Outlays	50.00%	50.00%	0.00%	0.00%	-	-	-	-	-
Debt Service -- Current	50.00%	50.00%	0.00%	0.00%	161,067	80,534	80,534	-	-
Debt Service -- Future	50.00%	50.00%	0.00%	0.00%	-	-	-	-	-
Depreciation	50.00%	50.00%	0.00%	0.00%	-	-	-	-	-
Return	50.00%	50.00%	0.00%	0.00%	-	-	-	-	-
<b>Total Alternate Water Source</b>					1,005,985	502,993	502,993	-	-
					100.00%	50.00%	50.00%	0.00%	0.00%

**Treatment**

Operating Expenses	25.00%	0.00%	75.00%	0.00%	\$ 4,178,658	\$ 1,044,665	\$ -	\$ 3,133,994	\$ -
Capital Outlays	25.00%	0.00%	75.00%	0.00%	-	-	-	-	-
Debt Service -- Current	25.00%	0.00%	75.00%	0.00%	372,392	93,098	-	279,294	-
Debt Service -- Future	25.00%	0.00%	75.00%	0.00%	-	-	-	-	-
Depreciation	25.00%	0.00%	75.00%	0.00%	-	-	-	-	-
Return	25.00%	0.00%	75.00%	0.00%	-	-	-	-	-
<b>Total Treatment</b>					4,551,050	1,137,763	-	3,413,288	-
					100.00%	25.00%	0.00%	75.00%	0.00%

**Distribution**

Operating Expenses	50.00%	50.00%	0.00%	0.00%	\$ 1,518,330	\$ 759,165	\$ 759,165	\$ -	\$ -
Capital Outlays	50.00%	50.00%	0.00%	0.00%	-	-	-	-	-
Debt Service -- Current	50.00%	50.00%	0.00%	0.00%	544,249	272,124	272,124	-	-
Debt Service -- Future	50.00%	50.00%	0.00%	0.00%	-	-	-	-	-
Depreciation	50.00%	50.00%	0.00%	0.00%	-	-	-	-	-
Return	50.00%	50.00%	0.00%	0.00%	-	-	-	-	-
<b>Total Distribution</b>					2,062,579	1,031,289	1,031,289	-	-
					100.00%	50.00%	50.00%	0.00%	0.00%

**Customer Billing**

Operating Expenses	0.00%	0.00%	0.00%	100.00%	\$ 795,771	\$ -	\$ -	\$ -	\$ 795,771
Capital Outlays	0.00%	0.00%	0.00%	100.00%	-	-	-	-	-
Debt Service -- Current	0.00%	0.00%	0.00%	100.00%	165,919	-	-	-	165,919
Debt Service -- Future	0.00%	0.00%	0.00%	100.00%	-	-	-	-	-
Depreciation	0.00%	0.00%	0.00%	100.00%	-	-	-	-	-
Return	0.00%	0.00%	0.00%	100.00%	-	-	-	-	-
<b>Total Customer Billing</b>					961,691	-	-	-	961,691
					100.00%	0.00%	0.00%	0.00%	100.00%

**Sub-Total**

					8,581,305	2,672,044	1,534,282	3,413,288	961,691
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**Percentage**

					100.00%	31.14%	17.88%	39.78%	11.21%
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<b>Test Year</b> <b>2008</b>	<b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b>								
	<b>Base</b>	<b>Max Day</b>	<b>Max Hour</b>	<b>Cust Billing</b>	<b>Total Water</b>	<b>Base</b>	<b>Max Day</b>	<b>Max Hour</b>	<b>Cust Billing</b>

**Test Year W 3.0 -- Water Cost Classification**

**Scen: Alt #1 -- "BASE"**

**Administration**

Operating Expenses	31.14%	17.88%	39.78%	11.21%	1,334,124	415,419	238,533	530,659	149,513
Capital Outlays	31.14%	17.88%	39.78%	11.21%	-	-	-	-	-
Debt Service -- Current	31.14%	17.88%	39.78%	11.21%	-	-	-	-	-
Debt Service -- Future	31.14%	17.88%	39.78%	11.21%	-	-	-	-	-
Depreciation	31.14%	17.88%	39.78%	11.21%	-	-	-	-	-
Return	31.14%	17.88%	39.78%	11.21%	-	-	-	-	-
<b>Total Administration</b>					1,334,124	415,419	238,533	530,659	149,513
						31.14%	17.88%	39.78%	11.21%

**TOTAL OPERATING/CAPITAL Percentage**

<b>\$ 9,915,428</b>	<b>\$ 3,087,463</b>	<b>\$ 1,772,815</b>	<b>\$ 3,943,947</b>	<b>\$ 1,111,203</b>
100.00%	31.14%	17.88%	39.78%	11.21%

Less Non-Rate Revenues	31.14%	17.88%	39.78%	11.21%	(691,809)	(215,415)	(123,691)	(275,173)	(77,530)
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**CASH BASIS -- WATER COST CLASSIFICATION**

<b>\$ 9,223,619</b>	<b>\$ 2,872,048</b>	<b>\$ 1,649,124</b>	<b>\$ 3,668,774</b>	<b>\$ 1,033,674</b>
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<b>Test Year</b> <b>2008</b>	<b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b>							
<b>Base</b>	<b>Max Day</b>	<b>Max Hour</b>	<b>Cust Billing</b>	<b>Total Water</b>	<b>Base</b>	<b>Max Day</b>	<b>Max Hour</b>	<b>Cust Billing</b>

**Test Year W 3.0 -- Water Cost Classification**

**Scen: Alt #1 -- "BASE"**

**UTILITY BASIS**

**Alternate Water Source**

Operating Expenses	50.00%	50.00%	0.00%	0.00%	\$ 844,918	\$ 422,459	\$ 422,459	\$ -	\$ -
Capital Outlays	50.00%	50.00%	0.00%	0.00%	-	-	-	-	-
Debt Service -- Current	50.00%	50.00%	0.00%	0.00%	110,067	55,034	55,034	-	-
Debt Service -- Future	50.00%	50.00%	0.00%	0.00%	-	-	-	-	-
Depreciation	50.00%	50.00%	0.00%	0.00%	873,164	436,582	436,582	-	-
Return	50.00%	50.00%	0.00%	0.00%	1,666,490	833,245	833,245	-	-
<b>Total Alternate Water Source</b>					3,494,639	1,747,319	1,747,319	-	-
						50.00%	50.00%	0.00%	0.00%

**Treatment**

Operating Expenses	25.00%	0.00%	75.00%	0.00%	\$ 4,178,658	\$ 1,044,665	\$ -	\$ 3,133,994	\$ -
Capital Outlays	25.00%	0.00%	75.00%	0.00%	-	-	-	-	-
Debt Service -- Current	25.00%	0.00%	75.00%	0.00%	75,131	18,783	-	56,349	-
Debt Service -- Future	25.00%	0.00%	75.00%	0.00%	-	-	-	-	-
Depreciation	25.00%	0.00%	75.00%	0.00%	109,901	27,475	-	82,426	-
Return	25.00%	0.00%	75.00%	0.00%	229,436	57,359	-	172,077	-
<b>Total Treatment</b>					4,593,127	1,148,282	-	3,444,845	-
						25.00%	0.00%	75.00%	0.00%

**Distribution**

Operating Expenses	50.00%	50.00%	0.00%	0.00%	\$ 1,518,330	\$ 759,165	\$ 759,165	\$ -	\$ -
Capital Outlays	50.00%	50.00%	0.00%	0.00%	-	-	-	-	-
Debt Service -- Current	50.00%	50.00%	0.00%	0.00%	242,641	121,320	121,320	-	-
Debt Service -- Future	50.00%	50.00%	0.00%	0.00%	-	-	-	-	-
Depreciation	50.00%	50.00%	0.00%	0.00%	1,797,683	898,842	898,842	-	-
Return	50.00%	50.00%	0.00%	0.00%	2,564,923	1,282,462	1,282,462	-	-
<b>Total Distribution</b>					6,123,577	3,061,789	3,061,789	-	-
						50.00%	100.00%	0.00%	0.00%

**Customer Billing**

Operating Expenses	0.00%	0.00%	0.00%	100.00%	795,771	-	-	-	795,771
Capital Outlays	0.00%	0.00%	0.00%	100.00%	-	-	-	-	-
Debt Service -- Current	0.00%	0.00%	0.00%	100.00%	78,158	-	-	-	78,158
Debt Service -- Future	0.00%	0.00%	0.00%	100.00%	-	-	-	-	-
Depreciation	0.00%	0.00%	0.00%	100.00%	5,514	-	-	-	5,514
Return	0.00%	0.00%	0.00%	100.00%	1,631	-	-	-	1,631
<b>Total Customer Billing</b>					881,074	-	-	-	881,074
						0.00%	0.00%	0.00%	0.00%

<b>Sub-Total</b>					<b>15,092,417</b>	<b>5,957,390</b>	<b>4,809,108</b>	<b>3,444,845</b>	<b>881,074</b>
<b>Percentage</b>					<b>100.00%</b>	<b>39.47%</b>	<b>31.86%</b>	<b>22.83%</b>	<b>5.84%</b>

<b>Test Year</b> <b>2008</b>	<b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b>								
	<b>Base</b>	<b>Max Day</b>	<b>Max Hour</b>	<b>Cust Billing</b>	<b>Total Water</b>	<b>Base</b>	<b>Max Day</b>	<b>Max Hour</b>	<b>Cust Billing</b>

**Test Year W 3.0 -- Water Cost Classification**

**Scen: Alt #1 -- "BASE"**

Administration	Base	Max Day	Max Hour	Cust Billing	Total Water	Base	Max Day	Max Hour	Cust Billing
Water Division	39.47%	31.86%	22.83%	5.84%	1,334,124	526,615	425,110	304,514	77,884
Capital Outlays	39.47%	31.86%	22.83%	5.84%	-	-	-	-	-
Debt Service -- Current	39.47%	31.86%	22.83%	5.84%	-	-	-	-	-
Debt Service -- Future	39.47%	31.86%	22.83%	5.84%	-	-	-	-	-
Depreciation	39.47%	31.86%	22.83%	5.84%	-	-	-	-	-
Return	39.47%	31.86%	22.83%	5.84%	-	-	-	-	-
<b>Total Administration</b>					1,334,124	526,615	425,110	304,514	77,884
						39.47%	80.73%	22.83%	18.32%
<b>TOTAL OPERATING/CAPITAL</b>					<b>\$ 16,426,540</b>	<b>\$ 6,484,005</b>	<b>\$ 5,234,218</b>	<b>\$ 3,749,359</b>	<b>\$ 958,958</b>
<b>Percentage</b>					<b>100.00%</b>	<b>39.47%</b>	<b>31.86%</b>	<b>22.83%</b>	<b>5.84%</b>
Less Non-Rate Revenues	39.47%	31.86%	22.83%	5.84%	(691,809)	(273,076)	(220,441)	(157,905)	(40,387)
<b>UTILITY BASIS -- WATER COST CLASSIFICATION</b>					<b>\$ 15,734,731</b>	<b>\$ 6,210,929</b>	<b>\$ 5,013,778</b>	<b>\$ 3,591,453</b>	<b>\$ 918,572</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<b>Total Expense:</b>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 4.0 -- Water Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**NON-RATE REVENUES**

<u>Water Division</u>										
0	Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0	Water System Impact Fee	-	-	-	-	-	-	-	-	-
0	Water Resource Development Fee	-	-	-	-	-	-	-	-	-
0	Alternate Water Source Fees	-	-	-	-	-	-	-	-	-
0	Water Connection Fees	495,000	509,850	525,146	540,900	557,127	573,841	591,056	608,788	627,051
0	Rechargeable Effluent Fee	(150,000)	(154,500)	(159,135)	(163,909)	(168,826)	(173,891)	(179,108)	(184,481)	(190,016)
0	Interest Income	210,000	216,300	222,789	229,473	236,357	243,448	250,751	258,274	266,022
0	Misc.	136,809	140,913	145,141	149,495	153,980	158,599	163,357	168,258	173,306
0	Bond Proceeds	-	-	-	-	-	-	-	-	-
0	Intergovernmental Contributions	-	-	-	-	-	-	-	-	-
0	Interfund Receivable	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>691,809</b>	<b>712,563</b>	<b>733,940</b>	<b>755,958</b>	<b>778,637</b>	<b>801,996</b>	<b>826,056</b>	<b>850,838</b>	<b>876,363</b>
<u>Wastewater Division</u>										
0	Sewer Service Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0	Sewer Buy-In Fees	-	-	-	-	-	-	-	-	-
0	Misc.	-	-	-	-	-	-	-	-	-
0	Effluent Recharge Fees	-	-	-	-	-	-	-	-	-
0	Interest Income	-	-	-	-	-	-	-	-	-
0	Sewer Connection Fees	-	-	-	-	-	-	-	-	-
0	Bond Proceeds	-	-	-	-	-	-	-	-	-
0	Imp. District Bonds/Prop Owner Pmts	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>-</b>								
	Reserve Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<b>-</b>								

**TOTAL NON-RATE REVENUES**

<b>Cash Basis</b>	<b>\$ 691,809</b>	<b>\$ 712,563</b>	<b>\$ 733,940</b>	<b>\$ 755,958</b>	<b>\$ 778,637</b>	<b>\$ 801,996</b>	<b>\$ 826,056</b>	<b>\$ 850,838</b>	<b>\$ 876,363</b>	<b>\$ 902,654</b>
<b>Utility Basis</b>	<b>\$ 691,809</b>	<b>\$ 712,563</b>	<b>\$ 733,940</b>	<b>\$ 755,958</b>	<b>\$ 778,637</b>	<b>\$ 801,996</b>	<b>\$ 826,056</b>	<b>\$ 850,838</b>	<b>\$ 876,363</b>	<b>\$ 902,654</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<p><b>Total Expense:</b></p>										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 4.0 -- Water Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**OPERATING EXPENSES**

**Water Division**

**1 WATER -- Alternative Water Resources**

		2008		2009		2010		2011		2012		2013		2014		2015		2016		2017	
<b>PERSONNEL</b>																					
110	Salaries - Full Time Perma	\$	236,173	\$	250,343	\$	265,364	\$	281,286	\$	298,163	\$	316,053	\$	335,016	\$	355,117	\$	376,424	\$	399,009
111	Salaries - Part Time Perma		-		-		-		-		-		-		-		-		-		-
112	Pay-For-Performance		1,185		1,256		1,331		1,411		1,496		1,586		1,681		1,782		1,889		2,002
130	Overtime		-		-		-		-		-		-		-		-		-		-
140	FICA		17,359		18,748		20,248		21,867		23,617		25,506		27,547		29,750		32,130		34,701
150	Retirement Contributions		22,787		24,610		26,579		28,705		31,001		33,482		36,160		39,053		42,177		45,551
170	Health Insurance		19,609		21,178		22,872		24,702		26,678		28,812		31,117		33,606		36,295		39,198
180	Workmen's Compensation Ins		2,352		2,540		2,743		2,963		3,200		3,456		3,732		4,031		4,353		4,702
	<b>Total</b>		<b>299,465</b>		<b>318,675</b>		<b>339,137</b>		<b>360,934</b>		<b>384,155</b>		<b>408,894</b>		<b>435,253</b>		<b>463,339</b>		<b>493,268</b>		<b>525,164</b>
<b>SUPPLIES</b>																					
201	Office Supplies	\$	2,400	\$	2,472	\$	2,546	\$	2,623	\$	2,701	\$	2,782	\$	2,866	\$	2,952	\$	3,040	\$	3,131
210	Agricultural Supplies		-		-		-		-		-		-		-		-		-		-
220	Small Tools & Equipment		4,000		4,120		4,244		4,371		4,502		4,637		4,776		4,919		5,067		5,219
230	Uniforms		-		-		-		-		-		-		-		-		-		-
235	Uniform Cleaning & Laundry		-		-		-		-		-		-		-		-		-		-
240	Education & Recreation Sup		500		515		530		546		563		580		597		615		633		652
250	Chemicals & Laboratory Sup		-		-		-		-		-		-		-		-		-		-
260	Photographic & Duplication		300		309		318		328		338		348		358		369		380		391
270	Janitorial Supplies		100		103		106		109		113		116		119		123		127		130
280	Revolving Inventory		-		-		-		-		-		-		-		-		-		-
290	Other Operating Supplies		6,000		6,180		6,365		6,556		6,753		6,956		7,164		7,379		7,601		7,829
300	Landfill & Transfer Fees		-		-		-		-		-		-		-		-		-		-
310	Gas, Oil & Lubricants		500		522		550		582		614		648		684		721		759		800
315	Tires & Tubes		-		-		-		-		-		-		-		-		-		-
320	Material To Main		-		-		-		-		-		-		-		-		-		-
330	Material to Maintain Building		-		-		-		-		-		-		-		-		-		-
340	Paint		-		-		-		-		-		-		-		-		-		-
350	Street Maintenance Materia		-		-		-		-		-		-		-		-		-		-
	<b>Total</b>		<b>13,800</b>		<b>14,221</b>		<b>14,660</b>		<b>15,115</b>		<b>15,583</b>		<b>16,067</b>		<b>16,565</b>		<b>17,078</b>		<b>17,607</b>		<b>18,153</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<b>Total Expense:</b>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 4.0 -- Water Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**OTHER SERVICES & CHARGES**

400	Computer Service	\$	6,179	\$	6,364	\$	6,555	\$	6,752	\$	6,955	\$	7,163	\$	7,378	\$	7,599	\$	7,827	\$	8,062
405	Personnel Div Charges		5,381		5,704		6,046		6,409		6,793		7,201		7,633		8,091		8,576		9,091
407	City Admin Cost		63,825		65,740		67,712		69,743		71,836		73,991		76,210		78,497		80,852		83,277
410	Architectural & Engineerin		-		-		-		-		-		-		-		-		-		-
411	Appraisal Services		-		-		-		-		-		-		-		-		-		-
412	Consultants		50,000		51,500		53,045		54,636		56,275		57,964		59,703		61,494		63,339		65,239
413	Legal Services		47,563		48,990		50,460		51,973		53,533		55,139		56,793		58,496		60,251		62,059
414	Medical Services		-		-		-		-		-		-		-		-		-		-
415	Auditing & Accounting		39,275		40,453		41,667		42,917		44,204		45,530		46,896		48,303		49,752		51,245
416	Bond Sale Expense		-		-		-		-		-		-		-		-		-		-
417	Advertising		500		515		530		546		563		580		597		615		633		652
418	Other Professional Service		3,000		3,090		3,183		3,278		3,377		3,478		3,582		3,690		3,800		3,914
420	Public Information		35,000		36,050		37,132		38,245		39,393		40,575		41,792		43,046		44,337		45,667
421	Postage & Freight Charges		600		627		660		698		737		778		820		865		911		960
422	Telephone & Telecom		1,100		1,133		1,167		1,202		1,238		1,275		1,313		1,353		1,393		1,435
438	Internal Engineering Chrg		-		-		-		-		-		-		-		-		-		-
440	Vehicle Replacement Chgs		-		-		-		-		-		-		-		-		-		-
445	Facilities Maintenance Cha		5,957		6,136		6,320		6,509		6,705		6,906		7,113		7,326		7,546		7,773
450	Training/Conferences		3,000		3,090		3,183		3,278		3,377		3,478		3,582		3,690		3,800		3,914
461	Printing & Binding		7,500		7,725		7,957		8,195		8,441		8,695		8,955		9,224		9,501		9,786
463	Xerox Charges		-		-		-		-		-		-		-		-		-		-
474	Machinery & Equipment Rent		-		-		-		-		-		-		-		-		-		-
475	Other Rents		-		-		-		-		-		-		-		-		-		-
481	Electric		-		-		-		-		-		-		-		-		-		-
482	Gas		-		-		-		-		-		-		-		-		-		-
483	Water		250		258		265		273		281		290		299		307		317		326
511	Insurance		20,023		21,625		23,355		25,223		27,241		29,420		31,774		34,316		37,061		40,026
521	Janitor Cleaning & Waste R		-		-		-		-		-		-		-		-		-		-
522	Maintenance,Bldgs & Struct		-		-		-		-		-		-		-		-		-		-
523	Maintenance,Office Equip.		500		515		530		546		563		580		597		615		633		652
524	Maintenance,machinery,equi		-		-		-		-		-		-		-		-		-		-
525	Miscellaneous Maintenance & Repair		-		-		-		-		-		-		-		-		-		-
540	Refunds, Rewards, Judgment		125,000		128,750		132,613		136,591		140,689		144,909		149,257		153,734		158,346		163,097
541	Credit Card Service Charge		-		-		-		-		-		-		-		-		-		-
542	DEQ Fees & Permits		-		-		-		-		-		-		-		-		-		-
545	Emp & Vol Recognition		-		-		-		-		-		-		-		-		-		-
550	Subscription & Memberships		117,000		120,510		124,125		127,849		131,685		135,635		139,704		143,895		148,212		152,658
575	Other Services		-		-		-		-		-		-		-		-		-		-
	<b>Total</b>		<b>531,653</b>		<b>548,774</b>		<b>566,504</b>		<b>584,866</b>		<b>603,884</b>		<b>623,585</b>		<b>643,999</b>		<b>665,156</b>		<b>687,090</b>		<b>709,834</b>

**COST RECOVERY**

600	Cost Recovered From Other	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	<b>Total</b>		<b>-</b>																		

**TOTAL**

<b>Cash Basis</b>	\$	844,918	\$	881,670	\$	920,302	\$	960,915	\$	1,003,622	\$	1,048,546	\$	1,095,816	\$	1,145,574	\$	1,197,966	\$	1,253,151
<b>Utility Basis</b>	\$	844,918	\$	881,670	\$	920,302	\$	960,915	\$	1,003,622	\$	1,048,546	\$	1,095,816	\$	1,145,574	\$	1,197,966	\$	1,253,151

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<b>Total Expense:</b>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 4.0 -- Water Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**2 WATER -- Meter Reading**

<b>PERSONNEL</b>																					
110	Salaries - Full Time Perma	\$	179,571	\$	190,345	\$	201,766	\$	213,872	\$	226,704	\$	240,307	\$	254,725	\$	270,008	\$	286,209	\$	303,381
111	Salaries - Part Time Perma		-		-		-		-		-		-		-		-		-		-
112	Pay-For-Performance		815		864		916		971		1,029		1,091		1,156		1,225		1,299		1,377
130	Overtime		8,000		8,480		8,989		9,528		10,100		10,706		11,348		12,029		12,751		13,516
140	FICA		13,773		14,875		16,065		17,350		18,738		20,237		21,856		23,605		25,493		27,532
150	Retirement Contributions		18,084		19,531		21,093		22,781		24,603		26,571		28,697		30,993		33,472		36,150
170	Health Insurance		32,125		34,695		37,471		40,468		43,706		47,202		50,978		55,057		59,461		64,218
180	Workmen's Compensation Ins		4,745		5,125		5,535		5,977		6,456		6,972		7,530		8,132		8,783		9,485
	<b>Total</b>		<b>257,113</b>		<b>273,914</b>		<b>291,834</b>		<b>310,947</b>		<b>331,335</b>		<b>353,085</b>		<b>376,290</b>		<b>401,049</b>		<b>427,468</b>		<b>455,660</b>
<b>SUPPLIES</b>																					
201	Office Supplies	\$	1,200	\$	1,236	\$	1,273	\$	1,311	\$	1,351	\$	1,391	\$	1,433	\$	1,476	\$	1,520	\$	1,566
210	Agricultural Supplies		-		-		-		-		-		-		-		-		-		-
220	Small Tools & Equipment		1,500		1,545		1,591		1,639		1,688		1,739		1,791		1,845		1,900		1,957
230	Uniforms		1,000		1,060		1,124		1,191		1,262		1,338		1,419		1,504		1,594		1,689
235	Uniform Cleaning & Laundry		-		-		-		-		-		-		-		-		-		-
240	Education & Recreation Sup		-		-		-		-		-		-		-		-		-		-
250	Chemicals & Laboratory Sup		-		-		-		-		-		-		-		-		-		-
260	Photographic & Duplication		-		-		-		-		-		-		-		-		-		-
270	Janitorial Supplies		200		206		212		219		225		232		239		246		253		261
280	Revolving Inventory		-		-		-		-		-		-		-		-		-		-
290	Other Operating Supplies		600		618		637		656		675		696		716		738		760		783
300	Landfill & Transfer Fees		-		-		-		-		-		-		-		-		-		-
310	Gas, Oil & Lubricants		12,000		12,536		13,207		13,957		14,740		15,556		16,409		17,298		18,225		19,192
315	Tires & Tubes		1,000		1,045		1,101		1,163		1,228		1,296		1,367		1,441		1,519		1,599
325	Infrastructure Maintenance		197,000		202,910		208,997		215,267		221,725		228,377		235,228		242,285		249,554		257,040
330	Mater.to Maintain Building		5,000		5,150		5,305		5,464		5,628		5,796		5,970		6,149		6,334		6,524
340	Paint		-		-		-		-		-		-		-		-		-		-
350	Street Maintenance Materia		-		-		-		-		-		-		-		-		-		-
	<b>Total</b>		<b>219,500</b>		<b>226,306</b>		<b>233,446</b>		<b>240,866</b>		<b>248,522</b>		<b>256,422</b>		<b>264,572</b>		<b>272,982</b>		<b>281,659</b>		<b>290,612</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<b>Total Expense:</b>										
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	

**Forecast W 4.0 -- Water Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**OTHER SERVICES & CHARGES**

400	Computer Service	\$	1,545	\$	1,591	\$	1,639	\$	1,688	\$	1,739	\$	1,791	\$	1,845	\$	1,900	\$	1,957	\$	2,016
405	Personnel Div Charges		-		-		-		-		-		-		-		-		-		-
407	City Admin Cost		-		-		-		-		-		-		-		-		-		-
410	Architectural & Engineerin		-		-		-		-		-		-		-		-		-		-
411	Appraisal Services		-		-		-		-		-		-		-		-		-		-
412	Consultants		-		-		-		-		-		-		-		-		-		-
413	Legal Services		-		-		-		-		-		-		-		-		-		-
414	Medical Services		100		103		106		109		113		116		119		123		127		130
415	Auditing & Accounting		-		-		-		-		-		-		-		-		-		-
416	Bond Sale Expense		-		-		-		-		-		-		-		-		-		-
417	Advertising		100		103		106		109		113		116		119		123		127		130
418	Other Professional Service		12,500		12,875		13,261		13,659		14,069		14,491		14,926		15,373		15,835		16,310
420	Public Information		-		-		-		-		-		-		-		-		-		-
421	Postage & Freight Charges		200		209		220		233		246		259		273		288		304		320
422	Telephone & Telecom		1,200		1,236		1,273		1,311		1,351		1,391		1,433		1,476		1,520		1,566
436	Internal Repair Work Order		15,000		15,450		15,914		16,391		16,883		17,389		17,911		18,448		19,002		19,572
440	Vehicle Replacement Chgs		11,940		12,298		12,667		13,047		13,439		13,842		14,257		14,685		15,125		15,579
445	Facilities Maintenance Cha		-		-		-		-		-		-		-		-		-		-
450	Training/Conferences		1,200		1,236		1,273		1,311		1,351		1,391		1,433		1,476		1,520		1,566
461	Printing & Binding		500		515		530		546		563		580		597		615		633		652
463	Xerox Charges		-		-		-		-		-		-		-		-		-		-
474	Machinery & Equipment Rent		-		-		-		-		-		-		-		-		-		-
475	Other Rents		-		-		-		-		-		-		-		-		-		-
481	Electric		-		-		-		-		-		-		-		-		-		-
482	Gas		-		-		-		-		-		-		-		-		-		-
483	Water		-		-		-		-		-		-		-		-		-		-
511	Insurance		7,002		7,562		8,167		8,821		9,526		10,288		11,111		12,000		12,960		13,997
521	Janitor Cleaning & Waste R		-		-		-		-		-		-		-		-		-		-
522	Maintenance,Bldgs & Struct		1,000		1,030		1,061		1,093		1,126		1,159		1,194		1,230		1,267		1,305
523	Maintenance,Office Equip.		-		-		-		-		-		-		-		-		-		-
524	Maintenance,machinery,equi		6,500		6,695		6,896		7,103		7,316		7,535		7,761		7,994		8,234		8,481
525	Miscellaneous Maintenance & Repair		-		-		-		-		-		-		-		-		-		-
540	Refunds, Rewards, Judgment		-		-		-		-		-		-		-		-		-		-
541	Credit Card Service Charge		-		-		-		-		-		-		-		-		-		-
542	DEQ Fees & Permits		-		-		-		-		-		-		-		-		-		-
545	Emp & Vol Recognition		100		103		106		109		113		116		119		123		127		130
550	Subscription & Memberships		120		124		127		131		135		139		143		148		152		157
575	Other Services		2,000		2,060		2,122		2,185		2,251		2,319		2,388		2,460		2,534		2,610
	<b>Total</b>		<b>61,007</b>		<b>63,190</b>		<b>65,469</b>		<b>67,847</b>		<b>70,330</b>		<b>72,922</b>		<b>75,631</b>		<b>78,462</b>		<b>81,423</b>		<b>84,520</b>

**COST RECOVERY**

600	Cost Recovered From Other	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	<b>Total</b>		<b>-</b>																		

**TOTAL**

<b>Cash Basis</b>	\$	<b>537,620</b>	\$	<b>563,411</b>	\$	<b>590,749</b>	\$	<b>619,661</b>	\$	<b>650,188</b>	\$	<b>682,430</b>	\$	<b>716,493</b>	\$	<b>752,493</b>	\$	<b>790,549</b>	\$	<b>830,792</b>
<b>Utility Basis</b>	\$	<b>537,620</b>	\$	<b>563,411</b>	\$	<b>590,749</b>	\$	<b>619,661</b>	\$	<b>650,188</b>	\$	<b>682,430</b>	\$	<b>716,493</b>	\$	<b>752,493</b>	\$	<b>790,549</b>	\$	<b>830,792</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<b>Total Expense:</b>										
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	

**Forecast W 4.0 -- Water Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**3 WATER -- Distribution**

<b>PERSONNEL</b>																					
110	Salaries - Full Time Perma	\$	582,149	\$	617,078	\$	654,103	\$	693,349	\$	784,475	\$	831,543	\$	881,436	\$	993,084	\$	1,052,669	\$	1,115,829
111	Salaries - Part Time Perma		-		-		-		-		-		-		-		-		-		-
112	Pay-For-Performance		2,795		2,963		3,140		3,329		3,766		3,992		4,232		4,768		5,054		5,357
130	Overtime		45,000		47,700		50,562		53,596		60,640		64,278		68,135		76,765		81,371		86,253
140	FICA		46,046		49,730		53,708		58,005		66,788		72,131		77,902		89,327		96,474		104,192
150	Retirement Contributions		60,478		65,316		70,542		76,185		87,721		94,739		102,318		117,325		126,711		136,848
170	Health Insurance		105,101		113,509		122,590		132,397		152,446		164,641		177,813		203,892		220,203		237,819
180	Workmen's Compensation Ins		21,986		23,745		25,644		27,696		31,890		34,441		37,196		42,652		46,064		49,749
	<b>Total</b>		<b>863,555</b>		<b>920,041</b>		<b>980,289</b>		<b>1,044,556</b>		<b>1,187,726</b>		<b>1,265,767</b>		<b>1,349,032</b>		<b>1,527,814</b>		<b>1,628,546</b>		<b>1,736,048</b>
<b>SUPPLIES</b>																					
201	Office Supplies	\$	2,600	\$	2,678	\$	2,758	\$	2,841	\$	2,926	\$	3,014	\$	3,105	\$	3,198	\$	3,294	\$	3,392
210	Agricultural Supplies		-		-		-		-		-		-		-		-		-		-
220	Small Tools & Equipment		4,400		4,532		4,668		4,808		4,952		5,101		5,254		5,411		5,574		5,741
230	Uniforms		2,800		2,968		3,146		3,335		3,535		3,747		3,972		4,210		4,463		4,731
235	Uniform Cleaning & Laundry		4,400		4,664		4,944		5,240		5,555		5,888		6,241		6,616		7,013		7,434
240	Education & Recreation Sup		1,000		1,030		1,061		1,093		1,126		1,159		1,194		1,230		1,267		1,305
250	Chemicals & Laboratory Sup		200		207		216		225		235		245		255		265		276		288
260	Photographic & Duplication		130		134		138		142		146		151		155		160		165		170
270	Janitorial Supplies		300		309		318		328		338		348		358		369		380		391
280	Revolving Inventory		4,500		4,635		4,774		4,917		5,065		5,217		5,373		5,534		5,700		5,871
290	Other Operating Supplies		4,600		4,738		4,880		5,027		5,177		5,333		5,493		5,657		5,827		6,002
300	Landfill & Transfer Fees		3,000		3,090		3,183		3,278		3,377		3,478		3,582		3,690		3,800		3,914
310	Gas, Oil & Lubricants		40,650		42,467		44,739		47,279		49,930		52,697		55,584		58,596		61,737		65,014
315	Tires & Tubes		4,800		5,015		5,283		5,583		5,896		6,223		6,563		6,919		7,290		7,677
320	Material To Main		12,000		12,360		12,731		13,113		13,506		13,911		14,329		14,758		15,201		15,657
330	Mater.to Maintain Building		180,000		185,400		190,962		196,691		202,592		208,669		214,929		221,377		228,019		234,859
340	Paint		2,680		2,760		2,843		2,929		3,016		3,107		3,200		3,296		3,395		3,497
350	Street Maintenance Materia		44,000		45,320		46,680		48,080		49,522		51,008		52,538		54,114		55,738		57,410
	<b>Total</b>		<b>312,060</b>		<b>322,308</b>		<b>333,324</b>		<b>344,908</b>		<b>356,894</b>		<b>369,295</b>		<b>382,126</b>		<b>395,402</b>		<b>409,139</b>		<b>423,353</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>								
<p><b>Total Expense:</b></p>									
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 4.0 -- Water Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**OTHER SERVICES & CHARGES**

400	Computer Service	\$	12,359	\$	12,730	\$	13,112	\$	13,505	\$	13,910	\$	14,327	\$	14,757	\$	15,200	\$	15,656	\$	16,126	
405	Personnel Div Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
407	City Admin Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
410	Architectural & Engineerin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
411	Appraisal Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
412	Consultants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
413	Legal Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
414	Medical Services	700	721	743	765	788	811	836	861	887	913											
415	Auditing & Accounting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
416	Bond Sale Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
417	Advertising	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305											
418	Other Professional Service	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048											
420	Public Information	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
421	Postage & Freight Charges	500	522	550	582	614	648	684	721	759	800											
422	Telephone & Telecom	4,500	4,635	4,774	4,917	5,065	5,217	5,373	5,534	5,700	5,871											
436	Internal Repair Work Order	48,000	49,440	50,923	52,451	54,024	55,645	57,315	59,034	60,805	62,629											
440	Vehicle Replacement Chgs	176,460	181,754	187,206	192,823	198,607	204,566	210,702	217,024	223,534	230,240											
445	Facilities Maintenance Cha	17,297	17,816	18,350	18,901	19,468	20,052	20,654	21,273	21,911	22,569											
450	Training/Conferences	4,950	5,099	5,251	5,409	5,571	5,738	5,911	6,088	6,271	6,459											
461	Printing & Binding	300	309	318	328	338	348	358	369	380	391											
463	Xerox Charges	785	809	833	858	884	910	937	965	994	1,024											
474	Machinery & Equipment Rent	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524											
475	Other Rents	2,900	2,987	3,077	3,169	3,264	3,362	3,463	3,567	3,674	3,784											
481	Electric	-	-	-	-	-	-	-	-	-	-											
482	Gas	-	-	-	-	-	-	-	-	-	-											
483	Water	875	901	928	956	985	1,014	1,045	1,076	1,108	1,142											
511	Insurance	24,439	26,394	28,506	30,786	33,249	35,909	38,782	41,884	45,235	48,854											
521	Janitor Cleaning & Waste R	-	-	-	-	-	-	-	-	-	-											
522	Maintenance,Bldgs & Struct	14,000	14,420	14,853	15,298	15,757	16,230	16,717	17,218	17,735	18,267											
523	Maintenance,Office Equip.	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610											
524	Maintenance,machinery,equi	12,000	12,360	12,731	13,113	13,506	13,911	14,329	14,758	15,201	15,657											
525	Miscellaneous Maintenance & Repair	-	-	-	-	-	-	-	-	-	-											
540	Refunds, Rewards, Judgment	-	-	-	-	-	-	-	-	-	-											
541	Credit Card Service Charge	-	-	-	-	-	-	-	-	-	-											
542	DEQ Fees & Permits	-	-	-	-	-	-	-	-	-	-											
545	Emp & Vol Recognition	250	258	265	273	281	290	299	307	317	326											
550	Subscription & Memberships	400	412	424	437	450	464	478	492	507	522											
575	Other Services	4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,919	5,067	5,219											
	<b>Total</b>	<b>342,715</b>	<b>354,226</b>	<b>366,185</b>	<b>378,610</b>	<b>391,523</b>	<b>404,947</b>	<b>418,906</b>	<b>433,429</b>	<b>448,543</b>	<b>464,279</b>											

**COST RECOVERY**

600	Cost Recovered From Other	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	<b>Total</b>	<b>-</b>																			

**TOTAL**

	<b>Cash Basis</b>	\$	1,518,330	\$	1,596,574	\$	1,679,797	\$	1,768,074	\$	1,936,143	\$	2,040,008	\$	2,150,064	\$	2,356,645	\$	2,486,229	\$	2,623,680
	<b>Utility Basis</b>	<b>\$</b>	<b>1,518,330</b>	<b>\$</b>	<b>1,596,574</b>	<b>\$</b>	<b>1,679,797</b>	<b>\$</b>	<b>1,768,074</b>	<b>\$</b>	<b>1,936,143</b>	<b>\$</b>	<b>2,040,008</b>	<b>\$</b>	<b>2,150,064</b>	<b>\$</b>	<b>2,356,645</b>	<b>\$</b>	<b>2,486,229</b>	<b>\$</b>	<b>2,623,680</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>
<p><b>Total Expense:</b></p>	
<p><b>2008      2009      2010      2011      2012      2013      2014      2015      2016      2017</b></p>	

**Forecast W 4.0 -- Water Utility Cost of Service**

**Scen:      Alt #1 -- "BASE"**

**4 WATER -- Production**

<b>PERSONNEL</b>																					
110	Salaries - Full Time Perma	\$	358,413	\$	431,120	\$	456,987	\$	484,406	\$	574,021	\$	608,462	\$	644,970	\$	755,332	\$	800,652	\$	848,691
111	Salaries - Part Time Perma		-		-		-		-		-		-		-		-		-		-
112	Pay-For-Performance		1,790		2,153		2,282		2,419		2,867		3,039		3,221		3,772		3,999		4,239
130	Overtime		72,000		86,606		91,802		97,310		115,313		122,231		129,565		151,735		160,839		170,490
140	FICA		31,986		39,114		42,243		45,623		54,976		59,374		64,124		76,378		82,489		89,088
150	Retirement Contributions		41,491		50,738		54,797		59,180		71,312		77,017		83,179		99,075		107,001		115,561
170	Health Insurance		50,585		61,858		66,807		72,151		86,942		93,898		101,410		120,790		130,453		140,890
180	Workmen's Compensation Ins		12,921		15,801		17,065		18,430		22,208		23,984		25,903		30,854		33,322		35,988
	<b>Total</b>		<b>569,186</b>		<b>687,389</b>		<b>731,983</b>		<b>779,520</b>		<b>927,639</b>		<b>988,006</b>		<b>1,052,372</b>		<b>1,237,936</b>		<b>1,318,755</b>		<b>1,404,945</b>
<b>SUPPLIES</b>																					
201	Office Supplies	\$	2,800	\$	2,884	\$	2,971	\$	3,060	\$	3,151	\$	3,246	\$	3,343	\$	3,444	\$	3,547	\$	3,653
210	Agricultural Supplies		1,000		1,030		1,061		1,093		1,126		1,159		1,194		1,230		1,267		1,305
220	Small Tools & Equipment		4,500		4,635		4,774		4,917		5,065		5,217		5,373		5,534		5,700		5,871
230	Uniforms		1,800		1,908		2,022		2,144		2,272		2,409		2,553		2,707		2,869		3,041
235	Uniform Cleaning & Laundry		-		-		-		-		-		-		-		-		-		-
240	Education & Recreation Sup		600		618		637		656		675		696		716		738		760		783
250	Chemicals & Laboratory Sup		67,000		69,498		72,361		75,452		78,649		81,958		85,382		88,924		92,589		96,382
260	Photographic & Duplication		-		-		-		-		-		-		-		-		-		-
270	Janitorial Supplies		200		206		212		219		225		232		239		246		253		261
280	Revolving Inventory		2,500		2,575		2,652		2,732		2,814		2,898		2,985		3,075		3,167		3,262
290	Other Operating Supplies		3,000		3,090		3,183		3,278		3,377		3,478		3,582		3,690		3,800		3,914
300	Landfill & Transfer Fees		-		-		-		-		-		-		-		-		-		-
310	Gas, Oil & Lubricants		10,000		10,447		11,006		11,631		12,283		12,964		13,674		14,415		15,188		15,993
315	Tires & Tubes		2,000		2,089		2,201		2,326		2,457		2,593		2,735		2,883		3,038		3,199
320	Material To Main		10,000		10,300		10,609		10,927		11,255		11,593		11,941		12,299		12,668		13,048
330	Mater.to Maintain Building		115,000		118,450		122,004		125,664		129,434		133,317		137,316		141,435		145,679		150,049
340	Paint		3,000		3,090		3,183		3,278		3,377		3,478		3,582		3,690		3,800		3,914
350	Street Maintenance Materia		3,000		3,090		3,183		3,278		3,377		3,478		3,582		3,690		3,800		3,914
	<b>Total</b>		<b>226,400</b>		<b>233,910</b>		<b>242,058</b>		<b>250,653</b>		<b>259,536</b>		<b>268,713</b>		<b>278,197</b>		<b>287,998</b>		<b>298,125</b>		<b>308,590</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<b>Total Expense:</b>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 4.0 -- Water Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**OTHER SERVICES & CHARGES**

400	Computer Service	\$	23,172	\$	23,867	\$	24,583	\$	25,321	\$	26,080	\$	26,863	\$	27,669	\$	28,499	\$	29,354	\$	30,234	
405	Personnel Div Charges		-		-		-		-		-		-		-		-		-		-	
407	City Admin Cost		-		-		-		-		-		-		-		-		-		-	
410	Architectural & Engineerin		7,000		7,210		7,426		7,649		7,879		8,115		8,358		8,609		8,867		9,133	
411	Appraisal Services		5,000		5,150		5,305		5,464		5,628		5,796		5,970		6,149		6,334		6,524	
412	Consultants		-		-		-		-		-		-		-		-		-		-	
413	Legal Services		-		-		-		-		-		-		-		-		-		-	
414	Medical Services		400		412		424		437		450		464		478		492		507		522	
415	Auditing & Accounting		-		-		-		-		-		-		-		-		-		-	
416	Bond Sale Expense		-		-		-		-		-		-		-		-		-		-	
417	Advertising		700		721		743		765		788		811		836		861		887		913	
418	Other Professional Service		60,000		61,800		63,654		65,564		67,531		69,556		71,643		73,792		76,006		78,286	
420	Public Information		-		-		-		-		-		-		-		-		-		-	
421	Postage & Freight Charges		1,000		1,045		1,101		1,163		1,228		1,296		1,367		1,441		1,519		1,599	
422	Telephone & Telecom		21,000		21,630		22,279		22,947		23,636		24,345		25,075		25,827		26,602		27,400	
438	Internal Repair Work Order		23,560		24,267		24,995		25,745		26,517		27,312		28,132		28,976		29,845		30,740	
440	Vehicle Replacement Chgs		43,380		44,681		46,022		47,402		48,825		50,289		51,798		53,352		54,952		56,601	
445	Facilities Maintenance Cha		17,297		17,816		18,350		18,901		19,468		20,052		20,654		21,273		21,911		22,569	
450	Training/Conferences		4,000		4,120		4,244		4,371		4,502		4,637		4,776		4,919		5,067		5,219	
461	Printing & Binding		11,000		11,330		11,670		12,020		12,381		12,752		13,135		13,529		13,934		14,353	
463	Xerox Charges		1,000		1,030		1,061		1,093		1,126		1,159		1,194		1,230		1,267		1,305	
474	Machinery & Equipment Rent		770,000		793,100		816,893		841,400		866,642		892,641		919,420		947,003		975,413		1,004,675	
475	Other Rents		3,000		3,090		3,183		3,278		3,377		3,478		3,582		3,690		3,800		3,914	
481	Electric		1,620,000		1,761,388		1,922,032		2,100,225		2,294,246		2,505,474		2,735,405		2,985,665		3,258,017		3,554,379	
482	Gas		2,900		3,153		3,441		3,760		4,107		4,485		4,897		5,345		5,832		6,363	
483	Water		650		670		690		710		732		754		776		799		823		848	
511	Insurance		92,088		99,455		107,411		116,004		125,285		135,307		146,132		157,823		170,448		184,084	
521	Janitor Cleaning & Waste R		500		515		530		546		563		580		597		615		633		652	
522	Maintenance,Bldgs & Struct		10,000		10,300		10,609		10,927		11,255		11,593		11,941		12,299		12,668		13,048	
523	Maintenance,Office Equip.		1,800		1,854		1,910		1,967		2,026		2,087		2,149		2,214		2,280		2,349	
524	Maintenance,machinery,equi		50,000		51,500		53,045		54,636		56,275		57,964		59,703		61,494		63,339		65,239	
525	Miscellaneous Maintenance & Repair		-		-		-		-		-		-		-		-		-		-	
540	Refunds, Rewards, Judgment		-		-		-		-		-		-		-		-		-		-	
541	Credit Card Service Charge		-		-		-		-		-		-		-		-		-		-	
542	DEQ Fees & Permits		22,000		22,660		23,340		24,040		24,761		25,504		26,269		27,057		27,869		28,705	
545	Emp & Vol Recognition		200		206		212		219		225		232		239		246		253		261	
550	Subscription & Memberships		225		232		239		246		253		261		269		277		285		294	
575	Other Services		591,200		608,936		627,204		646,020		665,401		685,363		705,924		727,101		748,914		771,382	
	<b>Total</b>		<b>3,383,072</b>		<b>3,582,137</b>		<b>3,802,594</b>		<b>4,042,820</b>		<b>4,301,184</b>		<b>4,579,170</b>		<b>4,878,387</b>		<b>5,200,577</b>		<b>5,547,629</b>		<b>5,921,592</b>	

**COST RECOVERY**

600	Cost Recovered From Other	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	
	<b>Total</b>		<b>-</b>																			

**TOTAL**

	<b>Cash Basis</b>	\$	<b>4,178,658</b>	\$	<b>4,503,436</b>	\$	<b>4,776,635</b>	\$	<b>5,072,993</b>	\$	<b>5,488,358</b>	\$	<b>5,835,889</b>	\$	<b>6,208,956</b>	\$	<b>6,726,511</b>	\$	<b>7,164,509</b>	\$	<b>7,635,127</b>	
	<b>Utility Basis</b>	\$	4,178,658	\$	4,503,436	\$	4,776,635	\$	5,072,993	\$	5,488,358	\$	5,835,889	\$	6,208,956	\$	6,726,511	\$	7,164,509	\$	7,635,127	

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<b>Total Expense:</b>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 4.0 -- Water Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**5 WATER -- Utility Billing -- Finance**

<b>PERSONNEL</b>																					
110	Salaries - Full Time Perma	\$	128,253	\$	135,948	\$	144,105	\$	152,751	\$	161,916	\$	171,631	\$	181,929	\$	192,845	\$	204,416	\$	216,681
111	Salaries - Part Time Perma		700		742		787		834		884		937		993		1,053		1,116		1,183
112	Pay-For-Performance		640		678		719		762		808		856		908		962		1,020		1,081
130	Overtime		800		848		899		953		1,010		1,071		1,135		1,203		1,275		1,352
140	FICA		9,655		10,427		11,262		12,163		13,136		14,186		15,321		16,547		17,871		19,300
150	Retirement Contributions		12,450		13,446		14,522		15,683		16,938		18,293		19,757		21,337		23,044		24,888
170	Health Insurance		21,552		23,276		25,138		27,149		29,321		31,667		34,200		36,936		39,891		43,083
180	Workmen's Compensation Ins		432		467		504		544		588		635		686		740		800		864
	<b>Total</b>		<b>174,482</b>		<b>185,833</b>		<b>197,935</b>		<b>210,840</b>		<b>224,601</b>		<b>239,276</b>		<b>254,929</b>		<b>271,624</b>		<b>289,432</b>		<b>308,430</b>
<b>SUPPLIES</b>																					
201	Office Supplies	\$	2,000	\$	2,060	\$	2,122	\$	2,185	\$	2,251	\$	2,319	\$	2,388	\$	2,460	\$	2,534	\$	2,610
210	Agricultural Supplies		-		-		-		-		-		-		-		-		-		-
220	Small Tools & Equipment		-		-		-		-		-		-		-		-		-		-
230	Uniforms		-		-		-		-		-		-		-		-		-		-
235	Uniform Cleaning & Laundry		-		-		-		-		-		-		-		-		-		-
240	Education & Recreation Sup		-		-		-		-		-		-		-		-		-		-
250	Chemicals & Laboratory Sup		-		-		-		-		-		-		-		-		-		-
260	Photographic & Duplication		-		-		-		-		-		-		-		-		-		-
270	Janitorial Supplies		-		-		-		-		-		-		-		-		-		-
280	Revolving Inventory		-		-		-		-		-		-		-		-		-		-
290	Other Operating Supplies		3,000		3,090		3,183		3,278		3,377		3,478		3,582		3,690		3,800		3,914
300	Landfill & Transfer Fees		-		-		-		-		-		-		-		-		-		-
310	Gas, Oil & Lubricants		-		-		-		-		-		-		-		-		-		-
315	Tires & Tubes		-		-		-		-		-		-		-		-		-		-
320	Material To Main		-		-		-		-		-		-		-		-		-		-
330	Mater.to Maintain Building		-		-		-		-		-		-		-		-		-		-
340	Paint		-		-		-		-		-		-		-		-		-		-
350	Street Maintenance Materia		-		-		-		-		-		-		-		-		-		-
	<b>Total</b>		<b>5,000</b>		<b>5,150</b>		<b>5,305</b>		<b>5,464</b>		<b>5,628</b>		<b>5,796</b>		<b>5,970</b>		<b>6,149</b>		<b>6,334</b>		<b>6,524</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<b>Total Expense:</b>										
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	

**Forecast W 4.0 -- Water Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**OTHER SERVICES & CHARGES**

400	Computer Service	\$	45,000	\$	46,350	\$	47,741	\$	49,173	\$	50,648	\$	52,167	\$	53,732	\$	55,344	\$	57,005	\$	58,715	
405	Personnel Div Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
407	City Admin Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
410	Architectural & Engineerin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
411	Appraisal Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
412	Consultants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
413	Legal Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
414	Medical Services	60	62	64	66	68	70	72	74	76	78											
415	Auditing & Accounting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
416	Bond Sale Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
417	Advertising	250	258	265	273	281	290	299	307	317	326											
418	Other Professional Service	71,000	73,130	75,324	77,584	79,911	82,308	84,778	87,321	89,941	92,639											
420	Public Information	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
421	Postage & Freight Charges	80,000	83,576	88,048	93,046	98,264	103,709	109,391	115,318	121,500	127,948											
422	Telephone & Telecom	2,400	2,472	2,546	2,623	2,701	2,782	2,866	2,952	3,040	3,131											
438	Internal Engineering Chrg	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
440	Vehicle Replacement Chgs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
445	Facilities Maintenance Cha	4,164	4,289	4,418	4,550	4,687	4,827	4,972	5,121	5,275	5,433											
450	Training/Conferences	700	721	743	765	788	811	836	861	887	913											
461	Printing & Binding	300	309	318	328	338	348	358	369	380	391											
463	Xerox Charges	400	412	424	437	450	464	478	492	507	522											
474	Machinery & Equipment Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
475	Other Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
481	Electric	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
482	Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
483	Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
511	Insurance	728	786	849	917	990	1,070	1,155	1,248	1,347	1,455											
521	Janitor Cleaning & Waste R	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
522	Maintenance,Bldgs & Struct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
523	Maintenance,Office Equip.	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305											
524	Maintenance,machinery,equi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
525	Miscellaneous Maintenance & Repair	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
540	Refunds, Rewards, Judgment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
541	Credit Card Service Charge	21,000	21,939	23,113	24,425	25,794	27,224	28,715	30,271	31,894	33,586											
542	DEQ Fees & Permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
545	Emp & Vol Recognition	250	258	265	273	281	290	299	307	317	326											
550	Subscription & Memberships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
575	Other Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>227,252</b>	<b>235,591</b>	<b>245,178</b>	<b>255,552</b>	<b>266,327</b>	<b>277,519</b>	<b>289,143</b>	<b>301,215</b>	<b>313,751</b>	<b>326,770</b>											

**COST RECOVERY**

600	Cost Recovered From Other	\$	(260,113)	\$	(267,916)	\$	(275,954)	\$	(284,232)	\$	(292,759)	\$	(301,542)	\$	(310,589)	\$	(319,906)	\$	(329,503)	\$	(339,388)
	<b>Total</b>		<b>(260,113)</b>		<b>(267,916)</b>		<b>(275,954)</b>		<b>(284,232)</b>		<b>(292,759)</b>		<b>(301,542)</b>		<b>(310,589)</b>		<b>(319,906)</b>		<b>(329,503)</b>		<b>(339,388)</b>

**TOTAL**

<b>Cash Basis</b>	\$	146,621	\$	158,657	\$	172,463	\$	187,622	\$	203,796	\$	221,050	\$	239,453	\$	259,082	\$	280,014	\$	302,336
<b>Utility Basis</b>	\$	146,621	\$	158,657	\$	172,463	\$	187,622	\$	203,796	\$	221,050	\$	239,453	\$	259,082	\$	280,014	\$	302,336

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<b>Total Expense:</b>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 4.0 -- Water Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**6 WATER -- Utilities Administration**

<b>PERSONNEL</b>											
110	Salaries - Full Time Perma	\$ 353,523	\$ 374,734	\$ 397,218	\$ 520,356	\$ 551,578	\$ 584,672	\$ 619,753	\$ 656,938	\$ 696,354	\$ 738,135
111	Salaries - Part Time Perma	-	-	-	-	-	-	-	-	-	-
112	Pay-For-Performance	1,615	1,712	1,815	2,377	2,520	2,671	2,831	3,001	3,181	3,372
130	Overtime	1,750	1,855	1,966	2,576	2,730	2,894	3,068	3,252	3,447	3,654
140	FICA	26,448	28,564	30,849	41,029	44,311	47,856	51,685	55,820	60,285	65,108
150	Retirement Contributions	34,263	37,004	39,964	53,153	57,405	61,997	66,957	72,314	78,099	84,347
170	Health Insurance	26,471	28,589	30,876	41,065	44,350	47,898	51,730	55,868	60,338	65,165
180	Workmen's Compensation Ins	4,575	4,941	5,336	7,097	7,665	8,278	8,940	9,656	10,428	11,262
	<b>Total</b>	<b>448,645</b>	<b>477,399</b>	<b>508,025</b>	<b>667,653</b>	<b>710,559</b>	<b>756,267</b>	<b>804,964</b>	<b>856,848</b>	<b>912,132</b>	<b>971,043</b>
<b>SUPPLIES</b>											
201	Office Supplies	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534	\$ 2,610
210	Agricultural Supplies	-	-	-	-	-	-	-	-	-	-
220	Small Tools & Equipment	6,000	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829
230	Uniforms	500	530	562	596	631	669	709	752	797	845
235	Uniform Cleaning & Laundry	-	-	-	-	-	-	-	-	-	-
240	Education & Recreation Sup	400	412	424	437	450	464	478	492	507	522
250	Chemicals & Laboratory Sup	-	-	-	-	-	-	-	-	-	-
260	Photographic & Duplication	500	515	530	546	563	580	597	615	633	652
270	Janitorial Supplies	-	-	-	-	-	-	-	-	-	-
280	Revolving Inventory	-	-	-	-	-	-	-	-	-	-
290	Other Operating Supplies	6,000	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829
300	Landfill & Transfer Fees	-	-	-	-	-	-	-	-	-	-
310	Gas, Oil & Lubricants	1,000	1,045	1,101	1,163	1,228	1,296	1,367	1,441	1,519	1,599
315	Tires & Tubes	600	627	660	698	737	778	820	865	911	960
320	Material To Main	-	-	-	-	-	-	-	-	-	-
330	Mater.to Maintain Building	-	-	-	-	-	-	-	-	-	-
340	Paint	-	-	-	-	-	-	-	-	-	-
350	Street Maintenance Materia	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>17,000</b>	<b>17,549</b>	<b>18,130</b>	<b>18,738</b>	<b>19,367</b>	<b>20,016</b>	<b>20,688</b>	<b>21,383</b>	<b>22,102</b>	<b>22,845</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<p><b>Total Expense:</b></p>										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 4.0 -- Water Utility Cost of Service**

Scen: Alt #1 -- "BASE"

**OTHER SERVICES & CHARGES**

400	Computer Service	\$	20,083	\$	20,685	\$	21,306	\$	21,945	\$	22,604	\$	23,282	\$	23,980	\$	24,700	\$	25,441	\$	26,204
405	Personnel Div Charges		50,821		53,870		57,102		60,529		64,160		68,010		72,091		76,416		81,001		85,861
407	City Admin Cost		285,077		293,629		302,438		311,511		320,857		330,482		340,397		350,609		361,127		371,961
410	Architectural & Engineerin		10,000		10,300		10,609		10,927		11,255		11,593		11,941		12,299		12,668		13,048
411	Appraisal Services		3,500		3,605		3,713		3,825		3,939		4,057		4,179		4,305		4,434		4,567
412	Consultants		-		-		-		-		-		-		-		-		-		-
413	Legal Services		-		-		-		-		-		-		-		-		-		-
414	Medical Services		500		515		530		546		563		580		597		615		633		652
415	Auditing & Accounting		175,422		180,685		186,105		191,688		197,439		203,362		209,463		215,747		222,219		228,886
416	Bond Sale Expense		-		-		-		-		-		-		-		-		-		-
417	Advertising		1,500		1,545		1,591		1,639		1,688		1,739		1,791		1,845		1,900		1,957
418	Other Professional Service		7,000		7,210		7,426		7,649		7,879		8,115		8,358		8,609		8,867		9,133
420	Public Information		-		-		-		-		-		-		-		-		-		-
421	Postage & Freight Charges		7,500		7,835		8,254		8,723		9,212		9,723		10,255		10,811		11,391		11,995
422	Telephone & Telecom		5,000		5,150		5,305		5,464		5,628		5,796		5,970		6,149		6,334		6,524
438	Internal Engineering Chrg		4,000		4,120		4,244		4,371		4,502		4,637		4,776		4,919		5,067		5,219
440	Vehicle Replacement Chgs		5,040		5,191		5,347		5,507		5,673		5,843		6,018		6,199		6,385		6,576
445	Facilities Maintenance Cha		4,753		4,896		5,042		5,194		5,350		5,510		5,675		5,846		6,021		6,202
450	Training/Conferences		3,275		3,373		3,474		3,579		3,686		3,797		3,911		4,028		4,149		4,273
461	Printing & Binding		750		773		796		820		844		869		896		922		950		979
463	Xerox Charges		-		-		-		-		-		-		-		-		-		-
474	Machinery & Equipment Rent		-		-		-		-		-		-		-		-		-		-
475	Other Rents		-		-		-		-		-		-		-		-		-		-
481	Electric		-		-		-		-		-		-		-		-		-		-
482	Gas		-		-		-		-		-		-		-		-		-		-
483	Water		450		464		477		492		506		522		537		553		570		587
511	Insurance		57,101		61,669		66,603		71,931		77,685		83,900		90,612		97,861		105,690		114,145
521	Janitor Cleaning & Waste R		-		-		-		-		-		-		-		-		-		-
522	Maintenance,Bldgs & Struct		4,037		4,158		4,283		4,411		4,544		4,680		4,820		4,965		5,114		5,267
523	Maintenance,Office Equip.		600		618		637		656		675		696		716		738		760		783
524	Maintenance,machinery,equi		-		-		-		-		-		-		-		-		-		-
525	Miscellaneous Maintenance & Repair		250		258		265		273		281		290		299		307		317		326
540	Refunds, Rewards, Judgment		-		-		-		-		-		-		-		-		-		-
541	Credit Card Service Charge		-		-		-		-		-		-		-		-		-		-
542	DEQ Fees & Permits		-		-		-		-		-		-		-		-		-		-
545	Emp & Vol Recognition		-		-		-		-		-		-		-		-		-		-
550	Subscription & Memberships		500		515		530		546		563		580		597		615		633		652
575	Other Services		2,500		2,575		2,652		2,732		2,814		2,898		2,985		3,075		3,167		3,262
	<b>Total</b>		<b>649,659</b>		<b>673,639</b>		<b>698,732</b>		<b>724,958</b>		<b>752,346</b>		<b>780,960</b>		<b>810,865</b>		<b>842,132</b>		<b>874,837</b>		<b>909,059</b>

**COST RECOVERY**

600	Cost Recovered From Other	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	<b>Total</b>		<b>-</b>																		

**TOTAL**

	<b>Cash Basis</b>	\$	1,115,304	\$	1,168,586	\$	1,224,886	\$	1,411,349	\$	1,482,272	\$	1,557,243	\$	1,636,517	\$	1,720,363	\$	1,809,071	\$	1,902,947
	<b>Utility Basis</b>		<b>1,115,304</b>		<b>1,168,586</b>		<b>1,224,886</b>		<b>1,411,349</b>		<b>1,482,272</b>		<b>1,557,243</b>		<b>1,636,517</b>		<b>1,720,363</b>		<b>1,809,071</b>		<b>1,902,947</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	<b>Total Expense:</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 4.0 -- Water Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**7 WATER -- Development/Retirement/Legal**

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>PERSONNEL</b>											
110	Salaries - Full Time Perma	\$ 58,357	\$ 61,858	\$ 65,570	\$ 69,504	\$ 73,674	\$ 78,095	\$ 82,781	\$ 87,747	\$ 93,012	\$ 98,593
111	Salaries - Part Time Perma	-	-	-	-	-	-	-	-	-	-
112	Pay-For-Performance	-	-	-	-	-	-	-	-	-	-
130	Overtime	-	-	-	-	-	-	-	-	-	-
140	FICA	4,464	4,821	5,207	5,623	6,073	6,559	7,084	7,651	8,263	8,924
150	Retirement Contributions	5,310	5,735	6,194	6,689	7,224	7,802	8,426	9,100	9,828	10,615
170	Health Insurance	-	-	-	-	-	-	-	-	-	-
180	Workmen's Compensation Ins	1,515	1,636	1,767	1,908	2,061	2,226	2,404	2,596	2,804	3,028
	<b>Total</b>	<b>69,646</b>	<b>74,051</b>	<b>78,737</b>	<b>83,725</b>	<b>89,033</b>	<b>94,682</b>	<b>100,695</b>	<b>107,095</b>	<b>113,907</b>	<b>121,160</b>
<b>SUPPLIES</b>											
201	Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
210	Agricultural Supplies	-	-	-	-	-	-	-	-	-	-
220	Small Tools & Equipment	-	-	-	-	-	-	-	-	-	-
230	Uniforms	-	-	-	-	-	-	-	-	-	-
235	Uniform Cleaning & Laundry	-	-	-	-	-	-	-	-	-	-
240	Education & Recreation Sup	-	-	-	-	-	-	-	-	-	-
250	Chemicals & Laboratory Sup	-	-	-	-	-	-	-	-	-	-
260	Photographic & Duplication	-	-	-	-	-	-	-	-	-	-
270	Janitorial Supplies	-	-	-	-	-	-	-	-	-	-
280	Revolving Inventory	-	-	-	-	-	-	-	-	-	-
290	Other Operating Supplies	-	-	-	-	-	-	-	-	-	-
300	Landfill & Transfer Fees	-	-	-	-	-	-	-	-	-	-
310	Gas, Oil & Lubricants	-	-	-	-	-	-	-	-	-	-
315	Tires & Tubes	-	-	-	-	-	-	-	-	-	-
320	Material To Main	-	-	-	-	-	-	-	-	-	-
330	Mater.to Maintain Building	-	-	-	-	-	-	-	-	-	-
340	Paint	-	-	-	-	-	-	-	-	-	-
350	Street Maintenance Materia	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>						

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<b>Total Expense:</b>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 4.0 -- Water Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**OTHER SERVICES & CHARGES**

400	Computer Service	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	
405	Personnel Div Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
407	City Admin Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
410	Architectural & Engineerin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
411	Appraisal Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
412	Consultants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
413	Legal Services	212,438	218,811	225,375	232,137	239,101	246,274	253,662	261,272	269,110	277,183											
414	Medical Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
415	Auditing & Accounting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
416	Bond Sale Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
417	Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
418	Other Professional Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
420	Public Information	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
421	Postage & Freight Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
422	Telephone & Telecom	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
438	Internal Engineering Chrg	48,152	49,597	51,084	52,617	54,196	55,821	57,496	59,221	60,998	62,827											
440	Vehicle Replacement Chgs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
445	Facilities Maintenance Cha	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
450	Training/Conferences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
461	Printing & Binding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
463	Xerox Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
474	Machinery & Equipment Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
475	Other Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
481	Electric	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
482	Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
483	Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
511	Insurance	114	123	133	144	155	168	181	195	211	228											
521	Janitor Cleaning & Waste R	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
522	Maintenance,Bldgs & Struct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
523	Maintenance,Office Equip.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
524	Maintenance,machinery,equi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
525	Miscellaneous Maintenance & Repair	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
540	Refunds, Rewards, Judgment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
541	Credit Card Service Charge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
542	DEQ Fees & Permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
545	Emp & Vol Recognition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
550	Subscription & Memberships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
575	Other Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>260,704</b>	<b>268,531</b>	<b>276,593</b>	<b>284,897</b>	<b>293,451</b>	<b>302,263</b>	<b>311,339</b>	<b>320,688</b>	<b>330,319</b>	<b>340,239</b>											

**COST RECOVERY**

600	Cost Recovered From Other	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	<b>Total</b>	<b>-</b>																				

**TOTAL**

<b>Cash Basis</b>	\$	330,350	\$	342,581	\$	355,330	\$	368,622	\$	382,484	\$	396,945	\$	412,034	\$	427,783	\$	444,226	\$	461,398
<b>Utility Basis</b>	\$	330,350	\$	342,581	\$	355,330	\$	368,622	\$	382,484	\$	396,945	\$	412,034	\$	427,783	\$	444,226	\$	461,398

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	<b>Total Expense:</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

*Forecast W 4.0 -- Water Utility Cost of Service*

Scen: Alt #1 -- "BASE"

**TOTAL OPERATING EXPENSES**

Cash Basis	\$	8,671,801	\$	9,214,916	\$	9,720,163	\$	10,389,237	\$	11,146,863	\$	11,782,111	\$	12,459,334	\$	13,388,450	\$	14,172,563	\$	15,009,430
Utility Basis	\$	8,671,801	\$	9,214,916	\$	9,720,163	\$	10,389,237	\$	11,146,863	\$	11,782,111	\$	12,459,334	\$	13,388,450	\$	14,172,563	\$	15,009,430

**CAPITAL OUTLAYS**

**Water Division**

Expense	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Expense		-		-		-		-		-		-		-		-		-		-
Expense		-		-		-		-		-		-		-		-		-		-
Expense		-		-		-		-		-		-		-		-		-		-
Expense		-		-		-		-		-		-		-		-		-		-
Expense		-		-		-		-		-		-		-		-		-		-
Expense		-		-		-		-		-		-		-		-		-		-
Expense		-		-		-		-		-		-		-		-		-		-
Expense		-		-		-		-		-		-		-		-		-		-
Expense		-		-		-		-		-		-		-		-		-		-
	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

**TOTAL CAPITAL OUTLAYS**

Cash Basis	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Utility Basis	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-



<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<b>Total Expense:</b>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 4.0 -- Water Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**DEBT SERVICE -- CURRENT**

<b>1</b>	<b>MPC 2004-G -- JWK Ranch</b>											
	Principal	\$ 51,000	\$ 52,000	\$ 53,000	\$ 55,000	\$ 57,000	\$ 59,000	\$ 62,000	\$ 64,000	\$ 67,000	\$ 69,000	
	Interest	110,067	108,665	107,105	105,382	103,320	101,182	98,970	96,490	93,930	91,250	
	Reserve	-	-	-	-	-	-	-	-	-	-	
	Sub-Total	161,067	160,665	160,105	160,382	160,320	160,182	160,970	160,490	160,930	160,250	
<b>2</b>	<b>MPC 2004-G -- 93-E Refund</b>											
	Principal	\$ 235,301	\$ 239,454	\$ 193,777	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Interest	19,952	13,480	6,298	-	-	-	-	-	-	-	
	Reserve	-	-	-	-	-	-	-	-	-	-	
	Sub-Total	255,253	252,934	200,075	-	-	-	-	-	-	-	
<b>3</b>	<b>MPC 1998-F -- Tanks</b>											
	Principal	\$ 107,865	\$ 113,258	\$ 118,652	\$ 124,045	\$ 131,237	\$ 136,630	\$ 143,821	\$ 151,011	\$ 158,203	\$ 167,192	
	Interest	70,100	65,570	60,700	55,478	49,896	43,990	37,672	30,912	23,740	16,224	
	Reserve	-	-	-	-	-	-	-	-	-	-	
	Sub-Total	177,965	178,828	179,352	179,523	181,133	180,620	181,493	181,923	181,943	183,416	
<b>4</b>	<b>MPC 1998-F -- Airport WWTP</b>											
	Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Interest	-	-	-	-	-	-	-	-	-	-	
	Reserve	-	-	-	-	-	-	-	-	-	-	
	Sub-Total	-	-	-	-	-	-	-	-	-	-	
<b>5</b>	<b>MPC 89A Refunding</b>											
	Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Interest	-	-	-	-	-	-	-	-	-	-	
	Reserve	-	-	-	-	-	-	-	-	-	-	
	Sub-Total	-	-	-	-	-	-	-	-	-	-	
<b>6</b>	<b>MPC 2004-G Refund 93-E</b>											
	Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Interest	-	-	-	-	-	-	-	-	-	-	
	Reserve	-	-	-	-	-	-	-	-	-	-	
	Sub-Total	-	-	-	-	-	-	-	-	-	-	
<b>7</b>	<b>MPC -- 920125-08</b>											
	Principal	\$ 343,464	\$ 355,967	\$ 368,923	\$ 382,352	\$ 396,270	\$ 410,695	\$ 425,644	\$ 441,137	\$ 457,195	\$ 473,837	
	Interest	305,878	346,182	333,226	319,796	305,878	291,454	276,506	261,012	244,954	228,312	
	Reserve	-	-	-	-	-	-	-	-	-	-	
	Sub-Total	649,342	702,149	702,149	702,148	702,148	702,149	702,150	702,149	702,149	702,149	
<b>8</b>	<b>MPC -- 910097-08</b>											
	Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Interest	-	-	-	-	-	-	-	-	-	-	
	Reserve	-	-	-	-	-	-	-	-	-	-	
	Sub-Total	-	-	-	-	-	-	-	-	-	-	

**TOTAL DEBT SERVICE -- CURRENT**

	Principal											
	Interest	\$ 737,630	\$ 760,679	\$ 734,352	\$ 561,397	\$ 584,507	\$ 606,325	\$ 631,465	\$ 656,148	\$ 682,398	\$ 710,029	
	Reserve	505,997	533,897	507,329	480,656	459,094	436,626	413,148	388,414	362,624	335,786	
	TOTAL	1,243,627	1,294,576	1,241,681	1,042,053	1,043,601	1,042,951	1,044,613	1,044,562	1,045,022	1,045,815	
	Cash Basis	\$ 1,243,627	\$ 1,294,576	\$ 1,241,681	\$ 1,042,053	\$ 1,043,601	\$ 1,042,951	\$ 1,044,613	\$ 1,044,562	\$ 1,045,022	\$ 1,045,815	
	Utility Basis	\$ 505,997	\$ 533,897	\$ 507,329	\$ 480,656	\$ 459,094	\$ 436,626	\$ 413,148	\$ 388,414	\$ 362,624	\$ 335,786	

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
<b>Total Expense:</b>										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

Forecast W 4.0 -- Water Utility Cost of Service

Scen: Alt #1 -- "BASE"

**DEBT SERVICE -- FUTURE**

Principal	\$ -	\$ -	\$ 434,868	\$ 774,867	\$ 1,839,687	\$ 2,883,761	\$ 3,013,530	\$ 3,149,139	\$ 3,290,850	\$ 3,438,938
Interest	-	-	872,100	1,495,131	3,525,762	5,370,776	5,241,007	5,105,398	4,963,687	4,815,599
Reserve	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>1,306,968</b>	<b>2,269,998</b>	<b>5,365,449</b>	<b>8,254,537</b>	<b>8,254,537</b>	<b>8,254,537</b>	<b>8,254,537</b>	<b>8,254,537</b>
Cash Basis	\$ -	\$ -	\$ 1,306,968	\$ 2,269,998	\$ 5,365,449	\$ 8,254,537	\$ 8,254,537	\$ 8,254,537	\$ 8,254,537	\$ 8,254,537
Utility Basis	\$ -	\$ -	\$ 872,100	\$ 1,495,131	\$ 3,525,762	\$ 5,370,776	\$ 5,241,007	\$ 5,105,398	\$ 4,963,687	\$ 4,815,599

**DEPRECIATION**

Existing	\$ 2,786,262	\$ 2,771,912	\$ 2,765,924	\$ 2,740,782	\$ 2,740,782	\$ 2,739,417	\$ 2,736,266	\$ 2,733,478	\$ 2,666,126	\$ 2,666,126
CIP	-	1,071,060	1,748,157	3,073,127	4,246,707	4,467,407	4,758,017	4,948,377	5,082,137	5,220,397
<b>TOTAL</b>	<b>2,786,262</b>	<b>3,842,972</b>	<b>4,514,081</b>	<b>5,813,909</b>	<b>6,987,489</b>	<b>7,206,824</b>	<b>7,494,283</b>	<b>7,681,855</b>	<b>7,748,263</b>	<b>7,886,523</b>
Cash Basis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Basis	\$ 2,786,262	\$ 3,842,972	\$ 4,514,081	\$ 5,813,909	\$ 6,987,489	\$ 7,206,824	\$ 7,494,283	\$ 7,681,855	\$ 7,748,263	\$ 7,886,523

<p><b>Forecast 2008-2017</b></p>	<p><b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b></p>									
<p><b>Total Expense:</b></p>										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 4.0 -- Water Utility Cost of Service**

Scen: Alt #1 -- "BASE"

**RETURN**

<b>Net Rate Base</b>											
Existing	\$ 89,249,601	\$ 86,477,689	\$ 83,711,766	\$ 80,970,984	\$ 78,230,203	\$ 75,490,766	\$ 72,754,521	\$ 70,021,043	\$ 67,354,918	\$ 64,688,791	
CIP	-	33,294,722	55,728,887	109,772,766	160,830,065	163,377,659	168,894,642	170,431,265	168,482,128	166,484,732	
<b>TOTAL</b>	89,249,601	119,772,411	139,440,653	190,743,750	239,060,268	238,868,425	241,649,163	240,452,308	235,837,046	231,173,523	
<b>Rate of Return</b>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
<b>Total Return</b>	4,462,480	5,988,621	6,972,033	9,537,188	11,953,013	11,943,421	12,082,458	12,022,615	11,791,852	11,558,676	
<b>Cash Basis</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Utility Basis</b>	\$ 4,462,480	\$ 5,988,621	\$ 6,972,033	\$ 9,537,188	\$ 11,953,013	\$ 11,943,421	\$ 12,082,458	\$ 12,022,615	\$ 11,791,852	\$ 11,558,676	

**TOTAL COST OF SERVICE**

<b>Cash Basis</b>	\$ 9,915,428	\$ 10,509,492	\$ 12,268,812	\$ 13,701,288	\$ 17,555,913	\$ 21,079,599	\$ 21,758,484	\$ 22,687,549	\$ 23,472,122	\$ 24,309,783
<b>Utility Basis</b>	\$ 16,426,540	\$ 19,580,405	\$ 22,585,705	\$ 27,716,121	\$ 34,072,221	\$ 36,739,758	\$ 37,690,230	\$ 38,586,732	\$ 39,038,989	\$ 39,606,014

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>											
<b>Allocation</b>												
%	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		

**Forecast W 5.0 -- Water Utility Cost Functionalization**

Scen: Alt #1 -- "BASE"

**CASH BASIS**

**OPERATING EXPENSES**

**Water Division**

**1 WATER -- Alternative Water Resources**

Alternate Water Source	100.00%	\$ 844,918	\$ 881,670	\$ 920,302	\$ 960,915	\$ 1,003,622	\$ 1,048,546	\$ 1,095,816	\$ 1,145,574	\$ 1,197,966	\$ 1,253,151
Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Distribution	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>844,918</b>	<b>881,670</b>	<b>920,302</b>	<b>960,915</b>	<b>1,003,622</b>	<b>1,048,546</b>	<b>1,095,816</b>	<b>1,145,574</b>	<b>1,197,966</b>	<b>1,253,151</b>

**2 WATER -- Meter Reading**

Alternate Water Source	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Distribution	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	100.00%	537,620	563,411	590,749	619,661	650,188	682,430	716,493	752,493	790,549	830,792
<b>Sub-Total</b>	<b>100.00%</b>	<b>537,620</b>	<b>563,411</b>	<b>590,749</b>	<b>619,661</b>	<b>650,188</b>	<b>682,430</b>	<b>716,493</b>	<b>752,493</b>	<b>790,549</b>	<b>830,792</b>

**3 WATER -- Distribution**

Alternate Water Source	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Distribution	100.00%	1,518,330	1,596,574	1,679,797	1,768,074	1,936,143	2,040,008	2,150,064	2,356,645	2,486,229	2,623,680
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>1,518,330</b>	<b>1,596,574</b>	<b>1,679,797</b>	<b>1,768,074</b>	<b>1,936,143</b>	<b>2,040,008</b>	<b>2,150,064</b>	<b>2,356,645</b>	<b>2,486,229</b>	<b>2,623,680</b>

**4 WATER -- Production**

Alternate Water Source	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	100.00%	4,178,658	4,503,436	4,776,635	5,072,993	5,488,358	5,835,889	6,208,956	6,726,511	7,164,509	7,635,127
Distribution	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>4,178,658</b>	<b>4,503,436</b>	<b>4,776,635</b>	<b>5,072,993</b>	<b>5,488,358</b>	<b>5,835,889</b>	<b>6,208,956</b>	<b>6,726,511</b>	<b>7,164,509</b>	<b>7,635,127</b>

**5 WATER -- Utility Billing -- Finance**

Alternate Water Source	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Distribution	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	100.00%	146,621	158,657	172,463	187,622	203,796	221,050	239,453	259,082	280,014	302,336
<b>Sub-Total</b>	<b>100.00%</b>	<b>146,621</b>	<b>158,657</b>	<b>172,463</b>	<b>187,622</b>	<b>203,796</b>	<b>221,050</b>	<b>239,453</b>	<b>259,082</b>	<b>280,014</b>	<b>302,336</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>										
<b>Allocation</b>											
<b>%</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	

**Forecast W 5.0 -- Water Utility Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

<b>6 WATER -- Utilities Administration</b>											
Alternate Water Source	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Distribution	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	90.00%	1,003,774	1,051,727	1,102,398	1,270,214	1,334,045	1,401,519	1,472,865	1,548,327	1,628,164	1,712,652
Customer	10.00%	111,530	116,859	122,489	141,135	148,227	155,724	163,652	172,036	180,907	190,295
<b>Sub-Total</b>	<b>100.00%</b>	<b>1,115,304</b>	<b>1,168,586</b>	<b>1,224,886</b>	<b>1,411,349</b>	<b>1,482,272</b>	<b>1,557,243</b>	<b>1,636,517</b>	<b>1,720,363</b>	<b>1,809,071</b>	<b>1,902,947</b>
<b>7 WATER -- Development/Retirement/Legal</b>											
Alternate Water Source	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Distribution	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	100.00%	330,350	342,581	355,330	368,622	382,484	396,945	412,034	427,783	444,226	461,398
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>330,350</b>	<b>342,581</b>	<b>355,330</b>	<b>368,622</b>	<b>382,484</b>	<b>396,945</b>	<b>412,034</b>	<b>427,783</b>	<b>444,226</b>	<b>461,398</b>
<b>WATER -- Total Operating Expenses</b>											
Alternate Water Source		\$ 844,918	\$ 881,670	\$ 920,302	\$ 960,915	\$ 1,003,622	\$ 1,048,546	\$ 1,095,816	\$ 1,145,574	\$ 1,197,966	\$ 1,253,151
Treatment		4,178,658	4,503,436	4,776,635	5,072,993	5,488,358	5,835,889	6,208,956	6,726,511	7,164,509	7,635,127
Distribution		1,518,330	1,596,574	1,679,797	1,768,074	1,936,143	2,040,008	2,150,064	2,356,645	2,486,229	2,623,680
Admin		1,334,124	1,394,309	1,457,728	1,638,836	1,716,529	1,798,464	1,884,899	1,976,110	2,072,390	2,174,051
Customer		795,771	838,927	885,701	948,418	1,002,211	1,059,204	1,119,598	1,183,611	1,251,470	1,323,422
<b>TOTAL</b>		<b>8,671,801</b>	<b>9,214,916</b>	<b>9,720,163</b>	<b>10,389,237</b>	<b>11,146,863</b>	<b>11,782,111</b>	<b>12,459,334</b>	<b>13,388,450</b>	<b>14,172,563</b>	<b>15,009,430</b>

**CAPITAL OUTLAYS**

Alternate Water Source	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	-	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>										

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>										
<b>Allocation</b>											
%	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	

**Forecast W 5.0 -- Water Utility Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

**DEBT SERVICE -- CURRENT**

<b>1 MPC 2004-G -- JWK Ranch</b>																				
Alternate Water Source	\$	161,067	\$	160,665	\$	160,105	\$	160,382	\$	160,320	\$	160,182	\$	160,970	\$	160,490	\$	160,930	\$	160,250
Treatment		-		-		-		-		-		-		-		-		-		-
Distribution		-		-		-		-		-		-		-		-		-		-
Admin		-		-		-		-		-		-		-		-		-		-
Customer		-		-		-		-		-		-		-		-		-		-
Sub-Total		161,067		160,665		160,105		160,382		160,320		160,182		160,970		160,490		160,930		160,250
<b>2 MPC 2004-G -- 93-E Refund</b>																				
Alternate Water Source	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Treatment		255,253		252,934		200,075		-		-		-		-		-		-		-
Distribution		-		-		-		-		-		-		-		-		-		-
Admin		-		-		-		-		-		-		-		-		-		-
Customer		-		-		-		-		-		-		-		-		-		-
Sub-Total		255,253		252,934		200,075		-		-		-		-		-		-		-
<b>3 MPC 1998-F -- Tanks</b>																				
Alternate Water Source	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Treatment		-		-		-		-		-		-		-		-		-		-
Distribution		177,965		178,828		179,352		179,523		181,133		180,620		181,493		181,923		181,943		183,416
Admin		-		-		-		-		-		-		-		-		-		-
Customer		-		-		-		-		-		-		-		-		-		-
Sub-Total		177,965		178,828		179,352		179,523		181,133		180,620		181,493		181,923		181,943		183,416
<b>4 MPC 1998-F -- Airport WWTP</b>																				
Alternate Water Source	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Treatment		-		-		-		-		-		-		-		-		-		-
Distribution		-		-		-		-		-		-		-		-		-		-
Admin		-		-		-		-		-		-		-		-		-		-
Customer		-		-		-		-		-		-		-		-		-		-
Sub-Total		-		-		-		-		-		-		-		-		-		-
<b>5 MPC 89A Refunding</b>																				
Alternate Water Source	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Treatment		-		-		-		-		-		-		-		-		-		-
Distribution		-		-		-		-		-		-		-		-		-		-
Admin		-		-		-		-		-		-		-		-		-		-
Customer		-		-		-		-		-		-		-		-		-		-
Sub-Total		-		-		-		-		-		-		-		-		-		-

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>										
<b>Allocation</b>											
<b>%</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	

**Forecast W 5.0 -- Water Utility Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

**6 MPC 2004-G Refund 93-E**

Alternate Water Source	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	-	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>-</b>										

**7 MPC -- 920125-08**

Alternate Water Source	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	117,139	126,665	126,665	126,665	126,665	126,665	126,665	126,665	126,665	126,665	126,665
Distribution	366,284	396,071	396,071	396,071	396,071	396,071	396,071	396,071	396,071	396,071	396,071
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	165,919	179,413	179,413	179,412	179,412	179,413	179,413	179,413	179,413	179,413	179,413
<b>Sub-Total</b>	<b>649,342</b>	<b>702,149</b>	<b>702,149</b>	<b>702,148</b>	<b>702,148</b>	<b>702,149</b>	<b>702,150</b>	<b>702,149</b>	<b>702,149</b>	<b>702,149</b>	<b>702,149</b>

**8 MPC -- 910097-08**

Alternate Water Source	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	-	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>-</b>										

**Total Debt Service -- Current**

Alternate Water Source	\$ 161,067	\$ 160,665	\$ 160,105	\$ 160,382	\$ 160,320	\$ 160,182	\$ 160,970	\$ 160,490	\$ 160,930	\$ 160,250
Treatment	372,392	379,599	326,740	126,665	126,665	126,665	126,665	126,665	126,665	126,665
Distribution	544,249	574,899	575,423	575,594	577,204	576,691	577,565	577,994	578,014	579,487
Admin	-	-	-	-	-	-	-	-	-	-
Customer	165,919	179,413	179,413	179,412	179,412	179,413	179,413	179,413	179,413	179,413
<b>TOTAL</b>	<b>1,243,627</b>	<b>1,294,576</b>	<b>1,241,681</b>	<b>1,042,053</b>	<b>1,043,601</b>	<b>1,042,951</b>	<b>1,044,613</b>	<b>1,044,562</b>	<b>1,045,022</b>	<b>1,045,815</b>

**DEBT SERVICE -- FUTURE**

Alternate Water Source	\$ -	\$ -	\$ 541,555	\$ 940,596	\$ 2,223,226	\$ 3,420,348	\$ 3,420,348	\$ 3,420,348	\$ 3,420,348	\$ 3,420,348
Treatment	-	-	47,053	81,724	193,167	297,180	297,180	297,180	297,180	297,180
Distribution	-	-	698,863	1,213,814	2,869,015	4,413,869	4,413,869	4,413,869	4,413,869	4,413,869
Admin	-	-	-	-	-	-	-	-	-	-
Customer	-	-	19,497	33,864	80,041	123,141	123,141	123,141	123,141	123,141
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>1,306,968</b>	<b>2,269,998</b>	<b>5,365,449</b>	<b>8,254,537</b>	<b>8,254,537</b>	<b>8,254,537</b>	<b>8,254,537</b>	<b>8,254,537</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>										
<b>Allocation</b>	<b>%</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 5.0 -- Water Utility Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

**DEPRECIATION**

Alternate Water Source	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Distribution	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>0.00%</b>	<b>-</b>									

**RETURN**

Alternate Water Source	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Distribution	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>0.00%</b>	<b>-</b>									

**TOTAL EXPENSES**

Alternate Water Source	\$ 1,005,985	\$ 1,042,335	\$ 1,621,962	\$ 2,061,893	\$ 3,387,168	\$ 4,629,076	\$ 4,677,134	\$ 4,726,412	\$ 4,779,244	\$ 4,833,749
Treatment	4,551,050	4,883,035	5,150,429	5,281,383	5,808,190	6,259,734	6,632,801	7,150,356	7,588,354	8,058,972
Distribution	2,062,579	2,171,473	2,954,083	3,557,482	5,382,361	7,030,568	7,141,497	7,348,508	7,478,111	7,617,035
Admin	1,334,124	1,394,309	1,457,728	1,638,836	1,716,529	1,798,464	1,884,899	1,976,110	2,072,390	2,174,051
Customer	961,691	1,018,339	1,084,611	1,161,694	1,261,665	1,361,757	1,422,152	1,486,164	1,554,024	1,625,975
<b>TOTAL</b>	<b>9,915,428</b>	<b>10,509,492</b>	<b>12,268,812</b>	<b>13,701,288</b>	<b>17,555,913</b>	<b>21,079,599</b>	<b>21,758,484</b>	<b>22,687,549</b>	<b>23,472,122</b>	<b>24,309,783</b>
<b>CHECK</b>	<b>\$ 9,915,428</b>	<b>\$ 10,509,492</b>	<b>\$ 12,268,812</b>	<b>\$ 13,701,288</b>	<b>\$ 17,555,913</b>	<b>\$ 21,079,599</b>	<b>\$ 21,758,484</b>	<b>\$ 22,687,549</b>	<b>\$ 23,472,122</b>	<b>\$ 24,309,783</b>
<b>CHECK WITH W4</b>	<b>9,915,428</b>	<b>10,509,492</b>	<b>12,268,812</b>	<b>13,701,288</b>	<b>17,555,913</b>	<b>21,079,599</b>	<b>21,758,484</b>	<b>22,687,549</b>	<b>23,472,122</b>	<b>24,309,783</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>										
<b>Allocation</b>	<b>%</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 5.0 -- Water Utility Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

**UTILITY BASIS**

**OPERATING EXPENSES**

**Water Division**

**1 WATER -- Alternative Water Resources**

Alternate Water Source	100.00%	\$ 844,918	\$ 881,670	\$ 920,302	\$ 960,915	\$ 1,003,622	\$ 1,048,546	\$ 1,095,816	\$ 1,145,574	\$ 1,197,966	\$ 1,253,151
Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Distribution	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>844,918</b>	<b>881,670</b>	<b>920,302</b>	<b>960,915</b>	<b>1,003,622</b>	<b>1,048,546</b>	<b>1,095,816</b>	<b>1,145,574</b>	<b>1,197,966</b>	<b>1,253,151</b>

**2 WATER -- Meter Reading**

Alternate Water Source	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Distribution	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	100.00%	537,620	563,411	590,749	619,661	650,188	682,430	716,493	752,493	790,549	830,792
<b>Sub-Total</b>	<b>100.00%</b>	<b>537,620</b>	<b>563,411</b>	<b>590,749</b>	<b>619,661</b>	<b>650,188</b>	<b>682,430</b>	<b>716,493</b>	<b>752,493</b>	<b>790,549</b>	<b>830,792</b>

**3 WATER -- Distribution**

Alternate Water Source	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Distribution	100.00%	1,518,330	1,596,574	1,679,797	1,768,074	1,936,143	2,040,008	2,150,064	2,356,645	2,486,229	2,623,680
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>1,518,330</b>	<b>1,596,574</b>	<b>1,679,797</b>	<b>1,768,074</b>	<b>1,936,143</b>	<b>2,040,008</b>	<b>2,150,064</b>	<b>2,356,645</b>	<b>2,486,229</b>	<b>2,623,680</b>

**4 WATER -- Production**

Alternate Water Source	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	100.00%	4,178,658	4,503,436	4,776,635	5,072,993	5,488,358	5,835,889	6,208,956	6,726,511	7,164,509	7,635,127
Distribution	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>4,178,658</b>	<b>4,503,436</b>	<b>4,776,635</b>	<b>5,072,993</b>	<b>5,488,358</b>	<b>5,835,889</b>	<b>6,208,956</b>	<b>6,726,511</b>	<b>7,164,509</b>	<b>7,635,127</b>

**5 WATER -- Utility Billing -- Finance**

Alternate Water Source	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Distribution	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	100.00%	146,621	158,657	172,463	187,622	203,796	221,050	239,453	259,082	280,014	302,336
<b>Sub-Total</b>	<b>100.00%</b>	<b>146,621</b>	<b>158,657</b>	<b>172,463</b>	<b>187,622</b>	<b>203,796</b>	<b>221,050</b>	<b>239,453</b>	<b>259,082</b>	<b>280,014</b>	<b>302,336</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>										
<b>Allocation</b>											
<b>%</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	

**Forecast W 5.0 -- Water Utility Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

6 WATER -- Utilities Administration											
Alternate Water Source	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Distribution	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	90.00%	1,003,774	1,051,727	1,102,398	1,270,214	1,334,045	1,401,519	1,472,865	1,548,327	1,628,164	1,712,652
Customer	10.00%	111,530	116,859	122,489	141,135	148,227	155,724	163,652	172,036	180,907	190,295
<b>Sub-Total</b>	<b>100.00%</b>	<b>1,115,304</b>	<b>1,168,586</b>	<b>1,224,886</b>	<b>1,411,349</b>	<b>1,482,272</b>	<b>1,557,243</b>	<b>1,636,517</b>	<b>1,720,363</b>	<b>1,809,071</b>	<b>1,902,947</b>

7 WATER -- Development/Retirement/Legal											
Alternate Water Source	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Distribution	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	100.00%	330,350	342,581	355,330	368,622	382,484	396,945	412,034	427,783	444,226	461,398
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>330,350</b>	<b>342,581</b>	<b>355,330</b>	<b>368,622</b>	<b>382,484</b>	<b>396,945</b>	<b>412,034</b>	<b>427,783</b>	<b>444,226</b>	<b>461,398</b>

WATER -- Total Operating Expenses											
Alternate Water Source	\$	844,918	\$ 881,670	\$ 920,302	\$ 960,915	\$ 1,003,622	\$ 1,048,546	\$ 1,095,816	\$ 1,145,574	\$ 1,197,966	\$ 1,253,151
Treatment		4,178,658	4,503,436	4,776,635	5,072,993	5,488,358	5,835,889	6,208,956	6,726,511	7,164,509	7,635,127
Distribution		1,518,330	1,596,574	1,679,797	1,768,074	1,936,143	2,040,008	2,150,064	2,356,645	2,486,229	2,623,680
Admin		1,334,124	1,394,309	1,457,728	1,638,836	1,716,529	1,798,464	1,884,899	1,976,110	2,072,390	2,174,051
Customer		795,771	838,927	885,701	948,418	1,002,211	1,059,204	1,119,598	1,183,611	1,251,470	1,323,422
<b>TOTAL</b>		<b>8,671,801</b>	<b>9,214,916</b>	<b>9,720,163</b>	<b>10,389,237</b>	<b>11,146,863</b>	<b>11,782,111</b>	<b>12,459,334</b>	<b>13,388,450</b>	<b>14,172,563</b>	<b>15,009,430</b>

**CAPITAL OUTLAYS**

Total Capital Outlays											
Alternate Water Source	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment		-	-	-	-	-	-	-	-	-	-
Distribution		-	-	-	-	-	-	-	-	-	-
Admin		-	-	-	-	-	-	-	-	-	-
Customer		-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>		<b>-</b>									

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>										
<b>Allocation</b>											
%	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	

**Forecast W 5.0 -- Water Utility Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

**DEBT SERVICE -- CURRENT**

<b>1 MPC 2004-G -- JWK Ranch</b>																				
Alternate Water Source	\$	110,067	\$	108,665	\$	107,105	\$	105,382	\$	103,320	\$	101,182	\$	98,970	\$	96,490	\$	93,930	\$	91,250
Treatment		-		-		-		-		-		-		-		-		-		-
Distribution		-		-		-		-		-		-		-		-		-		-
Admin		-		-		-		-		-		-		-		-		-		-
Customer		-		-		-		-		-		-		-		-		-		-
Sub-Total		110,067		108,665		107,105		105,382		103,320		101,182		98,970		96,490		93,930		91,250
<b>2 MPC 2004-G -- 93-E Refund</b>																				
Alternate Water Source	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Treatment		19,952		13,480		6,298		-		-		-		-		-		-		-
Distribution		-		-		-		-		-		-		-		-		-		-
Admin		-		-		-		-		-		-		-		-		-		-
Customer		-		-		-		-		-		-		-		-		-		-
Sub-Total		19,952		13,480		6,298		-		-		-		-		-		-		-
<b>3 MPC 1998-F -- Tanks</b>																				
Alternate Water Source	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Treatment		-		-		-		-		-		-		-		-		-		-
Distribution		70,100		65,570		60,700		55,478		49,896		43,990		37,672		30,912		23,740		16,224
Admin		-		-		-		-		-		-		-		-		-		-
Customer		-		-		-		-		-		-		-		-		-		-
Sub-Total		70,100		65,570		60,700		55,478		49,896		43,990		37,672		30,912		23,740		16,224
<b>4 MPC 1998-F -- Airport WWTP</b>																				
Alternate Water Source	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Treatment		-		-		-		-		-		-		-		-		-		-
Distribution		-		-		-		-		-		-		-		-		-		-
Admin		-		-		-		-		-		-		-		-		-		-
Customer		-		-		-		-		-		-		-		-		-		-
Sub-Total		-		-		-		-		-		-		-		-		-		-
<b>5 MPC 89A Refunding</b>																				
Alternate Water Source	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Treatment		-		-		-		-		-		-		-		-		-		-
Distribution		-		-		-		-		-		-		-		-		-		-
Admin		-		-		-		-		-		-		-		-		-		-
Customer		-		-		-		-		-		-		-		-		-		-
Sub-Total		-		-		-		-		-		-		-		-		-		-

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>										
<b>Allocation</b>											
<b>%</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	

**Forecast W 5.0 -- Water Utility Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

**6 MPC 2004-G Refund 93-E**

Alternate Water Source	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	-	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>-</b>										

**7 PC -- 920125-08**

Alternate Water Source	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	55,179	62,450	60,113	57,690	55,179	52,577	49,881	47,086	44,189	41,187	
Distribution	172,541	195,276	187,968	180,392	172,541	164,405	155,973	147,233	138,175	128,787	
Admin	-	-	-	-	-	-	-	-	-	-	
Customer	78,158	88,456	85,146	81,714	78,158	74,472	70,653	66,694	62,590	58,338	
<b>Sub-Total</b>	<b>305,878</b>	<b>346,182</b>	<b>333,226</b>	<b>319,796</b>	<b>305,878</b>	<b>291,454</b>	<b>276,506</b>	<b>261,012</b>	<b>244,954</b>	<b>228,312</b>	

**8 MPC -- 910097-08**

Alternate Water Source	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Treatment	-	-	-	-	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>-</b>										

**Total Debt Service -- Current**

Alternate Water Source	\$ 110,067	\$ 108,665	\$ 107,105	\$ 105,382	\$ 103,320	\$ 101,182	\$ 98,970	\$ 96,490	\$ 93,930	\$ 91,250
Treatment	75,131	75,930	66,411	57,690	55,179	52,577	49,881	47,086	44,189	41,187
Distribution	242,641	260,846	248,668	235,870	222,437	208,395	193,645	178,145	161,915	145,011
Admin	-	-	-	-	-	-	-	-	-	-
Customer	78,158	88,456	85,146	81,714	78,158	74,472	70,653	66,694	62,590	58,338
<b>TOTAL</b>	<b>505,997</b>	<b>533,897</b>	<b>507,329</b>	<b>480,656</b>	<b>459,094</b>	<b>436,626</b>	<b>413,148</b>	<b>388,414</b>	<b>362,624</b>	<b>335,786</b>

**DEBT SERVICE -- FUTURE**

Alternate Water Source	\$ -	\$ -	\$ 361,363	\$ 619,522	\$ 1,460,934	\$ 2,225,434	\$ 2,171,663	\$ 2,115,472	\$ 2,056,752	\$ 1,995,391
Treatment	-	-	31,397	53,828	126,934	193,359	188,687	183,804	178,703	173,371
Distribution	-	-	466,330	799,477	1,885,297	2,871,863	2,802,473	2,729,960	2,654,184	2,574,999
Admin	-	-	-	-	-	-	-	-	-	-
Customer	-	-	13,010	22,304	52,597	80,121	78,185	76,162	74,048	71,839
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>872,100</b>	<b>1,495,131</b>	<b>3,525,762</b>	<b>5,370,776</b>	<b>5,241,007</b>	<b>5,105,398</b>	<b>4,963,687</b>	<b>4,815,599</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
<b>Allocation</b>										
%	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 5.0 -- Water Utility Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

**DEPRECIATION**

**Current Assets**

Alternate Water Source	\$ 873,164	\$ 873,048	\$ 873,048	\$ 873,048	\$ 873,048	\$ 873,048	\$ 873,048	\$ 873,048	\$ 873,048	\$ 873,048	\$ 873,048
Treatment	109,901	109,901	109,901	109,901	109,901	109,901	109,901	109,901	109,901	109,901	109,901
Distribution	1,797,683	1,788,064	1,782,076	1,756,934	1,756,934	1,755,569	1,752,418	1,749,630	1,682,278	1,682,278	1,682,278
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	5,514	899	899	899	899	899	899	899	899	899	899
<b>TOTAL</b>	<b>2,786,262</b>	<b>2,771,912</b>	<b>2,765,924</b>	<b>2,740,782</b>	<b>2,740,782</b>	<b>2,739,417</b>	<b>2,736,266</b>	<b>2,733,478</b>	<b>2,666,126</b>	<b>2,666,126</b>	<b>2,666,126</b>

**Future CIP**

Alternate Water Source	-	83,529	138,756	902,656	1,666,556	1,666,556	1,666,556	1,666,556	1,666,556	1,666,556	1,666,556
Treatment	-	18,650	60,900	79,150	121,400	133,400	169,400	173,400	177,400	181,400	181,400
Distribution	-	868,881	1,348,501	1,791,321	2,158,751	2,367,451	2,622,061	2,808,421	2,938,181	3,072,441	3,072,441
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	-	100,000	200,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
<b>TOTAL</b>	<b>-</b>	<b>1,071,060</b>	<b>1,748,157</b>	<b>3,073,127</b>	<b>4,246,707</b>	<b>4,467,407</b>	<b>4,758,017</b>	<b>4,948,377</b>	<b>5,082,137</b>	<b>5,220,397</b>	<b>5,220,397</b>

**Total Depreciation**

Alternate Water Source	\$ 873,164	\$ 956,577	\$ 1,011,804	\$ 1,775,704	\$ 2,539,604	\$ 2,539,604	\$ 2,539,604	\$ 2,539,604	\$ 2,539,604	\$ 2,539,604	\$ 2,539,604
Treatment	109,901	128,551	170,801	189,051	231,301	243,301	279,301	283,301	287,301	291,301	291,301
Distribution	1,797,683	2,656,945	3,130,577	3,548,255	3,915,685	4,123,020	4,374,479	4,558,051	4,620,459	4,754,719	4,754,719
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	5,514	100,899	200,899	300,899	300,899	300,899	300,899	300,899	300,899	300,899	300,899
<b>TOTAL</b>	<b>2,786,262</b>	<b>3,842,972</b>	<b>4,514,081</b>	<b>5,813,909</b>	<b>6,987,489</b>	<b>7,206,824</b>	<b>7,494,283</b>	<b>7,681,855</b>	<b>7,748,263</b>	<b>7,886,523</b>	<b>7,886,523</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
<b>Allocation</b>										
<b>%</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 5.0 -- Water Utility Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

**RETURN**

**Net Rate Base -- Current**

Alternate Water Source	\$ 33,329,792	\$ 32,456,744	\$ 31,583,696	\$ 30,710,648	\$ 29,837,600	\$ 28,964,552	\$ 28,091,504	\$ 27,218,456	\$ 26,345,408	\$ 25,472,360
Treatment	4,588,726	4,478,825	4,368,925	4,259,024	4,149,124	4,039,223	3,929,323	3,819,422	3,709,522	3,599,621
Distribution	51,298,461	49,510,397	47,728,321	45,971,387	44,214,453	42,458,864	40,706,466	38,956,836	37,274,558	35,592,280
Admin	-	-	-	-	-	-	-	-	-	-
Customer	32,622	31,723	30,824	29,925	29,026	28,127	27,228	26,329	25,430	24,530
<b>TOTAL</b>	<b>89,249,601</b>	<b>86,477,689</b>	<b>83,711,766</b>	<b>80,970,984</b>	<b>78,230,203</b>	<b>75,490,766</b>	<b>72,754,521</b>	<b>70,021,043</b>	<b>67,354,918</b>	<b>64,688,791</b>

**Net Rate Base -- Future CIP**

Alternate Water Source	\$ -	\$ 4,092,937	\$ 6,715,504	\$ 44,007,854	\$ 80,536,303	\$ 78,869,747	\$ 77,203,191	\$ 75,536,635	\$ 73,870,079	\$ 72,203,523
Treatment	-	606,350	2,350,450	2,876,300	4,559,900	4,906,500	6,417,100	6,323,700	6,226,300	6,124,900
Distribution	-	27,695,434	44,962,934	60,488,613	73,633,862	77,801,411	83,774,351	87,370,930	87,485,749	87,556,308
Admin	-	-	-	-	-	-	-	-	-	-
Customer	-	900,000	1,700,000	2,400,000	2,100,000	1,800,000	1,500,000	1,200,000	900,000	600,000
<b>TOTAL</b>	<b>-</b>	<b>33,294,722</b>	<b>55,728,887</b>	<b>109,772,766</b>	<b>160,830,065</b>	<b>163,377,659</b>	<b>168,894,642</b>	<b>170,431,265</b>	<b>168,482,128</b>	<b>166,484,732</b>

**Net Rate Base -- Total**

Alternate Water Source	\$ 33,329,792	\$ 36,549,681	\$ 38,299,200	\$ 74,718,502	\$ 110,373,903	\$ 107,834,299	\$ 105,294,695	\$ 102,755,091	\$ 100,215,487	\$ 97,675,883
Treatment	4,588,726	5,085,175	6,719,375	7,135,324	8,709,024	8,945,723	10,346,423	10,143,122	9,935,822	9,724,521
Distribution	51,298,461	77,205,831	92,691,255	106,460,000	117,848,315	120,260,275	124,480,817	126,327,766	124,760,307	123,148,588
Admin	-	-	-	-	-	-	-	-	-	-
Customer	32,622	931,723	1,730,824	2,429,925	2,129,026	1,828,127	1,527,228	1,226,329	925,430	624,530
<b>TOTAL</b>	<b>89,249,601</b>	<b>119,772,411</b>	<b>139,440,653</b>	<b>190,743,750</b>	<b>239,060,268</b>	<b>238,868,425</b>	<b>241,649,163</b>	<b>240,452,308</b>	<b>235,837,046</b>	<b>231,173,523</b>

**Rate of Return**

	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
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**Rate of Return**

Alternate Water Source	\$ 1,666,490	\$ 1,827,484	\$ 1,914,960	\$ 3,735,925	\$ 5,518,695	\$ 5,391,715	\$ 5,264,735	\$ 5,137,755	\$ 5,010,774	\$ 4,883,794
Treatment	229,436	254,259	335,969	356,766	435,451	447,286	517,321	507,156	496,791	486,226
Distribution	2,564,923	3,860,292	4,634,563	5,323,000	5,892,416	6,013,014	6,224,041	6,316,388	6,238,015	6,157,429
Admin	-	-	-	-	-	-	-	-	-	-
Customer	1,631	46,586	86,541	121,496	106,451	91,406	76,361	61,316	46,272	31,227
<b>TOTAL</b>	<b>4,462,480</b>	<b>5,988,621</b>	<b>6,972,033</b>	<b>9,537,188</b>	<b>11,953,013</b>	<b>11,943,421</b>	<b>12,082,458</b>	<b>12,022,615</b>	<b>11,791,852</b>	<b>11,558,676</b>

**TOTAL EXPENSES**

Alternate Water Source	\$ 3,494,639	\$ 3,774,397	\$ 4,315,533	\$ 7,197,449	\$ 10,626,175	\$ 11,306,481	\$ 11,170,788	\$ 11,034,894	\$ 10,899,026	\$ 10,763,189
Treatment	4,593,127	4,962,176	5,381,213	5,730,328	6,337,224	6,772,412	7,244,145	7,747,858	8,171,492	8,627,212
Distribution	6,123,577	8,374,656	10,159,934	11,674,676	13,851,977	15,256,299	15,744,701	16,139,189	16,160,802	16,255,838
Admin	1,334,124	1,394,309	1,457,728	1,638,836	1,716,529	1,798,464	1,884,899	1,976,110	2,072,390	2,174,051
Customer	881,074	1,074,868	1,271,297	1,474,832	1,540,316	1,606,102	1,645,696	1,688,682	1,735,279	1,785,725
<b>TOTAL</b>	<b>16,426,540</b>	<b>19,580,405</b>	<b>22,585,705</b>	<b>27,716,121</b>	<b>34,072,221</b>	<b>36,739,758</b>	<b>37,690,230</b>	<b>38,586,732</b>	<b>39,038,989</b>	<b>39,606,014</b>

<b>CHECK</b>	\$ 16,426,540	\$ 19,580,405	\$ 22,585,705	\$ 27,716,121	\$ 34,072,221	\$ 36,739,758	\$ 37,690,230	\$ 38,586,732	\$ 39,038,989	\$ 39,606,014
<b>CHECK WITH W4</b>	16,426,540	19,580,405	22,585,705	27,716,121	34,072,221	36,739,758	37,690,230	38,586,732	39,038,989	39,606,014



<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 6.0 -- Customer and Volume Totals**

**Scen: Alt #1 -- "BASE"**

**WATER**

**Customer Class Units -- Base Annual Usage**

			2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
W.1	Residential	Inside	1,165,347,352	1,174,707,271	1,190,493,352	1,208,822,169	1,226,877,226	1,244,670,433	1,262,212,862	1,279,514,826	1,296,585,949	1,313,435,231
W.2	Multi-Family	Inside	259,481,130	261,655,553	264,890,305	268,441,114	271,945,567	275,405,434	278,822,375	282,197,949	285,533,622	288,830,777
W.3	Irrigation	Inside	164,209,351	165,334,072	167,121,468	169,332,069	171,514,183	173,668,884	175,797,179	177,900,016	179,978,287	182,032,834
W.4	Non-Res	Inside	620,183,095	624,907,220	631,471,371	638,896,079	646,235,494	653,492,490	660,669,782	667,769,941	674,795,401	681,748,471
W.5	Residential	County	168,429,244	169,172,205	169,911,918	170,648,423	171,381,764	172,111,981	172,839,112	173,563,197	174,284,274	175,002,380
W.6	Multi-Family	County	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387
W.7	Irrigation	County	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636
W.8	Non-Res	County	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919
W.9	Residential	CV	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749
W.10	Multi-Family	CV	-	-	-	-	-	-	-	-	-	-
W.11	Irrigation	CV	834,769	834,769	834,769	834,769	834,769	834,769	834,769	834,769	834,769	834,769
W.12	Non-Res	CV	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785
<b>TOTAL</b>			<b>2,491,109,417</b>	<b>2,509,235,566</b>	<b>2,537,347,658</b>	<b>2,569,599,099</b>	<b>2,601,413,479</b>	<b>2,632,808,467</b>	<b>2,663,800,556</b>	<b>2,694,405,174</b>	<b>2,724,636,778</b>	<b>2,754,508,937</b>
Percent Increase				0.7%	1.1%	1.3%	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%

**Percent of Total**

W.1	Residential	Inside	46.78%	46.82%	46.92%	47.04%	47.16%	47.28%	47.38%	47.49%	47.59%	47.68%
W.2	Multi-Family	Inside	10.42%	10.43%	10.44%	10.45%	10.45%	10.46%	10.47%	10.47%	10.48%	10.49%
W.3	Irrigation	Inside	6.59%	6.59%	6.59%	6.59%	6.59%	6.60%	6.60%	6.60%	6.61%	6.61%
W.4	Non-Res	Inside	24.90%	24.90%	24.89%	24.86%	24.84%	24.82%	24.80%	24.78%	24.77%	24.75%
			88.68%	88.74%	88.83%	88.94%	89.05%	89.15%	89.25%	89.35%	89.44%	89.53%
W.5	Residential	County	6.76%	6.74%	6.70%	6.64%	6.59%	6.54%	6.49%	6.44%	6.40%	6.35%
W.6	Multi-Family	County	0.79%	0.79%	0.78%	0.77%	0.76%	0.75%	0.74%	0.73%	0.72%	0.72%
W.7	Irrigation	County	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.09%	0.09%	0.09%
W.8	Non-Res	County	1.11%	1.10%	1.09%	1.08%	1.06%	1.05%	1.04%	1.03%	1.01%	1.00%
W.9	Residential	CV	1.92%	1.90%	1.88%	1.86%	1.84%	1.81%	1.79%	1.77%	1.75%	1.73%
W.10	Multi-Family	CV	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
W.11	Irrigation	CV	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
W.12	Non-Res	CV	0.60%	0.60%	0.59%	0.58%	0.58%	0.57%	0.56%	0.56%	0.55%	0.54%
<b>TOTAL</b>			<b>100.00%</b>									

**Adjusted Percentage of Total Base**

W.1	Residential	Inside	52.75%	52.76%	52.82%	52.89%	52.96%	53.03%	53.09%	53.15%	53.21%	53.26%
W.2	Multi-Family	Inside	11.75%	11.75%	11.75%	11.75%	11.74%	11.73%	11.73%	11.72%	11.72%	11.71%
W.3	Irrigation	Inside	7.43%	7.43%	7.41%	7.41%	7.40%	7.40%	7.39%	7.39%	7.39%	7.38%
W.4	Non-Res	Inside	28.07%	28.07%	28.02%	27.95%	27.90%	27.84%	27.79%	27.74%	27.69%	27.65%
			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 6.0 -- Customer and Volume Totals**

**Scen: Alt #1 -- "BASE"**

**Net Annual Volume after Minimum:**

W.1	Residential	Inside	1,165,347,352	1,174,707,271	1,190,493,352	1,208,822,169	1,226,877,226	1,244,670,433	1,262,212,862	1,279,514,826	1,296,585,949	1,313,435,231
W.2	Multi-Family	Inside	259,481,130	261,655,553	264,890,305	268,441,114	271,945,567	275,405,434	278,822,375	282,197,949	285,533,622	288,830,777
W.3	Irrigation	Inside	164,209,351	165,334,072	167,121,468	169,332,069	171,514,183	173,668,884	175,797,179	177,900,016	179,978,287	182,032,834
W.4	Non-Res	Inside	620,183,095	624,907,220	631,471,371	638,896,079	646,235,494	653,492,490	660,669,782	667,769,941	674,795,401	681,748,471
W.5	Residential	County	168,429,244	169,172,205	169,911,918	170,648,423	171,381,764	172,111,981	172,839,112	173,563,197	174,284,274	175,002,380
W.6	Multi-Family	County	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387	19,700,387
W.7	Irrigation	County	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636	2,547,636
W.8	Non-Res	County	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919	27,625,919
W.9	Residential	CV	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749	47,768,749
W.10	Multi-Family	CV	-	-	-	-	-	-	-	-	-	-
W.11	Irrigation	CV	834,769	834,769	834,769	834,769	834,769	834,769	834,769	834,769	834,769	834,769
W.12	Non-Res	CV	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785	14,981,785
<b>TOTAL</b>			<b>2,491,109,417</b>	<b>2,509,235,566</b>	<b>2,537,347,658</b>	<b>2,569,599,099</b>	<b>2,601,413,479</b>	<b>2,632,808,467</b>	<b>2,663,800,556</b>	<b>2,694,405,174</b>	<b>2,724,636,778</b>	<b>2,754,508,937</b>

**Base Daily Average**

W.1	Residential	Inside	3,192,732	3,218,376	3,261,626	3,311,842	3,361,307	3,410,056	3,458,117	3,505,520	3,552,290	3,598,453
W.2	Multi-Family	Inside	710,907	716,865	725,727	735,455	745,056	754,535	763,897	773,145	782,284	791,317
W.3	Irrigation	Inside	449,889	452,970	457,867	463,923	469,902	475,805	481,636	487,397	493,091	498,720
W.4	Non-Res	Inside	1,699,132	1,712,075	1,730,059	1,750,400	1,770,508	1,790,390	1,810,054	1,829,507	1,848,755	1,867,804
W.5	Residential	County	461,450	463,485	465,512	467,530	469,539	471,540	473,532	475,516	477,491	479,459
W.6	Multi-Family	County	53,974	53,974	53,974	53,974	53,974	53,974	53,974	53,974	53,974	53,974
W.7	Irrigation	County	6,980	6,980	6,980	6,980	6,980	6,980	6,980	6,980	6,980	6,980
W.8	Non-Res	County	75,687	75,687	75,687	75,687	75,687	75,687	75,687	75,687	75,687	75,687
W.9	Residential	CV	130,873	130,873	130,873	130,873	130,873	130,873	130,873	130,873	130,873	130,873
W.10	Multi-Family	CV	-	-	-	-	-	-	-	-	-	-
W.11	Irrigation	CV	2,287	2,287	2,287	2,287	2,287	2,287	2,287	2,287	2,287	2,287
W.12	Non-Res	CV	41,046	41,046	41,046	41,046	41,046	41,046	41,046	41,046	41,046	41,046
<b>TOTAL</b>			<b>6,824,957</b>	<b>6,874,618</b>	<b>6,951,637</b>	<b>7,039,998</b>	<b>7,127,160</b>	<b>7,213,174</b>	<b>7,298,084</b>	<b>7,381,932</b>	<b>7,464,758</b>	<b>7,546,600</b>

**Capacity Factor**

W.1	Residential	Inside	158	158	158	158	158	158	158	158	158	158
W.2	Multi-Family	Inside	126	126	126	126	126	126	126	126	126	126
W.3	Irrigation	Inside	198	198	198	198	198	198	198	198	198	198
W.4	Non-Res	Inside	122	122	122	122	122	122	122	122	122	122
W.5	Residential	County	172	172	172	172	172	172	172	172	172	172
W.6	Multi-Family	County	150	150	150	150	150	150	150	150	150	150
W.7	Irrigation	County	196	196	196	196	196	196	196	196	196	196
W.8	Non-Res	County	148	148	148	148	148	148	148	148	148	148
W.9	Residential	CV	166	166	166	166	166	166	166	166	166	166
W.10	Multi-Family	CV	-	-	-	-	-	-	-	-	-	-
W.11	Irrigation	CV	292	292	292	292	292	292	292	292	292	292
W.12	Non-Res	CV	175	175	175	175	175	175	175	175	175	175

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 6.0 -- Customer and Volume Totals**

**Scen: Alt #1 -- "BASE"**

**Max Day Total Capacity**

W.1	Residential	Inside	5,031,089	5,071,498	5,139,651	5,218,781	5,296,729	5,373,547	5,449,281	5,523,978	5,597,679	5,670,421
W.2	Multi-Family	Inside	894,567	902,064	913,216	925,457	937,539	949,467	961,247	972,884	984,384	995,751
W.3	Irrigation	Inside	890,216	896,314	906,004	917,988	929,817	941,499	953,037	964,436	975,703	986,841
W.4	Non-Res	Inside	2,080,846	2,096,696	2,118,720	2,143,632	2,168,257	2,192,606	2,216,687	2,240,510	2,264,082	2,287,411
W.5	Residential	County	793,920	797,422	800,909	804,380	807,837	811,279	814,707	818,120	821,519	824,904
W.6	Multi-Family	County	81,082	81,082	81,082	81,082	81,082	81,082	81,082	81,082	81,082	81,082
W.7	Irrigation	County	13,656	13,656	13,656	13,656	13,656	13,656	13,656	13,656	13,656	13,656
W.8	Non-Res	County	112,068	112,068	112,068	112,068	112,068	112,068	112,068	112,068	112,068	112,068
W.9	Residential	CV	217,784	217,784	217,784	217,784	217,784	217,784	217,784	217,784	217,784	217,784
W.10	Multi-Family	CV	-	-	-	-	-	-	-	-	-	-
W.11	Irrigation	CV	6,679	6,679	6,679	6,679	6,679	6,679	6,679	6,679	6,679	6,679
W.12	Non-Res	CV	71,989	71,989	71,989	71,989	71,989	71,989	71,989	71,989	71,989	71,989
<b>TOTAL</b>			<b>10,193,897</b>	<b>10,267,252</b>	<b>10,381,757</b>	<b>10,513,496</b>	<b>10,643,438</b>	<b>10,771,655</b>	<b>10,898,217</b>	<b>11,023,187</b>	<b>11,146,624</b>	<b>11,268,586</b>

**Extra Capacity**

W.1	Residential	Inside	1,838,357	1,853,122	1,878,025	1,906,939	1,935,421	1,963,491	1,991,164	2,018,458	2,045,388	2,071,968
W.2	Multi-Family	Inside	183,660	185,199	187,489	190,002	192,482	194,931	197,350	199,739	202,100	204,434
W.3	Irrigation	Inside	440,328	443,344	448,136	454,064	459,916	465,693	471,400	477,039	482,612	488,121
W.4	Non-Res	Inside	381,714	384,622	388,662	393,232	397,749	402,216	406,633	411,003	415,327	419,607
W.5	Residential	County	332,470	333,937	335,397	336,850	338,298	339,739	341,175	342,604	344,027	345,445
W.6	Multi-Family	County	27,108	27,108	27,108	27,108	27,108	27,108	27,108	27,108	27,108	27,108
W.7	Irrigation	County	6,676	6,676	6,676	6,676	6,676	6,676	6,676	6,676	6,676	6,676
W.8	Non-Res	County	36,380	36,380	36,380	36,380	36,380	36,380	36,380	36,380	36,380	36,380
W.9	Residential	CV	86,911	86,911	86,911	86,911	86,911	86,911	86,911	86,911	86,911	86,911
W.10	Multi-Family	CV	-	-	-	-	-	-	-	-	-	-
W.11	Irrigation	CV	4,392	4,392	4,392	4,392	4,392	4,392	4,392	4,392	4,392	4,392
W.12	Non-Res	CV	30,943	30,943	30,943	30,943	30,943	30,943	30,943	30,943	30,943	30,943
<b>TOTAL</b>			<b>3,368,940</b>	<b>3,392,634</b>	<b>3,430,120</b>	<b>3,473,499</b>	<b>3,516,277</b>	<b>3,558,481</b>	<b>3,600,133</b>	<b>3,641,255</b>	<b>3,681,866</b>	<b>3,721,986</b>

**Extra Capacity Daily Average**

W.1	Residential	Inside	54.57%	54.62%	54.75%	54.90%	55.04%	55.18%	55.31%	55.43%	55.55%	55.67%
W.2	Multi-Family	Inside	5.45%	5.46%	5.47%	5.47%	5.47%	5.48%	5.48%	5.49%	5.49%	5.49%
W.3	Irrigation	Inside	13.07%	13.07%	13.06%	13.07%	13.08%	13.09%	13.09%	13.10%	13.11%	13.11%
W.4	Non-Res	Inside	11.33%	11.34%	11.33%	11.32%	11.31%	11.30%	11.29%	11.29%	11.28%	11.27%
			84.42%	84.49%	84.61%	84.76%	84.91%	85.05%	85.18%	85.31%	85.43%	85.55%
W.5	Residential	County	9.87%	9.84%	9.78%	9.70%	9.62%	9.55%	9.48%	9.41%	9.34%	9.28%
W.6	Multi-Family	County	0.80%	0.80%	0.79%	0.78%	0.77%	0.76%	0.75%	0.74%	0.74%	0.73%
W.7	Irrigation	County	0.20%	0.20%	0.19%	0.19%	0.19%	0.19%	0.19%	0.18%	0.18%	0.18%
W.8	Non-Res	County	1.08%	1.07%	1.06%	1.05%	1.03%	1.02%	1.01%	1.00%	0.99%	0.98%
W.9	Residential	CV	2.58%	2.56%	2.53%	2.50%	2.47%	2.44%	2.41%	2.39%	2.36%	2.34%
W.10	Multi-Family	CV	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
W.11	Irrigation	CV	0.13%	0.13%	0.13%	0.13%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%
W.12	Non-Res	CV	0.92%	0.91%	0.90%	0.89%	0.88%	0.87%	0.86%	0.85%	0.84%	0.83%
<b>TOTAL</b>			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Adjusted Extra Capacity Daily Average**

W.1	Residential	Inside	64.64%	64.65%	64.71%	64.77%	64.83%	64.88%	64.93%	64.98%	65.03%	65.07%
W.2	Multi-Family	Inside	6.46%	6.46%	6.46%	6.45%	6.45%	6.44%	6.44%	6.43%	6.43%	6.42%
W.3	Irrigation	Inside	15.48%	15.47%	15.44%	15.42%	15.40%	15.39%	15.37%	15.36%	15.34%	15.33%
W.4	Non-Res	Inside	13.42%	13.42%	13.39%	13.36%	13.32%	13.29%	13.26%	13.23%	13.20%	13.18%
<b>TOTAL</b>			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 6.0 -- Customer and Volume Totals**

**Scen: Alt #1 -- "BASE"**

**Customer Class Units -- Annual Bills**

**Total Bills**

W.1	Residential	Inside	186,756	189,756	194,856	200,856	206,856	212,856	218,856	224,856	230,856	236,856
W.2	Multi-Family	Inside	8,592	8,736	8,952	9,192	9,432	9,672	9,912	10,152	10,392	10,632
W.3	Irrigation	Inside	4,380	4,440	4,536	4,656	4,776	4,896	5,016	5,136	5,256	5,376
W.4	Non-Res	Inside	19,692	19,992	20,412	20,892	21,372	21,852	22,332	22,812	23,292	23,772
W.5	Residential	County	27,204	27,444	27,684	27,924	28,164	28,404	28,644	28,884	29,124	29,364
W.6	Multi-Family	County	156	156	156	156	156	156	156	156	156	156
W.7	Irrigation	County	288	288	288	288	288	288	288	288	288	288
W.8	Non-Res	County	312	312	312	312	312	312	312	312	312	312
W.9	Residential	CV	6,840	6,840	6,840	6,840	6,840	6,840	6,840	6,840	6,840	6,840
W.10	Multi-Family	CV	-	-	-	-	-	-	-	-	-	-
W.11	Irrigation	CV	72	72	72	72	72	72	72	72	72	72
W.12	Non-Res	CV	336	336	336	336	336	336	336	336	336	336
<b>TOTAL</b>			<b>254,628</b>	<b>258,372</b>	<b>264,444</b>	<b>271,524</b>	<b>278,604</b>	<b>285,684</b>	<b>292,764</b>	<b>299,844</b>	<b>306,924</b>	<b>314,004</b>
Percent Increase				1.5%	2.4%	2.7%	2.6%	2.5%	2.5%	2.4%	2.4%	2.3%

**Percent of Total Bills**

W.1	Residential	Inside	73.34%	73.44%	73.69%	73.97%	74.25%	74.51%	74.76%	74.99%	75.22%	75.43%
W.2	Multi-Family	Inside	3.37%	3.38%	3.39%	3.39%	3.39%	3.39%	3.39%	3.39%	3.39%	3.39%
W.3	Irrigation	Inside	1.72%	1.72%	1.72%	1.71%	1.71%	1.71%	1.71%	1.71%	1.71%	1.71%
W.4	Non-Res	Inside	<u>7.73%</u>	<u>7.74%</u>	<u>7.72%</u>	<u>7.69%</u>	<u>7.67%</u>	<u>7.65%</u>	<u>7.63%</u>	<u>7.61%</u>	<u>7.59%</u>	<u>7.57%</u>
			86.17%	86.28%	86.50%	86.77%	87.02%	87.26%	87.48%	87.70%	87.90%	88.10%
W.5	Residential	County	10.68%	10.62%	10.47%	10.28%	10.11%	9.94%	9.78%	9.63%	9.49%	9.35%
W.6	Multi-Family	County	0.06%	0.06%	0.06%	0.06%	0.06%	0.05%	0.05%	0.05%	0.05%	0.05%
W.7	Irrigation	County	0.11%	0.11%	0.11%	0.11%	0.10%	0.10%	0.10%	0.10%	0.09%	0.09%
W.8	Non-Res	County	0.12%	0.12%	0.12%	0.11%	0.11%	0.11%	0.11%	0.10%	0.10%	0.10%
W.9	Residential	CV	2.69%	2.65%	2.59%	2.52%	2.46%	2.39%	2.34%	2.28%	2.23%	2.18%
W.10	Multi-Family	CV	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
W.11	Irrigation	CV	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.02%	0.02%	0.02%	0.02%
W.12	Non-Res	CV	<u>0.13%</u>	<u>0.13%</u>	<u>0.13%</u>	<u>0.12%</u>	<u>0.12%</u>	<u>0.12%</u>	<u>0.11%</u>	<u>0.11%</u>	<u>0.11%</u>	<u>0.11%</u>
<b>TOTAL</b>			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Adjusted Percent of Total Bills**

W.1	Residential	Inside	85.11%	85.12%	85.18%	85.25%	85.32%	85.39%	85.45%	85.51%	85.57%	85.62%
W.2	Multi-Family	Inside	3.92%	3.92%	3.91%	3.90%	3.89%	3.88%	3.87%	3.86%	3.85%	3.84%
W.3	Irrigation	Inside	2.00%	1.99%	1.98%	1.98%	1.97%	1.96%	1.96%	1.95%	1.95%	1.94%
W.4	Non-Res	Inside	<u>8.97%</u>	<u>8.97%</u>	<u>8.92%</u>	<u>8.87%</u>	<u>8.82%</u>	<u>8.77%</u>	<u>8.72%</u>	<u>8.68%</u>	<u>8.63%</u>	<u>8.59%</u>
<b>TOTAL</b>			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

<b>Forecast 2008-2017</b>	<b>Allocation</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	%	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 7.0 -- Alternative Water Source Cost**  
**Scen: Alt #1 -- "BASE"**

**UTILITY BASIS**

Alternate Water Source	\$	3,494,639	\$	3,774,397	\$	4,315,533	\$	7,197,449	\$	10,626,175	\$	11,306,481	\$	11,170,788	\$	11,034,894	\$	10,899,026	\$	10,763,189	
<b>Customer Class Units -- Base Annual Usage</b>																					
W.1 Residential Inside		1,165,347,352		1,174,707,271		1,190,493,352		1,208,822,169		1,226,877,226		1,244,670,433		1,262,212,862		1,279,514,826		1,296,585,949		1,313,435,231	
W.2 Multi-Family Inside		259,481,130		261,655,553		264,890,305		268,441,114		271,945,567		275,405,434		278,822,375		282,197,949		285,533,622		288,830,777	
W.3 Irrigation Inside		164,209,351		165,334,072		167,121,468		169,332,069		171,514,183		173,668,884		175,797,179		177,900,016		179,978,287		182,032,834	
W.4 Non-Res Inside		620,183,095		624,907,220		631,471,371		638,896,079		646,235,494		653,492,490		660,669,782		667,769,941		674,795,401		681,748,471	
W.5 Residential County		168,429,244		169,172,205		169,911,918		170,648,423		171,381,764		172,111,981		172,839,112		173,563,197		174,284,274		175,002,380	
W.6 Multi-Family County		19,700,387		19,700,387		19,700,387		19,700,387		19,700,387		19,700,387		19,700,387		19,700,387		19,700,387		19,700,387	
W.7 Irrigation County		2,547,636		2,547,636		2,547,636		2,547,636		2,547,636		2,547,636		2,547,636		2,547,636		2,547,636		2,547,636	
W.8 Non-Res County		27,625,919		27,625,919		27,625,919		27,625,919		27,625,919		27,625,919		27,625,919		27,625,919		27,625,919		27,625,919	
W.9 Residential CV		47,768,749		47,768,749		47,768,749		47,768,749		47,768,749		47,768,749		47,768,749		47,768,749		47,768,749		47,768,749	
W.10 Multi-Family CV		-		-		-		-		-		-		-		-		-		-	
W.11 Irrigation CV		834,769		834,769		834,769		834,769		834,769		834,769		834,769		834,769		834,769		834,769	
W.12 Non-Res CV		14,981,785		14,981,785		14,981,785		14,981,785		14,981,785		14,981,785		14,981,785		14,981,785		14,981,785		14,981,785	
<b>TOTAL</b>		<b>2,491,109,417</b>		<b>2,509,235,566</b>		<b>2,537,347,658</b>		<b>2,569,599,099</b>		<b>2,601,413,479</b>		<b>2,632,808,467</b>		<b>2,663,800,556</b>		<b>2,694,405,174</b>		<b>2,724,636,778</b>		<b>2,754,508,937</b>	
<b>Percent of Total Usage</b>																					
W.5 Residential County		6.76%		6.74%		6.70%		6.64%		6.59%		6.54%		6.49%		6.44%		6.40%		6.35%	
W.6 Multi-Family County		0.79%		0.79%		0.78%		0.77%		0.76%		0.75%		0.74%		0.73%		0.72%		0.72%	
W.7 Irrigation County		0.10%		0.10%		0.10%		0.10%		0.10%		0.10%		0.10%		0.09%		0.09%		0.09%	
W.8 Non-Res County		1.11%		1.10%		1.09%		1.08%		1.06%		1.05%		1.04%		1.03%		1.01%		1.00%	
W.9 Residential CV		1.92%		1.90%		1.88%		1.86%		1.84%		1.81%		1.79%		1.77%		1.75%		1.73%	
W.10 Multi-Family CV		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%	
W.11 Irrigation CV		0.03%		0.03%		0.03%		0.03%		0.03%		0.03%		0.03%		0.03%		0.03%		0.03%	
W.12 Non-Res CV		0.60%		0.60%		0.59%		0.58%		0.58%		0.57%		0.56%		0.56%		0.55%		0.54%	
<b>TOTAL</b>		<b>11.32%</b>		<b>11.26%</b>		<b>11.17%</b>		<b>11.06%</b>		<b>10.95%</b>		<b>10.85%</b>		<b>10.75%</b>		<b>10.65%</b>		<b>10.56%</b>		<b>10.47%</b>	
<b>Alternative Water Source Cost</b>																					
W.5 Residential County		236,280		254,469		288,987		477,986		700,055		739,127		724,810		710,825		697,168		683,818	
W.6 Multi-Family County		27,637		29,633		33,507		55,181		80,472		84,602		82,615		80,683		78,805		76,979	
W.7 Irrigation County		3,574		3,832		4,333		7,136		10,407		10,941		10,684		10,434		10,191		9,955	
W.8 Non-Res County		38,755		41,555		46,986		77,380		112,846		118,638		115,851		113,142		110,509		107,948	
W.9 Residential CV		67,012		71,854		81,245		133,800		195,124		205,141		200,321		195,636		191,083		186,655	
W.10 Multi-Family CV		-		-		-		-		-		-		-		-		-		-	
W.11 Irrigation CV		1,171		1,256		1,420		2,338		3,410		3,585		3,501		3,419		3,339		3,262	
W.12 Non-Res CV		21,017		22,536		25,481		41,964		61,197		64,339		62,827		61,358		59,930		58,541	
<b>TOTAL</b>		<b>395,446</b>		<b>425,135</b>		<b>481,959</b>		<b>795,786</b>		<b>1,163,510</b>		<b>1,226,373</b>		<b>1,200,607</b>		<b>1,175,496</b>		<b>1,151,025</b>		<b>1,127,158</b>	
<b>Alternative Water Source Cost Per 1,000 Gallons</b>																					
W.5 Residential County		\$ 1.40		\$ 1.50		\$ 1.70		\$ 2.80		\$ 4.08		\$ 4.29		\$ 4.19		\$ 4.10		\$ 4.00		\$ 3.91	
W.6 Multi-Family County		1.40		1.50		1.70		2.80		4.08		4.29		4.19		4.10		4.00		3.91	
W.7 Irrigation County		1.40		1.50		1.70		2.80		4.08		4.29		4.19		4.10		4.00		3.91	
W.8 Non-Res CV		1.40		1.50		1.70		2.80		4.08		4.29		4.19		4.10		4.00		3.91	
W.9 Residential CV		1.40		1.50		1.70		2.80		4.08		4.29		4.19		4.10		4.00		3.91	
W.10 Multi-Family CV		-		-		-		-		-		-		-		-		-		-	
W.11 Irrigation CV		1.40		1.50		1.70		2.80		4.08		4.29		4.19		4.10		4.00		3.91	
W.12 Non-Res CV		1.40		1.50		1.70		2.80		4.08		4.29		4.19		4.10		4.00		3.91	

<b>Forecast 2008-2017</b>	<b>Allocation</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	<b>%</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 7.0 -- Alternative Water Source Cost**

**Scen: Alt #1 -- "BASE"**

**CASH BASIS**

Alternate Water Source	\$ 1,005,985	\$ 1,042,335	\$ 1,621,962	\$ 2,061,893	\$ 3,387,168	\$ 4,629,076	\$ 4,677,134	\$ 4,726,412	\$ 4,779,244	\$ 4,833,749
Less Utility Basis	395,446	425,135	481,959	795,786	1,163,510	1,226,373	1,200,607	1,175,496	1,151,025	1,127,158
<b>Net Cash Basis</b>	<b>\$ 610,540</b>	<b>\$ 617,200</b>	<b>\$ 1,140,002</b>	<b>\$ 1,266,108</b>	<b>\$ 2,223,659</b>	<b>\$ 3,402,703</b>	<b>\$ 3,476,527</b>	<b>\$ 3,550,916</b>	<b>\$ 3,628,219</b>	<b>\$ 3,706,591</b>

**Customer Class Units -- Base Annual Usage**

W.1 Residential Inside	1,165,347,352	1,174,707,271	1,190,493,352	1,208,822,169	1,226,877,226	1,244,670,433	1,262,212,862	1,279,514,826	1,296,585,949	1,313,435,231
W.2 Multi-Family Inside	259,481,130	261,655,553	264,890,305	268,441,114	271,945,567	275,405,434	278,822,375	282,197,949	285,533,622	288,830,777
W.3 Irrigation Inside	164,209,351	165,334,072	167,121,468	169,332,069	171,514,183	173,668,884	175,797,179	177,900,016	179,978,287	182,032,834
W.4 Non-Res Inside	620,183,095	624,907,220	631,471,371	638,896,079	646,235,494	653,492,490	660,669,782	667,769,941	674,795,401	681,748,471
<b>TOTAL</b>	<b>2,209,220,927</b>	<b>2,226,604,116</b>	<b>2,253,976,496</b>	<b>2,285,491,431</b>	<b>2,316,572,470</b>	<b>2,347,237,241</b>	<b>2,377,502,199</b>	<b>2,407,382,732</b>	<b>2,436,893,260</b>	<b>2,466,047,313</b>

**Percent of Total Usage**

W.1 Residential Inside	52.75%	52.76%	52.82%	52.89%	52.96%	53.03%	53.09%	53.15%	53.21%	53.26%
W.2 Multi-Family Inside	11.75%	11.75%	11.75%	11.75%	11.74%	11.73%	11.73%	11.72%	11.72%	11.71%
W.3 Irrigation Inside	7.43%	7.43%	7.41%	7.41%	7.40%	7.40%	7.39%	7.39%	7.39%	7.38%
W.4 Non-Res Inside	<u>28.07%</u>	<u>28.07%</u>	<u>28.02%</u>	<u>27.95%</u>	<u>27.90%</u>	<u>27.84%</u>	<u>27.79%</u>	<u>27.74%</u>	<u>27.69%</u>	<u>27.65%</u>
<b>TOTAL</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Alternative Water Source Cost**

W.1 Residential Inside	322,055	325,621	602,120	669,659	1,177,669	1,804,353	1,845,684	1,887,298	1,930,449	1,974,158
W.2 Multi-Family Inside	71,710	72,529	133,975	148,710	261,038	399,245	407,711	416,245	425,123	434,127
W.3 Irrigation Inside	45,381	45,830	84,526	93,806	164,635	251,761	257,061	262,404	267,964	273,604
W.4 Non-Res Inside	171,394	173,220	319,382	353,933	620,316	947,344	966,071	984,968	1,004,683	1,024,702
<b>TOTAL</b>	<b>610,540</b>	<b>617,200</b>	<b>1,140,002</b>	<b>1,266,108</b>	<b>2,223,659</b>	<b>3,402,703</b>	<b>3,476,527</b>	<b>3,550,916</b>	<b>3,628,219</b>	<b>3,706,591</b>

**Alternative Water Source Cost Per 1,000 Gallons**

W.1 Residential Inside	\$ 0.28	\$ 0.28	\$ 0.51	\$ 0.55	\$ 0.96	\$ 1.45	\$ 1.46	\$ 1.48	\$ 1.49	\$ 1.50
W.2 Multi-Family Inside	0.28	0.28	0.51	0.55	0.96	1.45	1.46	1.48	1.49	1.50
W.3 Irrigation Inside	0.28	0.28	0.51	0.55	0.96	1.45	1.46	1.48	1.49	1.50
W.4 Non-Res Inside	0.28	0.28	0.51	0.55	0.96	1.45	1.46	1.48	1.49	1.50

**CITY OF PRESCOTT  
WATER/WW COST OF SERVICE MODEL**

**Forecast  
2008-2017**

**Allocation  
%**

**2008      2009      2010      2011      2012      2013      2014      2015      2016      2017**

**Forecast W 8.0 -- Water Cost Classification**

**Scen: Alt #1 -- "BASE"**

**CASH BASIS**

**Total Water Costs -- Net of Alternative Water Resources**

Treatment	\$	4,551,050	\$	4,883,035	\$	5,150,429	\$	5,281,383	\$	5,808,190	\$	6,259,734	\$	6,632,801	\$	7,150,356	\$	7,588,354	\$	8,058,972
Distribution		2,062,579		2,171,473		2,954,083		3,557,482		5,382,361		7,030,568		7,141,497		7,348,508		7,478,111		7,617,035
Admin		1,334,124		1,394,309		1,457,728		1,638,836		1,716,529		1,798,464		1,884,899		1,976,110		2,072,390		2,174,051
Customer		961,691		1,018,339		1,084,611		1,161,694		1,261,665		1,361,757		1,422,152		1,486,164		1,554,024		1,625,975
<b>Net Water Costs</b>		<b>8,909,443</b>		<b>9,467,156</b>		<b>10,646,851</b>		<b>11,639,395</b>		<b>14,168,745</b>		<b>16,450,523</b>		<b>17,081,349</b>		<b>17,961,137</b>		<b>18,692,878</b>		<b>19,476,034</b>

**Water Cost Classification**

**Treatment**

Base	25.00%	\$	1,137,763	\$	1,220,759	\$	1,287,607	\$	1,320,346	\$	1,452,048	\$	1,564,934	\$	1,658,200	\$	1,787,589	\$	1,897,088	\$	2,014,743
Max Day	0.00%		-		-		-		-		-		-		-		-		-		-
Max Hour	75.00%		3,413,288		3,662,277		3,862,821		3,961,037		4,356,143		4,694,801		4,974,601		5,362,767		5,691,265		6,044,229
Customer Billing	0.00%		-		-		-		-		-		-		-		-		-		-
<b>Total Treatment</b>			<b>4,551,050</b>		<b>4,883,035</b>		<b>5,150,429</b>		<b>5,281,383</b>		<b>5,808,190</b>		<b>6,259,734</b>		<b>6,632,801</b>		<b>7,150,356</b>		<b>7,588,354</b>		<b>8,058,972</b>

**Distribution**

Base	50.00%	\$	1,031,289	\$	1,085,736	\$	1,477,042	\$	1,778,741	\$	2,691,181	\$	3,515,284	\$	3,570,749	\$	3,674,254	\$	3,739,056	\$	3,808,518
Max Day	50.00%		1,031,289		1,085,736		1,477,042		1,778,741		2,691,181		3,515,284		3,570,749		3,674,254		3,739,056		3,808,518
Max Hour	0.00%		-		-		-		-		-		-		-		-		-		-
Customer Billing	0.00%		-		-		-		-		-		-		-		-		-		-
<b>Total Distribution</b>			<b>2,062,579</b>		<b>2,171,473</b>		<b>2,954,083</b>		<b>3,557,482</b>		<b>5,382,361</b>		<b>7,030,568</b>		<b>7,141,497</b>		<b>7,348,508</b>		<b>7,478,111</b>		<b>7,617,035</b>

**Customer Billing**

Base	0.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Max Day	0.00%		-		-		-		-		-		-		-		-		-		-
Max Hour	0.00%		-		-		-		-		-		-		-		-		-		-
Customer Billing	100.00%		961,691		1,018,339		1,084,611		1,161,694		1,261,665		1,361,757		1,422,152		1,486,164		1,554,024		1,625,975
<b>Total Customer Billing</b>			<b>961,691</b>		<b>1,018,339</b>		<b>1,084,611</b>		<b>1,161,694</b>		<b>1,261,665</b>		<b>1,361,757</b>		<b>1,422,152</b>		<b>1,486,164</b>		<b>1,554,024</b>		<b>1,625,975</b>

**CITY OF PRESCOTT  
WATER/WW COST OF SERVICE MODEL**

**Forecast  
2008-2017**

**Allocation**

**%      2008      2009      2010      2011      2012      2013      2014      2015      2016      2017**

**Forecast W 8.0 -- Water Cost Classification**

**Scen: Alt #1 -- "BASE"**

**Sub-Total**

Base	\$ 2,169,052	\$ 2,306,495	\$ 2,764,649	\$ 3,099,087	\$ 4,143,228	\$ 5,080,218	\$ 5,228,949	\$ 5,461,843	\$ 5,636,144	\$ 5,823,261
Max Day	1,031,289	1,085,736	1,477,042	1,778,741	2,691,181	3,515,284	3,570,749	3,674,254	3,739,056	3,808,518
Max Hour	3,413,288	3,662,277	3,862,821	3,961,037	4,356,143	4,694,801	4,974,601	5,362,767	5,691,265	6,044,229
Customer Billing	961,691	1,018,339	1,084,611	1,161,694	1,261,665	1,361,757	1,422,152	1,486,164	1,554,024	1,625,975
<b>Sub-Total</b>	<b>7,575,319</b>	<b>8,072,848</b>	<b>9,189,122</b>	<b>10,000,559</b>	<b>12,452,216</b>	<b>14,652,059</b>	<b>15,196,450</b>	<b>15,985,027</b>	<b>16,620,488</b>	<b>17,301,983</b>

**Percentage**

Base	28.63%	28.57%	30.09%	30.99%	33.27%	34.67%	34.41%	34.17%	33.91%	33.66%
Max Day	13.61%	13.45%	16.07%	17.79%	21.61%	23.99%	23.50%	22.99%	22.50%	22.01%
Max Hour	45.06%	45.37%	42.04%	39.61%	34.98%	32.04%	32.74%	33.55%	34.24%	34.93%
Customer Billing	12.70%	12.61%	11.80%	11.62%	10.13%	9.29%	9.36%	9.30%	9.35%	9.40%
<b>Sub-Total</b>	<b>100.00%</b>									

**Administration Allocation**

Base	\$ 382,001	\$ 398,368	\$ 438,574	\$ 507,861	\$ 571,141	\$ 623,570	\$ 648,575	\$ 675,207	\$ 702,764	\$ 731,712
Max Day	181,625	187,524	234,312	291,490	370,977	431,483	442,900	454,221	466,219	478,553
Max Hour	601,129	632,533	612,784	649,113	600,491	576,262	617,027	662,959	709,637	759,477
Customer Billing	169,368	175,883	172,059	190,372	173,920	176,149	183,397	183,723	193,769	204,309
<b>Total Administration</b>	<b>1,334,124</b>	<b>1,394,309</b>	<b>1,457,728</b>	<b>1,638,836</b>	<b>1,716,529</b>	<b>1,798,464</b>	<b>1,884,899</b>	<b>1,976,110</b>	<b>2,072,390</b>	<b>2,174,051</b>

**Total Expenses**

Base	\$ 2,551,053	\$ 2,704,864	\$ 3,203,222	\$ 3,606,948	\$ 4,714,369	\$ 5,703,788	\$ 5,877,524	\$ 6,137,050	\$ 6,338,908	\$ 6,554,972
Max Day	1,212,914	1,273,260	1,711,354	2,070,231	3,062,158	3,946,767	4,013,648	4,128,474	4,205,274	4,287,070
Max Hour	4,014,417	4,294,810	4,475,605	4,610,150	4,956,634	5,271,063	5,591,628	6,025,726	6,400,902	6,803,706
Customer Billing	1,131,058	1,194,223	1,256,669	1,352,066	1,435,584	1,528,905	1,598,549	1,669,887	1,747,793	1,830,285
<b>Total</b>	<b>8,909,443</b>	<b>9,467,156</b>	<b>10,646,851</b>	<b>11,639,395</b>	<b>14,168,745</b>	<b>16,450,523</b>	<b>17,081,349</b>	<b>17,961,137</b>	<b>18,692,878</b>	<b>19,476,034</b>

**Less Non-Rate Revenues**

Base	\$ 198,087	\$ 203,587	\$ 220,814	\$ 234,265	\$ 259,076	\$ 278,071	\$ 284,238	\$ 290,718	\$ 297,182	\$ 303,803
Max Day	94,182	95,834	117,972	134,458	168,280	192,413	194,101	195,570	197,152	198,692
Max Hour	311,715	323,257	308,526	299,421	272,390	256,975	270,412	285,445	300,088	315,331
Customer Billing	87,826	89,885	86,628	87,814	78,892	74,537	77,306	79,104	81,940	84,828
<b>Total</b>	<b>691,809</b>	<b>712,563</b>	<b>733,940</b>	<b>755,958</b>	<b>778,637</b>	<b>801,996</b>	<b>826,056</b>	<b>850,838</b>	<b>876,363</b>	<b>902,654</b>

**Net Water Cost Classification**

Base	\$ 2,352,967	\$ 2,501,277	\$ 2,982,408	\$ 3,372,683	\$ 4,455,293	\$ 5,425,717	\$ 5,593,286	\$ 5,846,331	\$ 6,041,726	\$ 6,251,170
Max Day	1,118,733	1,177,426	1,593,382	1,935,773	2,893,878	3,754,354	3,819,548	3,932,904	4,008,122	4,088,378
Max Hour	3,702,702	3,971,553	4,167,079	4,310,729	4,684,244	5,014,088	5,321,216	5,740,281	6,100,814	6,488,376
Customer Billing	1,043,233	1,104,337	1,170,041	1,264,252	1,356,692	1,454,368	1,521,243	1,590,783	1,665,853	1,745,456
<b>Total</b>	<b>8,217,634</b>	<b>8,754,593</b>	<b>9,912,910</b>	<b>10,883,436</b>	<b>13,390,108</b>	<b>15,648,527</b>	<b>16,255,293</b>	<b>17,110,299</b>	<b>17,816,515</b>	<b>18,573,380</b>

**CITY OF PRESCOTT  
WATER/WW COST OF SERVICE MODEL**

**Forecast  
2008-2017**

**Allocation  
%**

**2008      2009      2010      2011      2012      2013      2014      2015      2016      2017**

**Forecast W 8.0 -- Water Cost Classification**

**Scen: Alt #1 -- "BASE"**

**UTILITY BASIS**

**Total Water Costs -- Net of Alternative Water Resources**

Treatment	\$	4,593,127	\$	4,962,176	\$	5,381,213	\$	5,730,328	\$	6,337,224	\$	6,772,412	\$	7,244,145	\$	7,747,858	\$	8,171,492	\$	8,627,212
Distribution		6,123,577		8,374,656		10,159,934		11,674,676		13,851,977		15,256,299		15,744,701		16,139,189		16,160,802		16,255,838
Admin		1,334,124		1,394,309		1,457,728		1,638,836		1,716,529		1,798,464		1,884,899		1,976,110		2,072,390		2,174,051
Customer		881,074		1,074,868		1,271,297		1,474,832		1,540,316		1,606,102		1,645,696		1,688,682		1,735,279		1,785,725
<b>Net Water Costs</b>		<b>12,931,901</b>		<b>15,806,009</b>		<b>18,270,172</b>		<b>20,518,672</b>		<b>23,446,046</b>		<b>25,433,278</b>		<b>26,519,442</b>		<b>27,551,838</b>		<b>28,139,962</b>		<b>28,842,825</b>

**Water Cost Classification**

**Treatment**

Base	25.00%	\$	1,148,282	\$	1,240,544	\$	1,345,303	\$	1,432,582	\$	1,584,306	\$	1,693,103	\$	1,811,036	\$	1,936,964	\$	2,042,873	\$	2,156,803
Max Day	0.00%		-		-		-		-		-		-		-		-		-		-
Max Hour	75.00%		3,444,845		3,721,632		4,035,910		4,297,746		4,752,918		5,079,309		5,433,109		5,810,893		6,128,619		6,470,409
Customer Billing	0.00%		-		-		-		-		-		-		-		-		-		-
<b>Total Treatment</b>			<b>4,593,127</b>		<b>4,962,176</b>		<b>5,381,213</b>		<b>5,730,328</b>		<b>6,337,224</b>		<b>6,772,412</b>		<b>7,244,145</b>		<b>7,747,858</b>		<b>8,171,492</b>		<b>8,627,212</b>

**Distribution**

Base	50.00%	\$	3,061,789	\$	4,187,328	\$	5,079,967	\$	5,837,338	\$	6,925,988	\$	7,628,150	\$	7,872,351	\$	8,069,594	\$	8,080,401	\$	8,127,919
Max Day	50.00%		3,061,789		4,187,328		5,079,967		5,837,338		6,925,988		7,628,150		7,872,351		8,069,594		8,080,401		8,127,919
Max Hour	0.00%		-		-		-		-		-		-		-		-		-		-
Customer Billing	0.00%		-		-		-		-		-		-		-		-		-		-
<b>Total Distribution</b>			<b>6,123,577</b>		<b>8,374,656</b>		<b>10,159,934</b>		<b>11,674,676</b>		<b>13,851,977</b>		<b>15,256,299</b>		<b>15,744,701</b>		<b>16,139,189</b>		<b>16,160,802</b>		<b>16,255,838</b>

**Customer Billing**

Base	0.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Max Day	0.00%		-		-		-		-		-		-		-		-		-		-
Max Hour	0.00%		-		-		-		-		-		-		-		-		-		-
Customer Billing	100.00%		881,074		1,074,868		1,271,297		1,474,832		1,540,316		1,606,102		1,645,696		1,688,682		1,735,279		1,785,725
<b>Total Customer Billing</b>			<b>881,074</b>		<b>1,074,868</b>		<b>1,271,297</b>		<b>1,474,832</b>		<b>1,540,316</b>		<b>1,606,102</b>		<b>1,645,696</b>		<b>1,688,682</b>		<b>1,735,279</b>		<b>1,785,725</b>

**CITY OF PRESCOTT  
WATER/WW COST OF SERVICE MODEL**

**Forecast  
2008-2017**

**Allocation  
%**

**2008      2009      2010      2011      2012      2013      2014      2015      2016      2017**

**Forecast W 8.0 -- Water Cost Classification**

**Scen: Alt #1 -- "BASE"**

**Sub-Total**

Base	\$ 4,210,070	\$ 5,427,872	\$ 6,425,270	\$ 7,269,920	\$ 8,510,294	\$ 9,321,253	\$ 9,683,387	\$ 10,006,559	\$ 10,123,274	\$ 10,284,722
Max Day	3,061,789	4,187,328	5,079,967	5,837,338	6,925,988	7,628,150	7,872,351	8,069,594	8,080,401	8,127,919
Max Hour	3,444,845	3,721,632	4,035,910	4,297,746	4,752,918	5,079,309	5,433,109	5,810,893	6,128,619	6,470,409
Customer Billing	881,074	1,074,868	1,271,297	1,474,832	1,540,316	1,606,102	1,645,696	1,688,682	1,735,279	1,785,725
<b>Sub-Total</b>	<b>11,597,778</b>	<b>14,411,700</b>	<b>16,812,443</b>	<b>18,879,836</b>	<b>21,729,517</b>	<b>23,634,814</b>	<b>24,634,543</b>	<b>25,575,728</b>	<b>26,067,573</b>	<b>26,668,774</b>

**Percentage**

Base	36.30%	37.66%	38.22%	38.51%	39.16%	39.44%	39.31%	39.13%	38.83%	38.56%
Max Day	26.40%	29.06%	30.22%	30.92%	31.87%	32.28%	31.96%	31.55%	31.00%	30.48%
Max Hour	29.70%	25.82%	24.01%	22.76%	21.87%	21.49%	22.05%	22.72%	23.51%	24.26%
Customer Billing	7.60%	7.46%	7.56%	7.81%	7.09%	6.80%	6.68%	6.60%	6.66%	6.70%
<b>Sub-Total</b>	<b>100.00%</b>									

**Administration Allocation**

Base	\$ 484,296	\$ 525,138	\$ 557,105	\$ 631,055	\$ 672,273	\$ 709,290	\$ 740,919	\$ 773,157	\$ 804,807	\$ 838,415
Max Day	352,206	405,117	440,460	506,701	547,120	580,455	602,349	623,498	642,397	662,592
Max Hour	396,270	360,062	349,935	373,059	375,458	386,504	415,711	448,979	487,229	527,471
Customer Billing	101,352	103,992	110,228	128,021	121,678	122,214	125,920	130,476	137,956	145,573
<b>Total Administration</b>	<b>1,334,124</b>	<b>1,394,309</b>	<b>1,457,728</b>	<b>1,638,836</b>	<b>1,716,529</b>	<b>1,798,464</b>	<b>1,884,899</b>	<b>1,976,110</b>	<b>2,072,390</b>	<b>2,174,051</b>

**Total Expenses**

Base	\$ 4,694,366	\$ 5,953,010	\$ 6,982,375	\$ 7,900,975	\$ 9,182,568	\$ 10,030,543	\$ 10,424,306	\$ 10,779,716	\$ 10,928,081	\$ 11,123,137
Max Day	3,413,994	4,592,445	5,520,427	6,344,039	7,473,109	8,208,605	8,474,699	8,693,092	8,722,798	8,790,510
Max Hour	3,841,115	4,081,694	4,385,844	4,670,806	5,128,376	5,465,814	5,848,820	6,259,872	6,615,848	6,997,880
Customer Billing	982,427	1,178,860	1,381,525	1,602,852	1,661,994	1,728,316	1,771,616	1,819,158	1,873,235	1,931,298
<b>Total</b>	<b>12,931,901</b>	<b>15,806,009</b>	<b>18,270,172</b>	<b>20,518,672</b>	<b>23,446,046</b>	<b>25,433,278</b>	<b>26,519,442</b>	<b>27,551,838</b>	<b>28,139,962</b>	<b>28,842,825</b>

**Less Non-Rate Revenues**

Base	\$ 251,131	\$ 268,372	\$ 280,492	\$ 291,091	\$ 304,951	\$ 316,297	\$ 324,708	\$ 332,892	\$ 340,333	\$ 348,105
Max Day	182,636	207,036	221,764	233,730	248,180	258,845	263,979	268,454	271,654	275,104
Max Hour	205,485	184,010	176,186	172,084	170,312	172,355	182,185	193,313	206,037	219,003
Customer Billing	52,556	53,145	55,498	59,053	55,194	54,500	55,184	56,178	58,338	60,441
<b>Total</b>	<b>691,809</b>	<b>712,563</b>	<b>733,940</b>	<b>755,958</b>	<b>778,637</b>	<b>801,996</b>	<b>826,056</b>	<b>850,838</b>	<b>876,363</b>	<b>902,654</b>

**Net Water Cost Classification**

Base	\$ 4,443,235	\$ 5,684,637	\$ 6,701,883	\$ 7,609,883	\$ 8,877,617	\$ 9,714,246	\$ 10,099,599	\$ 10,446,824	\$ 10,587,748	\$ 10,775,032
Max Day	3,231,358	4,385,410	5,298,663	6,110,309	7,224,929	7,949,760	8,210,720	8,424,638	8,451,144	8,515,406
Max Hour	3,635,629	3,897,684	4,209,658	4,498,722	4,958,064	5,293,458	5,666,635	6,066,559	6,409,811	6,778,877
Customer Billing	929,870	1,125,715	1,326,027	1,543,799	1,606,799	1,673,817	1,716,432	1,762,980	1,814,897	1,870,857
<b>Total</b>	<b>12,240,092</b>	<b>15,093,445</b>	<b>17,536,231</b>	<b>19,762,714</b>	<b>22,667,409</b>	<b>24,631,281</b>	<b>25,693,386</b>	<b>26,701,001</b>	<b>27,263,599</b>	<b>27,940,171</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 9.0 -- UTILITY BASIS Water Cost of Service**

**Scen: Alt #1 -- "BASE"**

**I. Net System Cost of Service -- Utility Basis**

**Total System Cost of Service**

Treatment	\$ 4,593,127	\$ 4,962,176	\$ 5,381,213	\$ 5,730,328	\$ 6,337,224	\$ 6,772,412	\$ 7,244,145	\$ 7,747,858	\$ 8,171,492	\$ 8,627,212
Distribution	6,123,577	8,374,656	10,159,934	11,674,676	13,851,977	15,256,299	15,744,701	16,139,189	16,160,802	16,255,838
Customer Billing	881,074	1,074,868	1,271,297	1,474,832	1,540,316	1,606,102	1,645,696	1,688,682	1,735,279	1,785,725
Administration	1,334,124	1,394,309	1,457,728	1,638,836	1,716,529	1,798,464	1,884,899	1,976,110	2,072,390	2,174,051
Non-Rate Revenues	(691,809)	(712,563)	(733,940)	(755,958)	(778,637)	(801,996)	(826,056)	(850,838)	(876,363)	(902,654)
<b>Total Cost of Service</b>	<b>12,240,092</b>	<b>15,093,445</b>	<b>17,536,231</b>	<b>19,762,714</b>	<b>22,667,409</b>	<b>24,631,281</b>	<b>25,693,386</b>	<b>26,701,001</b>	<b>27,263,599</b>	<b>27,940,171</b>

**Percent of System Used and Useful to Customer Class**

**Residential County**

Treatment	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Distribution	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Customer Billing	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Administration	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Rate Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Multi-Family County**

Treatment	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Distribution	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Customer Billing	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Administration	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Rate Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Irrigation County**

Treatment	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Distribution	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Customer Billing	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Administration	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Rate Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Non-Res County**

Treatment	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Distribution	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Customer Billing	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Administration	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Rate Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Residential CV**

Treatment	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Distribution	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Customer Billing	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Administration	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Rate Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 9.0 -- UTILITY BASIS Water Cost of Service**

**Scen: Alt #1 -- "BASE"**

<u>Multi-Family</u>	<u>CV</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Treatment		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Distribution		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Customer Billing		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Administration		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Rate Revenues		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<u>Irrigation</u>	<u>CV</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Treatment		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Distribution		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Customer Billing		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Administration		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Rate Revenues		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<u>Non-Res</u>	<u>CV</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Treatment		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Distribution		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Customer Billing		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Administration		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Rate Revenues		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Allocated System-Wide Cost of Service for Customer Class**

<u>Residential</u>	<u>County</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Treatment		\$ 4,593,127	\$ 4,962,176	\$ 5,381,213	\$ 5,730,328	\$ 6,337,224	\$ 6,772,412	\$ 7,244,145	\$ 7,747,858	\$ 8,171,492	\$ 8,627,212
Distribution		6,123,577	8,374,656	10,159,934	11,674,676	13,851,977	15,256,299	15,744,701	16,139,189	16,160,802	16,255,838
Customer Billing		881,074	1,074,868	1,271,297	1,474,832	1,540,316	1,606,102	1,645,696	1,688,682	1,735,279	1,785,725
Administration		1,334,124	1,394,309	1,457,728	1,638,836	1,716,529	1,798,464	1,884,899	1,976,110	2,072,390	2,174,051
Non-Rate Revenues		(691,809)	(712,563)	(733,940)	(755,958)	(778,637)	(801,996)	(826,056)	(850,838)	(876,363)	(902,654)
<b>Total</b>		<b>12,240,092</b>	<b>15,093,445</b>	<b>17,536,231</b>	<b>19,762,714</b>	<b>22,667,409</b>	<b>24,631,281</b>	<b>25,693,386</b>	<b>26,701,001</b>	<b>27,263,599</b>	<b>27,940,171</b>
<u>Multi-Family</u>	<u>County</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Treatment		\$ 4,593,127	\$ 4,962,176	\$ 5,381,213	\$ 5,730,328	\$ 6,337,224	\$ 6,772,412	\$ 7,244,145	\$ 7,747,858	\$ 8,171,492	\$ 8,627,212
Distribution		6,123,577	8,374,656	10,159,934	11,674,676	13,851,977	15,256,299	15,744,701	16,139,189	16,160,802	16,255,838
Customer Billing		881,074	1,074,868	1,271,297	1,474,832	1,540,316	1,606,102	1,645,696	1,688,682	1,735,279	1,785,725
Administration		1,334,124	1,394,309	1,457,728	1,638,836	1,716,529	1,798,464	1,884,899	1,976,110	2,072,390	2,174,051
Non-Rate Revenues		(691,809)	(712,563)	(733,940)	(755,958)	(778,637)	(801,996)	(826,056)	(850,838)	(876,363)	(902,654)
<b>Total</b>		<b>12,240,092</b>	<b>15,093,445</b>	<b>17,536,231</b>	<b>19,762,714</b>	<b>22,667,409</b>	<b>24,631,281</b>	<b>25,693,386</b>	<b>26,701,001</b>	<b>27,263,599</b>	<b>27,940,171</b>
<u>Irrigation</u>	<u>County</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Treatment		\$ 4,593,127	\$ 4,962,176	\$ 5,381,213	\$ 5,730,328	\$ 6,337,224	\$ 6,772,412	\$ 7,244,145	\$ 7,747,858	\$ 8,171,492	\$ 8,627,212
Distribution		6,123,577	8,374,656	10,159,934	11,674,676	13,851,977	15,256,299	15,744,701	16,139,189	16,160,802	16,255,838
Customer Billing		881,074	1,074,868	1,271,297	1,474,832	1,540,316	1,606,102	1,645,696	1,688,682	1,735,279	1,785,725
Administration		1,334,124	1,394,309	1,457,728	1,638,836	1,716,529	1,798,464	1,884,899	1,976,110	2,072,390	2,174,051
Non-Rate Revenues		(691,809)	(712,563)	(733,940)	(755,958)	(778,637)	(801,996)	(826,056)	(850,838)	(876,363)	(902,654)
<b>Total</b>		<b>12,240,092</b>	<b>15,093,445</b>	<b>17,536,231</b>	<b>19,762,714</b>	<b>22,667,409</b>	<b>24,631,281</b>	<b>25,693,386</b>	<b>26,701,001</b>	<b>27,263,599</b>	<b>27,940,171</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 9.0 -- UTILITY BASIS Water Cost of Service**

**Scen: Alt #1 -- "BASE"**

<u>Non-Res</u>	<u>County</u>																				
Treatment		\$	4,593,127	\$	4,962,176	\$	5,381,213	\$	5,730,328	\$	6,337,224	\$	6,772,412	\$	7,244,145	\$	7,747,858	\$	8,171,492	\$	8,627,212
Distribution			6,123,577		8,374,656		10,159,934		11,674,676		13,851,977		15,256,299		15,744,701		16,139,189		16,160,802		16,255,838
Customer Billing			881,074		1,074,868		1,271,297		1,474,832		1,540,316		1,606,102		1,645,696		1,688,682		1,735,279		1,785,725
Administration			1,334,124		1,394,309		1,457,728		1,638,836		1,716,529		1,798,464		1,884,899		1,976,110		2,072,390		2,174,051
Non-Rate Revenues			(691,809)		(712,563)		(733,940)		(755,958)		(778,637)		(801,996)		(826,056)		(850,838)		(876,363)		(902,654)
<b>Total</b>			<b>12,240,092</b>		<b>15,093,445</b>		<b>17,536,231</b>		<b>19,762,714</b>		<b>22,667,409</b>		<b>24,631,281</b>		<b>25,693,386</b>		<b>26,701,001</b>		<b>27,263,599</b>		<b>27,940,171</b>
<u>Residential</u>	<u>CV</u>																				
Treatment		\$	4,593,127	\$	4,962,176	\$	5,381,213	\$	5,730,328	\$	6,337,224	\$	6,772,412	\$	7,244,145	\$	7,747,858	\$	8,171,492	\$	8,627,212
Distribution			6,123,577		8,374,656		10,159,934		11,674,676		13,851,977		15,256,299		15,744,701		16,139,189		16,160,802		16,255,838
Customer Billing			881,074		1,074,868		1,271,297		1,474,832		1,540,316		1,606,102		1,645,696		1,688,682		1,735,279		1,785,725
Administration			1,334,124		1,394,309		1,457,728		1,638,836		1,716,529		1,798,464		1,884,899		1,976,110		2,072,390		2,174,051
Non-Rate Revenues			(691,809)		(712,563)		(733,940)		(755,958)		(778,637)		(801,996)		(826,056)		(850,838)		(876,363)		(902,654)
<b>Total</b>			<b>12,240,092</b>		<b>15,093,445</b>		<b>17,536,231</b>		<b>19,762,714</b>		<b>22,667,409</b>		<b>24,631,281</b>		<b>25,693,386</b>		<b>26,701,001</b>		<b>27,263,599</b>		<b>27,940,171</b>
<u>Multi-Family</u>	<u>CV</u>																				
Treatment		\$	4,593,127	\$	4,962,176	\$	5,381,213	\$	5,730,328	\$	6,337,224	\$	6,772,412	\$	7,244,145	\$	7,747,858	\$	8,171,492	\$	8,627,212
Distribution			6,123,577		8,374,656		10,159,934		11,674,676		13,851,977		15,256,299		15,744,701		16,139,189		16,160,802		16,255,838
Customer Billing			881,074		1,074,868		1,271,297		1,474,832		1,540,316		1,606,102		1,645,696		1,688,682		1,735,279		1,785,725
Administration			1,334,124		1,394,309		1,457,728		1,638,836		1,716,529		1,798,464		1,884,899		1,976,110		2,072,390		2,174,051
Non-Rate Revenues			(691,809)		(712,563)		(733,940)		(755,958)		(778,637)		(801,996)		(826,056)		(850,838)		(876,363)		(902,654)
<b>Total</b>			<b>12,240,092</b>		<b>15,093,445</b>		<b>17,536,231</b>		<b>19,762,714</b>		<b>22,667,409</b>		<b>24,631,281</b>		<b>25,693,386</b>		<b>26,701,001</b>		<b>27,263,599</b>		<b>27,940,171</b>
<u>Irrigation</u>	<u>CV</u>																				
Treatment		\$	4,593,127	\$	4,962,176	\$	5,381,213	\$	5,730,328	\$	6,337,224	\$	6,772,412	\$	7,244,145	\$	7,747,858	\$	8,171,492	\$	8,627,212
Distribution			6,123,577		8,374,656		10,159,934		11,674,676		13,851,977		15,256,299		15,744,701		16,139,189		16,160,802		16,255,838
Customer Billing			881,074		1,074,868		1,271,297		1,474,832		1,540,316		1,606,102		1,645,696		1,688,682		1,735,279		1,785,725
Administration			1,334,124		1,394,309		1,457,728		1,638,836		1,716,529		1,798,464		1,884,899		1,976,110		2,072,390		2,174,051
Non-Rate Revenues			(691,809)		(712,563)		(733,940)		(755,958)		(778,637)		(801,996)		(826,056)		(850,838)		(876,363)		(902,654)
<b>Total</b>			<b>12,240,092</b>		<b>15,093,445</b>		<b>17,536,231</b>		<b>19,762,714</b>		<b>22,667,409</b>		<b>24,631,281</b>		<b>25,693,386</b>		<b>26,701,001</b>		<b>27,263,599</b>		<b>27,940,171</b>
<u>Non-Res</u>	<u>CV</u>																				
Treatment		\$	4,593,127	\$	4,962,176	\$	5,381,213	\$	5,730,328	\$	6,337,224	\$	6,772,412	\$	7,244,145	\$	7,747,858	\$	8,171,492	\$	8,627,212
Distribution			6,123,577		8,374,656		10,159,934		11,674,676		13,851,977		15,256,299		15,744,701		16,139,189		16,160,802		16,255,838
Customer Billing			881,074		1,074,868		1,271,297		1,474,832		1,540,316		1,606,102		1,645,696		1,688,682		1,735,279		1,785,725
Administration			1,334,124		1,394,309		1,457,728		1,638,836		1,716,529		1,798,464		1,884,899		1,976,110		2,072,390		2,174,051
Non-Rate Revenues			(691,809)		(712,563)		(733,940)		(755,958)		(778,637)		(801,996)		(826,056)		(850,838)		(876,363)		(902,654)
<b>Total</b>			<b>12,240,092</b>		<b>15,093,445</b>		<b>17,536,231</b>		<b>19,762,714</b>		<b>22,667,409</b>		<b>24,631,281</b>		<b>25,693,386</b>		<b>26,701,001</b>		<b>27,263,599</b>		<b>27,940,171</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	

**Forecast W 9.0 -- UTILITY BASIS Water Cost of Service**

**Scen: Alt #1 -- "BASE"**

**Cost Classification Allocation to Customer Class:**

**Residential County**

Base	36.30%	37.66%	38.22%	38.51%	39.16%	39.44%	39.31%	39.13%	38.83%	38.56%
Extra Capacity	56.10%	54.88%	54.22%	53.68%	53.75%	53.77%	54.01%	54.27%	54.51%	54.74%
Customer Billing	7.60%	7.46%	7.56%	7.81%	7.09%	6.80%	6.68%	6.60%	6.66%	6.70%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Multi-Family County**

Base	36.30%	37.66%	38.22%	38.51%	39.16%	39.44%	39.31%	39.13%	38.83%	38.56%
Extra Capacity	56.10%	54.88%	54.22%	53.68%	53.75%	53.77%	54.01%	54.27%	54.51%	54.74%
Customer Billing	7.60%	7.46%	7.56%	7.81%	7.09%	6.80%	6.68%	6.60%	6.66%	6.70%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Irrigation County**

Base	36.30%	37.66%	38.22%	38.51%	39.16%	39.44%	39.31%	39.13%	38.83%	38.56%
Extra Capacity	56.10%	54.88%	54.22%	53.68%	53.75%	53.77%	54.01%	54.27%	54.51%	54.74%
Customer Billing	7.60%	7.46%	7.56%	7.81%	7.09%	6.80%	6.68%	6.60%	6.66%	6.70%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Non-Res County**

Base	36.30%	37.66%	38.22%	38.51%	39.16%	39.44%	39.31%	39.13%	38.83%	38.56%
Extra Capacity	56.10%	54.88%	54.22%	53.68%	53.75%	53.77%	54.01%	54.27%	54.51%	54.74%
Customer Billing	7.60%	7.46%	7.56%	7.81%	7.09%	6.80%	6.68%	6.60%	6.66%	6.70%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Residential CV**

Base	36.30%	37.66%	38.22%	38.51%	39.16%	39.44%	39.31%	39.13%	38.83%	38.56%
Extra Capacity	56.10%	54.88%	54.22%	53.68%	53.75%	53.77%	54.01%	54.27%	54.51%	54.74%
Customer Billing	7.60%	7.46%	7.56%	7.81%	7.09%	6.80%	6.68%	6.60%	6.66%	6.70%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Multi-Family CV**

Base	36.30%	37.66%	38.22%	38.51%	39.16%	39.44%	39.31%	39.13%	38.83%	38.56%
Extra Capacity	56.10%	54.88%	54.22%	53.68%	53.75%	53.77%	54.01%	54.27%	54.51%	54.74%
Customer Billing	7.60%	7.46%	7.56%	7.81%	7.09%	6.80%	6.68%	6.60%	6.66%	6.70%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Irrigation CV**

Base	36.30%	37.66%	38.22%	38.51%	39.16%	39.44%	39.31%	39.13%	38.83%	38.56%
Extra Capacity	56.10%	54.88%	54.22%	53.68%	53.75%	53.77%	54.01%	54.27%	54.51%	54.74%
Customer Billing	7.60%	7.46%	7.56%	7.81%	7.09%	6.80%	6.68%	6.60%	6.66%	6.70%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Non-Res CV**

Base	36.30%	37.66%	38.22%	38.51%	39.16%	39.44%	39.31%	39.13%	38.83%	38.56%
Extra Capacity	56.10%	54.88%	54.22%	53.68%	53.75%	53.77%	54.01%	54.27%	54.51%	54.74%
Customer Billing	7.60%	7.46%	7.56%	7.81%	7.09%	6.80%	6.68%	6.60%	6.66%	6.70%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 9.0 -- UTILITY BASIS Water Cost of Service**

**Scen: Alt #1 -- "BASE"**

**Net Cost Classification for Customer Class:**

**Residential County**

Base	\$ 4,443,235	\$ 5,684,637	\$ 6,701,883	\$ 7,609,883	\$ 8,877,617	\$ 9,714,246	\$ 10,099,599	\$ 10,446,824	\$ 10,587,748	\$ 10,775,032
Extra Capacity	6,866,987	8,283,093	9,508,322	10,609,031	12,182,993	13,243,218	13,877,355	14,491,197	14,860,955	15,294,283
Sub-Total Non Customer	11,310,222	13,967,731	16,210,204	18,218,914	21,060,610	22,957,465	23,976,954	24,938,021	25,448,703	26,069,315
Customer	929,870	1,125,715	1,326,027	1,543,799	1,606,799	1,673,817	1,716,432	1,762,980	1,814,897	1,870,857
<b>Total Cost of Service</b>	<b>12,240,092</b>	<b>15,093,445</b>	<b>17,536,231</b>	<b>19,762,714</b>	<b>22,667,409</b>	<b>24,631,281</b>	<b>25,693,386</b>	<b>26,701,001</b>	<b>27,263,599</b>	<b>27,940,171</b>

**Multi-Family County**

Base	\$ 4,443,235	\$ 5,684,637	\$ 6,701,883	\$ 7,609,883	\$ 8,877,617	\$ 9,714,246	\$ 10,099,599	\$ 10,446,824	\$ 10,587,748	\$ 10,775,032
Extra Capacity	6,866,987	8,283,093	9,508,322	10,609,031	12,182,993	13,243,218	13,877,355	14,491,197	14,860,955	15,294,283
Sub-Total Non Customer	11,310,222	13,967,731	16,210,204	18,218,914	21,060,610	22,957,465	23,976,954	24,938,021	25,448,703	26,069,315
Customer	929,870	1,125,715	1,326,027	1,543,799	1,606,799	1,673,817	1,716,432	1,762,980	1,814,897	1,870,857
<b>Total Cost of Service</b>	<b>12,240,092</b>	<b>15,093,445</b>	<b>17,536,231</b>	<b>19,762,714</b>	<b>22,667,409</b>	<b>24,631,281</b>	<b>25,693,386</b>	<b>26,701,001</b>	<b>27,263,599</b>	<b>27,940,171</b>

**Irrigation County**

Base	\$ 4,443,235	\$ 5,684,637	\$ 6,701,883	\$ 7,609,883	\$ 8,877,617	\$ 9,714,246	\$ 10,099,599	\$ 10,446,824	\$ 10,587,748	\$ 10,775,032
Extra Capacity	6,866,987	8,283,093	9,508,322	10,609,031	12,182,993	13,243,218	13,877,355	14,491,197	14,860,955	15,294,283
Sub-Total Non Customer	11,310,222	13,967,731	16,210,204	18,218,914	21,060,610	22,957,465	23,976,954	24,938,021	25,448,703	26,069,315
Customer	929,870	1,125,715	1,326,027	1,543,799	1,606,799	1,673,817	1,716,432	1,762,980	1,814,897	1,870,857
<b>Total Cost of Service</b>	<b>12,240,092</b>	<b>15,093,445</b>	<b>17,536,231</b>	<b>19,762,714</b>	<b>22,667,409</b>	<b>24,631,281</b>	<b>25,693,386</b>	<b>26,701,001</b>	<b>27,263,599</b>	<b>27,940,171</b>

**Non-Res County**

Base	\$ 4,443,235	\$ 5,684,637	\$ 6,701,883	\$ 7,609,883	\$ 8,877,617	\$ 9,714,246	\$ 10,099,599	\$ 10,446,824	\$ 10,587,748	\$ 10,775,032
Extra Capacity	6,866,987	8,283,093	9,508,322	10,609,031	12,182,993	13,243,218	13,877,355	14,491,197	14,860,955	15,294,283
Sub-Total Non Customer	11,310,222	13,967,731	16,210,204	18,218,914	21,060,610	22,957,465	23,976,954	24,938,021	25,448,703	26,069,315
Customer	929,870	1,125,715	1,326,027	1,543,799	1,606,799	1,673,817	1,716,432	1,762,980	1,814,897	1,870,857
<b>Total Cost of Service</b>	<b>12,240,092</b>	<b>15,093,445</b>	<b>17,536,231</b>	<b>19,762,714</b>	<b>22,667,409</b>	<b>24,631,281</b>	<b>25,693,386</b>	<b>26,701,001</b>	<b>27,263,599</b>	<b>27,940,171</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	

**Forecast W 9.0 -- UTILITY BASIS Water Cost of Service**

**Scen: Alt #1 -- "BASE"**

<u>Residential</u>	<u>CV</u>																				
Base		\$	4,443,235	\$	5,684,637	\$	6,701,883	\$	7,609,883	\$	8,877,617	\$	9,714,246	\$	10,099,599	\$	10,446,824	\$	10,587,748	\$	10,775,032
Extra Capacity			6,866,987		8,283,093		9,508,322		10,609,031		12,182,993		13,243,218		13,877,355		14,491,197		14,860,955		15,294,283
Sub-Total Non Customer			11,310,222		13,967,731		16,210,204		18,218,914		21,060,610		22,957,465		23,976,954		24,938,021		25,448,703		26,069,315
Customer			929,870		1,125,715		1,326,027		1,543,799		1,606,799		1,673,817		1,716,432		1,762,980		1,814,897		1,870,857
<b>Total Cost of Service</b>			<b>12,240,092</b>		<b>15,093,445</b>		<b>17,536,231</b>		<b>19,762,714</b>		<b>22,667,409</b>		<b>24,631,281</b>		<b>25,693,386</b>		<b>26,701,001</b>		<b>27,263,599</b>		<b>27,940,171</b>
<u>Multi-Family</u>	<u>CV</u>																				
Base		\$	4,443,235	\$	5,684,637	\$	6,701,883	\$	7,609,883	\$	8,877,617	\$	9,714,246	\$	10,099,599	\$	10,446,824	\$	10,587,748	\$	10,775,032
Extra Capacity			6,866,987		8,283,093		9,508,322		10,609,031		12,182,993		13,243,218		13,877,355		14,491,197		14,860,955		15,294,283
Sub-Total Non Customer			11,310,222		13,967,731		16,210,204		18,218,914		21,060,610		22,957,465		23,976,954		24,938,021		25,448,703		26,069,315
Customer			929,870		1,125,715		1,326,027		1,543,799		1,606,799		1,673,817		1,716,432		1,762,980		1,814,897		1,870,857
<b>Total Cost of Service</b>			<b>12,240,092</b>		<b>15,093,445</b>		<b>17,536,231</b>		<b>19,762,714</b>		<b>22,667,409</b>		<b>24,631,281</b>		<b>25,693,386</b>		<b>26,701,001</b>		<b>27,263,599</b>		<b>27,940,171</b>
<u>Irrigation</u>	<u>CV</u>																				
Base		\$	4,443,235	\$	5,684,637	\$	6,701,883	\$	7,609,883	\$	8,877,617	\$	9,714,246	\$	10,099,599	\$	10,446,824	\$	10,587,748	\$	10,775,032
Extra Capacity			6,866,987		8,283,093		9,508,322		10,609,031		12,182,993		13,243,218		13,877,355		14,491,197		14,860,955		15,294,283
Sub-Total Non Customer			11,310,222		13,967,731		16,210,204		18,218,914		21,060,610		22,957,465		23,976,954		24,938,021		25,448,703		26,069,315
Customer			929,870		1,125,715		1,326,027		1,543,799		1,606,799		1,673,817		1,716,432		1,762,980		1,814,897		1,870,857
<b>Total Cost of Service</b>			<b>12,240,092</b>		<b>15,093,445</b>		<b>17,536,231</b>		<b>19,762,714</b>		<b>22,667,409</b>		<b>24,631,281</b>		<b>25,693,386</b>		<b>26,701,001</b>		<b>27,263,599</b>		<b>27,940,171</b>
<u>Non-Res</u>	<u>CV</u>																				
Base		\$	4,443,235	\$	5,684,637	\$	6,701,883	\$	7,609,883	\$	8,877,617	\$	9,714,246	\$	10,099,599	\$	10,446,824	\$	10,587,748	\$	10,775,032
Extra Capacity			6,866,987		8,283,093		9,508,322		10,609,031		12,182,993		13,243,218		13,877,355		14,491,197		14,860,955		15,294,283
Sub-Total Non Customer			11,310,222		13,967,731		16,210,204		18,218,914		21,060,610		22,957,465		23,976,954		24,938,021		25,448,703		26,069,315
Customer			929,870		1,125,715		1,326,027		1,543,799		1,606,799		1,673,817		1,716,432		1,762,980		1,814,897		1,870,857
<b>Total Cost of Service</b>			<b>12,240,092</b>		<b>15,093,445</b>		<b>17,536,231</b>		<b>19,762,714</b>		<b>22,667,409</b>		<b>24,631,281</b>		<b>25,693,386</b>		<b>26,701,001</b>		<b>27,263,599</b>		<b>27,940,171</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 9.0 -- UTILITY BASIS Water Cost of Service**

**Scen: Alt #1 -- "BASE"**

**Cost Allocation Factors:**

<b><u>Residential</u></b>	<b><u>County</u></b>										
Base		6.76%	6.74%	6.70%	6.64%	6.59%	6.54%	6.49%	6.44%	6.40%	6.35%
Extra Capacity		9.87%	9.84%	9.78%	9.70%	9.62%	9.55%	9.48%	9.41%	9.34%	9.28%
Customer		10.68%	10.62%	10.47%	10.28%	10.11%	9.94%	9.78%	9.63%	9.49%	9.35%
<b><u>Multi-Family</u></b>	<b><u>County</u></b>										
Base		0.79%	0.79%	0.78%	0.77%	0.76%	0.75%	0.74%	0.73%	0.72%	0.72%
Extra Capacity		0.80%	0.80%	0.79%	0.78%	0.77%	0.76%	0.75%	0.74%	0.74%	0.73%
Customer		0.06%	0.06%	0.06%	0.06%	0.06%	0.05%	0.05%	0.05%	0.05%	0.05%
<b><u>Irrigation</u></b>	<b><u>County</u></b>										
Base		0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.09%	0.09%	0.09%
Extra Capacity		0.20%	0.20%	0.19%	0.19%	0.19%	0.19%	0.19%	0.18%	0.18%	0.18%
Customer		0.11%	0.11%	0.11%	0.11%	0.10%	0.10%	0.10%	0.10%	0.09%	0.09%
<b><u>Non-Res</u></b>	<b><u>County</u></b>										
Base		1.11%	1.10%	1.09%	1.08%	1.06%	1.05%	1.04%	1.03%	1.01%	1.00%
Extra Capacity		1.08%	1.07%	1.06%	1.05%	1.03%	1.02%	1.01%	1.00%	0.99%	0.98%
Customer		0.12%	0.12%	0.12%	0.11%	0.11%	0.11%	0.11%	0.10%	0.10%	0.10%
<b><u>Residential</u></b>	<b><u>CV</u></b>										
Base		1.92%	1.90%	1.88%	1.86%	1.84%	1.81%	1.79%	1.77%	1.75%	1.73%
Extra Capacity		2.58%	2.56%	2.53%	2.50%	2.47%	2.44%	2.41%	2.39%	2.36%	2.34%
Customer		2.69%	2.65%	2.59%	2.52%	2.46%	2.39%	2.34%	2.28%	2.23%	2.18%
<b><u>Multi-Family</u></b>	<b><u>CV</u></b>										
Base		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Extra Capacity		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Customer		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b><u>Irrigation</u></b>	<b><u>CV</u></b>										
Base		0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
Extra Capacity		0.13%	0.13%	0.13%	0.13%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%
Customer		0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.02%	0.02%	0.02%	0.02%
<b><u>Non-Res</u></b>	<b><u>CV</u></b>										
Base		0.60%	0.60%	0.59%	0.58%	0.58%	0.57%	0.56%	0.56%	0.55%	0.54%
Extra Capacity		0.92%	0.91%	0.90%	0.89%	0.88%	0.87%	0.86%	0.85%	0.84%	0.83%
Customer		0.13%	0.13%	0.13%	0.12%	0.12%	0.12%	0.11%	0.11%	0.11%	0.11%

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 9.0 -- UTILITY BASIS Water Cost of Service**

**Scen: Alt #1 -- "BASE"**

**Customer Class Cost of Service**

<b>Residential</b>	<b>County</b>										
Base		\$ 300,417	\$ 383,257	\$ 448,787	\$ 505,376	\$ 584,860	\$ 635,040	\$ 655,306	\$ 672,944	\$ 677,256	\$ 684,571
Extra Capacity		677,681	815,304	929,722	1,028,835	1,172,115	1,264,372	1,315,119	1,363,470	1,388,583	1,419,493
Sub-Total Non Customer		978,098	1,198,561	1,378,510	1,534,211	1,756,975	1,899,412	1,970,425	2,036,415	2,065,839	2,104,064
Customer		99,346	119,572	138,819	158,767	162,431	166,418	167,936	169,828	172,215	174,953
<b>Total</b>		<b>1,077,443</b>	<b>1,318,133</b>	<b>1,517,328</b>	<b>1,692,978</b>	<b>1,919,406</b>	<b>2,065,830</b>	<b>2,138,361</b>	<b>2,206,243</b>	<b>2,238,055</b>	<b>2,279,016</b>

<b>Multi-Family</b>	<b>County</b>										
Base		\$ 35,138	\$ 44,631	\$ 52,035	\$ 58,343	\$ 67,230	\$ 72,688	\$ 74,693	\$ 76,383	\$ 76,554	\$ 77,064
Extra Capacity		55,255	66,184	75,144	82,796	93,923	100,886	104,493	107,883	109,416	111,392
Sub-Total Non Customer		90,394	110,815	127,179	141,139	161,153	173,574	179,186	184,266	185,970	188,456
Customer		570	680	782	887	900	914	915	917	922	929
<b>Total</b>		<b>90,963</b>	<b>111,495</b>	<b>127,961</b>	<b>142,026</b>	<b>162,052</b>	<b>174,488</b>	<b>180,101</b>	<b>185,183</b>	<b>186,892</b>	<b>189,385</b>

<b>Irrigation</b>	<b>County</b>										
Base		\$ 4,544	\$ 5,772	\$ 6,729	\$ 7,545	\$ 8,694	\$ 9,400	\$ 9,659	\$ 9,878	\$ 9,900	\$ 9,966
Extra Capacity		13,609	16,301	18,507	20,392	23,132	24,847	25,736	26,571	26,948	27,435
Sub-Total Non Customer		18,153	22,072	25,236	27,937	31,826	34,247	35,395	36,448	36,848	37,401
Customer		1,052	1,255	1,444	1,637	1,661	1,687	1,689	1,693	1,703	1,716
<b>Total</b>		<b>19,205</b>	<b>23,327</b>	<b>26,680</b>	<b>29,574</b>	<b>33,487</b>	<b>35,934</b>	<b>37,083</b>	<b>38,142</b>	<b>38,551</b>	<b>39,116</b>

<b>Non-Res</b>	<b>County</b>										
Base		\$ 49,275	\$ 62,586	\$ 72,968	\$ 81,814	\$ 94,277	\$ 101,931	\$ 104,742	\$ 107,112	\$ 107,352	\$ 108,067
Extra Capacity		74,155	88,822	100,846	111,115	126,048	135,392	140,234	144,783	146,840	149,493
Sub-Total Non Customer		123,429	151,408	173,814	192,930	220,325	237,323	244,976	251,895	254,192	257,559
Customer		1,139	1,359	1,564	1,774	1,799	1,828	1,829	1,834	1,845	1,859
<b>Total</b>		<b>124,569</b>	<b>152,768</b>	<b>175,379</b>	<b>194,704</b>	<b>222,124</b>	<b>239,151</b>	<b>246,805</b>	<b>253,730</b>	<b>256,037</b>	<b>259,418</b>

<b>Residential</b>	<b>CV</b>										
Base		\$ 85,202	\$ 108,219	\$ 126,171	\$ 141,467	\$ 163,016	\$ 176,252	\$ 181,112	\$ 185,210	\$ 185,626	\$ 186,861
Extra Capacity		177,153	212,193	240,918	265,450	301,124	323,447	335,014	345,882	350,795	357,132
Sub-Total Non Customer		262,355	320,412	367,089	406,918	464,140	499,699	516,125	531,092	536,421	543,993
Customer		303,823	369,774	419,286	458,955	517,059	549,660	560,186	568,883	567,141	567,872
<b>Total</b>		<b>566,178</b>	<b>690,186</b>	<b>786,376</b>	<b>865,873</b>	<b>981,199</b>	<b>1,049,359</b>	<b>1,076,312</b>	<b>1,099,975</b>	<b>1,103,562</b>	<b>1,111,865</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 9.0 -- UTILITY BASIS Water Cost of Service**

**Scen: Alt #1 -- "BASE"**

Multi-Family	CV											
Base		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Extra Capacity		-	-	-	-	-	-	-	-	-	-	-
Sub-Total Non Customer		-	-	-	-	-	-	-	-	-	-	-
Customer		-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>-</b>										

Irrigation	CV											
Base		\$ 1,489	\$ 1,891	\$ 2,205	\$ 2,472	\$ 2,849	\$ 3,080	\$ 3,165	\$ 3,237	\$ 3,244	\$ 3,265	
Extra Capacity		8,952	10,723	12,175	13,414	15,217	16,345	16,930	17,479	17,727	18,048	
Sub-Total Non Customer		10,441	12,614	14,380	15,887	18,066	19,425	20,095	20,716	20,971	21,313	
Customer		263	314	361	409	415	422	422	423	426	429	
<b>Total</b>		<b>10,704</b>	<b>12,928</b>	<b>14,741</b>	<b>16,296</b>	<b>18,481</b>	<b>19,847</b>	<b>20,517</b>	<b>21,139</b>	<b>21,397</b>	<b>21,742</b>	

Non-Res	CV											
Base		\$ 26,722	\$ 33,941	\$ 39,571	\$ 44,369	\$ 51,127	\$ 55,278	\$ 56,802	\$ 58,088	\$ 58,218	\$ 58,605	
Extra Capacity		63,072	75,547	85,774	94,509	107,210	115,157	119,275	123,145	124,894	127,150	
Sub-Total Non Customer		89,794	109,488	125,346	138,877	158,337	170,436	176,078	181,233	183,112	185,756	
Customer		1,227	1,464	1,685	1,910	1,938	1,969	1,970	1,976	1,987	2,002	
<b>Total</b>		<b>91,021</b>	<b>110,952</b>	<b>127,030</b>	<b>140,788</b>	<b>160,274</b>	<b>172,404</b>	<b>178,048</b>	<b>183,208</b>	<b>185,099</b>	<b>187,758</b>	

<b>Total</b>												
Base		\$ 502,787	\$ 640,298	\$ 748,467	\$ 841,387	\$ 972,052	\$ 1,053,669	\$ 1,085,479	\$ 1,112,852	\$ 1,118,151	\$ 1,128,398	
Extra Capacity		1,069,877	1,285,074	1,463,087	1,616,512	1,838,770	1,980,447	2,056,801	2,129,213	2,165,203	2,210,143	
Sub-Total Non Customer		1,572,663	1,925,371	2,211,554	2,457,898	2,810,822	3,034,116	3,142,280	3,242,065	3,283,354	3,338,541	
Customer		407,420	494,418	563,942	624,340	686,203	722,898	734,946	745,555	746,239	749,760	
<b>Total</b>		<b>1,980,083</b>	<b>2,419,789</b>	<b>2,775,496</b>	<b>3,082,239</b>	<b>3,497,024</b>	<b>3,757,015</b>	<b>3,877,226</b>	<b>3,987,619</b>	<b>4,029,593</b>	<b>4,088,301</b>	

<b>Net Utility Basis Cost of Service</b>												
Base		\$ 3,940,448	\$ 5,044,340	\$ 5,953,416	\$ 6,768,497	\$ 7,905,565	\$ 8,660,577	\$ 9,014,120	\$ 9,333,972	\$ 9,469,596	\$ 9,646,633	
Extra Capacity		5,797,111	6,998,020	8,045,235	8,992,520	10,344,223	11,262,771	11,820,554	12,361,983	12,695,752	13,084,140	
Sub-Total Non Customer		9,737,559	12,042,360	13,998,651	15,761,016	18,249,788	19,923,348	20,834,674	21,695,956	22,165,349	22,730,774	
Customer		522,451	631,297	762,085	919,459	920,597	950,919	981,486	1,017,425	1,068,658	1,121,097	
<b>Total</b>		<b>10,260,009</b>	<b>12,673,656</b>	<b>14,760,736</b>	<b>16,680,475</b>	<b>19,170,385</b>	<b>20,874,267</b>	<b>21,816,160</b>	<b>22,713,381</b>	<b>23,234,006</b>	<b>23,851,870</b>	

<b>Total System Cost of Service</b>												
Base		\$ 4,443,235	\$ 5,684,637	\$ 6,701,883	\$ 7,609,883	\$ 8,877,617	\$ 9,714,246	\$ 10,099,599	\$ 10,446,824	\$ 10,587,748	\$ 10,775,032	
Extra Capacity		6,866,987	8,283,093	9,508,322	10,609,031	12,182,993	13,243,218	13,877,355	14,491,197	14,860,955	15,294,283	
Sub-Total Non Customer		11,310,222	13,967,731	16,210,204	18,218,914	21,060,610	22,957,465	23,976,954	24,938,021	25,448,703	26,069,315	
Customer		929,870	1,125,715	1,326,027	1,543,799	1,606,799	1,673,817	1,716,432	1,762,980	1,814,897	1,870,857	
<b>Total</b>		<b>12,240,092</b>	<b>15,093,445</b>	<b>17,536,231</b>	<b>19,762,714</b>	<b>22,667,409</b>	<b>24,631,281</b>	<b>25,693,386</b>	<b>26,701,001</b>	<b>27,263,599</b>	<b>27,940,171</b>	

	<b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b>									
<b>Forecast</b> <b>2008-2017</b>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 10.0 -- CASH Basis Retail Water Cost of Service by Customer Class**

**Scen: Alt #1 -- "BASE"**

I. Net Cash Basis Cost of Service																				
Base	\$	2,352,967	\$	2,501,277	\$	2,982,408	\$	3,372,683	\$	4,455,293	\$	5,425,717	\$	5,593,286	\$	5,846,331	\$	6,041,726	\$	6,251,170
Extra Capacity		<u>4,821,434</u>		<u>5,148,979</u>		<u>5,760,461</u>		<u>6,246,502</u>		<u>7,578,122</u>		<u>8,768,442</u>		<u>9,140,764</u>		<u>9,673,185</u>		<u>10,108,936</u>		<u>10,576,753</u>
Sub-Total Non Customer		7,174,401		7,650,256		8,742,869		9,619,185		12,033,415		14,194,159		14,734,050		15,519,516		16,150,662		16,827,923
Customer		<u>1,043,233</u>		<u>1,104,337</u>		<u>1,170,041</u>		<u>1,264,252</u>		<u>1,356,692</u>		<u>1,454,368</u>		<u>1,521,243</u>		<u>1,590,783</u>		<u>1,665,853</u>		<u>1,745,456</u>
<b>Total Cost of Service</b>		<b>8,217,634</b>		<b>8,754,593</b>		<b>9,912,910</b>		<b>10,883,436</b>		<b>13,390,108</b>		<b>15,648,527</b>		<b>16,255,293</b>		<b>17,110,299</b>		<b>17,816,515</b>		<b>18,573,380</b>
Base		28.6%		28.6%		30.1%		31.0%		33.3%		34.7%		34.4%		34.2%		33.9%		33.7%
Extra Capacity		<u>58.7%</u>		<u>58.8%</u>		<u>58.1%</u>		<u>57.4%</u>		<u>56.6%</u>		<u>56.0%</u>		<u>56.2%</u>		<u>56.5%</u>		<u>56.7%</u>		<u>56.9%</u>
Sub-Total Non Customer		87.3%		87.4%		88.2%		88.4%		89.9%		90.7%		90.6%		90.7%		90.6%		90.6%
Customer		<u>12.7%</u>		<u>12.6%</u>		<u>11.8%</u>		<u>11.6%</u>		<u>10.1%</u>		<u>9.3%</u>		<u>9.4%</u>		<u>9.3%</u>		<u>9.4%</u>		<u>9.4%</u>
Total Cost of Service		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%		100.0%

II Utility Basis Cost of Service																					
W.5 Residential	County	\$	1,077,443	\$	1,318,133	\$	1,517,328	\$	1,692,978	\$	1,919,406	\$	2,065,830	\$	2,138,361	\$	2,206,243	\$	2,238,055	\$	2,279,016
W.6 Multi-Family	County		90,963		111,495		127,961		142,026		162,052		174,488		180,101		185,183		186,892		189,385
W.7 Irrigation	County		19,205		23,327		26,680		29,574		33,487		35,934		37,083		38,142		38,551		39,116
W.8 Non-Res	County		124,569		152,768		175,379		194,704		222,124		239,151		246,805		253,730		256,037		259,418
W.9 Residential	CV		566,178		690,186		786,376		865,873		981,199		1,049,359		1,076,312		1,099,975		1,103,562		1,111,865
W.10 Multi-Family	CV		-		-		-		-		-		-		-		-		-		-
W.11 Irrigation	CV		10,704		12,928		14,741		16,296		18,481		19,847		20,517		21,139		21,397		21,742
W.12 Non-Res	CV		<u>91,021</u>		<u>110,952</u>		<u>127,030</u>		<u>140,788</u>		<u>160,274</u>		<u>172,404</u>		<u>178,048</u>		<u>183,208</u>		<u>185,099</u>		<u>187,758</u>
			1,980,083		2,419,789		2,775,496		3,082,239		3,497,024		3,757,015		3,877,226		3,987,619		4,029,593		4,088,301
Base		\$	502,787	\$	640,298	\$	748,467	\$	841,387	\$	972,052	\$	1,053,669	\$	1,085,479	\$	1,112,852	\$	1,118,151	\$	1,128,398
Extra Capacity			<u>1,069,877</u>		<u>1,285,074</u>		<u>1,463,087</u>		<u>1,616,512</u>		<u>1,838,770</u>		<u>1,980,447</u>		<u>2,056,801</u>		<u>2,129,213</u>		<u>2,165,203</u>		<u>2,210,143</u>
Sub-Total Non Customer			1,572,663		1,925,371		2,211,554		2,457,898		2,810,822		3,034,116		3,142,280		3,242,065		3,283,354		3,338,541
Customer			<u>407,420</u>		<u>494,418</u>		<u>563,942</u>		<u>624,340</u>		<u>686,203</u>		<u>722,898</u>		<u>734,946</u>		<u>745,555</u>		<u>746,239</u>		<u>749,760</u>
<b>Total Cost of Service</b>			<b>1,980,083</b>		<b>2,419,789</b>		<b>2,775,496</b>		<b>3,082,239</b>		<b>3,497,024</b>		<b>3,757,015</b>		<b>3,877,226</b>		<b>3,987,619</b>		<b>4,029,593</b>		<b>4,088,301</b>

III. Net Cash Basis Cost of Service																					
Base		\$	1,850,180	\$	1,860,980	\$	2,233,942	\$	2,531,296	\$	3,483,241	\$	4,372,047	\$	4,507,808	\$	4,733,480	\$	4,923,575	\$	5,122,772
Extra Capacity			<u>3,751,558</u>		<u>3,863,905</u>		<u>4,297,374</u>		<u>4,629,990</u>		<u>5,739,353</u>		<u>6,787,995</u>		<u>7,083,962</u>		<u>7,543,972</u>		<u>7,943,733</u>		<u>8,366,611</u>
Sub-Total Non Customer			5,601,738		5,724,885		6,531,316		7,161,287		9,222,594		11,160,042		11,591,770		12,277,451		12,867,308		13,489,382
Customer			<u>635,813</u>		<u>609,919</u>		<u>606,099</u>		<u>639,911</u>		<u>670,490</u>		<u>731,470</u>		<u>786,297</u>		<u>845,228</u>		<u>919,613</u>		<u>995,697</u>
<b>Total Cost of Service</b>			<b>6,237,551</b>		<b>6,334,804</b>		<b>7,137,415</b>		<b>7,801,198</b>		<b>9,893,083</b>		<b>11,891,512</b>		<b>12,378,067</b>		<b>13,122,680</b>		<b>13,786,922</b>		<b>14,485,079</b>

	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<b>Forecast</b> <b>2008-2017</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast W 10.0 -- CASH Basis Retail Water Cost of Service by Customer Class**

**Scen: Alt #1 -- "BASE"**

IV. Customer Class Allocation Factors:			2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Base -- Overall</b>												
W.1	Residential	Inside	46.78%	46.82%	46.92%	47.04%	47.16%	47.28%	47.38%	47.49%	47.59%	47.68%
W.2	Multi-Family	Inside	10.42%	10.43%	10.44%	10.45%	10.45%	10.46%	10.47%	10.47%	10.48%	10.49%
W.3	Irrigation	Inside	6.59%	6.59%	6.59%	6.59%	6.59%	6.60%	6.60%	6.60%	6.61%	6.61%
W.4	Non-Res	Inside	<u>24.90%</u>	<u>24.90%</u>	<u>24.89%</u>	<u>24.86%</u>	<u>24.84%</u>	<u>24.82%</u>	<u>24.80%</u>	<u>24.78%</u>	<u>24.77%</u>	<u>24.75%</u>
	Sub-Total		88.68%	88.74%	88.83%	88.94%	89.05%	89.15%	89.25%	89.35%	89.44%	89.53%
<b>Base -- Adjusted</b>												
W.1	Residential	Inside	52.75%	52.76%	52.82%	52.89%	52.96%	53.03%	53.09%	53.15%	53.21%	53.26%
W.2	Multi-Family	Inside	11.75%	11.75%	11.75%	11.75%	11.74%	11.73%	11.73%	11.72%	11.72%	11.71%
W.3	Irrigation	Inside	7.43%	7.43%	7.41%	7.41%	7.40%	7.40%	7.39%	7.39%	7.39%	7.38%
W.4	Non-Res	Inside	<u>28.07%</u>	<u>28.07%</u>	<u>28.02%</u>	<u>27.95%</u>	<u>27.90%</u>	<u>27.84%</u>	<u>27.79%</u>	<u>27.74%</u>	<u>27.69%</u>	<u>27.65%</u>
	Sub-Total		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Extra Capacity -- Overall</b>												
W.1	Residential	Inside	54.57%	54.62%	54.75%	54.90%	55.04%	55.18%	55.31%	55.43%	55.55%	55.67%
W.2	Multi-Family	Inside	5.45%	5.46%	5.47%	5.47%	5.47%	5.48%	5.48%	5.49%	5.49%	5.49%
W.3	Irrigation	Inside	13.07%	13.07%	13.06%	13.07%	13.08%	13.09%	13.09%	13.10%	13.11%	13.11%
W.4	Non-Res	Inside	<u>11.33%</u>	<u>11.34%</u>	<u>11.33%</u>	<u>11.32%</u>	<u>11.31%</u>	<u>11.30%</u>	<u>11.29%</u>	<u>11.29%</u>	<u>11.28%</u>	<u>11.27%</u>
	Sub-Total		84.42%	84.49%	84.61%	84.76%	84.91%	85.05%	85.18%	85.31%	85.43%	85.55%
<b>Extra Capacity -- Adjusted</b>												
W.1	Residential	Inside	64.64%	64.65%	64.71%	64.77%	64.83%	64.88%	64.93%	64.98%	65.03%	65.07%
W.2	Multi-Family	Inside	6.46%	6.46%	6.46%	6.45%	6.45%	6.44%	6.44%	6.43%	6.43%	6.42%
W.3	Irrigation	Inside	15.48%	15.47%	15.44%	15.42%	15.40%	15.39%	15.37%	15.36%	15.34%	15.33%
W.4	Non-Res	Inside	<u>13.42%</u>	<u>13.42%</u>	<u>13.39%</u>	<u>13.36%</u>	<u>13.32%</u>	<u>13.29%</u>	<u>13.26%</u>	<u>13.23%</u>	<u>13.20%</u>	<u>13.18%</u>
	Sub-Total		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Customer -- Overall</b>												
W.1	Residential	Inside	73.34%	73.44%	73.69%	73.97%	74.25%	74.51%	74.76%	74.99%	75.22%	75.43%
W.2	Multi-Family	Inside	3.37%	3.38%	3.39%	3.39%	3.39%	3.39%	3.39%	3.39%	3.39%	3.39%
W.3	Irrigation	Inside	1.72%	1.72%	1.72%	1.71%	1.71%	1.71%	1.71%	1.71%	1.71%	1.71%
W.4	Non-Res	Inside	<u>7.73%</u>	<u>7.74%</u>	<u>7.72%</u>	<u>7.69%</u>	<u>7.67%</u>	<u>7.65%</u>	<u>7.63%</u>	<u>7.61%</u>	<u>7.59%</u>	<u>7.57%</u>
	Sub-Total		86.17%	86.28%	86.50%	86.77%	87.02%	87.26%	87.48%	87.70%	87.90%	88.10%
<b>Customer -- Adjusted</b>												
W.1	Residential	Inside	85.11%	85.12%	85.18%	85.25%	85.32%	85.39%	85.45%	85.51%	85.57%	85.62%
W.2	Multi-Family	Inside	3.92%	3.92%	3.91%	3.90%	3.89%	3.88%	3.87%	3.86%	3.85%	3.84%
W.3	Irrigation	Inside	2.00%	1.99%	1.98%	1.98%	1.97%	1.96%	1.96%	1.95%	1.95%	1.94%
W.4	Non-Res	Inside	<u>8.97%</u>	<u>8.97%</u>	<u>8.92%</u>	<u>8.87%</u>	<u>8.82%</u>	<u>8.77%</u>	<u>8.72%</u>	<u>8.68%</u>	<u>8.63%</u>	<u>8.59%</u>
	Sub-Total		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 10.0 -- CASH Basis Retail Water Cost of Service by Customer Class**

**Scen: Alt #1 -- "BASE"**

**V. Total Cost by Customer Class**

<b>W.1 Residential</b>	<b>Inside</b>													
Base		\$ 975,956	\$ 981,812	\$ 1,179,911	\$ 1,338,831	\$ 1,844,755	\$ 2,318,367	\$ 2,393,189	\$ 2,515,827	\$ 2,619,663	\$ 2,728,426			
Max Day/Extra Capacity		2,424,951	2,498,106	2,780,740	2,998,777	3,720,587	4,404,067	4,599,743	4,902,130	5,165,599	5,444,298			
Customer		541,163	519,172	516,280	545,553	572,088	624,600	671,906	722,762	786,884	852,516			
<b>Total</b>		<b>3,942,069</b>	<b>3,999,090</b>	<b>4,476,931</b>	<b>4,883,161</b>	<b>6,137,430</b>	<b>7,347,034</b>	<b>7,664,839</b>	<b>8,140,719</b>	<b>8,572,146</b>	<b>9,025,240</b>			

<b>W.2 Multi-Family</b>	<b>Inside</b>													
Base		\$ 217,310	\$ 218,690	\$ 262,536	\$ 297,312	\$ 408,902	\$ 512,980	\$ 528,655	\$ 554,867	\$ 576,901	\$ 599,994			
Max Day/Extra Capacity		242,263	249,658	277,609	298,790	370,022	437,227	455,893	485,096	510,401	537,170			
Customer		24,897	23,902	23,719	24,967	26,085	28,381	30,431	32,632	35,422	38,268			
<b>Total</b>		<b>484,471</b>	<b>492,250</b>	<b>563,864</b>	<b>621,068</b>	<b>805,009</b>	<b>978,588</b>	<b>1,014,979</b>	<b>1,072,596</b>	<b>1,122,724</b>	<b>1,175,432</b>			

<b>W.3 Irrigation</b>	<b>Inside</b>													
Base		\$ 137,522	\$ 138,185	\$ 165,636	\$ 187,544	\$ 257,892	\$ 323,482	\$ 333,316	\$ 349,793	\$ 363,634	\$ 378,141			
Max Day/Extra Capacity		580,830	597,650	663,543	714,043	884,126	1,044,540	1,088,972	1,158,562	1,218,830	1,282,586			
Customer		12,692	12,148	12,018	12,646	13,209	14,367	15,400	16,509	17,915	19,350			
<b>Total</b>		<b>731,044</b>	<b>747,983</b>	<b>841,198</b>	<b>914,233</b>	<b>1,155,226</b>	<b>1,382,389</b>	<b>1,437,687</b>	<b>1,524,864</b>	<b>1,600,379</b>	<b>1,680,077</b>			

<b>W.4 Non-Res</b>	<b>Inside</b>													
Base		\$ 519,391	\$ 522,293	\$ 625,858	\$ 707,609	\$ 971,692	\$ 1,217,218	\$ 1,252,648	\$ 1,312,992	\$ 1,363,378	\$ 1,416,210			
Max Day/Extra Capacity		503,514	518,490	575,481	618,381	764,619	902,161	939,354	998,183	1,048,903	1,102,557			
Customer		57,061	54,698	54,083	56,746	59,107	64,122	68,561	73,325	79,392	85,563			
<b>Total</b>		<b>1,079,967</b>	<b>1,095,481</b>	<b>1,255,422</b>	<b>1,382,736</b>	<b>1,795,418</b>	<b>2,183,501</b>	<b>2,260,563</b>	<b>2,384,501</b>	<b>2,491,673</b>	<b>2,604,330</b>			

<b>Total</b>		\$ 1,850,180	\$ 1,860,980	\$ 2,233,942	\$ 2,531,296	\$ 3,483,241	\$ 4,372,047	\$ 4,507,808	\$ 4,733,480	\$ 4,923,575	\$ 5,122,772
Max Day/Extra Capacity		3,751,558	3,863,905	4,297,374	4,629,990	5,739,353	6,787,995	7,083,962	7,543,972	7,943,733	8,366,611
Customer		635,813	609,919	606,099	639,911	670,490	731,470	786,297	845,228	919,613	995,697
<b>Total</b>		<b>6,237,551</b>	<b>6,334,804</b>	<b>7,137,415</b>	<b>7,801,198</b>	<b>9,893,083</b>	<b>11,891,512</b>	<b>12,378,067</b>	<b>13,122,680</b>	<b>13,786,922</b>	<b>14,485,079</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>								
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 11.0 -- CASH Basis Retail Water Cost of Service by Customer Class**

Scen: Alt #1 -- "BASE"

I. Alternative Water Resource Cost of Service			2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
W.1	Residential	Inside	\$ 322,055	\$ 325,621	\$ 602,120	\$ 669,659	\$ 1,177,669	\$ 1,804,353	\$ 1,845,684	\$ 1,887,298	\$ 1,930,449	\$ 1,974,158
W.2	Multi-Family	Inside	71,710	72,529	133,975	148,710	261,038	399,245	407,711	416,245	425,123	434,127
W.3	Irrigation	Inside	45,381	45,830	84,526	93,806	164,635	251,761	257,061	262,404	267,964	273,604
W.4	Non-Res	Inside	171,394	173,220	319,382	353,933	620,316	947,344	966,071	984,968	1,004,683	1,024,702
W.5	Residential	County	236,280	254,469	288,987	477,986	700,055	739,127	724,810	710,825	697,168	683,818
W.6	Multi-Family	County	27,637	29,633	33,507	55,181	80,472	84,602	82,615	80,683	78,805	76,979
W.7	Irrigation	County	3,574	3,832	4,333	7,136	10,407	10,941	10,684	10,434	10,191	9,955
W.8	Non-Res	County	38,755	41,555	46,986	77,380	112,846	118,638	115,851	113,142	110,509	107,948
W.9	Residential	CV	67,012	71,854	81,245	133,800	195,124	205,141	200,321	195,636	191,083	186,655
W.10	Multi-Family	CV	-	-	-	-	-	-	-	-	-	-
W.11	Irrigation	CV	1,171	1,256	1,420	2,338	3,410	3,585	3,501	3,419	3,339	3,262
W.12	Non-Res	CV	21,017	22,536	25,481	41,964	61,197	64,339	62,827	61,358	59,930	58,541
<b>TOTAL</b>			<b>1,005,985</b>	<b>1,042,335</b>	<b>1,621,962</b>	<b>2,061,893</b>	<b>3,387,168</b>	<b>4,629,076</b>	<b>4,677,134</b>	<b>4,726,412</b>	<b>4,779,244</b>	<b>4,833,749</b>

II Net Water Cost of Service			2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
W.1	Residential	Inside	\$ 3,942,069	\$ 3,999,090	\$ 4,476,931	\$ 4,883,161	\$ 6,137,430	\$ 7,347,034	\$ 7,664,839	\$ 8,140,719	\$ 8,572,146	\$ 9,025,240
W.2	Multi-Family	Inside	484,471	492,250	563,864	621,068	805,009	978,588	1,014,979	1,072,596	1,122,724	1,175,432
W.3	Irrigation	Inside	731,044	747,983	841,198	914,233	1,155,226	1,382,389	1,437,687	1,524,864	1,600,379	1,680,077
W.4	Non-Res	Inside	1,079,967	1,095,481	1,255,422	1,382,736	1,795,418	2,183,501	2,260,563	2,384,501	2,491,673	2,604,330
W.5	Residential	County	1,077,443	1,318,133	1,517,328	1,692,978	1,919,406	2,065,830	2,138,361	2,206,243	2,238,055	2,279,016
W.6	Multi-Family	County	90,963	111,495	127,961	142,026	162,052	174,488	180,101	185,183	186,892	189,385
W.7	Irrigation	County	19,205	23,327	26,680	29,574	33,487	35,934	37,083	38,142	38,551	39,116
W.8	Non-Res	County	124,569	152,768	175,379	194,704	222,124	239,151	246,805	253,730	256,037	259,418
W.9	Residential	CV	566,178	690,186	786,376	865,873	981,199	1,049,359	1,076,312	1,099,975	1,103,562	1,111,865
W.10	Multi-Family	CV	-	-	-	-	-	-	-	-	-	-
W.11	Irrigation	CV	10,704	12,928	14,741	16,296	18,481	19,847	20,517	21,139	21,397	21,742
W.12	Non-Res	CV	91,021	110,952	127,030	140,788	160,274	172,404	178,048	183,208	185,099	187,758
<b>TOTAL</b>			<b>8,217,634</b>	<b>8,754,593</b>	<b>9,912,910</b>	<b>10,883,436</b>	<b>13,390,108</b>	<b>15,648,527</b>	<b>16,255,293</b>	<b>17,110,299</b>	<b>17,816,515</b>	<b>18,573,380</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast W 11.0 -- CASH Basis Retail Water Cost of Service by Customer Class**

Scen: Alt #1 -- "BASE"

III Total Water Cost of Service (Cash and Utility Basis)												
W.1	Residential	Inside	\$ 4,264,124	\$ 4,324,711	\$ 5,079,052	\$ 5,552,819	\$ 7,315,099	\$ 9,151,387	\$ 9,510,522	\$ 10,028,018	\$ 10,502,595	\$ 10,999,398
W.2	Multi-Family	Inside	556,181	564,779	697,839	769,778	1,066,048	1,377,833	1,422,690	1,488,841	1,547,846	1,609,558
W.3	Irrigation	Inside	776,425	793,813	925,723	1,008,039	1,319,861	1,634,150	1,694,748	1,787,268	1,868,343	1,953,681
W.4	Non-Res	Inside	1,251,360	1,268,702	1,574,804	1,736,669	2,415,734	3,130,845	3,226,634	3,369,469	3,496,356	3,629,032
W.5	Residential	County	1,313,723	1,572,602	1,806,315	2,170,965	2,619,461	2,804,958	2,863,171	2,917,068	2,935,223	2,962,835
W.6	Multi-Family	County	118,600	141,128	161,467	197,207	242,524	259,090	262,715	265,866	265,697	266,364
W.7	Irrigation	County	22,779	27,159	31,013	36,710	43,894	46,875	47,767	48,575	48,742	49,071
W.8	Non-Res	County	163,324	194,323	222,365	272,084	334,970	357,790	362,656	366,871	366,546	367,366
W.9	Residential	CV	633,190	762,040	867,621	999,673	1,176,323	1,254,500	1,276,632	1,295,611	1,294,645	1,298,521
W.10	Multi-Family	CV	-	-	-	-	-	-	-	-	-	-
W.11	Irrigation	CV	11,875	14,184	16,160	18,634	21,891	23,432	24,018	24,558	24,736	25,004
W.12	Non-Res	CV	112,038	133,488	152,512	182,752	221,472	236,743	240,875	244,566	245,029	246,299
<b>TOTAL</b>			<b>9,223,619</b>	<b>9,796,928</b>	<b>11,534,872</b>	<b>12,945,330</b>	<b>16,777,276</b>	<b>20,277,603</b>	<b>20,932,428</b>	<b>21,836,711</b>	<b>22,595,759</b>	<b>23,407,129</b>

IV Total Water Cost of Service												
<b>CASH Basis</b>												
Total Cost of Service			9,915,428	10,509,492	12,268,812	13,701,288	17,555,913	21,079,599	21,758,484	22,687,549	23,472,122	24,309,783
Non-Rate Revenues			691,809	712,563	733,940	755,958	778,637	801,996	826,056	850,838	876,363	902,654
Net Revenue Requirement			9,223,619	9,796,928	11,534,872	12,945,330	16,777,276	20,277,603	20,932,428	21,836,711	22,595,759	23,407,129
 UTILITY Basis			 15,734,731	 18,867,842	 21,851,765	 26,960,162	 33,293,584	 35,937,762	 36,864,173	 37,735,894	 38,162,626	 38,703,361

Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL					
	Total Revenue Requirement	WW Revenue Requirement	Treatment	Collection	Admin	Customer Billing

Test Year WW 1.0 -- Wastewater Department Cost Functionalization

Scen: Alt #1 -- "BASE"

**NON-RATE REVENUES**

<u>Water Division</u>							
0	Water Sales	\$ -	\$ -	na	na	na	na
0	Water System Impact Fee	-	-	na	na	na	na
0	Water Resource Development Fee	-	-	na	na	na	na
0	Alternate Water Source Fees	-	-	na	na	na	na
0	Water Connection Fees	495,000	-	na	na	na	na
0	Rechargeable Effluent Fee	(150,000)	-	na	na	na	na
0	Interest Income	210,000	-	na	na	na	na
0	Misc.	136,809	-	na	na	na	na
0	Bond Proceeds	-	-	na	na	na	na
0	Intergovernmental Contributions	-	-	na	na	na	na
0	Interfund Receivable	-	-	na	na	na	na
0	Revenue	-	-	na	na	na	na
0	Revenue	-	-	na	na	na	na
0	Revenue	-	-	na	na	na	na
0	Revenue	-	-	na	na	na	na
0	Revenue	-	-	na	na	na	na
	Total	691,809	-				
<u>Wastewater Division</u>							
0	Sewer Service Fees	\$ -	\$ -	na	na	na	na
0	Sewer Buy-In Fees	-	-	na	na	na	na
0	Misc.	581,000	581,000	na	na	na	na
0	Effluent Recharge Fees	150,000	150,000	na	na	na	na
0	Interest Income	175,000	175,000	na	na	na	na
0	Sewer Connection Fees	10,000	10,000	na	na	na	na
0	Bond Proceeds	-	-	na	na	na	na
0	Imp. District Bonds/Prop Owner Pmts	-	-	na	na	na	na
0	Revenue	-	-	na	na	na	na
0	Revenue	-	-	na	na	na	na
0	Revenue	-	-	na	na	na	na
0	Revenue	-	-	na	na	na	na
0	Revenue	-	-	na	na	na	na
0	Revenue	-	-	na	na	na	na
	Total	916,000	916,000				
Reserve Funds							
	Total	\$ -	\$ -				
<b>TOTAL NON-RATE REVENUES</b>							
	Cash Basis	1,607,809	916,000	na	na	na	na
	Utility Basis	1,607,809	916,000	na	na	na	na

<b>Test Year</b> 2008	<b>CITY OF PRESCOTT</b>					
	<b>WATER/WW COST OF SERVICE MODEL</b>					
	<b>Total</b>	<b>WW</b>				
	<b>Revenue</b>	<b>Revenue</b>	<b>Treatment</b>	<b>Collection</b>	<b>Admin</b>	<b>Customer</b>
	<b>Requirement</b>	<b>Requirement</b>				<b>Billing</b>

**Test Year WW 1.0 -- Wastewater Department Cost Functionalization**

Scen: Alt #1 -- "BASE"

**OPERATING EXPENSES**

**Wastewater Division**

**1 WW -- Effluent Delivery**

**PERSONNEL**

110	Salaries - Full Time Perma	\$	47,192	\$	47,192	\$	47,192	\$	-	\$	-	\$	-
112	Pay-For-Performance		-		-		-		-		-		-
120	Salaries -- Seasonal		-		-		-		-		-		-
130	Overtime		1,000		1,000		1,000		-		-		-
140	FICA		3,573		3,573		3,573		-		-		-
150	Retirement Contributions		4,626		4,626		4,626		-		-		-
170	Health Insurance		6,792		6,792		6,792		-		-		-
180	Workmen's Compensation Ins		1,264		1,264		1,264		-		-		-
	<b>TOTAL</b>		<b>64,447</b>		<b>64,447</b>		<b>64,447</b>		<b>-</b>		<b>-</b>		<b>-</b>

**SUPPLIES**

201	Office Supplies		60		60		60		-		-		-
210	Agricultural Supplies		-		-		-		-		-		-
220	Small Tools & Equipment		450		450		450		-		-		-
230	Uniforms		200		200		200		-		-		-
235	Uniform Cleaning & Laundry		-		-		-		-		-		-
240	Education & Recreation Sup		-		-		-		-		-		-
250	Chemicals & Laboratory Sup		6,000		6,000		6,000		-		-		-
260	Photographic & Duplication		-		-		-		-		-		-
270	Janitorial Supplies		50		50		50		-		-		-
280	Revolving Inventory		-		-		-		-		-		-
290	Other Operating Supplies		100		100		100		-		-		-
300	Landfill & Transfer Fees		-		-		-		-		-		-
310	Gas, Oil & Lubricants		1,800		1,800		1,800		-		-		-
315	Tires & Tubes		200		200		200		-		-		-
320	Material To Main		1,000		1,000		1,000		-		-		-
325	Infrastructure Main Materials		25,000		25,000		25,000		-		-		-
330	Mater.to Maintain Building		4,000		4,000		4,000		-		-		-
340	Paint		-		-		-		-		-		-
350	Street Maintenance Materia		-		-		-		-		-		-
	<b>TOTAL</b>		<b>38,860</b>		<b>38,860</b>		<b>38,860</b>		<b>-</b>		<b>-</b>		<b>-</b>

Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL					
	Total Revenue Requirement	WW Revenue Requirement	Treatment	Collection	Admin	Customer Billing

Test Year WW 1.0 -- Wastewater Department Cost Functionalization

Scen: Alt #1 -- "BASE"

	Total Revenue Requirement	WW Revenue Requirement	Treatment	Collection	Admin	Customer Billing
<b>OTHER SERVICES &amp; CHARGES</b>						
400 Computer Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
405 Personnel Div Charges	-	-	-	-	-	-
407 City Admin Cost	-	-	-	-	-	-
410 Architectural & Engineerin	-	-	-	-	-	-
413 Legal Services	-	-	-	-	-	-
414 Medical Services	-	-	-	-	-	-
415 Auditing & Accounting	-	-	-	-	-	-
417 Advertising	-	-	-	-	-	-
418 Other Professional Service	4,800	4,800	4,800	-	-	-
421 Postage & Freight Charges	-	-	-	-	-	-
422 Telephone & Telecom	450	450	450	-	-	-
433 Hauling Fees	-	-	-	-	-	-
436 Internal Repair Work Order	1,400	1,400	1,400	-	-	-
438 Internal Engineering Charge	-	-	-	-	-	-
440 Vehicle Replacement Chgs	-	-	-	-	-	-
445 Facilities Maintenance Cha	-	-	-	-	-	-
450 Training/Conferences	300	300	300	-	-	-
461 Printing & Binding	-	-	-	-	-	-
473 Office Equip & Furn Rental	-	-	-	-	-	-
474 Machinery & Equipment Rent	700	700	700	-	-	-
475 Other Rents	-	-	-	-	-	-
481 Electric	30,250	30,250	30,250	-	-	-
482 Gas	-	-	-	-	-	-
483 Water	-	-	-	-	-	-
511 Insurance	234	234	234	-	-	-
520 Maintenance Computer Software	-	-	-	-	-	-
522 Maintenance,Bldgs & Struct	1,000	1,000	1,000	-	-	-
523 Maintenance,Office Equip.	-	-	-	-	-	-
524 Maintenance,machinery,equi	1,000	1,000	1,000	-	-	-
525 Misc. Maintenance	-	-	-	-	-	-
542 DEQ Fees & Permits	-	-	-	-	-	-
545 Emp & Vol Recognition	-	-	-	-	-	-
550 Subscription & Memberships	40	40	40	-	-	-
575 Other Services	-	-	-	-	-	-
580 Contingency	-	-	-	-	-	-
<b>TOTAL</b>	<b>40,174</b>	<b>40,174</b>	<b>40,174</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>						
Cash Basis	\$ 143,481	\$ 143,481	\$ 143,481	\$ -	\$ -	\$ -
Percent of Total	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%
Utility Basis	\$ 143,481	\$ 143,481	\$ 143,481	\$ -	\$ -	\$ -
Percent of Total	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%

Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL					
	Total Revenue Requirement	WW Revenue Requirement	Treatment	Collection	Admin	Customer Billing

Test Year WW 1.0 -- Wastewater Department Cost Functionalization

Scen: Alt #1 -- "BASE"

**2 WW -- Wastewater Collection**

<b>PERSONNEL</b>													
110	Salaries - Full Time Perma	\$	535,409	\$	535,409	\$	-	\$	535,409	\$	-	\$	-
112	Pay-For-Performance		2,760		2,760		-		2,760		-		-
120	Salaries -- Seasonal		10,000		10,000		-		10,000		-		-
130	Overtime		57,500		57,500		-		57,500		-		-
140	FICA		43,659		43,659		-		43,659		-		-
150	Retirement Contributions		58,142		58,142		-		58,142		-		-
170	Health Insurance		90,773		90,773		-		90,773		-		-
180	Workmen's Compensation Ins		22,980		22,980		-		22,980		-		-
	<b>TOTAL</b>		<b>821,223</b>		<b>821,223</b>		-		<b>821,223</b>		-		-
<b>SUPPLIES</b>													
201	Office Supplies		1,600		1,600		-		1,600		-		-
210	Agricultural Supplies		-		-		-		-		-		-
220	Small Tools & Equipment		3,500		3,500		-		3,500		-		-
230	Uniforms		3,000		3,000		-		3,000		-		-
235	Uniform Cleaning & Laundry		4,800		4,800		-		4,800		-		-
240	Education & Recreation Sup		400		400		-		400		-		-
250	Chemicals & Laboratory Sup		1,500		1,500		-		1,500		-		-
260	Photographic & Duplication		150		150		-		150		-		-
270	Janitorial Supplies		300		300		-		300		-		-
280	Revolving Inventory		2,000		2,000		-		2,000		-		-
290	Other Operating Supplies		13,000		13,000		-		13,000		-		-
300	Landfill & Transfer Fees		-		-		-		-		-		-
310	Gas, Oil & Lubricants		44,000		44,000		-		44,000		-		-
315	Tires & Tubes		5,000		5,000		-		5,000		-		-
320	Material To Main		25,000		25,000		-		25,000		-		-
325	Infrastructure Main Materials		65,000		65,000		-		65,000		-		-
330	Mater.to Maintain Building		5,000		5,000		-		5,000		-		-
340	Paint		1,500		1,500		-		1,500		-		-
350	Street Maintenance Materia		4,000		4,000		-		4,000		-		-
	<b>TOTAL</b>		<b>179,750</b>		<b>179,750</b>		-		<b>179,750</b>		-		-

<b>Test Year</b> <b>2008</b>	<b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b>					
	<b>Total</b> <b>Revenue</b> <b>Requirement</b>	<b>WW</b> <b>Revenue</b> <b>Requirement</b>	<b>Treatment</b>	<b>Collection</b>	<b>Admin</b>	<b>Customer</b> <b>Billing</b>

**Test Year WW 1.0 -- Wastewater Department Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

OTHER SERVICES & CHARGES	Total Revenue Requirement	WW Revenue Requirement	Treatment	Collection	Admin	Customer Billing
400 Computer Service	\$ 18,538	\$ 18,538	\$ -	\$ 18,538	\$ -	\$ -
405 Personnel Div Charges	-	-	-	-	-	-
407 City Admin Cost	-	-	-	-	-	-
410 Architectural & Engineerin	-	-	-	-	-	-
413 Legal Services	-	-	-	-	-	-
414 Medical Services	320	320	-	320	-	-
415 Auditing & Accounting	-	-	-	-	-	-
417 Advertising	1,000	1,000	-	1,000	-	-
418 Other Professional Service	2,500	2,500	-	2,500	-	-
421 Postage & Freight Charges	800	800	-	800	-	-
422 Telephone & Telecom	3,700	3,700	-	3,700	-	-
433 Hauling Fees	-	-	-	-	-	-
436 Internal Repair Work Order	45,000	45,000	-	45,000	-	-
438 Internal Engineering Charge	-	-	-	-	-	-
440 Vehicle Replacement Chgs	170,700	170,700	-	170,700	-	-
445 Facilities Maintenance Cha	34,850	34,850	-	34,850	-	-
450 Training/Conferences	3,900	3,900	-	3,900	-	-
461 Printing & Binding	250	250	-	250	-	-
473 Office Equip & Furn Rental	1,000	1,000	-	1,000	-	-
474 Machinery & Equipment Rent	8,500	8,500	-	8,500	-	-
475 Other Rents	6,625	6,625	-	6,625	-	-
481 Electric	99,462	99,462	-	99,462	-	-
482 Gas	-	-	-	-	-	-
483 Water	4,200	4,200	-	4,200	-	-
511 Insurance	28,649	28,649	-	28,649	-	-
520 Maintenance Computer Software	-	-	-	-	-	-
522 Maintenance,Bldgs & Struct	5,000	5,000	-	5,000	-	-
523 Maintenance,Office Equip.	-	-	-	-	-	-
524 Maintenance,machinery,equi	20,000	20,000	-	20,000	-	-
525 Misc. Maintenance	-	-	-	-	-	-
542 DEQ Fees & Permits	-	-	-	-	-	-
545 Emp & Vol Recognition	250	250	-	250	-	-
550 Subscription & Memberships	500	500	-	500	-	-
575 Other Services	20,000	20,000	-	20,000	-	-
580 Contingency	-	-	-	-	-	-
<b>TOTAL</b>	<b>475,744</b>	<b>475,744</b>	<b>-</b>	<b>475,744</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>						
<b>Cash Basis</b>	<b>\$ 1,476,717</b>	<b>\$ 1,476,717</b>	<b>\$ -</b>	<b>\$ 1,476,717</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Percent of Total</b>		<b>100.00%</b>	<b>0.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Utility Basis</b>	<b>\$ 1,476,717</b>	<b>\$ 1,476,717</b>	<b>\$ -</b>	<b>\$ 1,476,717</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Percent of Total</b>		<b>100.00%</b>	<b>0.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>

Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL					
	Total Revenue Requirement	WW Revenue Requirement	Treatment	Collection	Admin	Customer Billing

**Test Year WW 1.0 -- Wastewater Department Cost Functionalization**

Scen: Alt #1 -- "BASE"

**3 WW -- Wastewater Treatment Plants**

<b>PERSONNEL</b>										
110	Salaries - Full Time Perma	\$	635,180	\$	635,180	\$	635,180	\$	-	\$
112	Pay-For-Performance		3,060		3,060		3,060		-	
120	Salaries -- Seasonal		-		-		-		-	
130	Overtime		41,825		41,825		41,825		-	
140	FICA		50,616		50,616		50,616		-	
150	Retirement Contributions		65,286		65,286		65,286		-	
170	Health Insurance		77,976		77,976		77,976		-	
180	Workmen's Compensation Ins		28,704		28,704		28,704		-	
	<b>TOTAL</b>		<b>902,647</b>		<b>902,647</b>		<b>902,647</b>		-	
<b>SUPPLIES</b>										
201	Office Supplies		1,300		1,300		1,300		-	
210	Agricultural Supplies		-		-		-		-	
220	Small Tools & Equipment		4,500		4,500		4,500		-	
230	Uniforms		1,400		1,400		1,400		-	
235	Uniform Cleaning & Laundry		3,900		3,900		3,900		-	
240	Education & Recreation Sup		200		200		200		-	
250	Chemicals & Laboratory Sup		85,000		85,000		85,000		-	
260	Photographic & Duplication		-		-		-		-	
270	Janitorial Supplies		1,000		1,000		1,000		-	
280	Revolving Inventory		-		-		-		-	
290	Other Operating Supplies		10,750		10,750		10,750		-	
300	Landfill & Transfer Fees		-		-		-		-	
310	Gas, Oil & Lubricants		12,650		12,650		12,650		-	
315	Tires & Tubes		2,000		2,000		2,000		-	
320	Material To Main		10,000		10,000		10,000		-	
325	Infrastructure Main Materials		110,000		110,000		110,000		-	
330	Mater.to Maintain Building		20,000		20,000		20,000		-	
340	Paint		-		-		-		-	
350	Street Maintenance Materia		200		200		200		-	
	<b>TOTAL</b>		<b>262,900</b>		<b>262,900</b>		<b>262,900</b>		-	

Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL					
	Total Revenue Requirement	WW Revenue Requirement	Treatment	Collection	Admin	Customer Billing

Test Year WW 1.0 -- Wastewater Department Cost Functionalization

Scen: Alt #1 -- "BASE"

<b>OTHER SERVICES &amp; CHARGES</b>										
400	Computer Service	\$	15,448	\$	15,448	\$	15,448	\$	-	\$
405	Personnel Div Charges	-	-	-	-	-	-	-	-	-
407	City Admin Cost	-	-	-	-	-	-	-	-	-
410	Architectural & Engineerin	-	-	-	-	-	-	-	-	-
413	Legal Services	-	-	-	-	-	-	-	-	-
414	Medical Services	-	360	-	360	-	360	-	-	-
415	Auditing & Accounting	-	-	-	-	-	-	-	-	-
417	Advertising	-	2,500	-	2,500	-	2,500	-	-	-
418	Other Professional Service	-	50,000	-	50,000	-	50,000	-	-	-
421	Postage & Freight Charges	-	220	-	220	-	220	-	-	-
422	Telephone & Telecom	-	4,500	-	4,500	-	4,500	-	-	-
433	Hauling Fees	-	175,000	-	175,000	-	175,000	-	-	-
436	Internal Repair Work Order	-	15,000	-	15,000	-	15,000	-	-	-
438	Internal Engineering Charge	-	-	-	-	-	-	-	-	-
440	Vehicle Replacement Chgs	-	65,100	-	65,100	-	65,100	-	-	-
445	Facilities Maintenance Cha	-	105,689	-	105,689	-	105,689	-	-	-
450	Training/Conferences	-	3,450	-	3,450	-	3,450	-	-	-
461	Printing & Binding	-	200	-	200	-	200	-	-	-
473	Office Equip & Furn Rental	-	-	-	-	-	-	-	-	-
474	Machinery & Equipment Rent	-	2,500	-	2,500	-	2,500	-	-	-
475	Other Rents	-	-	-	-	-	-	-	-	-
481	Electric	-	385,000	-	385,000	-	385,000	-	-	-
482	Gas	-	71,000	-	71,000	-	71,000	-	-	-
483	Water	-	10,274	-	10,274	-	10,274	-	-	-
511	Insurance	-	17,252	-	17,252	-	17,252	-	-	-
520	Maintenance Computer Software	-	-	-	-	-	-	-	-	-
522	Maintenance,Bldgs & Struct	-	2,500	-	2,500	-	2,500	-	-	-
523	Maintenance,Office Equip.	-	250	-	250	-	250	-	-	-
524	Maintenance,machinery,equi	-	10,000	-	10,000	-	10,000	-	-	-
525	Misc. Maintenance	-	-	-	-	-	-	-	-	-
542	DEQ Fees & Permits	-	13,000	-	13,000	-	13,000	-	-	-
545	Emp & Vol Recognition	-	-	-	-	-	-	-	-	-
550	Subscription & Memberships	-	450	-	450	-	450	-	-	-
575	Other Services	-	350	-	350	-	350	-	-	-
580	Contingency	-	25,000	-	25,000	-	25,000	-	-	-
	<b>TOTAL</b>		<b>975,043</b>		<b>975,043</b>		<b>975,043</b>		-	-

<b>TOTAL</b>										
Cash Basis	\$	2,140,590	\$	2,140,590	\$	2,140,590	\$	-	\$	-
Percent of Total				100.00%		100.00%		0.00%		0.00%
Utility Basis	\$	2,140,590	\$	2,140,590	\$	2,140,590	\$	-	\$	-
Percent of Total				100.00%		100.00%		0.00%		0.00%

Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL					Customer Billing
	Total Revenue Requirement	WW Revenue Requirement	Treatment	Collection	Admin	

**Test Year WW 1.0 -- Wastewater Department Cost Functionalization**

Scen: Alt #1 -- "BASE"

**4 WW -- Wastewater Utilities Administration**

<b>PERSONNEL</b>											
110	Salaries - Full Time Perma	\$	295,753	\$	295,753	\$	-	\$	266,178	\$	29,575
112	Pay-For-Performance		1,300		1,300		-		1,170		130
120	Salaries -- Seasonal		-		-		-		-		-
130	Overtime		1,750		1,750		-		1,575		175
140	FICA		22,074		22,074		-		19,867		2,207
150	Retirement Contributions		28,685		28,685		-		25,817		2,869
170	Health Insurance		24,126		24,126		-		21,713		2,413
180	Workmen's Compensation Ins		4,109		4,109		-		3,698		411
	<b>TOTAL</b>		<b>377,797</b>		<b>377,797</b>		-		<b>340,017</b>		<b>37,780</b>
<b>SUPPLIES</b>											
201	Office Supplies		2,000		2,000		-		1,800		200
210	Agricultural Supplies		-		-		-		-		-
220	Small Tools & Equipment		6,000		6,000		-		5,400		600
230	Uniforms		500		500		-		450		50
235	Uniform Cleaning & Laundry		-		-		-		-		-
240	Education & Recreation Sup		500		500		-		450		50
250	Chemicals & Laboratory Sup		-		-		-		-		-
260	Photographic & Duplication		500		500		-		450		50
270	Janitorial Supplies		150		150		-		135		15
280	Revolving Inventory		-		-		-		-		-
290	Other Operating Supplies		6,000		6,000		-		5,400		600
300	Landfill & Transfer Fees		100		100		-		90		10
310	Gas, Oil & Lubricants		1,000		1,000		-		900		100
315	Tires & Tubes		600		600		-		540		60
320	Material To Main		-		-		-		-		-
325	Infrastructure Main Materials		-		-		-		-		-
330	Mater.to Maintain Building		-		-		-		-		-
340	Paint		-		-		-		-		-
350	Street Maintenance Materia		-		-		-		-		-
	<b>TOTAL</b>		<b>17,350</b>		<b>17,350</b>		-		<b>15,615</b>		<b>1,735</b>

Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL					
	Total Revenue Requirement	WW Revenue Requirement	Treatment	Collection	Admin	Customer Billing

Test Year WW 1.0 -- Wastewater Department Cost Functionalization

Scen: Alt #1 -- "BASE"

<b>OTHER SERVICES &amp; CHARGES</b>							
400	Computer Service	\$ 20,083	\$ 20,083	\$ -	\$ -	\$ 18,075	\$ 2,008
405	Personnel Div Charges	39,242	39,242	-	-	35,318	3,924
407	City Admin Cost	146,991	146,991	-	-	132,292	14,699
410	Architectural & Engineerin	7,000	7,000	-	-	6,300	700
413	Legal Services	-	-	-	-	-	-
414	Medical Services	-	-	-	-	-	-
415	Auditing & Accounting	219,810	219,810	-	-	197,829	21,981
417	Advertising	500	500	-	-	450	50
418	Other Professional Service	15,000	15,000	-	-	13,500	1,500
421	Postage & Freight Charges	250	250	-	-	225	25
422	Telephone & Telecom	1,250	1,250	-	-	1,125	125
433	Hauling Fees	-	-	-	-	-	-
436	Internal Repair Work Order	-	-	-	-	-	-
438	Internal Engineering Charge	1,000	1,000	-	-	900	100
440	Vehicle Replacement Chgs	-	-	-	-	-	-
445	Facilities Maintenance Cha	4,728	4,728	-	-	4,255	473
450	Training/Conferences	1,275	1,275	-	-	1,148	128
461	Printing & Binding	200	200	-	-	180	20
473	Office Equip & Furn Rental	-	-	-	-	-	-
474	Machinery & Equipment Rent	-	-	-	-	-	-
475	Other Rents	-	-	-	-	-	-
481	Electric	-	-	-	-	-	-
482	Gas	-	-	-	-	-	-
483	Water	300	300	-	-	270	30
511	Insurance	20,259	20,259	-	-	18,233	2,026
520	Maintenance Computer Software	4,037	4,037	-	-	3,633	404
522	Maintenance,Bldgs & Struct	-	-	-	-	-	-
523	Maintenance,Office Equip.	1,000	1,000	-	-	900	100
524	Maintenance,machinery,equi	-	-	-	-	-	-
525	Misc. Maintenance	150	150	-	-	135	15
542	DEQ Fees & Permits	-	-	-	-	-	-
545	Emp & Vol Recognition	500	500	-	-	450	50
550	Subscription & Memberships	800	800	-	-	720	80
575	Other Services	-	-	-	-	-	-
580	Contingency	-	-	-	-	-	-
	<b>TOTAL</b>	<b>484,375</b>	<b>484,375</b>	<b>-</b>	<b>-</b>	<b>435,938</b>	<b>48,438</b>
<b>TOTAL</b>							
	Cash Basis	\$ 879,522	\$ 879,522	\$ -	\$ -	\$ 791,570	\$ 87,952
	Percent of Total		100.00%	0.00%	0.00%	90.00%	10.00%
	Utility Basis	\$ 879,522	\$ 879,522	\$ -	\$ -	\$ 791,570	\$ 87,952
	Percent of Total		100.00%	0.00%	0.00%	90.00%	10.00%

<b>Test Year 2008</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>					
	<b>Total Revenue Requirement</b>	<b>WW Revenue Requirement</b>	<b>Treatment</b>	<b>Collection</b>	<b>Admin</b>	<b>Customer Billing</b>

**Test Year WW 1.0 -- Wastewater Department Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

**5 WW -- Development/Retirement/Legal**

<b>PERSONNEL</b>										
110	Salaries - Full Time Perma	\$	49,232	\$	49,232	\$	-	\$	49,232	\$
112	Pay-For-Performance	-	-	-	-	-	-	-	-	-
120	Salaries -- Seasonal	-	-	-	-	-	-	-	-	-
130	Overtime	-	-	-	-	-	-	-	-	-
140	FICA	3,767	3,767	-	-	-	-	3,767	-	-
150	Retirement Contributions	-	-	-	-	-	-	-	-	-
170	Health Insurance	-	-	-	-	-	-	-	-	-
180	Workmen's Compensation Ins	1,905	1,905	-	-	-	-	1,905	-	-
	<b>TOTAL</b>		<b>54,904</b>		<b>54,904</b>				<b>54,904</b>	
<b>SUPPLIES</b>										
201	Office Supplies	-	-	-	-	-	-	-	-	-
210	Agricultural Supplies	-	-	-	-	-	-	-	-	-
220	Small Tools & Equipment	-	-	-	-	-	-	-	-	-
230	Uniforms	-	-	-	-	-	-	-	-	-
235	Uniform Cleaning & Laundry	-	-	-	-	-	-	-	-	-
240	Education & Recreation Sup	-	-	-	-	-	-	-	-	-
250	Chemicals & Laboratory Sup	-	-	-	-	-	-	-	-	-
260	Photographic & Duplication	-	-	-	-	-	-	-	-	-
270	Janitorial Supplies	-	-	-	-	-	-	-	-	-
280	Revolving Inventory	-	-	-	-	-	-	-	-	-
290	Other Operating Supplies	-	-	-	-	-	-	-	-	-
300	Landfill & Transfer Fees	-	-	-	-	-	-	-	-	-
310	Gas, Oil & Lubricants	-	-	-	-	-	-	-	-	-
315	Tires & Tubes	-	-	-	-	-	-	-	-	-
320	Material To Main	-	-	-	-	-	-	-	-	-
325	Infrastructure Main Materials	-	-	-	-	-	-	-	-	-
330	Mater.to Maintain Building	-	-	-	-	-	-	-	-	-
340	Paint	-	-	-	-	-	-	-	-	-
350	Street Maintenance Matena	-	-	-	-	-	-	-	-	-
	<b>TOTAL</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>-</b>	

Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL					
	Total Revenue Requirement	WW Revenue Requirement	Treatment	Collection	Admin	Customer Billing

**Test Year WW 1.0 -- Wastewater Department Cost Functionalization**

Scen: Alt #1 -- "BASE"

	Total Revenue Requirement	WW Revenue Requirement	Treatment	Collection	Admin	Customer Billing
<b>OTHER SERVICES &amp; CHARGES</b>						
400 Computer Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
405 Personnel Div Charges	-	-	-	-	-	-
407 City Admin Cost	-	-	-	-	-	-
410 Architectural & Engineerin	-	-	-	-	-	-
413 Legal Services	109,537	109,537	-	-	109,537	-
414 Medical Services	-	-	-	-	-	-
415 Auditing & Accounting	-	-	-	-	-	-
417 Advertising	-	-	-	-	-	-
418 Other Professional Service	-	-	-	-	-	-
421 Postage & Freight Charges	-	-	-	-	-	-
422 Telephone & Telecom	-	-	-	-	-	-
433 Hauling Fees	-	-	-	-	-	-
436 Internal Repair Work Order	-	-	-	-	-	-
438 Internal Engineering Charge	48,152	48,152	-	-	48,152	-
440 Vehicle Replacement Chgs	-	-	-	-	-	-
445 Facilities Maintenance Cha	-	-	-	-	-	-
450 Training/Conferences	-	-	-	-	-	-
461 Printing & Binding	-	-	-	-	-	-
473 Office Equip & Furn Rental	-	-	-	-	-	-
474 Machinery & Equipment Rent	-	-	-	-	-	-
475 Other Rents	-	-	-	-	-	-
481 Electric	-	-	-	-	-	-
482 Gas	-	-	-	-	-	-
483 Water	-	-	-	-	-	-
511 Insurance	114	114	-	-	114	-
520 Maintenance Computer Software	-	-	-	-	-	-
522 Maintenance,Bldgs & Struct	-	-	-	-	-	-
523 Maintenance,Office Equip.	-	-	-	-	-	-
524 Maintenance,machinery,equi	-	-	-	-	-	-
525 Misc. Maintenance	-	-	-	-	-	-
542 DEQ Fees & Permits	-	-	-	-	-	-
545 Emp & Vol Recognition	-	-	-	-	-	-
550 Subscription & Memberships	-	-	-	-	-	-
575 Other Services	-	-	-	-	-	-
580 Contingency	-	-	-	-	-	-
<b>TOTAL</b>	<b>157,803</b>	<b>157,803</b>	<b>-</b>	<b>-</b>	<b>157,803</b>	<b>-</b>

TOTAL	Total Revenue Requirement	WW Revenue Requirement	Treatment	Collection	Admin	Customer Billing
Cash Basis	\$ 212,707	\$ 212,707	\$ -	\$ -	\$ 212,707	\$ -
Percent of Total		100.00%	0.00%	0.00%	100.00%	0.00%
Utility Basis	\$ 212,707	\$ 212,707	\$ -	\$ -	\$ 212,707	\$ -
Percent of Total		100.00%	0.00%	0.00%	100.00%	0.00%

**TOTAL OPERATING EXPENSES**

Cash Basis	\$ 4,853,017	\$ 4,853,017	\$ 2,284,071	\$ 1,476,717	\$ 1,004,277	\$ 87,952
Utility Basis	\$ 4,853,017	\$ 4,853,017	\$ 2,284,071	\$ 1,476,717	\$ 1,004,277	\$ 87,952



Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL					
	Total Revenue Requirement	WW Revenue Requirement	Treatment	Collection	Admin	Customer Billing

Test Year WW 1.0 -- Wastewater Department Cost Functionalization

Scen: Alt #1 -- "BASE"

**DEBT SERVICE -- CURRENT**

1	<u>MPC 2004-G -- JWK Ranch</u>						
	Principal	\$ 255,000	\$ -	\$ -	\$ -	\$ -	\$ -
	Interest	550,336	-	-	-	-	-
	Reserve	-	-	-	-	-	-
	Sub-Total	805,336	-	-	-	-	-
2	<u>MPC 2004-G -- 93-E Refund</u>						
	Principal	\$ 235,301	\$ -	\$ -	\$ -	\$ -	\$ -
	Interest	19,952	-	-	-	-	-
	Reserve	-	-	-	-	-	-
	Sub-Total	255,253	-	-	-	-	-
3	<u>MPC 1998-F -- Tanks</u>						
	Principal	\$ 107,865	\$ -	\$ -	\$ -	\$ -	\$ -
	Interest	70,100	-	-	-	-	-
	Reserve	-	-	-	-	-	-
	Sub-Total	177,965	-	-	-	-	-
4	<u>MPC 1998-F -- Airport WWTP</u>						
	Principal	\$ 192,134	\$ 192,134	\$ 192,134	\$ -	\$ -	\$ -
	Interest	124,864	124,864	124,864	-	-	-
	Reserve	-	-	-	-	-	-
	Sub-Total	316,998	316,998	316,998	-	-	-
5	<u>MPC 89A Refunding</u>						
	Principal	\$ 562,714	\$ 562,714	\$ 562,714	\$ -	\$ -	\$ -
	Interest	14,136	14,136	14,136	-	-	-
	Reserve	-	-	-	-	-	-
	Sub-Total	576,850	576,850	576,850	-	-	-
6	<u>MPC 2004-G Refund 93-E</u>						
	Principal	\$ 144,096	\$ 144,096	\$ 144,096	\$ -	\$ -	\$ -
	Interest	12,218	12,218	12,218	-	-	-
	Reserve	-	-	-	-	-	-
	Sub-Total	156,314	156,314	156,314	-	-	-
7	<u>MPC -- 920125-08</u>						
	Principal	\$ 343,464	\$ -	\$ -	\$ -	\$ -	\$ -
	Interest	305,878	-	-	-	-	-
	Reserve	-	-	-	-	-	-
	Sub-Total	649,342	-	-	-	-	-
8	<u>MPC -- 910097-08</u>						
	Principal	\$ 160,118	\$ 160,118	\$ -	\$ 160,118	\$ -	\$ -
	Interest	155,110	155,110	-	155,110	-	-
	Reserve	-	-	-	-	-	-
	Sub-Total	315,228	315,228	-	315,228	-	-

**TOTAL DEBT SERVICE -- CURRENT**

Principal	\$ 2,000,692	\$ 1,059,062	\$ 898,944	\$ 160,118	\$ -	\$ -
Interest	1,252,594	306,328	151,218	155,110	-	-
Reserve	-	-	-	-	-	-
<b>TOTAL</b>	<b>3,253,286</b>	<b>1,365,390</b>	<b>1,050,162</b>	<b>315,228</b>	<b>-</b>	<b>-</b>
<b>Cash Basis</b>	<b>\$ 3,253,286</b>	<b>\$ 1,365,390</b>	<b>\$ 1,050,162</b>	<b>\$ 315,228</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Utility Basis</b>	<b>1,252,594</b>	<b>306,328</b>	<b>151,218</b>	<b>155,110</b>	<b>-</b>	<b>-</b>

Test Year 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL					
	Total Revenue Requirement	WW Revenue Requirement	Treatment	Collection	Admin	Customer Billing

Test Year WW 1.0 -- Wastewater Department Cost Functionalization

Scen: Alt #1 -- "BASE"

**DEBT SERVICE -- FUTURE**

Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-
Reserve	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>						

Cash Basis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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Utility Basis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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**DEPRECIATION**

Existing	\$ 1,820,115	\$ 1,820,115	\$ 578,362	\$ 1,241,753	\$ -	\$ -
CIP	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,820,115</b>	<b>1,820,115</b>	<b>578,362</b>	<b>1,241,753</b>	<b>-</b>	<b>-</b>

Cash Basis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			0.00%	0.00%	0.00%	0.00%	

Utility Basis	\$ 1,820,115	\$ 1,820,115	\$ 578,362	\$ 1,241,753	\$ -	\$ -
			31.78%	68.22%	0.00%	0.00%

**RETURN**

Net Rate Base						
Existing	\$ 47,551,792	\$ 47,551,792	\$ 13,112,092	\$ 34,439,700	\$ -	\$ -
CIP	-	-	-	-	-	-
<b>TOTAL</b>	<b>47,551,792</b>	<b>47,551,792</b>	<b>13,112,092</b>	<b>34,439,700</b>	<b>-</b>	<b>-</b>

Rate of Return	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
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Total Return	2,377,590	2,377,590	655,605	1,721,985	-	-
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Cash Basis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			0.00%	0.00%	0.00%	0.00%

Utility Basis	\$ 2,377,590	\$ 2,377,590	\$ 655,605	\$ 1,721,985	\$ -	\$ -
			27.57%	72.43%	0.00%	0.00%

**TOTAL EXPENSES**

Cash Basis	\$ 8,106,303	\$ 6,218,407	\$ 3,334,233	\$ 1,791,945	\$ 1,004,277	\$ 87,952
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Utility Basis	\$ 10,303,316	\$ 9,357,050	\$ 3,669,256	\$ 4,595,565	\$ 1,004,277	\$ 87,952
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<u>Test Year</u> 2008	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL				
	Total Wastewater	Treatment	Collection	Administration	Cust Billing

**Test Year WW 2.0 -- Wastewater Cost Classification**

Scen: Alt #1 -- "BASE"

**CASH BASIS**

Operating Expenses	\$	4,853,017	\$	2,284,071	\$	1,476,717	\$	1,004,277	\$	87,952
Capital Outlays		-		-		-		-		-
Debt Service -- Current		1,365,390		1,050,162		315,228		-		-
Debt Service -- Future		-		-		-		-		-
Depreciation		-		-		-		-		-
Return		-		-		-		-		-
<b>TOTAL EXPENSES</b>	<b>\$</b>	<b>6,218,407</b>	<b>\$</b>	<b>3,334,233</b>	<b>\$</b>	<b>1,791,945</b>	<b>\$</b>	<b>1,004,277</b>	<b>\$</b>	<b>87,952</b>
<b>Percentage</b>		<b>100.00%</b>		<b>53.62%</b>		<b>28.82%</b>		<b>16.15%</b>		<b>1.41%</b>
<b>Allocation of Administration:</b>										
Total WW less Admin		5,214,130		3,334,233		1,791,945		na		87,952
Percent of Total		<u>100.00%</u>		<u>63.95%</u>		<u>34.37%</u>		<u>na</u>		<u>1.69%</u>
<b>Administration Allocation</b>		1,004,277		642,196		345,141		na		16,940
<b>Sub-Total</b>		6,218,407		3,976,429		2,137,086		na		104,892
<b>Sub-Total Percentage</b>		100.00%		63.95%		34.37%		na		1.69%
Non-Rate Revenues		(916,000)		(585,746)		(314,803)		na		(15,451)
<b>WASTEWATER COST CLASSIFICATION</b>	<b>\$</b>	<b>5,302,407</b>	<b>\$</b>	<b>3,390,683</b>	<b>\$</b>	<b>1,822,283</b>	<b>na</b>	<b>\$</b>	<b>na</b>	<b>89,441</b>

<b>Test Year 2008</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>				
	<b>Total Wastewater</b>	<b>Treatment</b>	<b>Collection</b>	<b>Administration</b>	<b>Cust Billing</b>

**Test Year WW 2.0 -- Wastewater Cost Classification**

Scen: Alt #1 -- "BASE"

**UTILITY BASIS**

Operating Expenses	\$ 4,853,017	\$ 2,284,071	\$ 1,476,717	\$ 1,004,277	87,952
Capital Outlays	-	-	-	-	-
Debt Service -- Current	306,328	151,218	155,110	-	-
Debt Service -- Future	-	-	-	-	-
Depreciation	1,820,115	578,362	1,241,753	-	-
Return	2,377,590	655,605	1,721,985	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 9,357,050</b>	<b>\$ 3,669,256</b>	<b>\$ 4,595,565</b>	<b>\$ 1,004,277</b>	<b>87,952</b>
<b>Percentage</b>	<b>100.00%</b>	<b>39.21%</b>	<b>49.11%</b>	<b>10.73%</b>	<b>0.94%</b>
<b>Allocation of Administration:</b>					
Total WW less Admin	8,352,773	3,669,256	4,595,565	na	87,952
Percent of Total	<u>100.00%</u>	<u>43.93%</u>	<u>55.02%</u>	<u>na</u>	<u>1.05%</u>
<b>Administration Allocation</b>	1,004,277	441,165	552,537	na	10,575
<b>Sub-Total</b>	9,357,050	4,110,420	5,148,102	na	98,527
<b>Sub-Total Percentage</b>	100.00%	43.93%	55.02%	na	1.05%
Non-Rate Revenues	(916,000)	(402,386)	(503,969)	na	(9,645)
<b>WASTEWATER COST CLASSIFICATION</b>	<b>\$ 8,441,050</b>	<b>\$ 3,708,034</b>	<b>\$ 4,644,134</b>	<b>na</b>	<b>\$ 88,882</b>

<p><b>Forecast</b> 2008-2017</p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<p><b>Total Expense:</b></p>										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast WW 3.0 -- Wastewater Utility Cost of Service**

Scen: Alt #1 -- "BASE"

**NON-RATE REVENUES**

Water Division

0	Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0	Water System Impact Fee	-	-	-	-	-	-	-	-	-	-
0	Water Resource Development Fee	-	-	-	-	-	-	-	-	-	-
0	Alternate Water Source Fees	-	-	-	-	-	-	-	-	-	-
0	Water Connection Fees	-	-	-	-	-	-	-	-	-	-
0	Rechargeable Effluent Fee	-	-	-	-	-	-	-	-	-	-
0	Interest Income	-	-	-	-	-	-	-	-	-	-
0	Misc.	-	-	-	-	-	-	-	-	-	-
0	Bond Proceeds	-	-	-	-	-	-	-	-	-	-
0	Intergovernmental Contributions	-	-	-	-	-	-	-	-	-	-
0	Interfund Receivable	-	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-	-	-	-	-

Wastewater Division

0	Sewer Service Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0	Sewer Buy-In Fees	-	-	-	-	-	-	-	-	-	-
0	Misc.	581,000	598,430	616,383	634,874	653,921	673,538	693,744	714,557	735,993	758,073
0	Effluent Recharge Fees	150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716
0	Interest Income	175,000	180,250	185,658	191,227	196,964	202,873	208,959	215,228	221,685	228,335
0	Sewer Connection Fees	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
0	Bond Proceeds	-	-	-	-	-	-	-	-	-	-
0	Imp. District Bonds/Prop Owner Pmts	-	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-	-
0	Revenue	-	-	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>	916,000	943,480	971,784	1,000,938	1,030,966	1,061,895	1,093,752	1,126,564	1,160,361	1,195,172
	Reserve Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Sub-Total</b>	-	-	-	-	-	-	-	-	-	-

**TOTAL NON-RATE REVENUES**

<b>Cash Basis</b>	<b>\$ 916,000</b>	<b>\$ 943,480</b>	<b>\$ 971,784</b>	<b>\$ 1,000,938</b>	<b>\$ 1,030,966</b>	<b>\$ 1,061,895</b>	<b>\$ 1,093,752</b>	<b>\$ 1,126,564</b>	<b>\$ 1,160,361</b>	<b>\$ 1,195,172</b>
<b>Utility Basis</b>	<b>\$ 916,000</b>	<b>\$ 943,480</b>	<b>\$ 971,784</b>	<b>\$ 1,000,938</b>	<b>\$ 1,030,966</b>	<b>\$ 1,061,895</b>	<b>\$ 1,093,752</b>	<b>\$ 1,126,564</b>	<b>\$ 1,160,361</b>	<b>\$ 1,195,172</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<p><b>Total Expense:</b></p>										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast WW 3.0 -- Wastewater Utility Cost of Service**

Scen: Alt #1 -- "BASE"

**OPERATING EXPENSES**

**Wastewater Division**

**1 WW -- Effluent Delivery**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>PERSONNEL</b>										
110 Salaries - Full Time Perma	\$ 47,192	\$ 50,024	\$ 53,025	\$ 56,206	\$ 59,579	\$ 63,154	\$ 66,943	\$ 70,959	\$ 75,217	\$ 79,730
112 Pay-For-Performance	-	-	-	-	-	-	-	-	-	-
120 Salaries -- Seasonal	-	-	-	-	-	-	-	-	-	-
130 Overtime	1,000	1,060	1,124	1,191	1,262	1,338	1,419	1,504	1,594	1,689
140 FICA	3,573	3,859	4,168	4,501	4,861	5,250	5,670	6,123	6,613	7,142
150 Retirement Contributions	4,626	4,996	5,396	5,827	6,294	6,797	7,341	7,928	8,562	9,247
170 Health Insurance	6,792	7,335	7,922	8,556	9,240	9,980	10,778	11,640	12,572	13,577
180 Workmen's Compensation Ins	1,264	1,365	1,474	1,592	1,720	1,857	2,006	2,166	2,340	2,527
<b>TOTAL</b>	<b>64,447</b>	<b>68,639</b>	<b>73,108</b>	<b>77,874</b>	<b>82,956</b>	<b>88,376</b>	<b>94,156</b>	<b>100,321</b>	<b>106,898</b>	<b>113,913</b>
<b>SUPPLIES</b>										
201 Office Supplies	\$ 60	\$ 62	\$ 64	\$ 66	\$ 68	\$ 70	\$ 72	\$ 74	\$ 76	\$ 78
210 Agricultural Supplies	-	-	-	-	-	-	-	-	-	-
220 Small Tools & Equipment	450	464	477	492	506	522	537	553	570	587
230 Uniforms	200	212	225	238	252	268	284	301	319	338
235 Uniform Cleaning & Laundry	-	-	-	-	-	-	-	-	-	-
240 Education & Recreation Sup	-	-	-	-	-	-	-	-	-	-
250 Chemicals & Laboratory Sup	6,000	6,297	6,661	7,114	7,574	8,064	8,567	9,118	9,669	10,271
260 Photographic & Duplication	-	-	-	-	-	-	-	-	-	-
270 Janitorial Supplies	50	52	53	55	56	58	60	61	63	65
280 Revolving Inventory	-	-	-	-	-	-	-	-	-	-
290 Other Operating Supplies	100	103	106	109	113	116	119	123	127	130
300 Landfill & Transfer Fees	-	-	-	-	-	-	-	-	-	-
310 Gas, Oil & Lubricants	1,800	1,889	2,003	2,131	2,266	2,407	2,554	2,708	2,869	3,037
315 Tires & Tubes	200	210	223	237	252	267	284	301	319	337
320 Material To Main	1,000	1,030	1,061	1,093	1,126	1,169	1,194	1,230	1,267	1,305
325 Infrastructure Main Materials	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619
330 Mater.to Maintain Building	4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,919	5,067	5,219
340 Paint	-	-	-	-	-	-	-	-	-	-
350 Street Maintenance Materia	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>38,860</b>	<b>40,188</b>	<b>41,638</b>	<b>43,224</b>	<b>44,852</b>	<b>46,550</b>	<b>48,298</b>	<b>50,136</b>	<b>52,015</b>	<b>53,988</b>

<b>Forecast</b> <b>2008-2017</b>	<b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b>									
<b>Total Expense:</b>										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast WW 3.0 -- Wastewater Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

OTHER SERVICES & CHARGES	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
400 Computer Service	-	-	-	-	-	-	-	-	-	-
405 Personnel Div Charges	-	-	-	-	-	-	-	-	-	-
407 City Admin Cost	-	-	-	-	-	-	-	-	-	-
410 Architectural & Engineerin	-	-	-	-	-	-	-	-	-	-
413 Legal Services	-	-	-	-	-	-	-	-	-	-
414 Medical Services	-	-	-	-	-	-	-	-	-	-
415 Auditing & Accounting	-	-	-	-	-	-	-	-	-	-
417 Advertising	-	-	-	-	-	-	-	-	-	-
418 Other Professional Service	4,800	4,944	5,092	5,245	5,402	5,565	5,731	5,903	6,080	6,263
421 Postage & Freight Charges	-	-	-	-	-	-	-	-	-	-
422 Telephone & Telecom	450	464	477	492	506	522	537	553	570	587
433 Hauling Fees	-	-	-	-	-	-	-	-	-	-
436 Internal Repair Work Order	1,400	1,442	1,485	1,530	1,576	1,623	1,672	1,722	1,773	1,827
438 Internal Engineering Charge	-	-	-	-	-	-	-	-	-	-
440 Vehicle Replacement Chgs	-	-	-	-	-	-	-	-	-	-
445 Facilities Maintenance Cha	-	-	-	-	-	-	-	-	-	-
450 Training/Conferences	300	309	318	328	338	348	358	369	380	391
461 Printing & Binding	-	-	-	-	-	-	-	-	-	-
473 Office Equip & Furn Rental	-	-	-	-	-	-	-	-	-	-
474 Machinery & Equipment Rent	700	721	743	765	788	811	836	861	887	913
475 Other Rents	-	-	-	-	-	-	-	-	-	-
481 Electric	30,250	33,262	36,843	41,196	45,917	51,184	56,934	63,444	70,453	78,359
482 Gas	-	-	-	-	-	-	-	-	-	-
483 Water	-	-	-	-	-	-	-	-	-	-
511 Insurance	234	253	273	295	318	344	371	401	433	468
520 Maintenance Computer Software	-	-	-	-	-	-	-	-	-	-
522 Maintenance,Bldgs & Struct	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305
523 Maintenance,Office Equip.	-	-	-	-	-	-	-	-	-	-
524 Maintenance,machinery,equi	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305
525 Misc. Maintenance	-	-	-	-	-	-	-	-	-	-
542 DEQ Fees & Permits	-	-	-	-	-	-	-	-	-	-
545 Emp & Vol Recognition	-	-	-	-	-	-	-	-	-	-
550 Subscription & Memberships	40	41	42	44	45	46	48	49	51	52
575 Other Services	-	-	-	-	-	-	-	-	-	-
580 Contingency	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>40,174</b>	<b>43,496</b>	<b>47,396</b>	<b>52,079</b>	<b>57,142</b>	<b>62,761</b>	<b>68,876</b>	<b>75,762</b>	<b>83,161</b>	<b>91,470</b>
<b>TOTAL</b>										
<b>Cash Basis</b>	<b>\$ 143,481</b>	<b>\$ 152,323</b>	<b>\$ 162,142</b>	<b>\$ 173,177</b>	<b>\$ 184,950</b>	<b>\$ 197,687</b>	<b>\$ 211,330</b>	<b>\$ 226,219</b>	<b>\$ 242,074</b>	<b>\$ 259,371</b>
<b>Utility Basis</b>	<b>\$ 143,481</b>	<b>\$ 152,323</b>	<b>\$ 162,142</b>	<b>\$ 173,177</b>	<b>\$ 184,950</b>	<b>\$ 197,687</b>	<b>\$ 211,330</b>	<b>\$ 226,219</b>	<b>\$ 242,074</b>	<b>\$ 259,371</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<p><b>Total Expense:</b></p>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast WW 3.0 -- Wastewater Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**2 WW -- Wastewater Collection**

<b>PERSONNEL</b>																					
110	Salaries - Full Time Perma	\$	535,409	\$	649,904	\$	688,898	\$	776,159	\$	871,238	\$	923,513	\$	978,923	\$	1,095,243	\$	1,160,957	\$	1,230,614
112	Pay-For-Performance		2,760		3,350		3,551		4,001		4,491		4,761		5,046		5,646		5,985		6,344
120	Salaries -- Seasonal		10,000		12,138		12,867		14,497		16,272		17,249		18,284		20,456		21,684		22,985
130	Overtime		57,500		69,796		73,984		83,355		93,566		99,180		105,131		117,623		124,680		132,161
140	FICA		43,659		53,868		58,178		66,711		76,217		82,314		88,900		101,241		109,340		118,087
150	Retirement Contributions		58,142		71,738		77,477		88,841		101,500		109,621		118,390		134,826		145,612		157,260
170	Health Insurance		90,773		112,000		120,960		138,701		158,466		171,143		184,834		210,494		227,333		245,520
180	Workmen's Compensation Ins		22,980		28,354		30,622		35,113		40,117		43,326		46,792		53,288		57,551		62,156
	<b>TOTAL</b>		<b>821,223</b>		<b>1,001,149</b>		<b>1,066,538</b>		<b>1,207,377</b>		<b>1,361,868</b>		<b>1,451,106</b>		<b>1,546,301</b>		<b>1,738,816</b>		<b>1,853,142</b>		<b>1,975,127</b>
<b>SUPPLIES</b>																					
201	Office Supplies	\$	1,600	\$	1,648	\$	1,697	\$	1,748	\$	1,801	\$	1,855	\$	1,910	\$	1,968	\$	2,027	\$	2,088
210	Agricultural Supplies		-		-		-		-		-		-		-		-		-		-
220	Small Tools & Equipment		3,500		3,605		3,713		3,825		3,939		4,057		4,179		4,305		4,434		4,567
230	Uniforms		3,000		3,180		3,371		3,573		3,787		4,015		4,256		4,511		4,782		5,068
235	Uniform Cleaning & Laundry		4,800		5,088		5,393		5,717		6,060		6,423		6,809		7,217		7,650		8,109
240	Education & Recreation Sup		400		412		424		437		450		464		478		492		507		522
250	Chemicals & Laboratory Sup		1,500		1,574		1,665		1,779		1,894		2,016		2,142		2,280		2,417		2,568
260	Photographic & Duplication		150		155		159		164		169		174		179		184		190		196
270	Janitorial Supplies		300		309		318		328		338		348		358		369		380		391
280	Revolving Inventory		2,000		2,060		2,122		2,185		2,251		2,319		2,388		2,460		2,534		2,610
290	Other Operating Supplies		13,000		13,390		13,792		14,205		14,632		15,071		15,523		15,988		16,468		16,962
300	Landfill & Transfer Fees		-		-		-		-		-		-		-		-		-		-
310	Gas, Oil & Lubricants		44,000		46,183		48,952		52,097		55,387		58,841		62,435		66,200		70,127		74,234
315	Tires & Tubes		5,000		5,248		5,563		5,920		6,294		6,686		7,095		7,523		7,969		8,436
320	Material To Main		25,000		25,750		26,523		27,318		28,138		28,982		29,851		30,747		31,669		32,619
325	Infrastructure Main Materials		65,000		66,950		68,959		71,027		73,158		75,353		77,613		79,942		82,340		84,810
330	Mater.to Maintain Building		5,000		5,150		5,305		5,464		5,628		5,796		5,970		6,149		6,334		6,524
340	Paint		1,500		1,545		1,591		1,639		1,688		1,739		1,791		1,845		1,900		1,957
350	Street Maintenance Materia		4,000		4,120		4,244		4,371		4,502		4,637		4,776		4,919		5,067		5,219
	<b>TOTAL</b>		<b>179,750</b>		<b>186,367</b>		<b>193,791</b>		<b>201,797</b>		<b>210,115</b>		<b>218,776</b>		<b>227,754</b>		<b>237,099</b>		<b>246,794</b>		<b>256,880</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<p><b>Total Expense:</b></p>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast WW 3.0 -- Wastewater Utility Cost of Service**

Scen: Alt #1 -- "BASE"

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>OTHER SERVICES &amp; CHARGES</b>										
400 Computer Service	\$ 18,538	\$ 19,094	\$ 19,667	\$ 20,257	\$ 20,865	\$ 21,491	\$ 22,135	\$ 22,799	\$ 23,483	\$ 24,188
405 Personnel Div Charges	-	-	-	-	-	-	-	-	-	-
407 City Admin Cost	-	-	-	-	-	-	-	-	-	-
410 Architectural & Engineerin	-	-	-	-	-	-	-	-	-	-
413 Legal Services	-	-	-	-	-	-	-	-	-	-
414 Medical Services	320	330	339	350	360	371	382	394	405	418
415 Auditing & Accounting	-	-	-	-	-	-	-	-	-	-
417 Advertising	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305
418 Other Professional Service	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167	3,262
421 Postage & Freight Charges	800	840	888	949	1,010	1,075	1,142	1,216	1,289	1,369
422 Telephone & Telecom	3,700	3,811	3,925	4,043	4,164	4,289	4,418	4,551	4,687	4,828
433 Hauling Fees	-	-	-	-	-	-	-	-	-	-
436 Internal Repair Work Order	45,000	46,350	47,741	49,173	50,648	52,167	53,732	55,344	57,005	58,715
438 Internal Engineering Charge	-	-	-	-	-	-	-	-	-	-
440 Vehicle Replacement Chgs	170,700	179,163	189,493	202,404	215,483	229,425	243,727	259,408	275,097	292,212
445 Facilities Maintenance Cha	34,850	35,896	36,972	38,082	39,224	40,401	41,613	42,861	44,147	45,471
450 Training/Conferences	3,900	4,017	4,138	4,262	4,389	4,521	4,657	4,797	4,940	5,089
461 Printing & Binding	250	258	265	273	281	290	299	307	317	326
473 Office Equip & Furn Rental	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305
474 Machinery & Equipment Rent	8,500	8,755	9,018	9,288	9,567	9,854	10,149	10,454	10,768	11,091
475 Other Rents	6,625	6,824	7,028	7,239	7,456	7,680	7,911	8,148	8,392	8,644
481 Electric	99,462	109,366	121,140	135,451	150,976	168,294	187,199	208,603	231,650	257,645
482 Gas	-	-	-	-	-	-	-	-	-	-
483 Water	4,200	4,618	5,115	5,720	6,375	7,107	7,905	8,809	9,782	10,880
511 Insurance	28,649	30,941	33,416	36,089	38,977	42,095	45,462	49,099	53,027	57,269
520 Maintenance Computer Software	-	-	-	-	-	-	-	-	-	-
522 Maintenance,Bldgs & Struct	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524
523 Maintenance,Office Equip.	-	-	-	-	-	-	-	-	-	-
524 Maintenance,machinery,equi	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
525 Misc. Maintenance	-	-	-	-	-	-	-	-	-	-
542 DEQ Fees & Permits	-	-	-	-	-	-	-	-	-	-
545 Emp & Vol Recognition	250	265	281	298	316	335	355	376	398	422
550 Subscription & Memberships	500	515	530	546	563	580	597	615	633	652
575 Other Services	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
580 Contingency	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>475,744</b>	<b>502,026</b>	<b>532,472</b>	<b>568,514</b>	<b>606,368</b>	<b>647,358</b>	<b>690,789</b>	<b>738,659</b>	<b>788,727</b>	<b>843,806</b>
<b>TOTAL</b>										
<b>Cash Basis</b>	<b>\$ 1,476,717</b>	<b>\$ 1,689,542</b>	<b>\$ 1,792,800</b>	<b>\$ 1,977,688</b>	<b>\$ 2,178,351</b>	<b>\$ 2,317,240</b>	<b>\$ 2,464,844</b>	<b>\$ 2,714,574</b>	<b>\$ 2,888,663</b>	<b>\$ 3,075,813</b>
<b>Utility Basis</b>	<b>\$ 1,476,717</b>	<b>\$ 1,689,542</b>	<b>\$ 1,792,800</b>	<b>\$ 1,977,688</b>	<b>\$ 2,178,351</b>	<b>\$ 2,317,240</b>	<b>\$ 2,464,844</b>	<b>\$ 2,714,574</b>	<b>\$ 2,888,663</b>	<b>\$ 3,075,813</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<p><b>Total Expense:</b></p>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast WW 3.0 -- Wastewater Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**3 WW -- Wastewater Treatment Plants**

<b>PERSONNEL</b>											
110	Salaries - Full Time Perma	\$ 635,180	\$ 726,222	\$ 769,796	\$ 875,199	\$ 1,052,739	\$ 1,115,903	\$ 1,182,857	\$ 1,253,829	\$ 1,329,059	\$ 1,408,802
112	Pay-For-Performance	3,060	3,499	3,709	4,216	5,072	5,376	5,698	6,040	6,403	6,787
120	Salaries -- Seasonal	-	-	-	-	-	-	-	-	-	-
130	Overtime	41,825	47,820	50,689	57,630	69,320	73,479	77,888	82,561	87,515	92,766
140	FICA	50,616	58,883	63,594	73,573	89,970	97,167	104,941	113,336	122,403	132,195
150	Retirement Contributions	65,286	75,949	82,025	94,897	116,045	125,329	135,355	146,184	157,879	170,509
170	Health Insurance	77,976	90,712	97,969	113,343	138,602	149,690	161,665	174,598	188,566	203,652
180	Workmen's Compensation Ins	28,704	33,392	36,064	41,723	51,021	55,103	59,511	64,272	69,414	74,967
	<b>TOTAL</b>	<b>902,647</b>	<b>1,036,478</b>	<b>1,103,845</b>	<b>1,260,580</b>	<b>1,522,769</b>	<b>1,622,048</b>	<b>1,727,916</b>	<b>1,840,821</b>	<b>1,961,238</b>	<b>2,089,677</b>
<b>SUPPLIES</b>											
201	Office Supplies	\$ 1,300	\$ 1,339	\$ 1,379	\$ 1,421	\$ 1,463	\$ 1,507	\$ 1,552	\$ 1,599	\$ 1,647	\$ 1,696
210	Agricultural Supplies	-	-	-	-	-	-	-	-	-	-
220	Small Tools & Equipment	4,500	4,635	4,774	4,917	5,065	5,217	5,373	5,534	5,700	5,871
230	Uniforms	1,400	1,484	1,573	1,667	1,767	1,874	1,986	2,105	2,231	2,365
235	Uniform Cleaning & Laundry	3,900	4,134	4,382	4,645	4,924	5,219	5,532	5,864	6,216	6,589
240	Education & Recreation Sup	200	206	212	219	225	232	239	246	253	261
250	Chemicals & Laboratory Sup	85,000	89,214	94,358	100,787	107,300	114,242	121,364	129,172	136,984	145,507
260	Photographic & Duplication	-	-	-	-	-	-	-	-	-	-
270	Janitorial Supplies	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305
280	Revolving Inventory	-	-	-	-	-	-	-	-	-	-
290	Other Operating Supplies	10,750	11,073	11,405	11,747	12,099	12,462	12,836	13,221	13,618	14,026
300	Landfill & Transfer Fees	-	-	-	-	-	-	-	-	-	-
310	Gas, Oil & Lubricants	12,650	13,278	14,074	14,978	15,924	16,917	17,950	19,033	20,161	21,342
315	Tires & Tubes	2,000	2,099	2,225	2,368	2,518	2,675	2,838	3,009	3,188	3,374
320	Material To Main	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
325	Infrastructure Main Materials	110,000	113,300	116,699	120,200	123,806	127,520	131,346	135,286	139,345	143,525
330	Mater.to Maintain Building	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
340	Paint	-	-	-	-	-	-	-	-	-	-
350	Street Maintenance Materia	200	206	212	219	225	232	239	246	253	261
	<b>TOTAL</b>	<b>262,900</b>	<b>272,897</b>	<b>284,181</b>	<b>297,042</b>	<b>310,206</b>	<b>324,034</b>	<b>338,271</b>	<b>353,442</b>	<b>368,867</b>	<b>385,267</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<p><b>Total Expense:</b></p>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast WW 3.0 -- Wastewater Utility Cost of Service**

Scen: Alt #1 -- "BASE"

<b>OTHER SERVICES &amp; CHARGES</b>											
400	Computer Service	\$ 15,448	\$ 15,911	\$ 16,389	\$ 16,880	\$ 17,387	\$ 17,908	\$ 18,446	\$ 18,999	\$ 19,569	\$ 20,156
405	Personnel Div Charges	-	-	-	-	-	-	-	-	-	-
407	City Admin Cost	-	-	-	-	-	-	-	-	-	-
410	Architectural & Engineerin	-	-	-	-	-	-	-	-	-	-
413	Legal Services	-	-	-	-	-	-	-	-	-	-
414	Medical Services	360	371	382	393	405	417	430	443	456	470
415	Auditing & Accounting	-	-	-	-	-	-	-	-	-	-
417	Advertising	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167	3,262
418	Other Professional Service	50,000	51,500	53,045	54,636	56,275	57,964	59,703	61,494	63,339	65,239
421	Postage & Freight Charges	220	231	244	261	278	296	314	334	355	377
422	Telephone & Telecom	4,500	4,635	4,774	4,917	5,065	5,217	5,373	5,534	5,700	5,871
433	Hauling Fees	175,000	180,250	185,658	191,227	196,964	202,873	208,959	215,228	221,685	228,335
436	Internal Repair Work Order	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572
438	Internal Engineering Charge	-	-	-	-	-	-	-	-	-	-
440	Vehicle Replacement Chgs	65,100	68,327	72,267	77,191	82,179	87,496	92,950	98,931	104,914	111,441
445	Facilities Maintenance Cha	105,689	108,860	112,125	115,489	118,954	122,523	126,198	129,984	133,884	137,900
450	Training/Conferences	3,450	3,554	3,660	3,770	3,883	3,999	4,119	4,243	4,370	4,501
461	Printing & Binding	200	206	212	219	225	232	239	246	253	261
473	Office Equip & Furn Rental	-	-	-	-	-	-	-	-	-	-
474	Machinery & Equipment Rent	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167	3,262
475	Other Rents	-	-	-	-	-	-	-	-	-	-
481	Electric	385,000	423,337	468,912	524,308	584,403	651,436	724,616	807,467	896,676	997,298
482	Gas	71,000	78,070	86,475	96,691	107,773	120,135	133,630	148,909	165,361	183,917
483	Water	10,274	11,297	12,513	13,992	15,595	17,384	19,337	21,548	23,928	26,614
511	Insurance	17,252	18,632	20,123	21,733	23,471	25,349	27,377	29,567	31,932	34,487
520	Maintenance Computer Software	-	-	-	-	-	-	-	-	-	-
522	Maintenance,Bldgs & Struct	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167	3,262
523	Maintenance,Office Equip.	250	258	265	273	281	290	299	307	317	326
524	Maintenance,machinery,equi	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
525	Misc. Maintenance	-	-	-	-	-	-	-	-	-	-
542	DEQ Fees & Permits	13,000	13,644	14,431	15,415	16,411	17,472	18,562	19,756	20,951	22,254
545	Emp & Vol Recognition	-	-	-	-	-	-	-	-	-	-
550	Subscription & Memberships	450	464	477	492	506	522	537	553	570	587
575	Other Services	350	361	371	382	394	406	418	430	443	457
580	Contingency	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619
	<b>TOTAL</b>	<b>975,043</b>	<b>1,039,132</b>	<b>1,113,325</b>	<b>1,201,101</b>	<b>1,295,166</b>	<b>1,398,576</b>	<b>1,510,165</b>	<b>1,634,692</b>	<b>1,767,543</b>	<b>1,915,516</b>
<b>TOTAL</b>											
	<b>Cash Basis</b>	<b>\$ 2,140,590</b>	<b>\$ 2,348,507</b>	<b>\$ 2,501,352</b>	<b>\$ 2,758,723</b>	<b>\$ 3,128,142</b>	<b>\$ 3,344,658</b>	<b>\$ 3,576,352</b>	<b>\$ 3,828,954</b>	<b>\$ 4,097,648</b>	<b>\$ 4,390,460</b>
	<b>Utility Basis</b>	<b>\$ 2,140,590</b>	<b>\$ 2,348,507</b>	<b>\$ 2,501,352</b>	<b>\$ 2,758,723</b>	<b>\$ 3,128,142</b>	<b>\$ 3,344,658</b>	<b>\$ 3,576,352</b>	<b>\$ 3,828,954</b>	<b>\$ 4,097,648</b>	<b>\$ 4,390,460</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<p><b>Total Expense:</b></p>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast WW 3.0 -- Wastewater Utility Cost of Service**

Scen: Alt #1 -- "BASE"

**4 WW -- Wastewater Utilities Administration**

<b>PERSONNEL</b>											
110	Salaries - Full Time Perma	\$ 295,753	\$ 313,498	\$ 332,308	\$ 352,247	\$ 373,381	\$ 395,784	\$ 419,531	\$ 444,703	\$ 471,385	\$ 499,668
112	Pay-For-Performance	1,300	1,378	1,461	1,548	1,641	1,740	1,844	1,955	2,072	2,196
120	Salaries -- Seasonal	-	-	-	-	-	-	-	-	-	-
130	Overtime	1,750	1,855	1,966	2,084	2,209	2,342	2,482	2,631	2,789	2,957
140	FICA	22,074	23,840	25,747	27,807	30,031	32,434	35,029	37,831	40,857	44,126
150	Retirement Contributions	28,685	30,980	33,458	36,135	39,026	42,148	45,519	49,161	53,094	57,341
170	Health Insurance	24,126	26,056	28,141	30,392	32,823	35,449	38,285	41,348	44,656	48,228
180	Workmen's Compensation Ins	4,109	4,438	4,793	5,176	5,590	6,037	6,520	7,042	7,605	8,214
	<b>TOTAL</b>	<b>377,797</b>	<b>402,045</b>	<b>427,874</b>	<b>455,389</b>	<b>484,702</b>	<b>515,934</b>	<b>549,211</b>	<b>584,671</b>	<b>622,459</b>	<b>662,731</b>
<b>SUPPLIES</b>											
201	Office Supplies	\$ 2,000	\$ 2,060	\$ 2,122	\$ 2,185	\$ 2,251	\$ 2,319	\$ 2,388	\$ 2,460	\$ 2,534	\$ 2,610
210	Agricultural Supplies	-	-	-	-	-	-	-	-	-	-
220	Small Tools & Equipment	6,000	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829
230	Uniforms	500	530	562	596	631	669	709	752	797	845
235	Uniform Cleaning & Laundry	-	-	-	-	-	-	-	-	-	-
240	Education & Recreation Sup	500	515	530	546	563	580	597	615	633	652
250	Chemicals & Laboratory Sup	-	-	-	-	-	-	-	-	-	-
260	Photographic & Duplication	500	515	530	546	563	580	597	615	633	652
270	Janitorial Supplies	150	155	159	164	169	174	179	184	190	196
280	Revolving Inventory	-	-	-	-	-	-	-	-	-	-
290	Other Operating Supplies	6,000	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829
300	Landfill & Transfer Fees	100	103	106	109	113	116	119	123	127	130
310	Gas, Oil & Lubricants	1,000	1,050	1,113	1,184	1,259	1,337	1,419	1,505	1,594	1,687
315	Tires & Tubes	600	630	668	710	755	802	851	903	956	1,012
320	Material To Main	-	-	-	-	-	-	-	-	-	-
325	Infrastructure Main Materials	-	-	-	-	-	-	-	-	-	-
330	Mater.to Maintain Building	-	-	-	-	-	-	-	-	-	-
340	Paint	-	-	-	-	-	-	-	-	-	-
350	Street Maintenance Materia	-	-	-	-	-	-	-	-	-	-
	<b>TOTAL</b>	<b>17,350</b>	<b>17,917</b>	<b>18,521</b>	<b>19,154</b>	<b>19,809</b>	<b>20,488</b>	<b>21,189</b>	<b>21,915</b>	<b>22,665</b>	<b>23,442</b>

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<p><b>Total Expense:</b></p>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast WW 3.0 -- Wastewater Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>OTHER SERVICES &amp; CHARGES</b>										
400 Computer Service	\$ 20,083	\$ 20,685	\$ 21,306	\$ 21,945	\$ 22,604	\$ 23,282	\$ 23,980	\$ 24,700	\$ 25,441	\$ 26,204
405 Personnel Div Charges	39,242	40,419	41,632	42,881	44,167	45,492	46,857	48,263	49,711	51,202
407 City Admin Cost	146,991	151,401	155,943	160,621	165,440	170,403	175,515	180,780	186,204	191,790
410 Architectural & Engineerin	7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867	9,133
413 Legal Services	-	-	-	-	-	-	-	-	-	-
414 Medical Services	-	-	-	-	-	-	-	-	-	-
415 Auditing & Accounting	219,810	226,404	233,196	240,192	247,398	254,820	262,465	270,339	278,449	286,802
417 Advertising	500	515	530	546	563	580	597	615	633	652
418 Other Professional Service	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572
421 Postage & Freight Charges	250	262	278	296	316	336	357	380	403	428
422 Telephone & Telecom	1,250	1,288	1,326	1,366	1,407	1,449	1,493	1,537	1,583	1,631
433 Hauling Fees	-	-	-	-	-	-	-	-	-	-
436 Internal Repair Work Order	-	-	-	-	-	-	-	-	-	-
438 Internal Engineering Charge	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305
440 Vehicle Replacement Chgs	-	-	-	-	-	-	-	-	-	-
445 Facilities Maintenance Cha	4,728	4,870	5,016	5,166	5,321	5,481	5,645	5,815	5,989	6,169
450 Training/Conferences	1,275	1,313	1,353	1,393	1,435	1,478	1,522	1,568	1,615	1,664
461 Printing & Binding	200	206	212	219	225	232	239	246	253	261
473 Office Equip & Furn Rental	-	-	-	-	-	-	-	-	-	-
474 Machinery & Equipment Rent	-	-	-	-	-	-	-	-	-	-
475 Other Rents	-	-	-	-	-	-	-	-	-	-
481 Electric	-	-	-	-	-	-	-	-	-	-
482 Gas	-	-	-	-	-	-	-	-	-	-
483 Water	300	330	365	409	455	508	565	629	699	777
511 Insurance	20,259	21,880	23,630	25,521	27,562	29,767	32,148	34,720	37,498	40,498
520 Maintenance Computer Software	4,037	4,158	4,283	4,411	4,544	4,680	4,820	4,965	5,114	5,267
522 Maintenance,Bldgs & Struct	-	-	-	-	-	-	-	-	-	-
523 Maintenance,Office Equip.	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305
524 Maintenance,machinery,equi	-	-	-	-	-	-	-	-	-	-
525 Misc. Maintenance	150	155	159	164	169	174	179	184	190	196
542 DEQ Fees & Permits	-	-	-	-	-	-	-	-	-	-
545 Emp & Vol Recognition	500	530	562	596	631	669	709	752	797	845
550 Subscription & Memberships	800	824	849	874	900	927	955	984	1,013	1,044
575 Other Services	-	-	-	-	-	-	-	-	-	-
580 Contingency	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>484,375</b>	<b>499,960</b>	<b>516,102</b>	<b>532,826</b>	<b>550,149</b>	<b>568,100</b>	<b>586,704</b>	<b>605,994</b>	<b>625,995</b>	<b>646,744</b>
<b>TOTAL</b>										
<b>Cash Basis</b>	<b>\$ 879,522</b>	<b>\$ 919,922</b>	<b>\$ 962,496</b>	<b>\$ 1,007,369</b>	<b>\$ 1,054,661</b>	<b>\$ 1,104,522</b>	<b>\$ 1,157,105</b>	<b>\$ 1,212,580</b>	<b>\$ 1,271,119</b>	<b>\$ 1,332,916</b>
<b>Utility Basis</b>	<b>\$ 879,522</b>	<b>\$ 919,922</b>	<b>\$ 962,496</b>	<b>\$ 1,007,369</b>	<b>\$ 1,054,661</b>	<b>\$ 1,104,522</b>	<b>\$ 1,157,105</b>	<b>\$ 1,212,580</b>	<b>\$ 1,271,119</b>	<b>\$ 1,332,916</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	<b>Total Expense:</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast WW 3.0 -- Wastewater Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

**5 WW -- Development/Retirement/Legal**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>PERSONNEL</b>										
110 Salaries - Full Time Perma	\$ 49,232	\$ 52,186	\$ 55,317	\$ 58,636	\$ 62,154	\$ 65,884	\$ 69,837	\$ 74,027	\$ 78,468	\$ 83,176
112 Pay-For-Performance	-	-	-	-	-	-	-	-	-	-
120 Salaries -- Seasonal	-	-	-	-	-	-	-	-	-	-
130 Overtime	-	-	-	-	-	-	-	-	-	-
140 FICA	3,767	4,068	4,394	4,745	5,125	5,535	5,978	6,456	6,972	7,530
150 Retirement Contributions	-	-	-	-	-	-	-	-	-	-
170 Health Insurance	-	-	-	-	-	-	-	-	-	-
180 Workmen's Compensation Ins	1,905	2,057	2,222	2,400	2,592	2,799	3,023	3,265	3,526	3,808
<b>TOTAL</b>	<b>54,904</b>	<b>58,312</b>	<b>61,933</b>	<b>65,781</b>	<b>69,871</b>	<b>74,218</b>	<b>78,837</b>	<b>83,748</b>	<b>88,967</b>	<b>94,515</b>
<b>SUPPLIES</b>										
201 Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
210 Agricultural Supplies	-	-	-	-	-	-	-	-	-	-
220 Small Tools & Equipment	-	-	-	-	-	-	-	-	-	-
230 Uniforms	-	-	-	-	-	-	-	-	-	-
235 Uniform Cleaning & Laundry	-	-	-	-	-	-	-	-	-	-
240 Education & Recreation Sup	-	-	-	-	-	-	-	-	-	-
250 Chemicals & Laboratory Sup	-	-	-	-	-	-	-	-	-	-
260 Photographic & Duplication	-	-	-	-	-	-	-	-	-	-
270 Janitorial Supplies	-	-	-	-	-	-	-	-	-	-
280 Revolving Inventory	-	-	-	-	-	-	-	-	-	-
290 Other Operating Supplies	-	-	-	-	-	-	-	-	-	-
300 Landfill & Transfer Fees	-	-	-	-	-	-	-	-	-	-
310 Gas, Oil & Lubricants	-	-	-	-	-	-	-	-	-	-
315 Tires & Tubes	-	-	-	-	-	-	-	-	-	-
320 Material To Main	-	-	-	-	-	-	-	-	-	-
325 Infrastructure Main Materials	-	-	-	-	-	-	-	-	-	-
330 Mater.to Maintain Building	-	-	-	-	-	-	-	-	-	-
340 Paint	-	-	-	-	-	-	-	-	-	-
350 Street Maintenance Materia	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>									

<p><b>Forecast</b> <b>2008-2017</b></p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
<p><b>Total Expense:</b></p>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast WW 3.0 -- Wastewater Utility Cost of Service**

**Scen: Alt #1 -- "BASE"**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>OTHER SERVICES &amp; CHARGES</b>										
400 Computer Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
405 Personnel Div Charges	-	-	-	-	-	-	-	-	-	-
407 City Admin Cost	-	-	-	-	-	-	-	-	-	-
410 Architectural & Engineerin	-	-	-	-	-	-	-	-	-	-
413 Legal Services	109,537	112,823	116,208	119,694	123,285	126,983	130,793	134,717	138,758	142,921
414 Medical Services	-	-	-	-	-	-	-	-	-	-
415 Auditing & Accounting	-	-	-	-	-	-	-	-	-	-
417 Advertising	-	-	-	-	-	-	-	-	-	-
418 Other Professional Service	-	-	-	-	-	-	-	-	-	-
421 Postage & Freight Charges	-	-	-	-	-	-	-	-	-	-
422 Telephone & Telecom	-	-	-	-	-	-	-	-	-	-
433 Hauling Fees	-	-	-	-	-	-	-	-	-	-
436 Internal Repair Work Order	-	-	-	-	-	-	-	-	-	-
438 Internal Engineering Charge	48,152	49,597	51,084	52,617	54,196	55,821	57,496	59,221	60,998	62,827
440 Vehicle Replacement Chgs	-	-	-	-	-	-	-	-	-	-
445 Facilities Maintenance Cha	-	-	-	-	-	-	-	-	-	-
450 Training/Conferences	-	-	-	-	-	-	-	-	-	-
461 Printing & Binding	-	-	-	-	-	-	-	-	-	-
473 Office Equip & Furn Rental	-	-	-	-	-	-	-	-	-	-
474 Machinery & Equipment Rent	-	-	-	-	-	-	-	-	-	-
475 Other Rents	-	-	-	-	-	-	-	-	-	-
481 Electric	-	-	-	-	-	-	-	-	-	-
482 Gas	-	-	-	-	-	-	-	-	-	-
483 Water	-	-	-	-	-	-	-	-	-	-
511 Insurance	114	123	133	144	155	168	181	195	211	228
520 Maintenance Computer Software	-	-	-	-	-	-	-	-	-	-
522 Maintenance,Bldgs & Struct	-	-	-	-	-	-	-	-	-	-
523 Maintenance,Office Equip.	-	-	-	-	-	-	-	-	-	-
524 Maintenance,machinery,equi	-	-	-	-	-	-	-	-	-	-
525 Misc. Maintenance	-	-	-	-	-	-	-	-	-	-
542 DEQ Fees & Permits	-	-	-	-	-	-	-	-	-	-
545 Emp & Vol Recognition	-	-	-	-	-	-	-	-	-	-
550 Subscription & Memberships	-	-	-	-	-	-	-	-	-	-
575 Other Services	-	-	-	-	-	-	-	-	-	-
580 Contingency	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>157,803</b>	<b>162,543</b>	<b>167,425</b>	<b>172,455</b>	<b>177,635</b>	<b>182,972</b>	<b>188,470</b>	<b>194,133</b>	<b>199,967</b>	<b>205,976</b>
<b>TOTAL</b>										
<b>Cash Basis</b>	<b>\$ 212,707</b>	<b>\$ 220,854</b>	<b>\$ 229,358</b>	<b>\$ 238,236</b>	<b>\$ 247,506</b>	<b>\$ 257,190</b>	<b>\$ 267,307</b>	<b>\$ 277,880</b>	<b>\$ 288,934</b>	<b>\$ 300,491</b>
<b>Utility Basis</b>	<b>\$ 212,707</b>	<b>\$ 220,854</b>	<b>\$ 229,358</b>	<b>\$ 238,236</b>	<b>\$ 247,506</b>	<b>\$ 257,190</b>	<b>\$ 267,307</b>	<b>\$ 277,880</b>	<b>\$ 288,934</b>	<b>\$ 300,491</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	<b>Total Expense:</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast WW 3.0 -- Wastewater Utility Cost of Service**

Scen: Alt #1 -- "BASE"

**TOTAL OPERATING EXPENSES**

Cash Basis	\$	4,853,017	\$	5,331,149	\$	5,648,148	\$	6,155,193	\$	6,793,610	\$	7,221,296	\$	7,676,937	\$	8,260,208	\$	8,788,437	\$	9,359,051
Utility Basis	\$	4,853,017	\$	5,331,149	\$	5,648,148	\$	6,155,193	\$	6,793,610	\$	7,221,296	\$	7,676,937	\$	8,260,208	\$	8,788,437	\$	9,359,051

**CAPITAL OUTLAYS**

Wastewater Division																				
Expense	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Expense		-		-		-		-		-		-		-		-		-		-
Expense		-		-		-		-		-		-		-		-		-		-
Expense		-		-		-		-		-		-		-		-		-		-
Expense		-		-		-		-		-		-		-		-		-		-
	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

**TOTAL CAPITAL OUTLAYS**

Cash Basis	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Utility Basis	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
<b>Total Expense:</b>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast WW 3.0 -- Wastewater Utility Cost of Service**

Scen: Alt #1 -- "BASE"

**DEBT SERVICE -- CURRENT**

1	<b>MPC 2004-G -- JWK Ranch</b>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-				
	Principal																				
	Interest																				
	Reserve																				
	Sub-Total																				
2	<b>MPC 2004-G -- 93-E Refund</b>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-				
	Principal																				
	Interest																				
	Reserve																				
	Sub-Total																				
3	<b>MPC 1998-F -- Tanks</b>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-				
	Principal																				
	Interest																				
	Reserve																				
	Sub-Total																				
4	<b>MPC 1998-F -- Airport WWTP</b>	\$	192,134	\$	201,741	\$	211,348	\$	220,954	\$	233,763	\$	243,370	\$	256,179	\$	268,988	\$	281,797	\$	297,808
	Principal																				
	Interest		124,864		116,796		108,120		98,820		88,878		78,358		67,102		55,062		42,284		28,900
	Reserve		-		-		-		-		-		-		-		-		-		-
	Sub-Total		316,998		318,537		319,468		319,774		322,641		321,728		323,281		324,050		324,081		326,708
5	<b>MPC 89A Refunding</b>	\$	562,714	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	Principal																				
	Interest		14,136		-		-		-		-		-		-		-		-		-
	Reserve		-		-		-		-		-		-		-		-		-		-
	Sub-Total		576,850		-		-		-		-		-		-		-		-		-
6	<b>MPC 2004-G Refund 93-E</b>	\$	144,096	\$	146,639	\$	118,667	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	Principal																				
	Interest		12,218		8,254		3,856		-		-		-		-		-		-		-
	Reserve		-		-		-		-		-		-		-		-		-		-
	Sub-Total		156,314		154,893		122,523		-		-		-		-		-		-		-
7	<b>MPC -- 920125-08</b>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	Principal																				
	Interest		-		-		-		-		-		-		-		-		-		-
	Reserve		-		-		-		-		-		-		-		-		-		-
	Sub-Total		-		-		-		-		-		-		-		-		-		-
8	<b>MPC -- 910097-08</b>	\$	160,118	\$	166,311	\$	172,743	\$	179,424	\$	186,363	\$	193,571	\$	201,057	\$	208,833	\$	216,909	\$	225,298
	Principal																				
	Interest		155,110		175,696		169,262		162,584		155,642		148,436		140,948		133,172		125,098		116,710
	Reserve		-		-		-		-		-		-		-		-		-		-
	Sub-Total		315,228		342,007		342,005		342,008		342,005		342,007		342,005		342,005		342,007		342,008
<b>TOTAL DEBT SERVICE -- CURRENT</b>		\$	1,059,062	\$	514,691	\$	502,758	\$	400,378	\$	420,126	\$	436,941	\$	457,236	\$	477,821	\$	498,706	\$	523,106
	Principal																				
	Interest		306,328		300,746		281,238		261,404		244,520		226,794		208,050		188,234		167,382		145,610
	Reserve		-		-		-		-		-		-		-		-		-		-
	<b>TOTAL</b>		<b>1,365,390</b>		<b>815,437</b>		<b>783,996</b>		<b>661,782</b>		<b>664,646</b>		<b>663,735</b>		<b>665,286</b>		<b>666,055</b>		<b>666,088</b>		<b>668,716</b>
	<b>Cash Basis</b>	\$	<b>1,365,390</b>	\$	<b>815,437</b>	\$	<b>783,996</b>	\$	<b>661,782</b>	\$	<b>664,646</b>	\$	<b>663,735</b>	\$	<b>665,286</b>	\$	<b>666,055</b>	\$	<b>666,088</b>	\$	<b>668,716</b>
	<b>Utility Basis</b>		<b>306,328</b>		<b>300,746</b>		<b>281,238</b>		<b>261,404</b>		<b>244,520</b>		<b>226,794</b>		<b>208,050</b>		<b>188,234</b>		<b>167,382</b>		<b>145,610</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
<b>Total Expense:</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

*Forecast WW 3.0 -- Wastewater Utility Cost of Service*  
**Scen: Alt #1 -- "BASE"**

**DEBT SERVICE -- FUTURE**

Principal	\$ -	\$ -	\$ 480,644	\$ 914,253	\$ 1,390,263	\$ 1,727,479	\$ 2,056,981	\$ 2,378,423	\$ 2,691,442	\$ 2,972,772
Interest	-	-	963,900	1,768,471	2,599,430	3,087,668	3,514,831	3,881,267	4,187,339	4,387,524
Reserve	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>1,444,544</b>	<b>2,682,725</b>	<b>3,989,693</b>	<b>4,815,147</b>	<b>5,571,812</b>	<b>6,259,691</b>	<b>6,878,781</b>	<b>7,360,296</b>
<b>Cash Basis</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,444,544</b>	<b>\$ 2,682,725</b>	<b>\$ 3,989,693</b>	<b>\$ 4,815,147</b>	<b>\$ 5,571,812</b>	<b>\$ 6,259,691</b>	<b>\$ 6,878,781</b>	<b>\$ 7,360,296</b>
<b>Utility Basis</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 963,900</b>	<b>\$ 1,768,471</b>	<b>\$ 2,599,430</b>	<b>\$ 3,087,668</b>	<b>\$ 3,514,831</b>	<b>\$ 3,881,267</b>	<b>\$ 4,187,339</b>	<b>\$ 4,387,524</b>

**DEPRECIATION**

Existing	\$ 1,820,115	\$ 1,819,999	\$ 1,819,999	\$ 1,820,000	\$ 1,819,999	\$ 1,814,612	\$ 1,805,587	\$ 1,796,572	\$ 1,785,438	\$ 1,785,438
CIP	-	431,960	848,780	1,283,840	1,578,760	1,864,860	2,141,600	2,390,740	2,581,180	2,808,180
<b>TOTAL</b>	<b>1,820,115</b>	<b>2,251,959</b>	<b>2,668,779</b>	<b>3,103,840</b>	<b>3,398,759</b>	<b>3,679,472</b>	<b>3,947,187</b>	<b>4,187,312</b>	<b>4,366,618</b>	<b>4,593,618</b>
<b>Cash Basis</b>	<b>\$ -</b>									
<b>Utility Basis</b>	<b>\$ 1,820,115</b>	<b>\$ 2,251,959</b>	<b>\$ 2,668,779</b>	<b>\$ 3,103,840</b>	<b>\$ 3,398,759</b>	<b>\$ 3,679,472</b>	<b>\$ 3,947,187</b>	<b>\$ 4,187,312</b>	<b>\$ 4,366,618</b>	<b>\$ 4,593,618</b>

**RETURN**

<b>Net Rate Base</b>										
Existing	\$ 47,551,792	\$ 45,731,793	\$ 43,911,794	\$ 42,091,796	\$ 40,271,796	\$ 38,457,184	\$ 36,651,595	\$ 34,855,025	\$ 33,069,587	\$ 31,284,149
CIP	-	21,166,040	41,158,260	61,627,420	74,794,660	87,234,800	98,930,200	108,996,460	115,937,280	124,479,100
<b>TOTAL</b>	<b>47,551,792</b>	<b>66,897,833</b>	<b>85,070,054</b>	<b>103,719,216</b>	<b>115,066,456</b>	<b>125,691,984</b>	<b>135,581,795</b>	<b>143,851,485</b>	<b>149,006,867</b>	<b>155,763,249</b>
<b>Rate of Return</b>	<b>5.0%</b>									
<b>Net Rate Base</b>	<b>2,377,590</b>	<b>3,344,892</b>	<b>4,253,503</b>	<b>5,185,961</b>	<b>5,753,323</b>	<b>6,284,599</b>	<b>6,779,090</b>	<b>7,192,574</b>	<b>7,450,343</b>	<b>7,788,162</b>
<b>Cash Basis</b>	<b>\$ -</b>									
<b>Utility Basis</b>	<b>\$ 2,377,590</b>	<b>\$ 3,344,892</b>	<b>\$ 4,253,503</b>	<b>\$ 5,185,961</b>	<b>\$ 5,753,323</b>	<b>\$ 6,284,599</b>	<b>\$ 6,779,090</b>	<b>\$ 7,192,574</b>	<b>\$ 7,450,343</b>	<b>\$ 7,788,162</b>

**TOTAL EXPENSES**

<b>Cash Basis</b>	<b>\$ 6,218,407</b>	<b>\$ 6,146,586</b>	<b>\$ 7,876,688</b>	<b>\$ 9,499,699</b>	<b>\$ 11,447,949</b>	<b>\$ 12,700,178</b>	<b>\$ 13,914,035</b>	<b>\$ 15,185,954</b>	<b>\$ 16,333,305</b>	<b>\$ 17,388,062</b>
<b>Utility Basis</b>	<b>9,357,050</b>	<b>11,228,745</b>	<b>13,815,567</b>	<b>16,474,868</b>	<b>18,789,642</b>	<b>20,499,829</b>	<b>22,126,095</b>	<b>23,709,596</b>	<b>24,960,118</b>	<b>26,273,965</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>										
Allocation	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
%											

**Forecast WW 4.0 -- Wastewater Utility Cost Functionalization**  
**Scen: Alt #1 -- "BASE"**

**CASH BASIS**

**OPERATING EXPENSES**

**Wastewater Division**

**1 WW -- Effluent Delivery**

Treatment	100.00%	\$ 143,481	\$ 152,323	\$ 162,142	\$ 173,177	\$ 184,950	\$ 197,687	\$ 211,330	\$ 226,219	\$ 242,074	\$ 259,371
Collection	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>143,481</b>	<b>152,323</b>	<b>162,142</b>	<b>173,177</b>	<b>184,950</b>	<b>197,687</b>	<b>211,330</b>	<b>226,219</b>	<b>242,074</b>	<b>259,371</b>

**2 WW -- Wastewater Collection**

Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Collection	100.00%	1,476,717	1,689,542	1,792,800	1,977,688	2,178,351	2,317,240	2,464,844	2,714,574	2,888,663	3,075,813
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>1,476,717</b>	<b>1,689,542</b>	<b>1,792,800</b>	<b>1,977,688</b>	<b>2,178,351</b>	<b>2,317,240</b>	<b>2,464,844</b>	<b>2,714,574</b>	<b>2,888,663</b>	<b>3,075,813</b>

**3 WW -- Wastewater Treatment Plants**

Treatment	100.00%	\$ 2,140,590	\$ 2,348,507	\$ 2,501,352	\$ 2,758,723	\$ 3,128,142	\$ 3,344,658	\$ 3,576,352	\$ 3,828,954	\$ 4,097,648	\$ 4,390,460
Collection	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>2,140,590</b>	<b>2,348,507</b>	<b>2,501,352</b>	<b>2,758,723</b>	<b>3,128,142</b>	<b>3,344,658</b>	<b>3,576,352</b>	<b>3,828,954</b>	<b>4,097,648</b>	<b>4,390,460</b>

**4 WW -- Wastewater Utilities Administration**

Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Collection	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	90.00%	791,570	827,929	866,246	906,632	949,195	994,070	1,041,394	1,091,322	1,144,007	1,199,625
Customer	10.00%	87,952	91,992	96,250	100,737	105,466	110,452	115,710	121,258	127,112	133,292
<b>Sub-Total</b>	<b>100.00%</b>	<b>879,522</b>	<b>919,922</b>	<b>962,496</b>	<b>1,007,369</b>	<b>1,054,661</b>	<b>1,104,522</b>	<b>1,157,105</b>	<b>1,212,580</b>	<b>1,271,119</b>	<b>1,332,916</b>

**5 WW -- Development/Retirement/Legal**

Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Collection	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	100.00%	212,707	220,854	229,358	238,236	247,506	257,190	267,307	277,880	288,934	300,491
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>212,707</b>	<b>220,854</b>	<b>229,358</b>	<b>238,236</b>	<b>247,506</b>	<b>257,190</b>	<b>267,307</b>	<b>277,880</b>	<b>288,934</b>	<b>300,491</b>

**WW -- Total Operating Expenses**

Treatment	\$ 2,284,071	\$ 2,500,830	\$ 2,663,494	\$ 2,931,900	\$ 3,313,092	\$ 3,542,345	\$ 3,787,681	\$ 4,055,174	\$ 4,339,721	\$ 4,649,831
Collection	1,476,717	1,689,542	1,792,800	1,977,688	2,178,351	2,317,240	2,464,844	2,714,574	2,888,663	3,075,813
Admin	1,004,277	1,048,784	1,095,604	1,144,868	1,196,701	1,251,260	1,308,701	1,369,202	1,432,941	1,500,116
Customer	87,952	91,992	96,250	100,737	105,466	110,452	115,710	121,258	127,112	133,292
<b>TOTAL</b>	<b>4,853,017</b>	<b>5,331,149</b>	<b>5,648,148</b>	<b>6,155,193</b>	<b>6,793,610</b>	<b>7,221,296</b>	<b>7,676,937</b>	<b>8,260,208</b>	<b>8,788,437</b>	<b>9,359,051</b>

**CAPITAL OUTLAYS**

Treatment	-	-	-	-	-	-	-	-	-	-
Collection	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>									

Forecast 2008-2017		CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL									
Allocation %	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	

Forecast WW 4.0 -- Wastewater Utility Cost Functionalization  
 Scen: Alt #1 -- "BASE"

**DEBT SERVICE -- CURRENT**

<b>1 MPC 2004-G -- JWK Ranch</b>											
Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	-	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-	-	-	-	-
<b>2 MPC 2004-G -- 93-E Refund</b>											
Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	-	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-	-	-	-	-
<b>3 MPC 1998-F -- Tanks</b>											
Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	-	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-	-	-	-	-
<b>4 MPC 1998-F -- Airport WWTP</b>											
Treatment	\$ 316,998	\$ 318,537	\$ 319,468	\$ 319,774	\$ 322,641	\$ 321,728	\$ 323,281	\$ 324,050	\$ 324,081	\$ 326,708	
Collection	-	-	-	-	-	-	-	-	-	-	
Admin	-	-	-	-	-	-	-	-	-	-	
Customer	-	-	-	-	-	-	-	-	-	-	
Sub-Total	316,998	318,537	319,468	319,774	322,641	321,728	323,281	324,050	324,081	326,708	
<b>5 MPC 89A Refunding</b>											
Treatment	\$ 576,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Collection	-	-	-	-	-	-	-	-	-	-	
Admin	-	-	-	-	-	-	-	-	-	-	
Customer	-	-	-	-	-	-	-	-	-	-	
Sub-Total	576,850	-	-	-	-	-	-	-	-	-	

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
Allocation	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
%										

**Forecast WW 4.0 -- Wastewater Utility Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

**6 MPC 2004-G Refund 93-E**

Treatment	\$ 156,314	\$ 154,893	\$ 122,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>156,314</b>	<b>154,893</b>	<b>122,523</b>	<b>-</b>						

**7 MPC -- 920125-08**

Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>-</b>									

**8 MPC -- 910097-08**

Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	315,228	342,007	342,005	342,008	342,005	342,007	342,005	342,005	342,007	342,008
Admin	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>315,228</b>	<b>342,007</b>	<b>342,005</b>	<b>342,008</b>	<b>342,005</b>	<b>342,007</b>	<b>342,005</b>	<b>342,005</b>	<b>342,007</b>	<b>342,008</b>

**Total Debt Service**

Treatment	\$ 1,050,162	\$ 473,430	\$ 441,991	\$ 319,774	\$ 322,641	\$ 321,728	\$ 323,281	\$ 324,050	\$ 324,081	\$ 326,708
Collection	315,228	342,007	342,005	342,008	342,005	342,007	342,005	342,005	342,007	342,008
Admin	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,365,390</b>	<b>815,437</b>	<b>783,996</b>	<b>661,782</b>	<b>664,646</b>	<b>663,735</b>	<b>665,286</b>	<b>666,055</b>	<b>666,088</b>	<b>668,716</b>

**DEBT SERVICE -- FUTURE**

**Total Debt Service**

Treatment	\$ -	\$ -	\$ 336,144	\$ 624,267	\$ 928,397	\$ 1,120,479	\$ 1,296,554	\$ 1,456,622	\$ 1,600,684	\$ 1,712,732
Collection	-	-	1,108,400	2,058,458	3,061,296	3,694,668	4,275,259	4,803,068	5,278,097	5,647,564
Admin	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>1,444,544</b>	<b>2,682,725</b>	<b>3,989,693</b>	<b>4,815,147</b>	<b>5,571,812</b>	<b>6,259,691</b>	<b>6,878,781</b>	<b>7,360,296</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
Allocation	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
%										

**Forecast WW 4.0 -- Wastewater Utility Cost Functionalization**  
**Scen: Alt #1 -- "BASE"**

**DEPRECIATION**

Treatment	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>0.00%</b>	<b>-</b>													

**RETURN**

Treatment	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>0.00%</b>	<b>-</b>													

**TOTAL EXPENSES**

Treatment	\$ 3,334,233	\$ 2,974,260	\$ 3,441,628	\$ 3,875,941	\$ 4,564,129	\$ 4,984,551	\$ 5,407,516	\$ 5,835,846	\$ 6,264,486	\$ 6,689,270
Collection	1,791,945	2,031,549	3,243,205	4,378,154	5,581,652	6,353,915	7,082,107	7,859,648	8,508,767	9,065,385
Admin	1,004,277	1,048,784	1,095,604	1,144,868	1,196,701	1,251,260	1,308,701	1,369,202	1,432,941	1,500,116
Customer	87,952	91,992	96,250	100,737	105,466	110,452	115,710	121,258	127,112	133,292
<b>TOTAL</b>	<b>6,218,407</b>	<b>6,146,586</b>	<b>7,876,688</b>	<b>9,499,699</b>	<b>11,447,949</b>	<b>12,700,178</b>	<b>13,914,035</b>	<b>15,185,954</b>	<b>16,333,305</b>	<b>17,388,062</b>
Check with WW3	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>										
Allocation	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
%											

**Forecast WW 4.0 -- Wastewater Utility Cost Functionalization**  
**Scen: Alt #1 -- "BASE"**

**UTILITY BASIS**

**OPERATING EXPENSES**

**Wastewater Division**

**1 WW -- Effluent Delivery**

Treatment	100.00%	\$ 143,481	\$ 152,323	\$ 162,142	\$ 173,177	\$ 184,950	\$ 197,687	\$ 211,330	\$ 226,219	\$ 242,074	\$ 259,371
Collection	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>143,481</b>	<b>152,323</b>	<b>162,142</b>	<b>173,177</b>	<b>184,950</b>	<b>197,687</b>	<b>211,330</b>	<b>226,219</b>	<b>242,074</b>	<b>259,371</b>

**2 WW -- Wastewater Collection**

Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Collection	100.00%	1,476,717	1,689,542	1,792,800	1,977,688	2,178,351	2,317,240	2,464,844	2,714,574	2,888,663	3,075,813
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>1,476,717</b>	<b>1,689,542</b>	<b>1,792,800</b>	<b>1,977,688</b>	<b>2,178,351</b>	<b>2,317,240</b>	<b>2,464,844</b>	<b>2,714,574</b>	<b>2,888,663</b>	<b>3,075,813</b>

**3 WW -- Wastewater Treatment Plants**

Treatment	100.00%	2,140,590	2,348,507	2,501,352	2,758,723	3,128,142	3,344,658	3,576,352	3,828,954	4,097,648	4,390,460
Collection	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	0.00%	-	-	-	-	-	-	-	-	-	-
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>2,140,590</b>	<b>2,348,507</b>	<b>2,501,352</b>	<b>2,758,723</b>	<b>3,128,142</b>	<b>3,344,658</b>	<b>3,576,352</b>	<b>3,828,954</b>	<b>4,097,648</b>	<b>4,390,460</b>

**4 WW -- Wastewater Utilities Administration**

Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Collection	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	90.00%	791,570	827,929	866,246	906,632	949,195	994,070	1,041,394	1,091,322	1,144,007	1,199,625
Customer	10.00%	87,952	91,992	96,250	100,737	105,466	110,452	115,710	121,258	127,112	133,292
<b>Sub-Total</b>	<b>100.00%</b>	<b>879,522</b>	<b>919,922</b>	<b>962,496</b>	<b>1,007,369</b>	<b>1,054,661</b>	<b>1,104,522</b>	<b>1,157,105</b>	<b>1,212,580</b>	<b>1,271,119</b>	<b>1,332,916</b>

**5 WW -- Development/Retirement/Legal**

Treatment	0.00%	-	-	-	-	-	-	-	-	-	-
Collection	0.00%	-	-	-	-	-	-	-	-	-	-
Admin	100.00%	212,707	220,854	229,358	238,236	247,506	257,190	267,307	277,880	288,934	300,491
Customer	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>100.00%</b>	<b>212,707</b>	<b>220,854</b>	<b>229,358</b>	<b>238,236</b>	<b>247,506</b>	<b>257,190</b>	<b>267,307</b>	<b>277,880</b>	<b>288,934</b>	<b>300,491</b>

**Total Operating Expenses**

Treatment	\$ 2,284,071	\$ 2,500,830	\$ 2,663,494	\$ 2,931,900	\$ 3,313,092	\$ 3,542,345	\$ 3,787,681	\$ 4,055,174	\$ 4,339,721	\$ 4,649,831
Collection	1,476,717	1,689,542	1,792,800	1,977,688	2,178,351	2,317,240	2,464,844	2,714,574	2,888,663	3,075,813
Admin	1,004,277	1,048,784	1,095,604	1,144,868	1,196,701	1,251,260	1,308,701	1,369,202	1,432,941	1,500,116
Customer	87,952	91,992	96,250	100,737	105,466	110,452	115,710	121,258	127,112	133,292
<b>TOTAL</b>	<b>4,853,017</b>	<b>5,331,149</b>	<b>5,648,148</b>	<b>6,155,193</b>	<b>6,793,610</b>	<b>7,221,296</b>	<b>7,676,937</b>	<b>8,260,208</b>	<b>8,788,437</b>	<b>9,359,051</b>

**CAPITAL OUTLAYS**

Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>									

Forecast 2008-2017	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL										
	Allocation %	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast WW 4.0 -- Wastewater Utility Cost Functionalization**  
**Scen: Alt #1 -- "BASE"**

**DEBT SERVICE -- CURRENT**

<b>1 MPC 2004-G -- JWK Ranch</b>												
Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	-	-	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-	-	-	-	-	-
<b>2 MPC 2004-G -- 93-E Refund</b>												
Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	-	-	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-	-	-	-	-	-
<b>3 MPC 1998-F -- Tanks</b>												
Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	-	-	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-	-	-	-	-	-
<b>4 MPC 1998-F -- Airport WWTP</b>												
Treatment	\$ 124,864	\$ 116,796	\$ 108,120	\$ 98,820	\$ 88,878	\$ 78,358	\$ 67,102	\$ 55,062	\$ 42,284	\$ 28,900		
Collection	-	-	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	124,864	116,796	108,120	98,820	88,878	78,358	67,102	55,062	42,284	28,900		
<b>5 MPC 89A Refunding</b>												
Treatment	\$ 14,136	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	-	-	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	14,136	-	-	-	-	-	-	-	-	-	-	-
<b>6 MPC 2004-G Refund 93-E</b>												
Treatment	\$ 12,218	\$ 8,254	\$ 3,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	-	-	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	12,218	8,254	3,856	-	-	-	-	-	-	-	-	-

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
Allocation	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
%										

**Forecast WW 4.0 -- Wastewater Utility Cost Functionalization**

**Scen: Alt #1 -- "BASE"**

**7 MPC -- 920125-08**

Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	-	-	-	-	-	-	-	-	-	-	-
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>-</b>										

**8 MPC -- 910097-08**

Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Collection	155,110	175,696	169,262	162,584	155,642	148,436	140,948	133,172	125,098	116,710	116,710
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	<b>155,110</b>	<b>175,696</b>	<b>169,262</b>	<b>162,584</b>	<b>155,642</b>	<b>148,436</b>	<b>140,948</b>	<b>133,172</b>	<b>125,098</b>	<b>116,710</b>	<b>116,710</b>

**Total Debt Service -- Current**

Treatment	\$ 151,218	\$ 125,050	\$ 111,976	\$ 98,820	\$ 88,878	\$ 78,358	\$ 67,102	\$ 55,062	\$ 42,284	\$ 28,900
Collection	155,110	175,696	169,262	162,584	155,642	148,436	140,948	133,172	125,098	116,710
Admin	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>306,328</b>	<b>300,746</b>	<b>281,238</b>	<b>261,404</b>	<b>244,520</b>	<b>226,794</b>	<b>208,050</b>	<b>188,234</b>	<b>167,382</b>	<b>145,610</b>

**DEBT SERVICE -- FUTURE**

**Total Debt Service -- Future**

Treatment	\$ -	\$ -	\$ 224,298	\$ 411,521	\$ 604,884	\$ 718,496	\$ 817,897	\$ 903,166	\$ 974,388	\$ 1,020,971
Collection	-	-	739,602	1,356,950	1,994,546	2,369,171	2,696,935	2,978,101	3,212,950	3,366,552
Admin	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>963,900</b>	<b>1,768,471</b>	<b>2,599,430</b>	<b>3,087,668</b>	<b>3,514,831</b>	<b>3,881,267</b>	<b>4,187,339</b>	<b>4,387,524</b>

Forecast 2008-2017	CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL										
	Allocation %	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast WW 4.0 -- Wastewater Utility Cost Functionalization**  
**Scen: Alt #1 -- "BASE"**

**DEPRECIATION**

**Current Assets**

Treatment	\$ 578,362	\$ 578,362	\$ 578,362	\$ 578,362	\$ 578,362	\$ 574,853	\$ 574,853	\$ 574,853	\$ 574,853	\$ 574,853	\$ 574,853
Collection	1,241,753	1,241,637	1,241,637	1,241,638	1,241,637	1,239,759	1,230,734	1,221,719	1,210,585	1,210,585	1,210,585
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,820,115</b>	<b>1,819,999</b>	<b>1,819,999</b>	<b>1,820,000</b>	<b>1,819,999</b>	<b>1,814,612</b>	<b>1,805,587</b>	<b>1,796,572</b>	<b>1,785,438</b>	<b>1,785,438</b>	<b>1,785,438</b>

**Future CIP**

Treatment	\$ -	\$ 109,360	\$ 180,360	\$ 276,360	\$ 282,360	\$ 293,960	\$ 305,960	\$ 365,960	\$ 491,960	\$ 653,460	\$ 653,460
Collection	-	322,600	668,420	1,007,480	1,296,400	1,570,900	1,835,640	2,024,780	2,089,220	2,154,720	2,154,720
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>431,960</b>	<b>848,780</b>	<b>1,283,840</b>	<b>1,578,760</b>	<b>1,864,860</b>	<b>2,141,600</b>	<b>2,390,740</b>	<b>2,581,180</b>	<b>2,808,180</b>	<b>2,808,180</b>

**Tota Depreciation**

Treatment	\$ 578,362	\$ 687,722	\$ 758,722	\$ 854,722	\$ 860,722	\$ 868,813	\$ 880,813	\$ 940,813	\$ 1,066,813	\$ 1,228,313	\$ 1,228,313
Collection	1,241,753	1,564,237	1,910,057	2,249,118	2,538,037	2,810,659	3,066,374	3,246,499	3,299,805	3,365,305	3,365,305
Admin	-	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,820,115</b>	<b>2,251,959</b>	<b>2,668,779</b>	<b>3,103,840</b>	<b>3,398,759</b>	<b>3,679,472</b>	<b>3,947,187</b>	<b>4,187,312</b>	<b>4,366,618</b>	<b>4,593,618</b>	<b>4,593,618</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
Allocation	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
%										

**Forecast WW 4.0 -- Wastewater Utility Cost Functionalization**

Scen: Alt #1 -- "BASE"

**RETURN**

**Net Rate Base -- Current**

Treatment	\$ 13,112,092	\$ 12,533,730	\$ 11,955,368	\$ 11,377,007	\$ 10,798,645	\$ 10,223,792	\$ 9,648,936	\$ 9,074,085	\$ 8,499,232	\$ 7,924,379
Collection	34,439,700	33,198,063	31,956,426	30,714,789	29,473,151	28,233,392	27,002,659	25,780,940	24,570,355	23,359,770
Admin	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>47,551,792</b>	<b>45,731,793</b>	<b>43,911,794</b>	<b>42,091,796</b>	<b>40,271,796</b>	<b>38,457,184</b>	<b>36,651,595</b>	<b>34,855,025</b>	<b>33,069,587</b>	<b>31,284,149</b>

**Net Rate Base -- Future CIP**

Treatment	\$ -	\$ 5,358,640	\$ 8,728,280	\$ 13,251,920	\$ 13,269,560	\$ 13,555,600	\$ 13,849,640	\$ 16,483,680	\$ 22,291,720	\$ 29,713,260
Collection	-	15,807,400	32,429,980	48,375,500	61,525,100	73,679,200	85,080,560	92,512,780	93,645,560	94,765,840
Admin	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>21,166,040</b>	<b>41,158,260</b>	<b>61,627,420</b>	<b>74,794,660</b>	<b>87,234,800</b>	<b>98,930,200</b>	<b>108,996,460</b>	<b>115,937,280</b>	<b>124,479,100</b>

**Net Rate Base -- Total**

Treatment	\$ 13,112,092	\$ 17,892,370	\$ 20,683,648	\$ 24,628,927	\$ 24,068,205	\$ 23,779,392	\$ 23,498,576	\$ 25,557,765	\$ 30,790,952	\$ 37,637,639
Collection	34,439,700	49,005,463	64,386,406	79,090,289	90,998,251	101,912,592	112,083,219	118,293,720	118,215,915	118,125,610
Admin	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>47,551,792</b>	<b>66,897,833</b>	<b>85,070,054</b>	<b>103,719,216</b>	<b>115,066,456</b>	<b>125,691,984</b>	<b>135,581,795</b>	<b>143,851,485</b>	<b>149,006,867</b>	<b>155,763,249</b>

<b>Rate of Return</b>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
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**Net Return on Assets**

Treatment	\$ 655,605	\$ 894,619	\$ 1,034,182	\$ 1,231,446	\$ 1,203,410	\$ 1,188,970	\$ 1,174,929	\$ 1,277,888	\$ 1,539,548	\$ 1,881,882
Collection	72.43% 1,721,985	2,450,273	3,219,320	3,954,514	4,549,913	5,095,630	5,604,161	5,914,686	5,910,796	5,906,281
Admin	0.00% -	-	-	-	-	-	-	-	-	-
Customer	0.00% -	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>72.43% 2,377,590</b>	<b>3,344,892</b>	<b>4,253,503</b>	<b>5,185,961</b>	<b>5,753,323</b>	<b>6,284,599</b>	<b>6,779,090</b>	<b>7,192,574</b>	<b>7,450,343</b>	<b>7,788,162</b>

**TOTAL EXPENSES**

Treatment	\$ 3,669,256	\$ 4,208,221	\$ 4,792,672	\$ 5,528,409	\$ 6,070,986	\$ 6,396,982	\$ 6,728,422	\$ 7,232,103	\$ 7,962,755	\$ 8,809,897
Collection	4,595,565	5,879,748	7,831,041	9,700,855	11,416,488	12,741,136	13,973,261	14,987,033	15,437,312	15,830,661
Admin	1,004,277	1,048,784	1,095,604	1,144,868	1,196,701	1,251,260	1,308,701	1,369,202	1,432,941	1,500,116
Customer	87,952	91,992	96,250	100,737	105,466	110,452	115,710	121,258	127,112	133,292
<b>TOTAL</b>	<b>9,357,050</b>	<b>11,228,745</b>	<b>13,815,567</b>	<b>16,474,868</b>	<b>18,789,642</b>	<b>20,499,829</b>	<b>22,126,095</b>	<b>23,709,596</b>	<b>24,960,118</b>	<b>26,273,965</b>

Check with WW3	9,357,050	11,228,745	13,815,567	16,474,868	18,789,642	20,499,829	22,126,095	23,709,596	24,960,118	26,273,965
	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

**CITY OF PRESCOTT  
WATER/WW COST OF SERVICE MODEL**

**Forecast  
2008-2017**

**Allocation  
%**

**2008      2009      2010      2011      2012      2013      2014      2015      2016      2017**

**Forecast WW 5.0 -- Wastewater Cost Classification**

**Scen: Alt #1 -- "BASE"**

**CASH BASIS**

**Total WW Costs**

Treatment	\$ 3,334,233	\$ 2,974,260	\$ 3,441,628	\$ 3,875,941	\$ 4,564,129	\$ 4,984,551	\$ 5,407,516	\$ 5,835,846	\$ 6,264,486	\$ 6,689,270
Collection	1,791,945	2,031,549	3,243,205	4,378,154	5,581,652	6,353,915	7,082,107	7,859,648	8,508,767	9,065,385
Admin	1,004,277	1,048,784	1,095,604	1,144,868	1,196,701	1,251,260	1,308,701	1,369,202	1,432,941	1,500,116
Customer	87,952	91,992	96,250	100,737	105,466	110,452	115,710	121,258	127,112	133,292
<b>Total WW Costs</b>	<b>\$ 6,218,407</b>	<b>\$ 6,146,586</b>	<b>\$ 7,876,688</b>	<b>\$ 9,499,699</b>	<b>\$ 11,447,949</b>	<b>\$ 12,700,178</b>	<b>\$ 13,914,035</b>	<b>\$ 15,185,954</b>	<b>\$ 16,333,305</b>	<b>\$ 17,388,062</b>

**Non-Administration Costs:**

Treatment	\$ 3,334,233	\$ 2,974,260	\$ 3,441,628	\$ 3,875,941	\$ 4,564,129	\$ 4,984,551	\$ 5,407,516	\$ 5,835,846	\$ 6,264,486	\$ 6,689,270
Collection	1,791,945	2,031,549	3,243,205	4,378,154	5,581,652	6,353,915	7,082,107	7,859,648	8,508,767	9,065,385
Customer	87,952	91,992	96,250	100,737	105,466	110,452	115,710	121,258	127,112	133,292
<b>Sub-Total</b>	<b>\$ 5,214,130</b>	<b>\$ 5,097,802</b>	<b>\$ 6,781,083</b>	<b>\$ 8,354,832</b>	<b>\$ 10,251,248</b>	<b>\$ 11,448,918</b>	<b>\$ 12,605,334</b>	<b>\$ 13,816,751</b>	<b>\$ 14,900,365</b>	<b>\$ 15,887,947</b>

**Allocation Percentages:**

Treatment	63.95%	58.34%	50.75%	46.39%	44.52%	43.54%	42.90%	42.24%	42.04%	42.10%
Collection	34.37%	39.85%	47.83%	52.40%	54.45%	55.50%	56.18%	56.88%	57.10%	57.06%
Customer	1.69%	1.80%	1.42%	1.21%	1.03%	0.96%	0.92%	0.88%	0.85%	0.84%
<b>Sub-Total</b>	<b>100.00%</b>									

**Allocation of Administration**

Treatment	\$ 642,196	\$ 611,902	\$ 556,056	\$ 531,122	\$ 532,803	\$ 544,765	\$ 561,415	\$ 578,316	\$ 602,444	\$ 631,591
Collection	345,141	417,956	523,997	599,941	651,586	694,423	735,273	778,870	818,272	855,940
Customer	16,940	18,926	15,551	13,804	12,312	12,071	12,013	12,016	12,224	12,585
<b>Total</b>	<b>\$ 1,004,277</b>	<b>\$ 1,048,784</b>	<b>\$ 1,095,604</b>	<b>\$ 1,144,868</b>	<b>\$ 1,196,701</b>	<b>\$ 1,251,260</b>	<b>\$ 1,308,701</b>	<b>\$ 1,369,202</b>	<b>\$ 1,432,941</b>	<b>\$ 1,500,116</b>

**Allocation of Non-Rate Revenues**

Treatment	\$ 585,746	\$ 550,464	\$ 493,213	\$ 464,351	\$ 459,014	\$ 462,321	\$ 469,205	\$ 475,832	\$ 487,845	\$ 503,201
Collection	314,803	375,991	464,778	524,518	561,346	589,330	614,507	640,845	662,618	681,944
Customer	15,451	17,026	13,793	12,069	10,607	10,245	10,040	9,887	9,899	10,027
<b>Total</b>	<b>\$ 916,000</b>	<b>\$ 943,480</b>	<b>\$ 971,784</b>	<b>\$ 1,000,938</b>	<b>\$ 1,030,966</b>	<b>\$ 1,061,895</b>	<b>\$ 1,093,752</b>	<b>\$ 1,126,564</b>	<b>\$ 1,160,361</b>	<b>\$ 1,195,172</b>

**Total WW Classification**

Treatment	\$ 3,390,683	\$ 3,035,699	\$ 3,504,471	\$ 3,942,712	\$ 4,637,919	\$ 5,066,995	\$ 5,499,727	\$ 5,938,330	\$ 6,379,085	\$ 6,817,660
Collection	1,822,283	2,073,514	3,302,425	4,453,577	5,671,893	6,459,008	7,202,873	7,997,672	8,664,422	9,239,380
Customer	89,441	93,892	98,007	102,472	107,171	112,279	117,684	123,387	129,437	135,850
<b>TOTAL</b>	<b>\$ 5,302,407</b>	<b>\$ 5,203,106</b>	<b>\$ 6,904,903</b>	<b>\$ 8,498,761</b>	<b>\$ 10,416,983</b>	<b>\$ 11,638,283</b>	<b>\$ 12,820,284</b>	<b>\$ 14,059,389</b>	<b>\$ 15,172,944</b>	<b>\$ 16,192,890</b>

**CITY OF PRESCOTT  
WATER/WW COST OF SERVICE MODEL**

**Forecast  
2008-2017**

**Allocation  
%**

**2008      2009      2010      2011      2012      2013      2014      2015      2016      2017**

**Forecast WW 5.0 -- Wastewater Cost Classification**

**Scen: Alt #1 -- "BASE"**

**UTILITY BASIS**

**Total WW Costs**

Treatment	\$ 3,669,256	\$ 4,208,221	\$ 4,792,672	\$ 5,528,409	\$ 6,070,986	\$ 6,396,982	\$ 6,728,422	\$ 7,232,103	\$ 7,962,755	\$ 8,809,897
Collection	4,595,565	5,879,748	7,831,041	9,700,855	11,416,488	12,741,136	13,973,261	14,987,033	15,437,312	15,830,661
Admin	1,004,277	1,048,784	1,095,604	1,144,868	1,196,701	1,251,260	1,308,701	1,369,202	1,432,941	1,500,116
Customer	87,952	91,992	96,250	100,737	105,466	110,452	115,710	121,258	127,112	133,292
<b>Total WW Costs</b>	<b>\$ 9,357,050</b>	<b>\$ 11,228,745</b>	<b>\$ 13,815,567</b>	<b>\$ 16,474,868</b>	<b>\$ 18,789,642</b>	<b>\$ 20,499,829</b>	<b>\$ 22,126,095</b>	<b>\$ 23,709,596</b>	<b>\$ 24,960,118</b>	<b>\$ 26,273,965</b>

**Non-Administration Costs:**

Treatment	\$ 3,669,256	\$ 4,208,221	\$ 4,792,672	\$ 5,528,409	\$ 6,070,986	\$ 6,396,982	\$ 6,728,422	\$ 7,232,103	\$ 7,962,755	\$ 8,809,897
Collection	4,595,565	5,879,748	7,831,041	9,700,855	11,416,488	12,741,136	13,973,261	14,987,033	15,437,312	15,830,661
Customer	87,952	91,992	96,250	100,737	105,466	110,452	115,710	121,258	127,112	133,292
<b>Sub-Total</b>	<b>\$ 8,352,773</b>	<b>\$ 10,179,961</b>	<b>\$ 12,719,963</b>	<b>\$ 15,330,001</b>	<b>\$ 17,592,940</b>	<b>\$ 19,248,570</b>	<b>\$ 20,817,394</b>	<b>\$ 22,340,394</b>	<b>\$ 23,527,178</b>	<b>\$ 24,773,849</b>

**Allocation Percentages:**

Treatment	43.93%	41.34%	37.68%	36.06%	34.51%	33.23%	32.32%	32.37%	33.84%	35.56%
Collection	55.02%	57.76%	61.56%	63.28%	64.89%	66.19%	67.12%	67.08%	65.61%	63.90%
Customer	1.05%	0.90%	0.76%	0.66%	0.60%	0.57%	0.56%	0.54%	0.54%	0.54%
<b>Sub-Total</b>	<b>100.00%</b>									

**Allocation of Administration**

Treatment	\$ 441,165	\$ 433,549	\$ 412,806	\$ 412,870	\$ 412,959	\$ 415,838	\$ 422,987	\$ 443,243	\$ 484,978	\$ 533,460
Collection	552,537	605,757	674,508	724,474	776,569	828,242	878,440	918,528	940,221	958,584
Customer	10,575	9,477	8,290	7,523	7,174	7,180	7,274	7,432	7,742	8,071
<b>Total</b>	<b>\$ 1,004,277</b>	<b>\$ 1,048,784</b>	<b>\$ 1,095,604</b>	<b>\$ 1,144,868</b>	<b>\$ 1,196,701</b>	<b>\$ 1,251,260</b>	<b>\$ 1,308,701</b>	<b>\$ 1,369,202</b>	<b>\$ 1,432,941</b>	<b>\$ 1,500,116</b>

**Allocation of Non-Rate Revenues**

Treatment	\$ 402,386	\$ 390,018	\$ 366,152	\$ 360,965	\$ 355,767	\$ 352,905	\$ 353,513	\$ 364,695	\$ 392,723	\$ 425,019
Collection	503,969	544,936	598,279	633,395	669,019	702,896	734,159	755,755	761,369	763,723
Customer	9,645	8,526	7,353	6,577	6,180	6,093	6,079	6,115	6,269	6,430
<b>Total</b>	<b>\$ 916,000</b>	<b>\$ 943,480</b>	<b>\$ 971,784</b>	<b>\$ 1,000,938</b>	<b>\$ 1,030,966</b>	<b>\$ 1,061,895</b>	<b>\$ 1,093,752</b>	<b>\$ 1,126,564</b>	<b>\$ 1,160,361</b>	<b>\$ 1,195,172</b>

**Total WW Classification**

Treatment	\$ 3,708,034	\$ 4,251,752	\$ 4,839,326	\$ 5,580,314	\$ 6,128,178	\$ 6,459,914	\$ 6,797,896	\$ 7,310,650	\$ 8,055,009	\$ 8,918,339
Collection	4,644,134	5,940,570	7,907,271	9,791,934	11,524,038	12,866,481	14,117,542	15,149,806	15,616,164	16,025,522
Customer	88,882	92,944	97,187	101,683	106,460	111,539	116,905	122,575	128,585	134,932
<b>TOTAL</b>	<b>\$ 8,441,050</b>	<b>\$ 10,285,265</b>	<b>\$ 12,843,783</b>	<b>\$ 15,473,931</b>	<b>\$ 17,758,675</b>	<b>\$ 19,437,934</b>	<b>\$ 21,032,343</b>	<b>\$ 22,583,031</b>	<b>\$ 23,799,757</b>	<b>\$ 25,078,793</b>

<b>10 Year Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	<b>Test Year 2008</b>	<b>Forecast 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast WW 6.0 -- WASTEWATER Cost Classification**  
**Scen: Alt #1 -- "BASE"**

**CASH BASIS**

**Wastewater Cost Classification**

Treatment	\$ 3,390,683	\$ 3,035,699	\$ 3,504,471	\$ 3,942,712	\$ 4,637,919	\$ 5,066,995	\$ 5,499,727	\$ 5,938,330	\$ 6,379,085	\$ 6,817,660
Collection	1,822,283	2,073,514	3,302,425	4,453,577	5,671,893	6,459,008	7,202,873	7,997,672	8,664,422	9,239,380
Customer	89,441	93,892	98,007	102,472	107,171	112,279	117,684	123,387	129,437	135,850
<b>Total</b>	<b>\$ 5,302,407</b>	<b>\$ 5,203,106</b>	<b>\$ 6,904,903</b>	<b>\$ 8,498,761</b>	<b>\$ 10,416,983</b>	<b>\$ 11,638,283</b>	<b>\$ 12,820,284</b>	<b>\$ 14,059,389</b>	<b>\$ 15,172,944</b>	<b>\$ 16,192,890</b>

**Functional Cost Components**

**Treatment**

Volume	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
BOD	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
TSS	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Customer	<u>0.0%</u>									
<b>Total</b>	<b>100.0%</b>									

**Collection**

Volume	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
BOD	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TSS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Customer	<u>0.0%</u>									
<b>Total</b>	<b>100.0%</b>									

**Customer**

Volume	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
BOD	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TSS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Customer	<u>100.0%</u>									
<b>Total</b>	<b>100.0%</b>									

<b>10 Year Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	<b>Test Year 2008</b>	<b>Forecast 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast WW 6.0 -- WASTEWATER Cost Classification**  
**Scen: Alt #1 -- "BASE"**

**Functionalized Cost**

**Treatment**

Volume	\$ 1,695,341	\$ 1,517,849	\$ 1,752,236	\$ 1,971,356	\$ 2,318,960	\$ 2,533,498	\$ 2,749,863	\$ 2,969,165	\$ 3,189,543	\$ 3,408,830
BOD	847,671	758,925	876,118	985,678	1,159,480	1,266,749	1,374,932	1,484,582	1,594,771	1,704,415
TSS	847,671	758,925	876,118	985,678	1,159,480	1,266,749	1,374,932	1,484,582	1,594,771	1,704,415
Customer	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,390,683</b>	<b>3,035,699</b>	<b>3,504,471</b>	<b>3,942,712</b>	<b>4,637,919</b>	<b>5,066,995</b>	<b>5,499,727</b>	<b>5,938,330</b>	<b>6,379,085</b>	<b>6,817,660</b>

**Collection**

Volume	\$ 1,822,283	\$ 2,073,514	\$ 3,302,425	\$ 4,453,577	\$ 5,671,893	\$ 6,459,008	\$ 7,202,873	\$ 7,997,672	\$ 8,664,422	\$ 9,239,380
BOD	-	-	-	-	-	-	-	-	-	-
TSS	-	-	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,822,283</b>	<b>2,073,514</b>	<b>3,302,425</b>	<b>4,453,577</b>	<b>5,671,893</b>	<b>6,459,008</b>	<b>7,202,873</b>	<b>7,997,672</b>	<b>8,664,422</b>	<b>9,239,380</b>

**Customer**

Volume	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BOD	-	-	-	-	-	-	-	-	-	-
TSS	-	-	-	-	-	-	-	-	-	-
Customer	89,441	93,892	98,007	102,472	107,171	112,279	117,684	123,387	129,437	135,850
<b>Total</b>	<b>89,441</b>	<b>93,892</b>	<b>98,007</b>	<b>102,472</b>	<b>107,171</b>	<b>112,279</b>	<b>117,684</b>	<b>123,387</b>	<b>129,437</b>	<b>135,850</b>

**Total**

Volume	\$ 3,517,624	\$ 3,591,364	\$ 5,054,661	\$ 6,424,933	\$ 7,990,852	\$ 8,992,506	\$ 9,952,737	\$ 10,966,837	\$ 11,853,964	\$ 12,648,210
BOD	847,671	758,925	876,118	985,678	1,159,480	1,266,749	1,374,932	1,484,582	1,594,771	1,704,415
TSS	847,671	758,925	876,118	985,678	1,159,480	1,266,749	1,374,932	1,484,582	1,594,771	1,704,415
Customer	89,441	93,892	98,007	102,472	107,171	112,279	117,684	123,387	129,437	135,850
<b>Total</b>	<b>5,302,407</b>	<b>5,203,106</b>	<b>6,904,903</b>	<b>8,498,761</b>	<b>10,416,983</b>	<b>11,638,283</b>	<b>12,820,284</b>	<b>14,059,389</b>	<b>15,172,944</b>	<b>16,192,890</b>

	<b>CITY OF PRESCOTT</b>									
	<b>WATER/WW COST OF SERVICE MODEL</b>									
<b>Forecast</b>										
<b>2008-2017</b>										
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast WW 7.0 -- Customer and Volume Totals**

Scen: Alt #1 -- "BASE"

**WASTEWATER BILLING UNITS AND STRENGTHS**

**Customer Class Units -- Base Annual Usage**

WW1 Residential	1,101,730,214	1,123,715,492	1,158,032,256	1,197,633,944	1,237,235,631	1,276,837,318	1,316,439,005	1,356,040,693	1,395,642,380	1,435,244,067
WW2 Bar w/o Dining Facilities	5,784,368	6,015,743	6,247,117	6,478,492	6,941,242	7,403,991	7,866,740	8,329,490	8,792,239	9,254,989
WW3 Car Wash	15,000,015	15,000,015	15,000,015	16,875,017	18,750,019	20,625,021	22,500,023	24,375,024	26,250,026	28,125,028
WW4 Dept/Retail Stores	63,001,368	63,496,143	64,320,768	65,640,169	67,289,419	68,938,670	70,587,920	72,237,171	73,886,421	75,535,672
WW5 Hospital/Convalescent	60,701,963	63,231,211	63,231,211	68,289,708	68,289,708	68,289,708	68,289,708	72,999,343	72,999,343	77,708,978
WW6 Hotel w Dining Facilities	12,597,965	12,597,965	12,597,965	14,397,674	16,197,384	17,997,093	19,796,802	21,596,511	23,396,221	25,195,930
WW7 Hotel w/o Dining Facilities	37,220,316	38,283,753	39,347,191	41,474,066	44,664,379	47,854,691	51,045,004	54,235,317	57,425,630	60,615,943
WW8 Laundry, Industrial	732,112	732,112	1,098,168	1,098,168	1,098,168	1,464,224	1,464,224	1,464,224	1,830,280	1,830,280
WW9 Laundromat	7,114,014	7,114,014	7,114,014	7,825,415	7,825,415	8,536,817	8,536,817	9,248,218	9,248,218	9,959,620
WW10 Laundry, Commercial	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487
WW11 Markets w Garbage Disposal	10,175,222	10,175,222	10,175,222	10,175,222	10,175,222	11,192,744	11,192,744	11,192,744	11,192,744	11,192,744
WW12 Mortuaries	368,764	368,764	368,764	368,764	368,764	368,764	368,764	368,764	368,764	368,764
WW13 Professional Offices	64,321,228	65,490,705	67,244,921	69,583,874	71,922,828	74,261,782	76,600,736	78,939,689	81,278,643	83,617,597
WW14 Repair Shops/Service Stations	18,249,926	18,490,056	18,970,317	18,970,317	19,664,353	20,358,389	21,052,425	21,746,461	22,440,497	23,134,533
WW15 Restaurants	44,235,627	44,972,888	46,447,409	48,659,190	50,870,972	53,082,753	55,294,534	57,506,316	59,718,097	61,929,878
WW16 Schools and Colleges	44,237,611	45,072,283	46,741,627	49,245,642	51,749,658	54,253,674	56,757,689	59,261,705	61,765,721	64,269,737
<b>Total System</b>	<b>1,495,928,200</b>	<b>1,525,213,854</b>	<b>1,567,394,453</b>	<b>1,627,173,151</b>	<b>1,683,500,649</b>	<b>1,741,923,126</b>	<b>1,798,250,624</b>	<b>1,859,999,159</b>	<b>1,916,692,713</b>	<b>1,978,441,247</b>
Percent Increase		2.0%	2.8%	3.8%	3.5%	3.5%	3.2%	3.4%	3.0%	3.2%

**Percent of Total**

WW1 Residential	73.65%	73.68%	73.88%	73.60%	73.49%	73.30%	73.21%	72.91%	72.82%	72.54%
WW2 Bar w/o Dining Facilities	0.39%	0.39%	0.40%	0.40%	0.41%	0.43%	0.44%	0.45%	0.46%	0.47%
WW3 Car Wash	1.00%	0.98%	0.96%	1.04%	1.11%	1.18%	1.25%	1.31%	1.37%	1.42%
WW4 Dept/Retail Stores	4.21%	4.16%	4.10%	4.03%	4.00%	3.96%	3.93%	3.88%	3.85%	3.82%
WW5 Hospital/Convalescent	4.06%	4.15%	4.03%	4.20%	4.06%	3.92%	3.80%	3.92%	3.81%	3.93%
WW6 Hotel w Dining Facilities	0.84%	0.83%	0.80%	0.88%	0.96%	1.03%	1.10%	1.16%	1.22%	1.27%
WW7 Hotel w/o Dining Facilities	2.49%	2.51%	2.51%	2.55%	2.65%	2.75%	2.84%	2.92%	3.00%	3.06%
WW8 Laundry, Industrial	0.05%	0.05%	0.07%	0.07%	0.07%	0.08%	0.08%	0.08%	0.10%	0.09%
WW9 Laundromat	0.48%	0.47%	0.45%	0.48%	0.46%	0.49%	0.47%	0.50%	0.48%	0.50%
WW10 Laundry, Commercial	0.70%	0.69%	0.67%	0.64%	0.62%	0.60%	0.58%	0.56%	0.55%	0.53%
WW11 Markets w Garbage Disposal	0.68%	0.67%	0.65%	0.63%	0.60%	0.64%	0.62%	0.60%	0.58%	0.57%
WW12 Mortuaries	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
WW13 Professional Offices	4.30%	4.29%	4.29%	4.28%	4.27%	4.26%	4.26%	4.24%	4.24%	4.23%
WW14 Repair Shops/Service Stations	1.22%	1.21%	1.21%	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%
WW15 Restaurants	2.96%	2.95%	2.96%	2.99%	3.02%	3.05%	3.07%	3.09%	3.12%	3.13%
WW16 Schools and Colleges	2.96%	2.96%	2.98%	3.03%	3.07%	3.11%	3.16%	3.19%	3.22%	3.25%
<b>Total System</b>	<b>100.00%</b>									

**CITY OF PRESCOTT  
WATER/WW COST OF SERVICE MODEL**

**Forecast  
2008-2017**

**2008      2009      2010      2011      2012      2013      2014      2015      2016      2017**

**Forecast WW 7.0 -- Customer and Volume Totals**

**Scen:      Alt #1 -- "BASE"**

**Net Annual Volume after Minimum:**

WW1 Residential	1,101,730,214	1,123,715,492	1,158,032,256	1,197,633,944	1,237,235,631	1,276,837,318	1,316,439,005	1,356,040,693	1,395,642,380	1,435,244,067
WW2 Bar w/o Dining Facilities	5,784,368	6,015,743	6,247,117	6,478,492	6,941,242	7,403,991	7,866,740	8,329,490	8,792,239	9,254,989
WW3 Car Wash	15,000,015	15,000,015	15,000,015	16,875,017	18,750,019	20,625,021	22,500,023	24,375,024	26,250,026	28,125,028
WW4 Dept/Retail Stores	63,001,368	63,496,143	64,320,768	65,640,169	67,289,419	68,938,670	70,587,920	72,237,171	73,886,421	75,535,672
WW5 Hospital/Convalescent	60,701,963	63,231,211	63,231,211	68,289,708	68,289,708	68,289,708	68,289,708	72,999,343	72,999,343	77,708,978
WW6 Hotel w Dining Facilities	12,597,965	12,597,965	12,597,965	14,397,674	16,197,384	17,997,093	19,796,802	21,596,511	23,396,221	25,195,930
WW7 Hotel w/o Dining Facilities	37,220,316	38,283,753	39,347,191	41,474,066	44,664,379	47,854,691	51,045,004	54,235,317	57,425,630	60,615,943
WW8 Laundry, Industrial	732,112	732,112	1,098,168	1,098,168	1,098,168	1,464,224	1,464,224	1,464,224	1,830,280	1,830,280
WW9 Laundromat	7,114,014	7,114,014	7,114,014	7,825,415	7,825,415	8,536,817	8,536,817	9,248,218	9,248,218	9,959,620
WW10 Laundry, Commercial	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487	10,457,487
WW11 Markets w Garbage Disposal	10,175,222	10,175,222	10,175,222	10,175,222	10,175,222	11,192,744	11,192,744	11,192,744	11,192,744	11,192,744
WW12 Mortuaries	368,764	368,764	368,764	368,764	368,764	368,764	368,764	368,764	368,764	368,764
WW13 Professional Offices	64,321,228	65,490,705	67,244,921	69,583,874	71,922,828	74,261,782	76,600,736	78,939,689	81,278,643	83,617,597
WW14 Repair Shops/Service Stations	18,249,926	18,490,056	18,970,317	18,970,317	19,664,353	20,358,389	21,052,425	21,746,461	22,440,497	23,134,533
WW15 Restaurants	44,235,627	44,972,888	46,447,409	48,659,190	50,870,972	53,082,753	55,294,534	57,506,316	59,718,097	61,929,878
WW16 Schools and Colleges	44,237,611	45,072,283	46,741,627	49,245,642	51,749,658	54,253,674	56,757,689	59,261,705	61,765,721	64,269,737
	<b>1,495,928,200</b>	<b>1,525,213,854</b>	<b>1,567,394,453</b>	<b>1,627,173,151</b>	<b>1,683,500,649</b>	<b>1,741,923,126</b>	<b>1,798,250,624</b>	<b>1,859,999,159</b>	<b>1,916,692,713</b>	<b>1,978,441,247</b>

**Forecast Plant Flows**

Total WW Billing Units	1,495,928,200	1,525,213,854	1,567,394,453	1,627,173,151	1,683,500,649	1,741,923,126	1,798,250,624	1,859,999,159	1,916,692,713	1,978,441,247
Inflow/Infiltration Percentage	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<b>Total WW Flow</b>	<b>1,570,724,610</b>	<b>1,601,474,546</b>	<b>1,645,764,176</b>	<b>1,708,531,808</b>	<b>1,767,675,681</b>	<b>1,829,019,283</b>	<b>1,888,163,156</b>	<b>1,952,999,117</b>	<b>2,012,527,348</b>	<b>2,077,363,309</b>
Million Gallons/Day	4.30	4.39	4.51	4.68	4.84	5.01	5.17	5.35	5.51	5.69

**Customer Class Units -- BOD Strength Levels (mg/l)**

WW1 Residential	300	300	300	300	300	300	300	300	300	300
WW2 Bar w/o Dining Facilities	300	300	300	300	300	300	300	300	300	300
WW3 Car Wash	300	300	300	300	300	300	300	300	300	300
WW4 Dept/Retail Stores	300	300	300	300	300	300	300	300	300	300
WW5 Hospital/Convalescent	300	300	300	300	300	300	300	300	300	300
WW6 Hotel w Dining Facilities	300	300	300	300	300	300	300	300	300	300
WW7 Hotel w/o Dining Facilities	300	300	300	300	300	300	300	300	300	300
WW8 Laundry, Industrial	300	300	300	300	300	300	300	300	300	300
WW9 Laundromat	300	300	300	300	300	300	300	300	300	300
WW10 Laundry, Commercial	300	300	300	300	300	300	300	300	300	300
WW11 Markets w Garbage Disposal	300	300	300	300	300	300	300	300	300	300
WW12 Mortuaries	300	300	300	300	300	300	300	300	300	300
WW13 Professional Offices	300	300	300	300	300	300	300	300	300	300
WW14 Repair Shops/Service Stations	300	300	300	300	300	300	300	300	300	300
WW15 Restaurants	300	300	300	300	300	300	300	300	300	300
WW16 Schools and Colleges	300	300	300	300	300	300	300	300	300	300

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast WW 7.0 -- Customer and Volume Totals**

**Scen: Alt #1 -- "BASE"**

**Customer Class Units -- TSS Strength Levels (mg/l)**

WW1 Residential	300	300	300	300	300	300	300	300	300	300
WW2 Bar w/o Dining Facilities	300	300	300	300	300	300	300	300	300	300
WW3 Car Wash	300	300	300	300	300	300	300	300	300	300
WW4 Dept/Retail Stores	300	300	300	300	300	300	300	300	300	300
WW5 Hospital/Convalescent	300	300	300	300	300	300	300	300	300	300
WW6 Hotel w Dining Facilities	300	300	300	300	300	300	300	300	300	300
WW7 Hotel w/o Dining Facilities	300	300	300	300	300	300	300	300	300	300
WW8 Laundry, Industrial	300	300	300	300	300	300	300	300	300	300
WW9 Laundromat	300	300	300	300	300	300	300	300	300	300
WW10 Laundry, Commercial	300	300	300	300	300	300	300	300	300	300
WW11 Markets w Garbage Disposal	300	300	300	300	300	300	300	300	300	300
WW12 Mortuaries	300	300	300	300	300	300	300	300	300	300
WW13 Professional Offices	300	300	300	300	300	300	300	300	300	300
WW14 Repair Shops/Service Stations	300	300	300	300	300	300	300	300	300	300
WW15 Restaurants	300	300	300	300	300	300	300	300	300	300
WW16 Schools and Colleges	300	300	300	300	300	300	300	300	300	300

**Customer Class Units -- BOD Total mg**

WW1 Residential	1,252,967,724,701	1,277,970,982,143	1,316,998,502,574	1,362,036,421,428	1,407,074,340,282	1,452,112,259,136	1,497,150,177,990	1,542,188,096,844	1,587,226,015,698	1,632,263,934,551
WW2 Bar w/o Dining Facilities	6,578,403,971	6,841,540,130	7,104,676,289	7,367,812,447	7,894,084,765	8,420,357,083	8,946,629,400	9,472,901,718	9,999,174,036	10,525,446,353
WW3 Car Wash	17,059,107,968	17,059,107,968	17,059,107,968	19,191,496,464	21,323,884,960	23,456,273,456	25,588,661,952	27,721,050,448	29,853,438,944	31,985,827,440
WW4 Dept/Retail Stores	71,649,737,715	72,212,431,990	73,150,255,782	74,650,773,850	76,526,421,434	78,402,069,018	80,277,716,602	82,153,364,186	84,029,011,770	85,904,659,355
WW5 Hospital/Convalescent	69,034,687,012	71,911,132,304	71,911,132,304	77,664,022,888	77,664,022,888	77,664,022,888	77,664,022,888	83,020,162,398	83,020,162,398	88,376,301,907
WW6 Hotel w Dining Facilities	14,327,322,014	14,327,322,014	14,327,322,014	16,374,082,301	18,420,842,589	20,467,602,877	22,514,363,164	24,561,123,452	26,607,883,740	28,654,644,027
WW7 Hotel w/o Dining Facilities	42,329,649,819	43,539,068,385	44,748,486,951	47,167,324,084	50,795,579,783	54,423,835,482	58,052,091,180	61,680,346,879	65,308,602,578	68,936,858,277
WW8 Laundry, Industrial	832,611,011	832,611,011	1,248,916,516	1,248,916,516	1,248,916,516	1,665,222,022	1,665,222,022	1,665,222,022	2,081,527,527	2,081,527,527
WW9 Laundromat	8,090,574,104	8,090,574,104	8,090,574,104	8,899,631,514	8,899,631,514	9,708,688,924	9,708,688,924	10,517,746,335	10,517,746,335	11,326,803,745
WW10 Laundry, Commercial	11,893,014,761	11,893,014,761	11,893,014,761	11,893,014,761	11,893,014,761	11,893,014,761	11,893,014,761	11,893,014,761	11,893,014,761	11,893,014,761
WW11 Markets w Garbage Disposal	11,572,002,475	11,572,002,475	11,572,002,475	11,572,002,475	11,572,002,475	12,729,202,722	12,729,202,722	12,729,202,722	12,729,202,722	12,729,202,722
WW12 Mortuaries	419,385,240	419,385,240	419,385,240	419,385,240	419,385,240	419,385,240	419,385,240	419,385,240	419,385,240	419,385,240
WW13 Professional Offices	73,150,778,890	74,480,793,052	76,475,814,294	79,135,842,617	81,795,870,941	84,455,899,264	87,115,927,587	89,775,955,910	92,435,984,234	95,096,012,557
WW14 Repair Shops/Service Stations	20,755,142,660	21,028,236,642	21,574,424,607	21,574,424,607	22,363,732,824	23,153,041,041	23,942,349,259	24,731,657,476	25,520,965,693	26,310,273,911
WW15 Restaurants	50,307,972,681	51,146,438,893	52,823,371,315	55,338,769,949	57,854,168,584	60,369,567,218	62,884,965,852	65,400,364,486	67,915,763,120	70,431,161,754
WW16 Schools and Colleges	50,310,228,401	51,259,477,993	53,157,977,178	56,005,725,955	58,853,474,733	61,701,223,510	64,548,972,288	67,396,721,065	70,244,469,842	73,092,218,620
<b>Total</b>	<b>1,701,278,343,421</b>	<b>1,734,584,119,104</b>	<b>1,782,554,964,371</b>	<b>1,850,539,647,097</b>	<b>1,914,599,374,288</b>	<b>1,981,041,664,641</b>	<b>2,045,101,391,831</b>	<b>2,115,326,315,942</b>	<b>2,179,802,348,637</b>	<b>2,250,027,272,748</b>



<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast WW 7.0 -- Customer and Volume Totals**

**Scen: Alt #1 -- "BASE"**

**Customer Class Units -- TSS Total mg**

WW1 Residential	1,252,967,724,701	1,277,970,982,143	1,316,998,502,574	1,362,036,421,428	1,407,074,340,282	1,452,112,259,136	1,497,150,177,990	1,542,188,096,844	1,587,226,015,698	1,632,263,934,551
WW2 Bar w/o Dining Facilities	6,578,403,971	6,841,540,130	7,104,676,289	7,367,812,447	7,894,084,765	8,420,357,083	8,946,629,400	9,472,901,718	9,999,174,036	10,525,446,353
WW3 Car Wash	17,059,107,968	17,059,107,968	17,059,107,968	19,191,496,464	21,323,884,960	23,456,273,456	25,588,661,952	27,721,050,448	29,853,438,944	31,985,827,440
WW4 Dept/Retail Stores	71,649,737,715	72,212,431,990	73,150,255,782	74,650,773,850	76,526,421,434	78,402,069,018	80,277,716,602	82,153,364,186	84,029,011,770	85,904,659,355
WW5 Hospital/Convalescent	69,034,687,012	71,911,132,304	71,911,132,304	77,664,022,888	77,664,022,888	77,664,022,888	77,664,022,888	83,020,162,398	83,020,162,398	88,376,301,907
WW6 Hotel w Dining Facilities	14,327,322,014	14,327,322,014	14,327,322,014	16,374,082,301	18,420,842,589	20,467,602,877	22,514,363,164	24,561,123,452	26,607,883,740	28,654,644,027
WW7 Hotel w/o Dining Facilities	42,329,649,819	43,539,068,385	44,748,486,951	47,167,324,084	50,795,579,783	54,423,835,482	58,052,091,180	61,680,346,879	65,308,602,578	68,936,858,277
WW8 Laundry, Industrial	832,611,011	832,611,011	1,248,916,516	1,248,916,516	1,248,916,516	1,665,222,022	1,665,222,022	1,665,222,022	2,081,527,527	2,081,527,527
WW9 Laundromat	8,090,574,104	8,090,574,104	8,090,574,104	8,899,631,514	8,899,631,514	9,708,688,924	9,708,688,924	10,517,746,335	10,517,746,335	11,326,803,745
WW10 Laundry, Commercial	11,893,014,761	11,893,014,761	11,893,014,761	11,893,014,761	11,893,014,761	11,893,014,761	11,893,014,761	11,893,014,761	11,893,014,761	11,893,014,761
WW11 Markets w Garbage Disposal	11,572,002,475	11,572,002,475	11,572,002,475	11,572,002,475	11,572,002,475	12,729,202,722	12,729,202,722	12,729,202,722	12,729,202,722	12,729,202,722
WW12 Mortuaries	419,385,240	419,385,240	419,385,240	419,385,240	419,385,240	419,385,240	419,385,240	419,385,240	419,385,240	419,385,240
WW13 Professional Offices	73,150,778,890	74,480,793,052	76,475,814,294	79,135,842,617	81,795,870,941	84,455,899,264	87,115,927,587	89,775,955,910	92,435,984,234	95,096,012,557
WW14 Repair Shops/Service Stations	20,755,142,660	21,028,236,642	21,574,424,607	21,574,424,607	22,363,732,824	23,153,041,041	23,942,349,259	24,731,657,476	25,520,965,693	26,310,273,911
WW15 Restaurants	50,307,972,681	51,146,438,893	52,823,371,315	55,338,769,949	57,854,168,584	60,369,567,218	62,884,965,852	65,400,364,486	67,915,763,120	70,431,161,754
WW16 Schools and Colleges	50,310,228,401	51,259,477,993	53,157,977,178	56,005,725,955	58,853,474,733	61,701,223,510	64,548,972,288	67,396,721,065	70,244,469,842	73,092,218,620
<b>Total</b>	<b>1,701,278,343,421</b>	<b>1,734,584,119,104</b>	<b>1,782,554,964,371</b>	<b>1,850,539,647,097</b>	<b>1,914,599,374,288</b>	<b>1,981,041,664,641</b>	<b>2,045,101,391,831</b>	<b>2,115,326,315,942</b>	<b>2,179,802,348,637</b>	<b>2,250,027,272,748</b>

**Customer Class Units -- BOD Total Lbs.**

WW1 Residential	2,756,529	2,811,536	2,897,397	2,996,480	3,095,564	3,194,647	3,293,730	3,392,814	3,491,897	3,590,981
WW2 Bar w/o Dining Facilities	14,472	15,051	15,630	16,209	17,367	18,525	19,683	20,840	21,998	23,156
WW3 Car Wash	37,530	37,530	37,530	42,221	46,913	51,604	56,295	60,986	65,678	70,369
WW4 Dept/Retail Stores	157,629	158,867	160,931	164,232	168,358	172,485	176,611	180,737	184,864	188,990
WW5 Hospital/Convalescent	151,876	158,204	158,204	170,861	170,861	170,861	170,861	182,644	182,644	194,428
WW6 Hotel w Dining Facilities	31,520	31,520	31,520	36,023	40,526	45,029	49,532	54,034	58,537	63,040
WW7 Hotel w/o Dining Facilities	93,125	95,786	98,447	103,768	111,750	119,732	127,715	135,697	143,679	151,661
WW8 Laundry, Industrial	1,832	1,832	2,748	2,748	3,663	3,663	3,663	4,579	4,579	5,494
WW9 Laundromat	17,799	17,799	17,799	19,579	19,579	21,359	21,359	23,139	23,139	24,919
WW10 Laundry, Commercial	26,165	26,165	26,165	26,165	26,165	26,165	26,165	26,165	26,165	26,165
WW11 Markets w Garbage Disposal	25,458	25,458	25,458	25,458	25,458	28,004	28,004	28,004	28,004	28,004
WW12 Mortuaries	923	923	923	923	923	923	923	923	923	923
WW13 Professional Offices	160,932	163,858	168,247	174,099	179,951	185,803	191,655	197,507	203,359	209,211
WW14 Repair Shops/Service Stations	45,661	46,262	47,464	47,464	49,200	50,937	52,673	54,410	56,146	57,883
WW15 Restaurants	110,678	112,522	116,211	121,745	127,279	132,813	138,347	143,881	149,415	154,949
WW16 Schools and Colleges	110,683	112,771	116,948	123,213	129,478	135,743	142,008	148,273	154,538	160,803
<b>Total</b>	<b>3,742,812</b>	<b>3,816,085</b>	<b>3,921,621</b>	<b>4,071,187</b>	<b>4,212,119</b>	<b>4,358,292</b>	<b>4,499,223</b>	<b>4,653,718</b>	<b>4,795,565</b>	<b>4,950,060</b>

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>

**Forecast WW 7.0 -- Customer and Volume Totals**

**Scen: Alt #1 -- "BASE"**

**Customer Class Units -- TSS Total Lbs.**

WW1 Residential	2,756,529	2,811,536	2,897,397	2,996,480	3,095,564	3,194,647	3,293,730	3,392,814	3,491,897	3,590,981
WW2 Bar w/o Dining Facilities	14,472	15,051	15,630	16,209	17,367	18,525	19,683	20,840	21,998	23,156
WW3 Car Wash	37,530	37,530	37,530	42,221	46,913	51,604	56,295	60,986	65,678	70,369
WW4 Dept/Retail Stores	157,629	158,867	160,931	164,232	168,358	172,485	176,611	180,737	184,864	188,990
WW5 Hospital/Convalescent	151,876	158,204	158,204	170,861	170,861	170,861	170,861	182,644	182,644	194,428
WW6 Hotel w Dining Facilities	31,520	31,520	31,520	36,023	40,526	45,029	49,532	54,034	58,537	63,040
WW7 Hotel w/o Dining Facilities	93,125	95,786	98,447	103,768	111,750	119,732	127,715	135,697	143,679	151,661
WW8 Laundry, Industrial	1,832	1,832	2,748	2,748	2,748	3,663	3,663	3,663	4,579	4,579
WW9 Laundromat	17,799	17,799	17,799	19,579	19,579	21,359	21,359	23,139	23,139	24,919
WW10 Laundry, Commercial	26,165	26,165	26,165	26,165	26,165	26,165	26,165	26,165	26,165	26,165
WW11 Markets w Garbage Disposal	25,458	25,458	25,458	25,458	25,458	28,004	28,004	28,004	28,004	28,004
WW12 Mortuaries	923	923	923	923	923	923	923	923	923	923
WW13 Professional Offices	160,932	163,858	168,247	174,099	179,951	185,803	191,655	197,507	203,359	209,211
WW14 Repair Shops/Service Stations	45,661	46,262	47,464	47,464	49,200	50,937	52,673	54,410	56,146	57,883
WW15 Restaurants	110,678	112,522	116,211	121,745	127,279	132,813	138,347	143,881	149,415	154,949
WW16 Schools and Colleges	110,683	112,771	116,948	123,213	129,478	135,743	142,008	148,273	154,538	160,803
<b>Total</b>	<b>3,742,812</b>	<b>3,816,085</b>	<b>3,921,621</b>	<b>4,071,187</b>	<b>4,212,119</b>	<b>4,358,292</b>	<b>4,499,223</b>	<b>4,653,718</b>	<b>4,795,565</b>	<b>4,950,060</b>

**Systemwide Strength Levels**

BOD	146	146	146	146	146	146	146	146	146	146
TSS	169	169	169	169	169	169	169	169	169	169

**Systemwide Total mg**

BOD	869,353,233,488	886,372,484,862	910,885,586,794	945,625,759,667	978,360,280,261	1,012,312,290,632	1,045,046,811,226	1,080,931,747,446	1,113,879,000,154	1,149,763,936,374
TSS	1,006,306,140,134	1,026,006,506,450	1,054,381,261,426	1,094,594,201,258	1,132,485,529,891	1,171,786,144,635	1,209,677,473,268	1,251,215,515,880	1,289,353,089,219	1,330,891,131,830

**Systemwide Total Lbs**

BOD	1,912,577	1,950,019	2,003,948	2,080,377	2,152,393	2,227,087	2,299,103	2,378,050	2,450,534	2,529,481
TSS	2,213,874	2,257,214	2,319,639	2,408,107	2,491,468	2,577,930	2,661,290	2,752,674	2,836,577	2,927,960

**Systemwide Excess Strength Lbs**

BOD	-	-	-	-	-	-	-	-	-	-
TSS	-	-	-	-	-	-	-	-	-	-

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast WW 7.0 -- Customer and Volume Totals**

Scen: Alt #1 -- "BASE"

**WASTEWATER ACCOUNTS**

**Customer Class Units -- Annual Bills**

WW1 Residential	187,620	191,364	197,208	203,952	210,696	217,440	224,184	230,928	237,672	244,416
WW2 Bar w/o Dining Facilities	300	312	324	336	360	384	408	432	456	480
WW3 Car Wash	96	96	96	108	120	132	144	156	168	180
WW4 Dept/Retail Stores	4,584	4,620	4,680	4,776	4,896	5,016	5,136	5,256	5,376	5,496
WW5 Hospital/Convalescent	288	300	300	324	324	348	348	372	372	396
WW6 Hotel w Dining Facilities	84	84	84	96	108	120	132	144	156	168
WW7 Hotel w/o Dining Facilities	420	432	444	468	504	540	576	612	648	684
WW8 Laundry, Industrial	24	24	36	36	36	48	48	48	60	60
WW9 Laundromat	120	120	120	132	132	144	144	156	156	168
WW10 Laundry, Commercial	36	36	36	36	36	36	36	36	36	36
WW11 Markets w Garbage Disposal	120	120	120	120	120	132	132	132	132	132
WW12 Mortuaries	36	36	36	36	36	36	36	36	36	36
WW13 Professional Offices	6,600	6,720	6,900	7,140	7,380	7,620	7,860	8,100	8,340	8,580
WW14 Repair Shops/Service Stations	912	924	948	984	1,020	1,056	1,092	1,128	1,164	1,200
WW15 Restaurants	720	732	756	792	828	864	900	936	972	1,008
WW16 Schools and Colleges	636	648	672	708	744	780	816	852	888	924
<b>Total System</b>	<b>202,596</b>	<b>206,568</b>	<b>212,760</b>	<b>220,044</b>	<b>227,340</b>	<b>234,696</b>	<b>241,992</b>	<b>249,324</b>	<b>256,632</b>	<b>263,964</b>
Percent Increase	2.0%	3.0%	3.4%	3.4%	3.3%	3.2%	3.1%	3.0%	2.9%	2.9%
<b>Total Accounts</b>	<b>16,883</b>	<b>17,214</b>	<b>17,730</b>	<b>18,337</b>	<b>18,945</b>	<b>19,558</b>	<b>20,166</b>	<b>20,777</b>	<b>21,386</b>	<b>21,997</b>

**Percentage of Total**

WW1 Residential	92.61%	92.64%	92.69%	92.69%	92.68%	92.65%	92.64%	92.62%	92.61%	92.59%
WW2 Bar w/o Dining Facilities	0.15%	0.15%	0.15%	0.15%	0.16%	0.16%	0.17%	0.17%	0.18%	0.18%
WW3 Car Wash	0.05%	0.05%	0.05%	0.05%	0.05%	0.06%	0.06%	0.06%	0.07%	0.07%
WW4 Dept/Retail Stores	2.26%	2.24%	2.20%	2.17%	2.15%	2.14%	2.12%	2.11%	2.09%	2.08%
WW5 Hospital/Convalescent	0.14%	0.15%	0.14%	0.15%	0.14%	0.15%	0.14%	0.15%	0.14%	0.15%
WW6 Hotel w Dining Facilities	0.04%	0.04%	0.04%	0.04%	0.05%	0.05%	0.05%	0.06%	0.06%	0.06%
WW7 Hotel w/o Dining Facilities	0.21%	0.21%	0.21%	0.21%	0.22%	0.23%	0.24%	0.25%	0.25%	0.26%
WW8 Laundry, Industrial	0.01%	0.01%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
WW9 Laundromat	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%
WW10 Laundry, Commercial	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%	0.01%	0.01%
WW11 Markets w Garbage Disposal	0.06%	0.06%	0.06%	0.05%	0.05%	0.06%	0.05%	0.05%	0.05%	0.05%
WW12 Mortuaries	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%	0.01%	0.01%
WW13 Professional Offices	3.26%	3.25%	3.24%	3.24%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
WW14 Repair Shops/Service Stations	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%
WW15 Restaurants	0.36%	0.35%	0.36%	0.36%	0.36%	0.37%	0.37%	0.38%	0.38%	0.38%
WW16 Schools and Colleges	0.31%	0.31%	0.32%	0.32%	0.33%	0.33%	0.34%	0.34%	0.35%	0.35%
<b>Total System</b>	<b>100.00%</b>									

<b>Forecast 2008-2017</b>	<b>CITY OF PRESCOTT WATER/WW COST OF SERVICE MODEL</b>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast WW 7.0 -- Customer and Volume Totals**

**Scen: Alt #1 -- "BASE"**

**Gallons/Account Per Month**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
WW1 Residential	5,872	5,872	5,872	5,872	5,872	5,872	5,872	5,872	5,872	5,872
WW2 Bar w/o Dining Facilities	19,281	19,281	19,281	19,281	19,281	19,281	19,281	19,281	19,281	19,281
WW3 Car Wash	156,250	156,250	156,250	156,250	156,250	156,250	156,250	156,250	156,250	156,250
WW4 Dept/Retail Stores	13,744	13,744	13,744	13,744	13,744	13,744	13,744	13,744	13,744	13,744
WW5 Hospital/Convalescent	210,771	210,771	210,771	210,771	210,771	196,235	196,235	196,235	196,235	196,235
WW6 Hotel w Dining Facilities	149,976	149,976	149,976	149,976	149,976	149,976	149,976	149,976	149,976	149,976
WW7 Hotel w/o Dining Facilities	88,620	88,620	88,620	88,620	88,620	88,620	88,620	88,620	88,620	88,620
WW8 Laundry, Industrial	30,505	30,505	30,505	30,505	30,505	30,505	30,505	30,505	30,505	30,505
WW9 Laundromat	59,283	59,283	59,283	59,283	59,283	59,283	59,283	59,283	59,283	59,283
WW10 Laundry, Commercial	290,486	290,486	290,486	290,486	290,486	290,486	290,486	290,486	290,486	290,486
WW11 Markets w Garbage Disposal	84,794	84,794	84,794	84,794	84,794	84,794	84,794	84,794	84,794	84,794
WW12 Mortuaries	10,243	10,243	10,243	10,243	10,243	10,243	10,243	10,243	10,243	10,243
WW13 Professional Offices	9,746	9,746	9,746	9,746	9,746	9,746	9,746	9,746	9,746	9,746
WW14 Repair Shops/Service Stations	20,011	20,011	20,011	19,279	19,279	19,279	19,279	19,279	19,279	19,279
WW15 Restaurants	61,438	61,438	61,438	61,438	61,438	61,438	61,438	61,438	61,438	61,438
WW16 Schools and Colleges	69,556	69,556	69,556	69,556	69,556	69,556	69,556	69,556	69,556	69,556

<p><b>10 Year Forecast</b> 2008-2017</p>	<p><b>CITY OF PRESCOTT</b> <b>WATER/WW COST OF SERVICE MODEL</b></p>									
	Test Year 2008	Forecast 2009	2010	2011	2012	2013	2014	2015	2016	2017

**Forecast WW 8.0 -- WASTEWATER Cost of Service by Customer Class**  
**Scen: Alt #1 -- "BASE"**

**Total Functionalized Cost**

Volume	\$ 3,517,624	\$ 3,591,364	\$ 5,054,661	\$ 6,424,933	\$ 7,990,852	\$ 8,992,506	\$ 9,952,737	\$ 10,966,837	\$ 11,853,964	\$ 12,648,210
BOD	847,671	758,925	876,118	985,678	1,159,480	1,266,749	1,374,932	1,484,582	1,594,771	1,704,415
TSS	847,671	758,925	876,118	985,678	1,159,480	1,266,749	1,374,932	1,484,582	1,594,771	1,704,415
Customer	89,441	93,892	98,007	102,472	107,171	112,279	117,684	123,387	129,437	135,850
<b>Total</b>	<b>5,302,407</b>	<b>5,203,106</b>	<b>6,904,903</b>	<b>8,498,761</b>	<b>10,416,983</b>	<b>11,638,283</b>	<b>12,820,284</b>	<b>14,059,389</b>	<b>15,172,944</b>	<b>16,192,890</b>

**Estimated Total Pounds Removed**

BOD	3,742,812	3,816,085	3,921,621	4,071,187	4,212,119	4,358,292	4,499,223	4,653,718	4,795,565	4,950,060
TSS	3,742,812	3,816,085	3,921,621	4,071,187	4,212,119	4,358,292	4,499,223	4,653,718	4,795,565	4,950,060

**Unit Cost Per Pound -- Total System**

<b>BOD</b>	<b>\$ 0.23</b>	<b>\$ 0.20</b>	<b>\$ 0.22</b>	<b>\$ 0.24</b>	<b>\$ 0.28</b>	<b>\$ 0.29</b>	<b>\$ 0.31</b>	<b>\$ 0.32</b>	<b>\$ 0.33</b>	<b>\$ 0.34</b>
<b>TSS</b>	<b>\$ 0.23</b>	<b>\$ 0.20</b>	<b>\$ 0.22</b>	<b>\$ 0.24</b>	<b>\$ 0.28</b>	<b>\$ 0.29</b>	<b>\$ 0.31</b>	<b>\$ 0.32</b>	<b>\$ 0.33</b>	<b>\$ 0.34</b>

**CITY OF PRESCOTT  
WATER/WW COST OF SERVICE MODEL**

**10 Year Forecast  
2008-2017**

**Test Year      Forecast**  
**2008            2009            2010            2011            2012            2013            2014            2015            2016            2017**

**Forecast WW 9.0 -- WASTEWATER Cost of Service by Customer Class**

**Scen:    Alt #1 -- "BASE"**

**Percent of Total Volume**

WW1 Residential	73.65%	73.68%	73.88%	73.60%	73.49%	73.30%	73.21%	72.91%	72.82%	72.54%
WW2 Bar w/o Dining Facilities	0.39%	0.39%	0.40%	0.40%	0.41%	0.43%	0.44%	0.45%	0.46%	0.47%
WW3 Car Wash	1.00%	0.98%	0.96%	1.04%	1.11%	1.18%	1.25%	1.31%	1.37%	1.42%
WW4 Dept/Retail Stores	4.21%	4.16%	4.10%	4.03%	4.00%	3.96%	3.93%	3.88%	3.85%	3.82%
WW5 Hospital/Convalescent	4.06%	4.15%	4.03%	4.20%	4.06%	3.92%	3.80%	3.92%	3.81%	3.93%
WW6 Hotel w Dining Facilities	0.84%	0.83%	0.80%	0.88%	0.96%	1.03%	1.10%	1.16%	1.22%	1.27%
WW7 Hotel w/o Dining Facilities	2.49%	2.51%	2.51%	2.55%	2.65%	2.75%	2.84%	2.92%	3.00%	3.06%
WW8 Laundry, Industrial	0.05%	0.05%	0.07%	0.07%	0.07%	0.08%	0.08%	0.08%	0.10%	0.09%
WW9 Laundromat	0.48%	0.47%	0.45%	0.48%	0.46%	0.49%	0.47%	0.50%	0.48%	0.50%
WW10 Laundry, Commercial	0.70%	0.69%	0.67%	0.64%	0.62%	0.60%	0.58%	0.56%	0.55%	0.53%
WW11 Markets w Garbage Disposal	0.68%	0.67%	0.65%	0.63%	0.60%	0.64%	0.62%	0.60%	0.58%	0.57%
WW12 Mortuaries	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
WW13 Professional Offices	4.30%	4.29%	4.29%	4.28%	4.27%	4.26%	4.26%	4.24%	4.24%	4.23%
WW14 Repair Shops/Service Stations	1.22%	1.21%	1.21%	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%
WW15 Restaurants	2.96%	2.95%	2.96%	2.99%	3.02%	3.05%	3.07%	3.09%	3.12%	3.13%
WW16 Schools and Colleges	<u>2.96%</u>	<u>2.96%</u>	<u>2.98%</u>	<u>3.03%</u>	<u>3.07%</u>	<u>3.11%</u>	<u>3.16%</u>	<u>3.19%</u>	<u>3.22%</u>	<u>3.25%</u>
<b>Total System</b>	<b>100.00%</b>									

**Total Volume Costs**

WW1 Residential	\$ 2,590,681	\$ 2,645,971	\$ 3,734,516	\$ 4,728,887	\$ 5,872,624	\$ 6,591,546	\$ 7,286,065	\$ 7,995,421	\$ 8,631,480	\$ 9,175,541
WW2 Bar w/o Dining Facilities	13,602	14,165	20,146	25,580	32,947	38,222	43,540	49,112	54,376	59,167
WW3 Car Wash	35,272	35,320	48,373	66,631	88,998	106,475	124,530	143,719	162,346	179,804
WW4 Dept/Retail Stores	148,146	149,512	207,427	259,182	319,394	355,889	390,681	425,921	456,957	482,901
WW5 Hospital/Convalescent	142,739	148,888	203,913	269,644	324,142	352,539	377,961	430,415	451,471	496,795
WW6 Hotel w Dining Facilities	29,624	29,664	40,627	56,850	76,882	92,908	109,569	127,336	144,696	161,078
WW7 Hotel w/o Dining Facilities	87,522	90,145	126,890	163,761	212,003	247,045	282,518	319,780	355,154	387,519
WW8 Laundry, Industrial	1,722	1,724	3,541	4,336	5,213	7,559	8,104	8,633	11,320	11,701
WW9 Laundromat	16,728	16,751	22,942	30,899	37,144	44,070	47,249	54,529	57,196	63,672
WW10 Laundry, Commercial	24,590	24,624	33,724	41,292	49,637	53,986	57,879	61,659	64,675	66,855
WW11 Markets w Garbage Disposal	23,927	23,959	32,814	40,177	48,297	57,781	61,948	65,994	69,223	71,555
WW12 Mortuaries	867	868	1,189	1,456	1,750	1,904	2,041	2,174	2,281	2,358
WW13 Professional Offices	151,249	154,209	216,857	274,754	341,387	383,369	423,960	465,440	502,675	534,569
WW14 Repair Shops/Service Stations	42,914	43,538	61,177	74,905	93,338	105,098	116,518	128,220	138,785	147,899
WW15 Restaurants	104,019	105,896	149,787	192,132	241,463	274,034	306,037	339,066	369,332	395,919
WW16 Schools and Colleges	<u>104,023</u>	<u>106,130</u>	<u>150,736</u>	<u>194,448</u>	<u>245,633</u>	<u>280,079</u>	<u>314,135</u>	<u>349,416</u>	<u>381,996</u>	<u>410,878</u>
<b>Total System</b>	<b>3,517,624</b>	<b>3,591,364</b>	<b>5,054,661</b>	<b>6,424,933</b>	<b>7,990,852</b>	<b>8,992,506</b>	<b>9,952,737</b>	<b>10,966,837</b>	<b>11,853,964</b>	<b>12,648,210</b>

**CITY OF PRESCOTT  
WATER/WW COST OF SERVICE MODEL**

**10 Year Forecast  
2008-2017**

**Test Year      Forecast**  
**2008            2009            2010            2011            2012            2013            2014            2015            2016            2017**

**Forecast WW 9.0 -- WASTEWATER Cost of Service by Customer Class**

**Scen:    Alt #1 -- "BASE"**

**Total BOD Lbs**

WW1 Residential	2,756,529	2,811,536	2,897,397	2,996,480	3,095,564	3,194,647	3,293,730	3,392,814	3,491,897	3,590,981
WW2 Bar w/o Dining Facilities	14,472	15,051	15,630	16,209	17,367	18,525	19,683	20,840	21,998	23,156
WW3 Car Wash	37,530	37,530	37,530	42,221	46,913	51,604	56,295	60,986	65,678	70,369
WW4 Dept/Retail Stores	157,629	158,867	160,931	164,232	168,358	172,485	176,611	180,737	184,864	188,990
WW5 Hospital/Convalescent	151,876	158,204	158,204	170,861	170,861	170,861	170,861	182,644	182,644	194,428
WW6 Hotel w Dining Facilities	31,520	31,520	31,520	36,023	40,526	45,029	49,532	54,034	58,537	63,040
WW7 Hotel w/o Dining Facilities	93,125	95,786	98,447	103,768	111,750	119,732	127,715	135,697	143,679	151,661
WW8 Laundry, Industrial	1,832	1,832	2,748	2,748	2,748	3,663	3,663	3,663	4,579	4,579
WW9 Laundromat	17,799	17,799	17,799	19,579	19,579	21,359	21,359	23,139	23,139	24,919
WW10 Laundry, Commercial	26,165	26,165	26,165	26,165	26,165	26,165	26,165	26,165	26,165	26,165
WW11 Markets w Garbage Disposal	25,458	25,458	25,458	25,458	25,458	28,004	28,004	28,004	28,004	28,004
WW12 Mortuaries	923	923	923	923	923	923	923	923	923	923
WW13 Professional Offices	160,932	163,858	168,247	174,099	179,951	185,803	191,655	197,507	203,359	209,211
WW14 Repair Shops/Service Stations	45,661	46,262	47,464	47,464	49,200	50,937	52,673	54,410	56,146	57,883
WW15 Restaurants	110,678	112,522	116,211	121,745	127,279	132,813	138,347	143,881	149,415	154,949
WW16 Schools and Colleges	110,683	112,771	116,948	123,213	129,478	135,743	142,008	148,273	154,538	160,803
<b>Total System</b>	<b>3,742,812</b>	<b>3,816,085</b>	<b>3,921,621</b>	<b>4,071,187</b>	<b>4,212,119</b>	<b>4,358,292</b>	<b>4,499,223</b>	<b>4,653,718</b>	<b>4,795,565</b>	<b>4,950,060</b>

**Total BOD Costs**

Cost Per lb.	\$ 0.23	\$ 0.20	\$ 0.22	\$ 0.24	\$ 0.28	\$ 0.29	\$ 0.31	\$ 0.32	\$ 0.33	\$ 0.34
WW1 Residential	\$ 624,298	\$ 559,145	\$ 647,299	\$ 725,480	\$ 852,123	\$ 928,532	\$ 1,006,541	\$ 1,082,341	\$ 1,161,235	\$ 1,236,454
WW2 Bar w/o Dining Facilities	3,278	2,993	3,492	3,924	4,781	5,384	6,015	6,648	7,316	7,973
WW3 Car Wash	8,500	7,464	8,384	10,222	12,914	14,999	17,203	19,455	21,841	24,230
WW4 Dept/Retail Stores	35,700	31,595	35,953	39,762	46,344	50,133	53,971	57,657	61,477	65,074
WW5 Hospital/Convalescent	34,397	31,463	35,344	41,367	47,033	49,661	52,214	58,265	60,739	66,946
WW6 Hotel w Dining Facilities	7,139	6,269	7,042	8,722	11,156	13,088	15,137	17,238	19,467	21,706
WW7 Hotel w/o Dining Facilities	21,091	19,049	21,994	25,123	30,762	34,801	39,029	43,289	47,781	52,220
WW8 Laundry, Industrial	415	364	614	665	756	1,065	1,120	1,169	1,523	1,577
WW9 Laundromat	4,031	3,540	3,976	4,740	5,390	6,208	6,527	7,382	7,695	8,580
WW10 Laundry, Commercial	5,926	5,203	5,845	6,335	7,202	7,605	7,996	8,347	8,701	9,009
WW11 Markets w Garbage Disposal	5,766	5,063	5,688	6,164	7,008	8,140	8,558	8,934	9,313	9,642
WW12 Mortuaries	209	183	206	223	254	268	282	294	307	318
WW13 Professional Offices	36,448	32,587	37,588	42,151	49,536	54,004	58,568	63,007	67,627	72,036
WW14 Repair Shops/Service Stations	10,341	9,200	10,604	11,491	13,543	14,805	16,097	17,357	18,671	19,930
WW15 Restaurants	25,066	22,378	25,962	29,476	35,036	38,602	42,278	45,899	49,688	53,352
WW16 Schools and Colleges	25,067	22,427	26,127	29,831	35,642	39,454	43,397	47,300	51,392	55,368
<b>Total System</b>	<b>847,671</b>	<b>758,925</b>	<b>876,118</b>	<b>985,678</b>	<b>1,159,480</b>	<b>1,266,749</b>	<b>1,374,932</b>	<b>1,484,582</b>	<b>1,594,771</b>	<b>1,704,415</b>

**CITY OF PRESCOTT  
WATER/WW COST OF SERVICE MODEL**

**10 Year Forecast  
2008-2017**

**Test Year      Forecast**  
**2008            2009            2010            2011            2012            2013            2014            2015            2016            2017**

**Forecast WW 9.0 -- WASTEWATER Cost of Service by Customer Class**

**Scen:    Alt #1 -- "BASE"**

**Total TSS Lbs**

WW1 Residential	2,756,529	2,811,536	2,897,397	2,996,480	3,095,564	3,194,647	3,293,730	3,392,814	3,491,897	3,590,981
WW2 Bar w/o Dining Facilities	14,472	15,051	15,630	16,209	17,367	18,525	19,683	20,840	21,998	23,156
WW3 Car Wash	37,530	37,530	37,530	42,221	46,913	51,604	56,295	60,986	65,678	70,369
WW4 Dept/Retail Stores	157,629	158,867	160,931	164,232	168,358	172,485	176,611	180,737	184,864	188,990
WW5 Hospital/Convalescent	151,876	158,204	158,204	170,861	170,861	170,861	170,861	182,644	182,644	194,428
WW6 Hotel w Dining Facilities	31,520	31,520	31,520	36,023	40,526	45,029	49,532	54,034	58,537	63,040
WW7 Hotel w/o Dining Facilities	93,125	95,786	98,447	103,768	111,750	119,732	127,715	135,697	143,679	151,661
WW8 Laundry, Industrial	1,832	1,832	2,748	2,748	2,748	3,663	3,663	3,663	4,579	4,579
WW9 Laundromat	17,799	17,799	17,799	19,579	19,579	21,359	21,359	23,139	23,139	24,919
WW10 Laundry, Commercial	26,165	26,165	26,165	26,165	26,165	26,165	26,165	26,165	26,165	26,165
WW11 Markets w Garbage Disposal	25,458	25,458	25,458	25,458	25,458	28,004	28,004	28,004	28,004	28,004
WW12 Mortuaries	923	923	923	923	923	923	923	923	923	923
WW13 Professional Offices	160,932	163,858	168,247	174,099	179,951	185,803	191,655	197,507	203,359	209,211
WW14 Repair Shops/Service Stations	45,661	46,262	47,464	47,464	49,200	50,937	52,673	54,410	56,146	57,883
WW15 Restaurants	110,678	112,522	116,211	121,745	127,279	132,813	138,347	143,881	149,415	154,949
WW16 Schools and Colleges	110,683	112,771	116,948	123,213	129,478	135,743	142,008	148,273	154,538	160,803
<b>Total System</b>	<b>3,742,812</b>	<b>3,816,085</b>	<b>3,921,621</b>	<b>4,071,187</b>	<b>4,212,119</b>	<b>4,358,292</b>	<b>4,499,223</b>	<b>4,653,718</b>	<b>4,795,565</b>	<b>4,950,060</b>

**Total TSS Costs**

Cost Per lb.	\$ 0.23	\$ 0.20	\$ 0.22	\$ 0.24	\$ 0.28	\$ 0.29	\$ 0.31	\$ 0.32	\$ 0.33	\$ 0.34
WW1 Residential	\$ 624,298	\$ 559,145	\$ 647,299	\$ 725,480	\$ 852,123	\$ 928,532	\$ 1,006,541	\$ 1,082,341	\$ 1,161,235	\$ 1,236,454
WW2 Bar w/o Dining Facilities	3,278	2,993	3,492	3,924	4,781	5,384	6,015	6,648	7,316	7,973
WW3 Car Wash	8,500	7,464	8,384	10,222	12,914	14,999	17,203	19,455	21,841	24,230
WW4 Dept/Retail Stores	35,700	31,595	35,953	39,762	46,344	50,133	53,971	57,657	61,477	65,074
WW5 Hospital/Convalescent	34,397	31,463	35,344	41,367	47,033	49,661	52,214	58,265	60,739	66,946
WW6 Hotel w Dining Facilities	7,139	6,269	7,042	8,722	11,156	13,088	15,137	17,238	19,467	21,706
WW7 Hotel w/o Dining Facilities	21,091	19,049	21,994	25,123	30,762	34,801	39,029	43,289	47,781	52,220
WW8 Laundry, Industrial	415	364	614	665	756	1,065	1,120	1,169	1,523	1,577
WW9 Laundromat	4,031	3,540	3,976	4,740	5,390	6,208	6,527	7,382	7,695	8,580
WW10 Laundry, Commercial	5,926	5,203	5,845	6,335	7,202	7,605	7,996	8,347	8,701	9,009
WW11 Markets w Garbage Disposal	5,766	5,063	5,688	6,164	7,008	8,140	8,558	8,934	9,313	9,642
WW12 Mortuaries	209	183	206	223	254	268	282	294	307	318
WW13 Professional Offices	36,448	32,587	37,588	42,151	49,536	54,004	58,568	63,007	67,627	72,036
WW14 Repair Shops/Service Stations	10,341	9,200	10,604	11,491	13,543	14,805	16,097	17,357	18,671	19,930
WW15 Restaurants	25,066	22,378	25,962	29,476	35,036	38,602	42,278	45,899	49,688	53,352
WW16 Schools and Colleges	25,067	22,427	26,127	29,831	35,642	39,454	43,397	47,300	51,392	55,368
<b>Total System</b>	<b>847,671</b>	<b>758,925</b>	<b>876,118</b>	<b>985,678</b>	<b>1,159,480</b>	<b>1,266,749</b>	<b>1,374,932</b>	<b>1,484,582</b>	<b>1,594,771</b>	<b>1,704,415</b>

**CITY OF PRESCOTT  
WATER/WW COST OF SERVICE MODEL**

**10 Year Forecast  
2008-2017**

**Test Year      Forecast**  
**2008            2009            2010            2011            2012            2013            2014            2015            2016            2017**

**Forecast WW 9.0 -- WASTEWATER Cost of Service by Customer Class**

**Scen:    Alt #1 -- "BASE"**

**Percent of Total Customer Bills**

WW1 Residential	92.61%	92.64%	92.69%	92.69%	92.68%	92.65%	92.64%	92.62%	92.61%	92.59%
WW2 Bar w/o Dining Facilities	0.15%	0.15%	0.15%	0.15%	0.16%	0.16%	0.17%	0.17%	0.18%	0.18%
WW3 Car Wash	0.05%	0.05%	0.05%	0.05%	0.05%	0.06%	0.06%	0.06%	0.07%	0.07%
WW4 Dept/Retail Stores	2.26%	2.24%	2.20%	2.17%	2.15%	2.14%	2.12%	2.11%	2.09%	2.08%
WW5 Hospital/Convalescent	0.14%	0.15%	0.14%	0.15%	0.14%	0.15%	0.14%	0.15%	0.14%	0.15%
WW6 Hotel w Dining Facilities	0.04%	0.04%	0.04%	0.04%	0.05%	0.05%	0.05%	0.06%	0.06%	0.06%
WW7 Hotel w/o Dining Facilities	0.21%	0.21%	0.21%	0.21%	0.22%	0.23%	0.24%	0.25%	0.25%	0.26%
WW8 Laundry, Industrial	0.01%	0.01%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
WW9 Laundromat	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%
WW10 Laundry, Commercial	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%	0.01%	0.01%
WW11 Markets w Garbage Disposal	0.06%	0.06%	0.06%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
WW12 Mortuaries	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%	0.01%	0.01%
WW13 Professional Offices	3.26%	3.25%	3.24%	3.24%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
WW14 Repair Shops/Service Stations	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%
WW15 Restaurants	0.36%	0.35%	0.36%	0.36%	0.36%	0.37%	0.37%	0.38%	0.38%	0.38%
WW16 Schools and Colleges	<u>0.31%</u>	<u>0.31%</u>	<u>0.32%</u>	<u>0.32%</u>	<u>0.33%</u>	<u>0.33%</u>	<u>0.34%</u>	<u>0.34%</u>	<u>0.35%</u>	<u>0.35%</u>
<b>Total System</b>	<b>100.00%</b>									

**Total Customer Costs**

WW1 Residential	\$ 82,830	\$ 86,982	\$ 90,843	\$ 94,978	\$ 99,325	\$ 104,024	\$ 109,023	\$ 114,283	\$ 119,874	\$ 125,790
WW2 Bar w/o Dining Facilities	132	142	149	156	170	184	198	214	230	247
WW3 Car Wash	42	44	44	50	57	63	70	77	85	93
WW4 Dept/Retail Stores	2,024	2,100	2,156	2,224	2,308	2,400	2,498	2,601	2,711	2,829
WW5 Hospital/Convalescent	127	136	138	151	153	166	169	184	188	204
WW6 Hotel w Dining Facilities	37	38	39	45	51	57	64	71	79	86
WW7 Hotel w/o Dining Facilities	185	196	205	218	238	258	280	303	327	352
WW8 Laundry, Industrial	11	11	17	17	17	23	23	24	30	31
WW9 Laundromat	53	55	55	61	62	69	70	77	79	86
WW10 Laundry, Commercial	16	16	17	17	17	17	18	18	18	19
WW11 Markets w Garbage Disposal	53	55	55	56	57	63	64	65	67	68
WW12 Mortuaries	16	16	17	17	17	17	18	18	18	19
WW13 Professional Offices	2,914	3,054	3,178	3,325	3,479	3,645	3,822	4,009	4,206	4,416
WW14 Repair Shops/Service Stations	403	420	437	458	481	505	531	558	587	618
WW15 Restaurants	318	333	348	369	390	413	438	463	490	519
WW16 Schools and Colleges	281	295	310	330	351	373	397	422	448	476
<b>Total System</b>	<b>89,441</b>	<b>93,892</b>	<b>98,007</b>	<b>102,472</b>	<b>107,171</b>	<b>112,279</b>	<b>117,684</b>	<b>123,387</b>	<b>129,437</b>	<b>135,850</b>

**CITY OF PRESCOTT  
WATER/WW COST OF SERVICE MODEL**

**10 Year Forecast  
2008-2017**

**Test Year      Forecast**  
**2008            2009            2010            2011            2012            2013            2014            2015            2016            2017**

**Forecast WW 9.0 -- WASTEWATER Cost of Service by Customer Class**

**Scen: Alt #1 -- "BASE"**

**Total Revenues to be Raised from Rates**

WW1 Residential	\$ 3,922,106	\$ 3,851,242	\$ 5,119,957	\$ 6,274,825	\$ 7,676,195	\$ 8,552,635	\$ 9,408,171	\$ 10,274,388	\$ 11,073,824	\$ 11,774,238
WW2 Bar w/o Dining Facilities	20,290	20,294	27,279	33,586	42,678	49,175	55,768	62,622	69,237	75,361
WW3 Car Wash	52,314	50,291	65,186	87,126	114,882	136,535	159,007	182,707	206,113	228,356
WW4 Dept/Retail Stores	221,569	214,801	281,489	340,930	414,391	458,555	501,121	543,837	582,622	615,876
WW5 Hospital/Convalescent	211,660	211,950	274,739	352,529	418,361	452,028	482,559	547,130	573,136	630,890
WW6 Hotel w Dining Facilities	43,938	42,239	54,749	74,337	99,244	119,141	139,906	161,883	183,708	204,577
WW7 Hotel w/o Dining Facilities	129,890	128,441	171,082	214,226	273,764	316,905	360,855	406,660	451,042	492,311
WW8 Laundry, Industrial	2,562	2,463	4,786	5,683	6,742	9,711	10,366	10,994	14,396	14,885
WW9 Laundromat	24,844	23,885	30,950	40,441	47,985	56,556	60,373	69,369	72,665	80,919
WW10 Laundry, Commercial	36,458	35,047	45,431	53,978	64,059	69,213	73,888	78,370	82,096	84,892
WW11 Markets w Garbage Disposal	35,511	34,140	44,244	52,561	62,370	74,124	79,128	83,927	87,915	90,908
WW12 Mortuaries	1,301	1,252	1,618	1,920	2,275	2,457	2,622	2,781	2,912	3,011
WW13 Professional Offices	227,058	222,437	295,210	362,381	443,937	495,023	544,920	595,462	642,136	683,057
WW14 Repair Shops/Service Stations	63,999	62,359	82,821	98,346	120,906	135,213	149,243	163,493	176,715	188,378
WW15 Restaurants	154,469	150,984	202,061	251,453	311,926	351,653	391,031	431,328	469,198	503,142
WW16 Schools and Colleges	154,439	151,279	203,300	254,440	317,267	359,360	401,325	444,439	485,227	522,089
<b>Total System</b>	<b>5,302,407</b>	<b>5,203,106</b>	<b>6,904,903</b>	<b>8,498,761</b>	<b>10,416,983</b>	<b>11,638,283</b>	<b>12,820,284</b>	<b>14,059,389</b>	<b>15,172,944</b>	<b>16,192,890</b>

# Appendix B

<u>Calculation Year</u> 2008	<b>CITY OF PRESCOTT</b> <b>WATER RESOURCE DEVELOPMENT/SYSTEM IMPACT FEE MODEL</b>			<b>MAXIMUM</b> <b>Water</b> <b>Impact</b> <b>Fee</b>
Description	Total	Water Meter Size	AWWA Meter Ratio	

**Summary Schedule -- Calculation of Impact Fee**

**Water System Impact Fee**

**I. Current and Forecast Capacity -- ERUs**

Current System Capacity	25,800
Forecast Expansions	<u>11,520</u>
Total Current and Forecast Capacity	37,320

**III. Water Impact Fee by Water Meter Size**

5/8" x 3/4"	1.0	\$ 6,209
1"	2.5	15,522
1 1/2"	5.0	31,044
2"	8.0	49,671
3"	15.0	93,132
4"	25.0	155,221
6"	50.0	310,441
8"	80.0	496,706

**II. Impact Fee per ERU**

Current CIP Value of Growth-Related Improvements	\$ 64,928,596
Interest Expense Allocated to Planning Period	<u>7,218,523</u>
Sub-Total	\$ 72,147,119
Less CIP Credit	<u>621,469</u>
New Value of CIP to be Paid from Impact Fees	\$ 71,525,650
Forecast Expansions	11,520
<b>Net Water Facility Impact Fee Per ERU</b>	<b>\$ 6,209</b>

Calculation Year 2008	CITY OF PRESCOTT WATER RESOURCE DEVELOPMENT/SYSTEM IMPACT FEE MODEL			MAXIMUM Water Resource Development Fee
Description	Total	Water Meter Size	AWWA Meter Ratio	

**Summary Schedule -- Calculation of Development Fee**

**Water Resource Development Fee**

**I. Forecast Capacity Increase -- Acre Feet**

Forecast Capacity Increase	8,570
Percent Allocated to Prescott	<u>54.1%</u>
Total Prescott Capacity Increase	4,636

**II. Water Resource Development Fee Calculation**

Current CIP Value of Growth-Related Improvements	\$ 69,734,259
Interest Expense Allocated to Planning Period	<u>16,221,103</u>
Sub-Total	\$ 85,955,362
Less CIP Credit	<u>757,770</u>
New Value of CIP to be Paid from Impact Fees	\$ 85,197,592
Forecast Expansions	4,636
Water Resource Development Fee Per Acre Foot	\$ 18,376
Acre Feet Allocation Per Dwelling Unit	0.25
<b>Water Resource Development Fee Per Dwelling Unit</b>	<b>\$ 4,594</b>

**III. Water Resource Development Fee**

**Residential (by Dwelling Unit)**

Residential Fee Per Dwelling Unit	\$ 4,594
Multi-Family Fee Per Dwelling Unit	4,594

**Non-Residential (by Meter Size)**

5/8" -- 3/4"	1.0	\$ 4,594
1"	2.5	11,485
1 1/2"	5.0	22,970
2"	8.0	36,752
3"	15.0	68,910
4"	25.0	114,850
6"	50.0	229,699
8"	80.0	367,519

# Appendix C

Calculation Year 2008	CITY OF PRESCOTT WASTEWATER SYSTEM IMPACT FEE CALCULATION MODEL			MAXIMUM Wastewater Impact Fee
Description	Total	Water Meter Size	AWWA Meter Ratio	

**Summary Schedule -- Calculation of Wastewater Impact Fee**

**Wastewater System Impact Fee**

**I. Current and Forecast Capacity (ERUs)**

Current System Capacity	51,378
Forecast Expansions	<u>29,970</u>
Total Current and Forecast Capacity	81,348

**III. Wastewater Impact Fee by Water Meter Size**

5/8" -- 3/4"	1.0	\$ 2,137
1"	2.5	5,341
1 1/2"	5.0	10,683
2"	8.0	17,092
3"	15.0	32,048
4"	25.0	53,413
6"	50.0	106,825
8"	80.0	170,921

**II. Impact Fee per ERU**

Local Current CIP Value of Growth-Related Improvements	\$ 55,074,375
Interest Expense Allocated to Planning Period	<u>10,225,315</u>
Sub-Total	\$ 65,299,690
Less CIP Credit	<u>1,267,669</u>
New Value of CIP to be Paid from Impact Fees	\$ 64,032,021
Total Forecast Expansions	29,970
<b>Net Wastewater Facility Impact Fee Per ERU</b>	<b>\$ 2,137</b>

Calculation Year  
2008

CITY OF PRESCOTT  
WASTEWATER SYSTEM IMPACT FEE CALCULATION MODEL

Table VI-11

Description

Total

Water  
Meter  
Size

AWWA  
Meter  
Ratio

MAXIMUM  
Wastewater  
Impact  
Fee

*Summary Schedule -- Calculation of Combined Wastewater Impact Fee*

**Wastewater -- Combined System Impact Fee**

**I. Current and Forecast Capacity (ERUs)**

Current System Capacity	51,378
Forecast Expansions	<u>29,970</u>
Total Current and Forecast Capacity	81,348

**III. Wastewater Impact Fee by Water Meter Size**

5/8" -- 3/4"	1.0	\$	3,273
1"	2.5		8,183
1 1/2"	5.0		16,367
2"	8.0		26,187
3"	15.0		49,100
4"	25.0		81,833
6"	50.0		163,666
8"	80.0		261,865

**II. Impact Fee per ERU**

Local Current CIP Value of Growth-Related Improvements	\$	83,809,750
Interest Expense Allocated to Planning Period		<u>15,560,433</u>
Sub-Total	\$	99,370,183
Less CIP Credit		<u>1,267,669</u>
New Value of CIP to be Paid from Impact Fees	\$	98,102,514
Total Forecast Expansions		29,970
<b>Net Wastewater Facility Impact Fee Per ERU</b>	<b>\$</b>	<b>3,273</b>

Calculation Year 2008		CITY OF PRESCOTT WASTEWATER SYSTEM IMPACT FEE CALCULATION MODEL			MAXIMUM Wastewater Impact Fee
Description	Total	Water Meter Size	AWWA Meter Ratio		
<b>Summary Schedule -- Calculation of Unsewered Area Impact Fee</b>					
<b>Unsewered Area System Impact Fee</b>					
<b>I. Current and Forecast Capacity (ERUs)</b>		<b>III. Wastewater Impact Fee by Water Meter Size</b>			
Total ERUs to be Served in 4-Area Region	618	5/8" -- 3/4"	1.0	\$	28,724
Total Number of Unsewered Lots in Planning Area	3,485	1"	2.5		71,809
Percent 4-Area of Total	17.73%	1 1/2"	5.0		143,619
<b>II. Impact Fee per ERU</b>		2"	8.0		229,790
General Area Unsewered Improvements	\$ 18,335,375	3"	15.0		430,857
4-Area Unsewered Improvements	\$ 10,400,000	4"	25.0		718,095
Total Unsewered CIP	\$ 28,735,375	6"	50.0		1,436,189
General Area Allocation: Percent Allocation	17.73%	8"	80.0		2,297,903
Total Adjusted General Area	\$ 3,251,438				
Total Adjusted Unsewered CIP	\$ 13,651,438				
Percent of Total Unsewered CIP	47.5%				
Interest Expense Allocation:					
Unsewered Interest Expense Allocated to Planning Period	8,629,938				
Percent of Total Unsewered CIP	47.5%				
Adjusted Interest Expense	\$ 4,099,862				
Total Adjusted CIP and Interest	\$ 17,751,300				
Less CIP Credit	-				
New Value of CIP to be Paid from Impact Fees	\$ 17,751,300				
Total Forecast Expansions	618				
<b>Net Wastewater Facility Impact Fee Per ERU</b>	<b>\$ 28,724</b>				