

Revenue Offsets Available

- Property Tax \$1.7 million
- Interest Income \$1.2 million

Revenue Offsets Applied Across All Customers

- Offset to energy would result in increases to other customer classifications

Pros and Cons of Phasing-In Energy Increases

Pros	Cons
Reduces rate shock to higher zone customers	Less revenue offset to benefit other customers (up to \$470,000)
	Rates not based on cost of providing service
	Higher risk of rates being challenged

Alternative Rates Energy Charge Cost Allocation

- Allocation to Zones 5 – 7 currently less than full cost due to adjustment for energy required for flushing

Zones	Energy Costs passed on to Zones	Energy Costs in Quantity Charge
Zone 1	100%	0%
Zone 2	100%	0%
Zone 3	100%	0%
Zone 4	100%	0%
Zone 5	59%	41%
Zone 6	42%	58%
Zone 7	62%	38%

Pump Stations and Storage Reservoirs

Zones	Pump Stations	Storage Reservoirs
Zone 1	15	10
Zone 2	22	10
Zone 3	20	7
Zone 4	13	6
Zone 5	7	4
Zone 6	8	3
Zone 7	8	4
Zone 8	5	2

Schedule

- FY18 Year-End Results & Reserve Allocations September 5
- 2019 Rate Assumptions September 19
- Review Draft Administrative Record October 3
- Proposition 218 Notices to Customers Mid-November
- Public Outreach November - December
- Revenue Requirements December 5
- 2019 Public Hearing/Rate Adoption January 2

