

MOUNTAIN REGIONAL WATER SSD

Stand-by Fee Rate Study

Date of Report: 10/01/04

Summary of Report

- ◆ Overview of District and Purpose of stand-by monthly fee
- ◆ Cost Recovery through Stand-by fees; Derivation and verification of monthly user fee for stand-by customers
- ◆ Unbundling of service costs: O&M, debt service and administration
- ◆ Nexus discussion of stand-by fees

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Mountain Regional Water Special Service District (the “District”, “MRWSSD”) was formed in 2000 to provide a central governing agency for the oversight and operations of a culinary water system within the Snyderville Basin. The District utilized a short-term debt obligation to acquire the water rights from several mutual water companies and install water system delivery infrastructure. And MRWSSD annexed several independent special service districts. Later MRWSSD issued water revenue bonds to consolidate these acquisitions and spread the cost of a longer planning horizon. MRWSSD is located approximately 25 miles east of downtown Salt Lake City. As of 2004, MRWSSD served approximately 2,439 customers and an additional 1,497 stand-by customers who are not currently using water within the system but do create demand and costs relative to the MRWSSD water storage and delivery systems.

In order to sufficiently pay for operations and maintenance of the system, it was determined that stand-by fees were essential to: i) provide sufficient revenue to defray cost of services and ii) equitably distribute costs to current customers and stand-by lot owners. The following study is an analysis recommending the appropriate level of a monthly stand-by fee to achieve the purposes presented above.

MRWSSD Key Facts:

Created:	2000
No. of Customers:	2,439
No. of Stand-by Accts:	1,497
Capital Assets:	\$45.169 million
Long-term Debt:	\$52.772 million
Annual Revenue:	\$6.161 million

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EXECUTIVE SUMMARY

Lewis Young Robertson & Burningham, Inc. (“LYRB”) has been retained by Mountain Regional Water Special Service District (“the District”) to assist in the review and calculation of water stand-by fees assessed for various developments within the District.

PROJECT OVERVIEW

The purpose of a water stand-by fee is to recover the costs of operational expenses of infrastructure constructed to provide sufficient capacity to serve all planned water users within a specific development. This includes capacity in both the District’s main backbone system and infrastructure within the development. The infrastructure is fully operational and lacks only the direct connection of all planned water users within the development. Because the supporting infrastructure has been constructed specifically for each development and does not serve others, and because it is operational and requires on-going expenses although water is not currently consumed by all planned users, the District has justification of assessing a stand-by fee per Equivalent Residential Connection (“ERC”).

When a development does not currently have all planned users connected, it is not equitable for existing users from both within that development or other developments to pay for the operations and maintenance costs of a system constructed with capacity exclusively for an unconnected user. A development with operational infrastructure provides equal potential benefit whether it is connected or not, as it adds value to the undeveloped lot and provides fire protection. The capacity in those lines is reserved for the unconnected lots.

COST RECOVERY

The costs of reserving capacity in a system specifically for a development are similar to that of a standard user that is connected less the costs of water production. Unused reserved capacity is still subject to the costs of District administration, finance and management, engineering source development, general legal expenses, costs of system upkeep, operations and maintenance, etc. except for the costs of the water consumed.

Other costs excluded are those related to the financing costs of the bonds the District currently has outstanding. The growth-related portion of the debt which was used to construct oversized infrastructure in anticipation of growth is more appropriately recovered through impact fees and portions related to repair and replacement will be recovered through general user rates.

RECOMMENDED STAND-BY FEES

Currently the District assesses a standby fee of \$27.50 per single ERC per month, which in actuality is less than a conservative estimate of the true costs of providing the stand-by service. As will be shown in this analysis the range of stand-by fees that the District could reasonable assess ranges from \$31.83 to \$37.00 per ERU given the revenue requirements for 2004. This equates to 16% to 35% greater than that currently assessed.

The total annual costs that qualify to be included in the stand-by fees are found in Figure 1 below. Based upon these total costs, a conservative and an aggressive cost allocation to stand-by fees have been prepared. Both approaches are defensible and differ only in the visibility of costs to the unconnected lot. Appendices A and B provide greater detail in the calculation and allocation of the conservative and aggressive approaches.

FIGURE 1: PROJECTION OF TOTAL QUALIFYING EXPENSES

Total Expenses	2004	2005	2006	2007	2008
Water Production	\$ 613,000	\$ 757,900	\$ 787,777	\$ 818,100	\$ 848,883
Management	104,900	108,100	111,343	114,683	118,124
Engineering & Development	102,200	95,300	98,159	101,104	104,137
Finance & Administration	206,800	203,100	209,193	215,469	221,933
Operations & Maintenance	958,600	1,072,100	1,104,263	1,137,391	1,171,513
Legal Services	153,000	203,000	204,080	205,192	206,338
Other Cash Expenses	1,877,400	1,961,823	2,066,981	2,075,721	2,050,548
Total Expenses	\$ 4,015,900	\$ 4,401,323	\$ 4,581,796	\$ 4,667,660	\$ 4,721,475

FIGURE 2: STAND-BY FEES AS CALCULATED UNDER A CONSERVATIVE APPROACH

Conservative Approach	2004	2005	2006	2007	2008
Water Production	\$ 76,353	\$ 86,457	\$ 91,182	\$ 95,922	\$ 100,677
Management	9,912	10,214	10,521	10,836	11,162
Engineering & Development	45,288	51,825	53,017	54,244	55,509
Finance & Administration	65,130	63,950	65,869	67,845	69,880
Operations & Maintenance	252,728	272,951	281,139	289,574	298,261
Legal Services	20,208	37,734	39,224	39,224	39,224
Other Cash Expenses	102,095	170,971	180,228	180,989	179,087
Total Expenses	\$ 571,713	\$ 694,102	\$ 721,180	\$ 738,634	\$ 753,800
Stand-by Lots	1,497	1,497	1,497	1,497	1,497
Monthly Fee per Lot	\$ 31.83	\$ 38.64	\$ 40.15	\$ 41.12	\$ 41.96

FIGURE 3: STAND-BY FEES AS CALCULATED UNDER AN AGGRESSIVE APPROACH

Aggressive Approach	2004	2005	2006	2007	2008
Water Production	\$ 136,331	\$ 160,661	\$ 167,611	\$ 174,644	\$ 181,761
Management	11,337	11,682	12,033	12,394	12,766
Engineering & Development	64,129	71,766	73,556	75,400	77,299
Finance & Administration	65,130	63,950	65,869	67,845	69,880
Operations & Maintenance	252,728	272,951	281,139	289,574	298,261
Legal Services	32,965	49,700	52,285	52,597	52,919
Other Cash Expenses	102,095	170,971	180,228	180,989	179,087
Total Expenses	\$ 664,715	\$ 801,681	\$ 832,721	\$ 853,442	\$ 871,973
Stand-by Lots	1,497	1,497	1,497	1,497	1,497
Monthly Fee per Lot	\$ 37.00	\$ 44.63	\$ 46.36	\$ 47.51	\$ 48.54

CHAPTER 1

OVERVIEW OF THE DISTRICT AND THE NEED FOR STAND-BY FEES

OVERVIEW OF THE DISTRICT

Mountain Regional Water Special Service District was formed in 2000 to provide a central governing agency for the oversight and operations of a culinary water system within the Snyderville Basin. The District utilized a short-term debt obligation to acquire the water rights from several mutual water companies and install water system delivery infrastructure. And MRWSSD annexed several independent special service districts. At present the District has sufficient capacity to meet existing development projects but will need to expand its facilities for future growth expansion within the District.

New development is occurring rapidly within the District and given the scarcity of water and a growing demand in the Snyderville Basin the costs of developing new water sources and obtaining water rights is increasing rapidly as well. The viability of developments within the Snyderville Basin is primarily determined by the ability of the developer to secure or develop water sources and pay for the water rights.

Unlike other areas in Utah, Summit County developers must work to secure water source and infrastructure well in advance of the construction of homes and projects due to the uncertainty of water supply. To reserve the sources and capacity, developers must be prepared to pay the costs of their needed capacity even before their projects are constructed and connected to the system.

STAND-BY FEES AS A SOURCE OF REVENUE

A stand-by fee is not a tax, nor an impact fee, nor a method of subsidizing the costs related to existing users which are connected and consume water. The stand-by fee is intended to recover from unconnected lots the operation and maintenance costs of keeping that capacity available for the time when the lot is developed and connected to the system. As mentioned above, water supply is not a guarantee and the capacity in local improvements and water source that is not reserved may be diverted to other developments before the first development is constructed and connected. As a result many developers are willing to pay stand-by fees for the reservation of this water delivery capability.

The stand-by fees are a stable source of revenues as they are assessed monthly similar to a standard water user fee. The fee is assessed once a development is platted and infrastructure is constructed, or when agreed to contractually, and will continue to be charged until the lot connects to the system and user fees are paid. The stability of the stand-by fees do help the District to achieve lower costs of borrowing for capital projects which help all current and future users to keep all fees lower.

LEGAL ABILITY TO ASSESS STAND-BY FEES AND PRECEDENTS

Stand-by fees of this nature are not common in Utah as most areas within the State are not faced to reserve capacity in distribution and collection systems, treatment facilities, and other system components. However, stand-by fees are a common practice within the Snyderville Basin.

At least five court cases have been identified by the Summit County legal counsel which support the use of stand-by fees and the recovery of costs similar to those included in the recommended fees.

Two of the more prevalent cases stand out in supporting the methodology. One is from Florida and the other from New Mexico. Both cases state that operational and maintenance expenses can legitimately be charged provided that 1) the operations provides a benefit to the land, 2) provides accessibility to water at a reasonable cost, and 3) creates economic value.

Each of these three tests can be demonstrated by the District. All lots to which stand-by fees are assessed do receive a substantial benefit from the availability of water that can be connected to at any time. The ongoing operations and maintenance ensures that the infrastructure, and sources are sufficient and safe to provide water as easily in the future as it could now. The fees assessed until connection are reasonable and less than half of the fees assessed under normal usage.

The greatest benefit to the developers who pay the stand-by fees is the economic benefit. As mentioned several times in this analysis, water is a scarce and costly commodity within the District and many other areas within Summit County. Developers who do not pay a stand-by fee to reserve the capacity in the system for their development run the risk of having capacity and source diverted to quicker developing areas. Because it is not always possible to find or afford available water rights in close proximity of a development a developer without capacity or future source cannot move forward. Therefore the economic benefit is evident and the security of capacity is likely the largest contributor to the salability of lots.

CURRENT DISTRICT STAND-BY FEE POLICY

- B. Standby Maintenance Fee. The District may impose a Stand-by Maintenance Fee against each property not connected to the system in conformance with the following:
1. The Stand-by Maintenance Fee shall be established in order to compensate the District for the facilities, operation and maintenance costs of its water facilities, and personnel necessary to assure that the District has adequate water distribution system capacity to serve the property with firefighting and water quality protection.
 2. The amount of the Stand-by Maintenance Fee to be charged shall be set by the Governing Board by a separate rate resolution, and may be changed from time to time at the discretion of the Governing Board.
 3. The Stand-by Maintenance Fee shall be charged monthly or quarterly at the discretion of the Governing Board.
 4. The fee shall be charged to the developer for unsold lots in a platted subdivision and to lot owners in subdivisions prior to application for service to provide for water service to protect the lot from fire and keep the system in a ready to serve condition when the connections is desired.
 5. The fee shall be chargeable whether the owner of developer has paid all or some of the relevant impact and connection fees.
 6. The fee shall be chargeable from and after the time an applicant makes application for service until such time as a service connection is made and service charges for connected properties are applicable.

CHAPTER 2

COST RECOVERY THROUGH STAND-BY FEES

COST RECOVERY THROUGH STAND-BY FEES

Stand-by fees are not intended to overlap connection fees, impact fees, capital financing costs, nor variable consumption costs assessed to connected users. Stand-by fees recover the following general areas of costs which are also found in the base fee element of user rates for connected users.

Two approaches have been evaluated in this report: 1) a conservative approach, and 2) an aggressive approach. Each is considered defensible but recovers different levels of costs. These levels are included in Appendices A and B at the end of this analysis.

WATER PRODUCTION

Water production costs included in the conservative approach do not vary with consumption and would be the same whether or not water is consumed. These costs include natural gas and the fixed component of electricity for pump stations and SCADA systems, and proportionate costs of the water sources and leases required to serve the unconnected development.

An aggressive scenario of water production costs is provided and includes the costs of water conservation efforts into the stand-by fees as conservation efforts are critical to lower infrastructure costs and freeing capacity that will benefit stand-by users into the future. The costs of testing water quality are also included in the aggressive approach. Even though water is not currently used by stand-by users, the developer must be assured that the water quality will be acceptable once a lot is connected and therefore may be reasonably included into the stand-by fees.

MANAGEMENT

The Management's time is partially devoted to ensuring that the systems on stand-by are properly maintained and operated. A portion of management's time is a direct benefit to unconnected stand-by lots just as much as if the lots were connected. These costs include the Manager's salary, benefits, employment taxes and professional expenses.

ENGINEERING & DEVELOPMENT

Engineering and development costs include a portion of the salaries, benefits, and professional expenses of the District's engineering staff but also include the equipment and systems such as SCADA which are used to monitor the water system regardless of whether or not water is consumed. These services guarantee the system is ready for connections at any time into the future. The ability to use capacity reserved in the system is predicated upon the upkeep of the system and therefore these costs are justifiably paid by stand-by users.

The conservative approach assumes that the percentage of total time dedicated to repair and replacement of the stand-by systems will decline with time, but perhaps more realistically the time to maintain the system will either stay level or increase as the system ages. The aggressive scenario assumes that a constant percentage of time will be allocated to maintaining stand-by systems.

FINANCE & ADMINISTRATION

A portion of the time spent by the District's accountant and Chief Financial Officer ("CFO") is dedicated to working with billing issues, ongoing expense accounting and other financial responsibilities. These costs however do not include time spent on administering the Promontory SID which is recovered through other fees. There is no differentiation between a conservative and an aggressive approach.

OPERATIONS & MAINTENANCE

Operations and maintenance expense is the second largest category of expense but covers the broadest categories of costs. The operational expenses cover the proportionate share of staff salaries and wages, postal expenses and billings, utilities related to the business office, permit issuance expenses, insurance, tools, meters, vehicles, office equipment, etc. Operations and maintenance, similar to the engineering costs described above, are directly related to the ability to maintain reserved capacity in the systems for unconnected lots and therefore are reasonably included in stand-by fees. Operation and maintenance expenditures related to water usage are excluded from the analysis of stand-by fees. There is no differentiation between a conservative and an aggressive approach.

LEGAL SERVICES

The legal environment faced by the District can be harsh as the District was recently formed from approximately twenty different entities, all with differing contracts and agreements with numerous involved parties. The ability to ensure a combined system and water source is dependent upon the legal work required to keep the District cohesive and pursue new water source in a limited water market.

OTHER EXPENSES

The stand-by fees do not include capital expenses or debt payments as these fees are more appropriately recovered through impact fees and user rates. There is no overlapping of costs between the recommended stand-by fees and the impact fees that the District assesses. The miscellaneous expenses included are minor in comparison with the overall costs allocated to the fees and include elements such as the proportionate costs of interest for the financing of operational equipment and vehicles. Also included is a coverage requirement expense related to the debt service on the outstanding bonds.

The bond covenants require that the District have at least 25% greater revenues available for annual debt service than the annual debt service expense. Stand-by fees will contribute to that additional coverage for the security of the bonds. Once the annual debt service payment is made, the additional 25% is then used for strictly repairs and replacement of capital infrastructure.

CORRELATION WITH USER AND IMPACT FEES

IMPACT FEES

The legal basis for the stand-by fees as well as the Impact Fees Act requires that the costs recovered through stand-by fees do not overlap the costs recovered through impact fees. Impact fees may legally recover only the costs of capital system improvements that are constructed for the purposes of serving new growth and cannot include any components of operational expense or repair and replacement. Interest costs related to the bond financing of these improvements may also be included into the impact fees.

As the stand-by fees calculated in this analysis completely exclude the costs of capital infrastructure and focus exclusively on operational expenses, no correlation between the two types of fees can be made.

USER FEES

There is a strong resemblance between user fees and stand-by fees as both are concerned with the on-going operations and upkeep of the system. One distinction to be made is that user fees recover the costs of the water consumed while stand-by fees do not but there are exceptions.

In the case of a take-or-pay water lease, which stipulates that the District pays for a certain volume of water whether or not that water is used, the costs of reserving water source for future unconnected lots is being paid for in the present. It is only equitable that if a lot owner has anticipation to benefit from the water lease then a lot owner should be contributing to the lease payments as early as possible. For these reasons the costs of water leased from WBWCD is shared in the stand-by fees and user fees.

Supposing that the District was required to only pay for the volumes consumed, it would be difficult to justify the lease expense in the stand-by fees. These types of contracts are hard to enter into in Summit County where developers and Districts will pay premium prices for scarce supplies.

CHAPTER 3

FEE CALCULATION AND CONCLUSIONS

CALCULATION OF STAND-BY FEES

The calculation of a stand-by fee is a relatively simple calculation once the proportionate share of the applicable costs to be allocated to stand-by fees has been calculated. As there is no elements of conservation rate structuring or other complexities, the fee can be set by dividing the annual revenue requirement by the number of lots that will be required to pay stand-by fees. The District has used 1,497 lots to pay stand-by fees through all years analyzed. This figure is a reasonable and conservative estimate.

Appendices A and B demonstrate in full detail the rationale for the inclusion of the costs allocated to stand-by fees as well as the projections of development activity within the District. The Figures 3.2 and 3.3 below summarize the conservative and aggressive allocation of total qualifying costs summarized in Figure 3.1. Both scenarios may be defended in court but the primary difference is that the aggressive scenario includes a few specific costs that may be successfully argued as providing benefit to stand-by users but the nexus is not readily apparent. The increase in fees under the aggressive approach is slight and averages approximately 15%.

FIGURE 3.1: PROJECTION OF TOTAL QUALIFYING EXPENSES

Total Expenses	2004	2005	2006	2007	2008
Water Production	\$ 613,000	\$ 757,900	\$ 787,777	\$ 818,100	\$ 848,883
Management	104,900	108,100	111,343	114,683	118,124
Engineering & Development	102,200	95,300	98,159	101,104	104,137
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Total Expenses	\$ 4,015,900	\$ 4,401,323	\$ 4,581,796	\$ 4,667,660	\$ 4,721,475

FIGURE 3.2: STAND-BY FEES AS CALCULATED UNDER A CONSERVATIVE APPROACH

Conservative Approach	2004	2005	2006	2007	2008
Water Production	\$ 76,353	\$ 86,457	\$ 91,182	\$ 95,922	\$ 100,677
Management	9,912	10,214	10,521	10,836	11,162
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Total Expenses	\$ 571,713	\$ 694,102	\$ 721,180	\$ 738,634	\$ 753,800
Stand-by Lots	1,497	1,497	1,497	1,497	1,497
Monthly Fee per Lot	\$ 31.83	\$ 38.64	\$ 40.15	\$ 41.12	\$ 41.96

FIGURE 3.3: STAND-BY FEES AS CALCULATED UNDER AN AGGRESSIVE APPROACH

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Other Cash Expenses	102,095	170,971	180,228	180,989	179,087
Total Expenses	\$ 664,715	\$ 801,681	\$ 832,721	\$ 853,442	\$ 871,973
Stand-by Lots	1,497	1,497	1,497	1,497	1,497
Monthly Fee per Lot	\$ 37.00	\$ 44.63	\$ 46.36	\$ 47.51	\$ 48.54

CONCLUSION

Given the minimum fee of \$31.83 calculated under a highly conservative basis above in Figure 3.2, the District is justified in assessing the current stand-by fee of \$27.50 per ERC. It is the opinion of LYRB and Summit County legal counsel that these fees meet the requirements of a reasonable charge and meet the test set forth in prior case law precedents. In fact a reasonable argument can be made that the stand-by fee should increase to the conservative level, otherwise, current rate payers would be subsidizing stand-by lot owners.

The stand-by fees do not violate the Impact Fees Act as the costs recovered are not overlapped in the District's stand-by and impact fees. User fees remain equitable as the stand-by fees do not recover the variable consumption costs as found in the user rates.

It is recommended that the District continue to assess the monthly stand-by fees to all developments within the District as a tangible benefit of available water and infrastructure is reserved for the lots paying the fees. This benefit is necessary and crucial to the future development and maintenance of land values within the District.

Appendix A: Fee Calculation - Conservative Approach

**Mountain Regional Water
Standby Fee Calculation
August 2004**

2,439

CONSERVATIVE APPROACH

Standby Connections	1,497	1,547	1,597	1,647	1,697
Total Connections	3,936	4,036	4,136	4,236	4,336
% Connections Standby	38.03%	38.33%	38.61%	38.88%	39.14%
Inflation	0.0%	3.0%	3.0%	3.0%	3.0%

Conservative Approach Explanation	Operations & Debt Service Less Water Use Costs			2004	2004	2005	2005	2006	2006	2007	2007	2008	2008
	% Fixed Costs	% Standby Connects	& Standby Allocated	Budget Amount	Allocated to Standby	Projected Amount	Allocated Amount	Projected Amount	Allocated Amount	Projected Amount	Allocated Amount	Projected Amount	Allocated Amount
WATER PRODUCTION													
CGS - Utilities - Natural Gas	100.0%	38.0%	38.0%	1,500	571	3,000	1,141	3,090	1,175	3,183	1,210	3,278	1,247
CGS - Utilities - Pump Electricity					-		-		-		-		-
Fixed Component - Base Charges	100.0%	38.0%	38.0%	19,700	7,493	29,100	11,068	29,973	11,400	30,872	11,742	31,798	12,094
Variable Component - Usage Charges	0.0%	38.0%	0.0%	295,100	-	373,300	-	384,499	-	396,034	-	407,915	-
CGS - Utilities - Phone	100.0%	38.0%	38.0%	6,000	2,282	7,000	2,662	7,210	2,742	7,426	2,824	7,649	2,909
CGS - Water Treatment	0.0%	38.0%	0.0%	10,000	-	26,000	-	26,780	-	27,583	-	28,411	-
CGS - Water Testing & Labs	0.0%	38.0%	0.0%	12,000	-	15,000	-	15,450	-	15,914	-	16,391	-
CGS - Water Conservation	0.0%	38.0%	0.0%	3,000	-	10,000	-	10,300	-	10,609	-	10,927	-
CGS - Concurrency			0.0%		-		-		-		-		-
Fixed Component - System & Source Charges	100.0%	38.0%	38.0%	4,000	1,521	4,200	1,597	4,326	1,645	4,456	1,695	4,589	1,746
Variable Component - Active Connection Charge	0.0%	38.0%	0.0%	13,500	-	13,300	-	13,699	-	14,110	-	14,533	-
CGS - Water Leases & Reservations					-		-		-		-		-
Weber Basin - MRW Reservation Fees	0.0%	38.0%	0.0%	13,500	-	15,000	-	15,000	-	15,000	-	15,000	-
Weber Basin - MRW Lease Fees	73.8%	38.0%	28.1%	217,600	61,089	247,000	69,343	262,000	73,554	277,000	77,765	292,000	81,976
Well 10 Lease	73.8%	38.0%	28.1%	10,000	2,807	-	-	-	-	-	-	-	-
CGS - Other					-		-		-		-		-
Division of Water Rights	73.8%	38.0%	28.1%	2,000	561	2,000	561	2,060	578	2,122	596	2,185	614
Davis Weber Canal	73.8%	38.0%	28.1%	100	28	300	84	309	87	318	89	328	92
Other	0.0%	38.0%	0.0%	5,000	-	12,700	-	13,081	-	13,473	-	13,878	-
Subtotal Water Production				613,000	76,353	757,900	86,457	787,777	91,182	818,100	95,922	848,883	100,677

MANAGEMENT

GM - Salary & Wages	24.8%	38.0%	9.4%	77,500	7,323	80,400	7,597	82,812	7,825	85,296	8,060	87,855	8,301
GM - 401(k)	24.8%	38.0%	9.4%	10,200	964	10,500	992	10,815	1,022	11,139	1,053	11,474	1,084
GM - Health, Dental, & Life	24.8%	38.0%	9.4%	2,700	255	2,700	293	3,193	302	3,289	311	3,387	320
GM - Other Benefits	24.8%	38.0%	9.4%	500	47	1,000	94	1,030	97	1,061	100	1,093	103
GM - FICA Taxes	24.8%	38.0%	9.4%	4,900	463	5,000	472	5,150	487	5,305	501	5,464	516
GM - Medicare Taxes	24.8%	38.0%	9.4%	1,100	104	1,200	113	1,236	117	1,273	120	1,311	124
GM - Travel & Training	24.8%	38.0%	9.4%	7,300	690	5,800	548	5,974	564	6,153	581	6,338	599
GM - Dues & Subscriptions	24.8%	38.0%	9.4%	700	66	1,100	104	1,133	107	1,167	110	1,202	114
Subtotal Management				104,900	9,912	108,100	10,214	111,343	10,521	114,683	10,836	118,124	11,162

ENGINEERING & DEVELOPMENT

E&D - Salary & Wages	37.1%	38.0%	14.1%	71,200	10,037	73,900	10,418	76,117	10,731	78,401	11,052	80,753	11,384
E&D - State Retirement	37.1%	38.0%	14.1%	6,900	973	8,200	1,156	8,446	1,191	8,699	1,226	8,960	1,263
E&D - 401(k)	37.1%	38.0%	14.1%	2,500	352	1,400	197	1,442	203	1,485	209	1,530	216
E&D - Health, Dental, & Life	37.1%	38.0%	14.1%	11,100	1,565	12,400	1,748	12,772	1,801	13,155	1,855	13,550	1,910
E&D - Other Benefits	0.0%	38.0%	0.0%	(73,400)	-	(76,500)	-	(78,795)	-	(81,159)	-	(83,594)	-
E&D - FICA Taxes	37.1%	38.0%	14.1%	4,500	634	4,500	648	4,738	668	4,880	688	5,027	709
E&D - Medicare Taxes	37.1%	38.0%	14.1%	1,100	155	1,100	155	1,133	160	1,167	165	1,202	169
E&D - Other Taxes	37.1%	38.0%	14.1%	500	70	900	127	927	131	955	135	983	139
E&D - Travel & Training	37.1%	38.0%	14.1%	800	113	1,000	141	1,030	145	1,061	150	1,093	154

**Mountain Regional Water
Standby Fee Calculation
August 2004**

2,439

CONSERVATIVE APPROACH

Standby Connections	1,497	1,547	1,597	1,647	1,697
Total Connections	3,936	4,036	4,136	4,236	4,336
% Connections Standby	38.03%	38.33%	38.61%	38.88%	39.14%
Inflation	0.0%	3.0%	3.0%	3.0%	3.0%

Conservative Approach Explanation	Operations & Debt Service Less Water Use Costs			2004	2004	2005	2005	2006	2006	2007	2007	2008	2008
	%	%	&	Budget	Allocated	Projected	Allocated	Projected	Allocated	Projected	Allocated	Projected	Allocated
	Fixed	Standby	Standby	Amount	to Standby	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
E&D - Dues & Subscriptions	37.1%	38.0%	14.1%	2,300	324	2,300	324	2,369	334	2,440	344	2,513	354
E&D - Office Expense - Other	37.1%	38.0%	14.1%	200	28	1,200	169	1,236	174	1,273	179	1,311	185
E&D - Utilities - T1 Data Line	100.0%	38.0%	38.0%	5,000	1,902	5,200	1,978	5,356	2,037	5,517	2,098	5,682	2,161
E&D - Engineering Services (non-capitalized)	100.0%	38.0%	38.0%	50,000	19,017	40,000	15,213	41,200	15,670	42,436	16,140	43,709	16,624
E&D - Computer Services	100.0%	38.0%	38.0%	3,000	1,141	3,100	1,179	3,193	1,214	3,289	1,251	3,387	1,288
E&D - Computer Supplies	100.0%	38.0%	38.0%	10,000	3,803	10,000	3,803	10,300	3,917	10,609	4,035	10,927	4,156
E&D - GIS Supplies	100.0%	38.0%	38.0%	6,500	2,472	6,500	2,472	6,695	2,546	6,896	2,623	7,103	2,701
E&D - Capitalization of Equipment over \$1,000	0.0%	38.0%	0.0%	(7,100)	-	(31,800)	-	(31,800)	-	(31,800)	-	(31,800)	-
E&D - Capitalized Computer Hardware	100.0%	38.0%	38.0%	5,500	2,092	30,600	11,638	30,600	11,638	30,600	11,638	30,600	11,638
E&D - Capitalized Computer Software	100.0%	38.0%	38.0%	1,600	609	1,200	456	1,200	456	1,200	456	1,200	456
Subtotal Engineering & Development				102,200	45,288	95,300	51,825	98,159	53,017	101,104	54,244	104,137	55,509

FINANCE & ADMINISTRATION

F&A - Salary & Wages	77.9%	38.0%	29.6%	114,500	33,913	119,200	35,305	122,776	36,365	126,459	37,455	130,253	38,579
F&A - State Retirement	77.9%	38.0%	29.6%	11,100	3,288	13,200	3,910	13,596	4,027	14,004	4,148	14,424	4,272
F&A - 401(k)	77.9%	38.0%	29.6%	3,900	1,155	2,300	681	2,369	702	2,440	723	2,513	744
F&A - Health, Dental & Life	77.9%	38.0%	29.6%	22,100	6,546	24,700	7,316	25,441	7,535	26,204	7,761	26,990	7,994
F&A - Other Benefits	77.9%	38.0%	29.6%	700	207	700	207	721	214	743	220	765	227
F&A - FICA Taxes	77.9%	38.0%	29.6%	7,100	2,103	7,400	2,192	7,622	2,258	7,851	2,325	8,086	2,395
F&A - Medicare Taxes	77.9%	38.0%	29.6%	1,700	504	1,700	504	1,751	519	1,804	534	1,858	550
F&A - Other Taxes	77.9%	38.0%	29.6%	700	207	1,000	296	1,030	305	1,061	314	1,093	324
F&A - Travel & Training	77.9%	38.0%	29.6%	500	148	2,400	711	2,472	732	2,546	754	2,623	777
F&A - Office Materials & Supplies	77.9%	38.0%	29.6%	5,000	1,481	5,000	1,481	5,150	1,525	5,305	1,571	5,464	1,618
F&A - Building Maintenance	77.9%	38.0%	29.6%	4,000	1,185	-	-	-	-	-	-	-	-
F&A - Copier Supplies & Maintenance	77.9%	38.0%	29.6%	2,000	592	-	-	-	-	-	-	-	-
F&A - Office Expense - Other	77.9%	38.0%	29.6%	10,000	2,962	3,000	889	3,090	915	3,183	943	3,278	971
F&A - Computer Services	100.0%	38.0%	38.0%	5,000	1,902	2,500	951	2,575	979	2,652	1,009	2,732	1,039
F&A - Audit Services	100.0%	38.0%	38.0%	16,500	6,276	18,000	6,846	18,540	7,051	19,096	7,263	19,669	7,481
F&A - Other Services	100.0%	38.0%	38.0%	2,000	761	2,000	761	2,060	783	2,122	807	2,185	831
F&A - Capitalization of Equipment > \$1,000	0.0%	38.0%	0.0%	(5,000)	-	(5,000)	-	(5,150)	-	(5,305)	-	(5,464)	-
F&A - Capitalized Computer Hardware	100.0%	38.0%	38.0%	2,500	951	2,500	951	2,575	979	2,652	1,009	2,732	1,039
F&A - Capitalized Software	100.0%	38.0%	38.0%	2,500	951	2,500	951	2,575	979	2,652	1,009	2,732	1,039
Subtotal Finance & Administration				206,800	65,130	203,100	63,950	209,193	65,869	215,469	67,845	221,933	69,880

OPERATIONS & MAINTENANCE

O&M - Salary & Wages	65.3%	38.0%	24.8%	429,300	106,667	448,400	111,413	461,852	114,755	475,708	118,198	489,979	121,744
O&M - State Retirement	65.3%	38.0%	24.8%	41,300	10,262	47,900	11,902	49,337	12,259	50,817	12,626	52,342	13,005
O&M - 401(k)	65.3%	38.0%	24.8%	14,600	3,628	8,300	2,062	8,549	2,124	8,805	2,188	9,070	2,254
O&M - Health, Dental, & Life	65.3%	38.0%	24.8%	92,800	23,058	79,500	19,753	81,885	20,346	84,342	20,956	86,872	21,585
O&M - Other Benefits	65.3%	38.0%	24.8%	2,600	646	6,700	1,665	6,901	1,715	7,108	1,766	7,321	1,819
O&M - FICA Taxes	65.3%	38.0%	24.8%	26,700	6,634	27,800	6,907	28,634	7,115	29,493	7,328	30,378	7,548
O&M - Medicare Taxes	65.3%	38.0%	24.8%	6,300	1,565	6,500	1,615	6,695	1,663	6,896	1,713	7,103	1,765
O&M - Uniforms	65.3%	38.0%	24.8%	1,400	348	1,600	398	1,648	409	1,697	422	1,748	434
O&M - Travel & Training	65.3%	38.0%	24.8%	7,000	1,739	7,400	1,839	7,622	1,894	7,851	1,951	8,086	2,009
O&M - Office Materials & Supplies	65.3%	38.0%	24.8%	4,000	994	16,000	3,975	16,480	4,095	16,974	4,218	17,484	4,344
O&M - Dues & Subscriptions	65.3%	38.0%	24.8%	4,600	1,143	6,500	1,615	6,695	1,663	6,896	1,713	7,103	1,765
O&M - Advertising	100.0%	38.0%	38.0%	6,000	2,282	2,000	761	2,060	783	2,122	807	2,185	831
O&M - Postage & Billing	100.0%	38.0%	38.0%	16,000	6,085	20,000	7,607	20,600	7,835	21,218	8,070	21,855	8,312
O&M - Utilities - Natural Gas	100.0%	38.0%	38.0%	1,300	494	1,200	456	1,236	470	1,273	484	1,311	499
O&M - Utilities - Electricity	100.0%	38.0%	38.0%	1,400	532	1,800	685	1,854	705	1,910	726	1,967	748
O&M - Utilities - Telephone	100.0%	38.0%	38.0%	29,000	11,030	30,000	11,410	30,900	11,752	31,827	12,105	32,782	12,468
O&M - Utilities - UCAN Radios	100.0%	38.0%	38.0%	2,500	951	1,500	571	1,545	588	1,591	605	1,639	623

**Mountain Regional Water
Standby Fee Calculation
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2,439

CONSERVATIVE APPROACH

Standby Connections	1,497	1,547	1,597	1,647	1,697
Total Connections	3,936	4,036	4,136	4,236	4,336
% Connections Standby	38.03%	38.33%	38.61%	38.88%	39.14%
Inflation	0.0%	3.0%	3.0%	3.0%	3.0%

Conservative Approach Explanation	Operations & Debt Service Less Water Use Costs			2004	2004	2005	2005	2006	2006	2007	2007	2008	2008
	%	%	&	Budget	Allocated	Projected	Allocated	Projected	Allocated	Projected	Allocated	Projected	Allocated
	Fixed	Standby	Standby	Amount	to Standby	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
O&M - Utilities - Other	100.0%	38.0%	38.0%	1,000	380	1,000	380	1,030	392	1,061	403	1,093	416
O&M - Safety Services	100.0%	38.0%	38.0%	1,000	380	1,000	380	1,030	392	1,061	403	1,093	416
O&M - Excavation Permits	100.0%	38.0%	38.0%	1,000	380	1,000	380	2,060	783	2,122	807	2,185	831
O&M - Other Services	100.0%	38.0%	38.0%	6,000	2,282	6,000	2,282	6,180	2,350	6,365	2,421	6,556	2,494
O&M - Property Insurance	100.0%	38.0%	38.0%	56,000	21,299	70,000	26,623	72,100	27,422	74,263	28,245	76,491	29,092
O&M - Fidelity Bonds	100.0%	38.0%	38.0%	6,500	2,472	3,000	1,141	3,090	1,175	3,183	1,210	3,278	1,247
O&M - Liability Insurance	39.5%	38.0%	15.0%	4,700	706	11,000	1,653	11,330	1,702	11,670	1,753	12,020	1,806
O&M - Vehicle Insurance	65.3%	38.0%	24.8%	5,400	1,342	8,000	1,988	8,240	2,047	8,487	2,109	8,742	2,172
O&M - Workers Compensation Insurance	65.3%	38.0%	24.8%	24,400	6,063	33,000	8,199	33,990	8,445	35,010	8,699	36,060	8,960
O&M - Tools	21.3%	38.0%	8.1%	3,000	243	5,000	405	5,150	417	5,305	430	5,464	443
O&M - Consumable Supplies	21.3%	38.0%	8.1%	1,000	81	3,000	243	3,090	250	3,183	258	3,278	266
O&M - Plumbing Supplies	21.3%	38.0%	8.1%	10,000	810	6,000	486	6,180	501	6,365	516	6,556	531
O&M - Electrical Supplies	21.3%	38.0%	8.1%	1,000	81	6,000	486	6,180	501	6,365	516	6,556	531
O&M - Equipment < \$1,000	21.3%	38.0%	8.1%	6,000	486	-	-	-	-	-	-	-	-
O&M - Meters & Backflow Repairs & Maintenance	0.0%	38.0%	0.0%	50,000	-	70,000	-	72,100	-	74,263	-	76,491	-
O&M - Control Valves Repairs & Maintenance	0.0%	38.0%	0.0%	5,000	-	5,000	-	5,150	-	5,305	-	5,464	-
O&M - Pump Repair & Maintenance	0.0%	38.0%	0.0%	15,000	-	15,000	-	15,450	-	15,914	-	16,391	-
O&M - Source Repair & Maintenance	0.0%	38.0%	0.0%	12,000	-	10,000	-	10,300	-	10,609	-	10,927	-
O&M - Pipeline Repairs	100.0%	38.0%	38.0%	15,000	5,705	15,000	5,705	15,450	5,876	15,914	6,052	16,391	6,234
O&M - Other Repairs & Maintenance	100.0%	38.0%	38.0%	7,200	2,738	25,000	9,508	25,750	9,794	26,523	10,087	27,318	10,390
O&M - Vehicle & EQ Fuel	65.3%	38.0%	24.8%	15,000	3,727	20,000	4,969	20,600	5,118	21,218	5,272	21,855	5,430
O&M - Vehicle & EQ Lubricants	65.3%	38.0%	24.8%	2,000	497	2,000	497	2,060	512	2,122	527	2,185	543
O&M - Vehicle & EQ Tires/Batteries	65.3%	38.0%	24.8%	1,500	373	2,000	497	2,060	512	2,122	527	2,185	543
O&M - Vehicle Repairs	65.3%	38.0%	24.8%	12,000	2,982	15,000	3,727	15,450	3,839	15,914	3,954	16,391	4,073
O&M - Vehicle Leases	65.3%	38.0%	24.8%	2,100	522	20,000	4,969	20,600	5,118	21,218	5,272	21,855	5,430
O&M - Vehicle Supplies	65.3%	38.0%	24.8%	8,000	1,988	5,000	1,242	5,150	1,280	5,305	1,318	5,464	1,358
O&M - Capitalization of Equipment > \$1,000	0.0%	38.0%	0.0%	(77,000)	-	(49,000)	-	(50,470)	-	(51,984)	-	(53,544)	-
O&M - Furnishing & Fixtures > \$1,000	65.3%	38.0%	24.8%	-	-	-	-	-	-	-	-	-	-
O&M - Operating Equipment > \$1,000	65.3%	38.0%	24.8%	-	-	-	-	-	-	-	-	-	-
O&M - Safety Equipment > \$1,000	65.3%	38.0%	24.8%	-	-	-	-	-	-	-	-	-	-
O&M - Other Equipment > \$1,000	65.3%	38.0%	24.8%	77,000	19,132	49,000	12,175	50,470	12,540	51,984	12,916	53,544	13,304
Subtotal Operations & Maintenance				958,600	252,728	1,072,100	272,951	1,104,263	281,139	1,137,391	289,374	1,171,513	298,261

LEGAL SERVICES

LEG - Travel & Training	The staff attorney spends 30% of her time on litigation, and 70% on agreements and new development	19.6%	38.0%	7.5%	1,000	75	1,000	75	1,000	75	1,000	75	1,000	75
LEG - Dues & Subscriptions	The attorney's percentage of time spent on operational issues is weighted by the percentage of the operations and maintenance budget (above) that is not allocated to current standby customers.	19.6%	38.0%	7.5%	1,000	75	1,000	75	1,000	75	1,000	75	1,000	75
LEG - Legal Services		19.6%	38.0%	7.5%	65,000	4,845	45,000	3,354	65,000	4,845	65,000	4,845	65,000	4,845
LEG - Legal Services - Grants	Grants are for future water development.	0.0%	38.0%	0.0%	36,000	-	36,000	-	37,080	-	38,192	-	39,338	-
LEG - Legal Services - Litigation	These outside consultant costs for litigation should be spread across all District customers since the outcome affects all customers. The related costs are not affected when standby customers begin using water.	100.0%	38.0%	38.0%	20,000	7,607	70,000	26,623	70,000	26,623	70,000	26,623	70,000	26,623
LEG - Other Services for Litigation		100.0%	38.0%	38.0%	20,000	7,607	20,000	7,607	20,000	7,607	20,000	7,607	20,000	7,607
LEG - Legal Services - Agreements	These agreements generally benefit new development, not existing customers.	0.0%	38.0%	0.0%	10,000	-	30,000	-	10,000	-	10,000	-	10,000	-
Subtotal Legal Services				153,000	20,208	203,000	37,734	204,080	39,224	205,192	39,224	206,338	39,224	

Total Operating Expenses				2,138,500	469,618	2,439,500	523,131	2,514,815	540,952	2,591,939	557,645	2,670,928	574,713
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OTHER EXPENSES

Atkinson RD 7570 - Principal & Interest		0.0%	38.0%	0.0%	25,800	-	25,000	-	25,200	-	25,350	-	25,450	-
DWR Series 2002 - Principal & Interest		0.0%	38.0%	0.0%	21,200	-	20,923	-	20,681	-	20,439	-	21,198	-
Spring Creek - Principal		0.0%	38.0%	0.0%	13,100	-	13,100	-	13,100	-	13,100	-	13,100	-
Silver Springs - Principal		0.0%	38.0%	0.0%	27,300	-	27,300	-	27,300	-	27,300	-	27,300	-
Series 2002B Principal		0.0%	38.0%	0.0%	37,000	-	37,000	-	37,000	-	37,000	-	37,000	-

2,439

CONSERVATIVE APPROACH

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Conservative Approach Explanation	Operations & Debt Service Less Water Use Costs			2004	2004	2005	2005	2006	2006	2007	2007	2008	2008
	% Fixed	% Standby	& Standby	Budget Amount	Allocated to Standby	Projected Amount	Allocated Amount	Projected Amount	Allocated Amount	Projected Amount	Allocated Amount	Projected Amount	Allocated Amount
2003 Series													
Water Rights	0.0%	38.0%	0.0%	863,800	-	805,900	-	856,200	-	860,200	-	863,900	-
System Infrastructure	0.0%	38.0%	0.0%	441,700	-	412,100	-	437,800	-	439,800	-	441,700	-
Source Development	0.0%	38.0%	0.0%	102,400	-	95,500	-	101,500	-	101,900	-	102,400	-
System Improvements	0.0%	38.0%	0.0%	64,200	-	59,900	-	63,600	-	63,900	-	64,200	-
125% Coverage Requirement	100.0%	38.0%	38.0%	249,900	95,046	432,000	164,305	457,000	173,813	459,000	174,574	454,000	172,672
Bank Fees	100.0%	38.0%	38.0%	12,000	4,564	14,000	5,325	13,600	5,173	13,600	5,173	13,600	5,173
Other Interest / Lease Fees	65.3%	38.0%	24.8%	10,000	2,485	5,400	1,342	5,000	1,242	5,000	1,242	5,000	1,242
Trustee Fees - Series 2002 Bond	0.0%	38.0%	0.0%	5,000	-	5,300	-	5,000	-	5,000	-	5,000	-
Trustee Fees - 2003 MRW	0.0%	38.0%	0.0%	4,000	-	8,400	-	4,000	-	4,000	-	4,000	-
Subtotal Other Cash Expenses				1,877,400	102,095	1,961,823	170,971	2,066,981	180,228	2,075,721	180,989	2,050,548	179,087
Total Cash Outflow				4,015,900	571,713	4,401,323	694,102	4,581,796	721,180	4,667,660	738,634	4,721,476	753,800
DEPRECIATION & AMORTIZATION													
Depreciation Expense	0.0%	38.0%	0.0%	818,500	-	1,239,000	-	725,000	-	750,000	-	800,000	-
Amortization Expense	0.0%	38.0%	0.0%	24,500	-	43,700	-	43,700	-	43,700	-	43,700	-
				843,000	-	1,282,700	-	768,700	-	793,700	-	843,700	-
Total Expenses and Principal Payments				4,858,900	571,713	5,684,023	694,102	5,350,496	721,180	5,461,360	738,634	5,565,176	753,800
Revenue Credits													
Impact Fee Credit - Buy in for \$33M Debt Service	0.0%	38.0%	0.0%	(973,700)	-	(693,609)	-	(693,609)	-	(693,609)	-	(750,481)	-
Unrestricted Interest Revenue Credit	0.0%	38.0%	0.0%	(112,000)	-	(143,000)	-	(143,000)	-	(143,000)	-	(143,000)	-
Total Expenses/Principal Less Revenue Credits				3,773,200	571,713	4,847,414	694,102	4,513,887	721,180	4,624,751	738,634	4,671,694	753,800
Standby Fee Lots					1,497		1,497		1,497		1,497		1,497
Standby Fee per Connection					\$ 31.83		\$ 38.64		\$ 40.15		\$ 41.12		\$ 41.96

**Mountain Regional Water
Allocation of Personnel Costs**

Management					
	Department % Time Allocation	% of Operating Budget	Conservative	Department % Time Allocation	Aggressive
Water Production	0	28.7%		12.5%	3.6%
Engineering & Development	37.1%	4.8%	1.8%	37.1%	1.8%
Finance & Administration	77.9%	9.7%	7.5%	77.9%	7.5%
Operations & Maintenance	34.7%	44.8%	15.5%	34.7%	15.5%
Legal	0.0%	7.2%	0.0%	0.0%	0.0%
Weighted Average		95.1%	24.8%		28.4%

The GM's time allocation is the weighted average of the Percent of Time allocated to existing customers for each department times the percentage of budget for that department.

Engineering & Development					
	Department % Time Allocation	Percent Allocated	Conservative	Percent Allocated	Aggressive
Operations & Maintenance	20.0%	65.3% ⁽¹⁾	13.1%	65.3%	13.1%
Information Technology	10.0%	100.0%	10.0%	100.0%	10.0%
Project Management	70.0%	20.0% ⁽²⁾	14.0%	90.0%	63.0%
Weighted Average	100.0%		37.1%		86.1%

(1) - The percent allocated is the amount of time Operations spends on activities benefitting current standby customers, as shown below.

(2) - In the past, the majority of project management has been related to providing service to existing customers (aggressive approach). Moving forward, the majority of project management should be related to new development, although some will be related to repairs and replacement of existing systems (conserve approach).

Finance & Administration					
	Hours Per Week ⁽¹⁾	Department % Time Allocation	% of Department Budget	Conservative	Aggressive
<u>Delsa Christenson</u> Title Workseets - 5 Hours. This includes dealing with Promontory SID administration and impact fees. Answer more standby customer calls than water users	5	12.5%	30.0%	3.8%	3.8%
<u>Scott Green</u> SID Administration Impact Fees Title Workseets - 5 Hours. This includes dealing with Promontory SID administration.	1.5 8 1				
	10.5	26%	70.0%	18.4%	18.4%
			100.0%		
Percentage of Time Dealing with issues not benefitting current customers				22.1%	22.1%
Percentage of Time Dealing with issues benefitting current customers				77.9%	77.9%

(1) - The hours per week spent on work tasks that do not benefit existing customers, including standby.

**Mountain Regional Water
Allocation of Personnel Costs**

Operations & Maintenance					
	Hours Per Week ⁽¹⁾	Department % Time Allocation	% of Department Budget	Conservative	Aggressive
<u>Marti Gee</u> Title Workseets - 5 Hours. This includes dealing with Promontory SID administration and impact fees.	5	12.5%			
Meter Reads	5	12.5%	10.1%	2.53%	2.53%
		25.0%			
<u>Anna Peacock</u> Title Workseets - 5 Hours. This includes dealing with Promontory SID administration and impact fees. Answer more standby customer calls than water users		12.5%			
		12.5%	4.8%	0.60%	0.60%
<u>Operators</u> Inspections	40	3.9%			
Meter Reading	50	4.8%			
Work Orders/ Customers	80	7.7%			
None pipeline repairs (ie valves, meters, PRVs, VFDs)	250	24.1%			
	420	40.5%	77.5%	50.3%	15.77%
Total Operators' Hours 6 * 173	1038				
<u>Leo Williams</u> Management - Same as Operators		40.5%	7.6%	15.77%	15.77%
			100.0%		
Percentage of Time Dealing with issues not benefitting current customers				34.7%	34.7%
Percentage of Time Dealing with issues benefitting current customers				65.3%	65.3%
<i>(1) - The hours per week spent on work tasks that do not benefit existing customers, including standby.</i>					

Legal				
	Department % Time Allocation	Percent Allocated	Conservative	Aggressive
<u>Renee Spooner</u> Litigation	30%	100%	30.0%	30.0%
Agreements/Development	70%	0%	65.3% O&M%	
Weighted Average	100%		19.6%	

Source -
 Manager interviews
 Employee timesheets

Mountain Regional Water

	Acre Feet	Percent
Current Water Rights (owned and leased)	6,074.48	
Less Fees Paid by Promontory		
MRW - Promontory Lease	1,480.00	
MRW - Promontory Lease	120.00	
MRW - Promontory Reservation	1,200.00	
Promontory Standby Credit - 430 Lots	(318.75)	
Promontory Usage Credit	(325.00)	
	(2,156.25)	
Water Rights Available	3,918.23	
Water Rights Allocated		
Production for Existing Customers in 2003	1,994.00	
Allocated to Current Standby Customers @ .6 acre feet	898.20	
Total Water Rights Allocated	2,892.20	73.8%
Water Rights Unallocated	1,026.03	26.2%
Future Potential Customers (ERCs) @ .60 acre feet	1,710.05	
Reserved Weber Basin Water Rights	1,500.00	
Future Potential Customers (ERCs) @ .60 acre feet	2,500.00	

Appendix B: Fee Calculation - Aggressive Approach

**Mountain Regional Water
Standby Fee Calculation
August 2004**

AGGRESSIVE APPROACH

Standby Connections	1,497	1,547	1,597	1,647	1,697
Total Connections	3,936	4,036	4,136	4,236	4,336
% Connections Standby	38.03%	38.33%	38.61%	38.88%	39.14%
Inflation	0.0%	3.0%	3.0%	3.0%	3.0%

Aggressive Approach Explanation	Operations & Debt Service Less Water Use Costs			2004	2004	2005	2005	2006	2006	2007	2007	2008	2008
	% Fixed Costs	% Standby Connects	& Standby Allocated	Budget Amount	Allocated to Standby	Projected Amount	Allocated Amount	Projected Amount	Allocated Amount	Projected Amount	Allocated Amount	Projected Amount	Allocated Amount
WATER PRODUCTION													
CGS - Utilities - Natural Gas	100.0%	38.0%	38.0%	1,500	571	3,000	1,141	3,090	1,175	3,183	1,210	3,278	1,247
CGS - Utilities - Pump Electricity					-		-		-		-		-
Fixed Component - Base Charges	100.0%	38.0%	38.0%	157,400	59,865	186,500	70,933	192,095	73,061	197,858	75,252	203,794	77,510
Variable Component - Usage Charges	0.0%	38.0%	0.0%	157,400	-	215,900	-	222,377	-	229,048	-	235,920	-
CGS - Utilities - Phone	100.0%	38.0%	38.0%	6,000	2,282	7,000	2,662	7,210	2,742	7,426	2,824	7,649	2,909
CGS - Water Treatment	0.0%	38.0%	0.0%	10,000	-	26,000	-	26,780	-	27,583	-	28,411	-
CGS - Water Testing & Labs	100.0%	38.0%	38.0%	12,000	4,564	15,000	5,705	15,450	5,876	15,914	6,052	16,391	6,234
CGS - Water Conservation	100.0%	38.0%	38.0%	3,000	1,141	10,000	3,803	10,300	3,917	10,609	4,035	10,927	4,156
CGS - Concurrency			0.0%	-	-	-	-	-	-	-	-	-	-
Fixed Component - System & Source Charges	100.0%	38.0%	38.0%	4,000	1,521	4,200	1,597	4,326	1,645	4,456	1,695	4,589	1,746
Variable Component - Active Connection Charge	0.0%	38.0%	0.0%	13,500	-	13,300	-	13,699	-	14,110	-	14,533	-
CGS - Water Leases & Reservations													
Weber Basin - MRW Reservation Fees	0.0%	38.0%	0.0%	13,500	-	15,000	-	15,000	-	15,000	-	15,000	-
Weber Basin - MRW Lease Fees	73.8%	38.0%	28.1%	217,600	61,089	247,000	69,343	262,000	73,554	277,000	77,765	292,000	81,976
Well 10 Lease	73.8%	38.0%	28.1%	10,000	2,807	-	-	-	-	-	-	-	-
CGS - Other													
Division of Water Rights	73.8%	38.0%	28.1%	2,000	561	2,000	561	2,060	578	2,122	596	2,185	614
Davis Weber Canal	73.8%	38.0%	28.1%	100	28	300	84	309	87	318	89	328	92
Other	100.0%	38.0%	38.0%	5,000	1,902	12,700	4,830	13,081	4,975	13,473	5,124	13,878	5,278
Subtotal Water Production				613,000	136,331	757,900	160,661	787,777	167,611	818,100	174,644	848,883	181,761

MANAGEMENT													
GM - Salary & Wages	28.4%	38.0%	10.8%	77,500	8,375	80,400	8,689	82,812	8,949	85,296	9,218	87,855	9,494
GM - 401(k)	28.4%	38.0%	10.8%	10,200	1,102	10,500	1,135	10,815	1,169	11,139	1,204	11,474	1,240
GM - Health, Dental, & Life	28.4%	38.0%	10.8%	2,700	292	2,700	335	3,193	345	3,289	355	3,387	366
GM - Other Benefits	28.4%	38.0%	10.8%	500	54	1,000	108	1,030	111	1,061	115	1,093	118
GM - FICA Taxes	28.4%	38.0%	10.8%	4,900	530	5,000	540	5,150	557	5,305	573	5,464	590
GM - Medicare Taxes	28.4%	38.0%	10.8%	1,100	119	1,200	130	1,236	134	1,273	138	1,311	142
GM - Travel & Training	28.4%	38.0%	10.8%	7,300	789	5,800	627	5,974	646	6,153	665	6,338	685
GM - Dues & Subscriptions	28.4%	38.0%	10.8%	700	76	1,100	119	1,133	122	1,167	126	1,202	130
Subtotal Management				104,900	11,337	108,100	11,682	111,343	12,033	114,683	12,394	118,124	12,766

ENGINEERING & DEVELOPMENT													
E&D - Salary & Wages	86.1%	38.0%	32.7%	71,200	23,306	73,900	24,190	76,117	24,916	78,401	25,663	80,753	26,433
E&D - State Retirement	86.1%	38.0%	32.7%	6,900	2,259	8,200	2,684	8,446	2,765	8,699	2,848	8,960	2,933
E&D - 401(k)	86.1%	38.0%	32.7%	2,500	818	1,400	458	1,442	472	1,485	486	1,530	501
E&D - Health, Dental, & Life	86.1%	38.0%	32.7%	11,100	3,633	12,400	4,059	12,772	4,181	13,155	4,306	13,550	4,435
E&D - Other Benefits	0.0%	38.0%	0.0%	(73,400)	-	(76,500)	-	(78,795)	-	(81,159)	-	(83,594)	-
E&D - FICA Taxes	86.1%	38.0%	32.7%	4,500	1,473	4,500	1,506	4,738	1,551	4,880	1,597	5,027	1,645
E&D - Medicare Taxes	86.1%	38.0%	32.7%	1,100	360	1,100	360	1,133	371	1,167	382	1,202	393
E&D - Other Taxes	86.1%	38.0%	32.7%	500	164	900	295	927	303	955	313	983	322
E&D - Travel & Training	86.1%	38.0%	32.7%	800	262	1,000	327	1,030	337	1,061	347	1,093	358

**Mountain Regional Water
Standby Fee Calculation
August 2004**

AGGRESSIVE APPROACH

Standby Connections	1,497	1,547	1,597	1,647	1,697
Total Connections	3,936	4,036	4,136	4,236	4,336
% Connections Standby	38.03%	38.33%	38.61%	38.88%	39.14%
Inflation	0.0%	3.0%	3.0%	3.0%	3.0%

Aggressive Approach Explanation	Operations & Debt Service Less Water Use Costs			2004	2004	2005	2005	2006	2006	2007	2007	2008	2008
	%	%	&	Budget	Allocated	Projected	Allocated	Projected	Allocated	Projected	Allocated	Projected	Allocated
	Fixed	Standby	Standby	Amount	to Standby	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
E&D - Dues & Subscriptions	86.1%	38.0%	32.7%	2,300	753	2,300	753	2,369	775	2,440	799	2,513	823
E&D - Office Expense - Other	86.1%	38.0%	32.7%	200	65	1,200	393	1,236	405	1,273	417	1,311	429
E&D - Utilities - T1 Data Line	100.0%	38.0%	38.0%	5,000	1,902	5,200	1,978	5,356	2,037	5,517	2,098	5,682	2,161
E&D - Engineering Services (non-capitalized)	100.0%	38.0%	38.0%	50,000	19,017	40,000	15,213	41,200	15,670	42,436	16,140	43,709	16,624
E&D - Computer Services	100.0%	38.0%	38.0%	3,000	1,141	3,100	1,179	3,193	1,214	3,289	1,251	3,387	1,288
E&D - Computer Supplies	100.0%	38.0%	38.0%	10,000	3,803	10,000	3,803	10,300	3,917	10,609	4,035	10,927	4,156
E&D - GIS Supplies	100.0%	38.0%	38.0%	6,500	2,472	6,500	2,472	6,695	2,546	6,896	2,623	7,103	2,701
E&D - Capitalization of Equipment over \$1,000	0.0%	38.0%	0.0%	(7,100)	-	(31,800)	-	(31,800)	-	(31,800)	-	(31,800)	-
E&D - Capitalized Computer Hardware	100.0%	38.0%	38.0%	5,500	2,092	30,600	11,638	30,600	11,638	30,600	11,638	30,600	11,638
E&D - Capitalized Computer Software	100.0%	38.0%	38.0%	1,600	609	1,200	456	1,200	456	1,200	456	1,200	456
Subtotal Engineering & Development				102,200	64,129	95,300	71,766	98,159	73,556	101,104	75,400	104,137	77,299
FINANCE & ADMINISTRATION													
F&A - Salary & Wages	77.9%	38.0%	29.6%	114,500	33,913	119,200	35,305	122,776	36,365	126,459	37,455	130,253	38,579
F&A - State Retirement	77.9%	38.0%	29.6%	11,100	3,288	13,200	3,910	13,596	4,027	14,004	4,148	14,424	4,272
F&A - 401(k)	77.9%	38.0%	29.6%	3,900	1,155	2,300	681	2,369	702	2,440	723	2,513	744
F&A - Health, Dental & Life	77.9%	38.0%	29.6%	22,100	6,546	24,700	7,316	25,441	7,535	26,204	7,761	26,990	7,994
F&A - Other Benefits	77.9%	38.0%	29.6%	700	207	700	207	721	214	743	220	765	227
F&A - FICA Taxes	77.9%	38.0%	29.6%	7,100	2,103	7,400	2,192	7,622	2,258	7,851	2,325	8,086	2,395
F&A - Medicare Taxes	77.9%	38.0%	29.6%	1,700	504	1,700	504	1,751	519	1,804	534	1,858	550
F&A - Other Taxes	77.9%	38.0%	29.6%	700	207	1,000	296	1,030	305	1,061	314	1,093	324
F&A - Travel & Training	77.9%	38.0%	29.6%	500	148	2,400	711	2,472	732	2,546	754	2,623	777
F&A - Office Materials & Supplies	77.9%	38.0%	29.6%	5,000	1,481	5,000	1,481	5,150	1,525	5,305	1,571	5,464	1,618
F&A - Building Maintenance	77.9%	38.0%	29.6%	4,000	1,185	-	-	-	-	-	-	-	-
F&A - Copier Supplies & Maintenance	77.9%	38.0%	29.6%	2,000	592	-	-	-	-	-	-	-	-
F&A - Office Expense - Other	77.9%	38.0%	29.6%	10,000	2,962	3,000	889	3,090	915	3,183	943	3,278	971
F&A - Computer Services	100.0%	38.0%	38.0%	5,000	1,902	2,500	951	2,575	979	2,652	1,009	2,732	1,039
F&A - Audit Services	100.0%	38.0%	38.0%	16,500	6,276	18,000	6,846	18,540	7,051	19,096	7,263	19,669	7,481
F&A - Other Services	100.0%	38.0%	38.0%	2,000	761	2,000	761	2,060	783	2,122	807	2,185	831
F&A - Capitalization of Equipment > \$1,000	0.0%	38.0%	0.0%	(5,000)	-	(5,000)	-	(5,150)	-	(5,305)	-	(5,464)	-
F&A - Capitalized Computer Hardware	100.0%	38.0%	38.0%	2,500	951	2,500	951	2,575	979	2,652	1,009	2,732	1,039
F&A - Capitalized Software	100.0%	38.0%	38.0%	2,500	951	2,500	951	2,575	979	2,652	1,009	2,732	1,039
Subtotal Finance & Administration				206,800	65,130	203,100	63,950	209,193	65,869	215,469	67,845	221,933	69,880
OPERATIONS & MAINTENANCE													
O&M - Salary & Wages	65.3%	38.0%	24.8%	429,300	106,667	448,400	111,413	461,852	114,755	475,708	118,198	489,979	121,744
O&M - State Retirement	65.3%	38.0%	24.8%	41,300	10,262	47,900	11,902	49,337	12,259	50,817	12,626	52,342	13,005
O&M - 401(k)	65.3%	38.0%	24.8%	14,600	3,628	8,300	2,062	8,549	2,124	8,805	2,188	9,070	2,254
O&M - Health, Dental, & Life	65.3%	38.0%	24.8%	92,800	23,058	79,500	19,753	81,885	20,346	84,342	20,956	86,872	21,585
O&M - Other Benefits	65.3%	38.0%	24.8%	2,600	646	6,700	1,665	6,901	1,715	7,108	1,766	7,321	1,819
O&M - FICA Taxes	65.3%	38.0%	24.8%	26,700	6,634	27,800	6,907	28,634	7,115	29,493	7,328	30,378	7,548
O&M - Medicare Taxes	65.3%	38.0%	24.8%	6,300	1,565	6,500	1,615	6,695	1,663	6,896	1,713	7,103	1,765
O&M - Uniforms	65.3%	38.0%	24.8%	1,400	348	1,600	398	1,648	409	1,697	422	1,748	434
O&M - Travel & Training	65.3%	38.0%	24.8%	7,000	1,739	7,400	1,839	7,622	1,894	7,851	1,951	8,086	2,009
O&M - Office Materials & Supplies	65.3%	38.0%	24.8%	4,000	994	16,000	3,975	16,480	4,095	16,974	4,218	17,484	4,344
O&M - Dues & Subscriptions	65.3%	38.0%	24.8%	4,600	1,143	6,500	1,615	6,695	1,663	6,896	1,713	7,103	1,765
O&M - Advertising	100.0%	38.0%	38.0%	6,000	2,282	2,000	761	2,060	783	2,122	807	2,185	831
O&M - Postage & Billing	100.0%	38.0%	38.0%	16,000	6,085	20,000	7,607	20,600	7,835	21,218	8,070	21,855	8,312
O&M - Utilities - Natural Gas	100.0%	38.0%	38.0%	1,300	494	1,200	456	1,236	470	1,273	484	1,311	499
O&M - Utilities - Electricity	100.0%	38.0%	38.0%	1,400	532	1,800	685	1,854	705	1,910	726	1,967	748
O&M - Utilities - Telephone	100.0%	38.0%	38.0%	29,000	11,030	30,000	11,410	30,900	11,752	31,827	12,105	32,782	12,468
O&M - Utilities - UCAN Radios	100.0%	38.0%	38.0%	2,500	951	1,500	571	1,545	588	1,591	605	1,639	623

**Mountain Regional Water
Standby Fee Calculation
August 2004**

AGGRESSIVE APPROACH

Standby Connections	1,497	1,547	1,597	1,647	1,697
Total Connections	3,936	4,036	4,136	4,236	4,336
% Connections Standby	38.03%	38.33%	38.61%	38.88%	39.14%
Inflation	0.0%	3.0%	3.0%	3.0%	3.0%

Aggressive Approach Explanation	Operations & Debt Service Less Water Use Costs			2004	2004	2005	2005	2006	2006	2007	2007	2008	2008
	%	%	&	Budget	Allocated	Projected	Allocated	Projected	Allocated	Projected	Allocated	Projected	Allocated
	Fixed	Standby	Standby	Amount	to Standby	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
O&M - Utilities - Other	100.0%	38.0%	38.0%	1,000	380	1,000	380	1,030	392	1,061	403	1,093	416
O&M - Safety Services	100.0%	38.0%	38.0%	1,000	380	1,000	380	1,030	392	1,061	403	1,093	416
O&M - Excavation Permits	100.0%	38.0%	38.0%	1,000	380	1,000	380	2,060	783	2,122	807	2,185	831
O&M - Other Services	100.0%	38.0%	38.0%	6,000	2,282	6,000	2,282	6,180	2,350	6,365	2,421	6,556	2,494
O&M - Property Insurance	100.0%	38.0%	38.0%	56,000	21,299	70,000	26,623	72,100	27,422	74,263	28,245	76,491	29,092
O&M - Fidelity Bonds	100.0%	38.0%	38.0%	6,500	2,472	3,000	1,141	3,090	1,175	3,183	1,210	3,278	1,247
O&M - Liability Insurance	39.5%	38.0%	15.0%	4,700	706	11,000	1,653	11,330	1,702	11,670	1,753	12,020	1,806
O&M - Vehicle Insurance	65.3%	38.0%	24.8%	5,400	1,342	8,000	1,988	8,240	2,047	8,487	2,109	8,742	2,172
O&M - Workers Compensation Insurance	65.3%	38.0%	24.8%	24,400	6,063	33,000	8,199	33,990	8,445	35,010	8,699	36,060	8,960
O&M - Tools	21.3%	38.0%	8.1%	3,000	243	5,000	405	5,150	417	5,305	430	5,464	443
O&M - Consumable Supplies	21.3%	38.0%	8.1%	1,000	81	3,000	243	3,090	250	3,183	258	3,278	266
O&M - Plumbing Supplies	21.3%	38.0%	8.1%	10,000	810	6,000	486	6,180	501	6,365	516	6,556	531
O&M - Electrical Supplies	21.3%	38.0%	8.1%	1,000	81	6,000	486	6,180	501	6,365	516	6,556	531
O&M - Equipment < \$1,000	21.3%	38.0%	8.1%	6,000	486	-	-	-	-	-	-	-	-
O&M - Meters & Backflow Repairs & Maintenance	0.0%	38.0%	0.0%	50,000	-	70,000	-	72,100	-	74,263	-	76,491	-
O&M - Control Valves Repairs & Maintenance	0.0%	38.0%	0.0%	5,000	-	5,000	-	5,150	-	5,305	-	5,464	-
O&M - Pump Repair & Maintenance	0.0%	38.0%	0.0%	15,000	-	15,000	-	15,450	-	15,914	-	16,391	-
O&M - Source Repair & Maintenance	0.0%	38.0%	0.0%	12,000	-	10,000	-	10,300	-	10,609	-	10,927	-
O&M - Pipeline Repairs	100.0%	38.0%	38.0%	15,000	5,705	15,000	5,705	15,450	5,876	15,914	6,052	16,391	6,234
O&M - Other Repairs & Maintenance	100.0%	38.0%	38.0%	7,200	2,738	25,000	9,508	25,750	9,794	26,523	10,087	27,318	10,390
O&M - Vehicle & EQ Fuel	65.3%	38.0%	24.8%	15,000	3,727	20,000	4,969	20,600	5,118	21,218	5,272	21,855	5,430
O&M - Vehicle & EQ Lubricants	65.3%	38.0%	24.8%	2,000	497	2,000	497	2,060	512	2,122	527	2,185	543
O&M - Vehicle & EQ Tires/Batteries	65.3%	38.0%	24.8%	1,500	373	2,000	497	2,060	512	2,122	527	2,185	543
O&M - Vehicle Repairs	65.3%	38.0%	24.8%	12,000	2,982	15,000	3,727	15,450	3,839	15,914	3,954	16,391	4,073
O&M - Vehicle Leases	65.3%	38.0%	24.8%	2,100	522	20,000	4,969	20,600	5,118	21,218	5,272	21,855	5,430
O&M - Vehicle Supplies	65.3%	38.0%	24.8%	8,000	1,988	5,000	1,242	5,150	1,280	5,305	1,318	5,464	1,358
O&M - Capitalization of Equipment > \$1,000	0.0%	38.0%	0.0%	(77,000)	-	(49,000)	-	(50,470)	-	(51,984)	-	(53,544)	-
O&M - Furnishing & Fixtures > \$1,000	65.3%	38.0%	24.8%	-	-	-	-	-	-	-	-	-	-
O&M - Operating Equipment > \$1,000	65.3%	38.0%	24.8%	-	-	-	-	-	-	-	-	-	-
O&M - Safety Equipment > \$1,000	65.3%	38.0%	24.8%	-	-	-	-	-	-	-	-	-	-
O&M - Other Equipment > \$1,000	65.3%	38.0%	24.8%	77,000	19,132	49,000	12,175	50,470	12,540	51,984	12,916	53,544	13,304
Subtotal Operations & Maintenance				958,600	252,728	1,072,100	272,951	1,104,263	281,139	1,137,391	289,574	1,171,513	298,261
LEGAL SERVICES													
LEG - Travel & Training	30.0%	38.0%	11.4%	1,000	114	1,000	114	1,000	114	1,000	114	1,000	114
LEG - Dues & Subscriptions	30.0%	38.0%	11.4%	1,000	114	1,000	114	1,000	114	1,000	114	1,000	114
LEG - Legal Services	30.0%	38.0%	11.4%	65,000	7,417	45,000	5,135	65,000	7,417	65,000	7,417	65,000	7,417
LEG - Legal Services - Grants	73.8%	38.0%	28.1%	36,000	10,107	36,000	10,107	37,080	10,410	38,192	10,722	39,338	11,044
LEG - Legal Services - Litigation	100.0%	38.0%	38.0%	20,000	7,607	70,000	26,623	70,000	26,623	70,000	26,623	70,000	26,623
LEG - Other Services for Litigation	100.0%	38.0%	38.0%	20,000	7,607	20,000	7,607	20,000	7,607	20,000	7,607	20,000	7,607
LEG - Legal Services - Agreements	0.0%	38.0%	0.0%	10,000	-	30,000	-	10,000	-	10,000	-	10,000	-
Subtotal Legal Services				153,000	32,965	203,000	49,700	204,080	52,285	205,192	52,597	206,338	52,919
Total Operating Expenses				2,138,500	562,620	2,439,500	630,709	2,514,815	652,493	2,591,939	672,453	2,670,928	692,886
OTHER EXPENSES													
Atkinson RD 7570 - Principal & Interest	0.0%	38.0%	0.0%	25,800	-	25,000	-	25,200	-	25,350	-	25,450	-
DWR Series 2002 - Principal & Interest	0.0%	38.0%	0.0%	21,200	-	20,923	-	20,681	-	20,439	-	21,198	-
Spring Creek - Principal	0.0%	38.0%	0.0%	13,100	-	13,100	-	13,100	-	13,100	-	13,100	-
Silver Springs - Principal	0.0%	38.0%	0.0%	27,300	-	27,300	-	27,300	-	27,300	-	27,300	-
Series 2002B Principal	0.0%	38.0%	0.0%	37,000	-	37,000	-	37,000	-	37,000	-	37,000	-

AGGRESSIVE APPROACH

Standby Connections	1,497	1,547	1,597	1,647	1,697
Total Connections	3,936	4,036	4,136	4,236	4,336
% Connections Standby	38.03%	38.33%	38.61%	38.88%	39.14%
Inflation	0.0%	3.0%	3.0%	3.0%	3.0%

	Aggressive Approach Explanation	Operations & Debt Service Less Water Use Costs			2004	2004	2005	2005	2006	2006	2007	2007	2008	2008
		% Fixed	% Standby	& Standby	Budget Amount	Allocated to Standby	Projected Amount	Allocated Amount	Projected Amount	Allocated Amount	Projected Amount	Allocated Amount	Projected Amount	Allocated Amount
2003 Series	For the Aggressive approach, no debt service on capital projects is included since a portion, but not all of these costs are included in impact fees.													
Water Rights		0.0%	38.0%	0.0%	863,800	-	805,900	-	856,200	-	860,200	-	863,900	-
System Infrastructure		0.0%	38.0%	0.0%	441,700	-	412,100	-	437,800	-	439,800	-	441,700	-
Source Development		0.0%	38.0%	0.0%	102,400	-	95,500	-	101,500	-	101,900	-	102,400	-
System Improvements		0.0%	38.0%	0.0%	64,200	-	59,900	-	63,600	-	63,900	-	64,200	-
125% Coverage Requirement	These funds will be set aside for future capital equipment, repairs and replacement.	100.0%	38.0%	38.0%	249,900	95,046	432,000	164,305	457,000	173,813	459,000	174,574	454,000	172,672
Bank Fees	These are bank fees related to current operations and benefit all current customers.	100.0%	38.0%	38.0%	12,000	4,564	14,000	5,325	13,600	5,173	13,600	5,173	13,600	5,173
Other Interest / Lease Fees	Equipment lease for operations allocated the same as O&M personnel & vehicle costs.	65.3%	38.0%	24.8%	10,000	2,485	5,400	1,342	5,000	1,242	5,000	1,242	5,000	1,242
Trustee Fees - Series 2002 Bond	See explanation for related debt service above.	0.0%	38.0%	0.0%	5,000	-	5,300	-	5,000	-	5,000	-	5,000	-
Trustee Fees - 2003 MRW	This is the weighted average allocated for the 2003 Series above.	0.0%	38.0%	0.0%	4,000	-	8,400	-	4,000	-	4,000	-	4,000	-
Subtotal Other Cash Expenses					1,877,400	102,095	1,961,823	170,971	2,066,981	180,228	2,075,721	180,989	2,050,548	179,087
Total Cash Outflow					4,015,900	664,715	4,401,323	801,681	4,581,796	832,721	4,667,660	853,442	4,721,476	871,973
DEPRECIATION & AMORTIZATION														
Depreciation Expense	Captured in 25% debt coverage requirement.	0.0%	38.0%	0.0%	818,500	-	1,239,000	-	725,000	-	750,000	-	800,000	-
Amortization Expense	Captured in 25% debt coverage requirement.	0.0%	38.0%	0.0%	24,500	-	43,700	-	43,700	-	43,700	-	43,700	-
					843,000	-	1,282,700	-	768,700	-	793,700	-	843,700	-
Total Expenses and Principal Payments					4,858,900	664,715	5,684,023	801,681	5,350,496	832,721	5,461,360	853,442	5,565,176	871,973
Revenue Credits														
Impact Fee Credit - Buy in for \$33M Debt Service	Since a portion of the debt service costs are included above, the same proportion of the buyin impact fees for debt service are also included. For 2004 to 2008, the average per year is used each year to smooth data. The allocate is based upon related debt service.	0.0%	38.0%	0.0%	(973,700)	-	(693,609)	-	(693,609)	-	(693,609)	-	(750,481)	-
Unrestricted Interest Revenue Credit	The percent of the related debt service is used for allocation purposes since most the interest revenues is earned on related debt service reserve funds.	0.0%	38.0%	0.0%	(112,000)	-	(143,000)	-	(143,000)	-	(143,000)	-	(143,000)	-
Total Expenses/Principal Less Revenue Credits					3,773,200	664,715	4,847,414	801,681	4,513,887	832,721	4,624,751	853,442	4,671,694	871,973
Standby Fee Lots						1,497		1,497		1,497		1,497		1,497
Standby Fee per Connection						\$ 37.00		\$ 44.63		\$ 46.35		\$ 47.51		\$ 48.54