CITY OF FOLSOM
WATER EXHIBIT 1
SUMMARY OF REVENUE REQUIREMENT
REVENUE REQUIREMENT ANALYSIS

| REVENUE REQUIREMENT ANALISIS            |               |               |               |               |               |                           |
|---|---------------|---------------|---------------|---------------|---------------|---------------------------|
|   | Budget        |               | Proje         | cted          |               |                           |
|   | 2011/2012     | 2012/2013     | 2013/2014     | 2014/2015     | 2015/2016     |                           |
| REVENUES                                |               |               |               |               |               |                           |
| Rate Revenue                            | \$12,095,566  | \$12,095,570  | \$12,095,570  | \$12,095,570  | \$12,095,570  |                           |
| Other Revenue                           | 900,000       | 795,790       | 698,490       | 600,835       | 503,545       |                           |
| Total Revenue                           | \$12,995,566  | \$12,891,360  | \$12,794,060  | \$12,696,405  | \$12,599,115  |                           |
| EXPENSES                                |               |               |               |               |               |                           |
| O&M Expenses                            | \$8,993,287   | \$9,104,600   | \$9,211,110   | \$9,323,930   | \$9,443,280   |                           |
| Net CIP from Rates                      | \$2,000,000   | \$2,250,000   | \$2,500,000   | \$2,750,000   | \$3,000,000   |                           |
| Debt Service                            | \$2,050,354   | \$2,391,648   | \$2,396,963   | \$3,119,412   | \$3,118,100   |                           |
| Transfers                               | \$1,097,264   | \$1,124,696   | \$1,152,813   | \$1,181,633   | \$1,211,174   |                           |
| Change in Working Capital               | 500,000       | 500,000       | 500,000       | 500,000       | 500,000       |                           |
| Total Expenses                          | \$14,640,905  | \$15,370,943  | \$15,760,886  | \$16,874,975  | \$17,272,554  |                           |
| Balance/(Deficiency) of Funds           | (\$1,645,338) | (\$2,479,583) | (\$2,966,826) | (\$4,178,571) | (\$4,673,439) |                           |
| RATE ADJUSTMENT REQUIRED (cumulative)   | 13.6%         | 20.5%         | 24.5%         | 34.5%         | 38.6%         |                           |
| PROPOSED ANNUAL RATE ADJUSTMENT         | 12.6%         | 6.1%          | 4.4%          | 6.0%          | 4.0%          |                           |
| Additional Revenue From Rate Increase   | \$1,524,041   | \$2,354,838   | \$2,990,656   | \$3,895,830   | \$4,535,486   |                           |
| Balance/(Deficiency) of Funds           | (\$121,297)   | (\$124,745)   | \$23,830      | (\$282,741)   | (\$137,953)   |                           |
| ADDITIONAL RATE ADJUSTMENT REQUIRED     | 1.0%          | 1.0%          | 0.0%          | 2.3%          | 1.1%          |                           |
| Plus: Use of Reserves                   | \$0           | \$0           | \$0           | \$0           | \$0           |                           |
| Total Balance/(Deficiency) of Funds     | (\$121,297)   | (\$124,745)   | \$23,830      | (\$282,741)   | (\$137,953)   |                           |
| Additional Rate Increase Needed         | 1.0%          | 1.0%          | 0.0%          | 2.3%          | 1.1%          |                           |
| Current Residential Rate (Flat Rate)    | \$33.55       | \$37.78       | \$40.08       | \$41.85       | \$44.36       | Cummulative dollar change |
| Rate Impact with Proposed Adjustment    | 4.23          | 2.30          | 1.76          | 2.51          | 1.77          | \$12.58                   |
| Residential Rate with Annual Adjustment | \$37.78       | \$40.08       | \$41.85       | \$44.36       | \$46.13       | ,                         |
| Debt Service Coverage                   |               |               |               |               |               |                           |
| Before Rate Increase                    | 2.02          | 1.64          | 1.55          | 1.12          | 1.06          |                           |
| After Required Rate Increase            | 2.82          | 2.67          | 2.79          | 2.46          | 2.55          |                           |
| After Proposed Rate Increase            | 2.76          | 2.62          | 2.80          | 2.37          | 2.51          |                           |

## CITY OF FOLSOM WATER EXHIBIT 2 REVENUE REQUIREMENT ANALYSIS

|   | Budget       |              | Proje        | ected        |              |                        |
|---|--------------|--------------|--------------|--------------|--------------|------------------------|
|   | 2011/2012    | 2012/2013    | 2013/2014    | 2014/2015    | 2015/2016    |                        |
| SOURCES OF FUNDS                            |              |              |              |              |              |                        |
| Rate Revenue                                |              |              |              |              |              |                        |
| Residential                                 | \$7,702,539  | \$7,702,540  | \$7,702,540  | \$7,702,540  | \$7,702,540  | Growth - Residential   |
| Nonresidential                              | 4,393,027    | 4,393,030    | 4,393,030    | 4,393,030    | 4,393,030    | Growth - Nonresidentia |
| Total Rate Revenue                          | \$12,095,566 | \$12,095,570 | \$12,095,570 | \$12,095,570 | \$12,095,570 |                        |
| Other Revenue                               |              |              |              |              |              |                        |
| Federal Grant / Other Federal Grants        | \$0          | \$0          | \$0          | \$0          | \$0          | Other Revenues         |
| State Grants / Other State Grants           | 0            | 0            | 0            | 0            | 0            | Other Revenues         |
| Gen Gov't / Recovery Of Labor & Benefits    | 75,000       | 75,000       | 75,000       | 75,000       | 75,000       | Flat                   |
| Gen Gov't / Sale Of Documents               | 0            | 0            | 0            | 0            | 0            | Other Revenues         |
| Gen Gov't / Recovery Of Damages             | 0            | 0            | 0            | 0            | 0            | Other Revenues         |
| Gen Gov't / Other Reimbursements            | 20,000       | 20,000       | 20,000       | 20,000       | 20,000       | Flat                   |
| Water / Equity Buy In                       | 90,000       | 90,000       | 90,000       | 90,000       | 90,000       | Flat                   |
| Delinquent Fees / Turn On-Off               | 0            | 0            | 0            | 0            | 0            | Other Revenues         |
| Delinquent Fees / Penalties                 | 25,000       | 25,000       | 25,000       | 25,000       | 25,000       | Flat                   |
| Water / Backflow Testing                    | 0            | 0            | 0            | 0            | 0            | Other Revenues         |
| Temporary / Water Service                   | 0            | 0            | 0            | 0            | 0            | Other Revenues         |
| Temporary / Water Use                       | 163,000      | 163,000      | 163,000      | 163,000      | 163,000      | Flat                   |
| Fines / Penalty                             |              | 0            | 0            | 0            | 0            | Other Revenues         |
| Interest / Interest Earned                  | 7,000        | 2,590        | 5,090        | 7,235        | 9,735        | Calculated Interest    |
| Gains On Investments / Unrealized Gain/Loss | 0            | 0            | 0            | 0            | 0            | Other Revenues         |
| Other Revenue / Sundry Revenue              | 20,000       | 20,200       | 20,400       | 20,600       | 20,810       | Other Revenues         |
| Capital / Contributions                     | 0            | 0            | 0            | 0            | 0            | Other Revenues         |
| Transfers In (Dry Year Fund 456)            | 500,000      | 400,000      | 300,000      | 200,000      | 100,000      |                        |
| Proceeds Of Financing                       | 0            | 0            | 0            | 0            | 0            | Other Revenues         |
| Total Other Revenue                         | \$900,000    | \$795,790    | \$698,490    | \$600,835    | \$503,545    |                        |
| TOTAL SOURCES OF FUNDS                      | \$12,995,566 | \$12,891,360 | \$12,794,060 | \$12,696,405 | \$12,599,115 |                        |

|       |                                    | Budget Projected |             |             |             |             |                      |
|-------|------------------------------------|------------------|-------------|-------------|-------------|-------------|----------------------|
|       |                                    | 2011/2012        | 2012/2013   | 2013/2014   | 2014/2015   | 2015/2016   |                      |
|       | APPLICATIONS OF FUNDS              |                  |             |             |             |             | -                    |
|       | Engineering                        |                  |             |             |             |             |                      |
| 10-01 | Permanent Salaries                 | \$610,334        | \$625,590   | \$641,230   | \$657,260   | \$673,690   | Labor                |
| 10-02 | Temporary Salaries                 | 45,000           | 46,130      | 47,280      | 48,460      | 49,670      | Labor                |
| 10-03 | Overtime                           | 0                | 0           | 0           | 0           | 0           | Labor                |
| 0-14  | Annual Leave Account               | 17,784           | 18,230      | 18,690      | 19,160      | 19,640      | Labor                |
| 10-25 | Uniform Allowance                  | 0                | 0           | 0           | 0           | 0           | Materials & Supplies |
| 15-02 | FICA                               | 47,490           | 48,680      | 49,900      | 51,150      | 52,430      | Labor                |
| 15-04 | Group Insurance                    | 0                | 0           | 0           | 0           | 0           | Benefits - Medical   |
| 15-05 | Uniform Allowance                  | 1,000            | 1,010       | 1,020       | 1,030       | 1,040       | Materials & Supplies |
| 15-06 | PERS                               | 123,010          | 126,090     | 129,240     | 132,470     | 135,780     | Labor                |
| 5-07  | HRA                                | 0                | 0           | 0           | 0           | 0           | Benefits - Other     |
| 15-08 | Worker's Compensation              | 0                | 0           | 0           | 0           | 0           | Benefits - Other     |
| 15-09 | Deferred Compensation              | 22,436           | 23,000      | 23,580      | 24,170      | 24,770      | Labor                |
| 15-11 | Accrued Leave Current              | 0                | 0           | 0           | 0           | 0           | Labor                |
| l5-15 | Auto Allowance                     | 6,198            | 6,510       | 6,840       | 7,180       | 7,540       | Benefits - Other     |
| L5-20 | Employee Assistance Program        | 0                | 0           | 0           | 0           | 0           | Miscellaneous        |
| L5-21 | Post Employment Benefits           | 0                | 0           | 0           | 0           | 0           | Benefits - Other     |
| 15-22 | Combined Benefits                  | 92,919           | 97,560      | 102,440     | 107,560     | 112,940     | Benefits - Other     |
| 20-01 | Printing                           | 0                | 0           | 0           | 0           | 0           | Materials & Supplies |
| 20-02 | Dues & Publication                 | 0                | 0           | 0           | 0           | 0           | Materials & Supplies |
| 20-03 | Advertising                        | 0                | 0           | 0           | 0           | 0           | Miscellaneous        |
| 20-04 | Rents                              | 0                | 0           | 0           | 0           | 0           | Miscellaneous        |
| 20-05 | Training & Education               | 0                | 0           | 0           | 0           | 0           | Miscellaneous        |
| 20-06 | Postage                            | 0                | 0           | 0           | 0           | 0           | Materials & Supplies |
| 20-11 | Disposal Permit                    | 0                | 0           | 0           | 0           | 0           | Miscellaneous        |
| 20-12 | Finance Charges                    | 0                | 0           | 0           | 0           | 0           | Miscellaneous        |
| 21-01 | Telephone                          | 0                | 0           | 0           | 0           | 0           | Utilities            |
| 21-02 | Cellular                           | 0                | 0           | 0           | 0           | 0           | Utilities            |
| 21-03 | Internet                           | 0                | 0           | 0           | 0           | 0           | Utilities            |
| 21-04 | Radios                             | 0                | 0           | 0           | 0           | 0           | Equipment            |
| 22-00 | Travel & Meetings                  | 0                | 0           | 0           | 0           | 0           | Miscellaneous        |
| 23-00 | Utilities                          | 0                | 0           | 0           | 0           | 0           | Utilities            |
| 24-00 | Contracts                          | 10,000           | 10,000      | 10,000      | 10,000      | 10,000      | Contracts            |
| 24-01 | Contracts - Dry Year               | 500,000          | 400,000     | 300,000     | 200,000     | 100,000     |                      |
| 24-06 | Contracts - Temporary Services     | 0                | 0           | 0           | 0           | 0           | Labor                |
| 24-11 | Contracts - Legal                  | 50,500           | 50,500      | 50,500      | 50,500      | 50,500      | Contracts            |
| 24-16 | Contracts - Pre-Employment         | 0                | 0           | 0           | 0           | 0           | Contracts            |
| 24-18 | Contracts - Licensing Requirements | 0                | 0           | 0           | 0           | 0           | Contracts            |
| 25-01 | Maintenance - Building             | 0                | 0           | 0           | 0           | 0           | Miscellaneous        |
| 25-02 | Maintenance - Vehicle              | 0                | 0           | 0           | 0           | 0           | Miscellaneous        |
| 25-03 | Maintenance - Equipment            | 0                | 0           | 0           | 0           | 0           | Miscellaneous        |
| 27-01 | Computer - Hardware                | 0                | 0           | 0           | 0           | 0           | Equipment            |
| 27-02 | Computer - Software                | 0                | 0           | 0           | 0           | 0           | Equipment            |
| 30-01 | Office Supplies                    | 0                | 0           | 0           | 0           | 0           | Materials & Supplies |
| 30-02 | Departmental Supplies              | 0                | 0           | 0           | 0           | 0           | Materials & Supplies |
| 30-03 | Petroleum Products                 | 0                | 0           | 0           | 0           | 0           | Miscellaneous        |
| 30-04 | Chemicals                          | 0                | 0           | 0           | 0           | 0           | Chemicals            |
| 30-12 | Small Equipment                    | 0                | 0           | 0           | 0           | 0           | Equipment            |
| 31-00 | Taxes & In Lieu                    | 0                | 0           | 0           | 0           | 0           | Miscellaneous        |
| 50-07 | Unemployment Insurance             | 0                | 0           | 0           | 0           | 0           | Benefits - Other     |
|       | Liability                          | 20,078           | 21,280      | 22,560      | 23,910      | 25,340      | Insurance            |
|       | Retiree's Insurance                | 0                | 0           | 0           | 0           | 0           | Benefits - Other     |
| 30-01 |                                    | 0                | 0           | 0           | 0           | 0           | Miscellaneous        |
|       | Total Engineering                  | \$1,546,749      | \$1,474,580 | \$1,403,280 | \$1,332,850 | \$1,263,340 | _                    |

CITY OF FOLSOM
WATER EXHIBIT 2
REVENUE REQUIREMENT ANALYSIS

|  | Budget<br>2011/2012 | 2012/2013   | Proje<br>2013/2014 | 2014/2015   | 2015/2016   |                      |
|--|---------------------|-------------|--------------------|-------------|-------------|----------------------|
| 3301 Distribution                        | 2011/2012           | 2012/2013   | 2013/2014          | 2014/2013   | 2013/2016   | =                    |
| .0-01 Permanent Salaries                 | \$389,053           | \$398,780   | \$408,750          | \$418,970   | \$429,440   | Labor                |
| .0-02 Temporary Salaries                 | 29,430              | 30,170      | 30,920             | 31,690      | 32,480      | Labor                |
| .0-03 Overtime                           | 40,000              | 41,000      | 42,030             | 43,080      | 44,160      | Labor                |
| .0-14 Annual Leave Account               | 11,425              | 11,710      | 12,000             | 12,300      | 12,610      | Labor                |
| .0-25 Uniform Allowance                  | 3,750               | 3,790       | 3,830              | 3,870       | 3,910       | Materials & Supplies |
| .5-02 FICA                               | 29,635              | 30,380      | 31,140             | 31,920      | 32,720      | Labor                |
| .5-04 Group Insurance                    | 0                   | 0           | 0                  | 0           | 0           | Benefits - Medical   |
| .5-05 Uniform Expense                    | 0                   | 0           | 0                  | 0           | 0           | Materials & Supplies |
| .5-06 PERS                               | 79,768              | 81,760      | 83,800             | 85,900      | 88,050      | Labor                |
| .5-07 HRA                                | 0                   | 0           | 0                  | 0           | 0           | Benefits - Other     |
| 5-08 Worker's Compensation               | 0                   | 0           | 0                  | 0           | 0           | Benefits - Other     |
| .5-09 Deferred Compensation              | 2,100               | 2,150       | 2,200              | 2,260       | 2,320       | Labor                |
| .5-11 Accrued Leave Current              | 0                   | 0           | 0                  | 0           | 0           | Labor                |
| .5-15 Auto Allowance                     | 0                   | 0           | 0                  | 0           | 0           | Benefits - Other     |
| .5-20 Employee Assistance Program        | 0                   | 0           | 0                  | 0           | 0           | Miscellaneous        |
| .5-21 Post Employment Benefits           | 0                   | 0           | 0                  | 0           | 0           | Benefits - Other     |
| .5-22 Combined Benefits                  | 131,802             | 138,390     | 145,310            | 152,580     | 160,210     | Benefits - Other     |
| 20-01 Printing                           | 1,500               | 1,520       | 1,540              | 1,560       | 1,580       | Materials & Supplies |
| 20-02 Dues & Publication                 | 2,900               | 2,930       | 2,960              | 2,990       | 3,020       | Materials & Supplies |
| 20-03 Advertising                        | 3,225               | 3,320       | 3,420              | 3,520       | 3,630       | Miscellaneous        |
| 20-04 Rents                              | 17,000              | 17,510      | 18,040             | 18,580      | 19,140      | Miscellaneous        |
| 20-05 Training & Education               | 13,900              | 14,320      | 14,750             | 15,190      | 15,650      | Miscellaneous        |
| 20-06 Postage                            | 28,200              | 28,480      | 28,760             | 29,050      | 29,340      | Materials & Supplies |
| 20-11 Disposal Permit                    | 0                   | 0           | 0                  | 0           | 0           | Miscellaneous        |
| 20-12 Finance Charges                    | 10,000              | 10,300      | 10,610             | 10,930      | 11,260      | Miscellaneous        |
| 21-01 Telephone                          | 2,400               | 2,480       | 2,530              | 2,580       | 2,630       | Utilities            |
| 1-02 Cellular                            | 4,800               | 4,970       | 5,070              | 5,170       | 5,270       | Utilities            |
| t1-03 Internet                           | 0                   | 0           | 0                  | 0           | 0           | Utilities            |
| 21-04 Radios                             | 1,000               | 1,010       | 1,020              | 1,030       | 1,040       | Equipment            |
| 22-00 Travel & Meetings                  | 10,000              | 10,300      | 10,610             | 10,930      | 11,260      | Miscellaneous        |
| 23-00 Utilities                          | 2,000               | 2,070       | 2,110              | 2,150       | 2,190       | Utilities            |
| 4-00 Contracts                           | 76,400              | 76,400      | 76,400             | 76,400      | 76,400      | Contracts            |
| 4-01 Contracts - Project Construct       | 36,310              | 36,310      | 36,310             | 36,310      | 36,310      | Contracts            |
| 24-06 Contracts - Temporary Services     | 0                   | 0           | 0                  | 0           | 0           | Contracts            |
| 24-11 Contracts - Legal                  | 0                   | 0           | 0                  | 0           | 0           | Contracts            |
| 24-16 Contracts - Pre-Employment         | 1,200               | 1,200       | 1,200              | 1,200       | 1,200       | Contracts            |
| 24-18 Contracts - Licensing Requirements | 1,500               | 1,500       | 1,500              | 1,500       | 1,500       | Contracts            |
| 25-01 Maintenance - Building             | 7,400               | 7,620       | 7,850              | 8,090       | 8,330       | Miscellaneous        |
| 25-02 Maintenance - Vehicle              | 20,000              | 20,600      | 21,220             | 21,860      | 22,520      | Miscellaneous        |
| 25-03 Maintenance - Equipment            | 15,000              | 15,450      | 15,910             | 16,390      | 16,880      | Miscellaneous        |
| 27-01 Computer - Hardware                | 6,000               | 6,060       | 6,120              | 6,180       | 6,240       | Equipment            |
| 27-02 Computer - Software                | 10,000              | 10,100      | 10,200             | 10,300      | 10,400      | Equipment            |
| 80-01 Office Supplies                    | 2,500               | 2,530       | 2,560              | 2,590       | 2,620       | Materials & Supplies |
| 80-02 Departmental Supplies              | 84,000              | 84,840      | 85,690             | 86,550      | 87,420      | Materials & Supplies |
| 80-03 Petroleum Products                 | 34,000              | 35,020      | 36,070             | 37,150      | 38,260      | Miscellaneous        |
| 30-04 Chemicals                          | 0                   | 0           | 0                  | 0           | 0           | Chemicals            |
| 80-12 Small Equipment                    | 0                   | 0           | 0                  | 0           | 0           | Equipment            |
| 11-00 Taxes & In Lieu                    | 2,000               | 2,060       | 2,120              | 2,180       | 2,250       | Miscellaneous        |
| 60-07 Unemployment Insurance             | 0                   | 0           | 0                  | 0           | 0           | Benefits - Other     |
| 60-16 Liability                          | 14,835              | 15,730      | 16,670             | 17,670      | 18,730      | Insurance            |
| 60-17 Retiree's Insurance                | 81,507              | 85,580      | 89,860             | 94,350      | 99,070      | Benefits - Other     |
| 80-01 Other Expense                      | 0                   | 03,380      | 05,800             | 0           | 0           | Miscellaneous        |
| o or other expense                       | \$1,206,540         | \$1,238,340 | \$1,271,080        | \$1,304,970 | \$1,340,040 | iviiscellaneous      |

Water Rate Study 2011 - Page 4 of 13

|  | Budget      |             | Proje       | ected          |             |                      |
|--|-------------|-------------|-------------|----------------|-------------|----------------------|
|  | 2011/2012   | 2012/2013   | 2013/2014   | 2014/2015      | 2015/2016   |                      |
| 302 Water Treatment Plant              | •           | •           | •           | •              | •           | -                    |
| 0-01 Permanent Salaries                | \$646,869   | \$663,040   | \$679,620   | \$696,610      | \$714,030   | Labor                |
| 0-02 Temporary Salaries                | 0           | 0           | 0           | 0              | 0           | Labor                |
| 0-03 Overtime                          | 65,000      | 66,630      | 68,300      | 70,010         | 71,760      | Labor                |
| 0-14 Annual Leave Account              | 18,966      | 19,440      | 19,930      | 20,430         | 20,940      | Labor                |
| 0-25 Uniform Allowance                 | 6,200       | 6,260       | 6,320       | 6,380          | 6,440       | Materials & Supplies |
| 5-02 FICA                              | 50,169      | 51,420      | 52,710      | 54,030         | 55,380      | Labor                |
| 5-04 Group Insurance                   | 0           | 0           | 0           | 0              | 0           | Benefits - Medical   |
| 5-05 Uniform Expense                   | 2,500       | 2,530       | 2,560       | 2,590          | 2,620       | Materials & Supplies |
| 5-06 PERS                              | 132,773     | 136,090     | 139,490     | 142,980        | 146,550     | Labor                |
| i-07 HRA                               | 0           | 0           | 0           | 0              | 0           | Benefits - Other     |
| 5-08 Worker's Compensation             | 0           | 0           | 0           | 0              | 0           | Benefits - Other     |
| 5-09 Deferred Compensation             | 6,000       | 6,150       | 6,300       | 6,460          | 6,620       | Labor                |
| i-11 Accrued Leave Current             | 0           | 0           | 0           | 0              | 0           | Labor                |
| -15 Auto Allowance                     | 0           | 0           | 0           | 0              | 0           | Benefits - Other     |
| i-20 Employee Assistance Program       | 0           | 0           | 0           | 0              | 0           | Miscellaneous        |
| -21 Post Employment Benefits           | 0           | 0           | 0           | 0              | 0           | Benefits - Other     |
| -22 Combined Benefits                  | 196,032     | 205,830     | 216,120     | 226,930        | 238,280     | Benefits - Other     |
| -01 Printing                           | 200         | 200         | 200         | 200            | 200         | Materials & Supplies |
| I-02 Dues & Publication                | 600         | 610         | 620         | 630            | 640         | Materials & Supplies |
| I-03 Advertising                       | 250         | 260         | 270         | 280            | 290         | Miscellaneous        |
| 0-04 Rents                             | 10,000      | 10,300      | 10,610      | 10,930         | 11,260      | Miscellaneous        |
| 0-05 Training & Education              | 4,000       | 4,120       | 4,240       | 4,370          | 4,500       | Miscellaneous        |
| -06 Postage                            | 1,800       | 1,820       | 1,840       | 1,860          | 1,880       | Materials & Supplies |
| -11 Disposal Permit                    | 0           | 0           | 0           | 0              | 0           | Miscellaneous        |
| -12 Finance Charges                    | 0           | 0           | 0           | 0              | 0           | Miscellaneous        |
| -01 Telephone                          | 7,000       | 7,250       | 7,400       | 7,550          | 7,700       | Utilities            |
| -02 Cellular                           | 7,000       | 7,250       | 7,400       | 7,550<br>7,550 | 7,700       | Utilities            |
| -03 Internet                           | 7,000       | 7,230       | 7,400       | 7,550          | 7,700       | Utilities            |
|  |             |             |             | 0              |             |                      |
| -04 Radios                             | 0           | 0           | 0           |                | 0           | Equipment            |
| -00 Travel & Meetings                  | 2,000       | 2,060       | 2,120       | 2,180          | 2,250       | Miscellaneous        |
| -00 Utilities                          | 676,000     | 699,660     | 713,650     | 727,920        | 742,480     | Utilities            |
| -00 Contracts (San Juan Purchases)     | 440,000     | 453,200     | 466,800     | 480,800        | 495,220     | Miscellaneous        |
| -01 Contracts - Project Construct      | 160,000     | 160,000     | 160,000     | 160,000        | 160,000     | Contracts            |
| -06 Contracts - Temporary Services     | 0           | 0           | 0           | 0              | 0           | Contracts            |
| -11 Contracts - Legal                  | 0           | 0           | 0           | 0              | 0           | Contracts            |
| -16 Contracts - Pre-Employment         | 0           | 0           | 0           | 0              | 0           | Contracts            |
| -18 Contracts - Licensing Requirements | 0           | 0           | 0           | 0              | 0           | Contracts            |
| -20 Contracts - Lab Services           | 60,000      | 60,000      | 60,000      | 60,000         | 60,000      | Contracts            |
| -01 Maintenance - Building             | 12,995      | 13,380      | 13,780      | 14,190         | 14,620      | Miscellaneous        |
| -02 Maintenance - Vehicle              | 5,917       | 6,090       | 6,270       | 6,460          | 6,650       | Miscellaneous        |
| i-03 Maintenance - Equipment           | 117,000     | 120,510     | 124,130     | 127,850        | 131,690     | Miscellaneous        |
| '-01 Computer - Hardware               | 0           | 0           | 0           | 0              | 0           | Equipment            |
| '-02 Computer - Software               | 0           | 0           | 0           | 0              | 0           | Equipment            |
| 0-01 Office Supplies                   | 500         | 510         | 520         | 530            | 540         | Materials & Supplies |
| -02 Departmental Supplies              | 70,000      | 70,700      | 71,410      | 72,120         | 72,840      | Materials & Supplies |
| -03 Petroleum Products                 | 16,000      | 16,480      | 16,970      | 17,480         | 18,000      | Miscellaneous        |
| -04 Chemicals                          | 465,000     | 469,650     | 474,350     | 479,090        | 483,880     | Chemicals            |
| -12 Small Equipment                    | 0           | 0           | 0           | 0              | 0           | Equipment            |
| -00 Taxes & In Lieu                    | 40,000      | 41,200      | 42,440      | 43,710         | 45,020      | Miscellaneous        |
| -07 Unemployment Insurance             | 0           | 0           | 0           | 0              | 0           | Benefits - Other     |
| -16 Liability                          | 14,827      | 15,720      | 16,660      | 17,660         | 18,720      | Insurance            |
| I-17 Retiree's Insurance               | 0           | 0           | 0           | 0              | 0           | Benefits - Other     |
| I-01 Other Expense                     | 0           | 0           | 0           | 0              | 0           | Miscellaneous        |
| Total Water Treatment Plant            | \$3,235,598 | \$3,318,360 | \$3,393,030 | \$3,469,780    | \$3,548,700 |                      |

|  | Budget    | 2012/2012 | -         | ected     | 2017/2016   |                               |
|--|-----------|-----------|-----------|-----------|-------------|-------------------------------|
| 3303 Water Quality   | 2011/2012 | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016   | -                             |
| 10-01 Permanent Salaries                                       | \$382,145 | \$391,700 | \$401,490 | \$411,530 | \$421,820   | Labor                         |
| 10-02 Temporary Salaries                                       | 18,000    | 18,450    | 18,910    | 19,380    | 19,860      | Labor                         |
| 10-03 Overtime   | 40,000    | 41,000    | 42,030    | 43,080    | 44,160      | Labor                         |
| 10-14 Annual Leave Account                                     | 11,253    | 11,530    | 11,820    | 12,120    | 12,420      | Labor                         |
| 10-14 Allinda Leave Account                                    | 3,000     | 3,030     | 3,060     | 3,090     | 3,120       |                               |
| 15-02 FICA   | 29,621    | 30,360    | 31,120    | 31,900    | 32,700      | Materials & Supplies<br>Labor |
| 15-04 Group Insurance  | 29,021    | 0         | 0         | 31,900    | 32,700      | Benefits - Medical            |
| L5-05 Uniform Allowance  | 1,800     | 1,820     | 1,840     | 1,860     | 1,880       | Materials & Supplies          |
| L5-06 PERS   | 78,302    | 80,260    | 82,270    | 84,330    | 86,440      | Labor                         |
| 5-07 HRA   | 0         | 0         | 0         | 0         | 0           | Benefits - Other              |
| .5-07 FIRA<br>.5-08 Worker's Compensation                      | 0         | 0         | 0         | 0         | 0           | Benefits - Other              |
| •  | 3,600     | 3,690     | 3,780     | 3,870     | 3,970       | Labor                         |
| L5-09 Deferred Compensation<br>L5-11 Accrued Leave Current     | 3,600     | 3,090     | 3,780     | 3,870     | 3,970       | Labor                         |
| 5-11 Accrued Leave Current 5-15 Auto Allowance                 | 0         | 0         | 0         | 0         | 0           | Benefits - Other              |
|  | 0         | 0         | 0         | 0         | 0           | Miscellaneous                 |
| 5-20 Employee Assistance Program 5-21 Post Employment Benefits | 0         | 0         | 0         | 0         | 0           | Benefits - Other              |
| .5-21 Post Employment Benefits .5-22 Combined Benefits         | 118,404   | 124,320   | 130,540   | 137,070   | 143,920     | Benefits - Other              |
|  | ,         |           |           |           |             |                               |
| 0-01 Printing  | 4,800     | 4,850     | 4,900     | 4,950     | 5,000       | Materials & Supplies          |
| 0-02 Dues & Publication  | 3,250     | 3,280     | 3,310     | 3,340     | 3,370       | Materials & Supplies          |
| 0-03 Advertising   | 100       | 100       | 100       | 100       | 100         | Miscellaneous                 |
| 0-04 Rents   | 2,000     | 2,060     | 2,120     | 2,180     | 2,250       | Miscellaneous                 |
| 0-05 Training & Education                                      | 6,000     | 6,180     | 6,370     | 6,560     | 6,760       | Miscellaneous                 |
| 0-06 Postage   | 1,000     | 1,010     | 1,020     | 1,030     | 1,040       | Materials & Supplies          |
| 0-11 Disposal Permit   | 0         | 0         | 0         | 0         | 0           | Miscellaneous                 |
| 0-12 Finance Charges   | 0         | 0         | 0         | 0         | 0           | Miscellaneous                 |
| 1-01 Telephone   | 500       | 520       | 530       | 540       | 550         | Utilities                     |
| 1-02 Cellular  | 4,500     | 4,660     | 4,750     | 4,850     | 4,950       | Utilities                     |
| 1-03 Internet  | 0         | 0         | 0         | 0         | 0           | Utilities                     |
| 1-04 Radios  | 0         | 0         | 0         | 0         | 0           | Equipment                     |
| 2-00 Travel & Meetings   | 1,500     | 1,550     | 1,600     | 1,650     | 1,700       | Miscellaneous                 |
| 3-00 Utilities   | 0         | 0         | 0         | 0         | 0           | Utilities                     |
| 4-00 Contracts   | 66,700    | 66,700    | 66,700    | 66,700    | 66,700      | Contracts                     |
| 4-01 Contracts - Project Construct                             | 0         | 0         | 0         | 0         | 0           | Contracts                     |
| 4-06 Contracts - Temporary Services                            | 0         | 0         | 0         | 0         | 0           | Contracts                     |
| 4-11 Contracts - Legal   | 0         | 0         | 0         | 0         | 0           | Contracts                     |
| 4-16 Contracts - Pre-Employment                                | 0         | 0         | 0         | 0         | 0           | Contracts                     |
| 4-18 Contracts - Licensing Requirements                        | 0         | 0         | 0         | 0         | 0           | Contracts                     |
| 5-01 Maintenance - Building                                    | 3,000     | 3,090     | 3,180     | 3,280     | 3,380       | Miscellaneous                 |
| 5-02 Maintenance - Vehicle                                     | 8,000     | 8,240     | 8,490     | 8,740     | 9,000       | Miscellaneous                 |
| 25-03 Maintenance - Equipment                                  | 70,000    | 72,100    | 74,260    | 76,490    | 78,780      | Miscellaneous                 |
| 27-01 Computer - Hardware                                      | 2,000     | 2,020     | 2,040     | 2,060     | 2,080       | Equipment                     |
| 77-02 Computer - Software                                      | 0         | 0         | 0         | 0         | 0           | Equipment                     |
| 0-01 Office Supplies   | 1,500     | 1,520     | 1,540     | 1,560     | 1,580       | Materials & Supplies          |
| 0-02 Departmental Supplies                                     | 25,000    | 25,250    | 25,500    | 25,760    | 26,020      | Materials & Supplies          |
| 0-03 Petroleum Products  | 26,500    | 27,300    | 28,120    | 28,960    | 29,830      | Miscellaneous                 |
| 0-04 Chemicals   | 0         | 0         | 0         | 0         | 0           | Chemicals                     |
| 0-12 Small Equipment   | 0         | 0         | 0         | 0         | 0           | Equipment                     |
| 1-00 Taxes & In Lieu   | 0         | 0         | 0         | 0         | 0           | Miscellaneous                 |
| 0-07 Unemployment Insurance                                    | 0         | 0         | 0         | 0         | 0           | Benefits - Other              |
| 60-16 Liability  | 10,652    | 11,290    | 11,970    | 12,690    | 13,450      | Insurance                     |
| 50-17 Retiree's Insurance                                      | 0         | 0         | 0         | 0         | 0           | Benefits - Other              |
| Total Water Quality  | \$923,127 | \$947,880 | \$973,360 | \$999,670 | \$1,026,830 |                               |

CITY OF FOLSOM
WATER EXHIBIT 2
REVENUE REQUIREMENT ANALYSIS

|  | Budget    |           | Proje     | ected     |           |                      |
|--|-----------|-----------|-----------|-----------|-----------|----------------------|
|  | 2011/2012 | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 |                      |
| 3304 Metering                            |           |           |           |           |           | •                    |
| 10-01 Permanent Salaries                 | \$210,265 | \$215,520 | \$220,910 | \$226,430 | \$232,090 | Labor                |
| 10-02 Temporary Salaries                 | 25,000    | 25,630    | 26,270    | 26,930    | 27,600    | Labor                |
| L0-03 Overtime                           | 7,000     | 7,180     | 7,360     | 7,540     | 7,730     | Labor                |
| LO-14 Annual Leave Account               | 5,972     | 6,120     | 6,270     | 6,430     | 6,590     | Labor                |
| 10-25 Uniform Allowance                  | 1,200     | 1,210     | 1,220     | 1,230     | 1,240     | Materials & Supplies |
| L5-02 FICA                               | 16,050    | 16,450    | 16,860    | 17,280    | 17,710    | Labor                |
| L5-04 Group Insurance                    | 0         | 0         | 0         | 0         | 0         | Benefits - Medical   |
| L5-05 Uniform Allowance                  | 1,800     | 1,820     | 1,840     | 1,860     | 1,880     | Materials & Supplies |
| L5-06 PERS                               | 42,992    | 44,070    | 45,170    | 46,300    | 47,460    | Labor                |
| L5-07 HRA                                | 0         | 0         | 0         | 0         | 0         | Benefits - Other     |
| .5-08 Worker's Compensation              | 0         | 0         | 0         | 0         | 0         | Benefits - Other     |
| .5-09 Deferred Compensation              | 4,200     | 4,310     | 4,420     | 4,530     | 4,640     | Labor                |
| .5-11 Accrued Leave Current              | 0         | 0         | 0         | 0         | 0         | Labor                |
| 5-15 Auto Allowance                      | 0         | 0         | 0         | 0         | 0         | Benefits - Other     |
| 5-20 Employee Assistance Program         | 0         | 0         | 0         | 0         | 0         | Miscellaneous        |
| 5-21 Post Employment Benefits            | 0         | 0         | 0         | 0         | 0         | Benefits - Other     |
| .5-22 Combined Benefits                  | 61,029    | 64,080    | 67,280    | 70,640    | 74,170    | Benefits - Other     |
| 0-01 Printing                            | 600       | 610       | 620       | 630       | 640       | Materials & Supplies |
| 0-02 Dues & Publication                  | 1,100     | 1,110     | 1,120     | 1,130     | 1,140     | Materials & Supplies |
| 20-03 Advertising                        | 0         | 0         | 0         | 0         | 0         | Miscellaneous        |
| 20-04 Rents                              | 19,600    | 20,190    | 20,800    | 21,420    | 22,060    | Miscellaneous        |
| 20-05 Training & Education               | 5,000     | 5,150     | 5,300     | 5,460     | 5,620     | Miscellaneous        |
| 0-06 Postage                             | 0         | 0         | 0         | 0         | 0         | Materials & Supplies |
| 20-11 Disposal Permit                    | 0         | 0         | 0         | 0         | 0         | Miscellaneous        |
| 20-12 Finance Charges                    | 0         | 0         | 0         | 0         | 0         | Miscellaneous        |
| 1-01 Telephone                           | 1,000     | 1,040     | 1,060     | 1,080     | 1,100     | Utilities            |
| 1-02 Cellular                            | 9,800     | 10,140    | 10,340    | 10,550    | 10,760    | Utilities            |
| 11-03 Internet                           | 0         | 0         | 0         | 0         | 0         | Utilities            |
| 21-04 Radios                             | 0         | 0         | 0         | 0         | 0         | Equipment            |
| 22-00 Travel & Meetings                  | 1,000     | 1,030     | 1,060     | 1,090     | 1,120     | Miscellaneous        |
| 3-00 Utilities                           | 21,600    | 22,360    | 22,810    | 23,270    | 23,740    | Utilities            |
| 4-00 Contracts                           | 383,000   | 383,000   | 383,000   | 383,000   | 383,000   | Contracts            |
| 4-01 Contracts - Project Construct       | 0         | 0         | 0         | 0         | 0         | Contracts            |
| 4-06 Contracts - Temporary Services      | 0         | 0         | 0         | 0         | 0         | Contracts            |
| 4-11 Contracts - Legal                   | 0         | 0         | 0         | 0         | 0         | Contracts            |
| 24-16 Contracts - Pre-Employment         | 0         | 0         | 0         | 0         | 0         | Contracts            |
| 24-18 Contracts - Licensing Requirements | 0         | 0         | 0         | 0         | 0         | Contracts            |
| 25-01 Maintenance - Building             | 50,000    | 51,500    | 53,050    | 54,640    | 56,280    | Miscellaneous        |
| 25-02 Maintenance - Vehicle              | 10,000    | 10,300    | 10,610    | 10,930    | 11,260    | Miscellaneous        |
| 25-03 Maintenance - Equipment            | 605,000   | 623,150   | 641,840   | 661,100   | 680,930   | Miscellaneous        |
| 27-01 Computer - Hardware                | 7,500     | 7,580     | 7,660     | 7,740     | 7,820     | Equipment            |
| 27-02 Computer - Software                | 1,000     | 1,010     | 1,020     | 1,030     | 1,040     | Equipment            |
| 30-01 Office Supplies                    | 1,000     | 1,010     | 1,020     | 1,030     | 1,040     | Materials & Supplies |
| 30-02 Departmental Supplies              | 20,000    | 20,200    | 20,400    | 20,600    | 20,810    | Materials & Supplies |
| 80-03 Petroleum Products                 | 20,000    | 20,600    | 21,220    | 21,860    | 22,520    | Miscellaneous        |
| 30-04 Chemicals                          | 0         | 0         | 0         | 0         | 0         | Chemicals            |
| 80-12 Small Equipment                    | 0         | 0         | 0         | 0         | 0         | Equipment            |
| 31-00 Taxes & In Lieu                    | 1,200     | 1,240     | 1,280     | 1,320     | 1,360     | Miscellaneous        |
| 60-07 Unemployment Insurance             | 0         | 0         | 0         | 0         | 0         | Benefits - Other     |
| 50-16 Liability                          | 2,293     | 2,430     | 2,580     | 2,730     | 2,890     | Insurance            |
| 50-17 Retiree's Insurance                | 0         | 2,430     | 2,380     | 2,730     | 2,830     | Benefits - Other     |
| 80-01 Other Expense                      | 0         | 0         | 0         | 0         | 0         | Miscellaneous        |
|  |           |           |           |           |           |                      |

Water Rate Study 2011 - Page 7 of 13

CITY OF FOLSOM
WATER EXHIBIT 2
REVENUE REQUIREMENT ANALYSIS

|       |                                    | Budget    |           | Proje     | cted      |           |                      |
|-------|------------------------------------|-----------|-----------|-----------|-----------|-----------|----------------------|
|       |                                    | 2011/2012 | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | _                    |
|       | Conservation                       |           |           |           |           |           |                      |
|       | Permanent Salaries                 | \$159,356 | \$163,340 | \$167,420 | \$171,610 | \$175,900 | Labor                |
|       | Temporary Salaries                 | 30,000    | 30,750    | 31,520    | 32,310    | 33,120    | Labor                |
|       | Overtime                           | 5,000     | 5,130     | 5,260     | 5,390     | 5,520     | Labor                |
| 10-14 | Annual Leave Account               | 4,846     | 4,970     | 5,090     | 5,220     | 5,350     | Labor                |
|       | Uniform Allowance                  | 900       | 910       | 920       | 930       | 940       | Materials & Supplies |
| 15-02 | FICA                               | 12,192    | 12,500    | 12,810    | 13,130    | 13,460    | Labor                |
|       | Group Insurance                    | 0         | 0         | 0         | 0         | 0         | Benefits - Medical   |
|       | Uniform Allowance                  | 1,000     | 1,010     | 1,020     | 1,030     | 1,040     | Materials & Supplies |
| .5-06 |                                    | 32,581    | 33,400    | 34,240    | 35,100    | 35,980    | Labor                |
| 5-07  | HRA                                | 0         | 0         | 0         | 0         | 0         | Benefits - Other     |
|       | Worker's Compensation              | 0         | 0         | 0         | 0         | 0         | Benefits - Other     |
|       | Deferred Compensation              | 0         | 0         | 0         | 0         | 0         | Labor                |
| 5-11  | Accrued Leave Current              | 0         | 0         | 0         | 0         | 0         | Labor                |
| .5-15 | Auto Allowance                     | 0         | 0         | 0         | 0         | 0         | Benefits - Other     |
|       | Employee Assistance Program        | 0         | 0         | 0         | 0         | 0         | Miscellaneous        |
| 5-21  | Post Employment Benefits           | 0         | 0         | 0         | 0         | 0         | Benefits - Other     |
| 15-22 | Combined Benefits                  | 54,204    | 56,910    | 59,760    | 62,750    | 65,890    | Benefits - Other     |
| 0-01  | Printing                           | 4,700     | 4,750     | 4,800     | 4,850     | 4,900     | Materials & Supplies |
| 0-02  | Dues & Publication                 | 24,600    | 24,850    | 25,100    | 25,350    | 25,600    | Materials & Supplies |
| 0-03  | Advertising                        | 0         | 0         | 0         | 0         | 0         | Miscellaneous        |
| 0-04  | Rents                              | 15,600    | 16,070    | 16,550    | 17,050    | 17,560    | Miscellaneous        |
| 0-05  | Training & Education               | 2,000     | 2,060     | 2,120     | 2,180     | 2,250     | Miscellaneous        |
| 0-06  | Postage                            | 500       | 510       | 520       | 530       | 540       | Materials & Supplies |
| 0-11  | Disposal Permit                    | 0         | 0         | 0         | 0         | 0         | Miscellaneous        |
| 0-12  | Finance Charges                    | 0         | 0         | 0         | 0         | 0         | Miscellaneous        |
| 1-01  | Telephone                          | 2,400     | 2,480     | 2,530     | 2,580     | 2,630     | Utilities            |
| 1-02  | Cellular                           | 1,700     | 1,760     | 1,800     | 1,840     | 1,880     | Utilities            |
| 1-03  | Internet                           | 0         | 0         | 0         | 0         | 0         | Utilities            |
| 1-04  | Radios                             | 0         | 0         | 0         | 0         | 0         | Equipment            |
| 2-00  | Travel & Meetings                  | 2,000     | 2,060     | 2,120     | 2,180     | 2,250     | Miscellaneous        |
| 3-00  | Utilities                          | 600       | 620       | 630       | 640       | 650       | Utilities            |
| 4-00  | Contracts                          | 173,100   | 173,100   | 173,100   | 173,100   | 173,100   | Contracts            |
| 4-01  | Contracts - Project Construct      | 0         | 0         | 0         | 0         | 0         | Contracts            |
| 4-06  | Contracts - Temporary Services     | 0         | 0         | 0         | 0         | 0         | Contracts            |
|       | Contracts - Legal                  | 0         | 0         | 0         | 0         | 0         | Contracts            |
| 24-16 | Contracts - Pre-Employment         | 0         | 0         | 0         | 0         | 0         | Contracts            |
| 4-18  | Contracts - Licensing Requirements | 0         | 0         | 0         | 0         | 0         | Contracts            |
| 25-01 | Maintenance - Building             | 0         | 0         | 0         | 0         | 0         | Miscellaneous        |
| 5-02  | Maintenance - Vehicle              | 1,000     | 1,030     | 1,060     | 1,090     | 1,120     | Miscellaneous        |
| 25-03 | Maintenance - Equipment            | 0         | 0         | 0         | 0         | 0         | Miscellaneous        |
|       | Computer - Hardware                | 1,500     | 1,520     | 1,540     | 1,560     | 1,580     | Equipment            |
|       | Computer - Software                | 500       | 510       | 520       | 530       | 540       | Equipment            |
|       | Office Supplies                    | 5,000     | 5,050     | 5,100     | 5,150     | 5,200     | Materials & Supplies |
|       | Departmental Supplies              | 2,500     | 2,530     | 2,560     | 2,590     | 2,620     | Materials & Supplies |
|       | Petroleum Products                 | 5,000     | 5,150     | 5,300     | 5,460     | 5,620     | Miscellaneous        |
|       | Chemicals                          | 0         | 0         | 0         | 0         | 0         | Chemicals            |
|       | Small Equipment                    | 0         | 0         | 0         | 0         | 0         | Equipment            |
|       | Taxes & In Lieu                    | 0         | 0         | 0         | 0         | 0         | Miscellaneous        |
|       | Unemployment Insurance             | 0         | 0         | 0         | 0         | 0         | Benefits - Other     |
|       | Liability                          | 2,293     | 2,430     | 2,580     | 2,730     | 2,890     | Insurance            |
|       | Retiree's Insurance                | 2,293     | 2,430     | 2,380     | 2,730     | 2,890     | Benefits - Other     |
| ,U-11 |                                    |           | 0         |           | 0         | 0         |                      |
| 20_01 | Other Expense                      | 0         |           | 0         |           |           | Miscellaneous        |

Water Rate Study 2011 - Page 8 of 13

## CITY OF FOLSOM WATER EXHIBIT 2 REVENUE REQUIREMENT ANALYSIS

| VE A FIAC | DE REQUIREIVIENT ANALYSIS                                 |               |               |               |               |               |                             |
|-----------|---|---------------|---------------|---------------|---------------|---------------|-----------------------------|
|           |   | Budget        |               | Proje         |               |               |                             |
|           | Matau Busis sta   | 2011/2012     | 2012/2013     | 2013/2014     | 2014/2015     | 2015/2016     | -                           |
| 24.00     | Water Projects  | 40            | 60            | 40            | 40            | 40            | Cautuanta                   |
|           | Contracts   | \$0           | \$0           | \$0           | \$0           | \$0           | Contracts                   |
|           | Departmental Supplies                                     | 0             | 0             | 0             | 0             | 0             | Materials & Supplies        |
| 90-10     | Capital Outlay - Construction                             | 0             | 0             | 0             | 0             | 0             | Equipment                   |
|           | Total Water Projects                                      | 0             | 0             | 0             | 0             | 0             |                             |
|           | TOTAL O&M EXPENSE   | 8,993,287     | 9,104,600     | 9,211,110     | 9,323,930     | 9,443,280     | -                           |
|           | Capital Improvements from Rates (See Exhibit 5)           | \$2,000,000   | \$2,250,000   | \$2,500,000   | \$2,750,000   | \$3,000,000   | 2010 Depr. Exp. \$3,678,669 |
|           | Debt Service  |               |               |               |               |               |                             |
| 10-01     | 2005 Water Revenue Bonds (\$13 mill/2034)                 | \$960,000     | \$985,000     | \$1,015,000   | \$1,035,000   | \$1,065,000   | Principle & Interest        |
|           | 2009 Water Revenue Refunding (\$15.8 mill/2028)           | 1,089,154     | 1,064,579     | 1,039,894     | 1,013,198     | 981,885       | Principle & Interest        |
| 40-03     | Debt Service - Fiscal Services                            | 1,200         | 0             | 0             | 0             | 0             |                             |
| 40-04     | Debt Service - Cost of Issuance                           | 0             | 0             | 0             | 0             | 0             |                             |
|           | New Debt - Low Interest Loan                              | 0             | 342,069       | 342,069       | 1,071,215     | 1,071,215     | 20 years @ 5.25%            |
|           | Total Debt Service Payment                                | \$2,050,354   | \$2,391,648   | \$2,396,963   | \$3,119,412   | \$3,118,100   | -                           |
|           | Less: From Water Impact Fee (Fund 456)                    | 0             | 0             | 0             | 0             |               | Total Fees at 25%           |
|           | Total Net Debt Service                                    | \$2,050,354   | \$2,391,648   | \$2,396,963   | \$3,119,412   | \$3,118,100   | Rate Funded 75%             |
|           | Transfers   |               |               |               |               |               |                             |
|           | Transfers - Cost Allocation                               | \$1,097,264   | \$1,124,696   | \$1,152,813   | \$1,181,633   | \$1,211,174   | As Labor                    |
|           | Total Transfers   | \$1,097,264   | \$1,124,696   | \$1,152,813   | \$1,181,633   | \$1,211,174   | -                           |
|           | Change in Working Capital (To Reserves)                   | \$500,000     | \$500,000     | \$500,000     | \$500,000     | \$500,000     |                             |
|           | TOTAL REVENUE REQUIREMENTS                                | \$14,640,905  | \$15,370,943  | \$15,760,886  | \$16,874,975  | \$17,272,554  | <del>-</del><br>-           |
|           | Balance/(Deficiency) of Funds                             | (\$1,645,338) | (\$2,479,583) | (\$2,966,826) | (\$4,178,571) | (\$4,673,439) | -                           |
|           | Rate Adjustment as % of Rate Rev. (Cumm.)                 | 13.6%         | 20.5%         | 24.5%         | 34.5%         | 38.6%         | <u>-</u>                    |
|           | PROPOSED ANNUAL RATE ADJUSTMENT                           | 12.6%         | 6.1%          | 4.4%          | 6.0%          | 4.0%          |                             |
|           |   |               | 19.5%         | 24.7%         | 32.2%         | 37.5%         |                             |
|           | Current Residential Rate (Flat Rate)                      | \$33.55       | \$37.78       | \$40.08       | \$41.85       |               | Cummulative dollar change   |
|           | Rate Impact with Required Increase (Cumm.)                | 4.23          | 2.30          | 1.76          | 2.51          | 1.77          |                             |
|           | New Proposed Rate   | \$37.78       | \$40.08       | \$41.85       | \$44.36       | \$46.13       | _                           |
|           | Debt Service Coverage                                     |               |               |               |               |               |                             |
|           | Before Rate Increase                                      | 2.02          | 1.64          | 1.55          | 1.12          | 1.06          |                             |
|           |   |               | 2.67          | 2.79          | 2.46          | 2.55          |                             |
|           | After Required Rate Increase                              | 2.82          | 2.07          | 2.13          |               |               |                             |
|           | After Required Rate Increase After Proposed Rate Increase | 2.82          | 2.62          | 2.80          | 2.37          | 2.51          |                             |

|   | 2011/2012   | 2012/2013   | 2013/2014  | 2014/2015   | 2015/2016  | Notes  |
|---|---|---|--|---|--|--|
| Operating Reserve (Fund 520)  | 6/'10 Balances  |   |  |   |  |  |
| Beginning Reserve Fund Balance  | (\$488,055)   | \$517,945   | \$1,017,945  | \$1,446,945   | \$1,946,945  | <u>-</u>   |
| Plus: CIP from Rates  | 2,000,000   | 2,250,000   | 2,500,000  | 2,750,000   | 3,000,000  | -  |
| From Operations (Change in WC)  | 500,000   | 500,000   | 500,000  | 500,000   | 500,000  |  |
| Grants  | 0   | 0   | 0  | 0   | 0  |  |
| Federal Aid   | 0   | 0   | 0  | 0   | 0  |  |
| State Aid   | 0   | 0   | 0  | 0   | 0  |  |
| New Revenue Bonds   | 0   | 4,174,000   | 0  | 8,897,200   | 0  |  |
| Less: R&R Capital Improvements  | 1,494,000   | 6,424,000   | 2,571,000  | 11,647,200  | 2,111,000  |  |
| Ending Fund Balance   | \$517,945   | \$1,017,945   | \$1,446,945  | \$1,946,945   | \$3,335,945  | <del>-</del><br>-  |
| Target Minimum  |   |   |  |   |  |  |
| Operating Minimum 75 Days O&M   | \$1,847,936   | \$1,870,808   | \$1,892,694  | \$1,915,876   | \$1,940,400  |  |
| Catastrophe Minimum 30 Days O&M   | 739,174   | 748,323   | 757,078  | 766,350   | 776,160  |  |
| · · · · · · · · · · · · · · · · · · ·   | 1,209,557   | 1,209,557   | 1,209,557  | 1,209,557   | 1,209,557  |  |
| Rate Stabilization Minimum 10% Operating Revenues   | 1,200,001   |   |  |   |  |  |
| Rate Stabilization Minimum 10% Operating Revenues  Total Operating Minimum  | \$3,796,667   | \$3,828,689   | \$3,859,328  | \$3,891,783   | \$3,926,117  | -  |
| Total Operating Minimum  Capital Fund Reserve (Fund 521)  | \$3,796,667   | \$3,828,689   | \$3,859,328  | \$3,891,783   | \$3,926,117  | -  |
| Total Operating Minimum  Capital Fund Reserve (Fund 521)  Beginning Reserve Fund Balance  | \$3,796,667<br>\$795,200  | \$3,828,689<br>\$1,145,200  | \$3,859,328<br>\$1,504,426   | \$3,891,783<br>\$1,868,988  | \$3,926,117<br>\$2,238,943   | -<br>-<br>Connection Growth  |
| Total Operating Minimum  Capital Fund Reserve (Fund 521) Beginning Reserve Fund Balance   | \$3,796,667   | \$3,828,689<br>\$1,145,200<br>353,500   | \$3,859,328<br>\$1,504,426<br>357,040  | \$3,891,783<br>\$1,868,988<br>360,610   | \$3,926,117<br>\$2,238,943<br>364,220  |  |
| Capital Fund Reserve (Fund 521)  Beginning Reserve Fund Balance  Plus: Connection Fees Interest   | \$3,796,667<br>\$795,200<br>350,000   | \$3,828,689<br>\$1,145,200  | \$3,859,328<br>\$1,504,426   | \$3,891,783<br>\$1,868,988  | \$3,926,117<br>\$2,238,943   | Connection Growth Interest Earnings  |
| Capital Fund Reserve (Fund 521)  Beginning Reserve Fund Balance  Plus: Connection Fees  | \$3,796,667<br>\$795,200<br>350,000<br>0  | \$3,828,689<br>\$1,145,200<br>353,500<br>5,726                                    | \$3,859,328<br>\$1,504,426<br>357,040<br>7,522   | \$3,891,783<br>\$1,868,988<br>360,610<br>9,345  | \$3,926,117<br>\$2,238,943<br>364,220<br>11,195  |  |
| Capital Fund Reserve (Fund 521) Beginning Reserve Fund Balance Plus: Connection Fees Interest Less: Growth Capital Improvements Ending Capital Fund Reserve   | \$3,796,667<br>\$795,200<br>350,000<br>0<br>0<br>\$1,145,200  | \$3,828,689<br>\$1,145,200<br>353,500<br>5,726<br>0                               | \$3,859,328<br>\$1,504,426<br>357,040<br>7,522<br>0  | \$3,891,783<br>\$1,868,988<br>360,610<br>9,345<br>0   | \$3,926,117<br>\$2,238,943<br>364,220<br>11,195<br>0   |  |
| Capital Fund Reserve (Fund 521)  Beginning Reserve Fund Balance  Plus: Connection Fees  | \$3,796,667<br>\$795,200<br>350,000<br>0<br>0<br>\$1,145,200  | \$3,828,689<br>\$1,145,200<br>353,500<br>5,726<br>0                               | \$3,859,328<br>\$1,504,426<br>357,040<br>7,522<br>0  | \$3,891,783<br>\$1,868,988<br>360,610<br>9,345<br>0   | \$3,926,117<br>\$2,238,943<br>364,220<br>11,195<br>0<br>\$2,614,358                                    |  |
| Capital Fund Reserve (Fund 521)  Beginning Reserve Fund Balance  Plus: Connection Fees     Interest  Less: Growth Capital Improvements  Ending Capital Fund Reserve  * This fund is only used to expand system to accommoda   | \$3,796,667<br>\$795,200<br>350,000<br>0<br>\$1,145,200<br>te growth.   | \$1,145,200<br>\$1,145,200<br>353,500<br>5,726<br>0<br>\$1,504,426                | \$1,504,426<br>357,040<br>7,522<br>0<br>\$1,868,988  | \$3,891,783<br>\$1,868,988<br>360,610<br>9,345<br>0<br>\$2,238,943                                    | \$3,926,117<br>\$2,238,943<br>364,220<br>11,195<br>0<br>\$2,614,358                                    | Interest Earnings  |
| Capital Fund Reserve (Fund 521) Beginning Reserve Fund Balance Plus: Connection Fees Interest Less: Growth Capital Improvements Ending Capital Fund Reserve * This fund is only used to expand system to accommoda Capital Minimum Annual Depreciation Water Impact Fee (Fund 456)  | \$3,796,667<br>\$795,200<br>350,000<br>0<br>\$1,145,200<br>te growth.   | \$1,145,200<br>\$1,145,200<br>353,500<br>5,726<br>0<br>\$1,504,426                | \$1,504,426<br>357,040<br>7,522<br>0<br>\$1,868,988  | \$3,891,783<br>\$1,868,988<br>360,610<br>9,345<br>0<br>\$2,238,943                                    | \$3,926,117<br>\$2,238,943<br>364,220<br>11,195<br>0<br>\$2,614,358                                    | Interest Earnings 2010 Amount + 3%   |
| Capital Fund Reserve (Fund 521) Beginning Reserve Fund Balance Plus: Connection Fees  | \$3,796,667<br>\$795,200<br>350,000<br>0<br>0<br>\$1,145,200<br>te growth.<br>\$3,678,669                           | \$3,828,689<br>\$1,145,200<br>353,500<br>5,726<br>0<br>\$1,504,426<br>\$3,789,029 | \$3,859,328<br>\$1,504,426<br>357,040<br>7,522<br>0<br>\$1,868,988<br>\$3,902,700            | \$3,891,783<br>\$1,868,988<br>360,610<br>9,345<br>0<br>\$2,238,943<br>\$4,019,781                     | \$3,926,117<br>\$2,238,943<br>364,220<br>11,195<br>0<br>\$2,614,358<br>\$4,140,374                     | Interest Earnings 2010 Amount + 3%   |
| Capital Fund Reserve (Fund 521) Beginning Reserve Fund Balance Plus: Connection Fees Interest Less: Growth Capital Improvements Ending Capital Fund Reserve * This fund is only used to expand system to accommoda Capital Minimum Annual Depreciation Water Impact Fee (Fund 456) Beginning Fund Balance   | \$3,796,667<br>\$795,200<br>350,000<br>0<br>\$1,145,200<br>te growth.<br>\$3,678,669                                | \$1,145,200 353,500 5,726 0 \$1,504,426  \$3,789,029                              | \$1,504,426<br>357,040<br>7,522<br>0<br>\$1,868,988<br>\$3,902,700                           | \$1,868,988<br>360,610<br>9,345<br>0<br>\$2,238,943<br>\$4,019,781<br>\$1,743,419                     | \$2,238,943<br>364,220<br>11,195<br>0<br>\$2,614,358<br>\$4,140,374                                    | Interest Earnings  2010 Amount + 3%  incl. water meter 522                   |
| Capital Fund Reserve (Fund 521)  Beginning Reserve Fund Balance  Plus: Connection Fees     Interest  Less: Growth Capital Improvements  Ending Capital Fund Reserve  * This fund is only used to expand system to accommoda  Capital Minimum Annual Depreciation  Water Impact Fee (Fund 456)  Beginning Fund Balance  Plus: Impact Fees              | \$3,796,667<br>\$795,200<br>350,000<br>0<br>\$1,145,200<br>te growth.<br>\$3,678,669<br>\$1,334,174<br>130,000      | \$1,145,200 353,500 5,726 0 \$1,504,426  \$3,789,029  \$1,464,174 131,300         | \$1,504,426<br>357,040<br>7,522<br>0<br>\$1,868,988<br>\$3,902,700<br>\$1,602,795<br>132,610 | \$1,868,988<br>360,610<br>9,345<br>0<br>\$2,238,943<br>\$4,019,781<br>\$1,743,419<br>133,940          | \$2,238,943<br>364,220<br>11,195<br>0<br>\$2,614,358<br>\$4,140,374<br>\$1,886,076<br>135,280          | Interest Earnings  2010 Amount + 3%  incl. water meter 522 Connection Growth |
| Capital Fund Reserve (Fund 521)  Beginning Reserve Fund Balance  Plus: Connection Fees     Interest  Less: Growth Capital Improvements  Ending Capital Fund Reserve  * This fund is only used to expand system to accommoda  Capital Minimum Annual Depreciation  Water Impact Fee (Fund 456)  Beginning Fund Balance  Plus: Impact Fees     Interest | \$3,796,667<br>\$795,200<br>350,000<br>0<br>\$1,145,200<br>te growth.<br>\$3,678,669<br>\$1,334,174<br>130,000<br>0 | \$1,145,200 353,500 5,726 0 \$1,504,426  \$3,789,029  \$1,464,174 131,300 7,321   | \$1,504,426 357,040 7,522 0 \$1,868,988  \$3,902,700  \$1,602,795 132,610 8,014              | \$1,868,988<br>360,610<br>9,345<br>0<br>\$2,238,943<br>\$4,019,781<br>\$1,743,419<br>133,940<br>8,717 | \$2,238,943<br>364,220<br>11,195<br>0<br>\$2,614,358<br>\$4,140,374<br>\$1,886,076<br>135,280<br>9,430 | Interest Earnings  2010 Amount + 3%  incl. water meter 522 Connection Growth |

<sup>\*</sup> This fund is only used for dry year and metering.

CITY OF FOLSOM
WATER EXHIBIT 4
SUMMARY OF CAPTIAL IMPROVEMENT PLAN

| Capital Improvement Projects   | 2011/2012   | 2012/2013   | 2013/2014 | 2014/2015    | 2014/2015 | FUTURE      | Notes: |
|--|-------------|-------------|-----------|--------------|-----------|-------------|--------|
| Dinalina Water Master Dlan   |             |             |           |              |           |             |        |
| Pipeline Water Master Plan  Zone 2 Transmission Main Parallel Pipe/W.H. Pipeline Lining DESIGN | \$50,000    | \$0         | \$0       | \$0          | \$0       | \$0         |        |
| Zone 2 Transmission Main Parallel Pipe/W.H. Pipeline Lining CONSTR.                            | 950,000     | 4,500,000   | 0         | 0            | 0         | 0           |        |
| Rambling Drive Fire Flow Improvement Project DESIGN  | 0           | 4,500,000   | 0         | 40,000       | 0         | 0           |        |
| Flower Drive Fire Flow Improvement Project DESIGN  | 0           | 0           | 0         | 27,000       | 0         | 0           |        |
| Mormon Street (from Stafford to Mill to Natoma) DESIGN   | 0           | 0           | 0         | 21,000       | 0         | 0           |        |
| Rambling Drive Fire Flow Improvement Project CONSTRUCTION &CM                                  | 0           | 0           | 0         | 21,000       | 354,000   | 0           |        |
| Flower Drive Fire Flow Improvement Project CONSTRUCTION &CM                                    | 0           | 0           | 0         |              | 236,000   | 0           |        |
| Mormon Street (from Stafford to Mill to Natoma) CONSTRUCTION & CM                              | 0           | 0           | 0         |              | 181,000   | 0           |        |
| Total Pipeline Water Master Plan   | \$50,000    | \$4,500,000 | \$0       | \$88,000     | \$771,000 | \$0         |        |
| Tank System Improvements   |             |             |           |              |           |             |        |
| WTP Reservoir #1 (1978) Recoat Design  | \$0         | \$100,000   | \$0       | \$0          | \$0       | \$0         |        |
| WTP Reservoir #1 (1978) Recoat Construction  | 0           | 0           | 750,000   | 0            | 0         | 0           |        |
| East Tank No. 1 (1983) Recoat Design   | 0           | 0           | 0         | 100,000      | 0         | 0           |        |
| East Tank No. 1 (1983) Recoat Construction   | 0           | 0           | 0         | 0            | 750,000   | 0           |        |
| Cimarron (1990) Recoat Design  | 0           | 0           | 0         | 0            | 100,000   | 0           |        |
| Cimarron (1990) Recoat Construction  | 0           | 0           | 0         | 0            | 0         | 750,000     |        |
| Total Tank System Improvements   | \$0         | \$100,000   | \$750,000 | \$100,000    | \$850,000 | \$750,000   |        |
| Water Main Replacement Program   |             |             |           |              |           |             |        |
| 9821 Inwood Road Design  | \$0         | \$30,000    | \$0       | \$0          | \$0       | \$0         |        |
| 9821 Inwood Road Construction  | 0           | 0           | 250,000   | 0            | 0         | 0           |        |
| Ballou Drive (Zone 3 Inter-tie fix) Design   | 0           | 0           | 0         | 25,000       | 0         | 0           |        |
| Ballou Drive (Zone 3 Inter-tie fix) Construction   | 0           | 0           | 0         | 0            | 150,000   | 0           |        |
| Figeroa (Reading to Decater) & Wales Condo Design  | 0           | 0           | 45,000    | 0            | 0         | 0           |        |
| Figeroa (Reading to Decater) & Wales Condo Design  | 0           | 0           | 0         | 400,000      | 0         | 0           |        |
| Valley Pines Drive DESIGN & CM   | 0           | 0           | 126,000   | 0            | 0         | 0           |        |
| Valley Pines Drive CONSTRUCTION  | 0           | 0           | 0         | 544,200      | 0         | 0           |        |
| Persifer Street (from Reading to Riley) DESIGN   | 29,000      | 0           | 0         | 0            | 0         | 0           |        |
| Persifer Street (from Reading to Riley) CONSTRUCTION & CM                                      | 0           | 254,000     | 0         | 0            | 0         | 0           |        |
| Rehabilitation and Renewal Pipeline Projects   | 0           | 0           | 0         | 0            | 0         | 750,000     |        |
| Total Water Main Replacement Program   | \$29,000    | \$284,000   | \$421,000 | \$969,200    | \$150,000 | \$750,000   |        |
| Water Service Replacement  |             |             |           |              |           |             |        |
| WSO Water Loss Program   | \$1,000,000 | \$1,000,000 | \$200,000 | \$200,000    | \$200,000 | \$200,000   |        |
| Streets Paving for UM  | 100,000     | 100,000     | 100,000   | 100,000      | 100,000   | 100,000     |        |
| Total Water Service Replacement  | \$1,100,000 | \$1,100,000 | \$300,000 | \$300,000    | \$300,000 | \$300,000   |        |
| Master Plan Storage Projects   |             |             |           |              |           |             |        |
| Redundant Water Supply - USBR or FSC   | \$250,000   | \$250,000   | \$0       | \$10,000,000 | \$0       | \$0         |        |
| Zone 2 Reservoir (3 MG)  | 0           | 0           | 0         | 0            | 0         | 4,000,000   |        |
| Total Master Plan Storage Projects   | \$250,000   | \$250,000   | \$0       | \$10,000,000 | \$0       | \$4,000,000 |        |
| Water System Flow Control Facilities   |             |             |           |              |           |             |        |
| Hillswood Circle PRV   | \$25,000    | \$0         | \$0       | \$0          | \$0       | \$0         |        |
| South Folsom Control Valve Upgrades & Zone 2/1 PRV   | 0           | 0           | 0         | 0            | 0         | 100,000     |        |
| Zone 3/2 PRV (Clarksville and Broadstone Pkwy) (SCADA)   | 0           | 0           | 0         | 0            | 0         | 0           |        |
| Zone 5/4 PRV (Serpa and Iron Point) (Changing Pilot/Orifice)                                   | 0           | 0           | 0         | 15,000       | 0         | 0           |        |
| Zone 4/3 PRV (Cavitt and Iron Point) (Changing Pilot/Orifice)                                  | 0           | 0           | 0         | 15,000       | 0         | 0           |        |
| Meters Installat at Each PRV   | 40,000      | 40,000      | 40,000    | 0            | 0         | 0           |        |
| Del Norte Vista PRV  | 0           | 0           | 0         | 0            | 40,000    | 0           |        |
| Grasswood Court - Ashland  | 0           | 0           | 0         | 100,000      | 0         | 0           |        |
| Rainbow Bridge FCS Telemetry and Control   | 0           | 0           | 0         | 0            | 0         | 60,000      |        |
| Total Water System Flow Control Facilities   | \$65,000    | \$40,000    | \$40,000  | \$130,000    | \$40,000  | \$160,000   |        |

Water Rate Study 2011 - Page 11 of 13

## CITY OF FOLSOM WATER EXHIBIT 4 SUMMARY OF CAPTIAL IMPROVEMENT PLAN

| Capital Improvement Projects                             | 2011/2012   | 2012/2013   | 2013/2014   | 2014/2015    | 2014/2015   | FUTURE N                    | otes: |
|--|-------------|-------------|-------------|--------------|-------------|-----------------------------|-------|
|  |             |             |             |              |             |                             |       |
| Willow Hill Raw Waterline Relocation                     |             |             |             |              |             |                             |       |
| Willow Hill Water Line Lining - Reservoir Lining         | \$0         | \$0         | \$1,000,000 | \$0          | \$0         | \$0                         |       |
| Total Willow Hill Raw Waterline Relocation               | \$0         | \$0         | \$1,000,000 | \$0          | \$0         | \$0                         |       |
| WTP Improvement Projects                                 |             |             |             |              |             |                             |       |
| WTP ActiFLO Modifications                                | \$0         | \$0         | \$0         | \$60,000     | \$0         | \$0                         |       |
| WTP Flow Metering Modifications                          | 0           | 150,000     | 0           | 0            | 0           | 0                           |       |
| WTP ABW Modification-Storage Facility                    | 0           | 0           | 0           | 0            | 0           | 250,000                     |       |
| Total WTP Improvement Projects                           | \$0         | \$150,000   | \$0         | \$60,000     | \$0         | \$250,000                   |       |
| Water Rates and Fees                                     |             |             |             |              |             |                             |       |
| Water Rates and Fees Study                               | \$0         | \$0         | \$60,000    | \$0          | \$0         | \$0                         |       |
| Total Water Rates and Fees                               | \$0         | \$0         | \$60,000    | \$0          | \$0         | \$0                         |       |
| Transfer to Operating Reserve for Repair and Replacement | \$506,000   | \$0         | \$250,000   | \$0          | \$889,000   | \$0                         |       |
| otal Capital Improvement Projects                        | \$2,000,000 | \$6,424,000 | \$2,821,000 | \$11,647,200 | \$3,000,000 | \$6,210,000                 |       |
| rss: Outside Funding Sources                             |             |             |             |              |             |                             |       |
| Operating Reserve Fund                                   | \$0         | \$0         | \$321,000   | \$0          | \$0         | Input                       |       |
| Capital Fund Reserve (Fund 521)                          | 0           | 0           | 0           | 0            | 0           | Calc. based on growth proj  | ects  |
| Grants   | 0           | 0           | 0           | 0            | 0           | Input                       |       |
| Federal Aid  | 0           | 0           | 0           | 0            | 0           | Input                       |       |
| State Aid  | 0           | 0           | 0           | 0            | 0           | Input                       |       |
| New Revenue Bonds  | 0           | 4,174,000   | 0           | 8,897,200    | 0           | Calc. based on balance      |       |
| Total Funding Sources                                    | \$0         | \$4,174,000 | \$321,000   | \$8,897,200  | \$0         |                             |       |
| ET CIP FROM RATES  | \$2,000,000 | \$2,250,000 | \$2,500,000 | \$2,750,000  | \$3.000.000 | 2010 Depr. Exp. \$3,678,669 |       |

| Depreciation Analysis [1]                          |               |             |             |              |             | Total        |
|--|---------------|-------------|-------------|--------------|-------------|--------------|
| Total Incomment Desirat                            | Ć1 404 000    | ĆC 424 000  | ć2 F71 000  | Ć11 C17 200  | 62 111 000  | ¢24.247.200  |
| Total Improvement Project                          | \$1,494,000   | \$6,424,000 | \$2,571,000 | \$11,647,200 | \$2,111,000 | \$24,247,200 |
| Average years of Depreciation                      | 50            | 50          | 50          | 50           | 50          |              |
| Annual Increase in Depreciation                    | \$29,880      | \$128,480   | \$51,420    | \$232,944    | \$42,220    | \$484,944    |
| Cumulative Increase in Depreciation                | \$29,880      | \$158,360   | \$209,780   | \$442,724    | \$484,944   |              |
| Projected Depreciation                             | \$3,710,000   | \$3,840,000 | \$3,890,000 | \$4,120,000  | \$4,160,000 |              |
| Plant Replacement Costs (Plant Original Cost x 3%) | \$135,147,273 |             |             |              |             |              |
| 3% of Original Cost                                | \$4,050,000   |             |             |              |             |              |
| 3% of Original Cost Method                         | \$4,090,000   | \$4,240,000 | \$4,130,000 | \$4,400,000  | \$4,110,000 |              |

<sup>[1]</sup> The depreciation analysis is only used as a guideline for CIP from rate funding. The utility should try to fund greater then or equal to annual depreciation expense each year.

| PRESENT RATES                 | 2010              |           |              | 2011      |               |              |           | 2012          |              |
|-------------------------------|-------------------|-----------|--------------|-----------|---------------|--------------|-----------|---------------|--------------|
| RESIDENTIAL                   |                   |           |              |           |               | 0.00%        |           |               | 0.009        |
| Monthly Meter Charge          |                   |           |              |           |               |              |           |               |              |
| ,                             | Cust. No.         | Rate      | Revenue      | Cust. No. | Rate          | Revenue      | Cust. No. | Rate          | Revenue      |
| Single-Family Residential     | 16,559            | \$33.55   | \$6,666,648  | 16,559    | \$33.55       | \$6,666,648  | 16,559    | \$33.55       | \$6,666,648  |
| Single-Family Low Income      | 8                 | 19.70     | 1,891        | 8         | 19.70         | 1,891        | 8         | 19.70         | 1,89         |
| Condo                         | 420               | 23.50     | 118,440      | 420       | 23.50         | 118,440      | 420       | 23.50         | 118,44       |
| Condo Low Income              | 1                 | 14.10     | 169          | 1         | 14.10         | 169          | 1         | 14.10         | 16           |
| Manufactured Home             | 457               | 14.40     | 78,970       | 457       | 14.40         | 78,970       | 457       | 14.40         | 78,97        |
| Manufactured Home - L.I.      | 11                | 9.00      | 1,188        | 11        | 9.00          | 1,188        | 11        | 9.00          | 1,18         |
| Additional Residences         | 31                | 18.50     | 6,882        | 31        | 18.50         | 6,882        | 31        | 18.50         | 6,88         |
| Additional Lot                | 30                | 7.50      | 2,700        | 30        | 7.50          | 2,700        | 30        | 7.50          | 2,70         |
| Swimming Pool w/ filter       | 2,910             | 4.20      | 146,664      | 2,910     | 4.20          | 146,664      | 2,910     | 4.20          | 146,66       |
|                               | 20,427            |           | \$7,023,552  | 20,427    |               | \$7,023,552  | 20,427    |               | \$7,023,55   |
| Folsom Non-Metered Water      | 24                | \$406.92  | \$117,192    | 24        | \$406.92      | \$117,192    | 24        | \$406.92      | \$117,19     |
| Ashland Residential Meters    |                   |           |              |           |               |              |           |               |              |
| Single-Family                 | 886               | \$23.50   | \$249,852    | 886       | \$23.50       | \$249,852    | 886       | \$23.50       | \$249,85     |
| Single-Family L.I.            | 4                 | 14.80     | 710          | 4         | 14.80         | 710          | 4         | 14.80         | 71           |
| Manufactured Home             | 6                 | 10.70     | 770          | 6         | 10.70         | 770          | 6         | 10.70         | 77           |
| Manufactured Home L.I.        | 1                 | 6.70      | 80           | 1         | 6.70          | 80           | 1         | 6.70          | 8            |
|                               | 897               | _         | \$251,413    | 897       |               | \$251,413    | 897       |               | \$251,413    |
| East Area Surcharges          |                   |           |              |           |               |              |           |               |              |
| East Area Charges             | 4,787             | \$12.00   | \$689,328    | 4,787     | \$12.00       | \$689,328    | 4,787     | \$12.00       | \$689,32     |
| East Area Pool                | 761               | 4.20      | 38,354       | 761       | 4.20          | 38,354       | 761       | 4.20          | 38,35        |
|                               | 5,548             | -         | \$727,682    | 5,548     | <del></del> - | \$727,682    | 5,548     | <del></del> - | \$727,68     |
| Commodity (CCF)               |                   |           |              |           |               |              |           |               |              |
|                               | Consum.           | Rate      | Revenue      | Consum.   | Rate          | Revenue      | Consum.   | Rate          | Revenue      |
| Ashland 0 - 20 CF             | 173,343           | \$0.000   | \$0          | 173,343   | \$0.000       | \$0          | 173,343   | \$0.000       | \$1          |
| Ashland Over 20 CF            | 352,707           | 0.880     | 310,382      | 352,707   | 0.880         | 310,382      | 352,707   | 0.880         | 310,38       |
|                               | 526,050           |           | \$310,382    | 526,050   |               | \$310,382    | 526,050   |               | \$310,38     |
| Total Residential Revenue     |                   |           | \$8,430,222  |           |               | \$8,430,222  |           |               | \$8,430,22   |
|                               | Without East Area | Surcharge | \$7,702,539  |           |               | \$7,702,539  |           |               | \$7,702,539  |
| NON-RESIDENTIAL               |                   |           |              |           |               |              |           |               |              |
| Monthly Meter Charge          |                   |           |              |           |               |              |           |               |              |
|                               | Cust. No.         | Rate      | Revenue      | Cust. No. | Rate          | Revenue      | Cust. No. | Rate          | Revenue      |
| 5/8"                          | 37                | \$10.70   | \$4,751      | 37        | \$10.70       | \$4,751      | 37        | \$10.70       | \$4,75       |
| 3/4"                          | 136               | 14.10     | 23,011       | 136       | 14.10         | 23,011       | 136       | 14.10         | 23,01        |
| 1"                            | 231               | 22.80     | 63,202       | 231       | 22.80         | 63,202       | 231       | 22.80         | 63,20        |
| 1.5"                          | 188               | 44.70     | 100,843      | 188       | 44.70         | 100,843      | 188       | 44.70         | 100,84       |
| 2"                            | 454               | 71.50     | 389,532      | 454       | 71.50         | 389,532      | 454       | 71.50         | 389,53       |
| 3"                            | 64                | 132.60    | 101,837      | 64        | 132.60        | 101,837      | 64        | 132.60        | 101,83       |
| 4"                            | 43                | 220.40    | 113,726      | 43        | 220.40        | 113,726      | 43        | 220.40        | 113,72       |
| 6"                            | 13                | 439.60    | 68,578       | 13        | 439.60        | 68,578       | 13        | 439.60        | 68,57        |
| 8"                            | 3                 | 703.10    | 25,312       | 3         | 703.10        | 25,312       | 3         | 703.10        | 25,31        |
| 10"                           | 4                 | 1,010.90  | 48,523       | 4         | 1,010.90      | 48,523       | 4         | 1,010.90      | 48,523       |
| 12"                           | 1                 | 1,453.10  | 17,437       | 1         | 1,453.10      | 17,437       | 1         | 1,453.10      | 17,43        |
|                               | 1,174             |           | \$956,752    | 1,174     |               | \$956,752    | 1,174     |               | \$956,75     |
| Commodity (CCF)               |                   |           |              |           |               |              |           |               |              |
|                               | Consum.           | Rate      | Revenue      | Consum.   | Rate          | Revenue      | Consum.   | Rate          | Revenue      |
| All Consumption               | 3,605,745         | \$0.953   | \$3,436,275  | 3,605,745 | \$0.953       | \$3,436,275  | 3,605,745 | \$0.953       | \$3,436,275  |
| Total Non-Residential Revenue |                   |           | \$4,393,027  |           |               | \$4,393,027  |           |               | \$4,393,027  |
| Total Revenue                 |                   |           | \$12,823,249 |           |               | \$12,823,249 |           |               | \$12,823,249 |
| Less: East Area Surcharges    |                   |           | (\$727,682)  |           |               | (\$727,682)  |           |               | (\$727,682   |
| Net Revenue                   |                   | _         | \$12,095,566 |           | _             | \$12,095,566 |           |               | \$12,095,566 |