

ELDORADO AREA WATER & SANITATION DISTRICT

COST OF SERVICE AND RATE DESIGN STUDY

**FINAL REPORT
FEBRUARY 27, 2024**



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COST OF SERVICE ANALYSIS

Nelisa Heddin Consulting, LLC (NH Consulting) is pleased to present the Eldorado Area Water & Sanitation District (District) with the results of a cost of service and rate design study performed for the District's water utility.

The District retained NH Consulting to perform a cost of service and rate design study for the District's water utility. The study's intent is to achieve a water rate structure that will assure equitable and adequate revenues for operations, debt service retirement, capital improvements and bond covenant requirements, therefore ensuring the utility operates on a self-sustaining basis while considering the economic impact on the District's customers.

The project team has worked closely with the District's staff and Rate Study Committee to develop revenue requirements and determine the cost of providing service to all of the District's customers. The project team determined that in order to meet future revenue requirements, the District needs to implement future water rate and/or property tax increases

Recommended Fees and charges have been outlined on Table 1 below.

Executive Summary



COST OF SERVICE ANALYSIS



Table 1: Recommended Rates and Fees

	2024 Adopted	2025	2026	2027	2028	2029
Monthly Minimum Charge	\$ 29.91	\$ 31.41	\$ 32.98	\$ 34.29	\$ 35.32	\$ 36.38
Volumetric Charge (per thousand gallons)						
1-3,000 Gallons	\$ 12.82	\$ 13.27	\$ 13.73	\$ 14.21	\$ 14.71	\$ 15.32
3,001-6,000 Gallons	\$ 16.03	\$ 16.59	\$ 17.16	\$ 17.76	\$ 18.38	\$ 19.15
6,001-10,000 Gallons	\$ 21.82	\$ 23.22	\$ 24.03	\$ 24.87	\$ 25.74	\$ 26.81
10,001-20,000 Gallons	\$ 37.46	\$ 40.64	\$ 42.05	\$ 43.52	\$ 45.04	\$ 46.92
20,001-30,000 Gallons	\$ 64.53	\$ 71.12	\$ 73.58	\$ 76.16	\$ 78.82	\$ 82.11
Over 30,001 Gallons	\$ 96.81	\$ 106.68	\$ 110.38	\$ 114.24	\$ 118.23	\$ 123.16
Tax Levy Assumption	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36
		-	-	-	-	-
Out of District Charge	\$ 60.56	\$ 75.78	\$ 78.23	\$ 80.46	\$ 82.41	\$ 84.41
Monthly Bill for average water usage of 3,700 gallons	\$ 79.59	\$ 82.83	\$ 86.18	\$ 89.36	\$ 92.31	\$ 95.75
		-	-	-	-	-
Average annual increase for customer using 3,700 gallons		4.1%	4.0%	3.7%	3.3%	3.7%

COST OF SERVICE ANALYSIS

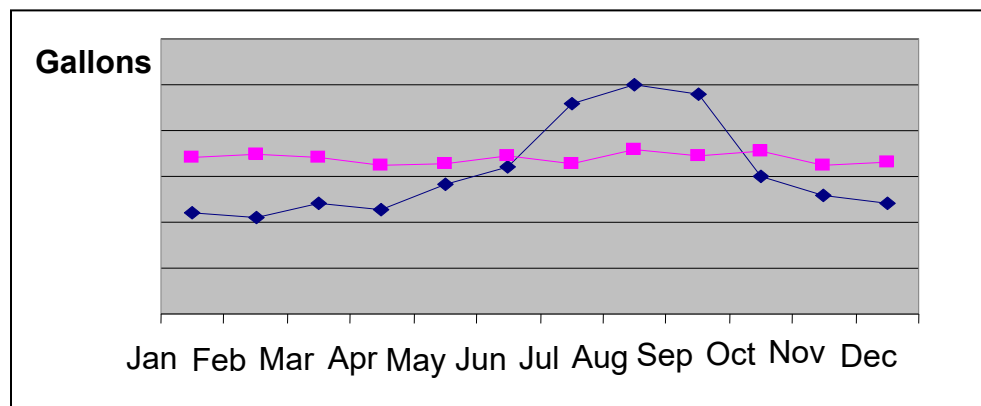
RATE SETTING THEORY

The American Water Works Association (AWWA) sets forth a methodology for rate setting based on cost-of-service principles. The premise of this methodology is to require users to pay the cost incurred by the utility to provide that user with water service.

The water utility infrastructure is created to meet times of peak demand. Although on an annual basis, the average usage of water is at a lower level, the system must meet times of peak usage, such as irrigation in summer months or early mornings when residents are showering, doing laundry and washing dishes. Utility systems operate under strict guidelines that the water utility must abide by while providing retail water services. These guidelines outline specific requirements for items such as minimal system capacities, to meet these times of peak usage. Thus, the water utility must maintain the infrastructure to meet these requirements. To determine the utilities' capacity requirements, one must factor in the number of connections served, and the size of each connection, in addition to the usage patterns of those customers. Therefore, even though the utility may have average usage at a certain level, it must have the capacity to serve customers at a greater level in order to meet peaking demands.

Different customer classes utilize water in different manners, thus putting different strains on the utility. Examination of the utility's customer classes while applying a cost-of-service methodology recommended by the AWWA reveals the usage pattern of each class. Figure 1 exhibits different usage patterns for two different types of customers.

Figure 1: Usage Patterns





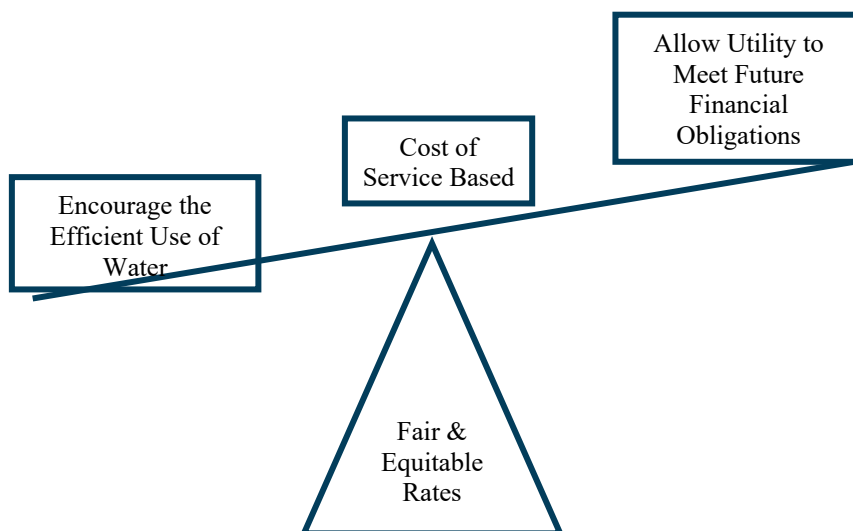
The customers represented by a blue line in Figure 1 show a dramatic peaking pattern in summer months. This peak pattern commonly occurs with customers who, for example irrigate during the summer. The customers represented by a pink line show very little deviation in their month-to-month usage. An example of a customer using water in this manner may be a commercial customer who uses water in a consistent pattern year-round.

According to the AWWA, “A water utility is required to supply water in total amounts and at such rates of use desired by the customer. A utility incurs costs in relationship to the various expenditure requirements caused by meeting those customer demands. Since the needs for total volume of supply and peak rates of use vary among customers, the costs to the utility of providing service also vary among customers or classes of customers.” In other words, there are significant cost implications to the ability a utility system must have to meet peaking patterns.

The blue-line customer in Figure 1 has a higher peak to average ratio of water usage. Whereas the pink-line customer has a lower peak to average ratio, even though the total volume used is greater for this customer class. In this example, the utility has to maintain a total system capacity to serve the maximum (or peak) usage of all customers, even though the blue-line customer uses a peak amount of water for 3-months out of the year. There is a significant cost implication to this irregular usage pattern. The rates charged to customers should reflect this cost differential.

RATE DESIGN GENERAL COMPONENTS

During rate analysis, the primary consideration is to determine rates that are fair and equitable among all customers. Rates should recover the cost associated with providing service to each customer from that particular customer. Determining rates that fully achieve this goal involves a detailed analysis of each individual customer's consumption pattern. Since this is an impractical feat for most utility systems, a typical rate design establishment fits average conditions for groups of customers having similar service requirements.



When grouping customer classes, one divides customers that utilize water in a similar pattern (such as residential, commercial, apartments and irrigation). Then, analysis of historical usage patterns for each customer grouping and assignment of costs accordingly. EAWSD has mainly residential customers and just a small number of commercial customers. The District does not have any irrigation only customers.

The AWWA emphasizes, “Departure from rates based on cost of service is generally a decision made for political, legal or other reasons. Consideration of rates deviating from cost of service, therefore, is made by politicians, not the rate designer.” In addition, the AWWA states that “when a deviation from cost-related rates is made, the reason for such modification should be explicitly understood so that the responsibility for such deviation is placed on legal and policy-making factors, and the public is not misled into believing that the resulting rates are fully cost-related when they are not.”

It is important to consider when designing and implementing a new rate structure that, while the goal is to get as close as possible to cost of service based rates, while respecting each utility's political environment.

RATE COMPONENTS

Typically, billing of water services use a structure that consists of a minimum bill and a volumetric component. The intention of the minimum bill is to recover the basic costs associated with providing service to the customer, regardless of the volume of the water utilized. The bill structure usually recovers a high percentage of the utility's fixed costs, particularly its debt service, to ensure the utility some degree of revenue stability. Minimum bills are a fixed monthly fee. The second component of the rates is a volumetric charge. This charge is based on the amount of water utilized by the customer, and may fluctuate based on actual usage.



Minimum Bill

The AWWA provides guidelines for the determination of the minimum bill on a cost basis. Many utilities set their minimum bill based on policy initiatives. The utility may want to use the minimum charge to guarantee a certain percentage of revenue. Another strategy in setting a minimum bill involves providing lifeline rates for customers, where the customer receives a certain amount of water included in the base charge fee. This allows the customer a higher degree of control over their water bill.

There are two (2) primary options available regarding the structure of the minimum bill:

Meter Size – The larger the meter a customer has, the greater the ability that customer has to place a larger demand on the system. Thus, regardless of the amount of water that a customer actually uses, the utility is still required to maintain the capacity to serve that customer based on their meter size.

Accordingly, a minimum bill based on meter size, in which the larger the meter, the higher the bill, recovers the cost the utility incurs due to the potential increased demand placed on the system by that particular customer. The AWWA provides “meter size equivalency factors,” a scale of factors are applied to the base charge for a 5/8 inch connection to determine the minimum that should be charged to larger connections.

Table 2: Meter Equivalency Ratios.

Meter Size (Inches)	Equivalent Meter & Service Ratio
5/8"	1
3/4"	1.1
1"	1.4
1 1/2"	1.8
2"	2.9
3"	11

Equalized Minimum Bill – The alternative minimum bill structure would be an equalized minimum bill in which all customers pay the same fee, regardless of meter size. This very simple fee structure is easy to understand by the utility’s customers. In addition, most billing systems are able to accommodate this fee structure.

The District bills customers an equalized minimum bill. Given the homogenous nature of the District’s customer base, the project team recommends continuation of this policy.

Volumetric Rate

The second component of the fee structure is the volumetric rate. The basis for the volumetric fees is the actual volume of water each customer uses each month. The volumetric rates usually recover the variable costs associated with providing water to the utility’s customers as well as a portion of fixed costs. Utilities also use volumetric rates as a pricing signal to encourage the efficient usage of water. Below are some volumetric rate design options.



Customer Class – As previously described, different classes of customers utilize water in different ways. Some customers use large amounts of water seasonally for irrigation, while other customers' monthly water use varies only slightly. There is a significant cost implication to different water usage patterns. Those customers who use water irregularly throughout the year, such as those who irrigate, cause the utility's water system to have a higher peaking than those customers who use a consistent amount of water monthly. A case can be made that utilities should classify customers into like groupings (such as residential, commercial, apartments and irrigation) and charge those customers different rates based on their relative usage patterns. The AWWA has outlined a methodology for determining these rates called the Base-Extra Capacity methodology. The basic premise of this methodology is to isolate usage patterns based on customer classifications and allocate costs to those customers based on peaking patterns. While this is a complex task, it is arguably the most equitable means of charging customers for water usage.

The drawback to this methodology is that it is a slightly more complex fee structure that some customers may have difficulty understanding. Prior to implementation, the utility's billing system requires examination to ensure that it is capable of charging customers based on this structure.

Equalized Rate – An alternative to varying volumetric rates based on customer class is to charge all customers the same volumetric rate. This is appropriate for utilities that have a relatively homogenous customer base in which most customers use water in a similar pattern. This rate structure is easy for customers to understand, and usually most billing systems can accommodate equalized rates. The industry recommends that each utility examine its customer base to determine if it is a homogenous group of customers, or if there are customers who use water in different patterns. If the latter is the case, then equalized rates may not be equitable to some customer classifications.

In analyzing the District's customer base and usage patterns, the project team recommends that the District bill based upon an equalized rate applied to all customer classes.

COST OF SERVICE ANALYSIS

WATER PRODUCTION

In 2022, the District produced approximately 168.7 million gallons (MG) of water, with a peak day production of .857 MG.

Table 3: Historical Water Production (Gallons)

	2020	2021	2022
Total Production	158,042,000	162,435,000	168,700,000
Average Daily Demand	432,992	445,027	431,926
Peak Day Demand	863,000	809,000	857,000
Peak to Average Ratio	1.99	1.82	1.98

As emphasized in the previous section, there is a direct correlation between a system's production and peaking patterns and the system's costs. The District's peak to average ratio, as determined by dividing maximum daily production by the average daily production, was 1.98:1 for 2022.

WATER CONSUMPTION

As of December 2022, the District provided water services to 3,065 retail, potable water customers. The District meters all active potable water connections. Annual metered water consumption was approximately 131.6 million gallons in 2022, as shown in Table 4.

Table 4: Total Customer Count and Consumption (Gallons)

Year	Customers	Consumption
2020	3,047	154,261,600
2021	3,052	139,594,200
2022	3,065	131,588,300

COST OF SERVICE ANALYSIS



CURRENT RATES

Outlined below are the District’s current water rates.

Table 5: Current Water Rates

	2023 Adopted	2024 Adopted
Minimum Charge	\$ 28.76	\$ 29.91
Volumetric Charge		
1-3,000 Gallons	\$ 12.33	\$ 12.82
3,001-6,000 Gallons	\$ 15.41	\$ 16.03
6,001-10,000 Gallons	\$ 20.39	\$ 21.82
10,001-20,000 Gallons	\$ 35.01	\$ 37.46
20,001-30,000 Gallons	\$ 58.67	\$ 64.53
Over 30,001 Gallons	\$ 88.01	\$ 96.81



WORK PLAN

In determining water rates, NH Consulting relies upon a methodology described by the American Water Works Association called the Base-Extra Capacity methodology. This methodology approximates the cost associated with serving various classifications of customers.

Essentially, the methodology utilizes a five-step approach:

- Step 1: Revenue Requirement Determination
- Step 2: Cost Functionalization
- Step 3: Customer Cost Allocation
- Step 4: Customer Count and Billing Unit Determination
- Step 5: Rate Design

NH Consulting has performed each of these steps in coordination with the District's staff and Rate Study Committee. The next sections describe each step along with the results.

STEP 1: REVENUE REQUIREMENT DETERMINATION

BASE YEAR REVENUE REQUIREMENT

SYSTEM EXPENDITURES

A base year estimate of costs helps to determine the District's future revenue requirements. This cost estimate is reflective of the normal operation of the water utility, and adjusted for known and measurable changes into the future. NH Consulting used the FY 2024 budget as the Test Year for the revenue requirement phase of the study.

REVENUE OFFSETS

In order to isolate the revenues required by rates from all customers, it was necessary to capture all revenue offsets and remove the corresponding dollar amount from the gross revenue requirement to determine the net revenue requirement. Revenue offsets are items such as late fees and interest income that offset the District's expense.

BASE YEAR REVENUE REQUIREMENT

The base year total revenue requirement determined by the project team for the water utility for FY 2025 was \$3,078,587.

FIVE-YEAR REVENUE REQUIREMENT

INFLATION

In developing projections of future expenditures, NH Consulting assumed a 4% inflation rate for most expenditures for 2025 and a 3% inflation rate thereafter.



CAPITAL PROJECTS

The District’s formal Capital Improvement Plan that has been filed with the State of New Mexico has identified over \$13M in future capital improvement projects. While these projects are necessary and will eventually need to be built, for the purposes of this rate study, the project team has assumed approximately \$11.35M in projects to actually be constructed in the next 5 years. The project team has assumed that the District would receive approximately \$3M in grant funding for these projects. The remaining \$8.35M in projects has been assumed to be funded through the issuance of future debt. The \$11.35M of currently planned capital improvement projects represents replacement of approximately 6% of the District’s water infrastructure. It must be noted that this funding of the District’s water infrastructure system is the beginning of a very long and costly replacement program for the District, which was mainly built forty years ago and nearing the end of its useful life.

REHABILITATION AND REPLACEMENT PROJECTS

In addition to the capital improvement plan projects described above, the project team has also included funding for rehabilitation and replacement projects in the amount of \$636,540 beginning in 2025. The project team assumed a portion of the projects would be funded by the O&M portion of property taxes. It was assumed that prior year times coverage monies, to the extent available would also be used to fund these improvements. Finally, the balance of the annual required amount would be funded through monthly user fees, as outlined on Table 6 below.

Table 6: Rehabilitation and Replacement Project Funding Source.

	2025	2026	2027	2028	2029
Property Taxes (Current Year)	\$318,270	\$327,818	\$337,653	\$347,782	\$358,216
Required Times Coverage (Prior Year)	229,768	278,298	311,829	345,400	345,006
Cash from Rates	<u>88,502</u>	<u>49,521</u>	<u>25,824</u>	<u>2,382</u>	<u>13,210</u>
	\$636,540	\$655,636	\$675,305	\$695,564	\$716,431

FUTURE WATER PURCHASES

The District is also adding the purchase of additional water from Santa Fe County. This additional water purchase is anticipated to cost the District approximately \$566,000 in 2025, and is anticipated to increase to approximately \$805,000 by 2029.

FIVE-YEAR PROJECTION OF EXPENSES

In totality, NH Consulting has projected the District’s expenses to be approximately \$5.1M in 2025, and to grow to \$6.2M by 2029. This is compared to the \$4.25M budgeted expenses in 2023.



REVENUE OFFSETS

Revenue offsets are sources of revenue other than water rates that support the District's operations. The primary source of revenue offsets for the District is the collection of property tax revenues. Based on recommendations from the project team the District has set its property tax rate to a level sufficient to recover an approximate actual yield of \$4.36 per \$100 assessed valuation. This is to be increased from the current actual yield of approximately \$3.552.

Due to the proposed increase in property taxes, NH Consulting is recommending that the District increase the out-of-district charges as outlined on Table 1. As out of district customers do not pay property taxes, the out-of-district charge is intended to recover the proportionate share of revenues from these customers as the property taxes recover from in-district customers. In developing revenue requirement projections, NH Consulting has assumed the District would adopt the recommended change to property taxes and has included the changes in the revenues as a revenue offset.

The remaining revenue-offsets include items such as late fees and interest. For these items, the projections remained constant throughout the study period, a conservative estimate.

FIVE-YEAR REVENUE REQUIREMENT

Table 7 outlines the five-year revenue requirement for the Water Utility. Schedule 1 shows each line item with details. While the District does anticipate some operating cost increases, new debt to fund capital projects and the new water purchases from Santa Fe County comprises of the majority of the increases.

Table 7: Total District Five-Year Revenue Requirement.

	2025	2026	2027	2028	2029
Revenue Requirements	\$3,078,103	\$3,375,766	\$3,688,576	\$3,894,252	\$4,100,479



STEP 2: COST FUNCTIONALIZATION

BACKGROUND ON COST FUNCTIONALIZATION

The American Water Works Association (“AWWA”) has accepted the base-extra capacity methodology; it is commonly used in the water utility industry. This is a methodology of functionalization, allocating costs to service functions, and distributing costs to customer classes. It recognizes the differences in the cost of providing service due to variations in average rate of use and peak rate of use by a customer class. This method also recognizes the effects of system diversity on costs. Generally, the three components of costs include:

- Base Costs
- Extra-Capacity Costs
- Customer Billing Costs

Base costs fluctuate with the total amount of water taken under average operating conditions. Extra-capacity costs are those costs incurred that are above the average operating conditions and are necessary to support peaking conditions. Customer billing costs are those costs associated with serving customers, such as meter reading and billing.

COST FUNCTIONALIZATION ANALYSIS

The project team thoroughly analyzed The District’s cost structure and functionalized the costs into appropriate categories. Table 8 presents the cost functionalization for the five-year study period.

Table 8: Cost Functionalization

	2025	2026	2027	2028	2029
Base Costs of Service	\$1,438,921	\$1,612,333	\$1,823,866	\$1,926,274	\$2,028,555
Extra Capacity Costs of Service	1,223,698	1,333,984	1,420,844	1,509,225	1,597,802
Customer Costs of Service	<u>415,484</u>	<u>429,449</u>	<u>443,867</u>	<u>458,753</u>	<u>474,122</u>
	\$3,078,103	\$3,375,766	\$3,688,576	\$3,894,252	\$4,100,479



STEP 3: CUSTOMER COST ALLOCATION

CUSTOMER COST ALLOCATION BACKGROUND

The establishment of customer classes is important in setting equitable rates, so that costs designated for each class are appropriate. A customer class should include only those customers who:

- a. Are in similar location in relation to the utility;
- b. Use the same or similar facilities of the utility;
- c. Receive similar service from the utility;
- d. Place similar demands on the utility.

The objective of the distribution of costs to customer groups is to avoid cross-subsidization (inequities between customer classes). With this objective in mind, it is imperative to weigh all differences in service commitment and service requirements when determining the customer classes.

Once all appropriate customer classifications have been determined, the next step is to analyze usage patterns for each customer class. Usage analysis includes evaluating the average and peak usage for each customer class. Finally, the cost allocation to customer classes, based on relative usage patterns, is completed. Table 9 presents the cost allocations to customer classes. It is with these cost allocations that rates are designed.

Table 9: Customer Cost Allocation

	2025	2026	2027	2028	2029
Residential	\$3,001,715	\$3,292,135	\$3,597,415	\$3,798,318	\$3,999,803
Commercial	<u>76,388</u>	<u>83,631</u>	<u>91,161</u>	<u>95,934</u>	<u>100,675</u>
	\$3,078,103	\$3,375,766	\$3,688,576	\$3,894,252	\$4,100,479



STEP 4: CUSTOMER GROWTH AND BILLING UNITS

CUSTOMER GROWTH

Population projections for a District should reasonably reflect anticipated future conditions within the District. Since there is little undeveloped land in the District, the project team assumed the District would only slightly grow during the study period.

Table 10: Projected Customer Count

	2025	2026	2027	2028	2029
Residential	3,038	3,051	3,064	3,077	3,091
Commercial	<u>53</u>	<u>53</u>	<u>53</u>	<u>53</u>	<u>53</u>
	3,091	3,104	3,117	3,130	3,144

BILLING UNIT PROJECTION

To anticipate usage for each customer classification requires an examination of historical billing units, also known as water consumption, to find the “normal” pattern for each class. Through a “normalized” average usage, per connection, per month, then multiplying the usage by the projected customer count, results in the estimated billing units and consumption. Assumed future consumption is presented on Table 11.

Table 11: Projected Water Consumption (Gallons)

	2025	2026	2027	2028	2029
Residential	134,184,522	134,762,659	135,343,287	135,926,417	136,512,059
Commercial	3,420,544	3,420,544	3,420,544	3,420,544	3,420,544
	137,605,066	138,183,203	138,763,831	139,346,961	139,932,603



STEP 5: RATE DESIGN

There are many different rate design options regarding water rate development, however, the goal is to provide a fair and equitable rate for all customer classes, mitigate “rate-shock” on the District’s customers and allow for the water utility to move towards operating on a self-sustaining basis. Table 12 presents the recommended rates and fees.

Table 12: Recommended Rates and Fees

	2024 Adopted	2025	2026	2027	2028	2029
Monthly Minimum Charge	\$ 29.91	\$ 31.41	\$ 32.98	\$ 34.29	\$ 35.32	\$ 36.38
Volumetric Charge (per thousand gallons)						
1-3,000 Gallons	\$ 12.82	\$ 13.27	\$ 13.73	\$ 14.21	\$ 14.71	\$ 15.32
3,001-6,000 Gallons	\$ 16.03	\$ 16.59	\$ 17.16	\$ 17.76	\$ 18.38	\$ 19.15
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10,001-20,000 Gallons	\$ 37.46	\$ 40.64	\$ 42.05	\$ 43.52	\$ 45.04	\$ 46.92
20,001-30,000 Gallons	\$ 64.53	\$ 71.12	\$ 73.58	\$ 76.16	\$ 78.82	\$ 82.11
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Tax Levy Assumption	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36	\$ 4.36
		-	-	-	-	-
Out of District Charge	\$ 60.56	\$ 75.78	\$ 78.23	\$ 80.46	\$ 82.41	\$ 84.41
Monthly Bill for average water usage of 3,700 gallons	\$ 79.59	\$ 82.83	\$ 86.18	\$ 89.36	\$ 92.31	\$ 95.75
		-	-	-	-	-
Average annual increase for customer using 3,700 gallons		4.1%	4.0%	3.7%	3.3%	3.7%

El Dorado Area WSD
 Cost of Service and Rate Design Study

Schedule 1
 Seven-Year Projection of Revenue Requirements
 FINAL

	2025	2026	2027	2028	2029	Notes
Expenses						
Payroll and Benefits	\$ 337,050	\$ 347,162	\$ 357,576	\$ 368,304	\$ 379,353	
Travel - Employees	520	536	552	568	585	
Maintenance & Repairs - Building/Structure	14,560	14,997	15,447	15,910	16,387	
Maintenance & Repairs - Grounds/Roadways	7,800	8,034	8,275	8,523	8,779	
Maintenance & Repairs - Vehicles	-	-	-	-	-	
Maintenance & Repair - Office Equipment	2,080	2,142	2,207	2,273	2,341	
Maintenance Supplies	-	-	-	-	-	
Emergency Maintenance	-	-	-	-	-	
Contract - Audit	37,440	38,563	39,720	40,912	42,139	
Contract - Attorney Fees	36,400	37,492	38,617	39,775	40,969	
Contract - Professional Services	2,093,520	2,156,326	2,221,015	2,287,646	2,356,275	
Contract - Other Services	144,872	149,218	153,695	158,306	163,055	
Software	15,600	16,068	16,550	17,047	17,558	
Supplies - General Office	3,120	3,214	3,310	3,409	3,512	
Supplies - Field Supplies	15,600	16,068	16,550	17,047	17,558	
Supplies - Furniture/Fixtures/Equipment (Capital under \$5k)	15,600	16,068	16,550	17,047	17,558	
Supplies - Janitorial/Maintenance	-	-	-	-	-	
Supplies - Capital Under \$5K	-	-	-	-	-	
Supplies - Other	-	-	-	-	-	
Claims/Judgments/Settlements	-	-	-	-	-	
Election Costs	-	-	-	-	-	
Employee Training	520	536	552	568	585	
Insurance - General Liability/Property	59,280	61,058	62,890	64,777	66,720	
Postage	260	268	276	284	293	
Printing/Publishing/Advertising	6,760	6,963	7,172	7,387	7,608	
Property Tax Administration Fees	16,754	17,257	17,775	18,308	18,857	
Gross Receipts Tax	175,760	181,033	186,464	192,058	197,819	
Rent of Equipment/Machinery	8,840	9,105	9,378	9,660	9,949	
Rent of Land/Building	-	-	-	-	-	
Subscriptions & Dues	3,120	3,214	3,310	3,409	3,512	
Telecommunications	20,800	21,424	22,067	22,729	23,411	
Utilities	138,320	142,470	146,744	151,146	155,680	
Santa Fe County Water Purchase - Rate Funded	328,094	392,230	518,383	533,934	549,952	Per Attachment E
Santa Fe County Water Purchase - Pass Through Funded	-	-	-	-	-	Per Attachment E
Santa Fe County In Lieu of Water Rights Fee	238,620	238,620	238,620	238,620	238,620	Per Attachment E
Water Production Cost Savings Due to Santa Fe Water Purchase	-	-	-	-	-	Per Attachment E
Other Operating Costs	26,000	26,780	27,583	28,411	29,263	

El Dorado Area WSD
 Cost of Service and Rate Design Study

Schedule 1
 Seven-Year Projection of Revenue Requirements
 FINAL

	2025	2026	2027	2028	2029	Notes
Buildings & Structures	-	-	-	-	-	
Equipment & Machinery	-	-	-	-	-	
Infrastructure	-	-	-	-	-	
Vehicles	-	-	-	-	-	
Rehab and Replacement Tax Funded	309,000	318,270	327,818	337,653	347,782	Per Attachment D
Rehab and Replacement Cash Funded	13,579	88,502	49,521	25,824	2,382	Per Attachment D
Times Coverage (To be Applied to Rehab and Replacement)	295,421	229,768	278,298	311,829	345,400	Per Attachment D
Debt Service - Principal Payments	-	-	-	-	-	
Debt Service -Principal, Interest, Admin Fees & I&S Fund Payments - Rate Funded Portion	765,892	927,659	1,039,430	1,151,334	1,261,382	Per Attachment C
Debt Service -Principal, Interest, Admin Fees - Tax Funded Portion	-	-	-	-	-	Per Attachment C
Pension Expense	-	-	-	-	-	
Loan Administrative Expense	-	-	-	-	-	
Bad Debt Expense	-	-	-	-	-	
Field workshop	-	-	-	-	-	
Total Expenses	\$ 5,131,183	\$ 5,471,042	\$ 5,826,342	\$ 6,074,695	\$ 6,325,285	
Revenue Off-Sets						
Water Use Fees	\$ -	\$ -	\$ -	\$ -	\$ -	
Billing Adjustments	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	
New Water Service Connection Fees	128,000	128,000	128,000	128,000	128,000	Assumed fees would increase to \$16,000 and 8 fees would be collected per year.
Other Charges for Services	7,500	7,500	7,500	7,500	7,500	
Property Tax Receipts - O&M	1,372,737	1,404,964	1,437,836	1,471,365	1,505,565	Portion of property taxes for O&M only
Property Tax - Debt Portion	-	-	-	-	-	Attachment A
Water Purchase Pass Through	-	-	-	-	-	Attachment G
Property Tax Receipts - In Lieu of Water Rights Portion of O&M	238,620	238,620	238,620	238,620	238,620	Portion of O&M property taxes for In Lieu of Water Rights. Attachment F
Conservation Surcharge	98,291	101,698	105,254	108,937	113,475	
Out of District Charges	177,931	184,494	190,556	196,021	201,646	Attachment I
Miscellaneous Income	-	-	-	-	-	This paymbe was one-time in nature.
Interest Income	105,000	105,000	105,000	105,000	105,000	
State Grants	-	-	-	-	-	
Insurance Recoveries	-	-	-	-	-	
Loan Proceeds	-	-	-	-	-	
Total Sources	\$ 2,053,080	\$ 2,095,276	\$ 2,137,766	\$ 2,180,443	\$ 2,224,807	

El Dorado Area WSD
 Cost of Service and Rate Design Study

Schedule 1
 Seven-Year Projection of Revenue Requirements
 FINAL

	2025	2026	2027	2028	2029	Notes
Total Revenue Requirements	\$ 3,078,103	\$ 3,375,766	\$ 3,688,576	\$ 3,894,252	\$ 4,100,479	
2022 Actual Revenues						
General Inflation	4%	3%	3%	3%	3%	