

## Sundance, WY Rate Analysis Package

This package includes:

- The service proposal issued by Carl Brown Consulting for analyses to be performed for the City by the firm. The City ended up selecting the water, sewer, trash collection and landfill service rate analyses plus one on-site visit to present the analysis results and rate recommendations to the Council,
- The original rate analysis report, and
- A report concerning several issues that arose during discussion of the rate analyses at the public meeting. This report shows up on the last five pages of this package.

# Proposal for Water, Sewer, Trash, Landfill and Mosquito Spraying Rate and Cost Studies

## City of Sundance, Wyoming

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### Purpose and Need

This proposal is long and detailed for this reason. If you desire, this proposal, along with your acceptance of service packages in it, will serve as our “contract” and project description. That will make the project take off as quickly as you choose while costing nothing additional to initiate.

This proposal describes the need, responsibilities, timing, investment and other issues for rate and cost studies (later referred to as “studies” or “analyses”) of the water, sewer, trash, landfill and/or mosquito spraying programs. These studies will be performed by Carl Brown Consulting, LLC (later referred to as “I”) for the City of Sundance, Wyoming (later referred to as “you”). To adequately fund current operation of your systems and services, where applicable to equitably charge new users for system development costs they cause, build and maintain reserves, fund capital improvements and establish rates that are fair to all ratepayers, you need to analyze your rates and fees, set them appropriately and periodically reset them. The services proposed are intended to support you as you satisfy those needs.

### Firm Revenues, Qualifications and References

Firm revenues, qualifications and references are detailed in the document, “Background for Carl Brown Consulting,” attached. The reference list includes all rate study clients since 2005. Call any you care to but I suggest you call the most recent clients, which are listed first. They will recall their project and my services to them better than less recent clients will.

Carl Brown Consulting has one office in Jefferson City, Missouri but we operate nation-wide. Our work focuses almost exclusively on rate analysis and rate setting. Carl Brown, President will conduct these analyses in their entirety. He has been doing rate analysis work for approximately 17 years. For most of that time he has also been teaching practitioners all over the U.S. on rate analysis and rate setting, writing a rate setting book and designing rate analysis software.

To save paper and to shorten your reading time, I have attached one example rate study report package. Actually, this example only includes one of the three analyses. The others are in the same format but reflect different scenarios that are explained in the report. This example is for Lyon County, KS Rural Water District #1.

For conflict of interest purposes, Carl Brown Consulting has never had any ties to the City of Sundance.

### **Form of Agreement**

This proposal and your written (probably by e-mail message) acceptance of one or more service packages is all the agreement I need. If you wish to prepare a formal contract you may do so but it is not necessary and that will take extra time. My business model is a throwback – I operate on handshakes and the modern-day electronic equivalents. Basically, if I were to walk away from your project (I have yet to do that) you would owe me nothing. If you walk away from the project for any or no reason you would owe me nothing. This arrangement may seem one sided but it has worked very well for me so far because my service to my clients is based upon my satisfying their real needs. It is not based upon satisfying stipulations in a contract that may or may not satisfy my client's real needs.

### **Guarantee**

In the unlikely event you feel I am not fulfilling the commitments in this proposal, simply tell me what you feel the problem is. I will do my best to make it right by you. If I still am not able to satisfy you, notify me by mail or e-mail. I will cease the services in question at that point, you will owe me nothing for those services and I will refund any payments you may have already made for those services. This has been my guarantee policy from the day the company was formed. No client has invoked this guarantee to date and I don't plan to have you be the first.

### **Scope of Services That you may Select or Decline, at Your Option**

The following service packages are intended to satisfy your rate study and rate setting needs.

- Service package 1 is analysis of your water system's usage and other fee adjustment needs<sup>1</sup>.
- Service package 2 is the same as service package 1 except it is for your sewer system.
- Service package 3 is the same as service package 1 except it is for your trash collection service.
- Service package 4 is the same as service package 1 except it is for your landfill service.
- Service package 5 is analysis of the costs and revenues of your mosquito spraying service.
- Service package 6 is for on-site visits<sup>2</sup>. Each visit will be one instance of this service package.

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<sup>1</sup> This analysis will include output from modeling of your current financial situation and several proposed rate scenarios that depict rate structures and other variables you may want to consider. All reasonable scenarios that you or I conceive will be modeled and reported to you.

<sup>2</sup> I generally recommend one on-site visit to present the completed studies and recommendations and to answer questions at a public council meeting. You may choose as many on-site visits as you desire and change your mind as your needs become clearer.

- Service package 7 is for follow-up financial examinations<sup>3</sup>. One examination for one system or service is one instance of this service package.

You may add or drop service packages at any time so long as you engage me to do at least service package 1, 2, 3 or 4.

### **Use of Electronic Technology**

I do almost all analysis work electronically. I strongly prefer, whenever possible, to receive all data and information electronically, generally transferring it by e-mail attachment. I prefer to receive volume usage, income and expense and other numerical data in a spreadsheet format and textual material in a word processor format. When I return material to you that you need to manipulate further, such as a revised ordinance, I will return it electronically in a format you can conveniently use. You will receive my analysis reports, the studies and my recommendations electronically as PDFs.

### **Approach and General Timeline**

I intend to produce the majority of the user charge analysis output using my proprietary software called CBGreatRates<sup>®</sup>.

Rate analysis is an iterative, non-linear process. However, it can be broken down into several groupings of work as follows:

1. I will call your contact person, probably the day after being notified that I will be doing the analyses, to discuss data needs and get them started on initial data retrieval.
2. Your staff will assemble and send to me usage data, financial statements, capital improvement plans, equipment replacement and refurbishment plans and schedules, supply agreements and other information concerning your systems and services. I will guide your staff through the entire process. Where data is missing I will help you create estimates. Initial data retrieval will be accomplished early on but some data will be acquired throughout the project. My preference is to begin with the water system first and follow some weeks later with the sewer system. That is because sewer rate setting depends upon water usage data. I also like to use the model created for the water system as the template for the sewer system so both analyses will be in nearly the same format. The other services and systems can be modeled in any order and before, during or after the water and sewer system modeling.
3. I will analyze this information and build your rate analysis models, coordinating periodically with your contact person. Jointly, we will arrive at a set of financial goals for your systems and services. Key model building will be complete about two months after starting. Some modeling will continue through nearly the end of the project. Once the model has been built, unlimited "what-if" scenarios can be run to find the optimum mix of rate and fee levels and structures, funding options, reserve levels, etc. to suit your needs.
4. During the last half of the project I will examine as many scenarios of your possible future as it makes sense. I will share with you all that are potentially useful.

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<sup>3</sup> You may request follow-up examinations at any time for one or all systems and services for up to three years after the initial rate studies have been completed. Most commonly clients have me do these examinations annually after the close of each fiscal year. You may also want such an examination as you prepare to take funding for capital improvements or other critical changes happen. I will tell you when your financial situation has changed so dramatically from that found during the initial rate analysis that using it as a baseline is no longer safe and a new analysis is indicated. That is likely to occur around three years out and that is why I limit this service package to three years past the initial analysis.

5. You will likely choose to consider adopting rates and funding levels from perhaps the two most promising scenarios for each system or service. Final output will include a cover letter, a report of my analysis and recommendations, which is largely a step by step action plan, and copies of the studies.
6. If you choose that option, I will present my final analysis results and recommendations to your council in person.
7. As you draft proposed amendments to your ordinances and budgets to effectuate the rate, fee and other changes, at your request I will review those changes to assure that they accomplish what you intend to accomplish.
8. The council will consider and pass ordinance amendments to effectuate new rates, fees, budget revisions and other changes. Note: Councils often like to “take it slow” at this point. If necessary I will point out to the city the revenues that will be lost each day the city postpones adjusting rates in order to encourage the city to move forward promptly.
9. If you select follow-up financial examinations (service package 7) I will perform those examinations when you request.
10. As needed during later weeks and even years I will check in with you to see that you are on track and doing well and give you guidance if needed.

### **Expected Results**

With the completion of the studies:

1. You will be able to successfully settle upon desired financial performance levels for your systems and services.
2. You will arrive at new user charge rates and fees that will adequately fund the systems and services for a substantial period of time. The studies will project your rates, fees, operating costs, capital improvements and all other important costs and revenues, plus important financial performance indicators 10 years into the future. Equipment replacement and refurbishment plans will be projected 20 years into the future.
3. You will be able to set rates, fees and other charges that are fair to your ratepayers.
4. You will be able to inform and promote to your council and to your ratepayers and property owners the need to adjust rates and fees now and to keep them current.
5. You will be able to acquire needed funding for capital improvement and equipment replacement projects depicted in the analyses and/or fund improvements from system revenues and reserves.
6. Being well funded you will successfully comply with your permit to dispense water, NPDES permit and other requirements from the regulatory agencies.

### **Work Coordination**

I will communicate primarily with your designated contact person and with others, as you see fit, to do the analysis work.

### **Timing**

My part of this project will probably consume about four weeks and much of that will occur at the same time that you are gathering data for the analyses or making decisions. Your part of this project will take longer. If we initiate the project quickly, you gather data quickly and it takes you three months to consider and adopt new rates, we can complete this project in four to six months.

### **Investment**

These are your complete investments for my services, materials and travel costs, based upon the service descriptions above:

- Service package 1, water user charge analysis – \$3,840
- Service package 2, sewer user charge analysis – \$3,360
- Service package 3, trash service user charge analysis – \$1,920
- Service package 4, landfill user charge analysis – \$1,152
- Service package 5, mosquito spraying service analysis – \$384
- Service package 6, on-site visits – \$1,960 per visit
- Service package 7, follow-up financial examinations – \$485 for each follow-up examination performed.

**If you choose service packages 1, 2, 3, 4 and 5, and one visit from service package 6, the most likely group of services for you to choose, the total investment will be \$12,616.** Once the project gets started you may add or drop service packages as your needs become clearer.

### **Proposal Acceptance**

This proposal is effective through June 1, 2010 if you choose at least service package 1, 2, 3 or 4 by June 1, 2009. If my part of the project has not been completed by June 1, 2010, all fees for service packages not yet completed will escalate by 25 percent. (Aside from lagging performance on your part there is no reason this project will not be completed in a few months. I escalate fees only for this reason. If the analysis is drawn out for a full year I will end up having to gather updated data and reanalyzing, increasing my work markedly and more importantly, increasing your rate revenue losses dramatically. I don't want that to happen for me or for you so the escalation is intended to get and keep you focused on project completion.) Once you tell me what service packages you desire and you provide data to work with, I will immediately start to produce the analyses.

**Action item: If you accept this proposal call me to tell me what services you desire, or give me the same information in writing by e-mail message.**

### **Payment**

I will first invoice you for the total project amount upon your acceptance of this proposal. **If you pay this initial invoice within 30 days of the invoice date you may deduct five percent from the invoice amount.** Otherwise, I will re-invoice you for the full amount upon completion of the project. You shall promptly pay the full amount of that invoice. If you request and pay for services but later cancel those services, I will refund those fees to you. If I cancel any services in this proposal, you will owe me no fees for those services and I will refund any fees you have already paid for those services.

### **In Closing**

I am looking forward to the opportunity to conduct your rate studies and cost analyses so you can get your rates and finances set on a good course.

Best regards,  
Carl Brown Consulting, LLC



Carl E. Brown  
President

November 4, 2009

The Honorable Fred D. Tschetter  
Mayor of Sundance  
213 Main Street  
Sundance, WY 82729

Subject: User Charge Analysis Results

Dear Mr. Tschetter:

Enclosed find the results of the utility user charge analyses.

Addressing you and the council directly for a moment, I want to compliment your Clerk Treasurer Stephanie Marty and Public Works Director John Kiplinger. Both performed wonderfully. They understood and produced the data and information I asked for and gave me great guidance and background about the city's situation and needs. They are also both very pleasant people to work with. I know that others behind the scenes assisted as well so I simply want to tell the council, you have fine support behind you.

Before the "mortgage meltdown," most of my clients needed to raise rates between 20 and 45 percent initially and 3-4 percent per year after that to get on sound financial footing. After the meltdown most of my new clients are needing larger increases. Sundance generally needs the 20-45 percent level of rate increase, too, but your situation is a bit different. While you did not experience the meltdown like many other cities, you are looking at markedly higher costs for capital improvements, especially for the landfill and transfer station. Only because you have done a good job up up to this point keeping rates high enough can you get by with the relatively small increases that you now need. I must commend you for that.

The report and analyses are long, detailed and technical. You, the council and others should read through them but do not obsess over the details. If you have any questions, please feel free to give me a call. It will be much easier for me to talk you through issues than it would be to study the charts to find the answers on your own.

I look forward to meeting with you very soon, hopefully at the December council meeting, to present the analysis results and my recommendations and to discuss issues and questions you may have. I think you will find that most of your questions will be resolved in that discussion and issues will seem much simpler when discussed in person.

Once we have had that meeting my “official” engagement with the City will be complete. However, I want you and your staff to feel free to just give me a call anytime you have a question about the analysis, my recommendations or even things that may not be related to the analysis at all. A year from now you may need to call me, and that is just fine. If I can help you simply on the phone or by e-mail, I will do so. There will be no charge because that is just part of my service to get your rates set where they need to be. If the issue of concern requires substantial analysis we can then talk about if and how you would like me or someone else to help you.

Finally, I am sure you know of other cities, villages and districts that need rate setting assistance. I hope you will tell them about me. I get almost all of my business by referrals from past clients and I hope to be able to trace several future clients back to my work with Sundance.

Best regards,  
Carl Brown Consulting, LLC



Carl E. Brown  
President

Enclosures

# **Water, Sewer, Garbage Collection and Landfill Service Rate Analysis Report**

## **City of Sundance, Wyoming**

**Prepared November 3, 2009**

**Carl Brown, President  
Carl Brown Consulting, LLC**

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## Purpose

This report and the accompanying analyses are intended to help City staff prepare proposed rate and fee revisions and to help the Council to better understand the situation surrounding each utility service and what should be done about it.

This report is part of a package that includes the following:

- A cover letter,
- This narrative report that details the findings and recommendations, and
- The analyses themselves which depict what will happen if you adjust rates and fees in the ways described.

Because this report covers several utilities and many issues are common to all of them, the report starts with general recommendations and observations. (Where a generality does not apply to a particular system that issue will be discussed in the section pertaining to that system.) The remainder of the report covers analysis results and recommendations for each of the utilities.

As you set and later reset your rates I suggest you follow the guidance I give in my book, "How to Get Great Rates." I sent a copy to Clerk Treasurer Stephanie Marty. I suggest you also download the "Replacement Scheduler©" spreadsheet, at no charge, from <http://www.gettinggreatrates.com/ggrn/store/products.asp?cat=13> and use it for future equipment replacement scheduling for each of your utilities and services.

## Principles

I use several guiding principles when I help systems set their utility rates, fees and policies. As you read this report and the analysis, keep in mind that my recommendations to you have been weighed against these principles:

1. Water, sewer and all other utilities are businesses, regardless of who owns them. Businesses must cash flow properly.
2. In addition to functioning in a business-like manner, a utility has a responsibility to its customers to nearly guarantee its long-term prosperity for their benefit. The customers expect the service to be there whenever they want to use it. Thus, a utility must err on the conservative side by maintaining strong reserves that will enable it to weather financial storms.
3. If a service costs the utility money, the utility should recover that cost from the most logical "person" if that makes good business and community administration sense. For example, generally "growth should pay for growth." Developers should fairly pay for their consumption of utility capacity.
4. If adjusting a rate, fee or policy will turn currently "good" customers into "bad" customers, consider the necessity of the change carefully before making it. For example, while it may be warranted, raising the minimum charge markedly to your residential customers may make it very difficult for fixed, low-income customers to pay their water bills. That may cause more of them to pay late or not pay at all. That may trigger the City's processes of having the City's attorney write threatening letters to those customers and eventually require shutoff of service. Thus, in the attempt to generate more net revenue by raising rates, net revenues may actually go down.

## Discussion of Significant Issues

### Administration Expenses and Time Accounting

Currently, administration expenses; primarily the time spent by the Clerk Treasurer and similar staff as well as the office and equipment used by administration staff for the benefit of each utility, is born by the general fund. That lowers utility rates artificially by transferring expenses to general fund sources, primarily property taxes.

It is most proper and fair to the ratepayers to charge off the value of administration to each utility in proportion to the expenses incurred for the benefit of each utility. To do that in the future the City should at least estimate the percentage of time each staff member spends "working for" each of the utilities. Then you can calculate the dollar value of staff time, insurance and other benefits and assign that value to each utility. While you could do formal, year-long time accounting to accomplish this, it is not necessary. You can simply sample each staff person's time or have each staff person estimate during a typical month the time they spent working for each utility and use that sample to assign time. Based upon the percentages of staff time assigned to each utility you can then assign those same percentages of general office expense to each utility. Finally, some expenses, like the cost of the billing program and perhaps the computer it is located on, may be dedicated to the utilities. For such equipment simply assign reasonable percentages to each utility.

For these analyses your Clerk Treasurer gave me a reasonable estimate of these percentages. The analyses then assume that starting with the next rate adjustment you will begin paying administration staff for time worked for each utility from utility funds. This will relieve the general fund of a fairly significant expense.

### Depreciation and Capital Improvements

Depreciation is a real event. Built facilities wear out with use and age with time, reducing and eventually eliminating their value and function. However, that wear out and aging process does not occur in a straight line as most depreciation schedules depict. Facilities usually function well for the first 75 percent or more of their useful lives and then they start a rapid decline. In addition, depreciation is "backwards looking" in that it considers the value of the system when it was initially built rather than considering the future cost to build a new system that would serve users as they desire in the future plus satisfy additional functions required by tighter environmental and health standards.

Water utilities are made up of core components such as wells, treatment plants, towers and lines. These components wear and age slowly. Their useful lives define the maximum useful life of the utility as a whole.

Water utilities are also made up of secondary components that age and especially wear out with use more rapidly. These include pumps, motors and other mechanical parts that move. All of these parts are replaceable or can be refurbished to extend the useful life of the system as a whole.

Depreciation financially models the aging and breakdown process. It is a useful concept and it is even required to adhere to generally accepted accounting principles. However, almost never is depreciation actually funded by placing those funds into an account to be available to pay for a new system when it is needed. Thus, it has limited value for municipal system rate setting.

Core components are generally funded as capital improvements, paid for initially with loan and perhaps grant proceeds, with loans retired in subsequent years by debt payments. This process works well because it generally has users pay for facilities dedicated to them during the time they get benefit from them. Paying for such components over time also generally works well because rarely do such components unexpectedly break down and need immediate replacement. Core components and other capital improvements to be paid for with each of your system's rates and fees have been scheduled in capital improvement plans, which are a part of the analyses.

## Equipment Replacement

Secondary components wear out. That process is fairly predictable generally but it is not so predictable for individual equipment items. Pumps, motors, rolling stock and other moving parts can fail one to several years earlier than expected and require immediate replacement to keep the system functioning. Problems may result if the system does not have reserves to pay for replacements. For this reason it is prudent to schedule equipment replacements, refurbishments and the like and set aside funds ahead of time to pay for these expenses when they occur.

You already have substantial operating reserves for each utility that can be used for equipment replacement if needed. To make each utility more financially sound, you should dedicate the amounts shown in Chart 17 of each analysis for replacement of each utility's equipment. This will enable you to handle equipment replacements when they are needed without disrupting each utility's general budget or "borrowing" reserves from another utility causing future problems when that utility needs its reserves.

## Basic and Policy Action Items

(Use the following as a checklist of "to-do" tasks)

1. If your current late payment penalties are not at least \$10.00 or 10 percent of the outstanding balance each month, whichever is greater, set them at these rates to give late payers more incentive to pay on time.
2. Reword your non-payment shut-off policy for water and sewer so that any payment received will be applied to the sewer bill first, with the remainder applied to the water bill. In this way, if someone does not pay enough to cover the entire bill, they will be subject to water shut-off, which is much easier to do than sewer shut-off. If the garbage collection fee is also combined on this same bill you should word the ordinance so that payment will first be applied to the garbage collection bill, next to the sewer bill and last to the water bill, for the same basic reason.
3. Before you officially propose or adopt new rate language, you may mail or e-mail the rate chart, ordinance or agreement to me and, as a part of this project, I will verify that your language will effectuate the intended rate adjustments.
4. Determine how long, on average, it takes to perform the various services you provide in the field, such as after-hours service, meter disconnects and reconnects, special meter readings, etc. Be sure to include all the time you actually pay staff for performing these services. Then determine how much it costs the City per hour, on average, to have staff perform these services. This includes benefits, taxes, use of City vehicles, tools and minor equipment, etc. It should also include a fair amount to cover the time that office staff devotes to working on these services to track them, bill for them, etc. This should be the

hourly rate you will charge for these services. In addition, set a minimum that you will charge for showing up, whether the service takes an hour to perform or 10 minutes. In essence, set your fees in the same way plumbers and similar technicians do – a set fee for showing up, which buys the customer a set amount of time, usually one hour, and an hourly rate if the job takes longer than the show up charge will cover. While accounting for time and other investments in the various functions is important, do not make the process burdensome. For many functions you likely can just estimate your time occasionally.

5. City staff performs services for developers and others. This may include review and approval of water and sewer system expansion plans and connection applications. For all such services you should determine their full costs and set fees and charges to fully recover those costs. Those funds should be deposited into the general system fund and used to pay the personnel and other expenses incurred by the utility for providing these services.
6. Retain required funds in interest bearing debt service and debt reserve accounts when required by your lender(s). Endeavor to build the balances shown as “Capital Improvement Fund” at the bottom of Chart 2, or the amounts your lender requires, whichever is greater.
7. Your equipment replacement and capital improvement planning are currently done together. It makes sense to plan for these things comprehensively. However, the two types of expenses will usually be funded differently. Equipment replacement should generally be funded from operating revenues on a “saved ahead of time” basis. Capital improvements are usually paid for with grant and loan proceeds and then paid for over time after the improvements have been built. Therefore, you should plan for each type of expense using separate schedules as soon as practical. Use charts 2 and 17 as models for these tasks. As mentioned before, you can also download my equipment replacement schedule to make replacement scheduling relatively easy.
8. Have me conduct full rate analyses when your actual financial performance and my projections diverge significantly, but not longer than five years from now to make sure your rates remain adequate for the systems and fair to your ratepayers. In addition, before embarking on capital improvements and funding acquisition, have me study your options in depth so you can maximize your funding success and minimize your costs.

## General Discussion of the Analysis Output

Charts 1A and 1B cover projected incomes and costs at a fair level of detail. Rates and fees have been modeled at levels that will maintain strong working capital and other reserves.

Chart 2 covers capital improvement projects, new debt service and the like. At the bottom of this chart is the running balance for this reserve. For each utility you will have no capital improvement costs most years but each system will need improvements at different times, adding to your debt load each time.

Chart 3 covers rate and fee adjustments. It shows the proposed rates and average fee initial adjustments.

Chart 4 covers financial indicators and fund balances. (Find definitions for these accounts in the document called, “Terms Used in This Report...”) Note that near the bottom of the chart there are several fund balances shown. Working capital, capital improvement and current

position balances will vary, generally growing. The last line on this chart is the most useful balance for you to track. This line shows the inflation-adjusted purchasing power of your reserves, not including equipment replacement reserves.

I set your initial rate adjustments and future inflationary adjustments so the resulting “Working Capital + CIP Balances Discounted for Inflation” amount in the last year will be strong, hopefully as strong as the current amounts. In other words, my goal was to give you at least as much purchasing power in 10 years in inflated dollars as you have now.

The line graph charts 5 through 11 depict financial health indicators under the proposed rates and make it easier to spot trends. (See the definitions page to learn what each of the indicators tells you.) In particular, for the water, sewer and garbage collection systems Chart 8 depicts the affordability of your current and the proposed rates. (Chart 8 is not relevant for the landfill/transfer station services so it was deleted from that analysis.) Your current affordability indices for water service and for sewer service are low, meaning your rates are cheap. (The national average is around 1.0 percent for each service.) My proposed rates are higher but still lower than the national average. The garbage collection service affordability index is also reasonable, especially considering that the City is markedly increasing its expenses due to the landfill closure and start up of the transfer station.

Chart 13 depicts your rates before and after the adjustments. This chart depicts the more important changes brought about by rate adjustments.

## Action Items not Related to the Results of the Analyses

(Use the following as a checklist of general “to-do” tasks)

Consider these recommendations regardless of how you may adjust your rates:

1. Start adopting management strategies that are included in what is most commonly called, “advanced asset management.” These strategies can yield better service and reduced costs for utilities, especially those looking to build new facilities or replace existing facilities soon. Visit my Web site at <http://carlbrownconsulting.com/> for more information on asset management or call me to discuss how the City might move into asset management.
2. If you do not already do so, consider “paying” developers to install over-sized water and sewer lines and other equipment when such installations would facilitate future development more economically.
  - To illustrate, you may have a developer who would need to install a two inch distribution line to serve the needs of their development. However, other properties in the area that would use that same line when developed later may require it to be four inches in diameter. In that case you and the initial developer would determine the additional cost of installing the four inch line and the City would reimburse the developer for that portion of the cost. (The incrementally higher cost of installing a larger line is small but the value of having that line in place and ready for use when needed is very large.) That reimbursement may be in the form of a discount on the developer’s connection fees.
  - Later, when other developments use the four inch line you would charge those developer(s) their proportionate share of the cost to make that line available for their use. In addition, you may, and I suggest that you do, charge an additional amount or

- percentage to serve as reimbursement for the City's expenses to finance the upsizing and to cover risk. These costs are substantial. In that way, lines and other systems would be built in the most economical fashion possible. Plus, the City could recoup its investment in up-sized lines and facilities, and cover its risks of loss.
- Be careful about how this cost sharing may affect your cash flow. I strongly suggest you set up a separate fund to which you will deposit connection and developer fees and from which you will pay for system upsizing. Manage this fund so it will fully cash flow itself and maintain a reserve over expected disbursements of at least 50 percent.
3. Continue (or begin) to track your volume usage, incomes and expenses on a regular basis so the data and information you generate will continue to support future rate adjustments as well as they did this one. This is especially important for the garbage collection and landfill/transfer station services, which in the past have had sketchy volume records. This statement is not intended as a slight – such records were not needed in the past and you had no scales so tonnage records could only be estimates, at best. But, now that you are making the switch to a transfer station, good volume data can be easily had and it will be very useful to future operations and rate setting.
  4. Consider reformatting your financial statements so they include calculations for operating and coverage ratios. This will make it very easy for decision-makers to quickly gauge the financial health of the system. You may want to use the financial statements template called, "GettingGreatRatesLater©," available at <http://www.gettinggreatrates.com/ggrn/store/products.asp>. There are other tools and resources at this link you may find useful, as well.
  5. Check with your attorney for language and legality of all charges and issues discussed.

## General Background

I made assumptions and estimates where necessary for the analyses. Using sensitivity tests and my experience in performing over 150 rate analyses, I am confident these assumptions are adequate for your rate setting purposes at this time.

Notable assumptions and issues include these:

- The analyses use the test year of July 1, 2008 through June 30, 2009. This is the one-year period from which actual cost, revenue, usage and other data were gathered. The test year is the starting point for the analyses. Costs, revenues and all other data will change in future years based upon inflation, growth, the proposed rates and fees and many other things. Essentially the analyses seek "best fit" rates to satisfy many issues facing the systems. Therefore, you cannot look at the analysis charts several years out and view financial predictions like they are accounting records. Future costs, revenues and other data are predictions and estimates only.
- I assumed that you will continue to bill on a monthly basis.
- I assumed that future operating costs will rise at varying inflation rates, as shown in Chart 1B. Some costs, like electricity for water and sewer, will rise due to inflation and due to additional use caused by customer growth.
- Because the City has been growing modestly, the number of user connections and customers changes each year for water, sewer and garbage collection services. The

number of customers shown at the top of Chart 1A for the test year is the average for that year based upon your billing data. (For the garbage collection and landfill/transfer station services, tonnage rather than customer numbers are a more relevant indicator of growth.) For future years these averages increase based upon your estimated rate of growth for each year.

- The working capital goal for your systems is shown at the bottom of Chart 1B. To guard against serious financial upset, I recommend you maintain at least this reserve level to help you make it through unusual times without having to take drastic rate or operating cost measures. Your test year reserves exceeded this level for each utility; thus, this is not an issue now but you should guard against falling into a weaker position in the future.

## Water System

### Summary

Analysis determined that your water system has reserves that are strong now. However, the system will need to make some substantial capital improvements fairly soon and inflation will continue to increase future costs. Therefore, rates need to be increased moderately now and in the future to keep track with rising costs. Without these increases the system's current position<sup>1</sup> will drop off dramatically. Do not be alarmed by this description, it fits most systems. However, do prepare to make a moderate increase to your rates and fees now and on a regular basis to maintain a strong financial position.

As important as generating more revenue, you need to make the rate structure simpler and fairer. The proposed rates model those changes. User rates, surcharges and tap-on fees were all analyzed comprehensively. The results of those analyses are integrated and will be discussed as one consolidated whole.

### Action Items

**(Use the following as a checklist of rate setting “to-do” tasks)**

**The following actions are required to achieve the results predicted by the analysis called “Sundance, WY Water Rates Scenario 2.”**

**Effective on or near February 1, 2010:**

- 1. Raise all tap/availability/connection fees by 50 percent.**
- 2. Reduce the usage allowance to 1,000 gallons to bring the rate structure closer to “proportional to use” (see definitions).**
- 3. Except for the golf course bulk water use, set the minimum charge for all in-City customers at \$10.39. For convenience you should round this number to \$10.40.**
- 4. Except for the golf course bulk water use, set the unit charge for all in-City customers at \$3.99/1,000 gallons. For convenience you should round this number to \$4.00.**

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<sup>1</sup> Current position – All reserves and incomes net of costs and liabilities

- 5. Set the golf course bulk water minimum charge at \$367.35 for 1,000 gallons of use and \$0.81/1,000 gallons. These rates appear in the middle of Chart 3A.**
- 6. Set the minimum and unit charges for all out of City customers at 33 percent higher than in-City customers.**
- 7. Assuming financial performance was well predicted by the analysis, effective February 1, 2011 and every year thereafter until a new analysis determines otherwise, raise all rates and fees by 4.0 percent. This rate of increase is shown near the top of Chart 1A.**

## Description of “Sundance, WY Water Rates Scenario 2”

As detailed in Chart 2, you will undertake several substantial capital improvements. While I assumed that you will receive substantial grants to help fund these projects, you will still take on significant debt soon. Otherwise, the utility is operating at a fairly steady state, meaning you do not expect marked changes to occur in facility needs or operations and the utility currently has responsible reserves. Therefore, this scenario models rates going up moderately initially and then on an inflationary basis in future years to keep track with rising costs.

***If you copy only one chart as a handout for the public attending your rate setting meeting, Chart 13 is the most useful chart for them to view.***

## Water Loss

Estimated water loss, shown near the bottom of Chart 18 at 34 percent, is high. You should continue to locate water leaks and repair at least those that will yield a payback period of five years or less. In other words, the savings in the cost of lost water will pay for the repairs within five years. More on how to do this calculation is included in “How to Get Great Rates.”

## Growth Rate and Tap-on Fees

Water connections in the City grew moderately during the test year. That is good considering the recent “mortgage meltdown” being experienced in most of the country. Even at that, the City connects only a handful of new customers each year so this growth has little effect on use of your facilities. For this reason, you should raise your current connection/tap-on fees by 50 percent to get them closer to the real cost of making capacity available to new customers but do not worry that you are not capturing all of these costs. Your rate of growth simply does not make getting these fees all the way up to where they should be a high priority.

## Sundance Country Club Fairways

The golf course is seen as a valuable amenity for residents and a tool to keep Sundance “on the radar screen” for some from outside the community. For that reason, long ago the City decided to favor the golf course with lower water rates for irrigation. Essentially, rates were set to only recover the cost of electricity for pumping water to the golf course for irrigation. (Water to the clubhouse, which is a modest volume, is billed as are all other accounts.) On the positive

side, irrigation is done primarily during the non-peak hours so electricity rates are low when most of this volume is used.

In this analysis I retained this same pricing strategy. I raised the minimum charge to the golf course by the same rate that all other minimum charges were raised. Then I set the unit charge at the unit cost for electricity during the test year.

## Closing

Your current rates are projected to keep the water system solvent for several years but soon your current position will be at zero without rate increases. In addition, your rates are not as fair and simple as they should be. Thus, your rates need to be raised moderately and restructured. Your tap-on fees also need to be raised and restructured to be fairer to new and existing customers. These rates and fees should be increased annually in the future to maintain adequate reserves.

You now should do those things listed in the Action Items sections above.

## Sewer System

### Summary

The utility is operating at a fairly steady state and your reserves are strong. Two primary issues were addressed in the analysis:

- The rate structure needs to be changed to make it fair. Currently the City charges flat rates for various classes of users. Under the new rate structure, called winter average use rates<sup>2</sup>, the lower volume users will see their bills go down while the higher volume users' bills will go up dramatically. (As proposed, rates will go up by an average of 45 percent.) While the rate restructuring may seem unfair to the higher volume users, in reality the new rate structure is only righting what is currently an unfair rate structure. Because sewer customers are served by water meters, the City can and should charge customers based upon winter average water use. That will cause each customer to pay their fair share for sewer usage. In a few years after new debt has started the cost structure will change. When that happens fixed costs will be higher and that means the minimum charge will need to go up. Consequently, rates to the low-volume users will go up more rapidly than high-volume users so the low-end users will start to "catch up" with the high-end users in rate increases.
- The City is currently making fairly substantial sewer system improvements. This analysis assumed those improvements will be paid with grants and cash reserves. Several more years out the City will need to build a new lagoon system and run a sewer line under Interstate 80. These will be expensive projects and they will require issuing debt. In fact, debt service alone at that time will be about seven times greater than the system's total operating costs are right now. Operating costs will also be higher then. A few years after completing those projects the City will need to install several new sewer

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<sup>2</sup> Winter average billing for sewer use is appropriate for residential users who are in their homes during the winter. "Snow-birds" and commercial users usually should not be bill for sewer use on a winter average basis. More will be said about winter average billing later. The book, "How to Get Great Rates" also gives thorough coverage of this billing method.

lines, also at great expense. While these events are some years away, the City should start preparing for them now by building reserves with which to pay some of the upfront costs of these projects. The City and its ratepayers also need to be aware that, while they will enjoy truly cheap sewer rates after the initial increase, that will change markedly within 10 years.

Chart 10 may be the most telling chart for the sewer system. This chart depicts the trend in your operating and capital improvement reserves adjusted for inflation. These reserves build for several years out when you do several large improvements. They will then start on a downward trend unless rates are raised substantially. That is almost a certainty because to qualify for loans at that time, the lender will require the City to raise rates to make them adequate to pay the new debt service.

It is too early to raise rates markedly to cover costs that are that far in the future; however, you need to remain aware that within the next decade or so rates will need to rise substantially to cover the new, higher costs that are coming. Fortunately, by any reasonable measure your current rates are cheap now and they will remain reasonable in the future, as well.

***If you copy only one chart as a handout for the public attending your rate setting meeting, Chart 13 is the most useful chart for them to view.***

## **Action Items**

**(Use the following as a checklist of rate setting “to-do” tasks)**

**The following actions are required to achieve the results predicted by the analysis called “Sundance, WY Sewer Rates Scenario 1.”**

**Effective on or near February 1, 2010:**

- 1. Raise all tap/availability/connection fees by 50 percent.**
- 2. Give no usage allowance with the minimum charge.**
- 3. Set the minimum charge for all in-City customers at \$1.99, or round to \$2.00 for convenience.**
- 4. Set the unit charge for all in-City customers at \$1.90/1,000 gallons. These rates appear in the middle of Chart 3A.**
- 5. Charge high-strength wastewater contributors surcharges for the extra cost of collection and treatment if their volume is substantial.**
- 6. Charge each residential customer on a winter average basis.**
- 7. Set the minimum and unit charges for all out of City customers at 33 percent higher than in-City customers.**
- 8. Assuming financial performance was well predicted by the analysis, effective February 1, 2011 and every year thereafter until a new analysis determines otherwise, raise all rates and fees by 4.0 percent. This rate of increase is shown near the top of Chart 1A.**

## Description of the “Sundance, WY Sewer Rates Scenario 2”

This scenario assumes that you will change your rate structure from a flat rate structure to a winter average metered structure, raise average rates markedly very soon and modestly each year after that. It also assumes that you will pay for future system improvements starting about 10 years out primarily with loans, with a smaller amount from grants. By any measure the proposed rates must be considered cheap. About 10 years out when major improvements will be needed, debt service will jump dramatically and force large rate increases. This analysis scenario models rates that will cover current and near-future costs but not costs that will rise about 10 years out.

## Inflow and Infiltration (I&I)

I&I in a sewer system is the reverse of water loss in a water system. Instead of water leaking out of pipes, it leaks in, causing extra costs for transportation and treatment. Based upon estimated flows into your treatment system your I&I rate appears to be very high. However, you do not meter this flow so the actual I&I rate is unknown. I suggest you at least do occasional metering of intake volumes so you can get an idea of what your I&I rate is. Fortunately, your current system is very cheap to operate so the cost of I&I is not significant. If you eventually need to go to a mechanical treatment system your capital and operating expenses will be several times higher than they are now so I&I would be a huge consideration then. Where economically feasible, eliminate serious I&I sources as soon as possible.

## Growth Rate and Tap-on Fees

Sewer connections in the City grew moderately during the test year. However, as with the water system, connection and tap-on fees will not be a significant source of revenue so you should simply raise your current connection/tap-on fees by 50 percent to get them closer to the real cost of making capacity available to new customers.

## Sundance Country Club

For sewer service purposes, the golf course is treated as are other sewer customers. Therefore, the golf course should be charged rates appropriate to the type of operation it is. If the country club cooks and serves food it should be classified as are restaurants for sewer billing purposes.

## High-strength Wastewater

Some sewer customers, especially restaurants that fry food, contribute high-strength, hard to collect and treat wastewater. Such customers should be surcharged for the extra costs they cause the system to incur. How you do that is up to you. Typically such wastewater is 50 percent or so more expensive to collect and treat. In systems where there are many high-strength wastewater contributors, it is worthwhile to sample the wastewater of each and calculate their rates separately.

In the case of Sundance, I believe your primary high-strength contributors will be only a few restaurants and other establishments. Flows from these customers may not warrant the extra

sampling and calculations needed to assess individual surcharges. If you feel that is the case, I suggest you simply charge restaurants that have fryers and other businesses that contribute markedly higher strength wastewater than residential waste a unit charge that is 25 percent higher than the residential rate. That will almost certainly undercharge such users somewhat in exchange for not having to go through the extra water testing and calculations to substantiate higher surcharges.

If you surcharge high-strength contributors, your rate revenues should be slightly higher than projected, perhaps five percent or so.

## Winter Average Billing

I modeled your sewer user fees to be billed based upon winter average use for residential customers and all-year use for commercial customers. The following will tell you how to do winter averaging and help you decide if that is how you want to bill. While the following procedure may sound like lots of work, by exporting usage data from your billing program into a spreadsheet, you can automate the calculations and then import the resulting bills back into your billing program.

Note: If you decide not to do winter average billing and you adopt the rates as proposed, your rate revenue generation will almost certainly be higher than modeled here. That is because your residential winter average use is 4,593 gallons/month and your year-round residential average use is 6,296 gallons/month. Year-round use is 37 percent higher than winter average use. Therefore, year-round billing for sewer use would probably generate 5 to 15 percent higher revenues than projected in this analysis.

Winter averaging is just what it sounds like. For each customer you will tally up their winter use for several billing periods, divide that by the number of billing periods you added and that is the average billing period use for that customer. Then, you will calculate the total user charge for that volume of use according to your rate chart and that will be what you charge that customer EVERY billing period. Do this for every customer, or preferably your residential customers only and you've got your rates set. You also can now calculate pretty exactly the total sewer revenue you can expect during the next year from your winter averaged customers. You simply add up all their billing period bills and multiply that by the number of billing periods in a year. This will keep your budgeting simple.

As with all things that seem too simple to be true, winter averaging is not appropriate for some kinds of users. Seasonal users that use more water in the summer than winter, such as hotels and restaurants that cater to summer travel trade and may even shut down during the winter, should not be winter average billed. Such customers should be billed for sewer based upon full-year water usage through the meter the City uses for water billing. Alternatively, they can be billed for water used in-doors only as opposed to that used outside (consumptive use, generally for irrigation), as determined by a separate water meter installed by the customer and approved by the City to measure outside water use. In addition to being billed for flow volume, if a commercial customer contributes high-strength wastewater, such as a restaurant with fryers, that customer should pay surcharges for collection and treatment of such wastewater because it is more expensive to collect and treat.

"Snow-birds" should be billed based upon the average use during several other months when they are in the home or they should be billed for full-year water usage or the average rate for residential users in the city, as the City desires.

If the city has any businesses that see higher than average sewer use during the winter, those customers should also not be winter averaged in the interest of fairness because their bills would be artificially high during the off-season. For example, a snow ski resort that makes artificial snow with City water; a restaurant that has high winter volume; or a Christmas-oriented gift shop will over-pay on rates if winter averaged. Therefore, you need to consider whether winter averaging is reasonable for each customer and make allowances for those where it is not.

While it is a bit more work to set up winter averaged bills, once they are set you will not need to change them until your next general rate adjustment. At that time you will probably only pull the latest volume figures for those you are winter averaging and raise rates by a blanket percentage to all based upon those new volumes. For all customers that are not being winter averaged you will simply raise their rates by the same percentage you raised all other rates.

## Closing

Your current position is projected to go negative during this fiscal year. At the proposed rates the deficit will be less than if you did not adjust rates and you will climb out of that condition quicker. Your current rates also are not fairly structured. Thus, rates need to be restructured and raised. Rates and fees should also be increased annually in the future to maintain adequate reserves. Rates in the more distant future will need to be raised markedly and restructured again because of the substantial capital improvement costs you will incur.

You now should do those things listed in the Action Items sections above.

## Garbage Collection Service

### Summary

The utility has been operating at a fairly steady state for some years. That will change remarkably over the next two years as the City closes its landfill, at high cost, and switches to operating a transfer station, also at high cost. Consequently, trash collection fees must go up to pay the extra tipping fees needed soon. Fortunately, you have set fees in the recent past that have taken you part way there so the additional increase needed will not be onerous.

Garbage collection service reserves are now strong. After a few years of slow decline your reserves will again start to build slowly and remain at a responsible level under the new rates.

## Action Items

**(Use the following as a checklist of rate setting “to-do” tasks)**

**The following actions are required to achieve the results predicted by the analysis called “Sundance, WY Garbage Rates Scenario 2.”**

**Effective on or near February 1, 2010:**

- 1. Retain the current rate structure but raise all rates by 31.0 percent. Therefore, you need to raise in-City residential customers base minimum fee to \$23.97/month and in-City commercial and all out of City customers to \$31.96/month.**

- 2. Assuming financial performance was well predicted by the analysis, effective February 1, 2011 and every year thereafter until a new analysis determines otherwise, raise all rates and fees by 4.0 percent. This rate of increase is shown near the top of Chart 1A.**

## Description of the “Sundance, WY Garbage Rates Scenario 1”

The City garbage collection service needs to start paying tipping fees to the landfill as soon as possible. That will increase revenues to the landfill, and costs to the garbage collection service.

Once the scales are operational the City will be able to weigh loads brought to the transfer station and make calculations of the volume contributed by in-City customers hauled by the City, out of City contributors, etc. This data will enable you to set garbage collection rates and transfer station tipping fees in the future that will generate the revenue you expect while fairly charging contributors. Until then, all fees should be increased by 31 percent.

Chart 1B shows the major change that will occur soon. That is the amount for “Landfill/Transfer Station Tipping Fees.” This cost will increase the overall operating costs total by about 55 percent. In addition to this cost increase, other costs will rise by about 17 percent in the next two years. Therefore, garbage collection fees will need to track with these increasing costs.

## Landfill Closure and Post-closure

The city intends to enhance its recycling efforts in conjunction with switching disposal to a transfer station. Other than that, closure of the landfill is not much of a management issue for the garbage collection service. However, closure will be a huge cost issue for the collection service because the collection service is a “customer” of the landfill, and later the transfer station, and must pay tipping fees. Tipping fees will soon become the collection service’s largest cost, more than doubling its total operating costs.

## Growth Rate

The analysis projects growth, on a tonnage basis, and growth in collection fee revenues will be at the same rate that new water connections will be made. Growth was not based upon numbers of customers but it is reasonable to assume that customer growth will be similar.

## Recycling Program Fee Structure

If the City starts up a recycling program it should distribute the costs of operating that program in the same way that garbage collection services are priced. Therefore, in-City residential customers would pay a specified fee. All commercial and out of City customers would pay 33 percent more. The simple method to make this calculation follows:

Total up the number of out of City residential and all commercial customers and multiply by 1.33. To that add the number of in-City residential customers and the number of live-in motel units (the manager or clerk’s residence). Total up the number of motel rooms, multiply that number by 8.7 percent and add this amount to the previous total.

Divide the recycling service operating cost total by the number calculated immediately above. This will be the fee required per user unit. To get the fee needed from each user multiply the per user unit fee by:

- 100 percent for an in-City residential customer,
- 133 percent for each commercial or out of City residential customer, and
- 8.7 percent for each motel room.

## Garbage Collection Fee Structure

Until the scales are operational and weight data can be generated, the current structure should be retained and all rates increased by 31 percent. Later, when you can generate tonnage data for the various classes of users you can adjust rates as modeled in this analysis for bulk-hauled wastes and as you desire for other wastes. As you create new fee structures, be cognizant that such fees should be based upon several basic criteria:

- Volume and weight – Generally volume is the critical factor but if a contributor's material is very heavy and there is enough volume of this material to make assessing surcharges worthwhile, that should be done. To illustrate, customers that contribute soil, broken concrete, steel scrap or other heavy material should be surcharged. Such material presents the problem of weight which is expensive to transport. It also commonly presents the problem of being damaging to equipment, difficult to handle and dangerous for staff to handle.
- Liquid content – If the material contains much liquid and there are high volumes of this material, especially if the liquid putrefies (food waste), that customer should be surcharged. If the liquid does not satisfy State requirements for what is permissible in a municipal solid waste landfill, it should be rejected.
- Difficult, light and bulky waste – If the material is overly difficult to handle (waste furniture and parts, metal or wood scrap), it is very light (waste styrofoam and similar light weight materials) or it is bulky, on a tonnage basis it is less economical for the City to haul such material so such customers should be surcharged.
- In-City versus out of City generation – out of City generators are more expensive to collect and riskier to include as customers because the City cannot compel them to be customers as it can with in-City customers.
- If there are any solid waste producers that may require or desire custom waste hauling services, the City should offer such service if it has the equipment and manpower to do so. For example, if a builder or manufacturer produces large volumes of waste on an irregular but high-volume basis, the City could offer "roll-off" service. Or, the City might simply park the City trash truck at the customer's site on a non-hauling day and collect a truckload from that one customer. This type of service might be priced so as to save customers the cost of hauling this material themselves. Even if it was more costly to contract with the City for such service, some would prefer that to the hassle of hauling trash themselves. To offer such services the City would need to place language in its ordinance that would either specify pricing or allow City staff to negotiate pricing for each customer.

As to how you can determine the volumes contributed by the two basic user classes of bulk-hauled waste (in-City residential versus out of city residential and all commercial), plus the

volumes hauled by all others, I suggest this. When the scales are operational, sample the tonnage for each class by collecting waste from only one class at a time. Total up the net tonnage for each class for a typical month or other period of time. At the same time weigh and record the tonnages of waste hauled by other users directly to the landfill. In this way you can collect data on the weight of waste received by the various classes of users and types of wastes and from that you can determine the percentages of the total waste contributed by each class of user. This data will give you a good basis for calculating fair rates for each class. When your scales are operational and you are ready to do these tallies and calculations, call me for guidance on how to proceed.

It is my understanding that the City garbage collection service does not currently pay tipping fees to the landfill. That needs to change, even if the “payment” is only a paper transaction on the City’s books. The analysis is based upon the assumption that the City collection service will pay tipping fees.

## Closing

Your current rates would be adequate, were it not for the switch from operating the landfill to building and operating a transfer station. With those extra costs, collection fees need to rise moderately but the service’s finances will again stabilize, albeit at higher rates.

You now should do those things listed in the Action Items sections above.

## Landfill/Transfer Station

### Summary

The service has been operating at a fairly steady state for some years. That will change completely over the next two years. During this time the City will begin closure of the landfill at substantial cost, and post-closure maintenance at substantial cost. These types of costs are commonly called legacy costs because they will continue for many years. The City will also build and begin operating a transfer station, adding those costs, as well. Consequently, landfill/transfer station capital and operating costs will rise markedly and tipping fees will need to rise to match them.

The City has not separated the finances of the garbage collection and landfill services but it should. That will enable the City to fairly assess fees for landfill services versus garbage collection services.

Part of the system’s extra costs should be born by garbage collection service customers and the rest should be born by individuals and others who haul trash directly to the landfill/transfer station. The City gets to decide where to haul trash contributed by its citizens and businesses that it hauls so the City can manage its costs and risks of loss for operating the landfill/transfer station. However, the City cannot do the same with those contributors outside of its jurisdiction. Therefore, the City should charge higher tipping fees to those who haul to the landfill/transfer station from contributors outside of the City to at least partially offset those costs and risks. The proposed rates follow this strategy.

Under the proposed rates, system reserves will fall slightly for a few years but then rise slowly, always remaining at a responsible level.

## Action Items

**(Use the following as a checklist of rate setting “to-do” tasks)**

**The following actions are required to achieve the results predicted by the analysis called “Sundance, WY Landfill/Transfer Station Fees Scenario 2.”**

**Effective on or near February 1, 2010:**

- 1. Until scales are installed, raise all fees by 140 percent. Begin assessing tipping fees to the City trash trucks as soon as possible.**
- 2. Once scales are operational, retain the separate fees for waste tires and other special wastes and add fees for recyclables.**
- 3. For municipal solid waste only delivered in larger quantities, charge all City trucks \$54.90 per net ton and all other haulers \$73.20 per net ton (33 percent more) once the scales are operational. In addition, charge each hauling vehicle \$2.00 for weighing, recording and billing services.**
- 4. Assuming financial performance was well predicted by the analysis, effective February 1, 2011 and every year thereafter until a new analysis determines otherwise, raise all rates and fees by 6.0 percent. This rate of increase is shown near the top of Chart 1A.**

## Description of the “Sundance, WY Landfill/Transfer Station Fees Scenario 2”

This scenario models City trucks being assessed one tipping fee. All other haulers will be assessed another (33 percent higher) fee. In addition, a small fixed charge will be assessed to each vehicle to defray fixed costs for weighing, receiving and billing each load of waste. For all other wastes and small quantities of waste, the current rate structure will be retained but all rates will be increased by 126 percent.

Charts 1A and 1B show the major changes that will occur soon. Those changes are increased tipping fees and an increase in operating costs when the City switches over from the landfill to the transfer station.

Chart 10 is probably the most telling chart concerning the financial condition of the service at the current rates versus at the proposed rates.

## Volume Assumptions

This analysis assumes the tipping fee structure will be changed from the current one where fees are set for trucks and trailers of various sizes to a net tonnage basis once the scales are operational. This is problematic because historical tonnage for the various size vehicles was only estimated by City staff. The capacity of trucks and trailers that hauled waste to the landfill in the past is not known so neither was the total tonnage received. From the past estimated tonnage received, which was included in the solid waste management plan, the analysis assumes the tonnage to be received going forward. It is further assumed that tonnage hauled by City trucks accounted for 80 percent of the total received volume and all other haulers accounted for 20 percent.

While everyone made the best estimates they could, I have no doubt that we have erred one way or the other. Therefore, City management and the ratepayers need to be aware that the transfer station will go through a short period after start up determining the tonnage it can

reasonably expect to receive going forward. Very soon after those results become apparent the City will need to raise or lower tipping fees based upon the volumes received and based upon the methodology outlined in the analysis. This adjustment will affect costs to the garbage collection service so it is possible those rates will need to be readjusted soon after the tipping fees are set.

## Landfill Closure and Post-closure

Until the landfill is closed and post-closure is well underway, enabling you to know what costs to expect, the estimates contained in the solid waste management plan must suffice. It is clear; however, that costs will rise markedly due to these events.

## Growth Rate

The analysis projects growth on a tonnage basis. It assumes that landfill tonnage received will increase at the same rate that new water connections will be made in the City. That is because most of the tonnage received at the landfill in the past, and assumed to be received in the future, was and will be collected from in-City customers. Thus, as the City grows, generally so will its solid waste generation and tipping fee revenues.

## Recycling Program Fee Structure

If the City landfill/transfer station starts up a recycling program it should set tipping fees similar to the way described in the garbage collection service section.

## Tipping Fee Structure

Municipal solid waste hauled by truck or trailer to the transfer station will be weighed and tipping fees will be assessed on a net tonnage basis for such waste. Waste hauled from in-City customers by the City should pay one rate. Waste generated outside of the City should be assessed a tipping fee that is 33 percent higher. This premium will go toward reimbursing the City for its extra costs and extra risks of loss in accepting outside waste.

It is important to note that the solid waste management plan estimated tipping fees needed at \$94/ton. That is markedly higher than the rates calculated in this analysis. Final rates may actually be closer to the \$94/ton. However, the City will likely use some grant funds to build the transfer station and close the landfill. The solid waste management plan does not address funding sources but I assume it does not consider grants available to the City in its calculation of tipping fee needs. As these costs and how they will be paid for become known, their effects on tipping fees can be calculated.

Other factors may also have caused rates calculated in my analysis to be lower than those found in the solid waste management plan. I do not know many of the assumptions made by those who created that plan. However, because they amortized costs over the life of the landfill closure and the transfer station operation and eventual closure, and then calculated tipping fees based upon that level cost stream, in the early years their costs are projected to be higher than they probably will actually be. In contrast, I applied an inflation factor to future tipping fees. Thus, the tipping fees I propose will rise as your actual costs rise. For rate setting purposes this is a fairer way to assess costs.

The landfill/transfer station will continue to accept waste tires, yard waste and small quantities of waste at the site. Fees for these wastes should be increased by 126 percent over their current levels until sometime in the future when costs can be predicted with better accuracy.

Like garbage collection fees, tipping fees should be based upon the basic criteria of volume and weight, liquid content and character and handling difficulty due to light and bulky wastes.

## Waste Acceptance

Tipping fees will be almost the exclusive source of income for the landfill/transfer station. While solid waste generated within the City seems to be the major volume taken to the landfill/transfer station, and it is more work and risk to accept solid waste from outside of the City contributors, tipping fees from these sources will still be important going forward. In addition, if the City did not accept such outside waste, that waste would still need to go somewhere. Some of that waste could end up in area ditches, in-City dumpsters and the like. For various reasons the City needs to continue accepting outside waste, albeit at somewhat higher tipping fees to reimburse the City for its costs and risks of loss.

## Discussion of the Analysis Output

The same output items that were important for the water system are important for the landfill/transfer station service, as well.

Chart 10 may be the most telling chart for this service. This chart depicts the trend in your operating and capital improvement reserves. These reserves are on a steep downward trend if you do not increase rates sharply. At the proposed rates reserves will decline very slowly for a few years and then resume growing slightly, always remaining strong.

## Closing

The switch from operating the landfill to building and operating a transfer station will completely upset your operations and finances for a short period. During this period the City needs to make sure that its revenues are adequate to maintain reasonable reserves until final rates can be set. Using a transfer station and including the costs of closure and post-closure of the landfill and transfer station will also cost markedly more than the service costs now.

You now should do those things listed in the Action Items sections above.

## Sundance, WY, Water Rates Scenario 2

This report contains detailed information on your financial outlook that assumes you adjust rates and fees as proposed. It also compares this outlook with what you should expect if you do not make any adjustments. To effectuate the outcome depicted in this analysis the following must happen.

- The minimum charge was calculated at \$10.39. Outside city users' rates will be higher than this based upon the percentage difference in the current rates. The minimum charge will include a 1,000 gallon usage allowance.
- Unit charges in Chart 3A will remain at \$3.99/1,000 gallons. Again, outside city users' rates are higher by the current percentage difference in these rates. The Sundance Country Club unit charge was calculated at the unit cost for electricity times the rate at which residential users' unit charges will be increased.
- All rates and fees will be initially adjusted on or near March 1, 2010.
- Starting on or near March 1, 2011 and each year thereafter, all rates and fees will be subsequently increased by 6.0 percent.
- Connection fees will be increased by 50 percent over current rates and increased in the future by the same percentage as user charge rates.

Base line data appears in the four tables at the end of this report.

November 3, 2009

Produced by

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# Terms Used in This Report and for Rate Setting Generally

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Affordability Index	The monthly charge for (typically) 5,000 gallons of residential service divided by the median monthly household income for the area served by the system. An index of 1.0, meaning a household pays one percent of its income to pay its bill for 5,000 gallons of service, is generally considered affordable.
Capacity Charge, also commonly called an 'Impact Fee' or 'Availability Charge'	A charge that buys a new customer system capacity. This is a charge levied on a new customer that recovers all or part of the capital costs to build capacity to be able to serve that customer's actual or potential demand. This charge may be a few thousand dollars for a residential customer to many thousands of dollars for a large industrial customer.
Capital Improvement Plan or Program (CIP)	Anticipated capital improvements. These are the more expensive items such as water towers, treatment plants and lines, that generally require bond or grant funding. They do not include equipment replacement items.
Capital Improvement Reserves	Cash reserves dedicated to funding the CIP
Comprehensive Rate Analysis	A thorough examination of a system's operating, capital improvement, equipment replacement and all other costs, revenues, current rates, number of users and their use of the system, growth rates and all other issues surrounding the system. This examination will determine how rates and fees should be set in the future to cash-flow the system properly, to build appropriate reserves and to be fair the ratepayers. It also will determine how policies should be adjusted to enable the system to operate well now, operate well in the medium-range future (about 10 years) and prepare for expected and expectable events such as capital improvements and equipment replacement.
Connection Charge	A charge that buys a new customer connection to the system. This charge is levied on a new customer to recover all or part of the costs a system incurs in the course of connecting the new customer to the system. This may include labor costs for staff or others on-site; equipment sold by the system to the new customer for making the connection; equipment, tools and supplies used by system staff for making the connection; and the like. This charge may be a few hundred dollars for a residential customer to thousands of dollars for a large industrial customer.
Conservation (Inclining) Rates	Unit charges that go up as the volume used goes up
Cost to Produce	There are several ways to define cost to produce. Each is acceptable for different purposes. Generally, cost to produce is the total of all variable costs required to get service to a utility's customers during one year divided by the total units of service delivered during that year. In a proportional to use rate structure, this will be the unit charge.
Cost to Serve Rates	Rates where fixed and variable costs generated by each user class are paid by that class with minimum and unit charges, respectively.
Coverage Ratio (CR)	Incomes and reserves available to pay debt divided by the amount of the debt for that year. Most systems should have a CR of 1.25 or higher.
Current Position	For a year, the sum of all incomes and undedicated reserves minus all current financial obligations for that year. Future obligations (next year's loan payments) and depreciation are not included. Current position is a good measure of overall financial health.

Declining Rates	Rates where unit charges go down as the volume used goes up
Flat Rates	Rates where all users pay exactly the same fee regardless of the volume of service they use
Incremental Rate Adjustments	Rate increases done during years between comprehensive rate analyses. The goal of these rate increases is to keep the system's income and reserve levels on track with the system's financial needs. Such increases are usually small, in the two to five percent per year range.
Infrastructure	Hard assets, such as water towers, treatment plants and lines needed to provide service to customers connected to the system
Life-cycle Cost	The total cost to design, build, operate, maintain and eventually dispose of an asset. One asset may cost less to build but be more expensive to operate and maintain, yielding a higher life-cycle cost.
Operating Ratio (OR)	Current incomes and undedicated reserves minus current expenses, not including debt. An OR of 1.0 is "break even." Most systems should have an OR of 1.25 or higher.
Potential Demand	The volume of service that a user could demand for a short period of time at full volume use
Proportional to use Rates	Rates where the minimum charge recovers all fixed costs, the unit charge recovers all variable costs, the unit charge is the same for all volume sold, and there is no usage allowance in the minimum charge.
Replacement Schedule	A timetable that describes equipment replacement and important repairs that are too infrequent and/or too expensive to cover as annual operating costs but not so expensive that they need to be covered as capital improvements.
Replacement Reserves	Cash reserves used to fund the Replacement Schedule
Tap Fee, also called a 'Hook up Fee'	A charge that gives a new customer the <u>right</u> to connect to the system. This fee may include the costs of administering the connection program, such as staff time to 'sign up' new customers, get them into the system's billing program, do an inspection of the service connection to assure that it meets the system's standards and the like. This charge is usually minimal for a residential customer and maybe a few thousand dollars for a large industrial customer. Capacity and connection fees are commonly added to tap fees and the total fee is just called a 'tap' fee.
Test Year	The one year period from which data was gathered to be the basis of the rate analysis
User Fee, User Charge	Fees assessed to customers for use of the system. Does not include tap, capacity or connection fees or other charges assessed when a property is first connected to the system.
Working Capital (Net Income)	The amount left in the operating fund after paying all costs due during that month, year or other time period. Working capital of \$0 is "break even."
Working Capital Goal	The desired percentage above "break even" for the operating fund. Small systems (a few hundred connections) generally should target 35 percent or greater. Larger systems can target less, down to a minimum of about 20 percent for systems with 5,000 or more connections.

# Sundance, WY, Water Rates Scenario 2

## Executive Summary

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This analysis package contains a "proposed rates scenario" that depicts what will happen under the adjusted rates and other changes we recommend you make. The results of this scenario are compared to the results you can expect if you do not adjust rates. This is often called the "current rates" scenario.

Approximate daily loss from postponing increases by one additional day \$1,671

This is the daily erosion in your current position if you postpone rate and fee increases past the rate adjustment date modeled

In the following table you can see several key financial benchmarks made possible by the proposed rates. The first column below is the test year, the year from which historical data was used to build this analysis. The second is the year following the test year - the year during which initial rate adjustments will go into effect. The third column is the fifth year following the test year. Five years out is a good financial planning horizon; long enough to let you see into the future but not so long that results become overly speculative.

	Results for Years Ending on		
	6/30/10	6/30/11	6/30/15
Rate revenues collected	\$236,377	\$278,029	\$365,072
Sum of incomes	\$288,486	\$291,802	\$383,227
Sum of operating costs	\$218,385	\$273,379	\$325,829
Net income (loss)	\$70,100	\$18,423	\$57,398
Capital improvement reserves	\$436,425	\$512,219	\$427,158
Replacement reserves	\$24,782	\$3,735	\$40,795
Current position*	\$540,151	\$632,858	\$584,418
*All current incomes plus reserves minus all current obligations			
Increase (decrease) in current position due to this analysis	\$511,000	\$609,767	\$1,072,783

## Return on Investment

Return on Investment due to This Analysis	11076%	13217%	23253%
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Return rate is based upon the following investments:

Fees to Carl Brown Consulting	\$4,114
Estimated value of city staff time and incidentals to assemble needed information	\$500
<b>Total Investment</b>	<b>\$4,614</b>

Data shown in Charts 13 through 16 is historical or will not change depending on rates to be set. Most of the data in Chart 2 will also not change depending on rates to be set. All other charts depict your financial performance under the proposed rates. The easiest way to grasp the financial future of the system under the proposed and current rates is to view the line graphs, Charts 5 through 11. Chart 12 is a table that depicts the bills your users are paying now compared to the bills they would pay under the proposed rates scenario.

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Sundance, WY, Water Rates Scenario 2  
 Chart 1A - Starting Balances and Incomes

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These charts depict starting balances, incomes and expenses during the test year, this year and for the next 10 years.

(First year balances and incomes are actual, subsequent years are projected.)

	Infla./Deflation (-)	Year Starting 7/1/08	Year Starting 7/1/09	Year Starting 7/1/10	Year Starting 7/1/11	Year Starting 7/1/12	Year Starting 7/1/13	Year Starting 7/1/14	Year Starting 7/1/15	Year Starting 7/1/16	Year Starting 7/1/17	Year Starting 7/1/18
Average Customers for the Year		719	723	734	741	748	756	763	770	778	785	792
Customers (Taps) Added During the Year		4	11	7	7	7	7	7	7	7	7	7
New Taps Growth Rate		0.6%	1.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%
Average Effective Rate Increases in Future Years			26.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Operating Incomes												
Actual and Estimated User Fee Collections	NA	\$204,700	\$236,377	\$278,029	\$297,663	\$318,653	\$341,090	\$365,072	\$390,704	\$418,097	\$447,371	\$478,653
Operating Fund Interest Earned or Paid	NA	\$2,377	\$2,429	\$1,911	\$2,243	\$2,498	\$2,655	\$2,728	\$2,851	\$3,030	\$3,117	\$3,260
Total Tap + Availability Fees % Above		\$4,752	\$19,067	\$13,884	\$14,717	\$15,600	\$16,536	\$17,528	\$18,579	\$19,694	\$20,876	\$22,128
Miscellaneous	NA	\$2,057	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
User Fee % Above		\$320	\$600	\$636	\$674	\$715	\$757	\$803	\$851	\$902	\$956	\$1,014
Capital Credits	NA	\$809	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Loss of Sales to WYDOT	NA	\$0	-\$5,584	-\$5,584	-\$5,584	-\$5,584	-\$5,584	-\$5,584	-\$5,584	-\$5,584	-\$5,584	-\$5,584
Extra Rev From 7/1/09 Rate Increase	NA	\$0	\$32,825	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rate Revs Lost Due to Late Adjustment Date	NA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Regular Income		\$215,016	\$289,215	\$292,375	\$313,213	\$335,381	\$358,953	\$384,045	\$410,901	\$439,639	\$470,236	\$502,971

Sundance, WY, Water Rates Scenario 2  
 Chart 1B - Operating Costs and Net Income

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(First year costs and net incomes are actual, subsequent years are projected.)

	Infla./Deflation (-)	Year Starting 7/1/08	Year Starting 7/1/09	Year Starting 7/1/10	Year Starting 7/1/11	Year Starting 7/1/12	Year Starting 7/1/13	Year Starting 7/1/14	Year Starting 7/1/15	Year Starting 7/1/16	Year Starting 7/1/17	Year Starting 7/1/18
Operating Costs (Note: Some future costs will experience inflation. Those costs that go up as use goes up are <u>also</u> increased by the growth rate in users and the percentage by which that cost is variable as reported in Chart 4.)												
General Administration	3.0%	\$21,352	\$21,993	\$22,653	\$23,332	\$24,032	\$24,753	\$25,496	\$26,261	\$27,048	\$27,860	\$28,696
Water Administration	5.0%	\$79,123	\$82,622	\$86,753	\$91,091	\$95,645	\$100,428	\$105,449	\$110,721	\$116,257	\$122,070	\$128,174
Testing	5.0%	\$4,173	\$5,000	\$5,250	\$5,513	\$5,788	\$6,078	\$6,381	\$6,700	\$7,036	\$7,387	\$7,757
Chlorine Supplies and Equipment	3.0%	\$370	\$1,500	\$1,545	\$1,591	\$1,639	\$1,688	\$1,739	\$1,791	\$1,845	\$1,900	\$1,957
System Improvements	0.0%	\$19,172	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
System Repairs	5.0%	\$80,623	\$20,000	\$54,331	\$57,048	\$59,900	\$62,895	\$66,040	\$69,342	\$72,809	\$76,450	\$80,272
Equipment and Maintenance	5.0%	\$3,893	\$2,000	\$2,100	\$2,205	\$2,315	\$2,431	\$2,553	\$2,680	\$2,814	\$2,955	\$3,103
Supplies	5.0%	\$15,335	\$20,000	\$21,000	\$22,050	\$23,153	\$24,310	\$25,526	\$26,802	\$28,142	\$29,549	\$31,027
Electricity	5.0%	\$47,356	\$42,000	\$44,542	\$47,233	\$50,082	\$53,097	\$56,289	\$59,667	\$63,243	\$67,027	\$71,031
Travel and Training	5.0%	\$1,371	\$1,500	\$1,575	\$1,654	\$1,736	\$1,823	\$1,914	\$2,010	\$2,111	\$2,216	\$2,327
Vehicle Maintenance	5.0%	\$830	\$3,000	\$3,150	\$3,308	\$3,473	\$3,647	\$3,829	\$4,020	\$4,221	\$4,432	\$4,654
Annual Payment to Replacement Fund	0.0%	\$26,291	\$26,291	\$26,291	\$26,291	\$26,291	\$26,291	\$26,291	\$26,291	\$26,291	\$26,291	\$26,291
Miscellaneous	2.0%	\$3,030	\$2,000	\$2,040	\$2,081	\$2,122	\$2,165	\$2,208	\$2,252	\$2,297	\$2,343	\$2,390
User Charge Analysis Services & Staff Time	5.0%	\$0	\$4,614	\$0	\$0	\$5,086	\$0	\$0	\$5,608	\$0	\$0	\$6,183
Transfers to Sinking Funds	0.0%	\$1,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Cost Reduction Due to Loss of Sales to WYDOT	1.0%	\$0	-\$843	-\$851	-\$860	-\$868	-\$877	-\$886	-\$895	-\$904	-\$913	-\$922
Adjustment for Replacements Done From Op Acct	0.0%	-\$26,291	-\$26,291	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Costs		\$277,626	\$218,385	\$273,379	\$285,536	\$303,395	\$311,729	\$325,829	\$346,252	\$356,211	\$372,569	\$395,939
Net Income (or Loss)		-\$62,610	\$70,829	\$18,996	\$27,677	\$31,986	\$47,224	\$58,216	\$64,648	\$83,427	\$97,667	\$107,032
Working Capital Goal 50%		In Dollars, That is:	\$138,813	\$109,193	\$136,689	\$142,768	\$151,698	\$155,864	\$162,915	\$173,126	\$178,106	\$186,284

Sundance, WY, Water Rates Scenario 2  
Chart 2 - Capital Improvement Program

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This chart depicts the capital improvements needed for the next 10 years and how they will be paid for. Costs reflect inflation.

	This Year	Next Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year	
CIP Spending Plan	Year Starting 7/1/08	Year Starting 7/1/09	Year Starting 7/1/10	Year Starting 7/1/11	Year Starting 7/1/12	Year Starting 7/1/13	Year Starting 7/1/14	Year Starting 7/1/15	Year Starting 7/1/16	Year Starting 7/1/17	Year Starting 7/1/18
<b>Capital Improvements to be Paid With Debt</b>											
Loan, Water Well	\$85,960	\$196,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SRF Loan, Cole Tank	\$0	\$324,000	\$0	\$0	\$0	\$114,752	\$0	\$0	\$0	\$0	\$0
Loop Water From Lagoon	\$0	\$0	\$0	\$0	\$332,615	\$0	\$0	\$0	\$0	\$0	\$0
Extend Water Line up Hwy 116	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$395,043	\$0
Water Line up Haul Road	\$0	\$0	\$0	\$0	\$0	\$918,018	\$0	\$0	\$0	\$0	\$0
<b>Total Capital Improvements to be Paid With Debt</b>	<b>\$85,960</b>	<b>\$520,350</b>	<b>\$0</b>	<b>\$0</b>	<b>\$332,615</b>	<b>\$1,032,771</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$395,043</b>	<b>\$0</b>
<b>Capital Improvements to be Paid With Cash</b>											
Grant, Water Well	\$174,526	\$111,981	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash, Water Well	\$28,441	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SLIB Grant, Water Tank	\$0	\$360,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash, Water Tank	\$0	\$36,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash, Automatic Read Water Meters	\$0	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Cap Imprvmts to be Paid With Cash</b>	<b>\$202,967</b>	<b>\$657,981</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total CIP Planned Spending</b>	<b>\$288,927</b>	<b>\$1,178,331</b>	<b>\$0</b>	<b>\$0</b>	<b>\$332,615</b>	<b>\$1,032,771</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$395,043</b>	<b>\$0</b>
<b>CIP Funding Plan</b>											
CIP/Impact Account Carryover Plus Transfers in	\$129,127	\$234,008	\$452,129	\$434,122	\$432,098	\$439,504	\$442,346	\$376,705	\$311,752	\$268,423	\$233,778
CIP/Impact Account Interest Earned (or Paid)	\$4,194	\$3,671	\$12,309	\$15,194	\$14,665	\$14,576	\$13,975	\$11,394	\$9,006	\$6,649	\$5,050
al Tap + Availability Fees Trans From Operating Account	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2007 Water Well Grant	\$174,526	\$261,981	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2007 Water Well Loan	\$85,960	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Tower Grants	\$0	\$360,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Various Grants	\$0	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan This Year	\$0	\$520,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan 4th Year	\$0	\$0	\$0	\$0	\$332,615	\$0	\$0	\$0	\$0	\$0	\$0
Loan 5th Year	\$0	\$0	\$0	\$0	\$0	\$1,032,771	\$0	\$0	\$0	\$0	\$0
Loan 9th Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$395,043	\$0
<b>Total CIP Fund Sources</b>	<b>\$393,808</b>	<b>\$1,530,010</b>	<b>\$464,437</b>	<b>\$449,316</b>	<b>\$779,378</b>	<b>\$1,486,850</b>	<b>\$456,322</b>	<b>\$388,099</b>	<b>\$320,759</b>	<b>\$670,115</b>	<b>\$238,828</b>
<b>New Debt Payment Plan</b>											
	Payments assume terms of: 20 years and 4.00% interest										
Existing Loan Payments and Their Future Amounts	\$0	\$0	\$4,298	\$4,298	\$4,298	\$4,298	\$4,298	\$4,298	\$4,298	\$4,298	\$4,298
Payment Schedule on Loan This Year	\$0	\$0	\$26,018	\$26,018	\$26,018	\$26,018	\$26,018	\$26,018	\$26,018	\$26,018	\$26,018
Payment Schedule on Loan 4th Year	\$0	\$0	\$0	\$0	\$0	\$24,474	\$24,474	\$24,474	\$24,474	\$24,474	\$24,474
Payment Schedule on Loan 5th Year	\$0	\$0	\$0	\$0	\$0	\$0	\$75,993	\$75,993	\$75,993	\$75,993	\$75,993
Payment Schedule on Loan 9th Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$29,068
<b>Total Debt Obligations</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,316</b>	<b>\$30,316</b>	<b>\$30,316</b>	<b>\$54,790</b>	<b>\$130,783</b>	<b>\$130,783</b>	<b>\$130,783</b>	<b>\$130,783</b>	<b>\$159,851</b>
<b>Total CIP Spending Plus Debt Repayment</b>	<b>\$288,927</b>	<b>\$1,178,331</b>	<b>\$30,316</b>	<b>\$30,316</b>	<b>\$362,931</b>	<b>\$1,087,561</b>	<b>\$130,783</b>	<b>\$130,783</b>	<b>\$130,783</b>	<b>\$525,826</b>	<b>\$159,851</b>
CIP/Water Sinking Funds Balance	\$104,881	\$351,679	\$434,122	\$419,001	\$416,448	\$399,289	\$325,539	\$257,316	\$189,975	\$144,289	\$78,977

Notes: Funding for all future projects in this plan is assumed to be with loans (SRF) at an interest rate of 4.0%.

Sundance, WY, Water Rates Scenario 2  
 Chart 3A - Rate Adjustments and Incomes for the Year

CBGreatRates© Version 4.8

7/1/09 Through 6/30/10

These charts depict how rates will be adjusted and the outcomes from those adjustments.

\$1,188	This is the current average tap + availability fees	1st rate block conservation rates multiplier	100%
\$1,782	Proposed average tap + availability fees	2nd rate block conservation rates multiplier	100%
\$1,782	The part of the proposed average tap + availability fees that will be devoted to future capital improvements	3rd rate block conservation rates multiplier	100%
\$0	Surcharges		

3/1/10 Date when fees will first be collected at adjusted rates

Compare the rates here with the adjusted rates in the table below. Rates are "proportional to use" when there is no usage allowance, the minimum charge is \$10.39 and the unit charge is \$3.99 per 1,000 Gallons

After rate adjustments are made, general customers will be billed monthly.

Proposed User Rates and Projected User Rate Revenues

Class Bottom	Class Top	Total Charges This Class at Test Year's Rates	New Minimum Charge Base Rates <sup>1</sup>	New Minimum Charge Usage Allowance (1,000 Gallons)	New Unit Charge This Class per 1,000 Gallons	Total Charges This Class at Adjusted Rates	Total Blended Rate Revenues Projected for This Year	
General Customer Class (use per Billing Cycle in Gallons)								
0	999	\$11,329	\$10.39	1.000	\$3.99	\$6,582	\$17,911	
1,000	1,999	\$5,123	\$10.39	1.000	\$3.99	\$3,355	\$8,478	
2,000	2,999	\$5,703	\$10.39	1.000	\$3.99	\$4,454	\$10,158	
3,000	3,999	\$7,716	\$10.39	1.000	\$3.99	\$5,596	\$13,312	
4,000	4,999	\$8,876	\$10.39	1.000	\$3.99	\$6,151	\$15,028	
5,000	5,999	\$7,263	\$10.39	1.000	\$3.99	\$4,875	\$12,138	
6,000	6,999	\$5,786	\$10.39	1.000	\$3.99	\$3,794	\$9,580	
7,000	7,999	\$3,913	\$10.39	1.000	\$3.99	\$2,520	\$6,433	
8,000	8,999	\$3,378	\$10.39	1.000	\$3.99	\$2,145	\$5,523	
9,000	9,999	\$3,425	\$10.39	1.000	\$3.99	\$2,152	\$5,576	
10,000	10,999	\$2,614	\$10.39	1.000	\$3.99	\$1,626	\$4,240	
11,000	11,999	\$2,128	\$10.39	1.000	\$3.99	\$1,314	\$3,443	
12,000	12,999	\$2,041	\$10.39	1.000	\$3.99	\$1,252	\$3,293	
13,000	13,999	\$2,282	\$10.39	1.000	\$3.99	\$1,393	\$3,675	
14,000	14,999	\$1,470	\$10.39	1.000	\$3.99	\$893	\$2,363	
15,000	15,999	\$1,618	\$10.39	1.000	\$3.99	\$978	\$2,596	
16,000	16,999	\$1,395	\$10.39	1.000	\$3.99	\$840	\$2,236	
17,000	17,999	\$1,264	\$10.39	1.000	\$3.99	\$759	\$2,023	
18,000	18,999	\$1,167	\$10.39	1.000	\$3.99	\$698	\$1,866	
19,000	19,999	\$1,363	\$10.39	1.000	\$3.99	\$813	\$2,176	
20,000	29,999	\$8,317	\$10.39	1.000	\$3.99	\$4,918	\$13,236	
30,000	39,999	\$4,940	\$10.39	1.000	\$3.99	\$2,882	\$7,822	
40,000	49,999	\$5,087	\$10.39	1.000	\$3.99	\$2,950	\$8,036	
50,000	59,999	\$3,220	\$10.39	1.000	\$3.99	\$1,860	\$5,079	
60,000	69,999	\$3,082	\$10.39	1.000	\$3.99	\$1,774	\$4,856	
70,000	79,999	\$2,153	\$10.39	1.000	\$3.99	\$1,237	\$3,390	
80,000	999,999	\$25,399	\$10.39	1.000	\$3.99	\$14,489	\$39,888	
Special Customer Classes								
Outside City Users		\$18,005	\$16.16	1.000	\$5.79	\$12,006	\$30,011	
Sundance CC Fairways		\$5,259	\$367.35	1.000	\$0.81	\$4,227	\$9,486	
WYDOT Hard Water		\$3,735	\$0.00	0.000	\$2.98	\$2,116	\$5,851	
Other Hard Water		\$179	\$0.00	0.000	\$3.38	\$101	\$280	
Standpipe Users		\$2,094	\$0.00	0.000	\$5.63	\$1,186	\$3,281	
Green Mt Estates		\$884	\$10.39	1.000	\$3.99	\$518	\$1,401	
M & P Auto Body		\$582	\$10.39	1.000	\$3.99	\$347	\$930	
Min Only (Green Mt Tnts)		\$867	\$10.39	1.000	\$3.99	\$697	\$1,564	
Rate Revenues at Current Rates		\$163,657	Rate Revenues at Adjusted Rates		\$103,498			
							Total Blended Rate Revenues for the Year <sup>2</sup>	\$267,155

Note 1: If meter size-based minimum charges are being used, the amounts shown in this column are for fixed operating costs only. See the Meter Size-based Minimum Charges chart for the full minimum charges to assess to each meter or connection size class.

Note 2: Blended Rate Revenues for the one-year period 7/1/09 through 6/30/10 assume the following: 4.0 months collected at the new user charge rates and 8.0 months at the old rates.

## Sundance, WY, Water Rates Scenario 2

### Chart 3B - Rate Statistics

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This chart shows the equitability of your rates as set in the Rate Setting Chart.

If your rates are absolutely proportional to use on a volumetric basis, your % of usage and % of revenues figures will be the same within all the classes. That is not possible if you have any minimum charge.

Normally, the % of usage figure will be lower than the % of revenue for the lower volume classes. That will switch for the higher volume classes. Even for declining rate structures, this switch should occur near the volume of the average residential user, typically near 5,000 gallons (668 cu ft).

In urban and suburban areas the average monthly use for residential or general customers can be twice that used by their rural and "old town" counterparts. Use is largely dependent upon who lives in a community. Older people living in longer established neighborhoods tend to use less volume than younger people living in more recently developed areas. Consider this.

Your average residential and general customer uses 6,296 Gallons per billing cycle.

Compare the % of Usage and % of Revenue for this volume of use, and others, in the chart below to get an idea of how proportional to actual volume use the rates are as proposed in this analysis.

#### General Customer Class (use per Billing Cycle in Gallons)

Class Bottom	Class Top	% Users		% Rev at	
		% Users	% Usage	Current Rates	Proposed Rates
0	999	21.8%	0.4%	6.9%	6.4%
1,000	1,999	9.9%	1.7%	3.1%	3.2%
2,000	2,999	9.9%	3.0%	3.5%	4.3%
3,000	3,999	9.9%	4.2%	4.7%	5.4%
4,000	4,999	9.1%	5.0%	5.4%	5.9%
5,000	5,999	6.2%	4.2%	4.4%	4.7%
6,000	6,999	4.2%	3.4%	3.5%	3.7%
7,000	7,999	2.5%	2.3%	2.4%	2.4%
8,000	8,999	1.9%	2.0%	2.1%	2.1%
9,000	9,999	1.7%	2.1%	2.1%	2.1%
10,000	10,999	1.2%	1.6%	1.6%	1.6%
11,000	11,999	0.9%	1.3%	1.3%	1.3%
12,000	12,999	0.8%	1.3%	1.2%	1.2%
13,000	13,999	0.8%	1.4%	1.4%	1.3%
14,000	14,999	0.5%	0.9%	0.9%	0.9%
15,000	15,999	0.5%	1.0%	1.0%	0.9%
16,000	16,999	0.4%	0.9%	0.9%	0.8%
17,000	17,999	0.3%	0.8%	0.8%	0.7%
18,000	18,999	0.3%	0.7%	0.7%	0.7%
19,000	19,999	0.3%	0.8%	0.8%	0.8%
20,000	29,999	1.7%	5.2%	5.1%	4.8%
30,000	39,999	0.7%	3.1%	3.0%	2.8%
40,000	49,999	0.6%	3.2%	3.1%	2.9%
50,000	59,999	0.3%	2.0%	2.0%	1.8%
60,000	69,999	0.2%	2.0%	1.9%	1.7%
70,000	79,999	0.1%	1.4%	1.3%	1.2%
80,000	999,999	0.8%	16.2%	15.5%	14.0%
<b>Special Customer Classes</b>					
Outside City Users		10.0%	7.0%	11.0%	11.6%
Sundance CC Fairways		0.1%	15.3%	3.2%	4.1%
WYDOT Hard Water		0.1%	3.2%	2.3%	2.0%
Other Hard Water		0.1%	0.1%	0.1%	0.1%
Standpipe Users		0.1%	1.0%	1.3%	1.1%
Green Mt Estates		0.1%	0.6%	0.5%	0.5%
M & P Auto Body		0.1%	0.4%	0.4%	0.3%
Min Only (Green Mt Tnts)		1.7%	0.4%	0.5%	0.7%
<b>Totals</b>		<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Sundance, WY, Water Rates Scenario 2

### Chart 4 - Indicators

This chart depicts the affordability of future rates, the financial health of the system and the ending balances in various accounts for the next 10 years. CBGreatRates© Version 4.8

	Year Starting 7/1/08	Year Starting 7/1/09	Year Starting 7/1/10	Year Starting 7/1/11	Year Starting 7/1/12	Year Starting 7/1/13	Year Starting 7/1/14	Year Starting 7/1/15	Year Starting 7/1/16	Year Starting 7/1/17	Year Starting 7/1/18
<b>Capacity Indicators</b>											
Equivalent Average Monthly Bill Actually Paid by All Customers Throughout the Year	\$23.73	\$27.25	\$31.58	\$33.48	\$35.49	\$37.61	\$39.87	\$42.26	\$44.80	\$47.49	\$50.34
Equivalent Final Monthly Bill for a 5,000 gal per Month Residential User	\$18.66	\$25.24	\$26.76	\$28.36	\$30.06	\$31.87	\$33.78	\$35.81	\$37.96	\$40.23	\$42.65
Annual Median Household Income (AMHI)	\$56,981	\$60,146	\$63,487	\$67,013	\$70,735	\$74,664	\$78,811	\$83,188	\$87,808	\$92,686	\$97,834
Affordability Index	0.39%	0.50%	0.51%	0.51%	0.51%	0.51%	0.51%	0.52%	0.52%	0.52%	0.52%
Affordability Index is the percent of AMHI needed by a 5,000 gallon per month residential user to pay their bill. 1.0% is generally considered affordable.											
Operating Ratio	0.77	1.32	1.07	1.10	1.11	1.15	1.18	1.19	1.23	1.26	1.27
1.0 is break even for Operating Ratio. Below 1.0 indicates operating in the "red." Generally, the operating ratio should be at least 1.15 for larger systems and 1.30 or more for smaller systems.											
Coverage Ratio	N.A.	N.A.	19.55	19.53	19.74	11.13	4.73	4.29	3.81	3.53	2.73
Coverage Ratio applies only to years with debt service. 1.0 is break even. Generally, the coverage ratio should be at least 1.25.											
<b>Reserves</b>	Balance Ending on 6/30/09	Balance Ending on 6/30/10	Balance Ending on 6/30/11	Balance Ending on 6/30/12	Balance Ending on 6/30/13	Balance Ending on 6/30/14	Balance Ending on 6/30/15	Balance Ending on 6/30/16	Balance Ending on 6/30/17	Balance Ending on 6/30/18	Balance Ending on 6/30/19
Operating Fund	\$138,813	\$109,193	\$128,189	\$142,768	\$151,698	\$155,864	\$162,915	\$173,126	\$178,106	\$186,284	\$197,969
CIP/Water Sinking Funds	\$104,881	\$351,679	\$434,122	\$419,001	\$416,448	\$399,289	\$325,539	\$257,316	\$189,975	\$144,289	\$78,977
Debt Service Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sinking Funds	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Replacement Fund	\$0	\$26,291	\$24,782	\$3,735	\$27,164	\$26,865	\$42,220	\$40,795	\$7,190	\$33,733	\$52,346
Current Position (sum of all Reserves)	\$244,694	\$488,163	\$588,092	\$566,504	\$596,309	\$583,019	\$531,673	\$472,236	\$376,271	\$365,306	\$330,293
Working Capital + CIP	\$243,694	\$460,872	\$562,311	\$561,769	\$568,145	\$555,154	\$488,453	\$430,442	\$368,081	\$330,574	\$276,947
Working Capital + CIP Balances Discounted for Inflation	\$243,694	\$460,872	\$542,630	\$523,133	\$510,554	\$481,418	\$408,752	\$347,599	\$286,837	\$248,592	\$200,975

Chart 5 - Operating Ratio

Sundance, WY

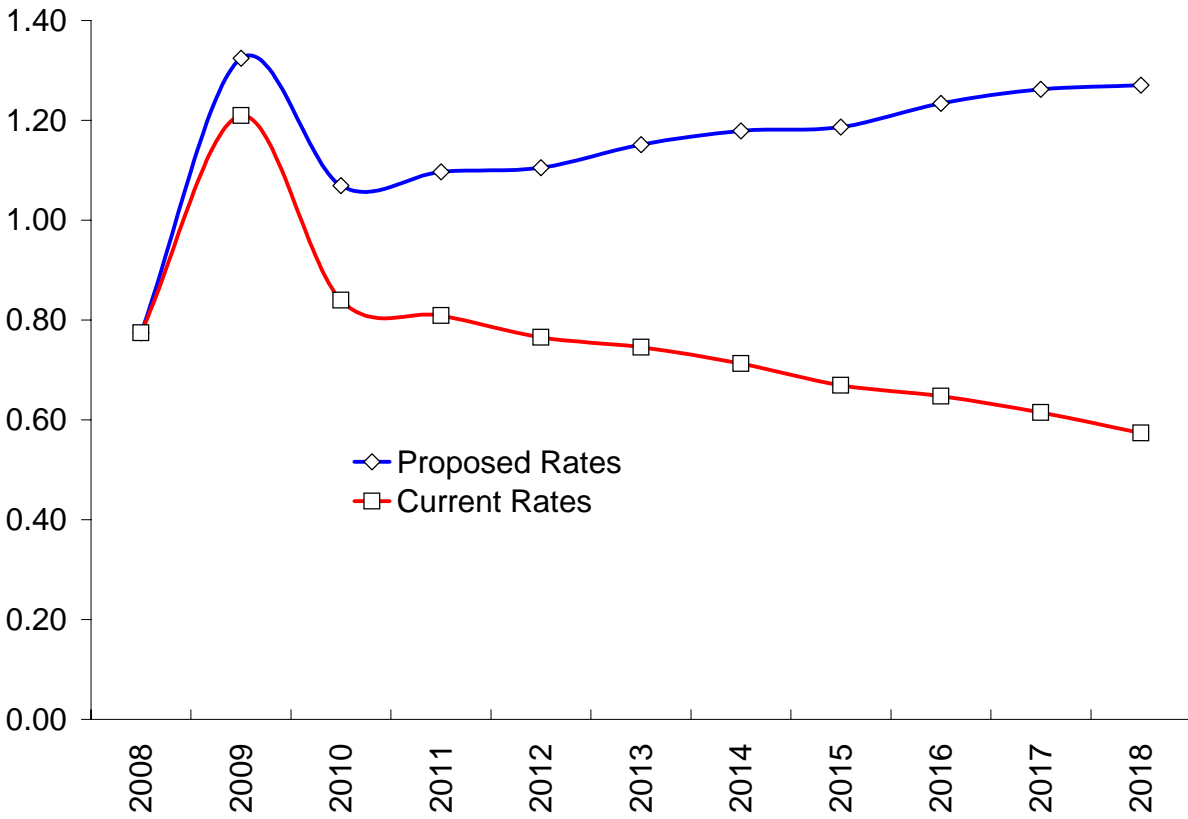


Chart 6 - Coverage Ratio

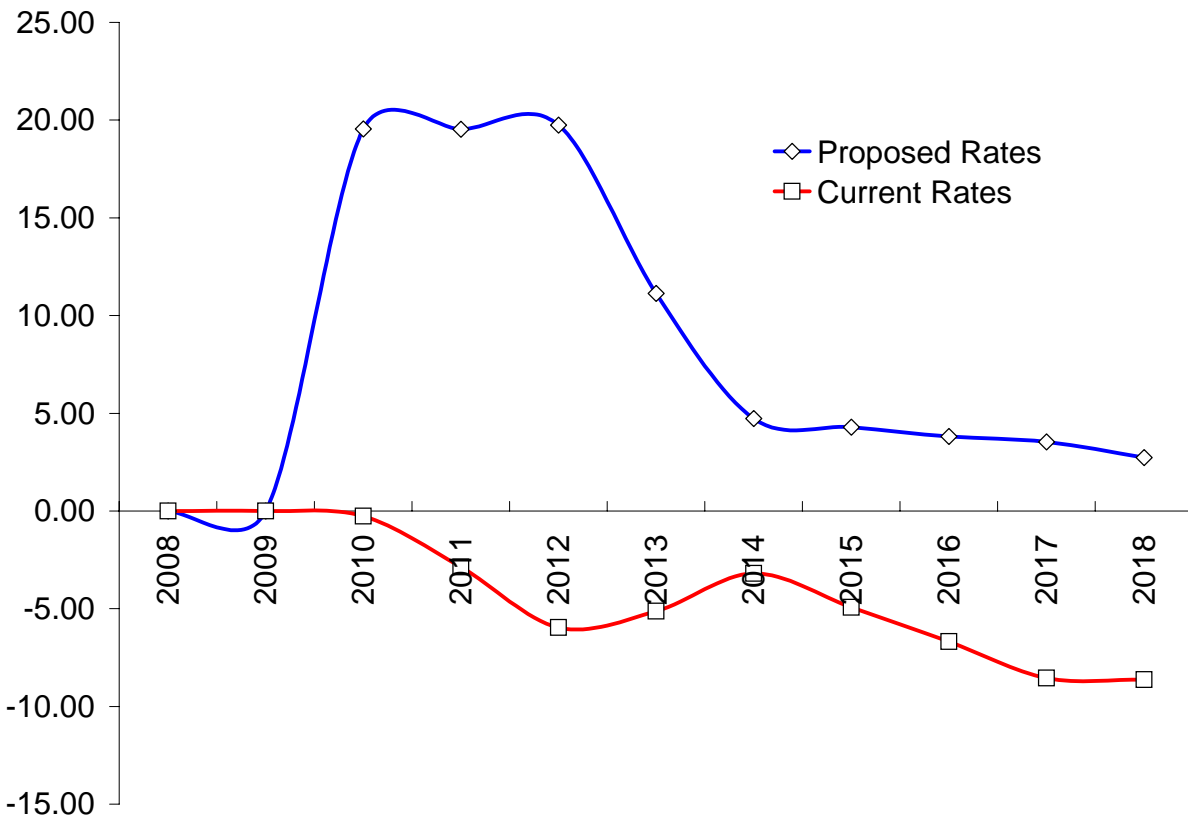


Chart 7 - Average Residential User's Bill

Sundance, WY

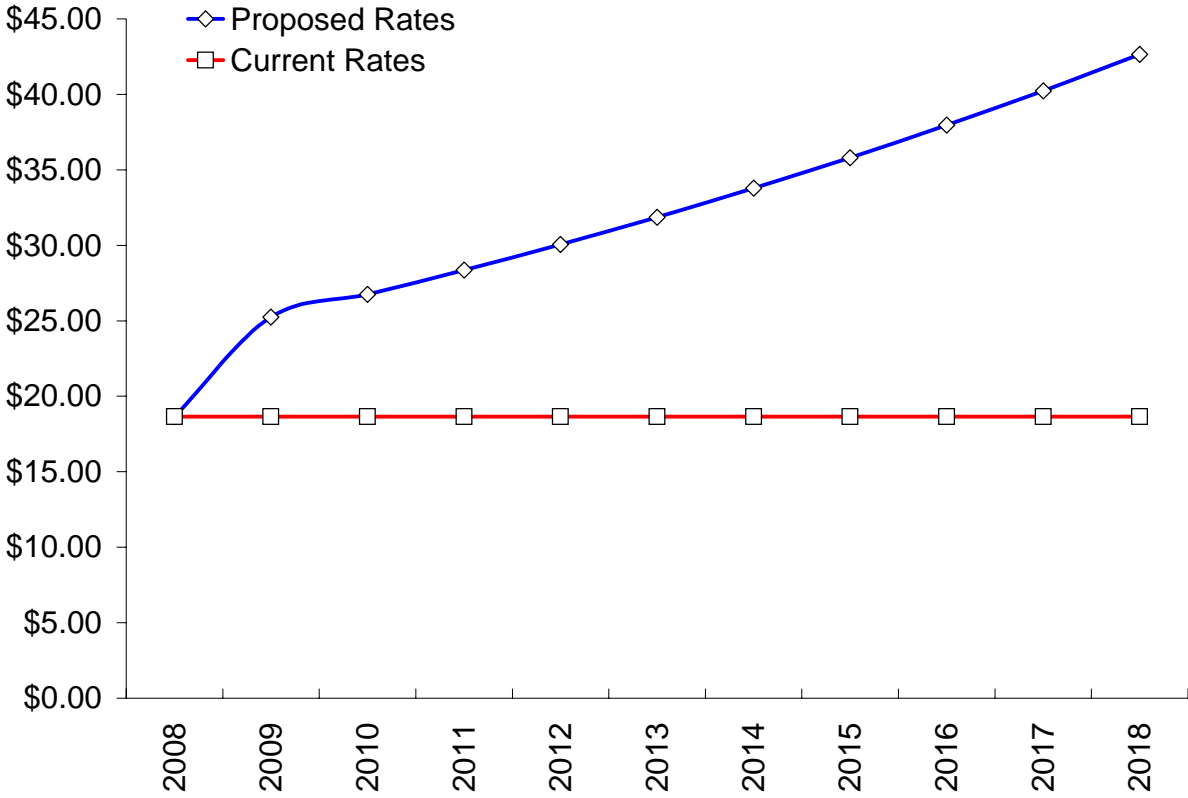


Chart 8 - Affordability Index

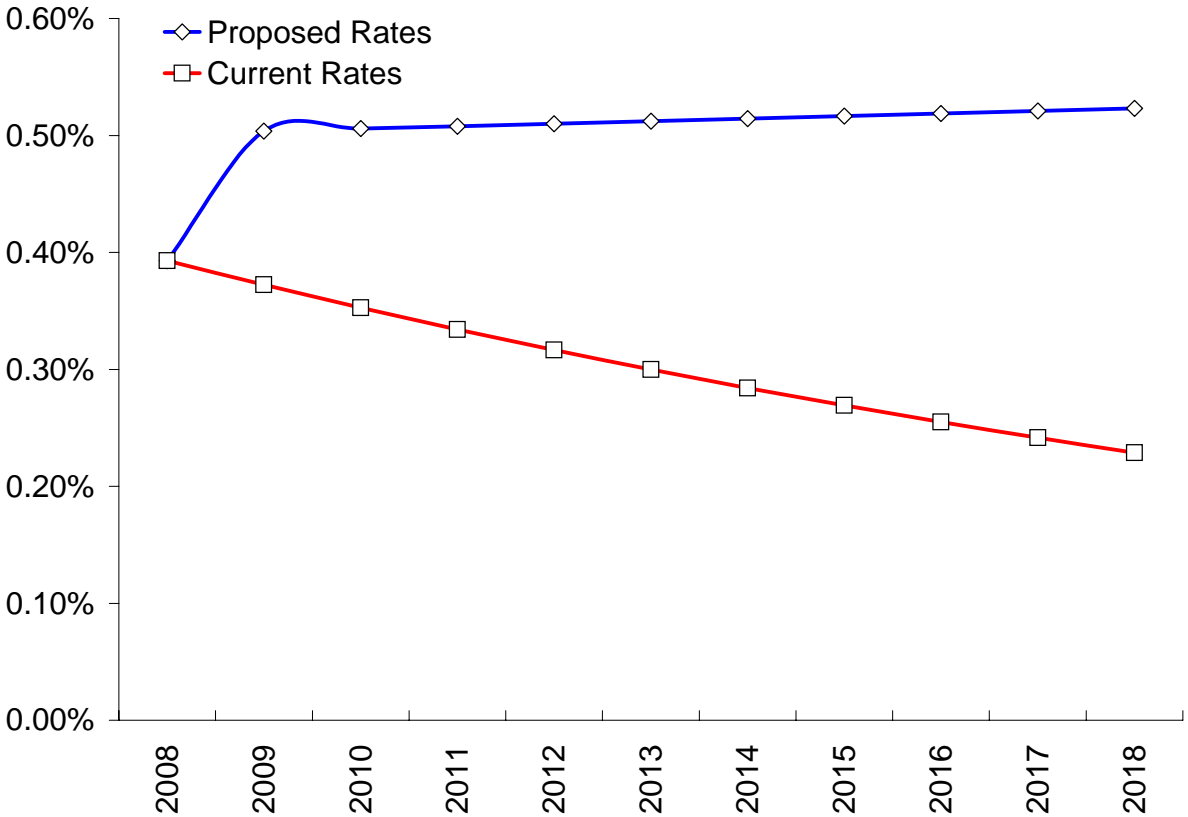


Chart 9 - Working Capital

Sundance, WY

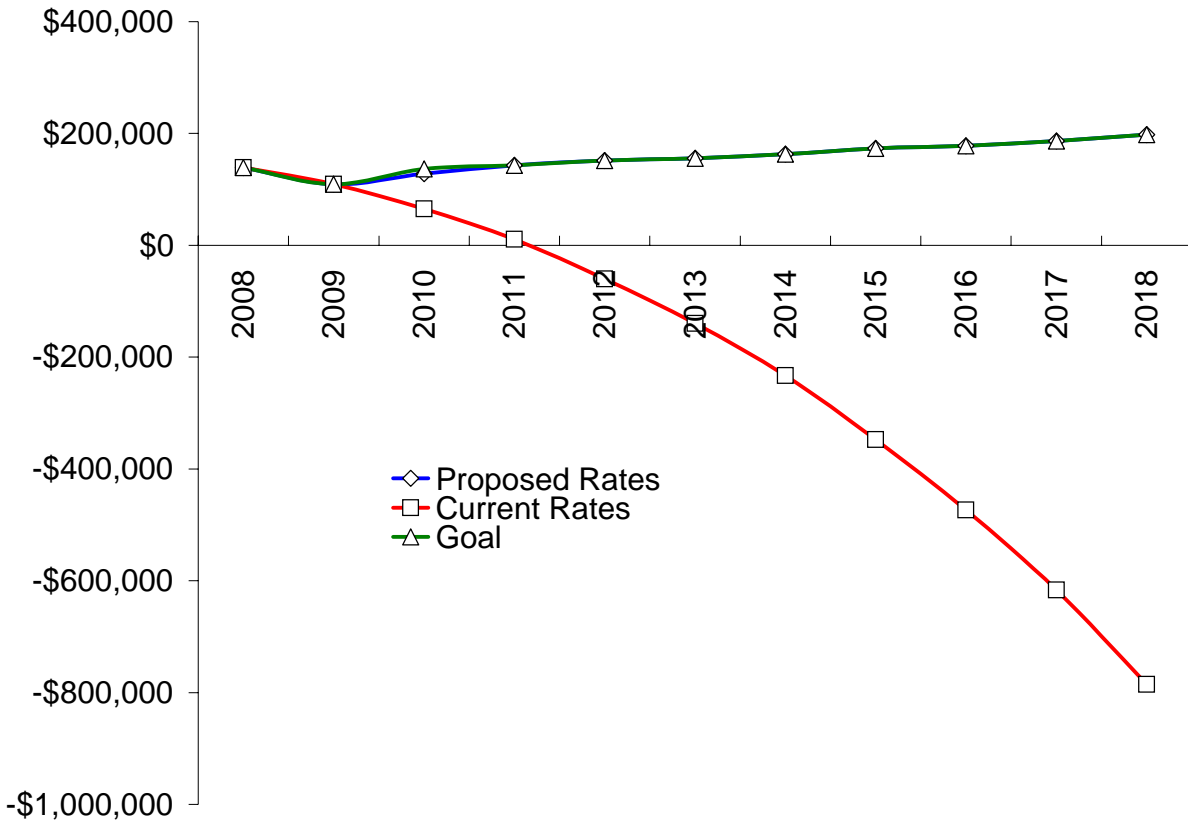


Chart 10 - Working Capital and CIP Reserves Discounted for Inflation

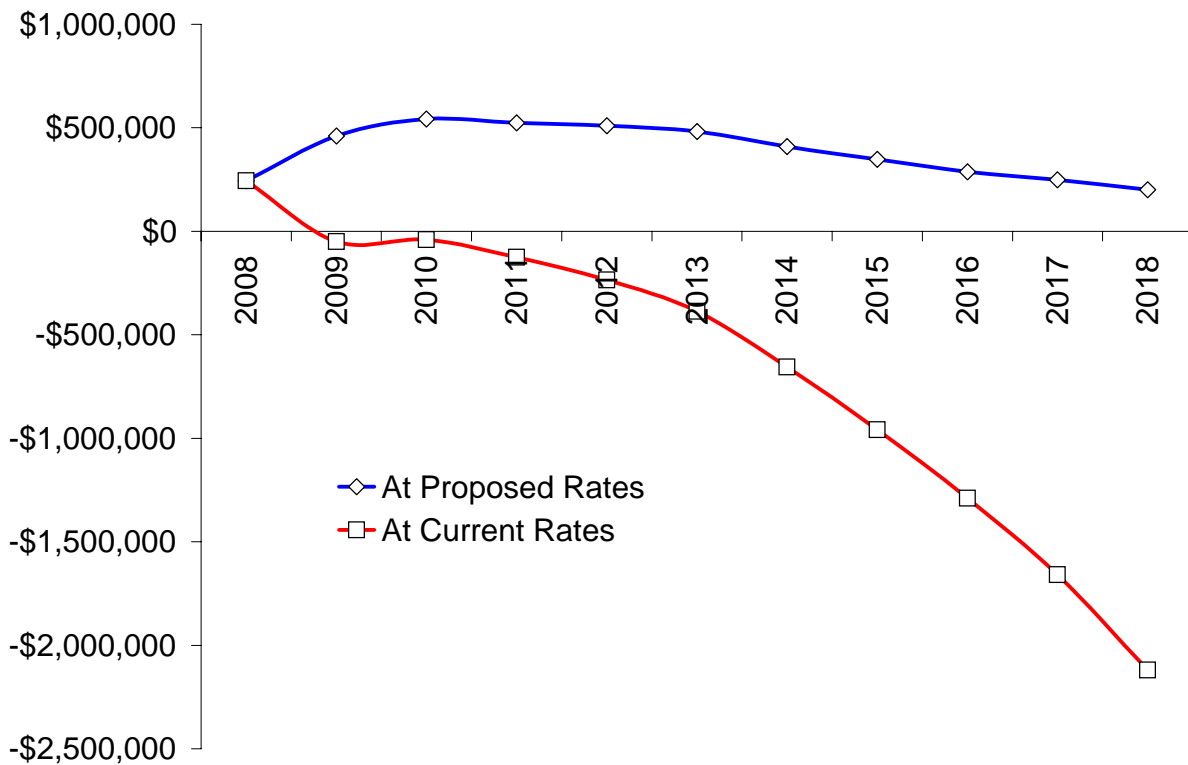


Chart 11 - Use & Revenues

Sundance, WY

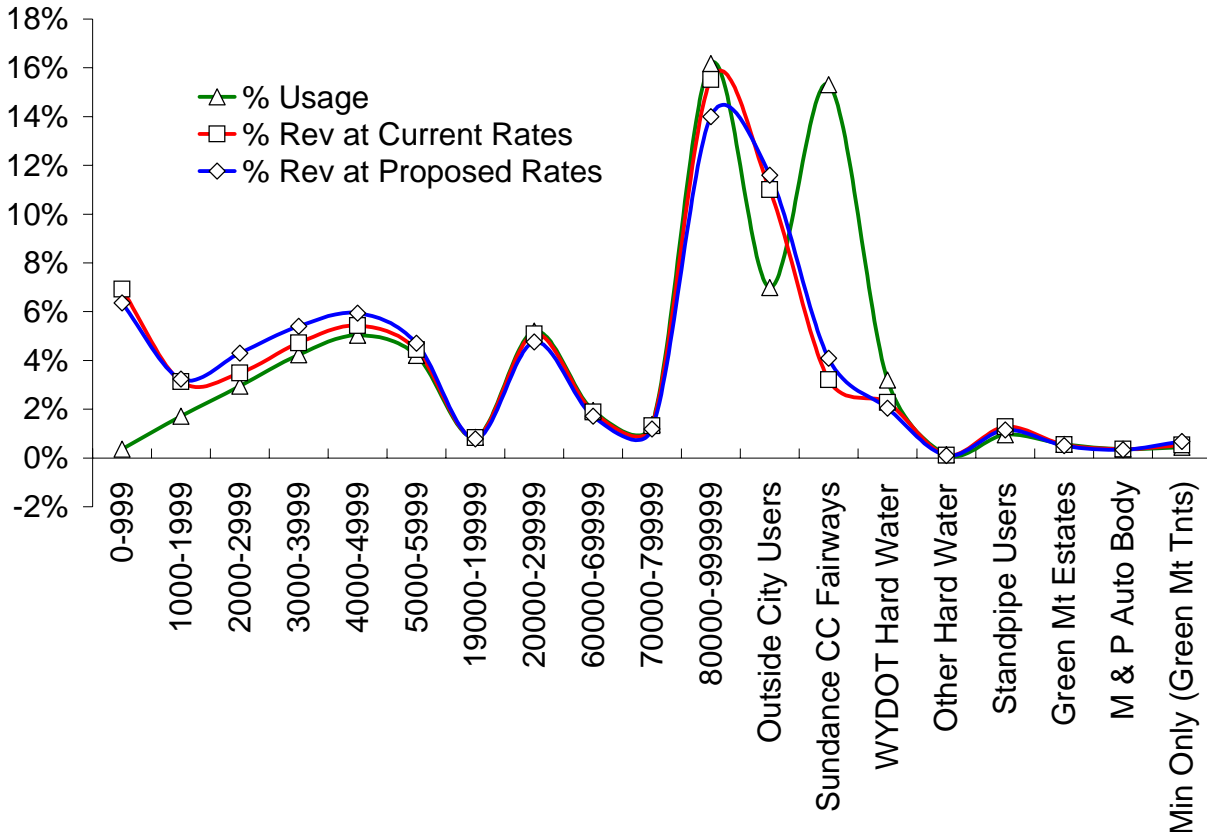
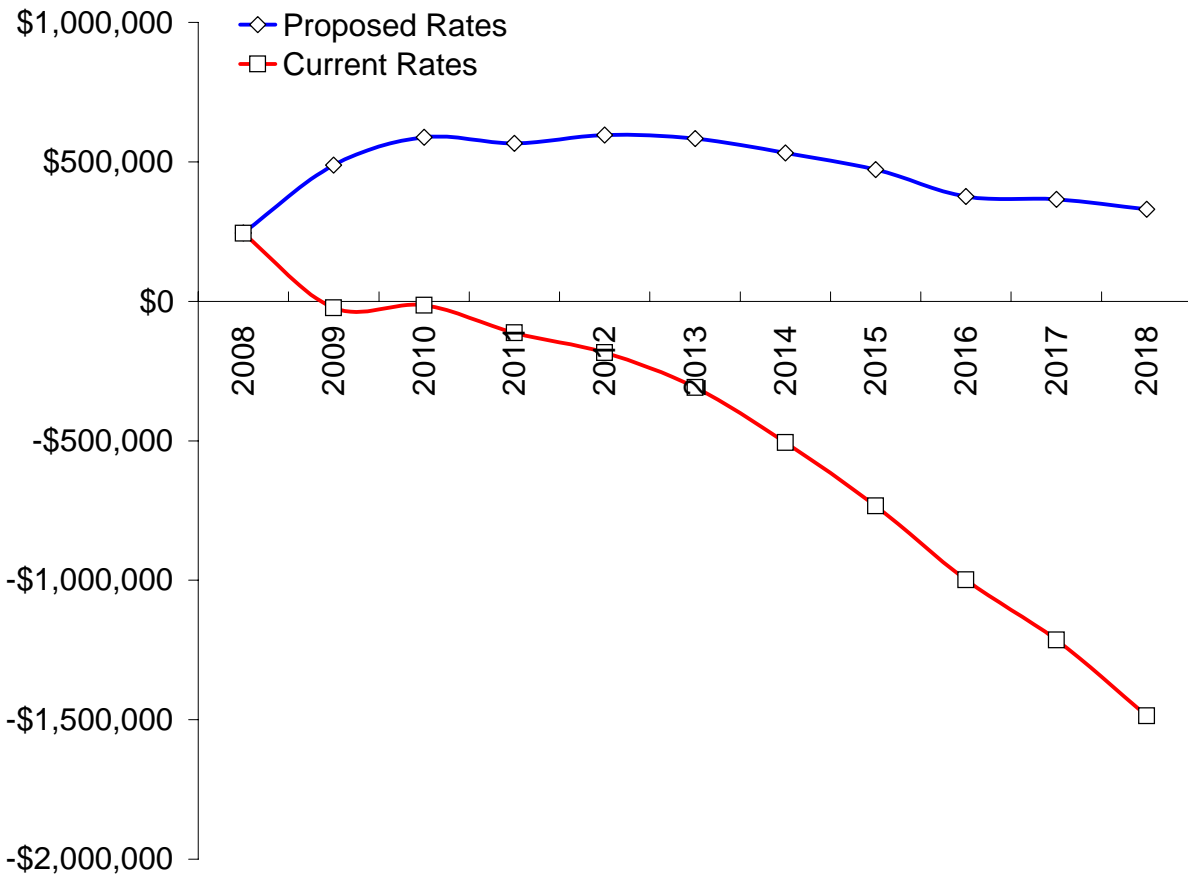


Chart 12 - Current Position



## Sundance, WY, Water Rates Scenario 2

### Chart 13 - Old Rates, New Rates and Changes

This chart compares current and proposed rates.

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Class Bottom	Class Top	Median or Actual Average use (1,000 Gallons)	Current Average Monthly Bill*	Proposed Average Monthly Bill* Starting on 3/1/10	Bill Increase or (Decrease) After Rate Adjustment
<b>General Customer Class (use per Billing Cycle in Gallons)</b>					
0	999	0.127	\$9.00	\$10.39	\$1.39
1,000	1,999	1.331	\$9.00	\$11.71	\$2.71
2,000	2,999	2.274	\$9.97	\$15.47	\$5.50
3,000	3,999	3.262	\$13.48	\$19.41	\$5.94
4,000	4,999	4.229	\$16.91	\$23.27	\$6.36
5,000	5,999	5.217	\$20.41	\$27.21	\$6.80
6,000	6,999	6.219	\$23.96	\$31.21	\$7.25
7,000	7,999	7.244	\$27.60	\$35.30	\$7.70
8,000	8,999	8.252	\$31.17	\$39.32	\$8.15
9,000	9,999	9.217	\$34.60	\$43.17	\$8.58
10,000	10,999	10.265	\$38.31	\$47.35	\$9.04
11,000	11,999	11.268	\$41.87	\$51.36	\$9.49
12,000	12,999	12.304	\$45.54	\$55.49	\$9.94
13,000	13,999	13.205	\$48.74	\$59.08	\$10.34
14,000	14,999	14.220	\$52.34	\$63.13	\$10.79
15,000	15,999	15.324	\$56.25	\$67.54	\$11.28
16,000	16,999	16.268	\$59.60	\$71.30	\$11.70
17,000	17,999	17.230	\$63.01	\$75.14	\$12.13
18,000	18,999	18.391	\$67.13	\$79.77	\$12.64
19,000	19,999	19.269	\$70.25	\$83.28	\$13.03
20,000	29,999	23.641	\$85.76	\$100.73	\$14.97
30,000	39,999	34.746	\$125.18	\$145.08	\$19.90
40,000	49,999	44.116	\$158.44	\$182.50	\$24.06
50,000	59,999	53.730	\$192.57	\$220.89	\$28.32
60,000	69,999	64.380	\$230.37	\$263.42	\$33.05
70,000	79,999	75.050	\$268.25	\$306.03	\$37.78
80,000	999,999	148.061	\$527.43	\$597.61	\$70.18
<b>Special Customer Classes</b>					
	Outside City Users	5.317	\$31.08	\$41.17	\$10.09
	Sundance CC Fairways	840.608	\$655.24	\$1,045.98	\$390.74
	WYDOT Hard Water	175.611	\$465.37	\$523.54	\$58.17
	Other Hard Water	7.435	\$22.30	\$25.09	\$2.79
	Standpipe Users	52.189	\$260.95	\$293.57	\$32.62
	Green Mt Estates	30.475	\$110.09	\$128.10	\$18.02
	M & P Auto Body	19.908	\$72.57	\$85.90	\$13.33
	Min Only (Green Mt Tnts)	2.000	\$9.00	\$14.38	\$5.38

\*These amounts do not include minimum surcharges, if applicable.

## Sundance, WY, Water Rates Scenario 2

### Chart 13B - Rate Changes in Percent

This chart shows percentage increases and decreases.

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Effective New All-in Rate/1,000 Gallons*	Class Bottom	Class Top	Percent Increase or Decrease (-) After Rate Adjustment
General Customer Class (use per Billing Cycle in Gallons)			
\$81.73	0	999	15%
\$8.80	1,000	1,999	30%
\$6.80	2,000	2,999	55%
\$5.95	3,000	3,999	44%
\$5.50	4,000	4,999	38%
\$5.22	5,000	5,999	33%
\$5.02	6,000	6,999	30%
\$4.87	7,000	7,999	28%
\$4.77	8,000	8,999	26%
\$4.68	9,000	9,999	25%
\$4.61	10,000	10,999	24%
\$4.56	11,000	11,999	23%
\$4.51	12,000	12,999	22%
\$4.47	13,000	13,999	21%
\$4.44	14,000	14,999	21%
\$4.41	15,000	15,999	20%
\$4.38	16,000	16,999	20%
\$4.36	17,000	17,999	19%
\$4.34	18,000	18,999	19%
\$4.32	19,000	19,999	19%
\$4.26	20,000	29,999	17%
\$4.18	30,000	39,999	16%
\$4.14	40,000	49,999	15%
\$4.11	50,000	59,999	15%
\$4.09	60,000	69,999	14%
\$4.08	70,000	79,999	14%
\$4.04	80,000	999,999	13%
Special Customer Classes			
\$7.74	Outside City Users		32%
\$1.24	Sundance CC Fairways		60%
\$2.98	WYDOT Hard Water		13%
\$3.38	Other Hard Water		13%
\$5.63	Standpipe Users		13%
\$4.20	Green Mt Estates		16%
\$4.31	M & P Auto Body		18%
\$7.19	Min Only (Green Mt Tnts)		60%

# Sundance, WY, Water Rates Scenario 2

## Chart 14 - Proposed Rate Chart

All users connected to the municipal system shall pay fees and charges according to the following schedule.

Class Bottom	Class Top	Median or Actual Average use (1,000 Gallons)	Minimum Charge* per Billing Cycle	Minimum Charge Usage Allowance (1,000 Gallons)	Unit Charge This Class per 1,000 Gallons
<b>General Customer Class</b> (use per Billing Cycle in Gallons)					
0	999	0.127	\$10.39	1.000	\$3.99
1,000	1,999	1.331	\$10.39	1.000	\$3.99
2,000	2,999	2.274	\$10.39	1.000	\$3.99
3,000	3,999	3.262	\$10.39	1.000	\$3.99
4,000	4,999	4.229	\$10.39	1.000	\$3.99
5,000	5,999	5.217	\$10.39	1.000	\$3.99
6,000	6,999	6.219	\$10.39	1.000	\$3.99
7,000	7,999	7.244	\$10.39	1.000	\$3.99
8,000	8,999	8.252	\$10.39	1.000	\$3.99
9,000	9,999	9.217	\$10.39	1.000	\$3.99
10,000	10,999	10.265	\$10.39	1.000	\$3.99
11,000	11,999	11.268	\$10.39	1.000	\$3.99
12,000	12,999	12.304	\$10.39	1.000	\$3.99
13,000	13,999	13.205	\$10.39	1.000	\$3.99
14,000	14,999	14.220	\$10.39	1.000	\$3.99
15,000	15,999	15.324	\$10.39	1.000	\$3.99
16,000	16,999	16.268	\$10.39	1.000	\$3.99
17,000	17,999	17.230	\$10.39	1.000	\$3.99
18,000	18,999	18.391	\$10.39	1.000	\$3.99
19,000	19,999	19.269	\$10.39	1.000	\$3.99
20,000	29,999	23.641	\$10.39	1.000	\$3.99
30,000	39,999	34.746	\$10.39	1.000	\$3.99
40,000	49,999	44.116	\$10.39	1.000	\$3.99
50,000	59,999	53.730	\$10.39	1.000	\$3.99
60,000	69,999	64.380	\$10.39	1.000	\$3.99
70,000	79,999	75.050	\$10.39	1.000	\$3.99
80,000	999,999	148.061	\$10.39	1.000	\$3.99
<b>Special Customer Classes</b>					
	Outside City Users	5.317	\$16.16	1.000	\$5.79
	Sundance CC Fairways	840.608	\$367.35	1.000	\$0.81
	WYDOT Hard Water	175.611	\$0.00	0.000	\$2.98
	Other Hard Water	7.435	\$0.00	0.000	\$3.38
	Standpipe Users	52.189	\$0.00	0.000	\$5.63
	Green Mt Estates	30.475	\$10.39	1.000	\$3.99
	M & P Auto Body	19.908	\$10.39	1.000	\$3.99
	Min Only (Green Mt Tnts)	2.000	\$10.39	1.000	\$3.99

\*This is the base minimum charge and does not include surcharges, if applicable.



# Sundance, WY

## Chart 16A - Rates During Test Year

CBGreatRates© Version 4.8

These charts show current rates, starting reserve balances and incomes for the test year.

Class Bottom	Class Top	Median or Actual Average use (1,000 Gallons)	Base Minimum Charge	Minimum Charge Usage Allowance (1,000 Gallons)	Unit Charge This Class per 1,000 Gallons
<b>General Customer Class (use per Billing Cycle in Gallons)</b>					
0	999	0.127	\$9.00	2.0	\$3.55
1,000	1,999	1.331	\$9.00	2.0	\$3.55
2,000	2,999	2.274	\$9.00	2.0	\$3.55
3,000	3,999	3.262	\$9.00	2.0	\$3.55
4,000	4,999	4.229	\$9.00	2.0	\$3.55
5,000	5,999	5.217	\$9.00	2.0	\$3.55
6,000	6,999	6.219	\$9.00	2.0	\$3.55
7,000	7,999	7.244	\$9.00	2.0	\$3.55
8,000	8,999	8.252	\$9.00	2.0	\$3.55
9,000	9,999	9.217	\$9.00	2.0	\$3.55
10,000	10,999	10.265	\$9.00	2.0	\$3.55
11,000	11,999	11.268	\$9.00	2.0	\$3.55
12,000	12,999	12.304	\$9.00	2.0	\$3.55
13,000	13,999	13.205	\$9.00	2.0	\$3.55
14,000	14,999	14.220	\$9.00	2.0	\$3.55
15,000	15,999	15.324	\$9.00	2.0	\$3.55
16,000	16,999	16.268	\$9.00	2.0	\$3.55
17,000	17,999	17.230	\$9.00	2.0	\$3.55
18,000	18,999	18.391	\$9.00	2.0	\$3.55
19,000	19,999	19.269	\$9.00	2.0	\$3.55
20,000	29,999	23.641	\$9.00	2.0	\$3.55
30,000	39,999	34.746	\$9.00	2.0	\$3.55
40,000	49,999	44.116	\$9.00	2.0	\$3.55
50,000	59,999	53.730	\$9.00	2.0	\$3.55
60,000	69,999	64.380	\$9.00	2.0	\$3.55
70,000	79,999	75.050	\$9.00	2.0	\$3.55
80,000	999,999	148.061	\$9.00	2.0	\$3.55
<b>Special Customer Classes</b>					
	Outside City Users	5.317	\$14.00	2.0	\$5.15
	Sundance CC Fairways	840.608	\$319.00	0.0	\$0.40
	WYDOT Hard Water	175.611	\$0.00	0.0	\$2.65
	Other Hard Water	7.435	\$0.00	0.0	\$3.00
	Standpipe Users	52.189	\$0.00	0.0	\$5.00
	Green Mt Estates	30.475	\$9.00	2.0	\$3.55
	M & P Auto Body	19.908	\$9.00	2.0	\$3.55
	Min Only (Green Mt Tnts)	2.000	\$9.00	2.0	\$3.55

Sundance, WY  
 Chart 16B - Reserves and Incomes

CBGreatRates© Version 4.8

Reserve Starting Balances as of 7/1/08 (Carryover From Prior Year)

	\$330,551	Operating Fund	
	\$0	CIP/Water Sinking Funds	
	\$0	Debt Service Reserve	
	\$0	Sinking Funds	
	\$0	Replacement Fund	
Incomes	7/1/08	Through	6/30/09
	\$204,700	User Fees	
	\$0	Surcharges	
		4 New Taps Made	
	\$1,188	Average Tap + Availability Fee	
	\$4,752	Total Tap + Availability Fees	
	\$2,057	Miscellaneous	
	\$2,377	Interest Earned on Deposits	
	\$0	Transfers From Capital Improvement Reserves	
	\$0	Meter Surcharges	
	\$320	Other Income	User Fee
	\$809	Other Income	Capital Credits

The recorded rates and usage predict billable user fees + meter surcharges at:  
**\$231,354**

Connection fees dedicated to future capital improvements:  
**\$4,752**

\$215,016 Total Regular Income  
 Grant and Loan Proceeds During the Test Year

\$174,526	2007 Water Well Grant
\$85,960	2007 Water Well Loan
<u>\$260,486</u>	Total Grant and Loan Proceeds

**\$475,502 Total All Incomes**  
 Annual Median Household Income (AMHI)

\$56,981 AMHI for Sundance, WY for the year 2007, by Census estimate

5.6% Rate of growth in AMHI (assumed)

# Sundance, WY, Water Rates Scenario 2

## Chart 17A - Equipment Replacement Details Chart

Replacement Scheduler© Version 1.4

This chart depicts equipment replacements and major maintenance work

CBGreatRates© Version 4.8

Years Between Replacement of These Items: 5

Year Beginning	John's pickup	Don's pickup	1st Dump Truck	2nd Dump Truck	John's Used Pickup to Landfill	Don's Used Pickup to Garbage	2 Water Tank Inspections, Repairs			
7/1/08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/10	\$9,750	\$0	\$0	\$0	\$0	\$0	\$14,000	\$0	\$0	\$0
7/1/11	\$0	\$0	\$17,500	\$17,500	\$0	\$0	\$0	\$0	\$0	\$0
7/1/12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/13	\$0	\$6,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/15	\$9,750	\$0	\$0	\$0	\$0	\$0	\$14,000	\$0	\$0	\$0
7/1/16	\$0	\$0	\$17,500	\$17,500	\$0	\$0	\$0	\$0	\$0	\$0
7/1/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/18	\$0	\$6,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/20	\$9,750	\$0	\$0	\$0	\$0	\$0	\$14,000	\$0	\$0	\$0
7/1/21	\$0	\$0	\$17,500	\$17,500	\$0	\$0	\$0	\$0	\$0	\$0
7/1/22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/23	\$0	\$6,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/25	\$9,750	\$0	\$0	\$0	\$0	\$0	\$14,000	\$0	\$0	\$0
7/1/26	\$0	\$0	\$17,500	\$17,500	\$0	\$0	\$0	\$0	\$0	\$0
7/1/27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/28	\$0	\$6,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/30	\$9,750	\$0	\$0	\$0	\$0	\$0	\$14,000	\$0	\$0	\$0
7/1/31	\$0	\$0	\$17,500	\$17,500	\$0	\$0	\$0	\$0	\$0	\$0
7/1/32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

# Sundance, WY, Water Rates Scenario 2

## Chart 17A - Equipment Replacement Details Chart

Replacement Scheduler© Version 1.4

This chart depicts equipment replacements and major maintenance work

CBGreatRates© Version 4.8

Years Between Replacement of These Items: 10

Year Beginning	Garbage Truck	Skid steer									
7/1/08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/16	\$0	\$13,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/26	\$0	\$13,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

# Sundance, WY, Water Rates Scenario 2

## Chart 17A - Equipment Replacement Details Chart

This chart depicts equipment replacements and major maintenance work

Replacement Scheduler© Version 1.4

CBGreatRates© Version 4.8

Years Between Replacement of These Items: 15

Year Beginning	Loader	Backhoe	Sewer Jet	2 Water Tank Repaints						
7/1/08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/10	\$4,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/12	\$0	\$0	\$2,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/13	\$0	\$17,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/14	\$0	\$0	\$0	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0
7/1/15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/25	\$4,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/27	\$0	\$0	\$2,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/28	\$0	\$17,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/29	\$0	\$0	\$0	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0
7/1/30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

# Sundance, WY, Water Rates Scenario 2

## Chart 17A - Equipment Replacement Details Chart

This chart depicts equipment replacements and major maintenance work

Replacement Scheduler© Version 1.4

CBGreatRates© Version 4.8

Years Between Replacement of These Items: 20

Year Beginning	Motor Grader											Total Annual Replacement Costs
7/1/08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27,750
7/1/11	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000
7/1/12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,700
7/1/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,000
7/1/14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000
7/1/15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,750
7/1/16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$48,200
7/1/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,500
7/1/19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,750
7/1/21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$35,000
7/1/22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,500
7/1/24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27,750
7/1/26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$48,200
7/1/27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,700
7/1/28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,000
7/1/29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000
7/1/30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,750
7/1/31	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,000
7/1/32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

# Sundance, WY, Water Rates Scenario 2

Replacement Scheduler© Version 1.4

## Chart 17 - Replacement Schedule

CBGreatRates© Version 4.8

This chart calculates the annual annuity to fund all replacements and major maintenance in the detailed schedule.

3.50% Average Inflation Rate for the Following Water System Equipment for the Term of This Replacement Schedule

3.50% Average Interest Rate on Balances Invested for the Term of This Replacement Schedule

6.00% Average Interest Rate on Amounts Borrowed for the Term of This Replacement Schedule

Year Beginning	Item Description	This Year's Costs in Current Dollars	One-time Transfers From Operating Fund	One-time Transfers to Operating Fund	End of Year Balance in Future Dollars	Minimum Desired End of Year Balance in Future Dollars
7/1/08	Test year replacements	\$0	\$0	\$0	\$0	\$17,790
7/1/09	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$26,291	\$17,790
7/1/10	Total of replacements from detailed replacement schedule	\$27,750	\$0	\$0	\$24,782	\$18,413
7/1/11	Total of replacements from detailed replacement schedule	\$45,000	\$0	\$0	\$3,735	\$19,057
7/1/12	Total of replacements from detailed replacement schedule	\$2,700	\$0	\$0	\$27,164	\$19,724
7/1/13	Total of replacements from detailed replacement schedule	\$24,000	\$0	\$0	\$26,865	\$20,414
7/1/14	Total of replacements from detailed replacement schedule	\$10,000	\$0	\$0	\$42,220	\$21,129
7/1/15	Total of replacements from detailed replacement schedule	\$23,750	\$0	\$0	\$40,795	\$21,868
7/1/16	Total of replacements from detailed replacement schedule	\$48,200	\$0	\$0	\$7,190	\$22,634
7/1/17	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$33,733	\$23,426
7/1/18	Total of replacements from detailed replacement schedule	\$6,500	\$0	\$0	\$52,346	\$24,246
7/1/19	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$80,470	\$25,095
7/1/20	Total of replacements from detailed replacement schedule	\$23,750	\$0	\$0	\$74,903	\$25,973
7/1/21	Total of replacements from detailed replacement schedule	\$35,000	\$0	\$0	\$50,929	\$26,882
7/1/22	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$79,003	\$27,823
7/1/23	Total of replacements from detailed replacement schedule	\$6,500	\$0	\$0	\$97,537	\$28,797
7/1/24	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$127,243	\$29,804
7/1/25	Total of replacements from detailed replacement schedule	\$27,750	\$0	\$0	\$109,869	\$30,848
7/1/26	Total of replacements from detailed replacement schedule	\$48,200	\$0	\$0	\$53,503	\$31,927
7/1/27	Total of replacements from detailed replacement schedule	\$2,700	\$0	\$0	\$76,652	\$33,045
7/1/28	Total of replacements from detailed replacement schedule	\$24,000	\$0	\$0	\$59,486	\$34,201

Notes: Many equipment items are shared among city service departments; therefore, costs for replacement of those items was pro-rated among those departments.

Starting Account Balance	\$0	Minimum Desired Balance in Today's Dollars
Minimum Annual Annuity	\$25,952	
Discretionary Annuity	\$339	

**Required Annual Deposit to Replacement Account \$26,291**

Sundance, WY  
 Chart 18 - Test Year Costs

CBGreatRates© Version 4.8

This chart depicts costs for the test year and distributes those costs to fixed and variable categories.

Operating Costs

Item	Amount	% of This Cost That is Fixed	Total Costs After Adjustment for Special Costs Below	Fixed Costs After Adjustment for Special Costs Below	Variable Costs After Adjustment for Special Costs Below	Surchargeable Costs
General Administration	\$21,352	100%	\$21,352	\$21,352	\$0	\$0
Water Administration	\$79,123	25%	\$79,123	\$19,781	\$59,342	\$0
Testing	\$4,173	25%	\$4,173	\$1,043	\$3,130	\$0
Chlorine Supplies and Equipment	\$370	0%	\$370	\$0	\$370	\$0
System Improvements	\$19,172	25%	\$19,172	\$4,793	\$14,379	\$0
System Repairs	\$80,623	35%	\$80,623	\$28,218	\$52,405	\$0
Equipment and Maintenance	\$3,893	35%	\$3,893	\$1,362	\$2,530	\$0
Supplies	\$15,335	0%	\$15,335	\$0	\$15,335	\$0
Electricity	\$47,356	0%	\$47,356	\$0	\$47,356	\$0
Travel and Training	\$1,371	25%	\$1,371	\$343	\$1,028	\$0
Vehicle Maintenance	\$830	35%	\$830	\$290	\$539	\$0
Annual Payment to Replacement Fund	\$26,291	0%	\$26,291	\$0	\$26,291	\$0
One-time Payment to Replacement Fund	\$0	0%	\$0	\$0	\$0	\$0
Surchargeable Water Services	\$0	0%	\$0	\$0	\$0	\$0
Water Loss	N.A.	0%	\$0	\$0	\$0	\$0
Miscellaneous	\$3,030	0%	\$3,030	\$0	\$3,030	\$0
User Charge Analysis Services & Staff Time	\$0	0%	\$0	\$0	\$0	\$0
Transfers to Sinking Funds	\$1,000	0%	\$1,000	\$0	\$1,000	\$0
<b>Grand Total All Costs</b>	<b>\$303,918</b>		<b>\$303,918</b>	<b>\$77,183</b>	<b>\$226,735</b>	<b>\$0</b>

Note: "Water Administration" covers operations staff. "General Administration" staff expenses are currently paid out of the general fund.

\$303,918

Special Cost Calculations

Fixed Cost/User/Month =	\$8.95
Variable Costs/1,000 Gallons Sold =	\$3.44
Total Cost/1,000 Gallons Sold =	\$4.61

Surchargeable Services are Estimated at \$0  
 Water Loss is Estimated at 34%  
 As Compared to Service Sold, the Relative Cost of Water Loss is Estimated at 50%  
 Cost of Water Loss is Estimated at \$59,346  
 Percentage of Water Loss to Allocate to Fixed Costs is 0%

Gallons/Billing Cycle Used by Average General Customer =	6,296
Gallons/Billing Cycle Used by Average Special Customer =	17,013

Annual Usage Metered Through Customer Meters 65,912,157 Gallons/year  
 + Water Loss 34,503,914 Gallons/year  
 = Total Annual Volume 100,416,072 Gallons/year

## Sundance, WY, Sewer Rates Scenario 2

This report contains detailed information on your financial outlook that assumes you adjust rates and fees as proposed. It also compares this outlook with what you should expect if you do not make any adjustments. To effectuate the outcome depicted in this analysis the following must happen.

- The minimum charge was calculated at \$1.99. Outside city users' rates will be higher than this based upon the percentage difference in the current rates. The minimum charge will include no usage allowance.
- Unit charges in Chart 3A were calculated at \$1.90/1,000 gallons. Again, outside city users' rates are higher by the current percentage difference in these rates.
- All rates and fees will be initially adjusted on or near April 1, 2010.
- Starting on or near April 1, 2011 and each year thereafter, all rates and fees will be subsequently increased by 4.0 percent.
- Connection fees will be increased by 50 percent over current rates and increased in the future by the same percentage as user charge rates.
- Residential bills will be based upon winter average use. All others will be based upon actual use each month.

Base line data appears in the four tables at the end of this report.

November 3, 2009

Produced by

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# Terms Used in This Report and for Rate Setting Generally

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Affordability Index	The monthly charge for (typically) 5,000 gallons of residential service divided by the median monthly household income for the area served by the system. An index of 1.0, meaning a household pays one percent of its income to pay its bill for 5,000 gallons of service, is generally considered affordable.
Capacity Charge, also commonly called an 'Impact Fee' or 'Availability Charge'	A charge that buys a new customer system capacity. This is a charge levied on a new customer that recovers all or part of the capital costs to build capacity to be able to serve that customer's actual or potential demand. This charge may be a few thousand dollars for a residential customer to many thousands of dollars for a large industrial customer.
Capital Improvement Plan or Program (CIP)	Anticipated capital improvements. These are the more expensive items such as water towers, treatment plants and lines, that generally require bond or grant funding. They do not include equipment replacement items.
Capital Improvement Reserves	Cash reserves dedicated to funding the CIP
Comprehensive Rate Analysis	A thorough examination of a system's operating, capital improvement, equipment replacement and all other costs, revenues, current rates, number of users and their use of the system, growth rates and all other issues surrounding the system. This examination will determine how rates and fees should be set in the future to cash-flow the system properly, to build appropriate reserves and to be fair the ratepayers. It also will determine how policies should be adjusted to enable the system to operate well now, operate well in the medium-range future (about 10 years) and prepare for expected and expectable events such as capital improvements and equipment replacement.
Connection Charge	A charge that buys a new customer connection to the system. This charge is levied on a new customer to recover all or part of the costs a system incurs in the course of connecting the new customer to the system. This may include labor costs for staff or others on-site; equipment sold by the system to the new customer for making the connection; equipment, tools and supplies used by system staff for making the connection; and the like. This charge may be a few hundred dollars for a residential customer to thousands of dollars for a large industrial customer.
Conservation (Inclining) Rates	Unit charges that go up as the volume used goes up
Cost to Produce	There are several ways to define cost to produce. Each is acceptable for different purposes. Generally, cost to produce is the total of all variable costs required to get service to a utility's customers during one year divided by the total units of service delivered during that year. In a proportional to use rate structure, this will be the unit charge.
Cost to Serve Rates	Rates where fixed and variable costs generated by each user class are paid by that class with minimum and unit charges, respectively.
Coverage Ratio (CR)	Incomes and reserves available to pay debt divided by the amount of the debt for that year. Most systems should have a CR of 1.25 or higher.
Current Position	For a year, the sum of all incomes and undedicated reserves minus all current financial obligations for that year. Future obligations (next year's loan payments) and depreciation are not included. Current position is a good measure of overall financial health.

Declining Rates	Rates where unit charges go down as the volume used goes up
Flat Rates	Rates where all users pay exactly the same fee regardless of the volume of service they use
Incremental Rate Adjustments	Rate increases done during years between comprehensive rate analyses. The goal of these rate increases is to keep the system's income and reserve levels on track with the system's financial needs. Such increases are usually small, in the two to five percent per year range.
Infrastructure	Hard assets, such as water towers, treatment plants and lines needed to provide service to customers connected to the system
Life-cycle Cost	The total cost to design, build, operate, maintain and eventually dispose of an asset. One asset may cost less to build but be more expensive to operate and maintain, yielding a higher life-cycle cost.
Operating Ratio (OR)	Current incomes and undedicated reserves minus current expenses, not including debt. An OR of 1.0 is "break even." Most systems should have an OR of 1.25 or higher.
Potential Demand	The volume of service that a user could demand for a short period of time at full volume use
Proportional to use Rates	Rates where the minimum charge recovers all fixed costs, the unit charge recovers all variable costs, the unit charge is the same for all volume sold, and there is no usage allowance in the minimum charge.
Replacement Schedule	A timetable that describes equipment replacement and important repairs that are too infrequent and/or too expensive to cover as annual operating costs but not so expensive that they need to be covered as capital improvements.
Replacement Reserves	Cash reserves used to fund the Replacement Schedule
Tap Fee, also called a 'Hook up Fee'	A charge that gives a new customer the <u>right</u> to connect to the system. This fee may include the costs of administering the connection program, such as staff time to 'sign up' new customers, get them into the system's billing program, do an inspection of the service connection to assure that it meets the system's standards and the like. This charge is usually minimal for a residential customer and maybe a few thousand dollars for a large industrial customer. Capacity and connection fees are commonly added to tap fees and the total fee is just called a 'tap' fee.
Test Year	The one year period from which data was gathered to be the basis of the rate analysis
User Fee, User Charge	Fees assessed to customers for use of the system. Does not include tap, capacity or connection fees or other charges assessed when a property is first connected to the system.
Working Capital (Net Income)	The amount left in the operating fund after paying all costs due during that month, year or other time period. Working capital of \$0 is "break even."
Working Capital Goal	The desired percentage above "break even" for the operating fund. Small systems (a few hundred connections) generally should target 35 percent or greater. Larger systems can target less, down to a minimum of about 20 percent for systems with 5,000 or more connections.

# Sundance, WY, Sewer Rates Scenario 2

## Executive Summary

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This analysis package contains a "proposed rates scenario" that depicts what will happen under the adjusted rates and other changes we recommend you make. The results of this scenario are compared to the results you can expect if you do not adjust rates. This is often called the "current rates" scenario.

Approximate daily loss from postponing increases by one additional day \$41

This is the daily erosion in your current position if you postpone rate and fee increases past the rate adjustment date modeled

In the following table you can see several key financial benchmarks made possible by the proposed rates. The first column below is the test year, the year from which historical data was used to build this analysis. The second is the year following the test year - the year during which initial rate adjustments will go into effect. The third column is the fifth year following the test year. Five years out is a good financial planning horizon; long enough to let you see into the future but not so long that results become overly speculative.

	Results for Years Ending on		
	6/30/10	6/30/11	6/30/15
Rate revenues collected	\$62,028	\$84,078	\$100,836
Sum of incomes	\$79,667	\$92,011	\$110,718
Sum of operating costs	\$91,216	\$49,401	\$57,846
Net income (loss)	(\$11,549)	\$42,609	\$52,872
Capital improvement reserves	(\$49,193)	(\$46,242)	\$117,081
Replacement reserves	(\$10,170)	(\$11,263)	\$10,138
Current position*	(\$60,859)	(\$31,711)	\$147,460

\*All current incomes plus reserves minus all current obligations

Increase (decrease) in current position due to this analysis	\$6,666	\$15,025	\$142,131
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## Return on Investment

Return on Investment due to This Analysis	171%	385%	3637%
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Return rate is based upon the following investments:

Fees to Carl Brown Consulting	\$3,658
Estimated value of city staff time and incidentals to assemble needed information	\$250
<b>Total Investment</b>	<b>\$3,908</b>

Data shown in Charts 13 through 16 is historical or will not change depending on rates to be set. Most of the data in Chart 2 will also not change depending on rates to be set. All other charts depict your financial performance under the proposed rates. The easiest way to grasp the financial future of the system under the proposed and current rates is to view the line graphs, Charts 5 through 11. Chart 12 is a table that depicts the bills your users are paying now compared to the bills they would pay under the proposed rates scenario.

This analysis was produced using the program [CBGreatRates](#), copyright 2007. You are encouraged to distribute this report so long as credit is ascribed to the author, Carl E. Brown of Carl Brown Consulting, LLC.

Sundance, WY, Sewer Rates Scenario 2

Chart 1A - Starting Balances and Incomes

These charts depict starting balances, incomes and expenses during the test year, this year and for the next 10 years.

(First year balances and incomes are actual, subsequent years are projected.)

	Infla./De- flation (-) Factor	Year Starting 7/1/08	Year Starting 7/1/09	Year Starting 7/1/10	Year Starting 7/1/11	Year Starting 7/1/12	Year Starting 7/1/13	Year Starting 7/1/14	Year Starting 7/1/15	Year Starting 7/1/16	Year Starting 7/1/17	Year Starting 7/1/18
Average Customers for the Year		637	641	645	649	653	657	662	666	670	674	678
Customers (Taps) Added During the Year		4	4	4	4	4	4	4	4	4	4	4
New Taps Growth Rate		0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Average <u>Effective Rate</u> Increases in Future Years			44.8%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

Operating Incomes

Actual and Estimated User Fee Collections	NA	\$49,726	\$62,028	\$84,078	\$87,986	\$92,076	\$96,357	\$100,836	\$105,523	\$110,429	\$115,562	\$120,934
Operating Fund Interest Earned or Paid	NA	\$1,798	\$244	\$42	\$432	\$449	\$505	\$486	\$506	\$569	\$549	\$572
Total Tap + Availability Fees	% Above	\$4,752	\$7,128	\$7,459	\$7,758	\$8,118	\$8,496	\$8,891	\$9,304	\$9,736	\$10,189	\$10,663
Special User Fees (Surcharges)	NA	\$11,828	\$9,852	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lagoon Dumping	% Above	\$72	\$104	\$108	\$112	\$116	\$121	\$126	\$131	\$136	\$142	\$147
User Fee	% Above	\$215	\$311	\$324	\$337	\$350	\$364	\$379	\$394	\$410	\$426	\$443
<b>Total Regular Income</b>		<b>\$68,391</b>	<b>\$79,667</b>	<b>\$92,011</b>	<b>\$96,625</b>	<b>\$101,111</b>	<b>\$105,843</b>	<b>\$110,718</b>	<b>\$115,858</b>	<b>\$121,280</b>	<b>\$126,868</b>	<b>\$132,760</b>

Chart 1B - Operating Costs and Net Income

(First year costs and net incomes are actual, subsequent years are projected.)

	Infla./De- flation (-) Factor	Year Starting 7/1/08	Year Starting 7/1/09	Year Starting 7/1/10	Year Starting 7/1/11	Year Starting 7/1/12	Year Starting 7/1/13	Year Starting 7/1/14	Year Starting 7/1/15	Year Starting 7/1/16	Year Starting 7/1/17	Year Starting 7/1/18
General Administration	3.0%	\$2,679	\$2,760	\$2,843	\$2,928	\$3,016	\$3,106	\$3,199	\$3,295	\$3,394	\$3,496	\$3,601
Water Administration	5.0%	\$10,128	\$19,049	\$20,001	\$21,002	\$22,052	\$23,154	\$24,312	\$25,527	\$26,804	\$28,144	\$29,551
Testing	5.0%	\$0	\$500	\$525	\$551	\$579	\$608	\$638	\$670	\$704	\$739	\$776
Chlorine Supplies and Equipment	3.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
System Improvements	5.0%	\$3,153	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
System Repairs	5.0%	\$296	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plant Maintenance	5.0%	\$4,493	\$3,000	\$3,150	\$3,308	\$3,473	\$3,647	\$3,829	\$4,020	\$4,221	\$4,432	\$4,654
Supplies	5.0%	\$364	\$1,000	\$1,050	\$1,103	\$1,158	\$1,216	\$1,276	\$1,340	\$1,407	\$1,477	\$1,551
Electricity	5.0%	\$6,221	\$8,000	\$8,452	\$8,930	\$9,435	\$9,969	\$10,533	\$11,128	\$11,758	\$12,422	\$13,125
Travel and Training	5.0%	\$0	\$1,500	\$1,575	\$1,654	\$1,736	\$1,823	\$1,914	\$2,010	\$2,111	\$2,216	\$2,327
Vehicle Maintenance	5.0%	\$0	\$500	\$525	\$551	\$579	\$608	\$638	\$670	\$704	\$739	\$776
Miscellaneous	5.0%	\$573	\$1,000	\$1,050	\$1,103	\$1,158	\$1,216	\$1,276	\$1,340	\$1,407	\$1,477	\$1,551
Annual Payment to Replacement Fund	0.0%	\$10,230	\$10,230	\$10,230	\$10,230	\$10,230	\$10,230	\$10,230	\$10,230	\$10,230	\$10,230	\$10,230
User Charge Analysis Services & Staff Time	5.0%	\$0	\$3,908	\$0	\$0	\$4,308	\$0	\$0	\$4,750	\$0	\$0	\$5,236
Adjustment for Replacements Done From Op Acct	0.0%	-\$10,230	-\$10,230	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Operating Costs</b>		<b>\$27,908</b>	<b>\$91,216</b>	<b>\$49,401</b>	<b>\$51,358</b>	<b>\$57,723</b>	<b>\$55,575</b>	<b>\$57,846</b>	<b>\$64,981</b>	<b>\$62,739</b>	<b>\$65,373</b>	<b>\$73,378</b>
<b>Net Income (or Loss)</b>		<b>\$40,483</b>	<b>-\$11,549</b>	<b>\$42,609</b>	<b>\$45,266</b>	<b>\$43,388</b>	<b>\$50,267</b>	<b>\$52,872</b>	<b>\$50,877</b>	<b>\$58,541</b>	<b>\$61,495</b>	<b>\$59,381</b>
Working Capital Goal: 50% In Dollars, That is:		\$13,954	\$45,608	\$24,701	\$25,679	\$28,861	\$27,788	\$28,923	\$32,491	\$31,369	\$32,687	\$36,689

Sundance, WY, Sewer Rates Scenario 2  
 Chart 2 - Capital Improvement Program

This chart depicts the capital improvements needed for the next 10 years and how they will be paid for. Costs reflect inflation.

	This Year	Next Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year	
	Year Starting 7/1/08	Year Starting 7/1/09	Year Starting 7/1/10	Year Starting 7/1/11	Year Starting 7/1/12	Year Starting 7/1/13	Year Starting 7/1/14	Year Starting 7/1/15	Year Starting 7/1/16	Year Starting 7/1/17	Year Starting 7/1/18
<b>CIP Spending Plan</b>											
Capital Improvements to be Paid With Debt											
New sewer line underneath Interstate West	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,106,894	\$0
New lagoon system - 10 years	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,975,214	\$0
<b>Total Capital Improvements to be Paid With Debt</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,082,108</b>	<b>\$0</b>
Capital Improvements to be Paid With Cash											
Capital Improvements	\$42,030	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lagoon Expansion	\$290,355	\$14,276	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
585 Sewer Line Extension	\$180,089	\$8,223	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New sewer line up frontage road	\$0	\$410,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sewer Line up Govt Valley Rd (2020)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sewer Line East to Moya Subd (2020)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New lagoon system - 10 years	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$658,405	\$0
<b>Total Cap Imprvmts to be Paid With Cash</b>	<b>\$512,474</b>	<b>\$442,499</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$658,405</b>	<b>\$0</b>
<b>Total CIP Planned Spending</b>	<b>\$512,474</b>	<b>\$442,499</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,740,513</b>	<b>\$0</b>
<b>CIP Funding Plan</b>											
CIP/Impact Account Carryover Plus Transfers in	\$272,540	\$389,222	-\$49,193	-\$25,929	\$21,134	\$62,729	\$114,858	\$168,818	\$220,225	\$285,939	\$354,036
CIP/Impact Account Interest Earned (or Paid)	\$4,194	\$4,084	\$2,952	\$2,775	\$1,389	\$788	\$2,223	\$4,098	\$6,052	\$7,920	\$10,285
<b>Total Tap + Availability Fees Trans From Operating Account</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
County 1% Specific Purpose Tax (What does this pay?)	\$223,439	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$658,405	\$0
County Block Grant Funds-Lagoon (What does this pay?)	\$128,981	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loan 9th Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,082,108	\$0
<b>Total CIP Fund Sources</b>	<b>\$629,155</b>	<b>\$393,306</b>	<b>-\$46,242</b>	<b>-\$23,154</b>	<b>\$22,523</b>	<b>\$63,517</b>	<b>\$117,081</b>	<b>\$172,915</b>	<b>\$226,277</b>	<b>\$5,034,371</b>	<b>\$364,321</b>
<b>New Debt Payment Plan</b>											
Payments assume terms of: 20 years and 2.50% interest											
Payment Schedule on Loan 9th Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$261,856
<b>Total Debt Obligations</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$261,856</b>
<b>Total CIP Spending Plus Debt Repayment</b>	<b>\$512,474</b>	<b>\$442,499</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,740,513</b>	<b>\$261,856</b>
CIP/Sewer Sinking Funds Balance	\$116,682	-\$49,193	-\$46,242	-\$23,154	\$22,523	\$63,517	\$117,081	\$172,915	\$226,277	\$293,859	\$102,466

Notes: The current lagoon construction project will complete the expansion work. The 585 line extension project will be paid with the County 1% Specific Tax funds. All other projects are assumed to be funded primarily with SRF funds and some grants.

Sundance, WY, Sewer Rates Scenario 2  
 Chart 3A - Rate Adjustments and Incomes for the Year

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7/1/09 Through 6/30/10

These charts depict how rates will be adjusted and the outcomes from those adjustments.

\$1,188	This is the current average tap + availability fees	1st rate block conservation rates multiplier	100%
\$1,782	Proposed average tap + availability fees	2nd rate block conservation rates multiplier	100%
\$1,782	The part of the proposed average tap + availability fees that will be devoted to future capital improvements	3rd rate block conservation rates multiplier	100%
\$0	Surcharges		

5/1/10 Date when fees will first be collected at adjusted rates

Compare the rates here with the adjusted rates in the table below. Rates are "proportional to use" when there is no usage allowance, the minimum charge is \$1.99 and the unit charge is \$1.90 per 1,000 Gallons

After rate adjustments are made, general customers will be billed monthly.

Proposed User Rates and Projected User Rate Revenues

Class Bottom	Class Top	Total Charges This Class at Test Year's Rates	New Minimum Charge Base Rates <sup>1</sup>	New Minimum Charge Usage Allowance (1,000 Gallons)	New Unit Charge This Class per 1,000 Gallons	Total Charges This Class at Adjusted Rates	Total Blended Rate Revenues Projected for This Year
General Customer Class (use per Billing Cycle in Gallons)							
0	999	\$12,892	\$1.99	0.000	\$1.90	\$745	\$13,637
1,000	1,999	\$5,730	\$1.99	0.000	\$1.90	\$700	\$6,429
2,000	2,999	\$5,604	\$1.99	0.000	\$1.90	\$946	\$6,550
3,000	3,999	\$5,931	\$1.99	0.000	\$1.90	\$1,301	\$7,231
4,000	4,999	\$5,453	\$1.99	0.000	\$1.90	\$1,468	\$6,921
5,000	5,999	\$3,594	\$1.99	0.000	\$1.90	\$1,140	\$4,734
6,000	6,999	\$2,111	\$1.99	0.000	\$1.90	\$783	\$2,894
7,000	7,999	\$1,030	\$1.99	0.000	\$1.90	\$438	\$1,469
8,000	8,999	\$854	\$1.99	0.000	\$1.90	\$405	\$1,259
9,000	9,999	\$553	\$1.99	0.000	\$1.90	\$289	\$841
10,000	10,999	\$427	\$1.99	0.000	\$1.90	\$246	\$673
11,000	11,999	\$377	\$1.99	0.000	\$1.90	\$236	\$613
12,000	12,999	\$352	\$1.99	0.000	\$1.90	\$239	\$591
13,000	13,999	\$302	\$1.99	0.000	\$1.90	\$220	\$522
14,000	14,999	\$126	\$1.99	0.000	\$1.90	\$97	\$222
15,000	15,999	\$126	\$1.99	0.000	\$1.90	\$104	\$230
16,000	16,999	\$25	\$1.99	0.000	\$1.90	\$22	\$47
17,000	17,999	\$251	\$1.99	0.000	\$1.90	\$234	\$486
18,000	18,999	\$0	\$1.99	0.000	\$1.90	\$0	\$0
19,000	19,999	\$75	\$1.99	0.000	\$1.90	\$79	\$154
20,000	29,999	\$427	\$1.99	0.000	\$1.90	\$520	\$947
30,000	39,999	\$176	\$1.99	0.000	\$1.90	\$324	\$500
40,000	49,999	\$151	\$1.99	0.000	\$1.90	\$341	\$492
50,000	59,999	\$126	\$1.99	0.000	\$1.90	\$362	\$487
60,000	69,999	\$50	\$1.99	0.000	\$1.90	\$177	\$228
70,000	79,999	\$0	\$1.99	0.000	\$1.90	\$0	\$0
80,000	999,999	\$251	\$1.99	0.000	\$1.90	\$2,091	\$2,343
Special Customer Classes							
Sundance CC (607.1)		\$90	\$1.99	0.000	\$1.90	\$196	\$287
Green Mt Estates		\$75	\$1.99	0.000	\$1.90	\$121	\$197
Min Only (Green Mt)		\$905	\$1.99	0.000	\$1.90	\$141	\$1,045
Rate Revenues at Current Rates		\$48,064	Rate Revenues at Adjusted Rates			\$13,964	
						Total Blended Rate Revenues for the Year <sup>2</sup>	\$62,028

Note 1: If meter size-based minimum charges are being used, the amounts shown in this column are for fixed operating costs only. See the Meter Size-based Minimum Charges chart for the full minimum charges to assess to each meter or connection size class.

Note 2: Blended Rate Revenues for the one-year period 7/1/09 through 6/30/10 assume the following: 2.0 months collected at the new user charge rates and 10.0 months at the old rates.

## Sundance, WY, Sewer Rates Scenario 2

### Chart 3B - Rate Statistics

CBGreatRates© Version 4.8

This chart shows the equitability of your rates as set in the Rate Setting Chart.

If your rates are absolutely proportional to use on a volumetric basis, your % of usage and % of revenues figures will be the same within all the classes. That is not possible if you have any minimum charge.

Normally, the % of usage figure will be lower than the % of revenue for the lower volume classes. That will switch for the higher volume classes. Even for declining rate structures, this switch should occur near the volume of the average residential user, typically near 5,000 gallons (668 cu ft).

In urban and suburban areas the average monthly use for residential or general customers can be twice that used by their rural and "old town" counterparts. Use is largely dependent upon who lives in a community. Older people living in longer established neighborhoods tend to use less volume than younger people living in more recently developed areas. Consider this.

Your average residential and general customer uses 4,593 Gallons per billing cycle.

Compare the % of Usage and % of Revenue for this volume of use, and others, in the chart below to get an idea of how proportional to actual volume use the rates are as proposed in this analysis.

#### General Customer Class (use per Billing Cycle in Gallons)

Class Bottom	Class Top	% Users		% Rev at	
		% Users	% Usage	Current Rates	Proposed Rates
0	999	26.8%	0.5%	26.8%	5.3%
1,000	1,999	11.9%	3.5%	11.9%	5.0%
2,000	2,999	11.7%	5.7%	11.7%	6.8%
3,000	3,999	12.3%	8.6%	12.3%	9.3%
4,000	4,999	11.3%	10.3%	11.3%	10.5%
5,000	5,999	7.5%	8.3%	7.5%	8.2%
6,000	6,999	4.4%	5.9%	4.4%	5.6%
7,000	7,999	2.1%	3.4%	2.1%	3.1%
8,000	8,999	1.8%	3.1%	1.8%	2.9%
9,000	9,999	1.2%	2.3%	1.2%	2.1%
10,000	10,999	0.9%	2.0%	0.9%	1.8%
11,000	11,999	0.8%	1.9%	0.8%	1.7%
12,000	12,999	0.7%	1.9%	0.7%	1.7%
13,000	13,999	0.6%	1.8%	0.6%	1.6%
14,000	14,999	0.3%	0.8%	0.3%	0.7%
15,000	15,999	0.3%	0.9%	0.3%	0.7%
16,000	16,999	0.1%	0.2%	0.1%	0.2%
17,000	17,999	0.5%	1.9%	0.5%	1.7%
18,000	18,999	0.0%	0.0%	0.0%	0.0%
19,000	19,999	0.2%	0.7%	0.2%	0.6%
20,000	29,999	0.9%	4.4%	0.9%	3.7%
30,000	39,999	0.4%	2.8%	0.4%	2.3%
40,000	49,999	0.3%	2.9%	0.3%	2.4%
50,000	59,999	0.3%	3.1%	0.3%	2.6%
60,000	69,999	0.1%	1.5%	0.1%	1.3%
70,000	79,999	0.0%	0.0%	0.0%	0.0%
80,000	999,999	0.5%	18.2%	0.5%	15.0%
<b>Special Customer Classes</b>					
Sundance CC (607.1)		0.2%	1.7%	0.2%	1.4%
Green Mt Estates		0.2%	1.0%	0.2%	0.9%
Min Only (Green Mt)		1.9%	0.8%	1.9%	1.0%
<b>Totals</b>		<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Sundance, WY, Sewer Rates Scenario 2

### Chart 4 - Indicators

This chart depicts the affordability of future rates, the financial health of the system and the ending balances in various accounts for the next 10 years. CBGreatRates© Version 4.8

	Year Starting 7/1/08	Year Starting 7/1/09	Year Starting 7/1/10	Year Starting 7/1/11	Year Starting 7/1/12	Year Starting 7/1/13	Year Starting 7/1/14	Year Starting 7/1/15	Year Starting 7/1/16	Year Starting 7/1/17	Year Starting 7/1/18
<b>Capacity Indicators</b>											
Equivalent Average Monthly Bill Actually Paid by All Customers Throughout the Year	\$6.50	\$8.06	\$10.86	\$11.29	\$11.74	\$12.21	\$12.70	\$13.21	\$13.74	\$14.29	\$14.86
Equivalent Final Monthly Bill for a 5,000 gal per Month Residential User	\$7.50	\$10.92	\$11.36	\$11.82	\$12.29	\$12.78	\$13.29	\$13.82	\$14.38	\$14.95	\$15.55
Annual Median Household Income (AMHI)	\$56,981	\$60,146	\$63,487	\$67,013	\$70,735	\$74,664	\$78,811	\$83,188	\$87,808	\$92,686	\$97,834
Affordability Index	0.16%	0.22%	0.21%	0.21%	0.21%	0.21%	0.20%	0.20%	0.20%	0.19%	0.19%
Affordability Index is the percent of AMHI needed by a 5,000 gallon per month residential user to pay their bill. 1.0% is generally considered affordable.											
Operating Ratio	2.45	0.87	1.86	1.88	1.75	1.90	1.91	1.78	1.93	1.94	1.81
1.0 is break even for Operating Ratio. Below 1.0 indicates operating in the "red." Generally, the operating ratio should be at least 1.15 for larger systems and 1.30 or more for smaller systems.											
Coverage Ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1.53
Coverage Ratio applies only to years with debt service. 1.0 is break even. Generally, the coverage ratio should be at least 1.25.											
<b>Reserves</b>	Balance Ending on 6/30/09	Balance Ending on 6/30/10	Balance Ending on 6/30/11	Balance Ending on 6/30/12	Balance Ending on 6/30/13	Balance Ending on 6/30/14	Balance Ending on 6/30/15	Balance Ending on 6/30/16	Balance Ending on 6/30/17	Balance Ending on 6/30/18	Balance Ending on 6/30/19
Operating Fund	\$13,954	\$2,405	\$24,701	\$25,679	\$28,861	\$27,788	\$28,923	\$32,491	\$31,369	\$32,687	\$36,689
CIP/Sewer Sinking Funds	\$116,682	-\$49,193	-\$46,242	-\$23,154	\$22,523	\$63,517	\$117,081	\$172,915	\$226,277	\$293,859	\$102,466
Debt Service Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sinking Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Replacement Fund	\$0	-\$14,070	-\$10,170	-\$11,263	-\$1,708	-\$8,278	\$1,456	\$10,138	\$3,420	\$13,770	\$18,280
Current Position (sum of all Reserves)	\$130,635	-\$60,859	-\$31,711	-\$8,737	\$49,676	\$83,027	\$147,460	\$215,544	\$261,066	\$340,315	\$157,435
Working Capital + CIP	\$130,635	-\$46,789	-\$21,541	\$2,525	\$51,384	\$91,305	\$146,004	\$205,406	\$257,646	\$326,546	\$139,155
Working Capital + CIP Balances Discounted for Inflation	\$130,635	-\$46,789	-\$22,322	\$2,351	\$46,176	\$79,178	\$122,180	\$165,874	\$200,778	\$245,563	\$100,982

Chart 5 - Operating Ratio

Sundance, WY

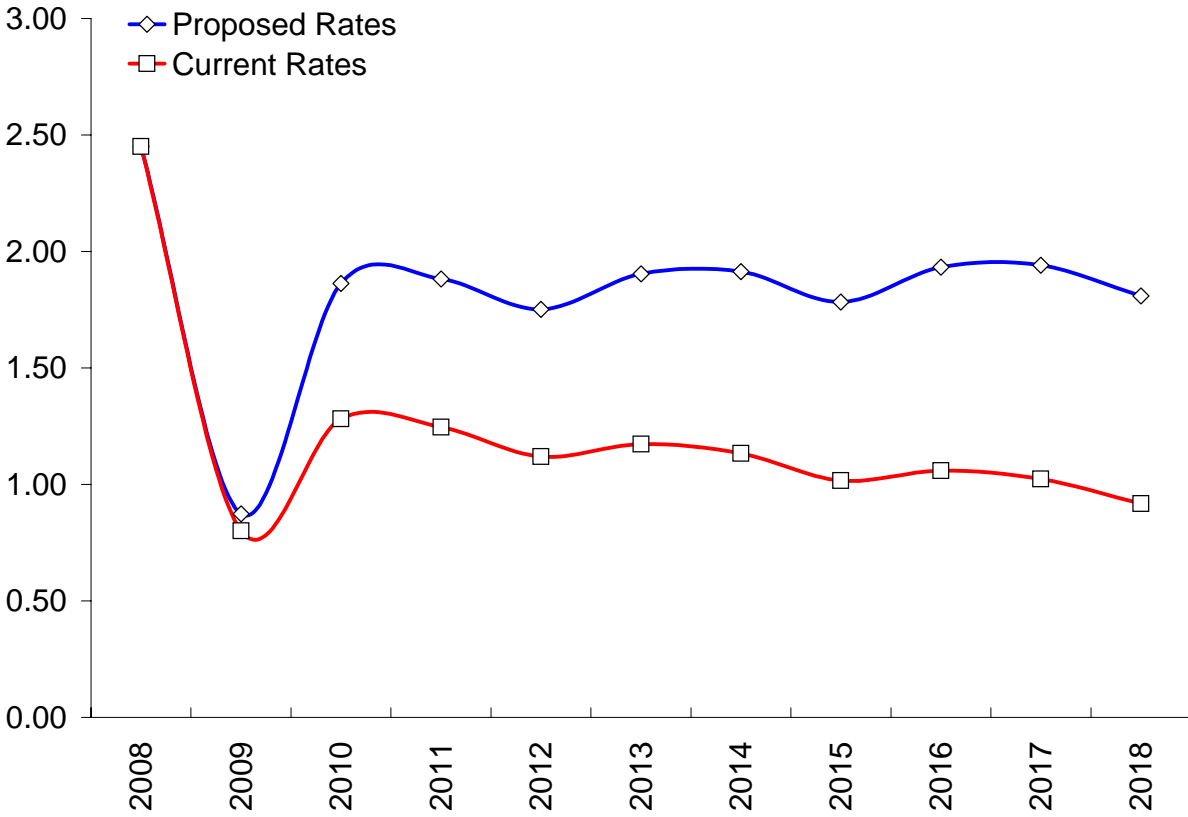


Chart 6 - Coverage Ratio

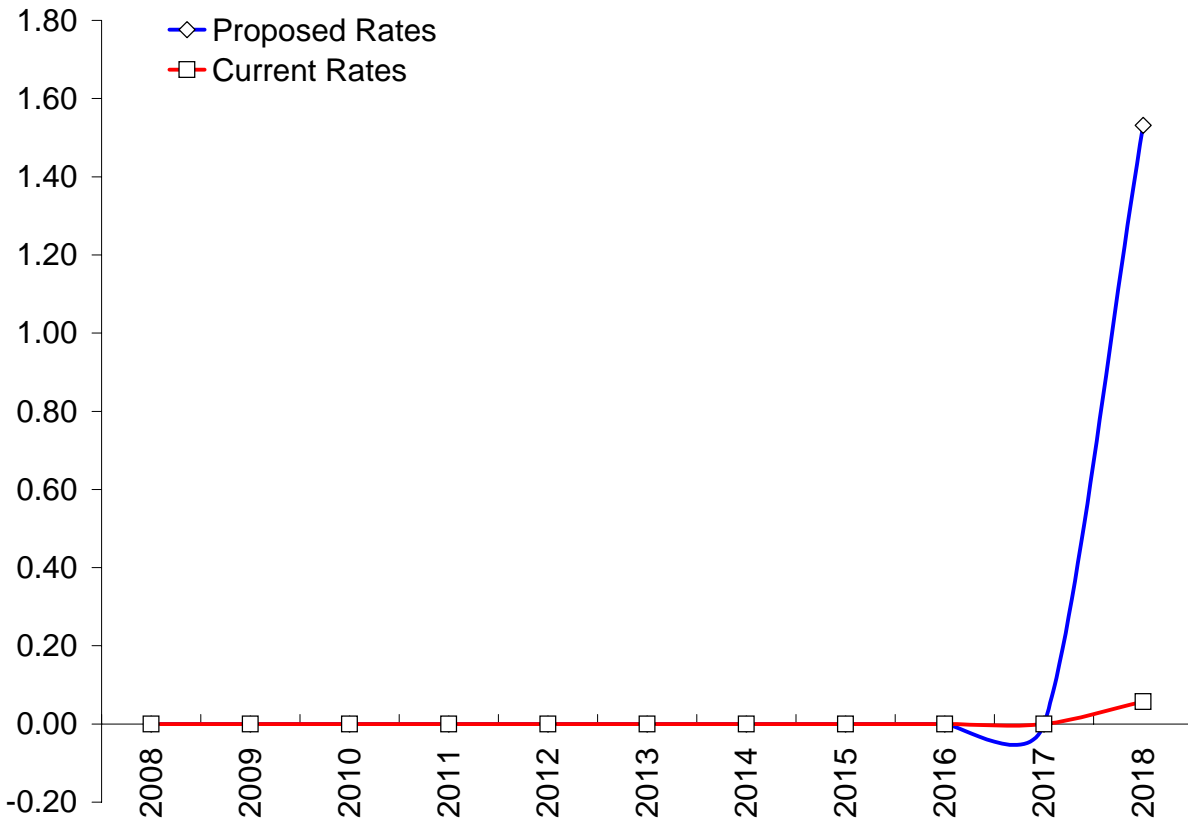


Chart 7 - Average Residential User's Bill

Sundance, WY

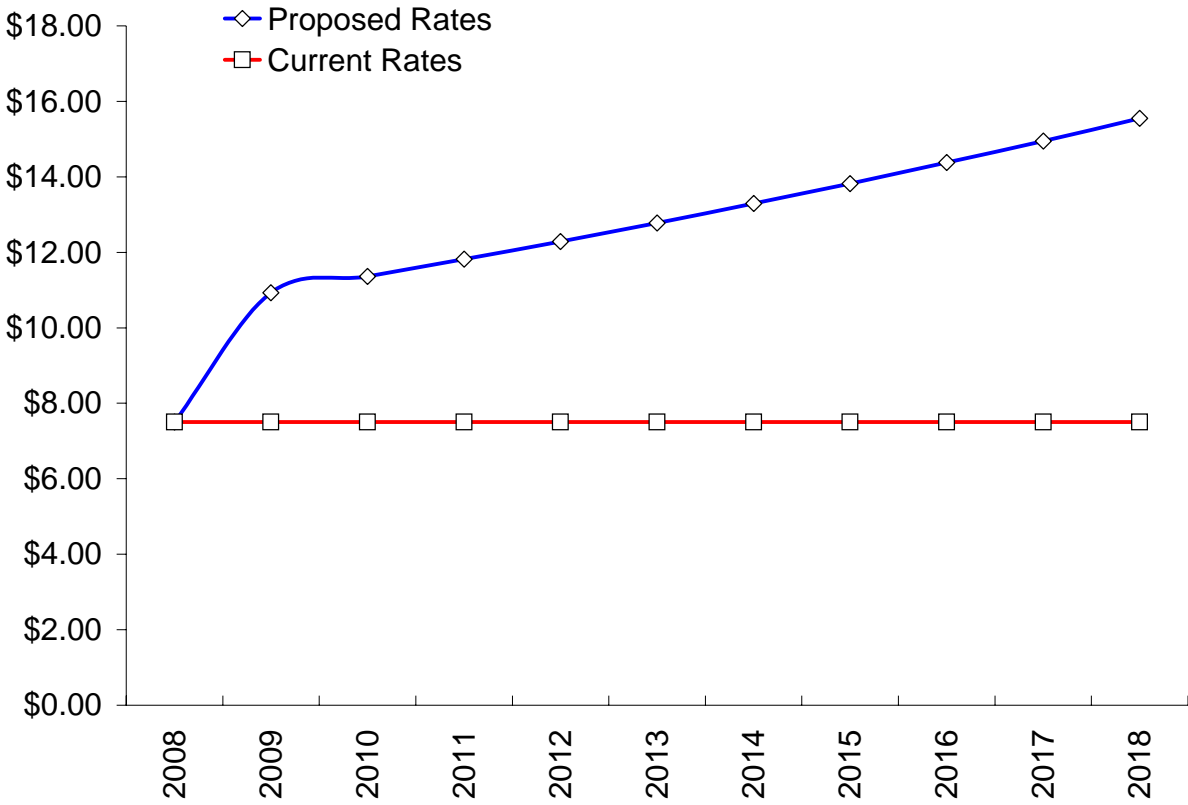


Chart 8 - Affordability Index

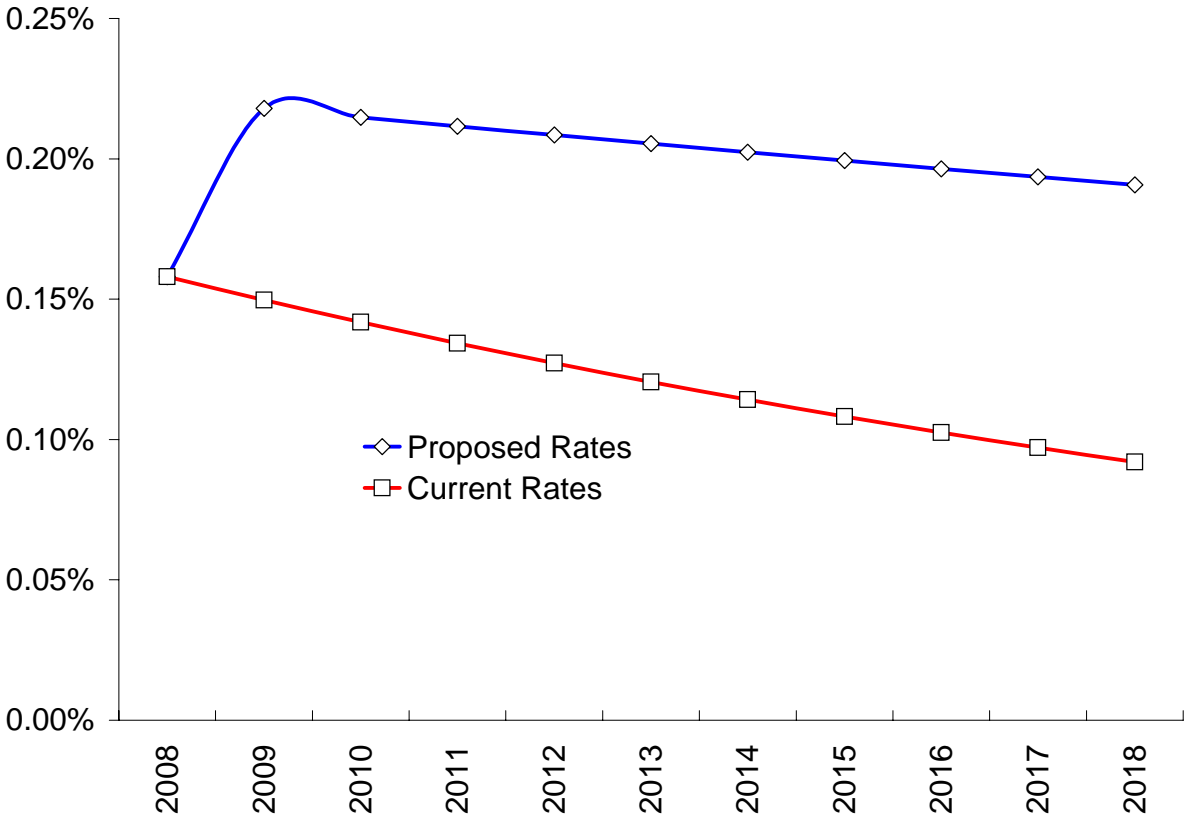


Chart 9 - Working Capital

Sundance, .....

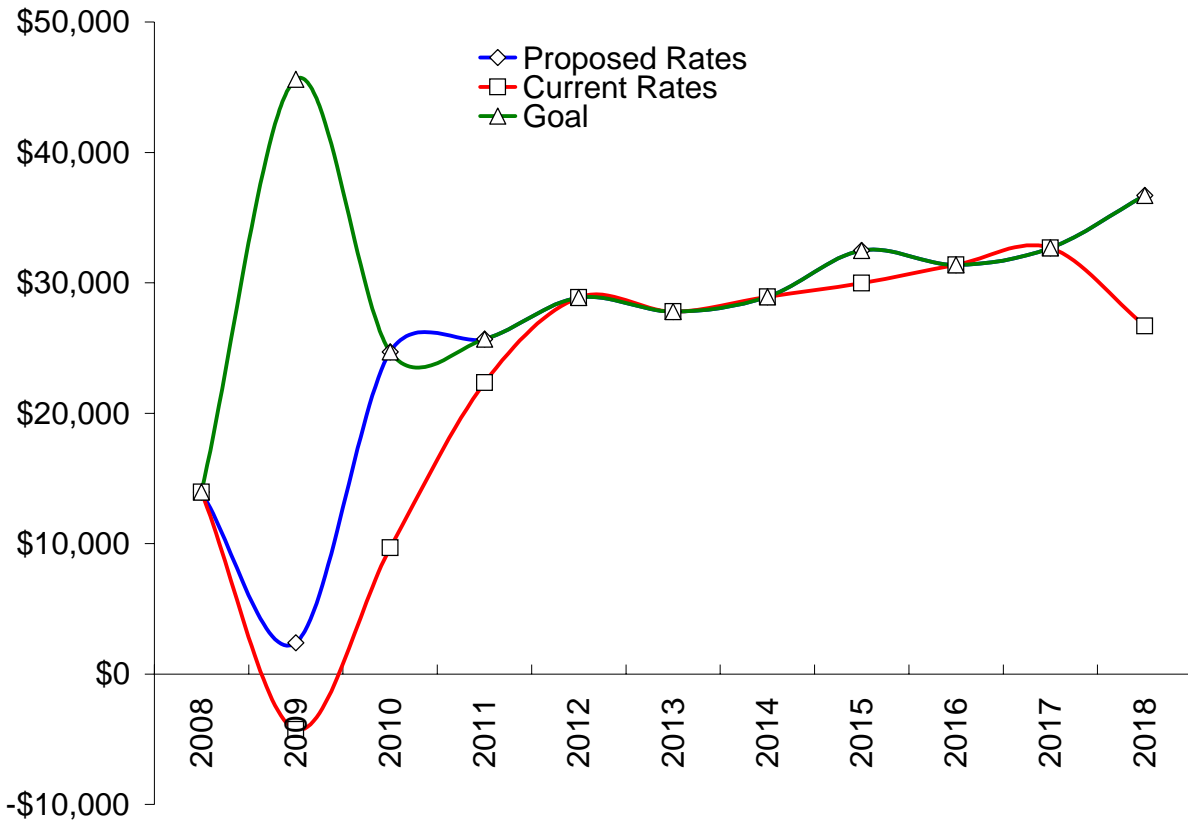


Chart 10 - Working Capital and CIP Reserves Discounted for Inflation

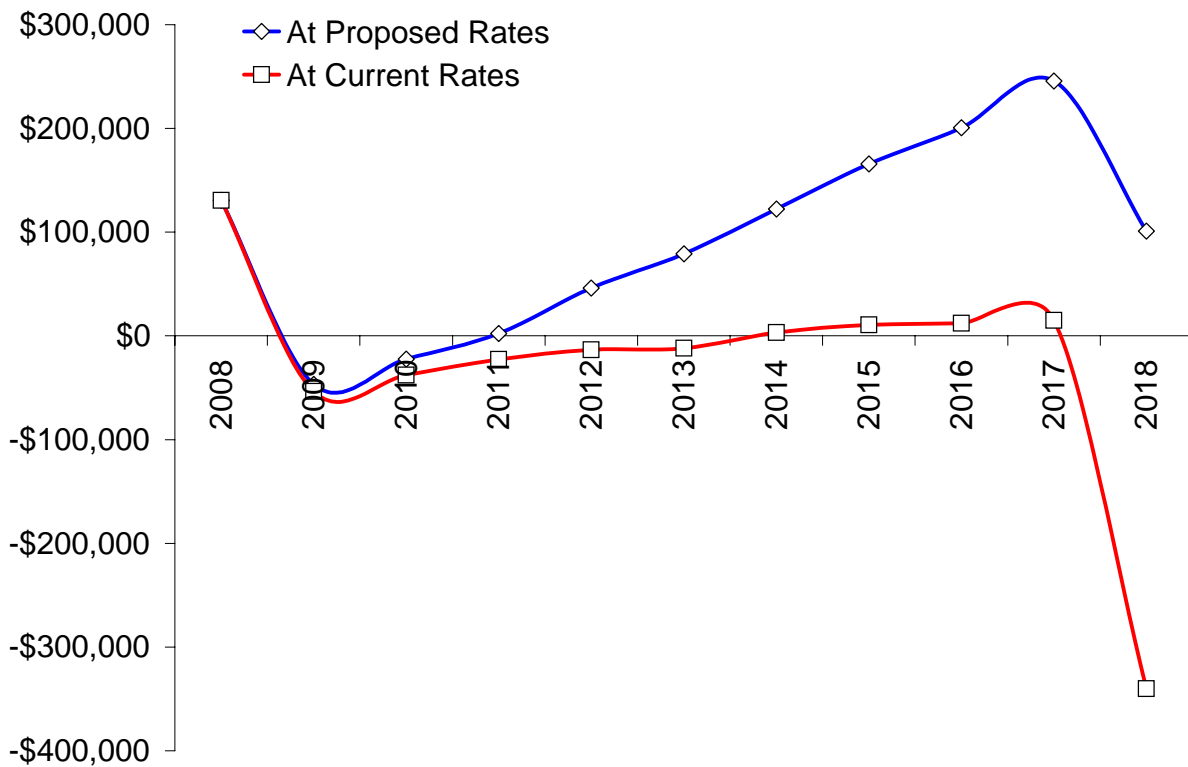


Chart 11 - Use & Revenues

Sundance, WY

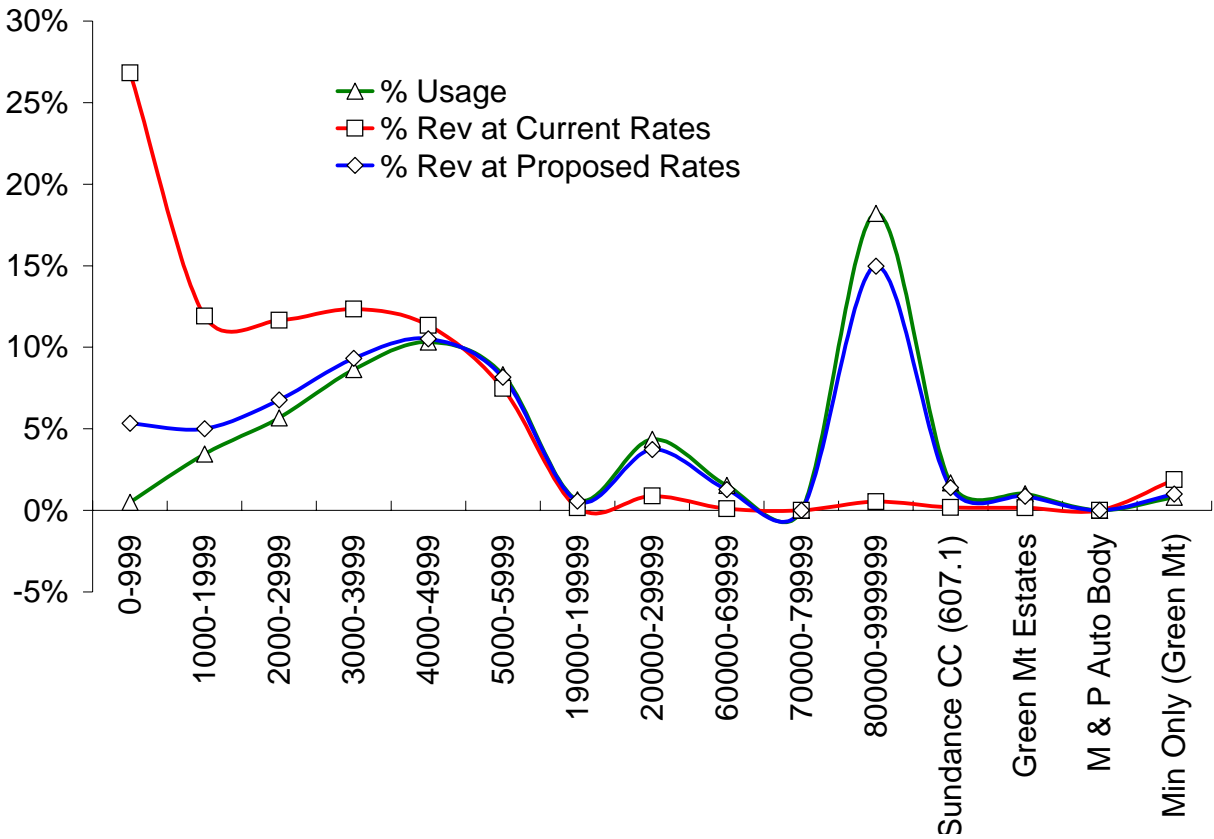
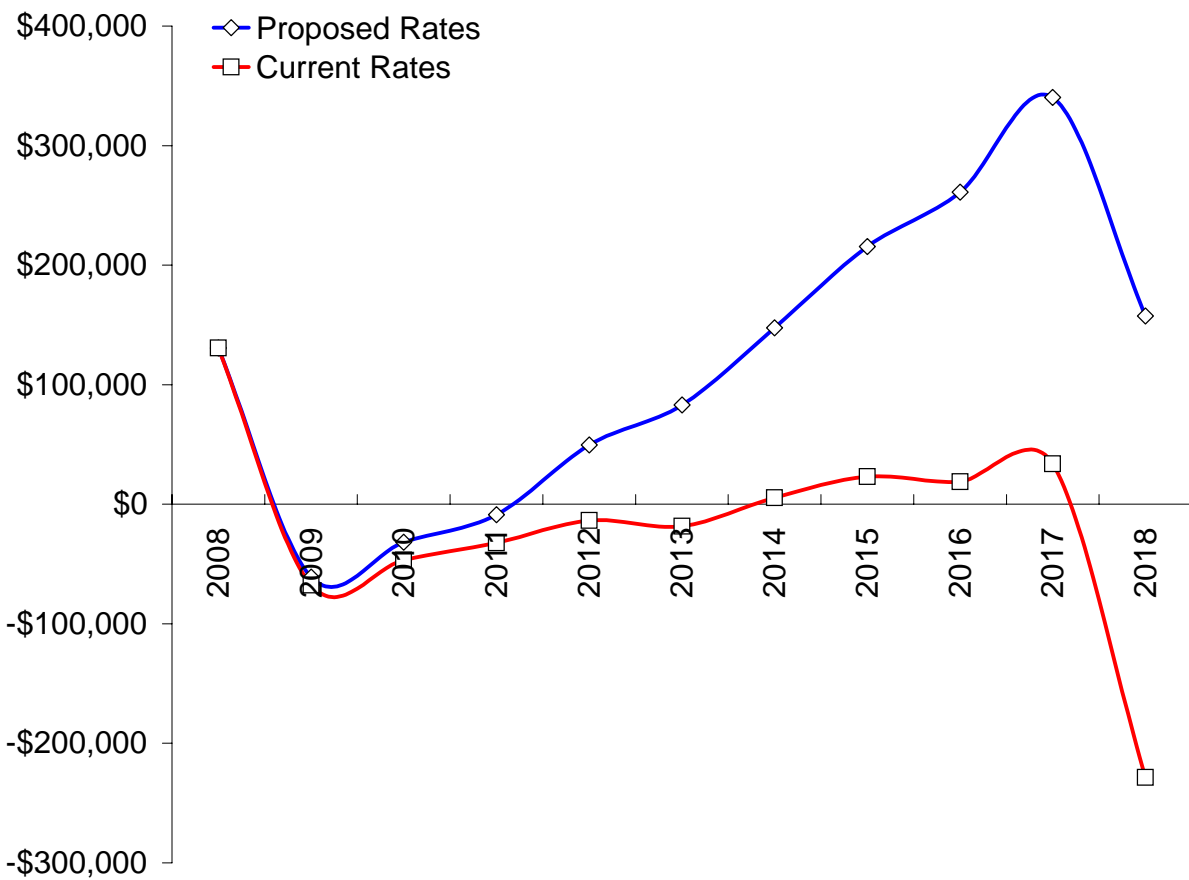


Chart 12 - Current Position



## Sundance, WY, Sewer Rates Scenario 2

### Chart 13 - Old Rates, New Rates and Changes

This chart compares current and proposed rates.

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Class Bottom	Class Top	Median or Actual Average use (1,000 Gallons)	Current Average Monthly Bill*	Proposed Average Monthly Bill* Starting on 5/1/10	Bill Increase or (Decrease) After Rate Adjustment
General Customer Class (use per Billing Cycle in Gallons)					
0	999	0.087	\$7.50	\$2.15	-\$5.35
1,000	1,999	1.349	\$7.50	\$4.55	-\$2.95
2,000	2,999	2.265	\$7.50	\$6.29	-\$1.21
3,000	3,999	3.257	\$7.50	\$8.17	\$0.67
4,000	4,999	4.237	\$7.50	\$10.03	\$2.53
5,000	5,999	5.179	\$7.50	\$11.82	\$4.32
6,000	6,999	6.238	\$7.50	\$13.83	\$6.33
7,000	7,999	7.306	\$7.50	\$15.86	\$8.36
8,000	8,999	8.246	\$7.50	\$17.64	\$10.14
9,000	9,999	9.200	\$7.50	\$19.45	\$11.95
10,000	10,999	10.247	\$7.50	\$21.44	\$13.94
11,000	11,999	11.253	\$7.50	\$23.35	\$15.85
12,000	12,999	12.293	\$7.50	\$25.32	\$17.82
13,000	13,999	13.287	\$7.50	\$27.21	\$19.71
14,000	14,999	14.080	\$7.50	\$28.71	\$21.21
15,000	15,999	15.226	\$7.50	\$30.89	\$23.39
16,000	16,999	16.000	\$7.50	\$32.36	\$24.86
17,000	17,999	17.250	\$7.50	\$34.73	\$27.23
18,000	18,999	18.500	\$7.50	\$37.10	\$29.60
19,000	19,999	19.433	\$7.50	\$38.88	\$31.38
20,000	29,999	22.827	\$7.50	\$45.32	\$37.82
30,000	39,999	35.121	\$7.50	\$68.68	\$61.18
40,000	49,999	43.334	\$7.50	\$84.28	\$76.78
50,000	59,999	55.400	\$7.50	\$107.20	\$99.70
60,000	69,999	68.200	\$7.50	\$131.52	\$124.02
70,000	79,999	75.000	\$7.50	\$144.44	\$136.94
80,000	999,999	162.170	\$7.50	\$310.06	\$302.56
Special Customer Classes					
Sundance CC (607.1)		50.000	\$9.00	\$96.99	\$87.99
Green Mt Estates		30.475	\$7.50	\$59.89	\$52.39
Min Only (Green Mt)		2.000	\$7.50	\$5.79	-\$1.71

\*These amounts do not include minimum surcharges, if applicable.

# Sundance, WY, Sewer Rates Scenario 2

## Chart 13B - Rate Changes in Percent

This chart shows percentage increases and decreases.

CBGreatRates© Version 4.8

Effective New All-in Rate/1,000 Gallons*	Class Bottom	Class Top	Percent Increase or Decrease (-) After Rate Adjustment
General Customer Class (use per Billing Cycle in Gallons)			
\$24.69	0	999	-71%
\$3.37	1,000	1,999	-39%
\$2.78	2,000	2,999	-16%
\$2.51	3,000	3,999	9%
\$2.37	4,000	4,999	34%
\$2.28	5,000	5,999	58%
\$2.22	6,000	6,999	84%
\$2.17	7,000	7,999	111%
\$2.14	8,000	8,999	135%
\$2.11	9,000	9,999	159%
\$2.09	10,000	10,999	186%
\$2.07	11,000	11,999	211%
\$2.06	12,000	12,999	238%
\$2.05	13,000	13,999	263%
\$2.04	14,000	14,999	283%
\$2.03	15,000	15,999	312%
\$2.02	16,000	16,999	331%
\$2.01	17,000	17,999	363%
\$2.01	18,000	18,999	395%
\$2.00	19,000	19,999	418%
\$1.99	20,000	29,999	504%
\$1.96	30,000	39,999	816%
\$1.94	40,000	49,999	1024%
\$1.94	50,000	59,999	1329%
\$1.93	60,000	69,999	1654%
\$1.93	70,000	79,999	1826%
\$1.91	80,000	999,999	4034%
Special Customer Classes			
\$1.94	Sundance CC (607.1)		978%
\$1.97	Green Mt Estates		699%
\$2.89	Min Only (Green Mt)		-23%

# Sundance, WY, Sewer Rates Scenario 2

## Chart 14 - Proposed Rate Chart

All users connected to the municipal system shall pay fees and charges according to the following schedule.

Class Bottom	Class Top	Median or Actual Average use (1,000 Gallons)	Minimum Charge* per Billing Cycle	Minimum Charge Usage Allowance (1,000 Gallons)	Unit Charge This Class per 1,000 Gallons
<b>General Customer Class</b> (use per Billing Cycle in Gallons)					
0	999	0.087	\$1.99	0.000	\$1.90
1,000	1,999	1.349	\$1.99	0.000	\$1.90
2,000	2,999	2.265	\$1.99	0.000	\$1.90
3,000	3,999	3.257	\$1.99	0.000	\$1.90
4,000	4,999	4.237	\$1.99	0.000	\$1.90
5,000	5,999	5.179	\$1.99	0.000	\$1.90
6,000	6,999	6.238	\$1.99	0.000	\$1.90
7,000	7,999	7.306	\$1.99	0.000	\$1.90
8,000	8,999	8.246	\$1.99	0.000	\$1.90
9,000	9,999	9.200	\$1.99	0.000	\$1.90
10,000	10,999	10.247	\$1.99	0.000	\$1.90
11,000	11,999	11.253	\$1.99	0.000	\$1.90
12,000	12,999	12.293	\$1.99	0.000	\$1.90
13,000	13,999	13.287	\$1.99	0.000	\$1.90
14,000	14,999	14.080	\$1.99	0.000	\$1.90
15,000	15,999	15.226	\$1.99	0.000	\$1.90
16,000	16,999	16.000	\$1.99	0.000	\$1.90
17,000	17,999	17.250	\$1.99	0.000	\$1.90
18,000	18,999	18.500	\$1.99	0.000	\$1.90
19,000	19,999	19.433	\$1.99	0.000	\$1.90
20,000	29,999	22.827	\$1.99	0.000	\$1.90
30,000	39,999	35.121	\$1.99	0.000	\$1.90
40,000	49,999	43.334	\$1.99	0.000	\$1.90
50,000	59,999	55.400	\$1.99	0.000	\$1.90
60,000	69,999	68.200	\$1.99	0.000	\$1.90
70,000	79,999	75.000	\$1.99	0.000	\$1.90
80,000	999,999	162.170	\$1.99	0.000	\$1.90
<b>Special Customer Classes</b>					
Sundance CC (607.1)		50.000	\$1.99	0.000	\$1.90
Green Mt Estates		30.475	\$1.99	0.000	\$1.90
Min Only (Green Mt)		2.000	\$1.99	0.000	\$1.90

\*This is the base minimum charge and does not include surcharges, if applicable.

Chart 15 - Test Year Usage

One-year period being analyzed starts 7/1/2008

This chart shows usage by your customers during the test year.

Date this scenario created 6/25/2009

Class Bottom	Class Top	Median or Actual Average use (1,000 Gallons)	July-08	August-08	September-08	October-08	November-08	December-08	January-09	February-09	March-09	April-09	May-09	June-09	Average Number Users in Each Class
<b>General Customer Class (use per Billing Cycle in Gallons)</b>															
<b>Number of Users in the General Customers Class</b>															
0	999	0.087						171	171	171					171
1,000	1,999	1.349						76	76	76					76
2,000	2,999	2.265						74	74	74					74
3,000	3,999	3.257						79	79	79					79
4,000	4,999	4.237						72	72	72					72
5,000	5,999	5.179						48	48	48					48
6,000	6,999	6.238						28	28	28					28
7,000	7,999	7.306						14	14	14					14
8,000	8,999	8.246						11	11	11					11
9,000	9,999	9.200						7	7	7					7
10,000	10,999	10.247						6	6	6					6
11,000	11,999	11.253						5	5	5					5
12,000	12,999	12.293						5	5	5					5
13,000	13,999	13.287						4	4	4					4
14,000	14,999	14.080						2	2	2					2
15,000	15,999	15.226						2	2	2					2
16,000	16,999	16.000						0	0	0					0
17,000	17,999	17.250						3	3	3					3
18,000	18,999	18.500						0	0	0					0
19,000	19,999	19.433						1	1	1					1
20,000	29,999	22.827						6	6	6					6
30,000	39,999	35.121						2	2	2					2
40,000	49,999	43.334						2	2	2					2
50,000	59,999	55.400						2	2	2					2
60,000	69,999	68.200						1	1	1					1
70,000	79,999	75.000						0	0	0					0
80,000	999,999	162.170						3	3	3					3
														Subtotals:	623
<b>Special Customer Classes</b>															
<b>Number of Users in Special Customer Classes</b>															
Sundance CC (607.1)		50.000	1	1	1	1	1	1	1	1	1	1	1	1	1
Green Mt Estates		30.475						1	1	1					1
Min Only (Green Mt)		2.000						12	12	12					12
														Subtotals:	14
<b>Total Users Each Month and Average for the Year</b>			1	1	1	1	1	637	637	637	1	1	1	1	637

# Sundance, WY

## Chart 16A - Rates During Test Year

CBGreatRates© Version 4.8

These charts show current rates, starting reserve balances and incomes for the test year.

Class Bottom	Class Top	Median or Actual Average use (1,000 Gallons)	Base Minimum Charge	Minimum Charge Usage Allowance (1,000 Gallons)	Unit Charge This Class per 1,000 Gallons
<b>General Customer Class (use per Billing Cycle in Gallons)</b>					
0	999	0.087	\$7.50	0.0	\$0.00
1,000	1,999	1.349	\$7.50	0.0	\$0.00
2,000	2,999	2.265	\$7.50	0.0	\$0.00
3,000	3,999	3.257	\$7.50	0.0	\$0.00
4,000	4,999	4.237	\$7.50	0.0	\$0.00
5,000	5,999	5.179	\$7.50	0.0	\$0.00
6,000	6,999	6.238	\$7.50	0.0	\$0.00
7,000	7,999	7.306	\$7.50	0.0	\$0.00
8,000	8,999	8.246	\$7.50	0.0	\$0.00
9,000	9,999	9.200	\$7.50	0.0	\$0.00
10,000	10,999	10.247	\$7.50	0.0	\$0.00
11,000	11,999	11.253	\$7.50	0.0	\$0.00
12,000	12,999	12.293	\$7.50	0.0	\$0.00
13,000	13,999	13.287	\$7.50	0.0	\$0.00
14,000	14,999	14.080	\$7.50	0.0	\$0.00
15,000	15,999	15.226	\$7.50	0.0	\$0.00
16,000	16,999	16.000	\$7.50	0.0	\$0.00
17,000	17,999	17.250	\$7.50	0.0	\$0.00
18,000	18,999	18.500	\$7.50	0.0	\$0.00
19,000	19,999	19.433	\$7.50	0.0	\$0.00
20,000	29,999	22.827	\$7.50	0.0	\$0.00
30,000	39,999	35.121	\$7.50	0.0	\$0.00
40,000	49,999	43.334	\$7.50	0.0	\$0.00
50,000	59,999	55.400	\$7.50	0.0	\$0.00
60,000	69,999	68.200	\$7.50	0.0	\$0.00
70,000	79,999	75.000	\$7.50	0.0	\$0.00
80,000	999,999	162.170	\$7.50	0.0	\$0.00
<b>Special Customer Classes</b>					
	Sundance CC (607.1)	50.000	\$9.00	0.0	\$0.00
	Green Mt Estates	30.475	\$7.50	0.0	\$0.00
	Min Only (Green Mt)	2.000	\$7.50	0.0	\$0.00

# Sundance, WY

## Chart 16B - Reserves and Incomes

CBGreatRates© Version 4.8

Reserve Starting Balances as of 7/1/08 (Carryover From Prior Year)

\$246,012 Operating Fund  
 \$0 CIP/Sewer Sinking Funds  
 \$0 Debt Service Reserve  
 \$0 Sinking Funds  
 \$0 Replacement Fund

Incomes 7/1/08 Through 6/30/09

\$49,726 User Fees  
 \$0 Surcharges

The recorded rates and usage predict billable user fees + meter surcharges at:

\$49,726

4 New Taps Made

\$1,188 Average Tap + Availability Fee

\$4,752 Total Tap + Availability Fees

\$0 Miscellaneous

\$1,798 Interest Earned on Deposits

\$0 Transfers From Capital Improvement Reserves

Connection fees dedicated to future capital improvements:

\$4,752

\$11,828 Other Income

Special User Fees (Surcharges)

\$72 Other Income

Lagoon Dumping

\$215 Other Income

User Fee

**\$68,391 Total All Incomes**

Annual Median Household Income (AMHI)

\$56,981 AMHI for Sundance, WY for the year 2007, by Census estimate

5.6% Rate of growth in AMHI (assumed)

# Sundance, WY, Sewer Rates Scenario 2

## Chart 17A - Equipment Replacement Details Chart

This chart depicts equipment replacements and major maintenance work

Replacement Scheduler© Version 1.4

CBGreatRates© Version 4.8

Years Between Replacement of These Items: 5

Year Beginning	John's pickup	Don's pickup	1st Dump Truck	2nd Dump Truck	John's Used Pickup to Landfill	Don's Used Pickup to Garbage				
7/1/08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/10	\$1,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/13	\$0	\$4,550	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/15	\$1,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/18	\$0	\$4,550	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/20	\$1,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/23	\$0	\$4,550	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/25	\$1,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/28	\$0	\$4,550	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/30	\$1,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

# Sundance, WY, Sewer Rates Scenario 2

## Chart 17A - Equipment Replacement Details Chart

Replacement Scheduler© Version 1.4

This chart depicts equipment replacements and major maintenance work

CBGreatRates© Version 4.8

Years Between Replacement of These Items: 10

Year Beginning	Garbage Truck	Skid steer									
7/1/08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/16	\$0	\$13,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/26	\$0	\$13,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

# Sundance, WY, Sewer Rates Scenario 2

## Chart 17A - Equipment Replacement Details Chart

Replacement Scheduler© Version 1.4

This chart depicts equipment replacements and major maintenance work

CBGreatRates© Version 4.8

Years Between Replacement of These Items: 15

Year Beginning	Loader	Backhoe	Sewer Jet	Water Tank Repaints						
7/1/08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/09	\$0	\$0	\$24,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/10	\$4,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/13	\$0	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/24	\$0	\$0	\$24,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/25	\$4,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/28	\$0	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

# Sundance, WY, Sewer Rates Scenario 2

## Chart 17A - Equipment Replacement Details Chart

This chart depicts equipment replacements and major maintenance work

Replacement Scheduler© Version 1.4

CBGreatRates© Version 4.8

Years Between Replacement of These Items: 20

Year Beginning	Motor Grader											Total Annual Replacement Costs
7/1/08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,300
7/1/10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,300
7/1/11	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000
7/1/12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,550
7/1/14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,300
7/1/16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,600
7/1/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,550
7/1/19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,300
7/1/21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,550
7/1/24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,300
7/1/25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,300
7/1/26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,600
7/1/27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,550
7/1/29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,300
7/1/31	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000
7/1/32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

# Sundance, WY, Sewer Rates Scenario 2

Replacement Scheduler© Version 1.4

## Chart 17 - Replacement Schedule

CBGreatRates© Version 4.8

This chart calculates the annual annuity to fund all replacements and major maintenance in the detailed schedule.

3.50% Average Inflation Rate for the Following Sewer System Equipment for the Term of This Replacement Schedule

3.50% Average Interest Rate on Balances Invested for the Term of This Replacement Schedule

6.00% Average Interest Rate on Amounts Borrowed for the Term of This Replacement Schedule

Year Beginning	Item Description	This Year's Costs in Current Dollars	One-time Transfers From Operating Fund	One-time Transfers to Operating Fund	End of Year Balance in Future Dollars	Minimum Desired End of Year Balance in Future Dollars
7/1/08	Test year replacements	\$0	\$0	\$0	\$0	\$6,860
7/1/09	Total of replacements from detailed replacement schedule	\$24,300	\$0	\$0	-\$14,070	\$6,860
7/1/10	Total of replacements from detailed replacement schedule	\$5,300	\$0	\$0	-\$10,170	\$7,100
7/1/11	Total of replacements from detailed replacement schedule	\$10,000	\$0	\$0	-\$11,263	\$7,349
7/1/12	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	-\$1,708	\$7,606
7/1/13	Total of replacements from detailed replacement schedule	\$14,550	\$0	\$0	-\$8,278	\$7,872
7/1/14	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$1,456	\$8,148
7/1/15	Total of replacements from detailed replacement schedule	\$1,300	\$0	\$0	\$10,138	\$8,433
7/1/16	Total of replacements from detailed replacement schedule	\$13,600	\$0	\$0	\$3,420	\$8,728
7/1/17	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$13,770	\$9,033
7/1/18	Total of replacements from detailed replacement schedule	\$4,550	\$0	\$0	\$18,280	\$9,349
7/1/19	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$29,150	\$9,677
7/1/20	Total of replacements from detailed replacement schedule	\$1,300	\$0	\$0	\$38,502	\$10,015
7/1/21	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$50,079	\$10,366
7/1/22	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$62,062	\$10,729
7/1/23	Total of replacements from detailed replacement schedule	\$4,550	\$0	\$0	\$67,099	\$11,104
7/1/24	Total of replacements from detailed replacement schedule	\$24,300	\$0	\$0	\$38,966	\$11,493
7/1/25	Total of replacements from detailed replacement schedule	\$5,300	\$0	\$0	\$41,370	\$11,895
7/1/26	Total of replacements from detailed replacement schedule	\$13,600	\$0	\$0	\$28,640	\$12,311
7/1/27	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$39,873	\$12,742
7/1/28	Total of replacements from detailed replacement schedule	\$14,550	\$0	\$0	\$23,526	\$13,188

Notes: Many equipment items are shared among city service departments; therefore, costs for replacement of those items was pro-rated among those departments.

Starting Account Balance	\$0	\$6,860
Minimum Annual Annuity	\$10,007	Minimum Desired Balance in Today's Dollars
Discretionary Annuity	\$222	

**Required Annual Deposit to Replacement Account \$10,230**

# Sundance, WY

## Chart 18 - Test Year Costs

CBGreatRates© Version 4.8

This chart depicts costs for the test year and distributes those costs to fixed and variable categories.

### Operating Costs

Item	Amount	% of This Cost That is Fixed	Total Costs After Adjustment for Special Costs Below	Fixed Costs After Adjustment for Special Costs Below	Variable Costs After Adjustment for Special Costs Below	Surchargeable Costs
General Administration	\$2,679	100%	\$2,679	\$2,679	\$0	\$0
Water Administration	\$10,128	25%	\$10,128	\$2,532	\$7,596	\$0
System Improvements	\$3,153	25%	\$3,153	\$788	\$2,365	\$0
System Repairs	\$296	35%	\$296	\$104	\$193	\$0
Plant Maintenance	\$4,493	35%	\$4,493	\$1,572	\$2,920	\$0
Supplies	\$364	0%	\$364	\$0	\$364	\$0
Electricity	\$6,221	0%	\$6,221	\$0	\$6,221	\$0
Miscellaneous	\$573	35%	\$573	\$201	\$372	\$0
Annual Payment to Replacement Fund	\$10,230	0%	\$10,230	\$0	\$10,230	\$0
Inflow and Infiltration	N.A.	0%	\$0	\$0	\$0	\$0
User Charge Analysis Services & Staff Time	\$0	0%	\$0	\$0	\$0	\$0
<b>Grand Total All Costs</b>	<b>\$38,138</b>		<b>\$38,138</b>	<b>\$7,876</b>	<b>\$30,261</b>	<b>\$0</b>

Note: "Water Administration" covers operations staff. "General Administration" staff expenses are currently paid out of the general fund.

\$38,138

### Special Cost Calculations

Fixed Cost/User/Month =	\$1.03
Variable Costs/1,000 Gallons Sold =	\$0.98
Total Cost/1,000 Gallons Sold =	\$1.24

Surchargeable Services are Estimated at \$0  
 Inflow and Infiltration is Estimated at 39%  
 As Compared to Service Sold, the Relative Cost of Inflow and Infiltration is Estimated at 90%  
 Cost of Inflow and Infiltration is Estimated at \$17,055  
 Percentage of Inflow and Infiltration to Allocate to Fixed Costs is 0%

Gallons/Billing Cycle Used by Average General Customer =	4,593
Gallons/Billing Cycle Used by Average Special Customer =	7,463

Annual Usage Metered Through Customer Meters 30,746,308 Gallons/year  
 + Inflow and Infiltration 19,253,692 Gallons/year  
 = Total Annual Volume 50,000,000 Gallons/year

## Sundance, WY, Garbage Rates Scenario 2

This report contains detailed information on your financial outlook that assumes you adjust rates and fees as proposed. It also compares this outlook with what you should expect if you do not make any adjustments. To effectuate the outcome depicted in this analysis the following must happen.

- Starting on or near February 1, 2010, the base charge for an in-City residential customer will be raised to \$23.97/month. Commercial and out of City customers' rates will be 33 percent higher than that.
- Rates for all other services and customer types will be raised 31.0 percent higher than the current rates.
- Starting on or near February 1, 2011 and each year thereafter, all rates and fees will be subsequently increased by 4.0 percent.

Base line data appears in the four tables at the end of this report.

November 3, 2009

Produced by

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CBGreatRates© Version 4.8

# Sundance, WY, Garbage Rates Scenario 2

## Executive Summary

CBGreatRates© Version 4.8

This analysis package contains a "proposed rates scenario" that depicts what will happen under the adjusted rates and other changes we recommend you make. The results of this scenario are compared to the results you can expect if you do not adjust rates. This is often called the "current rates" scenario.

Approximate daily loss from postponing increases by one additional day \$14

This is the daily erosion in your current position if you postpone rate and fee increases past the rate adjustment date modeled

In the following table you can see several key financial benchmarks made possible by the proposed rates. The first column below is the test year, the year from which historical data was used to build this analysis. The second is the year following the test year - the year during which initial rate adjustments will go into effect. The third column is the fifth year following the test year. Five years out is a good financial planning horizon; long enough to let you see into the future but not so long that results become overly speculative.

	Results for Years Ending on		
	6/30/10	6/30/11	6/30/15
Rate revenues collected	\$196,065	\$233,638	\$277,613
Sum of incomes	\$197,743	\$235,812	\$280,873
Sum of operating costs	\$169,373	\$208,618	\$255,616
Net income (loss)	\$28,370	\$27,194	\$25,257
Capital improvement reserves	\$264,837	\$216,467	\$182,104
Replacement reserves	\$3,608	\$5,508	\$13,794
Current position*	\$374,649	\$355,309	\$372,650

\*All current incomes plus reserves minus all current obligations

Increase (decrease) in current position due to this analysis	(\$10,522)	\$5,138	\$175,917
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## Return on Investment

Return on Investment due to This Analysis	-414%	202%	6927%
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Return rate is based upon the following investments:

Fees to Carl Brown Consulting	\$2,290
Estimated value of city staff time and incidentals to assemble needed information	\$250
<b>Total Investment</b>	<b>\$2,540</b>

Data shown in Charts 13 through 16 is historical or will not change depending on rates to be set. Most of the data in Chart 2 will also not change depending on rates to be set. All other charts depict your financial performance under the proposed rates. The easiest way to grasp the financial future of the system under the proposed and current rates is to view the line graphs, Charts 5 through 11. Chart 12 is a table that depicts the bills your users are paying now compared to the bills they would pay under the proposed rates scenario.

This analysis was produced using the program [CBGreatRates](#), copyright 2007. You are encouraged to distribute this report so long as credit is ascribed to the author, Carl E. Brown of Carl Brown Consulting, LLC.

Sundance, WY, Garbage Rates Scenario 2

Chart 1A - Starting Balances and Incomes

These charts depict starting balances, incomes and expenses during the test year, this year and for the next 10 years.

(First year balances and incomes are actual, subsequent years are projected.)

	Infla./De- flation (-) Factor	Year Starting 7/1/08	Year Starting 7/1/09	Year Starting 7/1/10	Year Starting 7/1/11	Year Starting 7/1/12	Year Starting 7/1/13	Year Starting 7/1/14	Year Starting 7/1/15	Year Starting 7/1/16	Year Starting 7/1/17	Year Starting 7/1/18
Average Customers for the Year		769	769	772	775	778	781	784	787	790	793	796
Volume (New Customer) Growth Rate		0.0%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Average <u>Effective Rate Increases</u> in Future Years			31.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

Operating Incomes

Actual and Estimated User Fee Collections	NA	\$195,417	\$196,065	\$233,638	\$243,931	\$254,678	\$265,899	\$277,613	\$289,844	\$302,614	\$315,946	\$329,866
Operating Fund Interest Earned or Paid	NA	\$0	\$1,394	\$1,891	\$2,367	\$2,688	\$2,862	\$2,976	\$3,131	\$3,333	\$3,468	\$3,651
Miscellaneous	NA	\$284	\$284	\$284	\$284	\$284	\$284	\$284	\$284	\$284	\$284	\$284
<b>Total Regular Income</b>		<b>\$195,701</b>	<b>\$197,743</b>	<b>\$235,812</b>	<b>\$246,582</b>	<b>\$257,650</b>	<b>\$269,045</b>	<b>\$280,873</b>	<b>\$293,259</b>	<b>\$306,231</b>	<b>\$319,699</b>	<b>\$333,801</b>

Chart 1B - Operating Costs and Net Income

(First year costs and net incomes are actual, subsequent years are projected.)

	Infla./De- flation (-) Factor	Year Starting 7/1/08	Year Starting 7/1/09	Year Starting 7/1/10	Year Starting 7/1/11	Year Starting 7/1/12	Year Starting 7/1/13	Year Starting 7/1/14	Year Starting 7/1/15	Year Starting 7/1/16	Year Starting 7/1/17	Year Starting 7/1/18
--	-------------------------------------	-------------------------	-------------------------	-------------------------	-------------------------	-------------------------	-------------------------	-------------------------	-------------------------	-------------------------	-------------------------	-------------------------

Operating Costs (Note: Some future costs will experience inflation. Those costs that go up as use goes up are also increased by the growth rate in users and the percentage by which that cost is variable as reported in Chart 4.)

General Administration	3.0%	\$8,121	\$8,364	\$8,615	\$8,874	\$9,140	\$9,414	\$9,697	\$9,987	\$10,287	\$10,596	\$10,914
Garbage Administration	5.0%	\$92,895	\$84,921	\$89,167	\$93,625	\$98,307	\$103,222	\$108,383	\$113,802	\$119,492	\$125,467	\$131,740
Equipment Maintenance	5.0%	\$4,258	\$2,000	\$2,100	\$2,205	\$2,315	\$2,431	\$2,553	\$2,680	\$2,814	\$2,955	\$3,103
Fuel	3.0%	\$6,695	\$6,500	\$6,695	\$6,896	\$7,103	\$7,316	\$7,535	\$7,761	\$7,994	\$8,234	\$8,481
Supplies	0.0%	\$21	\$1,000	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750
CDL Testing	5.0%	\$919	\$1,200	\$1,260	\$1,323	\$1,389	\$1,459	\$1,532	\$1,608	\$1,689	\$1,773	\$1,862
Miscellaneous	5.0%	\$904	\$500	\$525	\$551	\$579	\$608	\$638	\$670	\$704	\$739	\$776
Annual Payment to Replacement Fund	0.0%	\$1,773	\$1,773	\$1,773	\$1,773	\$1,773	\$1,773	\$1,773	\$1,773	\$1,773	\$1,773	\$1,773
<b>Lanfill/Transfer Station Tipping Fees</b>	NA	<b>\$0</b>	<b>\$62,348</b>	<b>\$97,733</b>	<b>\$103,453</b>	<b>\$109,516</b>	<b>\$115,943</b>	<b>\$122,756</b>	<b>\$129,977</b>	<b>\$137,632</b>	<b>\$145,746</b>	<b>\$154,346</b>
User Charge Analysis Services & Staff Time	5.0%	\$0	\$2,540	\$0	\$0	\$2,800	\$0	\$0	\$3,087	\$0	\$0	\$3,403
Adjustment for Replacements Done From Op Acct	0.0%	-\$1,773	-\$1,773	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Operating Costs</b>		<b>\$113,813</b>	<b>\$169,373</b>	<b>\$208,618</b>	<b>\$219,450</b>	<b>\$233,672</b>	<b>\$242,915</b>	<b>\$255,616</b>	<b>\$272,096</b>	<b>\$283,135</b>	<b>\$298,032</b>	<b>\$317,147</b>
<b>Net Income (or Loss)</b>		<b>\$81,888</b>	<b>\$28,370</b>	<b>\$27,194</b>	<b>\$27,132</b>	<b>\$23,979</b>	<b>\$26,130</b>	<b>\$25,257</b>	<b>\$21,163</b>	<b>\$23,096</b>	<b>\$21,667</b>	<b>\$16,654</b>
<b>Working Capital Goal: 70%</b>		<b>In Dollars, That is:</b>	<b>\$79,669</b>	<b>\$118,561</b>	<b>\$146,033</b>	<b>\$153,615</b>	<b>\$163,570</b>	<b>\$170,041</b>	<b>\$178,931</b>	<b>\$190,467</b>	<b>\$198,194</b>	<b>\$208,622</b>

Sundance, WY, Garbage Rates Scenario 2  
 Chart 2 - Capital Improvement Program

CBGreatRates© Version 4.8

This chart depicts the capital improvements needed for the next 10 years and how they will be paid for. Costs reflect inflation.

	This Year	Next Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year	
	Year Starting 7/1/08	Year Starting 7/1/09	Year Starting 7/1/10	Year Starting 7/1/11	Year Starting 7/1/12	Year Starting 7/1/13	Year Starting 7/1/14	Year Starting 7/1/15	Year Starting 7/1/16	Year Starting 7/1/17	Year Starting 7/1/18
<b>CIP Spending Plan</b>											
Capital Improvements to be Paid With Debt											
New Garbage Truck	\$196,794	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Capital Improvements to be Paid With Debt	\$196,794	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cap Imprvmts to be Paid With Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total CIP Planned Spending	\$196,794	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>CIP Funding Plan</b>											
CIP/Impact Account Carryover Plus Transfers in	\$156,332	\$316,858	\$264,837	\$216,467	\$175,154	\$152,119	\$176,611	\$198,471	\$214,472	\$237,011	\$256,007
CIP/Impact Account Interest Earned (or Paid)	\$4,194	\$5,618	\$9,269	\$7,576	\$5,824	\$4,833	\$5,493	\$6,374	\$7,170	\$7,757	\$8,567
Loan Last Year	\$196,794	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total CIP Fund Sources	\$357,320	\$322,476	\$274,106	\$224,044	\$180,978	\$156,952	\$182,104	\$204,845	\$221,641	\$244,768	\$264,574
<b>New Debt Payment Plan</b>											
						4	years and	4.00%	interest		
Existing Loan Payments and Their Future Amounts	\$0	\$57,639	\$57,639	\$57,639	\$42,883	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Obligations	\$0	\$57,639	\$57,639	\$57,639	\$42,883	\$0	\$0	\$0	\$0	\$0	\$0
Total CIP Spending Plus Debt Repayment	\$196,794	\$57,639	\$57,639	\$57,639	\$42,883	\$0	\$0	\$0	\$0	\$0	\$0
Garbage Capital Improvement Fund Balance	\$160,526	\$264,837	\$216,467	\$166,405	\$138,095	\$156,952	\$182,104	\$204,845	\$221,641	\$244,768	\$264,574

Notes: The most expensive items held by the garbage collection service are trucks, here paid for with a short term loan.

# Sundance, WY, Garbage Rates Scenario 2

CBGreatRates© Version 4.8

## Chart 3A - Rate Adjustments and Incomes for the Year

7/1/09

Through

6/30/10

These charts depict how rates will be adjusted and the outcomes from those adjustments.

3/1/10 Date when fees will first be collected at adjusted rates

### Proposed User Rates and Projected User Rate Revenues

	Total Charges This Class at Test Year's Rates	New Rates	Total Charges This Class at Adjusted Rates	Total Blended Rate Revenues Projected for This Year
Inside City Residential	\$94,883	\$23.97	\$62,404	\$157,288
Outside City Residential	\$4,873	\$31.96	\$3,205	\$8,078
Inside City Commercial	\$13,645	\$31.96	\$8,974	\$22,620
Outside City Commercial	\$4,873	\$31.96	\$3,205	\$8,078
Rate Revenues at Current Rates	\$118,275		Rate Revenues at Adjusted Rates	\$77,789
			Total Blended Rate Revenues for the Year <sup>2</sup>	\$196,065

Note: Blended Rate Revenues for the one-year period  
4.0 months collected at the new user charge rates and

7/1/09  
8.0

through 6/30/10  
months at the old rates.

assume the following:

## Sundance, WY, Garbage Rates Scenario 2

### Chart 4 - Indicators

This chart depicts the affordability of future rates, the financial health of the system and the ending balances in various accounts for the next 10 years. CBGreatRates© Version 4.8

	Year Starting	Year Starting	Year Starting	Year Starting	Year Starting	Year Starting	Year Starting	Year Starting	Year Starting	Year Starting	Year Starting
	7/1/08	7/1/09	7/1/10	7/1/11	7/1/12	7/1/13	7/1/14	7/1/15	7/1/16	7/1/17	7/1/18
<b>Capacity Indicators</b>											
Equivalent Average Monthly Bill Actually Paid by All Customers Throughout the Year	\$21.18	\$21.25	\$25.22	\$26.23	\$27.28	\$28.37	\$29.50	\$30.68	\$31.91	\$33.19	\$34.52
Equivalent Final Monthly Bill for an In-city Residential User	\$18.30	\$23.97	\$24.93	\$25.93	\$26.97	\$28.05	\$29.17	\$30.33	\$31.55	\$32.81	\$34.12
Annual Median Household Income (AMHI)	\$56,981	\$60,146	\$63,487	\$67,013	\$70,735	\$74,664	\$78,811	\$83,188	\$87,808	\$92,686	\$97,834
Affordability Index	0.39%	0.48%	0.47%	0.46%	0.46%	0.45%	0.44%	0.44%	0.43%	0.42%	0.42%
Affordability Index is the percent of AMHI needed by a 5,000 gallon per month residential user to pay their bill. 1.0% is generally considered affordable.											
Operating Ratio	1.72	1.17	1.13	1.12	1.10	1.11	1.10	1.08	1.08	1.07	1.05
1.0 is break even for Operating Ratio. Below 1.0 indicates operating in the "red." Generally, the operating ratio should be at least 1.15 for larger systems and 1.30 or more for smaller systems.											
Coverage Ratio	N.A.	7.47	7.10	6.55	8.03	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Coverage Ratio applies only to years with debt service. 1.0 is break even. Generally, the coverage ratio should be at least 1.25.											
<b>Reserves</b>	Balance Ending on	Balance Ending on	Balance Ending on	Balance Ending on	Balance Ending on	Balance Ending on	Balance Ending on	Balance Ending on	Balance Ending on	Balance Ending on	Balance Ending on
	6/30/09	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19
Operating Fund	\$79,669	\$108,039	\$135,233	\$153,615	\$163,570	\$170,041	\$178,931	\$190,467	\$198,194	\$208,622	\$222,003
Garbage Capital Improvement Fund	\$160,526	\$264,837	\$216,467	\$166,405	\$138,095	\$156,952	\$182,104	\$204,845	\$221,641	\$244,768	\$264,574
Replacement Fund	\$0	\$1,773	\$3,608	\$5,508	\$7,474	\$9,508	\$11,614	\$13,794	\$16,050	\$18,384	\$9,898
Current Position (sum of all Reserves)	\$240,195	\$374,649	\$355,309	\$325,528	\$309,139	\$336,501	\$372,650	\$409,106	\$435,885	\$471,775	\$496,475
Working Capital + CIP	\$240,195	\$372,876	\$351,701	\$320,020	\$301,665	\$326,993	\$361,036	\$395,312	\$419,836	\$453,391	\$486,577
Working Capital + CIP Balances Discounted for Inflation	\$240,195	\$372,876	\$339,391	\$298,011	\$271,086	\$283,562	\$302,125	\$319,230	\$327,168	\$340,950	\$353,100

Chart 5 - Operating Ratio

Sundance, WY

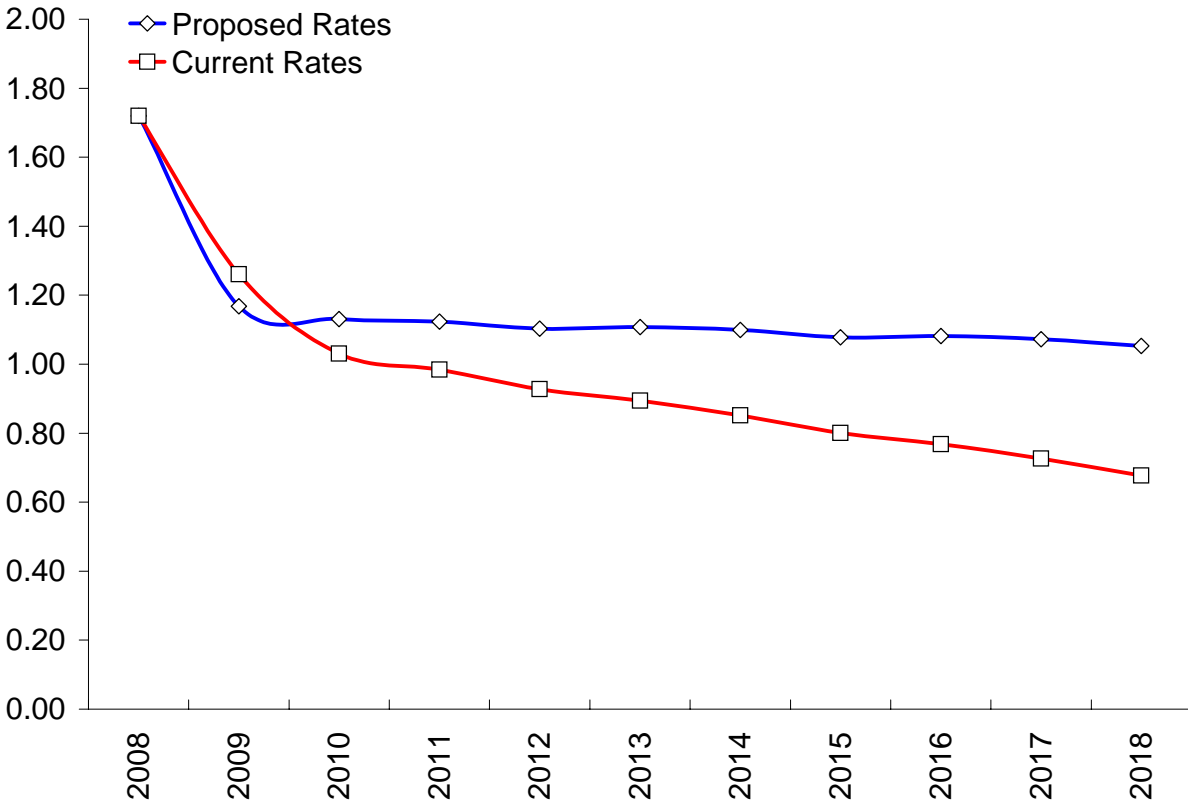


Chart 6 - Coverage Ratio

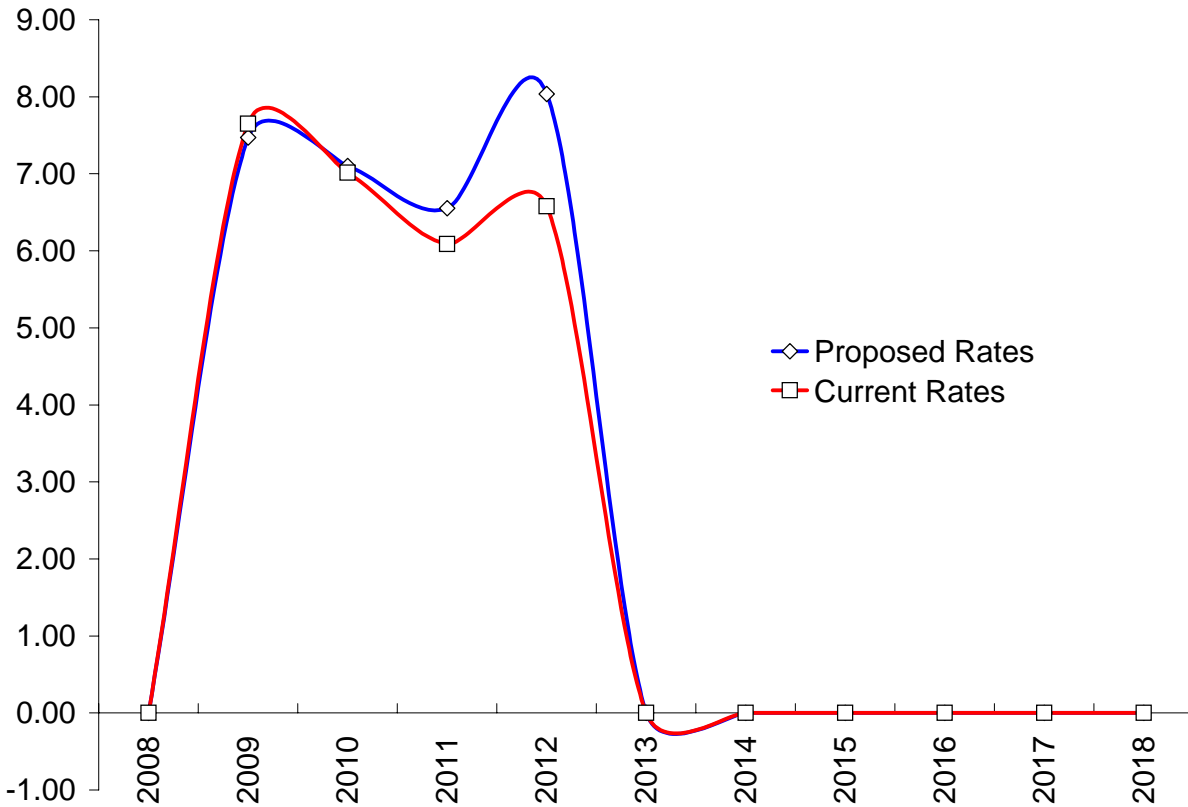


Chart 7 - Average Residential User's Bill

Sundance,

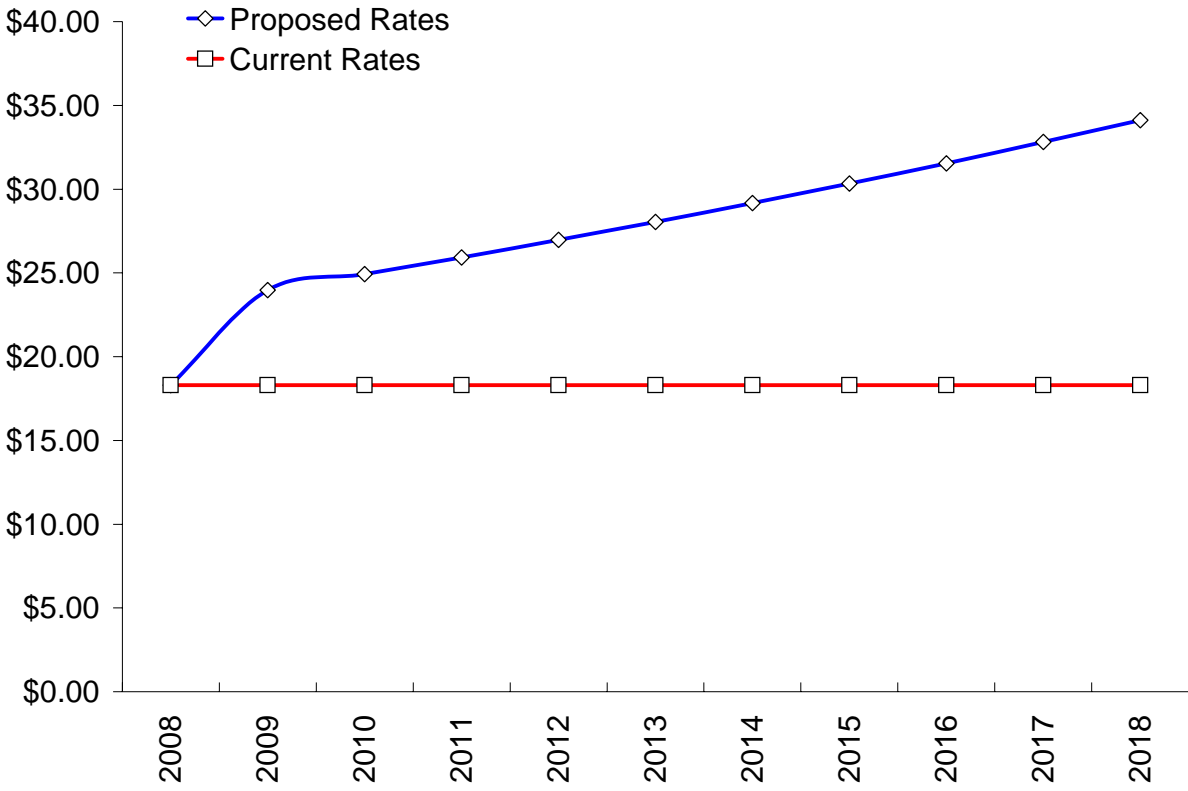


Chart 8 - Affordability Index

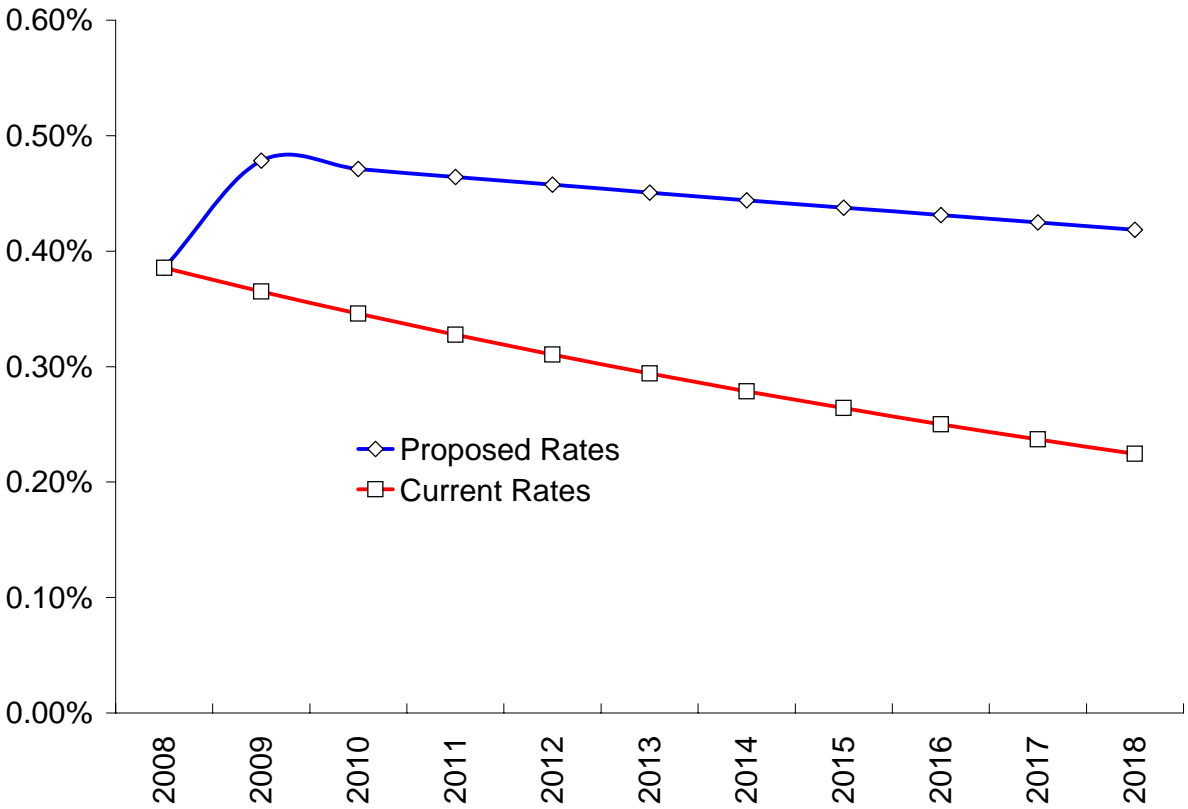


Chart 9 - Working Capital

Sundance, WY

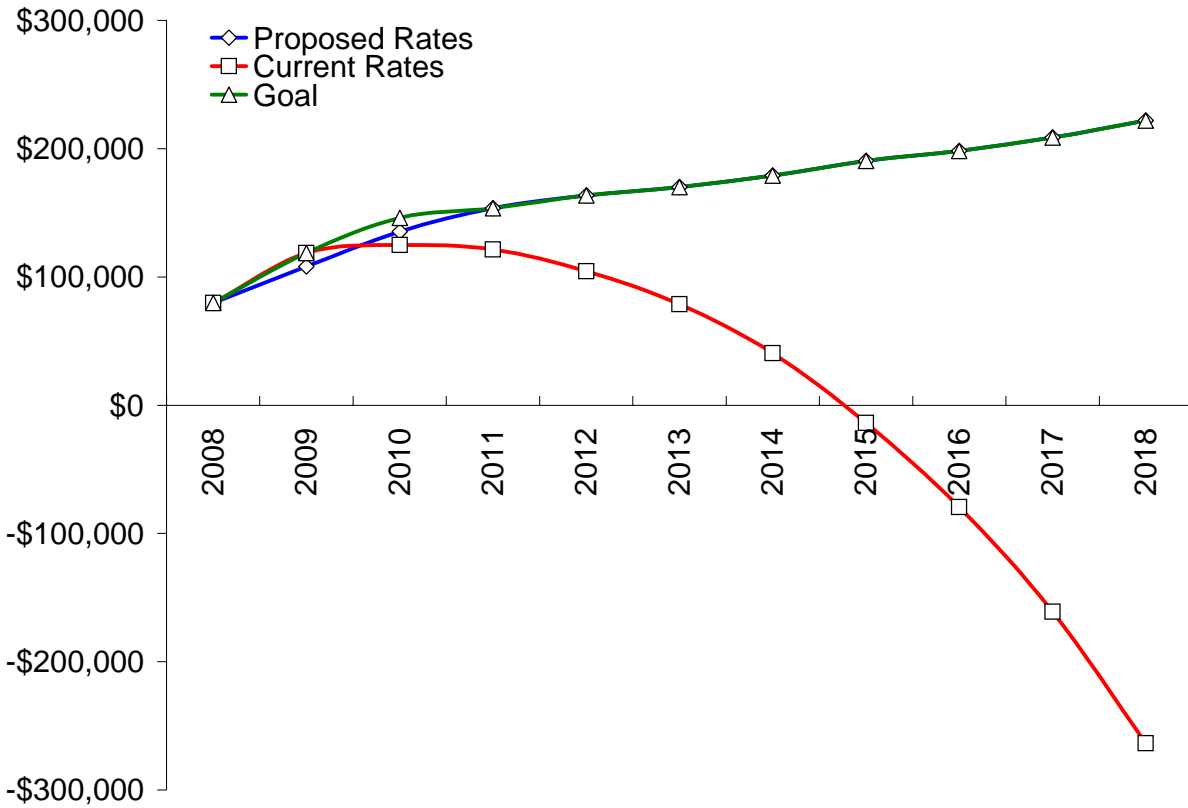


Chart 10 - Working Capital and CIP Reserves Discounted for Inflation

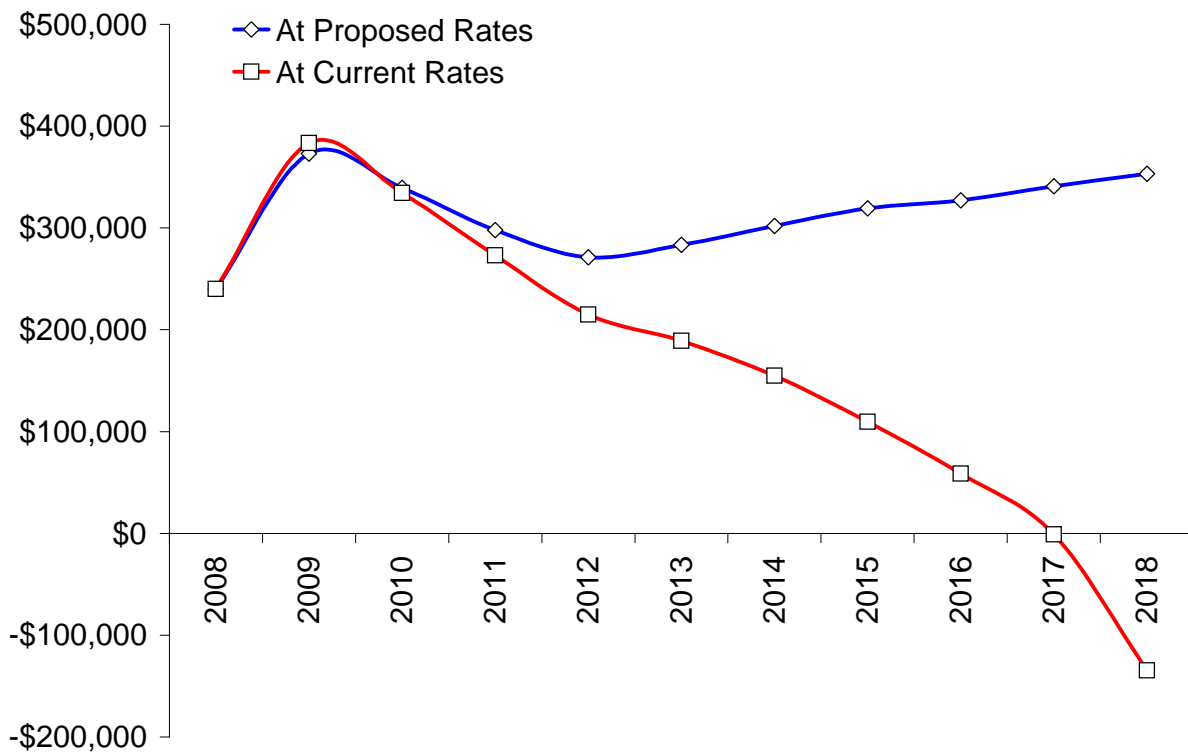
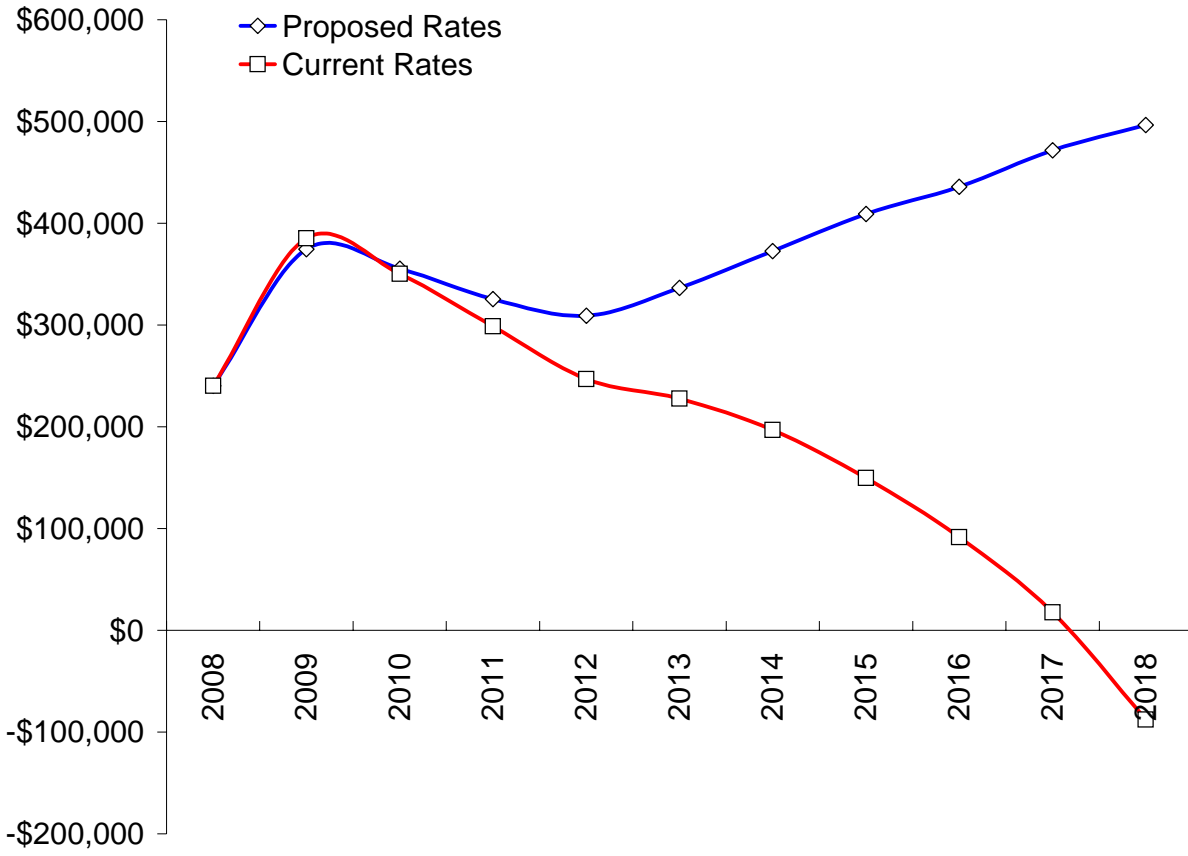


Chart 12 - Current Position



# Sundance, WY, Garbage Rates Scenario 2

## Chart 13 - Old Rates, New Rates and Changes

This chart compares current and proposed rates.

CBGreatRates© Version 4.8

	Current Monthly Bill	Proposed Monthly Bill Starting on 3/1/10	Bill Increase or (Decrease) After Rate Adjustment	Percent Increase or Decrease (-) After Rate Adjustment
Inside City Residential	\$18.30	\$23.97	\$5.67	31%
Outside City Residential	\$24.40	\$31.96	\$7.56	31%
Inside City Commercial	\$24.40	\$31.96	\$7.56	31%
Outside City Commercial	\$24.40	\$31.96	\$7.56	31%

## Sundance, WY, Garbage Rates Scenario 2

### Chart 14 - Proposed Rate Chart

All users connected to the municipal system shall pay fees and charges according to the following schedule.

	Charge per Billing Cycle	Total Billing Cycle Charge for Average User in Each Class
Inside City Residential	\$23.97	\$23.97
Outside City Residential	\$31.96	\$31.96
Inside City Commercial	\$31.96	\$31.96
Outside City Commercial	\$31.96	\$31.96
All Others, Averaged	\$0.00	\$0.00

Note: Individual charges will apply for special wastes.



# Sundance, WY

## Chart 16A - Rates During Test Year

CBGreatRates© Version 4.8

These charts show current rates, starting reserve balances and incomes for the test year.

	Median or Actual Average use (Monthly Service)	Base Minimum Charge
Inside City Residential	1.000	\$18.30
Outside City Residential	1.000	\$24.40
Inside City Commercial	1.000	\$24.40
Outside City Commercial	1.000	\$24.40

## Chart 16B - Reserves and Incomes

Reserve Starting Balances as of 7/1/08 (Carryover From Prior Year)

\$79,113 Operating Fund

\$0 Garbage Capital Improvement Fund

\$75,000 Replacement Fund

Incomes 7/1/08 Through 6/30/09

\$195,417 Pick up Fees

\$0 Surcharges

\$284 Other Income

Miscellaneous

\$195,701 Total Regular Income

Annual Median Household Income (AMHI)

\$56,981 AMHI for Sundance, WY for the year 2007, by Census estimate

5.6% Rate of growth in AMHI (assumed)

The recorded rates and usage predict billable user fees + meter surcharges at:

\$195,417

# Sundance, WY, Garbage Rates Scenario 2

## Chart 17A - Equipment Replacement Details Chart

This chart depicts equipment replacements and major maintenance work

Replacement Scheduler© Version 1.4

CBGreatRates© Version 4.8

Years Between Replacement of These Items: 5

Year Beginning	John's pickup	Don's pickup	1st Dump Truck	2nd Dump Truck	John's Used Pickup to Landfill	Don's Used Pickup to Garbage				
7/1/08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/18	\$0	\$0	\$0	\$0	\$0	\$8,000	\$0	\$0	\$0	\$0
7/1/19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/23	\$0	\$0	\$0	\$0	\$0	\$8,000	\$0	\$0	\$0	\$0
7/1/24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/28	\$0	\$0	\$0	\$0	\$0	\$8,000	\$0	\$0	\$0	\$0
7/1/29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

# Sundance, WY, Garbage Rates Scenario 2

## Chart 17A - Equipment Replacement Details Chart

This chart depicts equipment replacements and major maintenance work

Replacement Scheduler© Version 1.4

CBGreatRates© Version 4.8

Years Between Replacement of These Items: 20

Year Beginning	Motor Grader											Total Annual Replacement Costs
7/1/08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,000
7/1/19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,000
7/1/24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,000
7/1/29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

# Sundance, WY, Garbage Rates Scenario 2

Replacement Scheduler© Version 1.4

## Chart 17 - Replacement Schedule

CBGreatRates© Version 4.8

This chart calculates the annual annuity to fund all replacements and major maintenance in the detailed schedule.

3.50% Average Inflation Rate for the Following Garbage Collection System Equipment for the Term of This Replacement Schedule

3.50% Average Interest Rate on Balances Invested for the Term of This Replacement Schedule

6.00% Average Interest Rate on Amounts Borrowed for the Term of This Replacement Schedule

Year Beginning	Item Description	This Year's Costs in Current Dollars	One-time Transfers From Operating Fund	One-time Transfers to Operating Fund	End of Year Balance in Future Dollars	Minimum Desired End of Year Balance in Future Dollars
7/1/08	Test year replacements	\$0	\$0	\$0	\$0	\$1,200
7/1/09	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$1,773	\$1,200
7/1/10	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$3,608	\$1,242
7/1/11	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$5,508	\$1,285
7/1/12	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$7,474	\$1,330
7/1/13	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$9,508	\$1,377
7/1/14	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$11,614	\$1,425
7/1/15	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$13,794	\$1,475
7/1/16	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$16,050	\$1,527
7/1/17	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$18,384	\$1,580
7/1/18	Total of replacements from detailed replacement schedule	\$8,000	\$0	\$0	\$9,898	\$1,635
7/1/19	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$12,017	\$1,693
7/1/20	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$14,211	\$1,752
7/1/21	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$16,481	\$1,813
7/1/22	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$18,831	\$1,877
7/1/23	Total of replacements from detailed replacement schedule	\$8,000	\$0	\$0	\$8,314	\$1,942
7/1/24	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$10,378	\$2,010
7/1/25	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$12,514	\$2,081
7/1/26	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$14,726	\$2,154
7/1/27	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$17,014	\$2,229
7/1/28	Total of replacements from detailed replacement schedule	\$8,000	\$0	\$0	\$4,003	\$2,307

Notes: Many equipment items are shared among city service departments; therefore, costs for replacement of those items was pro-rated among those departments.

Starting Account Balance	\$0	Minimum Desired Balance in Today's Dollars
Minimum Annual Annuity	\$1,751	
Discretionary Annuity	\$23	

**Required Annual Deposit to Replacement Account \$1,773**

# Sundance, WY

## Chart 18 - Test Year Costs

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This chart depicts costs for the test year and distributes those costs to fixed and variable categories.

### Operating Costs

Item	Amount	% of This Cost That is Fixed	Fixed Costs	Variable Costs	Surchargeable Costs
General Administration	\$8,121	100%	\$8,121	\$0	\$0
Garbage Administration	\$92,895	100%	\$92,895	\$0	\$0
Equipment Maintenance	\$4,258	100%	\$4,258	\$0	\$0
Fuel	\$6,695	100%	\$6,695	\$0	\$0
Garbage Truck and Cart (Paid from R&R)	\$0	100%	\$0	\$0	\$0
Supplies	\$21	100%	\$21	\$0	\$0
CDL Testing	\$919	100%	\$919	\$0	\$0
Miscellaneous	\$904	100%	\$904	\$0	\$0
Annual Payment to Replacement Fund	\$1,773	100%	\$1,773	\$0	\$0
Surchargeable Garbage Services	\$0	100%	\$0	\$0	\$0
Lanfill/Transfer Station Tipping Fees	\$0	100%	\$0	\$0	\$0
User Charge Analysis Services & Staff Time	\$0	100%	\$0	\$0	\$0
<b>Grand Total All Costs</b>	<b>\$115,586</b>		<b>\$115,586</b>	<b>\$0</b>	<b>\$0</b>

Note: "Garbage Administration" covers operations staff. "General Administration" staff expenses are currently paid out of the general fund.

\$115,586

## Sundance, WY, Landfill/Transfer Fees Scenario 2

This report contains detailed information on your financial outlook that assumes you adjust rates and fees as proposed. It also compares this outlook with what you should expect if you do not make any adjustments. To effectuate the outcome depicted in this analysis the following must happen.

- Starting as soon as possible, the tipping fee for the City trash truck will be set at \$54.90 per net ton and payment of these fees made to the landfill.
- Starting when the scales are operational, the tipping fee for waste hauled by all others to the landfill will be set at \$73.20 per net ton (33 percent higher than City-hauled waste). Until that time the current rates will be maintained.
- Starting when the scales are operational, the fees for all waste other than that hauled in bulk by truck or trailer as noted above, will be adjusted by the same percentages as adjustments later made to the rates above.
- Starting on or near February 1, 2011 and each year thereafter, all rates and fees will be subsequently increased by 6.0 percent.

Base line data appears in the four tables at the end of this report.

November 3, 2009

Produced by

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CBGreatRates© Version 4.8

# Sundance, WY, Landfill/Transfer Fees Scenario 2

## Executive Summary

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This analysis package contains a "proposed rates scenario" that depicts what will happen under the adjusted rates and other changes we recommend you make. The results of this scenario are compared to the results you can expect if you do not adjust rates. This is often called the "current rates" scenario.

Approximate daily loss from postponing increases by one additional day \$382

This is the daily erosion in your current position if you postpone rate and fee increases past the rate adjustment date modeled

In the following table you can see several key financial benchmarks made possible by the proposed rates. The first column below is the test year, the year from which historical data was used to build this analysis. The second is the year following the test year - the year during which initial rate adjustments will go into effect. The third column is the fifth year following the test year. Five years out is a good financial planning horizon; long enough to let you see into the future but not so long that results become overly speculative.

	Results for Years Ending on		
	6/30/10	6/30/11	6/30/15
Rate revenues collected	\$77,402	\$126,548	\$159,764
Sum of incomes	\$91,400	\$140,197	\$173,058
Sum of operating costs	\$142,433	\$177,359	\$178,257
Net income (loss)	(\$51,033)	(\$37,162)	(\$5,199)
Capital improvement reserves	\$175,973	\$182,132	\$209,000
Replacement reserves	\$9,848	\$12,353	\$3,841
Current position*	\$175,357	\$149,362	\$100,483
*All current incomes plus reserves minus all current obligations			
Increase (decrease) in current position due to this analysis	\$44,464	\$139,407	\$631,537

## Return on Investment

Return on Investment due to This Analysis	2457%	7702%	34892%
---	-------	-------	--------

Return rate is based upon the following investments:

Fees to Carl Brown Consulting	\$1,560
Estimated value of city staff time and incidentals to assemble needed information	\$250
<b>Total Investment</b>	<b>\$1,810</b>

Data shown in Charts 13 through 16 is historical or will not change depending on rates to be set. Most of the data in Chart 2 will also not change depending on rates to be set. All other charts depict your financial performance under the proposed rates. The easiest way to grasp the financial future of the system under the proposed and current rates is to view the line graphs, Charts 5 through 11. Chart 12 is a table that depicts the bills your users are paying now compared to the bills they would pay under the proposed rates scenario.

This analysis was produced using the program [CBGreatRates](#), copyright 2007. You are encouraged to distribute this report so long as credit is ascribed to the author, Carl E. Brown of Carl Brown Consulting, LLC.

Sundance, WY, Landfill/Transfer Fees Scenario 2

Chart 1A - Starting Balances and Incomes

These charts depict starting balances, incomes and expenses during the test year, this year and for the next 10 years.

(First year balances and incomes are <u>actual</u> , subsequent years are <u>projected</u> .)	Infla./De- flation (-)	Year Starting 7/1/08	Year Starting 7/1/09	Year Starting 7/1/10	Year Starting 7/1/11	Year Starting 7/1/12	Year Starting 7/1/13	Year Starting 7/1/14	Year Starting 7/1/15	Year Starting 7/1/16	Year Starting 7/1/17	Year Starting 7/1/18
Growth Rate		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average <u>Effective Rate</u> Increases in Future Years			140.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Operating Incomes												
Actual and Estimated Fee Collections	NA	\$30,394	\$77,402	\$126,548	\$134,141	\$142,190	\$150,721	\$159,764	\$169,350	\$179,511	\$190,282	\$201,699
Operating Fund Interest Earned or Paid	NA	\$31	\$798	-\$164	-\$1,279	-\$2,186	-\$2,925	-\$3,356	-\$3,512	-\$3,433	-\$2,963	-\$2,136
Contaminated Soil % Above		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
County Contribution % Above		\$4,000	\$9,600	\$10,176	\$10,787	\$11,434	\$12,120	\$12,847	\$13,618	\$14,435	\$15,301	\$16,219
City Contribution % Above		\$250	\$600	\$636	\$674	\$715	\$757	\$803	\$851	\$902	\$956	\$1,014
Monitoring Program Reimbursement	NA	\$29,284	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Misc	NA	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Total Regular Income		\$66,959	\$91,400	\$140,197	\$147,323	\$155,152	\$163,673	\$173,058	\$183,307	\$194,415	\$206,576	\$219,795

Chart 1B - Operating Costs and Net Income

(First year costs and net incomes are <u>actual</u> , subsequent years are <u>projected</u> .)	Infla./De- flation (-)	Year Starting 7/1/08	Year Starting 7/1/09	Year Starting 7/1/10	Year Starting 7/1/11	Year Starting 7/1/12	Year Starting 7/1/13	Year Starting 7/1/14	Year Starting 7/1/15	Year Starting 7/1/16	Year Starting 7/1/17	Year Starting 7/1/18
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Operating Costs (Note: Some future costs will experience inflation. Those costs that go up as use goes up are also increased by the growth rate in users and the percentage by which that cost is variable as reported in Chart 4.)

General Administration	3.0%	\$6,744	\$6,947	\$7,155	\$7,370	\$7,591	\$7,818	\$8,053	\$8,295	\$8,543	\$8,800	\$9,064
Landfill Administration	0.0%	\$40,350	\$54,264	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Propane	0.0%	\$3,510	\$4,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Testing	0.0%	\$14,758	\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equipment and Maintenance	0.0%	\$11,544	\$3,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Landfill Closure	0.0%	\$316	\$400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Landfill Post-closure	0.0%	\$250	\$250	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies	0.0%	\$625	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Travel and Training	0.0%	\$980	\$1,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Electricity	0.0%	\$1,342	\$2,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Engineering and Planning	0.0%	\$3,364	\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Telephone	0.0%	\$411	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fuel-Diesel	0.0%	\$4,905	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Payment to Replacement Fund	0.0%	\$4,839	\$4,839	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Integrated Solid Waste Plan	0.0%	\$2,044	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Misc	0.0%	\$11	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Landfill Closure & Post-closure (Annualized)	0.0%	\$0	\$9,762	\$9,762	\$9,762	\$9,762	\$9,762	\$9,762	\$9,762	\$9,762	\$9,762	\$9,762
T S Operating (Annualized)	0.0%	\$0	\$0	\$117,240	\$117,240	\$117,240	\$117,240	\$117,240	\$117,240	\$117,240	\$117,240	\$117,240
T S Closure & Post-closure (Annualized)	0.0%	\$0	\$0	\$43,202	\$43,202	\$43,202	\$43,202	\$43,202	\$43,202	\$43,202	\$43,202	\$43,202
Capital Improvements	0.0%	\$0	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Landfill Pit	0.0%	\$0	\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
System Improvements	0.0%	\$0	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
User Charge Analysis Services & Staff Time	5.0%	\$0	\$1,810	\$0	\$0	\$1,996	\$0	\$0	\$2,200	\$0	\$0	\$2,426
Adjustment for Replacements Done From Op Acct	0.0%	-\$4,839	-\$4,839	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Costs		\$91,155	\$142,433	\$177,359	\$177,574	\$179,790	\$178,022	\$178,257	\$180,699	\$178,747	\$179,004	\$181,693
Net Income (or Loss)		-\$24,196	-\$51,033	-\$37,162	-\$30,250	-\$24,638	-\$14,349	-\$5,199	\$2,609	\$15,667	\$27,572	\$38,102
Working Capital Go a 50%		In Dollars, That is:	\$45,578	\$71,216	\$88,679	\$88,787	\$89,895	\$89,011	\$89,128	\$90,349	\$89,374	\$89,502

Sundance, WY, Landfill/Transfer Fees Scenario 2  
 Chart 2 - Capital Improvement Program

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This chart depicts the capital improvements needed for the next 10 years and how they will be paid for. Costs reflect inflation.

	This Year	Next Year	3rd Year	4th Year	5th Year	6th Year	7th Year	8th Year	9th Year	10th Year	
	Year Starting 7/1/08	Year Starting 7/1/09	Year Starting 7/1/10	Year Starting 7/1/11	Year Starting 7/1/12	Year Starting 7/1/13	Year Starting 7/1/14	Year Starting 7/1/15	Year Starting 7/1/16	Year Starting 7/1/17	Year Starting 7/1/18
<b>CIP Spending Plan</b>											
Capital Improvements to be Paid With Debt											
Transfer Station (Annualized, Chart 1B)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Scales (Annualized, Chart 1B)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Capital Improvements to be Paid With Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Improvements to be Paid With Cash											
Transfer Station (Annualized, Chart 1B)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Scales (Annualized, Chart 1B)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cap Imprvmts to be Paid With Cash	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total CIP Planned Spending	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>CIP Funding Plan</b>											
CIP/Impact Account Carryover Plus Transfers in	\$84,340	\$172,874	\$175,973	\$182,132	\$188,506	\$195,104	\$201,933	\$209,000	\$216,315	\$223,887	\$231,723
CIP/Impact Account Interest Earned (or Paid)	\$4,194	\$3,099	\$6,159	\$6,375	\$6,598	\$6,829	\$7,068	\$7,315	\$7,571	\$7,836	\$8,110
Total CIP Fund Sources	\$88,534	\$175,973	\$182,132	\$188,506	\$195,104	\$201,933	\$209,000	\$216,315	\$223,887	\$231,723	\$239,833
<b>New Debt Payment Plan</b>											
	Payments assume terms of: 20 years and 2.50% interest										
Landfill Capital Improvement Fund Balance	\$88,534	\$175,973	\$182,132	\$188,506	\$195,104	\$201,933	\$209,000	\$216,315	\$223,887	\$231,723	\$239,833

Notes: Landfill closure and post-closure costs (annualized in Chart 1B) will be paid as assumed in the Sundance Transfer Station and Landfill Closure plan.

# Sundance, WY, Landfill/Transfer Fees Scenario 2

CBGreatRates© Version 4.8

## Chart 3A - Rate Adjustments and Incomes for the Year

7/1/09

Through

6/30/10

These charts depict how rates will be adjusted and the outcomes from those adjustments.

3/1/10 Date when fees will first be collected at adjusted rates

### Proposed User Rates and Projected User Rate Revenues

	Total Charges This Class at Test Year's Rates	New Rates	Total Charges This Class at Adjusted Rates	Total Blended Rate Revenues Projected for This Year
Sundance-hauled Waste	\$0	\$54.90	\$31,724	\$31,724
Waste Hauled by Others	\$35,104	\$73.20	\$10,575	\$45,679
Rate Revenues at Current Rates	\$35,104			
			Rate Revenues at Adjusted Rates	\$42,298
			Total Blended Rate Revenues for the Year <sup>2</sup>	\$77,402

Note: Blended Rate Revenues for the one-year period  
4.0 months collected at the new user charge rates and

7/1/09  
8.0

through 6/30/10  
months at the old rates.

assume the following:

## Sundance, WY, Landfill/Transfer Fees Scenario 2

### Chart 4 - Indicators

This chart depicts the affordability of future rates, the financial health of the system and the ending balances in various accounts for the next 10 years. CBGreatRates© Version 4.8

	Year Starting 7/1/08	Year Starting 7/1/09	Year Starting 7/1/10	Year Starting 7/1/11	Year Starting 7/1/12	Year Starting 7/1/13	Year Starting 7/1/14	Year Starting 7/1/15	Year Starting 7/1/16	Year Starting 7/1/17	Year Starting 7/1/18
<b>Capacity Indicators</b>											
Equivalent Average Monthly Bill Actually Paid by All Customers Throughout the Year	\$14.06	\$35.82	\$58.56	\$62.07	\$65.80	\$69.75	\$73.93	\$78.37	\$83.07	\$88.05	\$93.34
Operating Ratio	0.73	0.64	0.79	0.83	0.86	0.92	0.97	1.01	1.09	1.15	1.21
1.0 is break even for Operating Ratio. Below 1.0 indicates operating in the "red." Generally, the operating ratio should be at least 1.15 for larger systems and 1.30 or more for smaller systems.											
Coverage Ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Coverage Ratio applies only to years with debt service. 1.0 is break even. Generally, the coverage ratio should be at least 1.25.											
<b>Reserves</b>	Balance Ending on 6/30/09	Balance Ending on 6/30/10	Balance Ending on 6/30/11	Balance Ending on 6/30/12	Balance Ending on 6/30/13	Balance Ending on 6/30/14	Balance Ending on 6/30/15	Balance Ending on 6/30/16	Balance Ending on 6/30/17	Balance Ending on 6/30/18	Balance Ending on 6/30/19
Operating Fund	\$45,578	-\$5,455	-\$42,618	-\$72,868	-\$97,506	-\$111,856	-\$117,054	-\$114,446	-\$98,779	-\$71,207	-\$33,105
Landfill Capital Improvement Fund	\$88,534	\$175,973	\$182,132	\$188,506	\$195,104	\$201,933	\$209,000	\$216,315	\$223,887	\$231,723	\$239,833
Replacement Fund	\$0	\$4,839	\$9,848	\$12,353	\$4,320	\$3,573	\$8,537	\$3,841	\$8,814	\$13,962	\$19,290
Current Position (sum of all Reserves)	\$134,112	\$175,357	\$149,362	\$127,992	\$101,918	\$93,650	\$100,483	\$105,710	\$133,922	\$174,478	\$226,017
Working Capital + CIP	\$134,112	\$170,518	\$139,514	\$115,639	\$97,598	\$90,077	\$91,946	\$101,870	\$125,108	\$160,516	\$206,728
Working Capital + CIP Balances Discounted for Inflation	\$134,112	\$170,518	\$134,631	\$107,686	\$87,705	\$78,113	\$76,943	\$82,264	\$97,494	\$120,708	\$150,019

Chart 5 - Operating Ratio

Sundance, WY

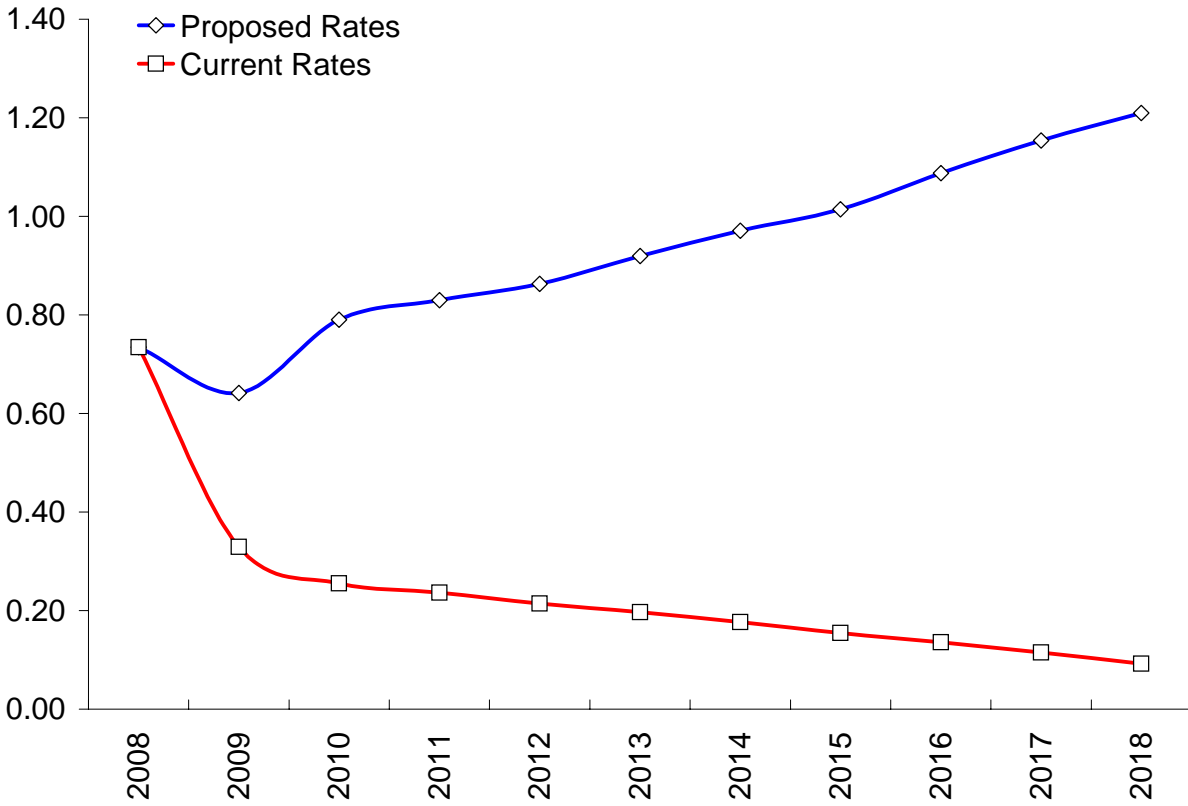


Chart 6 - Coverage Ratio

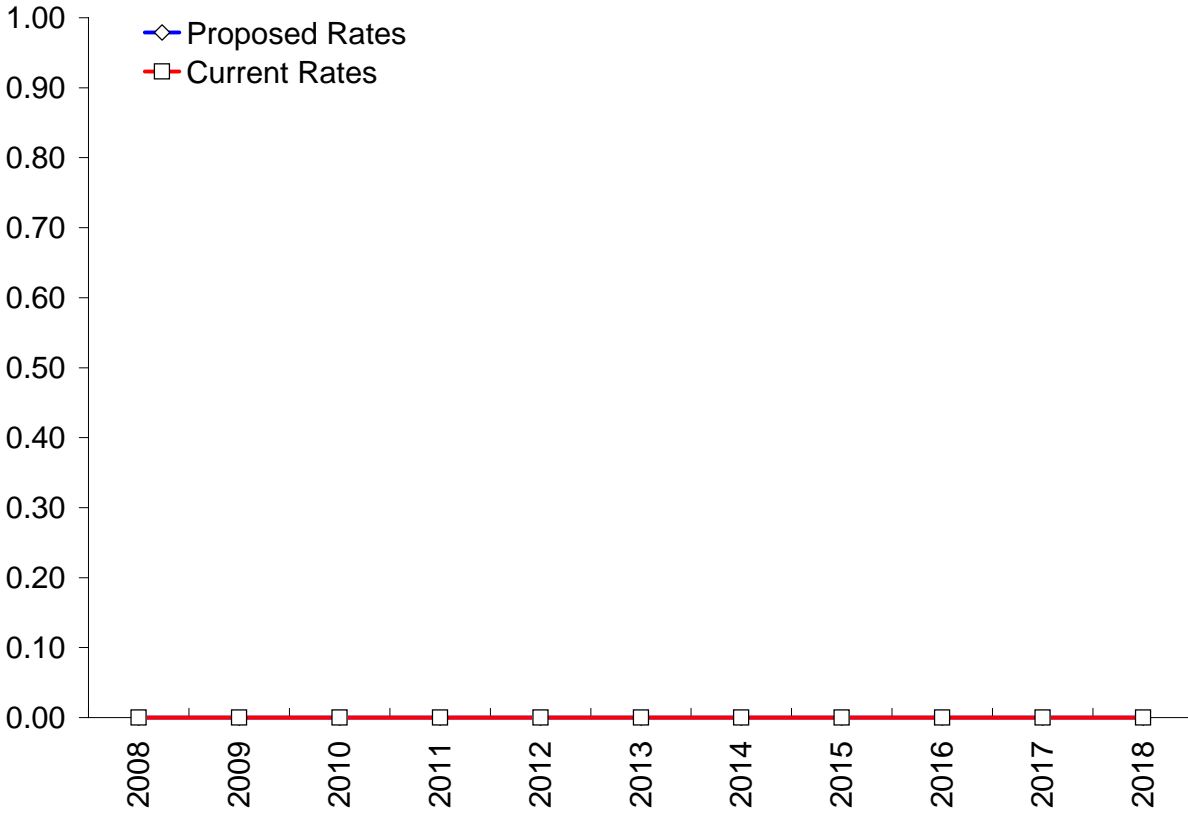


Chart 9 - Working Capital

Sundance, WY

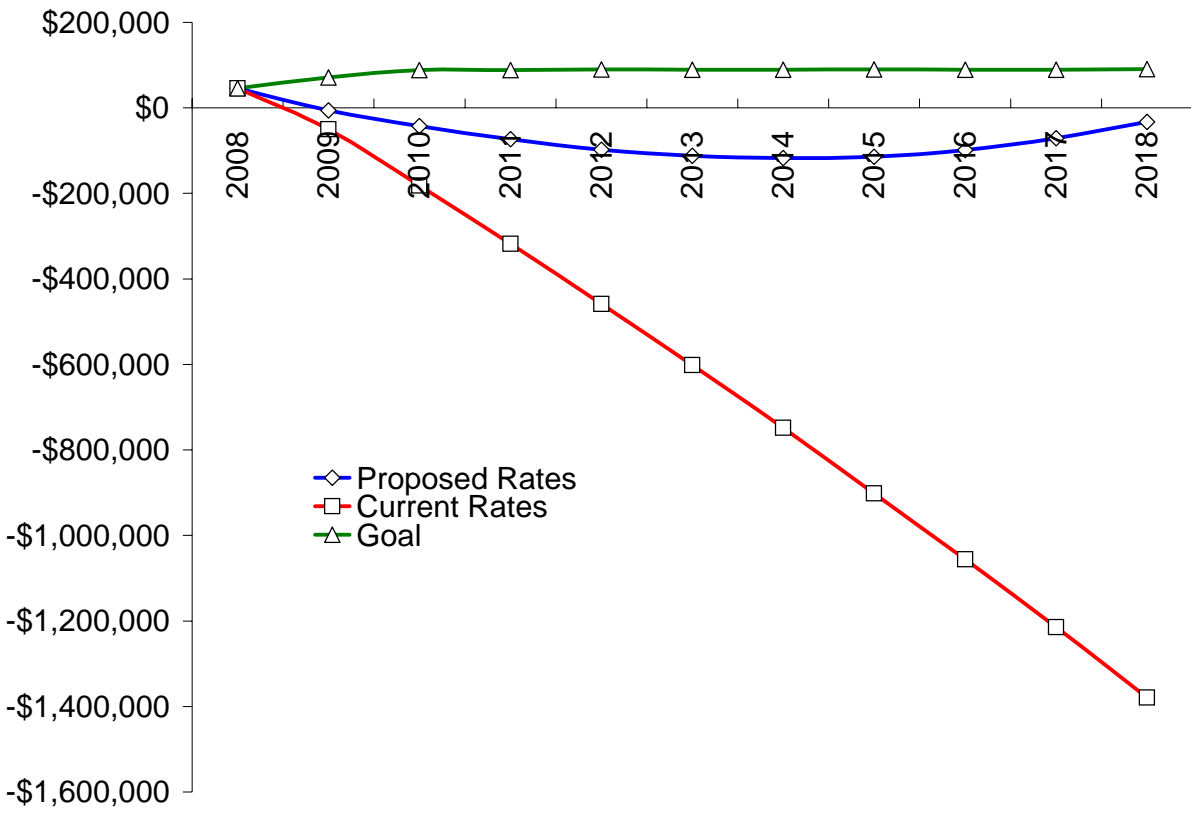


Chart 10 - Working Capital and CIP Reserves Discounted for Inflation

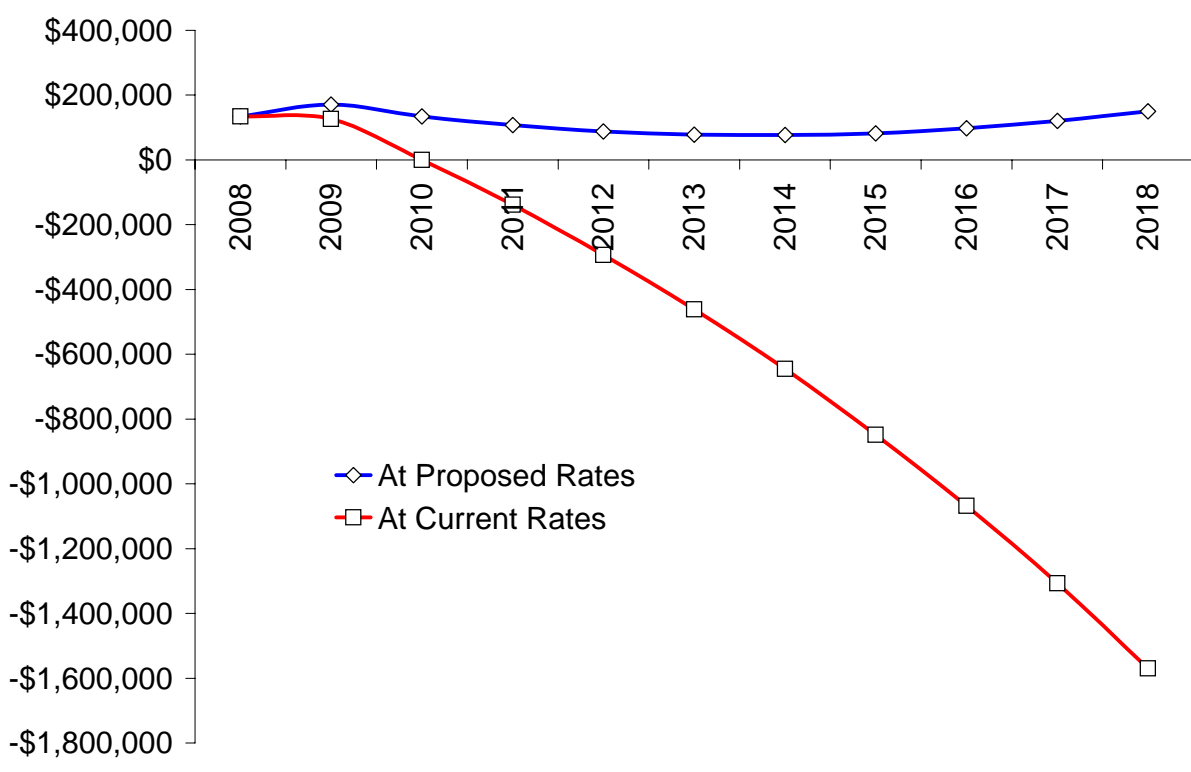
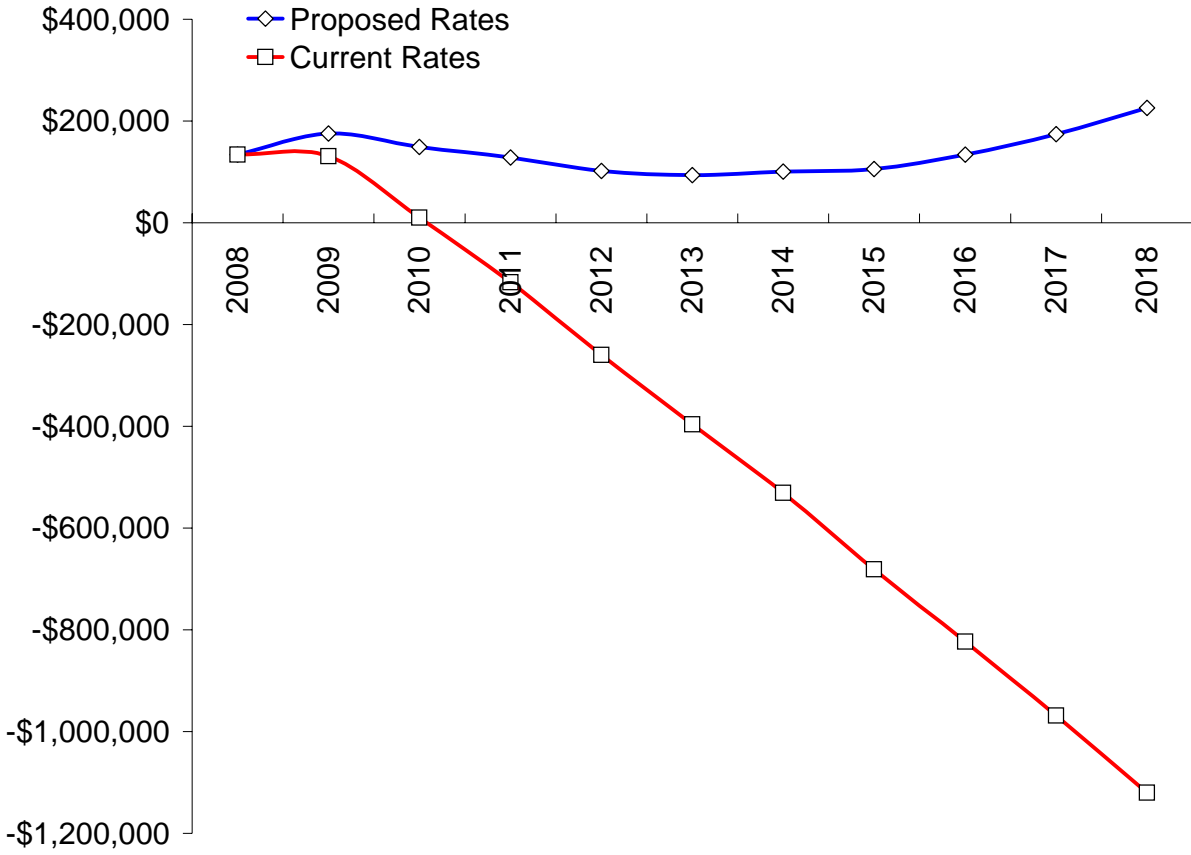


Chart 12 - Current Position





# Sundance, WY

## Chart 16A - Rates During Test Year

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These charts show current rates, starting reserve balances and incomes for the test year.

	Median or Actual Average use (Tons)	Base Minimum Charge
Sundance-hauled Waste	1.000	\$0.00
Waste Hauled by Others	1.000	\$122.00

## Chart 16B - Reserves and Incomes

Reserve Starting Balances as of 7/1/08 (Carryover From Prior Year)

\$154,113 Operating Fund

\$0 Landfill Capital Improvement Fund

\$0 Replacement Fund

Incomes 7/1/08 Through 6/30/09

\$30,394 Landfill Fees

\$0 Surcharges

\$31 Interest Earned on Deposits

\$0 Other Income

\$4,000 Other Income

\$250 Other Income

\$29,284 Other Income

\$3,000 Other Income

\$66,959 Total Regular Income

Annual Median Household Income (AMHI)

\$56,981 AMHI for Sundance, WY for the year 2007, by Census estimate

5.6% Rate of growth in AMHI (assumed)

The recorded rates and usage predict billable user fees + meter surcharges at:

\$48,655

Contaminated Soil

County Contribution

City Contribution

Monitoring Program Reimbursement

Misc

# Sundance, WY, Landfill/Transfer Fees Scenario 2

## Chart 17A - Equipment Replacement Details Chart

Replacement Scheduler© Version 1.4

This chart depicts equipment replacements and major maintenance work

CBGreatRates© Version 4.8

Years Between Replacement of These Items: 5

Year Beginning	John's pickup	Don's pickup			John's Used Pickup to Landfill	Don's Used Pickup to Garbage				
7/1/08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/15	\$0	\$0	\$0	\$0	\$8,000	\$0	\$0	\$0	\$0	\$0
7/1/16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/20	\$0	\$0	\$0	\$0	\$8,000	\$0	\$0	\$0	\$0	\$0
7/1/21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/25	\$0	\$0	\$0	\$0	\$8,000	\$0	\$0	\$0	\$0	\$0
7/1/26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/30	\$0	\$0	\$0	\$0	\$8,000	\$0	\$0	\$0	\$0	\$0
7/1/31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

# Sundance, WY, Landfill/Transfer Fees Scenario 2

## Chart 17A - Equipment Replacement Details Chart

This chart depicts equipment replacements and major maintenance work

Replacement Scheduler© Version 1.4

CBGreatRates© Version 4.8

Years Between Replacement of These Items: 15

Year Beginning	Loader	Backhoe	Sewer Jet	Water Tank Repaints	1st Dump Truck	2nd Dump Truck				
7/1/08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/11	\$0	\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$0	\$0
7/1/12	\$12,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/13	\$0	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/19	\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$0	\$0	\$0
7/1/20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/26	\$0	\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$0	\$0
7/1/27	\$12,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/28	\$0	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

# Sundance, WY, Landfill/Transfer Fees Scenario 2

## Chart 17A - Equipment Replacement Details Chart

This chart depicts equipment replacements and major maintenance work

Replacement Scheduler© Version 1.4

CBGreatRates© Version 4.8

Years Between Replacement of These Items: 20

Year Beginning	Motor Grader											Total Annual Replacement Costs
7/1/08	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/09	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,500
7/1/12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,000
7/1/13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000
7/1/14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,000
7/1/16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,500
7/1/20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,000
7/1/21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,000
7/1/26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,500
7/1/27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,000
7/1/28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000
7/1/29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,000
7/1/31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7/1/32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

# Sundance, WY, Landfill/Transfer Fees Scenario 2

Replacement Scheduler© Version 1.4

## Chart 17 - Replacement Schedule

CBGreatRates© Version 4.8

This chart calculates the annual annuity to fund all replacements and major maintenance in the detailed schedule.

3.50% Average Inflation Rate for the Following Garbage Collection System Equipment for the Term of This Replacement Schedule

3.50% Average Interest Rate on Balances Invested for the Term of This Replacement Schedule

6.00% Average Interest Rate on Amounts Borrowed for the Term of This Replacement Schedule

Year Beginning	Item Description	This Year's Costs in Current Dollars	One-time Transfers From Operating Fund	One-time Transfers to Operating Fund	End of Year Balance in Future Dollars	Minimum Desired End of Year Balance in Future Dollars
7/1/08	Test year replacements	\$0	\$0	\$0	\$0	\$3,275
7/1/09	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$4,839	\$3,275
7/1/10	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$9,848	\$3,390
7/1/11	Total of replacements from detailed replacement schedule	\$2,500	\$0	\$0	\$12,353	\$3,508
7/1/12	Total of replacements from detailed replacement schedule	\$12,000	\$0	\$0	\$4,320	\$3,631
7/1/13	Total of replacements from detailed replacement schedule	\$5,000	\$0	\$0	\$3,573	\$3,758
7/1/14	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$8,537	\$3,890
7/1/15	Total of replacements from detailed replacement schedule	\$8,000	\$0	\$0	\$3,841	\$4,026
7/1/16	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$8,814	\$4,167
7/1/17	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$13,962	\$4,313
7/1/18	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$19,290	\$4,463
7/1/19	Total of replacements from detailed replacement schedule	\$2,500	\$0	\$0	\$21,277	\$4,620
7/1/20	Total of replacements from detailed replacement schedule	\$8,000	\$0	\$0	\$15,181	\$4,781
7/1/21	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$20,552	\$4,949
7/1/22	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$26,110	\$5,122
7/1/23	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$31,863	\$5,301
7/1/24	Total of replacements from detailed replacement schedule	\$0	\$0	\$0	\$37,817	\$5,487
7/1/25	Total of replacements from detailed replacement schedule	\$8,000	\$0	\$0	\$30,108	\$5,679
7/1/26	Total of replacements from detailed replacement schedule	\$2,500	\$0	\$0	\$31,514	\$5,878
7/1/27	Total of replacements from detailed replacement schedule	\$12,000	\$0	\$0	\$15,166	\$6,083
7/1/28	Total of replacements from detailed replacement schedule	\$5,000	\$0	\$0	\$10,924	\$6,296

Notes: Many equipment items are shared among city service departments; therefore, costs for replacement of those items was pro-rated among those departments.

Starting Account Balance	\$0	Minimum Desired Balance in Today's Dollars
Minimum Annual Annuity	\$4,778	
Discretionary Annuity	\$61	

**Required Annual Deposit to Replacement Account      \$4,839**

# Sundance, WY

## Chart 18 - Test Year Costs

CBGreatRates© Version 4.8

This chart depicts costs for the test year and distributes those costs to fixed and variable categories.

### Operating Costs

Item	Amount	% of This Cost That is Fixed	Total Costs After Adjustment for Special Costs Below	Fixed Costs	Variable Costs	Surcharge-able Costs
General Administration	\$6,744	0%	\$6,744	\$0	\$6,744	\$0
Landfill Administration	\$40,350	0%	\$40,350	\$0	\$40,350	\$0
Propane	\$3,510	0%	\$3,510	\$0	\$3,510	\$0
Testing	\$14,758	0%	\$14,758	\$0	\$14,758	\$0
Equipment and Maintenance	\$11,544	0%	\$11,544	\$0	\$11,544	\$0
State Landfill Closure	\$316	0%	\$316	\$0	\$316	\$0
Landfill Post-closure	\$250	0%	\$250	\$0	\$250	\$0
Supplies	\$625	0%	\$625	\$0	\$625	\$0
Travel and Training	\$980	0%	\$980	\$0	\$980	\$0
Electricity	\$1,342	0%	\$1,342	\$0	\$1,342	\$0
Engineering and Planning	\$3,364	0%	\$3,364	\$0	\$3,364	\$0
Telephone	\$411	0%	\$411	\$0	\$411	\$0
Fuel-Diesel	\$4,905	0%	\$4,905	\$0	\$4,905	\$0
Annual Payment to Replacement Fund	\$4,839	0%	\$4,839	\$0	\$4,839	\$0
Integrated Solid Waste Plan	\$2,044	0%	\$2,044	\$0	\$2,044	\$0
Misc	\$11	0%	\$11	\$0	\$11	\$0
Landfill Closure & Post-closure (Annualized)	\$0	0%	\$0	\$0	\$0	\$0
T S Operating (Annualized)	\$0	0%	\$0	\$0	\$0	\$0
T S Closure & Post-closure (Annualized)	\$0	0%	\$0	\$0	\$0	\$0
User Charge Analysis Services & Staff Time	\$0	0%	\$0	\$0	\$0	\$0
<b>Grand Total All Costs</b>	<b>\$95,994</b>		<b>\$95,994</b>	<b>\$0</b>	<b>\$95,994</b>	<b>\$0</b>

Note: "Landfill Administration" covers operations staff. "General Administration" staff expenses are currently paid out of the general fund.

\$95,994

December 17, 2009

The Honorable Fred D. Tschetter  
Mayor of Sundance  
213 Main Street  
Sundance, WY 82729

Subject: Rate Analysis Workshop Follow up

Dear Mr. Tschetter:

As you recall from the workshop Tuesday night, the issue of bulk water rates to the country club came up. Country club board members contended that the country club could not afford to pay \$0.81/1,000 gallons plus the additional minimum charges.

I ran a scenario that assumes the country club rates would stay the same and everyone else's rates would go up to make up the difference. The enclosed charts show the effect. It is small. If the City wanted to split the difference with the country club, for example, you can also split the difference between the minimum and unit charges included in the originally proposed rates and the rates in the enclosed rate chart to get the rates that everyone would need to pay.

My recommendation is this. Raise rates to the country club as originally proposed. If that truly creates a hardship and if the council wants to relieve it, the council should pass a resolution to "grant" the country club funds to defray its higher water bill. But, that "grant" should be allowed on a monthly basis, based upon bulk water flow to the country club each month and the amount should not cover the entire rate increase. The City should give the country club a price signal to be careful about how much water it uses for irrigation. Even at my proposed rate there is little incentive to conserve.

As to the electric coop attorney's comments about what the Wyoming Utility Commission would accept or turn down for (sewer) rate increases, while that information is good as a frame of reference, the City is not governed by the Utility Commission. You have the authority to set rates as you see fit. Of course, you want to treat ratepayers well but the first priority needs to be taking proper care of the utilities so you can provide proper service to them. That means bringing in enough revenue.

In addition, the fact that rates to the highest volume sewer users are modeled to go up by 1,000 percent or so indicates two things. Your current flat rates are remarkably low and any increase will yield a high percentage increase rate. And, the current rates to the high-end users are too low by almost 1,000 percent and the low end users rates are too high.

By restructuring rates you would not be unfair to the high-end users. You would be correcting the currently unfair rate structure. Your rates will not be considered by the Utility Commission but it is my feeling that, if shown the evidence of the unfairness of your current rate structure, the Commission would not deny your desire to make the rate structure fair. Some users are currently getting something that they should not and taking it away would cost them more. But, that "hardship" is not grounds for continuing the practice.

I suggest you do the sewer rate restructuring in one step as proposed. Based upon last year's usage data, about 51% of your users' sewer bills will go down after the proposed rate adjustments. About 30% will see their bills go up between \$0.67 and \$4.32 per month. That leaves about 20% whose bills will go up more, escalating with their use. If any ratepayers have a hard time paying, you can consider each case on its merits and handle each accordingly. If someone simply does not want to pay their fair share, well, unfortunately we all have to pay fees and prices we would prefer not to pay.

As to my thoughts about the workshop, I thought it went well. We got lots of information out there and lots of questions answered. I think you are well on your way to getting the utilities set on a proper financial course.

Best regards,  
Carl Brown Consulting, LLC



Carl E. Brown  
President

Enclosures

# Sundance, WY, Water Rates Scenario 2 With No Country Club Increase

## Chart 13 - Old Rates, New Rates and Changes

This chart compares current and proposed rates.

CBGreatRates© Version 4.8

Class Bottom	Class Top	Median or Actual Average use (1,000 Gallons)	Current Average Monthly Bill*	Proposed Average Monthly Bill* Starting on 3/1/10	Bill Increase or (Decrease) After Rate Adjustment
General Customer Class (use per Billing Cycle in Gallons)					
0	999	0.127	\$9.00	\$10.55	\$1.55
1,000	1,999	1.331	\$9.00	\$11.90	\$2.90
2,000	2,999	2.274	\$9.97	\$15.72	\$5.75
3,000	3,999	3.262	\$13.48	\$19.72	\$6.25
4,000	4,999	4.229	\$16.91	\$23.64	\$6.74
5,000	5,999	5.217	\$20.41	\$27.65	\$7.24
6,000	6,999	6.219	\$23.96	\$31.71	\$7.75
7,000	7,999	7.244	\$27.60	\$35.86	\$8.27
8,000	8,999	8.252	\$31.17	\$39.95	\$8.78
9,000	9,999	9.217	\$34.60	\$43.86	\$9.27
10,000	10,999	10.265	\$38.31	\$48.11	\$9.80
11,000	11,999	11.268	\$41.87	\$52.18	\$10.31
12,000	12,999	12.304	\$45.54	\$56.38	\$10.83
13,000	13,999	13.205	\$48.74	\$60.03	\$11.29
14,000	14,999	14.220	\$52.34	\$64.14	\$11.80
15,000	15,999	15.324	\$56.25	\$68.62	\$12.36
16,000	16,999	16.268	\$59.60	\$72.44	\$12.84
17,000	17,999	17.230	\$63.01	\$76.34	\$13.33
18,000	18,999	18.391	\$67.13	\$81.05	\$13.92
19,000	19,999	19.269	\$70.25	\$84.61	\$14.36
20,000	29,999	23.641	\$85.76	\$102.35	\$16.58
30,000	39,999	34.746	\$125.18	\$147.40	\$22.22
40,000	49,999	44.116	\$158.44	\$185.42	\$26.98
50,000	59,999	53.730	\$192.57	\$224.43	\$31.86
60,000	69,999	64.380	\$230.37	\$267.63	\$37.26
70,000	79,999	75.050	\$268.25	\$310.92	\$42.68
80,000	999,999	148.061	\$527.43	\$607.18	\$79.74
Special Customer Classes					
	Outside City Users	5.317	\$31.08	\$41.83	\$10.75
	Sundance CC Fairways	840.608	\$655.24	\$655.24	\$0.00
	WYDOT Hard Water	175.611	\$465.37	\$531.92	\$66.55
	Other Hard Water	7.435	\$22.30	\$25.49	\$3.19
	Standpipe Users	52.189	\$260.95	\$298.26	\$37.32
	Green Mt Estates	30.475	\$110.09	\$130.15	\$20.07
	M & P Auto Body	19.908	\$72.57	\$87.28	\$14.70
	Min Only (Green Mt Tnts)	2.000	\$9.00	\$14.61	\$5.61

\*These amounts do not include minimum surcharges, if applicable.

# Sundance, WY, Water Rates Scenario 2 With No Country Club Increase

## Chart 13B - Rate Changes in Percent

This chart shows percentage increases and decreases.

CBGreatRates© Version 4.8

Effective New All-in Rate/1,000 Gallons*	Class Bottom	Class Top	Percent Increase or Decrease (-) After Rate Adjustment
General Customer Class (use per Billing Cycle in Gallons)			
\$83.04	0	999	17%
\$8.94	1,000	1,999	32%
\$6.91	2,000	2,999	58%
\$6.05	3,000	3,999	46%
\$5.59	4,000	4,999	40%
\$5.30	5,000	5,999	35%
\$5.10	6,000	6,999	32%
\$4.95	7,000	7,999	30%
\$4.84	8,000	8,999	28%
\$4.76	9,000	9,999	27%
\$4.69	10,000	10,999	26%
\$4.63	11,000	11,999	25%
\$4.58	12,000	12,999	24%
\$4.55	13,000	13,999	23%
\$4.51	14,000	14,999	23%
\$4.48	15,000	15,999	22%
\$4.45	16,000	16,999	22%
\$4.43	17,000	17,999	21%
\$4.41	18,000	18,999	21%
\$4.39	19,000	19,999	20%
\$4.33	20,000	29,999	19%
\$4.24	30,000	39,999	18%
\$4.20	40,000	49,999	17%
\$4.18	50,000	59,999	17%
\$4.16	60,000	69,999	16%
\$4.14	70,000	79,999	16%
\$4.10	80,000	999,999	15%
Special Customer Classes			
\$7.87	Outside City Users		35%
\$0.78	Sundance CC Fairways		0%
\$3.03	WYDOT Hard Water		14%
\$3.43	Other Hard Water		14%
\$5.72	Standpipe Users		14%
\$4.27	Green Mt Estates		18%
\$4.38	M & P Auto Body		20%
\$7.31	Min Only (Green Mt Tnts)		62%

# Sundance, WY, Water Rates Scenario 2 With No Country Club Increase

## Chart 14 - Proposed Rate Chart

All users connected to the municipal system shall pay fees and charges according to the following schedule.

Class Bottom	Class Top	Median or Actual Average use (1,000 Gallons)	Minimum Charge* per Billing Cycle	Minimum Charge Usage Allowance (1,000 Gallons)	Unit Charge This Class per 1,000 Gallons
<b>General Customer Class</b> (use per Billing Cycle in Gallons)					
0	999	0.127	\$10.55	1.000	\$4.06
1,000	1,999	1.331	\$10.55	1.000	\$4.06
2,000	2,999	2.274	\$10.55	1.000	\$4.06
3,000	3,999	3.262	\$10.55	1.000	\$4.06
4,000	4,999	4.229	\$10.55	1.000	\$4.06
5,000	5,999	5.217	\$10.55	1.000	\$4.06
6,000	6,999	6.219	\$10.55	1.000	\$4.06
7,000	7,999	7.244	\$10.55	1.000	\$4.06
8,000	8,999	8.252	\$10.55	1.000	\$4.06
9,000	9,999	9.217	\$10.55	1.000	\$4.06
10,000	10,999	10.265	\$10.55	1.000	\$4.06
11,000	11,999	11.268	\$10.55	1.000	\$4.06
12,000	12,999	12.304	\$10.55	1.000	\$4.06
13,000	13,999	13.205	\$10.55	1.000	\$4.06
14,000	14,999	14.220	\$10.55	1.000	\$4.06
15,000	15,999	15.324	\$10.55	1.000	\$4.06
16,000	16,999	16.268	\$10.55	1.000	\$4.06
17,000	17,999	17.230	\$10.55	1.000	\$4.06
18,000	18,999	18.391	\$10.55	1.000	\$4.06
19,000	19,999	19.269	\$10.55	1.000	\$4.06
20,000	29,999	23.641	\$10.55	1.000	\$4.06
30,000	39,999	34.746	\$10.55	1.000	\$4.06
40,000	49,999	44.116	\$10.55	1.000	\$4.06
50,000	59,999	53.730	\$10.55	1.000	\$4.06
60,000	69,999	64.380	\$10.55	1.000	\$4.06
70,000	79,999	75.050	\$10.55	1.000	\$4.06
80,000	999,999	148.061	\$10.55	1.000	\$4.06
<b>Special Customer Classes</b>					
	Outside City Users	5.317	\$16.42	1.000	\$5.89
	Sundance CC Fairways	840.608	\$319.00	0.000	\$0.40
	WYDOT Hard Water	175.611	\$0.00	0.000	\$3.03
	Other Hard Water	7.435	\$0.00	0.000	\$3.43
	Standpipe Users	52.189	\$0.00	0.000	\$5.72
	Green Mt Estates	30.475	\$10.55	1.000	\$4.06
	M & P Auto Body	19.908	\$10.55	1.000	\$4.06
	Min Only (Green Mt Tnts)	2.000	\$10.55	1.000	\$4.06

\*This is the base minimum charge and does not include surcharges, if applicable.