

# City of Sisters

## WATER AND SEWER UTILITY RATE STUDY

FINAL REPORT  
January 2018

**Washington**

7525 166th Avenue NE, Ste. D215  
Redmond, WA 98052  
425.867.1802

**Oregon**

4000 Kruse Way Pl., Bldg. 1, Ste 220  
Lake Oswego, OR 97035  
503.841.6543

**Colorado**

PO Box 19114  
Boulder, CO 80301-9998  
719.284.9168

[www.fcsgroup.com](http://www.fcsgroup.com)

This entire report is made of readily recyclable materials, including the bronze wire binding and the front and back cover, which are made from post-consumer recycled plastic bottles.



**FCS GROUP**  
Solutions-Oriented Consulting

# TABLE OF CONTENTS

---

|   |    |
|---|----|
| Table of Contents .....                       | i  |
| I. Executive Summary.....                     | 1  |
| II. Introduction .....                        | 3  |
| III. Policy Framework.....                    | 4  |
| III.A. Fiscal Policies .....                  | 4  |
| III.B. Reserves.....                          | 4  |
| III.C. System Reinvestment .....              | 5  |
| III.D. Financial Performance Standards .....  | 5  |
| IV. Revenue Requirement Analysis .....        | 6  |
| IV.A. General Methodology.....                | 6  |
| IV.B. Operating Forecast.....                 | 6  |
| IV.C. Capital Forecast .....                  | 7  |
| IV.D. Evaluation of Revenue Sufficiency ..... | 8  |
| V. Rate Structure Analysis .....              | 13 |
| V.A. General Methodology.....                 | 13 |
| V.B. Water Rates.....                         | 13 |
| V.C. Sewer Rates .....                        | 14 |
| V.D. Combined Residential Bill Impacts .....  | 15 |

Appendix A – Water Revenue Requirement

Appendix B – Sewer Revenue Requirement

## Section I. EXECUTIVE SUMMARY

The City of Sisters (City) contracted with FCS GROUP in 2017 to conduct a rate study for its water and sewer utilities. The project included the following tasks:

### Water Rate Study

The water rate study focused on developing water rates to reflect the cost of providing service. Consistent with industry-approved ratemaking practices, this analysis included determining revenue requirements and developing rate structure alternatives to collect the targeted amount of revenue.

**Exhibit ES-1** provides the recommended near-term water rate strategy:

### **Exhibit ES-1: Summary of Existing & Recommended Water Rates**

| Monthly Water Rates                 | Existing | Proposed | Projected |         |         |         |
|-------------------------------------|----------|----------|-----------|---------|---------|---------|
|                                     | 2017     | 2018     | 2019      | 2020    | 2021    | 2022    |
| Base Rate:                          |          |          |           |         |         |         |
| 5/8" × 3/4" Meter                   | \$20.59  | \$15.50  | \$16.05   | \$16.77 | \$17.36 | \$18.02 |
| 1" or 1-1/2" Meter                  | \$23.09  | \$17.38  | \$18.00   | \$18.80 | \$19.47 | \$20.21 |
| 2" Meter                            | \$25.58  | \$19.25  | \$19.95   | \$20.83 | \$21.57 | \$22.39 |
| 3" or Larger Meter                  | \$62.40  | \$46.96  | \$48.65   | \$50.82 | \$52.62 | \$54.61 |
| Volume Included in Base Rate        | 1,000 cf | None     | None      | None    | None    | None    |
| Volume Rate per 100 cf <sup>1</sup> | \$1.00   | \$1.00   | \$1.00    | \$1.00  | \$1.00  | \$1.00  |

<sup>1</sup>Applies to usage above the amount included in the base rate.

The rates shown in **Exhibit ES-1** reflect the following findings and proposed changes:

- 2.0% annual rate revenue increases, driven primarily by capital funding requirements that the City has embedded in its water rates. It is worth noting that these increases are also partially attributable to rising operating costs, particularly for employee benefits that the City expects will increase by 25.0% every two years.
- Removal of the 1,000 cubic feet (cf) allowance currently built into the City's base rates. With this change, customers will pay the volume rate on all water usage. The scenario preferred by City staff contemplates reducing the base rates to account for the increased revenue from volume charges, and retaining the existing volume rate for the five-year study period.

### Sewer Rate Study

The sewer rate study focused on developing sewer rates to reflect the cost of providing service. Consistent with industry-approved ratemaking practices, this analysis included determining revenue requirements and developing rate structure alternatives to collect the targeted amount of revenue.

**Exhibit ES-2** provides the recommended near-term sewer rate strategy:

#### **Exhibit ES-2: Summary of Existing & Recommended Sewer Rates**

| Monthly Sewer Rates             | Existing  | Proposed  | Projected |           |           |           |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 | 2017      | 2018      | 2019      | 2020      | 2021      | 2022      |
| Monthly Rate per EDU            | \$39.00   | \$37.77   | \$38.50   | \$39.25   | \$40.01   | \$40.78   |
| Non-Residential "Winter" Period | Jan – Mar | Oct – Apr | Oct – Apr | Oct – Apr | Oct – Apr | Oct – Apr |

The rates shown in **Exhibit ES-2** reflect the following findings and proposed changes:

- 2.0% annual rate revenue increases, which the sewer utility needs to cover capital funding requirements that the City has embedded in its sewer rates.
- Adjustment of the “winter” period that the City uses to calculate non-residential equivalent dwelling units (EDUs). The scenario preferred by City staff expands the winter period (currently January – March) to include October, November, December, and April. This change intends to improve equity by recognizing that a number of the City’s non-residential customers do not exhibit representative water usage patterns during the January – March billing periods. With this adjustment, the City can decrease the monthly rate per EDU based on the increased number of EDUs assigned to some of its non-residential customers. The rates shown in **Exhibit ES-2** reflect an adjustment for anticipated reductions in usage from customers with high irrigation demands.

**Exhibit ES-3** provides a forecast of the combined water/sewer bill that a typical residential customer would pay:

#### **Exhibit ES-3: Combined Residential Bill Forecast**

| Monthly Residential Bill | Existing | Proposed | Projected |         |         |         |
|--------------------------|----------|----------|-----------|---------|---------|---------|
|                          | 2017     | 2018     | 2019      | 2020    | 2021    | 2022    |
| Water Bill @ 700 cf      | \$20.59  | \$22.50  | \$23.05   | \$23.77 | \$24.36 | \$25.02 |
| Sewer Bill               | 39.00    | 37.77    | 38.50     | 39.25   | 40.01   | 40.78   |
| Total Bill               | \$59.59  | \$60.27  | \$61.55   | \$63.02 | \$64.37 | \$65.80 |
| Change From Prior Year   |          | +\$0.68  | +\$1.28   | +\$1.47 | +\$1.35 | +\$1.43 |
| % Change From Prior Year |          | +1.1%    | +2.1%     | +2.4%   | +2.1%   | +2.2%   |

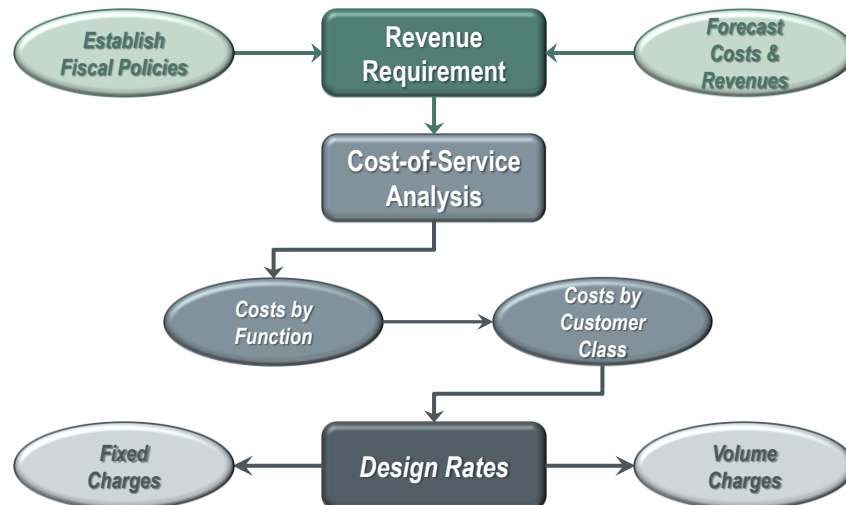
**Exhibit ES-3** shows a representative residential bill increasing by 1.1% under the proposed 2018 rates, with a decrease in the sewer charge partially offsetting an increase in the water charge. The subsequent-year increases vary from \$1.28 to \$1.47, and are generally consistent with the aggregate increases in the utilities’ annual costs.

**Appendix A** and **Appendix B** include printouts of the detailed water rate analysis and sewer rate analysis, respectively.

## Section II. INTRODUCTION

The City of Sisters (City) contracted with FCS GROUP in 2017 to conduct a rate study for its water and sewer utilities. **Exhibit 1** shows the ratemaking process commonly used in the utility industry.

**Exhibit 1: Ratemaking Methodology**



- The first phase defines the amount of revenue that the utility needs to meet its annual financial obligations including operating expenses, capital outlay, debt payments, and other needs attributable to the City's financial policies.
- The second step allocates the revenue requirement to customer classes based on their demands and service characteristics. This phase usually begins with an allocation of the revenue requirement to functions of service, which vary by utility.
- Once the amount of revenue to recover from each customer class is known, the final step involves designing rates that generate the targeted amount of revenue. The City requested the development of alternative rate structures that could potentially improve attainment of the City's policy goals (such as equitable cost recovery and incentives to use water efficiently).

A rate study can include any or all of these phases. The study requested by the City included an evaluation of revenue requirements and development of rate structure alternatives, but not an explicit allocation of costs to customer classes. This study relies on the inter-class cost allocations embedded in the City's existing rates, with potential variations among the rate structure alternatives.

## Section III. POLICY FRAMEWORK

---

### III.A. FISCAL POLICIES

The financial plan is based on a framework of fiscal policies that promote the financial integrity and stability of the City's utilities. The ensuing discussion provides a brief summary of the key policies addressed by the City and incorporated into this analysis.

### III.B. RESERVES

Like any business, a municipal utility requires certain minimum levels of cash reserves to operate. These reserves address the variability and timing of revenues and expenses as well as occasional disturbances in activities. Given the City's responsibility to provide essential services to its customers at a certain standard, protection against financial disruption is even more important than it would be for private-sector or non-essential counterparts. In addition, a defined reserve structure serves to maintain appropriate segregation of funds and promote the use of resources for their intended purposes. This analysis assumes the following structure of reserves for the City's utilities:

- **Operating Reserves.** Operating reserves provide an unrestricted fund balance to accommodate the short-term cycles of revenues and expenses, addressing unanticipated expenses or revenue shortfalls. This analysis assumes a minimum balance equal to two months (17%) of projected operating expenses, which, based on the operating expense projections in the City's 2017-18 Budget, equates to about \$85,000 for the water utility and \$92,000 for the sewer utility.
- **Capital Improvement Reserve.** The City sets aside cash funding for capital improvement projects in a reserve embedded within the Water/Sewer Funds. This reserve does not have an explicit minimum balance, but the City sets annual transfers based on an average of annual capital project expenditures. It periodically reviews the accrued balance, recalibrating the annual transfers as needed to attain the targeted funding levels.
- **Capital Replacement Reserve.** Also part of the Water/Sewer Funds, the City maintains a reserve dedicated to the replacement of equipment and vehicles. This reserve does not have an explicit minimum balance, but the City sets annual transfers based on the replacement cost allocated to each utility (amortized over the expected life of the related assets). It periodically reviews the accrued balance, recalibrating the annual transfers as needed to attain the targeted funding levels.
- **SDC Fund.** Consistent with the requirements established in Section 223.307 of the Oregon Revised Statutes (ORS) regarding the expenditure of system development charges (SDCs), the City maintains a separate SDC Fund to ensure that reimbursement fee and improvement fee revenues are spent on eligible capital projects.

### III.C. SYSTEM REINVESTMENT

A best-management practice in the utility industry, system reinvestment involves setting aside funds to accumulate cash for immediate and future asset replacements. The policy intent is to promote stable and moderate long-term rates and avoid burdening any single generation of customers with the cost of asset replacement. Absent a formal asset replacement plan, system reinvestment policies most often link the annual funding provision to depreciation as a measure of the annual decline in asset value. The City funds system reinvestment via transfers to the Capital Improvement Reserve and Capital Replacement Reserve. Based on projected capital needs, the City plans to make annual transfers of approximately \$149,000 for the water utility and \$46,000 – \$188,000 for the sewer utility. Note that the sewer utility's transfers include an additional \$142,000 in 2018 and \$128,000 in 2019 to fund near-term capital improvements – beyond 2019, the sewer utility's transfers remain at \$46,000 per year based on anticipated equipment and vehicle replacement needs.

### III.D. FINANCIAL PERFORMANCE STANDARDS

This analysis evaluates the sufficiency of each utility's revenues to meet its financial obligations including operation and maintenance (O&M) expenses, debt repayment, rate-funded capital needs, and any other policy-based needs. It determines the amount of revenue needed in a given year to meet that year's expected financial obligations, in the context of two revenue sufficiency tests:

- **Cash Flow Sufficiency Test.** The cash flow test determines whether or not each utility's annual revenues are sufficient to cover the known cash requirements for each year of the planning period. These cash requirements typically include O&M expenses, debt service payments, rate-funded capital outlays, and any additions to reserve balances.
- **Coverage Test.** The coverage test evaluates the utilities' ability to meet applicable bond coverage requirements, as specified by the City's bond covenants and internal debt policies.

In determining the annual revenue requirement, the test with the greatest deficiency generally drives the rate increase in any given year. It is worth noting that the City can temporarily waive the requirements of the cash flow test as part of a conscious decision to phase in rate increases, as long as its operating reserve balance is sufficient to absorb the resulting cash flow deficit. The coverage test, however, must always be met as failure to do so may result in a downgrading of the City's credit rating. Because the City does not currently have any water or sewer utility debt that requires coverage, the cash flow test defines the utilities' revenue requirements.

## Section IV. REVENUE REQUIREMENT ANALYSIS

---

### IV.A. GENERAL METHODOLOGY

The revenue requirement is the amount of revenue that a utility's rates must generate to enable it to meet its various financial obligations. This analysis has two main purposes – it serves as a means of evaluating the utility's fiscal health and adequacy of current rate levels, and it sets the revenue basis for near-term and long-term rate planning. The rate revenue requirement is defined as the net difference between total revenue needs and the revenue generated through non-rate sources. Hence, the revenue requirement analysis involves defining and forecasting both needs and resources.

### IV.B. OPERATING FORECAST

Operating costs are initially based on the 2018 Budget, with adjustments for inflation and any anticipated future changes such as changes to programs or staffing levels. The key assumptions and inputs used to develop the operating forecast are described in further detail below:

#### Operating Revenue

- **Annual Customer Growth:** Varies from 2.6 – 2.8% per year, based on estimates from City staff.
- **Rate Revenue:** Determined by applying the existing rate structures to projected customer counts and water demand (based on detailed utility billing statistics and expected growth).
- **Other Operating Revenue:** Based on the 2018 Budget, assumed to remain constant over the forecast period (no escalation).
- **Interest Earnings:** Calculated based on projected reserve balances, assuming an earnings rate of about 0.9% per year (based on the 2016 average Oregon Short-Term Fund interest rate)

#### Operating Expenses

- **Operation and Maintenance (O&M) Costs:** Generally based on the 2018 Budget, with adjustments for inflation at the following rates:

| Escalator               | Assumed Rate                                | Applies To               |
|-------------------------|---|--------------------------|
| General Cost Inflation  | 1.8% per year                               | Most operating expenses  |
| Labor Cost Inflation    | 2.6% per year                               | Salaries and wages       |
| PERS Escalation         | 25.0% every other year                      | Retirement benefit costs |
| Medical Cost Escalation | Water: 3.6% per year; Sewer: 13.2% per year | Non-PERS benefit costs   |

- **Franchise Fees:** Set to 7.0% of rate revenue.



### Debt Service

- **Existing Debt:** The sewer utility currently has one outstanding debt obligation, the 2016 Full Faith and Credit Refunding Bonds (with an annual payment of approximately \$333,000). Both utilities also make annual transfers to the City Hall Fund to repay a loan; the water utility's share is around \$9,000 per year, and the sewer utility's share is on the order of \$12,000 – \$13,000 per year. The water utility does not have any other outstanding debt.

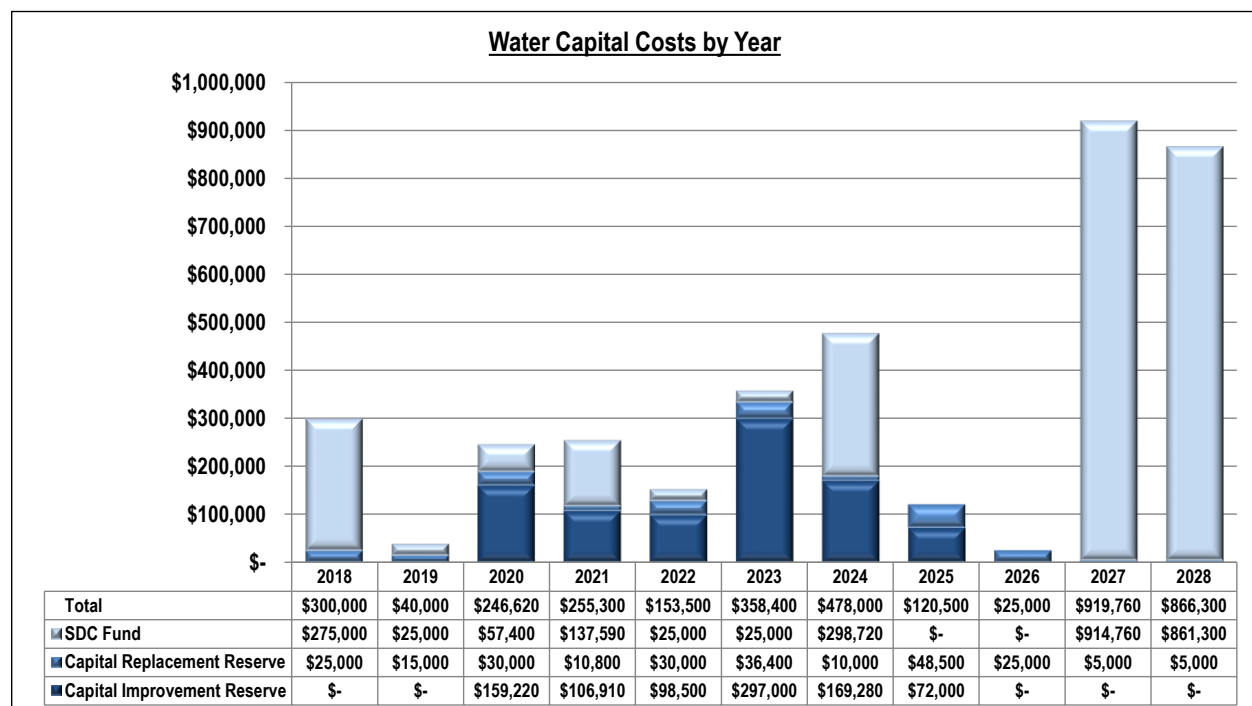
## IV.C. CAPITAL FORECAST

The capital forecast involves developing a funding strategy for the annual project expenditures contemplated in the utilities' capital improvement plans (CIPs). Potential funding sources include existing cash balances, incoming rate and SDC revenues, external grants/contributions, and debt (if necessary). Given the magnitude and variability of capital project expenditures, rates most often fund an ongoing contribution for capital projects (system reinvestment) rather than direct expenditures. The ensuing discussion considers each utility's capital forecast separately.

### Water Utility

**Exhibit 2** summarizes the water utility CIP and anticipated funding strategy.

**Exhibit 2: Summary of Water Capital Costs & Funding Strategy**



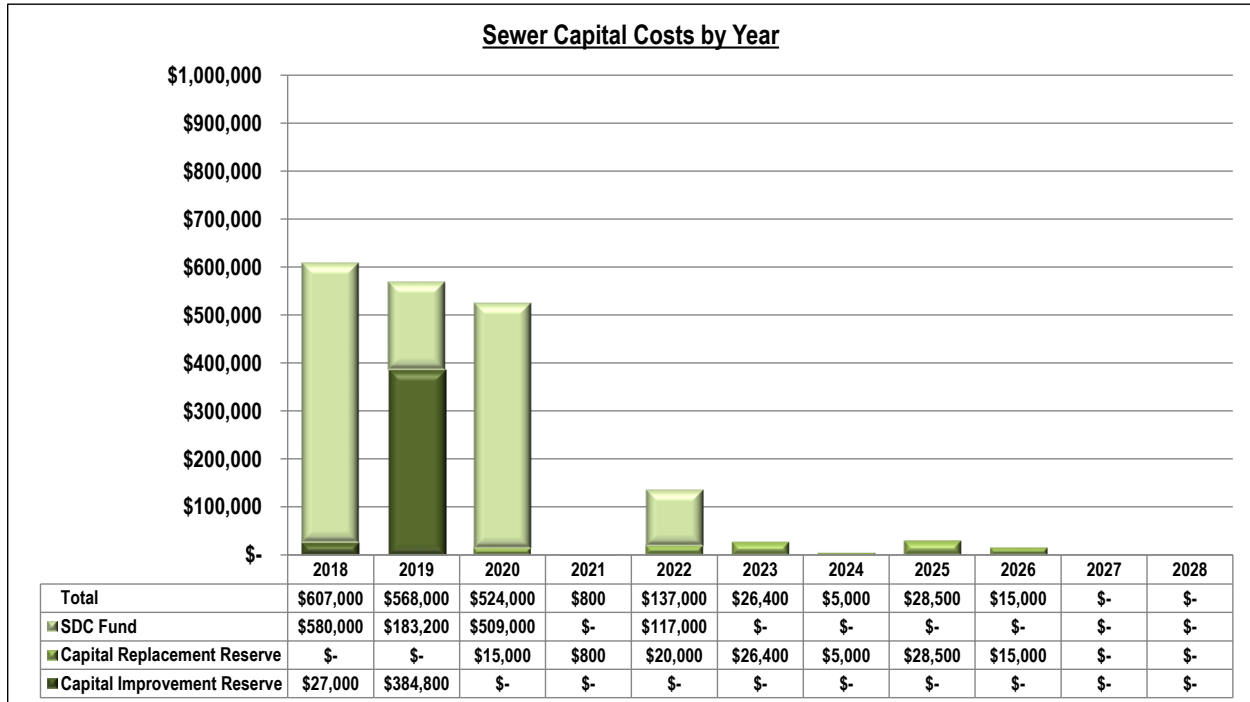
**Exhibit 2** indicates that the water utility will spend \$995,420 on capital projects that it plans to complete between 2018 and 2022. The full capital program through 2028 includes \$3.8 million of anticipated expenditures, with the remaining \$2.8 million occurring outside of the five-year planning period. Existing cash balances in the Capital Improvement Reserve, Capital Replacement Reserve,

and SDC Fund appear to be adequate to fund the projected expenditures without any new debt issuance. It is worth noting that this finding relies to an extent on the assumption that water rates fund approximately \$149,000 per year in system reinvestment.

**Sewer Utility**

**Exhibit 3** summarizes the sewer utility CIP and anticipated funding strategy.

**Exhibit 3: Summary of Sewer Capital Costs & Funding Strategy**



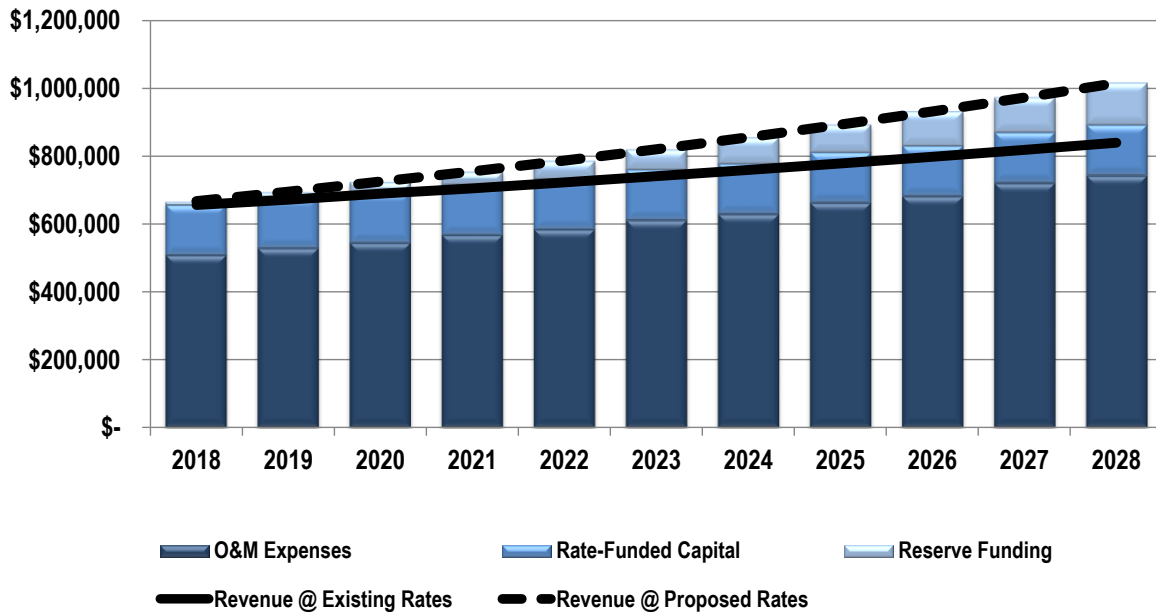
**Exhibit 3** indicates that the sewer utility will spend \$1,836,800 on capital projects that it plans to complete between 2018 and 2022. The full capital program through 2031 includes \$2.7 million of anticipated expenditures, with the remaining \$0.9 million occurring outside of the five-year planning period. In addition to these costs, the sewer utility will have to fund 50% of the cost of the West Side Pump Station and Force Main project (total estimated cost of \$1.5 million). Since the timing of this project depends on the U.S. Forest Service, **Exhibit 3** does not include this project. Existing cash balances in the Capital Improvement Reserve, Capital Replacement Reserve, and SDC Fund appear to be adequate to fund the projected expenditures without any new debt issuance. It is worth noting that this finding relies to an extent on the assumption that sewer rates fund approximately \$46,000 – \$188,000 per year in system reinvestment.

**IV.D. EVALUATION OF REVENUE SUFFICIENCY**

**Water Utility**

**Exhibit 4** summarizes the annual revenue requirements for the water utility based on the forecast of revenues, expenses, and fund balances.

**Exhibit 4: Water Utility Revenue Requirement Summary**

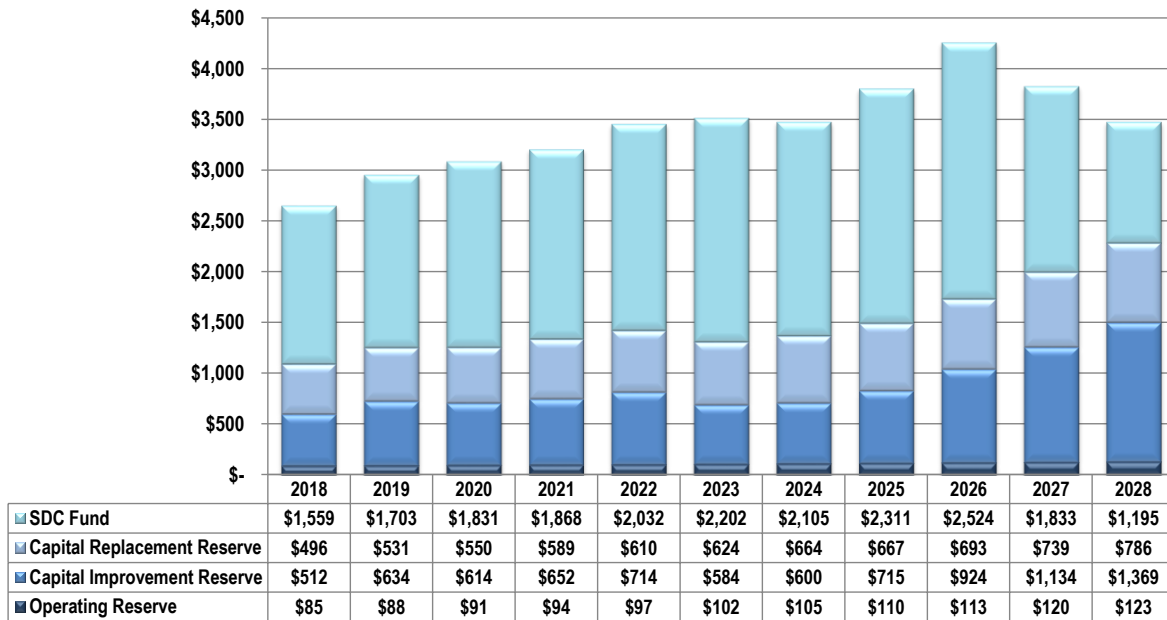


| Water Revenue Req. (\$000s)           | 2018         | 2019         | 2020         | 2021          | 2022          | 2023          | 2024          | 2025          | 2026          | 2027          | 2028          |
|---------------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Expenses</b>                       |              |              |              |               |               |               |               |               |               |               |               |
| Operating Expenses                    | \$508        | \$528        | \$544        | \$567         | \$584         | \$611         | \$628         | \$661         | \$680         | \$720         | \$741         |
| System Reinvestment                   | 149          | 149          | 149          | 149           | 149           | 149           | 149           | 149           | 149           | 149           | 149           |
| <b>Total</b>                          | <b>\$657</b> | <b>\$677</b> | <b>\$693</b> | <b>\$716</b>  | <b>\$733</b>  | <b>\$760</b>  | <b>\$777</b>  | <b>\$810</b>  | <b>\$829</b>  | <b>\$869</b>  | <b>\$890</b>  |
| <b>Revenues</b>                       |              |              |              |               |               |               |               |               |               |               |               |
| Rate Revenue @ Existing Rates         | \$595        | \$611        | \$628        | \$644         | \$662         | \$680         | \$698         | \$717         | \$737         | \$757         | \$778         |
| Other Revenue                         | 61           | 61           | 61           | 61            | 61            | 61            | 61            | 61            | 61            | 61            | 62            |
| <b>Total</b>                          | <b>\$656</b> | <b>\$672</b> | <b>\$689</b> | <b>\$705</b>  | <b>\$723</b>  | <b>\$741</b>  | <b>\$759</b>  | <b>\$778</b>  | <b>\$798</b>  | <b>\$818</b>  | <b>\$840</b>  |
| <b>Net Cash Flow @ Existing Rates</b> | <b>(\$1)</b> | <b>(\$5)</b> | <b>(\$4)</b> | <b>(\$11)</b> | <b>(\$10)</b> | <b>(\$19)</b> | <b>(\$18)</b> | <b>(\$32)</b> | <b>(\$31)</b> | <b>(\$51)</b> | <b>(\$50)</b> |
| Annual Rate Increase                  | 2.0%         | 2.0%         | 2.0%         | 2.0%          | 2.0%          | 2.0%          | 2.0%          | 2.0%          | 2.0%          | 2.0%          | 2.0%          |
| Rate Revenue After Increases          | \$607        | \$636        | \$667        | \$698         | \$731         | \$766         | \$802         | \$841         | \$881         | \$923         | \$968         |
| <b>Net Cash Flow After Increases</b>  | <b>\$11</b>  | <b>\$17</b>  | <b>\$32</b>  | <b>\$38</b>   | <b>\$54</b>   | <b>\$61</b>   | <b>\$79</b>   | <b>\$83</b>   | <b>\$102</b>  | <b>\$104</b>  | <b>\$125</b>  |

**Exhibit 4** indicates that at existing rates, the water utility is generating enough revenue to cover operating expenses and most of the planned transfers to the Capital Improvement Reserve and Capital Replacement Reserve (system reinvestment). There is a slight cash-flow deficit that appears to grow over time with inflation, especially in employee benefit costs (assumed 25.0% increase every two years). The proposed rate revenue strategy of 2.0% annual increases intends to cover this deficit and generate additional reserve funding for capital needs.

**Exhibit 5** summarizes the projected ending balances for the water utility’s reserves:

**Exhibit 5: Projected Water Utility Ending Fund Balances (\$000s)**



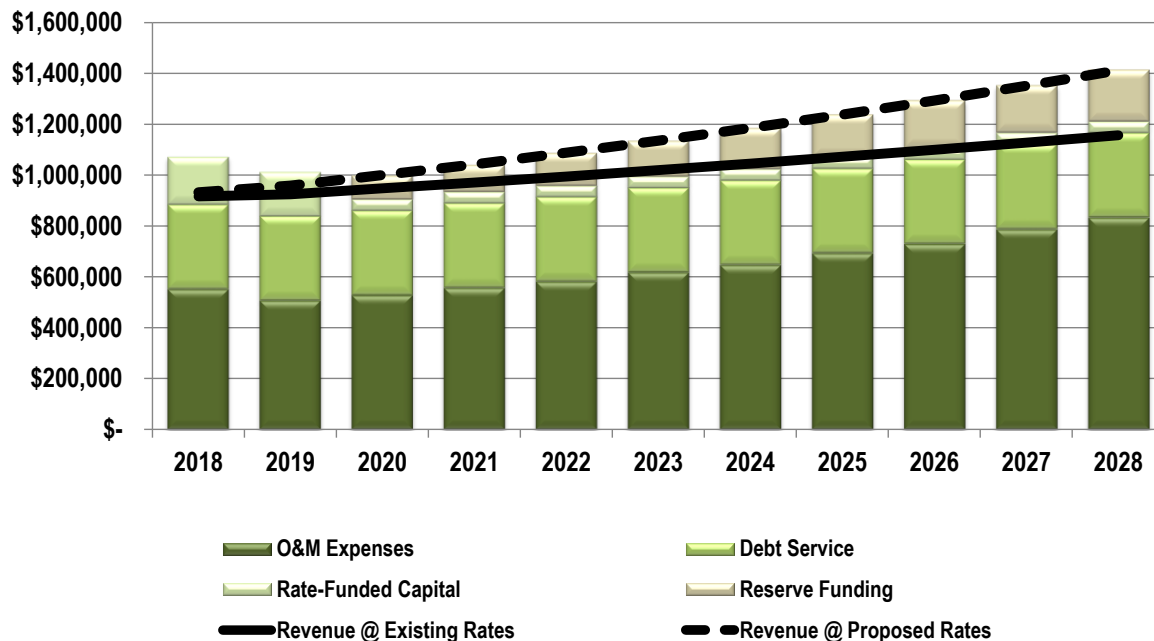
**Exhibit 5** generally shows the water utility maintaining a total ending cash balance between \$3.0 and \$4.0 million, including the following components:

- An Operating Reserve balance increasing from \$85,000 to \$123,000, based on the policy target of two months (approximately 17%) of operating expenses. This analysis transfers any excess cash flow to the Capital Improvement Reserve to provide additional funding for capital projects.
- A Capital Improvement Reserve balance increasing from \$512,000 to \$1.4 million. This ending balance reflects \$902,910 of capital project spending from 2018 – 2025, and appears to increase beyond 2025 because the City has yet to evaluate its longer-term capital needs.
- A Capital Replacement Reserve balance increasing from \$496,000 to \$786,000, which reflects an investment of \$240,700 in the replacement of vehicles and equipment. As the City’s contributions to this reserve are based on an allocation of \$1.2 million in replacement costs to the water utility, this balance will decline over time as the City completes its replacement program.
- An SDC Fund balance declining from \$1.6 to \$1.2 million. **Exhibit 5** shows an increasing balance from 2018 – 2026 as the City collects SDCs, but shows drops in the available balance in 2027 and 2028 as the City invests its SDC revenue in a new transmission main and Well #4.

**Sewer Utility**

**Exhibit 6** summarizes the annual revenue requirements for the sewer utility based on the forecast of revenues, expenses, and fund balances.

**Exhibit 6: Sewer Utility Revenue Requirement Summary**

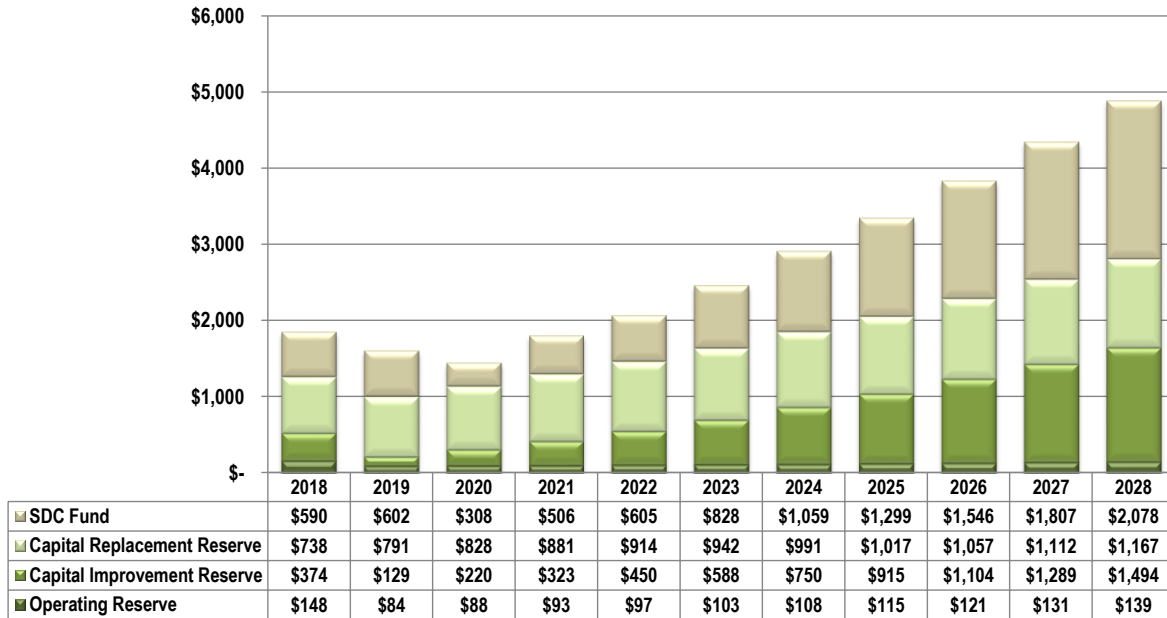


| Sewer Revenue Req. (\$000s)           | 2018           | 2019           | 2020         | 2021           | 2022           | 2023           | 2024           | 2025           | 2026           | 2027           | 2028           |
|---------------------------------------|----------------|----------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Expenses</b>                       |                |                |              |                |                |                |                |                |                |                |                |
| Operating Expenses                    | \$551          | \$507          | \$528        | \$557          | \$582          | \$618          | \$647          | \$693          | \$728          | \$787          | \$832          |
| Debt Service                          | 333            | 332            | 333          | 333            | 332            | 332            | 332            | 332            | 332            | 333            | 332            |
| System Reinvestment                   | 188            | 174            | 46           | 46             | 46             | 46             | 46             | 46             | 46             | 46             | 46             |
| <b>Total</b>                          | <b>\$1,072</b> | <b>\$1,013</b> | <b>\$907</b> | <b>\$936</b>   | <b>\$960</b>   | <b>\$996</b>   | <b>\$1,025</b> | <b>\$1,071</b> | <b>\$1,106</b> | <b>\$1,166</b> | <b>\$1,210</b> |
| <b>Revenues</b>                       |                |                |              |                |                |                |                |                |                |                |                |
| Rate Revenue @ Existing Rates         | \$871          | \$893          | \$917        | \$939          | \$963          | \$988          | \$1,014        | \$1,040        | \$1,067        | \$1,096        | \$1,125        |
| Other Revenue                         | 45             | 32             | 31           | 32             | 32             | 32             | 32             | 32             | 32             | 32             | 32             |
| <b>Total</b>                          | <b>\$916</b>   | <b>\$925</b>   | <b>\$948</b> | <b>\$971</b>   | <b>\$995</b>   | <b>\$1,020</b> | <b>\$1,046</b> | <b>\$1,072</b> | <b>\$1,099</b> | <b>\$1,128</b> | <b>\$1,157</b> |
| <b>Net Cash Flow @ Existing Rates</b> | <b>(\$156)</b> | <b>(\$88)</b>  | <b>\$41</b>  | <b>\$35</b>    | <b>\$35</b>    | <b>\$24</b>    | <b>\$21</b>    | <b>\$1</b>     | <b>(\$7)</b>   | <b>(\$38)</b>  | <b>(\$53)</b>  |
| <b>Annual Rate Increase</b>           | <b>2.0%</b>    | <b>2.0%</b>    | <b>2.0%</b>  | <b>2.0%</b>    | <b>2.0%</b>    | <b>2.0%</b>    | <b>2.0%</b>    | <b>2.0%</b>    | <b>2.0%</b>    | <b>2.0%</b>    | <b>2.0%</b>    |
| <b>Rate Revenue After Increases</b>   | <b>\$888</b>   | <b>\$929</b>   | <b>\$973</b> | <b>\$1,016</b> | <b>\$1,063</b> | <b>\$1,113</b> | <b>\$1,165</b> | <b>\$1,219</b> | <b>\$1,276</b> | <b>\$1,336</b> | <b>\$1,399</b> |
| <b>Net Cash Flow After Increases</b>  | <b>(\$140)</b> | <b>(\$55)</b>  | <b>\$93</b>  | <b>\$106</b>   | <b>\$128</b>   | <b>\$140</b>   | <b>\$161</b>   | <b>\$167</b>   | <b>\$187</b>   | <b>\$185</b>   | <b>\$202</b>   |

**Exhibit 6** indicates that the sewer utility has a short-term cash flow deficit in 2018 and 2019 due to the planned system reinvestment transfers and other capital outlays. When the system reinvestment transfers drop in 2020 (after the City has funded its near-term improvement projects), the sewer utility's revenue at existing rates appears to be adequate to cover its costs. Longer-term, inflationary cost increases will create a cash flow deficit unless the City imposes comparable increases in its sewer rates. The proposed rate revenue strategy of 2.0% annual increases intends to generate additional reserve funding for capital needs.

**Exhibit 7** summarizes the projected ending balances for the sewer utility's reserves:

**Exhibit 7: Projected Sewer Utility Ending Fund Balances (\$000s)**



**Exhibit 7** shows the sewer utility’s total ending cash balance increasing from \$1.9 million to \$4.9 million, including the following components:

- An Operating Reserve balance ending 2018 with \$148,000, dropping to \$84,000 due to transfers to the Capital Improvement Reserve in 2019, and increasing to \$139,000 (based on the policy target of two months of operating expenses).
- A Capital Improvement Reserve balance increasing from \$374,000 to \$1.5 million. This ending balance reflects \$411,800 of capital project spending from 2018 – 2026, and appears to increase in the future because the City has yet to evaluate its longer-term capital needs.
- A Capital Replacement Reserve balance increasing from \$738,000 to \$1.2 million, which reflects an investment of \$110,700 in the replacement of vehicles and equipment. As the City’s contributions to this reserve are based on an allocation of \$1.3 million in replacement costs to the sewer utility, this balance will decline over time as the City completes its replacement program.
- An SDC Fund balance increasing from \$590,000 to \$2.1 million. The sewer utility’s capital improvement program includes \$1.4 million in SDC-eligible project costs from 2018 – 2028, but the City expects to collect \$2.5 million in SDC revenue during the same period.

## Section V. RATE STRUCTURE ANALYSIS

### V.A. GENERAL METHODOLOGY

The revenue requirement analysis establishes the amount of rate revenue that the City must collect from each utility through rates, informing across-the-board adjustments to the existing rate structure. The City also requested the development of rate structure alternatives that could improve the alignment of the City's rates with its policy objectives (such as equitable cost recovery).

The rate structure analysis involved the following key steps:

- Review detailed customer billing data (customer counts by meter size, monthly water usage), using the prevailing rate structure and the amount of revenue actually reported by the City to validate the accuracy of the data. This is a critical step, as using accurate billing data to develop rates leads to more accurate projections of future revenue.
- Set fixed and variable charges to generate the targeted amount of revenue. Note that the rate alternatives presented are revenue-neutral to the revenue requirements shown in **Exhibit 4** and **Exhibit 6** (rate revenue after increases).

### V.B. WATER RATES

The City's current rate structure consists of a base rate that increases with meter size and volume rate that applies to water usage above 1,000 cubic feet (cf) per month. This rate structure charges all customers for 1,000 cf per month, whether or not they actually use that much water – while this feature promotes revenue stability, it recovers a disproportionate share of costs from low users and provides limited incentive to use water efficiently. To improve equity and conservation incentives, the City requested alternate water rate scenarios that eliminate the 1,000 cf built into the base rate.

**Exhibit 8** summarizes the City's current and recommended water rates:

**Exhibit 8: Summary of Existing & Recommended Water Rates**

| Monthly Water Rates                 | Existing | Proposed | Projected |         |         |         |
|-------------------------------------|----------|----------|-----------|---------|---------|---------|
|                                     | 2017     | 2018     | 2019      | 2020    | 2021    | 2022    |
| Base Rate:                          |          |          |           |         |         |         |
| 5/8" × 3/4" Meter                   | \$20.59  | \$15.50  | \$16.05   | \$16.77 | \$17.36 | \$18.02 |
| 1" or 1-1/2" Meter                  | \$23.09  | \$17.38  | \$18.00   | \$18.80 | \$19.47 | \$20.21 |
| 2" Meter                            | \$25.58  | \$19.25  | \$19.95   | \$20.83 | \$21.57 | \$22.39 |
| 3" or Larger Meter                  | \$62.40  | \$46.96  | \$48.65   | \$50.82 | \$52.62 | \$54.61 |
| Volume Included in Base Rate        | 1,000 cf | None     | None      | None    | None    | None    |
| Volume Rate per 100 cf <sup>1</sup> | \$1.00   | \$1.00   | \$1.00    | \$1.00  | \$1.00  | \$1.00  |

<sup>1</sup>Applies to usage above the amount included in the base rate.

The proposed 2018 rates shown in **Exhibit 8** are based on the 2018 revenue requirement after the planned 2.0% revenue increase (approximately \$607,000 per **Exhibit 4**). Because extending the volume rate to all usage generates additional revenue relative to the existing rate structure, the proposed 2018 rate structure reflects a reduction to the base rates to remain consistent with the targeted revenue level.

In addition to the proposed rates shown in **Exhibit 8**, this analysis included the development of several other rate structure alternatives:

- Across-the-board adjustment to the existing structure
- Elimination of volume built into the base rate, proportional reduction of base and volume rates
- Elimination of volume built into the base rate, reduction of base rates only, application of future increases to both base and volume rates

The City opted against these alternatives for various reasons. For example, the across-the-board scenario retained the 1,000 cubic feet built into the base rate and failed to address the equity concerns that triggered this analysis. The other alternatives would have improved the equity of the City’s rate structure, but did not align as well with the City’s policy objectives as the proposed structure.

## V.C. SEWER RATES

The City currently charges a monthly sewer rate of \$39.00 per equivalent dwelling unit (EDU). For the purpose of imposing this rate, the City defines residential customers as one EDU per dwelling unit and calculates EDUs for non-residential customers based on their winter-average water use. One non-residential EDU equates to 3,750 gallons per day (501 cf per month) of water usage during the months of January – March.

Using winter consumption in sewer rate calculations is standard practice because it does not include irrigation water use and adequately represents the amount of water that enters the sewer system. However, it is important to recognize the nature of the City’s customer base and economic cycles. January – March has historically been a slow time of year for economic activity in the City, and as a result there are a number of non-residential customers for which those three months are not representative of “normal” usage patterns.

**Exhibit 9** summarizes the City’s current and recommended sewer rates:

### **Exhibit 9: Summary of Existing & Recommended Sewer Rates**

| Monthly Sewer Rates             | Existing  | Proposed  | Projected |           |           |           |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 | 2017      | 2018      | 2019      | 2020      | 2021      | 2022      |
| Monthly Rate per EDU            | \$39.00   | \$37.77   | \$38.50   | \$39.25   | \$40.01   | \$40.78   |
| Non-Residential “Winter” Period | Jan – Mar | Oct – Apr | Oct – Apr | Oct – Apr | Oct – Apr | Oct – Apr |

The proposed sewer rate structure shown in **Exhibit 9** expands the “winter period” for calculating non-residential EDUs to include the months of October, November, December, and April. Adjusting for anticipated reductions in usage from customers with high irrigation demands, this change is



estimated to increase the number of non-residential EDUs by approximately 14% – this enables the City to decrease the monthly rate per EDU and remain revenue-neutral to the amount of revenue targeted for 2018 (\$888,000 per **Exhibit 6**).

In addition to the proposed rate shown in **Exhibit 9**, this analysis included the development of several other rate structure alternatives:

- Across-the-board adjustment to the existing structure
- Expansion of non-residential “winter” period to include October, November, and December
- Expansion of non-residential “winter” period to include September, October, November, December, April, and May

The City opted against these alternatives for various reasons. For example, the across-the-board scenario retained the January – March winter averaging period for non-residential customers and failed to address the equity concerns that triggered this analysis. The other alternatives would have improved the equity of the City’s rate structure, but would have resulted in a different allocation of costs to non-residential customers relative to the proposed structure.

## V.D. COMBINED RESIDENTIAL BILL IMPACTS

**Exhibit 10** provides a forecast of the combined water and sewer bill for a single-family residence with a 3/4” water meter and 700 cf of monthly water usage.

**Exhibit 10: Combined Residential Bill Forecast**

| Monthly Residential Bill | Existing | Proposed | Projected |         |         |         |
|--------------------------|----------|----------|-----------|---------|---------|---------|
|                          | 2017     | 2018     | 2019      | 2020    | 2021    | 2022    |
| Water Bill @ 700 cf      | \$20.59  | \$22.50  | \$23.05   | \$23.77 | \$24.36 | \$25.02 |
| Sewer Bill               | 39.00    | 37.77    | 38.50     | 39.25   | 40.01   | 40.78   |
| Total Bill               | \$59.59  | \$60.27  | \$61.55   | \$63.02 | \$64.37 | \$65.80 |
| Change From Prior Year   |          | +\$0.68  | +\$1.28   | +\$1.47 | +\$1.35 | +\$1.43 |
| % Change From Prior Year |          | +1.1%    | +2.1%     | +2.4%   | +2.1%   | +2.2%   |

**Exhibit 10** shows a representative residential bill increasing by 1.1% under the proposed 2018 rates, with a decrease in the sewer charge offsetting an increase in the water charge. The subsequent-year increases vary from \$1.28 to \$1.47, and are generally consistent with the aggregate increases in the utilities’ annual costs.

# Appendix A: Water Rate Model

---

**City of Sisters**  
**Utility Rate Study: Water Model**  
**Summary**

Fiscal Year Ending 6/30:

| High Level Summary                                      | 2018             | 2019             | 2020             | 2021             | 2022             | 2023             | 2024             | 2025             | 2026             | 2027             | 2028             |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Annual Rate Increases                                   | 2.00%            | 2.00%            | 2.00%            | 2.00%            | 2.00%            | 2.00%            | 2.00%            | 2.00%            | 2.00%            | 2.00%            | 2.00%            |
| <b>Operating Reserve - Part of Water Fund</b>           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Beginning Balance                                       | \$ 95,518        | \$ 84,552        | \$ 88,009        | \$ 90,557        | \$ 94,438        | \$ 97,205        | \$ 101,709       | \$ 104,623       | \$ 110,153       | \$ 113,338       | \$ 119,873       |
| Total Operating Revenues                                | 668,218          | 696,584          | 727,676          | 758,443          | 791,767          | 826,671          | 863,254          | 901,567          | 941,730          | 984,315          | 1,028,985        |
| Total Operating Expenditures & System Reinvestment      | (657,460)        | (679,096)        | (695,347)        | (719,662)        | (737,367)        | (765,574)        | (784,319)        | (818,851)        | (839,406)        | (880,163)        | (903,559)        |
| Operating Surplus: Transfers to Capital Fund            | (21,724)         | (14,031)         | (29,781)         | (34,900)         | (51,633)         | (56,593)         | (76,021)         | (77,186)         | (99,139)         | (97,617)         | (121,802)        |
| Cash Surplus / (Deficiency)                             | (10,966)         | 3,457            | 2,548            | 3,881            | 2,767            | 4,504            | 2,914            | 5,530            | 3,185            | 6,535            | 3,624            |
| <b>Ending Fund Balance</b>                              | <b>84,552</b>    | <b>88,009</b>    | <b>90,557</b>    | <b>94,438</b>    | <b>97,205</b>    | <b>101,709</b>   | <b>104,623</b>   | <b>110,153</b>   | <b>113,338</b>   | <b>119,873</b>   | <b>123,497</b>   |
| <b>Capital Improvement Reserve - Part of Water Fund</b> |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Beginning Balance                                       | \$ 382,439       | \$ 511,546       | \$ 634,070       | \$ 614,178       | \$ 651,544       | \$ 714,375       | \$ 584,205       | \$ 600,065       | \$ 714,506       | \$ 923,883       | \$ 1,133,540     |
| Total Capital Inflows                                   | 129,107          | 122,524          | 139,328          | 144,276          | 161,331          | 166,831          | 185,139          | 186,441          | 209,378          | 209,657          | 235,645          |
| Total Capital Expenditures                              | -                | -                | (159,220)        | (106,910)        | (98,500)         | (297,000)        | (169,280)        | (72,000)         | -                | -                | -                |
| Cash Surplus / (Deficiency)                             | 129,107          | 122,524          | (19,892)         | 37,366           | 62,831           | (130,169)        | 15,859           | 114,441          | 209,378          | 209,657          | 235,645          |
| <b>Ending Fund Balance</b>                              | <b>511,546</b>   | <b>634,070</b>   | <b>614,178</b>   | <b>651,544</b>   | <b>714,375</b>   | <b>584,205</b>   | <b>600,065</b>   | <b>714,506</b>   | <b>923,883</b>   | <b>1,133,540</b> | <b>1,369,184</b> |
| <b>Capital Replacement Reserve - Part of Water Fund</b> |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Beginning Balance                                       | \$ 471,772       | \$ 496,048       | \$ 530,533       | \$ 550,315       | \$ 589,467       | \$ 609,755       | \$ 623,818       | \$ 664,402       | \$ 666,835       | \$ 692,788       | \$ 738,965       |
| Total Capital Inflows                                   | 49,276           | 49,485           | 49,782           | 49,952           | 50,288           | 50,463           | 50,584           | 50,933           | 50,954           | 51,177           | 51,574           |
| Total Capital Expenditures                              | (25,000)         | (15,000)         | (30,000)         | (10,800)         | (30,000)         | (36,400)         | (10,000)         | (48,500)         | (25,000)         | (5,000)          | (5,000)          |
| Cash Surplus / (Deficiency)                             | 24,276           | 34,485           | 19,782           | 39,152           | 20,288           | 14,063           | 40,584           | 2,433            | 25,954           | 46,177           | 46,574           |
| <b>Ending Fund Balance</b>                              | <b>496,048</b>   | <b>530,533</b>   | <b>550,315</b>   | <b>589,467</b>   | <b>609,755</b>   | <b>623,818</b>   | <b>664,402</b>   | <b>666,835</b>   | <b>692,788</b>   | <b>738,965</b>   | <b>785,539</b>   |
| <b>Improvement SDC Fund</b>                             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Beginning Balance                                       | \$ 1,664,807     | \$ 1,559,124     | \$ 1,702,533     | \$ 1,830,672     | \$ 1,867,800     | \$ 2,032,013     | \$ 2,202,343     | \$ 2,105,253     | \$ 2,311,012     | \$ 2,523,641     | \$ 1,832,856     |
| Total Capital Inflows                                   | 169,317          | 168,408          | 185,539          | 174,718          | 189,213          | 195,331          | 201,629          | 205,759          | 212,629          | 223,975          | 223,651          |
| Total Capital Expenditures                              | (275,000)        | (25,000)         | (57,400)         | (137,590)        | (25,000)         | (25,000)         | (298,720)        | -                | -                | (914,760)        | (861,300)        |
| Cash Surplus / (Deficiency)                             | (105,683)        | 143,408          | 128,139          | 37,128           | 164,213          | 170,331          | (97,091)         | 205,759          | 212,629          | (690,785)        | (637,649)        |
| <b>Ending Fund Balance</b>                              | <b>1,559,124</b> | <b>1,702,533</b> | <b>1,830,672</b> | <b>1,867,800</b> | <b>2,032,013</b> | <b>2,202,343</b> | <b>2,105,253</b> | <b>2,311,012</b> | <b>2,523,641</b> | <b>1,832,856</b> | <b>1,195,207</b> |

| Capital Fund Summary                                     | 2018                | 2019                | 2020                | 2021                | 2022                | 2023                | 2024                | 2025                | 2026                | 2027                | 2028                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Beginning Capital Balance</b>                         | <b>\$ 854,211</b>   | <b>\$ 1,007,594</b> | <b>\$ 1,164,604</b> | <b>\$ 1,164,493</b> | <b>\$ 1,241,011</b> | <b>\$ 1,324,130</b> | <b>\$ 1,208,023</b> | <b>\$ 1,264,466</b> | <b>\$ 1,381,340</b> | <b>\$ 1,616,672</b> | <b>\$ 1,872,505</b> |
| <b>Capital Revenues:</b>                                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Rate Funded System Reinvestment                          |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Minimum Policy   | \$ 149,313          | \$ 149,313          | \$ 149,313          | \$ 149,313          | \$ 149,313          | \$ 149,313          | \$ 149,313          | \$ 149,313          | \$ 149,313          | \$ 149,313          | \$ 149,313          |
| Operating Surplus  | 21,724              | 14,031              | 29,781              | 34,900              | 51,633              | 56,593              | 76,021              | 77,186              | 99,139              | 97,617              | 121,802             |
| Total  | \$ 171,037          | \$ 163,344          | \$ 179,094          | \$ 184,213          | \$ 200,946          | \$ 205,906          | \$ 225,334          | \$ 226,499          | \$ 248,452          | \$ 246,930          | \$ 271,115          |
| Grants / Outside Sources                                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Net Debt Proceeds Available for Projects                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Interest Earnings  | 7,346               | 8,665               | 10,016              | 10,015              | 10,673              | 11,388              | 10,389              | 10,874              | 11,880              | 13,903              | 16,104              |
| <b>Total Capital Revenues and Beginning Fund Balance</b> | <b>\$ 1,032,594</b> | <b>\$ 1,179,604</b> | <b>\$ 1,353,713</b> | <b>\$ 1,358,721</b> | <b>\$ 1,452,630</b> | <b>\$ 1,541,423</b> | <b>\$ 1,443,746</b> | <b>\$ 1,501,840</b> | <b>\$ 1,641,672</b> | <b>\$ 1,877,505</b> | <b>\$ 2,159,724</b> |
| <b>Capital Project Expenditures</b>                      | <b>\$ (25,000)</b>  | <b>\$ (15,000)</b>  | <b>\$ (189,220)</b> | <b>\$ (117,710)</b> | <b>\$ (128,500)</b> | <b>\$ (333,400)</b> | <b>\$ (179,280)</b> | <b>\$ (120,500)</b> | <b>\$ (25,000)</b>  | <b>\$ (5,000)</b>   | <b>\$ (5,000)</b>   |
| <b>Ending Capital Balance</b>                            | <b>\$ 1,007,594</b> | <b>\$ 1,164,604</b> | <b>\$ 1,164,493</b> | <b>\$ 1,241,011</b> | <b>\$ 1,324,130</b> | <b>\$ 1,208,023</b> | <b>\$ 1,264,466</b> | <b>\$ 1,381,340</b> | <b>\$ 1,616,672</b> | <b>\$ 1,872,505</b> | <b>\$ 2,154,724</b> |
| <i>Minimum Target</i>                                    | <i>\$ 978,524</i>   | <i>\$ 1,112,837</i> | <i>\$ 1,072,930</i> | <i>\$ 1,104,533</i> | <i>\$ 1,125,346</i> | <i>\$ 941,259</i>   | <i>\$ 911,292</i>   | <i>\$ 940,105</i>   | <i>\$ 1,064,418</i> | <i>\$ 1,208,731</i> | <i>\$ 1,353,044</i> |

| Notes:                                    | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|------|------|------|------|------|------|------|------|------|------|------|
| <b>Debt-to-Net Assets Ratio</b>           | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| <b>Debt Service as a Portion of Rates</b> | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

**City of Sisters**  
**Utility Rate Study: Water Model**  
**Summary**

Fiscal Year Ending 6/30:

| Operating Fund Summary  | 2018               | 2019               | 2020               | 2021               | 2022               | 2023               | 2024               | 2025                | 2026                | 2027                | 2028                |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Summary of Existing Operations Before Rate Increases</b>           |                    |                    |                    |                    |                    |                    |                    |                     |                     |                     |                     |
| Rate Revenues Under Existing Rates                                    | \$ 595,433         | \$ 611,113         | \$ 628,401         | \$ 644,483         | \$ 661,999         | \$ 679,991         | \$ 698,471         | \$ 717,455          | \$ 736,954          | \$ 757,416          | \$ 778,446          |
| SDC Revenue Towards Debt Service                                      | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                   | -                   | -                   | -                   |
| Non-Rate Revenues   | 60,876             | 60,782             | 60,812             | 60,834             | 60,867             | 60,891             | 60,930             | 60,955              | 61,002              | 61,030              | 61,086              |
| Total Revenues  | 656,309            | 671,895            | 689,213            | 705,317            | 722,866            | 740,881            | 759,401            | 778,409             | 797,956             | 818,445             | 839,532             |
| Total Expenditures  | (656,626)          | (677,368)          | (692,655)          | (715,943)          | (732,544)          | (759,568)          | (777,049)          | (810,230)           | (829,342)           | (868,552)           | (890,297)           |
| Transfers to Capital  | (21,724)           | (14,031)           | (29,781)           | (34,900)           | (51,633)           | (56,593)           | (76,021)           | (77,186)            | (99,139)            | (97,617)            | (121,802)           |
| Total Expenditures & Transfers  | (678,350)          | (691,399)          | (722,436)          | (750,842)          | (784,177)          | (816,161)          | (853,071)          | (887,416)           | (928,481)           | (966,169)           | (1,012,099)         |
| <b>Cash Surplus / (Deficiency)</b>                                    | <b>\$ (22,041)</b> | <b>\$ (19,504)</b> | <b>\$ (33,223)</b> | <b>\$ (45,526)</b> | <b>\$ (61,311)</b> | <b>\$ (75,280)</b> | <b>\$ (93,669)</b> | <b>\$ (109,007)</b> | <b>\$ (130,525)</b> | <b>\$ (147,724)</b> | <b>\$ (172,568)</b> |
| <b>Annual Rate Increase</b>   | <b>2.00%</b>       | <b>2.00%</b>       | <b>2.00%</b>       | <b>2.00%</b>       | <b>2.00%</b>       | <b>2.00%</b>       | <b>2.00%</b>       | <b>2.00%</b>        | <b>2.00%</b>        | <b>2.00%</b>        | <b>2.00%</b>        |
| <b>Cumulative Rate Increase</b>                                       | <b>2.00%</b>       | <b>4.04%</b>       | <b>6.12%</b>       | <b>8.24%</b>       | <b>10.41%</b>      | <b>12.62%</b>      | <b>14.87%</b>      | <b>17.17%</b>       | <b>19.51%</b>       | <b>21.90%</b>       | <b>24.34%</b>       |
| <b>Revenues After Rate Increases</b>                                  |                    |                    |                    |                    |                    |                    |                    |                     |                     |                     |                     |
| Rate Revenues (Before Rate Increases)                                 | \$ 595,433         | \$ 611,113         | \$ 628,401         | \$ 644,483         | \$ 661,999         | \$ 679,991         | \$ 698,471         | \$ 717,455          | \$ 736,954          | \$ 757,416          | \$ 778,446          |
| Additional Revenue from Rate Increases                                | 11,909             | 24,689             | 38,463             | 53,126             | 68,901             | 85,789             | 103,853            | 123,158             | 143,774             | 165,870             | 189,454             |
| SDC Revenue Towards Debt Service                                      | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                   | -                   | -                   | -                   |
| Other Revenues & Interest   | 60,876             | 60,782             | 60,812             | 60,834             | 60,867             | 60,891             | 60,930             | 60,955              | 61,002              | 61,030              | 61,086              |
| Total Revenues With Rate Increases                                    | \$ 668,218         | \$ 696,584         | \$ 727,676         | \$ 758,443         | \$ 791,767         | \$ 826,671         | \$ 863,254         | \$ 901,567          | \$ 941,730          | \$ 984,315          | \$ 1,028,985        |
| <b>Expenses &amp; Transfers</b>                                       |                    |                    |                    |                    |                    |                    |                    |                     |                     |                     |                     |
| Cash Operating Expenses   | \$ 507,313         | \$ 528,055         | \$ 543,342         | \$ 566,630         | \$ 583,231         | \$ 610,255         | \$ 627,736         | \$ 660,917          | \$ 680,029          | \$ 719,239          | \$ 740,984          |
| Existing Debt Service   | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                   | -                   | -                   | -                   |
| New Debt Service  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                   | -                   | -                   | -                   |
| Capital Improvement Reserve Contribution                              | 104,094            | 104,094            | 104,094            | 104,094            | 104,094            | 104,094            | 104,094            | 104,094             | 104,094             | 104,094             | 104,094             |
| Capital Replacement Reserve Contribution                              | 45,219             | 45,219             | 45,219             | 45,219             | 45,219             | 45,219             | 45,219             | 45,219              | 45,219              | 45,219              | 45,219              |
| Additional Taxes After Rate Increase                                  | 834                | 1,728              | 2,692              | 3,719              | 4,823              | 6,005              | 7,270              | 8,621               | 10,064              | 11,611              | 13,262              |
| Transfer of Surplus to Capital  | 21,724             | 14,031             | 29,781             | 34,900             | 51,633             | 56,593             | 76,021             | 77,186              | 99,139              | 97,617              | 121,802             |
| <b>Total Expenses</b>   | <b>\$ 679,184</b>  | <b>\$ 693,127</b>  | <b>\$ 725,128</b>  | <b>\$ 754,561</b>  | <b>\$ 789,000</b>  | <b>\$ 822,167</b>  | <b>\$ 860,340</b>  | <b>\$ 896,037</b>   | <b>\$ 938,545</b>   | <b>\$ 977,780</b>   | <b>\$ 1,025,361</b> |
| <b>Additions / (Subtractions) to Operating Fund Balance</b>           | <b>(10,966)</b>    | <b>3,457</b>       | <b>2,548</b>       | <b>3,881</b>       | <b>2,767</b>       | <b>4,504</b>       | <b>2,914</b>       | <b>5,530</b>        | <b>3,185</b>        | <b>6,535</b>        | <b>3,624</b>        |
| <b>Impacts to Operating Fund Balance</b>                              |                    |                    |                    |                    |                    |                    |                    |                     |                     |                     |                     |
| Beginning Operating Balance   | \$ 95,518          | \$ 84,552          | \$ 88,009          | \$ 90,557          | \$ 94,438          | \$ 97,205          | \$ 101,709         | \$ 104,623          | \$ 110,153          | \$ 113,338          | \$ 119,873          |
| Net Cash Flow After Transfers to Capital                              | (10,966)           | 3,457              | 2,548              | 3,881              | 2,767              | 4,504              | 2,914              | 5,530               | 3,185               | 6,535               | 3,624               |
| Ending Operating Balance  | \$ 84,552          | \$ 88,009          | \$ 90,557          | \$ 94,438          | \$ 97,205          | \$ 101,709         | \$ 104,623         | \$ 110,153          | \$ 113,338          | \$ 119,873          | \$ 123,497          |
| <i>Minimum Operating Balance Target</i>                               | \$ 84,552          | \$ 88,009          | \$ 90,557          | \$ 94,438          | \$ 97,205          | \$ 101,709         | \$ 104,623         | \$ 110,153          | \$ 113,338          | \$ 119,873          | \$ 123,497          |
| <b>Net Cash Flow After Rate Increase</b>                              | <b>10,758</b>      | <b>17,488</b>      | <b>32,329</b>      | <b>38,781</b>      | <b>54,400</b>      | <b>61,097</b>      | <b>78,935</b>      | <b>82,716</b>       | <b>102,324</b>      | <b>104,152</b>      | <b>125,426</b>      |
| Coverage After Rate Increase: w/o SDCs                                | n/a                | n/a                | n/a                | n/a                | n/a                | n/a                | n/a                | n/a                 | n/a                 | n/a                 | n/a                 |
| Sample Residential Monthly Bill [a]                                   | \$ 21.00           | \$ 21.42           | \$ 21.85           | \$ 22.29           | \$ 22.73           | \$ 23.19           | \$ 23.65           | \$ 24.12            | \$ 24.61            | \$ 25.10            | \$ 25.60            |
| [a] Average 3/4" Residential Monthly Bill; In-City; 7 CCF consumption |                    |                    |                    |                    |                    |                    |                    |                     |                     |                     |                     |

**City of Sisters**  
**Utility Rate Study: Water Model**  
**Assumptions**

Fiscal Year Ending 6/30:

| Economic & Financial Factors      | 2018  | 2019   | 2020  | 2021   | 2022  | 2023   | 2024  | 2025   | 2026  | 2027   | 2028  |
|-----------------------------------|-------|--------|-------|--------|-------|--------|-------|--------|-------|--------|-------|
| <b>Escalation Rates</b>           |       |        |       |        |       |        |       |        |       |        |       |
| General Cost Inflation            | 1.80% | 1.80%  | 1.80% | 1.80%  | 1.80% | 1.80%  | 1.80% | 1.80%  | 1.80% | 1.80%  | 1.80% |
| Construction Cost Inflation       | 0.00% | 0.00%  | 0.00% | 0.00%  | 0.00% | 0.00%  | 0.00% | 0.00%  | 0.00% | 0.00%  | 0.00% |
| Labor Cost Inflation              | 2.60% | 2.60%  | 2.60% | 2.60%  | 2.60% | 2.60%  | 2.60% | 2.60%  | 2.60% | 2.60%  | 2.60% |
| Account Growth                    | 2.70% | 2.63%  | 2.83% | 2.56%  | 2.72% | 2.72%  | 2.72% | 2.72%  | 2.72% | 2.78%  | 2.78% |
| General Inflation Plus Growth     | 4.50% | 4.43%  | 4.63% | 4.36%  | 4.52% | 4.52%  | 4.52% | 4.52%  | 4.52% | 4.58%  | 4.58% |
| No Escalation                     | 0.00% | 0.00%  | 0.00% | 0.00%  | 0.00% | 0.00%  | 0.00% | 0.00%  | 0.00% | 0.00%  | 0.00% |
| PERS Inflation                    | 0.00% | 25.00% | 0.00% | 25.00% | 0.00% | 25.00% | 0.00% | 25.00% | 0.00% | 25.00% | 0.00% |
| PERS + Labor Inflation            | 2.60% | 28.25% | 2.60% | 28.25% | 2.60% | 28.25% | 2.60% | 28.25% | 2.60% | 28.25% | 2.60% |
| Medical Inflation                 | 3.61% | 3.61%  | 3.61% | 3.61%  | 3.61% | 3.61%  | 3.61% | 3.61%  | 3.61% | 3.61%  | 3.61% |
| Medical + Labor Inflation [Extra] | 6.30% | 6.30%  | 6.30% | 6.30%  | 6.30% | 6.30%  | 6.30% | 6.30%  | 6.30% | 6.30%  | 6.30% |
| Investment Interest               | 0.86% | 0.86%  | 0.86% | 0.86%  | 0.86% | 0.86%  | 0.86% | 0.86%  | 0.86% | 0.86%  | 0.86% |
| <b>Tax Rates</b>                  |       |        |       |        |       |        |       |        |       |        |       |
| Franchise Fee                     | 7.00% | 7.00%  | 7.00% | 7.00%  | 7.00% | 7.00%  | 7.00% | 7.00%  | 7.00% | 7.00%  | 7.00% |

| Accounting & Financial Policy Assumptions                             | 2018                | 2019       | 2020       | 2021       | 2022       | 2023       | 2024       | 2025       | 2026       | 2027       | 2028       |
|---|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Beginning Fund Balances</b>  |                     |            |            |            |            |            |            |            |            |            |            |
| Operating Reserve   | \$ 95,518           |            |            |            |            |            |            |            |            |            |            |
| Capital Improvement Reserve   | 382,439             |            |            |            |            |            |            |            |            |            |            |
| Capital Replacement Reserve   | 471,772             |            |            |            |            |            |            |            |            |            |            |
| Improvement SDC Fund  | 1,664,807           |            |            |            |            |            |            |            |            |            |            |
| Reimbursement SDC Fund  | -                   |            |            |            |            |            |            |            |            |            |            |
| Debt Reserve Fund   | -                   |            |            |            |            |            |            |            |            |            |            |
|   | <b>\$ 2,614,536</b> |            |            |            |            |            |            |            |            |            |            |
| <b>Fund Balance Target: Minimum &amp; Maximum Operating Balances</b>  |                     |            |            |            |            |            |            |            |            |            |            |
| Min. Fund Balance Target (Months of O&M expense)                      | 2 Months            | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   |
| Max. Fund Balance (Months of O&M expense)                             | 2 Months            | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   |
| <b>Fund Balance Target: Capital</b>                                   |                     |            |            |            |            |            |            |            |            |            |            |
| Capital Improvement Reserve   | \$ 486,533          | \$ 590,627 | \$ 535,501 | \$ 532,685 | \$ 538,279 | \$ 345,373 | \$ 280,187 | \$ 312,281 | \$ 416,375 | \$ 520,469 | \$ 624,563 |
| Capital Replacement Reserve   | \$ 491,991          | \$ 522,210 | \$ 537,429 | \$ 571,848 | \$ 587,067 | \$ 595,886 | \$ 631,105 | \$ 627,824 | \$ 648,043 | \$ 688,262 | \$ 728,481 |
| <b>Rate Funded System Reinvestment</b>                                |                     |            |            |            |            |            |            |            |            |            |            |
| Capital Improvement Reserve   | \$ 104,094          | \$ 104,094 | \$ 104,094 | \$ 104,094 | \$ 104,094 | \$ 104,094 | \$ 104,094 | \$ 104,094 | \$ 104,094 | \$ 104,094 | \$ 104,094 |
| Capital Replacement Reserve   | 45,219              | 45,219     | 45,219     | 45,219     | 45,219     | 45,219     | 45,219     | 45,219     | 45,219     | 45,219     | 45,219     |
| <b>Total</b>  | \$ 149,313          | \$ 149,313 | \$ 149,313 | \$ 149,313 | \$ 149,313 | \$ 149,313 | \$ 149,313 | \$ 149,313 | \$ 149,313 | \$ 149,313 | \$ 149,313 |
| <i>Actual Result With Transfers (compared to Annual Depreciation)</i> | 69%                 | 62%        | 69%        | 69%        | 75%        | 75%        | 80%        | 76%        | 83%        | 81%        | 83%        |

**City of Sisters**  
**Utility Rate Study: Water Model**  
 Assumptions

Fiscal Year Ending 6/30:

| Capital Financing Assumptions                          |           | 2018           | 2019              | 2020              | 2021              | 2022              | 2023              | 2024              | 2025              | 2026              | 2027              | 2028              |
|--|-----------|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>System Development Charges</b>                      |           |                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Annual Inflationary Increase                           |           |                | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             |
| <b>Existing System Development Charge</b>              |           |                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Reimbursement Fee                                      | \$        | -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| Improvement Fee  |           | 128            | 128               | 128               | 128               | 128               | 128               | 128               | 128               | 128               | 128               | 128               |
| Total  | \$        | 128            | \$ 128            | \$ 128            | \$ 128            | \$ 128            | \$ 128            | \$ 128            | \$ 128            | \$ 128            | \$ 128            | \$ 128            |
| Citywide   |           |                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Total Fixture Units                                    |           | 45,877         | 47,085            | 48,417            | 49,656            | 51,006            | 52,392            | 53,816            | 55,279            | 56,781            | 58,358            | 59,978            |
| Additional Fixture Units per Year                      |           | 1,208          | 1,208             | 1,332             | 1,239             | 1,350             | 1,386             | 1,424             | 1,463             | 1,502             | 1,577             | 1,620             |
| Reimbursement Fee Revenue                              | \$        | -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| Improvement Fee Revenue                                |           | 155,000        | 155,000           | 170,897           | 158,974           | 173,149           | 177,855           | 182,689           | 187,654           | 192,754           | 202,272           | 207,888           |
| <b>Total SDC Revenue to Use in Model</b>               | <b>\$</b> | <b>155,000</b> | <b>\$ 155,000</b> | <b>\$ 170,897</b> | <b>\$ 158,974</b> | <b>\$ 173,149</b> | <b>\$ 177,855</b> | <b>\$ 182,689</b> | <b>\$ 187,654</b> | <b>\$ 192,754</b> | <b>\$ 202,272</b> | <b>\$ 207,888</b> |
| <b>System Development Charges Towards Debt Service</b> |           |                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Total Annual Debt Service                              | \$        | -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| Total Annual Improvement Fee SDCs                      | \$        | 155,000        | \$ 155,000        | \$ 170,897        | \$ 158,974        | \$ 173,149        | \$ 177,855        | \$ 182,689        | \$ 187,654        | \$ 192,754        | \$ 202,272        | \$ 207,888        |
| Total SDCs for Debt Service                            | \$        | -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| Total Improvement Fee SDCs for Capital                 | \$        | 155,000        | \$ 155,000        | \$ 170,897        | \$ 158,974        | \$ 173,149        | \$ 177,855        | \$ 182,689        | \$ 187,654        | \$ 192,754        | \$ 202,272        | \$ 207,888        |
| Actual % SDCs to Pay for Debt Service                  |           | 0%             | 0%                | 0%                | 0%                | 0%                | 0%                | 0%                | 0%                | 0%                | 0%                | 0%                |
| <b>Outside Funding Sources (Uses)</b>                  |           |                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Capital Grants / Contributions</b>                  |           |                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| [Extra]  | Function  | \$             | -                 | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| [Extra]  |           |                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>Total: Capital Grants / Contributions</b>           |           | <b>\$</b>      | <b>-</b>          | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       |
| <b>Revenue Bonds</b>                                   |           |                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Term (Years)   |           | 20 Years       | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          |
| Interest Only Payments (Years)                         |           | 0 Years        | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           |
| Interest Cost  |           | 4.00%          | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             |
| Issuance Cost  |           | 1.00%          | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             |
| Coverage Requirement (w/o SDCs )                       |           | 1.50           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Use Reserves to Pay for Last Payment?                  |           | Yes            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Other Bonds</b>                                     |           |                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Term (Years)   |           | 20 Years       | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          |
| Interest-Only Payments (Years)                         |           | 0 Years        | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           |
| Interest Cost  |           | 4.00%          | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             |
| Issuance Cost  |           | 1.00%          | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             |
| <b>DWSRF Loans</b>                                     |           |                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Term (Years)   |           | 20 Years       | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          |
| Interest-Only Payments (Years)                         |           | 0 Years        | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           |
| Interest Cost  |           | 1.50%          | 1.50%             | 1.50%             | 1.50%             | 1.50%             | 1.50%             | 1.50%             | 1.50%             | 1.50%             | 1.50%             | 1.50%             |
| Issuance Cost  |           | 1.00%          | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             |
| <b>Other Loans</b>                                     |           |                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Term (Years)   |           | 20 Years       | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          |
| Interest-Only Payments (Years)                         |           | 0 Years        | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           |
| Interest Cost  |           | 3.00%          | 3.00%             | 3.00%             | 3.00%             | 3.00%             | 3.00%             | 3.00%             | 3.00%             | 3.00%             | 3.00%             | 3.00%             |

**City of Sisters**  
**Utility Rate Study: Water Model**  
Operating Revenue and Expenditure Forecast

|                                 |                            | Fiscal Year Ending 6/30: | Budget            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|---------------------------------|----------------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operating Revenues              |                            | Forecast Basis           | 2018              | 2019              | 2020              | 2021              | 2022              | 2023              | 2024              | 2025              | 2026              | 2027              | 2028              |
| <b>Rate Revenues</b>            |                            |                          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Fixed Revenue                   | [Calculated]               |                          | \$ 404,439        | \$ 415,089        | \$ 426,831        | \$ 437,755        | \$ 449,652        | \$ 461,873        | \$ 474,426        | \$ 487,320        | \$ 500,564        | \$ 514,463        | \$ 528,747        |
| Variable Revenue                | [Calculated]               |                          | 190,994           | 196,024           | 201,569           | 206,728           | 212,346           | 218,118           | 224,046           | 230,135           | 236,389           | 242,953           | 249,699           |
| <b>Total Rate Revenue</b>       |                            |                          | <b>\$ 595,433</b> | <b>\$ 611,113</b> | <b>\$ 628,401</b> | <b>\$ 644,483</b> | <b>\$ 661,999</b> | <b>\$ 679,991</b> | <b>\$ 698,471</b> | <b>\$ 717,455</b> | <b>\$ 736,954</b> | <b>\$ 757,416</b> | <b>\$ 778,446</b> |
| <b>Non-Rate Revenues</b>        |                            |                          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| 02-4-00-314                     | PUBLIC WORKS FEES          | No Escalation            | \$ 6,000          | \$ 6,000          | \$ 6,000          | \$ 6,000          | \$ 6,000          | \$ 6,000          | \$ 6,000          | \$ 6,000          | \$ 6,000          | \$ 6,000          | \$ 6,000          |
| 02-4-00-323                     | TSID IRRIGATION            | No Escalation            | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| 02-4-00-324                     | WATER PROCESSING/TRANS FEE | No Escalation            | 3,500             | 3,500             | 3,500             | 3,500             | 3,500             | 3,500             | 3,500             | 3,500             | 3,500             | 3,500             | 3,500             |
| 02-4-00-325                     | WATER PENALTIES            | No Escalation            | 7,000             | 7,000             | 7,000             | 7,000             | 7,000             | 7,000             | 7,000             | 7,000             | 7,000             | 7,000             | 7,000             |
| 02-4-00-341                     | BACKFLOW TESTING FEES      | No Escalation            | 12,500            | 12,500            | 12,500            | 12,500            | 12,500            | 12,500            | 12,500            | 12,500            | 12,500            | 12,500            | 12,500            |
| 02-4-00-342                     | SALE OF ASSETS             | No Escalation            | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| 02-4-00-359                     | WATER MITIGATION FEES      | No Escalation            | 2,500             | 2,500             | 2,500             | 2,500             | 2,500             | 2,500             | 2,500             | 2,500             | 2,500             | 2,500             | 2,500             |
| 02-4-00-360                     | MISCELLANEOUS              | No Escalation            | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| 02-4-00-362                     | REFUNDS/REIMBURSEMENTS     | No Escalation            | 1,855             | 1,855             | 1,855             | 1,855             | 1,855             | 1,855             | 1,855             | 1,855             | 1,855             | 1,855             | 1,855             |
| 02-4-00-372                     | SERVICE RECONNECT FEE      | No Escalation            | 200               | 200               | 200               | 200               | 200               | 200               | 200               | 200               | 200               | 200               | 200               |
| 02-4-00-373                     | METER INSTALL              | No Escalation            | 24,000            | 24,000            | 24,000            | 24,000            | 24,000            | 24,000            | 24,000            | 24,000            | 24,000            | 24,000            | 24,000            |
| 02-4-00-377                     | BULK WATER                 | No Escalation            | 1,000             | 1,000             | 1,000             | 1,000             | 1,000             | 1,000             | 1,000             | 1,000             | 1,000             | 1,000             | 1,000             |
| 02-4-00-388                     | WATER TAP FEE              | No Escalation            | 1,500             | 1,500             | 1,500             | 1,500             | 1,500             | 1,500             | 1,500             | 1,500             | 1,500             | 1,500             | 1,500             |
| 02-4-00-650                     | STATE GRANTS               | No Escalation            | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| 02-4-00-509                     | TRANSFERS FROM OTHER FUNDS | No Escalation            | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| <b>Total Non-Rate Revenues</b>  |                            |                          | <b>\$ 60,055</b>  | <b>\$ 60,055</b>  | <b>\$ 60,055</b>  | <b>\$ 60,055</b>  | <b>\$ 60,055</b>  | <b>\$ 60,055</b>  | <b>\$ 60,055</b>  | <b>\$ 60,055</b>  | <b>\$ 60,055</b>  | <b>\$ 60,055</b>  | <b>\$ 60,055</b>  |
| <b>TOTAL OPERATING REVENUES</b> |                            |                          | <b>\$ 655,488</b> | <b>\$ 671,168</b> | <b>\$ 688,456</b> | <b>\$ 704,538</b> | <b>\$ 722,054</b> | <b>\$ 740,046</b> | <b>\$ 758,526</b> | <b>\$ 777,510</b> | <b>\$ 797,009</b> | <b>\$ 817,471</b> | <b>\$ 838,501</b> |

| Operating Expenses                   |                              | Forecast Basis            | 2018              | 2019              | 2020              | 2021              | 2022              | 2023              | 2024              | 2025              | 2026              | 2027              | 2028              |
|--------------------------------------|------------------------------|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| TRANSFERS                            |                              |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| 02-5-00-602                          | TRANSFER TO CITY HALL FUND   | No Escalation             | \$ 8,723          | \$ 8,944          | \$ 9,293          | \$ 8,927          | \$ 9,403          | \$ 8,653          | \$ 8,554          | \$ 8,949          | \$ 8,816          | \$ 8,843          | \$ 9,357          |
| <b>SUBTOTAL TRANSFERS</b>            |                              |                           | <b>\$ 8,723</b>   | <b>\$ 8,944</b>   | <b>\$ 9,293</b>   | <b>\$ 8,927</b>   | <b>\$ 9,403</b>   | <b>\$ 8,653</b>   | <b>\$ 8,554</b>   | <b>\$ 8,949</b>   | <b>\$ 8,816</b>   | <b>\$ 8,843</b>   | <b>\$ 9,357</b>   |
| PERSONNEL SERVICES                   |                              |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| 02-5-00-500                          | CITY MANAGER                 | Labor Cost Inflation      | \$ 11,504         | \$ 11,803         | \$ 12,110         | \$ 12,425         | \$ 12,748         | \$ 13,079         | \$ 13,419         | \$ 13,768         | \$ 14,126         | \$ 14,494         | \$ 14,870         |
| 02-5-00-501                          | FINANCE ACCOUNTING ANALYST   | Labor Cost Inflation      | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| 02-5-00-502                          | ADMIN ASST                   | Labor Cost Inflation      | 4,064             | 4,170             | 4,278             | 4,389             | 4,503             | 4,621             | 4,741             | 4,864             | 4,990             | 5,120             | 5,253             |
| 02-5-00-503                          | PUBLIC WORKS DIRECTOR        | Labor Cost Inflation      | 26,362            | 27,047            | 27,751            | 28,472            | 29,212            | 29,972            | 30,751            | 31,551            | 32,371            | 33,213            | 34,076            |
| 02-5-00-504                          | UTILITY TECHNICIAN II        | Labor Cost Inflation      | 4,569             | 4,688             | 4,810             | 4,935             | 5,063             | 5,195             | 5,330             | 5,468             | 5,610             | 5,756             | 5,906             |
| 02-5-00-505                          | UTILITY TECHNICIAN           | Labor Cost Inflation      | 49,909            | 51,207            | 52,538            | 53,904            | 55,305            | 56,743            | 58,219            | 59,732            | 61,286            | 62,879            | 64,514            |
| 02-5-00-507                          | UTILITY BILLING CLERK        | Labor Cost Inflation      | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| 02-5-00-511                          | UTILITY ASST                 | Labor Cost Inflation      | 1,317             | 1,351             | 1,386             | 1,422             | 1,459             | 1,497             | 1,536             | 1,576             | 1,617             | 1,659             | 1,702             |
| 02-5-00-513                          | OVERTIME                     | Labor Cost Inflation      | 3,000             | 3,078             | 3,158             | 3,240             | 3,324             | 3,411             | 3,499             | 3,590             | 3,684             | 3,780             | 3,878             |
| 02-5-00-515                          | PLANNING TECHNICIAN          | Labor Cost Inflation      | 2,283             | 2,342             | 2,403             | 2,466             | 2,530             | 2,596             | 2,663             | 2,732             | 2,803             | 2,876             | 2,951             |
| 02-5-00-517                          | OFFICE SPECIALIST            | Labor Cost Inflation      | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| 02-5-00-518                          | ACCOUNTING TECHNICIAN        | Labor Cost Inflation      | 13,126            | 13,467            | 13,817            | 14,177            | 14,545            | 14,923            | 15,311            | 15,710            | 16,118            | 16,537            | 16,967            |
| 02-5-00-519                          | DATA ANALYST                 | Labor Cost Inflation      | 3,281             | 3,366             | 3,454             | 3,544             | 3,636             | 3,730             | 3,827             | 3,927             | 4,029             | 4,134             | 4,241             |
| 02-5-00-521                          | FINANCE OFFICER              | Labor Cost Inflation      | 7,360             | 7,551             | 7,748             | 7,949             | 8,156             | 8,368             | 8,585             | 8,809             | 9,038             | 9,273             | 9,514             |
| 02-5-00-522                          | PUBLIC WORKS OPS COORDINATOR | Labor Cost Inflation      | 1,317             | 1,351             | 1,386             | 1,422             | 1,459             | 1,497             | 1,536             | 1,576             | 1,617             | 1,659             | 1,702             |
| 02-5-00-523                          | ACCOUNTING CLERK             | Labor Cost Inflation      | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| 02-5-00-524                          | MAINTENANCE LEAD             | Labor Cost Inflation      | 7,651             | 7,850             | 8,054             | 8,263             | 8,478             | 8,699             | 8,925             | 9,157             | 9,395             | 9,639             | 9,890             |
| 02-5-00-527                          | CITY RECORDER                | Labor Cost Inflation      | 5,381             | 5,521             | 5,664             | 5,812             | 5,963             | 6,118             | 6,277             | 6,440             | 6,608             | 6,779             | 6,956             |
| 02-5-00-529                          | FINANCE & ADMIN DIRECTOR     | Labor Cost Inflation      | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| 02-5-00-533                          | MAINTENANCE SUPERVISOR       | Labor Cost Inflation      | 9,641             | 9,892             | 10,149            | 10,413            | 10,683            | 10,961            | 11,246            | 11,539            | 11,839            | 12,146            | 12,462            |
| 02-5-00-573                          | ON CALL COMPENSATION         | Labor Cost Inflation      | 1,110             | 1,139             | 1,168             | 1,199             | 1,230             | 1,262             | 1,295             | 1,328             | 1,363             | 1,398             | 1,435             |
| 02-5-00-580                          | BONUS                        | Labor Cost Inflation      | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| 02-5-00-581                          | SOCIAL SECURITY              | Labor Cost Inflation      | 9,066             | 9,302             | 9,544             | 9,792             | 10,046            | 10,307            | 10,575            | 10,850            | 11,133            | 11,422            | 11,719            |
| 02-5-00-582                          | WORKER'S COMP                | Labor Cost Inflation      | 8,902             | 9,133             | 9,371             | 9,615             | 9,865             | 10,121            | 10,384            | 10,654            | 10,931            | 11,215            | 11,507            |
| 02-5-00-583                          | PERS/OSPRS                   | PERS + Labor Inflation    | 24,944            | 31,991            | 32,822            | 42,095            | 43,189            | 55,390            | 56,830            | 72,885            | 74,780            | 95,905            | 98,399            |
| 02-5-00-584                          | MED/DENT/VISION INSURANCE    | Medical + Labor Inflation | 49,915            | 53,059            | 56,402            | 59,955            | 63,731            | 67,746            | 72,013            | 76,550            | 81,372            | 86,498            | 91,947            |
| 02-5-00-586                          | LTD                          | Labor Cost Inflation      | 445               | 457               | 468               | 481               | 493               | 506               | 519               | 533               | 546               | 561               | 575               |
| 02-5-00-587                          | LIFE INSURANCE               | Labor Cost Inflation      | 65                | 67                | 68                | 70                | 72                | 74                | 76                | 78                | 80                | 82                | 84                |
| 02-5-00-588                          | UNEMPLOYMENT INS.            | Labor Cost Inflation      | 152               | 156               | 160               | 164               | 168               | 173               | 177               | 182               | 187               | 192               | 196               |
| 02-5-00-589                          | MEDICARE                     | Labor Cost Inflation      | 2,120             | 2,175             | 2,232             | 2,290             | 2,349             | 2,410             | 2,473             | 2,537             | 2,603             | 2,671             | 2,740             |
| Adjustment to Reconcile with Actuals |                              |                           |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>SUBTOTAL PERSONNEL SERVICES</b>   |                              |                           | <b>\$ 247,484</b> | <b>\$ 262,163</b> | <b>\$ 270,942</b> | <b>\$ 288,492</b> | <b>\$ 298,211</b> | <b>\$ 319,400</b> | <b>\$ 330,211</b> | <b>\$ 356,037</b> | <b>\$ 368,126</b> | <b>\$ 399,888</b> | <b>\$ 413,485</b> |

**City of Sisters**  
**Utility Rate Study: Water Model**  
 Operating Revenue and Expenditure Forecast

|  |                                | Fiscal Year Ending 6/30:      |                   | Budget            |                   |                   |                   |                   |                   |                   |                   |                   |                   |      |
|--|--------------------------------|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------|
| Operating Expenses (Continued)           |                                | Forecast Basis                |                   | 2018              | 2019              | 2020              | 2021              | 2022              | 2023              | 2024              | 2025              | 2026              | 2027              | 2028 |
| <b>MATERIALS &amp; SERVICES</b>          |                                |                               |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |      |
| 02-5-00-704                              | RECRUITMENT                    | General Cost Inflation        | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ - |
| 02-5-00-705                              | ADVERTISING                    | General Cost Inflation        | 100               | 102               | 104               | 105               | 107               | 109               | 111               | 113               | 115               | 117               | 120               |      |
| 02-5-00-706                              | AUDIT FEES                     | General Cost Inflation        | 2,600             | 2,647             | 2,694             | 2,743             | 2,792             | 2,843             | 2,894             | 2,946             | 2,999             | 3,053             | 3,108             |      |
| 02-5-00-710                              | COMPUTER SOFTWARE MAINT.       | General Cost Inflation        | 5,000             | 5,090             | 5,182             | 5,275             | 5,370             | 5,466             | 5,565             | 5,665             | 5,767             | 5,871             | 5,977             |      |
| 02-5-00-712                              | CHEMICALS                      | General Cost Inflation        | 2,200             | 2,240             | 2,280             | 2,321             | 2,363             | 2,405             | 2,449             | 2,493             | 2,537             | 2,583             | 2,630             |      |
| 02-5-00-713                              | DEVELOPMENT REVIEW             | General Cost Inflation        | 6,000             | 6,108             | 6,218             | 6,330             | 6,444             | 6,560             | 6,678             | 6,798             | 6,920             | 7,045             | 7,172             |      |
| 02-5-00-714                              | OFFICE SUPPLIES                | General Cost Inflation        | 1,300             | 1,323             | 1,347             | 1,371             | 1,396             | 1,421             | 1,447             | 1,473             | 1,499             | 1,526             | 1,554             |      |
| 02-5-00-715                              | POSTAGE                        | General Cost Inflation        | 5,150             | 5,243             | 5,337             | 5,433             | 5,531             | 5,630             | 5,732             | 5,835             | 5,940             | 6,047             | 6,156             |      |
| 02-5-00-717                              | OFFICE EQUIPMENT               | General Cost Inflation        | 750               | 764               | 777               | 791               | 805               | 820               | 835               | 850               | 865               | 881               | 896               |      |
| 02-5-00-721                              | COPIER/PRINTER                 | General Cost Inflation        | 750               | 764               | 777               | 791               | 805               | 820               | 835               | 850               | 865               | 881               | 896               |      |
| 02-5-00-722                              | CHLORINATOR REPAIRS            | General Cost Inflation        | 2,200             | 2,240             | 2,280             | 2,321             | 2,363             | 2,405             | 2,449             | 2,493             | 2,537             | 2,583             | 2,630             |      |
| 02-5-00-726                              | CONTRACTED SERVICES            | General Cost Inflation        | 25,000            | 25,450            | 25,908            | 26,374            | 26,849            | 27,332            | 27,824            | 28,325            | 28,835            | 29,354            | 29,883            |      |
| 02-5-00-727                              | PERMITS & FEES                 | General Cost Inflation        | 1,500             | 1,527             | 1,554             | 1,582             | 1,611             | 1,640             | 1,669             | 1,700             | 1,730             | 1,761             | 1,793             |      |
| 02-5-00-733                              | DUES & SUBSCRIPTIONS           | General Cost Inflation        | 750               | 764               | 777               | 791               | 805               | 820               | 835               | 850               | 865               | 881               | 896               |      |
| 02-5-00-735                              | TELEPHONE                      | General Cost Inflation        | 1,000             | 1,018             | 1,036             | 1,055             | 1,074             | 1,093             | 1,113             | 1,133             | 1,153             | 1,174             | 1,195             |      |
| 02-5-00-736                              | CELLULAR PHONES                | General Cost Inflation        | 776               | 790               | 804               | 819               | 833               | 848               | 864               | 879               | 895               | 911               | 928               |      |
| 02-5-00-740                              | EDUCATION                      | General Cost Inflation        | 1,500             | 1,527             | 1,554             | 1,582             | 1,611             | 1,640             | 1,669             | 1,700             | 1,730             | 1,761             | 1,793             |      |
| 02-5-00-743                              | ELECTRICITY                    | General Inflation Plus Growth | 37,000            | 38,640            | 40,429            | 42,191            | 44,097            | 46,090            | 48,172            | 50,348            | 52,623            | 55,031            | 57,550            |      |
| 02-5-00-746                              | SMALL TOOLS & EQUIPMENT        | General Cost Inflation        | 3,500             | 3,563             | 3,627             | 3,692             | 3,759             | 3,827             | 3,895             | 3,966             | 4,037             | 4,110             | 4,184             |      |
| 02-5-00-748                              | BACKFLOW TESTING SERVICE       | General Cost Inflation        | 15,000            | 15,270            | 15,545            | 15,825            | 16,110            | 16,399            | 16,695            | 16,995            | 17,301            | 17,613            | 17,930            |      |
| 02-5-00-755                              | GAS/OIL                        | General Cost Inflation        | 4,000             | 4,072             | 4,145             | 4,220             | 4,296             | 4,373             | 4,452             | 4,532             | 4,614             | 4,697             | 4,781             |      |
| 02-5-00-765                              | IMPROVEMENTS & REPAIRS         | General Cost Inflation        | 6,000             | 6,108             | 6,218             | 6,330             | 6,444             | 6,560             | 6,678             | 6,798             | 6,920             | 7,045             | 7,172             |      |
| 02-5-00-766                              | INS: COMP/LIA/UMB              | General Cost Inflation        | 8,500             | 8,653             | 8,809             | 8,967             | 9,129             | 9,293             | 9,460             | 9,631             | 9,804             | 9,980             | 10,160            |      |
| 02-5-00-768                              | INTERNAL GENERAL FUND SERVICES | General Cost Inflation        | 9,300             | 9,467             | 9,638             | 9,811             | 9,988             | 10,168            | 10,351            | 10,537            | 10,727            | 10,920            | 11,116            |      |
| 02-5-00-769                              | ENGINEERING                    | General Cost Inflation        | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |      |
| 02-5-00-770                              | WATER LOCATE SERVICE           | General Cost Inflation        | 200               | 204               | 207               | 211               | 215               | 219               | 223               | 227               | 231               | 235               | 239               |      |
| 02-5-00-771                              | MEDICAL TESTING & SERVICES     | General Cost Inflation        | 300               | 305               | 311               | 316               | 322               | 328               | 334               | 340               | 346               | 352               | 359               |      |
| 02-5-00-772                              | ROW FRANCHISE FEE              | [Calculated]                  | 41,680            | 42,778            | 43,988            | 45,114            | 46,340            | 47,599            | 48,893            | 50,222            | 51,587            | 53,019            | 54,491            |      |
| 02-5-00-775                              | LABORATORY FEES                | General Cost Inflation        | 5,000             | 5,090             | 5,182             | 5,275             | 5,370             | 5,466             | 5,565             | 5,665             | 5,767             | 5,871             | 5,977             |      |
| 02-5-00-777                              | LEGAL FEES                     | General Cost Inflation        | 3,000             | 3,054             | 3,109             | 3,165             | 3,222             | 3,280             | 3,339             | 3,399             | 3,460             | 3,523             | 3,586             |      |
| 02-5-00-779                              | WATER SYSTEM REPAIRS           | General Cost Inflation        | 10,000            | 10,180            | 10,363            | 10,550            | 10,740            | 10,933            | 11,130            | 11,330            | 11,534            | 11,742            | 11,953            |      |
| 02-5-00-780                              | CREDIT CARD FEE                | General Cost Inflation        | 3,400             | 3,461             | 3,524             | 3,587             | 3,651             | 3,717             | 3,784             | 3,852             | 3,922             | 3,992             | 4,064             |      |
| 02-5-00-782                              | UNIFORMS                       | General Cost Inflation        | 1,750             | 1,782             | 1,814             | 1,846             | 1,879             | 1,913             | 1,948             | 1,983             | 2,018             | 2,055             | 2,092             |      |
| 02-5-00-788                              | METERS & PARTS                 | General Cost Inflation        | 36,000            | 36,648            | 37,308            | 37,979            | 38,663            | 39,359            | 40,067            | 40,788            | 41,523            | 42,270            | 43,031            |      |
| 02-5-00-789                              | MILEAGE/TRAVEL REIMBURSEMT     | General Cost Inflation        | 100               | 102               | 104               | 105               | 107               | 109               | 111               | 113               | 115               | 117               | 120               |      |
| 02-5-00-793                              | MEETINGS/WORKSHOPS             | General Cost Inflation        | 200               | 204               | 207               | 211               | 215               | 219               | 223               | 227               | 231               | 235               | 239               |      |
| 02-5-00-795                              | SUPPLIES                       | General Cost Inflation        | 4,000             | 4,072             | 4,145             | 4,220             | 4,296             | 4,373             | 4,452             | 4,532             | 4,614             | 4,697             | 4,781             |      |
| 02-5-00-796                              | VEHICLE MAINTENANCE            | General Cost Inflation        | 5,500             | 5,599             | 5,700             | 5,802             | 5,907             | 6,013             | 6,121             | 6,232             | 6,344             | 6,458             | 6,574             |      |
| 02-5-00-799                              | BAD DEBT EXPENSE               | General Cost Inflation        | 100               | 102               | 104               | 105               | 107               | 109               | 111               | 113               | 115               | 117               | 120               |      |
| <b>SUBTOTAL MATERIALS &amp; SERVICES</b> |                                |                               | <b>\$ 251,106</b> | <b>\$ 256,948</b> | <b>\$ 263,106</b> | <b>\$ 269,211</b> | <b>\$ 275,617</b> | <b>\$ 282,202</b> | <b>\$ 288,971</b> | <b>\$ 295,931</b> | <b>\$ 303,087</b> | <b>\$ 310,507</b> | <b>\$ 318,142</b> |      |
| <b>CAPITAL OUTLAY</b>                    |                                |                               |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |      |
| 02-5-00-906                              | CAPITAL OUTLAY                 | General Cost Inflation        | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |      |
| <b>SUBTOTAL CAPITAL OUTLAY</b>           |                                |                               | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       |      |
| [Extra]                                  | [Extra]                        | No Escalation                 | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |      |
| [Extra]                                  | [Extra]                        | No Escalation                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |      |
| [Extra]                                  | [Extra]                        | No Escalation                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |      |
| <b>SUBTOTAL [Extra]</b>                  |                                |                               | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       |      |
| <b>TOTAL CASH OPERATING EXPENSES</b>     |                                |                               | <b>\$ 507,313</b> | <b>\$ 528,055</b> | <b>\$ 543,342</b> | <b>\$ 566,630</b> | <b>\$ 583,231</b> | <b>\$ 610,255</b> | <b>\$ 627,736</b> | <b>\$ 660,917</b> | <b>\$ 680,029</b> | <b>\$ 719,239</b> | <b>\$ 740,984</b> |      |



**City of Sisters**  
**Utility Rate Study: Water Model**  
*Existing Debt*

Fiscal Year Ending 6/30:

| Existing Debt Service - Summary | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---------------------------------|------|------|------|------|------|------|------|------|------|------|------|
| <b>Annual Debt Payments</b>     |      |      |      |      |      |      |      |      |      |      |      |
| Revenue Bonds                   | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Bonds                     | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Other Loans                     | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| <b>Total Debt Payments</b>      | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |

| Existing Debt Service - Revenue Bonds        | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|--|------|------|------|------|------|------|------|------|------|------|------|
| <b>TOTAL REVENUE BONDS</b>                   |      |      |      |      |      |      |      |      |      |      |      |
| Annual Interest Payment                      | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Annual Principal Payment                     | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Total Annual Payment                         | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Use of Debt Reserve for Debt Service         | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Annual Debt Reserve Target on Existing Rever | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |

| Existing Debt Service - Other Bonds | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|-------------------------------------|------|------|------|------|------|------|------|------|------|------|------|
| <b>TOTAL OTHER BONDS</b>            |      |      |      |      |      |      |      |      |      |      |      |
| Annual Interest Payment             | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Annual Principal Payment            | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Total Annual Payment                | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

| Existing Debt Service - Other Loans | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|-------------------------------------|------|------|------|------|------|------|------|------|------|------|------|
| <b>TOTAL OTHER LOANS</b>            |      |      |      |      |      |      |      |      |      |      |      |
| Annual Interest Payment             | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Annual Principal Payment            | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Total Annual Payment                | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

**City of Sisters**  
**Utility Rate Study: Water Model**  
**Capital Improvement Program**

Project Costs in Year:

**2017**

Fiscal Year Ending 6/30:

| ID | Description  | Expenditure by Fund Type     |                              |                              |       | Unescalated Total | UNESCALATED COSTS |                  |                   |                   |                   |                   |                   |                   |                  |                   |                   |          |
|----|--|------------------------------|------------------------------|------------------------------|-------|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|----------|
|    |  | % SDC Improvement Fee Funded | % Improvement Reserve Funded | % Replacement Reserve Funded | Total |                   | 2018              | 2019             | 2020              | 2021              | 2022              | 2023              | 2024              | 2025              | 2026             | 2027              | 2028              |          |
|    | <b>Updated CIP - 10-yr</b>                         |                              |                              |                              |       |                   |                   |                  |                   |                   |                   |                   |                   |                   |                  |                   |                   |          |
|    | Water System Back-up 75hp motor                    |                              | 100%                         |                              | 100%  | \$ 70,000         |                   |                  | 70,000            |                   |                   |                   |                   |                   |                  |                   |                   |          |
|    | Well 1,2 and 3 VFD's                               |                              | 100%                         |                              | 100%  | 61,620            |                   |                  | 61,620            |                   |                   |                   |                   |                   |                  |                   |                   |          |
|    | 8" Dist. Imp Hood Alley, Fir to Larch              | 54%                          | 46%                          |                              | 100%  | 60,000            |                   |                  | 60,000            |                   |                   |                   |                   |                   |                  |                   |                   |          |
|    | Well #3 Generator                                  | 50%                          | 50%                          |                              | 100%  | 148,500           |                   |                  |                   | 148,500           |                   |                   |                   |                   |                  |                   |                   |          |
|    | 8" Dist. Imp Oak St. - Main to Adams               | 54%                          | 46%                          |                              | 100%  | 34,000            |                   |                  |                   | 34,000            |                   |                   |                   |                   |                  |                   |                   |          |
|    | 8" Dist. Imp Fir St. - Main to Adams               | 54%                          | 46%                          |                              | 100%  | 37,000            |                   |                  |                   | 37,000            |                   |                   |                   |                   |                  |                   |                   |          |
|    | Hood Ave S. Alley/ Pine to Ash (Reconnections)     |                              | 100%                         |                              | 100%  | 36,000            |                   |                  |                   | 36,000            |                   |                   |                   |                   |                  |                   |                   |          |
|    | Wash. Ave S. Alley/Cedar to Locust (Reconnections) |                              | 100%                         |                              | 100%  | 28,800            |                   |                  |                   | 28,800            |                   |                   |                   |                   |                  |                   |                   |          |
|    | Jeff Ave S Alley/Cedar to Locust (Reconnections)   |                              | 100%                         |                              | 100%  | 33,700            |                   |                  |                   | 33,700            |                   |                   |                   |                   |                  |                   |                   |          |
|    | Well #1 Improvements                               |                              | 100%                         |                              | 100%  | 297,000           |                   |                  |                   |                   | 297,000           |                   |                   |                   |                  |                   |                   |          |
|    | 8" Dist. Imp EOP                                   | 54%                          | 46%                          |                              | 100%  | 368,000           |                   |                  |                   |                   |                   | 368,000           |                   |                   |                  |                   |                   |          |
|    | Main Ave N Alley/Pine to Elm (Reconnections)       |                              | 100%                         |                              | 100%  | 72,000            |                   |                  |                   |                   |                   |                   | 72,000            |                   |                  |                   |                   |          |
|    | Water Right Acquisition                            | 100%                         |                              |                              | 100%  | 250,000           | 250,000           |                  |                   |                   |                   |                   |                   |                   |                  |                   |                   |          |
|    | New 16" Trans Main from Reservoir to 12" split     | 100%                         |                              |                              | 100%  | 914,760           |                   |                  |                   |                   |                   |                   |                   |                   |                  | 914,760           |                   |          |
|    | New Well #4 with Back-up Generator                 | 100%                         |                              |                              | 100%  | 861,300           |                   |                  |                   |                   |                   |                   |                   |                   |                  |                   | 861,300           |          |
|    | 12" Dist Imp - Dev. Upsizing                       | 100%                         |                              |                              | 100%  | 250,000           | 25,000            | 25,000           | 25,000            | 25,000            | 25,000            | 100,000           |                   |                   |                  |                   |                   |          |
|    | <b>Capital Replacement Reserve Expenditures</b>    |                              |                              |                              |       |                   |                   |                  |                   |                   |                   |                   |                   |                   |                  |                   |                   |          |
|    | tractor (10%)                                      |                              |                              | 100%                         | 100%  | 800               |                   |                  |                   | 800               |                   |                   |                   |                   |                  |                   |                   |          |
|    | (2) Used Utility trucks                            |                              |                              | 100%                         | 100%  | 20,000            |                   |                  |                   |                   | 20,000            |                   |                   |                   |                  |                   |                   |          |
|    | Backhoe (33%)                                      |                              |                              | 100%                         | 100%  | 26,400            |                   |                  |                   |                   |                   | 26,400            |                   |                   |                  |                   |                   |          |
|    | dump truck (33%)                                   |                              |                              | 100%                         | 100%  | 24,750            |                   |                  |                   |                   |                   |                   |                   |                   |                  | 24,750            |                   |          |
|    | Dump trailer (25%)                                 |                              |                              | 100%                         | 100%  | 2,500             |                   |                  |                   |                   |                   |                   |                   |                   |                  | 2,500             |                   |          |
|    | Utility trailer (25%)                              |                              |                              | 100%                         | 100%  | 1,250             |                   |                  |                   |                   |                   |                   |                   |                   |                  | 1,250             |                   |          |
|    | tools & Equipment                                  |                              |                              | 100%                         | 100%  | 30,000            |                   |                  | 15,000            |                   |                   |                   |                   |                   |                  | 15,000            |                   |          |
|    | (2) used mngmt trucks (25%)                        |                              |                              | 100%                         | 100%  | 5,000             |                   |                  |                   |                   |                   |                   |                   |                   |                  |                   |                   |          |
|    | MXU's  |                              |                              | 100%                         | 100%  | 110,000           | 25,000            | 15,000           | 15,000            | 10,000            | 10,000            | 10,000            | 5,000             | 5,000             | 5,000            | 5,000             | 5,000             |          |
|    | reservoir re-lining                                |                              |                              | 100%                         | 100%  | 20,000            |                   |                  |                   |                   |                   |                   |                   |                   | 20,000           |                   |                   |          |
|    | <b>TOTAL CAPITAL PROJECTS</b>                      |                              |                              |                              |       | <b>3,763,380</b>  | <b>\$ 300,000</b> | <b>\$ 40,000</b> | <b>\$ 246,620</b> | <b>\$ 255,300</b> | <b>\$ 153,500</b> | <b>\$ 358,400</b> | <b>\$ 478,000</b> | <b>\$ 120,500</b> | <b>\$ 25,000</b> | <b>\$ 919,760</b> | <b>\$ 866,300</b> |          |
|    | Total Improvement Fee SDC Projects                 | Improvement Fee SDC          |                              |                              |       | 1,758,470         | \$ 275,000        | \$ 25,000        | \$ 57,400         | \$ 137,590        | \$ 25,000         | \$ 25,000         | \$ 298,720        | \$ -              | \$ -             | \$ 914,760        | \$ 861,300        |          |
|    | Total Improvement Reserve Projects                 | Improvement Reserve          |                              |                              |       | 902,910           | \$ -              | \$ -             | \$ 159,220        | \$ 106,910        | \$ 98,500         | \$ 297,000        | \$ 169,280        | \$ 72,000         | \$ -             | \$ -              | \$ -              | \$ -     |
|    | Total Replacement Reserve Projects                 | Replacement Reserve          |                              |                              |       | 235,700           | \$ 25,000         | \$ 15,000        | \$ 30,000         | \$ 10,800         | \$ 30,000         | \$ 36,400         | \$ 10,000         | \$ 48,500         | \$ 25,000        | \$ 5,000          | \$ 5,000          | \$ 5,000 |
|    | Projects by CIAC                                   |                              |                              |                              |       |                   | \$ -              | \$ -             | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -             | \$ -              | \$ -              | \$ -     |
|    | Projects by Enterprise Fund                        |                              |                              |                              |       |                   | \$ 300,000        | \$ 40,000        | \$ 246,620        | \$ 255,300        | \$ 153,500        | \$ 358,400        | \$ 478,000        | \$ 120,500        | \$ 25,000        | \$ 919,760        | \$ 866,300        |          |

**City of Sisters**  
**Utility Rate Study: Water Model**  
*Capital Funding*

Fiscal Year Ending 6/30:

| Capital Project Summary           | 2018              | 2019             | 2020              | 2021              | 2022              | 2023              | 2024              | 2025              | 2026             | 2027              | 2028              |
|-----------------------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| <b>TOTAL CAPITAL EXPENDITURES</b> | <b>\$ 300,000</b> | <b>\$ 40,000</b> | <b>\$ 246,620</b> | <b>\$ 255,300</b> | <b>\$ 153,500</b> | <b>\$ 358,400</b> | <b>\$ 478,000</b> | <b>\$ 120,500</b> | <b>\$ 25,000</b> | <b>\$ 919,760</b> | <b>\$ 866,300</b> |

| Manual Input Debt Assumptions | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|-------------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Proceeds - Revenue Bonds      | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Proceeds - Other Bonds        |      |      |      |      |      |      |      |      |      |      |      |
| Proceeds - DWSRF Loans        |      |      |      |      |      |      |      |      |      |      |      |
| Proceeds - Other Loans        |      |      |      |      |      |      |      |      |      |      |      |

\*Model will automatically calculate revenue bond debt if 'Revenue Bond Proceeds' is blank.

| Capital Financing Plan                   | 2018   | 2019              | 2020              | 2021              | 2022              | 2023                | 2024                | 2025                | 2026                | 2027                | 2028                |
|--|--|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Outside Funding Sources: Grants/CIAC     | -  | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Balance/Remained to be Funded</b>     | <b>\$ 300,000</b>  | <b>\$ 40,000</b>  | <b>\$ 246,620</b> | <b>\$ 255,300</b> | <b>\$ 153,500</b> | <b>\$ 358,400</b>   | <b>\$ 478,000</b>   | <b>\$ 120,500</b>   | <b>\$ 25,000</b>    | <b>\$ 919,760</b>   | <b>\$ 866,300</b>   |
| <b>OTHER FUNDING SOURCES</b>             | <i>(Note: Operating transfers in year N are always assumed to be available in year N + 1.)</i> |                   |                   |                   |                   |                     |                     |                     |                     |                     |                     |
| Beginning Fund Balances                  | \$ 854,211   | \$ 1,007,594      | \$ 1,164,604      | \$ 1,164,493      | \$ 1,241,011      | \$ 1,324,130        | \$ 1,208,023        | \$ 1,264,466        | \$ 1,381,340        | \$ 1,616,672        | \$ 1,872,505        |
| Capital Improvement Reserve Contribution | Yes 104,094  | 104,094           | 104,094           | 104,094           | 104,094           | 104,094             | 104,094             | 104,094             | 104,094             | 104,094             | 104,094             |
| Capital Replacement Reserve Contribution | Yes 45,219   | 45,219            | 45,219            | 45,219            | 45,219            | 45,219              | 45,219              | 45,219              | 45,219              | 45,219              | 45,219              |
| Use of SDC Reimbursement Fee Revenue     | Yes -  | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Use of SDC Improvement Fee Fund Balance  | Yes 275,000  | 25,000            | 57,400            | 137,590           | 25,000            | 25,000              | 298,720             | -                   | -                   | 914,760             | 861,300             |
| Interest Earnings                        | No -   | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Minimum Capital Balance?                 | Yes (486,533)  | (590,627)         | (535,501)         | (532,685)         | (538,279)         | (345,373)           | (280,187)           | (312,281)           | (416,375)           | (520,469)           | (624,563)           |
| Other Bonds Proceeds                     | -  | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| DWSRF Loans Proceeds                     | -  | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Other Loans Proceeds                     | -  | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Revenue Bond Proceeds                    | -  | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>TOTAL CAPITAL RESOURCES</b>           | <b>\$ 791,991</b>  | <b>\$ 591,280</b> | <b>\$ 835,816</b> | <b>\$ 918,711</b> | <b>\$ 877,045</b> | <b>\$ 1,153,070</b> | <b>\$ 1,375,869</b> | <b>\$ 1,101,498</b> | <b>\$ 1,114,278</b> | <b>\$ 2,160,276</b> | <b>\$ 2,258,555</b> |

Info: Working Capital Contingency Deficit

**City of Sisters**  
**Utility Rate Study: Water Model**  
*Capital Funding*

Fiscal Year Ending 6/30:

| <b>New Debt Computations</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>REVENUE BONDS</b>         |             |             |             |             |             |             |             |             |             |             |             |
| Amount to Fund               | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Issuance Costs               | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Reserve Required             | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Amount of Debt Issue         | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| <b>Other Bonds</b>           |             |             |             |             |             |             |             |             |             |             |             |
| Amount to Fund               | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Issuance Costs               | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Amount of Debt Issue         | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| <b>DWSRF Loans</b>           |             |             |             |             |             |             |             |             |             |             |             |
| Amount to Fund               | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Issuance Costs               | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Amount of Debt Issue         | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| <b>Other Loans</b>           |             |             |             |             |             |             |             |             |             |             |             |
| Amount to Fund               | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |

| <b>Debt Service Summary</b>          | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> | <b>2028</b> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>EXISTING DEBT SERVICE</b>         |             |             |             |             |             |             |             |             |             |             |             |
| Annual Interest Payments             | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Annual Principal Payments            | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Total Debt Service Payments          | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Revenue Bond Payments Only           | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| <b>NEW DEBT SERVICE</b>              |             |             |             |             |             |             |             |             |             |             |             |
| Annual Interest Payments             | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Annual Principal Payments            | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Total Debt Service Payments          | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Revenue Bond Payments Only           | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| <b>TOTAL DEBT SERVICE PAYMENTS</b>   |             |             |             |             |             |             |             |             |             |             |             |
| Total Interest Payments              | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Total Principal Payments             | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Total Revenue Bond Payments Only     | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| Use of Debt Reserve for Debt Service | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |

**City of Sisters**  
**Utility Rate Study: Water Model**  
 Revenue Requirement Tests

Fiscal Year Ending 6/30:

| Cash Flow Test                                      | 2018              | 2019              | 2020               | 2021               | 2022               | 2023               | 2024               | 2025               | 2026               | 2027               | 2028                |
|---|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| <b>REVENUES</b>                                     |                   |                   |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| Rate Revenue  | \$ 595,433        | \$ 611,113        | \$ 628,401         | \$ 644,483         | \$ 661,999         | \$ 679,991         | \$ 698,471         | \$ 717,455         | \$ 736,954         | \$ 757,416         | \$ 778,446          |
| SDC Revenue Towards Debt Service                    | -                 | -                 | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                   |
| Other Non-Rate Revenue                              | 60,055            | 60,055            | 60,055             | 60,055             | 60,055             | 60,055             | 60,055             | 60,055             | 60,055             | 60,055             | 60,055              |
| Interest Earnings: Operating & Debt Reserve Funds   | 821               | 727               | 757                | 779                | 812                | 836                | 875                | 900                | 947                | 975                | 1,031               |
| <b>Total Revenue</b>                                | <b>\$ 656,309</b> | <b>\$ 671,895</b> | <b>\$ 689,213</b>  | <b>\$ 705,317</b>  | <b>\$ 722,866</b>  | <b>\$ 740,881</b>  | <b>\$ 759,401</b>  | <b>\$ 778,409</b>  | <b>\$ 797,956</b>  | <b>\$ 818,445</b>  | <b>\$ 839,532</b>   |
| <b>EXPENSES</b>                                     |                   |                   |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| Cash Operating Expenses                             | \$ 507,313        | \$ 528,055        | \$ 543,342         | \$ 566,630         | \$ 583,231         | \$ 610,255         | \$ 627,736         | \$ 660,917         | \$ 680,029         | \$ 719,239         | \$ 740,984          |
| Existing Debt Service                               | -                 | -                 | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                   |
| New Debt Service                                    | -                 | -                 | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                   |
| Capital Improvement Reserve Contribution            | 104,094           | 104,094           | 104,094            | 104,094            | 104,094            | 104,094            | 104,094            | 104,094            | 104,094            | 104,094            | 104,094             |
| Capital Replacement Reserve Contribution            | 45,219            | 45,219            | 45,219             | 45,219             | 45,219             | 45,219             | 45,219             | 45,219             | 45,219             | 45,219             | 45,219              |
| Additions Required to Meet Min. Op. Fund Balance    | -                 | -                 | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                   |
| <b>Total Expenses</b>                               | <b>\$ 656,626</b> | <b>\$ 677,368</b> | <b>\$ 692,655</b>  | <b>\$ 715,943</b>  | <b>\$ 732,544</b>  | <b>\$ 759,568</b>  | <b>\$ 777,049</b>  | <b>\$ 810,230</b>  | <b>\$ 829,342</b>  | <b>\$ 868,552</b>  | <b>\$ 890,297</b>   |
| <b>NET CASH FLOW (DEFICIENCY)</b>                   | <b>\$ (317)</b>   | <b>\$ (5,473)</b> | <b>\$ (3,442)</b>  | <b>\$ (10,626)</b> | <b>\$ (9,678)</b>  | <b>\$ (18,687)</b> | <b>\$ (17,648)</b> | <b>\$ (31,820)</b> | <b>\$ (31,386)</b> | <b>\$ (50,107)</b> | <b>\$ (50,766)</b>  |
| <b>Coverage Test - w/o SDCs</b>                     |                   |                   |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| <b>ALLOWABLE REVENUES</b>                           |                   |                   |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| Rate Revenue  | \$ 595,433        | \$ 611,113        | \$ 628,401         | \$ 644,483         | \$ 661,999         | \$ 679,991         | \$ 698,471         | \$ 717,455         | \$ 736,954         | \$ 757,416         | \$ 778,446          |
| Other Revenue                                       | 60,055            | 60,055            | 60,055             | 60,055             | 60,055             | 60,055             | 60,055             | 60,055             | 60,055             | 60,055             | 60,055              |
| SDC Revenue   | -                 | -                 | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                   |
| Interest Earnings - All Funds                       | 4,110             | 5,126             | 6,210              | 6,061              | 6,415              | 6,980              | 5,899              | 6,060              | 7,092              | 8,920              | 10,779              |
| <b>Total Revenue</b>                                | <b>\$ 659,598</b> | <b>\$ 676,294</b> | <b>\$ 694,666</b>  | <b>\$ 710,598</b>  | <b>\$ 728,469</b>  | <b>\$ 747,025</b>  | <b>\$ 764,425</b>  | <b>\$ 783,570</b>  | <b>\$ 804,101</b>  | <b>\$ 826,391</b>  | <b>\$ 849,280</b>   |
| Coverage w/o SDCs                                   | n/a               | n/a               | n/a                | n/a                | n/a                | n/a                | n/a                | n/a                | n/a                | n/a                | n/a                 |
| <b>EXPENSES</b>                                     |                   |                   |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| Cash Operating Expenses                             | \$ 507,313        | \$ 528,055        | \$ 543,342         | \$ 566,630         | \$ 583,231         | \$ 610,255         | \$ 627,736         | \$ 660,917         | \$ 680,029         | \$ 719,239         | \$ 740,984          |
| Revenue Bond Debt Service                           | -                 | -                 | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                   |
| Revenue Bond Coverage Requirement at 1.5            | -                 | -                 | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                   |
| <b>Total Expenses</b>                               | <b>\$ 507,313</b> | <b>\$ 528,055</b> | <b>\$ 543,342</b>  | <b>\$ 566,630</b>  | <b>\$ 583,231</b>  | <b>\$ 610,255</b>  | <b>\$ 627,736</b>  | <b>\$ 660,917</b>  | <b>\$ 680,029</b>  | <b>\$ 719,239</b>  | <b>\$ 740,984</b>   |
| <b>COVERAGE SURPLUS (DEFICIENCY)</b>                | <b>\$ 152,285</b> | <b>\$ 148,239</b> | <b>\$ 151,324</b>  | <b>\$ 143,969</b>  | <b>\$ 145,238</b>  | <b>\$ 136,770</b>  | <b>\$ 136,689</b>  | <b>\$ 122,653</b>  | <b>\$ 124,072</b>  | <b>\$ 107,152</b>  | <b>\$ 108,296</b>   |
| <b>Maximum Revenue Deficiency</b>                   |                   |                   |                    |                    |                    |                    |                    |                    |                    |                    |                     |
| Sufficiency Test Driving the Deficiency             | Cash              | Cash              | Cash               | Cash               | Cash               | Cash               | Cash               | Cash               | Cash               | Cash               | Cash                |
| Maximum Revenue Deficiency (Surplus)                | \$ 317            | \$ 5,473          | \$ 3,442           | \$ 10,626          | \$ 9,678           | \$ 18,687          | \$ 17,648          | \$ 31,820          | \$ 31,386          | \$ 50,107          | \$ 50,766           |
| plus: Additional Tax Expense                        | 24                | 412               | 259                | 800                | 728                | 1,407              | 1,328              | 2,395              | 2,362              | 3,771              | 3,821               |
| less: Incremental Revenue From Prior Rate Increases | -                 | (12,222)          | (25,387)           | (39,447)           | (54,570)           | (70,774)           | (88,121)           | (106,675)          | (126,505)          | (147,766)          | (170,475)           |
| <b>Net Revenue Deficiency (Surplus)</b>             | <b>\$ 340</b>     | <b>\$ (6,337)</b> | <b>\$ (21,686)</b> | <b>\$ (28,022)</b> | <b>\$ (44,163)</b> | <b>\$ (50,681)</b> | <b>\$ (69,144)</b> | <b>\$ (72,460)</b> | <b>\$ (92,757)</b> | <b>\$ (93,888)</b> | <b>\$ (115,889)</b> |

**City of Sisters**  
**Utility Rate Study: Water Model**  
 Revenue Requirement Tests

Fiscal Year Ending 6/30:

| Rate Increases   | 2018         | 2019         | 2020         | 2021         | 2022          | 2023          | 2024          | 2025          | 2026          | 2027          | 2028          |
|--|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Rate Revenue @ Existing Rates                                | \$ 595,433   | \$ 611,113   | \$ 628,401   | \$ 644,483   | \$ 661,999    | \$ 679,991    | \$ 698,471    | \$ 717,455    | \$ 736,954    | \$ 757,416    | \$ 778,446    |
| Revenues from Prior Rate Increases                           | -            | 12,222       | 25,387       | 39,447       | 54,570        | 70,774        | 88,121        | 106,675       | 126,505       | 147,766       | 170,475       |
| Rate Revenue Before Rate Increase (incl. previous increases) | \$ 595,433   | \$ 623,335   | \$ 653,788   | \$ 683,930   | \$ 716,569    | \$ 750,764    | \$ 786,592    | \$ 824,130    | \$ 863,459    | \$ 905,182    | \$ 948,921    |
| Required Annual Rate Increase                                | 0.06%        | -1.02%       | -3.32%       | -4.10%       | -6.16%        | -6.75%        | -8.79%        | -8.79%        | -10.74%       | -10.37%       | -12.21%       |
| Number of Months New Rates Will Be In Effect                 | 12 Months    | 12 Months    | 12 Months    | 12 Months    | 12 Months     | 12 Months     | 12 Months     | 12 Months     | 12 Months     | 12 Months     | 12 Months     |
| Info: % Increase to Generate Required Revenue                | 0.06%        | 0.00%        | 0.00%        | 0.00%        | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Policy Induced Rate Increases                                | 2.00%        | 2.00%        | 2.00%        | 2.00%        | 2.00%         | 2.00%         | 2.00%         | 2.00%         | 2.00%         | 2.00%         | 2.00%         |
| <b>ANNUAL RATE INCREASE</b>                                  | <b>2.00%</b> | <b>2.00%</b> | <b>2.00%</b> | <b>2.00%</b> | <b>2.00%</b>  | <b>2.00%</b>  | <b>2.00%</b>  | <b>2.00%</b>  | <b>2.00%</b>  | <b>2.00%</b>  | <b>2.00%</b>  |
| <b>CUMULATIVE RATE INCREASE</b>                              | <b>2.00%</b> | <b>4.04%</b> | <b>6.12%</b> | <b>8.24%</b> | <b>10.41%</b> | <b>12.62%</b> | <b>14.87%</b> | <b>17.17%</b> | <b>19.51%</b> | <b>21.90%</b> | <b>24.34%</b> |

| Impacts of Rate Increases                   | 2018             | 2019             | 2020             | 2021             | 2022             | 2023             | 2024             | 2025             | 2026              | 2027              | 2028              |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Sufficiency Test Driving the Deficiency     | Cash             | Cash             | Cash             | Cash             | Cash             | Cash             | Cash             | Cash             | Cash              | Cash              | Cash              |
| Rate Revenues After Rate Increase           | \$ 607,342       | \$ 635,802       | \$ 666,864       | \$ 697,609       | \$ 730,900       | \$ 765,780       | \$ 802,324       | \$ 840,612       | \$ 880,728        | \$ 923,285        | \$ 967,899        |
| Full Year Rate Revenues After Rate Increase | \$ 607,342       | \$ 635,802       | \$ 666,864       | \$ 697,609       | \$ 730,900       | \$ 765,780       | \$ 802,324       | \$ 840,612       | \$ 880,728        | \$ 923,285        | \$ 967,899        |
| Partial Year Adjustment                     | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -             | \$ -              | \$ -              | \$ -              |
| Additional Taxes Due to Rate Increases      | 834              | 1,728            | 2,692            | 3,719            | 4,823            | 6,005            | 7,270            | 8,621            | 10,064            | 11,611            | 13,262            |
| <b>Net Cash Flow After Rate Increase</b>    | <b>\$ 10,758</b> | <b>\$ 17,488</b> | <b>\$ 32,329</b> | <b>\$ 38,781</b> | <b>\$ 54,400</b> | <b>\$ 61,097</b> | <b>\$ 78,935</b> | <b>\$ 82,716</b> | <b>\$ 102,324</b> | <b>\$ 104,152</b> | <b>\$ 125,426</b> |
| Coverage After Rate Increase: w/ SDCs       | n/a              | n/a              | n/a              | n/a              | n/a              | n/a              | n/a              | n/a              | n/a               | n/a               | n/a               |
| Coverage After Rate Increase: w/o SDCs      | n/a              | n/a              | n/a              | n/a              | n/a              | n/a              | n/a              | n/a              | n/a               | n/a               | n/a               |

| Fund Balance Impacts   | 2018                | 2019                | 2020                | 2021                | 2022                | 2023                | 2024                | 2025                | 2026                | 2027                | 2028                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Ending Fund Balance: Operating Reserve - Part Of Water Fund</b>           | <b>\$ 84,552</b>    | <b>\$ 88,009</b>    | <b>\$ 90,557</b>    | <b>\$ 94,438</b>    | <b>\$ 97,205</b>    | <b>\$ 101,709</b>   | <b>\$ 104,623</b>   | <b>\$ 110,153</b>   | <b>\$ 113,338</b>   | <b>\$ 119,873</b>   | <b>\$ 123,497</b>   |
| Minimum Target: Operating Reserve - Part Of Water Fund                       | \$ 84,552           | \$ 88,009           | \$ 90,557           | \$ 94,438           | \$ 97,205           | \$ 101,709          | \$ 104,623          | \$ 110,153          | \$ 113,338          | \$ 119,873          | \$ 123,497          |
| <b>Ending Fund Balance: Capital Improvement Reserve - Part Of Water Fund</b> | <b>\$ 511,546</b>   | <b>\$ 634,070</b>   | <b>\$ 614,178</b>   | <b>\$ 651,544</b>   | <b>\$ 714,375</b>   | <b>\$ 584,205</b>   | <b>\$ 600,065</b>   | <b>\$ 714,506</b>   | <b>\$ 923,883</b>   | <b>\$ 1,133,540</b> | <b>\$ 1,369,184</b> |
| Minimum Target: Capital Improvement Reserve - Part Of Water Fund             | \$ 486,533          | \$ 590,627          | \$ 535,501          | \$ 532,685          | \$ 538,279          | \$ 345,373          | \$ 280,187          | \$ 312,281          | \$ 416,375          | \$ 520,469          | \$ 624,563          |
| <b>Ending Fund Balance: Capital Replacement Reserve - Part Of Water Fund</b> | <b>\$ 496,048</b>   | <b>\$ 530,533</b>   | <b>\$ 550,315</b>   | <b>\$ 589,467</b>   | <b>\$ 609,755</b>   | <b>\$ 623,818</b>   | <b>\$ 664,402</b>   | <b>\$ 666,835</b>   | <b>\$ 692,788</b>   | <b>\$ 738,965</b>   | <b>\$ 785,539</b>   |
| Minimum Target: Capital Replacement Reserve - Part Of Water Fund             | \$ 491,991          | \$ 522,210          | \$ 537,429          | \$ 571,848          | \$ 587,067          | \$ 595,886          | \$ 631,105          | \$ 627,824          | \$ 648,043          | \$ 688,262          | \$ 728,481          |
| <b>Ending Fund Balance: Improvement SDC Fund</b>                             | <b>\$ 1,559,124</b> | <b>\$ 1,702,533</b> | <b>\$ 1,830,672</b> | <b>\$ 1,867,800</b> | <b>\$ 2,032,013</b> | <b>\$ 2,202,343</b> | <b>\$ 2,105,253</b> | <b>\$ 2,311,012</b> | <b>\$ 2,523,641</b> | <b>\$ 1,832,856</b> | <b>\$ 1,195,207</b> |
| Minimum Target: Improvement SDC Fund   | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| <b>Ending Fund Balance: Reimbursement SDC Fund</b>                           | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         |
| Minimum Target: Reimbursement SDC Fund                                       | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |

**City of Sisters**  
**Utility Rate Study: Water Model**  
Fund Activity

Fiscal Year Ending 6/30:

| Funds  | 2018              | 2019              | 2020              | 2021              | 2022              | 2023              | 2024              | 2025              | 2026              | 2027                | 2028                |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Operating Reserve - Part of Water Fund</b>            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                     |                     |
| Beginning Balance  | \$ 95,518         | \$ 84,552         | \$ 88,009         | \$ 90,557         | \$ 94,438         | \$ 97,205         | \$ 101,709        | \$ 104,623        | \$ 110,153        | \$ 113,338          | \$ 119,873          |
| plus: Net Cash Flow after Rate Increase                  | 10,758            | 17,488            | 32,329            | 38,781            | 54,400            | 61,097            | 78,935            | 82,716            | 102,324           | 104,152             | 125,426             |
| less: Transfer to Capital Replacement Reserve            | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   |
| less: Transfer of Surplus to Capital Improvement Reserve | (21,724)          | (14,031)          | (29,781)          | (34,900)          | (51,633)          | (56,593)          | (76,021)          | (77,186)          | (99,139)          | (97,617)            | (121,802)           |
| <b>Ending Balance</b>                                    | <b>\$ 84,552</b>  | <b>\$ 88,009</b>  | <b>\$ 90,557</b>  | <b>\$ 94,438</b>  | <b>\$ 97,205</b>  | <b>\$ 101,709</b> | <b>\$ 104,623</b> | <b>\$ 110,153</b> | <b>\$ 113,338</b> | <b>\$ 119,873</b>   | <b>\$ 123,497</b>   |
| <i>Minimum Target Balance</i>                            | \$ 84,552         | \$ 88,009         | \$ 90,557         | \$ 94,438         | \$ 97,205         | \$ 101,709        | \$ 104,623        | \$ 110,153        | \$ 113,338        | \$ 119,873          | \$ 123,497          |
| <i>Maximum Funds to be Kept as Operating Reserves</i>    | \$ 84,552         | \$ 88,009         | \$ 90,557         | \$ 94,438         | \$ 97,205         | \$ 101,709        | \$ 104,623        | \$ 110,153        | \$ 113,338        | \$ 119,873          | \$ 123,497          |
| <i>Info: # of Months of Cash Operating Expenses</i>      | 2 Months          | 2 Months          | 2 Months          | 2 Months          | 2 Months          | 2 Months          | 2 Months          | 2 Months          | 2 Months          | 2 Months            | 2 Months            |
| <b>Capital Improvement Reserve - Part of Water Fund</b>  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                     |                     |
| Beginning Balance  | \$ 382,439        | \$ 511,546        | \$ 634,070        | \$ 614,178        | \$ 651,544        | \$ 714,375        | \$ 584,205        | \$ 600,065        | \$ 714,506        | \$ 923,883          | \$ 1,133,540        |
| plus: Capital Improvement Reserve Contribution           | 104,094           | 104,094           | 104,094           | 104,094           | 104,094           | 104,094           | 104,094           | 104,094           | 104,094           | 104,094             | 104,094             |
| plus: Transfers from Operating Fund                      | 21,724            | 14,031            | 29,781            | 34,900            | 51,633            | 56,593            | 76,021            | 77,186            | 99,139            | 97,617              | 121,802             |
| plus: Capital Grants / Contributions                     | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   |
| plus: Revenue Bond Proceeds                              | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   |
| plus: Other Bond Proceeds                                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   |
| plus: DWSRF Loan Proceeds                                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   |
| plus: Other Loan Proceeds                                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   |
| plus: Interest Earnings                                  | 3,289             | 4,399             | 5,453             | 5,282             | 5,603             | 6,144             | 5,024             | 5,161             | 6,145             | 7,945               | 9,748               |
| Total Funding Sources                                    | \$ 511,546        | \$ 634,070        | \$ 773,398        | \$ 758,454        | \$ 812,875        | \$ 881,205        | \$ 769,345        | \$ 786,506        | \$ 923,883        | \$ 1,133,540        | \$ 1,369,184        |
| less: Capital Expenditures Not Funded With SDC Monies    | -                 | -                 | (159,220)         | (106,910)         | (98,500)          | (297,000)         | (169,280)         | (72,000)          | -                 | -                   | -                   |
| <b>Ending Capital Fund Balance</b>                       | <b>\$ 511,546</b> | <b>\$ 634,070</b> | <b>\$ 614,178</b> | <b>\$ 651,544</b> | <b>\$ 714,375</b> | <b>\$ 584,205</b> | <b>\$ 600,065</b> | <b>\$ 714,506</b> | <b>\$ 923,883</b> | <b>\$ 1,133,540</b> | <b>\$ 1,369,184</b> |
| <i>Minimum Target Balance</i>                            | \$ 486,533        | \$ 590,627        | \$ 535,501        | \$ 532,685        | \$ 538,279        | \$ 345,373        | \$ 280,187        | \$ 312,281        | \$ 416,375        | \$ 520,469          | \$ 624,563          |
| <b>Capital Replacement Reserve - Part of Water Fund</b>  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                     |                     |
| Beginning Balance  | \$ 471,772        | \$ 496,048        | \$ 530,533        | \$ 550,315        | \$ 589,467        | \$ 609,755        | \$ 623,818        | \$ 664,402        | \$ 666,835        | \$ 692,788          | \$ 738,965          |
| plus: Transfers from Operating Fund                      | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   |
| plus: Capital Replacement Reserve Contribution           | 45,219            | 45,219            | 45,219            | 45,219            | 45,219            | 45,219            | 45,219            | 45,219            | 45,219            | 45,219              | 45,219              |
| plus: Interest Earnings                                  | 4,057             | 4,266             | 4,563             | 4,733             | 5,069             | 5,244             | 5,365             | 5,714             | 5,735             | 5,958               | 6,355               |
| Total Funding Sources                                    | \$ 521,048        | \$ 545,533        | \$ 580,315        | \$ 600,267        | \$ 639,755        | \$ 660,218        | \$ 674,402        | \$ 715,335        | \$ 717,788        | \$ 743,965          | \$ 790,539          |
| less: Capital Expenditures Not Funded With SDC Monies    | (25,000)          | (15,000)          | (30,000)          | (10,800)          | (30,000)          | (36,400)          | (10,000)          | (48,500)          | (25,000)          | (5,000)             | (5,000)             |
| <b>Ending Capital Fund Balance</b>                       | <b>\$ 496,048</b> | <b>\$ 530,533</b> | <b>\$ 550,315</b> | <b>\$ 589,467</b> | <b>\$ 609,755</b> | <b>\$ 623,818</b> | <b>\$ 664,402</b> | <b>\$ 666,835</b> | <b>\$ 692,788</b> | <b>\$ 738,965</b>   | <b>\$ 785,539</b>   |
| <i>Minimum Target Balance</i>                            | \$ 491,991        | \$ 522,210        | \$ 537,429        | \$ 571,848        | \$ 587,067        | \$ 595,886        | \$ 631,105        | \$ 627,824        | \$ 648,043        | \$ 688,262          | \$ 728,481          |

**City of Sisters**  
**Utility Rate Study: Water Model**  
*Fund Activity*

Fiscal Year Ending 6/30:

| Funds   | 2018                | 2019                | 2020                | 2021                | 2022                | 2023                | 2024                | 2025                | 2026                | 2027                | 2028                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Improvement SDC Fund</b>                         |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Beginning Balance                                   | \$ 1,664,807        | \$ 1,559,124        | \$ 1,702,533        | \$ 1,830,672        | \$ 1,867,800        | \$ 2,032,013        | \$ 2,202,343        | \$ 2,105,253        | \$ 2,311,012        | \$ 2,523,641        | \$ 1,832,856        |
| plus: Improvement Fee SDC Revenue Toward Capital    | 155,000             | 155,000             | 170,897             | 158,974             | 173,149             | 177,855             | 182,689             | 187,654             | 192,754             | 202,272             | 207,888             |
| plus: Interest Earnings                             | 14,317              | 13,408              | 14,642              | 15,744              | 16,063              | 17,475              | 18,940              | 18,105              | 19,875              | 21,703              | 15,763              |
| <b>Total Funding Sources</b>                        | <b>\$ 1,834,124</b> | <b>\$ 1,727,533</b> | <b>\$ 1,888,072</b> | <b>\$ 2,005,390</b> | <b>\$ 2,057,013</b> | <b>\$ 2,227,343</b> | <b>\$ 2,403,973</b> | <b>\$ 2,311,012</b> | <b>\$ 2,523,641</b> | <b>\$ 2,747,616</b> | <b>\$ 2,056,507</b> |
| Reference: Capacity Increasing Capital Expenditures | \$ 275,000          | \$ 25,000           | \$ 57,400           | \$ 137,590          | \$ 25,000           | \$ 25,000           | \$ 298,720          | \$ -                | \$ -                | \$ 914,760          | \$ 861,300          |
| less: Use of Funds for Capital Expenditures         | (275,000)           | (25,000)            | (57,400)            | (137,590)           | (25,000)            | (25,000)            | (298,720)           | -                   | -                   | (914,760)           | (861,300)           |
| <b>Ending Capital Fund Balance</b>                  | <b>\$ 1,559,124</b> | <b>\$ 1,702,533</b> | <b>\$ 1,830,672</b> | <b>\$ 1,867,800</b> | <b>\$ 2,032,013</b> | <b>\$ 2,202,343</b> | <b>\$ 2,105,253</b> | <b>\$ 2,311,012</b> | <b>\$ 2,523,641</b> | <b>\$ 1,832,856</b> | <b>\$ 1,195,207</b> |
| <b>Reimbursement SDC Fund</b>                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Beginning Balance                                   | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| plus: Reimbursement Fee SDC Revenue Toward Capital  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| plus: Interest Earnings                             | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Total Funding Sources</b>                        | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         |
| Reference: Capacity Increasing Capital Expenditures | \$ -                | \$ -                | \$ 159,220          | \$ 106,910          | \$ 98,500           | \$ 297,000          | \$ 169,280          | \$ 72,000           | \$ -                | \$ -                | \$ -                |
| less: Use of Funds for Capital Expenditures         | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Ending Capital Fund Balance</b>                  | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         |
| <b>Debt Reserve Fund</b>                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Beginning Balance                                   | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| plus: Reserve Funding from New Debt                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| less: Use of Reserves for Debt Service              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Ending Balance</b>                               | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         |
| <i>Minimum Target Balance</i>                       | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         |
| <b>SUMMARY</b>                                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Combined Beginning Balance                          | \$ 2,614,536        | \$ 2,651,271        | \$ 2,955,146        | \$ 3,085,722        | \$ 3,203,249        | \$ 3,453,347        | \$ 3,512,076        | \$ 3,474,342        | \$ 3,802,505        | \$ 4,253,651        | \$ 3,825,235        |
| Plus: Inflows                                       | 358,459             | 357,905             | 406,978             | 407,727             | 455,232             | 473,722             | 516,287             | 525,850             | 575,285             | 588,961             | 636,296             |
| Less: Outflows                                      | (321,724)           | (54,031)            | (276,401)           | (290,200)           | (205,133)           | (414,993)           | (554,021)           | (197,686)           | (124,139)           | (1,017,377)         | (988,102)           |
| <b>Combined Ending Balance</b>                      | <b>\$ 2,651,271</b> | <b>\$ 2,955,146</b> | <b>\$ 3,085,722</b> | <b>\$ 3,203,249</b> | <b>\$ 3,453,347</b> | <b>\$ 3,512,076</b> | <b>\$ 3,474,342</b> | <b>\$ 3,802,505</b> | <b>\$ 4,253,651</b> | <b>\$ 3,825,235</b> | <b>\$ 3,473,428</b> |
| <b>Net Change in Reserves</b>                       | <b>\$ 36,735</b>    | <b>\$ 303,875</b>   | <b>\$ 130,577</b>   | <b>\$ 117,527</b>   | <b>\$ 250,098</b>   | <b>\$ 58,728</b>    | <b>\$ (37,734)</b>  | <b>\$ 328,163</b>   | <b>\$ 451,146</b>   | <b>\$ (428,416)</b> | <b>\$ (351,807)</b> |



# City of Sisters

## Utility Rate Study: Water Model

### Customer Statistics Forecast

| Growth Assumptions        | 2016 Price Out Stats | 2016   | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  | 2026  | 2027  | 2028  |
|---------------------------|----------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Annual Account Growth     |                      | -0.84% | 2.70% | 2.70% | 2.63% | 2.83% | 2.56% | 2.72% | 2.72% | 2.72% | 2.72% | 2.72% | 2.78% | 2.78% |
| Annual Consumption Growth |                      | -0.84% | 2.70% | 2.70% | 2.63% | 2.83% | 2.56% | 2.72% | 2.72% | 2.72% | 2.72% | 2.72% | 2.78% | 2.78% |

| Units by Meter Size        | 2016 Price Out Stats | 2016          | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         | 2025         | 2026         | 2027         | 2028         |              |
|----------------------------|----------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Adjustment Category</b> | <b>Meter Size</b>    |               |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Regular                    | 3/4" Meter           | 1,116         | 1,107        | 1,137        | 1,167        | 1,198        | 1,232        | 1,263        | 1,298        | 1,333        | 1,369        | 1,406        | 1,445        | 1,485        | 1,526        |
| Regular                    | 1" Meter             | 211           | 209          | 215          | 221          | 227          | 233          | 239          | 245          | 252          | 259          | 266          | 273          | 281          | 289          |
| Regular                    | 1 1/2" Meter         | 39            | 39           | 40           | 41           | 42           | 43           | 44           | 45           | 47           | 48           | 49           | 50           | 52           | 53           |
| Regular                    | 2" Meter             | 102           | 101          | 104          | 107          | 109          | 113          | 115          | 119          | 122          | 125          | 129          | 132          | 136          | 139          |
| Regular                    | 3" or 4" Meter       | 5             | 5            | 5            | 5            | 5            | 6            | 6            | 6            | 6            | 6            | 6            | 6            | 7            | 7            |
| Outside                    | 3/4" Meter           | 3             | 3            | 3            | 3            | 3            | 3            | 3            | 3            | 4            | 4            | 4            | 4            | 4            | 4            |
| Outside                    | 1" Meter             | 1             | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Outside                    | 1 1/2" Meter         | -             | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Outside                    | 2" Meter             | -             | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Outside                    | 3" or 4" Meter       | 1             | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Discount                   | 3/4" Meter           | 19            | 19           | 19           | 20           | 20           | 21           | 22           | 22           | 23           | 23           | 24           | 25           | 25           | 26           |
| Discount                   | 1" Meter             | 1             | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Discount                   | 1 1/2" Meter         | -             | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Discount                   | 2" Meter             | 1             | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Discount                   | 3" or 4" Meter       | -             | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| None                       | N/A                  | -             | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Total Accounts</b>      |                      | <b>1,499</b>  | <b>1,486</b> | <b>1,527</b> | <b>1,568</b> | <b>1,609</b> | <b>1,655</b> | <b>1,697</b> | <b>1,743</b> | <b>1,791</b> | <b>1,839</b> | <b>1,889</b> | <b>1,941</b> | <b>1,994</b> | <b>2,050</b> |
| <b>Customer Growth</b>     |                      | <b>-0.84%</b> | <b>2.70%</b> | <b>2.70%</b> | <b>2.63%</b> | <b>2.83%</b> | <b>2.56%</b> | <b>2.72%</b> | <b>2.72%</b> | <b>2.72%</b> | <b>2.72%</b> | <b>2.72%</b> | <b>2.78%</b> | <b>2.78%</b> |              |

| Future Consumption Statistics                      | 2016 Price Out Stats | 2016           | 2017           | 2018           | 2019           | 2020           | 2021           | 2022           | 2023           | 2024           | 2025           | 2026           | 2027           | 2028           |                |
|--|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Adjustment Category</b>                         |                      |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| Regular  |                      | 285,093        | 282,692        | 290,338        | 298,190        | 306,043        | 314,700        | 322,754        | 331,526        | 340,536        | 349,791        | 359,298        | 369,063        | 379,310        | 389,842        |
| Outside  |                      | 1,810          | 1,795          | 1,843          | 1,893          | 1,943          | 1,998          | 2,049          | 2,105          | 2,162          | 2,221          | 2,281          | 2,343          | 2,408          | 2,475          |
| Low Income   |                      | 3,010          | 2,985          | 3,066          | 3,148          | 3,231          | 3,323          | 3,408          | 3,500          | 3,596          | 3,693          | 3,794          | 3,897          | 4,005          | 4,116          |
| Bulk Water   |                      | 530            | 525            | 540            | 554            | 569            | 585            | 600            | 616            | 633            | 650            | 668            | 686            | 705            | 725            |
| None   |                      | 17,093         | 16,949         | 17,407         | 17,878         | 18,349         | 18,868         | 19,351         | 19,877         | 20,417         | 20,972         | 21,542         | 22,127         | 22,742         | 23,373         |
| <b>Total Consumption</b>                           |                      | <b>307,536</b> | <b>304,946</b> | <b>313,194</b> | <b>321,664</b> | <b>330,135</b> | <b>339,474</b> | <b>348,162</b> | <b>357,624</b> | <b>367,344</b> | <b>377,328</b> | <b>387,583</b> | <b>398,116</b> | <b>409,170</b> | <b>420,531</b> |
| <b>Customer Class Growth</b>                       |                      | <b>-0.84%</b>  | <b>2.70%</b>   | <b>2.70%</b>   | <b>2.63%</b>   | <b>2.83%</b>   | <b>2.56%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.78%</b>   | <b>2.78%</b>   |                |
| <b>CCF Allowance (reference)</b>                   | <b>10 ccf</b>        | <b>10 ccf</b>  | <b>10 ccf</b>  | <b>10 ccf</b>  | <b>10 ccf</b>  | <b>10 ccf</b>  | <b>10 ccf</b>  | <b>10 ccf</b>  | <b>10 ccf</b>  | <b>10 ccf</b>  | <b>10 ccf</b>  | <b>10 ccf</b>  | <b>10 ccf</b>  | <b>10 ccf</b>  |                |
| <b>Variable Rate Consumption - After Allowance</b> |                      |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| Regular  |                      | 179,291        | 177,781        | 182,589        | 187,528        | 192,466        | 197,911        | 202,975        | 208,492        | 214,158        | 219,979        | 225,957        | 232,099        | 238,543        | 245,166        |
| Outside  |                      | 1,410          | 1,398          | 1,436          | 1,475          | 1,514          | 1,556          | 1,596          | 1,640          | 1,684          | 1,730          | 1,777          | 1,825          | 1,876          | 1,928          |
| Low Income   |                      | 1,599          | 1,586          | 1,629          | 1,673          | 1,717          | 1,765          | 1,811          | 1,860          | 1,910          | 1,962          | 2,016          | 2,070          | 2,128          | 2,187          |
| <b>Consumption not subject to allowance</b>        |                      |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| Bulk Water   |                      | 530            | 525            | 540            | 554            | 569            | 585            | 600            | 616            | 633            | 650            | 668            | 686            | 705            | 725            |
| None   |                      | 17,093         | 16,949         | 17,407         | 17,878         | 18,349         | 18,868         | 19,351         | 19,877         | 20,417         | 20,972         | 21,542         | 22,127         | 22,742         | 23,373         |
| <b>Total Consumption After Allowance</b>           |                      | <b>199,923</b> | <b>198,240</b> | <b>203,601</b> | <b>209,108</b> | <b>214,614</b> | <b>220,686</b> | <b>226,333</b> | <b>232,485</b> | <b>238,803</b> | <b>245,293</b> | <b>251,960</b> | <b>258,808</b> | <b>265,994</b> | <b>273,379</b> |
| <b>Customer Growth</b>                             |                      | <b>-0.84%</b>  | <b>2.70%</b>   | <b>2.70%</b>   | <b>2.63%</b>   | <b>2.83%</b>   | <b>2.56%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.78%</b>   | <b>2.78%</b>   |                |

**City of Sisters**  
**Utility Rate Study: Water Model**  
**Customer Statistics Forecast**

| Rate Schedule  |                | 2016 Price Out Stats | 2016    | 2017    | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    | 2024    | 2025    | 2026    | 2027    | 2028    |
|--|----------------|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Outside City Multiplier<br>Discount & Low Income<br>Multiplier | 150%           |                      |         |         |         |         |         |         |         |         |         |         |         |         |         |
|  | 75%            |                      |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Fixed Rate Schedule</b>                                     |                |                      |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Regular  | 3/4" Meter     | \$20.59              | \$20.59 | \$20.59 | \$20.59 | \$20.59 | \$20.59 | \$20.59 | \$20.59 | \$20.59 | \$20.59 | \$20.59 | \$20.59 | \$20.59 | \$20.59 |
| Regular  | 1" Meter       | \$23.09              | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 |
| Regular  | 1 1/2" Meter   | \$23.09              | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 | \$23.09 |
| Regular  | 2" Meter       | \$25.58              | \$25.58 | \$25.58 | \$25.58 | \$25.58 | \$25.58 | \$25.58 | \$25.58 | \$25.58 | \$25.58 | \$25.58 | \$25.58 | \$25.58 | \$25.58 |
| Regular  | 3" or 4" Meter | \$62.40              | \$62.40 | \$62.40 | \$62.40 | \$62.40 | \$62.40 | \$62.40 | \$62.40 | \$62.40 | \$62.40 | \$62.40 | \$62.40 | \$62.40 | \$62.40 |
| Outside  | 3/4" Meter     | \$30.89              | \$30.89 | \$30.89 | \$30.89 | \$30.89 | \$30.89 | \$30.89 | \$30.89 | \$30.89 | \$30.89 | \$30.89 | \$30.89 | \$30.89 | \$30.89 |
| Outside  | 1" Meter       | \$34.64              | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 |
| Outside  | 1 1/2" Meter   | \$34.64              | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 | \$34.64 |
| Outside  | 2" Meter       | \$38.37              | \$38.37 | \$38.37 | \$38.37 | \$38.37 | \$38.37 | \$38.37 | \$38.37 | \$38.37 | \$38.37 | \$38.37 | \$38.37 | \$38.37 | \$38.37 |
| Outside  | 3" or 4" Meter | \$93.60              | \$93.60 | \$93.60 | \$93.60 | \$93.60 | \$93.60 | \$93.60 | \$93.60 | \$93.60 | \$93.60 | \$93.60 | \$93.60 | \$93.60 | \$93.60 |
| Discount   | 3/4" Meter     | \$15.44              | \$15.44 | \$15.44 | \$15.44 | \$15.44 | \$15.44 | \$15.44 | \$15.44 | \$15.44 | \$15.44 | \$15.44 | \$15.44 | \$15.44 | \$15.44 |
| Discount   | 1" Meter       | \$17.32              | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 |
| Discount   | 1 1/2" Meter   | \$17.32              | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 | \$17.32 |
| Discount   | 2" Meter       | \$19.19              | \$19.19 | \$19.19 | \$19.19 | \$19.19 | \$19.19 | \$19.19 | \$19.19 | \$19.19 | \$19.19 | \$19.19 | \$19.19 | \$19.19 | \$19.19 |
| Discount   | 3" or 4" Meter | \$46.80              | \$46.80 | \$46.80 | \$46.80 | \$46.80 | \$46.80 | \$46.80 | \$46.80 | \$46.80 | \$46.80 | \$46.80 | \$46.80 | \$46.80 | \$46.80 |
| None   | N/A            | \$0.00               | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  |
| <b>Percent Increase</b>  |                |                      |         | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| <b>Volume Rate Schedule</b>                                    |                |                      |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Regular  |                | \$1.00               | \$1.00  | \$1.00  | \$1.00  | \$1.00  | \$1.00  | \$1.00  | \$1.00  | \$1.00  | \$1.00  | \$1.00  | \$1.00  | \$1.00  | \$1.00  |
| Outside  |                | \$1.50               | \$1.50  | \$1.50  | \$1.50  | \$1.50  | \$1.50  | \$1.50  | \$1.50  | \$1.50  | \$1.50  | \$1.50  | \$1.50  | \$1.50  | \$1.50  |
| Low Income   |                | \$0.75               | \$0.75  | \$0.75  | \$0.75  | \$0.75  | \$0.75  | \$0.75  | \$0.75  | \$0.75  | \$0.75  | \$0.75  | \$0.75  | \$0.75  | \$0.75  |
| Bulk Water   |                | \$2.47               | \$2.47  | \$2.47  | \$2.47  | \$2.47  | \$2.47  | \$2.47  | \$2.47  | \$2.47  | \$2.47  | \$2.47  | \$2.47  | \$2.47  | \$2.47  |
| None   |                | \$0.00               | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  | \$0.00  |
| <b>Percent Increase</b>  |                |                      |         | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |

**City of Sisters**  
**Utility Rate Study: Water Model**  
**Customer Statistics Forecast**

| Future Revenues                            |                | 2016 Price Out Stats | 2016              | 2017              | 2018              | 2019              | 2020              | 2021              | 2022              | 2023              | 2024              | 2025              | 2026              | 2027              | 2028              |
|--|----------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Fixed Revenues - Base Charge</b>        |                |                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Adjustment Category                        | Meter Size     |                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Regular                                    | 3/4" Meter     | \$ 275,741           | \$ 273,419        | \$ 280,814        | \$ 288,409        | \$ 296,004        | \$ 304,377        | \$ 312,167        | \$ 320,651        | \$ 329,366        | \$ 338,317        | \$ 347,512        | \$ 356,957        | \$ 366,868        | \$ 377,054        |
| Regular                                    | 1" Meter       | \$ 58,464            | \$ 57,972         | \$ 59,539         | \$ 61,150         | \$ 62,760         | \$ 64,535         | \$ 66,187         | \$ 67,986         | \$ 69,834         | \$ 71,732         | \$ 73,681         | \$ 75,684         | \$ 77,785         | \$ 79,945         |
| Regular                                    | 1 1/2" Meter   | \$ 10,806            | \$ 10,715         | \$ 11,005         | \$ 11,303         | \$ 11,600         | \$ 11,928         | \$ 12,234         | \$ 12,566         | \$ 12,908         | \$ 13,258         | \$ 13,619         | \$ 13,989         | \$ 14,377         | \$ 14,777         |
| Regular                                    | 2" Meter       | \$ 31,310            | \$ 31,046         | \$ 31,886         | \$ 32,748         | \$ 33,611         | \$ 34,561         | \$ 35,446         | \$ 36,409         | \$ 37,399         | \$ 38,415         | \$ 39,459         | \$ 40,532         | \$ 41,657         | \$ 42,814         |
| Regular                                    | 3" or 4" Meter | \$ 3,744             | \$ 3,712          | \$ 3,813          | \$ 3,916          | \$ 4,019          | \$ 4,133          | \$ 4,239          | \$ 4,354          | \$ 4,472          | \$ 4,594          | \$ 4,719          | \$ 4,847          | \$ 4,981          | \$ 5,120          |
| Outside                                    | 3/4" Meter     | \$ 1,112             | \$ 1,102          | \$ 1,132          | \$ 1,163          | \$ 1,194          | \$ 1,227          | \$ 1,259          | \$ 1,293          | \$ 1,328          | \$ 1,364          | \$ 1,401          | \$ 1,439          | \$ 1,479          | \$ 1,520          |
| Outside                                    | 1" Meter       | \$ 416               | \$ 412            | \$ 423            | \$ 435            | \$ 446            | \$ 459            | \$ 471            | \$ 483            | \$ 496            | \$ 510            | \$ 524            | \$ 538            | \$ 553            | \$ 568            |
| Outside                                    | 1 1/2" Meter   | \$ -                 | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| Outside                                    | 2" Meter       | \$ -                 | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| Outside                                    | 3" or 4" Meter | \$ 1,123             | \$ 1,114          | \$ 1,144          | \$ 1,175          | \$ 1,206          | \$ 1,240          | \$ 1,272          | \$ 1,306          | \$ 1,342          | \$ 1,378          | \$ 1,416          | \$ 1,454          | \$ 1,494          | \$ 1,536          |
| Discount                                   | 3/4" Meter     | \$ 3,521             | \$ 3,491          | \$ 3,586          | \$ 3,683          | \$ 3,780          | \$ 3,887          | \$ 3,986          | \$ 4,094          | \$ 4,206          | \$ 4,320          | \$ 4,437          | \$ 4,558          | \$ 4,684          | \$ 4,815          |
| Discount                                   | 1" Meter       | \$ 208               | \$ 206            | \$ 212            | \$ 217            | \$ 223            | \$ 229            | \$ 235            | \$ 242            | \$ 248            | \$ 255            | \$ 262            | \$ 269            | \$ 276            | \$ 284            |
| Discount                                   | 1 1/2" Meter   | \$ -                 | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| Discount                                   | 2" Meter       | \$ 230               | \$ 228            | \$ 234            | \$ 241            | \$ 247            | \$ 254            | \$ 261            | \$ 268            | \$ 275            | \$ 282            | \$ 290            | \$ 298            | \$ 306            | \$ 315            |
| Discount                                   | 3" or 4" Meter | \$ -                 | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| None                                       | N/A            | \$ -                 | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| <b>Total</b>                               |                | <b>\$ 386,675</b>    | <b>\$ 383,418</b> | <b>\$ 393,788</b> | <b>\$ 404,439</b> | <b>\$ 415,089</b> | <b>\$ 426,831</b> | <b>\$ 437,755</b> | <b>\$ 449,652</b> | <b>\$ 461,873</b> | <b>\$ 474,426</b> | <b>\$ 487,320</b> | <b>\$ 500,564</b> | <b>\$ 514,463</b> | <b>\$ 528,747</b> |
| <b>Customer Growth</b>                     |                |                      |                   | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.6%</b>       | <b>2.8%</b>       | <b>2.6%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.8%</b>       | <b>2.8%</b>       |
| <b>Volume Revenues</b>                     |                |                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Adjustment Category                        |                |                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Regular                                    |                | \$ 179,291           | \$ 177,781        | \$ 182,589        | \$ 187,528        | \$ 192,466        | \$ 197,911        | \$ 202,975        | \$ 208,492        | \$ 214,158        | \$ 219,979        | \$ 225,957        | \$ 232,099        | \$ 238,543        | \$ 245,166        |
| Outside                                    |                | \$ 2,115             | \$ 2,097          | \$ 2,154          | \$ 2,212          | \$ 2,270          | \$ 2,335          | \$ 2,394          | \$ 2,459          | \$ 2,526          | \$ 2,595          | \$ 2,665          | \$ 2,738          | \$ 2,814          | \$ 2,892          |
| Low Income                                 |                | \$ 1,200             | \$ 1,189          | \$ 1,222          | \$ 1,255          | \$ 1,288          | \$ 1,324          | \$ 1,358          | \$ 1,395          | \$ 1,433          | \$ 1,472          | \$ 1,512          | \$ 1,553          | \$ 1,596          | \$ 1,640          |
| Bulk Water                                 |                | \$ 1,308             | \$ 1,297          | \$ 1,332          | \$ 1,368          | \$ 1,404          | \$ 1,444          | \$ 1,481          | \$ 1,521          | \$ 1,562          | \$ 1,605          | \$ 1,648          | \$ 1,693          | \$ 1,740          | \$ 1,789          |
| None                                       |                | \$ -                 | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| <b>Total</b>                               |                | <b>\$ 183,914</b>    | <b>\$ 182,365</b> | <b>\$ 187,297</b> | <b>\$ 192,362</b> | <b>\$ 197,428</b> | <b>\$ 203,013</b> | <b>\$ 208,209</b> | <b>\$ 213,867</b> | <b>\$ 219,680</b> | <b>\$ 225,650</b> | <b>\$ 231,783</b> | <b>\$ 238,083</b> | <b>\$ 244,693</b> | <b>\$ 251,487</b> |
| <b>Customer Growth</b>                     |                |                      | <b>-0.8%</b>      | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.6%</b>       | <b>2.8%</b>       | <b>2.6%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.8%</b>       | <b>2.8%</b>       |
| <b>Total Revenues (with bulk water)</b>    |                | <b>\$ 570,588</b>    | <b>\$ 565,783</b> | <b>\$ 581,085</b> | <b>\$ 596,801</b> | <b>\$ 612,517</b> | <b>\$ 629,845</b> | <b>\$ 645,963</b> | <b>\$ 663,520</b> | <b>\$ 681,553</b> | <b>\$ 700,076</b> | <b>\$ 719,103</b> | <b>\$ 738,647</b> | <b>\$ 759,156</b> | <b>\$ 780,234</b> |
| <b>Total Revenues (without bulk water)</b> |                | <b>\$ 569,280</b>    | <b>\$ 564,486</b> | <b>\$ 579,753</b> | <b>\$ 595,433</b> | <b>\$ 611,113</b> | <b>\$ 628,401</b> | <b>\$ 644,483</b> | <b>\$ 661,999</b> | <b>\$ 679,991</b> | <b>\$ 698,471</b> | <b>\$ 717,455</b> | <b>\$ 736,954</b> | <b>\$ 757,416</b> | <b>\$ 778,446</b> |
|  |                |                      | <b>-0.8%</b>      | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.6%</b>       | <b>2.8%</b>       | <b>2.6%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.8%</b>       | <b>2.8%</b>       |

| Fixed/Variable                   | 2016 Price Out Stats | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025   | 2026   | 2027   | 2028   |
|----------------------------------|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Revenue as a % of Total    | 67.77%               | 67.77% | 67.77% | 67.77% | 67.77% | 67.77% | 67.77% | 67.77% | 67.77% | 67.77% | 67.77% | 67.77% | 67.77% | 67.77% |
| Variable Revenue as a % of Total | 32.23%               | 32.23% | 32.23% | 32.23% | 32.23% | 32.23% | 32.23% | 32.23% | 32.23% | 32.23% | 32.23% | 32.23% | 32.23% | 32.23% |

| Customer Class                            | Reported - Billing System | Reported - Finance | Calculated | % Diff from Billing | % Diff from Finance |
|---|---------------------------|--------------------|------------|---------------------|---------------------|
| Total Rate Revenue (excluding bulk water) | \$553,827                 | \$565,783          | \$570,588  | -2.94%              | -0.84%              |

# City of Sisters

## Utility Rate Study: Water Model

### Rate Design

| Growth Assumptions        | 2016 Price Out Stats | 2016   | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  | 2026  | 2027  | 2028  |
|---------------------------|----------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Annual Account Growth     |                      | -0.84% | 2.70% | 2.63% | 2.83% | 2.56% | 2.72% | 2.72% | 2.72% | 2.72% | 2.72% | 2.78% | 2.78% | 2.78% |
| Annual Consumption Growth |                      | -0.84% | 2.70% | 2.63% | 2.83% | 2.56% | 2.72% | 2.72% | 2.72% | 2.72% | 2.72% | 2.78% | 2.78% | 2.78% |

| Units by Meter Size        | 2016 Price Out Stats | 2016          | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         | 2025         | 2026         | 2027         | 2028         |              |
|----------------------------|----------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Adjustment Category</b> | <b>Meter Size</b>    |               |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Regular                    | 3/4" Meter           | 1,116         | 1,107        | 1,137        | 1,166        | 1,199        | 1,230        | 1,264        | 1,298        | 1,333        | 1,369        | 1,407        | 1,446        | 1,486        | 1,527        |
| Regular                    | 1" Meter             | 211           | 209          | 215          | 221          | 227          | 233          | 239          | 245          | 252          | 259          | 266          | 273          | 281          | 289          |
| Regular                    | 1 1/2" Meter         | 39            | 39           | 40           | 41           | 42           | 43           | 44           | 45           | 47           | 48           | 49           | 51           | 52           | 53           |
| Regular                    | 2" Meter             | 102           | 101          | 104          | 107          | 110          | 112          | 115          | 119          | 122          | 125          | 129          | 132          | 136          | 140          |
| Regular                    | 3" or 4" Meter       | 5             | 5            | 5            | 5            | 5            | 6            | 6            | 6            | 6            | 6            | 6            | 7            | 7            | 7            |
| Outside                    | 3/4" Meter           | 3             | 3            | 3            | 3            | 3            | 3            | 3            | 3            | 4            | 4            | 4            | 4            | 4            | 4            |
| Outside                    | 1" Meter             | 1             | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Outside                    | 1 1/2" Meter         | -             | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Outside                    | 2" Meter             | -             | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Outside                    | 3" or 4" Meter       | 1             | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Discount                   | 3/4" Meter           | 19            | 19           | 19           | 20           | 20           | 21           | 22           | 22           | 23           | 23           | 24           | 25           | 25           | 26           |
| Discount                   | 1" Meter             | 1             | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Discount                   | 1 1/2" Meter         | -             | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Discount                   | 2" Meter             | 1             | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Discount                   | 3" or 4" Meter       | -             | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| None                       | N/A                  | -             | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>Total Accounts</b>      |                      | <b>1,499</b>  | <b>1,486</b> | <b>1,527</b> | <b>1,567</b> | <b>1,611</b> | <b>1,652</b> | <b>1,697</b> | <b>1,743</b> | <b>1,791</b> | <b>1,839</b> | <b>1,889</b> | <b>1,942</b> | <b>1,996</b> | <b>2,051</b> |
| <b>Customer Growth</b>     |                      | <b>-0.84%</b> | <b>2.70%</b> | <b>2.63%</b> | <b>2.83%</b> | <b>2.56%</b> | <b>2.72%</b> | <b>2.72%</b> | <b>2.72%</b> | <b>2.72%</b> | <b>2.72%</b> | <b>2.78%</b> | <b>2.78%</b> | <b>2.78%</b> |              |

| Future Consumption Statistics                      | 2016 Price Out Stats | 2016           | 2017           | 2018           | 2019           | 2020           | 2021           | 2022           | 2023           | 2024           | 2025           | 2026           | 2027           | 2028           |                |
|--|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Adjustment Category</b>                         |                      |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| Regular  |                      | 285,093        | 282,692        | 290,338        | 297,983        | 306,413        | 314,255        | 322,796        | 331,569        | 340,580        | 349,836        | 359,344        | 369,322        | 379,576        | 390,115        |
| Outside  |                      | 1,810          | 1,795          | 1,843          | 1,892          | 1,945          | 1,995          | 2,049          | 2,105          | 2,162          | 2,221          | 2,281          | 2,345          | 2,410          | 2,477          |
| Low Income   |                      | 3,010          | 2,985          | 3,066          | 3,146          | 3,235          | 3,318          | 3,408          | 3,501          | 3,596          | 3,694          | 3,794          | 3,899          | 4,008          | 4,119          |
| <b>Total Consumption</b>                           |                      | <b>289,913</b> | <b>287,472</b> | <b>295,246</b> | <b>303,021</b> | <b>311,594</b> | <b>319,568</b> | <b>328,253</b> | <b>337,175</b> | <b>346,338</b> | <b>355,751</b> | <b>365,420</b> | <b>375,566</b> | <b>385,994</b> | <b>396,711</b> |
| <b>Customer Class Growth</b>                       |                      | <b>-0.84%</b>  | <b>2.70%</b>   | <b>2.63%</b>   | <b>2.83%</b>   | <b>2.56%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.78%</b>   | <b>2.78%</b>   | <b>2.78%</b>   |                |
| <b>CCF Allowance (reference)</b>                   |                      | <b>10 ccf</b>  | <b>10 ccf</b>  | <b>10 ccf</b>  | <b>0 ccf</b>   | <b>0 ccf</b>   | <b>0 ccf</b>   | <b>0 ccf</b>   | <b>0 ccf</b>   | <b>0 ccf</b>   | <b>0 ccf</b>   | <b>0 ccf</b>   | <b>0 ccf</b>   | <b>0 ccf</b>   |                |
| <b>Variable Rate Consumption - After Allowance</b> |                      |                |                |                |                |                |                |                |                |                |                |                |                |                |                |
| Regular  |                      | 179,291        | 177,781        | 182,589        | 297,983        | 306,413        | 314,255        | 322,796        | 331,569        | 340,580        | 349,836        | 359,344        | 369,322        | 379,576        | 390,115        |
| Outside  |                      | 1,410          | 1,398          | 1,436          | 1,892          | 1,945          | 1,995          | 2,049          | 2,105          | 2,162          | 2,221          | 2,281          | 2,345          | 2,410          | 2,477          |
| Low Income   |                      | 1,599          | 1,586          | 1,629          | 3,146          | 3,235          | 3,318          | 3,408          | 3,501          | 3,596          | 3,694          | 3,794          | 3,899          | 4,008          | 4,119          |
| <b>Total Consumption After Allowance</b>           |                      | <b>182,300</b> | <b>180,765</b> | <b>185,654</b> | <b>303,021</b> | <b>311,594</b> | <b>319,568</b> | <b>328,253</b> | <b>337,175</b> | <b>346,338</b> | <b>355,751</b> | <b>365,420</b> | <b>375,566</b> | <b>385,994</b> | <b>396,711</b> |
| <b>Customer Growth</b>                             |                      | <b>-0.84%</b>  | <b>2.70%</b>   | <b>63.22%</b>  | <b>2.83%</b>   | <b>2.56%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.78%</b>   | <b>2.78%</b>   | <b>2.78%</b>   |                |

**City of Sisters**  
**Utility Rate Study: Water Model**  
**Rate Design**

| Rate Schedule  |                | 2016 Price Out Stats | 2016    | 2017       | 2018       | 2019       | 2020       | 2021       | 2022       | 2023       | 2024       | 2025       | 2026       | 2027       | 2028       |
|--|----------------|----------------------|---------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Outside City Multiplier Discount & Low Income Multiplier | 150%           |                      |         |            |            |            |            |            |            |            |            |            |            |            |            |
|  | 75%            |                      |         |            |            |            |            |            |            |            |            |            |            |            |            |
| Annual Rate Revenue Requirement Increase                 |                |                      |         |            | 2.00%      | 2.00%      | 2.00%      | 2.00%      | 2.00%      | 2.00%      | 2.00%      | 2.00%      | 2.00%      | 2.00%      | 2.00%      |
| Fixed Rate Schedule                                      |                |                      |         | *Equation* | *Equation* | *Equation* | *Equation* | *Equation* | *Equation* | *Equation* | *Equation* | *Equation* | *Equation* | *Equation* | *Equation* |
| Regular  | 3/4" Meter     | \$20.59              | \$20.59 | \$20.59    | \$15.50    | \$16.05    | \$16.77    | \$17.36    | \$18.02    | \$18.69    | \$19.37    | \$20.07    | \$20.76    | \$21.48    | \$22.22    |
| Regular  | 1" Meter       | \$23.09              | \$23.09 | \$23.09    | \$17.38    | \$18.00    | \$18.80    | \$19.47    | \$20.21    | \$20.96    | \$21.72    | \$22.50    | \$23.28    | \$24.09    | \$24.92    |
| Regular  | 1 1/2" Meter   | \$23.09              | \$23.09 | \$23.09    | \$17.38    | \$18.00    | \$18.80    | \$19.47    | \$20.21    | \$20.96    | \$21.72    | \$22.50    | \$23.28    | \$24.09    | \$24.92    |
| Regular  | 2" Meter       | \$25.58              | \$25.58 | \$25.58    | \$19.25    | \$19.95    | \$20.83    | \$21.57    | \$22.39    | \$23.22    | \$24.07    | \$24.93    | \$25.79    | \$26.69    | \$27.60    |
| Regular  | 3" or 4" Meter | \$62.40              | \$62.40 | \$62.40    | \$46.96    | \$48.65    | \$50.82    | \$52.62    | \$54.61    | \$56.64    | \$58.70    | \$60.81    | \$62.90    | \$65.10    | \$67.34    |
| Outside  | 3/4" Meter     | \$30.89              | \$30.89 | \$30.89    | \$23.24    | \$24.08    | \$25.15    | \$26.04    | \$27.03    | \$28.03    | \$29.06    | \$30.10    | \$31.13    | \$32.22    | \$33.33    |
| Outside  | 1" Meter       | \$34.64              | \$34.64 | \$34.64    | \$26.07    | \$27.01    | \$28.21    | \$29.21    | \$30.31    | \$31.44    | \$32.58    | \$33.76    | \$34.91    | \$36.13    | \$37.38    |
| Outside  | 1 1/2" Meter   | \$34.64              | \$34.64 | \$34.64    | \$26.07    | \$27.01    | \$28.21    | \$29.21    | \$30.31    | \$31.44    | \$32.58    | \$33.76    | \$34.91    | \$36.13    | \$37.38    |
| Outside  | 2" Meter       | \$38.37              | \$38.37 | \$38.37    | \$28.88    | \$29.92    | \$31.25    | \$32.36    | \$33.58    | \$34.83    | \$36.10    | \$37.40    | \$38.68    | \$40.03    | \$41.41    |
| Outside  | 3" or 4" Meter | \$93.60              | \$93.60 | \$93.60    | \$70.44    | \$72.98    | \$76.23    | \$78.93    | \$81.91    | \$84.95    | \$88.06    | \$91.22    | \$94.36    | \$97.65    | \$101.01   |
| Discount   | 3/4" Meter     | \$15.44              | \$15.44 | \$15.44    | \$11.62    | \$12.04    | \$12.58    | \$13.02    | \$13.51    | \$14.02    | \$14.53    | \$15.05    | \$15.57    | \$16.11    | \$16.66    |
| Discount   | 1" Meter       | \$17.32              | \$17.32 | \$17.32    | \$13.03    | \$13.50    | \$14.10    | \$14.60    | \$15.15    | \$15.72    | \$16.29    | \$16.88    | \$17.46    | \$18.07    | \$18.69    |
| Discount   | 1 1/2" Meter   | \$17.32              | \$17.32 | \$17.32    | \$13.03    | \$13.50    | \$14.10    | \$14.60    | \$15.15    | \$15.72    | \$16.29    | \$16.88    | \$17.46    | \$18.07    | \$18.69    |
| Discount   | 2" Meter       | \$19.19              | \$19.19 | \$19.19    | \$14.44    | \$14.96    | \$15.62    | \$16.18    | \$16.79    | \$17.41    | \$18.05    | \$18.70    | \$19.34    | \$20.01    | \$20.70    |
| Discount   | 3" or 4" Meter | \$46.80              | \$46.80 | \$46.80    | \$35.22    | \$36.49    | \$38.11    | \$39.46    | \$40.96    | \$42.48    | \$44.03    | \$45.61    | \$47.18    | \$48.82    | \$50.50    |
| None   | N/A            | \$0.00               | \$0.00  | \$0.00     | \$0.00     | \$0.00     | \$0.00     | \$0.00     | \$0.00     | \$0.00     | \$0.00     | \$0.00     | \$0.00     | \$0.00     | \$0.00     |
| Percent Increase   |                |                      |         | 0.0%       | -24.7%     | 3.6%       | 4.5%       | 3.5%       | 3.8%       | 3.7%       | 3.7%       | 3.6%       | 3.4%       | 3.5%       | 3.4%       |
| Volume Rate Schedule                                     |                |                      |         |            |            |            |            |            |            |            |            |            |            |            |            |
| Regular  |                | \$1.00               | \$1.00  | \$1.00     | \$1.00     | \$1.00     | \$1.00     | \$1.00     | \$1.00     | \$1.00     | \$1.00     | \$1.00     | \$1.00     | \$1.00     | \$1.00     |
| Outside  |                | \$1.50               | \$1.50  | \$1.50     | \$1.50     | \$1.50     | \$1.50     | \$1.50     | \$1.50     | \$1.50     | \$1.50     | \$1.50     | \$1.50     | \$1.50     | \$1.50     |
| Low Income   |                | \$0.75               | \$0.75  | \$0.75     | \$0.75     | \$0.75     | \$0.75     | \$0.75     | \$0.75     | \$0.75     | \$0.75     | \$0.75     | \$0.75     | \$0.75     | \$0.75     |
| Percent Increase   |                |                      |         | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       |

**City of Sisters**  
**Utility Rate Study: Water Model**  
**Rate Design**

| Future Revenues                     |                             | 2016 Price Out Stats | 2016              | 2017              | 2018              | 2019              | 2020              | 2021              | 2022              | 2023              | 2024              | 2025              | 2026              | 2027              | 2028              |
|-------------------------------------|-----------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Fixed Revenues - Base Charge</b> |                             |                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Adjustment Category</b>          | <b>Meter Size</b>           |                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Regular                             | 3/4" Meter                  | \$ 275,741           | \$ 273,419        | \$ 280,814        | \$ 216,900        | \$ 231,079        | \$ 247,540        | \$ 263,268        | \$ 280,643        | \$ 298,978        | \$ 318,322        | \$ 338,727        | \$ 360,095        | \$ 383,003        | \$ 407,171        |
| Regular                             | 1" Meter                    | \$ 58,464            | \$ 57,972         | \$ 59,539         | \$ 45,988         | \$ 48,994         | \$ 52,485         | \$ 55,819         | \$ 59,503         | \$ 63,391         | \$ 67,492         | \$ 71,818         | \$ 76,349         | \$ 81,206         | \$ 86,330         |
| Regular                             | 1 1/2" Meter                | \$ 10,806            | \$ 10,715         | \$ 11,005         | \$ 8,500          | \$ 9,056          | \$ 9,701          | \$ 10,317         | \$ 10,998         | \$ 11,717         | \$ 12,475         | \$ 13,274         | \$ 14,112         | \$ 15,010         | \$ 15,957         |
| Regular                             | 2" Meter                    | \$ 31,310            | \$ 31,046         | \$ 31,886         | \$ 24,629         | \$ 26,239         | \$ 28,108         | \$ 29,894         | \$ 31,866         | \$ 33,948         | \$ 36,145         | \$ 38,462         | \$ 40,888         | \$ 43,489         | \$ 46,233         |
| Regular                             | 3" or 4" Meter              | \$ 3,744             | \$ 3,712          | \$ 3,813          | \$ 2,945          | \$ 3,138          | \$ 3,361          | \$ 3,575          | \$ 3,811          | \$ 4,060          | \$ 4,322          | \$ 4,599          | \$ 4,889          | \$ 5,200          | \$ 5,529          |
| Outside                             | 3/4" Meter                  | \$ 1,112             | \$ 1,102          | \$ 1,132          | \$ 875            | \$ 932            | \$ 998            | \$ 1,062          | \$ 1,132          | \$ 1,206          | \$ 1,284          | \$ 1,366          | \$ 1,452          | \$ 1,544          | \$ 1,642          |
| Outside                             | 1" Meter                    | \$ 416               | \$ 412            | \$ 423            | \$ 327            | \$ 348            | \$ 373            | \$ 397            | \$ 423            | \$ 451            | \$ 480            | \$ 511            | \$ 543            | \$ 577            | \$ 614            |
| Outside                             | 1 1/2" Meter                | \$ -                 | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| Outside                             | 2" Meter                    | \$ -                 | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| Outside                             | 3" or 4" Meter              | \$ 1,123             | \$ 1,114          | \$ 1,144          | \$ 884            | \$ 941            | \$ 1,008          | \$ 1,072          | \$ 1,143          | \$ 1,218          | \$ 1,297          | \$ 1,380          | \$ 1,467          | \$ 1,560          | \$ 1,659          |
| Discount                            | 3/4" Meter                  | \$ 3,521             | \$ 3,491          | \$ 3,586          | \$ 2,770          | \$ 2,951          | \$ 3,161          | \$ 3,362          | \$ 3,583          | \$ 3,818          | \$ 4,065          | \$ 4,325          | \$ 4,598          | \$ 4,890          | \$ 5,199          |
| Discount                            | 1" Meter                    | \$ 208               | \$ 206            | \$ 212            | \$ 163            | \$ 174            | \$ 187            | \$ 198            | \$ 212            | \$ 225            | \$ 240            | \$ 255            | \$ 271            | \$ 289            | \$ 307            |
| Discount                            | 1 1/2" Meter                | \$ -                 | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| Discount                            | 2" Meter                    | \$ 230               | \$ 228            | \$ 234            | \$ 181            | \$ 193            | \$ 207            | \$ 220            | \$ 234            | \$ 250            | \$ 266            | \$ 283            | \$ 301            | \$ 320            | \$ 340            |
| Discount                            | 3" or 4" Meter              | \$ -                 | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| None                                | N/A                         | \$ -                 | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| <b>Total</b>                        |                             | <b>\$ 386,675</b>    | <b>\$ 383,418</b> | <b>\$ 393,788</b> | <b>\$ 304,161</b> | <b>\$ 324,044</b> | <b>\$ 347,128</b> | <b>\$ 369,183</b> | <b>\$ 393,548</b> | <b>\$ 419,259</b> | <b>\$ 446,386</b> | <b>\$ 475,000</b> | <b>\$ 504,964</b> | <b>\$ 537,089</b> | <b>\$ 570,980</b> |
| <b>Customer Growth</b>              |                             |                      |                   | <b>2.7%</b>       | <b>-22.8%</b>     | <b>6.5%</b>       | <b>7.1%</b>       | <b>6.4%</b>       | <b>6.6%</b>       | <b>6.5%</b>       | <b>6.5%</b>       | <b>6.4%</b>       | <b>6.3%</b>       | <b>6.4%</b>       | <b>6.3%</b>       |
| <b>Volume Revenues</b>              |                             |                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Adjustment Category</b>          |                             |                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Regular                             |                             | \$ 179,291           | \$ 177,781        | \$ 182,589        | \$ 297,983        | \$ 306,413        | \$ 314,255        | \$ 322,796        | \$ 331,569        | \$ 340,580        | \$ 349,836        | \$ 359,344        | \$ 369,322        | \$ 379,576        | \$ 390,115        |
| Outside                             |                             | \$ 2,115             | \$ 2,097          | \$ 2,154          | \$ 2,838          | \$ 2,918          | \$ 2,993          | \$ 3,074          | \$ 3,158          | \$ 3,243          | \$ 3,332          | \$ 3,422          | \$ 3,517          | \$ 3,615          | \$ 3,715          |
| Low Income                          |                             | \$ 1,200             | \$ 1,189          | \$ 1,222          | \$ 2,360          | \$ 2,426          | \$ 2,489          | \$ 2,556          | \$ 2,626          | \$ 2,697          | \$ 2,770          | \$ 2,846          | \$ 2,925          | \$ 3,006          | \$ 3,089          |
| <b>Total</b>                        |                             | <b>\$ 182,606</b>    | <b>\$ 181,068</b> | <b>\$ 185,965</b> | <b>\$ 303,181</b> | <b>\$ 311,758</b> | <b>\$ 319,736</b> | <b>\$ 328,426</b> | <b>\$ 337,352</b> | <b>\$ 346,520</b> | <b>\$ 355,938</b> | <b>\$ 365,612</b> | <b>\$ 375,763</b> | <b>\$ 386,197</b> | <b>\$ 396,920</b> |
| <b>Customer Growth</b>              |                             |                      | <b>-0.8%</b>      | <b>2.7%</b>       | <b>63.0%</b>      | <b>2.8%</b>       | <b>2.6%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.7%</b>       | <b>2.8%</b>       | <b>2.8%</b>       | <b>2.8%</b>       |
| <b>Total Revenues</b>               |                             | <b>\$ 569,280</b>    | <b>\$ 564,486</b> | <b>\$ 579,753</b> | <b>\$ 607,342</b> | <b>\$ 635,802</b> | <b>\$ 666,864</b> | <b>\$ 697,609</b> | <b>\$ 730,900</b> | <b>\$ 765,780</b> | <b>\$ 802,324</b> | <b>\$ 840,612</b> | <b>\$ 880,728</b> | <b>\$ 923,285</b> | <b>\$ 967,899</b> |
|                                     |                             |                      | <b>-0.8%</b>      | <b>2.7%</b>       | <b>4.8%</b>       | <b>4.7%</b>       | <b>4.9%</b>       | <b>4.6%</b>       | <b>4.8%</b>       | <b>4.8%</b>       | <b>4.8%</b>       | <b>4.8%</b>       | <b>4.8%</b>       | <b>4.8%</b>       | <b>4.8%</b>       |
| <b>TOTAL IN MODEL</b>               |                             |                      |                   | <b>\$ 579,753</b> | <b>\$ 607,342</b> | <b>\$ 635,802</b> | <b>\$ 666,864</b> | <b>\$ 697,609</b> | <b>\$ 730,900</b> | <b>\$ 765,780</b> | <b>\$ 802,324</b> | <b>\$ 840,612</b> | <b>\$ 880,728</b> | <b>\$ 923,285</b> | <b>\$ 967,899</b> |
|                                     |                             |                      |                   | <b>OK</b>         | <b>OK</b>         | <b>OK</b>         | <b>OK</b>         | <b>OK</b>         | <b>OK</b>         | <b>OK</b>         | <b>OK</b>         | <b>OK</b>         | <b>OK</b>         | <b>OK</b>         | <b>OK</b>         |
| <b>Fixed/Variable</b>               | <b>2016 Price Out Stats</b> | <b>2016</b>          | <b>2017</b>       | <b>2018</b>       | <b>2019</b>       | <b>2020</b>       | <b>2021</b>       | <b>2022</b>       | <b>2023</b>       | <b>2024</b>       | <b>2025</b>       | <b>2026</b>       | <b>2027</b>       | <b>2028</b>       |                   |
| Fixed Revenue as a % of Total       |                             | 67.92%               | 67.92%            | 67.92%            | 50.08%            | 50.97%            | 52.05%            | 52.92%            | 53.84%            | 54.75%            | 55.64%            | 56.51%            | 57.33%            | 58.17%            | 58.99%            |
| Variable Revenue as a % of Total    |                             | 32.08%               | 32.08%            | 32.08%            | 49.92%            | 49.03%            | 47.95%            | 47.08%            | 46.16%            | 45.25%            | 44.36%            | 43.49%            | 42.67%            | 41.83%            | 41.01%            |

# Appendix B: Sewer Rate Model

---

**City of Sisters**  
**Utility Rate Study: Sewer Model**  
**Summary**

Fiscal Year Ending 6/30:

| High Level Summary                                      | 2018           | 2019           | 2020           | 2021           | 2022           | 2023           | 2024             | 2025             | 2026             | 2027             | 2028             |
|---|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|
| Annual Rate Increases                                   | 2.00%          | 2.00%          | 2.00%          | 2.00%          | 2.00%          | 2.00%          | 2.00%            | 2.00%            | 2.00%            | 2.00%            | 2.00%            |
| <b>Operating Reserve - Part of Sewer Fund</b>           |                |                |                |                |                |                |                  |                  |                  |                  |                  |
| Beginning Balance                                       | \$ 288,138     | \$ 148,381     | \$ 84,476      | \$ 87,958      | \$ 92,807      | \$ 96,953      | \$ 102,896       | \$ 107,764       | \$ 115,486       | \$ 121,465       | \$ 131,100       |
| Total Operating Revenues                                | 933,726        | 960,884        | 1,004,323      | 1,047,942      | 1,095,121      | 1,144,557      | 1,196,400        | 1,250,679        | 1,307,570        | 1,367,902        | 1,431,151        |
| Total Operating Expenditures & System Reinvestment      | (1,073,483)    | (1,015,925)    | (910,952)      | (941,599)      | (967,009)      | (1,004,270)    | (1,035,079)      | (1,083,841)      | (1,120,972)      | (1,182,846)      | (1,229,442)      |
| Operating Surplus: Transfers to Capital Fund            | -              | (8,864)        | (89,889)       | (101,494)      | (123,966)      | (134,344)      | (156,453)        | (159,116)        | (180,618)        | (175,420)        | (194,088)        |
| Cash Surplus / (Deficiency)                             | (139,757)      | (63,905)       | 3,482          | 4,849          | 4,147          | 5,943          | 4,867            | 7,722            | 5,979            | 9,635            | 7,621            |
| <b>Ending Fund Balance</b>                              | <b>148,381</b> | <b>84,476</b>  | <b>87,958</b>  | <b>92,807</b>  | <b>96,953</b>  | <b>102,896</b> | <b>107,763</b>   | <b>115,486</b>   | <b>121,465</b>   | <b>131,100</b>   | <b>138,721</b>   |
| <b>Capital Improvement Reserve - Part of Sewer Fund</b> |                |                |                |                |                |                |                  |                  |                  |                  |                  |
| Beginning Balance                                       | \$ 256,533     | \$ 373,506     | \$ 129,049     | \$ 220,048     | \$ 323,435     | \$ 450,182     | \$ 588,398       | \$ 749,911       | \$ 915,477       | \$ 1,103,968     | \$ 1,288,883     |
| Total Capital Inflows                                   | 143,973        | 140,343        | 90,999         | 103,387        | 126,747        | 138,216        | 161,514          | 165,565          | 188,491          | 184,914          | 205,173          |
| Total Capital Expenditures                              | (27,000)       | (384,800)      | -              | -              | -              | -              | -                | -                | -                | -                | -                |
| Cash Surplus / (Deficiency)                             | 116,973        | (244,457)      | 90,999         | 103,387        | 126,747        | 138,216        | 161,514          | 165,565          | 188,491          | 184,914          | 205,173          |
| <b>Ending Fund Balance</b>                              | <b>373,506</b> | <b>129,049</b> | <b>220,048</b> | <b>323,435</b> | <b>450,182</b> | <b>588,398</b> | <b>749,911</b>   | <b>915,477</b>   | <b>1,103,968</b> | <b>1,288,883</b> | <b>1,494,055</b> |
| <b>Capital Replacement Reserve - Part of Sewer Fund</b> |                |                |                |                |                |                |                  |                  |                  |                  |                  |
| Beginning Balance                                       | \$ 686,267     | \$ 738,195     | \$ 790,569     | \$ 828,394     | \$ 880,743     | \$ 914,344     | \$ 941,833       | \$ 990,958       | \$ 1,017,006     | \$ 1,056,778     | \$ 1,111,892     |
| Total Capital Inflows                                   | 51,928         | 52,374         | 52,825         | 53,150         | 53,600         | 53,889         | 54,126           | 54,548           | 54,772           | 55,114           | 55,588           |
| Total Capital Expenditures                              | -              | -              | (15,000)       | (800)          | (20,000)       | (26,400)       | (5,000)          | (28,500)         | (15,000)         | -                | -                |
| Cash Surplus / (Deficiency)                             | 51,928         | 52,374         | 37,825         | 52,350         | 33,600         | 27,489         | 49,126           | 26,048           | 39,772           | 55,114           | 55,588           |
| <b>Ending Fund Balance</b>                              | <b>738,195</b> | <b>790,569</b> | <b>828,394</b> | <b>880,743</b> | <b>914,344</b> | <b>941,833</b> | <b>990,958</b>   | <b>1,017,006</b> | <b>1,056,778</b> | <b>1,111,892</b> | <b>1,167,480</b> |
| <b>Improvement SDC Fund</b>                             |                |                |                |                |                |                |                  |                  |                  |                  |                  |
| Beginning Balance                                       | \$ 972,111     | \$ 590,471     | \$ 602,349     | \$ 308,017     | \$ 505,537     | \$ 605,133     | \$ 828,353       | \$ 1,059,418     | \$ 1,298,557     | \$ 1,546,004     | \$ 1,807,246     |
| Total Capital Inflows                                   | 198,360        | 195,078        | 214,667        | 197,521        | 216,595        | 223,220        | 231,065          | 239,139          | 247,447          | 261,242          | 270,373          |
| Total Capital Expenditures                              | (580,000)      | (183,200)      | (509,000)      | -              | (117,000)      | -              | -                | -                | -                | -                | -                |
| Cash Surplus / (Deficiency)                             | (381,640)      | 11,878         | (294,333)      | 197,521        | 99,595         | 223,220        | 231,065          | 239,139          | 247,447          | 261,242          | 270,373          |
| <b>Ending Fund Balance</b>                              | <b>590,471</b> | <b>602,349</b> | <b>308,017</b> | <b>505,537</b> | <b>605,133</b> | <b>828,353</b> | <b>1,059,418</b> | <b>1,298,557</b> | <b>1,546,004</b> | <b>1,807,246</b> | <b>2,077,619</b> |

| Capital Fund Summary                                     | 2018                | 2019                | 2020                | 2021                | 2022                | 2023                | 2024                | 2025                | 2026                | 2027                | 2028                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Beginning Capital Balance</b>                         | <b>\$ 942,800</b>   | <b>\$ 1,111,701</b> | <b>\$ 919,618</b>   | <b>\$ 1,048,442</b> | <b>\$ 1,204,178</b> | <b>\$ 1,364,526</b> | <b>\$ 1,530,230</b> | <b>\$ 1,740,869</b> | <b>\$ 1,932,483</b> | <b>\$ 2,160,746</b> | <b>\$ 2,400,775</b> |
| <b>Capital Revenues:</b>                                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Rate Funded System Reinvestment                          |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Minimum Policy   | \$ 187,793          | \$ 174,293          | \$ 46,026           | \$ 46,026           | \$ 46,026           | \$ 46,026           | \$ 46,026           | \$ 46,026           | \$ 46,026           | \$ 46,026           | \$ 46,026           |
| Operating Surplus  | -                   | 8,864               | 89,889              | 101,494             | 123,966             | 134,344             | 156,453             | 159,116             | 180,618             | 175,420             | 194,088             |
| Total  | \$ 187,793          | \$ 183,157          | \$ 135,915          | \$ 147,520          | \$ 169,992          | \$ 180,370          | \$ 202,479          | \$ 205,142          | \$ 226,644          | \$ 221,446          | \$ 240,114          |
| Grants / Outside Sources                                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Net Debt Proceeds Available for Projects                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Interest Earnings  | 8,108               | 9,561               | 7,909               | 9,017               | 10,356              | 11,735              | 13,160              | 14,971              | 16,619              | 18,582              | 20,647              |
| <b>Total Capital Revenues and Beginning Fund Balance</b> | <b>\$ 1,138,701</b> | <b>\$ 1,304,418</b> | <b>\$ 1,063,442</b> | <b>\$ 1,204,978</b> | <b>\$ 1,384,526</b> | <b>\$ 1,556,630</b> | <b>\$ 1,745,869</b> | <b>\$ 1,960,983</b> | <b>\$ 2,175,746</b> | <b>\$ 2,400,775</b> | <b>\$ 2,661,536</b> |
| <b>Capital Project Expenditures</b>                      | <b>\$ (27,000)</b>  | <b>\$ (384,800)</b> | <b>\$ (15,000)</b>  | <b>\$ (800)</b>     | <b>\$ (20,000)</b>  | <b>\$ (26,400)</b>  | <b>\$ (5,000)</b>   | <b>\$ (28,500)</b>  | <b>\$ (15,000)</b>  | <b>\$ -</b>         | <b>\$ -</b>         |
| <b>Ending Capital Balance</b>                            | <b>\$ 1,111,701</b> | <b>\$ 919,618</b>   | <b>\$ 1,048,442</b> | <b>\$ 1,204,178</b> | <b>\$ 1,364,526</b> | <b>\$ 1,530,230</b> | <b>\$ 1,740,869</b> | <b>\$ 1,932,483</b> | <b>\$ 2,160,746</b> | <b>\$ 2,400,775</b> | <b>\$ 2,661,536</b> |
| <i>Minimum Target</i>                                    | <i>\$ 732,293</i>   | <i>\$ 778,319</i>   | <i>\$ 809,344</i>   | <i>\$ 854,570</i>   | <i>\$ 880,596</i>   | <i>\$ 900,222</i>   | <i>\$ 941,247</i>   | <i>\$ 958,773</i>   | <i>\$ 989,799</i>   | <i>\$ 1,035,825</i> | <i>\$ 1,081,850</i> |

| Notes:                                    | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  | 2026  | 2027  | 2028  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Debt-to-Net Assets Ratio</b>           | 0.39  | 0.36  | 0.32  | 0.30  | 0.28  | 0.26  | 0.24  | 0.22  | 0.20  | 0.17  | 0.15  |
| <b>Debt Service as a Portion of Rates</b> | 37.5% | 35.8% | 34.3% | 32.8% | 31.2% | 29.8% | 28.5% | 27.3% | 26.0% | 25.0% | 23.7% |



**City of Sisters**  
**Utility Rate Study: Sewer Model**  
**Summary**

Fiscal Year Ending 6/30:

| Operating Fund Summary                                      | 2018                | 2019                | 2020                | 2021                | 2022                | 2023                | 2024                | 2025                | 2026                | 2027                | 2028                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Summary of Existing Operations Before Rate Increases</b> |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Rate Revenues Under Existing Rates                          | \$ 870,958          | \$ 892,673          | \$ 916,621          | \$ 938,917          | \$ 963,202          | \$ 988,181          | \$ 1,013,893        | \$ 1,040,304        | \$ 1,067,453        | \$ 1,095,974        | \$ 1,125,287        |
| SDC Revenue Towards Debt Service                            | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Non-Rate Revenues   | 45,349              | 32,147              | 31,597              | 31,627              | 31,669              | 31,705              | 31,756              | 31,798              | 31,864              | 31,916              | 31,998              |
| <b>Total Revenues</b>                                       | <b>916,307</b>      | <b>924,820</b>      | <b>948,218</b>      | <b>970,545</b>      | <b>994,871</b>      | <b>1,019,885</b>    | <b>1,045,649</b>    | <b>1,072,102</b>    | <b>1,099,317</b>    | <b>1,127,890</b>    | <b>1,157,285</b>    |
| Total Expenditures  | (1,072,263)         | (1,013,401)         | (907,025)           | (936,181)           | (959,991)           | (995,543)           | (1,024,527)         | (1,071,340)         | (1,106,395)         | (1,166,046)         | (1,210,271)         |
| Transfers to Capital  | -                   | (8,864)             | (89,889)            | (101,494)           | (123,966)           | (134,344)           | (156,453)           | (159,116)           | (180,618)           | (175,420)           | (194,088)           |
| <b>Total Expenditures &amp; Transfers</b>                   | <b>(1,072,263)</b>  | <b>(1,022,265)</b>  | <b>(996,914)</b>    | <b>(1,037,675)</b>  | <b>(1,083,957)</b>  | <b>(1,129,887)</b>  | <b>(1,180,980)</b>  | <b>(1,230,457)</b>  | <b>(1,287,013)</b>  | <b>(1,341,466)</b>  | <b>(1,404,360)</b>  |
| <b>Cash Surplus / (Deficiency)</b>                          | <b>\$ (155,956)</b> | <b>\$ (97,444)</b>  | <b>\$ (48,695)</b>  | <b>\$ (67,131)</b>  | <b>\$ (89,087)</b>  | <b>\$ (110,002)</b> | <b>\$ (135,331)</b> | <b>\$ (158,355)</b> | <b>\$ (187,696)</b> | <b>\$ (213,576)</b> | <b>\$ (247,074)</b> |
| <b>Annual Rate Increase</b>                                 | <b>2.00%</b>        | <b>2.00%</b>        | <b>2.00%</b>        | <b>2.00%</b>        | <b>2.00%</b>        | <b>2.00%</b>        | <b>2.00%</b>        | <b>2.00%</b>        | <b>2.00%</b>        | <b>2.00%</b>        | <b>2.00%</b>        |
| <b>Cumulative Rate Increase</b>                             | <b>2.00%</b>        | <b>4.04%</b>        | <b>6.12%</b>        | <b>8.24%</b>        | <b>10.41%</b>       | <b>12.62%</b>       | <b>14.87%</b>       | <b>17.17%</b>       | <b>19.51%</b>       | <b>21.90%</b>       | <b>24.34%</b>       |
| <b>Revenues After Rate Increases</b>                        |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Rate Revenues (Before Rate Increases)                       | \$ 870,958          | \$ 892,673          | \$ 916,621          | \$ 938,917          | \$ 963,202          | \$ 988,181          | \$ 1,013,893        | \$ 1,040,304        | \$ 1,067,453        | \$ 1,095,974        | \$ 1,125,287        |
| Additional Revenue from Rate Increases                      | 17,419              | 36,064              | 56,105              | 77,397              | 100,251             | 124,671             | 150,751             | 178,578             | 208,252             | 240,012             | 273,866             |
| SDC Revenue Towards Debt Service                            | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Other Revenues & Interest                                   | 45,349              | 32,147              | 31,597              | 31,627              | 31,669              | 31,705              | 31,756              | 31,798              | 31,864              | 31,916              | 31,998              |
| <b>Total Revenues With Rate Increases</b>                   | <b>\$ 933,726</b>   | <b>\$ 960,884</b>   | <b>\$ 1,004,323</b> | <b>\$ 1,047,942</b> | <b>\$ 1,095,121</b> | <b>\$ 1,144,557</b> | <b>\$ 1,196,400</b> | <b>\$ 1,250,679</b> | <b>\$ 1,307,570</b> | <b>\$ 1,367,902</b> | <b>\$ 1,431,151</b> |
| <b>Expenses &amp; Transfers</b>                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Cash Operating Expenses                                     | \$ 551,100          | \$ 506,858          | \$ 527,749          | \$ 556,840          | \$ 581,721          | \$ 617,377          | \$ 646,581          | \$ 692,915          | \$ 728,789          | \$ 786,600          | \$ 832,326          |
| Existing Debt Service                                       | 333,370             | 332,250             | 333,250             | 333,315             | 332,245             | 332,140             | 331,920             | 332,400             | 331,580             | 333,420             | 331,920             |
| New Debt Service  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Capital Improvement Reserve Contribution                    | 141,767             | 128,267             | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Capital Replacement Reserve Contribution                    | 46,026              | 46,026              | 46,026              | 46,026              | 46,026              | 46,026              | 46,026              | 46,026              | 46,026              | 46,026              | 46,026              |
| Additional Taxes After Rate Increase                        | 1,219               | 2,524               | 3,927               | 5,418               | 7,018               | 8,727               | 10,553              | 12,500              | 14,578              | 16,801              | 19,171              |
| Transfer of Surplus to Capital                              | -                   | 8,864               | 89,889              | 101,494             | 123,966             | 134,344             | 156,453             | 159,116             | 180,618             | 175,420             | 194,088             |
| <b>Total Expenses</b>                                       | <b>\$ 1,073,483</b> | <b>\$ 1,024,789</b> | <b>\$ 1,000,841</b> | <b>\$ 1,043,093</b> | <b>\$ 1,090,975</b> | <b>\$ 1,138,614</b> | <b>\$ 1,191,533</b> | <b>\$ 1,242,957</b> | <b>\$ 1,301,591</b> | <b>\$ 1,358,267</b> | <b>\$ 1,423,530</b> |
| <b>Additions / (Subtractions) to Operating Fund Balance</b> | <b>(139,757)</b>    | <b>(63,905)</b>     | <b>3,482</b>        | <b>4,849</b>        | <b>4,147</b>        | <b>5,943</b>        | <b>4,867</b>        | <b>7,722</b>        | <b>5,979</b>        | <b>9,635</b>        | <b>7,621</b>        |
| <b>Impacts to Operating Fund Balance</b>                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Beginning Operating Balance                                 | \$ 288,138          | \$ 148,381          | \$ 84,476           | \$ 87,958           | \$ 92,807           | \$ 96,953           | \$ 102,896          | \$ 107,764          | \$ 115,486          | \$ 121,465          | \$ 131,100          |
| Net Cash Flow After Transfers to Capital                    | (139,757)           | (63,905)            | 3,482               | 4,849               | 4,147               | 5,943               | 4,867               | 7,722               | 5,979               | 9,635               | 7,621               |
| Ending Operating Balance                                    | \$ 148,381          | \$ 84,476           | \$ 87,958           | \$ 92,807           | \$ 96,953           | \$ 102,896          | \$ 107,763          | \$ 115,486          | \$ 121,465          | \$ 131,100          | \$ 138,721          |
| <i>Minimum Operating Balance Target</i>                     | \$ 91,850           | \$ 84,476           | \$ 87,958           | \$ 92,807           | \$ 96,953           | \$ 102,896          | \$ 107,764          | \$ 115,486          | \$ 121,465          | \$ 131,100          | \$ 138,721          |
| <b>Net Cash Flow After Rate Increase</b>                    | <b>(139,757)</b>    | <b>(55,041)</b>     | <b>93,371</b>       | <b>106,343</b>      | <b>128,113</b>      | <b>140,287</b>      | <b>161,321</b>      | <b>166,839</b>      | <b>186,597</b>      | <b>185,055</b>      | <b>201,709</b>      |
| Coverage After Rate Increase: w/o SDCs                      | n/a                 | n/a                 | n/a                 | n/a                 | n/a                 | n/a                 | n/a                 | n/a                 | n/a                 | n/a                 | n/a                 |
| Sample Residential Monthly Bill                             | \$ 39.78            | \$ 40.58            | \$ 41.39            | \$ 42.21            | \$ 43.06            | \$ 43.92            | \$ 44.80            | \$ 45.69            | \$ 46.61            | \$ 47.54            | \$ 48.49            |

**City of Sisters**  
**Utility Rate Study: Sewer Model**  
**Assumptions**

Fiscal Year Ending 6/30:

| Economic & Financial Factors      | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025   | 2026   | 2027   | 2028   |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Escalation Rates</b>           |        |        |        |        |        |        |        |        |        |        |        |
| General Cost Inflation            | 1.80%  | 1.80%  | 1.80%  | 1.80%  | 1.80%  | 1.80%  | 1.80%  | 1.80%  | 1.80%  | 1.80%  | 1.80%  |
| Construction Cost Inflation       | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  |
| Labor Cost Inflation              | 2.60%  | 2.60%  | 2.60%  | 2.60%  | 2.60%  | 2.60%  | 2.60%  | 2.60%  | 2.60%  | 2.60%  | 2.60%  |
| Account Growth                    | 2.70%  | 2.63%  | 2.83%  | 2.56%  | 2.72%  | 2.72%  | 2.72%  | 2.72%  | 2.72%  | 2.78%  | 2.78%  |
| General Inflation Plus Growth     | 4.50%  | 4.43%  | 4.63%  | 4.36%  | 4.52%  | 4.52%  | 4.52%  | 4.52%  | 4.52%  | 4.58%  | 4.58%  |
| No Escalation                     | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  |
| PERS Inflation                    | 0.00%  | 25.00% | 0.00%  | 25.00% | 0.00%  | 25.00% | 0.00%  | 25.00% | 0.00%  | 25.00% | 0.00%  |
| PERS + Labor Inflation            | 2.60%  | 28.25% | 2.60%  | 28.25% | 2.60%  | 28.25% | 2.60%  | 28.25% | 2.60%  | 28.25% | 2.60%  |
| Medical Inflation                 | 13.20% | 13.20% | 13.20% | 13.20% | 13.20% | 13.20% | 13.20% | 13.20% | 13.20% | 13.20% | 13.20% |
| Medical + Labor Inflation [Extra] | 16.14% | 16.14% | 16.14% | 16.14% | 16.14% | 16.14% | 16.14% | 16.14% | 16.14% | 16.14% | 16.14% |
| Investment Interest               | 0.86%  | 0.86%  | 0.86%  | 0.86%  | 0.86%  | 0.86%  | 0.86%  | 0.86%  | 0.86%  | 0.86%  | 0.86%  |
| <b>Tax Rates</b>                  |        |        |        |        |        |        |        |        |        |        |        |
| Franchise Fee                     | 7.00%  | 7.00%  | 7.00%  | 7.00%  | 7.00%  | 7.00%  | 7.00%  | 7.00%  | 7.00%  | 7.00%  | 7.00%  |

| Accounting & Financial Policy Assumptions                             | 2018                | 2019       | 2020       | 2021       | 2022       | 2023       | 2024       | 2025       | 2026       | 2027         | 2028         |
|---|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|
| <b>Beginning Fund Balances</b>  |                     |            |            |            |            |            |            |            |            |              |              |
| Operating Reserve   | \$ 288,138          |            |            |            |            |            |            |            |            |              |              |
| Capital Improvement Reserve   | 256,533             |            |            |            |            |            |            |            |            |              |              |
| Capital Replacement Reserve   | 686,267             |            |            |            |            |            |            |            |            |              |              |
| Improvement SDC Fund  | 972,111             |            |            |            |            |            |            |            |            |              |              |
| Reimbursement SDC Fund  | -                   |            |            |            |            |            |            |            |            |              |              |
| Debt Reserve Fund   | -                   |            |            |            |            |            |            |            |            |              |              |
|   | <b>\$ 2,203,049</b> |            |            |            |            |            |            |            |            |              |              |
| <b>Fund Balance Target: Minimum &amp; Maximum Operating Balances</b>  |                     |            |            |            |            |            |            |            |            |              |              |
| Min. Fund Balance Target (Months of O&M expense)                      | 2 Months            | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months     | 2 Months     |
| Max. Fund Balance (Months of O&M expense)                             | 2 Months            | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months   | 2 Months     | 2 Months     |
| <b>Fund Balance Target: Capital</b>                                   |                     |            |            |            |            |            |            |            |            |              |              |
| Capital Improvement Reserve   | \$ -                | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -         | \$ -         |
| Capital Replacement Reserve   | \$ 732,293          | \$ 778,319 | \$ 809,344 | \$ 854,570 | \$ 880,596 | \$ 900,222 | \$ 941,247 | \$ 958,773 | \$ 989,799 | \$ 1,035,825 | \$ 1,081,850 |
| <b>Rate Funded System Reinvestment</b>                                |                     |            |            |            |            |            |            |            |            |              |              |
| Capital Improvement Reserve   | \$ 141,767          | \$ 128,267 | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -         | \$ -         |
| Capital Replacement Reserve   | 46,026              | 46,026     | 46,026     | 46,026     | 46,026     | 46,026     | 46,026     | 46,026     | 46,026     | 46,026       | 46,026       |
| <b>Total</b>  | \$ 187,793          | \$ 174,293 | \$ 46,026  | \$ 46,026  | \$ 46,026  | \$ 46,026  | \$ 46,026  | \$ 46,026  | \$ 46,026  | \$ 46,026    | \$ 46,026    |
| <i>Actual Result With Transfers (compared to Annual Depreciation)</i> | 49%                 | 45%        | 29%        | 31%        | 38%        | 40%        | 46%        | 47%        | 53%        | 51%          | 57%          |

**City of Sisters**  
**Utility Rate Study: Sewer Model**  
**Assumptions**

Fiscal Year Ending 6/30:

| Capital Financing Assumptions                          |           | 2018            | 2019              | 2020              | 2021              | 2022              | 2023              | 2024              | 2025              | 2026              | 2027              | 2028              |
|--|-----------|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>System Development Charges</b>                      |           |                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Annual Inflationary Increase                           |           |                 | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             |
| <b>Existing System Development Charge</b>              |           |                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Reimbursement Fee                                      | \$        | -               | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| Improvement Fee  |           | 185             | 185               | 185               | 185               | 185               | 185               | 185               | 185               | 185               | 185               | 185               |
| Total  | \$        | 185             | \$ 185            | \$ 185            | \$ 185            | \$ 185            | \$ 185            | \$ 185            | \$ 185            | \$ 185            | \$ 185            | \$ 185            |
| Citywide   |           |                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Total Fixture Units                                    |           | 38,902          | 39,926            | 41,056            | 42,106            | 43,251            | 44,426            | 45,634            | 46,874            | 48,148            | 49,485            | 50,859            |
| Additional Fixture Units per Year                      |           | 1,024           | 1,024             | 1,129             | 1,051             | 1,144             | 1,175             | 1,207             | 1,240             | 1,274             | 1,337             | 1,374             |
| Reimbursement Fee Revenue                              | \$        | -               | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| Improvement Fee Revenue                                |           | 190,000         | 190,000           | 209,487           | 194,872           | 212,248           | 218,016           | 223,942           | 230,028           | 236,280           | 247,946           | 254,831           |
| <b>Total SDC Revenue to Use in Model</b>               | <b>\$</b> | <b>190,000</b>  | <b>\$ 190,000</b> | <b>\$ 209,487</b> | <b>\$ 194,872</b> | <b>\$ 212,248</b> | <b>\$ 218,016</b> | <b>\$ 223,942</b> | <b>\$ 230,028</b> | <b>\$ 236,280</b> | <b>\$ 247,946</b> | <b>\$ 254,831</b> |
| <b>System Development Charges Towards Debt Service</b> |           |                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Total Annual Debt Service                              | \$        | 333,370         | \$ 332,250        | \$ 333,250        | \$ 333,315        | \$ 332,245        | \$ 332,140        | \$ 331,920        | \$ 332,400        | \$ 331,580        | \$ 333,420        | \$ 331,920        |
| Total Annual Improvement Fee SDCs                      | \$        | 190,000         | \$ 190,000        | \$ 209,487        | \$ 194,872        | \$ 212,248        | \$ 218,016        | \$ 223,942        | \$ 230,028        | \$ 236,280        | \$ 247,946        | \$ 254,831        |
| Total SDCs for Debt Service                            | \$        | -               | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| Total Improvement Fee SDCs for Capital                 | \$        | 190,000         | \$ 190,000        | \$ 209,487        | \$ 194,872        | \$ 212,248        | \$ 218,016        | \$ 223,942        | \$ 230,028        | \$ 236,280        | \$ 247,946        | \$ 254,831        |
| Actual % SDCs to Pay for Debt Service                  |           | 0%              | 0%                | 0%                | 0%                | 0%                | 0%                | 0%                | 0%                | 0%                | 0%                | 0%                |
| <b>Outside Funding Sources (Uses)</b>                  |           |                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Capital Grants / Contributions</b>                  |           | <b>Function</b> |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| [Extra]  | \$        | -               | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| [Extra]  | \$        | -               | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| <b>Total: Capital Grants / Contributions</b>           | <b>\$</b> | <b>-</b>        | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       |
| <b>Revenue Bonds</b>                                   |           |                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Term (Years)   |           | 20 Years        | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          |
| Interest Only Payments (Years)                         |           | 0 Years         | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           |
| Interest Cost  |           | 4.00%           | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             |
| Issuance Cost  |           | 1.00%           | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             |
| Coverage Requirement (w/o SDCs )                       |           | 1.50            |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Use Reserves to Pay for Last Payment?                  |           | Yes             |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Other Bonds</b>                                     |           |                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Term (Years)   |           | 20 Years        | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          |
| Interest-Only Payments (Years)                         |           | 0 Years         | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           |
| Interest Cost  |           | 4.00%           | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             | 4.00%             |
| Issuance Cost  |           | 1.00%           | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             |
| <b>DWSRF Loans</b>                                     |           |                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Term (Years)   |           | 20 Years        | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          |
| Interest-Only Payments (Years)                         |           | 0 Years         | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           |
| Interest Cost  |           | 1.50%           | 1.50%             | 1.50%             | 1.50%             | 1.50%             | 1.50%             | 1.50%             | 1.50%             | 1.50%             | 1.50%             | 1.50%             |
| Issuance Cost  |           | 1.00%           | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             | 1.00%             |
| <b>Other Loans</b>                                     |           |                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Term (Years)   |           | 20 Years        | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          | 20 Years          |
| Interest-Only Payments (Years)                         |           | 0 Years         | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           | 0 Years           |
| Interest Cost  |           | 3.00%           | 3.00%             | 3.00%             | 3.00%             | 3.00%             | 3.00%             | 3.00%             | 3.00%             | 3.00%             | 3.00%             | 3.00%             |

**City of Sisters**  
**Utility Rate Study: Sewer Model**  
*Operating Revenue and Expenditure Forecast*

|                                 |                               | Fiscal Year Ending 6/30: |            | Budget     |            |            |            |              |              |              |              |              |              |
|---------------------------------|-------------------------------|--------------------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Operating Revenues              |                               | Forecast Basis           | 2018       | 2019       | 2020       | 2021       | 2022       | 2023         | 2024         | 2025         | 2026         | 2027         | 2028         |
|                                 |                               |                          | \$ 875,000 |            |            |            |            |              |              |              |              |              |              |
| <b>Rate Revenues</b>            |                               |                          |            |            |            |            |            |              |              |              |              |              |              |
| 05-4-00-327                     | SEWER RECEIPTS                | Account Growth           | \$ 870,958 | \$ 892,673 | \$ 916,621 | \$ 938,917 | \$ 963,202 | \$ 988,181   | \$ 1,013,893 | \$ 1,040,304 | \$ 1,067,453 | \$ 1,095,974 | \$ 1,125,287 |
| <b>Total Rate Revenue</b>       |                               |                          | \$ 870,958 | \$ 892,673 | \$ 916,621 | \$ 938,917 | \$ 963,202 | \$ 988,181   | \$ 1,013,893 | \$ 1,040,304 | \$ 1,067,453 | \$ 1,095,974 | \$ 1,125,287 |
| <b>Non-Rate Revenues</b>        |                               |                          |            |            |            |            |            |              |              |              |              |              |              |
| 05-4-00-314                     | PUBLIC WORKS FEES             | No Escalation            | \$ 9,000   | \$ 9,000   | \$ 9,000   | \$ 9,000   | \$ 9,000   | \$ 9,000     | \$ 9,000     | \$ 9,000     | \$ 9,000     | \$ 9,000     | \$ 9,000     |
| 05-4-00-337                     | OVERNIGHT PARK SEWER RECEIPTS | No Escalation            | 19,000     | 19,000     | 19,000     | 19,000     | 19,000     | 19,000       | 19,000       | 19,000       | 19,000       | 19,000       | 19,000       |
| 05-4-00-342                     | SALE OF ASSETS                | No Escalation            | -          | -          | -          | -          | -          | -            | -            | -            | -            | -            | -            |
| 05-4-00-346                     | BOND PREMIUM                  | No Escalation            | -          | -          | -          | -          | -          | -            | -            | -            | -            | -            | -            |
| 05-4-00-347                     | LOAN PROCEEDS                 | No Escalation            | -          | -          | -          | -          | -          | -            | -            | -            | -            | -            | -            |
| 05-4-00-354                     | PROPERTY RENTAL               | No Escalation            | 12,000     | -          | -          | -          | -          | -            | -            | -            | -            | -            | -            |
| 05-4-00-360                     | MISCELLANEOUS                 | No Escalation            | -          | -          | -          | -          | -          | -            | -            | -            | -            | -            | -            |
| 05-4-00-362                     | REFUNDS/REIMBURSEMENTS        | No Escalation            | 1,771      | 1,771      | 1,771      | 1,771      | 1,771      | 1,771        | 1,771        | 1,771        | 1,771        | 1,771        |              |
| 05-4-00-381                     | SEWER TAP FEE                 | No Escalation            | 1,100      | 1,100      | 1,100      | 1,100      | 1,100      | 1,100        | 1,100        | 1,100        | 1,100        | 1,100        |              |
| 05-4-00-389                     | PLAN CHECK FEES               | No Escalation            | -          | -          | -          | -          | -          | -            | -            | -            | -            | -            | -            |
| 05-4-00-640                     | STATE GRANTS                  | No Escalation            | -          | -          | -          | -          | -          | -            | -            | -            | -            | -            | -            |
| <b>Total Non-Rate Revenues</b>  |                               |                          | \$ 42,871  | \$ 30,871  | \$ 30,871  | \$ 30,871  | \$ 30,871  | \$ 30,871    | \$ 30,871    | \$ 30,871    | \$ 30,871    | \$ 30,871    | \$ 30,871    |
| <b>TOTAL OPERATING REVENUES</b> |                               |                          | \$ 913,829 | \$ 923,544 | \$ 947,492 | \$ 969,788 | \$ 994,073 | \$ 1,019,052 | \$ 1,044,764 | \$ 1,071,175 | \$ 1,098,324 | \$ 1,126,845 | \$ 1,156,158 |

| Operating Expenses                 |                              | Forecast Basis            | 2018       | 2019       | 2020       | 2021       | 2022       | 2023       | 2024       | 2025       | 2026       | 2027       | 2028       |
|------------------------------------|------------------------------|---------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| TRANSFERS                          |                              |                           |            |            |            |            |            |            |            |            |            |            |            |
| 02-5-00-602                        | TRANSFER TO CITY HALL FUND   | No Escalation             | \$ 12,314  | \$ 12,626  | \$ 13,120  | \$ 12,602  | \$ 13,274  | \$ 12,216  | \$ 12,077  | \$ 12,634  | \$ 12,446  | \$ 12,485  | \$ 13,210  |
| <b>SUBTOTAL TRANSFERS</b>          |                              |                           | \$ 12,314  | \$ 12,626  | \$ 13,120  | \$ 12,602  | \$ 13,274  | \$ 12,216  | \$ 12,077  | \$ 12,634  | \$ 12,446  | \$ 12,485  | \$ 13,210  |
| PERSONNEL SERVICES                 |                              |                           |            |            |            |            |            |            |            |            |            |            |            |
| 05-5-00-500                        | CITY MANAGER                 | Labor Cost Inflation      | \$ 11,504  | \$ 11,803  | \$ 12,110  | \$ 12,425  | \$ 12,748  | \$ 13,079  | \$ 13,419  | \$ 13,768  | \$ 14,126  | \$ 14,494  | \$ 14,870  |
| 05-5-00-501                        | FINANCE ACCOUNTING ANALYST   | Labor Cost Inflation      | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| 05-5-00-502                        | ADMIN ASST                   | Labor Cost Inflation      | 4,064      | 4,170      | 4,278      | 4,389      | 4,503      | 4,621      | 4,741      | 4,864      | 4,990      | 5,120      | 5,253      |
| 05-5-00-503                        | PUBLIC WORKS DIRECTOR        | Labor Cost Inflation      | 26,362     | 27,047     | 27,751     | 28,472     | 29,212     | 29,972     | 30,751     | 31,551     | 32,371     | 33,213     | 34,076     |
| 05-5-00-504                        | UTILITY TECHNICIAN II        | Labor Cost Inflation      | 18,274     | 18,749     | 19,237     | 19,737     | 20,250     | 20,776     | 21,317     | 21,871     | 22,439     | 23,023     | 23,621     |
| 05-5-00-505                        | UTILITY TECHNICIAN           | Labor Cost Inflation      | 18,273     | 18,748     | 19,236     | 19,736     | 20,249     | 20,775     | 21,315     | 21,870     | 22,438     | 23,022     | 23,620     |
| 05-5-00-507                        | UTILITY BILLING CLERK        | Labor Cost Inflation      | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| 05-5-00-511                        | UTILITY ASSISTANT            | Labor Cost Inflation      | 1,317      | 1,351      | 1,386      | 1,422      | 1,459      | 1,497      | 1,536      | 1,576      | 1,617      | 1,659      | 1,702      |
| 05-5-00-513                        | OVERTIME                     | Labor Cost Inflation      | 1,500      | 1,539      | 1,579      | 1,620      | 1,662      | 1,705      | 1,750      | 1,795      | 1,842      | 1,890      | 1,939      |
| 05-5-00-515                        | PLANNING TECHNICIAN          | Labor Cost Inflation      | 2,283      | 2,342      | 2,403      | 2,466      | 2,530      | 2,596      | 2,663      | 2,732      | 2,803      | 2,876      | 2,951      |
| 05-5-00-517                        | OFFICE SPECIALIST I          | Labor Cost Inflation      | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| 05-5-00-518                        | ACCOUNTING TECHNICIAN        | Labor Cost Inflation      | 8,750      | 8,978      | 9,211      | 9,450      | 9,696      | 9,948      | 10,207     | 10,472     | 10,745     | 11,024     | 11,310     |
| 05-5-00-519                        | DATA ANALYST                 | Labor Cost Inflation      | 3,281      | 3,366      | 3,454      | 3,544      | 3,636      | 3,730      | 3,827      | 3,927      | 4,029      | 4,134      | 4,241      |
| 05-5-00-521                        | FINANCE OFFICER              | Labor Cost Inflation      | 7,360      | 7,551      | 7,748      | 7,949      | 8,156      | 8,368      | 8,585      | 8,809      | 9,038      | 9,273      | 9,514      |
| 05-5-00-522                        | PUBLIC WORKS OPS COORDINATOR | Labor Cost Inflation      | 12,924     | 13,260     | 13,605     | 13,959     | 14,321     | 14,694     | 15,076     | 15,468     | 15,870     | 16,283     | 16,706     |
| 05-5-00-523                        | ACCOUNTING CLERK             | Labor Cost Inflation      | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| 05-5-00-524                        | MAINTENANCE LEAD             | Labor Cost Inflation      | 7,651      | 7,850      | 8,054      | 8,263      | 8,478      | 8,699      | 8,925      | 9,157      | 9,395      | 9,639      | 9,890      |
| 05-5-00-527                        | CITY RECORDER                | Labor Cost Inflation      | 5,381      | 5,521      | 5,664      | 5,812      | 5,963      | 6,118      | 6,277      | 6,440      | 6,608      | 6,779      | 6,956      |
| 05-5-00-529                        | FINANCE & ADMIN DIRECTOR     | Labor Cost Inflation      | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| 05-5-00-533                        | MAINTENANCE SUPERVISOR       | Labor Cost Inflation      | 9,641      | 9,892      | 10,149     | 10,413     | 10,683     | 10,961     | 11,246     | 11,539     | 11,839     | 12,146     | 12,462     |
| 05-5-00-552                        | CELL PHONE ALLOWANCE         | Labor Cost Inflation      | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| 05-5-00-573                        | ON CALL COMPENSATION         | Labor Cost Inflation      | 1,110      | 1,139      | 1,168      | 1,199      | 1,230      | 1,262      | 1,295      | 1,328      | 1,363      | 1,398      | 1,435      |
| 05-5-00-580                        | BONUS                        | Labor Cost Inflation      | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| 05-5-00-581                        | SOCIAL SECURITY              | Labor Cost Inflation      | 8,331      | 8,548      | 8,770      | 8,998      | 9,232      | 9,472      | 9,718      | 9,971      | 10,230     | 10,496     | 10,769     |
| 05-5-00-582                        | WORKER'S COMP                | Labor Cost Inflation      | 7,428      | 7,621      | 7,819      | 8,023      | 8,231      | 8,445      | 8,665      | 8,890      | 9,121      | 9,358      | 9,602      |
| 05-5-00-583                        | PERS/OSPRS                   | PERS + Labor Inflation    | 23,041     | 29,550     | 30,318     | 38,883     | 39,894     | 51,164     | 52,495     | 67,324     | 69,075     | 88,589     | 90,892     |
| 05-5-00-584                        | MED/DENT/VISION INSURANCE    | Medical + Labor Inflation | 46,887     | 54,454     | 63,242     | 73,448     | 85,302     | 99,068     | 115,056    | 133,625    | 155,190    | 180,235    | 209,323    |
| 05-5-00-586                        | LTD                          | Labor Cost Inflation      | 410        | 421        | 432        | 443        | 454        | 466        | 478        | 491        | 503        | 517        | 530        |
| 05-5-00-587                        | LIFE INSURANCE               | Labor Cost Inflation      | 55         | 56         | 58         | 59         | 61         | 63         | 64         | 66         | 68         | 69         | 71         |
| 05-5-00-588                        | UNEMPLOYMENT INS.            | Labor Cost Inflation      | 140        | 144        | 147        | 151        | 155        | 159        | 163        | 168        | 172        | 176        | 181        |
| 05-5-00-589                        | MEDICARE                     | Labor Cost Inflation      | 1,948      | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| <b>SUBTOTAL PERSONNEL SERVICES</b> |                              |                           | \$ 227,915 | \$ 244,100 | \$ 257,819 | \$ 280,861 | \$ 298,107 | \$ 327,639 | \$ 349,570 | \$ 387,701 | \$ 415,872 | \$ 465,413 | \$ 501,915 |

**City of Sisters**  
**Utility Rate Study: Sewer Model**  
 Operating Revenue and Expenditure Forecast

|  |                                | Fiscal Year Ending 6/30:      |                   | Budget            |                   |                   |                   |                   |                   |                   |                   |                   |                   |             |
|--|--------------------------------|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Operating Expenses (Continued)           |                                | Forecast Basis                |                   | 2018              | 2019              | 2020              | 2021              | 2022              | 2023              | 2024              | 2025              | 2026              | 2027              | 2028        |
| <b>MATERIALS &amp; SERVICES</b>          |                                |                               |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |             |
| 05-5-00-704                              | RECRUITMENT                    | General Cost Inflation        | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -        |
| 05-5-00-705                              | ADVERTISING                    | General Cost Inflation        | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -           |
| 05-5-00-706                              | AUDIT FEES                     | General Cost Inflation        | 4,800             | 4,886             | 4,974             | 5,064             | 5,155             | 5,248             | 5,342             | 5,438             | 5,536             | 5,636             | 5,737             |             |
| 05-5-00-710                              | COMPUTER SOFTWARE MAINT.       | General Cost Inflation        | 3,200             | 3,258             | 3,316             | 3,376             | 3,437             | 3,499             | 3,562             | 3,626             | 3,691             | 3,757             | 3,825             |             |
| 05-5-00-712                              | CHEMICALS                      | General Cost Inflation        | 4                 | 4                 | 4                 | 4                 | 4                 | 4                 | 4                 | 5                 | 5                 | 5                 | 5                 |             |
| 05-5-00-713                              | DEVELOPMENT REVIEW             | General Cost Inflation        | 5,000             | 5,090             | 5,182             | 5,275             | 5,370             | 5,466             | 5,565             | 5,665             | 5,767             | 5,871             | 5,977             |             |
| 05-5-00-714                              | OFFICE SUPPLIES                | General Cost Inflation        | 950               | 967               | 985               | 1,002             | 1,020             | 1,039             | 1,057             | 1,076             | 1,096             | 1,115             | 1,136             |             |
| 05-5-00-715                              | POSTAGE                        | General Cost Inflation        | 5,200             | 5,294             | 5,389             | 5,486             | 5,585             | 5,685             | 5,787             | 5,892             | 5,998             | 6,106             | 6,216             |             |
| 05-5-00-717                              | OFFICE EQUIPMENT               | General Cost Inflation        | 500               | 509               | 518               | 527               | 537               | 547               | 556               | 567               | 577               | 587               | 598               |             |
| 05-5-00-721                              | COPIER/PRINTER                 | General Cost Inflation        | 750               | 764               | 777               | 791               | 805               | 820               | 835               | 850               | 865               | 881               | 896               |             |
| 05-5-00-722                              | CHLORINATOR REPAIRS            | General Cost Inflation        | 500               | 509               | 518               | 527               | 537               | 547               | 556               | 567               | 577               | 587               | 598               |             |
| 05-5-00-726                              | CONTRACTED SERVICES            | General Cost Inflation        | 20,000            | 20,360            | 20,726            | 21,100            | 21,479            | 21,866            | 22,260            | 22,660            | 23,068            | 23,483            | 23,906            |             |
| 05-5-00-727                              | PERMITS & FEES                 | General Cost Inflation        | 7,000             | 7,126             | 7,254             | 7,385             | 7,518             | 7,653             | 7,791             | 7,931             | 8,074             | 8,219             | 8,367             |             |
| 05-5-00-733                              | DUES & SUBSCRIPTIONS           | General Cost Inflation        | 400               | 407               | 415               | 422               | 430               | 437               | 445               | 453               | 461               | 470               | 478               |             |
| 05-5-00-735                              | TELEPHONE                      | General Cost Inflation        | 2,700             | 2,749             | 2,798             | 2,848             | 2,900             | 2,952             | 3,005             | 3,059             | 3,114             | 3,170             | 3,227             |             |
| 05-5-00-736                              | CELLULAR PHONES                | General Cost Inflation        | 500               | 509               | 518               | 527               | 537               | 547               | 556               | 567               | 577               | 587               | 598               |             |
| 05-5-00-740                              | EDUCATION                      | General Cost Inflation        | 2,000             | 2,036             | 2,073             | 2,110             | 2,148             | 2,187             | 2,226             | 2,266             | 2,307             | 2,348             | 2,391             |             |
| 05-5-00-743                              | ELECTRICITY                    | General Inflation Plus Growth | 55,000            | 57,438            | 60,097            | 62,717            | 65,550            | 68,512            | 71,607            | 74,842            | 78,223            | 81,803            | 85,547            |             |
| 05-5-00-746                              | SMALL TOOLS & EQUIPMENT        | General Cost Inflation        | 4,000             | 4,072             | 4,145             | 4,220             | 4,296             | 4,373             | 4,452             | 4,532             | 4,614             | 4,697             | 4,781             |             |
| 05-5-00-750                              | TREE NURSERY                   | General Cost Inflation        | 500               | 509               | 518               | 527               | 537               | 547               | 556               | 567               | 577               | 587               | 598               |             |
| 05-5-00-755                              | GAS/OIL                        | General Cost Inflation        | 5,000             | 5,090             | 5,182             | 5,275             | 5,370             | 5,466             | 5,565             | 5,665             | 5,767             | 5,871             | 5,977             |             |
| 05-5-00-765                              | SEWER SYSTEM IMPROVEMENTS      | General Cost Inflation        | 5,000             | 5,090             | 5,182             | 5,275             | 5,370             | 5,466             | 5,565             | 5,665             | 5,767             | 5,871             | 5,977             |             |
| 05-5-00-766                              | INS: COMP/LIA/UMB              | General Cost Inflation        | 12,000            | 12,216            | 12,436            | 12,660            | 12,888            | 13,120            | 13,356            | 13,596            | 13,841            | 14,090            | 14,344            |             |
| 05-5-00-768                              | INTERNAL GENERAL FUND SERVICES | General Cost Inflation        | 9,300             | 9,467             | 9,638             | 9,811             | 9,988             | 10,168            | 10,351            | 10,537            | 10,727            | 10,920            | 11,116            |             |
| 02-5-00-770                              | SEWER LOCATE SERVICE           | General Cost Inflation        | 200               | 204               | 207               | 211               | 215               | 219               | 223               | 227               | 231               | 235               | 239               |             |
| 05-5-00-771                              | MEDICAL TESTING & SERVICES     | General Cost Inflation        | 200               | 204               | 207               | 211               | 215               | 219               | 223               | 227               | 231               | 235               | 239               |             |
| 05-5-00-772                              | ROW FRANCHISE FEE              | [Calculated]                  | 60,967            | 62,487            | 64,163            | 65,724            | 67,424            | 69,173            | 70,972            | 72,821            | 74,722            | 76,718            | 78,770            |             |
| 05-5-00-775                              | LABORATORY FEES                | General Cost Inflation        | 1,000             | 1,018             | 1,036             | 1,055             | 1,074             | 1,093             | 1,113             | 1,133             | 1,153             | 1,174             | 1,195             |             |
| 05-5-00-777                              | LEGAL FEES                     | General Cost Inflation        | 1,000             | 1,018             | 1,036             | 1,055             | 1,074             | 1,093             | 1,113             | 1,133             | 1,153             | 1,174             | 1,195             |             |
| 05-5-00-780                              | CREDIT CARD FEE                | General Cost Inflation        | 3,500             | 3,563             | 3,627             | 3,692             | 3,759             | 3,827             | 3,895             | 3,966             | 4,037             | 4,110             | 4,184             |             |
| 05-5-00-782                              | UNIFORMS                       | General Cost Inflation        | 1,200             | 1,222             | 1,244             | 1,266             | 1,289             | 1,312             | 1,336             | 1,360             | 1,384             | 1,409             | 1,434             |             |
| 05-5-00-787                              | SEWER SYSTEM REPAIRS           | General Cost Inflation        | 20,000            | 20,360            | 20,726            | 21,100            | 21,479            | 21,866            | 22,260            | 22,660            | 23,068            | 23,483            | 23,906            |             |
| 05-5-00-789                              | MILEAGE/TRAVEL REIMBURSEMT     | General Cost Inflation        | 200               | 204               | 207               | 211               | 215               | 219               | 223               | 227               | 231               | 235               | 239               |             |
| 05-5-00-793                              | MEETINGS/WORKSHOPS             | General Cost Inflation        | 200               | 204               | 207               | 211               | 215               | 219               | 223               | 227               | 231               | 235               | 239               |             |
| 05-5-00-795                              | SUPPLIES                       | General Cost Inflation        | 3,000             | 3,054             | 3,109             | 3,165             | 3,222             | 3,280             | 3,339             | 3,399             | 3,460             | 3,523             | 3,586             |             |
| 05-5-00-796                              | VEHICLE MAINTENANCE            | General Cost Inflation        | 8,000             | 8,144             | 8,291             | 8,440             | 8,592             | 8,746             | 8,904             | 9,064             | 9,227             | 9,393             | 9,562             |             |
| 05-5-00-799                              | BAD DEBT EXPENSE               | General Cost Inflation        | 100               | 102               | 104               | 105               | 107               | 109               | 111               | 113               | 115               | 117               | 120               |             |
| <b>SUBTOTAL MATERIALS &amp; SERVICES</b> |                                |                               | <b>\$ 243,871</b> | <b>\$ 250,132</b> | <b>\$ 256,811</b> | <b>\$ 263,377</b> | <b>\$ 270,339</b> | <b>\$ 277,522</b> | <b>\$ 284,934</b> | <b>\$ 292,580</b> | <b>\$ 300,470</b> | <b>\$ 308,702</b> | <b>\$ 317,201</b> |             |
| <b>CAPITAL OUTLAY</b>                    |                                |                               |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |             |
| 02-5-00-906                              | CAPITAL OUTLAY                 | General Cost Inflation        | \$ 67,000         | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -        |
| <b>SUBTOTAL CAPITAL OUTLAY</b>           |                                |                               | <b>\$ 67,000</b>  | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b> |
| <b>[Extra]</b>                           |                                |                               |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |             |
| [Extra]                                  | [Extra]                        | No Escalation                 | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -        |
| [Extra]                                  | [Extra]                        | No Escalation                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -           |
| [Extra]                                  | [Extra]                        | No Escalation                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -           |
| <b>SUBTOTAL [Extra]</b>                  |                                |                               | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b> |
| <b>TOTAL CASH OPERATING EXPENSES</b>     |                                |                               | <b>\$ 551,100</b> | <b>\$ 506,858</b> | <b>\$ 527,749</b> | <b>\$ 556,840</b> | <b>\$ 581,721</b> | <b>\$ 617,377</b> | <b>\$ 646,581</b> | <b>\$ 692,915</b> | <b>\$ 728,789</b> | <b>\$ 786,600</b> | <b>\$ 832,326</b> |             |

**City of Sisters**  
**Utility Rate Study: Sewer Model**  
*Existing Debt*

*Fiscal Year Ending 6/30:*

| Existing Debt Service - Summary | 2018           | 2019           | 2020           | 2021           | 2022           | 2023           | 2024           | 2025           | 2026           | 2027           | 2028           |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Annual Debt Payments</b>     |                |                |                |                |                |                |                |                |                |                |                |
| Revenue Bonds                   | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           |
| Other Bonds                     | 333,370        | 332,250        | 333,250        | 333,315        | 332,245        | 332,140        | 331,920        | 332,400        | 331,580        | 333,420        | 331,920        |
| Other Loans                     | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| <b>Total Debt Payments</b>      | <b>333,370</b> | <b>332,250</b> | <b>333,250</b> | <b>333,315</b> | <b>332,245</b> | <b>332,140</b> | <b>331,920</b> | <b>332,400</b> | <b>331,580</b> | <b>333,420</b> | <b>331,920</b> |

| Existing Debt Service - Revenue Bonds        | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|--|------|------|------|------|------|------|------|------|------|------|------|
| <b>TOTAL REVENUE BONDS</b>                   |      |      |      |      |      |      |      |      |      |      |      |
| Annual Interest Payment                      | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Annual Principal Payment                     | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Total Annual Payment                         | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Use of Debt Reserve for Debt Service         | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Annual Debt Reserve Target on Existing Rever | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |

| Existing Debt Service - Other Bonds | 2018       | 2019       | 2020       | 2021       | 2022       | 2023       | 2024       | 2025       | 2026       | 2027       | 2028       |
|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Series 2016 Bond Refunding</b>   |            |            |            |            |            |            |            |            |            |            |            |
| Annual Interest Payment             | \$ 178,370 | \$ 175,250 | \$ 171,250 | \$ 166,315 | \$ 161,245 | \$ 155,140 | \$ 147,920 | \$ 140,400 | \$ 132,580 | \$ 124,420 | \$ 115,920 |
| Annual Principal Payment            | 155,000    | 157,000    | 162,000    | 167,000    | 171,000    | 177,000    | 184,000    | 192,000    | 199,000    | 209,000    | 216,000    |
| Total Annual Payment                | \$ 333,370 | \$ 332,250 | \$ 333,250 | \$ 333,315 | \$ 332,245 | \$ 332,140 | \$ 331,920 | \$ 332,400 | \$ 331,580 | \$ 333,420 | \$ 331,920 |
| <b>TOTAL OTHER BONDS</b>            |            |            |            |            |            |            |            |            |            |            |            |
| Annual Interest Payment             | \$ 178,370 | \$ 175,250 | \$ 171,250 | \$ 166,315 | \$ 161,245 | \$ 155,140 | \$ 147,920 | \$ 140,400 | \$ 132,580 | \$ 124,420 | \$ 115,920 |
| Annual Principal Payment            | 155,000    | 157,000    | 162,000    | 167,000    | 171,000    | 177,000    | 184,000    | 192,000    | 199,000    | 209,000    | 216,000    |
| Total Annual Payment                | \$ 333,370 | \$ 332,250 | \$ 333,250 | \$ 333,315 | \$ 332,245 | \$ 332,140 | \$ 331,920 | \$ 332,400 | \$ 331,580 | \$ 333,420 | \$ 331,920 |

| Existing Debt Service - Other Loans | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|-------------------------------------|------|------|------|------|------|------|------|------|------|------|------|
| <b>TOTAL OTHER LOANS</b>            |      |      |      |      |      |      |      |      |      |      |      |
| Annual Interest Payment             | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Annual Principal Payment            | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Total Annual Payment                | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

**City of Sisters**  
**Utility Rate Study: Sewer Model**  
*Capital Improvement Program*

Project Costs in Year:

2017

  
 Fiscal Year Ending 6/30:

| ID | Description   | Expenditure by Fund Type     |                              |                              |       | Unescalated Total | UNESCALATED COSTS |                   |                   |               |                   |                  |                 |                  |                  |             |             |      |
|----|---|------------------------------|------------------------------|------------------------------|-------|-------------------|-------------------|-------------------|-------------------|---------------|-------------------|------------------|-----------------|------------------|------------------|-------------|-------------|------|
|    |   | % SDC Improvement Fee Funded | % Improvement Reserve Funded | % Replacement Reserve Funded | Total |                   | 2018              | 2019              | 2020              | 2021          | 2022              | 2023             | 2024            | 2025             | 2026             | 2027        | 2028        |      |
|    | <b>2017 Sewer CIP</b>                                     |                              |                              |                              |       | \$ -              |                   |                   |                   |               |                   |                  |                 |                  |                  |             |             |      |
|    | Biosolids Management Plan                                 |                              | 100%                         |                              | 100%  | 27,000            | 27,000            |                   |                   |               |                   |                  |                 |                  |                  |             |             |      |
|    | Forest Irrigation Effluent Expansion Construction         | 100%                         |                              |                              | 100%  | 580,000           | 580,000           |                   |                   |               |                   |                  |                 |                  |                  |             |             |      |
|    | Treatment Facility Software and Security Upgrades         | 61%                          | 39%                          |                              | 100%  | 80,000            |                   | 80,000            |                   |               |                   |                  |                 |                  |                  |             |             |      |
|    | Locust Street Interceptor                                 | 100%                         |                              |                              | 100%  | 509,000           |                   |                   | 509,000           |               |                   |                  |                 |                  |                  |             |             |      |
|    | Aeration Improvements at Treatment Plant                  | 60%                          | 40%                          |                              | 100%  | 224,000           |                   | 224,000           |                   |               |                   |                  |                 |                  |                  |             |             |      |
|    | Biosolids Removal at Treatment Plant                      |                              | 100%                         |                              | 100%  | 264,000           |                   | 264,000           |                   |               |                   |                  |                 |                  |                  |             |             |      |
|    | Pump Station #1 New Pumps                                 | 100%                         |                              |                              | 100%  | 117,000           |                   |                   |                   | 117,000       |                   |                  |                 |                  |                  |             |             |      |
|    | Crop Irrigation Effluent Expansion                        | 100%                         |                              |                              | 100%  | 787,000           |                   |                   |                   |               |                   |                  |                 |                  |                  |             |             |      |
|    | West Side Pump Station and Force Main (City portion)      | 100%                         |                              |                              | 100%  | -                 |                   |                   |                   |               |                   |                  |                 |                  |                  |             | -           |      |
|    | West Side Pump Station and Force Main (Developer portion) |                              | 100%                         |                              | 100%  | -                 |                   |                   |                   |               |                   |                  |                 |                  |                  |             | -           |      |
|    | <b>Capital Replacement Reserve Expenditures</b>           |                              |                              |                              |       | -                 |                   |                   |                   |               |                   |                  |                 |                  |                  |             |             |      |
|    | Tools & Equip tractor (10%)                               |                              |                              | 100%                         | 100%  | 15,000            |                   |                   | 15,000            |               |                   |                  |                 |                  |                  |             |             |      |
|    | (2) Used Utility trucks                                   |                              |                              | 100%                         | 100%  | 800               |                   |                   |                   | 800           |                   |                  |                 |                  |                  |             |             |      |
|    | lab equipment   |                              |                              | 100%                         | 100%  | 20,000            |                   |                   |                   |               | 20,000            |                  |                 |                  |                  |             |             |      |
|    | backhoe (33%)   |                              |                              | 100%                         | 100%  | 15,000            |                   |                   |                   |               |                   |                  |                 |                  |                  |             | 15,000      |      |
|    | dump truck (33%)  |                              |                              | 100%                         | 100%  | 26,400            |                   |                   |                   |               |                   | 26,400           |                 |                  |                  |             |             |      |
|    | Dump trailer (25%)  |                              |                              | 100%                         | 100%  | 24,750            |                   |                   |                   |               |                   |                  |                 | 24,750           |                  |             |             |      |
|    | Utility trailer (25%)                                     |                              |                              | 100%                         | 100%  | 2,500             |                   |                   |                   |               |                   |                  |                 | 2,500            |                  |             |             |      |
|    | (2) Used Mngmt trucks (25%)                               |                              |                              | 100%                         | 100%  | 1,250             |                   |                   |                   |               |                   |                  | 5,000           | 1,250            |                  |             |             |      |
|    | <b>TOTAL CAPITAL PROJECTS</b>                             |                              |                              |                              |       | <b>2,698,700</b>  | <b>\$ 607,000</b> | <b>\$ 568,000</b> | <b>\$ 524,000</b> | <b>\$ 800</b> | <b>\$ 137,000</b> | <b>\$ 26,400</b> | <b>\$ 5,000</b> | <b>\$ 28,500</b> | <b>\$ 15,000</b> | <b>\$ -</b> | <b>\$ -</b> |      |
|    | Total Improvement Fee SDC Projects                        | Improvement Fee SDC          |                              |                              |       | 1,389,200         | \$ 580,000        | \$ 183,200        | \$ 509,000        | \$ -          | \$ 117,000        | \$ -             | \$ -            | \$ -             | \$ -             | \$ -        | \$ -        | \$ - |
|    | Total Improvement Reserve Projects                        | Improvement Reserve          |                              |                              |       | 411,800           | \$ 27,000         | \$ 384,800        | \$ -              | \$ -          | \$ -              | \$ -             | \$ -            | \$ -             | \$ -             | \$ -        | \$ -        | \$ - |
|    | Total Replacement Reserve Projects                        | Replacement Reserve          |                              |                              |       | 110,700           | \$ -              | \$ -              | \$ 15,000         | \$ 800        | \$ 20,000         | \$ 26,400        | \$ 5,000        | \$ 28,500        | \$ 15,000        | \$ -        | \$ -        | \$ - |
|    | Projects by CIAC  |                              |                              |                              |       | \$ -              | \$ -              | \$ -              | \$ -              | \$ -          | \$ -              | \$ -             | \$ -            | \$ -             | \$ -             | \$ -        | \$ -        | \$ - |
|    | Projects by Enterprise Fund                               |                              |                              |                              |       | \$ 607,000        | \$ 568,000        | \$ 524,000        | \$ 800            | \$ 137,000    | \$ 26,400         | \$ 5,000         | \$ 28,500       | \$ 15,000        | \$ -             | \$ -        | \$ -        | \$ - |

**City of Sisters**  
**Utility Rate Study: Sewer Model**  
*Capital Funding*

Fiscal Year Ending 6/30:

| Capital Project Summary           | 2018              | 2019              | 2020              | 2021          | 2022              | 2023             | 2024            | 2025             | 2026             | 2027        | 2028        |
|-----------------------------------|-------------------|-------------------|-------------------|---------------|-------------------|------------------|-----------------|------------------|------------------|-------------|-------------|
| <b>TOTAL CAPITAL EXPENDITURES</b> | <b>\$ 607,000</b> | <b>\$ 568,000</b> | <b>\$ 524,000</b> | <b>\$ 800</b> | <b>\$ 137,000</b> | <b>\$ 26,400</b> | <b>\$ 5,000</b> | <b>\$ 28,500</b> | <b>\$ 15,000</b> | <b>\$ -</b> | <b>\$ -</b> |

| Manual Input Debt Assumptions | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|-------------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Proceeds - Revenue Bonds      | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Proceeds - Other Bonds        |      |      |      |      |      |      |      |      |      |      |      |
| Proceeds - DWSRF Loans        |      |      |      |      |      |      |      |      |      |      |      |
| Proceeds - Other Loans        |      |      |      |      |      |      |      |      |      |      |      |

\*Model will automatically calculate revenue bond debt if 'Revenue Bond Proceeds' is blank.

| Capital Financing Plan                   | 2018   | 2019                | 2020                | 2021                | 2022                | 2023                | 2024                | 2025                | 2026                | 2027                | 2028                |
|--|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Outside Funding Sources: Grants/CIAC     | -  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Balance/Remained to be Funded</b>     | <b>\$ 607,000</b>  | <b>\$ 568,000</b>   | <b>\$ 524,000</b>   | <b>\$ 800</b>       | <b>\$ 137,000</b>   | <b>\$ 26,400</b>    | <b>\$ 5,000</b>     | <b>\$ 28,500</b>    | <b>\$ 15,000</b>    | <b>\$ -</b>         | <b>\$ -</b>         |
| <b>OTHER FUNDING SOURCES</b>             | <i>(Note: Operating transfers in year N are always assumed to be available in year N + 1.)</i> |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Beginning Fund Balances                  | \$ 942,800   | \$ 1,111,701        | \$ 919,618          | \$ 1,048,442        | \$ 1,204,178        | \$ 1,364,526        | \$ 1,530,230        | \$ 1,740,869        | \$ 1,932,483        | \$ 2,160,746        | \$ 2,400,775        |
| Capital Improvement Reserve Contribution | Yes 141,767  | 128,267             | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Capital Replacement Reserve Contribution | Yes 46,026   | 46,026              | 46,026              | 46,026              | 46,026              | 46,026              | 46,026              | 46,026              | 46,026              | 46,026              | 46,026              |
| Use of SDC Reimbursement Fee Revenue     | Yes -  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Use of SDC Improvement Fee Fund Balance  | Yes 580,000  | 183,200             | 509,000             | -                   | 117,000             | -                   | -                   | -                   | -                   | -                   | -                   |
| Interest Earnings                        | No -   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Minimum Capital Balance?                 | Yes -  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Other Bonds Proceeds                     | -  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| DWSRF Loans Proceeds                     | -  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Other Loans Proceeds                     | -  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Revenue Bond Proceeds                    | -  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>TOTAL CAPITAL RESOURCES</b>           | <b>\$ 1,710,593</b>  | <b>\$ 1,469,194</b> | <b>\$ 1,474,644</b> | <b>\$ 1,094,467</b> | <b>\$ 1,367,204</b> | <b>\$ 1,410,552</b> | <b>\$ 1,576,256</b> | <b>\$ 1,786,895</b> | <b>\$ 1,978,509</b> | <b>\$ 2,206,772</b> | <b>\$ 2,446,801</b> |

Info: Working Capital Contingency Deficit



**City of Sisters**  
**Utility Rate Study: Sewer Model**  
*Capital Funding*

Fiscal Year Ending 6/30:

| New Debt Computations | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|------|
| <b>REVENUE BONDS</b>  |      |      |      |      |      |      |      |      |      |      |      |
| Amount to Fund        | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Issuance Costs        | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Reserve Required      | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Amount of Debt Issue  | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <b>Other Bonds</b>    |      |      |      |      |      |      |      |      |      |      |      |
| Amount to Fund        | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Issuance Costs        | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Amount of Debt Issue  | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <b>DWSRF Loans</b>    |      |      |      |      |      |      |      |      |      |      |      |
| Amount to Fund        | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Issuance Costs        | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    | -    |
| Amount of Debt Issue  | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <b>Other Loans</b>    |      |      |      |      |      |      |      |      |      |      |      |
| Amount to Fund        | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

| Debt Service Summary                 | 2018       | 2019       | 2020       | 2021       | 2022       | 2023       | 2024       | 2025       | 2026       | 2027       | 2028       |
|--------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>EXISTING DEBT SERVICE</b>         |            |            |            |            |            |            |            |            |            |            |            |
| Annual Interest Payments             | \$ 178,370 | \$ 175,250 | \$ 171,250 | \$ 166,315 | \$ 161,245 | \$ 155,140 | \$ 147,920 | \$ 140,400 | \$ 132,580 | \$ 124,420 | \$ 115,920 |
| Annual Principal Payments            | 155,000    | 157,000    | 162,000    | 167,000    | 171,000    | 177,000    | 184,000    | 192,000    | 199,000    | 209,000    | 216,000    |
| Total Debt Service Payments          | \$ 333,370 | \$ 332,250 | \$ 333,250 | \$ 333,315 | \$ 332,245 | \$ 332,140 | \$ 331,920 | \$ 332,400 | \$ 331,580 | \$ 333,420 | \$ 331,920 |
| Revenue Bond Payments Only           | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| <b>NEW DEBT SERVICE</b>              |            |            |            |            |            |            |            |            |            |            |            |
| Annual Interest Payments             | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| Annual Principal Payments            | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| Total Debt Service Payments          | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| Revenue Bond Payments Only           | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| <b>TOTAL DEBT SERVICE PAYMENTS</b>   |            |            |            |            |            |            |            |            |            |            |            |
| Total Interest Payments              | \$ 178,370 | \$ 175,250 | \$ 171,250 | \$ 166,315 | \$ 161,245 | \$ 155,140 | \$ 147,920 | \$ 140,400 | \$ 132,580 | \$ 124,420 | \$ 115,920 |
| Total Principal Payments             | 155,000    | 157,000    | 162,000    | 167,000    | 171,000    | 177,000    | 184,000    | 192,000    | 199,000    | 209,000    | 216,000    |
| Total Revenue Bond Payments Only     | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| Use of Debt Reserve for Debt Service | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |

**City of Sisters**  
**Utility Rate Study: Sewer Model**  
 Revenue Requirement Tests

Fiscal Year Ending 6/30:

| Cash Flow Test                                    | 2018                | 2019                | 2020              | 2021              | 2022              | 2023                | 2024                | 2025                | 2026                | 2027                | 2028                |
|---|---------------------|---------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>REVENUES</b>                                   |                     |                     |                   |                   |                   |                     |                     |                     |                     |                     |                     |
| Rate Revenue                                      | \$ 870,958          | \$ 892,673          | \$ 916,621        | \$ 938,917        | \$ 963,202        | \$ 988,181          | \$ 1,013,893        | \$ 1,040,304        | \$ 1,067,453        | \$ 1,095,974        | \$ 1,125,287        |
| SDC Revenue Towards Debt Service                  | -                   | -                   | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Other Non-Rate Revenue                            | 42,871              | 30,871              | 30,871            | 30,871            | 30,871            | 30,871              | 30,871              | 30,871              | 30,871              | 30,871              | 30,871              |
| Interest Earnings: Operating & Debt Reserve Funds | 2,478               | 1,276               | 726               | 756               | 798               | 834                 | 885                 | 927                 | 993                 | 1,045               | 1,127               |
| <b>Total Revenue</b>                              | <b>\$ 916,307</b>   | <b>\$ 924,820</b>   | <b>\$ 948,218</b> | <b>\$ 970,545</b> | <b>\$ 994,871</b> | <b>\$ 1,019,885</b> | <b>\$ 1,045,649</b> | <b>\$ 1,072,102</b> | <b>\$ 1,099,317</b> | <b>\$ 1,127,890</b> | <b>\$ 1,157,285</b> |
| <b>EXPENSES</b>                                   |                     |                     |                   |                   |                   |                     |                     |                     |                     |                     |                     |
| Cash Operating Expenses                           | \$ 551,100          | \$ 506,858          | \$ 527,749        | \$ 556,840        | \$ 581,721        | \$ 617,377          | \$ 646,581          | \$ 692,915          | \$ 728,789          | \$ 786,600          | \$ 832,326          |
| Existing Debt Service                             | 333,370             | 332,250             | 333,250           | 333,315           | 332,245           | 332,140             | 331,920             | 332,400             | 331,580             | 333,420             | 331,920             |
| New Debt Service                                  | -                   | -                   | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Capital Improvement Reserve Contribution          | 141,767             | 128,267             | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Capital Replacement Reserve Contribution          | 46,026              | 46,026              | 46,026            | 46,026            | 46,026            | 46,026              | 46,026              | 46,026              | 46,026              | 46,026              | 46,026              |
| Additions Required to Meet Min. Op. Fund Balance  | -                   | -                   | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Total Expenses</b>                             | <b>\$ 1,072,263</b> | <b>\$ 1,013,401</b> | <b>\$ 907,025</b> | <b>\$ 936,181</b> | <b>\$ 959,991</b> | <b>\$ 995,543</b>   | <b>\$ 1,024,527</b> | <b>\$ 1,071,340</b> | <b>\$ 1,106,395</b> | <b>\$ 1,166,046</b> | <b>\$ 1,210,271</b> |
| <b>NET CASH FLOW (DEFICIENCY)</b>                 | <b>\$ (155,956)</b> | <b>\$ (88,581)</b>  | <b>\$ 41,194</b>  | <b>\$ 34,364</b>  | <b>\$ 34,879</b>  | <b>\$ 24,343</b>    | <b>\$ 21,122</b>    | <b>\$ 761</b>       | <b>\$ (7,077)</b>   | <b>\$ (38,156)</b>  | <b>\$ (52,986)</b>  |

| Coverage Test - w/o SDCs                 | 2018              | 2019              | 2020              | 2021              | 2022              | 2023                | 2024                | 2025                | 2026                | 2027                | 2028                |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>ALLOWABLE REVENUES</b>                |                   |                   |                   |                   |                   |                     |                     |                     |                     |                     |                     |
| Rate Revenue                             | \$ 870,958        | \$ 892,673        | \$ 916,621        | \$ 938,917        | \$ 963,202        | \$ 988,181          | \$ 1,013,893        | \$ 1,040,304        | \$ 1,067,453        | \$ 1,095,974        | \$ 1,125,287        |
| Other Revenue                            | 42,871            | 30,871            | 30,871            | 30,871            | 30,871            | 30,871              | 30,871              | 30,871              | 30,871              | 30,871              | 30,871              |
| SDC Revenue                              | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Interest Earnings - All Funds            | 4,684             | 4,488             | 1,836             | 2,649             | 3,580             | 4,705               | 5,945               | 7,376               | 8,866               | 10,539              | 12,212              |
| <b>Total Revenue</b>                     | <b>\$ 918,513</b> | <b>\$ 928,032</b> | <b>\$ 949,328</b> | <b>\$ 972,437</b> | <b>\$ 997,652</b> | <b>\$ 1,023,757</b> | <b>\$ 1,050,709</b> | <b>\$ 1,078,551</b> | <b>\$ 1,107,190</b> | <b>\$ 1,137,384</b> | <b>\$ 1,168,370</b> |
| Coverage w/o SDCs                        | n/a               | n/a               | n/a               | n/a               | n/a               | n/a                 | n/a                 | n/a                 | n/a                 | n/a                 | n/a                 |
| <b>EXPENSES</b>                          |                   |                   |                   |                   |                   |                     |                     |                     |                     |                     |                     |
| Cash Operating Expenses                  | \$ 551,100        | \$ 506,858        | \$ 527,749        | \$ 556,840        | \$ 581,721        | \$ 617,377          | \$ 646,581          | \$ 692,915          | \$ 728,789          | \$ 786,600          | \$ 832,326          |
| Revenue Bond Debt Service                | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Revenue Bond Coverage Requirement at 1.5 | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Total Expenses</b>                    | <b>\$ 551,100</b> | <b>\$ 506,858</b> | <b>\$ 527,749</b> | <b>\$ 556,840</b> | <b>\$ 581,721</b> | <b>\$ 617,377</b>   | <b>\$ 646,581</b>   | <b>\$ 692,915</b>   | <b>\$ 728,789</b>   | <b>\$ 786,600</b>   | <b>\$ 832,326</b>   |
| <b>COVERAGE SURPLUS (DEFICIENCY)</b>     | <b>\$ 367,412</b> | <b>\$ 421,174</b> | <b>\$ 421,579</b> | <b>\$ 415,597</b> | <b>\$ 415,932</b> | <b>\$ 406,380</b>   | <b>\$ 404,128</b>   | <b>\$ 385,636</b>   | <b>\$ 378,402</b>   | <b>\$ 350,784</b>   | <b>\$ 336,044</b>   |

| Maximum Revenue Deficiency                          | 2018              | 2019             | 2020               | 2021               | 2022                | 2023                | 2024                | 2025                | 2026                | 2027                | 2028                |
|---|-------------------|------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Sufficiency Test Driving the Deficiency             | Cash              | Cash             | Cash               | Cash               | Cash                | Cash                | Cash                | Cash                | Cash                | Cash                | Cash                |
| Maximum Revenue Deficiency (Surplus)                | \$ 155,956        | \$ 88,581        | \$ (41,194)        | \$ (34,364)        | \$ (34,879)         | \$ (24,343)         | \$ (21,122)         | \$ (761)            | \$ 7,077            | \$ 38,156           | \$ 52,986           |
| plus: Additional Tax Expense                        | 11,739            | 6,667            | (3,101)            | (2,587)            | (2,625)             | (1,832)             | (1,590)             | (57)                | 533                 | 2,872               | 3,988               |
| less: Incremental Revenue From Prior Rate Increases | -                 | (17,853)         | (37,031)           | (57,469)           | (79,399)            | (102,851)           | (127,915)           | (154,678)           | (183,238)           | (213,816)           | (246,432)           |
| <b>Net Revenue Deficiency (Surplus)</b>             | <b>\$ 167,695</b> | <b>\$ 77,395</b> | <b>\$ (81,326)</b> | <b>\$ (94,419)</b> | <b>\$ (116,903)</b> | <b>\$ (129,025)</b> | <b>\$ (150,627)</b> | <b>\$ (155,497)</b> | <b>\$ (175,628)</b> | <b>\$ (172,789)</b> | <b>\$ (189,457)</b> |

**City of Sisters**  
**Utility Rate Study: Sewer Model**  
 Revenue Requirement Tests

Fiscal Year Ending 6/30:

| Rate Increases   | 2018         | 2019         | 2020         | 2021         | 2022          | 2023          | 2024          | 2025          | 2026          | 2027          | 2028          |
|--|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Rate Revenue @ Existing Rates                                | \$ 870,958   | \$ 892,673   | \$ 916,621   | \$ 938,917   | \$ 963,202    | \$ 988,181    | \$ 1,013,893  | \$ 1,040,304  | \$ 1,067,453  | \$ 1,095,974  | \$ 1,125,287  |
| Revenues from Prior Rate Increases                           | -            | 17,853       | 37,031       | 57,469       | 79,399        | 102,851       | 127,915       | 154,678       | 183,238       | 213,816       | 246,432       |
| Rate Revenue Before Rate Increase (incl. previous increases) | \$ 870,958   | \$ 910,527   | \$ 953,652   | \$ 996,386   | \$ 1,042,600  | \$ 1,091,031  | \$ 1,141,808  | \$ 1,194,982  | \$ 1,250,692  | \$ 1,309,790  | \$ 1,371,718  |
| Required Annual Rate Increase                                | 19.25%       | 8.50%        | -8.53%       | -9.48%       | -11.21%       | -11.83%       | -13.19%       | -13.01%       | -14.04%       | -13.19%       | -13.81%       |
| Number of Months New Rates Will Be In Effect                 | 12 Months    | 12 Months    | 12 Months    | 12 Months    | 12 Months     | 12 Months     | 12 Months     | 12 Months     | 12 Months     | 12 Months     | 12 Months     |
| Info: % Increase to Generate Required Revenue                | 19.25%       | 8.50%        | 0.00%        | 0.00%        | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%         |
| Policy Induced Rate Increases                                | 2.00%        | 2.00%        | 2.00%        | 2.00%        | 2.00%         | 2.00%         | 2.00%         | 2.00%         | 2.00%         | 2.00%         | 2.00%         |
| <b>ANNUAL RATE INCREASE</b>                                  | <b>2.00%</b> | <b>2.00%</b> | <b>2.00%</b> | <b>2.00%</b> | <b>2.00%</b>  | <b>2.00%</b>  | <b>2.00%</b>  | <b>2.00%</b>  | <b>2.00%</b>  | <b>2.00%</b>  | <b>2.00%</b>  |
| <b>CUMULATIVE RATE INCREASE</b>                              | <b>2.00%</b> | <b>4.04%</b> | <b>6.12%</b> | <b>8.24%</b> | <b>10.41%</b> | <b>12.62%</b> | <b>14.87%</b> | <b>17.17%</b> | <b>19.51%</b> | <b>21.90%</b> | <b>24.34%</b> |

| Impacts of Rate Increases                   | 2018                | 2019               | 2020             | 2021              | 2022              | 2023              | 2024              | 2025              | 2026              | 2027              | 2028              |
|---|---------------------|--------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Sufficiency Test Driving the Deficiency     | Cash                | Cash               | Cash             | Cash              | Cash              | Cash              | Cash              | Cash              | Cash              | Cash              | Cash              |
| Rate Revenues After Rate Increase           | \$ 888,377          | \$ 928,737         | \$ 972,726       | \$ 1,016,314      | \$ 1,063,452      | \$ 1,112,852      | \$ 1,164,644      | \$ 1,218,882      | \$ 1,275,705      | \$ 1,335,986      | \$ 1,399,153      |
| Full Year Rate Revenues After Rate Increase | \$ 888,377          | \$ 928,737         | \$ 972,726       | \$ 1,016,314      | \$ 1,063,452      | \$ 1,112,852      | \$ 1,164,644      | \$ 1,218,882      | \$ 1,275,705      | \$ 1,335,986      | \$ 1,399,153      |
| Partial Year Adjustment                     | \$ -                | \$ -               | \$ -             | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| Additional Taxes Due to Rate Increases      | 1,219               | 2,524              | 3,927            | 5,418             | 7,018             | 8,727             | 10,553            | 12,500            | 14,578            | 16,801            | 19,171            |
| <b>Net Cash Flow After Rate Increase</b>    | <b>\$ (139,757)</b> | <b>\$ (55,041)</b> | <b>\$ 93,371</b> | <b>\$ 106,343</b> | <b>\$ 128,113</b> | <b>\$ 140,287</b> | <b>\$ 161,321</b> | <b>\$ 166,839</b> | <b>\$ 186,597</b> | <b>\$ 185,055</b> | <b>\$ 201,709</b> |
| Coverage After Rate Increase: w/ SDCs       | n/a                 | n/a                | n/a              | n/a               | n/a               | n/a               | n/a               | n/a               | n/a               | n/a               | n/a               |
| Coverage After Rate Increase: w/o SDCs      | n/a                 | n/a                | n/a              | n/a               | n/a               | n/a               | n/a               | n/a               | n/a               | n/a               | n/a               |

| Fund Balance Impacts   | 2018              | 2019              | 2020              | 2021              | 2022              | 2023              | 2024                | 2025                | 2026                | 2027                | 2028                |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Ending Fund Balance: Operating Reserve - Part Of Sewer Fund</b>           | <b>\$ 148,381</b> | <b>\$ 84,476</b>  | <b>\$ 87,958</b>  | <b>\$ 92,807</b>  | <b>\$ 96,953</b>  | <b>\$ 102,896</b> | <b>\$ 107,764</b>   | <b>\$ 115,486</b>   | <b>\$ 121,465</b>   | <b>\$ 131,100</b>   | <b>\$ 138,721</b>   |
| Minimum Target: Operating Reserve - Part Of Sewer Fund                       | \$ 91,850         | \$ 84,476         | \$ 87,958         | \$ 92,807         | \$ 96,953         | \$ 102,896        | \$ 107,764          | \$ 115,486          | \$ 121,465          | \$ 131,100          | \$ 138,721          |
| <b>Ending Fund Balance: Capital Improvement Reserve - Part Of Sewer Fund</b> | <b>\$ 373,506</b> | <b>\$ 129,049</b> | <b>\$ 220,048</b> | <b>\$ 323,435</b> | <b>\$ 450,182</b> | <b>\$ 588,398</b> | <b>\$ 749,911</b>   | <b>\$ 915,477</b>   | <b>\$ 1,103,968</b> | <b>\$ 1,288,883</b> | <b>\$ 1,494,055</b> |
| Minimum Target: Capital Improvement Reserve - Part Of Sewer Fund             | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| <b>Ending Fund Balance: Capital Replacement Reserve - Part Of Sewer Fund</b> | <b>\$ 738,195</b> | <b>\$ 790,569</b> | <b>\$ 828,394</b> | <b>\$ 880,743</b> | <b>\$ 914,344</b> | <b>\$ 941,833</b> | <b>\$ 990,958</b>   | <b>\$ 1,017,006</b> | <b>\$ 1,056,778</b> | <b>\$ 1,111,892</b> | <b>\$ 1,167,480</b> |
| Minimum Target: Capital Replacement Reserve - Part Of Sewer Fund             | \$ 732,293        | \$ 778,319        | \$ 809,344        | \$ 854,570        | \$ 880,596        | \$ 900,222        | \$ 941,247          | \$ 958,773          | \$ 989,799          | \$ 1,035,825        | \$ 1,081,850        |
| <b>Ending Fund Balance: Improvement SDC Fund</b>                             | <b>\$ 590,471</b> | <b>\$ 602,349</b> | <b>\$ 308,017</b> | <b>\$ 505,537</b> | <b>\$ 605,133</b> | <b>\$ 828,353</b> | <b>\$ 1,059,418</b> | <b>\$ 1,298,557</b> | <b>\$ 1,546,004</b> | <b>\$ 1,807,246</b> | <b>\$ 2,077,619</b> |
| Minimum Target: Improvement SDC Fund   | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| <b>Ending Fund Balance: Reimbursement SDC Fund</b>                           | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         |
| Minimum Target: Reimbursement SDC Fund                                       | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |

**City of Sisters**  
**Utility Rate Study: Sewer Model**  
*Fund Activity*

Fiscal Year Ending 6/30:

| Funds  | 2018              | 2019              | 2020              | 2021              | 2022              | 2023              | 2024              | 2025                | 2026                | 2027                | 2028                |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Operating Reserve - Part of Sewer Fund</b>            |                   |                   |                   |                   |                   |                   |                   |                     |                     |                     |                     |
| Beginning Balance  | \$ 288,138        | \$ 148,381        | \$ 84,476         | \$ 87,958         | \$ 92,807         | \$ 96,953         | \$ 102,896        | \$ 107,764          | \$ 115,486          | \$ 121,465          | \$ 131,100          |
| plus: Net Cash Flow after Rate Increase                  | (139,757)         | (55,041)          | 93,371            | 106,343           | 128,113           | 140,287           | 161,321           | 166,839             | 186,597             | 185,055             | 201,709             |
| less: Transfer to Capital Replacement Reserve            | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   |
| less: Transfer of Surplus to Capital Improvement Reserve | -                 | (8,864)           | (89,889)          | (101,494)         | (123,966)         | (134,344)         | (156,453)         | (159,116)           | (180,618)           | (175,420)           | (194,088)           |
| <b>Ending Balance</b>                                    | <b>\$ 148,381</b> | <b>\$ 84,476</b>  | <b>\$ 87,958</b>  | <b>\$ 92,807</b>  | <b>\$ 96,953</b>  | <b>\$ 102,896</b> | <b>\$ 107,764</b> | <b>\$ 115,486</b>   | <b>\$ 121,465</b>   | <b>\$ 131,100</b>   | <b>\$ 138,721</b>   |
| <i>Minimum Target Balance</i>                            | \$ 91,850         | \$ 84,476         | \$ 87,958         | \$ 92,807         | \$ 96,953         | \$ 102,896        | \$ 107,764        | \$ 115,486          | \$ 121,465          | \$ 131,100          | \$ 138,721          |
| <i>Maximum Funds to be Kept as Operating Reserves</i>    | \$ 91,850         | \$ 84,476         | \$ 87,958         | \$ 92,807         | \$ 96,953         | \$ 102,896        | \$ 107,764        | \$ 115,486          | \$ 121,465          | \$ 131,100          | \$ 138,721          |
| <i>Info: # of Months of Cash Operating Expenses</i>      | 3 Months          | 2 Months          | 2 Months          | 2 Months          | 2 Months          | 2 Months          | 2 Months          | 2 Months            | 2 Months            | 2 Months            | 2 Months            |
| <b>Capital Improvement Reserve - Part of Sewer Fund</b>  |                   |                   |                   |                   |                   |                   |                   |                     |                     |                     |                     |
| Beginning Balance  | \$ 256,533        | \$ 373,506        | \$ 129,049        | \$ 220,048        | \$ 323,435        | \$ 450,182        | \$ 588,398        | \$ 749,911          | \$ 915,477          | \$ 1,103,968        | \$ 1,288,883        |
| plus: Capital Improvement Reserve Contribution           | 141,767           | 128,267           | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   |
| plus: Transfers from Operating Fund                      | -                 | 8,864             | 89,889            | 101,494           | 123,966           | 134,344           | 156,453           | 159,116             | 180,618             | 175,420             | 194,088             |
| plus: Capital Grants / Contributions                     | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   |
| plus: Revenue Bond Proceeds                              | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   |
| plus: Other Bond Proceeds                                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   |
| plus: DWSRF Loan Proceeds                                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   |
| plus: Other Loan Proceeds                                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   |
| plus: Interest Earnings                                  | 2,206             | 3,212             | 1,110             | 1,892             | 2,782             | 3,872             | 5,060             | 6,449               | 7,873               | 9,494               | 11,084              |
| Total Funding Sources                                    | \$ 400,506        | \$ 513,849        | \$ 220,048        | \$ 323,435        | \$ 450,182        | \$ 588,398        | \$ 749,911        | \$ 915,477          | \$ 1,103,968        | \$ 1,288,883        | \$ 1,494,055        |
| less: Capital Expenditures Not Funded With SDC Monies    | (27,000)          | (384,800)         | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   |
| <b>Ending Capital Fund Balance</b>                       | <b>\$ 373,506</b> | <b>\$ 129,049</b> | <b>\$ 220,048</b> | <b>\$ 323,435</b> | <b>\$ 450,182</b> | <b>\$ 588,398</b> | <b>\$ 749,911</b> | <b>\$ 915,477</b>   | <b>\$ 1,103,968</b> | <b>\$ 1,288,883</b> | <b>\$ 1,494,055</b> |
| <i>Minimum Target Balance</i>                            | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -                | \$ -                | \$ -                | \$ -                |
| <b>Capital Replacement Reserve - Part of Sewer Fund</b>  |                   |                   |                   |                   |                   |                   |                   |                     |                     |                     |                     |
| Beginning Balance  | \$ 686,267        | \$ 738,195        | \$ 790,569        | \$ 828,394        | \$ 880,743        | \$ 914,344        | \$ 941,833        | \$ 990,958          | \$ 1,017,006        | \$ 1,056,778        | \$ 1,111,892        |
| plus: Transfers from Operating Fund                      | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   |
| plus: Capital Replacement Reserve Contribution           | 46,026            | 46,026            | 46,026            | 46,026            | 46,026            | 46,026            | 46,026            | 46,026              | 46,026              | 46,026              | 46,026              |
| plus: Interest Earnings                                  | 5,902             | 6,348             | 6,799             | 7,124             | 7,574             | 7,863             | 8,100             | 8,522               | 8,746               | 9,088               | 9,562               |
| Total Funding Sources                                    | \$ 738,195        | \$ 790,569        | \$ 843,394        | \$ 881,543        | \$ 934,344        | \$ 968,233        | \$ 995,958        | \$ 1,045,506        | \$ 1,071,778        | \$ 1,111,892        | \$ 1,167,480        |
| less: Capital Expenditures Not Funded With SDC Monies    | -                 | -                 | (15,000)          | (800)             | (20,000)          | (26,400)          | (5,000)           | (28,500)            | (15,000)            | -                   | -                   |
| <b>Ending Capital Fund Balance</b>                       | <b>\$ 738,195</b> | <b>\$ 790,569</b> | <b>\$ 828,394</b> | <b>\$ 880,743</b> | <b>\$ 914,344</b> | <b>\$ 941,833</b> | <b>\$ 990,958</b> | <b>\$ 1,017,006</b> | <b>\$ 1,056,778</b> | <b>\$ 1,111,892</b> | <b>\$ 1,167,480</b> |
| <i>Minimum Target Balance</i>                            | \$ 732,293        | \$ 778,319        | \$ 809,344        | \$ 854,570        | \$ 880,596        | \$ 900,222        | \$ 941,247        | \$ 958,773          | \$ 989,799          | \$ 1,035,825        | \$ 1,081,850        |

**City of Sisters**  
**Utility Rate Study: Sewer Model**  
*Fund Activity*

Fiscal Year Ending 6/30:

| Funds   | 2018                | 2019                | 2020                | 2021                | 2022                | 2023                | 2024                | 2025                | 2026                | 2027                | 2028                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Improvement SDC Fund</b>                         |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Beginning Balance                                   | \$ 972,111          | \$ 590,471          | \$ 602,349          | \$ 308,017          | \$ 505,537          | \$ 605,133          | \$ 828,353          | \$ 1,059,418        | \$ 1,298,557        | \$ 1,546,004        | \$ 1,807,246        |
| plus: Improvement Fee SDC Revenue Toward Capital    | 190,000             | 190,000             | 209,487             | 194,872             | 212,248             | 218,016             | 223,942             | 230,028             | 236,280             | 247,946             | 254,831             |
| plus: Interest Earnings                             | 8,360               | 5,078               | 5,180               | 2,649               | 4,348               | 5,204               | 7,124               | 9,111               | 11,168              | 13,296              | 15,542              |
| <b>Total Funding Sources</b>                        | <b>\$ 1,170,471</b> | <b>\$ 785,549</b>   | <b>\$ 817,017</b>   | <b>\$ 505,537</b>   | <b>\$ 722,133</b>   | <b>\$ 828,353</b>   | <b>\$ 1,059,418</b> | <b>\$ 1,298,557</b> | <b>\$ 1,546,004</b> | <b>\$ 1,807,246</b> | <b>\$ 2,077,619</b> |
| Reference: Capacity Increasing Capital Expenditures | \$ 580,000          | \$ 183,200          | \$ 509,000          | \$ -                | \$ 117,000          | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| less: Use of Funds for Capital Expenditures         | (580,000)           | (183,200)           | (509,000)           | -                   | (117,000)           | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Ending Capital Fund Balance</b>                  | <b>\$ 590,471</b>   | <b>\$ 602,349</b>   | <b>\$ 308,017</b>   | <b>\$ 505,537</b>   | <b>\$ 605,133</b>   | <b>\$ 828,353</b>   | <b>\$ 1,059,418</b> | <b>\$ 1,298,557</b> | <b>\$ 1,546,004</b> | <b>\$ 1,807,246</b> | <b>\$ 2,077,619</b> |
| <b>Reimbursement SDC Fund</b>                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Beginning Balance                                   | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| plus: Reimbursement Fee SDC Revenue Toward Capital  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| plus: Interest Earnings                             | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Total Funding Sources</b>                        | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         |
| Reference: Capacity Increasing Capital Expenditures | \$ 27,000           | \$ 384,800          | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| less: Use of Funds for Capital Expenditures         | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Ending Capital Fund Balance</b>                  | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         |
| <b>Debt Reserve Fund</b>                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Beginning Balance                                   | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| plus: Reserve Funding from New Debt                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| less: Use of Reserves for Debt Service              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Ending Balance</b>                               | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         |
| <i>Minimum Target Balance</i>                       | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         | <i>\$ -</i>         |
| <b>SUMMARY</b>                                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Combined Beginning Balance                          | \$ 2,203,049        | \$ 1,850,553        | \$ 1,606,444        | \$ 1,444,416        | \$ 1,802,522        | \$ 2,066,612        | \$ 2,461,480        | \$ 2,908,051        | \$ 3,346,526        | \$ 3,828,216        | \$ 4,339,121        |
| Plus: Inflows                                       | 254,504             | 332,754             | 451,862             | 460,400             | 525,055             | 555,612             | 608,025             | 626,091             | 677,308             | 686,326             | 732,843             |
| Less: Outflows                                      | (607,000)           | (576,864)           | (613,889)           | (102,294)           | (260,966)           | (160,744)           | (161,453)           | (187,616)           | (195,618)           | (175,420)           | (194,088)           |
| <b>Combined Ending Balance</b>                      | <b>\$ 1,850,553</b> | <b>\$ 1,606,444</b> | <b>\$ 1,444,416</b> | <b>\$ 1,802,522</b> | <b>\$ 2,066,612</b> | <b>\$ 2,461,480</b> | <b>\$ 2,908,051</b> | <b>\$ 3,346,526</b> | <b>\$ 3,828,216</b> | <b>\$ 4,339,121</b> | <b>\$ 4,877,876</b> |
| <b>Net Change in Reserves</b>                       | <b>\$ (352,496)</b> | <b>\$ (244,110)</b> | <b>\$ (162,027)</b> | <b>\$ 358,106</b>   | <b>\$ 264,090</b>   | <b>\$ 394,868</b>   | <b>\$ 446,572</b>   | <b>\$ 438,475</b>   | <b>\$ 481,690</b>   | <b>\$ 510,905</b>   | <b>\$ 538,755</b>   |

**City of Sisters**  
**Utility Rate Study: Sewer Model**  
**Customer Statistics Forecast**

| Growth Assumptions    | 2016 Price Out Stats | 2016   | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  | 2026  | 2027  | 2028  |
|-----------------------|----------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Annual Account Growth |                      | -2.96% | 2.73% | 2.70% | 2.63% | 2.83% | 2.56% | 2.72% | 2.72% | 2.72% | 2.72% | 2.72% | 2.78% | 2.78% |

| Consumption by Account | 2016 Price Out Stats | 2016 | 2017          | 2018          | 2019          | 2020          | 2021          | 2022          | 2023          | 2024           | 2025           | 2026           | 2027           | 2028           |
|------------------------|----------------------|------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Account                | Month                |      |               |               |               |               |               |               |               |                |                |                |                |                |
| 01-5169                | July                 | 1    | 158           | 153           | 158           | 162           | 166           | 171           | 175           | 180            | 185            | 190            | 195            | 200            |
| 04-6332                | June                 | 12   | 221           | 214           | 220           | 226           | 232           | 239           | 245           | 252            | 258            | 265            | 273            | 280            |
| <b>Total Accounts</b>  |                      |      | <b>90,082</b> | <b>87,412</b> | <b>89,797</b> | <b>92,226</b> | <b>94,654</b> | <b>97,332</b> | <b>99,823</b> | <b>102,536</b> | <b>105,323</b> | <b>108,185</b> | <b>111,125</b> | <b>114,146</b> |
| <b>Customer Growth</b> |                      |      | <b>-2.96%</b> | <b>2.73%</b>  | <b>2.70%</b>  | <b>2.63%</b>  | <b>2.83%</b>  | <b>2.56%</b>  | <b>2.72%</b>  | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.78%</b>   | <b>2.78%</b>   |

| EDUs by Account        | 2016 Price Out Stats                      | 2016       | 2017          | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         | 2025         | 2026         | 2027         | 2028         |
|------------------------|---|------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Adjustment Category    |   |            |               |              |              |              |              |              |              |              |              |              |              |              |
| EDU Calculation        |   | 5.01 ccf   | 5.01 ccf      | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     |
| Beginning Month        |   | January    | January       | January      | January      | January      | January      | January      | January      | January      | January      | January      | January      | January      |
| Ending Month           |   | March      | March         | March        | March        | March        | March        | March        | March        | March        | March        | March        | March        | March        |
| Months in Analysis     |   | 3          | 3             | 3            | 3            | 3            | 3            | 3            | 3            | 3            | 3            | 3            | 3            | 3            |
| Account                | *Add months and difference between months |            |               |              |              |              |              |              |              |              |              |              |              |              |
| 01-5169                |   | 8.31       | 8.06          | 8.28         | 8.51         | 8.73         | 8.98         | 9.21         | 9.46         | 9.72         | 9.98         | 10.25        | 10.53        | 10.82        |
| 04-6332                |   | 2.86       | 2.77          | 2.85         | 2.93         | 3.00         | 3.09         | 3.17         | 3.25         | 3.34         | 3.43         | 3.53         | 3.62         | 3.72         |
| <b>Total Accounts</b>  |   | <b>669</b> | <b>652</b>    | <b>667</b>   | <b>682</b>   | <b>698</b>   | <b>715</b>   | <b>730</b>   | <b>748</b>   | <b>765</b>   | <b>784</b>   | <b>803</b>   | <b>822</b>   | <b>842</b>   |
| <b>Customer Growth</b> |   |            | <b>-2.50%</b> | <b>2.29%</b> | <b>2.30%</b> | <b>2.25%</b> | <b>2.43%</b> | <b>2.21%</b> | <b>2.36%</b> | <b>2.38%</b> | <b>2.40%</b> | <b>2.41%</b> | <b>2.42%</b> | <b>2.49%</b> |

| Future EDUs                                 | 2016 Price Out Stats | 2016         | 2017          | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         | 2025         | 2026         | 2027         | 2028         |
|---|----------------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Variable Rate Consumption - After Allowance |                      |              |               |              |              |              |              |              |              |              |              |              |              |              |
| Commercial                                  |                      | 669          | 652           | 667          | 682          | 698          | 715          | 730          | 748          | 765          | 784          | 803          | 822          | 842          |
| Non-Commercial                              |                      | 1,137        | 1,103         | 1,133        | 1,164        | 1,195        | 1,229        | 1,260        | 1,294        | 1,329        | 1,365        | 1,403        | 1,441        | 1,481        |
| Low Income                                  |                      | 19           | 18            | 19           | 19           | 20           | 21           | 21           | 22           | 22           | 23           | 23           | 24           | 25           |
| <b>Total Consumption After Allowance</b>    |                      | <b>1,825</b> | <b>1,774</b>  | <b>1,819</b> | <b>1,866</b> | <b>1,912</b> | <b>1,964</b> | <b>2,011</b> | <b>2,063</b> | <b>2,117</b> | <b>2,172</b> | <b>2,229</b> | <b>2,287</b> | <b>2,348</b> |
| <b>Customer Growth</b>                      |                      |              | <b>-2.79%</b> | <b>2.57%</b> | <b>2.56%</b> | <b>2.49%</b> | <b>2.68%</b> | <b>2.43%</b> | <b>2.59%</b> | <b>2.59%</b> | <b>2.60%</b> | <b>2.61%</b> | <b>2.61%</b> | <b>2.67%</b> |

| Rate Schedule                    | 2016 Price Out Stats | 2016    | 2017        | 2018        | 2019        | 2020        | 2021        | 2022        | 2023        | 2024        | 2025        | 2026        | 2027        | 2028        |
|----------------------------------|----------------------|---------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Discount & Low Income Multiplier |                      | 76%     |             |             |             |             |             |             |             |             |             |             |             |             |
| Volume Rate Schedule             |                      |         |             |             |             |             |             |             |             |             |             |             |             |             |
| Regular                          |                      | \$39.00 | \$39.00     | \$39.00     | \$39.00     | \$39.00     | \$39.00     | \$39.00     | \$39.00     | \$39.00     | \$39.00     | \$39.00     | \$39.00     | \$39.00     |
| Low Income                       |                      | \$29.50 | \$29.50     | \$29.50     | \$29.50     | \$29.50     | \$29.50     | \$29.50     | \$29.50     | \$29.50     | \$29.50     | \$29.50     | \$29.50     | \$29.50     |
| <b>Percent Increase</b>          |                      |         | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> | <b>0.0%</b> |

| Future Revenues        | 2016 Price Out Stats | 2016              | 2017              | 2018              | 2019              | 2020              | 2021              | 2022              | 2023              | 2024              | 2025                | 2026                | 2027                | 2028                |
|------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Volume Revenues        |                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                     |                     |                     |                     |
| Customer Category      |                      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                     |                     |                     |                     |
| Commercial             |                      | \$ 312,952        | \$ 305,120        | \$ 312,117        | \$ 319,291        | \$ 326,479        | \$ 334,410        | \$ 341,806        | \$ 349,862        | \$ 358,172        | \$ 366,761          | \$ 375,584          | \$ 384,668          | \$ 394,231          |
| Non-Commercial         |                      | 532,116           | 516,346           | 530,434           | 544,780           | 559,126           | 574,944           | 589,658           | 605,684           | 622,145           | 639,054             | 656,422             | 674,262             | 692,984             |
| Low Income             |                      | 6,726             | 6,527             | 6,705             | 6,886             | 7,067             | 7,267             | 7,453             | 7,656             | 7,864             | 8,078               | 8,297               | 8,523               | 8,759               |
| <b>Total</b>           |                      | <b>\$ 851,794</b> | <b>\$ 827,993</b> | <b>\$ 849,256</b> | <b>\$ 870,958</b> | <b>\$ 892,673</b> | <b>\$ 916,621</b> | <b>\$ 938,917</b> | <b>\$ 963,202</b> | <b>\$ 988,181</b> | <b>\$ 1,013,893</b> | <b>\$ 1,040,304</b> | <b>\$ 1,067,453</b> | <b>\$ 1,095,974</b> |
| <b>Customer Growth</b> |                      |                   | <b>-2.8%</b>      | <b>2.6%</b>       | <b>2.6%</b>       | <b>2.5%</b>       | <b>2.7%</b>       | <b>2.4%</b>       | <b>2.6%</b>       | <b>2.6%</b>       | <b>2.6%</b>         | <b>2.6%</b>         | <b>2.7%</b>         | <b>2.7%</b>         |

| Fixed/Variable                         | 2016 Price Out Stats | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025   | 2026   | 2027   | 2028   |
|--|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Commercial Revenue as a % of Total     |                      | 36.74% | 36.85% | 36.75% | 36.66% | 36.57% | 36.48% | 36.32% | 36.25% | 36.17% | 36.10% | 36.04% | 35.97% | 35.91% |
| Non-Commercial Revenue as a % of Total |                      | 63.26% | 63.15% | 63.25% | 63.34% | 63.43% | 63.52% | 63.68% | 63.75% | 63.83% | 63.90% | 63.96% | 64.03% | 64.09% |

| Customer Class     | Reported - Billing System | Reported - Finance | Calculated | % Diff from Billing | % Diff from Finance |
|--------------------|---------------------------|--------------------|------------|---------------------|---------------------|
| Total Rate Revenue | \$824,033                 | \$827,993          | \$851,794  | -3.26%              | -2.79%              |

**City of Sisters**  
**Utility Rate Study: Sewer Model**  
**Rate Design**

| Growth Assumptions    | 2016 Price Out Stats | 2016   | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  | 2025  | 2026  | 2027  | 2028  |
|-----------------------|----------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Annual Account Growth |                      | -2.96% | 2.73% | 2.70% | 2.63% | 2.83% | 2.56% | 2.72% | 2.72% | 2.72% | 2.72% | 2.72% | 2.78% | 2.78% |

| Consumption by Account | 2016 Price Out Stats | 2016 | 2017          | 2018          | 2019          | 2020          | 2021          | 2022          | 2023          | 2024           | 2025           | 2026           | 2027           | 2028           |
|------------------------|----------------------|------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Account                | Month                |      |               |               |               |               |               |               |               |                |                |                |                |                |
| 01-5169                | July                 | 1    | 158           | 153           | 158           | 162           | 166           | 171           | 175           | 180            | 185            | 190            | 195            | 200            |
| 04-6332                | June                 | 12   | 221           | 214           | 220           | 226           | 232           | 239           | 245           | 252            | 258            | 265            | 273            | 280            |
| <b>Total Accounts</b>  |                      |      | <b>90,082</b> | <b>87,412</b> | <b>89,797</b> | <b>92,226</b> | <b>94,654</b> | <b>97,332</b> | <b>99,823</b> | <b>102,536</b> | <b>105,323</b> | <b>108,185</b> | <b>111,125</b> | <b>114,146</b> |
| <b>Customer Growth</b> |                      |      | <b>-2.96%</b> | <b>2.73%</b>  | <b>2.70%</b>  | <b>2.63%</b>  | <b>2.83%</b>  | <b>2.56%</b>  | <b>2.72%</b>  | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.72%</b>   | <b>2.78%</b>   | <b>2.78%</b>   |

| EDUs by Account - 7 Month | 2016 Price Out Stats                      | 2016          | 2017         | 2018          | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         | 2025         | 2026         | 2027         | 2028         |
|---------------------------|---|---------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Adjustment Category       |   |               |              |               |              |              |              |              |              |              |              |              |              |              |
| EDU Calculation           | 5.01 ccf                                  | 5.01 ccf      | 5.01 ccf     | 5.01 ccf      | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     | 5.01 ccf     |
| Beginning Month           | January                                   | January       | January      | October       | October      | October      | October      | October      | October      | October      | October      | October      | October      | October      |
| Ending Month              | March                                     | March         | March        | April         | April        | April        | April        | April        | April        | April        | April        | April        | April        | April        |
| Months in Analysis        | 3   | 3             | 3            | 7             | 7            | 7            | 7            | 7            | 7            | 7            | 7            | 7            | 7            | 7            |
| Account                   | *Add months and difference between months |               |              |               |              |              |              |              |              |              |              |              |              |              |
| 01-5169                   | 8.31                                      | 8.06          | 8.28         | 12.14         | 12.46        | 12.81        | 13.14        | 13.49        | 13.86        | 14.24        | 14.62        | 15.02        | 15.44        | 15.87        |
| 04-6332                   | 2.86                                      | 2.77          | 2.85         | 9.71          | 9.97         | 10.25        | 10.52        | 10.80        | 11.09        | 11.40        | 11.71        | 12.02        | 12.36        | 12.70        |
| <b>Total Accounts</b>     | <b>669</b>                                | <b>652</b>    | <b>667</b>   | <b>880</b>    | <b>902</b>   | <b>925</b>   | <b>948</b>   | <b>972</b>   | <b>997</b>   | <b>1,022</b> | <b>1,048</b> | <b>1,075</b> | <b>1,104</b> | <b>1,133</b> |
| <b>Customer Growth</b>    |   | <b>-2.50%</b> | <b>2.29%</b> | <b>31.97%</b> | <b>2.45%</b> | <b>2.64%</b> | <b>2.39%</b> | <b>2.55%</b> | <b>2.56%</b> | <b>2.56%</b> | <b>2.57%</b> | <b>2.57%</b> | <b>2.63%</b> | <b>2.64%</b> |

| EDU Reduction (Direct Customer Stats) | 7-Mo EDU      | 5-Mo EDU     | EDU Reduction |
|---------------------------------------|---------------|--------------|---------------|
| <b>Total EDUs</b>                     | <b>158.71</b> | <b>59.68</b> | <b>99.03</b>  |

| Future EDUs                                 | 2016 Price Out Stats | 2016          | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         | 2025         | 2026         | 2027         | 2028         |
|---|----------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Variable Rate Consumption - After Allowance |                      |               |              |              |              |              |              |              |              |              |              |              |              |              |
| Commercial                                  | 669                  | 652           | 667          | 781          | 800          | 821          | 841          | 862          | 884          | 907          | 930          | 954          | 979          | 1,005        |
| Non-Commercial                              | 1,137                | 1,103         | 1,133        | 1,164        | 1,195        | 1,229        | 1,260        | 1,294        | 1,329        | 1,365        | 1,403        | 1,441        | 1,481        | 1,522        |
| Low Income                                  | 19                   | 18            | 19           | 19           | 20           | 21           | 21           | 22           | 22           | 23           | 23           | 24           | 25           | 25           |
| <b>Total Consumption After Allowance</b>    | <b>1,825</b>         | <b>1,774</b>  | <b>1,819</b> | <b>1,965</b> | <b>2,015</b> | <b>2,070</b> | <b>2,122</b> | <b>2,178</b> | <b>2,236</b> | <b>2,295</b> | <b>2,356</b> | <b>2,419</b> | <b>2,485</b> | <b>2,553</b> |
| <b>Customer Growth</b>                      |                      | <b>-2.79%</b> | <b>2.57%</b> | <b>7.99%</b> | <b>2.56%</b> | <b>2.75%</b> | <b>2.49%</b> | <b>2.65%</b> | <b>2.65%</b> | <b>2.66%</b> | <b>2.66%</b> | <b>2.66%</b> | <b>2.72%</b> | <b>2.72%</b> |

| Rate Schedule                            | 2016 Price Out Stats | 2016    | 2017        | 2018         | 2019        | 2020        | 2021        | 2022        | 2023        | 2024        | 2025        | 2026        | 2027        | 2028        |
|--|----------------------|---------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Discount & Low Income Multiplier         | 76%                  |         |             |              |             |             |             |             |             |             |             |             |             |             |
| Annual Rate Revenue Requirement Increase |                      |         |             | 2.00%        | 2.00%       | 2.00%       | 2.00%       | 2.00%       | 2.00%       | 2.00%       | 2.00%       | 2.00%       | 2.00%       | 2.00%       |
| Volume Rate Schedule                     |                      |         |             | *Equation    |             |             |             |             |             |             |             |             |             |             |
| Regular                                  | \$39.00              | \$39.00 | \$39.00     | \$37.77      | \$38.50     | \$39.25     | \$40.01     | \$40.78     | \$41.58     | \$42.38     | \$43.21     | \$44.05     | \$44.91     | \$45.79     |
| Low Income                               | \$29.50              | \$29.50 | \$29.50     | \$28.57      | \$29.13     | \$29.69     | \$30.26     | \$30.85     | \$31.45     | \$32.06     | \$32.68     | \$33.32     | \$33.97     | \$34.64     |
| <b>Percent Increase</b>                  |                      |         | <b>0.0%</b> | <b>-3.1%</b> | <b>1.9%</b> | <b>1.9%</b> | <b>1.9%</b> | <b>1.9%</b> | <b>1.9%</b> | <b>1.9%</b> | <b>1.9%</b> | <b>1.9%</b> | <b>2.0%</b> | <b>2.0%</b> |

| Future Revenues        | 2016 Price Out Stats | 2016              | 2017              | 2018              | 2019              | 2020              | 2021                | 2022                | 2023                | 2024                | 2025                | 2026                | 2027                | 2028                |
|------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Volume Revenues        |                      |                   |                   |                   |                   |                   |                     |                     |                     |                     |                     |                     |                     |                     |
| Customer Category      |                      |                   |                   |                   |                   |                   |                     |                     |                     |                     |                     |                     |                     |                     |
| Commercial             | \$ 312,952           | \$ 305,120        | \$ 312,117        | \$ 354,055        | \$ 369,733        | \$ 386,808        | \$ 403,743          | \$ 422,047          | \$ 441,238          | \$ 461,351          | \$ 482,411          | \$ 504,470          | \$ 527,858          | \$ 552,357          |
| Non-Commercial         | 532,116              | 516,346           | 530,434           | 527,652           | 552,026           | 578,604           | 604,925             | 633,399             | 663,230             | 694,514             | 727,277             | 761,609             | 798,041             | 836,226             |
| Low Income             | 6,726                | 6,527             | 6,705             | 6,670             | 6,978             | 7,314             | 7,646               | 8,006               | 8,383               | 8,779               | 9,193               | 9,627               | 10,087              | 10,570              |
| <b>Total</b>           | <b>\$ 851,794</b>    | <b>\$ 827,993</b> | <b>\$ 849,256</b> | <b>\$ 888,377</b> | <b>\$ 928,737</b> | <b>\$ 972,726</b> | <b>\$ 1,016,314</b> | <b>\$ 1,063,452</b> | <b>\$ 1,112,852</b> | <b>\$ 1,164,644</b> | <b>\$ 1,218,882</b> | <b>\$ 1,275,705</b> | <b>\$ 1,335,986</b> | <b>\$ 1,399,153</b> |
| <b>Customer Growth</b> |                      | <b>-2.8%</b>      | <b>2.6%</b>       | <b>4.6%</b>       | <b>4.5%</b>       | <b>4.7%</b>       | <b>4.5%</b>         | <b>4.6%</b>         | <b>4.6%</b>         | <b>4.7%</b>         | <b>4.7%</b>         | <b>4.7%</b>         | <b>4.7%</b>         | <b>4.7%</b>         |
| <b>TOTAL IN MODEL</b>  |                      |                   |                   | <b>\$ 888,377</b> | <b>\$ 928,737</b> | <b>\$ 972,726</b> | <b>\$ 1,016,314</b> | <b>\$ 1,063,452</b> | <b>\$ 1,112,852</b> | <b>\$ 1,164,644</b> | <b>\$ 1,218,882</b> | <b>\$ 1,275,705</b> | <b>\$ 1,335,986</b> | <b>\$ 1,399,153</b> |
|                        |                      |                   |                   | <b>OK</b>         | <b>OK</b>         | <b>OK</b>         | <b>OK</b>           | <b>OK</b>           | <b>OK</b>           | <b>OK</b>           | <b>OK</b>           | <b>OK</b>           | <b>OK</b>           | <b>OK</b>           |

| Fixed/Variable                         | 2016 Price Out Stats | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025   | 2026   | 2027   | 2028   |
|--|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Commercial Revenue as a % of Total     | 36.74%               | 36.85% | 36.75% | 39.85% | 39.81% | 39.77% | 39.73% | 39.69% | 39.65% | 39.61% | 39.58% | 39.54% | 39.51% | 39.48% |
| Non-Commercial Revenue as a % of Total | 63.26%               | 63.15% | 63.25% | 60.15% | 60.19% | 60.23% | 60.27% | 60.31% | 60.35% | 60.39% | 60.42% | 60.46% | 60.49% | 60.52% |

|  | Current (3 Month EDU) | 5 Month EDU | 7 Month EDU | 9 Month EDU |
|--|-----------------------|-------------|-------------|-------------|
| Commercial Revenue as a % of Total     | 36.66%                | 39.85%      | 42.75%      | 49.41%      |
| Non-Commercial Revenue as a % of Total | 63.34%                | 60.15%      | 57.25%      | 50.59%      |