

Carson City, Nevada



Water Rate Study Summary



New Rate Structure Goals

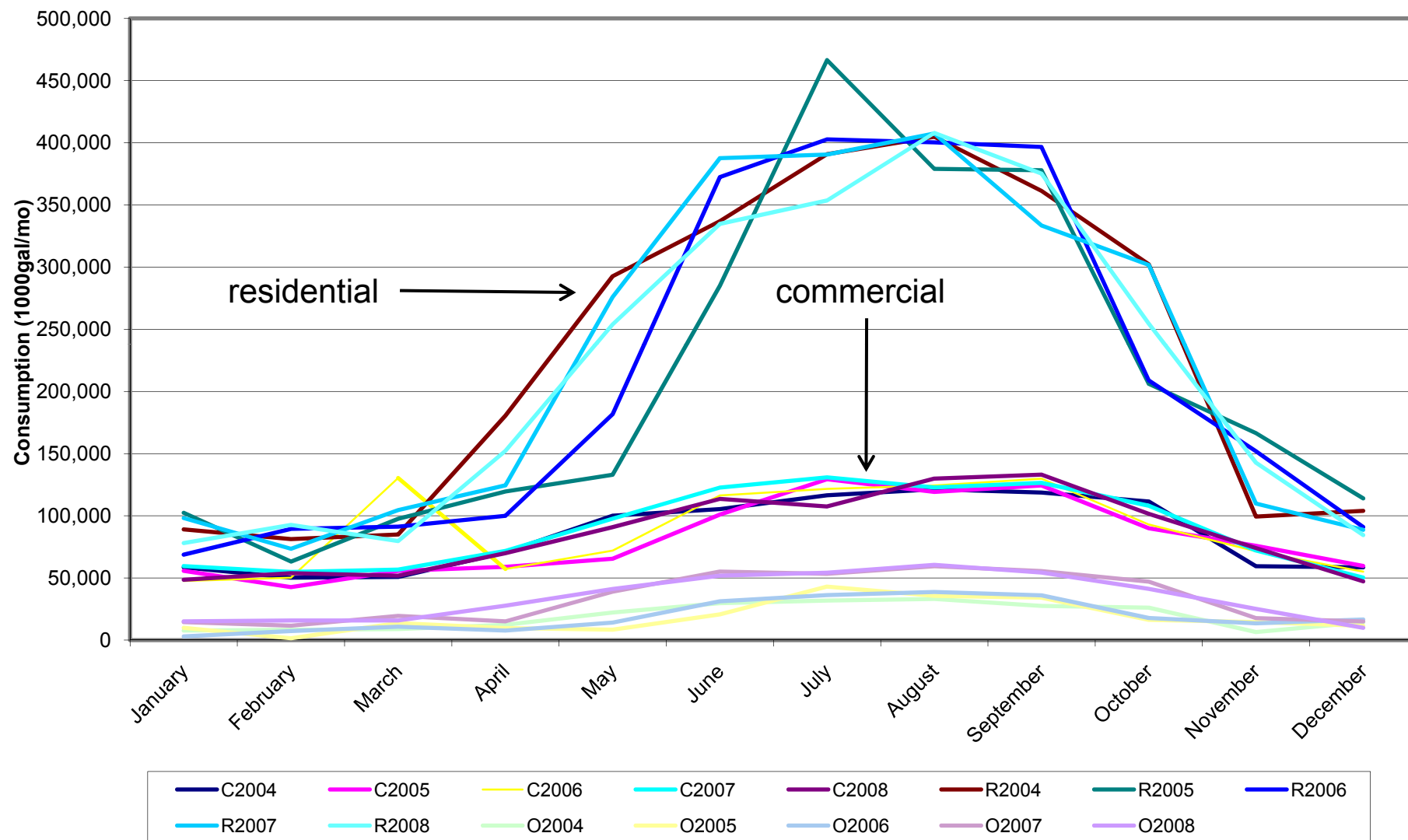
Overall Goal: Implement Equitable Rate Structure that is Reflective of Water Service Costs and Encourages Conservation

- Provide Additional Revenues to Pay for Regional Water Project Capital Costs
 - Carson City Regional Water Line Intertie Project
 - Connects Carson, Minden, Lyon County (Dayton), North Douglas County, Indian Hills
 - Replaces need for \$40MM uranium treatment plant with proposed \$32MM project
 - Saves costs estimated at \$1.4 million per year in system operations
 - Purchase of 1,250 acre/ft of water from Minden
 - Increases capacity to handle peak usage times in summer
 - Blended with existing water resources, allows City to meet federal EPA arsenic & uranium requirements for drinking water

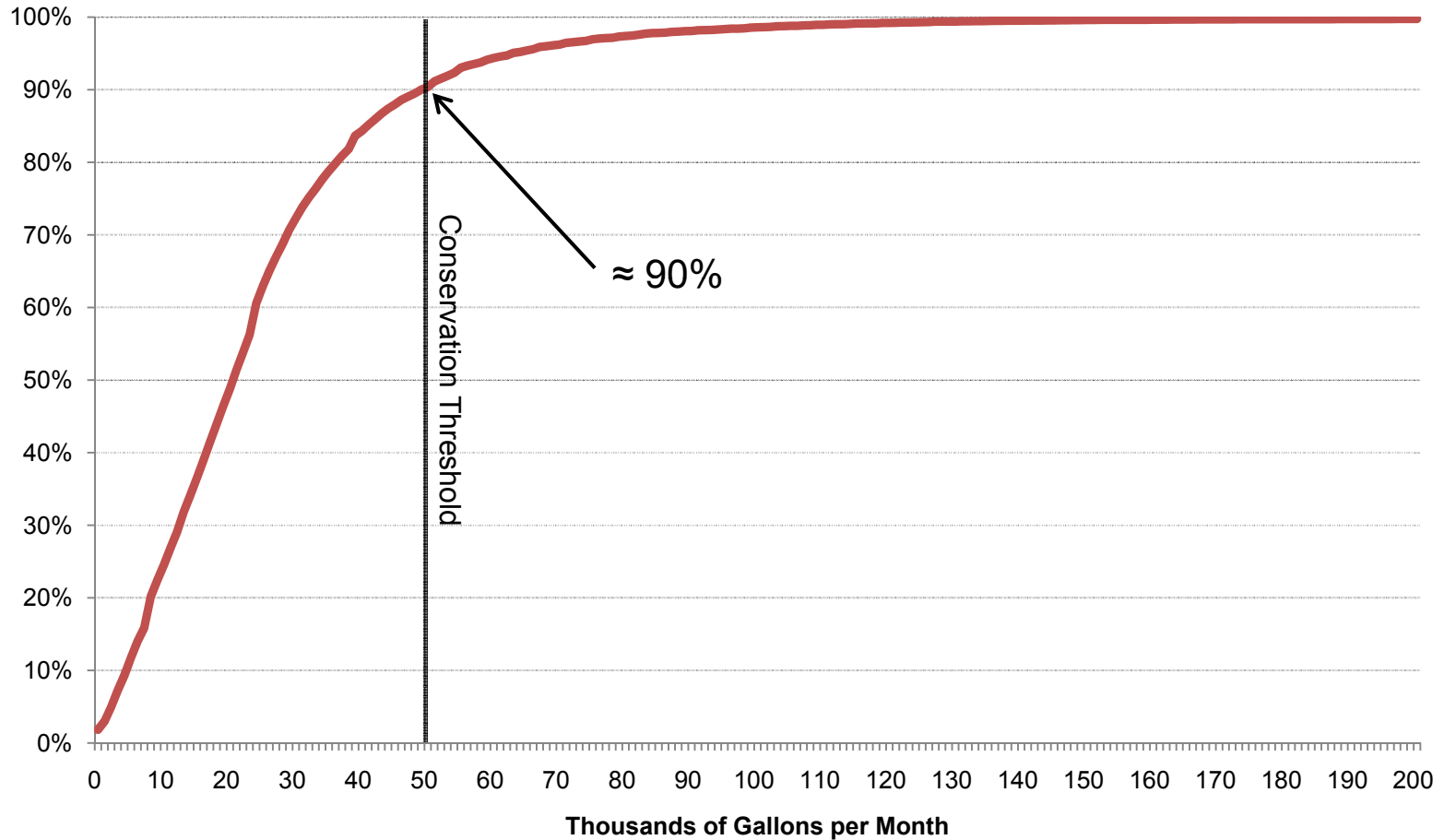
Goals continued

- Meet Bonded Debt Service Requirements
- Reduce Number of Rate Tiers from five to three
- Produce More Predictable Revenues by Increasing Fixed Fee Component
- Encourage Conservation by Implementing a High Usage Residential “Conservation” Tier
 - Conservation tier intended to limit peak summer water usage.

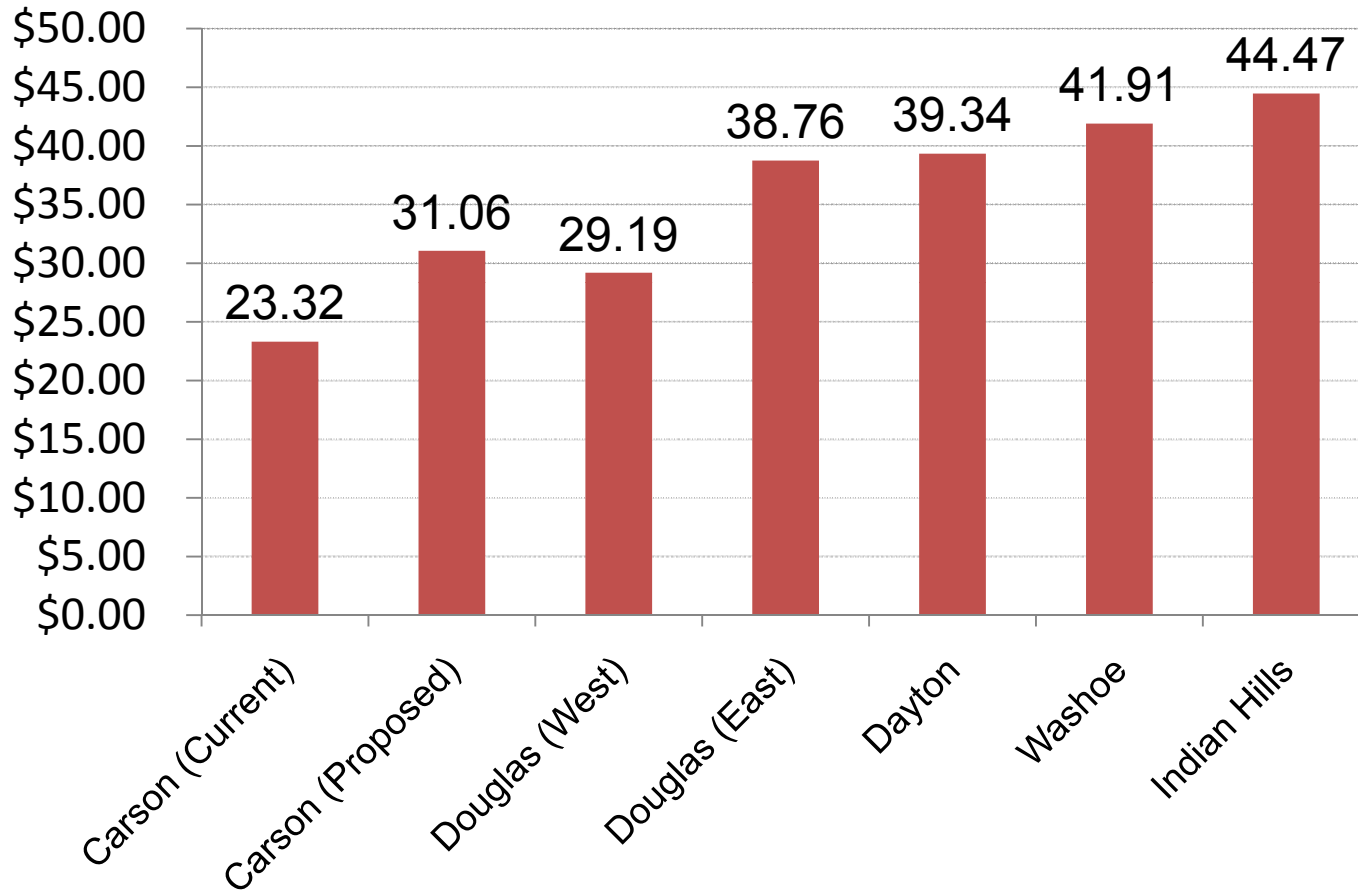
Monthly Water Consumption By Customer Type **2004, 2005, 2006, 2007 and 2008** Commercial/Retail/Ind - Residential - Other



Conservation Rate Residential Impact in August

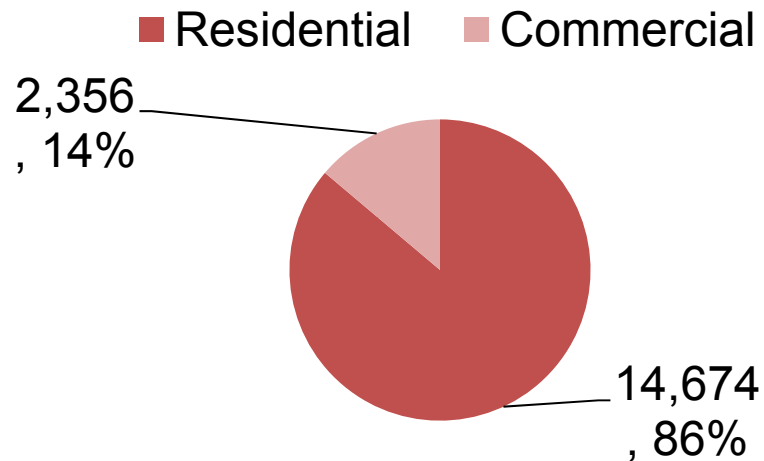


Typical 5/8 in. Residential Bill Comparisons

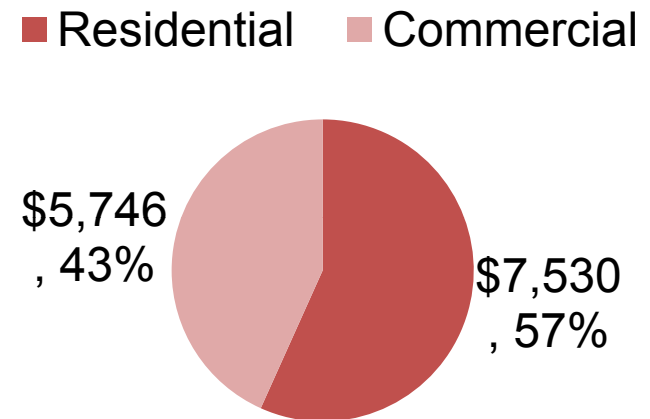


Water System Overview

of Customers



Revenues Generated



Number of Users

Annual Water Usage (millions of gal.)

Annual Revenue Generated (thousands \$)

<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
14,674 (86%)	2,356 (14%)	17,030
2,364 (61%)	1,517 (39%)	3,881
\$7,530 (57%)	\$5,746 (43%)	13,276

Rate Structure

Current Residential & Commercial

<u>Meter Size</u>	<u>Monthly Service Charge</u>	<u>Commodity Charge (per 1,000 gal)</u>			<u>Gallons</u>
5/8 in.	\$12.08	First 5,000	\$0.81		0 - 5,000
1 in.	20.29	Next 10,000	1.20		6,000 - 15,000
1½ in.	32.35	Next 35,000	1.68		16,000 - 50,000
2 in.	40.57	Next 50,000	2.61		51,000 - 100,000
3 in.	60.87	Over 100,000	3.00		100,000 +
4 in.	81.18				
6 in.	121.70				
10 in.	311.56				

Proposed Residential

<u>Meter Size</u>	<u>Monthly Service Charge</u>	<u>Commodity Charge (per 1,000 gal)</u>			<u>Gallons</u>
5/8 in.	\$21.00	First 5,000	\$0.00		0 - 5,000
1 in.	32.00	Next 25,000	1.75		6,000 - 30,000
1½ in.	47.50	Next 20,000	3.00		31,000 - 50,000
2 in.	58.50	Over 50,000	4.75		51,000 +

Proposed Commercial

<u>Meter Size</u>	<u>Monthly Service Charge</u>	<u>Commodity Charge (per 1,000 gal)</u>			<u>Gallons</u>
5/8 in.	\$23.00	First 6,000	\$0.00		0 - 6,000
1 in.	35.00	Next 14,000	1.60		7,000 - 20,000
1½ in.	52.25	Next 30,000	2.40		21,000 - 50,000
2 in.	65.00	Over 50,000	3.70		51,000 +
3 in.	95.00				
4 in.	125.00				
6 in.	185.00				
10 in.	460.00				

Impact of Rate Increase on Various 5/8 in. Residential Users

	Average Monthly Fee			
	Current Rate	Proposed Rate	\$ Change	% Change
Low User ¹	\$17.33	\$22.75	\$5.42	31.3%
Average User ²	23.32	31.06	7.74	33.2%
Above Average ³	28.10	36.46	8.36	29.8%
Conservation Tier User ⁴	70.35	103.77	33.42	47.5%

¹ Uses 6,000 gallons per month.

² Uses on average 10k gal per month (high of 21k in August, low of 4k in January).

³ Uses on average 14k gal per month (high of 26k in August, low of 4k in January).

⁴ Uses on average 37k gal per month (high of 75k in August, low of 14k in January).

Impact of Rate Increase on Various Commercial Customers

	Average Monthly Fee			
	Current Rate	Proposed Rate	\$ Change	% Change
5/8 in. Commercial User ¹	\$23.33	\$31.00	\$7.67	32.9%
1 in. Commercial User ²	48.10	62.20	14.10	29.3%
1 ½ in. Commercial User ³	120.25	165.15	44.90	37.3%
2 in Commercial User ⁴	257.92	359.20	101.28	39.3%

¹ Utilizes 11,000 gallons per month with 5/8" connection.

² Utilizes 22,000 gallons per month with 1" connection.

³ Utilizes 55,000 gallons per month with 1½" connection.

⁴ Utilizes 104,000 gallons per month with 2" connection.