

FINANCE & ADMINISTRATION**ACTION ITEMS**

1. *None.*

DISCUSSION ITEMS

1. *None.*

INFORMATION ITEMS

1. **Recently Purchased Investments – Certificates of Deposit (CDs)**

Fund	Bank	Location	Gross Amount	Date of Purchase	Date Due	Rate %
LLRI CR	One West Bank, FSB	Covina, CA	245,000.00	12/13/2010	12/13/11	0.700
LLRI CR	Sterling National Bank	NY	146,000.00	12/13/10	12/13/11	0.600
WW Capac	GE Capital Financial	Salt Lake City, UT	99,000.00	12/23/10	6/25/12	0.700

Fund Descriptions for Investments:

LLRI CR	Little Lehigh Relief Interceptor Capital Reserves
WW Capac	Wastewater Capacity

2. **Information Management and Technology Master Plan (ITMP)**

An RFQ for the ITMP was issued October 22, 2010 to 12 firms. Four firms were interviewed between December 7th and December 10th. Three firms were sent Requests for Proposals on December 23, 2010. The proposals are due on January 24, 2011. The purpose of the project is to enhance LCA's organizational effectiveness through the use of appropriate technologies and management systems, including knowledge capture, via processes and procedures, documentation, and automation.

WATER

ACTION ITEMS

1. **Water Rates**

As indicated in the 2011 Budget, we are proposing an increase in water rates this year, the first in 10 years. Based on final 2010 revenues and expenses, the earlier rate analysis is being updated. We plan to forward the conclusions of that analysis, including proposed rates, prior to the Board meeting. A presentation is planned, followed by approval of the recommended rates.

Notification to customers, including those contractually required, will follow immediately after approval.

DISCUSSION ITEMS

1. ***None.***

INFORMATION ITEMS

1. **Water Meter Replacement Project, Phase 1**

Phase 1 - Vanguard Utility Service, Inc. has upgraded 3,001 of approximately 3,270 MXU-only accounts to radio-reads, and 1,392 of approximately 1,500 older meters have been replaced (which includes upgrade to radio-reads) through January 7. Change outs of 483 meters identified as prone to develop leaks at the bottom plate began on November 29. There are approximately 40 of these meters left to change out. LCA personnel are replacing the 23 registers reading in cubic meters rather than gallons that HD Supply had provided to Vanguard. We have requested that HD Supply compensate us to replace the registers. We have approved Vanguard's request to extend the Substantial Completion deadline to January 31, 2011. They had claimed that there was insufficient time allotted to complete the additional work requested in prior change orders, and there are approximately 285 accounts that have been unresponsive to their requests for appointments. Notices are being sent out advising customers to contact Vanguard for an appointment. We will follow-up with termination notices to non-responsive customers.

Phase 2 – We are completing analysis of customers in low-pressure areas. This will establish the number of meters to replace as part of the Phase 2 work. We are planning to request additional PENNVEST funding for those meter replacements that were not covered by the recently approved PENNVEST loan.

2. **Interconnection with Allentown**

Phase 1 - Connection at Schantz Spring – On Dec. 10 the City of Allentown began using the relocated hypochlorite injection point that we constructed. The City has confirmed that they are now able to maintain adequate disinfectant levels while the new pump station is running.

The pumping station is fully operational. PaDEP conducted a site inspection on Dec. 15 in response to our request for an operations permit. DEP Permit was issued on December 17th. During the week of Dec. 22 we operated the pump station approximately 8 hours per day to allow Operations staff to get familiar with the facility. Round-the-clock operation, pumping 2 million gallons of spring water per day into the LCA system, began Dec. 28.

We have received the exemption from air quality plan and permitting requirements related to the emergency generator. The third-party testing service is coordinating a testing plan with DEP. Testing has not yet been scheduled.

Phase 2 – Connection to City Transmission System at 26th and Chew Streets – Barry Isett & Associates is continuing to develop the necessary design documents. Easement documents are being prepared for execution by the City and Lehigh County.

We are structuring permit applications to allow for the project to be bid as two separate contracts, since the eastern half of the project (from the connection to the City water main at 26th and Chew Sts. to Haines Mill Road) will be ready for bidding as soon as permits are received. For the western half of the project (from Haines Mill Road to Schantz Spring), we are designing the pipeline within the rights-of-way of Mertz Lane and Walnut Street. Discussions with Dorney Park regarding a pipeline easement have been suspended.

3. Water Main Replacement Project 2011 – Oakland Park (UMT)

Design efforts for this project are currently underway. We will be bidding the project with options for both horizontal directional drilling and typical trench construction. Spotts Stevens McCoy (SSM) has prepared the directional drilling specifications for the project area and we are using our existing trench specifications. Drawings and construction details are being produced in-house. We anticipate going out to bid in early 2011 and starting construction as early as possible in spring 2011.

4. Water Main Relocation Project – Slatedale

PaDOT is widening the bridges on West Grant and Main Streets in Slatedale and our water facilities will be impacted by this effort. PaDOT opened proposals for the entire work on December 2, 2010. Bid items for the waterline relocations came in higher than estimates show. Due to timing, coordination and potential contaminated soils, we have accepted the costs as proposed. Our exposure, by PaDOT Agreement, is about \$25,000.

5. Little Lehigh Creek Critical Water Planning Area (CWPA) Nomination

DEP has decided not to designate the Little Lehigh Creek basin as a CWPA. The basin was earlier nominated by the Delaware River Regional Committee for that designation. We reviewed the nomination and submitted comments to the Pa. Department of Environmental Protection (DEP) at the November 9, 2009 public hearing, as well as in writing by the November 30, 2009 deadline. Statewide committee voted to put several CWPA candidates, including the Little Lehigh Basin, on a watch list for further evaluation in 2011.

6. CLD Water System Model

Gannett Fleming held a model development meeting on December 20 to review their progress to date to integrate GIS, Munis, and SCADA data into the model. We have provided Gannett Fleming with the additional information requested. A preliminary model is being tested in the GIS environment. A training session is being planned. Gannett Fleming will begin model calibration in January.

7. WL-1 Tank Replacement

A pre-Construction meeting was held on December 13. Due to the long lead time for the tank, we expect construction activity to take place in March 2011. Completion is anticipated for June.

8. **GIS Mobile Application Development**

The RFPs for a GIS consultant to assist LCA in developing and implementing a mobile GIS application for use by our field personnel were received on Friday, December 3. The RFP was issued to only the four firms that were interviewed during the week of November 8: geographIT, ESRI, Wendel Duchscherer and EMA. RFPs are being reviewed and a consultant will be selected in early January. We may wait to obtain board approval at the same time as the IT and KM projects, which will most likely be in late January or early February.

9. **Developments**

Water system construction is occurring at the following developments:

Bethany United Methodist Church, 1 institutional lot, LMT
Trexler Fields, Phases 6/7 Partial, 60 residential lots (sfa), UMT
Valley West Estates, Phases 4, 5 & 6, 46 residential lots (sfd), UMT *(There has not been any construction activity at this development in over a year.)*

Water system plans are being reviewed for the following developments:

Diocesan Pastoral Center, 2 commercial lots, 3 additional lots, & residual lot for existing cemetery, LMT
Hamilton Crossings, 3 commercial lots, LMT
Hickory Park Estates, 3 residential lots (sfd), UMT
Hillview Farms, 31 residential lots (sfd), LMT/SWT
Indian Creek Industrial Park, 6 commercial lots, UMiT, water and sewer
Morgan Hills, 40 residential lots (sfd), Water & Sewer, WeisT
North Whitehall Commercial Center (Walmart), 5 commercial lots, NWT
Rabenold Farms, 205 residential lots (sfd), (Portion south of I-78), UMT
Rabenold Farms II, 288 apartment units and clubhouse, (Portion north of I-78), UMT
Red Maple Acres Expansion, 29 units, LMT
Shepherd's Corner, 1 commercial lot, LMT
Spring Creek Properties Subdivision 1, 14 commercial and industrial lots, LMT
Trexler Business Center, Lot 1, 1 commercial building, LMT
Trexler Senior Living Center, 2 commercial lots, LMT *(In bankruptcy)*
Trexlertown Shopping Center Remodeling/Expansion, 1 commercial lot, LMT/UMT
Weilers Road Twins, 82 residential lots (sfa), UMT
West Hills Business Center, 5 industrial lots, WeisT
Woodmere Estates, 60 residential units (sfd), UMT
Wotring North Development, 20 residential units (sfd), UMT

WASTEWATER

ACTION ITEMS

1. **Laboratory Services – Wastewater Analysis**

A Professional Services Authorization (PSA) for Wastewater Laboratory Services by CH2M Hill is attached (**green**). This PSA covers wastewater testing for of high strength users and other samples for the wastewater loads LCA send to the City of Allentown for treatment. The PSA is for \$38,358.

DISCUSSION ITEMS

1. ***None.***

INFORMATION ITEMS

1. **Flow Equalization Basin (FEB)**

Construction is complete on this project. Staff is working with PennVest to finalize all numbers and start the loan payment process.

2. **Park Pump Station Fuel Spill Remediation**

Malcolm Pirnie is making the necessary revisions to the final report and will request closure of the site. Malcolm Pirnie will also write a Soil Management Plan with recommendations for protecting personnel and the environment in the event of future excavations of the site. The City of Allentown (the property owner), is not requiring that we file an Environmental Covenant for the site.

3. **Vera Cruz Sewer System (UMiT)**

Proposals for this project were received on January 6, 2011. We received 8 proposals for the low-pressure piping system and one proposal for the pumps and maintenance contract. Total dollars came in below engineering estimates. Staff and Spotts, Steven & McCoy are reviewing submittals for compliance with the bidding requirements. Staff is working to complete project dollar estimates for the project. These must be presented to the supervisors of Upper Milford Township and incorporated into a township ordinance. We are anticipating the start of construction in March.

4. **Laury's Station Area Sewer Service**

No current activity. Hanover Engineering Associates will be preparing the Sewage Facilities Plan (Act 537) Amendment for North Whitehall Township in the Laury's Station area. We have provided them with information on the Wynnewood Terrace system and copies of the planning studies that the Authority has completed to date.

5. **South 7th Street Sewer Extension Project - Phase 2 (UMiT)**

The contractor used Mr. Rehab to repair the ductile iron pipe lining that was damaged during installation. The repair was video inspected and found to be acceptable. Documentation for Final Payment was sent to the contractor to complete.

6. **Infiltration and Inflow (I&I) Program Update**

The 537 plan revisions and SCARP submitted to the DEP in March of 2010 have not been approved to date. LCA provided clarifications to DEP questions related to the SCARP in

December 2010. The EPA Report is being prepared for submission at the end of January.

Basement inspections are being completed by the Signatories and Keystone Consulting Engineers have indicated that the home owners are cooperating.

7. Arcadia West WWTP Upgrade

Project and Professional Services Authorizations were approved at the October 25th Board Meeting. HRG has begun the final design of the project. Advertisement for bids is expected later this month.

8. Wastewater Treatment Capacity

The steering committee has completed the informational meetings. We will meet again in 2011 when additional or updated information is available.

We are awaiting updates of the COA cost estimates for expansion of their Kline Island plant. Malcolm Pirnie has provided estimates for the LCA WTP upgrading costs. Some modifications to the document are being made. The COA cost estimates are being updated by OMNI Environmental.

The sampling and analysis of the various waste streams at the WTP to characterize the wastewater is complete. The results have been provided to Malcolm Pirnie for evaluation. This is necessary to confirm assumptions made in the cost estimates for the various options and will also be used for plant design if applicable.

A subcommittee of the Steering Committee has been formed to initiate discussions with the Allentown Signatories on the LCA allocation issues. The three members on the subcommittee have begun planning their efforts.

9. WTP Energy Audit

CET Consulting is performing an energy audit of the WTP with an emphasis on the methane gas utilization. In general, the scope of work includes an evaluation of the plant processes and recommendations for energy improvement measures. Phase I of the study is partially complete and includes an economic evaluation of the excess biogas production to determine the best use of the methane gas. We expect to provide some preliminary results to the Board in January and a presentation to the Board in February.

Phase II of the study will include an evaluation of other energy improvement/energy efficiency measures and will specifically look at optimizing digester performance and the hauler waste program for increased biogas production. The LCA package wastewater treatment plants will be evaluated in Phase III.

Lehigh County Authority

2011 Water Rates

January 24, 2011



Projected Revenue Requirement – Present Rates

COMMON RATE DIVISION

TABLE 1
LEHIGH COUNTY AUTHORITY
PROJECTED REVENUE REQUIREMENT UNDER PRESENT RATES

	2010 BASE YEAR	PROJECTED				
		2011	2012	2013	2014	2015
OPERATING EXPENSES						
PERSONNEL	\$1,013,025	\$1,048,400	\$1,085,900	\$1,124,900	\$1,165,440	\$1,207,620
PURCHASE OF SERVICES	2,334,633	2,568,341	2,646,580	2,958,610	3,062,775	3,298,463
MAINTENANCE & SUPPLIES	287,517	272,068	280,495	263,997	272,647	268,507
EQUIPMENT	96,425	99,320	102,300	105,370	108,530	111,790
TOTAL OPERATING EXPENSES	\$3,731,600	\$3,988,129	\$4,115,275	\$4,452,876	\$4,609,392	\$4,886,380
RENEWAL & REPLACEMENT FUND		\$0	\$0	\$0	\$0	\$0
DEBT SERVICE						
FUTURE DEBT	\$0	\$0	\$320,000	\$320,000	\$320,000	\$320,000
FINANCING FEES	5,000	7,500	5,000	5,000	8,000	8,000
DEBT RETIREMENT	981,538	1,121,555	1,257,676	1,383,967	1,415,435	1,452,085
INTEREST EXPENSE	991,020	1,393,661	1,354,765	1,328,173	1,293,144	1,218,161
COVERAGE	295,884	377,282	439,866	454,821	454,287	448,537
LESS: DEBT SERVICE REDUCTIONS	(170,000)	(379,000)	(379,000)	(381,000)	(386,000)	(391,000)
TOTAL DEBT SERVICE	\$2,103,442	\$2,520,998	\$2,998,306	\$3,110,961	\$3,104,866	\$3,055,783
TOTAL REVENUE REQUIREMENT	\$5,835,042	\$6,509,126	\$7,113,581	\$7,563,838	\$7,714,257	\$7,942,162

Projected Revenue Requirement – Present Rates (cont'd)

	2010 BASE YEAR	PROJECTED				
		2011	2012	2013	2014	2015
NON-OPERATING REVENUES						
BUSS ACRES USER CHARGES	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000
WELSH TOWN RD USER CHARGES	13,000	13,000	13,000	14,000	14,000	15,000
MADISON NORTH USER CHARGES	25,000	50,000	50,000	50,000	50,000	50,000
MISCELLANEOUS INCOME	33,000	35,000	37,000	39,000	41,000	43,000
SITE VISIT TURN-ON CHARGES	11,080	11,080	11,080	11,080	11,080	11,080
PENALITIES	43,399	43,399	43,399	43,399	43,399	43,399
LIEN FEES	4,377	4,377	4,377	4,377	4,377	4,377
REIMBURSEMENT OF LAB COSTS	0	0	0	0	0	0
OTHER WATER SALES	11,000	12,000	13,000	14,000	15,000	16,000
INTEREST INCOME OPERATING	83,000	70,000	70,000	75,000	85,000	100,000
ARCADIA PRIVATE FIRE SERVICE REVENUE	85,298	86,839	86,839	90,113	90,113	90,113
TOTAL NON-OPERATING REVENUES	\$347,154	\$363,695	\$366,695	\$378,969	\$391,969	\$410,969
NET REVENUE REQUIREMENT	\$5,487,887	\$6,145,431	\$6,746,886	\$7,184,868	\$7,322,288	\$7,531,193
OPERATING REVENUES						
RESIDENTIAL	\$2,899,617	\$2,919,777	\$2,960,097	\$3,005,313	\$3,056,078	\$3,107,495
COMMERCIAL	647,286	656,345	677,484	698,907	713,323	732,218
INDUSTRIAL	1,032,991	1,006,130	1,105,912	1,225,259	1,267,390	1,284,052
INSTITUTIONAL	58,148	58,148	58,148	58,148	58,148	58,148
LARGE INDUSTRIAL	504,930	529,074	549,234	565,053	575,915	581,459
PRIVATE - FIRE PROTECTION	491,114	501,912	510,137	519,465	524,711	534,406
PUBLIC - FIRE PROTECTION	346,933	348,821	350,238	351,560	352,977	354,299
TOTAL OPERATING REVENUES	\$5,981,018	\$6,020,207	\$6,211,251	\$6,423,706	\$6,548,542	\$6,652,079
SURPLUS / (DEFICIT)	\$493,130	(\$125,224)	(\$535,635)	(\$761,162)	(\$773,746)	(\$879,114)
DEFICIT AS A PERCENT OF OPERATING REVENUE		2.08%	8.62%	11.85%	11.82%	13.22%
DEBT SERVICE COVERAGE	144.05%	112.15%	96.45%	88.63%	88.21%	83.74%

Proposed User Charges

COMMON RATE DIVISION

**TABLE 3B
LEHIGH COUNTY AUTHORITY
PROPOSED USER CHARGES**

	CURRENT RATES	PROPOSED RATES	PROJECTED RATES			
	2010	2011	2012	2013	2014	2015
FIXED CHARGES:						
MINIMUM CHARGES						
QUARTERLY						
5/8"	\$11.70	\$11.70	\$11.70	\$11.70	\$11.70	\$11.70
3/4"	11.70	11.70	11.70	11.70	11.70	11.70
1"	21.60	21.60	21.60	21.60	21.60	21.60
MONTHLY						
1-1/2"	14.10	14.10	14.10	14.10	14.10	14.10
2"	21.00	21.00	21.00	21.00	21.00	21.00
3"	43.80	43.80	43.80	43.80	43.80	43.80
4"	64.20	64.20	64.20	64.20	64.20	64.20
6"	120.30	120.30	120.30	120.30	120.30	120.30
8"	186.90	186.90	186.90	186.90	186.90	186.90
10"	263.10	263.10	263.10	263.10	263.10	263.10
12"						

Proposed User Charges (cont'd)

			CURRENT RATES	PROPOSED RATES	PROJECTED RATES			
			2010	2011	2012	2013	2014	2015
VOLUMETRIC CHARGES:								
USAGE RATE BLOCKS (GALS.)			RATES PER 1,000 GALLONS					
	QUARTER	MONTH						
FIRST	120,000	40,000	\$1.92	\$2.07	\$2.17	\$2.22	\$2.21	\$2.23
NEXT	2,880,000	960,000	1.78	1.92	1.93	1.99	1.98	2.01
NEXT	24,000,000	8,000,000	1.47	1.59	1.67	1.74	1.74	1.78
NEXT	147,000,000	49,000,000	1.26	1.38	1.56	1.64	1.63	1.67
OVER	174,000,000	58,000,000	0.90	1.26	1.56	1.64	1.63	1.67

PRIVATE FIRE PROTECTION

SERVICE SIZE	CHARGE PER MONTH					
2"	\$13.61	\$13.61	\$13.61	\$13.61	\$13.61	\$13.61
2-1/2"	21.26	21.26	21.26	21.26	21.26	21.26
3"	30.62	30.62	30.62	30.62	30.62	30.62
4"	54.43	54.43	54.43	54.43	54.43	54.43
6"	122.47	122.47	122.47	122.47	122.47	122.47
8"	217.72	217.72	217.72	217.72	217.72	217.72
10"	340.18	340.18	340.18	340.18	340.18	340.18
12"	489.87	489.87	489.87	489.87	489.87	489.87

PUBLIC FIRE PROTECTION

DIRECT FIRE COSTS

PER HYDRANT	\$7.87	\$7.87	\$7.87	\$7.87	\$7.87	\$7.87
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INDIRECT FIRE COSTS

PER INCH-SQUARED FOOT	\$0.00152	\$0.00152	\$0.00152	\$0.00152	\$0.00152	\$0.00152
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Projected Revenue Requirement – Proposed Rates

	2010	PROJECTED				
	BASE YEAR	2011	2012	2013	2014	2015
OPERATING REVENUES						
RESIDENTIAL	\$2,899,617	\$3,043,580	\$3,128,318	\$3,177,067	\$3,231,798	\$3,287,232
COMMERCIAL	647,286	689,159	722,852	745,913	761,459	781,821
INDUSTRIAL	1,032,991	1,068,628	1,198,109	1,328,823	1,374,966	1,393,215
INSTITUTIONAL	58,148	60,981	61,925	61,925	61,925	61,925
LARGE INDUSTRIAL	504,930	564,772	598,751	616,077	627,974	634,046
PRIVATE - FIRE PROTECTION	491,114	501,912	510,137	519,465	524,711	534,406
PUBLIC - FIRE PROTECTION	346,933	348,821	350,238	351,560	352,977	354,299
TOTAL OPERATING REVENUES	\$5,981,018	\$6,277,853	\$6,570,332	\$6,800,830	\$6,935,810	\$7,046,945
SURPLUS / (DEFICIT)	\$493,130	\$132,422	(\$176,554)	(\$384,038)	(\$386,478)	(\$484,248)
DEFICIT AS A PERCENT OF OPERATING REVENUE			2.69%	5.65%	5.57%	6.87%
DEBT SERVICE COVERAGE	143.77%	123.86%	110.31%	102.67%	102.57%	98.63%

Summary – Allocation to Customer Groups 2011

EXHIBIT C
LEHIGH COUNTY AUTHORITY
SUMMARY - ALLOCATION TO CUSTOMER GROUPS
FOR FISCAL YEAR 2011

<u>CUSTOMER GROUP</u>	UNDER PRESENT RATES	COST OF SERVICE	UNDER PROPOSED RATES	PERCENTAGE INCREASE	COS COVERAGE UNDER PROPOSED RATES
RESIDENTIAL	\$2,919,777	\$3,090,948	\$3,043,580	4.2%	98.47%
COMMERCIAL/SMALL INDUSTRIAL	656,345	668,814	689,159	5.0%	103.04%
INDUSTRIAL	1,006,130	1,137,787	1,068,628	6.2%	93.92%
LARGE INDUSTRIAL	529,074	620,208	564,772	6.7%	91.06%
INSTITUTIONAL	58,148	56,450	60,981	4.9%	108.03%
PRIVATE - FIRE PROTECTION	501,912	275,644	501,912	0.0%	182.09%
PUBLIC - FIRE PROTECTION	348,821	295,579	348,821	0.0%	118.01%
TOTAL	\$6,020,207	\$6,145,431	\$6,277,853	4.3%	102.2%

Quarterly Bill Comparison – Small Meters

COMMON RATE DIVISION

APPENDIX A

LEHIGH COUNTY AUTHORITY

COMPARISON OF QUARTERLY BILLS - SMALL METERS
PRESENT RATES VS. PROPOSED RATES FOR THE YEAR
2011

QUARTERLY CONSUMPTION (1000 GALS)	5/8" METERS				3/4" METERS			
	<u>PRESENT</u>	<u>PROPOSED</u>	<u>CHANGE</u>	<u>CHANGE</u>	<u>PRESENT</u>	<u>PROPOSED</u>	<u>CHANGE</u>	<u>CHANGE</u>
	\$	\$	\$	%	\$	\$	\$	%
15	40.50	42.75	2.25	5.56%	40.50	42.75	2.25	5.56%
16	42.42	44.82	2.40	5.66%	42.42	44.82	2.40	5.66%
17	44.34	46.89	2.55	5.75%	44.34	46.89	2.55	5.75%
18	46.26	48.96	2.70	5.84%	46.26	48.96	2.70	5.84%
19	48.18	51.03	2.85	5.92%	48.18	51.03	2.85	5.92%
20	50.10	53.10	3.00	5.99%	50.10	53.10	3.00	5.99%
21	52.02	55.17	3.15	6.06%	52.02	55.17	3.15	6.06%

Quarterly Bill Comparison – Large Meters

APPENDIX A
LEHIGH COUNTY AUTHORITY
COMPARISON OF MONTHLY BILLS - LARGE METERS
PRESENT RATES VS. PROPOSED RATES FOR THE YEAR 2011

<u>MONTHLY CONSUMPTION</u> (1000 GALS)	<u>10" METERS</u>			
	<u>PRESENT</u>	<u>PROPOSED</u>	<u>CHANGE</u>	<u>CHANGE</u>
	\$	\$	\$	%
10,000	15,068.70	16,289.10	1220.40	8.10%
25,000	33,968.70	36,989.10	3020.40	8.89%
50,000	65,468.70	71,489.10	6020.40	9.20%

Projected Revenue Requirement – Proposed Rates

COMMON RATE DIVISION

TABLE 2C
LEHIGH COUNTY AUTHORITY
PROJECTED REVENUE REQUIREMENT UNDER PROPOSED RATES

	2010 BASE YEAR	PROJECTED				
		2011	2012	2013	2014	2015
OPERATING EXPENSES						
PERSONNEL	\$1,013,025	\$1,048,400	\$1,085,900	\$1,124,900	\$1,165,440	\$1,207,620
PURCHASE OF SERVICES	2,334,633	2,568,341	2,646,580	2,958,610	3,062,775	3,298,463
MAINTENANCE & SUPPLIES	287,517	272,068	280,495	263,997	272,647	268,507
EQUIPMENT	96,425	99,320	102,300	105,370	108,530	111,790
TOTAL OPERATING EXPENSES	\$3,731,600	\$3,988,129	\$4,115,275	\$4,452,876	\$4,609,392	\$4,886,380
RENEWAL & REPLACEMENT FUND		\$0	\$0	\$0	\$0	\$0
DEBT SERVICE						
FUTURE DEBT	\$0	\$0	\$320,000	\$320,000	\$320,000	\$320,000
FINANCING FEES	5,000	7,500	5,000	5,000	8,000	8,000
DEBT RETIREMENT	981,538	1,121,555	1,257,676	1,383,967	1,415,435	1,452,085
INTEREST EXPENSE	991,020	1,393,661	1,354,765	1,328,173	1,293,144	1,218,161
COVERAGE	295,884	377,282	439,866	454,821	454,287	448,537
LESS: DEBT SERVICE REDUCTIONS	(170,000)	(379,000)	(379,000)	(381,000)	(386,000)	(391,000)
TOTAL DEBT SERVICE	\$2,103,442	\$2,520,998	\$2,998,306	\$3,110,961	\$3,104,866	\$3,055,783
TOTAL REVENUE REQUIREMENT	\$5,835,042	\$6,509,126	\$7,113,581	\$7,563,838	\$7,714,257	\$7,942,162

Projected Revenue Requirement – Proposed Rates (cont'd)

	2010 BASE YEAR	PROJECTED				
		2011	2012	2013	2014	2015
NON-OPERATING REVENUES						
BUSS ACRES USER CHARGES	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000
WELSH TOWN RD USER CHARGES	13,000	13,000	13,000	14,000	14,000	15,000
MADISON NORTH USER CHARGES	25,000	50,000	50,000	50,000	50,000	50,000
MISCELLANEOUS INCOME	33,000	35,000	37,000	39,000	41,000	43,000
SITE VISIT TURN-ON CHARGES	11,080	11,080	11,080	11,080	11,080	11,080
PENALITIES	43,399	43,399	43,399	43,399	43,399	43,399
LIEN FEES	4,377	4,377	4,377	4,377	4,377	4,377
REIMBURSEMENT OF LAB COSTS	0	0	0	0	0	0
OTHER WATER SALES	11,000	12,000	13,000	14,000	15,000	16,000
INTEREST INCOME OPERATING	83,000	70,000	70,000	75,000	85,000	100,000
ARCADIA PRIVATE FIRE SERVICE REVENUE	85,298	86,839	86,839	90,113	90,113	90,113
TOTAL NON-OPERATING REVENUES	\$347,154	\$363,695	\$366,695	\$378,969	\$391,969	\$410,969
NET REVENUE REQUIREMENT	\$5,487,887	\$6,145,431	\$6,746,886	\$7,184,868	\$7,322,288	\$7,531,193