

City of Tehachapi Water Rate Study Report



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AECOM



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CITY OF TEHACHAPI

WATER RATE STUDY REPORT

The purpose of this report is to review the existing water service charges for the City of Tehachapi (City) and to propose new rates based upon the anticipated budget expenditures over the next two fiscal years: 2015-16 and 2016-17. Revised water service charges have been recommended based on the City's projected budget expenditures and assumptions relative to future growth and water usage in the City.

Existing Water Service Rates

Existing water service charges for 2014-15 are based on a minimum monthly service charge as well as a quantity rate component which varies by Zone. Zone A represents the areas within the City with groundwater rights as a part of the groundwater adjudication. Zone B includes the newer developments in the City without rights to groundwater for which the City is required to augment its supplies with imported surface water. The monthly service charge includes an initial monthly usage allotment of 4,000 gallons.

Existing Rates (as of June 2015)

Zone A Minimum Monthly Charge = \$20.41	Quantity Charge (per 1,000 gal)
Plus	
Over 4,000 gallons up to 10,000	\$0.65
Over 10,000 gallons up to 20,000	\$0.96
Over 20,000 gallons up to 40,000	\$2.05
Over 40,000 gallons up to 60,000	\$2.50
Over 60,000 gallons up to 80,000	\$2.97
Over 80,000 gallons up to 100,000	\$3.40
Over 100,000 gallons	\$3.70

Zone B Minimum Monthly Charge = \$30.34	Quantity Charge (per 1,000 gal)
Plus	
Over 4,000 gallons up to 10,000	\$0.96
Over 10,000 gallons up to 20,000	\$1.41
Over 20,000 gallons up to 40,000	\$3.09
Over 40,000 gallons up to 60,000	\$3.71
Over 60,000 gallons up to 80,000	\$4.45
Over 80,000 gallons up to 100,000	\$5.09
Over 100,000 gallons	\$5.55

Outside Corporate Limits Minimum Monthly Charge = \$39.34	Quantity Charge (per 1,000 gal)
Plus	
Over 4,000 gallons up to 10,000	\$1.75
Over 10,000 gallons up to 20,000	\$2.52
Over 20,000 gallons up to 40,000	\$4.25
Over 40,000 gallons up to 60,000	\$4.99
Over 60,000 gallons up to 80,000	\$5.82
Over 80,000 gallons up to 100,000	\$6.47
Over 100,000 gallons	\$6.97

Fire Hydrant Minimum Charge	Quantity Charge (per 1,000 gal)
\$159.28	\$3.82

Existing Water Connections and Usage by Zone

As of December 2014, the City has approximately 3,000 water service connections. A summary of the number of connections and total annual water usage by zone from 2014 City billing records is shown below.

2014 Connections and Annual Water Usage

Zone	Total Connections	Total Annual Water Usage (1000 gallons)	Percent of Total Water Usage
Zone A	1,652	293,993	52%
Zone B	1,285	267,742	48%
Total	2,937	561,735	100%

Water System Expenditures

Each year the City prepares a budget that includes anticipated expenses and revenue associated with the ongoing operation of the City's water system. The current budget includes a projection of future budgets for the following four years. The City's water system budget is prepared in two parts, one covering water production and the other for water distribution. **Table 1A** is a summary of both City budgets for the budget years from 2014-15 through 2016-17 utilizing the City's budget line item numbering system.

The various line items in **Table 1A** have each been categorized as fixed, mixed, or variable expenses. The purpose of assigning the expenses to these categories was to determine whether each item would be funded by way of a base Ready-to-Serve charge (monthly service charge) or by a Quantity charge based on water usage. If an item is noted as fixed then it has been determined by the City that those costs are not generally affected by how much water is delivered by the City. Variable costs (i.e., power, water

purchases, and chemicals) are expenses that are directly related to the quantity of water delivered by the City. Items in the mixed category have been determined to be partially fixed and partially variable based upon the quantity of water delivered by the City. It has been estimated by the City that a reasonable factor for the assignment of the mixed expenses as variable expenses would be 30%.

The portion of the water system expenses to be assigned to Zone A and Zone B are calculated in **Table 1B**. At present, the City obtains its water from the pumping of groundwater from City wells. As a result of the groundwater basin adjudication, the City has a right to pump an annual quantity of 1,850 acre-feet from the groundwater basin. Groundwater pumped in excess of this amount needs to be provided through the purchase and recharge of surface water supplies. The City has an agreement with the Tehachapi-Cummings County Water District to purchase surface water (from the State Water Project) for groundwater recharge. The cost of these water purchases are assigned to Zone B as shown in line items 8010 and 8300 in **Table 1A**. The remaining expenses, both fixed and variable, have been assigned 52% to Zone A and 48% to Zone B based on the percentage of total water deliveries made to each zone.

The Total Water Operating Expenses shown in **Tables 1A and 1B** must be offset by miscellaneous non-operating revenues, ready-to-serve revenues, and quantity rate revenues.

Miscellaneous Non-Operating Water System Revenues

Table 2 summarizes the budgeted miscellaneous non-operating water system revenues from the City's five year budget (2014-15 through 2016-17). These revenues do not include the revenues raised through monthly service charges and quantity rate charges.

The difference between the projected expenses (**Table 1A and 1B**) and the miscellaneous non-operating revenues (**Table 2**) is the amount that must be collected by both the ready-to-serve charges and the quantity rate charges per unit of water delivered.

Meter Equivalent Calculations

Currently, the City has approximately 3,000 metered connections in service. **Table 3** shows the approximate breakdown of meters by size and zone as estimated from data provided by the City. The vast majority of the meters within the City are for single family residential customers. In the past, the typical meter size for single family residential customers in the City was 5/8 x 3/4 inches. Meters for new single family residential customers are now required to be at least one-inch in order to meet fire protection guidelines. Since, absent the residential fire protection regulation changes, the 5/8 x 3/4 inch meter would still be the standard for single family residential meters, it was selected as the basis for calculating meter equivalents for the larger meter sizes. All single family residential water meters one-inch and smaller are therefore included in the SFR (1" and smaller) meter size category

One-inch meters for commercial and other uses as well as larger meter sizes were converted to equivalent standard SFR meters based on the flow capacity of the various meter sizes from Table 5-3 of the American Waterworks Association Manual M6. The flow capacity of the single family residential meters (1" and smaller) was assumed to be the capacity of the typical 5/8 x 3/4 inch meter. The flow capacity of the various meters was used to weight the value of each meter as compared to the standard single family residential meter (1" and smaller) in terms of meter equivalents. The calculation of meter equivalents by zone is shown in **Table 4**. **Table 5** shows the projected increase in meter equivalents based on a growth rate of 1.98%.

Proposed Water Rates and Charges

Table 6 summarizes the ready-to-serve funds that are required based on the fixed operating expenses (**Tables 1A and 1B**) and the miscellaneous non-operating revenue (**Table 2**) and then calculates the required minimum annual and monthly ready-to-serve charge per meter equivalent.

Projected Water System Revenues

In order to determine the appropriate quantity rate it was first necessary to calculate the total water volume that is anticipated to be delivered in each year of the analysis. **Table 7A** summarizes the distributed water volumes for calendar year 2014 by zone. **Table 7B** estimates the quantity of water sales by zone for the next two fiscal years. The annual quantity of water included in the base monthly service charge (an initial allotment of 4,000 gallons per month) was estimated based on City provided meter data for 2014. Projections of future water sales have been calculated assuming a conservation factor of 10% for 2015-16 sales from 2014 usage, due to continued drought conditions and state mandated conservation measures. Future use was further assumed to increase at a rate of 1.98% per year to match the projected increase in population.

The total projected revenue amounts required to be collected by quantity rates for each zone are calculated in **Table 8** by subtracting the total miscellaneous non-operating revenue (from **Table 2**) and the amount to be raised from Ready-to-Serve charges (from **Table 6**) from the total operating expenses (from **Table 1B**).

In **Table 9**, the required quantity rate revenue required is divided by the estimated volume of water to be distributed in order to calculate the quantity rates (i.e., the rate per unit [1000 gallons] of water delivered in excess of the 4,000 gallons per month initial allotment).

Recommendations

It is recommended that the City adopt the proposed water rates as summarized in **Table 10**. The proposed rates increase the monthly ready-to-serve charges and the quantity rates for fiscal years 2015-16 and 2016-17 in order to provide the required revenues to meet estimated budget expenses for those years. Ready-to-serve charges and quantity rates for fiscal years 2017-18, 2018-19, and 2019-20 are proposed to be adjusted for inflation in accordance with changes in the Consumer Price Index (CPI) for those years. Calculation of the change in CPI is proposed to be based on the changes in values for January for the years immediately prior to each fiscal year.

**TABLE 1A
SUMMARY OF PROJECTED OPERATION AND ADMINISTRATIVE COSTS
CITY OF TEHACHAPI WATER SYSTEM**

	Category	2014-15 Budget	2015-16 Estimated	2016-17 Estimated	
5000	Personnel Expense				
5005	Full Time Salaries	Mixed	\$604,759.00	\$634,132.00	\$662,715.00
5010	Part Time Salaries	Mixed	\$8,911.00	\$6,641.00	\$6,773.00
5015	Overtime	Mixed	\$23,000.00	\$23,000.00	\$23,000.00
2020	Physical Exam	Mixed	\$352.00	\$352.00	\$352.00
5100	FICA Taxes	Mixed	\$47,393.00	\$49,087.00	\$50,758.00
5110	Medical Insurance	Mixed	\$188,459.00	\$201,654.00	\$218,508.00
5120	Workers Comp.	Mixed	\$43,084.00	\$45,180.00	\$47,247.00
5130	SUI Taxes	Mixed	\$2,736.00	\$2,649.00	\$2,649.00
5140	Employers Paid PERS	Mixed	\$82,942.00	\$87,379.00	\$98,934.00
5150	Life Insurance	Mixed	\$3,340.00	\$3,612.00	\$3,993.00
5170	Uniform	Mixed	\$1,850.00	\$1,850.00	\$1,850.00
5180	Hepatitis Program	Mixed	\$120.00	\$120.00	\$120.00
6000	Operating Expense				
6005	Small Tool (Portable)	Mixed	\$4,000.00	\$4,000.00	\$4,000.00
6030	Computer Supplies	Mixed	\$1,500.00	\$1,500.00	\$1,500.00
6100	Postage	Fixed	\$5,100.00	\$5,100.00	\$5,100.00
6150	Meals & Lodging	Fixed	\$1,100.00	\$1,100.00	\$1,100.00
6200	Education/Training	Fixed	\$4,000.00	\$4,000.00	\$4,000.00
6220	Mileage Reim.	Fixed	\$1,000.00	\$1,000.00	\$1,000.00
6250	Bad Debt Exp	Mixed	\$4,000.00	\$4,000.00	\$4,000.00
6300	Dues & Publications	Fixed	\$2,500.00	\$2,500.00	\$2,500.00
6315	CCI-Work Crew	Fixed	\$2,000.00	\$2,000.00	\$2,000.00
6700	Advertising	Mixed	\$200.00	\$200.00	\$200.00
6710	Printing	Fixed	\$700.00	\$700.00	\$700.00
6730	Contract Services	Mixed	\$15,500.00	\$15,500.00	\$15,500.00
6741	Legal Serv-ext Ord	Mixed	\$2,000.00	\$2,000.00	\$2,000.00
6760	Engineering	Mixed	\$16,500.00	\$16,500.00	\$16,500.00
6780	Laboratory Fees	Mixed	\$20,000.00	\$20,000.00	\$20,000.00
6800	Insurance & Bonds	Mixed	\$7,500.00	\$7,500.00	\$7,500.00
7000	Operating Expense				
7100	Repair & Maint.	Fixed	\$20,000.00	\$20,000.00	\$20,000.00
7105	Janitorial Supply	Fixed	\$2,000.00	\$2,000.00	\$2,000.00
7106	Safety Supplies	Fixed	\$6,000.00	\$6,000.00	\$6,000.00
7110	Vehicle Maint.	Mixed	\$11,000.00	\$11,000.00	\$11,000.00
7120	Equipment Maint.	Mixed	\$14,500.00	\$14,500.00	\$14,500.00
7125	Computer Maint.	Mixed	\$500.00	\$500.00	\$500.00
7130	Rep/Maint. Water Lns	Fixed	\$60,000.00	\$60,000.00	\$60,000.00
7140	Maint - Meters	Fixed	\$3,000.00	\$3,000.00	\$3,000.00
7150	Repairs - Street	Mixed	\$35,000.00	\$35,000.00	\$35,000.00
7200	Equip. Rental	Mixed	\$2,500.00	\$2,500.00	\$2,500.00
7220	Facility Lease Exp	Mixed	\$3,245.00	\$3,245.00	\$3,245.00
7300	Utilities	Variable	\$248,386.00	\$260,555.00	\$273,333.00
7320	Telephone	Fixed	\$4,500.00	\$4,500.00	\$4,500.00
7400	Gas and oil	Fixed	\$11,300.00	\$11,300.00	\$11,300.00
7430	Chemicals	Variable	\$20,500.00	\$20,500.00	\$20,500.00
7450	Misc. Fees/Permits	Mixed	\$13,000.00	\$13,000.00	\$13,000.00
7999	Allocated Cost	Fixed	\$125,123.00	\$74,509.00	\$87,333.00
8000	Capital Outlay				
8005	Meter Purchases	Mixed	\$30,000.00	\$30,000.00	\$30,000.00
8010	Purch Wtr TCCWD (Zone B only) ³	Variable	\$100,000.00	\$101,980.00	\$104,000.00
8210	Structure Improvement	Mixed	\$115,000.00	\$40,000.00	\$40,000.00
8220	Improvement-Misc	Mixed	\$550,000.00	\$150,000.00	\$150,000.00
8240	Comp. HW/SW	Mixed	\$6,000.00	\$6,000.00	\$6,000.00
8250	Machine & Equip	Mixed	\$77,400.00	\$65,000.00	\$75,000.00
8300	Water rights/Purchase (Zone B Only)	Fixed	\$25,000.00	\$20,000.00	\$20,000.00
	Total Fixed Operating Expenses		\$1,628,727	\$1,266,030	\$1,328,724
	Total Variable Operating Expenses		\$949,773	\$832,315	\$868,486
	Total Operating Expenses		\$2,578,500	\$2,098,345	\$2,197,210

Notes:

- Budget items have been identified as either fixed, mixed, or variable. These terms indicate whether the revenue to cover the item will be from Ready-to-Serve charges (fixed items and fixed portion of mixed items) or by Quantity Rate charges (variable and variable portion of mixed items).
- It is estimated that a portion of the mixed expenses equaling **30%** varies with the amount of water distributed by the City.
- Cost of purchased water assumed to increase by **1.98%** annually.

**TABLE 1B
TOTAL ADMINISTRATIVE AND OPERATIONAL WATER SYSTEM COST PER ZONE**

Category	2014-15 Budget	2015-16 Estimated	2016-17 Estimated
Zone A <u>Fixed</u> Operating Budget	\$833,938	\$647,935	\$680,536
Zone A <u>Variable</u> Operating Budget	\$441,882	\$379,774	\$397,533
Total Zone A Operating Budget	\$1,275,820	\$1,027,710	\$1,078,069
Zone B <u>Fixed</u> Operating Budget	\$794,789	\$618,094	\$648,187
Zone B <u>Variable</u> Operating Budget	\$507,891	\$452,541	\$470,953
Total Zone B Operating Budget	\$1,302,680	\$1,070,635	\$1,119,141
Total Operating Expenses	\$2,578,500	\$2,098,345	\$2,197,210

Notes:

- 1) Cost sharing breakdown [52%](#) of total fixed costs assessed to Zone A
[52%](#) of total variable costs assessed to Zone A

**TABLE 2
SUMMARY OF PROJECTED WATER SYSTEM NON-OPERATING REVENUES**

	Applicable Zone	2014-15 Budget	2015-16 Estimated ²	2016-17 Estimated ²
Water Revenue				
4181	City Staff Reimbursement	Both	\$0	\$0
4185	State Grant/KC Air Pollution	Both	\$555,000	\$0
4330	Misc. Revenue	Zone A	\$22,000	\$22,000
4331	Insurance Claim	Both	\$0	\$0
4336	Bad Debts Recovery	Both	\$800	\$800
4460	Ashtown Water Loan Repayment	Zone A	\$10,560	\$10,560
4480	Water Meter Installation	Zone B	\$3,850	\$4,000
4490	Other Penalties / NSF Checks	Both	\$50,000	\$40,000
4600	Interest Income	Both	\$0	\$0
4650	2004 Fwd Refunding Deferred Revenue	Both	\$0	\$0
4990	Operating Transfers In	Both	\$0	\$0
TOTAL¹			\$642,210	\$77,360

Projected Revenue Breakdown by Zone³

Zone A	\$53,776	\$53,776
Zone B	\$23,584	\$23,584

Total Expenses Less Total Revenues²:

Zone A	\$1,936,290	\$2,020,985	\$2,119,850
Zone B		\$973,934	\$1,024,293
		\$1,047,051	\$1,095,557

Notes:

- 1) Projected Revenues as shown excludes revenue to be collected through ready-to-serve and quantity charges.
2) Estimated budget expenses for future years per City of Tehachapi.
3) Revenue sharing breakdown - Percentage of shared revenue applied to Zone A = [52%](#)
4) Total amount to be collected through ready-to-serve and quantity charges.

**TABLE 3
WATER METERS BY SIZE**

Total		Zone A²		Zone B²	
Meter Size (inches)	Total¹	Meter Size (inches)	Total	Meter Size (inches)	Total
SFR (1" and smaller)	2367	SFR (1" and smaller)	1418	SFR (1" and smaller)	949
1.00 (non-SFR)	430	1.00 (non-SFR)	177	1.00 (non-SFR)	253
1.50	23	1.50	10	1.50	13
2.00	105	2.00	40	2.00	65
3.00	0	3.00	0	3.00	0
4.00	8	4.00	4	4.00	4
6.00	4	6.00	3	6.00	1
8.00	0	8.00	0	8.00	0
12.00	0	12.00	0	12.00	0
Total	2937	Total	1652	Total	1285

Notes:

- 1) Approximate meter breakdown per City of Tehachapi information for 2014-15.
- 2) Meter sizes by zone are estimated.

**TABLE 4
CALCULATION OF METER EQUIVALENTS 2014-15**

TOTAL

Meter Size (inches)	Number of Meters by Size	Meter Flow Capacity ¹ (gpm)	Standard Meter Equivalent ²	Number of Equivalent Meters ³
SFR (1" and smaller)	2367	15	1.0	2367
1.00 (non-SFR)	430	40	2.7	1147
1.50	23	50	3.3	77
2.00	105	100	6.7	700
3.00	0	150	10.0	0
4.00	8	200	13.3	107
6.00	4	500	33.3	133
Totals:	2937			4530

ZONE A

Meter Size (inches)	Number of Meters by Size	Meter Flow Capacity ¹ (gpm)	Standard Meter Equivalent ²	Number of Equivalent Meters ³
SFR (1" and smaller)	1418	15	1.0	1418
1.00 (non-SFR)	177	40	2.7	472
1.50	10	50	3.3	33
2.00	40	100	6.7	267
3.00	0	150	10.0	0
4.00	4	200	13.3	53
6.00	3	500	33.3	100
Totals:	1652			2343

ZONE B

Meter Size (inches)	Number of Meters by Size	Meter Flow Capacity ¹ (gpm)	Standard Meter Equivalent ²	Number of Equivalent Meters ³
SFR (1" and smaller)	949	15	1.0	949
1.00 (non-SFR)	253	40	2.7	675
1.50	13	50	3.3	43
2.00	65	100	6.7	433
3.00	0	150	10.0	0
4.00	4	200	13.3	53
6.00	1	500	33.3	33
Totals:	1285			2187

Notes:

- 1) Meter flow capacities taken from AWWA M6, Table 5-3. The flow capacity of a 5/8 x 3/4" meter is used for the basis for single family residential meters (1" and smaller).
- 2) Meter equivalents calculated as ratio of meter flow capacity to meter flow capacity of 5/8 x 3/4 inch meter.
- 3) Number of equivalent meters is the number of meters per size times the meter equivalent.

**TABLE 5
METER EQUIVALENTS GROWTH PROJECTIONS TOTAL**

Number of Equivalent Meters	Zone A	Zone B	Total
2015-16	2,390	2,231	4,621
2016-17	2,438	2,275	4,713

Notes:

Meter equivalents assumed to grow by 1.98% per year.

**TABLE 6
PROJECTED READY-TO-SERVE FUNDS COLLECTED BY METER SIZE**

ZONE A

Year	No. Meter Equiv.	Ready-to-Serve Revenue Req'd ¹	<u>Calculated</u> Ready-to-Serve Per Meter Equivalent		<u>Proposed</u> Ready-to-Serve Per Meter Equivalent		Funds Collected	
			Annual	Monthly ²	Annual	Monthly	Annual	Monthly
2015-16	2,390	\$594,159	\$248.60	\$20.72	\$249.60	\$20.80	\$596,544	\$49,712
2016-17	2,438	\$626,760	\$257.08	\$21.42	\$258.00	\$21.50	\$629,004	\$52,417

ZONE B

Year	No. Meter Equiv.	Ready-to-Serve Revenue Req'd ¹	<u>Calculated</u> Ready-to-Serve Per Meter Equivalent		<u>Proposed</u> Ready-to-Serve Per Meter Equivalent		Funds Collected	
			Annual	Monthly ²	Annual	Monthly	Annual	Monthly
2015-16	2,231	\$594,510	\$266.48	\$22.21	\$267.60	\$22.30	\$597,016	\$49,751
2016-17	2,275	\$624,603	\$274.55	\$22.88	\$274.80	\$22.90	\$625,170	\$52,098

Notes:

- 1) Ready-to-Serve Revenue required is calculated based as Fixed Expenses (Table 1B) minus Miscellaneous Non-Operating Revenue (Table 2).
- 2) Monthly cost is the Ready-to-Serve revenue required divided by the number of meter equivalents which is then rounded to the nearest \$0.10.

**TABLE 7A
2014 WATER DISTRIBUTION**

Month	Volume Distributed		
	Zone A (1000 gal)	Zone B (1000 gal)	Total (1000 gal)
January	12,594	10,960	23,554
February	11,702	10,445	22,147
March	16,872	16,358	33,230
April	21,276	19,777	41,053
May	25,944	24,108	50,052
June	43,106	39,089	82,195
July	38,239	33,884	72,123
August	38,917	34,752	73,669
September	31,913	28,356	60,269
October	25,989	22,990	48,979
November	16,849	16,445	33,294
December	10,592	10,578	21,170
Total	293,993	267,742	561,735

**TABLE 7B
Total Historical and Future Water Sales
(1000 gallons)**

Description	2014	Projected	
		2015-16	2016-17
Zone A			
Total Water Distributed	293,993		
Estimated Initial Allotment	68,053		
Zone A Estimated Water Sales	225,940	207,820	211,935
Zone B			
Total Water Distributed	267,742		
Estimated Initial Allotment	54,327		
Zone B Estimated Water Sales	213,415	196,299	200,186
Total Estimated Water Sales	439,355	404,119	412,120

Notes:

Conservation factor 2015-16

10%

Water distributed is expected to increase by

1.98%

per year.

**TABLE 8
PROJECTED QUANTITY REVENUES REQUIRED**

ZONE A	2015-16	2016-17
Total Operating Expenses (per Table 1B)	\$1,027,710	\$1,078,069
Total Misc. Non-Operating Revenue (per Table 2)	\$53,776	\$53,776
Total Ready-to-Serve Revenues (per Table 6)	\$596,544	\$629,004
Quantity Rate Revenues Required	\$377,390	\$395,289

ZONE B	2015-16	2016-17
Total Operating Expenses (per Table 1B)	\$1,070,635	\$1,119,141
Total Misc. Non-Operating Revenue (per Table 2)	\$23,584	\$23,584
Total Ready-to-Serve Revenues (per Table 6)	\$597,016	\$625,170
Quantity Rate Revenues Required	\$450,036	\$470,387

**TABLE 9
PROPOSED UNIT WATER COST**

ZONE A	2015-16	2016-17
Quantity Rate Revenues Required (see Table 8)	\$377,390	\$395,289
Estimated Water Sales (1000 gallons) (see Table 7B)	207,820	211,935
Rate Per Unit (Unit = 1000 gallons)	\$1.82	\$1.87

ZONE B	2015-16	2016-17
Quantity Rate Revenues Required (see Table 8)	\$450,036	\$470,387
Estimated Water Sales (1000 gallons) (see Table 7B)	196,299	200,186
Rate Per Unit (Unit = 1000 gallons)	\$2.30	\$2.35

Notes:

1) Volume of water distributed has been increased by

1.98%

**TABLE 10
CITY OF TEHACHAPI
PROPOSED WATER RATES**

MONTHLY READY-TO-SERVE CHARGE

ZONE A	2014-15		Propopsed	Proposed
Meter Size	Existing		2015-16 Charge	2016-17 Charge
	Charge			
SFR (1" and smaller)	\$20.41	\$	20.80	\$ 21.50
1 inch (non-SFR)	\$20.41	\$	55.50	\$ 57.40
1 1/2 inch	\$20.41	\$	69.40	\$ 71.70
2 inch	\$20.41	\$	138.70	\$ 143.40
3 inch	\$20.41	\$	208.00	\$ 215.00
4 inch	\$20.41	\$	277.40	\$ 286.70
6 inch	\$20.41	\$	693.40	\$ 716.70

ZONE B	2014-15		Propopsed	Proposed
Meter Size	Existing		2015-16 Charge	2016-17 Charge
	Charge			
SFR (1" and smaller)	\$30.34	\$	22.30	\$ 22.90
1 inch (non-SFR)	\$30.34	\$	59.50	\$ 61.10
1 1/2 inch	\$30.34	\$	74.40	\$ 76.40
2 inch	\$30.34	\$	148.70	\$ 152.70
3 inch	\$30.34	\$	223.00	\$ 229.00
4 inch	\$30.34	\$	297.40	\$ 305.40
6 inch	\$30.34	\$	743.40	\$ 763.40

OUTSIDE CORPORATE LIMITS	2014-15		Propopsed	Proposed
Meter Size	Existing		2015-16 Charge	2016-17 Charge
	Charge			
SFR (1" and smaller)	\$39.34	\$	30.11	\$ 30.92
1 inch (non-SFR)	\$39.34	\$	80.33	\$ 82.49
1 1/2 inch	\$39.34	\$	100.44	\$ 103.14
2 inch	\$39.34	\$	200.75	\$ 206.15
3 inch	\$39.34	\$	301.05	\$ 309.15
4 inch	\$39.34	\$	401.49	\$ 412.29
6 inch	\$39.34	\$	1,003.59	\$ 1,030.59

Notes:

- 1) Monthly ready-to-serve charge is applied to all services. The quantity of water used above the 4,000 gallon/month initial allotment is an additional charge computed at the quantity rate.
- 2) Rates have been rounded up to the nearest \$0.10.

QUANTITY RATES (PER 1000 gallons) for water in excess of initial allotment of 4,000 gallons/month:

	Existing	Proposed	Proposed
	2014-15	2015-16	2016-17
Zone A:	\$0.65-\$3.70	\$1.82	\$1.87
Zone B:	\$0.96-\$5.55	\$2.30	\$2.35
Outside Corporate Limits:	\$1.75-\$6.97	\$3.11	\$3.17

CONSTRUCTION/HYDRANT METER

	Existing	Proposed	Proposed
	2014-15	2015-16	2016-17
Minimum Charge	\$159.28	\$693.40	\$716.70
Quantity Rate	\$3.82	\$3.82	\$3.82

Note: Monthly Ready-to-Serve Charges and Quantity Rates for Years 2017-18, 2018-19, and 2019-20 are proposed to be adjusted for inflation in accordance with changes in the Consumer Price Index. Calculation of the change in CPI is proposed to be based on the changes in values for January for the years immediately prior to each fiscal year.