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April 3, 2015

Mr. Scott Schlossman  
Gainesville Regional Utilities  
PO Box 147051 Station A110  
Gainesville, FL 32614-7051

Dear Mr. Schlossman:

Enclosed is the draft wastewater rate study prepared for Gainesville Regional Utilities (GRU) for the test year ending September 30, 2016.

Based on this study, revenue from wastewater rates requires a \$1,466,733 increase to meet utility costs for fiscal year 2016. The needed increase is 4.17% of revenue at present rates. Baker Tilly calculated the revenue required using the utility basis with a 5.34% return on utility net investment rate base.

As detailed on page 10, the 5.34% rate of return corresponds to a 7.14% return on equity. In recent decisions, the Florida Public Service Commission authorized returns on equity of 10.5% for investor owned utilities. An equivalent return on equity for Gainesville Regional Utilities is around 6.5%. Circumstances unique to GRU could justify a return on equity outside this range.

In addition to the overall increase, rates need to be adjusted for each customer class to match revenue to the cost of service. Proposed rates are shown on page 21. The effect of proposed rate changes is illustrated on page 27.

Please call me at 608 240 2361 or email [russ.hissom@bakertilly.com](mailto:russ.hissom@bakertilly.com) to discuss anything contained in the study. Thank you for the opportunity to work with you on this project. We appreciate the effort GRU staff put into making information available for this study.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP

A handwritten signature in black ink that reads "Russell A. Hissom".

Russell A. Hissom, CPA, Partner

Enclosures

# **GAINESVILLE REGIONAL UTILITIES**

Forecasted Wastewater Revenue Requirement,  
Cost of Service, and Rate Design

Prepared as of  
April 3, 2015

DRAFT

# GAINESVILLE REGIONAL UTILITIES RATE STUDY

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# GAINESVILLE REGIONAL UTILITIES RATE STUDY

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## ACCOUNTANTS' COMPILATION REPORT

Gainesville Regional Utilities  
Gainesville, Florida

We have compiled the accompanying forecasted schedules as identified in the table of contents of the Gainesville Regional Utilities for the years ending September 30, 2015 and 2016, in accordance with applicable guidelines for a compilation of a financial forecast established by the American Institute of Certified Public Accountants.

The accompanying schedules present, to the best of management's knowledge and belief, the results of wastewater operations of the Gainesville Regional Utilities for the forecast period. This report was prepared to help GRU establish wastewater rates and should not be used for any other purposes. It is not intended to be a forecast of financial position, changes in net assets, or cash flows in accordance with generally accepted accounting principles.

As disclosed in the Summary of Significant Accounting Policies, in some instances, these forecasted schedules include departures from generally accepted accounting principles. The effect of those departures has not been determined.

A compilation is limited to presenting, in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecast and actual results since some assumptions inevitably will not materialize and unanticipated events and circumstances may occur, and the variations may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The summarized historical financial information presented with the forecast for comparative purposes was taken from the audited financial statements for the years ended September 30, 2013 through September 30, 2014.

This report is intended solely for the information and use of Gainesville Regional Utility management and is not intended to be, and should not be, used by anyone other than the specified parties.

Madison, Wisconsin  
April 3, 2015

# GAINESVILLE REGIONAL UTILITIES RATE STUDY

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## EXECUTIVE SUMMARY

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### *INTRODUCTION*

The Gainesville Regional Utilities retained Baker Tilly Virchow Krause, LLP (Baker Tilly) to forecast the revenue requirement for fiscal year 2016, analyze cost of service, and design wastewater rates.

Baker Tilly used the utility basis to develop the revenue requirement. The major steps in the rate study are summarized below.

### *REVENUE REQUIREMENT*

Baker Tilly forecasted costs, sales, and revenues for fiscal year 2016. Baker Tilly based the forecast on GRU's budget for fiscal year 2016 and historical trends.

	<b>Forecasted Revenue Requirement</b>	
Revenue from Rates	\$	35,138,376
<b>Expenses</b>		
Operation and Maintenance		16,063,299
Depreciation		9,112,973
Transfer to the General Fund		7,473,327
Return on Rate Base		8,971,497
Less Other Revenues		<u>(5,015,987)</u>
		36,605,109
Rate Increase Required	\$	<u>1,466,733</u>

## GAINESVILLE REGIONAL UTILITIES

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### EXECUTIVE SUMMARY (cont.)

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#### *COST OF SERVICE*

After identifying the revenue needed, Baker Tilly allocated responsibility for the revenue to the cost functions. Cost functions are the different services provided by the utility for which it incurs costs. The process of allocating costs to different functions is called a cost of service study. The following table presents the cost of service by cost function.

<u>Cost Function</u>	<u>Forecasted Cost of Service</u>
Customer Costs	\$ 11,439,863
Volume Costs	15,553,587
Reclaimed Water Costs	136,180
Chemical Oxygen Demand Costs	3,759,200
Suspended Solids Costs	3,419,919
Phosphorus Costs	1,357,227
Ammonia Costs	939,135
<u>Total Cost of Service</u>	<u>\$ 36,605,109</u>

## GAINESVILLE REGIONAL UTILITIES

### EXECUTIVE SUMMARY (cont.)

#### *RATE DESIGN*

The results of the revenue requirement and cost of service indicates that Gainesville needs to increase some utility rates and decrease others to more accurately match rates to the cost of providing service.

The wastewater rate structure consists of a customer charge and a volume charge, which includes the assumed normal residential pollutant strength. For wastewater exceeding the assumed domestic strength, Baker Tilly developed high strength rates based on the pollutant loadings in pounds for four pollutants, which are listed below.

- > Chemical oxygen demand, abbreviated COD in the study
- > Suspended solids, abbreviated SS in the study
- > Phosphorus, abbreviated Phos in the study
- > Ammonia, abbreviated NH3 in the study

We designed rates to match the revenue recovered from each class to the cost of service. The results are summarized below.

<b>Rate</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
Volume Rate per 1,000 Gallons	\$ 6.05	\$ 5.33
Customer Charge	8.40	14.65
Reclaimed Rate per 1,000 Gallons	0.70	0.65
COD per Pound	*	0.23
SS per Pound	*	0.35
Phos per Pound	*	2.31
NH3 per Pound	*	0.60

\* Current high strength charges are based on the domestic strength volume rate times the ratio of the sampled concentration to the domestic strength concentration. Baker Tilly recommends high strength charges based on pounds of loading, which is calculated from volume and concentration.



## GAINESVILLE REGIONAL UTILITIES

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### RECOMMENDATIONS

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#### ***ADJUST RATES***

Currently some rate components are set above GRU's cost of providing service and others are set below. A realignment of wastewater rates to match cost of service would make rates more equitable.

#### ***TEST FOR HIGH STRENGTH PARAMETERS***

Currently GRU only has one customer that is billed for exceeding domestic strength for chemical oxygen demand. Having high strength rates established for all four parameters (chemical oxygen demand, phosphorous, suspended solids, and ammonia) ensures that GRU will recover appropriate revenue from future customers producing high strength wastewater. We recommend that GRU perform regular tests on industrial customers to ensure they are not exceeding the high strength parameters.

#### ***CONSIDER REVISING WINTER MAX***

Because water used outside to water plants is not treated at the wastewater plant, it is reasonable to not apply wastewater rates to this volume. Since the volume of outdoor use is not measured directly, GRU must estimate the volume. Currently GRU assumes that customers only use water indoors during January and February and have the winter max rate based on the water volume of those two months. Although not perfect, this is a reasonable method for estimating outdoor use. Other possible methods to use are listed below:

1. Have no winter max and bill for all water used.
2. Increase the number of months in the winter max to include December and/or March.
3. Add 10-15% to the base winter max amount.
4. Bill for 90-95% of water with a cap at 10,000 gallons.

# GAINESVILLE REGIONAL UTILITIES

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## SUMMARY OF SIGNIFICANT ASSUMPTIONS

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### *INTRODUCTION*

This section discusses the procedures and assumptions used to prepare this wastewater rate study report for Gainesville.

### *FORECASTED OPERATIONS AND MAINTENANCE EXPENSES*

Forecasted expenses were based on Gainesville's wastewater budget for fiscal year 2016 and past trends.

Operations and maintenance expenses for fiscal year 2016 are forecasted to increase from the historical average, which is consistent with increasing utility costs.

### *FORECASTED REVENUES*

Volume sales recorded in Gainesville's billing system from October 2013 through September 2014 was multiplied by current Gainesville wastewater rates to recalculate revenues. The recalculated revenue was compared to actual revenues in Gainesville's financial records, and the difference was within one percent.

Baker Tilly forecasted volume sales and customer counts in fiscal year 2016 based on forecasts by GRU management and historical trends. Compared to fiscal year 2014, GRU is forecasted to add residential and non-residential customers and to receive slightly more wastewater. Improvements in water efficiency may be enough to offset the forecasted increase in customers.

### *FORECASTED PLANT ADDITIONS AND RETIREMENTS*

Baker Tilly forecasted additions to plant in service for fiscal years 2015 and 2016 based on the revised six year capital budget prepared by GRU management. To forecast retirements, Baker Tilly averaged 2010 and 2014 retirements.

# GAINESVILLE REGIONAL UTILITIES

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## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The statements below are required by the American Institute of Certified Public Accountants for the preparation of a financial forecast in this report.

### ***NATURE OF FORECAST***

The financial forecast presents, to the best of the Gainesville management's knowledge and belief, the expected results of wastewater utility operations for the forecast period. Accordingly, the forecast reflects its judgment as of February 27, 2015, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

### ***REVENUE RECOGNITION***

Wastewater revenues are recorded for service rendered based on meter readings, with billings made to customers monthly.

### ***EXPENSES***

Historical operation and maintenance expenses and the forecasted fiscal year 2016 expenses are reported on an accrual basis.

### ***PLANT***

Additions to and replacement of utility plant are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. The cost of property replaced, retired, or otherwise disposed of is deducted from plant accounts.

### ***DEPRECIATION***

Depreciation is computed using straight-line rates applied to the average plant investment balances.

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Revenue Requirement Summary**

	Forecasted 2016
<b>Revenue</b>	
Revenue from Rates	\$ 35,138,376
Other Revenues - Connection Charges	1,976,058
Other Revenues - Surcharges	2,730,114
Other Revenues - Interest Income	240,784
Other Revenues - BABs Subsidy	1,009,441
Other Revenues - Rate Stabilization Transfer	(1,355,725)
Other Revenues - Biosolids	312,000
Other Revenues - Shands and Innovation Square	103,314
<b>Total Revenue</b>	<u>40,154,362</u>
Operations and Maintenance	16,063,299
Depreciation	9,112,973
Transfer to the General Fund	7,473,327
<b>Total Expenses</b>	<u>32,649,598</u>
<b>Net Income</b>	7,504,764
<b>Net Investment Rate Base</b>	
Plant in Service	305,599,128
Accumulated Depreciation	(137,635,656)
<b>Total Rate Base</b>	<u>167,963,472</u>
<b>Forecasted Return on Rate Base (Net Income above)</b>	7,504,764
<b>Target Return on Rate Base</b>	8,971,497
<b>Rate Increase Required</b>	<u>\$ 1,466,733</u>

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Cash Flow Forecast**

	Forecasted 2016 at Present Rates	Forecasted 2016 with Rate Increase
<b>Sources of Cash</b>		
Revenue from Rates	\$ 35,138,376	\$ 36,606,129
Other Revenues - Connection Charges	1,976,058	1,976,058
Other Revenues - Surcharges	2,730,114	2,730,114
Other Revenues - Interest Income	240,784	240,784
Other Revenues - BABs Subsidy	1,009,441	1,009,441
Other Revenues - Rate Stabilization Transfer	(1,355,725)	(1,355,725)
Other Revenues - Biosolids	312,000	312,000
Other Revenues - Shands and Innovation Square	103,314	103,314
<b>Total Sources of Cash</b>	<b>40,154,362</b>	<b>41,622,115</b>
<b>Uses of Cash</b>		
Operations and Maintenance	16,063,299	16,063,299
Debt Service	8,346,207	8,346,207
Utility Plant Improvement Fund	9,738,263	9,738,263
Transfer to Rate Stabilization Fund	-	-
Transfer to the General Fund	7,473,327	7,473,327
<b>Total Uses of Cash</b>	<b>41,621,095</b>	<b>41,621,095</b>
<b>Net Cash Flow</b>	<b>\$ (1,466,733)</b>	<b>\$ 1,020</b>

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Rate of Return and Capital Structure**

	Forecasted 2016 Cash Basis Capital Costs	Forecasted 2016 Utility Basis Capital Costs
Debt Service	\$ 8,346,207	\$ -
Utility Plant Improvement Fund	9,738,263	-
Depreciation	-	9,112,973
	18,084,470	9,112,973
Required Return on Rate Base	-	8,971,497
Total Capital Costs	18,084,470	18,084,470
Rate Base		167,963,472
Rate of Return Required for Return of \$8,971,497		5.34%

	Amount	Percent of Capital Structure	Return	Weighted Return
Long-term debt	\$ 147,818,515	60.35%	4.15%	2.50%
Equity	<u>97,111,791</u>	<u>39.65%</u>	<u>7.15%</u>	<u>2.84%</u>
Total	\$ 244,930,306	100.00%		5.34%

Please refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Forecasted Operations and Maintenance Expenses**

	Actual 2013	Actual 2014	Budgeted 2015	Forecasted 2016
<u>Collection Expenses</u>				
Operations and Labor	\$ 1,855,714	\$ 2,095,368	\$ 2,414,391	\$ 2,524,867
Purchased Power	526,439	596,539	680,100	700,831
Chemicals	247,661	314,089	124,500	207,000
Materials & Supplies	306,244	243,419	227,000	231,760
Contract Services	42,695	40,868	16,300	16,800
Rent	50	50	-	-
Vehicle	7,755	7,178	-	-
Insurance			-	-
Misc	(527)	(18,910)	2,000	3,000
<b>Total Collection Expenses</b>	<b>2,986,032</b>	<b>3,278,600</b>	<b>3,464,291</b>	<b>3,684,258</b>
<u>Pumping Expenses</u>				
Operations and Labor	1,516,519	1,499,711	1,706,968	1,835,271
Purchased WW	858	1,089	-	-
Purchased Power	1,977,073	2,192,656	2,485,700	2,561,469
Chemicals	490,591	543,403	565,300	677,400
Materials & Supplies	322,323	336,166	328,671	345,055
Contract Services	162,249	125,698	91,400	94,800
Misc	30,742	31,008	31,000	31,500
<b>Total Pumping Expenses</b>	<b>4,500,355</b>	<b>4,729,732</b>	<b>5,209,040</b>	<b>5,545,495</b>
<u>Treatment &amp; Disposal Expenses</u>				
Sludge Removal	\$ 138,287	\$ 238,841	\$ 190,000	\$ 835,200 A
Purchased Power		-		-
Materials & Supplies	2,992	50,126	4,000	4,300
Vehicle Expense	43,514	154,516	60,600	62,400
Reclaimed Water	88,501	9,607	16,239	16,726
Misc	(34,499)	(9,638)	-	-
<b>Total Treatment Expenses</b>	<b>238,795</b>	<b>443,451</b>	<b>270,839</b>	<b>918,626</b>
<u>Administrative Expenses</u>				
Customer Accounts	1,057,177	1,124,623	963,988	987,247
Sales Expense	25,212	7,502	33,328	34,242
Other A&G	4,932,946	4,609,747	4,882,783	4,893,431
<b>Total Administrative Expenses</b>	<b>6,015,335</b>	<b>5,741,872</b>	<b>5,880,100</b>	<b>5,914,919</b>
<b>Total Operations and Maintenance</b>	<b>\$ 13,740,517</b>	<b>\$ 14,193,654</b>	<b>\$ 14,824,269</b>	<b>\$ 16,063,299</b>

A - Increase in costs projected in 2016 represents our addition of SLOM costs associated with new technological

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Revenue Forecast for 2016 at Current Rates**

Customer Class	Current Rates	Residential		Non-Residential		Reclaimed Water		High Strength		Total	
		Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue	Units	Revenue
Residential											
Volume Charge	6.05 per 1,000 gallons	3,321,266	20,093,659							3,321,266	20,093,659
Customer Charge	8.40 per bill	718,668	6,036,811							718,668	6,036,811
Non-Residential											
Volume Charge	6.05 per 1,000 gallons			1,327,693	8,032,543					1,327,693	8,032,543
Customer Charge	8.40 per bill			52,044	437,170					52,044	437,170
Reclaimed Water Service											
Volume Charge	0.70 per 1,000 gallons					205,665	143,966			205,665	143,966
Customer Charge	8.40 per bill					10,284	86,386			10,284	86,386
High Strength											
Volume Charge	6.05 per 1,000 gallons							45,552	275,590	45,552	275,590
Excess Strength Surcharge	0.94 per pound							34,365	32,152	34,365	32,152
Customer Charge	8.40 per bill							12	101	12	101
Volume Revenue			20,093,659		8,032,543		143,966		275,590		28,545,758
Excess Strength Revenue			-		-		-		32,152		32,152
Customer Revenue			6,036,811		437,170		86,386		101		6,560,468
Total 2016 Revenues			<u>\$ 26,130,470</u>		<u>\$ 8,469,713</u>		<u>\$ 230,352</u>		<u>\$ 307,843</u>		<u>\$ 35,138,378</u>



**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Forecasted Utility Plant in Service**

Acct. No.	Plant Account	Actual	FY 2015 Forecasted		Forecasted	FY 2016 Forecasted		Forecasted	Test Year
		Balance 9/30/2014	Additions	Retirements	Balance 9/30/2015	Additions	Retirements	Balance 9/30/2016	Average Balance
<b>Pumping Plant</b>									
328	Land&Land Rights-Pumping	\$ 109,487	\$ -	\$ -	\$ 109,487	\$ -	\$ -	\$ 109,487	\$ 109,487
329	Structures and Improvemen	5,052,480	-	(16,607)	5,035,873	-	(16,607)	5,019,266	5,027,569
333	Electric Pumping Equipmen	11,558,348	907,501	(135,017)	12,330,832	523,839	(135,017)	12,719,655	12,525,243
334	Pumping Plt-Diesel Pumpin	1,183,408	-	(1,069)	1,182,339	-	(1,069)	1,181,271	1,181,805
336	Receiving Wells	6,217,873	-	(91,593)	6,126,280	-	(91,593)	6,034,687	6,080,484
	<b>Total Pumping Plant</b>	<b>24,121,595</b>	<b>907,501</b>	<b>(244,285)</b>	<b>24,784,811</b>	<b>523,839</b>	<b>(244,285)</b>	<b>25,064,365</b>	<b>24,924,588</b>
<b>Water Treatment Plant</b>									
337	Land & Land Rights-Ttrmnt	1,055,666	22,000	-	1,077,666	22,200	-	1,099,866	1,088,766
338	Structures and Improvemen	26,824,055	6,456,125	(333,709)	32,946,471	2,266,125	(333,709)	34,878,887	33,912,679
339	Treatment Plant Equipment	45,347,188	6,456,125	(252,280)	51,551,033	2,266,125	(252,280)	53,564,879	52,557,956
	<b>Total Water Treatment Plant</b>	<b>73,226,910</b>	<b>12,934,250</b>	<b>(585,989)</b>	<b>85,575,171</b>	<b>4,554,450</b>	<b>(585,989)</b>	<b>89,543,632</b>	<b>87,559,401</b>
<b>Collection Plant</b>									
374	Land and Land Rights	1,136,468	-	-	1,136,468	-	-	1,136,468	1,136,468
377	Mains	98,901,477	5,107,462	(434,830)	103,574,109	4,761,988	(434,830)	107,901,267	105,737,688
378	Fire or Force Mains	26,527,814	1,093,059	(13,719)	27,607,154	705,277	(13,719)	28,298,711	27,952,932
379	Services	18,684,958	1,000,359	(13,845)	19,671,472	978,273	(13,845)	20,635,900	20,153,686
380	Meters	436,559	-	-	436,559	-	-	436,559	436,559
	<b>Total Collection Plant</b>	<b>145,687,276</b>	<b>7,200,880</b>	<b>(462,394)</b>	<b>152,425,761</b>	<b>6,445,538</b>	<b>(462,394)</b>	<b>158,408,905</b>	<b>155,417,333</b>
<b>Reuse Water Plant</b>									
386	Tanks and Installation	13,217	-	-	13,217	-	-	13,217	13,217
387	Reclaimed Water	8,549,318	891,580	-	9,440,899	422,792	-	9,863,691	9,652,295
	<b>Total Reuse Water Plant</b>	<b>8,562,535</b>	<b>891,580</b>	<b>-</b>	<b>9,454,115</b>	<b>422,792</b>	<b>-</b>	<b>9,876,908</b>	<b>9,665,512</b>
<b>General Plant</b>									
388	Land & Land Rights	981	-	-	981	-	-	981	981
389	Land and Land Rights	681,680	-	-	681,680	-	-	681,680	681,680
390	Structures&Improvements	14,153,388	423,654	-	14,577,042	432,582	-	15,009,623	14,793,332
391	Office Furniture & Equipm	2,414,385	72,270	(6,043)	2,480,612	73,793	(6,043)	2,548,362	2,514,487
391.1	Computers and Electronics	1,385,374	41,468	(3,467)	1,423,375	42,342	(3,467)	1,462,250	1,442,812
392	Transportation Equipment	909,238	27,216	(33,962)	902,492	27,790	(33,962)	896,319	899,406
394	Tools Shop &Garage Equip	186,215	5,574	(4,487)	187,302	5,691	(4,487)	188,506	187,904
395	Laboratory&Testing Equip	335,194	10,033	(24,369)	320,858	10,245	(24,369)	306,734	313,796
396	Power Operated Equipment	6,723,684	201,260	(114,105)	6,810,839	205,501	(114,105)	6,902,235	6,856,537
397	Communication Equipment	18,168	544	(1,006)	17,706	555	(1,006)	17,255	17,481
398	Miscellaneous Equipment	321,247	9,616	(7,930)	322,934	9,819	(7,930)	324,823	323,878
	<b>Total General Plant</b>	<b>27,129,553</b>	<b>791,636</b>	<b>(195,370)</b>	<b>27,725,820</b>	<b>808,318</b>	<b>(195,370)</b>	<b>28,338,768</b>	<b>28,032,294</b>
	<b>Total Plant In Service</b>	<b>\$ 278,727,869</b>	<b>\$ 22,725,848</b>	<b>\$ (1,488,038)</b>	<b>\$ 299,965,678</b>	<b>\$ 12,754,937</b>	<b>\$ (1,488,038)</b>	<b>\$ 311,232,578</b>	<b>\$ 305,599,128</b>

Please refer to Summary of Significant Assumptions and  
Summary of Significant Accounting Policies

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Forecasted Depreciation Expense**

Acct. No.	Account Description	Depreciation Rates	2015 Depreciable Balance	2015 Depreciation Expense	2016 Depreciable Balance	2016 Depreciation Accrual
<b>Pumping Plant</b>						
328	Land&Land Rights-Pumping	0.00%	\$ 109,487	\$ -	\$ 109,487	\$ -
329	Structures and Improvemen	2.63%	5,044,176	132,662	5,027,569	132,225
333	Electric Pumping Equipmen	5.14%	11,944,590	613,952	12,525,243	643,797
334	Pumping Plt-Diesel Pumpin	5.25%	1,182,873	62,101	1,181,805	62,045
336	Receiving Wells	3.05%	6,172,077	188,248	6,080,484	185,455
	<b>Total Pumping Plant</b>		24,453,203	996,963	24,924,588	1,023,522
<b>Water Treatment Plant</b>						
337	Land & Land Rights-Ttrmnt	0.00%	1,066,666	-	1,088,766	-
338	Structures and Improvemen	2.15%	29,885,263	642,533	33,912,679	729,123
339	Treatment Plant Equipment	2.34%	48,449,111	1,133,709	52,557,956	1,229,856
	<b>Total Water Treatment Plant</b>		79,401,040	1,776,242	87,559,401	1,958,979
<b>Collection Plant</b>						
374	Land and Land Rights	0.00%	1,136,468	-	1,136,468	-
377	Mains	3.16%	101,237,793	3,199,114	105,737,688	3,341,311
378	Fire or Force Mains	2.58%	27,067,484	698,341	27,952,932	721,186
379	Services	2.69%	19,178,215	515,894	20,153,686	542,134
380	Meters	6.16%	436,559	26,892	436,559	26,892
	<b>Total Collection Plant</b>		149,056,519	4,440,241	155,417,333	4,631,523
<b>Reuse Water Plant</b>						
386	Tanks and Installation	3.69%	13,217	488	13,217	488
387	Reclaimed Water	2.21%	8,995,109	198,792	9,652,295	213,316
	<b>Total Water Reuse Plant</b>		9,008,325	199,280	9,665,512	213,804
<b>General Plant</b>						
388	Land & Land Rights	0.00%	981	-	981	-
389	Land and Land Rights	0.00%	681,680	-	681,680	-
390	Structures&Improvements	1.95%	14,365,215	280,122	14,793,332	288,470
391	Office Furniture & Equipm	7.07%	2,447,499	173,038	2,514,487	177,774
391.1	Computers and Electronics	9.90%	1,404,374	139,033	1,442,812	142,838
392	Transportation Equipment	9.00%	905,865	81,528	899,406	80,947
394	Tools Shop &Garage Equip	6.13%	186,758	11,448	187,904	11,519
395	Laboratory&Testing Equip	6.25%	328,026	20,502	313,796	19,612
396	Power Operated Equipment	7.92%	6,767,261	535,967	6,856,537	543,038
397	Communication Equipment	6.25%	17,937	1,121	17,481	1,093
398	Miscellaneous Equipment	6.13%	322,090	19,744	323,878	19,854
	<b>Total General Plant</b>		27,427,686	1,262,503	28,032,294	1,285,145
	<b>Total Depreciation Expense</b>		<b>\$ 289,346,774</b>	<b>\$ 8,675,229</b>	<b>\$ 305,599,128</b>	<b>\$ 9,112,973</b>

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Forecasted Accumulated Depreciation**

Acct. No.	Plant Account	Actual	FY 2015 Forecasted		Forecasted	FY 2016 Forecasted		Forecasted	Test Year
		Balance 9/30/2014	Depreciation	Retirements	Balance 9/30/2015	Depreciation	Retirements	Balance 9/30/2016	Average Balance
<b>Pumping Plant</b>									
328	Land&Land Rights-Pumping	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
329	Structures and Improvem	(1,484,873)	(132,662)	16,607	(1,600,928)	(132,225)	16,607	(1,716,546)	(1,658,737)
333	Electric Pumping Equipmen	(7,108,437)	(613,952)	135,017	(7,587,372)	(643,797)	135,017	(8,096,152)	(7,841,762)
334	Pumping Plt-Diesel Pumpin	(468,109)	(62,101)	1,069	(529,141)	(62,045)	1,069	(590,118)	(559,629)
336	Receiving Wells	(2,783,639)	(188,248)	91,593	(2,880,293)	(185,455)	91,593	(2,974,155)	(2,927,224)
	<b>Total Pumping Plant</b>	(11,845,057)	(996,963)	244,285	(12,597,735)	(1,023,522)	244,285	(13,376,971)	(12,987,352)
<b>Water Treatment Plant</b>									
337	Land & Land Rights-Ttrmnt	-	-	-	-	-	-	-	-
338	Structures and Improvem	(12,553,767)	(642,533)	333,709	(12,862,591)	(729,123)	333,709	(13,258,005)	(13,060,298)
339	Treatment Plant Equipment	(28,539,782)	(1,133,709)	252,280	(29,421,211)	(1,229,856)	252,280	(30,398,787)	(29,909,999)
	<b>Total Water Treatment Plant</b>	(41,093,549)	(1,776,242)	585,989	(42,283,803)	(1,958,979)	585,989	(43,656,793)	(42,970,297)
<b>Collection Plant</b>									
374	Land and Land Rights	-	-	-	-	-	-	-	-
377	Mains	(44,382,125)	(3,199,114)	434,830	(47,146,410)	(3,341,311)	434,830	(50,052,891)	(48,599,650)
378	Fire or Force Mains	(10,469,148)	(698,341)	13,719	(11,153,770)	(721,186)	13,719	(11,861,237)	(11,507,503)
379	Services	(10,641,409)	(515,894)	13,845	(11,143,457)	(542,134)	13,845	(11,671,746)	(11,407,601)
380	Meters	(133,260)	(26,892)	-	(160,152)	(26,892)	-	(187,044)	(173,598)
	<b>Total Collection Plant</b>	(65,625,942)	(4,440,241)	462,394	(69,603,789)	(4,631,523)	462,394	(73,772,917)	(71,688,352)
<b>Reuse Water Plant</b>									
386	Tanks and Installation	(4,035)	(488)	-	(4,523)	(488)	-	(5,011)	(4,767)
387	Reclaimed Water	(2,565,077)	(198,792)	-	(2,763,869)	(213,316)	-	(2,977,185)	(2,870,527)
	<b>Total Reuse Water Plant</b>	(2,569,112)	(199,280)	-	(2,768,392)	(213,804)	-	(2,982,196)	(2,875,294)
<b>General Plant</b>									
388	Land & Land Rights	-	-	-	-	-	-	-	-
389	Land and Land Rights	-	-	-	-	-	-	-	-
390	Structures&Improvements	(929,646)	(280,122)	-	(1,209,768)	(288,470)	-	(1,498,238)	(1,354,003)
391	Office Furniture & Equipm	(628,443)	(173,038)	6,043	(795,438)	(177,774)	6,043	(967,169)	(881,304)
391	Computers and Electronics	(345,384)	(139,033)	3,467	(480,950)	(142,838)	3,467	(620,321)	(550,635)
392	Transportation Equipment	(294,159)	(81,528)	33,962	(341,724)	(80,947)	33,962	(388,709)	(365,217)
394	Tools Shop &Garage Equip	(94,204)	(11,448)	4,487	(101,164)	(11,519)	4,487	(108,196)	(104,680)
395	Laboratory&Testing Equip	(222,550)	(20,502)	24,369	(218,683)	(19,612)	24,369	(213,926)	(216,305)
396	Power Operated Equipment	(2,829,740)	(535,967)	114,105	(3,251,602)	(543,038)	114,105	(3,680,535)	(3,466,068)
397	Communication Equipment	(8,718)	(1,121)	1,006	(8,833)	(1,093)	1,006	(8,921)	(8,877)
398	Miscellaneous Equipment	(149,495)	(19,744)	7,930	(161,309)	(19,854)	7,930	(173,234)	(167,272)
	<b>Total General Plant</b>	(5,502,339)	(1,262,503)	195,370	(6,569,472)	(1,285,145)	195,370	(7,659,248)	(7,114,361)
Total Accumulated Depreciation		\$ (126,635,999)	\$ (8,675,229)	\$ 1,488,038	\$ (133,823,190)	\$ (9,112,973)	\$ 1,488,038	\$ (141,448,125)	\$ (137,635,656)

Please refer to Summary of Significant Assumptions and Summary of Significant Accounting Policies

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Allocation of Operations and Maintenance Expenses to Cost Functions**

Collection Expenses	Forecasted 2016	Allocation Percentages													
		Customer	Volume	Reclaimed	COD	SS	Phos	NH3	Customer	Volume	Reclaimed	COD	SS	Phos	NH3
Operations and Labor	\$ 2,524,867	0.30	0.70	-	-	-	-	-	\$ 757,460	\$1,767,407	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Power	700,831	0.30	0.70	-	-	-	-	-	210,249	490,582	-	-	-	-	-
Chemicals	207,000	-	-	-	0.35	0.35	0.15	0.15	-	-	-	72,450	72,450	31,050	31,050
Materials & Supplies	231,760	0.30	0.70	-	-	-	-	-	69,528	162,232	-	-	-	-	-
Contract Services	16,800	0.30	0.70	-	-	-	-	-	5,040	11,760	-	-	-	-	-
Rent	-	0.30	0.70	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle	-	0.30	0.70	-	-	-	-	-	-	-	-	-	-	-	-
Misc	3,000	0.30	0.70	-	-	-	-	-	900	2,100	-	-	-	-	-
<b>Total Collection Expenses</b>	<b>3,684,258</b>								<b>1,043,177</b>	<b>2,434,081</b>	<b>-</b>	<b>72,450</b>	<b>72,450</b>	<b>31,050</b>	<b>31,050</b>
<b>Pumping Expenses</b>															
Operations and Labor	1,835,271	0.30	0.70	-	-	-	-	-	550,581	1,284,690	-	-	-	-	-
Purchased Power	2,561,469	-	-	-	0.35	0.35	0.15	0.15	-	-	-	896,515	896,514	384,220	384,220
Chemicals	677,400	0.30	0.70	-	-	-	-	-	203,220	474,180	-	-	-	-	-
Materials & Supplies	345,055	0.30	0.70	-	-	-	-	-	103,516	241,539	-	-	-	-	-
Contract Services	94,800	0.30	0.70	-	-	-	-	-	28,440	66,360	-	-	-	-	-
Misc	31,500	0.30	0.70	-	-	-	-	-	9,450	22,050	-	-	-	-	-
<b>Total Pumping Expenses</b>	<b>5,545,495</b>								<b>895,207</b>	<b>2,088,819</b>	<b>-</b>	<b>896,515</b>	<b>896,514</b>	<b>384,220</b>	<b>384,220</b>
<b>Treatment &amp; Disposal Expenses</b>															
Sludge Removal	835,200	0.10	-	-	0.10	0.70	0.05	0.05	83,520	-	-	83,520	584,640	41,760	41,760
Materials & Supplies	4,300	0.10	-	-	0.10	0.70	0.05	0.05	430	-	-	430	3,010	215	215
Vehicle Expense	62,400	0.10	-	-	0.10	0.70	0.05	0.05	6,240	-	-	6,240	43,680	3,120	3,120
Reclaimed Water	16,726	-	-	1.00	-	-	-	-	-	-	16,726	-	-	-	-
<b>Total Treatment Expenses</b>	<b>918,626</b>								<b>90,190</b>	<b>-</b>	<b>16,726</b>	<b>90,190</b>	<b>631,330</b>	<b>45,095</b>	<b>45,095</b>
<b>Administrative Expenses</b>															
Customer Accounts	987,247	1.00	-	-	-	-	-	-	987,247	-	-	-	-	-	-
Sales Expense	34,242	1.00	-	-	-	-	-	-	34,242	-	-	-	-	-	-
Other A&G	4,893,431	0.27	0.42	-	0.09	0.14	0.04	0.04	1,321,227	2,055,241	-	440,409	685,080	195,737	195,737
<b>Total Administrative Expenses</b>	<b>5,914,919</b>								<b>2,342,716</b>	<b>2,055,241</b>	<b>-</b>	<b>440,409</b>	<b>685,080</b>	<b>195,737</b>	<b>195,737</b>
<b>Total Operations and Maintenance</b>	<b>\$ 16,063,299</b>								<b>\$4,371,290</b>	<b>\$6,578,141</b>	<b>\$ 16,726</b>	<b>\$1,499,564</b>	<b>\$2,285,374</b>	<b>\$ 656,102</b>	<b>\$ 656,102</b>

Please refer to Summary of Significant Assumptions and  
Summary of Significant Accounting Policies

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Allocation of Depreciation Expense to Cost Functions**

Account Number	Account Descriptions	Forecasted 2016 Depreciation	Allocations							Allocated Costs						
			Customer	Volume	Reclaimed	COD	SS	Phos	NH3	Customer	Volume	Reclaimed	COD	SS	Phos	NH3
<b>Pumping Plant</b>																
328	Land&Land Rights-Pumping	\$ -	-	-	-	-	-	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
329	Structures and Improvemen	132,225	0.40	0.60	-	-	-	-	-	52,890	79,335	-	-	-	-	-
333	Electric Pumping Equipmen	643,797	0.40	0.60	-	-	-	-	-	257,519	386,278	-	-	-	-	-
334	Pumping Plt-Diesel Pumpin	62,045	0.40	0.60	-	-	-	-	-	24,818	37,227	-	-	-	-	-
336	Receiving Wells	185,455	0.40	0.60	-	-	-	-	-	74,182	111,273	-	-	-	-	-
	<b>Total Pumping Plant</b>	<b>1,023,522</b>								<b>409,409</b>	<b>614,113</b>					
<b>Water Treatment Plant</b>																
337	Land & Land Rights-Ttrmnt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
338	Structures and Improvemen	729,123	-	0.20	-	0.35	0.20	0.20	0.05	-	145,825	-	255,192	145,825	145,825	36,456
339	Treatment Plant Equipment	1,229,856	-	0.15	-	0.50	0.20	0.10	0.05	-	184,478	-	614,928	245,971	122,986	61,493
	<b>Total Water Treatment Plant</b>	<b>1,958,979</b>									<b>330,303</b>		<b>870,120</b>	<b>391,796</b>	<b>268,811</b>	<b>97,949</b>
<b>Collection Plant</b>																
374	Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
377	Mains	3,341,311	0.50	0.50	-	-	-	-	-	1,670,656	1,670,655	-	-	-	-	-
378	Fire or Force Mains	721,186	0.50	0.50	-	-	-	-	-	360,593	360,593	-	-	-	-	-
379	Services	542,134	0.50	0.50	-	-	-	-	-	271,067	271,067	-	-	-	-	-
380	Meters	26,892	0.50	0.50	-	-	-	-	-	13,446	13,446	-	-	-	-	-
	<b>Total Collection Plant</b>	<b>4,631,523</b>								<b>2,315,762</b>	<b>2,315,761</b>					
<b>Reuse Water Plant</b>																
386	Tanks and Installation	488	-	0.80	0.20	-	-	-	-	-	390	98	-	-	-	-
387	Reclaimed Water	213,316	-	0.80	0.20	-	-	-	-	-	170,653	42,663	-	-	-	-
	<b>Total Water Reuse Plant</b>	<b>213,804</b>									<b>171,043</b>	<b>42,761</b>				
<b>General Plant</b>																
388	Land & Land Rights	-	0.35	0.44	0.01	0.11	0.05	0.03	0.01	-	-	-	-	-	-	-
389	Land and Land Rights	-	0.35	0.44	0.01	0.11	0.05	0.03	0.01	-	-	-	-	-	-	-
390	Structures&Improvements	288,470	0.35	0.44	0.01	0.11	0.05	0.03	0.01	100,965	126,925	2,885	31,732	14,424	8,654	2,885
391	Office Furniture & Equipm	177,774	0.35	0.44	0.01	0.11	0.05	0.03	0.01	62,221	78,220	1,778	19,555	8,889	5,333	1,778
391.1	Computers and Electronics	142,838	0.35	0.44	0.01	0.11	0.05	0.03	0.01	49,993	62,850	1,428	15,712	7,142	4,285	1,428
392	Transportation Equipment	80,947	0.35	0.44	0.01	0.11	0.05	0.03	0.01	28,331	35,619	809	8,904	4,047	2,428	809
394	Tools Shop &Garage Equip	11,519	0.35	0.44	0.01	0.11	0.05	0.03	0.01	4,032	5,068	115	1,267	576	346	115
395	Laboratory&Testing Equip	19,612	0.35	0.44	0.01	0.11	0.05	0.03	0.01	6,864	8,630	196	2,157	981	588	196
396	Power Operated Equipment	543,038	0.35	0.44	0.01	0.11	0.05	0.03	0.01	190,063	238,938	5,430	59,734	27,152	16,291	5,430
397	Communication Equipment	1,093	0.35	0.44	0.01	0.11	0.05	0.03	0.01	383	480	11	120	55	33	11
398	Miscellaneous Equipment	19,854	0.35	0.44	0.01	0.11	0.05	0.03	0.01	6,949	8,734	199	2,184	993	596	199
	<b>Total General Plant</b>	<b>1,285,145</b>								<b>449,801</b>	<b>565,464</b>	<b>12,851</b>	<b>141,365</b>	<b>64,259</b>	<b>38,554</b>	<b>12,851</b>
<b>Total Depreciation Expense</b>		<b>\$ 9,112,973</b>								<b>\$ 3,174,972</b>	<b>\$ 3,996,684</b>	<b>\$ 55,612</b>	<b>\$ 1,011,485</b>	<b>\$ 456,055</b>	<b>\$ 307,365</b>	<b>\$ 110,800</b>

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Summary of Costs by Function**

Revenue Requirement Component	Allocation Basis	Forecasted 2016	Customer	Volume	Reclaimed	High Strength			
						COD	SS	Phos	NH3
Operation and Maintenance Expenses		\$ 16,063,299	\$ 4,371,290	\$ 6,578,141	\$ 16,726	\$ 1,499,564	\$ 2,285,374	\$ 656,102	\$ 656,102
Depreciation		9,112,973	3,174,972	3,996,684	55,612	1,011,485	456,055	307,365	110,800
Return on Rate Base		8,971,497	3,125,682	3,934,636	54,749	995,782	448,975	302,593	109,080
Subtotal		34,147,769	10,671,944	14,509,461	127,087	3,506,831	3,190,404	1,266,060	875,982
Average Allocation Weighting		100.0%	31.25%	42.49%	0.37%	10.27%	9.34%	3.71%	2.57%
Transfer to the General Fund	Above Allocation	7,473,327	2,335,415	3,175,416	27,651	767,511	698,009	277,260	192,064
Other Revenues - Connection Charges	Above Allocation	(1,976,058)	(617,518)	(839,627)	(7,311)	(202,941)	(184,564)	(73,312)	(50,785)
Other Revenues - Surcharges	Above Allocation	(2,730,114)	(853,161)	(1,160,025)	(10,101)	(280,383)	(254,993)	(101,287)	(70,164)
Other Revenues - Interest Income	Above Allocation	(240,784)	(75,245)	(102,309)	(891)	(24,729)	(22,489)	(8,933)	(6,188)
Other Revenues - BABs Subsidy	Above Allocation	(1,009,441)	(315,450)	(428,911)	(3,735)	(103,670)	(94,282)	(37,450)	(25,943)
Other Revenues - Rate Stabilization Transfer	Above Allocation	1,355,725	423,664	576,048	5,016	139,233	126,625	50,297	34,842
Other Revenue - Biosolids	Above Allocation	(312,000)	(97,500)	(132,568)	(1,154)	(32,042)	(29,141)	(11,575)	(8,018)
Other Revenues - Shands and Innovation Square	Above Allocation	(103,314)	(32,286)	(43,898)	(382)	(10,610)	(9,650)	(3,833)	(2,655)
Allocated Costs		<u>\$ 36,605,109</u>	<u>\$ 11,439,863</u>	<u>\$ 15,553,587</u>	<u>\$ 136,180</u>	<u>\$ 3,759,200</u>	<u>\$ 3,419,919</u>	<u>\$ 1,357,227</u>	<u>\$ 939,135</u>

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Customer and Reclaimed Water Rates**

	<u>Source</u>	
Customer Cost	-	\$ 11,439,863
Customers * Months	-	<u>781,008</u>
Monthly Charge per Customer		<u>\$ 14.65</u>
	<u>Source</u>	
Reclaimed Water Cost	-	\$ 136,180
Reclaimed Sales (1,000s Gallons)	-	<u>205,665</u>
Calculated Reclaimed Water Charge		<u>\$ 0.66</u>

Note: In calculating the reclaimed water rate, we are assuming no change in sales volume despite the increase in rate.

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**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Domestic Volume and Excess Strength Rates**

Volume	COD	SS	Phos	NH3	Total
\$ 15,553,587	\$ 3,759,200	\$ 3,419,919	\$ 1,357,227	\$ 939,135	\$ 25,029,068

	Volume (1,000s Gallons)	Conversion Factor (lb*L)/(kgal*mg)	Assumed Domestic Strength (mg/L)	
<b>Volume</b>	Domestic Strength Volume			4,648,959 per 1,000 gallons
	Sivance			45,552 per 1,000 gallons
	Total Volume			4,694,511 per 1,000 gallons
<b>COD</b>	Domestic	4,694,511 x	0.00834538 x	375 = 14,691,554.33 Pounds
	Sivance Excess Strength			34,365 Pounds
	Total COD			14,725,920 Pounds
<b>SS</b>		4,694,511 x	0.00834538 x	250 = 9,794,370 Pounds
<b>Phos</b>		4,694,511 x	0.00834538 x	15 = 587,662 Pounds
<b>NH3</b>		4,694,511 x	0.00834538 x	40 = 1,567,099 Pounds

**Component Rates**

	Cost	Units	
Volume cost per 1,000 gallons	15,553,587 /	4,694,511 =	3.31 per 1,000 gallons
Chemical Oxygen Demand	3,759,200 /	14,725,920 =	0.26 per Pound
Suspended Solids	3,419,919 /	9,794,370 =	0.35 per Pound
Phosphorus	1,357,227 /	587,662 =	2.31 per Pound
Ammonia	939,135	1,567,099	0.60 per Pound

**Domestic Strength Rate**

Volume				=	3.31 per 1,000 gallons
COD	375 mg/L	x	0.00834538	x	0.26 = 0.81 per 1,000 gallons
SS	250 mg/L	x	0.00834538	x	0.35 = 0.73 per 1,000 gallons
Phos	15 mg/L	x	0.00834538	x	2.31 = 0.29 per 1,000 gallons
NH3	40 mg/L	x	0.00834538	x	0.60 = 0.20 per 1,000 gallons
<b>Total Calculated Domestic Rate</b>					<b>\$ 5.34</b> per 1,000 gallons



**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Forecasted Revenues at Calculated Rates**

Customer Class	Units		Current Rates	Calculated Rates	Residential		Non-Residential		Reclaimed Water		High Strength	
					Current	Calculated	Current	Calculated	Current	Calculated	Current	Calculated
Residential												
Volume Charge	3,321,266	1,000 Gallons	6.05	<b>5.33</b>	20,093,659	17,702,348						
Customer Charge	718,668	Customer Months	8.40	<b>14.65</b>	6,036,811	10,528,486						
Non-Residential												
Volume Charge	1,327,693	1,000 Gallons	6.05	<b>5.33</b>			8,032,543	7,076,604				
Customer Charge	52,044	Customer Months	8.40	<b>14.65</b>			437,170	762,445				
Reclaimed Water Service												
Volume Charge	205,665	1,000 Gallons	0.70	<b>0.65</b>					143,966	133,682		
Customer Charge	10,284	Customer Months	8.40	<b>14.65</b>					86,386	150,661		
High Strength												
Volume Charge	45,552	1,000 Gallons	6.05	<b>5.33</b>							275,590	242,792
COD	34,365	Pounds	0.94	<b>0.26</b>							32,152	8,935
Customer Charge	12	Customer Months	12.00	<b>14.65</b>							144	176
Volume Revenue						17,702,348		7,076,604		133,682		242,792
Excess Strength Revenue						-		-		-		8,935
Customer Revenue						10,528,486		762,445		150,661		176
Total 2016 Revenues						<u>\$ 28,230,834</u>		<u>\$ 7,839,049</u>		<u>\$ 284,343</u>		<u>\$ 251,903</u>

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Connection Fees**

**Collection System**

<b>Meter Size</b>	<b>Present Rates</b>	<b>Equivalent Ratios</b>	<b>Meter Capacity</b>	<b>Average Consumption</b>
5/8"	\$ 670	\$ 1,081	\$ 809	\$ 642
3/4"	1,950	1,190	1,770	786
1"	2,180	1,514	2,781	2,906
1 1/2"	5,000	1,947	8,090	6,516
2"	9,590	3,136	8,090	15,074
3"		11,896	-	27,773
4"	\$9,590 or \$2.508 per	15,141	-	57,107
6"	gallon estimated	22,711	-	15,693
8"	average daily flow	31,363	-	266,692
Forecasted Revenue over 5 Years	\$ 2,271,370	\$ 2,614,153	\$ 2,613,754	\$ 2,612,774

**Treatment Plant**

<b>Meter Size</b>	<b>Present Rates</b>	<b>Equivalent Ratios</b>	<b>Meter Capacity</b>	<b>Average Consumption</b>
5/8"	\$ 3,110	\$ 4,487	\$ 3,356	\$ 2,665
3/4"	9,060	4,935	7,342	3,260
1"	10,510	6,281	11,537	12,061
1 1/2"	23,680	8,076	33,562	27,045
2"	49,060	13,011	33,562	62,563
3"		49,353	-	115,272
4"	\$49,060 or \$11.214 per	62,812	-	237,019
6"	gallon estimated	94,219	-	65,132
8"	average daily flow	130,111	-	1,106,885
Forecasted Revenue over 5 Years	\$ 10,844,120	\$ 10,845,017	\$ 10,849,574	\$ 10,844,116

**Total Collection & Treatment**

<b>Meter Size</b>	<b>Present Rates</b>	<b>Equivalent Ratios</b>	<b>Meter Capacity</b>	<b>Average Consumption</b>
5/8"	\$ 3,780	\$ 5,568	\$ 4,165	\$ 3,307
3/4"	11,010	6,125	9,111	4,046
1"	12,690	7,795	14,318	14,967
1 1/2"	28,680	10,023	41,652	33,561
2"	58,650	16,147	41,652	77,637
3"		61,249	-	143,045
4"	\$58,650 or \$13.722 per	77,953	-	294,126
6"	gallon estimated	116,930	-	80,825
8"	average daily flow	161,474	-	1,373,578
Forecasted Revenue over 5 Years	\$ 13,115,490	\$ 13,459,171	\$ 13,463,328	\$ 13,456,890

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Connection Charge Projects**

Collection Projects Recovered in Connection Charges	2011	2012	2013	2014	2015	Total	Allocation to New Customers	Allocated Cost
LS Upgrades	\$ 127,463	\$ 54,541	\$ 100,304	\$ 80,000	\$ 75,000	\$ 437,308	60%	\$ 262,385
FM Upgrades	364,072					364,072	60%	\$ 218,443
Urban Core Study						-	60%	\$ -
SewerCAD Model	21,224	9,101	2,866	15,628		48,819	60%	\$ 29,291
College Park		5,788		9,158		14,946	60%	\$ 8,968
LS 141 12" FM UPGRADE						-	60%	\$ -
College Park			8,652			8,652	100%	\$ 8,652
LS92 Upgrade Oversizing		242,654				242,654	100%	\$ 242,654
Oversizing		4,026	7,613	11,000	200,000	222,639	100%	\$ 222,639
LS10						-	25%	\$ -
LS6	1,122,137	1,162				1,123,299	25%	\$ 280,825
LS8		26,912	167,736	280,000		474,648	25%	\$ 118,662
LS1		726,130	16,625			742,755	25%	\$ 185,689
LS7&12			1,172			1,172	25%	\$ 293
Road Projects	27,005	100,077	37,318	-	50,000	214,400	25%	\$ 53,600
CRA Main St Streetscape & Recon					100,000	100,000	25%	\$ 25,000
SE 4th St Recon Depot Ave - Williston Rd		26,639	11,024	3,000	45,000	85,663	25%	\$ 21,416
Depot Ave Seg 2 (SW 11th St to Main St)			38,167	240,000	100,000	378,167	25%	\$ 94,542
Depot Ave Seg 4 (SE 7th St to Williston Rd)		230,277	11,754	6,000	125,000	373,031	25%	\$ 93,258
I District/Urban Core		440,247	340,824	68,172	130,000	979,243	40%	\$ 391,697
Loblolly	-	-	62,067	45,658	44,000	151,725	50%	\$ 75,863
	\$ 1,661,900	\$ 1,867,554	\$ 806,122	\$ 758,616	\$ 869,000	\$ 5,963,193		
							Subtotal	2,333,877
							Overhead	280,065
								2,613,942

Please refer to Summary of Significant Assumptions and  
Summary of Significant Accounting Policies

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Service Charges and Deposits**

Description	Current Rate	Labor Hours	Travel Hours	Labor Rate	Labor Cost	Vehicle Hours	Vehicle Rate	Vehicle Cost	Total
Collection Agency Transfer Fee	25% up to \$50								<b>25% up to \$50</b>
Field Visit	25.00	0.50	0.30	33.84	27.07	0.80	20.00	16.00	<b>43.00</b>
Conservation Visit - Customer Failed to Show	20.00	0.50	0.30	33.84	27.07	0.80	20.00	16.00	<b>43.00</b>
Unauthorized Service Investigation	65.00	1.25	0.30	33.84	52.45	0.80	20.00	16.00	<b>68.00</b>
Residential Deposit	40.00								<b>\$80 or twice monthly bill</b>
Returned Payment Fee	Greater of \$20 or 5% of transaction amount								<b>Greater of \$20 or 5% of transaction amount</b>
Late Payment Fee	Greater of \$1 or 1.5% of delinquent balance								<b>Greater of \$1 or 1.5% of delinquent balance</b>
Base Inspection Service Fee	1,250.00								<b>1,190.00</b>
Inspection Fee per Linear Foot of Developer Installed									
Distribution Piping	5.55								<b>5.15</b>
Private Sewerage System Permit	5.00								<b>5.15</b>
Industrial User Fee	510.00								<b>510.00</b>
Residential Connection Required but not Connected	38.65								<b>24.63</b>
Single Unit Residential Private Well Volume	38.65								<b>24.63</b>
Single Unit Residential Private Well Customer Charge	8.40								<b>14.65</b>
Multi Unit Residential Private Well Volume	30.25								<b>24.63</b>
Multi Unit Residential Private Well Customer Charge	8.40								<b>14.65</b>

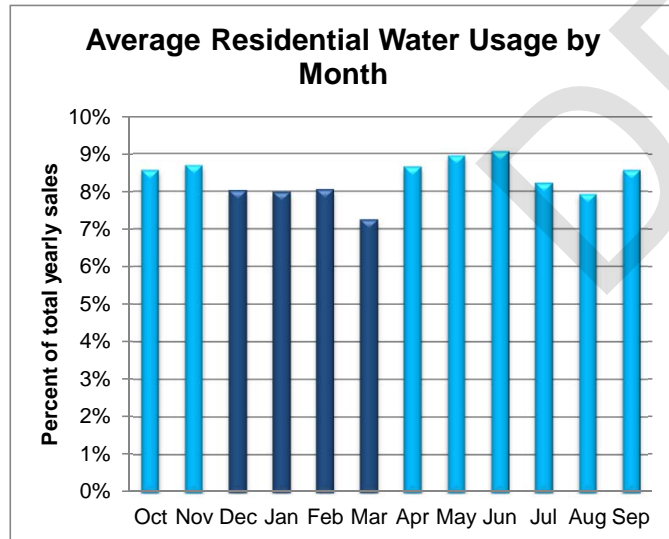
Assumptions	Pay Rate	Overhead Rate	Loaded Rate
Labor			
Field Service Rep	24.00	41%	33.84
Meter Reader	15.00	41%	21.15

Please refer to Summary of Significant Assumptions and  
Summary of Significant Accounting Policies

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Winter Maximum**

As indicated below, water usage is lowest during the winter months of December through March. It is assumed that less of the water usage is treated in the summer months due to watering of lawns.

Month	Residential Water Sales			3 Year Total	3 yr Average	Year Average
	FY14	FY13	FY12			
Oct	346,924	321,667	406,644	1,075,235	358,412	8.56%
Nov	368,867	363,213	360,458	1,092,538	364,179	8.70%
Dec	322,663	342,295	343,583	1,008,541	336,180	8.03%
Jan	329,449	330,011	344,088	1,003,548	334,516	7.99%
Feb	325,928	344,107	341,821	1,011,856	337,285	8.06%
Mar	286,674	301,956	322,312	910,942	303,647	7.25%
Apr	321,076	380,938	385,588	1,087,602	362,534	8.66%
May	352,206	360,159	412,137	1,124,502	374,834	8.96%
Jun	353,835	383,543	400,859	1,138,237	379,412	9.06%
Jul	353,722	320,027	358,864	1,032,613	344,204	8.22%
Aug	332,249	323,998	339,538	995,785	331,928	7.93%
Sep	336,386	377,937	361,451	<u>1,075,774</u>	358,591	<u>8.57%</u>
				12,557,173		100.00%



**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Sludge Hauling Rates**

High Strength Component	Milligrams per Liter	Milligrams per Liter Embedded in Volume Charge	Conversion Factor (lb*L)/(kgal*mg)	Pounds per 1,000 Gallons	Rate per Unit	Rate per 1,000 Gal
Volume						5.34
Chemical Oxygen Demand	15,000	(375)	0.00834538	122	0.26 =	31.73
Suspended Solids	10,000	(250)	0.00834538	81	0.35 =	28.48
Phosphorus	600	(15)	0.00834538	5	2.31 =	11.28
Ammonia	1,600	(40)	0.00834538	13	0.60 =	<u>7.81</u>
					Total Rate per 1,000 Gallons	\$ 84.64
Administrative Charge per Load			\$ 14.65			
Additional Rate per Additional 1% Suspended Solids			\$ 81.33			

**Gainesville Regional Utilities**  
**Wastewater Rate Study Report**  
**Representative Bills**

Customer	Volume (1,000 gallons)	Monthly Bill at Current Rates	Monthly Bill at Cost-Based Rates	Change	Percent Change
Small Residential	3	26.55	30.64	4.09	15%
Average Residential	5	38.65	41.30	2.65	7%
Large Residential	15	99.15	94.60	(4.55)	-5%
Non-Residential	20	129.40	121.25	(8.15)	-6%
Non-Residential	26	165.70	153.23	(12.47)	-8%
Non-Residential	52	323.00	291.81	(31.19)	-10%
Non-Residential	78	480.30	430.39	(49.91)	-10%
Reclaimed Water	20	22.40	27.65	5.25	23%

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