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Revenues from Current Rates
(i.e., Revenue Reconciliation)

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Revenue Reconciliation

- Critical step
- May help identify billing data “discrepancies”
- Will help determine if a rate increase is necessary (by class)

Revenue Reconciliation

- Recent study *(see handout)*

Commercial						
<6,000	\$ 48,944	\$ 49,434	\$ 49,681	\$ 49,929	\$ 50,179	
6,0001-10,000	21,102	21,313	21,420	21,527	21,634	
10,001-20,000	38,222	38,604	38,797	38,991	39,186	
20,001-30,000	32,441	32,766	32,929	33,094	33,259	
30,001-50,000	109,479	110,574	111,126	111,682	112,240	
50,001+	141,256	142,669	143,382	144,099	144,820	
Total Volumetric Revenue	\$ 391,444	\$ 395,359	\$ 397,336	\$ 399,322	\$ 401,319	
	\$ 2,838,671	\$ 2,903,766	\$ 2,955,911	\$ 3,009,069	\$ 3,063,261	
Recovery from Volumetric Rates of Retail RR	77%	74%	71%	70%	68%	
Over / (Under) Recovery	\$ 1,346,005	\$ 1,207,446	\$ 1,107,269	\$ 1,041,328	\$ 928,102	
Over (Under) Recovery from Proposed Rates						
Projected Wholesale Revenue	\$ 3,588,441	\$ 3,885,669	\$ 4,038,180	\$ 4,164,270	\$ 4,295,464	
Wholesale Revenue Requirement	4,146,391	4,421,804	4,627,982	4,800,546	5,024,782	
Net Wholesale Over / (Under) Recovery	\$ (557,950)	\$ (536,135)	\$ (589,801)	\$ (636,276)	\$ (729,318)	
Projected Retail Revenue	\$ 5,037,955	\$ 5,155,016	\$ 5,249,139	\$ 5,345,100	\$ 5,442,935	
Retail Revenue Requirement	3,691,950	3,947,569	4,141,870	4,303,772	4,514,833	
Net Retail Over / (Under) Recovery	\$ 1,346,005	\$ 1,207,446	\$ 1,107,269	\$ 1,041,328	\$ 928,102	
Total Revenue	\$ 8,626,396	\$ 9,040,685	\$ 9,287,319	\$ 9,509,370	\$ 9,738,399	
Total Revenue Requirement	7,838,342	8,369,374	8,769,852	9,104,319	9,539,615	
Total Over / (Under) Recovery	\$ 788,055	\$ 671,311	\$ 517,467	\$ 405,052	\$ 198,784	

Revenue Reconciliation

- Billing Discrepancies?
 - Compare audited financials vs. current rates x billing units (by class)
 - Variables:
 - Weather
 - Customer growth
 - “Billing” done outside the “financial system”
 - Wholesale customer “anomalies”

Revenue Reconciliation

- Discrepancies must be reconciled prior to recommending a rate increase

Revenue Reconciliation

- Reconciliation must be done by customer class

Table 3-1
Projected Water Revenue Utilizing Current Rates

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Retail Over(Under) Recovery	\$ 1,346,005	\$ 1,207,446	\$ 1,107,269	\$ 1,041,328	\$ 928,102
Wholesale Over(Under) Recovery	(557,950)	(536,135)	(589,801)	(636,276)	(729,318)
Total Over(Under) Recovery	\$ 788,055	\$ 671,331	\$ 517,467	\$ 405,052	\$ 198,784

Revenue Reconciliation

- Calculate rate increase necessary for each customer class *(see handout)*

Table 3-5
Projected Water Revenue Under Projected Rates

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenue Under Proposed Rates	\$ 5,171,646	\$ 5,291,935	\$ 5,388,682	\$ 5,487,318	\$ 5,587,881
Retail Revenue Requirement	3,691,950	3,947,569	4,141,870	4,303,772	4,514,833
Over / (Under) Recovery	\$ 1,479,696	\$ 1,344,366	\$ 1,246,812	\$ 1,183,546	\$ 1,073,049
Revenue Under Proposed Rates	\$ 3,863,006	\$ 4,183,098	\$ 4,656,501	\$ 4,801,989	\$ 4,953,367
Wholesale Revenue Requirement	4,146,387	4,421,798	4,627,975	4,800,538	5,024,772
Over / (Under) Recovery	\$ (283,380)	\$ (238,700)	\$ 28,526	\$ 1,452	\$ (71,405)

Revenue Reconciliation

- Proposed rates

Commercial										
<6,000	\$	48,944	\$	49,434	\$	49,681	\$	49,929	\$	50,179
6,0001-10,000		21,841		22,060		22,170		22,281		22,392
10,001-20,000		39,884		40,283		40,484		40,687		40,890
20,001-30,000		35,294		35,647		35,825		36,005		36,185
30,001-50,000		111,815		112,933		113,498		114,065		114,636
50,001+		141,256		142,669		143,382		144,099		144,820
Total Volumetric Revenue	\$	399,035	\$	403,025	\$	405,041	\$	407,066	\$	409,101
	\$	2,972,362	\$	3,040,686	\$	3,095,454	\$	3,151,288	\$	3,208,207
Recovery from Volumetric Rates of Retail RR		81%		77%		75%		73%		71%
Over (Under) Recovery	\$	1,479,696	\$	1,344,366	\$	1,246,812	\$	1,183,546	\$	1,073,049
Over (Under) Recovery from Proposed Rates										
Projected Wholesale Revenue	\$	3,863,006	\$	4,183,098	\$	4,656,501	\$	4,801,989	\$	4,953,367
Wholesale Revenue Requirement		4,146,387		4,421,798		4,627,975		4,800,538		5,024,772
Net Wholesale Over / (Under) Recovery	\$	(283,380)	\$	(238,700)	\$	28,526	\$	1,452	\$	(71,405)
	\$	5,171,646	\$	5,291,935	\$	5,388,682	\$	5,487,318	\$	5,587,881
Projected Retail Revenue		3,691,950		3,947,569		4,141,870		4,303,772		4,514,833
Retail Revenue Requirement										
Net Retail Over / (Under) Recovery	\$	1,479,696	\$	1,344,366	\$	1,246,812	\$	1,183,546	\$	1,073,049
	\$	9,034,652	\$	9,475,033	\$	10,045,183	\$	10,289,308	\$	10,541,248
Total Revenue		7,838,342		8,369,374		8,769,852		9,104,319		9,539,615
Total Revenue Requirement										
Total Over / (Under) Recovery	\$	1,196,311	\$	1,105,660	\$	1,275,331	\$	1,184,989	\$	1,001,633



Questions



Thank you for your time.

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