

**CITY OF PHOENIX, ARIZONA
WATER SERVICES DEPARTMENT**

OCTOBER 3, 2001

**LAKE PLEASANT WATER TREATMENT PLANT
DESIGN-BUILD-OPERATE PROJECT – WS85350004
REQUEST FOR PROPOSALS**

ADDENDUM NO. 1

ATTENTION PROPOSERS

The following revisions to the above-referenced Request for Proposals (RFP), dated September 5, 2001, shall become a part of the RFP. This Addendum contains a cover page and 4 pages of written text, 3 attachments, 0 sketches and 0 drawings. Proposers shall acknowledge receipt of this Addendum No. 1 in the Transmittal Letter to their Proposal.

Assistant Water Services Director

Date

Notice is hereby given that the RFP is revised as follows:

1. **Amend Table 1-2, “Background Documents List” on page 1-14, by changing the date on Background Document No. 53 to “Sept 2001”.**
2. **Replace the first two paragraphs of Section 2.1.5, “Project Benchmark” on page 2-5 with the following:**

The Benchmark for the Project is \$353,305,232, which represents the net present value of the City’s estimated costs for:

- (1) designing, obtaining governmental approvals for, and constructing the Facilities,
- (2) operating and maintaining (including repairs and replacements) the Facilities (excluding the Intake) from February 1, 2007, to June 30, 2022, and
- (3) City administrative and oversight activities associated with enhanced DBB project design, construction, and City operation from February 1, 2007, to June 30, 2022.

The Benchmark will be escalated to the timeframe applicable for the Project. The risk allocation which is the basis of the Benchmark is the standard risk allocation in the City’s enhanced design-bid-build (DBB) delivery method with City operation under its reengineered operations program. The methodology and procedures used, and the factors assumed in calculating the net present value of the Benchmark are presented in the “Benchmark Facility Cost Report”, dated September 2001.

3. **Amend Sections 6.2.2, “Price Proposal Evaluation Criteria”, and 6.2.3 “Final Scoring of Proposals” by replacing pages 6-9 through 6-14 of the RFP with substitute pages 6-9 through 6-16 provided in Attachment A.**
4. **Replace Proposal Forms 33C and 33D with the substitute Proposal Forms provided in Attachment B.**
5. **Add the following new definitions to Section 1.1 of the Service Agreement.**

“Actual Annual Electricity Costs” means the sum of all annual electricity costs resulting from the Company’s operation of the Facilities as reflected in the electricity bills paid by the City.

“Guaranteed Maximum Annual Electricity Costs” means the Company’s guaranteed maximum annual electricity costs for the Facilities for which the City is responsible and which are calculated based on the applicable Guaranteed Maximum Electricity Utilizations, the Guaranteed Maximum Electricity Demands, Finished Water delivered, peak City-requested Flow Rates, and the electric rate schedule in place in the particular Contract Year.

6. **Delete Section 7.7 of the Service Agreement in its entirety and replace it with the following:**

SECTION 7.7. ELECTRICITY SUPPLY AND CONSUMPTION. Generally. The City shall have the exclusive right at any time to arrange for the supply of electricity to the Facilities, to determine the electricity supplier, and to negotiate and establish electric rates with the electricity supplier. The Company shall cooperate with and assist the City in making such arrangements, and the City shall give reasonable consideration to any requests and recommendations made by the Company as to the terms and conditions of electricity supply. The City shall pay all electricity bills in a timely manner, subject to annual reimbursement by the Company as part of the Annual Settlement Statement process set forth in Section 11.10 in the event that the Guaranteed Maximum Annual Electricity Costs are exceeded as provided in subsection 11.10(B). The Company shall operate the Facilities in a manner which minimizes, to the maximum extent reasonably practicable in light of its obligation to provide the Contract Services, charges for electricity use, demand, transmission and distribution which are payable by the City hereunder.

7. **Amend Section 8.3(A) of the Service Agreement by adding the following sentence to the end thereof:**

Except as necessary to respond to an Uncontrollable Circumstance, the City shall not demand combined Flow Rates to the High Pressure Finished Water Transmission Line and the Low Pressure Finished Water Transmission Line in excess of 80 MGD. Any City-requested Flow Rate in excess of 80 MGD under this subsection shall be considered an Uncontrollable Circumstance.

8. **Amend Section 8.3(M) of the Service Agreement by replacing the last sentence thereof with the following:**

Except as necessary to respond to an Uncontrollable Circumstance, the City shall not demand combined Flow Rates to the High Pressure Finished Water Transmission Line and the Low Pressure Finished Water Transmission Line in excess of 60 MGD during such permitted downtime. Any City-requested Flow Rate in excess of 60 MGD under this subsection shall be considered an Uncontrollable Circumstance.

9. **Delete Section 11.5(F) of the Service Agreement in its entirety and replace with the following:**

(F) Electricity Savings Element. No Electricity Savings Element shall be payable to the Company for electricity used during the Contract Year ending June 30, 2007. The Electricity Savings Element in each Contract Year following July 1, 2007 shall be determined in accordance with subsection 11.10(B). The Electricity Savings Element shall not be paid to the Company for electricity consumption or demand savings generated by City actions or initiatives.

10. **Replace the last sentence of Section 11.8(A) of the Service Agreement with the following:**

Any amount due the Company on account of the Electricity Savings Element or any amount due the City on account of exceedences of the Guaranteed Maximum Annual Electricity Costs shall be paid as part of the Annual Settlement Statement.

11. **Delete Section 11.10 of the Service Agreement in its entirety and replace with the following:**

SECTION 11.10. ANNUAL SETTLEMENT . (A) Generally. Within 30 days after the end of each Contract Year, the Company shall provide to the City an annual settlement statement (the "Annual Settlement Statement") setting forth the actual aggregate Service Fee payable with respect to such Contract Year and a reconciliation of such amount with the amounts actually paid by the City with respect to such Contract Year. The annual settlement process shall provide for the reconciliation of the Variable Component in accordance with Section 8.3(J) and subject to the limitations set forth in Section 11.12. As part of the annual settlement process, the City shall pay the Company any Electricity Savings Element, or the Company shall pay the City an amount equal to any overpayment made by the City for electricity which would have been avoided had

the Company met the Guaranteed Maximum Annual Electricity Costs as determined in subsection (B) of this Section. The City or the Company, as appropriate, shall pay all known and undisputed amounts within 60 days after receipt or delivery of the Annual Settlement Statement. If any amount is then in dispute or is for other reasons not definitely known at the time the Annual Settlement Statement is due, the Annual Settlement Statement shall identify the subject matter and reasons for such dispute or uncertainty and, in cases of uncertainty, shall include a good faith estimate by the Company of the amount in question. When the dispute is resolved or the amount otherwise finally determined, the Company shall file with the City an amended Annual Settlement Statement which shall, in all other respects, be subject to this Section.

(B) Annual Settlement of Electricity Costs. As part of the annual settlement process, the City shall, within 30 days after the end of each Contract Year, calculate the Actual Annual Electricity Costs and the Guaranteed Maximum Annual Electricity Costs. The demand component of the Guaranteed Maximum Annual Electricity Costs for a Contract Year shall be calculated on a monthly basis using the peak City-requested Flow Rates and historical peak City-requested Flow Rates to the extent such historical City-requested Flow Rates influence the then-current month's electricity demand costs. The utilization component of the Guaranteed Maximum Annual Electricity Costs for a Contract Year shall be calculated based on the Company's Annual Delivered Water Volume and capped as provided in subsection 8.3(J). The Company acknowledges that the calculation of the Guaranteed Maximum Annual Electricity Costs will include any basic service charges imposed by the electricity provider. If the Actual Annual Electricity Costs resulting from the Company's operation of the Facilities for a Contract Year is greater than the Guaranteed Maximum Annual Electricity Costs, the Company shall reimburse the City in an amount equal to such excess costs. If the Actual Annual Electricity Costs are less than 95% of the Guaranteed Maximum Annual Electricity Costs, the City shall pay the Company an Electrical Savings Element in an amount equal to 50% of the difference between 95% of the Guaranteed Maximum Annual Electricity Costs and the Actual Annual Electricity Costs, except as limited by Section 11.5(F).

12. **Amend Appendix 18 of the Service Agreement, "Example Service Fee Calculation", by replacing the existing Appendix 18 with the substitute Appendix 18 provided in Attachment C.**

Attachment A – RFP Section 6 Replacement Pages

6.2.2 Price Proposal Evaluation Criteria

Price Proposals will be evaluated in a two-step process. The first step will be an evaluation of the responsiveness of Price Proposals in accordance with Section 6.2.2.1. The second step will be the scoring of responsive Price Proposals in accordance with the system defined in Section 6.2.2.3.

6.2.2.1 Responsiveness Evaluation

In the responsiveness evaluation, Price Proposals will be evaluated against the following conformance requirements:

Favorable Comparison to the Benchmark – To be considered responsive, a Price Proposal must result in an estimated net present value (NPV) of Project costs (including the City's estimated Project administrative and oversight costs) which is less than the Benchmark stated in Section 2.1.5. The date used for calculating the NPV is July 1, 2003 (NPV Date). To determine if a Price Proposal meets this requirement, the Price Proposal NPV will be calculated as described in Section 6.2.2.2.

6.2.2.2 Price Proposal NPV Calculation

This section presents the Selection Committee's model for calculating a Proposal's NPV as of the NPV Date. Estimations, projections and simplifying assumptions have been made regarding many factors needed to develop a model to fairly and equitably evaluate the Price Proposals against one another and the Benchmark, which applies the same assumptions. These factors include, but are not limited to, projected City flow demands on an annual and peak monthly basis, electric rate schedule structure, and inflation rates. These estimates, projections and simplifying assumptions are for the purpose of Proposal Evaluation only and in no way affect the Company's obligation to comply with the terms and conditions of the Service Agreement.

Any Price Proposal which results in an associated NPV_{PP} that equals or exceeds the Benchmark will be deemed by the Selection Committee to be non-responsive and will be rejected in its entirety. Proposers are advised that this comparative evaluation is limited to a comparison of the full NPV_{PP} against the Benchmark and does not include a comparison of individual components of the NPV_{PP} to the individual components of the Benchmark.

The Price Proposal NPV will be equal to the sum of the following price components (Equation 1):

- The NPV of the Design/Build Costs, which are defined as the sum of: (1) the Fixed Design/Build Price (from Proposal Form 34) and (2) the City's estimated administrative and oversight costs associated with the Design/Build Work, is estimated to be \$4,947,367 (see Equation 2); and
- The NPV of the Operating Costs, which are comprised of the Fixed Component of the annual Service Fee (from Proposal Form 35), the annual electricity costs for the operation of the Facilities, and the

City's estimated annual administrative and oversight costs during the initial Operation Period (see Equation 3).

The formula for calculating the Price Proposal NPV is as follows:

$$NPV_{PP} = NPV_{DB} + NPV_{OC} \quad \text{Equation 1}$$

Where:

- NPV_{PP} = the Price Proposal NPV
- NPV_{DB} = the NPV of the Design/Build Costs
- NPV_{OC} = the NPV of the Operating Costs

NPV_{PP} will be rounded to the nearest whole dollar, with a half-dollar rounding up to the nearest dollar.

NPV of Design/Build Costs (NPV_{DB}): NPV_{DB} is calculated as follows:

$$NPV_{DB} = C_{DB} \left[\frac{1}{(1+k)^n} \right] \quad \text{Equation 2}$$

Where:

- NPV_{DB} = the present value as of the NPV date of the Design/Build Costs (C_{DB}).
- C_{DB} = the Design/Build Costs (as defined above).
- k = the monthly NPV discount rate of 0.463%
- n = The number of months between the first day of the month when the proposed Construction Start Date occurs and the NPV Date. For a proposed Construction Start Date of July 1, 2004, n = 12.

NPV of Operating Costs (NPV_{OC}): NPV_{OC} is calculated as follows:

$$NPV_{OC} = \sum_{t=1}^{19} \frac{OC_t}{(1+k)^t} \quad \text{Equation 3}$$

Where:

- NPV_{OC} = the NPV of the Operating Costs presented in NPV Date dollars, which is the arithmetic sum of the discounted annual Operating Costs (OC) for each fiscal year *t* over the period of July 1, 2003, through June 30, 2022. The Operating Costs for fiscal years prior to fiscal year 2007 will be zero. For the purposes of discounting annual operating costs, it is assumed that all of the costs for a fiscal year occur on the first day of that fiscal year. Finished Water flow is assumed to equal Finished Water demand in each fiscal year.
- t* = the specific fiscal year. For fiscal year 2004 (i.e., July 1, 2003 through June 30, 2004), t=1. For fiscal year 2022 (i.e., July 1, 2021 through June 30, 2022), t=19.

k = the NPV annual discount rate (5.7%)
 OC_t = the Operating Costs in then current year dollars for each fiscal year t which are comprised of:

1. Fixed Component. The proposed annual Fixed Component of the Service Fee for each fiscal year t (from Price Proposal Form 35) which will be based on the projected total annual average Finished Water demand in fiscal year t as shown in Table 6-1, escalated annually by the proposed fraction of the annual percent change in the CPI (from Proposal Form 35) from July 1, 2003, to the first day of fiscal year t . For the purposes of Price Proposal evaluation the annual percent change in the CPI will be assumed to be 3.0% and the Fixed Component for a fiscal year will be linearly interpolated between the flow resets provided in Proposal Form 35.

Fiscal Year	Annual Average Finished Water Demand Rate (mgd)		
	Total	Low Pressure Finished Water Transmission Line	High Pressure Finished Water Transmission Line
2007**	40	30	10
2008	40	20	20
2009	40	20	20
2010	40	20	20
2011	40	20	20
2012	40	20	20
2013	50	30	20
2014	50	20	30
2015	50	30	20
2016	50	20	30
2017	60	30	30
2018	60	20	40
2019	60	20	40
2020	60	10	50
2021	60	0	60
2022	70	0	70

* The numbers presented in this table are for evaluation purposes only and may not correspond to actual flow rates at the Plant during the Operation Period.

** Fiscal Year 2007 consists of the five-month period from February 1, 2007 through June 30, 2007. Subsequent fiscal years are 12-month periods beginning on July 1.

2. Electricity Costs – Raw Water Pumping Station. The City’s annual cost for electricity in then current year dollars for the operation of the RWPS. The annual cost for electricity at the RWPS will be calculated using the following equation (Equation 4):

$$EC_{RWPS(t)} = (BSC_t \times M_t) + (GMEU_{RWPS(d)} \times Q_t \times D_t \times UC_t) + (GMED_{RWPSWA} \times M_t \times DC_t)$$

Where:

- $EC_{RWPS(t)}$ = the City's cost for electricity in then current year dollars for Contract Year t for the operation of the RWPS.
- BSC_t = the monthly Basic Service Charge during year t as identified in Table 6-2 in then current dollars per month.
- M_t = the number of months in Contract Year t .
- $GMEU_{RWPS(d)}$ = the proposed Guaranteed Maximum Electricity Utilization (from Proposal Form 33A) in kWh per million gallons of Finished Water delivered to the Water System for the operation of the RWPS at the annual average daily Finished Water demand level d .
- Q_t = the annual average daily total Finished Water demand for Contract Year t as identified in Table 6-1. Finished Water flow is assumed to equal Finished Water demand in each fiscal year.
- D_t = the number of days in fiscal year t . For the purposes of calculating $EC_{RWPS(t)}$, each Contract Year is assumed to have 365 days, except $EC_{RWPS(1)}$ which is assumed to have 150 days.
- UC_t = the electricity utilization charge (i.e. then current year dollars per kWh for electricity utilization) during fiscal year t as identified in Table 6-2.
- $GMED_{RWPSWA}$ = the weighted average Guaranteed Maximum Electricity Demand for the operation of the RWPS in kW calculated as follows using the Proposer's GMED value proposed and defined in Proposal Form 33A (Equation 5):

$$GMED_{RWPSWA} = 0.05 \times GMED_{RWPS60} + 0.10 \times GMED_{RWPS70} + 0.75 \times GMED_{RWPS80}$$

- DC_t = the monthly demand charge in then current dollars per kW of demand for the operation of the RWPS during year t as identified in Table 6-2.

Table 6-2 Summary of Electrical Unit Charges in then Current Year Dollars			
Fiscal Year	Basic Service Charge (per month)	Utilization Charge (per kWh)	Demand Charge (per kW)
2007	\$2,902	\$0.0381	\$12.93
2008	\$2,989	\$0.0392	\$13.32
2009	\$3,078	\$0.0404	\$13.72
2010	\$3,171	\$0.0416	\$14.13
2011	\$3,266	\$0.0429	\$14.55
2012	\$3,364	\$0.0442	\$14.99

Table 6-2 Summary of Electrical Unit Charges in then Current Year Dollars			
Fiscal Year	Basic Service Charge (per month)	Utilization Charge (per kWh)	Demand Charge (per kW)
2013	\$3,465	\$0.0455	\$15.44
2014	\$3,569	\$0.0468	\$15.90
2015	\$3,676	\$0.0483	\$16.38
2016	\$3,786	\$0.0497	\$16.87
2017	\$3,899	\$0.0512	\$17.38
2018	\$4,016	\$0.0527	\$17.90
2019	\$4,137	\$0.0543	\$18.44
2020	\$4,261	\$0.0559	\$18.99
2021	\$4,389	\$0.0576	\$19.56
2022	\$4,521	\$0.0593	\$20.15

3. Electricity Costs – Plant Site. The City’s annual cost for electricity at the Plant Site in then current year dollars for the operation of the Plant, the Low Pressure Pumps, and High Pressure Pumps. The annual cost for electricity at the Plant Site will be calculated using the following equation (Equation 6):

$$\begin{aligned}
 EC_{Plant\ Site(t)} = & (BSC_t \times M_t) + (GMEU_{Plant(d)} \times Q_{Plant(t)} \times D_t \times UC_t) + \\
 & (GMEU_{LPFW(d)} \times Q_{LP(t)} \times D_t \times UC_t) + (GMEU_{HPFW(d)} \times Q_{HP(t)} \times D_t \times UC_t) + \\
 & (GMED_{Plant\ Site\ WA} \times M_t \times DC_t)
 \end{aligned}$$

Where:

- $EC_{Plant\ Site(t)}$ = the City’s cost for electricity in then current year (Contract Year t) dollars for the operation of the Plant, Low Pressure Pumps, and High Pressure Pumps.
- M_t = the number of months in Contract Year t .
- BSC_t = the monthly Basic Service Charge during year t as identified in Table 6-2 in then current year dollars.
- $GMEU_{Plant(d)}$ = the proposed Guaranteed Maximum Electricity Utilization (from Proposal Form 33B) in kWh per million gallons of Finished Water delivered to the Water System for the operation of the Plant at the annual average daily Total Finished Water demand level d .
- $Q_{Plant(t)}$ = the annual average daily total Finished Water demand to the Water System for fiscal year t as identified in Table 6-1.

- D_t = the number of days in Contract Year t . For the purposes of calculating $EC_{RWPS(t)}$, each Contract Year is assumed to have 365 days, except $EC_{RWPS(1)}$ which is assumed to have 150 days.
- UC_t = the electricity utilization charge (i.e. then current year dollars per kWh for electricity utilization) during year t as identified in Table 6-2.
- $GMEU_{LPFW(d)}$ = the proposed Guaranteed Maximum Electricity Utilization (from Proposal Form 33C) in kWh per million gallons of Finished Water delivered to the LPFWTL for the operation of the Low Pressure Pumps at the annual average daily Low Pressure Finished Water demand level d .
- $Q_{LP(t)}$ = the annual average daily total Finished Water demand to the LPFWTL for fiscal year t as identified in Table 6-1.
- $GMEU_{HPFW(d)}$ = the proposed Guaranteed Maximum Electricity Utilization (from Proposal Form 33D) in kWh per million gallons of Finished Water delivered to the HPFWTL for the operation of the High Pressure Pumps at the annual average daily High Pressure Finished Water demand level d .
- $Q_{HP(t)}$ = the annual average daily total Finished Water flow rate to the HPFWTL for fiscal year t as identified in Table 6-1.
- $GMED_{Plant\ Site\ WA}$ = the weighted average Guaranteed Maximum Electricity Demand for the operation of the Plant, Low Pressure Pumps, and High Pressure Pumps in kW calculated as follows using the Proposer's GMED values proposed and defined in Proposal Forms 33A through 33D (Equation 7):

$$GMED_{Plant\ Site\ WA} = 0.95 \times GMED_{Plant} + GMED_{LP} + 0.10 \times GMED_{HP30} + 0.10 \times GMED_{HP40} + 0.50 \times GMED_{HP50} + 0.05 \times GMED_{HP60} + 0.05 \times GMED_{HP70} + 0.10 \times GMED_{HP80}$$

- DC_t = the monthly demand charge in then current dollars per kW of demand for the operation of the Plant, Low Pressure Pumps, and High Pressure Pumps during fiscal year t as identified in Table 6-2.

4. Administrative and Oversight Costs. The City's estimated annual costs for administrative and oversight associated with the Project during the initial Operation Period as presented in Table 6-3.

Table 6-3 City's Estimated Annual Operation Period Administrative and Oversight Costs	
Fiscal Year	Administrative and Oversight Costs in then Current Year Dollars ⁽¹⁾
2007 ⁽²⁾	\$ 1,393,155
2008	\$ 3,443,878
2009	\$ 3,547,195
2010	\$ 3,653,611
2011	\$ 3,763,219
2012	\$ 3,876,116

Table 6-3 City's Estimated Annual Operation Period Administrative and Oversight Costs	
Fiscal Year	Administrative and Oversight Costs in then Current Year Dollars ⁽¹⁾
2013	\$ 3,992,399
2014	\$ 4,112,171
2015	\$ 4,235,536
2016	\$ 4,362,602
2017	\$ 4,493,480
2018	\$ 4,628,285
2019	\$ 4,767,133
2020	\$ 4,910,147
2021	\$ 5,057,452
2022	\$ 5,209,175

1. Costs are presented in dollars corresponding to the fiscal year shown.
2. Estimated cost for fiscal year 2007 is for the five-month period February 1, 2007 to June 30, 2007.

6.2.2.3 Price Proposal Scoring

In the second step of the evaluation of Price Proposals, responsive Price Proposals receive points for the amount that their Price Proposal NPV is below the highest responsive NPV_{PP}. For each Responsive Price Proposal:

- The NPV_{PP} will be subtracted from the highest responsive NPV_{PP}.

$$D_i = NPV_h - NPV_i \quad \text{Equation 8}$$

Where:

- NPV_h = the highest responsive NPV_{PP}
- NPV_i = the NPV_{PP} of Proposer i
- D_i = the difference in dollars between the highest responsive NPV_{PP} and the NPV_{PP} of Proposer i

- The price difference (D_i) will be divided by \$250,000 per point to determine the number of Price Proposal points to be awarded.

$$A_i = \frac{D_i}{\$250,000} \quad \text{Equation 9}$$

Where:

A_i = the number of Price Proposal points awarded to Proposal i . The resulting number of points (A_i) will be rounded either up or down to the nearest tenth of a point (exactly one twentieth of a point will be rounded up to the nearest tenth of a point) to yield the number of points to be awarded to the Price Proposal.

6.2.3 Final Scoring of Proposals

After the points have been assigned to both the Technical and Price Proposals, the Selection Committee will sum up the Technical Score and the Price Score for that Proposal. The Proposer submitting the Proposal that receives the highest total number of points will become the Selected Proposer. In the event of a tie (i.e., more than one Proposal has the highest total point value after adding together the Technical Score and the Price Score) the Selection Committee will select from one of the tying Proposals the Proposal that it believes is in the best interest of the City. The following table is an example of the application of the Price Proposal Evaluation:

	Proposal 1	Proposal 2	Proposal 3
Benchmark	\$353,305,232		
Technical Score	770.0	840.0	895.8
Price Proposal NPV	\$295,520,612	\$310,200,500	353,408,900
Price Points	58.7	0	Not Evaluated since NPV _{pp} > Benchmark
Total Points	828.7	840.0	Not Evaluated
Selected Proposer	Not Selected	Selected	Not Evaluated

Attachment B – Proposal Forms 33C and 33D



PROPOSAL FORM 33C

**GUARANTEED MAXIMUM ELECTRICITY
 UTILIZATION AND DEMAND**

FINISHED WATER PUMPING STATION – PUMPING TO LOW PRESSURE FINISHED WATER TRANSMISSION LINE (LPFWTL) GUARANTEED MAXIMUM ELECTRICITY UTILIZATION	
Annual Average Finished Water Delivered to the LPFWTL	Guaranteed Maximum Electricity Utilization (GMEU)
ALL FLOW RATES:	_____ kWh/MG
GUARANTEED MAXIMUM ELECTRICITY DEMAND	
Peak City-Requested Finished Water Delivery Rate to the LPFWTL	Guaranteed Maximum Electricity Demand (GMED)⁽¹⁾
<ul style="list-style-type: none"> • 30 MGD 	_____ kW

(1) GMEDs for peak City-requested Finished Water delivery rates to the LPFWTL less than between 30 MGD will be equal to the GMED for 30 mgd.

PROPOSAL FORM 33D

**GUARANTEED MAXIMUM ELECTRICITY
 UTILIZATION AND DEMAND**

FINISHED WATER PUMPING STATION – PUMPING TO HIGH PRESSURE FINISHED WATER TRANSMISSION LINE (HPFWTL) GUARANTEED MAXIMUM ELECTRICITY UTILIZATION	
Annual Average Finished Water Delivered to the HPFWTL	Guaranteed Maximum Electricity Utilization (GMEU)
<ul style="list-style-type: none"> • ALL FLOW RATES: 	_____ kWh/MG
GUARANTEED MAXIMUM ELECTRICITY DEMAND	
Peak City-Requested Finished Water Delivery Rate to the HPFWTL	Guaranteed Maximum Electricity Demand (GMED)⁽¹⁾
<ul style="list-style-type: none"> • 30 MGD • 40 MGD • 50 MGD • 60 MGD • 70 MGD • 80 MGD 	_____ kW _____ kW _____ kW _____ kW _____ kW _____ kW

(1) GMEDs for peak City-requested Finished Water delivery rates to the HPFWTL between 30 MGD and 80 MGD will be calculated by linear interpolation between the two nearest flow rates listed. GMEDs for peak City-requested Finished Water delivery rates to the HPFWTL less than 30 MGD will be equal to the GMED for 30 mgd.

Attachment C – Appendix 18 Replacement Pages

APPENDIX 18 - EXAMPLE SERVICE FEE CALCULATION

The following example illustrates the calculation of the Service Fee paid to the Company in accordance with Article XI of the Service Agreement. The cost figures used in these sample calculations are for demonstration purposes only. As provided in Section 11.2 of the Service Agreement, the Service Fee calculation is based on the following formula:

$$\text{ASF} = \text{BOC} + \text{RC} \pm \text{EI}$$

where,

ASF= Annual Service Fee
BOC= Base Operating Charge
RC= Reimbursable Costs Charge
EI= Extraordinary Items Charge or Credit

Base Operating Charge

The BOC is equal to the sum of a Fixed Component (FC) and Variable Component (VC):

$$\text{BOC} = \text{FC} + \text{VC}$$

The **Fixed Component** in any Contract Year is one of the three fixed amounts corresponding to an Annual Demand Reset volume selected by the City as provided in Section 11.4 of the Service Agreement. The Fixed Component will be adjusted annually by the Adjustment Factor calculated in accordance with the Service Agreement.

The **Variable Component** is equal to the sum of the Excess Demand Element (EDE) and the Electricity Savings Element (ESE):

$$\text{VC} = \text{EDE} + \text{ESE}$$

The **Excess Demand Element** represents additional compensation payable to the Company if the Annual Delivered Water Volume for any Contract Year is greater than the Annual Demand Reset volume and less than 1.03 times the City's Firm Annual Water Demand for such Contract Year. The EDE is equal to an Excess Demand Fee (EDF), as determined in accordance with Section 11.5 of the Service Agreement, times the difference in the Annual Delivered Water Volume and the Annual Demand Reset volume.

The **Electricity Savings Element** is a payment from the City to the Company for electricity savings below the Guaranteed Maximum Annual Electricity Cost (GMAEC). If the Actual Annual Electricity Cost is greater than the GMAEC, the Company pays the City. No Electricity Savings Element is payable to the Company for Contract Year 2007.

Reimbursable Costs Charge

This item represents a payment from the City to the Company for excess chlorine usage when the City requests residuals above 1.3 mg/l.

Extraordinary Items Charge or Credit

This item includes Uncontrollable Circumstances, Capital Modifications, and liquidated damages.

Hypothetical Proposal information incorporated into the Service Agreement:

Proposed Fixed Components:

40 MGD	\$ 3,000,000
55 MGD	\$ 4,000,000
70 MGD	\$ 5,000,000

Interpolation and Extrapolation of Excess Demand Fees

The Excess Demand Fee is calculated based on the following equations:

$$EDF_{40-55} = (FC_{55} - FC_{40}) / (55 \text{ MGD} - 40 \text{ MGD})$$

$$= (\$ 4,000,000 - \$ 3,000,000) / 15 \text{ MGD}$$

$$EDF_{40-55} = \$ 66,666.67 \text{ per MGD}$$

Excess Demand Fees			
Between 40 and 55 MGD	\$	66,666.67 per MGD	$(FC_{55} - FC_{40}) / (55 \text{ MGD} - 40 \text{ MGD})$
Between 55 and 70 MGD	\$	66,666.67 per MGD	$(FC_{70} - FC_{55}) / (70 \text{ MGD} - 55 \text{ MGD})$
Greater than 70 MGD	\$	66,666.67 per MGD	$(FC_{70} - FC_{55}) / (70 \text{ MGD} - 55 \text{ MGD})$

Proposed Adjustment Factor Modifier (AFM): 0.8

**Contract Year in which Acceptance Date Occurs (Contract Year 2007) - Hypothetical Annual Service Fee Calculation
 (Assume Acceptance Date of February 1, 2007)**

Assumptions:

Projected Average Daily Demand	40 MGD
Length of Contract Year (days, post-Acceptance)	150 (February 1, 2007 - June 30, 2007)
Length of Contract Year (mos., post-Acceptance)	5 (February 1, 2007 - June 30, 2007)
CPI Fiscal Year 2003 (CPI ₂₀₀₃)	100
CPI Fiscal Year 2006 (CPI ₂₀₀₆)	110

Step 1: Determine the Adjustment Factor and Escalate the Fixed Component and Excess Demand Fee

The Fixed Component is escalated on an annual basis to adjust for inflation. Because the Fixed Component is not used prior to Contract Year 2007, the following calculation of the Adjustment Factor is for escalating the Fixed Component from Contract Year 2004 to Contract Year 2007. Also, because there are only five months of operation in Contract Year 2007, the Fixed Component for Contract Year 2007 (FC_{Year 2007}) is a fraction of the Fixed Component escalated to Contract Year 2007 (FC_{Escalated 2007}). To determine the Fixed Component for Contract Year 2007, the proposed Fixed Component (FC_{40 Proposed}) is first escalated from Contract Year 2004 to Contract Year 2007.

$$FC_{Escalated\ 2007} = FC_{Proposed} \times AF_{Year\ 2007}$$

where,

$$AF_{Year\ 2007} = 1 + AFM \times [(CPI_{2006} - CPI_{2003}) / CPI_{2003}]$$

$$= 1 + 0.8 \times \left(\frac{110 - 100}{100} \right)$$

$$= 1.08$$

Escalated Fixed Components

FC _{40 Escalated 2007}	= \$3,240,000.00
FC _{55 Escalated 2007}	= \$4,320,000.00
FC _{70 Escalated 2007}	= \$5,400,000.00

Escalated Excess Demand Fees

40-55 MGD	= \$72,000.00	per MGD
55-70 MGD	= \$72,000.00	per MGD
70-80 MGD	= \$72,000.00	per MGD

Step 2: Calculate the Fixed Component for Contract Year 2007

Since the anticipated average daily demand in Contract Year 2007 is 40 MGD, the Fixed Component for Contract Year 2007 is FC_{40 Escalated 2007}. However, since Contract Year 2007 is not a complete year of operations, the Fixed Component for Contract Year 2007 is a fraction of the escalated Fixed Component calculated as follows:

$$FC_{Year\ 2007} = (FC_{40\ Escalated\ 2007} / 365) \times \text{Length of Contract Year 2007 in days}$$

$$= (\$3,240,000.00 / 365) \times 150$$

FC_{Year 2007} = \$1,331,506.85

Step 3: Calculate an Estimated Variable Component for Contract Year 2007

The Variable Component is that portion of the BOC related to demand in excess of the Annual Demand Reset Group specified for a given Contract Year and savings resulting from efficient utilization of electricity.

$$VC = EDE + ESE$$

where,

EDE= Excess Demand Element
ESE= Electricity Savings Element

Since the projected average daily demand during Contract Year 2007 is equal to the Annual Demand Reset no Excess Demand Element is included in the monthly Service Fee payments during the Contract Year.

The Electricity Savings Element is not determined until after the end of the Contract Year and therefore is not included in the monthly Service Fee payments during the Contract Year.

Therefore,
Estimated VC_{Year 2007} = \$0

Step 4: Calculate the Estimated Base Operating Charge and Estimated Annual Service Fee for Contract Year 2007

Because Reimbursable Costs Charges and Extraordinary Items Charges are not estimated in advance of their occurrence, the Estimated Annual Service Fee is equal to the Estimated Base Operating Charge. The Estimated Base Operating Charge is equal to the Fixed Component plus the Estimated Variable Component:

$$\begin{aligned} \text{Estimated BOC}_{\text{Year 2007}} &= \text{FC}_{\text{Year 2007}} + \text{Estimated VC}_{\text{Year 2007}} \\ &= \$1,331,506.85 + \$0 \end{aligned}$$

Estimated BOC_{Year 2007} = \$1,331,506.85

Estimated ASF_{Year 2007} = \$1,331,506.85

Calculation of Example Monthly Service Fee Payment for April 2007 (for services performed in March 2007)

Assumptions:

1. No chlorine residual levels in excess of 1.3 mg/l were requested by the City in March 2007. (RC = \$0)
2. No Extraordinary Items occurred in or prior to March 2007. (EI = \$0)

$$MB = MBOC + RC \pm EI$$

where,

MB= Monthly Bill

MBOC= Monthly portion of the Base Operating Charge

RC= Reimbursable Costs Charge

EI= Extraordinary Items Charge or Credit

$$MBOC_{\text{Year 2007}} = \text{Est. } BOC_{\text{Year 2007}} / \text{Length of Contract Year 2007 in Months}$$

$$= \frac{\$1,331,506.85}{5}$$

$$MBOC_{\text{Year 2007}} = \$266,301.37$$

$$RC = \$0$$

$$EI = \$0$$

$$MB = \$266,301.37 + \$0 + \$0$$

$$\mathbf{MB = \$266,301.37}$$

Annual Settlement for Contract Year 2007 (Performed when all necessary data is available)

The Annual Settlement involves a reconciliation of the Annual Service Fee and an analysis to verify compliance with the 80/20 rule of IRS Rev. Proc. 97-13.

The amount of the Annual Service Fee reconciliation is equal to \$0 for Contract Year 2007 because (1) no Electricity Savings Element is allowed for Contract Year 2007, (2) it is assumed that the Actual Annual Electricity Cost was less than or equal to the Guaranteed Maximum Electricity Cost, and (3) it is assumed that Actual Delivered Water Volume was equal to the Annual Demand Reset.

The Variable Component is equal to \$0 for Contract Year 2007. Therefore, the settlement amount is in compliance with IRS Rev. Proc. 97-13.

Contract Year 2008 - Annual Service Fee Calculation (Fiscal Year Ending June 30, 2008)

Assumptions:

Projected Average Daily Demand	43 MGD
Length of Contract Year in Months	12 (July 1, 2007 - June 30, 2008)
Length of Contract Year in Days	366
CPI Fiscal Year 2006 (CPI ₂₀₀₆)	110
CPI Fiscal Year 2007 (CPI ₂₀₀₇)	114

Step 1: Determine the Adjustment Factor and Escalate the Fixed Component and Excess Demand Fee

$$FC_{Year\ 2008} = FC_{Escalated\ 2007} \times AF_{Year\ 2008}$$

where,

$$AF_{Year\ 2008} = 1 + AFM \times [(CPI_{FY2007} - CPI_{FY2006}) / CPI_{FY2006}]$$

$$= 1 + 0.8 \times \left(\frac{114 - 110}{110} \right)$$

$$= 1.0290909$$

Fixed Components Year 2008

FC _{40 Year 2008}	= \$3,334,254.55
FC _{55 Year 2008}	= \$4,445,672.73
FC _{70 Year 2008}	= \$5,557,090.91

Excess Demand Fees for Contract Year 2008

40-55 MGD	= \$74,094.55	per MGD
55-70 MGD	= \$74,094.55	per MGD
70-80 MGD	= \$74,094.55	per MGD

Step 2: Select the Fixed Component for Contract Year 2008

Since the anticipated average daily demand in Contract Year 2008 is greater than 40 MGD but less than 55 MGD, the Fixed Component for Contract Year 2008 is FC_{40 Year 2008}

$$FC_{Year\ 2008} = \$3,334,254.55$$

Step 3: Calculate an Estimated Variable Component for Contract Year 2008

$$VC_{Year\ 2008} = EDE_{Year\ 2008} + ESE_{Year\ 2008}$$

Since the projected average daily demand during Contract Year 2008 is greater than the Annual Demand Reset an Excess Demand Element is anticipated in this Contract Year.

$$Est. EDE_{Year\ 2008} = (D_{projected} - Year\ 2008\ Demand\ Reset\ Level) \times Applicable\ EDF$$

$$= (43 - 40) \times \$74,094.55$$

$$Est. EDE_{Year\ 2008} = \$222,283.64$$

The Electricity Savings Element is not determined until after the end of the Contract Year and is therefore not included for the purposes of determining monthly Service Fee payments.

$$Est. VC_{Year\ 2008} = \$222,283.64$$

Step 4: Calculate the Estimated Base Operating Charge and Estimated Annual Service Fee for Contract Year 2008

Because Reimbursable Costs Charges and Extraordinary Items Charges are not estimated in advance of their occurrence, the Estimated Annual Service Fee is equal to the Estimated Base Operating Charge. The Estimated Base Operating Charge is equal to the Fixed Component plus the Estimated Variable Component:

$$Est. BOC_{Year\ 2008} = FC_{40\ Year\ 2008} + Est. VC_{Year\ 2008}$$

$$= \$3,334,254.55 + \$222,283.64$$

$$Est. BOC_{Year\ 2008} = \$3,556,538.18$$

$$Est. ASF_{Year\ 2008} = \$3,556,538.18$$

Calculation of Example Monthly Service Fee Payment for November 2008 (for services performed in October 2008)

Assumptions:

1. Costs for requested chlorine residual levels in excess of 1.3 mg/l in Oct. 2008 = \$5,000.00 (RC = \$5,000)
2. No Extraordinary Items occurred in or prior to October 2007 (EI = \$0)

$$MB = MBOC + RC \pm EI$$

where,

MB= Monthly Bill
MBOC= Monthly portion of the Base Operating Charge
RC= Reimbursable Costs Charge
EI= Extraordinary Items Charge or Credit

$$\begin{aligned} MBOC_{\text{Year 2008}} &= \text{Est. } BOC_{\text{Year 2008}} / \text{Length of Contract Year 2008 in Months} \\ &= \frac{\$3,556,538.18}{12} \end{aligned}$$

$$MBOC_{\text{Year 2008}} = \$296,378.18$$

$$RC = \$5,000.00$$

$$EI = \$0$$

$$\mathbf{MB = \$301,378.18}$$

Annual Settlement for Contract Year 2008 (Performed when all necessary data is available)

Operating Data for Contract Year 2008:

Fin. Water delivered to High Pressure Fin. Water Transmission Line	7,109.2	MG
Fin. Water delivered to Low Pressure Fin. Water Transmission Line	8,998.8	MG
Total Finished Water delivered	16,108.0	MG
Actual Average Daily Finished Water Delivered (WD _{Actual})	44.01093	MGD
Actual Annual Electricity Cost (sum of power bills):		(see example elec. costs for Contract Year 2008, pp. 11-13)
RWPS	\$934,455	
Plant Site	\$1,498,823	
Total	\$2,433,278	

Base Operating Charge Reconciliation:

$$VC_{Year\ 2008} = EDE_{Year\ 2008} + ESE_{Year\ 2008}$$

Excess Demand Element:

Since the Actual Delivered Water Volume delivered during Contract Year 2008 was greater than the projected demand anticipated in the calculation of the Annual Service Fee, the Company should receive additional compensation based on the Excess Demand Fee. The amount of Actual Delivered Water Volume (which will be used to calculate the amount of the Excess Demand Element) is capped at 103% of the Firm Annual Water Demand. If the Actual Delivered Water Volume was less than the projected demand, the Company would be required to reimburse the City for the past overpayments; however, the Company would be paid at least the Fixed Component for the Annual Demand Reset amount.

$$EDE_{Settlement\ Year\ 2008} = ((WD_{actual}) - Projected\ Demand_{Year\ 2008}) * Applicable\ Excess\ Demand\ Fee$$

$$= (44.01093 - 43) * \$74,094.55$$

$$EDE_{Settlement\ Year\ 2008} = \$74,904.32$$

$$EDE_{Year\ 2008} = Est.\ EDE_{Year\ 2008} + EDE_{Settlement\ Year\ 2008}$$

$$EDE_{Year\ 2008} = \$222,283.64 + \$74,904.32$$

$$EDE_{Year\ 2008} = \$297,187.96$$

Electricity Savings Element:

If the Actual Annual Electricity Cost (AAEC) in a Contact Year is less than 95% of the Guaranteed Maximum Annual Electricity Cost (GMAEC), then the Company shall receive an amount equal to 50% of the difference between the AAEC and 95% of the GMAEC.

$$ESE_{Year\ 2008} = 50\% * Electricity\ Savings\ Greater\ than\ 5\%$$

95% of Guaranteed Max. Annual Electricity Cost	\$2,475,742.34	(see example elec. costs for Contract Year 2008, pp. 11-13)
Actual Annual Electricity Cost	\$2,433,278.00	
Electricity Savings Greater than 5%	\$42,464.34	

$$ESE_{Year\ 2008} = 0.5 * \$42,464.34$$

$$ESE_{Year\ 2008} = \$21,232.17$$

$$VC_{Settlement\ Year\ 2008} = EDE_{Settlement\ Year\ 2008} + ESE_{Year\ 2008}$$

$$VC_{Settlement\ Year\ 2008} = \$74,904.32 + \$21,232.17$$

$$VC_{Settlement\ Year\ 2008} = \mathbf{\$96,136.49}$$

Therefore, the City owes the Company: \$96,136.49

$$VC_{2008} = \$318,420.13 \quad (Est.\ VC_{2008} + VC_{Settlement\ 2008})$$

$$ASF_{2008} = \$3,652,674.67 \quad (Est.\ ASF_{2008} + VC_{Settlement\ 2008})$$

Verification of IRS Rev. Proc. 97-13 80/20 compliance:

$$VC_{2008} / ASF_{2008} < 0.2 = \text{True or False}$$

If this statement is true, the 80/20 rule of IRS Rev. Proc. 97-13 has not been violated.

$$\begin{aligned} \$318,420.13 / \$3,652,674.67 &= 0.0872 \\ 0.0872 < 0.2 &= \text{True} \end{aligned}$$

Hypothetical Annual Settlement of Electricity Costs

Contract Year 2008

	Guaranteed Maximum Annual Electricity Cost	Actual Annual Electricity Cost*	Difference
<i>RWPS Component</i>	\$976,152	\$934,455	NA
<i>Plant Site Component</i>	\$1,629,893	\$1,498,823	NA
Total	\$2,606,045	\$2,433,278	\$172,767

City incurs savings greater than 5% of the Guaranteed Maximum Annual Electricity Cost. Savings are shared. City owes Company the following amount: \$21,232

* - Sum of all electric bills from the power company for Contract Year 2008.

Raw Water Pumping Station - Hypothetical Electricity Costs

GMED (kW)	80 MGD	2767
GMED (kW)	70 MGD	2459
GMED (kW)	60 MGD	2150

GMEU (kWh/MG)	70 MGD	843
GMEU (kWh/MG)	60 MGD	860
GMEU (kWh/MG)	50 MGD	884
GMEU (kWh/MG)	40 MGD	920

Contract Year	2008
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Monthly Basic Service Charge ⁽¹⁾	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989
Monthly kWh Charge ⁽¹⁾	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392
Monthly kW Charge ⁽¹⁾	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Annual Totals
Flow Information													
Avg City-requested FW flow (MGD)	70	50	40	30	30	30	20	30	40	50	50	80	43.33
Total City-requested flow (MG)	2170	1550	1200	930	900	930	620	870	1240	1500	1550	2400	15860
Finished Water (FW) Delivered (MGD) ⁽²⁾	72.0	51.0	40.0	30.0	30.5	30.3	20.6	30.8	40.8	51.0	51.1	80.0	44.01
FW Delivered (MG) ⁽²⁾	2232	1581	1200	930	915	939.3	638.6	893.2	1264.8	1530	1584.1	2400	16108
Peak City requested FW flow rate (MGD)	80	50	40	30	30	30	20	30	40	50	50	80	NA
Electricity Costs													
Applicable GMED (kW)	2767	2150	2150	2150	2150	2150	2150	2150	2150	2150	2150	2767	NA
Guaranteed Max. Demand Cost ⁽³⁾	\$ 36,861	\$ 29,489	\$ 29,489	\$ 29,489	\$ 29,489	\$ 29,489	\$ 29,489	\$ 29,489	\$ 29,489	\$ 29,489	\$ 29,489	\$ 36,861	\$ 368,609
Applicable GMEU (kWh/MG) [interpolate w/o rounding]	905.4	905.4	905.4	905.4	905.4	905.4	905.4	905.4	905.4	905.4	905.4	905.4	905.4
Guaranteed Max. kWh Cost	\$ 79,214	\$ 56,110	\$ 42,588	\$ 33,006	\$ 32,473	\$ 33,336	\$ 22,664	\$ 31,700	\$ 44,888	\$ 54,300	\$ 56,220	\$ 85,176	\$ 571,674
Basic Service Charge	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 35,868
Guaranteed Max. Annual Elec. Cost - RWPS component	\$ 119,064	\$ 88,588	\$ 75,066	\$ 65,484	\$ 64,951	\$ 65,814	\$ 55,142	\$ 64,177	\$ 77,366	\$ 86,778	\$ 88,698	\$ 125,026	\$ 976,152
Actual Electricity Cost - RWPS (power bill)	\$ 110,803	\$ 82,972	\$ 70,093	\$ 60,766	\$ 60,893	\$ 62,865	\$ 55,768	\$ 61,066	\$ 73,863	\$ 82,830	\$ 87,573	\$ 124,963	\$ 934,455

Notes:

- (1) - Electric rates shown are for example purposes only. The actual rates used will be the current power company rates that apply in the month of operation.
- (2) - The FW Delivered will be capped annually at 103% of the City's total FW ordered for the year. Calculated average daily FW Delivered is not rounded in this example.
- (3) - The monthly demand component of the Guaranteed Max. Annual Elec. Cost is calculated as the Monthly kW Charge times the greater of (a) the Applicable GMED for that month and (b) 80% of the highest Applicable GMED for the five summer months (June-October) of the 12 months ending with the current month. This calculation is consistent with the terms of the 2001 power company rate schedule, but will be modified to match the power company rate schedule applicable to the then-current month.

Plant Site - Hypothetical Electricity Costs

High Pressure Pumps (HP Pumps)

GMED (kW)	80 MGD	3362
GMED (kW)	70 MGD	2942
GMED (kW)	60 MGD	2521
GMED (kW)	50 MGD	2101
GMED (kW)	40 MGD	1681
GMED (kW)	30 MGD	1261

Plant (WTP)

GMED (kW)	80 MGD	1805
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Low Pressure Pumps (LP Pumps)

GMED (kW)	30 MGD	359
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GMEU (kWh/MG)	1009
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GMEU (kWh/MG)	70 MGD	619
GMEU (kWh/MG)	60 MGD	693
GMEU (kWh/MG)	50 MGD	827
GMEU (kWh/MG)	40 MGD	985

GMEU (kWh/MG)	287
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Contract Year	2008
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Monthly Basic Service Charge ⁽¹⁾	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989
Monthly kWh Charge ⁽¹⁾	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392	\$ 0.0392
Monthly kW Charge ⁽¹⁾	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32	\$ 13.32

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Annual Totals
Flow Information													
Avg City requested WTP flow (MGD)	70	50	40	30	30	30	20	30	40	50	50	80	43.33
Avg City requested HP Pumping flow (MGD)	40	20	10	10	10	10	10	10	20	20	20	50	19.18
Avg City requested LP Pumping flow (MGD)	30	30	30	20	20	20	10	20	20	30	30	30	24.15
Total City-requested WTP flow (MG)	2170	1550	1200	930	900	930	620	870	1240	1500	1550	2400	15860
Total City-requested HP Pumping flow (MG)	1240	620	300	310	300	310	310	290	620	600	620	1500	7020
Total City-requested LP Pumping flow (MG)	930	930	900	620	600	620	310	580	620	900	930	900	8840
Finished Water (FW) Delivered by WTP (MGD) ⁽²⁾	72.0	51.0	40.0	30.0	30.5	30.3	20.6	30.8	40.8	51.0	51.1	80.0	44.01
FW Delivered by HP Pumps (MGD) ⁽²⁾	41.0	20.2	10.0	10.0	10.4	10.1	10.3	10.1	20.3	20.1	20.4	50.0	19.42
FW Delivered by LP Pumps (MGD) ⁽²⁾	31.0	30.8	30.0	20.0	20.1	20.2	10.3	20.7	20.5	30.9	30.7	30.0	24.59
FW Delivered by WTP (MG) ⁽²⁾	2232	1581	1200	930	915	939.3	638.6	893.2	1264.8	1530	1584.1	2400	16108.0
FW Delivered by HP Pumps (MG) ⁽²⁾	1271	626.2	300	310	312	313.1	319.3	292.9	629.3	603	632.4	1500	7109.2
FW Delivered by LP Pumps (MG) ⁽²⁾	961	954.8	900	620	603	626.2	319.3	600.3	635.5	927	951.7	900	8998.8
Peak City requested FW flow to HP Pumps (MGD)	60	20	10	10	10	10	10	10	20	20	20	70	NA
Electricity Costs													
Applicable WTP GMED (kW)	1805	1805	1805	1805	1805	1805	1805	1805	1805	1805	1805	1805	NA
Applicable HP GMED (kW)	2521	1261	1261	1261	1261	1261	1261	1261	1261	1261	1261	2942	NA
Applicable LP GMED (kW)	359	359	359	359	359	359	359	359	359	359	359	359	NA
Total Applicable GMED (kW)	4685	3425	3425	3425	3425	3425	3425	3425	3425	3425	3425	5106	NA
Guaranteed Max. Demand Cost ⁽³⁾	\$ 62,404	\$ 49,923	\$ 49,923	\$ 49,923	\$ 49,923	\$ 49,923	\$ 49,923	\$ 49,923	\$ 49,923	\$ 49,923	\$ 49,923	\$ 68,012	\$ 629,650
Applicable WTP GMEU (kWh/MG) [interpolated w/o rounding]	921.6	921.6	921.6	921.6	921.6	921.6	921.6	921.6	921.6	921.6	921.6	921.6	921.6
Guaranteed Max. WTP kWh Cost	\$ 80,637	\$ 57,118	\$ 43,353	\$ 33,599	\$ 33,057	\$ 33,935	\$ 23,071	\$ 32,269	\$ 45,694	\$ 55,276	\$ 57,230	\$ 86,707	\$ 581,946
HP GMEU (kWh/MG)	1009.0	1009.0	1009.0	1009.0	1009.0	1009.0	1009.0	1009.0	1009.0	1009.0	1009.0	1009.0	1009.0
Guaranteed Max. HP kWh Cost	\$ 50,272	\$ 24,768	\$ 11,866	\$ 12,261	\$ 12,340	\$ 12,384	\$ 12,629	\$ 11,585	\$ 24,891	\$ 23,850	\$ 25,013	\$ 59,329	\$ 281,189
LP GMEU (kWh/MG)	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0	287.0
Guaranteed Max. LP kWh Cost	\$ 10,812	\$ 10,742	\$ 10,125	\$ 6,975	\$ 6,784	\$ 7,045	\$ 3,592	\$ 6,754	\$ 7,150	\$ 10,429	\$ 10,707	\$ 10,125	\$ 101,240
Basic Service Charge	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 2,989	\$ 35,868
Guaranteed Max. Annual Elec. Cost - Plant Site component	\$ 207,114	\$ 145,540	\$ 118,257	\$ 105,748	\$ 105,094	\$ 106,276	\$ 92,205	\$ 103,520	\$ 130,647	\$ 142,467	\$ 145,863	\$ 227,162	\$ 1,629,893
Actual Elec. Cost - Plant Site (power bill)	\$ 204,607	\$ 136,957	\$ 113,214	\$ 98,818	\$ 103,995	\$ 87,169	\$ 87,073	\$ 98,652	\$ 100,598	\$ 100,242	\$ 140,647	\$ 226,851	\$ 1,498,823

Notes:

- (1) - Electric rates shown are for example purposes only. The actual rates used will be the current power company rates that apply in the month of operation.
- (2) - The FW Delivered will be capped annually at 103% of the City's total FW ordered for the year. Calculated average daily FW Delivered is not rounded in this example.
- (3) - The monthly demand component of the Guaranteed Max. Annual Elec. Cost is calculated as the Monthly kW Charge times the greater of (a) the Total Applicable GMED for that month and (b) 80% of the highest Total Applicable GMED for the five summer months (June-October) of the 12 months ending with the current month. It is assumed that the Total Applicable GMED prior to July 2007 was less than or equal to 4685 kW. This calculation is consistent with the terms of the 2001 power company rate schedule, but will be modified to match the power company rate schedule applicable to the then-current month.