

Solid Waste Division Rate Adjustment Update

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Solid Waste Division

Rate Model

Rate Setting Factors

Bond coverage requirements

- Annual revenue

Reserve balances

- 45 days of operating expenses at 2009

Maintain Proposition 218 balance

- Residential rates support residential services
- Commercial rates support commercial services

Annual rate adjustments

Rate Model Options

2007 UC Initial Situation

Fresno Solid Waste Rates 2007 Utility Commission Initial Rate Situation

	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>
Equity Verification							
Beginning Reserve Balance	\$20,600,000	\$16,434,434	\$7,429,538	\$ (1,586,225)	\$ (19,233,195)	\$ (34,362,339)	\$ (50,923,082)
Res Income	21,712,714	21,413,261	21,981,801	21,714,069	22,038,564	22,368,021	22,702,517
Res Expense	25,210,051	26,972,051	31,489,404	37,575,146	35,862,080	36,917,672	39,641,337
Rev Over/(Under) Expense	(3,497,337)	(5,558,790)	(9,507,603)	(15,861,077)	(13,823,515)	(14,549,650)	(16,938,820)
Com Income	21,068,584	20,761,333	23,697,153	23,539,599	23,995,146	24,015,773	24,933,612
Com Expense	22,341,828	23,207,439	23,205,314	25,325,492	25,300,775	26,026,865	27,865,720
Rev Over/(Under) Expense	(1,273,244)	(2,446,106)	491,839	(1,785,893)	(1,305,629)	(2,011,092)	(2,932,108)
Ending Reserve Balance	\$ 16,434,434	\$ 7,429,538	\$ (1,586,225)	\$ (19,233,195)	\$ (34,362,339)	\$ (50,923,082)	\$ (70,794,010)

	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	Prop 218 Ratio
Scenario 3a includes BOTH Transverse & Tree Trim Fees								
Residential Rate Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Annual Residential Rate Change (96 gal Cart)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Proposed Residential Rate	\$ 17.93	\$ 17.93	\$ 17.93	\$ 17.93	\$ 17.93	\$ 17.93	\$ 17.93	
Commercial Rate Adjustment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Annual Commercial Rate Change (1 CY Bin 2 x week)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Proposed Commercial Rate	\$ 64.04	\$ 64.04	\$ 64.04	\$ 64.04	\$ 64.04	\$ 64.04	\$ 64.04	
Operating Income or Loss	(\$4,770,581)	(\$8,004,896)	(\$9,015,763)	(\$17,646,970)	(\$15,129,144)	(\$16,560,743)	(\$19,870,928)	
100% Coverage Test		17%	Pass	-244%	-333%	-1100%	-1287%	
110% Coverage Test		Pass	Pass	-221%	-303%	-1000%	-1170%	



Rate Model Options

2007 UC Proposed Rates

Fresno Solid Waste Rates 2007 Utility Commission Proposed Rates

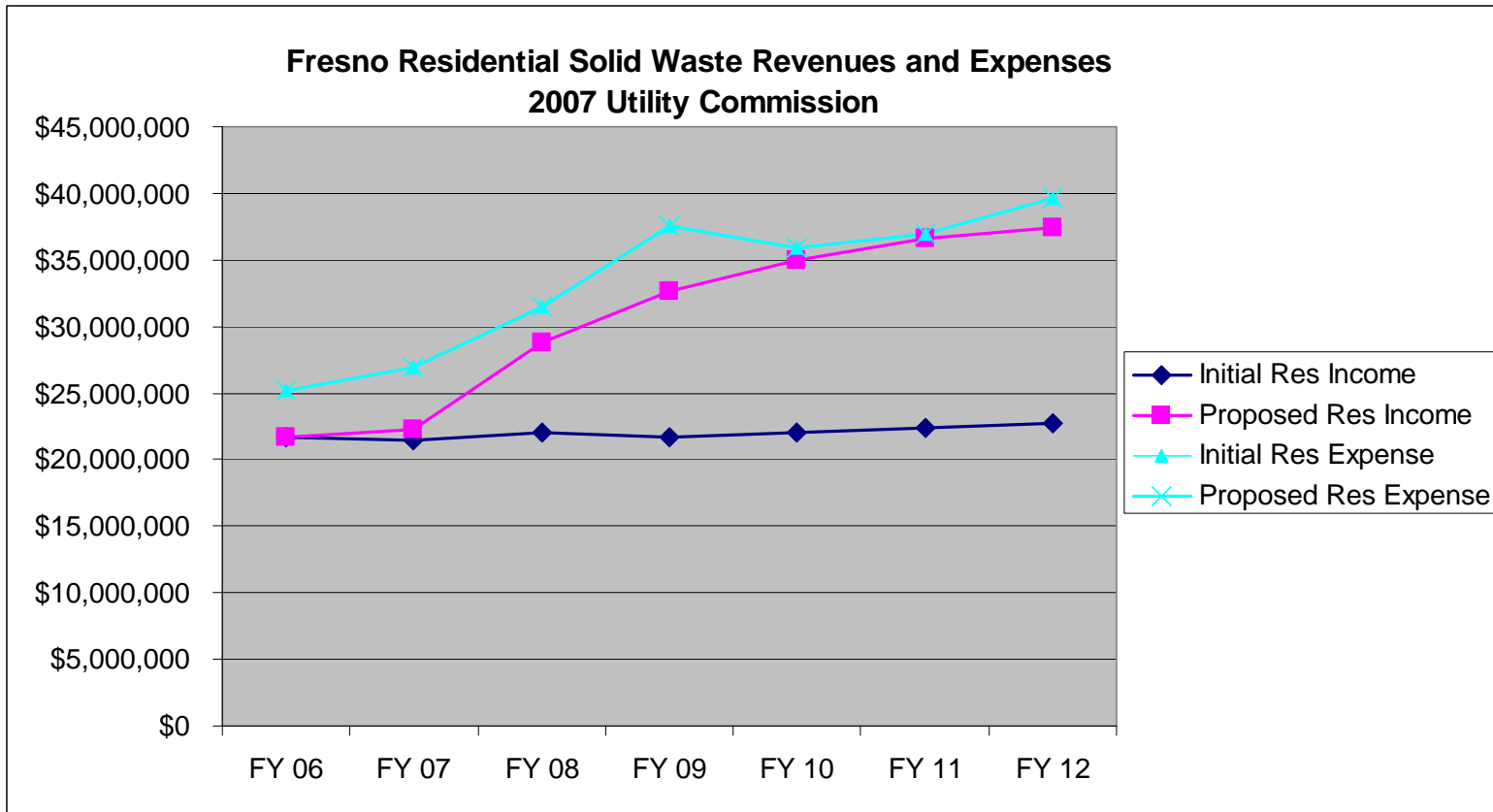
Equity Verification	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>
Beginning Reserve Balance	\$20,600,000	\$16,434,434	\$8,903,073	\$9,321,984	\$5,286,321	\$5,827,298	\$6,238,402
Res Income	21,712,714	22,300,231	28,783,783	32,678,688	35,012,673	36,646,882	37,373,832
Res Expense	25,210,051	26,972,051	31,489,404	37,575,146	35,862,080	36,917,672	39,641,337
Rev Over/(Under) Expense	(3,497,337)	(4,671,820)	(2,705,621)	(4,896,458)	(849,407)	(270,790)	(2,267,505)
Com Income	21,068,584	21,347,898	26,329,846	26,186,287	26,691,158	26,708,758	27,731,071
Com Expense	22,341,828	23,207,439	23,205,314	25,325,492	25,300,775	26,026,865	27,865,720
Rev Over/(Under) Expense	(1,273,244)	(1,859,541)	3,124,532	860,795	1,390,383	681,893	(134,649)
Ending Reserve Balance	\$ 16,434,434	\$ 8,903,073	\$ 9,321,984	\$ 5,286,321	\$ 5,827,298	\$ 6,238,402	\$ 3,836,248

	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>	Prop 218 Ratio
Scenario 3a includes BOTH Transverse & Tree Trim Fees								
Residential Rate Adjustment	0.0%	17.0%	15.0%	15.0%	4.0%	3.0%	0.0%	55.6%
Annual Residential Rate Change (96 gal Cart)	\$ -	\$ 3.05	\$ 3.15	\$ 3.62	\$ 1.11	\$ 0.87	\$ -	
Proposed Residential Rate	\$ 17.93	\$ 20.98	\$ 24.12	\$ 27.74	\$ 28.85	\$ 29.72	\$ 29.72	
Commercial Rate Adjustment	0.0%	12.0%	0.0%	0.0%	0.0%	0.0%	0.0%	44.4%
Annual Commercial Rate Change (1 CY Bin 2 x week)	\$ -	\$ 7.68	\$ -	\$ -	\$ -	\$ -	\$ -	
Proposed Commercial Rate	\$ 64.04	\$ 71.72	\$ 71.72	\$ 71.72	\$ 71.72	\$ 71.72	\$ 71.72	
Operating Income or Loss	(\$4,770,581)	(\$6,531,361)	\$418,912	(\$4,035,663)	\$540,977	\$411,104	(\$2,402,154)	
100% Coverage Test	Pass	97%	Pass	Pass	Pass	Pass		
110% Coverage Test		Pass	Pass	Pass	Pass	Pass		



Rate Model Options

2007 UC Revenues & Expenses



Rate Model Options

FY 09 = 16.7%

Fresno Solid Waste Rates FY 09 16.7% Increase

Equity Verification	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Beginning Reserve Balance	\$ 12,826,700	\$ 13,923,818	\$ 15,588,220	\$ 9,235,919	\$ 10,808,384	\$ 12,374,493	\$ 10,679,426	\$ 9,796,529
Res Income	26,511,760	30,613,281	32,981,741	34,618,882	36,203,437	36,692,472	37,042,692	37,601,322
Res Expense	27,381,608	29,882,162	36,619,135	32,679,143	34,259,807	37,434,543	37,517,683	39,149,424
Rev Over/(Under) Expense	(869,847)	731,119	(3,637,394)	1,939,738	1,943,630	(742,071)	(474,991)	(1,548,102)
Com Income	24,422,557	24,701,703	25,154,110	25,640,528	27,150,181	27,686,113	28,053,396	28,632,551
Com Expense	22,455,592	23,768,420	27,869,016	26,007,802	27,527,702	28,639,109	28,461,303	29,496,088
Rev Over/(Under) Expense	1,966,965	933,283	(2,714,906)	(367,274)	(377,521)	(952,996)	(407,907)	(863,536)
Ending Reserve Balance	\$ 13,923,818	\$ 15,588,220	\$ 9,235,919	\$ 10,808,384	\$ 12,374,493	\$ 10,679,426	\$ 9,796,529	\$ 7,384,890

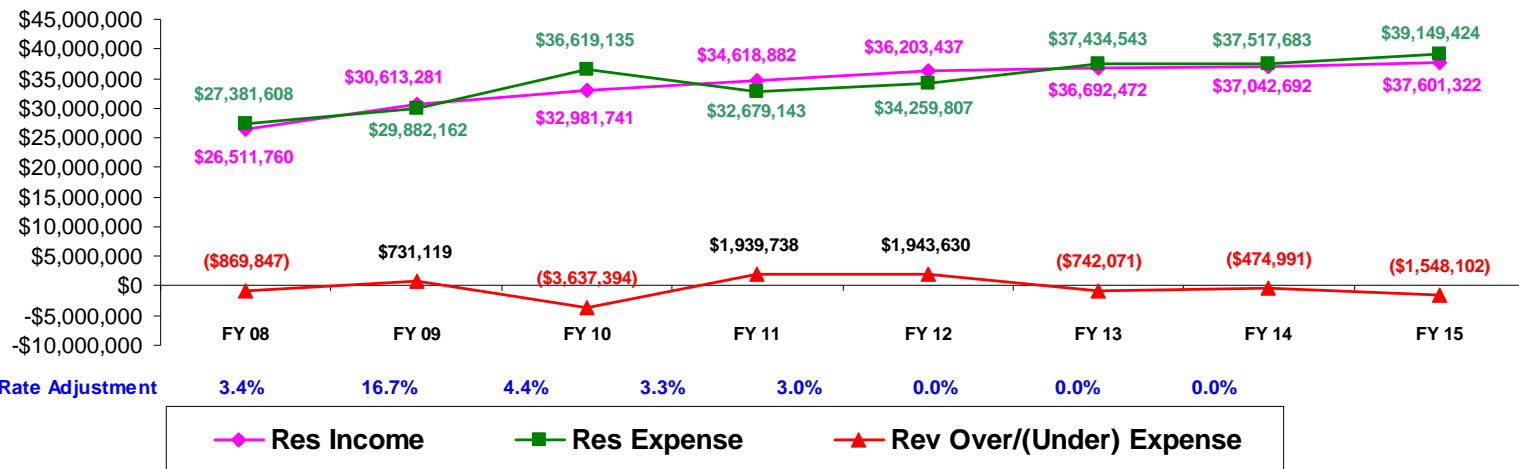
	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	Prop 218 Ratio
			Scenario 2 is Active		Resi Growth = 1.015				
Residential Rate Adjustment	3.4%	16.7%	4.4%	3.3%	3.0%	0.0%	0.0%	0.0%	61.4%
Annual Residential Rate Change (96 gal Cart)	\$ 0.72	\$ 3.62	\$ 1.11	\$ 0.87	\$ 0.82	\$ -	\$ -	\$ -	
Proposed Residential Rate	\$ 21.70	\$ 25.32	\$ 26.44	\$ 27.31	\$ 28.13	\$ 28.13	\$ 28.13	\$ 28.13	
Commercial Rate Adjustment	0.0%	0.0%	0.0%	0.0%	3.0%	0.0%	0.0%	0.0%	38.6%
Annual Commercial Rate Change (1 CY x 2)	\$ -	\$ -	\$ -	\$ -	\$ 2.15	\$ -	\$ -	\$ -	
Proposed Commercial Rate	\$ 71.72	\$ 71.72	\$ 71.72	\$ 71.72	\$ 73.88	\$ 73.88	\$ 73.88	\$ 73.88	
Operating Income or Loss	\$1,097,118	\$1,664,402	(\$6,352,300)	\$1,572,464	\$1,566,109	(\$1,695,067)	(\$882,897)	(\$2,411,639)	
100% Coverage Test	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	
110% Coverage Test	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	



Rate Model Options

FY 09 = 16.7%

Fresno Residential Solid Waste Revenues and Expenses
FY 2009 - 16.7% (Maximum Allowed)



Rate Model Options

FY 09 = 12%

Fresno Solid Waste Rates FY 09 12% Increase

Equity Verification	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Beginning Reserve Balance	\$ 12,826,700	\$ 13,923,818	\$ 14,563,870	\$ 6,942,940	\$ 7,214,240	\$ 8,048,053	\$ 7,212,002	\$ 7,817,198
Res Income	26,511,760	29,588,931	31,713,111	33,317,717	35,675,232	37,801,295	38,785,588	39,758,764
Res Expense	27,381,608	29,882,162	36,619,135	32,679,143	34,259,807	37,434,543	37,517,683	39,149,424
Rev Over/(Under) Expense	(869,847)	(293,231)	(4,906,024)	638,574	1,415,424	366,752	1,267,905	609,340
Com Income	24,422,557	24,701,703	25,154,110	25,640,528	26,946,091	27,436,307	27,798,593	28,372,653
Com Expense	22,455,592	23,768,420	27,869,016	26,007,802	27,527,702	28,639,109	28,461,303	29,496,088
Rev Over/(Under) Expense	1,966,965	933,283	(2,714,906)	(367,274)	(581,611)	(1,202,803)	(662,709)	(1,123,435)
Ending Reserve Balance	\$ 13,923,818	\$ 14,563,870	\$ 6,942,940	\$ 7,214,240	\$ 8,048,053	\$ 7,212,002	\$ 7,817,198	\$ 7,303,102

	Scenario 1 is Active								Prop 218 Ratio
	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	
Residential Rate Adjustment	3.4%	12.0%	4.5%	3.4%	6.0%	5.0%	1.0%	1.0%	59.7%
Annual Residential Rate									
Change (96 gal Cart)	\$ 0.72	\$ 2.60	\$ 1.09	\$ 0.86	\$ 1.58	\$ 1.39	\$ 0.29	\$ 0.30	
Proposed Residential Rate	\$ 21.70	\$ 24.30	\$ 25.39	\$ 26.26	\$ 27.83	\$ 29.23	\$ 29.52	\$ 29.81	
Commercial Rate Adjustment	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%	0.0%	40.3%
Annual Commercial Rate									
Change (1 CY x 2)	\$ -	\$ -	\$ -	\$ -	\$ 1.43	\$ -	\$ -	\$ -	
Proposed Commercial Rate	\$ 71.72	\$ 71.72	\$ 71.72	\$ 71.72	\$ 73.16	\$ 73.16	\$ 73.16	\$ 73.16	
Operating Income or Loss	\$1,097,118	\$640,052	(\$7,620,930)	\$271,300	\$833,813	(\$836,051)	\$605,196	(\$514,096)	
100% Coverage Test	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	
110% Coverage Test	Pass	Pass	Pass	Pass	Pass	Pass	Pass	Pass	

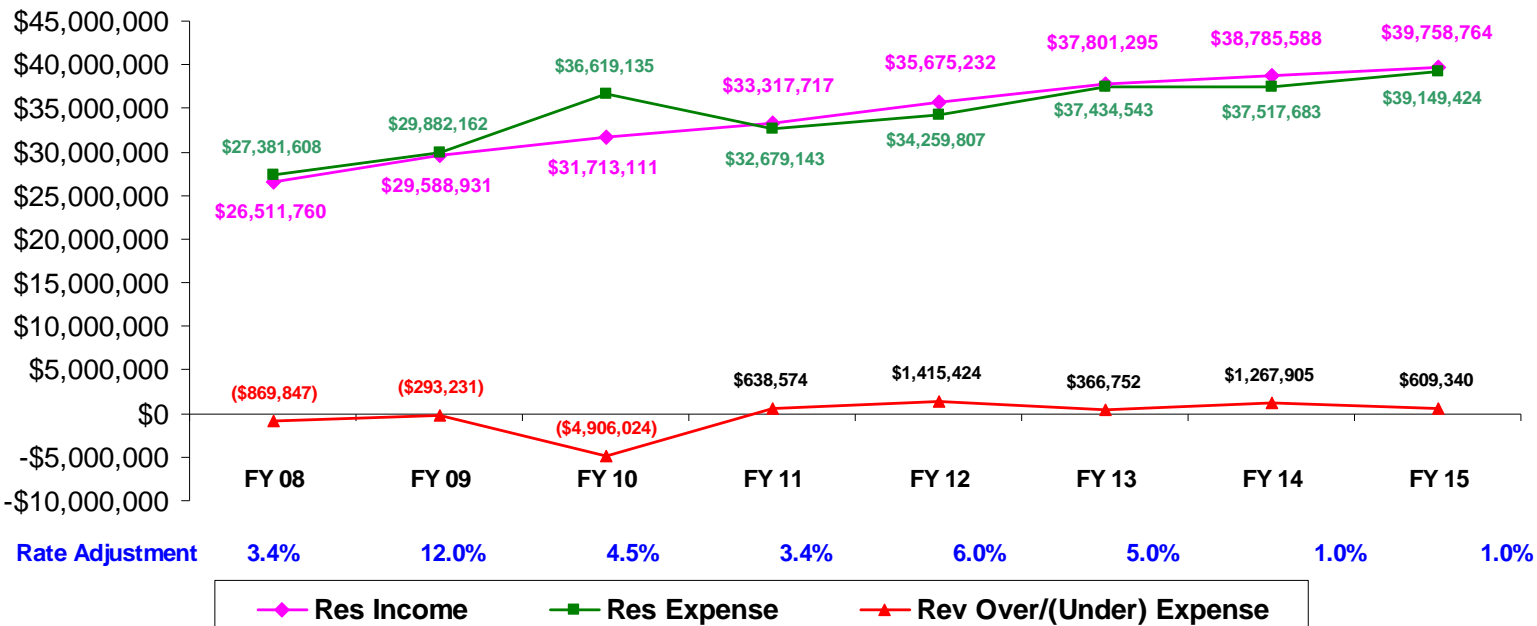


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Rate Model Options

FY 09 = 12%

Fresno Residential Solid Waste Revenues and Expenses
FY 2009 - 12%



Questions

