

What we Need From you to Analyze Your Rates

We can glean 90 percent of the information and data we need from documents for the test year described in the following table. The test year is the one-year period from which we will examine data. That will be your last fiscal year, if it finished fairly recently. If your last fiscal year finished over eight months ago, you should give us data from the first half of the current fiscal year and the last half of last fiscal year.

Document that we need	What we get or can calculate from it
Usage file, preferably electronic and loaded into an Excel spreadsheet	Volume used by each customer each billing period, or by user classes each billing period (see page 2 for details)
Rates and fees chart*	Rates, fees and surcharges paid by customers and properties connected to the system at the beginning of the test year and when they changed during the test year, if they did
Policies and ordinances involving the system	An understanding of how you manage the system, charge and deal with ratepayers, etc.
Agreements with special customers and service providers	Rates, fees, demand surcharges, etc. paid by special customers (or you) and discounts, waivers and limits on future rate increases
Balance Sheet	Starting and ending balances for cash and cash equivalents, capital improvement reserves, equipment replacement reserves, etc.
Income and Expense Statement	User fees, surcharges, connection fees and all other incomes actually collected; and all expenses actually paid
Equipment replacement schedule for next 20 years	Estimated equipment replacement needs, timing and costs. If you don't have a schedule, together we will create or estimate one during the analysis.
Capital improvement plans (CIP) for next 10 years	Estimated capital improvement needs, timing, costs and how you plan to pay those costs. If you don't have a CIP, together we will create a draft or general plan during the analysis.

*Note: If rates and fees were adjusted during the test year you need to give us the previous rates and fees chart, too and tell us on what date the rates and fees were adjusted.

We get another five percent of the information we need when you send us these things:

- For water and sewer systems, the total **master metered flow** through the system. This enables us to check your leakage rates – water loss (water) and inflow and infiltration (sewer). From that we estimate the cost of that leakage.
- Your best estimates of **changes that will happen to your operating costs and incomes, growth in user connections, and anything else that may change during the next 10 years**. If in the next 10 years you may hire new staff, switch to contract operations, begin or end buying or selling wholesale service, connect more or fewer new customers than you did during the test year or make other significant changes, we need to know about those things so we can model them. Some will have little effect on your rates. Some could double your future rates or cut them in half.

Before we start we don't know what other information we will need from you. This part of the analysis depends on your situation and what you want to make of it. The rate modeling exercise and talking with you will tell us what else we need to know and do.

More about Usage Data

To accurately model future rates that will not be structured like your current rates (and that almost always happens), we need detailed usage data. This data is most readily usable if you can export it into a Microsoft Excel spreadsheet. Most modern billing programs will do this directly and fairly easily. If your program doesn't have simple directions on how to do this, your software provider might be able to talk you through it. If that won't work, you (or we) can call your software provider to ask them to do the export for you and to describe how we want it done. This is usually pretty quick and easy.

In a spreadsheet format we're looking for columns of data that include:

- Your customer (user) type classifications (residential, industrial, etc.) If a user pays a rate that is different compared to any other users, we need to know how much volume they used. Basically, your rate chart spells out your user classes, and
- Volume used during each of the months, quarters or other billing periods during the test year for each user.

Your data file should look something like the following example where each row represents each user's volume use during each month of the test year.

Cust Type	Volume in Gallons During Each Month of the Test Year											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
C	1,900	2,000	1,800	1,900	1,900	1,500	700	1,800	1,800	1,200	2,500	1,800
C	0	0	0	0	0	0	0	0	0	0	0	0
C	0	900	1,100	1,300	900	1,000	1,000	1,100	1,100	800	1,300	1,200
C	100	3,600	3,100	2,000	300	1,800	2,200	1,000	1,600	300	1,000	3,500
R	1,400	1,300	1,900	1,800	1,400	1,100	3,400	1,400	1,400	1,100	1,700	1,400
R	0	600	0	6,700	0	0	5,800	1,900	1,900	2,500	1,300	0
R	400	300	500	400	700	500	700	500	500	300	600	500
R	2,200	2,000	1,800	2,400	1,800	1,900	3,100	1,700	1,700	1,600	1,800	1,800
R	And so on											

You can download this chart template at <http://carlbrownconsulting.com/UsageDataTemplate.xls>. If your billing program company is going to do this for you just e-mail this link to them so they can get the chart template. Compile the usage data for the same time period you do for the financial statements and all should go well.

Gather up your data and information, send it to us quickly (preferably by e-mail) and we'll have your rate analysis done very soon. If you have questions about anything, call before investing time gathering data. We don't want you to waste your time gathering data that is not needed or doing it in a way that is excessively time consuming.