

CITY OF MCCLEARY

WATER RATE DESIGN

The following amendment to the original work task plan has been developed to complete a rate design analysis for the City of McCleary's (City) Water utility. This amendment covers the additional time required to analyze the detailed monthly customer data and work with the City to determine adequate block sizes and charges. The services to be provided as part of this amendment are discussed below.

TASK PLAN

TASK 1: CUSTOMER DATA VALIDATION

In order to properly evaluate new usage block sizes, a detailed customer data validation will be required. Validation of detailed customer statistics data with customer demands and revenue generation is critical to the rate design analysis as it helps ensure any change to the rate schedule will continue to collect the necessary revenue to fund all utility obligations. The process includes reconciling individual customer account data including number of meters by size, rate code, and billing usage patterns against actual revenues collected. This revenue reconciliation will identify anomalies to be corrected prior to developing changes to the water rate schedule.

TASK 2: RATE DESIGN

FCS GROUP will work with City staff to identify structural changes for the existing water rate schedule. These changes will be focused on the existing water block sizes and charges. The rate design analysis will determine what the City should charge at different block thresholds to collect the necessary revenue to fund all utility obligations. An individual account impact analysis will be performed to identify the range of increase the customers may experience utilizing historical billing information.

BUDGET

Our normal billing practice is to bill based on time and materials actually expended, not to exceed the total budget. We would be more than happy to negotiate the appropriate level of effort for this project if we have scaled our approach out of line with the City's needs and/or expectations.

Task	Budget
WATER RATE DESIGN AMENDMENT	
Task 1 Customer data validation	\$ 4,020
Task 2 Rate design	2,970
TOTAL RATE STUDY	\$ 6,990