

July 25, 2021

Ms. Karen R. Ervin
Mr. Gary Morton
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Dear Ms. Ervin and Mr. Morton:

The attached schedules (listed below) present unaudited and limited information for the purpose of discussion and consideration in the preliminary planning stage of a water rate analysis by the appropriate officers, officials and advisors of the City of Monroe Municipal Water Utility. The use of these schedules should be restricted to this purpose, for internal use only, as the information is subject to future revision and final report.

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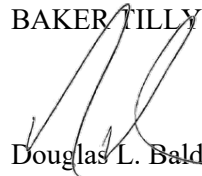
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We would appreciate your questions or comments on this information and would provide additional information upon request.

Very truly yours,

BAKER TILLY MUNICIPAL ADVISORS, LLC



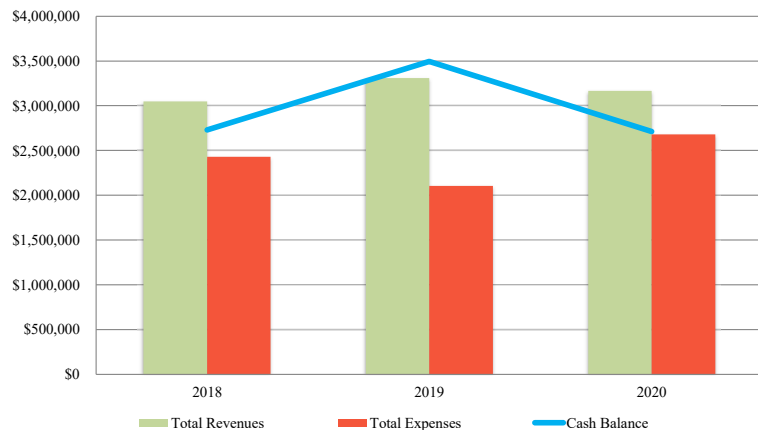
Douglas L. Baldessari, Partner

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

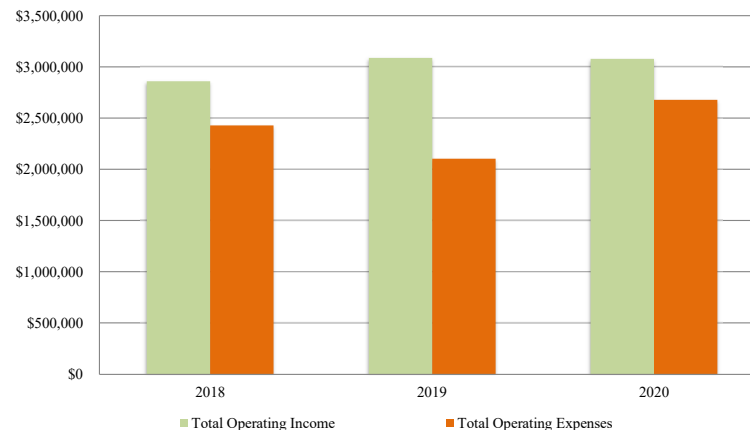
PRO FORMA FINANCIAL INFORMATION

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

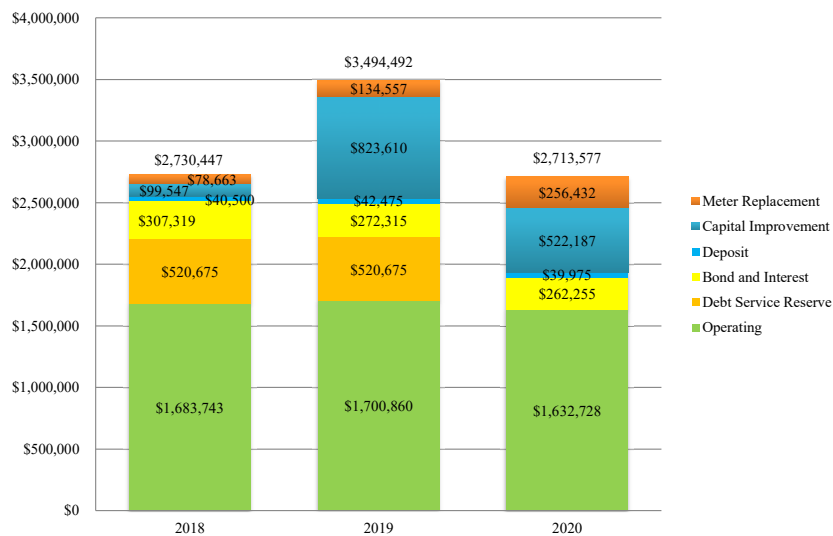
Historical Total Revenues, Expenses and Cash Balance Trends



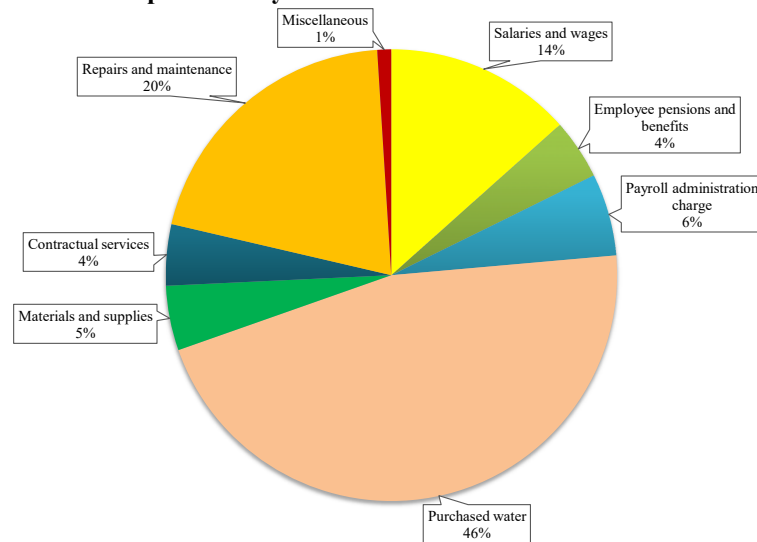
Historical Operating Income and Expenses



Cash Balances and Investments by Fund



Expense Analysis: Calendar Year 2020



(Subject to the attached letter dated July 25, 2021)
 (Preliminary - Subject to Change)
 (Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

PRO FORMA OPERATION AND MAINTENANCE EXPENSES

(For explanation of references, see pages 5 - 7)

(Rounded to nearest \$100)

	12 Months Ended 12/31/20 (Unaudited)	Adjustments	Reference	Inflation (8)	Pro Forma
Salaries and wages	\$359,500	\$45,500	(1)	\$53,200	\$458,200
Employee pensions and benefits	114,900	12,400	(2)(3)	16,700	144,000
Payroll administration charge	158,400	(4,400)	(6)	-	154,000
Purchased water	1,232,800	(89,600)	(4)	100,500	1,243,700
Materials and supplies	124,400			16,400	140,800
Contractual services	117,400	7,900	(5)	16,500	141,800
Printing and advertising	5,800			800	6,600
Utilities	7,100			1,000	8,100
Repairs and maintenance	545,400	(285,500)	(7)	34,200	294,100
Miscellaneous	14,200			2,000	16,200
	<u>\$2,679,900</u>	<u>(\$313,700)</u>		<u>\$241,300</u>	<u>\$2,607,500</u>
Totals					

(Continued on next page)

(Subject to the attached letter dated July 25, 2021)

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CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

(Cont'd)

PRO FORMA OPERATION AND MAINTENANCE EXPENSES

Adjustment (1) - Salaries and Wages

To adjust test year salaries and wages to reflect 26 pays and pro forma 2021 pay rates per utility management.

Pro forma salaries and wages	\$405,000
Less test year expense	<u>(359,500)</u>
Adjustment	<u><u>\$45,500</u></u>

Adjustment (2) - Health Insurance

To adjust test year health insurance expense for 2021 health insurance premiums.

Pro forma health insurance	\$41,900
Less test year amount	<u>(35,400)</u>
Adjustment	<u><u>\$6,500</u></u>

Adjustment (3) - OPERS

To adjust test year OPERS expense for pro forma salaries and wages.

Pro forma full-time salaries and wages	\$405,000
Times 14.0%	<u>14.0%</u>
Sub-total	56,700
Less test year expense	<u>(50,800)</u>
Adjustment	<u><u>\$5,900</u></u>

(Continued on next page)

(Subject to the attached letter dated July 25, 2021)

(Preliminary - Subject to Change)

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CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

(Cont'd)

PRO FORMA OPERATION AND MAINTENANCE EXPENSES

Adjustment (4) - Purchased Water Adjustment

To adjust the test year for an increase in purchased water costs. The reductions is due to the normalization for 13 payments in the test year.

Pro forma purchased water expense	\$1,143,200
Less test year expense	<u>(1,232,800)</u>
Adjustment	<u><u>(\$89,600)</u></u>

Adjustment (5) - Rate Study Allowance

To adjust test year administrative professional services for periodic rate study expenses.

Rate study expenses	\$39,500
Amortized over 5 years	<u>5</u>
Adjustment	<u><u>\$7,900</u></u>

Adjustment (6) - Payroll Administration Charge

To adjust test year payroll administration charge to reflect the 2020 operating revenues.

2020 operating revenues	\$3,079,600
Times 5.0%	<u>5.0%</u>
Pro forma amount	154,000
Less test year expense	<u>(158,400)</u>
Adjustment	<u><u>(\$4,400)</u></u>

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CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

(Cont'd)

PRO FORMA OPERATION AND MAINTENANCE EXPENSES

Adjustment (7) - Tank Maintenance

To adjust test year to include an allowance for tank maintenance costs.

Annual allowance per consulting engineer	\$100,000
Less test year expense	<u>(385,500)</u>
Adjustment	<u><u>(\$285,500)</u></u>

Adjustment (8) - Inflation and Contingencies

To provide a 2.5% allowance for inflation and contingencies for 5 years for all expenses other than purchased water and payroll administration charge based on the three year historical average. An annual increase of 1.7% is assumed for purchased water based on the 10 year historical CPI increase.

(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

PROPOSED CAPITAL IMPROVEMENT PLAN

(Per Utility Management)

(Rounded to nearest \$100)

Description	2021	2022	2023	2024	2025	Total
Water Mains:						
Mason Rd - Gallaher to Gateway	\$1,260,000					\$1,260,000
East Avenue/Lebanon	165,000	\$1,155,000				1,320,000
Main St between Carson and Mason		90,000	\$630,000			720,000
Bridle Creek - Gallaher to Woodsdale			180,000	\$1,260,000		1,440,000
West: Yankee Rd-SR 63				255,000	\$1,785,000	2,040,000
Meter replacement - Residential	168,000	159,900	164,700	169,500	174,300	836,400
Allowance for future storage tank	100,000	100,000	100,000	100,000	100,000	500,000
Allowance for vehicles, equipment	83,300	85,000	86,700	88,400	90,200	433,600
Non-residential meter replacement fee	79,400	79,400	79,400	79,400	79,400	397,000
System development charges	(77,000)	(77,000)	(77,000)	(77,000)	(77,000)	(385,000)
 Total proposed capital improvements	<u>\$1,778,700</u>	<u>\$1,592,300</u>	<u>\$1,163,800</u>	<u>\$1,875,300</u>	<u>\$2,151,900</u>	8,562,000
Amortization period						<u>5</u>
 Annual Requirement (Rounded)						<u>\$1,710,000</u>
 <u>Assumed Loan, Bond and/or Grant Funding Alternatives</u>						
 Total proposed capital improvements						\$8,562,000
Less assumed loan, bond and/or grant funding						<u>(5,500,000)</u>
 Sub-total						3,062,000
Amortization period						<u>5</u>
 Annual Requirement (Rounded)						<u>\$610,000</u>

(Continued on next page)

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CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

(Cont'd)

PROPOSED CAPITAL IMPROVEMENT PLAN

(Per Utility Management)

(Rounded to nearest \$100)

Description	2026	2027	2028	2029	2030	Total
Line extensions and replacements (1)	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$3,500,000
Yankee Road Elevated Storage Tank - IMG (1)			2,900,000 (2)			2,900,000
Butler County Connection (1)				2,000,000		2,000,000
Meter replacement - Residential	179,100	183,900	181,600	181,500	181,500	907,600
Allowance for vehicles, equipment	92,000	93,800	95,700	97,600	99,600	478,700
Allowance for future storage tank	100,000	100,000				200,000
Non-residential meter replacement fee	79,400	79,400	79,400	79,400	79,400	397,000
System development charges	<u>(77,000)</u>	<u>(77,000)</u>	<u>(77,000)</u>	<u>(77,000)</u>	<u>(77,000)</u>	<u>(385,000)</u>
 Total proposed capital improvements	 \$1,073,500	 \$1,080,100	 \$3,879,700	 \$2,981,500	 \$983,500	 \$9,998,300
Less assumed loan, grant or bond funding			<u>(2,900,000)</u>	<u>(2,000,000)</u>		<u>(4,900,000)</u>
 Net funding requirement	 <u>\$1,073,500</u>	 <u>\$1,080,100</u>	 <u>\$979,700</u>	 <u>\$981,500</u>	 <u>\$983,500</u>	 5,098,300
Amortization period						<u>5</u>
 Annual Requirement (Rounded)						<u><u>\$1,020,000</u></u>

(1) Additional projects for future consideration. Not currently impacting proposed rates.

(2) Shown net of \$100,000 annual funding (\$3,600,000 less \$700,000 of annual funding).

(Subject to the attached letter dated July 25, 2021)

(Preliminary - Subject to Change)

(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

PRO FORMA ANNUAL REVENUE REQUIREMENTS AND ANNUAL REVENUES

(See explanation of references on page 11)

(Rounded to nearest \$100)

Revenue Requirements:

Operation and maintenance (1)	\$2,607,500
Additional payroll administration charge (2)	33,900
Debt service:	
Outstanding bonds (3)	373,200
Outstanding loan (4)	-
Proposed bonds (5)	312,500
Replacements and improvements (6)	<u>610,000</u>
 Sub-total	 3,937,100
 Less interest income (7)	 (18,000)
Less penalties (8)	(28,300)
Less other revenues (7)	<u>(6,700)</u>
 Total Net Revenue Requirements	 <u><u>\$3,884,100</u></u>

Annual Revenues:

Metered revenue (9)	\$2,625,800
Administration fee (7)	359,500
Meter replacement fee (7)	154,800
Non-residential meter replacement fee (10)	<u>65,200</u>
 Total Annual Revenues	 <u><u>\$3,205,300</u></u>
 Total Additional Revenues Required	 <u><u>\$678,800</u></u>
 Total Revenue Requirement Increase	 <u><u>21.2%</u></u>
 Across-The-Board Resulting Monthly Water Bill (Currently \$35.08 for 4,000 gallons per month for inside users)	 <u><u>\$42.67</u></u>
 Resulting Increase In Monthly Water Bill	 <u><u>\$7.59</u></u>
 Cost of Service Rates Resulting Monthly Water Bill	 <u><u>\$43.56</u></u>

(Continued on next page)

(Subject to the attached letter dated July 25, 2021)

(Preliminary - Subject to Change)

(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

(Cont'd)

PRO FORMA ANNUAL REVENUE REQUIREMENTS AND ANNUAL REVENUES
(Explanation of References)

- (1) See Pro Forma Operation and Maintenance Expenses, pages 4 - 7.
- (2) To provide an allowance for the additional payroll administration charge resulting from the increase in operating revenues.
- (3) To provide an allowance for the average annual debt service on the outstanding 2020 bonds.
- (4) The outstanding loan of the water utility matures June 1, 2021.
- (5) Assumes a \$5.5 million WLSRA Loan amortized over 20 years.
- (6) Assume \$610,000 will be funded through rates and the remaining amount be funded with the proposed bond issue.
- (7) Assumed at test year amounts.
- (8) Assumed at the three year historical average.
- (9) Assumed at test year amount adjusted for assumed revenue growth of 30 customers per year for 5 years at average monthly usage.

Customers as of 12/31/20	4,531
Less: customers as of 12/31/13	<u>(4,308)</u>
Sub-total	223
Divided by 7 years	<u>7</u>
Total	<u><u>32</u></u>
Rounded (use)	<u><u>30</u></u>
Number of additional annual bills	360
Times average bill for inside city users	<u>\$36.82</u>
Sub-total	13,255
Times 5 years	<u>5</u>
Adjustment	<u><u>\$66,300</u></u>

- (10) Assumes the meter replacement fee will be billed to non-residential users.

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CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

PRO FORMA ANNUAL REVENUE REQUIREMENTS AND ANNUAL REVENUES
 (See explanation of references on page 11)
 (Rounded to nearest \$100)

<u>Revenue Requirements:</u>		Phase I	Phase II	Phase III	Phase IV
	2021	2022	2023	2024	2025
Operation and maintenance (1)	\$2,412,300	\$2,459,600	\$2,507,800	\$2,557,100	\$2,607,500
Additional payroll administration charge (2)	-	7,900	16,300	25,000	34,000
Debt service:					
Outstanding bonds (3)	373,200	373,200	373,200	373,200	373,200
Outstanding loan (4)	-	-	-	-	-
Proposed bonds (5)	16,500	156,300	312,500	312,500	312,500
Replacements and improvements (6)	403,300	380,000	348,000	478,000	610,000
Sub-total	3,205,300	3,377,000	3,557,800	3,745,800	3,937,200
Less interest income (7)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)
Less penalties (8)	(28,300)	(28,300)	(28,300)	(28,300)	(28,300)
Less other revenues (7)	(6,700)	(6,700)	(6,700)	(6,700)	(6,700)
Total Net Revenue Requirements	<u>\$3,152,300</u>	<u>\$3,324,000</u>	<u>\$3,504,800</u>	<u>\$3,692,800</u>	<u>\$3,884,200</u>
<u>Annual Revenues:</u>					
Metered revenue (9)	\$2,572,800	\$2,586,100	\$2,599,400	\$2,612,700	\$2,625,800
Administration fee (7)	359,500	359,500	359,500	359,500	359,500
Meter replacement fee (7)	154,800	154,800	154,800	154,800	154,800
Non-residential meter replacement fee (10)	65,200	65,200	65,200	65,200	65,200
Additional revenues from prior phase increase	-	-	158,400	325,900	500,600
Total Annual Revenues	<u>\$3,152,300</u>	<u>\$3,165,600</u>	<u>\$3,337,300</u>	<u>\$3,518,100</u>	<u>\$3,705,900</u>
Total Additional Revenues Required	<u>\$0</u>	<u>\$158,400</u>	<u>\$167,500</u>	<u>\$174,700</u>	<u>\$178,300</u>
Across-The-Board Total Revenue Requirement Increase	<u>0.0%</u>	<u>5.0%</u>	<u>5.0%</u>	<u>5.0%</u>	<u>5.0%</u>
Resulting Monthly Water Bill* (Currently \$35.08 for 4,000 gallons per month for inside users)	<u>\$35.08</u>	<u>\$36.84</u>	<u>\$38.68</u>	<u>\$40.66</u>	<u>\$42.67</u>
Cost of Service Resulting Monthly Water Bil		<u>\$37.19</u>	<u>\$39.30</u>	<u>\$41.46</u>	<u>\$43.56</u>

(Subject to the attached letter dated July 25, 2021)
 (Preliminary - Subject to Change)
 (Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

Across-The-Board

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

	Present (1)	Proposed			
		Phase I (2022)	Phase II (2023)	Phase III (2024)	Phase IV (2025)
(A) <u>Metered Rates (per 1,000 gallons):</u>					
<u>Inside City</u>					
Less than 20,000 gallons	\$6.77	\$7.11	\$7.47	\$7.84	\$8.23
More than 20,000 gallons	7.84	8.23	8.64	9.07	9.52
<u>Outside City</u>					
Less than 20,000 gallons	\$11.18	\$11.74	\$12.33	\$12.95	\$13.60
More than 20,000 gallons	12.95	13.60	14.28	14.99	15.74
(B) <u>Monthly Administration Charge:</u>					
<u>Inside and Outside City</u>					
5/8 - 3/4 inch	\$5.00	\$5.25	\$5.50	\$5.80	\$6.10
1 inch	26.25	27.55	28.95	30.40	31.95
1 1/2 inch	33.50	35.20	36.95	38.80	40.75
2 inch	38.00	39.90	41.90	44.00	46.20
3 inch	51.00	53.55	56.25	59.05	62.00
4 inch	87.50	91.90	96.50	101.35	106.45
6 inch	116.50	122.35	128.50	134.95	141.70
8 inch	145.75	153.05	160.70	168.75	177.20
10 inch	229.00	240.45	252.45	265.10	278.35
(C) <u>Meter Replacement Fee</u>					
<u>Inside and Outside City</u>					
5/8 - 3/4 inch	\$3.00	\$3.15	\$3.30	\$3.50	\$3.65
1 inch		7.90	8.30	8.70	9.15
1 1/2 inch		15.75	16.55	17.40	18.25
2 inch		25.20	26.45	27.80	29.20
3 inch		47.25	49.60	52.10	54.75
4 inch		78.75	82.70	86.85	91.25
6 inch		157.50	165.40	173.70	182.50
8 inch		252.00	264.60	277.85	292.00
10 inch		362.25	380.35	399.40	419.75
(D) <u>UGN special rate per 1,000 gallons per month:</u>					
All Flow	\$5.09	\$5.34	\$5.61	\$5.89	\$6.17
(E) <u>System Development Charge</u>					
<u>Residential</u>	\$1,637.00	\$1,637.00	\$1,637.00	\$1,637.00	\$1,637.00
<u>Non-Residential</u>					
5/8 - 3/4 inch	\$3,851.07	\$3,851.07	\$3,851.07	\$3,851.07	\$3,851.07
1 inch	4,492.91	4,492.91	4,492.91	4,492.91	4,492.91
1 1/2 inch	6,418.45	6,418.45	6,418.45	6,418.45	6,418.45
2 inch	12,836.89	12,836.89	12,836.89	12,836.89	12,836.89
3 inch	33,375.91	33,375.91	33,375.91	33,375.91	33,375.91
4 inch	51,347.56	51,347.56	51,347.56	51,347.56	51,347.56
6 inch	128,368.90	128,368.90	128,368.90	128,368.90	128,368.90
8 inch	192,553.35	192,553.35	192,553.35	192,553.35	192,553.35

(1) Present rates and charges effective January 1, 2019, pursuant to Ordinance No. 2014-13 passed May 13, 2014.

(Subject to the attached letter dated July 25, 2021)
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CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

CONSUMER STUDY SUMMARY - INSIDE USERS

(12 Months Ended 12/31/2020)

		Administration Fee			Usage Charge		
		Number of	Times		UGN Special	Under 20,000	Over 20,000
		Bills	Rate	Revenues	Rate	Gallon Usage	Gallon Usage
							(----- 1,000's Gallons-----)
5/8	inch meter	51,327	\$5.00	\$256,635	-	201,818	21,304
3/4	inch meter	-	5.00	-	-	-	-
1	inch meter	1,067	26.25	28,009	-	4,266	8,513
1 1/2	inch meter	486	33.50	16,281	-	1,844	13,653
2	inch meter	832	38.00	31,616	-	2,069	39,033
3	inch meter	192	51.00	9,792	-	571	11,020
4	inch meter	60	87.50	5,250	18,605	212	122
6	inch meter	73	116.50	8,505	-	24	15,825
8	inch meter	-	145.75	-	-	-	-
10	inch meter	-	229.00	-	-	-	-
Totals					18,605	210,804	109,470
Times rate					\$5.09	\$6.77	\$7.84
Test Year Totals		<u>54,037</u>		<u>\$356,088</u>	<u>\$94,699</u>	<u>\$1,427,143</u>	<u>\$858,245</u>
Total Bills							<u>54,037</u>
Total Usage							<u>338,879</u>
Total Calculated Revenues							<u>\$2,736,175</u>

(Subject to the attached letter dated July 25, 2021)
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CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

CONSUMER STUDY SUMMARY - OUTSIDE USERS

(12 Months Ended 12/31/2020)

		<u>Administration Fee</u>			<u>Usage Charge</u>	
		<u>Number of</u>	<u>Times</u>	<u>Revenues</u>	<u>Under 20,000</u>	<u>Over 20,000</u>
		<u>Bills</u>	<u>Rate</u>		<u>Gallon Usage</u>	<u>Gallon Usage</u>
					<u>(----- 1,000's Gallons-----)</u>	
5/8	inch meter	389	\$5.00	\$1,945	1,366	14,755
3/4	inch meter	-	5.00	-	-	-
1	inch meter	12	26.25	315	84	103
1 1/2	inch meter	-	33.50	-	-	-
2	inch meter	-	38.00	-	-	-
3	inch meter	-	51.00	-	-	-
4	inch meter	-	87.50	-	-	-
6	inch meter	-	116.50	-	-	-
8	inch meter	-	145.75	-	-	-
10	inch meter	-	229.00	-	-	-
Totals					1,450	14,858
Times rate					\$11.18	\$12.95
Test Year Totals		<u>401</u>		<u>\$2,260</u>	<u>\$16,211</u>	<u>\$192,411</u>
Total Bills						<u>401</u>
Total Usage						<u>16,308</u>
Total Calculated Revenues						<u>\$210,882</u>

(Subject to the attached letter dated July 25, 2021)

(Preliminary - Subject to Change)

(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

CONSUMER STUDY SUMMARY - ALL USERS

(12 Months Ended 12/31/2020)

Total Inside User Calculated Revenues	\$2,736,175
Total Outside User Calculated Revenues	210,882
Total Meter Replacement Fee Revenues (1)	147,960
Less Billing Adjustments	<u>(23,332)</u>
Total Calculated Revenues	<u><u>\$3,071,685</u></u>
Total Control Revenues	<u><u>\$3,053,900</u></u>
Variance	<u><u>\$17,785</u></u>
Percentage	<u><u>0.58%</u></u>

(1) Number of residential users	4,110
Times 12 bills	<u>12</u>
Total annual bills	49,320
Times \$3.00 fee	<u>\$3.00</u>
Total	<u><u>\$147,960</u></u>

(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

CONSUMER ANALYSIS SUMMARY

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

CALCULATION OF TEST YEAR EQUIVALENT METERS
(Based upon test year billings)
(Inside Users)

Cost of service customer class		Normalized Annual Bills	Average Connections	Equivalency Factor	Equivalent Meters and Services
Residential					
5/8	inch meter	51,260 *	4,272	1.0	4,272
1	inch meter	231	19	2.5	48
1 1/2	inch meter	108	9	5.0	45
2	inch meter	180	15	8.0	120
Sub-totals		51,779	4,315		4,485
Commercial					
5/8	inch meter	1,216	101	1.0	101
1	inch meter	522	44	2.5	110
1 1/2	inch meter	126	11	5.0	55
2	inch meter	300	25	8.0	200
3	inch meter	96	8	15.0	120
4	inch meter	24	2	25.0	50
6	inch meter	48	4	50.0	200
Sub-totals		2,332	195		836
Industrial					
5/8	inch meter	651	54	1.0	54
1	inch meter	314	26	2.5	65
1 1/2	inch meter	252	21	5.0	105
2	inch meter	352	29	8.0	232
3	inch meter	96	8	15.0	120
4	inch meter	12	1	25.0	25
6	inch meter	25	2	50.0	100
Sub-totals		1,702	141		701
UGN					
4	inch meter	24	2	25.0	50
Total metered water billings		55,837	4,653		6,072

*Adjusted for growth of 30 customers per year for 5 years.

(Continued on next page)

(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

(Cont'd)

CALCULATION OF TEST YEAR EQUIVALENT METERS

(Based upon test year billings)

(Outside Users)

Cost of service customer class		Normalized Annual Bills	Average Connections	Equivalency Factor	Equivalent Meters and Services
Residential					
5/8	inch meter	325	27	1.0	27
1	inch meter	12	1	2.5	3
Sub-totals		337	28		30
Commercial					
5/8	inch meter	64	5	1.0	5
Total metered water billings		401	33		35

(Continued on next page)

(Subject to the attached letter dated July 25, 2021)

(Preliminary - Subject to Change)

(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

(Cont'd)

CALCULATION OF TEST YEAR EQUIVALENT METERS

(Based upon test year billings)

Fire Protection	<u>Annual Bills</u>	<u>Number of Connections</u>	<u>Equivalency Factor (1)</u>	<u>Equivalent Fire Connections</u>
Private fire protection				
Inside				
6 inch fire line	1,440	120	111.310	13,357.2
Public hydrants - inside (2)		1,092 (3)	111.310	121,550.5
Public hydrants - outside (2)		8 (3)	111.310	890.5
	<u>1,440</u>	<u>1,220</u>		<u>135,798.2</u>

(1) Per M1 ed. 6, page 146.

(2) Per utility management. Allocated to inside and outside based on public fire equivalent meters.

(3) The 1,100 total public hydrants are allocated inside and outside based on the number of customers.

(Subject to the attached letter dated July 25, 2021)

(Preliminary - Subject to Change)

(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

TEST YEAR UNITS OF SERVICE

Base-Extra Capacity Method

Customer Class	Base		Maximum Day			Maximum Hour			Customer		Equivalent Fire Connections
	Normalized Annual Sales	Average Day	Capacity Factor (3)	Total Capacity	Extra Capacity (4)	Capacity Factor (3)	Total Capacity	Extra Capacity (5)	Equivalent Connections	Bills	
	(1)	(2)	%	(2)	(2)	%	(2)	(2)			
Residential											
Inside	226,503.0 (6)	620.6	185	1,148.1	527.5	430	2,668.6	1,520.5	4,485	51,779	
Outside	1,696.0	4.6	185	8.5	3.9	430	19.8	11.3	30	337	
Commercial											
Inside	35,884.0	98.3	220	216.3	118.0	295	290.0	73.7	836	2,332	
Outside	14,612.0	40.0	220	88.0	48.0	295	118.0	30.0	5	64	
Industrial											
Inside	65,087.0	178.3	245	436.8	258.5	325	579.5	142.7	701	1,702	
UGN	18,605.0	51.0	180	91.8	40.8	210	107.1	15.3	50	24	
Fire Protection				840.0	840.0 *		3,360.0 *	2,520.0			134,908
Outside											891
Totals	<u>362,387.0</u>	<u>992.8</u>		<u>2,829.5</u>	<u>1,836.7</u>		<u>7,143.0</u>	<u>4,313.5</u>	<u>6,107</u>	<u>56,238</u>	<u>135,799</u>

(1) 1,000's of gallons.

(2) 1,000's of gallons per day.

(3) Calculated based on test year usage data.

(4) Capacity in excess of average day usage.

(5) Capacity in excess of maximum day demand.

(6) Adjusted for assumed new customers added to the system assuming 30 customers per year for 5 years at 4,000 gallons per month.

*Based on estimated fire requirement of 3,500 gallons per minute for a 4 hour duration.

(Subject to the attached letter dated July 25, 2021)

(Preliminary - Subject to Change)

(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

ALLOCATION OF UTILITY PLANT TO FUNCTIONAL COST COMPONENTS

Base-Extra Capacity Method

	Total	Base	Extra Capacity		Customer Meters and Services	Direct Fire Protection Service	Percentage Allocations					Ref.
			Maximum Day	Maximum Hour			BAS	MXD	MXH	CUS	FP	
Source of Supply Plant:												
Land and Land Rights	\$563,741	\$563,741					100.00%					(1)
Pumping Equipment	34,200	22,675	\$11,525				66.30%	33.70%				(2)
Treatment:												
Structure and Improvements	216,200	143,341	72,859				66.30%	33.70%				(2)
Machinery and Equipment	43,130	19,158	9,739	\$14,233			44.42%	22.58%	33.00%			(3)
Water Treatment Equipment	464,600	206,375	104,907	153,318			44.42%	22.58%	33.00%			(3)
Transmission and Distribution:												
Transmission and Distribution Mains												
Transmission*	5,312,261	3,522,029	1,790,232				66.30%	33.70%				(2)
Distribution*	5,312,261	2,359,706	1,199,509	1,753,046			44.42%	22.58%	33.00%			(3)
Distribution Reservoirs and Standpipe	354,495	35,450		283,595			10.00%		80.00%		10.00%	(4)
Meters and Meter Installs	793,561				\$793,561					100.00%		(5)
Hydrants	6,983					6,983					100.00%	(6)
Other Plant and Equipment	102,700	102,700					100.00%					(1)
General Plant:												
Structures and Improvements	203,014	107,252	49,028	33,883	12,201	650	52.83%	24.15%	16.69%	6.01%	0.32%	(7)
Communication Equipment	68,263	36,063	16,486	11,393	4,103	218	52.83%	24.15%	16.69%	6.01%	0.32%	(7)
Infrastructure	25,587	13,519	6,179	4,269	1,538	82	52.83%	24.15%	16.69%	6.01%	0.32%	(7)
Machinery and Equipment	98,311	51,938	23,742	16,408	5,908	315	52.83%	24.15%	16.69%	6.01%	0.32%	(7)
Miscellaneous Equipment	22,477	11,875	5,428	3,750	1,351	73	52.83%	24.15%	16.69%	6.01%	0.32%	(7)
Power Operated Equipment	2,136	1,128	516	356	128	8	52.83%	24.15%	16.69%	6.01%	0.32%	(7)
Office Furniture and Equipment	22,993	12,147	5,553	3,838	1,382	73	52.83%	24.15%	16.69%	6.01%	0.32%	(7)
Tools, Shop and Garage Equipment	8,730	4,612	2,108	1,456	525	29	52.83%	24.15%	16.69%	6.01%	0.32%	(7)
Transportation Equipment	337,082	178,081	81,405	56,258	20,259	1,079	52.83%	24.15%	16.69%	6.01%	0.32%	(7)
Less Accumulated Depreciation	<u>(7,764,447)</u>	<u>(4,101,957)</u>	<u>(1,875,114)</u>	<u>(1,295,886)</u>	<u>(466,643)</u>	<u>(24,847)</u>	52.83%	24.15%	16.69%	6.01%	0.32%	(7)
Net Utility Plant in Service	<u>\$6,228,278</u>	<u>\$3,289,833</u>	<u>\$1,504,102</u>	<u>\$1,039,917</u>	<u>\$374,313</u>	<u>\$20,113</u>	52.82%	24.15%	16.70%	6.01%	0.32%	

*Assumes 50/50 split of transmission and distribution mains.

(Continued on next page)

(Subject to the attached letter dated July 25, 2021)

(Preliminary - Subject to Change)

(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

(Cont'd)

ALLOCATION OF UTILITY PLANT TO FUNCTIONAL COST COMPONENTS

Base-Extra Capacity Method

(1) Allocated 100% to base.

(2) Allocated in ratio to maximum day demand.

	<u>Flow</u>	<u>Allocation</u>
	(Gallons)	
Average day demand	992.8	66.30%
Maximum day excess capacity (Non coincidental adjusted)	<u>504.7</u>	<u>33.70%</u>
 Totals	 <u><u>1,497.5</u></u>	 <u><u>100.00%</u></u>

(3) Allocated in ratio to maximum hour demand.

	<u>Flow</u>	<u>Allocation</u>
	(Gallons)	
Average day demand	992.8	44.42%
Maximum day excess capacity (Non coincidental adjusted)	504.7	22.58%
Maximum hour excess capacity (Non coincidental adjusted)	<u>737.6</u>	<u>33.00%</u>
 Totals	 <u><u>2,235.1</u></u>	 <u><u>100.00%</u></u>

(4) Allocated 10% to base, 80% to maximum hour and 10% to fire protection per estimates.

(5) Allocated 100% to customer meters and services.

(6) Allocated 100% to direct fire protection.

(7) Allocated pro rata to all other allocable utility plant.

(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY
ALLOCATION OF PRO FORMA OPERATION AND MAINTENANCE EXPENSES
TO FUNCTIONAL COST COMPONENTS
Base-Extra Capacity Method

	Pro Forma Expense	Base	Extra Capacity		Customer Class		Direct Fire Protection Service	Percentage Allocation				BILL	FP	Ref.	
			Maximum Day	Maximum Hour	Meters and Services	Billing and Collecting		BAS	MXD	MXH	MET				
Special Assessment Coll Fees	\$200						\$200					100.00%		(1)	
Consultant Services	25,400	\$12,868	\$6,391	\$4,354	\$1,697			\$90	50.66%	25.16%	17.14%	6.68%		0.36%	(2)
Other Prof/Tech Services	24,700						24,700					100.00%		(1)	
Service/Maintenance Agreements	1,800	912	453	309	120		6	50.66%	25.16%	17.14%	6.68%			0.36%	(1)
Dues/Fees/Subscriptions	15,800	8,004	3,975	2,708	1,055		58	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Testing Services	12,200	6,181	3,070	2,091	815		43	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Vehicle Repair	6,000	3,040	1,510	1,028	401		21	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Property Repair	600	304	151	103	40		2	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Equipment Repair	6,000	3,040	1,510	1,028	401		21	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Fleet Leasing & Maintenance	26,600	13,476	6,693	4,559	1,777		95	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Printing Services	5,000						5,000					100.00%		(1)	
Postage	25,900						25,900					100.00%		(1)	
Advertising	1,600	811	403	274	107		5	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Fuel	6,600	3,344	1,661	1,131	441		23	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Water Contract - Butler	1,243,700	1,243,700					0	100.00%							(3)
Tools and Minor Equipment	15,200	7,700	3,824	2,605	1,015		56	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Operating Supplies/Materials	87,100	44,125	21,914	14,929	5,818		314	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Uniforms	4,600	2,330	1,157	788	307		18	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Gas and Electric	7,700	3,534	1,756	1,198	466		721	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
Water	300	138	68	47	18		28	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
Full Time Wages	442,200	202,970	100,822	68,806	26,753		41,390	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
Payroll Administration Charge	154,000	70,686	35,112	23,962	9,317		14,414	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
Overtime Wages	15,500	7,115	3,534	2,412	938		1,451	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
Acting Shift Supervisor	500	230	114	78	30		46	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
Full Time OPERS	64,200	29,468	14,638	9,990	3,884		6,009	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
Ft Medicare	5,700	2,616	1,300	887	345		534	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
Health Insurance	47,400	21,757	10,807	7,375	2,868		4,437	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
Dental Insurance	4,400	2,020	1,003	685	266		412	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
Life Insurance	1,900	872	433	296	115		178	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
Vision Insurance	1,700	780	388	265	103		159	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
Unemployment Compensation	1,500	689	342	233	91		140	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
Uniform Allowance	1,800	826	410	280	109		168	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
HSA Contribution	14,300	6,564	3,260	2,225	865		1,338	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
Training/Seminar Fee	1,100	557	277	189	73		4	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Travel/Transportation	400						400					100.00%		(1)	
Service/Maintenance Agreements	18,400	9,321	4,629	3,154	1,229		67	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Consultant Services	77,600	39,312	19,524	13,301	5,184		279	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Equipment Maintenance	113,100	57,296	28,456	19,385	7,555		408	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Operating Supplies/Materials	1,300	659	327	223	87		4	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Vehicles	108,400	54,915	27,273	18,580	7,241		391	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Furniture/Fixtures/Equipment	15,100	7,650	3,799	2,588	1,009		54	50.66%	25.16%	17.14%	6.68%			0.36%	(2)
Total operating expenses	2,607,500	1,869,810	310,984	212,066	82,540	127,625	4,475								
Additional payroll administration charge	33,900	15,560	7,729	5,275	2,051	3,173	113	45.90%	22.80%	15.56%	6.05%	9.36%		0.33%	(4)
Less interest income	(18,000)	(12,908)	(2,147)	(1,463)	(571)	(880)	(31)	71.71%	11.93%	8.13%	3.17%	4.89%		0.17%	(5)
Less penalties	(28,300)	(20,294)	(3,376)	(2,301)	(897)	(1,384)	(48)	71.71%	11.93%	8.13%	3.17%	4.89%		0.17%	(5)
Less other revenues	(6,700)	(4,805)	(799)	(545)	(212)	(328)	(11)	71.71%	11.93%	8.13%	3.17%	4.89%		0.17%	(5)
Total net operating expenses	\$2,588,400	\$1,847,363	\$312,391	\$213,032	\$82,911	\$128,206	\$4,498	71.38%	12.07%	8.23%	3.20%	4.95%	0.17%		

(Continued on next page)

(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

(Cont'd)

ALLOCATION OF PRO FORMA OPERATION AND MAINTENANCE EXPENSES
TO FUNCTIONAL COST COMPONENTS
Base-Extra Capacity Method

(1) Allocated 100% to billing and collection.

(2) Allocated pro rata based on the allocation of total transmission and distribution plant.

	<u>Transmission and Distribution Plant</u>	<u>%</u>
Average day demand	\$6,019,885	50.66%
Maximum day excess capacity	2,989,741	25.16%
Maximum hour excess capacity	2,036,641	17.14%
Meters and services	793,561	6.68%
Direct fire protection	42,433	0.36%
	<hr/>	<hr/>
Totals	\$11,882,261	100.00%
	<hr/> <hr/>	<hr/> <hr/>

(3) Allocated 100% to base.

(4) Allocated pro rata based on total operating expenses less purchased water.

(5) Allocated pro rata based on total functionalized operating expenses.

(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

UNIT COSTS OF SERVICE
(12 Months Ended 12/31/2020)

<u>Units of Service</u>	Net Pro Forma Revenue Requirements	Allocable To All Customers					Direct Fire Protection Service Equiv. Connections	Ref
		Base (1,000's of gallons)	Extra Capacity		Customer Costs			
			Maximum Day	Maximum Hour	Meters and Services Equiv. Meters	Billing and Collection Bills		
Inside	346,079.0	1,784.8	4,272.2	6,072	55,837	134,908	(1)	
Outside	16,308.0	51.9	41.3	35	401	891	(1)	
Total system	<u>362,387.0</u>	<u>1,836.7</u>	<u>4,313.5</u>	<u>6,107</u>	<u>56,238</u>	<u>135,799</u>		
<u>Pro Forma Cost of Service</u>								
Net operation and maintenance expense and additional payroll administration charge	\$2,588,400	\$1,847,362	\$312,391	\$213,032	\$82,911	\$128,206	\$4,498 (2)	
Debt service	685,700	362,188	165,597	114,512	41,211		2,192 (3)	
Replacements and improvements	610,000	322,202	147,315	101,870	36,661		1,952 (3)	
Outside city surcharge	(80,758)	(57,646)	(9,747)	(6,646)	(2,584)	(3,998)	(137) (2)	
Meter replacement fee	<u>(267,700)</u>	<u>(141,398)</u>	<u>(64,650)</u>	<u>(44,706)</u>	<u>(16,089)</u>		<u>(857)</u> (3)	
Net cost of service	<u>\$3,535,642</u>	<u>\$2,332,708</u>	<u>\$550,906</u>	<u>\$378,062</u>	<u>\$142,110</u>	<u>\$124,208</u>	<u>\$7,648</u>	
Total unit cost of service								
Inside		<u>\$6.4371</u>	<u>\$299.9434</u>	<u>\$87.6462</u>	<u>\$23.2700</u>	<u>\$2.2086</u>	<u>\$0.0563</u>	
Outside		<u>\$10.6212</u>	<u>\$494.9066</u>	<u>\$144.6162</u>	<u>\$23.2700</u>	<u>\$2.2086</u>	<u>\$0.0929</u>	

(1) As presented on pages 17 - 20.

(2) See pages 23 - 24.

(3) Allocated in ratio to plant values, see page 21.

(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

COST OF SERVICE ALLOCATED TO CUSTOMER CLASS

(12 Months Ended 12/31/2020)

Total Costs of Service	Allocable To Inside Customers					
	Base	Extra Capacity		Customer Costs		Direct Fire Protection Service Equiv Connections
		Maximum Day (-----1,000's of Gallons-----)	Maximum Hour	Meters and Services Equiv. Meters	Billing and Collection Bills	
Unit Costs of Service (1)	<u>\$6.4371</u>	<u>\$299.9434</u>	<u>\$87.6462</u>	<u>\$23.2700</u>	<u>\$2.2086</u>	<u>\$0.0563</u>
<u>Allocated Costs of Service</u>						
Residential:						
Units of service (2)	226,503	528	1,521	4,485	51,779	
Cost	\$1,968,233	\$1,458,022	\$158,220	\$133,266	\$104,366	\$114,359
Commercial:						
Units of service (2)	35,884	118	74	836	2,332	
Cost	297,446	230,989	35,393	6,460	19,454	5,150
Industrial:						
Units of service (2)	65,087	259	143	701	1,702	
Cost	529,085	418,972	77,535	12,507	16,312	3,759
UGN						
Units of service (2)	18,605.0	40.8	15.3	50	24	
Cost	134,558	\$119,762	\$12,238	\$1,341	\$1,164	\$53
Fire Protection:						
Units of service		840	2,520			134,908
Cost	480,415	251,952	220,868			\$7,595
Total allocated cost of service	<u>\$3,409,737</u>	<u>\$2,227,745</u>	<u>\$535,338</u>	<u>\$374,442</u>	<u>\$141,296</u>	<u>\$123,321</u>

(1) See page 25.

(2) See page 20.

(Continued on next page)

(Subject to the attached letter dated July 25, 2021)

(Preliminary - Subject to Change)

(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

(Cont'd)

COST OF SERVICE ALLOCATED TO CUSTOMER CLASS

(12 Months Ended 12/31/2020)

Total Costs of Service	Allocable To Outside Customers					
	Base	Extra Capacity		Customer Costs		Direct Fire Protection Service Equiv Connections
		Maximum Day (-----1,000's of Gallons-----)	Maximum Hour	Meters and Services Equiv. Meters	Billing and Collection Bills	
Unit Costs of Service (1)	<u>\$10.6212</u>	<u>\$494.9066</u>	<u>\$144.6162</u>	<u>\$23.2700</u>	<u>\$2.2086</u>	<u>\$0.0929</u>
<u>Allocated Costs of Service</u>						
Residential:						
Units of service (2)	1,696.0	3.9	11.3	30	337	
Cost	\$23,020	\$18,014	\$1,930	\$698	\$744	
Commercial:						
Units of service (2)	14,612.0	48.0	30.0	5	64	
Cost	183,560	155,197	23,756	116	141	
Fire Protection:						
Units of service		-	-			891
Cost	83	-	-			\$83
Total allocated cost of service	<u>\$206,663</u>	<u>\$173,211</u>	<u>\$25,686</u>	<u>\$5,984</u>	<u>\$814</u>	<u>\$885</u>
				<u>\$814</u>	<u>\$885</u>	<u>\$83</u>

(1) See page 25.

(2) See page 20.

(Subject to the attached letter dated July 25, 2021)

(Preliminary - Subject to Change)

(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

CALCULATION OF PROPOSED MONTHLY SERVICE CHARGES

(All Users)

<u>Meter Size</u>	<u>5/8 inch Equivalency Factor</u>	<u>Meter Cost Per Equiv. Unit (1)</u>	<u>Meter Cost Per Unit</u>	<u>Billing Cost Per Unit (2)</u>	<u>Total</u>	<u>Rounded</u>
5/8-3/4 inch meter	1.0	\$1.9392	\$1.9392	\$2.2086	\$4.1478	\$4.15
1 inch meter	2.5	1.9392	4.8479	2.2086	7.0565	7.10
1 1/2 inch meter	5.0	1.9392	9.6958	2.2086	11.9044	11.95
2 inch meter	8.0	1.9392	15.5133	2.2086	17.7219	17.70
3 inch meter	15.0	1.9392	29.0875	2.2086	31.2961	31.25
4 inch meter	25.0	1.9392	48.4792	2.2086	50.6878	50.70
6 inch meter	50.0	1.9392	96.9583	2.2086	99.1669	99.20
8 inch meter	80.0	1.9392	155.1333	2.2086	157.3419	157.35
10 inch meter	115.0	1.9392	223.0042	2.2086	225.2128	225.25
12 inch meter	215.0	1.9392	416.9208	2.2086	419.1294	419.15

(1) Calculated as follows:

Annual charge per equivalent meter (page 25)	\$23.2700
Divided by 12 months	<u>12</u>
Monthly charge per equivalent meter	<u><u>\$1.9392</u></u>

(2) See page 25

(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

ALLOCATION OF FIRE SERVICE COSTS TO PUBLIC AND PRIVATE FIRE SERVICE

Base-Extra Capacity Method

	<u>Number of Services</u>	<u>Demand Factor</u>	<u>Equivalent Connections</u>	<u>Percentage Allocation</u>	<u>Allocation</u>	<u>Total Fire Protection</u>
<u>Public Fire Service</u>						
Public Hydrants (inside)	1,092	111.31	121,551	90.16%	\$426,314	\$426,314
Public Hydrants (outside)	8	111.31	890	0.00%	-	-
Direct Fire Protection (inside)						7,595
Direct Fire Protection (outside)						<u>83</u>
 Total Public Fire Protection						433,992 *
<u>Private Fire Service</u>						
Size of Connections (inside)						
6 inch connection	120	111.31	13,357	9.84%	<u>46,506</u>	
 Total Private Fire Protection						<u>46,506</u>
 Total	<u>1,220</u>		<u>135,798</u>	<u>100.00%</u>	<u>\$472,820</u>	<u>\$480,498</u>

*Allocated back to flow rate.

(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

**CALCULATION OF FIRE PROTECTION CHARGES BASED UPON
ALLOCATED COST OF SERVICE**

Automatic Sprinkler Charges:

<u>Size of Connection</u>	<u>Equivalency Ratio*</u>	<u>Rate per Equivalent Connection</u>	<u>Adjusted Rates</u>
1 inch connection	1.00	\$3.50	\$3.50
2 inch connection	6.19	3.50	21.67
3 inch connection	17.98	3.50	62.93
4 inch connection	38.32	3.50	134.12
6 inch connection	111.31	3.50	389.59
8 inch connection	237.21	3.50	830.24
10 inch connection	426.58	3.50	1,493.03
12 inch connection	689.04	3.50	2,411.64
Private hydrants	111.31	3.50	389.59

* Per M1 Sixth Edition, page 146.

Fire Hydrants

Total costs to be recovered from private fire protection, see page 29	\$46,506
Divide by equivalent connections, see pages 29	<u>13,357</u>

Annual charge per equivalent connection	<u><u>\$3.48</u></u>
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Use (Rounded)	<u><u>\$3.50</u></u>
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(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

CALCULATION OF EQUIVALENT CONNECTIONS

<u>Meter Size</u>	<u>Total Annual Bills (1)</u>	<u>Ratio to 5/8" Meter</u>	<u>Total Annual Equivalent Connections</u>
6"	<u>1,100</u>	50.0	<u>55,000.0</u>

- (1) See page 29.
- (2) Public fire protection will not be charged and will get reallocated to flow rates. This schedule is for illustrative purposes only.

(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

CALCULATION OF METER REPLACEMENT FEE

	<u>Non-Residential Bills Test Year</u>	<u>Monthly Rate</u>	<u>Annual Revenues</u>
5/8 - 3/4 inch	1,931	\$3.65	\$7,048.15
1 inch	1,079	9.15	9,872.85
1 1/2 inch	486	18.25	8,869.50
2 inch	832	29.20	24,294.40
3 inch	192	54.75	10,512.00
4 inch	60	91.25	5,475.00
6 inch	73	182.50	13,322.50
8 inch	0	292.00	0.00
10 inch	0	419.75	0.00
Sub-totals	<u>4,653</u>		<u>\$79,394.40</u>
	<u>Residential Bills Test Year</u>	<u>Monthly Rate</u>	<u>Annual Revenues</u>
5/8 - 3/4 inch	<u>51,585</u>	\$3.65	<u>\$188,285.25</u>
Totals	<u><u>56,238</u></u>		<u><u>\$267,679.65</u></u>

(Subject to the attached letter dated July 25, 2021)

(Preliminary - Subject to Change)

(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

**PRO FORMA ANNUAL OPERATING REVENUE AT ADJUSTED
RATES AND CHARGES BASED UPON ALLOCATED COST OF SERVICE**

	Percent of Use	Billing Determinants		Allocated Cost of Service Rates	Pro Forma Revenue Under Adjusted Rates
		Annual Consumption (1,000's of Gallons)	Normalized Annual Bills		
Residential - Inside:					
Base Charge:					
5/8 inch meter			51,260	\$4.15	\$212,729
1 inch meter			231	7.10	1,640
1 1/2 inch meter			108	11.95	1,291
2 inch meter			180	17.70	3,186
Volume Charge Per 1,000 Gallons:					
Under 20	91.50%	207,264 *		8.94	1,852,940
Over 20	8.50%	19,263		9.10	175,293
Sub-totals	100.00%	226,527	51,779		2,247,079
Commercial - Inside:					
Base Charge:					
5/8 inch meter			1,216	4.15	5,046
1 inch meter			522	7.10	3,706
1 1/2 inch meter			126	11.95	1,506
2 inch meter			300	17.70	5,310
3 inch meter			96	31.25	3,000
4 inch meter			24	50.70	1,217
6 inch meter			48	99.20	4,762
Volume Charge Per 1,000 Gallons:					
Under 20	15.49%	5,560		8.94	49,706
Over 20	84.51%	30,324		9.10	275,948
Sub-totals	100.00%	35,884	2,332		350,201
Sub-totals carried forward to next page		262,411	54,111		\$2,597,280

* Adjusted for assumed growth of 30 users per year for 5 years at 4,000 gallons per month.

(Continued on next page)

(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

(Cont'd)

**PRO FORMA ANNUAL OPERATING REVENUE AT ADJUSTED
RATES AND CHARGES BASED UPON ALLOCATED COST OF SERVICE**

	Percent of Use	Billing Determinants		Allocated Cost of Service Rates	Pro Forma Revenue Under Adjusted Rates
		Annual Consumption (1,000's of Gallons)	Normalized Annual Bills		
Industrial - Inside:					
Base Charge:					
5/8 inch meter			651	\$4.15	\$2,702
1 inch meter			314	7.10	2,229
1 1/2 inch meter			252	11.95	3,011
2 inch meter			352	17.70	6,230
3 inch meter			96	31.25	3,000
4 inch meter			12	50.70	608
6 inch meter			25	99.20	2,480
Volume Charge Per 1,000 Gallons:					
Under 20	7.97%	5,184		8.94	46,345
Over 20	92.03%	59,883		9.10	544,935
Sub-totals	100.00%	65,067	1,702		611,540
UGN - Special Rate:					
Base Charge:					
4 inch meter			24	50.70	1,217
Volume Charge Per 1,000 Gallons:					
Under 20	0.00%	-		6.17 *	-
Over 20	100.00%	18,605		6.17 *	114,793
Sub-totals	100.00%	18,605	24		116,010
Sub-totals carried forward to next page		83,672	1,726		\$727,550

*The proposed UGN rate assumes a flat percentage increase to the current special rate based on the Revenue Requirements. See page 10.

(Continued on next page)

(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

(Cont'd)

**PRO FORMA ANNUAL OPERATING REVENUE AT ADJUSTED
RATES AND CHARGES BASED UPON ALLOCATED COST OF SERVICE**

	Percent of Use	Billing Determinants		Allocated Cost of Service Rates	Pro Forma Revenue Under Adjusted Rates
		Annual Consumption (1,000's of Gallons)	Normalized Annual Bills		
Residential - Outside:					
Base Charge:					
5/8 inch meter			325	\$4.15	\$1,349
1 inch meter			12	7.10	85
Volume Charge Per 1,000 Gallons:					
Under 20	82.48%	1,398		14.75	20,621
Over 20	17.52%	297		15.02	4,461
Sub-totals	100.00%	1,695	337		26,516
Commercial - Outside:					
Base Charge:					
5/8 inch meter			64	4.15	266
Volume Charge Per 1,000 Gallons:					
Under 20	0.35%	51		14.75	752
Over 20	99.65%	14,560		15.02	218,691
Sub-totals	100.00%	14,611	64		219,709
Sub-totals carried forward to next page		16,306	401		\$246,225

(Continued on next page)

(Subject to the attached letter dated July 25, 2021)

(Preliminary - Subject to Change)

(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

(Cont'd)

**PRO FORMA ANNUAL OPERATING REVENUE AT ADJUSTED
RATES AND CHARGES BASED UPON ALLOCATED COST OF SERVICE**

	<u>Percent of Use</u>	<u>Billing Determinants</u> <u>Annual</u> <u>Consumption</u> <small>(1,000's of Gallons)</small>	<u>Normalized</u> <u>Annual Bills</u>	<u>Allocated</u> <u>Cost of</u> <u>Service Rates</u>	<u>Pro Forma</u> <u>Revenue</u> <u>Under Adjusted</u> <u>Rates</u>
Fire Protection:					
Private sprinklers					
6" fire line			<u>120</u>	389.59	<u>46,751</u>
Meter Replacement Fees					<u>267,700</u>
Totals		362,389	<u>56,358</u>		<u>\$3,885,506</u>
Control					<u>\$3,884,100</u>
Variance					<u>\$1,406</u>
Variance percentage					<u>0.04%</u>

(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

**COMPARISON OF ALLOCATED COST OF SERVICE WITH
REVENUE UNDER ADJUSTED RATES**

<u>Customer Classification</u>	<u>Cost of Service</u>	<u>Normalized Revenue Under Existing Rates</u>	<u>Increase (Decrease)</u>		<u>Revenue Under Adjusted Rates</u>	<u>Variance Between Adjusted Revenues and Cost of Service</u>	
			<u>%</u>	<u>Amount</u>		<u>%</u>	<u>Amount</u>
Inside:							
Residential	\$2,241,101	\$1,816,716	23.36%	\$424,385	\$2,247,079	0.27%	\$5,978
Commercial	344,877	315,880	9.18%	28,997	350,201	1.54%	5,324
Industrial	611,102	546,274	11.87%	64,828	611,540	0.07%	438
UGN	134,558	94,699	42.09%	39,859	116,010	-13.78%	(18,548)
Outside:							
Residential	26,231	21,422	22.45%	4,809	26,516	1.09%	285
Commercial	212,027	189,454	11.91%	22,573	219,709	3.62%	7,682
Fire Protection - Private							
Inside	46,506	-	100.00%	46,506	46,751	0.53%	245
Totals	<u>\$3,616,402</u>	<u>\$2,984,445</u>	<u>21.18%</u>	<u>\$631,957</u>	<u>\$3,617,806</u>	<u>0.04%</u>	<u>\$1,404</u>

(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

Phase IV

CUSTOMER BILL IMPACT

	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Change</u>	<u>% Change Over Prior Rates</u>
Inside City:				
1,000 Gallons	\$14.77	\$16.74	\$1.97	13%
5,000 Gallons	41.85	52.50	10.65	25%
10,000 Gallons	75.70	97.20	21.50	28%
30,000 Gallons	243.20	280.80	37.60	15%
50,000 Gallons	400.00	462.80	62.80	16%
100,000 Gallons	825.00	956.90	131.90	16%
150,000 Gallons	1,217.00	1,411.90	194.90	16%
250,000 Gallons	2,001.00	2,321.90	320.90	16%
500,000 Gallons	3,961.00	4,596.90	635.90	16%
700,000 Gallons	5,529.00	6,416.90	887.90	16%
1,500,000 Gallons	11,801.00	13,696.90	1,895.90	16%
Outside City:				
1,000 Gallons	\$19.18	\$22.55	\$3.37	18%
5,000 Gallons	63.90	81.55	17.65	28%
10,000 Gallons	119.80	155.30	35.50	30%
30,000 Gallons	417.75	458.40	40.65	10%
50,000 Gallons	676.75	758.80	82.05	12%
100,000 Gallons	1,336.00	1,548.90	212.90	16%
150,000 Gallons	1,983.50	2,299.90	316.40	16%
250,000 Gallons	3,278.50	3,801.90	523.40	16%
500,000 Gallons	6,516.00	7,556.90	1,040.90	16%
700,000 Gallons	9,106.00	10,560.90	1,454.90	16%
1,500,000 Gallons	19,466.00	22,576.90	3,110.90	16%

(Subject to the attached letter dated July 25, 2021)

(Preliminary - Subject to Change)

(Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

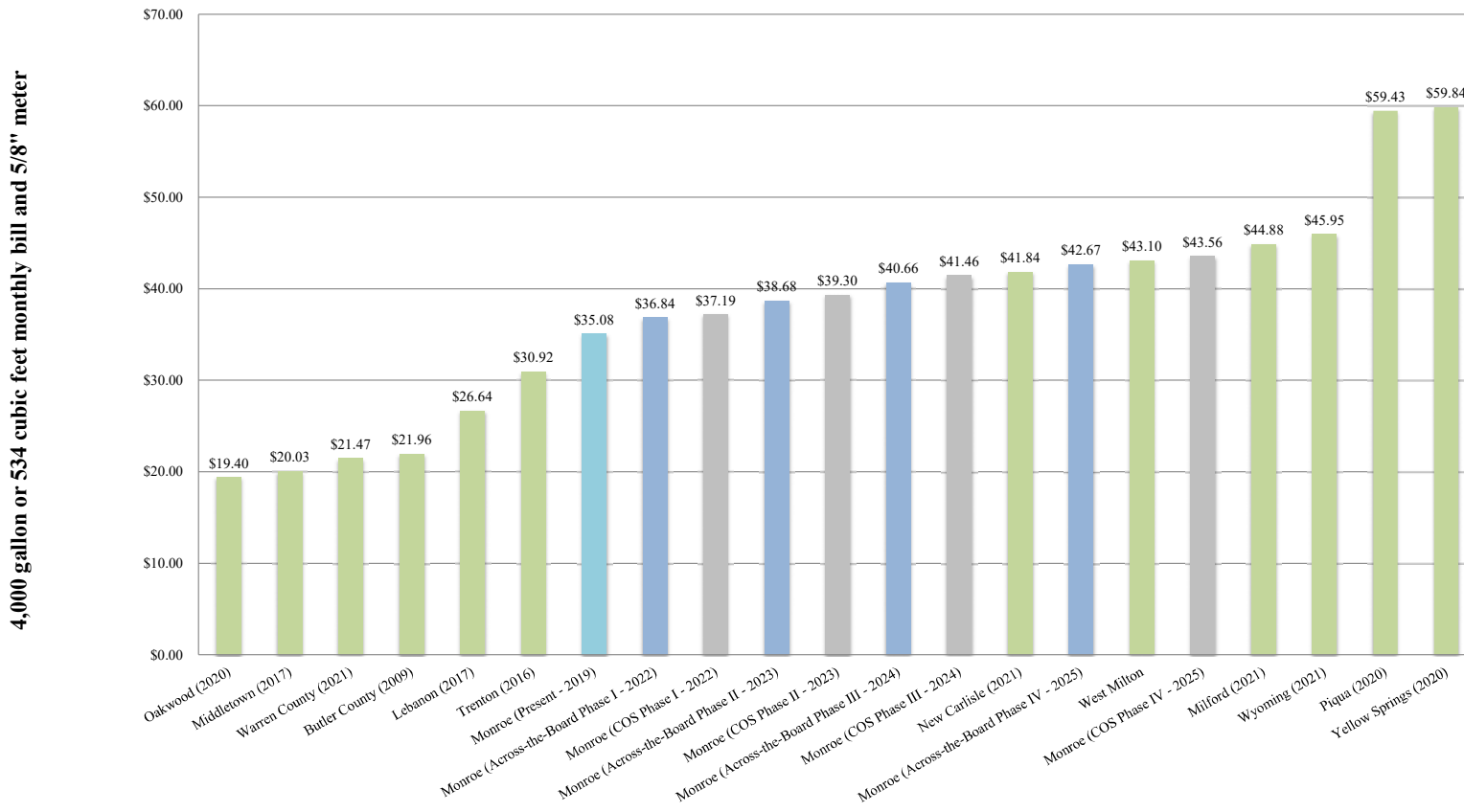
(A) Usage per 1,000 gallons per month:		Current (1)	Proposed			
			Phase I	Phase II	Phase III	Phase IV
<u>Inside City</u>						
Under	20,000 Gallons	\$6.77	\$7.31	\$7.85	\$8.39	\$8.94
Over	20,000 Gallons	7.84	8.16	8.48	8.80	9.10
<u>Outside City</u>						
Under	20,000 Gallons	\$11.18	\$12.07	\$12.96	\$13.85	\$14.75
Over	20,000 Gallons	12.95	13.47	13.99	14.51	15.02
(B) Monthly Administration Charge:						
<u>Inside and Outside City</u>						
5/8 - 3/4	inch	\$5.00	\$4.80	\$4.60	\$4.40	\$4.15
1	inch	26.25	21.50	16.75	12.00	7.10
1 1/2	inch	33.50	28.15	22.80	17.45	11.95
2	inch	38.00	32.95	27.90	22.85	17.70
3	inch	51.00	46.10	41.20	36.30	31.25
4	inch	87.50	78.30	69.10	59.90	50.70
6	inch	116.50	112.20	107.90	103.60	99.20
8	inch	145.75	148.65	151.55	154.45	157.35
10	inch	229.00	228.10	227.20	226.30	225.25
(C) Meter Replacement Fee:						
<u>Inside and Outside City (2)</u>						
5/8 - 3/4	inch	\$3.00	\$3.15	\$3.30	\$3.50	\$3.65
1	inch		7.90	8.30	8.70	9.15
1 1/2	inch		15.75	16.55	17.40	18.25
2	inch		25.20	26.45	27.80	29.20
3	inch		47.25	49.60	52.10	54.75
4	inch		78.75	82.70	86.85	91.25
6	inch		157.50	165.40	173.70	182.50
8	inch		252.00	264.60	277.85	292.00
10	inch		362.25	380.35	399.40	419.75
(D) UGN special rate per 1,000 gallons per month:						
All flow (2)		\$5.09	\$5.34	\$5.61	\$5.89	\$6.17
(E) <u>System Development Charge</u>						
<u>Residential</u>		\$1,637.00	\$1,637.00	\$1,637.00	\$1,637.00	\$1,637.00
<u>Non-Residential</u>						
5/8 - 3/4	inch	3,851.07	3,851.07	3,851.07	3,851.07	3,851.07
1	inch	4,492.91	4,492.91	4,492.91	4,492.91	4,492.91
1 1/2	inch	6,418.45	6,418.45	6,418.45	6,418.45	6,418.45
2	inch	12,836.89	12,836.89	12,836.89	12,836.89	12,836.89
3	inch	33,375.91	33,375.91	33,375.91	33,375.91	33,375.91
4	inch	51,347.56	51,347.56	51,347.56	51,347.56	51,347.56
6	inch	128,368.90	128,368.90	128,368.90	128,368.90	128,368.90
8	inch	192,553.35	192,553.35	192,553.35	192,553.35	192,553.35

(1) Present rates and charges effective January 1, 2019, pursuant to Ordinance No. 2014-13 passed May 13, 2014.

(2) Assumes the across-the-board increases as calculated on page 12.

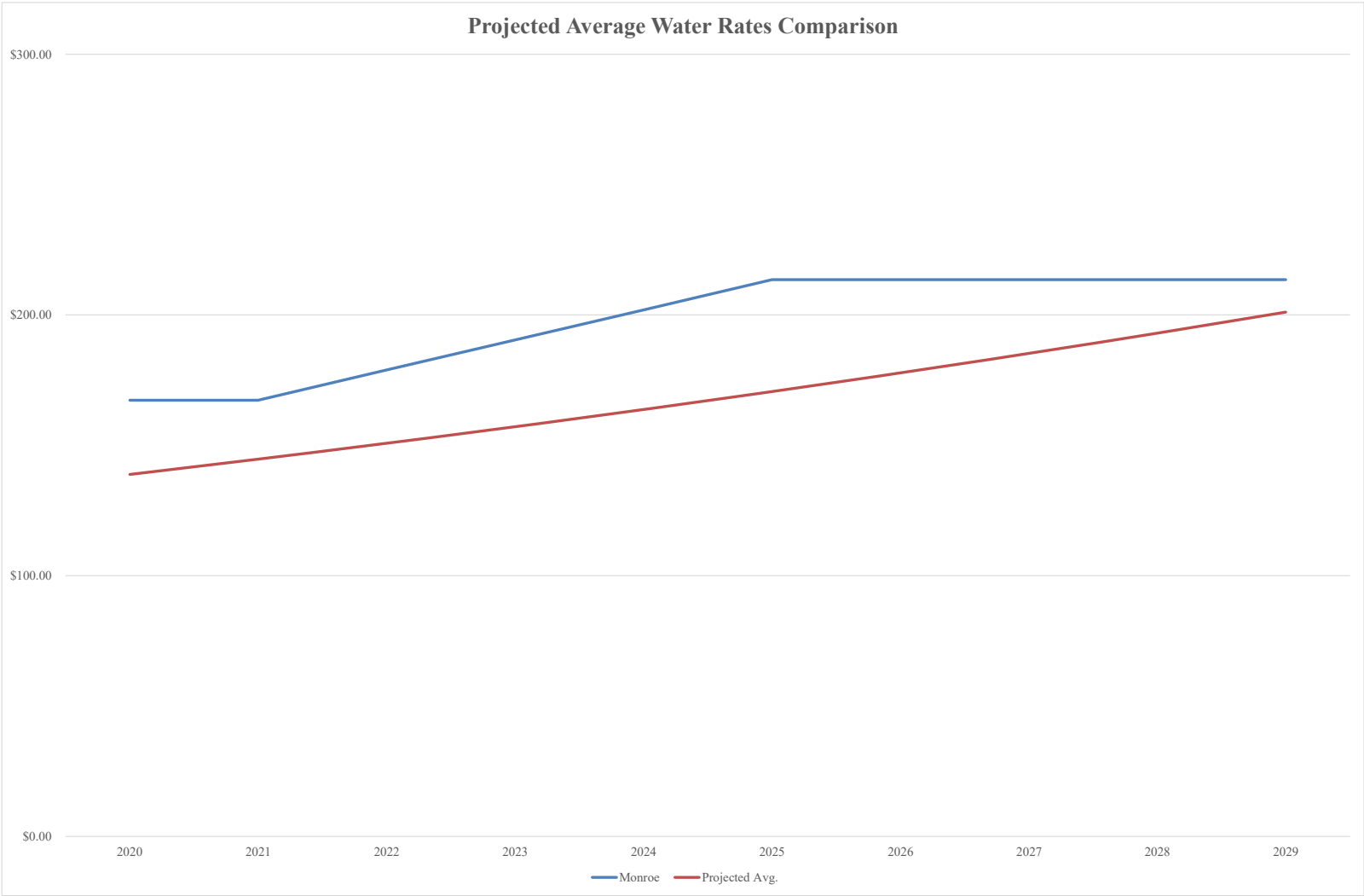
(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)

Comparison of Monthly Residential Bills with Other Communities



(Subject to the attached letter dated July 25, 2021)
 (Preliminary - Subject to Change)
 (Internal Use Only)

CITY OF MONROE (OHIO) MUNICIPAL WATER UTILITY



Rates are based off 22,500 gallons or 3,000 cubic feet of water in a three month period.
Projected average based on the Oakwood Southwest Ohio Rate Study with information collected from jurisdictions in Southwest Ohio. This study assumes an average growth rate of 4.5% annually.

(Subject to the attached letter dated July 25, 2021)
(Preliminary - Subject to Change)
(Internal Use Only)