

Exhibit 1

Capital Replacement Program

Reserve Calculation

Date: 4/1/2015
 System Number:
 Service Connections: 2148

System Name: Clearlake Oaks County Water District

*Enter information only in yellow cells.

Qty	Component	Unit Cost	Installed Cost	Existing Reserve	Avg. Life Rem.	Annual Reserve	Mon. Res.	Res. Per Cust.
New Project Replacement Program								
1	2015 USDA Primary Projects (P&I included)	\$1,788,750	\$1,788,750	\$0	40	\$44,718.75	\$3,726.56	\$1.73
1	2015 USDA Alt. Projects (P&I included)	\$0	\$0	\$0	40	\$0.00	\$0.00	\$0.00
1	CRP - Restricted Reserve	\$315,641	\$315,641	\$0	3	\$105,213.67	\$8,767.81	\$4.08
	Subtotal New Project Replacement Program		\$2,104,391			\$149,932.42	\$12,494.37	\$5.82

Capital Improvement Program

1	Water Treatment Plant	\$6,000,000	\$6,000,000	\$0	40	\$0.00	\$0.00	\$0.00
1	Transmission - Water mains, Pumps, & Tanks	\$24,000,000	\$24,000,000	\$0	40	\$0.00	\$0.00	\$0.00
1	Vehicles & Equipment	\$740,000	\$740,000	\$0	8	\$92,500.00	\$7,708.33	\$3.59
	Subtotal Capital Improvement Program		\$30,740,000	\$0		\$92,500.00	\$7,708.33	\$3.59

	Total Capital Programs		\$32,844,391			\$242,432.42	\$20,202.70	\$9.41
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Budget

Clearlake oaks

Inflation Factor (%): 3.00%

Date: 4/1/2015

System Number: 0

EXPENSES AND SOURCES OF FUNDS	2014	2015	2016	2017	2018
OPERATIONS & MAINTENANCE EXPENSES					
Salaries and benefits	471,102.00	485,235.06	499,792.11	514,785.88	530,229.45
Operation and maintenance	90,534.00	93,250.02	96,047.52	98,928.95	101,896.81
Power and other utilities	91,381.00	94,122.43	96,946.10	99,854.49	102,850.12
Regulatory fee's	17,381.00	17,902.43	18,439.50	18,992.69	19,562.47
Treatment Chemicals	38,541.00	39,697.23	40,888.15	42,114.79	43,378.24
Lab	16,802.00	17,306.06	17,825.24	18,360.00	18,910.80
Chemical Monitoring	0.00	0.00	0.00	0.00	0.00
Transportation	12,156.00	12,520.68	12,896.30	13,283.19	13,681.69
Raw Water	35,000.00	36,050.00	37,131.50	38,245.45	39,392.81
Office Supplies	3,662.00	3,771.86	3,885.02	4,001.57	4,121.61
Misc	26,657.00	27,456.71	28,280.41	29,128.82	30,002.69
Additional O&M for New Project	0.00	0.00	0.00	0.00	0.00
Total Operation and Maintenance Expenses:	803,216.00	827,312.48	852,131.85	877,695.81	904,026.68
GENERAL & ADMINISTRATIVE EXPENSES					
Engineering and professional services	29,466.00	30,349.98	31,260.48	32,198.29	33,164.24
Depreciation & Amortization	194,168.00	199,993.04	205,992.83	212,172.62	218,537.79
Insurance	24,156.00	24,880.68	25,627.10	26,395.91	27,187.79
New Project Replacement Program	44,718.75	44,718.75	149,932.42	149,932.42	149,932.42
Capital Improvement Program	92,500.00	92,500.00	92,500.00	92,500.00	92,500.00
Debt Service	87,409.00	90,031.27	92,732.21	95,514.17	98,379.60
O&M Reserves	0.00	0.00	0.00	0.00	0.00
Other Reserves	0.00	0.00	0.00	0.00	0.00
Miscellaneous	4,477.00	4,611.31	4,749.65	4,892.14	5,038.90
Total General and Administrative Expenses:	476,894.75	487,085.03	602,794.69	613,605.55	624,740.75
TOTAL EXPENSES (Line 20+ Line 32):	1,280,110.75	1,314,397.51	1,454,926.54	1,491,301.36	1,528,767.43
SOURCE OF FUNDS / REVENUES RECEIVED					
Cash Revenues (Water rates)	1,126,443.00	1,376,428.09	1,469,368.79	1,564,990.37	1,663,315.87
Depreciation Reserves	0.00	0.00	0.00	0.00	0.00
Fees and Services	0.00	0.00	0.00	0.00	0.00
Hook-up Charges	0.00	0.00	0.00	0.00	0.00
Other Fund Sources: Interest, etc.	99,712.00	102,703.36	105,784.46	108,957.99	112,226.73
Withdrawal from CIP or other reserves	0.00	0.00	0.00	0.00	0.00
TOTAL REVENUE (Lines 37 through 42):	1,226,155.00	1,479,131.45	1,575,153.25	1,673,948.37	1,775,542.61
NET LOSS OR GAIN:	-53,955.75	164,733.94	120,226.71	182,647.01	246,775.18
NET CASH FLOW (Contribution to Reserves)	83,263.00	301,952.69	362,659.13	425,079.42	489,207.59
Total non-water rates revenue	\$99,712.00	\$102,703.36	\$105,784.46	\$108,957.99	\$112,226.73

Fixed Vs Variable Expenses



Exhibit 3

		% Fixed	\$ Fixed	\$ Variable
OPERATIONS & MAINTENANCE EXPENSES				
Salaries and benefits	\$485,235.06	80%	\$388,188	\$97,047
Operation and maintenance	\$93,250.02	70%	\$65,275	\$27,975
Power and other utilities	\$94,122.43	70%	\$65,886	\$28,237
Regulatory fee's	\$17,902.43	70%	\$12,532	\$5,371
Treatment Chemicals	\$39,697.23	30%	\$11,909	\$27,788
Lab	\$17,306.06	50%	\$8,653	\$8,653
Chemical Monitoring	\$0.00	70%	\$0	\$0
Transportation	\$12,520.68	60%	\$7,512	\$5,008
Raw Water	\$36,050.00	50%	\$18,025	\$18,025
Office Supplies	\$3,771.86	50%	\$1,886	\$1,886
Misc	\$27,456.71	50%	\$13,728	\$13,728
Additional O&M for New Project	\$0.00	0%	\$0	\$0
Total Operation and Maintenance Expenses:	\$827,312.48		\$593,594	\$233,718
GENERAL & ADMINISTRATIVE EXPENSES				
Engineering and professional services	\$30,349.98	50%	\$15,175	\$15,175
Depreciation & Amortization	\$199,993.04	50%	\$99,997	\$99,997
Insurance	\$24,880.68	60%	\$14,928	\$9,952
New Project Replacement Program	\$44,718.75	100%	\$44,719	\$0
Capital Improvement Program	\$92,500.00	100%	\$92,500	\$0
Debt Service	\$90,031.27	100%	\$90,031	\$0
O&M Reserves	\$0.00	0%	\$0	\$0
Other Reserves	\$0.00	0%	\$0	\$0
Miscellaneous	\$4,611.31	50%	\$2,306	\$2,306
Total General and Administrative Expenses:	\$487,085.03		\$359,655.59	\$127,429.44
Total All Expenses	\$1,314,397.51		\$953,249.95	\$361,147.56
Expense amount needed to be funded by rate revenue	\$1,211,694.15		\$901,898.27	\$309,795.88
Fixed-Variable as % of all Expenses			74.43%	25.57%

Assume this relationship between fix/var expenses remains the same over the next five years.

Base Rates	
Recommended Average Yearly Base Rate Per Customer	\$419.88
Recommended Average Monthly Base Rate Per Dwelling	\$34.99
Recommended Total Yearly Base Rate Revenue	\$901,898.27

Total Rates (Base + Estimated Usage)	
Total Water Revenue Needed	\$1,211,694.15
Estimated Water Revenue with Below rates	\$1,376,428.09

Multiplier	Meter Size in Inches	# of Connections	Proposed Base Rate - 2015	2016			2017			2018			2019		
					3%	3%		3%	3%		3%	3%		3%	3%
1.00	Residential Dwelling	2060.00	\$37.87	\$41.01	\$44.24	\$47.56	\$50.99	\$54.31	\$57.94	\$61.68	\$65.18	\$68.70	\$72.22	\$75.74	\$79.26
1.2	Commercial - 5/8 x 3/4	66.00	\$47.37	\$50.79	\$54.31	\$57.94	\$61.68	\$65.18	\$68.70	\$72.22	\$75.74	\$79.26	\$82.78	\$86.30	\$89.82
1.6	Commercial - 1	9.00	\$118.63	\$124.19	\$129.91	\$135.81	\$141.88	\$148.03	\$154.31	\$160.68	\$167.14	\$173.69	\$180.33	\$187.06	\$193.88
2.4	Commercial - 1.5	4.00	\$237.08	\$246.19	\$255.58	\$265.25	\$275.21	\$285.39	\$295.78	\$306.37	\$317.16	\$328.15	\$339.34	\$350.73	\$362.31
3.2	Commercial - 2	7.00	\$379.22	\$392.60	\$406.37	\$420.57	\$435.19	\$450.22	\$465.66	\$481.50	\$497.74	\$514.38	\$531.41	\$548.84	\$566.66
4.8	Commercial - 3	1.00	\$711.08	\$734.41	\$758.44	\$783.20	\$808.70	\$834.91	\$861.84	\$889.50	\$917.87	\$946.95	\$976.74	\$1,007.24	\$1,038.45
6.4	Commercial - 4	1.00	\$1,185.17	\$1,222.73	\$1,261.41	\$1,301.25	\$1,342.29	\$1,384.53	\$1,427.97	\$1,472.61	\$1,518.45	\$1,565.49	\$1,613.74	\$1,663.19	\$1,713.84
9.2	Commercial - 6	0.00	\$2,370.23	\$2,443.34	\$2,518.64	\$2,596.20	\$2,676.09	\$2,758.20	\$2,842.54	\$2,929.11	\$3,017.91	\$3,108.94	\$3,202.21	\$3,297.72	\$3,395.47
	Average Total Monthly Base Rate Per Customer														
			\$40.83												
	Average Total Yearly Base Rate Per Customer														
			\$489.97	\$528.72	\$568.57	\$609.55	\$651.87	\$695.44	\$740.26	\$786.34	\$833.69	\$882.31	\$932.11	\$983.10	\$1,035.28
	Total # of Connections	2148.00													
	Total Yearly Revenue from Base Rate		\$1,052,464.80	\$1,135,686.60	\$1,221,297.72	\$1,309,312.44	\$1,400,224.32	\$1,494,046.20	\$1,590,784.08	\$1,690,441.96	\$1,793,014.84	\$1,898,507.72	\$2,006,924.60	\$2,118,270.48	\$2,232,541.36

Usage Rates

Recommended Yearly Usage Revenue	\$309,795,881
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Usage Rate Calculation

		2016	2017	2018	2019
Tier	Price per 100/cubic feet - 2015		3%	3%	3%
	Example Monthly Usage Bill - 2015				
1 (up to)	1,500	\$1.30	\$1.34	\$1.38	\$1.42
2	2,000	\$1.50	\$1.55	\$1.60	\$1.64
3	3,000	\$2.00	\$2.06	\$2.12	\$2.19
4	3,000	\$2.00	\$2.06	\$2.12	\$2.19
5 (over)	3,000	\$2.00	\$2.06	\$2.12	\$2.19

Estimated Yearly Usage Revenue=	\$323,963.29	\$333,682.19	\$343,692.65	\$354,003.43	\$364,623.54
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