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TECHNICAL MEMORANDUM

**TO: CALVIN LOUIE, GENERAL MANGER
CABAZON WATER DISTRICT**

**FROM: GREG HENRY, CONSULTANT
KIM BOEHLER, PROJECT MANAGER**

SUBJECT: CAPACITY CHARGE STUDY

DATE: JANUARY 11, 2018

PURPOSE

The Cabazon Water District (District) retained NBS to conduct a water capacity charge study (the Study) to ensure these charges reflect the cost of capital infrastructure needed to serve future customers. The purpose of this Study is to summarize the results of our analysis, and present the updated capacity charges¹ that are imposed on new or upsized connections. Capacity charges are one-time fees intended to reflect the cost of existing infrastructure and planned improvements available to serve future customers. Capacity charges are subject to Government Code section 66013, which prescribes the means by which public agencies may impose water capacity charges.

The attachment to this transmittal includes the quantitative nexus analysis used to develop the water capacity charges for the District.

Various methodologies have been and are currently used to calculate water capacity charges. The most common include establishing the charges based on:

- The value of existing (historical) system assets, often called a “buy-in” methodology.
- The value of planned future improvements, also called the “incremental” or “system development” methodology.

¹ Otherwise known as system development charges, impact fees or connection fees.

- A combination of these two approaches.

This Study uses the combination approach, which requires future customers to pay both their fair share of existing system assets as well as their share of the planned future capital improvements needed to provide them with capacity in the District’s water system. As a result, future customers connecting to the District’s water system would enter as equal participants with regard to their financial commitment and obligations to the utility.

In calculating the water capacity charges, the replacement-cost-new-less-depreciation (RCNLD) value of existing system assets was used to calculate the buy-in component of the capacity charge. The Handy Whitman Index of Public Utility Construction Costs², which is a regionally specific construction index that tracks water utility construction costs, was used to estimate the replacement value of the existing system assets. The District can use the Handy Whitman Index or the Engineering News Record Construction Cost Index going forward to adjust capacity charges in future years to offset the impacts of inflation. All calculations in this Study for both existing and future planned assets are in 2017 dollars, and are rounded to the nearest dollar.

PROJECTED FUTURE GROWTH AND FUTURE CUSTOMERS

Larger meters have the potential to use more of the system’s capacity, compared to smaller meters. The potential capacity demanded is proportional to the maximum hydraulic flow through each meter size as established by the AWWA³ hydraulic capacity ratios. The AWWA hydraulic capacity ratios (also known as flow factors, or meter equivalencies) used in this study are shown in the fourth column of **Figure 1**.

As an example, a 2-inch meter has a greater capacity, or potential peak demand than a 5/8-inch meter. The “equivalency to a 5/8-inch meter” is calculated by dividing the maximum capacity or flow of larger meters by the capacity of the base (5/8-inch) meter size, which is typically the most common residential meter size.

The meter flow factors shown in Figure 1 are the ratio of potential flow through each meter size compared to the flow through a 5/8-inch meter. The 5/8-inch meter is the most common meter size for the utility and is used to compare the capacities of the larger meters. For example, column 4 in Figure 1 shows that a two-inch meter has the equivalent maximum flow of eight 5/8-inch meters, or, stated differently, eight times the equivalent maximum flow of one 5/8-inch meter.

The actual number of meters by size is multiplied by the corresponding meter equivalency (flow factor) to calculate the total number of equivalent meters. The number of equivalent meters is used as a proxy for the potential demand that each customer can place on the water system. A significant portion of a water system’s peak capacity, and in turn the utility’s fixed capital costs, are related to meeting system capacity requirements. Therefore, the capacity charge for a new connection will be proportional to the service’s meter equivalence.

² *The Handy-Whitman Index of Public Utility Construction Costs, Whitman, Requardt & Assoc., LLP, Bulletin No. 184.*

³ “AWWA” is the American Water Works Association.

The equivalent meter calculation is summarized for standard use meters in Figure 1 (and in Table 1 of the Technical Appendix) and the result of this analysis is that while there are currently 885 connections to the water system, there are 1,489 water meter equivalent (i.e., 5/8 x 3/4-inch) units.

Figure 1. Meter Equivalence

Meter Size	Existing Water Meters	Meter Equivalence		Water Meter Equivalent Units
		Maximum Flow (gpm) ¹	Flow Factor for 5/8 x 3/4 inch Base Meter	
5/8 x 3/4 Inch	816	20	1.00	816.0
3/4 Inch	23	30	1.50	34.5
1 Inch	13	50	2.50	32.5
1 1/2 Inch	5	100	5.00	25.0
2 Inch	21	160	8.00	168.0
3 Inch	3	320	16.00	48.0
4 Inch	2	500	25.00	50.0
6 Inch	1	1,000	50.00	50.0
8 Inch	-	2,800	140.00	-
12 Inch	1	5,300	265.00	265.0
Total²	885			1,489.0

1. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2" and Compound Class I for 3" through 12".
2. Total Accounts include District and other unbilled meters and represents the full existing capacity of the system.

The District's capital improvement plan, which is the basis for defining the costs of planned future capital assets, extends through FY 2022/23. Therefore, for this Study, only growth through FY 2022/23 is considered to maintain a consistent timeframe. Per District staff projections there will be, on average, two new 5/8- inch meter connections per year over the next five years. In **Figure 2** (and Table 2 of the Technical Appendix), expected growth is used to calculate the percentage of total capacity represented by future customers. The future customers are expected to represent 0.7 percent of the total meter equivalents in the District.

Figure 2. Existing and Projected Customers through FY 2022/23

Demographic Statistics	Existing Total	Projected Service Total (thru FY 2022/23) ¹	Allocation Factors		Cumulative Change	
			Existing Customers	Future Customers	Number of Units	% Increase
Meter Equivalent Units	1,489	1,499	99.3%	0.7%	10	0.7%

1. Staff assumes approximately 2 new connections each year over the next five years.

EXISTING AND PLANNED FUTURE ASSETS

The capital assets addressed in this Study include existing assets and planned capital improvements (i.e., the buy-in and incremental assets). Existing assets are often valued using “book value” (i.e., original cost less depreciation). However, replacement costs provide a more accurate estimate of these asset values. Ideally, replacement values reflect the actual field condition of the assets (i.e., whether they are behind or ahead of the depreciation curve based on actual condition rather than the remaining years of expected life). Unfortunately, this information was not available for this Study, and the estimated RCNLD based upon the 2017 value was developed as the cost basis for the new capacity charges.

For the purpose of this Study, assets that have exceeded their useful life (as defined in the District’s asset records) were considered to have no remaining value and so no RCNLD value. The resulting RCNLD value of existing assets are summarized in **Figure 3** (and Table 3 of the Technical Appendix) as the System Buy-In Cost Basis. The detailed asset listing can be found in Exhibit A of the Technical Appendix.

Figure 3. Summary of Existing Asset Values

Asset Category ¹	Original Values ¹		Asset Cost Less Depreciation	Replication Values ³		System Buy- In Cost Basis ⁴
	Asset Cost	Depreciation to Date ²		Asset Cost	Depreciation to Date	
Buildings & Structures	\$ 12,281	\$ 4,625	\$ 7,655	\$ 17,652	\$ 7,512	\$ 10,140
Intangibles	11,032	11,032	0	6,307	6,307	-
Land	689,548	-	689,548	689,548	-	689,548
Office Furn & Equip	71,808	52,155	19,653	30,999	10,455	20,544
Source of Supply	1,541,487	449,467	1,092,021	1,750,985	513,212	1,237,773
Tools & Equipment	123,319	118,672	4,646	76,992	72,240	4,752
Trans & Distribution	10,173,270	4,301,094	5,872,176	19,194,499	8,781,477	10,413,021
Vehicles	106,309	92,611	13,698	70,263	56,217	14,046
Total Capital Facilities & Equipment	\$ 12,729,054	\$ 5,029,656	\$ 7,699,397	\$ 21,837,244	\$ 9,447,420	\$ 12,389,824

1. Detailed capital asset list and current depreciation provided by Staff via file (Exhibit A). Source: 6.30.17 Fixed Asset listing.xlsx.

2. Assets provided with Depreciation through June 2017.

3. Replication values are calculated by escalating the original values (from Districts fixed asset report) from service date to 2017 values using historical cost inflation factors from the Handy-Whitman Index of Public Utility Construction Costs, for Water Utility Construction in the Pacific Region. The percentage change in the asset cost is shown in column M of the Existing Assets Detail tab, labeled "Adjusted % of Original Value".

4. Cost basis is the replication value less accumulated depreciation.

RCNLD costs were allocated to existing customers based on the 99.3-percent allocation factor shown in Figure 1 (and 0.7-percent allocation factor for future customers). The resulting allocation of \$82,654, representing the value of exiting system assets, to future customers is shown in **Figure 4** (and Table 4 of the Technical Appendix).

Figure 4. Existing Asset Values Allocated to Future Customers

Asset Category ¹	System Buy-In Cost Basis ²	Allocation Basis (%) ³		Distribution of Cost Basis (\$)	
		Existing Customers	Future Customers	Existing Customers	Future Customers
Buildings & Structures	\$ 10,140	99.3%	0.7%	\$ 10,072	\$ 68
Intangibles	-	0.0%	0.0%	-	-
Land	689,548	99.3%	0.7%	684,948	4,600
Office Furn & Equip	20,544	99.3%	0.7%	20,407	137
Source of Supply	1,237,773	99.3%	0.7%	1,229,516	8,257
Tools & Equipment	4,752	99.3%	0.7%	4,720	32
Trans & Distribution	10,413,021	99.3%	0.7%	10,343,555	69,466
Vehicles	14,046	99.3%	0.7%	13,952	94
Total Capital Facilities & Equipment	\$ 12,389,824	99.3%	0.7%	\$ 12,307,170	\$ 82,654

1. Detailed capital asset list and current depreciation provided by Staff via file (Exhibit A). Source: 6.30.17 Fixed Asset listing.xlsx.
2. Cost basis is the replication value less accumulated depreciation.
3. Refer to Figure 1 or Table 1 of the Technical Appendix: proportionate allocation between existing and future

The estimated cost of planned future improvements (in 2017 dollars) is used to calculate the system development component of the capacity charge. Staff provided the list of capital projects as well as an allocation of the capacity provided by each improvement assigned to future customers. Future customers were allocated \$1,135 of these future capital project costs, as shown in **Figure 5** (and Table 7 of the Technical Appendix).

Figure 5. Planned Asset Values Allocated to Future Customers

Facility / Equipment	Current Cost Estimate (Dollars) ¹	System Development Cost Basis for Consideration ²	% Allocation		Distribution of Cost Basis (\$)	
			Existing Customers	Future Customers	Existing Customers	Future Customers
Vehicle	\$ 16,000	\$ 16,000	99.3%	0.7%	\$ 15,893	\$ 107
Property Purchase & Prep	154,189	154,189	99.3%	0.7%	153,160	1,029
Meter Replacement ³	74,953	74,953	100.0%	0.0%	74,953	-
Total	\$ 245,141	\$ 245,141	99.5%	0.5%	\$ 244,006	\$ 1,135

1. Capital project costs & equipment purchases; source files: Updated FY 16-17 With December.xlsx
2. Cost basis is the replication value less accumulated depreciation.
3. Staff has set a target 150 new meters each year. It is assumed each new meter will cost \$75, including installation.
For each account there is one, unique meter, so there is no excess capacity available for future customers.

ADJUSTMENTS TO THE COST BASIS

Before the capacity charges are developed, an adjustment was applied to the cost basis to account for existing cash reserves. Existing cash reserves are treated as an asset, since they were contributed by existing customers and are available to pay for capital and/or operating costs of the water utility. The cash reserves are, in a sense, no different from any other system asset. The existing cash reserves allocated to

future customers are summarized in **Figure 6** (and Table 6 of the Technical Appendix). This calculation also uses the same 0.7-percent allocation factor from Figure 2. The allocation of cash reserves to future customers is \$3,869.

Figure 6. Cash Reserves Allocated to Future Customers

Water Cash Reserves	Beginning Cash	% Allocation		\$ - Allocation	
		Existing Customers	Future Customers	Existing Customers	Future Customers
Cash in Banks (Operating) ¹	\$ 580,000	99.3%	0.7%	\$ 576,131	\$ 3,869

1. As of July 1, 2017 Source: Email from Cindy Byerrum sent October 22,2017

There was also a credit to the cost basis related to outstanding debt. This credit was included because some existing assets were at least partially funded with debt that will be paid for in future years by the “existing customers” at that time. Since new connections pay their share of existing asset values, including the remaining outstanding debt on those same assets would double count the asset values in the capacity charges. Therefore, a credit is given in the capacity charge calculation for the value of future principal, to avoid double-charging new customers for debt-funded assets. Included as part of the debt is a payback to Desert Hills Premium Outlets (DHPO) for assets which they owned, and which became part of the District when the joined. DHPO assets added to the capacity of the District (and are included in Figure 4. Existing Asset Values Allocated to Future Customers. **Figure 7** (and Table 5 of the Technical Appendix) shows that the credit provided to future customers in the capacity charge development is \$6,300.

Figure 7. Outstanding Debt Allocated to New Customers

Debt	Outstanding Principal (thru 2026)	% Allocation ¹		\$ - Allocation	
		Existing Customers	Future Customers	Existing Customers	Future Customers
DWR Loan No E58416	\$ 375,734	99.3%	0.7%	\$ 373,227	\$ 2,507
Zion First National Installment Sale Agreement	453,087	99.3%	0.7%	450,064	3,023
DHPO Payback	115,500	99.3%	0.7%	114,729	771
Grand Total	\$ 944,321	99.3%	0.7%	\$ 938,021	\$ 6,300

1. Outstanding principal is allocated to existing and future services based on projected growth in the system. See Table 1 for detail.

CALCULATED CAPACITY CHARGES

The sum of the existing and planned asset values (that is, the system buy-in and system development costs in Figures 4 and 5), along with the adjustment for existing cash reserves (Figure 6), defines the total cost basis allocated to future customers. **Figure 8** (and Table 8 of the Technical Appendix) summarizes how this cost basis is developed. The costs associated with System Buy-In component have been separated from those associated with System Expansion component, as shown below in Figure 8.

Figure 8. Summary of Capacity Charge Calculation

System Asset Values Allocated to Future Development		Customers	
Projected Increase In Connections to the Water System		10	
System Asset Values Allocated to Future Development		Buy In	Expansion
<i>System Asset Values Allocated to New Development</i>			
Existing System Buy-In	\$ 82,654	\$ -	
Future System Expansion	-		1,135
Total: Existing & Future System Costs	\$ 82,654	\$ 1,135	
<i>Adjustments to Cost Basis:</i>			
Cash Reserves	\$ 3,869	\$ -	
Outstanding Long-Term Debt (Principal) Allocated to Future Users	(6,300)		-
Total: Adjustments to Cost Basis	\$ (2,430)	\$ -	
Total Adjusted Cost Basis for New Development	\$ 80,224	\$ 1,135	

The total adjusted cost basis is then divided by the number of future customers, measured in meter equivalents expected to connect to the system (that is, the 10 shown in Figure 2). This calculation results in the new maximum charge the District can charge for water connections (per meter equivalent unit) as shown in **Figure 9** (and Table 9 of the Technical Appendix).

Figure 9. Calculated Water Capacity Charge

Summary of Costs Allocated to Capacity Charge	Adjusted System Cost Basis (Buy In)	Adjusted System Cost Basis (Expansion)	Planned Additional Meter Equivalents	Maximum Capacity Charge (\$/Meter Equivalent) (Buy In)	Maximum Capacity Charge (\$/Meter Equivalent) (Expansion)
Maximum Water Connection Meter Equivalent	\$ 80,224	\$ 1,135	10	\$ 8,022	\$ 114

Given the calculated maximum charge per meter equivalent shown in Figure 9, **Figure 10** (and Table 10 of the Technical Appendix) shows the maximum capacity charge for each meter size based on the estimated reasonable cost of providing the services for which the capacity charges will be imposed. Moreover, the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the District's services in providing the system facilities required to serve the payor. The charges are scaled based on the hydraulic capacity of each size meter connected to the system.

Figure 10. Capacity Charge Based on Meter Size

Meter Size	Equivalency Factor		Unit Cost (\$/Meter Equivalent)	Capacity Charge (Buy-In Component Cost) Per Meter	Capacity Charge (Expansion Component Cost) Per Meter	Total Capacity Charge Per Meter
	Maximum Continuous Flow (gpm) ¹	Equivalency to 5/8 x 3/4-inch Base Meter Size				
5/8 x 3/4 Inch	20	1.00	\$8,022	\$8,022	\$114	\$8,136
3/4 Inch	30	1.50	\$8,022	\$12,034	\$170	\$12,204
1 Inch	50	2.50	\$8,022	\$20,056	\$284	\$20,340
1 1/2 Inch	100	5.00	\$8,022	\$40,112	\$568	\$40,679
2 Inch	160	8.00	\$8,022	\$64,179	\$908	\$65,087
3 Inch	320	16.00	\$8,022	\$128,358	\$1,817	\$130,174
4 Inch	500	25.00	\$8,022	\$200,559	\$2,838	\$203,397
6 Inch	1,000	50.00	\$8,022	\$401,118	\$5,677	\$406,794
12 Inch	5,300	265.00	\$8,022	\$2,125,923	\$30,087	\$2,156,010

1. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2", Compound Class I for 3" through 8", and Turbine Class II for 10" through 12" meters.

CONSULTANT RECOMMENDATIONS

NBS recommends the District take the following actions:

- **Approve and Accept this Study:** NBS recommends the District Board of Directors formally approve and adopt this Study and its recommendations, and proceed with the steps required to implement the new water capacity charges. This Study provides documentation of the analysis and the basis for calculation of the proposed capacity charges.
- **Implement New Capacity Charges:** Based on the analysis presented in this Study, NBS recommends the District Board of Directors implement the new capacity charge of \$8,136 per meter equivalent, as developed in this Study. This is the maximum the District can charge per equivalent meter unit.
- **Annually Review Charges and Revenue:** Any time an agency adopts new rates, charges and fees, they should be periodically reviewed — even more so when new capital facilities are planned and/or significant replacement projects are undertaken. This will help ensure the revenue generated is sufficient to meet the costs of capital projects, the fiscal health of the District is maintained, and future customers bear their fair share of the District’s water system costs.

PRINCIPAL ASSUMPTIONS AND CONSIDERATIONS

In preparing this Study and the recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, number of customer accounts, conditions and events that may occur in the future. This information and assumptions, including the District’s asset records, financial information and customer billing data (provided by District staff), were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS’ use of such information and assumptions is reasonable for the purpose of this Study and its recommendations, some assumptions will invariably not materialize as stated herein or may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

TECHNICAL APPENDIX

Exhibit Number	Pages	Function
1	2	Demographic Data and Projections
2	3-4	Summary of Existing Capital Facilities and Equipment for Consideration (System Buy-In)
3	5	Cash Reserves and Debt Service Allocation
4	6	Planned Capital Facilities and Equipment for Consideration (System Development)
5	7	Updated Unit Cost Calculation
6	8	Updated Water Connection Fees
7	<i>Not Printed</i>	Inflation Factors from Handy-Whitman Index Used for Estimation of Existing System Asset Values
A	9-16	Detail of Existing Capital Facilities and Equipment for Consideration (System Buy-In)

CABAZON WATER DISTRICT
Water Capacity Charge Analysis
Demographic Data and Projections

Table 1 - METER EQUIVALENT UNITS

Meter Size	Existing Water Meters ¹	Meter Equivalence		Water Meter Equivalent Units
		Maximum Flow (gpm) ²	Flow Factor for 5/8 x 3/4 inch Base Meter	
5/8 x 3/4 Inch	816	20	1.00	816.0
3/4 Inch	23	30	1.50	34.5
1 Inch	13	50	2.50	32.5
1 1/2 Inch	5	100	5.00	25.0
2 Inch	21	160	8.00	168.0
3 Inch	3	320	16.00	48.0
4 Inch	2	500	25.00	50.0
6 Inch	1	1,000	50.00	50.0
8 Inch	-	2,800	140.00	-
12 Inch	1	5,300	265.00	265.0
Total³	885			1,489.0

1. Consumption and Meters from source files: 2014, 2015, 2016 Usage & Meter CUSI Report.xls (data combined and summarized in baseData.xlsx)
2. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2" and Compound Class I for 3" through 12".
3. Total Accounts include District and other unbilled meters and represents the full existing capacity of the system.

Table 2 - EXISTING AND PROJECTED SERVICE NUMBERS

Demographic Statistics	Existing Total	Projected Service Total (thru FY 2022/23) ¹	Allocation Factors		Cumulative Change	
			Existing Customers	Future Customers	Number of Units	% Increase
Meter Equivalent Units	1,489	1,499	99.3%	0.7%	10	0.7%

1. Staff assumes approximately 2 new connections each year over the next five years.

CABAZON WATER DISTRICT
Water Capacity Charge Analysis

Existing Capital Facilities and Equipment for Consideration (System Buy-In)

Table 3 - CALCULATION OF SYSTEM BUY-IN COST BASIS

Asset Category ¹	Original Values ¹		Asset Cost Less Depreciation	Replication Values ³		System Buy-In Cost Basis ⁴
	Asset Cost	Depreciation to Date ²		Asset Cost	Depreciation to Date	
Buildings & Structures	\$ 12,281	\$ 4,625	\$ 7,655	\$ 17,652	\$ 7,512	\$ 10,140
Intangibles	11,032	11,032	0	6,307	6,307	-
Land	689,548	-	689,548	689,548	-	689,548
Office Furn & Equip	71,808	52,155	19,653	30,999	10,455	20,544
Source of Supply	1,541,487	449,467	1,092,021	1,750,985	513,212	1,237,773
Tools & Equipment	123,319	118,672	4,646	76,992	72,240	4,752
Trans & Distribution	10,173,270	4,301,094	5,872,176	19,194,499	8,781,477	10,413,021
Vehicles	106,309	92,611	13,698	70,263	56,217	14,046
Total Capital Facilities & Equipment	\$ 12,729,054	\$ 5,029,656	\$ 7,699,397	\$ 21,837,244	\$ 9,447,420	\$ 12,389,824

1. Detailed capital asset list and current depreciation provided by Staff via file (Exhibit A). Source: 6.30.17 Fixed Asset listing.xlsx.
2. Assets provided with Depreciation through June 2017.
3. Replication values are calculated by escalating the original values (from Districts fixed asset report) from service date to 2017 values using historical cost inflation factors from the Handy-Whitman Index of Public Utility Construction Costs, for Water Utility Construction in the Pacific Region. The percentage change in the asset cost is shown in column M of the Existing Assets Detail tab, labeled "Adjusted % of Original Value".
4. Cost basis is the replication value less accumulated depreciation.

Existing Capital Facilities and Equipment for Consideration (System Buy-In)

Table 4 - ALLOCATION OF SYSTEM BUY-IN COST BASIS TO EXISTING AND FUTURE CUSTOMERS

Asset Category ¹	System Buy-In Cost Basis ²	Allocation Basis (%) ³			Distribution of Cost Basis (\$)		
		Exclude from Analysis	Existing Customers	Future Customers	Exclude from Analysis	Existing Customers	Future Customers
Buildings & Structures	\$ 10,140	0.0%	99.3%	0.7%	\$ -	\$ 10,072	\$ 68
Intangibles	-	0.0%	0.0%	0.0%	-	-	-
Land	689,548	0.0%	99.3%	0.7%	-	684,948	4,600
Office Furn & Equip	20,544	0.0%	99.3%	0.7%	-	20,407	137
Source of Supply	1,237,773	0.0%	99.3%	0.7%	-	1,229,516	8,257
Tools & Equipment	4,752	0.0%	99.3%	0.7%	-	4,720	32
Trans & Distribution	10,413,021	0.0%	99.3%	0.7%	-	10,343,555	69,466
Vehicles	14,046	0.0%	99.3%	0.7%	-	13,952	94
Total Capital Facilities & Equipment	\$ 12,389,824	0.0%	99.3%	0.7%	\$ -	\$ 12,307,170	\$ 82,654

1. Detailed capital asset list and current depreciation provided by Staff via file (Exhibit A). Source: 6.30.17 Fixed Asset listing.xlsx.

2. Cost basis is the replication value less accumulated depreciation.

3. Refer to Table 1: proportionate allocation between existing and future users.

Water Capacity Charge Analysis

Allocation of Cash Reserves and Outstanding Debt to Existing and Future Services

Table 5 - ALLOCATION OF DEBT TO EXISTING AND FUTURE CUSTOMERS

Debt	Outstanding Principal (thru 2026)	% Allocation		Total	\$ - Allocation		Total	()
		Existing Customers	Future Customers		Existing Customers	Future Customers		
DWR Loan No E58416	\$ 375,734	99.3%	0.7%	100%	\$ 373,227	\$ 2,507	\$ 375,734	1
Zion First National Installment Sale Agreement	453,087	99.3%	0.7%	100%	450,064	3,023	453,087	1
DHPO Payback	115,500	99.3%	0.7%	100%	114,729	771	115,500	1
Grand Total	\$ 944,321	99.3%	0.7%	100%	\$ 938,021	\$ 6,300	\$ 944,321	

1. Outstanding principal is allocated to existing and future services based on projected growth in the system. See Table 1 for detail.
2. DHPO payback due to additional capacity provided when DHPO connected to the system.

Table 6 - ALLOCATION OF CASH RESERVES TO EXISTING AND FUTURE CUSTOMERS

Water Cash Reserves	Beginning Cash	% Allocation		Total	\$ - Allocation		Total
		Existing Customers	Future Customers		Existing Customers	Future Customers	
Cash in Banks (Operating) ¹	\$ 580,000	99.3%	0.7%	100.0%	\$ 576,131	\$ 3,869	\$ 580,000

1. As of July 1, 2017 Source: Email from Cindy Byerrum sent October 22,2017

Water Planned Capital Facilities and Equipment for Consideration (System Development)

Table 7 - ALLOCATION OF PLANNED ASSETS TO EXISTING AND FUTURE CUSTOMERS

Facility / Equipment	Current Cost Estimate (Dollars) ¹	System Development Cost Basis for Consideration ²	% Allocation			Distribution of Cost Basis (\$)		
			Exclude from Analysis	Existing Customers	Future Customers	Exclude from Analysis	Existing Customers	Future Customers
Vehicle	\$ 16,000	\$ 16,000	0%	99.3%	0.7%	\$ -	\$ 15,893	\$ 107
Property Purchase & Prep	154,189	154,189	0%	99.3%	0.7%	-	153,160	1,029
Meter Replacement ³	74,953	74,953	0%	100.0%	0.0%	-	74,953	-
Total	\$ 245,141	\$ 245,141	0.0%	99.5%	0.5%	\$ -	\$ 244,006	\$ 1,135

1. Capital project costs & equipment purchases; source files: Updated FY 16-17 With December.xlsx
2. Cost basis is the replication value less accumulated depreciation.
3. Staff has set a target 150 new meters each year. It is assumed each new meter will cost \$75, including installation.
 For each account there is one, unique meter, so there is no excess capacity available for future customers.

CABAZON WATER DISTRICT
Water Capacity Charge Analysis
Unit Cost Calculation

Table 8 - DEVELOPMENT OF THE MAXIMUM CAPACITY CHARGE FOR A 5/8-INCH METER EQUIVALENT

System Asset Values Allocated to Future Development	Customers	
Projected Increase In Connections to the Water System	10	
Increase in 5/8x3/4-inch Equivalent Meters ¹		
System Asset Values Allocated to Future Development	Buy In	Expansion
<i>System Asset Values Allocated to New Development</i>		
Existing System Buy-In ²	\$ 82,654	\$ -
Future System Expansion ³	-	1,135
Total: Existing & Future System Costs	\$ 82,654	\$ 1,135
<i>Adjustments to Cost Basis:</i>		
Cash Reserves	\$ 3,869	\$ -
Outstanding Long-Term Debt (Principal) Allocated to Future Users	(6,300)	-
Total: Adjustments to Cost Basis	\$ (2,430)	\$ -
Total Adjusted Cost Basis for New Development	\$ 80,224	\$ 1,135
Maximum Water Capacity Charge Per 5/8-inch meter	\$ 8,022	\$ 114
Total Capacity Charge		\$ 8,136

Table 9 - DEVELOPMENT OF WATER CAPACITY CHARGE PER METER EQUIVALENT UNIT

Summary of Capacity Charge	Adjusted System Cost Basis (Buy In)	Adjusted System Cost Basis (Expansion)	Planned Additional Meter Equivalent Units	Maximum Capacity Charge (\$/Meter Equivalent) (Buy In)	Maximum Capacity Charge (\$/Meter Equivalent) (Expansion)
Maximum Capacity Charge Per Water Meter Equivalent Unit	\$ 80,224	\$ 1,135	10	\$ 8,022	\$ 114

1. Refer to Exhibit 1 (Demographics) for growth projections.
2. Refer to Exhibits 2 and 3 for detail of existing assets.
3. Refer to Exhibit 5 for detail related to planned assets.

CABAZON WATER DISTRICT
Water Capacity Charge Analysis

Water Fee Classification and Calculation of Maximum Charge

Table 10 - WATER CAPACITY CHARGE BASED ON METER SIZE

Meter Size	Equivalency Factor		Unit Cost (\$/Meter Equivalent)	Capacity Charge (Buy-In Component Cost) Per Meter	Capacity Charge (Expansion Component Cost) Per Meter	Total Capacity Charge Per Meter
	Maximum Continuous Flow (gpm) ¹	Equivalency to 5/8 x 3/4-inch Base Meter Size				
5/8 x 3/4 Inch	20	1.00	\$8,022	\$8,022	\$114	\$8,136
3/4 Inch	30	1.50	\$8,022	\$12,034	\$170	\$12,204
1 Inch	50	2.50	\$8,022	\$20,056	\$284	\$20,340
1 1/2 Inch	100	5.00	\$8,022	\$40,112	\$568	\$40,679
2 Inch	160	8.00	\$8,022	\$64,179	\$908	\$65,087
3 Inch	320	16.00	\$8,022	\$128,358	\$1,817	\$130,174
4 Inch	500	25.00	\$8,022	\$200,559	\$2,838	\$203,397
6 Inch	1,000	50.00	\$8,022	\$401,118	\$5,677	\$406,794
12 Inch	5,300	265.00	\$8,022	\$2,125,923	\$30,087	\$2,156,010

1. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2", Compound Class I for 3" through 8", and Turbine Class II for 10" through 12" meters.

Fixed Assets as of 6/30/2017

Asset Number	Asset Type	Asset Description	Acquired Date ¹	Year in Service	Original Asset Cost	Asset Life	Life to Date Depreciation (6/30/2016)	Current Depreciation	Book Value as of June 30, 2017	Accumulated Depreciation	Asset Category (for inflation)
TE-1	Tools & Equipment	Emergency generator pu Well 2	6/7/2002	2002	35,665	15	33,486	2,179	(0)	35,665	6
TE-2	Tools & Equipment	Ergo Jackhammer	4/8/2002	2002	1,815	7	1,815	-	-	1,815	6
TE-3	Tools & Equipment	John Deere 310 SG Loader	6/20/2005	2005	80,536	7	80,536	-	-	80,536	6
TE-4	Tools & Equipment	Backhoe ECU and Teeth	9/30/2016	2016	3,243	7	-	347	2,896	347	6
TE-5	Tools & Equipment	Safety Harness (50' Tripod	9/30/2016	2016	2,060	5	-	309	1,751	309	6
SS-1	Source of Supply	Well 2 Generator Facility	5/15/2002	2002	38,588	15	36,445	2,143	-	38,588	3
SS-2	Source of Supply	Well 2 Generator Facility	2/26/2003	2003	109,770	15	97,573	7,318	4,879	104,891	3
SS-3	Source of Supply	Wells- Jensen	8/25/1997	1997	11,528	15	11,528	(0)	-	11,528	2
SS-4	Source of Supply	Water Source Plant	8/25/1997	1997	16,805	15	16,805	-	-	16,805	3
SS-5	Source of Supply	Structures - Jensen	8/25/1997	1997	1,962	20	1,814	98	50	1,912	4
SS-6	Source of Supply	Water Treatment	8/25/1997	1997	16,534	15	16,534	-	-	16,534	4
SS-7	Source of Supply	Jensen Res Cty Cont Cap	6/30/2002	2002	46,839	40	16,394	1,171	29,274	17,565	4
SS-8	Source of Supply	SCADA	2/28/2010	2010	127,203	15	45,581	8,480	73,142	54,061	6
SS-9	Source of Supply	DHPO Interconnection	5/31/2012	2012	190,442	30	26,450	6,348	157,643	32,798	11
SS-10	Source of Supply	DHPO Interconnection - Addl	7/1/2012	2012	108,405	30	14,454	3,614	90,338	18,068	11
SS-11	Source of Supply	Almond Vault	4/30/2013	2013	4,530	30	478	151	3,901	629	4
SS-12	Source of Supply	Well Repairs	1/31/2013	2013	9,337	30	1,063	311	7,963	1,375	2
SS-13	Source of Supply	Infrastructure	6/30/2012	2012	158,234	30	18,460	5,274	134,499	23,735	2
SS-14	Source of Supply	Well Repairs	4/15/2012	2012	108,936	15	32,094	7,262	69,580	39,356	2
SS-15	Source of Supply	Well Repairs	8/1/2011	2011	1,502	5	1,177	300	25	1,477	2
SS-16	Source of Supply	DHPO 2014	11/30/2013	2013	101,961	30	8,780	3,399	89,782	12,179	2
SS-17	Source of Supply	DHPO 2014	11/30/2013	2013	148,010	30	12,745	4,934	130,331	17,679	2
SS-18	Source of Supply	Adder for Concrete Block security wall, steel security door	1/6/2014	2014	19,595	15	3,266	1,306	15,023	4,572	2
SS-19	Source of Supply	Well Repairs 2014	1/1/2015	2015	74,721	30	3,736	2,491	68,495	6,227	2
SS-20	Source of Supply	Wells 4 5 Pump Rehab 2014	12/1/2014	2014	90,617	30	4,783	3,021	82,813	7,803	3
SS-21	Source of Supply	Well #5 - built retaining wall for discharged well water at	3/15/2015	2015	3,600	15	300	240	3,060	540	2
SS-22	Source of Supply	(2) Grundfos DDA 7 5-16 pump (chlorinators for wells)	10/31/2014	2014	4,038	15	449	269	3,320	718	3
SS-23	Source of Supply	(1) Octave meter with pulse module, (2) bolt and nut kit	11/1/2014	2014	11,402	15	1,267	760	9,375	2,027	3
SS-24	Source of Supply	Octave Meter with Pulse Module - Well #5 per Calvin B	12/15/2014	2014	5,025	15	503	335	4,188	838	3
SS-25	Source of Supply	11/11/2014 valve built in shop - 8" full port check valve	2/28/2015	2015	5,395	15	480	360	4,555	839	11
SS-26	Source of Supply	11/21/14 valve built in shop. Deep well pump control v	2/28/2015	2015	4,563	15	406	304	3,853	710	11
SS-27	Source of Supply	Well #5 - install controls for waste valve and rewire par	5/31/2015	2015	6,092	15	440	406	5,246	846	3
SS-28	Source of Supply	Well #5 Telemetry Implementation (install SCADA at V	5/31/2015	2015	14,130	15	1,020	942	12,167	1,962	3
SS-29	Source of Supply	DHPO	7/1/2015	2015	8,087	30	270	270	7,548	539	3
SS-30	Source of Supply	Almond Vault-Control Vault	7/1/2015	2015	18,257	15	1,217	1,217	15,823	2,434	3
SS-31	Source of Supply	Almond Vault-PRV	7/1/2015	2015	38,963	15	2,598	2,598	33,768	5,195	3
SS-32	Source of Supply	Almond Vault-Submersible liberty 287 pump	7/1/2015	2015	5,651	15	377	377	4,898	754	3
SS-33	Source of Supply	Well 2 Motor Repair	2/28/2017	2017	15,370	15	-	342	15,029	342	3
SS-34	Source of Supply	Well 2 - 500 AMP Breaker	3/14/2017	2017	6,594	15	-	128	6,466	128	3

Fixed Assets as of 6/30/2017

Asset Number	Asset Type	Asset Description	Acquired Date ¹	Year in Service	Original Asset Cost	Asset Life	Life to Date Depreciation (6/30/2016)	Current Depreciation	Book Value as of June 30, 2017	Accumulated Depreciation	Asset Category (for inflation)
TD-1	Trans & Distribution	Pipeline	12/16/1991	1991	19,350	40	11,855	484	7,012	12,339	13
TD-2	Trans & Distribution	Krieger & Stewart	3/18/1992	1992	3,824	40	2,323	96	1,406	2,418	13
TD-3	Trans & Distribution	Millard Canyon W	6/30/1996	1996	5,194,307	40	2,624,404	129,858	2,440,045	2,754,262	13
TD-4	Trans & Distribution	Gravity System	12/8/1997	1997	1,546	15	1,546	-	0	1,546	13
TD-5	Trans & Distribution	Gravity System	12/22/1997	1997	1,546	15	1,546	-	0	1,546	13
TD-6	Trans & Distribution	Pumping Equip - JE	8/25/1997	1997	22,017	15	22,017	-	0	22,017	3
TD-7	Trans & Distribution	Reservoirs & Tanks	8/25/1997	1997	148,155	15	148,155	-	-	148,155	7
TD-8	Trans & Distribution	Water Mains - Jens	8/25/1997	1997	84,917	15	84,917	-	(0)	84,917	3
TD-10	Trans & Distribution	Meters Jensen	8/25/1997	1997	19,608	15	19,608	-	(0)	19,608	19
TD-12	Trans & Distribution	Other Equip Jens	8/25/1997	1997	5,493	15	5,493	-	0	5,493	6
TD-13	Trans & Distribution	Adjustments to C	8/25/1997	1997	55,245	40	26,011	1,381	27,853	27,392	6
TD-14	Trans & Distribution	Seminole Pipeline	1/28/1998	1998	254,280	40	117,075	6,357	130,848	123,432	11
TD-15	Trans & Distribution	Jensen Engineering	8/25/1997	1997	19,468	40	9,168	487	9,813	9,655	13
TD-16	Trans & Distribution	Seminole Pipeline	1/1/1999	1999	45,720	40	19,432	1,143	25,145	20,575	13
TD-17	Trans & Distribution	Jensen / Southeast	1/1/1999	1999	650,416	40	285,182	16,260	348,973	301,443	13
TD-18	Trans & Distribution	Irrigation Pipeline	6/29/2000	2000	11,933	5	11,933	-	-	11,933	13
TD-19	Trans & Distribution	Pipeline 2"	10/15/1999	1999	5,200	5	5,200	-	-	5,200	13
TD-21	Trans & Distribution	Pipes 3"	11/20/2000	2000	9,776	5	9,776	-	-	9,776	13
TD-22	Trans & Distribution	CWC	6/30/1984	1984	134,999	40	134,999	-	-	134,999	13
TD-23	Trans & Distribution	Apache Vault	9/14/2001	2001	5,040	15	4,984	56	-	5,040	2
TD-24	Trans & Distribution	Almond Vault	9/21/2001	2001	3,585	15	3,525	60	-	3,585	2
TD-25	Trans & Distribution	Southeast Inter Pipeline	10/22/2001	2001	23,398	15	22,878	520	0	23,398	13
TD-26	Trans & Distribution	Jensen 1.0 MG Reservoir	3/7/2002	2002	18,521	15	17,848	673	0	18,521	7
TD-27	Trans & Distribution	8" Main Line - Helen St	10/7/2002	2002	23,797	40	8,180	595	15,022	8,775	13
TD-28	Trans & Distribution	8" Hot Tap Ext (Bonita)	9/12/2002	2002	4,197	40	1,451	105	2,641	1,556	13
TD-29	Trans & Distribution	Butterfly Valves (2)	11/16/1999	1999	1,046	7	1,046	-	-	1,046	13

Fixed Assets as of 6/30/2017

Asset Number	Asset Type	Asset Description	Acquired Date ¹	Year in Service	Original Asset Cost	Asset Life	Life to Date Depreciation (6/30/2016)	Current Depreciation	Book Value as of June 30, 2017	Accumulated Depreciation	Asset Category (for inflation)
TD-30	Trans & Distribution	FA Projects	12/31/2003	2003	41,551	15	35,070	2,770	3,711	37,840	13
TD-31	Trans & Distribution	SE 1713 Pipeline	7/31/2005	2005	318,420	40	86,902	7,961	223,557	94,863	13
TD-32	Trans & Distribution	Desert Hills Pipeline	6/30/2006	2006	349,381	40	87,320	8,735	253,327	96,054	13
TD-33	Trans & Distribution	Electrical panel for wells	6/18/2007	2007	19,272	40	4,356	482	14,434	4,838	3
TD-34	Trans & Distribution	Distribution	8/31/2007	2007	632	15	358	42	232	400	13
TD-35	Trans & Distribution	Apache and Bonita	2/1/2010	2010	40,265	15	12,974	2,684	24,606	15,659	13
TD-36	Trans & Distribution	Altitude Valve for Jenson Well	3/25/2010	2010	8,234	15	2,287	549	5,398	2,836	13
TD-37	Trans & Distribution	Coat Seminole Tank	5/31/2013	2013	29,800	15	6,126	1,987	21,688	8,112	13
TD-38	Trans & Distribution	Hypochloride	6/1/2011	2011	2,066	15	557	138	1,372	694	3
TD-39	Trans & Distribution	Ida Refurbishment	12/15/2011	2011	17,340	15	4,046	1,156	12,138	5,202	3
TD-40	Trans & Distribution	SCADA	11/15/2013	2013	106,354	15	14,181	7,090	85,083	21,271	3
TD-41	Trans & Distribution	Service Order: 814-14: August 21, 2014: Tank 2 control	8/31/2014	2014	3,841	15	256	256	3,329	512	3
TD-42	Trans & Distribution	Elm St. Tank #3 (.5 million gallon) interior recoating - or	6/1/2015	2015	39,600	15	2,640	2,640	34,320	5,280	4
TD-43	Trans & Distribution	14944 Broadway Meter Replacement	8/10/2015	2015	2,400	15	147	160	2,093	307	19
TD-44	Trans & Distribution	49980-50030 Main Service	11/23/2015	2015	43,520	15	1,692	2,901	38,926	4,594	13
TD-45	Trans & Distribution	14966 Broadway Meter Replacement	8/19/2015	2015	2,400	15	133	160	2,107	293	19
TD-46	Trans & Distribution	15140 Plum St Meter Replacement	8/20/2015	2015	1,800	15	100	120	1,580	220	19
TD-47	Trans & Distribution	15136 Plum St Meter Replacement	8/20/2015	2015	1,800	15	100	120	1,580	220	19
TD-48	Trans & Distribution	15268 & 15256 Plum St Meter Replacement	8/20/2015	2015	2,400	15	133	160	2,107	293	19
TD-49	Trans & Distribution	48804 Mojave St Meter Replacement	11/5/2015	2015	2,400	15	93	160	2,147	253	19
TD-50	Trans & Distribution	49894 Fuller Meter Install	5/5/2016	2016	6,100	15	68	407	5,626	474	19
TD-51	Trans & Distribution	51955 Esperanza Meter Install	8/20/2015	2015	6,000	15	333	400	5,267	733	19
TD-52	Trans & Distribution	52200 Esperanza Meter Replacement	11/3/2015	2015	4,200	15	187	280	3,733	467	19
TD-53	Trans & Distribution	52273 Esperanza Meter Replacement	11/3/2015	2015	4,200	15	187	280	3,733	467	19
TD-54	Trans & Distribution	50910 Seminole Hydrant Replacement	2/2/2016	2016	8,705	15	242	580	7,883	822	21
TD-55	Trans & Distribution	14011 Broadway Meter Replacement	6/20/2016	2016	11,230	15	-	749	10,481	749	19
TD-56	Trans & Distribution	15118 Elm New Service	9/11/2015	2015	3,600	15	200	240	3,160	440	19
TD-57	Trans & Distribution	49295 & 49309 Blanche Meter Replacement	6/6/2016	2016	4,980	15	28	332	4,620	360	19
TD-58	Trans & Distribution	52208 Lois Meter Replacement	8/20/2015	2015	1,698	15	94	113	1,490	207	19
TD-59	Trans & Distribution	52209 Lois Meter Replacement	8/20/2015	2015	1,698	15	94	113	1,490	207	19
TD-60	Trans & Distribution	DHPO System	5/15/2012	2012	2,320,000	50	191,400	46,400	2,082,200	237,800	19

Fixed Assets as of 6/30/2017

Asset Number	Asset Type	Asset Description	Acquired Date ¹	Year in Service	Original Asset Cost	Asset Life	Life to Date Depreciation (6/30/2016)	Current Depreciation	Book Value as of June 30, 2017	Accumulated Depreciation	Asset Category (for inflation)
BS-1	Buildings & Structures	Storage Unit	2/2/1997	1997	3,109	40	1,504	78	1,527	1,582	2
BS-2	Buildings & Structures	Mobile Storage Container	10/3/2007	2007	2,688	15	1,613	179	896	1,792	3
BS-3	Buildings & Structures	Gate	2/24/2014	2014	2,500	15	389	167	1,944	556	2
BS-4	Buildings & Structures	Conference Room Doorway	1/21/2014	2014	2,325	15	375	155	1,795	530	2
BD-5	Buildings & Structures	Flag Pole @ 14618 Bradway	6/23/2016	2016	1,659	10	-	166	1,493	166	2
WT-1	Source of Supply	Chlorine Distribution Tank	4/13/2015	2015	8,800	5	2,053	1,760	4,987	3,813	4
OF-1	Office Furn & Equip	Software upgrade - Water Billing	4/30/2005	2005	24,710	3	24,710	-	-	24,710	6
OF-2	Office Furn & Equip	2 toughbooks	5/15/2010	2010	9,559	3	9,559	-	-	9,559	6
OF-3	Office Furn & Equip	Fireproof filing cabinet	11/3/2009	2009	2,082	3	2,082	-	-	2,082	6
OF-4	Office Furn & Equip	four fireproof filing cabinets	7/6/2009	2009	3,525	3	3,525	-	-	3,525	6
OF-5	Office Furn & Equip	Radios - FCC Changes	2/15/2014	2014	2,379	3	1,823	555	-	2,379	6
OF-6	Office Furn & Equip	Credenza	3/5/2014	2014	1,389	7	463	198	728	661	6
OF-7	Office Furn & Equip	Roof Ladder	1/1/2015	2015	2,000	7	429	286	1,286	714	6
OF-8	Office Furn & Equip	New Computers	3/1/2015	2015	8,932	5	2,233	1,786	4,913	4,020	6
OF-9	Office Furn & Equip	Board Room Projector	7/1/2015	2015	4,804	5	961	961	2,882	1,922	6
OF-10	Office Furn & Equip	Board Room 2 network cameras and cabling (record me	7/1/2015	2015	3,808	5	762	762	2,285	1,523	6
OF-11	Office Furn & Equip	Intrusion Security System (14935 1/2 Almond St.)	8/31/2016	2016	4,408	7	-	525	3,883	525	6
OF-12	Office Furn & Equip	Polycm Conference Phone	7/31/2016	2016	2,866	7	-	375	2,491	375	6
OF-13	Office Furn & Equip	Wireless Projector System and Cabling for Small Confer	8/31/2016	2016	1,346	7	-	160	1,186	160	6
IN-1	Intangibles	Intangible Plant	8/25/1997	1997	7,277	15	7,277	-	-	7,277	1
IN-2	Intangibles	Jensen Legal re: water Rights	8/25/1997	1997	3,755	15	3,646	109	0	3,755	1
VE-1	Vehicles	2000 GMC Sierra Truck	9/25/2001	2001	22,952	5	22,952	-	0	22,952	6
VE-2	Vehicles	2009 Tundra	3/30/2009	2009	30,116	5	30,116	-	-	30,116	6
VE-3	Vehicles	Rear End on Truck	10/3/2007	2007	2,600	5	2,600	-	-	2,600	6
VE-4	Vehicles	Roll covers- two	8/31/2012	2012	5,385	5	4,085	1,077	224	5,162	6
VE-5	Vehicles	Tundra Service Truck	4/24/2010	2010	29,404	5	29,404	-	-	29,404	6
VE-6	Vehicles	2016 Ford Fiesta Meter Reading Car	9/30/2016	2016	15,852	5	-	2,378	13,474	2,378	6
LA-1	Land	Land CWC Acquisition	6/30/1984	1984	36,581	-	-	-	36,581	-	-
LA-2	Land	Land	12/26/1969	1969	8,274	-	-	-	8,274	-	-
LA-3	Land	Land	12/31/1992	1992	20,000	-	-	-	20,000	-	-
LA-4	Land	Land - Water Impr	6/30/1994	1994	14,154	-	-	-	14,154	-	-
LA-5	Land	Land - Water Impr	6/30/1994	1994	60,600	-	-	-	60,600	-	-
LA-6	Land	Land-TaiFuCost	6/30/1995	1995	22,365	-	-	-	22,365	-	-
LA-7	Land	Land - Water Impr	6/30/1995	1995	1,200	-	-	-	1,200	-	-
LA-8	Land	Land - Capital Imp	6/30/1995	1995	4,000	-	-	-	4,000	-	-
LA-9	Land	Land - Capital Imp	6/30/1995	1995	11,000	-	-	-	11,000	-	-
LA-10	Land	Land - BMT Concrete Well	6/30/1996	1996	12,500	-	-	-	12,500	-	-
LA-11	Land	Jland Jensen	2/5/1997	1997	18,687	-	-	-	18,687	-	-
LA-12	Land	Land - Elm St	10/31/2004	2004	200,187	-	-	-	200,187	-	-
LA-13	Land	Land - DHPO	5/15/2012	2012	280,000	-	-	-	280,000	-	-
TOTAL					\$12,729,054		\$4,700,736.47	\$328,920	\$7,699,397	\$5,029,656	

Fixed Assets as of 6/30/2017

Asset Number	Asset Type	Asset Description	Replication Value			System Buy-In Cost Basis	Allocation Basis (%)		Distribution of Cost Basis (\$)	
			Adjusted % of Original Value	Asset Cost	Accumulated Depreciation		Existing Services	Future Services	Existing Services	Future Services
TE-1	Tools & Equipment	Emergency generator pu Well 2	201%	71,568	71,568	(0)	99.33%	0.67%	(0)	(0)
TE-2	Tools & Equipment	Ergo Jackhammer	No Remaining Value	-	-	-	99.33%	0.67%	-	-
TE-3	Tools & Equipment	John Deere 310 SG Loader	No Remaining Value	-	-	-	99.33%	0.67%	-	-
TE-4	Tools & Equipment	Backhoe ECU and Teeth	102%	3,317	355	2,961	99.33%	0.67%	2,942	20
TE-5	Tools & Equipment	Safety Harness (50' Tripod)	102%	2,107	316	1,791	99.33%	0.67%	1,779	12
SS-1	Source of Supply	Well 2 Generator Facility	No Remaining Value	-	-	-	99.33%	0.67%	-	-
SS-2	Source of Supply	Well 2 Generator Facility	193%	211,498	202,098	9,401	99.33%	0.67%	9,338	63
SS-3	Source of Supply	Wells- Jensen	No Remaining Value	-	-	-	99.33%	0.67%	-	-
SS-4	Source of Supply	Water Source Plant	No Remaining Value	-	-	-	99.33%	0.67%	-	-
SS-5	Source of Supply	Structures - Jensen	200%	3,924	3,825	99	99.33%	0.67%	99	1
SS-6	Source of Supply	Water Treatment	No Remaining Value	-	-	-	99.33%	0.67%	-	-
SS-7	Source of Supply	Jensen Res Cty Cont Cap	171%	80,227	30,085	50,142	99.33%	0.67%	49,807	335
SS-8	Source of Supply	SCADA	130%	165,861	70,491	95,370	99.33%	0.67%	94,734	636
SS-9	Source of Supply	DHPO Interconnection	103%	196,971	33,923	163,048	99.33%	0.67%	161,961	1,088
SS-10	Source of Supply	DHPO Interconnection - Addl	103%	112,122	18,687	93,435	99.33%	0.67%	92,811	623
SS-11	Source of Supply	Almond Vault	112%	5,086	706	4,379	99.33%	0.67%	4,350	29
SS-12	Source of Supply	Well Repairs	112%	10,483	1,543	8,940	99.33%	0.67%	8,880	60
SS-13	Source of Supply	Infrastructure	114%	180,376	27,056	153,320	99.33%	0.67%	152,297	1,023
SS-14	Source of Supply	Well Repairs	114%	124,179	44,863	79,316	99.33%	0.67%	78,787	529
SS-15	Source of Supply	Well Repairs	116%	1,748	1,719	29	99.33%	0.67%	29	0
SS-16	Source of Supply	DHPO 2014	112%	114,470	13,673	100,798	99.33%	0.67%	100,125	672
SS-17	Source of Supply	DHPO 2014	112%	166,170	19,848	146,321	99.33%	0.67%	145,345	976
SS-18	Source of Supply	Adder for Concrete Block security wall, steel security door	108%	21,215	4,950	16,265	99.33%	0.67%	16,156	109
SS-19	Source of Supply	Well Repairs 2014	105%	78,605	6,550	72,054	99.33%	0.67%	71,574	481
SS-20	Source of Supply	Wells 4 5 Pump Rehab 2014	117%	105,921	9,121	96,800	99.33%	0.67%	96,154	646
SS-21	Source of Supply	Well #5 - built retaining wall for discharged well water at	105%	3,787	568	3,219	99.33%	0.67%	3,198	21
SS-22	Source of Supply	(2) Grundfos DDA 7 5-16 pump (chlorinators for wells)	117%	4,719	839	3,880	99.33%	0.67%	3,855	26
SS-23	Source of Supply	(1) Octave meter with pulse module, (2) bolt and nut kit	117%	13,328	2,369	10,959	99.33%	0.67%	10,886	73
SS-24	Source of Supply	Octave Meter with Pulse Module - Well #5 per Calvin B	117%	5,874	979	4,895	99.33%	0.67%	4,862	33
SS-25	Source of Supply	11/11/2014 valve built in shop - 8" full port check valve	102%	5,509	857	4,652	99.33%	0.67%	4,621	31
SS-26	Source of Supply	11/21/14 valve built in shop. Deep well pump control v	102%	4,660	725	3,935	99.33%	0.67%	3,908	26
SS-27	Source of Supply	Well #5 - install controls for waste valve and rewire par	113%	6,884	956	5,928	99.33%	0.67%	5,888	40
SS-28	Source of Supply	Well #5 Telemetry Implementation (install SCADA at V	113%	15,966	2,217	13,748	99.33%	0.67%	13,657	92
SS-29	Source of Supply	DHPO	113%	9,138	609	8,529	99.33%	0.67%	8,472	57
SS-30	Source of Supply	Almond Vault-Control Vault	113%	20,630	2,751	17,879	99.33%	0.67%	17,760	119
SS-31	Source of Supply	Almond Vault-PRV	113%	44,027	5,870	38,157	99.33%	0.67%	37,903	255
SS-32	Source of Supply	Almond Vault-Submersible liberty 287 pump	113%	6,386	851	5,534	99.33%	0.67%	5,497	37
SS-33	Source of Supply	Well 2 Motor Repair	100%	15,370	342	15,029	99.33%	0.67%	14,928	100
SS-34	Source of Supply	Well 2 - 500 AMP Breaker	100%	6,594	128	6,466	99.33%	0.67%	6,423	43

Fixed Assets as of 6/30/2017

Asset Number	Asset Type	Asset Description	Replication Value			System Buy-In Cost Basis	Allocation Basis (%)		Distribution of Cost Basis (\$)	
			Adjusted % of Original Value	Asset Cost	Accumulated Depreciation		Existing Services	Future Services	Existing Services	Future Services
TD-1	Trans & Distribution	Pipeline	255%	49,278	31,422	17,856	99.33%	0.67%	17,737	119
TD-2	Trans & Distribution	Krieger & Stewart	254%	9,706	6,138	3,568	99.33%	0.67%	3,544	24
TD-3	Trans & Distribution	Millard Canyon W	237%	12,286,225	6,514,724	5,771,501	99.33%	0.67%	5,732,998	38,502
TD-4	Trans & Distribution	Gravity System	231%	3,568	3,568	-	99.33%	0.67%	-	-
TD-5	Trans & Distribution	Gravity System	231%	3,568	3,568	-	99.33%	0.67%	-	-
TD-6	Trans & Distribution	Pumping Equip - JE	222%	48,968	48,968	-	99.33%	0.67%	-	-
TD-7	Trans & Distribution	Reservoirs & Tanks	No Remaining Value	-	-	-	99.33%	0.67%	-	-
TD-8	Trans & Distribution	Water Mains - Jens	222%	188,864	188,864	-	99.33%	0.67%	-	-
TD-10	Trans & Distribution	Meters Jensen	205%	40,211	40,211	-	99.33%	0.67%	-	-
TD-12	Trans & Distribution	Other Equip Jens	229%	12,593	12,593	-	99.33%	0.67%	-	-
TD-13	Trans & Distribution	Adjustments to C	229%	126,656	62,799	63,857	99.33%	0.67%	63,431	426
TD-14	Trans & Distribution	Seminole Pipeline	207%	525,996	255,328	270,668	99.33%	0.67%	268,863	1,806
TD-15	Trans & Distribution	Jensen Engineering	231%	44,935	22,285	22,650	99.33%	0.67%	22,499	151
TD-16	Trans & Distribution	Seminole Pipeline	223%	101,837	45,829	56,008	99.33%	0.67%	55,634	374
TD-17	Trans & Distribution	Jensen / Southeast	223%	1,448,740	671,435	777,305	99.33%	0.67%	772,120	5,185
TD-18	Trans & Distribution	Irrigation Pipeline	No Remaining Value	-	-	-	99.33%	0.67%	-	-
TD-19	Trans & Distribution	Pipeline 2"	No Remaining Value	-	-	-	99.33%	0.67%	-	-
TD-21	Trans & Distribution	Pipes 3"	No Remaining Value	-	-	-	99.33%	0.67%	-	-
TD-22	Trans & Distribution	CWC	No Remaining Value	-	-	-	99.33%	0.67%	-	-
TD-23	Trans & Distribution	Apache Vault	No Remaining Value	-	-	-	99.33%	0.67%	-	-
TD-24	Trans & Distribution	Almond Vault	No Remaining Value	-	-	-	99.33%	0.67%	-	-
TD-25	Trans & Distribution	Southeast Inter Pipeline	213%	49,794	49,794	-	99.33%	0.67%	-	-
TD-26	Trans & Distribution	Jensen 1.0 MG Reservoir	285%	52,802	52,802	-	99.33%	0.67%	-	-
TD-27	Trans & Distribution	8" Main Line - Helen St	202%	48,098	17,736	30,362	99.33%	0.67%	30,159	203
TD-28	Trans & Distribution	8" Hot Tap Ext (Bonita)	202%	8,483	3,145	5,338	99.33%	0.67%	5,302	36
TD-29	Trans & Distribution	Butterfly Valves (2)	No Remaining Value	-	-	-	99.33%	0.67%	-	-

Fixed Assets as of 6/30/2017

Asset Number	Asset Type	Asset Description	Replication Value			System Buy-In Cost Basis	Allocation Basis (%)		Distribution of Cost Basis (\$)	
			Adjusted % of Original Value	Asset Cost	Accumulated Depreciation		Existing Services	Future Services	Existing Services	Future Services
TD-30	Trans & Distribution	FA Projects	202%	83,981	76,481	7,500	99.33%	0.67%	7,450	50
TD-31	Trans & Distribution	SE 1713 Pipeline	177%	563,132	167,766	395,365	99.33%	0.67%	392,728	2,638
TD-32	Trans & Distribution	Desert Hills Pipeline	165%	576,516	158,500	418,016	99.33%	0.67%	415,228	2,789
TD-33	Trans & Distribution	Electrical panel for wells	168%	32,284	8,105	24,179	99.33%	0.67%	24,018	161
TD-34	Trans & Distribution	Distribution	157%	994	629	364	99.33%	0.67%	362	2
TD-35	Trans & Distribution	Apache and Bonita	129%	51,789	20,140	31,649	99.33%	0.67%	31,438	211
TD-36	Trans & Distribution	Altitude Valve for Jenson Well	129%	10,590	3,648	6,942	99.33%	0.67%	6,896	46
TD-37	Trans & Distribution	Coat Seminole Tank	114%	33,930	9,237	24,694	99.33%	0.67%	24,529	165
TD-38	Trans & Distribution	Hypochloride	138%	2,860	961	1,899	99.33%	0.67%	1,886	13
TD-39	Trans & Distribution	Ida Refurbishment	138%	24,002	7,201	16,802	99.33%	0.67%	16,689	112
TD-40	Trans & Distribution	SCADA	125%	132,565	26,513	106,052	99.33%	0.67%	105,344	707
TD-41	Trans & Distribution	Service Order: 814-14: August 21, 2014: Tank 2 control	117%	4,490	599	3,891	99.33%	0.67%	3,865	26
TD-42	Trans & Distribution	Elm St. Tank #3 (.5 million gallon) interior recoating - or	105%	41,658	5,554	36,104	99.33%	0.67%	35,863	241
TD-43	Trans & Distribution	14944 Broadway Meter Replacement	101%	2,424	310	2,114	99.33%	0.67%	2,100	14
TD-44	Trans & Distribution	49980-50030 Main Service	106%	46,244	4,881	41,363	99.33%	0.67%	41,087	276
TD-45	Trans & Distribution	14966 Broadway Meter Replacement	101%	2,424	296	2,128	99.33%	0.67%	2,114	14
TD-46	Trans & Distribution	15140 Plum St Meter Replacement	101%	1,818	222	1,596	99.33%	0.67%	1,585	11
TD-47	Trans & Distribution	15136 Plum St Meter Replacement	101%	1,818	222	1,596	99.33%	0.67%	1,585	11
TD-48	Trans & Distribution	15268 & 15256 Plum St Meter Replacement	101%	2,424	296	2,128	99.33%	0.67%	2,114	14
TD-49	Trans & Distribution	48804 Mojave St Meter Replacement	101%	2,424	256	2,168	99.33%	0.67%	2,154	14
TD-50	Trans & Distribution	49894 Fuller Meter Install	100%	6,115	476	5,640	99.33%	0.67%	5,602	38
TD-51	Trans & Distribution	51955 Esperanza Meter Install	101%	6,060	741	5,319	99.33%	0.67%	5,284	35
TD-52	Trans & Distribution	52200 Esperanza Meter Replacement	101%	4,242	471	3,771	99.33%	0.67%	3,746	25
TD-53	Trans & Distribution	52273 Esperanza Meter Replacement	101%	4,242	471	3,771	99.33%	0.67%	3,746	25
TD-54	Trans & Distribution	50910 Seminole Hydrant Replacement	101%	8,802	831	7,970	99.33%	0.67%	7,917	53
TD-55	Trans & Distribution	14011 Broadway Meter Replacement	100%	11,258	751	10,507	99.33%	0.67%	10,437	70
TD-56	Trans & Distribution	15118 Elm New Service	101%	3,636	444	3,192	99.33%	0.67%	3,170	21
TD-57	Trans & Distribution	49295 & 49309 Blanche Meter Replacement	100%	4,992	361	4,632	99.33%	0.67%	4,601	31
TD-58	Trans & Distribution	52208 Lois Meter Replacement	101%	1,714	210	1,505	99.33%	0.67%	1,495	10
TD-59	Trans & Distribution	52209 Lois Meter Replacement	101%	1,714	210	1,505	99.33%	0.67%	1,495	10
TD-60	Trans & Distribution	DHPO System	107%	2,473,034	253,486	2,219,548	99.33%	0.67%	2,204,741	14,807

Fixed Assets as of 6/30/2017

Asset Number	Asset Type	Asset Description	Replication Value			System Buy-In Cost Basis	Allocation Basis (%)		Distribution of Cost Basis (\$)	
			Adjusted % of Original Value	Asset Cost	Accumulated Depreciation		Existing Services	Future Services	Existing Services	Future Services
BS-1	Buildings & Structures	Storage Unit	200%	6,218	3,164	3,054	99.33%	0.67%	3,033	20
BS-2	Buildings & Structures	Mobile Storage Container	168%	4,503	3,002	1,501	99.33%	0.67%	1,491	10
BS-3	Buildings & Structures	Gate	108%	2,707	601	2,105	99.33%	0.67%	2,091	14
BS-4	Buildings & Structures	Conference Room Doorway	108%	2,517	573	1,944	99.33%	0.67%	1,931	13
BD-5	Buildings & Structures	Flag Pole @ 14618 Bradway	103%	1,707	171	1,536	99.33%	0.67%	1,526	10
WT-1	Source of Supply	Chlorine Distribution Tank	105%	9,257	4,012	5,246	99.33%	0.67%	5,211	35
OF-1	Office Furn & Equip	Software upgrade - Water Billing	No Remaining Value	-	-	-	99.33%	0.67%	-	-
OF-2	Office Furn & Equip	2 toughbooks	No Remaining Value	-	-	-	99.33%	0.67%	-	-
OF-3	Office Furn & Equip	Fireproof filing cabinet	No Remaining Value	-	-	-	99.33%	0.67%	-	-
OF-4	Office Furn & Equip	four fireproof filing cabinets	No Remaining Value	-	-	-	99.33%	0.67%	-	-
OF-5	Office Furn & Equip	Radios - FCC Changes	No Remaining Value	-	-	-	99.33%	0.67%	-	-
OF-6	Office Furn & Equip	Credenza	109%	1,515	721	794	99.33%	0.67%	788	5
OF-7	Office Furn & Equip	Roof Ladder	106%	2,115	755	1,360	99.33%	0.67%	1,351	9
OF-8	Office Furn & Equip	New Computers	106%	9,446	4,251	5,195	99.33%	0.67%	5,161	35
OF-9	Office Furn & Equip	Board Room Projector	106%	5,080	2,032	3,048	99.33%	0.67%	3,028	20
OF-10	Office Furn & Equip	Board Room 2 network cameras and cabling (record me	106%	4,027	1,611	2,416	99.33%	0.67%	2,400	16
OF-11	Office Furn & Equip	Intrusion Security System (14935 1/2 Almond St.)	102%	4,508	537	3,971	99.33%	0.67%	3,945	26
OF-12	Office Furn & Equip	Polycm Conference Phone	102%	2,931	384	2,547	99.33%	0.67%	2,530	17
OF-13	Office Furn & Equip	Wireless Projector System and Cabling for Small Confer	102%	1,377	164	1,213	99.33%	0.67%	1,205	8
IN-1	Intangibles	Intangible Plant	No Remaining Value	-	-	-	99.33%	0.67%	-	-
IN-2	Intangibles	Jensen Legal re: water Rights	168%	6,307	6,307	-	99.33%	0.67%	-	-
VE-1	Vehicles	2000 GMC Sierra Truck	208%	47,649	47,649	-	99.33%	0.67%	-	-
VE-2	Vehicles	2009 Tundra	No Remaining Value	-	-	-	99.33%	0.67%	-	-
VE-3	Vehicles	Rear End on Truck	No Remaining Value	-	-	-	99.33%	0.67%	-	-
VE-4	Vehicles	Roll covers- two	119%	6,401	6,136	266	99.33%	0.67%	264	2
VE-5	Vehicles	Tundra Service Truck	No Remaining Value	-	-	-	99.33%	0.67%	-	-
VE-6	Vehicles	2016 Ford Fiesta Meter Reading Car	102%	16,212	2,432	13,780	99.33%	0.67%	13,688	92
LA-1	Land	Land CWC Acquisition	100%	36,581	-	36,581	99.33%	0.67%	36,337	244
LA-2	Land	Land	100%	8,274	-	8,274	99.33%	0.67%	8,219	55
LA-3	Land	Land	100%	20,000	-	20,000	99.33%	0.67%	19,867	133
LA-4	Land	Land - Water Impr	100%	14,154	-	14,154	99.33%	0.67%	14,060	94
LA-5	Land	Land - Water Impr	100%	60,600	-	60,600	99.33%	0.67%	60,196	404
LA-6	Land	Land-TaiFuCost	100%	22,365	-	22,365	99.33%	0.67%	22,216	149
LA-7	Land	Land - Water Impr	100%	1,200	-	1,200	99.33%	0.67%	1,192	8
LA-8	Land	Land - Capital Imp	100%	4,000	-	4,000	99.33%	0.67%	3,973	27
LA-9	Land	Land - Capital Imp	100%	11,000	-	11,000	99.33%	0.67%	10,927	73
LA-10	Land	Land - BMT Concrete Well	100%	12,500	-	12,500	99.33%	0.67%	12,417	83
LA-11	Land	Jland Jensen	100%	18,687	-	18,687	99.33%	0.67%	18,562	125
LA-12	Land	Land - Elm St	100%	200,187	-	200,187	99.33%	0.67%	198,852	1,335
LA-13	Land	Land - DHPO	100%	280,000	-	280,000	99.33%	0.67%	278,132	1,868
TOTAL				\$21,837,244	\$9,447,420	\$12,389,824			\$12,307,170	\$82,654